BANCO CENTRAL DE RESERVA DEL PERÚ



Press Release

MONETARY PROGRAM APPROVED BY THE BOARD OF THE BANK FOR FEBRUARY 2003

- 1. The Board of the Bank established that in February the borrowing and lending Central Bank operations remain at:
 - **4,25 percent**: For monetary regulation credits and direct temporary purchase of BCR's papers.
 - **3,0 percent**: for overnight deposits.
- 2. In February, the range for the banks' current account balance held at the Central Bank will be S/. 170 million to S/. 190 million.
- 3. The interest rate of monetary regulation credits and direct temporary purchases of BCR's papers bills will equal to the interbank interest rate when this rate be higher than 4,25 percent.
- 4. In January, the average interbank rate was 3,8 percent, similar to December and within the reference corridor (3,0 to 4,25 percent). It should be noted than when it was observed a upward trend in the interbank rate, the Bank made additional auctions of repos with BCR's papers.
- 5. Monetary policy decisions are oriented to attain a 2,5 percent rate of inflation with a 1 percent point margin. In January, the rate of inflation was 0,23 percent, due to the price increase of some agriculture products and fuels (such as gas and kerosene). As a result, last 12 month rate of inflation was 2,28 percent.
- 6. As of November 2002, the rates of GDP and domestic demand growth were 4,8 and 4,1 percent, respectively. For 2003, economic activity is expected to remain high and inflation low.
- 7. The following interest rates will be used in foreign-currency operations:
 - a. The effective annual rate for monetary regulation credits will be the 1-month LIBOR plus one percentage point.
 - b. For **overnight** deposits held by banks at the Central Bank, the rate is equivalent to the average obtained by the Central Bank for similar deposits abroad.
- 8. For foreign exchange temporary purchase operations (swap operations), the commission is maintained to an implicit effective annual cost of **4,25 percent**.

Lima, February 6, 2003