



## Master's in economics and finance

### Empirical Finance

This course introduces empirical research in a broad range of important questions in finance. It is a “topics” course, reflecting its instructors’ own interests, as well as those parts of the literature with which they would like to become more familiar!

The focus is empirical, and so are most of the papers that will be discussed. Importantly, it is not an econometrics course but rather a course in which econometric tools are used to answer substantive questions in finance.

*Grading.* Students will give (possibly group) presentations and submit written work on the papers presented. The presentations and written work will account for 15% of the final grade each. The final exam, which accounts the remaining 70% of the grade, will be take-home, and will involve replicating (part of) an empirical paper for each part.

#### Part I (Alberto Manconi)

This part of the course is focused on corporate finance and financial intermediation.

1. Introduction: causal inference/applied microeconometrics refresher
2. Empirical corporate classics: capital structure, payout; event studies
3. Empirical banking: credit supply shocks; liquidity
4. Political economy of finance: the value of corporate political influence
5. Financial history, historical finance, and persistence

*Structure of the course.* Week 1 will be devoted to an introduction of the topics and a quick review of microeconomic methods in general, and causal inference in particular. In weeks 2-5, the instructor will use two of the sessions to introduce the literature, covering several key studies, while the third one will be devoted to student presentations.

*Reading list.* There is no textbook. Some of the background material about causal inference and applied micro is covered in:

- Angrist, J. D., and J.-S. Pischke. 2009. *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton University Press.
- Cunningham, S. 2021. *Causal Inference: The Mixtape*. Yale University Press.

Both books have great online companion material; Cunningham (2021), specifically, is entirely available online [here](#), with useful pieces of code in Stata, Python, and R. Links to the most relevant papers in the literature for topics 2 to 5 will be available through Moodle.

## **Part II (Enrique Sentana)**

This part of the course is focused on asset pricing and financial risk management, with some emphasis on their macroeconomic implications.

6. Term structure models
7. Unusual derivatives
8. Portfolio selection and artificial intelligence
9. Performance evaluation
10. Household finance

*Structure of the course.* In most weeks, the instructor will use two of the sessions to introduce the literature, covering several key studies, while the third one will be devoted to student presentations. Some adjustments will be made to accommodate the Master thesis presentations in week 8.

*Reading list.* There is no textbook. Links to the most relevant papers in the literature for each topic will be available through Moodle.