



# BANCO DE GUATEMALA

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## PRESS RELEASE

### THE MONETARY BOARD KEEPS THE LEADING INTEREST RATE OF THE MONETARY POLICY AT 5.50%

The Monetary Board in its session celebrated on October 26, 2011, decided by unanimity to keep the level of the leading interest rate of the monetary policy at 5.50%, based on the analysis of the domestic and foreign situation, after having heard the Inflation risks balance, as well as the results of the mechanical running of the Macroeconomic Semistructural Model and the orientation of the indicative variables of the monetary policy.

The Monetary Board considered an international scenario that still poses inflationary risks, given that the prices of commodities (oil, corn and wheat still show slightly dropping behavior, the projections do not reflect the same trend. In addition, considered that there is still uncertainty regarding the performance of the world economic activity, even though it may be moderate due to the approval of the financial rescue measures in the Euro Zone and of the improvement in the growth of the economic activity of the main, more advanced economies in the second quarter.

The Monetary Board took into account the short term indicators of the domestic scenario (IMAE, exports, imports, tax collection and banking credit to the private sector) continue showing dynamism and that, notwithstanding, the inflation forecasts are still high, these are slightly decelerated, reflection in part of the moderation of international commodities prices. They also considered that if the impacts derived from natural disasters occurred recently could affect the behavior of some domestic prices, which would be a temporary aspect.

The Monetary Board declared that the monetary policy will continue to confirm that the orientation of the anchoring of inflation expectations, in order to promote the convergence of the inflation to the target in the medium term; however, at this time it considered it timely to pause the restrictive orientation of the monetary policy, under the understanding that it will continue to monitor the relevant indicators, in order to continue adopting timely action for the monetary policy, necessary to contribute to the achievement of the main target.

Guatemala, October 26, 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](http://www.banguat.gob.gt)*