



BANCO CENTRAL DE RESERVA DEL PERÚ

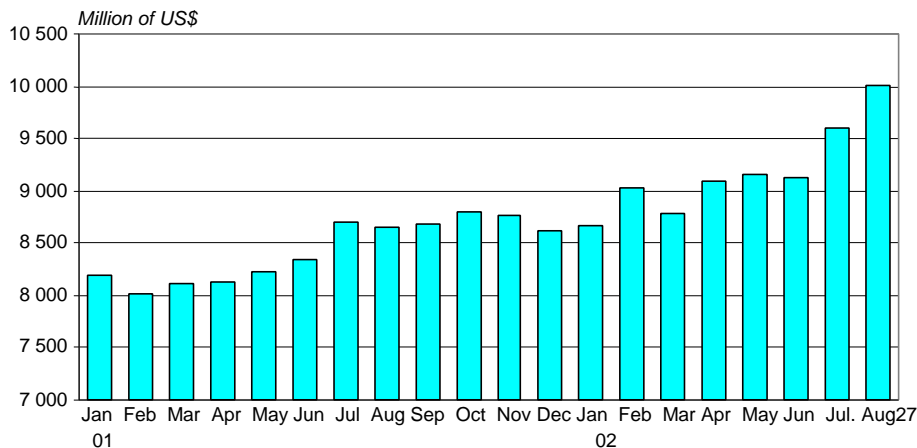
WEEKLY REPORT N° 35- August 29, 2002

Net International Reserves: US\$ 10 002 million

As of August 27, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 10 002 million, up US\$ 408 million from end-July due to increase of financial system (US\$ 439 million), net investment yields (US\$ 33 million) and the increase

of the Insurance Deposit Fund (US\$ 2 million), which were partially offset by the withdrawal of public sector (US\$ 66 million). On the other hand, the net international position amounted to US\$ 3 192 million, up US\$ 14 million from end-July.

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

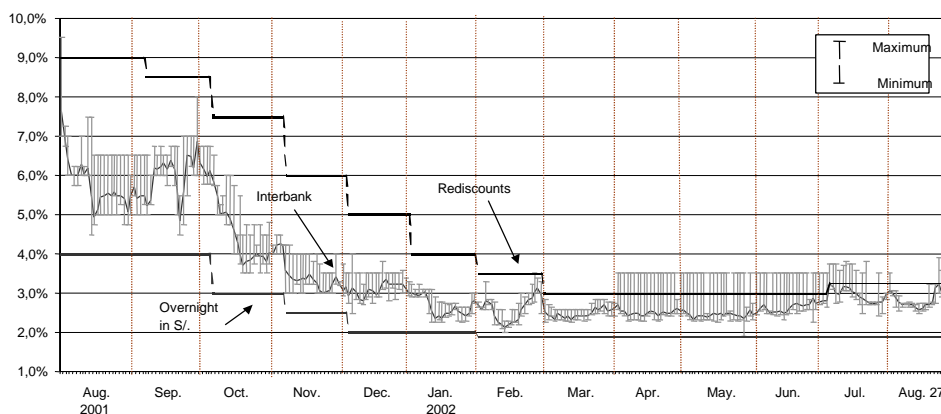


Interbank interest rate: 2,9 percent

As of August 27, the interbank interest rate was 2,9 percent, similar to the

average rate recorded in the previous month.

**Interest rate in domestic currency
(August 2001-August 2002)**



Banks' current account balance: S/. 160 million

As of August 27, the banks' current account held at the Central Bank averaged S/. 160 million.

Over the period August 21 to 27, the Central Bank made auctions of CDBCRP by S/. 30 million on August 21 with a 18 week maturity and a 3,28 percent interest rate; S/. 20 million on August 22 (at 18 week and 3,28 percent) and S/. 30 million on August 27 (at 16 week and 3,60 percent). On August 23, the Bank auctioned a

temporary purchase of CDBCRP amounting to S/. 55 million, whereas on August 22, 26 and 27 it made direct temporary purchases of these bills by S/. 120, 45 and 17 million, respectively. Additionally, on August 21 and 23 the Bank carried out overnight deposits of S/. 76 and 80 million, respectively.

On August 28, the Bank auctioned Readjustable Certificates of Deposits by S/. 70 million, with a 6-month maturity and a 2,34 percent interest rate.

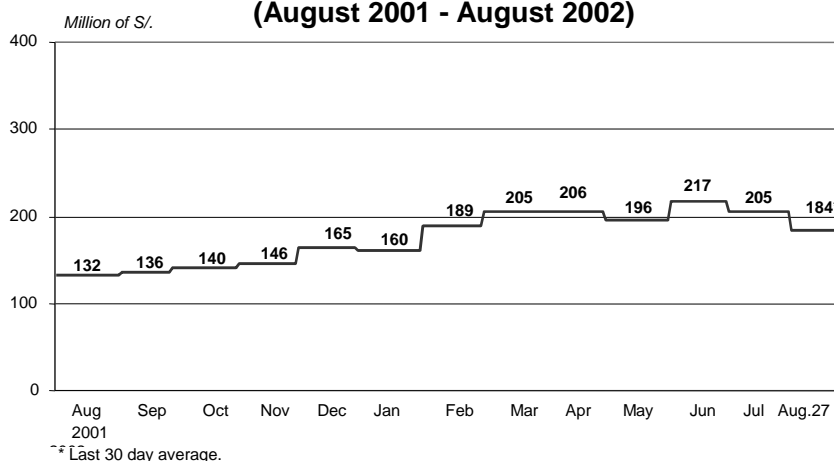
Banks' current account at the Central Bank and monetary operations
(Million of S/.)

	August				
	21	22	23	26	27
1 Current account of the banking system before Central Bank operations	193	135	93	141	173
2 Central Bank operations	<u>-106</u>	<u>100</u>	<u>-25</u>	<u>45</u>	<u>-13</u>
a. Auction of CDBCRP	-30	-20			-30
b. Auction of temporary purchases of CDBCRP and BTP			55		
c. Direct temporary purchases of CDBCRP and BTP		120		45	17
d. Overnight deposits	-76		-80		
3 Current account of the banking system after Central Bank operations (1+2)	87	235	68	186	160
Note:					
Last 30 day average of the current account	170	175	175	180	184
Average interest rate of auction of CDBCRP	3,28%	3,28%			3,60%
Average interest rate of auction of temporary purchases of CDBCRP and BTP			3,25%		

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 27 was S/. 184 million.

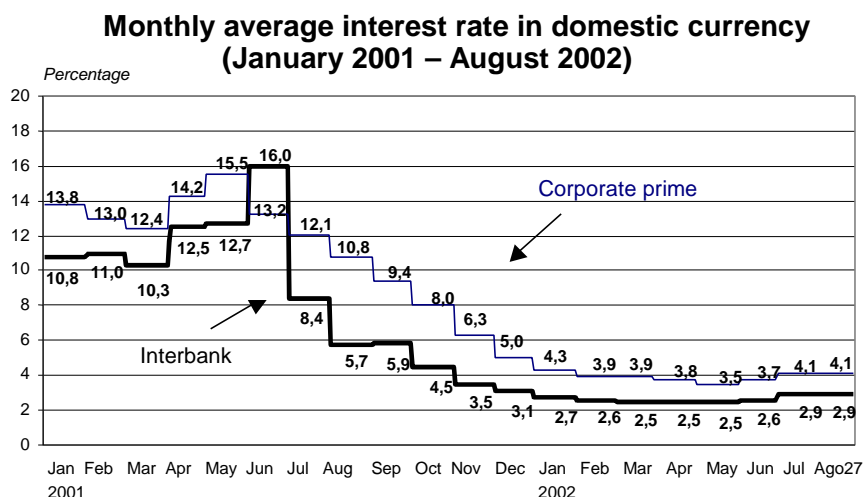
Banks' current account at the BCR
(August 2001 - August 2002)



Corporate prime interest rate: 4,1 percent

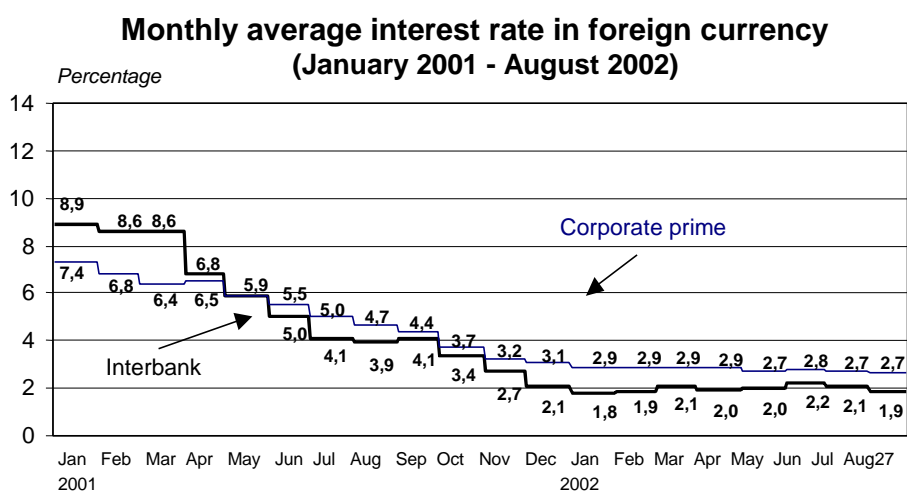
As of August 27, the corporate prime interest rate in domestic currency was

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



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

August 27 was 2,7 percent, similar to that recorded in July.



Exchange rate: S/. 3,602

On August 27, the exchange rate was S/. 3,602, up 0,9 percent from August 20 (S/. 3,569). In the month, the exchange rate has increased 1,5 percent. The up going trend in the exchange rate observed since August 19 is related to the increase in hedging forward operations (between August 19 and 27 the balance of net sales of forwards increased US\$ 45 million).

It should be noted that on August 28, the exchange rate came to S/. 3,612. In order to guarantee the hedging of forward operations the Bank auctioned (for the first time) Readjustable Certificates of Deposits, amounting to S/. 70 million, with a 6-month maturity and a 2,34 percent interest rate.

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

	December 2001	March	June	July	August 1-27
End-of-period balance:					
a. Net sales to the public (i-ii)	586	683	869	977	982
i. Forward sales to the public	834	1 054	1 210	1 304	1 290
ii. Forward purchases to the public	248	371	341	328	308
b. Banks' exchange position	587	635	645	611	617
Flows:					
I. Forward sales to the public	-4	-3	3	6	-1
- New sales	11	29	42	47	35
- Redemptions	15	32	39	41	35
II. Forward purchases to the public	-3	-1	0	2	-1
- New purchases	12	8	13	22	23
- Redemptions	15	9	13	20	24
III. Net spot purchases to the public	3	21	30	23	12
- Purchases	78	111	96	100	87
- Sales	75	90	66	77	75

Liquidity in domestic currency increased 6,2 percent

As of August 7, liquidity in **domestic currency** increased 4,2 percent (S/. 706 million) in the last 4 weeks to S/. 17 589 million (recording an annual increase of 21,9 percent). Credit to the private sector in domestic currency fell 0,3 percent (S/. 27 million) amounting to S/. 9 240 million (annual growth of 3,8 percent).

Liquidity in **foreign currency** increased 4,2 percent (US\$ 385 million) to US\$ 9 569 million between July 7 and August 7 and 0,4 percent in annual terms. Short-term external liabilities decreased 4,6 percent (US\$ 67 million) totaling US\$ 1 385 million. Credit to the private sector in foreign currency decreased 0,8 percent (US\$ 89 million) to US\$ 10 633 million (annual contraction of 2,8 percent).

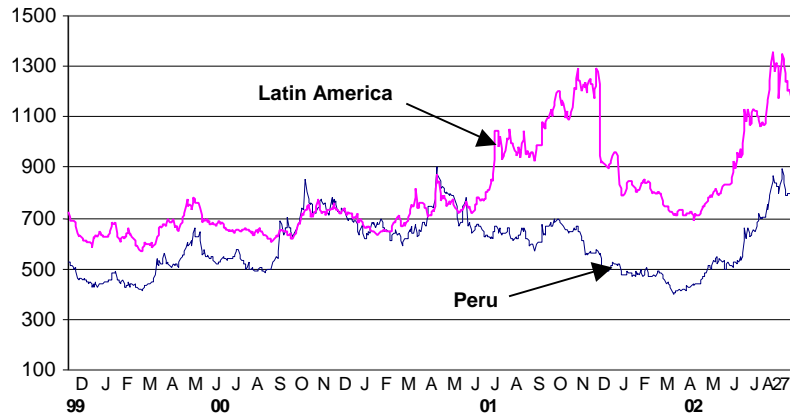
MONETARY AGGREGATES (End of period)												
	Monetary base		Liquidity in S/.		Credit in S/.		Liquidity in US\$		Short term liabilities ^{1/}		Credit in US\$	
	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) 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%
Aug.07	3,4%	20,4%	4,2%	21,9%	-0,3%	3,8%	4,2%	0,4%	-4,6%	-15,0%	-0,8%	-2,8%
Memo:												
Balance as of Jul.07 (Mill.S/./6 Mill.US\$)	6 196		16 883		9 268		9 184		1 452		10 723	
Balance as of Aug.07 (Mill.S/./6 Mill.US\$)	6 406		17 589		9 240		9 569		1 385		10 633	
1/ Short term external liabilities of commercial banks												

Peru's bonds spread: 7,9 percent

On August 27, 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 8,3 percent on July 31 to 7,9 percent on August 27.

**Spread of sovereign bonds
(December 1999 - August 2002)**



International markets

Between August 21 to 27, the gold international quotation (US\$ 310,6 per once troy) increased 0,9 percent due to the weakness of the US dollar and the tension in the Middle East, as well as

the higher demand of Asian markets. On the other hand, the silver quotation (US\$ 4,5 per once Troy), increased 0,9 percent.

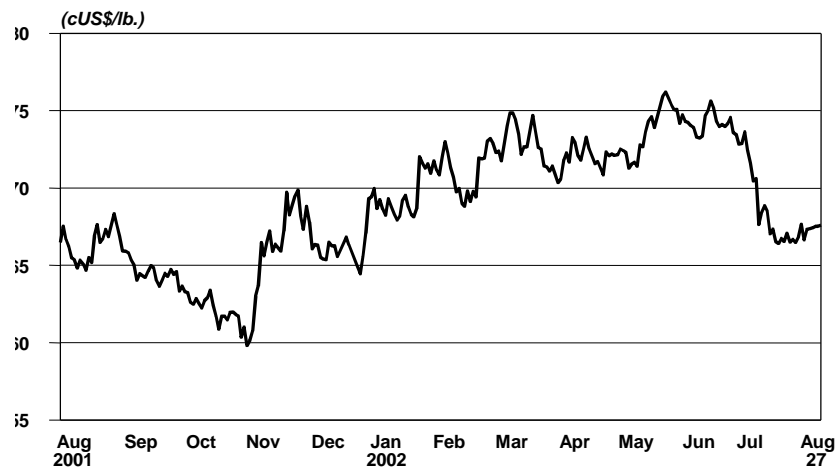
**Gold quotation
(August 2001 - August 2002)**



The copper quotation closed at US\$ 0,68 per lb, up 0,4 percent from August 20, following the increase in durable goods delivery orders in the US in July, the highest since October 2001,

whereas the LME inventories grew 1,1 percent to 896 thousand metric tones. On the other hand, the zinc quotation rose 0,4 percent to US\$ 0,35 per lb.

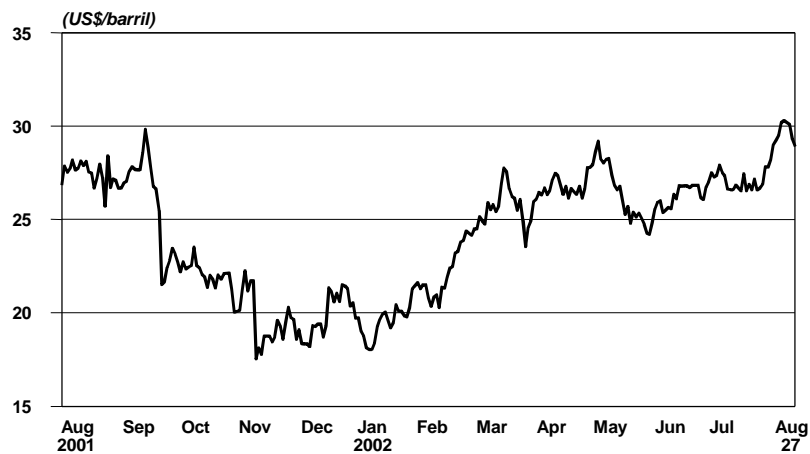
Copper quotation (August 2001 – August 2002)



The WTI oil quotation was US\$ 29,3 per barrel, down 2,6 percent from August 20, in response to the announcement of the Oil Exporter

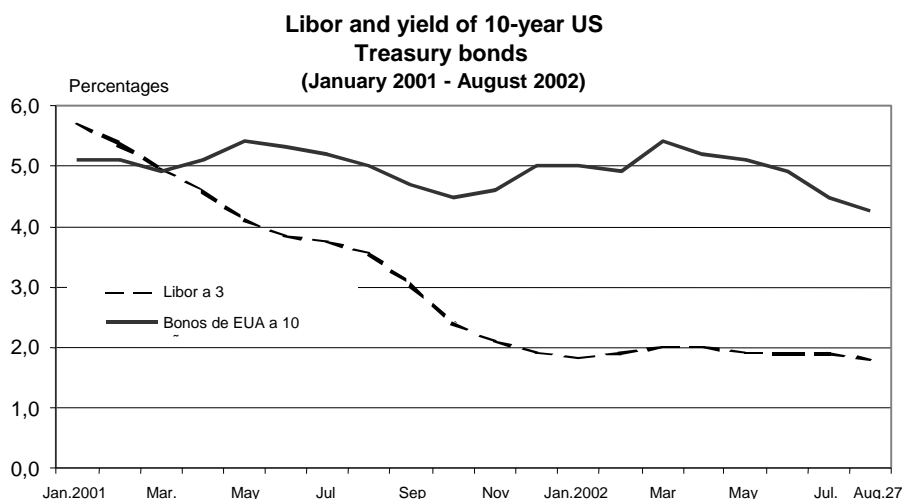
Country Organization regarding a normal provision of crude in case of any conflict in the Middle East.

Oil quotation (August 2001 – August 2002)



The 3-month Libor increased from 1,75 percent to 1,80 percent between August 20 and 27, whereas the yield of the US

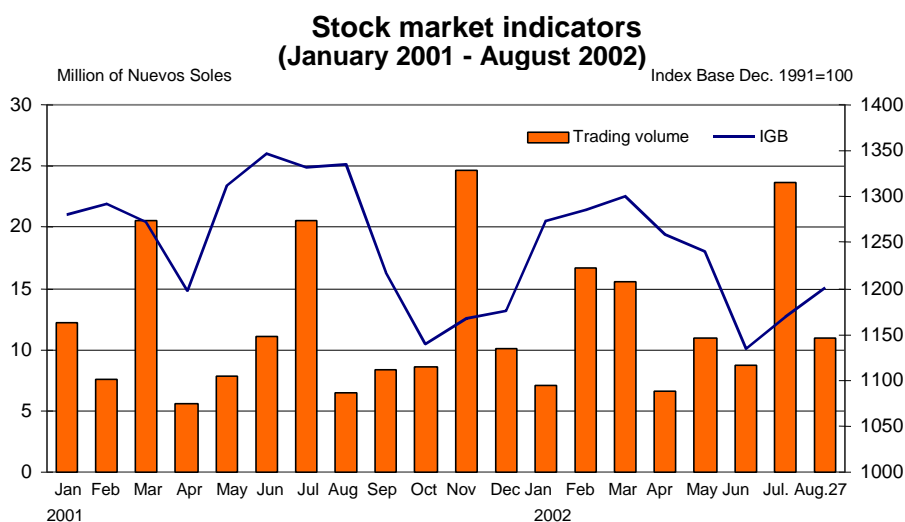
Treasury bond with a 10 year maturity passed from 4,142 percent to 4,280 percent.



General Index increased 2,6 percent

As of August 27, the Lima Stock Exchange increased 2,6 and 3,4 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 0,6 percent.



Lima, August 29, 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).

