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DEPARTMENT OF STATISTICS AND ACTUARIAL SCIENCE
THE UNIVERSITY OF HONG KONG

Seminar

Dr. ZHU Haibin

Senior Economist
Representative Office for Asia and
the Pacific Bank for International Settlements

will give a talk

entitled

A FRAMEWORK FOR ASSESSING THE SYSTEMIC RISK OF MAJOR FINANCIAL INSTITUTIONS

Abstract

In this talk we propose a framework for measuring and stress testing the systemic risk for a group of major commercial banks and investment banks. The systemic risk is measured by the price of insurance against financial distresses, which is based on *ex ante* measures of default probabilities of individual banks and forecasted asset return correlations. Importantly, using realized correlations estimated from high-frequency equity return data can significantly improve the accuracy of forecasted correlations. In addition, our stress testing methodology, as an integrated micro-macro model, takes into account dynamic linkages between the health of major US banks and the macro-financial condition.

on

Wednesday, November 5, 2008

2:00 p.m. – 3:00 p.m.

at

Room 524, Meng Wah Complex
(behind the Chong Yuet Ming Amenities Centre)

Visitors Please Note that the University has limited parking space. If you are driving please call the Department at 2859 2466 for parking arrangement.

All interested are welcome