

BANCO CENTRAL DE RESERVA DEL PERU
WEEKLY REPORT
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Information Notice about the Peruvian Monetary Program for 2001

As anticipated in the Monetary Program Report for 2001, The Central Reserve Bank Board of Directors established that, on the first Friday of each month, the Bank would announce the range for the average daily balance of the current accounts held by banks at the Central Bank, to be taken as benchmark for monetary operations during the month. Additionally, the Bank will announce the interest rates to be maintained during the month for monetary regulation credits and overnight deposits held by banks at the Central Bank.

For the month of February, the range referred to in the previous paragraph will be S/. 125 - S/. 135 million as a daily average. In January, the said balance was S/. 128 million.

The Central Bank Board of Directors also established that the following interest and commission rates would be used in domestic-currency Central Bank operations:

- a. For monetary regulation credits in domestic currency, the effective interest rate would be the average of the top-decile interbank interest rates, or 12,5 percent, whichever is highest. This rate has been maintained at its current level since January 4, when it was reduced from 14,0 percent.
- b. For overnight deposits in domestic currency held by banks at the Central Bank, the effective interest rate will be 4,5 percent. Until February 1, this rate was equivalent to the average obtained by the Central Bank for overnight deposits abroad (approximately 6,0 percent in January).
- c. For foreign exchange temporary purchase operations (swap operations), the commission will be 0,01720 percent, equivalent to an effective 12,5 percent annual cost. This cost has been maintained at its current level since January 4, when it was reduced from 14 percent.

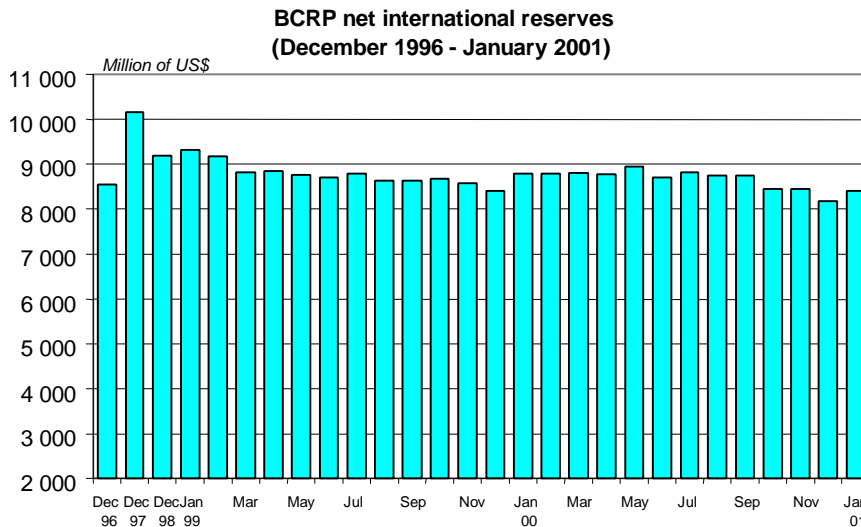
The following interest rates will be used in foreign-currency operations:

- a. The effective annual rate for monetary regulation credits will be 8,5 percent. This rate has been maintained at its current level since 17 November, when it was reduced from 10,0 percent.
- 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.

If justified by financial conditions, the values mentioned above could be modified in order to ensure the attainment of the objective to preserve monetary stability.

Net International Reserves at US\$ 8 406 million

In January 2001, the net international reserves (NIR) of the Central Reserve Bank of Peru increased US\$ 21 million to US\$ 8 201 million. This increase reflects higher deposits of public sector (US\$ 29 million), and the Insurance Deposit Fund (US\$ 9 million) as well as net investment profits (US\$ 14 million), the redemption of temporary purchases of Treasury bonds (US\$ 7 million) and the amortization of Treasury bonds (US\$ 3 million), that were partially offset by the withdrawal of financial institution deposits (US\$ 42 million). On the other hand, the exchange position amounted to US\$ 2 626 million, up US\$ 2 million from end-2000.



Average monetary base at S/. 5 174 million

In January, the daily average balance of the monetary base was S/. 5 174 million, 4,3 percent lower than December average. On January 31, the monetary base amounted to S/. 5 066 million, down 10,2 percent (S/. 577 million) from end-December, reflecting the lower cash demand following the end-of-the-year holidays. This decrease corresponds to the issuance of CDBCRP by S/. 590 million as well as higher public sector deposits (S/. 280 million) that were partially offset by temporary purchases of CDBCRP (S/. 210 million), net interest payments (S/. 36 million), and the redemption of overnight deposits (S/. 26 million).

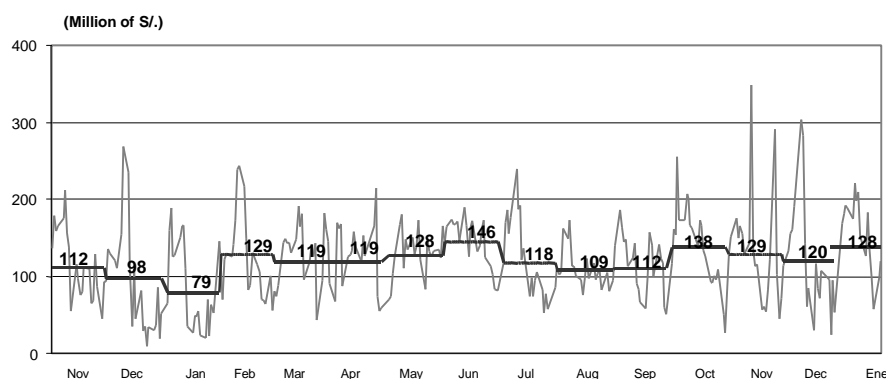
Banks' current account balance at S/. 128 million

From January 24 to 31, the banks' current account was S/. 76 million on a daily average basis. Over this period, the BCRP injected liquidity by S/. 182 million through temporary purchases of CDBCRP and foreign currency.

Monetary operations (Million of S/.)

	Current account balance at the end of previous day's operations	Net negative clearance + transfers from Banco de la Nación	Redemption of swaps, repos and rediscounts of the Central Bank	Redemption of CDBCRP	Cash transfers that affect the bank's current account balance	Current account of banking system before Central Bank operations	Central bank operations	Current account after Central Bank operations	Interbank interest rate
Average	1	2	3	4	5	6=1+2+3+4+5	7	8=6+7	
December 1999	99	-39	-27	39	10	73	16	98	17,1
June 2000	149	-18	-21	16	35	162	-16	146	14,1
July	118	-49	-152	26	20	-31	155	118	11,5
August	109	-23	-45	10	56	107	2	109	8,5
September	113	-31	-16	31	46	149	-32	112	13,3
October	139	-47	-73	22	32	75	65	138	14,5
November	127	-36	-142	25	34	16	114	129	13,7
December	120	-38	-107	41	20	42	83	120	11,6
January 2001	128	-41	-84	10	58	77	58	128	10,8
January 24	120	-90	-288	0	62	-196	245	49	11,0
January 25	49	23	-245	0	41	-132	218	86	10,6
January 26	86	26	-218	0	25	-81	168	87	10,9
January 29	87	10	-169	0	24	-48	105	57	10,3
January 30	57	-22	-105	0	-4	-73	154	80	10,4
January 31	80	-56	-154	0	2	-128	204	76	10,0
January 24-31	81	-38	-197	0	25	-110	182	76	10,5

Banks' current account deposits at the BCRP (November 1999 - January 2001)



From January 24 to 31, the Bank made 6 auctions of temporary purchases of CDBCRP totaling S/. 1 080 million, at an average interest rate of 9,3 percent, lower than the rate in December for these operations (13,8 percent). On January 25 and 29, the Bank made swap operations by US\$ 4 and 5 million, respectively

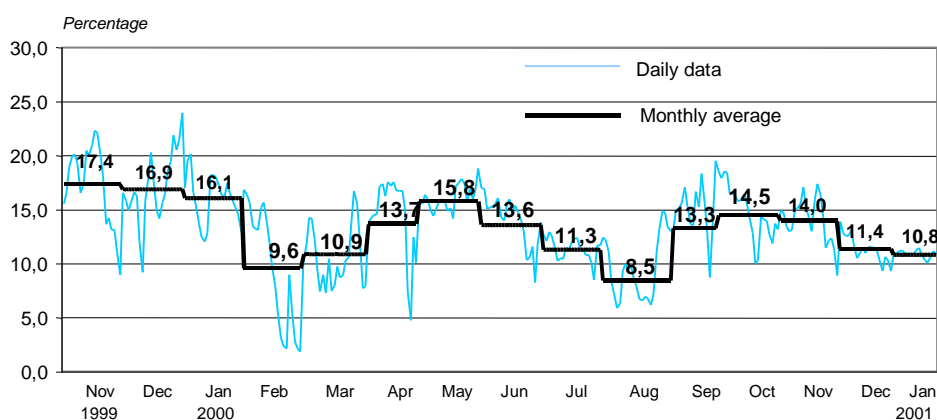
Temporary purchases of CDBCRP

Date	Amount (Million of S/.)	Interest rate (%)
January 24	245	9,1
January 25	205	9,1
January 26	170	9,4
January 29	90	9,7
January 30	160	9,4
January 31	210	9,2

Interbank interest rate in domestic currency at 10,8 percent

In January, the interbank interest rate in domestic currency averaged 10,8 percent, lower than in December (11,4 percent).

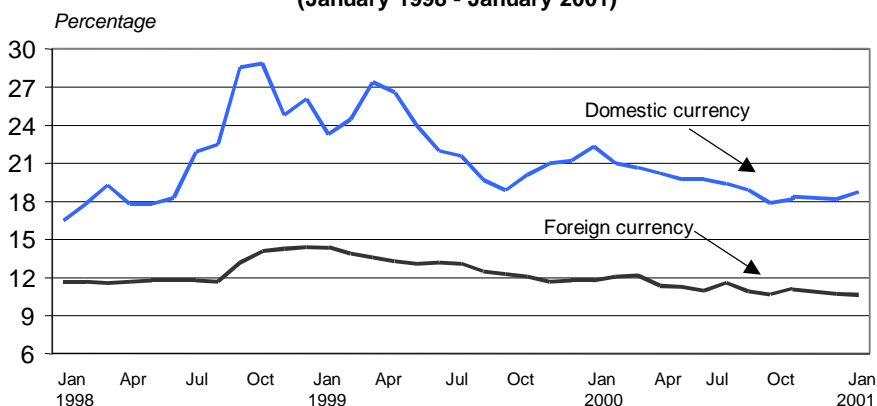
**Interbank interest rate in domestic currency
(November 1999 - January 2001)**



Average lending rates in domestic and foreign currency

In January, the 90-day prime interest rate on soles-denominated loans averaged 18,6 percent, higher than in December (18,2 percent). On the other hand, the rate on dollar-denominated loans rise from 10,7 percent in December to 10,8 percent.

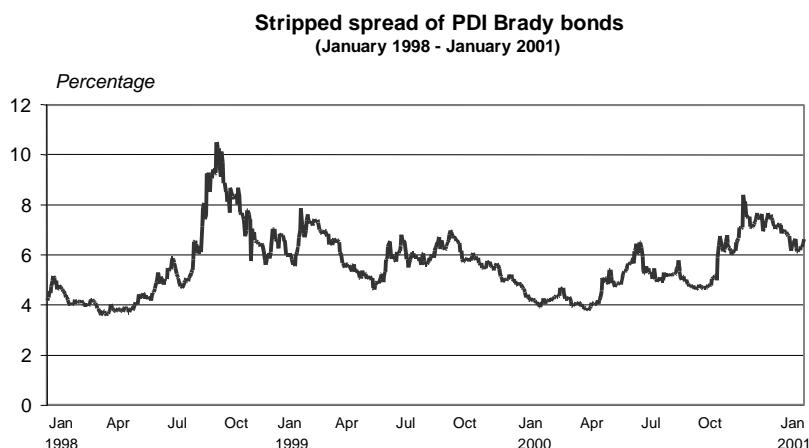
**Prime interest rates
(January 1998 - January 2001)**



The average lending interest rate in soles (TAMN) was 25,9 percent in January, lower than in the previous month (26,5 percent), while the rate in foreign currency (TAMEX) was stable at 12,6 percent, similar as in December 2000.

Spread of PDI Brady bond at 6,5 percent

In January, the spread of the Peruvian Past Due Interest Brady bonds with respect to Treasury bonds (a proxy for the country risk perceived by investors) was 6,5 percent, lower than in December (7,1 percent).



Inflation: January 2001

In January the rate of inflation was 0,2 percent similar than in December. The annual inflation was 3,9 percent. In this month, tradable product prices grew 0,2 percent, whereas non-tradable product prices grew 0,1 percent. In this month, the most important price increases were recorded in fuel (1,5 percent) due to the increase in gas, partially offset by the contraction in gasoline and kerosene.

INFLATION			
(Percentage changes)			
	January		
	2000	2001	Last 12 months
<u>GENERAL INDEX</u>	<u>0,1</u>	<u>0,2</u>	<u>3,9</u>
<u>TRADABLE PRODUCTS</u>	<u>0,1</u>	<u>0,2</u>	<u>4,8</u>
Food	-0,3	-0,1	0,5
Textile & Footwear	0,2	0,2	2,5
Fuel	1,1	1,5	30,8
Electrical Appliances	1,4	0,2	1,7
Others	0,4	0,3	5,0
<u>NON-TRADABLE PRODUCTS</u>	<u>-0,0</u>	<u>0,1</u>	<u>3,2</u>
Food	-1,1	0,3	1,6
Services	0,5	0,0	3,9
Others	0,5	0,1	3,1

Exchange rate at S/. 3,52

In January, the ask-exchange rate in the banking system averaged S/. 3,52. In nominal terms, the exchange rate grew 0,1 percent, while in real terms, the exchange rate fell 0,1 percent. In this month, the daily average sales of foreign currency in the forward market exceeded redemptions by US\$ 5 million, whereas, new purchases were higher than redemptions by US\$ 4 million. In the spot market, net purchases to the public averaged US\$ 3 million.

**Banks' exchange market operations to the public: Daily average
(Million of US\$)**

	November	December	January 2001		
			17-23	24-31	1-31
i. Forward sales to the public	<u>-3</u>	<u>-1</u>	<u>12</u>	<u>5</u>	<u>5</u>
- Purchase	12	11	22	25	18
- Sales	16	12	10	20	13
ii. Forward purchases to the public	<u>-1</u>	<u>-2</u>	<u>-3</u>	<u>4</u>	<u>4</u>
- New purchases	9	6	9	21	15
- Redemptions	10	8	12	17	11
iii. Net spot purchases to the public	<u>6</u>	<u>2</u>	<u>9</u>	<u>-1</u>	<u>3</u>
- Purchases	80	80	85	90	83
- Sales	75	78	76	91	80

Monetary accounts: January 2001

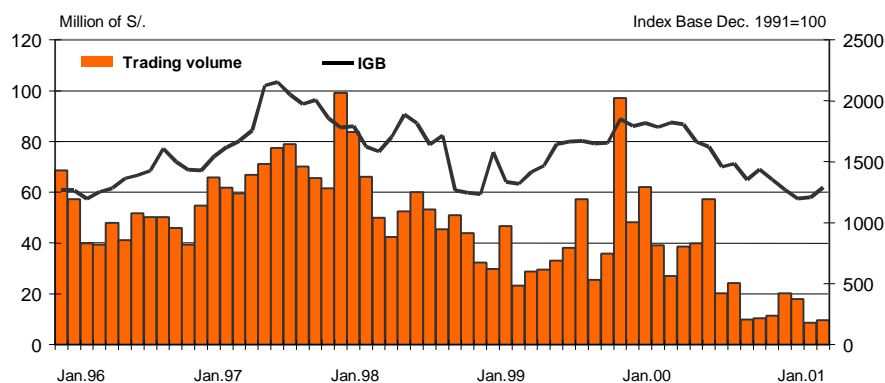
As on January 7, liquidity in domestic currency grew 0,9 percent to S/. 14 104 million. In annual term this aggregate rose 2,9 percent. On the other hand, credit to the private sector in domestic currency increased 0,2 percent and 1,2 percent in the last 12 months.

Liquidity in domestic currency rose 0,9 percent (US\$ 84 million) from December 7 to January 7 to US\$ 9 412 million, whereas short-term external liabilities of the banking system augmented 8,0 percent (US\$ 118 million) to US\$ 1 580 million. Credit to the private sector rose 1,5 percent (US\$ 167 million), but decreased 1,6 percent in annual terms.

General index increases 6,0 percent

In January, the Lima Stock Exchange increased with respect to end-December by 6,0 percent in the General Index and 7,5 percent in the Blue Chip Index.

**Stock market indicators
(January 1996 - January 2001)**



Lima, February 2, 2001

The weekly report releases economic information to be published (with broader detail) in the weekly bulletin the following Monday. The weekly report published on Fridays is released via facsimile for a charge or free via email (acorrales@bcrp.gob.pe). A subscription can be requested to telephone (51-1) 4266250 ext. 3817 or email. The monthly fee for the facsimile is S/. 12 (Peru only) and US\$ 49 (overseas).

