

BANCO CENTRAL DE RESERVA DEL PERU

WEEKLY REPORT N° 46

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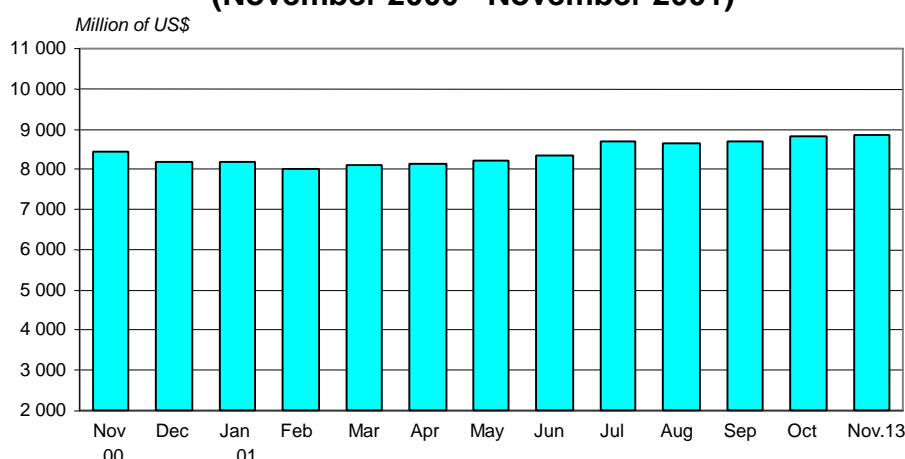
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Net International Reserves at US\$ 8 840 million

As of November 13, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 8 840 million, up US\$ 45 million from end-October and US\$ 660 million from end-2000. The increase of NIR during November is due to higher financial system deposits (US\$ 42 million) and purchases of foreign currency (US\$ 25 million), which were partially offset by the withdrawal of public sector deposits (US\$ 14 million) and lower Insurance Deposit Fund deposits (US\$ 3 million), other operations (US\$ 3 million) and investment yields (US\$ 2 million). On the other hand, the foreign exchange position amounted to US\$ 2 752 million, up US\$ 21 million from end-October and mainly explained by purchases of foreign currency through the Over-the-Counter.

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



Banks' current account balance at S/. 190 million

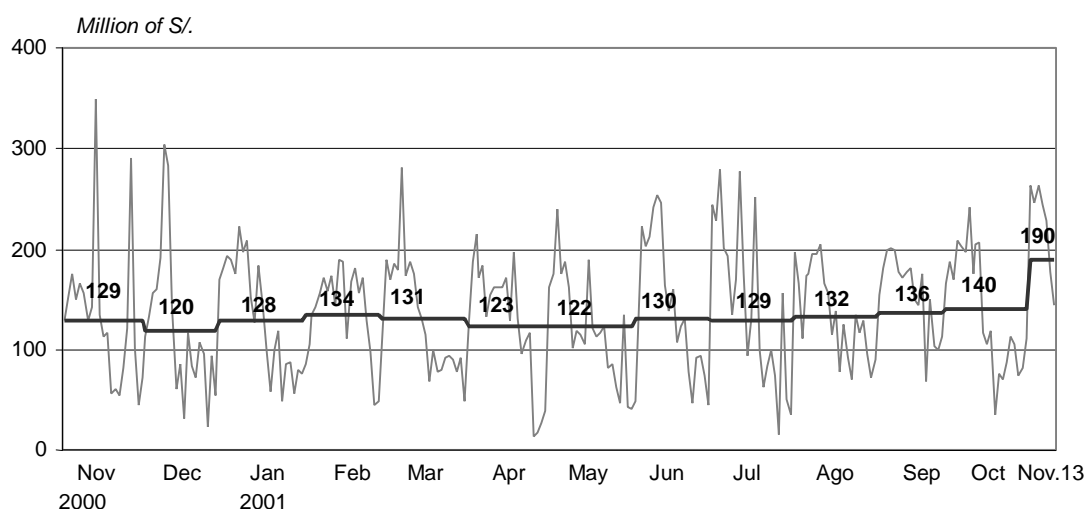
As of November 13, the banks' current account held at the Central Bank was S/. 190 million on a daily average basis. For the current month, the range announced by the Bank for the operating target is S/. 135-145 million.

From November 7 to 13, the Central Bank made two repo operations on November 7 and 8, amounting S/. 155 million at an average interest rate of 4,2 percent. Besides, the Central Bank also made purchases of foreign currency by US\$ 5 million (on November 8), whereas on November 12 and 13, the Bank issued CDBCRP by S/. 235 million and S/. 100 million, respectively. The average interest rate was 5,9 percent.

**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		
November 2000		-33	21	-139	35		118		14,0
December		-38	41	-107	20		83		11,4
January 2001		-41	10	-84	58		58		10,8
February		-27	27	-30	38		-9		11,0
March		-34	16	-13	37		-7		10,3
April		-73	16	-353	40		368		12,5
May		-28	14	-157	48		125		12,7
June		-34	18	-50	37		29		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		-44	16	-84	31		84		4,5
November 1-13	187	-38	25	-44	66	228	-4	190	3,2

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



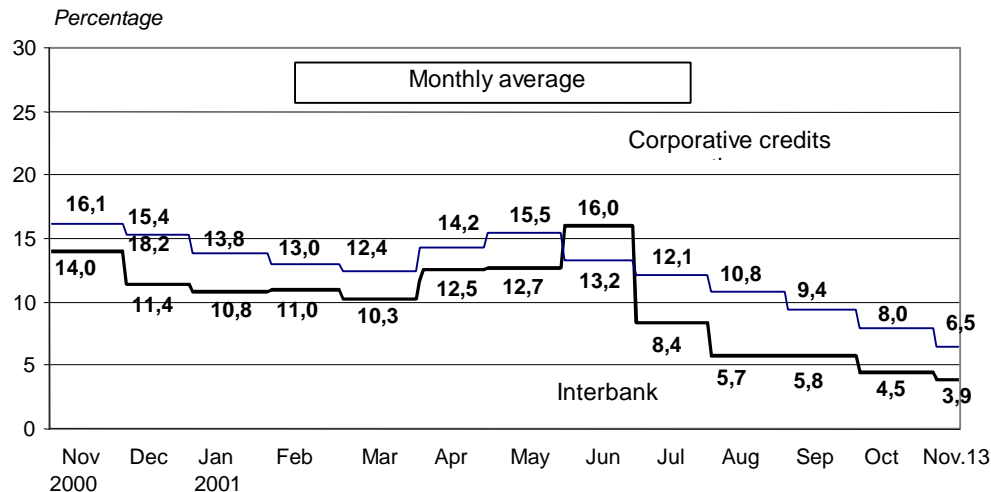
Average monetary base at S/. 5 306 million

As of November 13, the daily average balance of the monetary base was S/. 5 306 million, up 3,5 percent from October. On November 13, the monetary base amounted to S/. 5 175 million, down 3,5 percent (S/. 187 million) from end-October. The operations that explained the lower monetary base were the net issuance of CDBCRP (S/. 160 million), higher overnight (S/. 50 million), public sector (S/. 36 million) and Insurance Deposit Fund deposits (S/. 4 million) as well as the redemption of bills (S/. 35 million), which were partially offset by purchases of foreign currency (S/. 84 million) and other outlays (S/. 14 million).

interest rates decrease

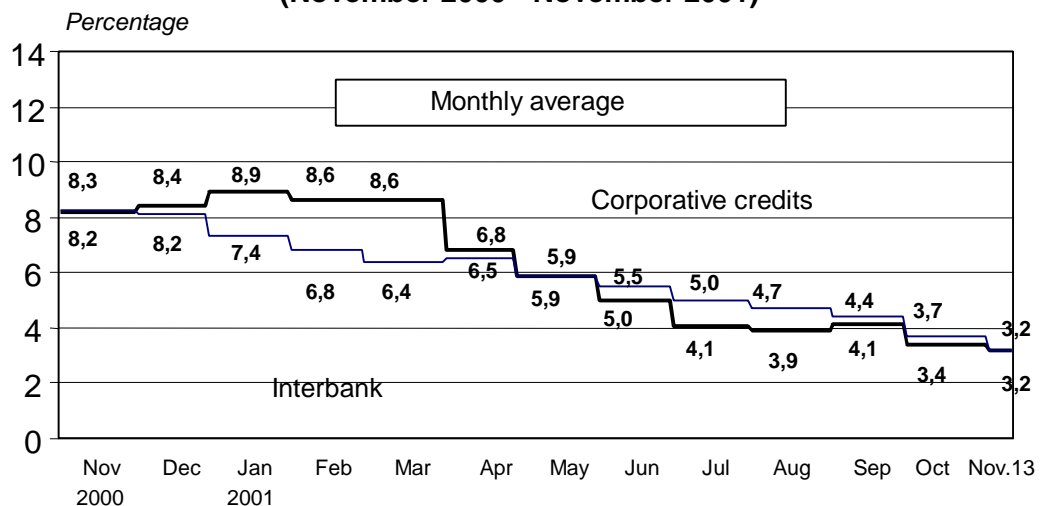
As of November 13, the interbank interest rate in domestic currency decreased to 3,9 percent (from 4,5 percent in October), whereas the corporate prime interest rate declined from 8,0 percent in October to 6,5 percent. In the same period, the average lending interest rate in domestic currency fell from 23,5 to 22,8 percent.

Interest rates in domestic currency (November 2000 - November 2001)

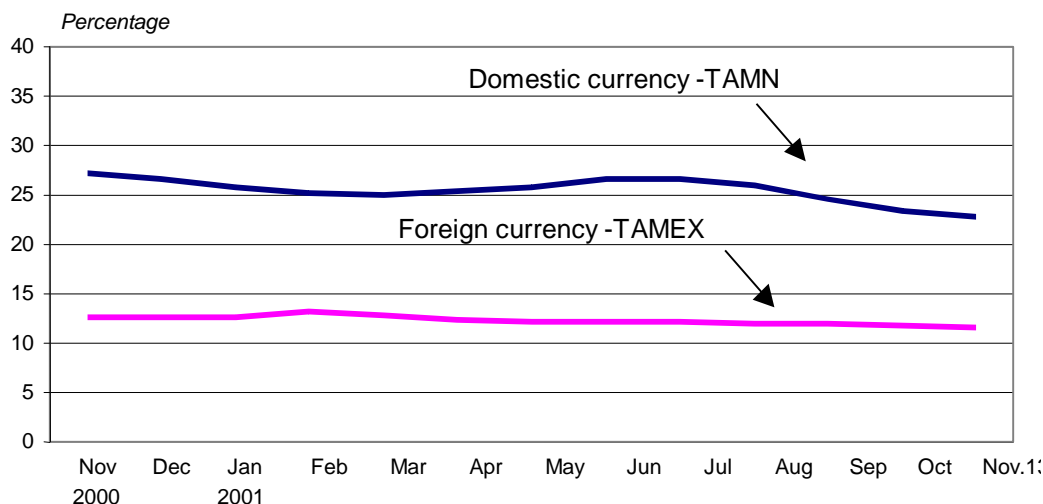


In foreign currency, the interbank rate passed from 3,4 percent in October to 3,4 percent as of November 13. The corporate prime interest rate in foreign currency declined from 3,7 percent to 3,2 percent. In the same period, the average lending interest rate in foreign currency also declined from 11,9 to 11,8 percent.

Interest rates in foreign currency (November 2000 - November 2001)



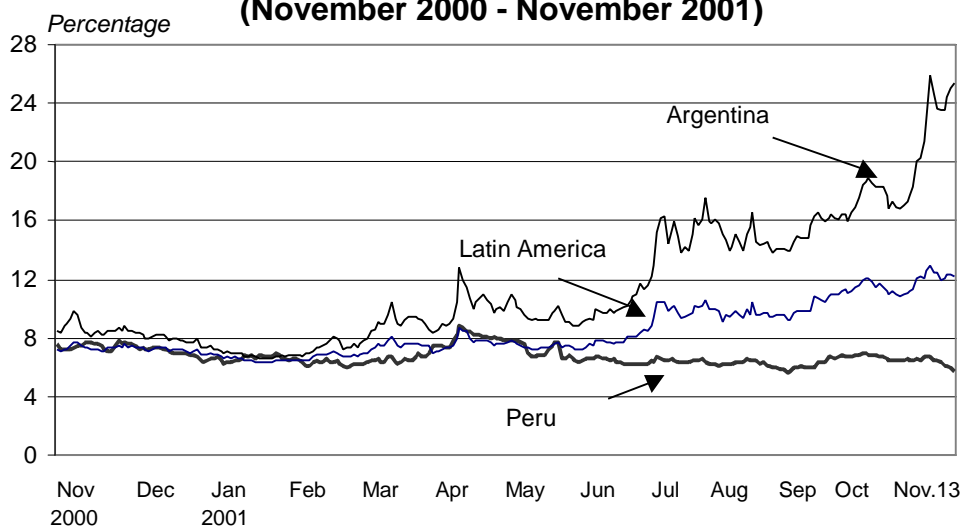
Active lending interest rates (November 2000 - November 2001)



Peru's bonds spread at 6,2 percent

As of November 13, 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 6,2 percent, lower than in October (6,7 percent). On the other hand, the average spread of Latin-American bonds increased from 11,5 percent in October and 12,4 percent as of November 13.

Spread of sovereign bonds (November 2000 - November 2001)



Exchange rate at S/. 3,446

From November 1 to 13, the ask exchange rate in the banking system was S/. 3,446, 0,4 percent lower than last October average (S/. 3,461). On November 13, the exchange rate was S/. 3,444 similar to end-October.

The net balance of foreign currency sales in the forward market remained at US\$ 595 million, whereas the banks' exchange position passed from US\$ 527 million in October to US\$ 552 million as of November 13.

Banks' exchange market operations to the public: Daily average

(Million of US\$)

	December 2000	August 2001	September	October	November 1-13
End-of-period balance:					
a. Net sales to the public (i-ii)	440	596	572	595	595
i. Forward sales to the public	653	1 065	1 059	1 039	1 010
ii. Forward purchases to the public	213	470	496	443	415
b. Banks' exchange position	630	446	667	527	552
Flows:					
I. Forward sales to the public	0	-3	-1	-1	-1
- New sales	12	12	12	15	14
- Redemptions	12	15	13	16	15
II. Forward purchases to the public	-2	-3	-1	-2	-1
- New purchases	6	9	9	8	6
- Redemptions	8	12	10	10	7
III. Net spot purchases to the public	0	3	4	6	14
- Purchases	87	76	78	85	85
- Sales	87	73	74	79	71

Gross domestic product rose 2,3 percent in September

The **gross domestic product** (GDP) rose 2,3 percent in September, but decreased 0,8 percent in the period January-September. The outcome of the month reflects the increased in primary sectors, which grew 8,9 percent on average –mining and oil grew 22,1 percent- and in a lower extent non-primary sectors which increased 0,9 percent. On the other hand, domestic demand decreased 0,9 percent in September.

GROSS DOMESTIC PRODUCT
(Rates of growth)

	September		January-September	
	2000	2001	2000	2001
Agriculture and livestock	4,0	1,0	6,4	-1,3
<i>Agriculture</i>	1,1	0,1	7,0	-3,7
<i>Livestock</i>	8,2	1,8	5,9	2,4
Fishing	-13,3	-8,9	21,2	-6,0
Mining and oil products	4,9	22,1	2,7	7,1
<i>Mining</i>	6,2	24,6	3,8	8,3
<i>Oil products</i>	-6,0	1,4	-7,0	-2,8
Manufacturing	0,4	0,7	9,8	-1,7
<i>Based on raw materials</i>	5,1	5,3	14,8	0,0
<i>Non-primary industries</i>	-0,8	-0,5	8,4	-2,2
Construction	-7,8	-7,6	0,2	-10,2
Trade	-2,5	2,2	6,6	-0,5
Other	-1,8	1,9	3,1	-0,3
GDP	-1,2	2,3	4,8	-0,8
<i>Primary sectors</i>	4,1	8,9	7,1	1,1
<i>Non primary sectors</i>	-2,2	0,9	4,2	-1,3
Domestic demand	-3,6	0,9	4,3	-1,7

Trade deficit in September: US\$ 49 million

In September, the trade deficit amounted to US\$ 49 million and US\$ 157 million in the period January-September, which is US\$ 67 million lower than in the same period a year ago.

In September, **exports** totaled US\$ 544 million, down US\$ 11 million (2 percent) from September 2000. Non-traditional exports increased US\$ 34 million, whereas traditional exports dropped US\$ 32 million. **Imports** amounted to US\$ 593 million, up US\$ 37 million (7 percent) from September 2000, reflecting higher acquisitions of intermediate and consumer (US\$ 41 million and US\$ 11 million, respectively), partially offset by lower capital goods (US\$ 19 million).

TRADE BALANCE
(Million of US\$)

	September			January-September		
	2000	2001	Var. %	2000	2001	Var. %
Trade balance	- 1,0	- 49,0	-4 594,4	- 223,9	- 156,5	30,1
Exports	554,3	543,6	- 1,9	5 179,3	5 293,7	2,2
Traditional products	387,7	355,3	- 8,3	3 575,4	3 553,5	- 0,6
Mining	57,5	35,8	- 37,8	766,8	810,3	5,7
Petroleum and derivatives	26,1	27,8	6,4	179,6	135,0	- 24,8
Agriculture	257,6	263,2	2,2	2 322,6	2 294,6	- 1,2
Fishing	46,4	28,5	- 38,6	306,3	313,6	2,4
Non-traditional products	148,4	182,5	22,9	1 466,6	1 623,9	10,7
Agriculture	28,9	40,3	39,4	265,3	288,3	8,6
Textile	51,6	48,5	- 6,0	506,1	509,8	0,7
Fishing	15,8	17,9	12,9	138,6	159,3	14,9
Fabricated metal products	5,7	7,1	25,4	68,5	123,4	80,2
Chemical	15,2	19,6	28,9	152,3	183,5	20,5
Based metal industries	14,6	14,4	- 1,3	158,9	150,4	- 5,3
Non-metal	3,3	7,9	140,1	32,7	44,0	34,5
Others	13,4	26,8	100,3	144,2	165,1	14,5
Others	18,2	5,8	- 68,0	137,3	116,4	- 15,3
Imports	555,4	592,7	6,7	5 403,2	5 450,3	0,9
Consumer goods	112,1	123,0	9,7	1 040,4	1 134,1	9,0
Inputs	287,9	329,3	14,4	2 667,0	2 754,3	3,3
Capital goods	149,6	130,8	- 12,6	1 581,2	1 477,2	- 6,6
Others	5,7	9,6	68,6	114,6	84,6	- 26,2

Central government operations: September

In September, the central government recorded an **overall deficit** of S/. 584 million, up S/. 372 million from September 2000 (S/. 212 million), mainly due to higher interests payments (S/. 264 million). It should be noted that in 2000 the Brady bond's service (US\$ 80 million) was deferred from September to October. The primary balance in September was negative (S/. 80 million), compared with a surplus of S/. 27 million in the same month last year.

The overall deficit in September was funded with external financing (S/. 311 million or US\$ 89 million) -as a result of the difference between disbursements (US\$ 172 million) and amortization (US\$ 83 million)-, domestic financing (S/. 257 million) -reflecting bond issuance (S/. 250 million)- and privatization revenue (S/. 16 million or US\$ 4,5 million).

CENTRAL GOVERNMENT OPERATIONS
(Million of S/.)

	September			January-September		
	2000	2001	Real %	2000	2001	Real %
1. CURRENT REVENUE	2 160	2 181	0,1	20 231	20 317	- 2,1
2. NON FINANCIAL EXPENDITURE	2 184	2 280	3,5	21 650	20 249	- 8,8
<i>a. Current</i>	1 840	1 859	0,2	17 744	17 319	- 4,8
<i>b. Capital</i>	345	421	21,1	3 907	2 930	- 26,9
3. OTHER OPERATIONS	51	19	- 62,5	338	168	- 51,5
4. PRIMARY BALANCE (1-2+3)	27	- 80		-1 082	236	
5. INTEREST	240	504	108,2	2 716	2 993	7,4

Public Treasury' cash flow: October

In October, the Public Treasury cash flow in domestic currency was negative in S/. 263 million. Revenues amounted to S/. 1 729 million, whereas cash payments amounted to S/. 1 871 million. Furthermore, there were purchase of foreign currency by US\$ 25 million. October's tax collecting amounted to S/. 1 876 million, S/. 28 million lower than in September.

In foreign currency, the cash flow was negative in US\$ 19 million. Revenues amounted to US\$ 21 million, purchases of foreign currency to US\$ 35 million and debt service to US\$ 75 million. The balance of the Public Treasury accounts at the Central Bank was US\$ 506 million, from which US\$ 157 million correspond to privatization, US\$ 161 million to other available accounts and US\$ 189 million to intangible accounts.

PUBLIC TREASURY CASH FLOW						
	October			January-October		
	2000	2001	Var %	2000	2001	Var %
A. DOMESTIC CURRENCY (Millions of Nuevos Soles)						
I. REVENUES	2 151	1 729	- 19,6	17 831	17 229	- 3,4
II. PAYMENTS	-1 618	-1 871	15,6	-18 069	-17 803	- 1,5
III. PURCHASE (-) / SELLING (+) of foreign currency	0	- 121		576	- 481	
IV. OVERALL BALANCE (I+II+III)	533	- 263		337	-1 055	
Note:						
Deposits of Public Treasury in domestic currency	- 206	- 370		- 206	- 370	
Floating debt	312	651		312	651	
Bonds stock	0	950		0	950	
B. FOREIGN CURRENCY (Millions of US dollars)						
I. REVENUES	90	21	- 76,6	308	230	- 25,5
II. PURCHASE (+) / SELLING (-) of foreign currency	0	35		- 167	137	
III. PAYMENTS	- 220	- 75	- 65,9	-1 381	-1 363	- 1,3
IV. OVERALL BALANCE (I+II+III)	- 130	- 19		-1 240	- 997	
Note:						
Deposits of Public Treasury in foreign currency	818	506		818	506	
Privatization and Promcepri	400	157		400	157	
Other available accounts	254	161		254	161	
Intangible accounts	164	189		164	189	

Monetary accounts: October

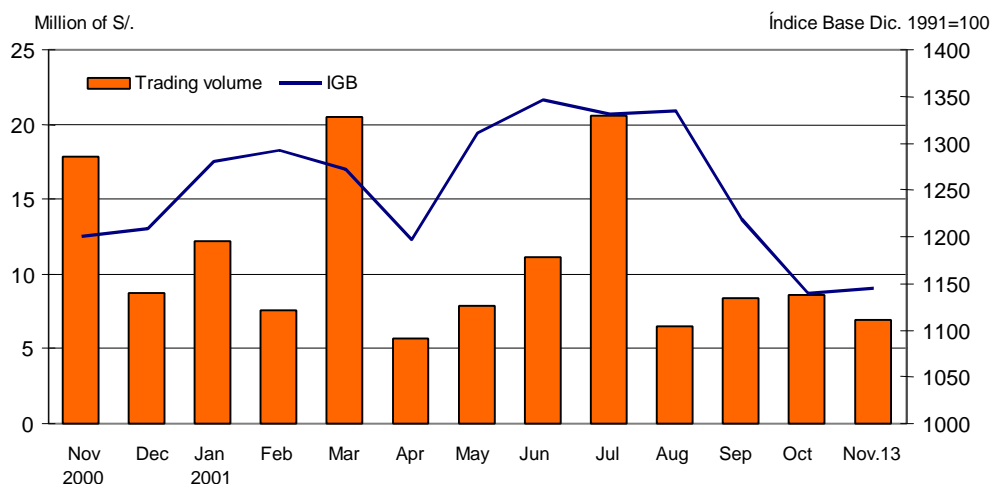
In October, liquidity in domestic currency increased 1,6 percent to S/. 14 702 million. In annual terms this aggregate increased 7,1 percent. On the other hand, credit to the private sector in domestic currency increased 0,9 percent to S/. 8 961 million. Growth in the last 12 months for this variable was 3,9 percent.

Liquidity in foreign currency increased 0,1 percent (US\$ 14 million) to US\$ 9 678 million. In annual terms, this variable increased 4,1 percent. Credit to the private sector (US\$ 10 799 million) increased 0,1 percent (US\$ 10 million) in October, but decreased 2,9 percent in the last 12 months.

General Index increased 0,5 percent

As of November 13, the Lima Stock Exchange increased relative to end-October by 0,5 percent in both the General Index and Blue Chip Index. In the year, these indices have decreased 5,2 and 8,8 percent, respectively.

**Stock market indicators
(November 2000 - November 2001)**



Lima, November 16, 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).