



Indicators

- NIRs amount to US\$ 35 264 million on June 10
- Interbank interest rate at 5.50 percent on June 11
- Exchange rate: S/. 2.892 per dollar on June 11
- Country risk at 151 bps on June 11
- Lima Stock Exchange fell 2.8 percent

Content

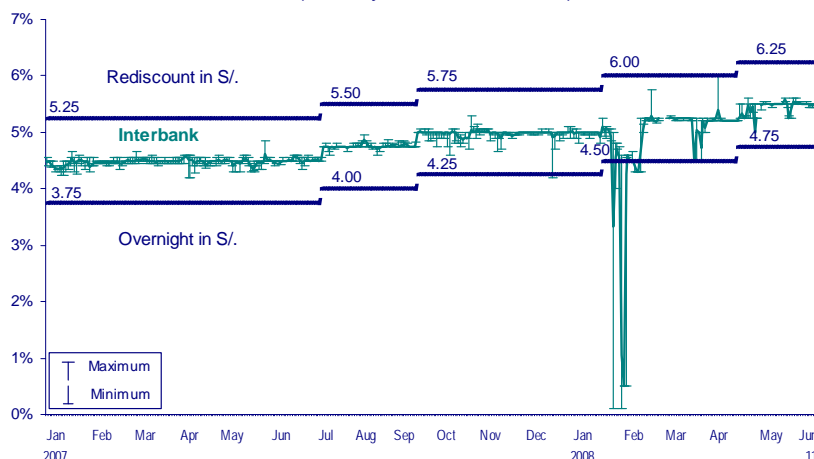
- Interbank interest rate on June 11: 5.50 percent ix
- Corporate prime rate in soles fell to 6.18 percent ix
- Demand for monetary base xi
- International reserves total US\$ 35,264 million on June 10 xii
- Exchange rate: S/. 2.892 per dollar xii
- Survey on macroeconomic expectations: June 2008 xiii
- Country risk at 151 basis points xiv
- Lima Stock Exchange fell 2.8 percent xvi

Interbank interest rate on June 11: 5.50 percent

On June 11 the average interbank interest rate in domestic currency was 5.50 percent, similar to the average rate observed in May. Between **June 4 and 11**, this rate rose from 5.48 to 5.50 percent.

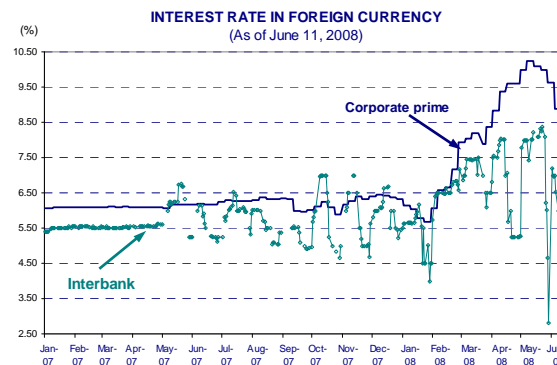
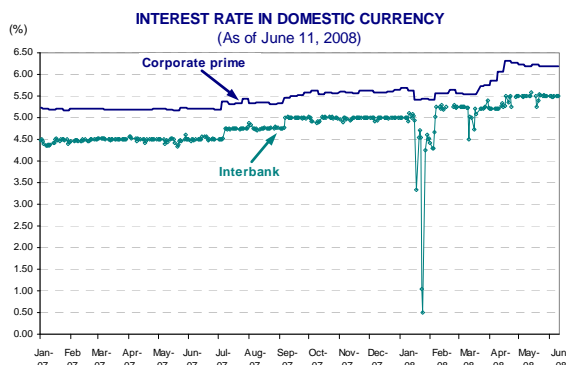
| Interbank interest rate (percent) | | |
|-----------------------------------|---------|------|
| | Average | SD |
| December 2006 | 4.51 | 0.04 |
| December 2007 | 4.99 | 0.02 |
| January 2008 | 4.44 | 1.24 |
| February | 5.02 | 0.36 |
| March | 5.21 | 0.21 |
| April | 5.37 | 0.13 |
| May | 5.50 | 0.07 |
| June 11 | 5.50 | 0.01 |

Interest Rates in Domestic Currency
(January 2007 - June 2008)



Corporate prime rate in soles fell to 6.18 percent

Between **June 4 and 11**, the daily average of the 90-day corporate prime rate in domestic currency decreased from 6.19 to 6.18 percent. Moreover, this rate in dollars declined from 9.63 to 8.89 percent.

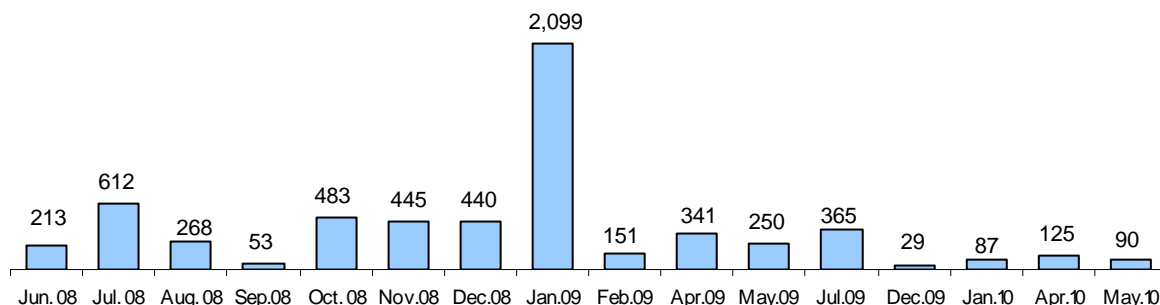


Monetary operations

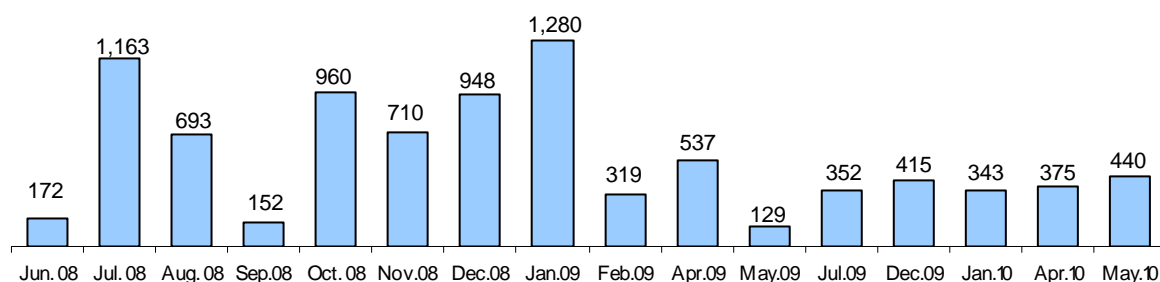
Between **June 4 and 11**, the Central Bank made the following monetary operations: i) auctions of 1-day, 3-day, 7-day, 6-month, 12-month, and 18-month BCRP Certificates of Deposit with restricted negotiation (CDBCRP-NR) for a daily average of S/. 902,0 million. The average interest rate on these operations, which amounted to S/. 20,449 million, was 5.68 percent. ii) overnight deposits in domestic currency for a total of S/. 34.5 million.

The total balance of BCRP Certificates of Deposit (CDBCRP) amounted to S/. 15,038 million, of which S/. 6,051 million (40%) are held by non-residents and S/. 8,988 million (60%) are held by residents. Most of the former are due in January 2009.

MATURITY SCHEDULE OF BCRP CERTIFICATES FROM NON-RESIDENTS
(Balances in millions of nuevos soles)

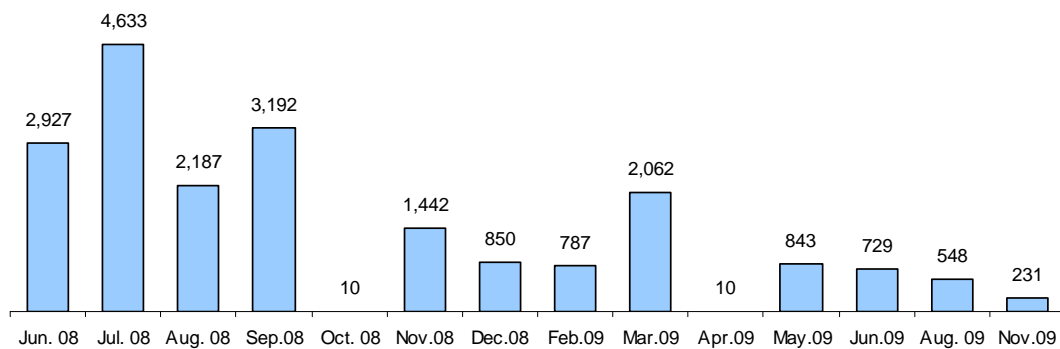


MATURITY SCHEDULE OF BCRP CERTIFICATES FROM RESIDENTS
(Balances in millions of nuevos soles)



The total balance of BCRP Certificates of Deposit with Restricted Negotiation (CDBCRP-NR) amounted to S/. 20,451 million. Most of these CDBCRP-NRs (63%) are due by September 2008.

MATURITY SCHEDULE OF CERTIFICATES OF DEPOSIT WITH RESTRICTED NEGOCIATION
(Balances in millions of nuevos soles)



Demand for monetary base

Between **June 3 and 9**, the **demand for monetary base** decreased by S/. 783 million. This reduction in the monetary base was reflected in an increase of sterilization operations (S/. 988 million), offset by an increase in the exchange position (US\$ 74 million or S/. 206 million). Moreover, the increase in the balance of sterilization operations is explained by net placements of Certificates of Deposit with Restricted Negotiation (S/. 2,440 million) and by higher overnight deposits (S/. 10 million). This was compensated by net maturities of Certificates of Deposit (S/. 892 million), lower reserve requirements in domestic currency (S/. 506 million), and lower public sector deposits (S/. 157 million).

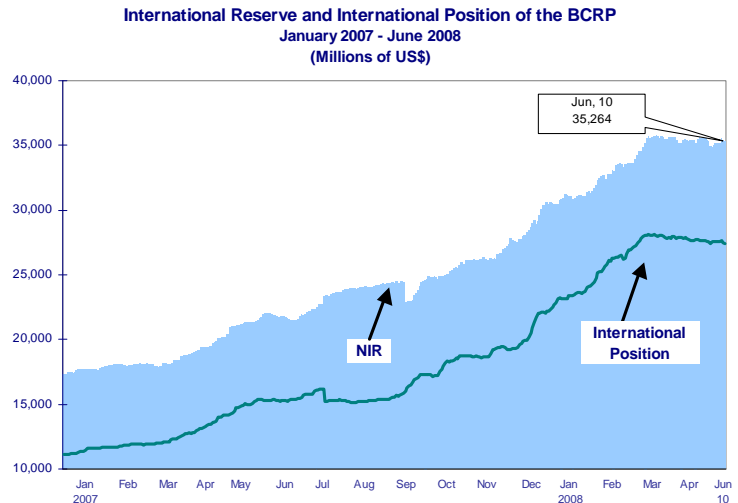
A total of S/. 56,640 million, equivalent to 398.2 percent of the monetary base, was sterilized. This amount is broken down as follows: public sector deposits (S/. 20,517 million), BCRP Certificates of Deposit (S/. 15,038 million), and BCRP Certificates of Deposit of restricted negotiation (S/. 17,880 million). The average remaining maturity term for BCRPCDs of restricted negotiation and for total sterilization instruments as of June 9 is 128 days and 172 days respectively.

BCRP OPERATIONS
(Millions of nuevos soles)

| | FLOWS | | | | | | |
|---|---------------------|---------------|---------------|-------------------|----------------|----------------|----------------|
| | From 06/13 to 06/09 | May-08 | Jun-09-08 | Annual Cummulated | Dec-31-08 | May-31-08 | Jun-09-08 |
| I. NET INTERNATIONAL POSITION | 206 | -1,116 | 326 | 23,152 | 58,865 | 78,218 | 77,995 |
| (Millions of US\$) | 74 | -398 | 116 | 8,036 | 19,622 | 27,542 | 27,658 |
| 1. Foreign Exchange Operations | -1 | -338 | -1 | 7,249 | | | |
| A. Over the Counter Operations | 0 | 0 | 0 | 8,728 | | | |
| B. Swaps Operations | 0 | 0 | 0 | 0 | | | |
| C. Public Sector | 0 | -340 | 0 | -1,522 | | | |
| D. Other | -1 | 2 | -1 | 38 | | | |
| 2. Rest of Operations | 74 | -59 | 117 | 792 | | | |
| II. NET INTERNAL ASSETS | -988 | 799 | -1,184 | -23,912 | -43,881 | -63,136 | -63,770 |
| 1. Deposits of the Public Sector in DC | 157 | 232 | 186 | -3,593 | -16,924 | -20,703 | -20,517 |
| 2. BCRP Certificates of Deposit (CDBCRP) | 892 | 2,228 | 892 | 6,421 | -21,458 | -15,929 | -15,038 |
| 3. BCRP Certificates of Deposit with restricted negotiation | -2,440 | -282 | -426 | -20,320 | 0 | -19,894 | -20,320 |
| 4. Term Deposits | 0 | 0 | 0 | -283 | 0 | -283 | -283 |
| 5. Overnight Deposits | -10 | -703 | 899 | -10 | -20 | -929 | -30 |
| 6. Reserve Requirements in DC | 506 | -1,117 | -2,550 | -5,341 | -2,794 | -5,581 | -8,132 |
| 7. Rest | -93 | 440 | -185 | -786 | | | |
| III. CURRENCY | -783 | -317 | -858 | -760 | 14,985 | 15,082 | 14,224 |
| (Monthly percentage change) | | | | | 13.0% | -2.1% | -5.7% |
| (Cummulate percentage change) | | | | | 27.0% | 0.7% | 5.1% |
| (YoY) | | | | | 27.0% | 29.7% | 22.3% |
| MEMO | | | | | | | |
| I. COEFFICIENTS | | | | | | | |
| 1. Preferences for currency | | | | | 30.8 | 23.2 | 21.7 |
| 2. Average rate of banks requirement reserves | | | | | 6.7 | 14.3 | 20.6 |
| 3. Net total internal asset respect to currency | | | | | -2.9 | -4.2 | -4.5 |
| II. ESTERILIZED BALANCE | | | | | | | |
| 1. Total | | | | | 38,714 | 58,201 | 56,640 |
| 2. Deposits of the Public Sector in DC | | | | | 16,924 | 20,703 | 20,517 |
| 3. BCRP Certificates of Deposit (CDBCRP) | | | | | 21,458 | 15,929 | 15,038 |
| 4. BCRP Certificates of Deposit with restricted negotiation | | | | | 0 | 19,894 | 20,320 |
| 5. Rest | | | | | 332 | 1,674 | 765 |

International reserves total US\$ 35,264 million on June 10

Net international reserves (NIRs), which increased by US\$ 404 million compared to end May and by US\$ 7,575 million compared to end 2007, amounted to US\$ **35,264** million on **June 10**. This increase in the balance of NIRs is mainly explained by banks' higher deposits (US\$ 575 million) and by higher investment yield (US\$ 2 million). This was in part offset by the higher valuation of reserve assets (US\$ 149 million) and by lower deposits from the public sector (US\$ 16 million).

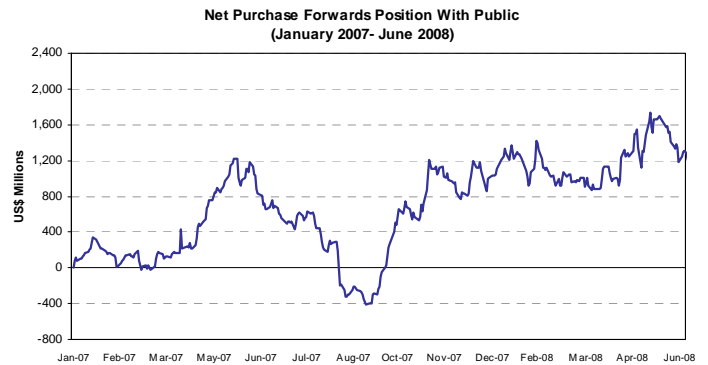
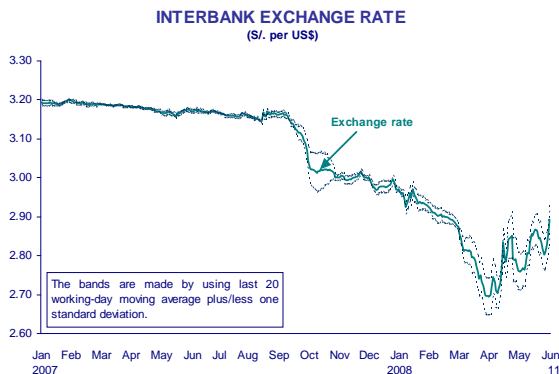


The international position of the BCRP on **June 10** (US\$ 27,392 million) was US\$ 150 million lower than at end May.

Exchange rate: S/. 2.892 per dollar

Between **June 4 and 11**, the average ask price of the interbank exchange rate rose from S/. 2.819 to S/. 2.892 per dollar, as a result of which the nuevo sol depreciated 1.6 percent compared to end May. The Central Bank did not intervene in the exchange market in this period.

Between June 3 and 9, the balance of net forward purchases of foreign currency declined by US\$ 11 million and closed at US\$ 1,236 million on June 9. So far this month the balance of net forward purchases of foreign currency has increased by US\$ 53 million.



MATURITIES OF FORWARD OPERATIONS OF COMMERCIAL BANKS WITH THE PUBLIC

(In thousands of dollars)

| Month | Purchase (P) | Sales (S) | Net Purchases (P) - (S) |
|------------------------------------|--------------|--------------|-------------------------|
| From June 3 to 10 | 2,032 | 1,775 | 258 |
| July | 2,011 | 1,443 | 568 |
| August | 464 | 257 | 207 |
| September | 407 | 252 | 154 |
| October | 325 | 183 | 142 |
| November | 376 | 314 | 62 |
| December | 436 | 244 | 192 |
| January 2009 | 500 | 607 | -106 |
| From February 2009 to October 2010 | 394 | 644 | -250 |
| Balance as of June 9, 2008 | 6,944 | 5,718 | 1,226 |

The balance of net forward purchases as of June 9 amounts to US\$ 1,226 million, of which US\$ 568 million (46.4 percent) are operations maturing in July 2008.

Survey on macroeconomic expectations: June 2008

The BCRP conducted its Monthly Survey on Macroeconomic Expectations between May 12 and 30. The survey sample included 22 financial entities, 24 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). Moreover, The surveyed group of Analysts decreases their inflation forecast for this year.

Moreover, forecasts on GDP growth this year range between 7.6 and 8.0 percent. The two surveyed groups like financial system institution and analysts coincided to decrease their growth forecasts compared with the previous month.

Finally, the expectations on the exchange rate for end 2008 range between S/. 2.70 and S/. 2.80 per US dollar.

FINANCIAL SYSTEM INSTITUTIONS (Median^{1/} of the sample)

| | Date of the survey | | |
|-------------------------------------|------------------------|------------------------|----------------------|
| | March 31 ^{2/} | April 30 ^{3/} | May 30 ^{4/} |
| Inflation (%) | | | |
| June 2008 | 0.30 | 0.35 | 0.28 |
| July | 0.34 | 0.31 | 0.26 |
| Annual: 2008 | 4.10 | 4.48 | 4.50 |
| 2009 | 3.50 | 3.50 | 3.50 |
| 2010 | 3.00 | 3.35 | 3.20 |
| GDP growth (%) | | | |
| April 2008 | 7.5 | 8.1 | 8.0 |
| May | 7.2 | 8.0 | 7.2 |
| Annual: 2008 | 7.5 | 8.0 | 7.8 |
| 2009 | 6.5 | 6.5 | 7.0 |
| 2010 | 6.2 | 6.2 | 6.5 |
| Exchange rate (S/. per US\$) | | | |
| June 2008 | 2.71 | 2.75 | 2.80 |
| July | 2.70 | 2.72 | 2.78 |
| Annual: 2008 | 2.70 | 2.69 | 2.70 |
| 2009 | 2.80 | 2.72 | 2.75 |
| 2010 | 2.88 | 2.80 | 2.80 |
| Interbank interest rate (%) | | | |
| June 2008 | 5.25 | 5.50 | 5.50 |
| July | 5.25 | 5.50 | 5.50 |
| Annual: 2008 | 5.25 | 5.50 | 5.50 |
| 2009 | 5.31 | 5.50 | 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.

^{4/} 22 financial institutions.

NON-FINANCIAL SYSTEM FIRMS (Median^{1/} of the sample)

| | Date of the survey | | |
|-------------------------------------|------------------------|------------------------|----------------------|
| | March 31 ^{2/} | April 30 ^{2/} | May 30 ^{2/} |
| Inflation (%) | | | |
| Annual: 2008 | 4.00 | 4.00 | 4.00 |
| 2009 | 3.90 | 3.93 | 3.93 |
| 2010 | 3.50 | 3.50 | 3.60 |
| GDP growth (%) | | | |
| Annual: 2008 | 7.6 | 8.0 | 8.0 |
| 2009 | 7.0 | 7.0 | 7.0 |
| 2010 | 7.0 | 7.0 | 7.0 |
| Exchange rate (S/. per US\$) | | | |
| December 2008 | 2.80 | 2.78 | 2.80 |
| December 2009 | 2.90 | 2.88 | 2.90 |
| December 2010 | 3.00 | 2.98 | 2.99 |

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

^{2/} 365 non-financial institutions.

ANALYSTS (Median^{1/} of the sample)

| | Date of the survey | | |
|-------------------------------------|------------------------|------------------------|----------------------|
| | March 31 ^{2/} | April 30 ^{3/} | May 30 ^{4/} |
| Inflation (%) | | | |
| June 2008 | 0.26 | 0.25 | 0.23 |
| July | 0.25 | 0.25 | 0.20 |
| Annual: 2008 | 3.75 | 4.50 | 4.00 |
| 2009 | 2.95 | 3.50 | 3.00 |
| 2010 | 2.45 | 2.50 | 2.50 |
| GDP growth (%) | | | |
| April 2008 | 7.4 | 8.1 | 8.2 |
| May | 7.0 | 7.8 | 7.9 |
| Annual: 2008 | 7.0 | 7.7 | 7.6 |
| 2009 | 6.5 | 6.6 | 6.6 |
| 2010 | 6.5 | 6.4 | 6.5 |
| Exchange rate (S/. per US\$) | | | |
| June 2008 | 2.71 | 2.73 | 2.80 |
| July | 2.70 | 2.71 | 2.80 |
| Annual: 2008 | 2.73 | 2.70 | 2.74 |
| 2009 | 2.80 | 2.75 | 2.80 |
| 2010 | 2.85 | 2.73 | 2.88 |
| Interbank interest rate (%) | | | |
| June 2008 | 5.25 | 5.50 | 5.50 |
| July | 5.25 | 5.50 | 5.50 |
| Annual: 2008 | 5.25 | 5.50 | 5.50 |
| 2009 | 5.25 | 5.50 | 5.50 |
| 2010 | 5.00 | 5.00 | 5.20 |

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

^{2/} 22 analysts.

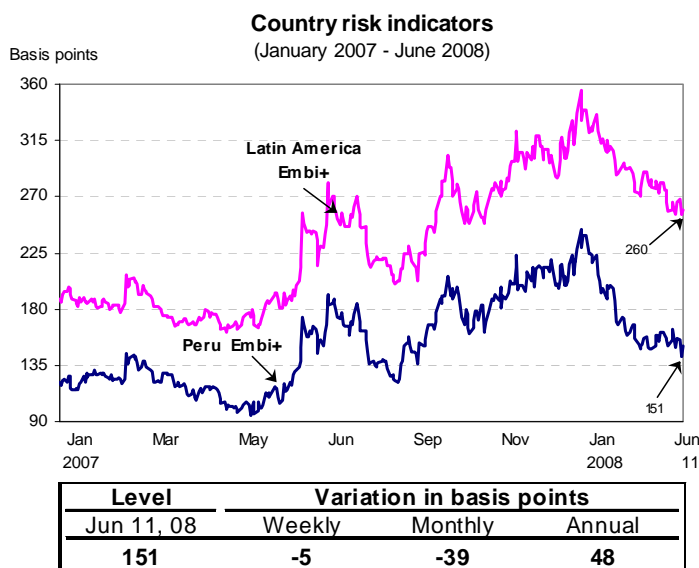
^{3/} 25 analysts.

^{4/} 24 analysts.

International markets

Country risk at 151 basis points

Between June 4 and 11, the average country risk, measured by the **EMBI+ Peru** spread, fell from 156 to 151 basis points. This evolution was favored by the investment grade rating assigned to Brazil's debt by Standard & Poor's.



Price of copper fell to US\$ 3.62 per pound

In the same period, the price of **copper** dropped 0.2 percent to US\$ 3.62 per pound. This evolution was associated with concerns about China's lower demand (China's imports of copper declined in May).

However, lower inventories at the London and Shanghai stock exchange markets and fears of supply shortages due to energy problems in Zambia offset in part the drop of the price of copper.



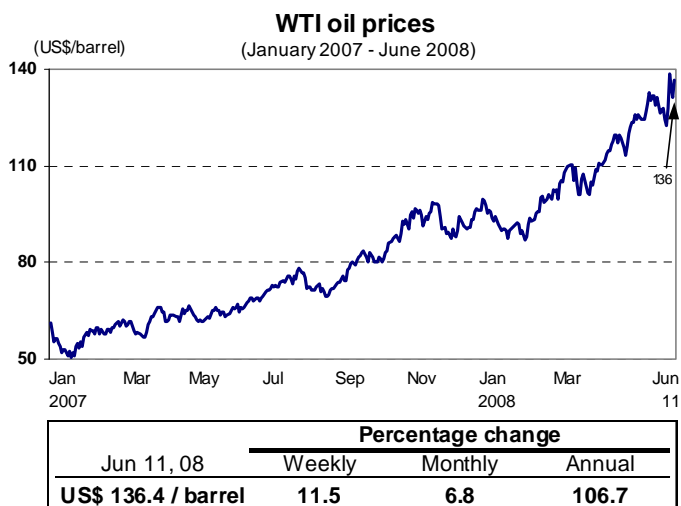
Between June 4 and 11, the price of **gold** fell 0.1 percent to US\$ 880.6 per ounce troy. This fall was influenced by the strengthening of the dollar and by seasonal factors (the demand for gold is lower in the second quarter). However, gold remains as a hedge asset due to the higher prices of oil and to global fears of higher inflation.



Between June 4 and 11, the price of **zinc** fell 4.4 percent to US\$ 0.85 per pound. The price of zinc dropped mainly due to higher levels of inventories at the London Metal Exchange and to the publication of a report of the International Lead and Zinc Study Group (ILZSG) that forecast that the production of refined zinc will increase nearly 6.4 percent this year.



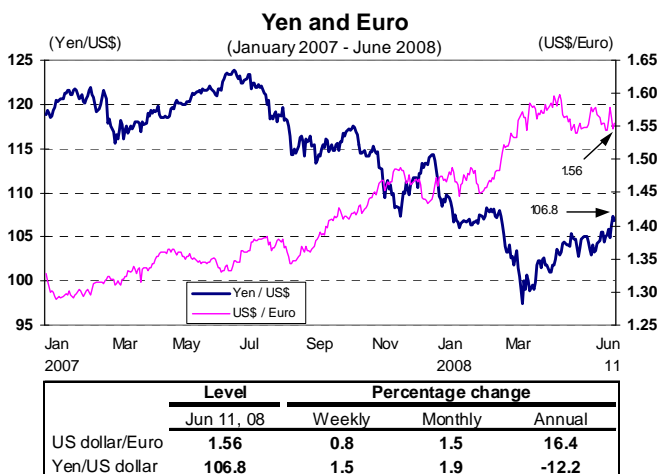
The price of **WTI oil** climbed 11.5 percent and posted a US\$ 136.4 between June 4 and 11, reaching a new historical record of US\$ 138.54 per barrel on June 6. This rise in the price of crude was associated with lower levels of crude inventories in the US, with a potential strike in Nigeria, and with increased geopolitical tensions between the United States and Iran. In this context, some investment banks revised their price forecasts for 2008 upwards, which contributed to increase the price of oil even further.



Dollar depreciated against the euro

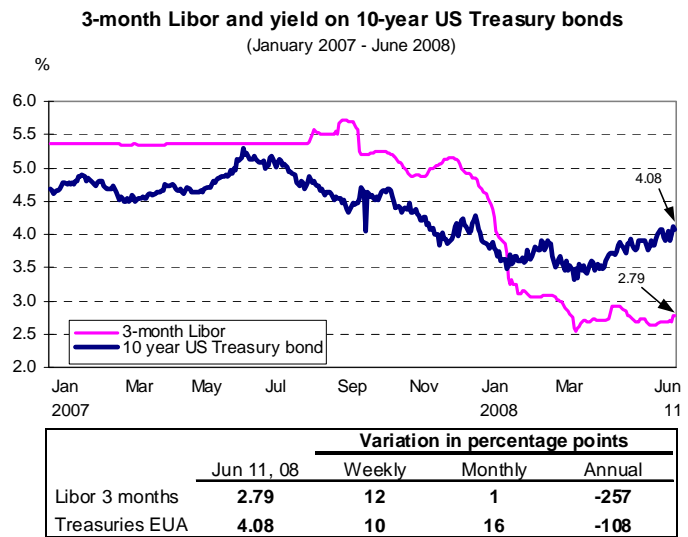
Between June 4 and 11, the 0.8 percent depreciation of the **dollar** against the **euro** was associated with expectations that the European Central Bank (ECB) will increase its interest rates in its next meeting of July (after the ECB decided to maintain its rate at 4 percent in its previous meeting). However, this depreciation was partially offset by increased expectations that the Federal Reserve will also raise its interest rates during this year.

Moreover, the dollar appreciated 1.5 percent against the yen.



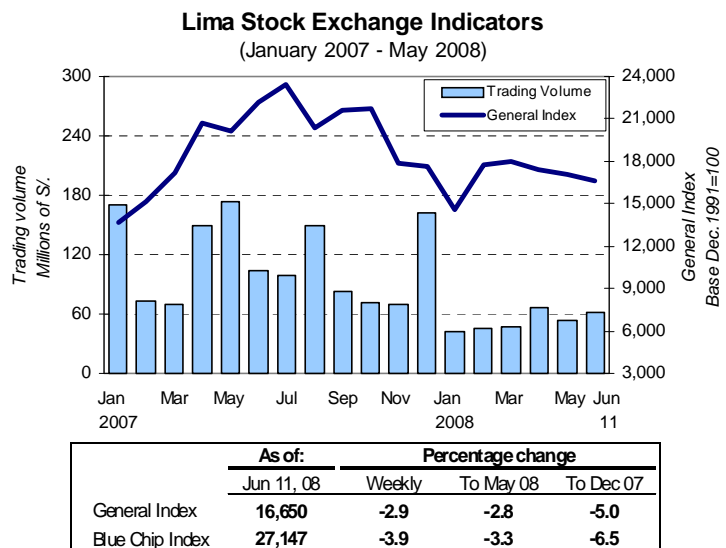
Yield on 10-year US Treasuries increases to 4.08 percent

Between June 4 and 11, the **3-month Libor** increased from 2.67 to 2.79 percent, while the yield on the **10-year Treasury bond** increased from 3.98 to 4.08 percent. This evolution in the Treasury bond was influenced by higher fears of inflation which increase expectations that the Federal Reserve will raise its interest rates. However, losses in stocks and rumors that investment banks would have experienced losses prevented a higher increase in the yield.



Lima Stock Exchange fell 2.8 percent

The **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) have fallen 2.8 and 3.3 percent respectively as of **June 11**. Moreover, in the week of analysis (June 4-11) the General and Blue Chip indices fell 2.9 and 3.9 percent respectively, influenced by higher external risks due to the deterioration of European and Latin American stocks and the decline of the US index, as well as by their impact on the future evolution of commodity prices (high volatility was observed in commodity prices during the week).



So far this year, the General and Blue Chip indices have accumulated losses of 5.0 and 6.5 percent respectively.