



BANCO CENTRAL DE RESERVA DEL PERÚ

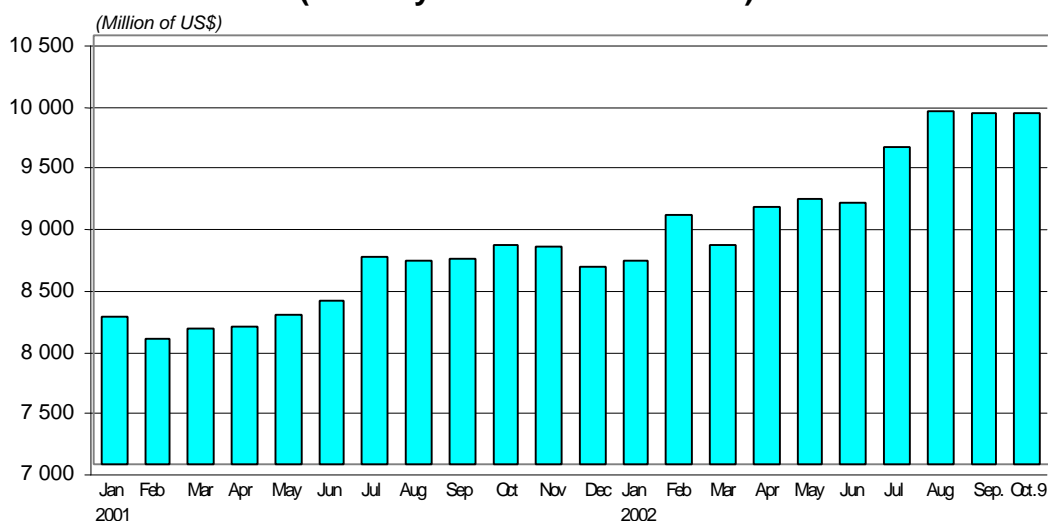
WEEKLY REPORT N° 41 – October 11, 2002

Net International Reserves: US\$ 9 864 million

As of October 9, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 9 864 million, up US\$ 7 million from end-September. This increase obeys to higher public sector (US\$ 13 million) and financial system deposits (US\$ 11

million), which were partially offset by the redemption of swap operations (US\$ 6 million), the decrease of Insurance Deposit Fund deposits (US\$ 4 million) and net investment yields and other operations (US\$ 6 million).

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



Banks' current account balance: S/. 233 million

As of October 9, the banks' current account held at the Central Bank averaged S/. 233 million. The range announced by the Bank for that month is S/. 180 – S/. 200 million. Over the period October 2 to 9, the monetary

operations of the Central Bank allowed the banks' current account to increase from a negative balance in S/. 134 million to a positive balance in S/. 240 million.

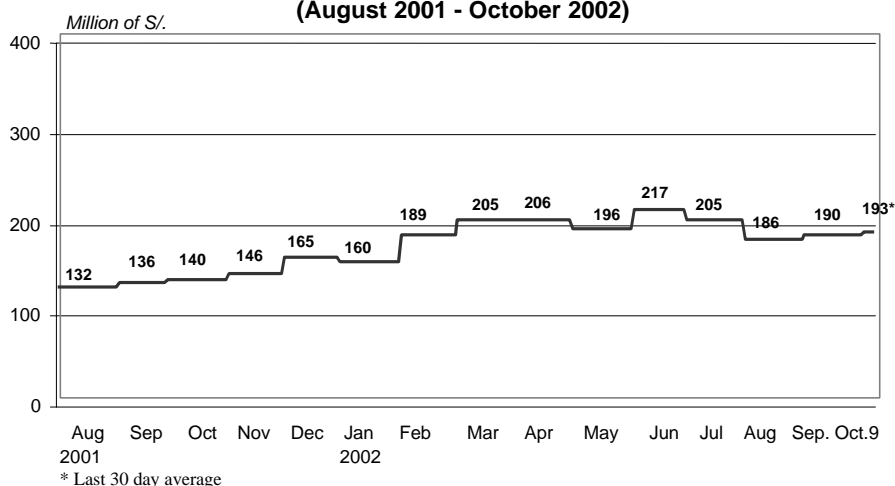
Banks current account at the BCRP and monetary operations

(Million of nuevos soles)

| | October | | | |
|--|---------------|---------------|---------------|--------------|
| | 2 | 3 | 4 | 9 |
| 1. Balance of banks current account before BCRP operations | -259,3 | -172,1 | -174,4 | 69,3 |
| 2. BCRP monetary and exchange operations | | | | |
| Monetary operations of BCRP | | | | |
| i. Auction of temporary purchase of CDBCRP and BTP | 380 | 325 | 350 | 260 |
| Term | 1 day | 1 day | 5 days | 1 day |
| 3. BCRP monetary operations (end of operations) | | | | |
| Temporary purchase of CDBCRP and BTP (off auction) | 60 | 60 | 60 | |
| 4. Balance of the banks' current account at the BCR (end of operations) | 180,7 | 212,9 | 235,6 | 329,3 |
| 5. Interest rates | | | | |
| Interbank | 6,22% | 5,79% | 6,38% | 6,18% |
| Auction of temporary purchase of CDBCRP and BTP | 5,89% | 5,45% | 5,75% | 6,21% |
| Temporary purchase of CDBCRP and BTP (off auction) | 6,22% | 5,79% | 6,38% | |

Range approved or September: S/. 180 - S/. 200 millions.

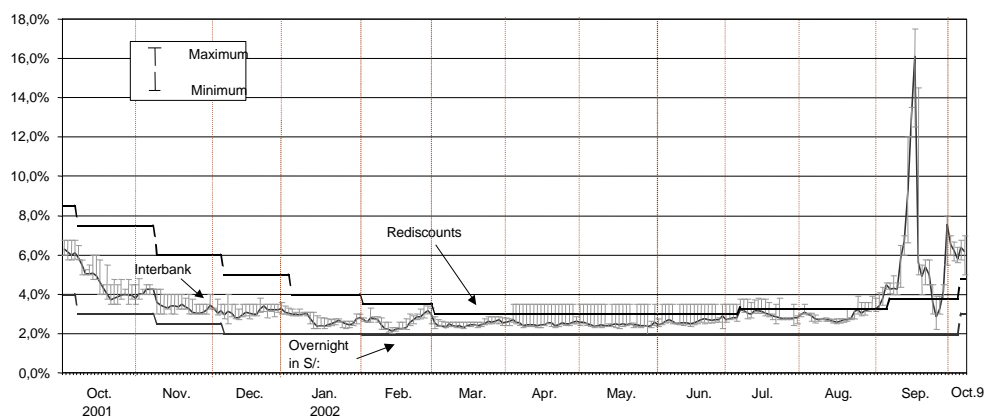
**Banks' current account at the BCR
(August 2001 - October 2002)**



Interbank interest rate: 6,3 percent

On October 9, the average interbank interest rate was 6,3 percent, higher than the average rate recorded in September (5,6 percent).

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

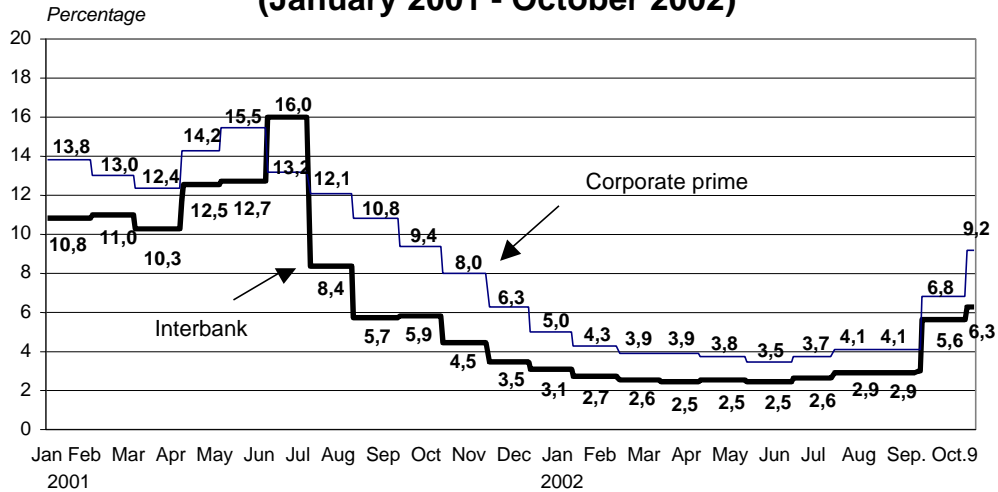


Corporate prime interest rates

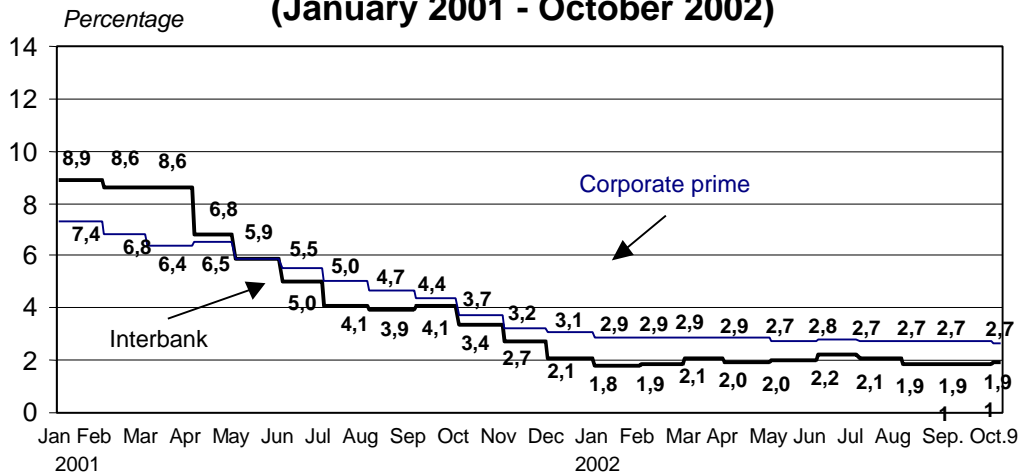
As of October 9, the corporate prime interest rate in domestic currency was 9,2 percent, higher than that recorded in September (6,8 percent). On the other

hand, the corporate prime interest rate in foreign currency remained at 2,7 percent as of October 9. It should be noted that this level prevails since July.

**Monthly average interest rate in domestic currency
(January 2001 - October 2002)**



**Monthly average interest rate in domestic currency
(January 2001 - October 2002)**



Exchange rate: S/. 3,624

Between September 30 to October 9 the exchange rate decreased 0,6 percent, from S/. 3,644 to S/. 3,624. As of October 9, the balance of net forward

sale operations of banking enterprises decreased US\$ 32 million, whereas the covered exchange position dropped US\$ 42 million.

Banks' exchange market operations to the public: Daily average

(Million of US\$)

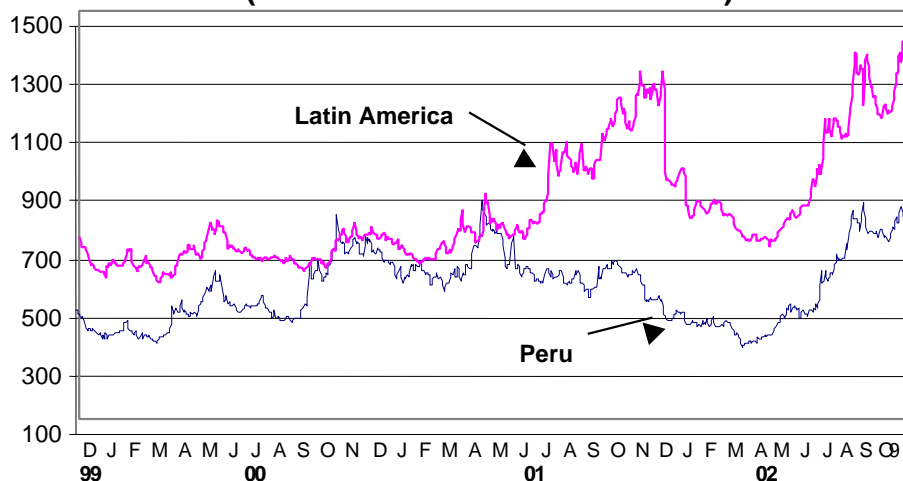
| | December 2001 | March 2002 | June | September | October 1 - 4 |
|--|------------------|---------------|------------|--------------|------------------|
| End-of-period balance: | | | | | |
| a. Net sales to the public (i-ii) | 586 | 683 | 869 | 1 017 | 985 |
| i. Forward sales to the public | 834 | 1 054 | 1210 | 1 302 | 1 205 |
| ii. Forward purchases to the public | 248 | 371 | 341 | 285 | 221 |
| b. Banks' exchange position | 587 | 635 | 645 | 707 | 664 |
| Flows: | | | | | |
| I. Forward sales to the public | -4 | -3 | 3 | 0 | -10 |
| - New sales | 11 | 29 | 42 | 32 | 30 |
| - Redemptions | 15 | 32 | 39 | 32 | 40 |
| II. Forward purchases to the public | -3 | -1 | 0 | -3 | -3 |
| - New purchases | 12 | 8 | 13 | 9 | 3 |
| - Redemptions | 15 | 9 | 13 | 11 | 7 |
| III. Net spot purchases to the public | 3 | 21 | 30 | 16 | 17 |
| - Purchases | 78 | 111 | 96 | 88 | 105 |
| - Sales | 75 | 90 | 66 | 72 | 87 |

Peru's bonds spread: 8,6 percent

As of October 9, the average spread of Peruvian sovereign bonds was 8,4 percent, higher than in September (8,0 percent). In end-of-period terms this spread decreased from 9,0 to 8,6 percent. The average spread of the

global Peruvian bond spread with the 10 year maturity US bond passed from 8,0 percent in September to 8,6 percent in the period October 1 to 9. In end-of-period terms this spread remained at 8,8 percent.

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



GDP grew 4,1 percent in the period January-August

The gross domestic product (GDP) grew 3,8 percent in August and 4,1 percent in the period January-August.

Seasonally adjusted GDP increased 2,3 percent in this month.

The growth in August based in the higher dynamism of the non-primary sectors which grew 4,3 percent thanks to the expansion in construction. Primary sectors grew 1,6 percent,

mainly reflecting the expansion in mining. On the other hand, **domestic demand** grew 4,1 percent thanks to the impulse in private consumption and investment.

GROSS DOMESTIC PRODUCT

(Rates of growth)

| | August | | January-August | |
|---|-------------|-------------|----------------|-------------|
| | 2001 | 2002 | 2001 | 2002 |
| Primary GDP | 11,7 | 1,6 | -0,1 | 6,5 |
| Agriculture and livestock | 6,2 | -0,5 | -1,5 | 5,0 |
| <i>Agriculture</i> | 10,6 | -4,1 | -3,4 | 4,9 |
| <i>Livestock</i> | 1,7 | 3,6 | 1,6 | 5,0 |
| Fishing | -6,2 | 0,1 | -6,8 | -3,2 |
| Mining and oil products | 23,8 | 6,5 | 5,2 | 16,5 |
| <i>Mining</i> | 25,9 | 7,2 | 6,3 | 18,2 |
| <i>Oil products</i> | -0,5 | -1,0 | -3,3 | 1,7 |
| Based on raw materials | 5,1 | -3,3 | -1,9 | -2,6 |
| <i>Sugar</i> | 25,0 | 4,5 | 3,9 | 10,4 |
| <i>Meat products</i> | 2,1 | 4,0 | 1,4 | 6,3 |
| <i>Fishmeal</i> | 106,0 | -93,2 | -17,6 | -13,5 |
| <i>Canned and frozen fish</i> | 3,3 | -47,8 | 15,5 | -36,3 |
| <i>Non-ferrous metal</i> | 2,2 | -2,2 | 2,0 | -0,1 |
| <i>Refined petroleum</i> | 7,3 | 8,0 | 1,5 | 0,0 |
| Non-Primary GDP | -0,8 | 4,3 | -1,4 | 3,5 |
| Non-primary industries | -3,8 | 6,0 | -1,4 | 4,0 |
| <i>Food, beverage and tobacco</i> | -2,7 | 4,9 | -0,4 | 4,9 |
| <i>Textile, leather and footwear</i> | -2,7 | 6,0 | -3,1 | 1,7 |
| <i>Paper and paper products</i> | -7,0 | 20,0 | 0,3 | 15,7 |
| <i>Chemical, rubber and plastic products</i> | 1,4 | 1,1 | 2,1 | 5,7 |
| <i>Non-metallic minerals</i> | -12,3 | 20,2 | -5,8 | 8,5 |
| <i>Iron and steel</i> | -0,6 | -6,2 | 6,1 | -7,9 |
| <i>Metallic products, machinery and equipment</i> | -11,9 | -2,8 | -2,8 | -7,8 |
| <i>Miscellaneous manufacturing products</i> | 22,4 | 5,6 | 5,4 | -0,8 |
| Construction | -9,1 | 7,8 | -10,5 | 9,3 |
| Trade | 0,8 | 1,0 | -1,2 | 1,9 |
| Other services | 0,4 | 4,4 | -0,5 | 3,3 |
| GDP | 1,3 | 3,8 | -1,1 | 4,1 |
| Seasonally adjusted GDP 1/ | 1,3 | 2,3 | | |
| Domestic demand | -2,0 | 4,1 | -1,4 | 3,2 |

1/ Month on Month variation.

August trade balance: US\$ 97 million

In August, the **trade balance** recorded a US\$ 97 million surplus, higher than August 2001 in US\$ 68 million. The former was a result of the growth in exports (US\$ 58 million) as well as the drop in imports (US\$ 10 million).

Exports totaled US\$ 711 million, up US\$ 58 million (9 percent) from August 2001, due to greater exports of fishing, oil and derivatives and mining products. **Imports** amounted to US\$ 615 million, down US\$ 10 million (2 percent) from a year ago. Acquisitions of intermediate goods decreased in US\$ 8 million,

whereas imports of capital goods fell in US\$ 10 millions. Conversely consumer good imports increased in US\$ 8 million.

The **terms of trade** rose 3,1 percent in August due to the increase in export prices (3,6 percent) that exceeded the small rise in import prices (0,5 percent). The main increases were recorded in products such as fishmeal (17 percent), fish oil (34 percent), gold (14 percent), copper (13 percent), tin (5 percent) and silver (10 percent).

TRADE BALANCE (Million of US\$)

| | August | | | January-August | | |
|---------------------------------|------------|------------|--------------|----------------|--------------|-------------|
| | 2001 | 2002 | Var.% | 2001 | 2002 | Var.% |
| Exports | 654 | 711 | 8,8 | 4 770 | 4 990 | 4,6 |
| Traditional products | 454 | 523 | 15,1 | 3 198 | 3 491 | 9,2 |
| Fishing | 92 | 129 | 40,8 | 775 | 705 | -8,9 |
| Agriculture | 26 | 26 | -1,2 | 107 | 109 | 1,6 |
| Mining | 297 | 312 | 4,9 | 2 031 | 2 386 | 17,5 |
| Petroleum and derivatives | 39 | 56 | 43,7 | 285 | 290 | 1,7 |
| Non-traditional products | 180 | 181 | 0,4 | 1 438 | 1 419 | -1,3 |
| Agriculture | 34 | 40 | 18,6 | 248 | 314 | 26,5 |
| Textile | 56 | 58 | 3,5 | 462 | 429 | -7,1 |
| Fishing | 16 | 10 | -39,1 | 134 | 116 | -13,1 |
| Fabricated metal products | 12 | 7 | -42,1 | 120 | 78 | -34,8 |
| Chemical | 23 | 21 | -7,6 | 164 | 164 | -0,2 |
| Based metal industries | 15 | 15 | 0,6 | 136 | 104 | -23,7 |
| Non-metal | 6 | 6 | 1,8 | 36 | 43 | 19,7 |
| Others | 19 | 24 | 29,5 | 138 | 171 | 23,4 |
| Others | 20 | 8 | -58,1 | 134 | 80 | -40 |
| Imports | 625 | 615 | -1,7 | 4 866 | 4 789 | -1,6 |
| Consumer goods | 142 | 150 | 5,7 | 1 010 | 1 101 | 9 |
| Inputs | 320 | 312 | -2,5 | 2 425 | 2 453 | 1,2 |
| Capital goods | 157 | 146 | -6,6 | 1 345 | 1 183 | -12,1 |
| Others | 6 | 6 | -1,9 | 86 | 52 | -39,9 |
| Trade balance | 28 | 97 | | -96 | 201 | |

August primary deficit: S/. 468 million

In August 2002, the central government primary balance recorded a S/. 468 million surplus (versus a S/. 8 million deficit a year ago) due the penalty imposed to Antamina mining company (US\$ 111,5 million) and tax upon capital earning of Backus asset sales (S/. 100 million).

Non-financial expenditure (S/. 2 271 million) increased 3 percent with respect to August 2001, whereas capital expenditure fell 30 percent due to the

lower use of foreign and ordinary resources due to the reorganization of ministries..

As a result, the primary balance in August was positive in S/. 82 million, whereas payment of interests passed to S/. 506 million from S/. 284 million in August 2001, reflecting the redemption of global bonds. The resulting central government deficit was S/. 38 million, accruing a deficit of S/. 2 431 million in the year.

CENTRAL GOVERNMENT OPERATIONS (Million of S/.)

| | August | | | January-August | | |
|-------------------------------------|--------------|--------------|--------------|----------------|---------------|-------------|
| | 2001 | 2002 | Real % var. | 2001 | 2002 | Real % var. |
| 1. CURRENT REVENUES | 2 181 | 2 726 | 25,0 | 17 990 | 18 374 | 2,1 |
| 2. NON FINANCIAL EXPENDITURE | 2 210 | 2 271 | 2,8 | 18 024 | 18 480 | 2,5 |
| <i>a. Current</i> | 1 881 | 2 041 | 8,5 | 15 466 | 16 122 | 4,2 |
| <i>b. Capital</i> | 330 | 230 | -30,1 | 2 559 | 2 358 | -7,8 |
| <i>from which: Investment</i> | 307 | 218 | -29,0 | 2 190 | 2 070 | -5,5 |
| 3. CAPITAL REVENUES | 22 | 14 | -37,3 | 151 | 188 | 24,0 |
| 4. PRIMARY BALANCE (1-2+3) | -8 | 468 | | 117 | 82 | |
| 5. INTEREST | 284 | 506 | 78,5 | 2 507 | 2 513 | 0,3 |
| 6. OVERALL BALANCE (4-5) | -291 | -38 | | -2 390 | -2 431 | |

September Public Treasury's cash flow: S/. -103 million

In September, the Public Treasury cash flow in **domestic currency** was negative in S/. 103 million. Revenues amounted to S/. 1 859 million and cash payments to S/. 1 845 million. Furthermore, there were purchases of foreign currency by S/. 117 million. As a result, the Banco de la Nación overdraft increased S/. 103 million to S/. 1 036 million. September tax collection amounted to S/. 2 167 million, S/. 263 million higher than a year ago, whereas non-financial expenditure (S/. 1 843 million) grew S/. 73 million.

In **foreign currency**, the cash flow was negative in US\$ 149 million. Revenues amounted to US\$ 23 million whereas the external debt service amounted to US\$ 204 million, purchases of foreign currency to US\$ 32 million, and privatization receipts to US\$ 256 million. As a result, the balance of the Public Treasury accounts at the Central Bank amounted to US\$ 759 million (of which US\$ 156 million correspond to privatization, US\$ 111 million to other available accounts and US\$ 492 million to intangibles).

PUBLIC TREASURY CASH FLOW

| | August | | | January-August | | |
|--|--------|-------|-------|----------------|--------|-------|
| | 2001 | 2002 | Var % | 2001 | 2002 | Var % |
| A. DOMESTIC CURRENCY (Millions of Nuevos Soles) | | | | | | |
| I. REVENUES | 1711 | 1859 | 8,6 | 15500 | 16107 | 3,9 |
| II. PAYMENTS | -1654 | -1845 | 11,6 | -15295 | -17057 | 7,1 |
| III. PURCHASE (-) / SELLING (+) of foreign currency | 0 | -117 | | -360 | -117 | |
| IV. <u>OVERALL BALANCE</u> (I+II+III) | 58 | -103 | | -785 | -1067 | |
| Bonds | 250 | 0 | | 751 | 739 | |
| Banco de la Nacion overdraft | -308 | 103 | | 34 | 328 | |
| Note: | | | | | | |
| Balance of available accounts | -310 | -1036 | | | | |
| Floating debt | 711 | 814 | | | | |
| Sovereign bond balance | 750 | 1934 | | | | |
| B. FOREIGN CURRENCY (Millions of US dollars) | | | | | | |
| I. REVENUES | 19 | 23 | 19,7 | 209 | 306 | 46,4 |
| II. PURCHASE (+) / SELLING (-) of foreign currency 1/ | 0 | 32 | | 102 | 32 | |
| III. PAYMENTS | -247 | -204 | -17,2 | -1288 | -1287 | -0,1 |
| IV. <u>OVERALL BALANCE</u> (I+II+III) | -228 | -149 | | -977 | -949 | |
| Disbursements and bonds | 150 | 0 | | 743 | 1011 | |
| Privatization | 4 | 256 | | 87 | 287 | |
| Cash flow | 74 | -107 | | 147 | -349 | |
| Note: | | | | | | |
| <u>Deposits of Public Treasury in foreign currency</u> | 521 | 759 | | | | |
| Privatization and Promcepri | 154 | 156 | | | | |
| Other available accounts | 178 | 111 | | | | |
| Stabilization Fiscal Fund | 108 | 307 | | | | |
| Other intangible accounts | 81 | 185 | | | | |

1/ Negative sign indicates sale.

Liquidity in domestic currency decreased 3,1 percent

Between August 15 to September 15 liquidity in **domestic currency** decreased 3,1 percent (S/. 555 million) to S/. 17 281 million (annual growth of 17,9 percent), whereas credit to the private sector in domestic currency decreased 0,1 percent (S/. 14 million) in the last 4 weeks, totaling S/. 9 251 million (up 5,5 percent from a year ago).

Liquidity in **foreign currency** increased 0,4 percent (US\$ 138 million) to US\$ 9 760 million in the last 4 weeks, up 4,0 percent from a year ago. Short-term external liabilities grew 0,2 percent (US\$ 3 million) to US\$ 1 293 million. Credit to the private sector in foreign currency increased 0,6 percent (US\$ 64 million) to US\$ 10 644 million (annual contraction of 1,3 percent).

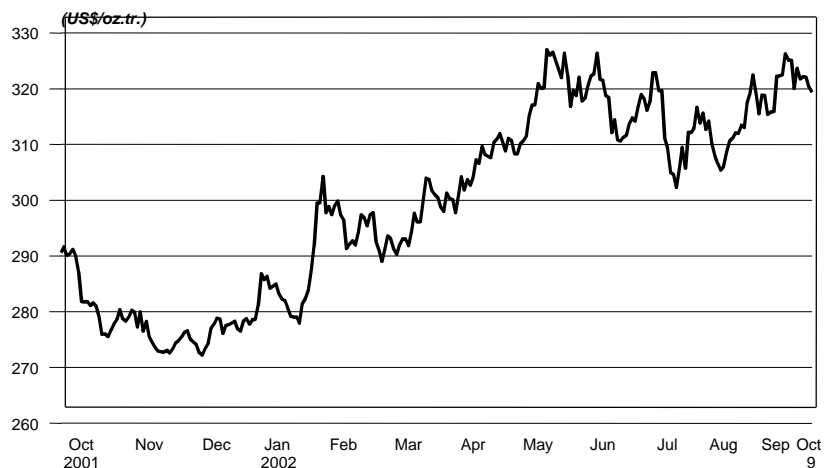
| MONETARY AGGREGATES (End of period) | | | | | | | | | | | | |
|--|------------------|-----------------|------------------|-----------------|------------------|-----------------|-------------------|-----------------|--------------------------------------|-----------------|------------------|-----------------|
| | 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 |
| 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% | -0,6% | 15,1% | -3,8% | 2,2% | 0,3% | -1,3% | -3,8% | -21,7% | 0,5% | -3,1% |
| May. | -0,1% | 14,5% | -0,2% | 16,8% | 0,9% | 4,1% | -0,2% | -1,4% | 3,1% | -16,0% | 0,3% | -3,4% |
| Jun. | 3,5% | 17,2% | 2,1% | 20,6% | 1,7% | 6,3% | 0,2% | -2,0% | 5,3% | -16,8% | 0,0% | -3,2% |
| Jul. | 12,2% | 19,9% | 6,3% | 22,7% | 0,5% | 6,6% | 4,3% | 1,4% | 3,9% | -20,2% | -0,6% | -2,9% |
| Ago. | -4,6% | 21,4% | -0,7% | 23,1% | 0,0% | 6,1% | 1,6% | 2,1% | -1,5% | -15,3% | -0,4% | -2,1% |
| Sep.15 | -2,4% | 16,9% | -3,1% | 17,9% | -0,1% | 5,5% | 1,4% | 4,0% | 0,2% | -18,1% | 0,6% | -1,3% |
| Memo: | | | | | | | | | | | | |
| Balance as of Aug.15. (Mill.S/ or Mill.US\$) | 6 242 | | 17 836 | | 9 265 | | 9 622 | | 1 290 | | 10 580 | |
| Balance as of Sep.15. (Mill.S/ or Mill.US\$) | 6 090 | | 17 281 | | 9 251 | | 9 760 | | 1 293 | | 10 644 | |
| 1/ Short term external liabilities of banking enterprises. | | | | | | | | | | | | |

International markets

As of October 9, the gold international quotation (US\$ 319,3 per once troy) decreased 1,3 percent, reflecting the strength of the US dollar. On the other

hand, the silver quotation was US\$ 4,4 per once Troy, down 4,4 percent from end-September.

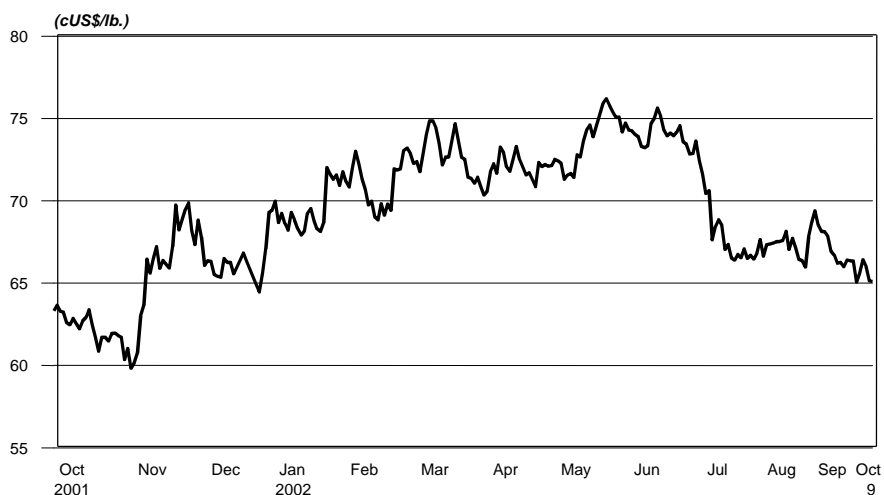
Gold quotation (October 2001 - October 2002)



The copper quotation averaged US\$ 0,65 per lb, up 0,1 percent from end-September, reflecting the decrease in LME inventories (864000 M.T.),

which offset the pessimism in the world economy. On the other hand, the zinc quotation increased 1,7 percent to US\$ 0,34 per lb.

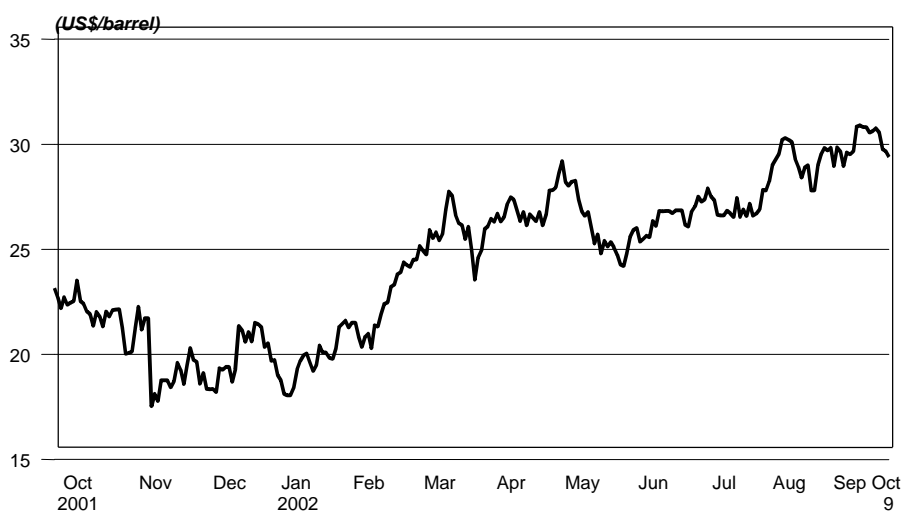
Copper quotation
(October 2001 - October 2002)



The WTI oil quotation decreased 2,7 percent to US\$ 29,6 per barrel,

reflecting the greater output of main producer countries.

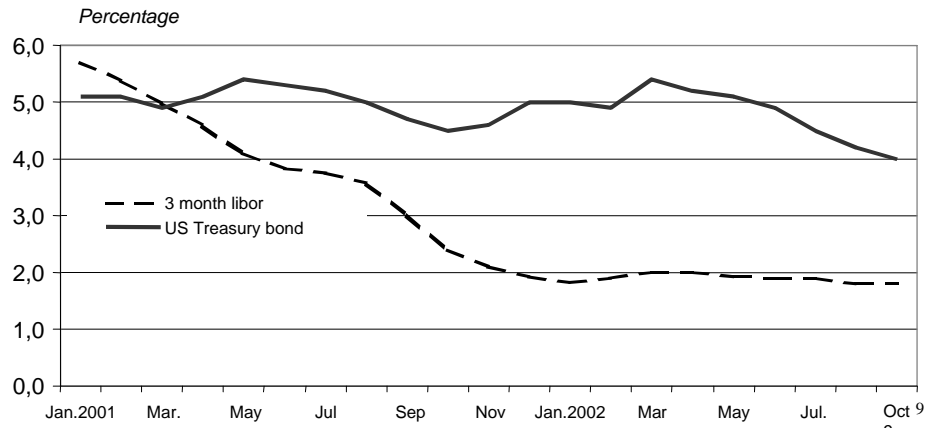
Oil quotation
(October 2001 - October 2002)



The 3-month Libor decreased from 1,79 to 1,77 percent between September 30 and October 9, whereas the yield of the

US Treasury bond with a 10 year maturity passed from 3,60 to 3,57 percent over the same period.

**Libor and yield of US Treasury bond with a
10 year maturity
(January 2001 - October 2002)**

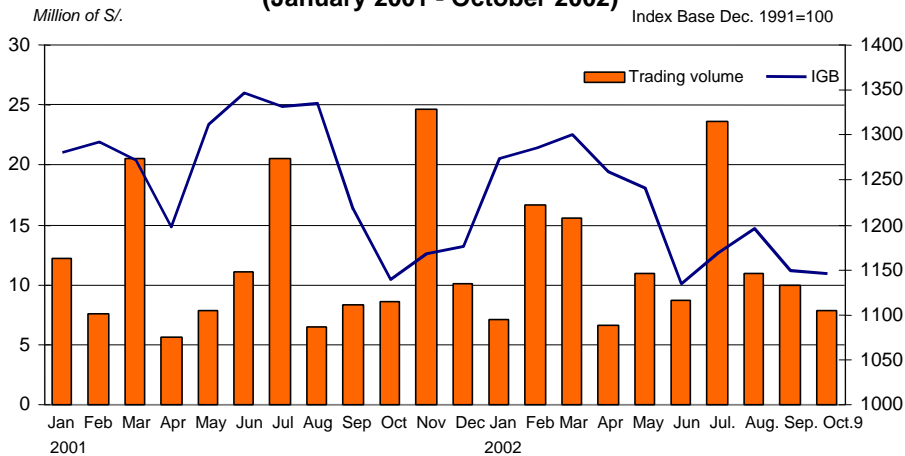


General Index decreased 0,3 percent

As of October 9, the Lima Stock Exchange decreased 0,3 and 0,6 percent in the General and Blue Chip Index,

respectively. In the year these indices have decreased 2,6 and 6,4 percent.

**Stock market indicators
(January 2001 - October 2002)**



Lima, October 11, 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 (jcava@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).

