



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 February 2006, the Monetary Board, in its session celebrated on February 22, 2006, decided to maintain the leading interest rate of the Monetary Policy.

The Monetary Board highlighted the significant reduction in the inflationary rhythm registered in the last months, tendency that, if it would continue, will allow the inflation to converge gradually toward the established goal for 2006 and 2007, which would be forced to keep the relative stability in the international price of oil in the last days that, at the same time, has influenced favorably in maintaining the price of fuel in the internal market.

Complementarily, the Board considered other relevant variables of the monetary policy, such as the banking credit to the private sector, the payment means (money offer) and the estimation in the level of the short term interest rate compatible with the maintenance of the economic stability (parameter rate), variables whose evolution is found within the levels foreseen for 2006 and that together with the maintenance of the fiscal discipline, are consistent with the dynamism that is foreseen for the economic activity of the country in an environment of macroeconomic stability.

The Monetary Board reiterated its commitment of opportunely and gradually adopting the measures that are necessary in the future, in order to calm the inflationary threats that can present themselves and reach the mapped goals in the current Monetary, Exchange Rate and Credit Policy.

Guatemala, February 23, 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.banguat.gob.gt