



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 October 27, 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 world economic recovery continued strengthening, although moderately, observing greater dynamism in the emerging economies. In fact, the economic perspectives continue to be uneven among countries and regions, and in the case of advanced economies, the level of unemployment continues to be one of the main obstacles for economic growth in 2010 and 2011.

Domestically, the economic activity continues to recover, which is reflected in the behavior of the Monthly Index of the Economic Activity. The inflation forecasts and expectations for 2010 and 2011 were also taken into consideration within the target.

The Monetary Board indicated that they would continue to observe the evolution of the Inflation Risks Balance, so they will give close follow up to the main variables and relevant macroeconomic indicators, domestic as well as foreign, in order to adopt opportune actions that are necessary.

Guatemala, October 27, 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