



# BANCO DE GUATEMALA

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## PRESS RELEASE

### **THE MONETARY BOARD KEEPS THE LEVEL OF THE LEADING INTEREST RATE OF THE MONETARY POLICY INVARIABLE AT 6.50%**

The Monetary Board, in its session celebrated on February 20, 2008, after having heard the inflation risks balance, the first running of the Semi-structural Macroeconomic Model –MMS- and the orientation of the indicative variables, decided to keep the level of the leading interest rate of the monetary policy invariable.

The Monetary Board, in its analysis, took into account the following factors: a) the econometric projections of total inflation that for December 2008 and 2009 place it over the punctual value of the determined target for each one of those years, but within the respective tolerance margins; b) the total as well as subjacent inflationary rhythm decelerated in December 2007 and in January 2008; c) the segment of the indicative variables that suggests restricting the monetary policy, decreased; d) the relative monetary variables of primary liquidity and the payment means continue to have congruent behavior with the programmed values; e) the banking credit to the private sector shows a decreasing tendency; and, f) the deceleration forecast in economic activity for 2008.

The Monetary Board will continue monitoring inflation behavior and its main internal and external components, in order to differentiate the factors that affect the level of prices of those factors that can be persistent, particularly due to the lack of balance observed in the international oil markets and oil derivatives, as well as corn and wheat. The Monetary Board will take opportune measures that allow inflation to converge toward the forecast targets.

Guatemala, February 21, 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 published and can be consulted on the web page of the Banco de Guatemala at [www.banguat.gob.gt](http://www.banguat.gob.gt)*