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Publication Date:

Wednesday, 09 December 2015

This paper analyses the effectiveness of official interventions of the Colombian Central Bank in the

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foreign exchange market over the period of June 2008–December 2013. The estimation procedure suggested by Hansen (2000) is used to estimate a threshold model for the spot exchange rate that splits the data sample into two different regimes that depend on the extent of the misalignment of the exchange rate from a fundamental value. The estimation results provide empirical evidence of the existence of a coordination channel of intervention proposed by Sarno and Taylor (2001). According to the theory of the coordination channel, interventions by central banks work as signals that solve a coordination failure in the foreign exchange market when speculation moves the exchange rate from its fundamental value. The results suggest that foreign exchange interventions had a considerable and statistically significant effect in depreciating the domestic currency when the spot exchange rate was sufficiently below from its fundamental value.