

BANCO CENTRAL DE RESERVA DEL PERÚ

WEEKLY REPORT

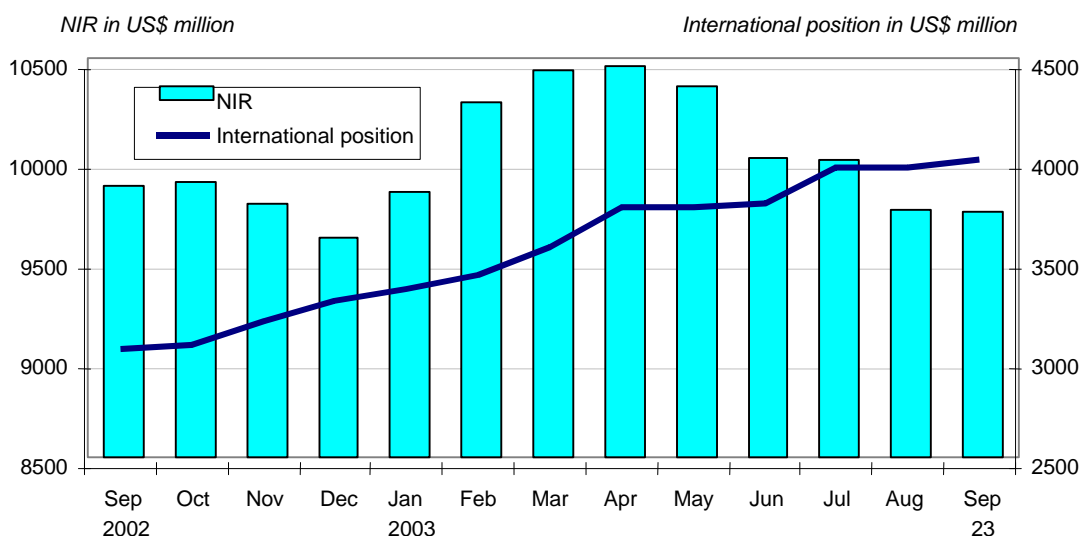
Nº 38 – September 26, 2003

Net international reserves: US\$ 9 734 million

As of **September 23**, net international reserves amounted to US\$ 9 734 million, down US\$ 5 million from end-August due to lower public sector deposits (US\$ 48 million), sales of foreign currency to the public sector (US\$ 39 million) and decreased financial system deposits (US\$ 3 million), which were partially offset

by net purchases of foreign currency at over-the-counter (US\$ 53 million) and net investment yield (US\$ 32 million). In the year, NIR has increased US\$ 136 million, whereas the **Central Bank international position**, which reached US\$ 4 047 million is US\$ 706 million higher than end-2002.

**BCR's net international reserves and exchange position
(September 2002 - September 2003)**

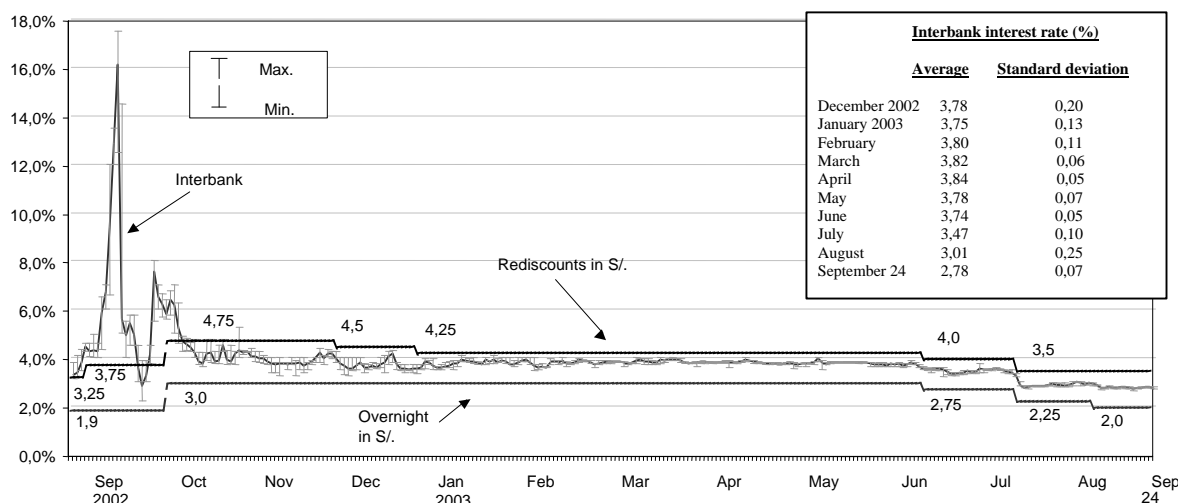


Interbank interest rate at 2,78 percent

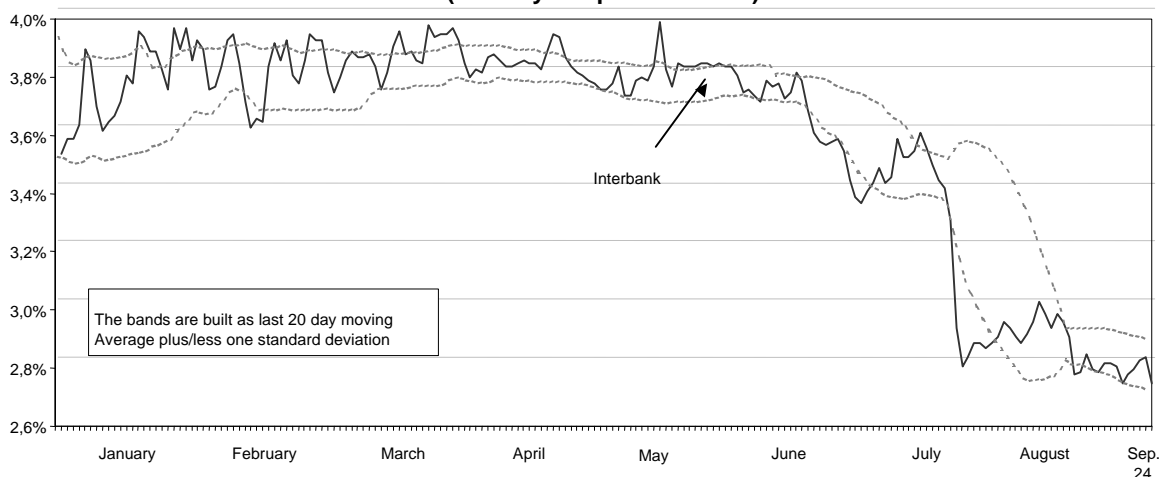
As of **September 24**, the interbank interest rate in domestic currency was 2,78 percent, down from August (3,01 percent). For September the Central Bank overnight

deposit interest rate is 2 percent, whereas the rate monetary regulation credits remains at 3,5 percent.

Interest rates in domestic currency (September 2002 - September 2003)



Interest rate in domestic currency (January - September 2003)



Monetary operations

As of September 24, the daily average balance of banks' liquidity at the Central Bank amounted to S/. 202 million, having been projected a balance of S/. 180 to S/. 200 million for that month. Between September 18 and 24, the Central Bank made the following operations:

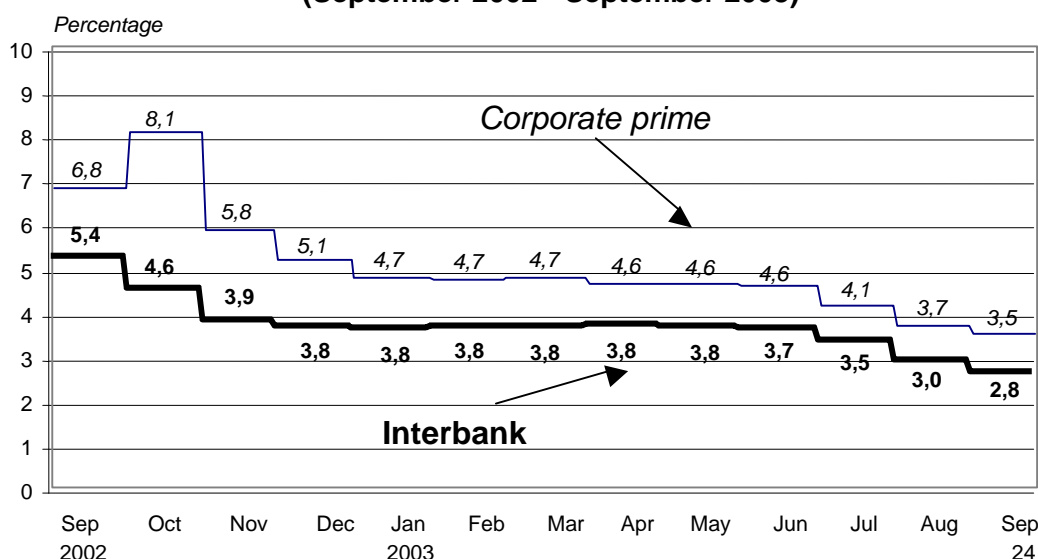
- Auctions of Certificates of Deposits with maturities of 5 month, 1 and 2 years totaling S/. 180 million at average interest rates of 2,96; 3,18 and 4,04 percent, respectively.
- Auction of temporary purchase of CDBCRP and BTP with the following maturities: (i) 1 day S/. 350 million at an average interest rates of 2,77 percent and (ii) 3 day S/. 120 million at 2,74 percent.
- The Bank received overnight deposits by S/. 406 million at an average interest rate of 2,0 percent.
- Purchase of foreign currency amounting to US\$ 18 million at an average exchange rate of S/. 3,4778.

Corporate prime interest rate at 3,5 percent

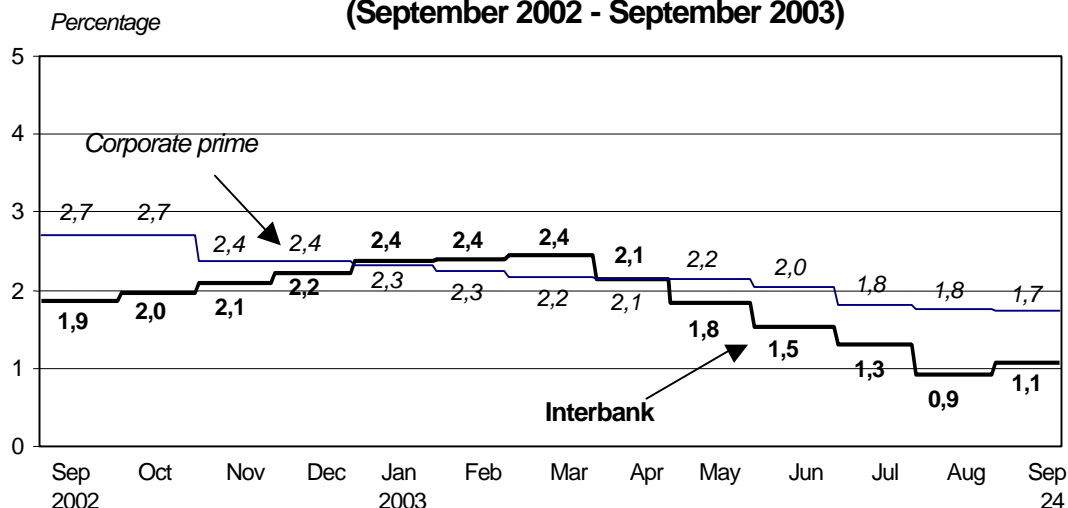
As of **September 24**, the corporate prime interest rate in local currency averaged 3,5 percent, down from August (3,7 percent),

whereas the rate in foreign currency passed from 1,8 to 1,7 percent.

**Monthly average interest rate in domestic currency
(September 2002 - September 2003)**



**Monthly average interest rate in foreign currency
(September 2002 - September 2003)**



Exchange rate: S/. 3,483

Between September 17 to 24, the average exchange rate increased 0,11 percent from S/. 3,479 from S/. 3,483. In the same period, the balance of net forward sales

decreased from US\$ 678 to 641 million, whereas the banks' exchange position decreased fell from US\$ 660 to 618 million.

BANKS' EXCHANGE POSITION
(Millions of US\$)

	December 2002	January 2003	July	August	September 24
a. Net sales to the public (i-ii)	905	923	715	678	641
i. Forward sales to the public	1 141	1 167	901	845	844
ii. Forward purchases to the public	236	244	186	168	204
b. Banks' exchange position	642	616	589	660	618

Central government operations: August 2003

In August, the **central government operations** recorded a **primary deficit** of S/. 281 million, S/. 134 million lower than the balance recorded a year ago (a S/. 415 million surplus). Interest amounted to S/. 604 million (up S/. 100 million from August 2002); therefore, this month **overall deficit** reached S/. 323 million, S/. 235 million higher than in the same period the year before.

In the period January-August, central government recorded a primary surplus of S/. 1 019 million, higher than the surplus recorded in the same period a year ago (S/. 164 million), thanks to the 12 percent increase in current revenue (equivalent to S/. 2 105 million), that exceeded the 7 percent growth in non-financial

expenditure (S/. 1 233 million), mainly in current expenses.

Current revenue amounted to S/. 2 787 million in August, up 1 percent from a year ago, reflecting the improvement in tax revenues (19 percent), mainly from greater IGV collection and lower tax refund, whereas **non-financial expenditure** totaled S/. 2 512 million, S/. 171 million (7 percent) higher than a year ago, due to the increase in current revenue in S/. 157 million (8 percent) and to a lower extent in capital expenditure in S/. 15 million (5 percent). The greater non-financial current expenditure reflected the increase in transfers (S/. 98 million) and wages and salaries (S/. 66 million).

CENTRAL GOVERNMENT OPERATIONS

(Millions of Nuevos Soles)

	2002	2003		% Var		Jan - Aug		
	Aug	Jul	Aug	1 month	12 month	2002	2003	% Var
1. CURRENT REVENUES	2 748	2 429	2 787	14,7	1,4	18 404	20 515	11,5
2. NON-FINANCIAL EXPENDITURE	2 341	2 896	2 512	-13,3	7,3	18 394	19 627	6,7
A. CURRENT EXPENDITURE	2 039	2 598	2 196	-15,5	7,7	16 056	17 404	8,4
B. CAPITAL EXPENDITURE	301	298	316	6,1	4,9	2 338	2 223	-4,9
3. CAPITAL REVENUES	8	82	7	-91,8	-19,2	154	120	-22,2
4. PRIMARY BALANCE	415	-386	281			164	1 008	
5. INTEREST PAYMENTS	504	216	604	180,1	20,0	2 505	2 817	12,4
6. OVERALL BALANCE	-88	-602	-323			-2 341	-1 809	
7. NET FINANCING	88	602	323			2 341	1 809	
1. External financing	-79	-22	-163			2 738	1 122	
A. Disbursements	184	85	295			7 815	3 568	
B. Amortization	-263	-106	-458			-5 077	-2 446	
2. Domestic	162	619	463			-823	626	
3. Privatization	5	4	23			425	62	

Banking system monetary accounts as of August 31, 2003

In August, liquidity in **domestic currency** decreased 1,6 percent (or S/. 310 million) to a S/. 19 031 million balance (up 7,8 percent from a year ago). Credit to the private sector decreased 0,8 percent (or S/. 78 million) to S/. 10 065 million (up 9,9 percent from a year ago).

In **foreign currency**, liquidity fell 0,6 percent (US\$ 54 million) to US\$ 9 424 million, recording an annual contraction of 4,4 percent. Credit to the private sector decreased 0,2 percent (US\$ 22 million) to US\$ 9 849 million (down 6,2 percent from a year ago).

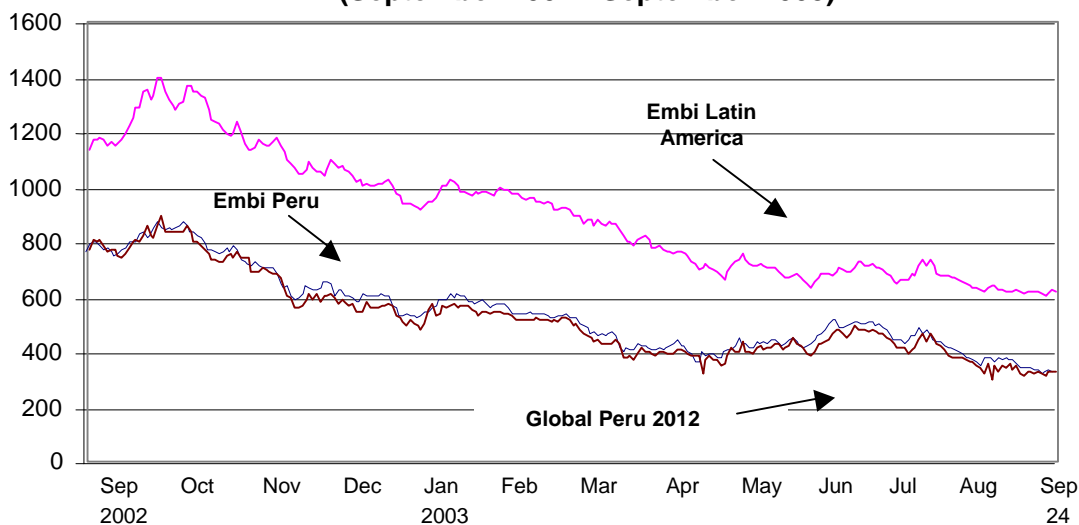
END OF PERIOD MONETARY AGGREGATES OF THE BANKING SYSTEM												
	Monetary base		Liquidity in S/.		Credit in S/.		Liquidity in US\$		Liabilities 1/		Credit in US\$	
	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year	VAR.(%) Month	VAR.(%) Year
2001												
Dec.	14,4%	7,9%	8,0%	13,6%	1,6%	2,9%	-2,0%	2,9%	-2,8%	-23,8%	0,7%	-3,7%
2002												
Mar.	2,0%	16,1%	2,5%	18,4%	2,7%	5,3%	-1,4%	-0,6%	-4,8%	-23,7%	-1,1%	-3,7%
Jun.	3,5%	17,2%	2,2%	21,0%	1,4%	5,8%	0,3%	-1,5%	3,4%	-18,7%	-0,5%	-3,8%
Sep.	-4,1%	18,3%	-2,2%	20,1%	1,8%	7,3%	-1,3%	-0,7%	-1,8%	-0,6%	-1,0%	-3,1%
Dec.	11,1%	11,0%	6,3%	10,6%	0,8%	7,1%	-2,7%	1,4%	-4,8%	-34,3%	-0,3%	-3,6%
2003												
Jan.	-9,2%	9,4%	-3,1%	10,8%	-3,6%	5,4%	0,0%	2,8%	-11,0%	-40,5%	-2,9%	-5,2%
Feb.	-0,3%	8,3%	2,6%	11,3%	3,8%	7,5%	-0,1%	2,8%	10,5%	-38,0%	-0,2%	-6,7%
Mar.	-1,1%	5,0%	1,8%	10,6%	1,6%	6,3%	-0,1%	4,4%	-15,3%	-44,9%	-0,4%	-6,1%
Apr.	3,1%	9,5%	0,5%	11,9%	3,7%	14,7%	-0,5%	3,5%	13,9%	-34,9%	0,8%	-5,9%
May.	-1,1%	8,4%	1,9%	14,1%	0,7%	14,4%	-1,4%	2,2%	-2,0%	-38,1%	-0,8%	-6,9%
Jun.	1,7%	6,5%	-2,4%	9,0%	-1,6%	11,0%	1,2%	3,1%	-2,8%	-41,8%	-0,1%	-6,5%
Jul.	8,3%	2,8%	5,5%	8,3%	0,2%	10,5%	-1,4%	-2,1%	2,9%	-42,4%	-0,6%	-6,7%
Aug.	-3,3%	4,2%	-1,6%	7,8%	-0,8%	9,9%	-0,6%	-4,4%	-8,2%	-45,9%	-0,2%	-6,2%
Memo:												
Balance as of Jul31 (Mill.S/ or Mill.US\$)	6 793		19 341		10 142		9 477		709		9 871	
Balance as of Aug31 (Mill.S/ or Mill.US\$)	6 570		19 031		10 065		9 424		651		9 849	
1/ Short term external liabilities of the banking system.												

Spread of Global bond at 3,3 percent

As of September 24, the spread of the **Global 2012** bond decreased to 3,3 percent from 3,5 percent on end-August,

whereas the EMBI+ spread fell from 3,8 to 3,3 percent, recording an historic minimum.

Country risk indicators (September 2002 - September 2003)



International markets

Between September 17 to 24, the gold quotation increased 2,9 percent to US\$ 385,0 reflecting the weakness of the

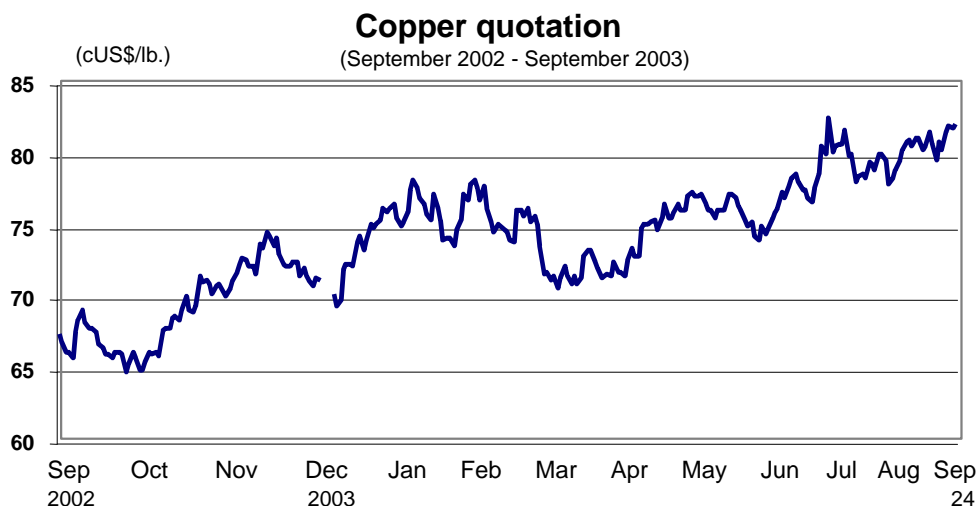
US dollar and the likely restriction on central banks' gold sales.

Gold quotation



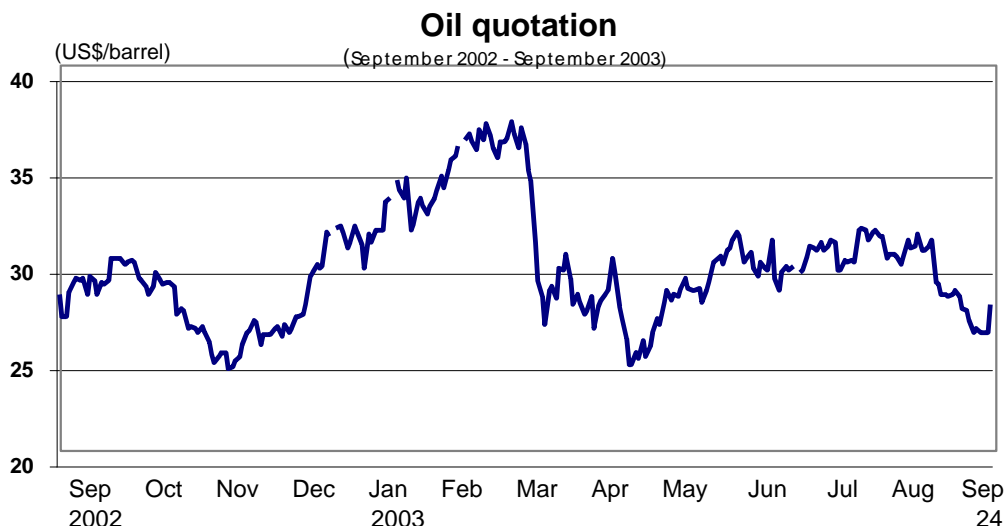
Over the same period, the **copper** quotation increased 1,5 percent to US\$ 0,8233 per pound due to the higher Japanese demand and the likely cut in Billiton and Phelps Dodge output. LME

inventories fell 1,5 percent to 591 thousand MT. On the other hand, the zinc quotation increased 3,0 percent to US\$ 0,3794 per pound.



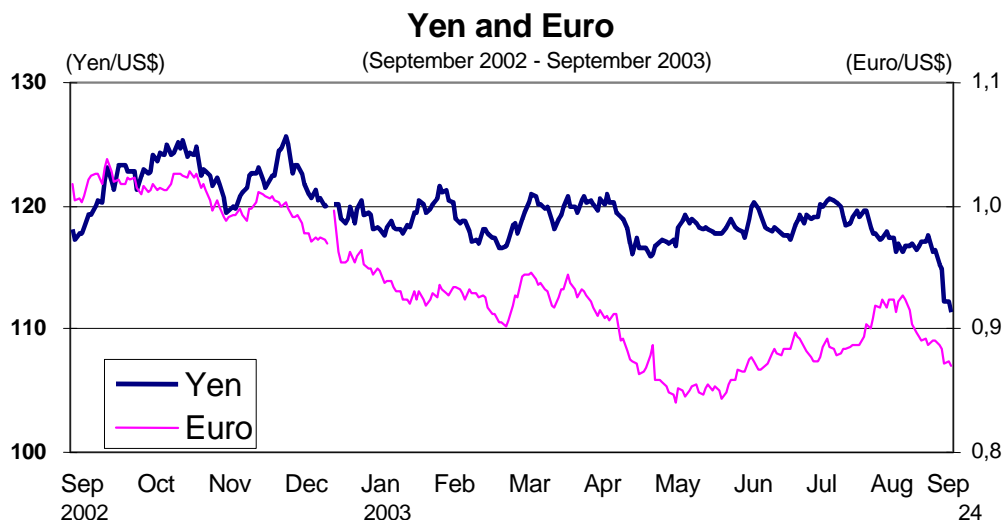
In the week, the **WTI oil** quotation grew 5,3 percent to US\$ 28,45 per barrel after the

OPEC announcement of an output cut in 3,5 percent facing the lower demand.



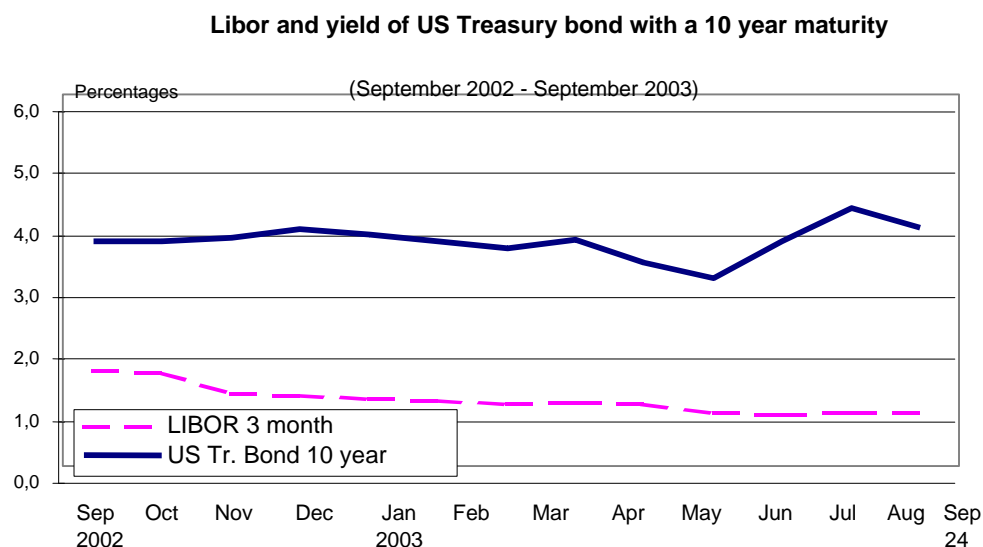
Between September 17 to 24, the **US dollar** depreciated 1,7 percent against the euro and 4,0 percent against the **yen**, reflecting last G-7 call for an exchange

flexibility of main currencies. In the year, the US dollar has depreciated 8,6 percent against the euro and 6,1 percent against the yen.



Over the same period, the Libor remained at 1,14 percent, whereas the **yield of US Treasury bonds** with a 10 year maturity decreased from 4,180 to 4,143 percent after

it was known the FED decision to maintain the current low level of interest rates due to the weakness of the labor market.



Lima Stock Exchange

As of **September 24**, the General Index and Blue Chip Index of Lima Stock Exchange (LSE) increased 5,3 and 6,5 percent, respectively. The cumulative

increase in the year is 43,5 percent for the General Index and 43,6 percent for the Blue Chip.

Stock market indicators
(September 2002 - September 2003)

