The Board of Directors of Banco de la República unanimously maintains the Benchmark Interest Rate at 4.25%

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For this decision, the Board considered primarily the following information:

- In November, annual inflation reduced slightly (3.84%). The supply shocks that have affected inflation are expected to begin fading, and that at the beginning of 2020 inflation will resume its convergence to the target, as reflected by market expectations. Core inflation indicators are close to 3.0%.
- With the new information on economic activity, the Central Bank's technical staff kept the projection for economic growth in 2019 at 3.2%.
- The prospects for global growth continue to moderate, and in the United States the Fed maintained its benchmark interest rate.

- The projection of the current account deficit for 2019 continues above 4.0% of GDP, and is still funded 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; uncertainty about the persistence of the depreciation of the peso; and the degree of its pass-through to domestic prices.
- The size of the spare capacity and the speed 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 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 and inflation in the country, as well as the developments of the balance of payments and the global context. Finally, the Board reiterates that monetary policy will depend on the new information available.

Bogotá,

Press Conference
Watch the video of the press conference delivered on Friday, 20 December after the last meeting of the Board of Directors of Banco de la República in 2019. The benchmark interest rate completes 20 months at 4.25%.

The Governor of the Central Bank explains the Decisions reached by the Board of Directors in its December Meeting
Juan Jose Echavarría, Governor of Banco de la República, explains in detail the reasons that have led the Board to maintain the benchmark interest rate at 4.25% since April 2018.

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