



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 June 23, 2010 session, after having heard the Inflation Risks Balance, the results of the 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 economy continue to be favorable, but the current crisis in southern Europe could extend to other countries and regions, affecting the sustainability of world economic growth in the medium term.

Domestically, the Monetary Board considered, on the one hand, that the diverse indicators forecast a more dynamic behavior in the second semester of the year. On the other hand, that the projections and the inflation expectations continue showing certain inflationary pressures for 2010 and 2011. However, the results of the running of the MMS still show a gap of negative product and the growth rate of the banking credit to the banking sector continue to be modest, so there are still minor inflationary pressures due to aggregate demand.

The Monetary Board considered that the monetary policy should react to the supply shocks of inflationary and deflationary shocks that have registered in the first five months of 2010, as well as those due to tropical storm Agatha, when there is evidence that its effects are contaminating the inflationary expectations.

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, June 23, 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.banguat.gob.gt