



## **MONETARY PROGRAM FOR DECEMBER 2010**

### **BCRP MAINTAINS THE REFERENCE INTEREST RATE AT 3.0%**

1. The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy reference rate at 3.0 percent.

This decision takes into account the evolution of inflation and its determinants, as well as uncertainty about the evolution of the global economy. Core inflation and total inflation remain around the 2 percent target. Future adjustments in the reference rate will depend on new information on the evolution of inflation and its determinants, including information on the evolution of the international financial environment.

2. Inflation in November recorded a rate of 0.01 percent, as a result of which annual inflation registered a rate of 2.22 percent. Core inflation, which showed a rate of 0.05 percent, accumulated an annual growth of 1.96 percent and remains around the 2 percent target. Annual inflation excluding food and energy recorded 1.23 percent in November. Inflation expectations remain anchored within the tolerance range.
3. Indicators of economic activity continue showing a strong dynamism. Thus, for example, the production of electricity increased 9.7 percent in November.
4. The Board continues to oversee the projection of inflation and its determinants and stands ready to adopt future adjustments in monetary policy instruments in order to ensure that inflation falls within the target range.
5. 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: 3.80 percent.
  - b. Overnight deposits: 2.20 percent.
  - c. Swap: a commission equivalent to a minimum annual effective cost of 3.80 percent
6. The Board will approve the Monetary Program for January 2011 on its meeting of January 6, 2011.