



MONETARY PROGRAM FOR OCTOBER 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 some components of expenditure and production, as well as the intensification of international financial risks. Should these trends continue, the Central Bank will change its monetary policy stance.

2. Affected by transitory factors, inflation in September recorded a monthly rate of 0.33 percent and an annual rate of 3.73 percent. Core inflation, which registered 0.31 percent, accumulated an annual rate of 3.37 percent. Inflation excluding food and energy showed a rate of 0.25 percent and accumulated an annual rate of 2.38 percent.
3. Some current and advanced indicators of activity show that growth in the economy is moderating, even though several components still maintain a strong pace of growth. Thus, sales of electricity grew 9.2 percent in September, while the domestic consumption of cement recorded an increase of 7.3 percent in August. Moreover, indicators of global activity register lower growth rates, and increased uncertainty persists in international financial markets with potential negative effects on global economic growth due to the weak evolution of the U.S. economy and the persistence of risks associated with the fiscal and financial 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 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 Board will approve the Monetary Program for November on its session of November 10, 2011.