

The Ten Commandments for Determining Value-at-Risk

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Abstract

The Ten Commandments for modelling and forecasting Value-at-Risk thresholds are concerned with making sensible choices among the following issues:

- (1) Conditional, stochastic and realized volatility models
- (2) Empirical and calibrated univariate and multivariate models
- (3) Univariate single index and multivariate portfolio models
- (4) Spillover and no-spillover multivariate models
- (5) Dynamic covariances, and constant versus dynamic correlations
- (6) Parametric, semiparametric and nonparametric methods
- (7) Normal, thick-tailed and extreme value distributions
- (8) Asymmetry and leverage
- (9) Conservative and aggressive Basel Capital Accord violations
- (10) Private and public interests of Basel Capital Accord regulations

Notice:

This presentation summarizes two downloadable papers both co-authored with Bernardo da Veiga:

- **Paper A:** [Forecasting Value-At-Risk with a Parsimonious Portfolio Spillover GARCH \(PS-GARCH\) Model](#)
- **Paper B:** [Single Index and Portfolio Models for Forecasting Value-at-Risk Thresholds](#)