



## **MONETARY PROGRAM FOR NOVEMBER 2011**

### **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 at 4.25 percent.

This decision takes into account the lower growth being recorded by some components of expenditure, as well as the intensification of international financial risks. Should these trends continue, the Central Bank will change its monetary policy stance.

2. Inflation in October continued to be affected by transitory factors and recorded a monthly rate of 0.31 percent and an annual rate of 4.20 percent. Core inflation, which registered 0.28 percent, accumulated an annual rate of 3.5 percent. Inflation excluding food and energy showed a rate of 0.11 percent and accumulated an annual rate of 2.3 percent.
3. Some current and advanced indicators of activity show that growth in the economy is moderating and registering lower rates than the ones observed in the first semester. Thus, sales of electricity grew 8.3 percent in October whereas they recorded a growth rate of 9.6 percent in the first semester. Furthermore, indicators of global activity show lower growth rates, while high uncertainty persists in international financial markets with potential negative effects on global economic growth.
4. The Board continues to oversee the projection of inflation and its determinants and stands ready to adopt future adjustments in monetary policy instruments on a prompt and timely basis.
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 Monetary Program for December will be approved on the Board's session of December 7, 2011.