

Monetary Program for 2001- Information Note: October 2001

1. For the month of October, the Board increased the range for its operating target at **S/. 132 - S/. 142 million as a daily average**. In September, the said balance was S/. 136 million, which fell within the announced range (S/. 130 – S/. 140 million).
2. The Central Bank Board of Directors also established that the following interest and commission rates would be used in domestic-currency Central Bank operations since October 5:
 - a. For monetary regulation credits in domestic currency, the effective interest rate would be **the weighted average of the interbank interest rates, or 7,5 percent, whichever is highest**. It should be noted that this is the fourth consecutive month in which the Bank reduced this rate. In August, the said rate was 8,5 percent.
 - b. For overnight deposits in domestic currency held by banks at the Central Bank, the effective interest rate will be **3,0 percent**. The latter rate was 4,0 percent.
 - c. For foreign exchange temporary purchase operations (swap operations), the commission implies an effective annual cost of **7,5 percent**. The latter cost was 8,5 percent.
3. The following interest rates will be used in foreign-currency operations:
 - a. The effective annual rate for monetary regulation credits will be **5,0 percent**. The latter rate was 5,5 percent.
 - 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.
4. The Central Bank grants monetary regulation credits in domestic and foreign currency on a regular basis.
5. For domestic currency operations, the Central Bank Board approved a new facility regarding temporary purchase of CDBCRP and Public Treasury bonds in domestic currency, besides the usual auction mechanisms, which holds maturities and interest rates of regulation credits.
6. For the current year, the rate of inflation falls below the range announced in the 2001 Monetary Program, reflecting a lower than expected economic activity. It should be noted, that the Central Bank has been widening banking liquidity and reducing its operations' interest rates.
7. If justified by financial conditions, the values mentioned above could be modified in order to ensure the attainment of the objective to preserve monetary stability.

Lima, October 4, 2001

Operational target and reference interest rate approved by the Board of Directors of the Central Bank: 2001

	2001									Program October
	February	March	April	May	June	July	August	September		
1. Operational target: current account (In million of S/.)										
Range	125-135	128-138	130-140	120-130	125-135	135-145	130-140	130-140		132-142
Revision			120-130							
Actual	134	131	123	122	130	129	132	136		
(As a percentage of TOSE) ^{1/}	(1,23)	(1,18)	(1,12)	(1,10)	(1,16)	(1,14)	(1,14)	(1,16)		(1,12 - 1,21)
2. Reference interest rates (In percentage)										
a. Monetary regulation credits, temporary purchase of CDBCRP and Treasury bonds out of auctions										
a.1. In domestic currency	12,5	11,5	11,0	11,0	10,5	10,0	9,0	8,5		7,5
a.2. In foreign currency	8,5	8,5	8,5	7,5	7,0	6,5	6,0	5,5		5,0
b. Overnight deposits										
b.1. In domestic currency	4,5	4,0	4,0	4,0	4,0	4,0	4,0	4,0		3,0
b.2. In foreign currency ^{2/}	5,5	5,3	4,8	4,2	3,9	3,8	3,7	3,2		^{2/}
3. Swap commission										
Commission	0,0172	0,0165	0,0159	0,0174	0,0171	0,0158	0,0138	0,0134		
Annual percentage rate	12,5	11,5	11,0	11,0	10,5	10,0	9,0	8,5		7,5

Note:

Interbank interest rates in domestic currency	11,0	10,3	12,5	12,7	10,6	8,4	5,7	5,8
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1/ Total liabilities subject to reserve

2/ Equivalent to the average obtained by the Central Bank for similar deposits abroad.