



MONETARY PROGRAM FOR AUGUST 2011

BCRP MAINTAINS THE REFERENCE INTEREST RATE AT 4.25%

1. The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy reference at 4.25 percent.

This decision takes into account the slowdown observed in global economic activity. Future adjustments in the reference rate will depend on new information on the evolution of inflation and its determinants.

2. Inflation in July was affected by transitory factors and recorded a monthly rate of 0.79 percent and a rate of 3.35 percent in the last twelve months. Core inflation, which registered 0.25 percent, accumulated an annual growth rate of 3.18 percent. Inflation excluding food and energy showed a rate of 0.2 percent and an accumulated annual rate of 2.02 percent.
3. Some current and advanced indicators of activity show lower growth than in previous months. Moreover, indicators of global activity show signs of weakness and increased uncertainty due to the downgrade of the U.S. debt and the persistence of risks associated with the fiscal situation of some industrialized countries.
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 converges towards the inflation target range.
5. The Board also approved to maintain the annual interest rates on lending and deposit operations in domestic currency (not included in auctions) between the BCRP and the financial system, as described below:
 - a. Overnight deposits: 3.45 percent.
 - b. Direct repo and rediscount operations: 5.05 percent.
 - c. Swap: a commission equivalent to a minimum annual effective cost of 5.05 percent.
6. The Board will approve the Monetary Program for September on its session of September 8, 2011.