

**BANCO CENTRAL DE RESERVA DEL PERU**  
**WEEKLY REPORT N° 35**  
**August 31, 2001**

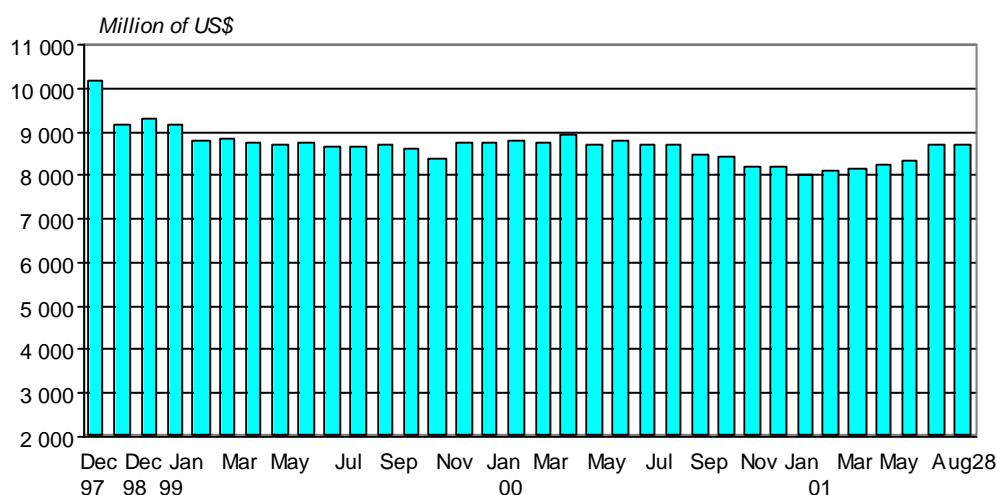
**Content**

*Net International Reserves increased US\$ 33 million*  
*Banks' current account balance at S/. 137 million*  
*Average monetary base at S/. 5 311 million*  
*Interbank interest rates decreased*  
*Exchange rate at S/. 3,49*  
*Monetary accounts: August 15*  
*Peru's bonds spread at 6,1 percent*  
*General Stock Index increased 1,1 percent*

***Net International Reserves increased US\$ 33 million***

As of August 28, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 8 733 million, up US\$ 33 million from end -July. The increase is due to higher financial system deposits (US\$ 115 million), valuation changes (US\$ 8 million) and net interest earnings (US\$ 9 million), which were partially offset by the net withdrawal of public sector deposits at the Central Bank (US\$ 96 million), lower Insurance Deposit Fund deposits (US\$ 1 million) as well as sales of foreign currency and other operations (US\$ 2 million). The foreign exchange position amounted to US\$ 2 609 million, up US\$ 7 million from end -July.

**BCRP net international reserves  
(December 1997 - August 2001)**



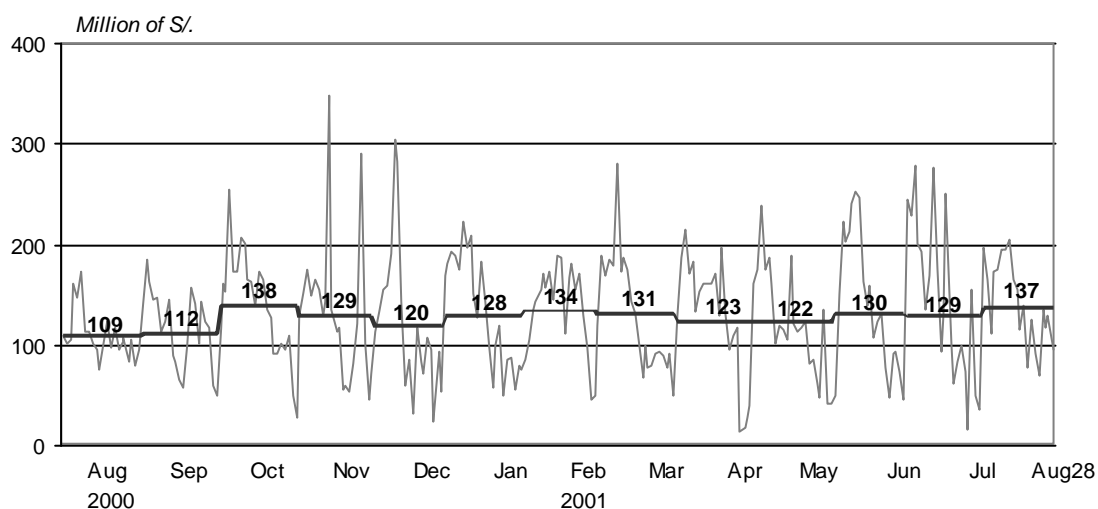
***Banks' current account balance at S/. 137 million***

As of August 28, the banks' current account held at the Central Bank was S/. 137 million on a daily average basis. For the current month, the range announced by the Bank for the operating target is S/. 130 -140 million .

**Monetary operations: daily average  
(Million of S/.)**

	Banks' current account balance at the end of previous day's operations	Banks' operations with Banco de la Nación	Redemption of CDBCRP	Other banking operations redemption with the Central Bank	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
	1	2	3	4	5		7		
June 2000	149	-18	16	-21	35		-16	13,6	
July	117	-48	26	-152	20	-31	155	11,3	
December	120	-38	41	-107	20	38	83	11,4	
January 2001	128	-41	10	-84	58	77	58	10,8	
February	135	-27	27	-30	38	157	-9	11,0	
March	131	-34	16	-13	37	137	-7	10,3	
April	124	-73	16	-353	40	-243	368	12,5	
May	122	-28	14	-157	48	-2	125	12,7	
June	130	-34	18	-50	37	113	29	16,0	
July	<b>129</b>	<b>-30</b>	<b>31</b>	<b>-20</b>	<b>25</b>	<b>151</b>	<b>-6</b>	<b>8,4</b>	
August 28	<b>136</b>	<b>-32</b>	<b>6</b>	<b>21</b>	<b>54</b>	<b>188</b>	<b>-46</b>	<b>5,8</b>	

**Banks' current account deposits at the BCRP  
(August 2000 - August 2001)**



From August 21 to 28, the Central Bank made 4 auctions of CDBCRPs amounting to S/. 130 million, at an average interest rate of 9,0 percent. Likewise, on August 24 the Central Bank carried out a temporary purchase of CDBCRP for S/. 20 million at an average interest rate of 5,5 percent.

**Temporary purchase of CDBCRP**

Date	Amount (Million of S/.)	Interest rate (%)	Term
<b>August 21</b>	20	10,1	1 year
<b>August 22</b>	20	9,1	6 months
<b>August 23</b>	30	8,9	6 months
<b>August 28</b>	60	8,7	6 months

***Average monetary base at S/. 5 311 million***

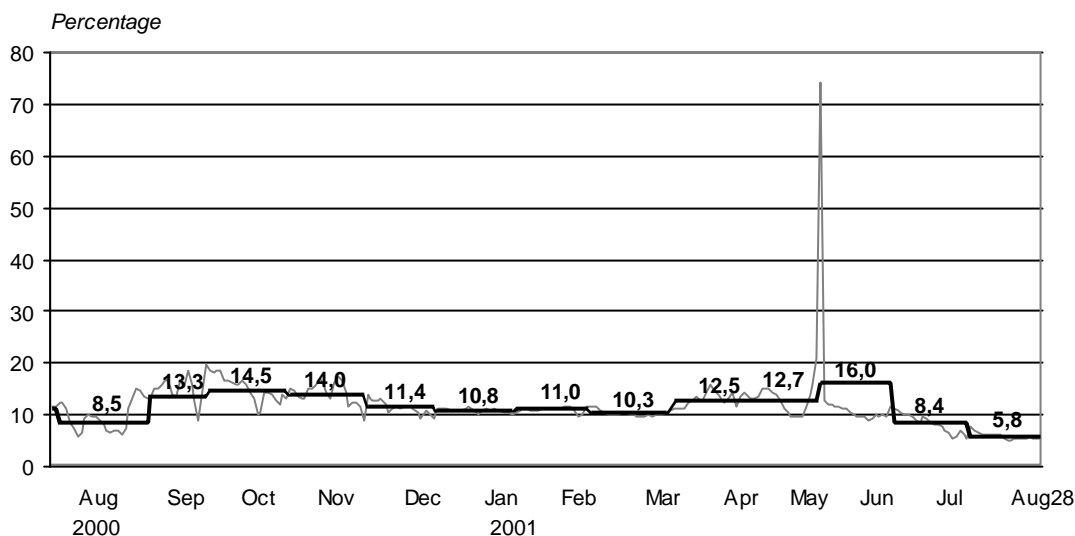
As of August 28, the daily average balance of the monetary base was S/. 5 311 million, 0,2 percent lower than in July. On August 28, the monetary base amounted to S/. 5 157 million, down 6,4 percent (S/. 353 million) from end -July, reflecting the net issuance of CDBCRP (S/. 425 million), higher deposits of the Insurance Deposit Fund (S/. 9

million) and the public sector at the Central Bank (S/. 5 million) as well as sales of foreign currency to international entities (S/. 3 million), which were partially offset by the withdrawal of overnight deposits in domestic currency (S/. 50 million) as well as net interest payments and other outlays (S/. 3 9 million).

### *Interbank interest rate in domestic currency decreased*

From August 1 to 28, the interbank interest rate in domestic currency was 5,8 percent, lower than in July (8,4 percent). In the same period, the corresponding rate in foreign currency was 3,9 percent, compared with 4,1 percent in July.

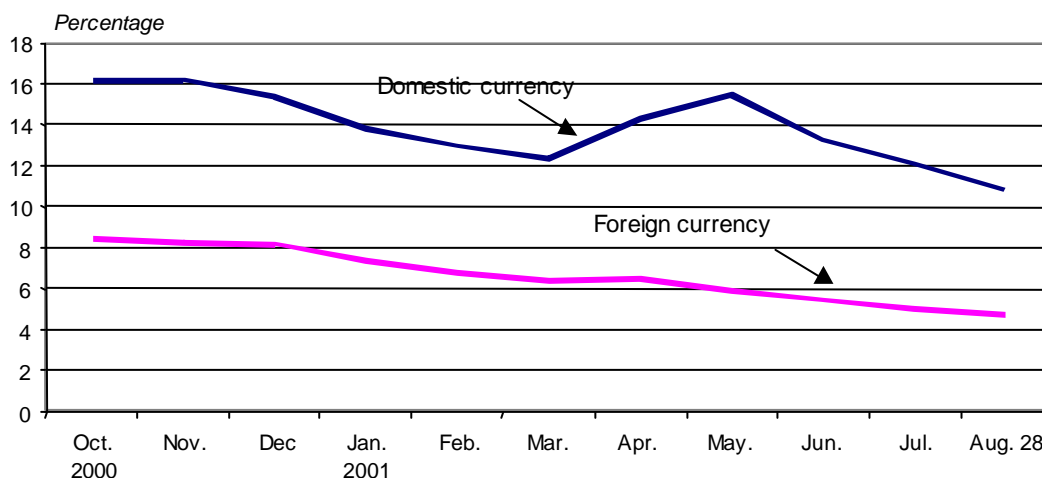
**Interbank interest rate in domestic currency  
(August 2000 - August 2001)**



### *Average lending rates in domestic and foreign currency decreased*

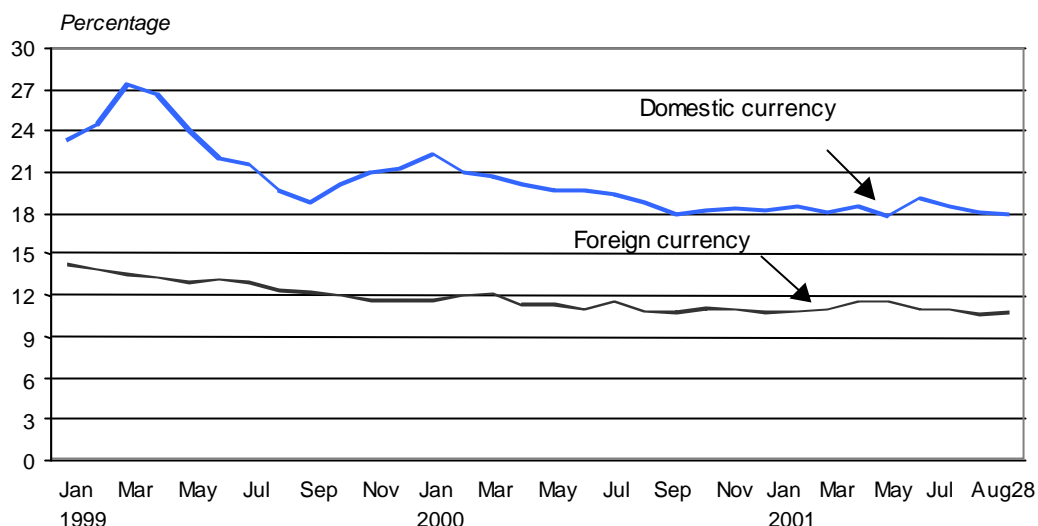
The corporate prime interest rate in domestic currency (on 90 -day loans to low -risk clients) declined from 12,1 percent in July to 10,8 percent as of August 28. The rate in foreign currency also decreased from 5,0 percent last month to 4,7 percent.

**Corporate prime interest rates in domestic  
and foreign currency  
(Octubre 2000 - Agosto 2001)**



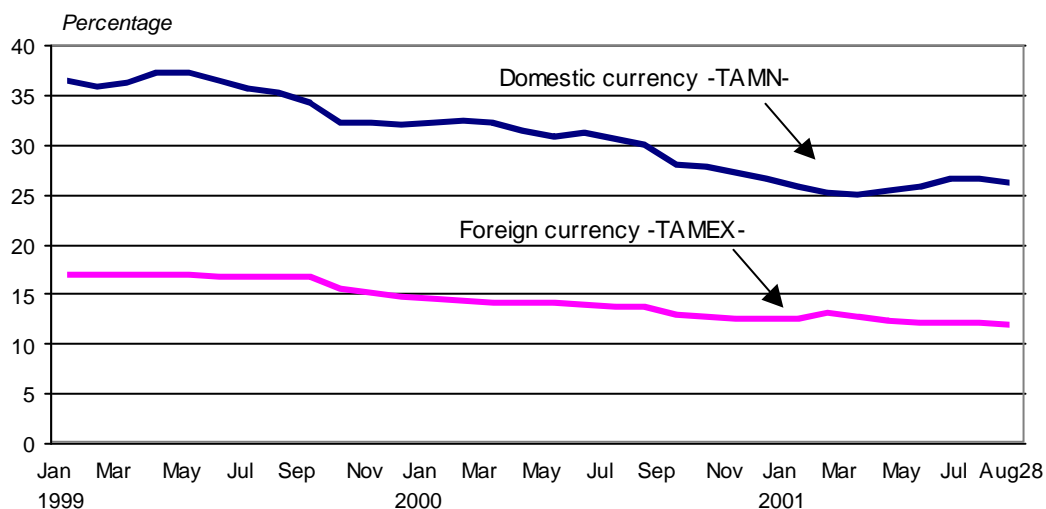
The 90 -day prime interest rate on soles -denominated loans averaged 17,9 percent, lower than the July average (18,1 percent). On the other hand, the rate on dollar -denominated loans increased from 10,6 to 10,7 percent.

### Prime interest rates (January 1999 - August 2001)



The average lending interest rate in domestic currency (TAMN) was 26,2 percent, slightly lower than last month's average (26,6 percent). Over that period, the rate in foreign currency (TAMEX) passed from 12,4 percent to 12,1 percent.

### Active lending interest rates (January 1999 - August 2001)



### *Exchange rate at S/. 3,49*

As of August 28, the ask exchange rate in the banking system ~~was~~ **at** S/. 3,49, down 0,2 percent from end July.

The balance of net foreign currency sales in the forward market increased from US\$ 599 million in July to US\$ 596 million as of August 28, whereas the banks' exchange position passed from US\$ 463 million to US\$ 434 million over the same period.

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

	December 2000	June	July	August 1-28
<b>i. Forward sales to the public</b>	<b>0</b>	<b>-2</b>	<b>4</b>	<b>-3</b>
- New sales	12	16	19	12
- Redemptions	12	18	14	15
<b>ii. Forward purchases to the public</b>	<b>-2</b>	<b>2</b>	<b>0</b>	<b>-3</b>
- New purchases	6	13	10	9
- Redemptions	8	11	10	12
<b>iii. Net spot purchases to the public</b>	<b>0</b>	<b>6</b>	<b>3</b>	<b>1</b>
- Purchases	87	84	80	71
- Sales	87	78	77	70
<b>Memo:</b>				
Close balance as of:				
a. Forward sales to the public	653	979	1 122	1 066
b. Forward purchases to the public	213	470	523	469
c. Net sales to the public (a -b)	440	509	599	596
d. Banks' exchange position	630	600	463	434

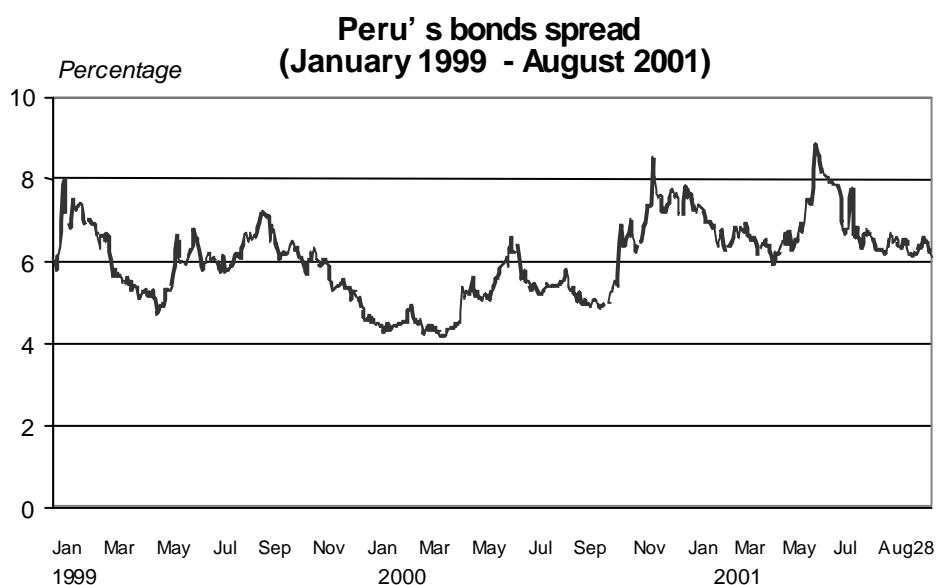
***Monetary accounts: August 15***

From July 15 to August 15, liquidity in domestic currency decreased 0,3 percent (S/. 43 million) to S/. 14 536 million. In annual terms, this aggregate increased 6,8 percent. On the other hand, credit to the private sector in domestic currency increased 1,4 percent (S/. 126 million) to S/. 8 983 million. Growth in the last 12 months for this variable was 6,7 percent.

Liquidity in foreign currency decreased 0,3 percent (US\$ 32 million) to US\$ 9 631 million, whereas last-12 month growth for this variable was 1,8 percent. Short-term external liabilities amounted to US\$ 1 632 million, down US\$ 51 million (3,0 percent) from end-July. Finally, credit to the private sector (US\$ 11 270 million) decreased 1,3 percent (US\$ 152 million) in the last 4 weeks and 0,3 percent in annual terms.

***Peru's bonds spread at 6,1 percent***

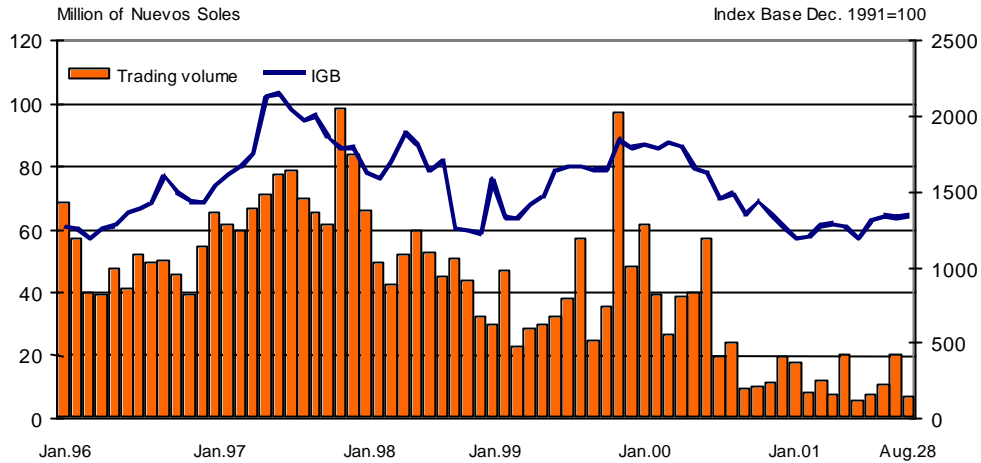
On August 28, the spread between the yield of Peruvian bonds and the interest rate on US Treasury bills (a proxy for the country risk perceived by investors) was 6,1 percent, whereas in the period August 1 to 28, the average spread (6,3 percent) was slightly lower than in July (6,4 percent). Conversely, the average for Latin American bonds rose from 9,5 percent in July to 9,8 percent over that period.



## *General Index increases 1,1 percent*

As of August 28, the Lima Stock Exchange increased relative to end-July by 1,1 percent in the General Index and 1,2 percent in the Blue Chip Index. In the year, these indices have increased 11,4 percent and 7,6 percent, respectively.

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



*Lima, August 31, 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 (acorales@bcpr.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).