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- In December, annual inflation remained at 5.2%, unchanged from the levels seen in November. Core inflation, excluding food and regulated items, fell from 5.4% to 5.2%, driven by lower inflation in services prices, whose inflation remains at 7%.
- The annual inflation rate has been steadily declining as of March 2023 by 8.1 percentage points, and is expected to continue to converge to its 3% target. Nevertheless, the process faces challenges associated with (i) a greater annual increase in the producer price index, which climbed from 1.6% to 5.8% between October and December; (ii) an increase in the minimum wage that exceeded the observed inflation by nearly six percentage points (pp) and the inflation target by 8 pp when the transport subsidy is included therein; (iii) a recent rebound for all measures of inflation expectations. Underscoring this scenario are fiscal challenges and exchange rate volatility.
- The labor market continues on positive ground, with coincident increases in the employment rate and decreases in the unemployment rate. The technical staff estimates GDP growth of 2.3% for the fourth quarter of 2024, surpassing the increase seen in the three previous quarters. Economic growth for 2024 is estimated at 1.8% and for 2025 at 2.6%.
- External financial conditions are likely to become more restrictive in the face of the new US Government policies on trade, energy policy, and migration, which might exert inflationary pressure. Long-term interest rates in global markets continued to steadily increase, the expected pace of the FED’s rate cuts has ameliorated, while the US dollar has strengthened.

The decision to keep the policy interest rate unchanged is a respite in the policy rate cut process that began in December 2023. The new information available in the coming months will provide more details on the magnitude and speed at which monetary policy can be relaxed. This decision maintains the Board's commitment to the convergence of inflation to the target in the context of recovering economic growth.

Press Release Conference (Only in Spanish)

Fuente: https://www.banrep.gov.co/en/news/board-directors-january-2025