



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD KEEPS THE LEVEL OF THE LEADING INTEREST RATE OF THE MONETARY POLICY INVARIABLE AT 7.25%.

The Monetary Board, in its session celebrated on August 20, 2008, after being informed of the Inflation Risks Balance, the orientation of the indicative variables and the results of the third running in 2008, decided to keep the level of the leading interest rate of the monetary policy invariable.

The Monetary Board in its analysis considered that the inflation risks balance continues to be complex and that the observed inflation as well as the inflation forecasts are high; notwithstanding, they highlighted the following aspects that improved the balance regarding the previous month: a) that the international oil, corn and wheat prices fell recently, situation that could imply a deceleration of the total inflationary rhythm, causing a moderation in the inflation expectations in the medium and long terms; b) that the monthly variation of the Consumer Price Index in July at 1.25%, was lower to that of the previous three months; c) that to July 2008, public finance continued to register a surplus, located at Q1,364.2 million, equivalent to 0.5% of the GDP; and, d) that the inter-annual variation of the banking credit to the private sector and the payment means has decelerated and is below the lower limit of the respective runners.

As a result of the discussion and analysis, in the heart of the Monetary Board there was consensus as to putting a pause on the monetary policy measures, keeping the level of the leading interest rate invariable. The Monetary Board also highlighted the importance of observing the evolution of the inflation risks balance in order to establish its changes and orientation in the next month, making the monitoring of the following particularly relevant: the inflation expectations, inflation forecasts and observed inflation, in order to opportunely adopt the adjustments required in the leading interest rate of the monetary policy.

Guatemala, August 20, 2008

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