



Indicators

- NIRs amount to US\$ 35 349 million on June 17
- Interbank interest rate at 5.61 percent on June 18
- Exchange rate: S/. 2.888 per dollar on June 18
- Country risk at 156 bps on June 18
- GDP in April 2008: 13.3 percent
- Lima Stock Exchange fell 1.8 percent

Content

- Interbank interest rate on June 18: 5.61 percent
- Corporate prime rate in soles increased to 6.36 percent
- Demand for monetary base
- International reserves total US\$ 35,349 million on June 17
- Exchange rate: S/. 2.888 per dollar
- Gross Domestic Product: April 2008
- Country risk at 156 basis points
- Lima Stock Exchange fell 1.8 percent

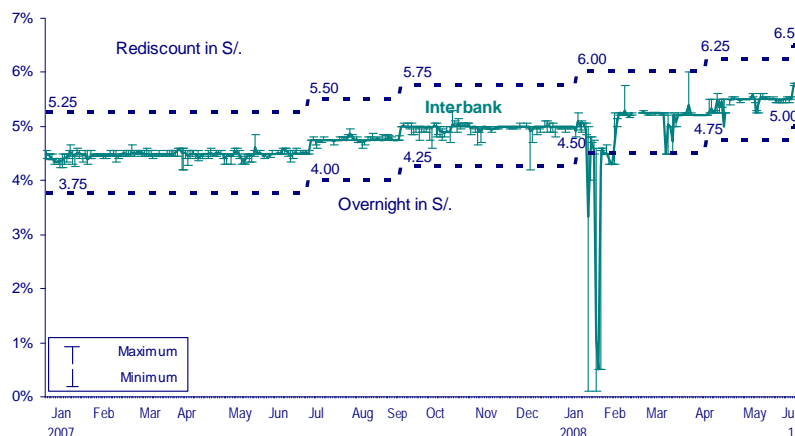
ix
xi
xii
xiii
xv
xvii

Interbank interest rate on June 18: 5.61 percent

On June 18 the average interbank interest rate in domestic currency was 5.61 percent, higher than the average rate observed in May (5.50 percent). Between **June 11 and 18**, this rate rose from 5.50 to 5.75 percent.

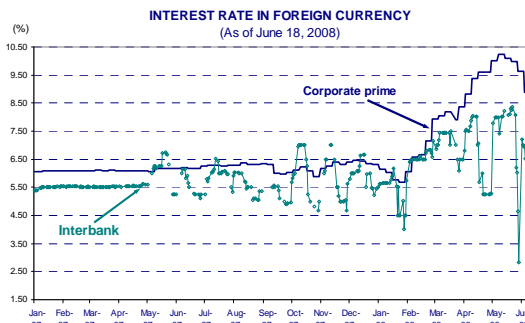
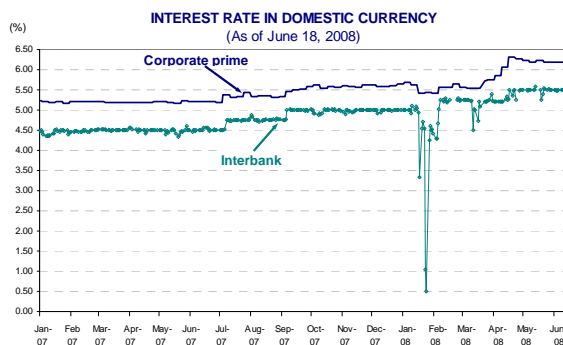
Interbank interest rate (percent)		
	Average	SD
December 2006	4.51	0.04
December 2007	4.99	0.02
January 2008	4.44	1.24
February	5.02	0.36
March	5.21	0.21
April	5.37	0.13
May	5.50	0.07
June 17	5.61	0.12

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



Corporate prime rate in soles increased to 6.36 percent

Between **June 11 and 18**, the daily average of the 90-day corporate prime rate in domestic currency increased from 6.18 to 6.36 percent. While this rate in dollars declined from 8.89 to 8.04 percent.

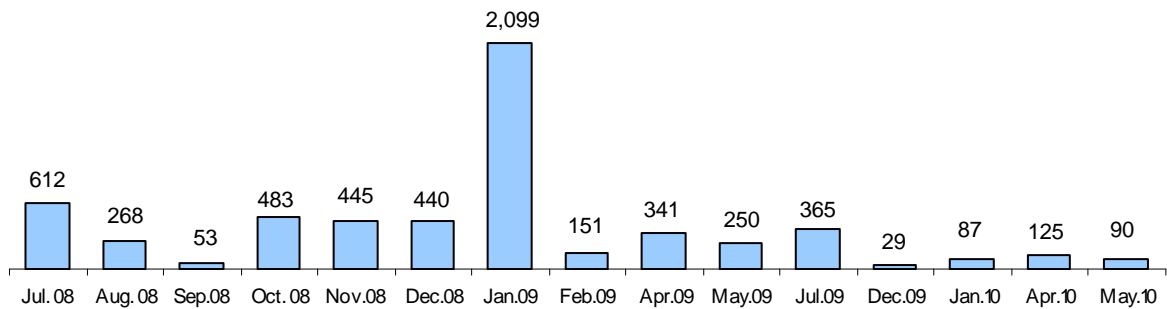


Monetary operations

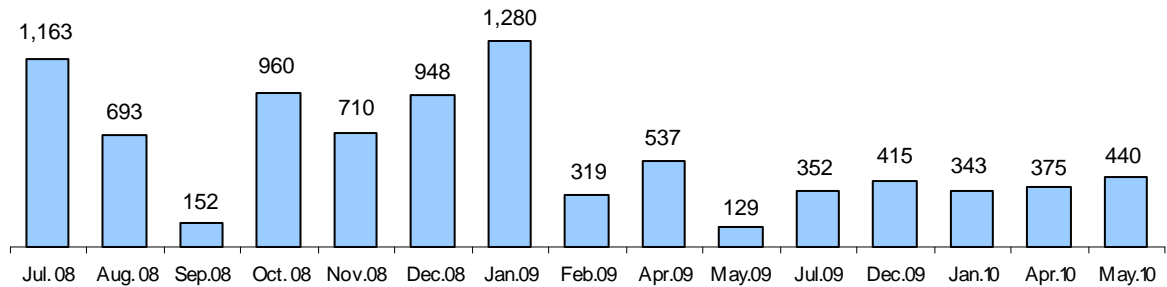
Between **June 12 and 18**, the Central Bank made the following monetary operations: i) auctions of 1-day, 3-day, 3-month, 6-month, 12-month, and 18-month BCRP Certificates of Deposit with restricted negotiation (CDBCRP-NR) for a daily average of S/. 1,278.2 million. The average interest rate on these operations, which amounted to S/. 19,885 million, was 5.70 percent, and ii) overnight deposits in domestic currency for a total of S/. 95.8 million.

The total balance of BCRP Certificates of Deposit (CDBCRP) amounted to S/. 14,653 million, of which S/. 5,838 million (40%) are held by non-residents and S/. 8,816 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)

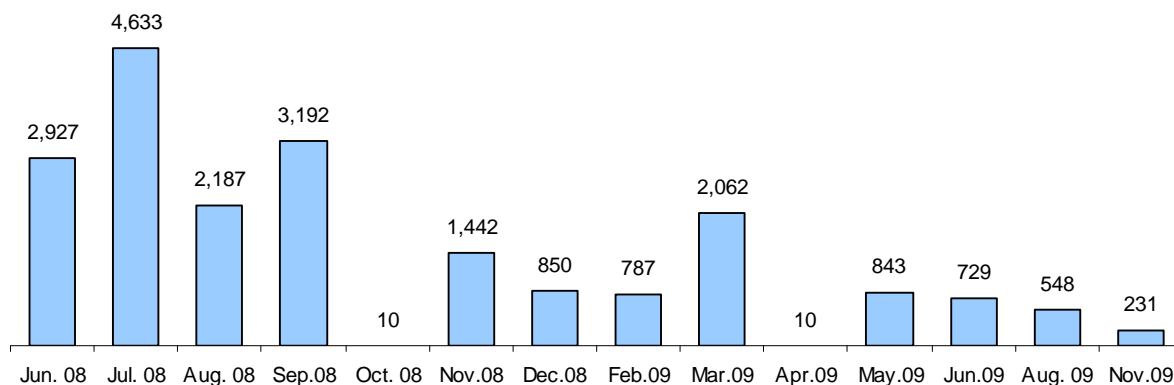


MATURITY SCHEDULE OF BCRP CERTIFICATES FROM RESIDENTS
(Balances in millions of nuevos soles)



The total balance of BCRP Certificates of Deposit with Restricted Negotiation (CDBCRP-NR) amounted to S/. 19,887 million. Most of these CDBCRP-NRs (60%) 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 10 and 16**, the **demand for monetary base** decreased by S/. 133 million; meanwhile the international position decreased in S/. 365 million (US\$ 127 million) explained by the losses in the valuation of securities (US\$ 147 millions) which was partially offset by an inflow of profits from FLAR (US\$ 21 million). After this the BCRP reduce its sterilization operations in S/. 232 million. This reduction is explained by the net maturities of Certificates of Deposit (S/. 385 million), lower reserve requirements in domestic currency (S/. 205 million), and a drop in the balance of overnight deposits (S/. 10 millions), which were partially offset by an increase in the public sector deposits (S/. 817 million) and net placements of Certificates of Deposit with Restricted Negotiation (S/. 18 million).

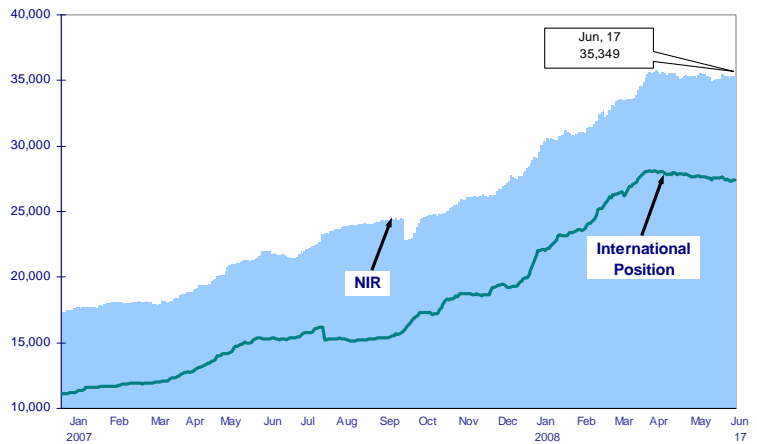
A total of S/. 57,079 million, equivalent to 376.7 percent of the monetary base, was sterilized. This amount is broken down as follows: public sector deposits (S/. 21,334 million), BCRP Certificates of Deposit (S/. 14,653 million), and BCRP Certificates of Deposit of restricted negotiation (S/. 20,338 million) and BCRP Term Deposits (S/. 283 million). The average remaining maturity term for BCRPCDs of restricted negotiation and for total sterilization instruments as of June 16 is 132 days and 173 days respectively.

	BCRP OPERATIONS (Millions of nuevos soles)						
	FLOWS						
	From 06/10 to 06/16	May-08	Jun-16-08	Annual Cumulated	Dec-31-08	May-31-08	Jun-16-08
I. NET INTERNATIONAL POSITION	-365	-1,116	-441	22,384	58,865	78,218	79,153
(Millions of US\$)	-127	-398	-153	7,767	19,622	27,542	27,389
1. Foreign Exchange Operations	0	-338	0	7,244			
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	0	2	0	38			
2. Rest of Operations	-127	-59	-153	523			
II. NET DOMESTIC ASSETS	232	1,182	128	-22,217	-43,881	-62,753	-64,001
1. Deposits of the Public Sector in DC	-817	232	-630	-4,410	-16,924	-20,703	-21,334
2. BCRP Certificates of Deposit (CDBCRP)	385	2,228	1,277	6,806	-21,458	-15,929	-14,653
3. BCRP Certificates of Deposit with restricted negotiation	-18	-282	-444	-20,338	0	-19,894	-20,338
4. Term Deposits	0	0	0	-283	0	-283	-283
5. Overnight Deposits	10	-703	909	0	-20	-929	-20
6. Reserve Requirements in DC	205	-734	-1,670	-4,078	-2,794	-5,198	-6,869
7. Rest	467	440	687	86			
III. CURRENCY	-133	66	-313	167	14,985	15,465	15,152
(Monthly percentage change)					13.0%	0.4%	-2.0%
(Cumulate percentage change)					27.0%	3.2%	1.1%
(YoY)					27.0%	33.0%	29.8%
MEMO							
I. COEFFICIENTS							
1. Preferences for currency					30.8	23.7	23.1
2. Average rate of banks requirement reserves					6.7	13.4	17.7
3. Net total internal asset respect to currency					-2.9	-4.1	-4.2
II. ESTERILIZED BALANCE							
1. Total					38,714	58,201	57,079
2. Deposits of the Public Sector in DC					16,924	20,703	21,334
3. BCRP Certificates of Deposit (CDBCRP)					21,458	15,929	14,653
4. BCRP Certificates of Deposit with restricted negotiation					0	19,894	20,338
5. Rest					332	1,674	755

International reserves total US\$ 35,349 million on June 17

Net international reserves (NIRs), which increased by US\$ 490 million compared to end May and by US\$ 7,661 million compared to end 2007, amounted to US\$ **35,349** million on **June 17**. This increase in the balance of NIRs is mainly explained by higher deposits from banks (US\$ 577 million) and the public sector (US\$ 30 million), and by higher investment yield (US\$ 9 million). This was in part offset by the lower valuation of reserve assets (US\$ 134 million).

International Reserve and International Position of the BCRP
January 2007 - June 2008
(Millions of US\$)



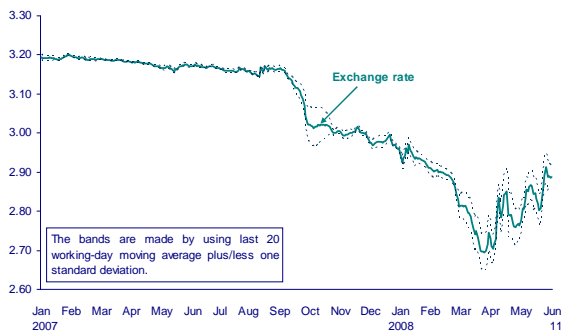
The international position of the BCRP on **June 17** (US\$ **27,433** million) was US\$ 109 million lower than at end May.

Exchange rate: S/. 2.888 per dollar

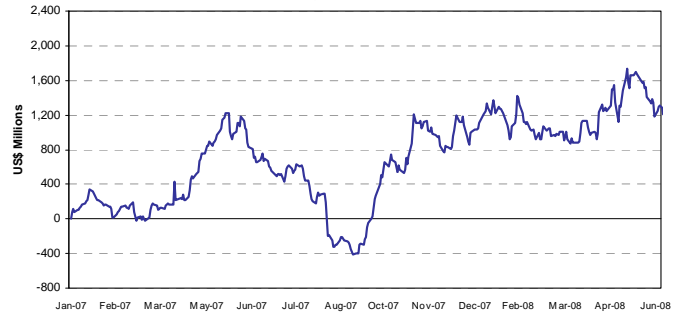
Between **June 11 and 18**, the average ask price of the interbank exchange rate decrease from S/. 2.892 to S/. 2.888 per dollar, as a result of which the nuevo sol depreciated 1.6 percent compared to end May. The Central Bank did not intervene in the exchange market in this period.

Between **June 10 and 16**, the balance of net forward purchases of foreign currency declined by US\$ 302 million. So far this month the balance of net forward purchases of foreign currency has decreased by US\$ 260 million.

INTERBANK EXCHANGE RATE
(S/. per US\$)



Net Purchase Forwards Position With Public
(January 2007- June 2008)



MONTHLY MATURITIES OF FORWARD OPERATIONS OF COMMERCIAL BANKS WITH THE PUBLIC

(In thousands of dollars)

Month	Purchase (P)	Sales (S)	Net Purchases (P) - (S)
From 17 to June 30	1,549	1,587	-38
July	2,391	1,858	534
August	476	258	218
September	463	268	195
October	335	188	148
November	378	328	51
December	465	244	221
January 2009	501	622	-122
From February 2009 to October 2010	449	718	-269
Balance as of June 16, 2008	7,007	6,070	937

The balance of net forward purchases as of June 16 amounts to US\$ 937 million, of which US\$ 534 million (57.0 percent) are operations maturing in July 2008.

Gross Domestic Product: April 2008

In April the GDP grew 13.3 percent, accumulating 10,5 percent in the first four months of the year. Growth was led by **non-primary activities**, and especially by construction (33.9 percent) and non-primary manufacturing (16.6 percent). This month showed a recovery on the fishing and agriculture and livestock sectors.

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

	Weighted 2006	2007		2008	
		Apr.	Year	Apr.	Jan.-Apr.
Agriculture and Livestock	8.3	-1.0	3.6	5.0	3.7
Agriculture	5.0	-3.0	2.1	5.1	4.4
Livestock	3.0	4.3	4.7	4.7	2.8
Fishing	0.5	11.7	6.8	28.8	10.0
Mining and Fuel	6.2	-0.5	2.7	7.3	6.5
Metallic mining	5.2	-1.7	1.7	7.0	6.7
Natural gas and oil	0.5	5.1	6.5	10.3	4.0
Manufacturing	15.4	9.8	10.8	16.5	11.6
Based on raw materials	3.2	2.9	0.4	16.3	13.2
Non-primary	12.1	12.6	13.0	16.6	11.3
Electricity	1.6	8.6	9.7	10.9	10.7
Water	0.4	2.4	0.3	-1.1	-1.2
Construction	5.2	13.0	16.6	33.9	22.4
Commerce	14.5	7.2	9.7	12.3	11.4
Other services	38.1	10.4	9.6	12.1	10.0
GDP Global	100.0	7.8	8.9	13.3	10.5
Primary sector	18.2	0.1	2.8	8.2	6.4
Non-primary sector	72.0	10.0	10.8	14.2	11.4

The **agriculture and livestock sector** grew 5.7 percent, until April the accumulated growth ascended to 3.7 percent. In this month, the agriculture production focused on the domestic market recovered compared with the previous month, due to an increase in the production of rice –33 percent compared with the same month in 2007–, while the industrial products such as sugar cane, hard maize, and the export product as coffee, grapes, asparagus and avocado showed a positive behavior compared with the previous months. The livestock production also increase after higher production of chicken meat and milk.

The **fishing sector** grew 28.8 percent due to higher industrial fishing, due to the beginning of the anchovy season in the north coast. At the same time, higher fishing for fresh human consumption (yellow mackerel, bonito, and striped mullet) and canned products (bonito and tuna). Between January-April the sector presented an accumulated growth of 10 percent, due to higher extraction of anchovy.

The **mining and hydrocarbon sector** grew 7.3 percent due to the higher production of copper (12.9 percent), mainly due to the expansion of Cerro Verde in Arequipa, and zinc (14.4 percent) due to higher production of Antamina. Between January-April the sector presented an accumulated growth of 6.5 percent and 10 consecutive months of growth.

The **manufacturing sector** grew 16.5 percent due mainly to the higher production of non-primary manufacturing, the third highest growth rate since December 1994, mainly explained by the dynamism of the domestic demand. The production in industry based on raw materials grew 16.3 percent due to the higher production of fish meal and fish oil, and refined non-ferrous metals. This result was partially offset by lower production of frozen and canned fish and refined oil.

During April, production grew in 31 of the 38 industrial groups. The groups that contributed most heavily to growth included:

- **Metal products**, due to the increased demand for lock and keys, metal structures and wires for mining, construction, and commerce sectors.
- **Wood and furniture**, due to the higher demand for mattresses, due to sales promotions.
- **Glass**, due to the higher production of beer containers.
- **Iron and steel**, due to the increased demand for construction bars and flat products for the metal-mechanical industry.
- **Food conserves, chocolate products, and alcoholic beverages**, due to the higher production of fruit juices and beverages, frozen and canned asparagus.
- **Construction materials** due to a greater production of pre-mixed concrete.
- **Transport materials**, due to increased demand for car spare parts.
- **Cement**, due to increased domestic demand.
- **Beer and malt** due to increased demand, after higher sales in provinces and the launch of a new brand.
- **Paints, varnishes and lacquers** due to higher orders of the construction sector.
- **Explosives, natural and chemical essences**, due to increased demand for explosives in the mining sector.
- **Electric Machinery**, due to higher production of transformers and electrical panels, for the construction sector.
- **Carbonated beverages**, by greater demand, mainly energy drinks and bottled water.

The **construction sector** grew 33.9 percent in April, reflecting the increase seen in the construction of homes, offices, commercial and industrial facilities, as well as the construction of mining and energy projects. Between January-April 2008 the sector presented an accumulated growth of 22.4 percent.

Outlook on May 2008

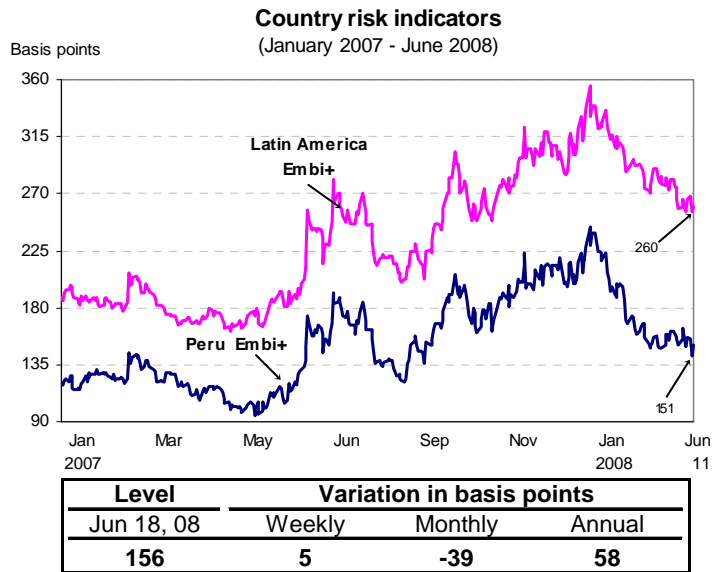
Currently available preliminary data on indicators relevant for economic activity in the sectors of fisheries, mining and hydrocarbons, construction, electricity and water include the following:

- Extraction of 760 thousand tons of anchovy to complete the 2 million tons cuota, authorized by PRODUCE during the months of April and May. The same volume captured the previous year; which was mainly concentrated on April this year, and on May in 2007, according to IMARPE.
- According to the Ministry of Energy and Mines, the production of petroleum and natural gas increased 0.2 percent compared with the same month in 2007.
- The production of electricity increased by 7.7 percent, according to the *Comité de Operación Económica del Sistema Interconectado Nacional (COES)*.

International markets

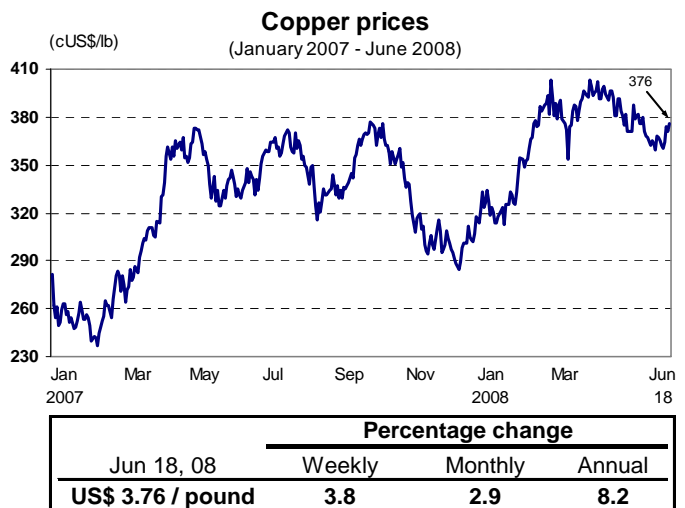
Country risk at 156 basis points

Between June 11 and 18, the average country risk, measured by the **EMBI+ Peru** spread, increased from 151 to 156 basis points, following the trend of spreads in the region which increased from 260 to 262 basis points. The higher risk aversion was explained by unfavourable indicators of U.S. economy and the deteriorating credit conditions, which influenced the increase in spreads of emerging economies.

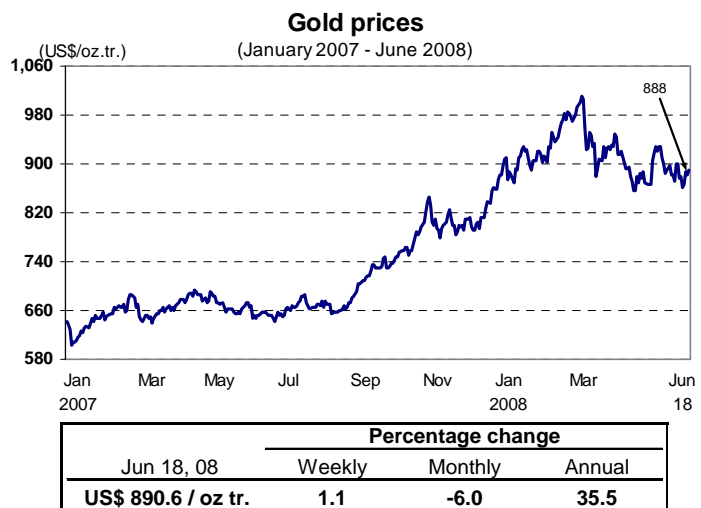


Price of copper grew to US\$ 3.76 per pound

In the same period, the price of **copper** increased 3.8 percent to US\$ 3.76 per pound. This evolution was associated with the lower production in recorded Chile between January and April 2008, as the concerns about disruptions in the supply of Southern Copper Corp. for the strikes in Moquegua (by mining royalties). However, this result was in part offset by lower imports of refined copper by China.



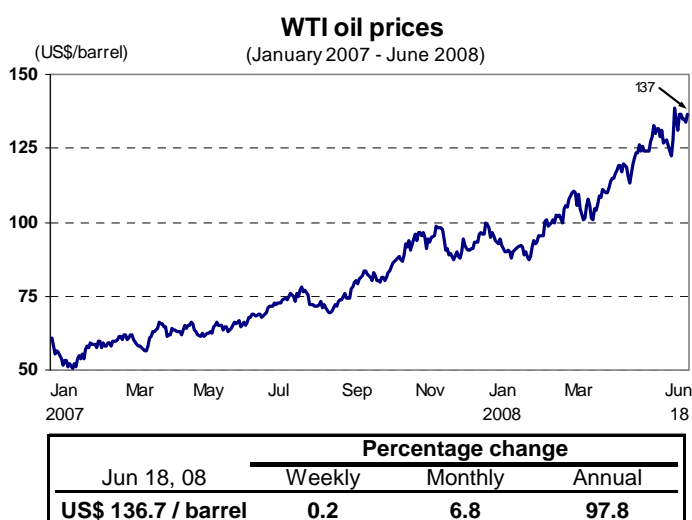
Between June 11 and 18, the price of **gold** increased 1.1 percent to US\$ 890.6 per ounce troy. This increase was explained by the strengthening dollar and rising oil prices, which increased the appeal of gold as a hedge to inflation front. However, the slowdown in global economic activity, particularly China which shows signs of a decrease in the imports of other minerals, may affect demand for gold.



Between June 11 and 18, the price of **zinc** increased 1.6 percent to US\$ 0.86 per pound. The increase in the price of zinc was mainly due to fall in the inventories in the warehouses of the London Metal Exchange (0.64 percent to 143 825 MT). Speculation on zinc mines closures after the drop on the price of the base metal in almost half a year, has led to a slight position taking by investors.



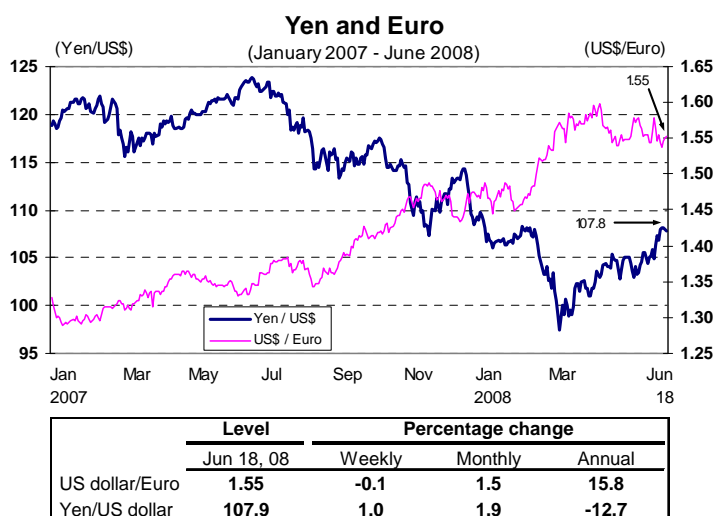
The price of **WTI oil** increased 0.2 percent and posted a US\$ 136.7 between June 11 and 18. The increase in the price of oil was explained by the drop of crude inventories in the United States for the fifth consecutive week and the higher oil imports from China. The main event that limited a higher oil price was the announcement of Saudi Arabia to increase its production quota to its highest level in decades.



Dollar appreciated against the euro

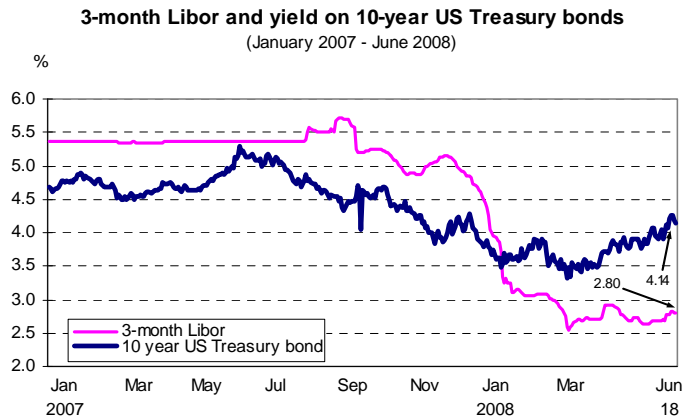
Between June 11 and 18, the 0.1 percent appreciation of the **dollar** against the **euro** was associated with the statements made by members of the Federal Reserve, which increased expectations of a hike in interest rates. However, negative economic data on industrial activity and the housing market led investors to adjust their outlook for interest rates in the United States.

Moreover, the dollar appreciated 1.0 percent against the **yen**.



Yield on 10-year US Treasuries increases to 4.14 percent

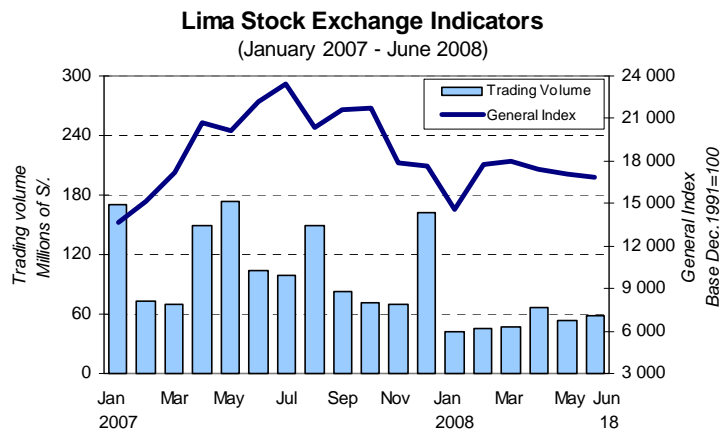
Between June 11 and 18, the **3-month Libor** increased from 2.79 to 2.80 percent, while the yield on the **10-year Treasury bond** increased from 4.08 to 4.14 percent. In the case of Treasury bond, this increase in the yield was caused by inflationary pressures which increased the expectations that the Federal Reserve will raise its interest rate this year.



	Jun 18, 08	Variation in percentage points		
		Weekly	Monthly	Annual
Libor 3 months	2.80	1	1	-256
Treasuries EUA	4.14	6	16	-100

Lima Stock Exchange fell 1.8 percent

The **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) have fallen 1.8 and 1.1 percent respectively as of **June 18**. Moreover, in the week of analysis (June 11-18) the General and Blue Chip indices increased 1.1 and 2.1 percent respectively, influenced by the positive behavior of the Peruvian economy mainly in the construction, services and financial sectors. At the same time, the rise in metal prices impacted heavily on the index –composed mainly by mining companies.



	As of:	Percentage change		
		Jun 18, 08	Weekly	To May 08
General Index	16 826	1,1	-1,8	-4,0
Blue Chip Index	27 730	2,1	-1,1	-4,5

So far this year, the General and Blue Chip indices have accumulated losses of 4.0 and 4.5 percent respectively.