

UNIVERSITÀ DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Financial Economics

2526-1-F1602M006

Learning objectives

The course aims at studying the economic role of financial markets in the allocation of resources under conditions of risk. In particular the focus will be on allocative efficiency and economic equilibrium. In this course students will learn to evaluate and interpret the links connecting economic and financial variables. Moreover, they will be able to critically assess financial models and their limitations and to appreciate their potential applications to real markets.

Contents

Microeoconomic theory of financial markets.

Detailed program

- 1. The mechanism of economic exchange
- 2. Preferences and choice under conditions of risk
- 3. Economic equilibrium and allocative efficiency;
- 4. Uncertainty and financial markets. Arrow's model of contingent goods and incomplete markets
- 5. Portfolio theory in the mean/variance model: the CAPM
- 6. Some asymmetric information models

Prerequisites

Basic courses of Microeconomics and of Mathematics for Economists. A reasonable knowledge of the E	nglish
language	

Teaching methods

Lectures and classes

Assessment methods

Written exam with exercises. **A mock exam will be solved in class by the teacher.

Textbooks and Reading Materials

- J. H. Cochrane (2005), Asset pricing, Princeton University Press, Princeton
- C. F. Huang and R. H. Litzenberger (1988), *Foundations for Financial Economics*, Prentice Hall, Upper Saddle River.
- G. Cassese (2024), Economia dei mercati finanziari. Un'introduzione, Roma, Carocci

Semester

Second semester

Teaching language

English

Sustainable Development Goals

QUALITY EDUCATION