



### Indicators

- Corporate interest rate at 2.75 percent
- Interbank interest rate: 1.87 percent
- NIRs amounted to US\$ 38,049 million on July 20
- Exchange rate: S/. 2.825 per US dollar
- GDP grew 9.2 percent in May
- Non financial public sector recorded surplus of S./ 41 million in June
- LSE fell 1.1 percent

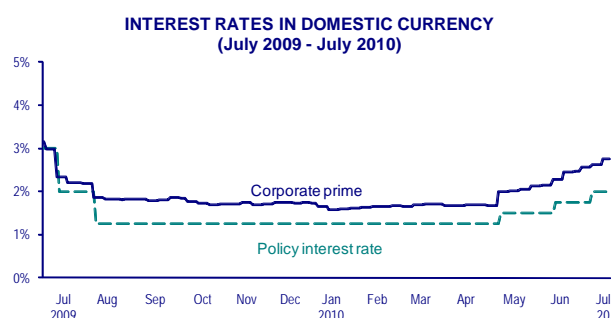
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### Corporate interest rate in nuevos soles at 2.75 percent

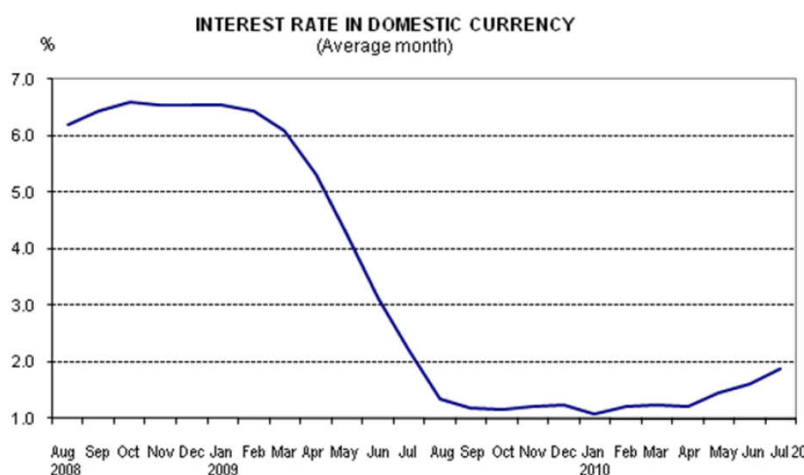
Between **July 13 and 20**, the average corporate interest rate in domestic currency rose from 2.63 to 2.75 percent.

On the other hand, the average corporate interest rate in foreign currency increased from 2.16 to 2.53 percent.



### Average interbank interest rate at 1.87 percent

At July 20 the average interbank interest rate in domestic currency is 1.87 percent. On July 20, this rate recorded 2.00 percent.



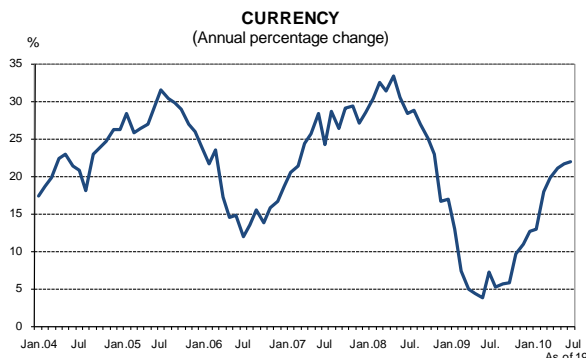
	Tasa interbancaria promedio	
	Promedio	Desviación Estándar
Diciembre 2008	6,54%	0,03
Marzo 2009	6,08%	0,13
Junio	3,13%	0,40
Setiembre	1,20%	0,07
Diciembre	1,24%	0,02
Enero 2010	1,09%	0,16
Febrero	1,21%	0,03
Marzo	1,23%	0,02
Abril	1,22%	0,02
Mayo	1,45%	0,12
Junio	1,62%	0,11
Julio, al 20	1,87%	0,12

### Monetary operations

Between **July 14 and 20**, the BCRP made the following monetary operations: i) Auctions of 1-day to up to 149-day CDBCRP for a daily average of S/. 3,627 million. The average interest rate on these operations, which reached a balance of S/. 19,663 million, was 1.95 percent; ii) purchases of foreign currency for a total of US\$ 765 million, and iii) overnight deposits in domestic currency for a total of S/. 265 million.

## Currency in circulation amounted to S/. 20,490 million on July 19

Between July 13 and 19, **currency in circulation** increased by S/. 652 million and amounted to S/. 20,490 million. In this way, currency in circulation accumulates an increase of S/. 1,249 million so far this year and records a growth rate of 21.9 percent in the last 12 months.



### BCRP OPERATIONS (Millions of nuevos soles)

	FLOWS		SALI		BALANCE		
	Jun-10	From 13/07 to 19/07	Cumulated Monthly*	Annual	31-Dec-09	30-Jun-10	19-Jul-10
<b>I. NET INTERNATIONAL POSITION</b>	<b>1,617</b>	<b>2,541</b>	<b>4,602</b>	<b>12,760</b>	<b>66,436</b>	<b>73,180</b>	<b>77,521</b>
(Millions of US\$)	572	902	1,631	4,501	22,988	25,858	27,490
<b>A. Foreign Exchange Operations</b>	<b>536</b>	<b>765</b>	<b>1,373</b>	<b>4,552</b>			
1. Over the counter operations	526	765	1,373	4,553			
2. Net swap auctions in FC	0	0	0	-13	102	89	89
3. Public Sector	0	0	0	0			
4. Other operations	10	0	0	13			
<b>B. Rest of operations</b>	<b>36</b>	<b>137</b>	<b>259</b>	<b>-51</b>			
<b>II. NET INTERNAL ASSETS</b>	<b>-1,419</b>	<b>-1,889</b>	<b>-3,780</b>	<b>-11,511</b>	<b>-47,195</b>	<b>-53,512</b>	<b>-57,031</b>
<b>A. Monetary operations</b>	<b>-1,014</b>	<b>-2,017</b>	<b>-2,718</b>	<b>-12,460</b>	<b>-36,323</b>	<b>-46,065</b>	<b>-48,782</b>
<b>1. Sterilization</b>	<b>-1,028</b>	<b>-2,017</b>	<b>-2,704</b>	<b>-12,460</b>	<b>-36,323</b>	<b>-46,079</b>	<b>-48,782</b>
a. BCRP Certificates of Deposit (CDBCRP)	163	-431	-1,793	-5,243	-14,121	-17,570	-19,364
b. Overnight Deposits	-61	0	114	768	-842	-188	-74
c. Public Sector Deposits in soles	-1,132	-1,566	-990	-7,807	-21,006	-27,823	-28,814
d. Other operations	2	-20	-34	-177	-354	-497	-531
<b>2. Injection</b>	<b>14</b>	<b>0</b>	<b>-14</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>0</b>
a. Repos	14	0	-14	0	0	14	0
<b>B. Reserve Requirements in DC **</b>	<b>-368</b>	<b>492</b>	<b>-409</b>	<b>-82</b>	<b>-4,307</b>	<b>-3,979</b>	<b>-4,389</b>
<b>C. Rest</b>	<b>-37</b>	<b>-364</b>	<b>-653</b>	<b>1,030</b>			
<b>III. CURRENCY **</b>	<b>198</b>	<b>652</b>	<b>822</b>	<b>1,249</b>	<b>19,241</b>	<b>19,668</b>	<b>20,490</b>
(Monthly percentage change)					10.3%	1.0%	4.2%
(Accumulated percentage change)					29.5%	2.2%	6.5%
(YoY)					11.0%	21.6%	21.9%

\* As of July 19, 2010.

\*\* Preliminary data.

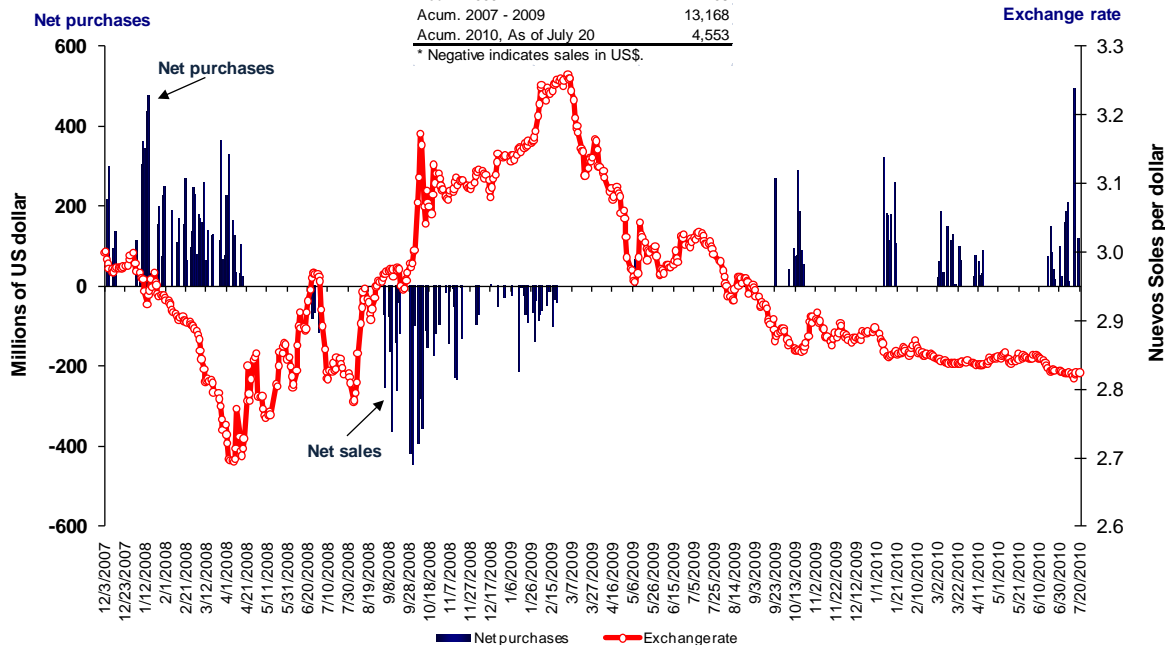
### Exchange rate: S/. 2.825 per US dollar

Between July 13 and 20, the average interbank ask price of the dollar increased from S/. 2.820 to S/. 2.825, which represented a depreciation of the nuevo sol of 0.16 percent. In this period, the BCRP intervened in the foreign exchange buying FC for a total of US\$ 765 million. So far this month, the Central Bank has purchased FC for a total of US\$ 1,373 million.

**EXCHANGE RATE AND NET DOLLAR PURCHASE**

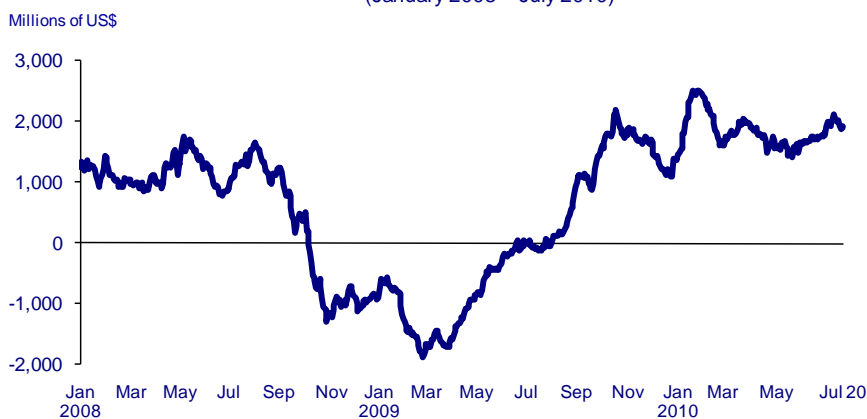
(In millions of US\$)

	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 July 20	4,553



Between July 13 and 20, banks' balance of net forward purchases of foreign currency increased by US\$ 59 million. So far this month, the balance of net forward purchases accumulates an increase of US\$ 7 million.

**BALANCE OF NET FORWARD PURCHASES OF FOREIGN CURRENCY**  
(January 2008 - July 2010)

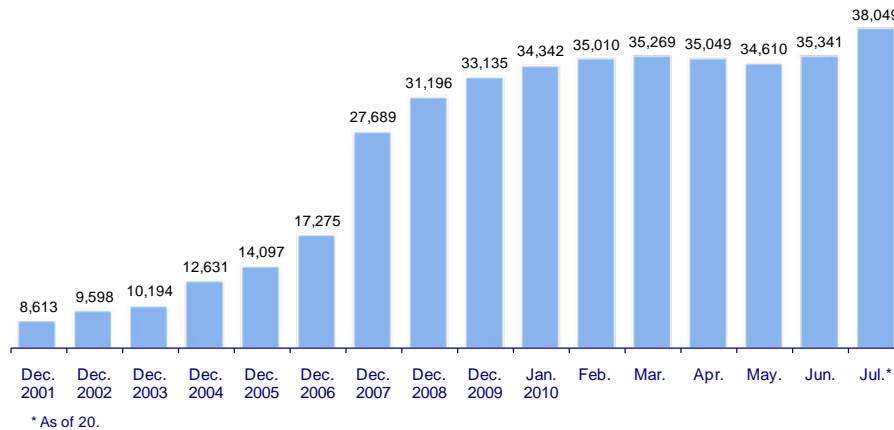


**International reserves exceeded US\$ 38 billion**

On July 20, net international reserves (NIRs) amounted to US\$ 38,049 million, a sum equivalent to 19 months of imports and 4.6 times the short-term public debt. This amount of reserves is US\$ 4,914 million higher than the one recorded at end 2009 and US\$ 2,708 million higher than the one recorded at the close of June.

This increase of NIRs relative to end June was mainly associated with banks' higher deposits (US\$ 1,236 million), the Central Bank's purchases of FC (US\$ 1,373 million), and the higher valuation of investments (US\$ 210 million). This was in part offset by the decline of public sector deposits (US\$ 115 million).

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

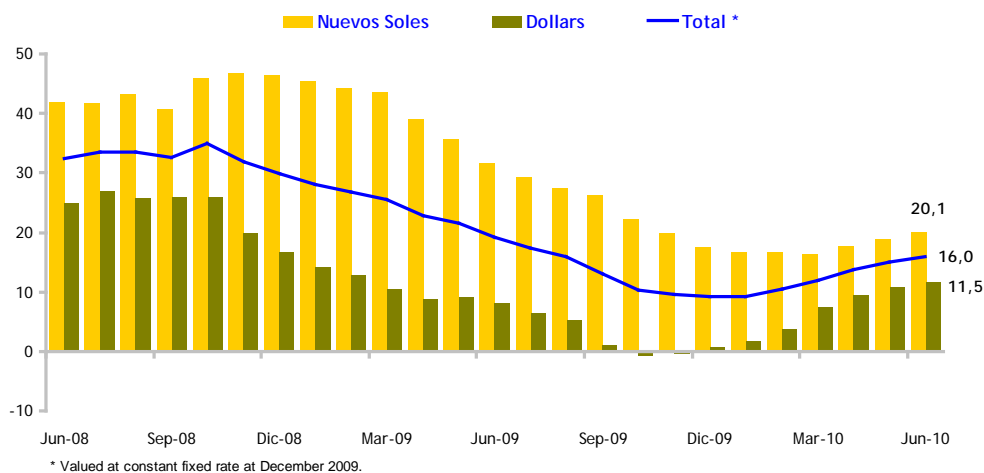


The foreign exchange position of the BCRP on July 20 was US\$ 27,485 million, a sum US\$ 4,497 million higher than the one recorded at end 2009 and US\$ 1,627 million higher than the one recorded at the close of June.

### Credit to the private sector grew 1.3 percent in June

In June, **total credit to the private sector** grew 1.3 percent (S/. 1,514 million). Credit in soles grew 1.8 percent in the month (S/. 1,114 million), while credit in dollars grew 0.8 percent (US\$ 139 million). With this, total credit in the last 12 months records a growth rate of 16 percent (15.0 percent in May).

**CREDIT TO THE PRIVATE SECTOR**  
June 2008 – June 2010  
(12 – month percentage change)



On the other hand, total **liquidity in the private sector** grew 1.6 percent (S/. 1,846 million) and thus accumulated an annual growth of 16.0 percent. Liquidity in soles increased 1.3 percent (S/. 893 million), while liquidity in dollars grew 2.0 percent (US\$ 330 million).

## GDP grew 9.2 percent in May

Led mainly by the dynamism of non primary sectors –especially non primary manufacturing, construction and commerce– which grew 11.8 percent, GDP recorded a growth rate of 9.2 percent in May. It is worth pointing out that this rate of growth, which is similar to the one observed in May (9.3 percent), largely reflects the dynamism that the Peruvian economy has been showing. In the first five months of the year, the Peruvian economy accumulates a growth of 7.4 percent.

### GROSS DOMESTIC PRODUCT

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

	Weight 2009/1	2009		2010			
		Year		May		January-May	
		Chg.%	Contribution	Chg.%	Contribution	Chg.%	Contribution
<b>Agriculture and Livestock</b>	<b>7.8</b>	<b>2.3</b>	<b>0.2</b>	<b>3.2</b>	<b>0.3</b>	<b>4.3</b>	<b>0.4</b>
Agriculture	4.7	0.9	0.0	1.1	0.1	4.1	0.2
Livestock	2.4	4.4	0.1	8.4	0.2	4.6	0.1
<b>Fishing</b>	<b>0.4</b>	<b>-7.9</b>	<b>0.0</b>	<b>-20.6</b>	<b>-0.1</b>	<b>-20.0</b>	<b>-0.1</b>
<b>Mining and Fuel</b>	<b>5.7</b>	<b>0.6</b>	<b>0.0</b>	<b>-2.1</b>	<b>-0.1</b>	<b>-1.3</b>	<b>-0.1</b>
Metallic mining	4.7	-1.4	-0.1	-4.5	-0.2	-3.2	-0.1
Natural gas and oil	0.6	16.1	0.1	16.3	0.1	13.2	0.1
<b>Manufacture</b>	<b>14.3</b>	<b>-7.2</b>	<b>-1.1</b>	<b>14.5</b>	<b>2.0</b>	<b>10.5</b>	<b>1.5</b>
Based on raw materials	2.8	0.0	0.0	-9.9	-0.3	-6.6	-0.2
Non-primary industries	11.4	-8.5	-1.1	21.4	2.2	14.3	1.6
<b>Electricity and water</b>	<b>2.0</b>	<b>1.2</b>	<b>0.0</b>	<b>7.2</b>	<b>0.1</b>	<b>6.8</b>	<b>0.1</b>
<b>Construction</b>	<b>6.2</b>	<b>6.1</b>	<b>0.4</b>	<b>20.9</b>	<b>1.1</b>	<b>18.5</b>	<b>1.1</b>
<b>Commerce</b>	<b>14.9</b>	<b>-0.4</b>	<b>-0.1</b>	<b>11.1</b>	<b>1.7</b>	<b>9.4</b>	<b>1.4</b>
<b>Other services</b>	<b>48.6</b>	<b>3.1</b>	<b>1.5</b>	<b>8.8</b>	<b>4.1</b>	<b>6.4</b>	<b>3.0</b>
Transport and communications	8.1	0.3	0.0	5.2	0.4	3.9	0.3
Finance and insurance	2.6	13.9	0.3	11.0	0.3	10.2	0.3
Business services	7.2	1.4	0.1	9.5	0.6	6.1	0.4
Restaurants and hotels	4.1	2.3	0.1	6.9	0.3	5.7	0.2
Government Services	5.8	10.6	0.5	6.4	0.3	2.2	0.1
Other services	10.9	4.2	0.4	9.5	0.9	7.3	0.7
Import duties and other taxes	9.9	-1.1	-0.1	12.3	1.1	9.2	0.9
<b>GDP Global</b>	<b>100.0</b>	<b>0.9</b>	<b>0.9</b>	<b>9.2</b>	<b>9.2</b>	<b>7.4</b>	<b>7.4</b>
<b>Primary</b>	<b>16.8</b>	<b>1.0</b>	<b>0.2</b>	<b>-1.31</b>	<b>-0.26</b>	<b>-0.03</b>	<b>0.0</b>
<b>Non-primary</b>	<b>83.2</b>	<b>0.8</b>	<b>0.7</b>	<b>11.83</b>	<b>9.46</b>	<b>9.00</b>	<b>7.4</b>

1/ At 1994 prices.

In May, production in the agricultural sector grew 3.2 percent and accumulated an expansion of 4.3 percent year-to-date. Growth in the month was mainly explained by the recovery of the production of fruit, especially olives and coffee, as well as by the higher production of poultry.

The fishing sector recorded a drop of 20.6 percent due to the delayed start of the first fishing season of anchovy for industrial consumption.

The mining and hydrocarbon sector showed a contraction of 2.1 percent associated with the lower metal mining production (-4.5 percent) resulting mainly from the lower production of gold and copper. This was partially compensated by a higher production of hydrocarbons (16.3 percent).

Recording six consecutive months of expansion, non primary manufacturing grew 21.4 percent in May. It is worth pointing out that 32 of the 38 branches that make up the non-primary manufacturing sector registered growth during this month. This was particularly noteworthy in the branches oriented to the production of capital goods (i.e. machinery and equipment and metal products) and mass consumer goods (i.e. garments) due to the recovery of domestic and external demand. Moreover, the installed capacity index in May was 78.6 percent, which represented an increase of 3 percentage points and 14 percentage points compared to April and May 2009, respectively.

The construction sector, which grew 20.9 percent, accumulated eight consecutive months with two-digit growth rates. The higher growth observed in this sector reflects the increasing implementation of residential, commercial, and public and private construction projects.

## 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, a total of 1,070 thousand tons of anchovy was caught in June. This volume is 36.4 percent higher than the one recorded in June 2009.
- The production of hydrocarbons grew 32.7 percent in June, according to the Ministry of Energy and Mining.
- According to ASOCEM, local dispatches of cement increased from 542 to 649 thousand tons between June 2009 and June 2010.
- The production of electricity increased 12.5 percent in June, according to the Comité de Operación Económica del Sistema Interconectado Nacional (COES). It should be pointed out that this indicator shows an increase of 12.5 percent in the first 19 days of July.

## Government investment grew 57.2 percent in June

The current revenues of the general government in June amounted to S/. 6,566 million, which represents a real growth of 22.4 percent compared to the same period of last year. Current revenues grew 18.8 percent in the January-June period.

The non-financial expenditure of the general government (S/. 6,337 million) recorded a real growth of 19.7 percent. This growth of expenditure, which is higher than the one observed in the January-June period (14.5 percent), was associated with higher expenditure in investment (57.2 percent).

In June 2010, government investment grew 57.2 percent in real terms compared to the previous year, mainly as a result of the projects carried out by the national government (105.6 percent) in terms of road concessions (IIRSA Norte and Sur), the Tren Eléctrico project, and road construction and rehabilitation, as well as by the projects implemented by the regional governments (89.8 percent) in road and education infrastructure.

**NON FINANCIAL PUBLIC OPERATIONS (NFPS) 1/**  
(Millions of nuevos soles)

	June			January - June		
	2009	2010	Real % chg	2009	2010	Real % chg
<b>1. General Government Revenue</b>	<b>5,277</b>	<b>6,566</b>	<b>22.4</b>	<b>36,247</b>	<b>43,468</b>	<b>18.8</b>
a. Tax revenue Ingresos tributarios	3,995	4,994	23.0	27,298	33,530	21.7
b. Non tax revenue	1,282	1,572	20.6	8,949	9,938	10.0
<b>2. General Non Financial Expenditure</b>	<b>5,210</b>	<b>6,337</b>	<b>19.7</b>	<b>30,878</b>	<b>35,664</b>	<b>14.5</b>
a. Current	3,909	4,270	7.5	24,064	26,050	7.3
b. Gross Capital Formation	1,181	1,886	57.2	6,212	8,749	39.6
<i>National</i>	355	742	105.6	2,152	3,706	70.6
<i>Regional</i>	227	439	89.8	1,138	1,681	46.4
<i>Local</i>	598	705	16.0	2,922	3,361	14.0
c. Otros gastos de capital	121	181	46.7	603	865	42.2
<b>3. Others</b>	<b>13</b>	<b>-78</b>		<b>1,168</b>	<b>-311</b>	
<b>4. Interests</b>	<b>244</b>	<b>110</b>	<b>-55.5</b>	<b>2,466</b>	<b>2,563</b>	<b>3.0</b>
<b>5. NFPS Overall Balance (=1-2+3-4)</b>	<b>-164</b>	<b>41</b>		<b>4,071</b>	<b>4,930</b>	

1/ Preliminary.

Source: MEF, BN, Sunat, EsSalud, public welfare agencies, state companies and public institutions.

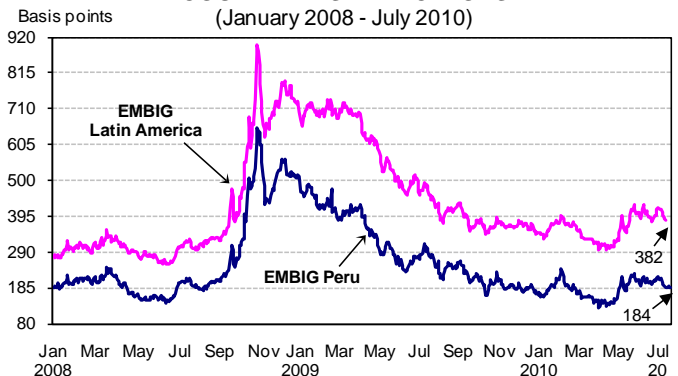
## International Markets

### Country risk remains at 184 basis points

Between July 13 and 20, the country risk indicator, measured by the **EMBIG Peru** spread, remained at 184 basis points.

On the other hand, the spread of the debt of Latin American countries increased by 4 basis points in a context of higher risk aversion regarding Latin American countries as a whole given increased demand for U.S. Treasuries.

**COUNTRY RISK INDICATORS**  
(January 2008 - July 2010)



Level	Variation in basis points		
	Weekly	Monthly	Annual
Jul 20, 10	0	-12	-93
<b>184 bps.</b>			

### Price of gold declined to US\$ 1,193.5 per troy ounce

In the same period, the price of gold fell 1.8 percent to US\$ 1,193.5 per troy ounce.

The price of gold declined during the week and reached levels observed in May due to the lower demand for this metal as a hedge asset.

**GOLD PRICE**

(January 2008 - July 2010)



Jul 20, 10	%change		
	Weekly	Monthly	Annual
US\$ 1,193 / troy oz.	-1.8	-4.9	25.7

**COPPER PRICE**

(January 2008 - July 2010)



Jul 20, 10	%change		
	Weekly	Monthly	Annual
US\$ 2.96 / pound	-1.1	-1.2	20.9

Between July 13 and 20, the price of **copper** fell 1.1 percent to US\$ 2.96 a pound.

This price declined influenced by negative results in the construction sector in the U.S. and growth in China, which affected the demand for copper early in the week.

In the period of analysis, the price of **zinc** dropped 0.4 percent to US\$ 0.82 per pound.

The moderation of growth in both China and the U.S. accounts for lower prospects for the growth of the demand for this metal.

**ZINC PRICE**

(January 2008 - July 2010)



Jul 20, 10	%change		
	Weekly	Monthly	Annual
<b>US\$ 0.82 / pound</b>	<b>-0.4</b>	<b>1.8</b>	<b>10.2</b>

Between July 13 and 20, the price of **WTI oil** rose to US\$ 77.4 per barrel, recording an increase of 0.4 percent.

This price increase was associated with China's higher imports of crude and with the decline of inventories in the U.S. Another factor that could contribute to press the price upwards is the beginning of the hurricane season in the Gulf of Mexico.

**WTI OIL PRICE**

(January 2008 - July 2010)



Jul 20, 10	%change		
	Weekly	Monthly	Annual
<b>US\$ 77.4 / barrel</b>	<b>0.4</b>	<b>-0.5</b>	<b>21.0</b>

**Dollar depreciated against the euro**

Between July 13 and 20, the **dollar** depreciated 1.2 percent against the **euro**.

The depreciation of the dollar against the euro was associated with expectations of favorable results in the stress tests on European banks (that is, on European banks' liquidity and soundness) and prospects of deceleration of growth in the U.S.

Moreover, the dollar depreciated 1.4 percent against the **yen**.

**EVOLUTION OF THE YEN AND EURO**

(January 2008 - July 2010)





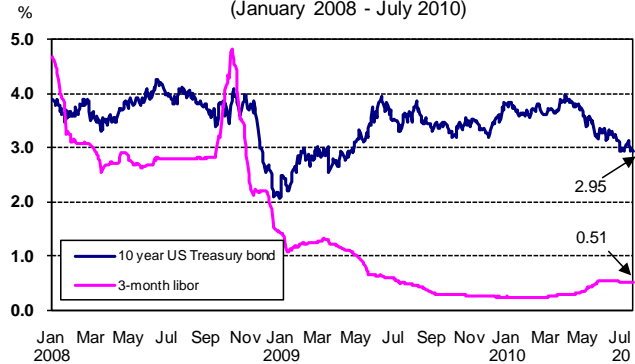
**Yield on 10-year US Treasuries fell to 2.95 percent**

Between July 13 and 20, the **3-month Libor** declined from 0.53 to 0.51 percent, while the yield on the **10-year Treasury bond** fell 3.12 to 2.95 percent.

The yield on the US Treasury bonds dropped due to the decline of securities at the New York Stock Exchange following negative data about consumer sentiment and the real estate sector.

**3-MONTH LIBOR AND 10-YEARS US TREASURIES**

(January 2008 - July 2010)



	Jul 20, 10	% change		
		Weekly	Monthly	Annual
Libor 3 months	<b>0.51</b>	-1	-3	1
US Treasuries	<b>2.95</b>	-17	-29	-66

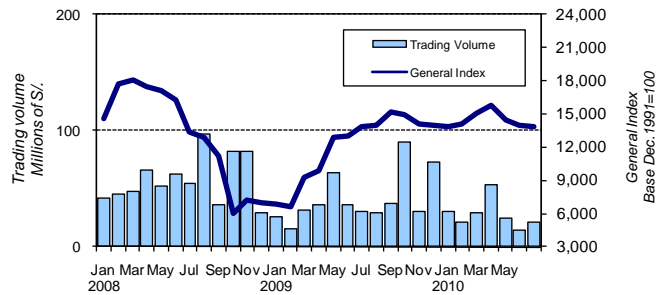
**Lima Stock Exchange fell 1.1 percent**

So far this month (at July 20), the **General** and **Selective** indices of the Lima Stock Exchange (LSE) have fallen 1.1 and 0.33 percent, respectively.

During the week (July 13-20), both the General Index and the Selective Index fell 1.6 percent, in line with the negative performance of international markets, the decline in the prices of minerals, and more moderate prospects for growth in China and the U.S.

**LIMA STOCK EXCHANGE INDICATORS**

(January 2008 - July 2010)



	As of:		% change	
	Jul 20, 10	Jul 6, 10	Jun 30, 10	As of Dec.09
General Index	<b>13,836</b>	-1.6	-1.1	-2.3
Blue Chip Index	<b>20,672</b>	-1.6	-0.3	-7.9

Year-to-date, the General Index and the Selective Index have accumulated losses of 2.5 and 7.9 percent, respectively.

