

The transmission effect of government securities for monetary regulation purposes in the Bolivian Stock Exchange's trading floor operations

Oscar Eduardo Machicado Mendoza

Abstract

This paper analyzes the link between the level of rates for monetary regulation purposes and the level of rates in the Bolivian Stock Exchange's (BBV) trading floor operations. The related issues in the literature are explored and, through a GARCH model, it is shown as the conditional correlation in the period between 2010 and 2018, presenting a high correlation in the periods where there was a higher amount of government securities in the secondary market of the BBV. The results provide us with a measure of the relevance of the effect of monetary policy on the securities market, which decreases as the volume of traded securities is lower as well as the allotment of government securities with maturities of less than one year.

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