Market scorecard for the administration of the International Reserves of the BCB

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Abstract

Active investment management seeks to obtain a higher return than the benchmark, taking deviations from that benchmark, which implies incurring greater risk. This document proposes a tool for reaching consensus about expectations regarding United States publicly available economic indicators, which affect sovereign yields.

Evidence that several central banks in Europe manage their portfolios in an active way can be found in literature. Some of them use market scorecards as a tool, in which scores are assigned to different factors that, once aggregated and weighted, allows getting an investment signal.

For this, statistical methods are applied in order to select the variables that will be considered in a Vector Autorregresive model (VAR) to build a scorecard that would allow to synthetize the information and find investment signals for a short term horizon.

Keywords: *Scorecard, active investment management, international reserves*