

MEASURING THE EFFECT OF THE DIFFERENT FACTORS ON THE AVERAGE PROFITABILITY OF THE SHORT TERM GOVERNMENT BONDS IN BULGARIA

Sylvia Parusheva*

SUMMARY The article presents a theoretical model of the formation of the average profitability of the short term Government Bonds (GB), which includes the influence of the macroeconomic factors of the primary debt market and of the national economy. With the help of the methods and tools of the econometric modeling, an empirical test was done to determine which of them in fact are influencing the formation of the profitability under the conditions of the Bulgarian economy in transition during the period 1992-1998, divided into two sub-periods.

The experimental results show that during the period before the introduction of a currency board the average profitability of the short term GB is under the considerable influence of the factors: basic average monthly interest rate, monthly rate of inflation, average monthly rate Lev/USD, and credits for the Government. Under the conditions of a functioning currency board the following factors are statistically significantly influencing the average profitability: the value of the offered, requested and confirmed volumes of short term GB, availability of finances and credits for the Government.

As a result of the experiments, it was determined that during the period before the introduction of the currency board, the substantial single correlation dependencies between the average profitability and the macroeconomic variables are modeled more successfully with mixed models of regression and autoregression, and during the period of the currency board - with regression models. Important conclusions and summaries for the financial practice and future management of the internal Government debt are made.

* Ph.D. Student at the Department „Statistics“ at the Economic University - city of Varna.