

Analysis of exchange rate expectations in Bolivia*

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ABSTRACT

This paper analyzes the exchange rate expectations collected by the Central Bank of Bolivia's Survey of Economic Expectations in order to assess their rationality through statistical and econometric tests commonly used in the empirical literature. Results provide evidence that the exchange rate forecasts do not correspond to a data generating process compatible with the rational expectations hypothesis, since the conditions of unbiasedness and orthogonality are not met. It was found a systematic bias towards currency depreciation and an inefficient use of available information at the time of generating the forecasts.

JEL Classification: C53, D84, F31, F47

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* The content of this document is the responsibility of the authors and do not compromise the opinion of the Central Bank of Bolivia.

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