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AUTHOR OR EDITOR

Miguel Fuentes

Pablo Pincheira

Juan Manuel Julio

Hernán Rincón

Santiago García

Miguel Zerecero

Marco Vega

Erick Lahura

Ramon Moreno

Autores y/o editores

[Miguel Fuentes](#)

[Pablo Pincheira](#)

[Santiago García](#)

[Miguel Zerecero](#)

[Marco Vega](#)

[Erick Lahura](#)

[Ramon Moreno](#)

This paper analyses the effects of sterilised, intraday foreign exchange market operations (non-discretionary and discretionary) on foreign exchange returns and volatility in four inflation targeting economies in Latin America. The distribution of exchange rates during intervention and non-intervention days are first compared, and then event study regressions are used to estimate the impact of intervention (and macro surprises) on exchange rate returns and exchange rate volatility as well as on foreign exchange market turnover (in Colombia). In general, the results suggest that the impact of both non-discretionary and discretionary operations is at times significant but transitory. However, an analysis of Chile's experience suggests that the announcement effects of even non-discretionary programmes may be significant and persistent.

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