Box 2: Diagnosis of Production and Foreign Trade in the Industrial Manufacturing Sector

Box 2: Inflation Report September 2016 Keep in mind
The Monetary Policy Report presents the Bank's technical staff's analysis of the economy and the inflationary situation and its medium and long-term outlook. Based on it, it makes a recommendation to the Board of Directors on the monetary policy stance. This report is published on the second business day following the Board of Directors' meetings in January, April, July, and October.

AUTHOR OR EDITOR Mariana Escobar Juan Pablo Cote Nicolás Martínez
The behavior of production and foreign trade in the country’s industrial manufacturing sector was analyzed in previous editions of this report, with special emphasis on how they react to changes in the exchange rate for the dollar. It also was suggested that the recent depreciation of the peso could have a positive effect on industrial production in two ways. First, import substitution with domestic production could occur, inasmuch as imports have become more expensive and the demand for them has declined as a result. Secondly, increasing the peso income of exporting firms generates an incentive for them to increase industrial production with an eye towards more sales abroad.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/publications/box-2-diagnosis-of-production-and-foreign-trade-in-the-industrial-manufacturing-sector