USING VaR (Value at Risk) METHOD FOR ANALYSIS RISK INVESTMENT TELKOM STOCK WITH GARCH-M MODEL APPROACH

Name : Nurkhoiriyah
NRP : 1205100050
Department : Mathematics

Abstract

Risk measuring is very important part in fund analysis because this job have relation with fund investation. One of urgent aspect in fund risk analysis is Value at Risk (VaR) counting. This method about measuring of the bad suffer a financial loss possibility in normal market condition on time $T$ with certain belief leve $\alpha$. One of model that can be used for risk estimation based on VaR frame work is Generalized Autoregressive Conditional Heterokedasticity in Mean (GARCH-M). So, in this experiment will be ARMA and GARCH-M model in log return data of PT. Telkom stock. From analysis result, was obtained model that suitable with data. This model is ARMA(1,1) and GARCH(1,1)-M. Based on VaR estimation was obtained that we belief level 95% if assumption of found investation about Rp 150.000.000,00 was obtained the bad suffer a financial loss about Rp 4.987.273,00. The raising of belief level will increase VaR that was obtained.

Keywords: Value at Risk, log return data, model ARMA, model GARCH-M.