



Indicators

- Corporate interest rate at 3.69 percent
- Interbank interest rate: 2.95 percent
- Exchange rate: S/. 2.795 per US dollar
- Inflation in October: -0.14 percent
- Annual profitability of the LSE: 38.0 percent

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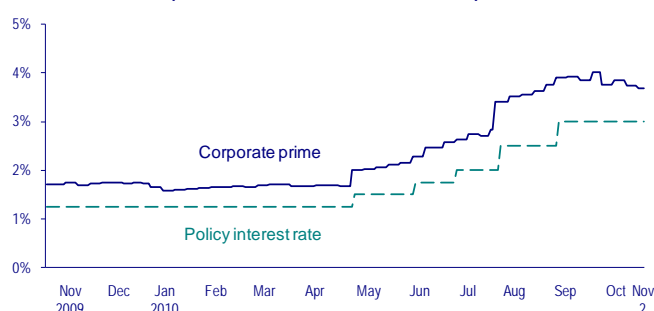
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Corporate interest rate in nuevos soles at 3.69 percent

Between **October 26 and November 2**, the average corporate interest rate in domestic currency fell from 3.73 to 3.69 percent.

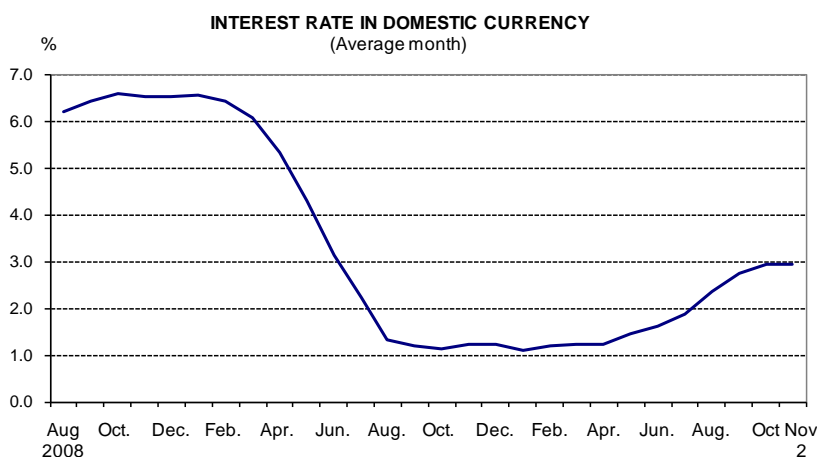
The average corporate interest rate in foreign currency remained at 2.29 percent.

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



Average interbank interest rate: 2.95 percent

On November 2, the average interest rate in domestic currency registered 2.95 percent.



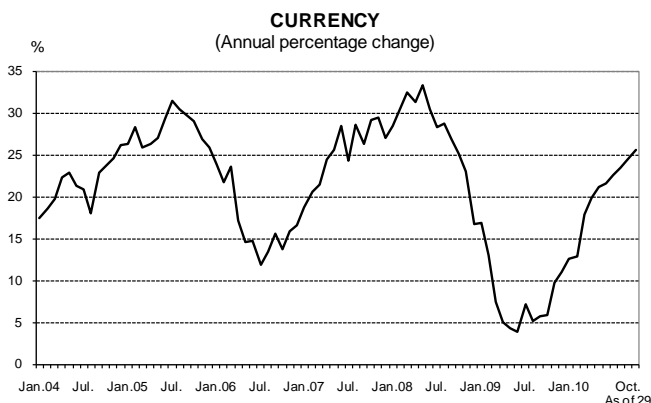
	<u>Average</u>	<u>S.D</u>
December 2008	6.54%	0.03
March 2009	6.08%	0.13
June	3.13%	0.40
September	1.20%	0.07
December	1.24%	0.02
January 2010	1.09%	0.16
February	1.21%	0.03
March	1.23%	0.02
April	1.22%	0.02
May	1.45%	0.12
June	1.62%	0.11
July	1.90%	0.12
August	2.38%	0.18
September	2.74%	0.23
October	2.94%	0.15
November 2	2.95%	0.0

Monetary operations

Between **October 27 and November 2**, the Central Bank made the following monetary operations: i) auctions of 1-day to up to 62-day CDBCRP for a daily average of S/. 5,471 million. The average interest rate on these operations, which reached a balance of S/. 19,047 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/. 233 million at an average spread rate of 0.10 percent, reaching a balance of S/. 1,150 million; iii) repurchase agreements for a total of US\$ 0.2 million, and iv) overnight deposits in domestic currency for a total of S/. 131 million.

Currency in circulation: S/. 21,419 million on October 29

Between October 26 and 29, **currency in circulation** increased by S/. 311 million and amounted to S/. 21,419 million. Thus, so far this year currency in circulation accumulates an increase of S/. 2,178 million and records a growth rate of 25.6 percent in the last 12 months.



BCRP OPERATIONS

(Millions of nuevos soles)

	FLOWS				BALANCE		
	Sep-10	From 10/26 to 10/29	Accumulated		Dec 31, 2009	Sep 30, 2010	Oct 29, 2010
			Monthly*	Annual*			
I. EXCHANGE OPERATIONS	5,261	2	745	25,053			
(Millions of US\$)	1,887	1	267	8,899			
1. Over the counter operations	1,914	0	227	8,963			
2. Public Sector	0	0	0	-50			
3. Other exchange operations 1/	-27	1	40	-14			
II. MONETARY OPERATIONS	-5,343	-266	1,209	-22,099	-36,323	-59,631	-58,422
1. Sterilization	-5,343	-266	1,209	-22,099	-36,323	-59,631	-58,422
a. BCRP instruments	-4,516	-1,034	1,338	-14,308	-14,121	-29,768	-28,429
BCRP Certificates of Deposit (CDBCRP)	-4,516	346	27,457	11,810	-14,121	-29,768	-2,311
BCRP Certificates of Deposit Variable in soles (CDV BCRP)	0	-750	-1,150	-1,150	0	0	-1,150
BCRP Certificate of Deposits Payable in Dollars (CDLD BCRP)	0	0	-130	-130	0	0	-130
Term Deposits	0	-630	-24,838	-24,838	0	0	-24,838
b. Public Sector Deposits in soles	-547	891	-305	-8,186	-21,006	-28,888	-29,193
c. Other monetary operations 2/	-280	-123	175	395	-1,196	-975	-800
2. Injection (Repos)	0	0	0	0	0	0	0
III. RESERVE REQUIREMENTS IN DC	-180	571	-1,429	-2,016	-4,307	-4,894	-6,323
IV. OTHER 3/	120	4	99	1,241			
V. CURRENCY **	-141	311	624	2,178	19,241	20,796	21,419
(Monthly percentage change)					10.3%	-0.7%	3.0%
(Accumulated percentage change)					29.5%	8.1%	11.3%
(YoY)					11.0%	24.5%	25.6%

* As of October 29, 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/. 2.795 per dollar

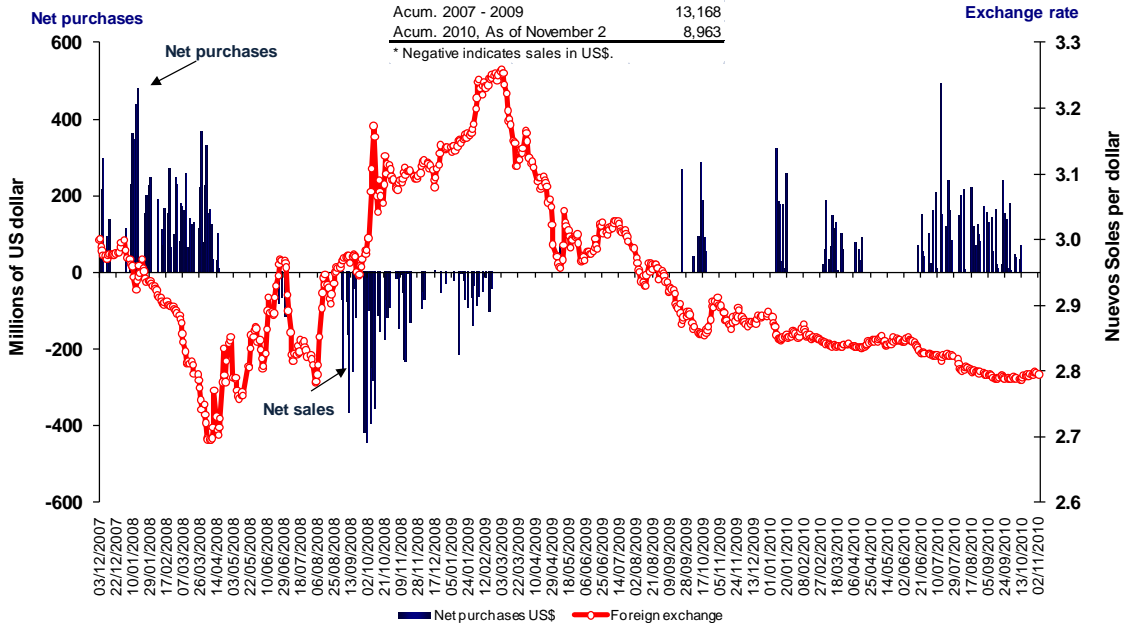
Between October 26 and November 2, the average interbank ask price of the dollar rose from S/. 2.794 to S/. 2.795, which represented a depreciation of the nuevo sol of 0.03 percent. The BCRP did not intervene in the foreign exchange market in this period.

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 November 2	8,963

* Negative indicates sales in US\$.



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



Between October 26 and November 2, banks' balance of net forward purchases of foreign currency increased by US\$ 14 million. In October, the balance of net forward purchases of FC accumulated a decline of US\$ 217 million.

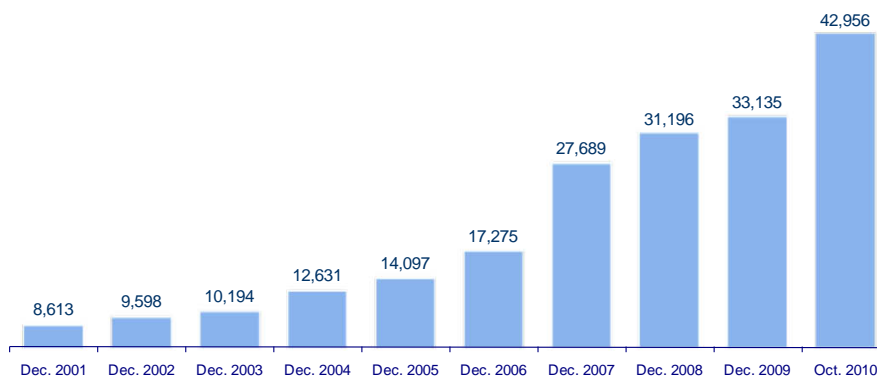
International reserves amounted to US\$ 42,956 million

Net international reserves (NIRs) at end October amounted to US\$ 42,956 million. This level of reserves is US\$ 491 million higher than the one observed at the close of September.

The increase of NIRs observed in October was mainly due to purchases of FC at the Central Bank's Front Office (US\$ 227 million), to the higher valuation of investments (US\$ 177 million), to investment yield (US\$ 57 million), and to public sector's higher deposits at the Central Bank (US\$ 49 million). This was offset by banks' lower deposits at the BCRP (down US\$ 73 million).

The international exchange position of the BCRP at the close of October was US\$ 32,709 million, a sum higher by US\$ 496 million than the one recorded at the close of September.

NET INTERNATIONAL RESERVES
(Millions of US\$)



Liquidity and credit to the private sector

At October 15, **total liquidity in the private sector** had grown by 3.3 percent (S/. 4,193 million) in the last four weeks. By currencies, liquidity in soles grew 5.4 percent (S/. 4,058 million), while liquidity in dollars grew 0.3 percent (US\$ 47 million). With this, total liquidity accumulates a growth of 20.6 percent in the last 12 months.

Moreover, **total credit to the private sector** grew 0.5 percent (S/. 552 million) in the same period and accumulated a growth rate of 15.3 percent in the last 12 months. By currencies, credit in soles grew 0.9 percent (S/. 610 million), while credit in dollars declined by 0.1 percent (negative flow of US\$ 20 million).

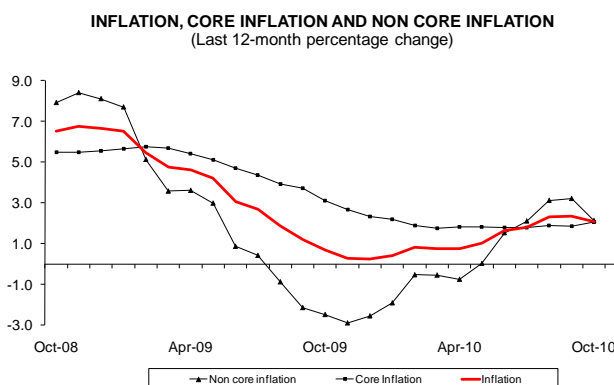
Inflation in October: - 0.14 percent

Inflation in October recorded a rate of -0.14 percent and accumulated a rate of 2.10 percent in the last twelve months.

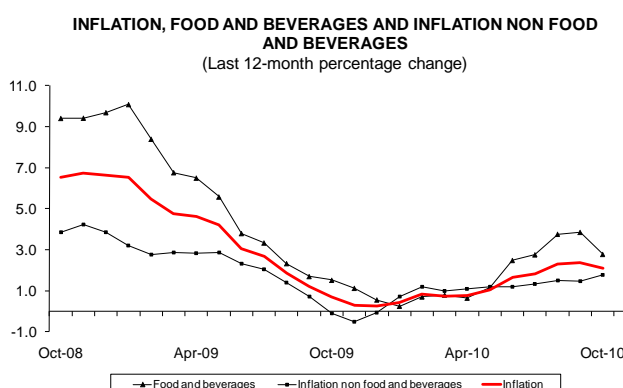
INFLATION
(Accumulated percentage change)

	Weight 2009=100	Monthly		12-month indicator		
		Sep. 2010	Oct. 2010	Oct. 2009	Sep. 2010	Oct. 2010
CPI	100.0	-0.03	-0.14	0.71	2.37	2.10
Core index	65.2	0.14	0.17	3.13	1.88	2.07
Goods	32.9	-0.05	0.12	3.17	1.44	1.56
Services	32.2	0.33	0.23	3.08	2.30	2.59
Non core index	34.8	-0.35	-0.73	-2.47	3.22	2.14
Food	14.8	-0.59	-2.11	-0.60	5.35	2.43
Fuel	2.8	0.47	0.48	-19.26	11.88	12.35
Transporting	8.9	-0.07	0.37	-0.02	1.05	1.39
Utilities	8.4	-0.50	0.24	4.64	-2.22	-1.03
Note.-						
Food and beverages	37.8	-0.13	-0.68	1.52	3.86	2.79
CPI non food and beverages	62.2	0.03	0.19	-0.08	1.48	1.79

Core inflation registered a rate of 0.17 percent in October and a rate of 2.1 percent in the last twelve months. On the other hand, non core inflation showed a rate of -0.73 percent in the month and a rate of 2.1 percent in the last twelve months.



Food and beverage inflation was -0.68 percent in October and accumulated a rate of 2.8 percent in the last twelve months, while inflation without food and beverages was 0.19 percent in October and 1.8 percent in the last twelve months.



Three items contributed with 0.19 percentage points to inflation in October: fresh and frozen fish (0.07 percentage points), sugar, and meals outside the home (0.06 percentage points each). On the other hand, three items contributed with -0.39 percentage points to this month's inflation rate: chicken meat (-0.24 percentage points), eggs (-0.09 percentage points), and potatoes (-0.06 percentage points).

Financial entities and economic analysts lower their inflation forecasts

The results of the BCRP Survey on Macroeconomic Expectations carried out in October show that financial entities and economic analysts have revised downwards their expectations of inflation in 2010 (to 2.8 and 2.7 percent, respectively), while non financial firms maintain their expectations of inflation unchanged at 2.5 percent. For 2011 and 2012, the three surveyed groups think that inflation will remain at 2.5 percent.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE*

	Survey date:		
	Aug.31	Sep.30	Oct.31
FINANCIAL ENTITIES ^{1/}			
2010	2.78	2.77	2.77
2011	2.80	2.79	2.76
2012	2.80	2.80	2.79
ECONOMIC ANALYSTS ^{2/}			
2010	2.77	2.75	2.76
2011	2.75	2.78	2.80
2012	2.74	2.72	2.78
NON FINANCIAL FIRMS ^{3/}			
2010	2.80	2.80	2.80
2011	2.88	2.82	2.80
2012	2.90	2.90	2.86

^{1/} 22 financial entities in August, 20 in September and 21 in October 2010.

^{2/} 22 analysts entities in August, 22 in September and 22 in October 2010.

^{3/} Sample of firms of various economic sectors.

* Exchange rate at the end-of-year.

The three surveyed groups have revised the expected level of GDP growth on the upside: GDP is now expected to grow between 7.5 and 8.0 percent in 2010 and between 6.0 and 6.5 percent in 2011 and in 2012.

SURVEY OF MACROECONOMIC EXPECTATIONS: GDP GROWTH (%)

	<u>Survey date:</u>		
	Aug.31	Sep.30	Oct.31
FINANCIAL ENTITIES ^{1/}			
2010	7.0	7.9	8.0
2011	6.0	6.0	6.0
2012	6.0	6.1	6.0
ECONOMIC ANALYSTS ^{2/}			
2010	7.5	7.7	8.0
2011	5.7	6.0	6.0
2012	6.0	6.0	6.0
NON FINANCIAL FIRMS ^{3/}			
2010	6.5	7.0	7.5
2011	6.0	6.0	6.5
2012	6.0	6.0	6.5

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^{3/} Sample of firms of various economic sectors.

As regards the exchange rate, economic analysts expect the US dollar to be traded at S/. 2.76 at the close of the year, while non financial firms and financial entities expect the dollar to be traded at S/. 2.80 and S/. 2.77, respectively. Moreover, the dollar would be traded between S/. 2.76 and S/. 2.80 in 2011 and between S/. 2.78 and S/. 2.86 in 2012.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE*

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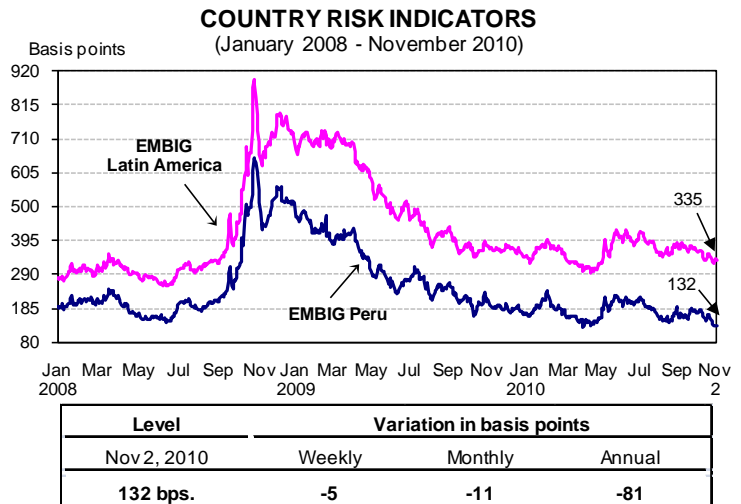
International Markets

Country risk at 132 basis points

In **October**, the average country risk, measured by the **EMBIG Peru** spread, fell to 157 basis points from 168 basis points in September.

The spread of the Latin American debt declined by 27 basis points in this period, in a context of lower risk aversion in financial markets.

On **November 2**, the **EMBIG Peru** recorded 132 basis points.

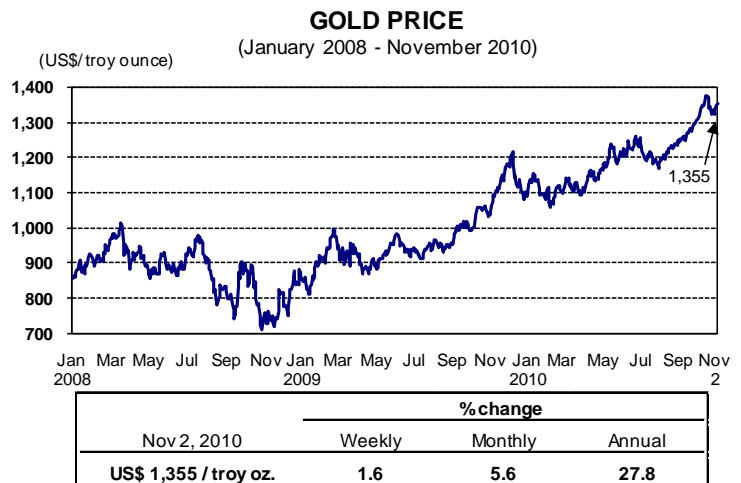


Price of gold posted US\$ 1,355.1/troy ounce

In **October**, the average price of **gold** increased from US\$ 1,272.9 in September to US\$ 1,344.4/troy ounce (5.6 percent).

This rise in the price of gold was supported by the depreciation of the dollar in financial markets, which boosted gold as a hedge asset. The Fed's announcement of additional quantitative easing measures in the United States also contributed to this rise.

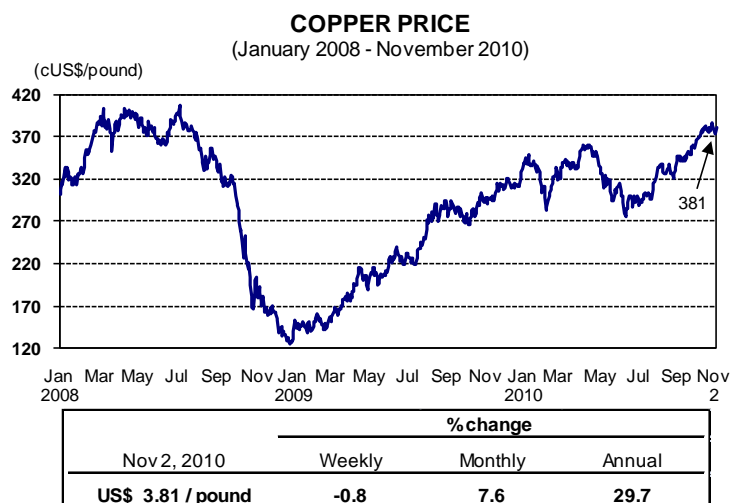
On **November 2**, the price of gold recorded US\$ 1,355.1 per troy ounce.



In **October**, the average price of **copper** rose 7.6 percent, from US\$ 3.50 in September to US\$ 3.76 a pound.

The price of copper was influenced by the depreciation of the dollar and by China's increased demand for this metal due to lower inventory levels.

On **November 2** the price of **copper** rose to US\$ 3.81/pound.



Increasing from US\$ 0.98 in September to US\$ 1.08, the average price of **zinc** recorded an increase of 10.3 percent in **October**.

The rise in the price of zinc was mainly associated with production interruptions in several Chinese smelters, with a strong demand from Asia, and with the decline of inventories at the London Metal Exchange (LME).

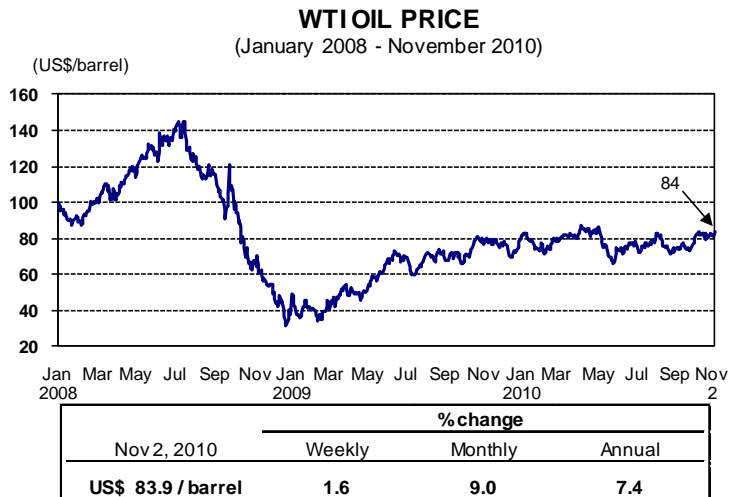
On **November 2** the price of **zinc** rose to US\$ 1.10/pound.



The average price of **WTI oil** climbed 9.0 percent to US\$ 82.0 per barrel in **October** (from US\$ 75.3 in September).

This rise is explained by the drop of crude and gasoline inventories in the United States, strikes in French refineries, China's higher imports of crude, as well as by the fact that the prospects for oil demand were revised upwards by the IEA.

The price of WTI oil registered US\$ 83.9 per barrel on **November 2**.

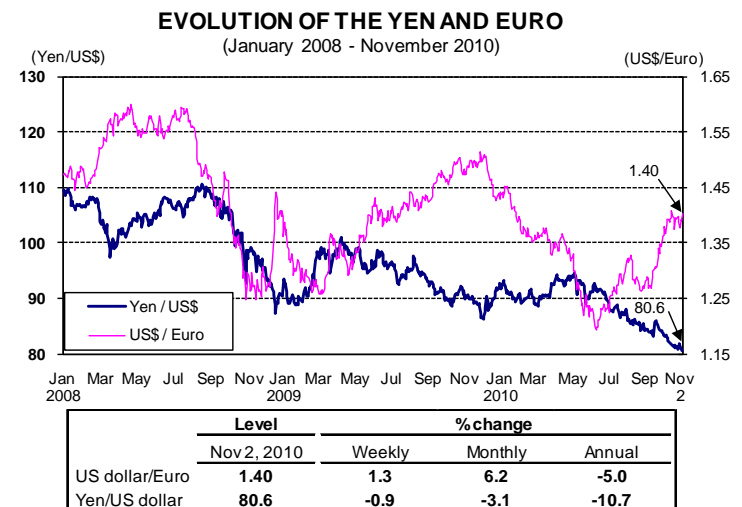


US dollar depreciated on average against the euro in October

In **October** the **dollar** depreciated on average 6.2 percent against the **euro**.

This evolution of the US currency reflects the impact of the additional quantitative easing measures implemented by the Federal Reserve.

On average, the dollar depreciated 3.4 percent against the **yen** in October.



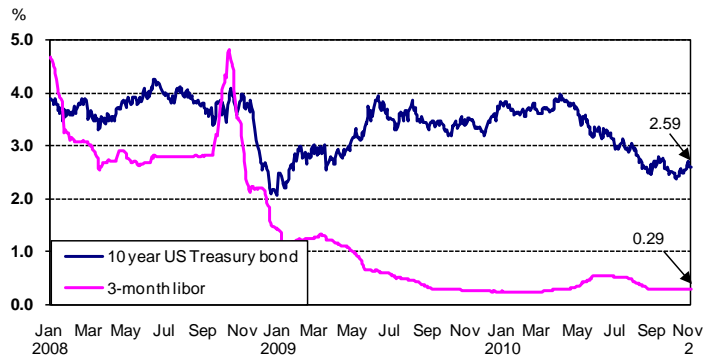
On **November 2**, the exchange rate was US\$ 1.40 per euro and 80.6 yens per dollar.

Yield on 10-year US Treasuries declined to 2.51 percent on average in October

On average terms, the **3-month Libor** remained at 0.29, while the yield on the 10-year **US Treasury bond** fell from 2.64 in September to 2.51 percent.

The drop in the yield on the US Treasury bonds due to expectations that the Fed will extend its Treasuries purchasing program to boost the US economy.

3-MONTH LIBOR AND 10-YEARS US TREASURIES
(January 2008 - November 2010)



	% change			
	Nov 2, 2010	Weekly	Monthly	Annual
3 months Libor	0.29	0	0	1
US Treasuries	2.59	-5	-13	-83

On **November 2**, the 3-month Libor recorded 0.29 percent and the yield on the 10-year US Treasuries recorded 2.59 percent.

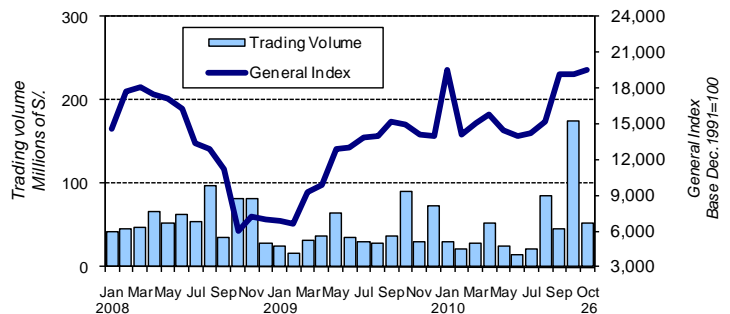
Annual profitability at the Lima Stock Exchange: 38.0 percent

In **October**, the **General Index** and the **Selective Index** of the LSE showed a positive performance, recording rates of 7.6 percent, in both cases.

The improvement observed in these indices during the month of October was influenced by the good financial results of the construction sector and by the rise of the international prices of metals.

At **November 2**, these indices have grown 1.7 and 0.8 percent so far this month.

LIMA STOCK EXCHANGE INDICATORS
(January 2008 - November 2010)



	As of:	% change compared to:		
	Nov 2, 2010	Oct 26, 2010	Oct 30, 10	Dec.09
General Index	19,551	2.7	1.7	38.0
Selective Index	28,251	1.4	0.8	25.9

Year-to-date, the General Index and the Selective Indices have accumulated gains of 38.0 percent and 25.9 percent, respectively.

