Dynamic Asset Pricing

Academic Year: (2018 / 2019)  
Review date: 25-03-2018

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  