



The University of Chicago
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MASTER'S THESIS PRESENTATION

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**A Review of Value at Risk and Empirical Data
Analysis**

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ABSTRACT

Extreme price movements in the financial markets are rare, but important. The stock market crash on Wall Street in 2007 has attracted a great deal of attention among practitioners and researchers. As a result, value at risk (VaR) has become a widely used measure of market risk in risk management. VaR is a single estimate of the amount by which an institution's position in a risk category could decline due to general market movements during a given holding period. This article is designed to give a fairly broad and accessible overview of VaR. While we do some empirical analysis, we do not include a comprehensive survey of the available literature on value at risk.

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