

# Contents

<b>Preface</b>	<b>v</b>
<b>I Introduction</b>	<b>1</b>
<i>Shogo Ishii</i>	
<b>II Best Practices in Official Interventions in the Foreign Exchange Market</b>	<b>2</b>
<i>Jorge Iván Canales-Kriljenko, Roberto Guimarães, and Cem Karacadag</i>	
How Can Intervention Be Effective?	2
Trends in Foreign Exchange Intervention	5
Policy Issues	5
Intervention Operations	12
Conclusions	15
<b>III Survey of Foreign Exchange Intervention in Developing Countries</b>	<b>18</b>
<i>Jorge Iván Canales-Kriljenko</i>	
Prevalence of Foreign Exchange Intervention	18
Sterilized or Not Sterilized?	18
Relative Size of Foreign Exchange Intervention	20
Information Advantage	25
Conclusions	26
<b>IV The Empirics of Foreign Exchange Intervention in Emerging Markets: Mexico and Turkey</b>	<b>27</b>
<i>Roberto Guimarães and Cem Karacadag</i>	
Empirical Analysis and Evidence on Intervention	28
Policy Context of Intervention in Mexico and Turkey	30
Effectiveness of Foreign Exchange Intervention	33
Conclusions	40
Appendix	41
<b>References</b>	<b>43</b>
<b>Boxes</b>	
2.1. Intervention Through Options	14
2.2. Choice of Counterparties and Transparency	16
<b>Tables</b>	
3.1. Foreign Exchange Intervention by Exchange Rate Regime and Market Access, 2001	19