



MONETARY PROGRAM FOR JANUARY 2011

BCRP RAISES THE REFERENCE INTEREST RATE FROM 3.0% TO 3.25%

1. The Board of the Central Reserve Bank of Peru approved to raise the monetary policy reference rate from 3.0 percent to 3.25 percent.

The nature of this rise in the reference rate is mainly preventive given the current growth of domestic demand in a context of rising international food and energy prices. This measure is aimed at preventing that inflation expectations will be influenced by these supply factors. 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 December the production of electricity grew 9.3 percent and local dispatches of cement recorded a growth rate of 14 percent. Moreover, indicators of global economic activity confirm an improvement in the global growth outlook.
3. Inflation in December recorded a rate of 0.18 percent, as a result of which annual inflation registered a rate of 2.08 percent. Core inflation, which showed a rate of 0.23 percent, accumulated an annual growth of 2.12 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 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 detailed below:
 - a. Direct repo and rediscount operations: 4.05 percent.
 - b. Overnight deposits: 2.45 percent.
 - c. Swap: a commission equivalent to a minimum annual effective cost of 4.05 percent.

6. In 2011, the Board will approve the Monetary Program for each month on the sessions to be held on the following dates:

February 10	March 10	April 7	May 12
June 9	July 7	August 11	September 8
October 6	November 10	December 7	

7. In 2011 the BCRP will publish its **Inflation Report** on the following dates:

March 18	June 17	September 16	December 16
----------	---------	--------------	-------------