BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD REDUCES THE LEADING INTEREST RATE OF THE MONETARY POLICY BY 25 BASIC POINTS

The Monetary Board in its March 25, 2009 session, after having heard the Inflation Risks Balance, the results of the running of the Semi-structural Macroeconomic Model (MMS), the orientation of the indicative variables and of doing an integral analysis of the foreign and domestic situation; decided, by a majority, to reduce the level of the leading interest rate of the monetary policy from 6.50% to 6.25%.

The Monetary Board in its analysis considered that the deceleration in the observed inflation in the last three months (December 2008, January and February 2009) was lower than expected; that the inflation of the Semi-structural Macroeconomic Model, although it is slightly over the tolerance margin for 2009, forecasts a falling inflation trajectory; and, that the uncertainty on the magnitude, duration and depth of the international financial crisis has deteriorated the world economic growth expectations for 2009.

In the heart of the Committee, there was consensus in that the inflation risks balance improved regarding the previous month, so as inflation continues converging toward the target, there can be a more flexible monetary policy position.

Guatemala, March 25, 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.banguat.gob.gt