



MONETARY PROGRAM FOR MARCH 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 rate 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 inflation's deviation from the target due mainly to transitory supply factors. Future adjustments in the reference interest rate will depend on the evolution of inflation and its determinants

2. Inflation in February recorded a monthly rate of 0.32 percent, as a result of which the annual rate of inflation declined from 4.23 to 4.17 percent. Core inflation in February showed a rate of 0.32 percent and thus accumulated a rate of 3.79 percent in the last 12 months. Inflation excluding food and energy registered a rate of 0.07 percent and an annual rate of 2.23 percent. Even though rises are being observed in the international prices of fuels, the annual rate of inflation is expected to converge towards the target range around mid-2012.
3. Some current and advanced indicators of activity show a moderation of growth in the economy. On the other hand, indicators of global economic activity have shown a better-than-expected evolution, but uncertainty in international financial markets persists and growth in 2012 is expected to be lower than in the previous year.
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 Monetary Program for April will be approved on the Board's session of April 12, 2012.