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On March 25, the Executive Board of the International Monetary Fund (IMF) met to finalize the Article IV annual consultation with Colombia and published the staff report discussed at that meeting, as well as a press release illustrating the discussion held at the IMF board and the statement made by the representative of Colombia to the Fund.

In this consultation, the IMF highlights that Colombia's very strong economic policy frameworks and its comprehensive response to the pandemic supported the country’s economic resilience. A credible monetary policy guided by the inflation targeting regime, the exchange rate flexibility, an effective financial sector supervision and regulation, the fiscal rule, and medium-term fiscal framework as well as the soundness of its institutions have helped the country to cope with external shocks and promote economic growth. It mentions that, over the past two years, Colombian authorities have used the flexibility of the macroeconomic framework to provide a coordinated and timely response to mitigate the impact of the pandemic.

The IMF’s executive board highlighted Colombia’s economic recovery in 2021 as one of the fastest in the region. After a strong economic rebound last year, this trend is expected to continue in 2022, driven by strong household consumption and to the recovery of investment and exports. The IMF expects the output gap to close in the first half of 2022, noting that the projected increase in the price of commodity exports would lead to a reduction of the current account deficit in 2022.

The IMF mentions that inflation has increased mostly due to supply shocks in a context of strong consumption growth. This trend is expected to persist, and inflation will likely remain above the Central Bank's 3.0% target throughout 2022. However, inflation is expected to fall in the second half of the year and continue to converge toward the target level in 2023. In this regard, the IMF also noted that the monetary adjustment made by the Central Bank has been appropriate to control the increase in consumer prices and address the second-round effects of supply side factors affecting inflation.

Among the main recommendations, the IMF mentions that Colombian policies should be carefully recalibrated to support economic recovery, control the upward trend in inflation, strengthen public finances, and reduce external imbalances.

The IMF press release and other documents referenced herein are available at the following links:

Press Release

IMF Technical Staff Report: Colombia: 2022 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Colombia (imf.org)

Financial System Stability Assessment : Colombia: Financial System Stability Assessment (imf.org)

Fuente: https://www.banrep.gov.co/en/international-monetary-fund-imf-concludes-article-iv-consultation-colombia