

FRANCISCO VAZQUEZ-GRANDE

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JOB MARKET PAPER

- **Effects of Learning the Long-Run Asset Pricing Model.** 2009.

This paper documents a significant increase of risk-prices in the presence of learning. We solve a model with long-run risk, where both, the level and persistence of expected consumption growth are unobserved. We introduce a new methodology to quantify the effects of learning about parameter uncertainty and latent variables. The representative consumer chooses state variables that are sufficient statistics of the learning problems and, conditional on her information set, forms posterior distributions of the states and future consumption growth. We present a novel numerical approach that approximates the agent's continuation-value by nesting the solutions of problems with different information sets. This reduces the complexity of the optimization and ensures consistency across information structures. Keeping preference parameters constant, maximum Sharpe ratios increase from .07 in the benchmark case without learning to .45 in the learning economy.

WORKING PAPERS

- *The Long-run and Short-run components of Volatility and its effect for Dynamic Asset Allocation.* 2007.
- *Dynamic Asset Allocation under Value at Risk constraints.* 2006. World Bank Working Paper

EDUCATION

THE UNIVERSITY OF CHICAGO

PhD. in Financial Econometrics & MBA (expected)

Chicago, U.S.A.
2010

UNIVERSIDAD AUTONOMA DE MADRID

Diplome of Advanced Studies in Mathematics (Master)
Licenciado (B.S.) in Mathematics

Madrid, Spain
2005
2001

TEACHING EXPERIENCE

- **Pre-MBA Statistics.** Instructor (MBA) (Student Evaluation 4.4/5)
- **Topics in Asset Pricing** (PhD) for Prof. Lars Hansen and Prof. John Heaton
- **Empirical Macroeconomics** (PhD) for Prof. Lars Hansen
- **Bayesian Econometrics** (PhD) for Prof. Hedibert Lopes
- **Fixed Income** (MBA) for Prof. Pietro Veronesi
- **Mathematical Models for Option Pricing** (MBA) for Prof. Pietro Veronesi
- **Futures, Forwards, Options, and Swaps** (MBA) for Prof. Terrence Belton
- **Statistics** (EMBA), TA for Prof. Robert McCulloch (Student Evaluation - 4.6/5)

SCHOLARSHIPS AND AWARDS

- Katherine Dusak Miller PhD Fellowship Sep. 2009 - June 2010
- Bank of Spain Scholarship. Aug. 2007 - Sep. 2009
- "la Caixa" Scholarship. Sep. 2005 - Aug 2007

ADDITIONAL INFORMATION

- Computer Skills: Matlab, R, C/C++, S+, Excel-VBA.
- Language Skills: Spanish (native), English (fluent), German (intermediate).

REFERENCES

Lars P. Hansen (co-chair), University of Chicago (773) 702-8170 lhansen@uchicago.edu
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Kenneth L. Judd, Stanford University (650) 723-5866 judd@hoover.stanford.edu