

La serie Borradores de Economía es una publicación de la Subgerencia de Estudios Económicos del Banco de la República. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.

Autor o Editor

Carlos León

A maximum likelihood method for estimating the power-law exponent verifies that the positive and negative tails of the Colombian stock market index (IGBC) and the Colombian peso exchange rate (TRM) approximate a scale-free distribution, whereas none of the heavy tails of a local sovereign securities index (IDXTES) are a plausible case for such distribution. Results also (i) support critiques regarding the flaws of ordinary least squares estimation methods for scale-free distributions; (ii) question the validity of Zipf's law; (iii) suggest that IGBC and TRM display the scale-free nature documented as a stylized fact of financial returns, and that they may be following a gradually truncated Lévy flight; and (iv) suggest that local financial markets are self-organized systems.

The views expressed in the paper are those of the authors and do not represent those of the Banco de la República or its Board of Directors.

Updated: 03/10/2014 09:44 a.m.