

Active management of portfolios of International Reserves of BCB

Cecilia A. Terán Morales

Abstract

The Central Bank of Bolivia has traditionally invested its FX reserves in fixed income securities following a conservative approach. Given the current market environment of low interest rates and an increase on the level of reserves, expanding the deviations from a passive administration becomes more important in order to increase the potential return of reserves. This document provides a broad view of active management strategies for a portfolio, explaining the strategies and the methodology for financial transactions.

Keywords: *Central Bank of Bolivia, FX reserves, fixed income securities, interest rates, passive administration*