ABSTRACT

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VALUE AT RISK ANALYSIS WITH THE HISTORICAL AND MONTE CARLO METHOD ON BANK SUB SECTOR STOCKS

Risks are something that could not be avoided, both in daily lives and in the business world. Therefore, there are many methods that could be done to predict or overcome risks. In the business world, risks are involved when investing. Value at Risk (VaR) could be used as a measurement tool so investors could anticipate any risks coming in their way. In this research, VaR is used to analyse the closing price of companies under the bank sub sector with the highest liquidity and the biggest market capitalization, and calculate the risks by using two of three VaR methods, Historical Simulation and Monte Carlo Simulation. Results of the analysis shows that the VaR of BBCA, BNI, BBRI, BBTN, and BMRI with the Historical simulation method are 1.86%, 4%, 2.72%, 3.51%, and 2.82%. Meanwhile the VaR of BBCA, BNI, BBRI, BBTN, and BMRI with the Monte Carlo simulation method are 47.93%, 46.79%, 47.35%, 45.64%, and 48.09%.

Key words: Value at Risk, Historical Simulation, Monte Carlo Simulation, risk, return