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Keep in mind

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The international financial crisis of 2007-2009 strongly affected asset prices, risk and growth in the advanced economies, leading to large capital movements between these economies and the emerging countries. The capital movements were reflected in sharp fluctuations in the emerging countries' asset prices and presented management challenges to their authorities. The purpose of this paper is to analyze and quantify the effects of external shocks and "news" on interest rates, exchange rates and stock prices in the larger economies of Latin America before and after the announcement of Lehman's collapse. To that end, use is made of daily information over the period 2006-2011 from Argentina, Brazil, Chile, Colombia and Mexico to carry out multiplier analyses. The findings show that the multipliers are statistically significant and relatively small, generally present the expected signs, are heterogeneous in size, sign and variance across the countries, have short duration, and, in many cases, respond asymmetrically before and after Lehman's collapse. They also indicate little coupling between external and domestic asset prices, except in the case of stock prices, which turn out to be fully and unambiguously, coupled regardless of the country being analyzed or the status of the crisis. Lastly, there are indications that the behavior of international capital markets underwent a structural change during the crisis.