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Sommario/riassunto

Using a new, large data set on quarterly reserve requirements for the period 1970-2011, this paper provides new evidence on the use of reserve requirements as a countercyclical macroprudential tool in developing countries. The appeal of reserve requirements lies in the pro-cyclical behavior of the exchange rate over the business cycle in developing countries. This enormously complicates the use of interest rates as a countercyclical instrument (because of its effect on the exchange rate) and calls for a second instrument. The paper suggests that conflicts may arise between the microprudential and macroprudential policy stances.