



**Indicators**

- Corporate interest rate in soles at 5.26 percent
- Interbank interest rate at 4.24 percent
- Exchange rate: S/. 2.692 per US dollar
- GDP grew 4.95 percent in November 2011
- Country risk at 235 bps.

**Content**

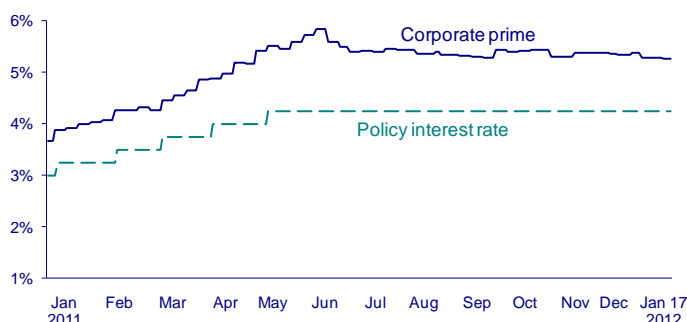
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**Corporate interest rate in nuevos soles at 5.26 percent**

Between January 10 and 17, 2012, the average **corporate interest rate** in domestic currency fell from 5.28 to 5.26 percent.

On the other hand, the average corporate interest rate in foreign currency fell from 2.68 to 2.66 percent in the same period.

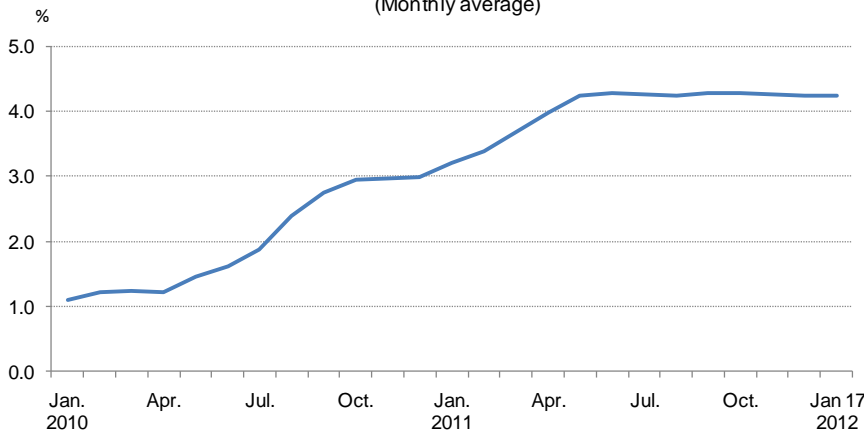
**INTEREST RATES IN DOMESTIC CURRENCY**  
(January 2011 - January 2012)



**Average interbank interest rate at 4.24 percent**

The average **interbank interest rate** in domestic currency at January 17 was 4.24 percent.

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



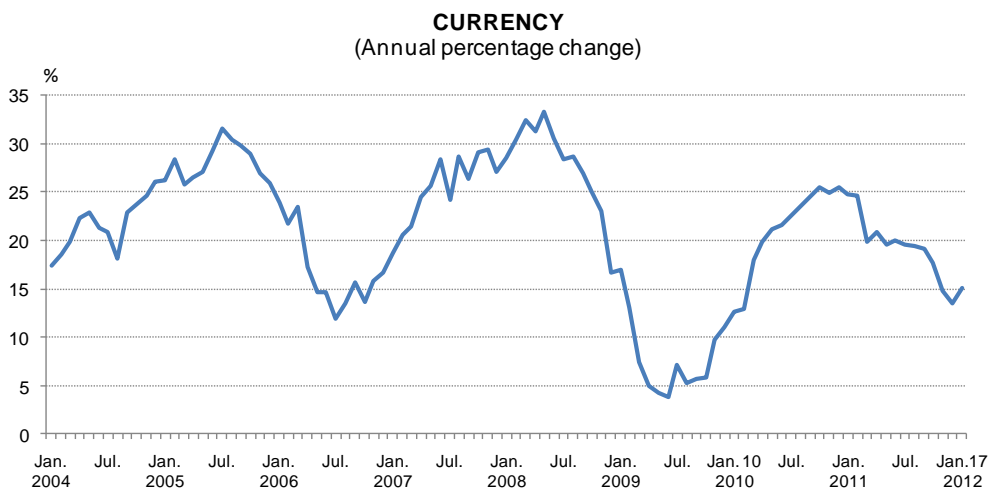
| <u>Average interbank rate</u> |                |            |
|-------------------------------|----------------|------------|
|                               | <u>Average</u> | <u>S.D</u> |
| July 2010                     | 1.90%          | 0.12       |
| August                        | 2.38%          | 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                        | 4.23%          | 0.03       |
| September                     | 4.27%          | 0.05       |
| October                       | 4.27%          | 0.03       |
| November                      | 4.26%          | 0.02       |
| December                      | 4.25%          | 0.03       |
| January 17, 2012              | 4.24%          | 0.02       |

**Monetary operations**

Between January 11 and 17, 2012, the Central Bank made the following **monetary operations**:  
 i) Auctions of 87-day to 364-day BCRP Certificates of Deposit for a daily average of S/. 380 million. The average rate on these operations, which reached a balance of S/. 14.59 billion, was 4.19 percent; ii) auctions of 1-day to 3-day term deposits in soles for a daily average of S/. 2.75 billion at an average rate of 4.12 percent, reaching a balance of S/. 3.75 billion; iii) purchases of foreign currency for a total of US\$ 246 million, and iv) overnight deposits in domestic currency for a daily average of US\$ 23 million.

## Currency in circulation: S/. 26.54 billion at January 17

Between January 10 and 17, 2012, **currency in circulation** declined by S/. 358 million and amounted to S/. 26.54 billion, thus accumulating a decline of S/. 857 million so far this month. Moreover, currency in circulation registered a growth rate of 15.1 percent in the last twelve months.



### BCRP OPERATIONS

(Millions of nuevos soles)

|  | BALANCE        |                |                | FLOWS         |                     |
|--|----------------|----------------|----------------|---------------|---------------------|
|  | Dec 31, 2010   | Dec 31, 2011   | Jan 17, 2012   | Jan-12 *      | From 01/10 to 01/17 |
| <b>I. NET INTERNATIONAL POSITION</b>                           | <b>91,106</b>  | <b>89,914</b>  | <b>91,164</b>  | <b>1,584</b>  | <b>1,539</b>        |
| (Millions of US\$)   | 32,422         | 33,302         | 33,890         | 588           | 572                 |
| 1. Exchange Operations   |                |                |                | 491           | 488                 |
| a. Over the counter operations                                 |                |                |                | 491           | 488                 |
| b. Public Sector   |                |                |                | 0             | 0                   |
| c. BCRP Certificate of Deposits Payable in Dollars (CDLD BCRP) |                |                |                | 0             | 0                   |
| d. Other exchange operations                                   |                |                |                | 0             | 0                   |
| 2. Rest  |                |                |                | 97            | 84                  |
| <b>II. NET DOMESTIC ASSET</b>                                  | <b>-66,975</b> | <b>-62,521</b> | <b>-64,628</b> | <b>-2,441</b> | <b>-1,897</b>       |
| 1. Monetary Sterilization                                      | -35,915        | -30,446        | -31,300        | -854          | 322                 |
| a. Certificates and Term deposits                              | -24,463        | -17,217        | -18,340        | -1,123        | -2,860              |
| BCRP Certificates of Deposit (CDBCRP)                          | -30            | -13,580        | -14,590        | -1,010        | 390                 |
| BCRP Certificates of Deposit Variable in soles (CDV BCRP)      | -3,196         | 0              | 0              | 0             | 0                   |
| Readjustable CDBCRP (CDR BCRP)                                 | 0              | 0              | 0              | 0             | 0                   |
| BCRP Certificate of Deposits Payable in Dollars (CDLD BCRP)    | -450           | 0              | 0              | 0             | 0                   |
| Term Deposits  | -20,788        | -3,637         | -3,750         | -113          | -3,250              |
| b. Reserve requirements in Domestic Currency                   | -10,077        | -12,574        | -12,286        | 288           | 3,345               |
| c. Other monetary operations                                   | -1,375         | -655           | -674           | -18           | -163                |
| 2. Fiscal Sterilization  | -26,726        | -31,940        | -33,417        | -1,477        | -2,057              |
| 3. Other   | -4,334         | -135           | 89             | -111          | -162                |
| <b>III. CURRENCY ** (I+II)</b>                                 | <b>24,131</b>  | <b>27,393</b>  | <b>26,536</b>  | <b>-857</b>   | <b>-358</b>         |
| (Monthly percentage change)                                    | 11.0%          | 9.7%           | -3.1%          |               |                     |
| (Accumulated percentage change)                                | 25.4%          | 13.5%          | -3.1%          |               |                     |
| (YoY)  | 25.4%          | 13.5%          | 15.1%          |               |                     |

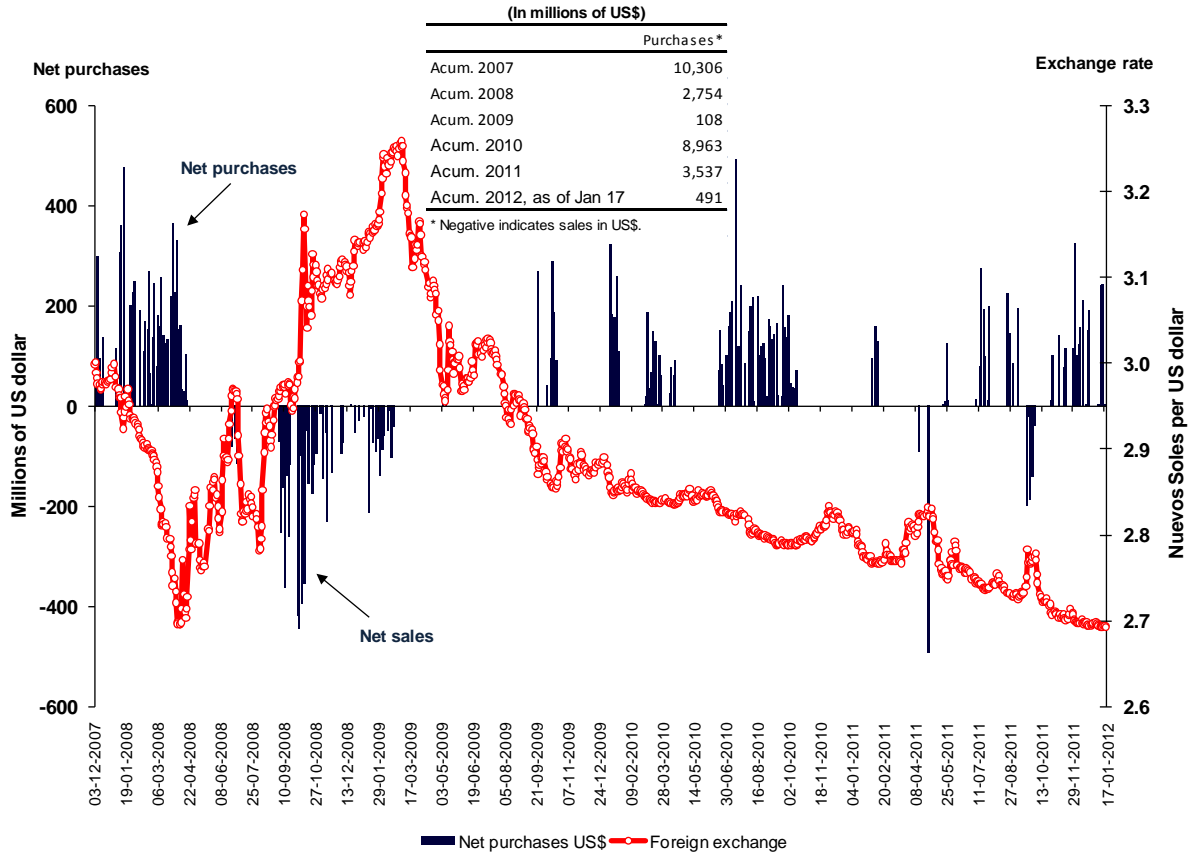
\* As of January 17, 2012.

\*\* Preliminary data.

**Exchange rate: S/. 2.692 per US dollar**

Between January 10 and 17, the average **selling price of the dollar** in the interbank market remained unchanged at S/. 2.692 per dollar. In this period, the Central Bank intervened in the foreign exchange market purchasing FC for a total of US\$ 488 million.

**EXCHANGE RATE AND NET DOLLAR PURCHASE**



Between January 10 and 17, banks' balance of **net forward purchases in foreign currency** declined by US\$ 164 million. So far in January, the balance of net forward purchases has accumulated a decline of US\$ 196 million.

**BALANCE OF NET FORWARD PURCHASES OF FOREIGN CURRENCY**

(January 2010 - January 2012)

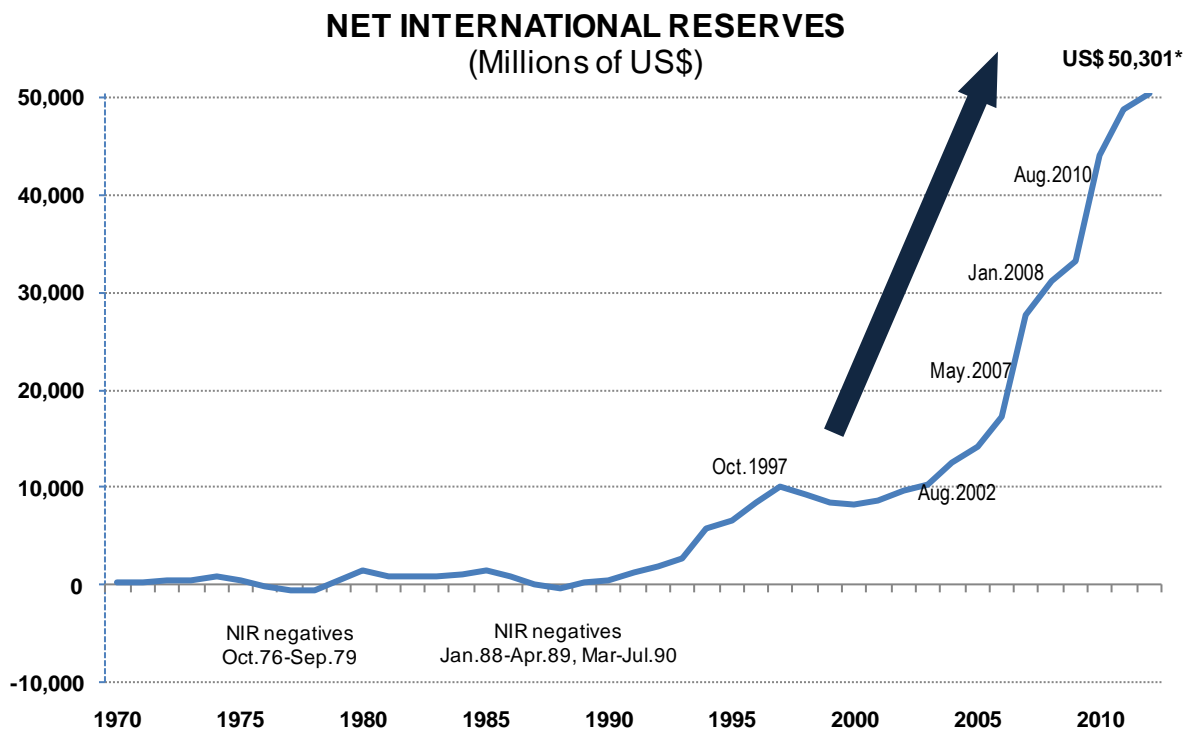


## International reserves reach a record high of US\$ 50.3 billion

**Net international reserves (NIRs)** at January 18 amounted to US\$ 50.3 billion. This level of reserves is higher by US\$ 1.49 billion than the one recorded at the close of December 2011.

This continuous improvement of the country's international liquidity position has reduced the vulnerability of the Peruvian economy vis-à-vis possible turbulence in international financial markets.

Thus, NIRs are equivalent to approximately 29 percent of GDP, 5.3 times short term external liabilities, 89 percent of total liquidity, and 16 months of imports.



\* January 18, 2012.

In contrast with what happened in the second half of the seventies and the late eighties when Peru's reserves showed negative levels, NIRs have increased considerably in recent years.

The Central Reserve Bank of Peru (BCRP) is the organization responsible for the management of NIRs. The technical management of NIRs is based first of all on the criteria of the safety and liquidity of the reserves. Only after these criteria have been met is greater profitability sought. NIRs consist of foreign currency deposits in first-class banks, high credit quality liquid bonds and securities, gold holdings, foreign currency used internationally as means of payments, and the IMF special drawing rights (SDR).

The increase in NIRs registered so far this month (US\$ 1.49 billion) resulted mainly from banks' higher deposits (US\$ 675 million) and from public sector's higher deposits (US\$ 141 million), as well as from net purchases of foreign currency (US\$ 491 million) and the higher valuation of investments (US\$ 175 million).

Moreover, the **foreign exchange position** of the BCRP at January 18 was US\$ 33.97 billion. This amount is US\$ 667 million higher than the one recorded at end December 2011.

## GDP grew 5 percent in November

As a result of increased activity mainly in the non primary sectors of commerce and services, GDP grew 5.0 percent in November and thus accumulated a growth rate of 7.0 percent at November 2011.

### GROSS DOMESTIC PRODUCT

(Real percentage change respect to the same period of previous year)

|                                   | Weight GDP<br>2010 1/ | 2011     |              |                    |              |
|-----------------------------------|-----------------------|----------|--------------|--------------------|--------------|
|                                   |                       | November |              | January - November |              |
|                                   |                       | % Chg.   | Contribution | % Chg.             | Contribution |
| <b>Agriculture and Livestock</b>  | 7.5                   | 2.7      | 0.2          | 3.7                | 0.3          |
| Agriculture                       | 4.5                   | 0.8      | 0.0          | 2.4                | 0.1          |
| Livestock                         | 2.3                   | 4.8      | 0.1          | 5.6                | 0.1          |
| <b>Fishing</b>                    | 0.3                   | 1.3      | 0.0          | 25.8               | 0.1          |
| <b>Mining and Fuel</b>            | 5.2                   | -1.0     | -0.1         | -0.6               | 0.0          |
| Metallic mining                   | 4.1                   | -1.7     | -0.1         | -4.3               | -0.2         |
| Hydrocarbons                      | 0.7                   | 1.9      | 0.0          | 19.7               | 0.1          |
| <b>Manufacture</b>                | 15.0                  | -0.7     | -0.1         | 5.6                | 0.8          |
| Based on raw materials            | 2.5                   | -1.2     | 0.0          | 10.1               | 0.3          |
| Non-primary industries            | 12.3                  | -0.7     | -0.1         | 4.8                | 0.6          |
| <b>Electricity and water</b>      | 2.0                   | 6.9      | 0.1          | 7.4                | 0.1          |
| <b>Construction</b>               | 6.7                   | 3.2      | 0.2          | 3.4                | 0.2          |
| <b>Commerce</b>                   | 15.0                  | 7.0      | 1.0          | 9.0                | 1.4          |
| <b>Other services</b>             | 48.3                  | 7.3      | 3.6          | 8.4                | 4.0          |
| Transportation and communications | 8.0                   | 9.3      | 0.7          | 11.1               | 0.9          |
| Financial and insurance           | 2.6                   | 9.4      | 0.2          | 10.4               | 0.3          |
| Given to companies                | 7.2                   | 7.7      | 0.5          | 8.8                | 0.6          |
| Restaurants and hotels            | 4.0                   | 10.2     | 0.4          | 9.6                | 0.4          |
| Government Services               | 5.6                   | 5.1      | 0.3          | 4.9                | 0.3          |
| Rest of other services            | 10.9                  | 5.9      | 0.6          | 7.1                | 0.7          |
| Indirect taxes                    | 10.0                  | 5.7      | 0.6          | 7.4                | 0.7          |
| <b>GDP Global</b>                 | 100.0                 | 5.0      | 5.0          | 7.0                | 7.0          |
| <b>Primary</b>                    | 15.6                  | 0.6      | 0.1          | 3.8                | 0.6          |
| <b>Non-primary</b>                | 84.4                  | 5.7      | 4.9          | 7.5                | 6.4          |

1/ At 1994 prices.

In November, the **agriculture sector** recorded a growth rate of 2.7 percent and thus accumulated an expansion of 3.7 percent in the January-November period. The monthly result reflects the higher production of the livestock sub-sector, which grew 4.8 percent due to the higher production of poultry, while the agriculture sub-sector grew 0.8 percent in this period. It is worth pointing out that the latter sub-sector registered a higher production of export-oriented and agro-industry crops (6.7 percent), with greater harvests of yellow hard maize and asparagus, although this was offset by a lower production of crops for the domestic market (-1.5 percent), especially potato, plantain, banana, onion, tomato, and corn.

The **fishing sector** grew 1.3 percent due to the greater catch of anchovy for industrial uses, although this growth was offset by lower catch volumes of both giant squid for frozen products and other species destined to human consumption. Year-to-date, the sector accumulates a growth rate of 25.8 percent.

The **sector of mining and hydrocarbons** contracted 1.0 percent due to the lower extraction of metallic mining (-1.7 percent) resulting mainly from the drop registered in the production of zinc and gold, even though this result was in part offset by a higher production of copper. On the other hand, the production of hydrocarbons grew 1.9 percent due to the higher production of natural gas (9.9 percent). With these results, at November the sector accumulates a contraction of 0.6 percent.

**Activity in the non manufacturing industries** showed a decline of 0.7 percent. This result was associated mainly with a drop in other countries' orders for textile products and with lower activity in the paper and printing industry, which offset the growth recorded in other manufacturing branches such as metal products, machinery and equipment, non-metallic minerals, chemical products, and food and beverages.

The **construction sector** continued showing a positive evolution that contrasts with the negative results observed in mid-2011 and registered a similar growth rate to the one recorded in the previous months (3.2 percent). In the January-November period, construction grew 3.4 percent.

### Indicators – December 2011

Preliminary data available to date of indicators on the sectors of fishing, mining and hydrocarbons, construction, electricity and water, include the following:

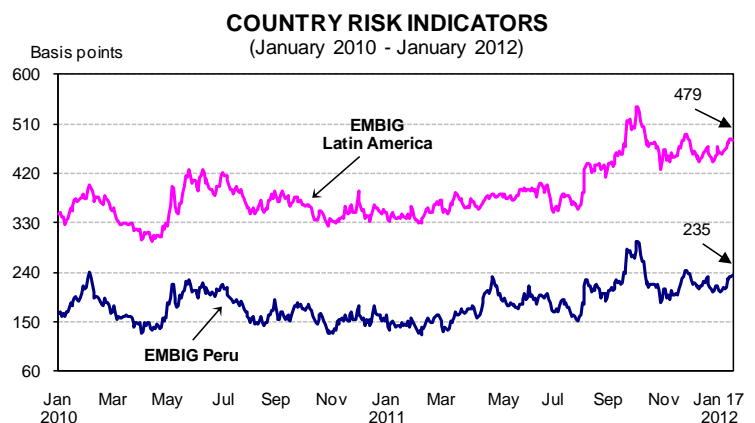
- According to IMARPE, 1,571 thousand tons of anchovy were caught in December. As a result of this, the volume of anchovy catch accumulated in 2011 is 6.8 million tons, higher than the annual catch recorded in December 2010 (3.3 million tons).
- The production of hydrocarbons grew 3.1 percent, according to Perupetro.
- According to ASOCEM, local dispatches of cement increased from 713.7 to 785.9 thousand tons between December 2010 and December 2011.
- The production of electricity grew 8.1 percent in December according to the Comité de Operación Económica del Sistema Interconectado Nacional (COES).

## International Markets

### Country risk at 235 basis points

Between January 10 and 17, the country risk indicator, measured by the **EMBIG Peru** spread, rose from 211 to 235 basis points.

The spread of the Latin American debt also rose 14 basis points during the week, in line with renewed fears about the Eurozone's debt crisis.

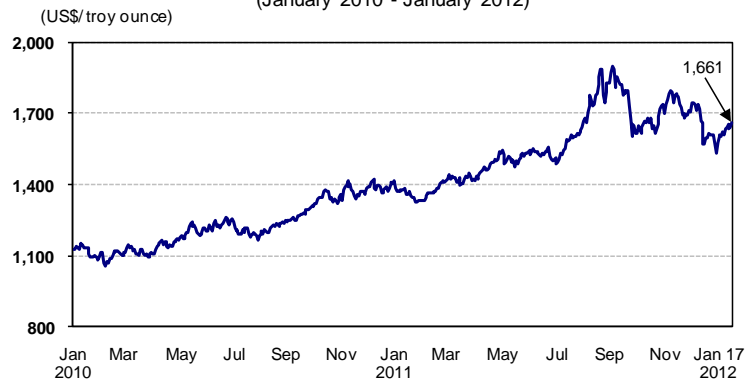


**Price of gold rose to US\$ 1,660.8 per troy ounce**

In the same period, the price of **gold** increased 1.4 percent to US\$ 1,660.8 per troy ounce.

The price of gold rose during the week driven by increased technical purchases of this metal and by renewed fears about the situation in Europe, the latter of which maintains uncertainty about global economic recovery.

**GOLD PRICE**  
(January 2010 - January 2012)



| Jan 17, 2012                 | %change    |            |             |
|------------------------------|------------|------------|-------------|
|                              | Weekly     | Monthly    | Annual      |
| <b>US\$ 1,661 / troy oz.</b> | <b>1.4</b> | <b>4.2</b> | <b>22.1</b> |

Between January 10 and 17, the price of **copper** rose 7.1 percent to US\$ 3.71 a pound.

The price of **copper** continued showing an upward trend during the week, favored by expectations that China will ease its monetary policy in the short term and will implement measures to stimulate growth. The lower level of copper inventories in the major global stock exchange markets contributed also to this price rise.

**COPPER PRICE**  
(January 2010 - January 2012)



| Jan 17, 2012             | %change    |             |              |
|--------------------------|------------|-------------|--------------|
|                          | Weekly     | Monthly     | Annual       |
| <b>US\$ 3.71 / pound</b> | <b>7.1</b> | <b>11.5</b> | <b>-15.5</b> |

In the same period, the price of **zinc** climbed 4.6 percent to US\$ 0.91/pound.

The price of zinc rose as a result of expectations of an increased demand given the possibility of a monetary easing in China, as well as the publication of a report of the International Lead and Zinc Study Group (ILZSG) which said that the global demand for zinc grew 0.7 percent, mainly due to increased demand in China and Europe.

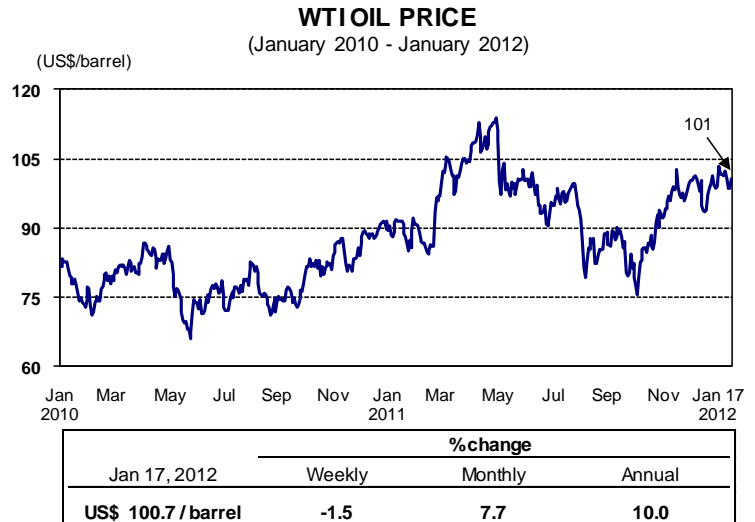
**ZINC PRICE**  
(January 2010 - January 2012)



| Jan 17, 2012             | %change    |            |              |
|--------------------------|------------|------------|--------------|
|                          | Weekly     | Monthly    | Annual       |
| <b>US\$ 0.91 / pound</b> | <b>4.6</b> | <b>6.7</b> | <b>-18.3</b> |

The price of **WTI oil** registered a drop of 1.5 percent, falling to US\$ 100.7 per barrel between January 10 and 17.

The price of crude dropped due to expectations that the European Union will postpone the embargo on Iran oil for six months, as well as due to an increased supply of crude associated with Libya's return to the oil market after it was reported that this country is producing a million barrels per day.

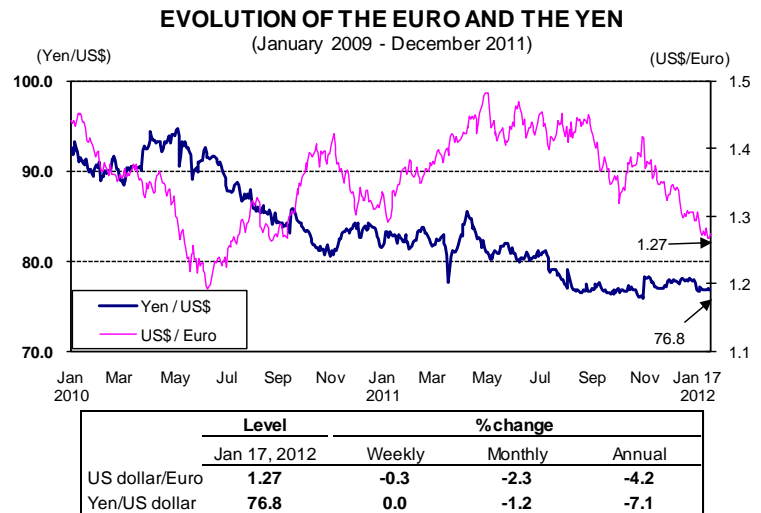


**Dollar appreciated against the euro**

Between January 10 and 17, the **dollar** appreciated 0.3 percent against the **euro**.

During the week of analysis, the dollar continued with its appreciatory trend against the euro, although showing a lower pace than in previous weeks since uncertainty remains in European financial markets.

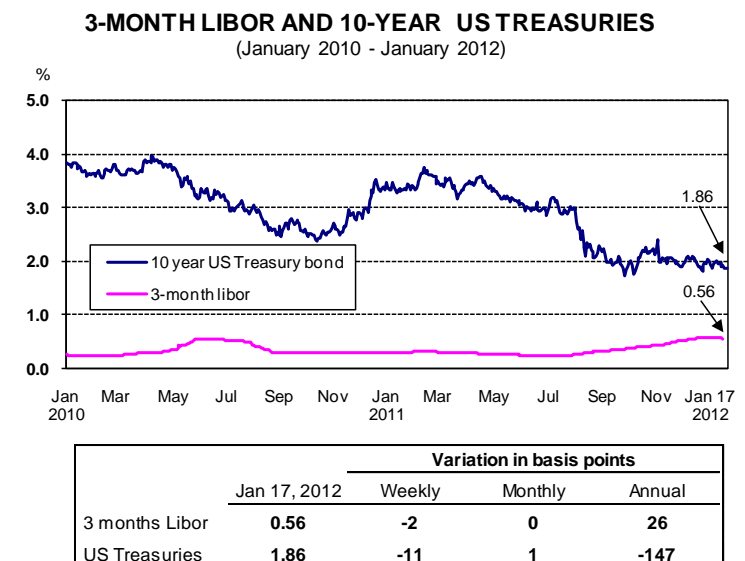
On the other hand, the dollar showed nearly no variation against the **yen**.



**Yield on 10-year US Treasuries declined to 1.86 percent**

Between January 10 and 17, the **3-month Libor** declined 2 basis points to 0.56 percent, while the yield on the 10-year **US Treasury bonds** fell from 1.97 percent to 1.86 percent.

The decline in the yield of the US Treasury bonds was influenced by the increased demand for risk-free assets generated by continued fears about the Eurozone crisis.





## Lima Stock Exchange

In the week of January 10-17, the **General** Index and the **Selective** Index of the Lima Stock Exchange (LSE) rose 2.2 and 1.4 percent, respectively.

The performance of the LSE indices continued to be influenced by the evolution of the region's international financial markets and the rise in the prices of both basic and precious metals.

So far this year (at January 17), the indices of the LSE have accumulated increases of 6.4 and 5.2 percent, respectively.

**LIMA STOCK EXCHANGE INDICATORS**  
(January 2010 - January 2012)

