

Why shiller and fama can won the nobel prize

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Hansen, Shiller and Fama can winners of the Nobel Prize Date

Hansen, Shiller and Fama can winners of the 2013 Nobel Prize

Shiller, Hansen and Fama are economists. In 2013, they won the Nobel Prize because they fundamentally altered the investors' ways of analyzing, buying and selling stocks. They won this prize for their empirical and critical analysis of asset prices. The trio was awarded the price for their academic intelligence in answering the controversial question of what drives asset prices. The three economists spend their career analyzing how the value of assets varies over time.

The three economists took a centre role in trying to explain what happens to asset prices, why they fluctuate and appreciate in short periods, and how their prices impact on investments (Nobel Media AB, 1). According to their views, their study impacts the way individuals choose to save and how governments choose to stimulate economies. They explain that poor pricing can lead to economic bubbles and result into financial market crash leading to a financial crisis. The methods the three economists form a useful tool in academic research. Their theories and studies are clear and simple such that any person who is not in the finance major can understand what they discuss on asset prices (Nobel Media AB, 1). Fama stipulates that it is nearly impossible to predict short term changes in stock prices. If a person is interested in stock investment, the knowledge of how stocks trade in the past week may not help predict what will happen in the coming week (Nobel Media AB, 1). He carries out a demonstration that shows the assimilation of new information as dividend announcements and stock splits into share values. Shiller comes along to demonstrate long-term pattern in stock price changes (Nobel Media AB, 1). Through his research, he demonstrates that <https://assignbuster.com/why-shiller-and-fama-can-won-the-nobel-prize/>

the stock prices fluctuate more than underlying fundamentals such as dividend yields. Hansen put his thoughts on research and helped answer the questions of stock prices by using his generalized method of moments, and using statistical models that incorporated asset prices. The findings of the three economists led to the popularity of index funds to the general public. The study of risk and field of behavioral finance was exposed to the public domain for scrutiny.

Carrying out the right predictions of asset prices for the future is a hard task. Even so, it is possible to foresee the future broad course of these prices basing the analysis on longer periods such as the next three or five years to come (Nobel Media AB, 1). These findings were the attributes of the laureates, Fama, Hansen, and Shiller.

Works cited

Nobel Media AB (2013). " Nobel Prizes 2013". Nobelprize. org. http://www.nobelprize.org/nobel_prizes/lists/year/index.html? year= 2013&
Retrieved April 10, 2014. (Nobel Media AB, 1)