



MONETARY PROGRAM FOR JULY 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 pause in the rise of the reference rate takes into account the moderation of inflation and some indicators of activity, as well as increased uncertainty regarding the global economy. Future adjustments in the reference rate will depend on new information on the evolution of inflation and its determinants.

2. Inflation in June showed a rate of 0.1 percent, as a result of which annual inflation recorded a rate of 2.9 percent. Core inflation, which registered 0.32 percent, accumulated an annual growth rate of 3.0 percent. Inflation excluding food and energy showed a rate of 0.26 percent and an accumulated annual rate of 2.0 percent.
3. Some current and advanced indicators of activity show lower growth compared with previous months. On the other hand, indicators of global activity show signs of weakness and increased uncertainty due to the persistence of risks such as those 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 falls around the target.
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 August on its session of July 11, 2011.