S&P Global
Market Intelligence

Portfolio Valuations: Scenario Analysis Service

An independent, multi-contributor, validated service providing valuations under standard and stressed market data scenarios.

Faced with changes in regulations, accounting standards, and risk management processes, financial firms increasingly require valuations under both standard and stressed market scenarios. This enables them to get a better understanding of their exposure to various market factors and more accurately measure liquidity, funding, and market risk.

S&P Global Market Intelligence provides an accurate and consistent framework for hosted post trade valuations and scenario analysis. We ensure that the market data, bootstrapping algorithms and pricing framework used for our valuations and scenario analysis are consistent. Our valuations can be fully customized for the input data to be stressed, as well as the magnitude of the shock. The stress can be applied to raw market quotes, derived data points or curves or model parameters, and can range from a simple shock to a complex one like changing the shape of a specific market data curve. Scenario analysis results can be obtained daily, weekly, monthly alongside the independent valuations.

Operational efficiency

Clients can achieve operational efficiencies by receiving the scenario analysis results alongside the independent valuations. There is no need to re-upload the trade details for this analysis.

External audit

All the processes and infrastructure used as part of our Portfolio Valuations service have passed an annual external audit containing no qualifications since 2009 under the SSAE16 and ISAE3420 (formerly SAS70) Type II standards.

Accuracy

The revaluation of the position under shocked scenarios uses the same bootstrapping algorithm and pricing model used for the valuation and populates the same set of portfoliovaluation metrics that are provided in the original results.

Flexibility

There is full flexibility in specifying the shock scenario based on client requirements. The data points that the shocks are applied to, as well as type and amount of changes, are fully configurable.

Cross-asset coverage

The scenario analysis functionality is available across all the asset classes covered by the Markit Portfolio Valuations service including credit, commodities, interest rates, equities, FX, hybrids, and structured notes.

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