
[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

[Enrique Alberola](#) [Rocio Gondo](#) [Marco Lombardi](#) [Diego Urbina](#)

AUTHORS AND/OR EDITORS

[Rocio Gondo](#) [Marco Lombardi](#) [Diego Urbina](#)

Publication Date:
Sunday, 30 of April 2017

—

We provide a measure of the output gap that filters out the impact of the commodity and net capital

inflows booms for Latin American countries. These two factors temporarily boost output and so are likely to push up estimates of potential growth in the region to unrealistic levels, thereby resulting in an underestimation of the output gaps during the upswing of the commodity cycle. We also shed light on the interaction between the two components. The results show that commodity prices have been the dominant factor explaining deviation of activity from sustainable levels. A timely consideration of these factors could prevent a procyclical fiscal policy bias in the region.