



Indicators

- Corporate interest rate at 3.66 percent
- Interbank interest rate: 2.98 percent
- Exchange rate: S/. 2.803 per dollar
- Non financial public sector recorded deficit of S/. 671 million in November
- Annual profitability of the LSE: 62.8 percent

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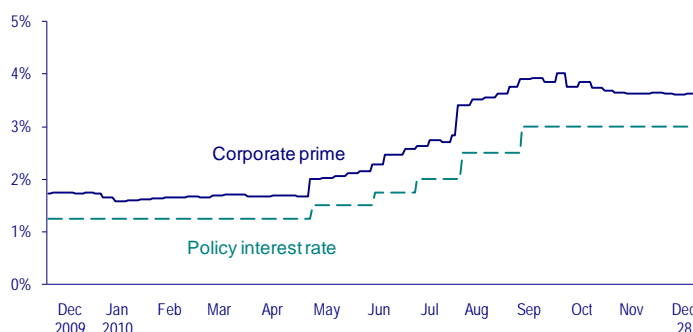
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Corporate interest rate in nuevos soles at 3.66 percent

Between **December 21 and 28**, the average corporate interest rate in domestic currency increased from 3.63 to 3.66 percent.

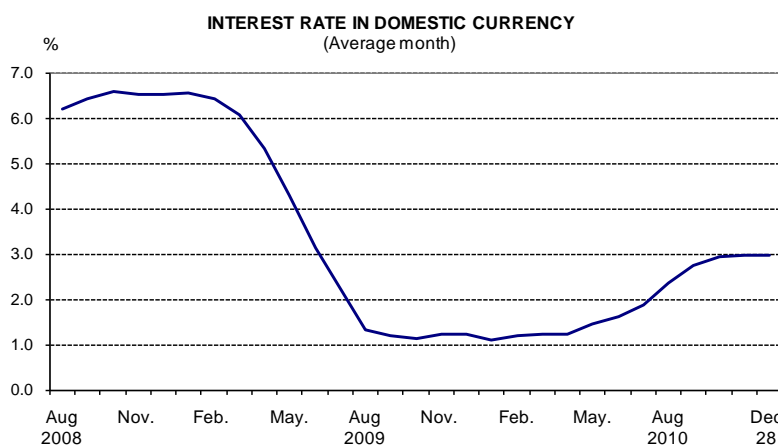
On the other hand, the average corporate interest rate in foreign currency remained unchanged at 2.14 percent.

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



Average interbank interest rate in December: 2.98 percent

On December 28, the average interest rate in domestic currency recorded 2.98 percent.



	Average interbank rate	
	Average	S.D
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	2.97%	0.05
December 28	2.98%	0.02

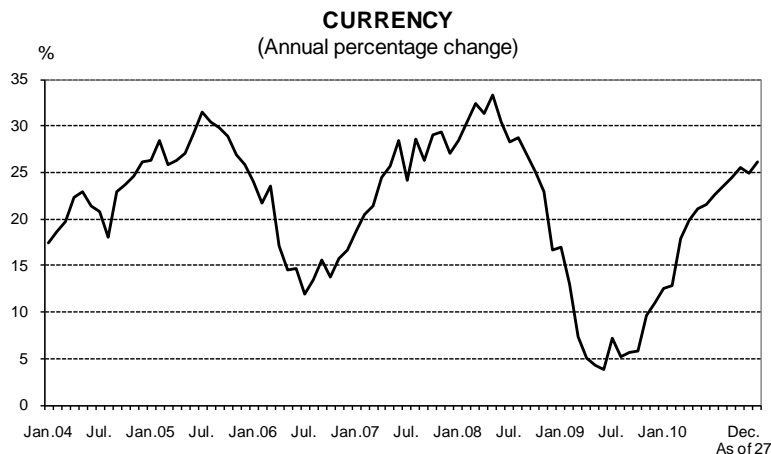
Monetary operations

Between **December 22 and 28**, the Central Bank made the following monetary operations:

- i) Auctions of 1-day to up to 7-day Term Deposits in domestic currency for a daily average of S/. 8,281 million at an average rate of 2.99 percent, reaching a balance of S/. 21,085 million, and
- ii) Overnight deposits in domestic currency for a total of S/.103 million.

Currency in circulation: S/. 24,158 million on December 27

Between December 14 and 27, **currency in circulation** increased by S/. 1,791 million and amounted to S/. 24,158 million. Thus, so far this year currency in circulation accumulates an increase of S/. 4,917 million and registers a growth rate of 26.2 percent in the last 12 months.



BCRP OPERATIONS
(Millions of nuevos soles)

	FLOWS				BALANCE		
	Nov-10	From 12/14 to 12/27	Accumulated		Dec 31, 2009	Nov 30, 2010	Dec 27, 2010
			Monthly*	Annual*			
I. EXCHANGE OPERATIONS	315	-6	-6	25,361			
(Millions of US\$)	113	-2	-2	9,009			
1. Over the counter operations	0	0	0	8,963			
2. Public Sector	0	0	0	-50			
3. Other exchange operations 1/	113	-2	-2	96			
II. MONETARY OPERATIONS	-190	-234	4,838	-17,451	-36,323	-58,612	-53,774
1. Sterilization	-190	-234	4,838	-17,451	-36,323	-58,612	-53,774
a. BCRP instruments	619	-23	4,135	-9,555	-14,121	-27,810	-23,676
BCRP Certificates of Deposit (CDBCRP)	1,141	490	1,140	14,091	-14,121	-1,170	-30
BCRP Certificates of Deposit Variable in soles (CDV BCRP)	-973	-573	-1,073	-3,196	0	-2,123	-3,196
BCRP Certificate of Deposits Payable in Dollars (CDLD BCRP)	-320	0	0	-450	0	-450	-450
Term Deposits	771	60	4,068	-20,000	0	-24,067	-20,000
b. Public Sector Deposits in soles	-826	-208	618	-8,395	-21,006	-30,019	-29,402
c. Other monetary operations 2/	18	-3	86	499	-1,196	-783	-697
2. Injection (Repos)	0	0	0	0	0	0	0
III. RESERVE REQUIREMENTS IN DC	65	1,980	-2,599	-4,521	-4,307	-6,229	-8,828
IV. OTHER 3/	138	51	149	1,529			
V. CURRENCY **	328	1,791	2,383	4,917	19,241	21,776	24,158
(Monthly percentage change)					10.3%	1.5%	10.9%
(Accumulated percentage change)					29.5%	13.2%	25.6%
(YoY)					11.0%	24.9%	26.2%

* As of December 27, 2010.

** Preliminary data.

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

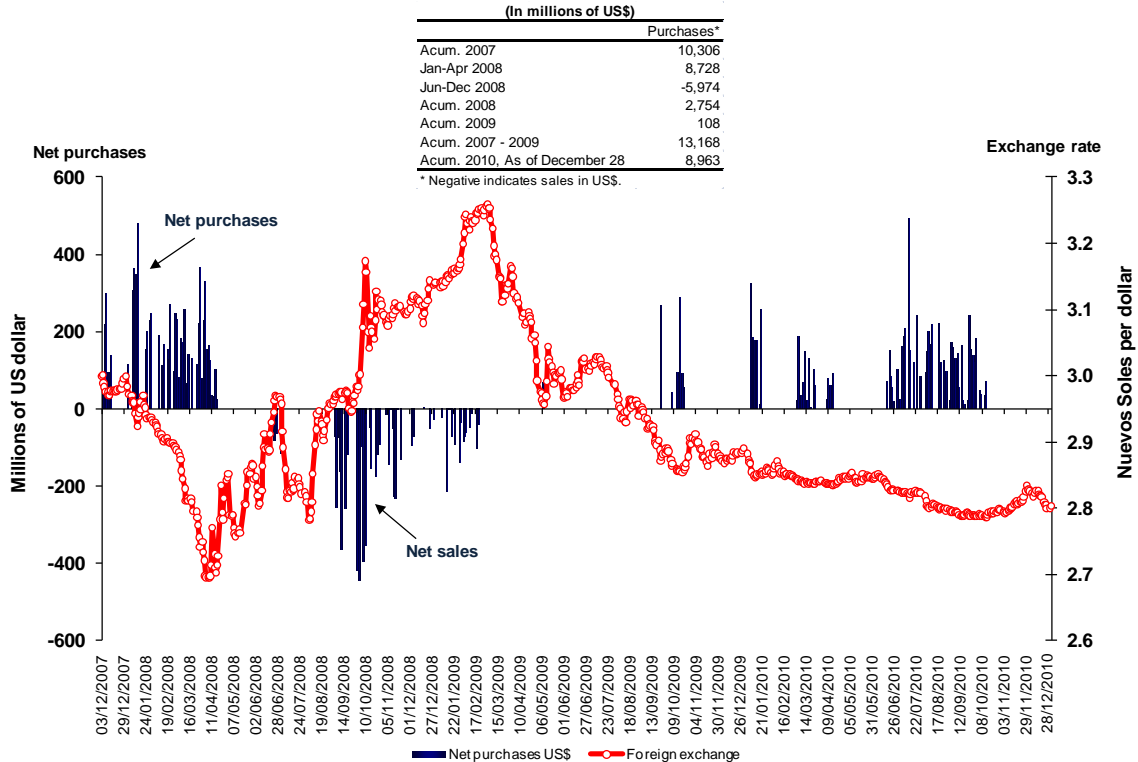
2/ Includes overnight deposits and Deposit Insurance Funds.

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/. 2.803 per dollar

Between December 21 and 28, the average interbank ask price of the dollar drop from S/. 2.806 to S/. 2.803, which represented an appreciation of the nuevo sol of 0.08 percent. The BCRP did not intervene in the foreign exchange market in this period.

EXCHANGE RATE AND NET DOLLAR PURCHASE



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

Between December 21 and 28, banks' balance of net forward purchases of foreign currency increased by US\$ 413 million. So far this month, the balance of net forward purchases of FC has accumulated a decrease of US\$ 214 million.



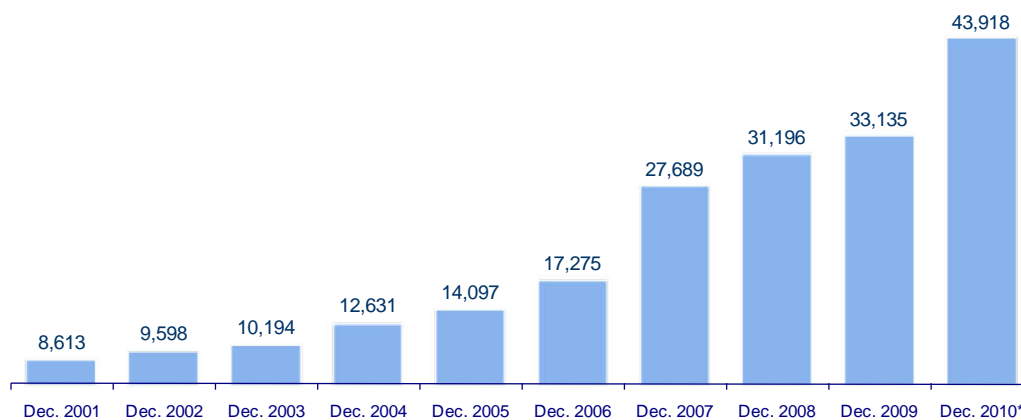
International reserves amount to US\$ 43,918 million

On December 28, net international reserves (NIRs) amounted to US\$ 43,918 million. This level of reserves is US\$ 186 million lower than the one recorded at end November.

The decrease of NIRs observed so far this month resulted mainly from public sector's lower deposits at the Central Bank (down US\$ 681 million) associated with the issuance of bonds in the international market and payment of external debt, and from the lower valuation of investments (down US\$ 92 million). This was partially offset by banks' higher deposits (up US\$ 592 million).

The exchange rate position of the BCRP at December 28 was US\$ 32,256 million, a sum US\$ 94 million lower than the one registered at the close of November.

NET INTERNATIONAL RESERVES
(Millions of US\$)



*As of December 28.

Liquidity and credit to the private sector

At December 15, **total liquidity in the private sector** had grown 5.0 percent (S/. 6,474 million) in the last four weeks. By currencies, liquidity in soles grew 6.6 percent (S/. 5,159 million), while liquidity in dollars grew 2.5 percent (US\$ 455 million). With this, total liquidity accumulates a growth of 21.4 percent in the last 12 months.

Moreover, **total credit to the private sector** grew 2.9 percent (S/. 3,537 million) in the same period. By currencies, credit in soles grew 2.4 percent (S/. 1,634 million), while credit in dollars grew 3.5 percent (US\$ 658 million). With this, total credit to the private sector has accumulated a growth rate of 16.7 percent in the last 12 months and if credits made by branches abroad to banks were included, the total credit to the private sector will be 20.2 percent in the last 12 months.

In November the non financial public sector recorded a deficit of S/. 671 million

The S/. 671 million deficit recorded by the non financial public sector in November 2010, which was S/. 439 million lower than the one observed in November 2009. This is mainly explained by the higher general government's current revenues 23.0 percent, while the non-financial expenditure grew 15.5 percent.

The real growth rate of general government's tax revenues was positive (20.0 percent). Mainly as a result of higher proceeds from value added tax (21.8 percent), and income tax (20.4 percent) due to the higher prices of mineral exports and to increased economic activity.

The non financial expenditure of the general government registered a real growth of 15.5 percent as a result of increased expenditure on capital goods (32.3 percent). So far this year, the current revenue of the general government has grown 20.0 percent, while non financial expenditure has grown 12.8 percent.

NON FINANCIAL PUBLIC SECTOR OPERATIONS (NFPS) 1/

(Millions of nuevos soles)

	NOVEMBER			JANUARY - NOVEMBER		
	2009	2010	Real % chg.	2009	2010	Real % chg.
1. General Government Current Revenue	5,872	7,381	23.0	64,814	78,914	20.0
a. Tax revenue	4,542	5,571	20.0	48,927	60,436	21.7
b. Non tax revenue	1,331	1,810	33.0	15,888	18,478	14.6
2. General Government Non Financial Expenditure	6,394	7,549	15.5	62,014	70,970	12.8
a. Current	4,413	4,870	8.0	45,965	49,643	6.4
b. Capital	1,981	2,679	32.3	16,049	21,326	30.9
<i>Of which: Gross Capital Formation</i>	<i>1,747</i>	<i>2,396</i>	<i>34.1</i>	<i>14,616</i>	<i>19,415</i>	<i>30.9</i>
3. Other 2/	-134	-71	- 48.0	1,411	72	- 95.0
4. Primary Balance	-655	-240		4,211	8,016	
5. Interests	454	432	-7.1	4,892	4,982	0.3
External	368	421	12.0	3,011	2,824	-7.6
Domestic	87	11	-87.7	1,882	2,158	13.0
6. NFPS Overall Balance	-1,110	-671		-681	3,034	

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

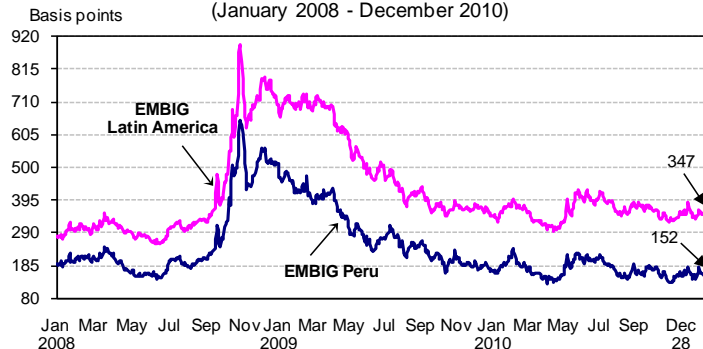
Country risk at 152 basis points

Between December 21 and 28, the country risk indicator, measured by the **EMBIG Peru** spread, decreased to 152 from 162 basis points.

The spread of the Latin American debt dropped 11 basis points due to optimism in the financial markets after an extension on tax benefits in the US.

COUNTRY RISK INDICATORS

(January 2008 - December 2010)



Level	Variation in basis points		
Dec 28, 2010	Weekly	Monthly	Annual
152 bps.	-10	-1	-14

Price of gold increased to US\$ 1,405.0/troy ounce

In the same period, the price of **gold** rose 1.4 percent to US\$ 1,405.0 per troy ounce.

Gold recorded rises again during the week due to the depreciation of the dollar and seasonal demand for jewelry gold from India, as well as the high demand from investors in an uncertainty situation about financial developments in Europe.

GOLD PRICE

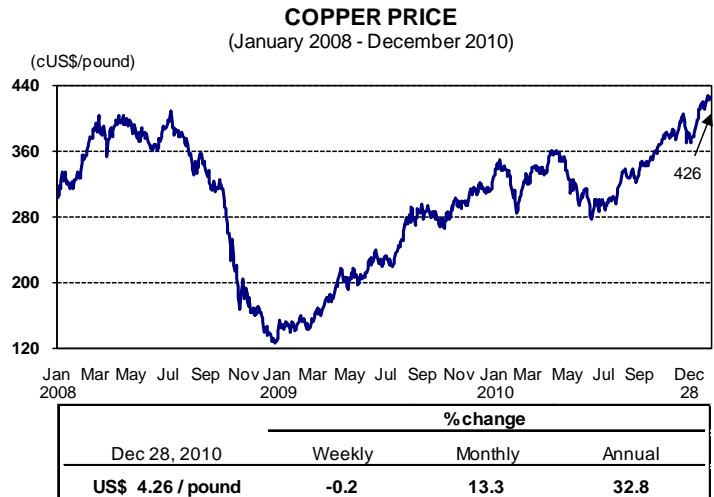
(January 2008 - December 2010)



	% change		
Dec 28, 2010	Weekly	Monthly	Annual
US\$ 1,405 / troy oz.	1.4	3.5	27.5

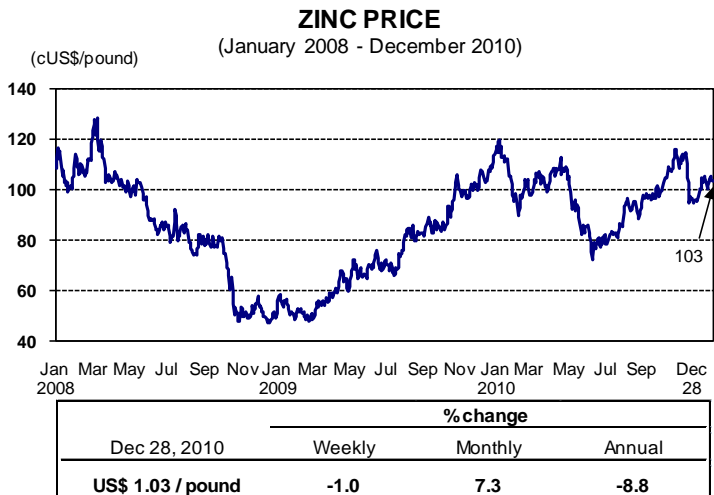
Between December 21 and 28, the price of **copper** decrease slightly 0.2 percent to US\$ 4.26 a pound.

The lower price of copper was associated primarily with profit taking by investors, but remained near record levels (US\$ 4.27 per pound) because there still are supply worries.



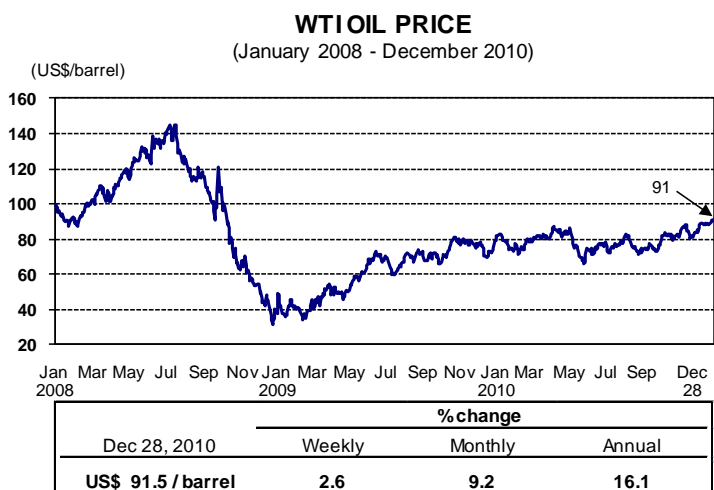
Between December 21 and 28, the price of **zinc** decreased 1.0 percent to US\$ 1.03 per pound.

The price of zinc revised downward after the report ILZSG (International Lead and Zinc Study Group) confirmed that the zinc market is in surplus (dating to October).



The price of **WTI oil** rose 2.6 percent to US\$ 91.5 per barrel between December 21 and 28.

Crude oil prices continued to post gains on expectations of acceleration in US growth, the intense cold in the Northern Hemisphere that increased fuel consumption and the drop in crude inventories in the US at the lowest levels of recent years.

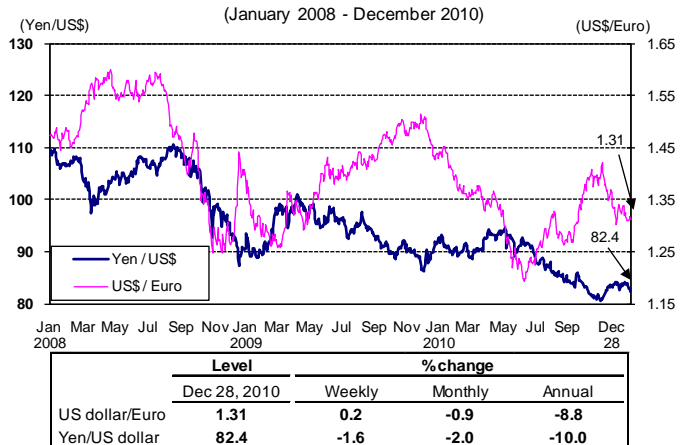


US dollar depreciated against euro and yen

Between December 21 and 28, the **dollar** depreciated 0.2 percent against the **euro** and 1.6 percent against the **yen**.

In both cases, the evolution of the US currency was driven by the lower risk aversion associated with optimism in financial markets following the approval of the extension of tax benefits in the US

EVOLUTION OF THE EURO AND THE YEN

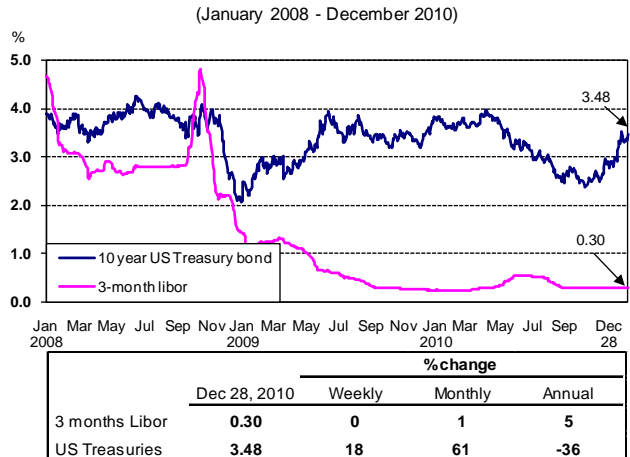


The yield on the 10-year US Treasury bonds rose to 3.48 percent

In the same period of analysis, the **3-month Libor** remained at 0.30 percent, while the yield on the **10-year US Treasury bonds** rose from 3.31 percent to 3.48 percent.

The US Treasury yield rose a result of the adoption of a two-year extension of tax benefits in the US that raises growth expectations.

3-MONTH LIBOR AND 10-YEARS US TREASURIES



Annual profitability of the Lima Stock Exchange reached 62.8 percent

So far this month (at December 28), the **General Index** and the **Selective Index** of the Lima Stock Exchange (LSE) have grown 10.6 and 9.2 percent, respectively.

During the week (December 21-28), the General Index and the Selective Index rose 2.7 percent and 2.0 percent, respectively, lead by the mining sector stock, and by the approval of the law that will facility the merge of the stock exchanges of Lima, Chile and Colombia.

LIMA STOCK EXCHANGE INDICATORS



Year-to-date, the General and the Selective Indices of the LSE have accumulated gains of 62.8 percent and 41.1 percent, respectively.

