

# SHORT-RUN PRICE DYNAMICS IN GUATEMALA

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## **Abstract**

An equation is estimated to model short-run price dynamics for Guatemala using ordinary least squares. The data range from 1960 to 2012. Due to the lack of complete data for interest rates, fitted values for the deposit rate are calculated using the discount rate. The aim is to measure how the consumer price index responds to changes in monetary base, real output, interest rates and exchange rates. All coefficients have their expected signs. With the exception of real output, the coefficients are found to be statistically significant at a 5% confidence level.

PREVIEW