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In its extraordinary session today, the Board of Directors of Banco de la República (the Central Bank of Colombia) decided to inject permanent liquidity to the economy by reducing reserve requirements as follows:

- ○ Decreasing the reserve requirement on payables whose percentage of required reserve is now 11% (current accounts, savings accounts, etc.) by three percentage points. I.e., the requirement for these payables goes from 11% to 8%.
  ○ Decreasing the reserve requirement on payables whose percentage of required reserve is currently 4.5% (TDCs at less than 18-month maturities) by one percentage point. I.e., the requirement for these payables goes from 4.5% to 3.5%.

This reduction applies from the bi-week period for the calculation of required reserves starting on 22 April 2020. This measure injects liquidity to the economy permanently in an amount close to COP $9 trillion. This is intended to stimulate the supply of loans in the economy.

On the other hand, the Board of Directors authorized the purchase of TES in the secondary market for up to COP $2 trillion in the remaining days of April. This measure aims to strengthen the liquidity of the public debt market and increase the liquidity supply.

At the same time, the Board of Directors authorized the Central Bank to intervene in the forward TES with financial compliance market. This is intended to offer hedging against the risk of strong value losses to TES market participants and to contribute to the stability of the market. Banco de la República will announce further interventions in this area and will publish the applicable regulations in a timely manner.

[Video] Press Conference with the Governor of the Central Bank of Colombia
Juan José Echavarría, Governor, and Hernando Vargas, Deputy Technical Governor, answer questions from analysts and journalists related to the decision reached today by the Board of Directors.

Fuente: https://www.banrep.gov.co/en/banco-republica-injects-permanent-liquidity-economy-reducing-reserve-requirements-and-reinforces