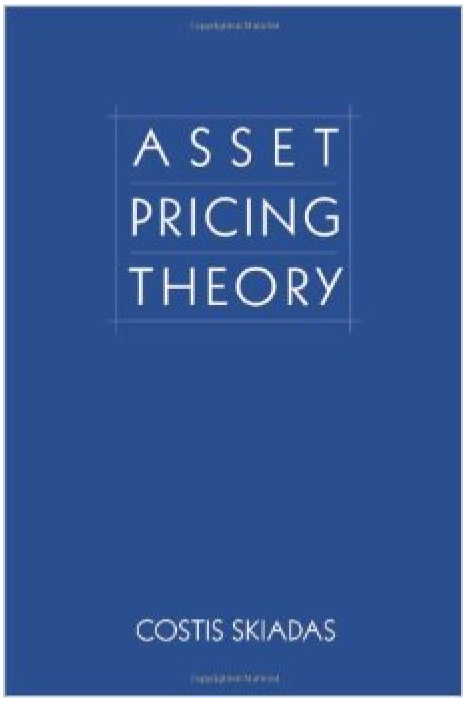
Asset Pricing Theory (Princeton Series In Finance)



Synopsis

Asset Pricing Theory is an advanced textbook for doctoral students and researchers that offers a modern introduction to the theoretical and methodological foundations of competitive asset pricing. Costis Skiadas develops in depth the fundamentals of arbitrage pricing, mean-variance analysis, equilibrium pricing, and optimal consumption/portfolio choice in discrete settings, but with emphasis on geometric and martingale methods that facilitate an effortless transition to the more advanced continuous-time theory. Among the book's many innovations are its use of recursive utility as the benchmark representation of dynamic preferences, and an associated theory of equilibrium pricing and optimal portfolio choice that goes beyond the existing literature.Asset Pricing Theory is complete with extensive exercises at the end of every chapter and comprehensive mathematical appendixes, making this book a self-contained resource for graduate students and academic researchers, as well as mathematically sophisticated practitioners seeking a deeper understanding of concepts and methods on which practical models are built. Covers in depth the modern theoretical foundations of competitive asset pricing and consumption/portfolio choice Uses recursive utility as the benchmark preference representation in dynamic settings Sets the foundations for advanced modeling using geometric arguments and martingale methodology Features self-contained mathematical appendixes Includes extensive end-of-chapter exercises

Book Information

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Customer Reviews

This book is an excellent, in depth treatment of the field of financial economics. The book starts from first principles, namely the absence of arbitrage, and slowly builds upon them. It is concise, detailed, and represents the culmination of over 10 years of work. I highly recommend it to any student in Finance. Finally, I would like to disagree with the previous reviewer who thinks this book is `basic'. This is the only book, to my knowledge, that develops asset pricing theory in a general non-expected utility framework. Some of the theorems proven in this book could easily have appeared in academic journals. This is anything but a basic book, it represents the cutting edge in asset pricing.

This book is the frontier text for learning asset pricing theory from first principles. It will inform even experienced researchers about the fundamental assumptions necessary for deriving pricing implications from quite general, recursive, preferences. Any advanced doctoral student interested in finance, or the economics of uncertainty, will benefit from the in depth treatments of both decision theory and equilibrium in this text.

The title of this book should be rather "Discreet time financial economics theory". Those, who are expecting practical handbook on the valuation of derivatives securities will be disappointed. For this you have books (at BA/MA level)Options, Futures & Other Derivatives with Derivagem CD Value Package (includes Student Solutions Manual for Options, Futuresd Other Derivatives) or (at PhD level) Martingale Methods in Financial Modelling (Stochastic Modelling and Applied Probability) or (the one I recommend most) Dynamic Asset Pricing Theory, Third Edition. .The book by Costis is a deep introduction to the foundations of the financial economics. I could easily recommend it as a textbook for the first part of financial economics course at MA/PhD level. Some more advanced topics like the recursive utility may be skipped at the first reading.What I didn't like in the book was:- Non-standard notation- Pretty big number of non-crucial theorems (it looked like author tried to give every possible result)What I liked:- The consistency of the book- The fact of covering Recursive Utility - most textbooks do not cover recursive utility in such a depth. I think this is big advantage of this book and the author (who is a leading scholar in this field) should center subsequent editions even more on the equilibrium analysis with recursive utility.

There were no surprises in the book Asset Pricing Theory. The book contains most of the topics one would expect from a Ph.D. level asset pricing text. It covers essential topics such as no-arbitrage and risk-return, but this book goes into a more rigorous treatment of the different topics. This book should provide good preparation for doctoral students interested in doing academic research.As a note, this book is written with a more formal mathematical style. Having said that, the degree of technicality is somewhere between Cochrane's Asset Pricing and Duffie's Dynamic Asset Pricing Theory. In other words, a decent mathematical background is still necessary to read this book or else you probably won't enjoy it.

The Kindle version of this book is of extremely poor quality. It looks like trash.In 2013, paying customers who fork over $40 (USD) for the electronic version of this book deserve more than a crappy HTML-ized version of the printed text where the equations do not scale properly or even line up with the baseline of surrounding text.By flipping through the free sample provided above and comparing it with a copy of the print edition, one can quickly assess just how badly the publisher has wrecked the typesetting of the formulas by converting the text from native PDF to their own proprietary Kindle format. Only certain formats (PDF being foremost among them) can faithfully preserve all of the elegance and beauty that mathematical typesetting systems like LaTeX provide.By refusing to purchase the electronic version, customers can send a strong message to the publisher that they will not accept an inferior product in order to accommodate their desire for digital rights management.The "Kindle Replica" format is a potential solution to this problem as the latter is nothing more than a DRM-wrapped version of PDF.Question to the publisher: why are you not offering a Kindle Replica version of this text, because if you did, I would purchase it immediately.

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