

# BANCO CENTRAL DE RESERVA DEL PERÚ



*Press release*

## **MONETARY PROGRAM APPROVED BY THE BOARD OF THE BANK FOR JANUARY 2003**

1. **The Board of the Bank approved to reduce the effective interest rate for monetary regulation credits and operations of temporary direct purchase of titles values from 4,50 to 4,25 percent, remaining the effective interest rate for overnight deposits in domestic currency held by banks at the Central Bank at 3,0 percent.** For this month the projected 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 lower liquidity requirements that seasonally is observed in the months of January. The interest rate for the credits of monetary regulation and operations of temporary direct purchase of titles values will be equal to the interest rate of the interbank market when this last one surpasses 4,25 percent.
2. The decisions of monetary policy are oriented to obtain an annual accumulated inflation rate of 2,5 percent, with a rank of tolerance of one percentage point upwards and downwards. In the 2002 the rate of inflation was of 1,52 percent, placed in the inferior margin of the Central Bank's target. For the 2003, the result of economic surveys applied to reveal a rate of expected inflation of 2 percent and a depreciation of the exchange rate of 3 percent.
3. Until October 2002, the annual growth of the GDP and domestic demand has reached at 4,7 and 3,9 percent, respectively. For the 2003 favorable perspective remain on the evolution of the economic activity, in an environment of low inflation. Thus, the economic surveys applied to consultant foresees show a expected growth of the GDP of 3,5 percent in 2003.
4. In the short term, the main source of inflationary risk is the rise of the international price of petroleum, the one that increased 15 percent in December in a volatile external context. Nevertheless, while this rise does not affect the rest of internal prices, it would not be required to take any offsetting action of monetary policy.
5. The interest rates for the operations in US dollars of the Central Bank are:
  - a. Credits of monetary regulation: one-month Libor interest rate plus one percentage point.
  - b. **Overnight** deposits: rate equivalent to the average rate that the Central Bank obtains abroad for same type of deposits
6. The chronogram of the sessions in which the Board will approve the Monthly Monetary Program is the following:

February 6 <sup>th</sup>	March 6 <sup>th</sup>	April 3 <sup>rd</sup>	May 8 <sup>th</sup>	June 5 <sup>th</sup>	July 3 <sup>rd</sup>
August 7 <sup>th</sup>	September 4 <sup>th</sup>	October 2 <sup>nd</sup>	November 6 <sup>th</sup>	December 4 <sup>th</sup>	
7. The Central Bank will issue its Inflation Report in the following dates:

January 31 <sup>st</sup>	May 30 <sup>th</sup>	August 29 <sup>th</sup>
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**Lima, January 6, 2003**