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The stylized facts of the relationship between El Niño, La Niña and inflation in Colombia

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Abstract

This document presents a characterization of the meteorological phenomena of El Niño and La Niña, and a description of their main effects on pollution in Colombia. These climatic episodes have been presented for centuries in the national territory, generating changes in the level of temperatures and rainfall in most of the Colombian territory, without having historically had a regular pattern of occurrence and intensity. During the occurrence of El Niño, the negative effect on the agricultural sector is highlighted, which strongly impacts the prices of the food basket and, to a lesser extent, annual inflation to the consumer. Despite the non-systematic occurrence of these climatic events, food inflation, consumer inflation and the relative price of food that lead bullish behavior during the occurrence of El Niño. During La Niña there is a loss of consumer prices. The relative price of food shows reductions at the conclusion of either phenomenon.

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