Essays on Economic Policy (ESPE in Spanish) - What Drives Business Cycles and International Trade in Emerging Market Economies?

Download Keep in mind
In the journal Essays on Economic Policy (ESPE) - we disclose the results and policy proposals that arise from academic research carried out at the *Banco de la República*. When you read us, always keep in mind that the content of our articles, as well as the analyzes and conclusions derived from them, are the sole responsibility of their authors. The material disclosed in our ESPE magazine does not compromise or represent the opinion of *Banco de la República* or that of its Board of Directors.

AUTHOR OR EDITOR Marcelo Sánchez Publication Date: Sunday, 1 of August 2010
This paper investigates the role of domestic and external factors in explaining business cycle and international trade developments in fifteen emerging market economies. Results from sign-restricted VARs show that developments in real output, inflation and international trade variables are dominated by domestic shocks. External shocks, on average, explain a fraction of no more than 10% of the variation in the endogenous variables considered. Concerning impulse responses, consumer prices and real imports are overall the endogenous variables most affected by domestic disturbances. Consumer prices are mostly driven by technology and risk premium shocks. The shocks inducing the largest effects tend to be monetary disturbances, which can be traced to unpredictable monetary policy. These shocks generate relatively large impacts on real imports, which —owing to muted reactions in real exports—, carry over to the trade balance, alongside more modest changes in consumer prices and real output.

Fuente: https://www.banrep.gov.co/en/publications-research/espe/what-drives-business-cycles-and-international-trade-emerging-market-economies