Box 3: Effect of the Drop in Terms of Trade on Investment and Long-Term Sustainable Output

Box 3: Inflation Report March 2017 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.

AUTHOR OR EDITOR Juan Sebastián Amador Juan Pablo Cote The recent drop in the country’s terms of trade had a significant impact on economic growth. This section looks at what would happen to long-term sustainable growth if that decline were to be permanent. This is particularly important when considering the Board of Directors of Banco de la República (BDBR) has a constitutional mandate to keep inflation low and steady, in coordination with an economic policy that is intended to stabilize output and employment at their sustainable long-term or “potential” levels.

Fuente: https://www.banrep.gov.co/en/publications/inflation-report/box-3-effect-of-the-drop-in-terms-of-trade-on-investment-and-long-term-sustainable-output