



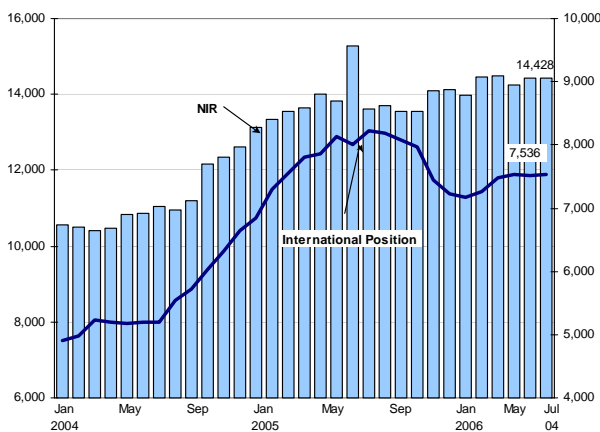
Indicators

- ➔ Reference interest rate at 4.50%.
- ➔ International Reserves: US\$ 14.428 million.
- ➔ Exchange Rate at S/. 3.26.
- ➔ Last 12-month inflation: 1,83%.
- ➔ Trade Surplus of US\$ 662 million.
- ➔ Lima Stock Exchange grows 3.7%.

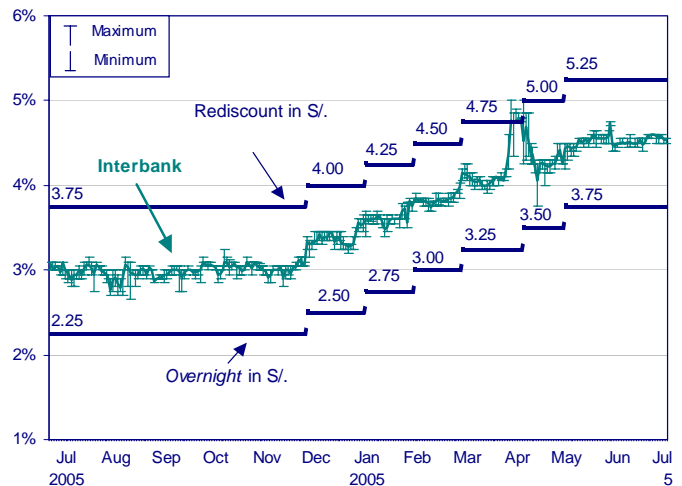
Content

- Interbank interest rate at 4.56 percent xii
- Monetary Operations xiii
- International Reserves: US\$ 14.428 million xiii
- Exchange rate at S/. 3.26 per US dollar xiii
- The nuevo sol appreciated 1.3 percent in June xiv
- Macroeconomic Expectations for July 2006 xiv
- Inflation at -0.13 percent in June xv
- Trade Balance Surplus of US\$ 662 million xvi
- Monetary Accounts of the Banking System as of June 15, 2006 xviii
- Country risk fall 168 basis points xix
- Metals and oil xix
- Lima Stock Market growth 3,7 percent xxi

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



Interest Rates in Domestic Currency
(July 2005 - July 2006)



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

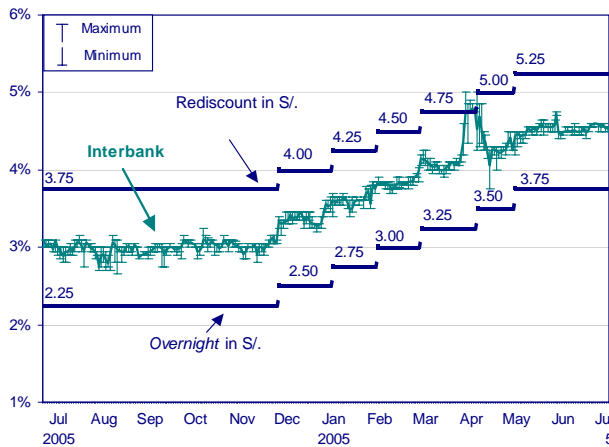
- Inflation report: Recent trends and macroeconomic forecasts - May 2006.
- Annual Report 2005 (Spanish only).
- Working Paper: Hechos estilizados de la economía peruana.

Interbank interest rate at 4.56 percent

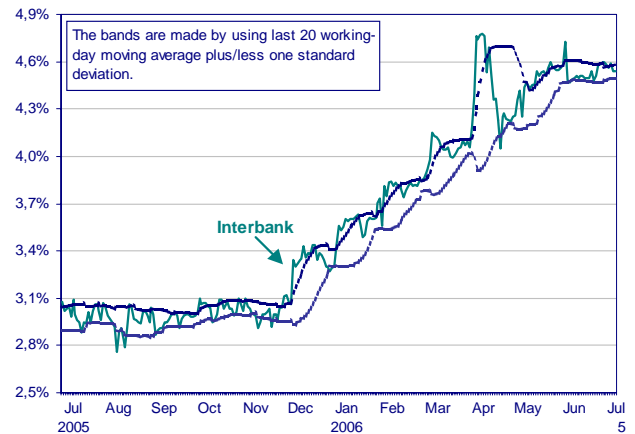
The average interbank interest rate in domestic currency decreased slightly from 4.56 percent at the close of June to 4.54 percent by July 5. The average interbank rate so far this month has reached 4.56 percent, having fluctuated between 4.54 percent and 4.59 percent over the past few days.

Interbank Interest Rate		
	Average	Estándar Deviation
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	4,56	0,07
July	4,54	0,05

Interest Rates in Domestic Currency
(July 2005 - July 2006)

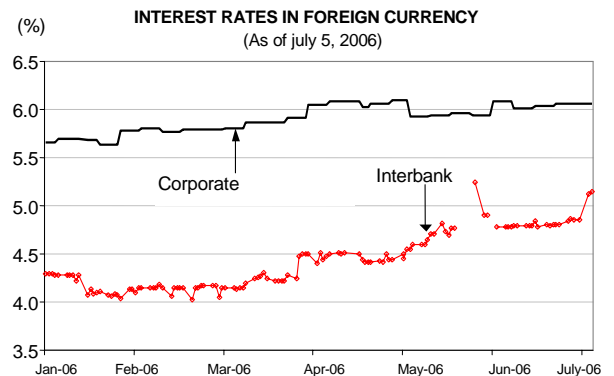
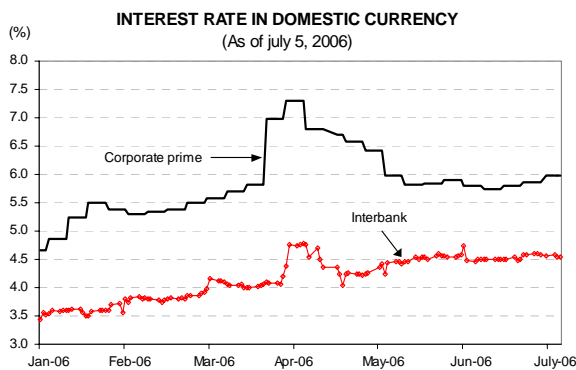


Interbank Interest Rate in Domestic Currency
(July 2005 - July 2006)



Corporate Prime Interest Rate Rose to 5.98 percent

As of July 5, the 90-day corporate prime rate in soles increased from 5.80 percent to 5.98 percent, while the corporate prime rate in dollars increased from 6.00 in June to 6.06 percent in the same period.



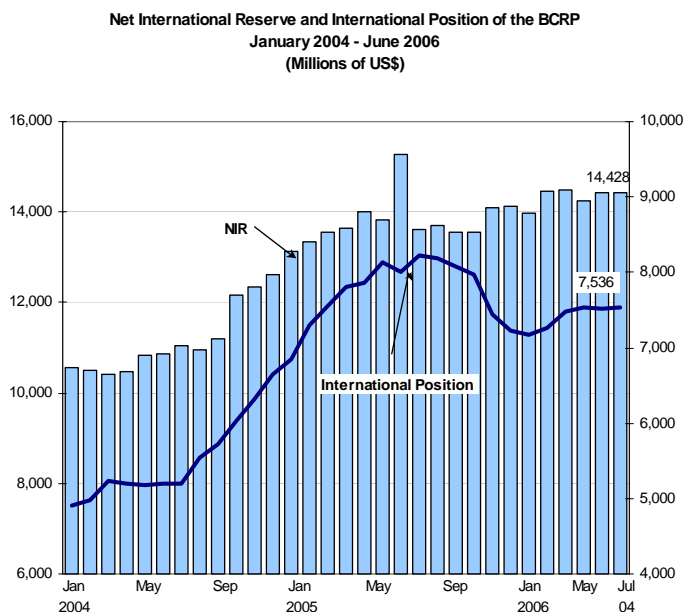
Monetary Operations

Between **June 28 and July 5**, the Central Reserve Bank made the following operations:

Auctions of temporary purchases of BCRP and BTP Certificates of Deposits with 1-day, 2-day, 3-day, 2-week, and 1-month maturities for a daily average of S/. 610 million. The average interest rate ranged between 4.51 and 4.89 percent.

International Reserves: US\$ 14.428 million

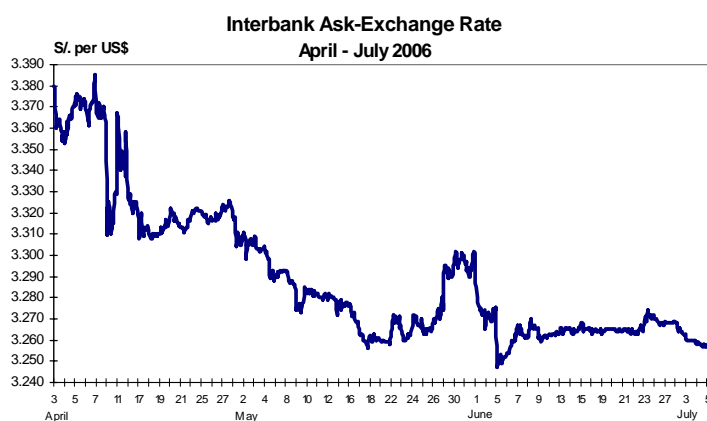
As of **July 4**, **net international reserves (NIR)** reached US\$ 14.428 million, increasing US\$ 12 million with respect to the level recorded at the close of June. This evolution is mainly explained by increased Public Sector's deposits (US\$ 13 million), better prices for gold and currencies (US\$ 12 million), as well as by higher investment yield (US\$ 2 million). However, this evolution was offset by lower deposits from both the financial system (US\$ 11 million) and the Deposit Insurance Fund (US\$ 4 million). So far this year, NIRs have grown by US\$ 331 million.



By July 4, the Central Bank's **international position** (US\$ 7.536 million) had increased US\$ 10 million with respect to June, and US\$ 86 million with respect to the close of 2005.

Exchange rate at S/. 3.26 per US dollar

On **July 5**, the interbank exchange rate closed at S/. 3.258 per dollar, which represented a 0.2 percent appreciation of the nuevo sol with respect to the end of June, given a context where banks' had an increased demand for soles. As of July 4, the balance of net forward sales decreased US\$ 25 million, and the banks' foreign exchange position grew by US\$ 40 million with respect to the close of June.

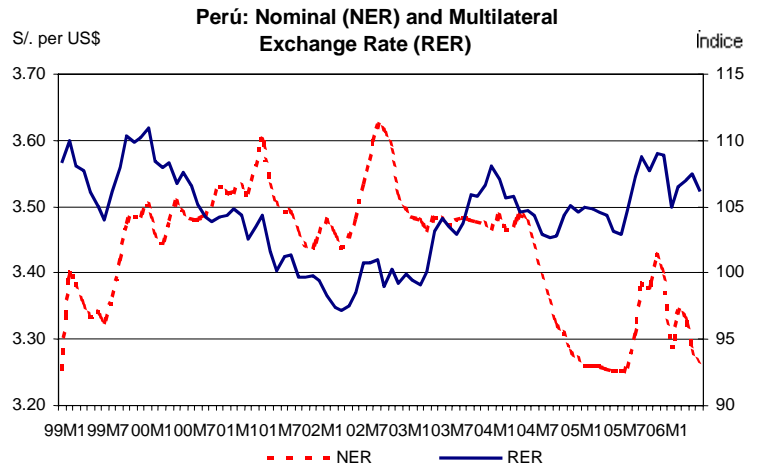


BANK'S EXCHANGE POSITION
(Millions of US\$)

	December 2005	January 2006	February	March	April	May	Junio	Jul. 4
a. Net sales to the public (i-ii)	1,027	1,229	1,109	1,579	1,556	1,446	1,706	1,681
i. Forward sales to the public	1,813	2,092	1,880	2,426	2,060	2,233	2,387	2,363
ii. Forward purchases to the public	785	863	771	847	504	787	681	682
b. Bank's exchange position	480	411	485	581	625	559	450	464

The nuevo sol appreciated 1.3 percent in June

In real terms, the nuevo sol appreciated 1.3 percent in June. In nominal terms, the nuevo sol appreciated 0.5 percent against the dollar, whereas external and domestic inflation posted -1.0 percent and -0.1 percent respectively. This development was produced in a context of strong expectations that the US Federal Reserve would further raise its interest rates, which generated high market volatility.



In annual terms, external inflation was 4.5 percent and domestic inflation was 1.8 percent, as a result of which the real exchange rate increased 2.9 percent.

Macroeconomic Expectations for July 2006

Between June 12 and 31, the Central Reserve Bank of Peru conducted the monthly Macroeconomic Expectations survey among 28 financial system institutions, 24 economic analysts, and 345 non-financial system firms. The results of the survey are shown in the following tables.

NON FINANCIAL COMMERCIAL (Median1/ of the sample)

	Survey made to:		
	Apr 28 2/	May 31 2/	Jun 28 2/
Inflation (%)			
Annual: 2006	2.0	2.0	2.0
2007	2.0	2.0	2.0
Growth of GDP (%)			
Annual: 2006	5.5	5.8	6.0
2007	5.5	6	6.0
Exchange Rate (S/. per US\$)			
December 2006	3.40	3.38	3.35
December 2007	3.45	3.42	3.40

1/ Measurement of central tendency that shows the value in the middle of sample which allows to reduce the bias that generates the extreme values
2/ 345 Non financial commercial

FINANCIAL SYSTEM INSTITUTION (Median1/ of the sample)

	Survey made to:		
	Apr 28 2/	May 31 2/	Jun 28 2/
Inflation (%)			
July	0,30	0,26	0,24
Agugust	0,20	0,24	0,20
Annual: 2006	2,50	2,80	2,66
2007	2,50	2,50	2,50
Growth of GDP (%)			
May	5,0	5,0	5,5
June	5,0	5,1	5,4
July	--	5,0	5,0
Annual: 2006	5,0	5,6	5,5
2007	5,0	5,0	5,4
Exchange Rate (S/. per US\$)			
Julio	3,34	3,3	3,27
August	3,33	3,30	3,28
December 2006	3,34	3,30	3,30
December 2007	3,39	3,34	3,35
Interbank rate (%) <i>In nuevos soles</i>			
July	4,48	4,75	4,50
August	4,50	4,75	4,55
December 2006	4,50	4,86	4,78
December 2007	4,88	5,00	5,00

1/ Measurement of central tendency that shows the value in the middle of sample, which allows to reduce the bias that generates the extreme values.
2/ 28 financial institution.

ECONOMIC ANALYSTS (Median1/ of the sample)

	Survey made to:		
	Apr 28 2/	May 31 3/	Jun 28 3/
Inflation (%)			
July	0,20	0,22	0,20
August	0,20	0,18	0,20
Annual: 2006	2,50	2,60	2,50
2007	2,50	2,50	2,50
Growth of GDP (%)			
May	5,0	5,3	5,3
June	5,0	5,0	5,0
July	--	5,0	5,2
Annual: 2006	5,0	5,3	5,5
2007	5,0	5,0	5,0
Exchange Rate (S/. per US\$)			
July	3,35	3,30	3,27
August	3,35	3,30	3,28
December 2006	3,35	3,32	3,30
December 2007	3,40	3,35	3,35
Interbank Rate(%) <i>In nuevos soles</i>			
July	4,38	4,50	4,50
August	4,38	4,50	4,50
December 2006	4,50	4,50	4,73
December 2007	4,50	4,50	5,00

1/ Measurement of central tendency that shows the value in the middle of sample, which allows to reduce the bias that generates the extreme values.
2/ 22 economic analysts.
3/ 24 economic analysts

Inflation at -0.13 percent in June

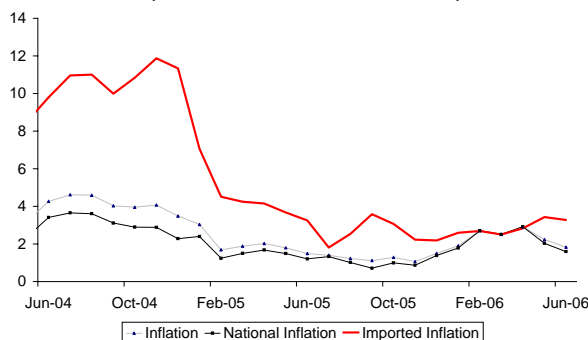
The inflation rate in the month of June was -0.13 percent, with an accumulated last 12-month rate of 1.83 percent. Three items have contributed with a total of -0.23 percentage points to this evolution: potato (-0.09 points), newspapers (-0.09 points), and papaya (-0.05 points) while, on the other hand, three other items contributed with 0.17 percentage points to this month's inflation: chicken meat (0.10 points), corn (0.04 points), and energy (0.03 points).

INFLATION RATE
(Annual percentage change)

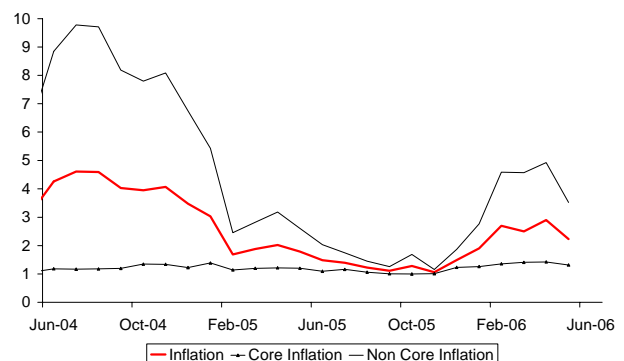
	Weighting	Monthly		12-month indicator			Average annual indicator		
		Jun. 2006	Jun. 2005	May. 2006	Jun. 2006	Jun. 2005	May. 2006	Jun. 2006	
I. CORE INFLATION	60.6	0.00	1.10	1.32	1.27	1.22	1.20	1.21	
Goods	34.0	-0.13	0.97	0.81	0.68	0.92	0.83	0.81	
Food	13.0	0.28	2.04	0.95	0.92	2.69	0.92	0.83	
Textile and footwear	7.6	0.24	1.25	1.28	1.35	1.38	1.46	1.47	
Electrical appliances	1.0	-0.02	-3.61	0.37	0.34	-3.09	-1.35	-1.02	
Other industrial goods	12.5	-0.80	0.03	0.41	0.04	-0.83	0.51	0.51	
Services	26.6	0.15	1.26	1.94	1.99	1.60	1.65	1.71	
Restaurants	12.0	0.18	1.11	1.15	1.23	1.65	1.04	1.05	
Education	5.1	0.09	3.20	3.37	3.45	3.91	2.91	2.94	
Health	1.3	-0.17	2.23	1.68	0.36	1.13	2.11	1.95	
Renting	2.3	-0.20	-2.05	1.60	1.40	-1.38	0.53	0.82	
Other services	5.9	0.36	0.80	2.44	2.80	0.66	2.04	2.21	
II. NON CORE INFLATION	39.4	-0.29	2.03	3.52	2.60	5.65	2.59	2.64	
Food	22.5	-0.70	-0.30	4.36	2.84	5.58	2.01	2.28	
Fuel	3.9	0.26	9.90	7.47	6.89	13.70	7.93	7.69	
Transportation	8.4	0.05	3.99	1.52	1.52	2.69	2.27	2.07	
Utilities	4.6	0.54	1.87	-1.90	-1.88	3.12	-0.11	-0.42	
III. CPI	100.0	-0.13	1.49	2.23	1.83	3.03	1.78	1.80	
Note.-									
Imported inflation	12.1	0.09	3.25	3.43	3.27	7.62	2.72	2.73	
Core inflation excluding food	47.6	-0.08	0.84	1.42	1.36	0.84	1.27	1.31	
Total food	33.2	-0.40	0.39	3.30	2.22	4.77	1.75	1.91	

The **core inflation** during this month was 0.0 percent, which represents a last-12 month accumulated rate of 1.3 percent. On the other hand, **non-core inflation** was -0.29 percent in June, which represents an accumulated growth of 2.6 percent in the last 12 months. **Non-core inflation, without food products and beverages**, totaled -0.08 percent (1.36 percent over the last 12 months). **Imported inflation** this month was 0.09 percent (3.27 percent over the last 12 months).

INFLATION, NATIONAL INFLATION AND IMPORTED INFLATION
(Last 12-month cumulative variation)



INFLATION
(Last 12-month cumulative variation)

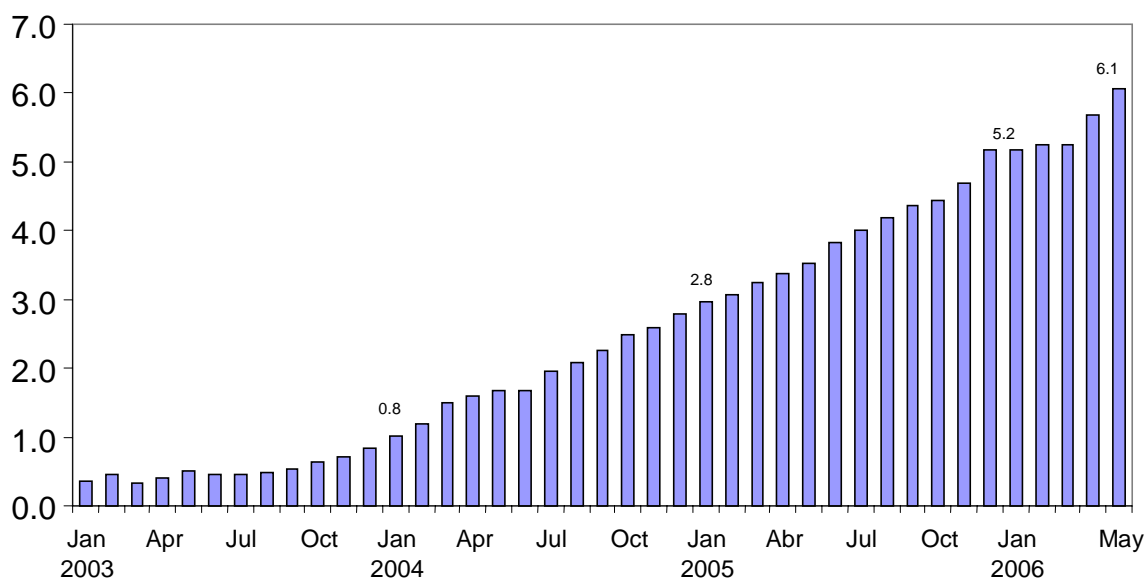


Trade Balance Surplus of US\$ 662 million

In **May 2006**, the trade balance logged a surplus of US\$ 662 million, which represents a last 12-month surplus of US\$ 6.055 million. This accumulated surplus is US\$ 892 million higher than the trade surplus recorded in 2005 (US\$ 5.163 million).

Between **January and May 2006**, exports grew to US\$ 8.218 million, whereas exports totaled US\$ 5.754 million. As a result of this, a trade surplus of US\$ 2.463 million was achieved in the first five months of 2006, while a surplus of US\$ 1.669 million was recorded in the same period last year.

Annual Trade Balance: January 2003 - May
(Thousand of millions of US dollars cumulative last 12)



Exports in May grew to US\$ 1.912 million, increasing US\$ 548 million (40 percent) with respect to May last year.

Traditional exports increased 49 percent, mainly as a result of better prices (50 percent), since the average volumes of traditional exports fell 6.7 percent due to lower shipments of fish meal and of oil crude and oil derived products. By products, the increased exports of copper (US\$ 296 million, or 136 percent), gold (US\$ 151 million, or 73 percent), and zinc (US\$ 87 million, or 149 percent) compensated the fall recorded in exports of oil crude and oil derived products (US\$ 35 million, or 27 percent).

Non-traditional exports grew 18 percent due to larger sales of steel and metallurgical products, jewelry, and textiles.

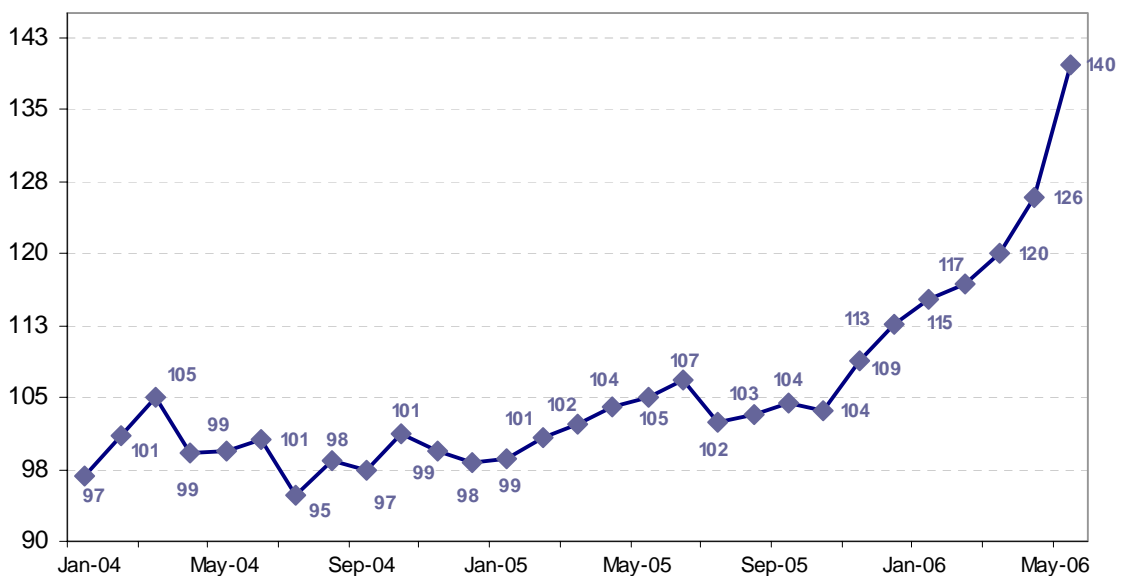
Imports totaled US\$ 1.250 million in May, which represented a 26 percent increase with respect to May 2005. This growth is explained by greater purchases of consumer goods (19 percent), raw materials (25 percent), and capital goods (32 percent), the latter of which is explained by increased purchases of products for industrial purposes, namely machinery and equipment for construction and telecommunications.

Trade Balance (Millions of US\$)

	Monthly data			Annual data				
	May 2005	May 2006	Var. %	Jun.2004 May.2005	May.2005 Apr.2006	Jun.2005 May.2006	Var. %	Var. %
				A	B	C	C/A	C/B
1. EXPORTS	<u>1 364</u>	<u>1 912</u>	<u>40.2</u>	<u>14 511</u>	<u>18 629</u>	<u>19 177</u>	<u>32.2</u>	<u>2.9</u>
Traditional products	985	1 470	49.3	10 527	14 035	14 520	37.9	3.5
Non-traditional products	364	429	17.7	3 844	4 446	4 510	17.3	1.5
Other products	15	13	- 12.0	139	148	147	5.2	- 1.2
2. IMPORTS	<u>992</u>	<u>1 250</u>	<u>26.0</u>	<u>10 803</u>	<u>12 865</u>	<u>13 123</u>	<u>21.5</u>	<u>2.0</u>
Consumer goods	191	227	18.8	2 160	2 383	2 419	12.0	1.5
Raw materials and intermediates	545	682	25.2	5 937	6 980	7 118	19.9	2.0
Capital goods	249	327	31.6	2 611	3 392	3 471	33.0	2.3
Other goods	8	13	74.4	97	109	115	19.0	5.3
3. TRADE BALANCE	<u>372</u>	<u>662</u>	<u>78.1</u>	<u>3 707</u>	<u>5 764</u>	<u>6 055</u>	<u>63.3</u>	<u>5.0</u>

The **terms of trade** increased 33 percent due to better prices for our exports (50 percent), which increased more than the prices of imports (13 percent).

TERMS OF TRADE (1994=100)



Monetary base by June 30, 2006

The **monetary base** (S/. 11.108 million) increased 2.3 percent (S/. 247 million) with respect to the close of May. In average terms, the annual growth rate of the monetary base in this period was 14.5 percent (15.9 percent in May).

By sources, the operations contributing the most to the expansion of the monetary base were the maturities of BCRP Certificates of Deposits (S/. 640 million) and BCRP Readjustable Deposits (S/. 497 million). It is worth noting that purchases of foreign currency at the Central Bank's Front Office amounted to US\$ 2.5 million (S/. 8 million). Conversely, the monetary base decreased due to higher public sector deposits (S/. 626 million), and to lower temporary purchases of Peruvian sovereign bonds.

Monetary Accounts of the Banking System as of June 15, 2006

In the last 4 weeks, liquidity in **domestic currency** decreased 3.1 percent (S/. 896 million), totaling S/. 28.147 million (annual growth of 2.1 percent). Lending to the private sector in this currency increased 1.3 percent (S/. 215 million), thus totaling S/. 16.740 million (annual growth of 37.0 percent).

Liquidity in **foreign currency** declined 1.4 percent (US\$ 163 million), totaling US\$ 11.218 million (annual growth of 10.6 percent). Lending to the private sector in dollars grew 2.9 percent (US\$ 299 million), thus totaling US\$ 10.601 million (annual growth of 2.2 percent).

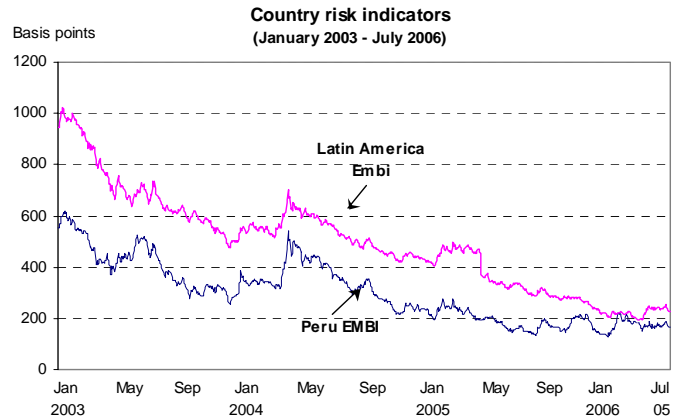
END OF PERIOD MONETARY AGGREGATES OF THE BANKING SYSTEM												
	BASE MONETARY		LIQUIDITY IN D/C		CREDIT IN D/C		LIQUIDITY IN F/C		LIABILITIES 1/		CREDIT IN F/C	
	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	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%
Apr.	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. 15	1,4%	15,6%	-3,1%	2,1%	1,3%	37,0%	-1,4%	10,6%	-9,2%	-28,1%	2,9%	2,2%
Memo:												
Balance as of May. 15 (Mill.S/. or Mill.US\$)	10 777		29 043		16 525		11 381		715		10 302	
Balance as of Jun. 15 (Mill.S/. or Mill.US\$)	10 928		28 147		16 740		11 218		649		10 601	
1/ Short term external liabilities of banking enterprises.												

International markets

Country risk fall 168 basis points

In June, the EMBI+ Peru average fall to 169 from 178 respect to May. This performance was influenced with the announcement to sign an agreement with the IMF to support international credibility to reach an "investment grade" rate.

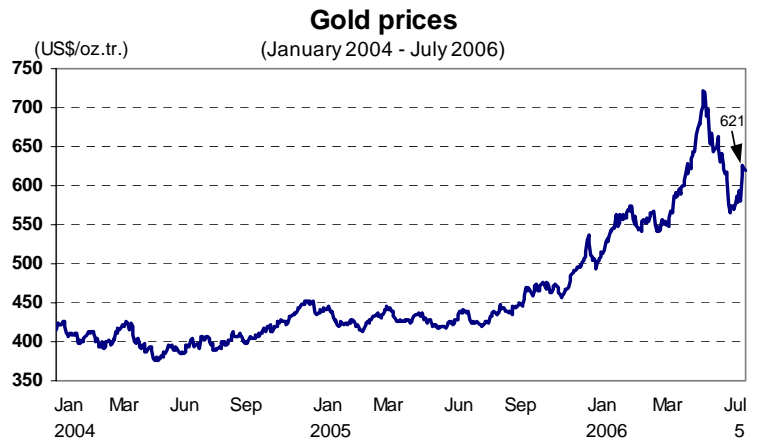
On July 5, the EMBI+ Peru went down to 168 basis points. This reflected the possibility that the FED frozen its interest rates.



Metals and oil

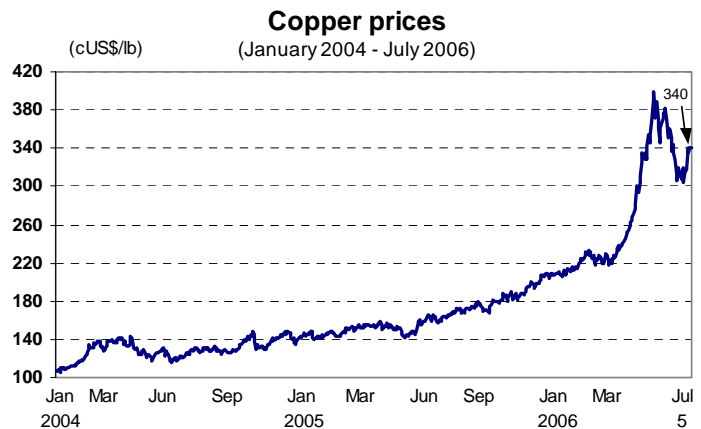
In June, the **gold** quotation fall 3.4 percent from US\$ 648 to US\$ 614 per troy ounce, due to the expectations about the FED rate, jewelers demand and the geopolitics incidents.

On July 5, the gold quotations reach US\$ 621 troy ounce. The price went up due to higher demand from institutional investors and influenced by the tension from North Korea.



In June, the copper quotation decreased 9.4 percent to US\$ 3,4 from US\$ 3.7 per pound. That was linked to the higher growth economic rates and higher demand from China. That behavior was offset by the decrease in the LME inventories and lower production forecast of Codelco due to strikes.

On July 5, copper was US\$ 3,4 per pound.



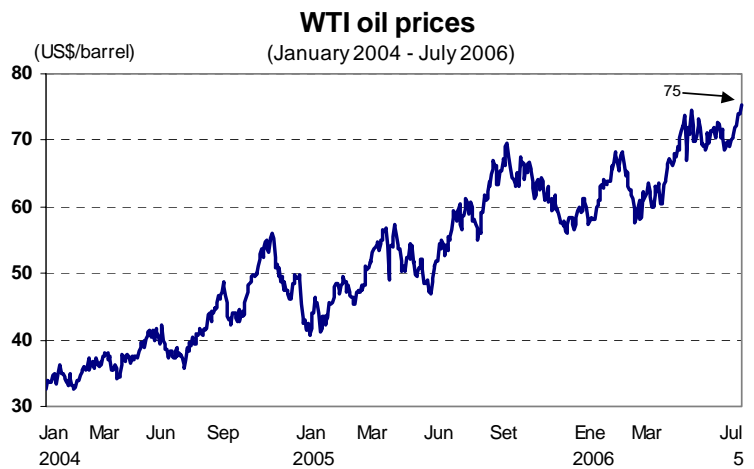
In June, the **zinc** quotation decreased 17.6 percent to US\$ 1.48 from US\$ 1.77 per pound, due to a taking profit behavior.

On July 5, the zinc reach US\$ 1.53 per pound due to a higher demand of galvanized steel.



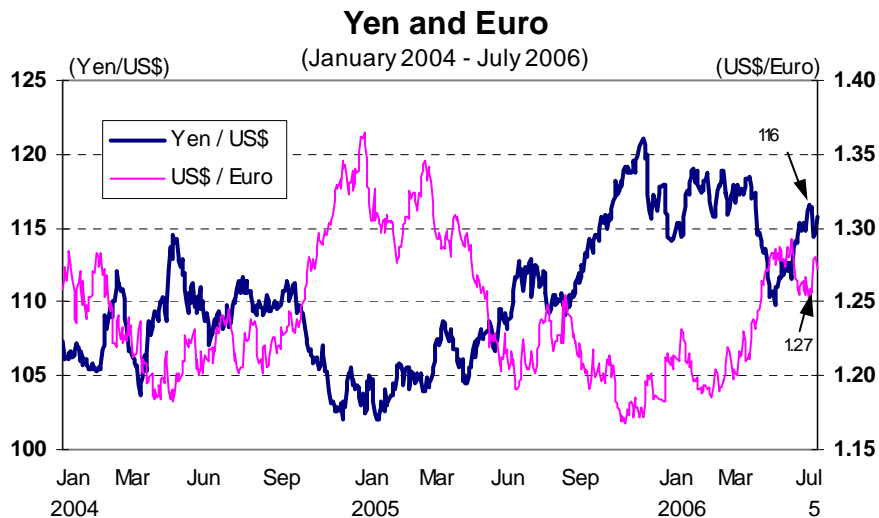
In June, WTI oil quotation growth 3.7 percent from US\$ 71.3 to US\$ 73.9 per barrel in a context of geopolitical problems and low production in Nigeria and Norway; even though higher gasoline supply.

On July 5, the WTI oil reached US\$ 75,2 per barrel due to the North Korea issue.



Dollar against the yen and euro

In June, the dollar appreciate 0.1 percent against the euro and 1.8 percent against the yen. On June 30, the FED incremented its reference rate 25 basis points to 5.25 percent. On July 5, the dollar depreciate 1.3 percent vis-à-vis the euro and 0.6 percent respect to the yen.

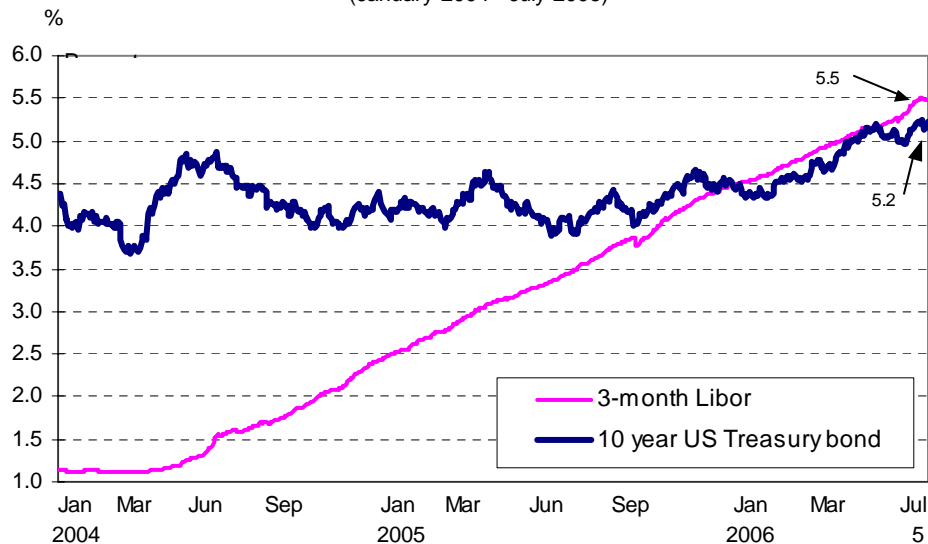


Yield of US Treasuries Decreased to 5.22 percent

Between May 31 and June 30, the Libor 3-month increased from 5.24 to 5.48 percent, while the US Treasuries 10-year increased from 5.12 to 5.14 percent. During the week, the the Libor 3-month stayed at 5.49 percent, while the US Treasuries 10-year recorded a 5.22 percent yield.

Libor and yield of 10-year matured US Treasury bonds

(January 2004 - July 2006)



Lima Stock Market growth 3,7 percent

In June, the **General** and **Blue Chip** indices of the Lima Stock Exchange increased 13.09 and 13.12 percent respectively, due to advances produced in mining and industrial shares.

On July 5, the **General** index of the Lima Stock Exchange increased 3.7 percent.

Lima Stock Exchange indicators

(January 2003 - July 2006)

