

[Download](#)

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*). 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

Parra-Polanía, Julián Andrés

Sánchez-Jabba, Andrés Mauricio

Sarmiento, Miguel

The series [Borradores de Economía \(Working Papers on Economics\)](#) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc). The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

Publication Date:

Monday, 28 February 2022

Abstract

Do oral FX interventions (i.e. announcements made by central bank officials and economic authorities) influence the exchange rate behavior in emerging economies? Following an event study approach, we evaluate whether this type of interventions in the Colombian FX market have an impact on the level or volatility of the exchange rate (U.S Dollar / Colombian peso). We find there is no conclusive evidence of a statistically significant impact. This finding consistently arises across different subsamples and parameters. Robustness tests based on the exchange rate authority that makes the announcement or the mechanism used for actual interventions yield the same conclusion. We interpret these findings as possible evidence of the fact that higher levels of uncertainty (and hence lower credibility levels) or the predominance of global over domestic factors may reduce the effectiveness of oral interventions in emerging economies.