Dynamic Capital Structure

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Capital structure decisions are always dynamic in practice, and require some advanced analytical tools to offer insights for empirical analyses. We will cover the literature on structural corporate finance models, with the focus on security valuations, leverage decisions, debt maturity structure, and investment policies. This framework is widely used in macroeconomics and other related field.

This short course requires basic continuous-time techniques (e.g., Ito's lemma) are required, and we will go over many applications of continuous-time analyses.

Paper list:

- DeMarzo, P. and Z. He, 2018, Leverage Dynamics without Commitment, working paper.