



MONETARY PROGRAM FOR NOVEMBER 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 is based on the fact that inflation's deviation from the target has reflected temporary factors on the side of supply in a domestic context characterized by an economic pace of growth close to the economy's potential rate of growth and in an external context still characterized by high uncertainty.

The Board oversees the inflation forecasts and inflation determinants to consider future adjustments in monetary policy instruments.

2. Inflation in October registered a monthly rate of -0.16 percent, a lower rate than in September due mainly to the reversal of the prices of perishable food products. As a result of this, inflation in the last 12 months fell from 3.74 percent in September to 3.25 percent in October. Core inflation showed a rate of 0.13 percent in October and thus accumulated a rate of 3.32 percent in the last 12 months, a lower rate than in the previous month. Inflation excluding food and energy showed a monthly rate of -0.04 percent and an annual rate of 1.99 percent.
3. Supply conditions for perishable food products improved in October, which contributed to the reversal of the supply shocks that had been affecting inflation transitorily. As a result of this, inflation should return to the target range and gradually converge towards the 2 percent target.
4. Some current and advanced indicators of activity show that the economy's growth has stabilized around its long-term sustainable level of growth, although the indicators associated with the external market still register a weak performance. On the other hand, indicators of global economic activity show that uncertainty regarding the pace of global economic activity remains.
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 December will be approved on the Board's session that will be held on December 6, 2012.