

March 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. The repo auction rate will increase from 8% to 8.25% as a result.

Growth in demand and credit remains high. Coupled with the forecasts for inflation and the way core inflation indicators and the prices of certain non-tradable goods and services have behaved, this seems to suggest it is advisable to raise interest rates.

The Board expressed confidence that the inflation target for 2007 will be met (3.5% - 4.5% range) and ratified its commitment to adopting the measures necessary to guarantee convergence towards the long-term target for inflation (3% \pm 1 percentage point). This policy helps to keep economic growth on a sustainable course.

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.

[Audio – Press Conference](#) (Available in Spanish)

Bogotá, March 23, 2007 (3:22 p.m.)