

Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

#### AUTHORS AND/OR EDITORS

[Julio-Román, Juan Manuel Zárate-Solano, Héctor M.](#)

In this paper we explore the price setting behavior of Colombian producers and importers using a unique database containing the monthly price reports underlying the Colombian PPI from Jun-1999 to Oct-2006. We focus on five particular questions:

1. Are prices sticky or flexible?
2. Is a price increase more likely than a decrease?
3. Are price changes synchronized?

- 
4. Is the pricing rule state or time dependent?
  5. Are price changes sizable?

Answers to these questions provide some of the micro fundamentals for the design of monetary policy in this country.