



BANCO CENTRAL DE RESERVA DEL PERÚ

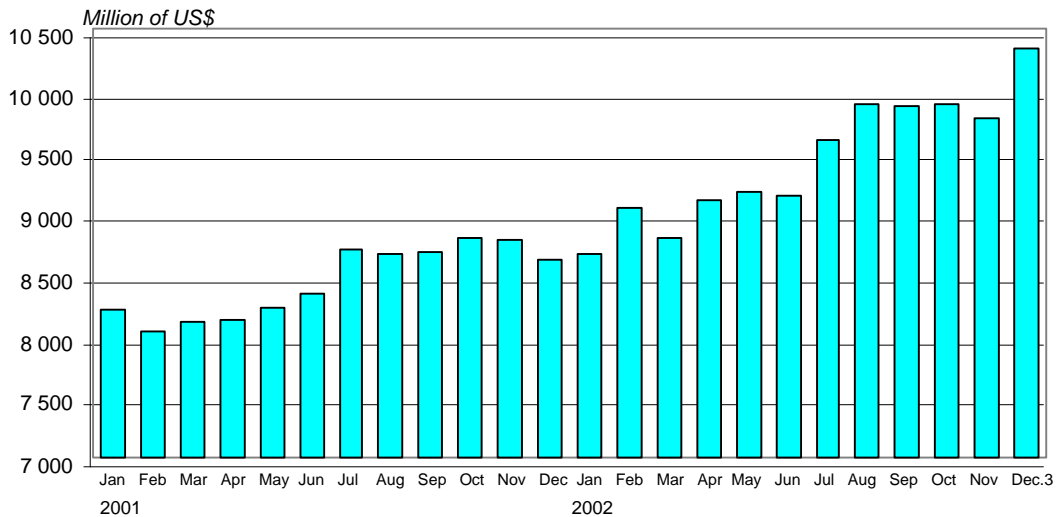
WEEKLY REPORT N° 49 – December 6, 2002

Net International Reserves: US\$ 10 343 million

As of December 3, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 10 343 million, up US\$ 576 million from end-November, due to the bonds allocation

and other public sector operations (US\$ 472 million), deposits of the financial sector (US\$ 100 million), as well as investment yields and other operations (US\$ 4 million).

BCR's Net International Reserves (January 2001 – December 2002)



Banks' current account balance: S/. 226 million

As of November, the banks' current account held at the Central Bank averaged S/. 165 million, below the range announced by the BCR (from S/. 170 to S/. 190 million), because of the lower liabilities subject to reserve requirements –TOSE- (the programming considered an increase of the liabilities of 0,5 percent, while the closing average of the month was a

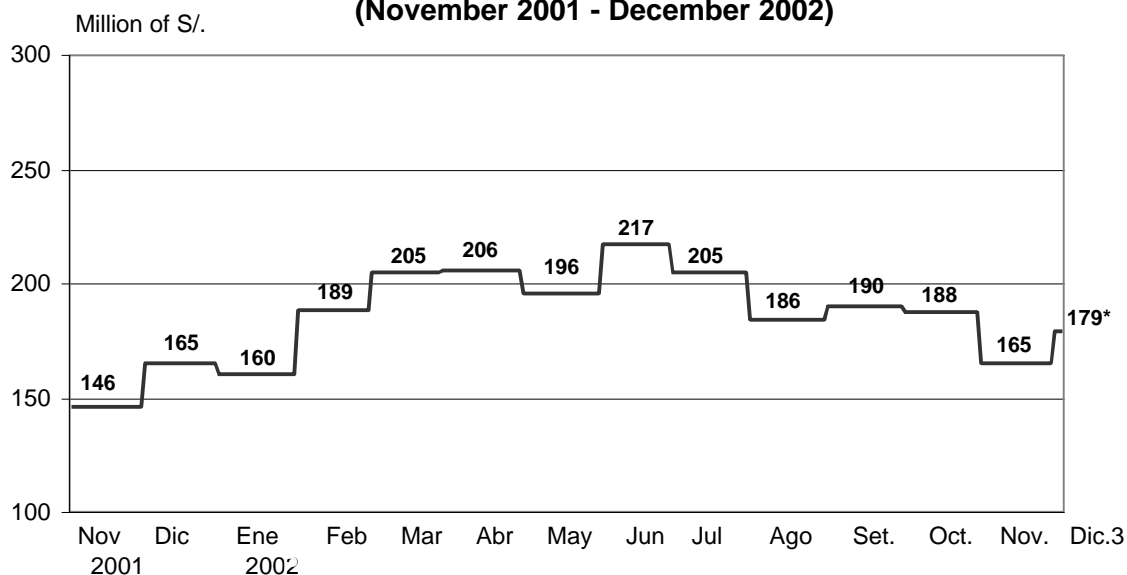
decrease of 0,6 percent). As of December 3, the banks' current account held at the Central Bank averaged S/. 226 million.

Over the period November 27 to December 3, the monetary operations of the Central Bank allowed the banks' current account to pass from S/. 52 million to a S/. 157 million balance.

**Banks current account at the BCRP and monetary operations
(Million of nuevos soles)**

	November					December		
	27	28	29			02	03	
1. Balance of banks current account before BCRP operations	-52,4	-20,6	-29,8			103,5	258,9	
2. BCRP monetary and exchange operations								
Auction of temporary purchases of CDBCRP and BTP	135,0	65	35	50	50	125	50	60,0
Term	1 day	1 day	7 days	3 days	7 days	1 day	7 days	1 day
3. BCRP monetary operations (end of operations)								
Temporary purchase of CDBCRP and BTP (off auction)				10,0				
4. Balance of the banks' current account at the BCR (end of operations)	62,6	45,9	80,2			278,5	318,9	
5. Interest rates (%)								
Interbank	3,83	3,99	4,23			3,97	4,17	
Auction of temporary purchases of CDBCRP and BTP								
Temporary purchase of CDBCRP and BTP (off auction)	3,64	3,92	3,98	4,12	4,19	3,83	4,06	4,06
Overnight deposits in domestic currency	4,75	4,75	4,75			4,75	4,75	4,75

**Bank's Current Account at the Central Bank
(November 2001 - December 2002)**



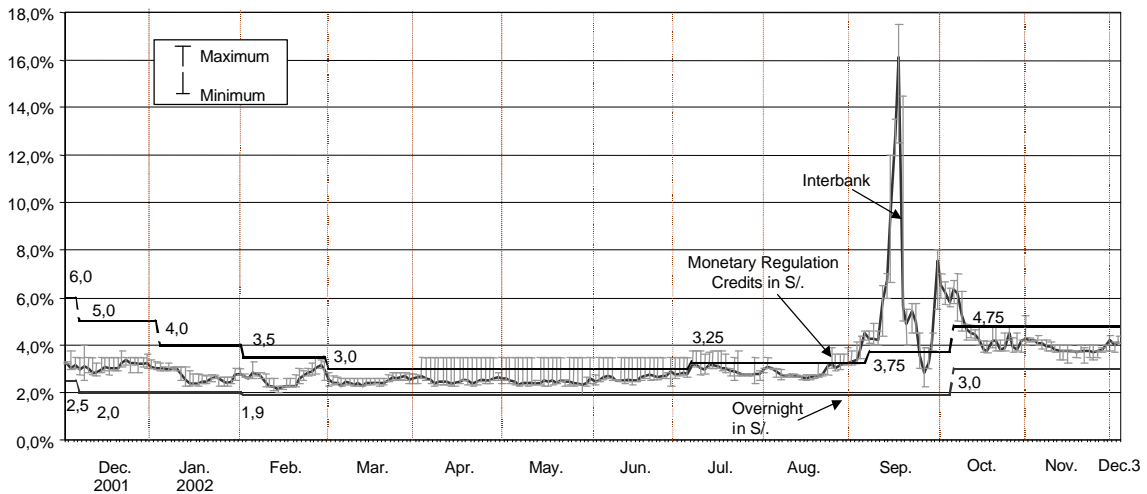
* Last 30 days average

Interbank interest rate drop to 3,9 percent in november

As of November, the interbank interest rate was 3,9 percent, lower than in October (4,6 percent).

Between December 1 to 3, the interbank interest rate was 4,1 percent on average, slightly over the November average.

Interest rate in domestic currency December 2001 - December 2002



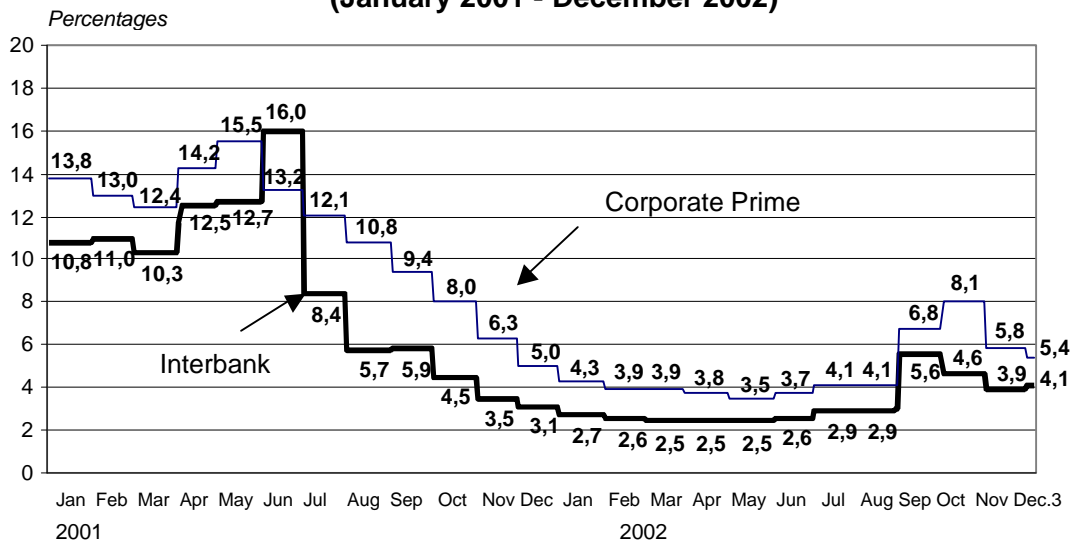
Interest rates to corporate credits decrease

As of November, corporate prime interest rate in domestic currency was 5,8 percent, lower than in October (8,1 percent). In foreign currency, the corporate prime interest rate decreased

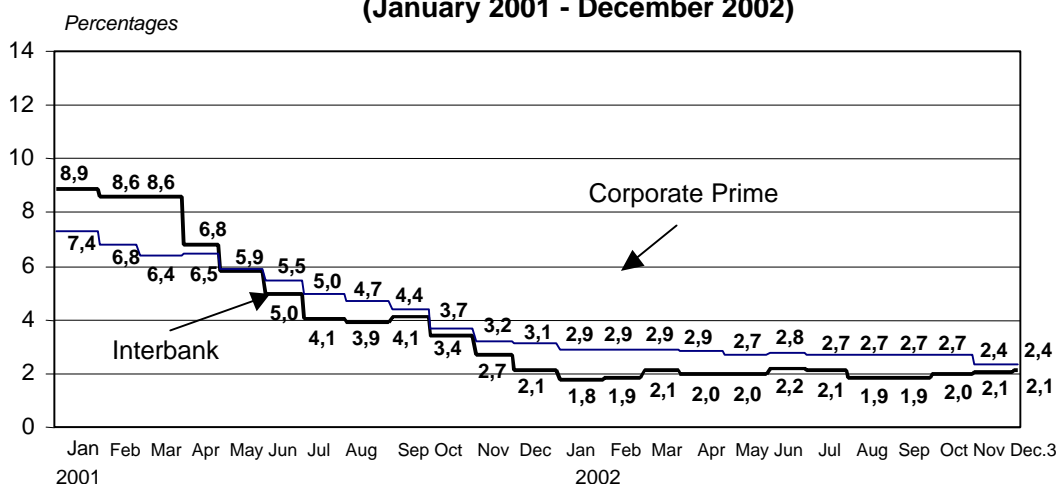
from 2,7 percent in October to 2,4 percent over the same period.

As of December 3, it was observed a decrease on the corporate prime in domestic currency, reaching 5,4 percent.

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



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



Exchange rate: S/. 3,544

During the first days of December, the ask exchange rate increased, reaching S/. 3,544 on Tuesday 3 (1,0 higher respect to end-November)

In November, the ask exchange rate average S/. 3,584, down 0,9 percent from October, but up 4,3 percent from December. In **real terms**, the exchange rate increased 1,5 percent, reflecting the nominal appreciation as well as the difference between external inflation

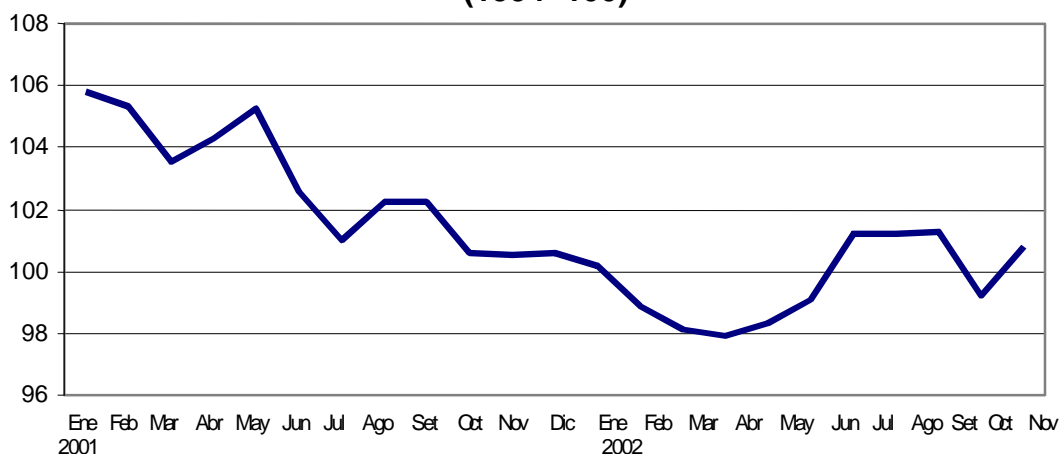
(2,1 percent) and domestic deflation (-0,4 percent).

In November, the balance of net forward sale operations of banking enterprises decreased US\$ 51 million, whereas the covered exchange position dropped from US\$ 633 million in October to US\$ 615 million on November.

Banks' exchange market operations (Million of US\$)

	December 2001	March 2002	June	September	October	November
End-of-period balance:						
a. Net sales to the public (i-ii)	586	683	869	1 017	973	922
i. Forward sales to the public	834	1 054	1 210	1 302	1 178	1 196
ii. Forward purchases to the public	248	371	341	285	205	274
b. Banks' exchange position	587	635	645	706	633	615
Flows:						
I. Forward sales to the public	-4	-3	3	0	-2	1
- New sales	11	29	42	32	30	27
- Redemptions	15	32	39	32	32	26
II. Forward purchases to the public	-3	-1	0	-3	0	-16
- New purchases	12	8	13	9	10	9
- Redemptions	15	9	13	11	10	26
III. Net spot purchases to the public	-2	13	5	-5	-6	-3
- Purchases	68	97	63	58	66	62
- Sales	70	84	58	63	72	65

REAL EXCHANGE RATE (1994=100)

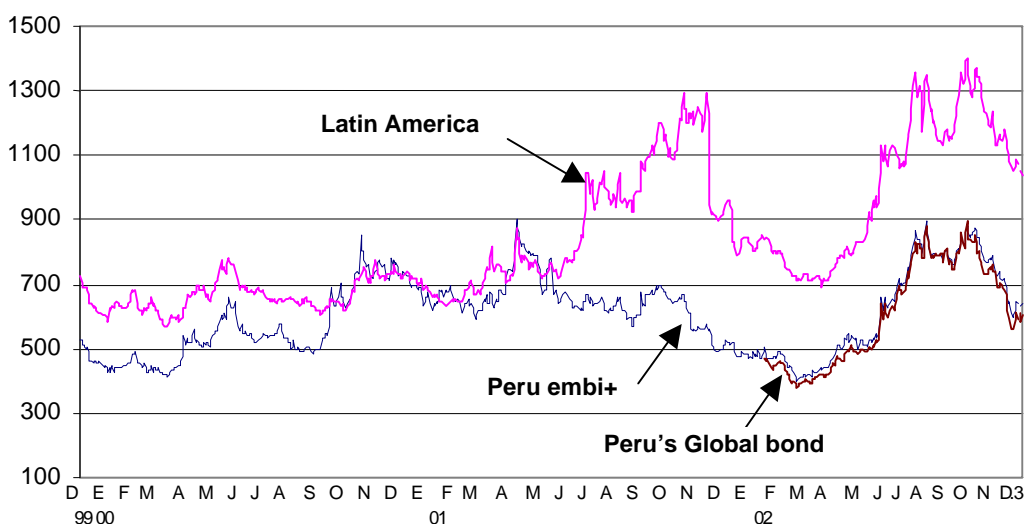


Peruvian Global Bond's spread decreased to 6,1 percent

As of November, the average spread of the **Global Peruvian** bond with a 10 year maturity was 6,4 percent, down from October (7,8 percent). In end of period term this spread passed from 7,4 to 6,1 percent. As of December 3, the Global Peruvian spread was 6,1 percent.

On the other hand, the spread of **Peruvian Sovereign bonds** was 6,7 percent in November, lower than in October (8,1 percent). In end of period terms the spread also decrease (from 7,4 to 6,4 percent). As of December 3, the Peruvian Sovereign bonds spread was 6,4 percent.

Spread of Sovereign bonds (December 1999 - December 2002)



November inflation: -0,40 percent

In November, the Consumer Price Index (CPI) decreased 0,40 percent, recording a 1,55 percent variation in the period January-November and a 1,46 percent

increase in the last 12 months. In November, core inflation was -0,09 percent and non-core inflation was -1,06 percent.

INFLATION 2001-2002 (percentage variation)

	Inflation		Core inflation		Non-core inflation	
	Monthly	12 months	Monthly	12 months	Monthly	12 months
January 2001	0,19	3,86	0,25	3,00	0,01	5,79
February	0,25	3,61	0,02	2,83	0,78	5,42
March	0,51	3,58	0,07	2,54	1,47	5,94
April	-0,42	2,62	0,13	2,42	-1,62	3,06
May	0,02	2,63	0,24	2,41	-0,47	3,15
June	-0,06	2,51	0,04	2,20	-0,28	3,21
July	0,17	2,16	-0,09	1,88	0,75	2,75
Agugust	-0,30	1,37	0,01	1,62	-1,00	0,81
September	0,06	0,87	0,08	1,53	0,02	-0,58
October	0,04	0,68	0,09	1,44	-0,10	-1,05
November	-0,49	0,12	0,15	1,28	-1,96	-2,51
December	-0,09	-0,13	0,06	1,06	-0,42	-2,82
January 2002	-0,52	-0,83	0,03	0,85	-1,71	-4,49
February	-0,04	-1,11	-0,01	0,82	-0,12	-5,34
March	0,54	-1,08	0,04	0,78	1,62	-5,20
April	0,73	0,05	0,11	0,77	2,11	-1,61
May	0,14	0,17	0,01	0,53	0,39	-0,75
June	-0,23	0,00	0,12	0,61	-0,99	-1,46
July	0,03	-0,14	0,14	0,84	-0,19	-2,39
Agugust	0,10	0,26	0,10	0,93	0,11	-1,30
September	0,47	0,68	0,70	1,55	0,00	-1,32
October	0,72	1,36	0,64	2,11	0,88	-0,36
November	-0,40	1,46	-0,09	1,88	-1,06	0,55
Cummulative Jan.-Nov. 02	1,55		1,82		0,97	

Macroeconomic expectations

Between November 18 and 29, the Central Bank carried out the Monthly Survey on Macroeconomic

Expectations among 29 financial enterprises, 345 non-financial enterprises and 15 consultants.

FINANCIAL ENTERPRISES

(Median of the sample) 1/

	Date of the survey		
	30 de Sep. 2/	31 de Oct. 2/	29 de Nov. 3/
Inflation (%)			
Monthly: December	--	--	0,2
Annual: 2002	1,8	1,7	2,2
2003	2,1	2,0	2,5
GDP growth (%)			
Monthly: October	2,5	3,0	4,0
November	--	3,0	3,6
December	--	--	3,5
Annual: 2002	3,0	3,5	3,9
2003	3,1	3,0	3,2
Foreign exchange (\$/. per US\$)			
December 2002	3,65	3,62	3,55
January 2003	--	--	3,57
December 2003	3,73	3,71	3,67
Interbank interest rate (%)			
<i>In nuevos soles</i>			
December 2002	4,0	4,1	4,0
December 2003	5,0	4,8	4,5
<i>In U.S. dollars</i>			
December 2002	2,0	1,8	1,8
December 2003	2,3	2,1	2,2

1/ Central tendency measure that shows the middle value of the sample Reducing the extreme values bias.

2/ 30 financial enterprises

3/ 29 financial enterprises

NON FINANCIAL ENTERPRISES

(Median of the sample)

	Date of the survey		
	30 de Sep. 1/	31 de Oct. 1/	29 de Nov. 1/
Inflation (%)			
Annual: 2002	2,0	2,0	2,0
2003	2,5	2,5	2,5
GDP growth (%)			
Annual: 2002	3,0	3,2	3,5
2003	3,5	3,5	3,5
Foreign exchange (\$/. per US\$)			
December 2002	3,65	3,65	3,60
December 2003	3,75	3,75	3,71

1/ 345 non financial enterprises

CONSULTANTS

(Median of the sample)

	Date of the survey		
	30 de Sep. 1/	31 de Oct. 2/	29 de Nov. 2/
Inflation (%)			
Monthly: December	--	--	0,3
Annual: 2002	1,6	1,9	1,8
2003	2,0	2,0	2,2
GDP growth (%)			
Monthly: October	--	3,5	4,5
November	--	--	4,0
Annual: 2002	3,4	3,8	4,3
2003	3,0	3,0	3,7
Foreign exchange (\$/. per US\$)			
December 2002	3,63	3,62	3,55
December 2003	3,70	3,70	3,66
Interbank interest rate (%)			
<i>In Nuevos Soles</i>			
Annual: 2002	3,6	4,0	3,5
2003	4,5	4,5	4,5

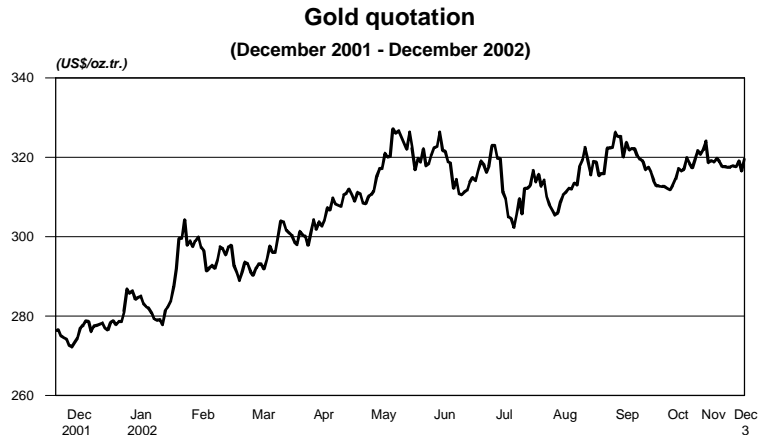
1/ 22 consultants.

2/ 15 consultants.

International markets

In November, the gold international quotation increased 0,8 percent, reflecting the reduction of the Federal Reserve interest rate and the weakness of the US dollar early in the month. Also, in the month the silver quotation increased 2,7 percent. As of December

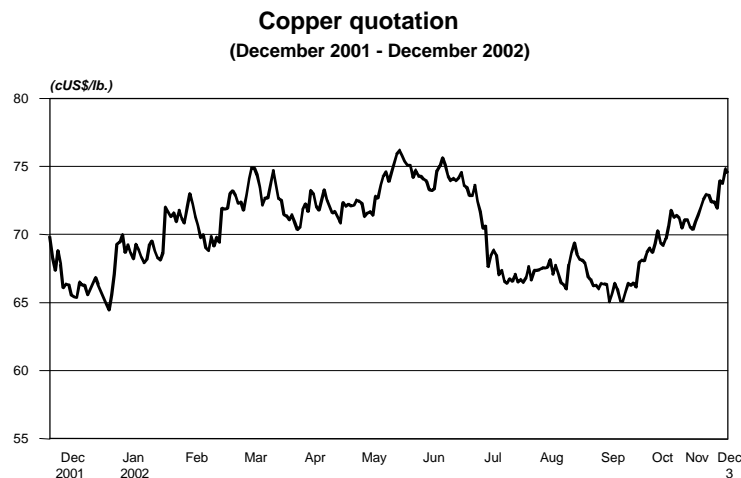
3, the gold quotation was US\$ 319,7 per Troy ounce, higher 0,2 percent from a end November, as a consequence of the dollar weakness. Nevertheless the silver quotation raise 2,0 percent, reaching US\$ 4,5 per Troy ounce.



In November, the copper and zinc quotations increased 6,6 and 1,4 percent, respectively. The improvement in the stock exchange and the higher demand for durable goods in the USA have influenced on the expectations over copper demand.

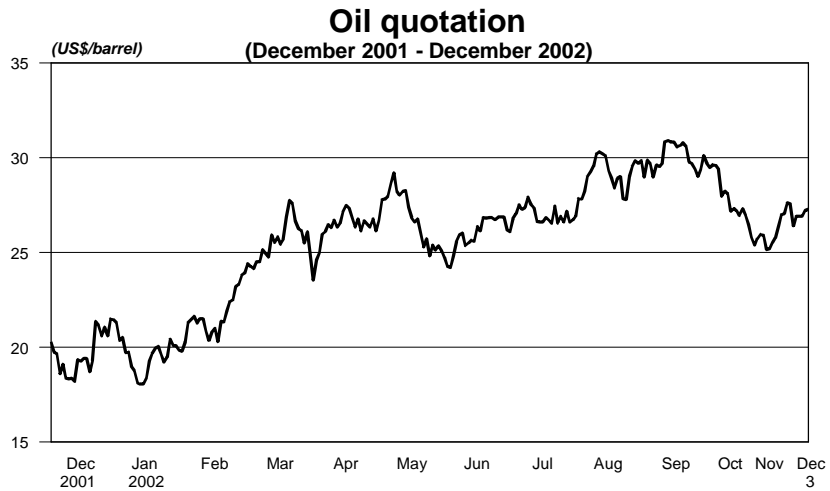
Besides, this evolution was influenced by the higher demand of China and the Codelco announce of exports cut next year.

As of December 3, the copper quotation increased 1,6 percent, reaching US\$ 0,75 per lb. The zinc was US\$ 0,37 per lb, down 0,4 percent.



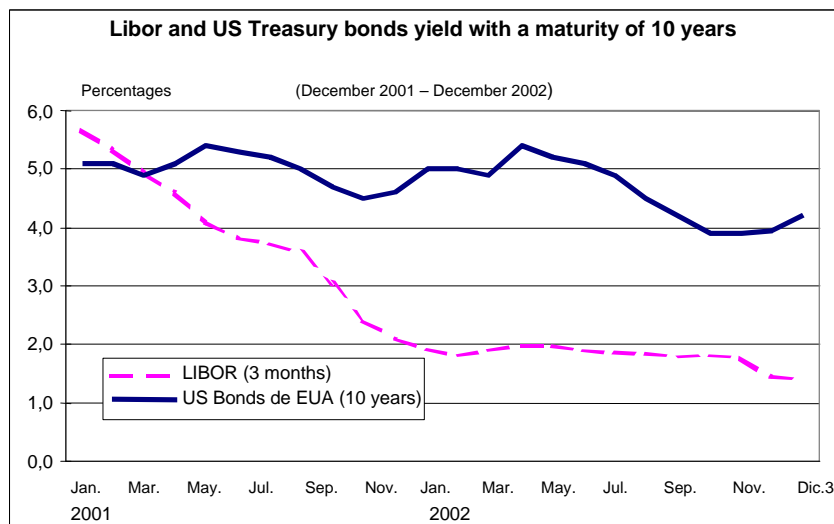
The WTI oil quotation decreased 8,9 percent over the month, reflecting the exceeding of OPEP quota through the month. Besides, the relative calm in the Middle East after Iraq accepted the UN resolution and let weapon inspectors on its territory.

As of December 3, the WTI oil quotation was US\$ 27,4 per barrel, higher 2,1 percent. The strike in Venezuela, generate concerns about oil supply.



From October 31 to November 29, the 3-month Libor decreased from 1,69 to 1,43 percent, whereas the yield of the US Treasury bond with a 10 year

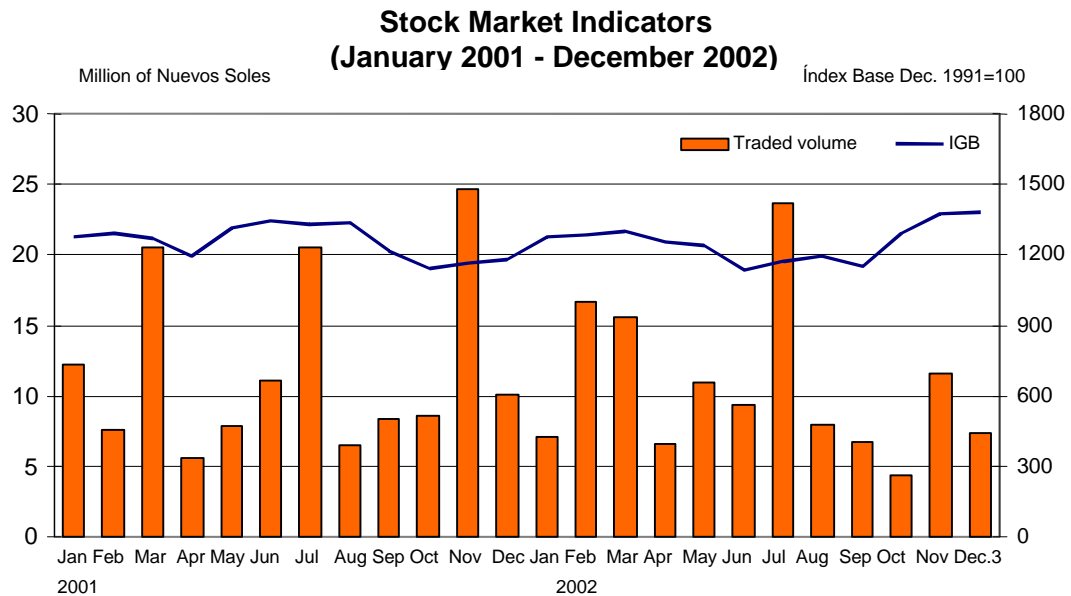
maturity passed from 3,98 to 4,21 percent. On the other hand, the Dow Jones and Nasdaq index raise 5,9 and 12,8 percent.



Stock indices going up

As of November, the Lima Stock Exchange increased 11,4 percent in the General Index and 11,3 percent in the Blue Chip Index. In the year the

General index increased 16,7 percent, and the Blue Chip index 13,0 percent. As of December 3 the General index increased 0,6 percent and the Blue Chip Index in 0,2 percent.



Lima, December 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 (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 DECEMBER 2002

1. In November, the daily average balance of the banks' current account was **S/. 165 million**, below the range announced for that month (S/. 170 million to S/. 190 million). The lower demand for funds in the current account was explained by the less reserves requirement associated to lower liabilities in domestic currency in the month.
2. The Board of the Bank assessed the monetary policy stance for December and established the following:
 - a. The targeted range for the banks' current account balance held at the Central Bank will be **S/. 180 million to S/. 200 million on a daily average basis**, considering the higher liquidity requirements in the last month of the year.
 - b. For monetary regulation credits and temporary purchase of CDBCRP and Treasury bonds out of auction, the effective interest rate was reduced to level equivalent to **the weighted average of the interbank interest rates, or 4,5 percent, whichever is highest**. In November, the reference rate for these operations was 4,75 percent.
 - 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 reduced to an implicit minimum effective annual cost of **4,5 percent**. In November, the implicit minimum effective annual cost was 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, December 6, 2002