

# **Box 2: Formation of Inflation Expectations in Colombia**

Box 2: Inflation Report December 2014 Keep in mind

The Monetary Policy Report presents the Bank's technical staff's analysis of the economy and the inflationary situation and its medium and long-term outlook. Based on it, it makes a recommendation to the Board of Directors on the monetary policy stance. This report is published on the second business day following the Board of Directors' meetings in January, April, July, and October.

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For central banks that have adopted an inflation targeting strategy, measuring and understanding inflation expectations are important tasks when designing monetary policy, because they influence the dynamics of price increases in a number of ways. Therefore, if expectations are anchored to the target, it is less costly to keep inflation low, future developments in prices and wages are more predictable, and it is easier to implement monetary policy.