



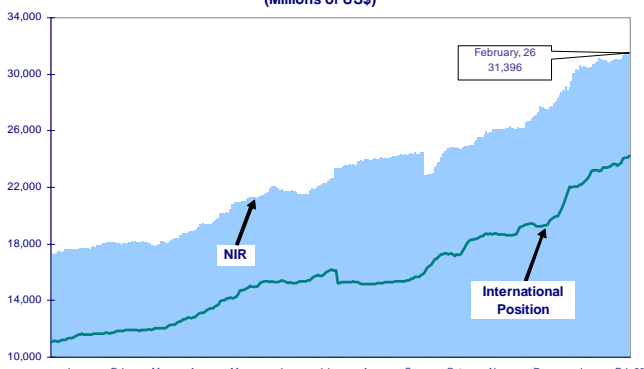
Indicators

- NIRs: US\$ 31, 396 million on February 26
- Interbank interest rate at 5.00 percent on February 27
- Exchange rate: S/. 2.893 per dollar
- Economic surplus of S/. 2,496 million in January
- Country risk at 197 bps on February 27
- Lima Stock Exchanged increased 18.5 percent by February 27

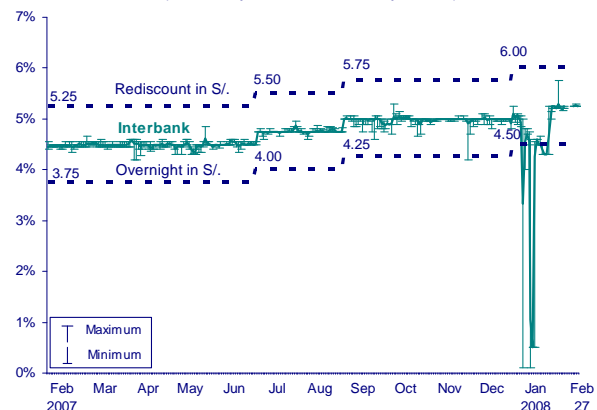
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International Reserve and International Position of the BCRP
January 2006 - February 2008
(Millions of US\$)



Interest Rates in Domestic Currency
(February 2007 - February 2008)



Our website

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

- Weekly Report N° 9-2008
- Inflation Report: Recent trends and macroeconomic forecasts - January 2008
- Informative note on the Monetary Program: February 2008. BCRP maintains the reference interest rate at 5.25%
- Working papers N° 2008-003: ¿Can Peru be a New Economic Miracle?
- International Reserves Management: December 2007
- Letter of Intent of the Government of Peru to the IMF (December 2007)
- Inflation Report: Recents trends and macroeconomic forecast - September 2007
- Annual Report 2006
- Monetary Policy in a Dual Currency Environment
- Quarterly Charts

MACROECONOMIC REPORT: IV QUARTER OF 2007

GDP grew 9.0 percent in 2007

The Peruvian economy grew at a rate of 9.0 percent in 2007, driven mainly by domestic demand which increased 11.6 percent. This growth of economic activity, boosted mainly by private investment and consumption, took place in a context characterized by high levels of consumer and business confidence, a positive business climate, a favorable international context, and by surpluses in both the fiscal balance and the balance of payments.

GDP grew 9.7 percent in QIV-2007 due to the dynamic growth of private consumption and investment which led to an 11.3 percent growth of domestic demand.

GLOBAL DEMAND AND SUPPLY
(Annual growth rates)

	2006					2007				
	I Q.	II Q.	III Q.	IV Q.	Year	I Q.	II Q.	III Q.	IV Q.	Year
GLOBAL DEMAND (1+2)	9.2	6.0	8.4	9.8	8.3	9.9	9.9	12.3	10.2	10.6
1. Domestic demand	11.0	7.0	10.2	11.9	10.0	11.4	10.9	13.0	11.3	11.6
a. Private consumption	5.1	6.4	6.2	7.3	6.2	8.3	8.1	8.0	8.9	8.3
b. Public consumption	8.6	9.2	8.8	8.4	8.7	3.7	5.1	3.3	6.6	4.8
c. Private investment	24.2	17.6	16.7	21.9	20.1	19.2	24.0	29.5	20.1	23.2
d. Public investment	8.4	13.2	16.7	11.9	12.7	-3.1	12.6	18.2	31.8	19.7
2. Exports	0.6	0.6	0.1	0.7	1.2	2.5	4.3	9.1	5.2	5.4
GLOBAL SUPPLY (3+4)	9.2	6.0	8.4	9.8	8.3	9.9	9.9	12.3	10.2	10.6
3. GDP	7.9	5.8	8.6	8.1	7.6	8.8	8.5	8.9	9.7	9.0
4. Imports	16.7	7.7	7.4	18.8	12.6	15.6	17.7	30.3	12.5	18.8

Private consumption continued to be boosted by a higher purchasing power thanks to the growth of employment, which showed a rate of 8.3 percent. Moreover, increased access to credit (consumer loans grew 37 percent in 2007) and increased consumer confidence in the country's economic prospects contributed to the high rates of consumption observed.

The growth of private consumption was reflected in the higher sales of new automobiles (41.9 percent) and in the higher number of imports of durable and non-durable goods (19.7 and 20.4 percent respectively).

On the other hand, **private investment** grew 23.2 percent in 2007. This growth was favored by a positive context for investment, as reflected in the implementation of numerous residential and non-residential projects.

At the sector level, investment concentrated in the sectors of mining and hydrocarbons (the projects implemented by the mining companies Yanacocha, Southern, and Volcan should be pointed out), manufacturing, transport and communications, commerce, and electricity, gas and water.

Public investment grew 31.8 percent in QIV and **19.7 percent in 2007**. This growth resulted mainly from increased spending in the following sectors: regional governments; housing, construction, and sanitation; transport and communications; education, and electricity.

Public consumption increased 6.6 percent in QIV due to higher purchases of goods and services (15.8 percent in nominal terms) as a result of increased spending in the Ministry of Transport and Communication, the Ministry of Education, and regional governments. **In 2007 public consumption grew 4.8 percent.**

The volume of exports grew 5.4 percent in QIV as a result of higher exports of traditional products (especially fishing and mining products) and non-traditional products (such as chemicals and textiles). The volume of exports showed an annual growth rate of 5.7 percent in 2007.

On the other hand, imports increased 12.5 percent during QIV relative to the same period last year. This increase reflects higher imports of capital goods and raw materials for industry (up 36.3 and 25.5 percent in nominal terms respectively). In 2007 real imports grew 18.8 percent due to greater purchases of raw materials and capital goods.

Productive sectors

During QIV, non-primary sectors grew 11.2 percent, particularly due to the higher growth observed in the sectors of construction (19.0 percent) and non-primary manufacturing (13.2 percent). Primary sectors grew 4.6 percent, due to the positive evolution of the sectors of agriculture (4.8 percent), fishing (6.1 percent), and mining (7.4 percent). This growth was slightly offset by a lower growth in the sector of manufacturing based on raw materials (-1.2 percent).

GROSS DOMESTIC PRODUCT
(Annual growth rates)

	2006					2007				
	I Q.	II Q.	III Q.	IV Q.	Year	I Q.	II Q.	III Q.	IV Q.	Year
Agriculture and Livestock	4.4	5.9	11.6	8.2	7.4	8.3	2.2	-1.8	4.8	3.1
Agriculture	2.3	5.3	15.3	13.3	8.3	7.2	1.3	-4.6	6.2	2.1
Livestock	7.8	9.5	8.7	4.5	7.6	9.9	4.3	1.9	3.2	4.7
Fishing	29.7	-11.6	17.2	-7.3	2.4	16.7	5.9	-3.1	6.1	6.9
Mining and Fuel	6.4	7.6	0.0	-6.8	1.4	-1.6	-1.9	4.5	7.4	2.1
Metallic mining	6.9	8.0	-0.9	-7.9	1.1	-2.7	-2.9	5.5	6.7	1.7
Natural gas and oil	0.4	2.7	10.0	9.1	5.7	10.6	5.8	0.6	9.7	6.5
Manufacturing	8.0	3.7	8.8	9.1	7.4	9.2	12.2	10.4	10.7	10.6
Based on raw materials	9.6	0.1	6.5	2.0	4.1	-1.1	3.2	-3.3	-1.2	-0.5
Non-primary	7.6	4.8	9.4	11.2	8.3	11.2	14.3	13.0	13.2	12.9
Electricity and water	7.5	4.7	7.5	7.9	6.9	8.1	9.7	8.0	7.8	8.4
Construction	16.2	13.0	16.1	13.7	14.8	8.9	20.0	17.7	19.0	16.5
Commerce	11.1	8.4	13.1	12.5	11.1	13.0	7.2	12.4	10.2	10.5
Other services	6.6	5.0	7.2	8.4	6.8	8.8	9.4	8.9	9.3	9.1
GDP	7.9	5.8	8.6	8.1	7.6	8.8	8.5	8.9	9.7	9.0
Primary sector GVA	6.6	4.7	6.4	0.6	4.5	3.3	1.3	0.2	4.6	2.3
Non-primary sector GVA	8.3	6.4	9.4	10.0	8.5	10.2	10.4	11.2	11.2	10.8

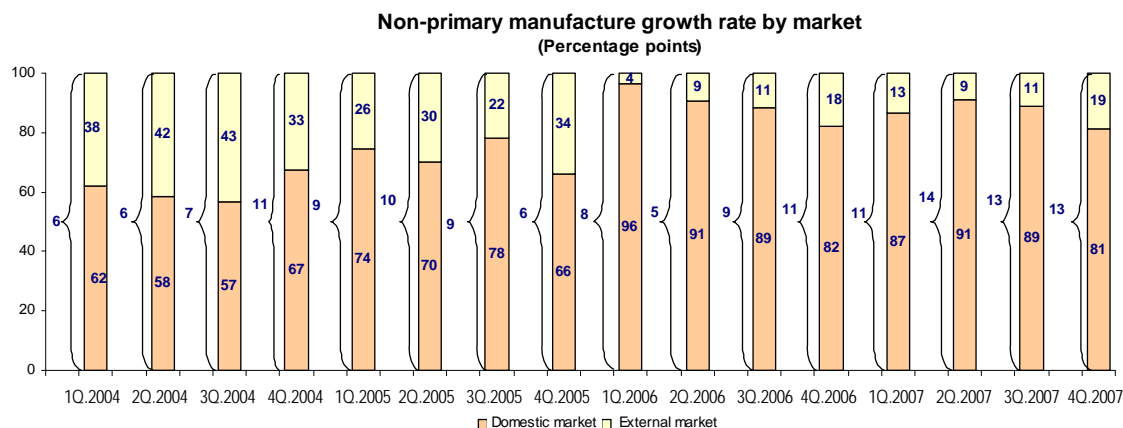
The agriculture sector grew 4.8 percent in QIV and 2.1 percent in the year. The sub-sector of agriculture grew 6.2 percent (2.1 percent in the year) due to increased production for both the domestic market (potato, rice, sugar cane, hard yellow corn) and the external market (coffee, asparagus, avocado, mango), while the livestock sub-sector grew 3.2 percent (4.7 percent in the year) due to a greater production of poultry and milk, mainly as a result of increased domestic demand.

Activity in the fishing sector grew 6.1 percent in QIV, accumulating a growth of 6.9 percent in the year, mainly due to the greater catch of anchovy (7.3 percent) in the northern and central coastal areas as low sea temperatures favored the presence of this species. This growth was also associated with a larger catch of species both to elaborate frozen products (due to the higher presence of prawn and giant squid) and for human consumption of fresh fish (due to the higher availability of bonito, striped mullet, and palm ruff).

The mining and hydrocarbon sector grew 7.4 percent in QIV and 2.1 percent in the year, due to a higher production of copper (19.4 percent) as a result of the expansion of Cerro Verde; of zinc (7.8 percent), due to increased production at Volcan and Antamina, and of hydrocarbons (9.7 percent), due to Camisea's production of gas. This result was in part offset by a lower extraction of gold (-0.2 percent), due mainly to lower production at Barrick Misquichilca, although Yanacocha increased its production by 3.0 percent.

Non-primary sectors grew 11.2 percent in QIV

Production in **non-primary manufacturing** increased 13.2 percent as a result of the higher production observed in all the industrial groups and particularly in the groups of non-mineral metals; metal products; machinery and equipment; food and beverages; and chemical, rubber, and plastic products.



Maintaining the positive evolution this sector exhibited in previous quarters, **construction grew 19.0 percent** in QIV. This result was associated with greater construction of houses, offices, commercial and industrial facilities, as well as with the implementation of mining and energy projects in the private sector, and with road construction, maintenance, and rehabilitation. The sector grew **16.5 percent in 2007**.

Surplus of US\$ 1,516 million in the current account of the balance of payments

In 2007 the current account of the balance of payments showed a surplus (US\$ 1,516 million, equivalent to 1.4 percent of GDP) for the third consecutive year. The trade balance registered a positive result of US\$ 8,356 million, as exports totaled US\$ 27,956 million while imports totaled US\$ 19,599 million.

BALANCE OF PAYMENTS
(Millions of US\$)

	2006					2007				
	I Q.	II Q.	III Q.	IV Q.	Year	I Q.	II Q.	III Q.	IV Q.	Year
I. CURRENT ACCOUNT BALANCE	-181	471	1,318	1,148	2,757	94	370	502	549	1,516
1. Trade balance	1,257	2,190	2,885	2,602	8,934	1,539	2,245	2,300	2,273	8,356
a. Exports	4,640	5,824	6,559	6,777	23,800	5,747	6,741	7,594	7,874	27,956
b. Imports	-3,383	-3,635	-3,673	-4,175	-14,866	-4,208	-4,497	-5,294	-5,601	-19,599
2. Services	-183	-183	-150	-266	-781	-231	-283	-186	-228	-928
a. Exports	635	633	702	677	2,647	714	756	949	923	3,343
b. Imports	-817	-816	-852	-943	-3,428	-945	-1,039	-1,135	-1,151	-4,270
3. Investment income	-1,726	-2,070	-1,978	-1,807	-7,581	-1,771	-2,190	-2,248	-2,198	-8,408
a. Private	-1,503	-1,932	-1,827	-1,639	-6,901	-1,617	-2,077	-2,207	-2,088	-7,989
b. Public	-223	-137	-151	-168	-679	-154	-113	-41	-111	-419
4. Current transfers	472	534	560	619	2,185	557	599	637	702	2,495
of which: Workers' remittances	389	445	471	533	1,837	476	509	542	604	2,131
II. FINANCIAL ACCOUNT	40	-375	-6	1,049	708	1,149	2,343	736	4,047	8,275
1. Private sector	375	1,280	12	407	2,075	1,819	2,159	2,397	3,230	9,605
2. Public sector	-240	-327	-306	133	-738	-470	-272	-59	-1,672	-2,473
3. Short-term capital 1/	-96	-1,329	287	509	-628	-200	456	-1,601	2,489	1,143
III. FINANCIAMIENTO EXCEPCIONAL	26	0	1	0	27	44	0	0	23	67
VI. NET ERRORS AND OMISSIONS	365	-335	-521	-248	-738	-210	379	-221	-150	-203
V. BCRP NET INTERNATIONAL RESERVES FLOW (V = I + II + III + IV)	251	-239	791	1,950	2,753	1,077	3,092	1,017	4,469	9,654
1. Change in Central Bank reserves	375	-57	757	2,103	3,178	1,152	3,101	1,299	4,861	10,414
2. Valuation change and monetization of gold	125	182	-35	152	425	76	9	282	393	760

Another factor contributing to this result was current transfers, whose main component, remittances from abroad, amounted to US\$ 2,131 million in 2007. On the other hand, the investment income deficit was US\$ 8,408 million. The main factor of outlays here were the profits generated by companies with foreign shareholding, which amounted to US\$ 7,865 million. The deficit associated with services amounted to US\$ 928 million.

Trade balance

In 2007 **exports** amounted to US\$ 27,956 million. Exports increased by 17.0 percent, with prices and volume accounting for 13.9 percent and 3.3 percent respectively of this increase. The volume of traditional exports increased 1.0 percent, while non-traditional exports increased 8.0 percent.

Imports in 2007 totaled US\$ 19,599 million, increasing by 31.8 percent due to higher purchases of capital goods (42.0 percent) and inputs (30.4 percent). Imports of capital goods increased 22.2 percent.

Services

The deficit for services in 2007 amounted to US\$ 928 million, a sum US\$ 147 million higher than in 2006. **Incomes**, which increased by US\$ 696 million (26.3 percent), totaled US\$ 3,343 million mainly due to higher incomes resulting from services associated with travel, insurance and reinsurance, and transport. **Outlays for services** during the year amounted to US\$ 4,270 million. Higher outlays were observed in transport services, particularly freightage; travel services, due to the higher number of Peruvians that visited other countries, and other business-related services.

Investment income

The net flow of **investment income** was negative in US\$ 8,408 million, a result explained mainly by the private sector factor income which showed a net flow of US\$ 7,989 million due to the higher profits generated by companies with foreign shareholding. On the other hand, factor income in the public sector showed a deficit of US\$ 419 million.

Current transfers

In 2007 current transfers increased 14.2 percent due to the higher remittances of Peruvians residing abroad (up 16.0 percent). It should be pointed out that remittances this year were lower than in 2006 mainly as a result of lower remittances from Peruvians living in the USA.

Private sector financial account and short-term capitals

The financial flow to the private sector and the flow of short-term capitals amounted to US\$ 10,749 million in 2007. This financing was US\$ 903 million higher than in 2006 due to the increase of incomes in terms of direct investment, long-term disbursements, and portfolio investment in the country. On the other hand, outlays declined due to lower portfolio investments abroad. The short-term financial flow amounted to US\$ 1,143 million due to the higher financing granted to banks.

In 2007 the private sector financial account registered a total of US\$ 9,605 million, with direct investment accounting for US\$ 5,343 million of this sum. Reinvestment of profits in companies with foreign shareholding amounted to US\$ 4,696 million.

The total external debt decreased from 30.3 percent of GDP in 2006 to 28.7 percent of GDP in 2007, mainly due to the reduction of the public sector debt.

Surplus of 3.1 percent of GDP in 2007

In QIV-2007, the economic deficit of the Non-Financial Public Sector (NFPS) was equivalent to 2.4 percent of GDP, a result 0.2 percentage points lower than the one seen in the same period of 2006. With this, the NFPS showed a positive result of 3.1 percent of GDP in 2007 (a result 1

percentage point higher than in 2006). The operations of the central government accounted for 1.8 percent of this outcome, while other entities in the rest of the general government accounted for 1.2 percent –it should be pointed out that a total of S/. 2,558 million generated by mining royalties was transferred to local governments– and state enterprises accounted for 0.1 percent of this result.

In 2007 the operations of the general government registered an economic result equivalent to 3.0 percent of GDP. This result was 1.2 percentage points higher than the result observed in 2006 due mainly to higher current revenues (0.7 of a percentage point) and to the reduction of non-financial expenditure (0.5 of a percentage point).

NON-FINANCIAL PUBLIC SECTOR OPERATIONS
(Percentage of GDP)

	2006					2007				
	I Q.	II Q.	III Q.	IV Q.	Year	I Q.	II Q.	III Q.	IV Q.	Year
1. Central government current revenues	17.7	18.4	16.9	16.2	17.3	17.1	20.1	17.4	16.9	17.9
Real percentage change	27%	27%	29%	21%	26%	8%	21%	12%	13%	14%
2. Central government non-financial expenditures	12.5	12.1	15.1	16.8	14.2	12.2	15.3	13.6	17.0	14.6
Real percentage change	10%	12%	17%	5%	10%	10%	40%	-1%	9%	13%
Current expenditure	11.7	10.7	12.7	13.6	12.2	11.5	14.0	11.4	12.9	12.5
Real percentage change	10%	10%	12%	4%	9%	10%	43%	-2%	3%	12%
Capital expenditure	0.8	1.3	2.4	3.2	2.0	0.7	1.3	2.2	4.1	2.2
Real percentage change	5%	27%	45%	9%	21%	9%	10%	1%	38%	19%
3. Rest	1.3	0.7	1.8	-0.4	0.8	2.1	4.6	0.3	-0.7	1.6
4. NFPS Primary balance	6.5	7.0	3.6	-1.0	3.9	7.0	9.4	4.1	-0.8	4.8
5. NFPS Interest payments	2.6	1.3	2.1	1.6	1.9	2.1	1.5	2.0	1.6	1.8
6. NFPS Overall balance 1/	3.9	5.7	1.5	-2.6	2.1	4.9	8.0	2.1	-2.4	3.1
9. Net financing	-3.9	-5.7	-1.5	2.6	-2.1	-4.9	-8.0	-2.1	2.4	-3.1
- External	-1.3	-1.2	-0.9	0.4	-0.7	-1.6	-1.0	0.3	-5.3	-1.9
- Domestic	-2.6	-4.6	-0.9	2.2	-1.4	-3.4	-7.0	-2.8	7.7	-1.3
- Privatization	0.0	0.0	0.3	0.1	0.1	0.1	0.0	0.4	0.0	0.1

1/ it doesn't consider the operative balance of BCRP

The **net public debt** has been showing a decreasing trend over the past few years and exhibited a significant reduction in 2007 when the debt decreased from US \$ 22,424 million in December 2006 to US \$ 19,061 million at the close of 2007. This reduction reflected higher public sector deposits, which increased by US \$ 4,744 million, although this was offset by higher liabilities. As a percentage of GDP, the net public debt decreased from 24.0 to 17.5 percent of GDP between December 2006 and December 2007.

NET PUBLIC DEBT
(In millions of US\$)

Years	Assets (Deposits)	Liabilities (Debt)	Net Debt	% PBI		
				Assets	Liabilities	Net debt
2004	5,857	30,905	25,048	8.4	44.3	35.9
2005	6,172	29,968	23,796	7.8	37.7	30.0
2006	8,065	30,490	22,424	8.6	32.7	24.0
2007	12,809	31,870	19,061	11.7	29.2	17.5

Source: BCRP and MEF.

Revenues

In QIV-2007, the **current revenues of the general government** were equivalent to 19.1 percent of GDP, a sum 0.6 of a percentage point higher than in the same period of 2006. The current revenues of the central government represented 16.9 percent of this total. Moreover, in 2007 the current revenues of the general government were equivalent to 20.4 percent of GDP, a sum 0.7 of a percentage point higher than in the same period of 2006 due to the improvement seen in the revenues of the central government.

The high growth of economic activity favored that the current revenues of the central government would increase from 17.3 to 17.9 percent of GDP between 2006 and 2007. By type of tax, revenues for income tax and value added tax increased by 22 and 15 percent respectively. However, this increase was partially offset by the reduction of import duties (down by 24 percent) due to the reduction of effective tariffs (tariffs declined from 5.8 to 2.4 percent).

Expenditure

In QIV-2007 the **non-financial expenditure** of the general government were equivalent to 19.9 percent of GDP. This higher level of non-financial expenditure (up 7 percent in real terms) was due to the expansion of capital expenditure, which increased by 29 percent due to increased gross capital formation in both the central government and the rest of the general government, especially local governments and EsSalud.

In 2007 the non-financial expenditure of the general government was equivalent to 15.7 percent of GDP, a sum lower by 0.5 of a percentage point than the one observed in the same period in 2006, due to lower current expenditure, which decreased from 13.4 to 12.7 percent of GDP.

Monetary aggregates and credit

In 2007 the average balances of notes and coins and the monetary base increased by 0.4 percentage points of GDP compared to their level in 2006, in a context marked by a strong growth of economic activity and by dedollarization. Thus, the rates of monetization of coins and notes and the monetary base reached 3.5 percent and 4.2 percent of GDP respectively in 2007.

In 2007, liquidity in the private sector in domestic currency showed a growth rate equivalent to 1.6 percentage points of GDP, increasing from 9.2 percent in 2006 to 10.9 percent in 2007. This evolution was mainly explained by the fact that liquidity in domestic currency increased at a faster pace than liquidity in foreign currency (31.5 percent versus 13.3 percent). In this way, the rate of total liquidity increased by an equivalent of 1.3 percentage points of GDP in 2007 (from 20.4 percent in 2006 to 21.7 percent in 2007).

MONETIZATION RATIOS OF LIQUIDITY AND CREDIT TO THE PRIVATE SECTOR
(Percentage of GDP) 1/

	CURRENCY	MONETARY BASE	MONEY	LIQUIDITY OF PRIVATE SECTOR		CREDIT TO THE PRIVATE SECTOR		
				DOMESTIC CURRENCY	TOTAL	DOMESTIC CURRENCY	FOREIGN CURRENCY	TOTAL
2001	2.2	2.8	3.4	6.4	22.8	5.1	20.4	25.5
2002	2.4	3.0	3.7	6.9	21.5	5.2	18.9	24.1
2003	2.4	3.0	3.8	7.0	20.7	5.5	16.6	22.1
2004	2.7	3.2	4.2	7.5	19.7	5.4	14.5	19.8
2005	3.1	3.8	5.0	9.1	20.6	5.8	13.4	19.2
2006	3.1	3.8	5.0	9.2	20.4	6.9	11.8	18.6
I	3.2	3.9	5.1	9.3	20.9	6.1	13.0	19.2
II	3.2	3.8	5.0	9.3	20.9	6.4	12.6	19.0
III	3.1	3.8	5.0	9.3	20.7	6.6	12.2	18.8
IV	3.1	3.8	5.0	9.2	20.4	6.9	11.8	18.6
2007	3.5	4.2	5.8	10.9	21.7	8.3	11.3	19.6
I	3.2	3.9	5.2	9.5	20.5	7.1	11.5	18.6
II	3.3	4.0	5.4	9.9	20.7	7.5	11.3	18.8
III	3.4	4.1	5.6	10.3	21.2	7.9	11.2	19.1
IV	3.5	4.2	5.8	10.9	21.7	8.3	11.3	19.6

1/ Ratio of average monetary aggregate from last 4 quarters between the nominal GDP corresponding to this period.

Credit to the private sector continues showing a gradual process of dedollarization, in line with the dynamism of credit in soles. **Thus, while the rate of credit in domestic currency increased by 1.4 percentage points of GDP in 2007** (from 6.9 percent in 2006 to 8.3 percent in 2007), the rate of credit in foreign currency decreased by 0.5 percentage points of GDP (from 11.8 percent to 11.3 percent in the same period).

In 2007, **average liquidity in domestic currency increased by 31.5 percent compared to 2006**, recovering in part the dynamism seen in 2005. Considering that GDP in nominal terms grew 11.8 percent in 2007, the growth of liquidity in soles was consistent with a drop of 15.0 percent in circulation velocity in 2007 compared to 2006. This fact reflected the trend observed since the first quarter of 2007 as a result of a process of financial deepening, as well as the public's higher confidence in the domestic currency.

LIQUIDITY IN DOMESTIC CURRENCY, NOMINAL GDP, MONETARY BASE AND MONEY MULTIPLIER 1/
(Average variation rate, percentages)

	LIQUIDITY IN DOMESTIC CURRENCY		NOMINAL GDP	MONETARY BASE AVERAGE	MONEY MULTIPLIER AVERAGE
	AVERAGE	VELOCITY			
2001	3.7	-2.0	1.7	3.2	0.5
2002	13.6	-7.1	5.5	15.8	-1.9
2003	7.8	-0.9	6.9	7.4	0.4
2004	19.2	-6.4	11.5	18.8	0.3
2005	34.6	-18.2	10.0	28.3	4.9
<u>2006</u>	<u>17.9</u>	<u>-1.4</u>	<u>16.3</u>	<u>17.2</u>	<u>0.6</u>
I	25.0	-8.1	14.8	24.4	0.5
II	18.4	-1.8	16.3	17.6	0.7
III	13.9	4.1	18.5	13.2	0.6
IV	15.3	0.8	16.2	14.7	0.5
<u>2007</u>	<u>31.5</u>	<u>-15.0</u>	<u>11.8</u>	<u>24.6</u>	<u>5.6</u>
I	23.4	-8.5	12.9	19.5	3.3
II	29.7	-14.4	11.0	24.3	4.3
III	34.9	-17.0	12.0	26.5	6.7
IV	37.3	-18.7	11.6	27.7	7.5

1/ Respect to the same period of previous year.

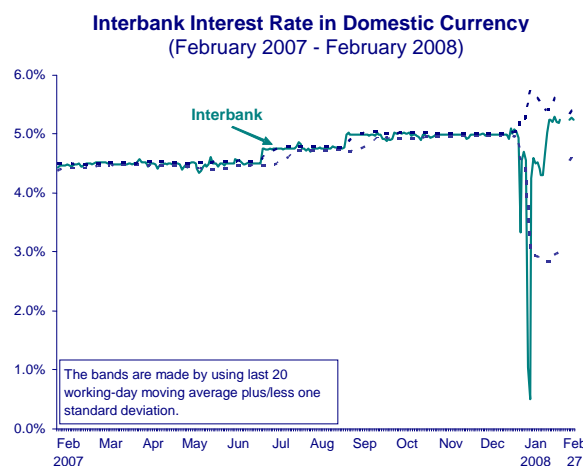
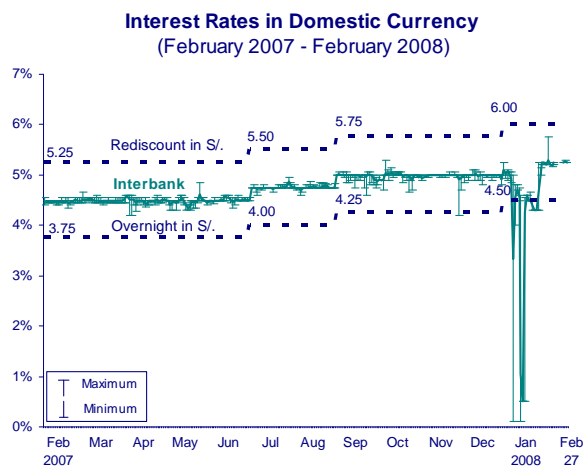
In terms of the components of the monetary base in soles, the increase seen in average liquidity in 2007 relative to 2006 (31.5 percent) is explained by the growth of the average monetary base (24.6 percent) and by a 5.6 percent increase in the average multiplier.

MONTHLY AND WEEKLY REPORT

Interbank interest rate on February 27: 5.00 percent

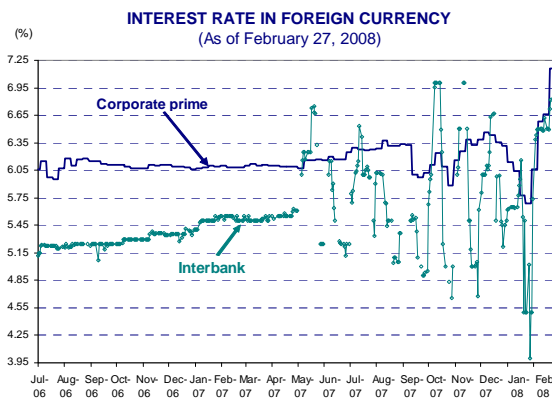
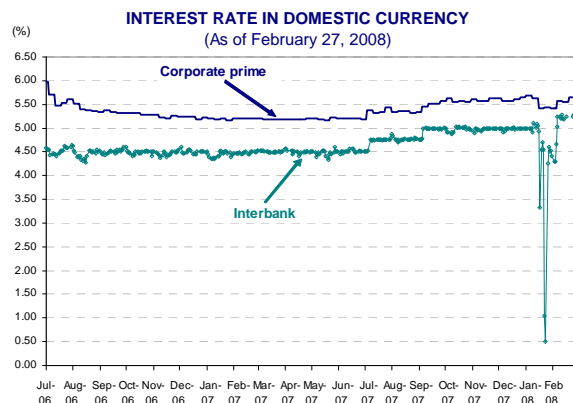
The average interbank interest rate in domestic currency on February 27 was 5.00 percent, higher than the average rate seen in January (4.44 percent). Between **February 18 and 27**, this rate remained at 5.25 percent. During February 19 and 22 there were not any interbank operations in national currency.

Interbank Interest Rate Average (percent)		
	Average	S.D
December 2005	3.34	0.08
December 2006	4.51	0.04
March 2007	4.50	0.01
June	4.52	0.03
August	4.77	0.04
September	4.97	0.10
October	4.98	0.05
November	4.99	0.03
December	4.99	0.02
January 2008	4.44	1.24
February 27	5.00	0.38



Corporate prime rate in nuevos soles increased to 5.64 percent

Between **February 20 and 27**, the daily average of the 90-day corporate prime rate in domestic currency increased from 5.56 to 5.64 percent, while this rate in dollars increased from 6.66 to 7.16 percent.

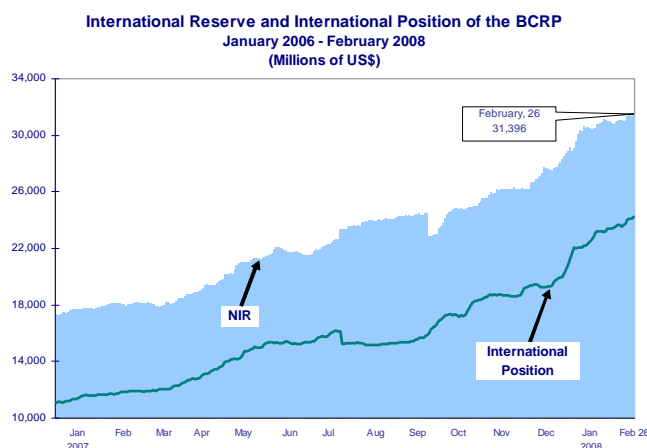


Monetary operations

Between **February 21 and 27**, the Central Bank made the following monetary operations: i) auctions of BCRP Certificates of Deposit with restricted negotiation (CDBCRP-NR) with 1-day, 3-day, 1-week, 1-week, 1-month, and 1-year for a daily average of S/. 2,834.3 million with an average interest rate of 5.31 percent reaching an overall balance of S/. 11,382.2; ii) purchases of foreign currency for a total of US\$ 570.8 million; and iii) overnight deposits in domestic currency for a total of S/. 1,601.1 million.

NIRs amount to US\$ 26,143 million on February 26

Net international reserves (NIRs) increased by US\$ 660 million compared to end January and amounted to US\$ **31,396** million on **February 26**. This increase in the balance of NIRs is mainly explained by BCRP exchange operations (US\$ 1,278 million) and higher valuation of other securities (US\$ 11 million). This increase was partially offset by the sale of foreign currency to repay the public debt (US\$ 252 million), by banks' lower deposits (US\$ 358 million), public sector's lower deposits (US\$ 11 million), and by lower investment yield (US\$ 15 million).

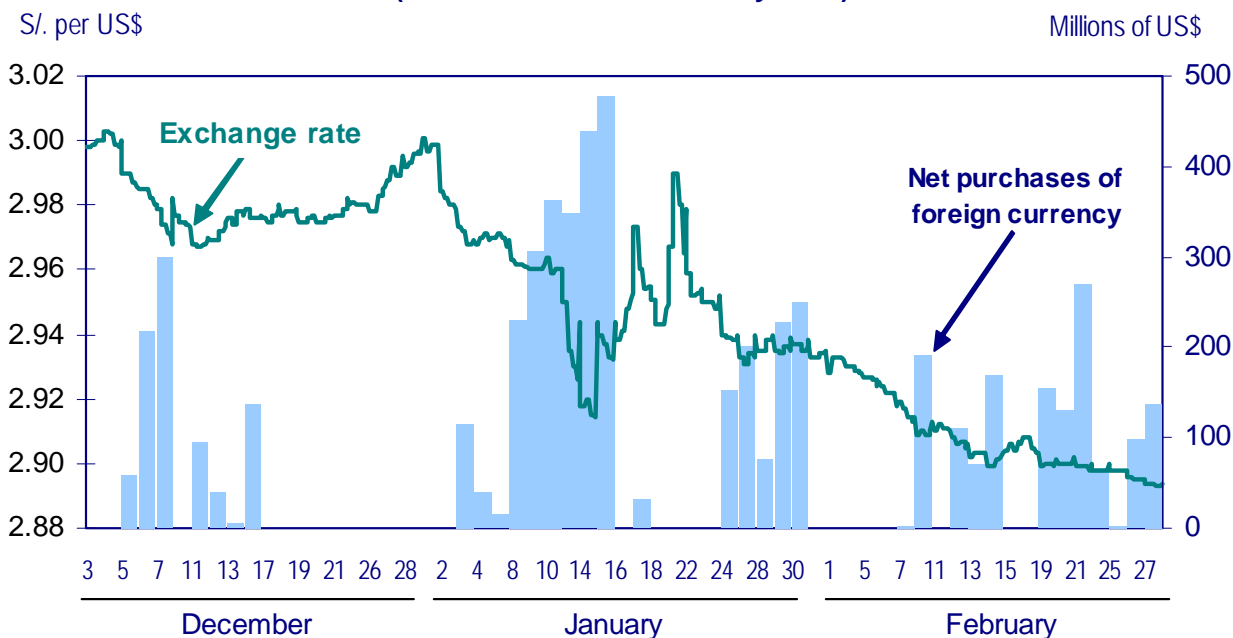


Moreover, the international position of the BCRP on **February 26** (US\$ **24,248** million) increased by US\$ 1,045 million compared to end January.

Exchange rate: S/. 2.893 per dollar

Between **February 20 and 27**, the average ask price of the interbank exchange rate decreased from S/. 2.901 to S/. 2.893 per dollar, as a result of which the nuevo sol appreciated by 1.4 percent compared to end January. Between February 20 and 27, the Central Bank intervened in the exchange market buying US\$ 700 million.

INTERBANK ASK- EXCHANGE RATE AND NET PURCHASES OF FOREIGN CURRENCY (December 2007 - February 2008)



Monetary base by February 22, 2008

The balance of the **monetary base** by February 22 (S/. 17,823 million) increased 6.6 percent (S/. 1,101 million) compared to end January, 2008. On average, the annual growth rate of the monetary base in this period was 41.9 percent (36.1 percent in January).

By sources, the operations that contributed most heavily to the expansion of the monetary base were lower banks' sterilization deposits (S/. 5,957 million) and deposits from public sector (S/. 683 million), purchases of foreign currency (US\$ 1,161 million or S/. 3,370 million) and the maturity of BCRP Certificates of Deposits (S/. 1,725 million). Conversely, the operations that contributed to the contraction were the net placements of CDBCRP-NR (S/. 10,081 million), sales of dollars to the public sector (US\$ 252 million or S/. 732 million).

Liquidity and credit to the private sector by January 31

In the last four weeks, liquidity in **domestic currency** increased 2.3 percent (S/. 1,032 million), thus amounting to S/. 46,037 million (annual growth of 35.8 percent). Credit to the private sector in domestic currency increased by 2.1 percent (S/. 709 million) and totaled S/. 34,058 million (annual growth of 30.1 percent).

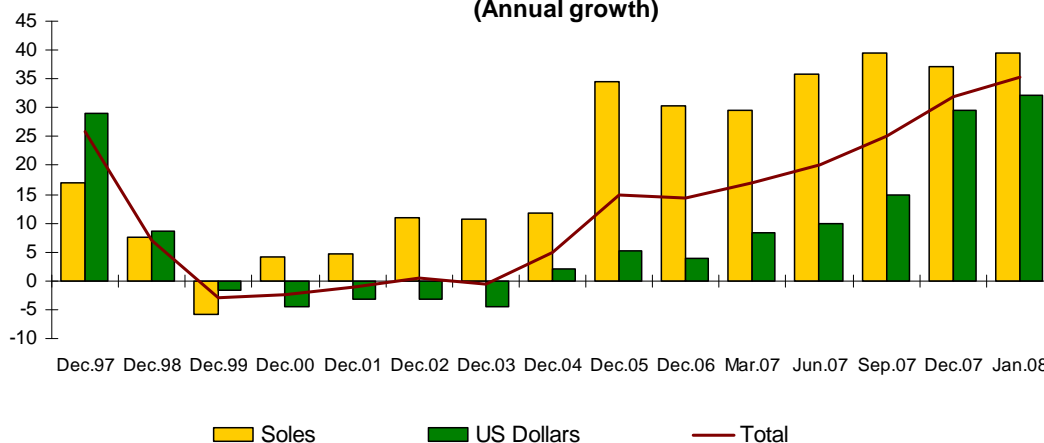
Liquidity in **foreign currency** decreased by 1.9 percent (US\$ 245 million), thus amounting to US\$ 12,824 million (annual growth of 17.5 percent). Credit to the private sector in foreign currency increased 1.8 percent (US\$ 257 million) and totaled US\$ 14,782 million (annual growth of 32.2 percent).

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
2006										
Mar.	0.8%	24.2%	2.7%	21.7%	2.3%	39.4%	2.1%	21.6%	2.2%	2.1%
Jun.	2.3%	16.0%	1.4%	17.5%	2.0%	39.4%	0.2%	13.1%	2.1%	2.8%
Sep.	0.9%	13.9%	1.0%	13.7%	2.2%	36.8%	0.5%	13.9%	0.9%	6.3%
Dec.	15.7%	18.3%	10.6%	17.9%	3.3%	30.2%	1.8%	12.7%	-2.1%	3.9%
2007										
Jan.	-6.8%	18.8%	1.0%	25.4%	0.9%	28.8%	-1.2%	7.9%	-0.3%	7.9%
Feb.	1.5%	20.2%	0.1%	24.4%	2.6%	28.5%	0.1%	6.3%	0.5%	8.8%
Mar.	1.3%	20.7%	2.9%	24.6%	3.1%	29.5%	1.2%	5.5%	1.7%	8.3%
Apr.	1.9%	22.7%	-1.7%	27.5%	4.1%	33.1%	3.0%	9.9%	1.3%	9.2%
May.	0.4%	25.3%	1.9%	30.3%	2.2%	34.8%	2.6%	14.0%	1.6%	7.3%
Jun.	3.0%	26.2%	2.9%	32.1%	2.8%	35.8%	-1.0%	12.6%	4.7%	10.0%
Jul.	5.3%	23.0%	4.5%	34.4%	2.9%	37.7%	2.1%	14.3%	1.3%	10.9%
Aug.	0.8%	29.5%	2.2%	36.0%	1.3%	37.0%	2.6%	16.5%	1.2%	13.1%
Sep.	-1.8%	26.1%	-0.4%	34.0%	4.2%	39.6%	1.7%	17.9%	2.6%	14.9%
Oct.	4.1%	30.3%	5.8%	38.3%	1.8%	37.3%	1.7%	18.1%	2.1%	17.0%
Nov.	2.3%	29.9%	5.3%	40.2%	4.0%	38.6%	3.0%	18.8%	6.8%	23.2%
Dec.	14.3%	28.2%	4.8%	33.0%	2.3%	37.3%	2.4%	19.6%	3.0%	29.6%
2008										
Jan.	-5.9%	29.4%	2.3%	35.8%	2.1%	39.6%	-1.9%	17.5%	1.8%	32.2%
Memo:										
Balance as of Dec.31 (Mill.S/.or Mill.US\$)	17,779		45,005		33,349		13,068		14,525	
Balance as of Jan.31 (Mill.S/.or Mill.US\$)	16,722		46,037		34,058		12,824		14,782	

Evolution of credit to the private sector

In January, credit to the private sector grew 0.6 percent (S/. 445 million). Thus, credit grew 28.6 compared with January 2007 (35.3 percent considering a constant exchange rate).

**CREDIT TO THE PRIVATE SECTOR: 1997-2008
(Annual growth)**



1/ Exchange rate constant.

Credit to the private sector in soles grew at a monthly rate of 2.1 percent (S/. 709 million), a rate lower than the one seen in December (2.9 percent). The credit provided by **banks** grew 5.7 percent (S/. 1,427 million) due to the conversion of the former Financiera Cordillera into the Banco Ripley, which loans were mainly consumer loans. For this reason, the consumer loans by banks increased 11.0 percent in January (equivalent to the monthly of S/. 1,039). Conversely, the microfinance institutions showed a decrease of 12.8 percent in their national currency loans.

Isolating this effect the credit in soles by **banks** grew 2.3 percent (flow of S/. 590 million). The segments that grew the most in terms of banks included mortgages loans (up 5.3 percent), corporate loans (up 2.3 percent), and consumer loans (up 2.1percent, excluding Bank Ripley).

CREDIT TO THE PRIVATE SECTOR IN DOMESTIC CURRENCY

	Balance in million of Nuevos Soles			Growth rates	
	Jan 07	Dec 07	Jan 08	Jan.08/ Jan.07	Jan.08/ Dec.07
Commercial banks	17,927	25,195	26,622	48.5	5.7
State bank	1,453	2,395	2,412	66.0	0.7
Microfinance institutions	5,016	5,759	5,024	0.2	-12.8
TOTAL	24,396	33,349	34,058	39.6	2.1

On the other hand, **credit to the private sector in dollars** grew 1.8 percent (US\$ 257 million) in January. This growth was mainly driven by **banks**, where credit increased by 2.1 percent (US\$ 285 million), particularly due to the growth of corporate loans (up 2.4 percent, with a monthly flow of US\$ 245 million).

Credit to the private sector in dollars over the last 12 months grew 32.2 percent (US\$ 3,599 million), mainly due to the credit provided by banks (up 34.8 percent, with an annual flow of US\$ 3,603 million).

CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY

	Balance in million of Nuevos Soles			Growth rates	
	Jan 07	Dec 07	Jan 08	Jan.08/ Jan.07	Jan.08/ Dec.07
Commercial banks	10,339	13,657	13,942	34.8	2.1
State bank	173	173	171	-1.2	-1.2
Microfinance institutions	672	696	669	-0.4	-3.9
TOTAL	11,183	14,525	14,782	32.2	1.8

Economic surplus of S/. 2,496 million in January 2008

The operations of the central government posted an economic surplus of S/. 2,469 million in January since current revenues showed a higher growth rate (18.9 percent in real terms) compared with the ones reported in January 2007, and with the non-financial expenditure (7.1 percent). Excluding transfers to other public entities, non-financial expenditure grew 21.0 percent in real terms.

CENTRAL GOVERNMENT OPERATIONS

(Million of Nuevos Soles)

	January		
	2007	2008	% Chg Real
1. CURRENT REVENUES	4,745	5,873	18.9
A. Tax revenue	4,158	5,045	16.5
B. Non tax revenue	587	828	35.5
2. NON-FINANCIAL EXPENDITURE	2,742	3,060	7.1
A. Non financial expenditure net of transfers	1,901	2,395	21.0
- Non financial current expenditure	1,829	2,300	20.7
- Capital expenditure	72	95	27.6
- Gross capital formation	79	99	20.1
- Other	-8	-4	n.a
B. Transfers to other public entities	841	665	-24.1
- Non financial current expenditure	832	644	-25.6
- Capital expenditure	9	21	111.5
3. CAPITAL REVENUES	73	63	-6.1
4. PRIMARY BALANCE	2,076	2,876	
5. INTEREST PAYMENTS	456	408	-4.9
6. OVERALL BALANCE	1,620	2,469	
7. FINANCING	-1,620	-2,469	
1. External	-66	-1,503	
A. Disbursements	56	50	
B. Amortizations	-122	-1,553	
2. Domestic	-1,557	-966	
3. Privatization	3	0	

The **economic surplus of the central government** –trend indicator– increased from S/. 6,010 million (1.8 percent of GDP) to S/. 6,858 million (2.0 percent of GDP) between December 2007 and January 2008. This evolution of the trend indicator on the central government's economic surplus was reflected an increase of current revenues in the month.

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

	Periods of 12 months				
	Feb 2006 Jan 2007	Year 2007	Feb 2007 Jan 2008	% Chg Real	
	A	B	C	C/A	C/B
1. CURRENT REVENUES	53,132	61,113	62,241	14.8	1.5
A. Tax revenue	45,787	52,454	53,340	14.2	1.3
B. Non tax revenue	7,345	8,659	8,901	18.7	2.5
2. NON-FINANCIAL EXPENDITURE	43,561	49,962	50,280	13.0	0.4
A. Current expenditure	37,559	42,613	42,896	11.8	0.4
B. Capital expenditure	6,001	7,349	7,384	19.8	0.4
3. CAPITAL REVENUES	357	385	375	2.6	-3.4
4. PRIMARY BALANCE	9,928	11,535	12,336		
5. INTEREST PAYMENTS	5,393	5,525	5,477	-0.5	-1.2
6. OVERALL BALANCE	4,536	6,010	6,858		
7. NET FINANCING	-4,536	-6,010	-6,858		
1. External	-1,801	-6,831	-8,269		
A. Disbursements	2,002	10,673	10,667		
B. Amortizations	-3,803	-17,505	-18,935		
2. Domestic	-3,038	372	964		
3. Privatization	304	449	447		
Memo:					
Net non-financial expenditures of transfers to other public entities	33,058	35,791	36,285	7.3	1.1

* To avoid the volatility of monthly series, this chart presents the annual accumulated result.

The current revenues of the central government (S/. 5,873 million) in January 2008 grew 18.9 percent in real terms compared to January 2007, reflecting the sustained growth of economic activity and high price of base metals. **Tax revenues** (S/. 5,045 million) increased by 16.5 percent in real terms, mainly due to the increase seen in value added tax (21.0 percent), income tax (14.8 percent), and other tax revenues (25.4 percent).

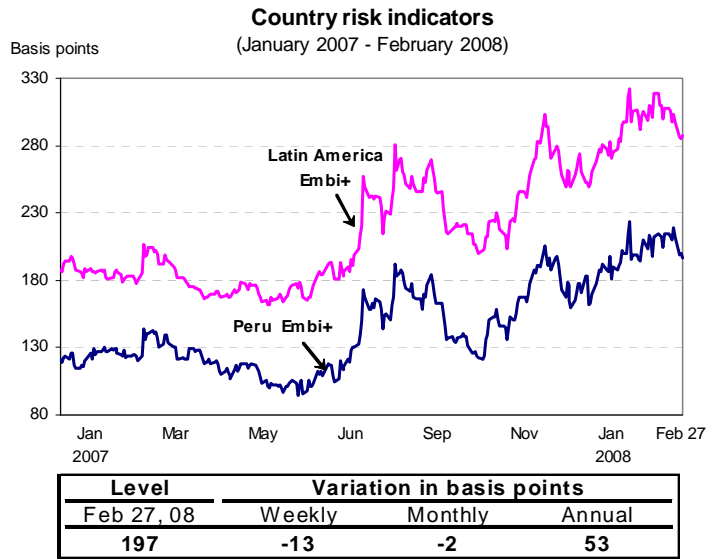
Non-financial expenditure net of transfers to other public entities (S/. 2,395 million) grew a real 21.0 percent, due to the 20.7 percent growth (S/. 2,300 million) observed in current revenues. By group of expenditure, wages expenditure increase 18.2 percent and transfers to the private sector increased 55.8 percent, directed to the National Wawa Wasi Program (Comprehensive childcare under 3 years), assistance to private institutions, Rural Communities, Social Organizations, and others. Moreover, spending in goods and services decreased 1.1 percent and capital expenditure increased 27.6 percent, mainly due to the real growth seen in gross capital formation (20.1 percent).

International Markets

Country risk at 197 basis points

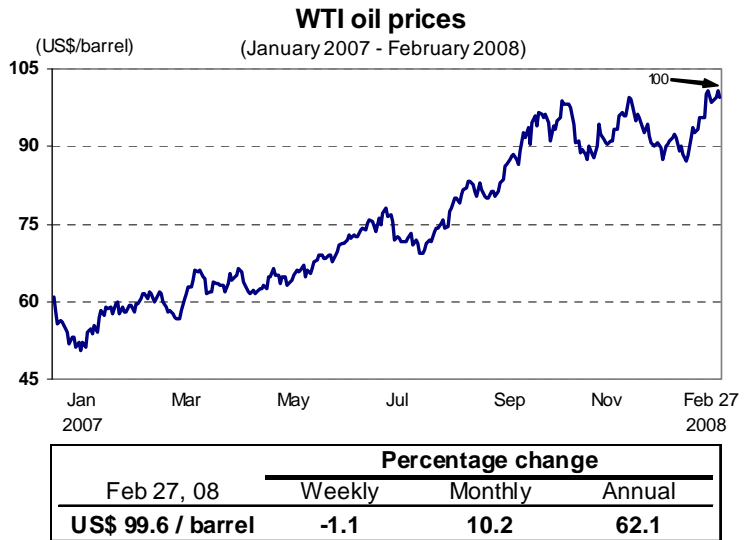
Between February 20 and 27, the country risk indicator, measured by the **EMBI+ Peru** spread, decreased from 210 to 197 basis points, following the trend of spreads in the region (the EMBI+ Latin America decreased from 297 to 287 basis points).

This drop was due to lower overall risk aversion among investors after a larger gain in major stock exchanges and expectations that the Federal Reserve will introduce further cuts in the interest rates to encourage the world's largest economy.

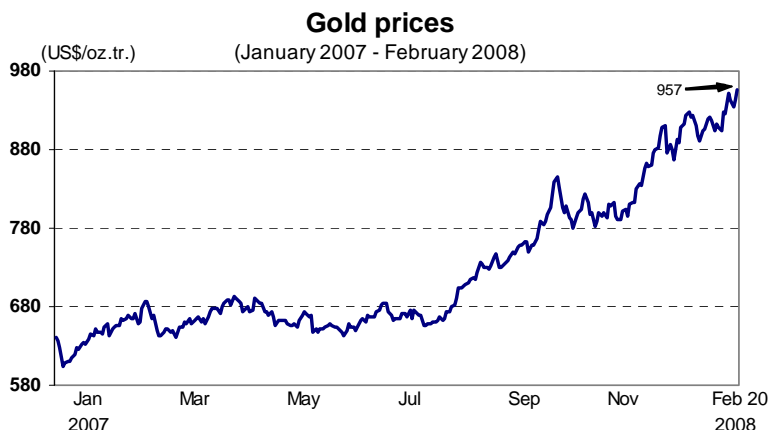


Price of petroleum decreased to US\$ 99.6 per barrel

The price of **WTI oil** decreased 1.1 percent to US\$ 99.6 per barrel between February 20 and 27. However, during the week WTI oil reached a record high of \$ 100.7 per barrel. Data from American stocks of crude oil and gasoline which grew more than expected last week influenced the drop in the price of oil. However, the geopolitical instability (incursion of Turkish troops in Iraq) and the cold weather in Europe and the United States boosted the demand for heating fuels, and eased the fall in oil prices.

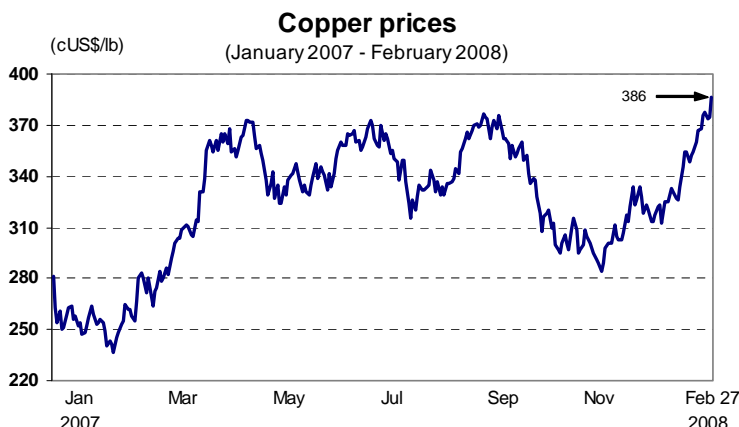


Between February 20 and 27, the price of **gold** increased 3.7 percent to US\$ 957.0 per ounce troy. This increase in gold prices was due to the weaker dollar, this increase in gold prices was due to the weaker dollar, the high oil prices and statements by various mining companies in South Africa respect to the expected production cut for this year (10 to 20 percent) after problems of energy supply. However, approval for the sale of gold stocks held by the IMF limited a greater advance in the price of the precious metal.



Feb 27, 08	Percentage change		
	Weekly	Monthly	Annual
US\$ 957.0 / oz tr.	3.4	4.8	40.8

In the same period of analysis, the price of **copper** increased 5.1 percent to US\$ 3.86 per pound, due to the important drop in the London Metal Exchange inventories. This evolution reflects the concerns of greater shortages of the metal after unfavourable weather conditions in China and power cuts in Chile. Also the publication of a report from the International Copper Study Group (ICSG) highlighted that between January and November 2007, the market recorded a deficit of 149 thousand MT, which favored the increase in the price of copper.



Feb 27, 08	Percentage change		
	Weekly	Monthly	Annual
US\$ 3.86 / pound	5.1	19.6	37.8

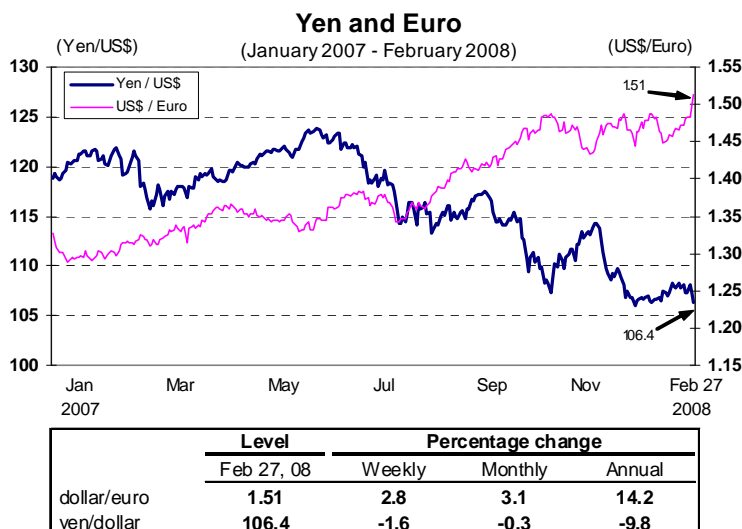
Between February 20 and 27, the price of **zinc** increased 11.1 percent to US\$ 1.18 per pound, influenced mainly by falling inventories in global stock markets and the disruption of supply in China due to bad weather. It should be noted that the fall in the dollar against a basket of currencies boosted the price of the base metals.



Feb 27, 08	Percentage change		
	Weekly	Monthly	Annual
US\$ 1.18 / pound	11.1	16.0	-26.0

Dollar depreciated against the euro and yen

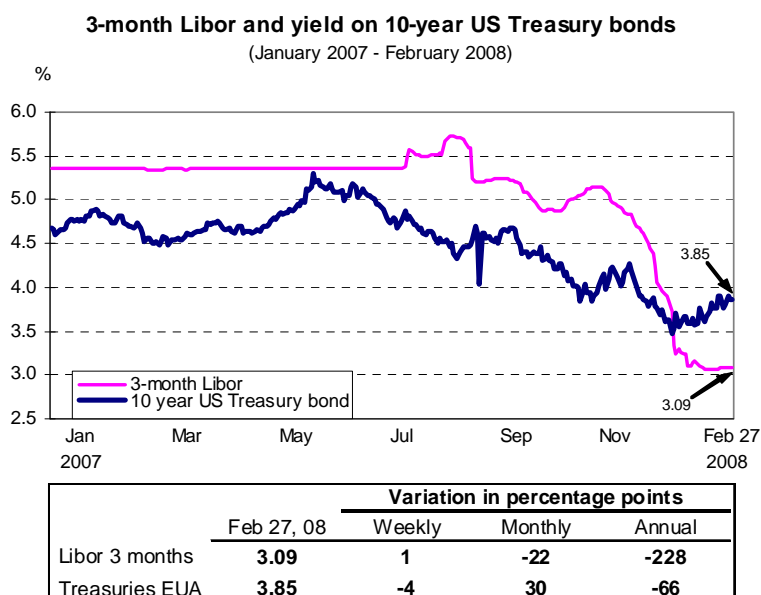
Between February 20 and 27, the **dollar** depreciated 2.8 percent against the **euro** and 1.6 percent against the **yen**. The dollar weakened against the euro, reaching a record low due to concerns about the American economy and the Bernanke speech in the US Congress that gave signs of greater rate cuts by the Federal Reserve after fears of lower growth. The lower expectations that the European Central Bank will cut its interest rate after the European Commission raised its inflation forecast for the Eurozone and the unexpected data of an increase in business confidence in Germany, also strengthened the euro .



Regarding the yen, the dollar depreciated by the reversal of the carry trade operations.

Yield on 10-year US Treasuries decreased to 3.85 percent

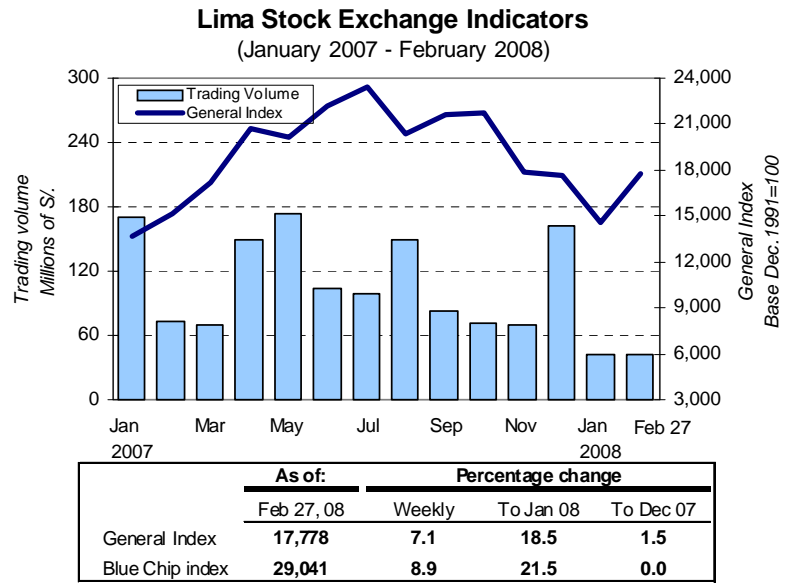
Between February 20 and 27, the **3-month Libor** decreased from 3.10 to 3.09 percent and the yield on the **10-year US Treasury bond** decreased from 3.89 to 3.85 percent. In the case of Treasury bond, the decline in yield was caused by negative economic data in the United States (fall in the prices of houses severely beaten the consumer confidence), despite the rise in the stock price and the data of the wholesale inflation in United States, greater than expected, that revives inflation fears.



Lima Stock Exchange increased 18.5 percent by February 27, 2008

The **General** and **Blue Chip** indices of the Lima Stock Exchange increased 18.5 and 21.5 percent respectively, following the trend observed in the main international stock markets.

Moreover, between February 20 and 27, the General and the Blue Chip indices showed a positive evolution and increased 7.1 and 8.9 percent, respectively. This increase was driven by the increased confidence of investors who restructured their portfolios, and by the best mining stock prices, due to an improvement in the international prices of base and precious metals.



So far this year the **General** and **Blue Chip** indices have accumulated profits of 1.5 and 0.02 percent respectively.

