

BANCO CENTRAL DE RESERVA DEL PERÚ

WEEKLY REPORT

Nº 51 – December 26, 2003

Net international reserves: US\$ 10 633 million

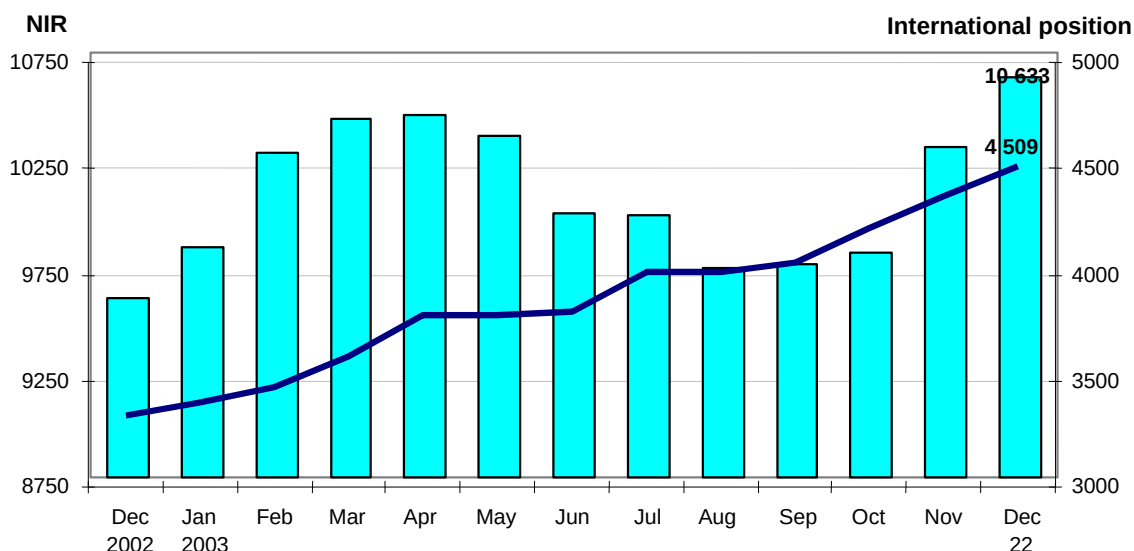
As of **December 22**, the NIR amounted to US\$ 10 633 million, up US\$ 330 million from end-November. This increase reflected higher purchases of foreign currency (US\$ 119 million), the increase in financial system (US\$ 98 million) and public sector deposits

(US\$ 71 million) as well as investment yield (US\$ 41 million). In the year, NIR has increased US\$ 1 035 million whereas the **Central Bank international position** expanded US\$ 1 168 million, reaching a balance of US\$ 4 509 million.

BCR's net international reserves and international position

December 2002 - December 2003

(US\$ million)

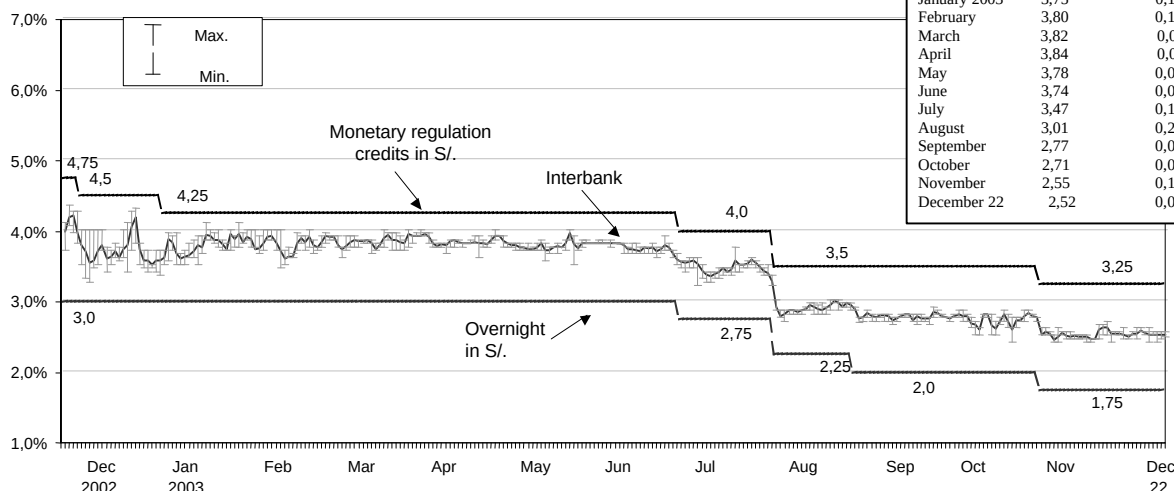


Interbank interest rate at 2,52 percent

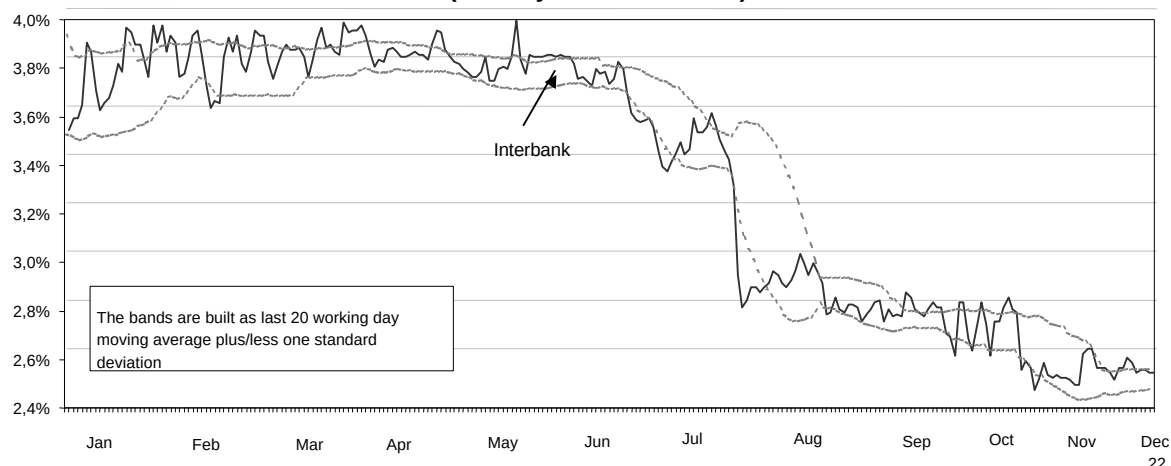
Between **December 1 to 22**, the interbank interest rate in domestic currency was 2,52 percent, lower than the rate recorded in

November (2,55 percent), in line with the reference BCR interest rates for loans (3,25 percent) and deposits (1,75 percent).

Interest rate in domestic currency (December 2002 - December 2003)



Interest rate in domestic currency (January- December 2003)



Monetary operations

As of **December 22**, the daily average balance of banks' liquidity at the Central Bank amounted to S/. 242 million. The balance projected for that month is S/. 180 to S/. 200 million. Between **December 16 and 22**, the Central Bank made the following operations:

- Auction of temporary purchase of CDBCRP and BTP with a 1 day maturity by S/. 110 and S/. 60

million at average interest rates of 2,44 and 2,53 percent, respectively and ii) 3 day by S/. 150 million at 2,46 percent.

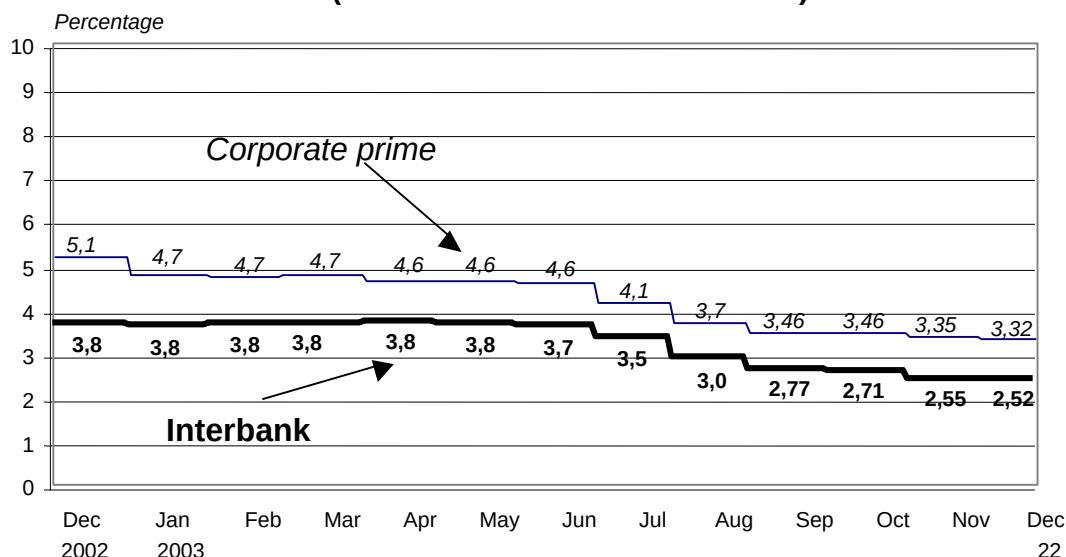
- Purchase of foreign currency over the counter totaling US\$ 60 million at an average exchange rate of S/. 3,466.
- Overnight deposits by S/. 310 million.

Corporate prime interest rate at 3,32 percent

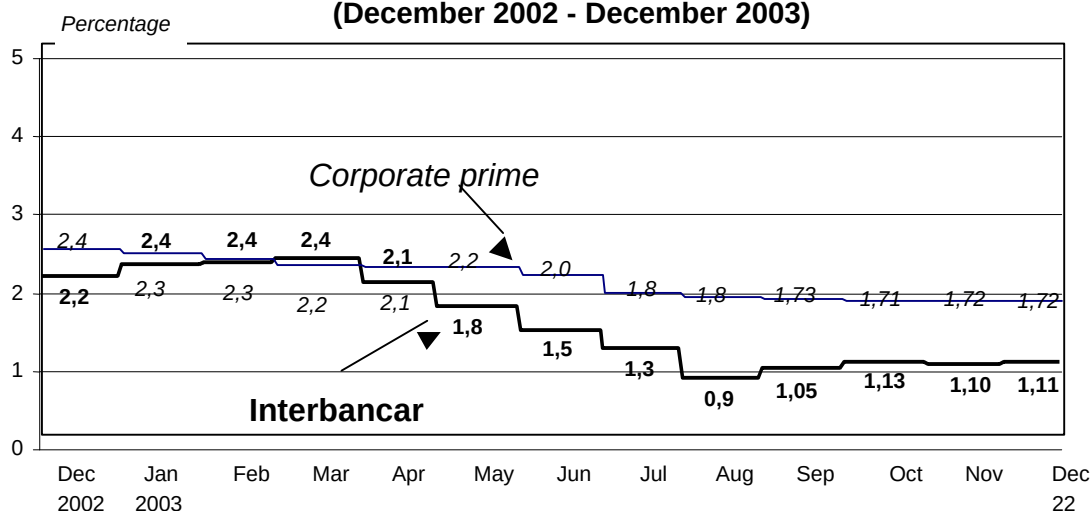
Between **December 1 to 22**, the corporate prime interest rate in local currency averaged 3,32 percent, lower than the rate recorded in

November (3,35 percent), whereas the rate in foreign currency remained at 1,72 percent over the same period.

**Monthly average interest rates in domestic currency
(December 2002 - December 2003)**



**Monthly average interest rates in foreign currency
(December 2002 - December 2003)**



Exchange rate: S/. 3,463

Between **December 15 and 22** the exchange rate fell from S/. 3,475 to S/. 3,463 reflecting the higher domestic currency demand associated to the start of the tax season and the payment of

Christmas bonuses. As of December 22, the balance of net forward sales increased US\$ 19 million, whereas the banks' exchange position dropped US\$ 40 million.

BANKS' EXCHANGE POSITION (Millions of US\$)

	December 2002	January 2003	October	November	December 22
a. Net sales to the public (i-ii)	905	923	592	613	632
i. Forward sales to the public	1 141	1 167	958	885	886
ii. Forward purchases to the public	236	244	362	272	254
b. Banks' exchange position	642	616	555	648	608

Monetary base: December 22, 2003

Between end-November and December 22, the **monetary base** grew 14,6 percent (S/. 971 million) reaching a balance of S/. 7 643 million. In average terms, the monetary base recorded an annual rate of increase of 10,9 percent as of December 22 (against 8,2 percent in November).

By sources, the monetary base flow (S/. 971 million) was mainly explained by the redemption of CDBCRP (S/. 540 million), the purchases of foreign currency over the counter (US\$ 120 million or S/. 416 million) and the withdrawal of public sector deposits (S/. 313 million). The latter was partially offset by the redemption of temporary purchases of securities (S/. 320 million).

Banking system monetary accounts: November 30, 2003

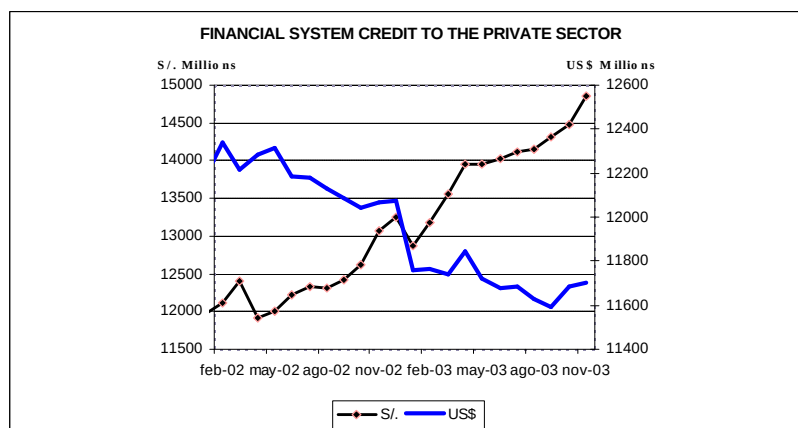
In November, liquidity in **domestic currency** increased 2,2 percent (S/. 416 million) to a S/. 19 439 million balance (up 14,1 percent from a year ago). Credit to the private sector in that currency rose 2,7 percent (S/. 274 million) to S/. 10 319 million. In annual terms, this aggregate increased 7,3 percent.

In **foreign currency**, liquidity dropped 1,0 percent (US\$ 98 million) to US\$ 9 344 million; however, this level is 6,3 percent lower than a year ago. Credit to the private sector in US dollars grew 0,2 percent (US\$ 21 million) reaching a balance of US\$ 9 841 million. In annual terms, this level is 4,8 percent lower than a year ago.

Credit to the private sector

In November 2003, financial system credit to the private sector grew 2,7 percent in domestic currency and 0,1 percent in foreign currency. Through last 12 month,

credit in domestic currency expanded 13,8 percent whereas the credit in foreign currency dropped 3,0 percent to US\$ 11 630 millions.



In November, the greater credit in domestic currency (S/. 390 million) obeys mainly to banking institutions (S/. 241 millions) and to institutional investors' acquisition of securities (S/. 101 million). Last 12 month expansion (S/. 1 802

million) was explained by the higher credit of micro finance institutions (S/. 778 million), banking enterprises (S/. 493 million) and institutional investors (S/. 435 million).

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN DOMESTIC CURRENCY

	Millions of Nuevos Soles			Percentage change	
	nov02	oct03	nov03	Nov.03/ Nov.02	Nov.03/ Oct.03
Banks 1/	7 612	7 864	8 105	6,5	3,1
Banco de la Nación	406	467	447	10,2	-4,2
Microfinance organizations	2 946	3 664	3 724	26,4	1,6
Banks (MiBanco and Banco del Trabajo)	739	928	967	30,9	4,2
S&L, Edpymes and cooperatives	1 440	1 804	1 804	25,2	--
Municipal S&Ls	820	1 024	1 024	24,9	--
Rural S&Ls	129	169	169	30,6	--
Cooperatives	365	444	444	21,9	--
Edpymes	127	167	167	31,6	--
Finacial companies	766	933	954	24,5	2,3
Institutional invetors 2/	1 707	2 041	2 142	25,5	4,9
AFPs	1 114	1 378	1 455	30,6	5,6
Insurance companies	518	543	543	4,8	-0,0
Mutual funds	75	120	144	92,4	19,8
Leasing companies and others	392	437	445	13,4	1,7
Total Financial System	13 062	14 474	14 864	13,8	2,7

1/ Excludes Banco del Trabajo and MiBanco.

2/ Mainly securities issued by the private sector.

In foreign currency, the credit expansion during November (US\$ 15 million) came from banking enterprises (US\$ 18 million). In annual terms, the lower credit

obeyed to the contraction of banks' credits (US\$ 506 million), partially offset by the greater security purchases of institutional investors (US\$ 267 million).

FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY

	Millions of US\$			Percentage changes	
	nov02	oct03	nov03	Nov.03/ Nov.02	Nov.03/ Oct.03
Banks 1/	10 040	9 516	9 534	-5,0	0,2
Banco de la Nación	36	22	23	-37,6	1,1
Microfinance organizations	352	442	446	26,7	0,8
Banks (MiBanco and Banco del Trabajo)	32	44	47	45,3	5,7
S&L, Edpymes and cooperatives	273	366	366	34,1	--
Municipal S&Ls	108	169	169	56,7	--
Rural S&Ls	43	45	45	6,7	--
Cooperatives	92	112	112	22,0	--
Edpymes	31	40	40	29,5	--
Finacial companies	47	32	33	-29,5	3,2
Institutional invetors 2/	777	1 049	1 044	34,4	-0,5
AFPs	430	513	514	19,5	0,1
Insurance companies	40	50	50	22,7	0,0
Mutual funds	307	486	480	56,7	-1,2
Leasing companies and others	864	657	655	-24,1	-0,2
Total Financial System	12 069	11 687	11 702	-3,0	0,1

1/ Excludes Banco del Trabajo and MiBanco.

2/ Mainly securities issued by the private sector.

Fiscal primary surplus in November: S/. 359 million

In November, **central government operations** recorded a **primary surplus** of S/. 359 million, against a S/. 84 million deficit in November 2002. Interests amounted to S/. 237 million (down S/. 9 million from the year ago). As a result, the overall balance passed from a S/. 330 million deficit in November 2002 to a surplus of S/. 122 million this month. The latter was explained by the growth in current revenues (18 percent) as well as a lower non-financial expenditure (1 percent), in particular the outlay regarding capital goods (19 percent).

In the period January-November, central government operations recorded a primary surplus of S/. 1 316 million, compared to the S/. 169 million deficit in the same period of 2002, thanks to the increase in current revenues (11 percent or S/. 2 889 million) that exceeded the growth in non-financial expenditure (6 percent or S/. 1 445 million).

November **external financing** was positive in US\$ 2 183 million (disbursements amounted to US\$ 680 million and amortization to US\$ 52 million). Domestic financing was negative in S/. 2 347 million due to the placement of sovereign bonds (S/. 146 million) and Public Treasury IOUs (S/. 230 million), whereas S/. 365 million in IOUs were redeemed.

Current revenues (S/. 2 819 million) grew 18 percent against November 2002, reflecting the improvement in tax collection (16 percent) explained in turn to the increase in income tax (29 percent), IGV (13 percent), others (8 percent) as well as excise tax (3 percent) and tax refund (11 percent). Non-tax revenues increased 35 percent, due to the US\$ 21 million revenues reported by anti corruption fund FADADOI, that were nil in November 2002. Compared to the previous month, current revenues increased S/. 306 million, thanks to the increase in non-tax revenues (S/. 113 million), excise tax (S/. 108 million), lower tax refund (S/. 58 million) and others (S/. 34 million).

Non-financial expenditure in November 2003 (S/. 2 463 million) were S/. 20 million lower than a year ago, due to lower outlays oriented to investment projects (S/. 67 million or 18 percent), that was partially offset by the increase in wages and salaries (S/. 28 million) and transfers (S/. 29 million). Against the previous month, non-financial expenditure decreased S/. 411 million, due to the contraction in current (S/. 232 million) and capital expenditure (S/. 179 million).

CENTRAL GOVERNMENT OPERATIONS (Millions of Nuevos Soles)

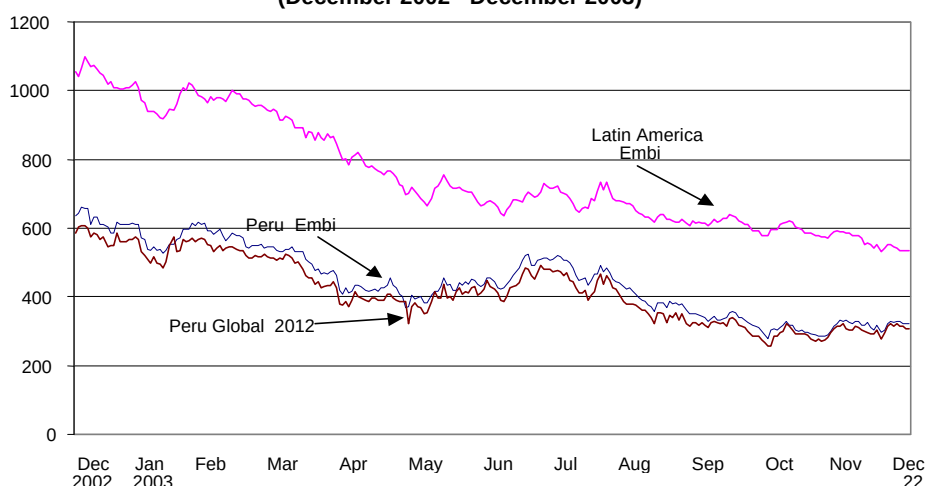
	2002	2003		% Var		January - November		
	Nov	Oct	Nov	1 month	12 month	2002	2003	% Var
1. CURRENT REVENUES	2 389	2 513	2 819	12,2	18,0	25 538	28 427	11,3
2. NON-FINANCIAL EXPENDITURE	2 483	2 874	2 463	-14,3	-0,8	25 890	27 335	5,6
A. Current expenditure	2 103	2 388	2 157	-9,7	2,6	22 432	24 056	7,2
B. Capital expenditure	381	485	307	-36,8	-19,4	3 458	3 279	-5,2
3. CAPITAL REVENUES	11	5	4	-27,8	-65,1	183	224	22,1
4. PRIMARY BALANCE	-84	-356	359			-169	1 316	
5. INTEREST PAYMENTS	246	99	237	140,5	-3,7	3 284	3 527	7,4
6. OVERALL BALANCE	-330	-454	122			-3 453	-2 210	
7. NET FINANCING	330	454	-122			3 453	2 210	
1. External	-51	43	2 183			2 708	3 372	
A. Disbursements	73	277	2 365			8 404	6 623	
B. Amortization	-124	-234	-182			-5 696	-3 251	
2. Domestic	377	355	-2 347			-712	-1 326	
3. Privatization	4	57	42			1 457	164	

Spread of Global bond at 3,06 percent

As of **December 22**, the spread of the **Global 2012** bond was 3,06 percent, higher than that recorded on end-November (3,02 percent), whereas the spread of sovereign bonds passed from 3,19 to 3,21 percent. The

Peruvian bond spread followed the decreasing trend recorded in other emerging markets, such as Brazil, that reached on December 22 its historic minimum (4,78 percent).

Stock market indicators
(December 2002 - December 2003)



International markets

Between December 15 to 22, the **gold** quotation increased 0,5 percent to

US\$ 410,6 per Troy ounce, reflecting the weakening of the US dollar.

Gold quotation

(December 2002 - December 2003)



During this week, the **copper** quotation increased 2,3 percent to US\$ 1,0113 per

pound, after the fall in LME inventories to 445 050 MT on December 22, its lowest

level since June 2001 as well as the positive sings of the US economy. On the other hand, the **zinc** quotation increased 0,1 percent to US\$ 0,4441 per pound. In

the year, the copper and zinc quotations have grown 45,2 and 30,6 percent, respectively.

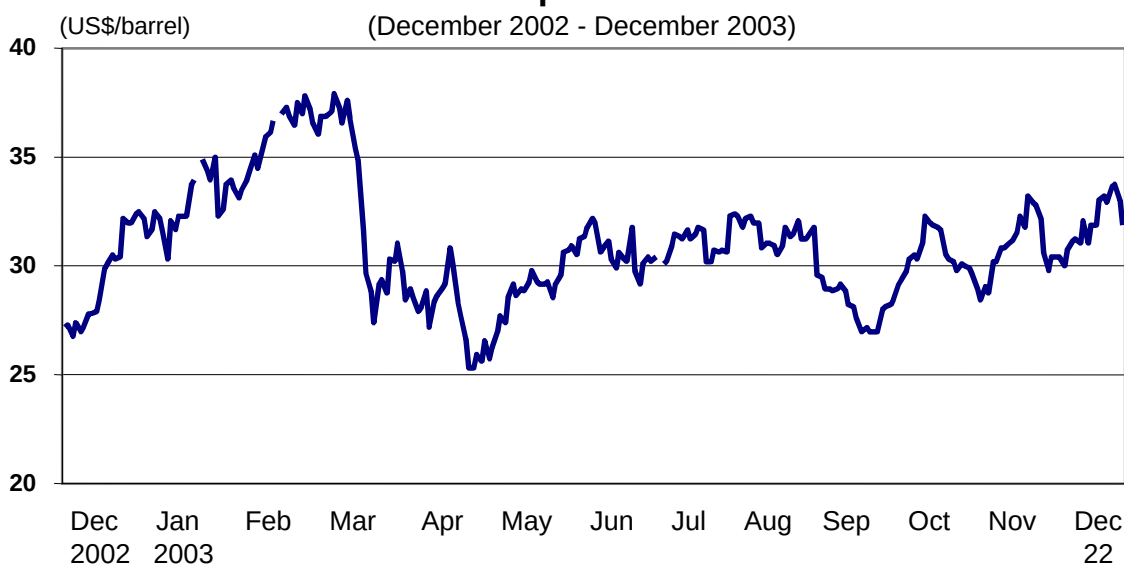
Copper quotation



The **WTI oil** quotation decreased 3,8 percent to US\$ 31,9 per barrel due to an higher than expected temperature in the

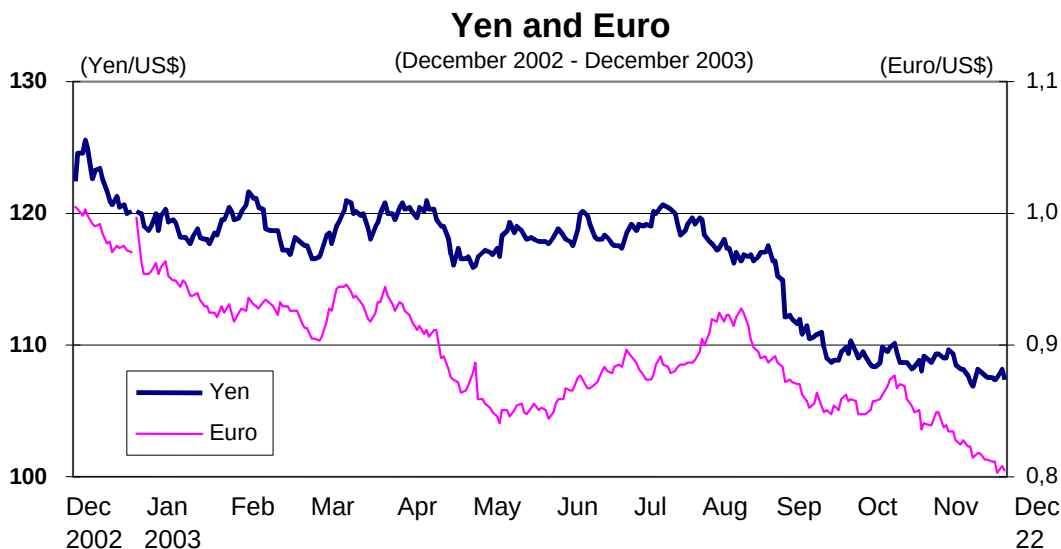
North-east US, which implied a lower demand of oil.

Oil quotation



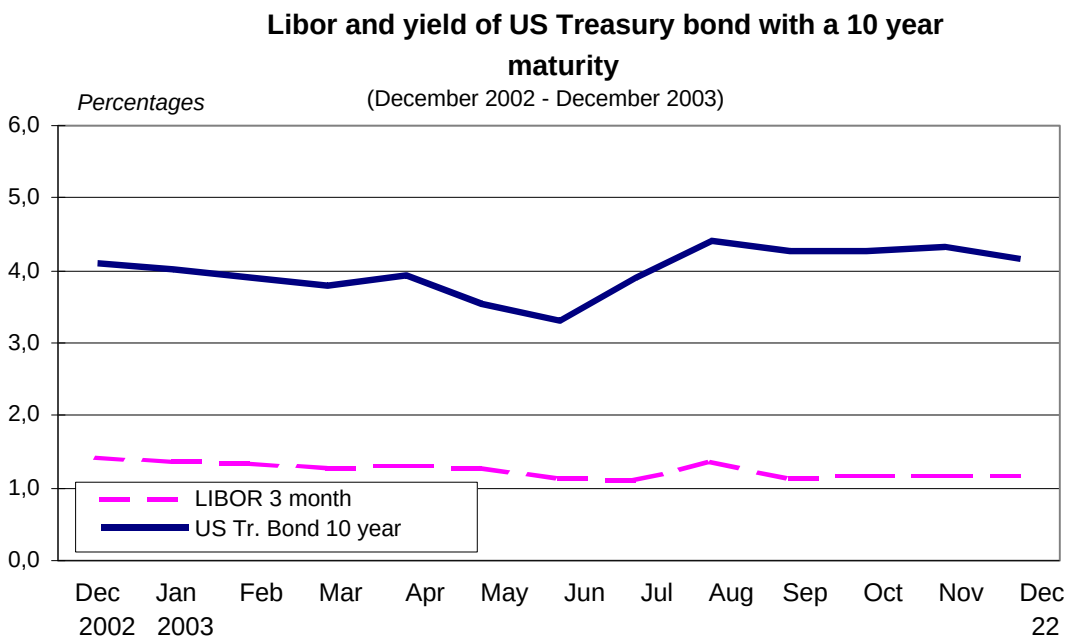
The **US dollar** depreciated 0,9 percent against the **euro** and 0,2 percent against the **yen**, reflecting the fears regarding the

financing of the current account deficit in the US as well as possible terrorist attacks near the end-of-year holidays.



Between December 15 to 22, the **Libor** remained at 1,17 percent, whereas the **yield of US Treasury bonds** with a 10 year maturity decreased from 4,26 to 4,17 percent. The demand for US Treasury

bonds increased after it was known the 0,2 percent decrease in November CPI, increasing the possibility that the FED might keep interest rates low for a long time.



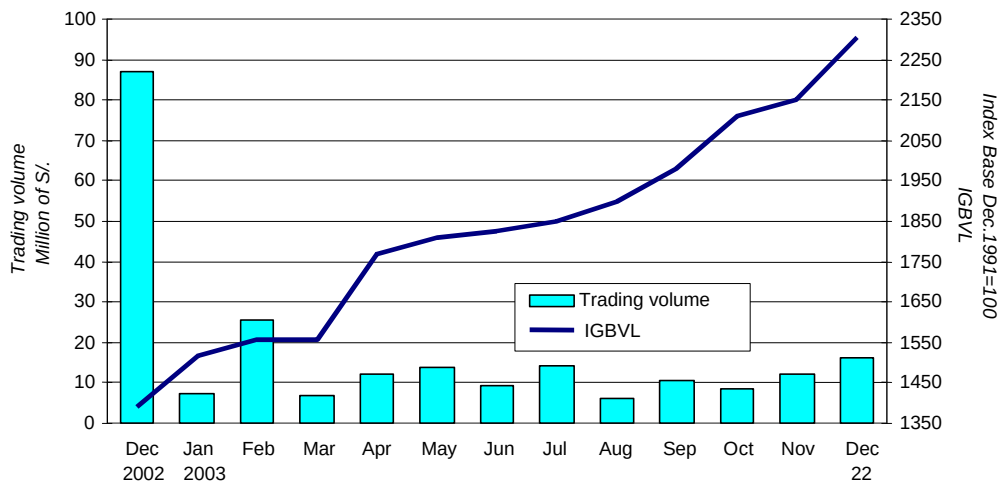
Lima Stock Exchange

As of **December 22**, the General and Blue chip indices increased 7,3 and 9,5 percent,

respectively. Cumulative increase in the

year is 65,7 percent for the General Index and 71,3 percent for the Blue Chip index.

Stock market indicators
(December 2002 - December 2003)



resumen informativo

Indicadores Económicos / Economic Indicators		2002	2003											
		DIC.	SET.	OCT.	28 Nov.	NOV.	16 Dic.	17 Dic.	18 Dic.	19 Dic.	22 Dic.	DIC.		
RESERVAS INTERNACIONALES (Mills. US\$) / INTERNATIONAL RESERVES												Var.		
Posición de cambio / Net international position		3 341	4 062	4 221	4 367	4 367	4 454	4 471	4 469	4 487	4 509	142		
Reservas internacionales netas / Net international reserves		9 598	9 755	9 810	10 303	10 303	10 607	10 596	10 615	10 622	10 633	330		
Depósitos del sistema financiero en el BCR / Financial system deposits at BCR		3 381	3 268	3 179	3 069	3 069	3 184	3 153	3 170	3 190	3 167	98		
Empresas bancarias / Banks		3 048	3 034	2 970	2 851	2 851	2 964	2 932	2 956	2 963	2 942	92		
Banco de la Nación / Banco de la Nación		291	185	157	166	166	164	165	158	171	169	4		
Sector privado / Private sector		42	49	53	53	53	56	56	56	56	56	3		
Depósitos del sector público en el BCR / Public sector deposits at BCR		2 900	2 456	2 449	2 915	2 915	2 998	3 001	3 007	2 975	2 986	71		
Depósitos de privatización		24	19	7	12	12	16	17	17	17	17	5		
Otros depósitos / Other *		2 875	2 437	2 442	2 903	2 903	2 983	2 984	2 990	2 958	2 969	66		
OPERACIONES CAMBIARIAS BCR (Mill. US\$) / BCR FOREIGN OPERATIONS		Acum.	Acum.	Acum.								Acum.		
Origen externo de la emisión primaria / External origin of the monetary base		49	14	142	5	115	10	10	0	20	20	119		
Compras netas en Mesa de Negociación / Net purchases of foreign currency		5	53	135	5	79	10	10	0	20	20	120		
Operaciones swaps netas / Net swap operations		0	0	0	0	0	0	0	0	0	0	0		
Operaciones con el Sector Público / Public sector		45	-39	7	0	35	0	0	0	0	0	0		
TIPO DE CAMBIO (\$, por US\$) / EXCHANGE RATE		Prom.	Prom.	Prom.		Prom.						Prom.		
Compra interbancario/Interbank bid		Promedio / Average	3,513	3,481	3,478	3,480	3,477	3,471	3,471	3,471	3,465	3,462	3,473	
Venta Interbancario Interbank Ask		Apertura / Opening	3,516	3,481	3,478	3,480	3,478	3,473	3,471	3,471	3,468	3,462	3,474	
		Mediodía / Midday	3,515	3,481	3,478	3,482	3,478	3,471	3,471	3,472	3,466	3,461	3,474	
		Cierre / Close	3,515	3,481	3,478	3,480	3,478	3,471	3,471	3,468	3,462	3,462	3,473	
		Promedio / Average	3,515	3,481	3,478	3,480	3,478	3,471	3,471	3,471	3,466	3,462	3,474	
Sistema Bancario (SBS)		Compra / Bid	3,513	3,480	3,478	3,479	3,477	3,470	3,470	3,470	3,465	3,461	3,473	
Banking System		Venta / Ask	3,515	3,482	3,479	3,481	3,478	3,472	3,472	3,471	3,467	3,463	3,475	
Índice de tipo de cambio real (1994 = 100) / Real exchange rate Index (1994 = 100)		100,4	105,1	107,1		107,0								
INDICADORES MONETARIOS / MONETARY INDICATORS														
Moneda nacional / Domestic currency														
Emisión Primaria		(Var. % mensual) / (% monthly change)	11,1	-2,5	1,4	2,8	2,8							
Monetary base		(Var. % últimos 12 meses) / (% 12-month change)	11,0	6,0	6,4	9,7	9,7							
Oferta monetaria		(Var. % mensual) / (% monthly change)	6,3	0,2	1,0									
Money Supply		(Var. % últimos 12 meses) / (% 12-month change)	10,6	9,1	12,1									
Crédito sector privado		(Var. % mensual) / (% monthly change)	0,8	-0,1	0,1									
Crédit to the private sector		(Var. % últimos 12 meses) / (% 12-month change)	7,1	7,8	6,1									
TOSE saldo fin de período (Var.% acum. en el mes) / TOSE balance (% change)		2,9	1,1	-2,2	3,4	3,4	2,3	1,5	1,7					
Superávit de encaje promedio (% respecto al TOSE)/Average reserve surplus (% of TOSE)		0,2	0,2	0,1	0,2	0,2	0,8	0,7	0,6					
Cuenta corriente de los bancos (saldo mill. \$.) / Banks' current account (balance)		191	175	176	72	175	145	121	116	169	92			
Créditos por regulación monetaria (millones de \$.) / Rediscounts (Millions of \$.)		s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.			
Depósitos públicos en el BCR (millones \$.) / Public sector deposits at the BCR (Mills.\$.)		275	945	981	1 609	1 609	1 354	1 383	1 391	1 320	n.d.			
Certificados de Depósitos BCRP (saldo Mill.\$.) / CDBCRP balance (Millions of \$.)		1 635	3 810	4 190	4 175	4 175	3 715	3 635	3 635	3 635	3 635			
Operaciones de reporte (saldo Mill. \$.) / repos (Balance millions of \$.)		170	45	s.m.	380	380	s.m.	s.m.	110	150	60			
Tasa de interés (%) Interest rates (%)		Préstamos y descuentos hasta 360 días / Loans & discount	14,8	14,3	14,0	14,7	14,0	13,8	13,9	13,9	13,9	14,0	13,9	
		Interbancaria / Interbank	3,80	2,80	2,71	2,60	2,55	2,50	2,51	2,51	2,50	2,50	2,52	
		Preferencial corporativa a 90 días / Corporate Prime	5,1	3,5	3,5	3,3	3,4	3,3	3,3	3,3	3,3	3,3	3,3	
		Operaciones de reporte con CDBCRP / CDBCRP repos	3,6	2,7	s.m.	2,6	2,6	s.m.	s.m.	2,4	2,5	2,5		
		Créditos por regulación monetaria / Rediscounts	4,5	3,5	3,5	3,3	3,3	3,3	3,3	3,3	3,3	3,3		
Del saldo de CDBCRP / CDBCRP balance		4,6	4,3	4,1	4,0	4,0	4,0	4,0	4,0	4,0	4,0			
Moneda extranjera / foreign currency														
Crédito sector privado		(Var. % mensual) / (% monthly change)	-0,3	-0,7	0,5									
Crédit to the private sector		(Var. % últimos 12 meses) / (% 12-month change)	-3,6	-6,0	-4,6									
TOSE saldo fin de período (Var.% acum. en el mes) / TOSE balance (% change)		-1,9	-0,8	0,1	0,1	0,1	1,1	1,0	1,9					
Superávit de encaje promedio (% respecto al TOSE)/Average reserve surplus (% of TOSE)		0,1	0,1	0,1	0,1	0,1	1,1	1,2	1,2					
Créditos por regulación monetaria (millones de US dólares) / Rediscounts		s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.			
Tasa de interés (%) Interest rates (%)		Préstamos y descuentos hasta 360 días / Loans & discount	2,1	6,9	7,0	7,2	6,9	7,3	7,3	7,3	7,3		7,2	
		Interbancaria / Interbank	2,2	1,1	1,1	1,1	1,1	1,0	1,00	1,00	1,17	0,99	1,11	
		Preferencial corporativa a 90 días / Corporate Prime	2,4	1,7	1,7	1,7	1,7	1,7	1,7	1,7	1,7	1,7		1,7
Créditos por regulación monetaria / Rediscounts ***		2,5	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.			
INDICADORES BURSÁTILES / STOCK MARKET INDICES		Acum.	Acum.	Acum.		Acum.						Acum.		
Índice General Bursátil (Var. %) / General Index (% change)		1,4	4,4	6,5	0,4	2,0	0,2	-0,1	1,8	-0,4	-0,1	7,3		
Índice Selectivo Bursátil (Var. %) / Blue Chip Index (% change)		1,7	5,0	6,1	0,5	4,1	0,4	-0,3	2,1	-0,5	-0,2	9,5		
Monto negociado en acciones (Mill. \$.) - Prom. diario		67,1	10,6	8,7	6,3	12,3	7,4	9,4	9,4	7,5	8,1	16,4		
INFLACIÓN (%) / INFLATION (%)														
Inflación mensual / Monthly		-0,03	0,56	0,05		0,17								
Inflación últimos 12 meses / % 12 months change		1,52	1,98	1,30		1,88								
GOBIERNO CENTRAL (Mill. \$.) / CENTRAL GOVERNMENT (Mills. of \$.)														
Resultado primario / Primary balance		-230	353	-356		359								
Ingresos corrientes / Current revenue		2 781	2 619	2 513		2 819								
Gastos no financieros / Non-financial expenditure		3 140	2 368	2 874		2 463								
COMERCIO EXTERIOR (Mills. US\$) / FOREIGN TRADE (Mills. of US\$)														
Balanza Comercial / Trade balance		71	80	57										
Exportaciones / Exports		746	777	785										
Importaciones / Imports		675	697	729										
PRODUCTO BRUTO INTERNO (Índice 1994=100) / GROSS DOMESTIC PRODUCT														
Variac. %, respecto al mismo mes del año anterior / Annual rate of growth		4,7	3,6	4,1										
COTIZACIONES INTERNACIONALES / INTERNATIONAL QUOTATIONS		Prom.	Prom.	Prom.		Prom.						Prom.		
LIBOR a tres meses (%) / LIBOR 3-month (%)		1,4	1,1	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2		
Dow Jones (Var %) / (% change)		-5,9	-1,5	5,7	0,0	-0,2	1,1	0,2	1,0	0,3	0,4	5,5		
Rendimiento de los U.S. Treasuries (10 años) / U.S. Treasuries yield (10 years)		4,0	4,3	4,3	4,3	4,3	4,2	4,2	4,1	4,1	4,2	4,3		
Stripped spread del EMBI+ PERU (pbs) / EMBI+ PERU stripped spread (basis points)		620	353	316	319	309	329	329	323	323	321	318		
Bono Global 2012 - Perú (en pbs) / Global Bond 2012 - Peru (basis points)		576	328	296	302	296	322	313	313	309	306	301		

** Los tipo de cambio del Sistema Bancario son adelantados.

*** Las tasas de interés para los créditos de regulación monetaria en dólares serán a la tasa Libor a un mes más un punto porcentual.

Fuente: BCR, INEI, Aduanas, Banco de la Nación, BVL, Sunat, SBS, Reuters y Bloomberg.