



FAI3029 An Introduction to Asset Pricing with Macro-Finance

7.5 credits

En introduktion till prissättning av finansiella tillgångar

This is a translation of the Swedish, legally binding, course syllabus.

Establishment

Course syllabus for AL1130 valid from Autumn 2020. Decision: A-2020-1669. Date: 2020-09-09

Grading scale

P, F

Education cycle

Third cycle

Specific prerequisites

Basic courses in mathematics, statistics and economics/finance.

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

The objective of the course is to give the participants an introduction to the theory of asset pricing, and how these models connect financial economics with macroeconomics. The focus is on theoretical models, but some empirical issues will also be considered.

Course contents

- Preferences, utility functions, risk and uncertainty.
- Consumption-based asset pricing.
- Stochastic discount factors, the law of one price and arbitrage.
- Mean-variance analysis and CAPM.
- Factor models and APT.
- Asset pricing and macroeconomic models.
- Empirical issues connected to the models.

Examination

- INL1 - Hand-in assignments, 7.5 credits, grading scale: P, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

If the course is discontinued, students may request to be examined during the following two academic years.

Handing in solutions to problem sets and satisfactory participation in the lectures.

Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.