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This paper is an attempt at constructing a simple and e?ective macroprudential tool for policymakers. By integrating the joint occurrences of the main ?nancial markets in Colombia into a single Financial Conditions Index (FCI), we hope to synthesize the information embedded in them regarding possible future economic outcomes. To do this, we use monthly data on 21 variables for the period comprised between July, 1991 - June, 2010 and apply PCA on their correlation matrix. On the one hand, we evaluate the predictive capacity of the FCI in forecasting GDP growth at di?erent time horizons and ?nd that it performs better as a leading indicator of real activity than other individual ?nancial variables and an autoregressive model of GDP growth. Additionally, we are interested in testing the FCI's long-term capability to correctly anticipate periods of distress in the economy, and ?nd that the index could be used as an e?ective early-warning indicator. Hence, our FCI seems to represent a useful instrument for both ?nancial stability and macroprudential