



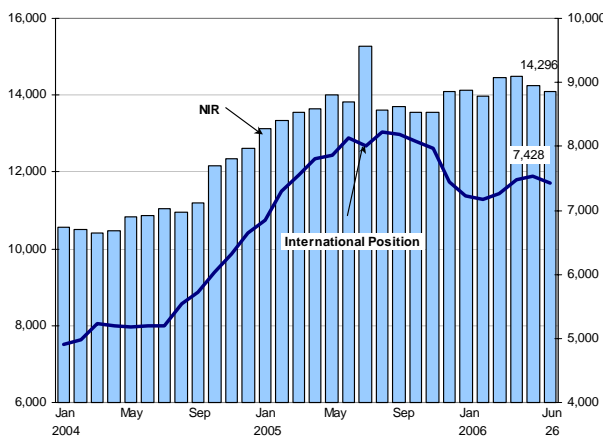
Indicators

- ↓ Interbank interest rate at 4.52%
- ↘ International Reserves: US\$ 14,246 million.
- ↓ Average exchange rate at S/. 3.26.
- ↓ Lima Stock Exchange grows 9.2%.

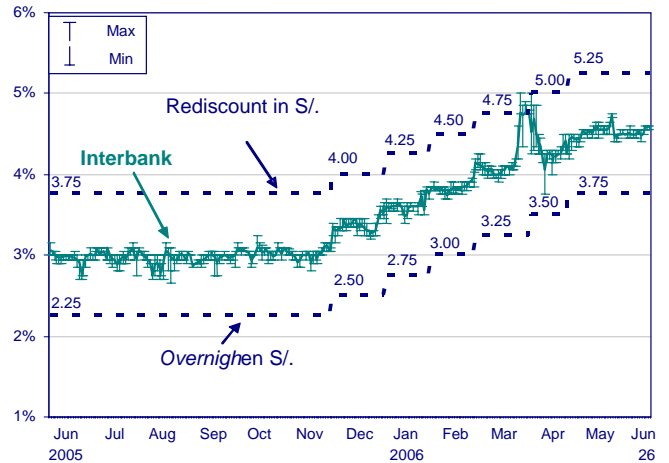
Content

- Interbank interest rate at 4.52 percent X
- Monetary Operations xi
- International Reserves Stand at US\$ 14.246 Million xi
- Average Exchange Rate at S/. 3.26 per Dollar in June xi
- Monetary Base as of May 22, 2006 xii
- Monetary Accounts of the Banking System as of June 7, 2006 xii
- Country Risk Grew to 189 Basis Points xiii
- Higher Commodity Prices xiii
- Lima Stock Exchange Grew 0.76 Percent by June 27 xvi

Net International Reserve and International Position of the BCRP January 2004 - June 2006 (Millions of US\$)



Interest rates in domestic currency (June 2005 - June 2006)



In our website <http://www.bcrp.gob.pe>

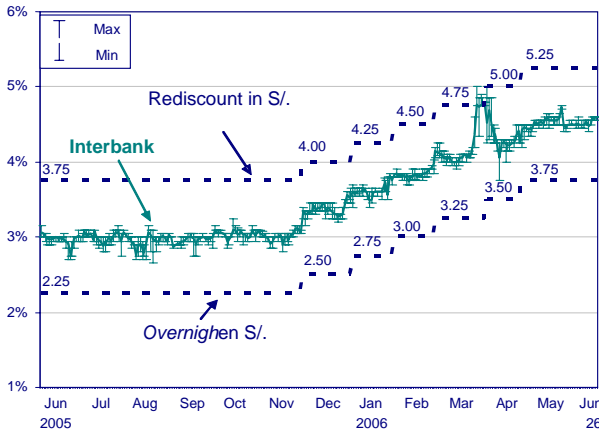
- Inflation report: Recent trends and macroeconomic forecasts - May 2006.
- Annual Report 2005 (Spanish only).
- Working Paper: Hechos estilizados de la economía peruana.

Interbank interest rate at 4.52 percent

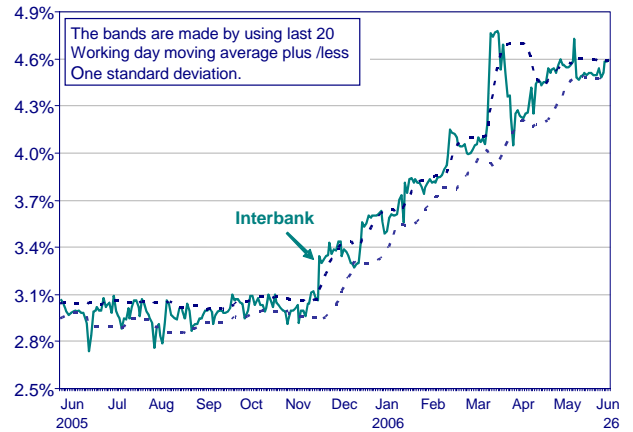
The **average interbank interest rate in domestic currency** increased from 4.58 percent at the close of May to 4.60 percent by **June 27**. The average interbank rate so far this month has reached 4.52 percent, but has fluctuated between 4.58 percent and 4.60 percent over the past few days.

Interbank Interest Rate average (percent)		
	Average	Standard Deviation
December 2004	3.00	0.05
December 2005	3.34	0.08
January 2006	3.58	0.06
February	3.82	0.04
March	4.12	0.17
April	4.42	0.24
May	4.48	0.08
June 27	4.52	0.09

Interest rates in domestic currency
(June 2005 - June 2006)

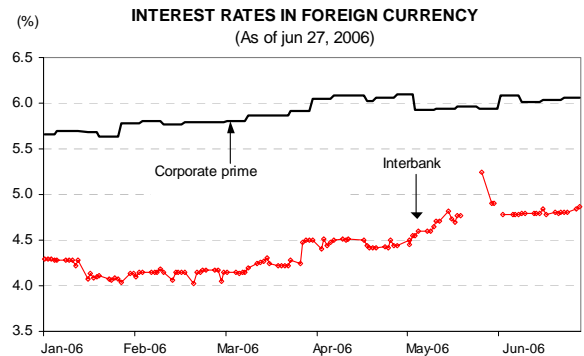
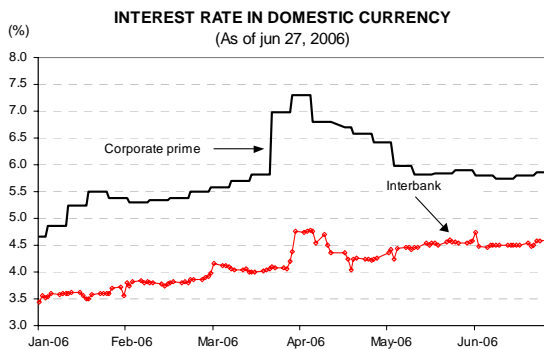


Interbank interest rate in domestic currency
(June 2005 - June 2006)



Corporate Prime Interest Rate Decreased to 5.78 percent

As of June 27, the 90-day corporate prime rate in soles fell from 5.99 percent to 5.78 percent, while the corporate prime rate in dollars increased from 5.97 in May to 6.05 percent.



Monetary Operations

Between **June 22 and 27**, the Central Reserve Bank made the following operations:

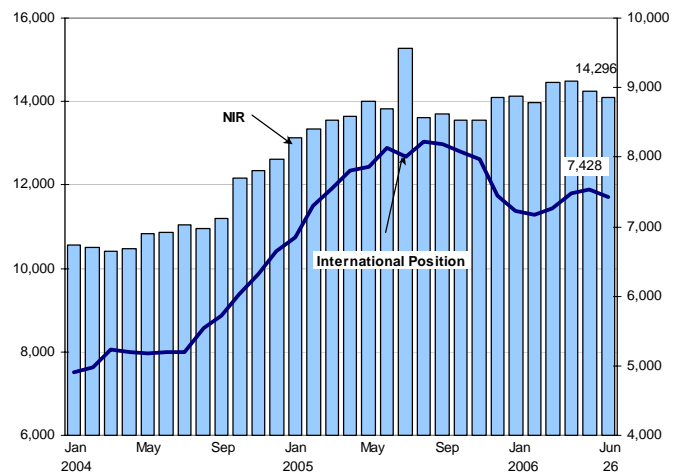
Auctions of temporary purchases of BCRP and BTP Certificates of Deposits with 1-day, 3-day, 2-week, and 1-month maturities for a daily average of S/. 503 million. The average interest rate ranged between 4.48 and 5.20 percent.

International Reserves Stand at US\$ 14,246 Million

As of **June 23**, **net international reserves (NIR)** reached US\$ 14,246 million, increasing US\$ 11 million with respect to the level recorded at the close of May. This is mainly explained by banks' higher deposits (US\$ 130 million), as well as by higher investment yield (US\$ 35 million). However, this evolution was offset by lower prices for gold (US\$ 120 million). NIRs record a US\$ 149 million increase so far this year.

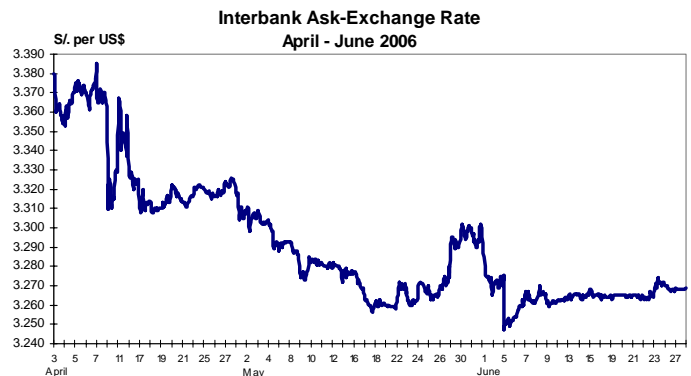
The Central Bank's **international position** (US\$ 7,428 million) has decreased US\$ 113 million with respect to May, and US\$ 22 million with respect to the close of 2005.

Net International Reserve and International Position of the BCRP
January 2004 - June 2006
(Millions of US\$)



Average Exchange Rate at S/. 3.26 per Dollar in June

The interbank exchange rate closed at S/. 3.269 per dollar (ask) on June 27, which represented a 0.9 percent appreciation of the nuevo sol with respect to the close of May. However, the exchange exhibited a slight increase (0-2 percent) during the week, due mainly to banks' increased purchases in the interbank market, as a result of larger non-delivery forward contracts than expected.



As of June 27, the balance of net forward sales increased by US\$ 277 million, and the banks' foreign exchange position decreased by US\$ 193 million with respect to the close of May.

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

	December 2005	January 2006	February	March	April	May	Jun. 27
a. Net sales to the public (i-ii)	1,027	1,229	1,109	1,579	1,556	1,446	1,723
i. Forward sales to the public	1,813	2,092	1,880	2,426	2,060	2,233	2,559
ii. Forward purchases to the public	785	863	771	847	504	787	836
b. Bank's exchange position	480	411	485	581	625	559	366

Monetary Base as of May 22, 2006

The balance of **monetary base** as of June 22 (S/. 10,897 million) increased 0.3 percent (S/. 35 million) with respect to the close of May. In average terms, the monetary base had an annual growth of 14.5 percent (15.9 percent in May).

By sources, the operations that contributed the most to the expansion of the monetary base included maturities of BCRP Certificate of Deposits (S/. 640 million) and BCRP Readjustable Certificate of Deposits (S/. 497 million), as well as banks' cancellation of overnight deposits (S/. 64 million), larger temporary purchases of securities (S/. 54 million) and of foreign currency at the Central Bank's Front Office (US\$ 2.5 million, or S/. 8 million). Conversely, the monetary base decreased due to higher public sector deposits (S/. 1,239 million).

Monetary Accounts of the Banking System as of June 7, 2006

In the last 4 weeks, liquidity in **domestic currency** decreased 1.9 percent (S/. 549 million), totaling S/. 28.561 million (annual growth of 3.1 percent). Lending to the private sector in this currency increased 2.2 percent (S/. 352 million), thus totaling S/. 16.701 million (annual growth of 38.1 percent).

Liquidity in **foreign currency** declined 2.4 percent (US\$ 268 million), totaling US\$ 11,053 million (annual growth of 10.0 percent). Lending to the private sector in dollars grew 2.9 percent (US\$ 299 million), thus totaling US\$ 10,490 million (annual growth of 0.4 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												
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%	1,9%	6,3%
Dec.	13,1%	25,7%	5,3%	19,5%	7,0%	34,8%	3,8%	12,4%	33,9%	48,0%	-0,2%	5,0%
2006												
Jan.	-7,2%	25,0%	-4,8%	13,4%	2,5%	38,3%	2,7%	14,8%	-28,8%	-15,5%	-4,1%	0,4%
Feb.	0,3%	22,9%	1,1%	10,5%	2,5%	41,2%	1,4%	17,0%	8,1%	0,8%	0,7%	1,3%
Mar.	0,8%	24,2%	2,1%	8,8%	1,3%	39,2%	2,4%	22,3%	-5,5%	-10,1%	1,1%	1,9%
Abr.	0,3%	18,3%	-3,7%	6,0%	1,3%	38,6%	-2,3%	14,8%	-13,7%	-29,8%	0,6%	0,4%
May.	-1,6%	15,5%	-1,2%	4,7%	0,5%	37,0%	-1,3%	10,3%	1,1%	-27,7%	3,0%	1,4%
Jun. 7	-7,1%	10,3%	-1,9%	3,1%	2,2%	38,1%	-2,4%	10,0%	-1,4%	-29,2%	2,9%	1,3%
Memo:												
Balance as of May. 7 (Mill.S/. or Mill.US\$)	11 672		29 110		16 349		11 322		687		10 191	
Balance as of Jun. 7 (Mill.S/. or Mill.US\$)	10 845		28 561		16 701		11 053		678		10 490	

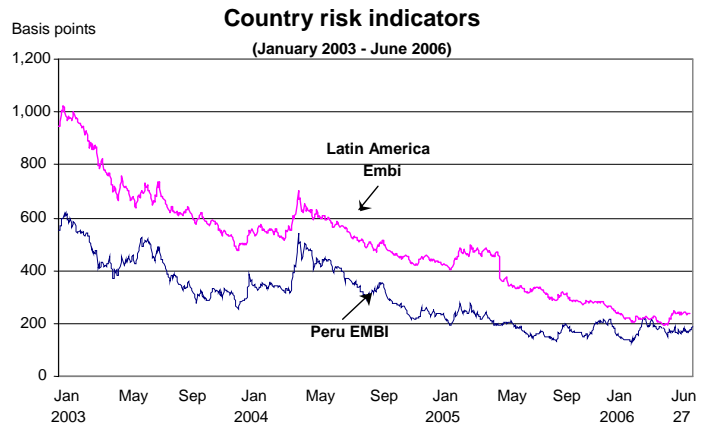
1/ Short term external liabilities of banking enterprises.

Internacional Markets

Country Risk Grew to 189 Basis Points

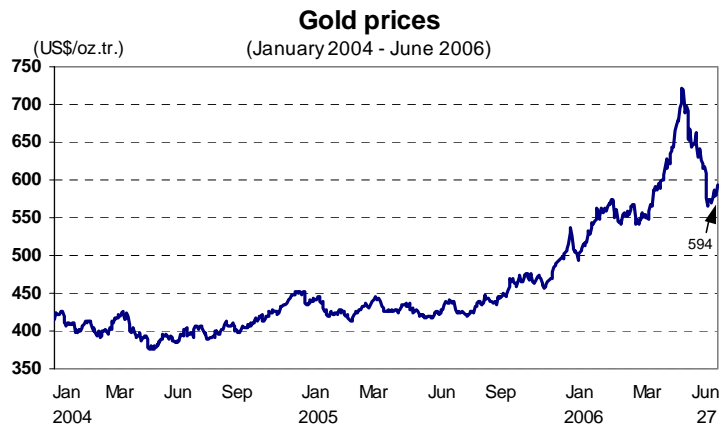
The country risk measured by the **EMBI+** Peru spread increased 171 basis points from June 21 to 189 basis points to June 27, due to drop of demand of emergent utilities associated with the Fed's raise of interest rates.

The country risk shows same behavior of the other economy's region



Higher Commodity Prices

From June 21 to 27, the **gold** quotation rose 3.12 percent to US\$ 593.8 per troy ounce, due to an increase in purchases of jewelers attracted by prices that dropped 20 percent in six weeks. In addition, gold also gained as crude oil rose above \$72 a barrel in New York for the first time in two weeks after U.S. gasoline demand grew and an oil spill interrupted shipments of fuel.



From June 21 to 27, the price of **copper** increased 1.89 percent to US\$ 3.18 per pound, due to higher uncertainty resulting from the renegotiation of labor contracts at the Chilean mine Escondida, responsible of 7% of world's copper production, which has caused supply problems. In addition the acquisition of Inco Ltd. of Canada and Falconbridge Ltd. by Phelps Dodge has contributed to the latter's greater market and price control. Also, the inventories in warehouse monitored by the LME fell 9.3 percents this week, the greatest fall since the beginning of October.

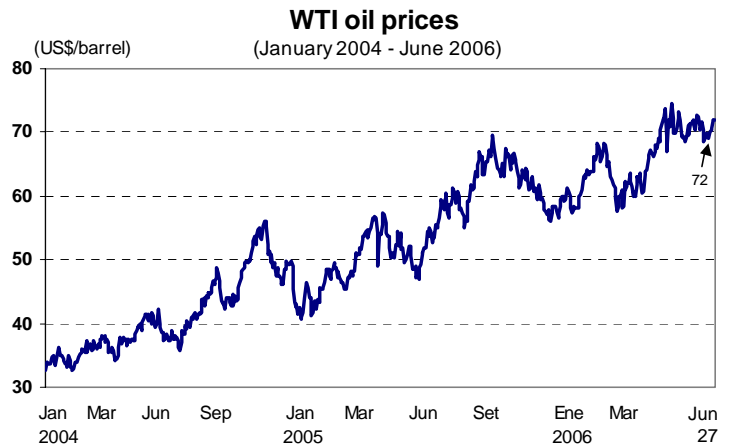


In the same period, the price of **zinc** increased to 2.39 percent to US\$ 1.37 per pound, due to higher demand by investors. The Australian Bureau of Agricultural and Resource Economics, (ABARE) declared that prices are expected to surge 17% in 2007, due to slow growth of production. A strengthening of world economic growth is expected to drive demand for galvanized steel, zinc's main use in construction and automotive industries in 2006 and 2007



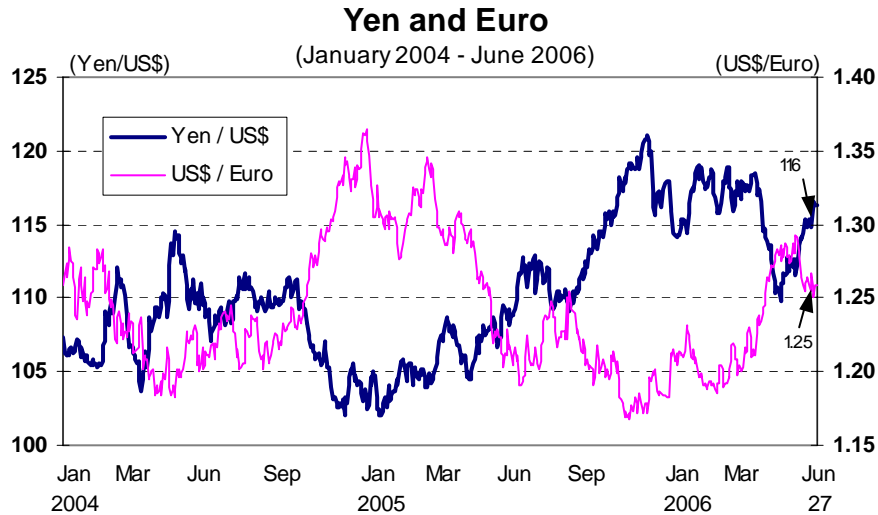
From June 21 to 27, the quotation of **oil WTI** rose 2.69 percent to US\$ 71.92 per barrel, due to concerns of disruption of supply given Iran's Oil Minister, Kazem Vaziri-Hamaneh, declarations that his country may use oil as a means of retaliating should its interests come under attack.

Likewise, a spill produced in Louisiana temporarily interrupted shipments from the Gulf of Mexico, thus boosting a price increase. However, this increase has been offset by recent reports from the US Department of Energy showing that the supply of gasoline in the U.S has grown 6.4 percent in the last week.



Dollar Appreciated Against the Euro and the Yen

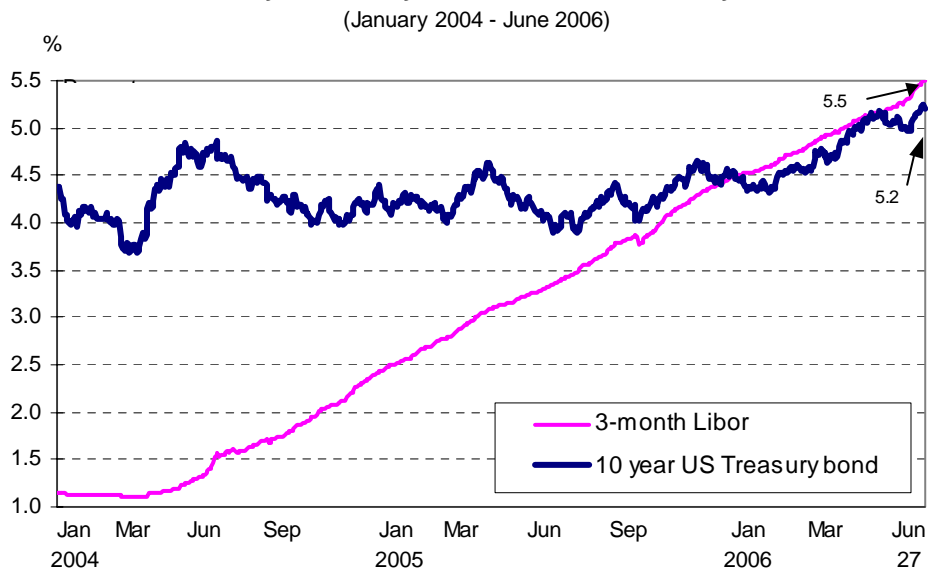
Between June 14 and 21, the US dollar appreciated 0.63 percent against the euro and 1.25 percent against the yen. The strengthening of the US currency was due to greater speculation associated with the Fed's raise of interest rates due to reports of higher sales of new houses and better confidence index. Also euro gains for UAE central bank Governor Sultan Nasser al-Suwaidi said that in September to convert 10 percent, of its dollar reserves into euros, and the report of government German showed confidence index in the manufacturing sector arise two percent. Likewise, the yen remained under pressure as traders scaled back expectations the Bank of Japan would start raising interest rates soon and on concerns that its chief Toshihiko Fukui would resign after coming under scrutiny for his 1999 investment in a scandal-tainted fund.



Yield of US Treasuries with a 10-Year Maturity Increased to 5.20 Percent

In the week of analysis, the **3-month Libor** increased from 5.45 to 5.5 percent, more than the **yield of the US Treasuries with a 10-year maturity**, which rose from 5.12 to 5.20 percent. The increase produced in the yield of US Treasuries is explained by reports of a nearly 15 percent increase in the sale of new houses, which reinforces expectations that the Federal Reserve will raise its interest rates in its following two sessions. Investors' higher speculation continues to boost yield upwards in order to keep the pace with the interest rate increase which is expected to be implemented this week on June 29.

Libor and yield of 10-year matured US Treasury bonds



Lima Stock Exchange Grew 0.76 Percent by June 27

By June 27, the **General** and **Blue Chip** indices of the Lima Stock Exchange increased 0.76 and 0.56 percent respectively, due to advances produced in mining and industrial shares. The Lima Stock Exchange recorded a similar positive evolution to that of other stock markets in the region. Year-to-date, the General and Blue Chip Indices in the Lima Stock Exchange have posted a growth of 63.9 percent and 72.9 percent respectively.

