

Asset Pricing II (AP II)

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Course Description:

This is an empirical asset-pricing course. The course focuses on beta pricing and consumption based models in finance and on empirical issues in asset pricing. The main emphasis will be on the unifying stochastic discount factor representation of different asset pricing models and its empirical estimation with Hansen's Generalised Method of Moments (GMM) method. The course explores time varying expected return models, intertemporal equilibrium models, and the cross-section of expected returns. The course also considers consumption based asset pricing models, the equity risk premium puzzle, the estimation and evaluation of term structure models, the relation of asset prices to the macroeconomy and the issue of model and estimation uncertainty in finance. Course Syllabus (preliminary):

1. The Canonical Asset Pricing Model and Stochastic Discount Factor
2. Estimation of Beta Pricing and SDF Models
3. Hansen Jagannathan Bounds
4. Regression-Based Tests of Pricing Models
5. Time Series, Cross-Section, and GMM/DF Tests of Factor Models
6. Empirical Evidence on Evaluation Asset Pricing Models
7. Asset Prices and the Macroeconomy
8. Consumption-Based Asset Pricing Models
9. Return Predictability and Conditional Asset Pricing Models
10. The Equity Risk Premium Puzzle
11. SDF and Yield Curve Models
12. Estimation and evaluation of term structure models
13. Parameter and Model Uncertainty

Time schedule:

NEW SCHEDULE!

Thu,	Nov 02,	09:00-10:30, SZ VI
Tue,	Nov 07,	09:00-10:30, SRS (R121-old building)
Thu,	Nov 09,	14:00-15:30, HS II
Tue,	Nov 14,	09:00-12:30, SZ VI
Thu,	Nov 16,	09:00-10:30, SZ VI
Mon,	Nov 20,	09:00-10:30, SZ VI NEW
Tue,	Nov 21,	09:00-12:30, SZ VI Cancelled
Thu,	Nov 23,	09:00-10:30, SZ VI
Tue,	Nov 28,	09:00-12:30, SZ VI
Thu,	Nov 30,	09:00-10:30, SZ VI
Tue,	Dec 05,	09:00-10:30, SZ VI
Thu,	Dec 07,	09:00-10:30, SZ VI

Location:

Institute for Advanced Studies, Vienna
1060, Stumpergasse 56

Examination:

Wed, Dec 20, 13.00-16.00, SZ VI

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Subject to change

Homepage: <http://www.vgsf.ac.at>
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Course material:

Main text: "Asset Pricing", Princeton University Press, 2005, by John H. Cochrane