Banco de la República's Board of Directors (BDBR) unanimously decided to raise the monetary policy interest rate by 100 basis points (bp) to 11%

Banco de la República's Board of Directors (BDBR) unanimously decided to raise the monetary policy interest rate by 100 basis points (bp) to 11%

- During the previous month, adverse financial conditions worsened, brought on by global and idiosyncratic factors. These conditions caused —among other effects— a higher monthly depreciation than that of other emerging economies.

- Total annual inflation rose from 10.8% to 11.4% from August to September. The increase in inflation is explained by additional pressure in food production costs, higher electricity prices, the exchange rate pass-through to tradable-goods, strong demand, and indexation processes for rising inflation rates. Basic inflation—excluding food and regulated items—went from 6.9% to 7.5% between August and September.

- Expected inflation measures continued to increase during the last month, steering away from the target. Banco de la República's monthly survey of economic analysts indicates an expected annual inflation rate of 6.7% for 2023, above last months' expected rate.

- Through to the economic tracking indicator (ISE), the annual growth for economic activity during August was 8.7%, driven by consumption growth as well as by investment in machinery and equipment. Technical staff's annual GDP growth forecast is 7.9% for 2022 and 0.5% for 2023. Despite the expected deceleration, the GDP forecast sets values 12% higher than those observed in 2019, prior to the pandemic.

With the decision adopted in today's session, the Board of Directors continues the monetary policy adjustment process. This adjustment is consistent with the convergence of inflation in the medium term at its 3% target and with sustainable economic growth. The Board will make further decisions as deemed necessary based on new available information.

Fuente: https://www.banrep.gov.co/en/banco-republicas-board-directors-bdbr-unanimously-decided-raise-monetary-policy-interest-rate-100