

CENTRAL BANK OF THE DOMINICAN REPUBLIC

The Central Bank's Monetary Policy Rate Remains Unchanged

The Central Bank of the Dominican Republic, in its monthly monetary policy meeting of April 30, 2009, has decided to maintain unchanged at 5.0% per annum its overnight interest rate, which functions as its monetary policy rate. Also remaining unchanged is the Lombard rate, at 10.5% per annum.

Decisions with respect to monetary policy interest rate movements depend on inflation determinants. In fact, inflationary pressures have slowed down while the outlook for the price level remains stable. The monthly CPI reached 0.16% in March, while year-on-year inflation stood at 2.44%. The rate for the quarter on a cumulative basis was 0.74%.

In the external sector, the world economy remains weak. There is consensus that correction in financial and capital markets has smoothed, accompanied by an upturn in the stock exchanges. Stimulus measures put in place by the leading economies are holding steady, while the multilateral funding agencies are extending their support to emerging economies. This improves prospects for breaking out of the current cycle in the short term.

Domestically, credit conditions are showing signs of improvement. Some recovery has been noted in private sector credit in local currency, reflecting a positive reaction to the monetary policy measures that have been adopted. There has also been improvement in the conditions related to internal demand.

The Central Bank shall continue to monitor closely developments related to the international financial crisis and their impact on the global economy, as well as developments in internal demand performance and mid- and long-term inflation expectations.

Santo Domingo, April 30, 2009.