



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 June 29, 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 risks of the international economic situation associated to the behavior of the economic activity in some advanced economies particularly that of the United States of America and Europe have increased.

Domestically, the Monetary Board took into account that the economic activity continues evolving positively, which is evident in the behavior of the short-term indicators, like the monthly economic activity index, foreign trade, tax collection and family remittances. They also considered the expectations and inflation forecasts, total as well as subjacent, hav increased, although the behavior that the international prices for commodities (oil, corn and wheat) would seem to have stabilized.

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, June 29, 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.banguat.gob.gt