



BANCO CENTRAL DE RESERVA DEL PERÚ

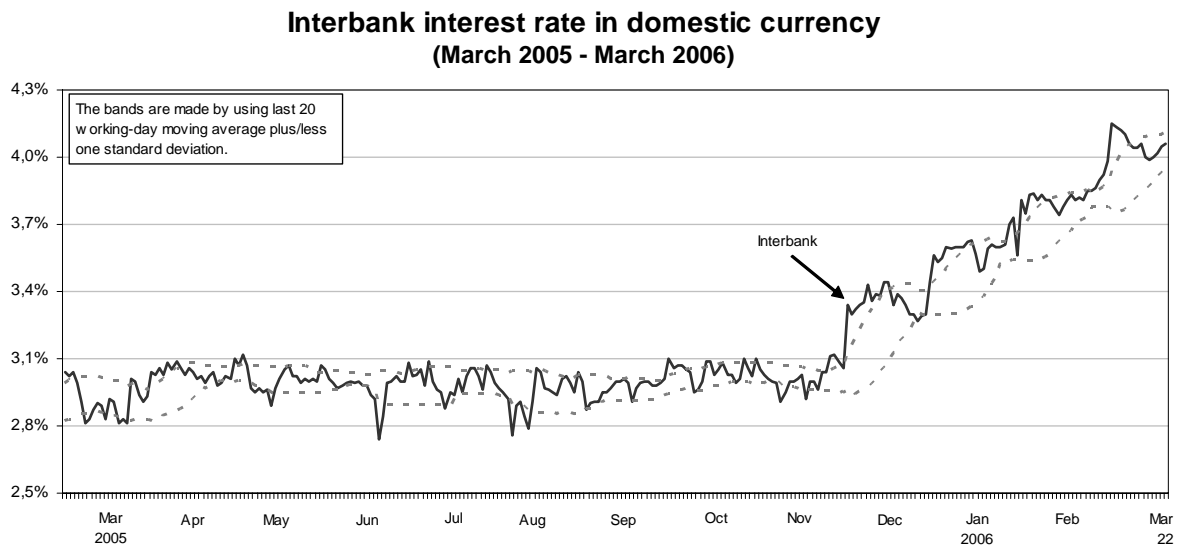
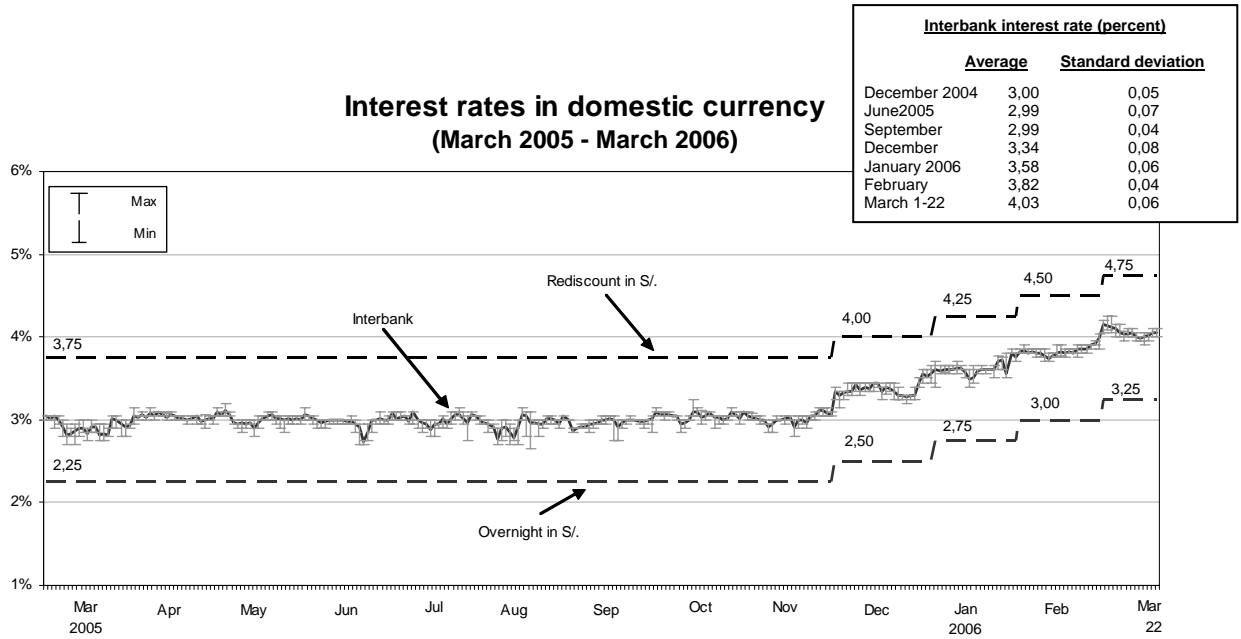
WEEKLY REPORT

*Nº 12 – March 24, 2006*

■ Interbank interest rate increased to 4,03 percent	xi
■ Corporate prime interest rate in soles increased to 5,69 percent	xii
■ Monetary operations	xiii
■ Net international reserves at US\$ 14 137 million	xiii
■ Exchange rate increased from S/. 3,324 to S/. 3,369 per dollar	xiv
■ Monetary base as of March 15, 2006	xiv
■ Banking system liquidity increased in February	xiv
■ Financial system credit grew 38,7 percent in domestic currency and 5,2 percent in foreign currency in the last 12 months	xv
■ In January GDP grew by 4,4 percent and domestic demand 7,0 percent	xvii
■ Central government primary surplus for February: S/. 486 million	xx
■ Country Risk rises to 217 basic points	xxi
■ Copper and zinc reached new historic maximums	xxii
■ Lima Stock Exchange decreased 3,5 percent as of March 22	xxv

## Interbank interest rate increased to 4,03 percent

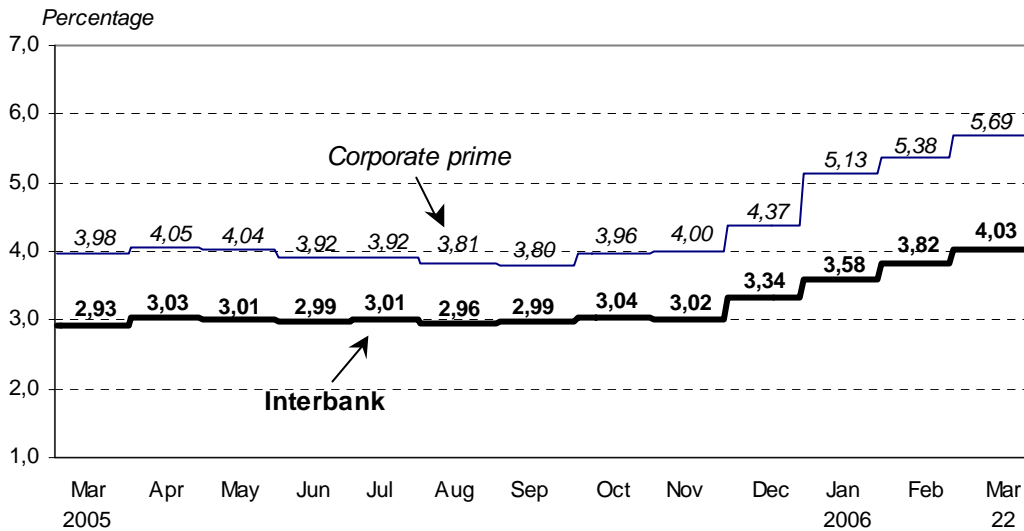
In line with the increase in the CRBP's reference interest rate, from 3,75 to 4,0 percent, of the March monetary program, the **interbank interest rate** rose from 3,82 percent in February to 4,03 as of March 22.



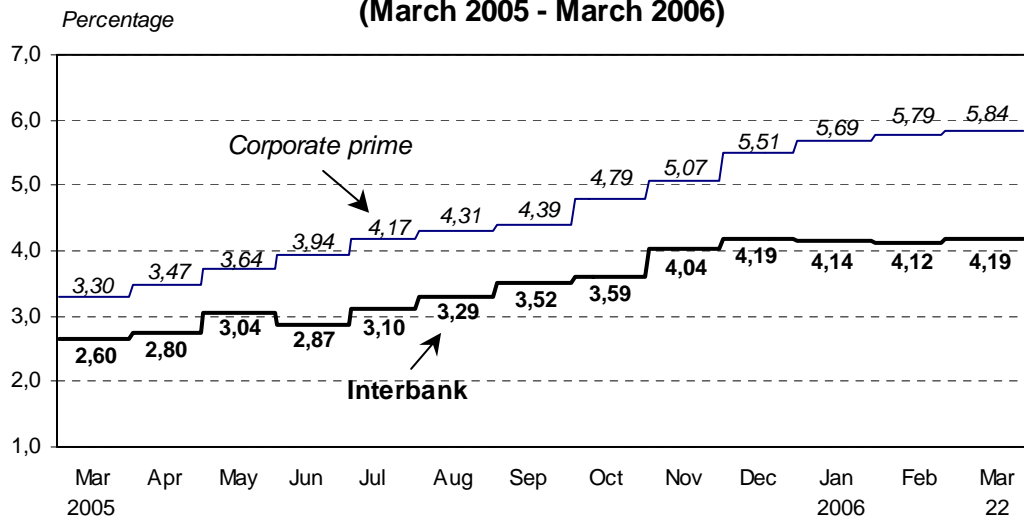
## Corporate prime interest rate in soles increased to 5,69 percent

As of **March 22**, the average 90-day corporate rate in soles augmented from 5,38 in February to 5,69 percent and the rate in dollars from 5,79 to 5,84 percent. Thus, the differential between the foreign and domestic interest rate dropped from 114 basic points in December 2005 to 15 basic points in March 22. This evolution is partially explained by the increase of the reference interest rate of the CRBP from 3,0 percent in November 2005 to 4,0 percent in March.

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



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



## Monetary operations

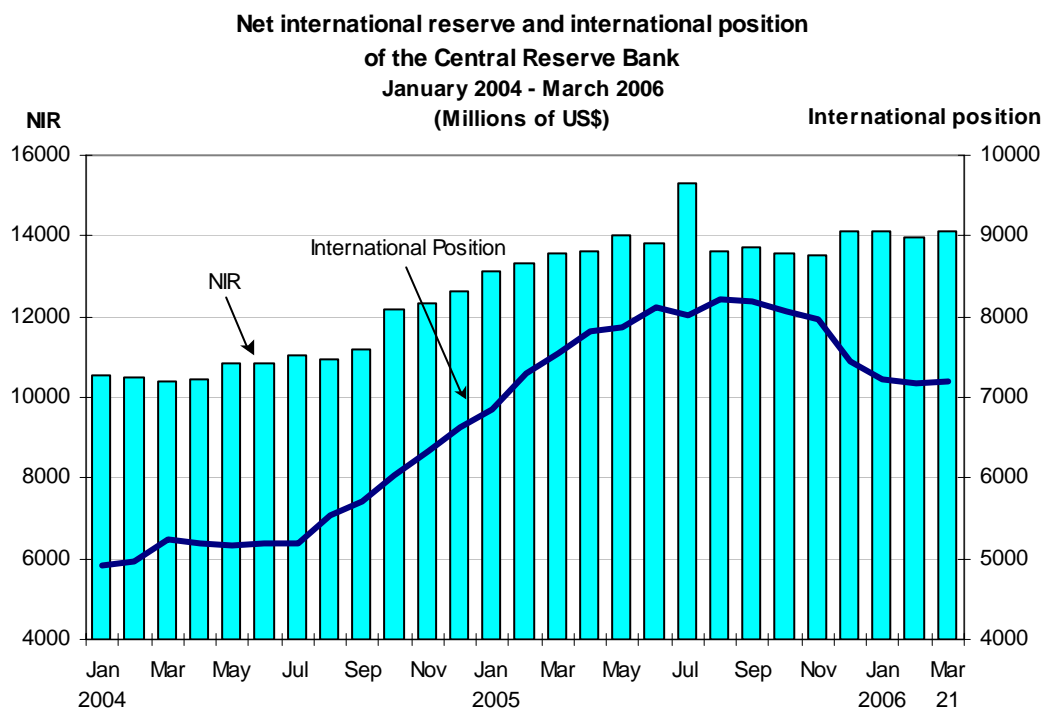
Between **March 16 and 22**, the Central Reserve Bank made the following operations:

- Auctions of temporary purchases of Certificates of Deposit BCRP and BTP by S/. 566 million on a daily basis with maturities of 1 day, 3 days and 1 week. The average interest rate ranged between 3,97 and 4,19 percent.
- Overnight deposits on March 17, 20, 21 and 22 by S/. 11,2; S/. 4; S/. 20 and S/. 17 million, respectively.

## Net international reserves at US\$ 14 137 million

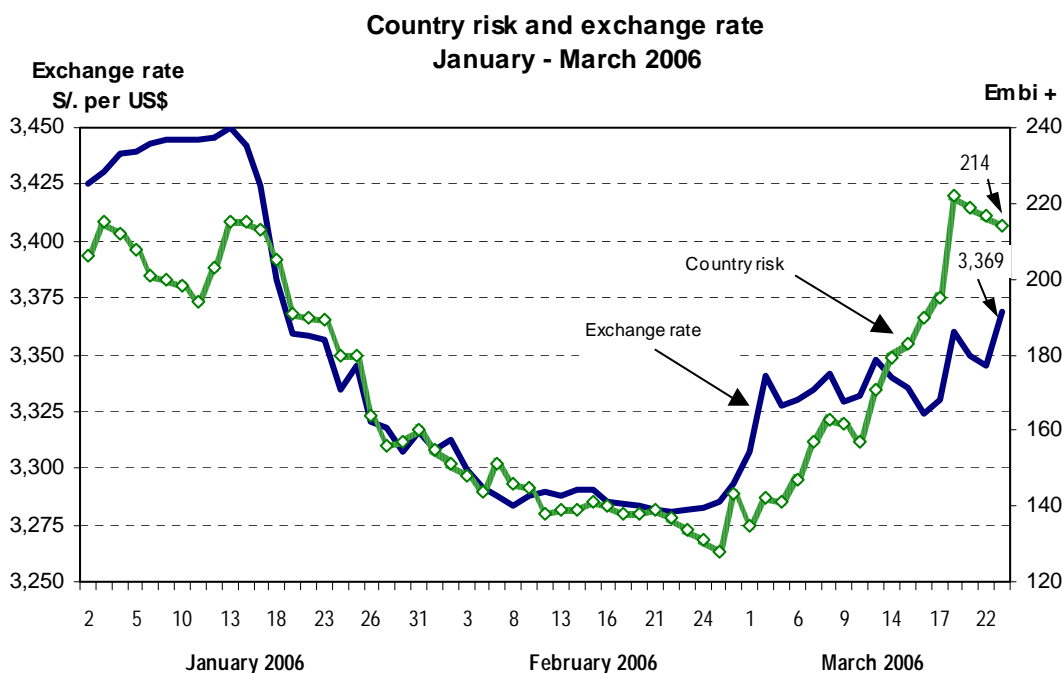
As of **March 21**, **net international reserves** (NIR) amounted to US\$ 14 137 million, up US\$ 148 million from end-February. This increase is explained by higher financial system deposits in US\$ 249 million, investment yield by US\$ 38 million and changes in the value of currencies and gold in US\$ 22 million. This evolution was partially offset by lower public sector deposits in the Central Bank by US\$ 162 million.

Year-to-date, NIRs have increased US\$ 40 million. On the other hand, the **Central Bank's international position** (US\$ 7 204 million) dropped by US\$ 246 million.



## Exchange rate increased from S/. 3,324 to S/. 3,369 per dollar

Between **March 15 and 23**, the interbank **exchange rate** depreciated 1,4 percent from S/. 3,324 to S/. 3,369 per dollar. The higher demand of foreign currency because of the uncertainty associated to the next electoral process prevailed over the demand of local currency for the regularization of the Tax Revenue payment and for the public purchase offering of the 100 percent of Backus Investment shares by the SAB Miller in a US\$ 400 million offering. Nevertheless, year-to-date, the new sol accumulates an appreciation of 1,5 percent.



## Monetary base as of March 15, 2006

The **monetary base** balance as of March 22 was S/. 10 849 million down 0,6 percent (S/. 69 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 decrease in the monetary base were: lower temporary purchase of securities (S/. 619 million) and higher public sector deposits (S/. 366 million). Conversely, the monetary base augmented by the redemption of Certificates of Deposit BCRP (S/. 830 million) and the redemption of Adjustables Certificates of Deposit BCRP (S/. 35 million).

## Banking system liquidity increased in February

In February, liquidity in **domestic currency** soared 1,1 percent (S/. 323 million) to a balance of S/. 29 452 million. Credit to the private sector in the same currency augmented 2,5 percent (S/. 394 million) to S/. 16 125 million. However, in annual terms this aggregates grew by 10,3 and 41,2 percent, respectively.

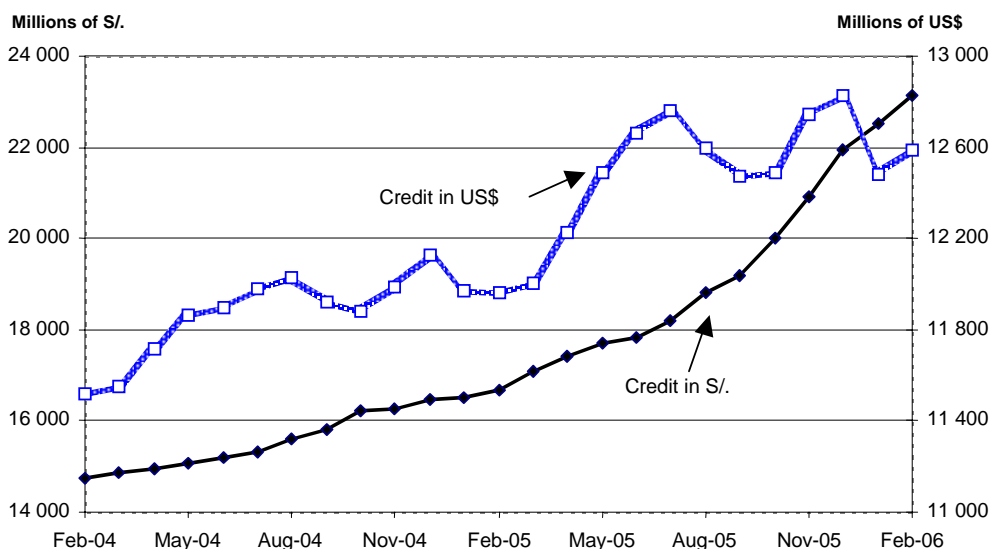
Liquidity in **foreign currency** increased 1,4 percent (US\$ 151 million) to US\$ 11 215 million (an annual growth rate of 17,0 percent). Credit to the private sector in the same currency soared 0,7 percent (US\$ 69 million) to US\$ 9 984 million (an annual growth rate of 1,3 percent).

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.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)	VAR.(%)
	MONTH	YEAR	MONTH	YEAR	MONTH	YEAR	MONTH	YEAR	MONTH	YEAR	MONTH	YEAR
<b>2003</b>												
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%
<b>2004</b>												
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%
<b>2005</b>												
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%
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%	1,1%	21,2%	3,6%	21,2%	0,2%	6,6%	-11,1%	6,3%	0,1%	5,4%
Nov.	0,7%	27,7%	1,6%	19,7%	5,4%	27,2%	2,8%	9,1%	9,9%	12,1%	2,0%	6,4%
Dec.	13,1%	25,7%	5,3%	19,2%	6,8%	34,6%	4,0%	12,5%	31,2%	44,8%	-0,5%	4,7%
<b>2006</b>												
Jan.	-7,2%	25,0%	-4,7%	13,3%	2,6%	38,3%	2,6%	14,8%	-27,2%	-15,5%	-3,9%	0,4%
Feb.7	-7,3%	25,1%	-5,8%	11,6%	2,7%	38,2%	3,2%	14,7%	-21,0%	-6,6%	-3,5%	0,2%
Feb.	0,3%	22,9%	1,1%	10,3%	2,5%	41,2%	1,4%	17,0%	8,1%	0,8%	0,7%	1,3%
Memo:												
Balance as of Jan.31 (Mill.S/. or Mill.US\$)	10 882		29 129		15 730		11 064		772		9 915	
Balance as of Feb.28 (Mill.S/. or Mill.US\$)	10 918		29 452		16 125		11 215		835		9 984	
1/ Short term external liabilities of banking enterprises.												

## Financial system credit grew 38,7 percent in domestic currency and 5,2 percent in foreign currency in the last 12 months

The financial system credit to the private sector supported his increasing tendency in February reflecting the dynamism of the economic activity, the macroeconomic stability of the country and a adequate level of liquidity of the financial system. Thus, in February, the financial system credit expanded 2,8 percent in domestic currency and 0,8 percent in foreign currency reaching levels of S/. 23 132 million and US\$ 12 589 million, respectively. In this manner, the 12-month cumulative growth was 38,7 percent or S/. 6 454 million in domestic currency and 5,2 percent or US\$ 625 million in foreign currency. It is worth to note that this credit dynamism is accompanied by a decreased in the banking system arrears (measured as the arrears portfolio divided by gross loans) from 3,76 percent in February 2005 to 2,29 percent.

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR



**Domestic currency** credit expansion in February was mainly given in commercial banks (2,7 percent or S/. 326 million), reflecting larger commercial and consumer credits (S/. 189 million and S/. 115 million, respectively). In the evolution of the commercial credits highlighted the banking financing of the manufacturing industry (S/. 53 million), the transport and communications sector (S/. 35 million) and the commerce sector (S/. 33 million) between other activities. Also, there was observed an increase of the credit of institutional investors in 5,1 percent (S/. 153 million) and of the microfinance institutions in 2,2 percent (S/. 127 million).

## FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN LOCAL CURRENCY

	Millions of S/.			Percentage change	
	Feb05	Jan06	Feb06	Feb.06/ Feb.05	Feb.06/ Jan.06
Commercial banks 1/	8 469	11 892	12 218	44,3	2,7
Banco de la Nación	1 094	1 310	1 325	21,1	1,2
<b>Microfinance institutions</b>	<b>4 390</b>	<b>5 886</b>	<b>6 013</b>	<b>37,0</b>	<b>2,2</b>
Banks (microfinance credits)	1 143	1 543	1 594	39,5	3,3
Local government S&Ls	1 411	1 868	1 902	34,8	1,8
Rural S&Ls	261	356	368	40,7	3,4
Cooperatives	511	598	598	17,1	--
Edpymes	232	351	359	55,1	2,3
Financial companies	832	1 170	1 192	43,3	1,9
<b>Institutional investors 2/</b>	<b>2 423</b>	<b>3 003</b>	<b>3 156</b>	<b>30,2</b>	<b>5,1</b>
AFPS	1 423	1 947	2 092	47,0	7,5
Insurance companies	825	751	751	-8,9	--
Mutual funds	176	305	313	78,1	2,6
<b>Leasing companies and others</b>	<b>303</b>	<b>415</b>	<b>419</b>	<b>38,6</b>	<b>1,0</b>
<b>Total Financial System</b>	<b>16 678</b>	<b>22 506</b>	<b>23 132</b>	<b>38,7</b>	<b>2,8</b>

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

On the other hand, the increase in **foreign currency** credit is explained by higher credit of commercial banks (0,7 percent or US\$ 67 million) mainly by large commercial credits (US\$ 56 million) and by higher credit of institutional investors (1,8 percent or US\$ 28 million) explained by the acquisition of fixed-income instruments.

## FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY

	Millions of US\$			Percentage change	
	Feb05	Jan06	Feb06	Feb.06/ Feb.05	Feb.06/ Jan.06
Commercial banks 1/	9 488	9 442	9 509	0,2	0,7
Banco de la Nación	22	22	22	-0,8	-0,1
<b>Microfinance institutions</b>	<b>669</b>	<b>778</b>	<b>784</b>	<b>17,2</b>	<b>0,8</b>
Banks (microfinance credits)	126	173	177	39,8	2,2
Local government S&Ls	253	293	294	16,0	0,5
Rural S&Ls	56	56	57	0,7	0,4
Cooperatives	154	166	166	8,2	--
Edpymes	49	54	54	10,3	-0,4
Financial companies	31	36	37	19,9	2,6
<b>Institutional investors 2/</b>	<b>1 149</b>	<b>1 546</b>	<b>1 574</b>	<b>37,1</b>	<b>1,8</b>
AFPS	603	749	743	23,3	-0,8
Insurance companies	90	151	151	67,3	--
Mutual funds	455	645	679	49,3	5,3
<b>Leasing companies and others</b>	<b>636</b>	<b>697</b>	<b>700</b>	<b>10,1</b>	<b>0,4</b>
<b>Total Financial System</b>	<b>11 963</b>	<b>12 485</b>	<b>12 589</b>	<b>5,2</b>	<b>0,8</b>

1/ Excludes microfinance credits.

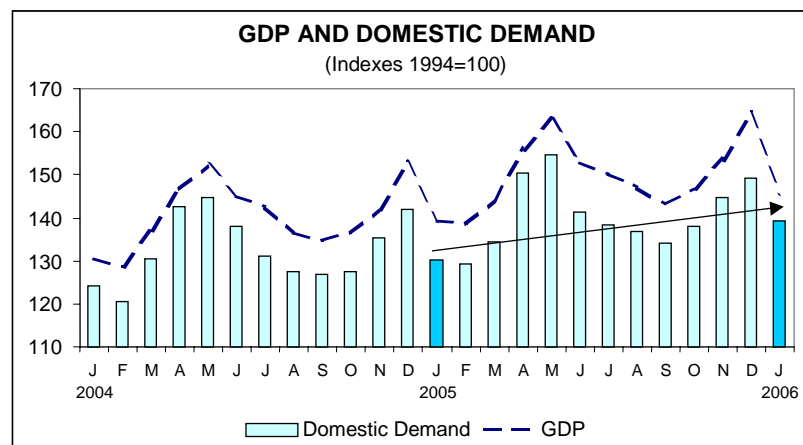
2/ Mainly securities issued by the private sector.

## In January GDP grew by 4,4 percent and domestic demand 7,0 percent

In **January**, the **gross domestic product** (GDP) grew by 4,4 percent, mainly due to the expansion in construction (14,1 percent) and mining and oil (5,6 percent), whereas the agriculture & livestock sector recorded a nil variation, since the increase in livestock (4,7 percent) was offset by the drop in agriculture (-4,1 percent). It should be noted that **domestic demand** increased 7,0 percent in light of the expansion of both consumption and private investment –the latter grew by 27,6 percent reflecting higher imports of capital goods-

### GROSS DOMESTIC PRODUCT (Annual growth rates)

	January	
	2005	2006
<b>Agriculture and Livestock</b>	<b>0,7</b>	<b>0,0</b>
Agriculture	-1,8	-4,1
Livestock	3,6	4,7
<b>Fishing</b>	<b>11,3</b>	<b>2,2</b>
<b>Mining and Fuel</b>	<b>0,1</b>	<b>5,7</b>
Metallic mining	-2,2	5,6
Natural gas and oil	30,1	6,7
<b>Manufacturing</b>	<b>7,6</b>	<b>4,1</b>
Based on raw materials	1,7	2,4
Non-primary	8,9	4,5
<b>Electricity and water</b>	<b>5,5</b>	<b>6,5</b>
<b>Construction</b>	<b>4,6</b>	<b>14,1</b>
<b>Commerce</b>	<b>9,2</b>	<b>1,7</b>
<b>Other services</b>	<b>7,5</b>	<b>3,4</b>
<b>GROSS VALUE ADDED (GVA)</b>	<b>6,4</b>	<b>3,8</b>
Taxes on products and import duties	8,1	9,9
<b>GDP</b>	<b>6,5</b>	<b>4,4</b>
Primary sector GVA	0,9	2,7
Non-primary sector GVA	7,8	4,1
Domestic demand indicator	4,9	7,0





**Agriculture** output was affected by an extreme variability in weather conditions in Northern coastal Peru –lowering potato and corn yields and delaying mango harvests- as well as lower sowings in the highland. Conversely, the increase in **livestock** was widespread; notwithstanding, poultry production stood out propelled by higher inner cities’ demand.

**Fishing** production increased 1,7 percent, due to higher anchovy catch (industrial consumption), as well as of those species oriented to human consumption (in frozen, canned and dry-salted varieties).

**Mining and fuel** grew by 5,7 percent due to larger production of gold (19,2 percent), which contributed with 5,4 percentage point of monthly sector’s growth. The latter was explained by the entry of Alto Chicama as well as the higher activity of medium-scale mining. There was also an increased production in copper, molybdenum and iron.

**Manufacturing** saw a 4,1 percent growth in January, mainly due to the increase in non-primary manufacturing, which in turn reflected boosting construction. Manufacturing based on raw material saw a growth of 2,4 percent, particularly in meat, sugar and fish meal, which offset the decrease in non-ferrous metal and oil refining.

The most dynamic items in January were: printing activities –due to the electoral campaign-, cement, furniture and toilet and cleaning products –due to both domestic and foreign higher demand-, beer and malted beverages–reflecting the entry of a new competitor in May 2005- and pharmaceutical products –due to higher requirements of the private and public sector-.

#### Industries with higher increases

CIU	January 2006	
	Var. %	Contrib. % 1/
Impression activities	16,7	0,9
Cement	18,6	0,7
Furniture	31,8	0,7
Beer & Malta	29,2	0,6
Dressing table and cleaning products	17,4	0,4
Pharmacy products	42,0	0,4
Ceramics	21,1	0,4
Others metal products (packages)		0,4
<b>Subtotal</b>	<b>21,2</b>	<b>4,5</b>
<b>Total</b>	<b>4,5</b>	

1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Producción.

On the other hand, the items with the most negative contribution were basic chemical substances; miscellaneous manufacturing, textile products –a sector that is confronting greater competition from China and is in the quest of new marketing strategies-; pesticides and other chemical products for agriculture; paper and paperboard due to the higher foreign competition.

## Industries with higher decreases

CIU	January 2006	
	Var. %	Contrib. % 1/
Basic chemicals	-28,2	-0,9
Miscellaneous manufacturing products	-18,5	-0,5
Others articles to dress	-5,2	-0,5
Plaguicidas y otros químicos de uso agropecuario	-31,0	-0,3
Woven spinings	-7,0	-0,2
Paper and cardboard	-11,6	-0,2
<b>Subtotal</b>	<b>-12,5</b>	<b>-2,6</b>

1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Producción.

**Construction** grew by 14,1 percent propelled by self-construction activities –which boosted domestic sale of cement (a 14,9 percent increase)-, the increase in mortgage credits and the execution of local government tasks using canon transfers.

**Employment** in enterprises with 10 or more workers grew by 5,7 percent on a national basis according to the Ministry of Labor. The higher increases were recorded in inner cities (6,4 percent), whereas employment in Metropolitan Lima grew by 5,4 percent. The highest rates of employment growth were recorded in the following cities: Chincha (24,4 percent), Sullana (11,4 percent), Talara (10,4 percent), Tarapoto (9,8 percent) and Pisco (9,3 percent).

### URBAN EMPLOYMENT BY MAIN CITIES ENTERPRISES WITH 10 AND MORE WORKERS (Annual percentage change)

	2005/ 2004	Jan-06/ Jan-05
Chincha	15,5	24,4
Sullana	23,3	11,4
Talara	18,7	10,4
Tarapoto	7,3	9,8
Pisco	6,1	9,3
Tacna	2,4	7,9
Cajamarca	3,6	7,8
Huaraz	-7,5	7,8
Paita	-4,6	7,2
Chiclayo	3,5	6,7
Cusco	6,4	6,1
Arequipa	4,2	5,7
Trujillo	5,6	5,4
Puno	5,5	5,4
Iquitos	9,1	5,3
Pucallpa	2,9	5,0
Piura	8,5	4,5
Ica	16,5	2,3
Chimbote	0,4	0,0
Huancayo	3,8	-7,0

Source: MTPE

## Outlook for February

Preliminary data on oil, construction, electricity and tax collection points out:

- A 4,4 percent growth for hydrocarbon sector.
- A 13,3 percent increase in domestic sales of cement, excluding Yanacocha project (Asocem).
- A 7,7 percent increase in energy production (COES).

## Central government primary surplus for February: S/. 486 million

**Central government operations** for the period March 2005 - February 2006 recorded a cumulative primary surplus of S/. 4 377 million (S/. 1 262 million for the period March 2004 - February 2005). Current revenue increased in S/. 6 839 million (19 percent), whereas non-financial expenditure increased in S/. 3 830 million (11 percent). Cumulative interest for this period (S/. 5 189 million) grew by 19 percent, so as the overall deficit for this period was S/. 812 million, lower than the S/. 2 298 million over similar comparable period.

In February, central government operations recorded an overall deficit of S/. 268 million, down in S/. 397 million from February 2005. The primary balance was positive in S/. 486 million, compared with the S/. 29 million primary deficit of February 2005, reflecting the 22 percent increase in current revenue, which exceeded the 3 percent rise in non-financial expenditure. On the other hand interest payments (S/. 754 million) increased in S/. 118 million.

### CENTRAL GOVERNMENT OPERATIONS (Millions of Nuevos Soles)

	Monthly data			12-month period			C/A	C/B
	February			Mar 2004	Feb 2005	Mar 2005		
	2005	2006	Var. %	Feb 2005 A	Ene 2006 B	Feb 2006 C		
<b>1. CURRENT REVENUES</b>	<b>2 730</b>	<b>3 339</b>	<b>22,3</b>	<b>35 943</b>	<b>42 173</b>	<b>42 782</b>	<b>19,0</b>	<b>1,4</b>
A. TAX REVENUE	2 364	2 861	21,0	31 571	36 612	37 109	17,5	1,4
B. NON TAX REVENUE	366	479	30,8	4 372	5 561	5 674	29,8	2,0
<b>2. NON-FINANCIAL EXPENDITURE</b>	<b>2 762</b>	<b>2 855</b>	<b>3,4</b>	<b>34 940</b>	<b>38 677</b>	<b>38 770</b>	<b>11,0</b>	<b>0,2</b>
A. CURRENT EXPENDITURE	2 625	2 677	2,0	30 662	33 785	33 837	10,4	0,2
B. CAPITAL EXPENDITURE	137	178	30,2	4 278	4 892	4 933	15,3	0,8
<b>3. CAPITAL REVENUES</b>	<b>3</b>	<b>2</b>	<b>-42,5</b>	<b>259</b>	<b>366</b>	<b>365</b>	<b>41,0</b>	<b>-0,4</b>
<b>4. PRIMARY BALANCE</b>	<b>-29</b>	<b>486</b>		<b>1 262</b>	<b>3 862</b>	<b>4 377</b>		
<b>5. INTEREST PAYMENTS</b>	<b>636</b>	<b>754</b>	<b>18,5</b>	<b>4 372</b>	<b>5 071</b>	<b>5 189</b>	<b>18,7</b>	<b>2,3</b>
<b>6. OVERALL BALANCE</b>	<b>-665</b>	<b>-268</b>		<b>-3 110</b>	<b>-1 209</b>	<b>-812</b>		
<b>7. NET FINANCING</b>	<b>665</b>	<b>268</b>		<b>3 110</b>	<b>1 209</b>	<b>812</b>		
1. External	945	-230		5 032	-3 667	-4 842		
A. Disbursements	1 434	151		9 541	8 428	7 144		
B. Amortizations	-490	-381		-4 509	-12 095	-11 986		
2. Domestic	-294	495		-2 321	4 689	5 477		
3. Privatization	15	4		399	187	176		

**Current revenues** totaled (S/. 3 339 million), up 22 percent from the same month a year ago. **Tax revenues** amounted to S/. 2 861 million, 21 percent higher than a year ago due to the increase in advanced payments of income tax (44 percent) and value added tax (17 percent). These increases were partially offset by lower collection on duties (-10 percent), excise tax (-17 percent) and other taxes (-3 percent). In short, higher collection is linked to economic dynamism as well as growing imports (29 percent), partially offset by the elimination of duties on oil and derivatives. **Non-tax revenues** (S/. 479 million) increased 31 percent due to higher royalties and canon on oil and gas (83 percent).

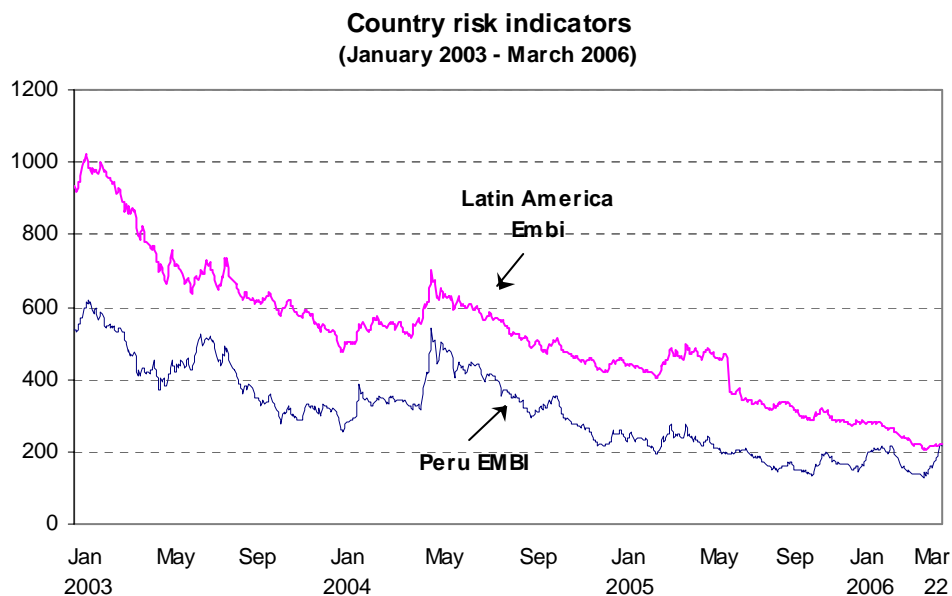
In February 2006, **non-financial expenditure** amounted to S/. 2 855 million, up S/. 93 million (3 percent) from February 2005. This increase was mainly explained by the rise in non-financial expenditure (S/. 52 million) and capital outlays (S/. 41 million). Wages and salaries as well as goods and services outlays increased by 10 and 4 percent, respectively, whereas transfers dropped 7 percent, due to the delay in Foncomun transfer to local governments (S/. 210 million) –the distribution indexes for this year were released just in early March-. The increases in wages and salaries were mainly granted to education and health civil servants as well as to military and police personnel. On the other hand, of the S/. 178 million worth capital expenditure, S/. 170 million corresponded to gross capital formation, up 27 percent from last year.

The **external financing** was negative in S/. 230 million (US\$ 70 million) as a result of disbursements by US\$ 46 million and amortization by US\$ 116 million. **Domestic financing** reached S/. 495 million –of which S/. 461 million corresponds to Treasury’s deposit withdrawals-

**International markets**

**Country Risk rises to 217 basic points**

Between March 15 to 22, the country risk measured by the **EMBI+ Peru** spread, rose from 183 basic points to 217 basic points due to the uncertainty associated to the next electoral process and the recommendation of caution by some investment banks. Also, Merrill Lynch reduced its recommendation on Peruvian bonds from “market weight” to “underweight”.



## Copper and zinc reached new historic maximums

Between **March 15 to 22**, the **gold** quotation diminished 0,9 percent to US\$ 551 per ounce troy due to a backward movement in the petroleum prices. On the other hand, the **silver** quotation registered a new maximum in 22 years reaching US\$ 10,48 per ounce troy as of March 22. The quotation of this metal was prompted by the news that the United States' Stock Exchanges Commission would permit the negotiation of a silver fund constituted by Barclays.

### Gold prices



In the same period, the **copper** quotation increased 2,7 percent to US\$ 2,33 per pound, reaching previously a new historic maximum of US\$ 2,39 per pound on March 21. Copper was benefited by a renewed demand of investment funds and by the inventories fall in the London Metal Exchange in the week from 135 thousand MT to 129 thousand MT, equivalent to less than 3 days of global consumption.

### Copper prices



During March 15 to 22, the **zinc** quotation showed a significant increment of 7,2 percent to US\$ 1,13 per pound and registered a new historic maximum of US\$ 1,14 per pound on March 21. The London Metal Exchange inventories continue with its decreasing uninterrupted tendency since the middle of last year, reflecting the current imbalance of the global zinc market. Year-to-date, those inventories have diminished from 394 thousand to 300 thousand MT that represents the smallest level since July 2001.

**Zinc prices**

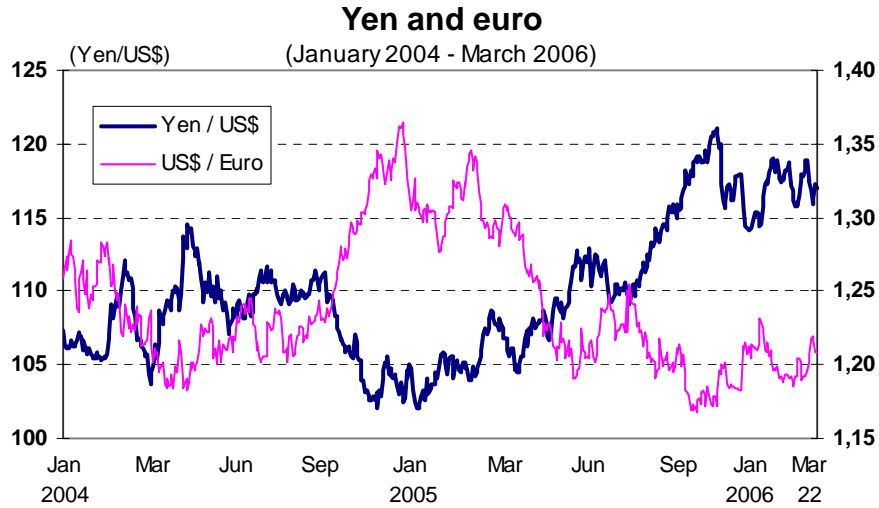


From March 15 to 22, the **WTI oil** price diminished 2,2 percent to US\$ 60,8 per barrel due to the adequate level of reserves in the United States and the slight downward revision of the forecasted world demand for the 2006 by OPEC.

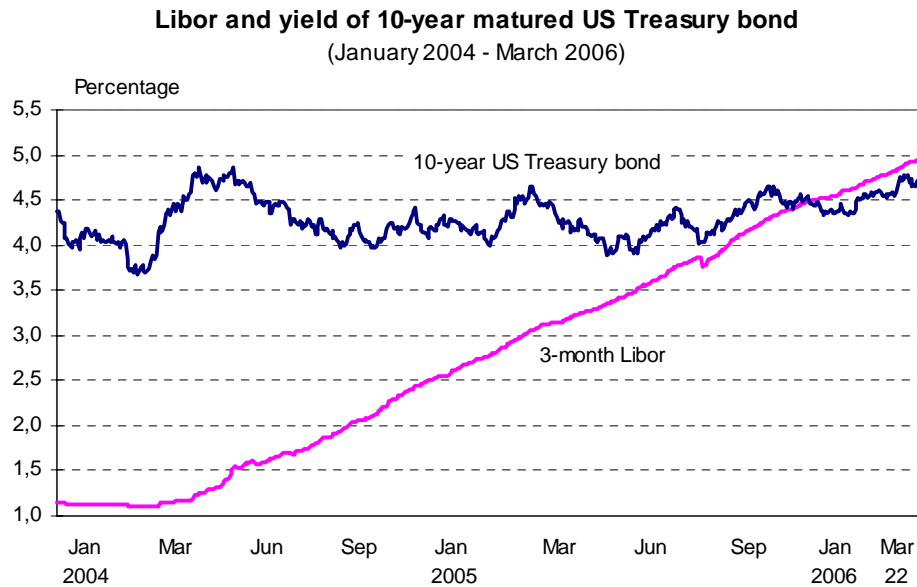
**WTI oil prices**



In the period of analysis, the **dollar** depreciated 0,3 percent against the **yen** and 0,1 percent against **euro**. Some weaker than expected economic indicators and the diffusion that the February core inflation in the United States was 0,1 percent, generated expectations on a next end of the interest rates rise cycle by the Federal Reserve.



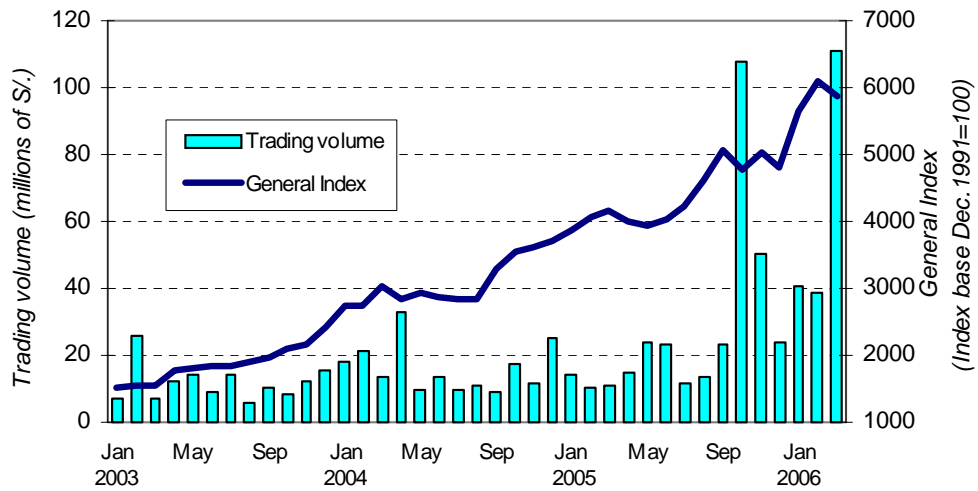
Between March 15 to 22, the **3-month Libor** increased from 4,92 to 4,95 percent whereas the **yield of the US Treasuries with a 10 year maturity** diminished from 4,73 to 4,70 percent.



## Lima Stock Exchange decreased 3,5 percent as of March 22

As of **March 22**, the **General** and **Blue Chip** indices of Lima Stock Exchange diminished by 3,5 and 3,8 percent, respectively. Caution and profit takings have been observed on investors due to the proximity of the electoral process. Nevertheless, stood out the public purchase offering of the 100 percent of the Backus & Johnston investment shares by the SAB Miller in an offering valued at US\$ 400 million, having an important acceptance on institutional and individual investors. Besides, investors are expecting the beginning of the Annual Shareholders' General Meetings to define the politics with respect the 2005 profits. Year-to-date, the stock market indices register a growth of 22,2 and 26,2 percent, respectively.

**Lima Stock Exchange indicators**  
(January 2003 - March 2006)





**Resumen de Indicadores Económicos / Summary of Economic Indicators**

	2005						2006											
	MAR.	JUN.	SET.	OCT.	NOV.	DIC.	Ene.	28 Feb.	Feb	15 Mar.	16 Mar.	17 Mar.	20 Mar.	21 Mar.	22 Mar.	Mar		
<b>RESERVAS INTERNACIONALES (Mills. US\$) / INTERNATIONAL RESERVES</b>																		
Posición de cambio / <i>Net international position</i>	7 545	8 127	8 192	8 077	7 976	7 450	7 220	7 180	-40	7 201	7 225	7 226	7 221	7 204		24		
Reservas internacionales netas / <i>Net international reserves</i>	13 555	13 818	13 695	13 547	13 543	14 097	14 139	13 989	-151	14 144	14 179	14 176	14 170	14 137		148		
Depósitos del sistema financiero en el BCRP / <i>Financial system deposits at BCRP</i>	2 854	2 836	2 984	3 040	3 234	4 165	4 543	4 630	87	4 876	4 887	4 917	4 910	4 879		249		
Empresas bancarias / <i>Banks</i>	2 748	2 684	2 876	2 922	3 155	4 076	4 446	4 452	5	4 629	4 641	4 684	4 705	4 682		231		
Banco de la Nación / <i>Banco de la Nación</i>	46	96	56	58	18	33	31	117	87	172	171	157	130	126		8		
Resto de instituciones financieras / <i>Other financial institutions</i>	60	56	52	59	61	57	66	61	-5	75	76	75	76	71		10		
Depósitos del sector público en el BCRP / <i>Public sector deposits at BCRP *</i>	3 199	2 913	2 572	2 498	2 407	2 533	2 433	2 246	-186	2 099	2 101	2 066	2 069	2 084		-162		
<b>OPERACIONES CAMBIARIAS BCR (MILL. US\$) / BCRP FOREIGN OPERATIONS</b>																		
Compras netas en Mesa de Negociación / <i>Net purchases of foreign currency</i>	260	265	-25	-125	-109	-581	-377	0	-2	0	0	0	0	0	0	0		
Operaciones swaps netas / <i>Net swap operations</i>	360	365	33	-34	-53	-345	-355	0	59	0	0	0	0	0	0	0		
Operaciones con el Sector Público / <i>Public sector</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Operaciones con el Sector Público / <i>Public sector</i>	-100	-100	-58	-91	-56	-237	-22	0	-60	0	0	0	0	0	0	0		
<b>TIPO DE CAMBIO (S/. por US\$) / EXCHANGE RATE</b>																		
Compra interbancario / <i>Interba</i>	Promedio / <i>Average</i>	3,258	3,252	3,306	3,379	3,376	3,423	3,391	3,292	3,287	3,333	3,322	3,328	3,354	3,347	3,343	3,335	
Venta Interbancario / <i>Interbank Ask</i>	Apertura / <i>Opening</i>	3,260	3,253	3,308	3,381	3,377	3,427	3,397	3,290	3,291	3,343	3,334	3,326	3,360	3,355	3,352	3,340	
	Mediodía / <i>Midday</i>	3,260	3,254	3,309	3,382	3,378	3,425	3,394	3,295	3,289	3,336	3,324	3,336	3,362	3,350	3,346	3,339	
	Cierre / <i>Close</i>	3,260	3,253	3,309	3,382	3,378	3,424	3,392	3,296	3,289	3,329	3,324	3,337	3,365	3,349	3,346	3,337	
	Promedio / <i>Average</i>	3,260	3,253	3,309	3,382	3,378	3,425	3,394	3,294	3,289	3,335	3,324	3,337	3,355	3,349	3,345	3,338	
Sistema Bancario (SBS) / <i>Banking System</i>	Compra / <i>Bid</i>	3,258	3,252	3,307	3,380	3,375	3,423	3,392	3,290	3,288	3,334	3,325	3,324	3,348	3,348	3,343	3,335	
	Venta / <i>Ask</i>	3,260	3,253	3,308	3,382	3,377	3,425	3,394	3,293	3,290	3,335	3,326	3,327	3,352	3,350	3,344	3,337	
Índice de tipo de cambio real (1994 = 100) / <i>Real exchange rate Index (1994 = 100)</i>		104.9	103.2	107.3	108.9	107.8	109.1	108.9		105.2								
<b>INDICADORES MONETARIOS / MONETARY INDICATORS</b>																		
<b>Moneda nacional / Domestic currency</b>																		
Emisión Primaria (Var. % mensual) / <i>(% monthly change)</i>	-0.2	1.9	-0.1	1.2	0.7	13.1	-7.2	0.3	0.3									
Monetary base (Var. % últimos 12 meses) / <i>(% 12-month change)</i>	25.7	28.1	31.8	27.6	27.7	25.7	25.0	22.9	22.9									
Oferta monetaria (Var. % mensual) / <i>(% monthly change)</i>	3.7	2.2	-0.6	1.1	1.8	5.2	-4.8	1.1	1.1									
Money Supply (Var. % últimos 12 meses) / <i>(% 12-month change)</i>	33.6	35.4	27.9	21.2	19.9	19.4	13.3	10.3	10.3									
Crédito sector privado (Var. % mensual) / <i>(% monthly change)</i>	2.8	0.8	2.0	3.6	5.4	6.8	2.7	2.5	2.5									
Crédito to the private sector (Var. % últimos 12 meses) / <i>(% 12-month change)</i>	12.1	16.2	21.0	21.2	27.2	34.5	38.3	41.2	41.2									
TOSE saldo fin de período (Var. % acum. en el mes) / <i>TOSE balance (% change)</i>	8.7	3.2	0.5	0.0	2.3	-0.7	-0.4	1.7	1.7	0.5	0.3	1.1	1.8					
Superávit de encaje promedio (Var. % respecto al TOSE) / <i>Average reserve surplus (% of TOSE)</i>	0.5	0.6	1.0	0.9	0.9	1.0	1.3	1.3	1.3	2.3	2.2	1.8	1.8					
Cuenta corriente de los bancos (saldo mill. S/) / <i>Banks' current account (balance)</i>	271	278	286	294	295	312	315	54	257	138	99	69	93	82	54			
Créditos por regulación monetaria (millones de S/) / <i>Rediscounts (Millions of S/)</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Depósitos públicos en el BCRP (millones S/) / <i>Public sector deposits at the BCRP (Millions of S/)</i>	2 619	4 985	5 169	5 180	5 484	4 738	5 190	5 115	5 115	5 061	5 139	5 143	5 128	5 241	n.d.			
Certificados de Depósitos BCRP (saldo Mill.S/) / <i>CDBCRP balance (Millions of S/)</i>	11 261	10 465	9 738	9 045	8 616	7 676	6 991	6 321	6 321	5 831	5 831	5 831	5 831	5 831	5 831	5 491		
CD Reajustables BCRP (saldo Mill.S/) / <i>CDBCRP balance (Millions of S/)</i>	0	0	0	170	170	1 202	1 232	1 232	1 232	1 197	1 197	1 197	1 197	1 197	1 197	1 197		
Operaciones de reporte (saldo Mill. S/) / <i>repos (Balance millions of S/)</i>	0	0	0	65	180	2 850	3 035	2 304	2 304	1 703	1 717	1 761	1 740	1 830	1 685			
TAMN / <i>Average lending rates in domestic currency</i>	26.24	25.99	25.59	24.61	24.49	23.63	24.14	24.10	24.08	24.22	24.43	24.32	24.29	24.54	24.49	24.31		
Préstamos y descuentos hasta 360 días / <i>Loans &amp; discount</i>	15.54	15.51	14.67	14.42	14.43	13.93	14.04	14.46	14.33	14.64	14.69	14.68	14.68	14.71	14.71	14.60		
Interbancaria / <i>Interbank</i>	2.93	2.99	2.99	3.04	3.02	3.34	3.58	3.90	3.82	4.00	3.99	4.00	4.02	4.05	4.06	4.03		
Preferencial corporativa a 90 días / <i>Corporate Prime</i>	3.98	3.92	3.80	3.96	4.00	4.37	5.13	5.50	5.38	5.70	5.83	5.83	5.83	5.83	5.83	5.69		
Operaciones de reporte con CDBCRP / <i>CDBCRP repos</i>	s.m.	s.m.	s.m.	3.18	3.19	3.25	3.71	3.91	3.91	4.16	4.15	4.14	4.15	4.14	4.15	4.15		
Créditos por regulación monetaria / <i>Rediscounts **</i>	3.75	3.75	3.75	3.75	3.75	4.00	4.25	4.50	4.50	4.75	4.75	4.75	4.75	4.75	4.75	4.75		
Del saldo de CDBCRP / <i>CDBCRP balance ***</i>	4.48	4.59	4.64	4.68	4.68	4.72	4.80	4.83	4.83	4.84	4.84	4.84	4.84	4.84	4.86			
<b>Moneda extranjera / foreign currency</b>																		
Crédito sector privado (Var. % mensual) / <i>(% monthly change)</i>	0.4	1.5	-1.4	0.1	1.9	-0.4	-3.9	0.7	0.7									
Crédito to the private sector (Var. % últimos 12 meses) / <i>(% 12-month change)</i>	3.4	5.7	4.6	5.4	6.3	4.8	0.4	1.3	1.3									
TOSE saldo fin de período (Var. % acum. en el mes) / <i>TOSE balance (% change)</i>	1.1	-0.5	1.1	-0.1	2.8	7.5	-1.6	0.0	0.0	1.2	2.4	2.1	1.6					
Superávit de encaje promedio (Var. % respecto al TOSE) / <i>Average reserve surplus (% of TOSE)</i>	0.1	0.3	0.4	0.3	0.2	0.4	0.1	0.2	0.2	0.4	0.2	0.4	0.2					
Créditos por regulación monetaria (millones de US dólares) / <i>Rediscounts</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TAMEX / <i>Average lending rates in foreign currency</i>	9.62	9.67	10.01	10.14	10.28	10.41	10.60	10.66	10.63	10.56	10.57	10.59	10.61	10.63	10.59	10.64		
Préstamos y descuentos hasta 360 días / <i>Loans &amp; discount</i>	8.30	8.31	8.90	9.01	9.23	9.37	9.66	9.88	9.82	9.75	9.74	9.72	9.72	9.73	9.64	9.77		
Interbancaria / <i>Interbank</i>	2.60	2.87	3.52	3.59	4.04	4.19	4.14	4.05	4.12	4.30	4.25	4.22	4.22	4.22	4.22	4.19		
Preferencial corporativa a 90 días / <i>Corporate Prime</i>	3.30	3.94	4.39	4.79	5.07	5.51	5.69	5.79	5.79	5.86	5.87	5.87	5.87	5.87	5.87	5.84		
Créditos por regulación monetaria / <i>Rediscounts ***</i>	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.	s.m.	s.m.		
<b>INDICADORES BURSÁTILES / STOCK MARKET INDICES</b>																		
Índice General Bursátil (Var. %) / <i>General Index (% change)</i>	2.0	2.9	10.0	-6.0	5.7	-4.6	17.3	-0.4	7.9	0.5	3.6	0.0	-4.1	1.6	1.0	-3.5		
Índice Selectivo Bursátil (Var. %) / <i>Blue Chip Index (% change)</i>	1.9	1.6	9.6	-5.6	6.8	-4.9	22.0	-0.6	7.6	0.5	4.2	-0.4	-4.0	1.5	1.0	-3.8		
Monto negociado en acciones (Mill. S/) - Prom. diario	10.9	23.4	23.2	107.6	51.3	23.7	40.7	25.2	38.6	15.1	100.5	120.8	671.9	109.4	62.3	111.1		
<b>INFLACIÓN (%) / INFLATION (%)</b>																		
Inflación mensual / <i>Monthly</i>	0.65	0.26	-0.09	0.14	0.07	0.42	0.50		0.55									
Inflación últimos 12 meses / <i>% 12 months change</i>	1.88	1.48	1.11	1.28	1.06	1.49	1.90		2.70									
<b>GOBIERNO CENTRAL (MILL. S/) / CENTRAL GOVERNMENT (Mills. of S/)</b>																		
Resultado primario / <i>Primary balance</i>	811	480	179	158	330	-2 437	1 916		486									
Ingresos corrientes / <i>Current revenue</i>	3 494	3 223	3 446	3 420	3 554	3 641	4 279		3 339									
Gastos no financieros / <i>Non-financial expenditure</i>	2 687	2 751	3 281	3 280	3 240	6 120	2 436		2 855									
<b>COMERCIO EXTERIOR (Mills. US\$) / FOREIGN TRADE (Mills. of US\$)</b>																		
Balanza Comercial / <i>Trade balance</i>	416	474	461	379	418	879	337											
Exportaciones / <i>Exports</i>	1 351	1 432	1 484	1 466	1 525	1 932	1 419											
Importaciones / <i>Imports</i>	936	958	1 023	1 088	1 107	1 053	1 082											
<b>PRODUCTO BRUTO INTERNO (Índice 1994=100) / GROSS DOMESTIC PRODUCT</b>																		
Variac. %, respecto al mismo mes del año anterior / <i>Annual rate of growth (12 months)</i>	5.0	5.4	6.2	7.6	8.0	7.4	4.4											
<b>COTIZACIONES INTERNACIONALES / INTERNATIONAL QUOTATIONS</b>																		
LIBOR a tres meses (%) / <i>LIBOR 3-month (%)</i>	3.02	3.42	3.90	4.16	4.34	4.49	4.60	4.82	4.76	4.92	4.93	4.93	4.94	4.94	4.95	4.90		
Dow Jones (Var %) / <i>(% change)</i>	-2.44	-1.84	1.44	-0.94	3.21	-0.82	1.37	-0.94	1.18	0.52	0.39	0.23	-0.05	-0.35	0.73	2.95		
Rendimiento de los U.S. Treasuries (10 años) / <i>U.S. Treasuries yield (10 years)</i>	4.49	3.99	4.19	4.46	4.53	4.46	4.40	4.55	4.57	4.73	4.64	4.67	4.65	4.72	4.70	4.70		
Stripped spread del EMBI+ PERU (pbs) / <i>EMBI+ PERU stripped spread (basis points)</i>	228	199	150	175	163	185	193	143	141	183	190	195	222	219	217	174		