



Indicators

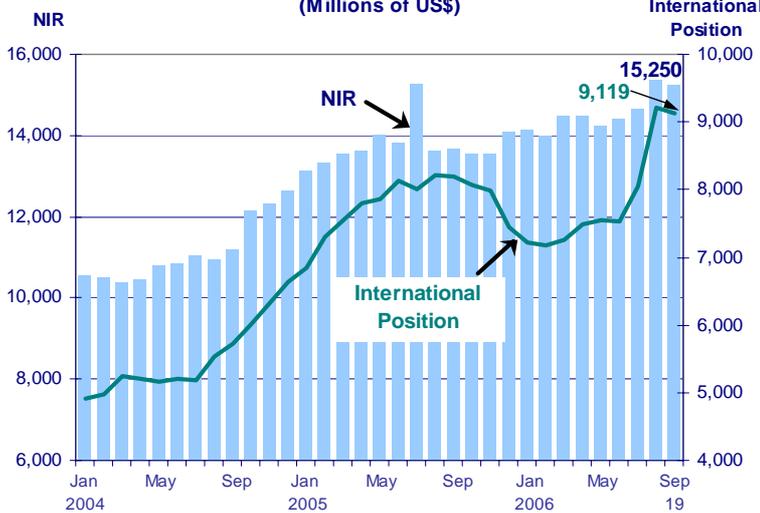
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- International reserves: US\$ 15,250 million.
- Average exchange rate at S/. 3.25.
- Lima Stock Exchange grew 0.8 percent.
- GDP in July 2006: 9 percent.
- Central government: Economic surplus of S/. 38 million in August 2006.

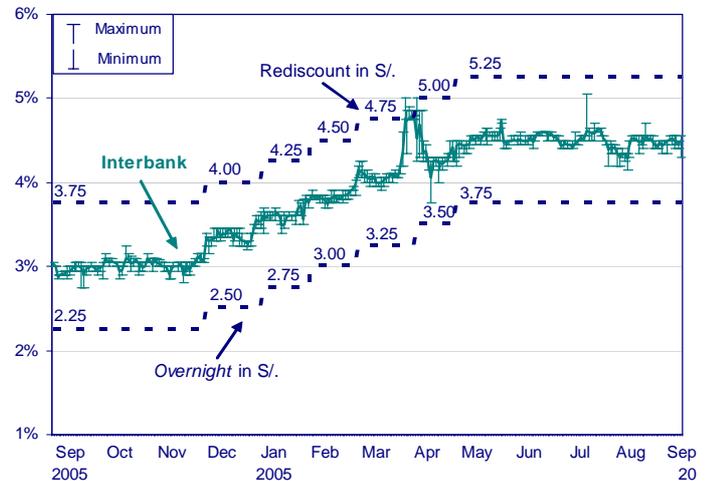
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International Reserve and International Position of the BCRP

January 2004 - September 2006
(Millions of US\$)



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



Our Website

<http://www.bcrp.gob.pe>

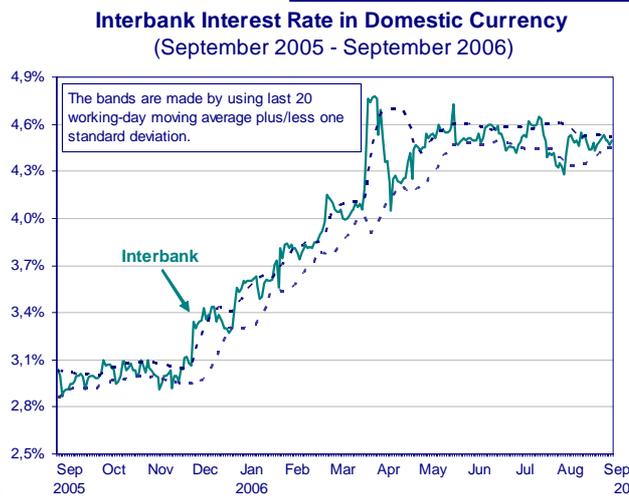
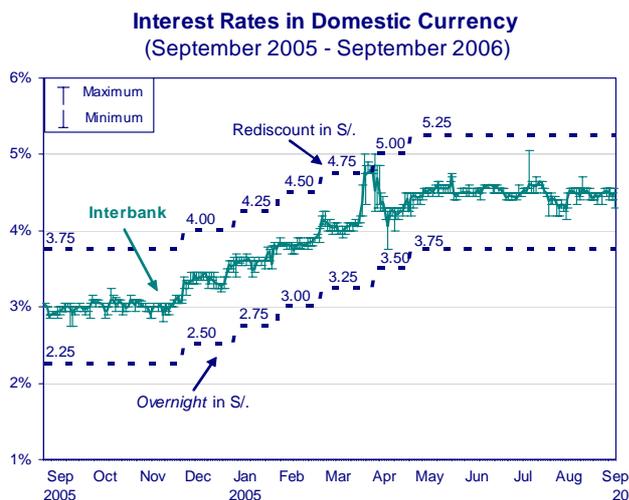
- Informative note: Swearing three new directors at BCRP
- Measures of austerity: Resolution of General Management N° 114-2006-BCRP.
- Study note:29: Performance of Net International Reserves: August 2006.
- Informative note: Monetary program at September 2006

Average interbank interest rate as of September 20: 4.49 percent

The average interbank interest rate in domestic currency decreased from 4.51 percent to 4.50 percent between **September 13 and 20**. In this period, the average interbank interest rate has fluctuated between 4.47 and 4.53 percent.

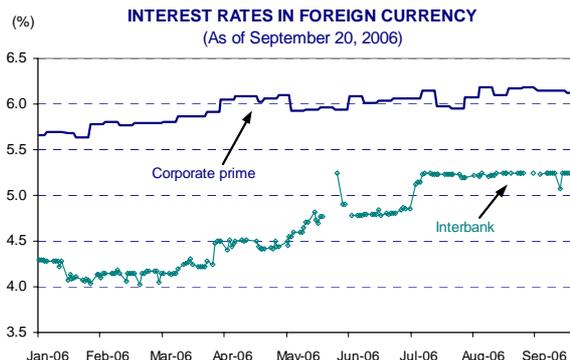
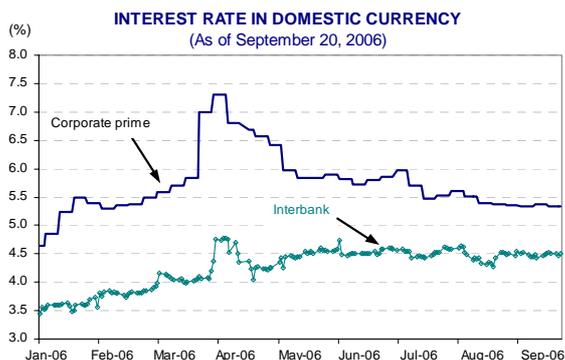
Interbank Interest Rate average (percent)

	Average	Standard Deviation
December 2004	3.00	0.05
December 2005	3.34	0.08
March 2006	4.12	0.17
April	4.42	0.24
May	4.48	0.08
June	4.53	0.07
July	4.50	0.06
August	4.43	0.10
September 20	4.49	0.03



Corporate Prime interest rate in soles fell to 5.33 percent

Between **September 13 and 20**, the average 90-day corporate prime rate in soles fell from 5.38 percent to 5.33 percent, while the same rate in dollars decreased from 6.15 percent to 6.12 percent.



Monetary operations

Between **September 14 and September 20**, the Central Bank made the following monetary operations:

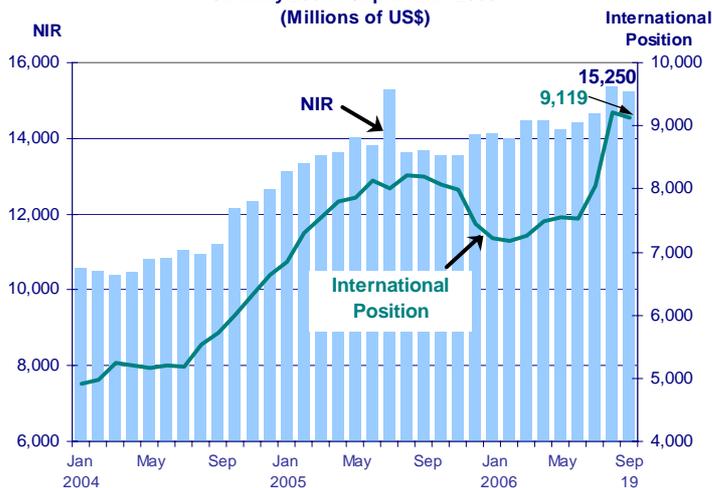
- i) Auctions of BCRP Certificates of Deposits (BCRPCDs) with 1-day, 1-week, and 1-month maturities for a daily average of S/. 175 million. The average interest rate of these securities ranged between 4.34 and 4.73 percent.

- ii) Auctions of temporary purchases of securities with 1-day and 3-day maturities for a daily average of S/. 87.5 million on September 14 and 15. The average interest rate of these securities ranged between 4.51 and 4.52 percent.
- iii) Purchases of foreign currency for a total of US\$ 79 million at an average exchange rate of S/. 3.245 per dollar, and
- iv) Overnight deposits in local currency for a total of S/. 448 million.

International reserves at US\$ 15,250 million

As of **September 19**, net international reserves (NIRs) reached US\$ 15,250 million, decreasing by US\$ 129 million with respect to the close of August. This evolution results mainly from the repayment of the external public debt (US\$ 150 million), from banks' lower deposits (US\$ 101 million), and from lower prices for gold (US\$ 85 million). This was offset by net purchases of foreign currency (US\$ 148 million), higher Public Sector deposits (US\$ 20 million) and by higher investment yield (US\$ 41 million).

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

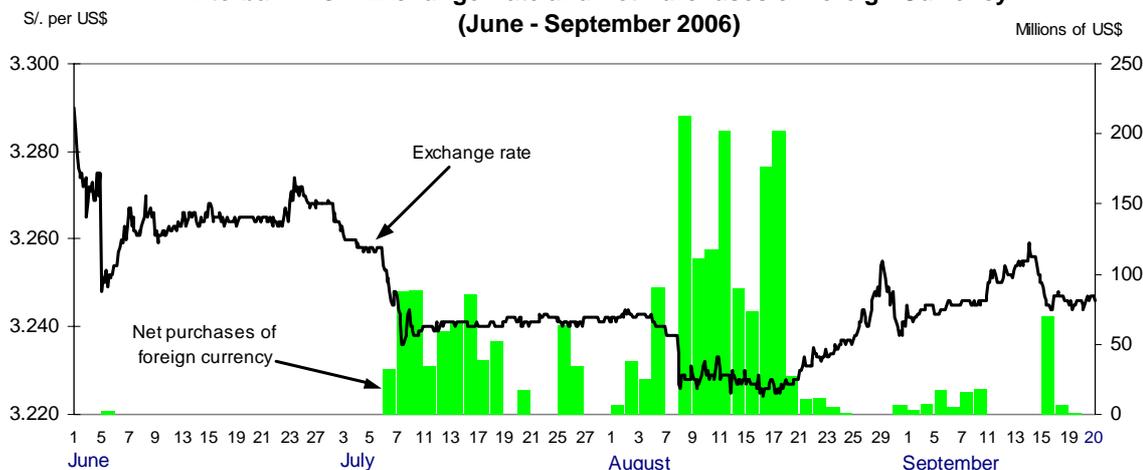


So far this year, NIRs have increased by US\$ 1,153 million. In the same period, the Central Bank's **international position** (US\$ 9,119 million) decreased US\$ 81 million with respect to the close of August, and increased US\$ 1,669 million with respect to the close of 2005.

Nominal exchange rate at S/. 3.25 per dollar

As of September 20, the ask price of the interbank exchange rate closed at S/. 3.246 per dollar, which represented a 0.3 percent appreciation of the nuevo sol with respect to the end of both last week (September 13) and to the close of August. In September, the Central Bank intervened in the exchange market purchasing US\$ 148 million.

Interbank Ask- Exchange Rate and Net Purchases of Foreign Currency
(June - September 2006)



As of September 19, the balance of net forward sales decreased by US\$ 6 million, and banks' foreign exchange position increased US\$ 33 million with respect to the close of August.

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

	December 2005	March	Jun	July	August	September 19
a. Net sales to the public (i-ii)	1,027	1,579	1,706	1,457	815	821
i. Forward sales to the public	1,813	2,426	2,387	2,149	2,127	2,110
ii. Forward purchases to the public	785	847	681	692	1,312	1,289
b. Bank's exchange position	480	581	450	449	366	399

Gross Domestic Product: July 2006

In July, the GDP grew **9.0** percent, thus accumulating a growth of **7.0** percent in the January-July period. This result is mainly explained by a 13.4 percent growth in the commerce sector and by a 2.6 percent growth in other services. Likewise, the sectors of agriculture & livestock and non-primary manufacturing posted positive results, recording a growth of 7.9 and 8.3 percent respectively.

GROSS DOMESTIC PRODUCT
(Annual growth rates)

	July		January - July	
	2005	2006	2005	2006
Agriculture and Livestock	5.8	7.9	4.5	3.9
Agriculture	7.1	8.2	4.8	2.8
Livestock	3.9	7.5	4.2	5.5
Fishing	-13.4	-5.4	3.0	-2.7
Mining and Fuel	14.5	1.7	4.5	5.9
Metallic mining	13.8	1.1	2.4	6.2
Natural gas and oil	37.5	6.9	36.1	2.4
Manufacturing	4.6	5.6	7.2	4.8
Based on raw materials	-4.3	-5.5	1.7	0.3
Non-primary	7.5	8.3	8.9	5.9
Electricity and water	5.1	8.5	4.7	6.0
Construction	9.8	11.6	5.2	14.3
Commerce	3.8	13.4	5.8	9.3
Other services	3.7	9.6	5.3	7.3
GROSS VALUE ADDED (GVA)	5.0	8.7	5.5	7.0
Taxes on products and import duties	7.6	11.9	8.4	6.4
GDP	5.2	9.0	5.8	7.0
Primary sector GVA	6.0	3.1	4.0	3.7
Non-primary sector GVA	4.7	10.3	5.9	7.9
Domestic demand indicator	5.3	9.9	4.5	8.8

The **agriculture & livestock sector** grew significantly (7.9 percent) with respect to a month with good agricultural results, such as July 2005. Products contributing to this result included larger harvests of coffee, potato, and hard yellow corn, which accounted for over 87 percent of growth in agriculture. In the livestock sector, the industries of chicken products (meat and eggs) and dairy products maintained the same dynamism shown in previous months.

The **fishing sector** exhibited reduced activity (-5.4 percent) due to lower catch of anchovy as a result of the prohibition period, which started at the end of June. However, this result was partially offset by higher catches for direct consumption, as well as for the processing of frozen (giant squid) and canned products (shellfish, mackerel, blue mackerel, and tuna fish).

The **mining and fuels sector** recorded a slight growth of 1.7 percent due to a higher production of copper (6.1 percent), silver (8.3 percent), iron (13.2 percent), and of fuels, given the recovery of Camisea after having solved the problems that arose in connection to the gas pipelines. This result was offset by a lower production of gold (2.0 percent) –given the lower gold content of the mineral obtained– and of zinc.

The **manufacturing sector** grew 5.6 percent as a result of an increase in non-primary manufacturing output (8.3 percent), which posted the second highest level so far this year. This result was offset by the lower production achieved in the manufacturing sub-sector based on raw materials (-5.5 percent).

In terms of non-primary manufacturing, 28 of the 39 industrial groups grew during this month. The groups that contributed most heavily to this result included chemical products; rubber and plastics; food, beverage and tobacco; metal products, machinery and equipment; and the iron and steel industry.

The branches recording the highest growth were: pharmaceutical products (due to increased sales associated with recent bidding processes held by the Ministry of Health); metal products (due to a greater variety of containers); toilet and cleaning products (due to the launching of new products and to a higher demand for detergents); cement (due to larger exports and increased domestic demand); knitted garments (due to greater exports); iron and steel (due to larger exports and to a higher demand from the construction sector); explosives, and natural and chemical essence oils (due to the greater demand of the mining industry for explosives, and of the soft drink industry for essence oils).

On the other hand, the result in the manufacturing sector based on raw materials is associated with the lower production of fishmeal and fish oil (due to the prohibition period), and of refined petroleum, given the increasingly higher substitution of liquid fuels for natural gas. This result was partially offset by an increased production of canned products (mackerel and shellfish), by a larger catch of giant squid (in response to a government-sponsored program aimed at promoting a higher consumption of fish), by a higher output of meat products (poultry, beef, and sausages), and by increased refining of non-ferrous metals (refined zinc).

**Industries with higher increases
Jul 2006**

CIU	Jul	
	Var. %	Contrib. % 1/
Pharmacy products	127.7	1.6
Others metal products (packages)	40.9	1.1
Cleaning and polishing preparations, perfumes an	40.3	0.9
Cement	16.0	0.8
Knitted fabrics	12.8	0.6
Manufacture of furniture	16.2	0.6
Explosives and natural and chemical essences	24.9	0.6
Basic chemicals	22.0	0.5
Paper and cardboard	46.5	0.5
Subtotal	27.1	7.7
Total	8.3	

1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Produccion.

Branches recording a lower production included grain mill products, given the lower production of hulled rice; glass, given maintenance stoppage at one of the main glass-producing companies; printing activities, given lower domestic demand; metal products for structures and for isolated threads and cables, given greater competition due to imported products; and mill saw products and wood brushing, given shipment problems with exports.

**Industries with higher decreases
Jul 2006**

CIIU	Jul	
	Var. %	Contrib. % 1/
Grain mill and bakery products	-17.8	-0.9
Glass	-36.3	-0.6
Printing	-9.8	-0.4
Manufacture of structural metal products	-13.4	-0.4
Sawmilling and planing of wood	-20.7	-0.3
Manufacture of insulated wire and cable	-27.8	-0.2
Subtotal	-14.4	-2.9

1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Produccion.

The **construction sector** grew 11.6 percent in July, an evolution reflected in a 11.8 percent increase in the domestic consumption of cement, in a 19.8 percent growth of mortgage loans, in works carried out by local and provincial governments in the context of a pre-electoral period, and in the construction and maintenance of road infrastructure.

According to Ministry of Labor reports, **employment** in firms with 10 and more workers grew 7.0 percent with respect to July last year. Contrasting with previous months' results, employment in Metropolitan Lima grew more than in the rest of urban areas (6.3 percent), where increased employment in most activities was counterbalanced by lower employment in the sector of transportation and storage (-1.3 percent). The latter was mainly affected by the lower fishing activity observed in Chimbote (shipping services), a city that exhibited a negative variation in terms of the employment index (-3.5 percent.)

Furthermore, employment in terms of the 21 largest cities in the country posted the following results: Trujillo, Sullana, and Paita recorded the highest increase in employment. This growth was associated with the dynamism of agricultural exports in the case of the first two cities, while in the case of Paita it was associated with greater activity in the fishing sector. On the other hand, lower activity was observed in the cities of Chimbote (prohibition period for anchovy) and Cajamarca (as rental of heavy machinery to move or transport materials in mining centers declined since works were completed).

Outlook for August 2006

Preliminary data of indicators on the sectors of fisheries, construction, power and water that are relevant to economic activity in August are presented below:

- According to IMARPE, anchovy catch will drop 44.6 percent.
- According to Asocem, local dispatches of cement will increase 21.1 percent (excluding those required for the productive operations at Yanacocha).
- The production of electricity will increase 6.5 percent, according to the committee in charge of managing the national energy grid (*Comité de Operación Económica del Sistema Interconectado Nacional -COES*).

Economic surplus of S/. 38 million in August 2006

In August, **central government operations recorded for the sixth consecutive month an economic surplus. This S/. 38 million surplus contrasts with the S/. 281 million deficit logged in the same month last year.** Likewise, the primary result was positive by S/. 836 million, as a result of which the outcome was S/. 409 million higher than in August 2005 (S/. 427 million). This evolution is explained by increased current revenues, which grew at a faster pace (25 percent) than non-financial expenditure (14 percent). On the other hand, interests (S/. 799 million) grew by 13 percent.

CENTRAL GOVERNMENT OPERATIONS

(Millions of Nuevos Soles)

	Monthly data			12-month period			C/A	C/B
	August			Sep 2004	Aug 2005	Sep 2005		
	2005	2006	Var%	Aug 2005	Jul 2006	Aug 2006		
			A	B	C			
1. CURRENT REVENUES	3,332	4,159	24.8	39,127	48,564	49,391	26.2	1.7
A. TAX REVENUE	2,819	3,549	25.9	34,119	42,077	42,807	25.5	1.7
B. NON TAX REVENUE	513	610	19.0	5,008	6,487	6,585	31.5	1.5
2. NON-FINANCIAL EXPENDITURE	2,933	3,339	13.8	35,971	41,064	41,471	15.3	1.0
A. CURRENT EXPENDITURE	2,599	2,985	14.9	31,597	35,838	36,225	14.6	1.1
B. CAPITAL EXPENDITURE	334	354	5.9	4,373	5,226	5,246	20.0	0.4
3. CAPITAL REVENUES	27	17	-39.6	321	371	360	12.4	-2.9
4. PRIMARY BALANCE	427	836		3,477	7,871	8,281		
5. INTEREST PAYMENTS	707	799	13.0	4,549	5,403	5,495	20.8	1.7
6. OVERALL BALANCE	-281	38		-1,072	2,468	2,786		
7. NET FINANCING	281	-38		1,072	-2,468	-2,786		
1. External	-5,466	-318		286	-7,517	-2,369		
A. Disbursements	290	37		10,263	4,287	4,034		
B. Amortizations	-5,756	-355		-9,976	-11,804	-6,403		
2. Domestic	5,739	278		535	4,753	-708		
3. Privatization	8	2		251	296	291		

* To avoid the volatility of the monthly series, this chart presents the annual accumulated output. Monthly series are in the chart of Weekly Note.

Central government operations in the period September 2005 – August 2006 accumulated a primary surplus of S/. 8,281 million (S/. 3,477 million in the period September 2004 – August 2005). This result is explained by higher current revenues, which increased S/. 10,264 million (26 percent). Non-financial expenditure increased less (15 percent), and accumulated interests increased 21 percent. As a result of this, the economic surplus amounted S/. 2,786 million, a figure contrasting with the deficit of S/. 1,072 million that was posted in the period September 2004 – August 2005.

The growth of **current revenues (25 percent) in August** is basically explained by the evolution of **tax revenues** (S/. 3,549 million), which increased 26 percent due to higher payments of income tax (80 percent), of value-added tax – VAT (15 percent), of the temporary tax on net assets –ITAN- (21 percent), and of the tax on financial transactions –ITF- (16 percent). This increase was partially offset by lower revenues on account of the excise tax –ISC- (18 percent) and of import duties (14 percent). On the whole, this positive evolution of tax revenues is associated with the dynamic performance of productive activity, the higher international prices of minerals, the growth of imports, as well as control and tax collection actions carried out by tax authorities. However, the positive impact of these developments was partially offset by the elimination of tariffs on crude and derivatives since 2006 and by consecutive reductions of the excise tax on fuels during this year. Furthermore, **non-tax revenues** (S/. 610 million) increased 19 percent due to higher resources from the royalties on petroleum and gas as a result of the higher international prices of crude.

In August, **non-financial expenditure (S/. 3,339 million) was S/. 406 million higher than in August 2005, which represented a growth of 14 percent** in nominal terms. By group of expenditure, this increase is mostly explained by the growth of non-financial current expenditure (S/. 386 million) and, to a lesser extent, by increased capital spending (S/. 20 million). In terms of type of spending, goods & services and transfers increased 18 percent, while salaries and wages increased 10 percent. The increase produced in goods & services is associated with the increased spending of the Ministry of Defense, Ministry on Women Issues, and the elections agency (Oficina Nacional de Procesos Electorales –Onpe), as well as with higher commissions on taxes. The increase in terms of transfers is basically explained by higher allocations to local governments.

Finally, the expenditure increase in terms of salaries and wages reflects the government's policy on salary increases implemented over the last 12 months, which has focused particularly on teachers and education administrative staff, health professionals, teaching and non-teaching staff of public universities, and the military and the police. In addition to this, it is worth mentioning that gross capital formation (S/. 334 million) was 6 percent higher than in August 2005.

Financial expenditure (S/. 799 million) was S/. 92 million higher than in August 2005, given a higher repayment of internal debt (S/. 180 million), mainly through Sovereign bonds. This was counterbalanced by a lower repayment of external debt (S/. 88 million), basically to the Paris Club.

External financing was negative by S/. 318 million (US\$ 99 million) as a result of disbursements for a total of US\$ 11 million and of amortizations for US\$ 110 million. On the other hand, internal financing was positive by S/. 278 million. This was reflected in the reduction of Public Treasury's deposits in both domestic and foreign currency, which decreased by a total of S/. 671 million.

Monetary base as of September 15, 2006

The **monetary base** as of September 15 (S/.11,621 million) increased 1.2 percent (S/. 133 million) with respect to the close of August. In average terms, the annual growth rate of the monetary base in this period was 13.5 percent (13.2 percent in August).

By sources, the operations contributing most heavily to the expansion of the monetary base were purchases of foreign currency at the Central Bank's Front Desk (US\$ 139 million, or S/. 449 million) and the net maturities of BCRP Certificates of Deposits (S/. 41 million). Conversely, the monetary base contracted due to sales of dollars to the public sector (US\$ 80 million, or S/. 260 million), lower temporary purchases of securities (S/. 75 million), and to higher deposits from both the public sector (S/. 37 million) and from banks' overnight deposits (S/. 35 million).

Monetary Accounts of the Banking System as of August 31, 2006

In August, liquidity in **domestic currency** increased 2.6 percent (S/. 8769 million), totaling S/. 30,241 million (annual growth of 6.4 percent). By components of the monetary aggregates, the currency and deposits rose 13.5 and 12.8 percent in the last 12 months, evolution that was attenuated by the reduction at BCRP Certificate of Deposit belongs to the private sector (64.8 percents). Credit to the private sector in this currency increased 2.2 percent (S/. 383 million), thus totaling S/. 17,592 millions (annual growth of 36.5 percent).

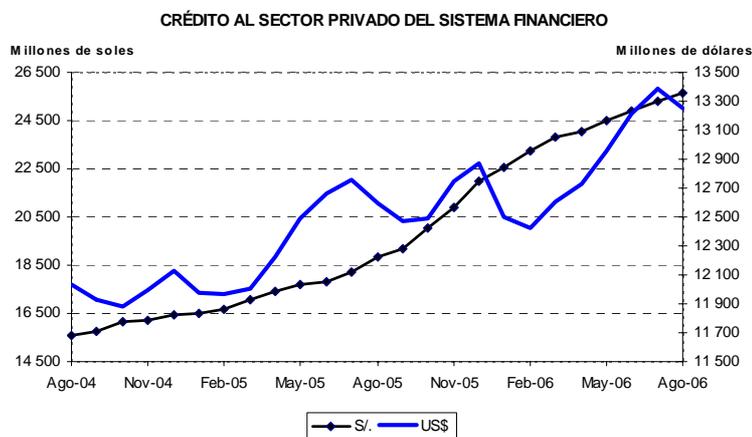
Liquidity in **foreign currency** decreased 0.3 percent (US\$ 33 million), totaling US\$ 11,083 million (annual growth of 11.6 percent). Credit to the private sector in dollars decreased 1.2 percent (US\$ 133 millions), thus totaling S/. 10,565 million (annual growth of 2.6 percent).

According to the evolution of these aggregates, the indicators of financial dolarization of the banking system continued their decreasing trend in August. So, the coefficient of dolarization of the broad money of the banking system diminished of 55 to 54 percents between July and August, whereas the indicator of dolarization of the credit to the private sector passed of 67 to 66 percents in the same period.

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%	-0.2%
Mar.	0.8%	24.2%	2.1%	8.8%	1.3%	39.2%	2.4%	22.3%	-5.5%	-10.1%	2.5%	1.9%
Apr.	0.3%	18.3%	-4.4%	5.2%	1.3%	38.6%	-2.3%	14.8%	-13.7%	-29.8%	0.6%	0.4%
May.	-1.6%	15.5%	-1.2%	3.9%	0.5%	37.0%	-2.1%	9.4%	1.1%	-27.7%	2.3%	0.8%
Jun.	2.3%	16.0%	0.9%	2.5%	2.1%	38.8%	-0.2%	10.0%	-0.6%	-25.1%	2.4%	1.6%
Jul.	8.0%	11.7%	2.8%	1.8%	1.4%	38.0%	1.4%	12.1%	-15.3%	-40.1%	0.6%	1.6%
Aug.	-4.2%	12.8%	2.6%	6.4%	2.2%	36.5%	-0.3%	11.6%	-0.2%	-37.1%	-1.2%	2.6%
Memo:												
Balance as of Jul. 31 (Mill.S/. or Mill.US\$)	11 996		29 472		17 209		11 116		579		10 698	
Balance as of Aug. 31 (Mill.S/. or Mill.US\$)	11 487		30 241		17 592		11 083		578		10 565	
1/ Short term external liabilities of banking enterprises.												

Credit to the private sector

Credit to the private sector in domestic currency increased 1.3 percent (S/. 335 million) in August, which represented a last-12 month growth of 36.2 percent (S/. 6,808 million). Credit to the private sector in foreign currency declined 0.9 percent (US\$ 125 million), and recorded an expansion of 5.2 percent (US\$ 658 million) in annual terms.



Banks accounted for the expansion of credit in soles during August, posting a growth of 1.8 percent (S/. 247 million) mainly as a result of increased consumer (S/. 171 million) and mortgage loans (S/. 49 million). It is worth mentioning that banks have granted more mortgage loans in soles (for a total of S/. 292 million). Likewise, a 1.6 percent increase was observed in terms of the loans granted by microfinance institutions (S/. 103 million). On the other hand, institutional investors exhibited a 0.5 percent reduction in their holdings of bonds (S/. 44 million).

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN LOCAL CURRENCY

	Millions of S/.			Percentage change	
	Aug.05	Jul.06	Aug.05	Aug.06/ Aug.05	Aug.06/ Jul.06
Commercial banks 1/	9,592	13,373	13,620	42.0	1.8
Banco de la Nación	1,178	1,353	1,361	15.5	0.6
Microfinance institutions	4,998	6,569	6,672	33.5	1.6
Banks (microfinance credits)	1,306	1,718	1,724	32.0	0.3
Local government S&Ls	1,606	2,070	2,112	31.4	2.0
Rural S&Ls	299	405	411	37.4	1.5
Cooperatives	550	682	682	23.9	-.
Edpymes	271	432	450	65.9	4.2
Financial companies	965	1,263	1,294	34.1	2.5
Institutional Investors 2/	2,750	3,573	3,556	29.3	-0.5
AFPS	1,641	2,521	2,477	50.9	-1.7
Insurance companies	820	714	714	-12.9	-.
Mutual funds	289	338	364	26.2	8.0
Leasing companies and others	313	437	431	37.5	-1.4
Total Financial System	18,832	25,305	25,640	36.2	1.3

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

Furthermore, banks accounted for a 1.3 percent reduction in credits to the private sector in foreign currency (US\$ 133 million), mainly due to the lower dynamism of commercial loans (US\$ 121 million).

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY

	Millions of US\$			Percentage change	
	Aug.05	Jul.06	Aug.06	Aug.06/ Aug.05	Aug.06/ Jul.06
Commercial banks 1/	9,875	10,217	10,084	2.1	-1.3
Banco de la Nación	22	22	22	-1.3	-0.1
Microfinance institutions	724	833	839	15.9	0.7
Banks (microfinance credits)	159	186	187	17.8	0.2
Local government S&Ls	274	311	316	15.5	1.6
Rural S&Ls	54	54	54	-0.4	-0.4
Cooperatives	151	181	181	20.0	-.
Edpymes	52	57	57	10.7	0.3
Financial companies	34	42	43	27.2	1.9
Institutional investors 2/	1,315	1,693	1,697	29.0	0.2
AFPS	679	852	853	25.7	0.1
Insurance companies	105	174	174	65.2	0.0
Mutual funds	531	667	670	26.1	0.5
Leasing companies and others	664	618	616	-7.2	-0.2
Total Financial System	12,599	13,382	13,257	5.2	-0.9

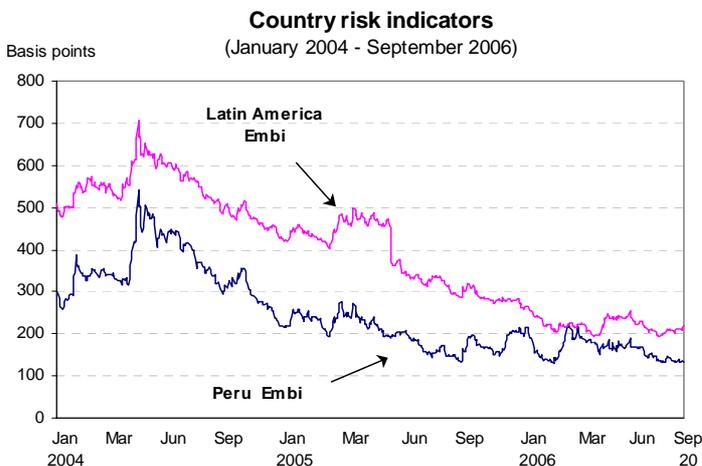
1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

International markets

Country risk at 134 basis points

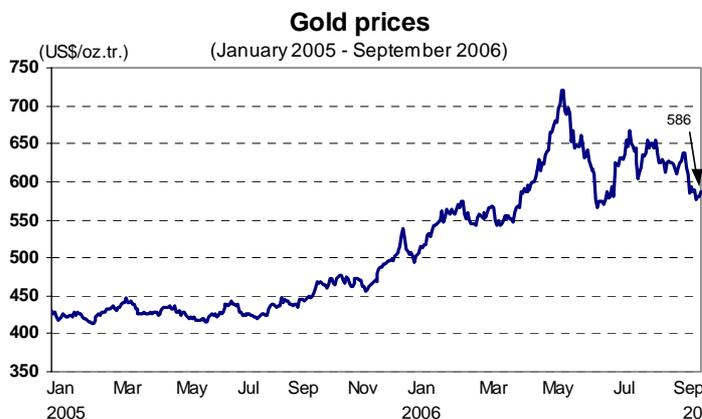
Between September 13 and 20, the country risk measured by the **EMBI+ Peru** spread decreased from 140 to 134 basis points, influenced by the positive macroeconomic indicators (GDP in July grew 9.04 percent, exceeding the 7 percent expected in the market) and by the recommendation of the Spanish investment bank BBVA to buy Peru bonds of longer maturity.



On the other hand, Standard & Poor' s considered that the good performance of the Peruvian economy and the positive signs of the new government led the country closer to the classification of investment grade by the end of year.

Drop in metal quotations

From September 13 to 20, the price of **gold** decreased 0.2 percent to US\$ 586.2 per troy ounce, due to the lower demand of the jewelry industry that fell 24 percent during the second quarter. Another factor contributing to this was investment funds' profit taking, given the fall in the price of oil and the volatility of the dollar.



Moreover, the price of gold lost ground as a hedging instrument against inflation, after US government data reported acceptable levels of inflation (producer's core price index fell unexpectedly in August).

In the same period, the price of **copper** decreased 2.9 percent to US\$ 3.28 per pound due to the fear of a deceleration of the USA economy (the second largest consumer of the world), caused by the adjustment of its real estate market (the home construction index decreased 6 percent with respect to the previous month), encouraging speculation regarding a reduction of the demand for this metal.



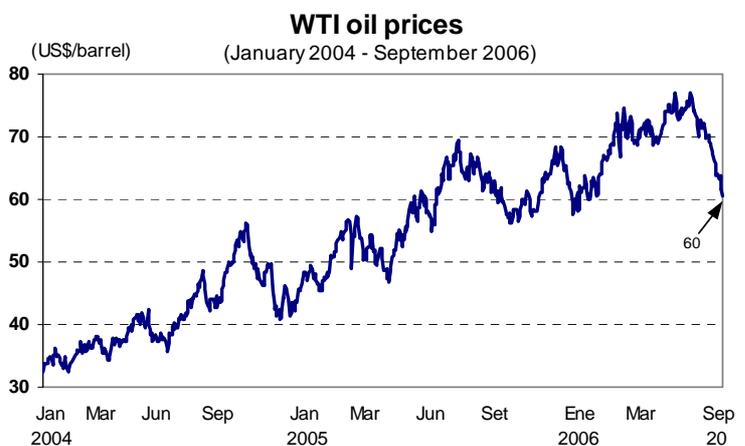
In addition to this, union workers at the copper mine Highland Valley of Teck Cominco Ltd. (Canada) voted for a strike, should no contractual agreement be reached. On the other hand, inventories at the London Metal Exchange increased 1.5 percent to 123,925 MT.

In the period of analysis, the price of **zinc** fell 0.5 percent to US\$ 1.47 per pound in spite of the decrease experienced in the week in the London Metal Exchange whose inventories decreased 4.66 percent to 152,350 MT. The backward movement in the price of the metal was influenced by concerns of a slower global growth that motivated investors' profit takings.



On the other hand, the National Industry Society (SNI) reported that the Peruvian production of zinc (the first producer of zinc concentrate in the region, and the third in the world after China and Australia) will reach 1.2 million MT in the 2006, a similar output to that achieved in the previous year.

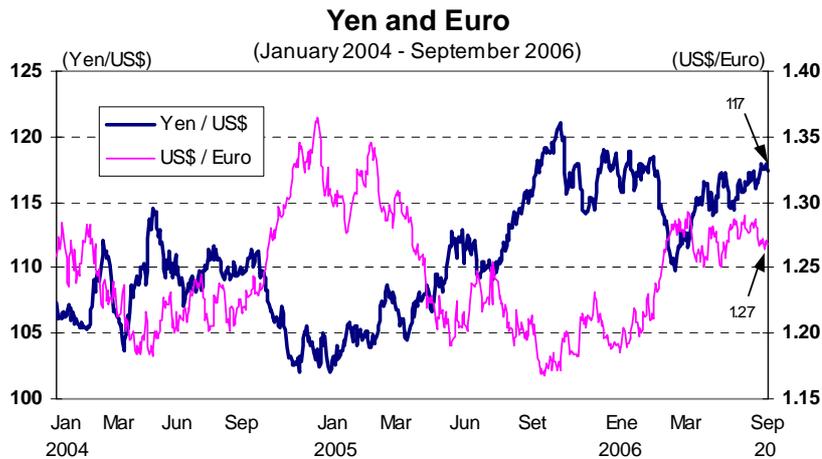
Between September 13 and 20, the **WTI oil** price fell 5.5 percent to US\$ 60.46 per barrel, the lower level in 6 months, prompted by better gasoline inventories data in the United States. Another factor that influenced in this fall was the decrease of the geopolitics tensions in the Middle East, after France considered the suspension of any sanction against Iran (the fourth greater producer of the world) to end the disputes on its nuclear program.



In turn, the Department of Energy of the U.S.A. indicated that the gasoline inventories had increased by 560 thousand barrels to 207.6 million, and that the crude oil supply had fallen by 2,84 million barrels to 324,9 million, leaving inventories 5.5 percent higher than a year ago.

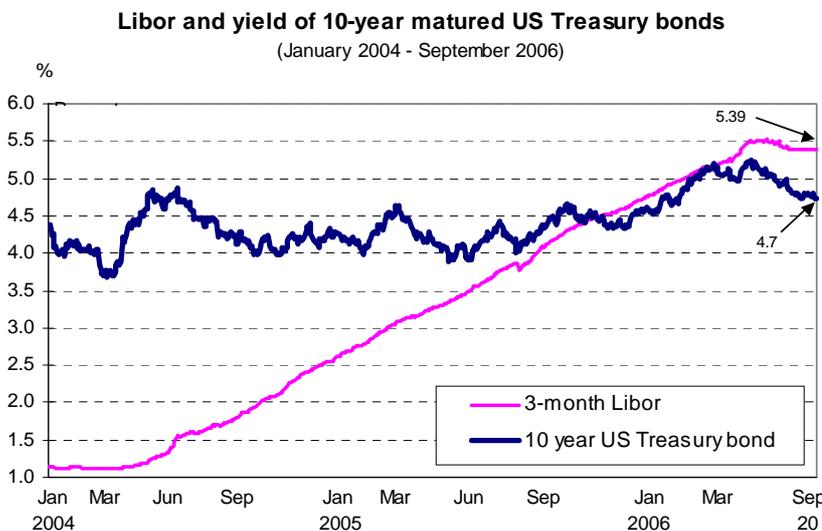
Dollar depreciated against the yen

In the period of analysis, the dollar remained stable against the euro and slightly depreciated 0.16 percent against the yen. The dollar gave positions as the Federal Reserve maintained its reference rate at 5.25 percent by the second consecutive meeting, indicating in its press release that inflation is maintained at sustainable levels. In the euro Zone, the inflation data of August (0.2 percent, in line with the expectations) and the negative indicators of the external accounts and activity reduced the expectations that the European Central Bank will elevate its reference rate in the next months. On the other hand, the yen recovered positions as the governor of the Bank of Japan, Toshihiko Fukui, announced "fine adjustments" in the interest rate.



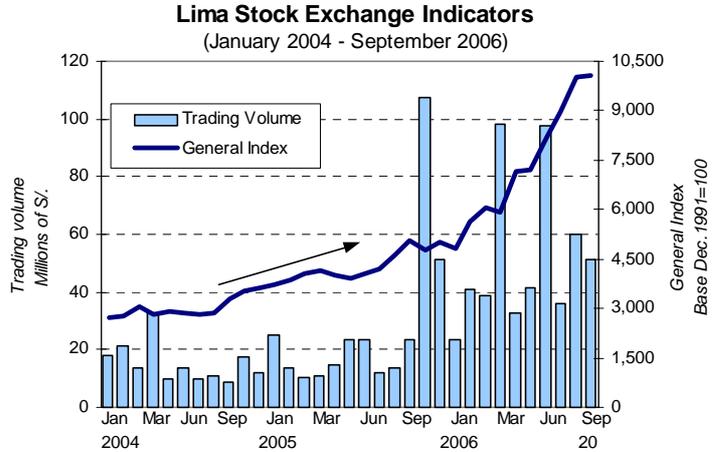
Yield of 10-year US Treasuries fell to 4.73 percent.

In the week of analysis, the **3-month Libor** remained at 5.39 percent, while the yield of **10-year US Treasuries** decreased from 4.77 to 4.73 percent. This evolution was influenced by the fact that the producer price index –which increased 0.1 percent in August (below expectations)– and the pace of growth of house construction in August –which decreased beyond expectations– reinforced perceptions that inflation was gradually slowing down, which would lead the Federal Reserve to maintain its interest rate unchanged in the year.



Lima Stock Exchange grew 0.8 percent as of September 20

As of September 20, the **General** index of the Lima Stock Exchange (LSE) increased 0.8 percent while the **Blue Chip** index decreased 0.1 percent. This low performance of the indices is explained by the correction of the prices of basic and precious metals, which had an impact on the yield of mining sector shares. In the service sector, a decline of 1.4 percent was recorded, supported by the strong fall of Telefonica del Peru shares.



Nevertheless, the boom of exports and the good performance of the construction and commerce sectors have consolidated forecasts about the sound financial results that businesses will be announcing for the third consecutive quarter this year.

Year-to-date, the stock market indices register a growth of 110.1 and 131.5 percent respectively.

Resumen de Indicadores Económicos / Summary of Economic Indicators

	2005						2006											
	JUN.	SET.	DIC.	Mar	Jun.	Jul.	31 Ago.	Ago.	13 Set.	14 Set.	15 Set.	18 Set.	19 Set.	20 Set.	Set.			
RESERVAS INTERNACIONALES (MIL. US\$) / INTERNATIONAL RESERVES																		
Posición de cambio / <i>Net international position</i>	8,127	8,192	7,450	7,257	7,525	8,047	9,201	1,153	9,173	9,169	9,179	9,155	9,119		-81			
Reservas internacionales netas / <i>Net international reserves</i>	13,818	13,695	14,097	14,472	14,415	14,638	15,379	742	15,313	15,329	15,233	15,302	15,250		-129			
Depósitos del sistema financiero en el BCRP / <i>Financial system deposits at BCRP</i>	2,836	2,984	4,165	5,129	4,731	4,248	3,828	-420	3,806	3,823	3,717	3,767	3,728		-101			
Empresas bancarias / <i>Banks</i>	2,684	2,876	4,076	4,964	4,543	4,072	3,692	-380	3,640	3,645	3,534	3,580	3,540		-152			
Banco de la Nación / <i>Banco de la Nación</i>	96	56	33	99	118	94	63	-31	87	100	104	107	108		45			
Resto de instituciones financieras / <i>Other financial institutions</i>	56	52	57	67	70	82	73	-9	79	78	79	79	80		7			
Depósitos del sector público en el BCRP / <i>Public sector deposits at BCRP *</i>	2,913	2,572	2,533	2,129	2,208	2,389	2,411	23	2,389	2,392	2,366	2,409	2,431		20			
OPERACIONES CAMBIARIAS BCR (MIL. US\$) / BCRP FOREIGN OPERATIONS																		
	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.							Acum.			
Compras netas en Mesa de Negociación / <i>Net purchases of foreign currency</i>	265	-25	-581	1	2	472	-94	1,116	0	0	20	-43	-19	-20	-23			
Operaciones swaps netas / <i>Net swap operations</i>	365	33	-345	0	3	660	7	1,410	0	0	71	7	2	0	147			
Operaciones con el Sector Público / <i>Public sector</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
	-100	-58	-237	0	0	-189	-100	-300	0	0	-50	-50	-20	-20	-170			
TIPO DE CAMBIO (S/. por US\$) / EXCHANGE RATE																		
	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.							Prom.			
Compra interbancario / <i>Interbank</i>	Promedio / <i>Average</i>	3.252	3.306	3.423	3.338	3.262	3.243	3.239	3.233	3.253	3.253	3.245	3.245	3.244	3.245			
Venta interbancario / <i>Interbank Ask</i>	Apertura / <i>Opening</i>	3.253	3.308	3.427	3.343	3.266	3.245	3.242	3.235	3.254	3.256	3.254	3.248	3.247	3.245			
	Mediodía / <i>Midday</i>	3.254	3.309	3.425	3.343	3.265	3.244	3.238	3.235	3.254	3.256	3.254	3.247	3.246	3.248			
	Cierre / <i>Close</i>	3.253	3.309	3.424	3.342	3.265	3.244	3.245	3.236	3.255	3.250	3.247	3.246	3.246	3.248			
	Promedio / <i>Average</i>	3.253	3.309	3.426	3.344	3.265	3.244	3.241	3.235	3.255	3.255	3.247	3.247	3.246	3.248			
Sistema Bancario (SBS) / <i>Banking System</i>	Compra / <i>Bid</i>	3.252	3.307	3.423	3.338	3.263	3.243	3.240	3.234	3.252	3.256	3.246	3.245	3.244	3.246			
	Venta / <i>Ask</i>	3.253	3.308	3.425	3.340	3.265	3.244	3.241	3.235	3.253	3.257	3.250	3.246	3.248	3.248			
Índice de tipo de cambio real (1994=100) / <i>Real exchange rate Index (1994=100)</i>	103.2	107.3	109.1	106.5	106.1	106.3		106.9										
INDICADORES MONETARIOS / MONETARY INDICATORS																		
Moneda nacional / Domestic currency																		
Emisión Primaria / <i>Monetary base</i>	(Var. % mensual) / <i>(% monthly change)</i>	1.9	-0.1	13.1	0.8	2.3	8.0	-4.2	-4.2	-0.2	0.2							
	(Var. % últimos 12 meses) / <i>(% 12-month change)</i>	28.1	31.8	25.7	24.2	16.0	11.7	12.8	12.8									
Oferta monetaria / <i>Money Supply</i>	(Var. % mensual) / <i>(% monthly change)</i>	2.2	-0.6	5.3	2.1	0.9	2.8	2.6	2.6									
	(Var. % últimos 12 meses) / <i>(% 12-month change)</i>	35.4	27.9	19.5	8.8	2.5	1.8	6.4	6.4									
Crédito sector privado / <i>Crédit to the private sector</i>	(Var. % mensual) / <i>(% monthly change)</i>	0.8	2.0	7.0	1.3	2.1	1.4	2.2	2.2									
	(Var. % últimos 12 meses) / <i>(% 12-month change)</i>	16.2	21.0	34.8	39.2	38.8	38.0	36.5	36.5									
TOSE saldo fin de período (Var. % acum. en el mes) / <i>TOSE balance (% change)</i>		3.2	0.5	-0.7	5.9	1.9	0.2	6.1	6.1	1.8	2.4	1.9	1.2					
Superávit de encaje promedio (% respecto al TOSE) / <i>Average reserve surplus (% of TOSE)</i>		0.6	1.0	1.0	1.2	1.2	1.2	1.2	1.2	2.0	1.9	1.8	1.7					
Cuenta corriente de los bancos (saldo mill. S.) / <i>Banks' current account (balance)</i>		278	286	312	275	229	250	49	244	157	210	241	114	165	116			
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			
Depósitos públicos en el BCRP (millones S.) / <i>Public sector deposits at the BCRP (Mills.S.)</i>		4,985	5,169	4,738	6,685	7,847	9,431	9,392	9,392	9,516	9,528	9,428	9,419	9,351	n.d.			
Certificados de Depósitos BCRP (saldo Mill.S.) / <i>CDBCRP balance (Millions of S.)</i>		10,465	9,738	7,676	5,491	3,796	3,224	5,470	5,470	5,379	5,379	5,429	5,305	5,175	5,125			
CD Reajustables BCRP (saldo Mill.S.) / <i>CDRBCRP balance (Millions of S.)</i>		0	0	1,202	1,197	700	670	670	670	670	670	670	670	670	670			
Operaciones de reporte (saldo Mill. S.) / <i>repos (Balance millions of S.)</i>		0	0	2,850	3,050	2,092	2,352	354	354	154	204	279	154	154	154			
TAMN / <i>Average lending rates in domestic currency</i>		25.99	25.59	23.63	24.28	24.34	24.14	23.99	24.05	23.97	23.99	23.87	23.67	23.88	23.66			
Préstamos y descuentos hasta 360 días / <i>Loans & discount</i>		15.51	14.67	13.93	14.60	14.92	14.85	14.70	14.67	14.81	14.82	14.82	14.71	14.71	14.70			
Interbancaria / <i>Interbank</i>		-2.99	2.99	3.34	4.12	4.53	4.50	4.51	4.44	4.51	4.53	4.50	4.50	4.47	4.50			
Preferencial corporativa a 90 días / <i>Corporate Prime</i>		3.92	3.80	4.37	5.92	5.80	5.67	5.34	5.45	5.38	5.33	5.33	5.33	5.33	5.33			
Operaciones de reporte con CDBCRP / <i>CDBCRP repos</i>		s.m.	s.m.	3.25	4.56	4.88	4.82	4.86	4.86	4.90	4.81	4.73	4.90	4.90	4.90			
Créditos por regulación monetaria / <i>Rediscounts **</i>		3.75	3.75	4.00	4.75	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25			
Del saldo de CDBCRP / <i>CDBCRP balance</i>		4.59	4.64	4.72	4.86	4.95	5.03	5.11	5.11	5.19	5.19	5.18	5.18	5.19	5.20			
Moneda extranjera / Foreign currency																		
Crédito sector privado / <i>Crédit to the private sector</i>	(Var. % mensual) / <i>(% monthly change)</i>	1.5	-1.4	-0.2	2.5	2.4	0.6	-1.2	-1.2									
	(Var. % últimos 12 meses) / <i>(% 12-month change)</i>	5.7	4.6	5.0	1.9	1.6	1.6	2.6	2.6									
TOSE saldo fin de período (Var. % acum. en el mes) / <i>TOSE balance (% change)</i>		-0.5	1.1	7.5	2.8	2.9	1.4	-0.2	-0.2	-1.7	-1.4	-1.3	-1.0					
Superávit de encaje promedio (% respecto al TOSE) / <i>Average reserve surplus (% of TOSE)</i>		0.3	0.4	0.4	0.1	0.3	0.3	0.3	0.3	6.3	6.4	3.8	3.9					
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			
TAMEX / <i>Average lending rates in foreign currency</i>		9.67	10.01	10.41	10.62	10.55	10.66	10.59	10.67	10.61	10.66	10.60	10.60	10.64	10.63			
Préstamos y descuentos hasta 360 días / <i>Loans & discount</i>		8.31	8.90	9.37	9.73	9.70	9.82	9.90	9.88	9.94	9.96	9.94	9.93	9.93	9.93			
Interbancaria / <i>Interbank</i>		2.87	3.52	4.19	4.25	4.80	5.22	s.m.	5.23	5.25	5.25	5.25	5.19	5.25	5.23			
Preferencial corporativa a 90 días / <i>Corporate Prime</i>		3.94	4.39	5.51	5.85	6.00	6.03	6.15	6.14	6.15	6.12	6.12	6.12	6.12	6.14			
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.			
INDICADORES BURSÁTILES / STOCK MARKET INDICES																		
	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.		Acum.							Acum.			
Índice General Bursátil (Var. %) / <i>General Index (% change)</i>	2.9	10.0	-4.6	-2.6	13.1	9.6	1.7	11.6	0.5	-1.1	-0.7	1.1	-0.5	-0.9	0.8			
Índice Selectivo Bursátil (Var. %) / <i>Blue Chip Index (% change)</i>	1.6	9.6	-4.9	-2.4	13.1	12.5	2.0	14.2	0.8	-0.8	-0.8	1.2	-0.5	-0.7	-0.1			
Monto negociado en acciones (Mill. S.) - Prom. diario	23.4	23.2	23.7	98.1	97.4	36.1	31.8	59.7	28.6	26.1	25.3	21.3	18.8	29.9	51.2			
INFLACIÓN (%) / INFLATION (%)																		
Inflación mensual / <i>Monthly</i>	0.26	-0.09	0.42	0.46	-0.13	-0.17		0.14										
Inflación últimos 12 meses / <i>% 12 months change</i>	1.48	1.11	1.49	2.50	1.83	1.55		1.87										
GOBIERNO CENTRAL (MIL. S.) / CENTRAL GOVERNMENT (Mills. of S.)																		
Resultado primario / <i>Primary balance</i>	487	178	-2,451	1,123	800	557												
Ingresos corrientes / <i>Current revenue</i>	3,230	3,443	3,674	4,340	3,962	4,481												
Gastos no financieros / <i>Non-financial expenditure</i>	2,753	3,281	6,173	3,231	3,185	3,998												
COMERCIO EXTERIOR (MIL. US\$) / FOREIGN TRADE (Mills. of US\$)																		
Balanza Comercial / <i>Trade balance</i>	480	471	924	445	767	1,149												
Exportaciones / <i>Exports</i>	1,435	1,493	1,975	1,728	2,023	2,344												
Importaciones / <i>Imports</i>	956	1,021	1,050	1,283	1,255	1,195												
PRODUCTO BRUTO INTERNO (Índice 1994=100) / GROSS DOMESTIC PRODUCT																		
Variac. %, respecto al mismo mes del año anterior / <i>Annual rate of growth (12 months)</i>	5.3	6.3	7.2	11.3	6.9	9.0												
COTIZACIONES INTERNACIONALES / INTERNATIONAL QUOTATIONS																		
	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.		Prom.							Prom.			
LIBOR a tres meses (%) / <i>LIBOR 3-month (%)</i>	3.42	3.90	4.49	4.92	5.38	5.49	5.40	5.42	5.39	5.39	5.39	5.39	5.39	5.39	5.39			
Dow Jones (Var. %) / <i>(% change)</i>	-1.84	1.44	-0.82	1.07	-1.74	0.32	-0.02	1.75	0.39	-0.14	0.29	-0.05	-0.12	0.63	2.04			
Rendimiento de los U.S. Treasuries (10 años) / <i>U.S. Treasuries yield (10 years)</i>	3.99	4.19	4.37	4.72	5.10	5.09	4.73	4.87	4.76	4.79	4.79	4.81	4.74	4.73	4.77			
Stripped spread del EMBI+ PERÚ (pbs) / <i>EMBI+ PERU stripped spread (basis points)</i>	199	150	185	182	173	160	135	140	140	132	132	133	136	134	135			

* Incluye depósitos de Promocpi, Fondo de Estabilización Fiscal (FEF), Cofide, fondos administrados por la ONP; y otros depósitos del MEF. El detalle se presenta en el cuadro No.22 de la Nota Semanal.

** A partir del 5 de mayo de 2006, esta tasa se elevó a 5,25%.

*** Las tasas de interés para los créditos de regulación monetaria en dólares serán a la tasa Libor a un mes más un punto porcentual.

Fuente: BCRP, INEL, Banco de la Nación, BVL, Sunat, SBS, Reuters y Bloomberg.

Elaboración: Departamento de Publicaciones Económicas.