# Course Descriptions None 2015-2016

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| Course Title | Equilibrium Theory and Financial Markets |
| Course Code | EBC4009 |
| ECTS Credits | 6,5 |
| Assessment | Whole/Half Grades |

Period

| Period | Start | End | Mon | Tue | Wed | Thu | Fri |
|---|---|---|---|---|---|---|---|
| 5 | 11-4-2016 | 3-6-2016 | X | | X | | |

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| Level | Advanced |
| Coordinator | Elias Tsakas For more information:e.tsakas@maastrichtuniversity.nl |
| Language of instruction | English |
| Goals | Learn about the notion of competition in a setting with many households, firms, and commodities.<br>Understand the notions of competitive equilibrium, the first and second fundamental welfare theorem, and the core.<br>Understand the role of financial markets in reshuffling income across time and states of the world.<br>Learn about the consequences of market incompleteness.<br>Understand the Capital Asset Pricing Model. |
| Description | After introducing the necessary mathematical preliminaries and extending our knowledge on selected ingredients from consumer theory, the course focuses on general equilibrium models with complete markets, in particular classical exchange and production economies. Central concepts to be studied are the competitive equilibrium and the core. Next, the model is extended to include time and uncertainty, and the strong assumption of complete markets is relaxed. This makes it possible to incorporate financial markets in a satisfactory way. We study the relationships between equilibrium and arbitrage opportunities, and the valuation of financial securities. The well-known CAPM is a special case of the model studied. A rigorous derivation of the CAPM is provided. |
| Literature | Reny and Jehle, Advanced Microeconomic Theory, Addison-Wesley, 1998 - LeRoy and Werner, Principles of Financial Economics, Cambridge University press, 2001 |
| Prerequisites | Intermediate microeconomics course, e.g. Microeconomics, or Information, Markets and Organisation.<br>Exchange students need to have obtained a Bachelor degree with a major in Economics or Econometrics and have an advanced level in mathematics.<br>an advanced level of English |
| Teaching methods | PBL / Assignment |
| Assessment methods | 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

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| Master Business Research | Free Electives |
| Master Business Research Track OR | Free Electives |
| Master Econometrics and OR | Econometrics & OR Electives |
| Master Econometrics and OR | Mathematical Economics |
| 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 |
| SBE Exchange Master | Master Exchange Courses |
| SBE Non Degree Courses | Master Courses |