

# BANCO CENTRAL DE RESERVA DEL PERÚ



*Press release*

## ***MONETARY PROGRAM APPROVED BY THE BOARD OF THE BANK FOR NOVEMBER 2002***

1. In October, the daily average balance of the banks' current account was **S/. 188 million**, within the range announced for that month (S/. 180 million to S/. 200 million). The interbank interest rate in domestic currency diminished from 5,6 percent in September to 4,6 percent in October, into a context of decreasing regional financial uncertainty.
2. The Board of the Bank assessed the monetary policy stance for November and established the following:
  - a. The targeted range for the banks' current account balance held at the Central Bank will be **S/. 170 million to S/. 190 million on a daily average basis**, considering the greater funds in vault of the previous month.
  - b. For monetary regulation credits and temporary purchase of CDBCRP and Treasury bonds out of auction, the effective interest rate remains as **the weighted average of the interbank interest rates, or 4,75 percent, whichever is highest**.
  - c. For overnight deposits in domestic currency held by banks at the Central Bank, the effective interest rate remains at **3,0 percent**.
  - d. For foreign exchange temporary purchase operations (swap operations), the commission is kept to an implicit effective annual cost of **4,75 percent**.
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.
5. The previous framework is consistent with the current annual inflation forecast (2,5 percent with a  $\pm 1$  percentage point).
6. 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, November 8, 2002