**SEMINARIO**

**OPTIMIZACIÓN Y EQUILIBRIO**

**EXPOSITOR**

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**TITULO**

**Convexity and Duality in the Economics of Financial Equilibrium**

**Abstract:**

In classical models of economic equilibrium with markets of goods, agents maximize quasi-concave utility subject to budget constraints based on the value of their initial holdings. When financial markets are added, there are serious complications because of uncertainties over future states which the model must reflect. In that context, the existence of prices that bring supply and demand into balance is far from assured, and current theory is unsatisfying. However, strong results about the existence of equilibrium have recently been obtained by requiring utility functions to be concave, instead of just quasi-concave, while taking a new approach to "money". Concavity allows Lagrangian duality to generate underlying compactness in variational inequality representation of equilibrium. In combination with the "money" feature, it greatly simplifies the assumptions needed on the initial holdings of the agents.

Miércoles 30 de Octubre a las 17 : 30 hrs, Sala de Seminarios CMM, Séptimo Piso.