

Box 1 - The recent behavior of the rent CPI in Colombia - Monetary Policy Report, October 2024

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Rent is the most important CPI component for Colombian households, representing approximately one-fourth of the household's index expenditures. Price increases for this component exhibit significant inertia because they are indexed to the headline inflation of the prior year. In turn, this introduces a greater persistence to inflationary phenomena, slows down the convergence of inflation to the target and, consequently, could result in higher costs of monetary policy actions concerning economic activity.