FINANCIAL CYCLES AND BUBBLES

En bref

- **Langue(s) d’enseignement**: Anglais
- **Méthode d’enseignement**: En présence
- **Forme d’enseignement**: Cours magistral
- **Ouvert aux étudiants en échange**: Non

Description

**Summary**: This course will give an overview of the recent financial crises and bubbles, to better understand the triggers and consequences of crises, as well as the possible regulatory responses. It will also present recent financial innovations, and question their impact on financial markets through a theoretical and empirical framework.

The first part of the course is a refresher of the basic notions of financial stability and how the financial system works (e.g. moral hazard, systemic risk, spillover), with the help of economic theory and empirical exercises. The second part will link those notions to explain how and why financial crises happen. The last part will focus on analyzing the bubbles mechanism and their impact, looking at historic and recent examples, such as VIX products or Bitcoin. The course will also provide an overview of the main theoretical and empirical knowledge available on the causes and consequences of financial instability.

1/ Introduction: refresher on financial stability.

2/ The financial system and financial crises: types of crises, recent examples.

3/ What were the causes of the 2008 financial crisis? Concepts and empirics around the main causes.

4/ Bubbles and contagion through theoretical and empirical papers.

5/ How to prevent a crisis or a bubble? How should public intervention be defined, incentives and constraints.

6/ The next wall: macro-prudential policies, shadow banking and innovation.

**Professor**: Caroline Le Moign (Economist - European Securities and Markets Authority - 'ESMA')

**Student assessment**: Presentation + Short paper

**Heures d'enseignement**

Financial cycles and bubbles - CM

18h

**Infos pratiques**

**Campus**

- Maison des Sciences Économiques