ABSTRACT

Value at Risk (VAR) has always been one of the most important tools for risk measurement in the financial field. This paper will start with the definition of the VaR and the traditional methods for calculating VaR, then we will focus on a new method introduced by Robert F. Engle and Simone Manganelli in 2004: Conditional Autoregressive Value at Risk by Regression Quantiles (CAViaR) and a new test method: the dynamic quantile test (DQ Test), then apply this method to an empirical data set consisting of daily returns for the S&P 500, Apple and Exxon Mobile.