



Indicators

- Corporate interest rate at 3.79 percent
- Interbank interest rate: 2.94 percent
- Exchange rate: S/. 2.794 per US dollar
- Non financial public sector records deficit of S/. 653 million in September
- Annual profitability of the LSE: 34.4 percent

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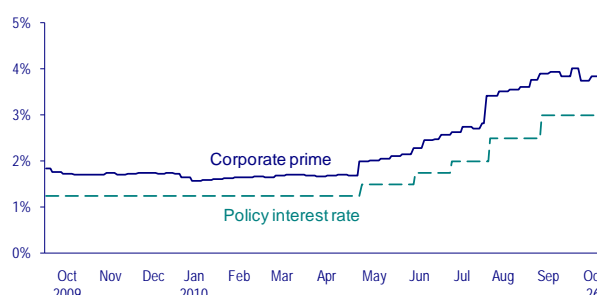
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Corporate interest rate in nuevos soles at 3.79 percent

Between **October 19 and 26**, the daily average of the 90-day corporate rate in domestic currency fell from 3.85 to 3.79 percent.

On the other hand, this rate in foreign currency declined from 2.39 percent to 2.35 percent.

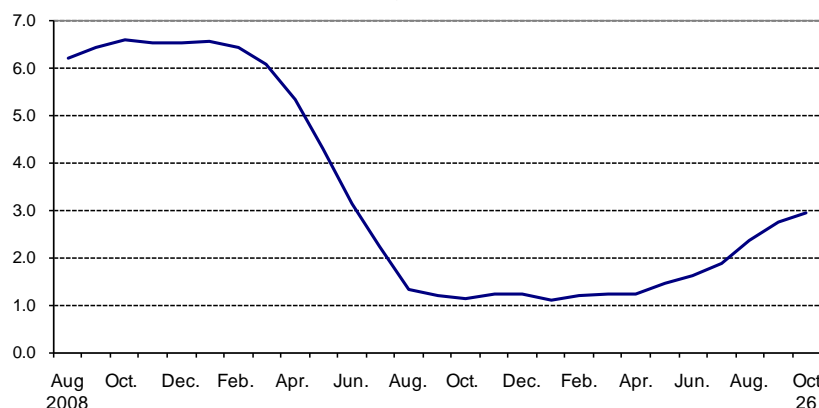
**INTEREST RATES IN DOMESTIC CURRENCY
(October 2009 - October 2010)**



Average interbank interest rate at 2.94 percent in October

On October 26 the average interbank interest rate in domestic currency recorded 2.94 percent.

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



	<u>Average</u>	<u>S.D</u>
December 2008	6.54%	0.03
March 2009	6.08%	0.13
June	3.13%	0.40
September	1.20%	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	1.45%	0.12
June	1.62%	0.11
July	1.90%	0.12
August	2.38%	0.18
September	2.74%	0.23
October 19	2.94%	0.16

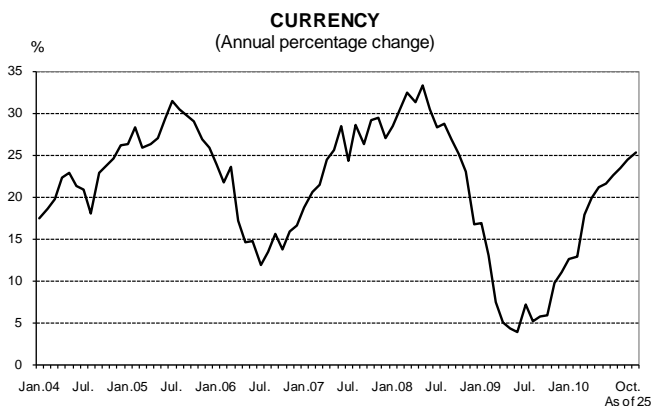
Monetary operations

Between **October 20 and 26**, the BCRP made the following monetary operations:

- i) auctions of 1-day to 92-day term deposits in domestic currency for a daily average of S/. 5,498 million. The average interest rate on these operations, which amounted to S/. 24,454 million, was 2.99 percent;
- ii) auctions of 91-day Variable BCRP Certificates of Deposit in domestic currency (CDVBCRP) for a daily average of S/. 50 million at an average spread rate of 0.10 percent, reaching a balance of S/. 450 million;
- iii) repurchase agreements for a total of US\$ 3 million;
- and iv) auctions of BCRP Certificate of Deposits Payable in Dollars for a daily average of US\$ 65 million at an average rate of 3.05 percent, reaching a balance of S/.130 million.

Currency in circulation: S/. 21,050 million on October 25

Between October 19 and 25, **currency in circulation** increased by S/. 64 million and amounted to S/. 21,050 million. In this way, currency in circulation accumulates an increase of S/. 1,809 million so far this year and records a growth rate of 25.3 percent in the last 12 months.



BCRP OPERATIONS

(Millions of nuevos soles)

	FLOWS				BALANCE		
	Sep-10	From 10/19 to 10/25	Accumulated		Dec 31, 2009	Sep 30, 2010	Oct 25, 2010
			Monthly*	Annual*			
I. EXCHANGE OPERATIONS	5,261	119	744	25,052			
(Millions of US\$)	1,887	43	267	8,898			
1. Over the counter operations	1,914	0	227	8,963			
2. Public Sector	0	0	0	-50			
3. Other exchange operations 1/	-27	43	40	-15			
II. MONETARY OPERATIONS	-5,343	71	1,475	-21,833	-36,323	-59,631	-58,156
1. Sterilization	-5,343	71	1,475	-21,833	-36,323	-59,631	-58,156
a. BCRP instruments	-4,516	715	2,372	-13,275	-14,121	-29,768	-27,395
BCRP Certificates of Deposit (CDBCRP)	-4,516	4,202	27,111	11,464	-14,121	-29,768	-2,657
BCRP Certificates of Deposit Variable in soles (CDV BCRP)	0	0	-400	-400	0	0	-400
BCRP Certificate of Deposits Payable in Dollars (CDLD BCRP)	0	-130	-130	-130	0	0	-130
Term Deposits	0	-3,357	-24,209	-24,209	0	0	-24,209
b. Public Sector Deposits in soles	-547	-808	-1,196	-9,077	-21,006	-28,888	-30,084
c. Other monetary operations 2/	-280	165	298	519	-1,196	-975	-677
2. Injection (Repos)	0	0	0	0	0	0	0
III. RESERVE REQUIREMENTS IN DC	-179	-138	-2,058	-2,645	-4,307	-4,893	-6,952
IV. OTHER 3/	120	12	94	1,235			
V. CURRENCY**	-141	64	254	1,809	19,241	20,796	21,050
(Monthly percentage change)					10.3%	-0.7%	1.2%
(Accumulated percentage change)					29.5%	8.1%	9.4%
(YoY)					11.0%	24.5%	25.3%

* As of October 25, 2010.

** Preliminary data.

1/ Includes Swaps auctions in FC and operations outside the counter.

2/ Includes overnight deposits and Deposit Insurance Funds.

3/ Includes BCRP operative expenses, interest by deposits in the BCRP (overnight, terms and specials), net interest by CDBCRP placements and Central Bank profit transfers to the public sector.

Exchange rate: S/. 2.794 per dollar

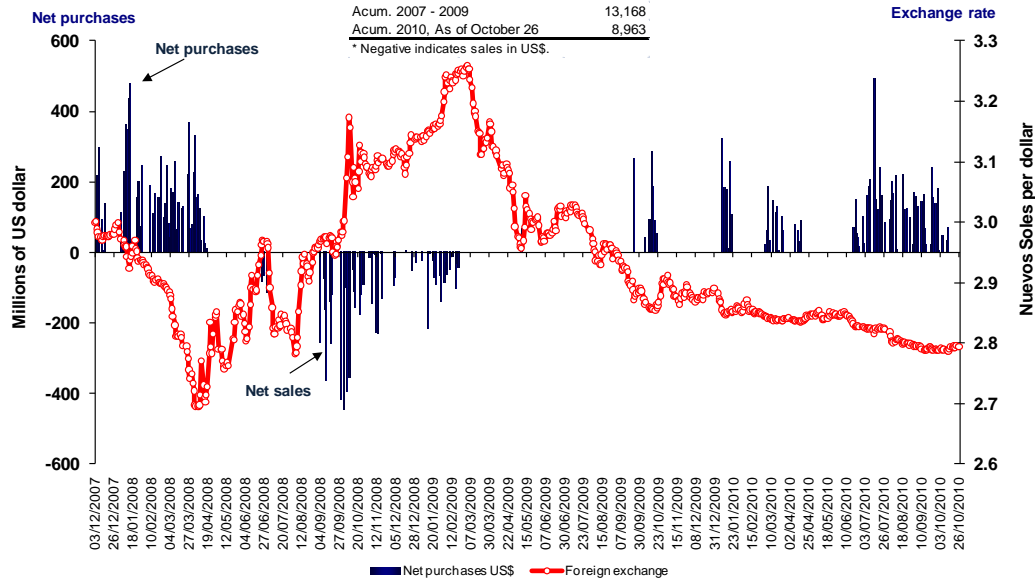
Between October 19 and 26, the average interbank ask price of the dollar fell from S/. 2.795 to S/. 2.794, which represented an appreciation of the nuevo sol of 0.03 percent. In this period The BCRP did not intervene in the foreign exchange market.

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 October 26	8,963

* Negative indicates sales in US\$.



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



Between October 19 and 26, banks' balance of net forward purchases of foreign currency increased by US\$ 9 million. So far in October, the balance of net forward purchases of FC has accumulated an increase of US\$ 183 million.

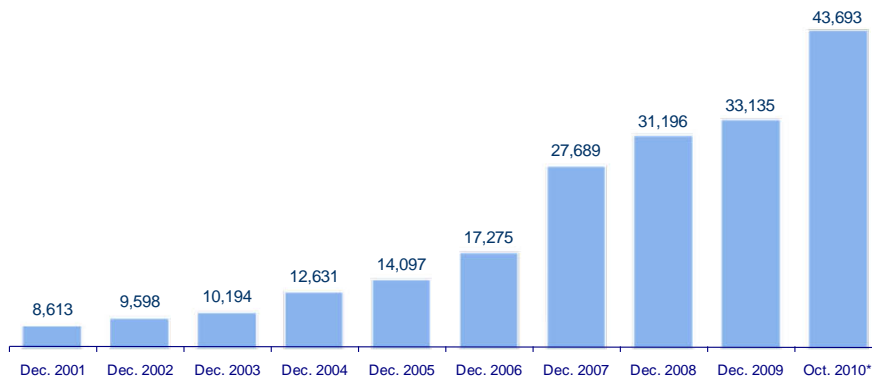
International reserves amounted to US\$ 43,693 million

On October 26 net international reserves (NIRs) amounted to US\$ 43,693 million. This level of reserves is US\$ 1,229 million higher than the one observed at end September.

The increase of NIRs recorded so far this month was mainly due to banks' higher deposits (US\$ 782 million), to purchases of FC at the Central Bank's Front Office (US\$ 227 million), to the higher valuation of investments (US\$ 104 million) and to public sector's higher deposits at the Central Bank (US\$ 55 million).

The international exchange position of the BCRP on October 26 was US\$ 32,585 million, a sum higher by US\$ 373 million than the one recorded at the close of September.

NET INTERNATIONAL RESERVES
(Millions of US\$)



* As of 26.

Operations of the non-financial public sector in September 2010

In September the operations of the non-financial sector recorded a deficit of S/. 653 million. This deficit, which is S/. 80 million higher than the one registered in September 2009, is mainly explained by the real increase of the non financial expenditure of the general government (up 22.2 percent), associated mainly with the operations of local governments (S/. 702 million) and regional governments (S/. 316 million).

The non financial expenditure of the general government (S/. 7,237 million) grew by a real 22.2 percent, influenced by increased spending in investment (41.1 percent) and in goods and services (21.5 percent). So far this year, non financial expenditure has grown by a real 12.6 percent relative to September 2009.

The tax revenues of the national government recorded a positive growth rate of 19.2 percent. This growth resulted mainly from the growth of the main taxes –import duties, excise tax, value added tax, and income tax– as a result of the higher prices of mineral exports and increased economic activity.

NON FINANCIAL PUBLIC SECTOR OPERATIONS (NFPS) ^{1/}
(Millions of nuevos soles)

	September			January-September		
	2009	2010	Real % chg.	2009	2010	Real % chg.
1. General Government Current Revenue	5,557	6,747	18.6	53,166	64,148	19.1
a. Tax revenue	4,249	5,171	18.9	39,889	49,329	22.0
National	4,169	5,086	19.2	38,928	48,230	22.3
Local	80	85	3.8	961	1,099	12.8
b. Non tax revenue	1,307	1,576	17.8	13,277	14,820	10.2
National	1,128	1,399	21.2	10,894	12,672	14.8
Local	153	150	- 4.5	1,666	1,558	- 7.7
Regional	26	27	0.9	717	590	- 18.8
2. General Government Non Financial Expenditure	5,787	7,237	22.2	49,475	56,451	12.6
a. Current	3,975	4,591	12.8	37,366	40,265	6.3
of which: FEPC	0	0		1,000	475	- 82.6
b. Capital	1,812	2,646	42.6	12,110	16,186	31.9
Of which: Gross Capital Formation	1,651	2,384	41.1	11,002	14,787	32.6
3. Other ^{2/}	-50	138	- 370.3	1,336	-99	- 107.3
4. Primary Balance	-280	-353		5,027	7,599	
5. Interests	293	301	0.4	3,962	4,249	5.8
External	280	282	-1.7	2,250	2,162	-5.1
Domestic	12	19	47.4	1,712	2,086	20.3
6. NFPS Overall Balance	-573	-653		1,065	3,350	

^{1/} Preliminary.

^{2/} Includes Capital revenue of General Government and state companies primary balance.

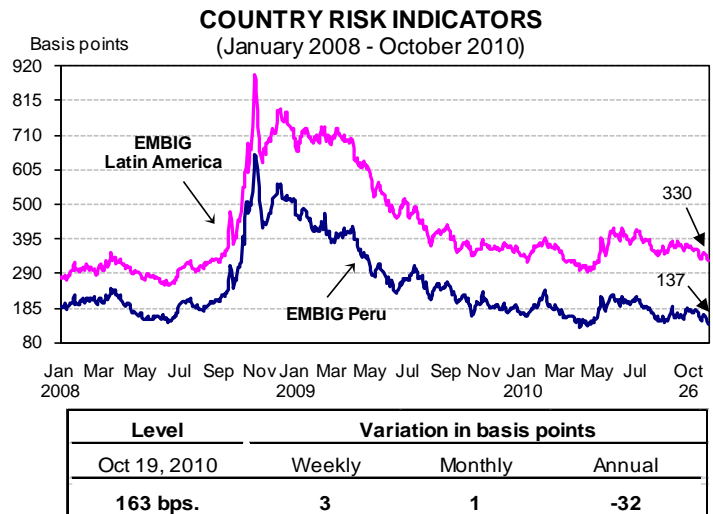
Source: MEF, BN, Sunat, EsSalud, public welfare agencies, state companies and public institutions.

International Markets

Country risk declines to 137 basis points

Between October 19 and 26, the country risk indicator, measured by the **EMBIG Peru** spread, fell from 163 to 137 basis points.

The spread of the Latin American debt fell 23 basis points (from 353 to 330 basis points) due to lower risk aversion in financial markets.



Price of gold fell to US\$ 1,334.4 per troy ounce

In the same period, the price of **gold** fell 0.5 percent to US\$ 1,334.4 per troy ounce.

The price of gold corrected downwards due to lower risk aversion in financial markets, which reduced the appeal of gold as an investment asset.



Between October 19 and 26, the price of **copper** rose to US\$ 3.84 a pound (2.1 percent).

The price of this basic metal rose again during the week due to expectations of greater monetary easing measures in the United States. Another factor contributing to this rise was China's increased demand due to lower inventory levels.



Between October 19 and 26, the price of **zinc** rose 7.6 percent to US\$ 1.16 a pound.

The rise in the price of zinc was associated with production interruptions in several Chinese smelters with the aim of achieving the goal of energy efficiency, as well as with the decline of inventories in the major stock exchange markets.

ZINC PRICE

(cUS\$/pound) (January 2008 - October 2010)



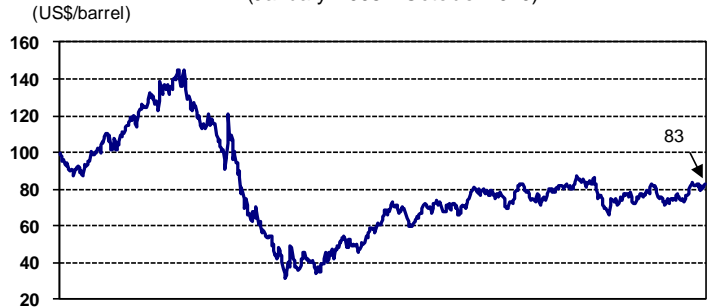
Oct 26, 2010	% change		
	Weekly	Monthly	Annual
US\$ 1.16 / pound	7.6	14.3	9.7

Between October 19 and 26, the price of **WTI oil** dropped 3.8 percent to US\$ 82.6 per barrel.

This trend in oil prices is basically explained by the continuous decline of crude and gasoline inventories in the United States and by geopolitical tensions between the United States and Iran (penalties for companies trading with Iran)

WTI OIL PRICE

(January 2008 - October 2010)



Oct 26, 2010	% change		
	Weekly	Monthly	Annual
US\$ 82.6 / barrel	3.8	10.2	4.9

US dollar depreciated against the euro and the yen

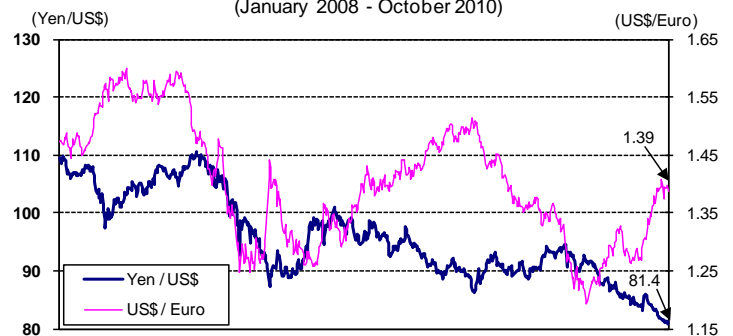
In the same period, the **dollar** depreciated 0.9 percent against the **euro**.

This evolution of the US currency was influenced by higher expectations that the Federal Reserve will increase quantitative easing measures

The dollar depreciated 0.3 percent against the **yen**.

EVOLUTION OF THE YEN AND EURO

(January 2008 - October 2010)



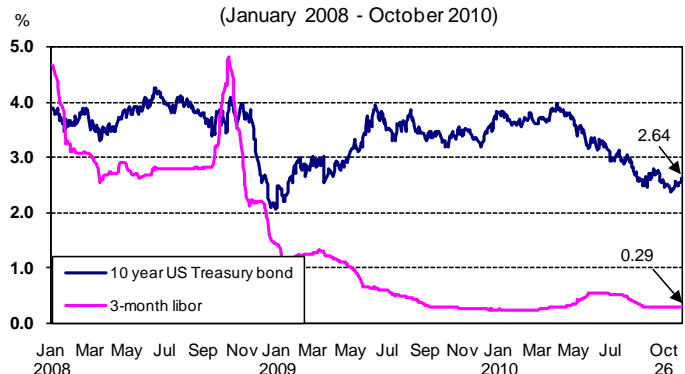
	Level	% change		
	Oct 26, 2010	Weekly	Monthly	Annual
US dollar/Euro	1.39	0.9	2.7	-6.8
Yen/US dollar	81.4	-0.3	-3.3	-11.7

Yield on 10-year US Treasuries increased to 2.64 percent

Between October 19 and 26, the **3-month Libor** remained at 0.29 percent, while the yield on the **10-year Treasury bond** increased from 2.48 to 2.64 percent.

During the week, the yield on the US Treasuries increased due to lower risk aversion given favorable indicators of activity in the United States, the impact of the G-20 statement (which reduced fears about a currency war), and increased quantitative easing in the United States.

3-MONTH LIBOR AND 10-YEARS US TREASURIES



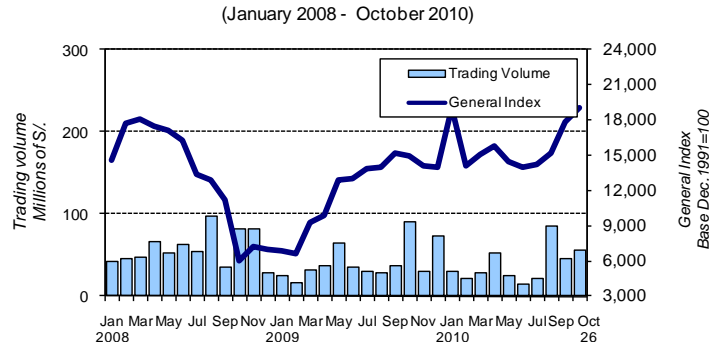
	% change			
	Oct 26, 2010	Weekly	Monthly	Annual
3 months Libor	0.29	0	0	1
US Treasuries	2.64	16	3	-92

Annual profitability of the Lima Stock Exchange reaches 34.4 percent

So far this month (at October 26), the **General Index** of the LSE has risen 6.6 percent and the **Selective Index** has risen 6.9 percent

During the week of analysis (October 19-26) both indices showed positive results, increasing 3.7 and 3.5 percent, respectively, boosted by good financial results in the construction sector and by the rise in the international prices of metals.

LIMA STOCK EXCHANGE INDICATORS



	% change compared to:			
	Oct 26, 2010	Oct 19, 2010	Sep 30, 10	Dec.09
General Index	19,040	3.7	6.6	34.4
Selective Index	27,866	3.5	6.9	24.2

So far this year, the General Index has accumulated a gain of 34.4 percent and the Selective Index has accumulated a gain of 24.2 percent.

