BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD REDUCES THE LEADING INTEREST RATE OF THE MONETARY POLICY BY 50 BASIC POINTS

The Monetary Board in its April 22, 2009 session after having heard the Inflation Risks Balance, the results of the running of the Semi-structural Macroeconomic Model (MMS), the orientation of the indicative variables and of doing an integral analysis of the foreign and domestic situation, decided to reduce the level of the leading interest rate of the monetary policy from 6.25% to 5.75%.

The Monetary Board in its analysis considered that the deceleration in the observed inflation and in the inflation expectations anticipating a descending trajectory of future inflation. Economic activity continues showing deceleration, situation that is reflected in the behavior of the Monthly Economic Activity Index, and, that the uncertainty on the evolution of the financial crisis continues reducing the world economic growth expectations for 2009.

The Monetary Board agreed on the fact that the inflation risks balance improved regarding the previous month, so it will continue observing the evolution of the same in terms of the domestic and foreign environment, in order to establish its changes and orientation in the next decision regarding the leading interest rate.

The Monetary Board emphasized that the gradual reduction of the leading interest rate is a factor that should cooperate in the creation of conditions that allow a reduction of the cost of banking credit to the productive sectors.

Guatemala, April 22, 2009

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