

Course Descriptions None 2021-2022

Course Title	Equilibrium Theory and Financial Markets																		
Course Code	EBC4009																		
ECTS Credits	6,5																		
Assessment	Whole/Half Grades																		
Period	<table border="1"> <thead> <tr> <th>Period</th> <th>Start</th> <th>End</th> <th>Mon</th> <th>Tue</th> <th>Wed</th> <th>Thu</th> <th>Fri</th> </tr> </thead> <tbody> <tr> <td>5</td> <td>11-4-2022</td> <td>3-6-2022</td> <td>X</td> <td></td> <td>X</td> <td></td> <td></td> </tr> </tbody> </table>	Period	Start	End	Mon	Tue	Wed	Thu	Fri	5	11-4-2022	3-6-2022	X		X				
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Level	Advanced																		
Coordinator	Arkadi Predtetchinski, Anna Zseleva For more information: a.predtetchinski@maastrichtuniversity.nl ; anna.zseleva@maastrichtuniversity.nl																		
Language of instruction	English																		
Goals	<p>Learn about the notion of competition in a setting with many households, firms, and commodities. Understand the notions of competitive equilibrium, the first and second fundamental welfare theorem, and the core.</p> <p>Understand the role of financial markets in reshuffling income across time and states of the world. Learn about the consequences of market incompleteness. Understand the Capital Asset Pricing Model.</p>																		
Description	<p>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.</p>																		
Literature	Reny and Jehle, Advanced Microeconomic Theory, Addison-Wesley, 1998 - LeRoy and Werner, Principles of Financial Economics, Cambridge University press, 2001																		
Prerequisites	<p>Intermediate microeconomics course, e.g. Microeconomics, or Information, Markets and Organisation. Exchange students need to have obtained a Bachelor degree with a major in Economics or Econometrics and have an advanced level in mathematics.</p> <p>an advanced level of English</p>																		
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	<table border="0"> <tr> <td>Master Business Research - No specialisation</td> <td>Year 2 Free Elective(s)</td> </tr> <tr> <td>Master Business Research - Operations Research</td> <td>Year 1 Elective Course(s)</td> </tr> <tr> <td>Master Business Research - Operations Research</td> <td>Year 2 Elective Course(s)</td> </tr> <tr> <td>Master Econometrics and Operations Research</td> <td>Elective Course(s)</td> </tr> <tr> <td>Master Economic and Financial Research - Econometrics</td> <td>Year 1 Core Course(s)</td> </tr> <tr> <td>Master Economic and Financial Research - Econometrics</td> <td>Year 1 Elective Course(s)</td> </tr> <tr> <td>Master Economic and Financial Research - No specialisation</td> <td>Year 1 Elective Course(s)</td> </tr> <tr> <td>SBE Exchange Master</td> <td>Master Exchange Courses</td> </tr> <tr> <td>SBE Non Degree Courses</td> <td>Master Courses</td> </tr> </table>	Master Business Research - No specialisation	Year 2 Free Elective(s)	Master Business Research - Operations Research	Year 1 Elective Course(s)	Master Business Research - Operations Research	Year 2 Elective Course(s)	Master Econometrics and Operations Research	Elective Course(s)	Master Economic and Financial Research - Econometrics	Year 1 Core Course(s)	Master Economic and Financial Research - Econometrics	Year 1 Elective Course(s)	Master Economic and Financial Research - No specialisation	Year 1 Elective Course(s)	SBE Exchange Master	Master Exchange Courses	SBE Non Degree Courses	Master Courses
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