The Board of Directors of *Banco de la República*, by a majority vote, opted to reduce the benchmark rate by 50 basis points (bp) to 9.75%

- Annual inflation in September stood at 5.8%, down from 6.1% in August. Core inflation, excluding food and regulated items, remained stable at around 5.5%, driven mainly by persistent inflation in the services basket.
- The technical staff has revised its 2024 total inflation projections downward to 5.3%, while market-implied inflation expectations for the end of 2025 remain anchored around 3%. Survey-based expectations have also remained stable at approximately 3.8% by the end of 2025.
- Economic activity has shown quarter-on-quarter growth since late 2023. Based on this, the technical staff have updated their growth forecasts for 2024 and 2025 to 1.9% and 2.9%, respectively.
- Despite the September interest rate cut and further anticipated cuts by the U.S. Federal Reserve, the COP-USD exchange rate has consistently risen. If this trend persists, it may exert upward pressure on inflation, limiting monetary policy easing at the current pace.
- Recent exchange rate pressures stem from the global strength of the dollar, declining oil prices, and fiscal uncertainties within Colombia. The latter are attributed to short- and medium-term factors, such as a tax revenue shortfall and financing gaps in the 2025 budget. Additionally, the legislative act currently under review in Congress to reform the General Participation System could impact the sustainability of public finances. Resolving these issues is essential to stabilizing markets and safeguarding Colombia's macroeconomic stability.

The members of the Board agreed that the approved interest rate cut continues to support the recovery of economic growth while maintaining the necessary prudence considering persistent risks to the inflation outlook. The Board of Directors reiterates that future decisions will be determined based on new information available.

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