

Pakistan Risk Review- Market Risk

Editors Note

Why Pakistan Risk?

Emerging markets require special attention. Standard models don't apply, conventional wisdom doesn't work and traditional thinking can quickly land you in uncharted and troubled territory. Pakistan as an economy is not that different from other emerging markets.

Like others we have our own personal challenges and demons. However given our special needs and situation we receive a fair bit of coverage internationally which suffers from the absence of a standard on tracking, managing, reporting and benchmarking financial risk in the Pakistani market. Given that we are the 25th largest economy in the world on a purchasing power parity basis and the amount of coverage we receive the absence of such a standard is surprising. The two volumes of Pakistan Risk Review are a step in that direction.

With Pakistan Risk Review – Market risk edition we hope to establish an objective benchmark that can help investors in Pakistani markets better understand the risk and reward profile of Pakistani securities. At the same time we aim to provide local and international analysts a consistent periodic benchmark using terms and tools that are standard in the developed world but rare for an emerging market.

With Pakistan Risk Review – Credit risk edition we start with a model that uses market data to fill in the gaps in credit markets and pricing in Pakistan. Over the next few months we plan to extend the coverage from an initial short list of names to a much larger universe.

With the availability of these two editions we, together with our readers and subscribers, take a significant step towards democratizing risk from a specialized but often misunderstood function to real numbers that can be practically applied today. We look forward to receiving your feedback that will help us turn this initial step into a more powerful and useful tool for all of us.

Who are we?

From its very launch in 2003, Alchemy redefined the risk space in Pakistan. Starting off with risk focused trainings; Alchemy's risk technology product releases addressed market, price and credit risk needs in the incomplete world of emerging markets. In a short span of two years we became the standard for Basel II regulatory reporting in Pakistan.

Our primary focus has always been risk. Today our product platform includes Basel II reporting, Asset Liability Management (ALM) engines, Probability of default calculators, Capital charge optimizers, Value at Risk estimators, benchmarking, indexing and pricing tool kits and end to end treasury, deal capture, workflows, limit management, confirmation and settlement solutions.

Growing organically at triple digits rates for more than half a decade, Alchemy's partnership network extends to Bahrain, UAE, Singapore and Thailand; our 40 plus professionals team answers questions and crafts solutions that help determine treasury profitability, optimize capital allocation and tweak effectiveness of credit and market risk functions.

***The Editorial team
Pakistan Risk Review***