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Marcelo Sánchez
Macroeconomic Stabilisation
and Emergency Liquidity Assistance
Vol. 32, núm. 73 (Edición especial sobre política monetaria
y estabilidad financiera en economías pequeñas y abiertas 2014)
pp. 5-16

We introduce imperfect monetary policy transparency and strategic wage setting into a macro model where the central bank provides lender of last resort (LOLR) services to banks on top of its standard stabilisation policy. We study how, in the presence of adverse exogenous financial developments, macroeconomic and financial instability can be dampened by adjustments in policy institutions and economic structure. In a context of costly LOLR transactions and no moral hazard, the central bank has an incentive to save only large banks. Central bank opaqueness can help improve macroeconomic and financial stability by making wages closer to their competitive levels. Some results depend on initial conditions concerning monetary institutions; for instance, monetary strictness and wage bargaining centralisation help discipline wages and thus are stability-enhancing when central bank policies are initially seen as rather strict and transparent. Some consideration is given to the roles of trade openness and moral hazard behaviour on the part of banks.

Camilo González Sabogal
Un mecanismo para lograr la participación de los bancos
en los mercados interbancarios no colateralizados
Vol. 32, núm. 73 (Edición especial sobre política monetaria
y estabilidad financiera en economías pequeñas y abiertas 2014)
pp. 17-35

En este trabajo se proponen dos tipos de contratos para los préstamos interbancarios con el fin de que los bancos suavicen sus choques de liquidez a través del mercado interbancario (MI). En particular, se estudia la situación en la que los bancos con faltantes de liquidez que tienen bajo riesgo de crédito abandonan el mercado debido a que la tasa de interés es alta para su fuente alterna de financiamiento. La asimetría en la información acerca del riesgo de crédito impide que los bancos con excedentes de liquidez ajusten la tasa de interés considerando el riesgo de su contraparte. Dado lo anterior, se diseñan dos contratos para los créditos interbancarios que se diferencian en las tasas de interés cobradas. Así, siempre que un banco constituya un depósito, podrá obtener liquidez a bajas tasas de interés; en la situación contraria, la tasa será más alta.

Camilo González; Luisa Silva; Carmiña Vargas;
Andrés M. Velasco
Uncertainty in the Money Supply Mechanism
and Interbank Markets in Colombia
Vol. 32, núm. 73 (Edición especial sobre política monetaria
y estabilidad financiera en economías pequeñas y abiertas 2014)
pp. 36-49

We set a dynamic stochastic model for the interbank daily market for funds in Colombia. The framework features exogenous reserve requirements and requirement period, competitive trading among heterogeneous commercial banks, daily open market operations held by the Central Bank (auctions and window facilities), and idiosyncratic demand shocks and uncertainty in the daily auction. Analytical derivations of their decision making process show that banks involvement in the interbank market and open market operations depend on their individual requirement constraint and daily liquid assets. Our results do not show a linkage between the uncertainty in the money supply mechanism and activity in the interbank market. Equilibrium interest rate for the interbank market is derived, and is shown that it is distorted by uncertainty at the daily auction held by the monetary authority. Using data for Colombia, we test the main results of the model and corroborate the Martingale hypothesis for the interbank interest rate.

Franz Hamann; Rafael Hernández; Luisa Silva; Fernando Tenjo G.
Leverage Pro-cyclicality and Bank Balance Sheet in Colombia
Vol. 32, núm. 73 (Edición especial sobre política monetaria
y estabilidad financiera en economías pequeñas y abiertas 2014)
pp. 50-76

The recent financial crisis has renewed the interest of economists, both at the theoretical and empirical level, in developing a better understanding of credit and its mechanisms. A rapidly growing strand of the literature views banks as facing funding restrictions that condition their borrowing to a risk-based capital constraint which, in turn, affects bank lending. This work explores the way banks in Colombia manage their balance sheet and sheds light into the

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dynamics of credit and leverage over the business cycle. Using a sample of monthly bank balance sheets for the period 1994-2011, we find not only that leverage is predominantly pro-cyclical in the Colombian banking sector, but also that heterogeneity matters, and thus, an aggregate measure of bank leverage can mask a fragile financial sector. In addition, although some banks display great dynamics on the right-hand side of their balance sheet during the upward phase of the leverage cycle, changes in the composition of liabilities between core and non-core do not seem to have a clear pattern. Still, more attention should be paid on this by policy makers, as these dynamics could convey information about the phase of the cycle of the economy and the financial vulnerability of the system as a whole.

Alexander Guarín; Andrés González; Daphné Skandalis; Daniela Sánchez
An Early Warning Model for Predicting Credit Booms Using Macroeconomic Aggregates
Vol. 32, núm. 73 (Edición especial sobre política monetaria y estabilidad financiera en economías pequeñas y abiertas 2014)
pp. 77-86

In this paper, we propose an alternative methodology to determine the existence of credit booms, which is a complex and crucial issue for policymakers. In particular, we exploit the Mendoza and Terrones's (2008) idea that macroeconomic aggregates contain valuable information to predict lending boom episodes. Specifically, our econometric method is used to estimate and predict the probability of being in a credit boom. We run empirical exercises on quarterly data for six Latin American countries between 1996 and 2011. In order to capture simultaneously model and parameter uncertainty, we implement the Bayesian model averaging method. As we employ panel data, the estimates may be used to predict booms of countries which are not considered in the estimation. Overall, our findings show that macroeconomic variables contain relevant information to identify and to predict credit booms. In fact, with our method the probability of detecting a credit boom is 80%, while the probability of not having false alarms is greater than 92%.

Esteban Gómez; Andrés Murcia; Nancy Zamudio
Foreign Debt Flows and the Credit Market: A Principal Agent Approach
Vol. 32, núm. 73 (Edición especial sobre política monetaria y estabilidad financiera en economías pequeñas y abiertas 2014)
pp. 87-103

As has been documented in different studies, there is a close relationship between capital flows and domestic credit. This relationship emerges from different channels, which are usually not directly identified. In this paper, a principal-agent approach is proposed in order to disentangle the distinct channels through which shocks on capital debt flows can affect credit-related variables. The model predicts that a foreign credit crunch will not only adversely affect aggregate credit, but will reduce the proportion of firms with access to intermediated funds. Using a comprehensive micro data set for the period comprised between 1999Q1-2012Q1 on foreign debt flows and the relevant credit-related variables, a VEC model is estimated to empirically validate the predictions from the theoretical framework. Results confirm that, in the short-run, a negative shock to foreign funds effectively reduces the proportion of firms with access to intermediated finance (both local and foreign), whilst at the same time induces a substitution of funding by firms from foreign to local sources, thus effectively having a positive effect on domestic credit growth. Nonetheless, the estimated long-run relationship indicates that capital debt flows and domestic credit growth are positively related. These results have important policy implications, related with the potential impact on credit (and access) generated by the use of certain macro prudential measures.

Víctor Alexánder Díaz España
Crédito privado, crédito bancario y producto interno bruto: evidencia para una muestra suramericana
Vol. 32, núm. 73 (Edición especial sobre política monetaria y estabilidad financiera en economías pequeñas y abiertas 2014)
pp. 104-126

El presente artículo examina las relaciones de causalidad entre el crédito privado, el crédito bancario y el producto interno bruto en 4 economías suramericanas: Argentina, Brasil, Colombia y Perú. Se emplea el test de descomposición de Geweke para estimar el grado de causalidad entre las variables, y se analizan, con modelos vectoriales autorregresivos y modelos de corrección de error, las relaciones de corto y largo plazo en el período 1994-2013 con datos trimestrales. Los resultados indican que existe una causalidad bidireccional entre las variables en Argentina, Brasil Colombia y Perú. En general, las medidas crediticias ejercen una influencia positiva sobre el producto interno bruto, excepto en Argentina, donde el proceso de liberación financiera llevado a cabo causó grandes trabas al financiamiento de las actividades productivas de los microempresarios.

Oscar Iván Ávila Montealegre; Mauricio Rodríguez Acosta; Hernando Zuleta González
The Balassa-Samuelson Hypothesis and Elderly Migration
Vol. 32, núm.74 (Edición junio 2014)
pp. 1-8

We present a model with two Overlapping Generations (young and old) and two final goods: a) a tradable good that is produced using capital and labor, and b) a non-tradable good that is produced using labor as unique input. We maintain the fundamental assumption of perfect factor mobility between sectors so the model is consistent with the Balassa-Samuelson hypothesis. On top of this, we allow for one of the two generations (the elderly) to migrate between economies. Given the general equilibrium structure of our model, we can examine the effect of the propensity to save on migration and the relative price of the non-tradable good. In this setting, we find that the elderly have incentives to migrate from economies where productivity is high to economies with low productivity because of the lower cost of living (in more general terms, the elderly migrate from wealthy countries to countries with lower incomes). We also find that, for countries with lower incomes, elderly migration has a positive effect on wages and capital accumulation.

Martha López, Fernando Tenjo; Hector Zárate
Credit Cycles, Credit Risk and Countercyclical Loan Provisions
Vol. 32, núm. 74 (Edición junio 2014)
pp. 9-17

In this paper we investigate the impact of rapid credit growth on ex ante credit risk. We present microeconometric evidence of the positive relationship between rapid credit growth and deterioration in lending portfolios: Loans granted during boom periods have higher probability of default than those granted during periods of slow credit growth. In addition, given their importance for macroprudential policy, we evaluate the effectiveness of the implementation of the countercyclical loan provisions. We find a negative relationship between the amplitude of credit cycles and this kind of macroprudential tool.

Sylvia Beatriz Guillermo Peón; Martín Alberto Rodríguez Brindis
Analyzing the Exchange Rate Pass-through in Mexico:
Evidence Post Inflation Targeting Implementation
Vol. 32, núm. 74 (Edición junio 2014)
pp. 18-35

This paper presents an analysis of the exchange rate pass-through mechanism for the Mexican economy after the formal adoption of inflation targeting policy. In particular, this research work analyzes how a change in the nominal exchange rate depreciation is transmitted to domestic prices along the distribution chain of pricing. The analysis is carried out using a recursive Structural Vector Autorregression with exogenous variables (recursive SVAR-X) model, which aims at the estimation of structural impulse-response-functions as a tool to analyze the degree and speed of the effect of exchange rate depreciation changes on domestic prices. Additionally, variance decompositions are computed to capture the relative importance of exchange rate depreciation shocks in explaining inflation fluctuations. Our results show that, for the period of analysis (after the formal adoption of inflation targeting in Mexico), the exchange rate pass-through to consumer prices is quite small and fast and exchange rate surprises are not relevant to explain consumer price inflation variation.

Carlos Esteban Posada P.
El dinero y la liquidez
Vol. 32, núm.74 (Edición junio 2014)
pp. 36-51

Dinero y liquidez no son sinónimos; ambos conceptos están relacionados pero en ciertas circunstancias resulta importante distinguirlos. Un breve repaso de las teorías de la demanda de dinero, como el que se hace en este documento, sirve para identificar esas circunstancias. El repaso culmina con la teoría de Keynes. El aporte de Keynes a la teoría monetaria es significativo. Sobresale, en particular, su tesis del dominio de una preferencia por liquidez en la determinación de la demanda de dinero si prevalecen las expectativas bajistas sobre el precio de los títulos de deuda. Tales expectativas "inflan" (y distorsionan la función de) la demanda de dinero.

Andrés Murcia; Diego Rojas
Determinantes de la tasa de cambio en Colombia:
un enfoque de microestructura de mercados
Vol. 32, núm.74 (Edición junio 2014)
pp. 52-67

En este trabajo se brindan elementos adicionales en la comprensión de la dinámica de la tasa de cambio en Colombia. Por una parte, se presentan los principales hallazgos de una encuesta dirigida a los agentes del mercado cambiario; en ella se resalta la diferencia en la percepción que exhiben los agentes en torno a los determinantes de corto, mediano y largo plazo. En el primer caso, los determinantes responderían principalmente a efectos de microestructura, mientras que, a mediano y largo plazo, la tasa de cambio respondería sobre todo a sus fundamentales. Los agentes también resaltan la mayor importancia de los factores internacionales con respecto a los locales en la dinámica de esta variable. Este estudio se concentra especialmente en los determinantes de corto plazo de la tasa de cambio. Con el objetivo de enmarcar la determinación de esta variable se presenta un modelo teórico desarrollado por Kyle (1985) donde se resalta la importancia de los factores de microestructura en un escenario de información asimétrica y agentes estratégicos. Con base en estos determinantes se estimó un modelo de microestructura, utilizando información intradía descargada directamente de las pantallas de negociación. Este modelo es utilizado para corroborar algunos hallazgos de la encuesta realizada. En particular, se valida la mayor importancia de factores internacionales respecto a los factores locales, y también se evalúa el impacto de la intervención del Banco de la República sobre la dinámica del tipo de cambio.

Alexander Guarín; José Fernando Moreno; Hernando Vargas
An Empirical Analysis of the Relationship between US
and Colombian Long-Term Sovereign Bond Yields
Vol. 32, núm. 74 (Edición junio 2014)
pp. 68-86

We study the relationship between US and Colombian sovereign debt interest rates between 2004 and 2013. We also evaluate the response of the Colombian long-term bond yield and other asset prices to shocks to the US long-term Treasury rate. Two empirical exercises are performed. First, we use a moving window linear regression to examine the link between sovereign bond yields. Second, we estimate a VARX-MGARCH model to compute the short-term response of local asset prices to foreign financial shocks. Our exercises consider data with daily frequency. The analysis is performed on three sample periods (i.e., before, during, and after the global financial crisis). Our findings show that the link between sovereign bond yields has changed over time. Moreover, the short-run responses of local asset prices to foreign financial shocks have been qualitatively different in the three periods. The especial role of US Treasuries as a "safe haven asset" during highly volatile time spans seems to be at the root of these changes.

Wilmar Alexander Cabrera Rodríguez;
Luis Fernando Melo Velandia; Daniel Parra Amado
Relación entre el riesgo sistémico del sistema financiero
y el sector real: un enfoque FAVAR
Vol. 32, núm. 75 (Edición diciembre 2014)
pp. 1-22

Este documento estima los efectos de choques de origen financiero y real sobre 111 variables de la economía colombiana, entre 2003 y 2013. Se utiliza una extensión del modelo FAVAR de Bernanke, Boivin y Eliasz (2005), que supone que las series, además de ser explicadas por el componente común, también son modeladas por un componente idiosincrático. Se realizan 2 ejercicios: a) análisis de impulso respuesta de las variables económicas frente a choques en los factores real y financiero, y b) descripción del efecto que tiene un evento de estrés en el sector financiero sobre el sector real y viceversa; para ello se propone el CoFaR, medida alterna al CoVaR, que recientemente ha sido utilizada en la literatura económica (Adrian y Brunnermeier, 2011). Los resultados obtenidos sugieren que los estrechos vínculos entre los 2 sectores propagan los choques en ambas direcciones. En particular, el sector financiero reacciona de manera más rápida ante un choque en la actividad real, en comparación con el efecto de un choque financiero al sector real.

José E. Gómez-González; Luis Fernando Melo Velandia
Efectos de "ángeles caídos" en el mercado accionario
colombiano: estudio de eventos del caso Interbolsa
Vol. 32, núm. 75 (Edición diciembre 2014)
pp. 23-27

En este documento realizamos un estudio de eventos para estudiar los efectos del anuncio de problemas de liquidez y toma de posesión por parte de la Superintendencia Financiera de Colombia de

la firma comisionista de bolsa Interbolsa S.A. en noviembre de 2012 sobre el rendimiento de las acciones transadas en la Bolsa de Valores de Colombia. Utilizamos datos diarios y diferentes ventanas de tiempo para el evento, y estimamos los retornos usando 3 modelos alternativos (CAPM, CAPM con tasa libre de riesgo y modelo de 3 factores), en los que modelamos la varianza condicional usando un modelo EGARCH (1,1). En general, encontramos que el evento afectó significativamente los rendimientos de las firmas listadas en la Bolsa en todos los modelos y para todas las ventanas de tiempo utilizadas.

A partir de estados financieros de bancos y entidades asociadas se propone una cronología del ciclo financiero para Colombia, desde 1990 hasta mediados del año 2013, y se evalúa su interacción con el ciclo de negocios propuesto por Alfonso, Arango, Arias, Cangrejo y Pulido (2012). Se usan 2 acercamientos: el primero basado en reglas (Bry y Boschan, 1971, e índices de difusión) y el segundo fundamentado en la información contenida en los datos (Novelty Detection). Se encuentra evidencia que apoya la idea de una sincronización entre el ciclo financiero y el de negocios, aunque las cronologías y demás características de cada uno dependen directamente de la definición y del enfoque del ciclo que se adopten.

Using a stylized model in which output is measured with error, we derive the optimal policy response to the demand shock signal and to changes in the measurement error volatility from two different perspectives: the minimization of the expected loss (from which we derive the 'standard' policy) and the minimization of the maximum possible loss across all potential scenarios (from which we derive the 'prudent' or 'robust' policy). We find that (1) the prudent policymaker reacts more aggressively to the shock signal than the standard one and (2) while the standard policymaker always mitigates her reaction if the measurement error volatility rises, the prudent one may even increase her response if her risk aversion is very high. When we incorporate forward-looking expectations, the second result is preserved but, in this case, the prudent policymaker is less aggressive than the standard one in responding to the shock signal.

In this paper, we study the empirical relationship between credit funding sources and the financial vulnerability of the Colombian banking system. We propose a statistical model to measure and predict banking-fragility episodes associated with credit funding sources classified into retail deposits and wholesale funds. We compute the probability of financial fragility for both the aggregated banking system and the individual banks. Our approach performs a Bayesian averaging of estimated logit regression models with monthly balance sheet data between 1996 and 2013. The results show the increasing use of wholesale funding to support credit expansion is a potential source of financial fragility. Therefore, monitoring credit funding sources could provide an additional tool to warn against banking disruptions.