1 Overview

This course aims to build a solid foundation in asset pricing theory for doctoral students in finance and related fields.

2 Grading

Your grades will depend on three aspects of your performance:

- Final exam: 50%
- Homework: 20%
- Class discussion: 30%

3 Course Outline

The required textbook is Cochrane, 2005, Asset pricing, revision edition.

3.1 Cochrane (2005, Asset Pricing)

Lecture notes:

- Chapter 1. Consumption-based model and overview
- Chapter 2. Applying the basic model
- Chapter 3. Contingent claims markets
Chapter 4. The discount factor
Chapter 6. Relation between discount factors, betas, and mean-variance frontiers
Chapter 7. Implications of existence and equivalence theorems
Chapter 8. Conditioning information
Chapter 9. Factor pricing models
Chapter 10. GMM in explicit discount factor models

Related articles:


Constantinides, 1982, Intertemporal asset pricing with heterogeneous consumers and without demand aggregation, *Journal of Business*


Lecture notes on Sargent and Lundquist (2012, Recursive Macroeconomic Theory, Chapter 8. Equilibrium with complete markets)

3.2 Some Recent Developments

3.2.1 Habit and Long Run Risks


3.2.2 Disasters


3.2.3 The Cross-section of Returns