



BANCO DE GUATEMALA

PRESS RELEASE

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

The Monetary Board in its April 28, 2010 session, after having heard the Inflation Risks Balance, the results of the mechanical running of the Semi-structural Macroeconomic Model (MMS) and the orientation of the indicative variables, based on an integral analysis of the foreign and domestic situation, decided by unanimity to keep the level of the leading interest rate of the monetary policy at 4.50%.

The Monetary Board in its analysis considered that the recovery perspectives of world economic growth continue to be favorable and that, domestically, the evolution of foreign trade, of the Monthly Index of Economic Activity and tax collection continued to show signs of recovery. The CPI in March registered greater increase to the forecast, especially due to the effect of external and domestic shocks in the price of various products of the basic food basket, while the inflationary pressures due to domestic aggregate demand continue to be contained.

The Monetary Board considered that when making a prospective analysis of domestic inflation can visualize that the risks continue latent, in the domestic and foreign, that suggest caution and gradualness in the actions of the monetary policy, particularly, if they take into account the forecasts and inflation expectations for 2010 and 2011 confirm that the spaces for a relaxed monetary policy position have disappeared.

The Monetary Board indicated that they will continue to observe the evolution of the Inflation Risks Balance, giving close follow up to the main relevant variables and macroeconomic indicators, domestic as well as foreign, in order to establish changes and the orientation in the next relevant decision of the leading interest rate.

Guatemala, April 28, 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