Monetary Program - Information Note: January 2002

1. For the month of January, the Board increased the range for its operating target at **S/. 160 - S/. 170 million as a daily average** consistent with a higher preference for domestic currency. In December, the said balance was S/. 165 million, which fell above the announced range (S/. 150 – S/. 160 million) avoiding unnecessary fluctuations in interbank interest rates in a context of high concentration of supply and demand in the interbank market.

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 January 4:

   a. For monetary regulation credits in domestic currency, the effective interest rate would be **the weighted average of the interbank interest rates, or 4,0 percent, whichever is highest**. Formerly, the said rate was 5,0 percent.

   b. For overnight deposits in domestic currency held by banks at the Central Bank, the effective interest rate remained at **2,0 percent**.

   c. For foreign exchange temporary purchase operations (swap operations), the commission implies an effective annual cost of **4,0 percent**. The latter cost was 5,0 percent.

3. The following interest rates will be used in foreign-currency operations:

   a. The effective annual rate for monetary regulation credits will be **3,5 percent**. Formerly, the said rate was 4,5 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, January 4, 2001

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

	February	March	April	May	June	July	August	September	October	November	December	Program January 2002
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	135-145	150-160	160-170
Revised			120-130									
Actual	134	131	123	122	130	129	132	136	140	146	165	
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	6,0	5,0	4,0
a.2. En 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
b. Overnigth deposits												
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
b.2. In foreign currency [1]	5,5	5,3	4,8	4,2	3,9	3,8	3,7	3,2	2,5	2,1	1,8	[1]
3. Swap commissions												[3]
Commission	0,0172	0,0165	0,0159	0,0174	0,0171	0,0158	0,0138	0,0134	0,0138	0,0115	0,0089	
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

Note:

	February	March	April	May	June	July	August	September	October	November	December	
Interbank interest rate in domestic currency	11,0	10,3	12,5	12,7	10,6 [2]	8,4	5,7	5,9	4,5	3,5	3,2	

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

2/ June 1 quotation non included (74,3 percent).

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