



MONETARY PROGRAM FOR NOVEMBER 2015

BCRP MAINTAINS THE POLICY INTEREST RATE AT 3.50%

1. The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy interest rate at 3.50 percent. This level of the policy rate is compatible with the forecast that inflation will converge to the target range in 2016 and takes into account that:
 - i) Inflation expectations are gradually converging towards the target range.
 - ii) Inflation has been affected by temporary supply factors such as the rise in the prices of some food products and by the depreciation of the nuevo sol against the dollar, the effect of these factors not being foreseen to extend in a general manner to the rest of prices.
 - iii) International indicators show mixed signals of global economic recovery, as well as volatility in external financial markets and foreign exchange markets.
 - iv) Economic activity has been recovering gradually.
2. The Board oversees the inflation forecasts and inflation determinants and stands ready to make adjustments in its monetary policy rate to lead inflation to the target range in the policy horizon, should it be necessary.
3. Inflation in October recorded a rate of 0.14 percent, as a result of which the interannual rate of inflation decreased from 3.90 in September to 3.66 percent in October. The monthly rate of inflation is explained by the increase observed in the prices of perishable food products and meals outside the home. Inflation without food and energy showed a rate of 0.14 percent, as a result of which the interannual rate of inflation registered 3.46 percent in October, a similar rate to that observed in the previous month.
4. Recent indicators of economic activity and business and consumer expectations show an economic cycle with lower GDP growth rates than the potential output levels, but with a faster pace of growth in the second half of the year. It is estimated that the economy will be growing at rates similar to those of the potential output in 2016.
5. The Board of the Central Bank 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 specified below:
 - a. Overnight deposits: 2.25 percent.
 - b. Direct repos and rediscount operations: i) 4.05 percent for the first 15 operations carried out by a financial institution in the last 12 months, and ii) the interest rate set by the Committee of Monetary and Foreign Exchange Operations for additional operations to the 15 first operations carried out in the last 12 months.
 - c. Swaps: a commission equivalent to a minimum annual effective cost of 4.05 percent.
6. The Monetary Program for the following month will be approved on the Board meeting to be held on December 10, 2015.