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For this decision, the Board mainly took into account the following information:?

- As expected, headline inflation in August (3.75%) was slightly lower than in July (3.79%). Core inflation indicators continue to stand around 3.0%. Supply shocks are expected to begin fading by the end of 2019, and inflation is expected to resume its convergence to the target, as reflected by market expectations.

- The new information of economic activity led the Central Bank's technical staff to revise its growth forecast upwards for 2019, from 3.0% to 3.2%.?The spare capacity of the economy is expected to decline gradually over the policy horizon.

- The prospects for global growth continue moderating.?The Fed and the European Central Bank cut their benchmark reference rates and injected new liquidity to their economies.?

- The projection of the current account deficit for 2019 continues to stand above 4.0% of GDP, and will continue to be financed largely by foreign direct investment.?

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

- The temporary deviations of inflation from the target and the prospect that they may continue reducing.

- The magnitude of the spare capacity of the economy and the pace at which it may reduce.

- The effects of changing external conditions on the Colombian economy.

In this environment, upon assessing the situation of the economy and the risk balance, the Board of Directors unanimously decided to maintain the benchmark interest rate unaltered at 4.25%.

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

Press Conference

Watch the press conference after the meeting of the Board of Directors of Banco de la República on Monday 23 September 2019. At this meeting, the Board decided unanimously to maintain the benchmark interest rate unaltered at 4.25%. (Available in Spanish only).

The Governor of the Central Bank of Colombia explains the decisions reached by the Board of Directors in September 2019.

The Governor of Banco de la República, #JuanJoséEchavarría, explains the Board's considerations to keep the benchmark interest rate unaltered at 4.25% in its September meeting. (Available in Spanish only).

Bogotá.

Fuente: https://www.banrep.gov.co/en/board-directors-banco-republica-unanimously-decided-maintain-benchmark-interest-rate-unaltered-425