



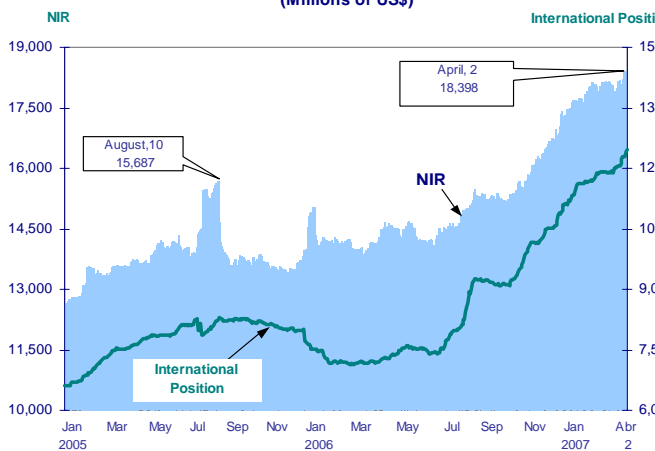
Indicators

- ➔ BCRP maintains interest rates.
- ➔ NIRs at US\$ 18,427 million at end March.
- ➔ Exchange Rate at S/. 3.181 on April 3.
- ➔ Country risk at 127 bps. as of April 3.
- ➔ Lima Stock Exchange grew 4.4 percent.

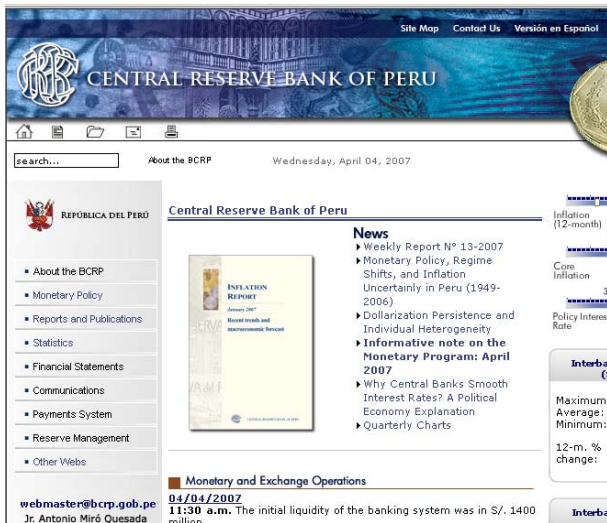
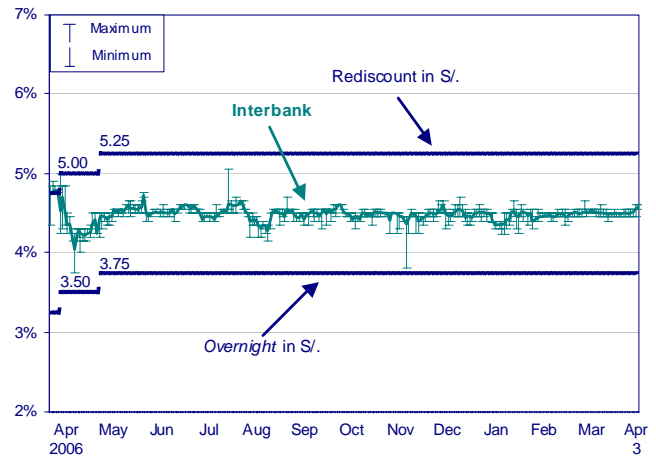
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**International Reserve and International Position of the BCRP
January 2005 - April 2007
(Millions of US\$)**



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



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

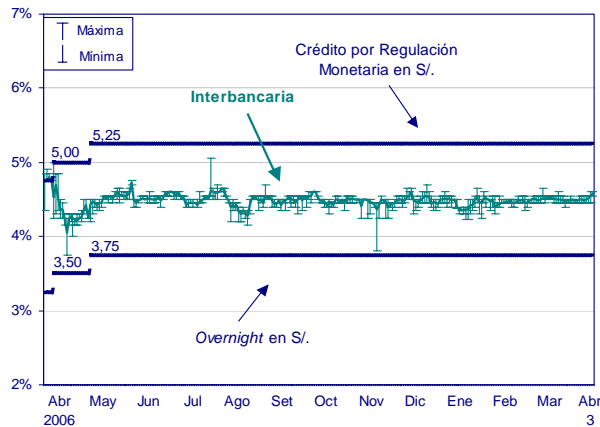
- Weekly Report N° 13-2007
- Monetary Policy, Regime Shifts, and Inflation Uncertainty in Peru (1949-2006)
- Dollarization Persistence and Individual Heterogeneity
- **Informative note on the Monetary Program: April 2007**
- Why Central Banks Smooth Interest Rates? A Political Economy Explanation
- Quarterly Charts

Average Interbank Interest Rate on April 3: 4.57 Percent

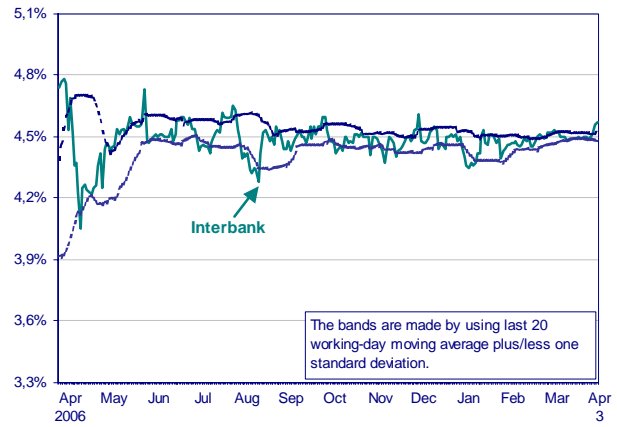
The average interbank interest rate in domestic currency as of April 3 was 4.57 percent, a level higher than the one posted in March (4.50 percent). Between March 28 and April 3, this rate increased from 4.49 to 4.57 percent.

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
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	4.48	0.02
March	4.50	0.01
April 3	4.57	0.01

Tasas de Interés en Moneda Nacional (Abril 2006 - Abril 2007)



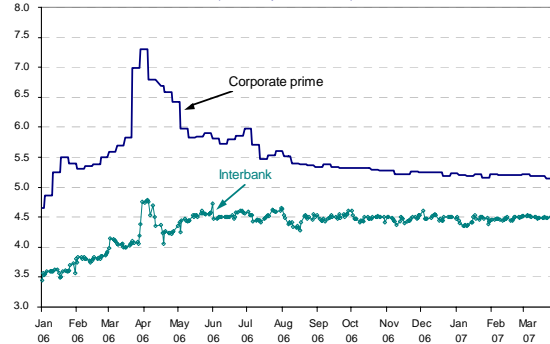
Interbank Interest Rate in Domestic Currency (Abril 2006 - Abril 2007)



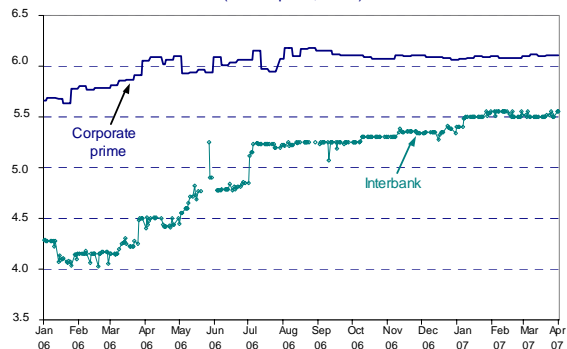
Corporate Prime Rate in Soles Remains at 5.15 Percent

In **March 29 – April 3**, the daily average of the 90-day corporate prime rate in domestic currency remained unchanged at 5.15 percent, while this rate in dollars remained at 6.11 percent.

INTEREST RATE IN DOMESTIC CURRENCY (As of April 3, 2007)



INTEREST RATE IN FOREIGN CURRENCY (As of April 3, 2007)

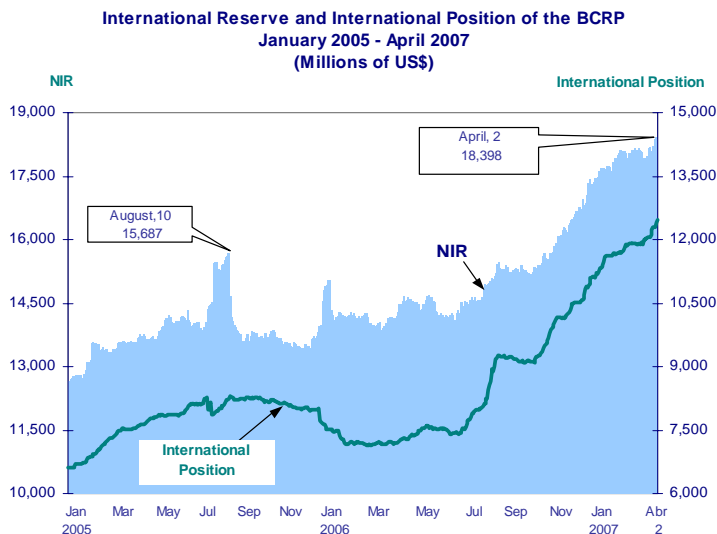


Monetary Operations

Between **March 29 and April 3, 2007**, the Central Bank made the following monetary operations: i) auctions of BCRP Certificates of Deposit with 1-day, 3-day, and 1-year maturities for a daily average of S/. 936.9 million, with average interest rate on these operations ranging between 4.52 and 5.07 percent; ii) auctions of temporary purchases of 1-day securities for a daily average of S/. 425 million; iii) purchases of foreign currency for a total of US\$ 225 million, at an average exchange rate of S/. 3.182 per dollar; and iii) overnight deposits in domestic currency for a total of S/. 633 million.

International Reserves Reach New Historical Record with US\$ 18,427 Million at End March

Net international reserves (NIRs) as of **March 30** increased US\$ 291 million relative to end February and amounted to US\$ 18,427 million. This increase in the balance of NIRs was mainly due to BCRP exchange operations (US\$ 611 million), higher investment yield (US\$ 50 million), and better prices for other securities (US\$ 32 million). This result was offset by sales of foreign currency to the Public Treasury for the repayment of the external debt (US\$ 200 million), by lower deposits from the Deposit Insurance Bank (US\$ 11 million), and by lower deposits from the financial system (US\$ 1 million).



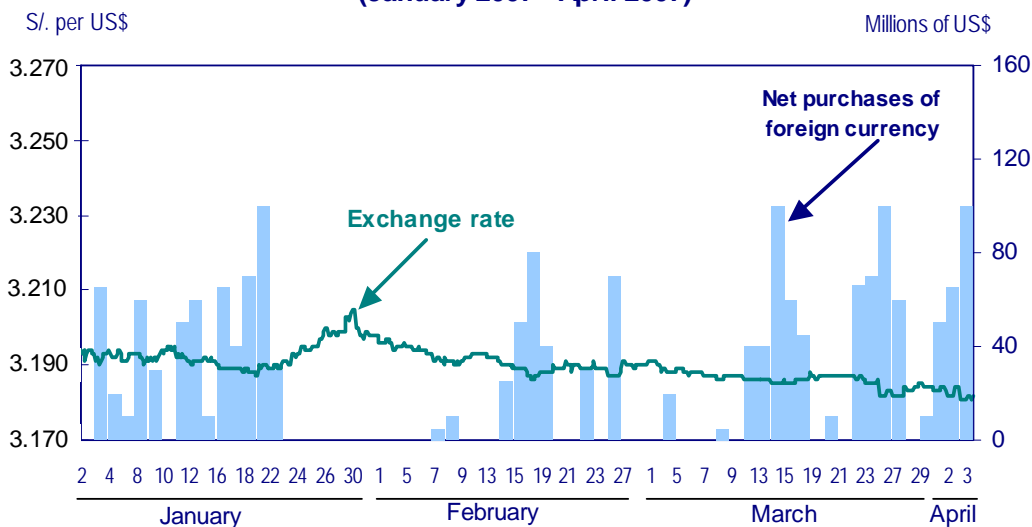
As of March 30, the **international position of the BCRP** (US\$ 12,403 million) had increased by US\$ 478 million relative to end February.

Moreover, on **April 2**, NIRs amounted to US\$ 18,398 million and the international position of the BCRP was US\$ 12,474 million.

Exchange Rate at S/. 3.181 per Dollar

Between March 28 and April 3, the average ask price of the interbank exchange rate fell from S/. 3.184 to S/. 3.181 per dollar, as a result of which the nuevo sol appreciated 0.1 percent. Between April 2 and 3, the Central Bank intervened in the exchange market purchasing US\$ 165 million at the Central Bank's Foreign Exchange Desk.

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



Survey on macroeconomic expectations: April 2007

The BCRP conducted its Monthly Survey on Macroeconomic Expectations among 26 financial entities, 19 economic analysts and 392 non-financial companies between March 12 and 30. The survey results are shown in the tables below.

The survey results indicate that inflation in 2007 is expected to be between 1.50-1.80 percent, that is, within the range established by the Central Bank (1.0 – 3.0 percent).

Between February and March, GDP is expected to grow between 6.8 and 7.0 percent in 2007, in case of financial institution, and the analysts expected to grow between 6.8 and 7.3 percent, keeping to non-financial system firms in 7.0 percent.

Finally, the groups forecast that the exchange rate will range between S/. 3.18 and S/. 3.20 per dollar in December this year.

FINANCIAL SYSTEM INSTITUTIONS (Median^{1/} of the sample)

	Date of the survey		
	Jan 31 2/	Feb 28 3/	March 30 3/
Inflation (%)			
Monthly: Apr	0.15	0.15	0.15
May	0.15	0.10	0.15
Annual: 2007	1.95	1.85	1.80
2008	2.00	2.00	2.00
2009	--	--	2.00
GDP growth (%)			
Monthly: Feb	6.5	6.9	7.3
March	6.5	6.8	6.9
Annual: 2007	6.5	6.8	7.0
2008	6.1	6.3	6.3
2009	--	--	6.0
Exchange rate (S/. per US\$)			
Monthly: Apr	3.19	3.19	3.18
May	3.19	3.18	3.18
Annual: 2007	3.20	3.19	3.18
2008	3.25	3.23	3.20
2009	--	--	3.23
Interbank interest rate (%)			
<i>In nuevos soles</i>			
Monthly: Apr	4.50	4.50	4.50
May	4.50	4.50	4.50
Annual: 2007	4.60	4.50	4.50
2008	4.75	4.75	4.75
2009	--	--	4.75

- 1/ The median indicates the sample central value which reduces any bias caused by extreme values.
 2/ 27 financial institutions.
 3/ 26 financial institutions.

NON-FINANCIAL SYSTEM FIRMS (Median^{1/} of the sample)

	Date of the survey		
	Jan 31 2/	Feb 28 3/	March 30 4/
Inflation (%)			
Annual: 2007	1.50	1.50	1.50
2008	1.50	1.50	1.50
GDP growth (%)			
Annual: 2007	7.00	7.00	7.00
2008	6.50	6.80	7.00
Exchange rate (S/. per US\$)			
December 2006	3.22	3.21	3.20
December 2007	3.25	3.25	3.25

- 1/ The median indicates the sample central value which reduces any bias caused by extreme values.
 2/ 388 non-financial institutions.
 3/ 386 non-financial institutions.
 4/ 392 non-financial institutions.

ANALYSTS (Median^{1/} of the sample)

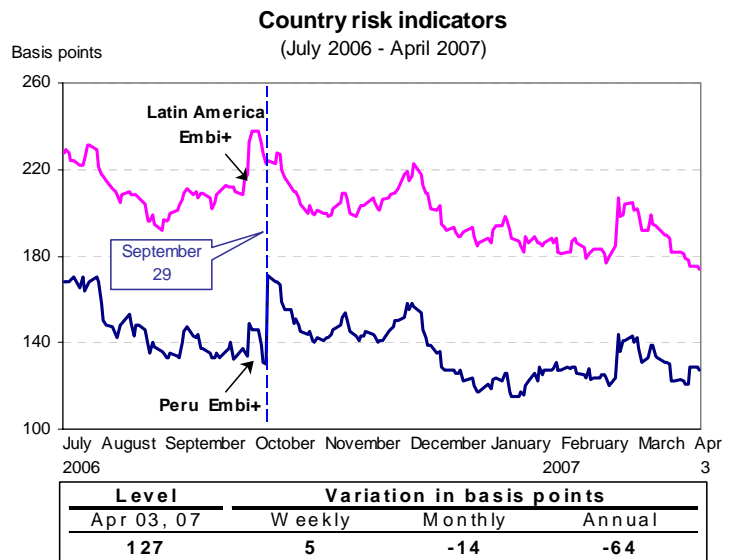
	Date of the survey		
	Jan 31 2/	Feb 28 3/	March 30 3/
Inflation (%)			
Monthly: Apr	0.19	0.20	0.20
May	0.10	0.10	0.10
Annual: 2007	1.90	1.90	1.80
2008	2.20	2.00	2.00
2009	--	--	2.50
GDP growth (%)			
Monthly: Feb	6.8	6.7	7.5
March	6.5	6.7	6.8
Annual: 2007	6.8	6.8	7.3
2008	6.0	6.0	6.0
2009	--	--	5.8
Exchange rate (S/. per US\$)			
Monthly: Apr	3.20	3.19	3.19
May	3.21	3.19	3.19
Annual: 2007	3.23	3.20	3.20
2008	3.29	3.25	3.21
2009	--	--	3.21
Interbank interest rate (%)			
<i>In nuevos soles</i>			
Monthly: Apr	4.50	4.50	4.50
May	4.50	4.50	4.50
Annual: 2007	4.50	4.51	4.75
2008	4.75	5.00	5.00
2009	--	--	5.00

- 1/ The median indicates the sample central value which reduces any bias caused by extreme values.
 2/ 21 analysts.
 3/ 19 analysts.

International Markets

Average Country Risk at 127 basis points on April 3

From February 28 to March 30, the country risk indicator –measured by the **EMBI+ Peru** spread–decreased from 136 to 129 basis points, following the trend of the spread in other countries in the region. Factors contributing to this evolution included Fitch Rating’s upgrading Peru’s credit outlook from stable to positive given the country’s good economic prospects and reports indicating that Moody’s Investors is currently evaluating to improve the country’s credit rating due to evidence of Peru’s lower external vulnerability.

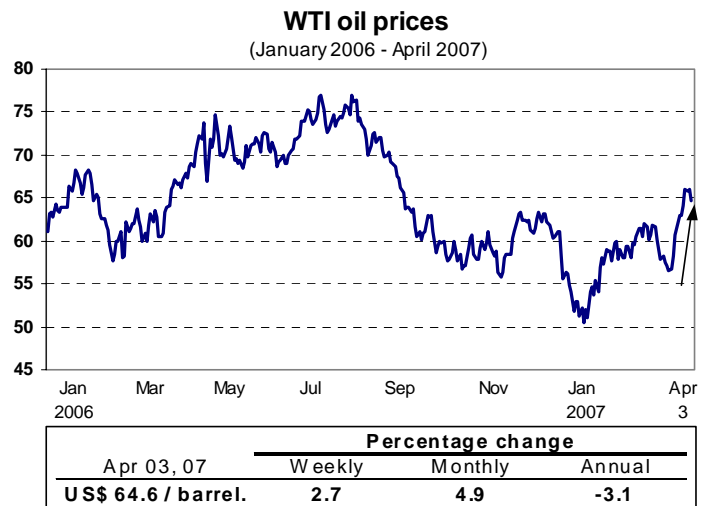


It is worth mentioning here that the Peruvian government announced that domestic currency-denominated debt bonds for a total of US\$ 1.8 billion would be issued in the local market in order to prepay the Paris Club in the second and third quarters

Continuing with its downward trend, the **EMBI+ Peru** fell to 127 basis points on **April 3**.

Average Quotation of Oil Increased to US\$ 60.6 per Barrel in March

In **March**, the price of **WTI oil** increased from US\$ 59.3 to US\$ 60.6 (2.3 percent) per barrel, due to the lower level of inventories of crude and gas in the U.S., to expectations that demand for fuels will increase in the U.S. given the proximity of the summer vacation period, and to tensions in the Middle East –the UN imposed new sanctions on Iran. Furthermore, during March, the International Energy Agency forecast that gasoline inventories in industrialized countries would drop in the first quarter of 2007.

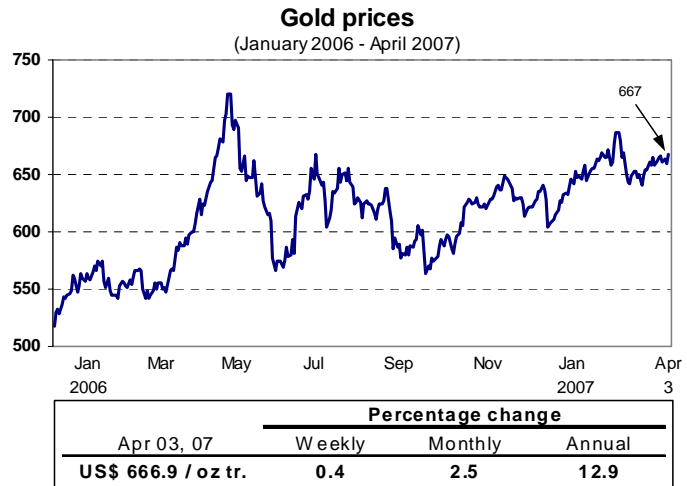


The rise in the price of crude was partially offset when OPEC member countries decided to maintain their production quotas at OPEC’s meeting held on March 15. Another factor contributing to offset the price rise was the drop of the subprime mortgage sector in the U.S. as this would affect demand in the U.S. economy.

As of **April 3**, the price of **WTI oil** rose to US\$ 64.6 per barrel given continuous geopolitical problems in the Middle East.

In **March**, the average price of gold fell from US\$ 664.9 to US\$ 655.4 per troy ounce (1.4 percent) due to a sale of gold assets by investors seeking to cover losses at the global stock markets and at the U.S. mortgage sector.

On the other hand, the weakening of the dollar against other currencies –which favored gold as an investment option– and the greater geopolitical uncertainty partially offset the drop observed in the price of gold.



As of **April 3**, the gold quotation was US\$ 666.9 per troy ounce.

In **March**, the average price of **copper** rose 13.7 percent –from US\$ 2.58 to US\$ 2.93 per pound– due to a 14.4 percent drop of inventories at the London Metal Exchange (to 178 thousand MT) and to prospects of a higher demand for copper in China –the world’s first consumer of this metal– after reports showed that imports of refined copper in February 2007 had amounted to 152,651 MT, the largest volume imported since February 2004. Furthermore, the International Copper Study Group (ICSG) reported this month that there had been a supply surplus of 350 thousand MT of copper in 2006.



As of **April 3**, the quotation of copper rose to US\$ 3.31 per pound due to expectations of a higher demand for copper in China.

In **March**, the average price of **zinc** fell from US\$ 1.50 to US\$ 1.48 per pound (1.2 percent). This result was influenced by a higher level of inventories at the London Metal Exchange (stocks increased 12.7 percent to 106 thousand MT) and by increased sales of metals resulting from investors' uneasiness. Several investors reduced their exposure to risky assets, such as metals, after losses in global stock markets plunged and after the International Lead and Zinc Study Group (ILZSG) reported a supply surplus of 50 thousand MT in January 2007, which reverted the deficit observed in January 2006.

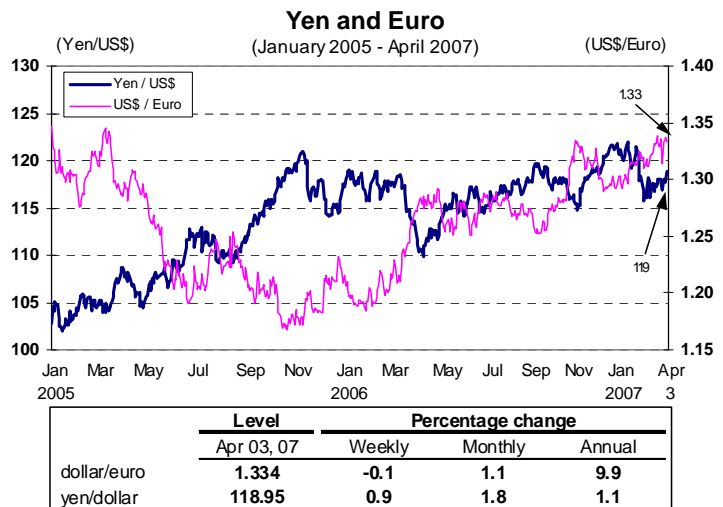


It is worth pointing out here that China started trading zinc futures at the Shanghai Futures Exchange (SHFE) on March 26.

On **April 3**, the price of zinc fell to US\$ 1.46 per pound.

Dollar Depreciated on Average Terms Against the Euro and the Yen

In **March**, the dollar depreciated on average terms 1.2 percent against the **euro** and 2.6 percent against the **yen**. The dollar weakened due to mixed indicators on economic activity in the U.S. and concerns that the crisis in the sub-prime market –the market of high risk mortgage loans– would affect other economic sectors in the U.S. The yen strengthened due to the decline of speculative operations in currencies with interest rate differentials (“carry trade” operations), after financial turbulence generated volatility in the market of securities. Another factor contributing to this result was that risk aversion increased as a result of the fall observed in the mortgage market in the U.S.

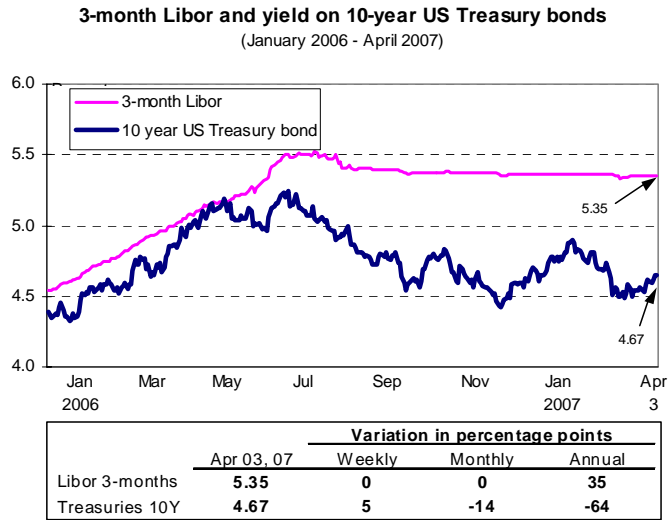


Moreover, the euro also strengthened due to economic agents' higher expectations that the European Central Bank (ECB) will raise its current interest rate of 3.75 percent in the near future. These expectations were reinforced when Jean Claude Trichet, President of the ECB declared that this organization was concerned about inflationary pressures, and also by reports indicating that the consumer confidence index had grown more than expected in Germany.

So far this month, the dollar has appreciated 0.2 percent against the euro and 1.0 percent against the yen.

Yield on 10-Year US Treasuries Decreased on Average to 4.56 Percent in March

In **March**, the **3-month Libor** decreased on average from 5.36 to 5.35 percent and the yield on the **10-year US Treasury bond** also decreased from 4.72 to 4.56 percent. This evolution was due to the fact that investors sought refuge in safer assets, such as U.S debt bonds, in a context marked by the plunge of global stocks, by default in the sub-prime mortgage market, and by mixed date on economic activity in the U.S. during this month.

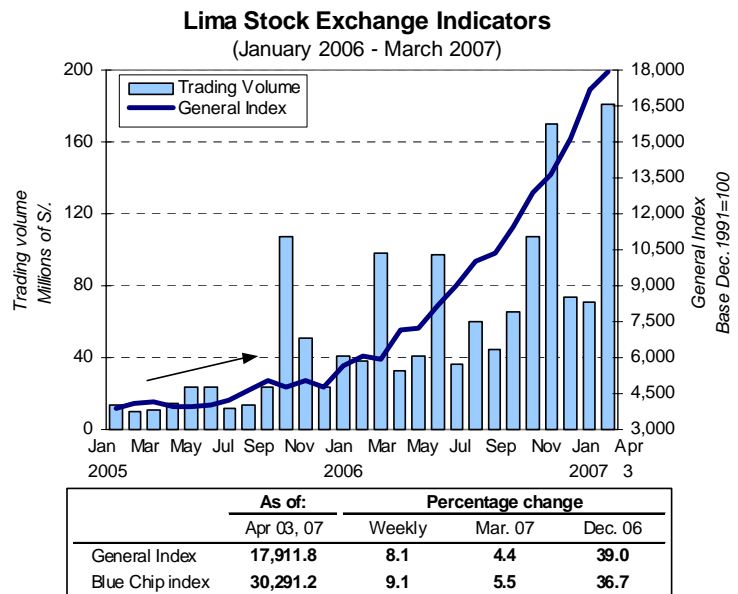


As of **April 3**, the **3-month Libor** remained unchanged at 5.35 percent and the yield on the **10-year US Treasury bond** increased to 4.67 percent.

Lima Stock Exchange Grew 13.2 percent in March

In **March**, the **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) grew 13.2 and 11.3 percent respectively, driven by the upturn of the prices of some basic metals –such as copper– which fueled mining stocks, and by expectations of positive business balance sheets at the end of the first quarter of 2007.

Other sectors favored by the country's positive economic fundamentals included industry, services and construction.



So far this month, the **General** and **Blue Chip** indices have grown 4.4 and 5.5 percent respectively. Moreover, these indices have accumulated gains of 39.0 and 36.7 percent respectively so far this year.