

BANCO CENTRAL DE RESERVA DEL PERU
WEEKLY REPORT N° 51
December 21, 2001

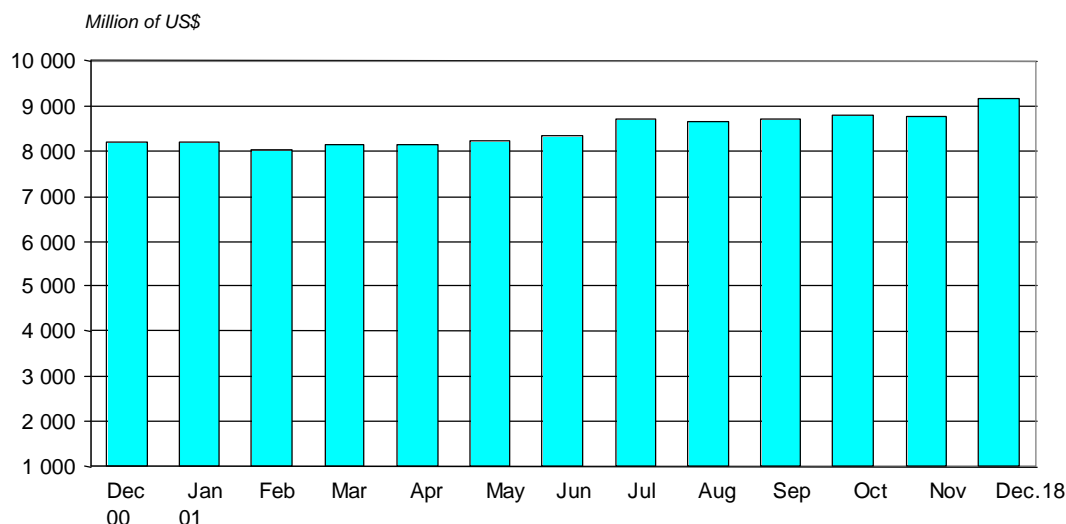
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Net International Reserves at US\$ 9 168 million

As of December 18, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 9 168 million, up US\$ 400 million from end-November and US\$ 989 million from end-2000. The increase of NIR during December obeys to higher public sector deposits (US\$ 276 million) –which corresponds to privatization revenues funds and CAF disbursements-, purchases of foreign currency (US\$ 52 million), higher financial system deposits (US\$ 50 million) and net interest earnings (US\$ 23 million). These operations were partially offset by valuation changes (US\$ 1 million). On the other hand, the foreign exchange position amounted to US\$ 2 881 million, up US\$ 53 million from end-November.

**BCRP net international reserve
(December 2000 - December 2001)**



Banks' current account balance at S/. 195 million

As of December 18, the banks' current account held at the Central Bank was S/. 195 million on a daily average basis, reflecting seasonal higher cash demand in order to meet monthly average reserve requirement. For the current month, the range announced by the Bank for the operating target is S/. 150-160 million.

From December 12 to 18, the Central Bank carried out temporary purchase of CDBCRP amounting to S/. 895 million at an average interest rate of 2,8 percent. On December 12 the Bank auctioned CDBCRP by S/. 80 million, with a 6-month maturity and a 4,01 percent interest rate. On the other hand, from December 12 to 18 the Bank made purchases of foreign currency CDBCRP on a daily basis (US\$ 3, US\$ 6, US\$ 5, US\$ 5 and US\$ 5 million, respectively).

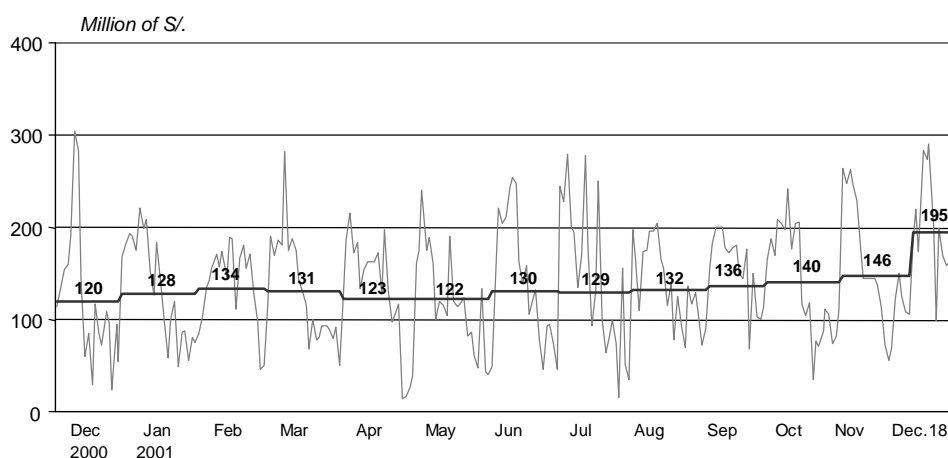
Temporary purchase of CDBCRP

Date	Amount (Million of S/.)	Interest rate (%)
December 13	100	2,86
December 14	260	2,81
December 17	300	2,80
December 18	235	2,69
Total	895	2,78

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		-52	14	-10	47		1		3,5
December 1-18		-30	36	-31	9		21		3,1

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



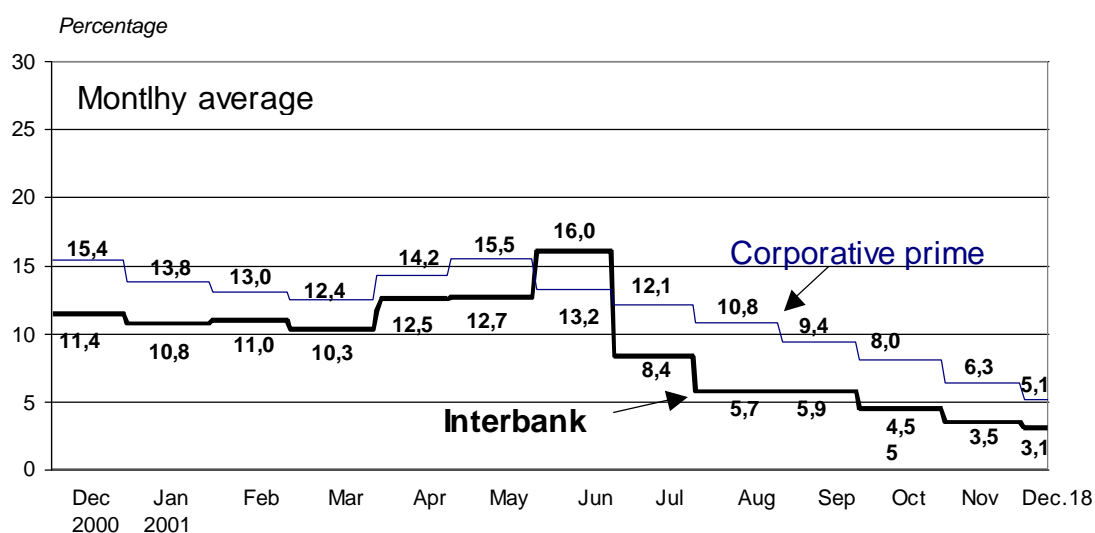
Average monetary base at S/. 5 629 million

As of December 18, the daily average balance of the monetary base was S/. 5 629 million, up 6,3 percent from November. On December 18, the monetary base amounted to S/. 6 036 million, up 13,5 percent (S/. 716 million) from end-November. The operations that explained the higher monetary base were the withdrawal of public sector deposits (S/. 382 million), temporary purchase of CDBCRP (S/. 198 million), purchases of foreign currency (S/. 178 million) and other outlays (S/. 18 million), which were partially offset by the net issuance of CDBCRP (S/. 60 million).

Interest rates decrease

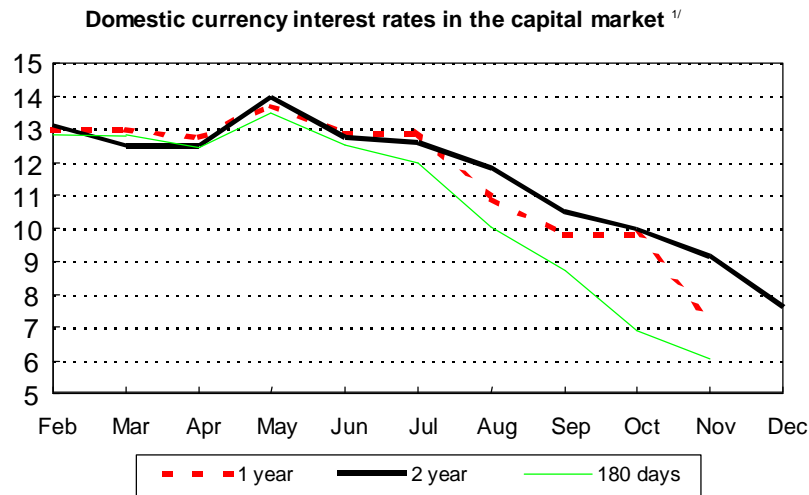
As of December 18, the interbank interest rate in domestic currency decreased from 3,5 percent in November to 3,1 percent, whereas the corporate prime interest rate declined from 6,3 percent in November to 5,1 percent. In the same period, the average lending interest rate in domestic currency (TAMN) also decreased from 22,8 to 22,7 percent. On December 18, these rates were 3,0, 5,0 and 23,4 percent, respectively.

**Interest rates in domestic currency
(December 2000 - December 2001)**



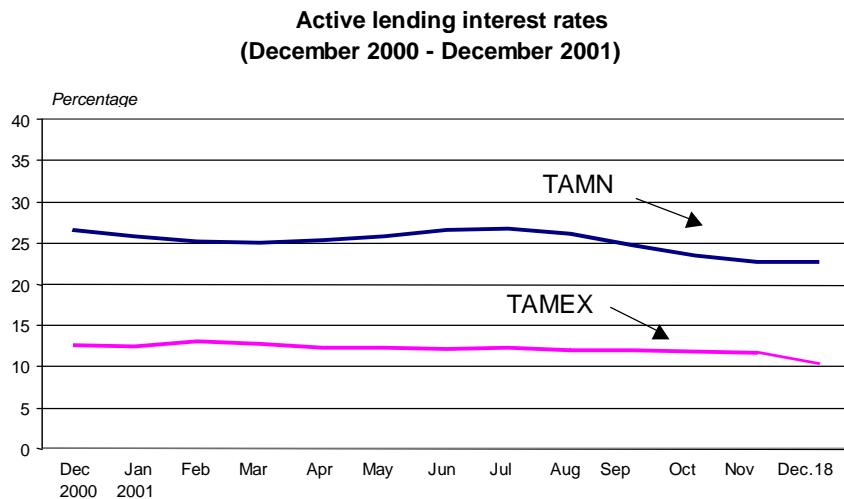
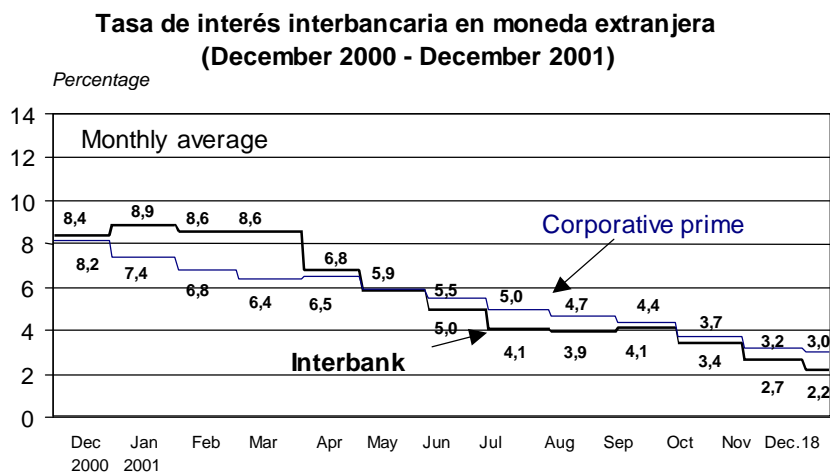
The decrease in interbank interest rate responds to lower financial costs of CDBCRP and Public Treasury bonds, which are risk-free financial assets, which can be used as a benchmark for setting the interest rates of other financial assets.

The same pattern is observed in the interest rates of fixed income instruments in the capital market (such as bonds and commercial bills) as seen in the following graph. Thus, in November the government issued 2 year bonds at an effective interest rate of 9,1 percent (versus 10 percent in October), whereas Telefónica del Perú issued bills with a 1-year maturity at 7,2 percent (versus 9,8 percent in September). In December, this company issued bonds with a 2-year maturity at 7,6 percent. On December 14, Financiera de Crédito issued 1-year certificate of deposit at 7,0 percent.



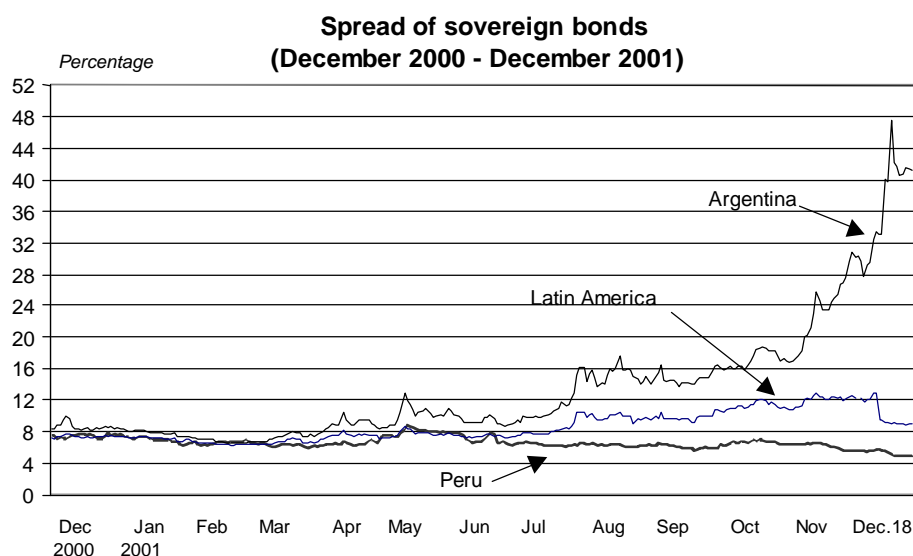
1/ Commercial bills and low-risk bonds (Public Treasury and Telefónica).

In foreign currency, the interbank rate passed from 2,7 percent in November to 2,2 percent as of December 18. The corporate prime interest rate in foreign currency declined from 3,2 percent to 3,1 percent. In the same period, the average lending interest rate in foreign currency (TAMEX) also declined from 11,7 to 10,3 percent. On December 18, these rates were 3,1, 3,1 and 10,0 percent, respectively.



Peru's bonds spread at 5,1 percent

As of December 18, 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 5,1 percent, lower than the levels in November (5,8 percent) and October (6,7 percent).



Exchange rate at S/. 3,437

On December 18, the ask exchange rate in the banking system was S/. 3,437, 0,2 percent higher on December 11 (S/. 3,430) and 0,1 percent higher than end-November (S/. 3,435). Central Bank intervention in the spot market along this period amounted to US\$ 24 million.

The balance of foreign currency sales in the forward market increased slightly from US\$ 943 million in November to US\$ 916 million as of December 18, whereas the banks' exchange position remained at US\$ 585 million.

Banks' exchange market operations to the public: Daily average (Million of US\$)						
	December 2000	August 2001	September	October	November	December 1-11
End-of-period balance:						
a. Net sales to the public (i-ii)	440	596	572	595	618	592
i. Forward sales to the public	653	1 065	1 068	1 039	943	916
ii. Forward purchases to the public	213	470	496	441	325	324
b. Banks' exchange position	630	446	667	527	585	585
Flows:						
I. Forward sales to the public	0	-3	-1	-1	-4	-6
- New sales	12	12	12	15	16	19
- Redemptions	12	15	13	16	20	25
II. Forward purchases to the public	-2	-3	-1	-2	-5	-1
- New purchases	6	9	9	8	8	29
- Redemptions	8	12	10	10	13	30
III. Net spot purchases to the public	0	3	4	6	16	-3
- Purchases	87	76	78	85	91	144
- Sales	87	73	74	79	75	147

Monetary accounts: November

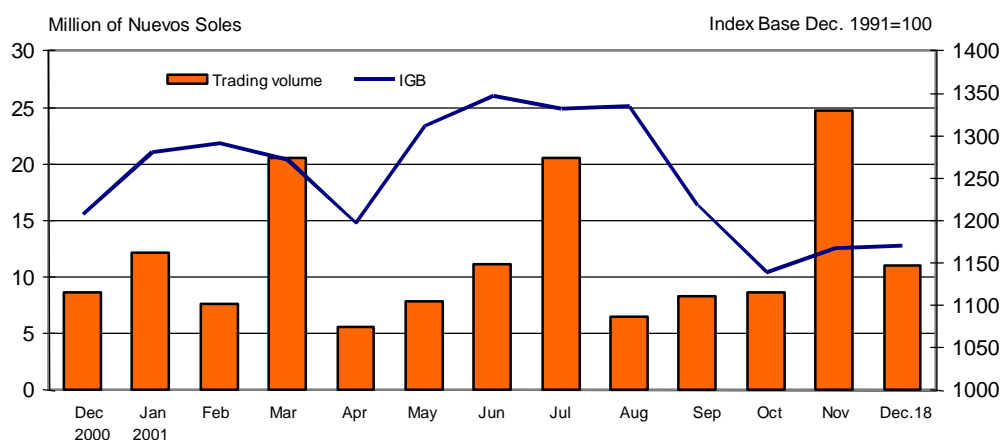
Liquidity in domestic currency increased 3,5 percent (S/. 517 million) in November to S/. 15 219 million. In annual terms this aggregate increased 11,0 percent. On the other hand, credit to the private sector in domestic currency increased 1,7 percent (S/. 154 million) to S/. 9 115 million. Growth in the last 12 months for this variable was 1,8 percent.

In the same period liquidity in foreign currency decreased US\$ 67 million (0,7 percent) to US\$ 9 611 million, whereas in annual terms this variable increased 3,4 percent. Short-term external liabilities increased 2,0 percent (US\$ 25 million) to US\$ 1 239 million. Credit to the private sector (US\$ 10 722 million) fell 0,7 percent (US\$ 77 million) in November and 4,9 percent in the last 12 months. The latter reflects a portfolio recomposition as well as the greater dynamism of the capital market. As seen in higher issuances of bonds and commercial bills of enterprises, which in November came to S/. 87 million (S/. 46 million in domestic currency and US\$ 12 million in foreign currency).

General Index increased 0,3 percent

As of December 18, the Lima Stock Exchange increased relative to end-November by 0,3 percent in the General Index and 0,1 percent in the Blue Chip Index. However, in the year, the General and Blue Chip index have decreased 3,1 and 6,7 percent, respectively.

**Indicadores Bursátiles
(December 2000 - December 2001)**



Lima, December 21, 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).