The Board of Directors of Banco de la República unanimously maintained the benchmark interest rate at 1.75%

The Board of Directors of Banco de la República unanimously maintained the benchmark interest rate at 1.75%
The Board of Directors of *Banco de la República*, at today's meeting, unanimously decided to maintain the benchmark interest rate at 1.75%. For this decision, the Board mainly took into account the following elements:

- Inflation is under control. Inflation in September stood at 1.97%, and inflation excluding food and regulated items stood at 1.67%. Inflation expectations from surveys to the end of 2021 stand at 2.8%, while two-year expectations embedded in public debt instruments are at 2.52%.
- The easing of isolation measures, the fiscal support for households and businesses, lower interest rates, and the ample liquidity provided by the Central Bank are facilitating the conditions for the recovery of economic activity.
- The situation in the labor market is worrisome. The latest available data suggest that the national unemployment rate remains high, consistent with the contraction of economic activity. However, it is expected to decrease in the fourth quarter of 2020 and stand within the range of 15.1% to 16.9%.
- Transmission mechanisms are working. The interest rates of the financial system have significantly reflected the reduction in the monetary policy rate.
- External financial conditions continue to be favorable to finance the Colombian economy. However, recent developments regarding the pandemic and reactions to contain a possible second wave have increased risk aversion globally.

Under these conditions and taking into account the risk balance, the Board estimated that a 1.75% intervention rate maintains an expansionary monetary policy, thus supporting the recovery of the Colombian economy. It was deemed prudent to maintain the current policy stance pending further information on the shocks and the evolution of the variables that affect policy reaction.

The decision to maintain the benchmark interest rate was approved unanimously by the members of the Board.

Rueda de prensa de #JuntaBanrep - 30 de octubre de 2020 from Banco de la República - Colombia on Vimeo.

Fuente: https://www.banrep.gov.co/en/board-directors-banco-republica-unanimously-maintained-benchmark-interest-rate-175