



BANCO CENTRAL DE RESERVA DEL PERÚ

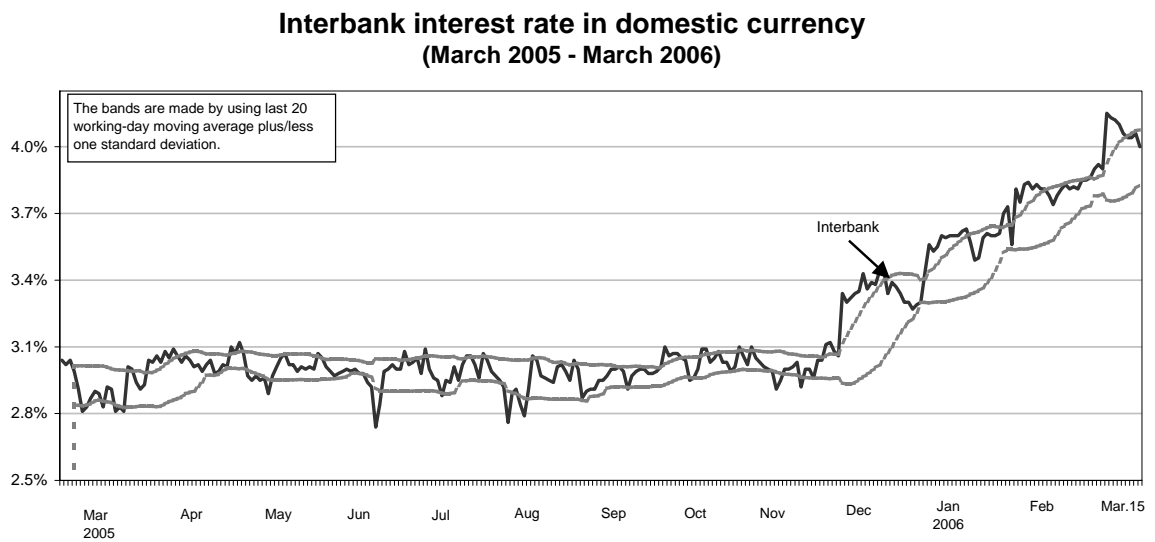
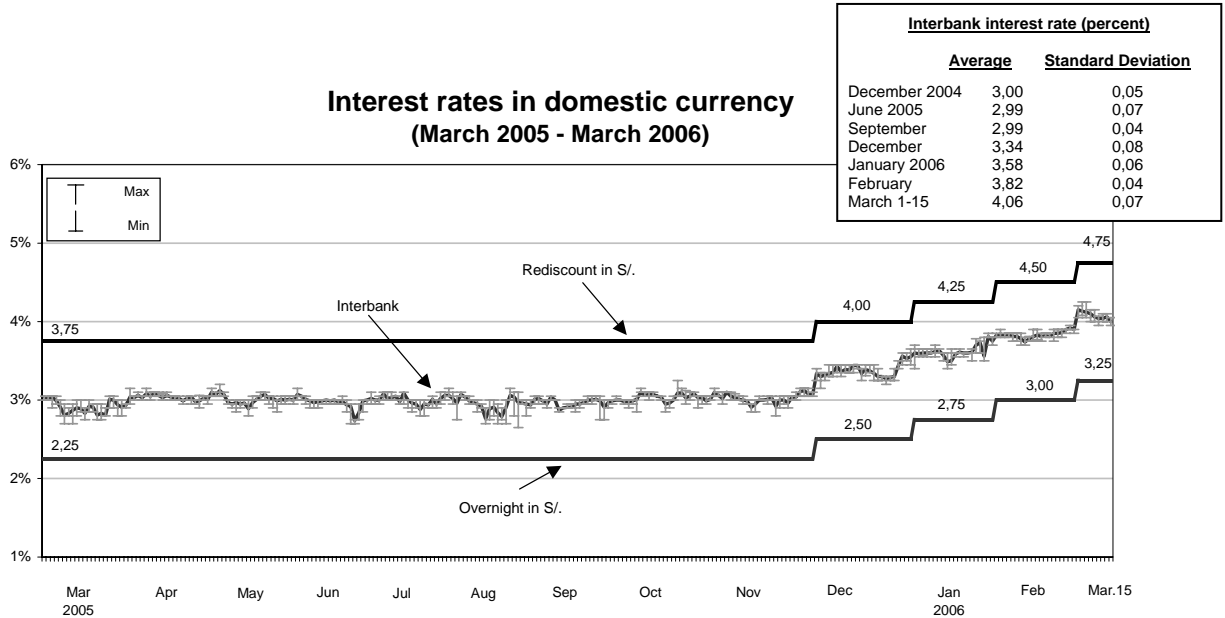
WEEKLY REPORT

Nº 11 – March 17, 2006

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Interbank interest rate increased to 4,06 percent

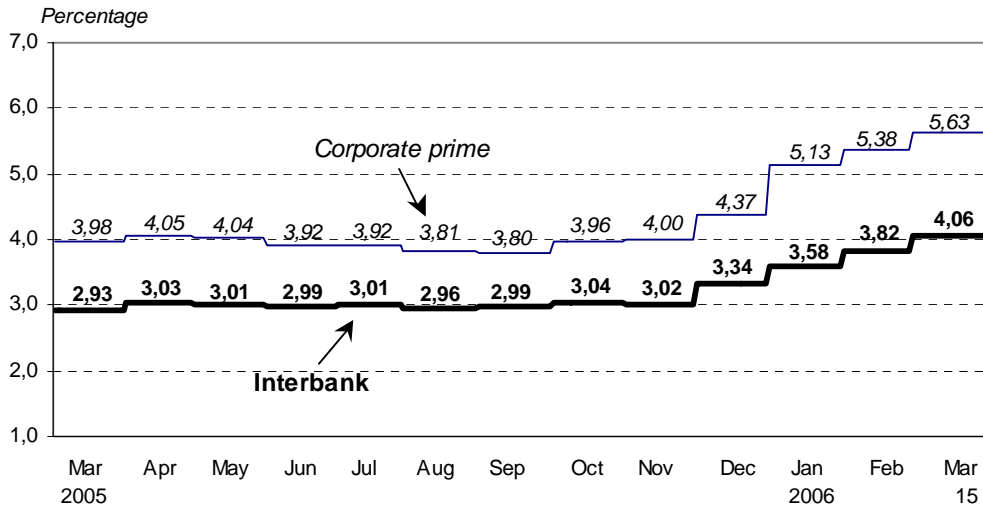
In line with the increase in the CRBP's reference interest rate, from 3,75 to 4,0 percent, of the March monetary program, the **interbank interest rate** rose from 3,82 percent in February to 4,06 as of March 15.



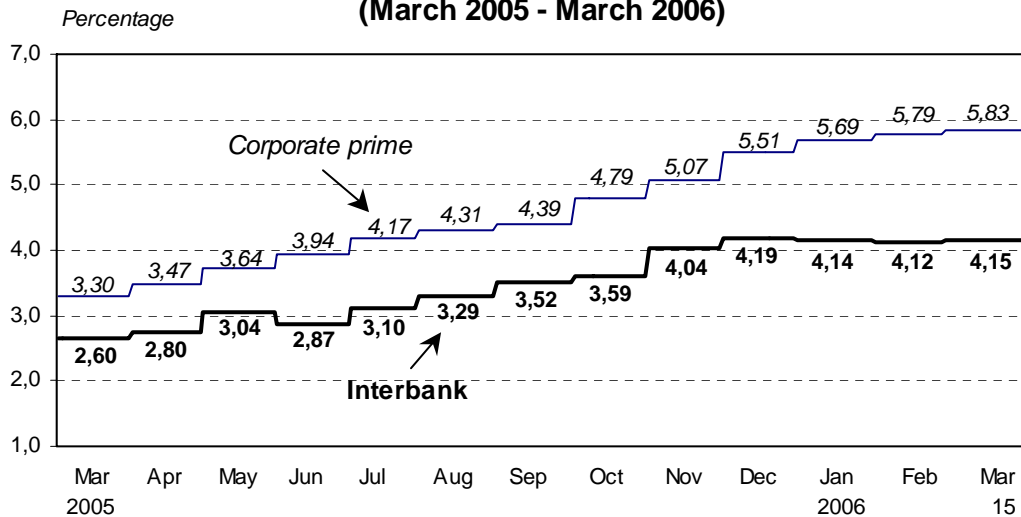
Corporate prime interest rate in soles increased to 5,63 percent

As of March 15, the average 90-day corporate rate in soles augmented from 5,38 in February to 5,63 percent and the rate in dollars from 5,79 to 5,83 percent. Thus, the differential between the foreign and domestic interest rate dropped from 114 basic points in December 2005 to 20 basic points in March 15.

**Monthly average interest rate in domestic currency
(March 2005 - March 2006)**



**Monthly average interest rate in foreign currency
(March 2005 - March 2006)**



Monetary operations

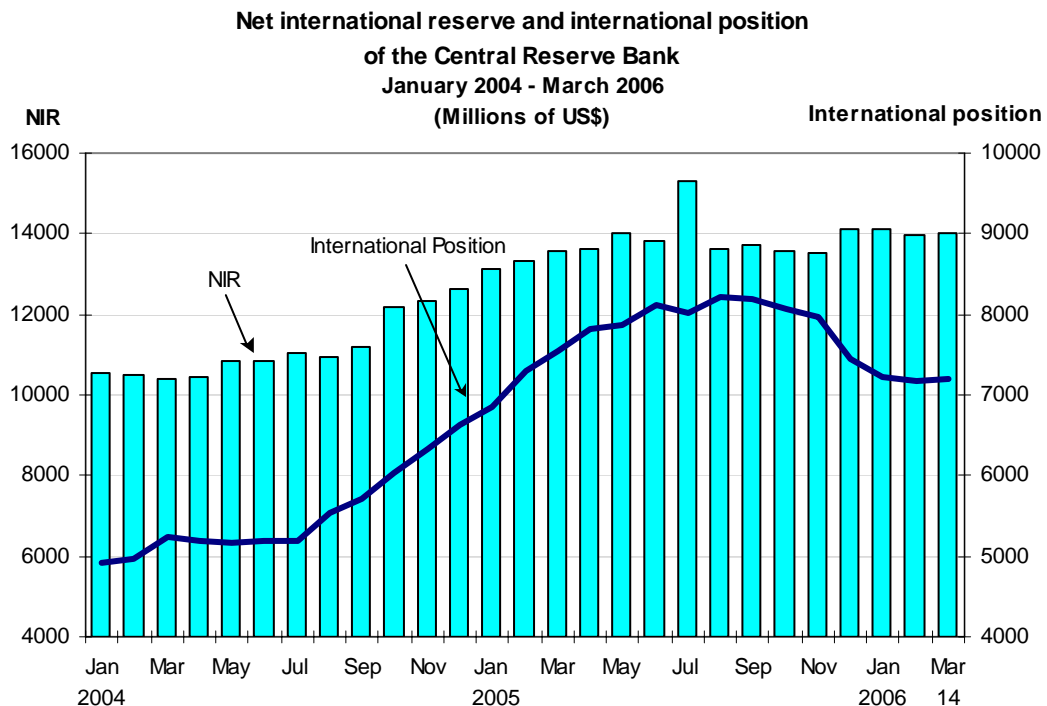
Between **March 9 and 15**, the Central Reserve Bank made the following operations:

- Auctions of temporary purchases of Certificates of Deposit BCRP and BTP by S/. 606 million on a daily basis with maturities of 1 day, 3 days and 1 week. The average interest rate ranged between 4,00 and 4,22 percent.
- Overnight deposits on March 9, 10, 14 and 15 de March by S/. 3, S/. 99, S/. 28,5 and S/. 15 million, respectively.

Net international reserves at US\$ 14 032 million

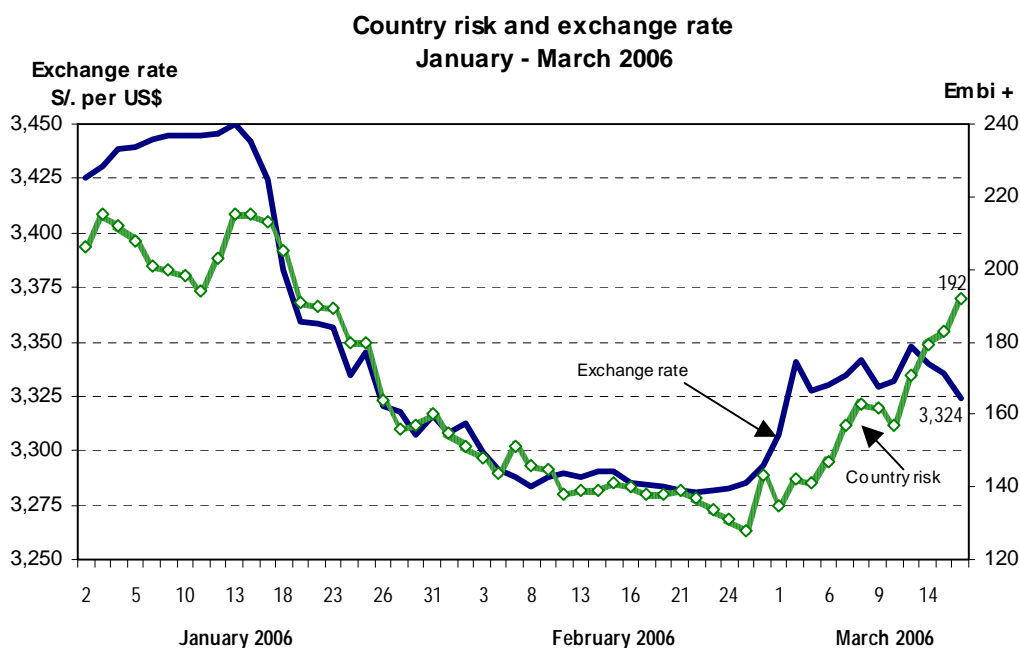
As of March 14, net international reserves (NIR) amounted to US\$ 14 032 million, up US\$ 43 million from end-February. This increase is explained by higher financial system deposits in US\$ 126 million, investment yield by US\$ 8 million and changes in the value of currencies and gold in US\$ 6 million. This evolution was partially offset by lower public sector deposits in the Central Bank by US\$ 97 million.

However, year-to-date, NIRs have decreased US\$ 66 million. On the other hand, the Central Bank's international position (US\$ 7 187 million) dropped by US\$ 263 million.



Exchange rate dropped from S/. 3,336 to S/. 3,324 per dollar

Between March 8 and 16, the interbank exchange rate appreciated 0,4 percent from S/. 3,336 to S/. 3,324 per dollar. In the last days, the behavior of the exchange rate has dissociated from the risk country (EMBI+ Peru) in contrast to what it has come happening throughout the year. An explanation would be the more sensibility of the external market to the electoral context, as well as the higher demand of local currency for the regularization of the Tax Revenue payment. Year-to-date, the new sol accumulates an appreciation of 2,8 percent.



Monetary base as of March 15, 2006

The monetary base balance as of March 15 was S/. 10 942 million up 0,2 percent (S/. 24 million) from end-February. In average terms, the last 12 month rate of expansion of the monetary base was 22,3 percent (24,3 percent in February).

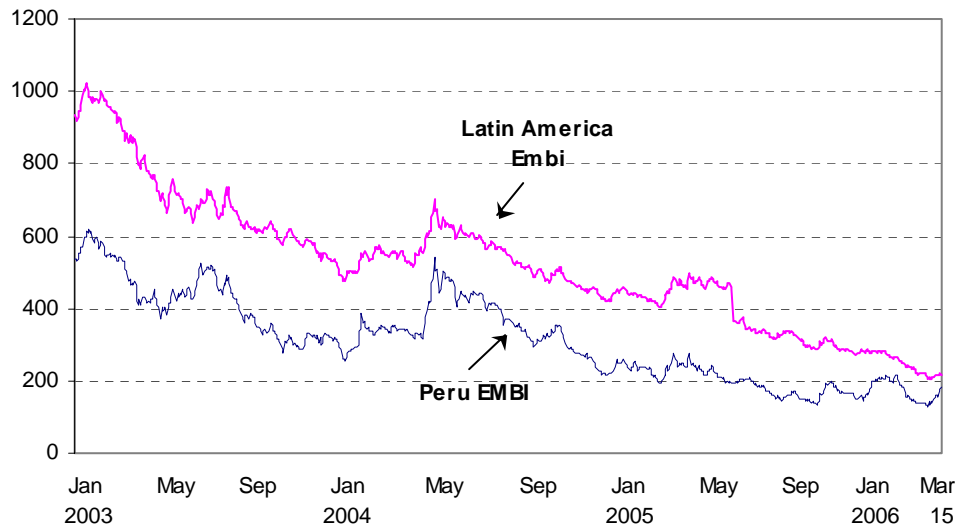
By sources, the operations that explained the increase in the monetary base were: the redemption of Certificates of Deposit BCRP (S/. 490 million), lower public sector deposits (S/. 54 million), the redemption of Adjustables Certificates of Deposit BCRP (S/. 35 million) and lower financial system overnight deposits (S/. 15 million). Conversely, the monetary base decreased by lower temporary purchase of securities (S/. 601 million).

International markets

Country Risk rises to 183 basic points

The country risk measured by the EMBI+ Peru spread, rose from 163 basic points on March 8 to 183 basic points as of March 15 explained by the uncertainty associated to the next electoral process and the recommendation of caution made by some investment banks.

Country risk indicators
(January 2003 - March 2006)



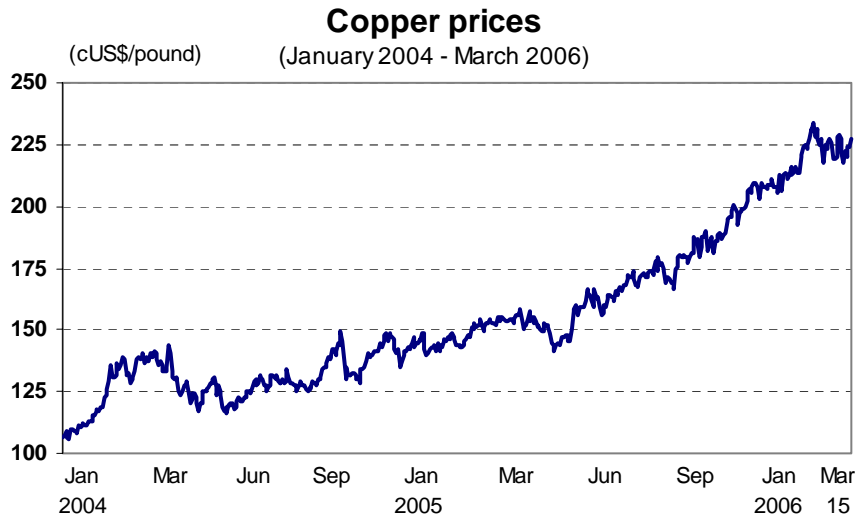
Commodities prices recovered

Between March 8 to 15, the gold quotation increased 2,5 percent to US\$ 556 per ounce troy due to the weakening of US dollar, the recovery of petroleum prices and a higher demand from Japanese investors.

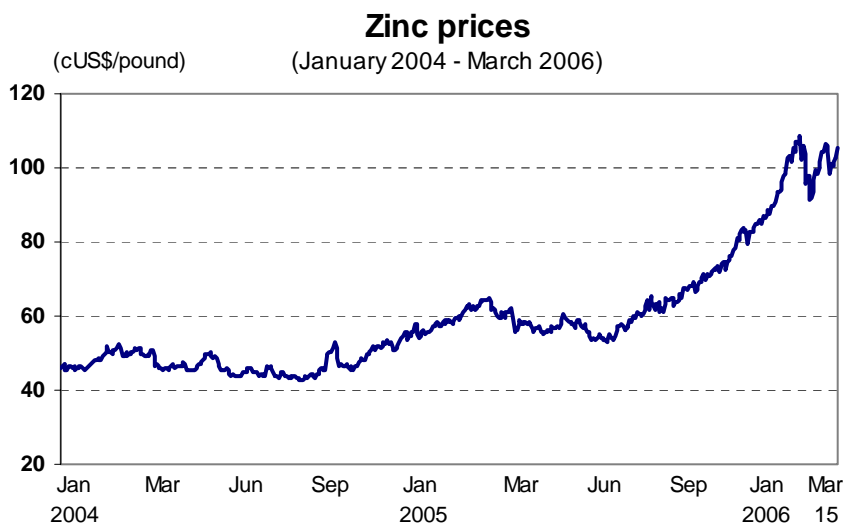
Gold prices



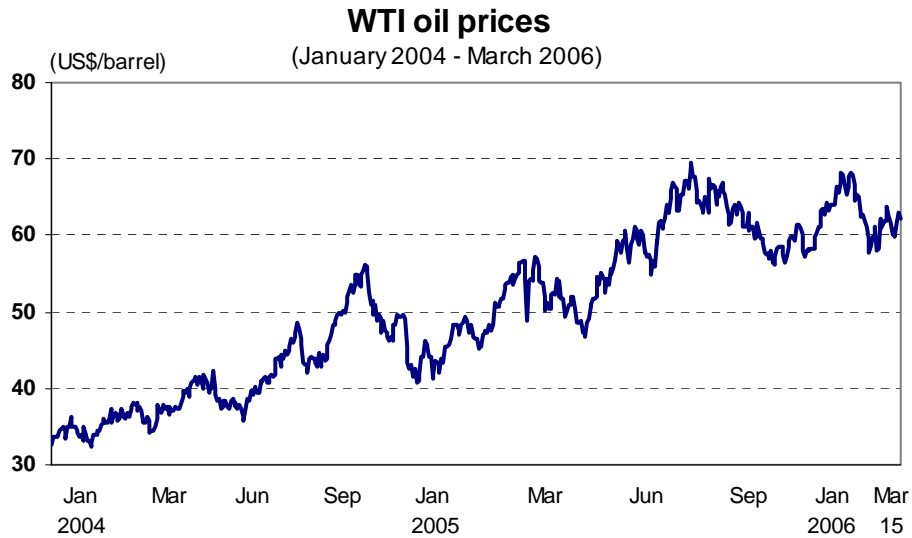
In the same period, the copper quotation increased 4,4 percent to US\$ 2,27 per pound due to the positive impact of the US dollar weakening and the workers protest against Grasberg mine in Indonesia, the second more important copper mine of the world.



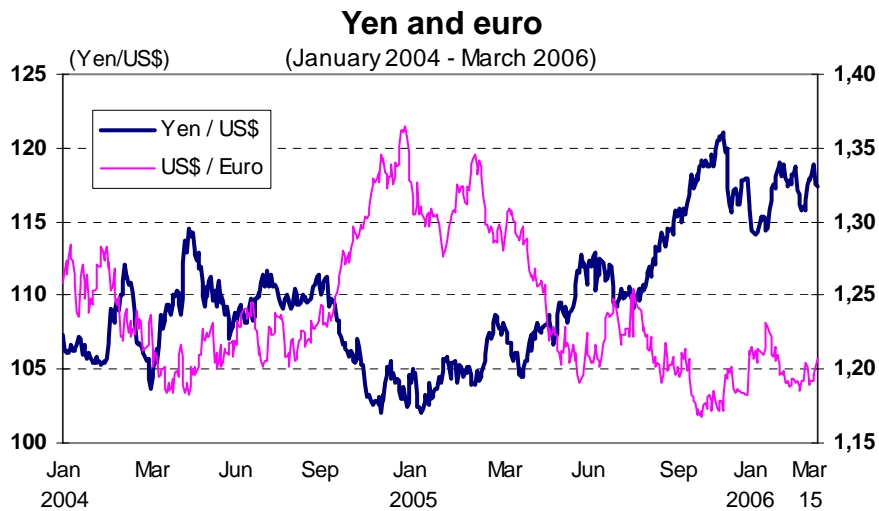
During March 8 to 15, the zinc quotation increased 7,1 percent to US\$ 1,05 per pound facing a probable Australian government refusal to accept the petition for the McArthur River subterranean zinc mine to become an open cut operation due to the environmental impact. Xstrata, the mine's proprietary, indicated that the refusal would imply to close the mine, which productive capacity reaches 160 thousand MT or almost 2 percent of the global production. The analysts consider that a potential close would cause an imbalance in the zinc's global market until the end of the decade, prompting prices. Besides, the London Metal Exchange inventories continued with their decreasing tendency diminishing from 321 thousand to 312 thousand MT, the smaller level since the third quarter of 2001.



From March 8 to 15, the WTI oil price increased 3,6 percent to US\$ 62,2 per barrel influenced by the supply difficulties in Ecuador due to the strikes, insurgency problems in Nigeria and geopolitical fears in Iran (the fourth greater world producer).

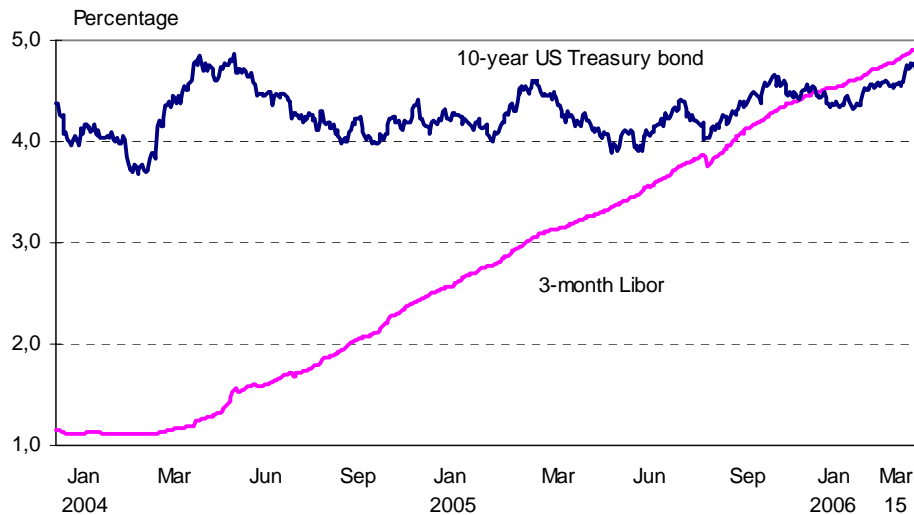


In the period of analysis, the dollar depreciated 0,4 percent against the yen and 1,2 percent against euro influenced by the United States new figures of current account deficit, trade balance and capital inflows. Thus, the current account deficit in the fourth quarter of 2005 was US\$ 225 billion vs. US\$ 218 billion expected, while the January's trade deficit elevated to US\$ 69 billion (new record) above the net capital inflow of US\$ 66 billion.



Between March 8 to 15, the **3-month Libor** increase from 4,88 to 4,92 percent whereas the **yield of the US Treasuries with a 10 year maturity** stayed at 4,73 percent. The US Treasuries price maintained volatile in a context of mixed indicators on the evolution of the United States economy.

Libor and yield of 10-year matured US Treasury bond
(January 2004 - March 2006)



Lima Stock Exchange decreased 5,3 percent as of March 15

As of March 15, the General and Blue Chip indices of Lima Stock Exchange diminished by 5,3 and 5,8 percent, respectively. A caution has been observed and investors profit takings due to the proximity of the electoral process. Nevertheless, the stock market has been encouraged by the demand of Volcan Mining Company A class shares by the Trafigura trader and the public purchase offering of the 100 percent of Backus Investment shares by the SAB Miller in a US\$ 400 million offering. Year-to-date, the stock market indices register a growth of 20,0 and 23,6 percent, respectively.

Lima Stock Exchange indicators
(January 2003 - March 2006)

