



BANCO CENTRAL DE RESERVA DEL PERÚ

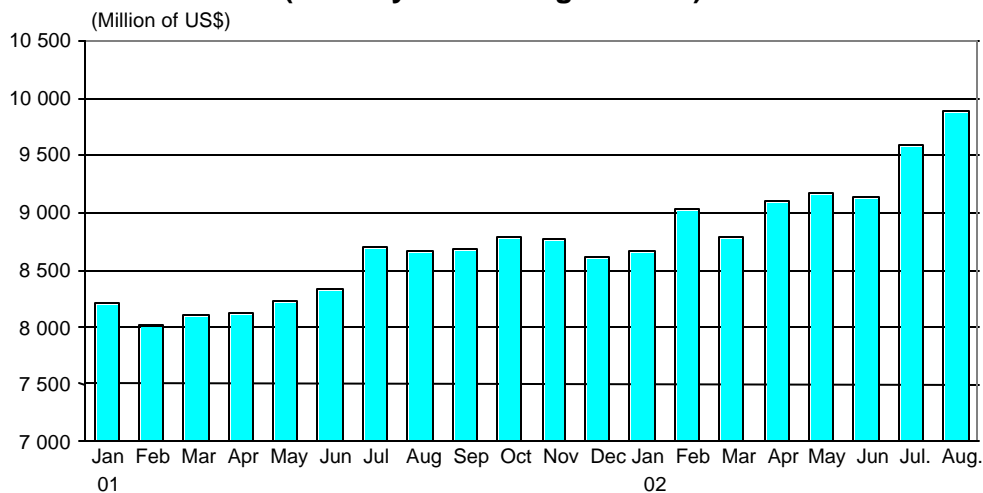
WEEKLY REPORT N° 36 – September 6, 2002

Net International Reserves: US\$ 9 886 million

In August, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 9 886 million, up US\$ 291 million from end-July due to the increase of financial system (US\$ 306 million), net investment yields (US\$ 30 million) and the increase of the Insurance Deposit Fund (US\$ 2

million), which were partially offset by the withdrawal of public sector (US\$ 46 million) and other net operations (US\$ 1 million). On the other hand, the net international position amounted to US\$ 3 202 million, up US\$ 24 million from end-July.

BCR net international reserve (January 2001 – August 2002)

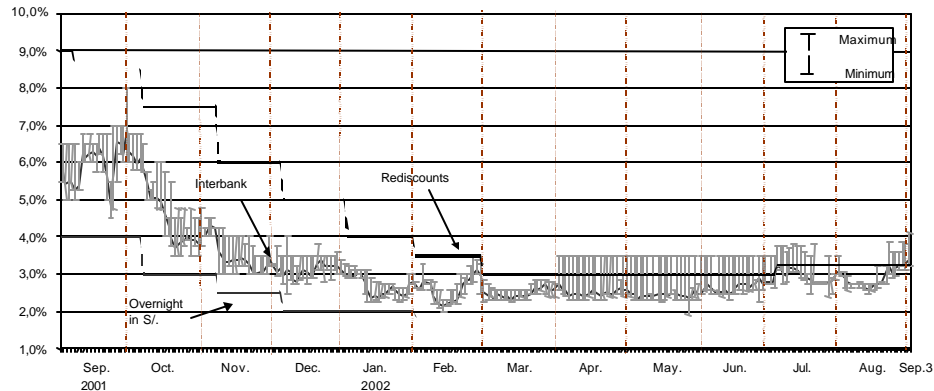


Interbank interest rate: 3,3 percent

In August, the interbank interest rate was 3,0 percent, slightly higher than in July (2,9 percent). In the period

September 1 to 3, the average interbank rate was 3,3 percent.

**interbank interest rate in domestic currency
(September 2001 - September 2002)**



Banks' current account balance: S/. 290 million

As of September 3, the banks' current account held at the Central Bank averaged S/. 290 million.

Over the period August 28 to September 3, the Central Bank made auctions of Readjustable Certificates of Deposits by S/. 70 million at a 2,34 percent interest rate, auctions of temporary purchases of CDBCRP and BTP by S/. 50, S/. 190

and S/. 70 million on August 29 and September 2 and 3, respectively, as well as direct temporary purchases of CDBCRP and BTP on August 28 and 29 and September 3 amounting to S/. 126, 14 and 120 million. additionally, on September 3 the Bank granted a rediscount which amounted to S/. 60 million.

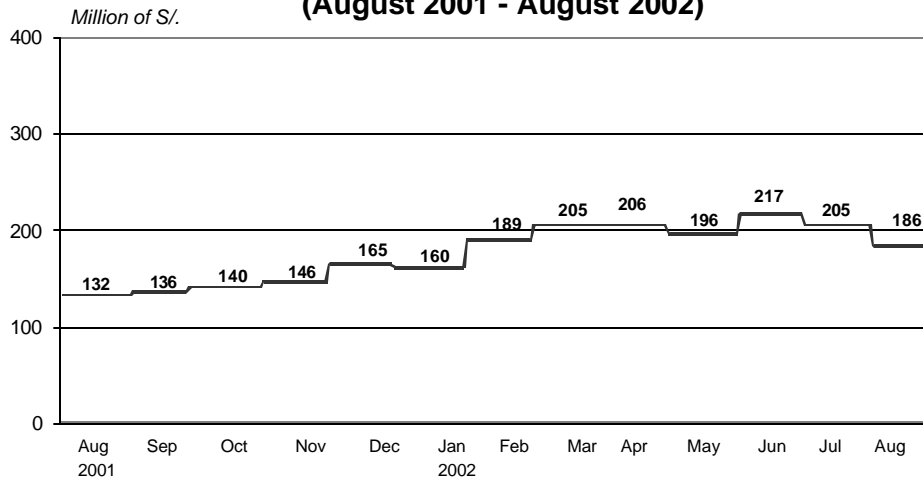
**Banks' current account at the Central Bank and monetary operations
(Million of S/.)**

	August		September	
	28	29	2	3
1 Current account of the banking system before Central Bank operations	108	35	128	202
2 Central Bank operations	<u>56</u>	<u>64</u>	<u>190</u>	<u>250</u>
a. Auction of CDRBCRP	-70			
b. Auction of temporary purchases of CDBCRP and BTP		50	190	70
c. Direct temporary purchases of CDBCRP and BTP	126	14		120
d. Rediscounts				60
3 Current account of the banking system after Central Bank operations (1+2)	163	99	318	452
Note:				
Last 30 day average of the current account	187	189	177	182
Average interest rate of auction of CDBCRP	2,34%			
Average interest rate of auction of temporary purchases of CDBCRP and BTP		3,31%	3,31%	3,42%

For September, the Board of the Bank approved that the operating target of the current account will be S/. 175 million

to S/. 195 million on a daily average basis.

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

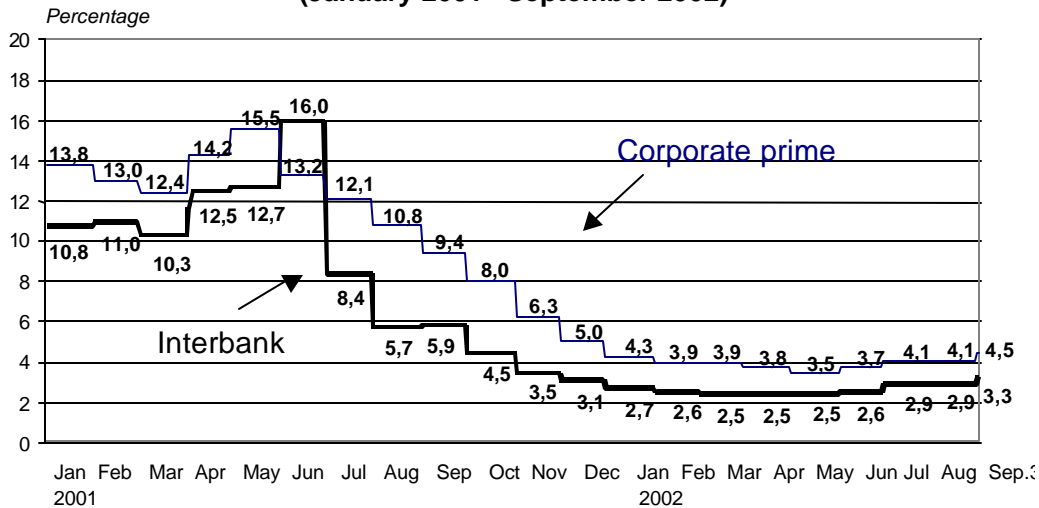


Corporate prime interest rate in domestic currency: 4,1 percent in August

In August, the corporate prime interest rate in domestic currency was 4,1 percent, similar to the average recorded

in July, whereas as of September 3, this rate came to 4,5 percent.

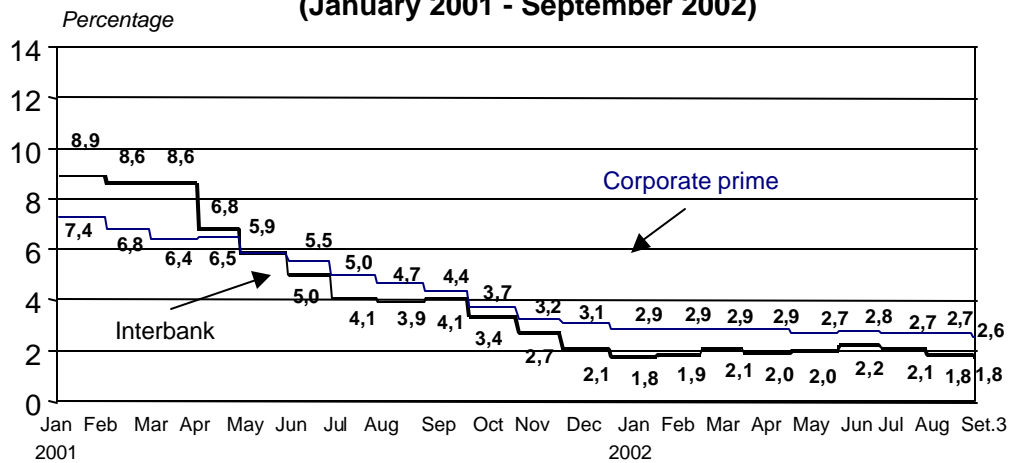
Monthly average interest rates in domestic currency (January 2001 - September 2002)



On the other hand, the corporate prime interest rate in foreign currency in August was 2,7 percent, similar to that

recorded in July. As of September 3, the prime rate was 2,6 percent.

**Monthly average interest rates in domestic currency
(January 2001 - September 2002)**



Exchange rate: S/. 3,57

In August, the average exchange rate was S/. 3,57, up 1,0 percent from July and up 2,2 percent from a year ago. On the other hand, the net balance of

forward operations of banking enterprises decreased US\$ 6 million, whereas the covered exchange position increased US\$ 39 million.

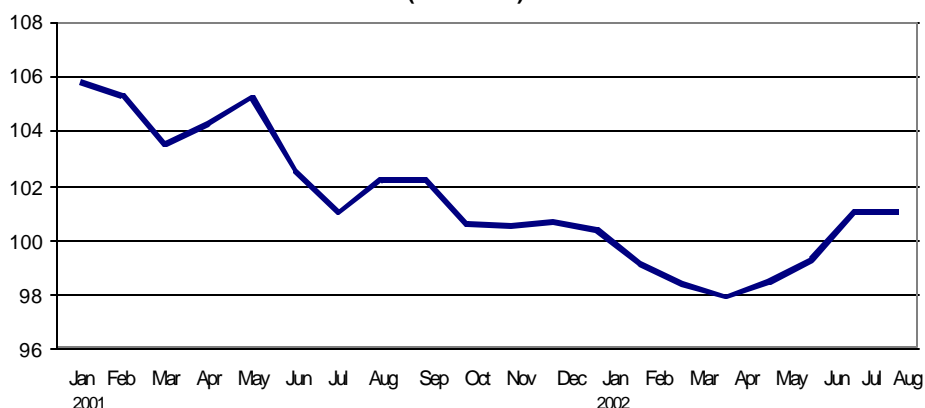
**Banks' exchange market operations to the public: Daily average
(Million of US\$)**

	December 2001	March	June	July	August
End-of-period balance:					
a. Net sales to the public (f-ii)	586	683	869	975	969
i. Forward sales to the public	834	1 054	1 210	1 304	1 307
ii. Forward purchases to the public	248	371	341	328	338
b. Banks' exchange position	587	635	645	611	650
Flows:					
I. Forward sales to the public	-4	-3	3	6	-1
- New sales	11	29	42	47	34
- Redemptions	15	32	39	41	35
II. Forward purchases to the public	-3	-1	0	2	-1
- New purchases	12	8	13	22	20
- Redemptions	15	9	13	20	21
III. Net spot purchases to the public	3	21	30	23	14
- Purchases	78	111	96	100	83
- Sales	75	90	66	77	69

In August, the real exchange rate remained steady because of the nominal 1,0 percent depreciation was offset by

the difference between external inflation (-0,9 percent) and domestic inflation (0,1 percent).

**MULTILATERAL REAL EXCHANGE RATE INDEX
(1994=100)**



August inflation: 0,10 percent

In August 2002, the Consumer Price Index (CPI) increased 0,10 percent, recording a 0,75 percent variation in the period January-August and a 0,26 percent increase in the last 12 months. In August, core and non-core inflation

were close (0,10 and 0,11 percent). Tradable product prices increased 0,17 percent in August (0,18 percent in the last 12 month), whereas non-tradable product prices grew 0,05 percent (0,32 percent in the last 12 month).

INFLATION

	2001					2002				
	Jun.	Jul.	Aug.	Jan.-Aug..	12 month	Jun.	Jul.	Aug	Jan.-Aug.	12 month
Consumer Price Index	-0,06	0,17	-0,30	0,36	1,37	-0,23	0,03	0,10	0,75	0,26
Tradable products	-0,01	-0,46	-0,39	-0,34	1,66	0,11	0,12	0,17	0,84	0,18
Food	-0,47	-0,60	-0,22	-1,22	-1,72	-0,02	-0,10	-0,15	-1,08	-1,37
Textile and footwear	0,16	0,16	0,13	1,60	2,49	0,25	0,13	0,17	0,95	1,29
Fuel	0,62	-2,01	-2,90	-5,39	10,60	0,36	0,53	1,51	7,29	-1,49
Electrical appliances	-0,89	-0,37	-0,31	0,74	2,20	0,61	1,47	0,74	3,65	2,69
Other	0,34	-0,09	-0,07	1,49	3,25	0,05	0,15	0,14	0,91	1,63
Non-tradable products	-0,09	0,61	-0,24	0,84	1,18	-0,47	-0,03	0,05	0,68	0,32
Food	-0,47	1,92	-0,87	0,49	-2,35	-1,74	-0,58	-0,07	0,46	-0,35
Services	0,07	0,08	0,02	1,00	2,72	0,09	0,21	0,10	0,77	0,58
Utilities	0,23	0,34	0,01	1,01	4,41	-0,06	0,04	0,23	0,62	-3,10
Other personal services	0,24	0,06	0,07	0,73	1,51	0,07	0,02	0,12	0,33	0,68
Health	0,11	0,04	0,20	2,68	3,68	0,30	0,20	0,02	1,84	2,17
Transportation	-0,07	0,31	-0,36	-0,80	1,44	0,08	0,57	-0,10	-0,17	0,70
Education	0,27	0,02	0,20	3,74	4,85	0,10	0,00	0,10	2,50	2,73
Restaurants	0,12	0,01	0,15	1,02	2,39	0,10	0,05	0,05	0,54	0,81
Rent	-0,57	-0,28	-0,29	0,32	1,65	0,20	0,70	0,40	1,60	0,91
Other services	0,36	-0,01	0,43	2,74	4,40	0,10	0,14	0,43	1,25	1,88
Other	0,00	0,03	0,01	0,18	1,74	0,04	0,00	0,05	0,92	1,00

Macroeconomic expectations

Between August 19 and 29, the Central Bank carried out the Monthly Survey on Macroeconomic Expectations to 29

financial enterprises, 335 non-financial enterprises and 17 consultants.

Financial enterprises (Median of the sample)

	Date of the survey		
	June 28 1/	July 31 1/	August 29 2/
Inflation (%)			
September 2002	--	--	0,2
Acumulate december 2002	2,0	2,0	1,7
Acumulate december 2003	2,5	2,5	2,5
Exchange rate (\$/. por US\$)			
September 2002	--	--	3,60
December 2002	3,53	3,55	3,62
December 2003	3,60	3,65	3,70
Interbank interest rate (%)			
<i>In nuevos soles</i>			
September 2002	--	--	3,0
December 2002	3,0	3,3	3,3
December 2003	--	--	4,0
<i>In U.S. dollars</i>			
September 2002	--	--	1,9
December 2002	2,4	2,4	2,0
December 2003	--	--	2,5
GDP growth (%)			
July 2002	3,0	3,0	2,6
August 2002	--	2,5	2,0
September 2002	--	--	2,1
Year 2002	3,0	3,0	3,0
Year 2003	3,5	3,4	3,1

1/ Sample: 28 financial enterprises

2/ Sample: 29 financial enterprises

Consultants (Median of the sample)

	Date of the survey		
	June 28 1/	July 31 2/	August 29 3/
Inflation (%)			
September 2002	--	--	0,2
Year 2002	1,7	1,6	1,5
Year 2003	2,1	2,1	2,1
Exchange rate (\$/. por US\$)			
September 2002	--	--	3,59
December 2002	3,50	3,55	3,59
December 2003	3,60	3,64	3,65
Interbank interest rate (%)			
<i>In nuevos soles</i>			
September 2002	--	--	3,0
December 2002	2,8	2,8	3,0
December 2003	3,5	3,5	3,5
GDP growth (%)			
July 2002	--	3,0	2,9
August 2002	--	--	2,1
Year 2002	3,0	3,2	3,1
Year 2003	3,9	3,5	3,3

1/ Sample: 14 consultants

2/ Sample: 15 consultants

3/ Sample: 17 consultants

Non Financial enterprises (Median of the sample)

	Date of the survey		
	June 28 1/	July 31 2/	August 29 1/
Inflation (%)			
Year 2002	2,0	2,0	2,0
Year 2003	2,5	2,5	2,5
Exchange rate (\$/. por US\$)			
December 2002	3,55	3,58	3,60
December 2003	3,65	3,67	3,70
Crecimiento del PBI (%)			
Year 2002	3,0	3,0	3,0
Year 2003	3,5	3,5	3,5

1/ Sample: 335 non financial enterprises

2/ Sample: 342 non financial enterprises

Liquidity in domestic currency increased 2,6 percent

As of August 15, liquidity in **domestic currency** increased 2,6 percent (S/. 457 million) in the last 4 weeks to S/. 17 750 million (recording an annual increase of 23,7 percent). Credit to the private sector in domestic currency fell 0,4 percent (S/. 40 million) amounting to S/. 9 277 million (annual growth of 4,7 percent).

to US\$ 9 591 million between July 15 and August 15, however in increased and 0,7 percent in annual terms. Short-term external liabilities decreased 1,7 percent (US\$ 23 million) totaling US\$ 1 387 million. Credit to the private sector in foreign currency decreased 1,2 percent (US\$ 129 million) to US\$ 10 660 million (annual contraction of 2,4 percent).

Liquidity in **foreign currency** decreased 0,2 percent (US\$ 17 million)

MONETARY AGGREGATES (End of period)													
	MONETARY BASE		LIQUIDITY IN S/.		CREDIT IN S/.		LIQUIDITY IN US\$		Short term external liabilities ^{1/}		CREDIT IN US\$		
	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	
	Month	Year	Month	Year	Month	Year	Month	Year	Month	Year	Month	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.15	0,2%	18,7%	2,6%	23,7%	-0,4%	4,7%	-0,2%	0,7%	-1,7%	-15,9%	-1,2%	-2,4%	
Memo:													
Balance as of July 15 (MIL.S/ or MIL.US\$)	6 227		17 293		9 317		9 608		1 410		10 739		
Balance as of August 15 (MIL.S/ or MIL.US\$)	6 242		17 750		9 277		9 591		1 387		10 610		

^{1/} Short term external liabilities of banking enterprises.

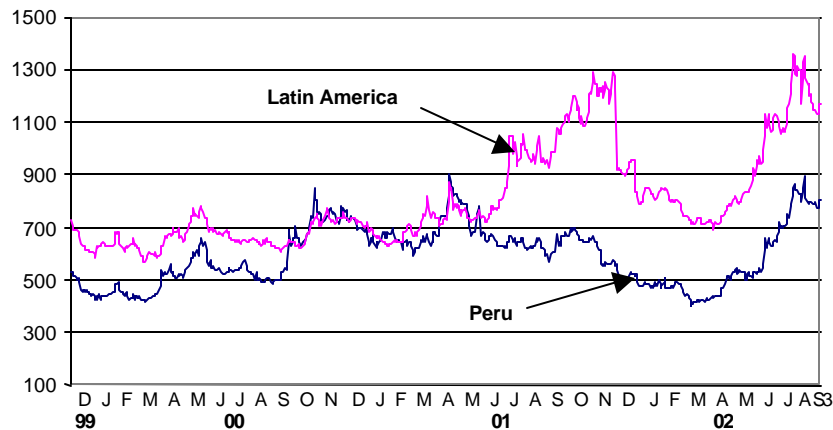
Peru's bonds spread: 8,0 percent

In August, the average spread between the yield of Peruvian sovereign bonds and the interest rate on US Treasury bills (a proxy for the country risk perceived by investors) was 8,2 percent, higher than in July (7,2 percent). The spread of the global Peruvian bond

spread with the 10 year maturity US bond passed from 6,9 percent in July to 8,1 percent in August.

As of September 3, the spread of the sovereign bonds was 8,0 and 8,1 the spread of the global bond.

**Spread of sovereign bonds
(December 1999 – September 2002)**



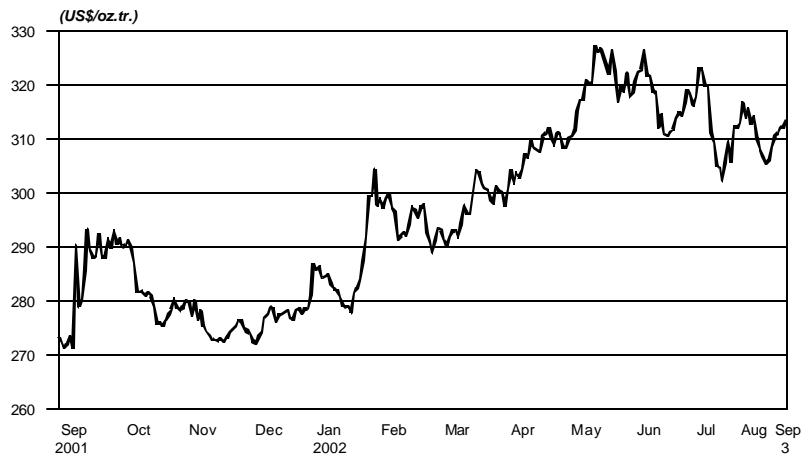
International markets

In August, the gold international quotation (US\$ 310,2 per once troy) decreased 1,0 percent due to the recovery of the stock markets and the US dollar. As of September 3, the gold quotation recorded an increase (0,2 percent) reflecting the weakening of the

US dollar and the volatility of the stock markets. On the other hand, the silver quotation was US\$ 4,6 per once Troy in August, down 8,1 percent from July. As of September 3, the silver quotation recorded a new decline (0,2 percent).

Gold quotation

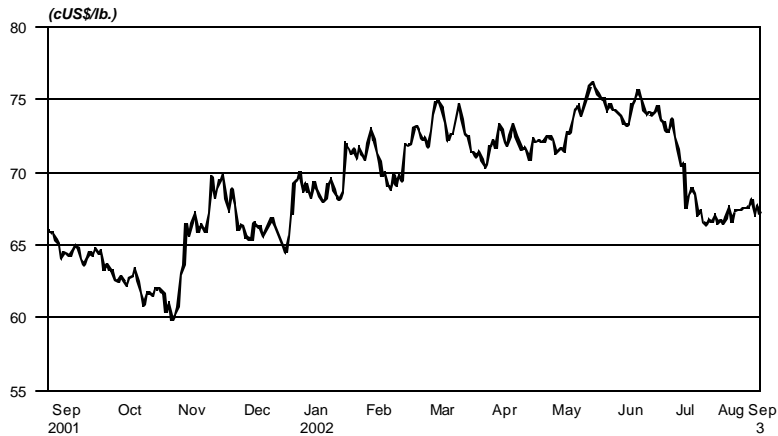
(September 2001 - September 2002)



The copper quotation averaged US\$ 0,67 per lb in August, down 6,9 percent from July, reflecting the poor expectations on a US economic recovery. The FED decision to maintain the interest rates worsened the fears of a recession. On the other hand, the LME

inventories grew 1,0 percent to 892 500 metric tones. As fo September 3, the copper quotation declined 1,3 percent. On the other hand, the zinc quotation fell 5,9 percent in August to US\$ 0,34 per lb.

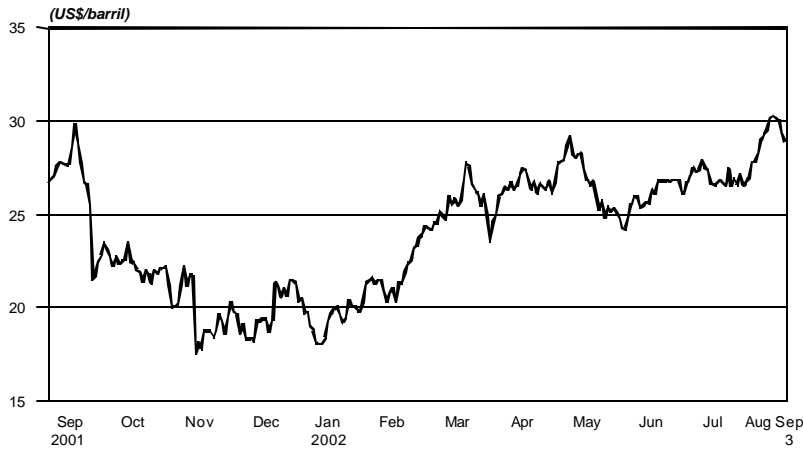
Copper quotation
(Setiembre 2001 - Setiembre 2002)



The WTI oil quotation was US\$ 28,4 per barrel, up 5,4 percent from July, in response to the fears about a escalation of the US in Iraq, the uncertainty on what will the next Oil Exporter Country

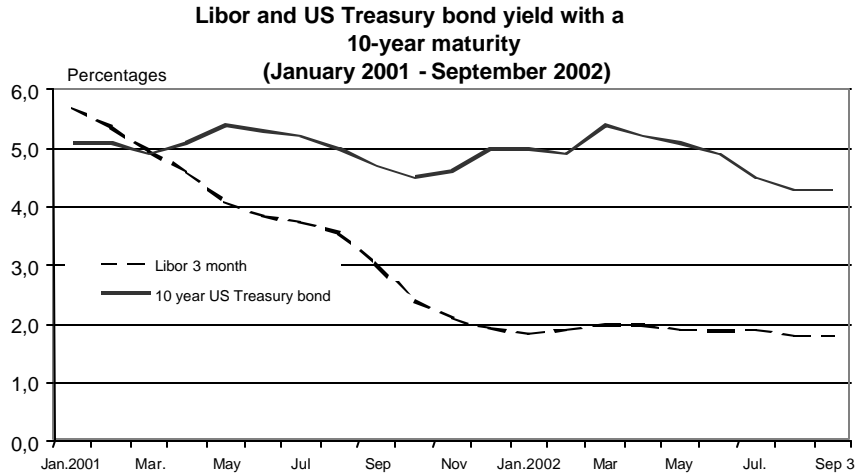
Organization quota be as well as the reduction in the oil inventories in the US. However, as of September 3, the oil quotation fell 1,7 percent given the lower tension between the US and Iraq.

Oil quotation
(September 2001 - September 2002)



The 3-month Libor decreased slightly from 1,81 to 1,80 percent between August 29 and September 3, whereas the yield of the US Treasury bond with

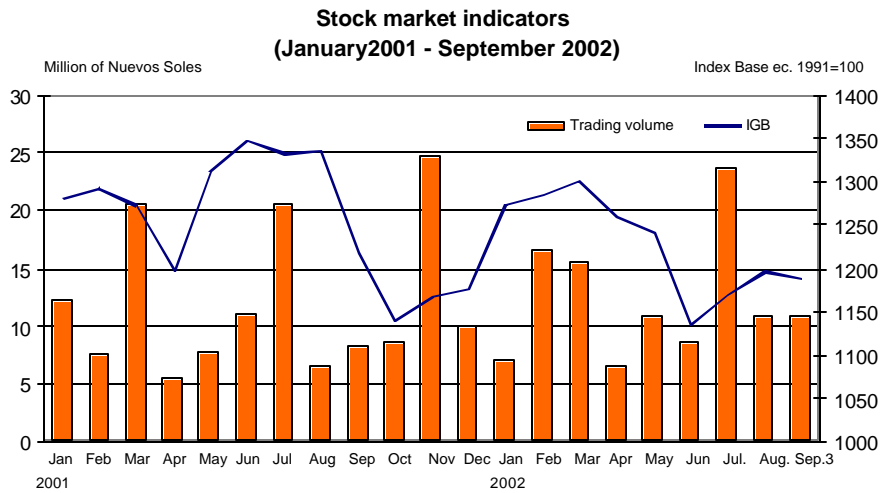
a 10 year maturity passed from 4,13 percent to 3,97 percent over the same period.



General Index increased 2,2 percent

In August, the Lima Stock Exchange increased 2,2 and 2,8 percent in the General and Blue Chip Index, respectively. In the year the General has increased 0,2 percent whereas the Blue

Chip index has decreased 1,3 percent. As of September 3, the General and Blue Chip indices decreased 0,7 and 0,9 percent.



Lima, September 6, 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).

BANCO CENTRAL DE RESERVA DEL PERÚ



Press release

MONETARY PROGRAM APPROVED BY THE BOARD OF THE BANK FOR SEPTEMBER 2002

1. In August, the daily average balance of the banks' current account was **S/. 186 million**, below the range announced for that month (S/. 190 million to S/. 210 million). The interbank interest rate in domestic currency passed from 2,9 percent in July to 3,0 percent in August.
2. The Board of the Bank assessed the monetary policy stance for September and established the following:
 - a. The targeted range for the banks' current account balance held at the Central Bank will be maintained at **S/. 175 million to S/. 195 million on a daily average basis**.
 - b. For monetary regulation credits and temporary purchase of CDBCRP and Treasury bonds out of auctions, the effective interest rate remains as **the weighted average of the interbank interest rates, or 3,75 percent, whichever is highest**. The former rate was 3,25 percent.
 - c. For overnight deposits in domestic currency held by banks at the Central Bank, the effective interest rate remained at **1,9 percent**.
 - d. For foreign exchange temporary purchase operations (swap operations), the commission is raised to an implicit effective annual cost of **3,75 percent**.
3. The following interest rates will be used in foreign-currency operations:
 - a. The effective annual rate for monetary regulation credits will be the 1-month LIBOR plus one percentage point.
 - b. For overnight deposits held by banks at the Central Bank, the rate is equivalent to the average obtained by the Central Bank for similar deposits abroad.
4. Since September, according the new reserve requirement regulation, the average balance of funds in vault of the previous month is computed in order to determine the reserve requirement in domestic currency.
5. The previous framework is consistent with the current annual inflation forecast and that it finish above the lower inflation range.
6. If justified by financial conditions, the values mentioned above could be modified in order to ensure the attainment of the objective to preserve monetary stability, which mean avoiding inflationary or deflationary pressures.

Lima, September 5, 2002