



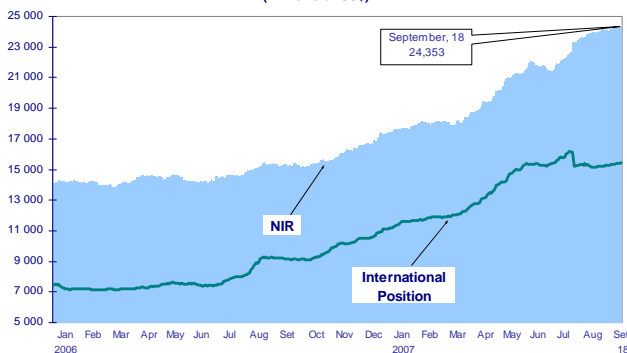
Indicators

- NIRs amount to US\$ 24,353 million on September 18
- Exchange rate on September 19: S/. 3.126 per dollar
- Interbank interest rate at 4.96 percent on September 19
- GDP grew 8.4 percent in July
- Country risk at 146 bps on September 19
- Lima Stock Exchange grew 0.7 percent

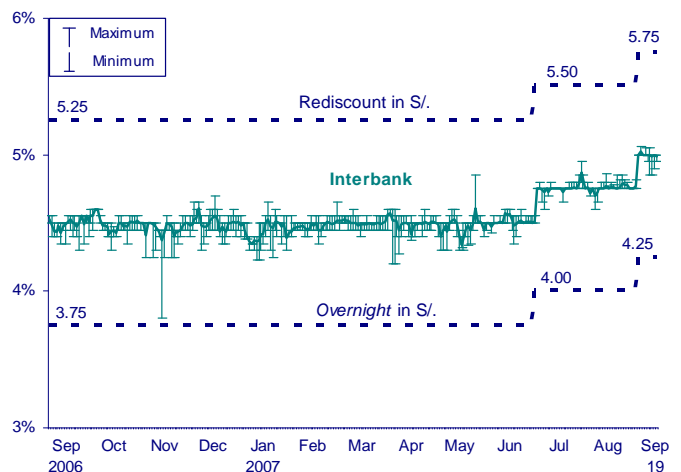
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International Reserve and International Position of the BCRP
January 2006 - September 2007
(Millions of US\$)



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



Month	DD	TT
Dec 2006	14.5	22.2
Mar 2007	8.4	13.2
Apr 2007	n.d.	12.6

Our website

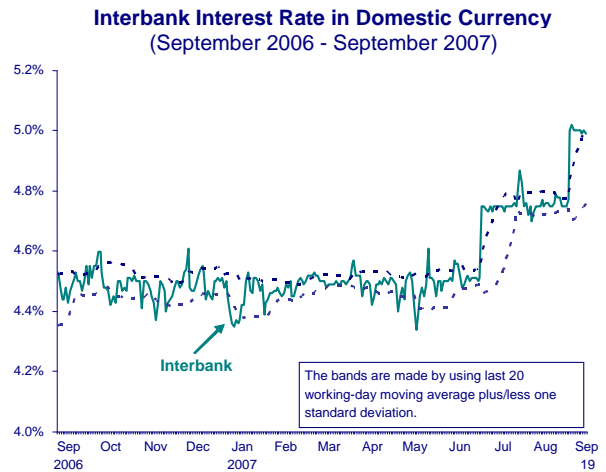
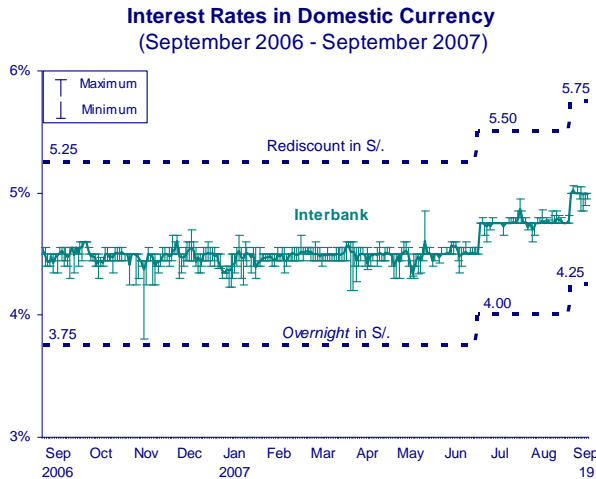
<http://www.bcrp.gob.pe>

- Weekly Report N° 37-2007
- Informative note on the Monetary Program: September 2007. BCRP raises the reference interest rate from 4.75% to 5.0%
- Annual Report 2006
- 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

Average interbank interest rate on September 19: 4.96 percent

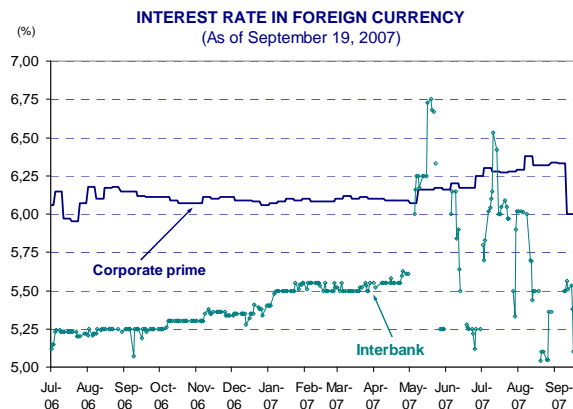
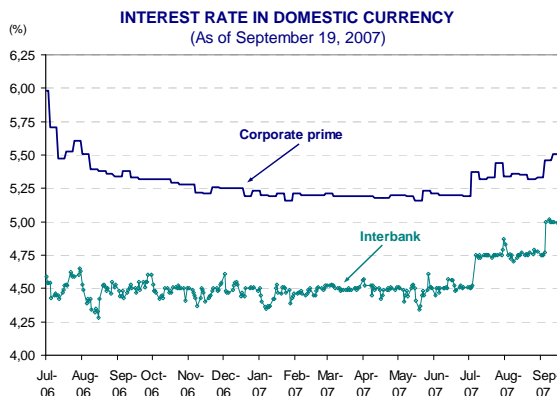
The average interbank interest rate in domestic currency by September 19 was 4.96 percent, a level higher than the average rate posted in August (4.77 percent). Between September 12 and 19, this rate decreased from 5.00 to 4.99 percent.

Interbank Interest Rate Average (percent)		
	Average	S.D.
December 2004	3.00	0.05
December 2005	3.34	0.08
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
June	4.52	0.03
July	4.69	0.09
August	4.77	0.04
September 19	4.96	0.12



Corporate prime rate in Nuevos Soles increased to 5.51 percent

Between **September 12 and 19**, the daily average of the 90-day corporate prime rate in domestic currency increased from 5.46 to 5.51 percent, while this rate in dollars fell from 6.33 to 6.00 percent.



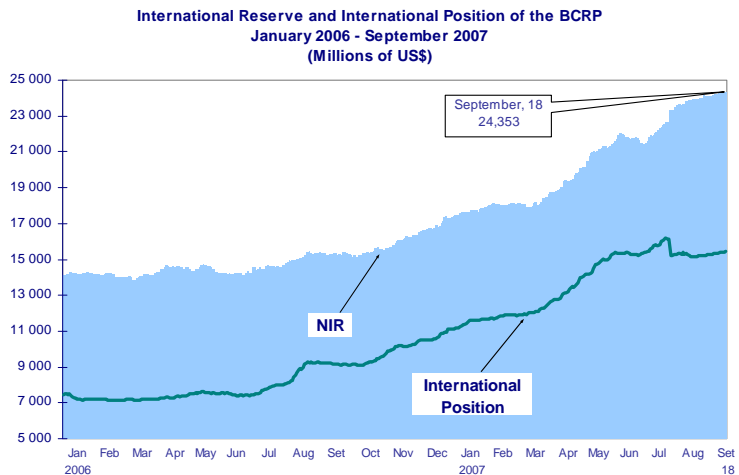
Monetary operations

Between **September 13 and 19**, the Central Bank made the following monetary operations: i) auctions of BCRP Certificates of Deposit with 1-day maturity for a daily average of S/. 166.0 million, with average interest rates on 4.94 percent; ii) auctions of temporary purchases of securities with 1-day maturity for a daily average of S/. 150.0 million, with average interest rates on 5.00 percent; iii) purchases of foreign currency for a total of US\$ 261 million; iv) sales of foreign currency (US\$ 261

million) to the Public treasury; and v) overnight deposits in domestic currency for a total of S/. 278 million.

International reserves amount to US\$ 24,353 million on September 18

Net international reserves (NIRs) increased US\$ 284 million compared to end August and amounted to US\$ 24,353 million on **September 18**. This increase in the balance of NIRs was mainly due to higher valuation of securities (US\$ 129 million), BCRP exchange operations (US\$ 119 million), higher banks' deposits (US\$ 66 million), higher investment yield (US\$ 50 million) and higher public sector's deposits (US\$ 15 million). This result was offset by sales of foreign currency to the Public Treasury for the repayment of the external debt (US\$ 100 million).

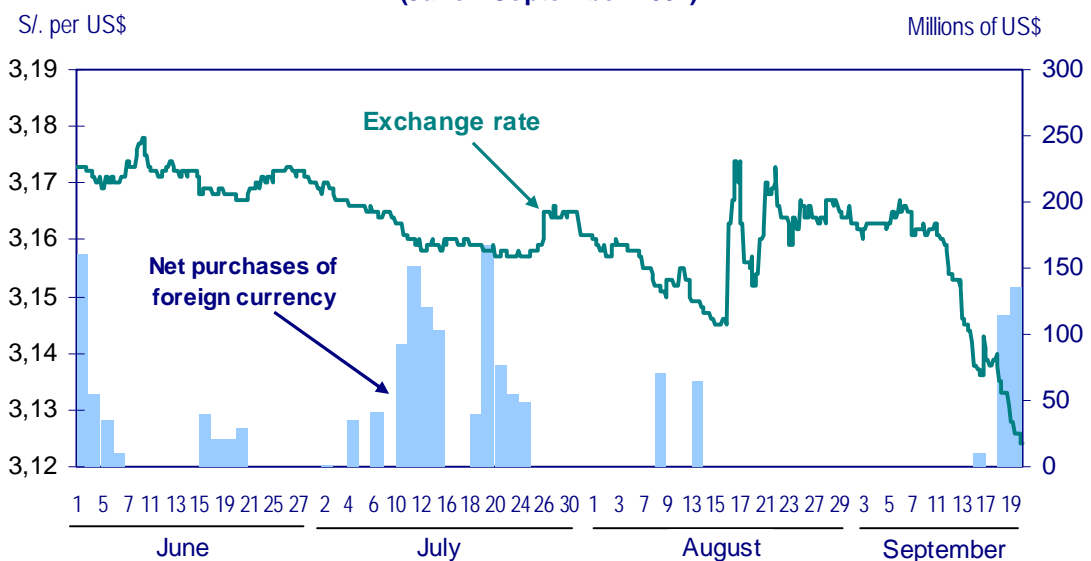


Moreover, the **international position of the BCRP** by September 18 (US\$ 15,434 million) increased by US\$ 157 million compared to end August.

Exchange rate: S/. 3.126 per dollar

Between September 12 and 19, the average ask price of the interbank exchange rate fell from S/. 3.154 to S/. 3.126 per dollar, as a result of which the Nuevo Sol appreciated 1.1 percent relative to end August. The Central Bank intervened in the exchange market purchasing US\$ 261 million at the Central Bank's Foreign Exchange Desk.

INTERBANK ASK- EXCHANGE RATE AND NET PURCHASES OF FOREIGN CURRENCY (June - September 2007)



Monetary base on September 15, 2007

The balance of the **monetary base** on September 15 (S/. 14,572 million) contracted 0.2 percent (S/. 305 million) compared to end-August. In average terms, the annual growth rate of the monetary base in this period was 28.1 percent (26.5 percent in August).

By sources, the operations that contributed most heavily to the contraction of the monetary base included lower purchases of securities (S/. 330 million), public sector's higher deposits (S/. 214 million) and sales of dollars to the public sector (US\$ 6 million, or S/. 20 million). Conversely, the monetary base expanded due to banks' lower overnight deposits (S/. 198 million) and to purchases of foreign currency at the Central Bank's front desk (US\$ 10 million, or S/. 31 million).

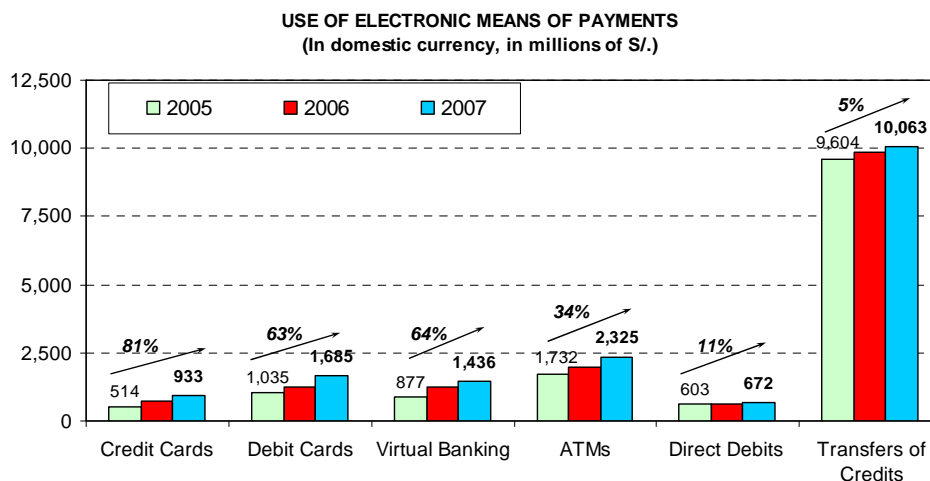
Use of electronic means of payments in nuevos soles increased

The average monthly use of **credit cards** in domestic currency during the first 8 months of 2007 increased by 81 percent compared to the same period in 2005. This result was associated with an increase in the number of customers of different social strata using credit cards, with people's greater purchasing capacity (reflecting a higher average per capita consumption), with the growing number of commercial affiliates to credit cards, and with the dynamic performance of the economy. Moreover, the number of payments made with **debit cards** increased by 63 percent in the same period, particularly in July when a higher use of these means of payments was seen in commercial businesses.

Furthermore, a significant dynamism was observed in the use of **virtual banking** over the past two years. The use of virtual banking grew 64 percent and involved operations, such as the payment of utilities rates, fund transfers, purchase of foreign currency, etc. Likewise, the volume of transactions carried out through **ATMs** increased by 34 percent. The main operations made through ATMs are cash withdrawals and purchases of foreign currency.

Between 2005 and 2007, **direct debits** and **credit transfers**, associated with authorizations for recurrent automatic payments (mainly utilities rates) and with non-periodical payment orders requested by banks' customers, increased by 11 and 5 percent respectively in terms of the monthly average between January and August .

This greater use of electronic means of payment results from a series of measures implemented with the purpose of modernizing the financial system and the payments system have contributed to increasing the access to financial services, lowering transaction costs, and to increasing security and customers' consumption capacity. In this sense, the Central Reserve Bank of Peru has reduced its rates in July for the use of the electronic interbank transfer system.



Source: BCRP, Chart 43 of Weekly Report - System of Payments.

Gross Domestic Product: July 2007

The GDP grew 8.4 percent in July and accumulated a growth rate of 7.9 percent in the first 7 months of the year. Non-primary manufacturing activities grew 10.9 percent in July, mainly due to the drive of non-primary manufacturing and construction. Activity in primary sectors declined by 1.6 percent due to a lower output in the agricultural and fishing sectors, offset by a higher mining production.

GROSS DOMESTIC PRODUCT

(Annual growth rates)

	Weighted 2006	2006		2007	
		Jul.	Año	Jul.	Jan-Jul.
Agriculture and Livestock	8.3	9.5	7.4	-3.9	2.1
Agriculture	5.0	10.7	8.3	-8.8	1.4
Livestock	3.0	9.1	7.6	3.0	3.2
Fishing	0.5	-2.9	2.4	-6.7	4.1
Mining and Fuel	6.2	3.0	1.4	1.9	-1.3
Metallic mining	5.2	2.7	1.1	1.8	-2.1
Natural gas and oil	0.5	6.9	5.7	2.3	7.1
Manufacturing	15.4	5.5	7.4	11.6	10.0
Based on raw materials	3.2	1.0	4.1	-1.2	-0.6
Non-primary	12.1	6.7	8.3	14.4	12.5
Electricity	1.6	9.2	7.8	12.0	10.1
Water	0.4	-0.7	0.1	-1.5	0.8
Construction	5.2	11.4	14.8	25.2	15.9
Commerce	14.4	14.4	11.1	11.5	9.0
Other services	38.1	7.8	7.0	7.7	8.5
GLOBAL GDP	100.0	8.0	7.6	8.4	7.9
	18.3	5.5	4.5	-1.6	0.6
Primary sector	72.0	9.1	8.5	10.9	9.9
Non-primary sector					

Activity in the **agricultural sector** decreased by 3.9 percent, due mainly to a lower production of rice, potato, and coffee. This decline was in part offset by a higher production of sugar cane, cotton, tangerine, asparagus, poultry and eggs. The lower production of rice was explained by the concentration of harvest periods between the months of May and June in the northern areas of the country. Moreover, the production of potato was affected by frost in the highland areas, while the production of coffee was affected by anomalous climatic conditions (increased rainfall which had a negative impact on the yield of this product).

The **fishing sector** declined 6.7 percent due to a lower catch of anchovy –a 14-day ban was imposed on the catch of anchovy because of the excessive capture of young specimens–, as well as of giant squid and Pacific Chub Mackerel (frozen products) and tuna and Pacific Chub Mackerel (canned products). This was offset by a higher catch of yellow mackerel, striped mullet and catfish (tollo) for direct human consumption.

The **mining and hydrocarbon sector** grew 1.9 percent, due to a higher production of zinc, copper, molybdenum, lead, iron and silver. This result was offset by a lower output of gold.

The **manufacturing sector** grew 11.6 percent, due to the higher production seen in non-primary manufacturing, which grew 14.4 percent. On the other hand, activity in primary manufacturing declined by 1.2 percent due to a lower production of canned and frozen products, fishmeal and fish oil, as well as to a lower production of refined non-ferrous metals. The latter was offset by a larger refining of petroleum and sugar.

Growth was generalized in the industrial groups included in non-primary manufacturing, with 34 of the 38 industrial groups showing increased production. It is worth pointing out the increases seen in the following groups:

- **Metal products**, due to the increase seen in the demand for metal structures for the mining, construction and commerce sectors.
- **Food conserves, chocolate products, and alcoholic beverages**, due to the higher production of fruit juices resulting from increased domestic demand.
- **Construction materials**, due to the higher production of majolica tiles, pre-mixed concrete, and fiber-cement tiles and boards.
- **Miscellaneous manufactures**, due to higher exports of zippers and jewelry, as well as to a higher demand for office items.
- **Wood and furniture**, due to the higher production of mattresses and sawn wood products for the construction of multifamily housing projects.
- **Knitted garments**, as a result of the reactivation of exports in firms that had considerably decreased their exports in previous months.
- **Toilet and cleaning products**, due to the launching of new toilet products and to a higher demand for detergents.
- **Electrical machinery**, due to the higher production of threads and wires and electrical transformers for the domestic market.
- **Glass**, due to the higher production of containers for food products and beverages.
- **Beer and malta**, due to a higher demand, boosted by sales and promotions.

Industries with higher increases

CIU	July 2007	
	Chg. %	Contrib. % 1/
Metal products	32.7	2.1
Canned food, chocolates and alcoholic beverages	52.4	1.7
Construction materials	37.4	1.7
Manufacture diverse	42.5	1.6
Wood and furniture	35.8	1.5
Textile of point for external market	18.3	1.0
Cleaning and polishing products	29.1	0.9
Manufacture of electrical machinery	47.3	0.9
Glass	72.7	0.9
Beer and malt	21.9	0.6
Subtotal	35.1	12.9
Total	14.4	

1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Producción.

The **construction sector** grew 25.2 percent, due to the implementation of self-construction projects, offices and roads. This was reflected in a 24.6 percent increase in the domestic consumption of cement, associated in turn with the dynamic performance of mortgage credits (20.8 percent), and with governmental spending in roal infrastructure (93.0 percent).

Outlook for August 2007

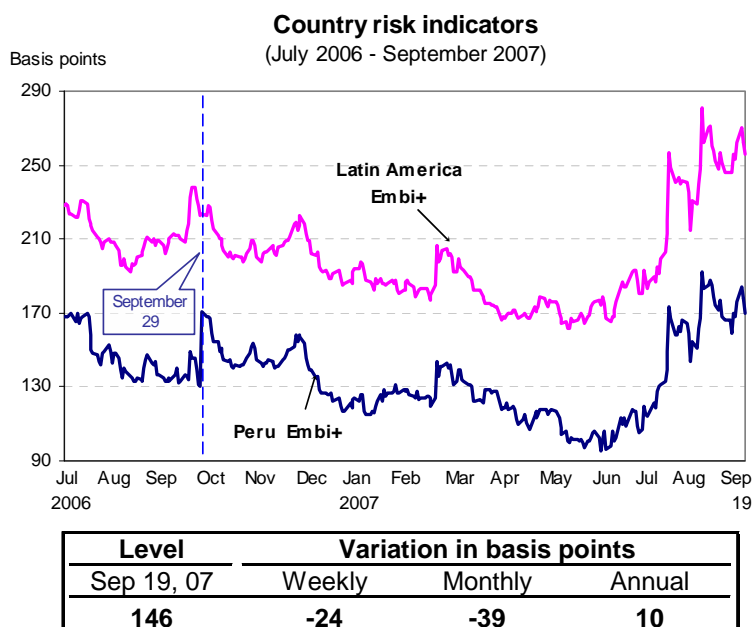
Preliminary data currently available on indicators relevant for economic activity in the sectors of fisheries, construction, electricity and water in July includes the following:

- According to IMARPE, anchovy catch should decrease by 56.5 percent.
- According to the Asocem, local dispatches of cement (excluding those for Yanacocha's productive process) should increase by 11 percent.
- The production of electricity should increase by 9.5 percent, according to the Comité de Operación Económica del Sistema Interconectado Nacional (COES).

International markets

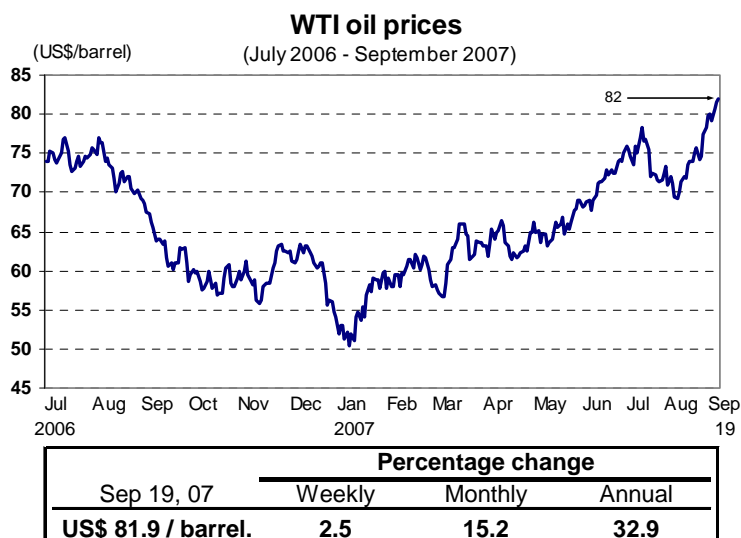
Country risk: 146 basis points

Between September 12 and 19, the country risk indicator –measured by the **EMBI+ Peru** spread– decreased from 170 to 146 basis points. This decrease in Peru’s country risk indicator, which followed the trend seen in the region –the **EMBI+ Latin America** spread fell from 256 to 223 basis points–, was due to lower concerns regarding a slowdown in the US economy after the Federal Reserve reduced its benchmark interest rate by 50 basis points –from 5.25 to 4.75 percent– to encourage economic growth in the United States.



Price of petroleum rose to US\$ 81.9 per barrel

The price of **WTI oil** increased 2.5 percent to US\$ 81.9 per barrel between September 12 and 19. Factors contributing to this result included a drop of crude inventories in the United States in the week ended September 14, speculations that the demand for fuel and derivatives could increase following the FED’s decision to reduce its reference interest rate by 50 basis points, and a possible interruption of the production of crude and gasoline in the United States due to climatic uncertainty-related aspects that could affect supply.

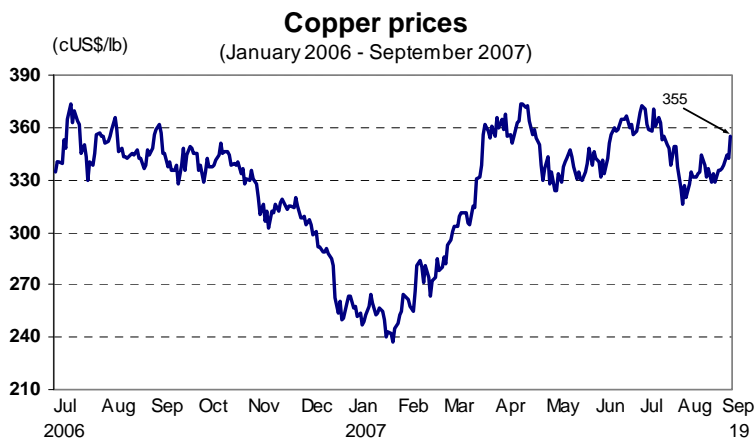


In the same period of analysis, the price of **gold** increased 2.2 percent to US\$ 723.6 per ounce troy. This result was due to an increase in the positions of speculative investors who bet on a surging gold price in the future, to the depreciation of the dollar against the euro –which increased the appeal of gold as an investment option–, and to higher inflationary risks as a result of the continuous rise of the price of petroleum –which encouraged the attraction of gold as a hedge asset.



Sep 19, 07	Percentage change		
	Weekly	Monthly	Annual
US\$ 723.6 / oz tr.	2.2	9.9	24.8

Between September 12 and 19, the price of **copper** increased 5.7 percent to US\$ 3.55 per pound. This evolution was influenced by a 2.9 percent drop of copper inventories at the London Metal Exchange –inventories fell to 133,875 MT–, by speculations of higher future demand for copper as a result of the FED’s reduction of its interest rates, by data showing that China’s imports of copper continue to be high, and by the dissemination of a report by the International Copper Study Group (ICSG) that pointed out a production deficit of this metal during the first half of 2007.



Sep 19, 07	Percentage change		
	Weekly	Monthly	Annual
US\$ 3.55 / pound.	5.7	8.7	4.8

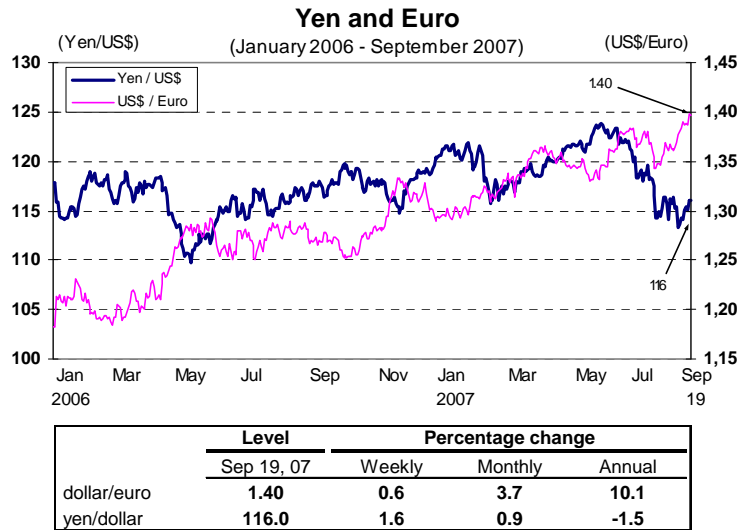
In the same week, the price of **zinc** rose 6.3 percent to US\$ 1.33 per pound. This was mainly due to the reduction of zinc inventories at the London Metal Exchange (inventories dropped 5.9 percent to a 69,300 MT), to expectations of increased demand given the FED’s unexpected reduction of its reference interest rate, and to an investment bank’s report that showed that the consumption of this metal in Asia (including India) remained strong during the first seven months of 2007.



Sep 19, 07	Percentage change		
	Weekly	Monthly	Annual
US\$ 1.33 / pound.	6.3	-6.2	-10.9

Dollar depreciated against the euro

Between September 12 and 19, the **dollar** depreciated 0.6 percent against the **euro** and appreciated 1.6 percent against the **yen**. The dollar weakened against the euro due to the US Federal Reserve's reduction of the reference interest rate. The FED reduced this rate for the first time since June 2003, lowering the rate on federal funds to 4.75 percent. The FED also cut the discount rate for direct loans to banks by half percentage point, to 5.25 percent.



Moreover, the yen lost ground against the dollar due to the recovery of carry trade operations given lower expectations that the Bank of Japan will raise its interest rates in its next meeting of November.

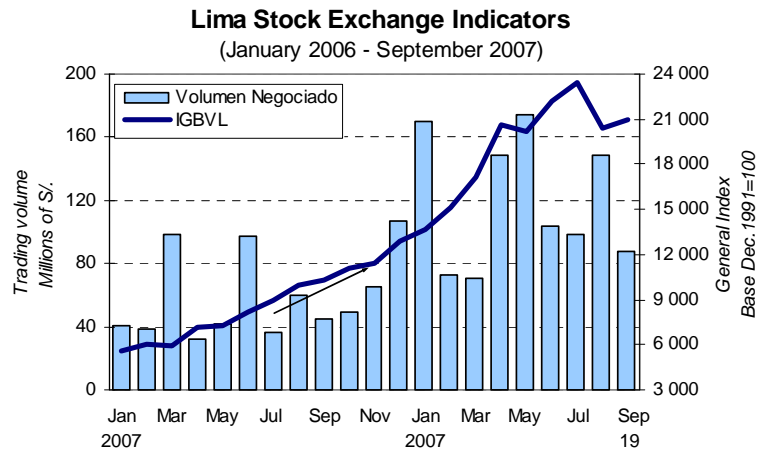
Yield on 10-year US Treasuries increased to 4.55 percent

In the same period of analysis, the **3-month Libor** fell from 5.70 to 5.24 percent, while the yield on the **10-year US Treasury bond** increased from 4.41 to 4.55 percent. The increase seen in the yield on the Treasury bond is explained by the recovery of consumers' confidence according to a recently published survey (a preliminary version of Michigan's consumer confidence index, which shows an unexpected increase), by positive indicators on employment, and by lower credit restrictions.



Lima Stock Exchange grew 0.8 percent by September 19

By September 19, the General and Blue Chip indices of the Lima Stock Exchange (LSE) showed differentiated results: 0.8 percent and -0.7 percent respectively. During the September 12-19 week, the General and Blue Chip indices showed a positive yet volatile conduct, increasing by 7.4 and 8.1 percent respectively. This evolution was due to increased activity in the agricultural and industrial sectors as a result of favorable news regarding the progress of negotiations for the signing of the Free Trade Agreement between Peru and the United States. Moreover, the mining sector was favored by the recovery of the international prices of basic metals.



	As of:		Percentage change	
	Sep 19, 07	Weekly	Aug. 07	Dec. 06
General Index	21,000.0	7.4	0.7	63.0
Blue Chip index	36,392.0	8.1	-0.7	64.2

So far this year, the General and Blue Chip indices at the LSE have grown 63.0 and 64.2 percent respectively.

