

Julia Schaumburg - Interactions of Extreme Market and Credit Spread Risks

We propose to jointly assess the risks of extreme stock price losses and losses due to credit spread changes, via a bivariate conditional quantile model. This joint Value at Risk estimator, which accounts for dependencies in means, variances and extreme tails, is applied to portfolios of stocks and Credit Default Swaps. We show that the framework provides a thorough picture of the interactions of the two different risk types.