



BANCO CENTRAL DE RESERVA DEL PERÚ

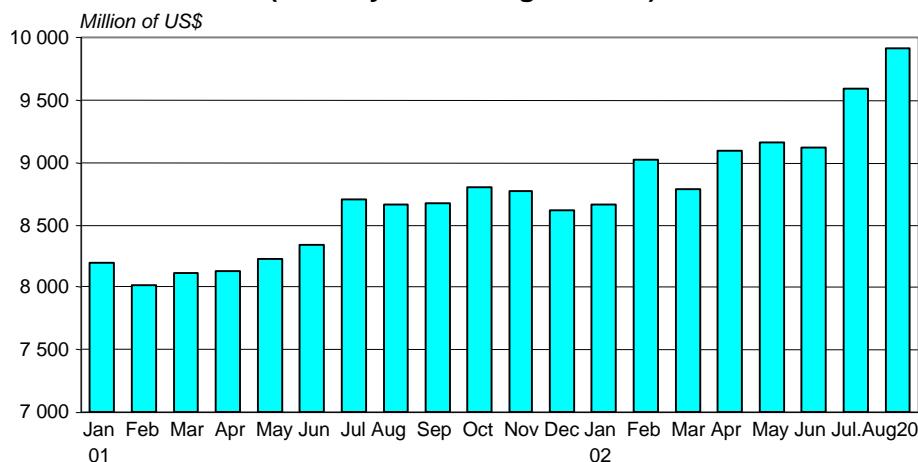
WEEKLY REPORT N° 34- August 23, 2002

Net International Reserves: US\$ 9 913 million

As of August 20, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 9 913 million, up US\$ 318 million from end-July due to increase of financial system (US\$ 331 million) and net investment

yields (US\$ 25 million), which were partially offset by the withdrawal of public sector (US\$ 38 million). On the other hand, the net international position amounted to US\$ 3 186 million, up US\$ 8 million from end-July.

BCRP's net international reserves (January 2001 - August 2002)

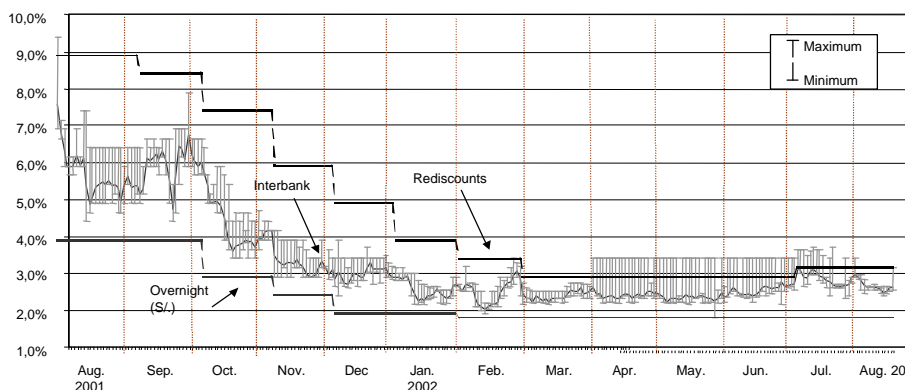


Interbank interest rate: 2,8 percent

As of August 20, the interbank interest rate was 2,8 percent, inferior to the

average rate recorded in the previous month.

Interest rate in domestic currency (August 2001 – August 2002)



Banks' current account balance: S/. 139 million

As of August 20, the banks' current account held at the Central Bank averaged S/. 139 million.

The Central Bank issued CDBCRP by S/. 65 million on August 20 with a 9 month maturity and a 4,4 percent

interest rate. On August 16 and 19, the Bank carried out auctions of CDBCRP and BTP amounting to S/. 90 million and S/. 65 million, respectively. Additionally, the daily average of overnight deposits between August 14 and 20 was S/. 85 million.

Banks' current account at the Central Bank and monetary operations

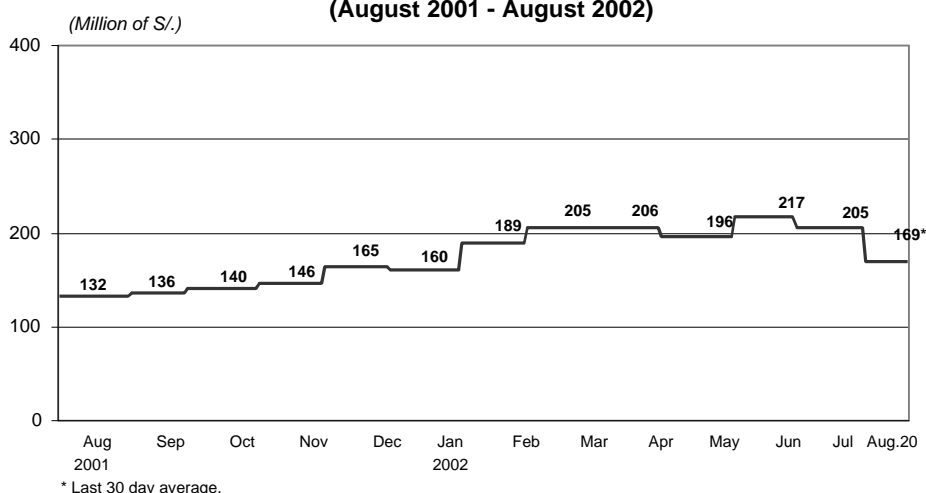
(Million of S/.)

	August				
	14	15	16	19	20
1 Current account of the banking system before Central Bank operations	236	202	92	120	239
2 Central Bank operations	<u>-147</u>	<u>-121</u>	<u>33</u>	<u>-1</u>	<u>-101</u>
a. Auction of CDBCRP					-65
b. Auction of temporary purchases of CDBCRP and BTP			90	65	
c. Overnight deposits	-147	-121	-57	-66	-36
3 Current account of the banking system after Central Bank operations (1+2)	88	81	125	119	139
Note:					
Last 30 day average of the current account	181	177	175	170	169
Average interest rate of CDBCRP					4,39%
Average interest rate of repo operations			2,59%	2,64%	

For August, the Board of the Bank approved that the operating target of the current account will be S/. 190 million to S/. 210 million on a daily average

basis. The last 30 day average for this balance as of August 20 was S/. 169 million.

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

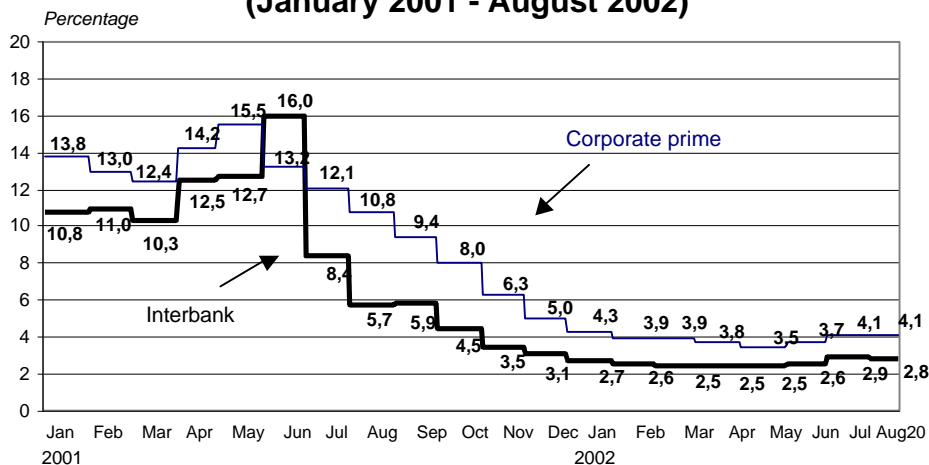


Corporate prime interest rate: 4,1 percent

As of August 20, the corporate prime interest rate in domestic currency was

4,1 percent, similar to the average recorded in July.

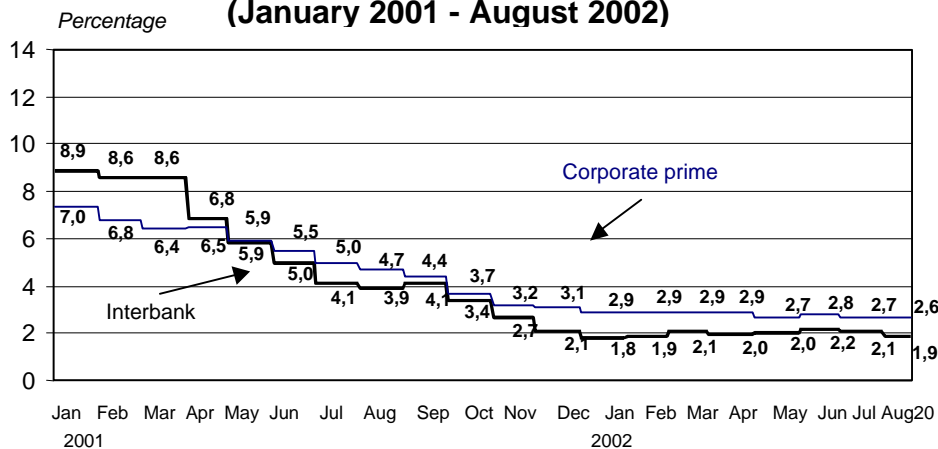
**Average interest rate in domestic currency
(January 2001 - August 2002)**



On the other hand, the corporate prime interest rate in foreign currency as of

August 20 was 2,6 percent, lower than that recorded in July.

**Average interest rate in foreign currency
(January 2001 - August 2002)**



Exchange rate: S/. 3,575

As of August 21, the exchange rate increased 0,7 percent to S/. 3,575, reflecting. This week the exchange rate recorded a declining trend reflecting the relative calm in the regional markets. However, on August 20 it reverted this trend and increased from S/. 3,561 to S/. 3,569, mainly due to the increase of

forward operations and of the banking exchange position.

As of August 21, the net balance of forward sales of banking enterprises amounted to US\$ 950 million, whereas the banks' covered exchange position increased from US\$ 611 million to US\$ 632 million.

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

	December 2001	March	June	July	August 1-21
End-of-period balance:					
a. Net sales to the public (i-ii)	586	683	869	977	950
i. Forward sales to the public	834	1 054	1 210	1 304	1 328
ii. Forward purchases to the public	248	371	341	328	378
b. Banks' exchange position	587	635	645	611	632
Flows:					
I. Forward sales to the public	-4	-3	3	6	-2
- New sales	11	29	42	47	29
- Redemptions	15	32	39	41	31
II. Forward purchases to the public	-3	-1	0	2	1
- New purchases	12	8	13	22	26
- Redemptions	15	9	13	20	25
III. Net spot purchases to the public	3	21	30	23	5
- Purchases	78	111	96	100	80
- Sales	75	90	66	77	75

Domestic demand increased 4,0 percent in the second quarter

In the second quarter, the gross domestic product (GDP) grew for a fourth quarter in a row in 5,3 percent, reflecting the increase in the volume of exports (11,7 percent) and domestic demand (4,0 percent). The latter was a consequence of the expansion of private consumption (3,8 percent), which in turn was reflected in the increase of imports of goods and services (15

percent) as well as higher sales of agriculture and manufacturing products. On the other hand, investment declined 0,1 percent.

Seasonally adjusted GDP and domestic demand recorded increases of 2,2 and 1,7 percent compared with the first quarter.

**GLOBAL DEMAND AND SUPPLY
(quarterly rates of growth)**

	2001					2002	
	I	II	III	IV	TOTAL	I	II
I. Global Demand	-1,2	-0,6	1,7	1,8	0,4	1,8	5,0
1. Domestic Demand	-1,6	-1,2	-0,3	0,6	-0,7	1,2	4,0
a. Private Consumption	2,0	1,2	1,0	1,1	1,3	2,7	4,2
b. Public Consumption	-6,9	-3,0	0,5	7,1	-0,5	3,7	4,6
c. Gross Domestic Investment	-12,2	-8,5	-6,2	-4,8	-8,0	-6,2	2,8
Gross Fixed Investment	-11,2	-12,4	-7,4	-2,2	-8,3	-5,7	-1,9
i. Private	-6,4	-7,7	-4,7	-3,7	-5,6	-5,7	-0,1
ii. Public	-31,9	-28,7	-18,5	3,7	-19,0	-5,1	-9,9
2. Exports	1,8	3,0	13,2	8,7	6,9	5,3	11,7
II. Global Supply	-1,2	-0,6	1,7	1,8	0,4	1,8	5,0
1. GDP	-2,4	-0,8	1,2	3,0	0,2	3,0	5,3
2. Imports	6,4	0,7	4,7	-4,7	1,6	-5,1	3,5
Note:							
Seasonally adjusted Domestic Demand	0,2	0,1	-0,3	0,4		2,3	1,7
Seasonally adjusted GDP	-0,1	1,4	0,3	1,1		1,0	2,2

Current account deficit at 1,8 percent in the second quarter

In the second quarter, the current account deficit of the balance of payments amounted to US\$ 267 million (equivalent to 1,8 percent of GDP versus 2,0 percent in the same quarter in 2001), reflecting the surplus in the merchandise balance (US\$ 121 million) due to the increase in exports (13,8 percent) that exceeded the expansion in imports (5,7 percent).

The private sector financial account was US\$ 351 million in the second quarter, higher than a year ago (US\$ 345 million) and than in the previous quarter (US\$ -91 million). This inflow reflects the greater direct investment in banking, communications and mining.

BALANCE OF PAYMENTS (Millions of US dollars)

	2001					2002	
	I	II	III	IV	Year	I	II
I. CURRENT ACCOUNT BALANCE	- 488	- 288	- 119	- 199	- 1 094	- 374	- 267
1. Trade balance	- 186	- 20	67	49	- 90	- 62	121
a. Exports	1 663	1 740	1 915	1 790	7 108	1 578	1 981
b. Imports	- 1 848	- 1 760	- 1 849	- 1 740	- 7 198	- 1 640	- 1 860
2. Services	- 245	- 220	- 124	- 211	- 800	- 225	- 198
a. Exports	350	344	437	358	1 489	359	359
b. Imports	- 595	- 564	- 562	- 569	- 2 289	- 584	- 557
3. Investment income	- 316	- 303	- 304	- 279	- 1 203	- 313	- 413
a. Private sector	- 191	- 156	- 151	- 127	- 624	- 153	- 229
b. Public sector	- 126	- 148	- 154	- 152	- 579	- 160	- 184
4. Current transfers	259	256	243	241	999	226	224
II. FINANCIAL ACCOUNT	249	569	86	156	1 059	416	549
1. Private sector	291	345	279	236	1 151	- 91	351
2. Public sector	19	288	80	7	394	489	38
3. Short-term capital	- 61	- 64	- 274	- 87	- 486	18	160
III. EXCEPTIONAL FINANCING	26	0	5	0	31	0	0
IV. BCRP NET INTERNATIONAL RESERVES FLOW (1-2) (Increase with negative sign)	37	- 222	- 306	42	- 448	- 101	- 305
1. Change in Central Bank reserves	69	- 230	- 338	66	- 433	- 173	- 342
2. Valuation changes and monetization of gold	32	- 8	- 33	24	15	- 72	- 36
V. NET ERRORS AND OMISSIONS	177	- 59	334	1	452	59	23

Public deficit in the first quarter: 1,8 percent

In the second quarter, the public deficit reached 1,8 percent of GDP, higher than the deficit recorded in the first quarter (1,4 percent), as a result of the increase in non-financial expenditure of the central government (0,2 percent) and the worsening of the state-owned enterprise balance (0,2 percent) and rest of the central government (0,2 percent), which was partially offset by the improvement in central government

revenues (0,3 percent of GDP). However, it should be noted that in nominal terms, the non-financial expenditure remained steady.

The external financing included US\$ 100 million for investment projects of the central government as well as US\$ 100 million of free disposal from international organizations. The domestic financing included domestic bonds amounting to

S/. 160 million, whereas privatization receipts totaled US\$ 79 million, resulting from the sale of the government share in

Edelnor (US\$ 67 million) and revenues from previous privatizations (US\$ 12 million).

NON-FINANCIAL PUBLIC SECTOR OPERATIONS
(Percentage of GDP)

	2001					2002	
	I	II	III	IV	Year	I	II
1. Central government current revenue	14,6	13,7	14,2	14	14,1	13,4	13,7
2. Central government non-financial expenditure	13,2	14,4	15,2	17	14,9	13,4	13,6
- current	11,5	12,2	12,8	13,8	12,6	11,9	11,7
- capital	1,7	2,3	2,3	3,1	2,4	1,5	2
3. Others 1/	1,6	0,5	0,3	-0,3	0,5	0,6	0
4. Primary balance	3	-0,2	-0,7	-3,3	-0,3	0,6	0,1
5. Interests	2,3	2,2	2,2	2,3	2,2	2	1,9
6. Overall balance	0,7	-2,4	-2,8	-5,6	-2,5	-1,4	-1,8
7. Financing	-0,7	2,4	2,8	5,6	2,5	1,4	1,8
a. External	0,4	1,8	1	0,4	0,9	3,7	0,4
b. Domestic	-1,4	0,4	1,6	3,5	1	-2,5	0,9
c. Privatization	0,4	0,2	0,2	1,7	0,6	0,3	0,5

1/ Includes primary balance of the rest of the general government and state-owned enterprises.

Private investment amounted to 15,3 percent of GDP

In the second quarter, private investment amounted to 15,3 percent of GDP, slightly lower than in the same quarter a year ago, but higher than in the last three quarters. On the other hand, the external gap (the current account deficit of the balance of payments) decreased from 2,0 percent in the second semester of 2001 to 1,8 percent, whereas the public sector gap decreased from 2,4 top 1,8 percent. The latter was partially offset by the decrease in the private sector from a 0,4 percent surplus to a nil balance. The improvement in the public sector

account obeys to the reduction of public investment (from 3,2 to 2,7 percent of GDP). Regarding to the private sector accounts, the worsening is due to the lower private savings (from 15,8 to 15,3 percent of GDP).

It should be noted that in the first semester of 2002 the external gap decreased to 2,2 percent of GDP from 2,9 percent in the first period a year ago, to the improvement in the private gap (to 0,6 percent of GDP) whereas the public gap expanded from 0,9 to 1,6 percent.

Macroeconomic flows
(As a percentage of GDP)

	2001					2002	
	I	II	III	IV	Year	I	II
1. External gap (=2+3)	-3,8	-2,0	-0,9	-1,5	-2,0	-2,8	-1,8
a. Domestic savings	14,8	16,6	16,9	17,2	16,4	14,1	16,2
b. Investment	18,6	18,6	17,8	18,7	18,4	16,9	18,0
2. Public sector gap	0,7	-2,4	-2,8	-5,6	-2,5	-1,4	-1,8
a. Domestic savings	3,3	0,8	0,4	-1,3	0,8	1,0	0,9
b. Public investment 1/	2,6	3,2	3,2	4,3	3,3	2,4	2,7
3. Private Gap	-4,5	0,4	1,9	4,1	0,5	-1,4	0,0
a. Private savings	11,5	15,8	16,5	18,5	15,6	13,1	15,3
b. Private investment	16,0	15,4	14,6	14,4	15,1	14,5	15,3

1/ Includes fixed capital formation of the public sector and other capital expenditure, net of the capital revenues of the non-financial public sector.

Liquidity in domestic currency increased 6,2 percent

In July, liquidity in **domestic currency** increased 6,2 percent (S/. 1 040 million) to S/. 17 768 million (recording an annual increase of 22,1 percent). Credit to the private sector in domestic currency grew 0,5 percent (S/. 50 million) totaling S/. 9 334 million as of July 31 (annual growth of 6,7 percent).

Liquidity in **foreign currency** increased 4,5 percent (US\$ 414 million) to US\$ 9 609 million in July and 1,1 percent in annual terms. Short-term external liabilities increased 3,6 percent (US\$ 48 million) totaling US\$ 1 352 million. Credit to the private sector in foreign currency decreased 0,6 percent (US\$ 66 million) to US\$ 10 691 million (annual contraction of 2,6 percent).

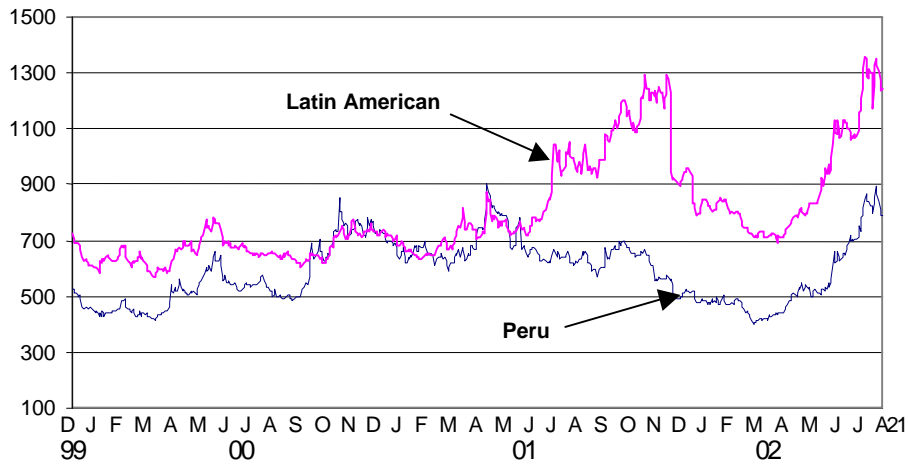
MONETARY AGGREGATES (End of period)												
	Monetary base		Liquidity in S/.		Credit in S/.		Liquidity in US\$		Short term liabilities ^{1/}		Credit in US\$	
	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year
1998												
Dec.	12,8%	5,5%	3,9%	-2,4%	2,2%	6,6%	0,3%	1,3%	-13,0%	-3,5%	-0,6%	8,1%
1999												
Dec.	18,1%	17,0%	5,8%	11,6%	-4,1%	-5,3%	-1,9%	2,4%	1,3%	-36,3%	1,7%	-1,6%
2000												
Dec.	14,6%	-4,0%	5,4%	2,5%	-0,3%	0,9%	0,5%	1,5%	4,6%	-17,2%	-1,0%	-4,5%
2001												
Mar.	0,1%	0,5%	2,5%	3,7%	0,9%	1,0%	0,7%	-1,7%	3,8%	-4,1%	0,8%	-3,4%
Jun.	1,1%	1,6%	-1,1%	3,6%	-0,5%	1,2%	0,8%	-1,2%	6,2%	-4,9%	-0,2%	-3,7%
Sep.	-1,6%	5,1%	0,0%	4,8%	0,2%	1,1%	0,5%	3,1%	-17,1%	-17,3%	-0,7%	-3,9%
Dec.	14,4%	7,9%	8,0%	13,5%	1,6%	2,7%	-1,9%	1,2%	-4,0%	-21,8%	0,7%	-3,8%
2002												
Jan.	-7,8%	10,8%	-3,2%	14,5%	-1,8%	1,1%	-0,8%	1,2%	-2,8%	-21,4%	-1,1%	-3,2%
Feb.	0,7%	13,9%	1,9%	18,2%	1,7%	3,6%	-0,2%	1,2%	5,7%	-15,8%	1,2%	-1,8%
Mar.	2,0%	16,1%	2,4%	18,2%	2,7%	5,5%	-1,5%	-1,0%	-5,2%	-23,1%	-1,1%	-3,6%
Apr.	-1,2%	9,9%	-0,8%	14,9%	-3,4%	2,7%	0,1%	-1,5%	4,8%	-14,7%	1,2%	-2,5%
May.	-0,1%	14,5%	0,1%	16,9%	0,6%	4,2%	-0,3%	-1,6%	3,2%	-8,4%	0,0%	-3,1%
Jun.	3,5%	17,2%	1,6%	20,1%	1,7%	6,4%	0,0%	-2,4%	4,3%	-10,1%	-0,1%	-3,0%
Jul.	12,2%	19,9%	6,2%	22,1%	0,5%	6,7%	4,5%	1,1%	3,6%	-14,1%	-0,6%	-2,6%
Memo:												
Balance as of June 30 (Mill.S/.or Mill.US\$)	5 887		16 728		9 285		9 195		1 304		10 758	
Balance as of July 31 (Mill.S/.or Mill.US\$)	6 606		17 768		9 334		9 609		1 352		10 691	
<small>1/ Short term external liabilities of banking enterprises.</small>												

Peru's bonds spread: 7,9 percent

On August 21, the spread between the yield of Peruvian Brady bonds and the interest rate on US Treasury bills (a proxy for the country risk perceived by investors) was 7,9 percent, lower than as of end-July (8,7 percent).

The spread of the global Peruvian bond spread with the 10 year maturity US bond passed from 7,9 percent on July 31 to 7,9 percent on August 21.

Spread of sovereign bonds (December 1999 - August 2002)

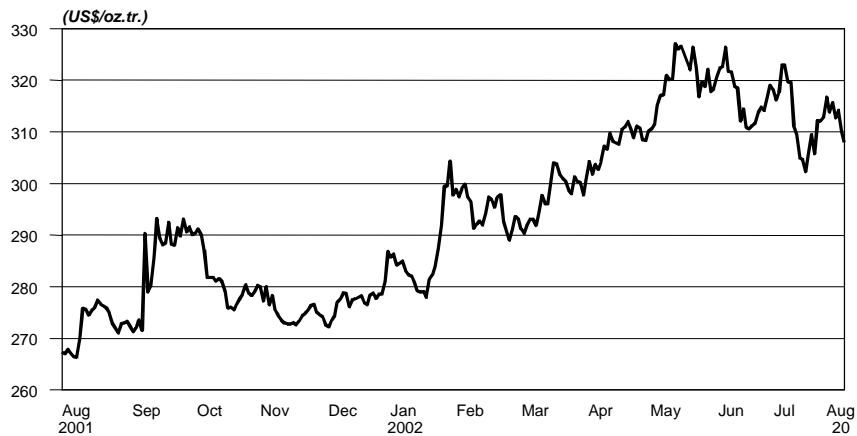


International markets

Between August 13 to 20, the gold international quotation (US\$ 308,0 per once troy) increased 1,8 percent due to the rally in European and US stock

exchanges as well as the recent recovery of the US dollar. Likewise, the silver quotation (US\$ 4,5 per once Troy), decreased 3,5 percent.

Gold quotation
(August 2001 - August 2002)



The copper quotation closed at US\$ 0,67 per lb, up 1,0 percent from August 13, due to the 0,3 percent decrease in LME inventories, which

amounted to 886 thousand metric tones. On the other hand, the zinc quotation fell 4,5 percent to US\$ 0,34 per lb.

Copper quotation
(August 2001 - August 2002)



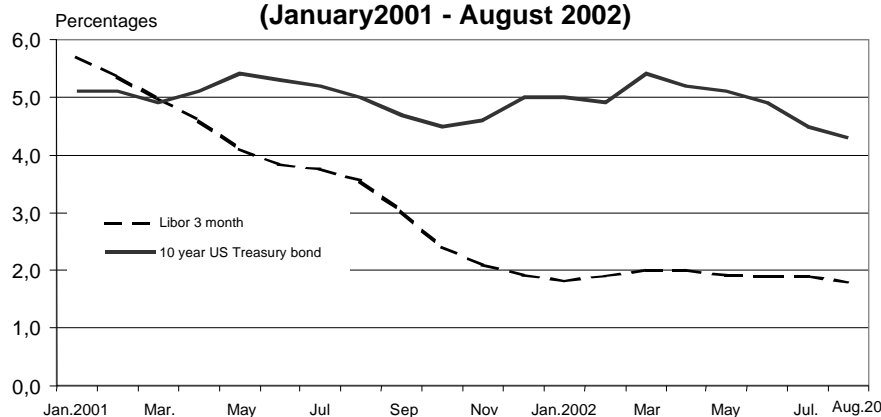
The WTI oil quotation was US\$ 29,6 in the US recorded over the last 17 months. per barrel, up 6,3 percent from August 13, following the lowest oil inventories

Oil quotation
(August 2001 - August 2002)



The 3-month Libor increased from 1,75 percent to 1,77 percent between August 13 and 20, whereas the yield of the US Treasury bond with a 10 year maturity passed from 4,086 percent to 4,142 percent.

Libor and yield of 10-year Treasury US bonds (January 2001 - August 2002)

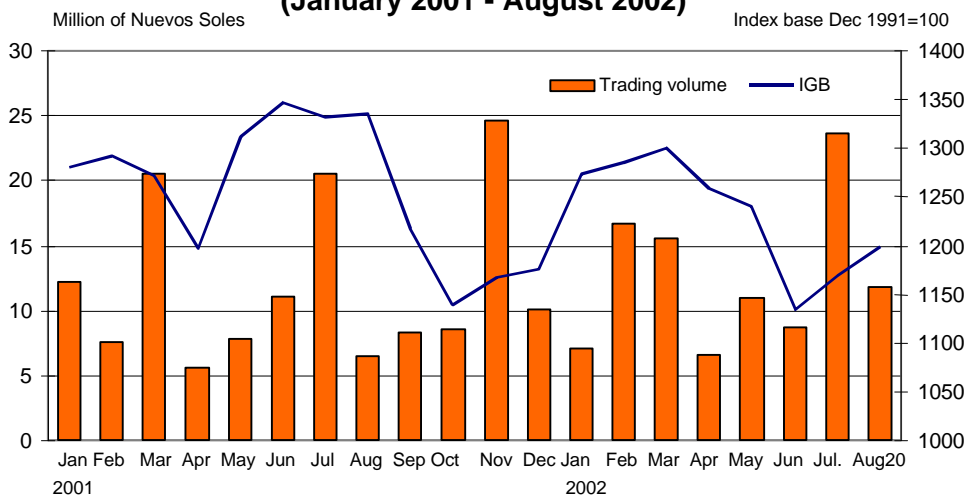


General Index increased 2,6 percent

As of August 20, the Lima Stock Exchange increased 2,6 and 2,8 percent in the General and Blue Chip Index,

respectively. In the year the General has increased 2,0 percent whereas the Blue Chip index has decreased 1,2 percent.

Stock market indicators (January 2001 - August 2002)



Lima, August 23, 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).