



BANCO CENTRAL DE RESERVA DEL PERÚ

## WEEKLY REPORT

*Nº 14 – April 7, 2006*

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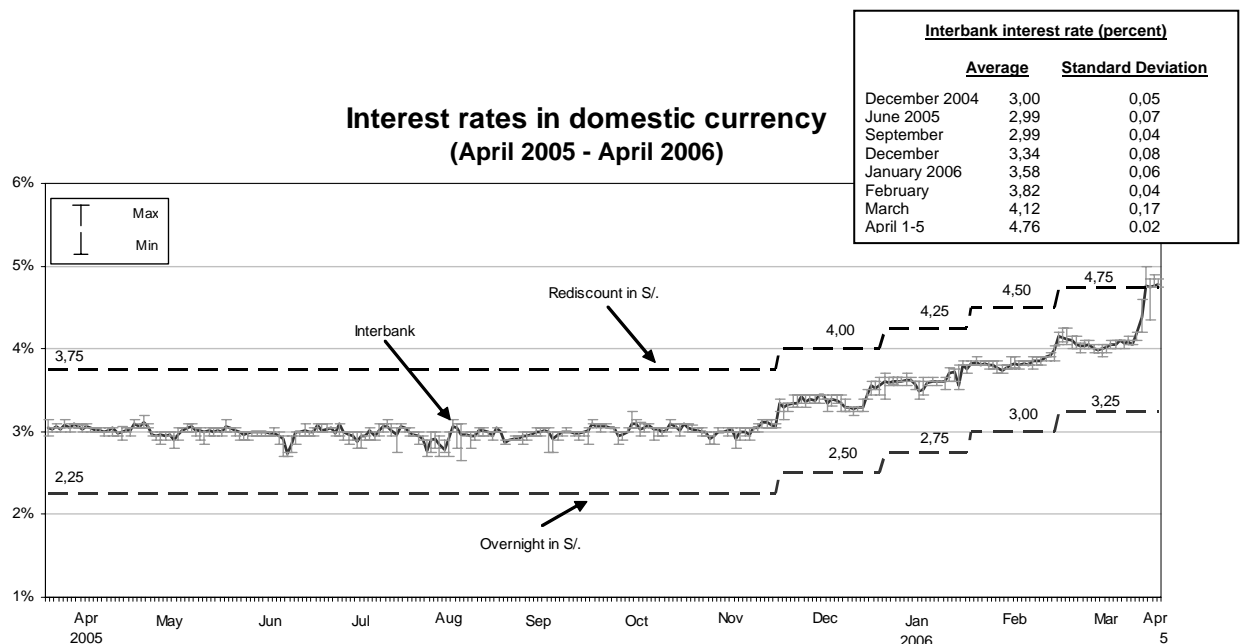
From now on (Weekly Report N° 14), the Central Reserve Bank of Peru (BCRP) will calculate the core inflation following a new methodology. This indicator on the tendency of inflation consists of the Consumer Price Index (CPI), excluding the prices of those products showing a great variability, e.g. some food products, fuels, utilities, and transport.

This new way of measuring the core inflation not only involves good statistical properties in terms of anticipation, but also provides a better response when used in structural projection models such as the ones used by the BCRP.

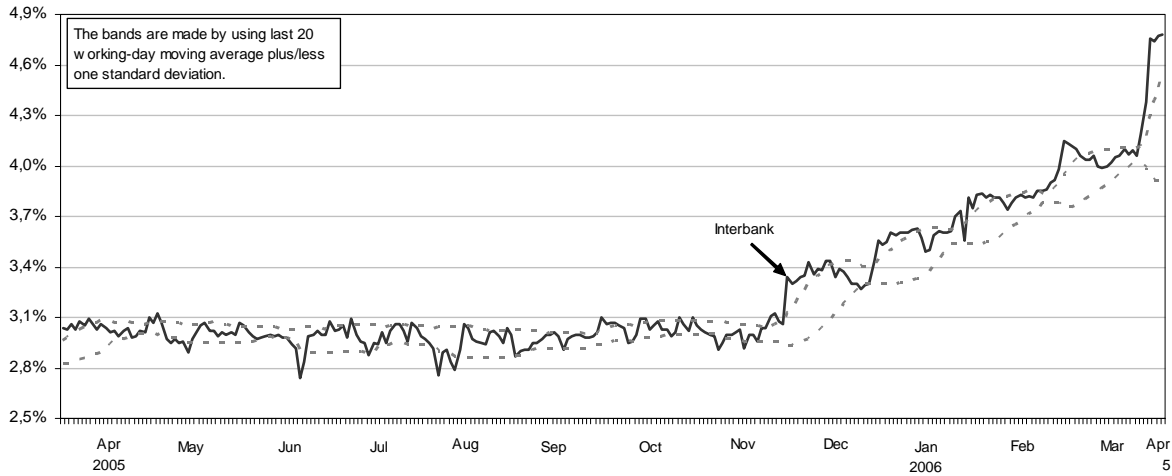
A historical series of core inflation measurements, as well as a Working Paper on evaluation indicators on the underlying inflation may be found on the Central Bank's website (<http://www.bcrp.gob.pe>).

### Interbank interest rate increased to 4,76 percent

In line with the increase in the Central Bank reference interest rate (3,75 to 4,0 percent), the average interbank rate in domestic currency rose from 3,82 percent in February to 4,12 percent in March. Due mainly to a lower liquidity in the financial system associated with income tax payments, the interbank rate increased 4,76 percent as of April 5.



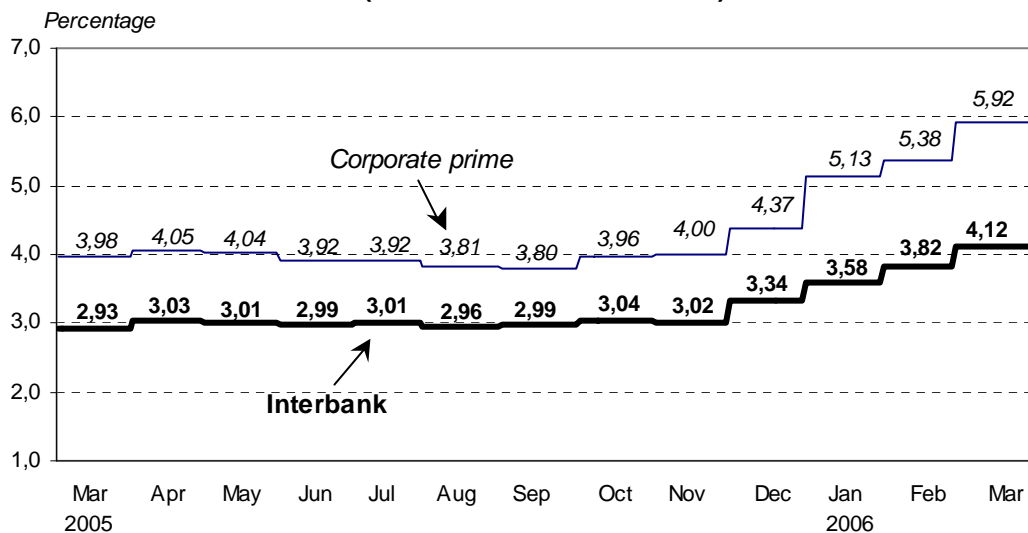
**Interbank interest rate in domestic currency  
(April 2005 - April 2006)**



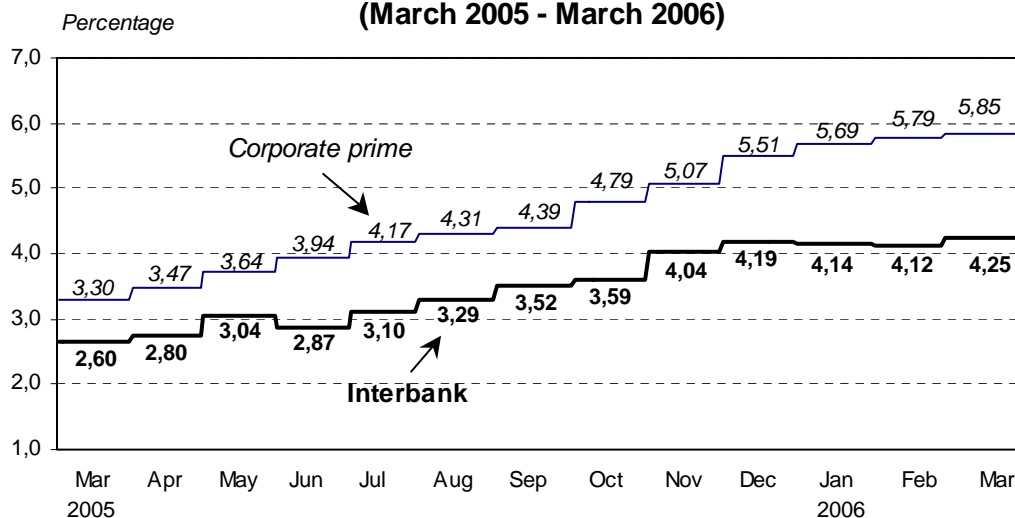
**Corporate prime rate in soles rises to 6,12 percent**

In **March**, the average 90-day corporate prime rate in soles increased with respect to February from 5,38 to 6,12 percent and from 5,79 to 5,88 percent in dollars. This development is explained mainly by the higher demand of liquidity in domestic currency by banks to finance dollars purchases, in order to cover their forward operations. This evolution is partially explained by the increase in the CRBP reference interest rate which rose from 3,75 percent in February to 4,0 percent in March of 2006.

**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 30 and April 5**, the Central Reserve Bank made the following operations:

- Auctions of temporary purchases of BCRP and BTP Certificates of Deposits for a daily average of S/. 1 021 million involving 1 day, 3 day, 1 week, 2 weeks and 1 month. The average interest rate ranged between 4,34 and 5,58 percent.
- Overnight deposits on March 30 and 31 for S/. 19,5 million, in both opportunities.

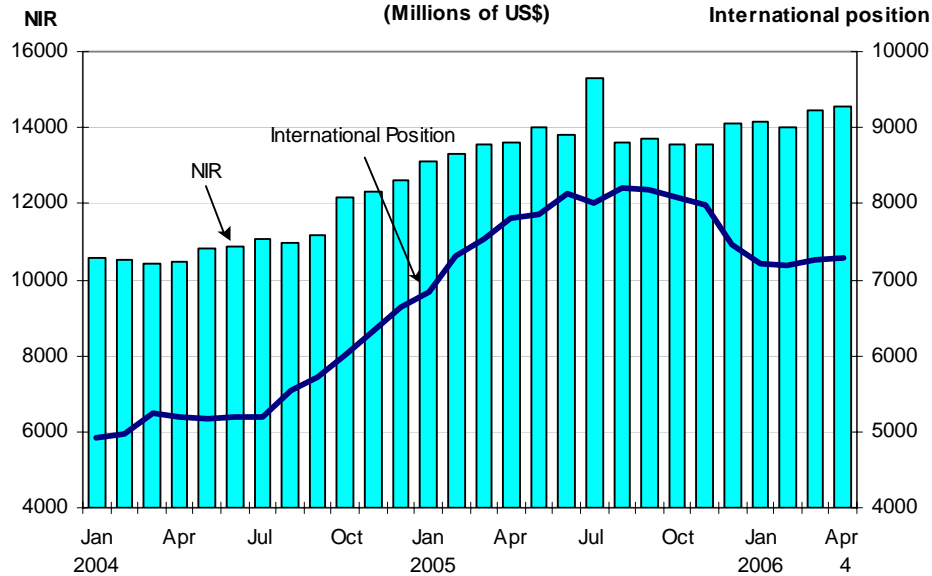
## Growing Net International Reserves Reached US\$ 14 533 million

In **March**, net international reserves (NIR) reached US\$ 14 472 million, increasing by US\$ 484 million the level recorded as of February 28, 2006. This is explained by a US\$ 500 million increase in deposits, by variations in the price of gold and currencies (US\$ 55 million), by a US\$ 43 million increase in investment yield, and by higher deposits in the Deposit Insurance Fund (US\$ 3 million). This evolution was partially offset by lower public sector deposits in the Central Bank which decreased by US\$ 117 million.

As of **April 4**, NIR reached US\$ 14 533 million, which represents a US\$ 61 million increase vis-à-vis March 31. This evolution is mainly explained by variations in the price of gold and currencies (US\$ 36 million), higher deposits (US\$ 18 million), and higher public sector deposits in the BCRP (US\$ 12 million). This evolution was partially offset by lower deposits in the Deposit Insurance Fund (US\$ 4 million) as well as by net interests paid (US\$ 3 million).

Year-to-date, NIRs have increased by US\$ 436 million. On the other hand, the Central Bank's international position (US\$ 7 292 million) dropped by US\$ 158 million.

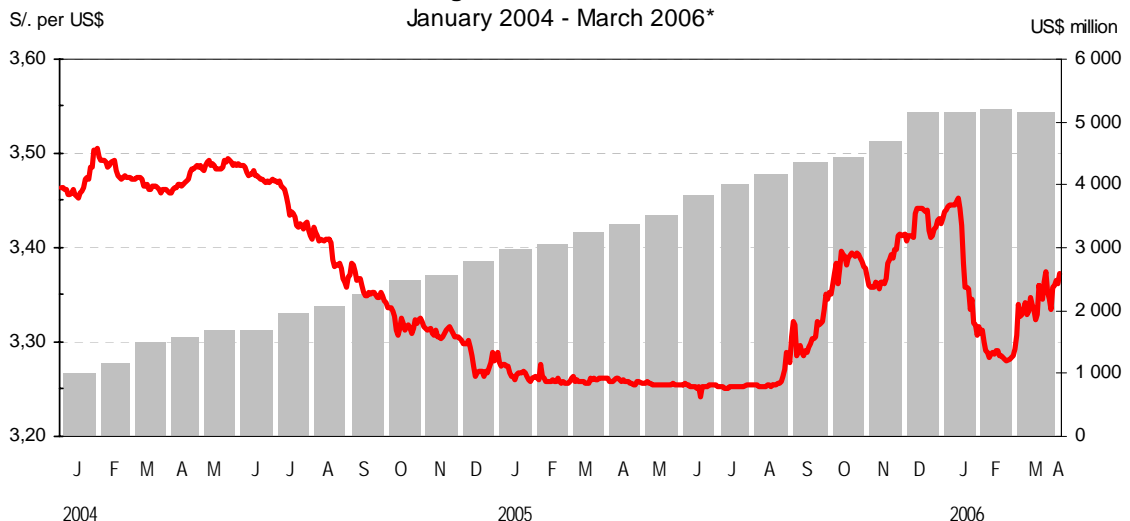
**Net international reserve and international position  
of the Central Reserve Bank  
January 2004 - April 2006  
(Millions of US\$)**



**Average Exchange Rate at S/. 3,340 in March**

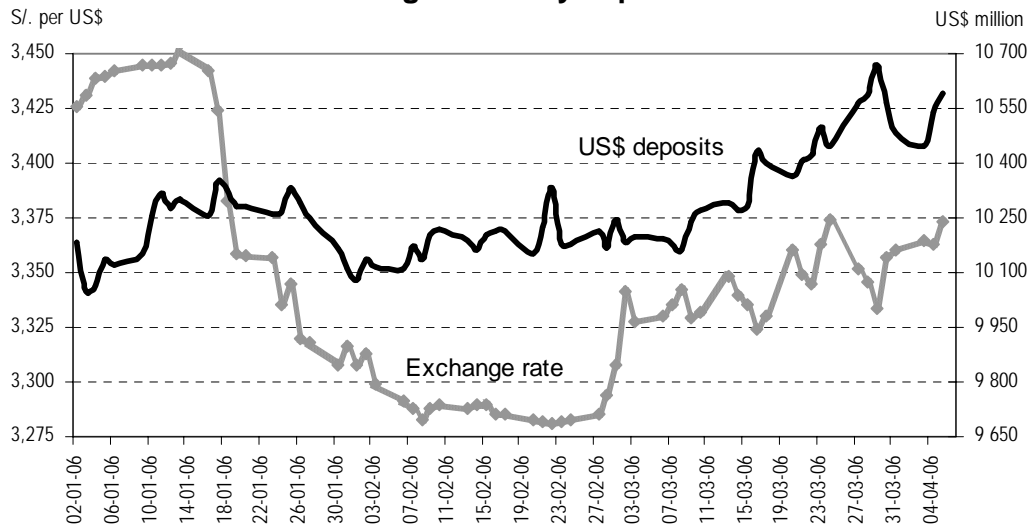
In **March**, the average exchange rate depreciated in 1,5 percent with respect to February and went from S/. 3,290 to S/. 3,340 per dollar, despite the good performance of external accounts (trade surpluses for 34 consecutive months and net international reserves for over US\$ 14 billion). This evolution in the exchange rate, similar to that of the country risk and other financial markets, is associated with the electoral process.

**Exchange rate and trade balance  
January 2004 - March 2006\***



On April 6, the exchange rate reached S/. 3,385 per dollar. This depreciation of 1 percent vis-à-vis the end of March (S/. 3,358 per dollar) is partly explained by the uncertainty generated by the electoral process. However, so far this year the nuevo sol has accumulated a depreciation of 1,3 percent. It is worth noting that the total of liabilities subject to statutory reserve requirements in foreign currency (which mainly reflect the deposits in dollars) increased in US\$ 293 million between March 1 and April 5.

## Foreign currency deposits\*



\* Foreign currency liabilities required to have reserves.

From late February to April 4, the balance of net forward sales grew in US\$ 461 million, and the banks foreign exchange position increased in US\$ 100 million. This evolution in the exchange rate is partly explained by the greater demand for foreign currency in this period.

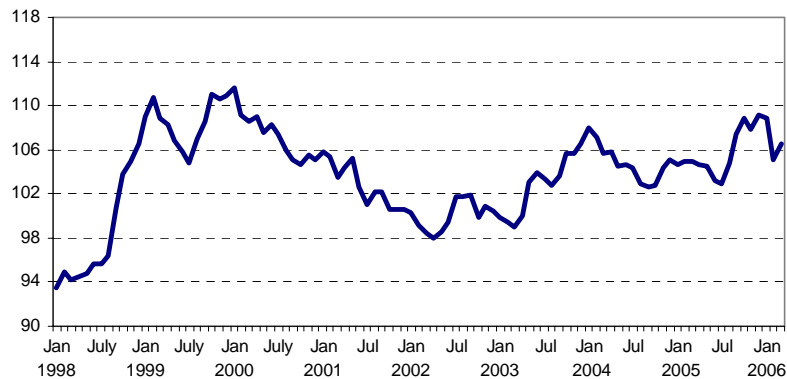
### BANK'S EXCHANGE POSITION (Millions of US\$)

	December 2004	December 2005	January 2006	February	March	Apr 4
<b>a. Net sales to the public (i-ii)</b>	<b>699</b>	<b>1 027</b>	<b>1 229</b>	<b>1 109</b>	<b>1 579</b>	<b>1 570</b>
i. Forward sales to the public	1 163	1 813	2 092	1 880	2 426	2 329
ii. Forward purchases to the public	464	785	863	771	847	759
<b>b. Bank's exchange position</b>	<b>340</b>	<b>480</b>	<b>411</b>	<b>485</b>	<b>581</b>	<b>585</b>

## Real Exchange Rate Depreciated 1,5 Percent in March

In **real terms**, the domestic currency depreciated 1,53 percent in March, reflecting a 1,5 nominal depreciation of the nuevo sol and a differential between domestic inflation (0,5 percent) and external inflation (0,4 percent). In annual terms, the real depreciation was 1,6 percent.

### MULTILATERAL EXCHANGE RATE INDEX (1994=100 , January 1998 - March 2006)



## 0,46 Percent Inflation in March

The **inflation** rate in March was 0,46 percent, with an accumulated 12-month variation of 2,50 percent. Three items contributed with 0,26 percentage points to inflation this month: school tuition fees (0,12 pp), sugar (0,08 pp), and other vegetables (0,06 pp). Conversely, three items contributed with -0,12 percentage points: papaya (-0,09 pp), poultry, and eggs (-0,04 pp each).

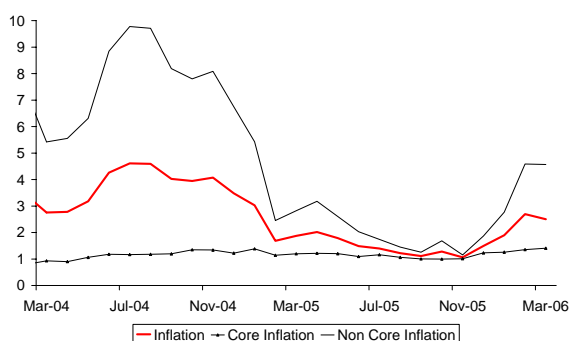
**INFLATION RATE**  
(Annual percentage change)

	Weighting	Monthly	12-month indicator			Average annual indicator		
		Mar. 2006	Mar. 2005	Feb. 2006	Mar. 2006	Mar. 2005	Feb. 2006	Mar. 2006
<b>I. CORE INFLATION</b>	<b>60,6</b>	<b>0,41</b>	<b>1,20</b>	<b>1,36</b>	<b>1,41</b>	<b>1,19</b>	<b>1,15</b>	<b>1,17</b>
<b>Goods</b>	<b>34,0</b>	<b>0,24</b>	<b>1,09</b>	<b>0,93</b>	<b>0,97</b>	<b>0,75</b>	<b>0,87</b>	<b>0,86</b>
Food	13,0	0,33	2,87	0,83	0,93	2,41	1,31	1,15
Textile and footwear	7,6	-0,02	1,61	1,42	1,33	1,37	1,49	1,47
Electrical appliances	1,0	0,19	-3,59	-0,24	0,10	-2,44	-2,37	-2,06
Other industrial goods	12,5	0,32	-0,67	0,82	0,84	-1,04	0,29	0,42
<b>Services</b>	<b>26,6</b>	<b>0,61</b>	<b>1,33</b>	<b>1,89</b>	<b>1,96</b>	<b>1,75</b>	<b>1,49</b>	<b>1,55</b>
Restaurants	12,0	0,11	1,46	1,21	1,22	1,81	1,09	1,07
Education	5,1	2,28	3,20	2,61	3,19	4,00	2,91	2,91
Health	1,3	0,24	0,96	1,58	1,36	1,17	1,96	1,99
Renting	2,3	0,49	-1,96	1,30	1,80	-0,73	-0,43	-0,12
Other services	5,9	0,17	0,66	2,93	2,52	0,66	1,64	1,80
<b>II. NON CORE INFLATION</b>	<b>39,4</b>	<b>0,52</b>	<b>2,83</b>	<b>4,59</b>	<b>4,02</b>	<b>6,76</b>	<b>2,26</b>	<b>2,36</b>
Food	22,5	0,95	0,44	5,96	5,21	8,26	0,84	1,24
Fuel	3,9	0,00	11,32	8,33	7,50	13,06	8,90	8,59
Transportation	8,4	0,05	3,97	1,36	0,96	1,77	2,86	2,61
Utilities	4,6	-0,27	3,90	-0,49	-0,26	2,46	0,82	0,48
<b>III. CPI</b>	<b>100,0</b>	<b>0,46</b>	<b>1,88</b>	<b>2,70</b>	<b>2,50</b>	<b>3,45</b>	<b>1,61</b>	<b>1,66</b>
<b>Note.-</b>								
Imported inflation	12,1	0,12	4,24	2,69	2,50	8,84	2,99	2,85
Core inflation excluding food	47,6	0,43	0,76	1,50	1,54	0,87	1,11	1,17
Total food	33,2	0,78	1,20	4,38	3,90	6,58	1,06	1,29

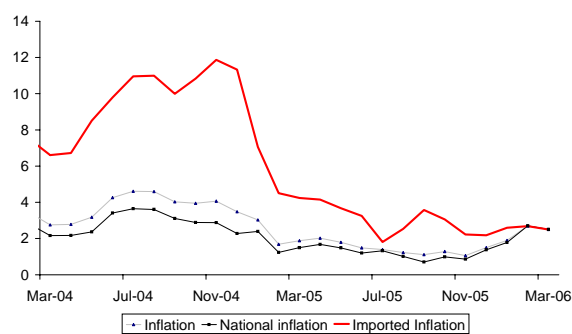
The **core inflation** this month was 0,41 percent, accumulating 1,41 percent over the past twelve months. **Non-core inflation**, on the other hand, was 0,52 percent, accumulating 4,02 percent in the last twelve months.

The **core inflation excluding food and beverages** was 0,43 percent (1,54 percent over the last 12 months), while the **imported inflation** was calculated at 0,12 percent (2,85 percent over the last 12 months).

**INFLATION AND CORE INFLATION**  
(Last 12-month cumulative variation)



**INFLATION AND IMPORTED INFLATION**  
(Last 12-month cumulative variation)



## Macroeconomic Expectations

Between March 13 and 31, the Central Reserve Bank of Peru conducted the monthly Macroeconomic Expectations survey among 28 financial system institutions, 345 non-financial system firms, and 24 economic analysts. The results of the surveys are presented below:

### FINANCIAL SYSTEM INSTITUTIONS (Median<sup>1/</sup> of the sample)

	Date of the survey		
	Jan.31 2/	Feb.28 2/	March 31 2/
<b>Inflation (%)</b>			
Monthly: April	0,20	0,20	0,25
Annual: 2006	2,50	2,50	2,50
2007	2,50	2,50	2,50
<b>GDP growth (%)</b>			
Monthly: February	5,0	5,0	5,0
March	5,2	5,3	5,0
April	-.-	5,0	5,0
Annual: 2006	5,0	5,0	5,0
2007	5,0	5,0	5,0
<b>Exchange rate (S/. per US\$)</b>			
Monthly: April	3,41	3,31	3,36
December 2006	3,40	3,30	3,33
December 2007	3,45	3,36	3,40
<b>Interbank interest rate (%)</b> <i>In nuevos soles</i>			
Monthly: April	3,75	3,90	4,00
December 2006	4,00	4,23	4,25
December 2007	4,25	4,50	4,50

1/ The median indicates the sample central value which reduces any bias caused by extreme values.

2/ 28 financial institutions.

### NON-FINANCIAL SYSTEM FIRMS (Median<sup>1/</sup> of the sample)

	Date of the survey		
	Jan.31 2/	Feb.28 2/	March 31 2/
<b>Inflation (%)</b>			
Annual: 2006	2,0	2,0	2,0
2007	2	2,0	2,0
<b>GDP growth (%)</b>			
Annual: 2006	5,5	5,5	5,5
2007	5,7	5,8	5,5
<b>Exchange rate (S/. per US\$)</b>			
December 2006	3,45	3,40	3,40
December 2007	3,50	3,45	3,47

1/ The median indicates the sample central value which reduces any bias caused by extreme values.

2/ 345 non-financial institutions.

### ANALYSTS (Median<sup>1/</sup> of the sample)

	Date of the survey		
	Jan.31 2/	Feb.28 3/	March 31 2/
<b>Inflation (%)</b>			
Monthly: April	0,20	0,20	0,2
Annual: 2006	2,50	2,50	2,5
2007	2,50	2,50	2,5
<b>GDP growth (%)</b>			
Monthly: February	5,1	5,5	5,0
March	5,3	5,5	5,2
April	-.-	5,0	4,8
Annual: 2006	5,0	5,0	4,8
2007	5,0	5,0	5,0
<b>Exchange rate (S/. per US\$)</b>			
Monthly: April	3,40	3,32	3,37
December 2006	3,40	3,34	3,37
December 2007	3,45	3,39	3,40
<b>Interbank interest rate (%)</b> <i>In nuevos soles</i>			
Monthly: April	3,75	3,80	3,75
December 2006	4,00	4,00	4,03
December 2007	4,00	4,25	4,08

1/ The median indicates the sample central value which reduces any bias caused by extreme values.

2/ 24 analysts.

3/ 25 analysts.



## Monetary Base as of March 31, 2006

The **monetary base** balance as of March 31 (S/. 11 010 million) increased in 0,8 percent (S/. 92 million) from end-February. In average terms, the annual growth rate of the monetary base in this period was 21,9 percent (24,3 percent in February).

By sources, the operations that contributed to the expansion of the monetary base included the maturities of BCRP Deposit Certificates (S/. 830 million) and BCRP Re-adjustable Deposit Certificates (S/. 35 million, as well as higher temporary purchases of securities (S/. 746 million). Conversely, the monetary base was reduced by higher public sector deposits (S/. 1 570 million).

## Cuentas monetarias del Sistema Bancario al 15 de marzo de 2006

In the last four weeks, liquidity in **domestic currency** decreased in 0,6 percent (S/. 182 million), reaching a balance of S/. 29 075 million (5,8 percent of annual growth). Credit to the private sector in this currency increased 1,6 percent (S/. 252 million), as a result of which the balance was S/. 16 145 million (annual growth of 39,5 percent).

Liquidity in **foreign currency** increased 0,8 percent (US\$ 88 million), reaching a balance of US\$ 11 297 million (16,5 percent of annual growth). Credit to the private sector in foreign currency rose in 0,6 percent (US\$ 56 million), reaching a balance of US\$ 9 925 million (annual growth of 0,7 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
<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%	12,4%	31,2%	44,8%	-0,5%	4,7%
<b>2006</b>												
Jan.	-7,2%	25,0%	-4,7%	13,3%	2,7%	38,3%	2,7%	14,8%	-27,2%	-15,5%	-3,9%	0,4%
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%
Mar.15	1,0%	21,9%	-0,6%	5,8%	1,6%	39,5%	0,8%	16,5%	-3,1%	-16,1%	0,6%	0,7%
Memo:												
Balance as of Feb.15 (Mill.S/. or Mill.US\$)	10 831		29 257		15 893		11 209		767		9 869	
Balance as of Mar.15 (Mill.S/. or Mill.US\$)	10 942		29 075		16 145		11 297		744		9 925	

1/ Short term external liabilities of banking enterprises.

## Trade Surplus of US\$ 384 Million in February and Favorable Prospects for March

Continuing with its positive performance over the past consecutive 34 months, Peru's **trade balance** recorded a surplus of US\$ 384 million in **February** this year. This positive trade balance was US\$ 53 million (16 percent) higher than that of February 2005.

A trade surplus of US\$ 5 210 million was recorded **over the past 12 months** –March 2005 to February 2006–, representing a 70 percent improvement with respect to the same period of analysis last year: exports reached US\$ 17 687 million, while imports totaled US\$ 12 477 million.

The Central Bank anticipates US\$ 1 619 million for exports and US\$ 1 252 million for imports in **March**, which would determine a trade surplus of US\$ 366 million. Exports are expected to increase in 20 percent (traditional and non-traditional exports would rise in 19 and 22 percent, respectively). Imports, on the other hand, would increase in 34 percent with respect to March 2005 given the higher purchases of raw materials (31 percent), capital goods (63 percent), and consumer goods (13 percent).

**Trade Balance**  
(Millions of US\$)

	Feb. 05	Mar. 05	Feb. 06	Mar.06 (Forecast)	Mar.06 / Mar. 05	
					Flow	Var.%
<b>Exports</b>	<b>1 138</b>	<b>1 351</b>	<b>1 418</b>	<b>1 619</b>	<b>268</b>	<b>19,8</b>
Traditional exports	810	1 012	1 073	1 205	194	19,1
Non-traditional exports	320	328	337	400	72	22,0
Other exports	9	11	7	13	2	18,3
<b>Imports</b>	<b>807</b>	<b>936</b>	<b>1 034</b>	<b>1 252</b>	<b>317</b>	<b>33,9</b>
Consumer goods	158	184	174	208	24	13,2
Raw materials	439	517	565	676	158	30,6
Capital goods	202	219	284	357	138	63,2
Other goods	7	16	10	11	- 4	- 27,4
<b>Trade Balance</b>	<b>331</b>	<b>416</b>	<b>384</b>	<b>366</b>	<b>- 49</b>	<b>- 11,8</b>

### Exports

**Exports** amounted to US\$ 1 418 million in February, and as a result of the increase experienced in both traditional (US\$ 264 million or 33 percent) and non-traditional exports (US\$ 17 million or 6 percent), grew in US\$ 280 million (25 percent) with respect to exports in February 2005.

Traditional exports accounted for US\$ 1 073 million, rising in 33 percent with respect to the previous year due to better export prices for gold (31,1 percent), copper (46,9 percent), oil and oil-derived products (31,8 percent), and iron (72,5 percent), although the price of molybdenum declined by 27 percent. Export products which stood out in this period included gold (US\$ 75 million or 34 percent), copper (US\$ 96 million or 50 percent), zinc (US\$ 32 million or 48 percent), and fish meal (US\$ 56 million or 136 percent), the latter of which compensated for the decline in the prices of fish oil (US\$ 12 million or 56 percent) and molybdenum exports (US\$ 11 million or 15 percent).

Non-traditional exports totaled US\$ 337 million, increasing in US\$ 17 million (6 percent) with respect to the same month last year as a result of both higher volumes (1,1 percent) and higher prices (4,4 percent). Outstanding non-traditional exports in this month included steel and metallurgical, jewelry, agricultural, and textile products, as well as non-metallic minerals. The main decline in the period corresponded to fishing exports given a lower availability of this resource.

## Trade Balance

(Millions of US\$)

	2005	2006	Feb.06/Feb.05		January-February			
	Feb.	Feb.	Flow	Var.%	2005	2006	Flow	Var.%
<b>1. EXPORTS</b>	<b>1 138</b>	<b>1 418</b>	<b>280</b>	<b>24,6</b>	<b>2 397</b>	<b>2 837</b>	<b>440</b>	<b>18,3</b>
Traditional Products	810	1 073	263	32,5	1 726	2 104	378	21,9
Non-Traditional Products	320	337	18	5,5	652	714	62	9,6
Other products	9	7	- 1	- 15,1	20	19	- 1	- 2,8
<b>2. IMPORTS</b>	<b>807</b>	<b>1 034</b>	<b>227</b>	<b>28,1</b>	<b>1 723</b>	<b>2 116</b>	<b>393</b>	<b>22,8</b>
Consumer goods	158	174	16	10,3	314	359	45	14,4
Raw materials	439	565	126	28,6	955	1 138	183	19,2
Capital goods	202	284	82	40,3	440	602	162	36,9
Other goods	7	10	3	48,3	14	16	2	15,8
<b>3. TRADE BALANCE</b>	<b>331</b>	<b>384</b>	<b>53</b>	<b>15,9</b>	<b>674</b>	<b>721</b>	<b>47</b>	<b>6,9</b>

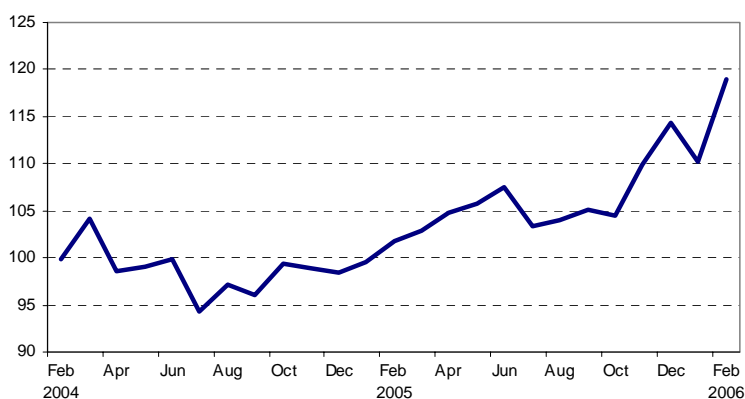
## Imports

**Imports** reached US\$ 1 034 million in February, showing a 28 percent increase compared to the same month last year. This evolution is explained by higher purchases abroad of raw materials (29 percent), capital goods (40 percent), and consumer goods (10 percent).

This period was marked by an increase in imports of fuels and lubricants, imports which rose in US\$ 93 million (70 percent) with respect to the same month last year. This evolution is explained by higher average prices (43 percent). At the business level, total imports were associated with purchases carried out by Refinería La Pampilla (US\$ 134 million), Petroperú (US\$ 59 million), and Empresa Siderúrgica del Perú (US\$ 12 million).

Despite this, February's **terms of trade** increased 16,9 percent with respect to February 2005. The average prices of exports rose in 23,3 percent, while those of imports grew 5,5 percent.

TERMS OF TRADE  
(1994=100)

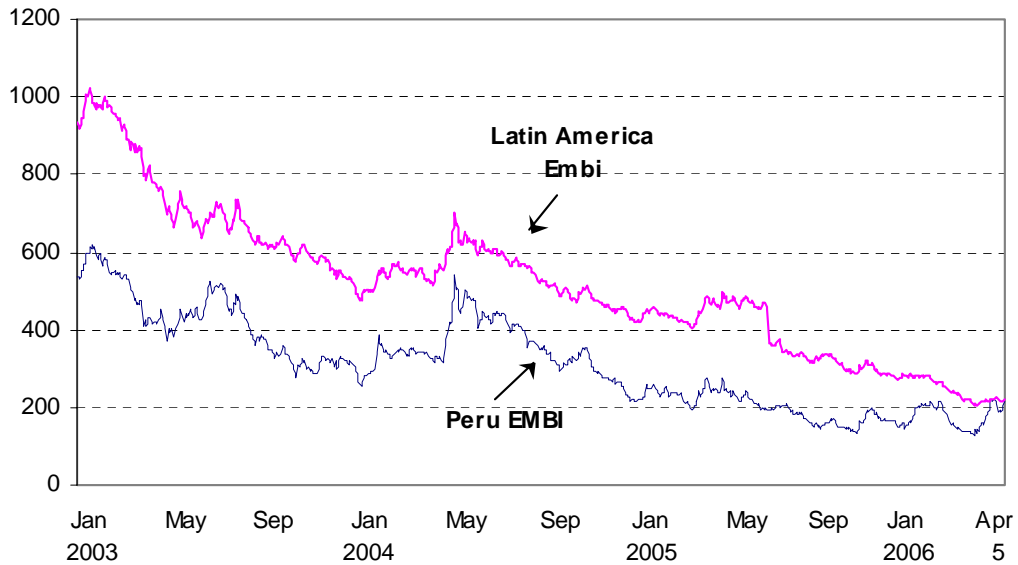


**International markets**

**Country Risk increases to 218 basic points**

In **March**, the country risk measured by the **EMBI+ Peru** spread increased from 141 basic points in February to 189 basic points, due to the uncertainty associated to the next electoral process and caution recommendation by some investment banks. As of **April 5**, the country risk has elevated to 218 basic points.

**Country risk indicators**  
(January 2003 - April 2006)



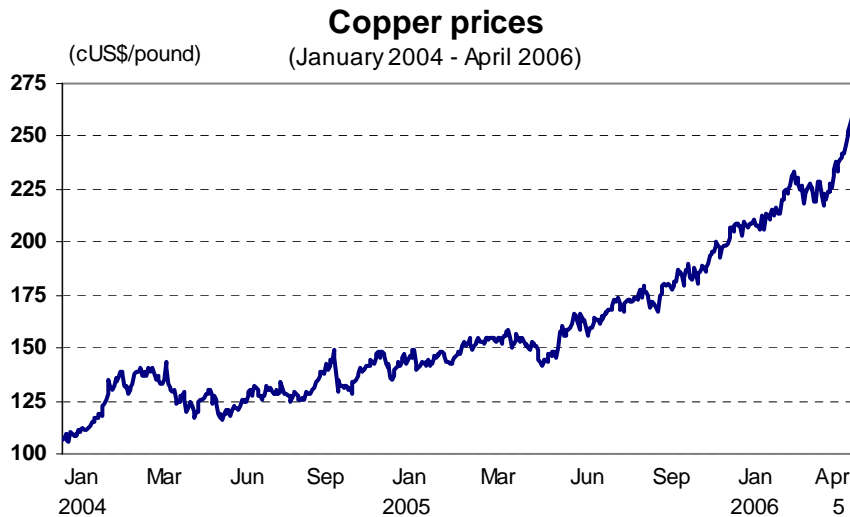
**Copper and zinc reach again historic highs**

In **March**, the **gold** quotation increased 0,5 percent passing from US\$ 555 to US\$ 558 per ounce troy due to the investment funds' higher commodities demand, the US dollar weakening and higher oil prices. As of **April 3**, the oil price reached a new high in 25 years being located at US\$ 591 per ounce troy.

**Gold prices**



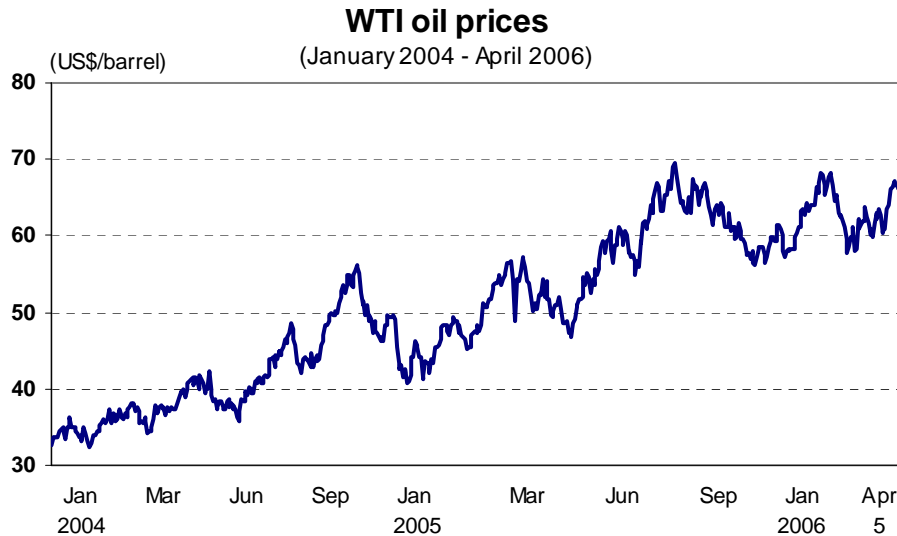
In similar month, **copper's** average price rose 2,4 percent from US\$ 2,26 to US\$ 2,31 per pound reaching as of April 5 a new historic high of US\$ 2,59 per pound explained by: the strikes and other problems in the main mines, the inventories fall in the last 2 weeks from 135 thousand MT to 114 thousand MT and investment funds' profit takings both in industrial metals and investment assets.



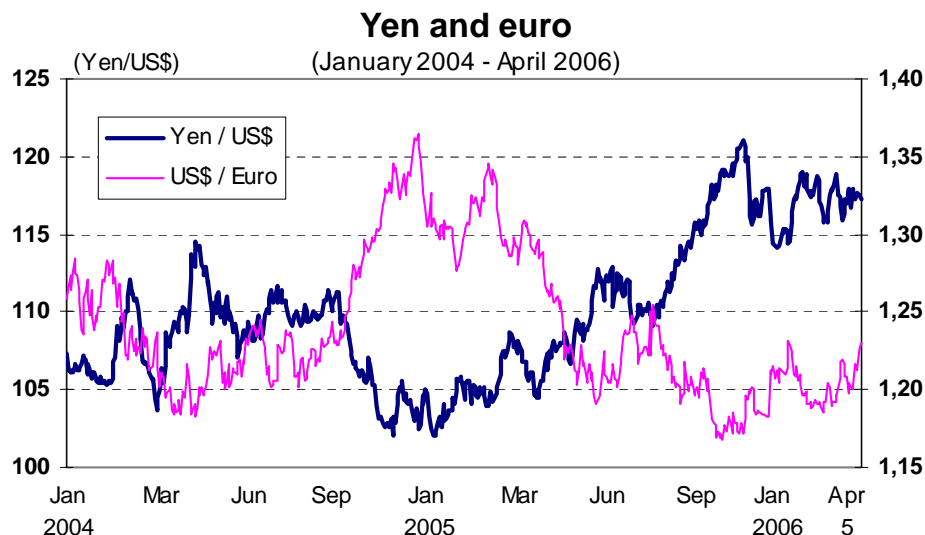
In **March**, the **zinc** average quotation had an important increment (9,0 percent) from US\$ 1,0 to US\$ 1,09 per pound. Besides, as of April 5 it reached a new historic high of US\$ 1,28 per ounce troy. This rise was explained by the expectations of world market's deficit for this year and the next. Year-to-date, this imbalance is reflected in an uninterrupted fall of LME inventories from 394 thousand MT to 276 thousand MT.



In **March**, the **WTI oil** average price rose (2,4 percent) from US\$ 61,3 to US\$ 62,8 per barrel due to the continuous geopolitics tensions in important producer countries as Iran, Iraq, Nigeria and Venezuela. In the first days of April the WTI oil price reached US\$ 67 per barrel.

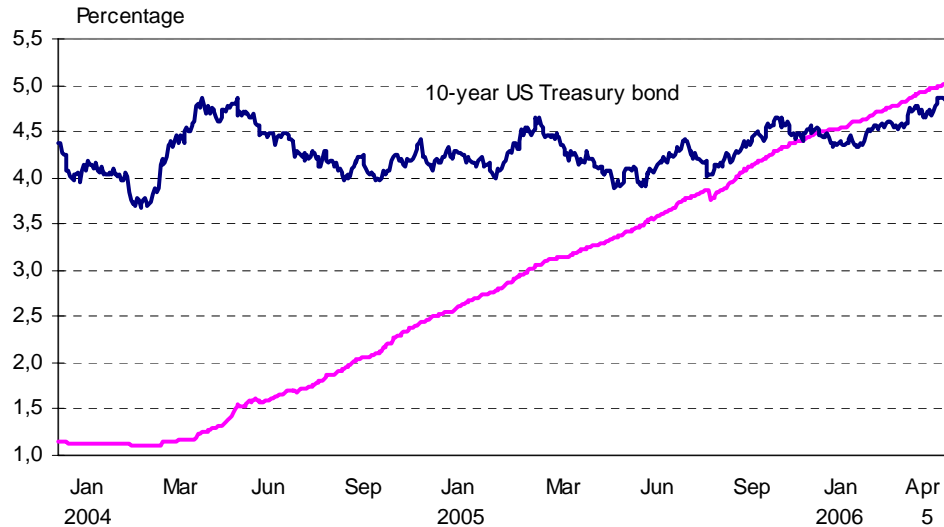


On average terms, in March the **dollar** depreciated 0,8 percent against **euro** and 0,5 percent against **yen**. In the first days of April, the dollar continued with its decreasing tendency because the European Central Bank would increase its reference interest rate in May while the Federal Reserve of the United States would be just about to stop its interest rates rise cycle initiated in the middle of 2004.



Between February 28 and April 5, the **3-month Libor** increased from 4,82 to 5,01 percent whereas the **yield of the US Treasuries with a 10-year maturity** did it from 4,55 to 4,85 percent.

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



## Bolsa de Valores de Lima

In March, the **General** and **Blue Chip** indices of Lima Stock Exchange (BVL) diminished by 2,6 and 2,4 percent, respectively. Nevertheless, during the first 3 business days of April the indices of the BVL experienced an increment of 2,7 and 3,4 percent due to the performance of the mining shares prompted by significant metal rises.

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

