Projection of inflation behavior and decomposition of shocks *

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ABSTRACT

This document proposes a model for short-term inflation projections in Bolivia, taking into account relevant endogenous and exogenous variables that anticipate inflationary dynamics. A Vector Autoregressive Model with exogenous information (VARX) for the period from 2000 to the second quarter of 2024 is used. Unlike other studies, inflation behavior with a focus on its determinants, useful for making a projection that takes into account the most relevant variables in a heterogeneous context of components in the Consumer Price Index basket, was analyzed. A comparison with the situation of countries in the region, taking into account relevant similarities and differences for making inflation projections also was made.

JEL Classification: *E31, E37, C22, C53, E52*

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