



Press Release

MONETARY PROGRAM FOR SEPTEMBER 2005

CENTRAL BANK KEPT REFERENCE INTEREST RATE AT 3.00%

1. **The Board of the Central Bank approved to keep the reference interest rates for the interbank market at 3.00 percent.** In this decision it has been considered:
 - a. The Metropolitan Lima Consumer Price Index (CPI) decreased 0.18 percent in August. Thus, the CPI inflation over last twelve months diminished from 1.4 percent in July to 1.2 percent in August.
 - b. For the followings months, the annual CPI inflation forecast would be located around the lower limit of the inflation target range (1.5 percent).
 - c. The economy grows at a sustained rhythm, without inflationary pressures. In the first semester of 2005, the GDP grew 5.9 percent and it is projected to grow 5.5 percent in this year, and 5.0 percent in 2006.
2. It was also approved to maintain the lending and deposit interest rates for the Central Bank operations:
 - a. For direct repos and monetary regulation credits, the rate is kept at 3.75 percent.
 - b. For overnight deposits, the rate is maintained at 2.25% percent.
3. In case that the interbank interest rate be higher than 3.75 percent, monetary regulation credits and direct repos will be charged with the market interbank interest rate.
4. The interest rates for the following operations in dollars between the Central Bank and the Financial System are:
 - a. Monetary regulation credits: 1-month LIBOR plus one percentage point.
 - b. Overnight deposits: overnight LIBOR minus 3/8 of a percentage point.
 - c. Swaps: the commission is maintained to a level that implies a minimum annual effective cost of 3.75 percent.
 - d. Reserve requirement in foreign currency subject to a payment: 2.25 percent.
5. The session in which the Board will approve the following Monetary Program (October 2005) will be held on October 6th, 2005.

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