

[Home](#) > [IMF Staff Papers](#) > [Article](#)

Can Currency Demand Be Stable under a Financial Crisis? The Case of Mexico


Published: 01 January 2001

Volume 48, pages 344–366, (2001) [Cite this article](#)[Save article](#)[View saved research](#) >[IMF Staff Papers](#)[Aims and scope](#) →[Submit manuscript](#) →[May Khamis & Alfredo M. Leone](#)[13](#) Accesses [7](#) Citations [3](#) Altmetric [Explore all metrics](#) →

Abstract

The paper finds strong evidence that real currency demand in Mexico remained stable throughout and after the financial crisis in Mexico. Cointegration analysis using the Johansen-Juselius technique indicates a strong cointegration relationship between real currency balances, real private consumption expenditures, and the interest rate. The dynamic model for real currency demand exhibits significant parameter constancy even after the financial crisis as indicated by a number of statistical tests. The paper concludes that the significant reduction in real currency demand under the financial crisis in Mexico could be appropriately explained by the change in the variables that historically explained the demand for

real cash balances in Mexico. This result supports the Bank of Mexico's use of a reserve money program to implement monetary policy under the financial crisis.

 This is a preview of subscription content, [log in via an institution](#)  to check access.

Access this article

[Log in via an institution](#) →

Subscribe and save

Springer+

from €37.37 /Month

- Starting from 10 chapters or articles per month
- Access and download chapters and articles from more than 300k books and 2,500 journals
- Cancel anytime

[View plans](#) →

Buy Now

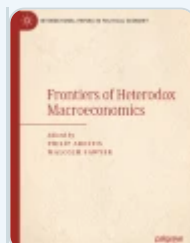
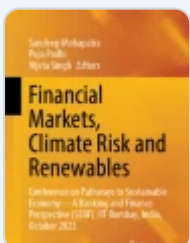
[Buy article PDF 39,95 €](#)

Price includes VAT (Poland)

Instant access to the full article PDF.

[Institutional subscriptions](#) →

Similar content being viewed by others



An Overview of Currency and

A balance of payments model

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

[Economic Psychology](#)

[Economics](#)

[Econometrics](#)

[Financial Econometrics](#)

[Latin American/Caribbean Economics](#)

[Macroeconomics and Monetary Economics](#)

[Monetary Dynamics and Demand in Open Economies](#)

Rights and permissions

[Reprints and permissions](#)

About this article

Cite this article

Khamis, M., Leone, A. Can Currency Demand Be Stable under a Financial Crisis? The Case of Mexico. *IMF Econ Rev* **48**, 344–366 (2001). <https://doi.org/10.2307/4621673>

Published

01 January 2001

DOI

<https://doi.org/10.2307/4621673>

Issue date

01 April 2001

JEL Classifications

[E41](#)

[C51](#)

[C52](#)

Search

Search by keyword or author



Navigation

Find a journal

Publish with us

Track your research