



MONETARY PROGRAM FOR DECEMBER 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 lower growth being recorded by some components of expenditure, the current international financial risks, and the rise of inflation associated mainly with temporary supply factors. Future adjustments in the reference interest rate will depend on the evolution of inflation and its determinants.

2. Inflation in November continued to be affected by transitory supply factors and recorded a monthly rate of 0.43 percent and an annual rate of 4.64 percent. Core inflation, which has also been influenced by the rise in food prices, registered a monthly rate of 0.29 percent and a rate of 3.73 percent in the last 12 months. Inflation excluding food and energy showed a rate of 0.14 percent and accumulated an annual rate of 2.48 percent. Inflation is expected to return to the target range in 2012 once these supply factors subside. The survey on macroeconomic indicators shows that expectations of inflation in 2012 are within the inflation target range.
3. Some current and advanced indicators of activity show that growth in the economy is moderating and registering lower rates than the ones observed in the first semester. Thus, even though sales of electricity maintained a strong dynamism in November registering a growth rate of 8.0 percent, this rate is lower than the growth rate of 9.6 percent observed in the first semester. Furthermore, indicators of global economic activity show lower growth rates and that uncertainty persists in international financial markets.
4. The Board continues to oversee the projection of inflation and its determinants and stands ready to adopt future adjustments in monetary policy instruments on a prompt and timely basis.
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. Swaps: a commission equivalent to a minimum annual effective cost of 5.05 percent.
6. The Monetary Program for January 2012 will be approved on the Board's session of January 12, 2012.