

Nom del Màster	International Master in Economic Analysis.	Mòdul	Advanced Macroeconomics and Finance
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DADES ESPECÍFIQUES DEL MÒDUL

Objectius Formatius del Mòdul	At the end of the module the student will be able to: 1. Master the empirical tools used to evaluate models in Asset Pricing. 2. Apply the theory of optimal dynamic policy to fiscal policy (taxation, pension design) and monetary policy.	
Competències específiques del Mòdul	Competència	Descripció
	1. Scientific area	Ability to build and solve complex theoretical models that allow for a better understanding of real macroeconomic and finance phenomena.
	2. Communicative area	Ability to motivate the analysis, to interpret results, and to present them in a clear way
	3. Self-learning area	Choosing modeling strategy
	4. Technological area	Programming in scientific packages (Matematica, Scientific Workplace, etc.)
	5. Interpersonal area	Cooperation in contrasting alternative modeling strategies, and discussing and comparing results
Estructura i Continguts del Mòdul	<i>BLOCK 1: Asset Pricing: Theory and Empirical Evidence:</i> 1. Some Basics –Returns, Payoffs. Stylized Facts about Asset Returns. The Equity Premium Puzzle 2. Stochastic Discount Factors and Expected Beta Representation CAPM, APT, Merton ICAPM, CCAPM, Fama and French model. 3. Conditional Asset Pricing Models and the Role of Conditioning Information 4. Historical Background and tests of Asset Pricing Models Cross-Sectional Regressions (CSRs) and the Fama	

	MacBeth Methodology. Maximum Likelihood based Methods. GMM based tests <i>BLOCK 2: Introduction to Finance:</i> 1. Expected utility theory and risk aversion. 2. State-contingent assets, complete markets and valuation by arbitrage. 3. Portfolio theory and valuation of financial assets <i>BLOCK 3: Dynamic Optimal Policy:</i> 1. The mathematical theory of dynamic optimal policy. 2. An application to optimal taxation. 3. Optimal fiscal and monetary policy. 4. An application to OLG models: optimal pension design. 5. Numerical techniques.
Metodologia docent	Apart from the usual lectures, problems sets related to each topic will be assigned to students, evaluated to complement their learning process and discussed in class. - E-A presential: 40% - E-A directed: 20% - E-A autonomous/group work: 40%
Avaluació	Grading will be based on a final exam, together with the grades obtained in the problem sets and the applied exercises.
Bibliografia bàsica i enllaços web mes importants	<i>BLOCK 1:</i> 1. Cochrane, John H., 2005, Asset Pricing, Princeton University Press, Princeton, New Jersey (the 2001 Edition with errata will also do). 2. Campbell, John, Andrew Lo, and A. Craig MacKinlay, 1997, The Econometrics of Financial Markets, Princeton University Press, Princeton, New Jersey. 3. Jagannathan, Ravi, G. Skoulakis and Z. Wang, 2002, The Analysis of the Cross Section of Security Returns, draft chapter of Handbook of Financial Econometrics. Copy available at http://home.uchicago.edu/~lhansen/. <i>BLOCK 2:</i> 1. Huang, C.F. and R.H. Litzenberger (1988). <i>Foundations for Financial Economics</i>. New York, NY: North-

	Holland. - Ingersoll, J. (1987). <i>Theory of Financial Decision Making</i>. Totowa, NJ: Rowman and Littlefield. BLOCK 3: - Aiyagari, S.R., Marcet, A., Sargent, T. J. and Sepp al a, J.:2002, Optimal taxation without state-contingent debt, <i>Journal of Political Economy</i> 110(6), 1220-54. - Ljungqvist, L. and Sargent, T. J.: 2000, <i>Recursive Macroeconomic Theory</i>, MIT Press, Cambridge, Ma. - Sims, C. A.: 2001, Solving linear rational expectations models, <i>Computational Economics</i> 20(1-2), 1{20.
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