



MONETARY PROGRAM FOR DECEMBER 2014

BCRP MAINTAINED 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 benchmark rate is compatible with the forecast that inflation will be converging to 2.0 percent target in 2015. This forecast takes into account that: i) economic activity projections continue showing levels below the potential levels; ii) inflation expectations remain anchored within the target range; iii) recent international indicators show mixed signals of global economic recovery, as well as increased volatility in financial and exchange markets, and iv) the lower international prices of crude oil have started to reflect gradually in the domestic market.

2. Inflation in November showed a negative rate of 0.15 percent, as a result of which inflation in the last 12 months rose from 3.09 percent in October to 3.16 percent in November. Inflation without food and energy recorded a rate of 0.13 percent, as a result of which the interannual rate of inflation fell from 2.56 percent in October to 2.49 percent in November.
3. The most recent indicators of activity continue showing lower GDP growth rates than the potential output rates for this year.
4. In December, the BCRP has continued lowering the rate of reserve requirements in domestic currency –from 10.0 to 9.5 percent– with the aim of supporting the growth of credit in soles.
5. The Board oversees the inflation forecasts and inflation determinants, and will implement additional monetary easing measures if it is necessary.
6. 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 described below:
 - a. Overnight deposits: 2.30 percent.
 - b. Direct repos and rediscount operations: 4.30 percent.
 - c. Swaps: a commission equivalent to a minimum annual effective cost of 4.30 percent.

7. The Monetary Program for the following twelve months will be approved on the Board meetings to be held according to the following schedule:

January 15	February 12	March 12
April 9	May 14	June 11
July 9	August 13	September 10
October 16	November 12	December 10

8. In 2015 the BCRP will publish its Inflation Reports on the following dates:

January 23	May 22	September 18	December 18
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