

National Bank of Ukraine Online Workshop

Policy Mix in Workhorse Forecasting and Policy
Analysis Models: The CBDR experience

December 2024

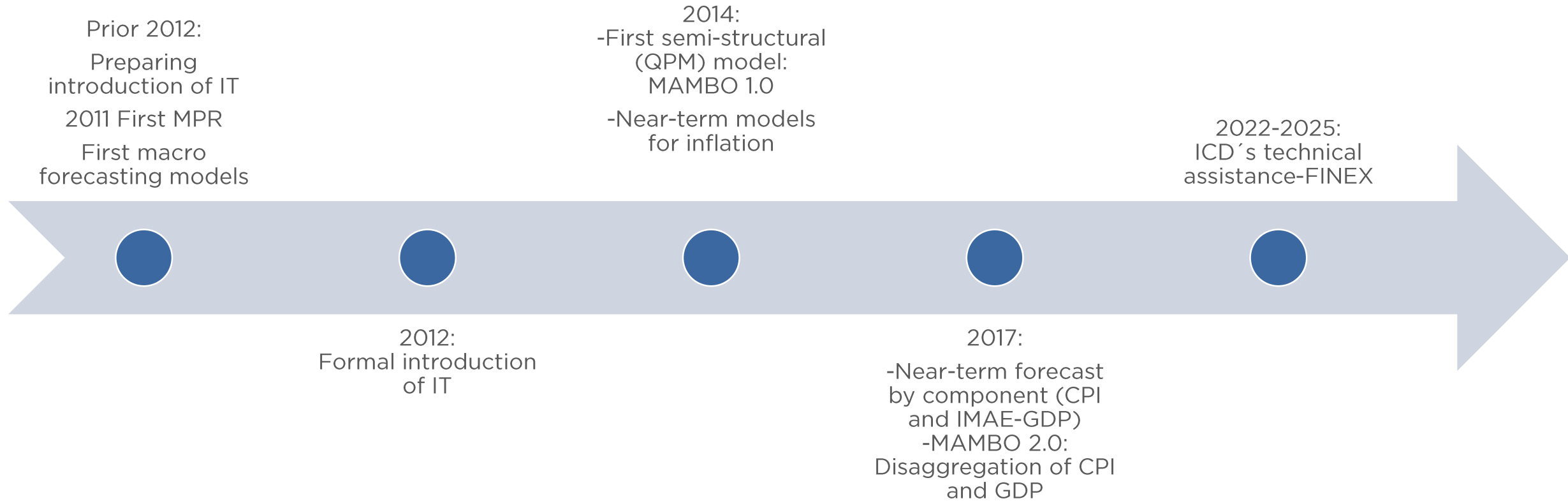
Nabil López

*The content of this presentation represents own view and do not represent the
CBDR opinion



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The CBDR's policy and modeling framework over the years:



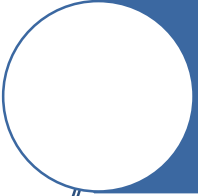
The FINEX framework presents very interesting features:



It allows us to keep our disaggregated discussion of both CPI and GDP components.



Moreover, it introduces a more complex external sector.



Specifically, for the Dominican economy it allows for a discussion about remittances and tourism:
Is the recent increase in remittances a cyclical thing? Or is it a new trend?
How to incorporate in the forecast new tourism mega projects? Higher trend component.



International flows to play a role determining real exchange rate.



However, some important considerations to keep in mind:

- More complex model than traditional QPM: richer stories but more demanding analysis/time requirements.
- Introducing level variables and non linearities bring out interesting applications, but can be troublesome:
 - Some issues could arise while solving the model
 - Non-linearities could produce changes in forecast scenarios that are hard to explain
- Implementation of the model can be time consuming:
 - Best to start simple and add elements piece by piece.



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The CBDR forecasting system at a glance:

