

EXECUTION COMMITTEE

ACT NUMBER 53-2013

Session 53-2013 celebrated in the Banco de Guatemala building, located at séptima avenida número veintidós guión cero uno, zona uno of this city, on Friday, November twenty-two, two thousand thirteen, as of eleven hours and twenty-five minutes.

The Coordinator, with the corresponding quorum, submitted the project for the Order of the Day for consideration to the Execution Committee.

FIRST: Knowledge for the project of act number 52-2013, corresponding to the session celebrated on November 15, 2013.

CIRCULATED: Project of Act number 52-2013.

SECOND: Financial and Economic Information:

- a) Money Market
- b) Exchange Market
- c) Economic Information
- d) Estimated Monetization Flow

THIRD: Proposal for quotas for the deposit auctions to term with due dates under one year and for the deposit auctions to term with due dates longer than one year.

FOURTH: Fourth running of 2013 Semi structural Macroeconomic Model.

FIFTH: Inflation Risks Balance. .

SIXTH: Discussion

SEVENTH: Other matters and reports.

Not having observations, the Committee approved the Order of the Day.

FIRST: Knowledge for the project of act number 52-2013, corresponding to the session celebrated on November 15, 2013.

The Coordinator submitted the project of the corresponding act to the committee for consideration.

Not having observations, the committee approved Act number 52-2013.

SECOND: Financial and Economic Information:

The coordinator requested the following information be provided:

- a) The Director of the Department of the Monetary, Foreign Exchange Rate and Credit Policy Execution presented the referral information for the Money Market, corresponding to the November 15 to 21, 2013 period.
- b) The Director of the Execution Department for the Monetary, Foreign Exchange

Rate and Credit Policy presented the information of the operations held by the institutions that make up the Institutional Foreign Currency Institutional Market, as well as the reference exchange rate, corresponding to the November 14 to 21, 2013 period.

c) The Sub-Director for the Macroeconomic Analysis and Forecast Department presented the economic information to the committee for the week between November 14 to 21, 2013, regarding the domestic and foreign economic performance, including the short and medium term perspectives of the most relevant variables; particularly, those that may have an impact on the inflation trajectory.

d) The Sub-Directors for the Macroeconomic Analysis and Forecasts Department informed the Committee on the monetizing and demonetizing factors foreseen in the Estimated Monetization Flow for the week of November 22 to 28, 2013.

THIRD: Proposal for quotas for the deposit auctions to term with due dates less than one year and for the deposit auctions to term with due dates longer than one year.

The Director of the Department of Monetary, Currency Exchange and Credit Policy based on the estimated monetization flow and the established guidelines for the determination of quotas for the term deposit auctions on November 25, 2013 through the Bolsa de Valores Nacional, S.A., (National Stock Exchange) proposed to the Execution Committee that the same be: For March 3, 2014, Q100.0 million, for June 2, 2014, Q200.0 million and for September 1, 2014, Q200.0 million, for December 1, 2014 for Q100.0 million; and for public entities, without pre-established quotas and for expiration on the indicated dates. The Committee proposed calling a term deposit auction with due dates of more than a year, per due date and price, through the Bolsa de Valores Nacional, S.A. (National Stock Exchange) on Tuesday, November 26, 2013 with the following due dates: December 7, 2020, December 4, 2023 and December 1, 2025, with a coupon interest rate of 6.75%, 7.25% and 7.50%, respectively, with global quotas of Q700.0 million; and for the public entities, without pre-established quotas, without standardized nominal values and with due dates on the indicated dates.

The Committee approved the proposal from the technical departments for term deposit auctions.

FOURTH: Fourth running of 2013 Semi structural Macroeconomic Model.

Regarding the fourth quarterly running of the Semi structural Macroeconomic Model (MMS), held in November 2013, of the technical departments presented to the report to the Committee on the forecasts of the macroeconomic variables contained in

the referred model, emphasizing in the inter-annual inflation forecasts of the leading interest rate of the monetary policy for 2013 and 2014. IN that sense, it was indicated that the inflation trajectory for 2013 is slightly lower to the running in October, particularly for the changes that took place in the observed inflation data, although for 2014, the trajectory is slightly higher to the prior running, which anticipates an adjustment in the monetary policy rate. The referred forecasts are conditioned to an active monetary policy, particularly for 2014, which has as its objective that the observed inflation will converge to the punctual value of the inflation target in the medium term.

FIFTH: Inflation Risks Balance. .

The technical departments presented the Inflation Risks Balance to the Committee, considering the foreign and domestic environments. Regarding external conditions, among others, the following were analyzed, the world economic growth projections made by the International Monetary Fund, Consensus Forecasts and Economist Intelligence Unit; the international oil, corn and wheat prices; the y-o-y for advanced economies and interest rates for Latin American countries with the explicit inflation targets; as well as the Central American countries and the Dominican Republic; and the interest rates of the monetary policy of the central banks of the different countries the we have been following. Regarding the domestic conditions, economic activity performance; the projections for foreign commerce; the evolution of public finance; the econometric projections for total y-o-y and subjacent y-o-y for the end of 2013 and 2014 were analyzed; the inflation expectations from the panel of private analysts according to the survey in October for December 2013 and 2014, the banking credit to the private sector; and the Synthetic Index of the Indicative Variables as a whole.

SIXTH: Discussion

The Committee analyzed the content of the presentations from the technical departments with the objective of presenting the Monetary Board with detailed analysis elements that are useful for the decision regarding the level of the interest rate for the monetary policy, programmed for Wednesday, November 27, 2013.

The members of the committee discussed the recommendation closely from the technical departments to keep the leading interest rate of the monetary policy at 5.00%, expressing their opinion based on a complete analysis of the current foreign and domestic situation, emphasizing the Inflation Risks Balance.

The Committee, after a long discussion, analysis and reflection, by unanimity decided to recommend that the Monetary Board, at this time, keep the leading interest rate of the monetary policy at 5.00%. Finally, the Committee declared that they will continue giving follow up to the behavior of inflation forecasts and expectations and to the main economic indicators; domestic as well as foreign, particularly those that generate the greatest uncertainty, in order that, if some of the timely actions be adopted that they avoid the inflation forecasts far from the trajectory in the medium term, in order to strengthen the anchoring of the inflation expectations of the economic agents.

SEVENTH: Other matters and reports.

Not having other matters and reports to discuss, the session ended at thirteen hours and twenty minutes, in the same place and date indicated above, the attendees signed in agreement.