

Decomposition of the components of long-term interest rates: Bolivia case ^{*}

Abstract

This paper assesses the relative contribution of the main components of Bolivian government bond rates, using market return series implicit in the information on the pension funds' investment portfolio. Based on the estimation of SVAR models and historical decomposition exercises, on a monthly basis, covering the period 2010-2023, it is found that the dynamics of local long-term rates are marginally explained by global factors, that the role of the "neutral component" is relevant, mainly, through monetary policy, and that, among the most important risk factors behind the term premium, there would be public debt, followed by the volatility of inflation expectations. In a secondary exercise, the results of the historical decomposition of sovereign bond market rates warn of greater volatility, with deviations from their base projection explained by both external and internal factors.

JEL Classification : G12, G18, H63

Keywords : Government bonds, yield rates, public debt, sovereign bonds

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