

You are kindly invited to attend the Joint Macroeconomic Seminar co-organised by the National Bank of Belgium and the Belgian universities (KU Leuven, UAntwerpen, UCLouvain, UGent, ULB, ULiège, UNamur and VUB).

by

Andrej Sokol (Bloomberg LP)

on

Targeted Financial Conditions Indices and Growth-at-Risk

(co-authored with Fernando Eguren-Martin, Sevim Kösem and Guido Maia)

Abstract

We propose a novel approach to extract factors from large data sets that maximize covariation with the quantiles of a target distribution of interest. From the data underlying the Chicago Fed's National Financial Conditions Index, we build targeted financial conditions indices for the quantiles of future US GDP growth. We show that our indices yield considerably better out-of-sample density forecasts than competing models, as well as insights on the importance of individual financial series for different quantiles. Notably, leverage indicators appear to co-move more with the median of the predictive distribution, while credit and risk indicators are more informative about downside risks.

The seminar will take place on **Thursday, June 6th** from **16:30** until **18:00** in **Conference Room Lamfalussy, entrance: boulevard de Berlaimont 14, 1000 Brussels** *and will also be able to be followed via a Microsoft Teams meeting.*

Please reply by email to nbbmacro.seminar@nbb.be if you wish to participate to this seminar or if you want to have an appointment with the speaker.

Please let us know if you will be physically present or will be following online by Teams. After registration and if you have indicated that you want to join online you will receive a confirmation email with *the link to the seminar.*

In case you want to access the NBB Parking (rue Montagne aux Herbes potagères 41), please also provide us with your name and the license plate of your car.

Kind regards,

Pierrick Clerc (ULiège), Ferre De Graeve (KU Leuven), Romain Houssa (UNamur), Robert Kollmann (ULB), Yasin Kursat Önder (UGent), Luca Pensieroso (UCLouvain) and Raf Wouters (NBB).