



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD KEEPS THE LEVEL OF THE LEADING INTEREST RATE OF THE MONETARY POLICY INVARIABLE AT 5.50%

The Monetary Board, in its session celebrated on August 29, 2007, decided to keep the level of the leading interest rate of the monetary policy invariable.

The Monetary Board, after having heard the inflation risks balance, the third running of the Semi-structural Macroeconomic Model and the orientation of the indicative variables concluded that, although the influence of factors that generate inflationary pressures such as the behavior of the price of crude oil, gasoline and corn prevail, an integral analysis of the inflation risks balance indicates that they improved regarding the previous month.

The Monetary Board, in its analysis, made the decision based on the following factors: a) That the international price of crude oil-derivatives reduced in the present month; b) That the behavior of the inflationary rhythm to July 2007 is within the inflationary goal; c) That the Semi-structural Macroeconomic Model forecasts an inflationary rhythm close to the goals set for 2007 and for 2008; d) that the total payment means continued exhibiting a slight tendency toward deceleration; e) That there is volatility in the liquidity in international financial markets, which could lessen the economic growth of some industrialized countries, particularly the United States of America; and, f) That public finance shows a behavior that to date has translated into monetary policy support.

The Monetary Board reiterated the importance, that for the rest of the year, fiscal discipline be maintained, which cooperates in lessening the inflationary pressures derived from external shocks and emphasized that, if the risk factors intensified, they would take the pertinent measures with the purpose that inflation converge toward the established goals for 2007 as well as for 2008.

Guatemala, August 30, 2007

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