

Academic Year: ( 2017 / 2018 )

Review date: 30-06-2017

Department assigned to the subject: Business Administration Department

Coordinating teacher: SERRANO JIMENEZ, PEDRO JOSE

Type: Electives ECTS Credits : 5.0

Year : 1 Semester : 2

**REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)**

Financial Economics, Quantitative Methods I &amp; II

**OBJECTIVES**

- To know the main approaches for pricing assets
- Empirical analysis of the most relevant asset pricing models in the financial literature

**DESCRIPTION OF CONTENTS: PROGRAMME**

- Stochastic discount factor and pricing equation
- Consumption asset pricing model and the puzzle of the risk premium
- Empirical evidence of pricing models
- Pricing models with habit preferences
- Continuous time pricing: Ito's lemma and the Girsanov theorem
- Stochastic differential equations and the Black-Scholes model
- Derivative pricing. Applications.

**LEARNING ACTIVITIES AND METHODOLOGY**

Individual meetings with students for advising purposes

**ASSESSMENT SYSTEM**

First call:

60% - Final exam

40% - Individual and group assignments

Second call:

Best of these two options:

Option A:

60% - Final exam

40% - Individual and group assignments

Option B:

100% - Final exam

**% end-of-term-examination: 60****% of continuous assessment (assignments, laboratory, practicals...): 40****BASIC BIBLIOGRAPHY**

- John H. Cochrane Asset Pricing (revised edition), Princeton University Press, 2005

**ADDITIONAL BIBLIOGRAPHY**

- Hamilton, J.D. Time series analysis, Princeton University Press, 1994