

February 23, 2007

Banco de la República Raises its Intervention Interest Rates by 25 Basis Points

At a meeting today, the Board of Directors raised Banco de la República's intervention interest rates by 25 bp. This implies an increase from 7.75% to 8% in the base rate for repo auctions.

A look at the state of the economy and its prospects suggest the accelerated growth in aggregate demand and credit will continue. Coupled with the core inflation indicators and the performance of prices for certain non-tradable goods and services, this seems to suggest the advisability of continuing to raise interest rates.

The Board ratified its commitment to adopt the measures necessary to ensure convergence toward the long-term target for inflation ($3\% \pm 1$ percentage point).

Banco de la República plans to continue its discretionary exchange market intervention and will continue, in coordination with the national government, to offset the monetary impact of that intervention, so as not to jeopardize the inflation target.

Bogotá, February 23, 2007 (12:54 p.m.)