

Financial Theory V

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The objective is to familiarize you with the main facts in asset pricing and the main theories to interpret these facts. We will use the notes by Ralph Koijen and Stijn van Nieuwerburgh that are posted on NYU classes. We will cover all the major asset classes following the same frameworks to analyze the facts.

Per asset class, we will discuss:

- Key empirical facts in terms of prices (unconditional and conditional risk premia) and asset ownership.
- Interpret the facts using the theoretical frameworks.
- Facts and theories linking financial markets and the real economy.
- Active areas of research and some potentially interesting directions for future research.

Time permitting, we will cover the following asset classes:

- Equities
 - Predictability and the term structure of risk
 - Cross-section and the factor zoo
 - Intermediary-based asset pricing
 - Production-based asset pricing
 - Asset pricing via demand systems
- Mutual Funds and Hedge Funds
- Options and volatility
- Government bonds
- Corporate bonds and CDS
- Currencies and international finance
- Commodities
- Real estate

Course requirements

1. Problem sets
2. Abstracts
3. Midterm exam (week 6)
4. A short paper