



## **MONETARY PROGRAM FOR APRIL 2010**

### **BCRP MAINTAINS THE REFERENCE INTEREST RATE AT 1.25%**

1. The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy reference rate at 1.25 percent.

The decision of maintaining monetary stimulus is made considering that the recent evolution of inflation is basically the result of the transitory impact of supply shocks and seasonal factors.

2. Inflation in March recorded a rate of 0.28 percent, due mainly to the increase of the prices of education. With this, annual inflation went from 0.84 percent in February to 0.76 percent in March, below the lower band of the target range (1 percent – 3 percent). Advanced indicators of economic activity show clear signs of a recovery of its dynamism, but no signals of inflationary pressures.
3. The Board continues to oversee the projection of inflation and its determinants to adopt preventive adjustments in the monetary policy stance in order to ensure that inflation falls within the target range.
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 as described below:
  - a. Direct repo and rediscount operations: 2.05 percent.
  - b. Overnight deposits: 0.45 percent.
  - c. Swap: a commission equivalent to a minimum annual effective cost of 2.05 percent.
5. The Board will approve the Monetary Program for May on its session of May 6, 2010.