



MONETARY PROGRAM FOR FEBRUARY 2011

BCRP RAISED THE REFERENCE INTEREST RATE FROM 3.25 TO 3.50%

1. The Board of the Central Reserve Bank of Peru approved to raise the monetary policy reference rate from 3.25 percent to 3.50 percent.

The nature of this rise in the reference rate is mainly preventive given the current growth of rising international food and energy prices. This measure is aimed at preventing that inflation expectations will be influenced by these supply factors in a context of dynamism of the domestic demand. Future adjustments in the reference rate will depend on new information on the evolution of inflation and its determinants.

2. Current and advanced indicators of activity continue showing a rapid growth of economic activity. In January the production of electricity grew 10.9 percent. Moreover, indicators of global economic activity confirm an improvement in the global growth outlook.
3. Inflation in January recorded a rate of 0.39 percent, as a result of which annual inflation registered a rate of 2.2 percent. Core inflation, which showed a rate of 0.19 percent, accumulated an annual growth of 2.1 percent and remains around the 2 percent target. Inflation without food and energy recorded a negative rate of 0.05 percent, accumulated an annual growth of 1.39 percent. This results indicate that inflation in January was explained mainly by supply factors.
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 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: 4.30 percent.
 - b. Overnight deposits: 2.70 percent.
 - c. Swap: a commission equivalent to a minimum annual effective cost of 4.30 percent.
6. The following session of the Monetary Program will be held on March 10, 2011.

Lima - February 10, 2011