

BANCO CENTRAL DE RESERVA DEL PERU

Press release



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

1. In May, the daily average balance of the banks' current account was S/. 196 million, below the range announced for that month (S/. 205 million to S/. 215 million). This figure was explained by the lower demand of bank's reserve funds due to the privatization of public companies in a higher amount. The average interbank interest rate was 2,5 percent in May, similar to the previous month.
2. The Board of the Bank assessed the June monetary policy and established the following:
 - a. The targeted range for the **banks' current account balance held at the Central Bank on a daily average basis will be maintained at S/. 195 million to S/. 205 million.**
 - b. For monetary regulation credits and temporary purchase of CDBCRP and Treadury bonds out of auctions, the effective interest rate remains as **the weighted average of the interbank interest rates, or 3,0 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 **3,0 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 **2,75 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 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, June 6, 2002