

## [Box 2: Inflation Report September 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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The behavior of production and foreign trade in the country's industrial manufacturing sector was analyzed in previous editions of this report, with special emphasis on how they react to changes in the exchange rate for the dollar. It also was suggested that the recent depreciation of the peso could have a positive effect on industrial production in two ways. First, import substitution with domestic production could occur, inasmuch as imports have become more expensive and the demand for them has declined as a result. Secondly, increasing the peso income of exporting firms generates an incentive for them to increase industrial production with an eye towards more sales abroad.