



## **Banco de la República Leaves Its Intervention Interest Rates Unchanged**

At a meeting today, the Board of Directors of Banco de la República agreed, by majority vote, to leave its intervention interest rates unchanged. This means the base rate for repo auctions will remain at 9.25%.

The downturn in inflation continued throughout July, thanks to lower food inflation and favorable developments in public utility rates. However, inflation in non-tradables, excluding food and regulated items, was 5.45% as opposed to 5.1% the month before.

The figures show economic growth remains strong. The monetary policy pursued by the Board, the hikes in the Bank's intervention interest rate, and the marginal reserve requirement have begun to have an effect on the momentum in monetary aggregates and credit. The Bank believes this policy is consistent with the goal of sustainable economic growth and convergence toward the long-term target for inflation (3%  $\pm$  1 percentage point).

For the time being, the Board considers it appropriate to hold off on hikes in the intervention interest rate, until more is known about how the recent volatility on international markets affected the Colombian economy and how the Bank's monetary policy has influenced aggregate demand and the outlook for inflation.

Bogotá, August 24, 2007