



MONETARY PROGRAM FOR JULY 2010

BCRP RAISED THE REFERENCE RATE TO 2.0%

1. The Board of the Central Reserve Bank of Peru approved to raise the monetary policy reference rate from 1.75 percent to 2.0 percent

This measure is mainly preventive given the strong dynamism of domestic demand and implies maintaining monetary stimulus in a context in which no inflationary pressures are observed.

Future adjustments in the reference interest rate will depend on new information on the evolution of macroeconomic indicators and their impact on inflation determinants. Uncertainty persists in international financial markets and so does uncertainty about the impact that this might have on global economic recovery.

2. Private and public expenditure have been recording a significant growth so far this year, as reflected in current and advanced indicators of production which show a rapid recovery of the economy. Indicators worth pointing out include the growth of manufacturing, increased demand for electricity and for imports, and greater dynamism in the construction sector.
3. Inflation in June registered a rate of 0.25 percent, mainly due to the rise of food prices associated with supply factors. With this, annual inflation increased to 1.64 percent. Core inflation, which showed a rate of 0.13 percent, accumulated an annual growth of 1.79 percent and remains around the 2 percent target.
4. The Board continues to oversee the projection of inflation and its determinants and stands ready to adopt adjustments in monetary policy instruments in order to ensure that inflation falls within the target range.
5. The Board also approved to raise 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: 2.80 percent.
 - b. Overnight deposits: 1.20 percent.
 - c. Swap: a commission equivalent to a minimum annual effective cost of 2.80 percent.
6. The Board will approve the Monetary Program for August on its session of August 5, 2010.

Lima, 8 de julio de 2010