



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD MAINTAINS THE LEADING INTEREST RATE OF THE MONETARY POLICY INVARIABLE AT 4.25%

After analyzing the report presented by the Execution Committee of the *Banco de Guatemala*, whose content refers to the Prognosis and Analysis System of the Monetary Policy, to the follow up of the indicative variables and to the inflation risks balance corresponding to January 2006, the Monetary Board, in its session celebrated on January 25, 2006, decided to maintain the leading interest rate of the Monetary Policy.

The Monetary Board highlighted the fact that the forecasts of inflation for 2006 and for 2007 still show levels that are higher than the fixed goal by said Board; notwithstanding, they pointed out that it is foreseeable that for the next months a deceleration of the inflationary rhythm will take place (except for unexpected rises in the international price of oil).

Also, other relevant variables of the Monetary Policy were taken into account, such as banking credit to the private sector, payment means (money offer) and the parameter rate (which is an estimation of the level that the short term interest rate must have to be compatible with the maintenance of economic stability), variables whose evolution is found within the foreseen levels for 2006 and, therefore are consistent with the dynamism which is foreseen for the economic activity of the country.

Within the described context, the Monetary Board was of the opinion that, at this moment, prudence advises waiting until the month of February to review the level of the leading interest rate, considering that for then, additional judgment elements will be counted on, such as the inflationary tendency that results from inflation data from the month of January and the evolution of the interest rates in international markets.

Guatemala, January 26, 2006

A month behind, a summary of the arguments presented in each session of the Monetary Board, where the leading interest rate of the Monetary Policy is decided, will be able to be consulted on the web page of the Banco de Guatemala at www.banquat.gob.gt