



# BANCO DE GUATEMALA

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## PRESS RELEASE

### THE MONETARY BOARD KEEPS THE LEADING INTEREST RATE OF THE MONETARY POLICY AT 4.25%

After analyzing the report presented by the Execution Committee of the *Banco de Guatemala*, the follow up of the indicative variables and the balance inflation risks corresponding to March 2006, the Monetary Board, in its session celebrated March 22, 2006, decided by the majority of its members to keep the leading interest rate of the monetary policy, invariable.

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

Complementarily, the Board considered other variables relevant to the monetary policy such as the banking credit to the private sector, the payment means (Money offer) and the estimation of the level of the interest rate in the short term 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 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 abate the inflationary threats that can present themselves and reach the mapped goals in the current Monetary, Exchange Rate and Credit Policy.

Guatemala, March 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.banquat.gob.gt](http://www.banquat.gob.gt)*