Lecture « Macrofinancial models for long-term asset returns »
Jean-Paul Renne (University of Lausanne)
7 - 8 July 2016, Institut Henri Poincaré (Paris)

The lecture will take place on the **7 July** (start at 9 am) and the **8 July** (end at 14 pm) at the **Institut Henri Poincaré (Paris)**. It is sponsored by the Laboratoire FiME (Finance des Marchés de l'Energie).

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This lecture offers an extensive study of **macro-founded asset pricing models** which explicitly integrate the role of key macroeconomic variables (revenue growth, inflation and uncertainty). One of its main objectives is to shed light on the critical effects of macroeconomic risk structures on long run portfolio returns.

The analysis will therefore target modelling approaches of the joint dynamics of macroeconomic factors and asset prices. It will focuses on the so-called affine models family – which include the long run risk models pioneered by Bansal and Yaron (2004), that solved popular asset pricing puzzles – equity risk premium puzzle and risk free rate puzzle. These tractable and flexible approaches open the route to valuation tools integrating consistently equilibrium asset prices and macroeconomic scenarios.

The introduction of the lecture will review the literature investigating how macroeconomic variables affect asset returns. A first part will present the above mentioned affine pricing models. It will be shown how they help to understand the effects of macroeconomic changes on asset returns. As an illustration, we will present a method for generating asset price scenarios contingent to exogenous macroeconomic trajectories. A second and last part will carefully examine numerical resolution and calibration issues on real data.

Jean-Paul Renne is professor of Econometrics of the Faculty of Business and Economics at the University of Lausanne. His research in finance focuses on time series modelling and on the effects of monetary and budgetary policies on interest rates and risk premiums. He previously worked as an economist and researcher at the Banque de France.
Jean-Paul Renne is graduated from the Ecole Polytechnique de Paris and Ecole Nationale des Ponts et Chaussées (ENPC) in France. He subsequently obtained a Masters in Public Actions from the ENPC and a PhD in Applied Mathematics from Paris-Dauphine University.

➔ *Registration: use the online registration form, available here.*
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