



MONETARY PROGRAM FOR MARCH 2010

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 has been made considering that the recent evolution of inflation does not show demand pressures, but rather the transitory impact of supply shocks.

2. Inflation in February recorded a rate of 0.3 percent, due mainly to the increase of the prices of some foodstuffs and readjustment of electric rates. As a result, the rate of annual inflation went from 0.44 percent in January to 0.84 percent in February, below the lower band of the target range (1 percent). Advanced indicators of economic activity show clear signs of recovery of dynamism, but no signals of inflationary pressures in the short term.
3. The Board keeps a close watch on inflation forecasts and inflation determinants and, if required, will adopt preventive adjustments in the monetary policy stance to guarantee that inflation falls within the target range.
4. 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.

5. The Board will approve the Monetary Program for March on its session of April 8, 2010.

Lima, March 11, 2010.