



BANCO CENTRAL DE RESERVA DEL PERÚ

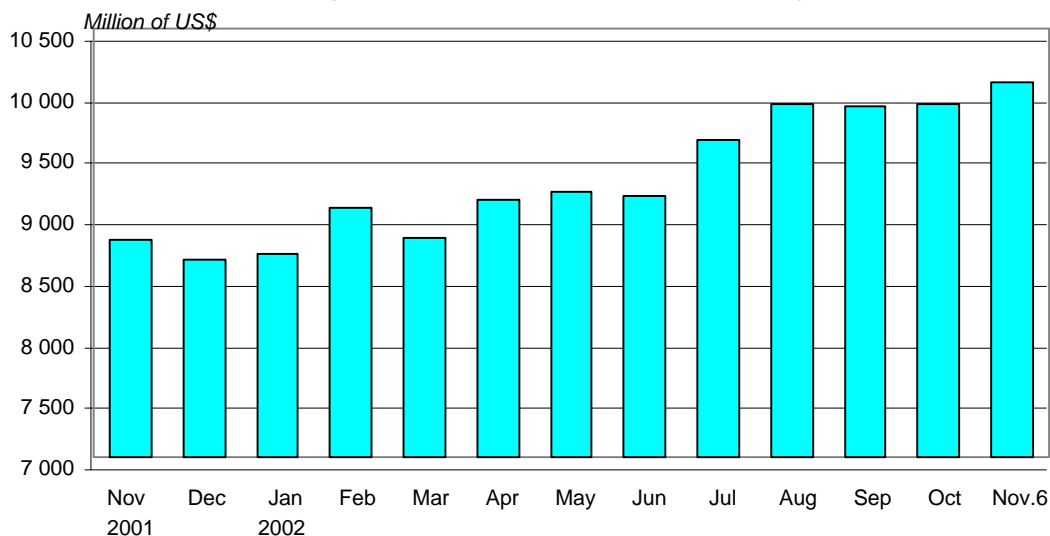
WEEKLY REPORT N° 45 – November 8, 2002

Net International Reserves: US\$ 10 053 million

On November 6, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 10 053 million, up US\$ 172 million from end-October, due to the increase in financial system deposits (US\$ 196 million) and investment yields (US\$ 3 million), which was partially offset by the withdrawal of public sector deposits (US\$ 26 million) and other operations (US\$ 1 million).

In October, NIR increased US\$ 24 million to US\$ 9 881 million, up US\$ 1 267 million from end-December. The monthly increase obeys to higher public sector deposits (US\$ 42 million) and FLAR's profit capitalization (US\$ 15 million), which were partially offset by lower financial system deposits (US\$ 30 million), the decrease of Insurance Deposit Fund deposits (US\$ 2 million) and investment yields and other operation (US\$ 1 million);

BCR's net international reserves (November 2001 - November 2002)



Banks' current account balance: S/. 188 million

In October, the banks' current account held at the Central Bank averaged S/. 188 million, within the range announced by the Bank for that month (S/. 180 – S/. 200 million). For November, the Board of the Bank approved a range of S/. 170 – S/. 190 million. It should be noted that on

November 6, the banks' current account held at the Central Bank also averaged S/. 188 million. Over the period October 30 to November 6, the monetary operations of the Central Bank allowed the banks' current account to pass from S/. 165 million to a S/. 211 million balance.

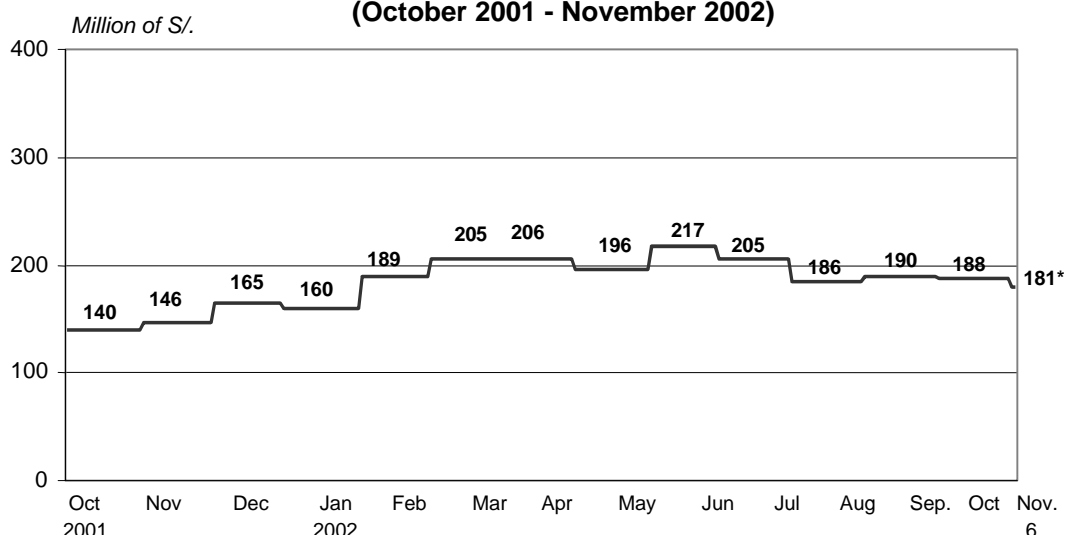
Banks current account at the BCRP and monetary operations

(Million of nuevos soles)

	October		November		
	30	31	4	5	6
1. Balance of banks current account before BCRP operations	100,3	62,5	117,5	277,2	269,9
2. BCRP monetary and exchange operations					
Auction of temporary purchase of CDBCRP and BTP	30		175	35	
Term	1 day		1 day	1 day	
3. BCRP monetary operations (end of operations)					
i. Temporary purchase of CDBCRP and BTP (off auction)		31			
ii. Monetary regulation credit in domestic currency		40			
iii. Overnight deposits in domestic currency	34	50			
4. Balance of the banks' current account at the BCR (end of operations)	95,9	83,5	292,5	312,2	269,9
5. Interest rates					
Interbank	4,18%	4,29%	4,23%	4,25%	4,05%
Auction of temporary purchase of CDBCRP and BTP	4,28%		4,14%	4,15	
Temporary purchase of CDBCRP and BTP (off auction)		4,75%			
Monetary regulation credit in domestic currency		4,75%			
Overnight deposits in domestic currency	3,00%	3,00%			

Range approved for November: S/. 170 - S/. 190 millions.

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



* Last 30 day average.

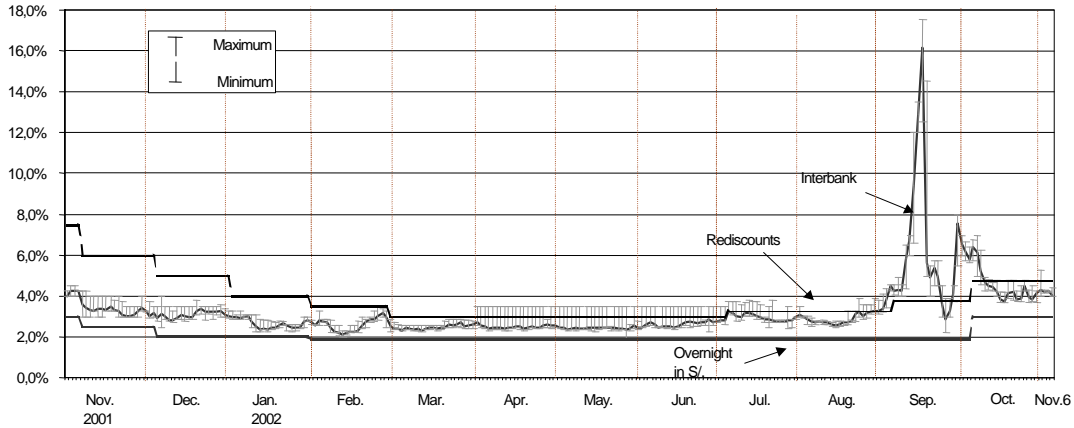
Interbank interest rate: 4,3 percent

As of November 6, the interbank interest rate was 4,3 percent, lower than in October.

In October, the interbank interest rate was 4,6 percent, lower than the rate recorded on end-September (7,6

percent). Reference interest rate for overnight deposits in domestic currency approved by the Board of the Bank was 3 percent and for monetary regulation credits also in domestic currency 4,75 percent.

**Interest rate in domestic currency
November 2001 - November 2002**



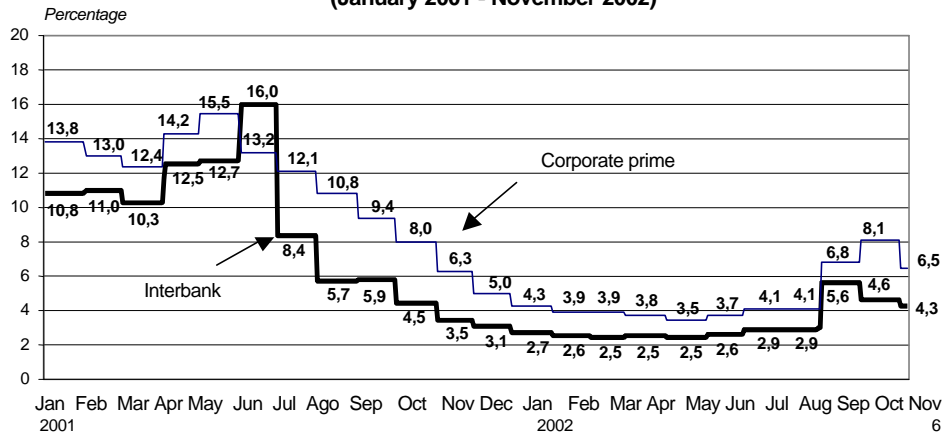
Corporate prime interest rates

As of November 6, corporate prime interest rate in domestic currency was 6,5 percent and 2,5 percent in foreign currency.

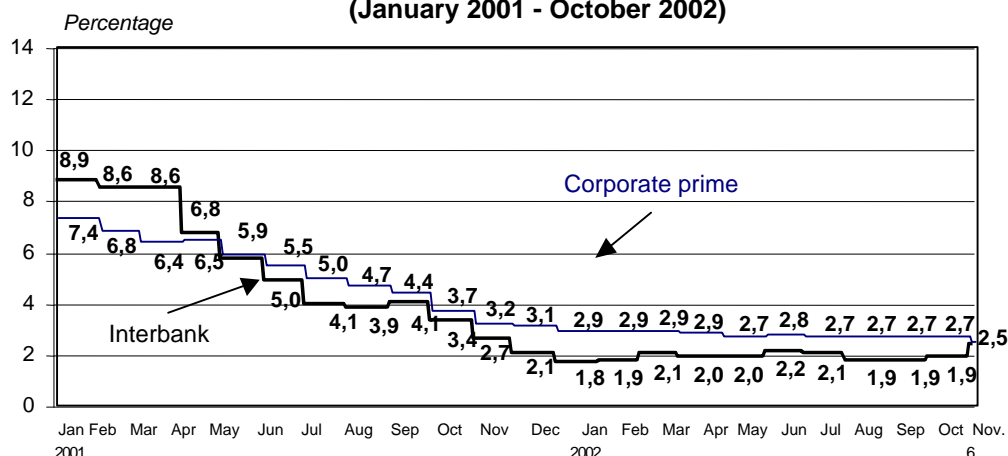
percent, higher than in September (6,8 percent), whereas the prime rate in foreign currency remained at 2,7 percent. It should be noted that this level prevails since last July.

In October, the corporate prime interest rate in domestic currency averaged 8,1

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



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



Exchange rate: S/. 3,616

In October, the ask exchange rate average S/. 3,616, down 0,1 percent from September, but up 5,2 percent from December. In the first half of October, the exchange rate was affected by the presidential polls. However, this effect was reverted in the second half. In real terms, the exchange rate decreased 2 percent, reflecting the nominal appreciation as well as the difference between external inflation

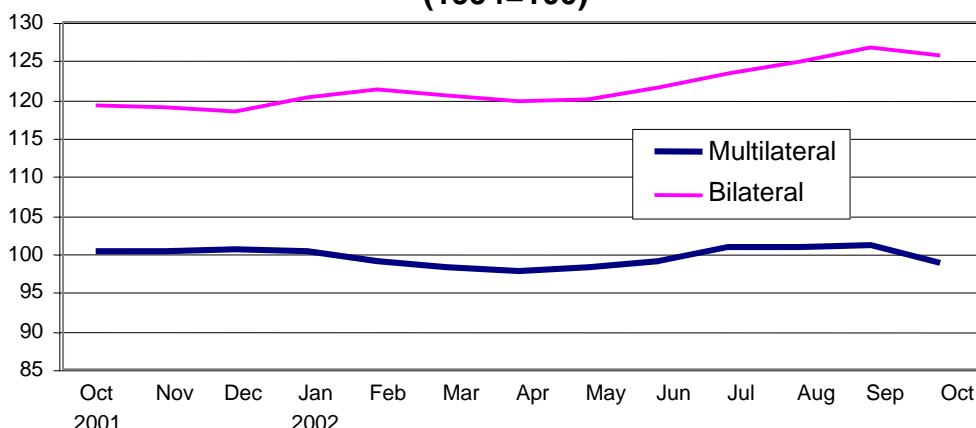
(-1,2 percent) and domestic inflation (0,7 percent). External inflation was mainly a consequence of our main trade partners' currencies depreciation against the US dollar (1,6 percent).

In October, the balance of net forward sale operations of banking enterprises decreased US\$ 44 million, whereas the covered exchange position dropped US\$ 73 million.

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

	December 2001	March 2002	June	September	October
End-of-period balance:					
a. Net sales to the public (i-ii)	586	683	869	1 017	973
i. Forward sales to the public	834	1 054	1210	1 302	1 178
ii. Forward purchases to the public	248	371	341	285	205
b. Banks' exchange position	587	635	645	706	633
Flows:					
I. Forward sales to the public	-4	-3	3	0	-2
- New sales	11	29	42	32	30
- Redemptions	15	32	39	32	32
II. Forward purchases to the public	-3	-1	0	-3	0
- New purchases	12	8	13	9	10
- Redemptions	15	9	13	11	10
III. Net spot purchases to the public	-2	13	5	-5	-7
- Purchases	68	97	63	58	66
- Sales	70	84	58	63	72

Real exchange rate index (1994=100)



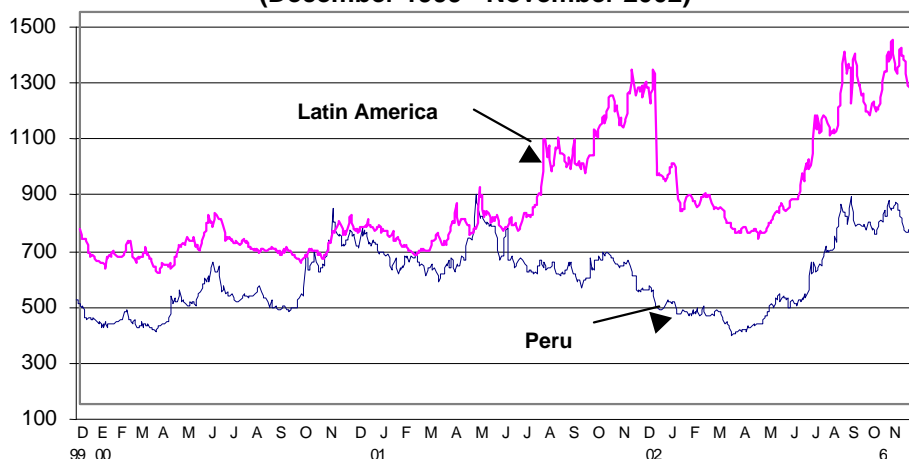
Peru's bonds spread: 7,4 percent

As of November 6, the average spread of **Peruvian sovereign bonds** was 7,4 and 6,9 the spread of the **Global Peruvian bond**.

In October, the average spread of **Peruvian sovereign bonds** was 8,1 percent, similar to the previous month,

however, in end of period terms, decreased from 8,8 to 7,3 percent. On the other hand, the spread of the **global Peruvian bond** averaged 7,8 percent in October, lower than in September (8,0 percent) whereas in end-of-period terms this spread decreased from 9,0 to 7,3 percent.

Sovereign risk bond (December 1999 - November 2002)



October inflation: 0,72 percent

In October 2002, the Consumer Price Index (CPI) increased 0,72 percent, recording a 1,96 percent variation in the period January-October and a 1,36

percent increase in the last 12 months. In October, core inflation was 0,64 percent and non-core inflation 0,88 percent.

INFLATION
(Percentage variation)

	Weight	October		
		Month	Cumulative	12 month
I. CORE INFLATION	68.3	0.64	1.91	2.11
Goods	41,8	1,03	2,26	2,55
Non-processed foodstuff	1,8	0,30	-1,32	-1,15
Processed foodstuff	16,7	2,41	3,72	3,80
Beverages	2,3	0,35	0,68	2,34
Textiles	5,5	0,03	1,25	1,64
Footwear	2,0	0,05	0,63	0,69
Electrical appliances	1,0	0,30	5,36	4,57
Other industrial goods	12,5	0,08	1,58	1,94
Services	26,6	0,03	1,35	1,44
Restaurants	12,0	0,04	0,81	0,89
Education	5,1	0,00	2,70	2,88
Other personal services	3,5	-0,10	0,24	0,55
Rents	2,3	0,10	2,20	1,87
Health	1,3	-0,14	1,72	1,80
Other services	2,4	0,26	1,79	2,35
II. NON-CORE INFLATION	31.7	0.88	2.05	-0.36
Foodstuff	14,8	1,31	0,21	-2,78
Fuel	3,9	1,51	15,02	9,18
Transportation	8,4	0,08	-0,53	0,46
Public services	4,6	0,33	1,56	-1,62
III. INFLATION	100.0	0.72	1.96	1.36

Macroeconomic expectations

Between October 18 and 31, the Central Bank carried out the Monthly Survey on Macroeconomic Expectations to 30

financial enterprises, 345 non-financial enterprises and 22 consultants.

Financial enterprises
(Median of the sample)

	Date of the survey		
	August 29 1/	September 30 2/	October 31 2/
Inflation (%)			
October 2002	--	--	0,2
Acumulate december 2002	1,7	1,8	1,7
Acumulate december 2003	2,5	2,1	2,0
GDP growth (%)			
September 2002	2,1	2,7	3,5
October 2002	--	2,5	3,0
November 2002	--	--	3,0
Year 2002	3,0	3,0	3,5
Year 2003	3,1	3,1	3,0
Exchange rate (\$/ por US\$)			
November 2002	--	--	3,61
December 2002	3,62	3,65	3,62
December 2003	3,70	3,73	3,71
Interbank interest rate (%)			
<i>In nuevos soles</i>			
November 2002	--	--	4,1
December 2002	3,3	4,0	4,1
December 2003	4,0	5,0	4,8
<i>In U.S. dollars</i>			
November 2002	--	--	1,8
December 2002	2,0	2,0	1,8
December 2003	2,5	2,3	2,1

Consultants
(Median of the sample)

	Date of the survey		
	August 29 1/	September 30 2/	October 31 1/
Inflation (%)			
November 2002	--	--	0,2
Year 2002	1,5	1,6	1,9
Year 2003	2,1	2,0	2,0
GDP growth (%)			
September 2002	--	3,0	4,1
November 2002	--	--	3,5
Year 2002	3,1	3,4	3,8
Year 2003	3,3	3,0	3,0
Exchange rate (\$/ por US\$)			
November 2002	--	--	3,61
December 2002	3,59	3,63	3,62
December 2003	3,65	3,70	3,70
Interbank interest rate (%)			
<i>In nuevos soles</i>			
November 2002	--	--	4,7
December 2002	3,0	3,6	4,0
December 2003	3,5	4,5	4,5

1/ Sample: 15 consultants
2/ Sample: 22 consultants

1/ Sample: 29 financial enterprises
2/ Sample: 30 financial enterprises

Besides, the Bank also carried out a quarterly survey among consultants.

The results are as follows:

Consultants
(Median of the sample)

	July 31 1/		October 31 1/	
	2002	2003	2002	2003
Real % var.				
Domestic demand	2,5	2,9	3,1	3,3
Private consumption	2,4	3,0	3,2	3,4
Private gross fixed investment	1,6	3,8	1,3	4,0
Exports of goods	6,9	6,0	7,3	7,0
Imports of goods	2,4	5,6	1,5	6,3
% of GDP				
Current account deficit	2,0	2,5	1,8	1,6
Fiscal deficit	2,5	2,2	2,3	2,0
Nominal % var.				
Terms of trade	2,1	1,0	2,0	2,0
Monetary base	9,5	6,5	13,0	7,0
Credit to the private sector	4,0	5,1	4,5	6,0

1/ Sample: 15 consultants

International markets

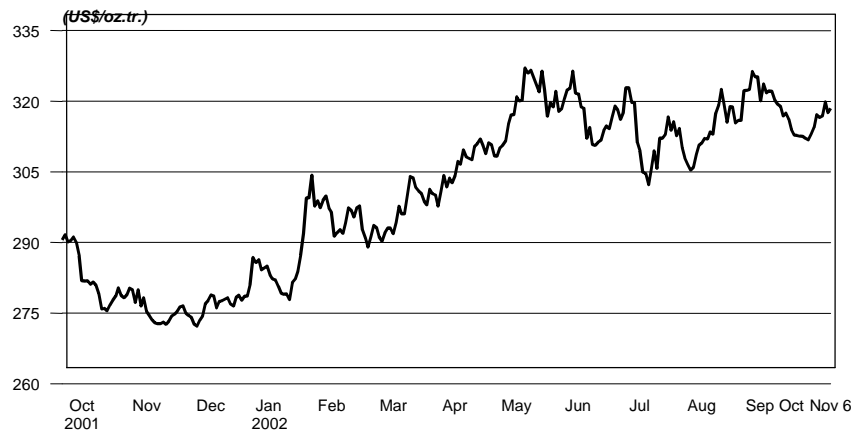
In October, the gold international quotation (US\$ 316,7 per Troy ounce) decreased 0,8 percent, reflecting the recovery in world stock markets, the strength of the US dollar and the lower tension in the Middle East. On the other hand, the silver quotation was US\$ 4,42

per Troy ounce, down 3,9 percent from September.

On November 6, gold and silver quotation were US\$ 318,6 and 4,52 per tr. ounce, respectively

Gold quotation

(October 2001 - November 2002)

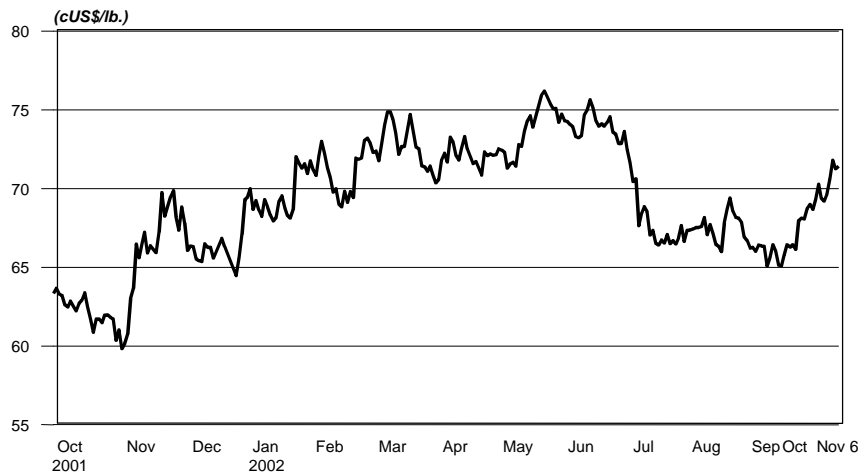


The copper quotation averaged cUS\$ 67,3 per lb, up 0,3 percent from September, reflecting lower international inventories and the improvement in world stock markets. On the other hand, the zinc quotation

declined 0,2 percent to cUS\$ 34,2 per lb.

On November 6, copper and zinc quotation amounted to cUS\$ 71,5 and 34,8 per lb, respectively.

Copper quotation (October 2001 - November 2002)



The WTI oil quotation decreased 2,8 percent in October to US\$ 28,9 per barrel, reflecting the increase in US oil inventories as well as the announcement of Saudi Arabia by which, oil supply

would not be compromised in case of a US military action upon Iraq.

On November 6, the oil quotation was US\$ 26,4 per barrel.

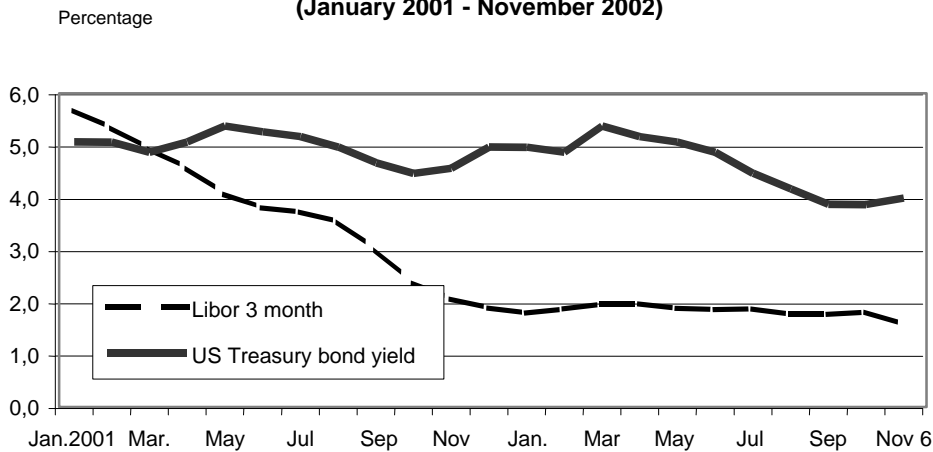
Oil quotation



Over the same period, the 3-month Libor increased from 1,79 to 1,69 percent, whereas the yield of the US Treasury bond with a 10 year maturity passed from 3,600 to 3,895 percent.

On November 6, the libor was ,61 percent and the yield of US Treasury bond 4,032 percent.

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

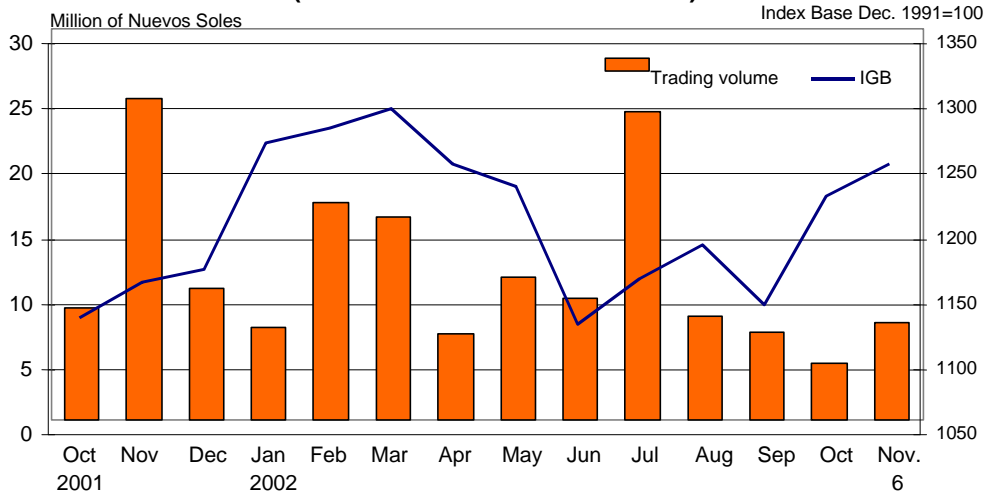


Stock indices going up

In October, the Lima Stock Exchange increased 7,2 percent in the General Index and 7,7 percent in the Blue Chip Index. In the year the General index increased 4,8 percent, and the Blue Chip index 1,5 percent.

As of November 6, the General and Blue Chip indices both increased 2,4 percent.

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



Lima, November 8, 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).

BANCO CENTRAL DE RESERVA DEL PERÚ



Press release

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

1. In October, the daily average balance of the banks' current account was **S/. 188 million**, within the range announced for that month (S/. 180 million to S/. 200 million). The interbank interest rate in domestic currency diminished from 5,6 percent in September to 4,6 percent in October, into a context of decreasing regional financial uncertainty.
2. The Board of the Bank assessed the monetary policy stance for November and established the following:
 - a. The targeted range for the banks' current account balance held at the Central Bank will be **S/. 170 million to S/. 190 million on a daily average basis**, considering the greater funds in vault of the previous month.
 - b. For monetary regulation credits and temporary purchase of CDBCRP and Treasury bonds out of auction, the effective interest rate remains as **the weighted average of the interbank interest rates, or 4,75 percent, whichever is highest**.
 - c. For overnight deposits in domestic currency held by banks at the Central Bank, the effective interest rate remains at **3,0 percent**.
 - d. For foreign exchange temporary purchase operations (swap operations), the commission is kept to an implicit effective annual cost of **4,75 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.
5. The previous framework is consistent with the current annual inflation forecast (2,5 percent with a ± 1 percentage point).
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, November 8, 2002