

ECO 313, Fall 2017, Required Homework Assignment #1
Due at the start of class on September 19

The bursting of the housing bubble and subsequent Great Recession has caused people to wonder if subsequent increases in asset prices are part of a bubble or due to fundamentals. Pick an asset and write a 1-2 page memo discussing whether or not recent increases in the price of that asset may be part of a bubble. Three candidates that I have seen discussed are:

- i. U.S. stock prices
- ii. U.S. college tuition¹
- iii. U.S. real estate prices (again)

You are welcome to pick other assets as well.

As you write your memo, think about what constitutes the fundamentals for the asset and how this can be measured. Good memos will incorporate data and references. Obviously cite these appropriately.

¹Because a college degree cannot be re-sold like a house or stock, you will need to modify the conventional definition of a bubble to fit this asset.