



BANCO CENTRAL DE RESERVA DEL PERÚ

WEEKLY REPORT

Nº 50 – December 16, 2005

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Exchange rate: S/. 3,441

Between **December 7 and 14**, the asked banking system exchange rate increase from S/. 3,411 to S/. 3,441 per dollar (a depreciation of 0,9 percent). Between Monday 12 and Wednesday 14, it was observed a higher pressure on the exchange market reflected in forward

market by US\$ 293 million. The Central Bank attenuate the pressure through sales of foreign currency by US\$ 84 million and the allocation of Adjustable Certificates of Deposit (CDR) by an equivalent of US\$ 114 million.

BANK'S EXCHANGE POSITION
(Millions of US\$)

	December 2003	December 2004	October 2005	November	December 14	Variation Dec.14-Nov.30
a. Net sales to the public (i-ii)	607	699	375	446	769	323
i. Forward sales to the public	834	1 163	1 473	1 461	1 767	306
ii. Forward purchases to the public	227	464	1 097	1 015	999	-16
b. Bank's exchange position	536	340	372	439	443	4

Net international reserves at US\$ 14 004 million

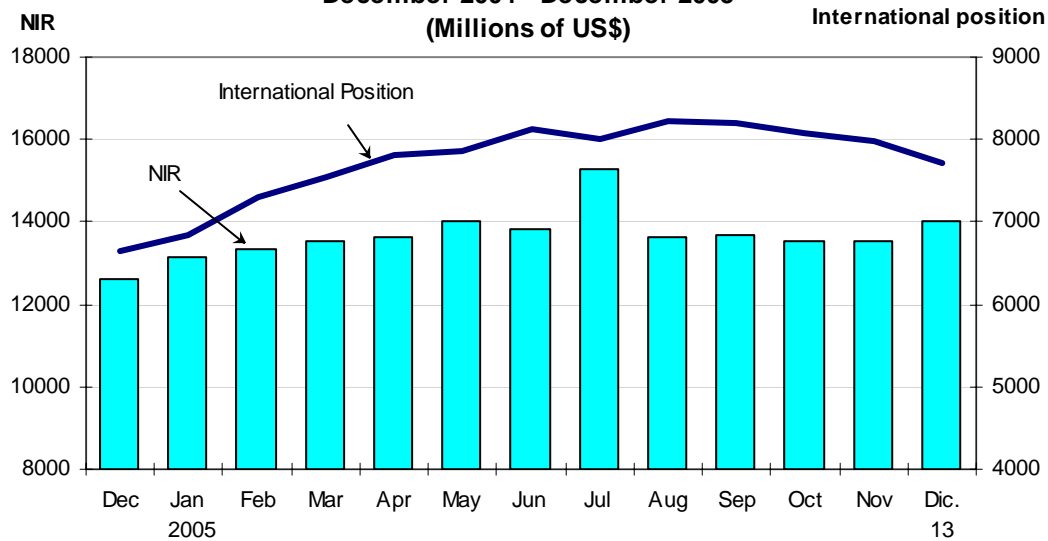
As of **November 13**, net international reserves (NIR) amounted to US\$ 14 004 million, up US\$ 461 million from end-November. This increase is mainly explained by higher financial sector deposits in US\$ 528 million and of the public sector in US\$ 194 million and investment yield by US\$ 74 million. This evolution was partially offset by sales of foreign currency to the public sector by

US\$ 237 million for the debt pre-payment to the Japan Peru Oil Co., Ltd – JAPECO, and the sales over-the-counter mechanism by US\$ 97 million.

Year-to-date, NIRs have increased US\$ 1 373 million whereas the **Central Bank's international position** (US\$ 7 708 million) grew by US\$ 1 069 million.

Net international reserve and international position of the Central Reserve Bank

December 2004 - December 2005
(Millions of US\$)

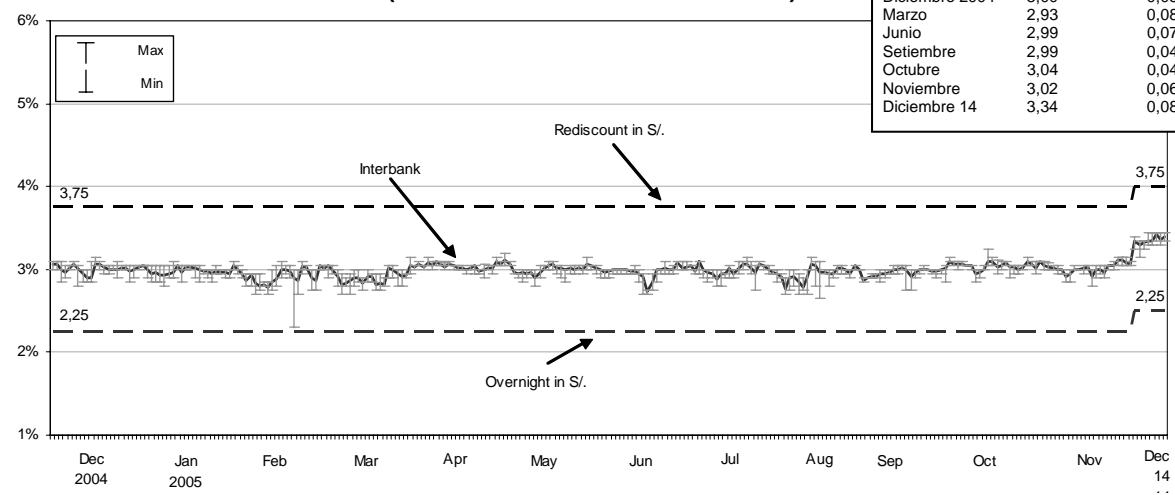


Interbank interest rate at 3,34 percent

As of **November 14** the average interest rate in domestic currency was 3,34 percent, higher than the November's average (3,02 percent), consistent with the increase of the Central Bank's reference interest rate (from 3,00 to 3,25 percent). In the month there is a higher demand of domestic currency due to the placement of Sovereign Bonds (S/. 813 million) on December 12, the beginning of

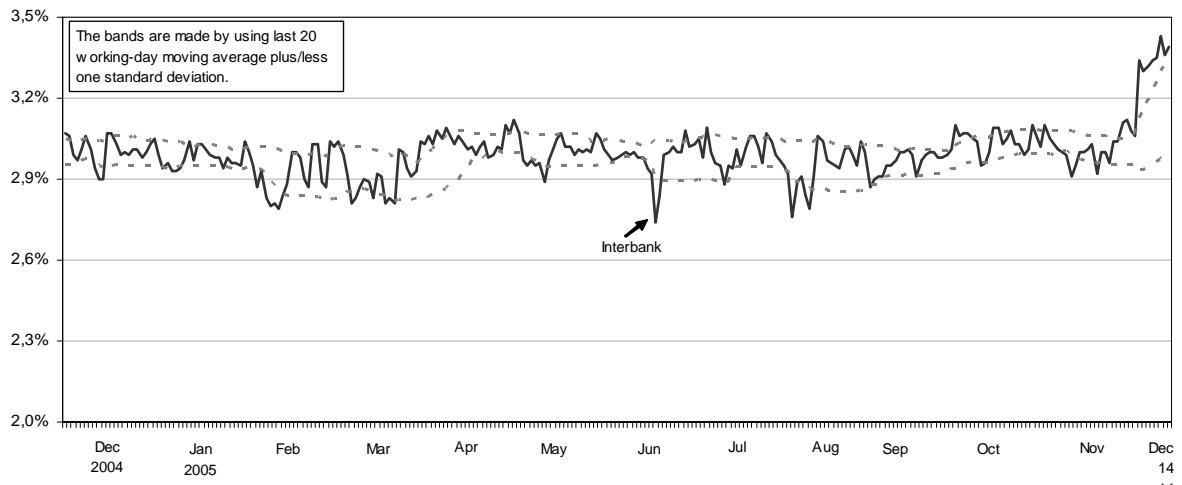
the taxes payment period, the higher seasonal demand due to the year-end celebrations and the sale of foreign currency by the Central bank, which was compensated by the maturity of CDBCRP and repo operations aiming to locate the interbank interest rate around its reference level.

Interest rates in domestic currency (December 2004 - December 2005)



Tasa interbancaria promedio (por ciento)		
	Promedio	Desviación Estándar
Diciembre 2004	3,00	0,05
Marzo	2,93	0,08
Junio	2,99	0,07
Setiembre	2,99	0,04
Octubre	3,04	0,04
Noviembre	3,02	0,06
Diciembre 14	3,34	0,08

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



Monetary operations

Between December 9 and 14, the Central Bank made the following operations:

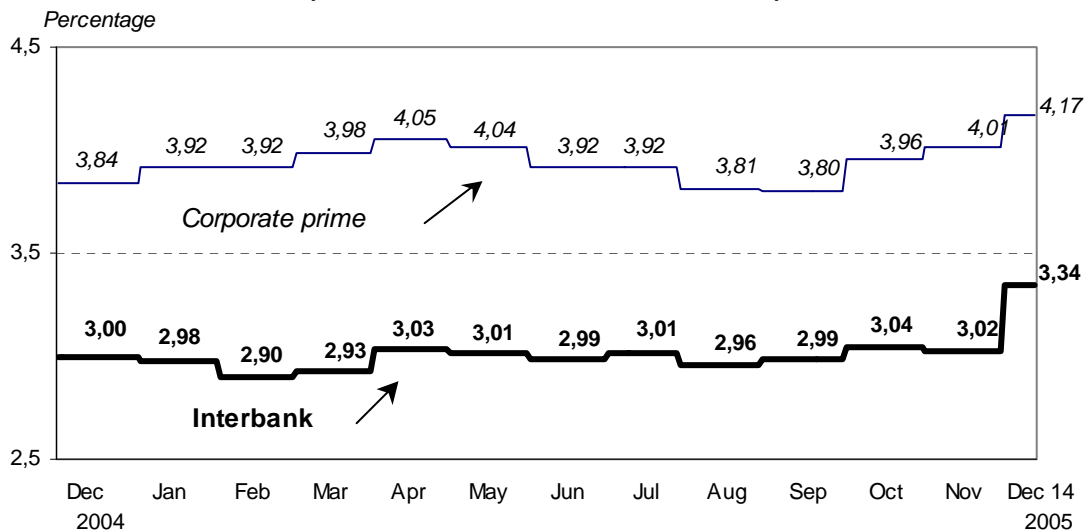
- Auctions of Adjustable Certificates of Deposit CDRBCRP with a: i) 3-month maturity by S/. 35 at an average interest rate of 4,24 percent; ii) 6-month by S/. 35, S/. 100, S/. 4 and S/. 100 million at an average interest rate of 4,44, 4,40, 4,46 and 4,40 percent, respectively; iii) 1-year by S/. 70 and S/. 100 million at an average interest rate 4,56 and 4,58 percent, respectively.
- Auctions of temporary purchase of CDBCRP and BTP with a i) 1-day maturity by S/. 1030, S/. 130 and S/. 1 500 and S/. 1800 million at an average interest rate of 3,40, 3,38, 3,38 and 3,40 percent, respectively; ii) 3-day maturity by S/. 560 million at an average interest rate of 3,36 percent.
- Foreign currency sales over-the-counter mechanism by US\$ 86 million at an average exchange rate of S/. 3,437 per dollar.
- Overnight deposits on December 9 and 14 by S/. 7,4 and S/. 1,4 million, respectively.

Corporate prime interest rate at 4,17 percent

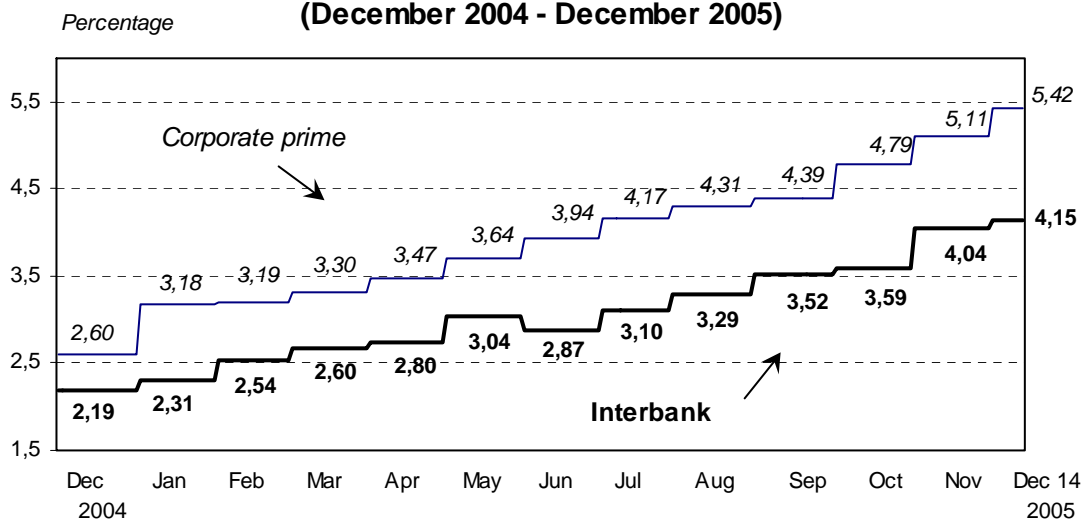
As of **December 7**, the 90-day average corporate prime interest rate in domestic currency augmented from 4,01 percent in November to 4,17 percent and the rate in

dollars from 5,11 to 5,42 percent, associated to the increase in the reference interest rate of the Federal Reserve of the United States of America.

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



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



Monetary base increased 6,3 percent as of December 7

The **monetary base** balance as of December 7 was S/. 11 024 million up 6,3 percent (S/. 656 million) from end-November. In average terms, the year on year rate of growth of the monetary base in this period was 25,1 percent (28,9 percent in November), thus reverting since September the increasing tendency that was observed in the previous months.

The main explanations for this result were the temporary purchase of securities (S/. 350 million) and the lower public sector deposits (S/. 300 million), compensated by the sales of foreign currency over-the-counter mechanism (US\$ 11 million or S/. 38 million).

Credit to the private sector in domestic currency increased 4,1 percent as of November 22

Through last 4 weeks, liquidity in **domestic currency** increased 2,3 percent (S/. 646 million) to a balance of S/. 29 001 million. Credit to the private sector in the same currency augmented 4,1 percent (S/. 550 million) to S/. 13 956 million. However, in annual terms this aggregates grew by 21,7 and 23,4 percent, respectively.

Liquidity in **foreign currency** augmented 0,7 percent (US\$ 67 million) to US\$ 10 270 million (an annual growth rate of 7,1 percent). Credit to the private sector in the same currency augmented 1,1 percent (US\$ 115 million) to US\$ 10 239 million (an annual growth rate of 5,4 percent).

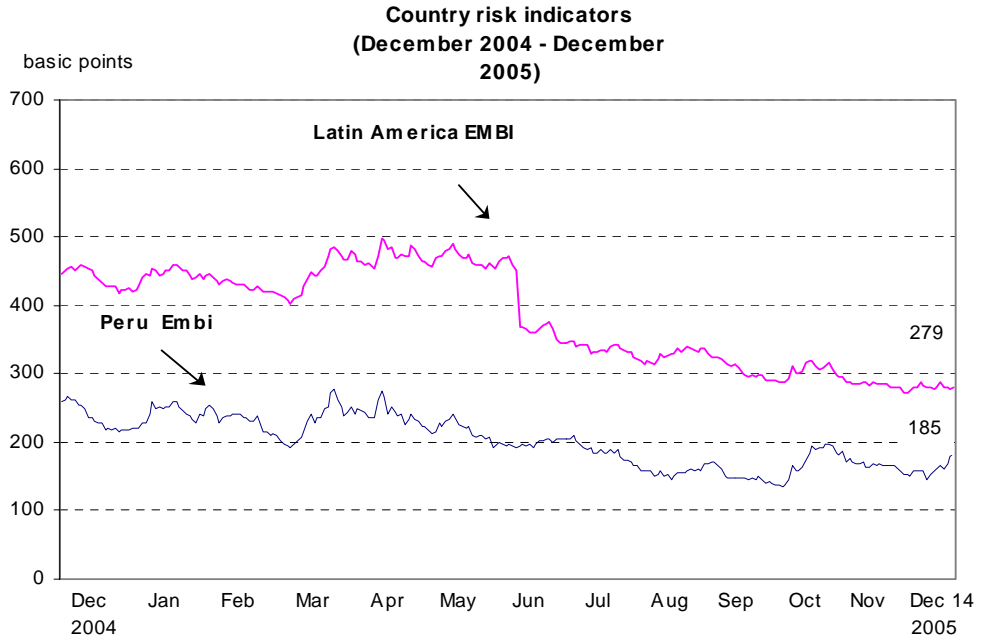
END OF PERIOD MONETARY AGGREGATES OF THE BANKING SYSTEM												
	BASE MONETARY		LIQUIDITY IN D/C		CREDIT IN D/C		LIQUIDITY IN F/C		LIABILITIES 1/		CREDIT IN F/C	
	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR
2003												
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												
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%
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%
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%
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%	0,3%	25,3%	-0,2%	11,9%	0,5%	2,1%	24,7%	28,4%	0,3%	2,7%
Feb.	2,0%	26,7%	3,8%	30,8%	0,4%	12,9%	-0,5%	4,3%	-9,4%	14,1%	-0,1%	3,5%
Mar.	-0,2%	25,7%	3,7%	33,6%	2,8%	12,1%	-2,0%	2,2%	6,0%	27,0%	0,4%	3,4%
Abr.	5,2%	26,6%	-1,2%	32,9%	1,7%	14,0%	4,0%	5,4%	10,5%	30,7%	2,2%	4,4%
May.	0,8%	26,7%	0,1%	32,2%	1,7%	16,2%	2,8%	8,8%	-1,9%	12,8%	1,9%	4,9%
Jun.	1,9%	28,1%	2,2%	35,4%	0,8%	16,2%	-0,7%	4,9%	-4,0%	4,7%	1,5%	5,7%
Jul.	12,1%	30,6%	3,4%	36,4%	2,0%	17,1%	-0,6%	1,8%	5,9%	16,8%	0,6%	5,8%
Aug.	-5,1%	30,7%	-1,8%	32,3%	3,3%	20,5%	0,2%	3,9%	-5,0%	17,1%	-2,2%	4,8%
Sep.	-0,1%	31,8%	-0,6%	27,9%	2,0%	21,0%	1,5%	5,5%	-9,8%	-0,9%	-1,4%	4,6%
Oct.	1,2%	27,6%	1,6%	21,8%	3,1%	20,6%	0,3%	6,8%	-11,2%	6,2%	0,0%	5,3%
Nov. 22	-1,6%	27,7%	2,3%	21,7%	4,1%	23,4%	0,7%	7,1%	-2,3%	4,3%	1,1%	5,4%
Memo:												
Balance as of Oct. 22 (Mill. S/. or Mill. US\$)	10 380		28 355		13 406		10 203		747		10 124	
Balance as of Nov. 22 (Mill. S/. or Mill. US\$)	10 215		29 001		13 956		10 270		730		10 239	

1/ Short term external liabilities of banking enterprises.

Country risk augmented

Between **December 7 and 14**, the **EMBI+ Peru** spread increased to 1,85 from 1,61 percent reflecting the electoral uncertainty. Notwithstanding, the central government issued 7,25 percent yielded global bonds

2025 by US\$ 500 million in the international markets, oriented to pay off JAPECO loan and the region registered a positive trend due to the external debt prepayment announces by Brazil and Argentine.



Variable metal quotations

Over the same period, **gold's** average international decrease 0,6 percent to US\$ 512 per troy ounce, up 1,7 percent from

October, reflecting operational transactions, despite the expected higher demand of central banks.



The **copper** quotation remained at US\$ 2,08 per lb., reflecting the favorable industrial growth in the US.

Copper quotation



The **zinc** average price soared 16,7 percent from US\$ 0,71 to US\$ 0,83 per lb. following the statement of a Korean firm announcing

the end of operations and the later import figures of China.

Zinc quotation



The **WTI oil** quotation soared 2,8 percent from US\$ 59,2 to US\$ 60,9 per barrel after the 8 percent drop of November. A colder

weather in the Northern hemisphere and coming Christmas holidays explained this increase.

WTI oil quotation

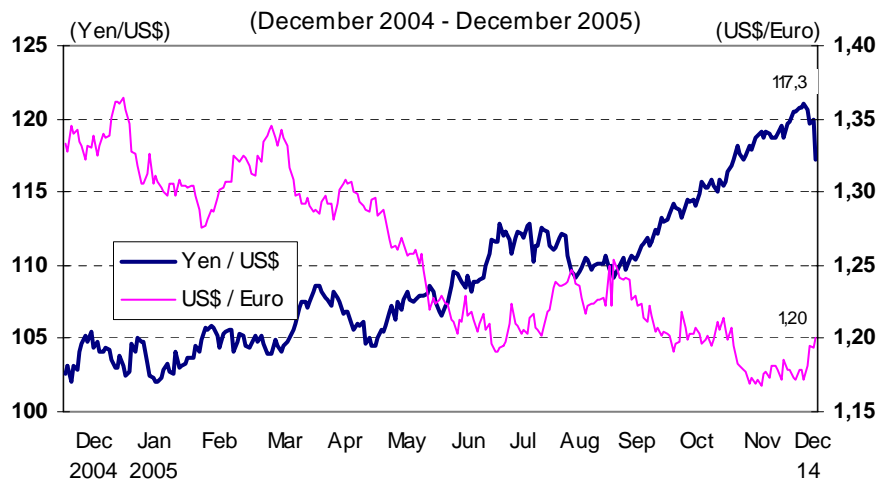


US dollar depreciates

Between December 7 and 14, the **US dollar** depreciated 2,5 percent against the **euro** (from US\$ 1,179 on end-November to US\$ 1,201 per euro on December 14) and 3,1 percent against the **yen** (from 121,0 to 117,3

yens per US dollar over the same period), due to the expected end of the contractive monetary stance and the record trade deficit of last October in the US.

Yen and Euro



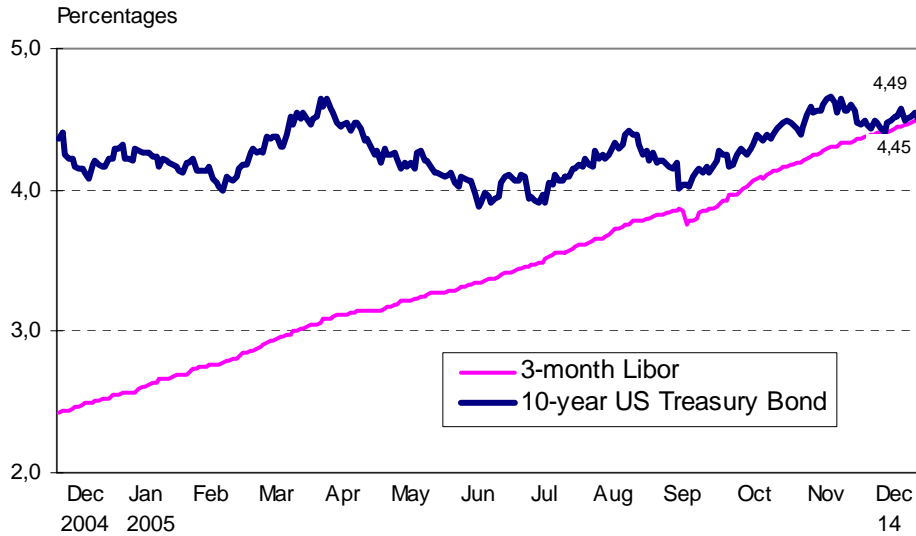
3-month Libor climbed to 4,49 percent

Over this week, the 3-month Libor increased from 4,46 to 4,49 percent into a context of raising FED's interest rates. The yield of the 10-year-matured US Treasury bond passed

from 4,51 to 4,46 percent following the 0,5 percent drop in the US CPI index (the highest in 56 years). The lower inflation could induce an stop in the raising interest rate process.

Libor and yield 10-year matured US Treasury Bond

(December 2004 - December 2005)



Lima Stock Exchange: 2,5 percent up

As of December 14, the **General** and **Blue Chip** Index increased 2,5 and 2,6 percent, respectively, due to rise in mining quotations: gold, copper, zinc

and lead. In the year these indices have increased 39,1 and 34,5 percent, respectively.

LSE INDICATORS
(December 2004 - December 2005)

