



Contribution ID: 54

Type: not specified

Construction of an aggregate consistent utility, without Pareto optimality

Wednesday, August 29, 2018 10:50 AM (30 minutes)

The aim of this talk is to describe globally the behavior and preferences of heterogeneous agents. Our starting point is the aggregate wealth of a given economy, with a given repartition of the wealth among investors, which is not necessarily Pareto optimal.

We propose a construction of an aggregate forward utility, market consistent, that aggregates the marginal utility of the heterogeneous agents. This construction is based on the aggregation of the pricing kernels of each investor. As an application we analyze the impact of the heterogeneity and of the wealth market on the yield curve.

This is a joint work with Nicole El Karoui and Mohamed Mrad.

Primary author: Ms HILLAIRET, Caroline (Ensaie Paris tech, CREST)

Co-authors: Dr MRAD, Mohamed (University Paris 13); Mrs EL KAROUI, Nicole El Karoui (LPMA)

Presenter: Ms HILLAIRET, Caroline (Ensaie Paris tech, CREST)