

François-Xavier Chauchat

The main purpose of the course is to lead to a better understanding of the relationships between financial market fluctuations and economic developments. The content of the course focuses on how the economy drives financial markets (directly and indirectly), and reciprocally. In this respect, the causes, mechanisms and implications of financial crises will be explained and discussed. Students will have to keep constant connection with actual market and economic developments.

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The credit boom of 1997-2007 • Subprime stories • Securitisation and structured finance • Globalisation and disruptions of financial markets • The record swings of risk premiums

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Banking crisis, stock market crisis and housing slumps • The management of financial and economic crisis • The lessons of the past • The management of the subprime crisis by central banks and governments

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The most relevant economic indicators in the US, Europe and other areas • “Hard” and “soft” data • Monetary policy meetings, decisions and comments • Other economic policy issues important for the market

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The yield curve and the economic and monetary cycle • Bond yield spreads and aversion to risk • Credit market derivatives • The market of emerging bonds

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Are equity indices representative of the economy? • Stock market valuation and its relation with the economy • The equity risk premium

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The forward-looking nature of financial markets' participants • Psychological and sociological factors affecting market participants' decisions • The hypothesis of regular market cycles and patterns

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A new era for financial markets? • What has already changed • Regulation issues: macro and micro-prudential questions • The economic implications of the crisis • Signs of hope: where to look?

« The Economics of Money, Banking and Financial Markets”, by Frederic S. Mishkin

IMF World Economic Outlook (twice a year)

IMF Global Financial Stability Review (twice a year)

ECB Monthly Bulletin

Banks' and brokers' economic reports on financial markets

François-Xavier Chauchat has been working as a “market economist” for the last 20 years, essentially in the financial industry.

Education – Applied Economics at Dauphine (BA, 1985), Sciences Po. Paris (Graduated, 1988) and Master in Banking and Finance at La Sorbonne (1989)

Mr Chauchat began his career at Banque Indosuez in 1989, where he worked in the bond and forex trading room as an economist and strategist monitoring various European markets. He published a number of studies on the French yield curve, the valuation of the ECU market and on interest rate spreads over German government bonds in Europe.

In 1994 he joined BNP as a strategist in a team of four economists attached to the Paris and London bond and swaps trading rooms. He was in charge of the leading market (US credit market) and produced market forecasts and recommended yield curve strategies to fund managers in Europe, the Middle East and Asia

In 1997 he became the chief economist of CA Cheuvreux, the leading European equity broker (Credit Agricole group). He was in charge of global economic and financial forecasts, with a focus on the major European themes. He delivered its findings and forecasts to a vast audience of investors all around the world.

Since 2008, Mr Chauchat works as an independent consultant for various companies and institutions (Ernst & Young, Bryan Garnier, etc.). He teaches economics and finance at Dauphine and Sciences Po.