Methodological Notes of the Historical Statistical Series: Foreign Reserves

Must reads Historical Statistical Series for Colombia

See the Historical Statistical Series 

Since the creation of *Banco de la República* (the Central Bank of Colombia) in 1923, the institution has been responsible for managing the country's foreign reserves, which are one of its main external assets.

Foreign reserves are defined as "external assets that are readily available and under the control of the monetary authorities to meet financing needs of the balance of payments, to intervene in foreign exchange markets to influence the exchange rate, and for other related purposes (such as maintaining confidence in the currency and in the economy, and serving as a basis for external debt).")1 These assets must "be liquid, denominated, and settled in convertible foreign currencies."2 Additionally, monetary authorities must have direct and effective control of them.

Specifically, foreign reserves can be used in a contingent manner to make external payments such as imports and external debt interest, among others, thus affecting the perception of the payment capacity and risk of the different national borrowers by credit rating agencies and foreign lenders. For that reason, their amount is a determining factor in facilitating government and private sector access to external financial markets.

Given that *Banco de la República* is the administrator of the country's foreign reserves, the institution's accounting information is the main source for the compilation of the statistics. Consequently, the changes in the accounting applied by *Banco de la República* have been reflected in the reserve balance statistics. It should be noted that as of January 1993, foreign reserves have been valued at market prices.3 As of January 2014, with the implementation of the International Financial Reporting Standards (IFRS), the accruals and valuations are directly incorporated into the balances of each of the assets in foreign reserves.4

The figures of the balance of foreign reserves presented here correspond mainly to an update of the series included in the book "Principales Indicadores Económicos, 1923-1997,"5 published by the Bank in commemoration of its 75th anniversary.6 However, in this new version, the details of the assets comprising the reserves are presented for every month since 1970 to present date.7

For more information, please refer to the methodological guide of this statistical operation (only in Spanish).

1 See International Monetary Fund Balance of Payments and International Investment Position Manual (sixth edition).

2 Currencies commonly used in the settlement of international transactions.

3 For this reason, as of January 1993, values for accruals, valuations, and provisions are presented.

4 For this reason, as of January 2014, the balance of accruals, valuations, and provisions is not presented separately.

5 *Banco de la República, Principales indicadores económicos 1923-1997*, first edition, 1998.

6 In those cases in which the information in current databases showed differences with respect to that reflected in that book, the figure of the current databases was retained.

7 In "*Principales indicadores económicos 1923-1997*," the details of the composition of reserves were only available annually. Information from the Foreign Exchange Department was used to complete the monthly series.

Fuente: https://www.banrep.gov.co/en/historical-statistical-series/foreign-reserves