



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD RAISES THE LEVEL OF THE LEADING INTEREST RATE OF THE MONETARY POLICY FROM 6.25% TO 6.50% AS OF THURSDAY, DECEMBER 27, 2007

The Monetary Board, in its session celebrated on December 26, 2007, decided, by majority to raise the level of the leading interest rate of the monetary policy by 25 basic points. Said decision was considered necessary to moderate the behavior of the short and mid term inflation.

The Monetary Board, after having heard the inflation risks balance, the orientation of the indicative variables and the Semi-structural Macroeconomic Model concluded that, although the supply factors have been determinant in the behavior of inflation, mainly due to high international oil prices, wheat and corn, demand factors also prevail that generate inflationary pressures.

The Monetary Board highlighted that, according to short term indicators, the productive activity of the country continues to register robust behavior. They also underlined the importance of keeping fiscal discipline, which has cooperated in lessening inflationary pressures.

Guatemala, December 27, 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 published and can be consulted on the web page of the Banco de Guatemala at www.banguat.gob.gt