



# BANCO DE GUATEMALA

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## 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 May 30, 2007, decided to keep the level of the leading interest rate of the monetary policy invariable.

In its analysis, after having heard the inflation risks balance, the inflation prognosis derived of the second running of the Semi-structural Macroeconomic Model corresponding to 2007 and the orientation of the indicative variables concluded that, although certain supply factors are prevalent (such as the increase in the price of gasoline and corn) that suggest restricting the monetary conditions, there are internal and external that influence in lessening the inflation risks, as the accumulated surplus result of public finance to April, the two recent adjustments to the leading interest rate and the moderation of the inflationary rhythm of the main commercial partners of the country, especially of the United States of America, so that in this manner, there are no foreseeable pressures from imported inflation.

The Monetary Board in its analysis also took into account the following factors: a) that the total inflationary rhythm as well as the subjacent inflationary rhythm reversed the growing tendency that has been registered since November 2006; b) that the total and subjacent inflations for December 2007 decreased regarding the those made the month before; c) that the deviation of the monetary issue from the beginning of May continued reducing regarding the programmed value; and, d) that a deceleration has been observed in the behavior of the banking credit in national currency as well as in the payment means.

The Monetary Board will continue to give close follow up to the evolution of the main variables and economic indicators, in order to evaluate the opportune adoption of policy measures that allow convergence toward the inflation goal determined for the end of 2007 and 2008.

Guatemala, May 31, 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.banquat.gob.gt](http://www.banquat.gob.gt)*