**APRIL 5**

Macro

Focus on statistically significant factors - CPI&GDP

CPI is the strongest

1. Relationship between CPI alongside

2. Also CPI changes

GDP - univariate

Starting with GDP

Stats is one thing - but we need to interpret a bit more

E.g. GDP increase, default rate increase - strange result

1. Compare GDP trend across history - with y variable - find explanatory factors, such as special period - included in the GDP ipynb file.

Q: negative relationship with normalized GDP but positive relationship with Santiago GDP

2. We need to look at GDP growth rate too

CPI - same, compare the historical trend to explore the reason

Other next steps:

1. Scale problem - large variable numbers, small default rate - needs to be standardized (so the coefs would make more sense)

2. Feature selection: use all macro variables and then see which to keep at the end

3. After fitting the regression for multiple variables, the next step is to remove insignificant variables and rerun the model. Otherwise the R^2 doesn’t explain anything