Dealing with Risk: Monte Carlo Analysis (Cont.) ¹preview of 12 ¹preview of 12 ¹preview of 12 ¹preview of 12

- Transform the random number into an appropriate statistical distribution 2. - the resulting number is referred to as a random variate.
- Substitute the random variates into the appropriate variables in the 3. model
- Calculate the desired output parameters 4.
- 5. Store the resulting output for analysis
- Repeat 1 5 a large number of times note that random numbers must 6. be different
- Analyze the collected sample of output and perform risk analysis 7.

