



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 November 24, 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 majority 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 sustainability of growth worldwide continues to be affected by the scarce dynamism of consumption and investment, which influences the economic growth estimations for 2011, reflecting moderation regarding 2010.

In that context, the high unemployment rate, the high tax deficits and the outbreak of banking problems in some countries continues to influence the expectations and imposes a restriction on sustainability of the economic growth rhythm in the medium term.

Domestically, it was mentioned that some economic indicators in the short term continue to reflect positive behavior that confirms the process of the national economic recovery. It was considered, on the one hand, that the aggregate demand pressures continue relatively contained, that the majority of the inflation forecasts are within the corresponding target and that the inflation expectations were slightly reduced; and, on the other hand, that several total inflation forecasts increased and that the inflation expectations for 2011 are over the inflation 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, November 24, 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