Credit Event Prediction: Default and Spread Models

By Mr. Shekhar Mehta

Date: 6 October 2010
Time: 12:00pm – 2:00pm (Registration and lunch at 12:00pm, talk starts at 12:30pm)
Venue: FTSE Room, Capital Tower, Level 9, 168 Robinson Road

Synopsis

In recent times, ratings have been accused to be inflated and of low-quality and default models non-responsive. There is a pressing need for investors to accurately analyze the creditworthiness of corporations throughout the investment process. The importance of credit risk assessment and specifically the estimation of default probabilities has relevance not only to asset prices in credit and debt markets but also in equity and many derivative markets especially CDS markets.

CreditGrades is an indicative five-year credit spread (structural) model calculated from equity price history & balance sheet information. The model provides a tool to understand how the equity and credit markets are pricing credit risk. It can serve as an indicative price for illiquid credit or as a monitoring device to identify significant spread moves.

Z-Metrics provides accurate, logical and robust credit scoring using fundamental, market and macro-economic information. It assigns a default probability to the firm’s score and assigns credit rating to each firm. Investors can use it to screen their portfolios; track the credit quality and manage the risk of their portfolio. Banks often use these score to underwrite and manage these corporate.

Speaker’s Biography

Shekhar Mehta -- Shekhar Mehta is Head of the Credit Consultancy Business in Asia at RiskMetrics. He has assisted various institutions in the region to implement portfolio credit risk (VaR), counterparty exposure and economic capital. Previously, he was at American Express where he worked in various functions in Credit Risk for the US and Asia-Pacific portfolios. In addition, he has worked for a leading technology house HCL Technologies developing solutions for fund management companies and a regional consulting firm working on working capital assessment. He has been involved in formulation of credit strategies, application of economic capital, underwriting and model review. His initial training is in engineering and has an MBA-Finance (IIM Calcutta), FRM (GARP).

As a participant in the CFA Institute Approved-Provider Program, CFA Singapore has determined that this event qualifies for 1 credit hour. If you are a CFA Institute member, CE credit for your attendance at this event will be automatically recorded in your CE diary.

Complete this form and fax to 6323-7657 or email to programs@cfasingapore.org

Members: Free Admission
Candidates: $15
Non-members: $30

Name: Mr./Mrs./Ms./Dr./ __________________ Membership No.: __________________________
Email: ____________________________________________ Tel: ______________________ Fax: __________________________
Payment Details (Bank, *Cheque No.): __________________________ Amt Due: $______
Credit Card (VISA/AMEX/MC): ____________________________ (Expiry: __/20 )
*All cheques to be made payable to ‘CFA Singapore’
c/o 10 Shenton Way #13-02 MAS Building, Singapore 079117