

Colombia | BanRep keep its monetary policy rate unchanged at 7.75%

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The Board mentioned that 2Q16 GDP result (2.0% YoY) was lower-than-expected (2.6% YoY). This outcome, along with the dynamics of some recent leading indicators, put a downward bias in BanRep's assessment of economic activity. The Board anticipates that some of the temporary supply shocks that have affected inflation will start to recede going forward. In addition, they expect that inflation will converge to its target range at the end of 2017. The dovish tone of the communiqué and BanRep's downward bias in economic activity lead us to modify our central scenario, and now we expect the Board to keep the repo rate on hold at 7.75% for the rest of the year.