The Board of Directors of Banco de la República unanimously decided to maintain the Benchmark Interest Rate unaltered at 4.25%

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In this decision, the Board mainly considered the following information:

- The annual inflation rate in September (3.82%) was slightly higher than in August. Core inflation indicators increased slightly, and their average stood slightly above 3.0%. The supply shocks that have affected inflation are expected to begin fading, and inflation is expected to resume convergence to the target at the beginning of 2020, as suggested by market expectations.
- With the new data on economic activity, the Central Bank's technical staff maintained its economic growth forecast for 2019 at 3.2%. The spare capacity of the economy is expected to decline gradually over the policy horizon.

- The prospects for global growth continue moderating. In the United States, the Fed reduced its benchmark interest rate.
- The projection of the current account deficit for 2019 is still above 4.0% of GDP and will continue to be funded largely by foreign direct investment.

The main factors that led the Board to its decision were the following:

- The temporary deviations of inflation from the target and uncertainty regarding the persistence of depreciation of the peso.
- The size of the spare capacity and the pace 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 projections of the country's economic activity, as well as the performance of the balance of payments and the international situation. Finally, the Board reiterates that monetary policy will depend on the new information available.

Bogotá, 31 October 2019.

Press Conference

Watch the press conference after the meeting of the Board of Directors of Banco de la República on Thursday 31 October 2019. At this meeting, the Board decided unanimously to maintain the benchmark interest rate unaltered at 4.25%. (Available in Spanish only).

The Governor of the Central Bank of Colombia explains the decisions reached by the Board of Directors in October 2019.
The Governor of Banco de la República, #JuanJoséEchavarría, explains the Board’s considerations to keep the benchmark interest rate unaltered at 4.25% in its October meeting. (Available in Spanish only).

Fuente: https://www.banrep.gov.co/en/board-directors-banco-republica-unanimously-decided-maintain-benchmark-interest-rate-unaltered-425-0