

Market Risk Measurement and Management

Course in Stockholm

Day 1

09.00 Welcome and Introduction

09.15 1. Risk on Single Instrument

- Overview of risks
- Duration and convexity
- Key rate duration
- Stock risk and beta value
- Option risk
 - Delta, Vega, Gamma, Theta, Rho
- Mapping of instruments
 - Objective
 - Example with stocks, bonds and derivatives

11.00 2. Volatility and Correlation

- Assumptions using volatilities and correlations
- Simple Moving Average
- Exponentially Weighted Moving Average (EWMA)
- GARCH-methods

12.00 Lunch

13.00 2. Volatility and Correlation, continued

- Workshop - Calculating and interpreting volatility using the three methods

14.00 3. Value at Risk and Expected Shortfall

- Delta Normal VaR
- VaR on single instrument
 - Stocks, FX, bonds and derivatives
- Portfolio VaR

16.00 End of day 1

Day 2

09.00 Recap

09.30 3. Value at Risk and Expected Shortfall, continued

- Workshop - calculating and interpreting portfolio VaR
- Historical simulation
- Bootstrapping
- Weighting of data
- Monte Carlo Simulation
- Expected Shortfall
- Using VaR to manage risk
 - Delta VaR, Component VaR and Incremental VaR
- Workshop - historical simulation, Delta VaR, Component VaR and Incremental VaR

12.00 Lunch

13.00 4. Capital Requirements on Market Risk, Backtesting and Future Regulation

- Standard method
- Internal method
- What can we expect in the future?
 - Fundamental Review of the Trading Book
- Backtesting
 - Objective and methods
 - Regulatory requirements
- Workshop - backtest of portfolio

15.00 5. Stresstesting

- Examples of stressed markets
- Stresstest objective and methods
- Experiences from the financial crisis
- Workshop: stresstest of portfolio

16.00 End of course and evaluation

Price

The price of the course is EUR 1800. The price covers course material, lunch and refreshments.