

Speaker: Ivar Ekeland

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Title: The Merton problem with hyperbolic discounting

Abstract: There is strong evidence that individuals discount future utilities at non-constant rates. The notion of optimality then disappears, because of time inconsistency (see the Tuesday colloquium) and rational behaviour then centers around equilibrium strategies. I will investigate portfolio management with hyperbolic discounting (the discount rate increases with time), and I will show that this may explain some well-known puzzles of portfolio management. This is joint work with Traian Pirvu.

Date: Wednesday, February 11, 2009

12:30 - 1:20 PM - Bendheim Center for Finance (BCF 103)