

**BANCO CENTRAL DE RESERVA DEL PERU**  
**WEEKLY REPORT N° 44**  
**October 31, 2001**

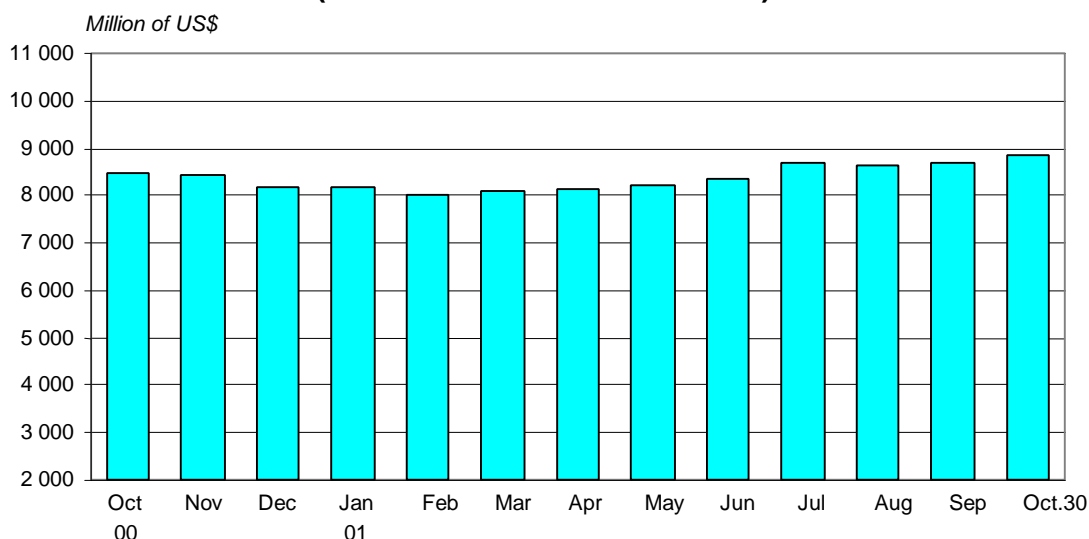
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***Net International Reserves at US\$ 8 888 million***

As of October 30, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 8 888 million, up US\$ 209 million from end-September and US\$ 708 million from end-2000. The increase of NIR during October is due to higher financial system deposits (US\$ 133 million), purchases of foreign currency through the Over-the-Counter (US\$ 45 million), FLAR's profits capitalization (US\$ 23 million), investment yields (US\$ 14 million), higher Insurance Deposit Funds deposits (US\$ 12 million) and other operations (US\$ 4 million); which were partially offset by the withdrawal of public sector deposits (US\$ 22 million). On the other hand, the foreign exchange position amounted to US\$ 2 723 million, up US\$ 67 million from end-September.

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



***Banks' current account balance at S/. 141 million***

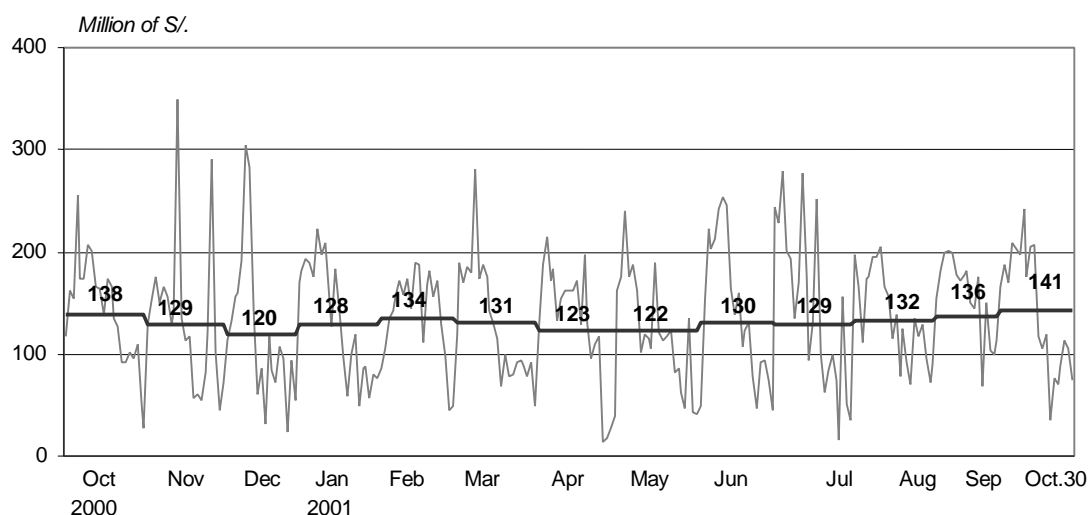
As of October 30, the banks' current account held at the Central Bank was S/. 141 million on a daily average basis. For the current month, the range announced by the Bank for the operating target is S/. 132-142 million.

From October 24 to 30, the Central Bank made purchases of foreign currency by US\$ 5 and US\$ 10 million (on October 29 and 30) totaling US\$ 45 million as of October 30. In the same period, the Bank made 3 repo operations amounting to S/. 200 million, at an average interest rate of 4,0 percent, whereas on October 29 the Bank issued CDBCRP by S/. 25 million with a 6-month maturity and a 6,6 percent average interest rate.

**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 |
|--------------|--|---|----------------------|---|---|--|-------------------------|---|-------------------------|
|              | 1  | 2   | 3                    | 4   | 5   | 6=1+2+3+4+5  | 7                       | 8=6+7   |                         |
| October 2000 | 151  | -36                                       | 32                   | -18   | 30  | 152  | -7                      | 133   | 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     | 135  | -27                                       | 27                   | -30   | 38  | 157  | -9                      | 134   | 11,0                    |
| March        | 131  | -34                                       | 16                   | -13   | 37  | 137  | -7                      | 131   | 10,3                    |
| April        | 124  | -73                                       | 16                   | -353  | 40  | -243   | 368                     | 123   | 12,5                    |
| May          | 122  | -28                                       | 14                   | -157  | 48  | -2   | 125                     | 122   | 12,7                    |
| June         | 130  | -34                                       | 18                   | -50   | 37  | 113  | 29                      | 130   | 16,0                    |
| July         | 129  | -30                                       | 31                   | -20   | 25  | 151  | -6                      | 129   | 8,4                     |
| August       | 130  | -32                                       | 5                    | 23  | 50  | 180  | -44                     | 132   | 5,7                     |
| September    | 137  | -39                                       | 14                   | -31   | 36  | 126  | 18                      | 136   | 5,8                     |
| October 1-30 | 140  | -44                                       | 17                   | -90   | 42  | 63   | 78                      | 141   | 4,5                     |

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



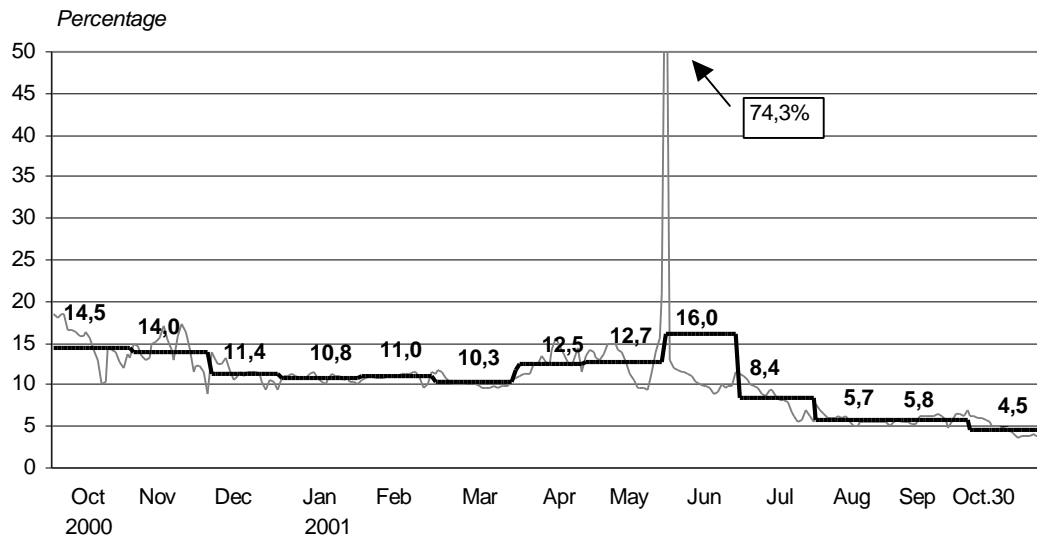
***Average monetary base at S/. 5 119 million***

As of October 30, the daily average balance of the monetary base was S/. 5 119 million, 0,4 percent lower than in September. On October 30, the monetary base amounted to S/. 5 245 million, up 2,7 percent (S/. 137 million) from end-September due to the net redemption of CDBCRP (S/. 185 million), net purchases of foreign currency (S/. 153 million) and other outlays (S/. 16 million), which were partially offset by higher public sector deposits (S/. 101 million), the redemption of temporary purchases of bills (S/. 85 million), overnight deposits in domestic currency (S/. 20 million) and higher Insurance Deposit Fund deposits (S/. 13 million).

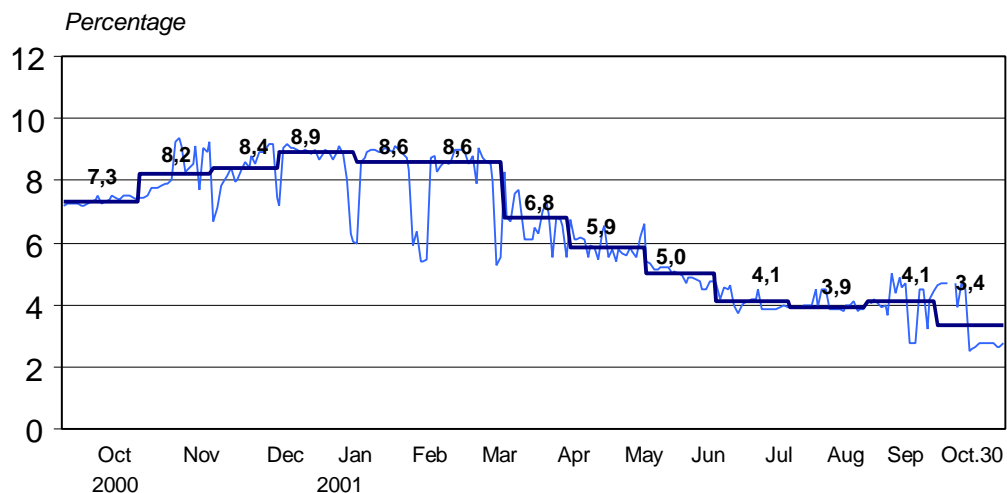
### *Interbank interest rats decreased*

As of October 30, the interbank interest rate in domestic currency was 4,5 percent, lower than in September (5,8 percent). In the same period, the corresponding rate in foreign currency passed from 4,1 to 3,4 percent. On September 30, these rates were 3,8 and 2,8 percent in domestic and foreign currency, respectively.

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



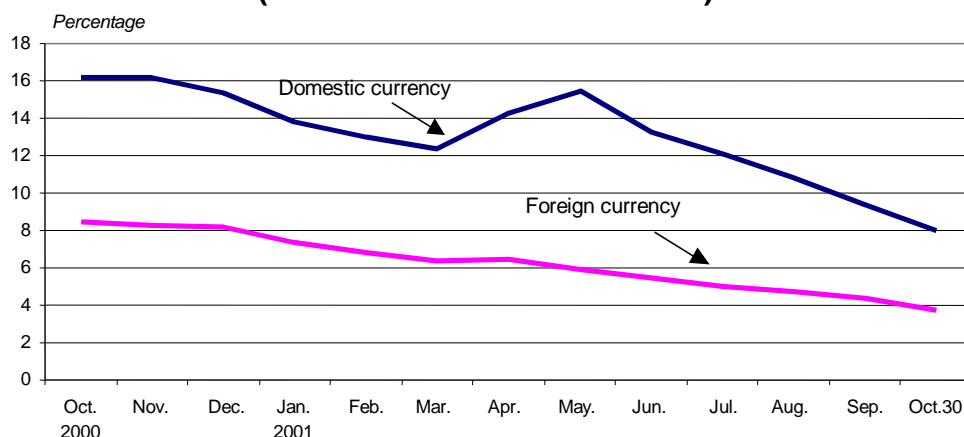
**Interbank interest rate in foreign currency  
(October 2000 - October 2001)**



### *Average lending rates in domestic and foreign currency decreased*

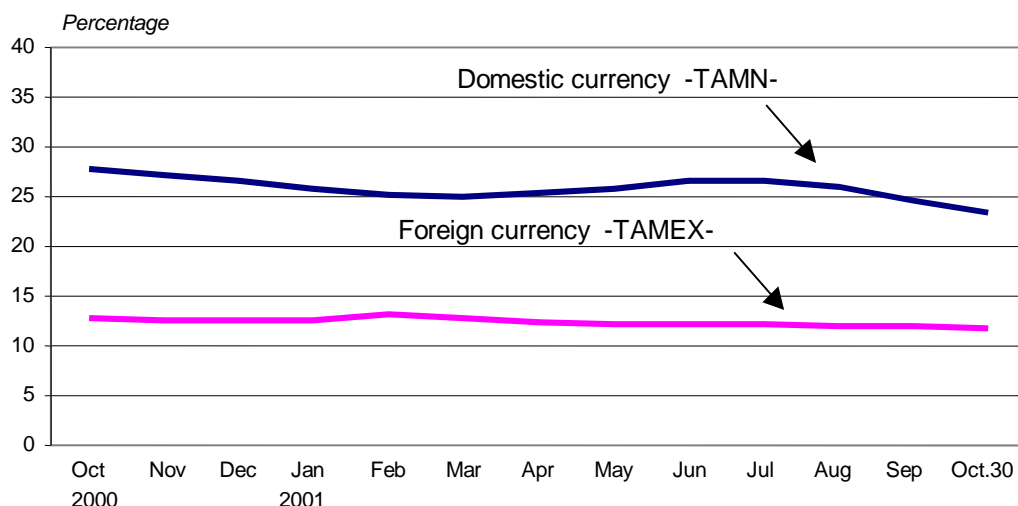
The corporate prime interest rate in domestic currency (on 90-day loans to low-risk clients) declined from 9,4 percent in September to 8,0 percent as of October 30. The rate in foreign currency also decreased from 4,4 percent last month to 3,7 percent. On September 30, these rates were 6,9 and 3,5 percent in domestic and foreign currency, respectively.

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



The average lending interest rate in domestic currency (TAMN) was 23,5 percent, lower than last month's average (24,7 percent). Over that period, the rate in foreign currency (TAMEX) passed from 12,0 to 11,9 percent.

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



### *Peru's bonds spread at 6,7 percent*

As of October 30, 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 6,7 percent, higher than in September (6,3 percent). However, on October 30 the spread (6,5 percent) was lower than end-September (6,7 percent). On the other hand, the average spread of Latin-American bonds increased from 10,4 percent in September to 11,5 percent as of October 30.

### Spread of sovereign bonds (October 2000 - October 2001)



### *Exchange rate at S/. 3,45*

From October 24 to 30, the ask exchange rate in the banking system recorded a small increase (0,01 percent) to S/. 3,452. Along this week, the Central Bank bought foreign currency through the Over-the-Counter (US\$ 5 million on October 29 and US\$ 10 million on October 30). It should be noted that the exchange rate on October 30 (S/. 3,446) was 1,1 percent lower than end-September (S/. 3,484).

The net balance of foreign currency sales in the forward market increased from US\$ 572 million in September to US\$ 607 million as of October 30, whereas the banks' exchange position passed from US\$ 667 million to US\$ 490 million over the same period, reflecting the recording of financial system provisions (US\$ 98 million).

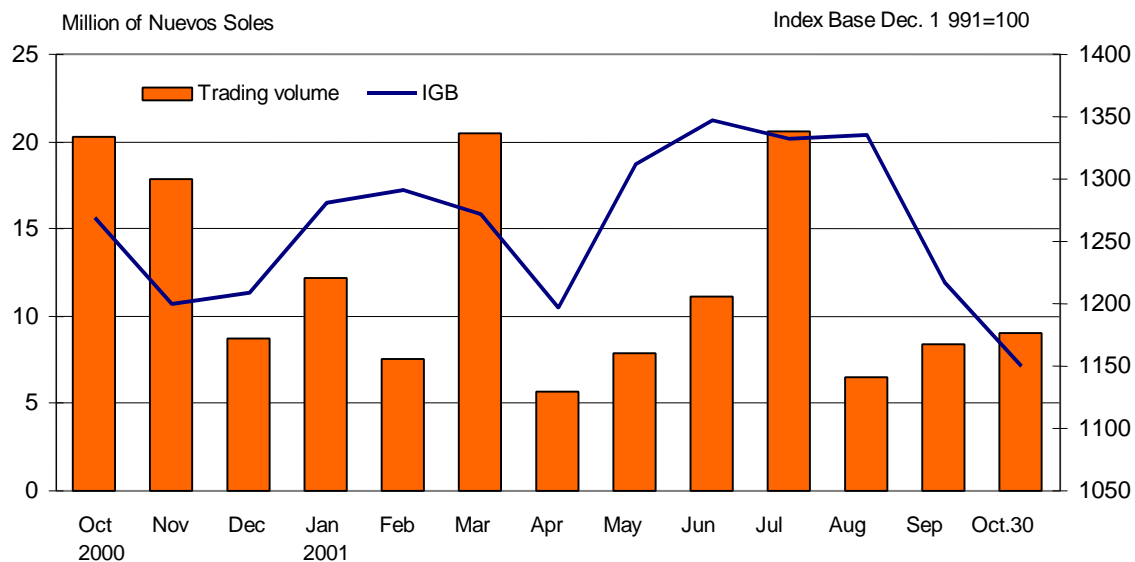
#### Banks' exchange market operations to the public: Daily average (Million of US\$)

|  | December 2000 | July       | August     | September  | October 1-30 |
|--|---------------|------------|------------|------------|--------------|
| <b>End-of-period balance:</b>                |               |            |            |            |              |
| <b>a. Net sales to the public (i-ii)</b>     | <b>440</b>    | <b>599</b> | <b>596</b> | <b>572</b> | <b>607</b>   |
| i. Forward sales to the public               | 653           | 1 122      | 1 065      | 1 059      | 1 041        |
| ii. Forward purchases to the public          | 213           | 523        | 470        | 496        | 435          |
| <b>b. Banks' exchange position</b>           | <b>630</b>    | <b>462</b> | <b>446</b> | <b>667</b> | <b>490</b>   |
| <b>Flows:</b>                                |               |            |            |            |              |
| <b>I. Forward sales to the public</b>        | <b>0</b>      | <b>4</b>   | <b>-3</b>  | <b>-1</b>  | <b>-1</b>    |
| - New sales                                  | 12            | 19         | 12         | 12         | 14           |
| - Redemptions                                | 12            | 14         | 15         | 13         | 15           |
| <b>II. Forward purchases to the public</b>   | <b>-2</b>     | <b>0</b>   | <b>-3</b>  | <b>-1</b>  | <b>-2</b>    |
| - New purchases                              | 6             | 10         | 9          | 9          | 7            |
| - Redemptions                                | 8             | 10         | 12         | 10         | 9            |
| <b>III. Net spot purchases to the public</b> | <b>0</b>      | <b>3</b>   | <b>3</b>   | <b>4</b>   | <b>4</b>     |
| - Purchases                                  | 87            | 80         | 76         | 78         | 77           |
| - Sales                                      | 87            | 77         | 73         | 74         | 73           |

### ***General Index decreased 6,3 percent***

As of October 30, the Lima Stock Exchange decreased relative to end-September by 6,3 percent in the General Index and 7,2 percent in the Blue Chip Index. In the year, these indices have decreased 5,6 percent and 9,3 percent, respectively.

#### **Stock market indicators (October 2000 - October 2001)**



***Lima, October 31, 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 (acorales@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).