



MONETARY PROGRAM FOR JANUARY 2012

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 lower growth being recorded by some components of expenditure, the current international financial risks, and the rise of inflation associated mainly with temporary supply factors. Future adjustments in the reference interest rate will depend on the evolution of inflation and its determinants.

2. Inflation in December continued to be affected by transitory supply factors and recorded a monthly rate of 0.27 percent and an annual rate of 4.74 percent. Core inflation registered a monthly rate of 0.14 percent (the lowest rate of the year) and a rate of 3.65 percent in the last 12 months, lower rate compared with November (3.73 percent). Inflation excluding food and energy showed a rate of 0.41 percent in December and accumulated an annual rate of 2.42 percent, lower rate compared with previous months (2.48 percent). Inflation is expected to gradually converge to the target range in 2012 provided that the cost pressures generated by the significant supply factors subside.
3. Some current and advanced indicators of activity show that growth in the economy is moderating and registering lower rates than the ones observed in the first semester of 2011. Thus, even though sales of electricity maintained a strong dynamism in December registering a growth rate of 8.1 percent, this rate is lower than the growth rate of 9.6 percent observed in the first semester. Furthermore, indicators of global economic activity show lower growth rates to 2012 and that uncertainty persists in international financial markets.
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. In 2012, the Board will approve the Monetary Program for each month on the sessions to be held on the following dates:

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

7. In 2012 the BCRP will publish its **Inflation Report** on the following dates:

March 23	June 15	September 14	December 14
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