

[Box 2: Inflation Report March 2016](#)

Keep in mind

Los análisis y pronósticos incluidos en este informe son producidos por el equipo técnico del Banco. Es la base principal sobre la cual se realiza la [recomendación de política monetaria](#) a la Junta Directiva del Banco de la República (JDBR) y por estas razones no refleja necesariamente la opinión de sus [miembros](#).

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Monetary policy in Colombia is governed by an inflation targeting scheme designed to keep the rate of inflation low and stable. For this reason, it is important to measure and understand how prices in the economy respond to fluctuations in the exchange rate, an effect known in economic literature as pass-through (PT). Annual consumer inflation trended sharply upward during 2015 and in 2016 to date, reaching in 7.98% by March 2016. This was due to a variety of variables, one of which is the considerable extent to which the peso has depreciated against the dollar since July 2014. This trend peaked in February 2016, when the monthly average exchange rate was COP 3,357.5 per dollar.