



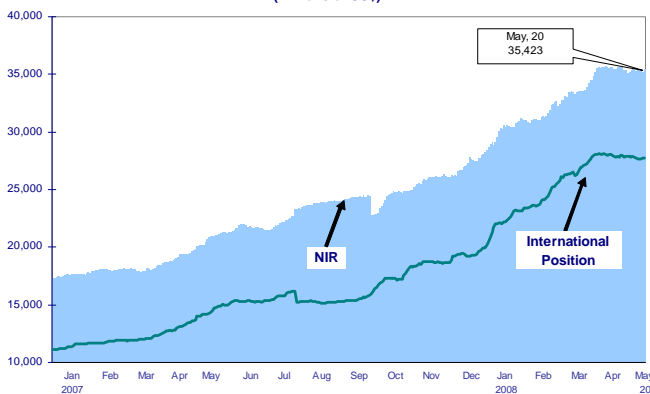
Indicators

- NIRs amount to US\$ 35,423 million on May 20
- Interbank interest rate at 5.55 percent on May 21
- Exchange rate: S/. 2.805 per dollar on May 21
- Country risk at 159 bps on May 21
- Lima Stock Exchange grew 1.7 percent

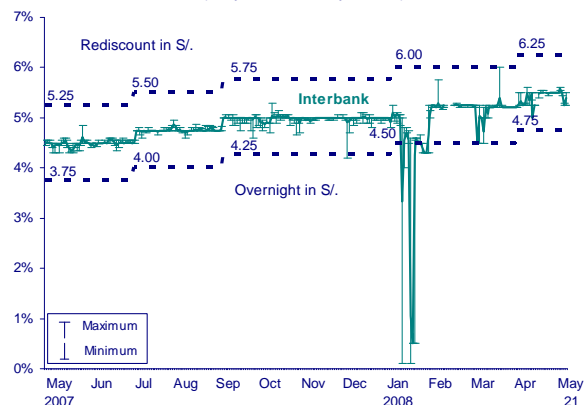
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International Reserve and International Position of the BCRP
January 2006 - May 2008
(Millions of US\$)



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



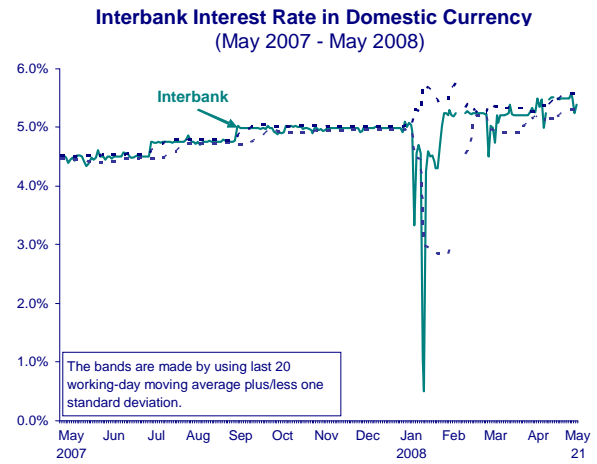
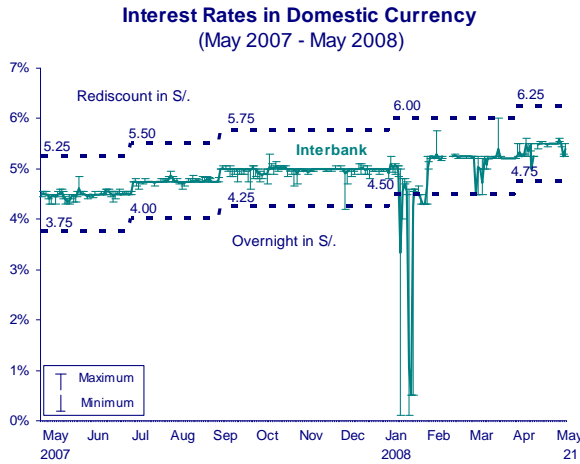
Our website
<http://www.bcrp.gob.pe>

- Weekly Report N° 21-2008
- International Reserves Management: April 2008
- Informative note on the Monetary Program: May 2008. BCRP maintains the reference interest rate at 5.50%
- 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

Interbank interest rate: 5.55 percent on May 21

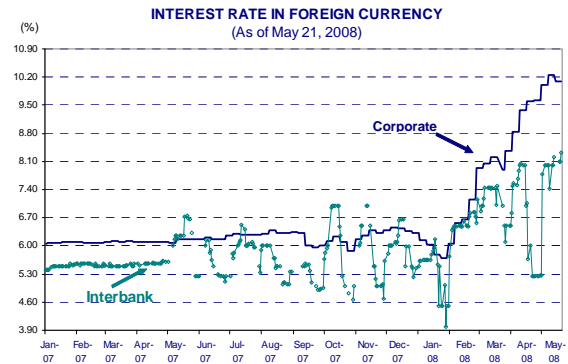
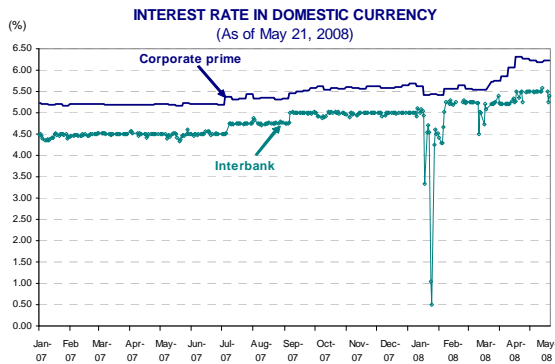
The average interbank interest rate in domestic currency was 5.55 percent on May 21, higher than in April (5.37 percent). Between May 14 and 21, this rate fell from 5.58 to 5.39 percent.

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 21	5.55	0.08



Corporate prime rate in soles increased to 6.22 percent

Between **May 14 and 21**, the daily average of the 90-day corporate prime rate in domestic currency increased from 6.18 to 6.22 percent, while this rate in dollars declined from 10.24 to 10.09 percent.

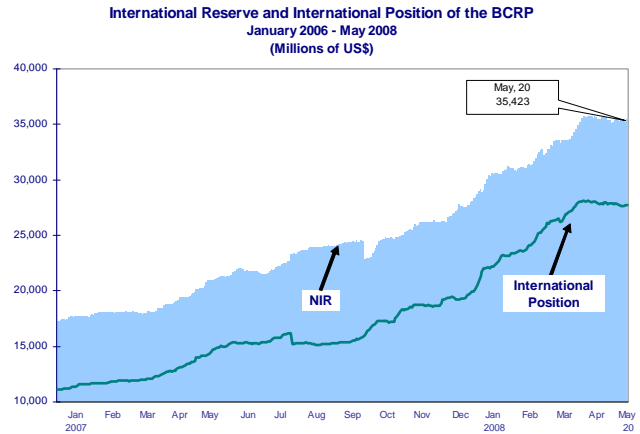


Monetary operations

Between **May 14 and 21**, the Central Bank made the following monetary operations: i) auctions of BCRP Certificates of Deposit with restricted negotiation (CDBCRP-NR) with 1-day, 1-week, 1-month, 6-month, 1-year and 18-month maturities for a daily average of S/. 1,316.9 million. The average interest rate on these operations, which amounted to S/. 19,895 million, was 5.35 percent; ii) sales of foreign currency to the Public Treasury (US\$ 250 million); and iii) overnight deposits in domestic currency for a total of S/. 124 million.

International reserves amounted to US\$ 35,423 million on May 20

Net international reserves (NIRs), which decreased by US\$ 202 million compared to end April and increased by US\$ 7,734 million compared to end 2007, amounted to US\$ **35,423** million on **May 20**. This decline in the balance of NIRs is mainly explained by the sale of foreign currency to the Treasury for the repayment of the external debt (US\$ 240 million) and by banks' lower deposits (US\$ 149 million). However, this fall was in part offset by higher deposits from the public sector (US\$ 121 million), by the higher valuation of other securities (US\$ 53 million), and by a higher investment yield (US\$ 17 million).

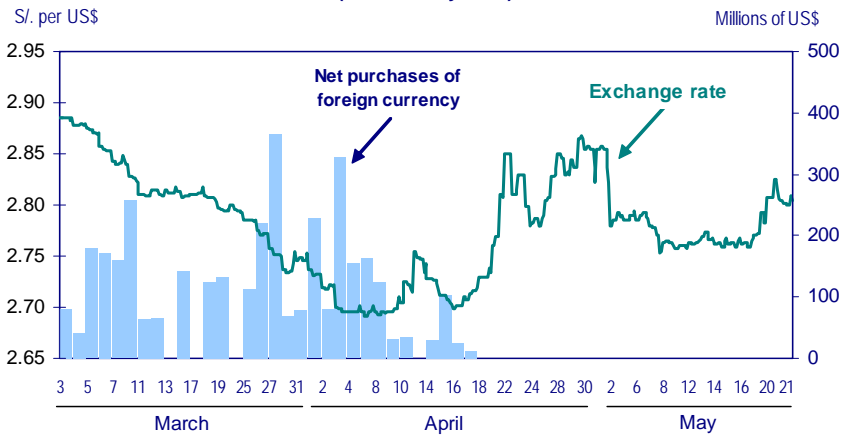


Moreover, the international position of the BCRP on **May 20** (US\$ **27,762** million) was US\$ 177 million lower than at end April.

Exchange rate: S/. 2.805 per dollar

Between **May 14 and 21**, the average ask price of the interbank exchange rate rose from S/. 2.763 to S/. 2.805 per dollar, as a result of which the nuevo sol appreciated by 1.65 percent compared to end April. The Central Bank did not intervene in the exchange market in this period.

INTERBANK ASK- EXCHANGE RATE AND NET PURCHASES OF FOREIGN CURRENCY (March - May 2008)



Monetary base as of May 15, 2008

The balance of the **monetary base** as of May 15 (S/. 22,627 million) increased 13.8 percent (S/. 2,751 million) compared to end April. In terms of use, this increase in the monetary base was mainly associated with banks' higher deposits at the Central Bank (S/. 2,254 million). On average, the monetary base grew at an annual rate of 65.3 percent in this period (60.7 percent in April).

By sources, the operations that contributed most heavily to the expansion of the monetary base included the maturities of BCRP Certificates of Deposit (S/. 1,528 million), public sector's lower deposits (S/. 1,539 million), and banks' lower sterilization deposits (S/. 112 million). Conversely, the monetary base shrank due to the sale of dollars to the public sector (US\$ 190 million or S/. 524 million) and net placements of BCRP Certificate of Deposits with Limited Negotiation (S/. 88 million).

Gross Domestic Product: March 2008

GDP grew 5.5 percent in March and accumulated a growth rate of 9.3 percent in the first quarter of 2008. **Non-primary activities grew 6.3 percent** in March due to the dynamism of construction, which showed a growth rate of 13.1 percent in this period.

GROSS DOMESTIC PRODUCT
(Real percentage change respect to the same period of previous year)

	Weighted 2006	2007			2008	
		Mar.	I Q.	Year	Mar.	I Q.
Agriculture and Livestock	8.3	6.3	8.3	3.1	0.4	2.2
Agriculture	5.0	3.9	7.2	2.1	-0.5	2.2
Livestock	3.0	9.8	9.9	4.7	1.8	2.3
Fishing	0.5	3.9	16.7	6.9	-7.7	0.0
Mining and Fuel	6.2	2.4	-1.6	2.1	2.0	6.2
Metallic mining	5.2	1.1	-2.7	1.7	2.1	6.6
Natural gas and oil	0.5	16.6	10.6	6.5	1.3	2.0
Manufacturing	15.4	7.5	9.2	10.6	6.3	10.0
Based on raw materials	3.2	-9.3	-1.1	-0.5	13.9	12.1
Non-primary	12.1	11.0	11.2	12.9	5.0	9.6
Electricity	1.6	9.6	9.2	9.7	8.6	10.6
Water	0.4	0.8	0.9	0.3	-2.5	-1.4
Construction	5.2	10.5	8.9	16.5	13.1	18.7
Commerce	14.4	9.2	13.0	10.5	5.9	10.6
Other services	38.1	7.9	9.0	9.3	5.9	9.0
GDP Global	100.0	7.5	8.8	9.0	5.5	9.3
Primary sector	18.3	2.1	3.3	2.3	2.8	5.2
Non-primary sector	72.0	9.1	10.2	10.8	6.3	10.2

The **agricultural sector** grew 0.4 percent in March and 2.2 percent in the first quarter of 2008. The production of industrial and export-oriented crops increased by 11.1 percent due to a higher production of grapes, coffee, sugar cane, mango, and asparagus, while the production of crops for the domestic market declined 0.5 percent due to harvest delays in crops such as olive, lemon, apple, and banana as a result of a longer winter period. Activity in the livestock sub sector increased 1.8 percent due to a higher production of poultry and milk.

The **fishing sector** showed a fall of 7.7 percent in the month and a growth rate in Q1-2008 that was similar to the one observed in the same period last year. The lower growth seen in the fishing sector in March was associated with a lower catch of giant squid, shellfish, squid, prawn, and yellow mackerel for the production of canned products. However, this was offset by a larger catch of anchovy for indirect human consumption and by a larger catch of Bonito, Pacific chub mackerel, striped mullet, and Lorna drum for direct human consumption.

The **mining and hydrocarbon sector** grew 2 percent in March and 6.2 percent in Q1-2008. Growth in this sector in March was driven by metal mining (copper, zinc, iron, molybdenum, tin, and silver) and by a higher production of natural gas for thermal electric power plants. The minerals that contributed most heavily to growth in March were copper and zinc. Increased production in the

case of the former was associated with the onset of operations and the expansion of Cerro Verde's mine in Arequipa, while higher production in the case of the latter was associated with the onset of operations at Milpo's Cerro Lindo mine in Ica.

The **manufacturing sector** grew 6.3 percent due to the higher production observed in resource-based manufacturing (13.9 percent) –as a result of greater activity in most processing groups (refining of sugar, non-ferrous metals and petroleum, and production of meat products, fishmeal and fish oil)– and in non-primary manufacturing (5.0 percent), due to increased consumption.

A higher growth was seen in 26 of the 38 industrial groups, particularly in the following groups:

- **Food conserves, chocolate products, and alcoholic beverages**, due to the higher production of fruit juices and drinks, and frozen and canned asparagus.
- **Glass**, due to the higher production of beer bottles.
- **Steel and iron industry**, due to the higher demand for construction bars and flat products for metal mechanic industry.
- **Wood and furniture**, due to the higher demand for mattresses.
- **Basic chemical substances**, due to increased production of sulfuric acid, industrial gases, and natural and chemical colorants.
- **Soft drinks**, due to increased demand.
- **Transport equipment**, due to increased bus assembly and production of spare parts.
- **Metal products**, due to higher demand for locks, keys, and metal structures for the sectors of mining, construction and commerce.
- **Cement**, due to increased domestic demand.
- **Explosives, natural and chemical scents**, due to increased domestic and external demand for explosives for the mining sector.

The **construction sector** grew 13.1 percent in March, reflecting the greater construction of houses, offices, commercial and industrial facilities, the implementation of mining projects, and the reconstruction works currently being carried out in the south of the country.

Outlook for April 2008

Currently available preliminary data on indicators relevant for economic activity in the sectors of fisheries, mining and hydrocarbons, construction, electricity and water includes the following:

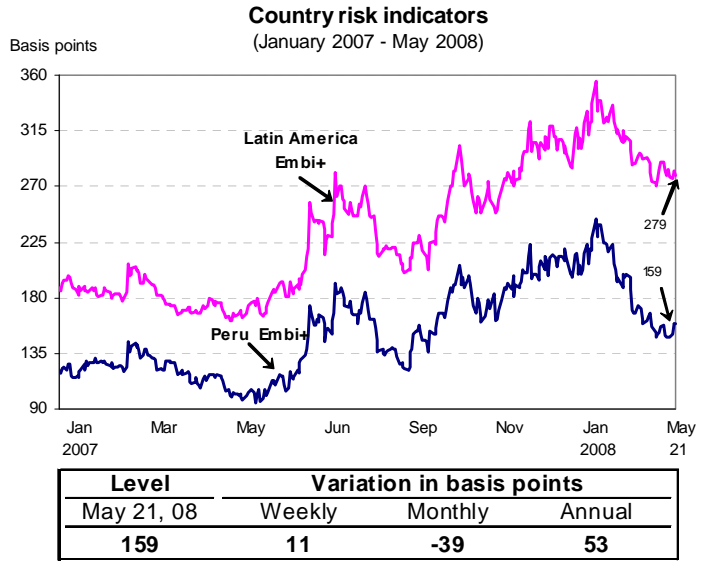
- According to IMARPE, anchovy catch grew 96.7 percent.
- According to the Ministry of Energy and Mines, the production of petroleum and natural gas increased by 10.3 percent.
- According to the Asocem, local dispatches of cement increased 26.4 percent.
- The production of electricity increased 10.9 percent, according to the *Comité de Operación Económica del Sistema Interconectado Nacional (COES)*.

International Markets

Country risk increased to 159 basis points

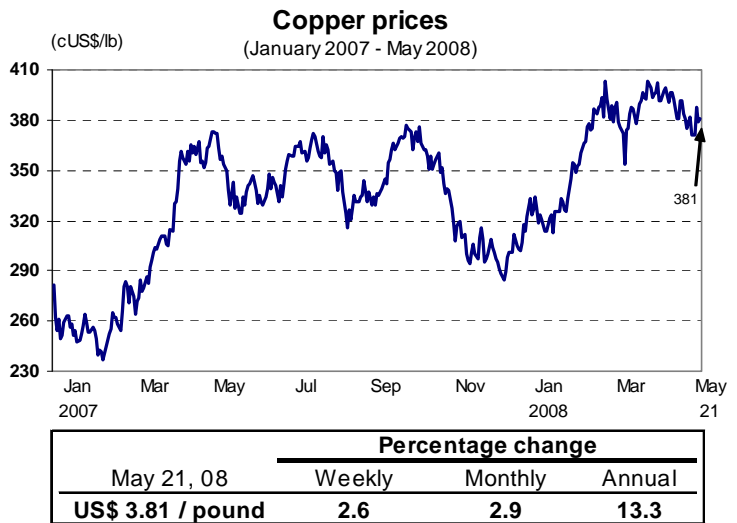
Between May 14 and 21, the country risk indicator, measured by the **EMBI+ Peru** spread, increased from 148 to 159 basis points, following the trend of spreads in emerging countries which increased from 257 to 258 basis points.

This evolution is associated with increased concerns regarding the weakening of the US economy, which generated adverse reactions among investors.

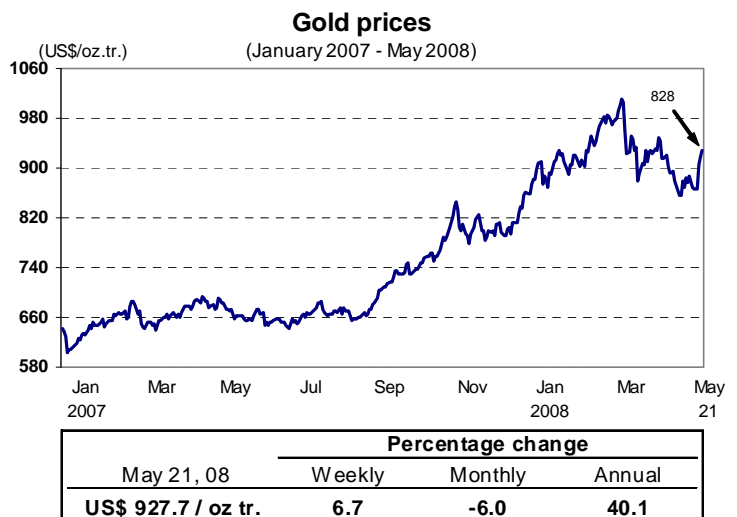


Price of copper rose to US\$ 3.81 per pound

Between May 14 and 21, the price of **copper** increased 2.6 percent to US\$ 3.81 per pound. Concerns about the future supply of copper and reports of the International Copper Study Group (ICSG) indicating that the global consumption of copper had exceeded production by 60 thousand tons in February accounted for this evolution.



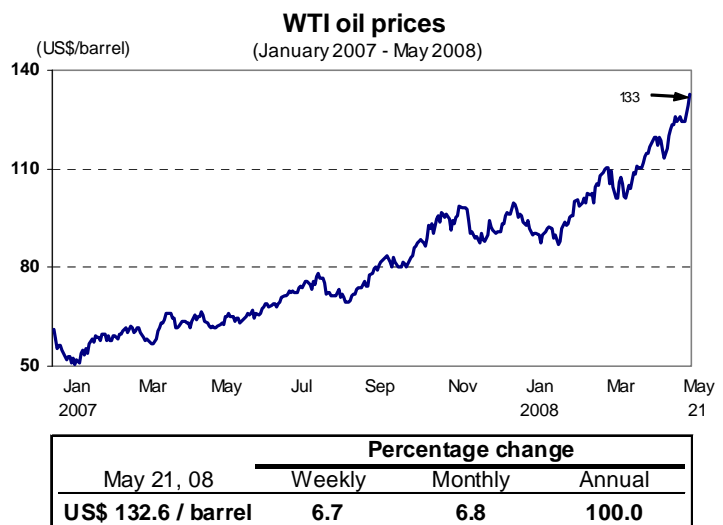
In the same period, the price of **gold** increased 6.2 percent to US\$ 923.0 per ounce troy. This increase was influenced by the rise of the price of oil to record levels and by the depreciation of the dollar, which increased the attraction of gold as an investment option. Furthermore, expectations of higher inflation in countries such as England, China, and India also contributed to maintaining an upward trend in the price of gold.



Between May 14 and 21, the price of **zinc** fell 2.4 percent to US\$ 1.05 per pound. This drop in the price of zinc was mainly due to a higher level of inventories at the London Metal Exchange (inventories increased 3.0 percent to 128,150 MT), although reports that China will soon resume production in the areas devastated by an earthquake in the region of Sichuan also contributed to this evolution.

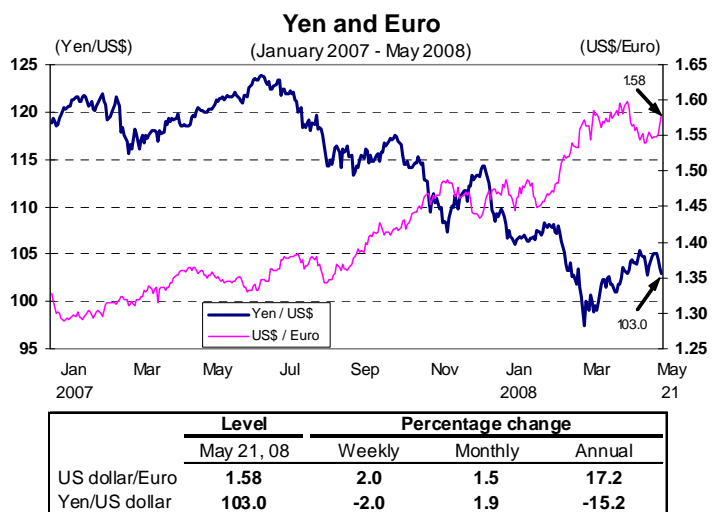


The price of **WTI oil** rose 6.7 percent to a new record level of US\$ 132.6 per barrel in the period of analysis. This increase in the price of crude was associated both with a tighter balance between supply and demand in the oil market and with the weakening of the dollar against the other main currencies. The price of crude continued to rise despite the fact that Saudi Arabia announced that it will increase production and despite the fact that the problems that generated production interruptions in both Nigeria and the North Sea have been overcome. The market remained on a stand-by waiting for the publication of data on the level of inventories of oil in the USA.



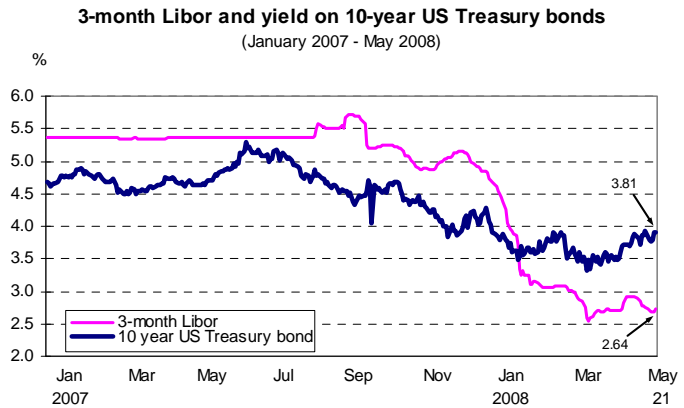
Dollar depreciated against the euro and the yen

In May 14-21, the **dollar** depreciated 2.0 percent against the **euro**. Factors influencing this evolution included expectations that the European Central Bank will maintain its anti-inflationary bias, the rise seen in terms of business confidence in Germany, the fact that consumer confidence in the US dropped again to its lowest level since 1980, and the slight reduction observed in inflation in the US (inflation fell from 4 to 3.9 percent in April), which increased expectations that the Federal Reserve will reduce its interest rates again. Besides, the dollar depreciated 2.0 percent against the **yen**.



Yield on 10-year US Treasuries declined to 3.81 percent

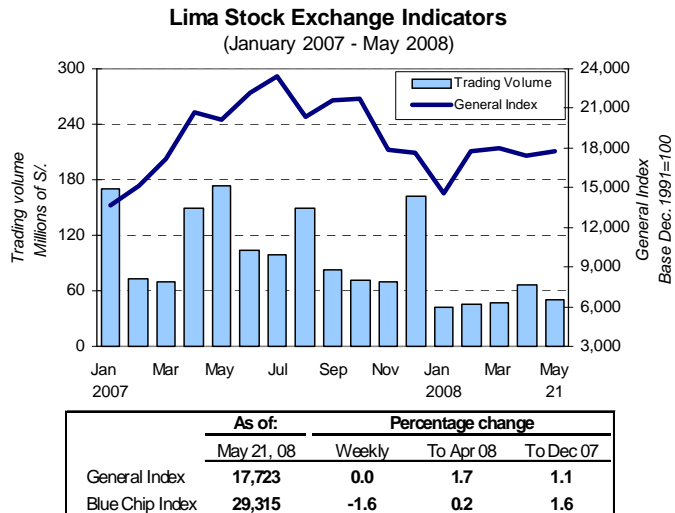
Between May 14 and 21, the **3-month Libor** declined from 2.72 to 2.64 percent and the yield on the **10-year US Treasury bond** decreased from 3.91 to 3.81 percent. The decline seen in the yield on the Treasury bond was associated with reports indicating lows levels of industrial activity, as well as with the FED's lower forecasts of growth in the US.



	Variation in percentage points			
	May 21, 08	Weekly	Monthly	Annual
Libor 3 months	2.64	-8	1	-272
Treasuries EUA	3.81	-10	16	-98

Lima Stock Exchange grew 1.7 percent as of May 21

The **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) increased 1.7 and 0.2 percent respectively as of **May 21**. In the week of analysis, however, the General Index showed no variation (+0.0 percent) and the Blue Chip index dropped -1.6 percent, affected by a 2-day holiday, the fall of Wall Street, and by a drop in the international prices of metals –particularly zinc– which led mining stocks to pull back.



So far this year, the indices of the LSE have accumulated gains of 1.1 and 1.0 percent respectively.