

CENTRAL RESERVE BANK OF PERU

WEEKLY REPORT

Nº 30 – July 23, 2004

Net international reserves at US\$ 11 103 million

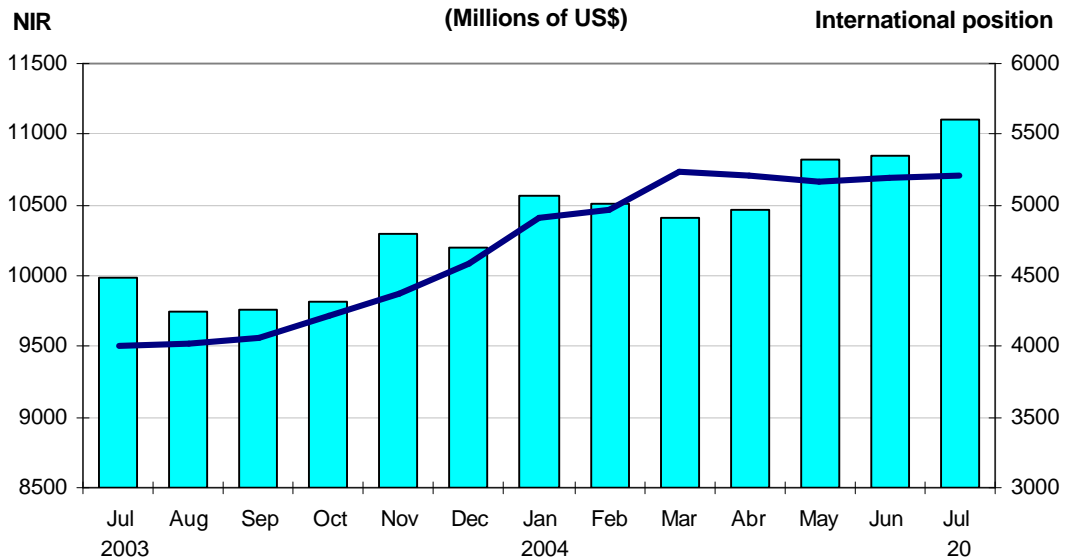
As of **July 20**, net international reserves (NIR) amounted to US\$ 11 103 million, up US\$ 248 million from end-June. This increase was mainly due to higher private, public and Insurance Fund deposits (US\$ 185 million, US\$ 43 million and US\$ 3 million respectively), purchases of foreign currency (US\$ 38 million) and investment yield (US\$ 30 million), which

were partially offset by sales of foreign currency to the public sector (US\$ 50 million).

Starting this year, NIRs have increased US\$ 909 million, whereas the **Central Bank's international position** (US\$ 5 204 million) grew by US\$ 621 million.

Net international reserve and international position of the Central Reserve Bank

July 2003 - July 2004

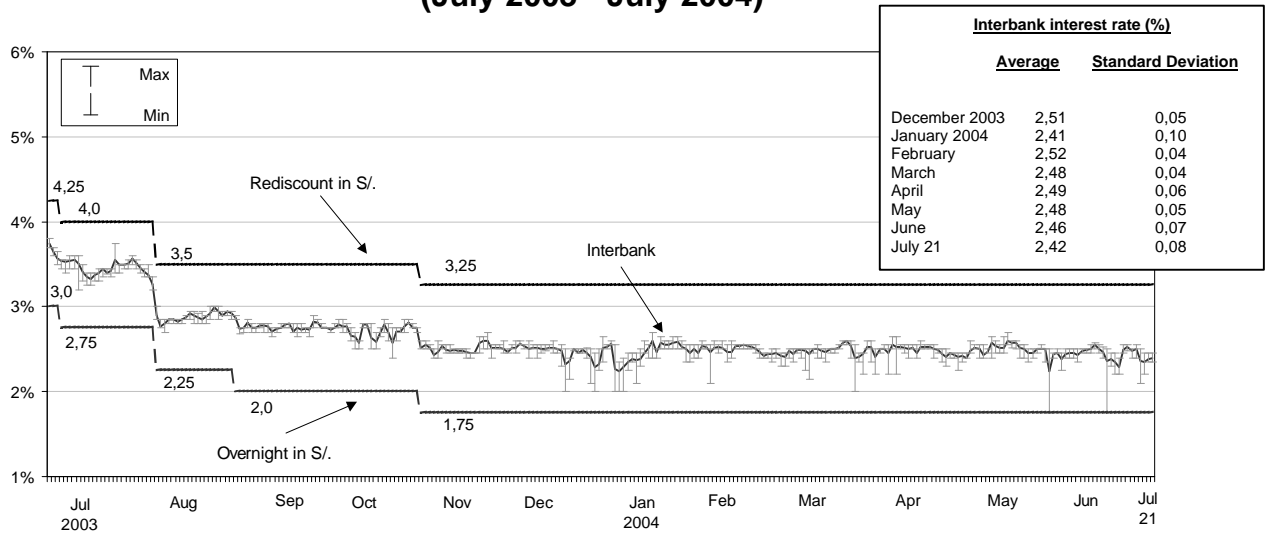


Interbank interest rate at 2,42%

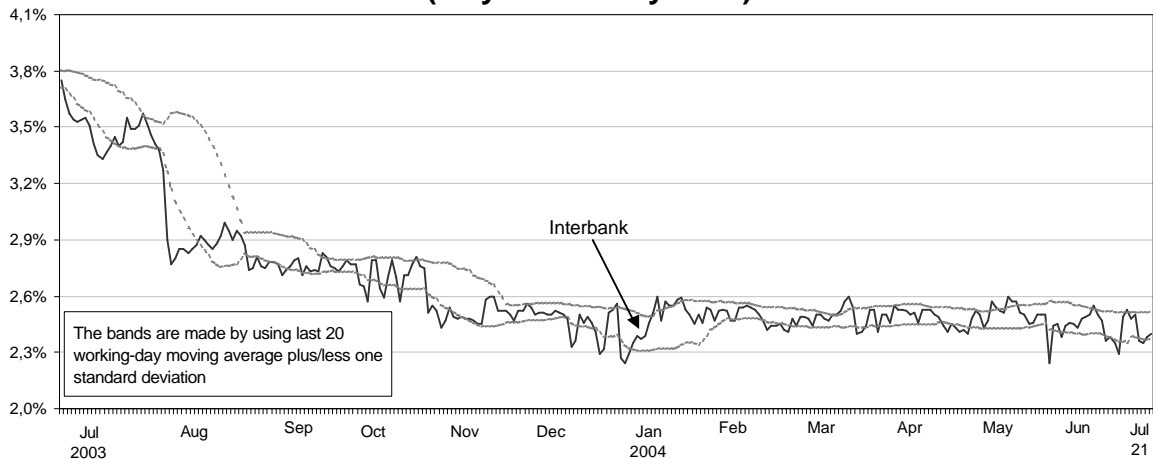
As of **July 21**, the average interbank interest rate in domestic

currency was 2,42%, lower than June's (2,46%).

Interest rates in domestic currency (July 2003 - July 2004)



Interbank interest rate in domestic currency (July 2003 - July 2004)



Monetary operations

As of **July 21**, the daily average balance of banks' liquidity at the Central Bank was S/. 248 million. Between **July 15 and 21**, the Central Bank made the following operations:

- Auctions of CDBCRP with a i) 7-day maturity by S/. 65, 75, and 90 million at average interest rates of 2,63; 2,54; and 2,50%, respectively; ii) 3-month by S/. 40 million at 3,33%; iii) 4-month by S/. 50 million at 3,42%; iv) 6-month by

S/. 15 and 50 million at 3,92 and 3,96%, respectively and v) 7-month by S/. 40 million at 4,09%.

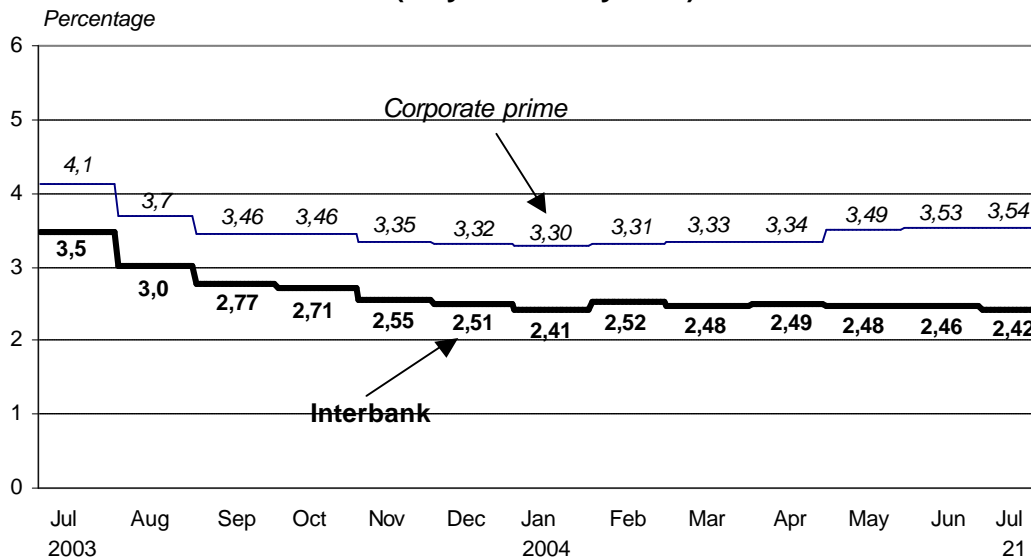
- Purchase of foreign currency over the counter by US\$ 9,5 million at an average exchange rate of S/. 3,437.
- Overnight deposits on July 15, 16, 19, 20 and 21 by S/. 65, 29, 71, 36 and 53 million, respectively.

Corporate prime interest rate at 3,54%

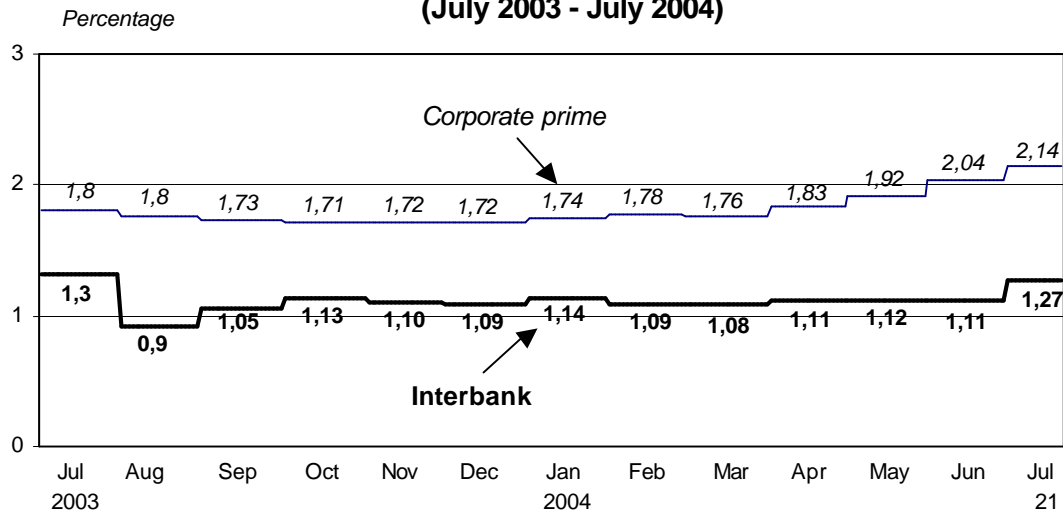
As of **July 21**, the 90-day average corporate prime interest rate in domestic currency rose to 3,53% from 3,54% in June

whereas the rate in dollars from 2,04 to 2,14%, over the same period.

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



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



Exchange rate: S/. 3,426

Between July 14 and 21, the exchange rate appreciated from S/. 3,441 to S/. 3,426 due to a higher stationary currency demand to carry out tax and national holiday expenditures. Between end-June and July

21, the **balance of net forward sales** decreased US\$ 8 million whereas the **bank's exchange position** dropped in US\$ 23 million.

BANKS' EXCHANGE POSITION
(Millions of US\$)

| | December 2002 | December 2003 | June 2004 | July 21 |
|--|------------------|------------------|--------------|------------|
| a. Net sales to the public (i-ii) | 905 | 607 | 542 | 535 |
| i. Forward sales to the public | 1 141 | 834 | 1 061 | 1 050 |
| ii. Forward purchases to the public | 236 | 227 | 518 | 516 |
| b. Banks' exchange position | 643 | 536 | 610 | 577 |

Monetary base as of July 15, 2004

The **monetary base** balance as of July 15 was S/. 7 838 million, up 4,8% (S/. 362 million) from end-June. In average terms, the year on year rate of growth of the monetary base was 19,6% compared with 20,6% in June.

The operations that expanded the monetary base were the reduction of public sector deposits (S/. 510 million),

foreign currency purchases over the counter (US\$ 38 or S/. 131 million) and lower overnight deposits of financial enterprises (S/. 18 million). These operations were partially offset by the net issuing of CDBCRP (S/. 54 million), the redemption of temporary purchases of securities (S/. 75 million) and US\$ 50 million (S/. 173 million) sold to the public sector.

Banking system monetary accounts: June 2004

During June, liquidity in **domestic currency** plunged 0,3% (S/. 64 million) to a balance of S/. 20 585 million. Credit to the private sector in the same currency augmented in 0,8% (S/. 83 million) to S/. 10 530 million. However, in annual terms these aggregates grew by 13,6 and 3,9%, respectively.

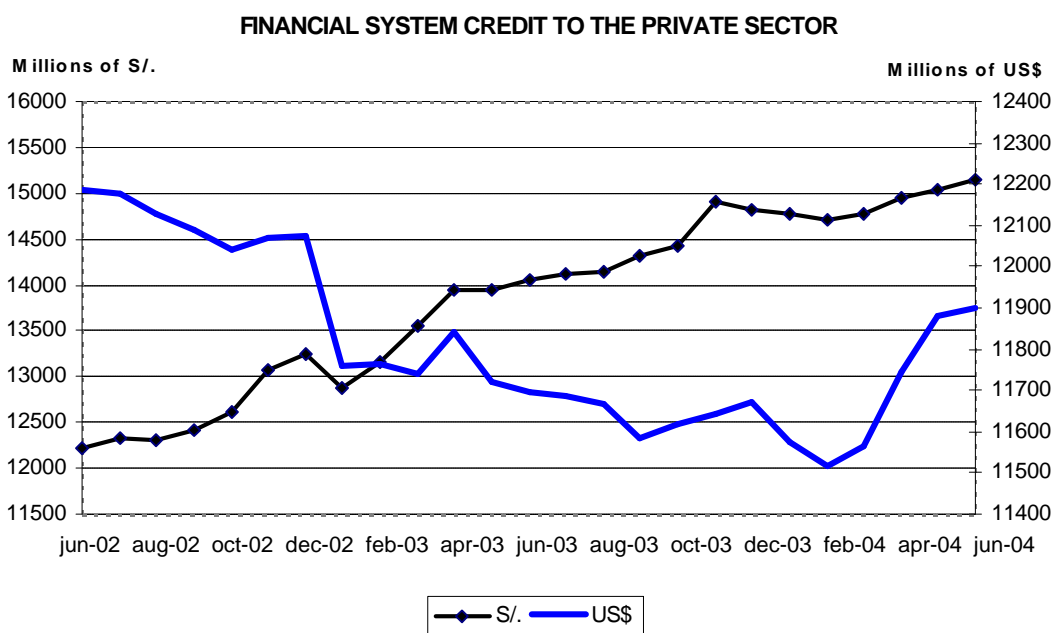
Liquidity in **foreign currency** rose 3,0% (US\$ 275 million) to US\$ 9 501 million, down 1,6% from a year ago. Credit to the private sector (US\$ 9 904 million) increased US\$ 72 million (0,7%). In annual terms, this aggregate decreased 0,3%.

| 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% | 2,6% | 17,0% | -0,2% | 8,8% | -0,2% | -2,7% | 1,4% | 4,8% | -1,0% | -4,0% |
| Feb. | 0,7% | 14,5% | -0,6% | 13,3% | -0,5% | 4,2% | -2,7% | -5,3% | 1,9% | -3,3% | -0,9% | -4,6% |
| Mar. | 0,7% | 16,6% | 1,2% | 12,7% | 3,2% | 6,0% | 0,0% | -5,1% | -5,4% | 8,0% | 0,6% | -3,6% |
| Apr. | 4,4% | 18,2% | -0,2% | 12,7% | 0,5% | 2,8% | 1,0% | -3,6% | 10,8% | 6,6% | 1,2% | -3,4% |
| May. | 0,7% | 20,3% | 0,2% | 12,1% | -0,4% | 2,0% | -0,6% | -3,4% | 11,7% | 21,7% | 1,3% | -1,2% |
| Jun. | 0,7% | 19,2% | -0,3% | 13,6% | 0,8% | 3,9% | 3,0% | -1,6% | 2,5% | 28,3% | 0,7% | -0,3% |
| Memo: | | | | | | | | | | | | |
| Balance as of May.31 (Mill.S/. or Mill.US\$) | 7 422 | | 20 649 | | 10 447 | | 9 225 | | 850 | | 9 833 | |
| Balance as of Jun.30 (Mill.S/. or Mill.US\$) | 7 476 | | 20 585 | | 10 530 | | 9 501 | | 871 | | 9 904 | |
| 1/ Short term external liabilities of banking enterprises. | | | | | | | | | | | | |

Financial system credit to the private sector

Over June 2004, financial system credit to the private sector increased 0,7% in soles and 0,2% in foreign currency for a fourth

month in a row. The annual rate of growth was 7,7% in soles and 1,8% in dollars.



In June the increase of soles-denominated credit (S/. 108 million) obeyed to the expansion of Banco de la Nación (S/. 41 million), microfinance institutions (S/. 42 million) and institutional investors (S/. 44 million) partially offset by lower banking credit (S/. 14 million). Through last 12 months, credit expanded in S/. 1 087 million: S/. 506 million from institutional investors; S/. 512 million from microfinance

institutions and S/. 331 million from Banco de la Nación; partially offset by lower banking credit (S/. 125 million) and leasing companies and others (S/. 137 million). As a result, the annual rate of expansion in the microfinance institutions decreased from 25,3% in December 2003 to 15,7% in June 2004. A similar pattern was observed among institutional investors (which fell from 31,9% to 28,5%).

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN LOCAL CURRENCY

| | Millions of nuevos soles | | | Percentage change | |
|---|--------------------------|---------------|---------------|-------------------|-------------------|
| | Jun 03 | May 03 | Jun 04 | Jun 04/ Jun 03 | Jun 04/ May 04 |
| Commercial banks 1/ Banco de la Nación | 8 158 442 | 8 047 732 | 8 033 773 | -1,5 74,8 | -0,2 5,7 |
| Microfinance institutions | 3 261 | 3 731 | 3 773 | 15,7 | 1,1 |
| Banks (microfinance credits) | 663 | 951 | 961 | 45,0 | 1,0 |
| Local government S&Ls | 944 | 1 174 | 1 182 | 25,1 | 0,6 |
| Rural S&Ls | 150 | 205 | 211 | 40,5 | 2,9 |
| Cooperatives | 423 | 456 | 456 | 7,9 | - |
| Edpymes | 145 | 178 | 181 | 24,8 | 1,9 |
| Financial companies | 936 | 766 | 782 | -16,5 | 2,0 |
| Institutional investors 2/ | 1 777 | 2 239 | 2 283 | 28,5 | 2,0 |
| AFPS | 1 210 | 1 452 | 1 494 | 23,5 | 2,9 |
| Insurance companies | 501 | 599 | 601 | 19,9 | 0,4 |
| Mutual funds | 65 | 188 | 188 | 189,1 | -0,2 |
| Leasing companies and others | 413 | 281 | 276 | -33,3 | -2,0 |
| Total Financial System | 14 051 | 15 030 | 15 138 | 7,7 | 0,7 |

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

The expansion of dollar-denominated credits (US\$ 21 million) was mainly recorded among banking enterprises (US\$ 58 million), microfinance institutions (US\$ 12 million), partially offset by a lower credit from institutional investors (US\$ 45 million). Through last 12 month, credit in

dollars increased US\$ 205 million, due to the expansion of institutional investors credit (US\$ 193 million) and microfinance institutions (US\$ 102 million) that counteracted the fall of banking enterprises (US\$ 15 million) and leasing companies (US\$ 74 million).

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY

| | Millions of US dollars | | | Percentage change | |
|---|------------------------|---------------|---------------|-------------------|-------------------|
| | Jun 03 | May 04 | Jun 04 | Jun 04/ Jun 03 | Jun 04/ May 04 |
| Commercial banks 1/ Banco de la Nación | 9 591 23 | 9 518 22 | 9 576 22 | -0,2 -1,3 | 0,6 -0,0 |
| Microfinance institutions | 450 | 539 | 552 | 22,6 | 2,4 |
| Banks (microfinance credits) | 85 | 94 | 98 | 15,7 | 4,8 |
| Local government S&Ls | 140 | 206 | 213 | 52,5 | 3,2 |
| Rural S&Ls | 43 | 46 | 47 | 10,5 | 3,9 |
| Cooperatives | 106 | 122 | 122 | 14,2 | - |
| Edpymes | 35 | 42 | 43 | 22,8 | 1,5 |
| Financial companies | 41 | 29 | 28 | -30,7 | -2,2 |
| Institutional investors 2/ | 948 | 1 186 | 1 141 | 20,4 | -3,9 |
| AFPS | 481 | 570 | 552 | 14,9 | -3,2 |
| Insurance companies | 45 | 60 | 59 | 30,7 | -1,6 |
| Mutual funds | 422 | 556 | 529 | 25,5 | -4,8 |
| Leasing companies and others | 685 | 614 | 611 | -10,7 | -0,5 |
| Total Financial System | 11 696 | 11 880 | 11 901 | 1,8 | 0,2 |

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

GDP grew by 4,2% in May

GDP recorded a 4,2% growth in may, for 35 months in a row, driven by the non-primary sectors (3,6%), in particular by non-primary manufacturing (5,0%). The primary sectors decelerated compared to previous months due to draughts in agriculture and the lower rate of growth of the mining production.

Over the period June 2003 - May 2004 GDP grew by 3,9% against the same period a year before, 0,2 points above the accumulated pace in April. The trading sector was particularly activity during the period.

GROSS DOMESTIC PRODUCT (Annual growth rates)

| | May | | Cumulative last 12-month | |
|--|--------------|-------------|--------------------------|-------------|
| | 2003 | 2004 | To April 2004 | To May 2004 |
| Agriculture and livestock | 0,2 | -1,6 | 1,0 | 0,8 |
| Agriculture | -0,8 | -3,3 | 0,0 | -0,3 |
| Livestock | 3,2 | 2,4 | 2,5 | 2,4 |
| Fishing | -23,6 | 41,5 | -9,4 | -1,7 |
| Mining and Fuel | 14,0 | 0,4 | 8,8 | 7,7 |
| Metallic mining | 15,8 | 0,9 | 10,1 | 8,9 |
| Natural gas and oil | -3,1 | -5,2 | -4,7 | -4,9 |
| Manufacturing | -0,3 | 6,5 | 2,4 | 3,0 |
| Based on raw materials | -6,4 | 11,8 | -3,3 | -1,6 |
| Non-primary | 1,6 | 5,0 | 4,0 | 4,2 |
| Electricity and water | 3,6 | 3,9 | 4,4 | 4,5 |
| Construction | 4,4 | 3,3 | 5,0 | 4,9 |
| Commerce | -1,3 | 2,3 | 2,2 | 2,5 |
| Other services | 2,9 | 3,8 | 4,2 | 4,2 |
| <u>GROSS AGGREGATED VALUE (GAV)</u> | 1,8 | 3,2 | 3,6 | 3,7 |
| Taxes on products and import duties | 0,6 | 14,5 | 4,6 | 5,7 |
| <u>GDP</u> | 1,7 | 4,2 | 3,7 | 3,9 |
| Primary sector GAV | 1,8 | 2,0 | 2,7 | 2,7 |
| Non-primary sector GAV | 1,8 | 3,6 | 3,8 | 4,0 |
| Memo: | | | | |
| Domestic demand indicator | -0,2 | 5,0 | 3,1 | 3,6 |

In May, **agricultural** output dropped 1,6%, as a consequence of lower production of potato, cause by a lack of rains during the farming and harvest seasons in the highlands; rice due to low sowed area; and a reduction of yields in sugarcane among others. Conversely, production of coffee, cotton, asparagus and poultry increased.

The **fishing** sector grew by 41,5% during May due to the higher extraction for human and industrial consumption, thanks to a

higher volume of grown-up population of anchovy.

The **mining and oil** sector recorded a 0,4% growth, due to higher metallic mining (0,9%). Despite, it should be noted that the production of gold and zinc was reduced 4,7% and 7,6%, respectively. As of the oiling sector, the extraction of petroleum was also reduced.

Manufacturing grew by 6,5%, due to the increased production in non-primary industries (5,0%) and raw material processing (11,8%). The higher production in the fishing industry compensated the fall in sugar and oil processing. Among non-primary industries, the production was

lead by the growth in the construction industry.

The fastest growing subsectors where furniture and wood, building materials, dairy products and jewelry.

**Industries with higher increases
May 2004**

| CIIU | Var. % | |
|---|--------|---------------|
| | Year | Contrib. % 1/ |
| Furniture | 23,0 | 1,0 |
| Building materials | 19,7 | 0,6 |
| Dairy products | 25,7 | 0,6 |
| Miscellaneous manufacturing products | 20,7 | 0,5 |
| Cement | 12,8 | 0,5 |
| Fertilizers, pesticides, plastics in primary form | 33,9 | 0,5 |
| Knitted fabrics and articles | 12,7 | 0,4 |
| Paper and paperboard | 29,5 | 0,4 |
| Beer and malt | 24,6 | 0,4 |
| Cleaning and polishing products | 17,3 | 0,4 |
| Manufacture of motor vehicles | 49,1 | 0,4 |
| Basic chemicals | 16,5 | 0,3 |
| Wearing appareals | 3,3 | 0,3 |
| Yarns, threads and finished textiles | 4,0 | 0,2 |
| Explosives and natural and chemical essences | 6,4 | 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, and bakery.

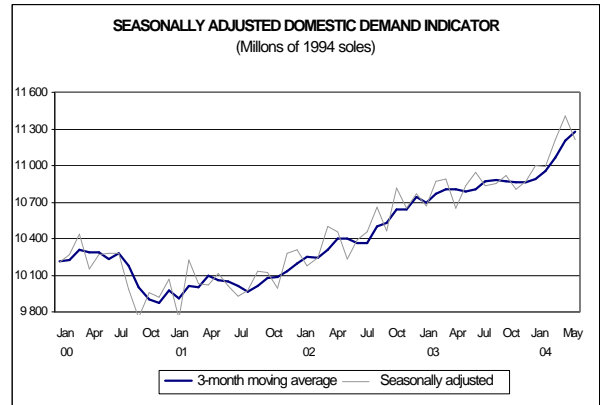
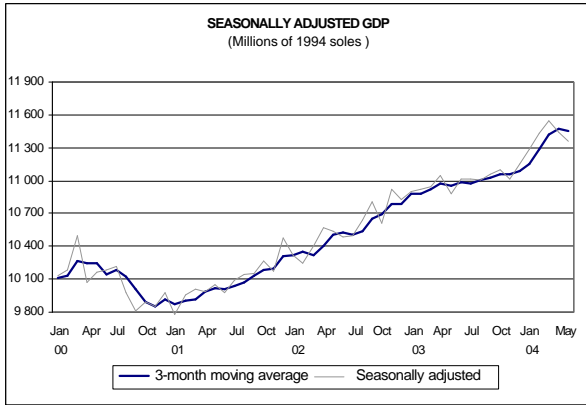
Construction increased by 3,3% This is due to the housing programs in the northern region.

**Industries with higher decreases
May 2004**

| CIIU | Var. % | |
|--|--------|---------------|
| | Year | Contrib. % 1/ |
| Pharmaceutical products | -38,6 | -1,0 |
| Grain mill , bakery and farinaceuos products | -9,1 | -1,0 |
| Machinery and equipment | -39,0 | -0,5 |

1/ Percent contribution to non primary manufacturing

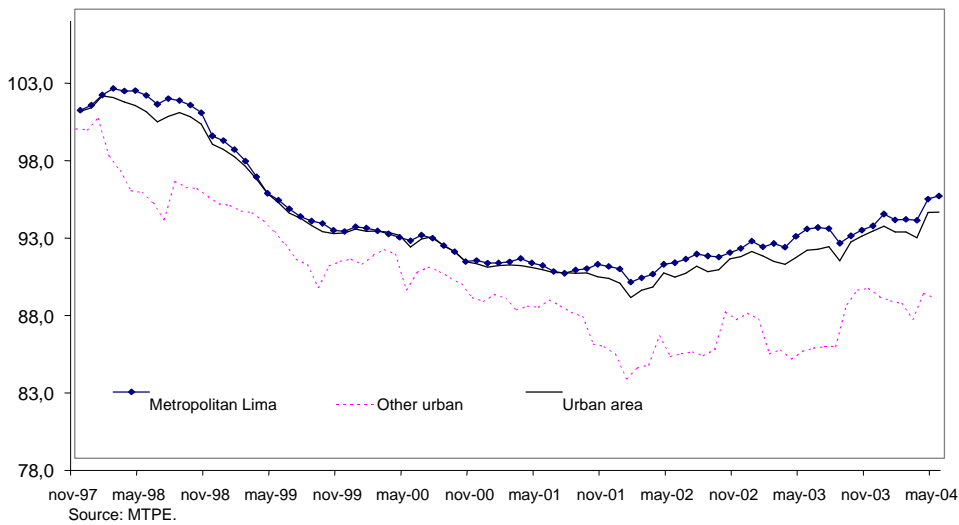
Source: Ministerio de la Producción.



In May, urban employment in firms with 10 or more workers grew by 2,7%, in urban areas according to the Ministry of Labor.

This increase stood out in manufacturing (2,5%), services (3,8%). During the same period, employment in Lima grew by 2,3%.

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



By cities, employment in Piura grew by 6,2% due to a more dynamic industry transport and service activity; 15,3% in Ica,

reflecting the boost in agriculture and trade; 2,5% in Arequipa textile industry.

URBAN EMPLOYMENT BY MAIN CITIES IN ENTERPRISES WITH 10 AND MORE WORKERS

(Annual percentage change)

| | May 2004/ May 2003 | Jan. - May. 2004/ Jan. - May. 2003 |
|-------------------|-----------------------|---------------------------------------|
| Urban Peru | 2,7 | 2,3 |
| Metropolitan Lima | 2,3 | 2,1 |
| Other Urban | 4,0 | 3,3 |
| Arequipa | 2,5 | 1,8 |
| Cajamarca | 9,2 | 3,2 |
| Chiclayo | 0,4 | -0,1 |
| Chimbote | 4,3 | 5,3 |
| Chincha | 5,6 | 4,4 |
| Cusco | 0,7 | -0,5 |
| Huancayo | 5,9 | 1,7 |
| Ica | 15,3 | 11,8 |
| Iquitos | 5,7 | 3,3 |
| Paíta | 0,9 | 11,5 |
| Pisco | -3,1 | -2,9 |
| Piura | 6,2 | 5,4 |
| Pucallpa | 0,9 | -1,4 |
| Puno | -5,6 | -5,8 |
| Tacna | -0,8 | -3,0 |
| Tarapoto | 1,1 | -1,0 |
| Trujillo | 4,2 | 6,8 |

Source: MTPE, Monthly Statistical Report.

June outlook

Preliminary data for June indicates that:

- Anchovy catch rose 48,2%, according to IMARPE.
- Crude oil declined 6,0% whereas natural gas extraction boosted by 46,7%. Source: Perúpetro.
- Local sales of cement increased 6,7%. Source: Asocem.
- Energy production grew by 5,2%, according to COES.
- Sunat reported that the excise tax collection rose 22,6%, whereas duty collection increased 8,5%.

Central government overall deficit of S/. 179 million in June

As of June 2004, central government operations through last 12 months recorded a S/. 2 147 million primary surplus, compared with the S/. 436 million surplus over the period July 2002 - June 2003. The latter was explained by the S/. 3 027 million increase of current revenue (10%) that exceeded the expansion of non-financial expenditure in S/. 1 419 million (5%). Cumulative interests (S/. 4 446 million) grew by 7%; hence, the overall deficit, S/. 2 246 million, was S/. 1 421 million lower than a year ago.

In June, **central government operations** recorded a S/. 179 million overall deficit, compared with the S/. 621 million deficit a year ago. The primary surplus reached S/. 416 million, S/. 401 million higher than June of 2003, due to the increase in current revenue (16% in real terms) as opposed to the non-financial expenditure that stayed constant in real terms. Also, interest payments amounted to S/. 595 million, lower 10% from a year ago.

CENTRAL GOVERNMENT OPERATIONS (Millions of Nuevos Soles)

| | Monthly data | | | Jul 2002 | Jun 2003 | Jul 2003 | C/A | C/B |
|-------------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|-------------|-------------|
| | June 2003 | June 2004 | % real var. | Jun 2003 A | May 2004 B | Jun 2004 C | | |
| 1. CURRENT REVENUES | 2 423 | 2 927 | 15,9 | 30 470 | 32 994 | 33 497 | 9,9 | 1,5 |
| 2. NON-FINANCIAL EXPENDITURE | 2 411 | 2 518 | 0,2 | 30 332 | 31 648 | 31 756 | 4,7 | 0,3 |
| A. CURRENT EXPENDITURE | 2 051 | 2 232 | 4,4 | 26 360 | 27 856 | 28 037 | 6,4 | 0,7 |
| B. CAPITAL EXPENDITURE | 360 | 286 | -23,7 | 3 972 | 3 792 | 3 718 | -6,4 | -1,9 |
| 3. CAPITAL REVENUES | 3 | 7 | 165,2 | 298 | 400 | 405 | 35,8 | 1,2 |
| 4. PRIMARY BALANCE | 15 | 416 | 2553,0 | 436 | 1 746 | 2 147 | | |
| 5. INTEREST PAYMENTS | 636 | 595 | -10,3 | 4 102 | 4 434 | 4 393 | 7,1 | -0,9 |
| 6. OVERALL BALANCE | -621 | -179 | | -3 667 | -2 689 | -2 246 | | |
| 7. NET FINANCING | 621 | 179 | | 3 667 | 2 689 | 2 246 | | |
| 1. External | -500 | -313 | | 3 429 | 2 871 | 3 057 | | |
| A. Disbursements | 124 | 371 | | 6 842 | 7 202 | 7 449 | | |
| B. Amortizations | -624 | -684 | | -3 413 | -4 331 | -4 391 | | |
| 2. Domestic | 1 117 | 485 | | -884 | -588 | -1 220 | | |
| 3. Privatization | 4 | 7 | | 1 121 | 406 | 409 | | |

* Last 12 month figures are presented in order to avoid monthly volatility. Monthly data is presented in the Nota Semanal (Weekly Report).

June **current revenue** amounted to S/. 2 927 million, up 16% from June 2003. **Tax revenue** increased 16%, due to greater collection of IGV (19%), duties (4%), income tax (7%), excise taxes (18%), partially offset by higher tax refunds (11%). On the other hand, **non-tax revenue** expanded 12%. Overall this growth reflects the an increase in the effective tax rate and the economy's greater production.

Non-financial expenditure totaled S/. 2 518 million, up S/. 107 million from June 2003, reflecting the increase in current expenditure (S/. 181 million or 4%)

and a decrease in capital expenditure (S/. 74 million or -24%) that nevertheless was 10% higher than the executed in May.

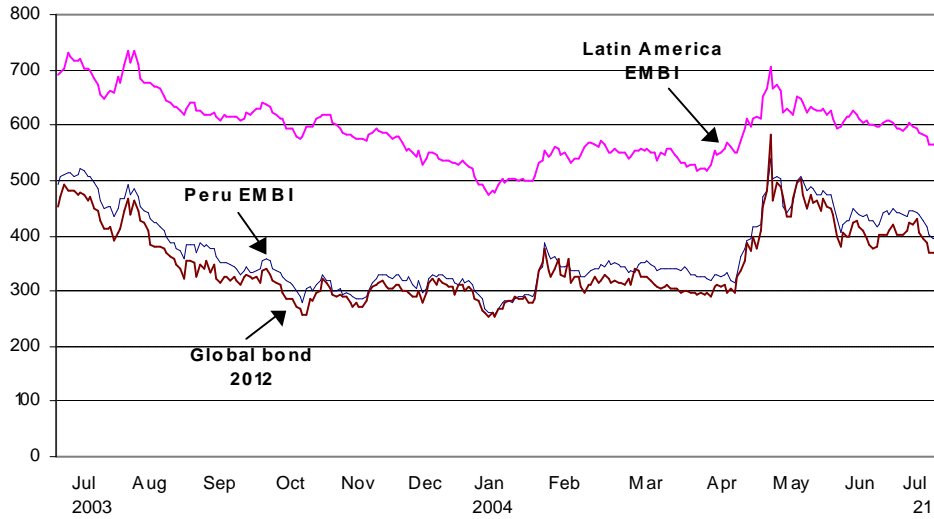
External financing was negative (US\$ 90 million) because US\$ 107 were received as disbursements and US\$ 197 million was paid as amortization. Meanwhile, **internal financing** amounted S/. 485 million. S/. 110 million was issued as sovereign debt and S/. 445 million was paid as amortization. Deposits in the Public Treasury augmented in S/. 107 million while US\$ 268 million were reduced to attend the foreign debt.

Spread of Global bond 2012 at 4,02%

As of **July 21**, the spread of the Peruvian Global 10-year bond was 4,02%, down from June (4,08%), whereas the spread of

the EMBI+ sovereign bond dropped from 4,39 to 4,08%.

Country risk indicators
(July 2003 - July 2004)



International markets

Between July 14 and 21, the **gold** quotation decreased 2,1% to US\$ 396 per

Troy ounce due to the appreciation of the US dollar.

Gold quotation
(July 2003 - July 2004)



The **copper** quotation augmented 0,3% (US\$ 1,28 per pound) due to the strike in Mexican mine La Caridad and the threat of another one in Cananea, part of the same

firm (Grupo Mexico). Over this week, LME inventories dropped from 96 to 92 thousand MT.

Copper quotation



In the period under analysis, the **zinc** quotation decreased 2,5% to US\$ 0,44 per

pound. LME zinc inventories fell from 718 to 707 thousand MT.

Zinc quotation



The **WTI oil** price dropped by 0,6% (to US\$ 40,7 per barrel). According to the International Energy Agency gasoline US

inventories grew by 2,5 million barrels reaching a total stock of 208 million, the highest level since mid-January.

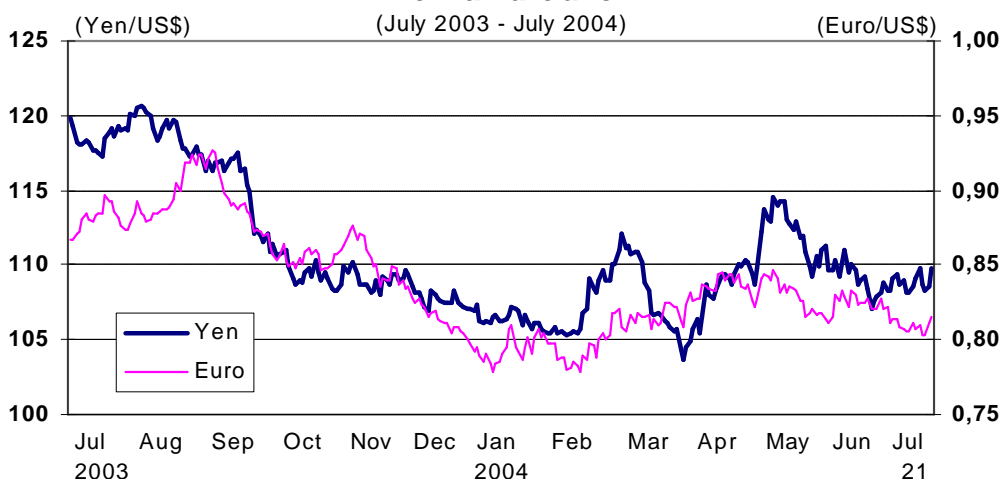
WTI oil quotation



The **US dollar** appreciated by 0,9% and 0,5% against the **euro** and **yen** respectively. The former due to Alan

Greenspan's comments on the safe future of the US economy.

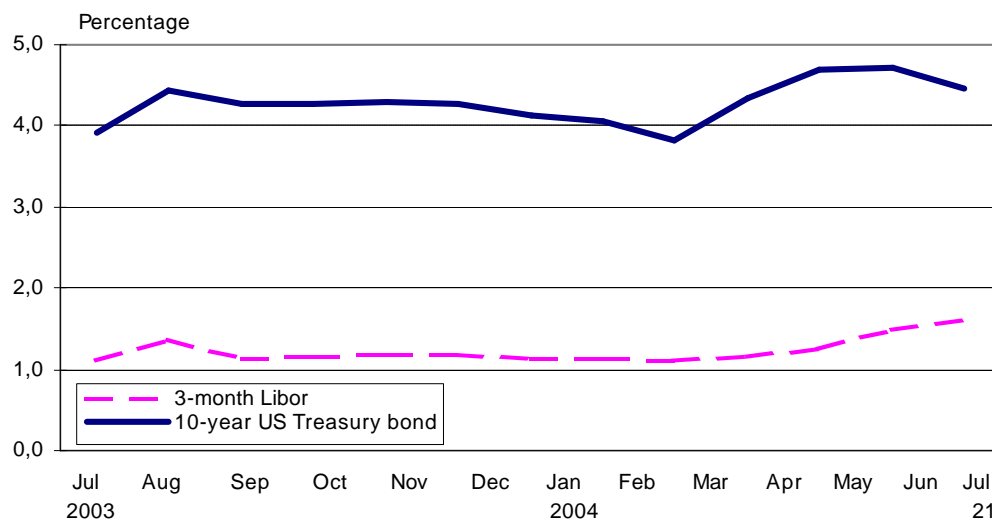
Yen and euro



The past week, the **3-month Libor** raised from 1,61% to 1,65%, whereas the **yield of US Treasury bonds with a 10 year maturity** fell from 4,48% to 4,47. The US CPI index augmented by 0,3% higher than the 0,2% expected rate. Basically

explained by the price of Energy (2,6%). As of the core inflation, it increased 0,1 lower than the expected rate of 0,2%. (On the last twelve months basis, mounting 1,9%).

Libor and yield of 10-year matured US Treasury bond
(July 2003 - July 2004)

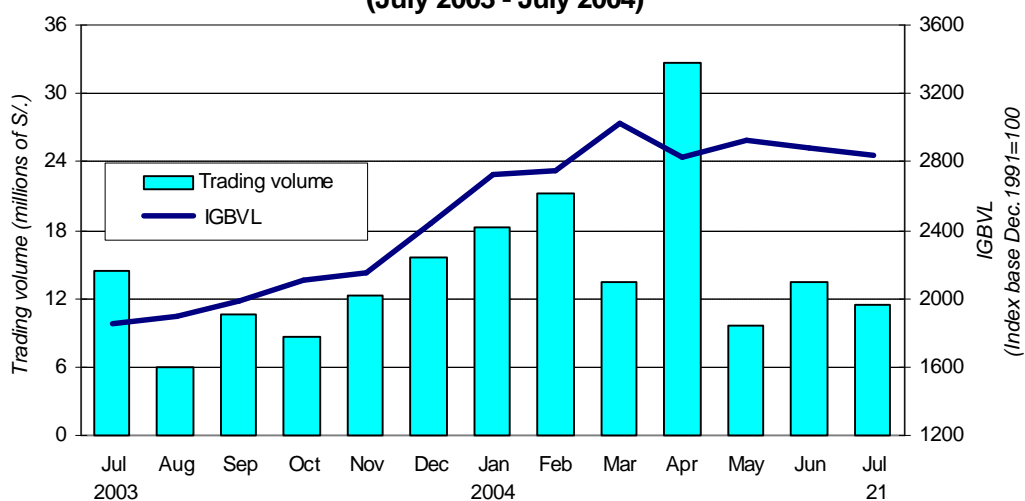


Lima Stock Exchange (LSE)

As of July 21, the LSE decreased 1,8% in its **General Index** and 1,5% in the **Blue Chip Index**. In the year these indices

record cumulative increases of 16,4% and 17,9%, respectively.

LSE indicators
(July 2003 - July 2004)



Indicadores Económicos / Economic Indicators

| | 2003 | | | | | | | 2004 | | | | | | |
|--|--------|--------|--------|--------|--------|--------|---------|-------|---------|---------|---------|---------|---------|-------|
| | DIC. | ENE. | FEB. | MAR. | ABR. | MAY. | 30 Jun. | JUN. | 15 Jul. | 16 Jul. | 19 Jul. | 20 Jul. | 21 Jul. | JUL. |
| RESERVAS INTERNACIONALES (Mills. US\$) / INTERNATIONAL RESERVES | Var. | | | | | | | | | | | | | |
| Posición de cambio / Net international position | 4 583 | 4 914 | 4 972 | 5 235 | 5 201 | 5 169 | 5 199 | 30 | 5 206 | 5 212 | 5 211 | 5 204 | | 4 |
| Reservas internacionales netas / Net international reserves | 10 194 | 10 564 | 10 503 | 10 411 | 10 471 | 10 824 | 10 855 | 31 | 11 019 | 11 058 | 11 111 | 11 103 | | 248 |
| Depósitos del sistema financiero en el BCR / Financial system deposits at BCR | 2 892 | 3 033 | 2 969 | 2 776 | 2 831 | 2 804 | 3 087 | 283 | 3 200 | 3 232 | 3 276 | 3 272 | | 185 |
| Empresas bancarias / Banks | 2 687 | 2 857 | 2 792 | 2 611 | 2 661 | 2 619 | 2 884 | 266 | 3 018 | 3 045 | 3 090 | 3 100 | | 216 |
| Banco de la Nación / Banco de la Nación | 154 | 120 | 124 | 113 | 115 | 134 | 147 | 14 | 124 | 129 | 128 | 114 | | -33 |
| Resto de instituciones financieras / Other financial institutions | 52 | 56 | 53 | 52 | 55 | 52 | 56 | 4 | 58 | 58 | 58 | 58 | | 3 |
| Depósitos del sector público en el BCR / Public sector deposits at BCR | 2 761 | 2 652 | 2 595 | 2 433 | 2 473 | 2 896 | 2 614 | -282 | 2 649 | 2 648 | 2 653 | 2 657 | | 43 |
| OPERACIONES CAMBIARIAS BCR (MILL. US\$) / BCR FOREIGN OPERATIONS | Acum. | Acum. | Acum. | Acum. | Acum. | Acum. | Acum. | Acum. | Acum. | | | | | Acum. |
| Origen externo de la emisión primaria / External origin of the monetary base | 175 | 339 | 55 | 223 | 11 | -60 | 0 | 22 | 10 | 0 | 0 | 0 | | -12 |
| Compras netas en Mesa de Negociación / Net purchases of foreign currency | 176 | 317 | 96 | 255 | 151 | 0 | 0 | 21 | 10 | 0 | 0 | 0 | | 38 |
| Operaciones swaps netas / Net swap operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Operaciones con el Sector Público / Public sector | 0 | 23 | -40 | -32 | -140 | -60 | 0 | 0 | 0 | 0 | 0 | 0 | | -50 |
| TIPO DE CAMBIO (S/. por US\$) / EXCHANGE RATE | Prom. | Prom. | Prom. | Prom. | Prom. | Prom. | Prom. | Prom. | | | | | | Prom. |
| Compra interbancario/Interbank bid | 3,471 | 3,467 | 3,483 | 3,464 | 3,469 | 3,487 | 3,470 | 3,476 | 3,436 | 3,432 | 3,423 | 3,420 | 3,425 | 3,447 |
| Venta Interbancario | 3,472 | 3,467 | 3,485 | 3,466 | 3,470 | 3,488 | 3,472 | 3,495 | 3,436 | 3,435 | 3,424 | 3,423 | 3,425 | 3,449 |
| Interbank Ask | 3,471 | 3,468 | 3,483 | 3,466 | 3,471 | 3,488 | 3,471 | 3,477 | 3,438 | 3,434 | 3,424 | 3,421 | 3,425 | 3,448 |
| Cierre / Close | 3,471 | 3,468 | 3,483 | 3,465 | 3,471 | 3,488 | 3,468 | 3,477 | 3,438 | 3,428 | 3,423 | 3,424 | 3,427 | 3,447 |
| Promedio / Average | 3,471 | 3,468 | 3,484 | 3,466 | 3,470 | 3,488 | 3,471 | 3,478 | 3,437 | 3,433 | 3,424 | 3,421 | 3,426 | 3,448 |
| Sistema Bancario (SBS) | 3,471 | 3,467 | 3,483 | 3,464 | 3,469 | 3,486 | 3,470 | 3,476 | 3,436 | 3,433 | 3,424 | 3,420 | 3,424 | 3,447 |
| Banking System | 3,472 | 3,468 | 3,484 | 3,466 | 3,470 | 3,488 | 3,472 | 3,478 | 3,437 | 3,435 | 3,425 | 3,421 | 3,426 | 3,448 |
| Índice de tipo de cambio real (1994 = 100) / Real exchange rate Index (1994 = 100) | 106,5 | 107,9 | 107,0 | 105,5 | 105,6 | 104,4 | | 104,4 | | | | | | |
| INDICADORES MONETARIOS / MONETARY INDICATORS | | | | | | | | | | | | | | |
| Moneda nacional / Domestic currency | | | | | | | | | | | | | | |
| Emisión Primaria (Var. % mensual) / (% monthly change) | 11,5 | -6,4 | 0,7 | 0,7 | 4,4 | 0,7 | 0,7 | 0,7 | | | | | | |
| Monetary base (Var. % últimos 12 meses) / (% 12-month change) | 10,1 | 13,4 | 14,5 | 16,6 | 18,2 | 20,3 | 19,2 | 19,2 | | | | | | |
| Oferta monetaria (Var. % mensual) / (% monthly change) | 3,6 | 2,6 | -0,6 | 1,2 | -0,2 | 0,2 | -0,3 | -0,3 | | | | | | |
| Money Supply (Var. % últimos 12 meses) / (% 12-month change) | 10,5 | 17,0 | 13,3 | 12,7 | 12,7 | 12,1 | 13,6 | 13,6 | | | | | | |
| Crédito sector privado (Var. % mensual) / (% monthly change) | -1,2 | -0,2 | -0,5 | 3,2 | 0,5 | -0,4 | 0,8 | 0,8 | | | | | | |
| Crédit to the private sector (Var. % últimos 12 meses) / (% 12-month change) | 5,1 | 8,8 | 4,2 | 6,0 | 2,8 | 2,0 | 3,9 | 3,9 | | | | | | |
| TOSE saldo fin de período (Var. % acum. en el mes) / TOSE balance (% change) | -0,8 | 1,6 | -0,6 | 3,2 | -3,7 | 1,7 | 0,4 | 0,4 | 2,6 | 1,9 | 1,4 | | | |
| Superávit de encaje promedio (% respecto al TOSE) / Average reserve surplus (% of TOSE) | 0,2 | 0,5 | 0,5 | 0,2 | 0,4 | 0,5 | 0,5 | 0,5 | 1,2 | 1,0 | 1,1 | | | |
| Cuenta corriente de los bancos (saldo mill. S./) / Banks' current account (balance) | 192 | 172 | 184 | 182 | 197 | 169 | 69 | 196 | 217 | 251 | 78 | 44 | 38 | |
| Créditos por regulación monetaria (millones de S./) / Rediscounts (Millions of S./) | 0 | 0 | 0 | 0 | 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./) | 1 196 | 1 549 | 1 756 | 2 000 | 2 389 | 2 254 | 2 286 | 2 286 | 1 776 | 1 617 | 1 642 | 1 603 | n.d. | |
| Certificados de Depósitos BCRP (saldo Mill.S./) / CDBCRP balance (Millions of S./) | 4 097 | 5 789 | 5 489 | 5 998 | 5 743 | 5 348 | 5 188 | 5 188 | 5 242 | 5 122 | 5 227 | 5 357 | 5 191 | |
| Operaciones de reporte (saldo Mill. S./) / repos (Balance millions of S./) | 0 | 312 | 85 | 70 | 440 | 160 | 75 | 75 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tasa de interés (%) | 13,97 | 14,47 | 14,89 | 14,76 | 14,21 | 14,49 | 14,52 | 14,74 | 14,55 | 14,47 | 14,41 | 14,36 | 14,23 | 14,58 |
| Interbancaria / Interbank | 2,51 | 2,41 | 2,52 | 2,48 | 2,49 | 2,48 | 2,50 | 2,46 | 2,50 | 2,46 | 2,35 | 2,38 | 2,40 | 2,42 |
| Preferencial corporativa a 90 días / Corporate Prime | 3,32 | 3,30 | 3,31 | 3,33 | 3,34 | 3,49 | 3,52 | 3,53 | 3,55 | 3,55 | 3,55 | 3,55 | 3,55 | 3,54 |
| Operaciones de reporte con CDBCRP / CDBCRP repos | s.m. | 2,49 | 2,56 | 2,55 | 2,54 | 2,53 | 2,51 | 2,51 | s.m. | s.m. | s.m. | s.m. | s.m. | s.m. |
| Créditos por regulación monetaria / Rediscounts ** | 3,25 | 3,25 | 3,25 | 3,25 | 3,25 | 3,25 | 3,25 | 3,25 | 3,25 | 3,25 | 3,25 | 3,25 | 3,25 | 3,25 |
| Del saldo de CDBCRP / CDBCRP balance | 3,91 | 3,72 | 3,70 | 3,64 | 3,70 | 3,71 | 3,76 | 3,76 | 3,62 | 3,64 | 3,64 | 3,63 | 3,66 | |
| Moneda extranjera / foreign currency | | | | | | | | | | | | | | |
| Crédito sector privado (Var. % mensual) / (% monthly change) | -0,6 | -1,0 | -0,9 | 0,6 | 1,2 | 1,3 | 0,7 | 0,7 | | | | | | |
| Crédit to the private sector (Var. % últimos 12 meses) / (% 12-month change) | -5,8 | -4,0 | -4,6 | -3,6 | -3,4 | -1,2 | -0,3 | -0,3 | | | | | | |
| TOSE saldo fin de período (Var. % acum. en el mes) / TOSE balance (% change) | 0,2 | -0,3 | -3,1 | 0,3 | 1,3 | 0,2 | 3,4 | 3,4 | 2,0 | 1,9 | 2,0 | | | |
| Superávit de encaje promedio (% respecto al TOSE) / Average reserve surplus (% of TOSE) | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 | 1,8 | 1,9 | 2,4 | | | |
| Créditos por regulación monetaria (millones de US dólares) / Rediscounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tasa de interés (%) | 7,26 | 7,30 | 7,14 | 7,30 | 7,10 | 6,91 | 6,65 | 6,67 | 6,63 | 6,64 | 6,64 | 6,64 | 6,64 | 6,64 |
| Interbancaria / Interbank | 1,09 | 1,14 | 1,09 | 1,08 | 1,11 | 1,12 | 1,15 | 1,11 | 1,24 | 1,25 | 1,20 | 1,20 | 1,26 | 1,27 |
| Preferencial corporativa a 90 días / Corporate Prime | 1,72 | 1,74 | 1,78 | 1,76 | 1,83 | 1,92 | 2,11 | 2,04 | 2,14 | 2,14 | 2,14 | 2,14 | 2,14 | 2,14 |
| Créditos por regulación monetaria / Rediscounts *** | s.m. | s.m. | s.m. | s.m. | s.m. | s.m. | 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. | Acum. | Acum. | Acum. | | | | | | Acum. |
| Índice General Bursátil (Var. %) / General Index (% change) | 13,4 | 12,1 | 0,7 | 10,5 | -6,9 | 3,5 | 0,1 | -1,4 | 0,0 | 0,0 | -0,8 | -0,8 | -0,2 | -1,8 |
| Índice Selectivo Bursátil (Var. %) / Blue Chip Index (% change) | 16,2 | 11,9 | 3,8 | 10,4 | -9,0 | 3,7 | 0,1 | -2,7 | -0,0 | 0,0 | -0,9 | -0,6 | -0,2 | -1,5 |
| Monto negociado en acciones (Mill. S.) - Prom. diario | 15,7 | 18,2 | 21,3 | 13,4 | 32,6 | 9,6 | 3,3 | 13,5 | 4,3 | 5,8 | 2,9 | 7,4 | 5,8 | 11,4 |
| INFLACIÓN (%) / INFLATION (%) | | | | | | | | | | | | | | |
| Inflación mensual / Monthly | 0,56 | 0,54 | 1,09 | 0,46 | -0,02 | 0,35 | | 0,56 | | | | | | |
| Inflación últimos 12 meses / % 12 months change | 2,48 | 2,80 | 3,43 | 2,76 | 2,78 | 3,18 | | 4,26 | | | | | | |
| GOBIERNO CENTRAL (MILL. S.) / CENTRAL GOVERNMENT (Mills. of S.) | | | | | | | | | | | | | | |
| Resultado primario / Primary balance | -740 | 749 | 390 | 242 | -439 | 469 | | 416 | | | | | | |
| Ingresos corrientes / Current revenue | 2 963 | 2 740 | 2 533 | 2 862 | 3 260 | 2 994 | | 2 927 | | | | | | |
| Gastos no financieros / Non-financial expenditure | 3 827 | 1 998 | 2 151 | 2 626 | 2 856 | 2 536 | | 2 518 | | | | | | |
| COMERCIO EXTERIOR (Mills. US\$) / FOREIGN TRADE (Mills. of US\$) | | | | | | | | | | | | | | |
| Balanza Comercial / Trade balance | 184 | 143 | 223 | 193 | 49 | 218 | | | | | | | | |
| Exportaciones / Exports | 909 | 840 | 881 | 966 | 873 | 976 | | | | | | | | |
| Importaciones / Imports | 726 | 696 | 658 | 774 | 824 | 758 | | | | | | | | |
| PRODUCTO BRUTO INTERNO (Índice 1994=100) / GROSS DOMESTIC PRODUCT | | | | | | | | | | | | | | |
| Variac. %, respecto al mismo mes del año anterior / Annual rate of growth | 3,2 | 3,6 | 4,6 | 5,5 | 3,3 | 4,2 | | | | | | | | |
| COTIZACIONES INTERNACIONALES / INTERNATIONAL QUOTATIONS | Prom. | Prom. | Prom. | Prom. | Prom. | Prom. | Prom. | Prom. | | | | | | Prom. |
| LIBOR a tres meses (%) / LIBOR 3-month (%) | 1,17 | 1,13 | 1,12 | 1,11 | 1,15 | 1,25 | 1,61 | 1,50 | 1,62 | 1,63 | 1,63 | 1,63 | 1,65 | 1,61 |
| Dow Jones (Var %) / (% change) | 6,53 | 0,33 | 0,91 | -2,14 | -1,28 | -0,36 | 0,21 | 2,42 | -0,45 | -0,23 | -0,45 | 0,54 | -1,01 | -3,73 |
| Rendimiento de los U.S. Treasuries (10 años) / U.S. Treasuries yield (10 years) | 4,26 | 4,13 | 4,06 | 3,81 | 4,34 | 4,70 | 4,58 | 4,73 | 4,48 | 4,35 | 4,35 | 4,45 | 4,47 | 4,46 |
| Striped spread del EMBI+ PERÚ (pbs) / EMBI+ PERU striped spread (basis points) | 318 | 288 | 346 | 344 | 338 | 475 | 439 | 438 | 414 | 402 | 395 | 397 | 412 | 428 |
| Bono Global 2012 - Perú (en pbs) / Global Bond 2012 - Peru (basis points) | 304 | 282 | 328 | 315 | 314 | 463 | 408 | 411 | 387 | 369 | 370 | 370 | 402 | 400 |

* Incluye depósitos de Promocpi, 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.

** Corresponde a la mayor tasa entre 3,25% o la tasa interbancaria del día.

*** 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, Sumat, SBS, Reuters y Bloomberg.