Box 1: The Macroeconomic Imbalance Index (MII) for Colombia - Monetary Policy Report, October 2025

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Macroeconomic imbalances are understood as the deviations of key variables from their long-term equilibrium values. These imbalances can accumulate over time, often during economic boom periods, increasing an economy’s vulnerability to adverse shocks and preface economic contractions and financial crises (Arteaga et al, 2013). To monitor Colombia’s vulnerabilities, the Macroeconomic Imbalance Index (MII), initially proposed by Arteaga et al (2013), was updated and re-estimated. This tool seeks to summarize, in the aggregate, the deviations of four key variables of the Colombian economy from their long-term equilibrium levels: credit, housing prices, the current balance of payments account, and the real exchange rate. Additionally, a fifth indicator was included in an attempt to estimate the degree of fiscal imbalance. This Box describes the methodology for calculating the new MII and details the results for Colombia.

Fuente: https://www.banrep.gov.co/en/publications-research/monetary-policy-report/box-october-2025