

Academic Year: ( 2020 / 2021 )

Review date: 01-07-2020

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 &amp; 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**

This course includes

- 1.- Theoretical classes, where the different concepts are explained and discussed
- 2.- Exercise classes, where the different models covered in 1.- are estimated.

Due to the special situation of public health, during the academic year 2020/2021 the bimodality of teaching is implemented: online teaching for theoretical classes, onsite teaching for practical classes.

**ASSESSMENT SYSTEM**

First call:

100% - Individual and group assignments

Second call:

100% - Final exam

**% end-of-term-examination:** 0**% of continuous assessment (assignments, laboratory, practicals...):** 100**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