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## **Product forecast, inflation due to global economic slowdown and loss of terms of trade**

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### **Abstract**

The reduction of world trade activity and the fall of world economic activity and export prices have led to a sharp decline in domestic activity and downward world prices. As in normal situations, despite significant liquidity injections from the Central Bank of Bolivia in order to cushion the effects of the Covid-19 pandemic, they have influenced on current price levels. Using a Structural Vector Autoregressive model (SVAR) with short-term restrictions it is found, in principle, that the prices of basic goods and the relevant world product for Bolivia, by having a significant impact on the product, and this latter and imported inflation on domestic inflation, become good predictors of GDP and domestic prices.

**JEL Classification:** C3, F41

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