



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD REDUCES THE LEADING INTEREST RATE OF THE MONETARY POLICY BY 50 BASIC POINTS

The Monetary Board, in its session celebrated on June 17, 2009, after being informed of the Inflation Risks Balance, the results of the Semi-structural Macroeconomic Model, the orientation of the indicative variables and of doing an integral analysis of the foreign and domestic situation, decided to reduce the leading interest rate of the monetary policy from 5.75% to 5.25%.

The Monetary Board in its analysis considered that the deceleration of observed inflation and the falling trajectory of projections and inflation expectations point toward a reduction in the inflationary rhythm for the present year, regarding the estimations of the previous months. The Monthly Index of Economic Activity continues to have a decelerating trend; and although there are some encouraging signs in the international short term indicators, the uncertainty on the depth and length of the international crisis, persist.

In the heart of the Monetary Board there was consensus in that the inflation risks balance regarding the leading interest rate could contribute to lessening the economic deceleration rhythm when generating favorable conditions for the increase of credit flows. They also considered it necessary to continue observing the evolution of said balance in foreign and domestic terms, in order to establish its changes and orientation in the next decision regarding the leading interest rate.

Guatemala, June 17, 2009

With a month's delay, 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