



# 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 7.25%.**

The Monetary Board, in its session celebrated on November 19, 2008, after being informed of the Inflation Risks Balance, the orientation of the indicative variables and the results of the fourth running in 2008 of the Semi-structural Macroeconomic Model and analyzing the economic and international financial settings and their potential effect in the economic performance of the country, decided by a majority to keep the level of the leading interest rate of the monetary policy at 7.25%.

The Monetary Board in its analysis considered that in October inflation had accelerated slightly, due to the increase of the price of some foods, associated to the climate problems that affect commercialization of said goods in the market and, also, that inflation continues at two digits. Notwithstanding, they also took into account the following aspects: a) the intensification of the turbulence in the international financial markets significantly deteriorated the expectations of economic performance of developed countries and broadened the margins of uncertainty regarding the effects in developing economies, which suggests caution in the monetary policy actions; b) the international oil, corn and wheat prices continue to fall, situation that could cause a deceleration of the total inflationary rhythm in the following months; c) that to October 2008, public finances registered a moderate deficit; and, d) the economic deceleration that has been observed.

In the heart of the Monetary Board there was consensus in that the inflation risks balance continues to be complex and that they must keep in mind that observed inflation as well as inflation forecasts are over the inflation target. Notwithstanding, the events in the international financial markets advise keeping a disciplined position for the monetary policy, so they will continue observing the evolution of the inflation risks balance of the internal and external environments, in order to establish changes and orientation for next month.

Guatemala, November 19, 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 able to be consulted on the web page of the Banco de Guatemala at [www.banguat.gob.gt](http://www.banguat.gob.gt)*