

BANCO CENTRAL DE RESERVA DEL PERÚ



Press release

MONETARY PROGRAM APPROVED BY THE BOARD OF THE BANK FOR AUGUST 2002

1. In July, the daily average balance of the banks' current account was **S/. 205 million**, within the range announced for that month (S/. 205 million to S/. 215 million). The interbank interest rate in domestic currency growth from 2,6 percent in June to 2,9 percent in July. In that month, the interest rate for monetary regulation credits was increased from 3,0 percent to 3,25 percent.
2. The Board of the Bank assessed the monetary policy stance for August and established the following:
 - a. The targeted range for the banks' current account balance held at the Central Bank will be maintained at **S/. 190 million to S/. 200 million on a daily average basis**.
 - b. For monetary regulation credits and temporary purchase of CDBCRP and Treasury bonds out of auctions, the effective interest rate remains as **the weighted average of the interbank interest rates, or 3,25 percent, whichever is highest**.
 - c. For overnight deposits in domestic currency held by banks at the Central Bank, the effective interest rate remained at **1,9 percent**.
 - d. For foreign exchange temporary purchase operations (swap operations), the commission which implies an effective annual cost of **3,25 percent** is maintained.
3. 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.
4. The previous framework is consistent with the current annual inflation forecast and that it finish above the lower inflation range.
5. 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, which mean avoiding inflationary or deflationary pressures.

Lima, August 2, 2002