



**Indicators**

- Corporate interest rate at 1.76 percent
- Interbank interest rate at 1.15 percent
- Exchange rate: US dollar traded at S/. 2.859
- Country risk at 174 basis points
- LSE grew 1.9 percent

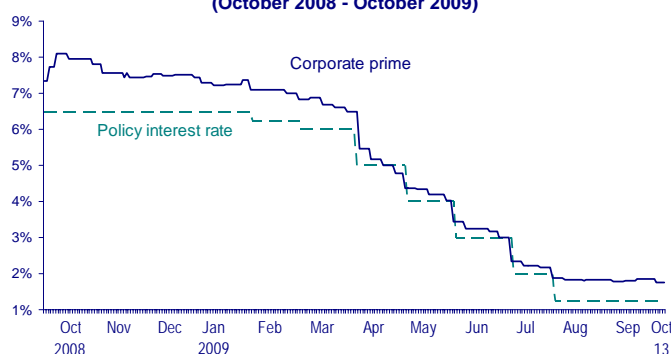
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**Corporate interest rate in nuevos soles decreased to 1.76 percent**

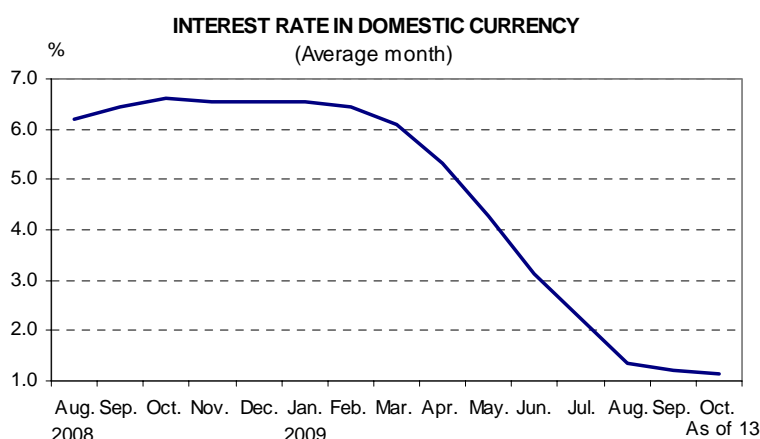
Between **October 5 and 13**, the daily average of the 90-day corporate rate in domestic currency decreased from 1.84 to 1.76 percent, while this rate in dollars fell from 1.16 to 1.11 percent.

**INTEREST RATES IN DOMESTIC CURRENCY  
(October 2008 - October 2009)**



**Average interbank interest rate dropped to 1.15 percent**

So far this month, the average daily interbank interest rate continued its downward trend and stood at 1.15 percent.



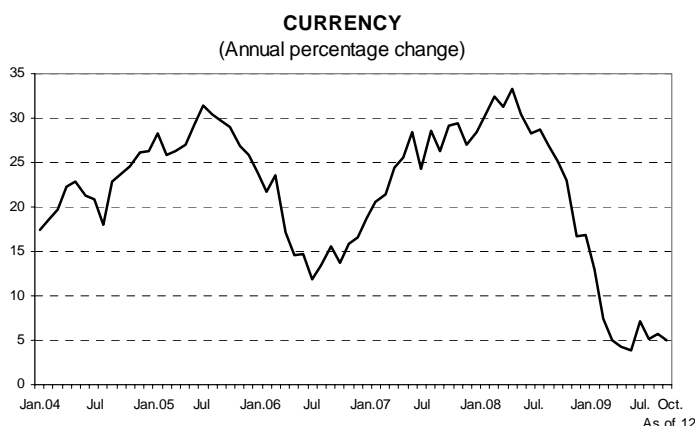
	<b>Interbank interest rate (percent)</b>	
	<b>Average</b>	<b>SD</b>
September 2008	6.43%	0.13
October	6.60%	0.18
November	6.54%	0.03
December	6.54%	0.03
January 2009	6.55%	0.15
February	6.44%	0.32
March	6.08%	0.13
April	5.33%	0.47
May	4.29%	0.42
June	3.13%	0.40
July	2.23%	0.49
August	1.34%	0.27
September	1.20%	0.07
October 13	1.15%	0.04

**Monetary operations**

Between **October 6 and 13**, the BCRP made the following monetary operations: i) auctions of CDBCRP for a daily average of S/. 1,457.6 million, with maturities from 1 day to 182 days. The average interest rate on these operations, which reached a balance of S/. 12,686.6 million, was 1.19 percent; ii) purchase of foreign currency for a total of US\$ 208 million, and iii) overnight deposits in domestic currency for a total of S/. 428.5 million.

## Currency in circulation: S/. 16,500 million on October 12

Between October 6 and 12, **currency in circulation** shrank by S/. 325 million and thus accumulated a reduction of S/. 836 million this year. In this way, currency in circulation recorded a growth rate of 5.0 percent in the last 12 months, a lower rate than the one observed at end September (5.7 percent).



### BCRP OPERATIONS (Millions of nuevos soles)

	FLOWS				BALANCE		
	September 2009	From 10/06 to 10/12	Cummulated:		31-Dec-09	30-Sep-09	12-Oct-09
			Monthly *	Annual			
<b>I. NET INTERNATIONAL POSITION</b>	<b>1,775</b>	<b>535</b>	<b>624</b>	<b>2,342</b>	<b>67,087</b>	<b>63,743</b>	<b>63,705</b>
(Millions of US\$)	613	187	218	909	21,365	22,056	22,274
<b>A. Foreign Exchange Operations</b>	<b>312</b>	<b>135</b>	<b>136</b>	<b>-816</b>			
1. Over the counter operations	269	135	135	-668			
2. Net swap auctions in FC	28	0	0	92	0	92	92
3. Public Sector	0	0	0	-243			
4. Other operations	15	0	1	2			
<b>B. Rest of operations</b>	<b>301</b>	<b>52</b>	<b>82</b>	<b>1,725</b>			
<b>II. NET INTERNAL ASSETS</b>	<b>-2,015</b>	<b>-859</b>	<b>-833</b>	<b>-3,178</b>	<b>-49,751</b>	<b>-47,034</b>	<b>-47,205</b>
<b>A. Monetary operations</b>	<b>-836</b>	<b>-485</b>	<b>301</b>	<b>845</b>	<b>-37,346</b>	<b>-36,802</b>	<b>-36,507</b>
<b>1. Sterilization</b>	<b>-966</b>	<b>-485</b>	<b>431</b>	<b>6,148</b>	<b>-42,759</b>	<b>-37,041</b>	<b>-36,616</b>
a. BCRP Indexed Certificates of Deposit (CDR)	550	60	105	4,425	-4,425	-105	0
b. BCRP Certificates of Deposit (CDBCRP)	-2,593	-910	-637	-4,915	-7,721	-11,999	-12,637
c. BCRP Certificates of Deposit with restricted negotiation	100	0	0	6,253	-6,483	-230	-230
d. Overnight Deposits	234	-150	-74	-176	-23	-124	-199
e. Public Sector Deposits in soles	735	515	1,038	323	-23,568	-24,283	-23,245
f. Other operations	7	0	0	239	-538	-299	-305
<b>2. Injection</b>	<b>130</b>	<b>0</b>	<b>-130</b>	<b>-5,303</b>	<b>5,412</b>	<b>239</b>	<b>109</b>
<b>B. Reserve Requirements in DC **</b>	<b>-324</b>	<b>-221</b>	<b>-917</b>	<b>452</b>	<b>-4,975</b>	<b>-3,606</b>	<b>-4,523</b>
<b>C. Rest</b>	<b>-854</b>	<b>-154</b>	<b>-217</b>	<b>-4,474</b>			
<b>III. CURRENCY **</b>	<b>-239</b>	<b>-325</b>	<b>-209</b>	<b>-836</b>	<b>17,336</b>	<b>16,709</b>	<b>16,500</b>
(Monthly percentage change)					8.9%	-1.4%	-1.3%
(Accumulated percentage change)					16.7%	-3.6%	-4.8%
(YoY)					16.7%	5.7%	5.0%

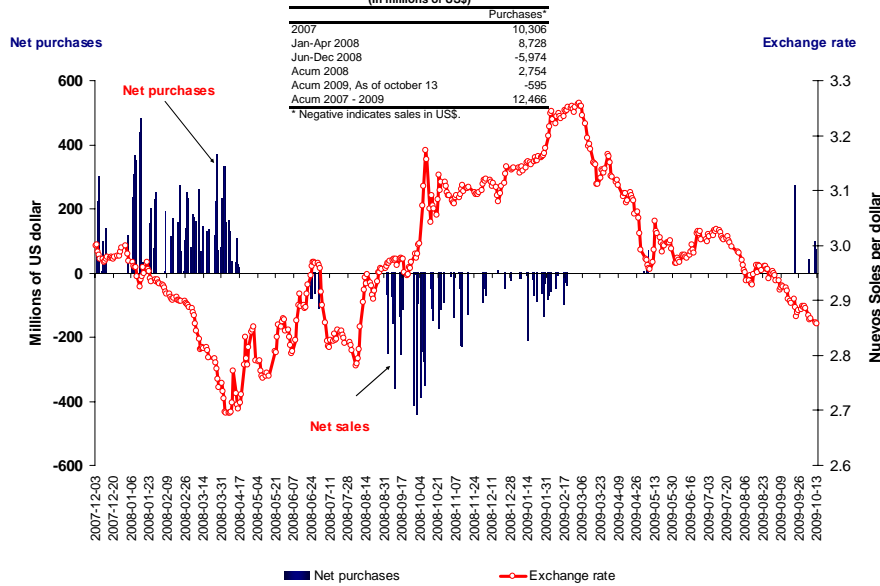
\* As of October 12, 2009.

\*\* Preliminary data.

## Exchange rate: US dollar traded at S/. 2.859

Between October 5 and 13 the average interbank ask price of the dollar decreased from S/. 2.873 to S/. 2.859. This represented an appreciation of the nuevo sol of 0.57 percent. The BCRP intervened in the exchange market purchasing US\$ 208 million.

**EXCHANGE RATE AND NET DOLLAR PURCHASE**  
(in millions of US\$)



Between October 6 and 13, banks' balance of net forward purchases of foreign currency drop by US\$ 33.6 million.

In October, the balance of net forward purchases has accumulated an increase of US\$ 175.2 million.

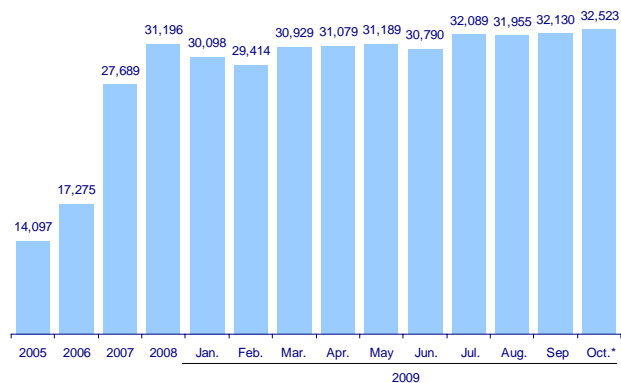
**BALANCE OF NET FORWARD PURCHASES OF FOREIGN CURRENCY**  
(January 2008 - October 2009)



**International reserves amounted to US\$ 32,523 million on October 13**

Net international reserves (NIRs) amounted to US\$ 32,523 million as of October 13, a sum US\$ 393 million higher than the one recorded at end September. This increase is mainly explained by the BCRP foreign currency purchases (US\$ 208 million), higher valuation of investments (US\$ 123 million), and higher public sector deposits (US\$ 61 million).

**NET INTERNATIONAL RESERVES ACCUMULATED**  
(Millions of US\$)



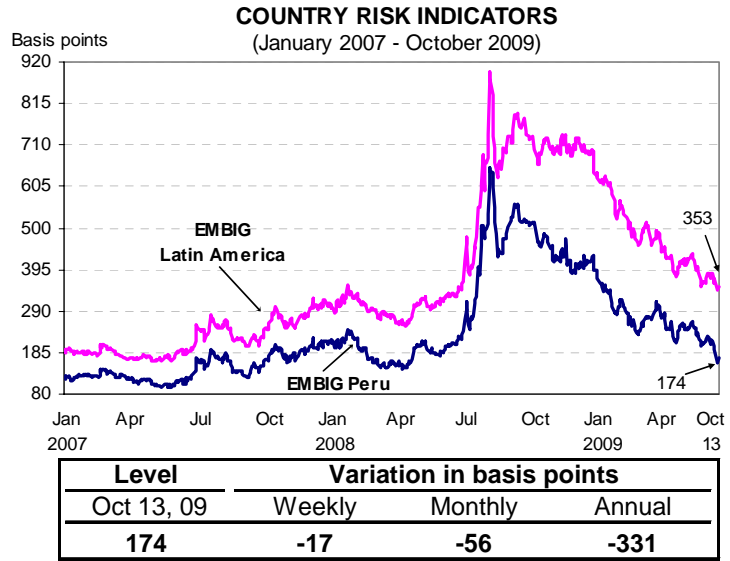
The international investment position of the BCRP on October 13 was US\$ 22,388 million, a sum US\$ 332 million higher than at end September.

**International Markets**

**Country risk drops to 174 basis points**

Between October 6 and 13, the country risk measured by the **EMBIG Peru** spread, fell from 191 to 174 basis points, similar to the trend of the region which decreased 9 basis points.

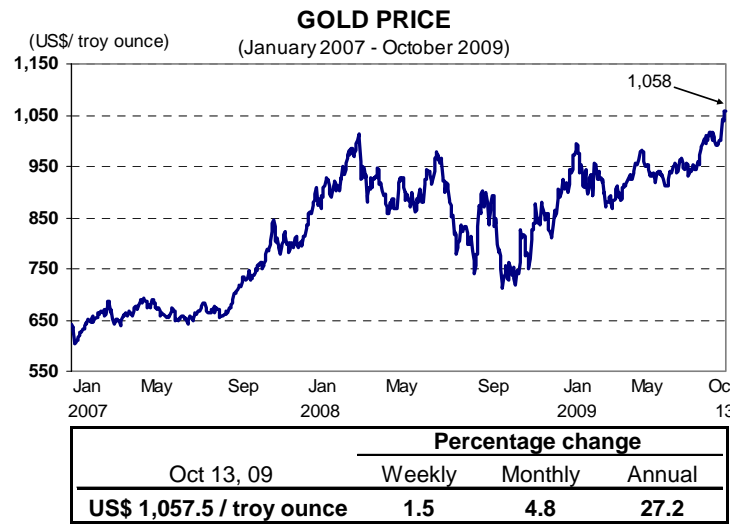
The spread of emerging market debt fell due to the lower risk aversion from the agents after the release of favorable activity indicators in the US and optimism about corporate earnings.



**Price of gold increases to US\$ 1,057.5 a troy ounce**

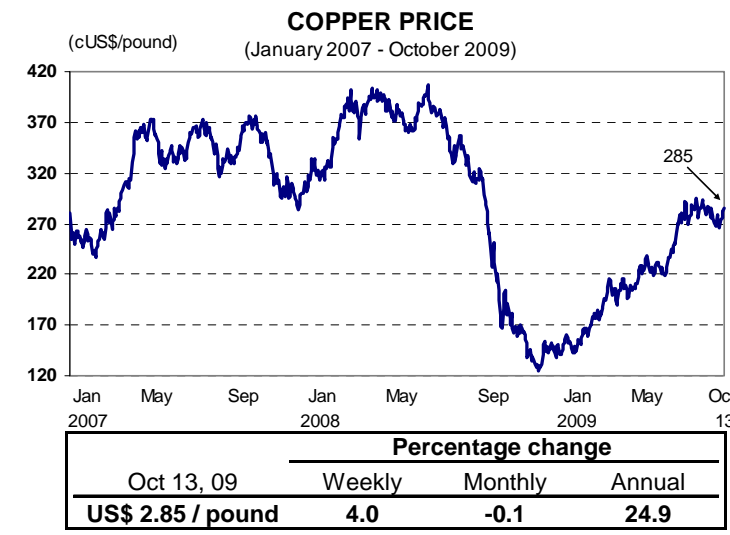
In the same period, the price of **gold** increased 1.5 percent to US\$ 1,057.5 a troy ounce.

The price of increased was explained by the dollar depreciation, speculative positions, the use of gold as a hedge against inflationary pressures and the likely increased demand for gold jewelry in India. This increase was partially offset by record production levels achieved this year.



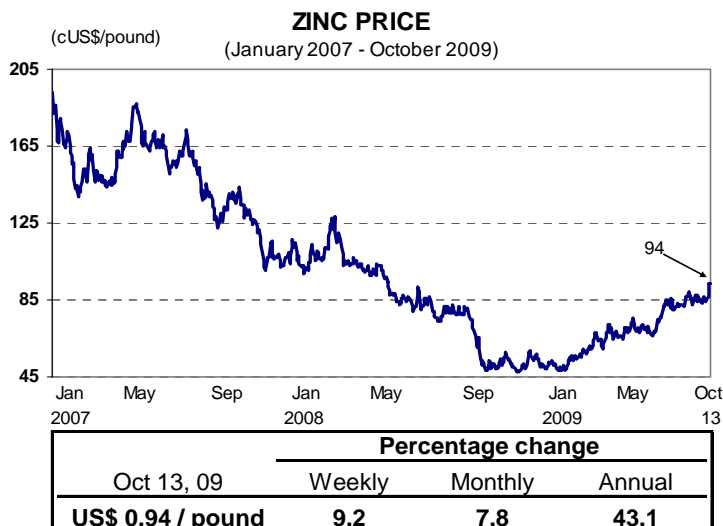
Between October 6 and 13, the price of **copper** rose 4.0 percent to US\$ 2.85 a pound.

The price of copper was driven by expectations of global recovery and resumption of purchases from China. This was reflected in the reduction of inventories at the main metal exchanges in London and Shanghai.



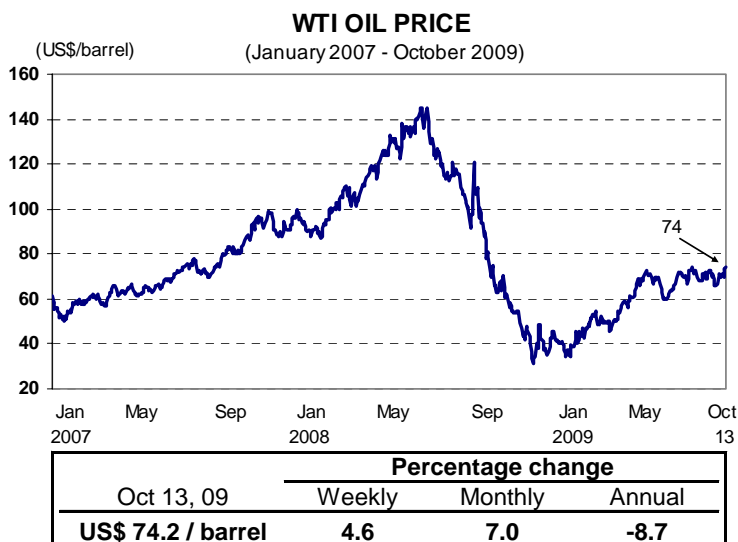
In the same period, the price of **zinc** increased 9.2 percent to US\$ 0.94 a pound.

The rise in the price of zinc was associated with lower inventories in the London Metal Exchange by 1.3 percent to 430 thousand MT and a better demand outlook after the release of better data in the US which renewed expectations of economic recovery.



The price of **WTI oil** increased 4.6 percent between October 6 and 13 and reached US\$ 74.2 a barrel.

The oil prices increase was explained mainly by renewed expectations of higher global demand. The Department of Energy United States and the OPEC revised upwards (for second consecutive month) their forecast of world oil demand for 2009 and 2010.

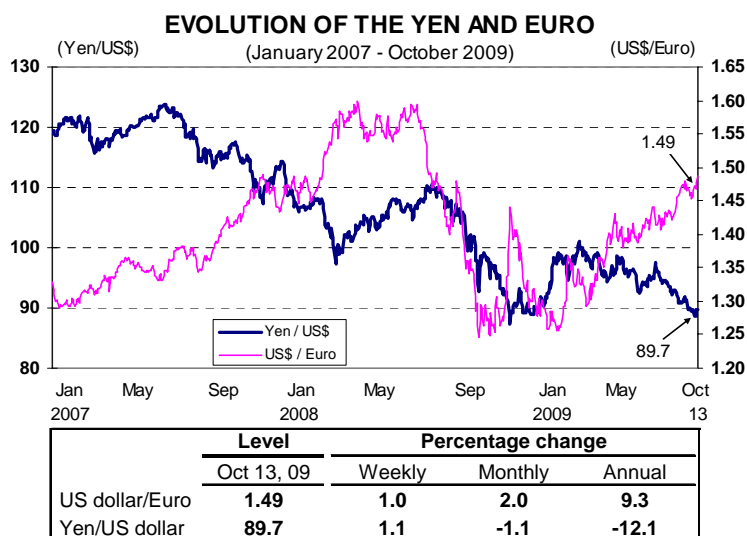


### US dollar depreciated against the euro

Between October 6 and 13, the **US dollar** depreciated 1.0 percent against the **euro**.

This evolution of the dollar was a reflection of the lower risk aversion of the agents (which reduced the attractiveness of the dollar) and reduced demand as safe-haven asset.

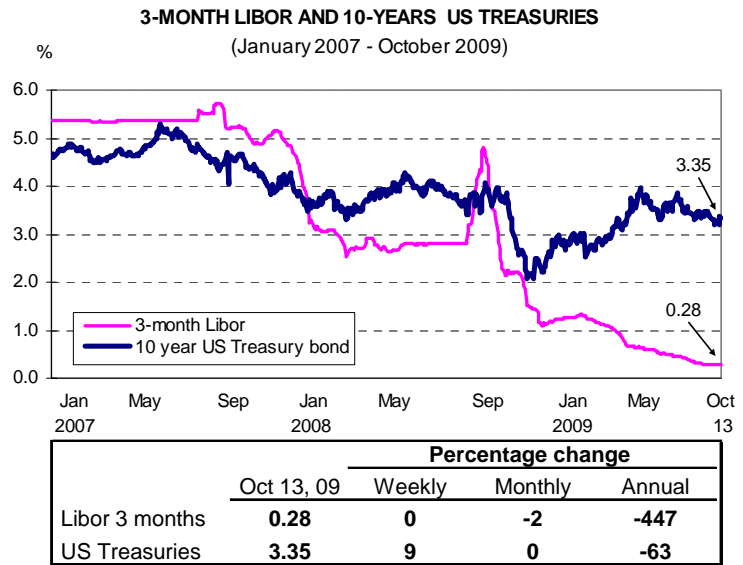
Against the **yen**, the dollar appreciated 1.1 percent.



## Yield on 10-year US Treasuries increases to 3.35 percent

Between October 6 and 13, the **3-month Libor** remained at 0.28 percent, while the yield on the **10-year Treasury bond** increased to 3.26 from 3.35 percent.

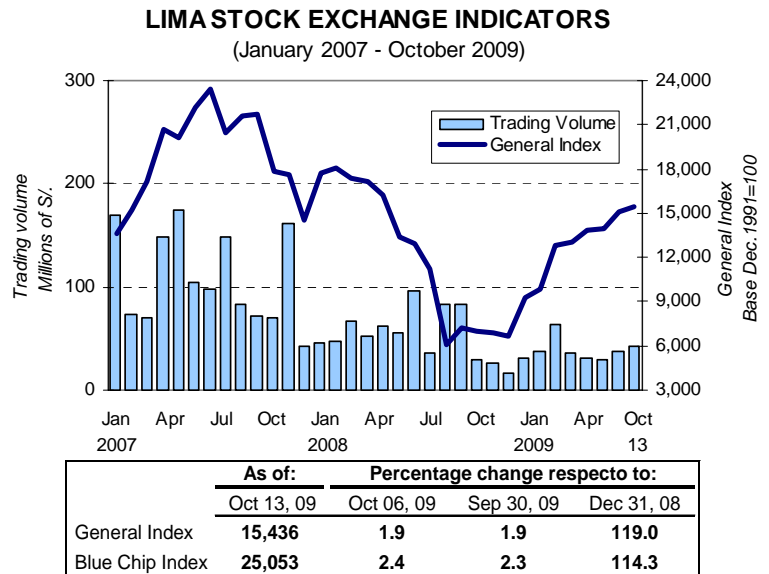
The yield on US Treasuries rose due to the lower risk aversion after optimism about the third-quarter earnings results will be disseminated during this month and favorable activity indicators in the US.



## Lima Stock Exchange grew 1.9 percent on October 13

So far this month (at October 13), the **General** and **Blue Chip** indices of the Lima Stock Exchange (LSE) have increased 1.9 percent and 2.3 percent, respectively.

During the week (from 6 to 13 October), both the General and the Blue Chip indices rose 1.9 and 2.4 percent respectively, led by an advance of mining and industrial shares after the increase in international prices of metals and expectations of strong third quarter financial results.



So far this year, the indices of the LSE have accumulated gains for 119.0 and 114.3 percent, respectively.

