

# BANCO CENTRAL DE RESERVA DEL PERÚ



## *Press Release*

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

1. In May, the Consumer Price Index of Metropolitan Lima declined 0,03 percent, reflecting the fall in fuel and transportation prices. Last 12 month rate of inflation was 2,4 percent, lower than in April (2,5 percent), whereas underlying inflation, which excludes high volatility items from the CPI basket, increased 0,02 percent in May and 1,6 percent through last 12 months.
2. Central Bank's May inflation report forecasts for 2003 and 2004 show less inflationary pressures than in January report which pointed out a range for the rate of inflation of 2,5 to 3,5 percent, the upper side of the target. The current report points out that inflation will lay within the lower side (1,5 to 2,5 percent).
3. The Board of the Bank decided to maintain borrowing and lending interest rates for Central Bank operations at:
  - a. **4,25** percent: for monetary regulation credits and direct temporary purchases of BCR's securities.
  - b. **3,0** percent: for commercial banks' overnight deposits at the BCR.
4. In May, the interbank interest rate was 3,8 percent, level prevailing since December 2002. The interest rate of monetary regulation credits and direct temporary purchases of BCR's securities will be the same as the interbank interest rate when the latter exceeds 4,25 percent.
5. For June, the estimated range for commercial banks' current account balances held at the Central Bank is S/. 190 million to S/. 210 million, on a daily basis. In May, this balance was S/. 188 million (the estimated range was S/. 190 million to S/. 210 million).
6. 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.
  - c. For foreign exchange temporary purchase operations (swap operations), the commission is maintained at an implicit effective annual cost of **4,25 percent**.

Lima, June 5, 2003