Research Methods in Finance

Topics:

1. No arbitrage, Risk-neutral measures and Asset Pricing

   * Huang and Litzenberger (HL), Foundations of Financial Economics, North Holland, 1988, ch 1, 4

   * Pliska, Introduction to Mathematical Finance, Blackwell 1997, ch 1, 2

2. Expected Utility, Risk aversion and Background risk

   * Stapleton, R. C., ‘Some Recent Developments in Capital Market Theory: A Survey’, Spanish Economic Review, 1, 1-20,

   * Franke, Stapleton and Subrahmanyam (1998), ‘Who Buys and Who Sells Options’, Journal of Economic Theory

3. Option Pricing: Discrete time models

   * HL, ch 6

   * Brennan (1979), "The Pricing of Contingent Claims in Discrete Time Models", Journal of Finance, 34, 53-68.

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4. Multi-period models of asset pricing

   * HL, ch 6, 7

   * Pliska, ch 6

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5. Futures and forward prices

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6. Term-structure models.

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