



## **MONETARY PROGRAM FOR JUNE 2008**

### **BCRP RAISES REFERENCE INTEREST RATE FROM 5.50% TO 5.75%**

1. The Board of the Central Reserve Bank of Peru approved to raise the monetary policy reference interest rate from 5.5 to 5.75 percent. Together with the series of monetary adjustments implemented so far this year, this increase in the reference interest rate is aimed at preventing that the rises observed in the international prices of food and fuels will translate into higher inflation expectations in a context of a high pace of growth of both public and private expenditure.
2. In this way, inflation is expected to gradually return to the target range in a context of high and sustained economic growth.
3. The Board will continue to oversee the evolution of inflation and its determinants, particularly in terms of indicators of pressures on demand and inflation expectations.
4. The Board also approved to maintain the annual interest rates on the following active and passive operations between the BCRP and the financial system:
  - a. Direct repo and rediscount operations: 6.5 percent.
  - b. Overnight deposits: 5 percent.
  - c. Swap: a commission equivalent to a minimum annual effective cost of 6.5 percent.
5. The Board will approve the Monetary Program for July on its session of July 10.