

FIN-608	Information and Asset Pricing				
	Malamud Semyon				
Cursus		Sem.	Type	Language of	English
Finance			Obl.	teaching	Liigiisii
				Credits	3
				Session	
				Exam	Written
				Workload	90h
				Hours	28
				Courses	28
				Number of	
				positions	

Frequency

Every year

Summary

We study the role of information in equilibrium asset pricing models. We cover simple one-period models of incomplete and asymmetric information using competitive rational expectation equilibria and Bayesian-Nash equilibria. We extend the analysis to dynamic models with heterogeneous beliefs.

Content

- 1. Introduction
- Competitive Rational Expectation Equilibrium vs Strategic Bayesian Nash Equilibrium
- 2. Asymmetric Information / Private Information
- Informational efficiency Grossman and Stiglitz (1980): information acquisition and fully revealing equilibrium
- No trade Theorem Milgrom and Stokey (1982): information and absence of trade
- Sequential trading / microstructure Kyle (1985): informed traders
- 3. Learning and Heterogenous Beliefs:
- Dynamic learning / Bayesian filtering: Cecchetti, Lam and Mark (2000): Equilibrium in representative agent models
- Heterogenous beliefs and equilibrium: Detemple and Murthy (1994)
- Irrationality / learning (Survival and price impact) Blume and Easley (2006), Kogan et al. (2006)

Keywords

Information, Asset Pricing.

Assessment methods

Written exam.