

BANCO CENTRAL DE RESERVA DEL PERÚ



Press Release

MONETARY PROGRAM APPROVED BY THE BOARD OF THE BANK FOR FEBRUARY 2003

1. The Board of the Bank established that in February the borrowing and lending Central Bank operations remain at:
 - **4,25 percent:** For monetary regulation credits and direct temporary purchase of BCR's papers.
 - **3,0 percent:** for overnight deposits.
2. In February, the range for the banks' current account balance held at the Central Bank will be S/. 170 million to S/. 190 million.
3. The interest rate of monetary regulation credits and direct temporary purchases of BCR's papers bills will equal to the interbank interest rate when this rate be higher than 4,25 percent.
4. In January, the average interbank rate was 3,8 percent, similar to December and within the reference corridor (3,0 to 4,25 percent). It should be noted that when it was observed an upward trend in the interbank rate, the Bank made additional auctions of repos with BCR's papers.
5. Monetary policy decisions are oriented to attain a 2,5 percent rate of inflation with a 1 percent point margin. In January, the rate of inflation was 0,23 percent, due to the price increase of some agriculture products and fuels (such as gas and kerosene). As a result, last 12 month rate of inflation was 2,28 percent.
6. As of November 2002, the rates of GDP and domestic demand growth were 4,8 and 4,1 percent, respectively. For 2003, economic activity is expected to remain high and inflation low.
7. 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.
8. For foreign exchange temporary purchase operations (swap operations), the commission is maintained to an implicit effective annual cost of **4,25 percent**.

Lima, February 6, 2003