

Course Descriptions Master 2018-2019

Course Title Stochastic Processes

Course Code EBC4004

ECTS Credits 6,5

Assessment None

Period	Start	End	Mon	Tue	Wed	Thu	Fri
1	3-9-2018	26-10-2018		X	L		

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 - Operations Research	Compulsory Courses
Master Business Research - Operations Research	Methodology Electives
Master Econometrics and Operations Research	Actuarial Science
Master Econometrics and Operations Research	Econometrics
Master Econometrics and Operations Research	Mathematical Economics
Master Econometrics and Operations Research	Operations Research
Master Economic and Financial Research - Econometrics	Electives
Master Economic and Financial Research - 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