

CENTRAL RESERVE BANK OF PERU

WEEKLY REPORT

Nº 16 – April 16, 2004

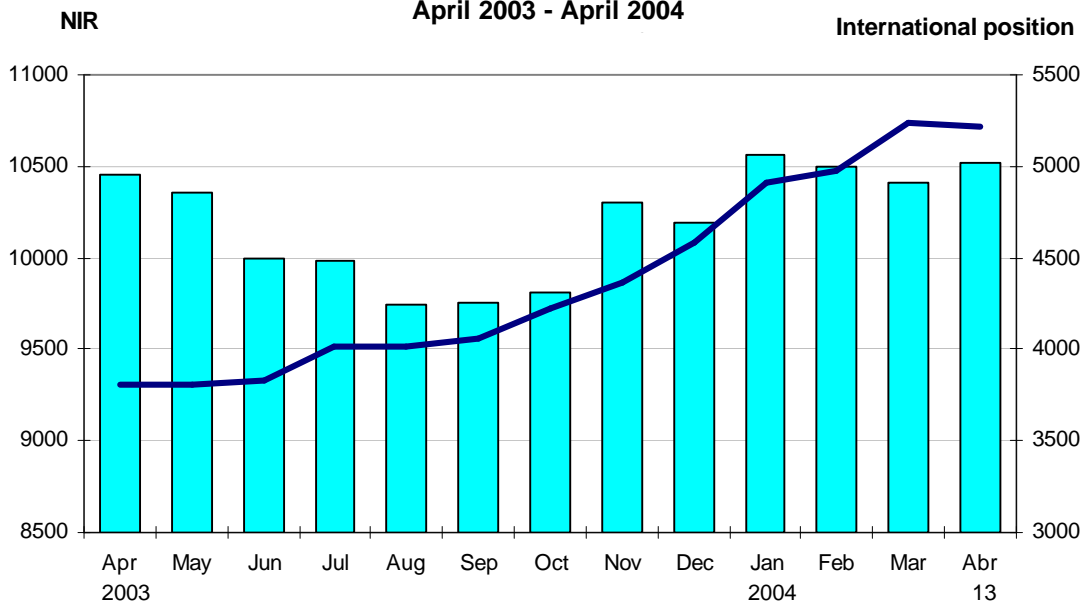
Net international reserves at US\$ 10 520 million

As of **April 13**, net international reserves (NIR) of the Central Reserve Bank amounted to US\$ 10 520 million, up US\$ 109 million from end-March. This increase is due to net purchases of foreign currency (US\$ 111 million) and higher public sector and financial system deposits (US\$ 96 and US\$ 30 million, respectively), which were partially offset by public debt

service payments (US\$ 100 million) and lower investment yield (US\$ 29 million).

In the year, NIR have increased US\$ 325 million, whereas the **Central Bank international position** expanded US\$ 632 million, reaching a balance of US\$ 5 215 million.

Net international reserve and international position of the Central Reserve Bank
April 2003 - April 2004

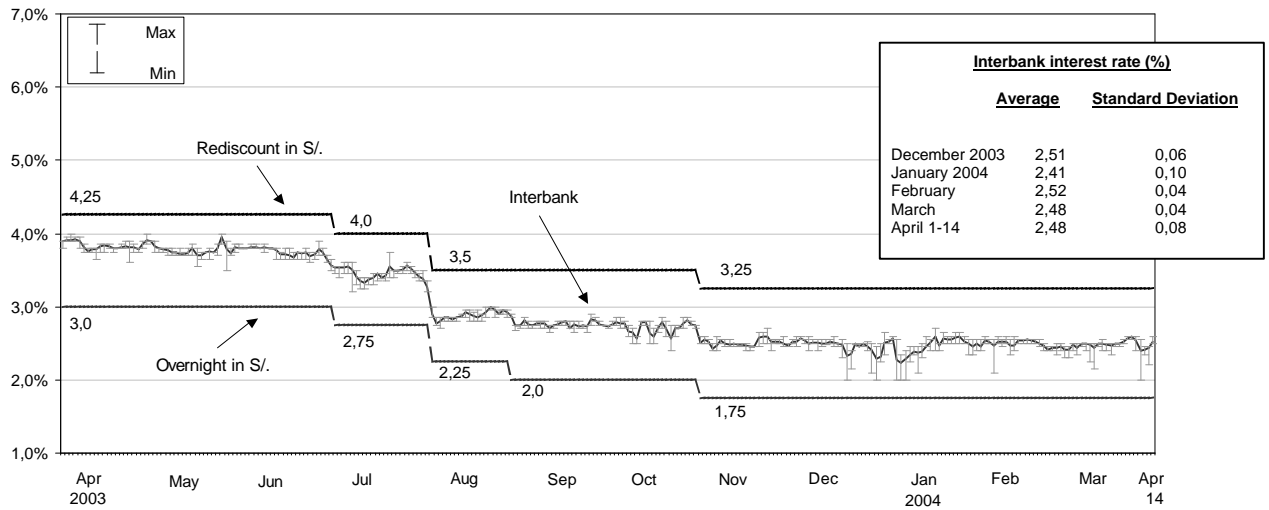


Interbank interest rate at 2,48%

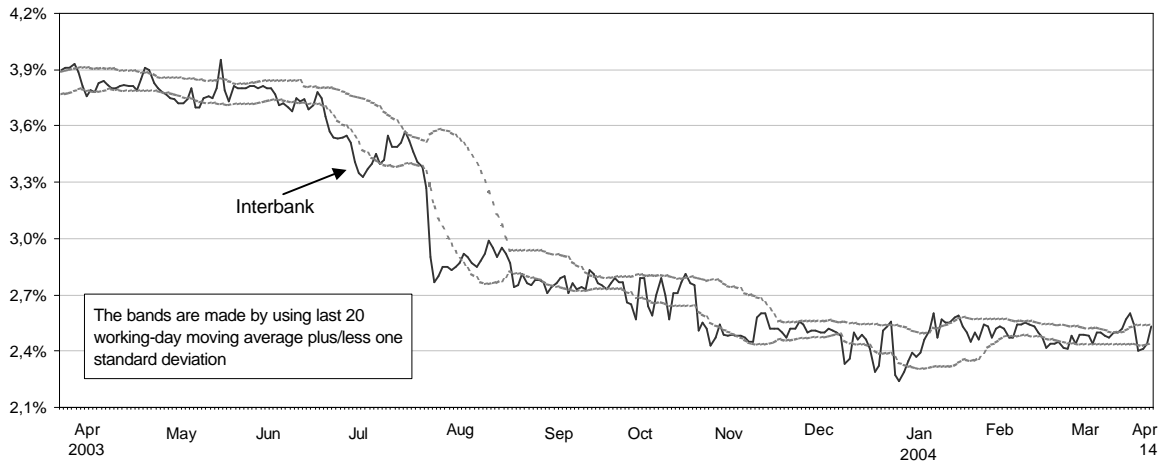
Between **April 1 and 14**, the interbank interest rate in domestic currency averaged 2,48%, similar to March. It should be noted that this rate is within the corridor set by

BCR operations' interest rates: 3,25% for monetary regulation credits and 1,75% for overnight deposits.

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



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



Monetary operations

As of **April 14**, the daily average balance of banks' liquidity at the Central Bank was S/. 347 million. Between April 7 and 14, the Central Bank made the following operations:

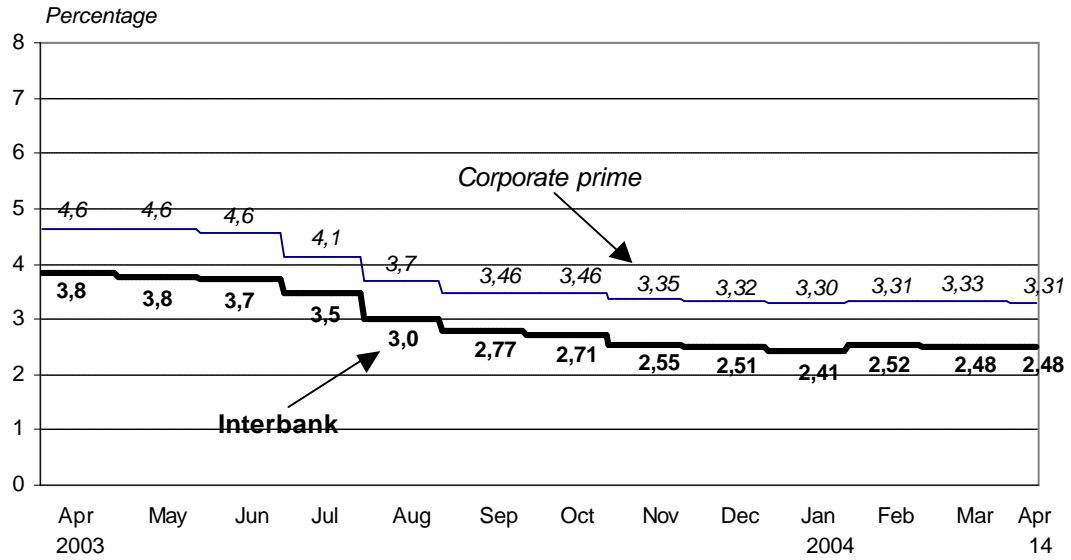
- Auctions of CDBCRP with a i) 7-day maturity by S/. 170 and 100 million at average interest rates of 2,56 and 2,57%; ii) 6-month amounting to S/. 50 and 40 million at 3,09% and 3,04%; respectively and iii) 1-year by S/. 50 million at 3,51%.
- Auctions of temporary purchase of CDBCRP and BTP with a 1-day maturity amounting to S/. 170 million both at an interest rate of 2,52%.
- Purchases of foreign currency over the counter totaling US\$ 55 million, at an average exchange rate of S/. 3,464.
- Overnight deposits on April 7 by S/. 13 million.

Corporate prime interest rate at 3,31%

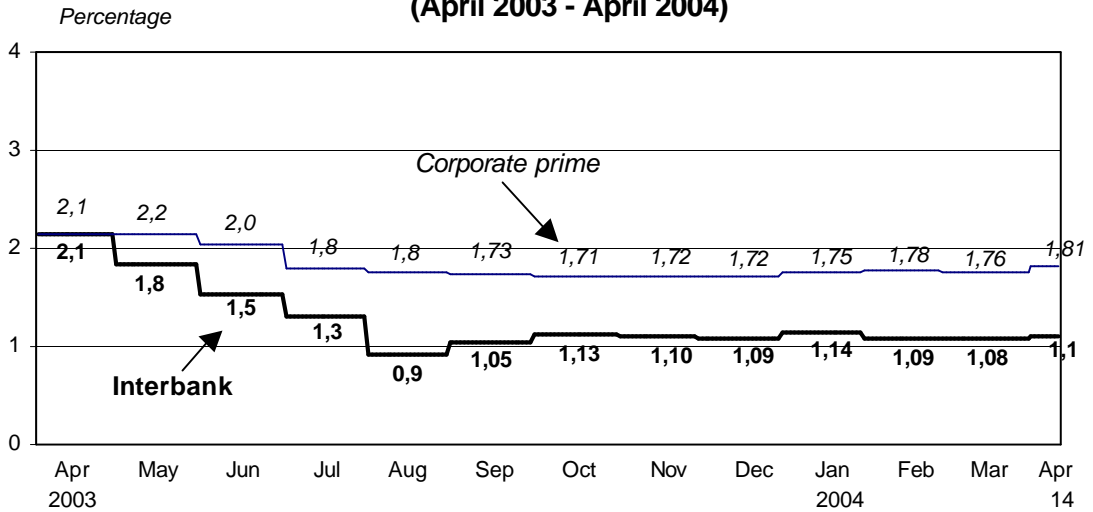
Between April 1 and 14, the average corporate prime interest rate in domestic currency decreased to 3,31% from 3,33% in

March. Over the same period, the rate in dollars passed from 1,76% to 1,81%.

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



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



Exchange rate: S/. 3,467

Over the period **April 7 to 14**, the exchange rate increased from S/. 3,462 to S/. 3,467 per US dollar, a 0,2% appreciation. As of April 14, the **balance of**

net forward sales dropped US\$ 2 million against end-March, whereas the **banks' exchange position** fell US\$ 16 million over the same period.

BANKS' EXCHANGE POSITION
(Millions of US\$)

	December 2002	December 2003	March 2004	April 7	April 14
a. Net sales to the public (i-ii)	905	607	504	504	502
i. Forward sales to the public	1 141	834	927	945	966
ii. Forward purchases to the public	236	227	423	442	464
b. Banks' exchange position	642	530	588	584	572

Monetary base as of April 7, 2004

The **monetary base** balance as of April 7 was S/. 7 635 million, up 8,2% from end-March. In average terms, the year on year growth of the monetary base was 17,5% compared with 15,7 % in March.

The expanding operations of the monetary base were the withdrawal of public sector deposits (S/. 500 million), purchases of

foreign currency (US\$ 80 million or S/. 277 million) and the net redemption of CDBCRP (S/. 205 million). These operations were partially offset by the net sales of foreign currency to the public sector (US\$ 100 million or S/. 346 million) and the redemption of temporary purchase of securities (S/. 70 million).

Banking system monetary accounts as of March 22, 2004

As of March 22, liquidity in **domestic currency** rose 2,0% (S/. 404 million) to a balance of S/. 20 645 million. In annual terms this aggregate grew by 11,4%. On the other hand, credit to the private sector increased 2,8% through last 4 weeks to S/. 10 394 million, up 6,1% from a year ago.

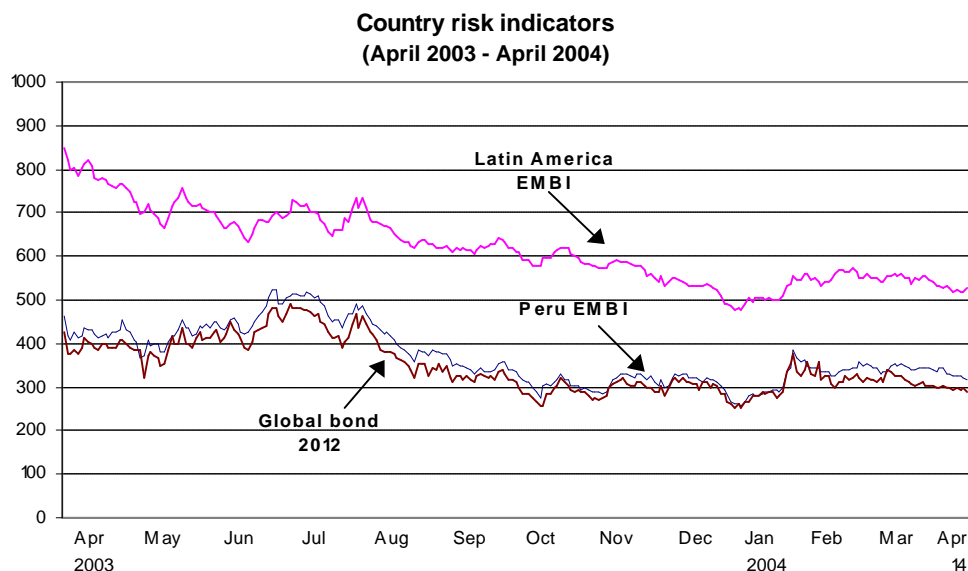
In **foreign currency**, liquidity decreased 1,8% (US\$ 172 million) over last 4 weeks and 3,6% through last 12 months, reaching a balance of US\$ 9 303 million. Credit in the same currency (US\$ 9 539 million) was 0,1% lower than 4 weeks ago and 3,8% from March 22, 2003.

END OF PERIOD MONETARY AGGREGATES OF THE BANKING SYSTEM												
	BASE MONETARY		LIQUIDITY IN D/C		CREDIT IN D/C		LIQUIDITY IN F/C		LIABILITIES 1/		CREDIT IN F/C	
	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR
2002												
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%	4,1%	-15,3%	-44,9%	-0,4%	-6,1%
Apr.	3,1%	9,5%	-0,3%	11,1%	3,6%	14,6%	-0,6%	3,4%	12,4%	-35,8%	1,0%	-5,7%
May.	-1,1%	8,4%	0,8%	12,1%	0,4%	14,0%	-0,9%	2,7%	-2,2%	-39,1%	-0,9%	-6,8%
Jun.	1,7%	6,5%	-1,7%	7,8%	-1,1%	11,2%	1,1%	3,5%	-2,8%	-42,7%	-0,2%	-6,5%
Jul.	8,3%	2,8%	5,8%	7,3%	0,1%	10,5%	-1,3%	-1,6%	3,7%	-42,8%	-0,7%	-6,8%
Aug.	-3,3%	4,2%	-1,6%	6,8%	-0,7%	9,9%	-0,2%	-3,6%	-7,8%	-46,1%	0,1%	-6,0%
Sep.	-2,5%	6,0%	0,1%	9,3%	-0,1%	7,9%	-0,8%	-3,1%	-1,5%	-45,9%	-1,1%	-6,0%
Oct.	1,4%	6,4%	0,7%	11,9%	-0,5%	5,7%	0,5%	-3,9%	5,4%	-41,4%	-0,1%	-5,3%
Nov.	2,8%	9,7%	1,7%	13,3%	3,0%	7,2%	-0,7%	-5,7%	4,3%	-12,3%	0,2%	-5,5%
Dec.	11,5%	10,1%	3,6%	10,5%	-1,2%	5,1%	0,5%	-2,6%	-0,1%	-8,0%	-0,6%	-5,8%
2004												
Jan.	-6,4%	13,4%	2,7%	17,1%	-0,3%	8,7%	-0,1%	-2,7%	1,3%	4,7%	-1,3%	-4,3%
Feb.	0,7%	14,5%	-0,7%	13,3%	-0,1%	4,5%	-2,7%	-5,3%	1,7%	-3,7%	-0,9%	-4,9%
Mar.22	2,1%	15,4%	2,0%	11,4%	2,8%	6,1%	-1,8%	-3,6%	0,6%	4,5%	-0,1%	-3,8%
Memo:												
Balance as of Feb.22 (Mill.S/. or Mill.U\$S)	6 938		20 241		10 114		9 474		738		9 547	
Balance as of Mar.22 (Mill.S/. or Mill.U\$S)	7 083		20 645		10 394		9 303		742		9 539	
1/ Short term external liabilities of banking enterprises.												

Spread of Global bond 2012 at 2,89%

As of **April 14**, the spread of the **Peruvian Global bond 2012** averaged 2,89%, down from end-March (3,0%), whereas the

spread of the **sovereign bond** fell from 3,43% to 3,17% over the same period.



International markets

Between **April 7 and 14**, the **gold** quotation decreased 5,2% to US\$ 401 per Troy ounce due to profit-taking and the strengthening of

the US dollar, which provoked a lower demand of European and Asian investors.

Gold quotation



The **copper** quotation dropped 3,1% to US\$ 1,33 per pound mainly due to profit-taking. However, LME inventories

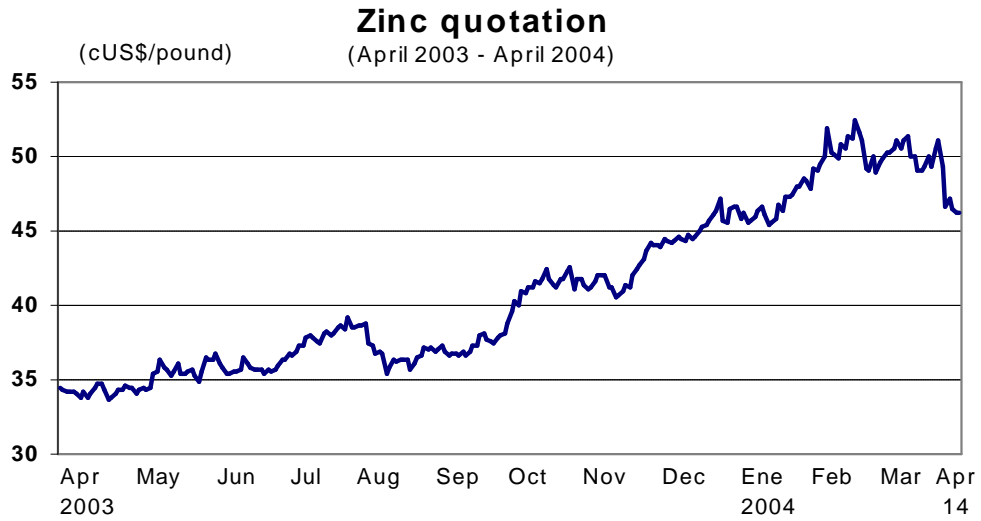
decreased from 177 to 165 thousand MT over this week.

Copper quotation



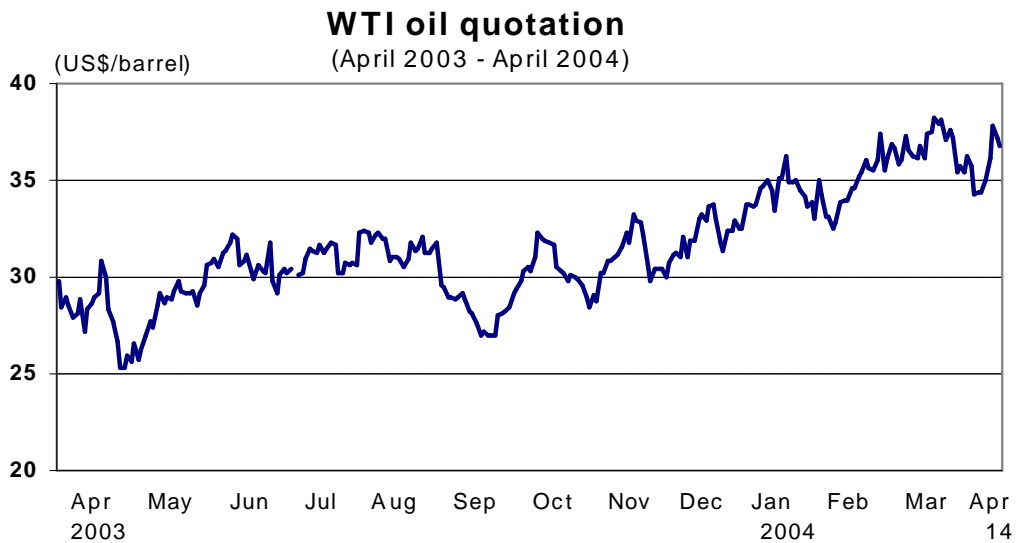
In the week under analysis, **zinc** quotation fell 2,1% to US\$ 0,46 per pound, reflecting

the increase in LME inventories (from 757 to 786 thousand MT).



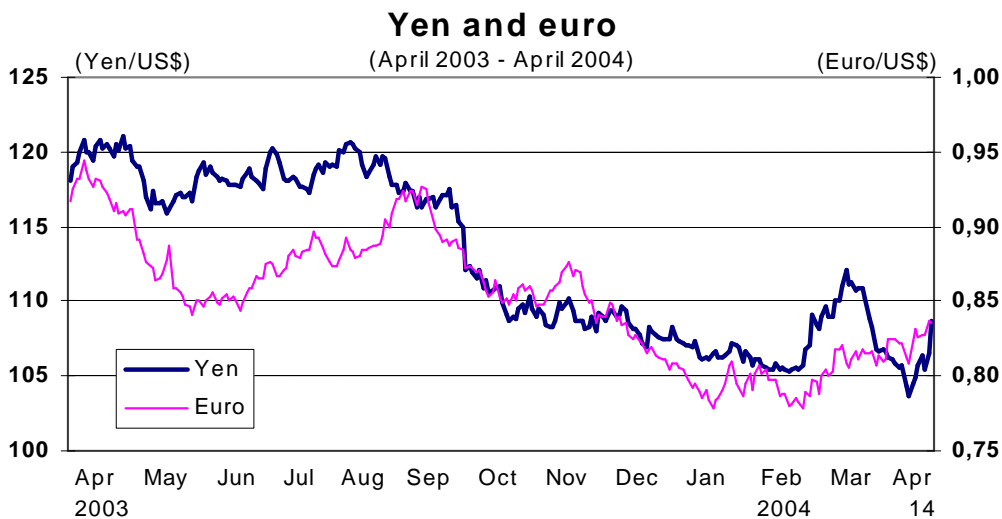
The **WTI oil** price grew by 1,6% to US\$ 36,7 per barrel, following the 6-month

long rise in oil global demand, according to the International Energy Agency.



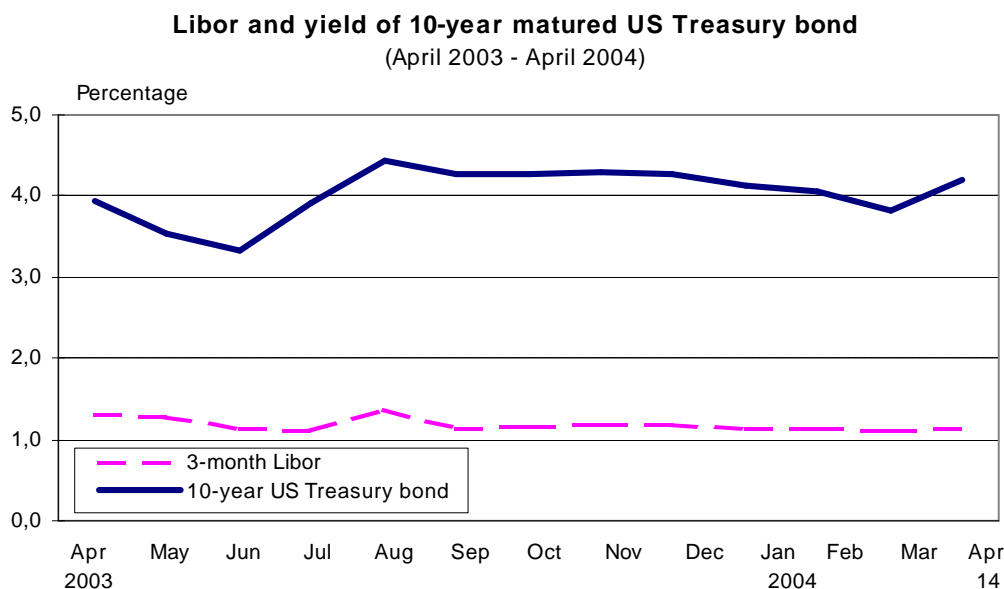
The **US dollar** appreciated 1,8% against the **euro** and 3,2% against the **yen**. The rally of the US dollar reflected higher retail sales (1,8% over an expected 0,6%), an increase

in core inflation that might drive to an increase in US interest rates and the 3% decrease in February US trade deficit.



Between **April 7 and 14**, the **3-month Libor** remained at 1,14%, whereas the **yield of US Treasury bonds with a 10 year maturity** passed from 4,16% to 4,37%. The

lower demand for US Treasuries is related to a likely increase in US interest rates along this year.



Lima Stock Exchange (LSE)

As of **April 14**, the LSE recorded a 1,4% seatback in the **General Index** and a 3,0% one in the **Blue Chip Index**. However,

cumulative increase in the year is 22,9% for the General Index and 26,5% for the Blue Chip.

**LSE indicators
(April 2003 - April 2004)**

