phd asset pricing

howard kung
london business school

course outline

this is the second half of the phd asset pricing course. first, assets are priced using the household's intertemporal consumption decisions, while treating production as exogenous. second, asset prices are linked to the intertemporal investment choices of firms, but taking the household's marginal utility as exogenous. third, the consumption-based and production-based approaches are connected in a general equilibrium setting whereby asset prices equate marginal rates of substitution and transformation. fourth, we link asset prices to monetary policy using the new keynesian paradigm. the goal of this course is to provide a foundation for conducting frontier research at the intersection of macroeconomics and asset pricing.

topics (tentative)

1. consumption-based asset pricing

required reading: campbell, lo, and mackinlay (1997) chapters 7 and 8; cochrane (2005) chapters 4, 5, and 6; campbell and cochrane (1999); bansal and yaron (2004); barro (2006); heaton and lucas (1995); backus, foresi, and telmer (1998); campbell (2018) chapters 4, 5, and 6

2. production-based asset pricing

required reading: hayashi (1982), cochrane (1991), zhang (2005), campbell (2018) chapter 7

3. general equilibrium production-based asset pricing

required reading: jermann (1998), kaltenbrunner and lochstoer (2009), gourio (2012), kung and schmid (2015)

4. monetary policy and asset pricing

required reading: gali (2011) chapters 3 and 4