Box 5: Recent Shifts in Interest Rate Dynamics in the Colombian Economy - Monetary Policy Report, April 2026

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In recent discussions of Colombia’s macroeconomic environment, relatively little attention has been paid to the changing relationship between *Banco de la República’s* (Banrep) monetary policy rate and market interest rates. Such discussions often assume that Banrep’s policy rate is the sole or at least the main determinant of the lending rates faced by households and firms within the financial system. However, in recent periods, the interest rate on government bonds has exerted a growing influence on long-term lending rates set by credit institutions, a development that has often been overlooked.

To illustrate this phenomenon, Graph B5.1 shows the behavior of interest rates on 90-day term deposits (DTF for its Spanish acronym), monetary policy (MPR), ten-year public debt (10-year TES), and home purchase loan disbursements since February 2023.

In both panels showing nominal and real interest rates, it is evident that the deposit rate (that is, the rate that measures the marginal cost of banking operations) closely follows the monetary policy rate (MPR), with the exception of the interest rate on home purchase loans, otherwise referred to as the housing loan rate. During 2023 and 2024, the latter declined in both nominal and real terms, following the downward trend in the MPR and in inflation. However, beginning in late 2024, although the MPR continued to decline, the housing loan rate stopped falling. In fact, once it was surpassed by the 10-year government bond interest rate, the housing loan rate began to rise rapidly, closely tracking the government bond yield rather than the MPR.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/publications-research/monetary-policy-report/box5-april-2026