



## **MONETARY PROGRAM FOR NOVEMBER 2009**

### **BCRP MAINTAINS THE REFERENCE INTEREST RATE AT 1.25%**

1. The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy reference interest rate at 1.25 percent.

This decision to maintain the monetary stimulus unchanged is based on the sustained reduction of annual inflation –inflation has declined to 0.71 percent in October– and on the continuous reduction of inflation expectations.

2. Inflation in October showed a rate of 0.12 percent as a result of the decline of the prices of some foodstuffs. Annual inflation has continued to decline, in line with the forecasts of our last Inflation Report. Advanced indicators of economic activity show signs of recovery, but no signals of inflationary pressures are observed in the short term. Thus, the rate of inflation in the next months should continue to be below the lower band of the target range due to the reversal of the supply shocks recorded last year. Unless important changes were to be observed in inflation forecasts and in inflation determinants, no new adjustments of the reference rate are foreseen.
3. The Board also approved to maintain the following annual interest rates on active and passive operations in domestic currency (not included in auctions) between the BCRP and the financial system as described below:
  - a. Direct repo and rediscount operations: 2.05 percent.
  - b. Overnight deposits: 0.45 percent.
  - c. Swap: a commission equivalent to a minimum annual effective cost of 2.05 percent.
3. The Board will approve the Monetary Program for the next month on its session of December 10, 2009.