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Non parametric VaR Techniques. Myths and Realities

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Title:	**Non parametric VaR Techniques. Myths and Realities**
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Abstract:	VaR (value-at-risk) estimates are currently based on two main techniques: the variance-covariance approach or simulation. Statistical and computational problems affect the reliability of these techniques. We illustrate a new technique – filtered historical simulation (FHS) – designed to remedy some of the shortcomings of the simulation approach. We compare the estimates it produces with traditional bootstrapping estimates.