



MONETARY PROGRAM FOR JANUARY 2009

BCRP REDUCES RESERVE REQUIREMENTS BY ONE PERCENTAGE POINT AND MAINTAINS THE REFERENCE INTEREST RATE AT 6.50%

1. The Board of the Central Reserve Bank of Peru approved to reduce minimum legal reserve requirements by 1 percentage point and to maintain the monetary policy reference interest rate at 6.50 percent.

This measure is part of the series of policies that the Central Bank has been implementing since September 2008 to provide liquidity to the economy and to face the international financial crisis in order to preserve the normal functioning of the credit market.

2. Inflation showed a rate of 0.36 percent in December and a rate of 6.65 percent in the last 12 months –a level lower than the 6.75 percent rate observed in November. Inflation is expected to continue declining in the next months due to the effect of the recent drops seen in the international prices of food inputs and fuels, thus allowing inflation's convergence to the target.
3. The Board continues to oversee the development of domestic demand and of the national and international economic and financial situation, as well as the evolution of inflation and its determinants. The Board also reiterates that the Central Bank will adopt any necessary measures to lead inflation to gradually converge to the target range and affirms its commitment to providing the economy with the required liquidity through monetary instruments. As long as inflation and inflation expectations continue converging to the target range, the Board will also adopt a more flexible monetary stance.
4. The Board also approved to maintain the following annual interest rates on active and passive operations in domestic currency (not included in auctions) between the BCRP and the financial system:
 - a. Direct repo and rediscount operations: 7.25 percent.
 - b. Overnight deposits: 5.75 percent.
 - c. Swap: a commission equivalent to a minimum annual effective cost of 7.25 percent.

5. In 2009, the Board will approve the Monetary Program for the next months in the Board sessions to be held according to the following schedule:

February 5	March 5	April 8	May 7
June 4	July 9	August 6	September 10
October 7	November 5	December 10	

6. Moreover, in 2009 the BCRP will publish its **Inflation Report** on the following dates:

March 13	June 12	September 18	December 18
----------	---------	--------------	-------------