FGV | SAO PAULO SCHOOL OF ECONOMICS

Syllabus

[cmcd.economia@fgv.br]

Course: Empirical Asset Pricing
Professor:

SECOND SEMESTER, 2026

PROGRAM

The aims are to familiarize students with the main empirical stylized facts in asset pricing and to prepare them to do research on their own. We will discuss and critically evaluate empirical works, providing students with econometric tools to carry out research in the area. Students must prepare for each session by reading the relevant material, giving each reading serious thought, and thinking about the connections among the different papers.

Students will have to choose a research paper in empirical asset pricing or financial econometrics to present, critically assess and replicate. The in-class presentation should rest on slides prepared by the student and submitted as part of the assessment. 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 improvements. The indicative length of the referee report is between 4 and 6 pages. Finally, students will have to carry out some sort of replication relating to the selected research paper.

BIBLIOGRAPHY

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, Wiley.
Cochrane (2005) Asset Pricing, Princeton University Press.
Campbell, Lo & MacKinlay (1997) The Econometrics of Financial Markets, Princeton University Press.
Cuthberson & Nitzsche (2004) Quantitative Financial Economics, Wiley.
Mele (2018) Financial Economics: A Comprehensive View, MIT.
Singleton (2006) Empirical Dynamic Asset Pricing, Princeton University Press.
Veronesi (2010) Fixed Income Securities, Wiley.

GRADING

In-class presentation:	20%
Mock referee report:	30%
Empirical work:	40%
In-class participation:	10%

POINTS OF CONTACT

Professor
Teacher Assistant:

DETAILED PROGRAM

Topic	References
Present-value models	CLMcK, chapter 7 + Campbell & Vuolteenaho, AER'04
Portfolio allocation	Brandt, HFinEcts, chapter 5
Volatility and other risk measures	HFinEcts + Handbook of Volatility Models and Applications
Factor pricing models	Cochrane, chapters 6 to 9 + CLMcK, chapters 5 to 6
Efficiency and predictability	CLMcK, chapters 1 to 2+ Pastor & Stambaugh, JF'09
Market microstructures and asymmetric information	CLMcK, chapter 3 + Easley & O'Hara, JF'92
VAR modeling at high frequency and price discovery	Hasbrouck, JF'91, JF'95 + Dufour & Engle, JF'00
Fixed-income instruments and term structure	Veronesi, chapters 2 to 3 + Fernandes & Vieira, JEDC'19
Fixed-income derivatives	Veronesi, chapters 9 to 11 + Mele, chapter 11
Credit markets and derivatives	Mele 2013, chapter 13 + Duffie & Singleton 2003, chapters 5 to 8