Course Descriptions Master 2016-2017

Course Title	Stochastic Processes
Course Code	EBC4004
ECTS Credits	6,5
Assessment	Whole/Half Grades

Period

Period	Start	End	Mon	Tue	Wed	Thu	Fri
1	5-9-2016	28-10-2016		X	X	X	

Level	Advanced
Coordinator	Michael Eichler For more information:m.eichler@maastrichtuniversity.nl
Language of instruction	English
Goals	The purpose of the course is to introduce students to the study of stochastic processes in discrete and continuous time. Students will have learned the essentials of the subject and should be able to apply the acquired theoretical tools to problems in econometrics, economics, finance, and other fields.
Description	Deterministic dynamic systems are usually not well suited for modelling real world dynamics in economics, finance and business. Allowing for random components in dynamic systems leads to stochastic dynamic modelling, which is based on stochastic processes. This course covers models of stochastic processes in discrete and continuous time. This includes Markov chains, Poisson processes and Brownian motion. We introduce various tools that are very useful for deriving and understanding the asymptotic properties of modern econometric techniques. They include the functional central limit theorem and stochastic integrals. Finally, we discuss stochastic differential equations and their applications in finance and related fields, e.g. for pricing financial derivatives.
Literature	Mikosch, T., (1998), Elementary stochastic calculus, World scientific Publishing, Singapore. Reader.
Prerequisites	Only Master students can take Econometrics Master courses. Students require a solid background in mathematical statistics and probability theory on the level of the BSc Econometrics programme. An advanced level of English.
Teaching methods	PBL / Lecture / Assignment
Assessment methods	Participation / Written Exam
Evaluation in previous academic year	For the complete evaluation of this course please click http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM

This course belongs to the following programme / specialisation

Master Business Research	Methodology Electives
Master Business Research Track OR	Methodology Electives
Master Business Research Track OR	Track Operation Research Compulsory Courses
Master Econometrics and OR	Actuarial Science
Master Econometrics and OR	Econometrics
Master Econometrics and OR	Mathematical Economics
Master Econometrics and OR	Operations Research
Master Economic and Financial Research Track Econometrics	Electives
Master Economic and Financial Research Track Econometrics	Track Econometrics Core Courses
Master Economic and Financial Research	Electives
Master Financial Economics	Electives
SBE Exchange Master	Master Exchange Courses
SBE Non Degree Courses	Master Courses