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We explore the performance of a set of early warning indicators for a group of Latin American economies under the endogenous cycle perspective. For this group of countries, the paper confirms the results of work on industrialized countries that a combination of asset prices and credit provides valuable information of probable future financial crises. However, we go a step further in the analysis of emerging economies and find that a combination of capital flows from abroad and credit is an even superior leading indicator of such events.

The views expressed in the paper are those of the authors and do not represent those of the Banco de la República or its Board of Directors.