



MONETARY PROGRAM FOR SEPTEMBER 2011

BCRP MAINTAINS THE REFERENCE RATE AT 4.25%

1. The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy reference interest rate at 4.25 percent.

This decision takes into account the slowdown observed in economic activity and the intensification of international financial risks. Should these trends continue, the Central Bank will change its monetary policy stance.

2. Inflation in August was affected by transitory factors and recorded a monthly rate of 0.27 percent and an annual rate of 3.35 percent. Core inflation, which registered 0.25 percent, accumulated an annual growth rate of 3.19 percent. Inflation excluding food and energy showed a rate of 0.13 percent and an accumulated annual rate of 2.13 percent.
3. Some current and advanced indicators of activity show a lower pace of growth than in the first semester. Furthermore, indicators of global activity show a lower growth and increased uncertainty continues to be observed in international financial markets. These factors have a potential negative effect on global economic growth as a result of 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 domestic and external determinants and stands ready to adopt future adjustments in monetary policy instruments in order to ensure that inflation converges towards the inflation target range, in a context of domestic economic growth.
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 October on its session of October 6, 2011.