The Board of Directors of the Central Bank of Colombia (BDBR) unanimously reduced the benchmark interest rate by a quarter percentage point to 2.0%

The Board of Directors of the Central Bank of Colombia (BDBR) unanimously reduced the benchmark interest rate by a quarter percentage point to 2.0%
The Board of Directors of the Central Bank of Colombia (BDBR) unanimously reduced the benchmark interest rate by a quarter percentage point to 2.0%. For this decision, the Board mainly took into account the following elements:

- Inflation in July stood at 1.97%, and the average of core inflation indicators at 1.76%. Inflation expectations for the end of 2021 from surveys stand at 2.87%, while two-year expectations from public debt instruments are at 1.56%.
- The growth figure for the second quarter confirms a weak aggregate demand and spare capacity.
- The data for June reiterate the deterioration of the labor market and the reduction of labor income.
- Financial market conditions have improved *vis-à-vis* the onset of the crisis, and the high liquidity of international and domestic markets has resulted in lower sovereign risk premia and adequate access to external financing. Additionally, the current account deficit has adjusted and is expected to continue doing so throughout the year, reflecting lower external financing needs.

Under these conditions, the monetary policy risk balance suggests that it is appropriate to provide an additional boost to the economy. The impact of monetary policy will be greater inasmuch as the conditions of the pandemic allow to continue reopening the different economic sectors gradually.

Rueda de prensa de #JuntaBanrep - 31 de agosto de 2020 from Banco de la República - Colombia on Vimeo.

Fuente: https://www.banrep.gov.co/en/junta-directiva-del-banco-republica-unanimidad-redujo-su-tasa-interes-cuarto-punto-porcentual-2