KFstar and Portfolio Inflows A Focus on Latin America

Author:John D. Burger, Francis E. Warnock, Veronica Cacdac Warnock

Latin American portfolio inflows show a strong tendency to revert to a natural level, KF\*, over medium-run horizons. Deviations of actual flows from KF\* provide policymakers with a real-time predictor of future flows, sudden stops and vulnerability to global shocks. Analysis of short-run deviations of flows from KF\* reveals heterogeneous drivers: commodity prices for Brazil, Chile, and Mexico; risk tolerance for Argentina, Costa Rica, and Peru.

**Url:**<https://www.nber.org/papers/w30453>

**PDF:**<https://www.nber.org/system/files/working_papers/w30453/w30453.pdf>

**From:**NEBR - working\_paper