



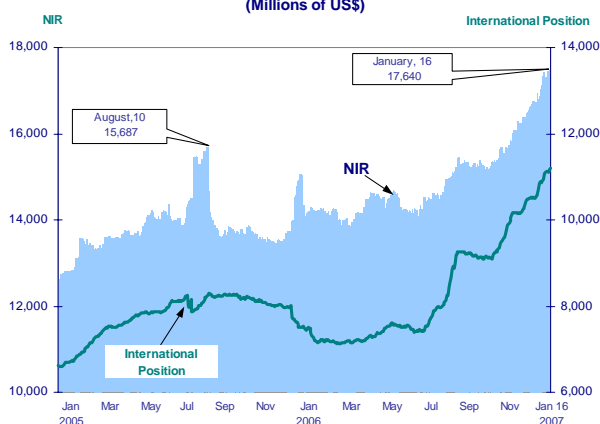
Indicators

- NIRs: US\$ 17,640 million.
- Exchange rate as of January 17 at S/. 3.189 per dollar.
- Country risk at 116 bps. on January 10.
- GDP increased 6.9 percent in November.
- Lima Stock Exchange grew 2.0 percent as of January 17.

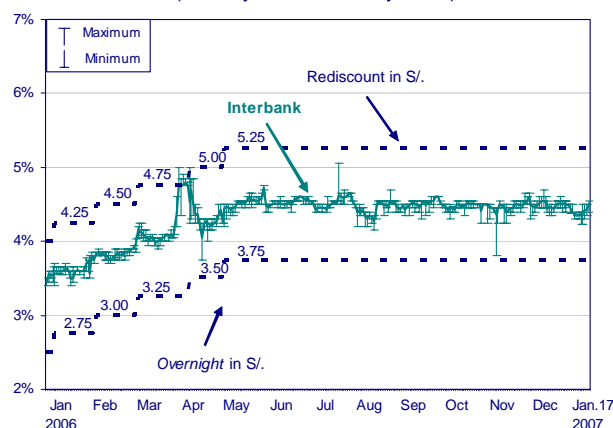
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International Reserve and International Position of the BCRP
January 2005 - January 2007
(Millions of US\$)



Interest Rates in Domestic Currency
(January 2006 - January 2007)



Our website

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

- Quarterly Charts
- Informative note on the Monetary Program: January 2007
- Press Release: Statement by an IMF Staff Mission in Peru
- International Reserves: Composition and Performance - August 2006
- The development of China's Export Performance

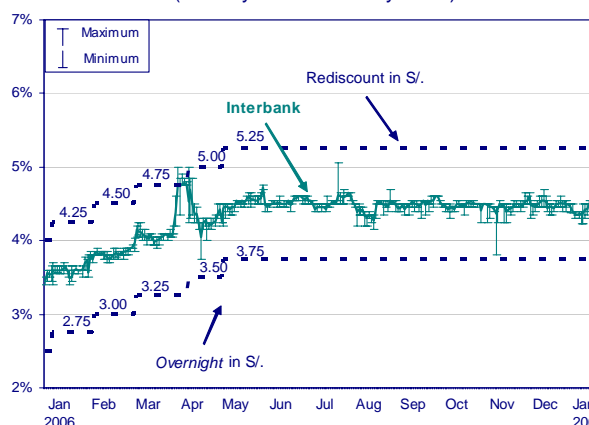
Average interbank interest rate as of January 17: 4.45 percent

The average daily interbank rate in domestic currency increased from 4.37 percent to 4.50 percent between **January 10 and 17**, with rates fluctuating between 4.36 and 4.50 percent. As of January 17, the average monthly interbank interest rate is 4.45 percent, a rate lower than the one posted in December 2006 (4.51 percent).

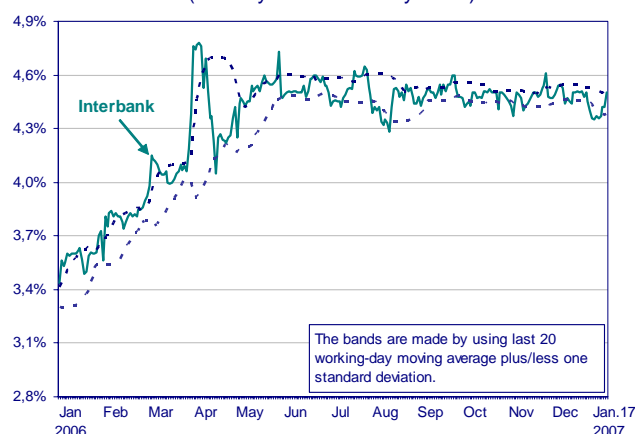
Interbank Interest Rate Average (percent)

	<u>Average</u>	<u>Standard Deviation</u>
December 2004	3.00	0.05
December 2005	3.34	0.08
March 2006	4.12	0.17
June	4.53	0.07
July	4.50	0.06
August	4.44	0.01
September	4.51	0.04
October	4.50	0.04
November	4.48	0.04
December	4.51	0.04
January 2007 1-17	4.45	0.06

Interest Rates in Domestic Currency
(January 2006 - January 2007)



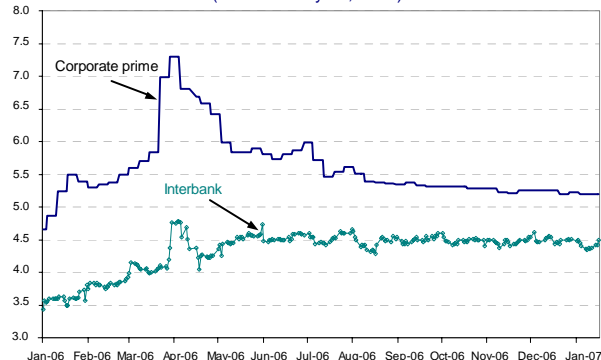
Interbank Interest Rate in Domestic Currency
(January 2006 - January 2007)



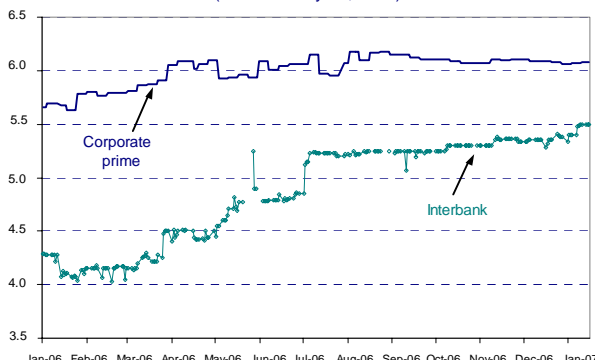
Corporate prime rate in soles fell to 5.19 percent

In the January 10 – 17 period, the daily average of the 90-day corporate prime rate in soles decreased from 5.20 percent to 5.19 percent, while this rate in dollars increased from 6.07 percent to 6.08 percent.

INTEREST RATE IN DOMESTIC CURRENCY
(As of January 17, 2007)



INTEREST RATE IN FOREIGN CURRENCY
(As of January 17, 2007)

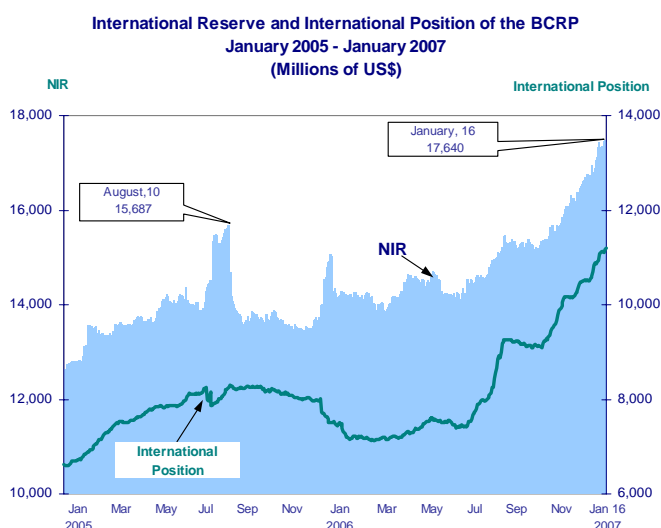


Monetary operations

Between **January 11 and 17, 2007**, the Central Bank made the following monetary operations: i) auctions of BCRP Certificates of Deposit with 1-day, 1-week, 3-month, 6-month, 1-year, 2-year and 3-year maturities for a daily average of S/. 567.6 million. The average interest rate on these operations fluctuated between 4.26 and 5.80 percent; ii) purchases of foreign currency at the Central Bank's Front Office Section for a total of US\$ 225 million at an average exchange rate of S/. 3.190 per dollar; and iii) overnight deposits in domestic currency for a total of S/. 140.3 million.

International reserves as of January 16: US\$ 17,640 million

As of **January 16**, NIRs have increased by US\$ 365 million with respect to end-December, thus amounting to US\$ 17,640 million. This increase was mainly due to BCRP exchange operations (US\$ 370 million), higher banks' deposits (US\$ 99 million), and higher investment yield (US\$ 17 million) and deposits in Deposit Insurance Fund (US\$ 7 million). This result was offset by a lower price of gold (US\$ 65 million), by sales of foreign currency (US\$ 50 million) for the repayment of the external debt and by lower public sector deposits (US\$ 15 million).



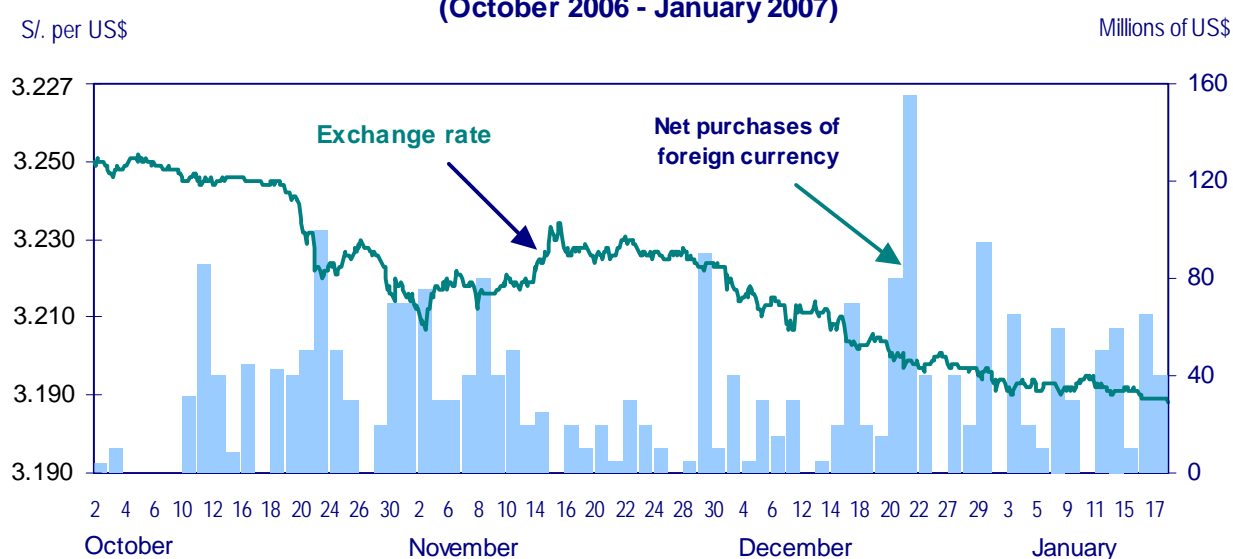
As of January 16, the **international position of the BCRP** (US\$ 11,345 million) has increased by US\$ 259 million with respect to end-2006.

Exchange rate at S/. 3.189 per dollar

Between **January 10 and 17**, the average ask price of the interbank exchange rate fell from S/. 3.194 to S/. 3.189 per dollar. As a result of this, the nuevo sol has appreciated 0.2 percent so far this month.

In the **January 1 – 17** period, the Central Bank intervened in the exchange market buying US\$ 410 million at the BCRP front desk.

Interbank Ask- Exchange Rate and Net Purchases of Foreign Currency (October 2006 - January 2007)



Monetary base as of January 15, 2007

The balance of the **monetary base** as of January 15 (S/.13,115 million) decreased 5.4 percent (S/. 749 million) with respect to the close of December 2006 due to seasonal factors following the celebrations of the end of the year. In average terms, the monetary base grew at an annual rate of 15.9 percent in this period (16.3 percent in December).

By sources, operations contributing to the contraction of the monetary base included net placements of BCRP Certificates of Deposits (S/. 2,163 million). Conversely, the monetary base increased due to purchases of foreign currency at the Central Bank's Front Office section (US\$ 305 million, or S/. 973 million), as well as to lower deposits from the public sector (S/. 77 million) and banks' lower overnight deposits (S/. 221 million).

Deposits in soles and dollars increase

As of January 16, 2007, deposits in domestic currency in the banking system –reflecting total obligations subject to legal requirements– amounted to S/. 23,089 million, having increased by S/. 770 million with respect to December 31, 2006. The banks that received the highest flows of liquidity were Continental, Crédito and Citibank. On the other hand, deposits in foreign currency amounted to US\$ 10,919 million in the same period, having increased by US\$ 38 million with respect to December 31, 2006. In this case, the banks that received the highest flows of liquidity were Continental, Interbank and Scotiabank.

LIABILITIES SUBJECT TO RESERVES REQUIREMENTS (Balance to the End of Period)

BANKS	Domestic Currency (S/. millions)				Foreign Currency (US\$ millions)			
	Dec 31, 06	Jan 16, 07	Flow	% Chg.	Dec 31, 06	Jan 16, 07	Flow	% Chg.
CONTINENTAL	5,322	5,772	450	8.4	2,657	2,718	61	2.3
CREDITO	8,130	8,548	418	5.1	4,025	3,987	-38	-0.9
CITIBANK	630	677	47	7.5	288	287	-1	-0.5
FINANCIERO	487	514	27	5.5	262	253	-9	-3.5
COMERCIO	353	375	22	6.1	68	66	-2	-2.7
INTERBANK	2,162	2,178	16	0.7	1,061	1,084	23	2.2
HSBC BANK PERU	2	2	0	12.8	23	25	2	7.1
TRABAJO	688	679	-9	-1.3	59	57	-2	-3.3
INTERAMERICANO	502	492	-10	-2.1	421	414	-7	-1.6
MI BANCO	447	436	-11	-2.4	84	79	-5	-6.3
SCOTIABANK PERÚ S.A.A.	3,596	3,416	-180	-5.0	1,933	1,948	15	0.8
TOTAL	22,319	23,089	770	3.4	10,881	10,919	38	0.3

Gross Domestic Product: November 2006

Peru's GDP grew **6.9 percent in November**, accumulating a 7.6 percent increase in the January-November period. As in previous months, activity was higher in non-primary sectors, particularly non-primary manufacturing and construction, as well as in the sectors of services, commerce and electricity. The agriculture and livestock sector led growth in the primary sectors, mainly as a result of higher agricultural production. This was offset by a lower production in the sectors of fisheries, mining and manufacturing based on raw materials.

In the accumulated period of January through November, a greater dynamism was also observed in non-primary sectors, which posted a growth rate of 9.0 percent. Non-primary sectors, on the other hand, grew 2.8 percent.

GROSS DOMESTIC PRODUCT (Annual growth rates)

	November		January - November	
	2005	2006	2005	2006
Agriculture and Livestock	3.4	8.1	4.5	5.8
Agriculture	-3.6	13.7	3.7	6.1
Livestock	13.2	3.1	6.3	5.5
Fishing	28.3	-38.1	3.8	-5.8
Mining and Fuel	17.1	-7.1	7.5	1.6
Metallic mining	19.6	-8.9	6.6	1.2
Natural gas and oil	1.7	13.2	24.6	5.1
Manufacturing	7.6	3.0	6.8	5.9
Based on raw materials	15.9	-17.6	2.8	-0.7
Non-primary	5.1	9.2	8.0	7.4
Electricity and water	5.2	7.7	5.3	6.8
Construction	13.3	14.8	7.8	15.4
Commerce	3.7	11.3	5.4	10.7
Other services	7.5	8.8	6.0	8.1
<u>GROSS VALUE ADDED (GVA)</u>	<u>7.7</u>	<u>6.7</u>	<u>6.1</u>	<u>7.7</u>
Taxes on products and import duties	13.7	9.2	9.1	6.4
<u>GDP</u>	<u>8.3</u>	<u>6.9</u>	<u>6.4</u>	<u>7.6</u>
Primary sector GVA	11.9	-5.4	5.2	2.9
Non-primary sector GVA	6.7	9.9	6.3	9.0
Domestic demand indicator	7.9	8.3	5.5	9.7

The **agriculture and livestock sector** grew 8.1 percent in November. This result reflects better prices for farmers, which encouraged a higher production of potato, garlic, onion, and hard yellow maize; increased exports, which favored a greater production of grapes and asparagus; good hydric conditions, which influenced larger crops of alfalfa and sugar cane; as well as a higher demand for poultry given a context of greater purchasing power in households.

The **fishing sector** reduced its activity by 38.1 percent given that a lower catch was recorded in all items, except in fresh fish for human consumption. Anchovy capture decreased 56.3 percent, an evolution explained by the fact that the highest level of fish catch was posted in November 2005 (2,433 thousand tons) and that 1,074 thousand tons were caught in November 2006, in line with the quota system established by the Ministry of Production following Imarpe's

recommendations to protect this species. In contrast, catch of fresh fish grew 27.7 percent favored by water temperatures that provide a more propitious environment for species such as yellow mackerel, tuna, and Pacific Chub mackerel.

Activity in the **mining and hydrocarbon** sector declined 7.1 percent due to a lower production of gold (-28.2 percent) and tin (-13.4 percent) that was partially counterbalanced by an increase in the production of copper, zinc, molybdenum, and silver in metal mining, as well as by a higher production of crude oil in the hydrocarbon sector. The lower production of gold is mainly explained by a 49.0 percent decrease in Yanacocha mining company and a 17.3 percent decrease in Barrick's Misquichilca mine.

The **manufacturing sector** grew 3.0 percent. This lower rate relative to previous months is explained by a 17.6 percent decrease in primary manufacturing, an evolution offset a 9.2 percent increase in non-primary manufacturing, which continued to be boosted by the expansion of domestic demand.

As regards non-primary manufacturing, 32 of the 39 industrial groups grew in November, with the following groups posting the highest increases:

- **Metal products (16.5 percent)**, which contributed with 0.9 percentage points to growth due to the higher production of metal containers as a result of increased demand for conserves and canned products, as well as to the higher demand for metal structures due to the higher demand of the mining, construction and commerce sectors for the implementation of new projects.
- **Construction materials (21.9 percent)**, accounting for 0.8 percentage points of growth, due to a higher production of majolica tiles and concrete items for the construction sector.
- **Pesticides, fertilizers, plastic compounds (56.0 percent)** increased growth by 0.8 percentage points due to higher demand in the agricultural sector and improvements in farming lands.
- **Toilet and cleaning products (28.6 percent)**, contributing 0.7 percentage points to growth due to increased demand for laundry soap and to the diversification of toilet products and detergents.
- **Canned food, chocolate products and alcoholic beverages (18.5 percent)**, which added 0.6 percentage points mainly as a result of a larger production of fruit juices that responded to higher demand.
- **Grain mill and bakery products (8.6 percent)**, accounting for 0.6 percentage points due to the higher production of flour, bread and bakery products.
- **Other paper and cardboard products (22.3 percent)**, contributing with 0.6 percentage points to growth given a higher demand for disposable diapers, and increased exports.
- **Beer and malt (22.8 percent)**, accounting for 0.5 percentage points of growth, as a result of the launching of new products and the renewal of sale channels.
- **Cement (12.3 percent)**, adding 0.5 percentage points to the growth of GDP due to the dynamic demand observed in the construction sector.
- **Wood and furniture (14.0 percent)**, contributing 0.5 percentage points to growth given increased domestic demand as a result of special offers.
- **Basic chemicals (20.6 percent)**, which contributed 0.5 percentage points as a result of an increased production of industrial gases, pigments and caustic soda due to greater exports.

Industries with higher increases

CIIU	November 2006	
	% Chg.	Contrib. % 1/
Metal products	16.2	0.9
Construction materials	21.9	0.8
Pesticides, fertilizers and nitrogen compounds, resins	56.0	0.8
Cleaning and polishing products	28.6	0.7
Canned food, chocolates and alcoholic beverages	18.5	0.6
Grain mill product and bakery products	8.6	0.6
Other articles of paper and cardboard	22.3	0.6
Beer and malt	22.8	0.5
Cement	12.3	0.5
Wood and furniture	14.0	0.5
Basic chemicals	20.6	0.5
Subtotal	14.9	7.0
Total	9.2	

1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Producción.

On the other hand, **manufacturing based on raw materials** declined due to lower activity in the fishing sector associated with the production of fishmeal and oil. However, this was offset by a higher production of meat products, canned and frozen fish products, sugar, and refining of non-ferrous metals.

The **construction sector** grew 14.8 percent; this was reflected in a 18.7 percent increase of the domestic consumption of cement, coupled by a 17.2 percent increase of mortgage loans. Factors contributing to the growth of the sector included a larger number of home self-construction projects, residential projects, commercial centers, mining and energy projects, as well as works and sanitation projects carried out by local governments throughout the country.

According to the Ministry of labor, **employment** in companies with 10 and more workers grew 9.4 percent relative to November 2005. Like in previous months, employment grew more in other cities (10.6 percent) than in Metropolitan Lima (9.1 percent), particularly in manufacturing, commerce and services.

With regard to the 21 largest cities in the country, employment in November grew particularly in Trujillo, due to the greater dynamism of agribusinesses (processing and packing of asparagus and artichoke); Talara, due to greater well perforation and oil extraction-related activities; and Ica, due to the dynamism of the productive chain associated with asparagus and grapevine.

Outlook for December 2006

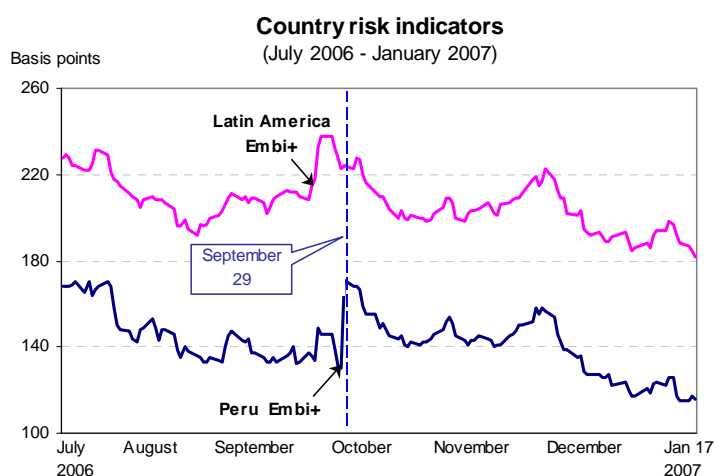
Available preliminary data of relevant indicators on the fishing, construction, electricity, and water sectors point to the following evolutions in December:

- Anchovy catch will grow 316.8 percent, according to IMARPE.
- Sales of cement will increase by 8.4 percent, according to Asocem. This figure does not include the amount of cement used in Yanacocha's productive process.
- The production of electricity will grow 12.0 percent, according to the *Comité de Operación Económica del Sistema Interconectado Nacional* (COES).

International markets

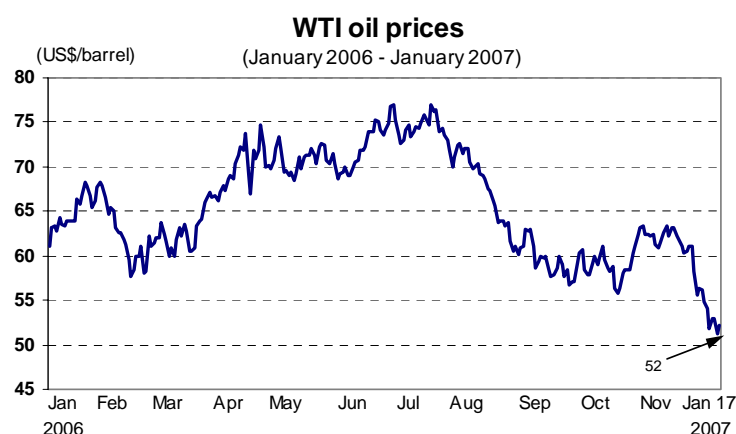
Country risk fell to 116 basis points

Between January 10 and 17, the country risk indicator –measured by the **EMBI+ Peru** spread– fell from 126 to 116 basis points following the regional trend and favored by positive indicators on the US economy and the higher yield on 10-year US Treasury (benchmark bonds). It is worth pointing out that Peru's country risk recorded a new historical minimum level of 115 basis points this week.



Price of oil dropped to US\$ 52.2 per barrel as of January 17

In January 10 - 17, the price of **WTI oil** decreased 3.3 percent to US\$ 52.2 per barrel due to warmer temperatures in the Northern Hemisphere which have caused the demand for heating oil to fall, and to Saudi Arabia's decision to reject the OPEC's proposal of reducing production quotas in addition to the cut that will be implemented from February on.



Between January 10 and 17, the **gold** quotation increased 3.5 percent to US\$ 632.4 per troy ounce, due to the higher physical demand for this metal by jewelers given the low prices of gold in previous weeks, the volatility of the dollar, and concerns about the level of inflation in the US (the producer price index increased more than expected in December, posting a monthly increase of 0.9 percent).



Moreover, expectations have increased that jewelers' demand for gold in Italy –the world's second producer of jewelry– will recover this year, after price volatility affected sales last year.

In the same period, the price of **copper** dropped 2.9 percent to US\$ 2.52 per pound given expectations of a lower demand and the increase of global inventories to their highest level since 2004. Monitored by the stock markets of London, Shanghai and New York, global inventories have increased by 58 percent over the last three months.

It should be noted that the Deutsche Bank revised its 2007 forecast on the price of copper downwards by 10 percent to US\$ 2.70 per pound.

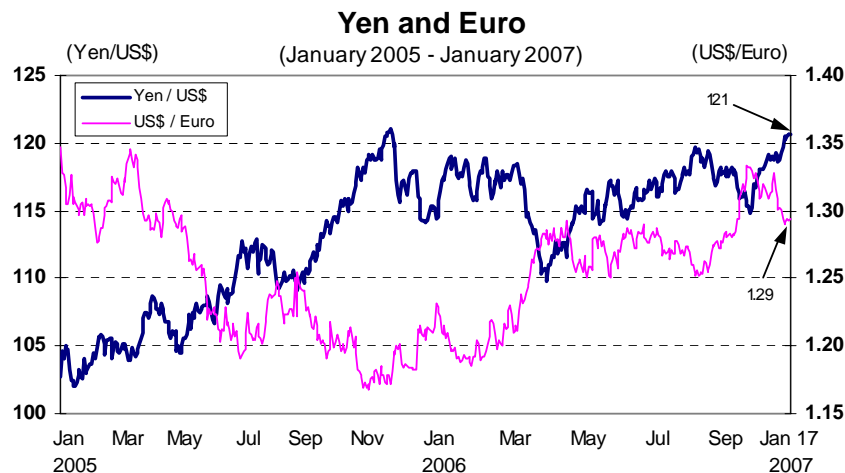


Between January 10 and 17, the price of **zinc** fell 0.6 percent to US\$ 1.66 per pound due to a higher level of inventories at the London Metal Exchange. Inventories have increased by 6.4 percent to 100,325 MT, thus reaching a level similar to the one observed in November 2006.



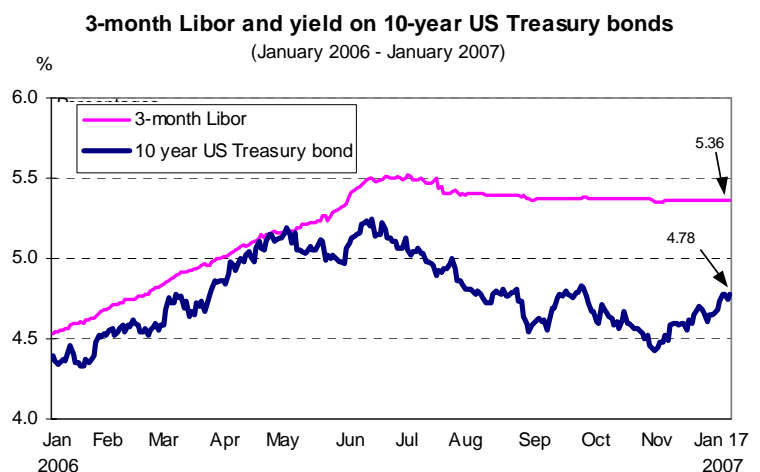
Dollar appreciates against the yen

In the period of analysis, the **dollar** remains stable against the **euro** and has appreciated 0.8 percent against the **yen**. The US currency strengthened due to lower expectations that the Federal Reserve will reduce the reference rate given positive data on economic activity: retail sales increased by 0.9 percent in December with respect to the previous month and industrial production grew 0.4 percent in December after recording three consecutive months of production drops. Moreover, net capital flows to the US in November were US\$ 74.9 billion than the ones recorded in October (US\$ 60.4 billion), and also higher than the trade deficit of US\$ 58.2 billion posted that same month. However, the appreciation of the dollar against the euro was constrained by favorable indicators in the Eurozone –in Germany, the investors' confidence index (ZEW index) rose from –19.0 in December to –3.6 in January. It should be pointed out that the Central Bank of England decided to raise its reference interest rate to 5.25 percent, while the Bank of Japan maintained its interest rate at 0.25 percent. This resulted in a drop of the yen to levels close to its lowest levels over the past four years.



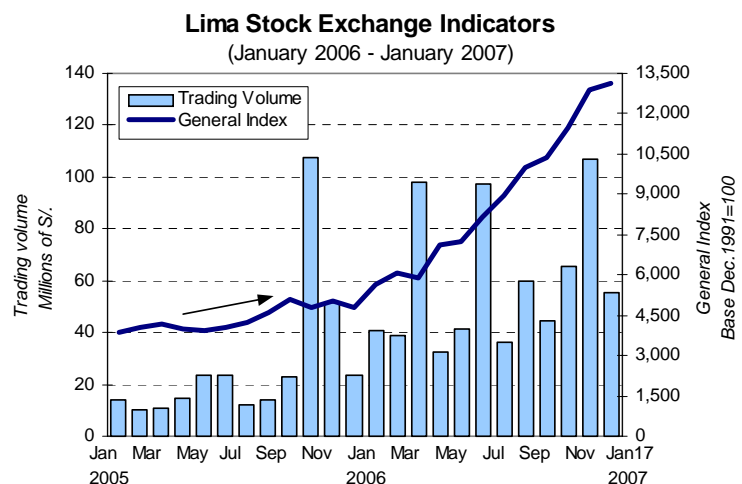
Yield on 10-year US Treasuries rose to 4.78 percent

Between January 10 and 17, the **3-month Libor** remained at 5.36 percent and the yield on the 10-year **US Treasury bond** increased from 4.69 to 4.78 percent due to positive indicators on the US economy –both the index of retail sales and industrial production increased– that promoted a more optimistic outlook on the country's economic growth.



Lima Stock Exchange grew 2.0 percent as of January 17

As of January 17, the **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) posted 2.0 and 0.8 percent respectively. During the week, the LSE was slightly boosted by expectations given the positive financial statements that mining and industrial companies exhibited last year. However, the drop observed in the last two days in the international prices of basic metals, particularly zinc, affected the performance of mining stocks in the LSE.



Furthermore, the **General** index of the LSE showed an evolution contrary to the one exhibited by the main markets in the region, which closed with negative indicators.

