

“Capital Markets and the Macroeconomy”

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This course surveys advanced topics in macro-asset pricing, and includes both standard and recent developments of how empirical regularities are addressed, which the neo-classical model fails to explain, in economies with production, capital markets imperfections, idiosyncratic risk, long run risks, feedbacks between capital markets and the real economy, and agents with heterogeneous beliefs or intertemporal preferences displaying external habit formation or non-expected utility.

While emphasizing the economic content, this seminar also covers significant methodological details, such as those underlying choices occurring in markets with frictions, aggregation in incomplete markets, learning in contexts with incomplete, albeit symmetric, information, and, finally, details relating to methods of statistical inference for dynamic models not solved in closed-form.

The main references of the course are research articles suggested during the lectures, as well as selected portions of Chapters 8 and 9 of my *Financial Economics* book forthcoming with MIT Press.