



BANCO DE GUATEMALA

PRESS RELEASE

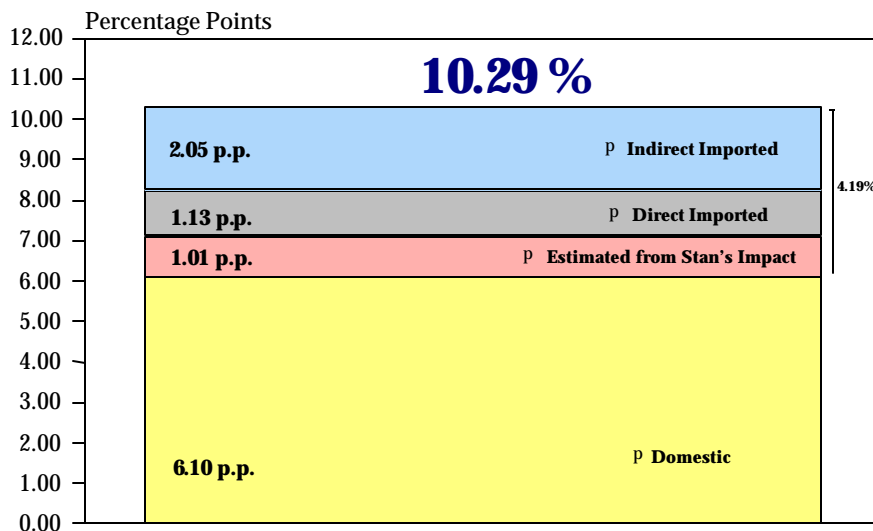
The Execution Committee of the BANCO DE GUATEMALA increases the Interest Rate of the Monetary Policy from 3.75% to 4.00%, as of Monday, November 21, 2005

The Committee estimated that a considerable part of the inflation observed to October, is explained by the behavior of the oil prices (imported inflation) and by the temporary effect (once only) that Hurricane Stan generated on the prices of some agricultural products, effect that must be reverted automatically in the coming months, just like it happened on the occasion of Hurricane Mitch in 1998.

Notwithstanding, the temporary nature of the referred inflationary pressure, the Committee coincided that, given the inter-annual inflation reached a level of two digits, a scenario of negative influence on the expectations of the economic agents is shaped, therefore, within the monetary policy context an adjustment in the leading interest rate must be reinitiated in order to placate said expectations and cooperate so that, in the next months, the inflationary rate gradually converges toward the mid term goal.

Considering the abovementioned, and analyzing the behavior of the general level of prices to the month of October, as well as its nature and perspectives, the Execution Committee, in its session celebrated on November 18, 2005, decided to increase the leading interest rate of the monetary policy.

COMPOSITION OF THE INFLATIONARY RHYTHM OCTOBER 2005



Guatemala, November 18, 2005

The deeds where the deliberations and decisions adopted by the Execution Committee are stated can be looked up on the Web site of the Banco de Guatemala at www.banguat.gob.gt