



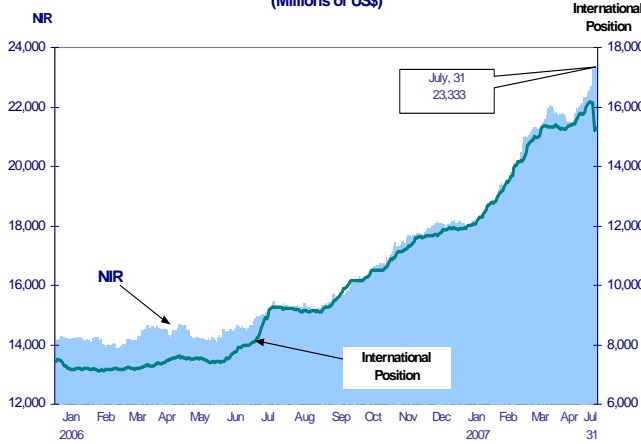
**Indicators**

- ➔ BCRP keeps its interbank interest rate
- ➔ NIRs: US\$ 23,333 million on July 31
- ➔ Exchange rate on August 1:  
S/. 3.159 per dollar
- ➔ Interbank interest rate at 4.79 percent on August 1
- ➔ Inflation in July: 0.48 percent
- ➔ Economic deficit of S/. 2,373 million in June 2007
- ➔ Country risk increased to 163 bps
- ➔ Lima Stock Exchange decreased 1.5 percent

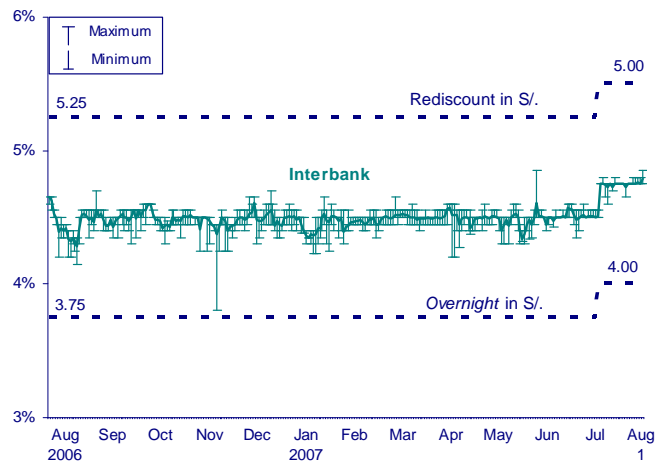
**Content**

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



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



**News**

- Weekly Report N° 30-2007
- International Reserves Management: June 2007
- 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
- Monetary Policy in a Dual Currency Environment
- Quarterly Charts

**Monetary and Exchange Operations 01/08/2007**

2:00 p.m. Auction sales of 1-day Repo amounting to S/. 200 million at an average interest rate of 4.89 percent.

1:49 a.m. The BCRP announced a securities repo auction for : -1 day amounting to S/. 200 million.

01:30 p.m. The Central Bank does not purchase US\$.

01:00 p.m. Auction sales of 1-day Repo amounting to S/. 100 million at an average interest rate of 4.83 percent.

11:58 a.m. The initial liquidity of the banking system was positive in S/. 35 million. The BCRP announced a securities repo auction for : -1 day amounting to S/. 800 million.

**Our website**

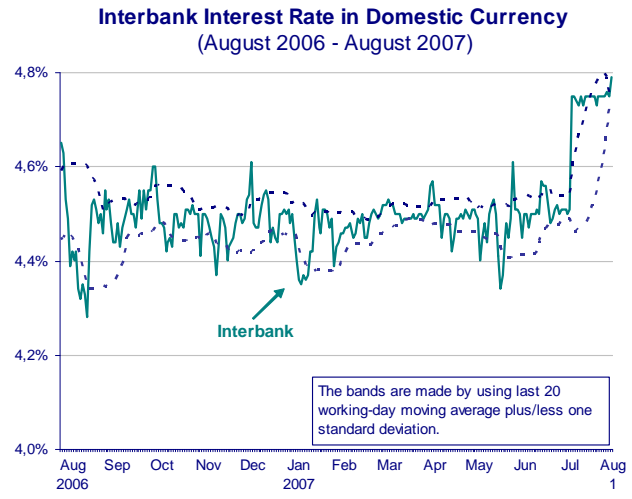
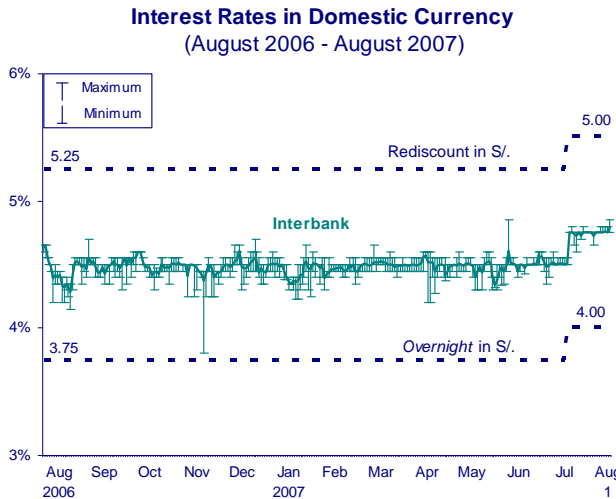
<http://www.bcrp.gob.pe>

- Informative note on the Monetary Program: August 2007. BCRP maintains the reference interest rate at 4.75%
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## Average interbank interest rate at 4.79 percent on August 1

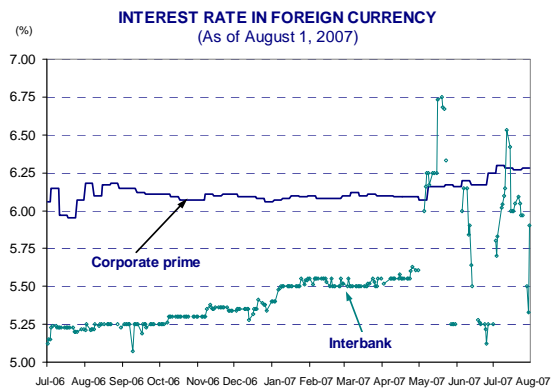
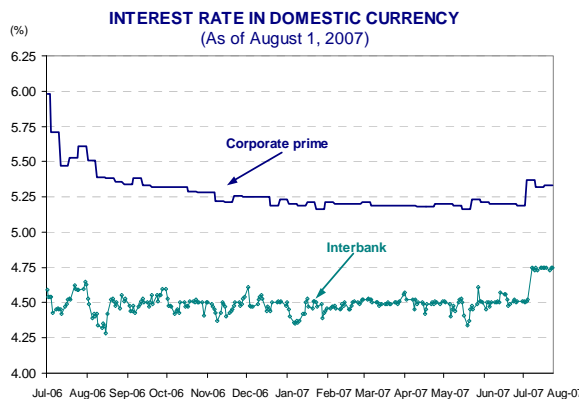
The average interbank interest rate in domestic currency by August 1 was 4.79 percent, a level higher than the one posted in July (4.69 percent). Between July 25 and August 1, this rate increased from 4.75 to 4.79 percent.

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	4.69	0.09
Aug 1	4.79	n.a.



## Corporate prime rate in soles increased to 5.44 percent

Between **July 25** and **August 1**, the daily average of the 90-day corporate prime rate in domestic currency increased from 5.33 to 5.44 percent, while this rate in dollars increased from 6.27 to 6.28 percent.

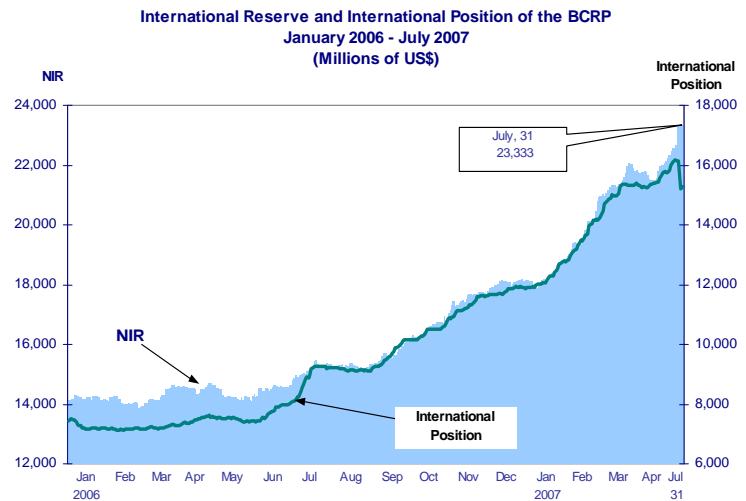


## Monetary operations

Between **July 26** and **August 1, 2007**, the BCRP carried out the following monetary operations: i) auctions of BCRP Certificates of Deposit with 1-day, 3-day and 1-week maturities for a daily average of S/. 460 million, with average interest rates on these operations ranging between 4.75 and 4.85 percent; ii) overnight deposits in domestic currency for a total of S/. 773.3 million; and iii) sales of foreign currency (US\$. 904.2 million) to the Public Treasury for the repayment of the external debt.

## International reserves amount to US\$ 23,333 million on July 31

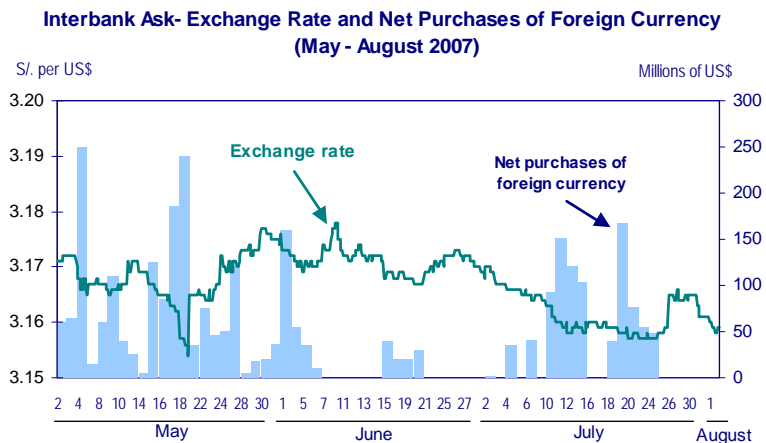
Net international reserves (NIRs) increased by US\$ 1,805 million relative to end June and amounted to US\$ 23,333 million on **July 31**. This increase in the balance of NIRs was mainly due to BCRP exchange operations (US\$ 947 million), banks' higher deposits (US\$ 235 million), public sector's higher deposits (US\$ 1,579 million), better values of other securities (US\$ 73 million) and higher investment yield (US\$ 69 million). This result was offset by sales of foreign currency to the Public Treasury for the repayment of the external debt (US\$ 1,104 million).



Furthermore, the **international position of the BCRP** on July 31 (US\$ 15,286 million) decreased by US\$ 20 million relative to end June.

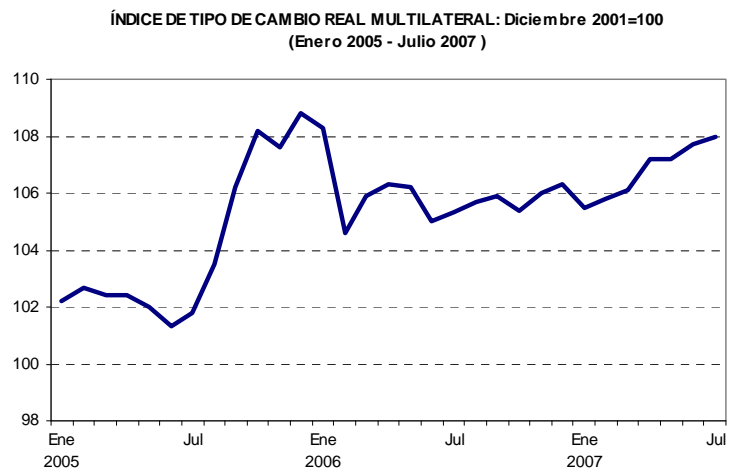
## Exchange rate: S/. 3.159 per dollar

**Between July 25 and August 1**, the average ask price of the interbank exchange rate remained unchanged at S/. 3.159 per dollar, as a result of which the Nuevo Sol appreciated 0.2 percent relative to end June. The Central Bank did not intervene in the exchange market during this period.



## Real exchange rate rose 0.3 percent in July

In July the real multilateral exchange rate increased 0.3 percent relative to June 2007 as a result of the following factors: a 0.3 percent rate of external inflation, a 0.5 percent of domestic inflation and a 0.5 percent nominal depreciation of the Nuevo Sol against the basket of currencies of Peru's main trading partners. In the last 12 month, the real exchange rate increased 2.6 percent.

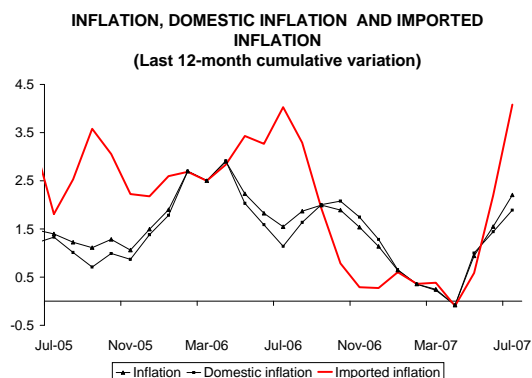
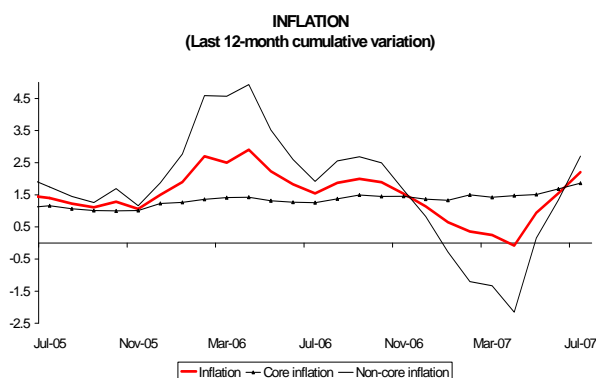


## Inflation: 0.48 percent in July

**Inflation** in July was 0.48 percent, as a result of which last 12-month inflation accumulated 2.21 percent. Three products contributed with 0.30 percentage points to inflation in July: bread (0.19 points), papaya (0.06 points) and oils (0.05 points). On the other hand, three products contributed with -0.13 percentage points to the rate of inflation in July: fresh legumes (-0.06 points), chicken (-0.04 points) and carrots (-0.03 points).

**INFLATION**  
(Annual percentage change)

	Weighting	Monthly	12-month indicator			Annual average indicator		
		Jul. 2007	Jul. 2006	Jun. 2007	Jul. 2007	Jul. 2006	Jun. 2007	Jul. 2007
<b>I. CORE INFLATION</b>	<b>60.6</b>	<b>0.23</b>	<b>1.25</b>	<b>1.68</b>	<b>1.86</b>	<b>1.22</b>	<b>1.44</b>	<b>1.49</b>
<b>Goods</b>	<b>34.0</b>	<b>0.18</b>	<b>0.60</b>	<b>1.37</b>	<b>1.64</b>	<b>0.77</b>	<b>0.97</b>	<b>1.06</b>
Food	13.0	0.36	0.69	1.28	2.01	0.74	1.41	1.52
Textile and footwear	7.6	0.20	1.36	2.46	2.50	1.45	1.96	2.05
Electrical appliances	1.0	-0.43	0.12	-1.73	-1.99	-0.78	-0.97	-1.14
Other industrial goods	12.5	0.02	0.06	1.00	0.97	0.51	0.04	0.12
<b>Services</b>	<b>26.6</b>	<b>0.28</b>	<b>2.07</b>	<b>2.07</b>	<b>2.14</b>	<b>1.77</b>	<b>2.02</b>	<b>2.03</b>
Restaurants	12.0	0.28	1.14	1.61	1.88	1.05	1.32	1.38
Education	5.1	0.25	3.45	3.60	3.76	2.95	3.61	3.63
Health	1.3	0.39	-0.44	0.90	1.38	1.63	0.57	0.72
Renting	2.3	-0.10	1.20	-0.49	-0.39	1.05	-0.27	-0.40
Other services	5.9	0.42	3.59	2.75	2.22	2.43	3.13	3.01
<b>II. NON CORE INFLATION</b>	<b>39.4</b>	<b>0.85</b>	<b>1.91</b>	<b>1.34</b>	<b>2.71</b>	<b>2.65</b>	<b>0.70</b>	<b>0.77</b>
Food	22.5	1.23	1.09	1.90	4.44	2.36	1.21	1.49
Fuel	3.9	0.07	9.11	3.13	3.08	7.95	0.82	0.37
Transportation	8.4	0.66	1.69	0.20	0.04	1.90	0.79	0.65
Utilities	4.6	0.14	-1.96	-1.89	-1.85	-0.72	-2.43	-2.42
<b>III. CPI</b>	<b>100.0</b>	<b>0.48</b>	<b>1.55</b>	<b>1.55</b>	<b>2.21</b>	<b>1.82</b>	<b>1.13</b>	<b>1.19</b>
<b>Note.-</b>								
Imported Inflation	12.1	1.80	4.03	2.20	4.08	2.91	1.21	1.22
Core Inflation	47.6	0.19	1.41	1.79	1.82	1.34	1.45	1.48
Total foods	33.2	0.98	0.84	1.57	3.62	1.92	1.14	1.37



**Core inflation** in July was 0.23 percent and accumulated 1.9 percent over the last twelve months. **Non-core inflation** was 0.85 percent and accumulated 2.7 percent over the last twelve months. **Core inflation excluding food products and beverages** was 0.19 percent (1.8 percent in the last twelve months). **Imported inflation** in the month was 1.80 percent (4.1 percent in the last twelve months).

## Survey on macroeconomic expectations: August 2007

Between July 10 and 31, the BCRP conducted its Monthly Survey on Macroeconomic Expectations among 22 financial entities, 25 economic analysts and 375 non-financial companies.

The survey results indicate that inflation in 2007 is expected to be between 1.50-2.00 percent, that is, within the BCRP target range (between 1.0 and 3.0 percent). However, the group integrated by financial entities now expects inflation to range this year between 1.90 and 2.0 percent.

The three surveyed groups coincided in estimating a 7.5 percent growth of GDP this year. Non-financial companies and economic analysts maintained their expectations unchanged, while financial entities estimated a higher growth rate than in the previous survey (7.5 vs. 7.4 percent).

Moreover, the expectations of the different groups regarding the evolution of exchange ranged between an exchange rate of S/ 3.16 and an exchange rate of S/ 3.18 per dollar.

### FINANCIAL SYSTEM INSTITUTIONS (Median1/ of the sample)

	Date of the survey		
	May.31 2/	Jun.27 3/	Jul.31 3/
<b>Inflation (%)</b>			
August	0.15	0.20	0.23
September	0.15	0.15	0.21
Annual: 2007	1.88	1.90	2.00
2008	2.00	2.00	2.18
2009	2.50	2.50	2.50
<b>GDP growth (%)</b>			
June	6.7	7.0	7.5
July	6.8	7.0	7.4
Annual: 2007	7.1	7.4	7.5
2008	6.5	6.5	6.5
2009	6.0	6.0	6.0
<b>Exchange rate (S/ per US\$)</b>			
August	3.16	3.17	3.16
September	3.16	3.17	3.16
Annual: 2007	3.16	3.17	3.16
2008	3.20	3.20	3.19
2009	3.21	3.22	3.22
<b>Interbank interest rate (%)</b>			
<i>In nuevos soles</i>			
August	4.50	4.50	4.75
September	4.55	4.50	4.75
Annual: 2007	4.70	4.73	4.75
2008	4.90	5.00	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/ 25 financial institutions.  
 3/ 22 financial institutions.

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

	Date of the survey		
	May.31 2/	Jun.27 3/	Jul.31 3/
<b>Inflation (%)</b>			
Annual: 2007	1.45	1.50	1.50
2008	1.50	1.50	1.50
2009	1.50	1.65	1.67
<b>GDP growth (%)</b>			
Annual: 2007	7.4	7.5	7.5
2008	7.0	7.0	7.0
2009	7.0	7.0	7.0
<b>Exchange rate (S/ per US\$)</b>			
December 2007	3.18	3.18	3.18
December 2008	3.20	3.20	3.20
December 2009	3.24	3.24	3.24

- 1/ The median indicates the sample central value which reduces any bias caused by extreme values.  
 2/ 388 non-financial institutions.  
 3/ 385 non-financial institutions.  
 4/ 375 non-financial institutions.

### ANALYSTS (Median1/ of the sample)

	Date of the survey		
	May.31 2/	Jun.27 3/	Jul.31 3/
<b>Inflation (%)</b>			
August	0.15	0.15	0.20
September	0.15	0.10	0.20
Annual: 2007	1.87	2.00	2.00
2008	2.00	2.00	2.00
2009	2.00	2.20	2.00
<b>GDP growth (%)</b>			
June	6.9	7.0	7.5
July	7.0	7.0	7.6
Annual: 2007	7.4	7.5	7.5
2008	6.3	6.4	6.5
2009	6.0	6.0	6.0
<b>Exchange rate (S/ per US\$)</b>			
August	3.17	3.17	3.16
September	3.17	3.17	3.16
Annual: 2007	3.17	3.17	3.17
2008	3.20	3.20	3.20
2009	3.25	3.21	3.20
<b>Interbank interest rate (%)</b>			
<i>In nuevos soles</i>			
August	4.50	4.50	4.60
September	4.51	4.50	4.75
Annual: 2007	4.50	4.50	4.75
2008	4.75	4.80	5.00
2009	4.95	5.00	5.00

- 1/ The median indicates the sample central value which reduces any bias caused by extreme values.  
 2/ 20 analysts.  
 3/ 24 analysts.  
 4/ 25 analysts.

## Economic deficit of S/. 2,373 million in June 2007

Contrasting with the economic surplus (S/. 338 million) observed in the same month last year, the operations of the central government in June recorded an economic deficit of S/. 2,373 million. This result reflected increased transfers to local governments on account of mining royalties (S/. 3,055 million) due to the change implemented in the modality of transfers as of this year (partial transfers were previously made throughout the year, while a single transfer is currently executed). Excluding this effect as well as transfers to other entities, the economic result of the central government amounted to S/. 1,535 million, a sum that was S/. 468 million higher than the one observed in June 2006.

### CENTRAL GOVERNMENT OPERATIONS (Million of Nuevos Soles)

	June			January - June		
	2006	2007	% Chg Real	2006	2007	% Chg Real
<b>1. CURRENT REVENUES</b>	<b>3,967</b>	<b>4,625</b>	<b>14.8</b>	<b>26,781</b>	<b>30,889</b>	<b>14.7</b>
A. TAX REVENUE	3,410	4,060	17.3	23,346	26,776	14.1
B. NON TAX REVENUE	558	565	-0.4	3,436	4,113	18.9
<b>2. NON-FINANCIAL EXPENDITURE</b>	<b>3,187</b>	<b>6,559</b>	<b>102.7</b>	<b>18,174</b>	<b>23,102</b>	<b>26.2</b>
A. CURRENT EXPENDITURE	2,821	6,107	113.1	16,587	21,345	27.7
B. CAPITAL EXPENDITURE	366	452	21.8	1,587	1,757	10.0
<b>3. CAPITAL REVENUES</b>	<b>26</b>	<b>27</b>	<b>3.2</b>	<b>183</b>	<b>146</b>	<b>-21.0</b>
<b>4. PRIMARY BALANCE</b>	<b>806</b>	<b>-1,907</b>		<b>8,791</b>	<b>7,933</b>	
<b>5. INTEREST PAYMENTS</b>	<b>468</b>	<b>466</b>	<b>-2.0</b>	<b>2,608</b>	<b>2,698</b>	<b>2.7</b>
<b>6. OVERALL BALANCE</b>	<b>338</b>	<b>-2,373</b>		<b>6,182</b>	<b>5,235</b>	
<b>7. NET FINANCING</b>	<b>-338</b>	<b>2,373</b>		<b>-6,182</b>	<b>-5,235</b>	
1. External	-386	-318		-1,645	-1,988	
A. Disbursements	51	73		421	7,720	
B. Amortizations	-437	-391		-2,066	-9,708	
2. Domestic	43	2,687		-4,581	-3,327	
3. Privatization	5	5		44	80	
Memo:						
<b>Net non-financial expenditures of transfers to other public entities</b>	<b>2,458</b>	<b>2,651</b>	<b>6.2</b>	<b>14,042</b>	<b>14,823</b>	<b>4.9</b>

The economic deficit in June determined a positive **domestic financing** of S/. 2,687 million as a result of lower Public Treasury deposits.

The last 12-month economic surplus of the central government –**trend indicator**– decreased from S/. 6,167 million in May to S/. 3,455 million in June 2007. This evolution was associated with the change implemented in the periodicity of transfers to local governments, as previously mentioned.

**Central government's current revenues in June (S/. 4,625 million) increased 15 percent in real terms relative to June 2006.** This result was explained by the evolution of tax revenues (S/. 4,060 million), which grew 17 percent in real terms as a result of a 20 percent increase in the income tax, a 13 percent increase in the VAT and an 11 percent increase in the excise tax.

**In June, the non-financial expenditure of the central government (S/. 6,559 million) increased 103 percent in real terms relative to the same month last year. Non-financial expenditure on account of transfers to other public sector entities amounted to S/. 2,651 million, which represented a 6.2 percent increase in real terms relative to June 2006 due to the increase observed in capital expenditure (22 percent).** Salaries and wages grew 3 percent in real terms, while goods and services decreased by 1 percent.

**CENTRAL GOVERNMENT OPERATIONS**  
(Million of Nuevos Soles, accumulated 12 month) \*

	Periods of 12 month				
	Jul 2005	Jun 2006	Jul 2006	% Chg Real	
	Jun 2006	May 2007	Jun 2007	C/A	C/B
	A	B	C		
<b>1. CURRENT REVENUES</b>	<b>47,188</b>	<b>56,166</b>	<b>56,823</b>	<b>19.2</b>	<b>1.0</b>
A. TAX REVENUE	40,807	48,265	48,916	18.7	1.2
B. NON TAX REVENUE	6,381	7,900	7,907	22.5	0.0
<b>2. NON-FINANCIAL EXPENDITURE</b>	<b>40,583</b>	<b>44,816</b>	<b>48,188</b>	<b>17.3</b>	<b>7.3</b>
A. CURRENT EXPENDITURE	35,415	38,724	42,009	17.2	8.3
B. CAPITAL EXPENDITURE	5,168	6,092	6,179	18.1	1.3
<b>3. CAPITAL REVENUES</b>	<b>443</b>	<b>322</b>	<b>323</b>	<b>-27.8</b>	<b>0.3</b>
<b>4. PRIMARY BALANCE</b>	<b>7,047</b>	<b>11,672</b>	<b>8,958</b>		
<b>5. INTEREST PAYMENTS</b>	<b>5,164</b>	<b>5,505</b>	<b>5,503</b>	<b>5.3</b>	<b>-0.2</b>
<b>6. OVERALL BALANCE</b>	<b>1,884</b>	<b>6,167</b>	<b>3,455</b>		
<b>7. FINANCING</b>	<b>-1,884</b>	<b>-6,167</b>	<b>-3,455</b>		
1. External	-4,794	-2,242	-2,174		
A. Disbursements	7,009	9,232	9,254		
B. Amortizations	-11,803	-11,474	-11,429		
2. Domestic	2,785	-4,265	-1,621		
3. Privatization	125	340	340		

Memo:

<b>Net non-financial expenditures of transfers to other public entities</b>	<b>31 810</b>	<b>33 693</b>	<b>33 886</b>	<b>5.3</b>	<b>0.5</b>
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\* To avoid the volatility of monthly series, this chart presents the annual accumulated result. This series are in the chart of Weekly Report

## Monetary base as of Jul 31, 2007

The balance of the **monetary base** as of July 31 (S/.14,758 million) increased 5.3 percent (S/. 743 million) relative to end June. On average, the monetary base grew at an annual rate of 25.8 percent in this period (26.9 percent in June).

By sources, operations contributing to the expansion of the monetary base included purchases of dollars (US\$ 933 million, or S/. 2,947 million), net placements of BCRP Certificates of Deposits (S/. 1,517 million) and purchases of REPOS (S/.400 millions). Conversely, the monetary base contracted due to net sales of dollars to the public sector (US\$ 1,091 million, or S/. 3,451 million) and higher public sector deposits (S/. 566 million) and banks' higher overnight deposits (S/. 154 million).

## Liquidity and credit to the private sector as of July 7

In the last four weeks, liquidity in **domestic currency** increased 2.2 percent (S/. 831 million), reaching a balance of S/. 39,460 million (annual growth of 35.9 percent). Credit to the private sector in domestic currency grew 3.0 percent (S/. 874 million), thus reaching a balance of S/. 30,156 million (annual growth of 40.6 percent).

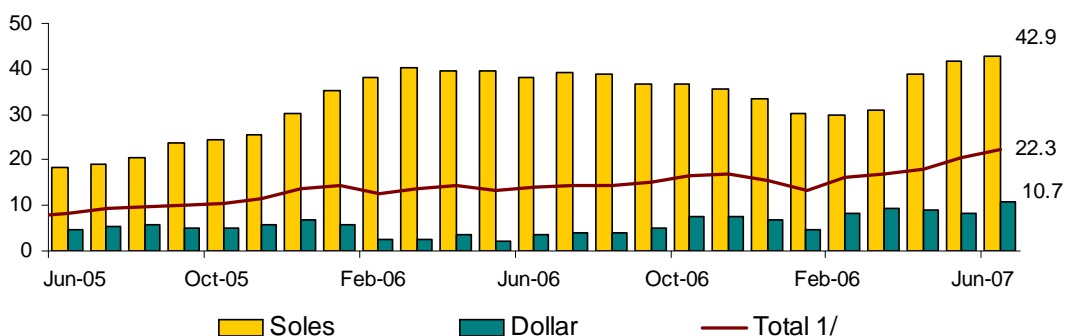
Moreover, liquidity in **foreign currency** increased 1.0 percent (US\$ 138 million), thus reaching a balance of US\$ 14,363 million (annual growth of 19.1 percent). Credit to the private sector in foreign currency grew 3.2 percent (US\$ 398 million), reaching a balance of US\$ 13,027 million (annual growth of 9.3 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
<b>2005</b>										
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%
<b>2006</b>										
Jan.	-7.2%	25.0%	-4.7%	29.1%	1.8%	38.0%	3.3%	14.5%	-3.5%	2.4%
Feb.	0.3%	22.9%	0.9%	25.0%	2.8%	40.4%	1.7%	17.1%	0.0%	2.5%
Mar.	0.8%	24.2%	2.5%	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%	18.6%	3.2%	30.4%	2.0%	14.6%	-1.8%	4.6%
<b>2007</b>										
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%
Jul.7	5.9%	28.0%	2.2%	35.9%	3.0%	40.6%	1.0%	19.1%	3.2%	9.3%
Memo:										
Balance as of Jul. 7 (Mill.S./or Mill.USS)		13,919		38,629		29,282		14,225		12,629
Balance as of Jul. 7 (Mill.S./or Mill.USS)		14,734		39,460		30,156		14,363		13,027

## Evolution of credit to the private sector

In June **credit to the private sector** increased 3.6 percent (S/. 2,492 million), as a result of which the annual growth of credit to the private sector relative to June 2006 was 20.1 percent (22.3 percent if a constant exchange rate is considered).

**CREDIT TO THE PRIVATE SECTOR**  
(Annual growth)



1/ The total calculates to constante exchange rate

Credit to the private sector in **Nuevos Soles** was 2.9 percent rate (S/. 847 million) on June, higher than May (2.6 percent). By type of institution, this growth was mainly driven by banks (6.7 percent, or S/. 1,340 million), and investment mutual funds (8.1 percent, or S/. 152 million). In the other



hand, there was a lower credit balance showed by financial companies reduced 50.1 percent (with a negative flow of S/. 752 million) due to the change of the ex Financiera CMR into the Banco Falabella.

The growth on credit by **banks** in Nuevos Soles on June (6.7 percent) was mainly driven by credit to consumption (14.1 percent or S/. 992 million), which corresponds mainly to the new Banco Falabella specialized on that sector. Mortgage in June was the most dynamic (5.9 percent or S/. 66 millions) with 149.7 percent on the last 12 months.

The last-12 month rate of growth was 42.9 percent (S/. 9,059 million), with banks accounting mostly for this result (S/. 6,548 million).

## CREDIT TO THE PRIVATE SECTOR IN DOMESTIC CURRENCY

	Balance of million in Nuevos Soles			Growth rates	
	June 06	May 06	June 07	Jun.07/ Jun.06	Jun.07/ May.07
Commercial banks	14,798	20,006	21,346	44.3	6.7
State bank	1,597	2,087	2,144	34.2	2.7
Microfinance institutions	3,122	3,854	3,905	25.1	1.3
Financial companies	1,250	1,501	749	-40.1	-50.1
Mutual funds	344	1,875	2,026	488.4	8.1
<b>TOTAL</b>	<b>21,111</b>	<b>28,588</b>	<b>29,323</b>	<b>42.9</b>	<b>2.9</b>

Credit to the private sector **in dollars** grew 4.1 percent (US\$ 519 million) in June, higher than 1.6 percent registered in May. This outcome is explained mainly by an increase in the loans granted by banks (US\$ 568 million in June against US\$ 182 million in May). Particularly in the manufacturing sector. Corporative credit represent the main part of the dollar credits in June (5.6 percent growth, or US\$ 442 millions)

Over the last 12 months, credit in foreign currency grew at a rate of 10.7 percent (US\$ 1,264 million). Banks and mutual funds accounted for this growth with loans granted for a total of US\$ 1,032 million and US\$ 137 million respectively.

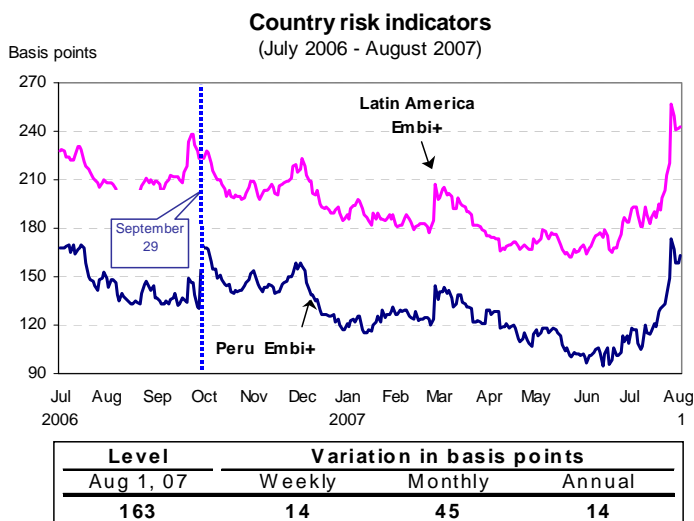
## CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY

	Balance of million in dollars			Growth rates	
	June 06	May 06	June 07	Jun.07/ Jun.06	Jun.07/ May.07
Commercial banks	10,436	10,900	11,468	9.9	5.2
State bank	184	176	174	-5.3	-0.8
Microfinance institutions	544	660	663	21.8	0.5
Financial companies	41	42	26	-36.6	-38.1
Mutual funds	656	828	793	20.9	-4.2
<b>TOTAL</b>	<b>11,861</b>	<b>12,606</b>	<b>13,125</b>	<b>10.7</b>	<b>4.1</b>

## International markets

### Country risk at 163 basis points on August 1

In **July**, the average country risk indicator –measured by the **EMBI+ Peru** spread– increased from 104 to 129 basis points, following the evolution of spreads in the rest of the region. This indicator was affected by increased aversion to risk in the main financial markets of the world due to concerns that the problems in the US subprime mortgage market might affect economic growth in the United States.

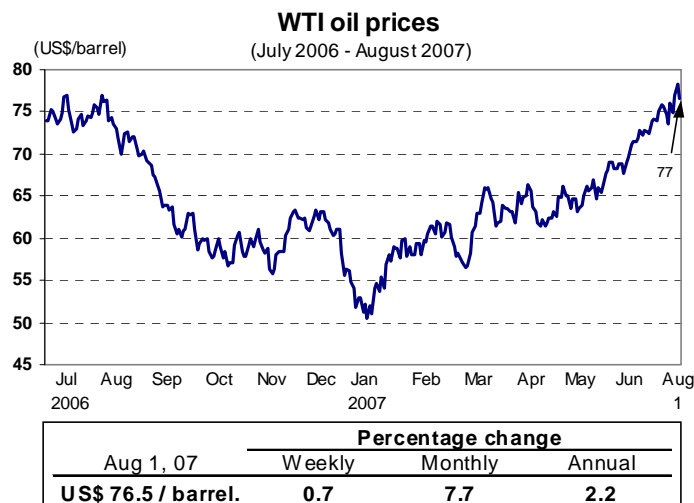


It is worth pointing out that both the rating agency Fitch and the rating agency Standard & Poor's raised their outlooks on the Peruvian debt in the month of July (from neutral to positive and from stable to positive respectively). As a result of this, the country has come a step closer to obtaining an investment grade.

The **EMBI+ Peru** was 163 basis points on August 1.

### Average price of petroleum increased to US\$ 74.0 per barrel in July

The average price of **WTI petroleum** increased from US\$ 67.5 to US\$ 74.0 per barrel (9.7 percent). Factors contributing to this rise included an increase in the demand for fuel in the US and China, concerns about supply interruptions given recent insurgent attacks in Nigeria and the close of oil fields in the North Sea for the maintenance of oil pipes, the fact that the rate of refining operations has reached 91.7 percent of its capacity (the highest rate observed since September 2006), and a recent report by the International Energy Agency indicating that global demand will grow 2.5 percent next year.



On August 1 the price of **WTI petroleum** rose to US\$ 76.5 per barrel.

In **July**, the average price of **gold** increased 1.6 percent when it rose from US\$ 655.9 to US\$ 666.3 per ounce troy. This rise was associated with the depreciation of the dollar against the main other currencies, which increased the appeal of gold as an investment asset, and with an increase in the price of energy that encouraged the demand of gold as a hedge asset. However, this rise in the price of this metal was offset by reports indicating that some European central banks had increased their sales of gold (the European Central Bank reported that three member countries had sold US\$ 288 million worth of gold).



Aug 1, 07	Percentage change		
	Weekly	Monthly	Annual
<b>US\$ 665.1 / oz tr.</b>	<b>-1.2</b>	<b>1.1</b>	<b>4.4</b>

The price of gold reached US\$ 665.1 per ounce troy on **August 1**.

In July the average price of **copper** increased from US\$ 3.39 to US\$ 3.62 per pound (6.7 percent). This increase was influenced by an interruption of supply as a result of mining strikes in Latin America (which included Codelco's Andean division) and speculations that China's demand for copper will increase, given the fast pace of growth achieved in this country in the second quarter of 2007 –the highest rate of growth seen in the last twelve years.

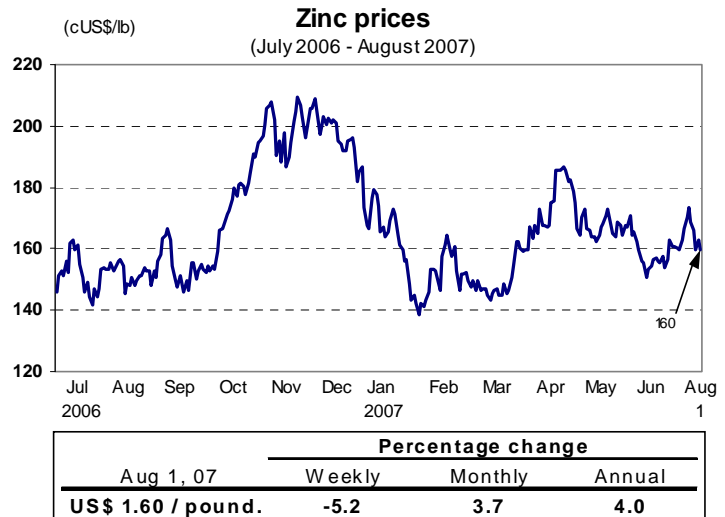


Aug 1, 07	Percentage change		
	Weekly	Monthly	Annual
<b>US\$ 3.61 / pound.</b>	<b>-0.3</b>	<b>2.8</b>	<b>1.0</b>

However, expectations of a lower demand for copper in the US given the abrupt correction seen in the subprime market prevented the price of copper from increasing even further.

The price of copper on **August 1** was US\$ 3.61 per pound.

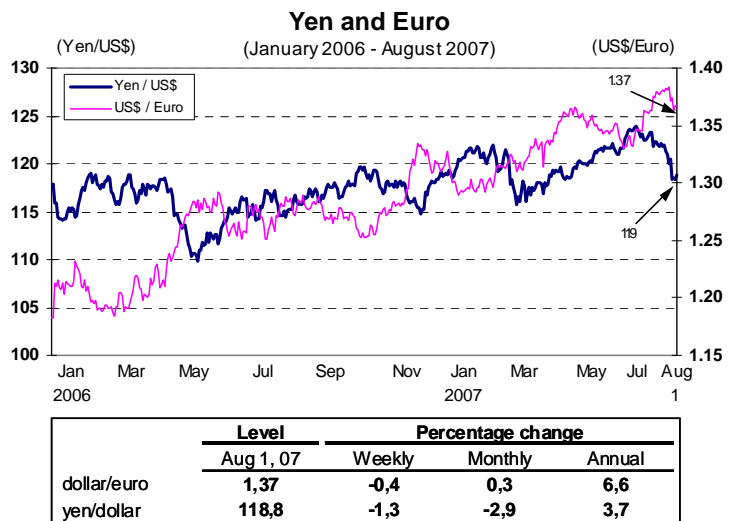
In **July**, the average price of **zinc** fell from US\$ 1.63 to US\$ 1.61 per pound (1.4 percent). This result was influenced by expectations of a lower demand for this metal in the US after the abrupt adjustment seen in the subprime real estate market in that country. However, the drop of inventories of copper at the London Metal Exchange during the month and the dissemination of a report published by an investment bank that pointed out that zinc could show a good performance in the short term when Chinese exports decline and the production of iron increases contributed to prevent the price of zinc from dropping even further.



The price of zinc on **August 1** was US\$ 1.60 per pound.

**On average terms, the dollar depreciated against the euro and the yen**

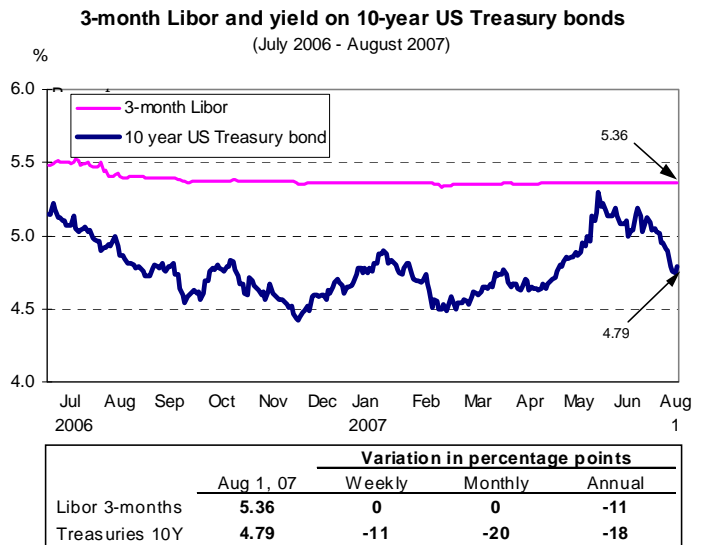
On average terms, the **dollar** depreciated 2.3 percent against the **euro** and 1.0 percent against the **yen** in July. The dollar weakened against the main other currencies due to increased expectations that the crisis of the subprime mortgage market in the US would extend to overall economic activity and due to the FED's forecasts of a lower growth of GDP for this and next year. Other factors contributing to the depreciation of the dollar were higher expectations that interest rates in the Eurozone will be raised and the reversal seen in carry trade operations associated with the yen.



On **August 1**, the exchange rate of the American dollar against the euro and the yen was 1.37 and 118.8 respectively.

**Yield on 10-year US Treasuries decreased to 4.99 percent on average**

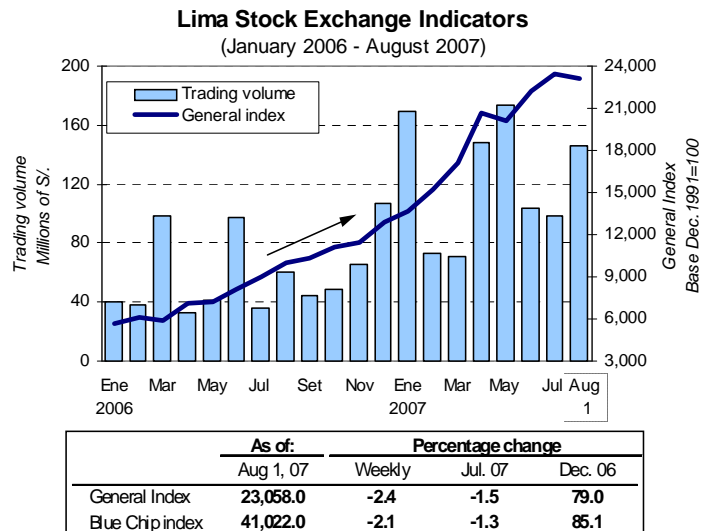
In the month of **July**, the **3- month Libor** remained at 5.36 percent and the yield on the 10-year **US Treasury bond** decreased from 5.10 to 4.99 percent. This result was due to increased aversion to risk as a result of the problems of the subprime mortgage market, which increased demand for low risk assets (flight to quality). Furthermore, the US Federal Reserve's forecasts of a lower pace of growth in 2007 and 2008 contributed to the decline of the yield on the long-term Treasury bonds.



On **August 1** the **3- month Libor** was 5.36 percent and the yield on the 10-year **US Treasury bond** was 4.79 percent.

**Lima Stock Exchange grew 4.7 percent in July**

In July the **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) grew 4.7 and 5.7 percent respectively. These results were driven by the rise in the international prices of basic and precious metals, particularly copper and gold; by the positive financial reports of some local companies in the second quarter of the year; and by the higher dynamism seen in some sectors –such as the agricultural sector– as a result of the positive economic fundamentals observed in the country.



On August 1 the **General** and **Blue Chip** indices of the LSE fell -1.5 and -1.3 percent respectively in a context of an investors' profit take due to the volatility shown by financial markets in the region. So far this year the indices have grown 79.0 and 85.1 percent respectively.

**Resumen de Indicadores Económicos / Summary of Economic Indicators**

	2005	2006	2007											
	DIC.	DIC.	Enc	Feb	Mar	Abr	May	Jun	26 Jul.	27 Jul.	30 Jul.	31 Jul.	Jul	1 Ago.
<b>RESERVAS INTERNACIONALES (Mills. US\$) / INTERNATIONAL RESERVES</b>														
Posición de cambio / <i>Net international position</i>	7 450	11 086	11 677	11 925	12 403	13 589	15 067	15 305	16 146	15 214	15 236	15 286	Var.	-20
Reservas internacionales netas / <i>Net international reserves</i>	14 097	17 275	17 849	18 136	18 427	19 704	21 271	21 528	23 351	23 351	23 359	23 333	1 805	
Depósitos del sistema financiero en el BCRP / <i>Financial system deposits at BCRP</i>	4 165	3 481	3 538	3 630	3 629	3 374	3 452	3 523	3 763	3 811	3 791	3 759	235	
Empresas bancarias / <i>Banks</i>	4 076	3 312	3 345	3 392	3 245	3 114	3 268	3 395	3 656	3 698	3 681	3 649	254	
Banco de la Nación / <i>Banco de la Nación</i>	33	92	119	162	312	188	119	58	34	34	32	37	-21	
Resto de instituciones financieras / <i>Other financial institutions</i>	57	77	73	75	72	72	64	70	73	79	78	73	2	
Depósitos del sector público en el BCRP / <i>Public sector deposits at BCRP *</i>	2 533	2 778	2 708	2 673	2 490	2 870	2 904	2 854	3 553	4 436	4 436	4 433	1 579	
<b>OPERACIONES CAMBIARIAS BCR (Mill. US\$) / BCRP FOREIGN OPERATIONS</b>														
	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.					Acum.	
Compras netas en Mesa de Negociación / <i>Net purchases of foreign currency</i>	-581	645	560	141	411	1 043	1 469	207	0	-904	0	0	-158	0
Operaciones swaps netas / <i>Net swap operations</i>	-345	695	610	310	610	1 330	1 671	371	0	0	0	0	933	0
Operaciones con el Sector Público / <i>Public sector</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	-237	-50	-50	-168	-200	-300	-201	-168	0	-904	0	0	-1 091	0
<b>TIPO DE CAMBIO (S/. por US\$) / EXCHANGE RATE</b>														
	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.					Prom.	
Compra interbancario / <i>Interbank</i>	Promedio / <i>Average</i>	3,423	3,204	3,192	3,190	3,185	3,178	3,167	3,170	3,164	3,163	3,163	3,160	3,158
	Apertura / <i>Opening</i>	3,427	3,207	3,193	3,191	3,186	3,179	3,168	3,171	3,166	3,165	3,165	3,162	3,160
Venta Interbancario / <i>Interbank Ask</i>	Mediodía / <i>Midday</i>	3,425	3,206	3,193	3,191	3,186	3,179	3,168	3,171	3,166	3,165	3,165	3,161	3,158
	Cierre / <i>Close</i>	3,424	3,206	3,193	3,191	3,186	3,179	3,169	3,171	3,166	3,163	3,163	3,161	3,159
	Promedio / <i>Average</i>	3,426	3,206	3,193	3,191	3,186	3,179	3,168	3,171	3,165	3,163	3,164	3,161	3,159
Sistema Bancario (SBS) / <i>Banking System</i>	Compra / <i>Bid</i>	3,423	3,205	3,192	3,190	3,185	3,178	3,167	3,170	3,163	3,163	3,162	3,160	3,158
	Venta / <i>Ask</i>	3,425	3,206	3,193	3,191	3,186	3,179	3,168	3,171	3,164	3,164	3,164	3,161	3,160
Índice de tipo de cambio real (2001 = 100) / <i>Real exchange rate Index (2001 = 100)</i>	108,8	106,3	105,5	105,8	106,1	107,2	107,2	107,7					108,0	
<b>INDICADORES MONETARIOS / MONETARY INDICATORS</b>														
<b>Moneda nacional / Domestic currency</b>														
Emisión Primaria / <i>Monetary base</i>	(Var. % mensual) / <i>(% monthly change)</i>	13,1	15,7	-6,8	1,5	1,3	1,9	0,4	3,0	5,0	6,1	5,9	5,3	5,3
	(Var. % últimos 12 meses) / <i>(% 12-month change)</i>	25,7	18,3	18,8	20,2	20,7	22,7	25,3	26,2				23,0	
Oferta monetaria / <i>Money Supply</i>	(Var. % mensual) / <i>(% monthly change)</i>	5,3	12,4	3,3	2,0	2,0	-1,4	1,7	5,7					
	(Var. % últimos 12 meses) / <i>(% 12-month change)</i>	19,5	18,0	27,3	29,1	29,1	33,2	37,2	43,7					
Crédito sector privado / <i>Crédit to the private sector</i>	(Var. % mensual) / <i>(% monthly change)</i>	7,0	3,1	1,1	2,7	3,4	4,6	2,3	5,8					
	(Var. % últimos 12 meses) / <i>(% 12-month change)</i>	34,8	29,0	27,5	27,6	30,3	34,5	36,9	41,8					
TOSE saldo fin de período (Var. % acum. en el mes) / <i>TOSE balance (% change)</i>		-0,7	1,0	10,5	-0,6	3,9	-3,7	5,4	4,2	0,0	1,6	0,9		
Superávit de encaje promedio (% respecto al TOSE) / <i>Average reserve surplus (% of TOSE)</i>		1,0	0,9	1,3	1,3	0,9	1,2	1,6	1,0	1,0	0,9	0,8		
Cuenta corriente de los bancos (saldo mill. S.) / <i>Banks' current account (balance)</i>		312	305	291	297	351	333	315	420	143	86	94	131	442
Créditos por regulación monetaria (millones de S.) / <i>Rediscounts (Millions of S.)</i>		0	0	0	0	0	0	0	0	0	0	0	0	0
Depósitos públicos en el BCRP (millones S.) / <i>Public sector deposits at the BCRP (Mills.S.)</i>		4 738	10 172	10 607	10 289	11 159	14 386	15 271	15 866	19 470	16 405	16 415	16 432	16 432
Certificados de Depósitos BCRP (saldo Mill.S.) / <i>CDBCRP balance (Millions of S.)</i>		7 676	8 066	10 736	11 603	12 016	11 735	16 021	15 852	14 335	14 335	14 335	14 335	14 335
CD Reajustables BCRP (saldo Mill.S.) / <i>CDBCRP balance (Millions of S.)</i>		1 202	0	0	0	0	0	0	0	0	0	0	0	0
Operaciones de reporte (saldo Mill. S.) / <i>repos (Balance millions of S.)</i>		2 850	0	0	0	0	0	0	0	600	400	400	400	1 200
TAMN / <i>Average lending rates in domestic currency</i>		23,63	23,08	23,75	23,57	23,31	22,74	22,09	22,39	23,18	23,19	22,54	22,62	23,26
Préstamos y descuentos hasta 360 días / <i>Loans &amp; discount</i>		13,93	13,79	14,04	14,22	14,03	13,56	13,31	13,14	12,82	12,84	12,87	12,86	12,91
Interbancaria / <i>Interbank</i>		3,34	4,51	4,47	4,48	4,50	4,51	4,49	4,52	4,75	4,75	4,76	4,75	4,69
Preferencial corporativa a 90 días / <i>Corporate Prime</i>		4,37	5,23	5,20	5,20	5,18	5,18	5,20	5,20	5,44	5,44	5,44	5,44	5,34
Operaciones de reporte con CDBCRP / <i>CDBCRP repos</i>		3,25	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	4,80	4,81	4,82	4,82	4,84
Créditos por regulación monetaria / <i>Rediscounts **</i>		4,00	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,50	5,50	5,50	5,50	5,50
Del saldo de CDBCRP / <i>CDBCRP balance</i>		4,72	5,12	5,15	5,25	5,24	5,29	5,22	5,26	5,32	5,32	5,32	5,32	5,32
<b>Moneda extranjera / Foreign currency</b>														
Crédito sector privado / <i>Crédit to the private sector</i>	(Var. % mensual) / <i>(% monthly change)</i>	-0,2	-2,3	-0,4	0,5	1,7	1,7	1,6	4,9					
	(Var. % últimos 12 meses) / <i>(% 12-month change)</i>	5,0	3,2	7,3	8,5	7,7	8,8	6,6	9,7					
TOSE saldo fin de período (Var. % acum. en el mes) / <i>TOSE balance (% change)</i>		7,5	2,4	-1,0	2,2	-0,9	2,8	4,9	-2,5	5,9	6,8	5,6		
Superávit de encaje promedio (% respecto al TOSE) / <i>Average reserve surplus (% of TOSE)</i>		0,4	0,3	0,2	0,2	0,3	0,2	0,3	0,2	0,8	0,5	0,4		
Créditos por regulación monetaria (millones de US dólares) / <i>Rediscounts</i>		0	0	0	0	0	0	0	0	0	0	0	0	0
TAMEX / <i>Average lending rates in foreign currency</i>		10,41	10,80	10,72	10,67	10,65	10,59	10,63	10,58	10,38	10,34	10,39	10,42	10,45
Préstamos y descuentos hasta 360 días / <i>Loans &amp; discount</i>		9,37	10,05	10,01	9,99	9,93	9,88	9,94	9,92	9,66	9,65	9,65	9,67	9,71
Interbancaria / <i>Interbank</i>		4,19	5,37	5,48	5,53	5,51	5,55	6,20	5,76	5,97	s.m.	5,50	5,33	6,05
Preferencial corporativa a 90 días / <i>Corporate Prime</i>		5,51	6,09	6,08	6,08	6,11	6,09	6,14	6,18	6,28	6,28	6,28	6,28	6,28
Créditos por regulación monetaria / <i>Rediscounts ***</i>		s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.
<b>INDICADORES BURSÁTILES / STOCK MARKET INDICES</b>														
	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.				Acum.	
Índice General Bursátil (Var. %) / <i>General Index (% change)</i>	-4,6	12,2	5,8	11,1	13,2	20,5	-2,6	11,1	-1,5	-0,4	-0,1	1,2	4,7	-1,5
Índice Selectivo Bursátil (Var. %) / <i>Blue Chip Index (% change)</i>	-4,9	12,1	3,5	12,6	11,3	21,8	0,0	12,4	-1,5	-0,4	0,2	1,0	5,7	-1,3
Monto negociado en acciones (Mill. S.) - Prom. diario	23,7	107,1	169,8	83,7	70,5	148,4	173,8	103,7	89,0	139,0	39,2	115,0	98,3	145,6
<b>INFLACIÓN (%) / INFLATION (%)</b>														
Inflación mensual / <i>Monthly</i>	0,42	0,03	0,01	0,26	0,35	0,18	0,49	0,47					0,48	
Inflación últimos 12 meses / <i>% 12 months change</i>	1,49	1,14	0,64	0,36	0,25	-0,08	0,94	1,55					2,21	
<b>GOBIERNO CENTRAL (Mill. S.) / CENTRAL GOVERNMENT (Mills. of S.)</b>														
Resultado primario / <i>Primary balance</i>	-2 451	-1 840	1 988	415	1 343	4 518	1 576	-1 907						
Ingresos corrientes / <i>Current revenue</i>	3 674	4 409	4 671	3 804	4 669	7 971	5 149	4 625						
Gastos no financieros / <i>Non-financial expenditure</i>	6 173	6 289	2 755	3 395	3 334	3 477	3 582	6 559						
<b>COMERCIO EXTERIOR (Mills. US\$) / FOREIGN TRADE (Mills. of US\$)</b>														
Balanza Comercial / <i>Trade balance</i>	924	1 117	250	506	665	598	635							
Exportaciones / <i>Exports</i>	1 975	2 545	1 711	1 872	2 064	2 063	2 114							
Importaciones / <i>Imports</i>	1 051	1 427	1 460	1 366	1 399	1 465	1 479							
<b>PRODUCTO BRUTO INTERNO (Índice 1994=100) / GROSS DOMESTIC PRODUCT</b>														
Variac. %, respecto al mismo mes del año anterior / <i>Annual rate of growth (12 months)</i>	7,2	8,9	9,2	7,7	5,8	7,3	8,3							
<b>COTIZACIONES INTERNACIONALES / INTERNATIONAL QUOTATIONS</b>														
	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.				Prom.	
LIBOR a tres meses (%) / <i>LIBOR 3-month (%)</i>	4,49	5,36	5,36	5,36	5,35	5,35	5,36	5,36	5,36	5,36	5,36	5,36	5,36	5,36
Dow Jones (Var. %) / <i>(% change)</i>	-0,82	1,97	1,27	-2,80	0,70	5,74	4,36	-1,51	-2,26	-1,50	0,70	-1,10	-1,47	1,14
Rendimiento de los U.S. Treasuries (10 años) / <i>U.S. Treasuries yield (10 years)</i>	4,37	4,56	4,76	4,72	4,56	4,68	4,74	5,11	4,79	4,76	4,80	4,74	4,99	4,79
Stripped spread del EMBI+ PERÚ (pbs) / <i>EMBI+ PERU stripped spread (basis points) ****</i>	185	131	123	127	132	117	109	103	173	167	158	158	129	157

\* Incluye depósitos de Promocipi, Fondo de Estabilización Fiscal (FEF), Cofide, fondos administrados por la ONP; y otros depósitos del MEF. El detalle se presenta en el cuadro No.24 de la Nota Semanal.

\*\* A partir del 6 de julio de 2007, esta tasa se elevó a 5,50%.

\*\*\* Las tasas de interés para los créditos de regulación monetaria en dólares serán a la tasa Libor a un mes más un punto porcentual.

\*\*\*\* Desde el 29 de setiembre de 2006, el JP Morgan, de acuerdo a sus criterios de liquidez de mercado, ha incluido dentro de su EMBI+ PERÚ los bonos globales Peru 2025 y 2033. Al ser los spreads de dichos bonos cercanos a los 200 pbs, ello explica el aumento de cerca de 40 pbs en el EMBI+ PERÚ a partir del 29 de setiembre.

Fuente: BCRP, INEI, Banco de la Nación, BVL, Sunat, SBS, Reuters y Bloomberg.

Elaboración: Departamento de Publicaciones Económicas.