The Board of Directors of *Banco de la República* (the Central Bank of Colombia) opted by a majority vote to reduce the benchmark rate by 25 basis points (bps) to 9.50%

- In November, annual inflation fell to 5.2%, below the 5.4% seen in October. Core inflation, excluding food and regulated items, remained close to 5.4%, reflecting persistent inflationary pressures in the services sector.
- For 2025, inflation is expected to continue converging toward the target, albeit more slowly than projected in October. The latter is attributed to upward exchange rate pressures and their pass-through to prices, which limits the scope for maintaining the pace of interest rate reductions.
- Recent exchange rate volatility stems from tighter global financial conditions, including rising long-term U.S. interest rates, slower anticipated FED rate cuts, and higher risk premiums for emerging economies. Additionally, uncertainty surrounding Colombia's public finances has heightened fluctuations in the foreign exchange and public debt markets.
- GDP growth reached 2.0% in the third quarter of 2024, driven by a 20.3% recovery in gross capital formation, boosting domestic demand. Cumulative economic growth through September was 1.6% compared to the same period in 2023. Meanwhile, labor market indicators remain stable, with unemployment rates below pre-pandemic levels.

The interest rate reduction approved at today's meeting continues to support economic growth recovery while maintaining the necessary caution in light of persistent risks to the inflation outlook. The Board of Directors reiterates that future decisions will be determined based on new information available.

Press Release Conference (Only in Spanish)

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