

ABSTRACT

The movement of the stock assets can be seen from a stock price index. Each stock produce investment return. Return is the yield obtained from stock investments, whether it be called advantage capital gains or losses are called capital loss. The main purpose in investing is to get the maximum profit with a certain level of risk. Therefore, risk management is required when investing. One of the risk measurement tool used to predict the value of the loss is the Value-at-Risk (VaR). VaR with a confidence level $(1-\alpha)$ is calculated by involving parameters mean and variance. In this case, the value used is the variance volatility EGARCH (1,1) and volatility type 1. The volatility of the EGARCH (1,1) being estimated using maximum likelihood methods. Prediction of VaR by VaR-EGARCH (1,1) generates a value greater than the VaR-Type 1. The results of the validation in the value of VaR using VaR Violation, indicates that VaR-Type 1 is more efficient in providing funds for the anticipated losses, whereas VaR-EGARCH (1,1) is safer in anticipation of risks, because its value tends to be greater than the VaR-Type 1.

Keywords : *return, volatility, maximum likelihood estimation, Value-at-Risk, EGARCH (1,1), VaR Violation*