



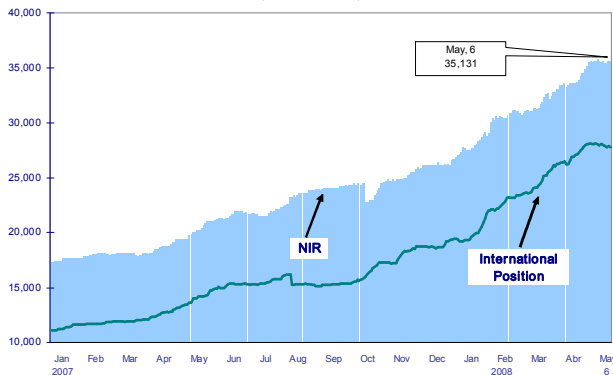
### Indicators

- NIRs totaled US\$ 35,131 million on May 6
- Average interbank interest rate at 5.50 percent on May 7
- Exchange: S/. 2.771 per dollar on May 7
- Inflation in April 2008: 0.15 percent
- Trade surplus of US\$ 565 million in March
- Average country risk at 150 bps on May 7
- Lima Stock Exchange decrease 0.4 percent on May 7

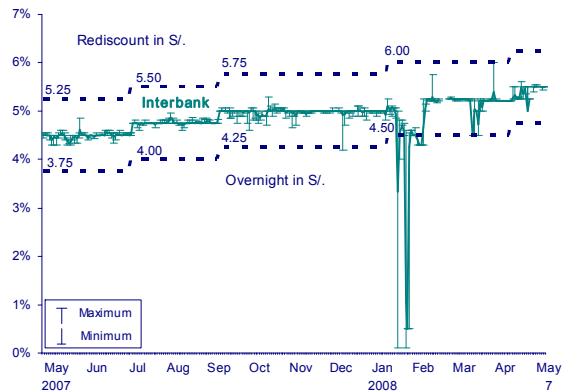
### Content

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



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



### In our webpage

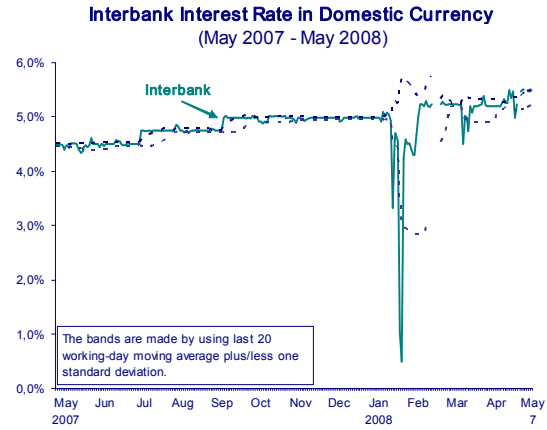
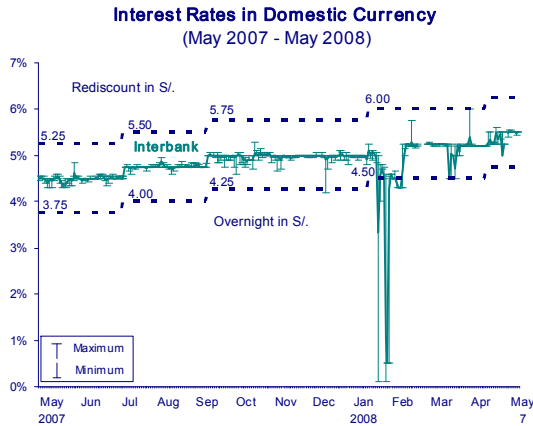
<http://www.bcrp.gov.pe/bcr/ingles/>

- Informative note on the Monetary Program: May 2008. BCRP maintains the reference interest rate at 5.50%
- Weekly Report N° 18-2008
- International Reserves Management: March 2008
- Inflation Report: Recent trends and macroeconomic forecasts - January 2008
- Working papers N° 2008-003: ¿Can Peru be a New Economic Miracle?
- Monetary Policy in a Dual Currency Environment
- Quarterly Charts

## Average interbank interest rate: 5.50 percent on May 7

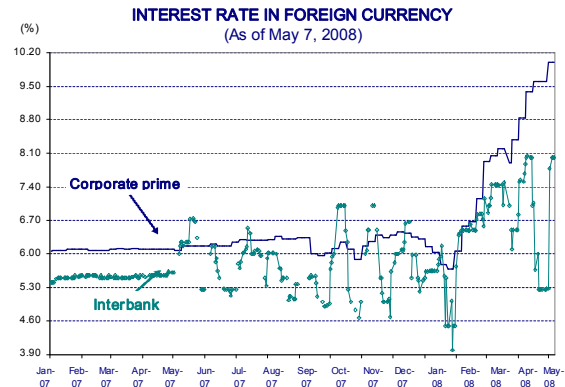
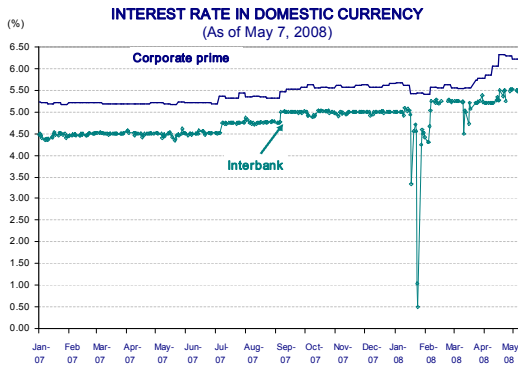
The average interbank interest rate in domestic currency on May 7 was 5.50 percent, higher than the average rate seen in April (5.37 percent). **Between April 30 and May 7, this rate remained at 5.50 percent.**

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
September	4.97	0.10
November	4.99	0.03
December	4.99	0.02
January 2008	4.44	1.24
February	5.02	0.36
March	5.21	0.21
April	5.37	0.13
May 7	5.50	0.01



## Corporate prime rate in nuevos soles decreased to 6.22 percent

Between **April 30 and May 7**, the daily average of the 90-day corporate prime rate in domestic currency decreased from 6.28 to 6.22 percent. However, this rate in dollars increased from 9.61 to 10.00 percent.

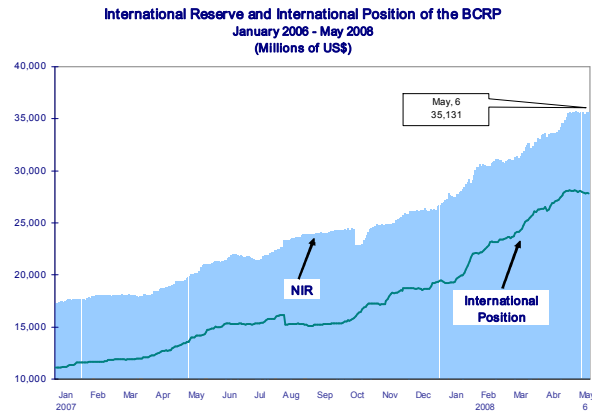


## Monetary operations

Between **May 2 and 7**, the Central Bank made the following monetary operations: i) auctions of 1-day, 2-day, 1-week, 1-month, 3-month, 4-month and 6-month BCRP Certificates of Deposit Subject to Limited Negotiation reaching a balance of S/. 2,873.1 million. The interest on these operations, which amounted to S/. 18,748.5 million, is 5.62 percent.

## International reserves totaled US\$ 35,131 million on May 6

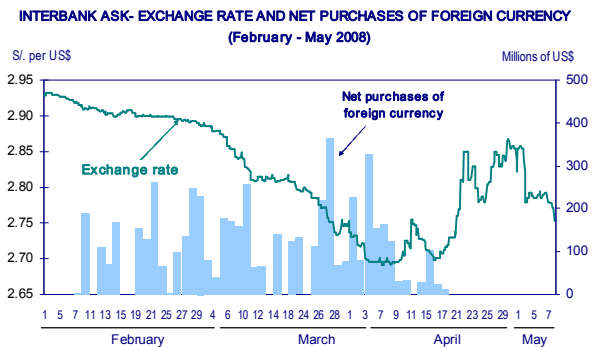
Net international reserves (NIRs), which decreased by US\$ 494 million compared to end April and increased US\$ 7,443 billion compared to the close of 2007, amounted to US\$ **35,131** million on **May 6**. This decrease in the balance of NIRs during May is mainly explained by lower deposits of the financial system (US\$ 438 million), by public sector's lower deposits (US\$ 9 million), and by lower valuation of other securities (US\$ 46 million). This decrease was partially offset by a higher investment yield (US\$ 1 million).



Moreover, the international position of the BCRP on **May 6** was US\$ **27,893** million, a sum US\$ 46 million higher than the one observed at end April.

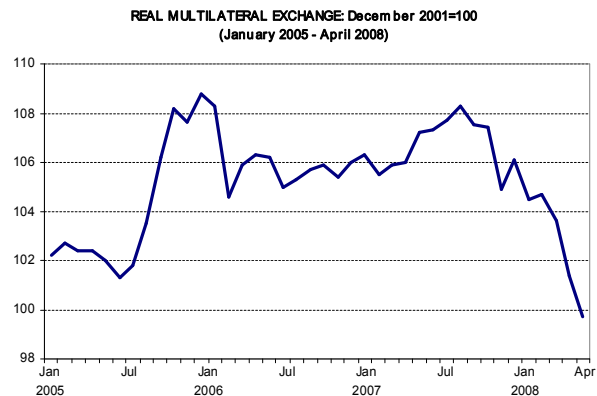
## Exchange rate: S/. 2.771 per dollar

Between **April 30 and May 7**, the average ask price of the interbank exchange rate decreased from S/. 2.852 to S/. 2.771 per dollar, as a result of which the nuevo sol appreciated 2.84 percent compared to end April. In this period, the Central bank did not intervene in the exchange market.



## Real exchange declined 1.7 percent in April

The real multilateral exchange rate declined 1.7 percent in April. This is explained by a 2.0 percent nominal appreciation of the nuevo sol against the currency basket of Peru's main trading partners, by an external inflation of 0.5 percent, and by a domestic inflation of 0.2 percent. The real exchange rate has decreased 7.0 percent over the last 12 months.



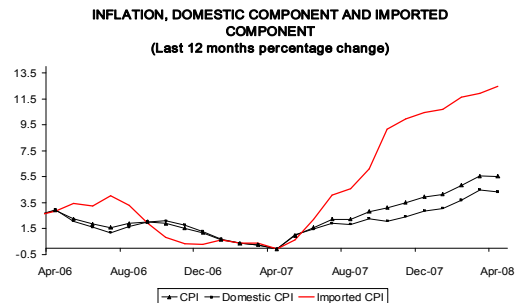
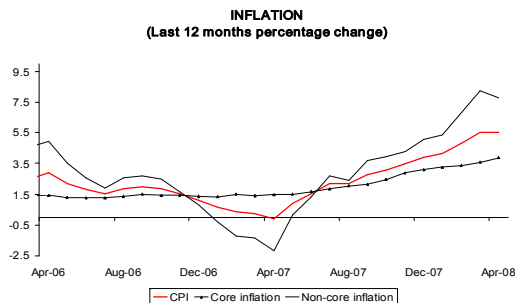
## Inflation: 0.15 percent in April

**Inflation** showed a rate of 0.15 percent in April, while last 12-month inflation posted 5.52 percent. The products that contributed most heavily to inflation this month (0.31 percentage points) were: onions (0.16 percentage points), "eating out" (0.10 percentage points), and oil (0.05 percentage points). However, the products that reduced inflation in -0.39 percentage points this month were: chicken meat (-0.18 percentage points), potatoes (-0.11 percentage points) and fresh legumes (-0.10 percentage points).

**INFLATION**  
(Annual percentage change)

	Weighting	Monthly	12-month indicator			Annual average indicator		
		Apr. 2008	Apr. 2007	Mar. 2008	Apr. 2008	Apr. 2007	Mar. 2008	Apr. 2008
<b>I. CORE INFLATION</b>	<b>60.6</b>	<b>0.40</b>	<b>1.48</b>	<b>3.59</b>	<b>3.88</b>	<b>1.39</b>	<b>2.73</b>	<b>2.97</b>
<b>Goods</b>	<b>34.0</b>	<b>0.32</b>	<b>1.08</b>	<b>3.68</b>	<b>3.83</b>	<b>0.89</b>	<b>2.67</b>	<b>2.94</b>
Food and beverages	13.0	0.57	1.60	6.77	7.24	1.35	4.33	4.90
Textile and footwear	7.6	0.36	2.65	2.59	2.60	1.74	2.83	2.84
Electrical appliances	1.0	0.10	-1.77	-1.78	-1.58	-0.64	-1.80	-1.79
Other industrial goods	12.5	0.05	-0.21	1.46	1.38	-0.02	1.13	1.27
<b>Services</b>	<b>26.6</b>	<b>0.50</b>	<b>1.95</b>	<b>3.48</b>	<b>3.93</b>	<b>2.01</b>	<b>2.81</b>	<b>3.01</b>
Restaurants	12.0	0.94	1.43	5.51	6.37	1.27	3.57	4.04
Education	5.1	0.16	3.60	3.65	3.73	3.57	3.78	3.83
Health	1.3	0.28	0.92	0.71	0.84	0.61	0.78	0.77
Renting	2.3	-0.51	-0.98	-2.77	-3.27	0.07	-1.38	-1.64
Other services	5.9	0.28	2.77	2.07	2.42	3.12	2.32	2.30
<b>II. NON CORE INFLATION</b>	<b>39.4</b>	<b>-0.18</b>	<b>-2.15</b>	<b>8.23</b>	<b>7.78</b>	<b>1.08</b>	<b>4.08</b>	<b>4.86</b>
Food	22.5	-0.28	-2.56	12.20	11.53	1.59	6.07	7.27
Fuel	3.9	0.11	-2.52	7.79	7.79	1.74	4.90	5.18
Transportation	8.4	-0.37	0.41	1.17	0.56	1.00	0.72	0.77
Utilities	4.6	0.39	-4.58	1.19	1.67	-2.39	-1.10	-0.52
<b>III. CPI</b>	<b>100.0</b>	<b>0.15</b>	<b>-0.08</b>	<b>5.55</b>	<b>5.52</b>	<b>1.26</b>	<b>3.30</b>	<b>3.77</b>
<b>Note.-</b>								
Imported Inflation	12.1	0.64	-0.10	11.95	12.51	1.53	8.06	9.01
Core Inflation excluding food and Beverage	47.6	0.36	1.44	2.74	2.98	1.40	2.30	2.45
Total foods	33.2	0.00	-1.31	10.72	10.42	1.40	5.59	6.63

**Core inflation** this month showed a rate of 0.40 percent and accumulated 3.9 percent over the last 12 months. On the other hand, **non-core inflation** was -0.18 percent and accumulated 7.8 percent over the last 12 months. **Core inflation excluding foodstuffs and beverages** was 0.36 percent (3.0 percent over the last 12 months). **Imported inflation** this month was 0.64 percent (12.5 percent over the last 12 months).



## Survey on macroeconomic expectations: May 2008

The BCRP conducted its Monthly Survey on Macroeconomic Expectations between April 14 and 30. The survey sample included 24 financial entities, 25 economic analysts, and 365 non-financial firms.

The survey results show that inflation expectations for 2008 range between 4.00 and 4.50 percent, meaning that inflation this year will be higher than in 2007 (3.93 percent). The three surveyed groups coincided to increase their inflation forecasts for this year.

Moreover, forecasts on GDP growth this year range between 7.7 and 8.0 percent. The three surveyed groups coincided to increase their growth forecasts compared with the previous month.

Finally, the expectations on the exchange rate for end 2008 range between S/. 2.90 and S/. 2.98 per US dollar.

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

	Date of the survey		
	February 29. <sup>2/</sup>	March 31. <sup>2/</sup>	April 30. <sup>3/</sup>
<b>Inflation (%)</b>			
May 2008	0.28	0.30	0.35
June	0.30	0.30	0.35
Annual: 2008	3.97	4.10	4.48
2009	3.20	3.50	3.50
2010	3.00	3.00	3.35
<b>GDP growth (%)</b>			
March 2008	7.5	7.6	8.5
April	7.5	7.5	8.1
Annual: 2008	7.5	7.5	8.0
2009	6.5	6.5	6.5
2010	6.5	6.2	6.2
<b>Exchange rate (S/. per US\$)</b>			
May 2008	2.86	2.74	2.79
June	2.85	2.71	2.75
Annual: 2008	2.80	2.70	2.69
2009	2.85	2.80	2.72
2010	2.89	2.88	2.80
<b>Interbank interest rate (%)</b>			
<i>In nuevos soles</i>			
May 2008	5.25	5.25	5.50
June	5.25	5.25	5.50
Annual: 2008	5.25	5.25	5.50
2009	5.50	5.31	5.50
2010	5.50	5.50	5.50

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

2/ 23 financial institutions.

3/ 24 financial institutions.

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

	Date of the survey		
	February 29. <sup>2/</sup>	March 31. <sup>2/</sup>	April 30. <sup>3/</sup>
<b>Inflation (%)</b>			
Annual: 2008	3.60	4.00	4.00
2009	3.00	3.90	3.93
2010	3.00	3.50	3.50
<b>GDP growth (%)</b>			
Annual: 2008	7.5	7.6	8.0
2009	7.0	7.0	7.0
2010	7.0	7.0	7.0
<b>Exchange rate (S/. per US\$)</b>			
December 2008	2.90	2.80	2.78
December 2009	3.00	2.90	2.88
December 2010	3.00	3.00	2.98

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

2/ 365 non-financial institutions.

### ANALYSTS (Median1/ of the sample)

	Date of the survey		
	February 29. <sup>2/</sup>	March 31. <sup>2/</sup>	April 30. <sup>3/</sup>
<b>Inflation (%)</b>			
May 2008	0.20	0.25	0.30
June	0.28	0.26	0.25
Annual: 2008	3.50	3.75	4.50
2009	3.00	2.95	3.50
2010	2.50	2.45	2.50
<b>GDP growth (%)</b>			
March 2008	7.5	7.5	8.7
April	7.0	7.4	8.1
Annual: 2008	6.8	7.0	7.7
2009	6.1	6.5	6.6
2010	6.0	6.5	6.4
<b>Exchange rate (S/. per US\$)</b>			
May 2008	2.88	2.75	2.75
June	2.88	2.71	2.73
Annual: 2008	2.86	2.73	2.70
2009	2.95	2.80	2.75
2010	2.96	2.85	2.73
<b>Interbank interest rate (%)</b>			
<i>In nuevos soles</i>			
May 2008	5.25	5.25	5.50
June	5.30	5.25	5.50
Annual: 2008	5.50	5.25	5.50
2009	5.25	5.25	5.50
2010	5.00	5.00	5.00

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

2/ 23 analysts.

3/ 22 analysts.

4/ 25 analysts.

## Trade surplus of US\$ 565 million in March

In March, the trade balance showed a surplus of US\$ 565 million. Exports increased 31.6 percent and amounted to US\$ 2,755 million, while imports –which increased 56.0 percent– totaled US\$ 2,190 million.

**Traditional exports** amounted to US\$ 2,147 million, a sum 31.9 percent higher than the one observed in the same month last year. It is worth pointing out the higher sales of copper (42.2 percent), gold (37.1 percent) and hydrocarbons (83.1 percent).

On the other hand, **non-traditional exports** –which increased by 29.0 percent compared to March 2007– totaled US\$ 590 million due to higher sales of textiles, agricultural and chemical products.

**Imports** in March amounted to US\$ 2,190 million, a sum 56.0 percent higher than the one seen in March 2007. The purchases of inputs for industry increased 38.2 percent, while the imports of capital goods and consumer goods increased 49.5 and 34.5 percent respectively.

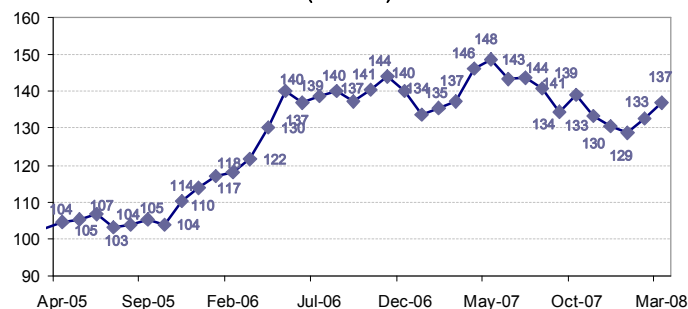
### TRADE BALANCE

(Millions of US\$)

	Monthly data					I Quarter			
	2007	2008		Mar.08/Mar.07		2007	2008	Flow	% Chg.
	Mar.	Feb.	Mar.	Flow	% Chg.				
<b>EXPORTS</b>	<b>2 095</b>	<b>2 459</b>	<b>2 755</b>	<b>661</b>	<b>31.6</b>	<b>5 747</b>	<b>7 735</b>	<b>1 988</b>	<b>34.6</b>
Traditional products	1 628	1 884	2 147	520	31.9	4 353	5 917	1 564	35.9
Non-traditional products	457	563	590	133	29.0	1 361	1 774	413	30.3
Other products	10	12	18	8	84.7	33	44	11	34.4
<b>IMPORTS</b>	<b>1 404</b>	<b>1 883</b>	<b>2 190</b>	<b>786</b>	<b>56.0</b>	<b>4 208</b>	<b>6 261</b>	<b>2 053</b>	<b>48.8</b>
Consumer goods	254	312	342	88	34.5	686	979	293	42.7
Raw materials and intermediate	723	979	1 213	490	67.9	2 202	3 435	1 232	56.0
Capital goods	420	582	628	208	49.5	1 299	1 822	523	40.2
Other goods	8	10	8	- 0	- 1.2	21	26	5	25.2
<b>TRADE BALANCE</b>	<b>690</b>	<b>576</b>	<b>565</b>	<b>- 125</b>	<b>- 18.1</b>	<b>1 539</b>	<b>1 473</b>	<b>- 65</b>	<b>- 4.2</b>

The **terms of trade** dropped 0.2 percent in March compared with the same month in 2007. The average prices of exports increased by 25.3 percent, while the prices of imports increased by 25.5 percent in a context of high prices of oil and food products. Moreover, the volume of exports increased 5.0 percent due to the larger shipments of non-traditional products (16.1 percent).

### TERMS OF TRADE (1994=100)



\* As of March 2008

## Monetary base on April 30, 2008

The balance of the **monetary base** as of April 30 (S/. 19,876 million) increased by 9.2 percent (S/. 1,679 million) compared to end March. By uses, the increase is mainly explained by higher demand for reserve deposits of the financial institutions in the BCRP (S/. 1,144 millions). On average terms, the monetary base grew at annual rate of 60.7 percent in this period (47.3 percent in March).

By sources, the operations that contributed most heavily to the growth of the monetary base were the purchases of foreign currency at the Central Bank's front desk (US\$ 1,319 million or S/. 3,568 million) and the maturities of BCRP Certificates of Deposit (S/. 2,298 million) and lower sterilization deposits from the financial institutions (S/. 571 million). Conversely, the monetary base shrank due to public sector's higher deposits (S/. 3155 million), to net placements of BCRP Certificates of Deposit subject to Limited Negotiation (S/. 1,315 million), and to the sale of dollars to the public sector (US\$ 230 million or S/. 626 million).

## Liquidity and credit to the private sector as of April 15

During the last four weeks, liquidity in **domestic currency** increased 4.2 percent (S/. 2,114 million) and reached a total of S/. 52,333 million (annual growth of 52.5 percent). Credit to the private sector in domestic currency increased by 2.8 percent (S/. 972 million) and amounted to S/. 35,850 million (last 12-month growth of 36.6 percent).

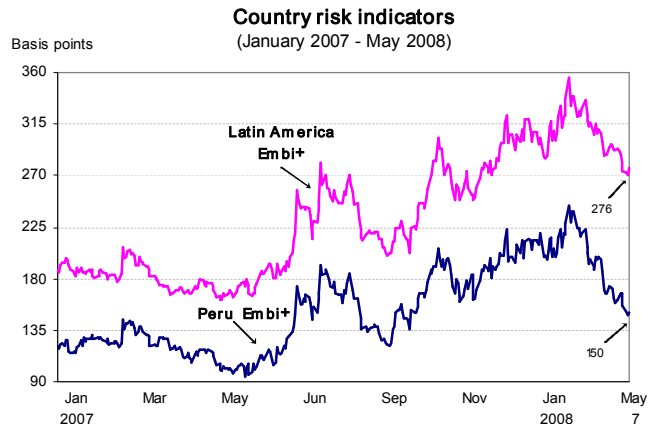
Liquidity in **foreign currency** increased 0.6 percent (US\$ 73 million), reaching a total of US\$ 12,599 million (annual growth of 12.1 percent). Credit to the private sector in foreign currency increased 0.9 percent (US\$ 128 million), reaching a total of US\$ 14,960 million (last 12-month growth of 30.7 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>2006</b>										
Dec.	15.7%	18.3%	10.6%	17.9%	3.3%	30.2%	1.8%	12.7%	-2.1%	3.9%
<b>2007</b>										
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%
<b>2008</b>										
Jan.	-5.9%	29.4%	1.8%	35.1%	2.2%	39.7%	-1.4%	18.1%	1.7%	32.1%
Feb.	7.2%	36.6%	6.9%	44.3%	2.4%	39.4%	-4.5%	12.6%	0.3%	31.9%
Mar.	1.6%	36.9%	4.7%	46.8%	0.8%	36.4%	0.3%	11.6%	0.6%	30.4%
Abr.15	5.2%	55.9%	4.2%	52.5%	2.8%	36.6%	0.6%	12.1%	0.9%	30.7%
Memo:										
Balance as of Mar.15 (Mill.S./or Mill.USS)	19,884		50,218		34,878		12,526		14,833	
Balance as of Apr.15 (Mill.S./or Mill.USS)	20,916		52,333		35,850		12,599		14,960	

## International Market

### Country risk at 150 basis points on May 7

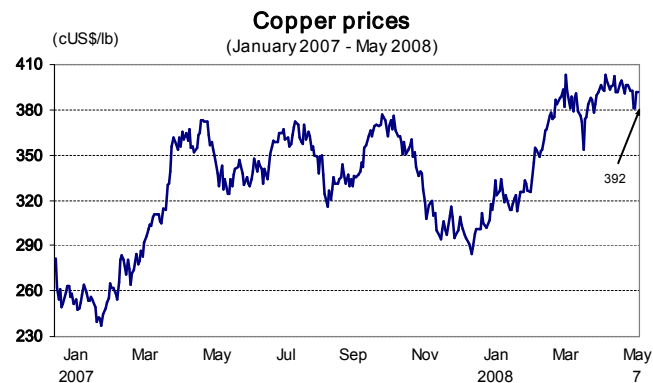
Between April 30 and May 7, the country risk indicator –measured by the **EMBI+ Perú** spread– decrease from 168 to 150 basis points, while the spreads in the region decreased 13 basis points (the EMBI+ Latin America decreased from 289 to 276 basis points). This decrease in the country risk of Peru was explained by the lower risk aversion from the investors and due to the upgrade to investment grade (BBB-) obtained by Brazil from S&P.



Level	Variation in basis points			
	May 7, 08	Weekly	Monthly	Annual
	150	-18	-39	32

### Price of copper decrease to US\$ 3.92 per pound

Between April 30 and May 7, the price of **copper** decreased 0.2 percent to US\$ 3.92 per pound. This development responds to the appreciation of the dollar against the other major currencies, the growing uncertainty about consumption in China and the end of a strike in the Chilean Codelco, the world's largest producer of copper, after the workers accepted the proposal from the Government.



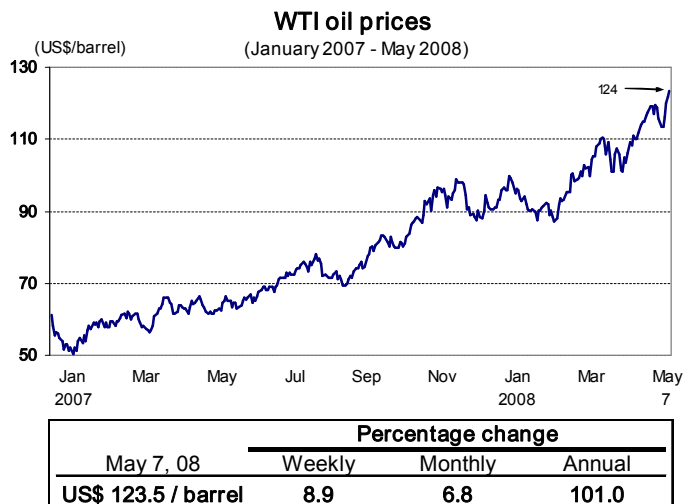
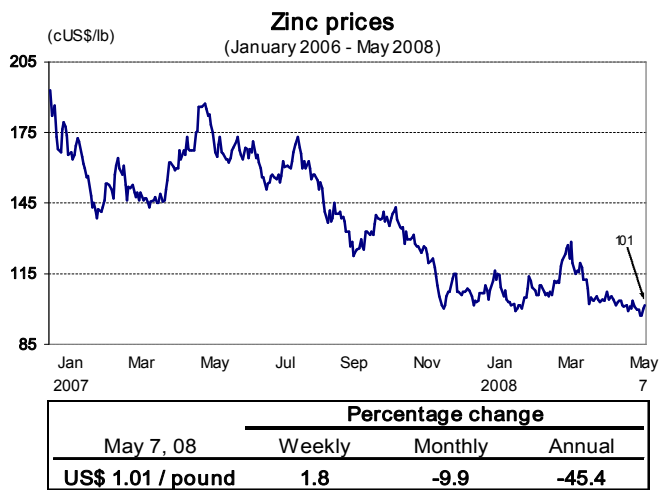
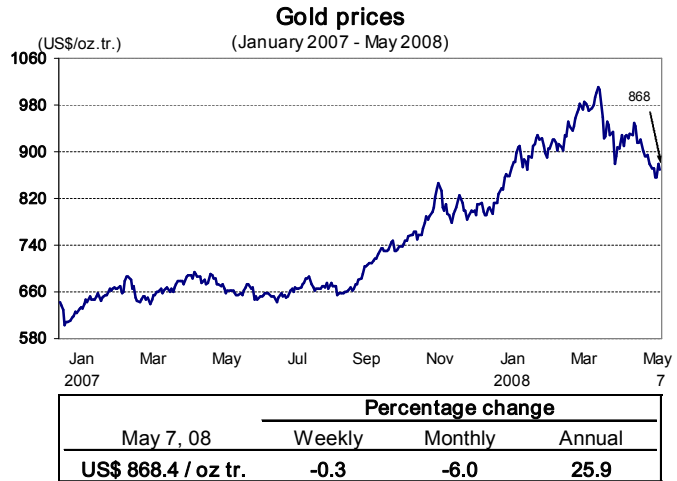
May 7, 08	Percentage change		
	Weekly	Monthly	Annual
US\$ 3.92 / pound	-0.2	2.9	5.1



In the same period of analysis, the price of **gold** fell 0.3 percent to US\$ 868.4 per troy ounce. This drop was influenced mainly by the strengthening of the U.S. currency against the euro. Another factor that generates additional pressures to lower the price of gold was the profit taking by investors. However, the increase in oil prices and strong physical buying from India limited the fall in the price of the precious metal.

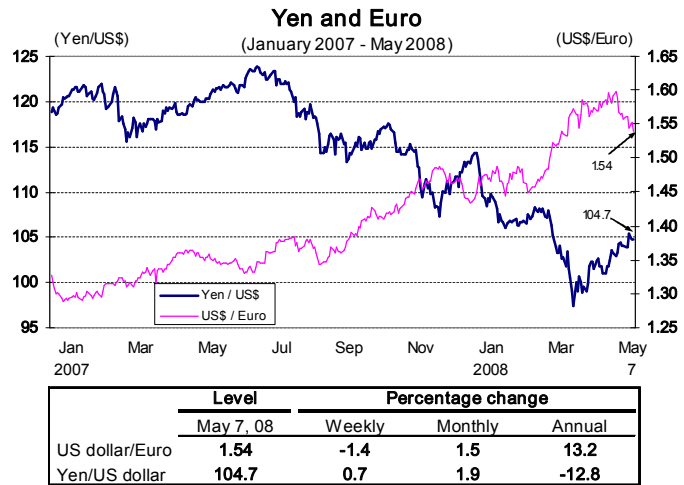
Between April 30 and May 7, the price of **zinc** increased 1.8 percent to US\$ 1.01 per pound. The increase in the price of zinc was mainly due to the drop in the world inventories in the metal stock exchanges by 1.0 percent to close at 125,350 MT. Also, threats of strike in one of the largest producers of zinc in Namibia also influenced the higher price of the base metal.

The price of **WTI oil** rose 8.9 percent to a new record high of US\$ 123.5 per barrel between April 30 and May 7. The increase in the price of crude oil was influenced by lower gasoline inventories in the United States; the restrictions on supply of crude after the continuous attacks in Nigeria; and geopolitical problems between Turkey and Iraq. Furthermore, geopolitical tensions between Iran and the West and a report from an investment bank predicts that a price per barrel will increase to US\$ 150 the following month, helped push oil prices upwards.



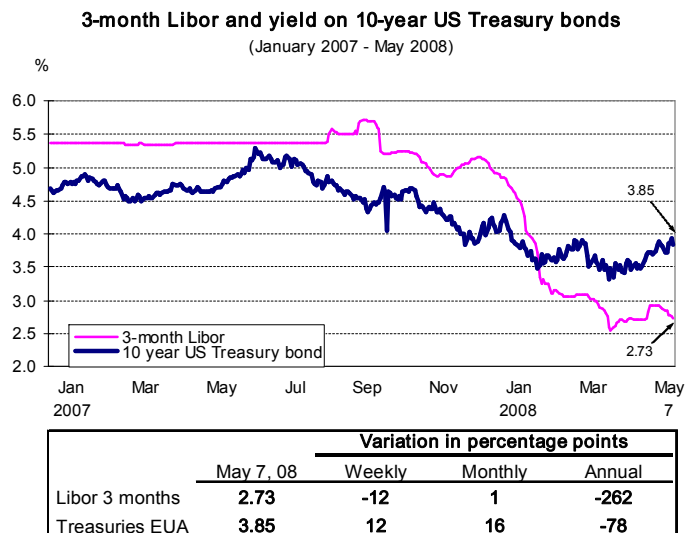
## Dollar appreciated against the euro and yen

Between April 30 and May 7, the **dollar** appreciated 1.4 percent against the **euro** and 0.7 against the **yen**. The strength of the dollar against the euro was explained by expectations of the end of interest rates cuts by the Federal Reserve, amid weak economic indicators in the Eurozone. Regarding the yen, the dollar was strengthened by the neutral bias in monetary policy in Japan, after keeping the rate at 0.5 percent (previously, the Bank of Japan had maintained a bias towards increasing interest rates).



## Yield on 10-year US Treasuries increased to 3.85 percent

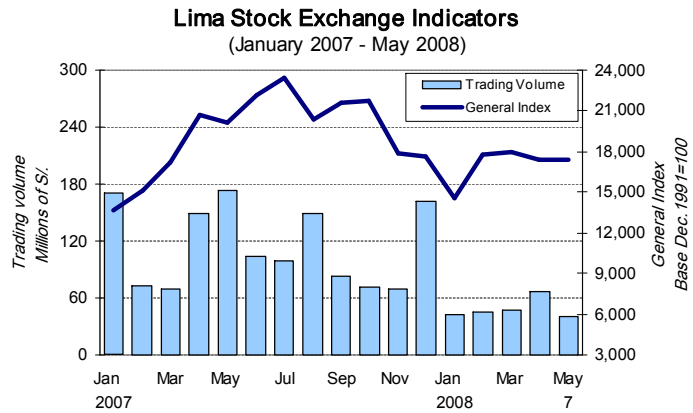
Between April 30 and May 7, the **3-month Libor** decreased from 2.85 to 2.73 percent, and the yield on the **10-year Treasury bond** increased from 3.73 to 3.85 percent. In the case of Treasury bond, this increase in performance was due to the lower risk aversion of investors after the calm in credit markets explained by the injections of liquidity announced by central banks and by the employment data (which fell less than expected) in the United States.



## Lima Stock Exchange decreased 0.4 percent as of May 7, 2008

The **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) showed mixed results where the first fell -0.4 and the second almost remained unchanged (+0.03 percent) respectively as of **May 7**. This was explained mainly by the lower prices of the base and precious metals (copper and gold, mainly) and by greater caution from the investors while the international scenario starts to stabilize.

Year-to-date, the General index have accumulated losses of -0.9 while the Blue Chip index have accumulated gains of 0.8 percent.



	As of:			
	May 7, 08	Weekly	To Apr 08	To Dec 07
General Index	17,365	-0.4	-0.4	-0.9
Blue Chip index	29,258	0.0	0.0	0.8