Banco de la República’s Supply of Liquidity

Banco de la República’s Supply of Liquidity
In the last year (to April 2019), government deposits at the Central Bank of Colombia have increased by COP $7.6 trillion. This movement generates a monetary contraction. It is the Central Bank's role to provide the liquidity required by the economy in the terms and conditions it deems appropriate in order for the Reference Banking Indicator (IBR in Spanish) to stand close to the benchmark interest rate and to maintain the proper operation of the money market.

As a result, the aforementioned contraction was offset through the purchase of foreign currency and TES in the market. Additionally, the Central Bank has provided liquidity through repo operations at different terms. Thus, 90-day repos have been in force since February 2019. In May, the increase in government deposits has been offset with 90-day repos for COP $3 trillion, 30-day repos for COP $1 trillion, and shorter term repos for approximately COP $16 trillion. The Bank will continue to provide the adequate level of liquidity, and has the instruments required to do so at its disposal.

Fuente: https://www.banrep.gov.co/en/press-releases-31-may-2019-2