

CENTRAL RESERVE BANK OF PERU

WEEKLY REPORT

Nº 12– March 19, 2004

Net international reserves at US\$ 10 453 million

As of March 16, net international reserves (NIR) of the Central Reserve Bank decreased US\$ 50 million to a balance of US\$ 10 453 million. This drop was mainly explained by the withdrawal of public sector and financial system deposits (US\$ 133 and 43 million, respectively), which were partially offset by higher net purchases of

foreign currency (US\$ 103 million) and investment yields (US\$ 23 million).

In the year, NIR have increased US\$ 259 million, whereas the Central Bank international position expanded US\$ 495 million, reaching a balance of US\$ 5 078 million.

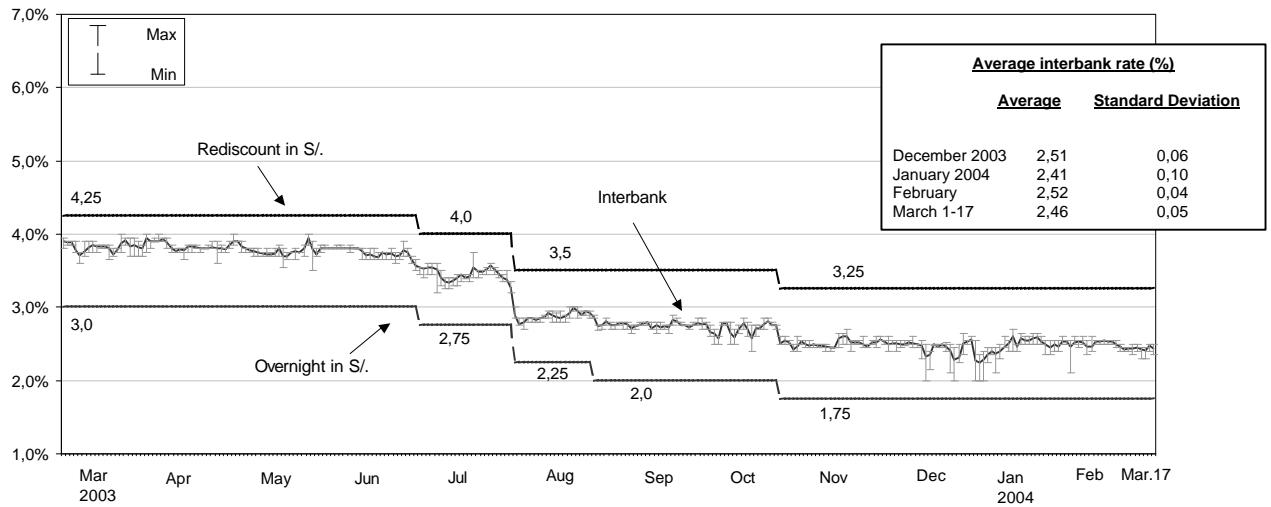


Interbank interest rate at 2,46 %

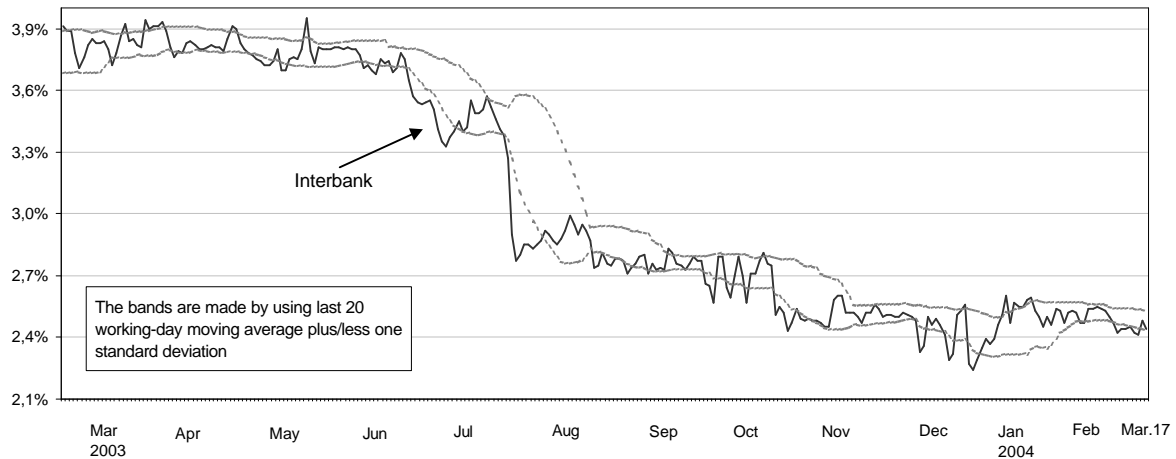
Over the period March 1 to 17, the interbank interest rate in domestic currency

averaged 2,46%, down from February (2,52 %)

**Interest rates in domestic currency
(March 2003 - March 2004)**



**Interbank interest rate in domestic currency
(March 2003 - March 2004)**



Monetary operations

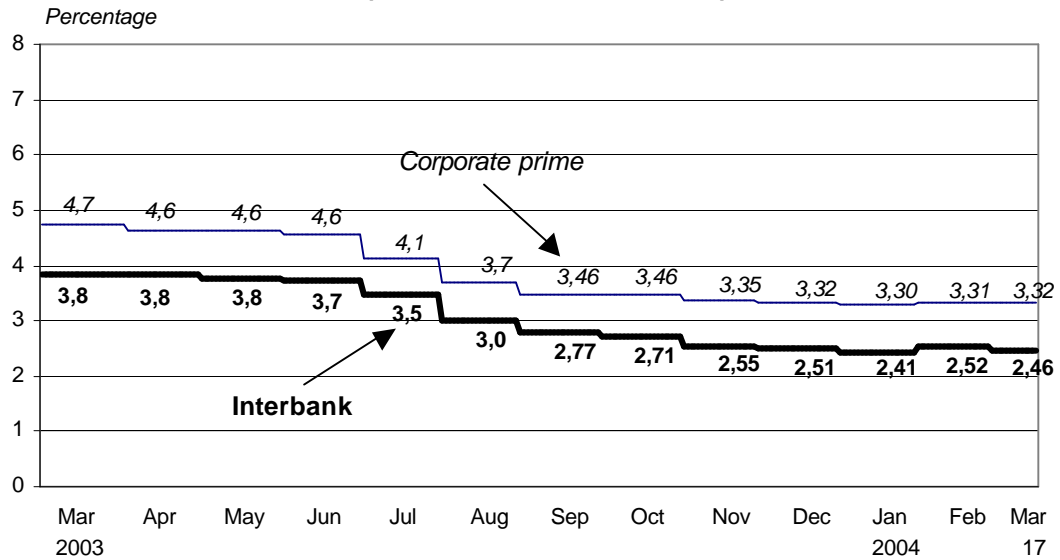
- As of March 17, the daily average balance of banks' liquidity at the Central Bank was S/. 276 million. Between March 11 and 17, the Central Bank made the following operations:
- Auctions of CDBCRP with a i) 7-day maturity amounting to S/. 25 million at an interest rate of 2,44%, ii) 3-month by S/. 40 million at 2,71%; iii) 6-month by S/. 100 million at 2,95%; iv) 9-month by S/. 100 million at 3,15% and v) 1-year by S/. 130 million at 3,35%.
- Auctions of temporary purchase of CDBCRP and BTP with a 1-day maturity amounting to S/. 40 and S/. 95 million. The average interest rates of these operations were 2,50 % and 2,48 % respectively.
- Purchases of foreign currency over the counter by US\$ 60 million, at an average exchange rate of S/. 3,464.
- Overnight deposits on March 12, 15, 16 and 17 by S/. 103,7; 50; 1,7 and 15 million, respectively.

Corporate prime interest rate at 3,32 %

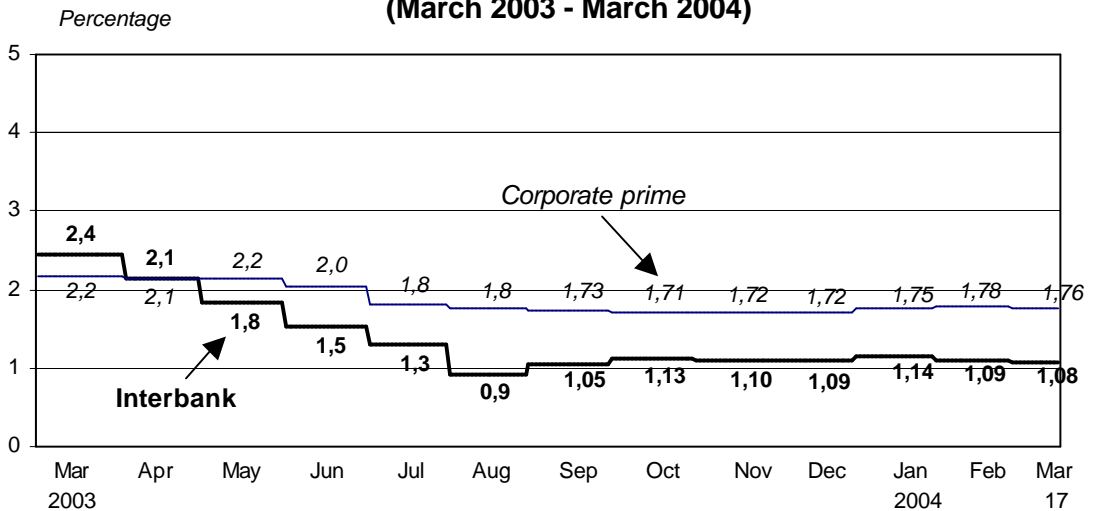
Over the period March 1 to 17, the average corporate prime interest rate in domestic currency increased to 3,32 % from 3,31 % in

February. Over the same period, the rate in dollars passed from 1,78 to 1,76 %.

**Monthly average interest rates in domestic currency
(March 2003 - March 2004)**



**Monthly average interest rates in foreign currency
(March 2003 - March 2004)**



Exchange rate: S/. 3,466

Over the period March 10 to 17, the exchange rate kept at S/. 3,466, despite the higher currency demand due to the tax season. On March 17, the balance of net

forward sales was US\$ 66 million lower than as of end-February, whereas the banks' exchange position rose US\$ 49 million over the same period.

BANKS' EXCHANGE POSITION
(Millions of US\$)

	December 2002	December 2003	February 2004	March 17
a. Net sales to the public (i-ii)	905	607	591	525
i. Forward sales to the public	1 141	834	1 005	897
ii. Forward purchases to the public	236	227	414	371
b. Banks' exchange position	642	530	550	599

Monetary base as of March 15, 2004

The balance of the monetary base as of March 15 was S/. 7 015 million, up 0,1 % from end-February. In average terms, the year on year rate of growth of the monetary base passed from 15,5 % in February to 16,0 % this period.

The expanding operations of the monetary base were the net purchases of foreign currency over the counter (US\$ 100 million

or S/. 347 million) and the withdrawal of public sector deposits (S/. 120 million). These operations were partially counteracted by the net redemption of CDBCRP (S/. 339 million), the redemption of temporary purchases of securities (S/. 85 million), higher overnight deposits (S/. 25 million) and net sales of foreign currency to the public sector (US\$ 7 million or S/. 24 million).

Gross domestic product grew by 3% in January

In January, the GDP grew for 31 consecutive months. The 3% growth was generalized among all sectors, with mining, construction and fishing standing

out. Primary sectors increased 7,1 % whereas non-primary ones expanded 2,4%.

Gross domestic product
(annual rates of growth)

	January		Accumulated	
	2003	2004	Dec. 2003	Jan. 2004
Agriculture and Livestock	5,7	3,5	0,2	2,2
Agriculture	5,7	2,6	0,2	1,6
Livestock	5,7	4,5	0,3	3,0
Fishing	-20,7	12,0	0,8	-11,2
Mining and fuel	2,8	11,4	0,9	7,4
Metals	3,9	12,7	1,0	8,5
Fuel	-7,7	-3,4	-0,3	-4,1
Manufacturing	4,7	2,8	0,2	2,0
Based on raw materials	-5,5	5,7	0,4	-2,0
Non-primary	7,3	2,2	0,2	3,0
Electricity and water	4,3	3,1	0,3	4,1
Construction	-4,3	7,5	0,6	5,1
Commerce	8,1	1,1	0,1	3,0
Other services	6,5	2,2	0,2	4,1
<u>GROSS VALUE ADDED</u>	<u>5,2</u>	<u>3,3</u>	<u>0,3</u>	<u>3,6</u>
Taxes on products and import duties	8,8	0,5	0,0	5,6
<u>GDP</u>	<u>5,6</u>	<u>3,0</u>	<u>0,2</u>	<u>3,8</u>
Primary sectors gross value added	2,0	7,1	0,5	2,9
Non- primary sectors gross value added	6,1	2,4	0,2	3,8
Note:				
Domestic demand indicator	4,6	1,6	0,1	3,5

Over the period February 2003 to January 2004, GDP grew by 3,8% against the period February 2002-January 2003, standing out metallic mining and non-primary manufacturing. When the comparison is made against the year 2003, there is a slight increase (0,2 %) due to the impulse of metallic mining and construction.

The 3,5 % growth of the agriculture & livestock sector was based in the higher production of potato, higher crops in Lima and Cajamarca, as well as better yields in Arequipa; hard yellow corn, due to higher crops in Lima and better yields in La Libertad; rice due to more production in the jungle, and poultry, mainly from Lima, La Libertad and Loreto. The latter was partially offset by the decrease in Lambayeque sugarcane and lemon due to adverse weather conditions in Northern Peru .

The fishing sector expansion (12%) was propelled by the higher catch oriented to industrial consumption, whereas the catch oriented to human consumption fell due to the lower presence of sardine and other species. The former obeyed to the greater number of fishing effective fishing days and the

authorization of industrial vessels to operate in water reserved for traditional vessels.

Mining & oil increased 11,4% due to greater production of gold, registered by Yanacocha which was not affected by adverse weather conditions as well as higher international prices. Zinc and copper production also expanded compensating lower oil output.

Manufacturing grew by 2,8%, both primary and non-primary industries recorded positive results, the former due to the higher production of oil and fish meal and the latter due to the higher dynamism of wood-based activities, textile, construction, dairy products that offset the significant decline in drugs and beer and malted beer.

In January, the industrial items that recorded the most important increases were furniture, tiles and knitted fabrics, due to higher domestic demand in the first two items and higher exports in the case of knitted fabrics. Conversely, the items with the highest declines were drugs and beer and malted beer. The former due to lower government requests and the latter for lower inventories.

**Items recording the highest increases
January 2004**

CIU	Var %	
	Annual	Weight 1/
Furniture	44,5	1,2
Knitted fabrics 2/	17,6	0,6
Tiles	16,8	0,5
Miscellaneous manufactures	12,6	0,5
Other paper and paperboard products	30,1	0,4
Other food products	28,9	0,2
Plastic	5,9	0,2
Leather	82,8	0,2

**Items recording the highest declines
January 2004**

CIU	Var %	
	Annual	Weight 1/
Drugs	-27,3	-0,6
Beer and malt beverages	-18,3	-0,4
Iron and steel	-12,2	-0,4
Metal products	-10,2	-0,4
Yarn, threads and finished textiles	-6,3	-0,3
Jewelry	-43,5	-0,2
Paper and paperboard	-15,2	-0,2

1/ Contribution to non-primary manufacturing

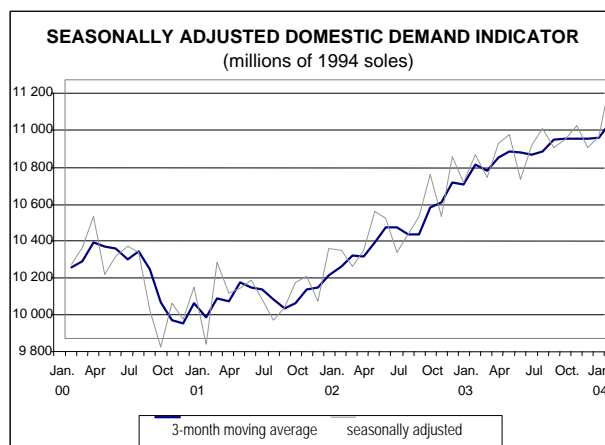
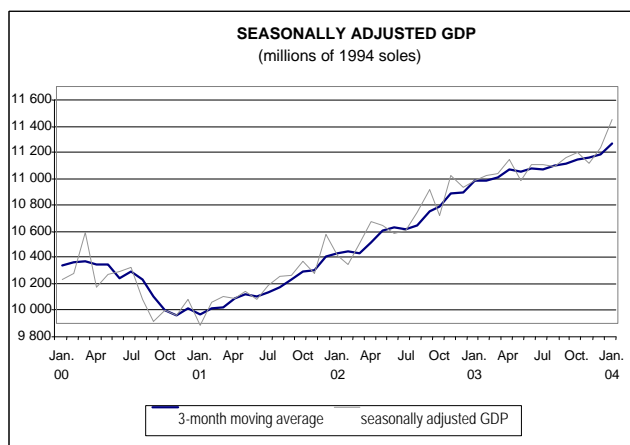
2/ Number of physical units produced.

Source: Ministry of Production.

Construction boosted 7,5% in January, reflecting higher cement consumption (7,9%) as well as the dynamism of housing construction and Camisea-related tasks.

The seasonally-adjusted GDP in January grew by 1,9%, recording a positive result

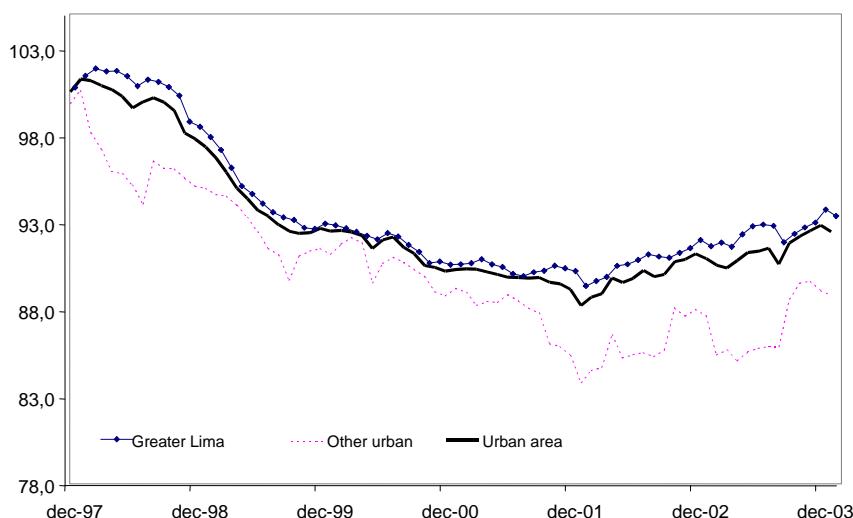
for a second consecutive month (1,1% in December). The January rate reflected mainly the expansion of primary activities. The latter came along with a 2,6% expansion in the seasonally-adjusted domestic demand indicator, which impacted in non-primary activities.



In January, employment in enterprises with 10 and more workers increased 1,7% against January 2003, according to National Survey of Employment carried out by the Ministry of Labor (MTPE) since October 1997. This survey is made in Lima and other 20 cities is based in the payrolls

reported to the MTPE (a sample of 5 134 enterprises). A survey is carried out among enterprises with less than 50 workers and a census among enterprises with 50 and more workers with a response rate of 99%. These criteria reproduce the changes and demographic growth in Peru.

EMPLOYMENT IN ENTERPRISES WITH 10 AND MORE WORKERS
(seasonally adjusted indices, October 1997=100)



Excluding Metropolitan Lima urban employment in enterprises with 10 and more workers grew by 1,3% and 1,9% when included. The most important increases were reported in Ica (10,8%), due to a more dynamic agriculture, Trujillo (9,4%) and Piura (3,1%) due to the expansion of agro-industry and services and Arequipa (1,8%) due to higher textile and service activities.

URBAN EMPLOYMENT IN ENTERPRISES WITH 10 AND MORE WORKERS
(percent change)

	Jan. 2004/ Jan. 2003
Urban Peru	1,7
Greater Lima	1,9
Other urban	1,3
Arequipa	1,8
Cajamarca	-3,2
Chiclayo	-0,9
Chimbote	-0,6
Cusco	-2,4
Huancayo	-9,1
Ica	10,8
Iquitos	1,1
Paíta	-11,0
Piura	3,1
Pucallpa	2,0
Puno	-7,2
Tacna	-9,2
Tarapoto	-3,8
Trujillo	9,4

Source: Ministry of Labor

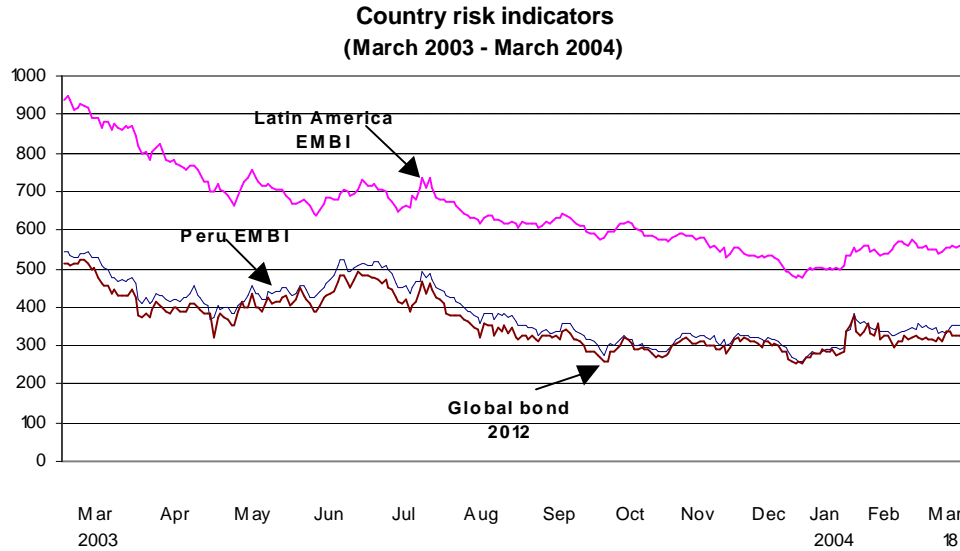
February outlook

- According to lately leading indicators, February GDP will be driven by fishing, oil, construction, electricity and taxes.
- In February:
- According to IMARPE, anchovy catch increased 62%, 69% and 68% in January, February and March.
- Oil extraction rose 9,1%, according to Perupetro
- Domestic sales of cement grew by 6,1%
- Outstanding electricity production increased 7,3%
- Higher excise tax collection grew by 22,6%, while electricity production fell by 4,8%, according to Sunat.

Spread of Global bond 2012 at 3,17 %

On March 17, the spread of the Peruvian Global bond 2012 was 3,17 %, down from February (3,23 %), whereas the spread of the sovereign bond decreased from 3,56 % to 3,41 % over the same period. It should

be noted that the emerging markets' debt was favored by the decision of the FED to maintain at 1 % its policy interest rate and the expectation that this rate would remain low for a long time.



International markets

Between March 10 and 17, the gold quotation increased 0,9 % to US\$ 406,6 per

Troy, reflecting the fears generated after Madrid's terrorist attack.



Over this period, the copper quotation rose 6,7 % to US\$ 1,39 per pound, due to an expected higher demand related to the

increased industrial production in the US for February. LME inventories decreased from 256 to 235 thousand MT.

Copper quotation



Zinc quotation dropped 3,1 % to US\$ 0,51 per pound due to lower exports from China.

On the other hand, LME inventories declined from 711 to 701 thousand MT.

Zinc quotation



In the period under analysis the WTI oil price rose 5,8 % to US\$ 38,2 per barrel, reflecting the expectations of a OPEC quota

reduction as from April 1st and an increased expected world demand according to the International Agency of Energy.

WTI oil quotation



The US dollar remained steady against the euro and depreciated 2,3 % against the yen, reflecting the intention of Bank of Japan to

reduce its interventions in the exchange market.

Yen and euro

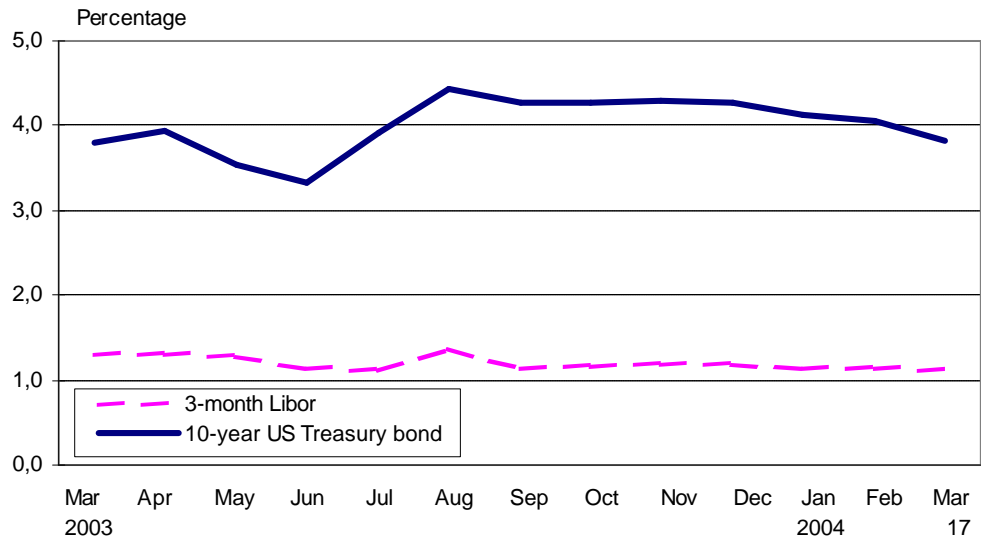


Over the period March 10 to 17, the 3-month Libor kept at 1,11 %, whereas the yield of US Treasury bonds with a 10 year maturity fell from 3,73 to 3,71%. The low US inflation

in February (1,2%) and a weak labor market according to the FED supported the higher demand for these securities.

Libor and yield of 10-year matured US Treasury bond

(March 2003 - March 2004)

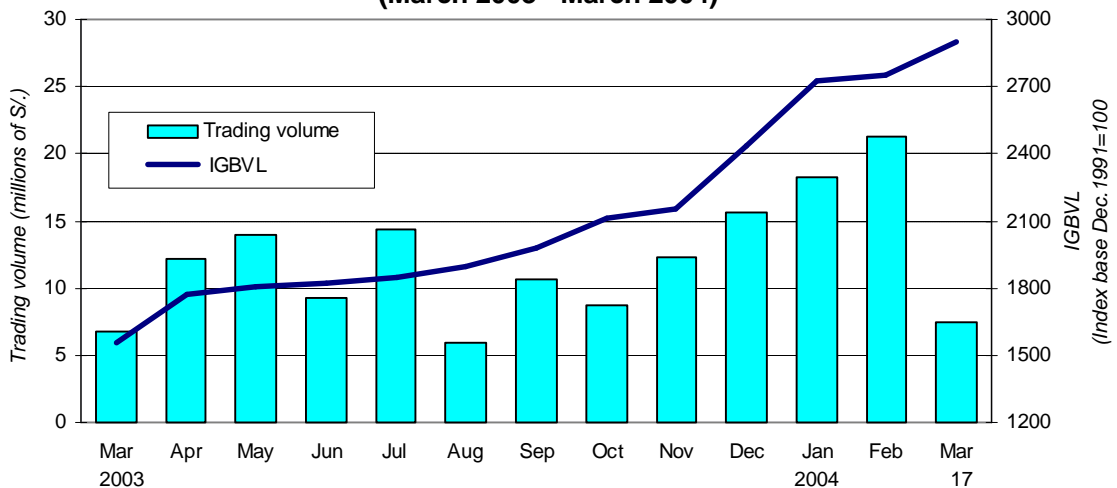


Lima Stock Exchange(LSE)

As of March 17, the LSE recorded a 5,4 % monthly increase in the General Index (IGBVL) and a 5,9 % expansion in the Blue

Chip Index (ISBVL). In the year, these indices register cumulative increases of 19,0 % and 23,0 %, respectively.

LSE indicators (March 2003 - March 2004)



Indicadores Económicos / Economic Indicators

	2002	2003	2004								
	DIC.	DIC.	ENE.	FEB.	11 Mar.	12 Mar.	15 Mar.	16 Mar.	17 Mar.	MAR.	
RESERVAS INTERNACIONALES (Mills. US\$) / INTERNATIONAL RESERVES										Var.	
Posición de cambio / <i>Net international position</i>	3 341	4 583	4 914	4 972	5 044	5 058	5 065	5 078		106	
Reservas internacionales netas / <i>Net international reserves</i>	9 598	10 194	10 564	10 503	10 494	10 476	10 459	10 453		-50	
Depósitos del sistema financiero en el BCR / <i>Financial system deposits at BCR</i>	3 381	2 892	3 033	2 969	2 975	2 942	2 938	2 926		-43	
Empresas bancarias / <i>Banks</i>	3 048	2 687	2 857	2 792	2 808	2 773	2 771	2 761		-31	
Banco de la Nación / <i>Banco de la Nación</i>	291	154	120	124	113	114	113	110		-14	
Resto de instituciones financieras / <i>Other financial institutions</i>	42	52	56	53	55	55	55	55		2	
Depósitos del sector público en el BCR / <i>Public sector deposits at BCR</i>	2 900	2 761	2 652	2 595	2 502	2 504	2 469	2 462		-133	
OPERACIONES CAMBIARIAS BCR (MILL. US\$) / BCR FOREIGN OPERATIONS	Acum.	Acum.	Acum.	Acum.						Acum.	
Origen externo de la emisión primaria / <i>External origin of the monetary base</i>	49	175	339	55	10	23	0	10	0	103	
Compras netas en Mesa de Negociación / <i>Net purchases of foreign currency</i>	5	176	317	96	10	15	15	10	10	120	
Operaciones swaps netas / <i>Net swap operations</i>	0	0	0	0	0	0	0	0	0	0	
Operaciones con el Sector Público / <i>Public sector</i>	45	0	23	-40	0	8	-15	0	-10	-17	
TIPO DE CAMBIO (S/. por US\$) / EXCHANGE RATE	Prom.	Prom.	Prom.	Prom.						Prom.	
Compra interbancario / <i>Interbank bid</i>	Promedio / <i>Average</i>	3,513	3,471	3,468	3,483	3,466	3,461	3,460	3,464	3,465	3,468
Venta Interbancario / <i>Interbank Ask</i>	Apertura / <i>Opening</i>	3,516	3,472	3,467	3,485	3,466	3,464	3,463	3,463	3,466	3,469
	Mediodía / <i>Midday</i>	3,515	3,471	3,468	3,483	3,467	3,463	3,461	3,463	3,467	3,469
	Cierre / <i>Close</i>	3,515	3,471	3,468	3,483	3,463	3,462	3,463	3,466	3,467	3,469
	Promedio / <i>Average</i>	3,515	3,472	3,468	3,484	3,467	3,462	3,462	3,465	3,466	3,469
Sistema Bancario (SBS) / <i>Banking System</i>	Compra / <i>Bid</i>	3,513	3,470	3,467	3,483	3,466	3,461	3,460	3,463	3,464	3,468
	Venta / <i>Ask</i>	3,515	3,472	3,468	3,484	3,467	3,463	3,462	3,464	3,466	3,469
Índice de tipo de cambio real (1994 = 100) / <i>Real exchange rate Index (1994 = 100)</i>	100,4	107,9	109,2	108,2							
INDICADORES MONETARIOS / MONETARY INDICATORS											
Moneda nacional / Domestic currency											
Emisión Primaria (Var. % mensual) / (% monthly change)	11,1	11,5	-6,4	0,7							
Monetary base (Var. % últimos 12 meses) / (% 12-month change)	11,0	10,1	13,4	14,5							
Oferta monetaria (Var. % mensual) / (% monthly change)	6,3	3,6	2,7								
Money Supply (Var. % últimos 12 meses) / (% 12-month change)	10,6	10,5	17,1								
Crédito sector privado (Var. % mensual) / (% monthly change)	0,8	-1,2	-0,3								
Crédit to the private sector (Var. % últimos 12 meses) / (% 12-month change)	7,1	5,1	8,7								
TOSE saldo fin de período (Var. % acum. en el mes) / TOSE balance (% change)	2,9	-0,8	1,6	-0,6	2,6	3,8	3,9				
Superávit de encaje promedio (% respecto al TOSE) / Average reserve surplus (% of TOSE)	0,2	0,2	0,5	0,5	1,5	1,1	1,0				
Cuenta corriente de los bancos (saldo mill. S./) / Banks' current account (balance)	191	192	172	184	231	134	69	124	81		
Créditos por regulación monetaria (millones de S./) / Rediscounts (Millions of S./)	0	0	0	0	0	0	0	0	0	0	
Depósitos públicos en el BCR (millones S./) / Public sector deposits at the BCR (Mills.S./)	275	1 196	1 549	1 756	1 776	1 654	1 636	1 782	n.d.		
Certificados de Depósitos BCRP (saldo Mill.S./) / CDBCRP balance (Millions of S./)	1 635	4 097	5 789	5 489	5 593	5 718	5 828	5 788	5 788		
Operaciones de reporte (saldo Mill. S./) / repos (Balance millions of S./)	170	0	312	85	0	0	0	40	95		
Tasa de interés (%) / Interest rates (%)	Préstamos y descuentos hasta 360 días / Loans & discount	14,84	13,97	14,47	14,89	14,92	14,88	14,89	14,73	14,89	
	Interbancaria / Interbank	3,80	2,51	2,41	2,52	2,45	2,42	2,41	2,48	2,44	
	Preferencial corporativa a 90 días / Corporate Prime	5,10	3,30	3,30	3,31	3,32	3,32	3,32	3,32	3,32	
	Operaciones de reporte con CDBCRP / CDBCRP repos	3,6	s.m.	2,5	2,6	s.m.	s.m.	s.m.	2,5	2,5	
	Créditos por regulación monetaria / Rediscounts	4,5	3,3	3,3	3,3	3,3	3,3	3,3	3,3	3,3	
	Del saldo de CDBCRP / CDBCRP balance	4,6	3,9	3,7	3,7	3,7	3,7	3,7	3,7	3,7	
Moneda extranjera / foreign currency											
Crédito sector privado (Var. % mensual) / (% monthly change)	-0,3	-0,6	-1,3								
Crédit to the private sector (Var. % últimos 12 meses) / (% 12-month change)	-3,6	-5,8	-4,3								
TOSE saldo fin de período (Var. % acum. en el mes) / TOSE balance (% change)	-1,9	0,2	-0,3	-3,1	1,0	1,2	1,1				
Superávit de encaje promedio (% respecto al TOSE) / Average reserve surplus (% of TOSE)	0,1	0,1	0,1	0,1	0,5	0,8	0,1				
Créditos por regulación monetaria (millones de US dólares) / Rediscounts	0	0	0	0	0	0	0	0	0	0	
Tasa de interés (%) / Interest rates (%)	Préstamos y descuentos hasta 360 días / Loans & discount	8,13	7,26	7,30	7,14	7,32	7,31	7,32	7,29	7,31	
	Interbancaria / Interbank	2,22	1,09	1,14	1,09	1,07	1,10	1,10	1,03	1,06	
	Preferencial corporativa a 90 días / Corporate Prime	2,38	1,72	1,71	1,78	1,76	1,76	1,76	1,76	1,77	
	Créditos por regulación monetaria / Rediscounts **	2,5	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	
INDICADORES BURSÁTILES / STOCK MARKET INDICES	Acum.	Acum.	Acum.	Acum.						Acum.	
Índice General Bursátil (Var. %) / General Index (% change)	1,4	13,4	12,1	0,7	0,7	1,1	0,3	1,4	0,7	5,4	
Índice Selectivo Bursátil (Var. %) / Blue Chip Index (% change)	1,7	16,2	11,9	3,8	0,8	1,6	0,4	1,6	0,5	5,9	
Monto negociado en acciones (Mill. S./) - Prom. diario	67,1	15,7	18,2	21,3	13,6	13,7	8,1	25,1	37,0	12,1	
INFLACIÓN (%) / INFLATION (%)											
Inflación mensual / Monthly	-0,03	0,56	0,54	1,09							
Inflación últimos 12 meses / % 12 months change	1,52	2,48	2,80	3,43							
GOBIERNO CENTRAL (MILL. S./) / CENTRAL GOVERNMENT (Mills. of S./)											
Resultado primario / Primary balance	-230	-821	739								
Ingresos corrientes / Current revenue	2 781	2 933	2 701								
Gastos no financieros / Non-financial expenditure	3 140	3 867	1 965								
COMERCIO EXTERIOR (Mills. US\$) / FOREIGN TRADE (Mills. of US\$)											
Balanza Comercial / Trade balance	71	178	140								
Exportaciones / Exports	746	894	838								
Importaciones / Imports	675	716	698								
PRODUCTO BRUTO INTERNO (Índice 1994=100) / GROSS DOMESTIC PRODUCT											
Variac. %, respecto al mismo mes del año anterior / Annual rate of growth	4,7	3,1	3,0								
COTIZACIONES INTERNACIONALES / INTERNATIONAL QUOTATIONS	Prom.	Prom.	Prom.	Prom.						Prom.	
LIBOR a tres meses (%) / LIBOR 3-month (%)	1,41	1,17	1,13	1,12	1,11	1,11	1,11	1,11	1,11	1,11	
Dow Jones (Var %) / (% change)	-5,90	6,53	0,33	0,91	-1,64	1,10	-1,34	0,81	1,14	-2,68	
Rendimiento de los U.S. Treasuries (10 años) / U.S. Treasuries yield (10 years)	4,02	4,26	4,13	4,06	3,70	3,78	3,76	3,68	3,71	3,83	
Stripped spread del EMBI+ PERÚ (pbs) / EMBI+ PERU stripped spread (basis points)	620	318	288	346	347	352	350	354	348	345	
Bono Global 2012 - Perú (en pbs) / Global Bond 2012 - Peru (basis points)	576	304	282	328	335	327	326	325	317	321	

* Incluye depósitos de Promocopi, Fondo de Estabilización Fiscal (FEF), Cofide, fondos administrados por la ONP; y otros depósitos del MEF. El detalle se presenta en el cuadro No.21 de la Nota Semanal.

** Las tasas de interés para los créditos de regulación monetaria en dólares serán a la tasa Libor a un mes más un punto porcentual.

Fuente: BCR, INEI, Aduanas, Banco de la Nación, BVL, Sunat, SBS, Reuters y Bloomberg.