



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD KEEPS THE LEADING INTEREST RATE OF THE MONETARY POLICY INVARIABLE AT 4.50%

The Monetary Board, in its session celebrated on May 24, 2006, decided to keep the leading interest rate of the monetary policy invariable at 4.50%. In its decision, after having heard the follow up of the indicative variables and the balance of risks inflation corresponding to May 2006, taking into consideration that even though the total inflationary rhythm and the subjacent inflationary rhythm¹ increased in April 2006, said increases are fundamentally associated to the observed increase in the international oil prices at the end of March and April.

Also, the Board took into account that the price of fuels has begun decelerating its growth in the international markets, aspect that also allows waiting for a deceleration of gasoline prices in Guatemala, in the following weeks, given that the deceleration in the growth rhythm of the international price is transmitted to the prices in Guatemala, with slight delay.

In its decision, the Monetary Board took into account the favorable result of public finances in April, 2006, which allows ensuring that fiscally the inflationary pressures remain contained, aspect which denotes the support of the fiscal policy toward the monetary policy.

The Monetary Board, in order to foresee future inflationary pressures that can affect the environment of macroeconomic stability required to give sustainability to the greater dynamism of the economic activity foreseen for 2006, will continue adopting the measures that are necessary to propitiate the most favorable monetary conditions for the orderly growth of the national economy.

Guatemala, May 25, 2006

With a one month delay, 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

¹ The subjacent inflation refers to the percentile growth rate of the price index that in its construction eliminates the prices of some goods and services included in the Consumer Price Index (for example, the price of vegetables, legumes, fruit, gasoline and propane gas), whose prices are, generally, more volatile.