

CENTRAL RESERVE BANK OF PERU

WEEKLY REPORT

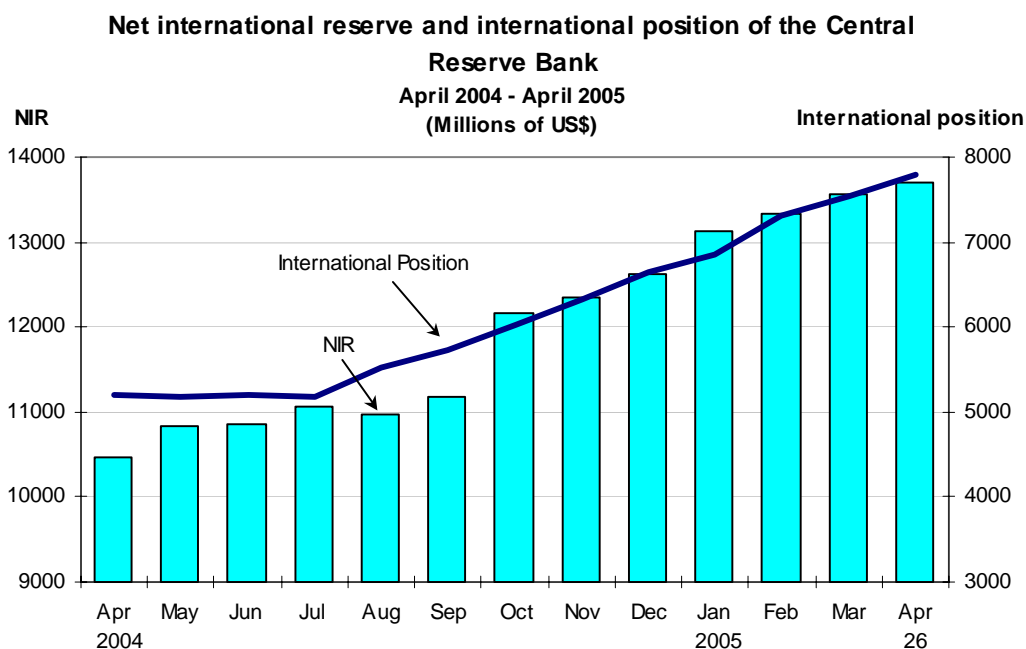
Nº 17 – April 29, 2005

Net international reserves at US\$ 13 698 millions

As **April 26**, net international reserves (NIR) amounted to US\$ 13 698 millions, up US\$ 143 millions from end-March. This increase was mainly due to net foreign exchange purchases by US\$ 228 millions (purchases over-the-counter mechanism by US\$ 328 millions and sales to the public sector by US\$ 100 millions), higher public sector and Insurance Deposit Fund's deposits in US\$ 22 millions and US\$ 1

million, respectively, investment yield in US\$ 26 millions and operations with ALADI by US\$ 5 millions. This evolution was partially offset by lower financial system deposits in US\$ 141 millions.

Year-to-date, NIRs have increased US\$ 1 067 millions, whereas the **Central Bank's international position** (US\$ 7 790 millions) grew by US\$ 1 151 millions.

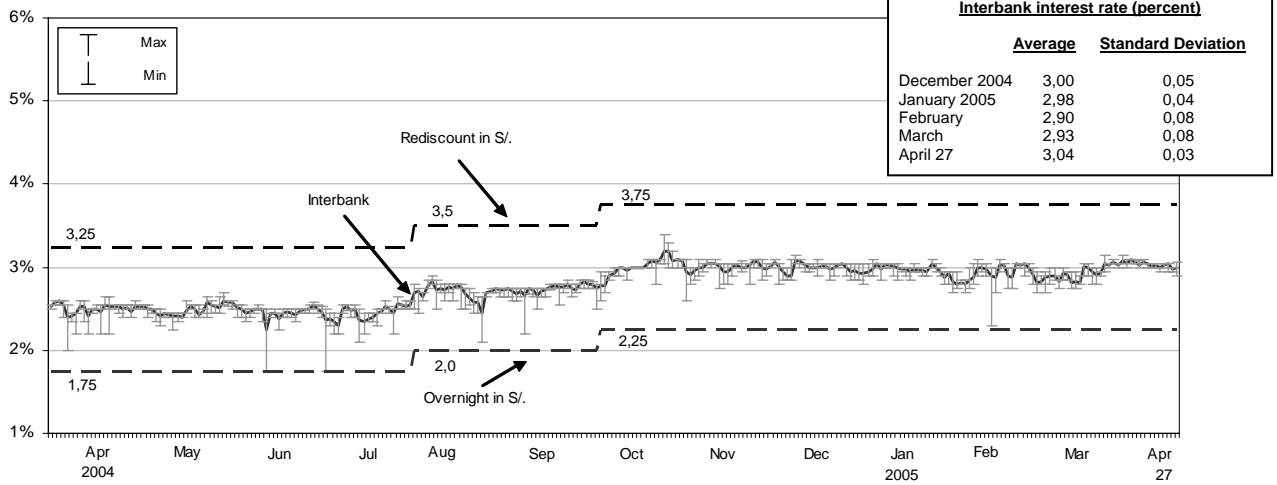


Interbank interest rate at 3,04 percent

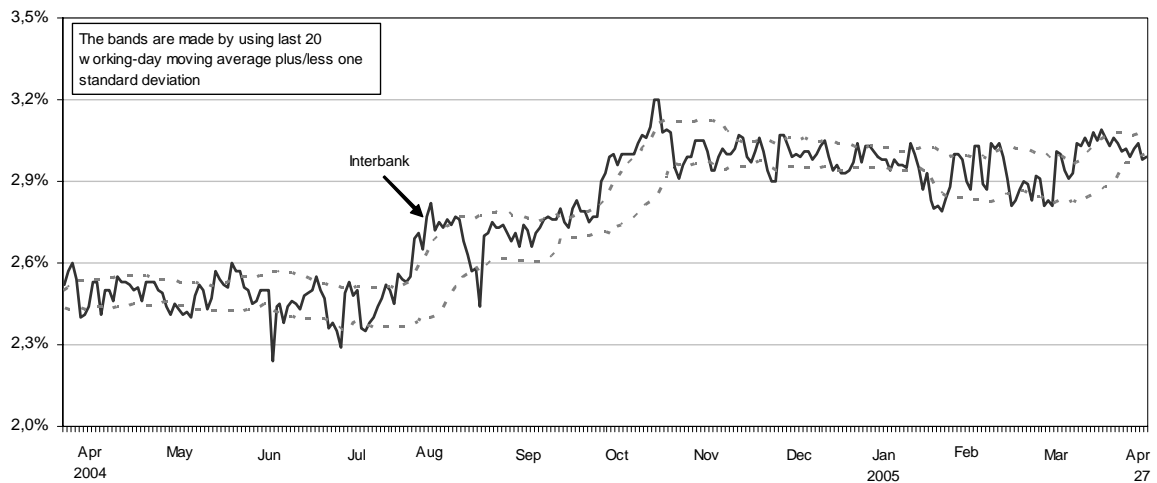
Between **April 1 and 27**, the average interest rate in domestic currency was

3,04 percent.

**Interest rates in domestic currency
(April 2004 - April 2005)**



**Interbank interest rate in domestic currency
(April 2004 - April 2005)**



Monetary operations

Between **April 21 and 27**, the Central Bank made the following operations:

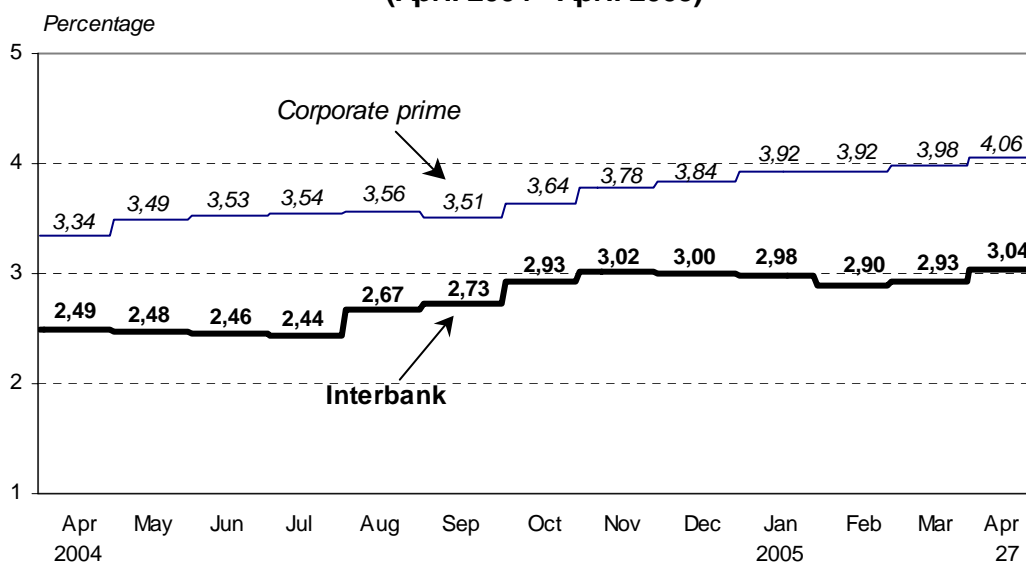
- Auctions of temporary purchase of CDBCRP and BTP with a: i) 1-day maturity by S/. 620, S/. 270, S/. 94 and S/. 56 millions at a average interest rate of 3,00, 3,04, 3,00 and 2,98 percent, respectively; ii) 3-day by S/. 585 millions at 3,02 percent; iii) 7-day by S/. 100 and S/. 50 millions at 3,18 percent in both occasions and iv) 8-day by S/. 80 millions at 3,16 percent.
- Foreign currency purchase over-the-counter mechanism by US\$ 128,5 millions at an average exchange rate of S/. 3,256.
- Overnight deposits on April 21, 22, 25 and 26 by S/. 11,2, S/. 26, S/. 69 and S/. 46,5 millions, respectively.

Corporate prime interest rate at 4,06 percent

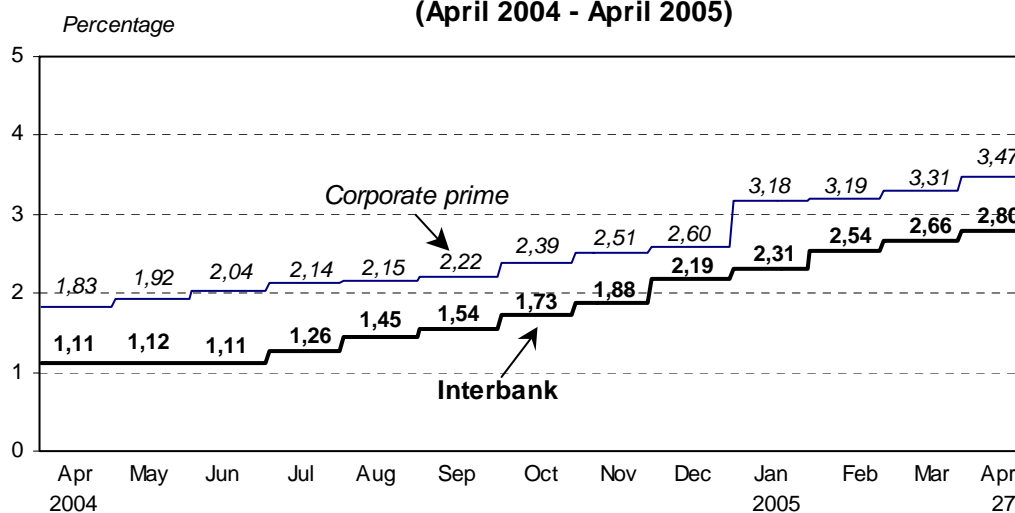
As of **April 27**, the 90-day average corporate prime interest rate in domestic currency raised from 3,98 percent in March

to 4,06 percent, and the rate in dollars from 3,31 to 3,47 percent.

**Monthly average interest rate in domestic currency
(April 2004 - April 2005)**



**Monthly average interest rate in foreign currency
(April 2004 - April 2005)**



Exchange rate: S/. 3,258

Between **April 20 and 27**, the asked banking system exchange rate stayed in S/. 3,258. Up to April 26, the bank's balance of net forward sales increased in

US\$ 28 millions from end-March and the bank's exchange position augmented US\$ 47 millions.

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

	December 2003	December 2004	March 2005	April 26
a. Net sales to the public (i-ii)	607	699	518	546
i. Forward sales to the public	834	1 163	1 003	1 039
ii. Forward purchases to the public	227	464	484	493
b. Banks' exchange position	536	340	382	429

Monetary base as of April 22, 2005

The monetary base balance as of April 22 was S/. 9 169 millions up 3,4 percent (S/. 303 millions) from end-March. In average terms, the year on year rate of growth of the monetary base in this period was 25,0 percent (27,6 percent in March).

The main explanations for this result were CDBCRP's net redemptions (S/. 1 002 millions), purchases of foreign currency

over-the-counter mechanism (US\$ 274 millions or S/. 891 millions), temporary purchases of securities (S/. 685 millions) and lower financial system's overnight deposits (S/. 22 millions). These operations were partially compensated by higher public sector deposits (S/. 1 971 millions) and sales of foreign currency to the public sector (US\$ 100 millions or S/. 326 millions).

Banking system monetary accounts: March 2005

In March, liquidity in **domestic currency** increased 3,6 percent (S/. 957 millions), to a balance of S/. 27 707 millions. Credit to the private sector in the same currency augmented 2,9 percent (S/. 332 millions), to S/. 11 739 millions. However, in annual terms this aggregates grew by 33,8% and 12,1%, respectively.

Liquidity in **foreign currency** decreased 2,3 percent (US\$ 219 millions) to US\$ 9 385 millions (an annual growth rate of 2,1 percent). Credit to the private sector in the same currency increased 0,4 percent (US\$ 35 millions) to US\$ 9 899 millions (an annual growth rate of 3,4 percent).

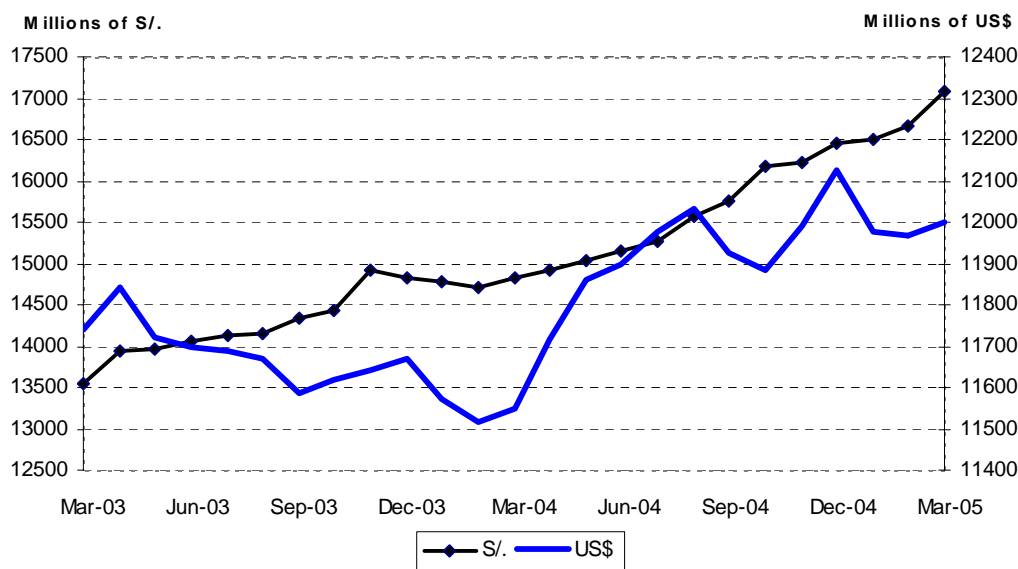
END OF PERIOD MONETARY AGGREGATES OF THE BANKING SYSTEM												
	BASE MONETARY		LIQUIDITY IN D/C		CREDIT IN D/C		LIQUIDITY IN F/C		LIABILITIES 1/		CREDIT IN F/C	
	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR
2003												
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%
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%
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%
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%	-0,1%	14,1%	0,8%	3,9%	3,0%	-1,5%	3,4%	28,4%	0,7%	-0,3%
Jul.	9,9%	21,0%	2,6%	10,7%	1,2%	5,1%	2,4%	2,2%	-5,1%	17,6%	0,5%	0,8%
Aug.	-5,2%	18,6%	1,3%	14,0%	0,4%	6,2%	-1,8%	0,6%	-5,2%	20,8%	-1,2%	-0,5%
Sep.	-1,0%	20,5%	2,8%	17,0%	1,6%	8,0%	-0,1%	1,3%	6,5%	30,6%	-1,2%	-0,6%
Oct.	4,5%	24,3%	6,7%	24,1%	3,5%	12,3%	-0,9%	-0,1%	-17,1%	2,8%	-0,7%	-1,1%
Nov.	0,6%	21,7%	2,9%	25,6%	0,4%	9,4%	0,4%	1,1%	4,2%	2,7%	1,0%	-0,4%
Dec.	14,9%	25,3%	5,7%	28,1%	1,0%	11,9%	0,8%	1,4%	1,6%	4,5%	1,1%	1,3%
2005												
Jan.	-6,7%	25,0%	0,4%	25,4%	-0,2%	11,9%	0,5%	2,1%	22,7%	26,4%	0,3%	2,7%
Feb.	2,0%	26,7%	3,9%	31,1%	0,3%	12,8%	-0,4%	4,5%	-11,1%	10,3%	-0,1%	3,5%
Mar.	-0,2%	25,7%	3,6%	33,8%	2,9%	12,1%	-2,3%	2,1%	10,9%	28,4%	0,4%	3,4%
Memo:												
Balance as of Feb.28 (Mill.S/. or Mill.US\$)	8 881		26 750		11 407		9 604		800		9 864	
Balance as of Mar.31 (Mill.S/. or Mill.US\$)	8 866		27 707		11 739		9 385		887		9 899	
1/ Short term external liabilities of banking enterprises.												

Financial system credit to the private sector: March 2005

During March 2005, the financial system credit to the private sector increased by 2,4 percent in soles and by 0,3 percent in dollars. In this manner, the annual rate of

growth of the credit in soles was 15,2 percent while the growth rate in dollars was 3,9 percent.

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR



The increment of the credit in soles, during March, obeyed mainly to commercial banks (S/. 249 millions), principally commercial credits (S/. 200 millions), to microfinance institutions (S/. 114 millions), to institutional investors (S/. 15 millions) and Banco de la Nación (S/.14 millions).

With these results, the annual growth rate of the private sector's credit from commercial banks showed an increase from 5,1 to 7,1 percent. Besides, the dollarization coefficient of the financial system credit diminished from 70,1 to 69,6 percent.

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN LOCAL CURRENCY

	Millions of S/.			Percentage change	
	Mar04	Feb05	Mar05	Mar.05/ Mar.04	Mar.05/ Feb.05
Commercial banks 1/	8 133	8 458	8 707	7,1	2,9
Banco de la Nación	630	1 094	1 108	75,9	1,3
Microfinance institutions	3 649	4 390	4 504	23,4	2,6
Banks (microfinance credits)	940	1 143	1 173	24,8	2,6
Local government S&Ls	1 157	1 411	1 451	25,4	2,8
Rural S&Ls	188	261	268	42,7	2,8
Cooperatives	456	511	511	12,0	--
Edpymes	170	232	238	39,8	2,7
Financial companies	738	832	863	16,8	3,7
Institutional investors 2/	2 140	2 423	2 438	13,9	0,6
AFPS	1 417	1 423	1 422	0,4	--
Insurance companies	581	825	825	42,1	--
Mutual funds	143	176	190	33,4	8,4
Leasing companies and others	263	303	318	21,0	5,1
Total Financial System	14 816	16 668	17 074	15,2	2,4

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

March's increased in dollar denominated credit was due to higher credit by commercial banks (US\$ 35 millions) and

microfinance institutions (US\$ 9 millions). On the contrary, credit of the institutional investors dropped in US\$ 10 millions.

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY

	Millions of US\$			Percentage change	
	Mar04	Feb05	Mar05	Mar.05/ Mar.04	Mar.05/ Feb.05
Commercial banks 1/	9 227	9 492	9 527	3,3	0,4
Banco de la Nación	22	22	22	-1,0	-0,1
Microfinance institutions	521	669	678	30,2	1,3
Banks (microfinance credits)	87	126	129	48,3	2,1
Local government S&Ls	197	253	256	29,9	1,1
Rural S&Ls	46	56	59	28,4	4,5
Cooperatives	122	154	154	26,3	--
Edpymes	39	49	49	26,0	0,8
Financial companies	30	31	31	3,1	0,6
Institutional investors 2/	1 160	1 149	1 139	-1,9	-0,9
AFPS	536	603	595	11,1	-1,2
Insurance companies	61	90	90	48,4	--
Mutual funds	563	455	453	-19,7	-0,6
Leasing companies and others	620	636	634	2,2	-0,2
Total Financial System	11 550	11 967	12 000	3,9	0,3

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

Primary surplus balance of S/. 512 millions in March 2005

During the **last 12 months**, the **central government operations** registered an accumulated positive primary balance of S/. 1 781 millions (S/. 1 181 millions during April 2003-March 2004). Current revenues showed an increase in S/. 4 230 millions (13 percent), while non-financial expenditures raised in S/. 3 526 millions (12 percent). The accumulated interests (S/. 4 382 millions) were greater in 0,3 percent, thus, the overall deficit was S/. 2 601 millions, lower in S/. 589 millions respect to the same period in 2004.

In **March**, the central government operations registered an overall surplus of S/. 512 millions, (S/. 35 deficit during March 2004). The primary balance was positive in S/. 815 millions, (greater in S/. 520 millions to the similar period of 2004), due to an increase in current revenues (20 percent), which is principally explained by the regularization of income tax (S/. 553 millions, as opposed to non-financial expenditure (2 percent), while interests payments (S/. 303 millions) were lower in 8 percent with respect to the previous year.

CENTRAL GOVERNMENT OPERATIONS

(Millions of Nuevos Soles)

	Monthly data			12-month period			C/A	C/B
	March			Apr 2003	Mar 2004	Apr 2004		
	2004	2005	% var.	Mar 2004	Feb 2005	Mar 2005		
			A	B	C			
1. CURRENT REVENUES	2 913	3 493	19,9	32 299	35 949	36 529	13,1	1,6
A. TAX REVENUE	2 576	3 096	20,2	28 224	31 573	32 093	13,7	1,6
B. NON TAX REVENUE	338	398	17,8	4 075	4 376	4 436	8,9	1,4
2. NON-FINANCIAL EXPENDITURE	2 623	2 684	2,3	31 477	34 942	35 003	11,2	0,2
A. CURRENT EXPENDITURE	2 382	2 413	1,3	27 631	30 661	30 692	11,1	0,1
B. CAPITAL EXPENDITURE	240	271	12,6	3 845	4 281	4 312	12,1	0,7
3. CAPITAL REVENUES	4	5	41,4	359	253	255	-29,0	0,6
4. PRIMARY BALANCE	295	815		1 181	1 260	1 781		
5. INTEREST PAYMENTS	330	303	-8,0	4 371	4 408	4 382	0,3	-0,6
6. OVERALL BALANCE	-35	512		-3 190	-3 148	-2 601		
7. NET FINANCING	35	-512		3 190	3 148	2 601		
1. External	-337	-381		1 234	5 034	4 990		
A. Disbursements	97	73		5 425	9 544	9 520		
B. Amortizations	-433	-454		-4 191	-4 510	-4 531		
2. Domestic	139	-134		1 555	-2 285	-2 558		
3. Privatization	233	3		400	399	170		

The **tax revenues** (S/. 3 096 millions) showed an increase of 20 percent explained by payments on count (11 percent) and the regularization of the Income Tax (94 percent) related to improvements in terms of trade of mining products; import tax (24 percent) and aggregate value tax (10 percent), explained by the 20 percent in imports, and excise tax (13 percent) which were attenuated by greater devolutions (10

percent), and the elimination of the IES tax. **Non tax revenues** (S/. 398 millions) were greater in 18 percent, explained by the increase in royalties from the mining industry, petroleum and gas (105 percent).

During March 2005, **non-financial expenditure** (S/. 2 684 millions) were higher in S/. 61 millions with respect to March 2004, which represented an increase of 2 percent in nominal terms.

This increase was explained by the increase in current non-financial expenditure and the capital expenditure (both in S/. 31 millions). By type of expenditure, goods and services and wages increased in 11 percent and 10 percent, respectively, and transfers fell 11 percent. Among capital expenditure, the amount of investment was similar to that of March 2004 while other capital

expenditures increased in S/. 31 millions as a result of greater transfers.

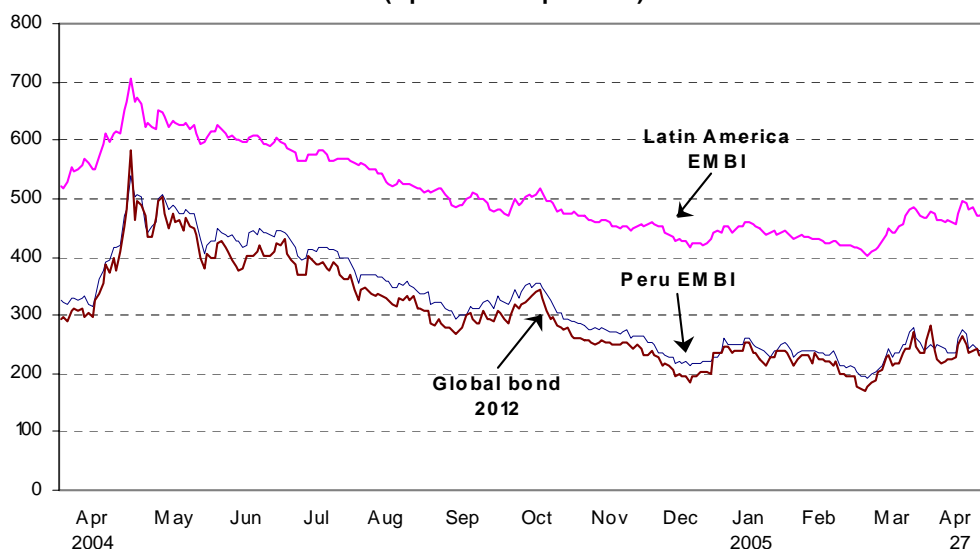
External financing was negative in S/. 381 million (US\$ 117 millions), while disbursements of US\$ 22 millions and amortizations of US\$ 140 millions. **Internal financing** was negative in S/. 134 millions. Bonds were auctions for S/. 235 millions, while public treasury bills registered a S/. 226 millions accumulation.

Spread of the Global bond 2012: 2,15 percent

Between **April 20 and 27**, the spread of the **Peruvian Global Bond 2012** fell from 2,40 to 2,15 percent and the spread of the **sovereign bonds** from 2,51 to 2,33 percent. Emerging Market Spreads

followed the diminution on the return of the 10 year Treasury Bill. During the week, the EMBI+ Global fell from 3,99 to 3,89 percent.

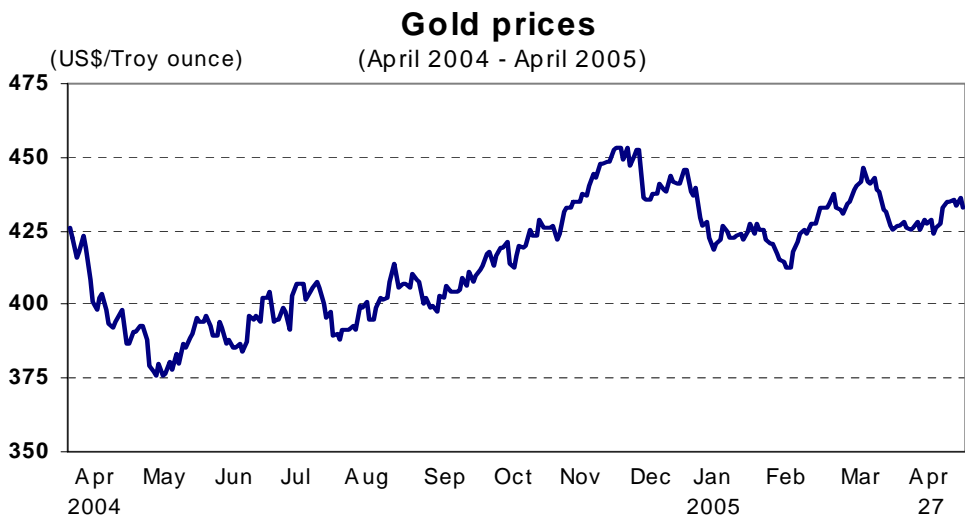
Country risk indicators
(April 2004 - April 2005)



International markets

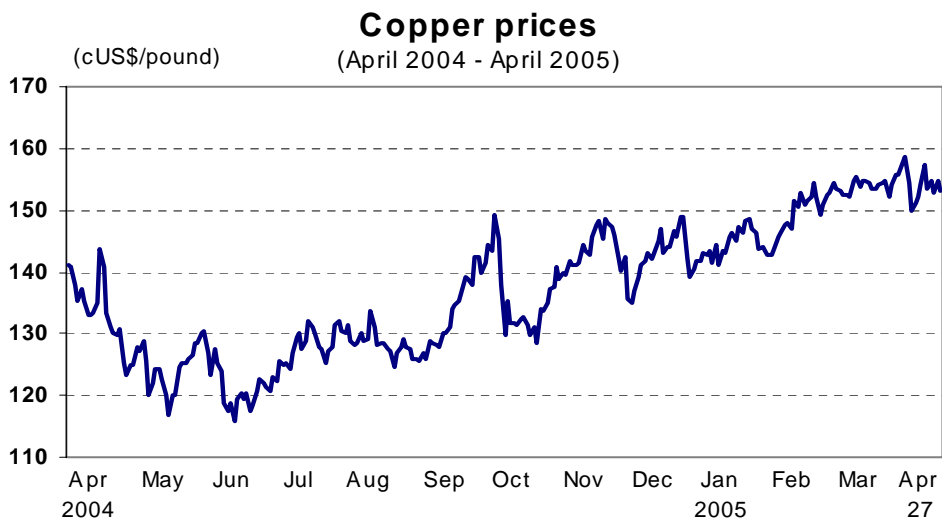
Between **April 20 and 27**, the **gold** price fell 0,5 percent to US\$ 433 per troy ounce

due to strengthening of the US dollar against the Euro.



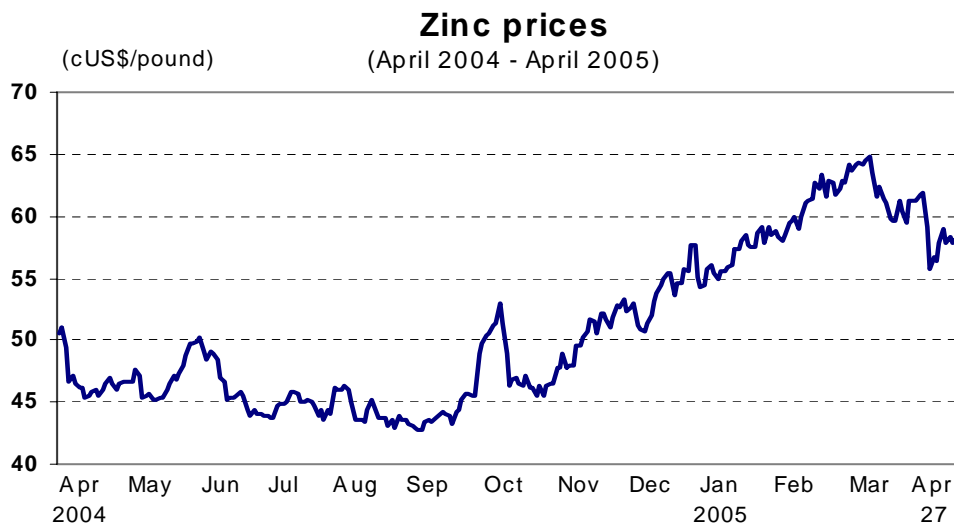
During the same period, **copper** prices decreased 2,6 percent to US\$ 1,53 per pound due to the greatest fall in more than 2 years in orders for durable goods in the

United States. Besides this, inventories in the London Metal Exchange increased from 53 to 60 thousand MT.



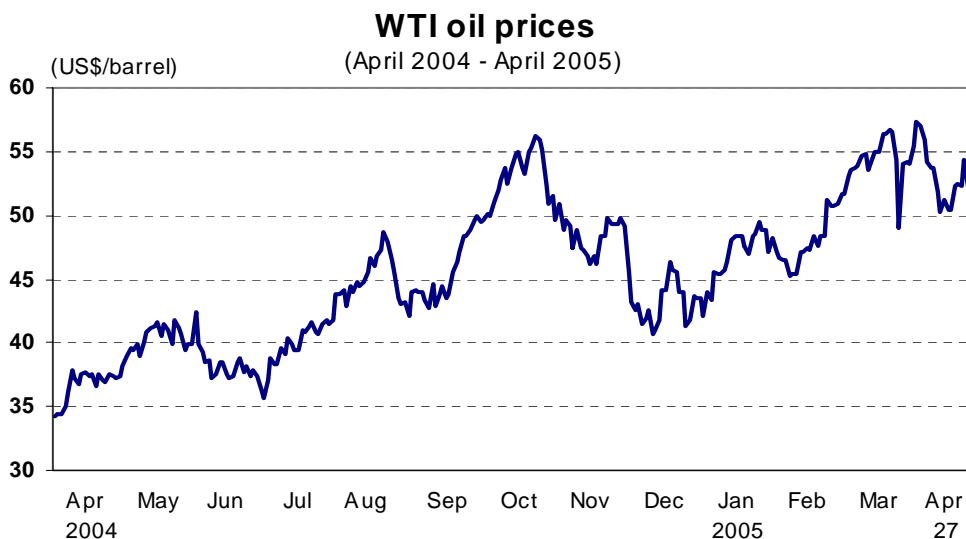
The **zinc** price contracted 1,7 percent to US\$ 0,58 per pound after following all

major metals after worries on the growth of the world economy.



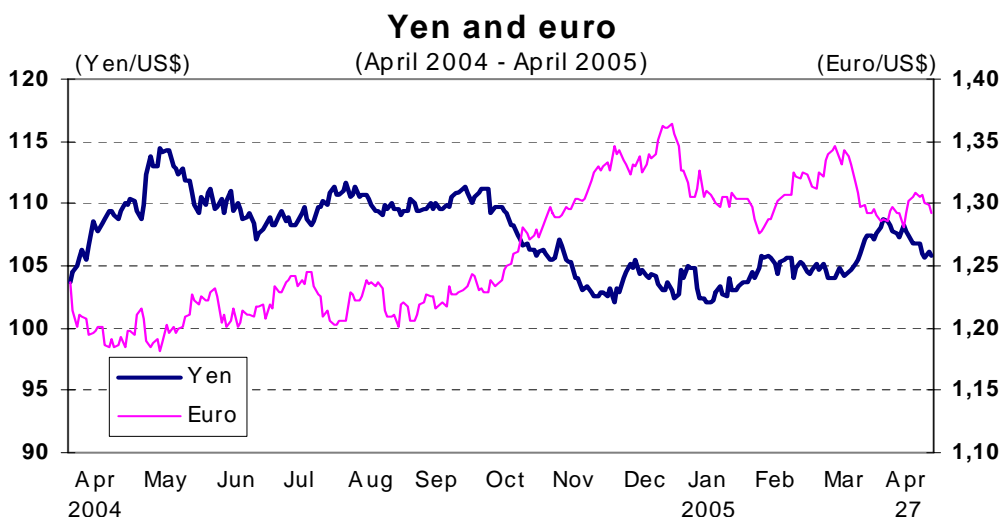
Between **April 20 and 27**, the **WTI oil** price decreased 1,6 percent to US\$ 51,6 per barrel, due to the increase in crude inventories in the United States to its

greatest level since may 2002. According to the last report by the Energy Department crude inventories increased in 5,4 million barrels to 324,4 million.



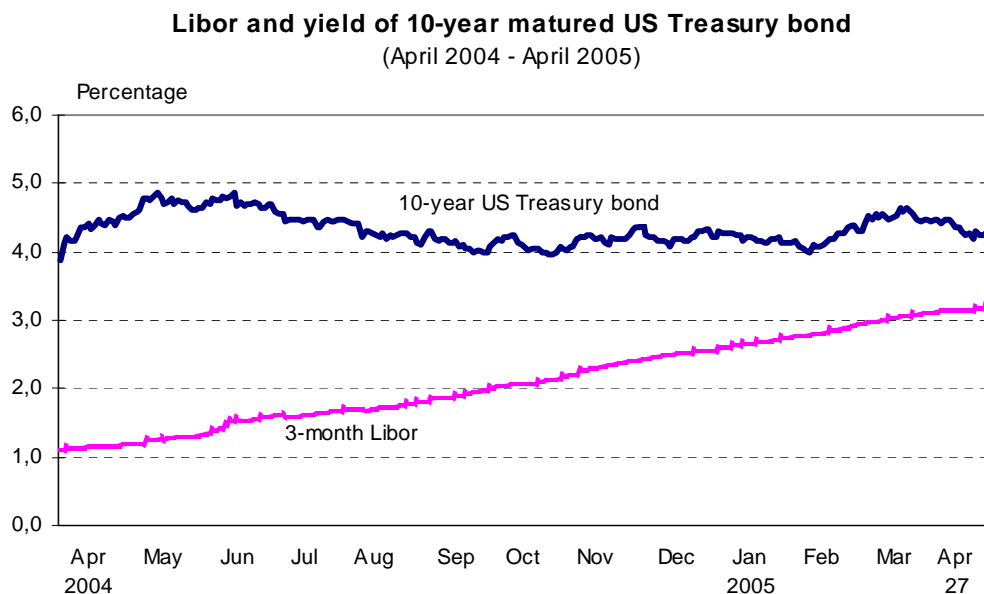
During the week, the **US dollar** appreciated 1,2 percent against the **Euro** and depreciated 0,9 percent against the **Yen**. The Yen was benefited by the pressure from US officials that asked China to reevaluate its currency. In

contrast, the Euro saw itself hit by the confidence index developed by the IFO institute in Germany, to its lowest level for 19 months and the political incertitude that a no would mean in the next EU constitutional referendum in France.



During the same period, the **3-month Libor** rose from 3,15 to 3,19 percent, whereas the **yield of the US Treasuries**

with a 10-year maturity increased from 4,19 to 4,23 percent.



Lima Stock Exchange

Up to **April 27**, the **General** Index and the **Blue chip** index fell 3,6% and 3,8% after the downfall of the mining sector. All over

2005, both indexes accumulated gains of 8,1 and 7,2% respectively.

LSE indicators
(April 2004 - April 2005)

