

## CENTRAL RESERVE BANK OF PERU

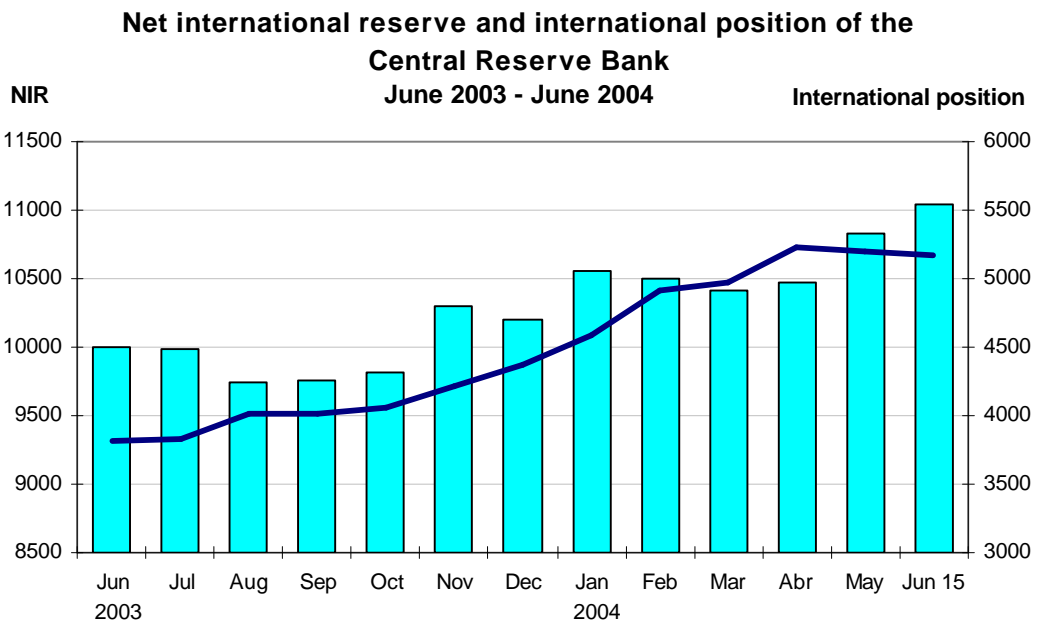
### WEEKLY REPORT

Nº 25 – June 18, 2004

#### Net international reserves at US\$ 11 044 million

As of **June 15**, net international reserves (NIR) increased US\$ 220 million to a US\$ 11 044 million balance, mainly due to higher financial system and public sector deposits (US\$ 208 and 9 million, respectively) and investment yield (US\$ 2

million). In the year, NIR have increased US\$ 850 million, whereas the **Central Bank's international position** grew by US\$ 580 million amounting to US\$ 5 163 million.

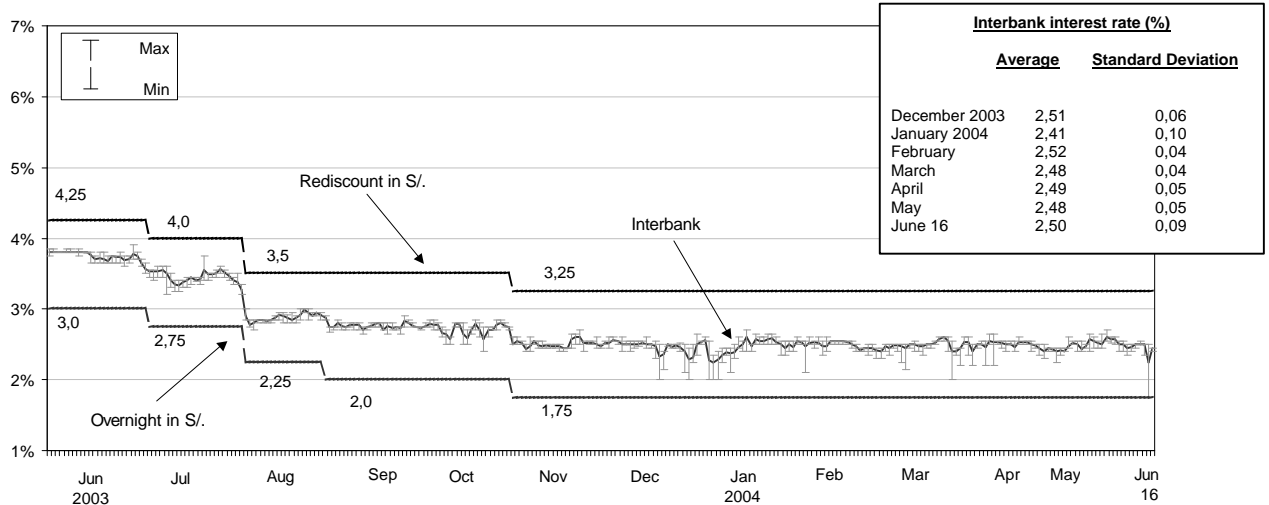


#### Interbank interest rate at 2,50%

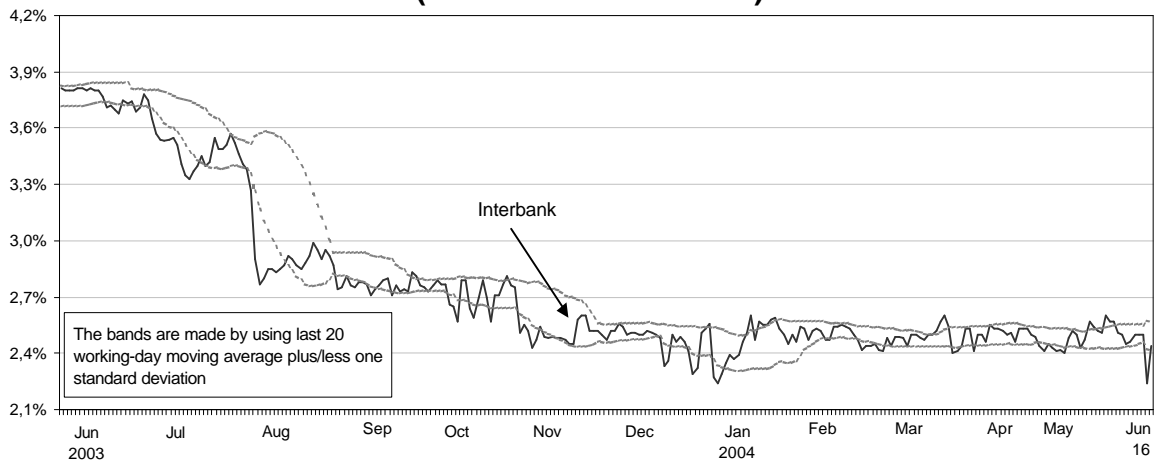
Between **June 1 and 16**, the average interbank interest rate in domestic currency

was 2,50%, slightly higher than in May (2,48%).

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



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



## Monetary operations

As of **June 16**, the daily average balance of banks' liquidity at the Central Bank was S/. 261 million. Between **June 10 and 16**, the Central Bank made the following operations:

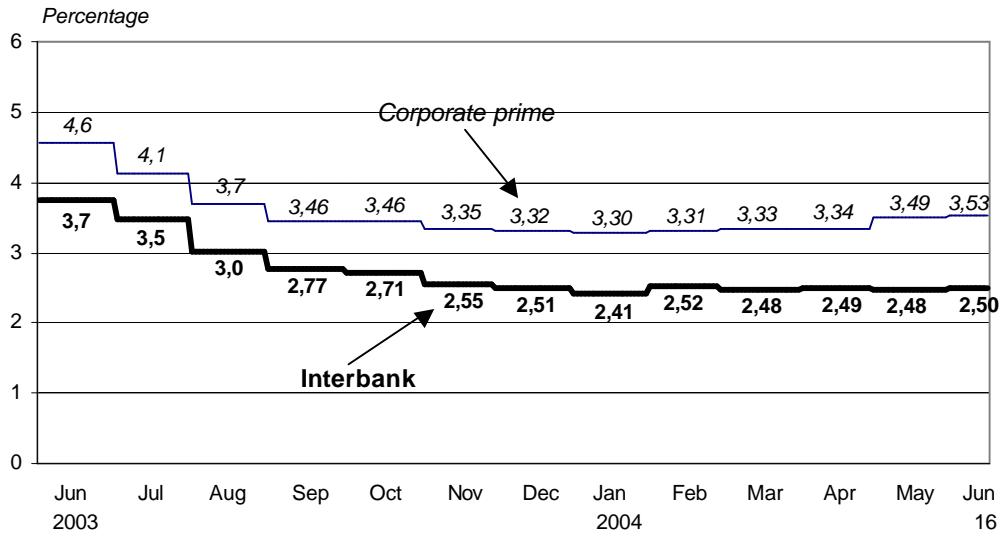
- Auctions of CDBCRP with a 7-day maturity by S/. 80 and 40 million at average interest rates of 2,58 and 2,44%, respectively and 3-month maturity by S/. 40 million at 3,38%.
- Auctions of temporary purchase of CDBCRP and BTP with a 1-day maturity by S/. 60 and 25 million at average interest rates of 2,45 and 2,44%, respectively.
- Overnight deposits on June 14 by S/. 15 million.

### Corporate prime interest rate at 3,53%

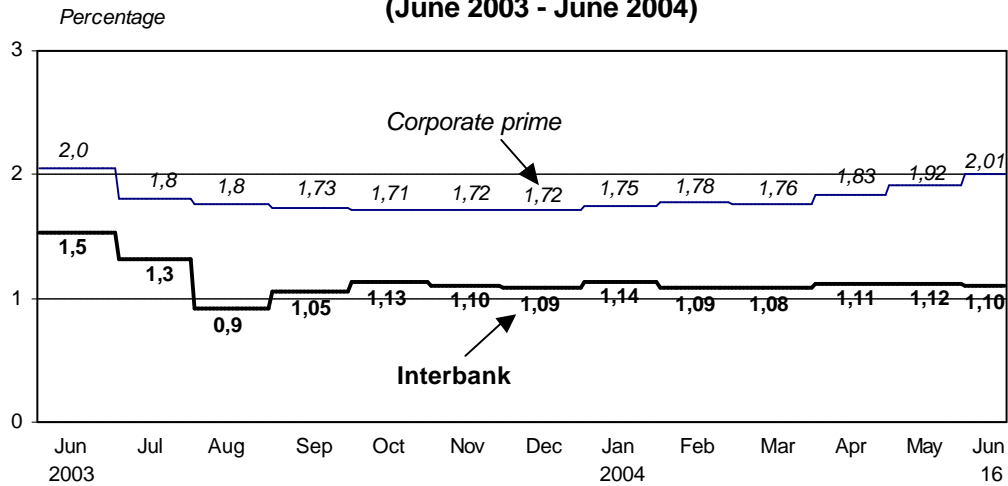
Between **June 1 and 16**, the 90-day average corporate prime interest rate in domestic currency rose to 3,53% from 3,49 in May,

whereas the rate in dollars passed, from 1,92 to 2,01% over the same period, reflecting the expected increase of US interest rates.

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



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



### Exchange rate: S/. 3,476

Between **June 9 to 16**, the exchange rate passed from S/. 3,477 to S/. 3,476. As of June 16, the balance of net forward sales

soared US\$ 42 million, whereas the bank's exchange position fell US\$ 6 million.

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

	December 2002	December 2003	May 2004	June 16
<b>a. Net sales to the public (i-ii)</b>	<b>905</b>	<b>607</b>	<b>536</b>	<b>578</b>
i. Forward sales to the public	1 141	834	1 017	1 098
ii. Forward purchases to the public	236	227	481	520
<b>b. Banks' exchange position</b>	<b>642</b>	<b>530</b>	<b>598</b>	<b>594</b>

**Monetary base as of June 15, 2004**

The **monetary base** balance as of June 15 was S/. 7 511 million, up 1,2% (S/. 90 million) from end-May. In average terms, the year on year rate of growth of the monetary base was 21,0% compared with 18,8 % in May.

The operations that expanded the monetary base were the net redemption of CDBCRP (S/. 200 million) and the decrease of public sector deposits (S/. 39 million), which were partially offset by the redemption of temporary purchases of securities (S/. 160 million).

**GDP grew by 3,3% in April**

**GDP** recorded a 3,3% growth in April, for 34 months in a row, thanks to the dynamism of non-primary sectors (3,9%), in particular non-primary manufacturing. Over the period May 2003-April 2004 GDP grew by 3,7% against the period May 2002-april 2003. Mining and construction were the most dynamic sectors.

Conversely, production of coffee, cotton, asparagus and poultry increased.

The **fishing** sector recorded a 8,7% growth in April due to the higher catch for human and industrial consumption, due in turn to better sea conditions.

In April, **agricultural** output dropped 5,3%, as a consequence of lower production of potato, due to floods and plagues in Puno as well as lack of rains and low temperatures in the other areas of the highlands; hard yellow corn due to low sowed area; and sugarcane among others.

The **mining and oil** sector recorded a 11% growth, due to higher metallic mining, copper and gold in particular. Within the latter, it should be noted the increase in medium mining (22%). On the other hand, there was a contraction in the sub sector oil.

**GROSS DOMESTIC PRODUCT**  
(Annual growth rates)

	April		Cumulative last 12-month	
	2003	2004	To March 2004	To April 2004
<b>Agriculture and livestock</b>	<b>4,8</b>	<b>-5,3</b>	<b>2,1</b>	<b>1,0</b>
Agriculture	4,8	-8,8	1,7	0,0
Livestock	5,1	1,6	2,8	2,5
<b>Fishing</b>	<b>10,8</b>	<b>8,7</b>	<b>-9,4</b>	<b>-9,4</b>
<b>Mining and fuel</b>	<b>8,2</b>	<b>11,0</b>	<b>8,6</b>	<b>8,9</b>
Metallic mining	9,1	12,5	9,8	10,1
Natural gas and oil	-0,8	-6,3	-4,3	-4,7
<b>Manufacturing</b>	<b>-0,3</b>	<b>5,6</b>	<b>1,9</b>	<b>2,4</b>
Based on raw materials	9,6	-2,5	-2,2	-3,3
Non-primary	-3,1	8,0	3,0	4,0
<b>Electricity and water</b>	<b>2,2</b>	<b>5,3</b>	<b>4,2</b>	<b>4,4</b>
<b>Construction</b>	<b>5,9</b>	<b>2,4</b>	<b>5,3</b>	<b>5,0</b>
<b>Commerce</b>	<b>2,8</b>	<b>2,0</b>	<b>2,2</b>	<b>2,2</b>
<b>Other services</b>	<b>4,2</b>	<b>3,5</b>	<b>4,2</b>	<b>4,2</b>
<b><u>GROSS AGGREGATED VALUE (GAV)</u></b>	<b><u>3,6</u></b>	<b><u>3,1</u></b>	<b><u>3,6</u></b>	<b><u>3,6</u></b>
Taxes on products and import duties	1,1	5,6	4,2	4,6
<b><u>GDP</u></b>	<b><u>3,4</u></b>	<b><u>3,3</u></b>	<b><u>3,7</u></b>	<b><u>3,7</u></b>
<b>Primary sector GAV</b>	<b>6,7</b>	<b>0,3</b>	<b>3,3</b>	<b>2,7</b>
<b>Non-primary sector GAV</b>	<b>2,8</b>	<b>3,9</b>	<b>3,7</b>	<b>3,8</b>
Memo:				
Domestic demand indicator	1,0	4,6	2,8	3,1

**Manufacturing** grew by 5,6%, due to the increased production in non-primary industries (8%) that offset the declined in raw material processing (-2,5%), due to

lower sugar, oil and fish meal processing. Among non-primary industries, knitted garments, miscellaneous and metallic manufacturing stood out.

**Industries with higher increases**  
April 2004

CIIU	Var. %	
	Year	Contrib. % 1/
Knitted fabrics	31,2	1,2
Miscellaneous manufacturing products	28,8	0,7
Structural metal products	30,1	0,7
Furniture	23,6	0,6
Beer	23,9	0,4
Cement	13,2	0,6
Dairy Products	15,7	0,4
Glass	29,8	0,4
Manufacture of basic iron and steel	11,0	0,4
Articles of concrete	39,8	0,3
Soft drink	10,4	0,3
Basic chemicals	13,4	0,3
Yarns, threads and finished textiles	5,9	0,3
Tiles	7,3	0,2

1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Producción.

Conversely, there was a contraction in items such as pharmaceutical products,

tobacco and miscellaneous machinery.

**Industries with higher decreases  
April 2004**

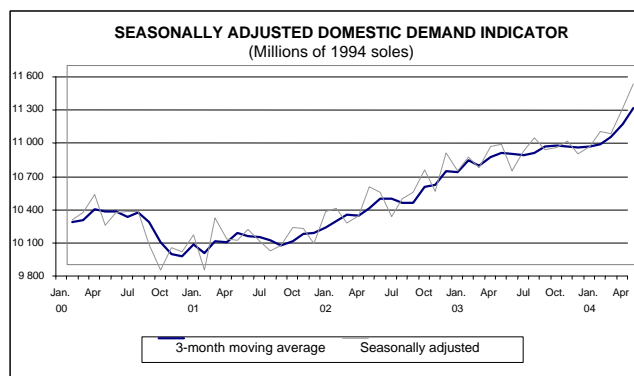
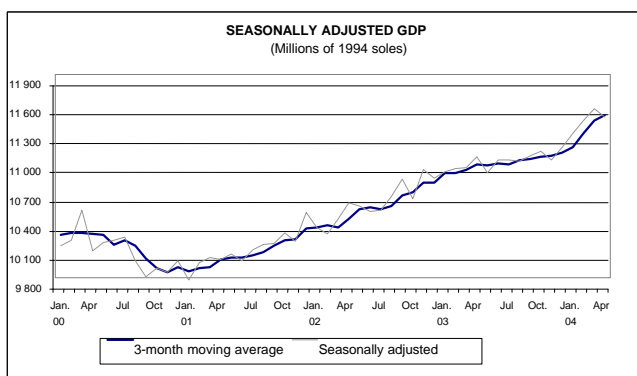
CIU	Var. %	
	Year	Contrib. % 1/
Pharmaceutical products	-24,1	-0,4
Other general purpose machinery	-85,7	-0,3
Tobacco	-46,5	-0,1
Plastics	-3,1	-0,1

1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Producción.

**Construction** soared 2,4%. His slower expansion is due to the end of Camisea tasks in Pisco.

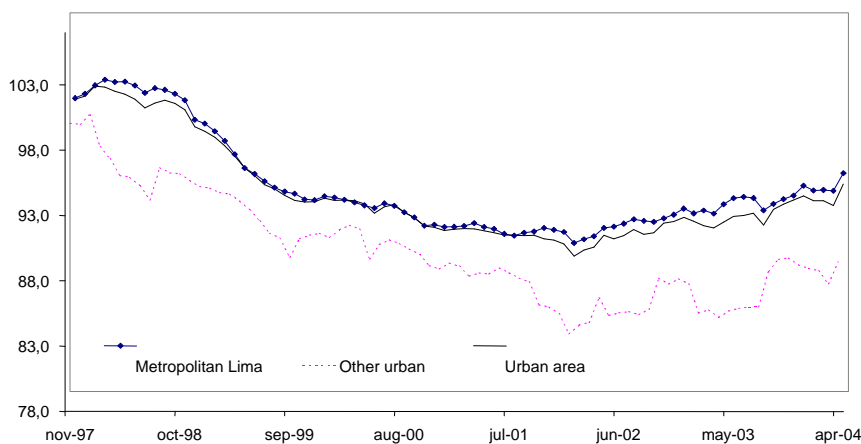
In **seasonal terms**, **GDP** fell 0,9%, whereas **domestic demand** grew by 1,8%.



In April, urban **employment** in firms with 10 or more workers grew by 3,2%, according to the Ministry of Labor. This increase stood out in manufacturing

(3,7%), services (4%) and transport (0,9%). During the same period, employment in Lima grew by 2,6%.

**Urban employment in enterprises with 10 and more workers**  
(Seasonally adjusted indices, October 1997 =100)



Source: MTPE.

By cities, employment in Piura grew by 5,5% due to a more dynamic industry and service activity; 11,9% in Ica, reflecting the boost in agriculture and trade; 5,9% in

Cusco for services and industry. Conversely, there was a decline in Piura and Puno.

**URBAN EMPLOYMENT BY MAIN CITIES IN ENTERPRISES WITH 10 AND MORE WORKERS**  
(Annual percentage change)

	April 2004/ April 2003	Jan. - Apr 2004/ Jan. - Apr. 2003
<b>Urban Peru</b>	<b>3,2</b>	<b>2,2</b>
Metropolitan Lima	2,6	2,0
Other Urban	5,0	3,1
Arequipa	1,2	1,6
Cajamarca	6,5	1,6
Chiclayo	0,9	-0,3
Chimbote	13,4	5,6
Chincha	5,8	4,1
Cusco	5,9	-0,9
Huancayo	2,8	0,6
Ica	11,9	11,1
Iquitos	6,2	2,6
Paita	31,5	10,3
Pisco	-4,1	-2,8
Piura	5,5	5,2
Pucallpa	-3,1	-2,0
Puno	-4,6	-5,9
Tacna	3,8	-3,5
Tarapoto	-1,4	-1,6
Trujillo	5,3	7,5

Source: MTPE, Monthly Statistical Report.

### May outlook

Preliminary data for May indicates that:

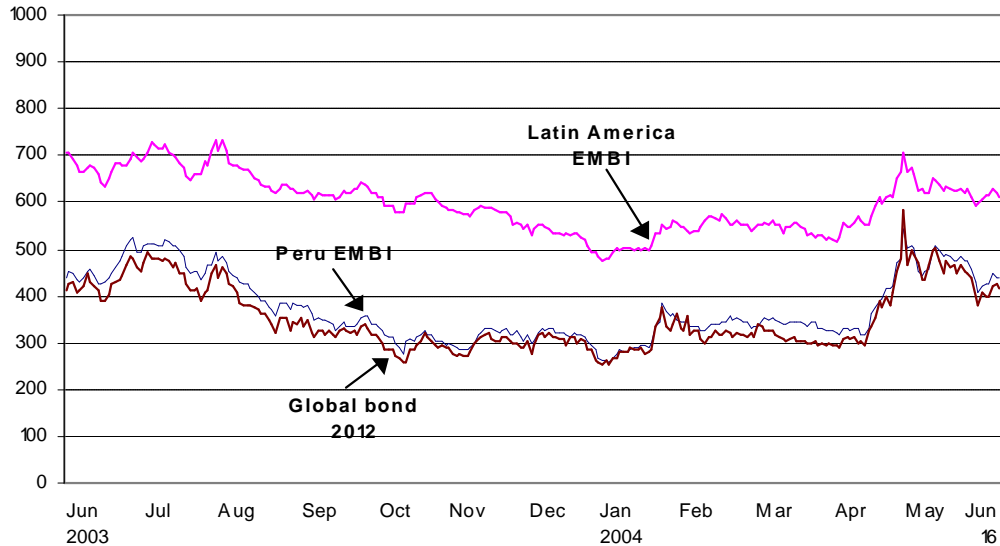
- Anchovy catch rose 67,6%, according to IMARPE.
- Crude oil declined 10% whereas natural gas extraction soared 67,3%. Source: Perúpetro.
- Local sales of cement increased 4,3% in May. Source: Asocem.
- Energy production grew by 6,1%, according to COES.
- Sunat reported that the excise tax collection rose 23,7%, whereas duty collection increased 11,6%.

### Spread of Global bond 2012 at 4,15%

As of **June 16**, the spread of the **Peruvian Global bond 2012** was 4,15% (versus 4,46% in May) whereas the spread of the **sovereign bond** decreased to 4,39 from

4,73% last month. This decrease reflects last Alan Greenspan's statement about a soft interest rate adjustment and latest inflation figures.

**Country risk indicators**  
(June 2003 - June 2004)



### International markets

Between **June 9 to 16**, the **gold** quotation decreased 0,7% to US\$ 384 per Troy ounce

due to the appreciation of the US dollar against the euro.

### Gold quotation





The **copper** quotation fell 3,6% (to US\$ 1,19) due to the fears of a rise in the US and China, the main consumers of this metal. On the other hand, Chinese imports of copper dropped to 69 thousand tons in

May from a 144 thousand ton average over the period January-April, as a consequence of the slowdown in its economy.

### Copper quotation



In the period under analysis, the **zinc** quotation decreased 6,5% to US\$ 0,45 per

pound following the trend of the other metals.

### Zinc quotation



The **WTI oil** price dropped 1,0% (to US\$ 37,3 per barrel). Latest forecasts point out an OPEC production increase of 4% in June. Moreover, Nigerian strike end

left behind the concern of interrupted deliveries from this country (the most important producer in Africa).

**WTI oil quotation**



The **US dollar** appreciated 0,3% against the **euro** and depreciated in the same amount against the **yen**. Despite the good economic

indicators in the US, a concern remains as a consequence of fiscal a trade deficits.

**Yen and euro**

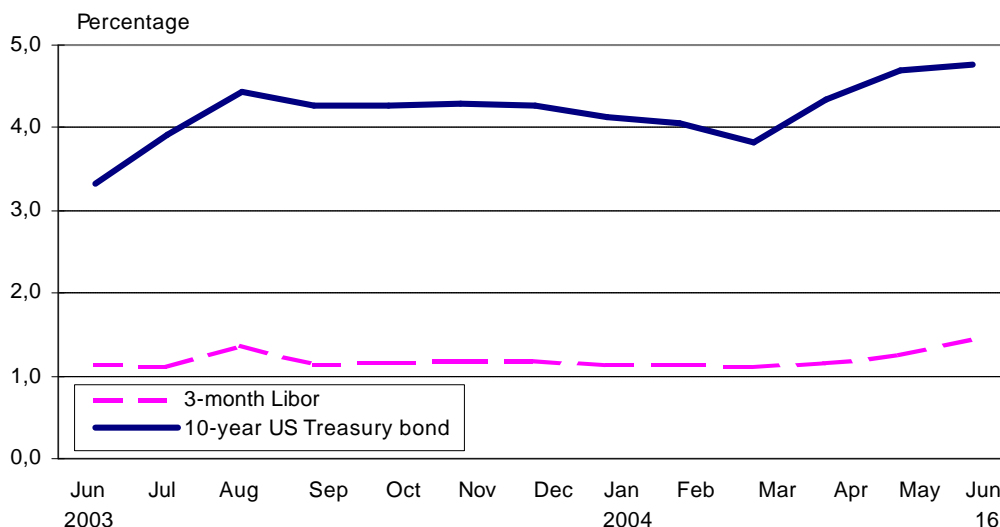


The **3-month Libor** passed from 1,43% to 1,53%, whereas the **yield of US Treasury bonds with a 10 year maturity** fell from 4,81 to 4,72%. The increase in the US

Treasuries reflected latest Greenspan's statement who pointed out that inflation is not a serious problem in the US.

**Libor and yield of 10-year matured US Treasury bond**

(June 2003 - June 2004)



**Lima Stock Exchange (LSE)**

As of **June 16**, the LSE decreased 2,0% in its General Index and 3,7% in the Blue Chip Index due to the lower profitability of

the mining sector. In the year these indices record cumulative increases of 17,8% and 18,5%, respectively.

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

