



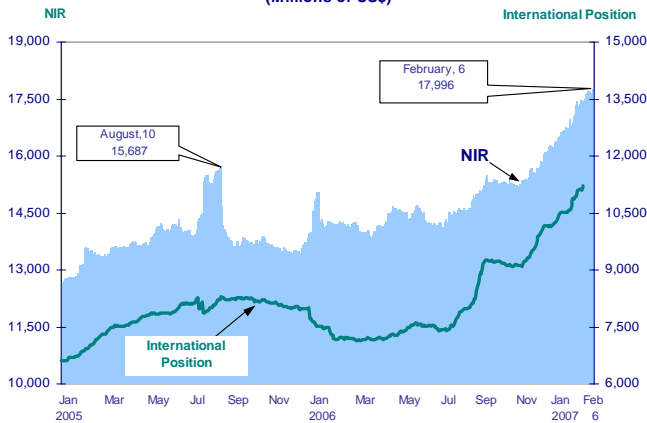
Indicators

- NIRs amount to US\$ 17,996 million.
- Exchange rate as of February 7: S/. 3.191 per dollar.
- Country risk at 129 bps. as of February 7.
- Inflation rate of 0.01 percent in January.
- Trade surplus of US\$ 1,077 million in December.
- Lima Stock Exchange grew 1.7 percent as of February 7.

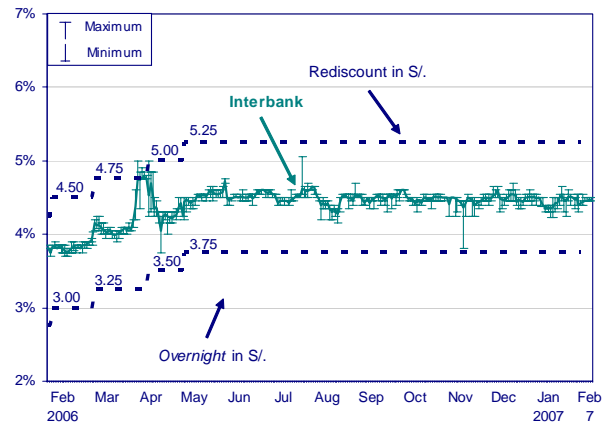
Content

- Average interbank interest rate as of February 7: 4.46 percent x
- Corporate prime rate in soles rose to 5.21 percent x
- New historical record of international reserves: US\$ 17,996 million xi
- Exchange rate as of February 7: S/. 3.191 per dollar xi
- Inflation at 0.01 percent in January xii
- Survey on macroeconomic expectations: February 2007 xiii
- Trade surplus of US\$ 1,077 million in December xiv
- Monetary base as of January 31, 2007 xv
- Liquidity and credit to the private sector as of January 15 xvi
- Country risk at 129 basis points xvii
- Lima Stock Exchange grew 1.66 percent as of February 7 xx

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



**Interest Rates in Domestic Currency
(February 2006 - February 2007)**



Central Reserve Bank of Peru

Site Map Contact Us Versión en Español

Search: _____ About the BCRP Friday, February 09, 2007

News

- Informative note: BCRP reduces the inflation target to 2.0 percent
- Informative note on the Monetary Program: February 2007
- Weekly Report N° 5-2007
- Working paper "Perú: Grado de inversión, un reto de corto plazo"
- Quarterly Charts
- The development of China's Export Performance

Quarterly Statistics since 1980

Monetary and Exchange Operations

09/02/2007
02:15 p.m. Auction sales of 3-day CDBCRP amounting to S/. 50 million at an average interest rate of 4.33 percent.
02:00 p.m. The Central Bank did not intervene in the foreign Exchange Market.
01:45 p.m. Auction sales of 3-day CDBCRP amounting to S/. 476.

webmaster@bcrp.gob.pe
by: Antonio Micho Quiroz

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

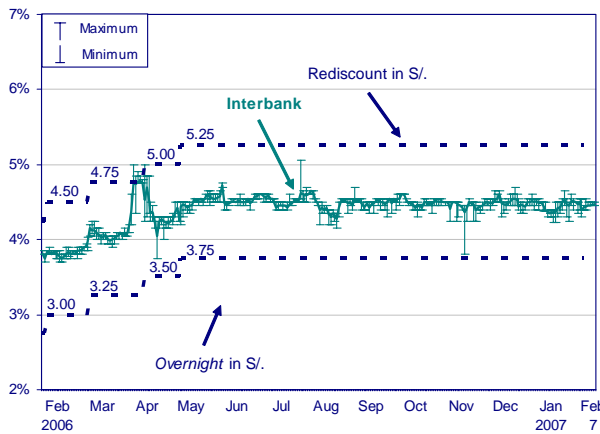
- Informative note: BCRP reduces the inflation target to 2.0 percent
- Informative note on the Monetary Program: February 2007
- Working paper "Perú: Grado de inversión, un reto de corto plazo"
- Quarterly Charts
- The development of China's Export Performance.

Average interbank interest rate as of February 7: 4.46 percent

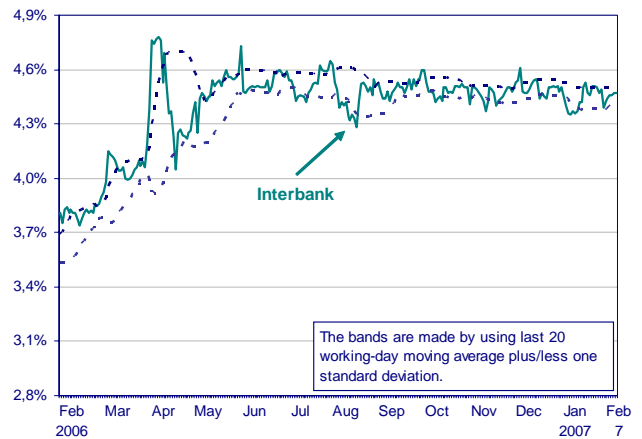
The **average daily interbank interest rate in domestic currency** increased from 4.43 percent to 4.47 percent between **January 31 and February 7**. These rates coincided with the maximum and minimum rates recorded in this period. As of February 7, the average monthly interbank interest rate recorded 4.46 percent, a lower level than the one recorded in January (4.47 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
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	4.47	0.06
February	4.46	0.01

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



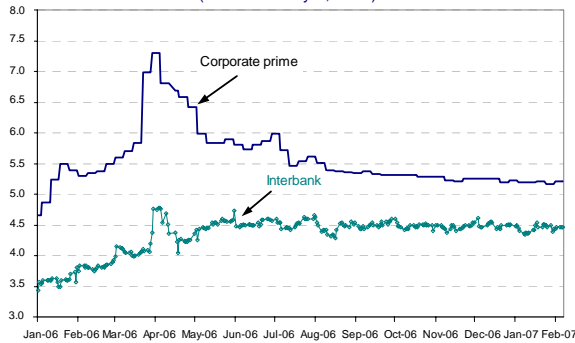
Interbank Interest Rate in Domestic Currency (February 2006 - February 2007)



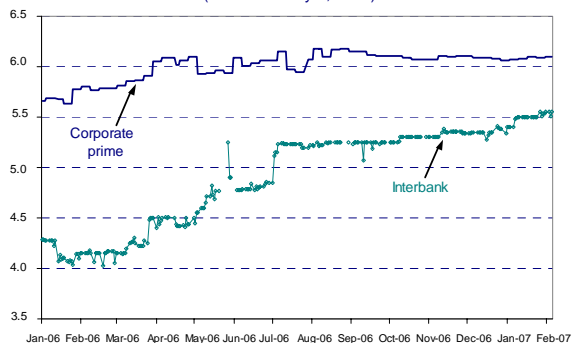
Corporate prime rate in soles rose to 5.21 percent

In the **January 31 – February 7** period, the daily average of the 90-day corporate prime rate in soles rose from 5.16 percent to 5.21 percent, while this rate in dollars increased from 6.09 percent to 6.10 percent.

INTEREST RATE IN DOMESTIC CURRENCY (As of February 7, 2007)



INTEREST RATE IN FOREIGN CURRENCY (As of February 7, 2007)



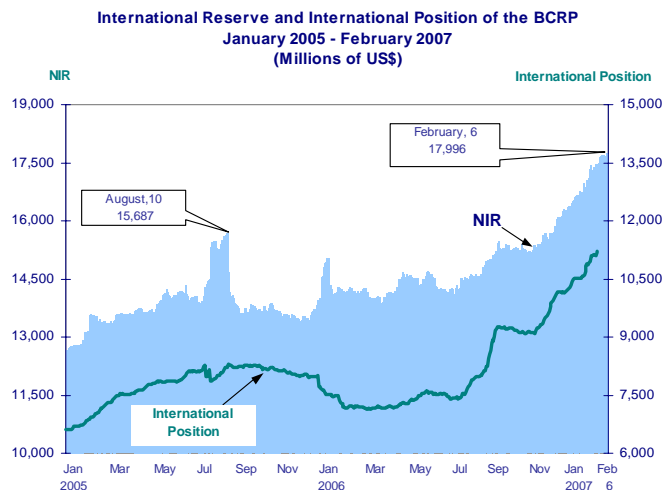
Monetary operations

Between **February 1 and February 7, 2007**, the Central Bank made the following monetary operations: i) auctions of BCRP Certificates of Deposit with 1-day, 3-day, 1-week, 1-month, 6-month, 1-year, 2-year and 3-year maturities for a daily average of S/. 394.6 million. The average interest rate on these operations fluctuated between 4.41 and 5.88 percent; and ii) overnight deposits in domestic currency for a total of S/. 16.8 million.

New historical record of international reserves: US\$ 17,996 million

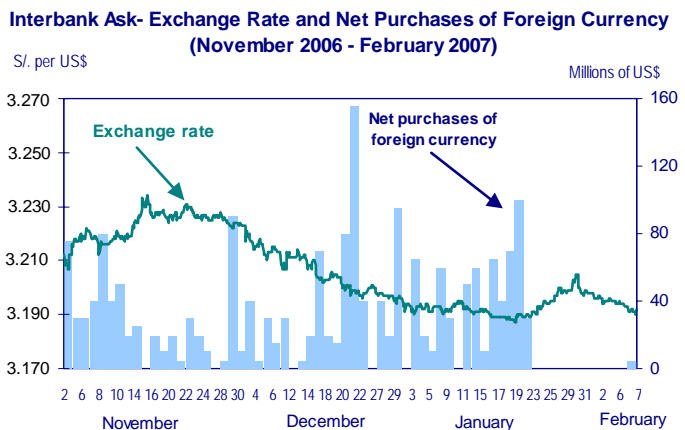
As of **February 6**, net International reserves (NIRs) increased US\$ 147 million with respect to the close of January and amounted to US\$ 17,996 million. This increase in the balance of NIRs was mainly due to deposits of the financial system (US\$ 164 million). This result was offset by a decrease in public sector deposits (US\$ 11 million) and by the lower price of other securities (US\$ 7 million).

As of February 6, the **international position of the BCRP** (US\$ 11,670 million) has decreased US\$ 7 million with respect to the close of January.



Exchange rate as of February 7: S/. 3.191 per dollar

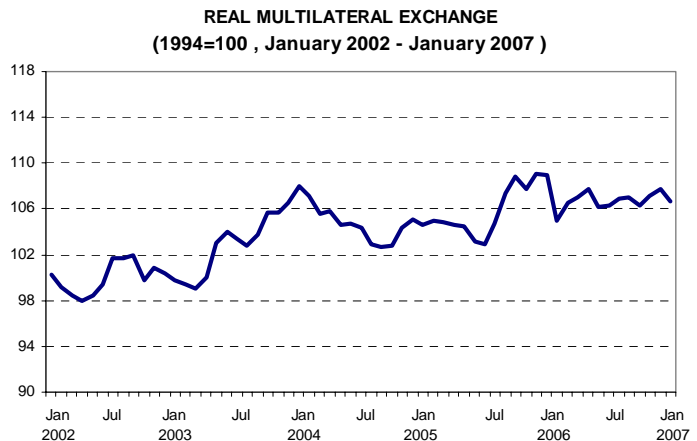
Between January 31 and February 7, the average ask price of the interbank exchange rate fell from S/. 3.198 to S/. 3.191 per dollar, as a result of which the nuevo sol appreciated 0.2 percent. During the first week of February, the Central Bank intervened in the exchange market only once (on February 7), buying US\$ 5 million at the BCRP's front desk. It should be pointed out that the Central Bank had not carried out any exchange operations since January 23.



Real exchange rate decreased 0.9 percent

In real terms, the exchange rate decreased 0.9 percent in the month. This is explained by a nominal appreciation of the nuevo sol of 0.4 percent, an external inflation of -0.5 percent and a nil domestic inflation.

In annual terms, the real multilateral rate declined 2.0 percent in January as a result of the 5.9 percent appreciation of the nuevo sol in nominal terms. Moreover, external inflation posted 4.9 percent and domestic inflation posted 0.6 percent.



Inflation at 0.01 percent in January

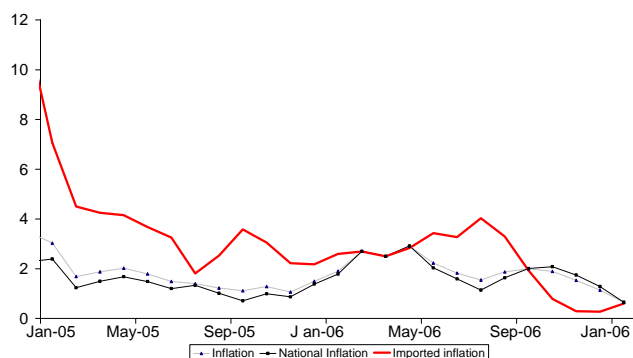
Inflation in January posted 0.01 percent, accumulating 0.6 percent in the last twelve months. Three items contributed with 0.18 percentage points to this month's inflation: other vegetables (0.09 points), bread (0.05 points) and papaya (0.04 points). On the other hand, three items contributed to inflation this month with -0.24 percentage points: chicken meat (-0.16 points), domestic transport fares (-0.05 points) and onion (-0.03 points).

INFLATION RATE
(Annual percentage change)

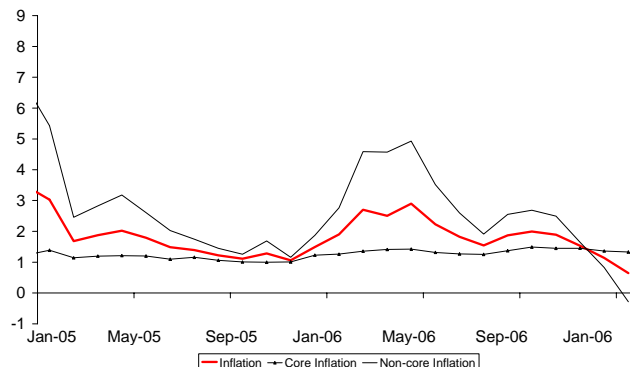
	Weighting	12-month indicator			Annual average indicator			
		Monthly Jan. 2007	Jan. 2006	Dec. 2006	Jan. 2007	Jan. 2006	Dec. 2006	Jan. 2007
I. CORE INFLATION	60.6	0.10	1.26	1.37	1.33	1.13	1.37	1.37
Goods	34.0	0.13	0.83	0.97	0.92	0.86	0.86	0.87
Food	13.0	0.23	0.67	1.52	1.43	1.48	1.12	1.18
Textile and footwear	7.6	0.27	1.46	1.83	1.98	1.50	1.44	1.48
Electrical appliances	1.0	-0.01	-0.24	-1.29	-1.25	-2.67	-0.13	-0.21
Other industrial goods	12.5	-0.04	0.70	0.04	-0.11	0.11	0.31	0.24
Services	26.6	0.05	1.79	1.85	1.83	1.46	2.00	2.00
Restaurants	12.0	0.24	0.94	1.31	1.40	1.13	1.20	1.23
Education	5.1	0.00	2.44	3.62	3.52	3.06	3.34	3.43
Health	1.3	-0.36	1.28	1.40	1.13	1.86	0.75	0.74
Renting	2.3	-0.10	2.20	-1.07	-1.17	-0.70	0.96	0.68
Other services	5.9	-0.13	2.93	2.47	2.39	1.41	3.05	3.01
II. NON CORE INFLATION	39.4	-0.10	2.77	0.83	-0.28	2.08	2.87	2.61
Food	22.5	0.19	2.86	2.06	0.30	0.32	3.75	3.53
Fuel	3.9	-0.26	7.82	-1.50	-1.73	9.22	5.02	4.21
Transportation	8.4	-0.64	1.12	1.12	0.84	3.05	1.23	1.20
Utilities	4.6	-0.40	-0.48	-3.22	-3.75	1.23	-1.13	-1.40
III. CPI	100.0	0.01	1.90	1.14	0.64	1.53	2.00	1.90
Note.-								
Imported inflation	12.1	0.26	2.60	0.27	0.60	3.14	2.31	2.15
Core Inflation non foods and d	47.6	0.06	1.42	1.32	1.30	1.04	1.44	1.43
Total foods	33.2	0.20	2.23	1.73	0.61	0.75	2.82	2.68

Core inflation logged 0.10 percent in January, and accumulated a last-12-month rate of 1.3 percent. **Non-core inflation** was -0.10 percent in January and accumulated 0.3 percent in the last twelve months. **Core inflation without foodstuffs and beverages** was 0.06 percent (1.3 percent in the last twelve months). **Imported inflation** in the month was 0.26 percent (0.6 percent in the last twelve months).

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



INFLATION AND CORE INFLATION
(Last 12-month cumulative variation)



Survey on macroeconomic expectations: February 2007

The BCRP conducted its Monthly Survey on Macroeconomic Expectations among 27 financial entities, 21 economic analysts and 388 non-financial companies between January 12 and 31. The survey results are shown in the tables below.

The survey results indicate that expectations of inflation for 2007 are low and within the range established by the Central Bank (between 1.50 and 1.95 percent).

The survey results also reflect that the three groups have improved their expectations regarding the growth of GDP. This indicator would range between 6.5 and 7.0 percent in 2007.

On the other hand, the exchange rate is forecast to range between S/. 3.20 and S/. 3.25 per dollar in December this year.

FINANCIAL SYSTEM INSTITUTIONS (Median1/ of the sample)

	Date of the survey		
	Nov. 30 3/	Dec. 28 3/	Jan. 31 3/
Inflation (%)			
February 2007	0.18	0.20	0.15
March 2007	0.29	0.30	0.22
Annual: 2007	2.30	2.23	1.95
2008	--	--	2.00
GDP growth (%)			
December	6.70	7.00	7.00
January 2007	6.95	6.20	6.80
Annual: 2007	6.00	6.25	6.50
2008	--	--	6.05
Exchange Reate (S/. per US\$)			
February 2007	3.23	3.20	3.19
March 2007	3.23	3.20	3.19
December 2007	3.25	3.25	3.20
December 2008	--	--	3.25
Interbank interest rate (%)			
<i>In nuevos soles</i>			
February 2007	4.50	4.50	4.50
March 2007	4.50	4.50	4.50
Annual: 2007	4.55	4.60	4.60
2008	--	--	4.75

- 1/ The median indicates the sample central value which reduces any bias caused by extreme values.
 2/ 28 financial institutions.
 3/ 27 financial institutions.

NON-FINANCIAL SYSTEM FIRMS (Median1/ of the sample)

	Date of the survey		
	Nov. 30 2/	Dic. 29 3/	Jan. 31 3/
Inflation (%)			
Annual: 2007	1.80	1.85	1.50
2008	--	--	1.50
GDP growth (%)			
Annual: 2007	6.50	6.80	7.00
2008	--	--	6.50
Exchange rate (S/. per US\$)			
December 2007	3.28	3.25	3.22
December 2008	--	--	3.25

- 1/ The median indicates the sample central value which reduces any bias caused by extreme values.
 2/ 394 non-financial institutions.
 3/ 388 non-financial institutions.

ANALYSTS (Median1/ of the sample)

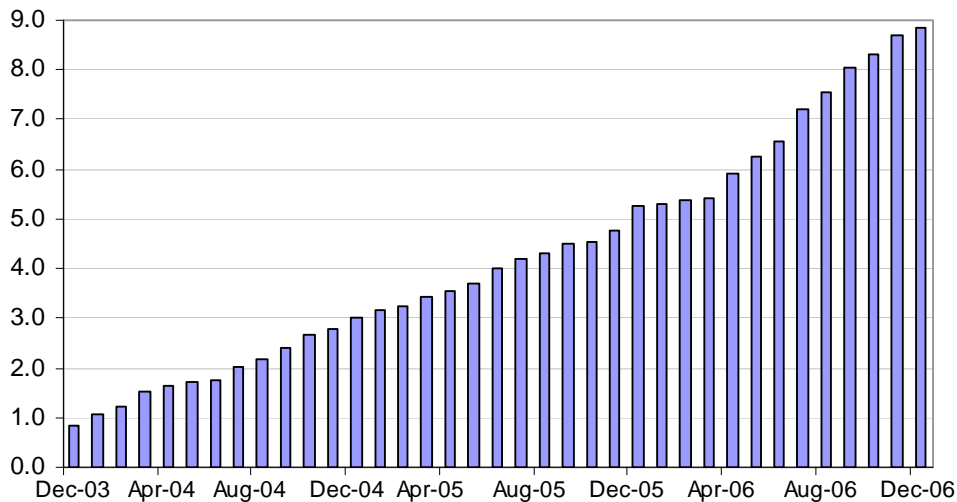
	Date of the survey		
	Nov. 30 2/	Dec. 28 3/	Jan. 31 3/
Inflation (%)			
February 2007	0.20	0.12	0.15
March 2007	0.25	0.31	0.26
Annual: 2007	2.40	2.10	1.90
2008	--	--	2.20
GDP growth (%)			
December	6.80	6.90	7.00
January 2007	6.00	6.45	6.93
Annual: 2007	5.90	6.25	6.80
2008	--	--	6.00
Exchange Rate (S/. per US\$)			
February 2007	3.23	3.21	3.20
March 2007	3.23	3.20	3.20
December 2007	3.26	3.25	3.23
December 2008	--	--	3.29
Interbank interest rate (%)			
<i>In nuevos soles</i>			
February 2007	4.50	4.50	4.50
March 2007	4.50	4.50	4.50
Annual: 2007	4.50	4.50	4.50
2008	--	--	4.75

- 1/ The median indicates the sample central value which reduces any bias caused by extreme values.
 2/ 22 analysts.
 3/ 21 analysts.

Trade surplus of US\$ 8,853 million in 2006

In **December** 2006, the trade balance posted a surplus of US\$ 1,077 million, a sum US\$ 153 million (17 percent) higher than that of December 2005, thus recording a positive result for 44 consecutive months. In annual terms, the surplus amounted to US\$ 8,853 million, a sum 68 percent higher than the one posted in 2005.

ANNUAL TRADE BALANCE: DECEMBER 2003-DECEMBER 2006
(Thousand of millions of US\$ accumulated in the last 12 months)



Exports in December totaled US\$ 2,510 million. As a result of this figure, which represents an increase of US\$ 535 million (27 percent) with respect to December last year, exports in 2006 amounted to US\$ 23,750 million. Consequently, exports in 2006 grew 37 percent with respect to 2005.

Tradicional exports in December amounted to US\$ 2,006 million, increasing by 28 percent (US\$ 440 million) with respect to December 2005. This result is mainly explained by higher sales of zinc (US\$ 246 million, or 249 percent), copper (US\$ 161 million, or 32 percent), lead (US\$ 84 million, or 111 percent), and crude oil (US\$ 26 million, or 78 percent).

Non-traditional exports totaled US\$ 495 million, a sum US\$ 98 million (25 percent) higher than the one achieved in the same month last year. Except for wood and paper products and non-metal minerals, total exports in all other items increased, especially steel&metal products, fisheries and agricultural products.

Imports posted a total of US\$ 1,433 million in December, increasing 36 percent relative to December 2005. This result is explained by higher purchases of consumer goods (22 percent), raw materials (29 percent) –mainly for industrial purposes (28 percent)– and capital goods (58 percent). Imports in 2006 totaled US\$ 14,897 million, a sum 23 percent higher than the one recorded in 2005.

TRADE BALANCE

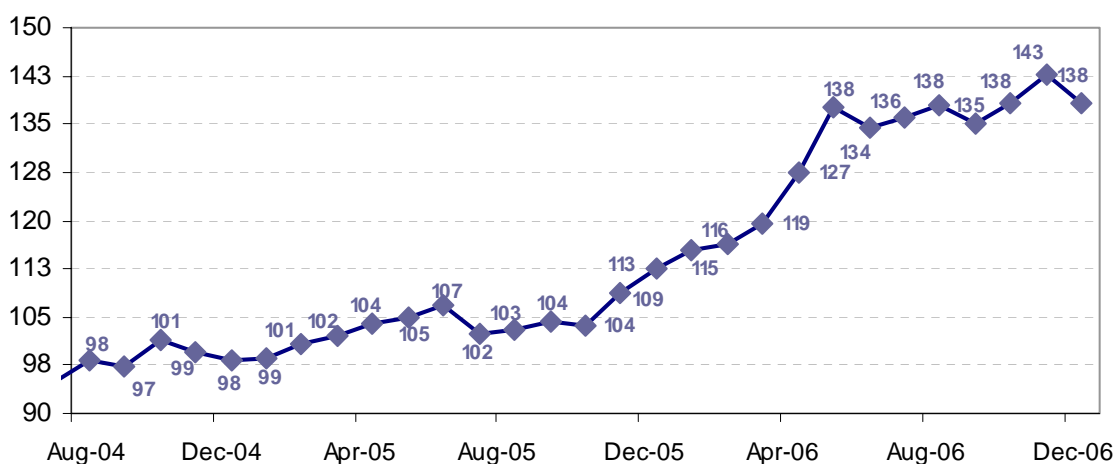
(Millions of US\$)

	Monthly data			Annual data		
	Dec. 05	Dec. 06	% Chg.	2005	2006	% Chg.
EXPORTS	1,975	2,510	27.1	17,336	23,750	37.0
Traditional products	1,566	2,006	28.1	12,919	18,332	41.9
Non-traditional products	397	495	24.7	4,277	5,262	23.0
Other products	12	9	- 20.8	141	155	10.1
IMPORTS	1,051	1,433	36.3	12,076	14,897	23.4
Consumer goods	207	251	21.5	2,318	2,613	12.7
Raw materials and intermediate goods	550	712	29.3	6,603	7,989	21.0
Capital goods	288	456	58.3	3,060	4,145	35.4
Other goods	5	13	147.3	95	150	57.6
TRADE BALANCE	924	1,077	16.6	5,260	8,853	68.3

The **terms of trade** in December grew 23 percent with respect to 2005 due to the increase observed in the average prices of exports (33 percent) as a result of better international prices for the main commodities. On the other hand, the prices of imports increased by 9 percent. As a result of this, terms of trade have increased 26 percent.

TERMS OF TRADE

(1994=100)



Monetary base as of January 31, 2007

The balance of the **monetary base** as of January 31 (S/. 12,927 million) decreased 6.8 percent (S/. 937 million) with respect to end-December 2006 due to seasonal factors associated with the festivities of the end of the year. In average terms, the annual growth rate of the monetary base in this period was 17.2 percent (16.3 percent in December).

By sources, the operations contributing to the contraction of the monetary base included net placements of BCRP Certificates of Deposit (S/. 2,671 million), higher public sector deposits

(S/. 435 million), and sales of dollars to the public sector (US\$ 50 million, or S/. 159 million). Conversely, the monetary base increased due to purchases of foreign currency at the Central Bank's Front Office (US\$ 610 million, or S/. 1,946 million) and to banks' lower overnight deposits (S/. 157 million).

Liquidity and credit to the private sector as of January 15

In the last four weeks, liquidity in **domestic currency** increased 2.5 percent (S/. 855 million), reaching a balance of S/. 34,829 million (annual growth of 18.4 percent). Credit to the private sector in domestic currency increased 0.4 percent (S/. 106 million), thus amounting to S/. 24,624 million (annual growth of 28.4 percent).

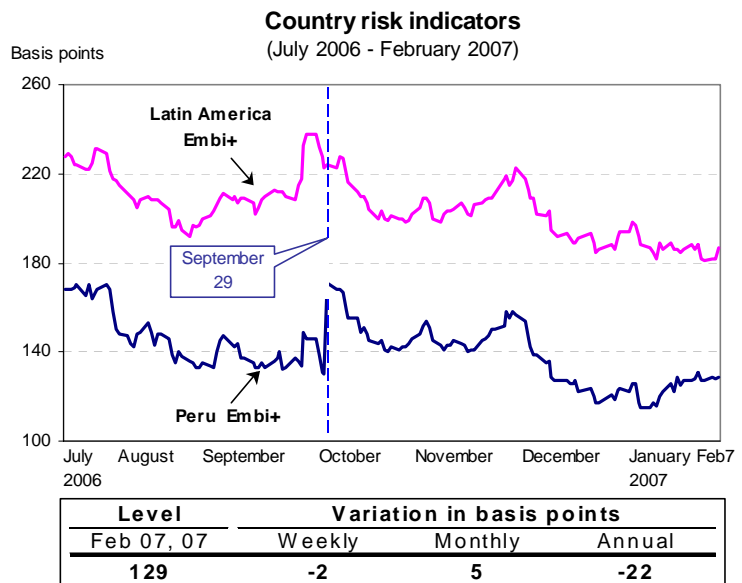
Liquidity in **foreign currency** decreased by 1.2 percent (US\$ 156 million) and reached a balance of US\$ 12,986 million (annual growth of 12.7 percent). Credit to the private sector in foreign currency decreased 3.7 percent (US\$ 455 million), thus amounting to US\$ 11,860 million (annual growth of 5.4).

EVOLUTION OF LIQUIDITY AND CREDIT TO THE PRIVATE SECTOR										
	MONETARY BASE		LIQUIDITY IN D/C		CREDIT IN D/C		LIQUIDITY IN F/C		CREDIT IN F/C	
	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR
2005										
Mar.	-0,2%	25,7%	4,2%	35,5%	2,8%	15,5%	-1,3%	3,8%	0,4%	3,2%
Jun.	1,9%	28,1%	1,8%	34,1%	1,2%	19,0%	0,4%	5,0%	1,5%	5,5%
Sep.	-0,1%	31,8%	0,6%	39,5%	2,5%	24,6%	0,5%	4,8%	-1,2%	4,9%
Dec.	13,1%	25,7%	7,7%	33,3%	6,5%	36,4%	2,9%	10,5%	0,0%	5,7%
2006										
Jan.	-7,2%	25,0%	-4,9%	28,4%	1,3%	38,2%	3,5%	14,7%	-3,3%	2,4%
Feb.	0,3%	22,9%	1,4%	25,1%	2,6%	40,4%	1,5%	17,1%	0,0%	2,5%
Mar.	0,8%	24,2%	2,4%	22,9%	2,3%	39,7%	1,7%	20,7%	1,7%	3,7%
Apr.	0,3%	18,3%	-4,0%	19,0%	1,2%	39,5%	-1,0%	16,1%	0,5%	2,3%
May.	-1,6%	15,5%	-0,2%	18,2%	1,0%	38,1%	-1,1%	12,8%	3,3%	3,6%
Jun.	2,3%	16,0%	1,6%	18,0%	1,9%	39,0%	0,4%	12,9%	2,0%	4,1%
Jul.	8,0%	11,7%	2,6%	12,1%	1,6%	38,7%	1,0%	14,9%	0,5%	3,9%
Aug.	-4,2%	12,8%	1,2%	13,3%	2,0%	36,7%	0,9%	14,4%	-0,6%	5,2%
Sep.	0,9%	13,9%	1,1%	14,0%	2,5%	36,7%	0,8%	14,7%	0,9%	7,4%
Oct.	0,8%	13,5%	2,6%	15,2%	3,4%	35,7%	1,8%	15,9%	0,4%	7,6%
Nov.	2,6%	15,6%	4,2%	16,2%	3,1%	33,6%	2,4%	15,6%	1,3%	6,7%
Dec.	15,7%	18,3%	10,4%	19,2%	3,0%	29,2%	1,5%	14,1%	-2,0%	4,5%
2007										
Jan.15	-1,9%	15,6%	2,5%	18,4%	0,4%	28,2%	-1,2%	12,7%	-3,7%	5,4%
Memo:										
Balance as of Dec. 15 (Mill.S/.or Mill.US\$)	13 371		33 974		24 518		13 142		12 315	
Balance as of Jan. 15 (Mill.S/.or Mill.US\$)	13 115		34 829		24 624		12 986		11 860	

International markets

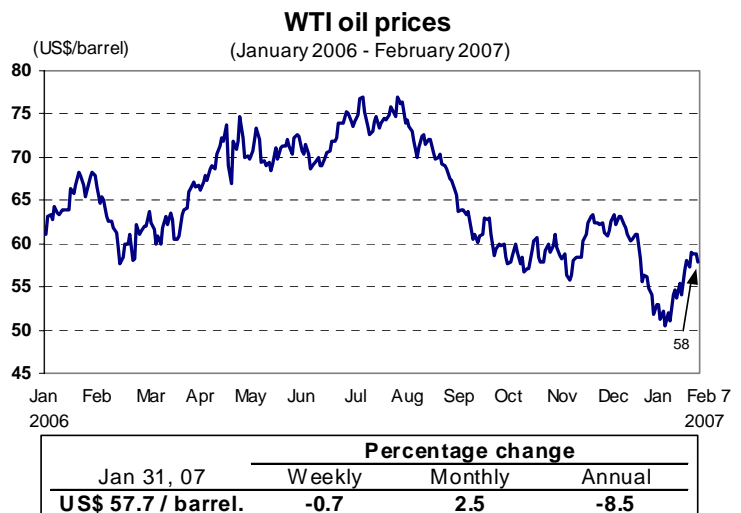
Country risk at 129 basis points

Between November 30 and December 29, 2006, the country risk measured by the **EMBI+ Peru** spread fell slightly (from 131 to 129 basis points) following the trend of spreads in the region. This evolution takes place amidst expectations that the Federal Reserve will moderately reduce its interest rates in the second half of this year.



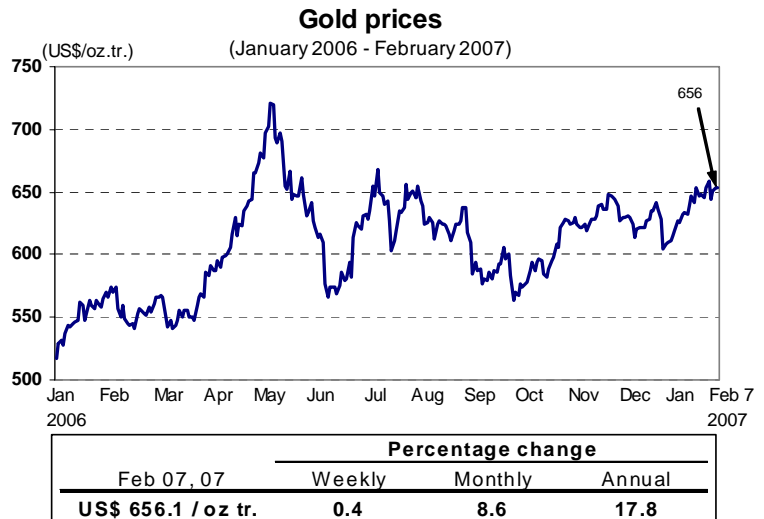
Oil quotation drops to US\$ 57.7 per barrel as of February 7

In the same period, the price of **WTI** oil decreased 0.7 percent to US\$ 57,7 per barrel due to an investors' profit take on January 7, to the higher inventories of gasoline in the US and to expectations of a lower cut in OPEC's daily production quota: the cut in February is expected to be lower than originally programmed (300 thousand b/d instead of 500 thousand b/d). Moreover, the US Department of Energy informed that the OPEC had reduced its daily production quota by 600 thousand b/d during the fourth quarter, that is, by half of the programmed reduction.



On the other hand, the decrease in the price of crude was offset by colder weather in the North East of the US, which increased the demand for heating oil, and by problems in Nigeria, the fifth largest oil producer in the world.

Between January 31 and February 7, the quotation of **gold** increased 0.4 percent to US\$ 656.1 per troy ounce due to the higher volatility of the dollar which encouraged investors to take positions in gold, to a higher demand of the jewelry industry in China due to the proximity of the Chinese new year, and to the larger purchases of this metal carried out by investment funds. However, the fall in the price of oil discouraged the demand for gold as a hedging asset, thus offsetting the initial rise in the gold price.



In the same period, the price of **copper** dropped 5.7 percent to US\$ 2.42 per pound. This evolution is associated with the increase of global inventories in the stock exchange markets of Shanghai, New York and London –which reached their highest level in the last 32 months; with expectations of a lower global growth –in the US, the ISM manufacturing index contracted unexpectedly in January, reaching its lowest level since April 2003–; and with the resolution of the workers’ strike in the Chilean mine of Cerro Colorado owned by BHP Billiton Plc.

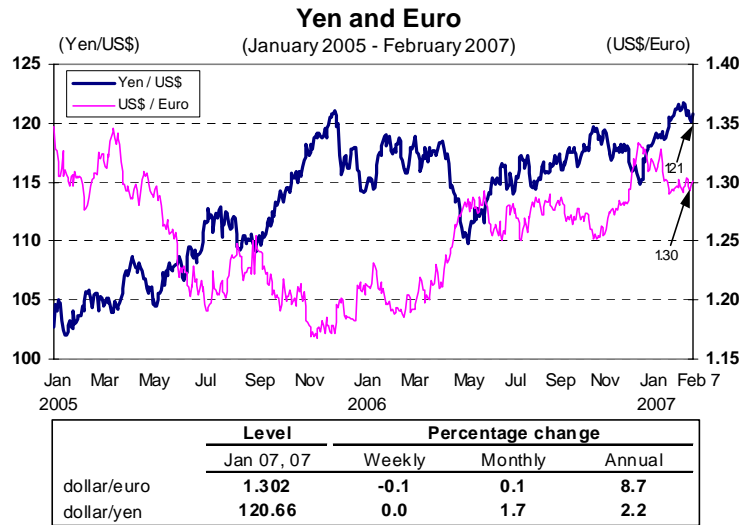


Between January 31 and February 7, the price of **zinc** decreased 8.9 percent to US\$ 1.42 per pound, despite the fact that zinc inventories at the London Metal Exchange decreased 1.0 percent to 96,650 MT during this week. Investors were encouraged to sell more gold due to speculations that one of the main hedging funds had posted losses of 20 percent in January. In addition to this, the market was also affected by fears that the production of zinc might increase in China.



Dollar appreciates against the euro

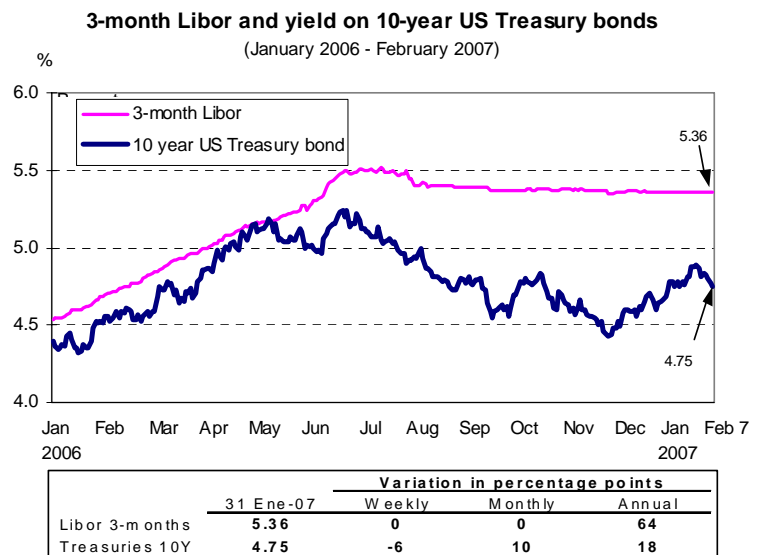
In the period of analysis, the **dollar** appreciated 0.1 percent against the **euro** and recorded no change against the **yen**. The US currency strengthened as a result of positive indicators on the service sector and of lower expectations that the Federal Reserve will reduce its interest rate. As regards the euro, the appreciation of the dollar was constrained by mixed data on activity and by expectations that the European Central Bank (ECB) will increase its interest rate by 25 basis points in March, after the president of the ECB Jean Claude Trichet restated that “there should be a close watch on inflationary pressures”.



On the other hand, in Asia, the yen continues to show volatility given the proximity of the G-7 meeting, and given the various declarations made for and against the depreciation of the yen by authorities of Japan, Europe, and the US.

Yield on 10-year US Treasuries decreased to 4.75 percent

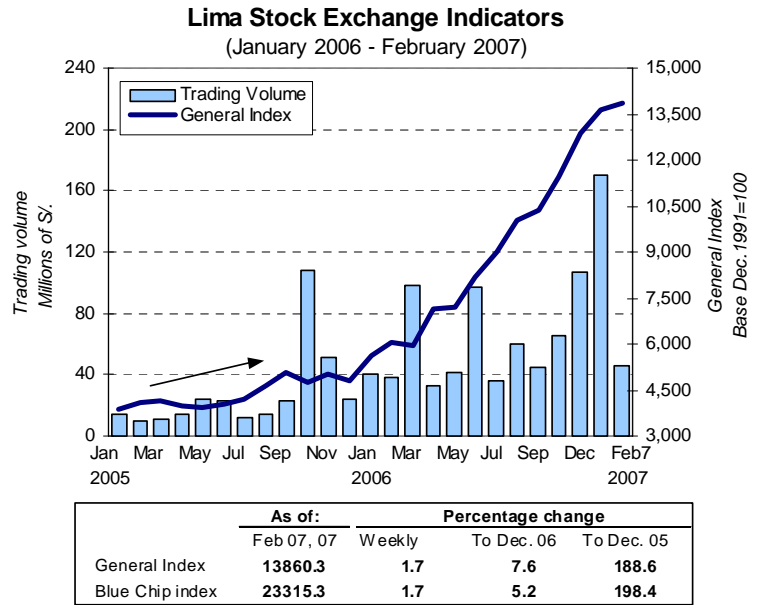
Between January 31 and February 7, the **3-month Libor** remained at 5.36 percent and the yield on the **10-year US Treasury bond** decreased slightly from 4.81 to 4.75 percent due to negative data on employment and inflation that offset growth in the US and to expectations of increased demand for the quarterly auction of long-term US Treasury bonds.



Lima Stock Exchange grew 1.66 percent as of February 7

As of February 7, the **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) grew 1.66 and 1.71 percent respectively. The indices of the LSE were influenced by the positive performance of the stocks of companies in the construction, industrial, and mining sectors, despite the fall in the prices of copper and zinc in the international market.

During the week, the LSE exhibited a greater dynamism given the better prospects of agents as a result of the financial statements on the close of 2006, which are due by February 15.



So far this year, the LSE indices have increased 7.58 and 5.22 percent respectively.

