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Keep in mind

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Derivatives are contingent claims that complete financial markets. Their use allow agents and firms to ameliorate the impact over con-sumption, production and investment given a change in relative prices induced by an active monetary policy. In this sense, derivatives generate in some cases a loss in the effectiveness of the traditional monetary transmission channels in the short run, and in others, they promote an increase in the speed of transmission itself. Using an investment model, the impact of the use of interest rate and exchange rate derivatives in the dilution of colombian monetary channels is verified. Empirical exercises suggest that monetary policy has lost effectiveness in the short run. In spite

of the surprise this result may offer given the relative im-matureness of domestic derivative markets, the marginal effect of these instruments appears to be significant, in the face of local financial markets' imperfections. In addition, not only the hedge directly taken by firms with access to this instruments matter; there could be hedging spill-overs whenever commercial banks use derivatives, which allow for a more stable and cheap credit supply for firms with no access to those markets. The natural recommendation deriving from this conclusion suggests an urgent analysis of the derivatives impact over the speed of monetary transmission in Colombia.