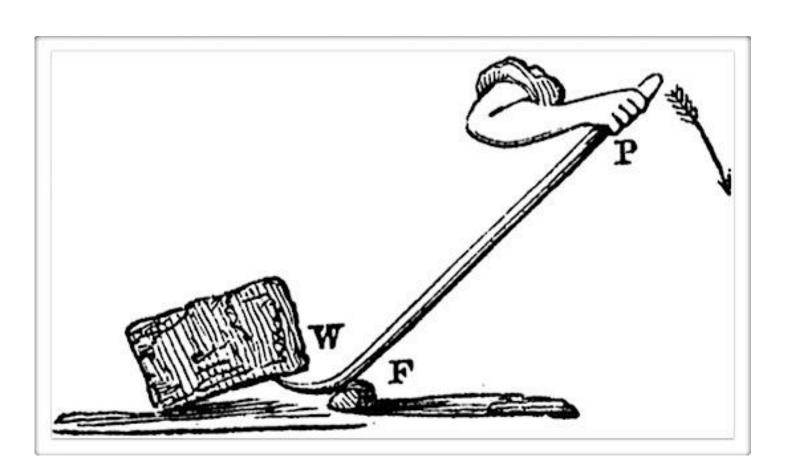


Agent-based Financial Economics Lesson 10: Leverage

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"What I cannot create, I do not understand."

Today



- Discussion of leverage paper by Farmer et al.
- Diving into the code, discussing ideas for your agents

Leverage: single slide overview



Stefan Thurner



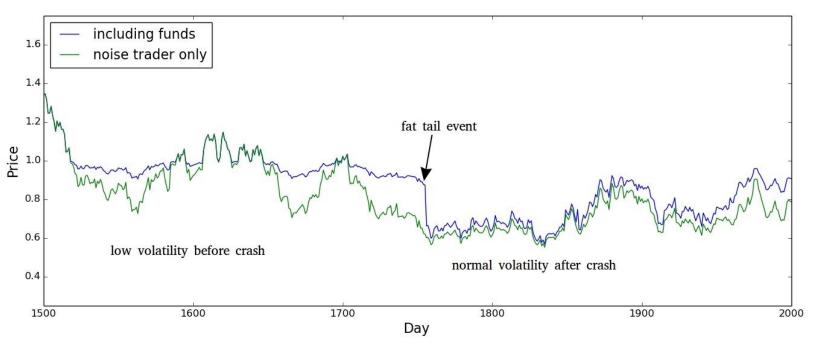
Doyne Farmer



John Geanakoplos

"The market can stay irrational longer than you can stay solvent." - Keynes

- Leverage can cause fat tail events through cascade of margin calls.
- Two active types of investors:
 - Noise traders
 - Leveraged, fundamentalist funds



See separate presenation for further information.

Code Dive

• See source code...