Dynamic Asset Pricing

Academic Year: (2018 / 2019)

Department assigned to the subject: Department of Business Administration

Coordinating teacher: SERRANO JIMENEZ, PEDRO JOSE

Type: Electives  ECTS Credits: 5.0

Year: 1  Semester: 2

STUDENTS ARE EXPECTED TO HAVE COMPLETED

Financial Economics, Quantitative Methods I & II

COMPETENCES AND SKILLS THAT WILL BE ACQUIRED AND LEARNING RESULTS.

- 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


ADDITIONAL BIBLIOGRAPHY