



Indicators

- Corporate interest rate at 2.02 percent
- Interbank interest rate: 1.40 percent
- Exchange rate: S/. 2.841 per US dollar
- GDP grew 8.8 percent in January 2010
- Country risk at 204 bps
- LSE fell 5.8 percent

Content

- Corporate interest rate in nuevos soles at 2.02 percent ix
- Average interbank interest rate in May: 1.40 percent ix
- Exchange rate: S/. 2.841 per US dollar x
- International reserves amounted to US\$ 35,190 million on May 18 xi
- GDP grew 8.8 percent in March 2010 xii
- Country risk at 204 basis points xiv
- Lima Stock Exchange has grown 5.3 percent as of May 18 xvi

Corporate interest rate in nuevos soles at 2.02 percent

Between **May 11 and 18**, the average corporate interest rate in domestic currency rose from 2.00 to 2.02 percent.

On the other hand, the average corporate interest rate in foreign decreased from 1.57 to 1.48 percent.

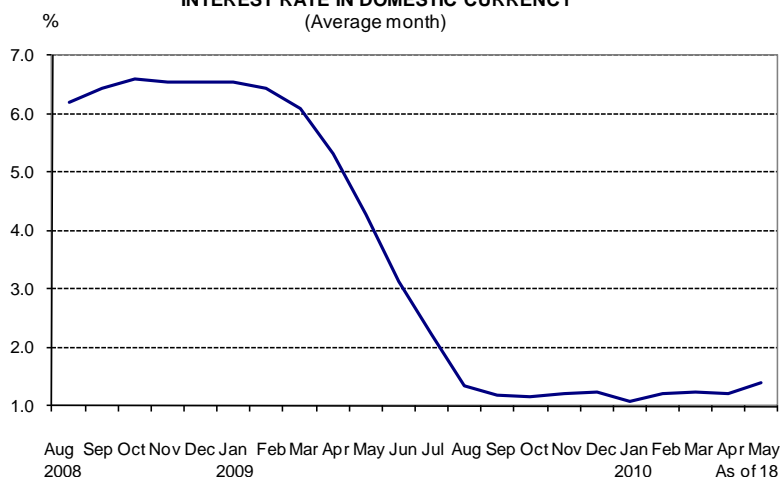
**INTEREST RATES IN DOMESTIC CURRENCY
(May 2009 - May 2010)**



Average interbank interest rate in May: 1.40 percent

The average interbank interest rate in domestic currency so far this month is 1.40 percent. On May 18, this rate registered 1.50 percent.

**INTEREST RATE IN DOMESTIC CURRENCY
(Average month)**



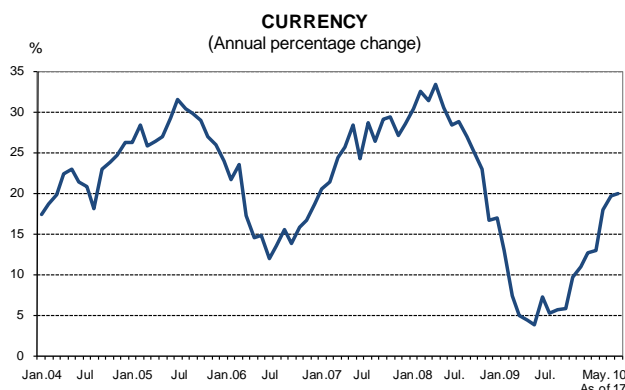
	Average interbank rate	
	Average	S.D.
December 2008	6.54%	0.03
January 2009	6.55%	0.15
February	6.44%	0.32
March	6.08%	0.13
April	5.33%	0.47
May	4.29%	0.42
June	3.13%	0.40
July	2.23%	0.49
August	1.34%	0.27
September	1.20%	0.07
October	1.15%	0.07
November	1.22%	0.07
December	1.24%	0.02
January 2010	1.09%	0.16
February	1.21%	0.03
March	1.23%	0.02
April	1.22%	0.02
May 18	1.40%	0.14

Monetary operations

Between **May 12 and 18**, the BCRP made the following monetary operations: i) Auctions of 1-day to up to 58-day CDBCRP for a daily average of S/. 1,446.2 million. The average interest rate on these operations, which reached a balance of S/. 18,338.1 million, was 1.43 percent; and ii) Overnight deposits in domestic currency for a total of S/. 109.0 million.

Currency in circulation amounted to S/. 18,894 million on May 17

Between May 11 and 17, **currency in circulation** decreased S/. 232, amounted S/. 18 894 millions. In this way, currency in circulation accumulates a decrease of S/. 347 million so far this year. Currency has grown 19.9 percent in the last 12 months.



BCRP OPERATIONS (Millions of nuevos soles)

	FLOWS				BALANCE		
	Apr-10	From 11/05 to 17/05	Cummulated		31-Dic-09	30-Apr-10	17-May-10
			Monthly*	Annual*			
I. NET INTERNATIONAL POSITION	1,082	-348	-787	6,499	66,436	72,815	71,773
(Millions of US\$)	381	-123	-277	2,284	22,988	25,549	25,272
A. Foreign Exchange Operations	315	0	0	2,644			
1. Over the counter operations	315	0	0	2,655			
2. Net swap auctions in FC	0	0	0	-13	102	89	89
3. Public Sector	0	0	0	0			
4. Other operations	0	0	0	3			
B. Rest of operations	67	-123	-277	-360			
II. NET INTERNAL ASSETS	-729	116	463	-6,846	-47,195	-53,597	-52,879
A. Monetary operations	-807	-777	283	-8,668	-36,323	-45,274	-44,990
1. Sterilization	-807	-777	283	-8,668	-36,323	-45,274	-44,990
a. BCRP Certificates of Deposit (CDBCRP)	2,682	166	833	-4,117	-14,121	-19,071	-18,238
b. Overnight Deposits	-15	48	-34	708	-842	-100	-134
c. Public Sector Deposits in soles	-3,414	-959	-482	-5,113	-21,006	-25,638	-26,120
d. Other operations	-60	-32	-34	-145	-354	-465	-499
2. Injection	0	0	0	0	0	0	0
B. Reserve Requirements in DC **	216	547	-635	79	-4,307	-3,593	-4,228
C. Rest	-138	346	815	1,742			
III. CURRENCY **	353	-232	-324	-347	19,241	19,218	18,894
(Monthly percentage change)					10.3%	1.9%	-1.7%
(Acumulated percentage change)					29.5%	-0.1%	-1.8%
(YoY)					11.0%	19.7%	19.9%
MEMO							
BCRP Certificates stocks net of Repos					14,121	19,071	18,238
BCRP Certificates stocks net of Repos of banking system					11,568	16,157	15,784
Disposable BCRP Certificates stocks of banking system					11,523	16,107	15,734

* As of May 17, 2010.

** Preliminary data.

Exchange rate: S/. 2.841 per US dollar

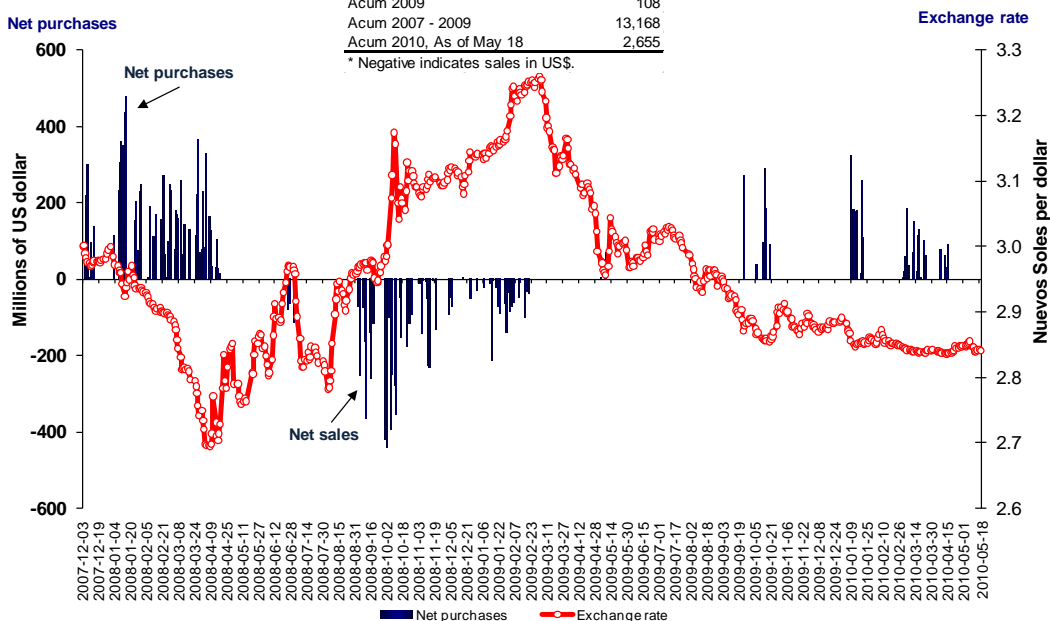
Between May 11 and 18, the average interbank ask price of the dollar decreased from S/. 2.845 to S/. 2.841, which represented an appreciation of the nuevo sol of 0.16 percent. The BCRP did not intervene in the foreign exchange market.

EXCHANGE RATE AND NET DOLLAR PURCHASE

(In millions of US\$)

	Purchases*
Acum. 2007	10,306
Jan-Apr 2008	8,728
Jun-Dec 2008	-5,974
Acum 2008	2,754
Acum 2009	108
Acum 2007 - 2009	13,168
Acum 2010, As of May 18	2,655

* Negative indicates sales in US\$.



Between May 11 and 18, banks' balance of net forward purchases of foreign currency decreased by US\$ 214 million. During May, the balance of net forward purchases accumulated a decrease of US\$ 127 million.

BALANCE OF NET FORWARD PURCHASES OF FOREIGN CURRENCY

(January 2008 - May 2010)



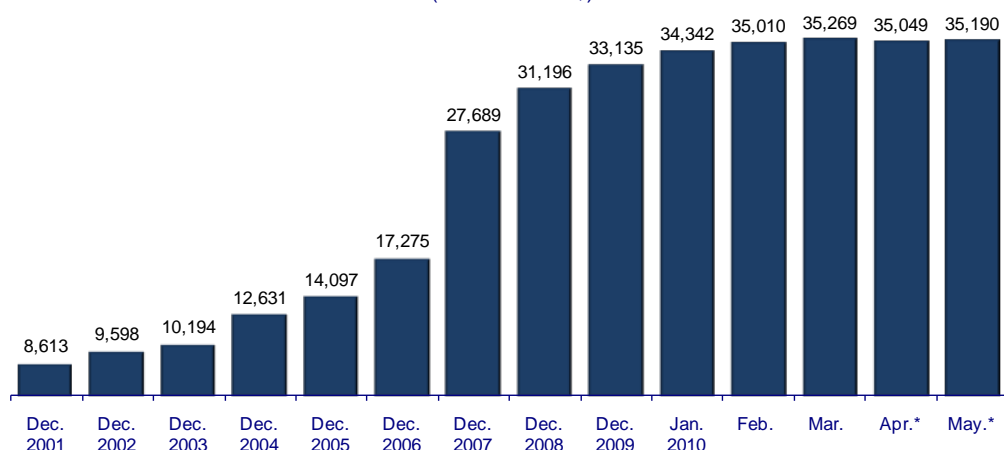
International reserves amounted to US\$ 35,190 million on May 18

Net international reserves (NIRs) amounted US\$ 35,190 million on May 18. This amount of reserves is US\$ 141 million higher than the one recorded at end April. So far this year the NIRs have increased US\$ 2,055 million.

This increase on the balance of NIRs was due to higher deposits of the financial system (US\$ 584 million). This was partially offset by lower valuation of investments (US\$ 324 million) and lower public sector deposits (US\$ 120 million).

The international investment position of the BCRP on May 18, was US\$ 25,227 million, US\$ 2,238 million higher than the end of 2009.

NET INTERNATIONAL RESERVES
(Millions of US\$)



* As of 18.

GDP grew 8.8 percent in March 2010

GDP in March 2010 has grown **8.8 percent**, the highest rate since October 2008. Economic activity continued to show the dynamism of previous months, mainly in non-primary sectors. Thus, in this month highlights the 24.1 percent growth in construction and 18.1 for non-primary manufacturing as well as the progress in the trade sector, which grew 10.6 percent. With this result, the GDP grew 6.0 percent in the first quarter.

GROSS DOMESTIC PRODUCT

(Percentage change compared with the same period of the previous year)

	Weight 2009 ^{1/}	2009		2010	
		Year	March	Q1	
		Chg.%	Chg.%	Chg.%	
Agriculture and Livestock	7.8	2.3	3.2	3.8	
Agriculture	4.7	0.9	3.2	3.9	
Livestock	2.4	4.4	3.3	3.5	
Fishing	0.4	-7.9	0.5	-14.2	
Mining and Fuel	5.7	0.6	-3.6	0.1	
Metallic mining	4.7	-1.4	-5.5	-1.3	
Natural gas and oil	0.6	16.1	10.0	11.0	
Manufacture	14.3	-7.2	15.1	7.3	
Based on raw materials	2.8	0.0	0.1	-5.6	
Non-primary industries	11.4	-8.5	18.1	9.8	
Electricity and water	2.0	1.2	7.7	6.4	
Construction	6.2	6.1	24.1	16.8	
Commerce	14.9	-0.4	10.6	8.1	
Other services	48.6	3.1	6.9	4.9	
Transport and communications	7.8	0.3	4.0	3.0	
Finance and insurance	2.5	13.9	7.4	10.2	
Business services	6.9	1.4	6.3	3.6	
Restaurants and hotels	3.9	2.3	5.4	5.0	
Government Services	5.6	10.6	0.6	1.3	
Other services	10.4	4.2	7.3	6.1	
Import duties and other taxes	9.4	-1.1	15.0	7.4	
GDP Global	100.0	0.9	8.8	6.0	
Primary	16.8	1.0	0.3	0.3	
Non-primary	83.2	0.8	10.5	7.2	

1/ At 1994 prices.

In the month, the agricultural and livestock sector grew 3.2 percent, reflecting the expansion of agricultural and livestock sub sectors, at 3.2 and 3.3 percent, respectively. With this, the sector achieved a growth of 3.8 percent in the first quarter. In the month highlighted the contribution of the better harvests of mango (438.5 percent), rice (21.7 percent) and increased production of poultry meat (5.0 percent).

Fishing activity increase 0.5 percent, explained by higher shipments of frozen squid and anchovy for industrial consumption, mitigated by the reduced availability of horse mackerel, bonito and mackerel. In the period from January to March the sector shows a decrease of 14.2 percent.

The mining and hydrocarbons sector recorded in the month a fall of 3.6 percent due to lower activity of metal mining (5.5 percent), partially offset by increased exploitation of hydrocarbons (10.0 percent). In the first quarter of the year the sector closed with a slight increase of 0.1 percent.

Non-primary manufacturing increased 18.1 percent, the highest growth rate of the past 23 months. This group of industries has been recovering so that in the first quarter non-primary manufacturing increased 9.8 percent.

The construction sector registered a remarkable growth of 24.1 percent, the highest rate since April 2008, with this the sector has accumulated a 16.8 percent expansion in the first quarter. This dynamism is explained by the growth in housing, shopping centers and public and private infrastructure.

Indicators

Preliminary data available to date of indicators on the sectors of fishing, mining and hydrocarbons, construction, electricity and water, relevant for economic activity include the following:

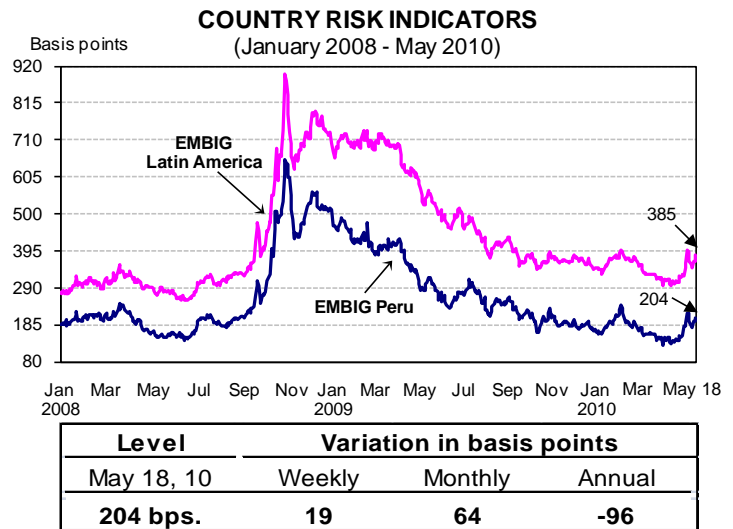
- According to IMARPE, 45.2 thousand tons of anchovy was caught in April 2010. This volume of anchovy is 95.4 percent higher than the one caught in April 2009.
- The production of hydrocarbons in April 2010 grew 16.8 percent, according to the Ministry of Energy and Mining.
- According to ASOCEM, local dispatches of cement increased from 527.5 to 621.1 thousand tons between April 2009 and April 2010 (up 17.7 percent).
- The production of electricity at May 17 had increased 8.1 percent, according to the Comité de Operación Económica del Sistema Interconectado Nacional (COES).

International Markets

Country risk at 204 basis points

Between May 11 and 18, the country risk indicator, measured by the **EMBIG Peru** spread, increased from 185 to 204 basis points, following the trend of the region that increased 25 basis points.

During the week the increased risk-averse, as a result of new fears about the impact of fiscal measures in the Eurozone growth increased the emerging market spread for Latin America.



Price of gold at US\$ 1,218.0/troy ounce

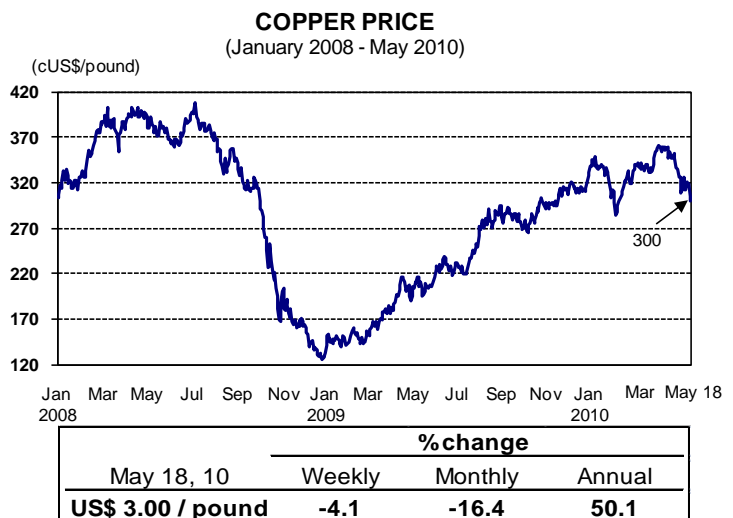
In the same period, the price of **gold** decrease 0.2 percent to US\$ 1,218.0 per troy ounce.

The drop in the precious metal price was due to the appreciation of the dollar against the euro. This trend was partially offset by increased demand for gold as a safe haven asset and portfolio diversification of investors.



Between May 11 and 18, the price of **copper** decreased 4.1 percent to US\$ 3.00 per pound.

During the week there was a lower copper price, explained largely by fears of a slow economic recovery after the diffusion of copper production reports from various companies (Chile and China) that reflect a loose position refined copper. Thus, inventories of copper metal exchanges stood at 750 thousand metric tons (equivalent to 2.2 weeks of consumption)



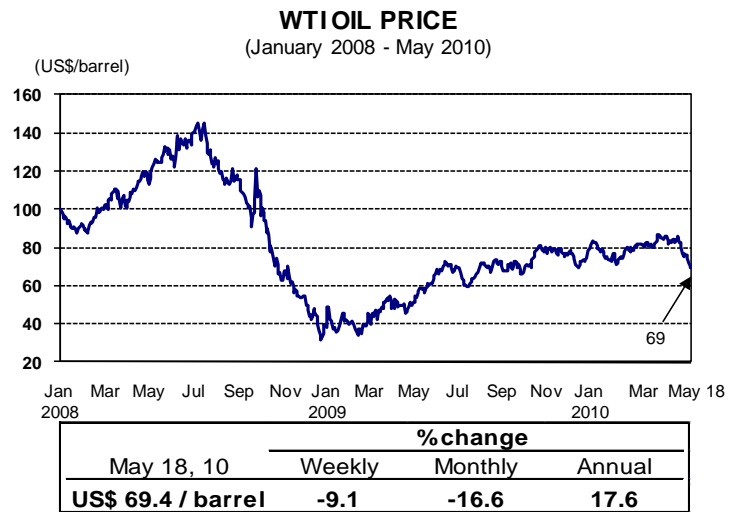
Between May 11 and 18, the price of **zinc** decrease 5.9 percent to US\$ 0.86 a pound.

The price of zinc was affected primarily by fears of an economic recovery and less restrictive measures in China.



In the same period, the price of **WTI oil** recorded a drop of 9.1 percent and posted US\$ 69.4 per barrel.

Oil prices continued to show a decline during the week. The substantial increase in oil inventories in the US, the increased supply from Canada, Russia and Mexico as well as restrictions on flights in Europe by problems in Iceland, justified this fall.

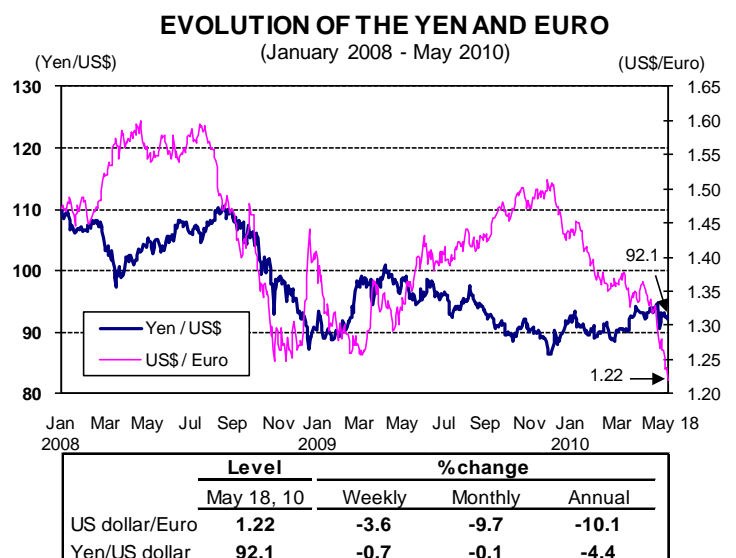


Dollar appreciates against the euro

In May 11 to 18, the **dollar** appreciated 3.6 percent against the **euro**.

Fears about the viability of the rescue package and the effect of tax measures in the Eurozone growth influenced the appreciation of the dollar against the euro. The euro also fell below its minimum reached during the international financial crisis (November 2008 after the bankruptcy of Lehman Brothers).

Against the **yen**, the dollar depreciated 0.7 percent.



Yield on 10-year US Treasuries decreased to 3.35 percent

Between May 11 and 18, the **3-month Libor** increased from 0.42 to 0.46, while the yield on the **10-year Treasury bond** decreased from 3.53 to 3.35 percent.

During the week, the yield of the US Treasury declined due to increased demand for safe assets because of the risk aversion of economic agents.

3-MONTH LIBOR AND 10-YEARS US TREASURIES



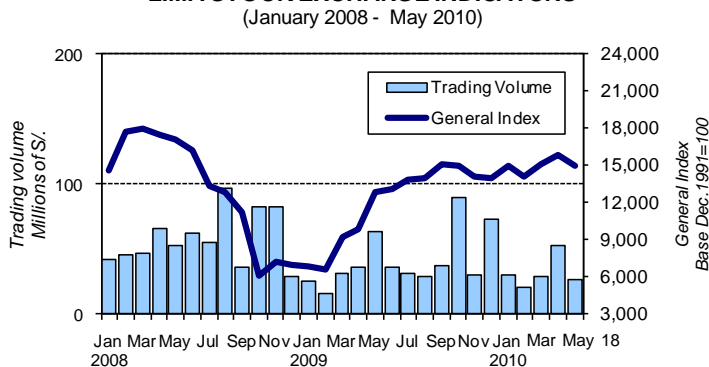
	%change			
	May 18, 10	Weekly	Monthly	Annual
Libor 3 months	0.46	0	0	-32
US Treasuries	3.35	-18	-42	12

Lima Stock Exchange has grown 5.3 percent as of May 18

So far this month, as of May 18, the **General** and the **Selective** indices of the Lima Stock Exchange (LSE) have decreased 5.8 and 5.6 percent, respectively.

During the week (from 11 to 18 May), both the General and the Selective Index decreased 3.8 and 3.9 percent, respectively. Driven by a drop of international markets amid concerns of the debt crisis in Europe and the drop of international metal prices.

LIMA STOCK EXCHANGE INDICATORS



	% change			
	As of: May 18, 10	May 11, 10	Apr 30, 10	As of Dec.09
General Index	14,922	-3.8	-5.8	5.3
Blue Chip Index	22,240	-3.9	-5.6	-0.9

Year-to-date, the General index has accumulated gains of 5.3 while the selective index has decrease 0.9 percent.

