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The Board of Directors of *Banco de la República* (BDBR) unanimously decided to lower the Benchmark Interest Rate by one fourth of a Percentage Point to 2.25%. This decision took the following elements into consideration:

- Inflation in June stood at 2.19%, the average of core inflation indicators at 2.03%, and inflation expectations continued to decline. All the indicators and expectations stand below the 3.0% target.
- The observed aggregate demand is weaker than expected, with higher spare capacity, and strong deterioration of the labor market, within a context of great global macroeconomic uncertainty.
- The conditions of financial markets have improved with respect to the beginning of the crisis, and the abundant liquidity in global and local markets has been reflected by lower sovereign risk premia and lower foreign-exchange volatility.

Under these conditions, the risk balance for monetary policy suggests the appropriateness of providing an additional boost to the economy. The impact of monetary policy will be greater inasmuch as the conditions of the pandemic allow to continue the gradual reopening of the different economic sectors.

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Fuente: https://www.banrep.gov.co/en/board-directors-banco-republica-unanimously-decided-cut-benchmark-interest-rate-one-fourth