



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD KEEPS THE LEADING INTEREST RATE OF THE MONETARY POLICY AT 4.75%

The Monetary Board in its session celebrated on April 27, 2011; decided by unanimity to keep the leading interest rate of the monetary policy invariable at 4.75%, based on an integral analysis of the foreign and domestic situation. This was after having heard the Inflation Risks Balance, as well as the results of the mechanical running of the Semi-structural Macroeconomic Model and the orientation of the indicative variables of the monetary policy.

The Monetary Board in its analysis considered that the world economic growth continues evolving according to the forecast; that the emerging economies continue expanding, while in advanced economies, growth continues to be low and unemployment, high. In the same manner, the increase in international prices for commodities, although they are subject to short term events, continue giving evidence of inflationary risks, with differences among countries and regions.

In addition, the Board considered that the IMAE to February continued to have growth, that the inflation forecasts, in general, increased less in April regarding the previous month, that the trajectory of subjacent inflation, continues positive, and that public finance also improved, regarding the previous month, although its evolution has to be monitored in the following months.

The Monetary Board declared that it will continue to give close follow up to the behavior of the inflation forecasts and expectations and to the main variables and the relevant macroeconomic indicators, internal as well as external, in order to materialize some of the forecasted inflationary risks, taking timely action that will keep the inflation trajectory from steering away from its medium term target.

Guatemala, April 27, 2011

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