

## **Information in Financial Asset Prices**

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### **Asset Pricing in Consumption Models: A Survey of the Literature**

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#### **General Discussion**

Frank Milne contrasted the arbitrage-pricing method of modelling asset prices with general-equilibrium modelling. He argued that arbitrage-pricing theory is more general because it does not rely on a single consumer, as do most general-equilibrium models. However, both types of models generally rely on symmetric information being available to the players, because asymmetric information cases are often very complex.

Angelo Melino pointed out that there is actually no substantial difference between general-equilibrium models and arbitrage models because there will exist a utility specification for a general-equilibrium model that can replicate any arbitrage setup.