



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD REDUCES THE LEADING INTEREST RATE OF THE MONETARY POLICY BY 25 BASIC POINTS

The Monetary Board in its September 16, 2009 session, after having heard the inflation risks balance, the results of the Semi-structural Macroeconomic Model (MMS), the orientation of the indicative variables, and based on an integral analysis of the foreign and domestic situation; decided, by majority, to reduce the level of the leading interest rate of the monetary policy by 25 basic points, from 4.75% to 4.50%.

The Monetary Board in its analysis considered that the deceleration in the observed inflation and the declining trajectory of projections, forecasts and inflation expectations will continue pointing toward an important reduction in the inflationary rhythm for the present year.

The Monetary Board considered that the with today's reduction, the level of the leading interest rate has dropped 275 basic points this year, which should contribute to generating more favorable credit conditions. They also took into account that although the existing signs point toward the fact that the global economic crisis has reached bottom, which, although it is a good sign, still presents important challenges; therefore the action margins for the monetary policy would seem more limited in the future, indicating that the measures adopted should continue to be gradual and cautious.

In the heart of the Committee, there was consensus in that the inflation risks balance for 2009 had improved regarding the previous month and considered it necessary to continue observing the evolution of the same in terms of the domestic and foreign environment, in order to establish its changes and orientation in the next decision regarding the leading interest rate.

Guatemala, September 16, 2009

With a month's delay, a summary of the arguments, presented in each session of the Monetary Board where there is a discussion as to the interest rate of the monetary policy, can be seen on the Web page of the Banco de Guatemala www.banguat.gob.gt