



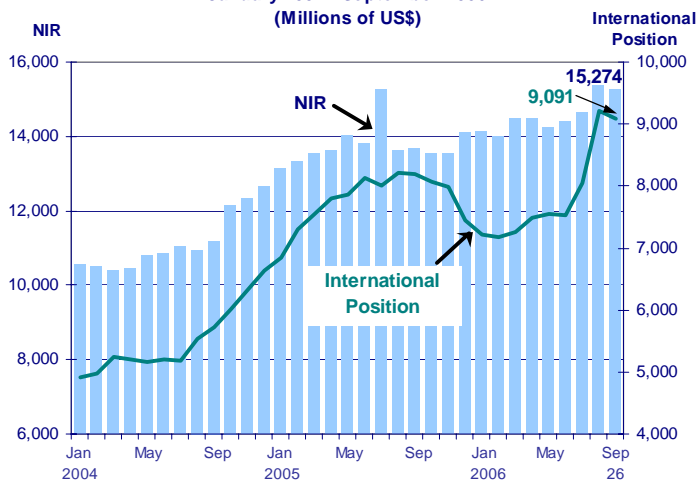
Indicators

- Average interbank interest rate at 4.50% as of September 27.
- International reserves: US\$ 15,274 million.
- Average exchange rate as of September 27: S/. 3.25.
- Lima Stock Exchange grew 3.3 percent.

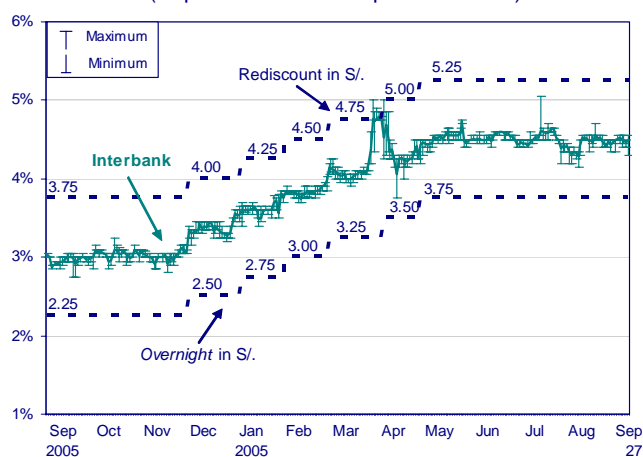
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International Reserve and International Position of the BCRP
January 2004 - September 2006
(Millions of US\$)



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



Our website

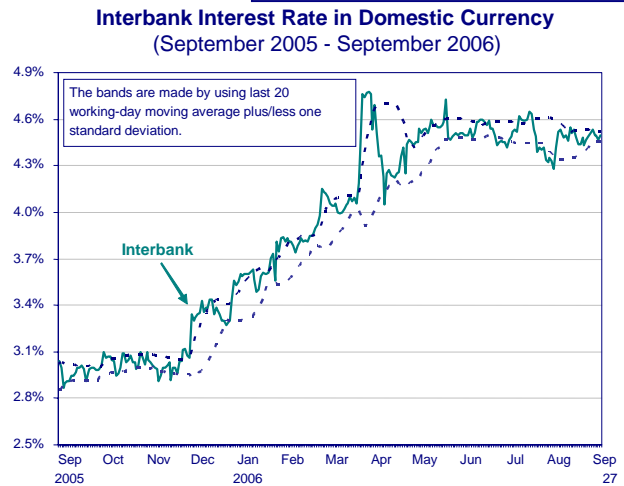
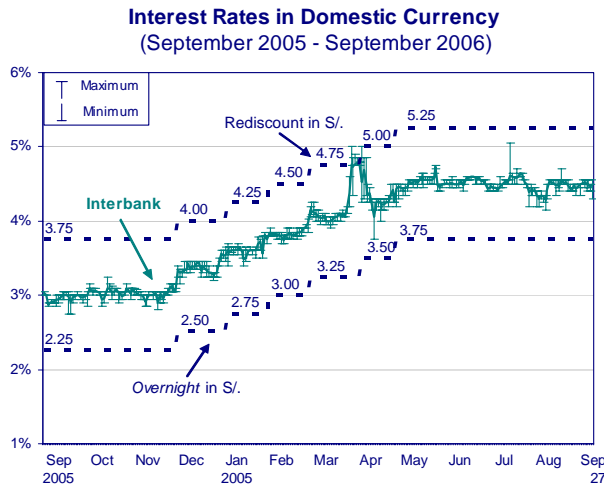
<http://www.bcrp.gob.pe/bcr/ingles/>

- Informative note on the Monetary Program: September 2006.
- International Reserves: Composition and Performance - June 2006.
- The development of China's Export Performance.

Average interbank interest rate as of September 27: 4.50 percent

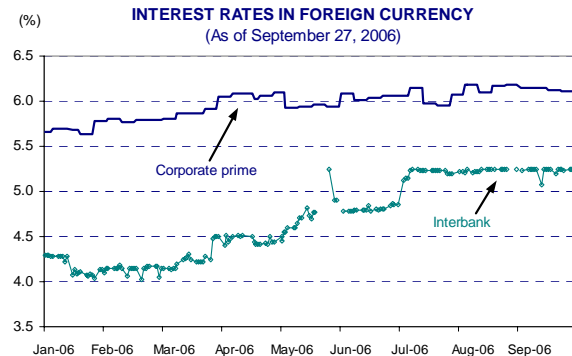
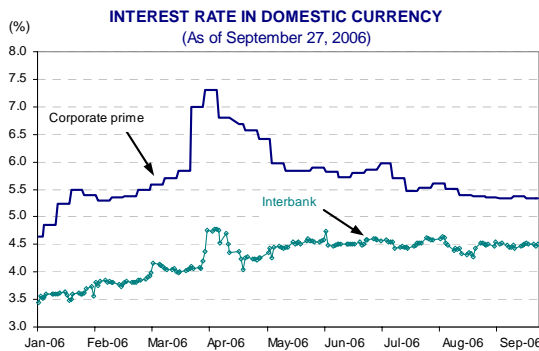
The average interbank interest rate in domestic currency increased from 4.50 percent to 4.55 percent between **September 20 and 27**. In this period, the average interbank rate has fluctuated between 4.49 and 4.55 percent.

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 27	4.50	0.04



Corporate prime rate in soles decreased to 5.32 percent.

In **September 20 – 27**, the 90-day corporate prime rate in soles decreased from 5.33 percent to 5.32 percent, while the corporate prime rate in dollars fell from 6.12 percent to 6.11 percent in the same period.



Monetary operations

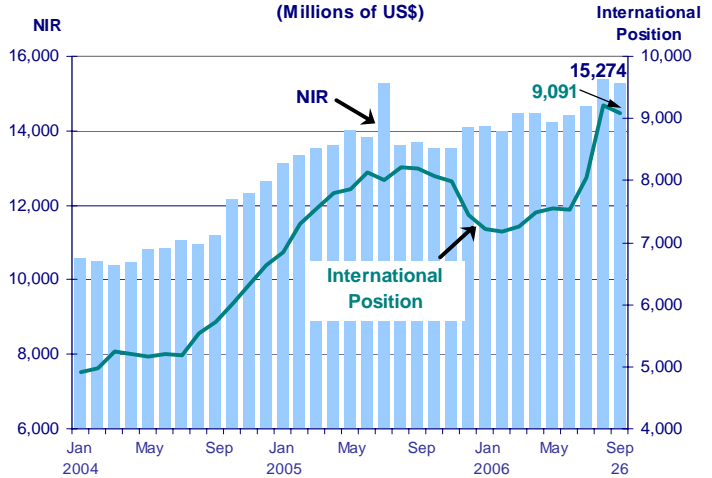
Between **September 20 and 27**, the Central Bank made the following operations:

- i) Auctions of BCRP Certificates of Deposits with 1-week and 1-year maturities for a daily average of S/. 47.2 million. The average interest rate of these securities ranged between 4.58 and 5.44 percent.
- ii) Auctions of temporary purchases of securities with 1- to 3-day maturities on September 21 and 22 for a daily average of S/. 67.5 million. The average interest rate of these securities fluctuated between 4.45 and 4.47 percent, and
- iii) Overnight deposits in domestic currency for a total of S/. 315 million.

International reserves at US\$ 15,274 million

As of **September 26**, net international reserves (NIRs) amounted to US\$ 15,274 million, decreasing US\$ 105 million with respect to the close of August. This evolution was mainly the result of a repayment of the external public debt (US\$ 200 million), banks' lower deposits (US\$ 81 million), lower prices for gold (US\$ 65 million), and of a US\$ 3 million reduction in the Deposit Insurance Fund. However, this evolution was offset by increased net purchases of foreign currency (US\$ 148 million), higher public sector deposits (US\$ 52 million) and by higher investment yield (US\$ 43 million).

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

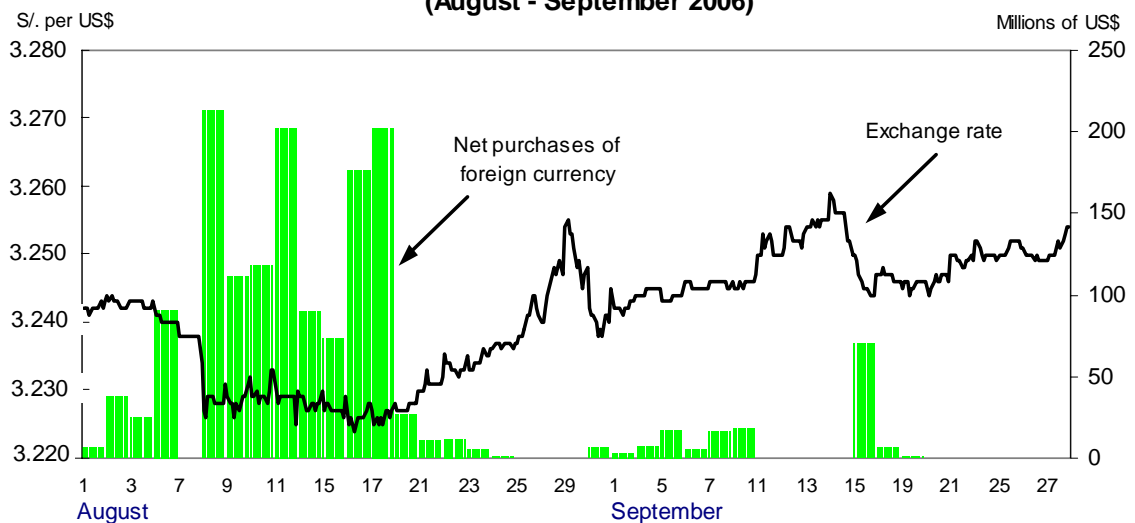


So far this year, NIRs have increased by US\$ 1,177 million. As of September 26, the **Central Bank's international position** (US\$ 9,091 million) has decreased US\$ 110 million with respect to the close of August, and has increased US\$ 1,641 million with respect to the close of 2005.

Average nominal exchange rate at S/. 3.25 per dollar

From **September 20 to September 27**, the ask price of the interbank exchange rate rose from S/. 3.246 to S/. 3.254 per dollar, which represented a 0.3 percent depreciation of the nuevo sol with respect to the rate recorded at the close of August. So far this month, the Central Bank has intervened in the exchange market purchasing a total of US\$ 148 million, although it should be pointed out that the last intervention was carried out on September 20.

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



As of September 26, the balance of net forward sales has increased by US\$ 66 million, and banks' foreign exchange position has decreased US\$ 14 million with respect to the close of August.

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

	December 2005	March	Jun	July	August	September 26
a. Net sales to the public (i-ii)	1,027	1,579	1,706	1,457	815	881
i. Forward sales to the public	1,813	2,426	2,387	2,149	2,127	2,109
ii. Forward purchases to the public	785	847	681	692	1,312	1,228
b. Bank's exchange position	480	581	450	449	366	352

Monetary base as of September 22, 2006

The balance of the **monetary base** (S/.11,501 million) has increased 0.1 percent (S/. 14 million) with respect to the close of August. In average terms, the annual growth rate of the monetary base in this period was 13.6 percent (13.2 percent in August).

By sources, the operations contributing most heavily to the expansion of the monetary base were net maturities of BCRP Certificates of Deposits (S/. 545 million) and purchases of foreign currency at the Central Bank's Front Desk (US\$ 147 million, or S/. 477 million). Conversely, the monetary base contracted due to sales of dollars to the public sector (US\$ 170 million, or S/. 552 million), lower temporary purchases of securities (S/. 115 million), and higher deposits from both the public sector (S/. 368 million) and the financial system (overnight deposits for a total of S/. 33 million).

Monetary accounts of the banking system as of September 7, 2006

In the last 4 weeks, liquidity in **domestic currency** increased 2.9 percent (S/. 852 million) to S/. 30,703 million (posting an annual growth of 8.4 percent). Credit to the private sector in domestic currency increased 2.2 percent (S/. 375 million), thus totaling S/. 17,521 million (annual growth of 35.5 percent).

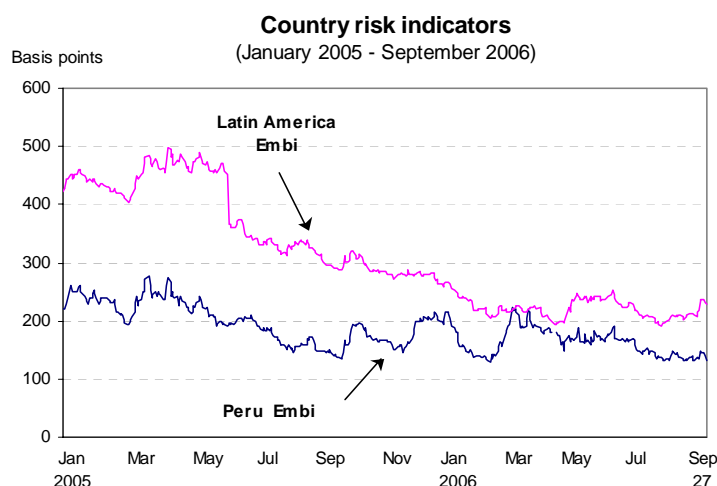
Liquidity in **foreign currency** decreased 2.4 percent (US\$ 266 million) to US\$ 10,925 million (posting an annual growth of 7.4 percent). Credit to the private sector in foreign currency (US\$ 10,593 million) exhibited no percentage change in this period, and recorded an annual growth of 3.5 percent.

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%	-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%
Sep.7	-1.1%	14.1%	2.9%	8.4%	2.2%	35.5%	-2.4%	7.4%	2.5%	-32.1%	0.0%	3.5%
Memo:												
Balance as of Aug. 7 (Mill.S/. or Mill.U\$S)	12,027		29,851		17,147		11,191		559		10,590	
Balance as of Sep. 7 (Mill.S/. or Mill.U\$S)	11,894		30,703		17,521		10,925		574		10,593	
1/ Short term external liabilities of banking enterprises.												

International markets

Country risk falls to 131 basis points

In September 20 - 27, the country risk measured by the **EMBI+ Peru** spread fell from 134 to 131 basis points, coming close to the historical minimum of 128 basis points recorded at the end of February this year. This evolution was influenced by the positive commentaries on Peru made by Standard & Poor's. This risk-rating agency recommended reducing the level of the Peruvian debt to relieve the budget from payment obligations and achieve a better stance in the event of a global economic slow down.



Standard & Poor's currently rates Peru with a BB rating, and has a positive outlook on the future of the country.

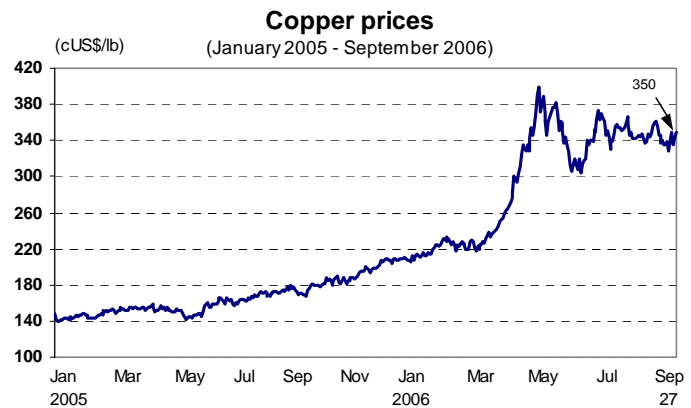
Correction in metal prices

Between September 20 and 27, the **gold** quotation increased 1.1 percent to US\$ 592.6 per troy ounce due to the higher physical demand for this metal from the jewelry industry in India (given the wedding season in this country) and the recent run out of the period for gold sales by the European Central Bank. September 26 was the final date this year for sales of this metal by Europe's central banks, according to an agreement that regulates bullion sales. Total sales are estimated at nearly 400 MT, although Europe's Central Bank Gold Agreement (CBGA) established the limit of gold sales at 500 tons per year.



Furthermore, gains in the price of oil contributed to this evolution, given the metal's condition as a hedging instrument against inflation.

In the same period, the price of **copper** rose 6.6 percent to US\$ 3.50 per pound in response to expectations of a higher demand in China during the fourth quarter of this year. Other factors contributing to this rise included the drop in the level of copper inventories, threats of strikes in late September, and upcoming labor negotiations this year at Codelco, Falconbridge, and Asarco.



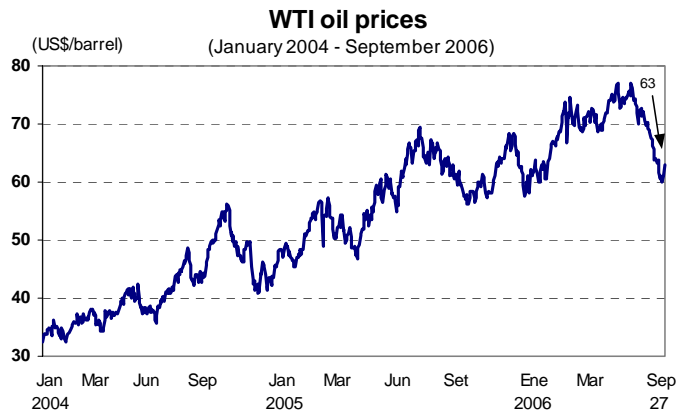
Moreover, inventories at the London Metal Exchange fell 1.2 percent to 122,425 MT during this week. In addition to this, Goldman Sach investment bank forecast a deficit of 52 thousand tons in the global market of copper for this year.

In the week of September 20 – 27, the price of **zinc** increased 5.7 percent to US\$ 1.55 per pound due to the decrease of zinc inventories –from 152,350 MT to 144,125 MT– at the London Metal Exchange this week. Furthermore, recently published U.S. economic data (increase in sales of new houses during August) reinforced the rise in the price of this basic metal.



Moreover, Peruvian exports of zinc in the month of August grew 154 percent with respect to the same period last year.

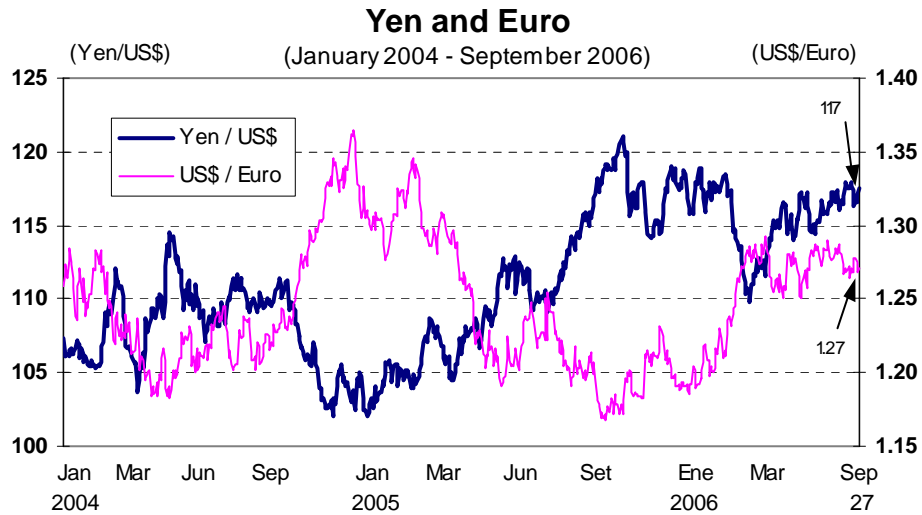
In the week of analysis, the **WTI oil price** increased 4.1 percent to US\$ 63 per barrel due to speculations associated with an emergency meeting of the OPEC (which supplies nearly 40 percent of global oil production) to discuss cutting oil production in order to boost prices. Another factor contributing to this evolution was the agreement signed between Iran and the European Union establishing, among other points, that Iran will not discuss the suspension of its uranium enrichment program for a period of three months.



Additionally, the US Department of Energy reported last week that the supply of distillates, a category including heating oil and diesel, had risen from 2.62 million to 151.3 million barrels, while the supply of gasoline had increased from 6.3 million barrels to 213.9 million barrels.

Dollar depreciates against the euro

In the week of September 20 – 27, the **dollar** recorded a slight depreciation of 0.1 percent against the **euro**, while appreciating slightly (0.1 percent) against the **yen**. The U.S. currency was affected by the likelihood that the Federal Reserve has culminated its cycle of interest rate rises given recent positive reports on inflation and negative reports on real estate activity (durable goods unexpectedly fell 0.5 percent in August and real estate indicators showed a slow down for the second consecutive month). Meanwhile, the euro obtained support from current consensus regarding the fact that the European Central Bank will continue to raise its interest rates, following economic reports that the level of the Producers' Price Index in Germany had increased beyond expectations and that the monetary supply (M3) had grown at a faster pace (8.2 percent) in August.

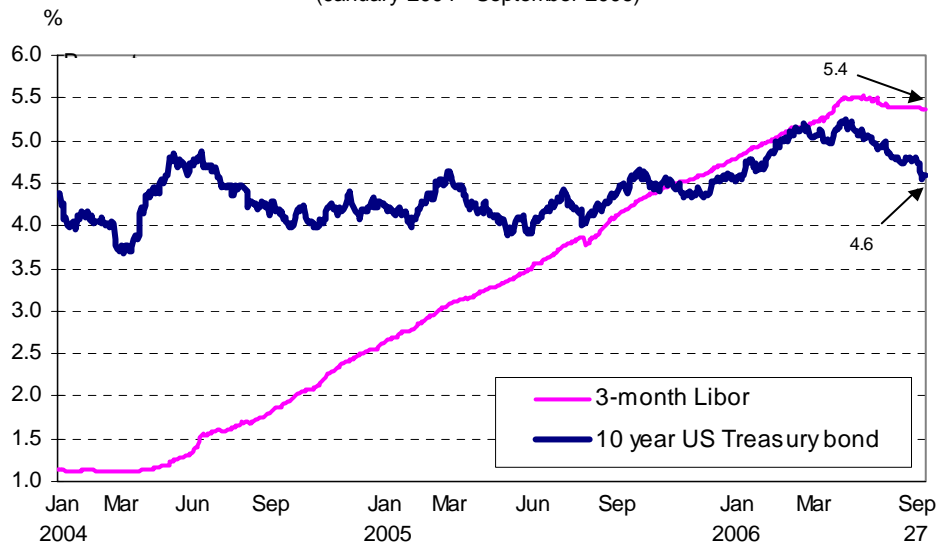


Yield of 10-year US Treasuries fell to 4.60 percent

In the week of analysis, the **3-month Libor** decreased from 5.39 percent to 5.37 percent, while the **yield of 10-year US Treasuries** decreased from 4.73 to 4.60 percent. This evolution reflected continuous fears that growth in the US will slow down, given negative indicators on real estate activity (sales of available houses decreased). However, in the past few days the consumer confidence index rose unexpectedly to 104.5, thus offsetting the fall observed in terms of these rates.

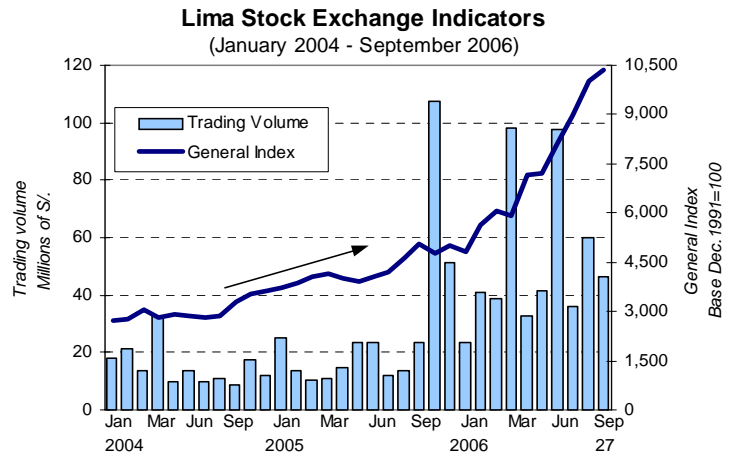
Libor and yield of 10-year matured US Treasury bonds

(January 2004 - September 2006)



Lima Stock Exchange grew 3.3 percent as of September 27

In the week of analysis, the **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) increased 3.3 and 2.7 percent respectively, propelled by a significantly positive performance of both basic and precious metals, as well as by the dynamism of the construction and energy sectors, which have led investors to take positions in these stocks.



So far this year, the General and the Blue Chip Indices of the LSE have increased 115.4 and 138.0 percent respectively.

