

SEMINÁRIOS
SÉRIES TEMPORAIS, ONDALETAS E DADOS
FUNCIONAIS

LOCAL: IMECC, Unicamp, Sala 221

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RISK FORECASTING VIA FACTOR COPULA MODELS
Flavio A. Ziegelmann (UFRGS)

We propose forecasting portfolio market risk via factor copula modeling. We study and estimate dynamic factor copulas, which are able to simultaneously tackle the curse of dimensionality and introduce a high level of complexity into the model. The varying dependence parameters are driven by a GAS (Generalized Autoregressive Scores) model. Our empirical results suggest that the GAS dynamic factor copula approach performs well in terms of AIC and produce solid Value at Risk and Expected Shortfall forecasting. Additionally, ongoing work extends this recently proposed one-factor dynamic copula model to a higher number of factors.