# JOURNALS

# Journal of Financial and Quantitative Analysis

### **Editors**

Hendrik Bessembinder, Arizona State University, USA Jennifer Conrad, University of North Carolina, USA Jarrad Harford, University of Washington, USA Paul Malatesta, University of Washington, USA

The Journal of Financial and Quantitative Analysis (JFQA) publishes theoretical and empirical research in financial economics. Topics include corporate finance, investments, capital and security markets, and quantitative methods of particular relevance to financial researchers. With a circulation of 3000 libraries, firms, and individuals in 70 nations, the JFQA serves an international community of sophisticated finance scholars—academics and practitioners alike. The JFQA prints less than 10% of the more than 700 unsolicited manuscripts submitted annually. An intensive blind review process and exacting editorial standards contribute to the JFQA's reputation as a top finance journal.



Journal of Financial and Quantitative Analysis is available online at: http://journals.cambridge.org/jfq

### To subscribe contact Customer Services

in Cambridge: Phone +44 (0)1223 326070 Fax +44 (0)1223 325150 Email journals@cambridge.org

#### in New York:

Phone +1 (845) 353 7500 Fax +1 (845) 353 4141 Email subscriptions\_newyork@cambridge.org

### Free email alerts

Keep up-to-date with new material – sign up at journals.cambridge.org/ifg-alerts

For free online content visit: http://journals.cambridge.org/jfq



CAMBRIDGE

# JOURNALS

# Journal of Wine Economics

Published on behalf of American Association of Wine Economists

### Editors

Karl Storchmann (Managing Editor), New York University, USA Kym Anderson, University of Adelaide and World Bank, Australia Orley C. Ashenfelter, Princeton University, USA Victor Ginsburgh, Université Libre de Bruxelles, Belgium Robert N. Stavins, Harvard University, USA

Journal of Wine Economics is the official publication of the American Association of Wine Economists (AAWE), a non-profit, educational organization dedicated to encouraging and communicating economic research and analyses and exchanging ideas in wine economics. The JWE provides a focused outlet for high-guality, peerreviewed research on economic topics related to wine. The journal is open to any area related to the economic aspects of wine, viticulture, and oenology. It covers a wide array of topics, including, but not limited to: production, winery activities, marketing, consumption, as well as macroeconomic and legal topics. It is also open to research related to beer, spirits and food. The JWE is published twice a year and contains articles, short papers, notes and comments, field reports, reviews of books, films and wine events, as well as conference announcements.



Journal of Wine Economics is available online at: http://journals.cambridge.org/jwe

### To subscribe contact Customer Services

Americas: Phone +1 (845) 353 7500 Fax +1 (845) 353 4141 Email subscriptions\_newyork@cambridge.org

# Rest of world:

Phone +44 (0)1223 326070 Fax +44 (0)1223 325150 Email journals@cambridge.org

### Free email alerts

Keep up-to-date with new material – sign up at journals.cambridge.org/register

For free online content visit: http://journals.cambridge.org/jwe



# JOURNALS

# Macroeconomic Dynamics

Editor

William A. Barnett, University of Kansas, USA

Macroeconomic Dynamics publishes theoretical, empirical or quantitative research of the highest standard. Papers are welcomed from all areas of macroeconomics and from all parts of the world. Major advances in macroeconomics without immediate policy applications will also be accepted, if they show potential for application in the future. Occasional book reviews, announcements, conference proceedings, special issues, interviews, dialogues, and surveys are also published.

2014 Five-Year Impact Factor: 0.975

VOLUME IG, SUPPLYMENT I, APRE 2012 MACROECONOMIC DYNAMICS FORMATION IN A BOUNTY EDNICK: WELLWAR BOUNTY

*Macroeconomic Dynamics* is available online at: http://journals.cambridge.org/mdy

To subscribe contact Customer Services

in Cambridge: Phone +44 (0)1223 326070 Fax +44 (0)1223 325150 Email journals@cambridge.org

in New York: Phone +1 (845) 353 7500 Fax +1 (845) 353 4141 Email subscriptions\_newyork@cambridge.org

# Price information

is available at: http://journals.cambridge.org/mdy

Free email alerts Keep up-to-date with new material – sign up at http://journals.cambridge.org/alerts

For free online content visit: http://journals.cambridge.org/mdy



# VINITED STATES POSTAL SERVICE (All Periodicals Publications Except Requester Publications)

Publication Title	2. Publication Number	3. Filing Date	
Econometric Theory	015-612	10/1/2015	
Issue Frequency	5. Number of Issues Published Annually	6. Annual Subscription Price	
Bimonthly Feb, Apr, Jun, Aug, Oct, Dec	6	\$1,099.00	
Complete Mailing Address of Known Office of Publication (Not pri	Contact Person Nina lammatteo		
Cambridge University Press 32 Avenue of the Americas, New York, NY 10013-2473	Telephone (include area code) 2123375004		
Complete Mailing Address of Headquarters or General Business	Office of Publisher (Not prime)		
Cambridge University Press			

Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor (Do not leave blank)
 Publisher (Name and complete mailing address)

Cambridge University Press 32 Avenue of the Americas, New York, NY 10013-2473

7 E.

Editor (Name and complete mailing address)

Peter C. B. Phillips, Cowles Foundation for Research in Economics, Yale University, PO Box 208281, New Haven, CT 06520-8281

Managing Editor (Name and complete mailing address)

on Ross, Cambridge University Press, 32 Avenue of the Americas, New York, NY 10013-2473

<ol> <li>Owner (Do not leave blank, if the publication is owned in names and addresses of all stockholders owning or holinames and addresses of the individual owners. If owner each individual owner. If the publication is published by</li> </ol>	y a copposition, give the name and address of the copposition immediately followed by the fing I percent or more of the total amount of stock. If not owned by a corporation, give the d by a partnership or other unincorporated firm, give its name and address as well as those of a nonprofit organization, give its name and address.)
'uli Name	Complete Mailing Address
Cambridge University Press	Edinburgh Building
	Shaftesbury Road
	Cambridge CB2 2RU
	England
1. Known Bondholders, Mortgagees, and Other Security H Other Securities. If none, check bax	Isiders Owning or Histoling 1 Percent or More of Total Amount of Bonds, Mortgages, or
full Name	Complete Mailing Address

12. Tas Status (For completion by nonpret) organizations authorized to mail at nonprofit relevance The purposes, function, and nonpretis status of the organization and the exempt status for Bi Hais NG Changed During Preceding 12 Months (Hubbleh must auther explanation of the Hais Changed During Preceding 12 Months (Hubbleh must auther explanation of the Hais Changed During Preceding 12 Months (Hubbleh must auther explanation of the Hais Changed During Preceding 12 Months (Hubbleh must auther explanation of the Hais Changed During Preceding 12 Months (Hubbleh must auther explanation of the Hais Changed During Preceding 12 Months (Hubbleh must auther explanation of the Hais (Hubbleh must auther Hubbleh must auther explanation of the Hais (Hubbleh must auther explanation of Hubbleh must auther explanation of the Hais (Hubbleh must auther explanation of Hubbleh must auther explanation of the Hais (Hubbleh must auther explanation of Hubbleh ed to mail at nonprofit rates) (Check one) and the exempt status for federal income

nge with this at

PS For m 3526, July 2014 (Page 1 of 4 (see inst ACY NOTICE: Set PSN: 753 13. Publication Title 14. Issue Date for Circulation Data Below

Econometric Theory Esteed and Nature of Circulation 		AUGUST 2015		
		Average Ne. Copies Each Issue During Preceding 12 Months 351	No. Copies of Single Issue Published Nearest to Filing Dat 332	
				<ul> <li>Paid Circulation (By Mail and Outside the Mail)</li> </ul>
(2)	Malled In-County Paid Subscriptions Stated on PG Form 3541 (Include paid distribution above nominal rate, adventiser's proof copies, and exchange copies)	0	0	
(7)	Paid Distribution Outside the Mails Including Sales Through Dealers and Caniers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS®	176	188	
(4)	Paid Distribution by Other Classes of Mail Through the USPS (e.g., First-Class Mail®)	0	0	
c. Tetal Paid (	Natri	bullion (Sum of 156 (1), (2), (3), and (4))	239	253
d. Free of Nominal Rate Distribution (By Mail and Outside the Mail)	(1)	Free or Nominal Rate Outside-County Copies included on PS Form 3541	0	0
	(2)	Free or Nominal Rate In-County Copies Included on PS Form 3541	0	0
	(3)	Free or Nominal Rate Copies Malled at Other Classes Through the USPS (e.g., First-Class Mall)	0	0
	(4)	Free or Nominal Rate Distribution Cutside the Mail (Carriers or other means)	9	8
e. Total Free o	er No	minal Rate Distribution (Sum of 15d (1), (2), (3) and (4)	9	8
f. Total Distrik	ution	n (Sum of 16c and 16e)	248	261
p. Copies not	Distri	buted (See Instructions to Publishers #4 (page #3))	103	71
h. Total (Sum	of 15	ll and gi	351	332
L Percent Pal (15c divideo	d f by 1	15/ times 100)	96%	97%

\* If you are claiming electronic copies, go to fine 16 on page 3. If you are not claiming electronic copies, skip to line 17 on page 3.

5. Electronic Cepy Circulation		Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Singl Issue Published Nearest to Filing Da
a. Paid Electronic Copies	•	0	0
b. Total Paid Print Copies (Line 15c) + Paid Electronic Copies (Line 15a)	•	239	253
c. Total Print Distribution (Line 16) + Paid Electronic Copies (Line 16a)	•	248	261
d. Percent Paid (Both Print & Electronic Cepies) (15b divided by 16c × 100)		96%	97%
R I centify that 50% of all my distributed copies (electronic and print) are paid all     Publication of Statement of Ownership     W the publication is a general publication, publication of this statement is required. V     In the OCtober Issue of this publication.	vere a nomini	Il price.	tion not required.
Byvalure and Title of Editor, Publisher, Business Manager, or Owner		Oat	10/1/2015

#### PS Form 3526, July 2014 (Page 3 of 4) PRIVACY NOTICE: See our privacy policy on www.usps.com

# **ECONOMETRIC THEORY**

## **Notes for Contributors**

**Contributions.** Contributions are welcomed from all countries. They should be written in English.

#### Manuscripts. Manuscripts should be submitted electronically via Editorial Express at

#### https://editorialexpress.com/et

Files should be in PDF format with all fonts (and graphics) embedded and should be accompanied by a letter of submission.

Manuscripts are accepted for review on the understanding that the same work has not been and will not be published nor is presently submitted elsewhere. While under editorial review, it is the responsibility of the authors to keep the Editor informed about submissions, publication plans, and actual publication of related research or abstracts thereof in other outlets, including letters, journals, review publications, journals in other disciplines, conference proceedings, and published dissertations. It is further understood that all persons listed as authors have given their approval for the submission of the article and that any person cited as a source of personal communication has approved such citation; written authorization may be required at the Editor's discretion. Authors are responsible for obtaining written permission to publish material for which they do not own the copyright. Articles and other material published in Econometric Theory represent the opinions of the authors and should not be construed to reflect the opinions of the Editor, Advisory Board, Editorial Board, or the Publisher.

Manuscript Revision. In the event that a manuscript is returned to the author for revision, the revised manuscript should normally be submitted no longer than one year after the revision request, unless otherwise indicated by the Co-Editor. A revision submitted after this time will generally be treated as a new submission.

File Format for Accepted Manuscripts. Submissions of all accepted manuscripts should include both a PDF file of the complete final version of the article together with all source files derived from any TeX program (Latex, Scientific Word) and any graphics files.

Preparation of Accepted Manuscripts. The entire manuscript (including notes and references) should be typed in 10 pt. or larger, at least 1.5 (preferably double) spacing, with wide margins to accommodate copyediting. Manuscript pages should be numbered consecutively. Page 1 should provide article title, author name(s) in the form preferred for publication, complete affiliation(s), and e-mail address(es). At the bottom of Page 1 place any footnotes to the title or authors, indicated by superscripts \*, \*\*, etc. Page 2 should contain a proposed running head (abbreviated title of no more then 40 characters) and the name of the author to whom proofs should be sent. Page 2 should also contain a short abstract of the article in less than 150 words. The Abstract will appear at the head of the article when published in the Journal.

Theorem, lemma, proposition, and definition statements should appear in italic print.

Equations. All equations should be typewritten and the numbers for displayed equations should be in parentheses in the right margin [e.g., (1), (2), etc.; for Appendix equations use (A.1), (A.2), etc.]. Text mentions of equations should simply use the form (2) or (A.3). Superscripts and subscripts should be typed clearly above and below the line, respectively. End-of-proof signposts should appear as  $\blacksquare$ . The mathematical expectation operator should be set in blackboard bold (open faced) E. Authors are encouraged to use the following order for enclosures, {[(...)]}.

Tables and Figures. Tables and figures should be numbered consecutively in the order in which they are mentioned in the text. Every table or figure should have a title or caption and at least one reference in the text to indicate its appropriate location. Figures must be submitted ready for reproduction in electronic form, preferably TIFF (line drawings at least 600 dpi, grev scale at least 300 dpi) or EPS (with fonts embedded) format. Figures should be submitted as high-resolution files. TIFF, EPS, or PDF files must be provided for all figures. Figures should remain legible at a 50% reduction, and letters within a word should not touch one another. Figure labels should correspond to text notation as to italic or roman typeface, and superscripts and subscripts should be in superior and inferior positions.

Color Figures. Charges apply for all color figures that appear in the print version of the journal. At the time of submission, contributors should clearly state whether their figures should appear in color in the online version only, or whether they should appear in color online and in the print version of the Journal. There is no charge for including color figures in the online version of the Journal but it must be clear that color is needed to enhance the meaning of the figure, rather than simply being for aesthetic purposes. If you request color figures in the printed version, you will be contacted by CCC-Rightslink who are acting on our behalf to collect Author Charges. Please follow their instructions in order to avoid any delay in the publication of your article.

References. First text citation of each reference should include all authors' last names (and the year); use "et al." thereafter. Complete bibliographic information for each citation should be included in the list of references. Journal names should *not* be abbreviated. References should be in alphabetical order and presented in the style of the following examples:

- Bergstrom, A.R. (1976) Statistical Inference in Continuous Time Economic Models. North-Holland.
- Giraitis, L. and D. Surgailis (1986) Multivariate Appell polynomials and the

central limit theorem. In E. Eberlein and M.S. Taqqu (eds.), *Dependence in Probability and Statistics: A Survey of Recent Results*, pp. 21–72. Birkhauser.

Gregory, A.W. and G.W. Smith (1995) Business cycle theory and econometrics. *Economic Journal* 105, 1597–1608.

Footnotes. When more than a simple source citation is called for, footnotes may be used. These should be numbered consecutively throughout the article and listed together at the end of the text, before the references. Source citations within footnotes follow the same style as citations in the text.

Copyediting and Proofreading. The publisher reserves the right to copyedit and proofread all articles accepted for publication, but authors will be asked to review their manuscripts if changes have been substantial. Proofs will be sent (as PDF files attached to e-mail) to the corresponding author for corrections of typographical errors only.

**Offprints.** Authors may purchase offprints if they are ordered at the proof stage (an order form will be sent with proofs).

EDITORIAL POLICY. Since its inception, Econometric Theory has aimed to endow econometrics with an innovative journal dedicated to advance theoretical research in econometrics. It provides a centralized professional outlet for original theoretical contributions in all of the major areas of econometrics, and all fields of research in econometric theory fall within the scope of ET. In addition, ET fosters the multidisciplinary features of econometrics that extend beyond economics. Particularly welcome are articles that promote original econometric research in relation to mathematical finance, stochastic processes, statistics, and probability theory, as well as computationally intensive areas of economics such as modern industrial organization and dynamic macroeconomics. Contributions that exposit methodological and technical advances in these fields and that illustrate their potential in econometric research are actively encouraged. Articles that unify earlier econometric work either in productive ways or by the use of more elegant methods lie within the scope of the Journal. In recognition of the interface between theory and practice in modern econometric research, ET encourages submissions that promote best practice econometrics by demonstrating new theory in conjunction with the practical implementation of theory.

As well as articles that embody original theoretical research, *ET* publishes historical studies on the evolution of econometric thought and interviews with the subject's leading scholars.

## **ARTICLES**

Oliver Linton and Qiying Wang Nonparametric Transformation Regression with Nonstationary Data	1
Xiaohong Chen, David T. Jacho-Chávez, and Oliver Linton Averaging of an Increasing Number of Moment Condition Estimators	30
Jean-Pierre Florens and Anna Simoni Regularizing Priors for Linear Inverse Problems	71
Ke-Li Xu Model-Free Inference for Tail Risk Measures	122
C. Alan Bester, Timothy G. Conley, Christian B. Hansen, and Timothy J. Vogelsang Fixed-b Asymptotics for Spatially Dependent Robust Nonparametric Covariance Matrix Estimators	154
Federico A. Bugni Comparison of Inferential Methods in Partially Identified Models in Terms of Error in Coverage Probability	187
Anders Bredahl Kock Consistent and Conservative Model Selection with the Adaptive Lasso in Stationary and Nonstationary Autoregressions	243
ANNOLINCEMENT	

### ANNOUNCEMENT

The Econometric Theory Awards 2016

260

**Cambridge Journals Online** For further information about this journal please go to the journal website at: journals.cambridge.org/ect

