



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD KEEPS THE LEVEL OF THE LEADING INTEREST RATE OF THE MONETARY POLICY INVARIABLE AT 6.75%

The Monetary Board, in its session celebrated on May 21, 2008, after having heard the inflation risks balance, the results of the Mechanical running of the Semi-structural Macroeconomic Model and the orientation of the indicative variables, decided to keep the level of the leading interest rate of the monetary policy invariable.

The Monetary Board, in its analysis took into account that, although the orientation of the indicative variables continues to be the convenience of restricting the monetary policy, the recent behavior of some variables of the internal environment indicate a relative reduction of the inflationary pressures on behalf of aggregate demand, among which we can highlight: a) the banking credit to the private sector is found within the its estimated runner and the payment means (money supply) is located below the lower limit of its respective runner; b) public finances continue to register a surplus to April; c) the deceleration forecast in the economic activity; and, d) the recent behavior of the nominal exchange rate.

The Monetary Board, notwithstanding, observes that the inflationary pressures prevail on behalf of supply factors, mainly because the international price of oil and of yellow corn continue showing a tendency to rise, while the price of wheat remains high, so it will continue giving close follow up to the inflation behavior and of its main components of internal or external origin, in order to counteract the secondary effects due to imported inflation and of moderating inflationary expectations.

Guatemala, May 22, 2008

Within a month, 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 available on the web page of the Banco de Guatemala at www.banquat.gob.gt