

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.

AUTHOR OR EDITOR

Vargas-Herrera, Hernando

Inflation expectations in Colombia are characterized. Empirical evidence following conventional tests suggests that they might not be rational, although the period of disinflation included in the sample makes it difficult to ascertain this conclusion. Inflation expectations display close ties with observed past and

---

present headline inflation and are affected by exogenous shocks in a possibly non-linear way. A model-based core inflation measure is computed that addresses the shortcomings of traditional exclusion measures when temporary supply shocks have widespread effects and are persistent.