









Indicators

-  NIRs: US\$ 35,214 million on July 15
-  Interbank interest rate at 5.79 percent on July 16
-  Exchange rate on July 16: S/. 2.828 per US\$1
-  Country risk at 205 bps on July 16
-  GDP grew 7.3 percent in May
-  Lima Stock Exchange fell 12.6 percent

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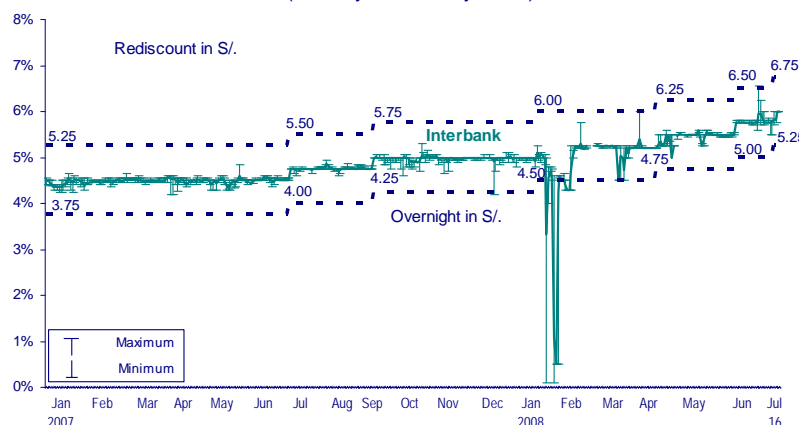
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Interbank interest rate on July 16: 5.79 percent

On July 16, the average interbank interest rate in domestic currency was 5.79 percent, higher than the average rate of June (5.68 percent). **Between July 9 and 16**, this rate increased from 5.75 to 6.00 percent.

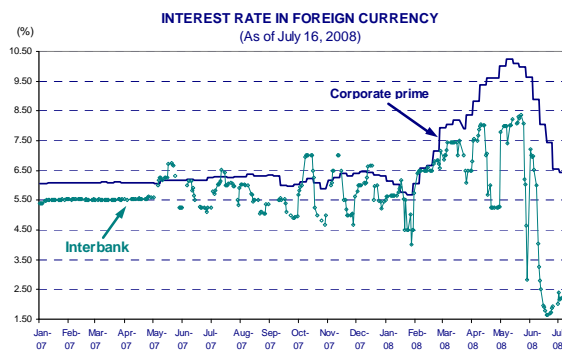
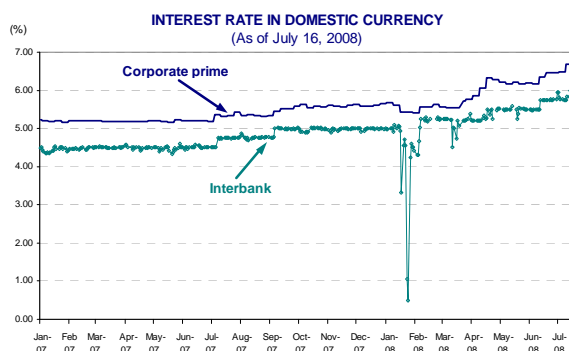
Interbank interest rate (percent)		
	Average	SD
December 2006	4.51	0.04
December 2007	4.99	0.02
January 2008	4.44	1.24
February	5.02	0.36
March	5.21	0.21
April	5.37	0.13
May	5.50	0.07
June	5.68	0.13
July 16	5.79	0.10

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



Corporate prime rate in nuevos soles rose to 6.69 percent

Between **July 9 and 16**, the daily average of the 90-day corporate prime rate in domestic currency increased from 6.48 to 6.69 percent, while this rate in dollars increased from 6.44 to 6.62 percent.



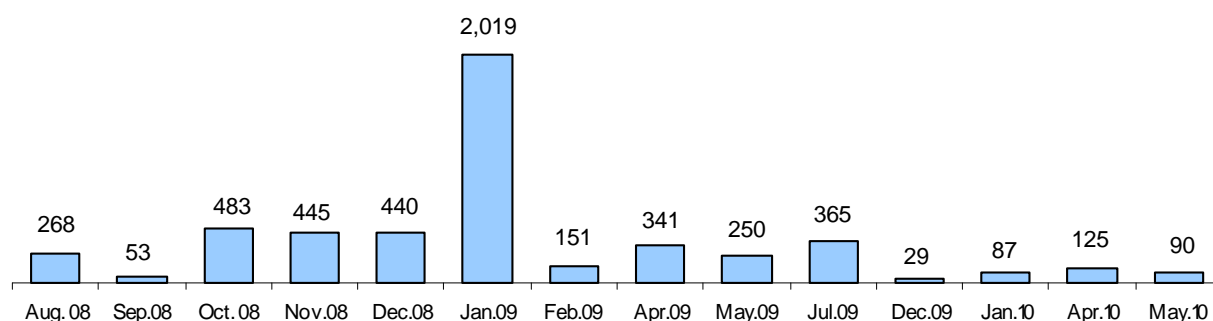
Monetary operations

Between **July 10 and 16**, the Central Bank made the following operations: i) auctions of 1-day, 3-day, 7-day, 3-month, 9-month, and 12-month BCRP Certificates of Deposit with Restricted Negotiation (CDBCRP-NR) for a daily average of S/. 2,556 million. The interest rate on these operations, which amounted to S/. 23,070 million, was 5.91 percent; and ii) overnight deposits in domestic currency for a total of S/. 383 million.

The balance of BCRP CDs amounts to S/. 12,878 million, of which S/. 5,145 million (40 percent) are held by non-residents –most of these CDs are due by January 2009– and S/. 7,733 million (60 percent) are held by residents.

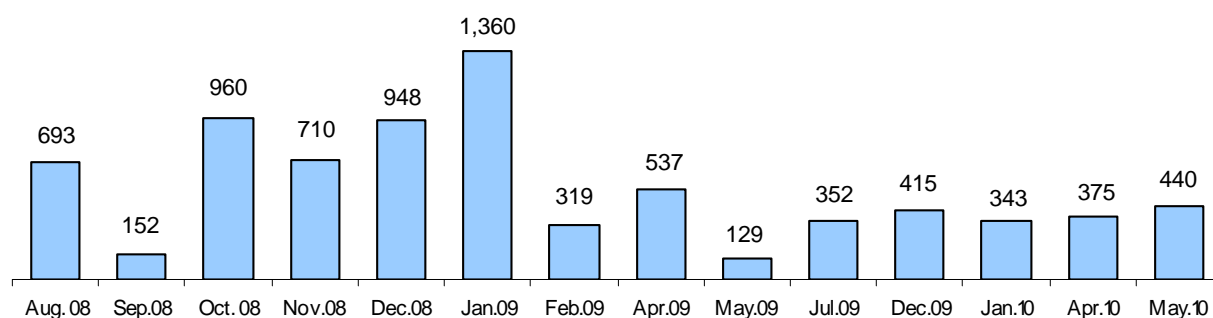
MATURITY SCHEDULE OF BCRP CERTIFICATES FROM NON-RESIDENTS

(Balances in millions of nuevos soles)



MATURITY SCHEDULE OF BCRP CERTIFICATES FROM RESIDENTS

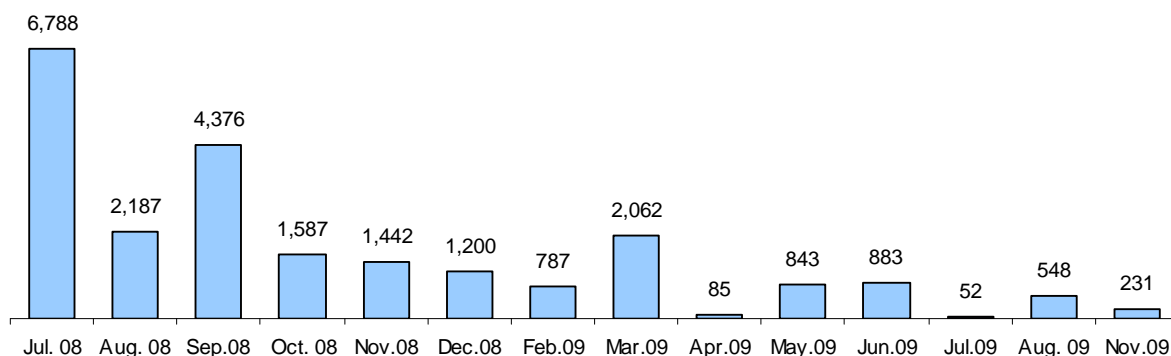
(Balances in millions of nuevos soles)



The total balance of BCRP Certificates of Deposit with Restricted Negotiation (CDBCRP-NR) amounted to S/. 23,071 million. Most of these CDBCRP-NR (58%) are due by September 2008.

MATURITY SCHEDULE OF CERTIFICATES OF DEPOSIT WITH RESTRICTED NEGOCIATION

(Balances in millions of nuevos soles)



Demand for currency

Between July 8 and 14, the monetary operations focused on constraining the surplus of liquidity produced by the lower demand due to lower reserve requirements in domestic currency (S/. 3,799 million) by banks; after having accumulated numerals during the first week of the month. There were recorded S/. 4,085 millions net placements and the maturity of the temporary injections of liquidity (S/. 1,000). The currency increased in 45 million, based on the seasonal increase of the currency demand on July. The currency growth rate remains around 30 percent in the last 12 months.

BCRP OPERATIONS
(Millions of nuevos soles)

	FLOWS				BALANCE		
	From 07/08 to 07/14	Jun-08	Jul-08 *	Annual Cummulated	Dec-31-07	Jun-30-08	Jul-07-14
I. NET INTERNATIONAL POSITION	383	-709	136	22,253	58,865	81,079	77,132
(Millions of US\$)	136	-242	53	7,730	19,622	27,299	27,352
A. Foreign Exchange Operations	0	-413	-115	6,716			
1. Over the Counter Operations	0	-164	-115	8,449			
2. Swaps Operations	0	0	0	0			
3. Public Sector	0	-250	0	-1,772			
4. Other	0	1	0	39			
B. Rest of Operations	136	171	167	1,014			
II. NET INTERNAL ASSETS	-337	936	-225	-21,592	-44,008	-65,473	-61,614
A. Monetary operations	-3,787	1,312	562	-17,613	-38,714	-56,889	-56,316
1. Sterilization Operations	-2,787	1,312	562	-17,613	-38,714	-56,889	-56,316
a. Deposits of the Public Sector in DC	974	-332	1,736	-2,376	-16,924	-21,036	-19,299
b. BCRP Certificates of Deposit (CDBCRP)	0	1,277	1,775	8,581	-21,458	-14,653	-12,878
c. BCRP Certificates of Deposit with restricted neg	-4,085	-113	-3,408	-23,415	0	-20,007	-23,415
d. Term Deposits	0	0	0	-283	0	-283	-283
e. Overnight Deposits	323	470	459	20	-20	-459	0
f. Other operations	0	10	0	-140	-312	-452	-442
2. Injection Operations	-1,000	0	0	0	0	0	0
a. Reverse Repos	-1,000	0	0	0	0	0	0
b. Credits of monetary regulations	0	0	0	0	0	0	0
B. Reserve Requirements in DC **	3,799	-148	-414	-2,924	-2,922	-5,432	-5,846
C. Rest	-350	-229	-373	-1,055			
III. CURRENCY **	45	227	-89	661	14,857	15,606	15,518
(Monthly percentage change)					13.0%	1.5%	-0.6%
(Cumulate percentage change)					27.1%	5.0%	4.4%
(YoY)					27.1%	30.9%	30.4%

* As of July 14, 2008

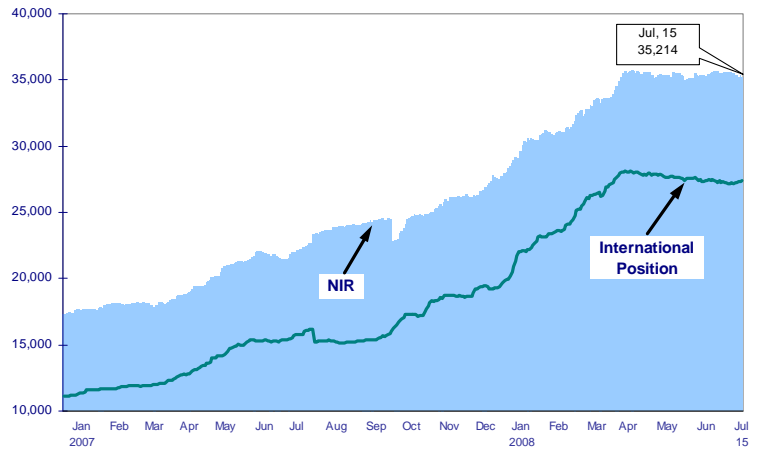
** Preliminary data

A total of S/. 56,316 million, equivalent to 362.9 percent of the currency in circulation, was sterilized. This amount is broken down as follows: public sector deposits (S/. 19,299 million), BCRP Certificates of Deposit (S/. 12,878 million), BCRP Certificates of Deposit of restricted negotiation (S/. 23,415 million), and BCRP term deposits (S/. 283 million). The average remaining maturity term for CDBCRP-NR and for total sterilization instruments as of July 14 is 104 days and 149 days respectively.

International reserves amount to US\$ 35,214 million on July 15

Net international reserves (NIRs), which decreased by US\$ 305 million compared to end June and increased by US\$ 7,525 million compared to end 2007, amounted to US\$ **35,214** million on **July 15**. This decrease in the balance of NIRs is mainly explained by BCRP exchange operations (US\$ 115 million) and lower deposits by banks (US\$ 257 million) and the public sector (US\$ 115 million). This was in part offset by the higher valuation of reserve assets (US\$ 182 million) and by a higher investment yield (US\$ 7 million).

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

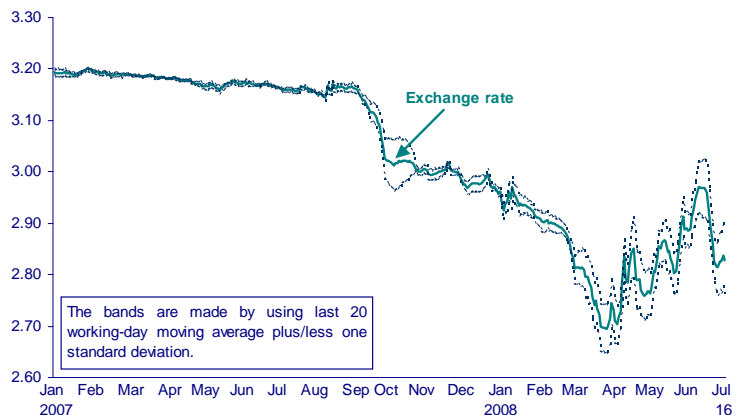


The international position of the BCRP on **July 15** (US\$ **27,371** million) was US\$ 72 million higher than at end June.

Exchange rate: S/. 2.828 per dollar

Between **July 9 and 16**, the average ask price of the interbank exchange rate increased from S/. 2.816 to S/. 2.828 per dollar, as a result of which the nuevo sol appreciated 4.7 percent compared to end June. The Central Bank did not intervene in the exchange market in this period.

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



Between **July 8 and 14**, the balance of net forward purchases of foreign currency increased by US\$ 209.2 million and amounted to US\$ 409.7 million.

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



The balance of net forward purchases as of July 14 amounted to US\$ 1,294 million, of which US\$ 1,121 million (87 percent) are operations maturing in August, September, and October 2008.

MATURITIES OF FORWARD OPERATIONS OF COMMERCIAL BANKS WITH THE PUBLIC
(In thousands of dollars)

Month	Purchase (P)	Sales (S)	Net Purchases (P) - (S)
From July 15 to 31	1,879	1,871	8
August	1,606	974	632
September	633	352	282
October	409	202	207
November	462	343	120
December	509	266	243
January 2009	591	627	-36
From February 2009 to October 2010	612	774	-161
Balance as of July 14, 2008	6,704	5,410	1,294

Gross Domestic Product: May 2008

In April the GDP grew 7.3 percent, accumulating 9.8 percent in the first five months of the year. Growth was led by **non-primary activities**, and especially by construction (14.3 percent) and non-primary manufacturing (8.2 percent). Between the primary activities, mining and agriculture and livestock sectors recorded growth.

GROSS DOMESTIC PRODUCT

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

	Weighted 2006	2007		2008	
		May.	Year	May.	Jan. - May.
Agriculture and Livestock	8.3	4.7	3.3	3.6	3.7
Agriculture	5.1	4.4	2.1	3.7	4.2
Livestock	2.5	5.4	5.3	3.3	2.9
Fishing	0.5	18.4	6.9	-25.0	0.3
Mining and Fuel	6.2	0.0	2.7	9.7	7.1
Metallic mining	5.2	-1.9	1.7	10.8	7.5
Natural gas and oil	0.5	9.2	6.5	0.2	3.2
Manufacturing	15.4	13.1	10.8	4.6	10.0
Based on raw materials	3.2	7.5	0.4	-11.1	7.1
Non-primary	12.1	15.0	13.0	8.2	10.6
Electricity	1.6	10.9	9.7	8.2	10.2
Water	0.4	1.1	0.3	-2.6	-1.5
Construction	5.2	24.6	16.6	14.3	20.6
Commerce	14.5	8.3	9.7	9.6	11.0
Other services	38.6	8.9	9.6	7.8	9.6
GDP Global	100.0	9.4	8.9	7.3	9.8
Primary sector	18.2	4.3	2.7	1.6	5.2
Non-primary sector	72.0	10.7	10.8	8.9	10.8

The **agriculture and livestock sector** grew 3.6 percent, until May the accumulated growth ascended to 3.7 percent. In this month, the agriculture production focused on the domestic market contracted lightly (0.7 percent), due to lower production of Andean products (amilaceous maize, peas, barley, olluco and oca), as well as cassava and banana, partially offset by higher production of potato and rice. In the first case was due to the lag of rain and the presence of frost in late 2007 in the southern highlands; and in the second case, the excessive rains earlier this year in the jungle and northern coast. The production oriented to the foreign market and industry grew (15.2 percent), due to larger crops of coffee, cocoa, olives, grapes, mangoes, sugar cane, avocado and asparagus. Livestock production contributed an increased supply of poultry meat and milk, associated with increased domestic demand.

The **fishing sector** drop 25.0 percent, accumulating an increase of 0.5 percent until May. The lower capture of anchovy recorded this month was explained by the high percentage of the fishing

quota captured on the previous month (66.1 percent of 2 million tons), for the season April-May; and the fishing for fresh human consumption (jack mackerel, mackerel) and frozen products (giant squid, squid and mackerel).

The **mining and hydrocarbon sector** grew 9.7 percent, accumulating an increase of 0.5 percent until May. Explained by higher production of gold and silver (13.6 and 15.2 percent, respectively) and copper (12.7 percent) due to the expansion of Cerro Verde in Arequipa in the second half of 2007.

The **manufacturing sector** grew 4.6 percent, accumulating an increase of 10 percent until May. In this month the growth was mainly explained by non-primary manufacturing (8.2 percent), boosted by the dynamism of the domestic demand. The production in industry based on raw materials fell 11.1 percent due to lower production on the fishing industry (fish meal, fish oil, canned and frozen fish) and refined oil.

During May, production grew in 29 of the 38 industrial groups. The groups that contributed most heavily to growth included:

- **Iron and steel**, due to the increased demand for bars and balls of iron for mining sector.
- **Metal products**, due to the increased demand for metal structures and wires for mining, construction, and commerce sectors.
- **Wood and furniture**, due to the higher demand for mattresses.
- **Otros artículos de papel y cartón**, por la mayor producción de pañales desechables para el mercado interno y externo (Bolivia).
- **Glass**, due to the higher demand related to the growth of the construction sector.
- **Food conserves, chocolate products, and alcoholic beverages**, due to the higher production of fruit juices and beverages.
- **Transport materials**, due to increased exports of packages and car filters, to Ecuador and Bolivia.
- **Electric Machinery**, due to higher order of devices for electrical distribution, for the mining and electrical projects.
- **Paper and cardboard**, due to higher domestic demand.
- **Construction materials**, due to a greater production of pre-mixed concrete, for the mining and construction sectors.
- **Basic chemical substances** due to a higher demand for industrial sulfuric acid, associated with an increase of the refining of non-ferrous metals.
- **Milk products**, due to higher demand for vaped milk, yogurt and cheese.
- **Cement**, due to increased domestic demand.
- **Beer and malt**, due to market expansion after the launch of a new brand and higher demand from the south and jungle regions.
- **Paints, varnishes and lacquers** due to higher orders of the construction sector.

The **construction sector** grew 14.3 percent, accumulating an increase of 20.6 percent until May. In this month the sector growth was based on the construction of homes, offices, commercial and industrial facilities, as well as the construction of mining and energy projects.

Outlook on May 2008

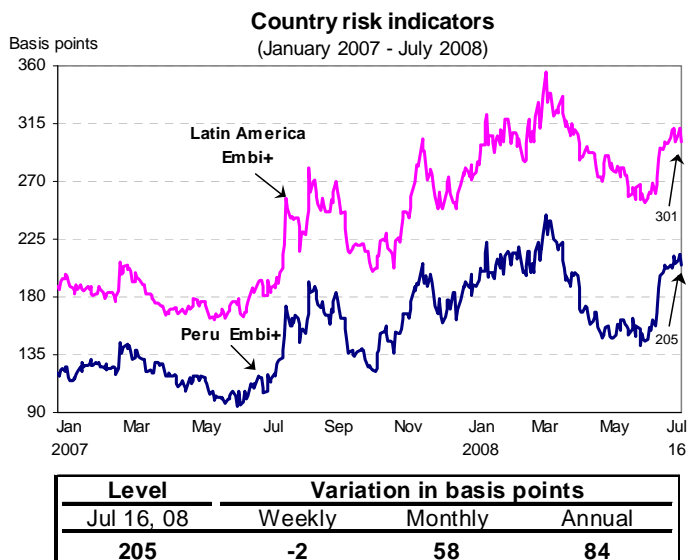
Currently available preliminary data on indicators relevant for economic activity in the sectors of fisheries, mining and hydrocarbons, construction, electricity and water include the following:

- Extraction of anchovy grew 7.2 percent, according to IMARPE.
- According to the Ministry of Energy and Mines, the production of petroleum and natural gas increased 4.8 percent compared with the same month in 2007.
- According to the Asocem, local dispatches of cement increased by 13.2 percent.
- The production of electricity increased by 10 percent, according to the *Comité de Operación Económica del Sistema Interconectado Nacional* (COES).

International Markets

Country risk at 205 basis points

Between July 9 and 16, the average country risk –measured by the **EMBI+ Peru** spread– fell from 207 to 205 basis points, showing a similar conduct to that of the EMBI+ Latin America (the region’s country risk fell from 309 to 301 basis points). This result is associated with the fact that Peru was assigned an investment grade by the rating agency Standard & Poor’s (S&P upgraded the Peruvian sovereign debt from BB+ to BBB-). However, increased risk aversion due to the deterioration of lending conditions in international markets offset the contraction of the spread.



Price of copper rose to US\$ 3.76 per pound

In the same period, the price of **copper** fell 0.8 percent to US\$ 3.76 per pound. This decline was mainly influenced by signals of a slowing of consumption in China (imports of refined copper in June were 12.6 percent lower than in May). Other factors contributing to this evolution included the plunge of the oil price (which encouraged sales in stock markets) and higher levels of inventories at the London Metal Exchange.



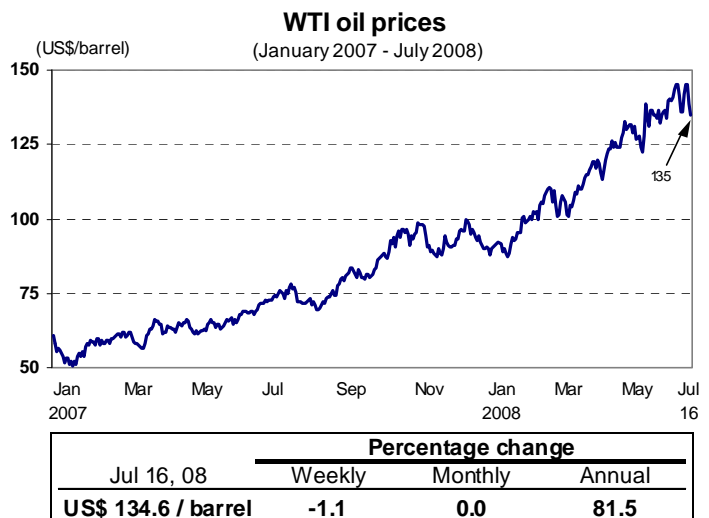
Between July 9 and 16, the price of **gold** rose 3.8 percent to US\$ 962.1 per ounce troy and reached its maximum high in the last four months. The weakness of the dollar against the euro, persistent fears regarding instability in financial markets, and growing inflation increased the lure of gold as a hedge asset.



During the week, the price of **zinc** fell 2.1 percent to US\$ 0.80 per pound. This lower price of zinc is mainly associated with higher levels of inventories at the main global stock exchanges. The price of zinc showed a downward trend during the week after an over-supplied market rejected news that Teck Cominco Ltd. –the second largest zinc producer– would close one of its main mines in Australia.

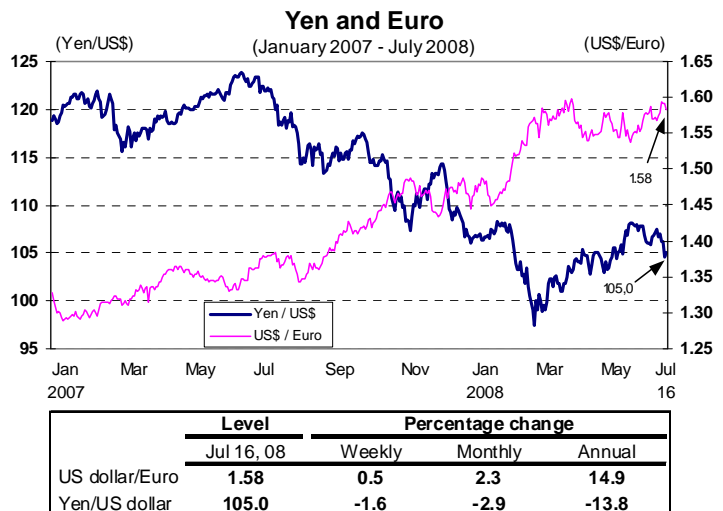


The price of **WTI oil** fell 1.1 percent to US\$ 134.6 per barrel between July 9 and 16. This drop in the price of oil was mainly due to concerns about the US economy that generated fears about demand. Moreover, an unexpected increase of inventories of crude contributed to this fall (the IEA agency reported an unexpected increase of 3 million barrels of crude).



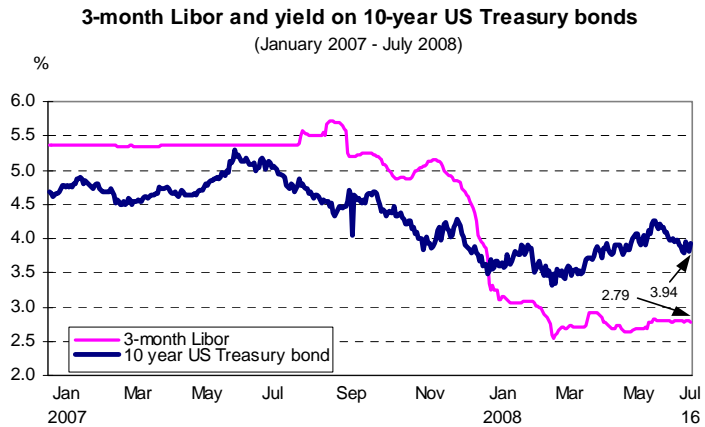
Dollar depreciated against the euro and the yen

In the same period of analysis, the **dollar** depreciated 0.5 percent against the **euro** and 1.6 percent against the **yen**. The weakening of the dollar is explained by lower expectations that the Federal Reserve will reduce its interest rate given growing concerns about the health of the US financial sector after recent reports on the unstable situation of Fannie Mae and Freddie Mac, two of the main suppliers of mortgage loans in the United States.



Yield on 10-year US Treasuries increased to 3.94 percent

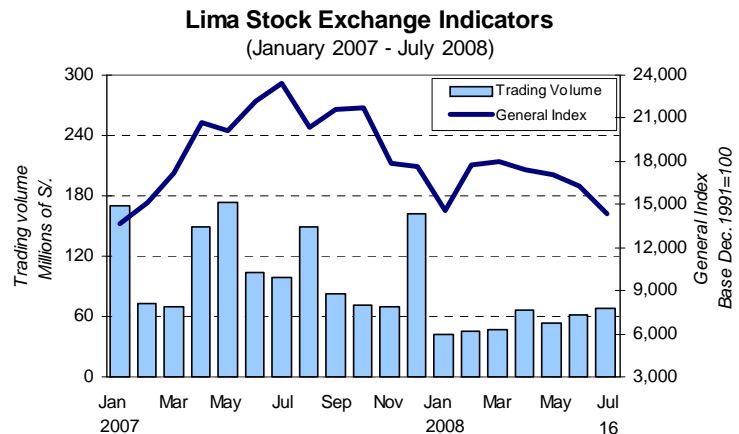
Between July 9 and 16, the **3-month Libor** remained unchanged at 2.79 percent, while the yield on the **10-year Treasury bond** increased from 3.81 to 3.94 percent. The increase seen in the case of the Treasury bond is explained by inflationary pressures in the United States, given that inflation increased more than expected in June (showing the faster pace of growth observed in 26 years). However, increased gains at Wall Street during the week reduced the demand for safe assets such as the Treasury bonds, thus offsetting the rise in the yield of these bonds.



	Variation in percentage points			
	Jul 16, 08	Weekly	Monthly	Annual
Libor 3 months	2.79	-1	-3	-258
Treasuries EUA	3.94	12	-33	-111

Lima Stock Exchange fell 12.6 percent as of July 16

The **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) fell 12.6 and 14.4 percent respectively as of **July 16**. Between July 8 and 16, both these indices had a negative performance, showing losses of 1.9 and 2.9 percent respectively due to the decline of mining stocks. Investors' caution while they await the publication of corporate results in the second quarter also contributed to this result.



	As of:	Percentage change		
	Jul 16, 08	Weekly	To Jun 08	To Dec 07
General Index	14,321	-1.9	-12.6	-18.3
Blue Chip Index	23,232	-2.9	-14.4	-20.0

This fall was in line with the deterioration of most stock markets in the region.

So far this year, the General and the Blue Chip indices of the LSE have accumulated losses for 18.3 and 20.0 percent respectively.

