

## Assignment: Research Proposal

The research proposal should be about 2-3 pages long and at least tangentially related to demand-based asset pricing. Example: Optimal corporate finance/ capital structure for a firm that faces inelastic investor demand might not be “core asset pricing” but is related to demand-based asset pricing and, therefore, counts. If you have any questions, feel free to email me.

You may find open research topics highlighted by Ralph Koijen and Motohiro Yogo [here](#) a useful resource. But if you have your own ideas, that is even better!

You are free to choose your own approach to this assignment. Below are some questions you may find helpful to address, but you don't have to address each of them; they are just to provide you with some inspiration.

### *What?*

What are the research question(s) you want to answer? Describe in detail what you want to do, and how it is related to demand-based asset pricing. How does it contribute/ relate to the literature?

### *Why?*

Why is the topic interesting? Can you provide some motivation? This could be a puzzle in the literature that potentially could be addressed through a demand system. Or an asset class that is large/important but has not received enough attention in the literature. Or a question that has previously been answered, but that might need to be re-evaluated under inelastic demand. Are there practical, real-world implications of your topic?

### *How?*

How would you go about answering the research question? If you are using a demand-system approach, you might want to describe how you would set it up: what kind of instrument do you want to use, are there some counterfactuals you want to run, and why do you think running said counterfactuals is ok? If not a demand system, still describe the intended empirical design. What would be the ideal empirical design? If that's not achievable, what do you think is the best version that can be implemented, and under what assumptions does it deliver the correct answer? What kind of data do you want to use? Do you have access already? If not, how would you go about obtaining the “ideal” data to answer the question? Or if you think about theoretical work, what are the main channels of your model, and how do you capture them inside the model? Discuss the strengths and potential challenges of your methodology.

### *Results*

I don't expect you to have any results, but if you do, please show them. Also, if you have some sense of how the results might look, feel free to describe them.