Box 1: Potential Effects of the Increase in the Minimum Wage on Inflation - Report of the Board of Directors to the Congress of Colombia, March 2026

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Pursuant to Article 5 of Law 31 of 1992, the Board of Directors of Banco de la República (the Central Bank of Colombia) submits a report to the Honorable Congress of Colombia, informing about the performance of the economy and its outlook. This report is submitted twice a year, in March and July, within ten business days following the start date of the sessions of the Congress.

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This box analyzes how a significant increase in the minimum wage may affect inflation. The exercise considers a scenario in which such an increase exceeds past inflation and labor productivity growth by 17.2 percentage points (pp), a magnitude consistent with the adjustment considered for 2026. The objective is to quantify the inflationary contribution attributable to this specific shock, recognizing its unusually significant increase. Accordingly, what follows should not be interpreted as a comprehensive projection of observed inflation, which depends on multiple factors and concurrent shocks, but rather as a measurement of the marginal impact of the minimum wage increase on inflation...

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/publications-research/report-board-directors-congress/box1-march-2026