BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD RAISES THE LEADING INTEREST RATE OF THE MONETARY POLICY FROM 5.50% TO 5.75%, AS OF THURSDAY, SEPTEMBER 27, 2007

The Monetary Board, in its session celebrated September 26, 2007, decided to raise the level of the leading interest rate of the monetary policy by 25 basic points. Said decision was necessary so that the increase in the total inflationary rhythm of the last months reverts and that the inflation projections converge toward the forecast goals.

The Monetary Board, after having heard the inflation risks balance and the orientation of the indicative variables concluded that the influence of factors prevails, supply factors as well as demand factors that generate inflationary pressures. Among these supply factors are the elevated levels of the international price of oil, wheat and corn, as to demand, there is the excess of primary liquidity that persists.

The Monetary Board, when making an integral analysis of the inflation risks balance, took into account the following factors: a) That total inflation as well as subjacent inflation to August 2007, were located over the inflation goal; b) That the referred behavior of inflation, added to the supply shock pressures, particularly the marked tendency toward the rise of international oil prices, has a high potential of exacerbating the inflation expectations; and, c) That the average orientation of indicative variables shows a slight inclination toward the convenience of restricting the monetary policy

The Monetary Board reiterated the importance, on the one hand, that according to the short term indicators the productive activity of the country continues registering robust behavior and, on the other hand, that for the rest of the year the fiscal discipline remain, which would cooperate in lessening the inflationary pressures derived of the supply shocks.

Guatemala, September 27, 2007

A month behind, a summary of the arguments presented in each session of the Monetary Board, where the leading interest rate of the Monetary Policy is decided, will be able to be consulted on the web page of the Banco de Guatemala at www.banguat.gob.gt