



# 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 March 24, 2010 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, based on an integral analysis of the foreign and domestic situation, decided by unanimity to keep the level of the leading interest rate of the monetary policy at 4.50%.

The Monetary Board in its analysis considered that the latest projections of economic growth worldwide gave evidence of slight improvement in the main economies (except the Eurozone) and that, in the case of the United States of America, the perception indicators have stabilized, but continue to subtract dynamism to the recovery process of world economic recovery, the weakness of labor markets, of banking systems and tax conditions, although they highlighted that there is evidence of certain improvements in the financial and international credit conditions.

Domestically, the Monetary Board considered that the exports, the imports and the Monthly Index of Economic Activity and tax collection continue to show signs of recovery. They also emphasized that the recent inflation behavior has mainly been the result of the temporary impact of supply shocks and, although the forecast and inflation expectations have increased for 2010 and 2011; mainly due to the evolution of the economic activity worldwide, as well as domestic and the expected behavior of the international price of raw material, for the moment, the forecast and inflation expectation point toward inflation in both years to be over the tolerance margin of the established target.

The Monetary Board indicated that they will continue to observe the evolution of the Inflation Risks Balance, giving close follow up to the main relevant variables and macroeconomic indicators, domestic as well as foreign, in order to establish changes and the orientation in the next relevant decision of the leading interest rate.

Guatemala, March 24, 2010

*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](http://www.banguat.gob.gt)*