

# **Procedures of monetary policy and monetary market in Bolivia: an analysis of recent experience and some suggestions**

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## **ABSTRACT**

This document analyzes recent experience in current monetary framework of Central Bank of Bolivia (CBB) with the purpose of identify facts that are regularly produced, and of give way to some relevant questions for monetary policy that could drive to consider changes in its procedures.

The procedures of monetary policy are rapidly changing in the CBB. Thus, the analysis particularly impinges in the period of April to June, 1997, using daily data.

The paper is organized in the following way: in the first section it is tried to analyze structural characteristics of current proceedings of monetary policy and of banking behavior. Here, monetary policy is defined in strict sense, that is, without considering details related to the last resort lender function assumed by CBB. This section also examines the new repos activity of CBB and its impact in the interest rates of open market operations as well as the behavior of banks regarding the accumulation of excess of reserves. Topics related to Deposit Certificates (DC's) and Treasury Bills (TB's) are also considered. The second section offers an overview about several recommendations that could be suggested based on the analysis made in the first section.