

[Download](#)

Keep in mind

La serie Borradores de Economía es una publicación de la Subgerencia de Estudios Económicos del Banco de la República. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.

Autor o Editor

Rincón-Torres, Andrey Duván

De la Hortúa-Pulido, Luisa María

Rojas-Silva, Kimberly

Julio-Román, Juan Manuel

The series [Borradores de Economía](#) (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc). The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

Publication Date

Wednesday the 27th of December, 2023

## Abstract

We study the effect of macroeconomic announcements surprises on Colombian treasury bond spot rates in the medium term. For this, we employ a two-step regression approach proposed by Altavilla, Giannone and Modugno (2017), which takes into account the high frequency response to these surprises while filtering out the noise in the estimation of its medium to long term effect. We found that the share of variation of one day Colombian treasury bond spot rates changes explained by these surprises lies below 10%. Moreover, Colombian macroeconomic announcement surprises other than the nominal exchange rate depreciation do not seem to significantly affect spot rate changes, although important ones have big (but not significant) effect. Furthermore, the explanatory power of macroeconomic news surprises increases substantially at longer horizons, i.e. monthly and quarterly changes, reaching 34% for the latter. These results arise from the fact that spot rate changes show a delayed effect to shocks. This is mostly due to the features of the shocks contained in the error and the persistence of macroeconomic news surprises effect's. Our results are robust to the appetite for risk of international investors measure employed in the model.