The University of Chicago
Department of Statistics

Seminars for Second Year PhD Students

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"Liquidity Risk and Arbitrage Pricing Theory"

TUESDAY March 7, 2006 at 4:00 PM
110 Eckhart Hall, 5734 S. University Avenue

ABSTRACT

Classical theories of financial markets assume an infinitely liquid market and that all traders act as price takers. These theories may be extended by formulating a new model that considers illiquidities. A stochastic supply curve is hypothesized and leads to a new definition of a self-financing strategy as well as restrictions on hedging. This talk is based on a 2004 paper by Cetin, Jarrow, and Protter.

Information about building access for persons with disabilities may be obtained in advance by calling the department office at (773) 702-8333.