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The Board of Directors of the Central Bank of Colombia (BDBR), by majority, reduced the benchmark interest rate by half a percentage point to 2.75%. In this way, it continues with the countercyclical monetary policy stance.

This decision took the following elements into consideration:

- n April, inflation stood at 3.5%, the average of core inflation indicators at 2.9%, and inflation expectations continued to decline as a reflection of a weak aggregate demand, the deterioration of employment, and the existence of spare production capacity.
- The downward revisions of local and global growth suggest a substantial expansion of spare production capacity and greater deterioration of the labor market.

- The financial markets indicators have corrected in recent weeks, and the country’s financing conditions have improved. The measures taken by Banco de la República have also contributed to these results, and will continue to pursue this purpose.

Under these conditions, the risk balance for monetary policy suggests the convenience of providing an additional boost to the economy.

The decision to cut the benchmark interest rate by half a percentage point was approved by five Board Members. The remaining members voted to reduce the interest rate by a quarter of a percentage point.

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Fuente: https://www.banrep.gov.co/en/board-directors-banco-republica-bdbr-majority-reduced-benchmark-interest-rate-half-percentage-point