



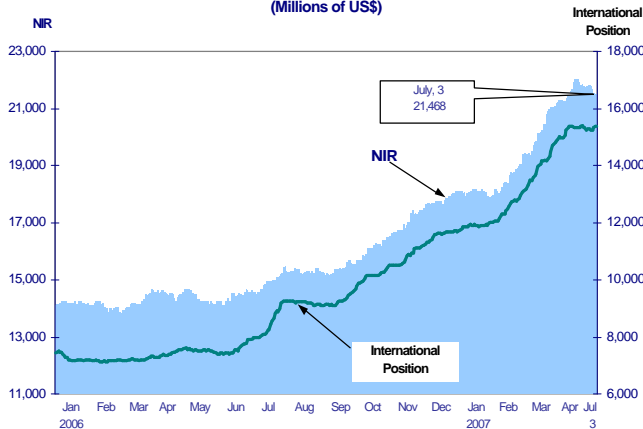
Indicators

- NIRs at US\$ 21,468 million as of July 3
- Exchange rate as of July 4: S/. 3.166
- Interbank interest rate at 4.51 percent as of July 4
- Inflation at 0.47 percent in June
- Country risk: 117 bps. as of July 4
- Lima Stock Exchange grew 1.7 percent as of July 4

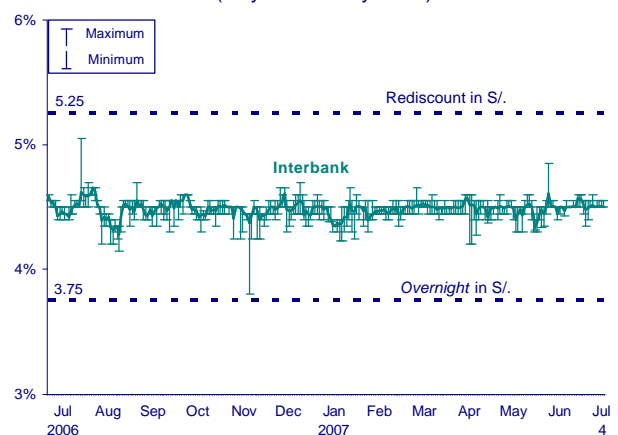
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International Reserve and International Position of the BCRP
January 2006 - July 2007
(Millions of US\$)



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



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

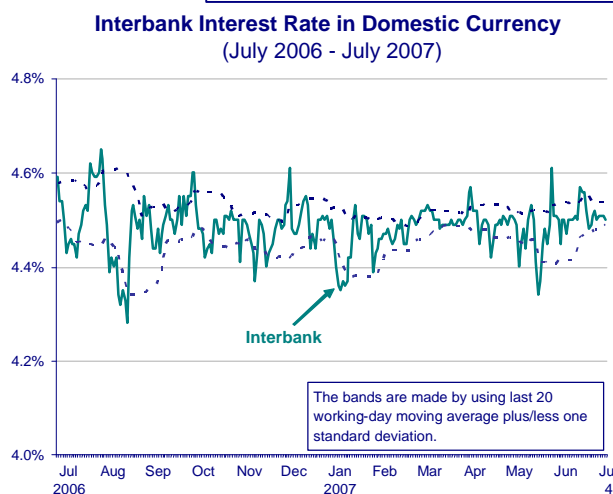
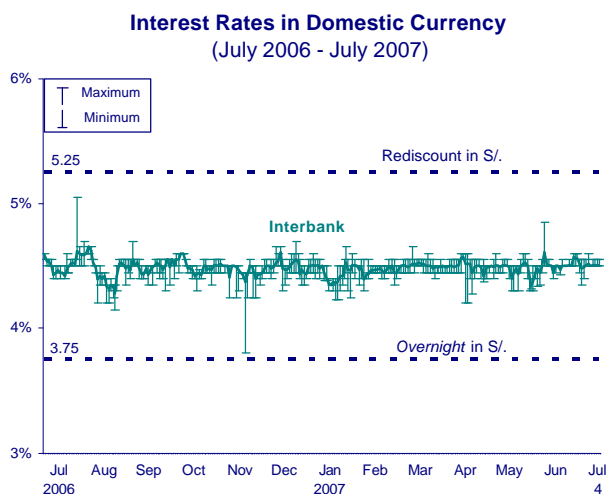


- Informative note on the Monetary Program: July 2007. BCRP raises reference interest rate from 4.50% to 4.75%
- IMF Executive Board Completes First Review under Peru's Stand-By Arrangement
- Inflation Report: Recents trends and macroeconomic forecast -May 2007
- International Reserves Management: April 2007
- Monetary Policy in a Dual Currency Environment
- Quarterly Charts

Average interbank interest rate on July 4: 4.51 percent

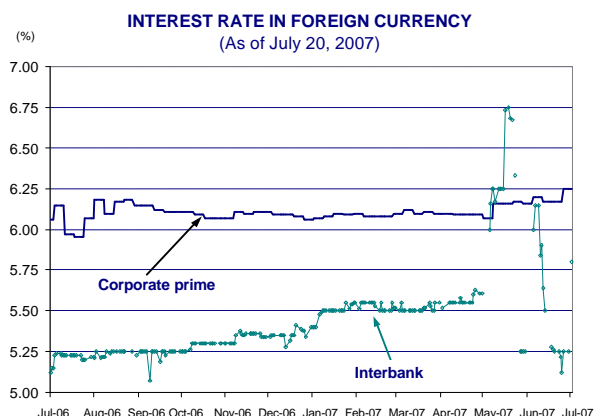
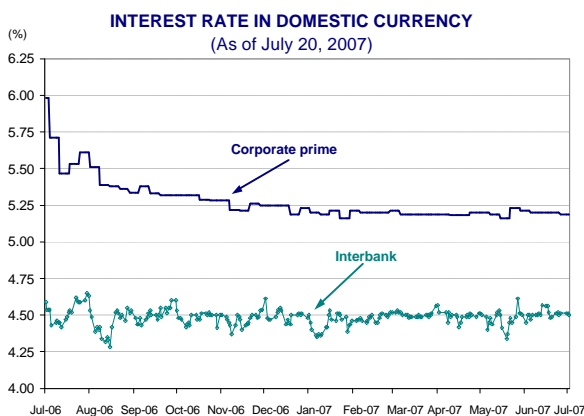
The average interbank interest rate in domestic currency as of July 4 was 4.51 percent, a level lower than the one posted in June. Between June 27 and July 4, this rate remained at 4.50 percent.

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
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	4.51	0.03
May	4.49	0.06
Jun	4.52	0.03
Jul 4	4.51	0.01



Corporate prime rate in soles dropped to 5.19 percent

Between **June 27** and **July 4**, the daily average of the 90-day corporate prime rate in domestic currency fell from 5.20 to 5.19 percent, while this rate in dollars increased from 6.17 to 6.25 percent.



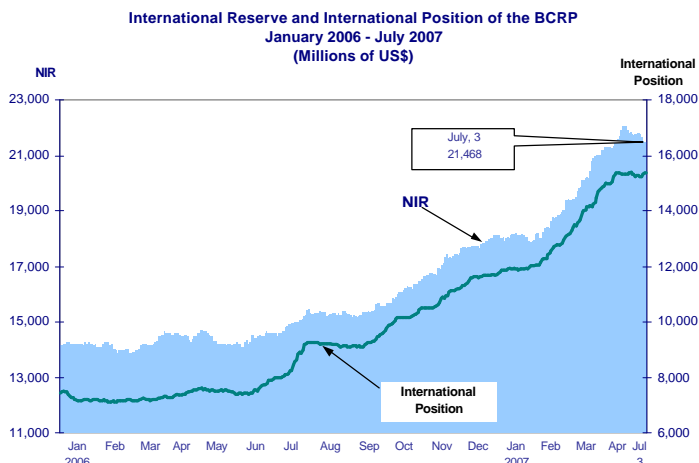
Monetary operations

From **June 28 to July 4, 2007**, the Central Bank made the following monetary operations:

- i) auctions of BCRP Certificates of Deposit with 1-day, 4-day, 3-month, 6-month, and 1-year maturities for a daily average of S/. 552 million. Average interest rates on these operations ranged between 4.45 and 5.25 percent; ii) purchases of foreign currency for a total of US\$ 36 million, at an average exchange rate of S/. 3.167 per dollar; and iii) overnight deposits in domestic currency for a total of S/. 39.6 million.

International reserves amounted to US\$ 21,468 million as of July 3

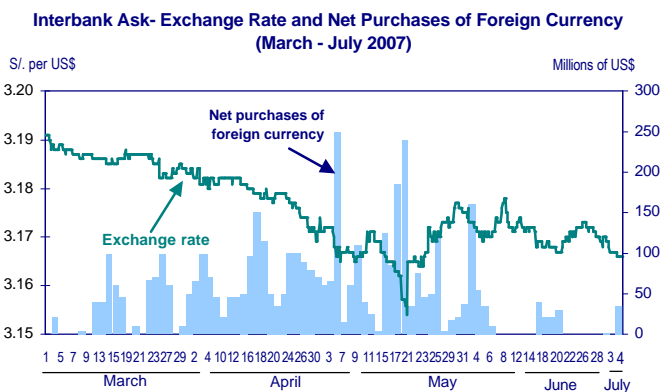
Net international reserves (NIRs) as of **July 3** decreased US\$ 60 million relative to end June and amounted to US\$ 21,468 million. This fall in the balance of NIRs was mainly due to lower deposits from both the financial sector (US\$ 87 million) and the public sector (US\$ 13 million). This result was partially offset by higher of BCRP exchange operations (US\$ 36 million) and by higher prices for other securities (US\$ 43 million).



Furthermore, the **international position of the BCRP** as of July 3 (US\$ 15,350 million) increased by US\$ 45 million relative to end June.

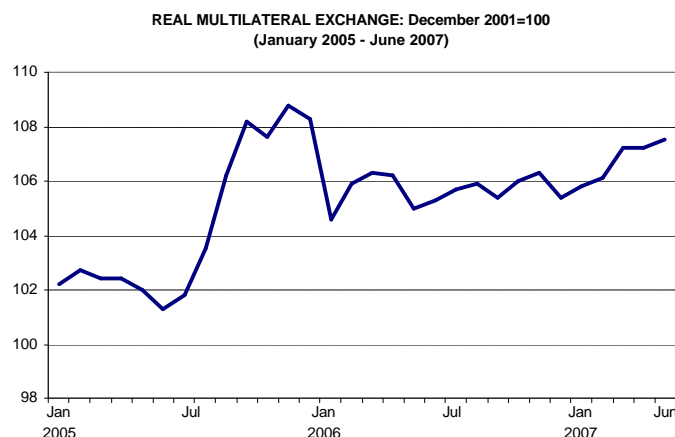
Exchange rate: S/. 3.166 per dollar

Between June 27 and July 4, the average ask price of the interbank exchange rate fell from S/. 3.171 to S/. 3.166 per dollar, as a result of which the nuevo sol has appreciated 0.1 percent so far this month. Between June 27 and July 4, the Central Bank intervened in the exchange market purchasing US\$ 36 million at the Central Bank's Foreign Exchange Desk.



Real exchange rate rose 0.3 percent in June

In June the real multilateral exchange rate increased 0.3 percent relative to May 2007 as a result of the following factors: a 0.3 percent rate of external inflation, a 0.3 percent of domestic inflation and a 0.3 percent nominal depreciation of the nuevo sol against the basket of currencies of Peru's main trading partners.



Monetary base as of Jun 30, 2007

The balance of the **monetary base** as of June 30 (S/.14,015 million) increased 3.0 percent (S/. 405 million) relative to end May. On average, the monetary base grew at an annual rate of 26.9 percent in this period (24.7 percent in May).

By sources, operations contributing to the expansion of the monetary base included purchases of dollars (US\$ 371 million, or S/. 1,176 million), net maturities of BCRP Certificates of Deposits (S/. 169 million), and banks' lower overnight deposits (S/. 56 million). Conversely, the monetary base contracted due to higher public sector deposits (S/. 595 million), and net sales of dollars to the public sector (US\$ 168 million, or S/. 532 million).

Liquidity and credit to the private sector as of June 7

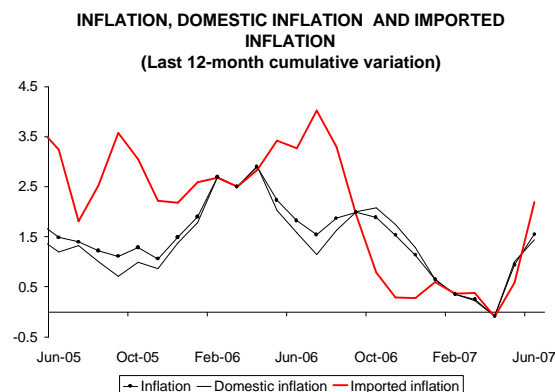
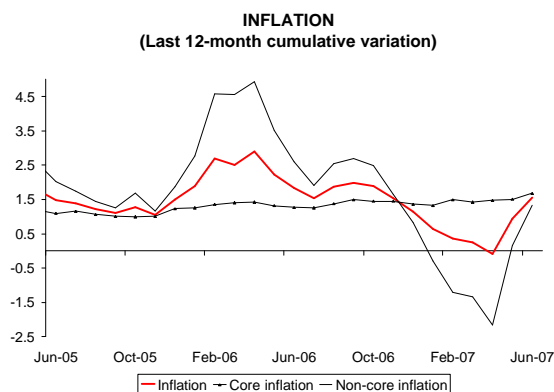
In the last four weeks, liquidity in **domestic currency** increased 3.2 percent (S/. 1,187 million), reaching a balance of S/. 38,682 million (annual growth of 36.7 percent). Credit to the private sector in domestic currency grew 3.4 percent (S/. 971 million), thus reaching a balance of S/. 29,335 million (annual growth of 39.0 percent).

Moreover, liquidity in **foreign currency** increased 3.0 percent (US\$ 414 million), thus reaching a balance of US\$ 14,197 million (annual growth of 18.9 percent). Credit to the private sector in foreign currency grew 1.8 percent (US\$ 219 million), reaching a balance of US\$ 12,623 million (annual growth of 6.4 percent).

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%	8.0%	33.7%	5.8%	35.4%	2.9%	10.5%	0.2%	5.9%
2006										
Jan.	-7.2%	25.0%	-4.4%	29.1%	1.1%	38.0%	3.3%	14.5%	-3.4%	2.4%
Feb.	0.3%	22.9%	0.9%	25.1%	2.8%	40.4%	1.7%	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%	10.2%	19.0%	3.2%	29.5%	2.0%	14.6%	-1.8%	4.7%
2007										
Jan.	-6.8%	18.8%	0.7%	25.4%	1.4%	29.9%	-0.1%	10.9%	0.0%	8.4%
Feb.	1.5%	20.2%	0.6%	25.1%	3.2%	30.4%	0.5%	9.6%	0.8%	9.2%
Mar.	1.3%	20.7%	3.8%	26.7%	4.4%	33.0%	1.9%	9.8%	1.7%	9.2%
Apr.	1.9%	22.7%	0.1%	32.1%	6.1%	39.4%	4.0%	15.4%	1.5%	10.3%
May.	0.4%	25.3%	2.9%	36.2%	2.8%	41.8%	2.1%	19.2%	1.5%	8.4%
Jun.7	-1.5%	28.3%	3.2%	36.7%	3.4%	39.0%	3.0%	18.9%	1.8%	6.4%
Memo:										
Balance as of May. 7 (Mill.S./or Mill.US\$)	14,133		37,495		28,364		13,783		12,404	
Balance as of Jun. 7 (Mill.S./or Mill.US\$)	13,919		38,682		29,335		14,197		12,623	

Inflation at 0.47 percent in June

Inflation in June posted a rate of 0.47 percent, as a result of which accumulated inflation over the last 12 months was 1.55 percent. Three items contributed with 0.38 percentage points to this month's inflation: chicken (0.12 points), eggs (0.10 points) and gasoline (0.16 points). On the other hand, three items contributed with -0.12 percentage points to inflation in May: sugar (-0.05 points), fruits (-0.04 points) and vegetables (-0.03 points).



INFLATION RATE (Annual percentage change)

	Weighting	Monthly	12-month indicator		Annual average indicator			
		Jun. 2007	Jun. 2006	May. 2007	Jun. 2007	Jun. 2006	May. 2007	Jun. 2007
I. CORE INFLATION	60.6	0.17	1.27	1.51	1.68	1.21	1.41	1.44
Goods	34.0	0.06	0.68	1.17	1.37	0.81	0.92	0.97
Food	13.0	0.16	0.92	1.40	1.28	0.83	1.38	1.41
Textile and footwear	7.6	-0.03	1.35	2.73	2.46	1.47	1.86	1.96
Electrical appliances	1.0	-0.24	0.34	-1.52	-1.73	-1.02	-0.80	-0.97
Other industrial goods	12.5	0.04	0.04	0.15	1.00	0.51	-0.04	0.04
Services	26.6	0.30	1.99	1.93	2.07	1.71	2.01	2.02
Restaurants	12.0	0.44	1.23	1.35	1.61	1.05	1.29	1.32
Education	5.1	0.00	3.45	3.68	3.60	2.94	3.59	3.61
Health	1.3	0.08	0.36	0.65	0.90	1.95	0.52	0.57
Renting	2.3	0.00	1.40	-0.69	-0.49	0.82	-0.12	-0.27
Other services	5.9	0.44	2.80	2.67	2.75	2.21	3.13	3.13
II. NON CORE INFLATION	39.4	0.89	2.60	0.15	1.34	2.64	0.80	0.70
Food	22.5	0.54	2.84	0.64	1.90	2.28	1.29	1.21
Fuel	3.9	3.72	6.89	-0.31	3.13	7.69	1.11	0.82
Transportation	8.4	-0.07	1.52	0.32	0.20	2.07	0.90	0.79
Utilities	4.6	1.04	-1.88	-2.38	-1.89	-0.42	-2.43	-2.43
III. CPI	100.0	0.47	1.83	0.94	1.55	1.80	1.15	1.13
Note.-								
Imported Inflation	12.1	1.69	3.27	0.59	2.20	2.73	1.29	1.21
Core Inflation	47.6	0.17	1.36	1.54	1.79	1.31	1.41	1.45
Total foods	33.2	0.29	2.22	0.87	1.57	1.91	1.19	1.14

Core inflation in this month was 0.17 percent, and a last 12-month rate of 1.7 percent was accumulated. On the other hand, **non-core inflation** in June was 0.89 percent, as a result of which accumulated inflation over the last 12 months was 1.3 percent. Moreover, **core inflation excluding food products and beverages** was 0.17 percent (1.8 percent over the last 12 months). **Imported inflation** in Jun was 1.69 percent (2.2 percent over the last 12 months).

Survey on macroeconomic expectations: July 2007

Between May 2 and 27, the BCRP conducted its Monthly Survey on Macroeconomic Expectations among 25 financial entities, 24 economic analysts and 388 non-financial companies.

The survey results indicate that inflation in 2007 is expected to be between 1.50-1.90 percent, that is, within the BCRP's target range (between 1.0 and 3.0 percent).

In terms of GDP growth, all the surveyed groups expressed higher expectations than last month: 7.5 percent (vs. 7.4 percent) in cases of economic analysts and non-financial entities; and 7.35 percent (vs. 7.1 percent) in the case of financial companies.

Moreover, the expectations of the different groups in terms of the exchange rate ranged between S/. 3.17 and S/. 3.18 per dollar to the end of this year.

FINANCIAL SYSTEM INSTITUTIONS (Median1/ of the sample)

	Date of the survey		
	Apr.27 2/	May.31 3/	Jun.27 2/
Inflation (%)			
August	0.15	0.15	0.20
September	--	0.15	0.15
Annual: 2007	1.90	1.88	1.90
2008	2.00	2.00	2.00
2009	2.50	2.50	2.50
GDP growth (%)			
June	6.9	6.7	7.0
July	--	6.8	7.0
Annual: 2007	7.0	7.1	7.4
2008	6.3	6.5	6.5
2009	6.0	6.0	6.0
Exchange rate (S/. per US\$)			
August	3.18	3.16	3.17
September	--	3.16	3.17
Annual: 2007	3.18	3.16	3.17
2008	3.20	3.20	3.20
2009	3.23	3.21	3.22
Interbank interest rate (%)			
<i>In nuevos soles</i>			
August	4.53	4.50	4.50
September	--	4.55	4.50
Annual: 2007	4.75	4.70	4.73
2008	5.00	4.90	5.00
2009	5.00	5.00	5.00

1/ The median indicates the sample central value which reduces any bias caused by extreme values.

2/ 26 financial institutions.

3/ 25 financial institutions.

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

	Date of the survey		
	Apr.27 2/	May.31 3/	Jun.27 2/
Inflation (%)			
Annual: 2007	1.50	1.45	1.50
2008	1.55	1.50	1.50
2009	1.60	1.50	1.65
GDP growth (%)			
Annual: 2007	7.3	7.4	7.5
2008	7.0	7.0	7.0
2009	7.0	7.0	7.0
Exchange rate (S/. per US\$)			
December 2007	3.20	3.18	3.18
December 2008	3.22	3.20	3.20
December 2009	3.25	3.24	3.24

1/ The median indicates the sample central value which reduces any bias caused by extreme values.

2/ 392 non-financial institutions.

3/ 388 non-financial institutions.

ANALYSTS (Median1/ of the sample)

	Date of the survey		
	Apr.27 3/	May.31 4/	Jun.27 2/
Inflation (%)			
July	0.20	0.17	0.16
August	0.13	0.15	0.12
Annual: 2007	1.83	1.87	2.00
2008	2.00	2.00	2.00
2009	2.00	2.00	2.20
GDP growth (%)			
July	--	7.0	7.0
August	--	7.0	6.8
Annual: 2007	7.2	7.4	7.5
2008	6.1	6.3	6.5
2009	5.9	6.0	6.0
Exchange rate (S/. per US\$)			
July	3.19	3.17	3.17
August	--	3.17	3.17
Annual: 2007	3.19	3.17	3.17
2008	3.21	3.20	3.19
2009	3.28	3.25	3.21
Interbank interest rate (%)			
<i>In nuevos soles</i>			
July	4.50	4.50	4.50
August	--	4.51	4.50
Annual: 2007	4.55	4.50	4.50
2008	4.90	4.75	4.78
2009	5.00	4.95	5.00

1/ The median indicates the sample central value which reduces any bias caused by extreme values.

2/ 19 analysts.

3/ 21 analysts.

4/ 24 analysts.

International Markets

Country Risk at 117 basis points on July 4

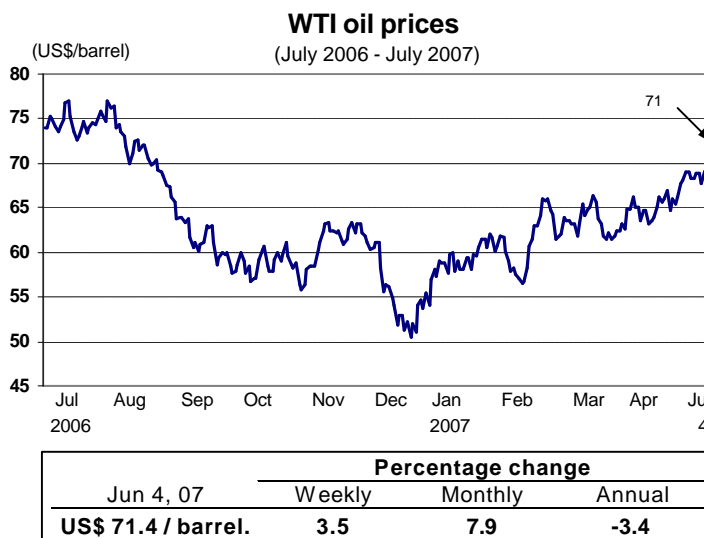
In **June**, the country risk indicator, measured by the **EMBI+ Peru** spread, decreased from 110 to 104 basis points, following the trend of spreads in the region. This evolution is associated with an improvement of the qualification of investment grade given to Colombian bonds by Standard & Poor's, a lower concern about the Federal Reserve will increase its interest rates, and an increase on the yields of the 10 year US Treasury Bonds. However, this result was partially offset by a taking profit, at the end of month, before higher concerns among investors in the housing market of higher risk (subprime).



On **July 4**, the **EMBI+ Peru** recorded 117 basis points, a result associated with a mid demand of the 10 year US Treasury Bonds associated with a higher concern about a fall in the US loans market.

Average oil quotation increased to US\$ 67.5 per barrel in June

In **June**, the average quotation of **WTI** oil increased 6.4 percent (from US\$ 63.4 to US\$ 67.5 per barrel) due to the higher geopolitical tensions after terrorist attacks in United Kingdom and Iran rejected the proposal of the United Nations to give up its program of uranium enrichment, to an strike of Nigeria's two main oil unions labor, and to the release of the EIA report, which increased its forecast of the oil demand for 2007. However, this rise in the price of oil was partially offset by an increase in the rate of operational capacity of U.S. refineries.



The price of **WTI** oil on **July 4** was US\$ 71.4 per barrel. This evolution was associated with an ongoing violence in Nigeria and with an expectation about lower inventories of crude and fuel in the US.

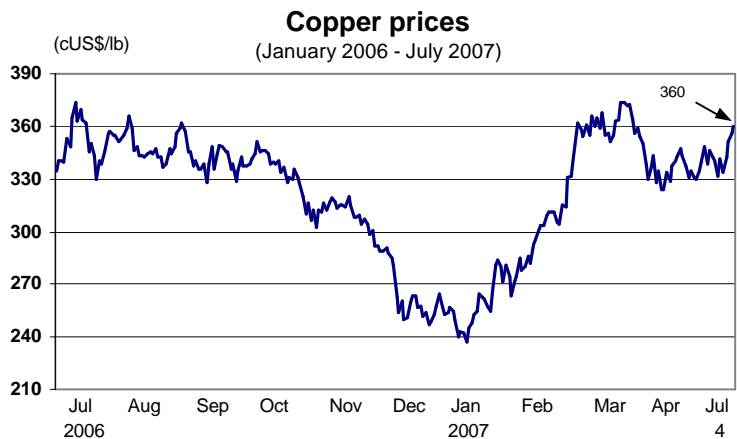
In **June**, the average price of **gold** decreased 1.9 percent (from US\$ 668.2 to US\$ 655.8 per troy ounce) due to the appreciation of the dollar against the other main currencies (which reduced the appeal of gold as an investment asset), to the higher yields on the benchmark 10 years Treasuries note (which reduced the appeal of gold as a hedge asset), and when investors sold the precious metal to cover against potential losses related to the collapse of two main hedge funds that specialized in mortgage bonds.



Jul 4, 07	Percentage change		
	Weekly	Monthly	Annual
US\$ 655.3 / oz tr.	2.0	-2.7	5.3

As of **July 4**, the quotation of gold was US\$ 655.3 per troy ounce in a context market of the International Monetary Fund's announcement that it delays selling gold for 400 MT in its schedules, and with the depreciation of the dollar against the euro and yen seen during this week.

In **June**, the average price of **copper** decreased from US\$ 3.49 to US\$ 3.39 per pound (2.7 percent). This result was associated with signs of lower demand from China –Inventories in Shanghai Stock Exchange have tripled since the start of the year, indicating that the country may be oversupplied–, expectations of a lower demand by US –deceleration higher than expected in the housing market–. However, this result was partially offset by likelihood of a workers' strike in the main mines of Chile, Peru and Mexico.



Jul 4, 07	Percentage change		
	Weekly	Monthly	Annual
US\$ 3.60 / pound.	7.7	5.2	5.7

As of **July 4**, the quotation of copper recorded US\$ 3.60 per pound; in a context marked by a new drop of global inventories

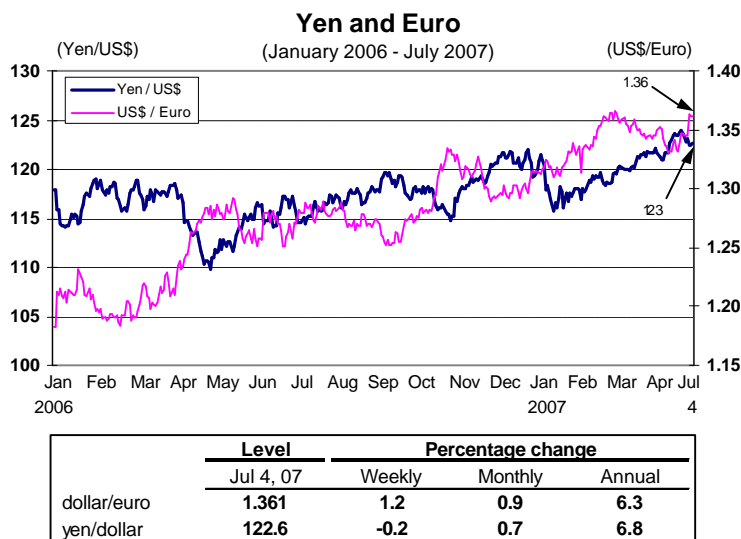
In **June**, the average price of **zinc** decreased from US\$ 1.74 to US\$ 1.63 per pound (5.9 percent). This result was basically influenced by higher speculation due to the political measures taken by the Chinese government to cool down its economy, by higher levels of inventories at the London Metal Exchange, and by reports of the International Lead and Zinc Study Group (ILZSG) indicating that there had been a surplus of 53 thousand MT in the zinc market during the first four months of this year.



The price of zinc as of **July 4** was US\$ 1.57 per pound, a result associated with speculations of a new rise of inventories at the London Metal Exchange during the last week.

Dollar appreciated against the euro and the yen on June

On average, the **dollar** appreciated 0.6 percent against the **euro** and appreciated 1.5 percent against the **yen** on **May**. The dollar strengthened against the main currencies due to the expectation of that Federal Reserve keeps neutral in the short term and higher attractiveness of fixed rent assets denominated in dollars. However, this result was partially offset by higher expectations that the interest rates will be raised in the Eurozone and by the decline of speculative operations carry trade of yen,



As of **July 4** the dollar appreciated 0.5 percent against the euro and 0.4 percent against the yen due to the increase in initial jobless claims in US, to the data of increase of employment in France, and to activity in Japan— the index leader of main indicators raised in May, according to preliminary data—.

Yield on 10-year US Treasuries increased to 5.10 percent on average in June

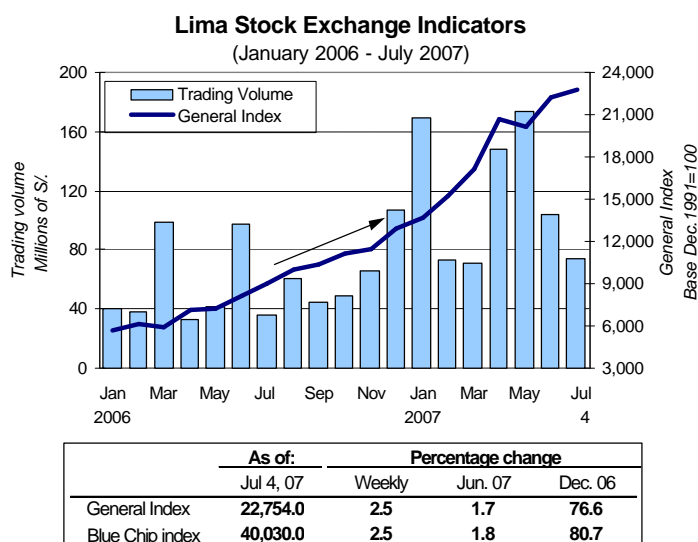
In **June**, the **3-month Libor** remained at 5.36 percent in average terms, while the yield on the **10-year US Treasury** bond increased from 4.75 to 5.10 percent. This evolution was associated with a positive outlook for the U.S. economy in the second Quarter and to the lower expectations of reduction in the interest rate for the Federal Reserve. However, the higher demand of saves haven assets, flight-to-quality effect, before the concerns generated by the housing market of higher risk (subprime) prevented a further increase of the yield on Treasury bonds.



As of **July 4**, the **3-month Libor** remained at 5.36 percent and the yield on the **10-year US Treasury** bond was 5.04 percent, a midst mix data of employment in US – higher initial jobless claims in US and higher growth of employment, according to private report ADP –.

Lima Stock Exchange increased to 11.1 percent on June

In **June**, the **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) increased 11.1 and 12.4 percent respectively, driven by positive expectations about the corporative results of the second quarter of this year in local Companies and greater dynamism in different sectors like agriculture due to positive the economic grounds of the country. However, the improvement in the LSE was offset by fall in the basic and precious metal price.



As of **July**, the **General** and **Blue Chip** indices of the Lima Stock Exchange have grown 1.7 and 1.8 percent respectively. This result was driven by extension of the next Free Trade Agreement between Peru and US and the approval of the Peruvian Congress of agreements to the FTA with US. In addition, so far this year, these indices have grown 76.6 and 80.7 percent respectively.