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For this decision, the Board mainly took into account the following information:

- In June, the average of core inflation indicators (2.96%) remained below the 3.0% target. Inflation increased to 3.43%, mainly due to the performance of food prices. This and other supply shocks could cause inflation to increase in the coming months, but it is expected to resume its convergence to the target later.

- The new figures of economic activity suggest that output growth in the second quarter will be higher than in the first, supported by the dynamism of consumption and investment in machinery and equipment, and by some recovery of growth in public consumption. However, it is estimated that the economy will maintain spare capacity.

- The prospects for global growth continue to moderate, and in the United States the likelihood that the Fed may reduce its policy interest rate increased, which has diminished upward pressures on the exchange rate.

- The projection of the current account deficit for 2019 continues to stand above 4.0% of GDP, but it will continue to be financed largely by foreign direct investment.



Alberto Carrasquilla (Minister of Finance) and Juan José Echavarría (*Governor*).

Based on this information, the Board considered the following factors for its decision:

- The temporary deviations of inflation from the target and their persistence.
- Uncertainty regarding the size of the spare capacity of the economy and the speed at which it may reduce.
- The effects of changing external conditions on the Colombian economy.

In this environment, upon assessing the situation of the economy and the risk balance, the Board unanimously decided to maintain the benchmark interest rate unaltered at 4.25%

The Board will continue to carefully monitor the behavior of inflation and the forecasts for economic activity, as well as the behavior of the balance of payments and the international context. Finally, the Board reiterates that the monetary policy will depend on the availability of new information.

Press Conference

You can watch the press conference of the BDBR on Friday 26 July 2019 on video, following the Board’s decision to maintain the benchmark interest rate unaltered at 4.25%. (Available in Spanish only).

Bogotá.

Fuente: https://www.banrep.gov.co/en/press-release-26-july-2019