

BANCO CENTRAL DE RESERVA DEL PERÚ



Press release

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

1. In August, the daily average balance of the banks' current account was **S/. 186 million**, below the range announced for that month (S/. 190 million to S/. 210 million). The interbank interest rate in domestic currency passed from 2,9 percent in July to 3,0 percent in August.
2. The Board of the Bank assessed the monetary policy stance for September and established the following:
 - a. The targeted range for the banks' current account balance held at the Central Bank will be maintained at **S/. 175 million to S/. 195 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 3,75 percent, whichever is highest**. The former rate was 3,25 percent.
 - 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 is raised to an implicit effective annual cost of **3,75 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.
4. Since September, according the new reserve requirement regulation, the average balance of funds in vault of the previous month is computed in order to determine the reserve requirement in domestic currency.
5. The previous framework is consistent with the current annual inflation forecast and that it finish above the lower inflation range.
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, September 5, 2002