Propositions

accompanying

In and Outside the Tails: Making and Evaluating Forecasts

by

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1. Linear models of Expected Shortfall and Interquantile Expectation as introduced in Chapter 2 are adequate for many financial applications.

2. The generalized equal predictive ability tests for quantile forecasts generated by multivariate models, as introduced in Chapter 3, allow us to be more confident in rejections of the null hypothesis.

3. In the evaluation of differences in expected utility, we should take into consideration different parameterizations of the utility function, as done in Chapter 3.

4. Estimation uncertainty can have major consequences for backtesting in risk management applications, as shown in Chapter 4, and should therefore be carefully considered by practitioners.

5. Given a moderately large amount of out-of-sample observations the evaluation of ES forecasts is generally not more difficult to implement than the evaluation of Value-at-Risk forecasts, and as powerful, as shown in Chapter 4.

6. The implicit requirement to brush over the weaknesses in our own ideas during presentations stifles scientific debate.

7. The utilitarian, consumption-based framework that much of modern economics is founded upon makes it hard for economists to tackle the world's most significant problems.

8. A good researcher *is* a good teacher.

9. The prevalent view of Dutch employers that employees should obtain a master's degree rather than just a bachelor's degree is unnecessary in terms of job productivity.

10. The open plan office is the optimal office structure for PhD students.

11. ``Anything that just costs money is cheap,'' John Steinbeck.