



# BANCO DE GUATEMALA

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## PRESS RELEASE

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

The Monetary Board in its September 29, 2010 session; after having heard the Inflation Risks Balance, the results of the running of the Semi-structural Macroeconomic Model (MMS) and the orientation of the indicative variables, decided by unanimity to keep the level of the leading interest rate of the monetary policy at 4.50%, based on an integral analysis of the foreign and domestic situation,

The Monetary Board in its analysis considered that the recent information of some indicators in the short term, gave evidence of mixed results regarding the economic performance of the United States of America and Japan. However, other economies (like those of the Euro Zone and emerging economies) showed more dynamic behavior.

Domestically, according to the IMAE to July and the quarterly GDP to June, the national economy showed signs of recovery; however, the economic growth expectations from the panel of private analysts, according to the survey made in September, reflect a slight drop in the projections for 2010 and 2011. It is evident from this that there is concern in the preformance of the world economy and its possible effects on the national economy.

The product gap, the behavior of the banking credit to the private sector and the subjacent inflation continue to suggest that the demand inflationary pressures continue contained, but there are still supply risk factors related to the second round in the past, and the domestic price of vegetables and other agricultural products are both subject to climate conditions.

The Monetary Board indicated that they would continue to give close follow up to the behavior of the subjacent inflation and to the inflation expectations, as well as the main indicators of the economic activity, domestic as well as foreign, in order to adopt opportune actions that are necessary.

Guatemala, September 29, 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.banquat.gob.gt](http://www.banquat.gob.gt)*