

## Box 2: Inflation Report December 2015

Keep in mind

The Monetary Policy Report presents the Bank's technical staff's analysis of the economy and the inflationary situation and its medium and long-term outlook. Based on it, it makes a recommendation to the Board of Directors on the monetary policy stance. This report is published on the second business day following the Board of Directors' meetings in January, April, July, and October.

### AUTHOR OR EDITOR

Carlos Huertas

Paola A. Jaramillo

Luis H. Calderón

The literature on the inflation targeting strategy<sup>1</sup> highlights four channels for monetary policy pass-through: inflation expectations, the exchange rate, aggregate demand and credit. It is through these channels that changes in the central bank's benchmark rate manage to affect aggregate demand with the objective of achieving price stability.