



Indicators

- NIRs amount to US\$ 35 639 million on June 24
- Interbank interest rate at 5.66 percent on June 25
- Exchange rate: S/. 2.970 per dollar on June 25
- Country risk at 169 bps on June 25
- Economic Surplus of 1,109 millions on May
- Lima Stock Exchange fell 3.2 percent

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- Country risk at 169 basis points
- Lima Stock Exchange fell 3.2 percent

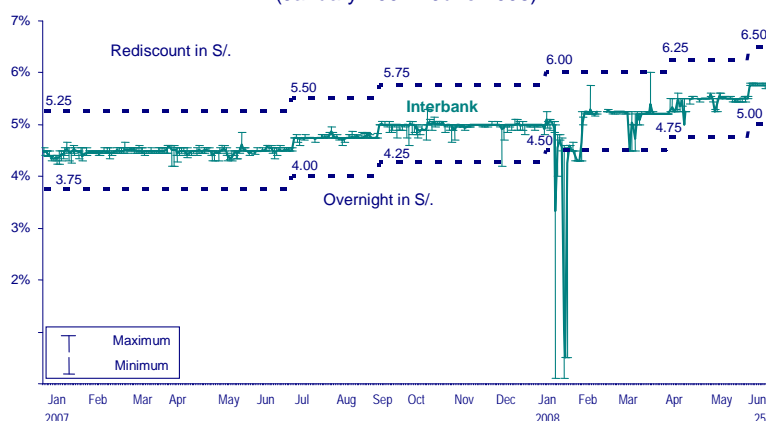
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Interbank interest rate on June 25: 5.66 percent

On June 25 the average interbank interest rate in domestic currency was 5.66 percent, higher than the average rate observed in May (5.50 percent). Between **June 18 and 25**, this rate remained at 5.75 percent.

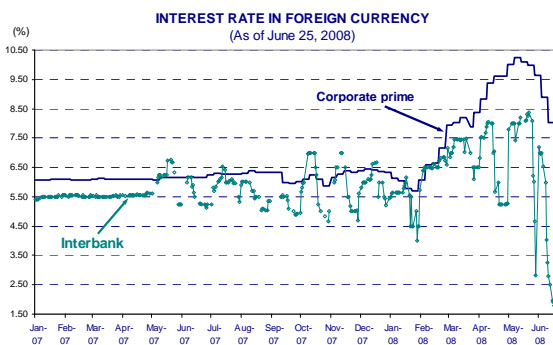
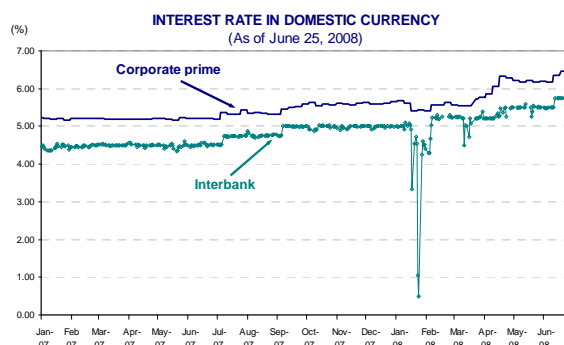
Interbank interest rate (percent)		
	Average	SD
December 2006	4.51	0.04
December 2007	4.99	0.02
January 2008	4.44	1.24
February	5.02	0.36
March	5.21	0.21
April	5.37	0.13
May	5.50	0.07
June 25	5.66	0.13

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



Corporate prime rate in soles increased to 6.46 percent

Between **June 18 and 25**, the daily average of the 90-day corporate prime rate in domestic currency increased from 6.36 to 6.46 percent. While this rate in dollars declined from 8.04 to 7.44 percent.



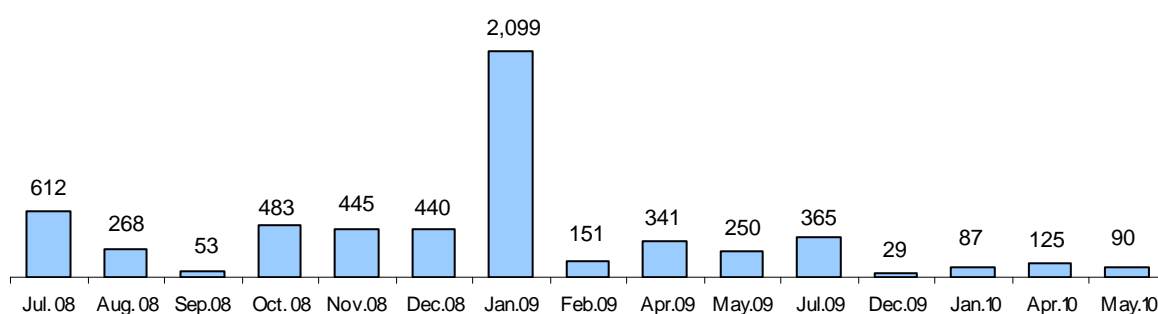
Monetary operations

Between **June 19 and 25**, the Central Bank made the following monetary operations: i) auctions of 1-day, 4-month, and 12-month BCRP Certificates of Deposit with restricted negotiation (CDBCRP-NR) for a daily average of S/. 558.4 million, the average interest rate on these operations, which amounted to S/. 20,011 million, was 5.64 percent; ii) sales of foreign currency for a total of US\$ 100.0 millions; iii) sales of foreign currency to the Public Treasury (US\$ 100 million); and iv) overnight deposits in domestic currency for a total of S/. 628.4 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.

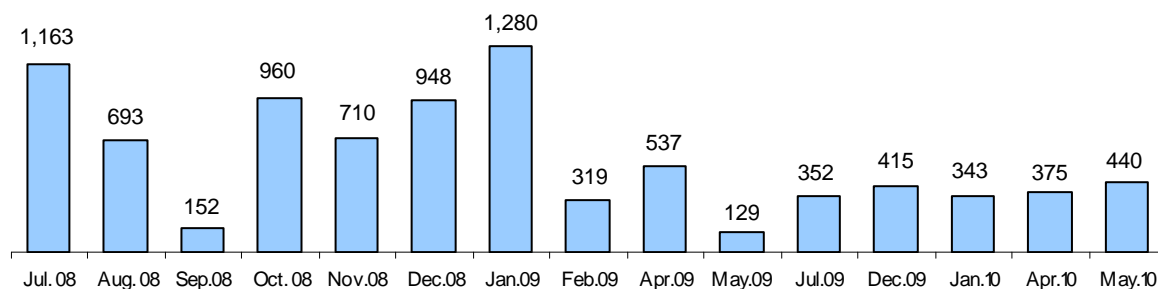
MATURITY SCHEDULE OF BCRP CERTIFICATES FROM NON-RESIDENTS

(Balances in millions of nuevos soles)



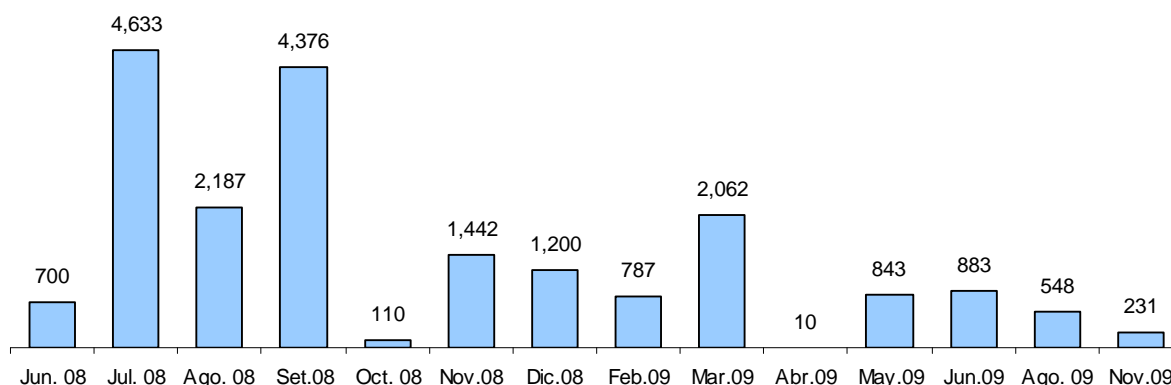
MATURITY SCHEDULE OF BCRP CERTIFICATES FROM RESIDENTS

(Balances in millions of nuevos soles)



The total balance of BCRP Certificates of Deposit with Restricted Negotiation (CDBCRP-NR) amounted to S/. 20,011 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 17 and 23**, the **demand for monetary base** increased by S/. 44 million; explained by the net maturities of Certificates of Deposit with Restricted Negotiation (S/. 627 million) and lower reserve requirements in domestic currency (S/. 551 million), which were partially offset by an increase in the public sector deposits (S/. 657 million), sales of foreign currency to the Public Treasury (US\$ 100 million or S/. 293,7 million) and an increase in the balance of overnight deposits (S/. 175 millions).

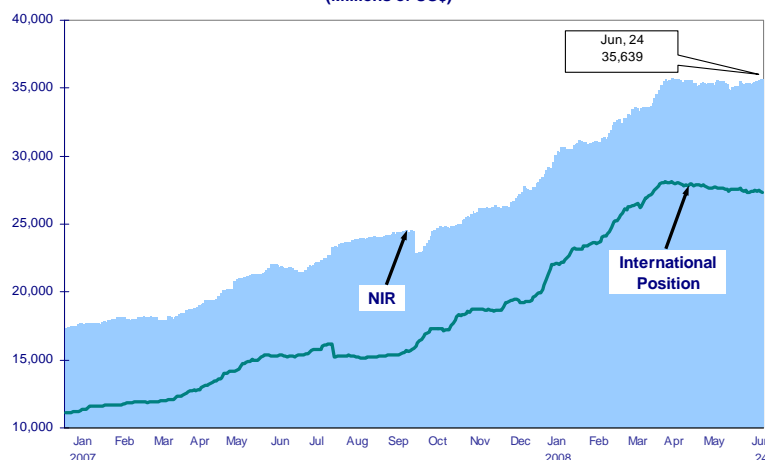
A total of S/. 57,284 million, equivalent to 371.4 percent of the monetary base, was sterilized. This amount is broken down as follows: public sector deposits (S/. 21,990 million), BCRP Certificates of Deposit (S/. 14,653 million), and BCRP Certificates of Deposit of restricted negotiation (S/. 19,711 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 23 is 136 days and 173 days respectively.

	BCRP OPERATIONS (Millions of nuevos soles)						
	FLOWS						
	From 06/17 to 06/23	May-08	Jun-23-08	Annual Cumulated	Dec-31-08	May-31-08	Jun-23-08
I. NET INTERNATIONAL POSITION							
(Millions of US\$)	-65	-1,116	-506	22,319	58,865	78,218	80,461
1. Foreign Exchange Operations	-21	-398	-174	7,746	19,622	27,542	27,368
A. Over the Counter Operations	-113	-338	-114	7,131			
B. Swaps Operations	-14	0	-14	8,714			
C. Public Sector	0	0	0	0			
D. Other	-100	-340	-100	-1,622			
2. Rest of Operations	1	2	0	39			
	93	-59	60	615			
II. NET INTERNAL ASSETS							
1 Monetary operations	109	1,182	464	-21,881	-43,881	-62,753	-65,038
A. Deposits of the Public Sector in DC	346	742	14	-21,730	-41,196	-6,293	-62,923
B. BCRP Certificates of Deposit (CDBCRP)	-657	232	-1,287	-5,066	-16,924	-20,703	-21,990
C. BCRP Certificates of Deposit with restricted negotiation	0	2,228	1,277	6,806	-21,458	-15,929	-14,653
D. Term Deposits	627	-282	183	-19,711	0	-19,894	-19,711
E. Overnight Deposits	0	0	0	-283	0	-283	-283
F. Reserve Requirements in DC	-175	-703	734	-175	-20	-929	-195
2 Others	551	-734	-893	-3,300	-2,794	-5,198	-6,091
	-237	440	450	-151			
III. CURRENCY							
(Monthly percentage change)	44	66	-42	438	14,985	15,465	15,423
(Cumulate percentage change)					13.0%	0.4%	-0.3%
(YoY)					27.0%	3.2%	2.9%
					27.0%	33.0%	31.6%
MEMO							
I. COEFFICIENTS							
1. Preferences for currency					30.8	23.7	23.6
2. Average rate of banks requirement reserves					6.7	13.4	15.8
3. Net total internal asset respect to currency					-2.9	-4.1	-4.2
II. ESTERILIZED BALANCE							
1. Total					38,714	58,201	57,284
2. Deposits of the Public Sector in DC					16,924	20,703	21,990
3. BCRP Certificates of Deposit (CDBCRP)					21,458	15,929	14,653
4. BCRP Certificates of Deposit with restricted negotiation					0	19,894	19,711
5. Rest					332	1,674	930

International reserves total US\$ 35,639 million on June 24

Net international reserves (NIRs), which increased by US\$ 779 million compared to end May and by US\$ 7,950 million compared to end 2007, amounted to US\$ **35,639** million on **June 24**. This increase in the balance of NIRs is mainly explained by higher deposits from banks (US\$ 837 million) and the public sector (US\$ 206 million), and by higher investment yield (US\$ 13 million). This was in part offset by the sales of foreign currency to the Public Treasury (US\$ 150 million), Central Bank exchange operations (US\$ 94 million) and lower valuation of reserve assets (US\$ 40 million).

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



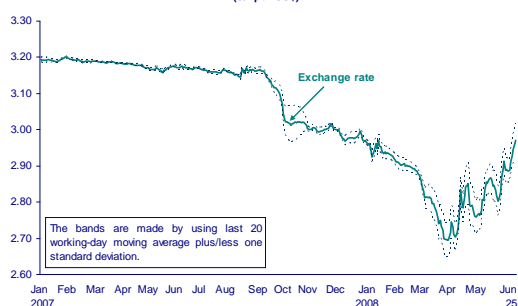
The international position of the BCRP on **June 24** (US\$ 27,287 million) was US\$ 255 million lower than at end May.

Exchange rate: S/. 2.970 per dollar

Between **June 18 and 25**, the average ask price of the interbank exchange rate increase from S/. 2.888 to S/. 2.970 per dollar, as a result of which the nuevo sol depreciated 4.4 percent compared to end May. The Central Bank intervene in the exchange market selling US\$ 100 million.

Between **June 17 and 23**, the balance of net forward purchases of foreign currency declined by US\$ 166 million. So far this month the balance of net forward purchases of foreign currency has decreased by US\$ 416 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 24 to June 30	943	916	27
July	2,639	2,432	207
August	493	270	223
September	477	276	201
October	336	188	148
November	383	333	51
December	496	254	243
January 2009	528	622	-94
From February 2009 to October 2010	494	726	-232
Balance as of June 23, 2008	6,790	6,017	773

The balance of net forward purchases as of June 23 amounts to US\$ 773 million, of which US\$ 632 million (82.0 percent) are operations maturing in July, August and September 2008.

Liquidity and credit to the private sector as of May 31

In the last four weeks liquidity in **domestic currency** increased 0.8 percent (S/. 424 million) and amounted to S/. 53,696 million (annual growth of 53.5 percent). Credit to the private sector in domestic currency increased 3.0 percent (S/. 1,130 million) and totaled S/. 38,375 million (growth of 39.8 percent in the last 12 months).

Liquidity in **foreign currency** decreased 0.7 percent (US\$ 81 million), thus amounting to US\$ 12,374 million (annual growth of 5.8 percent). Credit to the private sector in foreign currency increased 1.3 percent (US\$ 192 million) and totaled US\$ 15,214 million (growth of 29.2 percent in the last 12 months).

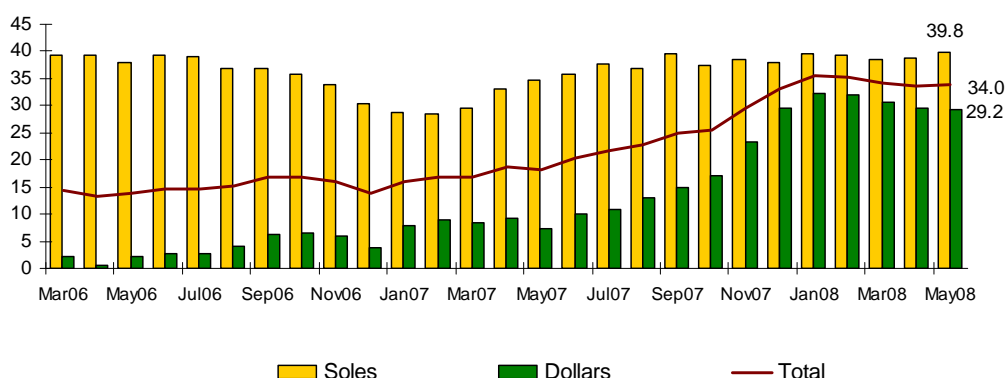
EVOLUTION OF LIQUIDITY AND CREDIT TO THE PRIVATE SECTOR										
	MONETARY BASE		LIQUIDITY IN D/C		CREDIT IN D/C		LIQUIDITY IN F/C		CREDIT IN F/C	
	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR	VAR.(%) MONTH	VAR.(%) YEAR
2006										
Dec.	15.7%	18.3%	10.6%	17.9%	3.3%	30.2%	1.8%	12.7%	-2.1%	3.9%
2007										
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%	5.4%	40.4%	4.0%	38.5%	1.6%	17.2%	6.8%	23.2%
Dec.	14.3%	28.2%	5.6%	34.1%	2.9%	37.9%	2.7%	18.3%	2.9%	29.5%
2008										
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%	5.2%	47.5%	2.4%	38.5%	0.0%	11.3%	0.7%	30.5%
Abr.	9.2%	46.7%	3.4%	55.3%	4.3%	38.7%	1.1%	9.2%	0.7%	29.6%
May.	4.0%	51.8%	0.8%	53.5%	3.0%	39.8%	-0.7%	5.8%	1.3%	29.2%
Memo:										
Balance as of Apr.30 (Mill.S./or Mill.USS)	19,876		53,272		37,245		12,455		15,022	
Balance as of May.31 (Mill.S./or Mill.USS)	20,663		53,696		38,375		12,374		15,214	

Evolution of credit to the private sector

In May, credit to the private sector increased 1.9 percent (S/. 1,523 million), as a result of which the rate of annual growth relative to May 2007 was 25.9 percent (34.0 percent if a constant exchange rate is considered).

CREDIT TO THE PRIVATE SECTOR: 2006 - 2008

(Annual growth rate)



1/ Constant exchange rate.

Credit to the private sector in soles grew at a monthly rate of 3.0 percent in May (S/. 1 130 million). Banks' credit in soles grew 3.8 percent, which reflected the evolution of the different types of credit: corporative loans (3.5 percent), consumer loans (3.6 percent), microbusinesses (4.5 percent) and mortgage (6.0 percent).

Credit to the private sector in soles over the last 12 months grew at a rate of 39.8 percent (annual flow of S/. 10,927 million), mainly as a result of the credit granted by banks (annual flow of S/. 10,013 million). Due to mainly to mortgages in national currency which grew 90.4 percent compared with May 2007.

CREDIT TO THE PRIVATE SECTOR IN DOMESTIC CURRENCY

	Balance in million of Nuevos Soles			Growth rates		
	May07	Mar08	May08	Apr.08/ Apr.07	May.08/ May.07	May.08/ Abr.08
Commercial banks	20,006	27,602	30,019	46.9	50.0	3.8
State bank	2,087	2,407	2,424	25.3	16.1	-0.8
Microfinance institutions	5,355	5,708	5,931	12.7	10.8	0.8
TOTAL	27,448	35,717	38,375	38.7	39.8	3.0

On the other hand, **credit to the private sector in dollars** grew 1.3 percent in May (flow of US\$ 192 million) and 29.2 percent over the last 12 months (flow of US\$ 3,436 million). These results are exclusively explained by banks' higher corporate credits (1.4 percent monthly growth rate, flow of US\$ 148 million).

CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY

	Balance in million of US Dollars			Growth rates		
	May07	Mar08	May08	Abr.08/ Abr.07	May.08/ May.07	May.08/ Abr.08
Commercial banks	10,900	14,069	14,371	32.3	31.8	1.4
State bank	176	169	169	-4.0	-4.0	0.6
Microfinance institutions	702	687	674	-3.2	-4.0	-0.1
TOTAL	11,778	14,925	15,214	29.6	29.2	1.3

Economic surplus of S/. 1,109 million in May 2008

In May, the operations of the central government showed an economic surplus of S/. 1,109 million, lower by S/. 107 million the result recorded in May 2007 due to increased non-financial expenditure (10.9 percent in real terms), which were partially offset by higher current revenues (2.7 percent). Excluding transfers to other public entities, non-financial expenditure increased by a real 11.9 percent.

CENTRAL GOVERNMENT OPERATIONS (Million of Nuevos Soles)

	May			Accumulated as of May		
	2007	2008	% Chg Real	2007	2008	% Chg Real
1. CURRENT REVENUES	5 255	5 686	2.7	26 413	29 473	6.2
A. Tax revenue	3 883	4 534	10.8	22 677	24 844	4.2
B. Non tax revenue	1 372	1 152	-20.3	3 736	4 629	18.0
2. NON-FINANCIAL EXPENDITURE	3 539	4 136	10.9	16 375	18 006	4.6
A. Non financial expenditure net to the Transfers	2 675	3 154	11.9	11 960	14 062	11.9
- Non financial current expenditure	2 334	2 682	9.0	10 830	12 333	8.4
- Capital expenditure	341	473	31.5	1 129	1 729	45.4
B. Transfers to other public entities	864	982	7.9	4 416	3 944	-15.1
3. CAPITAL REVENUES	16	2	-87.3	130	117	-14.3
4. PRIMARY BALANCE	1 731	1 552		10 167	11 583	
5. INTEREST PAYMENTS	515	443		2 232	2 274	
6. OVERALL BALANCE	1 216	1 109		7 936	9 310	
7. NET FINANCING	-1 216	-1 109		-7 936	-9 310	
1. External	- 165	- 163		-1 669	-4 555	
A. Disbursements	52	17		7 647	765	
B. Amortizations	- 217	- 180		-9 316	-5 320	
2. Domestic	-1 053	- 945		-6 341	-4 777	
3. Privatization	2	0		75	23	

Source: MEF and SUNAT

The **economic surplus of the central government** over the last 12 months –trend indicator– decreased for second consecutive months from S/. 7,654 million (2.2 percent of GDP) to S/. 7,547 million (2.1 percent of GDP) between April and May 2008. This evolution of the trend indicator on the central government's economic surplus reflects the effect of higher non-financial expenditure on May 2008 (10.9 percent).

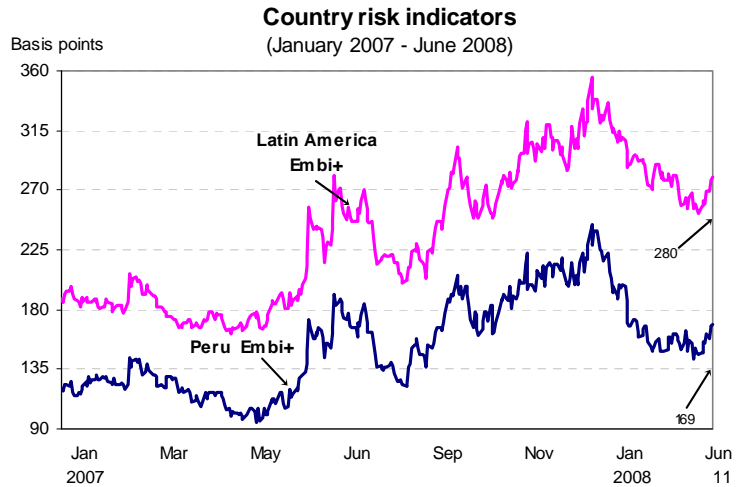
In May, the current revenues of the central government increased by a real 2.7 percent. Tax revenues increased 10.8 percent: value added tax -IGV- (19.3 percent), income tax (16.7 percent), and other tax revenues (7.4 percent), which was explained mainly by the temporary net assets tax. On the other hand, **non-tax revenues** decreased 20.3 percent due to lower transfers to regional government from the profits from the mining companies.

Moreover, non-financial expenditure net of transfers to other public entities (S/. 3,154 million) increased a real 11.9 percent, with current expenditure (S/. 2,682 million) accounting an increase of 9.0 percent. By group of expenditure, transfers to the private sector increased 49.4 percent (transfers to the Fuel Price Stabilization Fund by S/. 243 million, under the supervision of the Ministerio de Energía y Minas) and spending in goods and services increased 1.1 percent, while spending in salaries and wages decreased 1.8 percent. On the other hand, capital expenditure (S/. 473 million) increased 31.5 percent, mainly due to the increase seen in gross capital formation (27.0 percent).

International markets

Country risk at 169 basis points

Between June 18 and 25, the average country risk, measured by the **EMBI+ Peru** spread, increased from 156 to 169 basis points, following the trend of spreads in the region which increased from 262 to 277 basis points. This behavior is explained by the higher risk aversion, after the unfavorable credit conditions in international markets, which increased the spreads on the emerging markets.



Level	Variation in basis points		
	Weekly	Monthly	Annual
Jun 25, 08	13	7	56

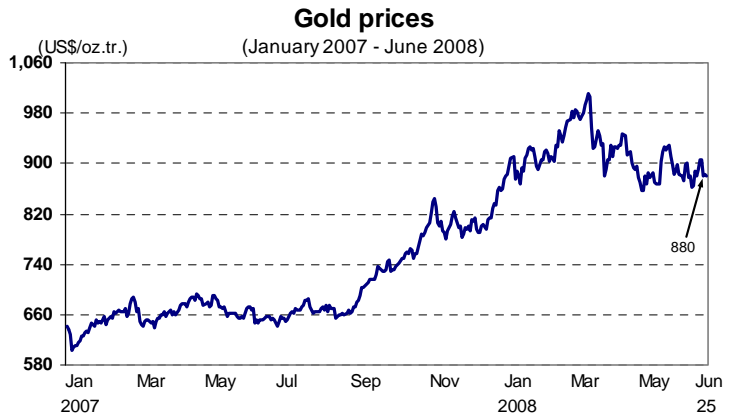
Price of copper grew to US\$ 3.87 per pound

In the same period, the price of **copper** increased 3.0 percent to US\$ 3.87 per pound. This evolution was explained mainly by the drop of the inventories in London Metal Exchange (LME), and by lower production in Zambia –due to higher energy costs–, as well as the weakening of the dollar after the FED maintain unchanged their monetary policy interest rate, giving signals that they would not rush to hike their rates.



Jun 25, 08	Percentage change		
	Weekly	Monthly	Annual
US\$ 3.87 / pound	3.0	2.0	16.8

Between June 18 and 25, the price of **gold** decreased -1.2 percent to US\$ 879.5 per ounce troy. This price is associated with lower seasonal demand for gold. Besides, China and Vietnam reduced their exports (Vietnam temporarily suspended its exports).

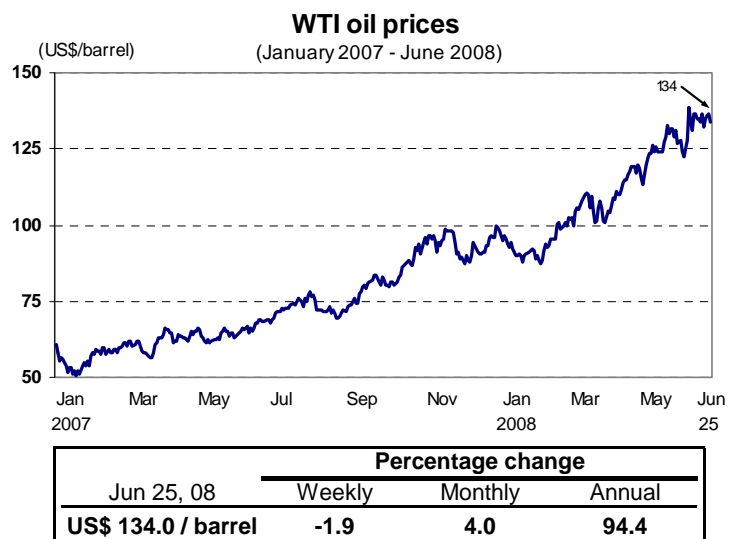


Jun 25, 08	Percentage change		
	Weekly	Monthly	Annual
US\$ 879.8 / oz tr.	-1.2	-3.3	35.1

Between June 18 and 25, the price of **zinc** decreased 2.1 percent to US\$ 0.84 per pound. The lowest price is explained by higher growth of the metal extraction and production above the growth in global demand, according to the latest report of the International Study Group of Lead and Zinc (ILZSG). Additionally, the increase in inventories eased concerns about supply.



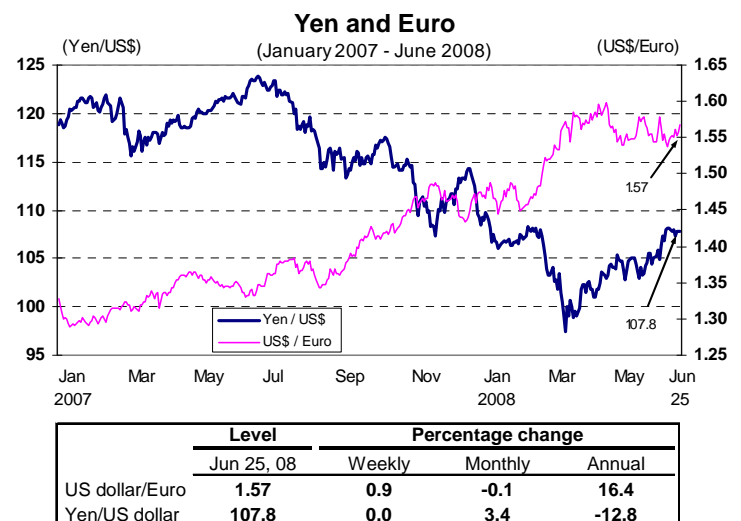
The price of **WTI oil** decreased -1.9 percent and posted a US\$ 134.0 between June 18 and 25. The decrease in the price was mainly due to an increase reported in the U.S. oil inventories, and by lower demand in this country in the last four weeks (compared with the period on the previous year). The weakening of the dollar against major currencies prevented a deeper fall in the price.



Dollar depreciated against the euro

Between June 18 and 25, the 0.9 percent depreciation of the **dollar** against the **euro** was associated with the weakening of the U.S. economy observed in the significant drop in consumer confidence, and the deteriorated conditions of the credit market.

On Wednesday, 25, the FED maintain unchanged its interest rate and appointed some inflation concerns. However, the market expected a more emphatic mention about future hikes in interest rates, which also influenced the depreciation of the dollar.



Moreover, the dollar appreciated 0.02 percent against the **yen**.

Yield on 10-year US Treasuries decreases to 4.10 percent

Between June 18 and 25, the **3-month Libor** increased from 2.80 to 2.81 percent, while the yield on the **10-year Treasury bond** decreased from 4.14 to 4.10 percent. Treasury bond decrease was explained by concerns of higher economic slowdown in the U.S. after the negative indicators of industrial activity and the housing market, and the deteriorating credit conditions.

3-month Libor and yield on 10-year US Treasury bonds
(January 2007 - June 2008)



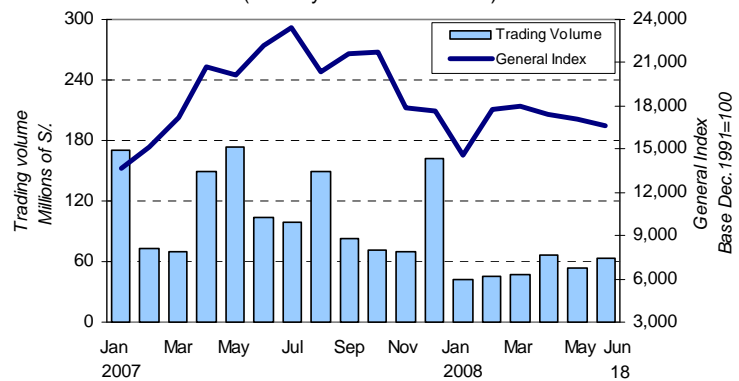
	Variation in percentage points			
	Jun 25, 08	Weekly	Monthly	Annual
Libor 3 months	2.81	1	16	-255
Treasuries EUA	4.10	-4	18	-98

Lima Stock Exchange fell 3.2 percent

The **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) have fallen 3.2 and 2.1 percent respectively as of **June 25**. Moreover, in the week of analysis (June 18-25) the General and Blue Chip indices decreased 1.1 and 2.1 percent respectively, influenced by decline of the shares of agriculture and mining sectors.

So far this year, the General and Blue Chip indices have accumulated losses of 5.4 and 5.5 percent respectively.

Lima Stock Exchange Indicators
(January 2007 - June 2008)



	As of: Percentage change			
	Jun 25, 08	Weekly	To May 08	To Dec 07
General Index	16,585	-1.4	-3.2	-5.4
Blue Chip Index	27,441	-1.0	-2.1	-5.5

