

1997 *The Econometrics of
Financial Markets*

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Sometimes you just have to clench your teeth and go for the differential matrix algebra. And the central limit theorems. Together with the maximum likelihood techniques. And the static mean variance portfolio theory. Not forgetting the dynamic asset pricing models. And these are just the tools you need before you can start making empirical inferences in financial economics.” So wrote Ruben Lee, playfully, in a review of *The Econometrics of Financial Markets*, winner of TIAA-CREF’s 1997 Paul A. Samuelson Award.

In 1952 economist Harry M. Markowitz, who in 1990 won the Nobel Prize in Economics, published his landmark thesis “Portfolio Selection” as an article in the *Journal of Finance*, and financial economics was born. Over the subsequent decades, this young and burgeoning field saw many advances in theory but few in econometric technique or empirical results. Then, nearly four decades later, Campbell, Lo, and MacKinlay’s *The Econometrics of Financial Markets* made a bold leap forward by integrating theory and empirical work. The three economists combined their own path-breaking research with a generation of foundational work in modern financial theory and research. The book includes treatment of topics from the predictability of asset returns to the capital asset pricing model and arbitrage pricing theory, from statistical fractals to chaos theory.

Read widely in academe as well as in the business world, *The Econometrics of Financial Markets* has become a new landmark in financial economics, extending and enhancing the Nobel Prize-winning work established by the early trailblazers in this important field.

