

April 30, 2007
Banco de la República Rules a 25 Basis-point Hike in its Intervention Interest Rates.

The Board of Directors today ruled a 25 bp hike in Banco de la República's intervention interest rates. As a result, the base rate for repo auctions will go from 8.25% to 8.50%.

According to the Board, the continued growth in demand and credit suggest the need for additional rate hikes. Food prices, which rose sharply during the first quarter, are expected to decline during the remainder of the year, particularly in the second half.

The Board said it is confident the inflation target for 2007 will be met (in the 3.5% - 4.5% range) and ratified its commitment to adopting the measures necessary to ensure convergence toward 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. Moreover, so as not to jeopardize the inflation target, it will work in coordination with the national government to offset the monetary impact of that intervention.

Bogotá, April 30, 2007 (4:40 p.m.)