

- Faculté des sciences économiques
- www.unine.ch/seco

Asset pricing (5AF2003)

Filières concernées	Nombre d'heures	Validation	Crédits ECTS
Master en finance	Cours: 4 ph	Voir ci-dessous	6
Master en statistique	Cours: 4 ph	Voir ci-dessous	6

ph=période hebdomadaire, pg=période globale, j=jour, dj=demi-jour, h=heure, min=minute

Période d'enseignement:

- Semestre Automne

Equipe enseignante

Professor Tim Kroencke
Institute of Financial Analysis
Rue A.-L. Breguet 2
CH-2000 Neuchâtel
Tel. +41 32 718 1385 Email: tim.kroencke@unine.ch

Samuel Borms, teaching assistant, PhD candidate in finance
Institute of Financial Analysis
Rue A.-L. Breguet 2
CH-2000 Neuchâtel
Tel. +41 32 718 1314 Email : samuel.borms@unine.ch

Objectifs

We derive asset pricing models that are designed to explain the cross-section and the dynamic behavior of asset returns. We empirically assess the models and discuss their usefulness for practical applications.

Contenu

In the first part of the course, we discuss the optimal consumption and investment decision in a one period model under uncertainty and risk aversion. This leads us to the construction of a static equilibrium model of financial assets valuation: the Capital Asset Pricing Model (CAPM). We then move on to arbitrage based valuation and multifactor models. In the second part of the course, we study present value relations and then derive a dynamic equilibrium model: the Consumption-Cased Asset Pricing Model (C-CAPM). Finally, we discuss modifications of the C-CAPM that are designed to better explain the data. We emphasize the link between the different approaches and show that there are, in fact, different specifications of the same equation, namely a characterization of the stochastic discount factor. All theoretical models that we derive will be empirically assessed; strengths and weakness of the models will be discussed to learn about their usefulness for practical applications.

Forme de l'évaluation

Mid-term: one-hour written exam (34%)
Final: two-hour written exam (66%) during the last lecture of the semester
Re-take: Mid-term: one-hour written exam (34%) / Final: two-hour written exam (66%) during the session.

Allowed tools (written exam): Simple calculator, cheat sheet (one page DIN-A4, back and front, handwritten).

In case of violation of these rules, the students are in situation of fraud and the unauthorized items will be removed. The exam could be deemed as failed.

Documentation

John Y. Campbell, Financial Decisions and Markets: A Course in Asset Pricing, Princeton University Press (2018)

Pré-requis

One course in finance (Bachelor).

Forme de l'enseignement

- Faculté des sciences économiques
- www.unine.ch/seco

Asset pricing (5AF2003)

Lectures: four hours per week.