

Enter your search terms here



Advanced search

[Home](#) / [Journals](#) / [Journal of Risk Finance](#) / [Volume 10 Issue 4](#)/ [Forecast of value at risk for equity indices: an analysis from developed and emerging markets](#)

To read this content please select one of the options below:

Add to cart

32.00€ (excl. tax)
30 days to view and
download

Access through your institution

Access and purchase options 

Forecast of value at risk for equity indices: an analysis from developed and emerging markets

[Alex Yi-Hou Huang, Tsung-Wei Tseng](#) [Journal of Risk Finance](#)

DOWNLOADS

ISSN: 1526-5943

Article publication date: 14 August 2009



1208

International
Standard

Serial

Number.)

Abstract

Purpose

The purpose of this paper is to compare the performance of commonly used value at risk (VaR) estimation methods for equity indices from both developed countries and emerging markets.

Design/methodology/approach

In addition to traditional time-series models, this paper examines the recently developed nonparametric kernel estimator (KE) approach to predicting VaR. KE methods model tail behaviors directly and independently of the overall return distribution, so are better able to take into account recent extreme shocks.

Findings

The paper compares the performance and reliability of five major VaR methodologies, using more than 26 years of return data on 37 equity indices. Through back-testing of the resulting models on a moving window and likelihood ratio tests, it shows that KE models produce remarkably good VaR estimates and outperform the other common methods.

Practical implications

Financial assets are known to have irregular return patterns; not only the volatility but also the distributions themselves vary over time. This analysis demonstrates that a nonparametric approach (the KE method) can generate reliable VaR estimates and accurately capture the downside

Related articles

[Forecasting one-day-ahead VaR and intra-day realized volatility in the Athens Stock Exchange Market](#)

Timotheos Angelidis et al.,
Managerial Finance, 2008

[Does sophisticated DCF outperform heuristics driven PE? Evidence from India](#)

SAMIE AHMED SAYED, Journal
of Advances in Management
Research, 2016

[International Joint Venture Configurations in Big Emerging Markets](#)

Hemant Merchant,
Multinational Business
Review, 2008

[New forecast model provides earliest ever awareness of floods and droughts globally](#)

Phys.org, 2017

[Accuracy of Kalman Filtering in Forecasting Visual Field and Intraocular Pressure Trajectory in Patients With Ocular Hypertension](#)

Gian-Gabriel P. Garcia et al.,
JAMA Ophthalmology, 2019

[Index option returns and systemic equity risk](#)

Weiwei Li et al., The Journal

We are using cookies to give you the best experience on our website, but you are free to manage these at any time. To continue with our standard settings click "Accept". To find out more and manage your cookies, click "Manage cookies".

Accept

[Manage cookies](#)

The paper evaluates the performance of several common VaR estimation approaches using a comprehensive sample of empirical data. The paper also reveals that kernel estimation methods can achieve remarkably reliable VaR forecasts. A detailed and complete investigation of nonparametric estimation methods will therefore significantly contribute to the understanding of the VaR estimation processes.

I consent to the use of Google Analytics and related cookies across the TrendMD network (widget, website, blog). [Learn more](#)

Yes

No

Keywords

Value analysis

Risk analysis

Equity capital

Emerging markets

Citation

Yi-Hou Huang, A. and Tseng, T. (2009), "Forecast of value at risk for equity indices: an analysis from developed and emerging markets", [Journal of Risk Finance](#), Vol. 10 No. 4, pp. 393-409. <https://doi.org/10.1108/15265940910980687>

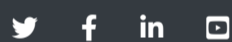
 [Download as .RIS](#)

Publisher: Emerald Group Publishing Limited

Copyright © 2009, Emerald Group Publishing Limited

[Support & Feedback](#) ▲ [Manage cookies](#)

 Emerald
logo



© 2022 Emerald Publishing
Limited

Services

[Authors](#)

[Editors](#)

[Librarians](#)

[Researchers](#)

[Reviewers](#)

About

[About Emerald](#)

[Working for Emerald](#)

[Contact us](#)

[Publication sitemap](#)

Policies and information

[Privacy notice](#)

[Site policies](#)

[Modern Slavery Act](#)

[Chair of Trustees governance
statement](#)

[COVID-19 policy](#)

[Accessibility](#)