

BANCO CENTRAL DE RESERVA DEL PERU

WEEKLY REPORT N° 02

January 11, 2002

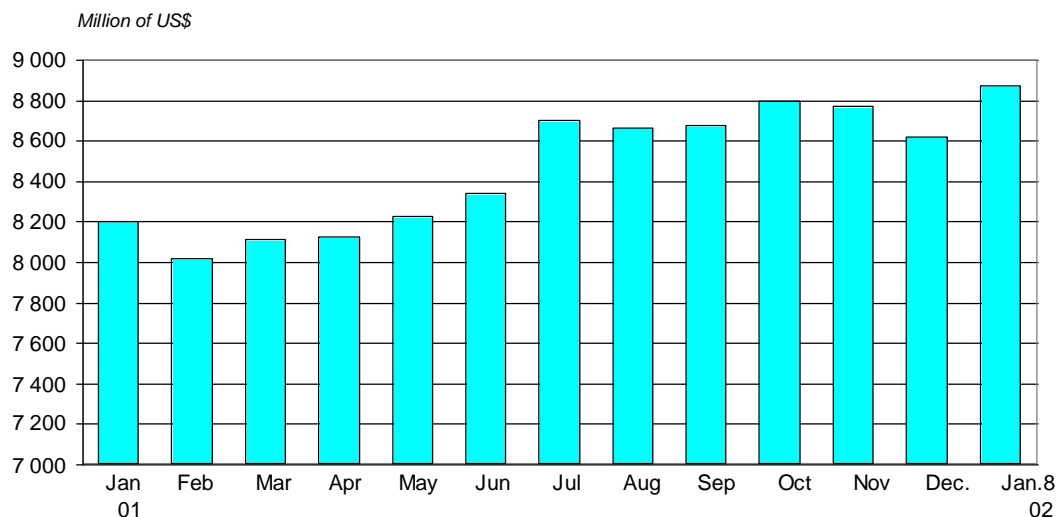
Content

Net International Reserves at US\$ 8 873 million
Banks' current account balance at S/. 207 million
Average monetary base at S/. 5 993 million
Interest rates decrease
Peru's bonds spread at 4,8 percent
Exchange rate at S/. 3,447
Gross domestic product rose 1,7 percent in November
Trade deficit in November: US\$ 5 million
Central government operations: November
Public Treasury' cash flow: December
Monetary accounts: December 22
General Stock Index increased 3,1 percent

Net International Reserves at US\$ 8 873 million

As January 8, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 8 873 million, up US\$ 260 million from end-December. This increase obeys to higher financial system (US\$ 254 million) and public sector deposits (US\$ 5 million) as well as net interest earnings (US\$ 1 million). On the other hand, the foreign exchange position amounted to US\$ 2 914 million, similar to end-December.

BCRP net international reserves (January 2001 - January 2002)



In 2001, the net international reserves (NIR) of the Central Reserve Bank of Peru amounted to US\$ 8 613 million, US\$ 433 million higher than end-2000. This increase is due to higher financial system deposits (US\$ 245 million), investment yields and other operations (US\$ 211 million) and net purchases of foreign currency (US\$ 135 million) which were partially offset by the withdrawal of public sector deposits (US\$ 158 million).

Banks' current account balance at S/. 207 million

As of January 8, the banks' current account held at the Central Bank was S/. 207 million on a daily average basis. The range announced by the Central Bank for the month of January for this variables is S/. 160-S/. 170 million.

From January 2 to 8, the Central Bank made six auctions of CDBCRP amounting to S/. 325 million at an average interest rate of 3,7 percent.

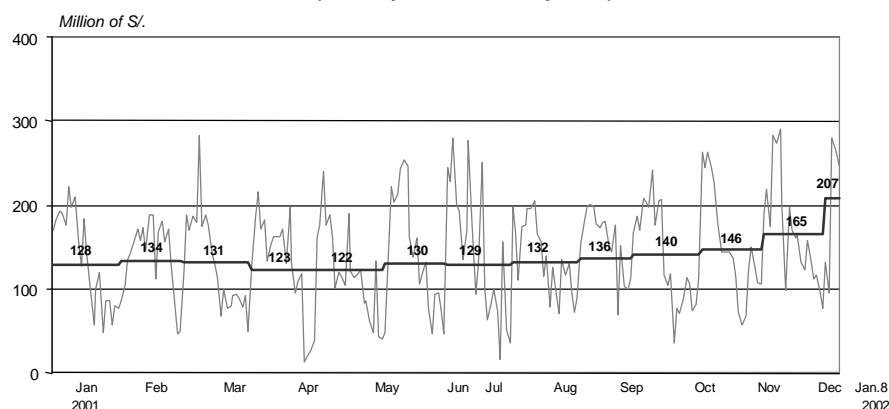
Temporary purchase of CDBCRP

Date	Term (months)	Amount (Million of S/.)	Interest rate (%)
January 4	6	45	3,61
January 7	6	65	3,47
	9	50	4,17
January 8	18	80	3,18
	6	45	3,58
	9	40	4,45
Total		325	

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	
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	139	-44	16	-84	31	55	84	140	4,5
November	146	-52	14	-10	47	152	1	146	3,5
December	166	-41	34	-95	24	92	76	165	3,1
January 8, 2002	186	-8	0	83	100	345	-141	207	3,0

Banks' current account at the BCRP (January 2001 - January 2002)



Average monetary base at S/. 5 993 million

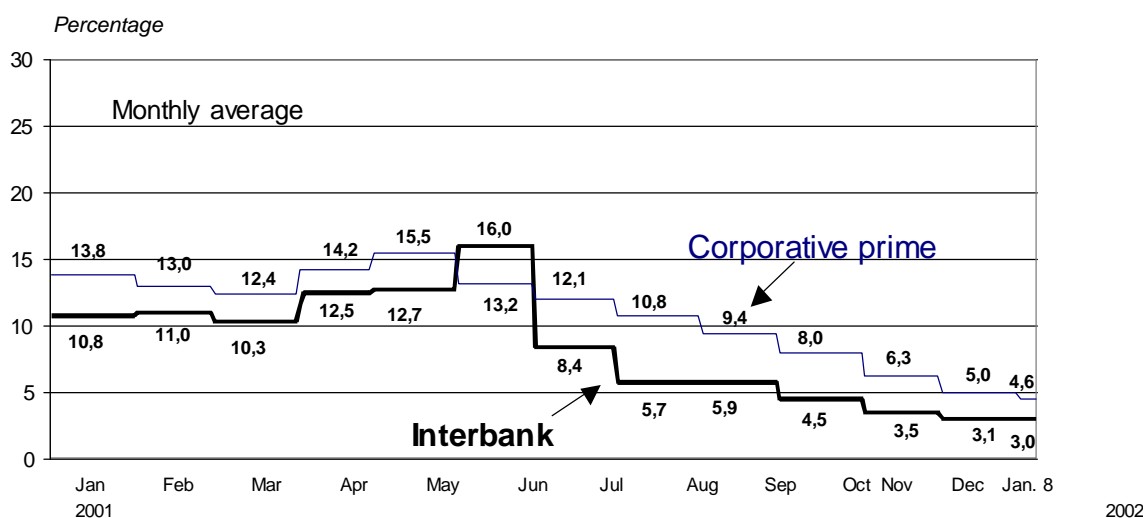
As of January 8, the daily average balance of the monetary base was S/. 5 993 million, up 1,9 percent from December. On January 8, the monetary base amounted to S/. 5 812 million, down 4,5 percent (S/. 275 million) from end-December. The operations that explained the lower monetary base were the net issuance of CDCRP (S/. 325 million), which were partially offset by the withdrawal of overnight deposits (S/. 34 million), other outlays (S/. 13 million) and the withdrawal of public sector deposits (S/. 3 million).

In 2001, the daily average balance of the monetary base was S /. 5 217 million, up 3,2 percent from 2000 (S/. 5 056 million). End of the year monetary base was S/. 445 million (7,9 percent) higher than in 2000.

Interest rates decrease

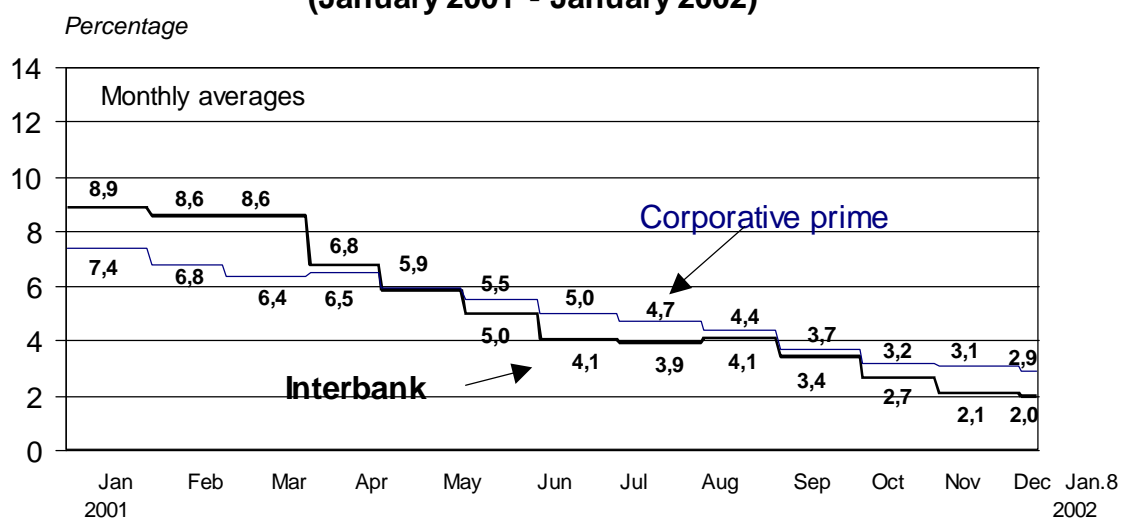
As of January 8, the interbank interest rate in domestic currency decreased from 3,1 percent in December to 3,0 percent, whereas the corporate prime interest rate declined from 5,0 percent in December to 4,6 percent. Conversely, the average lending interest rate in domestic currency (TAMN) increased slightly from 23,0 to 23,7 percent.

**Interest rates in domestic currency
(January 2001 - January 2002)**

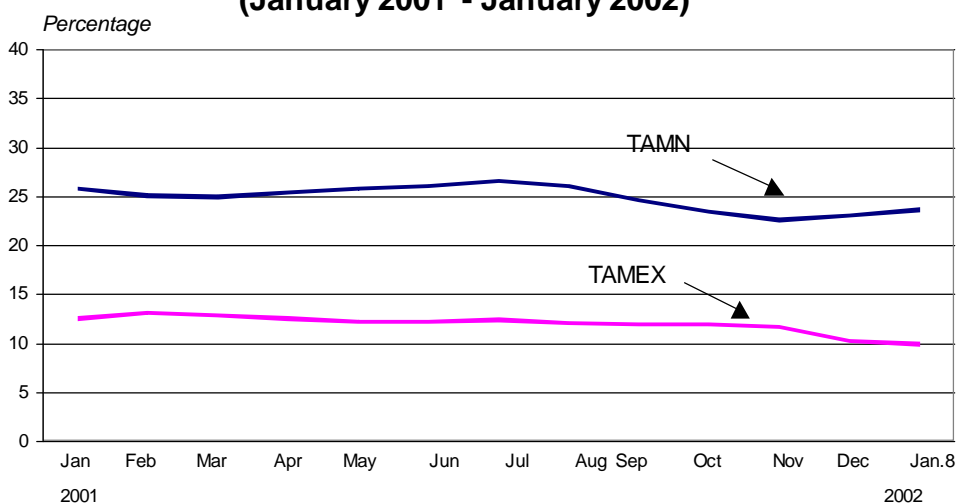


In foreign currency, the interbank rate passed from 2,1 percent in December to 2,0 percent as of January 8. The corporate prime interest rate in foreign currency declined from 3,1 percent to 2,9 percent. In the same period, the average lending interest rate in foreign currency (TAMEX) also declined from 10,2 to 9,9 percent.

Interest rates in foreign currency (January 2001 - January 2002)

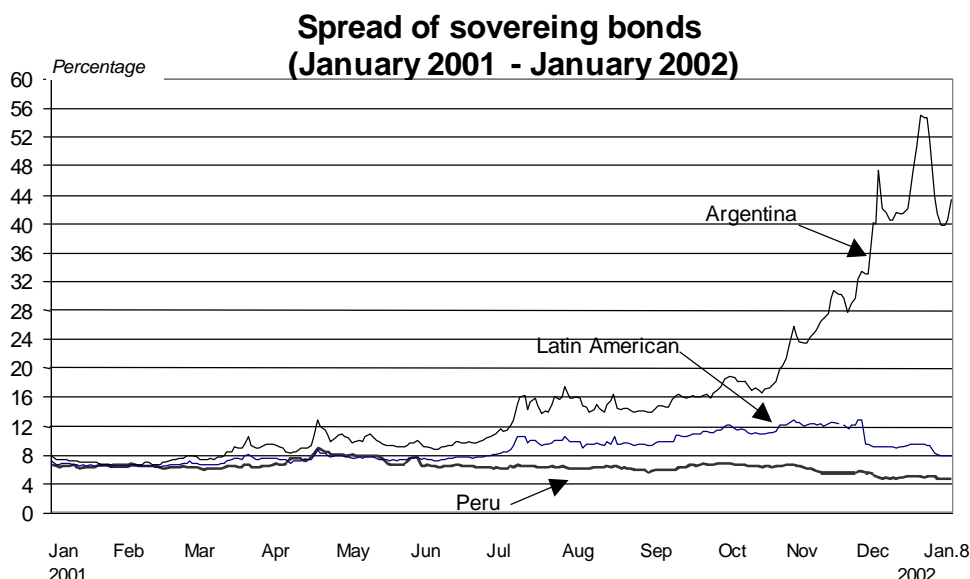


Active lending interest rates (January 2001 - January 2002)



Peru's bonds spread at 4,8 percent

As of January 8, 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 4,8 percent, lower than the levels in December (5,1 percent), November (5,8 percent) and October (6,7 percent).



Exchange rate at S/. 3,447

As of January 8, the ask exchange rate in the banking system was S/. 3,447, 0,03 percent lower than December 31 (S/. 3,446).

The balance of foreign currency sales in the forward market increased slightly from US\$ 834 million in December to US\$ 837 million as of January 8, whereas the banks' exchange position decreased from US\$ 587 million to US\$ 576 million.

Banks' exchange market operations to the public: Daily average (Million of US\$)					
	December 2000	October	November	December 2001	January 1-8
End-of-period balance:					
a. Net sales to the public (i-ii)	440	595	618	586	565
i. Forward sales to the public	653	1 039	943	834	837
ii. Forward purchases to the public	213	441	325	248	272
b. Banks' exchange position	630	527	585	587	576
Flows:					
I. Forward sales to the public	0	-1	-4	-4	2
- New sales	12	15	16	11	11
- Redemptions	12	16	20	15	10
II. Forward purchases to the public	-2	-2	-5	-3	6
- New purchases	6	8	8	12	14
- Redemptions	8	10	13	15	9
III. Net spot purchases to the public	0	6	16	3	-8
- Purchases	87	85	91	78	64
- Sales	87	79	75	75	72

Gross domestic product rose 1,7 percent in November

The **gross domestic product** (GDP) rose 1,7 percent in November compared with the November 2000 (when it fell 1,9 percent). Primary sectors rose 0,8 percent, reflecting the growth in mining (23,5 percent) which offset the decrease in fishing (54,1 percent). The latter was due to the scarcity of Anchovy. Non -primary sectors increased 2,0 percent, reflecting the recovery in construction (8,1 percent), non -primary industry (0,2 percent) as well as a higher activity in trade (0,9 percent) and other services (1,9 percent).

GROSS DOMESTIC PRODUCT (Rates of growth)				
	November		January-November	
	2000	2001	2000	2001
Agriculture and livestock	6,0	0,0	6,1	-0,9
<i>Agriculture</i>				
<i>Livestock</i>	6,4	0,6	6,1	2,2
Fishing	15,1	-54,1	15,7	-10,9
Mining and oil products				
<i>Mining</i>	1,7	26,3	3,6	11,1
<i>Oil products</i>				
Manufacturing	0,9	-4,2	8,1	-1,7
<i>Based on raw materials</i>	9,7	-18,4	12,1	-2,1
<i>Non-primary industries</i>				
Construction	-15,7	8,1	-2,7	-7,6
Trade	1,9	0,9	5,7	-0,8
Other				
GDP	-1,9	1,7	3,8	-0,5
<i>Primary sectors</i>				
<i>Non primary sectors</i>	-3,4	2,0	3,2	-1,0

Trade deficit in October: US\$ 7 million

In November, the **trade balance** recorded a US\$ 5 million surplus, but a US\$ 130 million deficit in the period January -November. In November, **exports** totaled US\$ 581 million, 7,4 percent higher than a year ago. Traditional exports increased 11 percent, whereas non-traditional expanded 1,6 percent. In the period January -November exports amounted to US\$ 6 054 million, 1,6 percent higher than in the same period of 2000.

TRADE BALANCE (Million of US\$)								
	November				January-November			
	2000	2001	Flow	Var. %	2000	2001	Flow	Var. %
<u>Trade balance</u>	-95	5	101	105,4	-344	-130	214	62,1
<u>Exports</u>	541	581	40	7,4	6 401	6 504	102	1,6
Traditional products	354	393	39	11,0	4 386	4 351	-35	-0,8
<i>Mining</i>	36	48	12	34,9	877	881	4	0,5
<i>Petroleum and derivatives</i>	16	26	11	67,7	227	190	-37	-16,2
<i>Agriculture</i>	283	283	0	-0,2	2 913	2 887	-26	-0,9
<i>Fishing</i>	20	36	16	83,2	369	393	24	6,5
Non-traditional products	179	182	3	1,6	1 859	1 988	129	6,9
<i>Agriculture</i>	40	48	8	19,0	350	383	33	9,4
<i>Textile</i>	60	49	-11	-17,9	637	605	-32	-5,0
<i>Fishing</i>	15	15	1	4,9	170	191	21	12,4
<i>Fabricated metal products</i>	7	13	6	79,2	85	145	59	69,6
<i>Chemical</i>	20	20	0	1,3	192	226	34	17,6
<i>Based metal industries</i>	16	13	-4	-23,3	199	175	-23	-11,8
<i>Non-metal</i>	4	4	0	-3,4	42	53	12	27,8
<i>Others</i>	17	20	3	18,7	184	209	25	13,6
Others	8	7	-1	-18,3	156	164	8	5,3
<u>Imports</u>	636	576	-60	-9,5	6 745	6 634	-111	-1,6
Consumer goods	143	149	6	4,3	1 324	1 432	109	8,2
Inputs	310	279	-31	-10,1	3 367	3 327	-40	-1,2
Capital goods	176	142	-33	-19,0	1 924	1 774	-150	-7,8
Others	8	6	-2	-20,8	130	100	-30	-22,8

Conversely, **imports** (US\$ 576 million) decreased 9,5 percent in November, reflecting lower acquisitions of capital goods (19,0 percent) and other imports (20,8 percent). Total imports as of November amounted to US\$ 6 634 million, 1,6 percent lower than in the same period a year ago.

Central government operations: November

In November, the central government **current revenue** amounted to S/. 2 268 million, S/. 102 million higher than in November 2000 (5 percent in real terms). **Tax collection** recorded a 2 percent increase in real terms due to the increase in excise tax collection on oils, as well as the higher collection on income tax and state assets (IAE). Conversely, revenues from value added tax, tariffs and excise tax on other goods decreased. **Non-tax revenue** rose 22 percent, reflecting the entry of US\$ 27 million from the FEDADOI.

Non-financial expenditure increased to S/. 2 395 million, up S/. 250 million (12 percent in real terms) from November 2000, reflecting the wage increase given to civil servants in September and the growth in capital expenditure.

As a result, the **primary balance** passed from S/. 56 million surplus in November 2000 to a S/. 108 million deficit this month.

CENTRAL GOVERNMENT OPERATIONS						
(Million of S/.)						
	November			January-November		
	2000	2001	Real %	2000	2001	Real %
1. CURRENT REVENUE	2 166	2 268	4,6	25 123	24 616	-4,4
2. NON FINANCIAL EXPENDITURE	2 145	2 395	11,5	25 990	24 983	-5,9
a. Current	1 841	1 987	7,8	21 424	21 251	-2,9
b. Capital	304	409	34,2	4 567	3 732	-20,1
from which: Investment	309	393	27,0	4 099	3 269	-22,0
3. OTHER OPERATIONS	36	19	-46,0	495	206	-59,1
4. <u>PRIMARY BALANCE (1-2+3)</u>	<u>56</u>	<u>-108</u>		<u>-282</u>	<u>-161</u>	
5. INTEREST	174	200	14,9	3 348	3 332	-2,7
6. <u>OVERALL BALANCE (45)</u>	<u>-118</u>	<u>-309</u>		<u>-3 630</u>	<u>-3 493</u>	

Public Treasury' cash flow: December

In December, the Public Treasury cash flow in **domestic currency** was negative in S/. 457 million. Revenues amounted to S/. 1 685 million and cash payments to S/. 2 460 million. non-financial expenditure was S/. 229 million (11 percent) higher than December 2000, reflecting the bonus granted to civil servants (at a cost of S/. 380 million).

In **foreign currency**, the cash flow was negative in US\$ 400 million. Revenues amounted to US\$ 9 million whereas sales of purchases of foreign currency and external debt service amounted to US\$ 92 and 317 million, respectively. Privatization revenue amounted to US\$ 219 million (from which US\$ 218 million correspond to Electroandes). CAF disbursements totaled US\$ 122 million in December. As a result, the balance of the Public Treasury accounts at the Central Bank amounted to US\$ 410

million (of which US\$ 139 million correspond to privatization, US\$ 11 million to other available accounts and US\$ 260 million to intangibles).

PUBLIC TREASURY CASH FLOW						
	December			JanuaryDecember		
	2000	2001	Var %	2000	2001	Var %
A. DOMESTIC CURRENCY (Millions of Nuevos Soles)						
I. REVENUES	1 702	1 685	-1,0	21 235	20 747	-2,3
II. PAYMENTS	-2 081	-2 460	18,2	-21 785	-22 192	1,9
III. PURCHASE (-) / SELLING (+) of foreign currency	249	317		824	-216	
IV. OVERALL BALANCE (I+II+III)	-130	-457		274	-1660	
Note:				-	-	
Deposits of Public Treasury in domestic currency	-270	-708		-270	-708	
Floating debt	464	636		464	636	
Bonds stock	0	1200		0	1200	
B. FOREIGN CURRENCY (Millions of US dollars)						
I. REVENUES	16	9	-45,1	356	250	-29,9
II. PURCHASE (+) / SELLING (-) of foreign currency	-71	-92		-238	60	
III. PAYMENTS	-296	-317	7,2	-1 748	-1 755	0,4
IV. OVERALL BALANCE (I+II+III)	-350	-400		-1 630	-1446	
Note:						
Deposits of Public Treasury in foreign currency	622	410		622	410	
Privatization and Promcepri	289	139		289	139	
Other available accounts	167	11		167	11	
Intangible accounts	166	260		166	260	

Monetary accounts: December 22

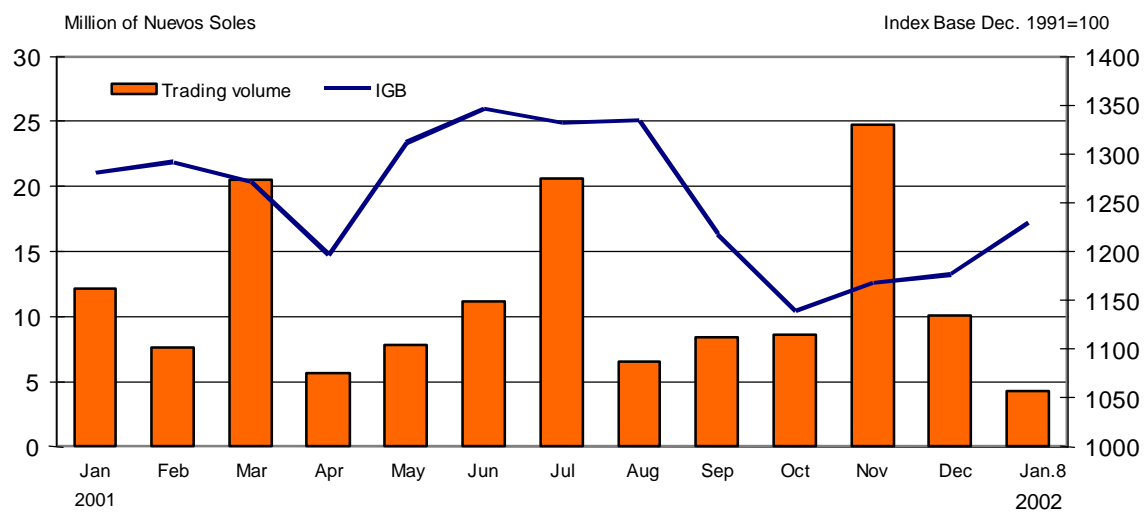
Liquidity in domestic currency increased 11,9 percent (S/. 1 791 million) in the last 4 weeks to S/. 16 800 million. In annual terms this aggregate increased 13,4 percent. On the other hand, credit to the private sector in domestic currency increased 4,9 percent (S/. 442 million) to S/. 9 476 million. Growth in the last 12 months for this variable was 5,2 percent.

In the same period, liquidity in foreign currency decreased US\$ 40 million to US\$ 9 536 million. Short-term external liabilities increased 1,4 percent (US\$ 18 million) to US\$ 1 368 million. Additionally, offshore deposits decreased from US\$ 491 million to US\$ 381 million. Credit to the private sector in foreign currency (US\$ 10 925 million) rose 1,9 percent (US\$ 202 million) from November 22 to December 22, but decreased 3,7 percent in the last 12 months.

General Index increased 3,1 percent

As of January 8, the Lima Stock Exchange increased relative to end -December by 3,1 percent in the General Index and 2,6 percent in the Blue Chip Index.

Stock market indicator: (January 2001- January 2002)



Lima, January 11, 2002

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).