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## Abstract

This document examines the evolution and determinants of portfolio flows in the Colombian economy, which comprises investments on public debt bonds, shares, and private bonds. Structural changes along the last few years owed to either regulatory or market shocks are identified. The international literature on emerging markets regarding this issue is statistically assessed, and the Colombian economy is situated in that context. The behavior of different markets is evaluated by classifying investment instruments according to either fixed or variable returns, or according to the type of foreign investors: either investment funds or pension funds. The reaction of resident or non-resident investors that participate in these markets, to shocks of determinant variables is analyzed and compared. In addition, it is assessed whether the behavior of portfolio flows changes along the financial cycle by comparing periods of booms with periods of stress. The way in which portfolio flows react to actions of monetary policy is studied with the purpose of offering monetary authorities criteria that allow them to mitigate excessive volatility of such flows during periods of elevated external or internal uncertainty.