

# BANCO CENTRAL DE RESERVA DEL PERU

## Monetary Program - Information Note: February 2002

1. In order to attain an annual rate of inflation of 2,5 percent plus or minus 1 percent point, the monetary policy made possible that interbank interest rate be 2,7 percent on average during January. Thus, the balance of banks' current account at the Central Bank (operating target) was S/. 160 within the announced balance (S/. 160 – S/. 170 million). This balance was lower than in December, because of lower cash requirements.
2. After the assessment of the monetary policy, the Central Bank Board of Directors established:
  - a. The range for banks' current account deposits at the Central Bank will be kept at **S/. 160 – S/. 170 million on a daily average basis**.
  - b. For monetary regulation credits in domestic currency, the effective interest rate would be **the weighted average of the interbank interest rates, or 3,5 percent, whichever is highest**. Formerly, the said rate was 4,0 percent.
  - c. For overnight deposits in domestic currency held by banks at the Central Bank, the effective interest rate remained at **1,9 percent**. Formerly, the said rate was 2,0 percent.
  - d. For foreign exchange temporary purchase operations (swap operations), the commission implies an effective annual cost of **3,5 percent**. The former cost was 4,0 percent.
3. The following interest rates will be used in foreign-currency operations:
  - a. The effective annual rate for monetary regulation credits will be **3,0 percent**. Formerly, the said rate was 3,5 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. Besides, the Central Bank operations will be oriented to reduce volatility in the exchange market.
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, February 7, 2001

# BANCO CENTRAL DE RESERVA DEL PERU

## Operational target and reference rate approved by the Board of the Bank

	2001											2002	Program
	February	March	April	May	June	July	August	September	October	November	December	January	February 2002
<b>1. Operational target: current account</b> (In million of S/.)													
Rango	125-135	128-138	130-140	120-130	125-135	135-145	130-140	130-140	132-142	135-145	150-160	160-170	160-170
Revised			120-130										
Actual	134	131	123	122	130	129	132	136	140	146	165	160	
<b>2. Reference interest rates</b> (In percentages)													
<b>a. Monetary regulation credits, temporary purchase of CDBCRP and Treasury bonds out of auction</b>													
a.1. In domestic currency	12,5	11,5	11,0	11,0	10,5	10,0	9,0	8,5	7,5	6,0	5,0	4,0	3,5
a.2. In foreign currency	8,5	8,5	8,5	7,5	7,0	6,5	6,0	5,5	5,0	4,5	4,5	3,5	3,0
<b>b. Overnight deposits</b>													
b.1. In domestic currency	4,5	4,0	4,0	4,0	4,0	4,0	4,0	4,0	3,0	2,5	2,0	2,0	1,9
b.2. In foreign currency	5,5	5,3	4,8	4,2	3,9	3,8	3,7	3,2	2,5	2,1	1,8	1,8	1/
<b>3. Swap commission</b>													
Commission	0,0172	0,0165	0,0159	0,0174	0,0171	0,0158	0,0138	0,0134	0,0138	0,0115	0,0089	0,0070	3/
Annual percentage rate	12,5	11,5	11,0	11,0	10,5	10,0	9,0	8,5	7,5	6,0	5,0	4,0	3,5

### Note:

Interbank interest rate in domestic currency	11,0	10,3	12,5	12,7	10,6 <sup>2/</sup>	8,4	5,7	5,9	4,5	3,5	3,1	2,7
--	------	------	------	------	--------------------	-----	-----	-----	-----	-----	-----	-----

1/ Similar to BCRP international overnight deposits' interest rate abroad.

2/ June 1 quotation (74,3 por ciento) not included.

3/ Since October, the swap commission is calculated on a daily basis and considering international levels.