

## CENTRAL RESERVE BANK OF PERU

### WEEKLY REPORT

Nº 20 – May 14, 2004

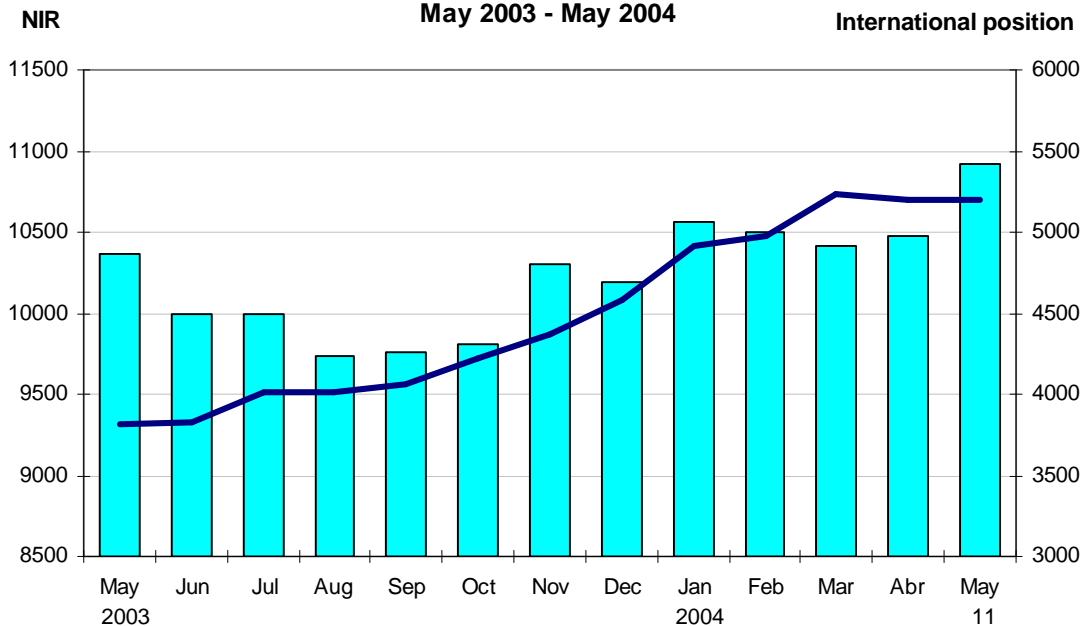
#### Net international reserves at US\$ 10 932 million

As of **May 11**, net international reserves (NIR) reached US\$ 10 932 million, up US\$ 461 million from end-April. This increase mainly comes from higher public sector deposits and financial system deposits (US\$ 450 and 20 million, respectively) and the increase of FLAR quota (US\$ 7 million), which were partially offset by a negative valuation effect

(US\$ 15 million) as a consequence of lower gold quotation.

In the year, NIR have increased US\$ 738 million. On the other hand, **Central Bank international position** amounted to US\$ 5 193 million, up US\$ 610 million from end-2003.

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

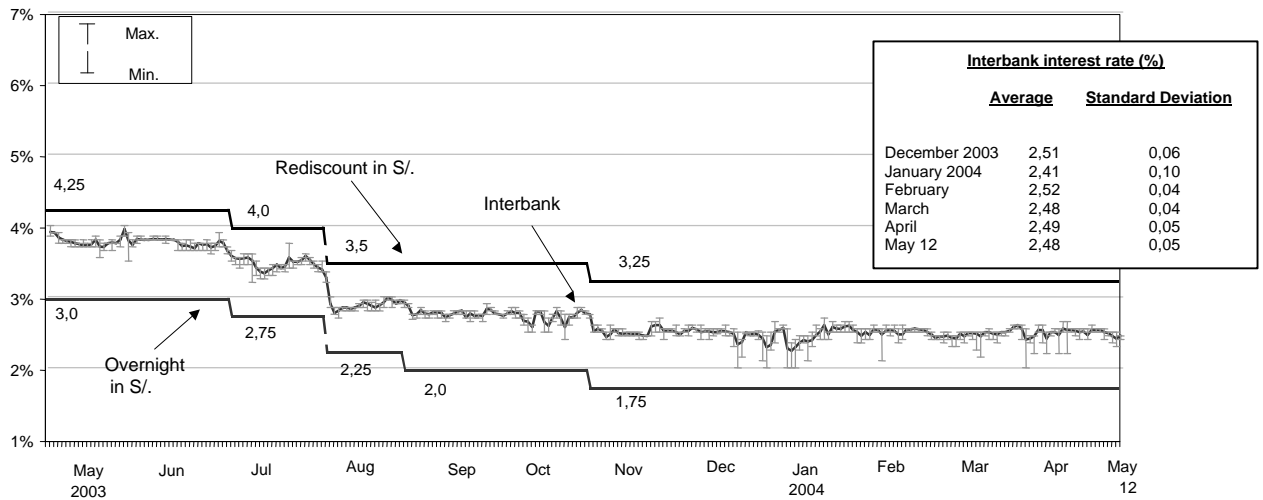


#### Interbank interest rate at 2,48%

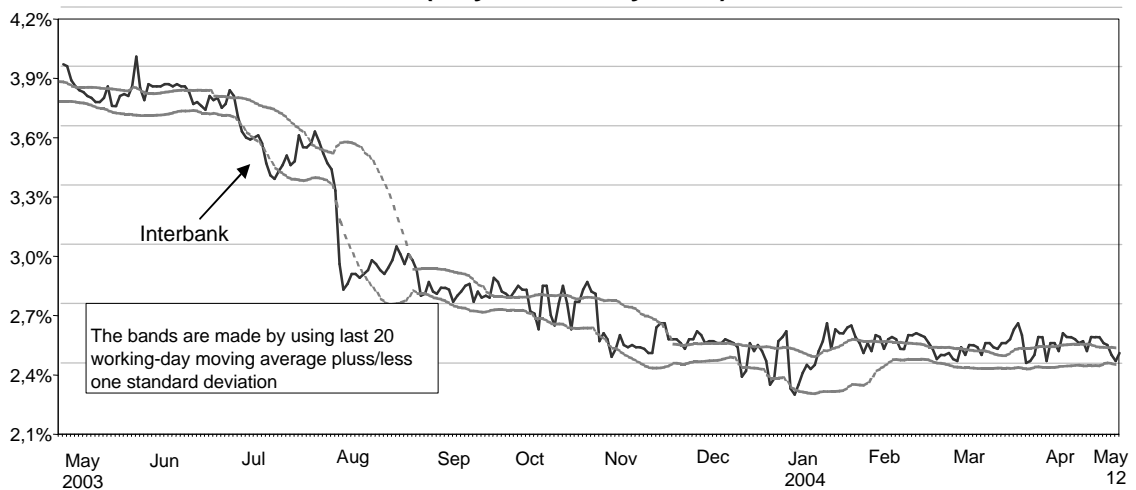
Between **May 1 to 12**, the average interbank interest rate in domestic currency was 2,48%, slightly lower than in April (2,49%). It should be noted that this rate

falls within the corridor set by BCR's operation rates: 3,25% for monetary regulation credits and 1,75% for overnight deposits.

### Interest rates in domestic currency (May 2003 - May 2004)



### Interbank interest rate in domestic currency (May 2003 - May 2004)



## Monetary operations

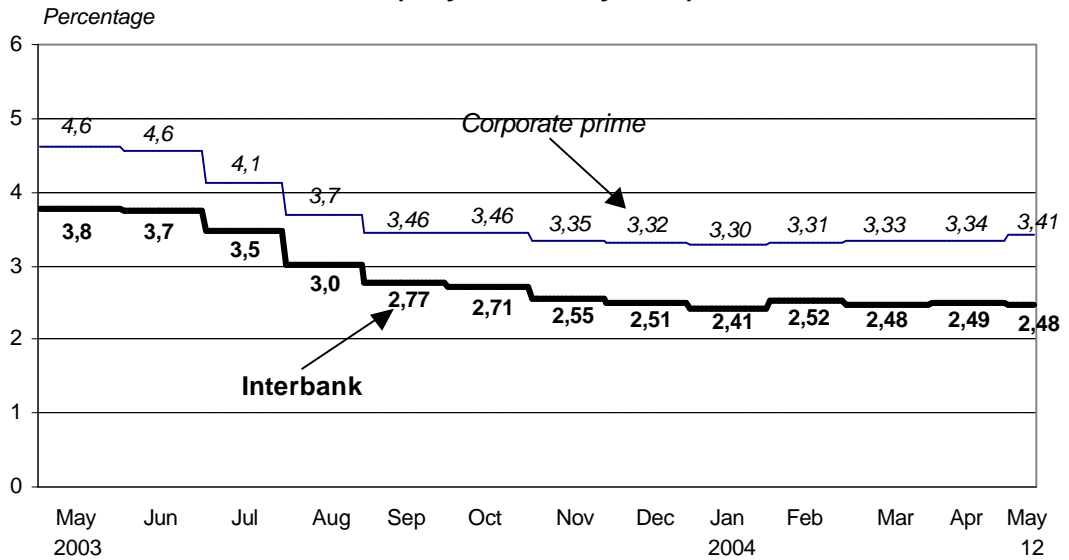
As of **May 12**, the daily average balance of banks' liquidity at the Central Bank was S/. 293 million. Between **May 6 to 12**, the Central Bank made the following operations:

- Auctions of CDBCRP with a 7-day maturity amounting to S/. 120 and S/. 45 million at average interest rates of 2,55% and 2,54%, respectively.
- Auctions of temporary purchase of CDBCRP and BTP with i) 1-day maturity totaling S/. 480 million at an average interest rates of 2,49% and ii) 3-day by S/. 125 million at 2,51%.

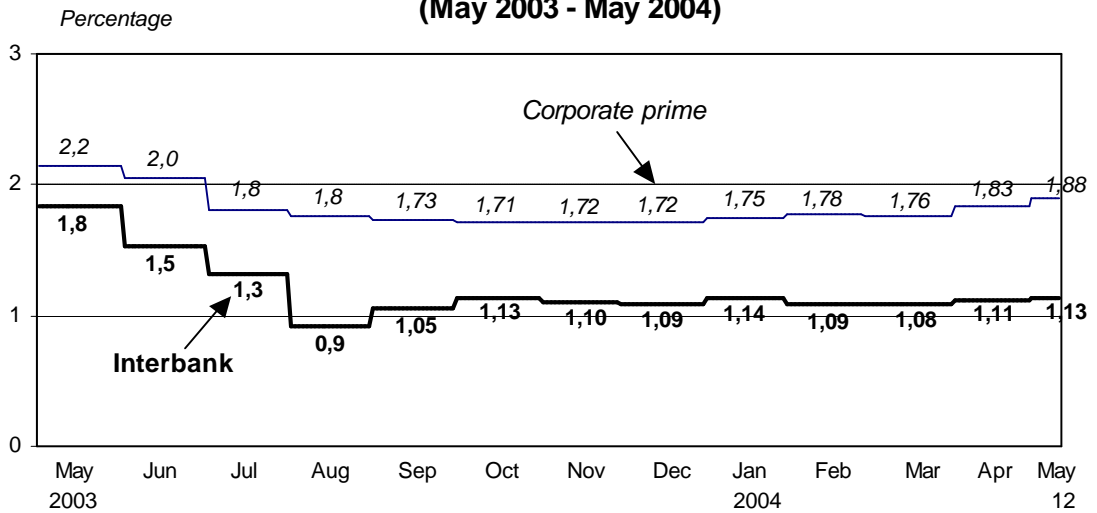
### Corporate prime interest rate at 3,41%

As of **May 12**, the 90-day average corporate prime interest rate in domestic currency rose from 3,34% to 3,41%, whereas the rate in dollars passed from 1,83% to 1,89%.

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



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



## Exchange rate: S/. 3,487

Between **May 5 and 12**, the exchange rate increased from S/. 3,483 to S/. 3,487 in line with the regional behavior in response to an expected increase in Fed's interest rates. However, it should be noted that the Peruvian sol recorded the lowest volatility among regional currencies.

As of May 12, the **balance of net forward sales** dropped US\$ 30 million, whereas the **banks' exchange position** increased US\$ 15 million.

### BANKS' EXCHANGE POSITION (Millions of US\$)

	December 2002	December 2003	April	May 12
<b>a. Net sales to the public (i-ii)</b>	<b>905</b>	<b>607</b>	<b>553</b>	<b>523</b>
i. Forward sales to the public	1 141	834	1 059	1 032
ii. Forward purchases to the public	236	227	505	509
<b>b. Banks' exchange position</b>	<b>642</b>	<b>530</b>	<b>488</b>	<b>503</b>

## Monetary base as of May 7, 2004

The **monetary base** balance as of May 7 was S/. 7 668 million, up 4,1% (S/. 300 million) from end-April. In average terms, the year on year growth of the monetary base was 17,9% compared with 17,5% in April.

The expanding operations of the monetary base were the withdrawal of public sector deposits (S/. 357 million) and the redemption of CDBCRP (S/. 255 million). These operations were partially offset by the redemption of temporary purchases of securities (S/. 315 million).

## Banking system monetary accounts: April 22, 2004

Over the period Mar 22 to April 22, last 4 week liquidity in **domestic currency** rose S/. 4 million to a balance of S/. 20 641 million (up 13,9% from a year ago). Credit to the private sector in the same currency increased 1,7% (S/. 172 million) to S/. 10 566 million. The annual rate of growth for this aggregate was 4,9%.

On the other hand, **foreign currency** liquidity increased US\$ 41 million or 0,4%, to US\$ 9 262 million. Credit in the same currency (US\$ 9 649 million) increased US\$ 110 million (1,2%). In annual terms, these aggregates dropped 4,8% and 3,4%, respectively.

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
<b>2002</b>												
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%
<b>2003</b>												
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%
<b>2004</b>												
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.	0,7%	16,6%	1,4%	12,9%	3,0%	6,0%	0,0%	-5,1%	-5,0%	8,0%	0,8%	-3,7%
Abr.22	1,3%	15,9%	0,0%	13,9%	1,7%	4,9%	-0,4%	-4,8%	-2,2%	1,6%	1,2%	-3,4%
Memo:												
Balance as of Mar.22 (Mill.S/. or Mill.US\$)	7 083		20 645		10 394		9 303		742		9 539	
Balance as of Apr.22 (Mill.S/. or Mill.US\$)	7 175		20 641		10 566		9 262		725		9 649	
1/ Short term external liabilities of banking enterprises.												

### Spread of Global bond 2012 at 4,97%

As of **May 12**, the spread of the **Peruvian Global bond 2012** and the **Peruvian sovereign bond** were 4,97% and 5,07%, respectively, against 3,74% and 3,93% on

April 30. The fears of a Fed's interest rate increase and the relatively higher regional risk afflicted the emerging markets.

Country risk indicators  
(May 2003 - May 2004)



**International markets**

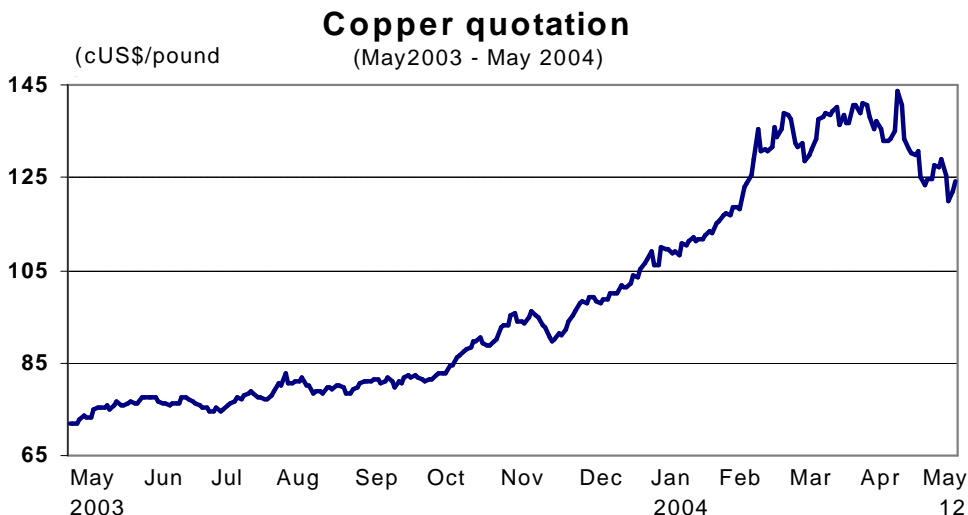
Between **May 5 to 12**, the **gold** quotation decreased 2,8% to US\$ 380 per Troy ounce due to the strengthening of the US dollar,

which provoked a lower demand for this metal as a reserve asset.



The **copper** quotation dropped 2,3% to US\$ 1,24 per pound due to an expected increase in Fed's interest rate and a likely slowdown in China (in order to avoid inflationary pressures due to the 9,1%

economic growth in 2003 and 9,7% in the first quarter of this year). However, LME inventories declined from 150 to 147 thousand MT.



In the week under analysis, the **zinc** quotation decreased 2,1% to US\$ 0,46 per pound, following the behavior of other

industrial metals. LME inventories decreased from 755 to 751 thousand MT.

**Zinc quotation**



The **WTI oil** price soared 3,0% to US\$ 40,8 per barrel, the highest in last 13

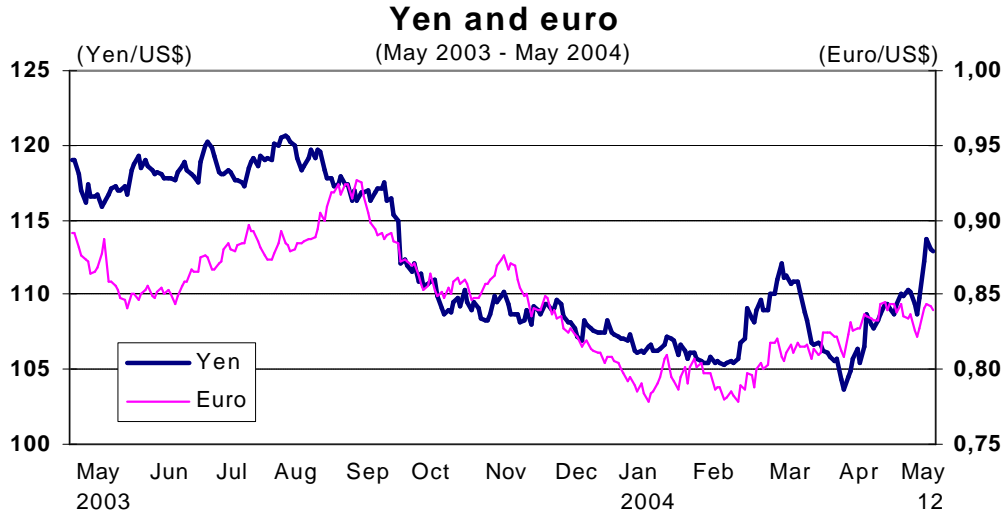
years, due to the increase in world demand and lower US inventories.

**WTI oil quotation**



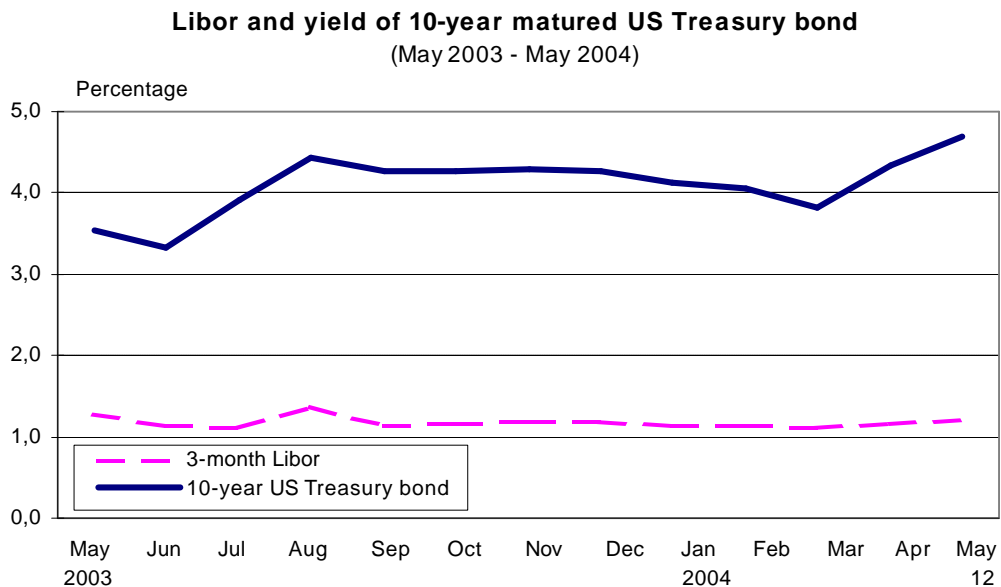
The **US dollar** appreciated 2,2% and 3,8% against the **euro** and **yen**, respectively. The latter reflected the drop in Nikkei stock index (5,2% over last week) and the fears of a US Fed's interest rate, despite the upward

revision of Japan's expected growth for 2004 (from 1,8% to 3%). US economic outlook has been revised upward (from 4,1% to 4,7%) whereas Europe's one downward (from 1,8% to 1,6%).



The **3-month Libor** passed from 1,18% to 1,24%, whereas the **yield of US Treasury bonds with a 10 year maturity** soared from 4,58% to 4,80%. On May 7, the US Labor Office reported that 288 thousand jobs were

created in April (over an expectation of 170 thousand). On the other hand, forward interest rates reflect with a 90% of probability a 25 bps rise in Fed's interest rate in the next meeting of June 30.





### Lima Stock Exchange (LSE)

As of **May 12**, the LSE recorded a 5,5% setback in the **General Index** and a 6,8% one in the **Blue Chip Index**, due to lower mineral quotations and an expected

increase in Fed's interest rate. However, these indices record cumulative increases in the year of 9,8% for the General Index and 10,6% for the Blue Chip.

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

