

# New Publications from the Western Hemisphere Department, April 2014–March 2015

## IMF Working Papers

### WP/14/67

*Does Demand Volatility Lower Growth and Raise Inflation? Evidence from the Caribbean*  
Magda Kandil

### WP/14/87

*Central Bank Financial Strength in Central America and the Dominican Republic*  
Florencia Frantischek, Przemek Gajdeczka, Alexander Herman, and Andrew Swiston

### WP/14/115

*Labor Market Issues in the Caribbean: Scope to Mobilize Employment Growth*  
Magda Kandil, Qiaoe Chen, Xin Li, Genevieve Lindow, Mario Mansilla, Joel Okwuokei, Marika Santoro, Jochen Schmittmann, and Solomon Stavis

### WP/14/121

*Does Modeling Appropriate Fiscal Targets and Optimal Consolidation Paths for Resource-Rich Countries: The Case of Suriname*  
Daniel Kanda and Mario Mansilla

### WP/14/124

*What Is Behind Latin America's Declining Income Inequality?*  
Evruidiki Tsounta and Anayochukwu Osueke

### WP/14/125

*Debt, Growth and Natural Disasters: A Caribbean Trilogy*  
Sebastian Acevedo

### WP/14/154

*After the Boom—Commodity Prices and Economic Growth in Latin America and the Caribbean*  
Bertrand Gruss

### WP/14/161

*Measuring External Risks for Peru: Insights from a Macroeconomic Model for a Small Open and Partially Dollarized Economy*  
Fei Han

### WP/14/163

*Determinants of Banks' Net Interest Margins in Honduras*  
Koffie Ben Nassar, Edder Martinez, and Anabel Pineda

### WP/14/166

*Financial Inclusion, Growth and Inequality: A Model Application to Colombia*  
Izabela Karpowicz

**WP/14/167**

*News and Monetary Shocks at a High Frequency: A Simple Approach*

Troy Matheson and Emil Stavrev

**WP/14/204**

*World Saving*

Francesco Grigoli, Alexander Herman, and Klaus Schmidt-Hebbel

**WP/14/217**

*Motives and Effectiveness of Forex Interventions: Evidence from Peru*

Melesse Tashu

**WP/15/10**

*Corporate Financing Trends and Balance Sheet Risks in Latin America: Taking Stock of the Bon(d)anza*

Fabiano Rodrigues Bastos, Herman Kamil, and Bennett Sutton

**WP/15/13**

*Governments' Payment Discipline: The Macroeconomic Impact of Public Payment Delays and Arrears*

Cristina Checherita-Westphal, Alexander Klemm, and Paul Viefers

**WP/15/14**

*Output Gap Uncertainty and Real-Time Monetary Policy*

Francesco Grigoli, Alexander Herman, Andrew Swiston, and Gabriel Di Bella

**WP/15/26**

*Drivers of Peru's Equilibrium Real Exchange Rate: Is the Nuevo Sol a Commodity Currency?*

Melesse Tashu

**WP/15/30**

*Energy Subsidies in Latin America and the Caribbean: Stocktaking and Policy Challenges*

Gabriel Di Bella, Lawrence Norton, Joseph Ntamatungiro, Sumiko Ogawa, Issouf Samake, and

Marika Santoro

**WP/15/45**

*Made in Mexico: Energy Reform and Manufacturing Growth*

Jorge Alvarez and Fabian Valencia

**WP/15/77**

*Investing in Emerging Markets: We Are Not in Kansas Anymore... Or Are We?*

Nicolás Magud and Sebastián Sosa

## **Selected Issues Papers**

### **Belize**

- *Where Do We Stand on Efforts to Strengthen Belize's Financial Sector?*  
Jacques Bouhga-Hagbe, Joel Okwuokei, and Kristine Vitola
- *Belize—Toward a Fiscally Sustainable Wage Negotiation Framework*  
Jacques Bouhga-Hagbe and Marcio Ronci

## Canada

- *Canada's Non-Energy Exports: Assessment of Post-Crisis Growth Performance*  
Minsuk Kim
- *Neutral Rate of Interest in a Small Open Economy: The Case of Canada*  
Andrea Pescatori
- *Anchoring Sustainable Fiscal Policy: A New Fiscal Rule in Canada*  
Tidiane Kinda

## Chile

- *Why Foreign Ownership of Locally Issued Sovereign Bonds is So Low in Chile*  
Yi Wu
- *Chile's Experience with Inclusive Growth*  
Elif Ture
- *Chile's Tax System and the 2014 Tax Reform*  
Daniel Rodríguez-Delgado and Roberto Schatan
- *Chilean Banks' Loan to Deposits Ratio*  
Nicolas Arregui
- *Chile's Insurance Sector*  
Nicolas Arregui

## Colombia

- *Assessing Spillover Risks*  
Pablo Morra, Mauricio Ruiz, Carlos Goes, and Eugenio Cerutti
- *Colombia's Fiscal Rule and Adjustment in the Context of Resource Wealth*  
Leonardo Martinez and Martín Wachs
- *Recent Performance of Colombia's Manufacturing Sector: Exchange Rate or Structural?*  
Naomi Griffin, in collaboration with Colombia's Superintendencia of Corporations (Superintendencia de Sociedades)
- *Selected Financial Sector Issues*  
Izabela Karpowicz and Mohamed Norat
- *Financial Inclusion, Growth, and Inequality: A Model Application to Colombia*  
Izabela Karpowicz

## Costa Rica

- *Selected Real Sector Issues*  
Patrick Blagrove, Jose Pablo Valdes, and Joyce Wong

- *Cross-Border Linkages and Spillovers*  
Patrick Blagrave, Eugenio Cerutti, Ewa Gradzka, Anna Ivanova, Rodrigo Mariscal, and Jaume Puig-Forné
- *Assessing Fiscal Vulnerability and Medium-Term Sustainability*  
Jaume Puig-Forné, Lennart Erickson, and Anna Ivanova
- *The Central Bank's Net Worth*  
Jorge Restrepo and Evelyn Muñoz
- *Monetary Policy and Inflation*  
Rodrigo Mariscal, Anna Ivanova, and Joyce Wong
- *Transition to a Flexible Exchange Rate: Lessons from Past Experience*  
Lennart Erickson, Anna Ivanova, and Jorge Restrepo
- *Financial Sector Issues*  
Anna Ivanova, Jaume Puig-Forné, and Jorge Resrepo

## El Salvador

- *Assessing Potential Output*  
Iulia Teodoru
- *Fostering Diversification and Integration*  
Iulia Teodoru
- *Investment Drivers in Central America: An Application to El Salvador*  
Joyce Wong and Heba Hany

## Guatemala

- *Assessing Potential Output*  
Iulia Teodoru
- *Cross-Border Linkages and Spillovers*  
Eugenio Cerutti, Ewa Gradzka, Anna Ivanova, Rodrigo Mariscal, and Jaume Puig-Forné
- *The Effect of U.S. Tapering*  
Patrick Blagrave, Anna Ivanova, Keiko Honjo, and Jaume Puig-Forné
- *Fiscal Sustainability Assessment*  
Lennart Erickson
- *Monetary Policy Stance*  
Jaume Puig-Forné

## Mexico

- *The Impact of Mexico's Energy Reform on Hydrocarbons Production*  
Phil De Imus

- *Made in Mexico: The Energy Reform and Manufacturing Output*  
Fabián Valencia And Jorge Alvarez
- *Capital Flow Volatility and Investor Behaviour In Mexico*  
Jianping Zhou, Han Fei, And Jasmine Xiao

## Paraguay

- *Global and Regional Spillovers: How Important for Paraguay?*  
Xin Xu
- *Debt Sustainability, Cyclical Stabilization, and the Fiscal Responsibility Law—A Simulation Exercise*  
Alejandro Guerson
- *Informality in Paraguay: Macro-Micro Evidence and Policy Implications*  
Mauricio Vargas
- *Financial Deepening, Growth, and Inequality*  
Camila Perez

## Suriname

- *Modeling Demand Responses to Policies and Shocks: An Application to Suriname*  
Kalin Tintchev
- *Fostering Sustainable and Inclusive Growth in Suriname*  
Kalin Tintchev
- *What Does Ms. Muffet Tell us About the Macro-Financial Situation in Suriname?*  
Qiaoe Chen
- *Fiscal Sustainability and Aging Pressures in Suriname*  
Hye Sun (Marie) Kim

## United States

- *Recent U.S. Labor Participation Dynamics: Reversible or Not?*  
Ravi Balakrishnan, Mai Dao, Juan Solé, and Jeremy Zook
- *U.S. Total Factor Productivity Slowdown: Evidence from the United States*  
Roberto Cardarelli and Lusine Lusinyan
- *Monetary Policy Communication and Forward Guidance*  
Tim Mahedy, Jarkko Turunen, and Niklas Westelius
- *The Operational Framework for Monetary Policy*  
Darryl King and Simon Gray
- *Fiscal Risks and Borrowing Costs in State and Local Governments*  
Madelyn Estrada, Deniz Igan, and Dinah Knight

## Uruguay

- *Inclusive Growth: The Tale of Uruguay*  
Elif Ture
- *How Will the Normalization of U.S. Monetary Policy Affect Uruguay?*  
Diva Singh and Yulia Ustyugova