

**BANCO CENTRAL DE RESERVA DEL PERU**  
**WEEKLY REPORT N° 43**  
**October 26, 2001**

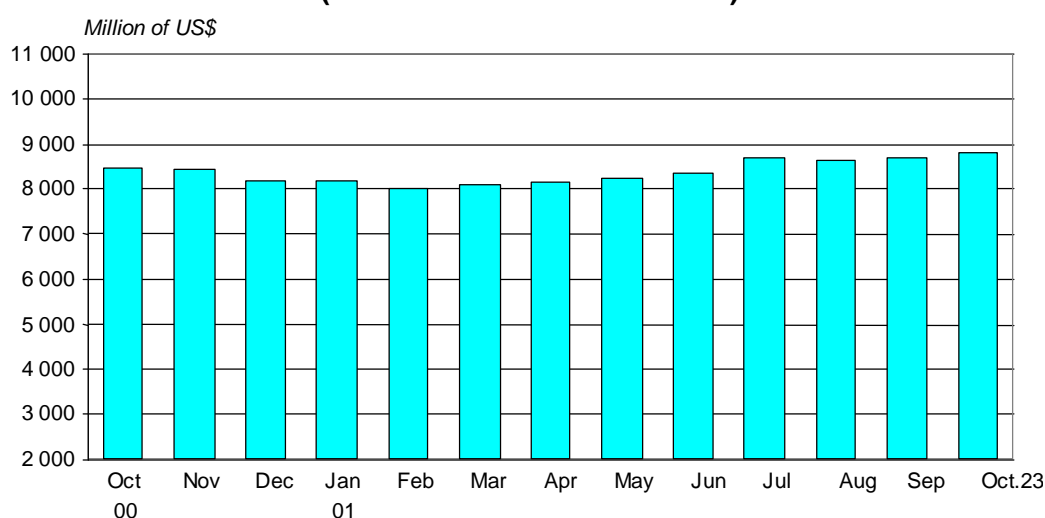
**Content**

*Net International Reserves at US\$ 8 804 million*  
*Banks' current account balance at S/. 155 million*  
*Average monetary base at S/. 5 118 million*  
*Interbank interest rates*  
*Peru's bonds spread at 6,7 percent*  
*Exchange rate at S/. 3,45*  
*Macroeconomic expectations: November*  
*Monetary accounts: October 7*  
*General Stock Index decreased 5,9 percent*

***Net International Reserves at US\$ 8 804 million***

As of October 23, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 8 804 million, up US\$ 125 million from end-September and US\$ 624 million from end-2000. The increase of NIR during October is due to higher financial system deposits (US\$ 107 million), FLAR's profits capitalization (US\$ 23 million), purchases of foreign currency through the Over-the-Counter (US\$ 30 million), investment yields (US\$ 9 million), higher Insurance Deposit Funds deposits (US\$ 5 million) and other operations (US\$ 1 million); which were partially offset by the withdrawal of public sector deposits (US\$ 50 million). On the other hand, the foreign exchange position amounted to US\$ 2 706 million, up US\$ 50 million from end-September.

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



***Banks' current account balance at S/. 155 million***

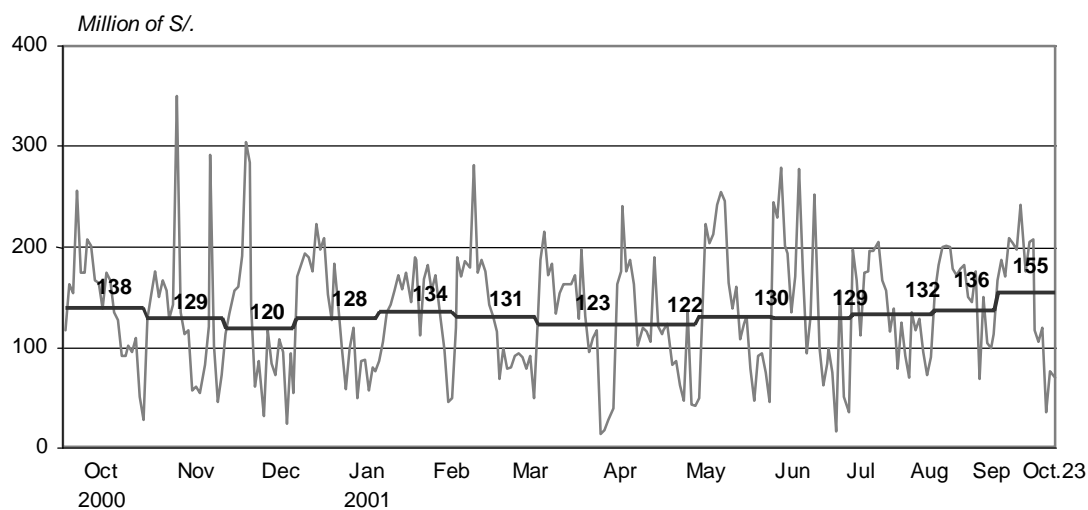
As of October 23, the banks' current account held at the Central Bank was S/. 155 million on a daily average basis. For the current month, the range announced by the Bank for the operating target is S/. 132-142 million.

From October 17 to 23, the Central Bank made purchases of foreign currency by US\$ 12 million (US\$ 5 million on October 18 and US\$ 7 million on October 22) totaling US\$ 30 million in the month. The exchange rate recorded over this week (S/. 3,451) was lower than last week (S/. 3,463). On the other hand, the Bank made 5 repo operations amounting to S/. 979 million, at an average interest rate of 3,6 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		-27	27	-30	38		-9		11,0
March	131	-34	16	-13	37	137	-7	131	10,3
April		-73	16	-353	40		368		12,5
May		-28	14	-157	48		125		12,7
June	130	-34	18	-50	37	113	29	130	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 1-23		<b>-58</b>	<b>18</b>	<b>-102</b>	<b>45</b>		<b>98</b>		<b>4,8</b>

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



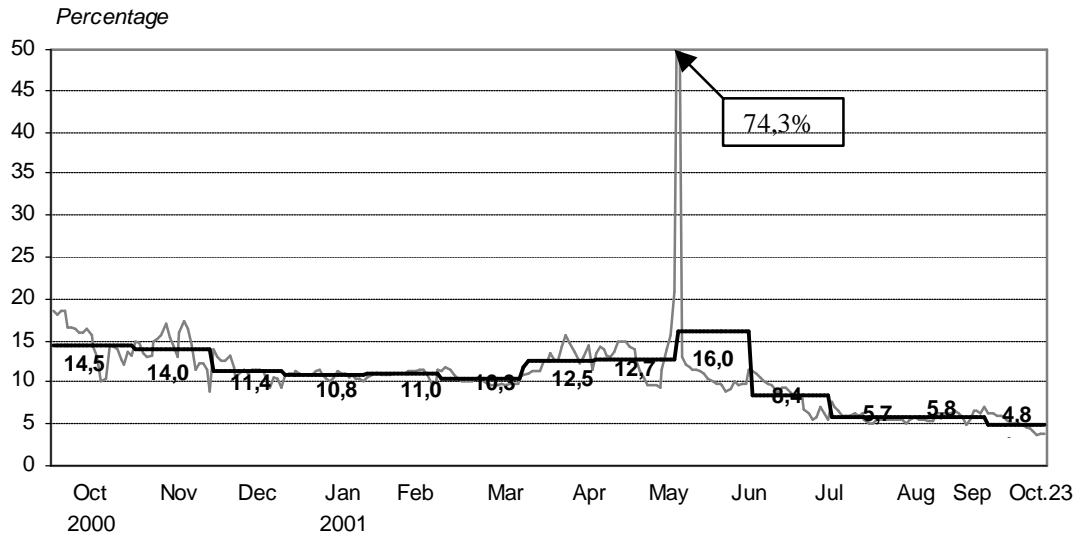
***Average monetary base at S/. 5 118 million***

As of October 23, the daily average balance of the monetary base was S/. 5 118 million, 0,4 percent lower than in September. On October 23, the monetary base amounted to S/. 5 044 million, down 1,2 percent (S/. 64 million) due to higher public sector deposits (S/. 391 million), higher Insurance Deposit Fund deposits (S/. 13 million) and the redemption of swap operations (S/. 2 million), which were partially offset by the net redemption of CDBCRP (S/. 145 million), net purchases of foreign currency (S/. 102 million), temporary purchase of bills (S/. 55 million) and lower overnight deposits in domestic currency (S/. 25 million) as well as other outlays (S/. 15 million).

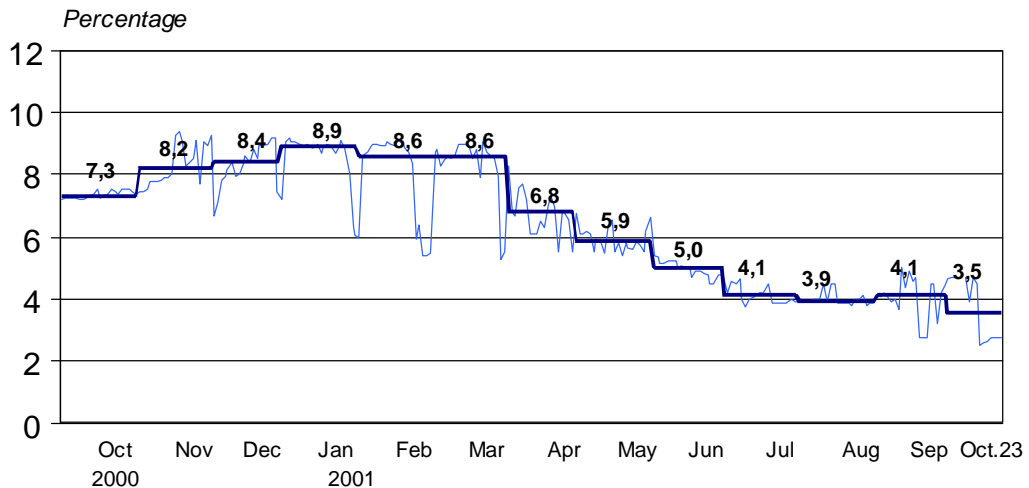
### *Interbank interest rates decreased*

As of October 23, the interbank interest rate in domestic currency was 4,8 percent, lower than in September (5,8 percent). In the same period, the corresponding rate in foreign currency passed from 4,1 to 3,5 percent. On September 23, these rates were 3,9 and 2,8 percent in domestic and foreign currency, respectively.

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



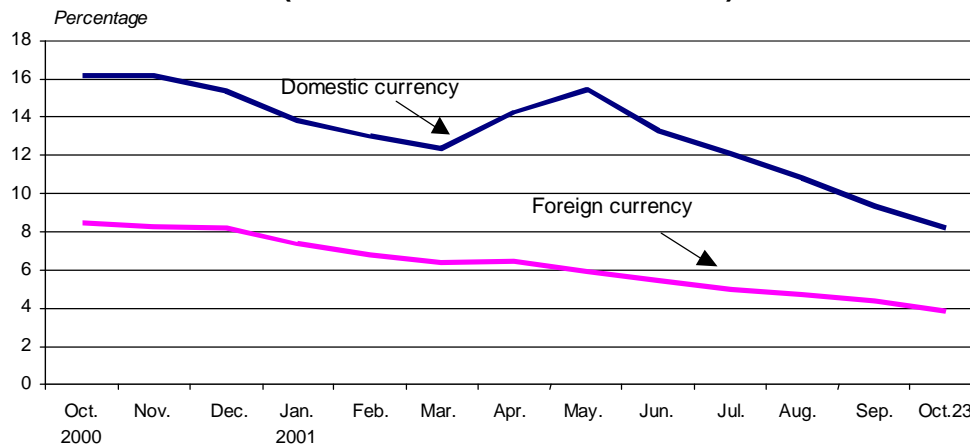
**Interbank interest rate in foreign currency  
(October 2000 - October 2001)**



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

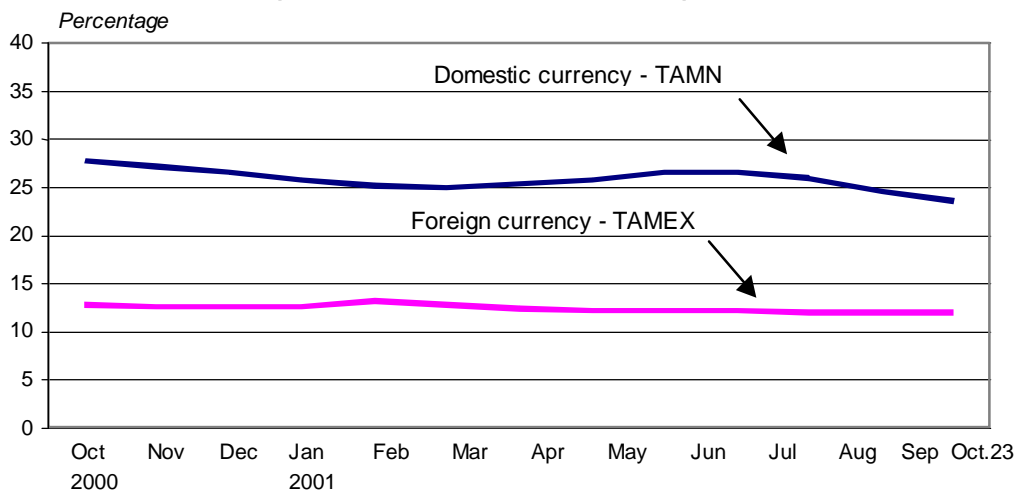
The corporate prime interest rate in domestic currency (on 90-day loans to low-risk clients) declined from 9,4 percent in September to 8,2 percent as of October 23. The rate in foreign currency also decreased from 4,4 percent last month to 3,2 percent. On September 23, these rates were 7,5 and 3,6 percent in domestic and foreign currency, respectively.

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



The average lending interest rate in domestic currency (TAMN) was 23,6 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 23, 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 6,7 percent, higher than in September (6,3 percent). However, on October 23 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 11,4 percent as of October 23.

### Latin-American and Peruvian bonds' spread (October 2000 - October 2001)



### *Exchange rate at S/. 3,45*

As of October 23, the ask exchange rate in the banking system recorded a small increase (0,06 percent) to S/. 3,45 along with the end of the tax period. Along this week, the Central Bank bought foreign currency through the Over-the-Counter (US\$ 5 million on October 18 and US\$ 7 million on October 22).

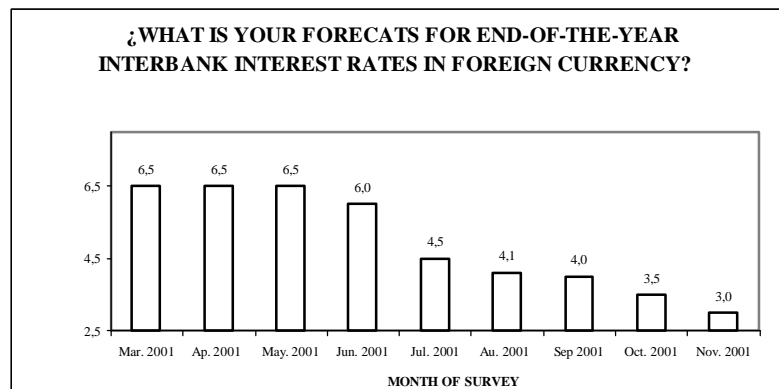
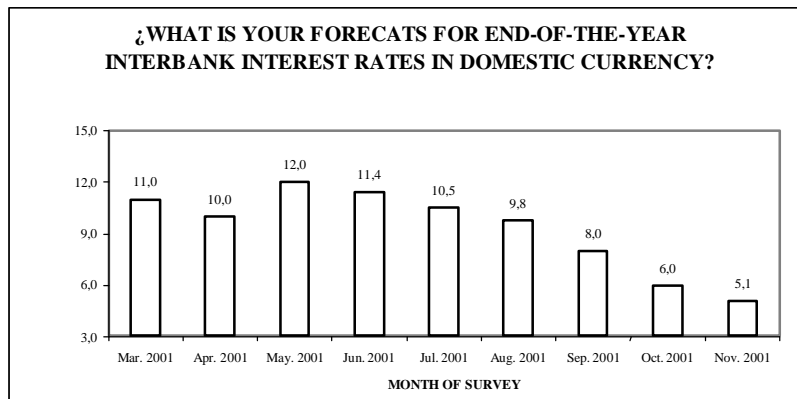
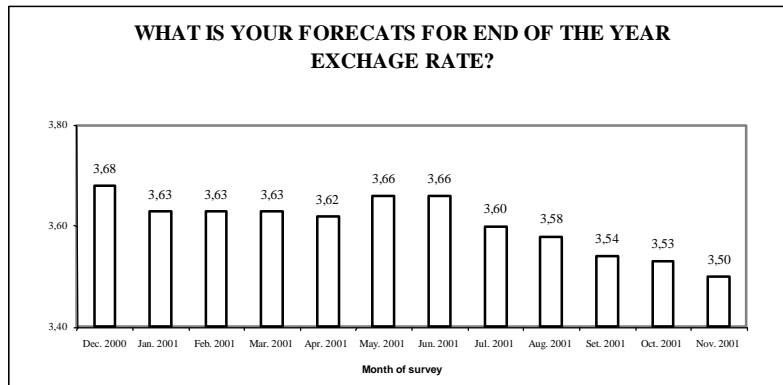
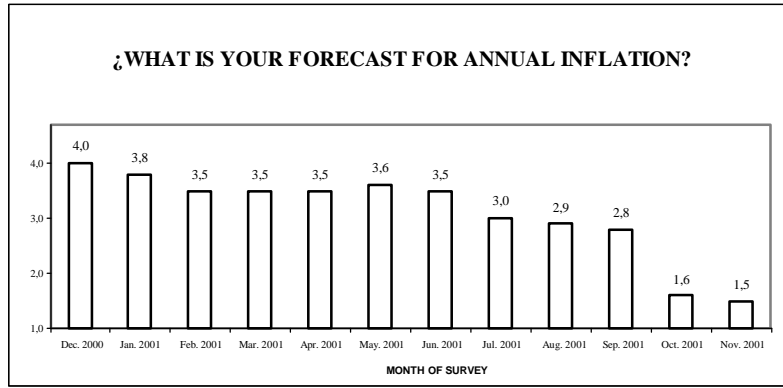
The net balance of foreign currency sales in the forward market increased from US\$ 572 million in September to US\$ 617 million as of October 23, whereas the banks' exchange position passed from US\$ 667 million to US\$ 570 million over the same period, reflecting the recording of financial system provisions (US\$ 98 million).

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

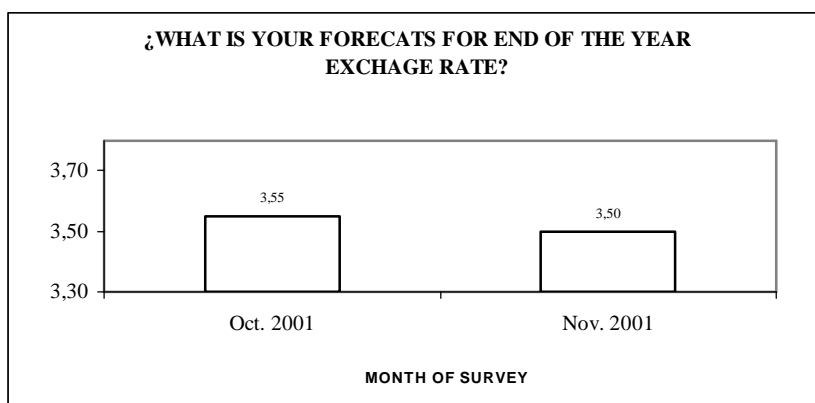
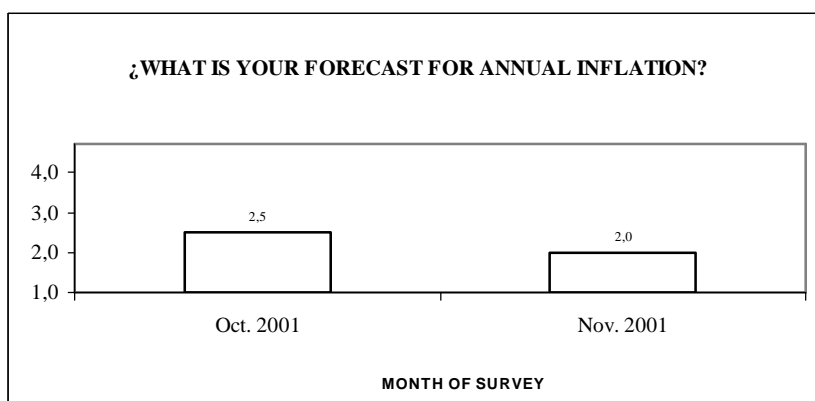
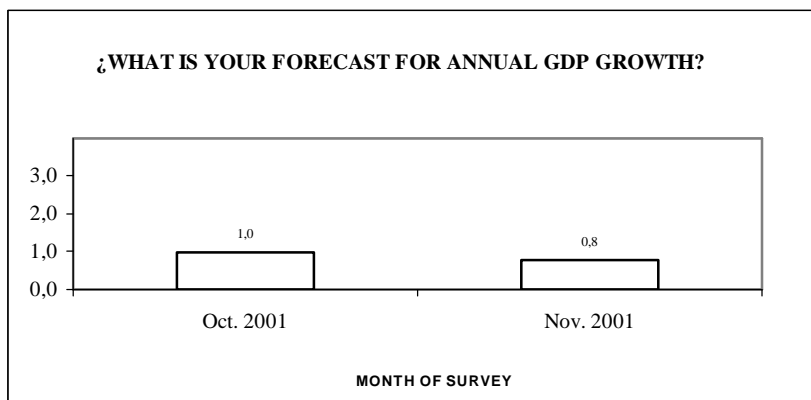
	December 2000			September	October 1-23
<b>End-of-period balance:</b>					
<b>a. Net sales to the public (i-ii)</b>	<b>440</b>	<b>599</b>	<b>596</b>	<b>572</b>	<b>617</b>
i. Forward sales to the public	653	1 122	1 065	1 059	1 054
ii. Forward purchases to the public	213	523	470	496	437
<b>b. Banks' exchange position</b>	<b>630</b>	<b>462</b>	<b>446</b>	<b>667</b>	<b>570</b>
<b>Flows:</b>					
<b>I. Forward sales to the public</b>	<b>0</b>	<b>4</b>	<b>-3</b>	<b>-1</b>	<b>0</b>
- New sales	12	19	12	12	13
- Redemptions	12	14	15	13	13
<b>II. Forward purchases to the public</b>	<b>-2</b>	<b>0</b>	<b>-3</b>	<b>-1</b>	<b>-3</b>
- New purchases	6	10	9	9	7
- Redemptions	8	10	12	10	10
<b>III. Net spot purchases to the public</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>2</b>
- Purchases	87	80	76	78	77
- Sales	87	77	73	74	75

### *Macroeconomic expectations: November*

From October 15 to 25, the Central Bank carried out the Macroeconomic Expectations Survey upon a sample of 30 financial entities (among banks, insurance companies, pension administrator funds and consumption credit institutions), which indicated a decrease on inflation, depreciation and interest rates expectations.



On the other hand, the survey applied to a sample of 301 non-financial enterprises showed similar outcomes.



### ***Monetary accounts: October 7***

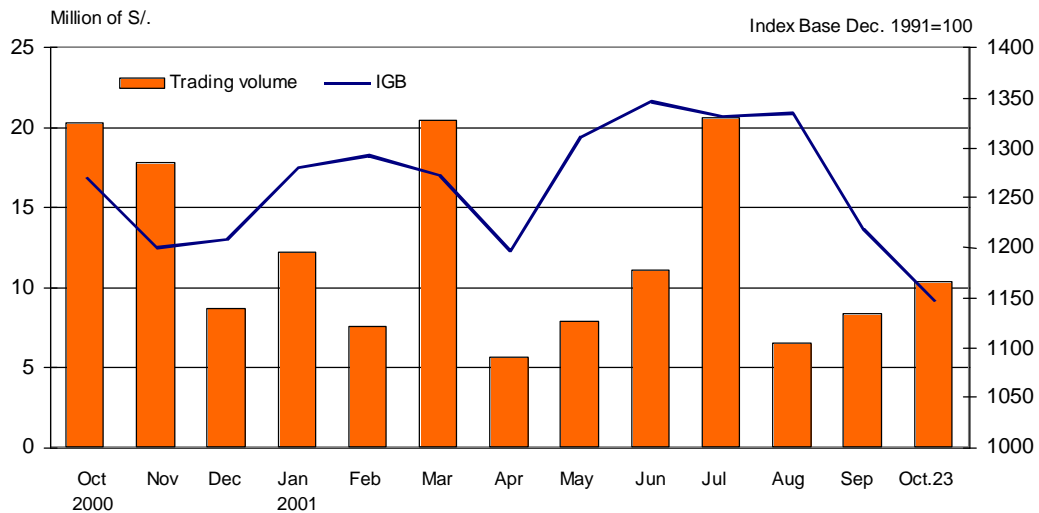
From September 7 to October 7, liquidity in domestic currency decreased 0,6 percent to S/. 14 539 million. However, in annual terms this aggregate increased 8,1 percent. On the other hand, credit to the private sector in domestic currency increased 1,0 percent (S/. 91 million) to S/. 8 990 million. Growth in the last 12 months for this variable was 5,4 percent.

Liquidity in foreign currency rose 0,4 percent (US\$ 40 million) to US\$ 9 720 million, whereas last-12 month growth for this variable was 4,6 percent. Credit to the private sector (US\$ 11 082 million) decreased 0,8 percent (US\$ 88 million) in the last 4 weeks and 1,3 percent in the last 12 months.

## *General Index decreased 5,9 percent*

As of October 23, the Lima Stock Exchange decreased relative to end-September by 5,9 percent in the General Index and 6,5 percent in the Blue Chip Index. In the year, these indices have decreased 5,2 percent and 8,6 percent, respectively.

### **Stock market indicators (October 2000- October 2001)**



*Lima, October 26, 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).