



**Indicators**

- Corporate interest rate in soles at 5.32 percent
- Interbank interest rate at 4.23 percent
- Exchange rate: S/. 2.690 per dollar
- Inflation rate: -0.10 percent in January 2012
- Average country risk at 219 bps in January 2012

**Content**

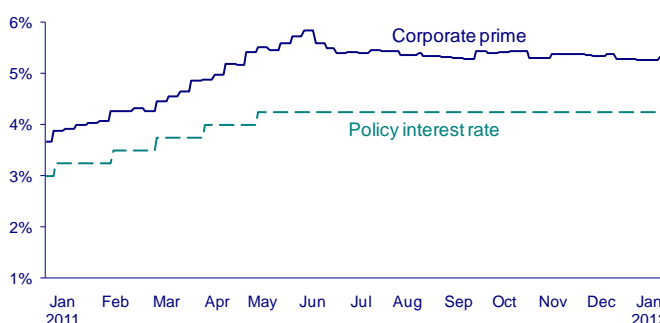
- Corporate interest rate in nuevos soles at 5.32 percent ix
- Average interbank interest rate at 4.23 percent ix
- Currency in circulation: S/. 26.69 billion at January 31 x
- International reserves amount to US\$ 50.83 billion xii
- Liquidity and credit to the private sector at January 15 xii
- Inflation rate of -0.10 percent in Metropolitan Lima in January xiii
- BCRP Survey on Macroeconomic Expectations: January 2012 xiv
- Average country risk at 219 basis points in January xvi
- Annual profitability in the Lima Stock Exchange reaches 12.7 percent xviii

**Corporate interest rate in nuevos soles at 5.32 percent**

Between January 24 and 31, 2012, the average **corporate interest rate** in domestic currency rose from 5.26 percent to 5.32 percent.

On the other hand, the average corporate interest rate in foreign currency declined from 2.66 to 2.59 percent.

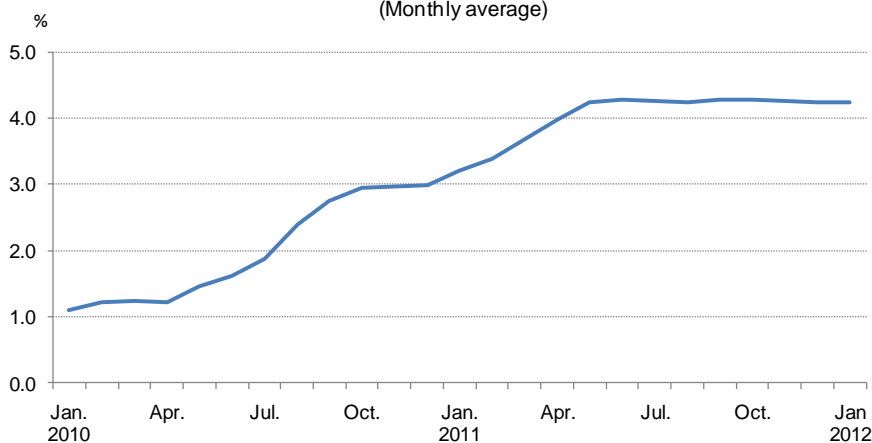
**INTEREST RATES IN DOMESTIC CURRENCY**  
(January 2011 - January 2012)



**Average interbank interest rate at 4.23 percent**

The average **interbank interest rate** in domestic currency at January 31 was 4.23 percent.

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



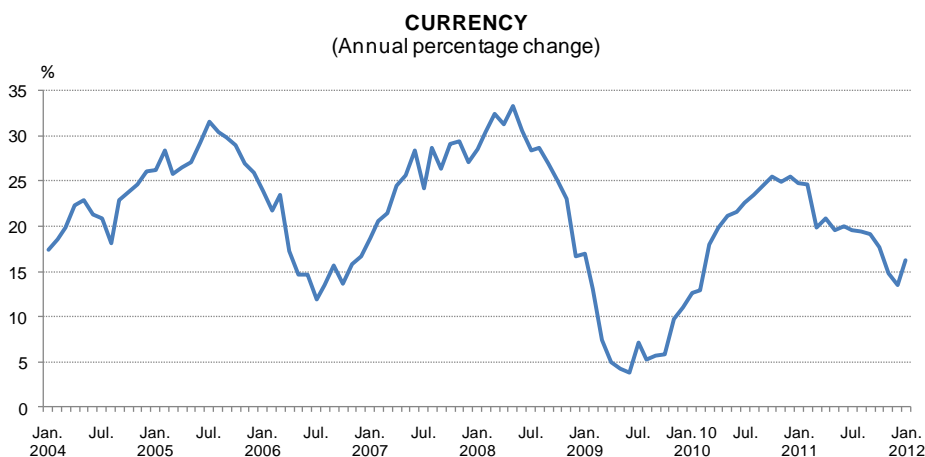
<u>Average interbank rate</u>		
	<u>Average</u>	<u>S.D.</u>
July 2010	1.90%	0.12
August	2.38%	0.18
September	2.74%	0.23
October	2.94%	0.15
November	2.97%	0.05
December	2.98%	0.02
January 2011	3.21%	0.10
February	3.37%	0.13
March	3.68%	0.12
April	3.97%	0.10
May	4.23%	0.15
June	4.28%	0.05
July	4.26%	0.02
August	4.23%	0.03
September	4.27%	0.05
October	4.27%	0.03
November	4.26%	0.02
December	4.24%	0.03
January 2012	4.23%	0.02

**Monetary operations**

Between January 25 and 31, 2012, the Central Bank made the following **monetary operations**:  
 i) Auctions of 78-day to 350-day BCRP Certificates of Deposit for a daily average of S/. 100 million. The average rate on these operations, which reached a balance of S/. 16.09 billion, was 4.20 percent; ii) auctions of 1-day to 3-day term deposits in soles for a daily average of S/. 4.07 billion at an average rate of 4.22 percent, reaching a balance of S/. 5.0 billion; iii) purchases of foreign currency for a total of US\$ 396 million, and iv) overnight deposits in domestic currency for a daily average of S/. 74 million.

## Currency in circulation: S/. 26.69 billion at January 31

Between January 24 and 31, 2012, **currency in circulation** increased by S/. 168 million and amounted to S/. 26.69 billion, thus accumulating a decline of S/. 700 million in January. Moreover, currency in circulation registers a growth rate of 16.2 percent in the last twelve months.



### BCRP OPERATIONS

(Millions of nuevos soles)

	BALANCE			FLOWS	
	Dec 31, 2010	Dec 31, 2011	Jan 31, 2012	Jan-12 *	From 01/24 to 01/31
<b>I. NET INTERNATIONAL POSITION</b>	<b>91,106</b>	<b>89,914</b>	<b>94,393</b>	<b>4,816</b>	<b>1,608</b>
(Millions of US\$)	32,422	33,302	35,090	1,789	598
<b>1. Exchange Operations</b>				<b>1,297</b>	<b>396</b>
a. Over the counter operations				1,297	396
b. Public Sector				0	0
c. BCRP Certificate of Deposits Payable in Dollars (CDLD BCRP)				0	0
d. Other exchange operations				1	0
<b>2. Rest</b>				<b>492</b>	<b>201</b>
<b>II. NET DOMESTIC ASSET</b>	<b>-66,975</b>	<b>-62,521</b>	<b>-67,700</b>	<b>-5,515</b>	<b>-1,440</b>
<b>1. Monetary Sterilization</b>	<b>-35,915</b>	<b>-30,446</b>	<b>-33,234</b>	<b>-2,789</b>	<b>-2,226</b>
a. Certificates and Term deposits	-24,463	-17,217	-21,093	-3,875	-2,194
BCRP Certificates of Deposit (CDBCRP)	-30	-13,580	-16,090	-2,510	-500
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	-5,002	-1,365	-1,694
b. Reserve requirements in Domestic Currency	-10,077	-12,574	-11,274	1,299	175
c. Other monetary operations	-1,375	-655	-867	-212	-207
<b>2. Fiscal Sterilization</b>	<b>-26,726</b>	<b>-31,940</b>	<b>-33,606</b>	<b>-1,666</b>	<b>1,260</b>
<b>3. Other</b>	<b>-4,334</b>	<b>-135</b>	<b>-859</b>	<b>-1,061</b>	<b>-475</b>
<b>III. CURRENCY ** (I+II)</b>	<b>24,131</b>	<b>27,393</b>	<b>26,694</b>	<b>-700</b>	<b>168</b>
(Monthly percentage change)	11.0%	9.7%	-2.6%		
(Acumulated percentage change)	25.4%	13.5%	-2.6%		
(YoY)	25.4%	13.5%	16.2%		

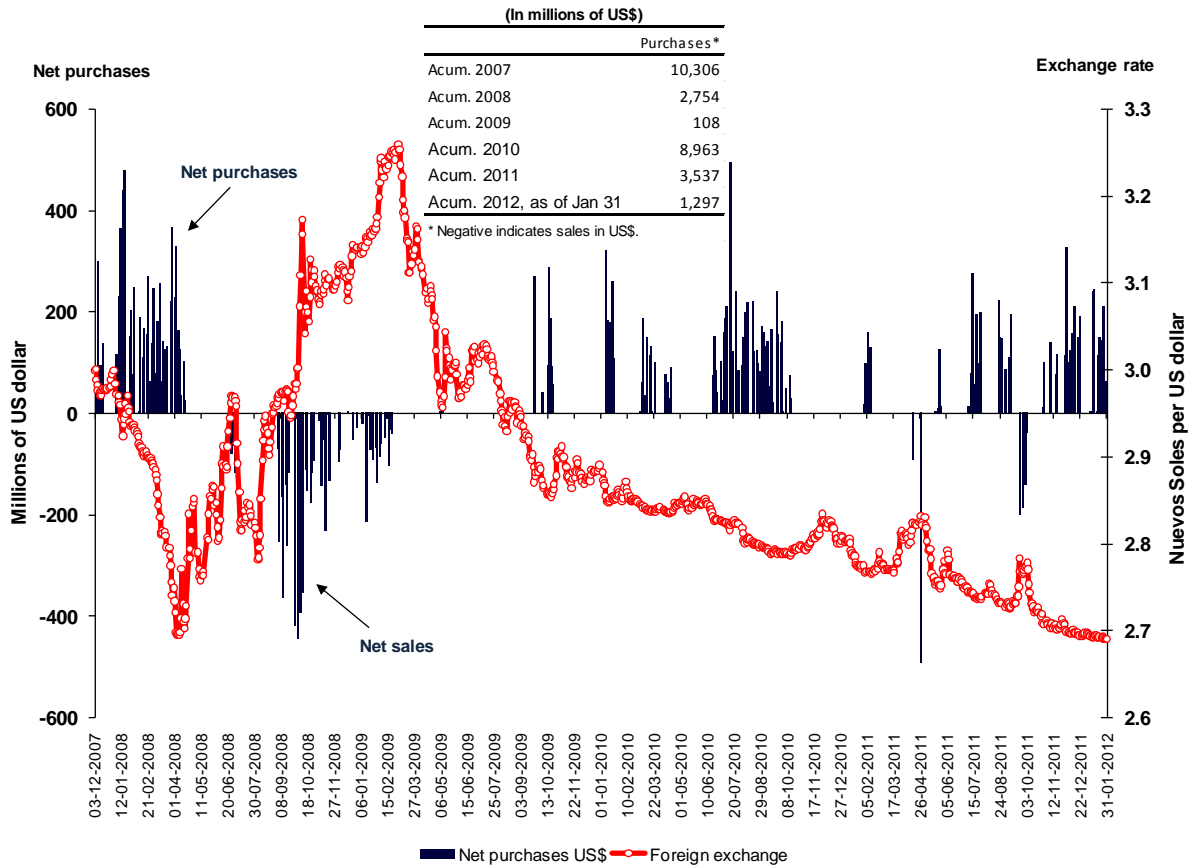
\* As of January 31, 2012.

\*\* Preliminary data.

**Exchange rate: S/. 2.690 per US dollar**

Between January 24 and 31, the average **selling price of the dollar** in the interbank market fell from S/. 2.692 to S/. 2.690 per dollar, which represented an appreciation of the nuevo sol of 0.08 percent. In this period, the Central Bank intervened in the foreign exchange market purchasing foreign currency for a total of US\$ 396 million.

**EXCHANGE RATE AND NET DOLLAR PURCHASE**



Between January 24 and 31, banks' balance of **net forward purchases of foreign currency** increased by US\$ 288 million. In January, this balance has accumulated an increase of US\$ 30 million.

**BALANCE OF NET FORWARD PURCHASES OF FOREIGN CURRENCY**  
(January 2010 - January 2012)

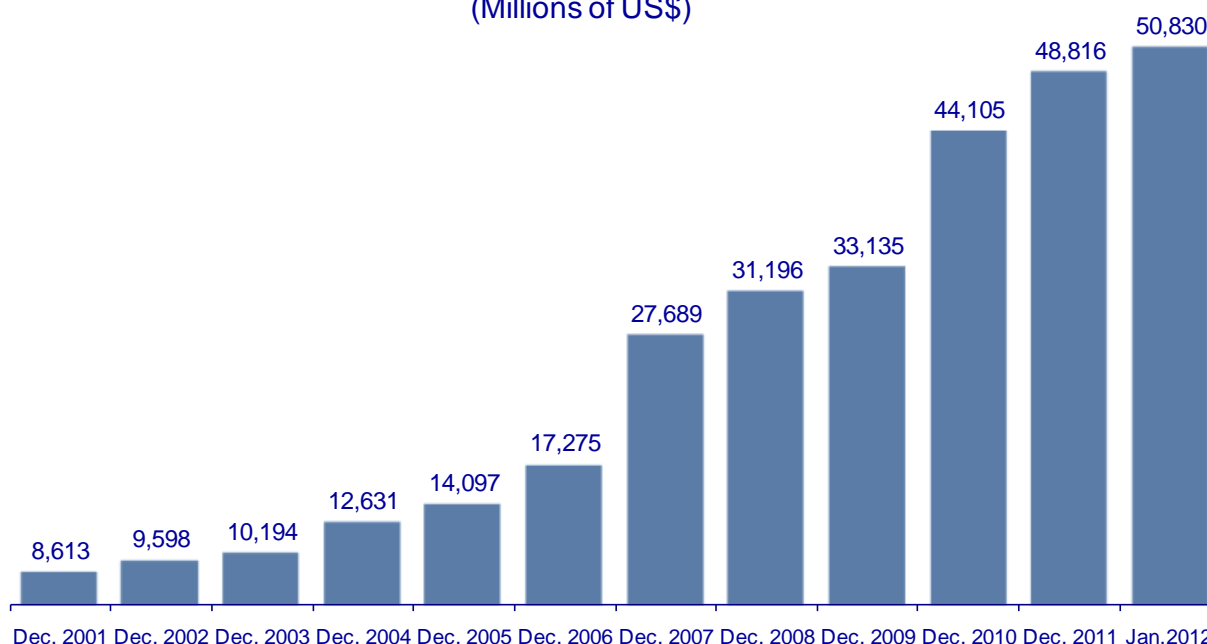


## International reserves amount to US\$ 50.83 billion

**Net international reserves (NIRs)** at January 31 amounted to US\$ 50.83 billion. This level of reserves is higher by US\$ 2.01 billion than the one recorded at the close of December 2011.

The increase in NIRs in January resulted mainly from net purchases of foreign currency by the Central Bank (US\$ 1.30 billion), from the higher valuation of investments (US\$ 465 million), and from banks' higher deposits (US\$ 162 million) and public sector's higher deposits (US\$ 61 million); and investment profits (US\$ 44 million).

**NET INTERNATIONAL RESERVES**  
(Millions of US\$)



The **foreign exchange position** of the BCRP at January 31 was US\$ 35.09 billion. This amount is US\$ 1.79 billion higher than the one recorded at end December 2011.

## Liquidity and credit to the private sector at January 15

In the last four weeks, **total liquidity in the private sector** grew 2.0 percent (S/. 3.08 billion) and thus accumulated an annual growth of 17.5 percent. Liquidity in soles grew 1.9 percent (S/. 1.80 billion), while liquidity in dollars grew 2.2 percent (US\$ 475 million).

On the other hand, **total credit to the private sector** grew 1.3 percent (S/. 1.93 billion) in the same period. By currencies, credit to the private sector in nuevos soles grew 0.6 percent (S/. 512 million), while credit in dollars grew 2.1 percent (US\$ 524 million). With this, credit recorded an annual growth rate of 19.1 percent.

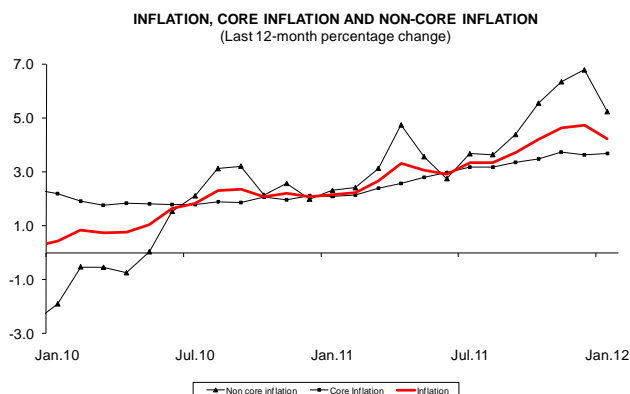
## Inflation rate of -0.10 percent in Metropolitan Lima in January

Inflation in Metropolitan Lima recorded a rate of -0.10 percent in January and accumulated a rate of 4.23 percent in the last twelve months.

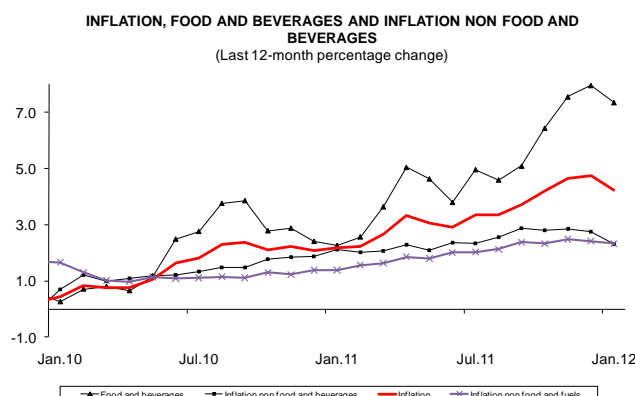
**INFLATION**  
(Accumulated percentage change)

	Weight 2009=100	Monthly		12-month indicator		
		Dec. 2011	Jan. 2012	Jan. 2011	Dec. 2011	Jan. 2012
<b>CPI</b>	<b>100.0</b>	<b>0.27</b>	<b>-0.10</b>	<b>2.17</b>	<b>4.74</b>	<b>4.23</b>
<b>Core index</b>	<b>65.2</b>	<b>0.14</b>	<b>0.22</b>	<b>2.09</b>	<b>3.65</b>	<b>3.68</b>
Goods	32.9	0.11	0.19	1.39	3.17	3.23
Services	32.2	0.18	0.25	2.81	4.13	4.14
<b>Non core index</b>	<b>34.8</b>	<b>0.51</b>	<b>-0.69</b>	<b>2.32</b>	<b>6.79</b>	<b>5.24</b>
Food	14.8	-0.10	-0.80	1.02	11.50	9.82
Fuel	2.8	-0.08	-1.13	12.32	7.54	3.19
Transporting	8.9	2.24	-0.72	1.54	3.61	3.81
Utilities	8.4	0.03	-0.26	1.98	1.50	-0.65
<b>Note.-</b>						
Food and beverages	37.8	0.12	-0.05	2.27	7.97	7.36
CPI non food and beverages	62.2	0.37	-0.13	2.11	2.76	2.30

Core inflation recorded a monthly rate of 0.22 percent and a rate of 3.68 percent in the last twelve months, while non-core inflation recorded a monthly rate of -0.69 percent and a rate of 5.24 percent in the last twelve months.



In January, food and beverage inflation registered a monthly rate of -0.05 percent and a rate of 7.36 percent in the last twelve months. On the other hand, inflation excluding food and beverages registered a monthly rate of -0.13 percent and a rate of 2.30 percent in the last twelve months.



In January three items contributed with 0.15 percentage points to increase the rate of inflation: meals outside the home (0.07 percentage points), papaya (0.05 percentage points), and electricity rates (0.03 percentage points), while three items contributed with 0.16 percentage points to reduce the monthly rate of inflation: domestic transportation (-0.06 percentage points), chicken meat and telephone rates (-0.05 percentage points each).

## National Consumer Price Index

In compliance with the provisions of article 1 of Law 29438 approved by Congress, as from January 2012 the National Institute of Statistics (INEI) will publish the national consumer price index (CPI). This index provides information on the prices of a basket of 758 goods and services based on the data collected each month using a sample of 117 food markets and 21,200 commercial and services establishments (approximately 115,790 price data are collected each month).

The index provides information on the prices paid by consumers in the urban areas of 26 of the country's major cities, which includes twenty-four departmental capital cities and two non-capital cities (Chimbote and Tarapoto).

The base period for the new national consumer price index will be December 2011 = 100. The weights reflect the importance of households' expenditure in goods and services relative to their total consumption based on the data collected in the 2008-2009 consumption survey (ENAPREF 2008-2009).

The national inflation rate in January was -0.03 percent. The drop in some prices which contributed to this rate should be pointed out: inter-provincial bus fares dropped 8.9 percent, telephone rates fell 1.4 percent, and fuels used in transport vehicles declined 2.4 percent.

## BCRP Survey on Macroeconomic Expectations: January 2012

The results of the BCRP Survey on Macroeconomic Expectations carried out in January show that the three surveyed groups have revised downwards their inflation forecasts for 2012: financial entities have revised their projections from 3.0 to 2.9 percent, economic analysts have revised them from 3.0 to 2.8 percent, and non financial firms have lowered them from 3.2 to 3.0 percent. Inflation projections for 2013 continue to range between 2.5 and 3.0 percent, although it should be pointed out that the forecasts of financial entities have been revised down from 2.6 to 2.5 percent.

### SURVEY OF MACROECONOMIC EXPECTATIONS: INFLATION (%)

	Survey date		
	Nov. 30	Dec. 31	Jan. 31
<b>FINANCIAL ENTITIES 1/</b>			
2012	2.7	3.0	2.9
2013	2.5	2.6	2.5
<b>ECONOMIC ANALYSTS 2/</b>			
2012	2.8	3.0	2.8
2013	2.5	2.5	2.5
<b>NON FINANCIAL FIRMS 3/</b>			
2012	3.0	3.2	3.0
2013	3.0	3.0	3.0

<sup>1/</sup> 23 financial entities in November, 22 in December 2011 and 26 in January 2012.

<sup>2/</sup> 30 analysts in November, 24 in December 2011, and 26 in January 2012.

<sup>3/</sup> Sample of firms of various economic sectors.

Projections of GDP growth in 2012 are in the range between 5.0 and 5.5 percent. Growth estimates for 2013 range between 5.5 and 6.0 percent. It is worth mentioning that economic analysts and non financial firms maintain their forecasts of growth in 2013 unchanged, while financial entities have revised them downwards.

**SURVEY OF MACROECONOMIC EXPECTATIONS: GDP (%)**

	<u>Survey date</u>		
	Nov. 30	Dec. 31	Jan. 31
<b>FINANCIAL ENTITIES 1/</b>			
2012	5.5	5.5	5.2
2013	6.0	6.0	5.7
<b>ECONOMIC ANALYSTS 2/</b>			
2012	5.4	5.3	5.0
2013	5.5	5.5	5.5
<b>NON FINANCIAL FIRMS 3/</b>			
2012	6.0	6.0	5.5
2013	6.0	6.0	6.0

<sup>1/</sup> 23 financial entities in November, 22 in December 2011 and 26 in January 2012.

<sup>2/</sup> 30 analysts in November, 24 in December 2011, and 26 in January 2012.

<sup>3/</sup> Sample of firms of various economic sectors.

As regards forecasts on the exchange rate in 2012, financial entities have lowered their forecasts from S/. 2.70 to S/. 2.65 per dollar, while economic analysts and non financial firms have maintained their forecasts at S/. 2.65 and S/. 2.70 per dollar, respectively. On the other hand, the three groups have revised downwards the exchange rate they expect for 2013.

**SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE \***

	<u>Survey date</u>		
	Nov. 30	Dec. 31	Jan. 31
<b>FINANCIAL ENTITIES 1/</b>			
2012	2.70	2.70	2.65
2013	2.70	2.68	2.65
<b>ECONOMIC ANALYSTS 2/</b>			
2012	2.70	2.65	2.65
2013	2.67	2.64	2.63
<b>NON FINANCIAL FIRMS 3/</b>			
2012	2.75	2.70	2.70
2013	2.78	2.75	2.70

<sup>1/</sup> 23 financial entities in November, 22 in December 2011 and 26 in January 2012.

<sup>2/</sup> 30 analysts in November, 24 in December 2011, and 26 in January 2012.

<sup>3/</sup> Sample of firms of various economic sectors.

\* Exchange rate at the close of year.

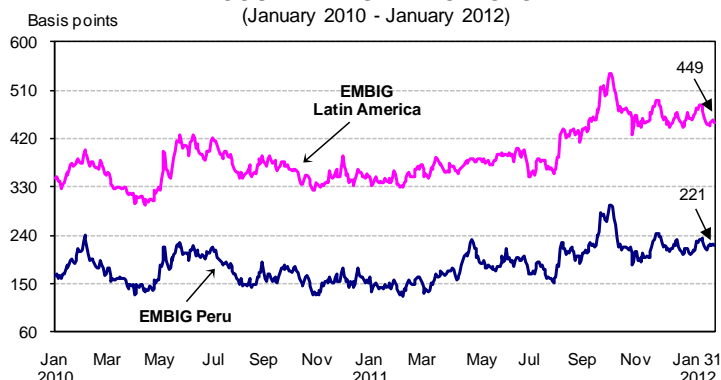
## International Markets

### Average country risk at 219 basis points in January

In **January**, the average country risk, measured by the **EMBIG Peru** spread, rose to 219 basis points from 217 basis points in December.

Likewise, the debt spread of the Latin American region rose 6 bps due to continued uncertainty in European financial markets.

**COUNTRY RISK INDICATORS**  
(January 2010 - January 2012)



Level	Variation in basis points		
	Weekly	Monthly	Annual
221 bps.	0	5	69

### Average price of gold in January: US\$ 1,654.2 per troy ounce

In **January**, the price of **gold** rose 0.7 percent and reached an average price of US\$ 1,654.2 per troy ounce.

The price of gold rose during the month due to increased demand for this metal as a hedge and investment asset amid renewed fears about Europe's financial situation. The upward trend in the price of gold was offset by the appreciation of the dollar against the euro.

**GOLD PRICE**

(January 2010 - January 2012)



Jan 31, 2012	% change		
	Weekly	Monthly	Annual
US\$ 1,732 / troy oz.	3.7	13.1	29.9

The price of **copper** rose 6.0 percent in **January** to an average of US\$ 3.64 per pound.

This rise in the price of copper was associated with the lower level of inventories in the major global stock exchange markets and with China's higher demand (imports of refined copper registered record levels in December). Moreover, this price rise was also favored by the probability that China will ease credit controls.

**COPPER PRICE**

(January 2010 - January 2012)



Jan 31, 2012	% change		
	Weekly	Monthly	Annual
US\$ 3.85 / pound	2.6	15.1	-12.7



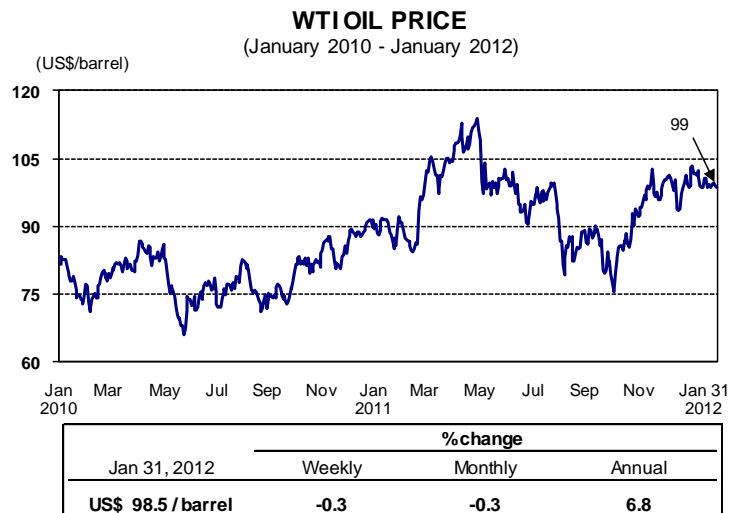
In **January**, the price of **zinc** rose 3.2 percent and reached a monthly average price of US\$ 0.90 per pound.

The price of zinc rose in line with expectations of a lower global supply and reports of the International Lead and Zinc Study Group (ILZSG) indicating that the global demand for zinc had increased between January and November 2011.



The price of **WTI oil** rose 1.7 percent in **January** and reached an average price of US\$ 100.1 per barrel.

The evolution of the price of crude is mainly explained by continued geopolitical risks in the Middle East. Other aspects favoring this rise included data showing a reduction of oil inventories in the United States and record levels of imports of crude by China in December.

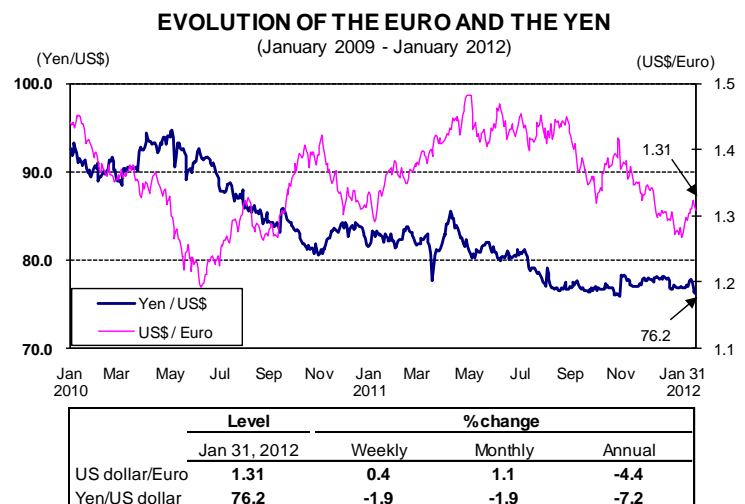


**On average, the dollar appreciated against the euro in January**

In **January** the **dollar** appreciated 2.7 percent against the **euro** on average.

This evolution of the US currency reflected persistent risk aversion due to continued uncertainty in European financial markets.

On the other hand, the dollar depreciated 1.2 percent against the **yen**.

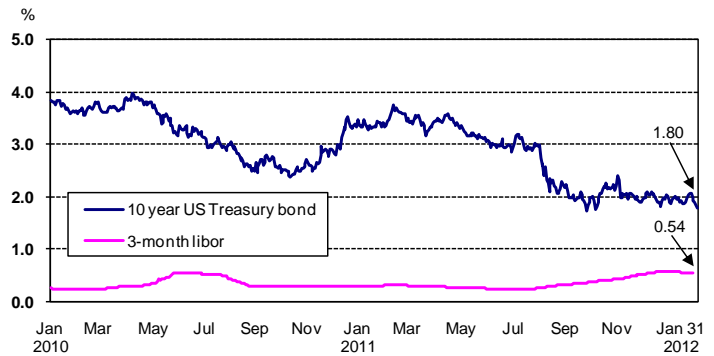


**Yield on US Treasuries declined on average to 1.94 percent in January**

On average terms, in January the **3-month Libor** declined 1 basis point and the **yield on the 10 year-US Treasuries** declined 4 basis points to 1.94 percent.

Risk aversion in financial markets due to continuous fears about the Eurozone situation generated a higher preference for US Treasury bonds.

**3-MONTH LIBOR AND 10-YEAR US TREASURIES**  
(January 2010 - January 2012)



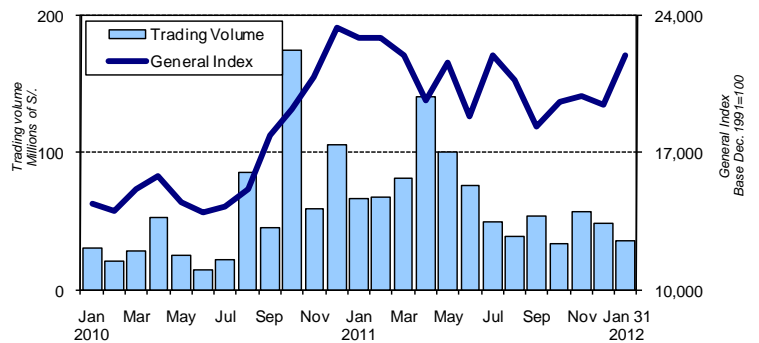
	Variation in basis points			
	Jan 31, 2012	Weekly	Monthly	Annual
3 months Libor	0.54	-2	-4	24
US Treasuries	1.80	-26	-10	-157

**Annual profitability in the Lima Stock Exchange reaches 12.7 percent**

In **January**, the **General** and the **Selective Indices** of the Lima Stock Exchange (LSE) rose 12.7 and 10.7 percent, respectively, in line with the rises registered in the indices of the main stock markets in the region.

The positive results of the LSE indices were associated with the good prospects for the companies listed in the local stock exchange as well as with the rise observed in the prices of both basic and precious metals.

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



	As of:	%change compared to:		
	Jan 31, 2012	Jan 24, 2012	Dec 31, 2011	Dec 31.10
General Index	21,948	3.2	12.7	-6.1
Selective Index	30,250	2.7	10.7	-5.6

