BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD KEEPS THE LEADING INTEREST RATE OF THE MONETARY POLICY AT 4.50%

The Monetary Board in its session celebrated on February 23, 2011; after having heard the Inflation Risks Balance, the results of the First running of the Semi-structural Macroeconomic Model (MMS) in 2011, and the orientation of the indicative variables, based on an integral analysis of the foreign and domestic situation, decided by unanimity to keep the level of the leading interest rate of the monetary policy at 4.50%.

The Monetary Board in its analysis considered that the world economic growth perspectives improved, pushed by greater dynamism in the emerging economies than in the developed economies where there are still underlying risks to consolidate the recovery process, mainly in some European economies, deepened by the rising of political tension in Middle Eastern and African countries.

On the other hand, the Monetary Board considered that, although the inflationary risks increased because of the supply factors associated to the rise observed in international prices for commodities like oil, corn and wheat, as well as other products like coffee and sugar and due to the inflation expectations of the economic agents; said effects have been counteracted by the aggregate demand behavior, which is in the recovery process.

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 opportune action that will keep the inflation trajectory from steering away from its medium term target.

Guatemala, February 23, 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