

---

[Working Paper No. 994](#)

Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR

Daniel Ordoñez

Jose Eduardo Gomez

Santiago Gomez

Luis Fernando Melo

AUTHORS AND/OR EDITORS

[Daniel Ordoñez](#)

[Santiago Gomez](#)

---

---

We use the recently developed panel rank-cointegration test proposed by Pedroni et al. [2015] to check for the stability conditions of the cross-country money market interest rate bases. Using weekly information on short-term interest rates and spot and forward exchange rates for a set of 20 European economies during 2005-2017, we show that in most cases these bases are non-stationary, implying the failure of the Covered Interest Rate Parity condition. Concretely, a mean-reverting behavior is encountered in only two cases. The first includes Greece, Italy and Portugal, while the second Belgium, France and Germany.

The series Borradores de Economía is published by the Economic Studies Department at the Banco de la República (Central Bank of Colombia). The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.