

Syllabus

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Course: Empirical Asset Pricing

Professor:

2018 SECOND SEMESTER

PROGRAM

The aim is not only to familiarize students with the main empirical stylized facts in asset pricing, but also to prepare them to do research on their own. We will discuss and critically evaluate empirical works, and provide students with tools to carry out research in the area.

Students are required to prepare for each session by reading the relevant material. Please give each reading serious thought, thinking about the connections among the different articles.

Apart from lectures, students will have to choose a research paper in asset pricing to present, critically assess and replicate. The in-class presentation should be based on slides prepared by the student and submitted as part of the assessment, and presenters should be prepared to respond to questions. Students will also write a mock referee report on the selected paper. The report should include a summary of the paper's content and place in the relevant literature, a critical assessment of its contribution, and suggestions for improvement. The indicative length of the referee report is 1500 words (i.e., approximately 6 pages). Finally, students will have to carry out an empirical application (or simulations) intimately connected to the selected research paper.

BIBLIOGRAPHY

No textbook covers every topic that we will discuss in this course. The list below offers only some incomplete reading material. Students will have to read many individual papers as well.

Bali, Engle & Murray (2017) Empirical Asset Pricing: The Cross-Section of Stock Returns
Cochrane (2005) Asset Pricing, Princeton University Press.
Campbell, Lo & MacKinlay (1997) The Econometrics of Financial Markets, Princeton University Press.
Cuthbertson & Nitzsche (2004) Quantitative Financial Economics, Wiley.
Singleton (2006) Empirical Dynamic Asset Pricing, Princeton University Press.
Sollis (2012) Empirical Finance, Wiley.

GRADING

In-class presentation: 20%
Mock referee report: 30%
Empirical work: 40%

In-class participation: 10%

PROFESSOR - EMAILS

DETAILED PROGRAM

Cross-section of Expected Returns

- Factor Pricing

- Stochastic Discount Factor

- Performance Analysis

Market Efficiency

Event Study Analysis

Present-Value Models

- Good Beta, Bad Beta

Predictability

Market Microstructures

- Asymmetric Information

Asset Pricing at High Frequency