

# ¿ What does this MP Report tell us? March 2024



Inflation has declined rapidly and is close to the Central Bank's target of 3%.



In this scenario, price variations are expected to be more in line with what we were used to.



The Central Bank will continue to lower its interest rate, reducing the cost of borrowing for both firms and individuals.



The risks facing the economy continue to be important, so the Central Bank will remain attentive to the evolution of both the external and local scenario.

## Inflation has declined rapidly and is close to the Central Bank's target of 3%.

- This reduction occurred amid an adjustment in spending, which contributed to resolving the large economic imbalances of previous years.
- In this context, two-year inflation expectations have remained at 3% for several quarters.
- According to this MP Report, inflation is expected to converge to the 3% target within the two-year monetary policy horizon.



**In this scenario, price variations are expected to be more in line with what we were used to.**

- December inflation was surprisingly low, ending the year below what was projected in the previous MP Report.
- On the other hand, data from the beginning of the year reflected an increase in annual inflation, in a context where the economy has done somewhat better than expected.
- According to this MP Report, GDP growth between 2 and 3% is expected for this year, considering that part of the acceleration in the first quarter is transitory.



**The Central Bank will continue to lower its interest rate, reducing the cost of borrowing for both firms and individuals.**

- The MPR has been reduced by 475 basis points from July of last year to date, which has been reflected in the financing cost.
- Interest rates have fallen especially for short-term loans, mainly commercial.
- The Board foresees that, if the projected evolution of the economy holds true, the MPR will see further cuts. At the same time, it reaffirms that it will safeguard the convergence of inflation to the 3% target, carefully assessing the developments of the macroeconomic scenario and its risks.



The risks facing the economy continue to be important, so the Central Bank will remain attentive to the evolution of both the external and local scenario.

- The main risks continue to be linked mainly to the external scenario.
- Worth noting is the deteriorated global geopolitical situation and the weakness of China, among others.
- The Central Bank will remain attentive to the evolution of the macroeconomic scenario and its risks, with the purpose of continuing to direct inflation towards the 3% target.

