

BANCO CENTRAL DE RESERVA DEL PERU
WEEKLY REPORT N° 41
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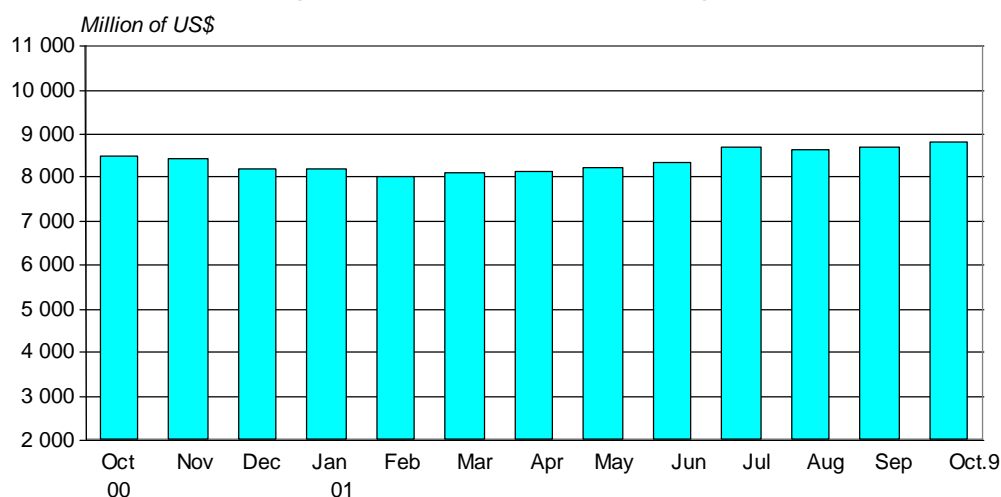
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Net International Reserves at US\$ 8 819 million

As of October 9, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 8 819 million, up US\$ 140 million from end-September and US\$ 639 million from end-2000. The increase of NIR during October is due to higher financial system deposits (US\$ 143 million) and investment yields (US\$ 5 million), which were partially offset by the withdrawal of public sector deposits (US\$ 8 million). On the other hand, the foreign exchange position amounted to US\$ 2 656 million, down US\$ 1 million from end-September.

**BCRP net international reserves
(October 2000 - October 2001)**



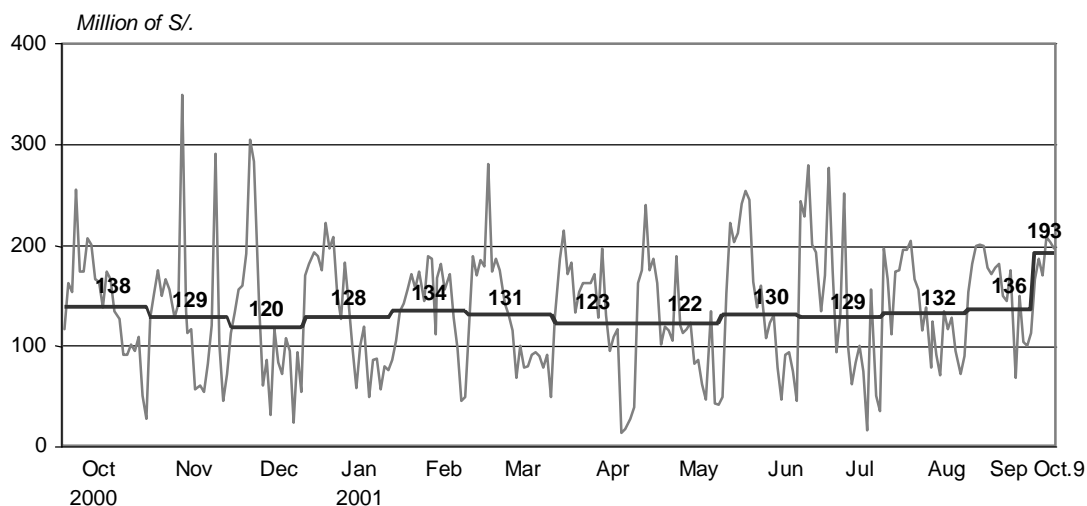
Banks' current account balance at S/. 193 million

As of October 9, the banks' current account held at the Central Bank was S/. 193 million on a daily average basis. For the current month, the range announced by the Bank for the operating target is S/. 132-142 million.

**Monetary operations: daily average
(Million of S/.)**

	Banks' current account balance at the end of previous day's operations	Banks' operations with Banco de la Nación	Redemption of CDBCRP	Other banking operations redemption with the Central Bank	Cash transfers that affect the bank's current account balance	Current account of banking system before Central Bank operations	Central bank operations	Current account after Central Bank operations	Interbank interest rate
		2	3	4	5		7		
October 2000		-36	32	-18	30		-7		18,9
December	120	-38	41	-107	20	38	83	120	11,4
January 2001	128	-41	10	-84	58	77	58	128	10,8
February		-27	27	-30	38		-9		11,0
March	131	-34	16	-13	37	137	-7	131	10,3
April		-73	16	-353	40		368		12,5
May		-28	14	-157	48		125		12,7
June	130	-34	18	-50	37	113	29	130	16,0
July		-30	31	-20	25		-6		8,4
August		-32	5	23	50		-44		5,7
September		-39	14	-31	36		18		5,8
October 9		-1	0	-133	35		122		5,9

**Banks' current account at the BCRP
(October 2000 - October 2001)**



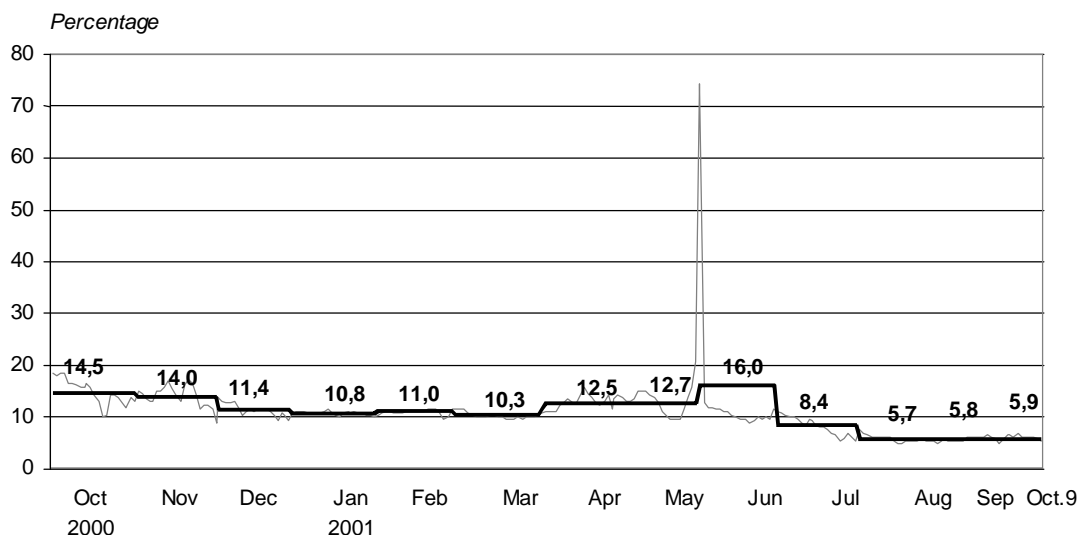
Average monetary base at S/. 5 186 million

As of October 9, the daily average balance of the monetary base was S/. 5 186 million, 0,9 percent higher than in September. On October 9, the monetary base amounted to S/. 5 156 million, up 0,9 percent (S/. 48 million) from end-September, reflecting the withdrawal of public sector deposits (S/. 109 million) and lower overnight deposits in domestic currency (S/. 25 million), which were partially offset by the redemption of temporary purchases of bills (S/. 85 million) and higher Insurance Deposit Fund deposits (S/. 1 million).

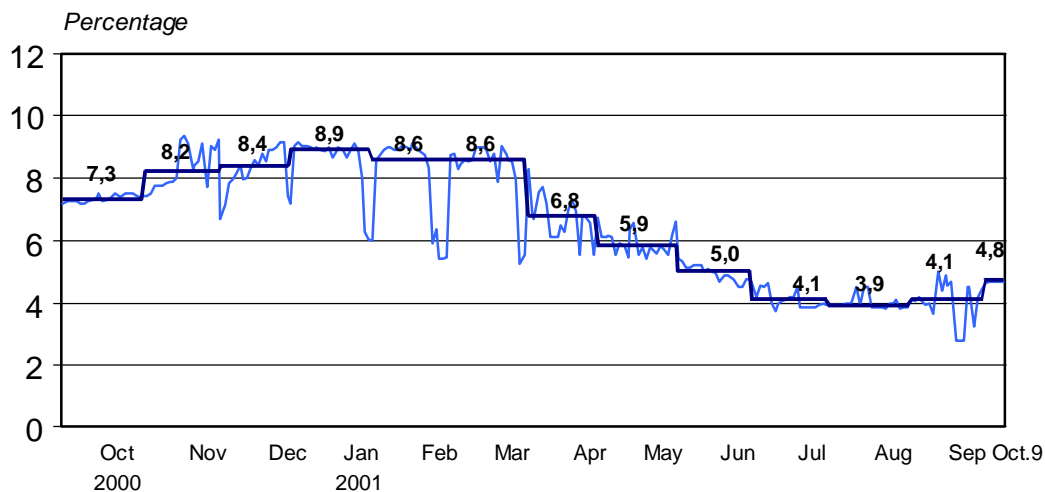
Interbank interest rates decreased

As of October 9, the interbank interest rate in domestic currency was 5,9 percent, slightly higher than in September (5,8 percent). In the same period, the corresponding rate in foreign currency passed from 4,1 to 4,8 percent.

**Interbank interest rate in domestic currency
(October 2000 - October 2001)**



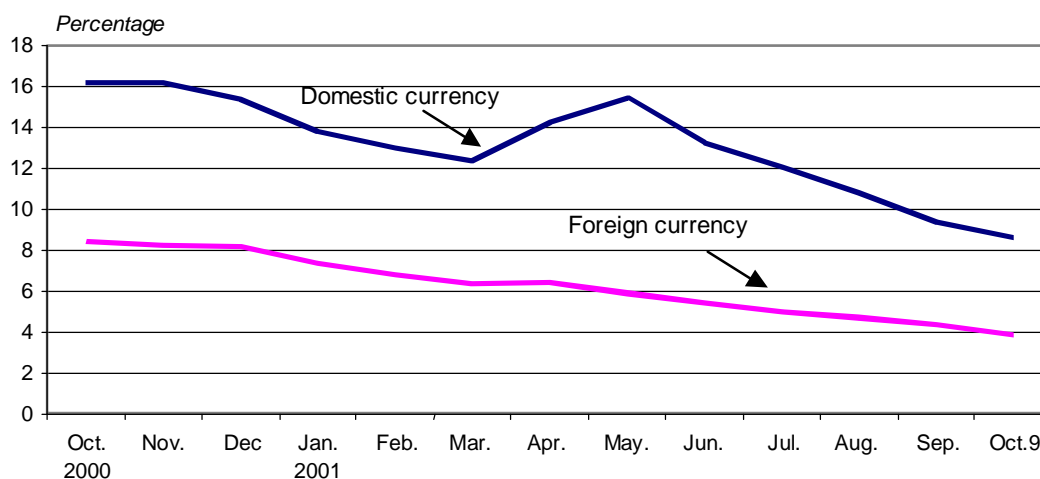
**Interbank interest rate in foreign currency
(October 2000 - October 2001)**



Average lending rates in domestic and foreign currency decreased

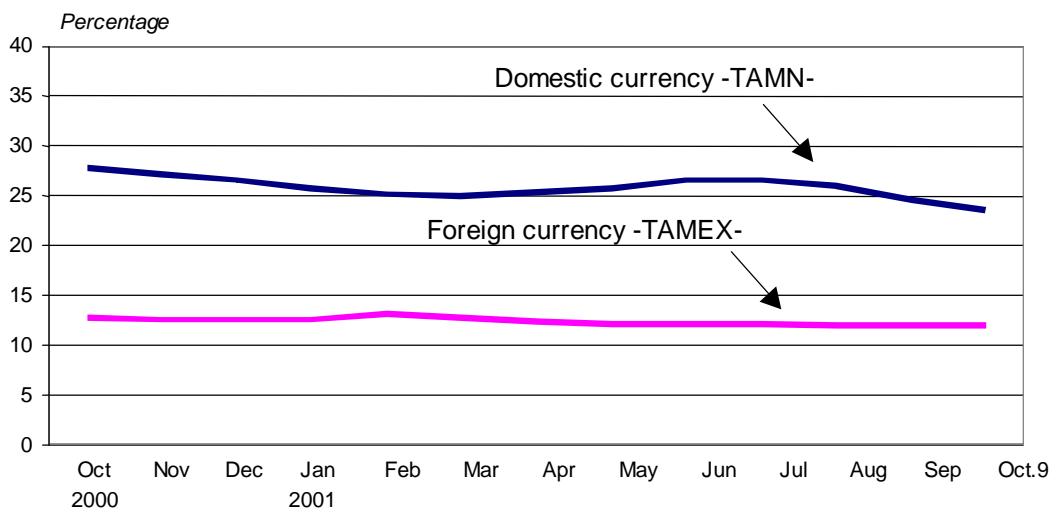
The corporate prime interest rate in domestic currency (on 90-day loans to low-risk clients) declined from 9,4 percent in September to 8,6 percent as of October 9. The rate in foreign currency also decreased from 4,4 percent last month to 3,9 percent.

Corporate prime interest rates in domestic and foreign currency (October 2000 - October 2001)



The average lending interest rate in domestic currency (TAMN) was 23,7 percent, lower than last month's average (24,7 percent). Over that period, the rate in foreign currency (TAMEX) remained at 12,0 percent.

Active lending interest rates in domestic and foreign currency (October 2000 - October 2001)



Peru's bonds spread at 6,9 percent

As of October 9, the spread between the yield of Peruvian bonds and the interest rate on US Treasury bills (a proxy for the country risk perceived by investors) was 6,9 percent, higher than in September (6,3 percent). On the other hand, the average spread of Latin-American bonds increased from 10,4 percent in September to 11,7 percent as of October 9.

Spread of Peruvian and Latin-American bonds (October 2000 - October 2001)



Exchange rate at S/. 3,48

As of October 9, the ask exchange rate in the banking system was S/. 3,48, 0,1 lower than in September.

The net balance of foreign currency sales in the forward market increased from US\$ 572 million in September to US\$ 580 million as of October 9, whereas the banks' exchange position passed from US\$ 667 million to US\$ 561 million over the same period, mainly due to internal operations of financial institutions provisions (US\$ 98 million).

Banks' exchange market operations to the public: Daily average (Million of US\$)

	December 2000			September	October 1-9
End-of-period balance:					
a. Net sales to the public (i-ii)	440	599	596	572	580
i. Forward sales to the public	653	1 122	1 065	1 059	1 029
ii. Forward purchases to the public	213	523	470	496	449
b. Banks' exchange position	630	462	446	667	561
Flows:					
I. Forward sales to the public	0	4	-3	-1	-5
- New sales	12	19	12	12	10
- Redemptions	12	14	15	13	15
II. Forward purchases to the public	-2	0	-3	-1	-6
- New purchases	6	10	9	9	14
- Redemptions	8	10	12	10	20
III. Net spot purchases to the public	0	3	3	4	-21
- Purchases	87	80	76	78	77
- Sales	87	77	73	74	98

Gross domestic product rose 0,7 percent in August

The **gross domestic product** (GDP) rose 0,7 percent in August, but decreased 1,2 percent in the period January-August. The outcome of the month reflects the increased in primary sectors, which grew 11,4 percent –mining grew 26,9 percent, whereas agriculture increased 9,5 percent-. Conversely, non-primary sectors fell 1,4 percent, mainly due to the drop in construction. On the other hand, domestic demand decreased 0,9 percent in August.

GROSS DOMESTIC PRODUCT (Rates of growth)

	August		January-August	
	2000	2001	2000	2001
Agriculture and livestock	7,0	5,4	6,6	-1,6
<i>Agriculture</i>	6,2	9,5	7,7	-4,1
<i>Livestock</i>	8,6	1,3	5,6	2,5
Fishing	-9,5	-6,2	24,1	-5,8
Mining and oil products	1,0	23,8	2,4	5,2
<i>Mining</i>	1,3	26,9	3,5	6,3
<i>Oil products</i>	-3,0	-0,5	-7,1	-3,3
Manufacturing	10,2	-3,3	11,0	-2,0
<i>Based on raw materials</i>	11,7	5,4	15,8	-0,6
<i>Non-primary industries</i>	9,8	-5,6	9,6	-2,4
Construction	1,7	-9,1	1,3	-10,5
Trade	9,5	0,2	7,6	-0,9
Other	4,3	-0,1	3,8	-0,7
<u>GDP</u>	<u>5,7</u>	<u>0,7</u>	<u>5,5</u>	<u>-1,2</u>
<i>Primary sectors</i>	5,4	11,4	7,5	0,3
<i>Non primary sectors</i>	5,7	-1,4	5,1	-1,6
Domestic demand	5,2	-0,9	5,3	-1,7

Trade balance recorded a surplus of US\$ 16 million in August

In August, the trade balance recorded a surplus of US\$ 16 million, down US\$ 5 million from the same month in 2000. In the period January-August, the trade deficit amounted to US\$ 107 million, down US\$ 116 million from the same period of the previous year.

In August, **exports** totaled US\$ 640 million, down US\$ 8 million (1 percent) from the previous year. Non-traditional exports increased US\$ 9 million, whereas traditional exports grew US\$ 3 million. Other goods exports fell US\$ 20 million, since no squid capture was made. **Imports** amounted to US\$ 624 million, down US\$ 3 million (1 percent) from August 2000, reflecting lower acquisitions of capital and other goods (US\$ 17 and US\$ 4 million, respectively), partially offset by higher imports of consumer and intermediate goods (US\$ 12 and US\$ 5 million, respectively).

TRADE BALANCE
(Million of US\$)

	August			January-August		
	2000	2001	Var. %	2000	2001	Var. %
Trade balance	20,2	15,7	- 22,7	- 222,8	- 106,7	52,1
Exports	647,4	639,6	- 1,2	4 625,0	4 729,6	2,3
Traditional products	451,1	453,8	0,6	3 187,7	3 189,5	0,1
Mining	109,1	91,9	- 15,8	709,3	774,5	9,2
Petroleum and derivatives	38,1	26,3	- 31,0	153,5	107,2	- 30,2
Agriculture	265,9	297,0	11,7	2 065,0	2 031,5	- 1,6
Fishing	38,0	38,6	1,6	260,0	276,3	6,3
Non-traditional products	170,9	180,1	5,4	1 318,2	1 440,4	9,3
Agriculture	30,3	33,6	11,1	236,4	248,0	4,9
Textile	56,4	56,0	- 0,7	454,5	461,2	1,5
Fishing	18,6	16,8	- 9,5	122,8	141,4	15,1
Fabricated metal products	7,8	12,4	59,6	62,8	116,1	84,8
Chemical	16,0	22,4	39,7	137,1	163,7	19,4
Based metal industries	20,1	14,6	- 27,5	144,3	135,7	- 6,0
Non-metal	4,0	5,5	37,4	29,4	36,1	22,6
Others	17,8	18,8	6,0	130,8	138,2	5,7
Others	25,4	5,6	- 77,9	119,1	99,6	- 16,4
Imports	627,1	623,9	- 0,5	4 847,8	4 836,3	- 0,2
Consumer goods	129,3	141,5	9,5	928,2	1 010,8	8,9
Inputs	315,0	320,3	1,7	2 379,0	2 420,8	1,8
Capital goods	173,4	156,8	- 9,6	1 431,6	1 346,4	- 6,0
Others	9,4	5,3	- 43,9	108,9	58,3	- 46,5

Central government operations: August

In August, the central government recorded an **overall deficit** of S/. 265 million (including S/. 276 million of interest), S/. 94 million lower than in August 2000 (S/. 359 million). In the period January-August, the overall deficit amounted to S/. 2 292 million, down S/. 1 231 million from the same period in 2000 (S/. 3 523 million). This decrease is explained by the reduction in non-financial expenditures (-10 percent in real terms).

The overall deficit in August was funded with deposit withdrawal (S/. 297 million) and privatization revenue (S/. 10 million or US\$ 3 million). External financing was negative (S/. -41 million or US\$ -12 million) as a result of the difference between disbursements (US\$ 30 million) and amortization (US\$ 42 million).

CENTRAL GOVERNMENT OPERATIONS
(Million of S/.)

	August			January-August		
	2000	2001	Real %	2000	2001	Real %
1. CURRENT REVENUE	2 283	2 167	- 6,4	18 070	18 015	- 3,0
2. NON FINANCIAL EXPENDITURE	2 371	2 174	- 9,5	19 404	17 986	- 9,8
<i>a. Current</i>	1 942	1 856	- 5,7	15 904	15 458	- 5,4
<i>b. Capital</i>	429	318	- 26,8	3 500	2 528	- 29,7
3. OTHER OPERATIONS	11	18	58,8	287	170	- 42,2
4. PRIMARY BALANCE (1-2+3)	- 77	11		-1 047	198	
5. INTEREST	282	276	- 3,5	2 476	2 490	- 2,2
6. OVERALL BALANCE (4-5)	- 359	- 265		-3 523	-2 292	

Public Treasury' cash flow: September

In September, the Public Treasury cash flow in domestic currency was S/. 58 million. Revenues amounted to S/. 1 711 million, whereas cash payments amounted to S/. 1 653 million.

In domestic currency, the cash flow was negative in US\$ 228 million. The balance of the Public Treasury accounts at the Central Bank was US\$ 521 million.

PUBLIC TREASURY CASH FLOW						
	September			January-September		
	2000	2001	Var %	2000	2001	Var %
A. DOMESTIC CURRENCY (Millions of Nuevos Soles)						
I. REVENUES	1 707	1 711	0,3	15 680	15 500	- 1,1
II. PAYMENTS	- 1 731	- 1 653	- 4,5	- 16 451	- 15 931	- 3,2
III. PURCHASE (-) / SELLING (+) of foreign currency	133	0		576	- 360	
IV. OVERALL BALANCE (I+II+III)	108	58		- 196	- 791	
				-	-	
Deposits of Public Treasury in domestic currency	- 739	- 310		- 739	- 310	
Floating debt	307	712		307	712	
B. FOREIGN CURRENCY (Millions of US dollars)						
I. REVENUES	53	19	- 64,8	219	211	- 3,7
II. PURCHASE (+) / SELLING (-) of foreign currency	- 38	0		- 167	102	
			40,4			11,1
IV. OVERALL BALANCE (I+II+III)	- 161	- 228		- 1 109	- 978	
Deposits of Public Treasury in foreign currency 2/	872	521		872	521	
Privatization and Promcepri	444	154		444	154	
Other available accounts						
Intangible accounts	165	188		165	188	

Monetary accounts: September 22

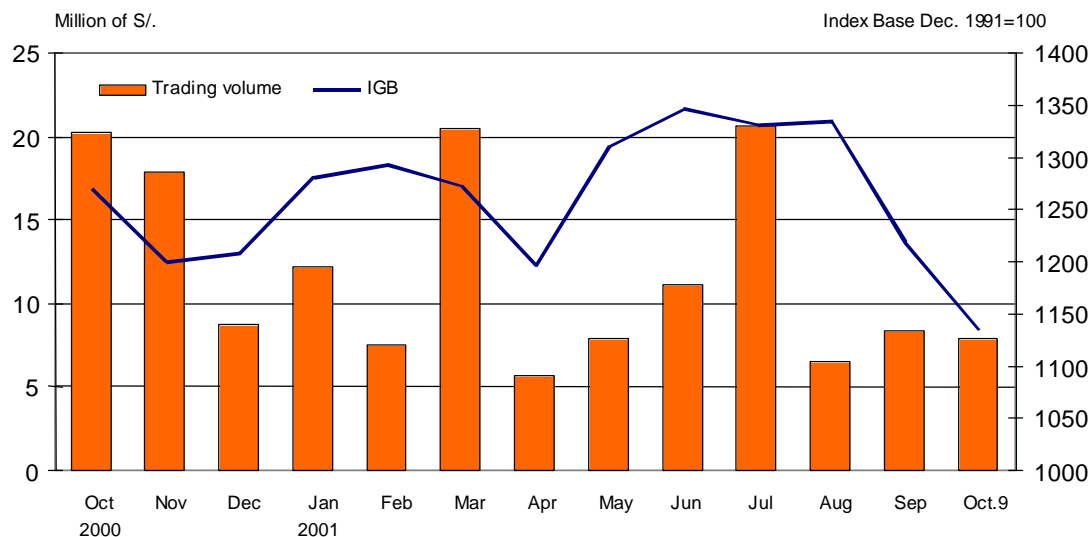
From August 22 to September 22, liquidity in domestic currency increased 0,6 percent (S/. 84 million) to S/. 14 539 million. In annual terms this aggregate increased 6,8 percent. On the other hand, credit to the private sector in domestic currency decreased 0,4 percent (S/. 33 million) to S/. 8 892 million. Growth in the last 12 months for this variable was 2,7 percent.

Liquidity in foreign currency rose 0,9 percent (US\$ 89 million) to US\$ 9 693 million, whereas last-12 month growth for this variable was 4,5 percent. Short-term external liabilities amounted to US\$ 1 444 million, down US\$ 143 million (9,0 percent). Finally, credit to the private sector (US\$ 11 154 million) decreased 0,7 percent (US\$ 78 million) in the last 4 weeks and in a similar amount in the last 12 months.

General Index decreased 6,8 percent

As of October 9, the Lima Stock Exchange decreased relative to end-September by 6,8 percent in the General Index and 8,4 percent in the Blue Chip Index. In the year, these indices have decreased 6,1 percent and 10,5 percent, respectively.

Stock market indicators (October 2000- October 2001)



Lima, October 12, 2001

The weekly report releases economic information to be published (with broader detail) in the weekly bulletin the following Monday. The weekly report published on Fridays is released via facsimile for a charge or free via email (acorrales@bcrp.gob.pe). A subscription can be requested to telephone (51-1) 4266250 ext. 3817 or email. The monthly fee for the facsimile is S/. 12 (Peru only) and US\$ 49 (overseas).