

Date of the event:

On Monday, 6th February 2012
From 01:00 PM to 2:00 PM

Location:

European Investment Bank
98 Bd Konrad Adenauer
Room E4118
L-2950 Luxembourg

Registrations:

- Free seminar (with lunch included)
- Registrations by email before February 1st, 2012
- At the following address: mendoza@eib.org

Information:

Ms Rosa Mendoza
Tel : +352 4379 82755

<http://www.lsf.lu/eng/Research/Seminars-and-Workshops>
<http://institute.eib.org/infocentre/2012/01/10/2012-eib-unilu-brownbag-series>



The European Investment Bank Institute is pleased to invite you to the following 2012 EIB-UniLu Joint Seminar on “Credit Risk”:

Uncovering the common risk free rate in the European Monetary Union

*By Rien Wagenvoort, Senior Economist
European Investment Bank*

**Monday, 6th February 2012
From 01:00 PM to 2:00 PM**

”Uncovering the common risk free rate in the European Monetary Union”

Abstract

The empirical findings of Wagenvoort’s work suggest that investors chase both credit quality and liquidity, but that liquidity is more valued when aggregate risk is high. The author introduces Longitudinal Factor Analysis (LFA) to extract the Common Risk Free (CRF) rate from a sample of sovereign bonds of countries in a monetary union. Since LFA exploits the typically very large longitudinal dimension of bond date, it performs better than traditional factor analysis methods that rely on the much smaller cross-sectional dimension. European sovereign bonds yields for the period 2006-2011 are decomposed into a CRF rate, a default risk premium, and a liquidity risk premium whereas CDs spreads are decomposed in a default risk premium, liquidity risk premium and systemic risk premium.

The European Investment Bank Institute

is pleased to invite you to the

2012 EIB-UniLu Joint Seminar on “Credit Risk”

