



**Indicators**

- Corporate interest rate at 5.43 percent
- Interbank interest rate: 4.26 percent
- Exchange rate: S/. 2.744 per dollar
- Inflation in August: 0.79 percent
- Country risk at 159 bps.

**Content**

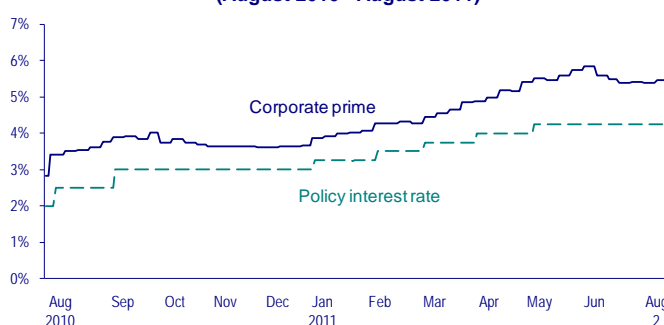
- Corporate interest rate in nuevos soles at 5.43 percent ix
- Average interbank interest rate at 4.26 percent ix
- International reserves amounted to US\$ 47.674 billion xii
- Inflation: 0.79 percent in July xii
- Country risk at 159 basis points xiv
- Lima Stock Exchange xvi

**Corporate interest rate in nuevos soles at 5.43 percent**

Between July 26 and August 2, 2011, the average **corporate interest rate** in domestic currency fell from 5.45 to 5.43 percent.

On the other hand, the average corporate interest rate in foreign currency rose from 2.29 to 2.33 percent.

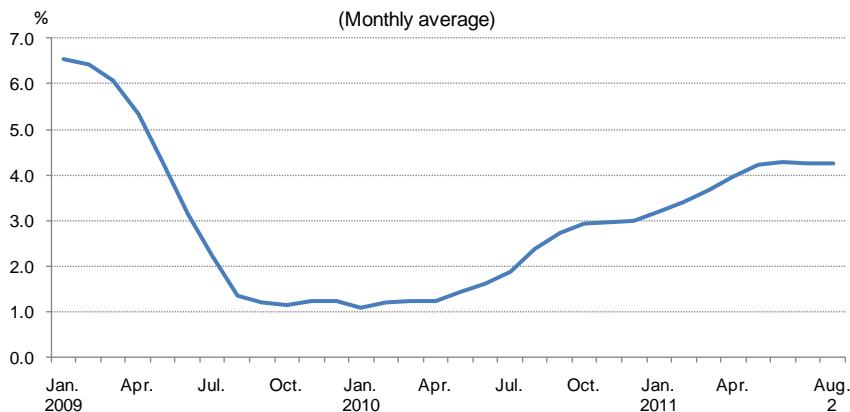
**INTEREST RATES IN DOMESTIC CURRENCY  
(August 2010 - August 2011)**



**Average interbank interest rate at 4.26 percent**

The average interbank interest rate in domestic currency at **August 2** recorded 4.26 percent.

**INTEREST RATE IN DOMESTIC CURRENCY  
(Monthly average)**



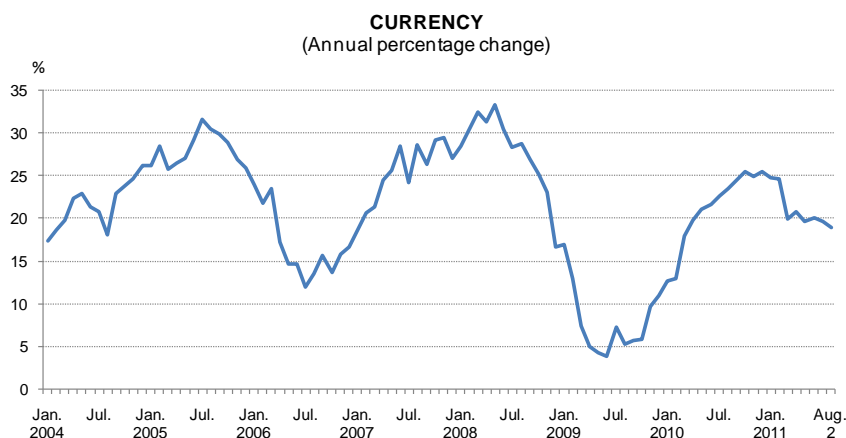
Average interbank rate		
	Average	S.D
January 2010	1.09%	0.16
February	1.21%	0.03
March	1.23%	0.02
April	1.22%	0.02
May	1.45%	0.12
June	1.62%	0.11
July	1.90%	0.12
August	2.38%	0.18
September	2.74%	0.23
October	2.94%	0.15
November	2.97%	0.05
December	2.98%	0.02
January 2011	3.21%	0.10
February	3.37%	0.13
March	3.68%	0.12
April	3.97%	0.10
May	4.23%	0.15
June	4.28%	0.05
July	4.26%	0.02
August 2	4.26%	0.01

**Monetary operations**

Between **July 27 and August 2**, the BCRP made the following monetary operations: i) Auctions of 189-day BCRP Certificates of Deposit for a daily average of S/. 50 million. The average rate on these operations, which reached a balance of S/. 3.75 billion, was 4.42 percent; ii) Auctions of 5-day term deposits in domestic currency for a total of S/. 5.14 billion. The average rate on these operations was 4.12 percent, and iii) overnight deposits in domestic currency for a total of S/ 253 million.

## Currency in circulation at August 2: US\$ 25.15 billion

Between July 26 and August 2, 2011, **currency in circulation** increased by S/. 562 million and amounted to S/. 25.15 billion. As a result of this, currency in circulation accumulates an increase of S/. 1.02 billion so far this year and registers a growth rate of 18.9 percent in the last 12 months.



### BCRP OPERATIONS

(Millions of nuevos soles)

	FLOWS				BALANCE		
	Jul-11	From 26/07 to 02/08	Cumulated		Dec 31, 2010	Jul 31, 2011	Aug 2, 2011
			Monthly*	Annual*			
<b>I. EXCHANGE OPERATIONS</b>	<b>2,910</b>	<b>1,426</b>	<b>0</b>	<b>-5,795</b>			
(Millions of US\$)	1,062	521	0	-2,072			
1. Over the counter operations	1,053	519	0	1,115			
2. Public Sector	0	0	0	-3,039			
3. Other exchange operations 1/	9	2	0	-149			
<b>II. MONETARY OPERATIONS</b>	<b>-1,544</b>	<b>3,726</b>	<b>5,848</b>	<b>10,264</b>	<b>-52,565</b>	<b>-48,148</b>	<b>-42,300</b>
1. Sterilization	-1,174	3,726	5,848	10,264	-52,565	-48,148	-42,300
a. BCRP instruments	-1,006	3,120	5,535	12,278	-24,463	-17,720	-12,185
BCRP Certificates of Deposit (CDBCRP)	-1,200	-680	-50	-3,720	-30	-3,700	-3,750
BCRP Certificates of Deposit Variable in soles (CDV BCRP)	500	0	0	-5,114	-3,196	-8,310	-8,310
Readjustable CDBCRP (CDR BCRP)	1,500	1,300	450	-125	0	-575	-125
BCRP Certificate of Deposits Payable in Dollars (CDLD BCRP)	0	0	0	450	-450	0	0
Term Deposits	-1,806	2,500	5,135	20,788	-20,788	-5,135	0
b. Public Sector Deposits in soles	87	73	98	-2,703	-26,726	-29,527	-29,429
c. Other monetary operations 2/	-255	533	215	689	-1,375	-901	-686
2. Injection (Repos)	-370	0	0	0	0	0	0
<b>III. RESERVE REQUIREMENTS IN DC</b>	<b>376</b>	<b>-4,658</b>	<b>-6,040</b>	<b>-4,745</b>	<b>-10,077</b>	<b>-8,783</b>	<b>-14,823</b>
<b>IV. OTHER 3/</b>	<b>92</b>	<b>67</b>	<b>76</b>	<b>1,292</b>			
<b>V. CURRENCY **</b>	<b>1,833</b>	<b>562</b>	<b>-115</b>	<b>1,016</b>	<b>24,131</b>	<b>25,261</b>	<b>25,146</b>
(Monthly percentage change)					11.0%	7.8%	-0.5%
(Accumulated percentage change)					25.4%	4.7%	4.2%
(YoY)					25.4%	19.6%	18.9%

\* As of August 2, 2011.

\*\* Preliminary data.

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

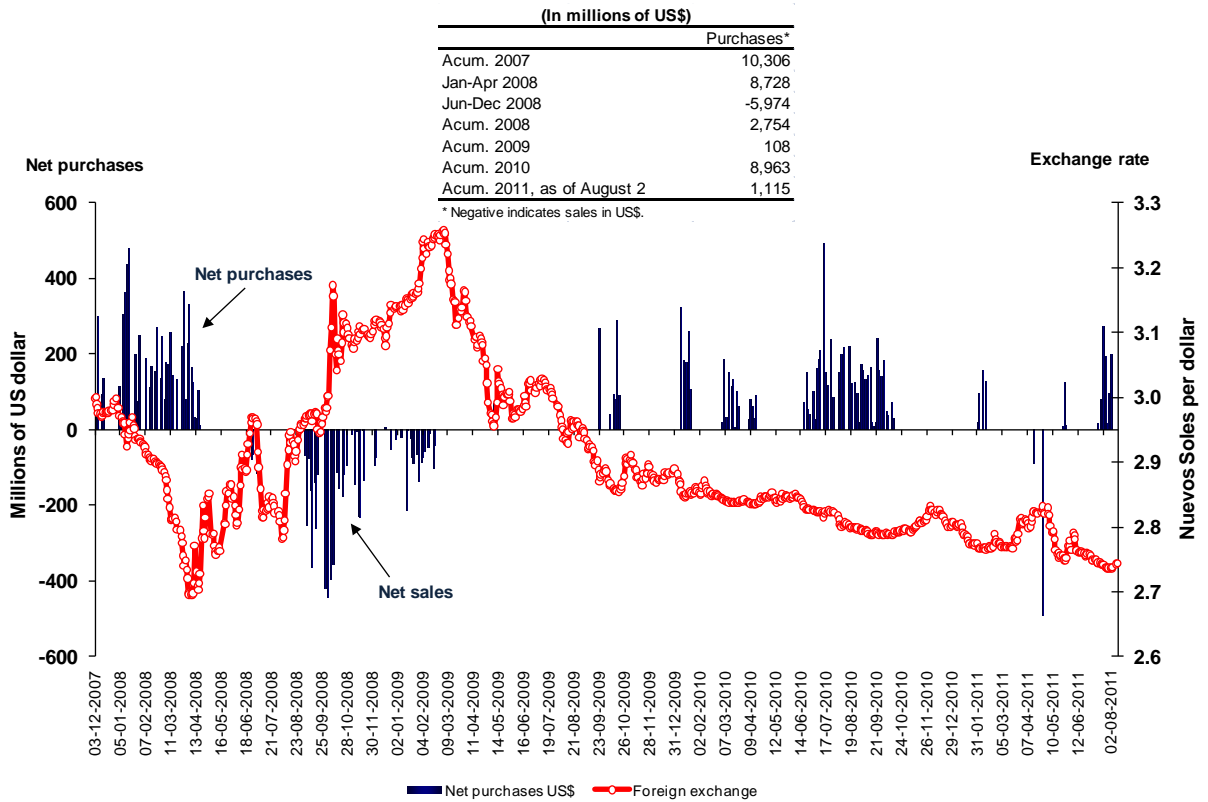
2/ Includes overnight deposits and Deposit Insurance Funds.

3/ Includes BCRP operative expenses, interest by deposits in the BCRP (overnight and terms) and net interest by CDBCRP placements.

**Exchange rate: S/. 2.744 per dollar**

Between July 26 and August 2, the average **interbank ask price of the dollar** rose from S/. 2.737 to S/. 2.744 per dollar, which represented a depreciation of the nuevo sol of 0.26 percent. The Central Bank did not intervene in the foreign exchange market in this period.

**EXCHANGE RATE AND NET DOLLAR PURCHASE**



Between July 26 and August 2, banks' balance of **net forward purchases in foreign currency** increased by US\$ 74 million. In July the balance of net forward purchases accumulated an increase of US\$ 155 million.

**BALANCE OF NET FORWARD PURCHASES OF FOREIGN CURRENCY**  
(January 2009 - August 2011)

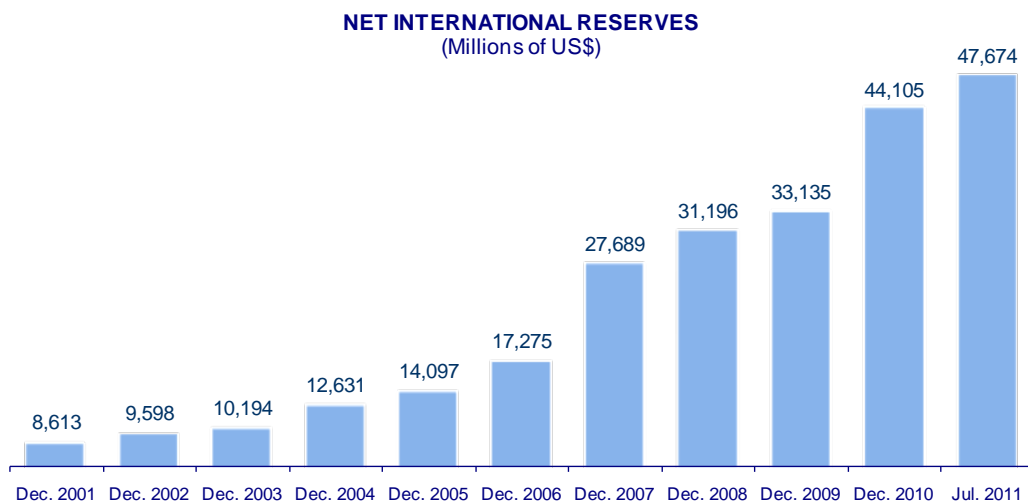


## International reserves amounted to US\$ 47.67 billion

**Net international reserves** (NIRs) at July 27 amounted to US\$ 47.67 million. This level of reserves is US\$ 581 million higher than the one recorded at the close of June.

The increase of NIRs recorded so far this month is mainly explained by purchases of foreign currency by the Central Bank (US\$ 1.05 billion) and the higher valuation of investments (US\$ 117 million). This was partially offset by the decline of banks' and public sector deposits (US\$ 633 and US\$ 35 million, respectively).

The BCRP exchange rate position at July 27 was US\$ 31.46 billion, a sum US\$ 1.26 billion higher than the one recorded at the close of June.



## Inflation: 0.79 percent in July

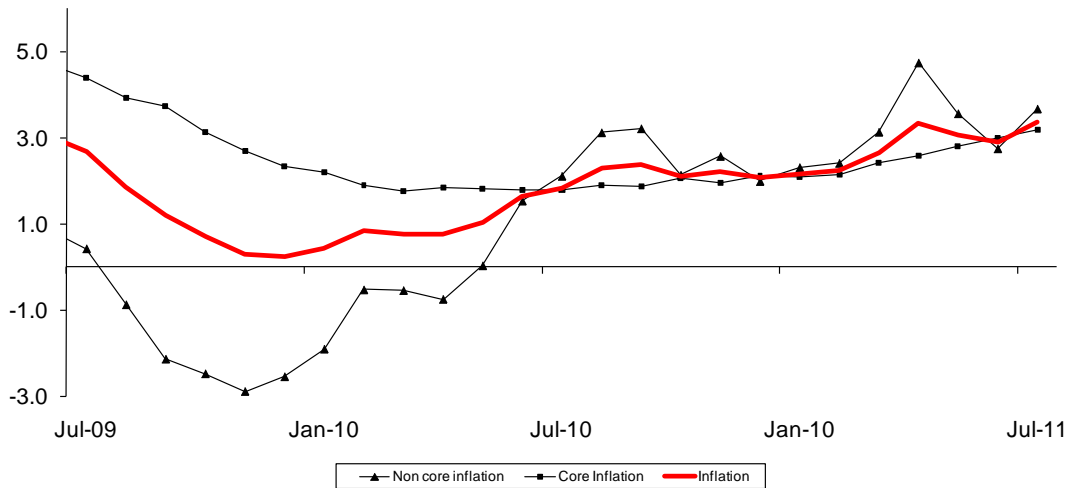
Inflation recorded a rate of 0.79 percent in July and thus accumulated a growth rate of 3.35 percent in the last twelve months.

**INFLATION**  
(Accumulated percentage change)

	Weight 2009=100	Monthly		12-month indicator		
		Jun. 2011	Jul. 2011	Jul. 2010	Jun. 2011	Jul. 2011
<b>CPI</b>	<b>100.0</b>	<b>0.10</b>	<b>0.79</b>	<b>1.82</b>	<b>2.91</b>	<b>3.35</b>
<b>Core index</b>	<b>65.2</b>	<b>0.32</b>	<b>0.25</b>	<b>1.79</b>	<b>2.99</b>	<b>3.18</b>
Goods	32.9	0.28	0.20	1.49	2.30	2.47
Services	32.2	0.36	0.31	2.07	3.70	3.89
<b>Non core index</b>	<b>34.8</b>	<b>-0.32</b>	<b>1.81</b>	<b>2.12</b>	<b>2.76</b>	<b>3.68</b>
Food	14.8	-1.43	3.36	3.37	3.12	5.39
Fuel	2.8	1.48	1.04	11.66	8.97	8.26
Transporting	8.9	0.15	0.63	0.98	1.99	1.93
Utilities	8.4	0.61	0.44	-3.42	0.62	0.66
<b>Note.-</b>						
Food and beverages	37.8	-0.24	1.62	2.77	3.80	4.97
CPI non food and beverages	62.2	0.31	0.28	1.34	2.36	2.35

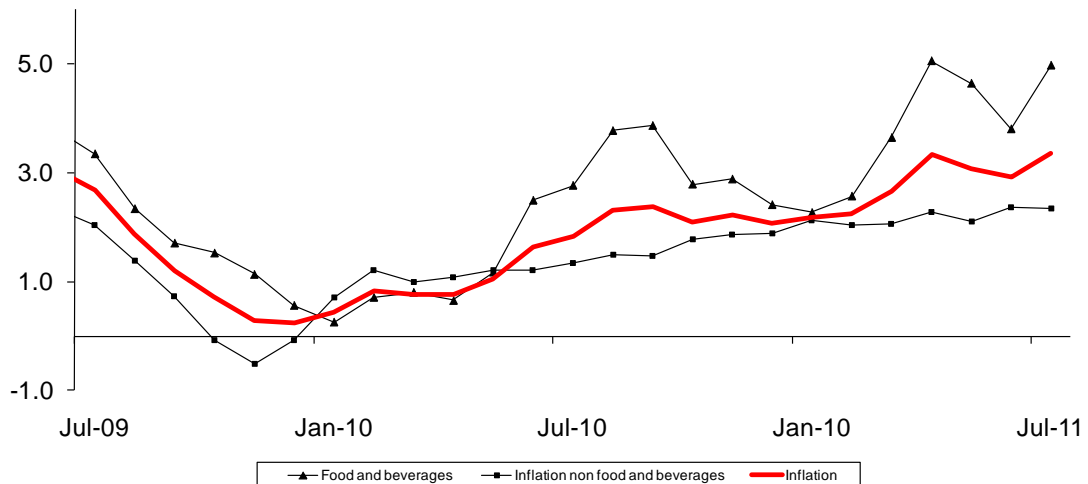
Core inflation showed a rate of 0.25 percent in July and a growth rate of 3.18 percent in the last twelve months, while non core inflation recorded a rate of 1.81 percent in the month and a growth rate of 3.68 percent in the last twelve months.

**INFLATION, CORE INFLATION AND NON-CORE INFLATION**  
(Last 12-month percentage change)



Food and beverage inflation registered a rate of 1.62 percent in the month and accumulated a growth rate of 4.97 percent in the last twelve months. On the other hand, inflation excluding food and beverages recorded a rate of 0.28 percent in July and 2.35 percent in the last twelve months.

**INFLATION, FOOD AND BEVERAGES AND INFLATION NON FOOD AND BEVERAGES**  
(Last 12-month percentage change)



Three items contributed with 0.55 percentage points to the rise of inflation in July: chicken meat (0.41 percentage points), meals outside the home (0.09 percentage points), and domestic transportation (0.05 percentage points). On the other hand, three items contributed with -0.08 percentage points to reduce inflation: onions (-0.05 percentage points), car purchases (-0.02 percentage points), and carrots (-0.01 percentage points).

## International Markets

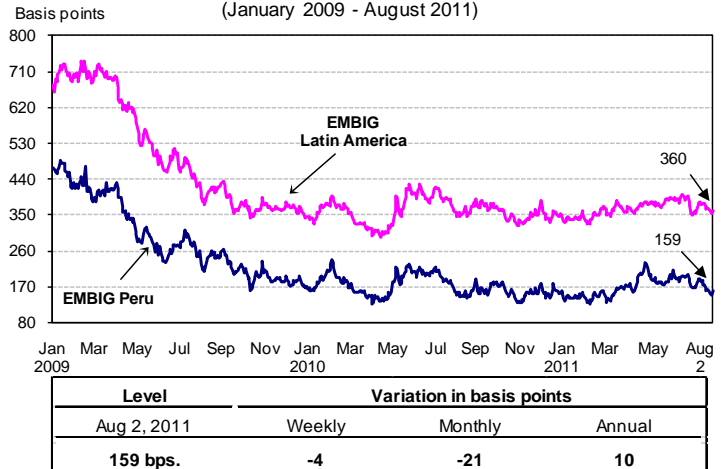
### Country risk at 159 basis points

On **August 2**, the **EMBIG Peru** registered 159 basis points.

In **July**, the average country risk, measured by the **EMBIG Peru** spread, fell from 192 basis points in May to 171 basis points due to favorable domestic expectations.

Likewise, the region's debt spread fell 20 basis points due to the favorable or better-than-expected evolution of some indicators of activity and unemployment.

**COUNTRY RISK INDICATORS**  
(January 2009 - August 2011)



### Price of gold reached US\$ 1,639.8 per troy ounce

The price of **gold** reached a new historical record high of US\$ 1,639.8 per troy ounce on **August 2**.

In **July**, the price of **gold** rose 2.8 percent and showed an average level of US\$ 1,573.2/troy ounce.

This upward trend observed during the month of July was associated with the depreciation of the dollar against the euro and with an increased demand for gold as an investment asset given fears of a downgrade of USA's credit rating.

**GOLD PRICE**

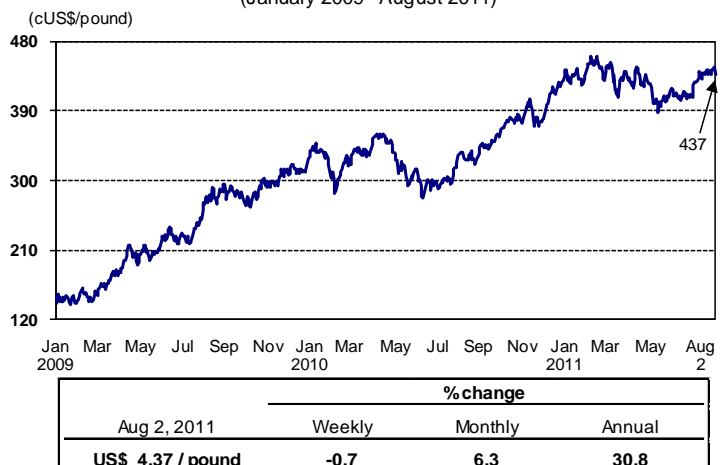


On **August 2** the price of **copper** recorded US\$ 4.37/pound.

The price of **copper** rose 6.3 percent in **July** and registered an average price of US\$ 4.36 per pound.

This rise in the price of copper stemmed from supply constraints associated with strikes in the main mine in Chile, as well as with the increase in non commercial positions of copper and expectations of a higher demand after positive indicators of activity were reported in China.

**COPPER PRICE**  
(January 2009 - August 2011)



The price of **zinc** posted US\$ 1.09 per pound on **August 2**.

In July, the price of **zinc** increased 7.2 percent, reaching an average monthly price of US\$ 1.08.

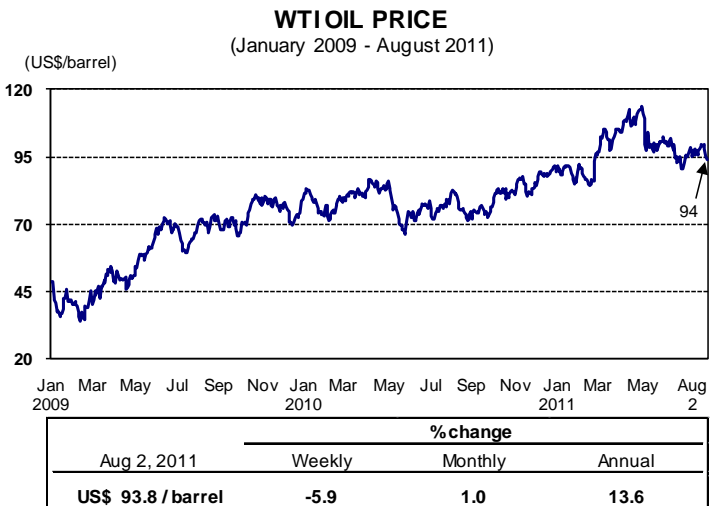
Factors accounting for this rise in the price of zinc included prospects of a recovery of demand following positive data of activity in China and the publication of an ILZSG report indicating that the global demand for zinc had increased 3.8 percent between January and July.



The price of **WTI oil** recorded US\$ 93.8/barrel on **August 2**.

In **July** the price of **WTI oil** rose 1.0 percent and showed an average price of US\$ 97.2.

This evolution in the price of crude is explained by the IEA's upward revision of demand forecasts for 2012, the increase observed in non commercial positions in crude, and the weakness of the dollar against other currencies. However, it is worth pointing out that this rise was offset by Saudi Arabia's unilateral decision of increasing its production quota.

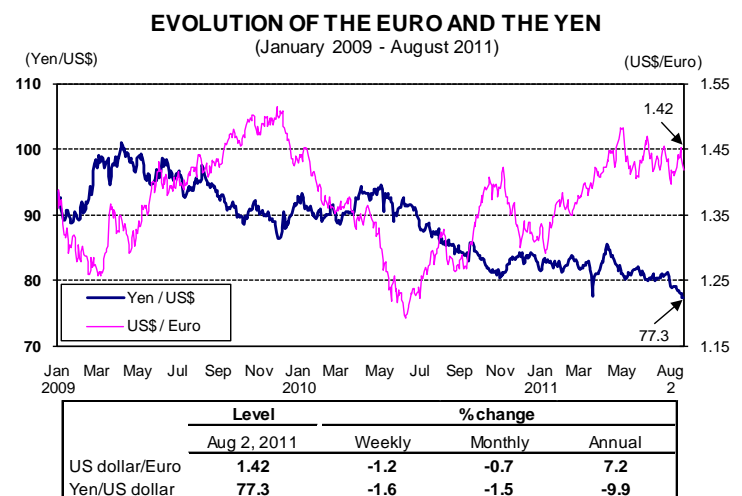


### US dollar depreciated on average against the euro in July

In **July** the **dollar** depreciated 0.7 percent on average against the **euro**.

This depreciation of the US currency reflected rating agencies' warnings about a likely downgrade of US credit rating if the ceiling of the government debt was not raised.

On the other hand, the dollar appreciated 1.5 percent against the **yen**.



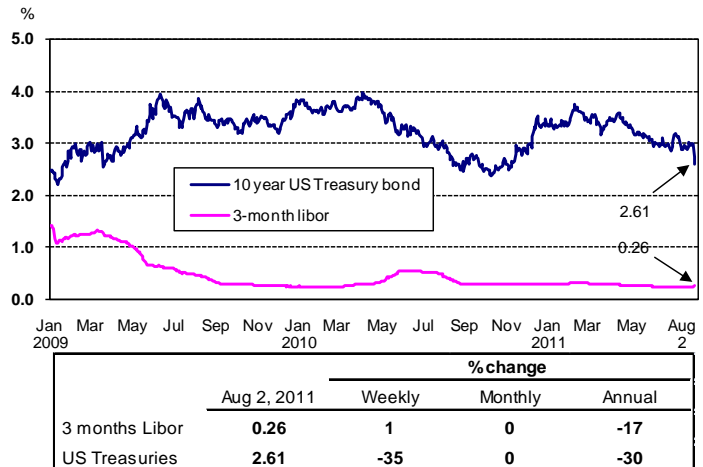
The exchange rate on **August 2** was 1.42 dollars per euro and 77.3 yens per dollar.

**Yield on US Treasuries remained at 2.99 percent on average in July**

In **July** the **3-month Libor** remained on average terms at 0.25 percent and the yield on 10-year US Treasury bonds remained at 2.99 percent, amid lack of agreement in Washington in terms of raising the national debt ceiling.

On **August 2**, the **3-month Libor** showed a rate of 0.26 percent and the yield on the Treasury bonds registered 2.61 percent.

**3-MONTH LIBOR AND 10-YEARS US TREASURIES**  
(January 2009 - August 2011)

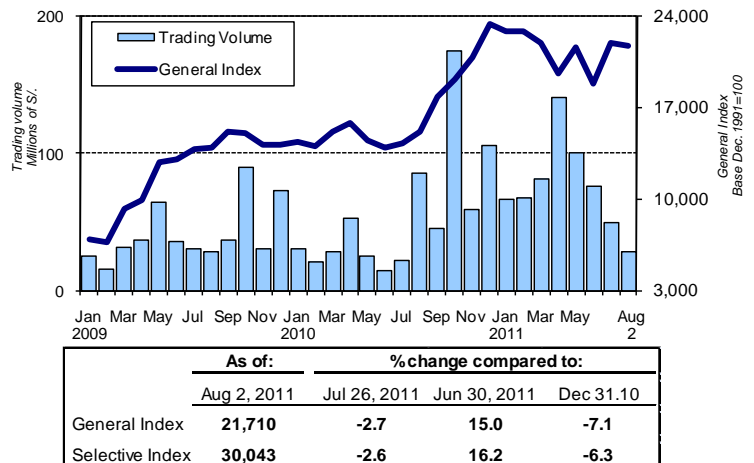


**Lima Stock Exchange**

In **July** the **General and Selective** indices of the Lima Stock Exchange (LSE) registered growth rates of 16.3 and 17.5 percent, respectively.

The results of the stock indices during the month were associated with the good performance of leading mining shares after the positive results they recorded in Q2, as well as with favorable domestic expectations.

**LIMA STOCK EXCHANGE INDICATORS**  
(January 2009 - August 2011)



Year-to-date (at August 2), the General and Selective Indices of the LSE accumulate declines of 7.1 and 6.3 percent, respectively.



