

Advanced Financial Economics, WISE, Xiamen University

Instructor

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Meeting Times

10:10am - 11:50am on Tuesdays. 8:00am
– 9:40am on Thursdays.

Meeting Place

TBD.

Course Overview

This course is designed to acquaint you with a sequence of carefully elaborated topics in finance. Important themes include asset pricing based on equilibrium principles and arbitrage considerations, optimal portfolio selection, risk measurement, and some introductions to behavioral biases and asymmetric information. This course also treats the continuous-time theory of stochastic calculus within the context of finance applications. We will start with the discrete-time binomial model as a vehicle for several fundamental concepts, and later develop analogous ideas in the continuous-time setting. Essentially, it is suitable for students who are seriously interested in financial economics, want to be aware of the frontier ideas that have marked the recent evolution of the discipline; and have an appetite for the formal analysis of these issues.

Prerequisites

Prior knowledge of microeconomics and slightly advanced “mathematics for economists” are required.

Textbook

Theory of Asset Pricing by George Pennacchi.

Stochastic Calculus for Finance I and II by Steven Shreve.

Announcements

You are responsible for all announcements made in class, so attendance at lectures is strongly recommended.

Grading

Quizzes and Assignments: 20% Midterm exam: 40% Final exam: 40%

Makeup Policy

Officially, there will be NO makeup exams unless there is an official university sanctioned excused absence.