BANCO CENTRAL DE RESERVA DEL PERÚ

Press Release

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

1. In March, the rate of inflation was 1,1 percent (3,4 percent in annual terms), mainly due to specific factors such as the increase in fuels and transportation fares. However, the underlying inflation, which exclude high volatility items from the CPI basket, increased 0,1 percent in March and 1,7 percent through last 12 months.

   Unless the price increases in fuel and transportation fares migrate to other prices or inflation expectations deviate from the BCR's target, the Central Bank will not take any specific action. **Monetary policy decisions are oriented to attain a 2,5 percent rate of inflation with a 1 percent point margin.**

2. The Board of the Bank decided to maintain the borrowing and lending Central Bank operations at:

   a. **4,25** percent: For monetary regulation credits and direct temporary purchase of BCR's papers.
   b. **3,0** percent: for overnight deposits.

3. The interest rate of monetary regulation credits and direct temporary purchases of BCR's securities will equal to the interbank interest rate when this rate be higher than 4,25 percent. In March, the interbank interest rate was 3,8 percent, prevailing from December.

4. For April, the estimated range for the banks' current account balance held at the Central Bank will is S/. 190 million to S/. 210 million on a daily basis. In March, this balance was S/. 200 million, above the estimated range (S/. 170 million to S/. 190 million) due to the increase in domestic currency deposits. Considering this liquidity level, the interbank interest rate was 3,8 percent.

5. 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 to an implicit effective annual cost of **4,25 percent**.

Lima, April 3, 2003