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

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In this decision, the Board took into consideration primarily the following information:

- In December, annual inflation (3.8%) reduced slightly. The supply shocks that have affected inflation are expected to continue fading, and inflation is expected to resume its convergence to the target, as market expectations are reflecting. Core inflation indicators are close to 3.0%.
- With the new information on economic activity, the Central Bank's technical staff maintained its estimate for economic growth in 2019 at 3.2%, and its forecast for 2020 at 3.3%.
- Global growth prospects are moderate; in the United States, the Fed maintained its reference interest rate unaltered.
- The projection of the current account deficit for 2019 remains above 4.0% of GDP, and continues to be funded mostly 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 depreciation of the peso, and its degree of pass-through to domestic prices.
- The size of the spare capacity and the pace at which it will 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 of economic activity, as well as the evolution of the balance of payments and the external situation, including, particularly, the economic effects of the recent declaration of international health emergency. Finally, the Board reiterates that monetary policy will continue to depend on the new information available.

Press Conference
Watch the video of the press conference delivered on Friday, 31 January after the last meeting of the Board of Directors of Banco de la República in 2020. The benchmark interest rate completes 21 months at 4.25%.

The Governor of the Central Bank explains the Decisions reached by the Board of Directors in its January 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-decided-maintain-benchmark-interest-rate-425