On the Dynamics of Speculation in a Model of Bubbles and Manias

by Manuel Santos, University of Miami, US

joint work with Carlos J. Pérez,

Abstract:
We present an asset-trading model of ‘boom and bust’ with homogeneous information. Our model builds on narrative accounts of asset pricing bubbles that hint at the interaction between behavioral and rational traders. A bubble emerges only if a mania could develop: behavioral traders temporarily outweigh rational traders with positive probability. We characterize the various phases of speculative behavior, and analyze how they may vary with changes in primitive parameters, a single rational trader, asymmetric information, and the arrival of new information.

Professor Manuel Santos is the James L. Knight Chair, Department of Economics, University of Miami. He obtained his Ph.D. from the University of Chicago. His areas of expertise are macroeconomics, finance, and managerial incentives. He has extensive teaching experience in executive education and graduate programs and he has been external consultant for various companies and governments. He has published in all major economic journals and he has served as editorial board member for several top academic journals. He has previously held positions as Professor of Universidad Carlos III de Madrid, ITAM (Mexico City), University of Minnesota, and Arizona State University, and he has held visiting positions as Professor of the University of Chicago and UCLA.

Tuesday, 14 March 2017
1:00 - 2:00 pm
Location
162a, av. de la Faïencerie
L-1511 Luxembourg
Bâtiment des Sciences
Room BS 001

Language
English

Registration
- Free seminar
- Registration to crea@uni.lu
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- Lunch is planned for registered participants

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