



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD KEEPS THE LEADING INTEREST RATE OF THE MONETARY POLICY AT 4.50%

The Monetary Board in its October 28, 2009 session, after having heard the inflation risks balance, the results of the mechanical running of the Semi-structural Macroeconomic Model (MMS) and the orientation of the indicative variables, and based on an integral analysis of the foreign and domestic situation; decided to keep the level of the leading interest rate of the monetary policy invariable at 4.50%.

The Monetary Board in its analysis considered that the most recent decisions on world economic growth foresee a recovery process, although moderate and unequal among countries and regions, that is more optimistic than the one in prior months. If said scenario should prove true, and taking into account the recent behavior of the international prices of raw materials, it would decrease the need of continuing with relaxation monetary policy measures. Before said context, the Monetary Board considered it wise, at this time, to stop reducing the leading interest rate. Additionally, the Monetary Board took into account that the observed inflationary rhythm in the last month and the projections and inflation forecasts for 2010 forecast a more dynamic inflation behavior.

In the heart of the Committee, there was consensus in that they must continue observing how the inflation risks balance evolve 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, October 28, 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.banquat.gob.gt