# MONETARY PROGRAM FOR MAY 2013

## 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 rate at 4.25 percent.

    This decision is based on the fact that the rate of inflation is within the target range in a context of economic growth close to the economy's potential level of growth .

    The Board oversees the inflation forecasts and inflation determinants to consider future adjustments in monetary policy instruments.

2.  Inflation in April registered a rate of 0.25 percent due mainly to the rise in the price of some food products. Inflation in the last 12 months continued declining and fell from 2.59 percent in March to 2.31 percent in April. Core inflation showed a rate of 0.29 percent (3.40 percent in the last 12 months) and inflation excluding food and energy showed a rate of 0.15 percent (2.41 percent in the last 12 months).

    Inflation is expected to converge to the middle of the target range in the next months due to the improvement observed in the conditions of food supply, to a pace of growth of economic activity close to the economy's level of potential output, and to inflation expectations anchored to the target range.

3.  Current and advanced indicators of activity show that the growth of the Peruvian economy has stabilized around its long-term sustainable level of growth, even though the indicators associated with the external market still show a weak performance that affects the prices and volumes of export products.

4.  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.

5.  The Board will approve the Monetary Program for June on its session of June 13, 2013.