

CAPITAL MARKETS AND ASSET PRICING

About

The course “Capital Markets and Asset Pricing” is concerned with studying markets for different kinds of assets and pricing of these assets. In particular, we consider fixed-income markets and stock markets. To understand how securities are priced, we discuss also the effects of credit and liquidity risk on asset prices. Their importance has become very clear during the recent financial crisis. The course also covers the issue of how to optimally choose a portfolio. The models studied in the course are the capital asset pricing model (CAPM), arbitrage pricing theory (APT), and state pricing, among others.

Learning objectives

Upon completion of this course, you will be able to:

- Handle non-flat term structures;
- Use (simple) pricing models for equity and debt;
- Understand the impact of liquidity and default risk;
- Set up hedging strategies for market risk;
- Understand examples of structured products

Key concepts

In order to achieve the goals of this course, you must master the following key concepts:

- Technical analysis;
- Fixed Income valuation and return analysis;
- Term structure determination and yield spreads;
- Analysis of interest rate risk;
- Analysis of credit risk;
- Fixed-income portfolio management strategies;
- Execution of portfolio decisions (trading)

Faculty



[Dr. Christoph Hambel](#) – Assistant Professor of Finance, Goethe University Frankfurt

Dr. Hambel’s research explores a variety of topics in finance and environmental economics including actuarial science, asset pricing, carbon pricing, climate finance, and consumption-portfolio choice. He has coauthored scholarly articles on these subjects, which have been published in journals such as *Journal of International Economics*, *European Economic Review*, and *Journal of Risk and Insurance*. Besides he has recently been awarded the Sturm & Drang prize for the best paper published by a young researcher of the Faculty of Economics and Business at the Goethe University. For his teaching he has also recently won the best teaching award of the student body of the Faculty of Economics and Business (“Fachschaftspreis für exzellente Lehre”).