The Board of Directors of Banco de la República decided by majority vote to cut the benchmark policy interest rate by 50 basis points to 12.25%

- Annual headline inflation continued its downward trend during February, standing at 7.7% and exhibiting a cumulative drop of 1.5 percentage points during the first two months of the year. Likewise, annual inflation excluding food and regulated items continued to recede, registering 7.3% in February, despite the greater inflation persistence in the services category.
- The monthly survey of economic analyst expectations conducted by Banco de la República indicated that, from December to March, median inflation expectations fell from 5.7% to 4.7% in the one-year horizon and from 3.8% to 3.5% in the two-year horizon. Similarly, adjusted expectations drawn from the public debt markets continued to present downward adjustments.
- The technical staff revised their inflation forecast down for yearend 2024 from 5.9% to 5.4% and considers the downward trajectory will continue, bringing inflation close to 3% +/- 1 pp by mid-2025.
- The technical staff projects an annual GDP growth of 1.1% in 2024, an upward revision by 0.3 pp from the January forecast (0.8%).
- In 2023, domestic demand contracted by 3.8%, resulting in a significant narrowing of the current account deficit from 6.2% of GDP in 2022 to 2.7% in 2023. This contributed to reducing the country's vulnerability to external shocks.

Considering the context described above, the Board of Directors' determination today accelerates the pace of interest rate cuts while asserting a policy stance in line with the objective of driving inflation to its target by mid-2025. The Board reiterates that future decisions will be taken considering new information.

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