Information in Markets and Market Microstructure

Academic Year: (2018 / 2019) **Review date: 14-11-2018**

Department assigned to the subject: Business Administration Department

Coordinating teacher: PENALVA ZUASTI, JOSE SEBASTIAN

Type: Electives ECTS Credits : 5.0

Year : 2 Semester : 1

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Financial Economics, Dynamic Asset Pricing, Business Economics I and II, Corporate Finance I & II

OBJECTIVES

The student is expected to achieve a good understanding of the current issues in asset valuation, the role of information in asset pricing and decision problems, and market microstructure.

DESCRIPTION OF CONTENTS: PROGRAMME

1- Competitive market equilibrium models
2- Financial innovation with asymmetric information
3- Asymmetric information and trading (or not)
4- Strategic models and asset pricing
5- Market microstructure
AT- Equilibrium and heterogeneity
AT- Behavioral finance and bounded rationality

LEARNING ACTIVITIES AND METHODOLOGY

Instruction, discussion and analysis of current academic papers

ASSESSMENT SYSTEM

Course evaluation will be done via exams and class discussion, and problems sets
The assessment system for the retake is the same as the regular one

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

BASIC BIBLIOGRAPHY

- Álvaro Cartea, Sebastian Jaimungal & Jose Penalva Algorithmic and High-Frequency Trading , Cambridge University Press, 2015
- Markus K. Brunnermeier Asset Pricing Under Asymmetric Information: Bubbles, Crashes, Technical Analysis, and Herding, OUP Oxford, 2001