

CENTRAL RESERVE BANK OF PERU

WEEKLY REPORT

Nº 45 – November 12, 2004

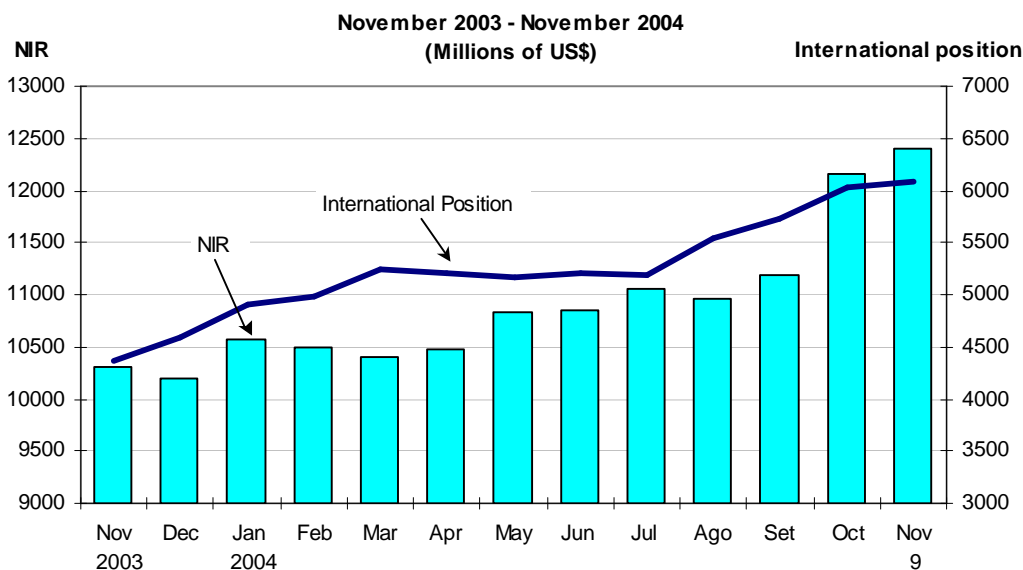
Net international reserves at US\$ 12 396 million

As of **November 9**, net international reserves (NIR) amounted to US\$ 12 396 million, up US\$ 231 million from end-October. This increase was mainly due to higher financial system deposits (US\$ 161 million), net foreign exchange purchases (US\$ 96 million) and investment yield (US\$ 18 million) which were partially offset

by foreign exchange sales to the public sector (US\$ 40 million) and lower public sector deposits (US\$ 3 million).

Starting this year, NIRs have increased US\$ 2 202 million, whereas the **Central Bank's international position** (US\$ 6 091 million) grew by US\$ 1 508 million.

Net international reserve and international position of the Central Reserve Bank

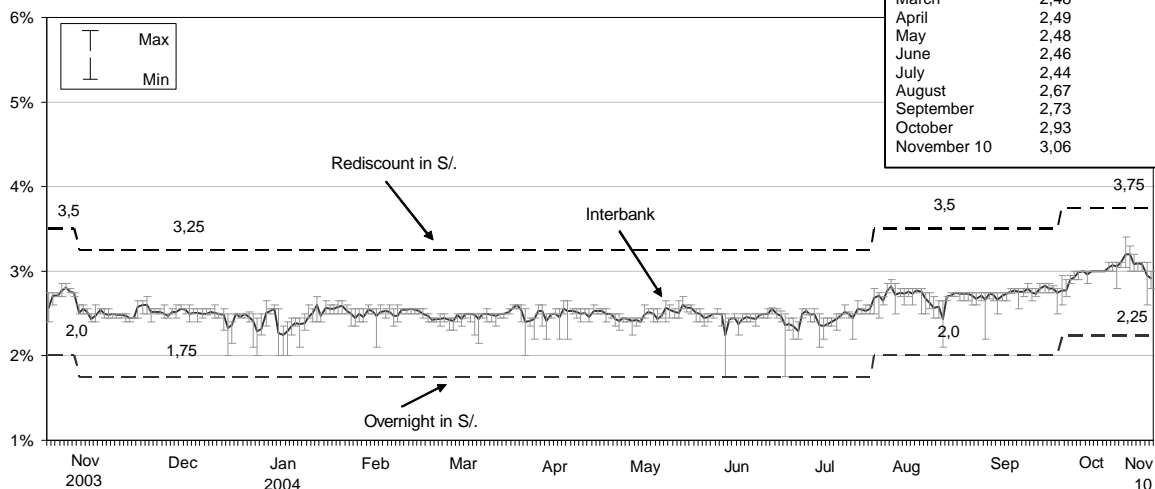


Interbank interest rate at 3,06%

As of **November 10**, the average interbank interest rate in domestic

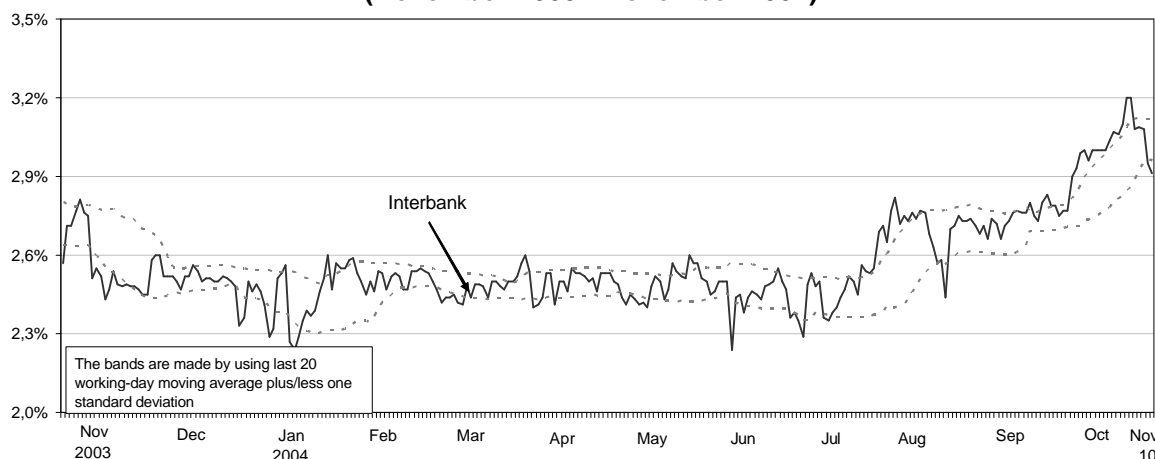
currency was 3,06%, higher than October's (2,93%).

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



Interbank interest rate (percent)		
	Average	Standard Deviation
December 2003	2,51	0,05
January 2004	2,41	0,10
February	2,52	0,04
March	2,48	0,04
April	2,49	0,06
May	2,48	0,05
June	2,46	0,07
July	2,44	0,07
August	2,67	0,10
September	2,73	0,03
October	2,93	0,12
November 10	3,06	0,11

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



Monetary operations

As of **November 10**, the daily average balance of banks' liquidity at the Central Bank was S/. 404 million. Between **November 4 and 10**, the Central Bank made the following operations:

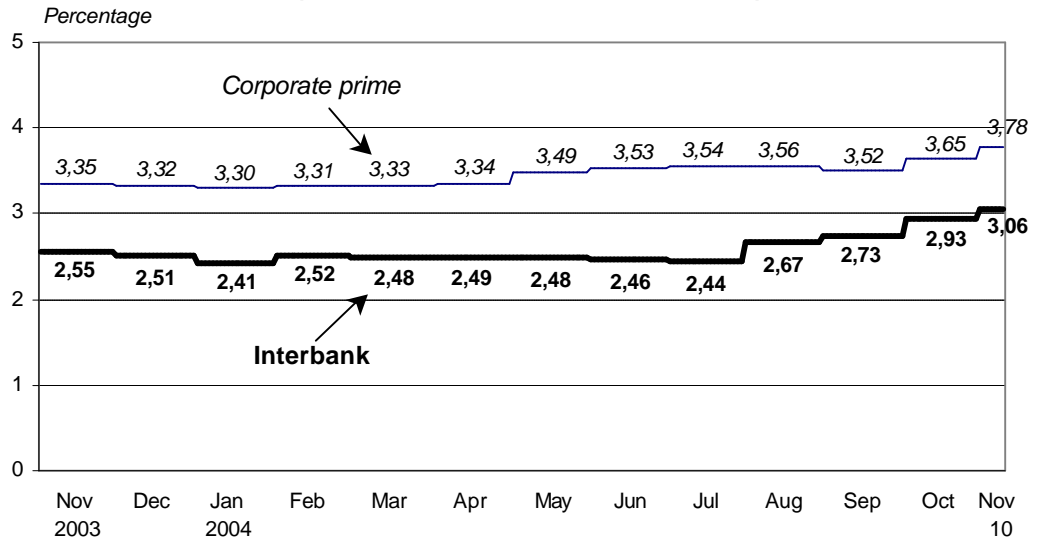
- Auctions of CDBCRP with a: i) 7-day maturity by S/. 190 and S/. 225 million at an average interest rate of 3,11% and 3,07%, respectively; ii) 6-month by S/. 100 million at 4,00%; iii) 7-month by S/. 60 million at 4,16%; iv) 1-year by S/. 40 million at 4,64% and v) 18-month by S/. 30 million at 5,34%.
- Auctions of temporary purchase of CDBCRP and Treasury bonds with a: i) 1-day maturity by S/. 345 million at an average interest rate of 3,07%.
- Foreign currency purchase over-the-counter mechanism by US\$ 87 million at an average exchange rate of S/. 3,311 per dollar.
- Overnight deposits on November 5, 8, 9 and 10 by S/. 77, S/. 85, S/. 137 and S/. 72 million, respectively.

Corporate prime interest rate at 3,78%

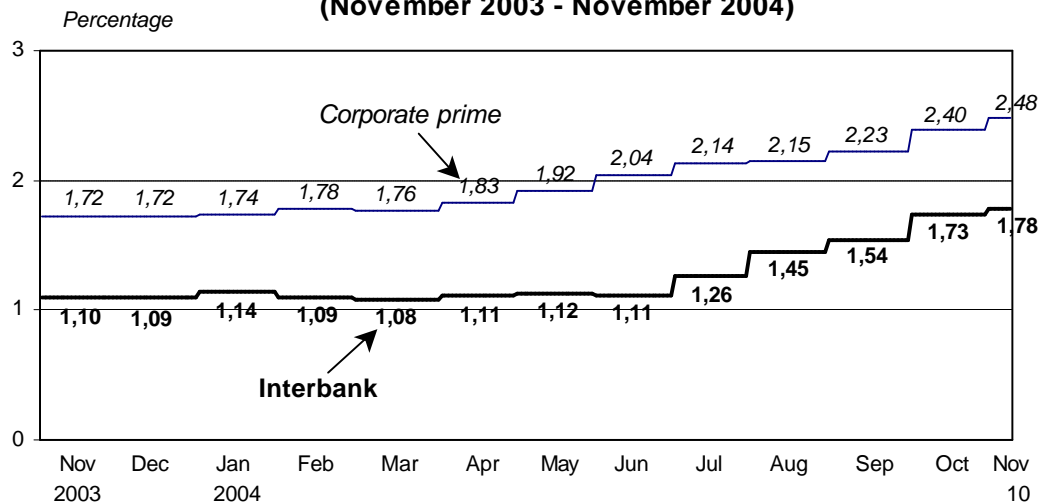
As of **November 10**, the 90-day average corporate prime interest rate in domestic currency raised from 3,65% in October to

3,78% and the rate in dollars from 2,40% to 2,48%, over the same period.

**Monthly average interest rate in domestic currency
(November 2003 - November 2004)**



**Monthly average interest rate in foreign currency
(November 2003 - November 2004)**



Exchange rate: S/. 3,308

Between **November 3 and 10**, the banking system exchange rate appreciated from S/. 3,317 to S/. 3,308 within a context of incoming dollars from exports, which have already achieved US\$ 10 billion during this

year. Up to November 10, the **balance of net forward sales** increased by US\$ 3 million with respect to October and the **bank's exchange position** dropped in US\$ 46 million.

BANKS' EXCHANGE POSITION (Millions of US\$)

	December 2002	December 2003	October	November 10
a. Net sales to the public (i-ii)	905	607	581	584
i. Forward sales to the public	1 141	834	984	946
ii. Forward purchases to the public	236	227	403	363
b. Banks' exchange position	643	536	534	489

Monetary base as of November 7, 2004

The **monetary base** balance as of November 7 was S/. 8 186 million up 1,5% (S/. 119 million) from end-October. In average terms, the year on year rate of growth of the monetary base was 25,2% compared with 22,1% in October.

The main explanations for this result were foreign currency purchases over-the-

counter mechanism (US\$ 65 million or S/. 214 million), lower public sector deposits (S/. 110 million) and net maturity of CDBCRP (S/. 20 million) which were partially offset by the maturity of temporary purchase of securities (S/. 165 million) and the higher financial enterprises' overnight deposits (S/. 67 million).

Banking system monetary accounts as of October 22, 2004

Through last 4 weeks, liquidity in **domestic currency** increased 5,0% (S/. 1 109 million), to a balance of S/. 23 298 million. Credit to the private sector in the same currency augmented 2,3% (S/. 249 million). However, in annual terms this aggregates grew by 20,9 and 11,0%, respectively.

Liquidity in **foreign currency** dropped 0,3% (US\$ 31 million) to US\$ 9 496 million, up 2,1 from a year ago. Credit to the private sector in the same currency fell 1,0% (US\$ 99 million) to US\$ 9 715 million (a nil annual growth rate).

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%	1,5%	12,9%	3,6%	6,3%	0,0%	-5,2%	-4,7%	8,8%	0,5%	-3,7%	
Apr.	4,4%	18,2%	-0,6%	12,6%	0,0%	2,6%	0,9%	-3,8%	7,4%	4,0%	1,2%	-3,5%	
May.	0,7%	20,3%	0,5%	12,3%	-0,2%	1,9%	-0,4%	-3,3%	13,6%	20,7%	1,5%	-1,2%	
Jun.	0,7%	19,2%	-0,4%	13,8%	0,8%	3,9%	3,1%	-1,4%	3,5%	28,6%	0,7%	-0,4%	
Jul.	9,9%	21,0%	2,5%	10,3%	1,0%	4,9%	2,4%	2,3%	-5,5%	17,2%	0,5%	0,9%	
Aug.	-5,2%	18,6%	1,6%	13,9%	0,9%	6,6%	-2,0%	0,5%	-5,1%	20,6%	-1,3%	-0,5%	
Sep.	-1,0%	20,5%	2,6%	16,8%	1,2%	8,0%	0,1%	1,5%	7,7%	31,8%	-1,1%	-0,5%	
Oct.22	1,9%	21,9%	5,0%	20,9%	2,3%	11,0%	-0,3%	2,1%	-2,9%	5,4%	-1,0%	0,0%	
Memo:													
Balance as of Sep.22 (Mill.S/. or Mill.US\$)	7 751		22 189		10 865		9 527		805		9 815		
Balance as of Oct.22 (Mill.S/. or Mill.US\$)	7 896		23 298		11 114		9 496		782		9 715		
1/ Short term external liabilities of banking enterprises.													

Spread of Global bond 2012 at 2,62%

Between **November 3 and 10**, the spread of the **Peruvian Global bond ten year bond and sovereign bonds** where reduced from 2,79% to 2,62% and from 3,04% to 2,87%, respectively. This meant that Peru's global bond is situated 10 bps

above its historical minimum registered during January 2004. Peruvian debt has followed the positive trend of emerging markets due to the fact that these assets are still attractive when compared with those of industrialized countries.

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



International markets

Between **November 3 and 10**, the **gold** quotation increased 2,5% to US\$ 435 per Troy ounce (maximum level in 16 years)

due to the weakening of the dollar against the euro and a broader demand by India's jewelry industry.

Gold quotation



The **copper** quotation raised 3,7% to US\$ 1,40. After stocks were at their lowest level in 14 years and due to the prolongation of a strike in El Abra mine in

Chile (property of Phelps Dodge). Between November 3 and 10, LME inventories fell from 76 to 70 thousand MT.

Copper quotation



In the similar period, the **zinc** quotation increased 3,4% to US\$ 0,48 per pound following all other basic metals (except for

tin) and after the fall in LME inventories from 700 to 693 MT.

Zinc quotation



The **WTI oil** price fell 4,0% to US\$ 48,9 per barrel due to the increase in US crude inventories for a seventh week in a row. These increases have reduced the fear of shortenings during winter (even though there was an unexpected fall in heating

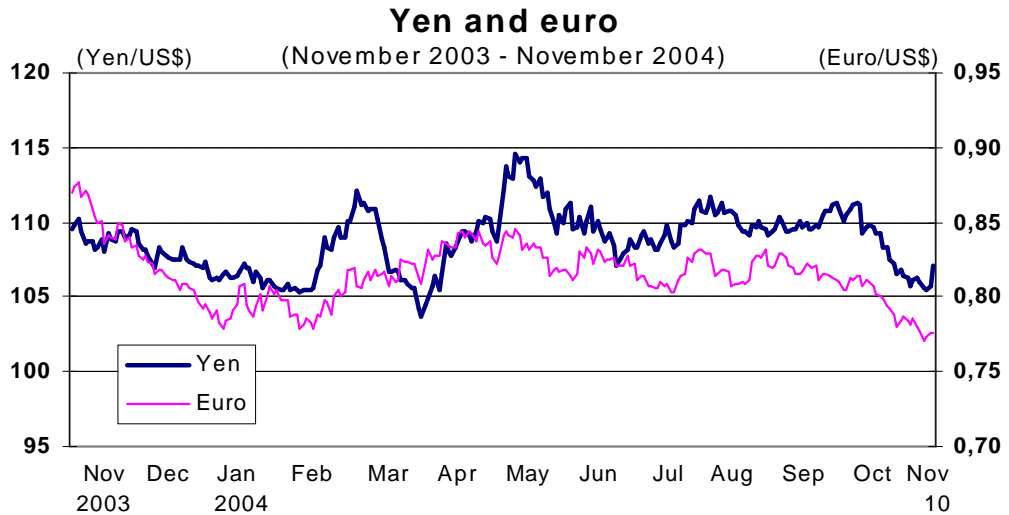
oil's inventories). Additionally, an increase in the global oil supply was reported (about 890 thousand daily barrels) during October (increase in the Gulf of Mexico's, OPEC's and former Soviet Union's production).

WTI oil quotation



The **US dollar** depreciated by 0,5% against the euro and appreciated 0,8% against the yen. After announcements by

the Bank of Japan of the possible future market interventions reverted the Yen's appreciatory trend.

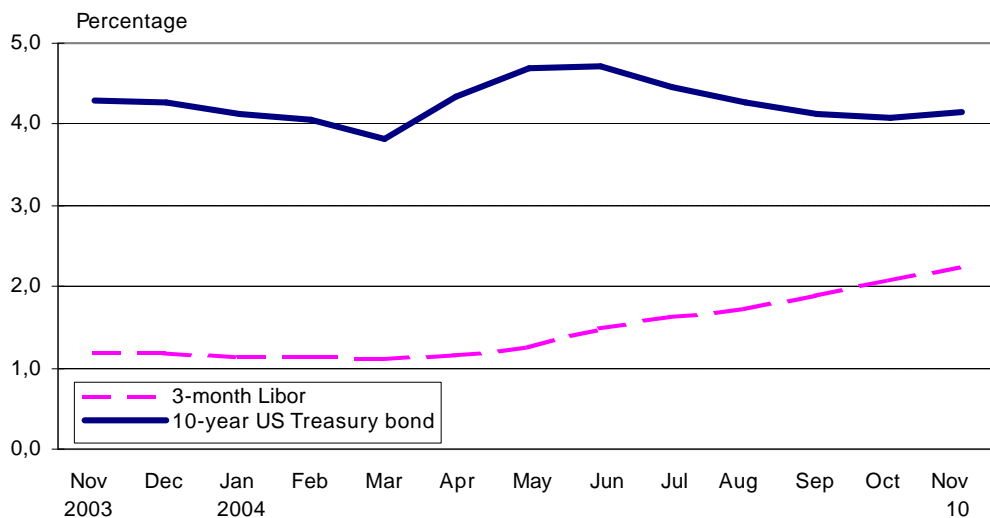


Between **November 3 and 10**, the **3-month Libor** where raised from 2,20% to 2,28%, whereas the yield of **US Treasury bonds with a 10 year maturity** increased from 4,07% to 4,24% after positive results of the labor market in October which favored the FED's decision to continue with a moderate increases in

interest rates. The generation of new employments was 337 thousand, almost doubling the 169 thousands expected (the higher increase in 7 months). In November 10, the FED decided to increase the federal funds interest rate in 25 bps for a fourth session in a row leaving the rate at 2,0%.

Libor and yield of 10-year matured US Treasury bond

(November 2003 - November 2004)



Lima Stock Exchange (LSE)

As of **November 10**, the LSE increased 1,3% and 1,6% in its **General Index** and its **Blue Chip Index**, respectively thanks to the performance of the industrial sector. In particular: i) Backus after a probable share swap operation; ii) Alicorp after good perspectives on domestic demand and iii) Austral after the appearance of a new

investor, positive results in the third quarter and the favorable projection for the present fishing season (October 2004 - January 2005).

In the year, these indexes record cumulative increases of 47,4% and 49,1%, respectively.

LSE indicators
(November 2003 - November 2004)

