

Colombia | BanRep increased its monetary policy rate 25bp up to 7.5%

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During its June meeting, the Central Bank's Board increased its monetary policy rate 25 bp taking the repo rate up to 7.5%, in line with both market and our own in-house expectations. The majority of Board members voted for the 25bp hike. It is important to note that the CB's macroeconomic assessment highlighted the orderly adjustment of the Colombian economy after a strong external shock. In this context, our central scenario contemplates that the repo rate should be kept at the current level for the rest of the year. Nonetheless, some elements could keep the CB's Board in a data-dependent mode. That said, a careful analysis of the next minutes, the evolution of the external outlook, the behavior of loans, core inflation and inflation expectations dynamics would continue to be important elements to assess the evolution of the future monetary policy stance.