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The Board of Directors of *Banco de la República*, in its meeting today, unanimously decided to maintain the benchmark interest rate at 4.25%. For this decision, the Board mainly took into account the following aspects:

- In February, yearly consumer inflation and the average of core inflation indicators decreased, reaching 3.01% and 2.81%, respectively. Inflation expectations lowered, but they are still somewhat above 3.0%. Analysts' expectations and those derived from those embedded in public debt bonds to horizons greater than or equal to one year are between 3.0% and 3.5%.
- Global growth prospects continue moderating. The Federal Reserve kept its benchmark interest rate unaltered, and for the remainder of 2019 no changes are expected. So far in 2019, the international price of oil increased, but remained below the average observed in 2018. In the same period, country risk premia lowered, and the *peso* appreciated *vis-à-vis* the US dollar.
- GDP growth in the last quarter of 2018 (2.9%) was somewhat higher than anticipated, due to a better performance of domestic demand. The new figures of economic activity for the first quarter of 2019 suggest that the economy would grow to a faster pace than at the end of 2018. For 2019, the technical staff of the Central Bank forecasts a most likely growth figure of 3.5%, and estimates that the spare capacity of the economy will continue to decline.
- In 2018, the current account deficit was slightly wider than had been estimated, and it is expected to increase in 2019. This takes place in an environment of greater increase of domestic demand and more favorable external financial conditions.

Based on this information, the Board considered the following factors for its decision:

- The existence of spare capacity and the uncertainty about the pace at which it will reduce.
- Observed inflation is on the target, and the risks associated with future deviations from it.
- The current moderately expansionary monetary policy stance.
- The effects of the changing external conditions on the country's economy.

In this environment, upon assessing the economic situation and the risk balance, the Board deemed appropriate to maintain the benchmark interest rate at 4.25%.

The Board will continue to carefully monitor the behavior of inflation and the forecasts for economic activity and inflation in the country, as well as the international context. Finally, the Board reiterates that the monetary policy will depend on the availability of new information.

The decision to maintain the benchmark interest rate at 4.25% was approved unanimously by the Board.

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