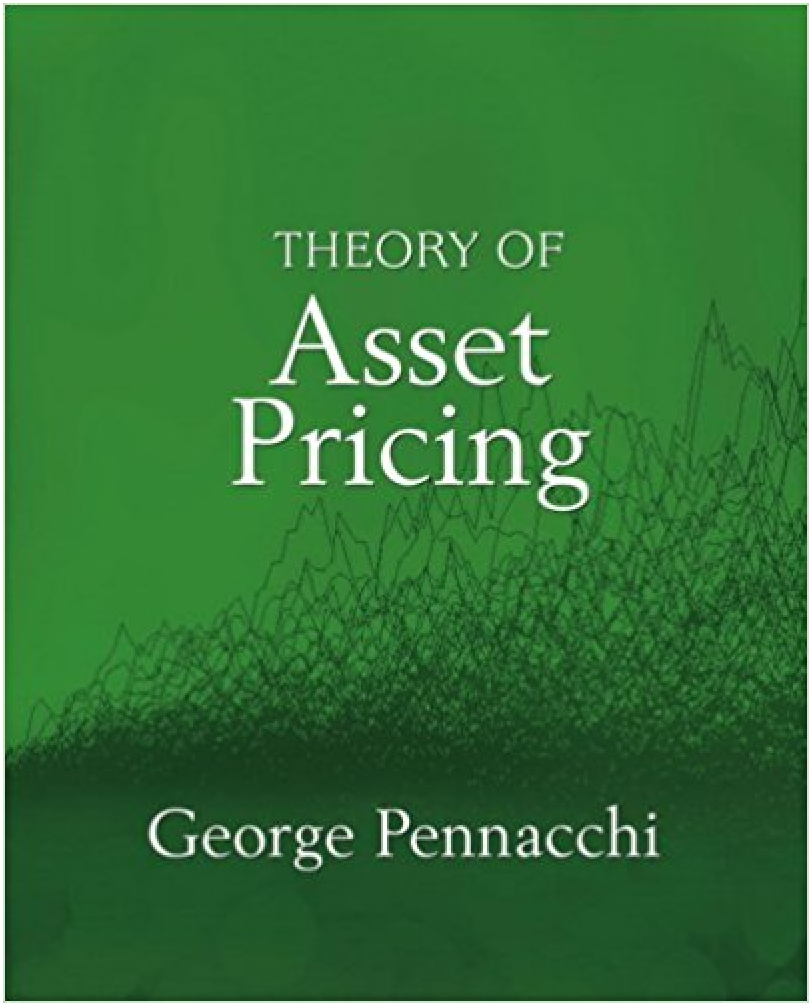
Theory Of Asset Pricing



Synopsis

Theory of Asset Pricing unifies the central tenets and techniques of asset valuation into a single, comprehensive resource that is ideal for the first PhD course in asset pricing.   Single-Period Portfolio Choice and Asset Pricing: Expected Utility and Risk Aversion; Mean-Variance Analysis; CAPM, Arbitrage, and Linear Factor Models; Consumption-Savings and State Pricing; Multiperiod Consumption, Portfolio Choice, and Asset Pricing: A Multiperiod Discrete Time Model of Consupmtion; Multiperiod Market Equilibrium; Contingent Claims Pricing: Basics of Derivative Pricing; Essentials of Diffusion Processes and ItÃ´â ™s Lemma; Dynamic Hedging and PDE Valuation; Arbitrage, Martingales, Pricing Kernels; Mixing Diffusion and Jump Processes; Asset Pricing in Continuous Time: Continuous-Time Consumption and Portfolio Choice; Equilibrium Asset Returns; Time-Inseparable Utility; Additional Topics in Asset Pricing: Behavioral Finance and Asset Pricing; Asset Pricing with Differential Information; Models of the Term Structure of Interest Rates; Models of Default Risk. MESSAGE: For all readers interested in asset valuation.

Book Information

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Customer Reviews

I spent a semester reading this book in detail and I must say it is really good. That’s because it strikes a perfect balance between mathematical rigor and easiness of reading. There are many other financial economics texts that cover similar or the same topics but I think none of them are as readable as this one. Pennacchi does a great job at presenting the material in a very logical and coherent manner. There are no conceptual jumps, you will never ask yourself "Where did this come from?" and all the math required to understand the book is explained in detail. The author starts in the first chapter with the basic axioms that preferences need to satisfy and by gradually presenting the required mathematical tools and economic concepts he talks about dynamic asset pricing and other advanced concepts in the later chapters.The range of topics covered is broad and at the end of every chapter there are some really good exercises. To sum up, I love this book because there are no conceptual gaps and you are never left guessing. I have also used Cochrane's and Duffie's books and I think Pennacchi's book is much better.

The book makes a good job on updating Ingersoll's book, The Theory of Financial Decision-Making. Also it explains hard finance in an easy way. Under that perspective, the book is really good. However, it has some pitfalls the reader should be aware of:1. The Math in the book is really not demanding. So it is appropriate for an MBA or an advanced undergrad. course in finance. As such, it should be a companion book in any PhD course, instead of the main reference.2. Since the Math is not demanding, the book overpass many concepts that might be useful to know in the future. Consequently, I do not think the book is enough for developing research in the field. It is not bad, if you do not intend to make research in the field but you are only curious about finance.3. On the other hand, it is fair to say that it is enough to let you in advanced theoretical papers. At least, studying the book gives some intution you'll need to follow more mathematical demanding articles.4. The notation is not that much usual and there is sometimes some confusion, but those are minor mistakes that should be corrected in future editions.5. I'm still waiting for a book that balances equally well theoretical concepts in finance with rigorous Math. To be concrete, I do not think the treatment given given in the book on Stochastic Integrals is appropriate for a PhD student in economics or finance, meaning it should be more rigorous.The problem of not being rigorous is that it makes you believe finance is easy, and that's not true. The second problem is that it produces a hollow in the knowledge that beginners often do not know.The conclusion is that the author aims a huge audience for his book and he is successful, no doubt. But it is true the author does not intend to be deep either. That's a fair choice, but the reader should be aware of it in advance.

Introductory approach to asset pricing theory presented for various levels of students. Provides a good template for teaching Investments Ph.D. or M.S. theory course.

good

Asset Pricing and Portfolio Choice Theory (Financial Management Association Survey and

Synthesis) Theory of Asset Pricing Dynamic Asset Pricing Theory, Third Edition. Asset Pricing Theory (Princeton Series in Finance) Risk Finance and Asset Pricing: Value, Measurements, and Markets Asset Pricing Empirical Dynamic Asset Pricing: Model Specification and Econometric Assessment Asset Pricing: (Revised Edition) A Behavioral Approach to Asset Pricing, Second Edition (Academic Press Advanced Finance) Graphic Artist's Guild Handbook of Pricing and Ethical Guidelines (Graphic Artists Guild Handbook: Pricing & Ethical Guidelines) RSMeans Contractor's Pricing Guide: Residential Repair & Remodeling 2013 (Means Contractor's Pricing Guide: Residential & Remodeling Costs) RSMeans Contractor's Pricing Guide: Residential Repair & Remodeling 2014 (RSMeans Contractor's Pricing Guide: Residential Repair & Remodeling Costs) The Future of Pricing: How Airline Ticket Pricing Has Inspired a Revolution The Pricing Journey: The Organizational Transformation Toward Pricing Excellence Smart Pricing: How Google, Priceline, and Leading Businesses Use Pricing Innovation for Profitability Strategic Pricing for Medical Technologies: A Practical Guide to Pricing Medical Devices & Diagnostics Financial Risk Management In Banking: The Theory and Application of Asset and Liability Management The DAM Book: Digital Asset Management for Photographers Investment Valuation: Tools and Techniques for Determining the Value of Any Asset, Second Edition, University Edition Equity Asset Valuation (CFA Institute Investment Series)