Advanced Empirical Methods in Finance

Department assigned to the subject: Department of Business Administration

Coordinating teacher: MORENO MUÑOZ, JESUS DAVID

Type: Electives  ECTS Credits : 6.0

Year : 2 Semester : 1

STUDENTS ARE EXPECTED TO HAVE COMPLETED

Quantitative Methods I & II, Research Methods, Financial Economics, Corporate Finance I & II

COMPETENCES AND SKILLS THAT WILL BE ACQUIRED AND LEARNING RESULTS.

- Identify key identification problems in Empirical Corporate Finance
- Be familiar with the main econometric techniques used in the literature to solve/minimize identification challenges
- Use the most appropriate technique to solve a particular empirical problem
- Manage the main performance measures for portfolio managers evaluation
- Be familiar with the main agency problems studied in the literature of mutual funds and other investment companies

DESCRIPTION OF CONTENTS: PROGRAMME

1) Main identification concerns in an Empirical Corporate Finance Setting
2) Overview of methods to solve identification problems
3) Instrumental Variables
4) Experiments and Quasi-experiments: the difference-in-differences estimators
5) Regression discontinuity
6) Matching methods
7) Other methods: discrete choice models and introduction to structural estimation
8) Introduction to Investment Companies
9) Traditional Performance measures in IC
10) Others Performance Measures in IC
11) Empirical Research in IC: Corporate Governance, Agency Problems, Risk issues. (Special case: Outsourcing in Mutual funds)

LEARNING ACTIVITIES AND METHODOLOGY

- Discussion of the empirical strategy used in recently published papers in top journals
- Empirical work using statistical and analytical software (STATA, R, Matlab, etc.)
- Lectures

There will be a regular schedule of office hours. Collective office hours will be arranged upon request.

ASSESSMENT SYSTEM

A final closed-book exam (60%)
Reading papers, oral presentations, homeworks (40%)

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

BASIC BIBLIOGRAPHY

- Bodie, Kane and Marcus Investment, McGraw Hill, 2009