



Press Release

BOARD OF THE CENTRAL BANK APPROVED MONETARY PROGRAM FOR OCTOBER 2003

1. In September, the Consumer Price Index of Metropolitan Lima (CPI) increased 0,56 percent. Therefore, last 12 month inflation was 1,98 percent, up from August (1,89 percent). On the other hand, core inflation, a price indicator that excludes high volatility components from the CPI basket, was 0,01 percent in August and 0,68 percent through last 12 months.

Interbank interest rate averaged 2,77 percent in September, down from the previous month (3,01 percent), following the 25 basis point reduction in BCR's reference interest rates.

2. The August Inflation Report presented an end-of-year inflation forecast near the lower limit of the announced range (1,5 percent) and within the lower band (1,5 – 2,5 per cent) for 2004, forecasts that are maintained.

3. **The Board of the Central Bank approved the maintenance for off auction monetary operations interest rates:**

- a. **3,50 percent: for direct temporary purchases of securities and monetary regulation credits**
- b. **2,00 percent: for overnight deposits**

The monetary operations regarding injection or withdrawal of liquidity by means of auctions are made in order to place the interbank interest rate within the reference corridor (2,75 percent).

4. In case, the interbank interest rate exceeds 3,5 percent, monetary regulation credits and direct temporary purchases of security operations will be charged with the market interbank interest rate.
5. For October the forecasted range for the daily average balance of banks' deposits held at BCR is S/. 180 million to S/. 200 million. It should be noted that this balance is not a target, nor an monetary stance indicator, since it is affected by seasonal factors as well as liquidity requirement changes.
6. The reference interest rate for BCR's operations in dollars are:
 - a. Monetary regulation credits: LIBOR at 1 month plus one percentage point
 - b. Overnight deposits: an interest rate equivalent to the rate for similar BCR's deposits held abroad
 - c. Swaps, the commission that implies an annual effective cost of 3,5 percent is maintained

Lima, October 2, 2003