Inflation Report - September 2014

Full Report (3.42 MB) Governor’s Overview: Developments in inflation and monetary policy decisions (247 KB) 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.

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OBJECTIVES
Monetary policy in Colombia is based on inflation targeting, which is intended primarily to keep inflation low and to ensure stable growth in output near its long-term trend. Accordingly, the objectives of monetary policy combine the goal of price stability with maximum sustainable growth in output and employment. In this respect, monetary policy complies with the constitution and contributes to the well being of the Colombian population.

HORIZON AND IMPLEMENTATION
The Board of Directors of Banco de la República (the Central Bank of Colombia) (BDBR) sets quantitative inflation targets for the current year and the next. BDBR policy initiatives are designed to meet each year’s target and to provide for longterm inflation at around 3%. The annual change in the consumer price index (CPI) is the inflation measurement used.

THE DECISION-MAKING PROCESS
Monetary-policy decisions are based on an analysis of the current state of the economy and its prospects for the future, and on an assessment of the forecast for inflation in light of the targets. If the assessment suggests, with enough certainty, that inflation will deviate from its target under current monetary-policy conditions and that deviation would not be due to temporary shocks, the BDBR modifies its policy stance. For the most part, this is done by changing the benchmark interest rate (charged by Banco de la República on short-term liquidity operations).

COMMUNICATION AND TRANSPARENCY
Decisions on monetary policy are announced after meetings of the Board of Directors. This is done through a press bulletin posted immediately on Banco de la República’s website (www.banrep.gov.co). Inflation reports are published quarterly and lend transparency to the Board’s decisions. They also contribute to a better understanding of monetary policy and help to enhance its credibility. Specifically, these reports: i) let the public know how the Board of Directors and the Technical Governor of the Bank view recent and anticipated changes in inflation and its short- and medium-term determinants; ii) explain the implications of those determinants for monetary-policy management within the scope of inflation targeting; iii) describe the context and analysis justifying monetary-policy decisions made during the quarter; and iv) provide information that helps agents in the economy to form their own expectations about future developments with respect to inflation and economic growth.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/publications/inflation-report/september-2014