



**Indicators**

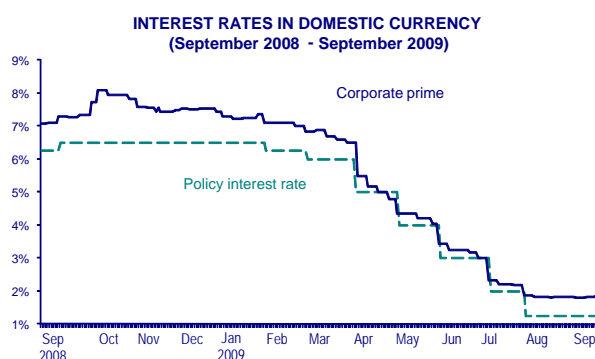
- Corporate interest rate at 1.86
- Interbank interest rate at 1.20 percent
- Exchange rate: US dollar traded at S/. 2.887
- Country risk at 218 basis points
- LSE grew 7.7 percent

**Content**

- Corporate interest rate in nuevos soles increased to 1.86 percent ix
- Average interbank interest rate at 1.20 percent ix
- Currency in circulation: S/. 16,509 million on September 28 x
- Exchange rate: US dollar traded at S/. 2.887 x
- International reserves amounted to US\$ 32,130 million xi
- Liquidity and Credit to Private Sector as of September 15 xii
- Country risk at 218 basis points xii
- Lima Stock Exchange grew 7.7 percent on September 29 xv

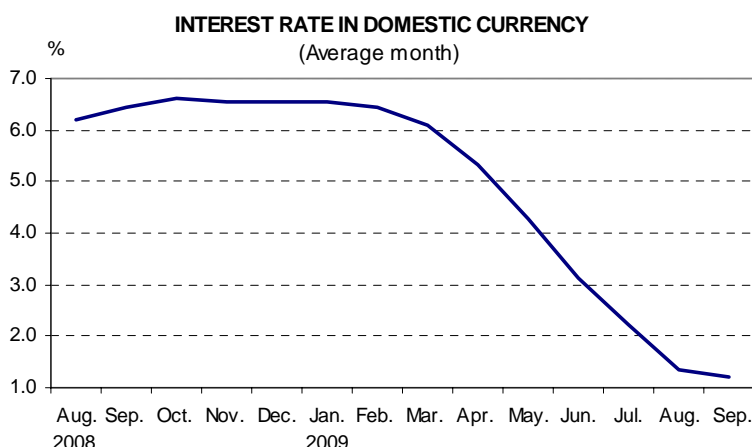
**Corporate interest rate in nuevos soles increased to 1.86 percent**

Between **September 22 and 30**, the daily average of the 90-day corporate rate in domestic currency increased from 1.81 to 1.86 percent, while this rate in dollars fell from 1.37 to 1.27 percent.



**Average interbank interest rate at 1.20 percent**

So far this month, the average daily interbank interest rate is 1.20 percent, lower than the average rate of July (1.34 percent). On September 30, the interbank interest rate in domestic currency recorded 1.24 percent.



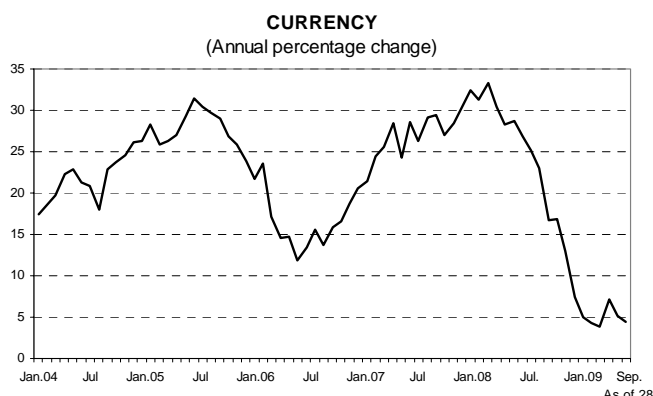
	<u>Interbank interest rate (percent)</u>	
	<u>Average</u>	<u>SD</u>
August 2008	6.21%	0.12
September	6.43%	0.13
October	6.60%	0.18
November	6.54%	0.03
December	6.54%	0.03
January 2009	6.55%	0.15
February	6.44%	0.32
March	6.08%	0.13
April	5.33%	0.47
May	4.29%	0.42
June	3.13%	0.40
July	2.23%	0.49
August	1.34%	0.27
September	1.20%	0.07

**Monetary operations**

Between **September 23 and 29**, the BCRP made the following monetary operations:  
i) auctions of 1 day, 3-day, 1-month and 4-month CDBCRP for a daily average of S/. 2,191.4 million. The average interest rate on these operations, which reached a balance of S/. 12,006.7 million, was 1.16 percent; ii) purchases of 1-year repos of FC for a total of S/. 37 million, with an average interest rate of 1.46 percent, on September 25; iii) purchase of foreign currency for a total of US\$ 269 million), and iv) overnight deposits in domestic currency for a total of S/. 597.4 million.

## Currency in circulation: S/. 16,509 million on September 28

Between September 22 and 28, **currency in circulation** shrank by S/. 29 million and thus accumulated a reduction of S/. 827 million this year. In this way, currency in circulation recorded a growth rate of 4.5 percent in the last 12 months, a higher rate than the one observed at end August (5.2 percent).



### BCRP OPERATIONS (Million of nuevos soles)

	FLOWS				SALDOS		
	August 09	From 09/22 to 09/28	Cummulated:		Dec 31, 2008	Aug 31, 2009	Sep 28, 2009
			Monthly *	Annual			
<b>I. NET INTERNATIONAL POSITION</b>	<b>2,503</b>	<b>797</b>	<b>1,522</b>	<b>1,465</b>	<b>67,087</b>	<b>63,259</b>	<b>63,270</b>
(Million of US\$)	851	277	525	604	21,365	21,444	21,969
<b>A. Foreign Exchange Operations</b>	<b>12</b>	<b>296</b>	<b>312</b>	<b>-951</b>			
1. Over the counter operations	0	269	269	-803			
2. Net swap auctions in FC	51	13	28	92	0	64	92
3. Public Sector	-40	0	0	-243			
4. Other operations	1	14	15	1			
<b>B. Rest of Operations</b>	<b>839</b>	<b>-19</b>	<b>213</b>	<b>1,555</b>			
<b>II. NET INTERNAL ASSETS</b>	<b>-2,770</b>	<b>-768</b>	<b>-1,962</b>	<b>-2,292</b>	<b>-49,751</b>	<b>-46,311</b>	<b>-46,761</b>
<b>A. Monetary operations</b>	<b>-915</b>	<b>-1,015</b>	<b>-1,188</b>	<b>192</b>	<b>-37,346</b>	<b>-35,966</b>	<b>-37,154</b>
<b>1. Sterilization</b>	<b>-915</b>	<b>-1,015</b>	<b>-1,188</b>	<b>5,495</b>	<b>-42,759</b>	<b>-36,075</b>	<b>-37,263</b>
a. BCRP Indexed Certificates of Deposit (CDR)	1,574	350	550	4,320	-4,425	-655	-105
b. BCRP Certificates of Deposit (CDBCRP)	-3,828	-2,200	-2,350	-4,035	-7,721	-9,407	-11,757
c. BCRP Certificates of Deposit with restricted negotiation	914	100	100	6,253	-6,483	-330	-230
d. Overnight Deposits	90	-26	232	-104	-23	-359	-127
e. Public Sector Deposits in soles	324	761	279	-1,171	-23,568	-25,018	-24,739
f. Other operations	10	0	1	232	-538	-307	-306
<b>2. Injection</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,303</b>	<b>5,412</b>	<b>109</b>	<b>109</b>
<b>B. Reserve Requirements in DC **</b>	<b>627</b>	<b>222</b>	<b>-171</b>	<b>1,521</b>	<b>-4,975</b>	<b>-3,282</b>	<b>-3,453</b>
<b>C. Rest</b>	<b>-2,482</b>	<b>25</b>	<b>-602</b>	<b>-4,005</b>			
<b>III. CURRENCY **</b>	<b>-266</b>	<b>29</b>	<b>-440</b>	<b>-827</b>	<b>17,336</b>	<b>16,948</b>	<b>16,509</b>
(Monthly percentage change)					8.9%	-1.5%	-2.6%
(Accumulated percentage change)					16.7%	-2.2%	-4.8%
(YoY)					16.7%	5.2%	4.5%

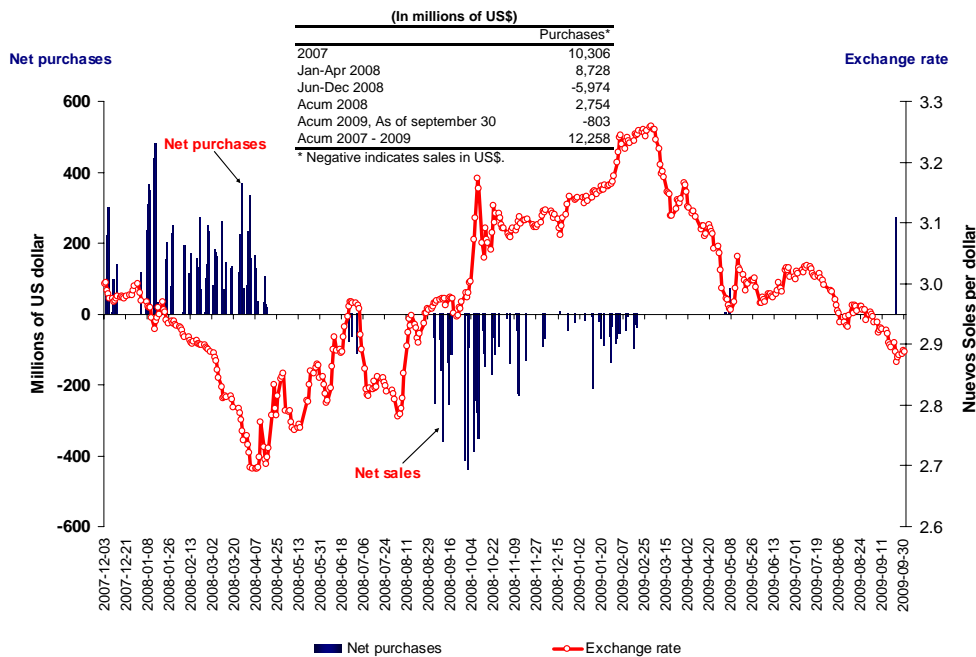
\* As of September 28, 2009.

\*\* Preliminary data.

## Exchange rate: US dollar traded at S/. 2.887

Between September 23 and 30 the average interbank ask price of the dollar increased from S/. 2.871 to S/. 2.887. This represented a depreciation of the nuevo sol of 0.55 percent. During the week, the BCRP intervened in the exchange market purchasing US\$ 269 million (the BCRP had not intervened in the forex market since May 8).

**EXCHANGE RATE AND NET DOLLAR PURCHASE**



Between September 22 and 29, banks' balance of net forward purchases of foreign currency increased by US\$ 314.3 million.

In September, the balance of net forward purchases has accumulated an increase of US\$ 613.1 million.

**BALANCE OF NET FORWARD PURCHASES OF FOREIGN CURRENCY**  
(January 2008 - September 2009)



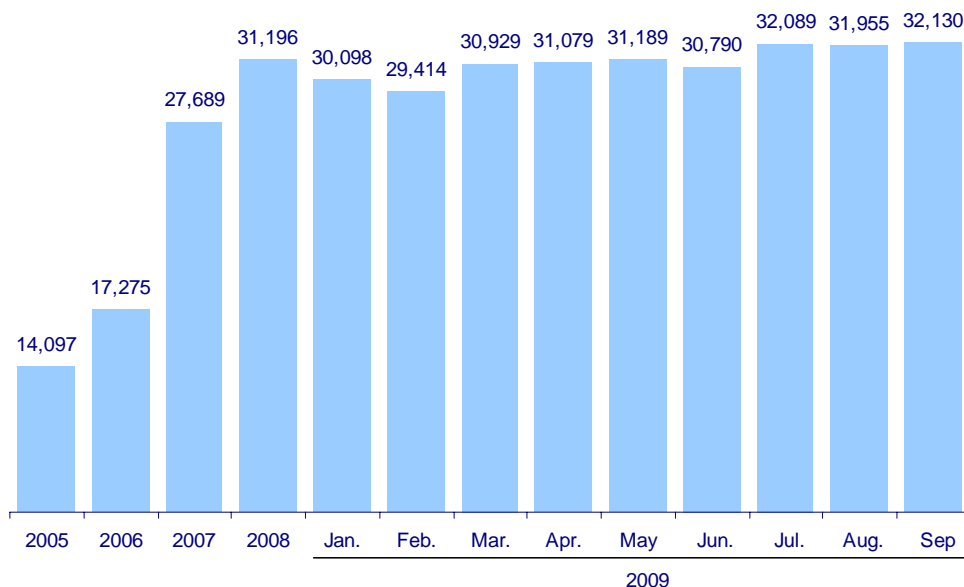
**International reserves amounted to US\$ 32,130 million**

Net international reserves (NIRs) amounted to US\$ 32,130 million on September, a sum US\$ 175 million higher than the one recorded at end August. This increase is mainly explained by purchases of foreign currency (US\$ 269 million), the higher valuation of investments (US\$ 164 million), higher investment yield (US\$ 67 million), swap operations (US\$ 28 million), and higher public sector deposits (US\$ 10 million). This was partially offset by banks' lower deposits (US\$ 431 million).

The international investment position of the BCRP on September was US\$ 22,056 million, a sum US\$ 613 million higher than at end August.

**NET INTERNATIONAL RESERVES ACCUMULATED**

(Millions of US\$)



**Liquidity and Credit to Private Sector as of September 15**

In the last four weeks, **total liquidity in the private sector** recorded a decrease of 1.0 percent, mainly as a result of a reduction of the soles component.

**Total credit to the private sector** registered a decline of 0.4 percent given that private businesses sought greater financing in the capital market. Thus, primary placements of securities by private companies amounted to S/. 400 million in September, the highest level of placements observed since October 2007.

**International Markets**

**Country risk at 218 basis points**

Between September 22 and 29, the country risk measured by the **EMBIG Peru** spread, increased from 212 to 218 basis points, showing a similar trend to the one seen in the region, where the increased 19 basis points.

The spread of the emerging debt increased due to higher risk aversion given unfavorable indicators of economic activity in the U.S.

**COUNTRY RISK INDICATORS**

(January 2007 - September 2009)



Level	Variation in basis points		
	Weekly	Monthly	Annual
Sep 29, 09	6	-29	-92
<b>218</b>	<b>6</b>	<b>-29</b>	<b>-92</b>

**Price of gold drops to US\$ 991.5 a troy ounce**

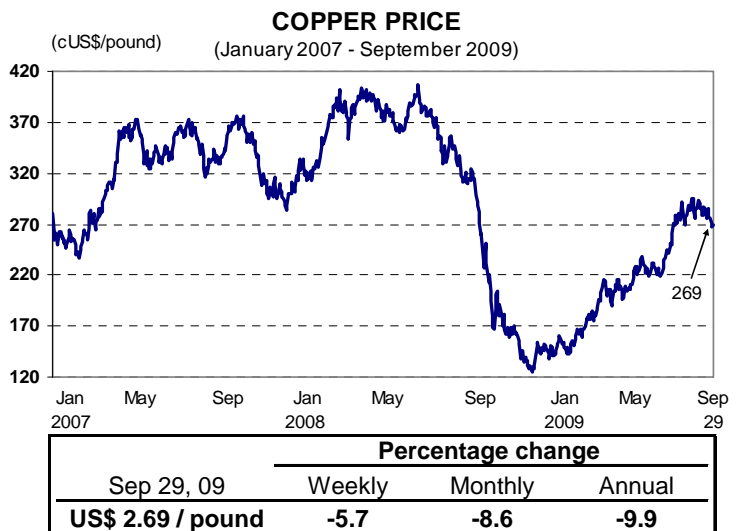
In the same period, the price of **gold** fell 2.5 percent to US\$ 991.5 a troy ounce.

The lower price of gold was associated with the appreciation of the dollar against the euro and with investors' take-profit, although the price of gold still remains high due to speculative positions.



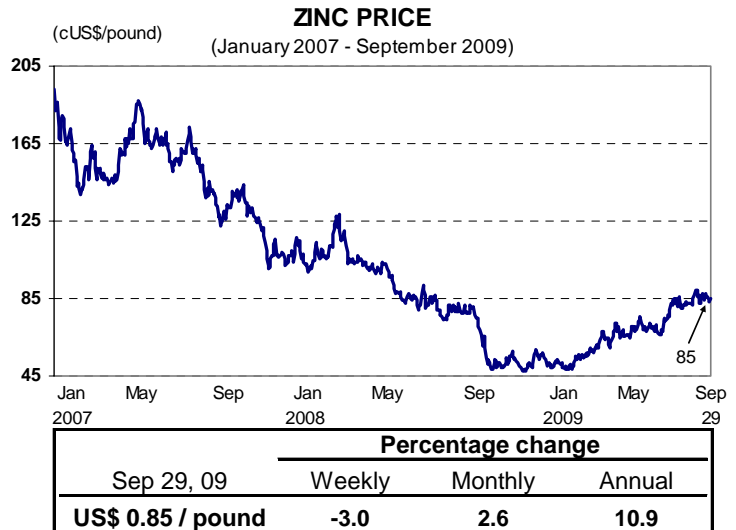
Between September 22 and 29, the price of **copper** dropped 5.7 percent to US\$ 2.69 a pound.

This price drop was influenced by higher inventories of this basic metal at the London Metal Exchange (copper inventories increased 3.8 percent to 344 thousand tons) as a result of China's lower demand –China's imports contracted for the second consecutive month in August– and the weak demand from Japan and OECD countries.



Between September 22 and 29, the price of **zinc** dropped 3.0 percent to US\$ 0.85 a pound.

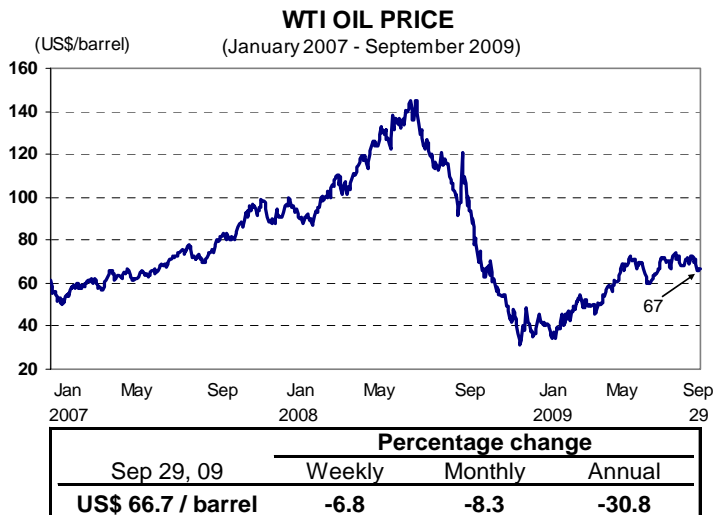
The lower price of zinc was associated with concerns about demand and with new increases of inventory levels at the London Metal Exchange and the Shanghai Stock Exchange.



Between September 22 and 29, the price of **WTI oil** dropped 6.8 percent and reached US\$ 66.7 a barrel.

This price drop was associated with renewed worries of lower global demand, which was in line with increased crude inventories in the U.S.

Geopolitical tensions in the Middle East (Iran's nuclear tests) and the lower supply of oil –due to the decline of production in Mexico– partially offset falling prices.

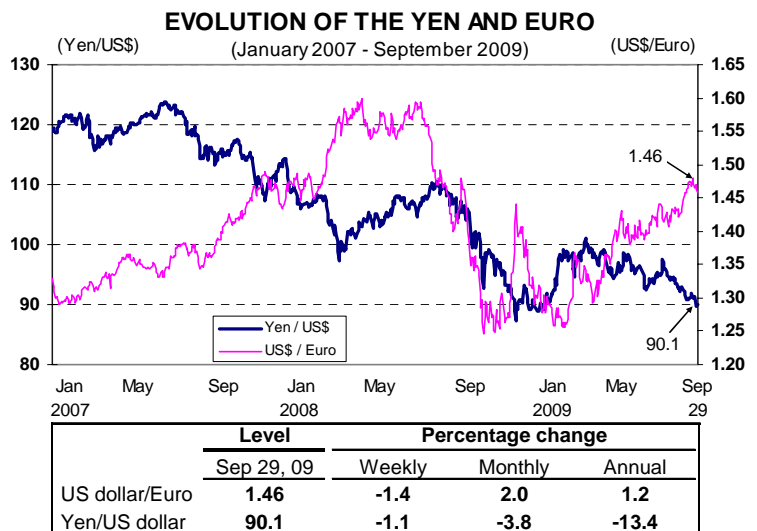


**US dollar appreciated against the euro**

Between September 22 and 29, the **US dollar** appreciated 1.4 percent against the **euro**.

This evolution of the dollar against the euro was explained by increased risk aversion (given lower-than-expected results in terms of economic activity in the U.S.), which increased the demand for the U.S. currency as safe-haven asset.

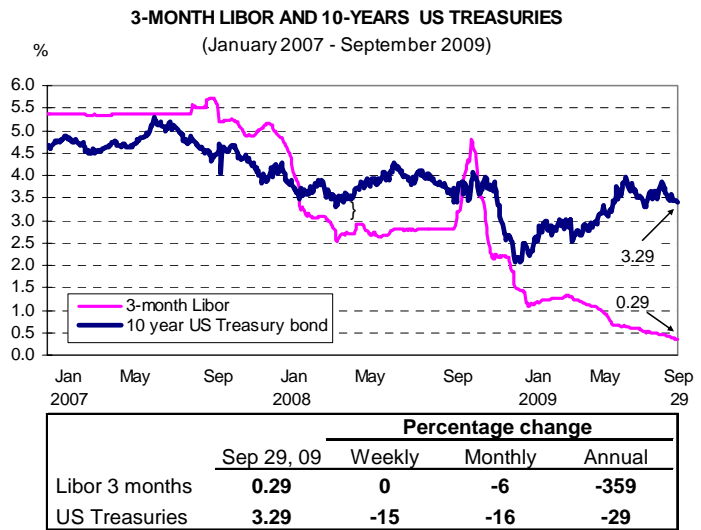
The dollar depreciated 1.1 percent against the **yen**.



## Yield on 10-year US Treasuries fell to 3.29 percent

Between September 22 and 29, the **3-month Libor** remained at 0.29 percent, while the yield on the **10-year Treasury bond** fell to 3.29 percent from 3.45 percent.

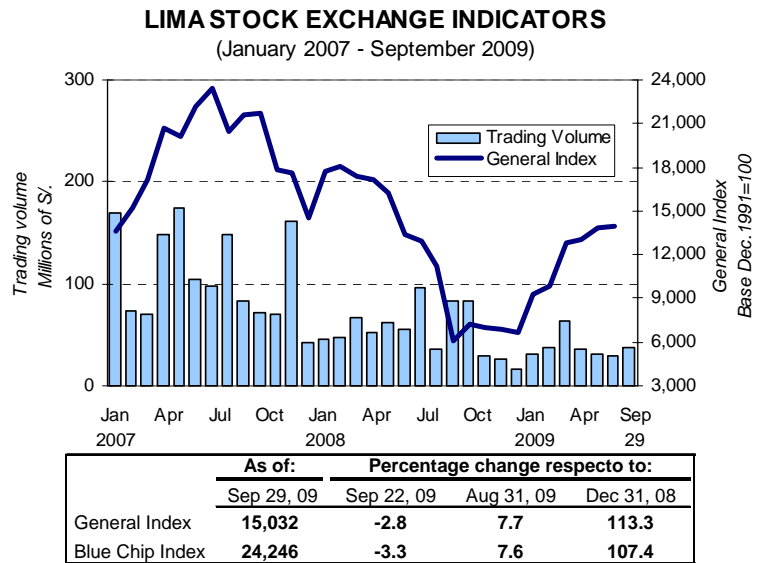
Confirming the still persistent problems of the U.S. economy and reinforcing the appeal of the government debt as safe assets, the yield on US Treasury bonds declined given unfavorable activity indicators in the U.S.,



## Lima Stock Exchange grew 7.7 percent on September 29

So far this month (at September 29), the **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) have increased 7.7 percent and 7.6 percent, respectively.

During the week (September 22 to 29), the General Index and the Selective Index fell 2.8 and 3.3 percent, respectively, due to the decline of industrial and mining shares given the downturn seen in the international prices of metals and in line with the decline of Wall Street.



So far this year, the indices of the LSE have accumulated gains for 113.3 and 107.4 percent, respectively.

