Corrections for Financial Economics, MIT Press (2022)

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Despite my best efforts (and those of the referees and copy editors), I need to apologize for having to provide readers with a list of minor corrections. If you find other issues that are still not listed in this document, please send an email to `antonio.mele@usi.ch`, and I shall update this document accordingly. Thank you.

- page 49 (last line before the second unnumbered equation)

  Currently: ... we runs ...
  Change to: ... one runs ...

- page 124 (3rd line before end of section 3.3.4.2)

  Currently: ... Farmer (2008) ...
  Change to: ... Farmer (1998) ...

- page 139 (Eq. 3.64)

  Currently: ... $= \text{sav}(k, k)$ ...
  Change to: ... $= \text{sav}(k^*, k)$ ...

- page 140 (3rd line before Eq. 3.66)

  Currently: ... replacing $\text{sav}(k, k)$ with $\text{sav}(k)$ in (3.64).
  Change to: ... replacing $\text{sav}(k^*, k)$ with $\text{sav}(k)$ in (3.64), with $n = 0.01$.

- page 266 (Figure 5.1: label of the vertical axis)

  Currently: ... of quality, $E(q|p)$.
  Change to: ... of quality, $E(q|q \leq s)$.

- page 295 (after Eq. 5.42)

  Currently: The evaluation in (5.41) ...
  Change to: The evaluation in (5.42) ...

- page 352 (2nd line before eq. 7.13)

  Currently: ... that $m_t^*(m)$ is also ...
  Change to: ... that $m_t^*(\bar{m})$ is also ...

- page 363 (5th line after eq. 7.34)

  Currently: ... , where $\bar{f}_{t+1}$ is K-dimensional, ...
  Change to: ... where $\bar{f}_{t+1}$ is one-dimensional, ...

- page 444 (3rd line after eq. 9.1)

  Currently: ... that, if $W = u^{-1}$, ... then the resulting ...
  Change to: ... that, under conditions, the resulting ...

- page 469 (3rd line of section 9.5.5.2)

  Currently: Harrison and Kreps (1979)
  Change to: Harrison and Kreps (1978)

- page 488 (penultimate line of the main text)

  Currently: *model quality*
  Change to: *asset quality*

- page 490 (1st line after the second unnumbered equation)

  Currently: ... Brownian motion under P^r. Then, under P^h, we have that
  Change to: ... Brownian motion under P_o. Then, under P_o, we have that

- page 509 (1st line)

  Currently: ... over over a spiral
  Change to: ... over a spiral

- page 586 (3rd line after the unnumbered equation)

  Currently: ... past prices and past realizations
  Change to: ... past and current prices and past realizations

- page 586 (last line of the paragraph after eq. 10.52)

  Currently: ... at time t,
  Change to: ... at time t (neglecting the asset price p_t),

- page 604 (4th line of section 10.8.3.1)

  Currently: ... trading period t
  Change to: ... trading period i

- page 610 (1st paragraph of section 10.8.4.2)

  Currently: ... traders is $\sum_{i=1}^{m_j} z_{oi} + z_j$, for $j \in \{a, b\}$;
  Change to: ... traders is $\sum_{i=1}^{m_a} z_{oi} + z_a$ in market a and $\sum_{i=m_a+1}^{m_a+m_b} z_{oi} + z_b$ in market b;

- page 628 (6th line of section 10.9.4.6)

  Currently: ... of the representative investor.

  Change to: ... of the representative depositor.

- page 629 (4th line of section 10.9.4.7)

  Currently: ... However,

  Change to: ... However (and assuming that agents have CRRA equal to $\gamma > 1$),

- page 742 (first paragraph after Eq. 11.126)

  Currently: ... Then, the variable $\tilde{s}_{t+1}$ would coincide with the income growth (at least assuming a zero dividend growth and a constant dividend-yield ratio)

  Change to: ... Then, the variable $\tilde{s}_{t+1}$ would be proportional to the income growth (at least assuming a constant dividend-yield ratio)

- page 919 (Figure 13.11, second line of the legend)

  Currently: ... with $\sigma = 0.01$ and $\kappa = 0.02$

  Change to: ... with $\sigma = 0.01$ and $\kappa = 0.2$

- page 945 (table 14.1; last column label)

  Currently: US Agency CMO (Issuance)

  Change to: US Agency MBS and CMO (Issuance)

- page 979 (footnote no. 2)

  Currently: Eq. (14.1) could be generalized to one in which $dA_t = ...$

  Change to: Eq. (14.1) could be thought as being generated by the following model: $dA_t = ...$

- page 1040 (legend of Figure 14.22)

  Currently: ... Mezzanine—indicated with red; Senior—indicated with green

  Change to: ... Mezzanine—indicated with green; Senior—indicated with red

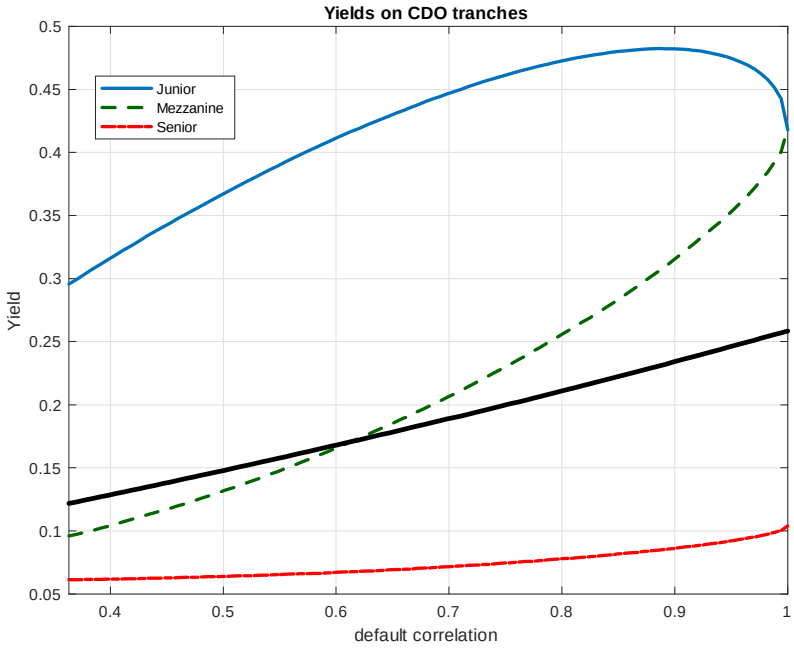

Figure 14.22

- page 1058 (last statement before Eq. 14.85)

  Currently: ... For a large portfolio of loans, $\omega = p(F)$, such that:

  Change to: ... Given a realization of F, for a large portfolio of loans, $\omega = p(F)$, such that:

- page 1059 (Figure 14.25: label of vertical and horizontal axis)

  Delete ", ω" from both axes

- page 1078 (first line)

  Currently: ... merely driven by output growth (see section 8.6.3). That is, a negative shock on output growth may be persistent (as in figure 14.32) and, yet, determine only a temporary decline in price multiples: price multiples may recover to levels prior to the shock in output growth even if output goes through a lower trend

  Change to: ... merely driven by expected output growth (see section 8.6.3). That is, a negative shock on output may be persistent (as in figure 14.32) and, yet, determine only a temporary decline in price multiples: price multiples may recover to levels prior to the shock even if output goes through a lower trend