



MONETARY PROGRAM FOR SEPTEMBER 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 that inflation's deviation from the target has reflected transitory supply factors in a domestic context characterized by a level of economic growth close to the economy's potential growth, and in an external context marked by uncertainty in international financial markets, lower terms of trade, and prospects of lower growth in both developed and emerging countries.

The Board oversees the inflation forecasts and inflation determinants to consider additional adjustments in monetary policy tools.

2. Showing a higher rate than in July, inflation in August registered a monthly rate of 0.51 percent associated mainly with rises in the prices of perishable food products which were affected by adverse domestic climate conditions. As a result of this, the rate of inflation in the last 12 months was 3.5 percent. Core inflation recorded a rate of 0.27 percent in August and thus accumulated a rate of 3.6 percent in the last 12 months, like in the previous month. Inflation excluding food and energy showed a rate of 0.15 percent and an annual rate of 2.4 percent.
3. Unfavorable climate conditions in the major producing countries of grains have temporarily increased the international prices of these commodities. Even though unfavorable local supply conditions in the case of perishable products, such as lemon and onion, have added onto this, inflation is expected to gradually converge to the target range in the rest of the year.
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 register a weak performance. On the other hand, indicators of global economic activity show that uncertainty about the pace of global economic activity has increased.
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 October on its session of October 11, 2012.