

Forecast model for Bolivia's International Reserves level

Raúl Alberto Ballón Fernández

Abstract

Since 2006, Net International Reserves (RIN for its acronyms in Spanish) of Central Bank of Bolivia (BCB for its acronyms in Spanish) have increased significantly reaching a 30% share of Bolivia's GDP in 2016. Due to RIN support for Bolivian economy, it is important to predict the behavior of this variable for proper decision-making.

In this sense, the document intends to provide a first approximation towards reserves behavior models and to make short-term forecasts of RIN based on models with underlying economic theory, and combining them with time series models. To select the most appropriate forecast model, the mean square error criterion is computed. Data series has a quarterly frequency, and corresponds to 1999-2016 period, while forecasts for 2017 and for the first quarter of 2018 are made.

Keywords: *International reserves, model, forecasts*