



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 September 17, 2008, after being informed of the Inflation Risks Balance, the orientation of the indicative variables and the mechanical running of the Semi-structural Macroeconomic Model for 2008, decided by unanimity to keep the level of the leading interest rate of the monetary policy invariable at this time.

The Monetary Board highlighted several elements that suggest keeping the level of the leading interest rate invariable at this time: a) that the turbulence in the international financial markets widened the uncertainty margins regarding world economic performance; b) the international oil, corn and wheat prices have reduced recently, situation that could decelerate the total inflationary rhythm and, therefore, moderate the inflation expectations of the economic agents; c) that to August 2008 public finances continue to register a surplus, equivalent to a 0.4% of the GDP; d) that the inter-annual variation of the banking credit to the private sector and the payment means have decelerated and are below the lower limits of the runners; and, e) that the monthly variation of the Consumer Price Index in August, at 0.50%, was lower to the registered in the year.

In the heart of the Monetary Board there was consensus in that the inflation balance continues to be complex and that it is concerning that the observed inflation as well as the inflation forecast remain at two digit levels and over the established target. In that context, the Monetary Board highlighted that although caution, on this occasion, advised continuing with a pause in the increase of the leading interest rate, it was important to observe the evolution of the inflation risks balance in order to establish changes and orientation next month, where it was particularly relevant to monitor the inflation expectations of the inflation forecasts and the observed inflation, in order to adopt the necessary adjustments required by the interest rate of the monetary policy.

Guatemala, September 17, 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