Market risk - Special Financial Stability Reports - First Half 2021

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The Financial Stability Special Reports accompany the publication of the Financial Stability Report and provide a more detailed analysis of some aspects and risks relevant to the stability of the Colombian financial system: market liquidity risk, market risk, credit risk, financial burden, loan portfolio, and housing market in Colombia, international indicators, concentration, and competition in the deposit and credit markets, corporate sector surveys, and financial inclusion.

Publication Date: Monday, 28 of June 2021
The purpose of this report is to analyze market risk considering a materialization of the conditions described in the 2021-I Financial Stability Report. For this purpose, the volatility transmission among the stock and the public and private debt markets is measured to identify whether a market was a generator or receiver of volatility at a given point in time. Subsequently, the three markets' overnight value-at-risk (VaR) is estimated for the portfolio in proprietary position, as well as the potential effects of a market risk event materialization on the institution's balance sheet.

Fuente: https://www.banrep.gov.co/en/publications-research/financial-stability-special-report/market-risk-first-half-2021