

BANCO CENTRAL DE RESERVA DEL PERU
WEEKLY REPORT N° 42
October 19, 2001

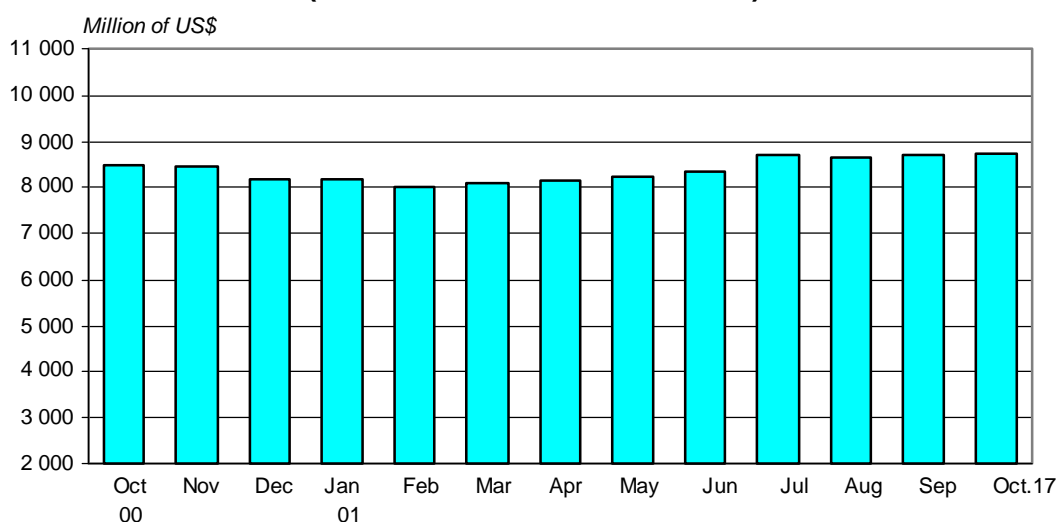
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Net International Reserves at US\$ 8 773 million

As of October 17, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 8 773 million, up US\$ 94 million from end-September and US\$ 593 million from end-2000. The increase of NIR during October is due to higher financial system deposits (US\$ 68 million), FLAR's profits capitalization (US\$ 23 million), purchases of foreign currency (US\$ 18 million), investment yields (US\$ 12 million) and higher Insurance Deposit Funds deposits (US\$ 5 million); which were partially offset by the withdrawal of public sector deposits (US\$ 32 million). On the other hand, the foreign exchange position amounted to US\$ 2 697 million, up US\$ 40 million from end-September.

**BCRP net international reserves
(October 2000 - October 2001)**



Banks' current account balance at S/. 188 million

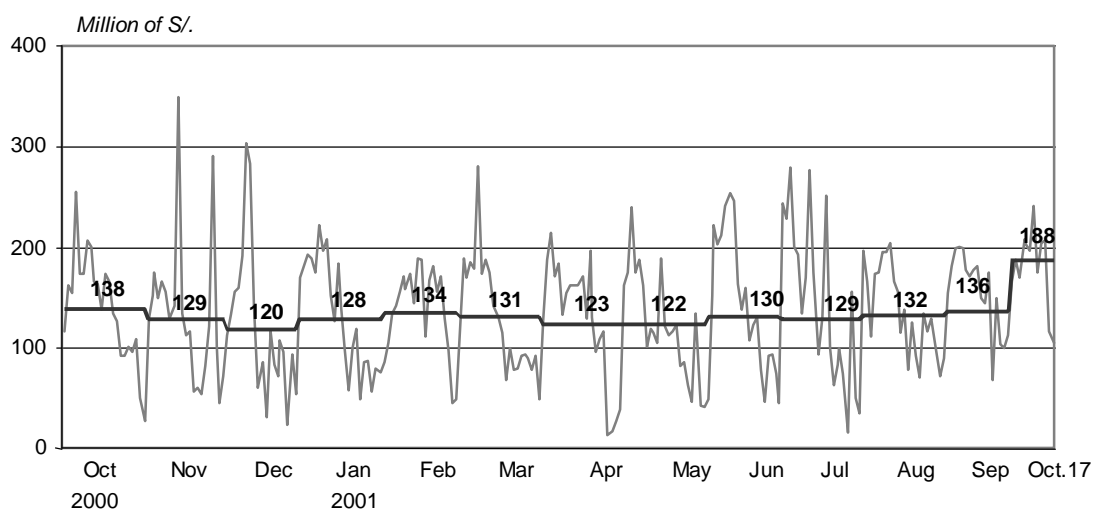
As of October 17, the banks' current account held at the Central Bank was S/. 188 million on a daily average basis. For the current month, the range announced by the Bank for the operating target is S/. 132-142 million.

From October 10 to 17, the Central Bank made purchases of foreign currency by US\$ 18 million (US\$ 10 million of October 15 and US\$ 8 million on October 16). On October 10, 11 and 15 the Bank auctioned CDBCRP by S/. 55, S/. 20 and S/. 65 million, respectively at an average interest rate of 6,6 percent. On October 16 and 17, the Bank carried out repos by S/. 27 and S/. 90 million, respectively, at an average interest rate of 3,98 percent.

**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
		2	3	4	5		7		
October 2000		-36	32	-18	30		-7		18,9
December	120	-38	41	-107	20	38	83	120	11,4
January 2001	128	-41	10	-84	58	77	58	128	10,8
February	135	-27	27	-30	38	157	-9	134	11,0
March	131	-34	16	-13	37	137	-7	131	10,3
April		-73	16	-353	40		368		12,5
May	122	-28	14	-157	48	-2	125	122	12,7
June		-34	18	-50	37		29		16,0
July		-30	31	-20	25		-6		8,4
August	130	-32	5	23	50	180	-44	132	5,7
September		-39	14	-31	36		18		5,8
October 1-17		-48	-67	17	40		63		5,4

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



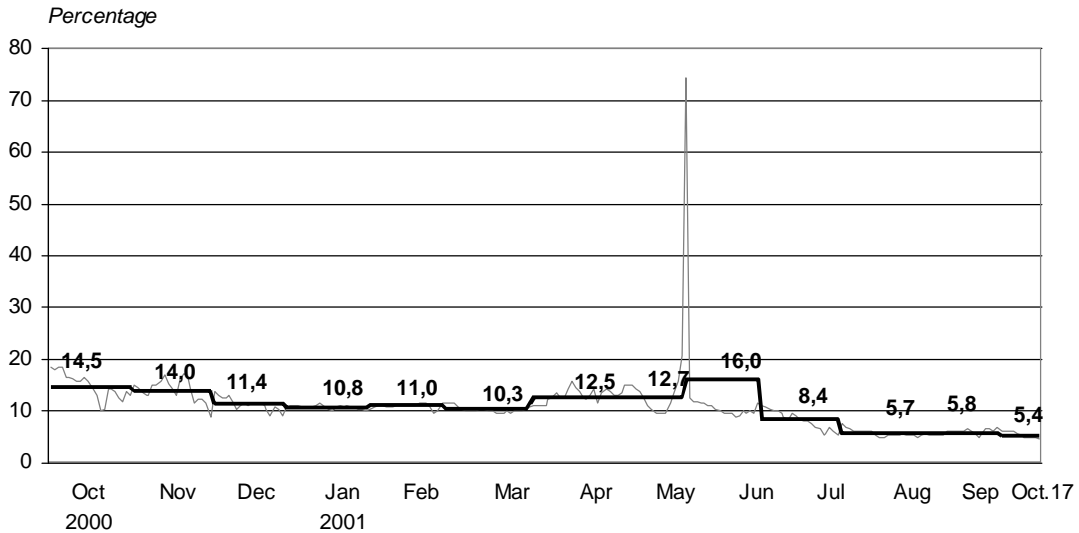
Average monetary base at S/. 5 135 million

As of October 17, the daily average balance of the monetary base was S/. 5 135 million, 0,1 percent lower than in September. On October 17, the monetary base amounted to S/. 5 036 million, down 1,4 percent (S/. 72 million) from end-September reflecting the seasonal decrease in the first half of the month and explained by higher public sector deposits (S/. 228 million), higher Insurance Deposit Fund deposits (S/. 5 million) and the redemption of swap operations (S/. 2 million), which were partially offset by the net redemption of CDBCRP (S/. 60 million), net purchases of foreign currency (S/. 60 million), lower overnight deposits in domestic currency (S/. 25 million), other outlays (S/. 14 million) and the temporary purchase of bills (S/. 5 million).

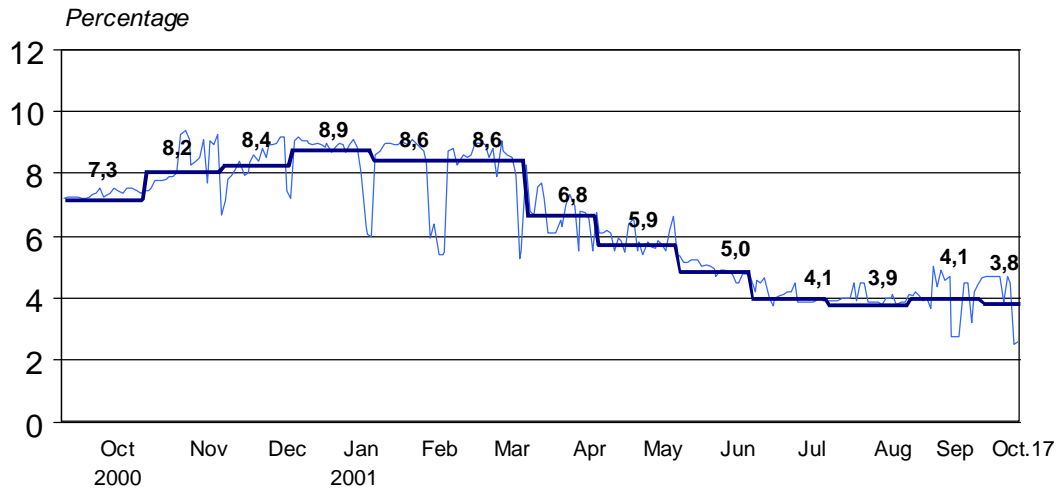
Interbank interest rates decreased

As of October 17, the interbank interest rate in domestic currency was 5,4 percent, lower than in September (5,8 percent). In the same period, the corresponding rate in foreign currency passed from 4,1 to 3,8 percent.

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



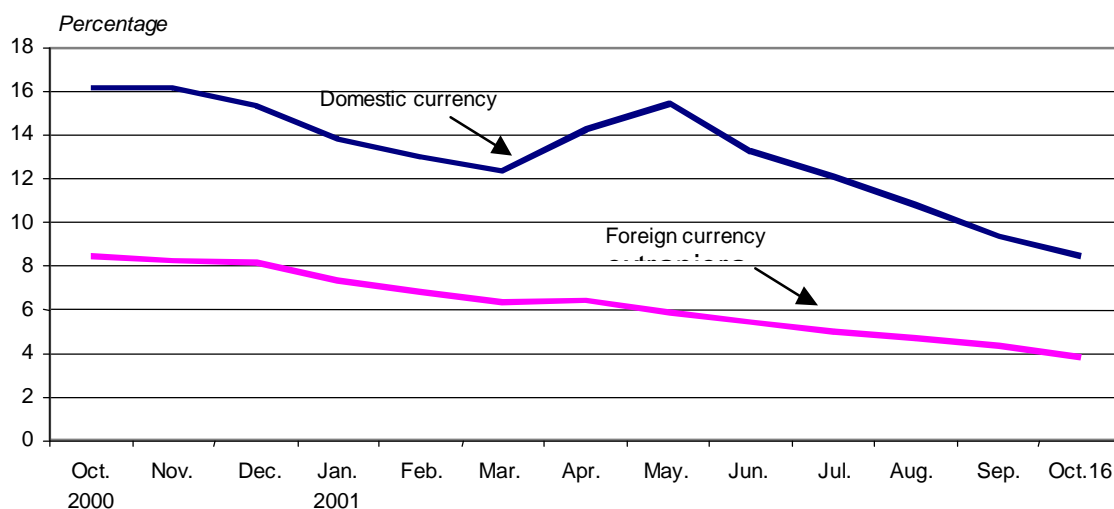
**Interbank interest rate in foreign currency
(October 2000 - October 2001)**



Average lending rates in domestic and foreign currency decreased

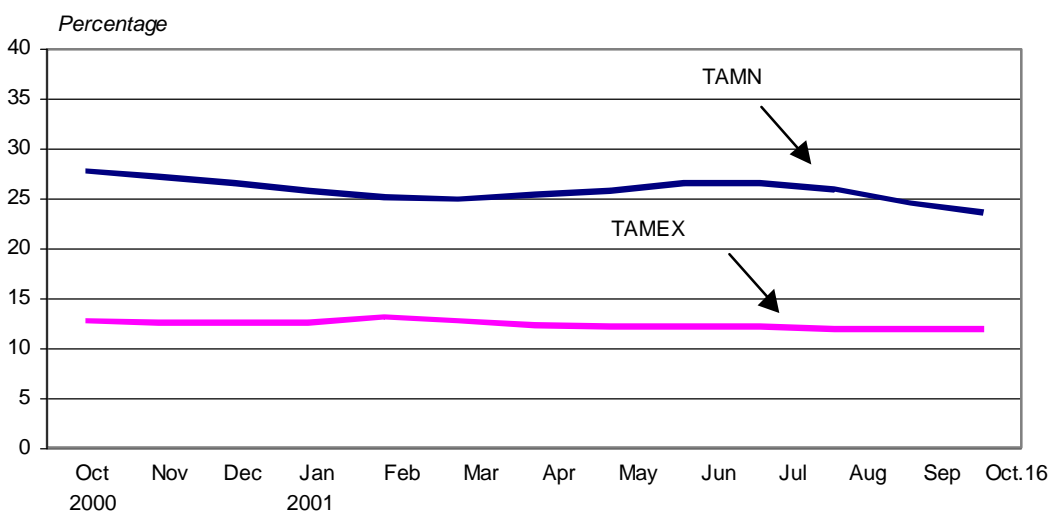
The corporate prime interest rate in domestic currency (on 90-day loans to low-risk clients) declined from 9,4 percent in September to 8,5 percent as of October 17. The rate in foreign currency also decreased from 4,4 percent last month to 3,8 percent.

**Corporative prime interest rate in domestic and foreign currency
(October 2000 - October 2001)**



The average lending interest rate in domestic currency (TAMN) was 23,7 percent, lower than last month's average (24,7 percent). Over that period, the rate in foreign currency (TAMEX) remained at 12,0 percent.

**Active lending interest rates in domestic and foreign currency
(October 2000 - October 2001)**



Peru's bonds spread at 6,8 percent

As of October 17, 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 6,8 percent, higher than in September (6,3 percent). However, on October 17 the spread (6,5 percent) was lower than end-September (6,7 percent). On the other hand, the average spread of Latin-American bonds increased from 10,4 percent in September to 11,6 percent as of October 17.

Spread of Latin-American and Peruvian bonds (October 2000 - October 2001)



Exchange rate at S/. 3,47

As of October 17, the ask exchange rate in the banking system was S/. 3,47, 0,4 lower than end-September. On October 15 and 16, the Central bank intervened in the exchange market (purchases of US\$ 10 million and US\$ 8 million, respectively) in order to stop the declined pressure in the exchange rate recorded over that period.

The net balance of foreign currency sales in the forward market increased from US\$ 572 million in September to US\$ 606 million as of October 17, whereas the banks' exchange position passed from US\$ 667 million to US\$ 567 million over the same period.

Banks' exchange market operations to the public: Daily average

	December 2000			September	October 1-17
End-of-period balance:					
a. Net sales to the public (i-ii)	440	599	596	572	606
i. Forward sales to the public	653	1 122	1 065	1 059	1 041
ii. Forward purchases to the public	213	523	470	496	435
b. Banks' exchange position	630	462	446	667	567
Flows:					
I. Forward sales to the public	0	4	-3	-1	-2
- New sales	12	19	12	12	12
- Redemptions	12	14	15	13	14
II. Forward purchases to the public	-2	0	-3	-1	-5
- New purchases	6	10	9	9	8
- Redemptions	8	10	12	10	13
III. Net spot purchases to the public	0	3	3	4	-2
- Purchases	87	80	76	78	77
- Sales	87	77	73	74	79

Monetary accounts: September

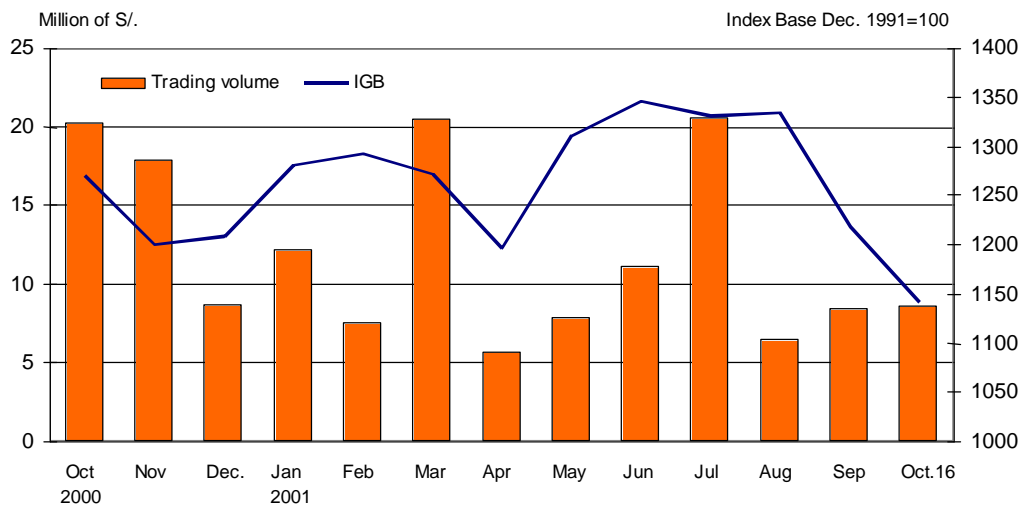
During September, liquidity in domestic currency decreased 0,2 percent to S/. 14 640 million. However, in annual terms this aggregate increased 6,5 percent. On the other hand, credit to the private sector in domestic currency increased 1,0 percent (S/. 85 million) to S/. 9 047 million. Growth in the last 12 months for this variable was 3,9 percent.

Liquidity in foreign currency rose 0,6 percent (US\$ 54 million) to US\$ 9 726 million, whereas last-12 month growth for this variable was 4,0 percent. Credit to the private sector (US\$ 11 162 million) decreased 0,5 percent (US\$ 60 million) in the last 4 weeks and in a similar amount in the last 12 months.

General Index decreased 6,3 percent

As of October 17, the Lima Stock Exchange decreased relative to end-September by 5,6 percent in the General Index and 6,7 percent in the Blue Chip Index. In the year, these indices have decreased 4,9 percent and 8,8 percent, respectively.

Stock market indicators (October 2000 - October 2001)



Lima, October 19, 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).