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Guest Editorial: AMEF

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A short presentation and description of the papers that have been selected from the 1st International Conference in Applied Theory, Macroeconomics and Empirical Finance (AMEF) that took place in in the Department of Economics, University of Macedonia, Thessaloniki, Greece on the 6th and the7th of April 2015.

This special issue was the result of the 1st International Conference in Applied Theory, Macroeconomics and Empirical Finance (AMEF) that took place in the Department of Economics, University of Macedonia, Thessaloniki, Greece on the 6th and the 7th of April 2015. This was an opportunity for both experienced and young scholars, post-doctoral researchers and PhD students to meet, interact and exchange ideas. The two keynote speeches were delivered by Prof Stephen G. Hall from the University of Leicester, UK and Prof Elias Tzavalis from the Athens University of Economics and Business, Greece.

The first contribution by Caglayan et al discusses the effects of inflation on output gap. They employ US quarterly data from 1977 to 2009 to explore the level and volatility effects of inflation on the output gap. The latter is done within an instrumental variables Markov regime switching approach. They demonstrate that inflation uncertainty has a negative and regime dependent impact on the output gap. The latter is not true for the level of inflation. Last but not least, they provide evidence of increased turmoil for the US economy before the financial crisis.

The study by Belke et al focuses on the determinants of the hysteresis in exports. They look at the weak rejection of Euro area member countries' exports to small exchange rate movements. The sample they employ spans from 1995 to 2014 at both monthly and quarterly frequency. Their analysis is both aggregate (macro level) and disaggregate (sectoral level). They provide evidence in favour of export hysteresis for many EA countries.

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The next paper by Drakos et al investigates the persistence of US mutual funds. They model the risk-adjusted performance of US mutual funds as a Markov Chain. The latter would allow them to explore the probability for funds to remain in their initial ranking. They do document some degree of inertia and conclude that performance persistence in the US mutual funds has decreased over time.

Martin and Zhang focus on the importance of fluctuations in relative ability for the trends in college premium in the US since 1965. The employ a heterogeneous agent model for this purpose. They find that an increase in the social and economic forces that promote college attendance reduce the mean ability of college educated workers. The drop in college premium in the 1970’s is attributed in the drop in the mean relative quality of college educated workers.

We would like to thank all those who have supported the conference, namely the Rimini Centre for Economic Analysis for providing a special issue for the conference in its journal *Review of Economic Analysis* and the University of Macedonia for hosting the event. We would also like to thank the organising committee, the scientific committee, the presenters and the referees of the special issue.

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