

WEEKLY REPORT N° 05

February 1, 2002

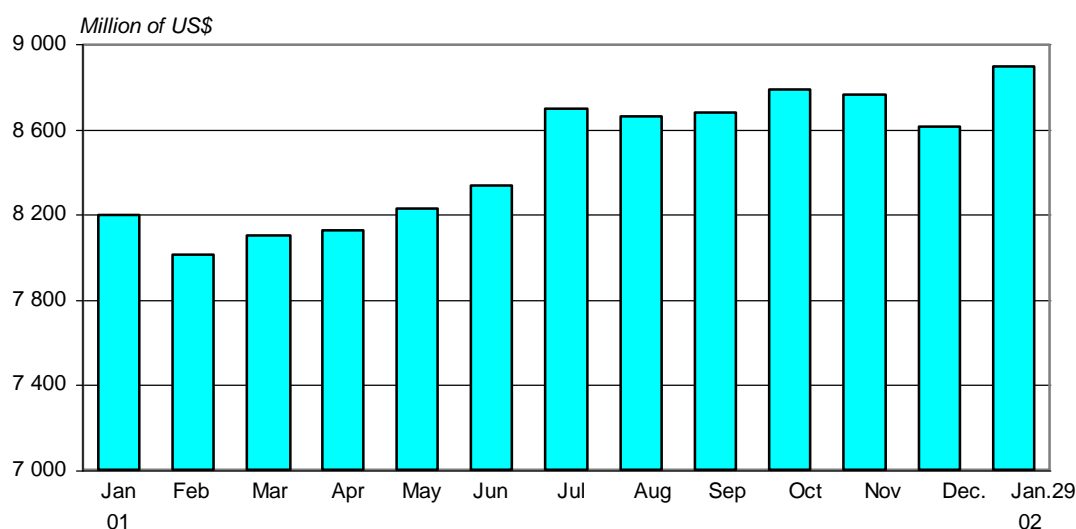
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Net International Reserves at US\$ 8 899 million

As January 29, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 8 899 million, up US\$ 286 million from end-December. This increase mainly obeys to higher financial system (US\$ 284 million), investment yields (US\$ 9 million), the increase of Insurance Deposit Fund's deposits and others (US\$ 3 million) and Treasury bond amortization and other operations (US\$ 4 million). These operations were partially offset by the withdrawal of public sector deposits (US\$ 14 million). On the other hand, the foreign exchange position amounted to US\$ 2 913 million, down US\$ 2 million from end-December.

**BCR net international reserves
(January 2001 - January 2002)**



Banks' current account balance at S/. 165 million

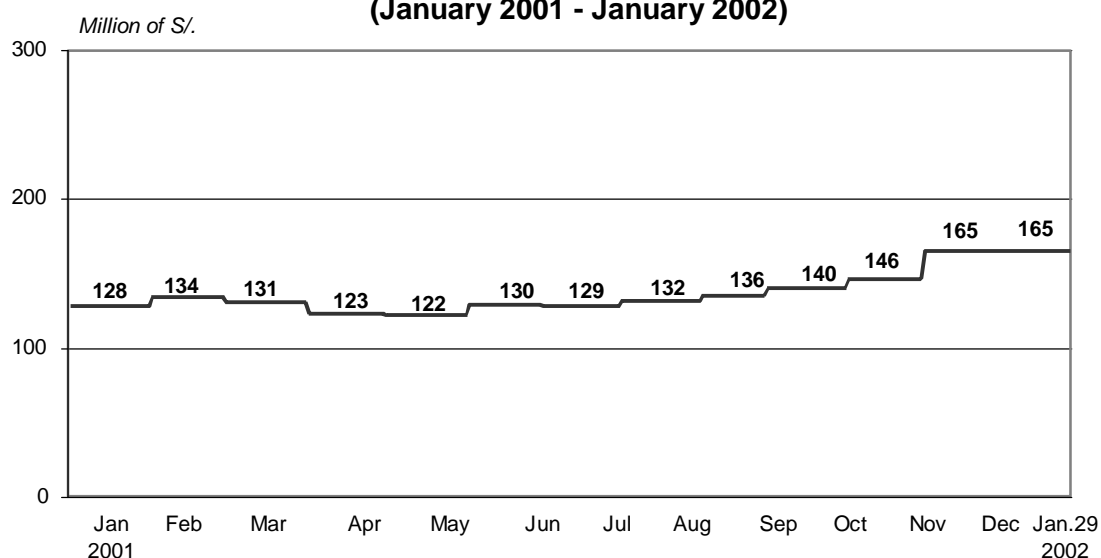
As of January 29, the banks' current account held at the Central Bank was S/. 165 million on a daily average basis. The range announced by the Central Bank for the month of January for this variables is S/. 160-S/. 170 million.

BANCO CENTRAL DE RESERVA DEL PERU

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	6=1+2+3+4+5	7	8=6+7	
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	124	-73	16	-353	40	-243	368	123	12,5
May	122	-28	14	-157	48	-2	125	122	12,7
June	130	-34	18	-50	37	113	29	130	16,0
July	129	-30	31	-20	25	151	-6	129	8,4
August	130	-32	5	23	50	180	-44	132	5,7
September	137	-39	14	-31	36	126	18	136	5,8
October	139	-44	16	-84	31	55	84	140	4,5
November	146	-52	14	-10	47	152	1	146	3,5
December	166	-40	34	-89	23	100	70	165	3,1
January 29, 2002	165	-37	1	16	65	207	-43	165	2,7

Banks' current account at the BCR (January 2001 - January 2002)



On January 28 and 29, the Central Bank made 2 auctions of Certificates of Deposits (S/. 20 million with a 20-week maturity and S/. 50 million with a 9-month maturity). The average interest rates for each operation were 3,4 and 3,9 percent, respectively. On January 23, 24 and 25, the Central Bank carried out temporary purchases of CDBCRP amounting to S/. 190, S/. 200 and S/. 135 million at an average interest rates of 2,6, 2,4 and 2,2 percent, respectively.

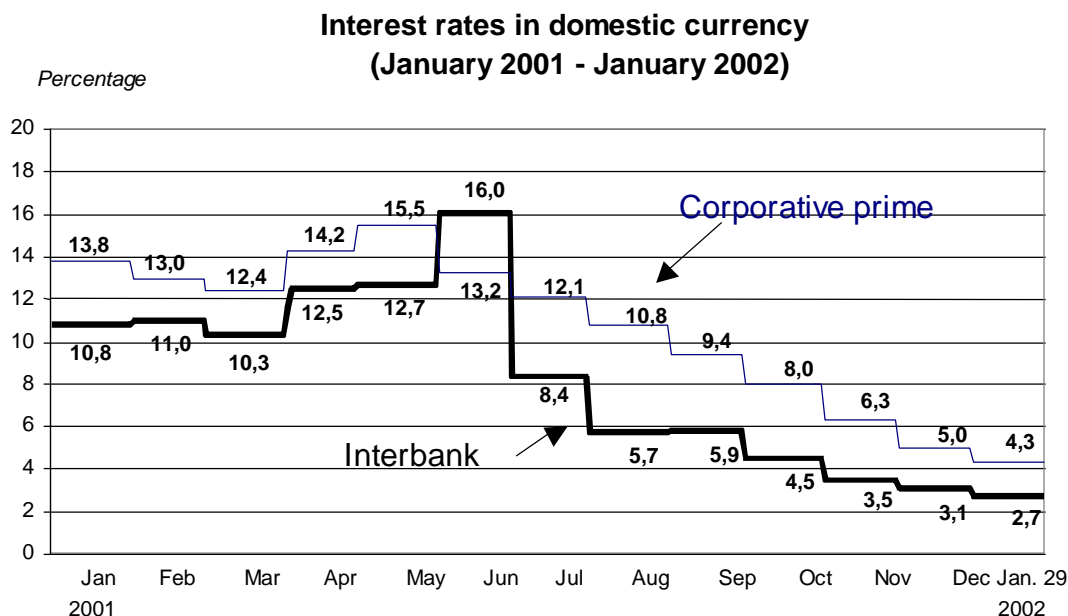
Average monetary base at S/. 5 779 million

As of January 29, the daily average balance of the monetary base was S/. 5 779 million, down 1,8 percent from December. On January 29, the monetary base amounted to S/. 5 556 million, down 8,7 percent (S/. 531 million) from end-December reflecting the lower seasonal cash demand after the end-of-the-year holidays. The operations that explained the lower monetary base were the net issuance of CDCRP (S/. 510 million) and overnight deposits (S/. 21 million).

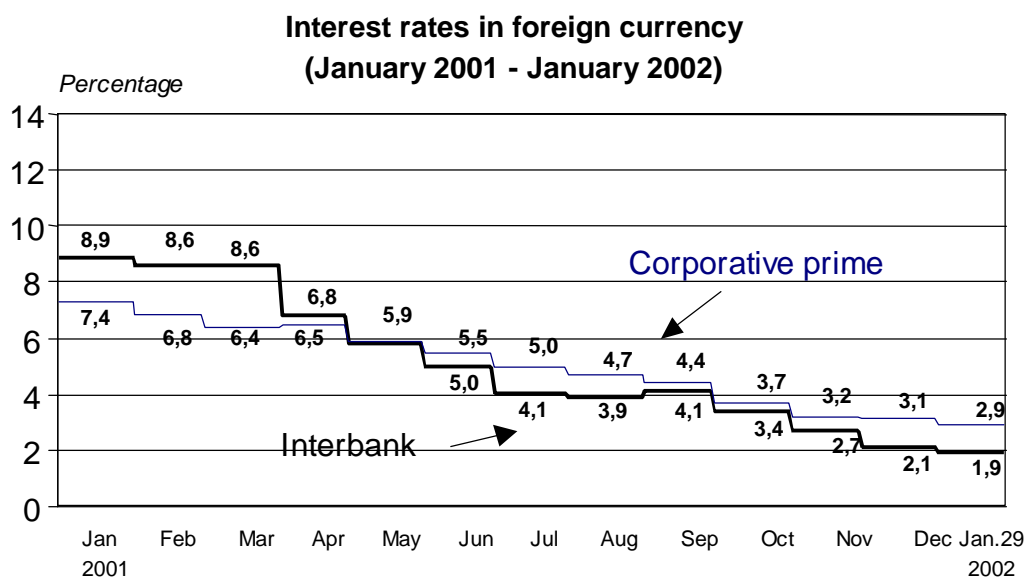
BANCO CENTRAL DE RESERVA DEL PERU

Interest rates decrease

As of January 29, the interbank interest rate in domestic currency decreased from 3,1 percent in December to 2,7 percent, whereas the corporate prime interest rate declined from 5,0 percent in December to 4,3 percent.



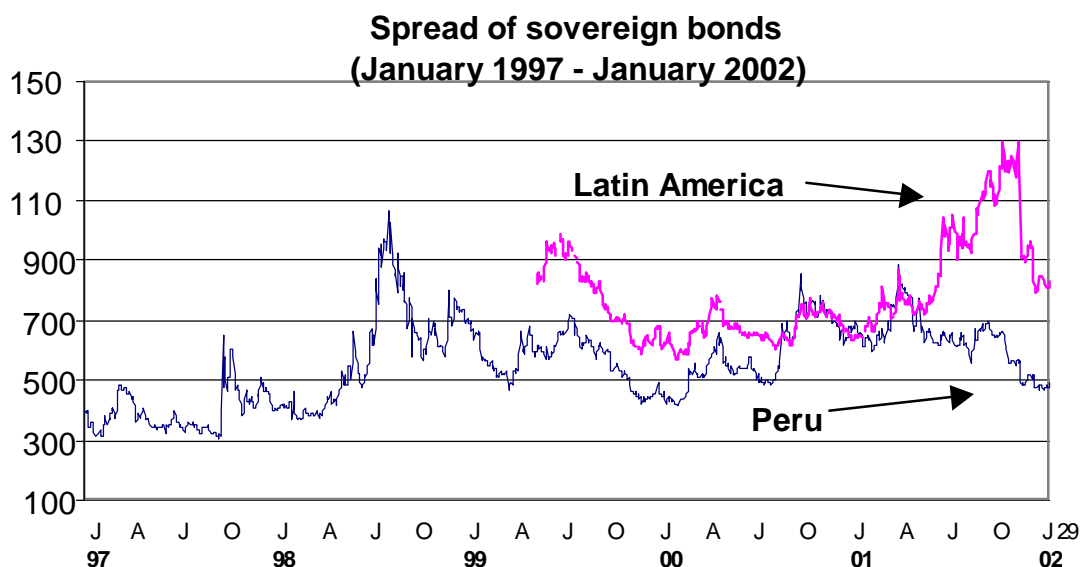
In foreign currency, the interbank rate passed from 2,1 percent in December to 1,9 percent as of January 29. The corporate prime interest rate in foreign currency declined from 3,1 percent to 2,9 percent.



Peru's bonds spread at 4,8 percent

As of January 29, 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 4,8 percent, lower than the levels in December (5,1 percent), November (5,8 percent) and October (6,7 percent).

BANCO CENTRAL DE RESERVA DEL PERU



From January 23 to 29, the ask exchange rate in the banking system increased 0,12 percent to S/. 3,467. The exchange rate which was initially steady at S/. 3,463 at the beginning of this period climbed to S/. 3,367 as of January 29.

As of January 29, the greater flow of net forward operations (new sales of US\$ 49 million and redemptions of US\$ 27 million) was reflected in a higher balance in US\$ 76 million. Considering the purchases in the spot market (US\$ 7 million) and Banco de la Nación's sales (US\$ 40 million) the banks' exchange position decreased from US\$ 587 million to US\$ 583 million.

Banks' exchange market operations to the public: Daily average (Million of US\$)					
	December 2000	October	November	December 2001	January 1-29
End-of-period balance:					
a. Net sales to the public (i-ii)	440	595	618	586	662
i. Forward sales to the public	653	1 039	943	834	1 019
ii. Forward purchases to the public	213	441	325	248	357
b. Banks' exchange position	630	527	585	587	583
Flows:					
I. Forward sales to the public	0	-1	-4	-4	9
- New sales	12	15	16	11	17
- Redemptions	12	16	20	15	9
II. Forward purchases to the public	-2	-2	-5	-3	5
- New purchases	6	8	8	12	15
- Redemptions	8	10	13	15	10
III. Net spot purchases to the public	0	6	16	3	1
- Purchases	87	85	91	78	73
- Sales	87	79	75	75	72

Monetary accounts: January 7, 2002

As of January 7, liquidity in **domestic currency** (S/. 16 330 million) increased 5,6 percent (S/. 865 million) in the last 4 weeks and 17 percent in annual terms. On the other hand, credit to the private sector in domestic currency decreased 0,1 percent (S/. 7

BANCO CENTRAL DE RESERVA DEL PERU

million) to S/. 8 940 million in the last 4 weeks, but increased 2,2 percent in annual terms.

In the same period, liquidity in foreign currency decreased US\$ 142 million (1,5 percent) to US\$ 9 585 million. Short-term external liabilities decreased 2,3 percent (US\$ 32 million) to US\$ 1 381 million. Credit to the private sector in foreign currency (US\$ 10 821 million) rose 1,2 percent (US\$ 126 million) from December 7 to January 7, but decreased 3,5 percent in the last 12 months.

Survey on interest rates and credit conditions

Between December 2001 and January 2002, a survey on interest rates and credit conditions was carried out among 555 enterprises.

The survey points out:

- 69 percent of bank financing users appealed to promissory notes.
- The median of promissory note interest rates in domestic currency was 21 percent in September and 18 percent in December, lower than the average lending rate (TAMN), which was 25 percent in September and 23 percent in December.

Promissory note interest rates in domestic currency
(September - December 2001)

	Total		Normal risk	
	September	December	September	December
Interest rates	21	18	20	17
Amounts				
More than US\$ 10 million	13	10	12	7
From US\$ 5 million to US\$ 10 million	20	15	20	15
From US\$ 500 thousand to US\$ 5 million	22	20	22	19
Less than US\$ 500 thousand	28	28	20	20

- Furthermore, interest rates of promissory notes in domestic currency classified as “normal risk” decreased from 12 to 7 percent, close to corporative prime rates (5 percent in December).
- The median of promissory note interest rates in foreign currency was 13 percent in September and 12 percent in December.

Promissory note interest rates in foreign currency
(September - December 2001)

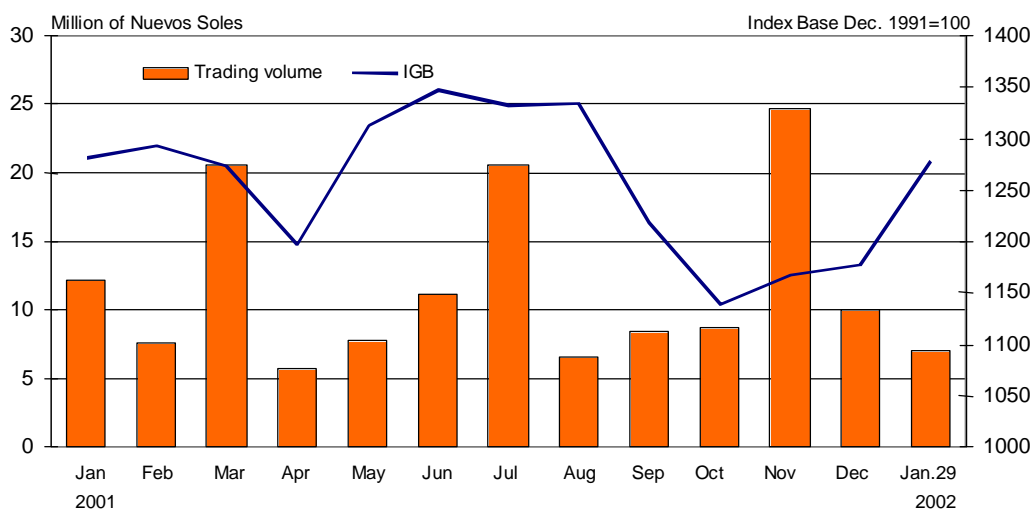
	Total		Normal risk	
	September	December	September	December
Interest rates	13	12	12	11
Amounts				
More than US\$ 10 million	9	7	6	5
From US\$ 5 million to US\$ 10 million	11	10	10	8
From US\$ 500 thousand to US\$ 5 million	14	13	14	13
Less than US\$ 500 thousand	16	16	18	18

BANCO CENTRAL DE RESERVA DEL PERU

General Index increased 8,7 percent

As of January 29, the Lima Stock Exchange increased relative to end-December by 8,7 percent in the General Index and 5,5 percent in the Blue Chip Index.

Stock market indicators (January 2001 - January 2002)



Lima, February 1, 2002

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 (mreyes@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).