



MONETARY PROGRAM FOR APRIL 2013

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 the rate of inflation is within the target range in a context of economic growth close to the economy's potential level of growth .

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

2. Inflation in March showed a rate of 0.91 percent, of which 0.38 percentage points are due to the rise in education costs (tuition and fees). Inflation in the last 12 months rose from 2.45 percent in February to 2.59 percent in March. Core inflation showed a rate of 0.87 percent (3.48 percent in the last 12 months) and inflation without food and energy showed a rate of 0.95 percent (2.59 percent in the last 12 months).

Inflation is expected to converge to the 2 percent target in the next months due to the improvement observed in the food supply conditions, due to a pace of growth of economic activity close to the economy's level of potential output, and due to inflation expectations anchored to the target range in a context in which weak production indicators persist in the global economy.

3. Current and advanced indicators of activity show that the growth of the Peruvian economy has stabilized around its long-term sustainable level of growth, even though the indicators associated with the external market still show a weak performance.
4. 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.

5. The Board will approve the Monetary Program for May on its session of May 9, 2013.