



MONETARY PROGRAM FOR MAY 2009

BCRP REDUCED THE REFERENCE INTEREST RATE TO 4.0%

1. The Board of the Central Reserve Bank of Peru approved to reduce the monetary policy reference interest rate for the fourth consecutive month, from 5.0 to 4.0 percent, as a result of which this rates accumulates a reduction of 250 basis points so far this year.

With this decision, the Central Bank continues loosening its monetary policy stance based on the reduction of both inflation –which has declined from 6.7 percent in December to 4.6 percent in April– and inflation expectations, as well as on the higher deceleration observed in private spending due to inventory adjustments and the deterioration of the global economy. Should this trend persist, the Bank will continue loosening its monetary policy stance.

2. Inflation recorded a rate of 0.02 percent in April, as a result of which last 12-month inflation declined for the fifth consecutive month since December. Inflation and inflation expectations are expected to continue declining in the next months, thus allowing inflation's convergence to the target range in the fourth quarter of this year.
3. 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: 4.80 percent.
 - b. Overnight deposits: 3.20 percent.
 - c. Swap: a commission equivalent to a minimum annual effective cost of 4.80 percent.
4. The Board will approve the Monetary Program for the next month on its session of June 4, 2009.