

Extreme Value Dependence in Financial Markets: Diagnostics, Models, and Financial Implications

[Get access >](#)

Ser-Huang Poon ✉, Michael Rockinger, Jonathan Tawn

The Review of Financial Studies, Volume 17, Issue 2, April 2004, Pages 581–610,
<https://doi.org/10.1093/rfs/hhg058>

Published: 15 October 2003

Abstract

This article presents a general framework for identifying and modeling the joint-tail distribution based on multivariate extreme value theories. We argue that the multivariate approach is the most efficient and effective way to study extreme events such as systemic risk and crisis. We show, using returns on five major stock indices, that the use of traditional dependence measures could lead to inaccurate portfolio risk assessment. We explain how the framework proposed here could be exploited in a number of finance applications such as portfolio selection, risk management, Sharpe ratio targeting, hedging, option valuation, and credit risk analysis.

Issue Section: [Articles](#)

The Review of Financial Studies Vol. 17, No. 2, pp. 581–610 © 2004 The Society for Financial Studies; all rights reserved.

You do not currently have access to this article.

Sign in

 [Get help with access](#)

Personal account

- Sign in with email/username &

Institutional access

[Sign in through your institution](#)

Oxford University Press uses cookies to enhance your experience on our website. By clicking 'Accept' or continuing to use our website, you are agreeing to our use of cookies, and you can change your cookie preferences any time. More information can be found in our [Cookie Policy](#).

- [Activate purchases and trials](#)

[Recommend to your librarian](#)

[Sign in >](#)

[Register](#)

**Institutional account
management**

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

Extreme Value Dependence in Financial Markets: Diagnostics, Models, and Financial Implications - 24 Hours access

EUR €48.00

GBP £42.00

USD \$52.00

Rental



This article is also available for rental through DeepDyve.