

## CENTRAL RESERVE BANK OF PERU

### WEEKLY REPORT

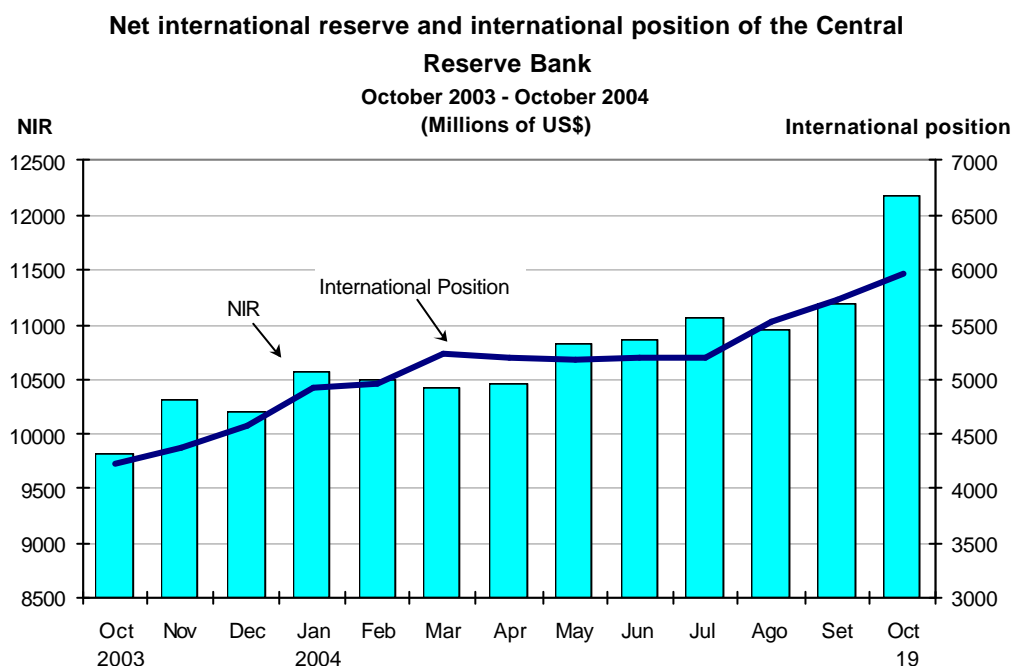
Nº 42 – October 22, 2004

#### Net international reserves at US\$ 12 176 million

As of **October 19**, net international reserves (NIR) amounted to US\$ 12 176 million, up US\$ 989 million from end-September. This increase was mainly due to net foreign exchange purchases (US\$ 249 million), higher public and Insurance Deposit Fund's deposits (US\$ 827 and US\$ 1 million, respectively) and investment yield (US\$ 8 million) which

were partially offset by lower financial system (US\$ 82 million) and foreign exchange sales to the public sector (US\$ 14 million).

Starting this year, NIRs have increased US\$ 1 981 million, whereas the **Central Bank's international position** (US\$ 5 962 million) grew by US\$ 1 379 million.

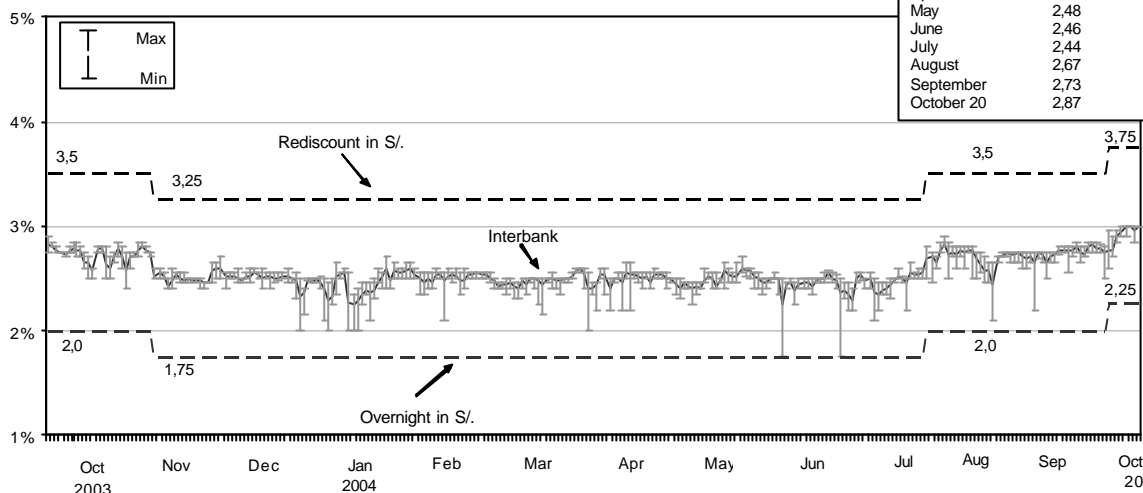


#### Interbank interest rate at 2,87%

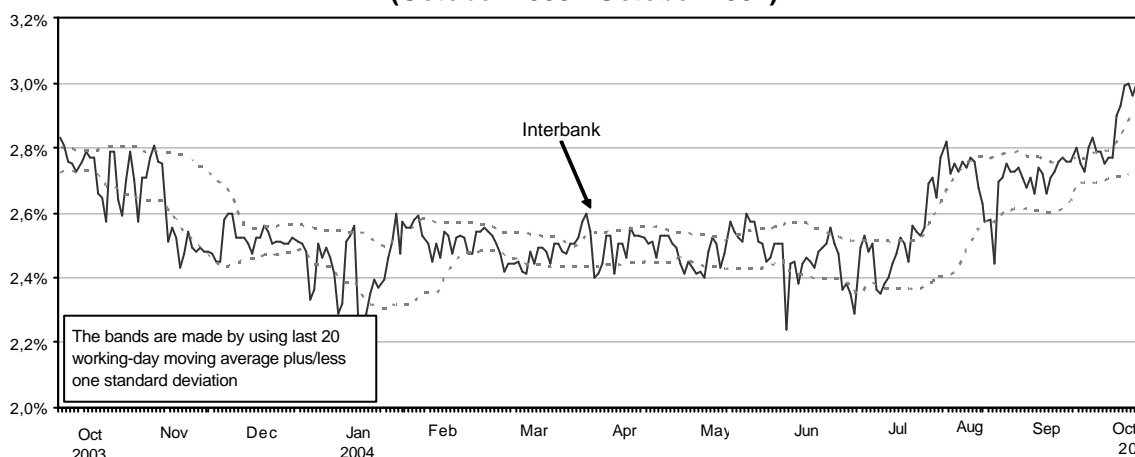
As of **October 20**, the average interbank interest rate in domestic

currency was 2,87%, higher than September's (2,73%).

## Interest rates in domestic currency (October 2003 - October 2004)



## Interbank interest rate in domestic currency (October 2003 - October 2004)



## Monetary operations

As of **October 20**, the daily average balance of banks' liquidity at the Central Bank was S/. 272 million. Between **October 14 and 20**, the Central Bank made the following operations:

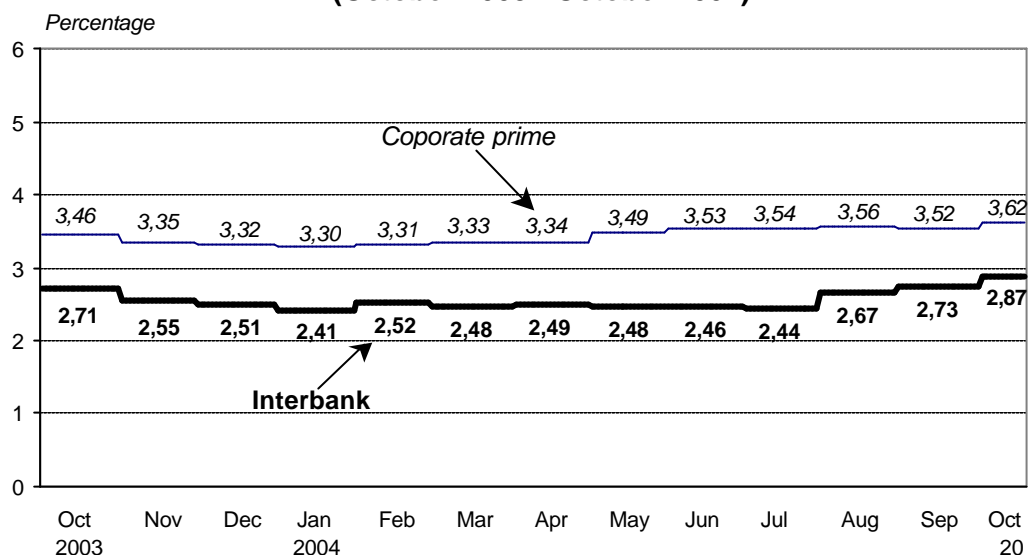
- Auctions of CDBCRP with a: i) 7-day maturity by S/. 135 and S/. 160 million at an average interest rate of 3,12 and 3,11%, respectively; ii) 9-month by S/. 75 million at 4,12%; iii) 1-year by S/. 75 and S/. 100 million at 4,47 and 4,50%, respectively; iv) 18-month by S/. 75 and S/. 30 million at 5,05 and 5,14%, respectively; v) 2-year by S/. 50 million at 5,58% and vi) 3-year by S/. 50 million at 6,65%.
- Foreign currency purchase over-the-counter mechanism by US\$ 65 million at an average exchange rate of S/. 3,3179 per dollar.
- Overnight deposits on October 14, 15 y 19 by S/. 10, S/. 71 and S/. 50 million, respectively.

## Corporate prime interest rate at 3,62%

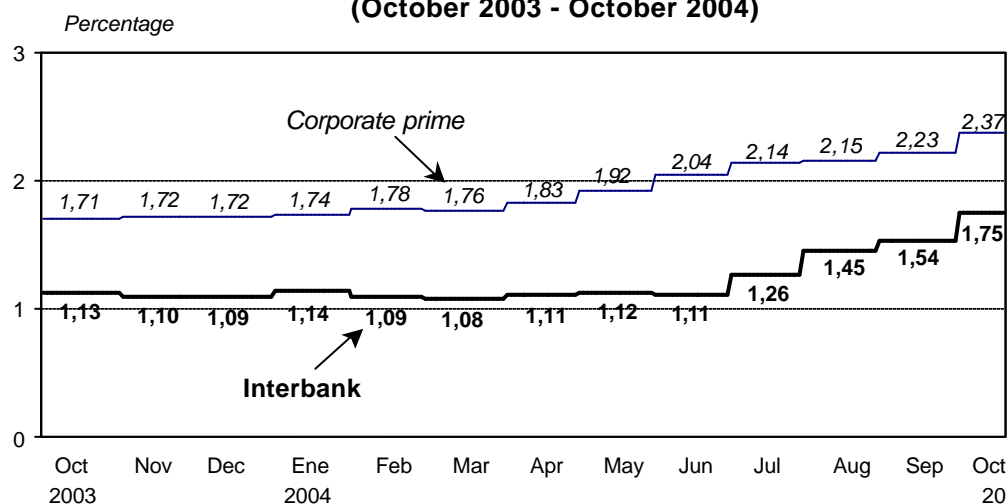
As of **October 20**, the 90-day average corporate prime interest rate in domestic currency raised from 3,52% in September

to 3,62% and the rate in dollars from 2,23% to 2,37%, over the same period.

**Monthly average interest rate in domestic currency  
(October 2003 - October 2004)**



**Monthly average interest rate in foreign currency  
(October 2003 - October 2004)**



## Exchange rate: S/. 3,318

Between **October 13 and 20**, the exchange rate augmented from S/. 3,313 to S/. 3,318 within a context of lower forward purchases to the public. Besides by

October 20, the balance of **net forward sales** increased by US\$ 27 million whereas the **bank's exchange position** dropped in US\$ 24 million.

**BANKS' EXCHANGE POSITION**  
(Millions of US\$)

|  | December<br>2002 | December<br>2003 | September<br>2004 | October<br>20 |
|--|------------------|------------------|-------------------|---------------|
| <b>a. Net sales to the public (i-ii)</b> | <b>905</b>       | <b>607</b>       | <b>550</b>        | <b>577</b>    |
| i. Forward sales to the public           | 1 141            | 834              | 1 056             | 1 015         |
| ii. Forward purchases to the public      | 236              | 227              | 505               | 438           |
| <b>b. Banks' exchange position</b>       | <b>643</b>       | <b>536</b>       | <b>492</b>        | <b>468</b>    |

## Monetary base as of October 15, 2004

The **monetary base** balance as of October 15 was S/. 7 836 million, up 1,5% (S/. 118 million) from end-September. In average terms, the year on year rate of growth of the monetary base was 21,3% compared with 20,0% in September.

The main explanations for this result were foreign currency purchases over-the-

counter mechanism (US\$ 194 million or S/. 644 million), the purchases of foreign currency to the public sector (US\$ 15 million or S/. 50 million) and the lower financial enterprises' overnight deposits (S/. 13 million), which were partially offset by net auctions of CDBCRP (S/. 500 million) and higher public sector deposits (S/. 101 million).

## Banking system monetary accounts: September 2004

In September, liquidity in **domestic currency** increased 2,6% (S/. 561 million), to a balance of S/. 22 037 million. Credit to the private sector in the same currency augmented 1,2% (S/. 132 million) to S/. 10 864 million. However, in annual terms this aggregates grew by 16,8 and 8,0%, respectively.

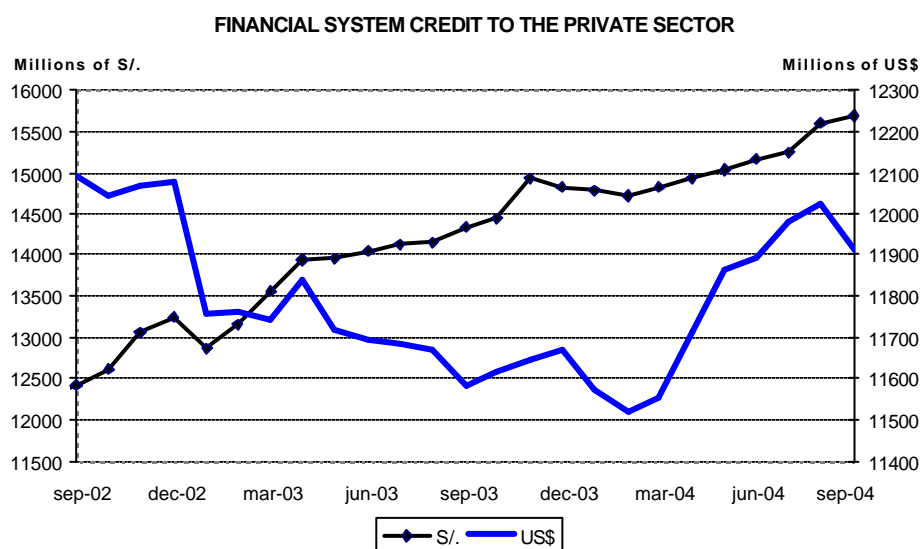
Liquidity in **foreign currency** raised 0,1% (US\$ 12 million) to US\$ 9 568 million, up 1,5% from a year ago. Credit to the private sector in the same currency dropped 1,1% (US\$ 106 million) to US\$ 9 715 million (0,5% year-on-year decrease).

| END OF PERIOD MONETARY AGGREGATES OF THE BANKING SYSTEM    |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |
|--|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|
|  | BASE MONETARY    |                 | LIQUIDITY IN D/C |                 | CREDIT IN D/C    |                 | LIQUIDITY IN F/C |                 | LIABILITIES 1/   |                 | CREDIT IN F/C    |                 |
|  | VAR.(%)<br>MONTH | VAR.(%)<br>YEAR | VAR.(%)<br>MONTH | VAR.(%)<br>YEAR | VAR.(%)<br>MONTH | VAR.(%)<br>YEAR | VAR.(%)<br>MONTH | VAR.(%)<br>YEAR | VAR.(%)<br>MONTH | VAR.(%)<br>YEAR | VAR.(%)<br>MONTH | VAR.(%)<br>YEAR |
| <b>2002</b>  |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |
| Dec.   | 11,1%            | 11,0%           | 6,3%             | 10,6%           | 0,8%             | 7,1%            | -2,7%            | 1,4%            | -4,8%            | -34,3%          | -0,3%            | -3,6%           |
| <b>2003</b>  |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |
| Jan.   | -9,2%            | 9,4%            | -3,1%            | 10,8%           | -3,6%            | 5,4%            | 0,0%             | 2,8%            | -11,0%           | -40,5%          | -2,9%            | -5,2%           |
| Feb.   | -0,3%            | 8,3%            | 2,6%             | 11,3%           | 3,8%             | 7,5%            | -0,1%            | 2,8%            | 10,5%            | -38,0%          | -0,2%            | -6,7%           |
| Mar.   | -1,1%            | 5,0%            | 1,8%             | 10,6%           | 1,6%             | 6,3%            | -0,1%            | 4,1%            | -15,3%           | -44,9%          | -0,4%            | -6,1%           |
| Apr.   | 3,1%             | 9,5%            | -0,3%            | 11,1%           | 3,6%             | 14,6%           | -0,6%            | 3,4%            | 12,4%            | -35,8%          | 1,0%             | -5,7%           |
| May.   | -1,1%            | 8,4%            | 0,8%             | 12,1%           | 0,4%             | 14,0%           | -0,9%            | 2,7%            | -2,2%            | -39,1%          | -0,9%            | -6,8%           |
| Jun.   | 1,7%             | 6,5%            | -1,7%            | 7,8%            | -1,1%            | 11,2%           | 1,1%             | 3,5%            | -2,8%            | -42,7%          | -0,2%            | -6,5%           |
| Jul.   | 8,3%             | 2,8%            | 5,8%             | 7,3%            | 0,1%             | 10,5%           | -1,3%            | -1,6%           | 3,7%             | -42,8%          | -0,7%            | -6,8%           |
| Aug.   | -3,3%            | 4,2%            | -1,6%            | 6,8%            | -0,7%            | 9,9%            | -0,2%            | -3,6%           | -7,8%            | -46,1%          | 0,1%             | -6,0%           |
| Sep.   | -2,5%            | 6,0%            | 0,1%             | 9,3%            | -0,1%            | 7,9%            | -0,8%            | -3,1%           | -1,5%            | -45,9%          | -1,1%            | -6,0%           |
| Oct.   | 1,4%             | 6,4%            | 0,7%             | 11,9%           | -0,5%            | 5,7%            | 0,5%             | -3,9%           | 5,4%             | -41,4%          | -0,1%            | -5,3%           |
| Nov.   | 2,8%             | 9,7%            | 1,7%             | 13,3%           | 3,0%             | 7,2%            | -0,7%            | -5,7%           | 4,3%             | -12,3%          | 0,2%             | -5,5%           |
| Dec.   | 11,5%            | 10,1%           | 3,6%             | 10,5%           | -1,2%            | 5,1%            | 0,5%             | -2,6%           | -0,1%            | -8,0%           | -0,6%            | -5,8%           |
| <b>2004</b>  |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |
| Jan.   | -6,4%            | 13,4%           | 2,6%             | 17,0%           | -0,2%            | 8,8%            | -0,2%            | -2,7%           | 1,4%             | 4,8%            | -1,0%            | -4,0%           |
| Feb.   | 0,7%             | 14,5%           | -0,6%            | 13,3%           | -0,5%            | 4,2%            | -2,7%            | -5,3%           | 1,9%             | -3,3%           | -0,9%            | -4,6%           |
| Mar.   | 0,7%             | 16,6%           | 1,5%             | 12,9%           | 3,6%             | 6,3%            | 0,0%             | -5,2%           | -4,7%            | 8,8%            | 0,5%             | -3,7%           |
| Apr.   | 4,4%             | 18,2%           | -0,6%            | 12,6%           | 0,0%             | 2,6%            | 0,9%             | -3,8%           | 7,4%             | 4,0%            | 1,2%             | -3,5%           |
| May.   | 0,7%             | 20,3%           | 0,5%             | 12,3%           | -0,2%            | 1,9%            | -0,4%            | -3,3%           | 13,6%            | 20,7%           | 1,5%             | -1,2%           |
| Jun.   | 0,7%             | 19,2%           | -0,4%            | 13,8%           | 0,8%             | 3,9%            | 3,1%             | -1,4%           | 3,5%             | 28,6%           | 0,7%             | -0,4%           |
| Jul.   | 9,9%             | 21,0%           | 2,5%             | 10,3%           | 1,0%             | 4,9%            | 2,4%             | -5,5%           | 17,2%            | 17,2%           | 0,5%             | 0,9%            |
| Aug.   | -5,2%            | 18,6%           | 1,6%             | 13,9%           | 0,9%             | 6,6%            | -2,0%            | 0,5%            | -5,1%            | 20,6%           | -1,3%            | -0,5%           |
| Sep.   | -1,0%            | 20,5%           | 2,6%             | 16,8%           | 1,2%             | 8,0%            | 0,1%             | 1,5%            | 7,7%             | 31,8%           | -1,1%            | -0,5%           |
| Memo:  |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |
| Balance as of Aug.31<br>(Mill.S/. or Mill.US\$)            | 7 792            |                 | 21 477           |                 | 10 732           |                 | 9 556            |                 | 783              |                 | 9 821            |                 |
| Balance as of Sep.30<br>(Mill.S/. or Mill.US\$)            | 7 717            |                 | 22 037           |                 | 10 864           |                 | 9 568            |                 | 843              |                 | 9 715            |                 |
| 1/ Short term external liabilities of banking enterprises. |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |                  |                 |

## Financial system credit to the private sector

Over **September** 2004, financial system credit to the private sector increased 0,6% in soles and contracted 0,9% in dollars.

The annual rate of growth was 9,5% in soles and 2,8% in dollars.



In September the increase of soles-denominated credit (S/. 93 million) obeyed to the expansion of microfinance institutions (S/. 65 million), Banco de la

Nación (S/. 51 million) and commercial banks credit (S/. 21 million) which were partially offset by lower institutional investors credit (S/. 54 million) due to

lower corporate bond issuing. Through last 12 months, credit expanded in S/. 1 364 million: S/. 485 million from institutional investors; S/. 474 million from microfinance institutions, S/. 470 million from Banco de

la Nación and S/. 78 million from commercial banks; partially offset by lower leasing companies and others (S/. 142 million).

#### FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN DOMESTIC CURRENCY

|                                     | Millions of nuevos soles |               |               | Percentage change |                   |
|-------------------------------------|--------------------------|---------------|---------------|-------------------|-------------------|
|                                     | Sep 03                   | Ago 04        | Sep 04        | Sep 04/<br>Sep 03 | Sep 04/<br>Ago 04 |
| Commercial banks 1/                 | 8 116                    | 8 173         | 8 194         | 1,0               | 0,3               |
| Banco de la Nación                  | 449                      | 868           | 919           | 104,5             | 5,9               |
| <b>Microfinance institutions</b>    | <b>3 388</b>             | <b>3 797</b>  | <b>3 862</b>  | <b>14,0</b>       | <b>1,7</b>        |
| Banks (microfinance credits)        | 682                      | 960           | 976           | 43,0              | 1,6               |
| Local government S&Ls               | 994                      | 1 208         | 1 241         | 24,8              | 2,7               |
| Rural S&Ls                          | 165                      | 222           | 228           | 38,6              | 2,7               |
| Cooperatives                        | 444                      | 451           | 451           | 1,4               | -,-               |
| Edpymes                             | 160                      | 189           | 195           | 22,0              | 3,1               |
| Financial companies                 | 943                      | 767           | 771           | -18,2             | 0,6               |
| <b>Institutional investors 2/</b>   | <b>1 937</b>             | <b>2 476</b>  | <b>2 422</b>  | <b>25,0</b>       | <b>-2,2</b>       |
| AFPS                                | 1 310                    | 1 510         | 1 462         | 11,6              | -3,2              |
| Insurance companies                 | 530                      | 805           | 805           | 52,0              | 0,0               |
| Mutual funds                        | 98                       | 160           | 154           | 57,7              | -4,0              |
| <b>Leasing companies and others</b> | <b>438</b>               | <b>286</b>    | <b>296</b>    | <b>-32,4</b>      | <b>3,4</b>        |
| <b>Total Financial System</b>       | <b>14 329</b>            | <b>15 600</b> | <b>15 693</b> | <b>9,5</b>        | <b>0,6</b>        |

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

The contraction of dollar-denominated credits (US\$ 111 million) was mainly recorded among commercial banks (US\$ 118 million), partially offset by higher credit from microfinance institutions (US\$ 11 million) and institutional investors (US\$ 3 million). Through last 12 month, credit in dollars increased US\$ 326 million,

due to the expansion of institutional investors credit (US\$ 274 million) and microfinance institutions (US\$ 113 million) that counteracted the fall of commercial banks (US\$ 34 million) and leasing companies and others credit (US\$ 26 million).

#### FINANCIAL SYSTEM CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY

|                                     | Millions of US dollars |               |               | Percentage change |                   |
|-------------------------------------|------------------------|---------------|---------------|-------------------|-------------------|
|                                     | Sep 03                 | Ago 04        | Sep 04        | Sep 04/<br>Sep 03 | Sep 04/<br>Ago 04 |
| Commercial banks 1/                 | 9 398                  | 9 482         | 9 364         | -0,4              | -1,2              |
| Banco de la Nación                  | 22                     | 22            | 22            | -1,1              | -0,0              |
| <b>Microfinance institutions</b>    | <b>477</b>             | <b>579</b>    | <b>590</b>    | <b>23,7</b>       | <b>1,9</b>        |
| Banks (microfinance credits)        | 89                     | 105           | 109           | 22,7              | 4,0               |
| Local government S&Ls               | 160                    | 223           | 228           | 42,0              | 2,2               |
| Rural S&Ls                          | 45                     | 49            | 50            | 12,5              | 3,3               |
| Cooperatives                        | 112                    | 130           | 130           | 15,4              | -,-               |
| Edpymes                             | 38                     | 44            | 44            | 16,3              | 2,1               |
| Financial companies                 | 32                     | 29            | 28            | -11,6             | -1,6              |
| <b>Institutional investors 2/</b>   | <b>1 033</b>           | <b>1 310</b>  | <b>1 307</b>  | <b>26,5</b>       | <b>-0,3</b>       |
| AFPS                                | 516                    | 706           | 719           | 39,4              | 1,9               |
| Insurance companies                 | 46                     | 84            | 84            | 82,6              | -,-               |
| Mutual funds                        | 471                    | 521           | 504           | 6,8               | -3,2              |
| <b>Leasing companies and others</b> | <b>655</b>             | <b>629</b>    | <b>629</b>    | <b>-4,0</b>       | <b>-0,1</b>       |
| <b>Total Financial System</b>       | <b>11 586</b>          | <b>12 023</b> | <b>11 912</b> | <b>2,8</b>        | <b>-0,9</b>       |

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

## Gross Domestic Product grew by 6,0% in August

**GDP** recorded a 6,0% growth in **August**, for 38 months in a row, driven by the non-primary sectors, in particular by non-primary manufacturing, commerce and services. On the other hand, primary activities showed lower dynamism explained by the weakening of agriculture and livestock as primary processing industries.

**Agricultural** output dropped 0,9%, as a consequence of lower production sugar cane caused by draughts in northern coastal regions, yellow maize caused by lack of rains in Lambayeque and Ancash, coffee production due to lower harvest in Cajamarca and Jaen, and white meat that dropped in Lima, La Libertad and Ica. Conversely, an increase in production of potato, thanks to better climate conditions in Apurimac and Arequipa, rice, due to better harvest in San Martin and Amazonas and some other products such as onion, tomato, avocado and oranges.

The **fishing** sector grew by 3,8% due to the higher extraction for human consumption as a consequence of mayor deploys of Mackerel, Jurel and other fresh fish while catch of Jurel and Caballa was smaller for the canned industry. During this month fishing government constrictions applied.

The **mining and oil** sector recorded a 5,9% increase. In the mining sub-sector due to greater copper production and yields in Antamina and Southern Peru and by the reopening of BHP Billington Tintaya; greater silver production in Volcan, Antamina, and Barrick; and iron after the same period of the past year experienced a halt in Shougang. As of fuel production, the increase in the sectors output is explained by the start of natural gas production in field 88 of Pluspetrol (Camisea).

**GROSS DOMESTIC PRODUCT**  
(Annual growth rates)

|                                     | August      |             | January - August |             |
|-------------------------------------|-------------|-------------|------------------|-------------|
|                                     | 2003        | 2004        | 2003             | 2004        |
| <b>Agriculture and Livestock</b>    | <b>2,4</b>  | <b>-0,9</b> | <b>3,3</b>       | <b>-2,0</b> |
| Agriculture                         | 2,3         | -3,5        | 2,6              | -4,8        |
| Livestock                           | 2,0         | 2,0         | 3,9              | 2,5         |
| <b>Fishing</b>                      | <b>-3,6</b> | <b>3,8</b>  | <b>-14,0</b>     | <b>23,8</b> |
| <b>Mining and Fuel</b>              | <b>1,7</b>  | <b>5,9</b>  | <b>7,2</b>       | <b>5,9</b>  |
| Metallic mining                     | 2,7         | 5,4         | 8,0              | 6,6         |
| Natural gas and oil                 | -10,3       | 11,5        | -4,6             | -1,8        |
| <b>Manufacturing</b>                | <b>1,9</b>  | <b>5,1</b>  | <b>2,6</b>       | <b>5,9</b>  |
| Based on raw materials              | 5,3         | -4,0        | -1,5             | 5,2         |
| Non-primary                         | 1,1         | 7,3         | 3,7              | 6,0         |
| <b>Electricity and water</b>        | <b>5,1</b>  | <b>4,4</b>  | <b>4,6</b>       | <b>4,2</b>  |
| <b>Construction</b>                 | <b>4,3</b>  | <b>4,6</b>  | <b>4,5</b>       | <b>4,9</b>  |
| <b>Commerce</b>                     | <b>2,6</b>  | <b>7,7</b>  | <b>5,0</b>       | <b>2,8</b>  |
| <b>Other services</b>               | <b>1,9</b>  | <b>7,8</b>  | <b>4,0</b>       | <b>5,2</b>  |
| <b>GROSS AGGREGATED VALUE (GAV)</b> | <b>2,2</b>  | <b>6,1</b>  | <b>4,0</b>       | <b>4,3</b>  |
| Taxes on products and import duties | 6,7         | 4,4         | 5,5              | 5,2         |
| <b>GDP</b>                          | <b>2,7</b>  | <b>6,0</b>  | <b>4,2</b>       | <b>4,4</b>  |
| Primary sector GAV                  | 2,5         | 1,3         | 3,3              | 2,3         |
| Non-primary sector GAV              | 2,2         | 7,4         | 4,2              | 4,8         |
| Domestic demand indicator           | 3,1         | 5,2         | 3,7              | 3,5         |

**Manufacturing** grew by 5,1%, due to the increased production in non-primary industries (7,3%) which was offset by lower production in primary resources processing. The later was dampened by lower frozen and canned fish caused by lower supply of Jurel, Caballa, Meruluzza and Pota; sugar was also harmed by draughts. These reductions were compensated by the increase in oil refining by PetroPeru. Non primary industry was boosted by textile, leather and shoe, paper and printing, non-metallic mining

industries, woods and furniture. Compensate these increases the drops machinery and equipment, pharmaceuticals and oils.

Among manufacturing industries, the highlights where: knitted fabrics thanks to higher exports; yarns, threads and finished textiles were boosted by local demand and by booming exports. As well, metal products, cement and other manufacturing products did better this month.

**INDUSTRIES WITH HIGHER INCREASES**  
August 2004

| CIU  | Var. % |               |
|--|--------|---------------|
|  | Year   | Contrib. % 1/ |
| Knitted fabrics                              | 34,3   | 1,2           |
| Yarns, threads and finished textiles         | 17,5   | 0,8           |
| Manufacture of structural metal products     | 29,6   | 0,7           |
| Cement                                       | 14,4   | 0,6           |
| Miscellaneous manufacturing products         | 28,1   | 0,6           |
| Paper and paperboard                         | 24,7   | 0,4           |
| Furniture                                    | 14,2   | 0,4           |
| Explosives and natural and chemical essences | 15,3   | 0,4           |
| Manufacture of insulated wire and cable      | 59,8   | 0,3           |
| Dairy products                               | 10,1   | 0,3           |
| Toilet and cleaning products                 | 10,1   | 0,3           |

1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Producción.

The branches that showed lower production where other metallic products due to inventory reductions; jewelry

and other related products; and pharmaceuticals products.

**INDUSTRIES WITH HIGHER DECREASES**  
August 2004

| CIU                                      | Var. % |               |
|--|--------|---------------|
|  | Year   | Contrib. % 1/ |
| Other metallic products                  | -15,4  | -0,6          |
| Jewellery and related articles           | -43,0  | -0,4          |
| Pharmaceutical products                  | -18,2  | -0,4          |
| Glass                                    | -11,5  | -0,2          |
| Pumps, compressors, taps and valves      | -39,7  | -0,2          |
| Other general purpose machinery          | -78,2  | -0,2          |
| Cutlery, hand tools and general hardware | -23,5  | -0,2          |

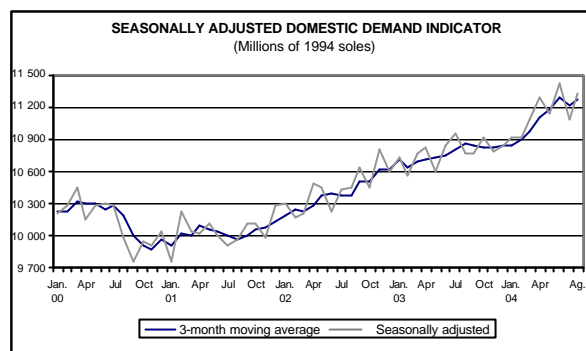
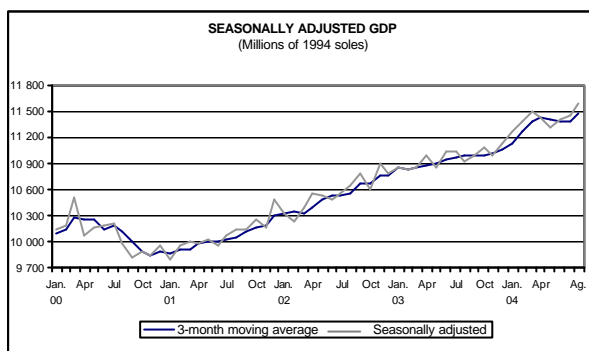
1/ Percent contribution to non primary manufacturing

Source: Ministerio de la Producción.



**Construction** augmented by 4,6% thanks to home building programs and projects in the northern part of the country.

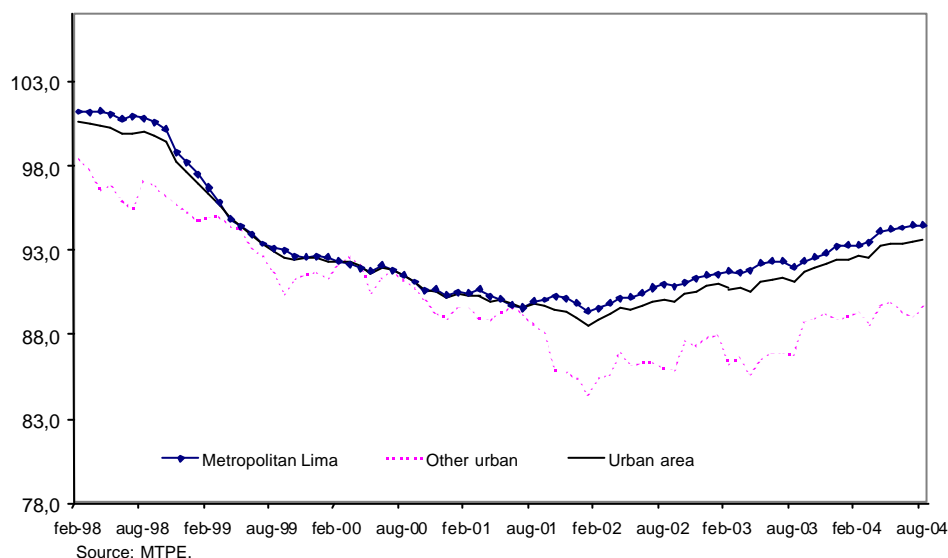
**Seasonally adjusted GDP** grew by 1,3% during August after increased 0,4% in July and 0,9% in June. Domestic demand raised 2,3% in seasonally adjusted terms.



During August, **employment** in firms with 10 or more workers grew by 2,8%, in urban areas according to the Ministry of Labor. This increase stood out in

manufacturing (2,9%) and services (4,2%). During the same period, employment in Metropolitan Lima grew by 2,7%.

**Urban employment in enterprises with 10 an more workers**  
(Seasonally adjusted indices, October 1997 = 100)



Urban areas not including Metropolitan Lima experienced an 3,3% increase in employment; in Piura grew by 15,5% due to a more dynamic industry transport and service activity; in Paita growth in

employment was 18,1% thanks to more manufacturing and services. Iquitos 9,1% increase was suitable thanks to improvements in the wood and transport industries. A broader demand of

employment in grape, asparagus and a broader commercial activity explains Ica's growth (13,5%). Arequipa achieved 1,7%

growth lead by textile related industries to the foreign market.

**URBAN EMPLOYMENT BY MAIN CITIES IN ENTERPRISES WITH 10 AND MORE WORKERS**

(Annual percentage change)

|                   | <b>August 2004/<br/>August 2003</b> | <b>Jan. - Aug. 2004/<br/>Jan. - Aug. 2003</b> |
|-------------------|-------------------------------------|---|
| Urban Peru        | 2,8                                 | 2,4   |
| Metropolitan Lima | 2,7                                 | 2,2   |
| Other Urban       | 3,3                                 | 3,1   |
| Arequipa          | 1,7                                 | 2,2   |
| Cajamarca         | -7,4                                | 2,5   |
| Chiclayo          | -3,6                                | -0,9  |
| Chimbote          | -1,8                                | 3,8   |
| Chincha           | 2,6                                 | 3,7   |
| Cusco             | 0,2                                 | -0,3  |
| Huancayo          | 0,8                                 | 2,3   |
| Ica               | 13,5                                | 8,4   |
| Iquitos           | 9,1                                 | 4,8   |
| Paita             | 18,1                                | 12,6  |
| Pisco             | 11,0                                | -0,1  |
| Piura             | 15,5                                | 7,5   |
| Pucallpa          | 1,1                                 | -0,5  |
| Puno              | -3,6                                | -5,0  |
| Tacna             | -4,6                                | -3,6  |
| Tarapoto          | 0,6                                 | -0,7  |
| Trujillo          | 5,8                                 | 5,2   |

Source: MTPE, Monthly Statistical Report.

**September outlook**

Preliminary data for September indicates that:

- According to Perupetro, oil production grew 17% while gas extraction increased by 105,4%.
- Local sales of cement increased 4,4%.  
Source: Asocem.

- Energy production grew by 7%, according to COES.
- Sunat reported that the excise tax collection fell 3,2%, whereas duty collection increased 12,4%.

## Spread of Global bond 2012 at 3,02%

Between **October 13 and 20**, the spread of the **Peruvian Global bond ten year bond** and **sovereign bonds** where increased from 3,02% to 3,31% and from 3,24% to

3,51%, respectively. This has reflected the correction in the emerging markets. Previously on October 12, the Embi+Latin achieved it's minimum historical: 470 bps.

**Country risk indicators**  
(October 2003 - October 2004)



## International markets

Between **October 13 and 20**, the **gold** quotation increased 3,2% to US\$ 426 per Troy ounce the highest level in six and a

half months due to the weakening of the US dollar.

## Gold quotation



The **copper** quotation fell 4,9% to US\$ 1,31. This facts are explained by the worrying of demand reduction in China due to credit restrictions and that

petroleum prices might cool down all mayor economies demanding copper. Besides, the solution to Codelco's dispute affected copper quotation.

## Copper quotation



In the period under analysis, the **zinc** quotation dropped 5,4% to US\$ 0,46 per pound due to profit-taking. Besides that, in

August US zinc imports reduced 25% with respect to the same period in the past year.

## Zinc quotation



The **WTI oil** price grew 2,4% to US\$ 54,9 per barrel due to a possible supply shortages by Oil Heating for this coming winter. Besides, the US Energy Institute

informed that inventories of distillates were reduced in 2,5 million barrels pressing up prices.

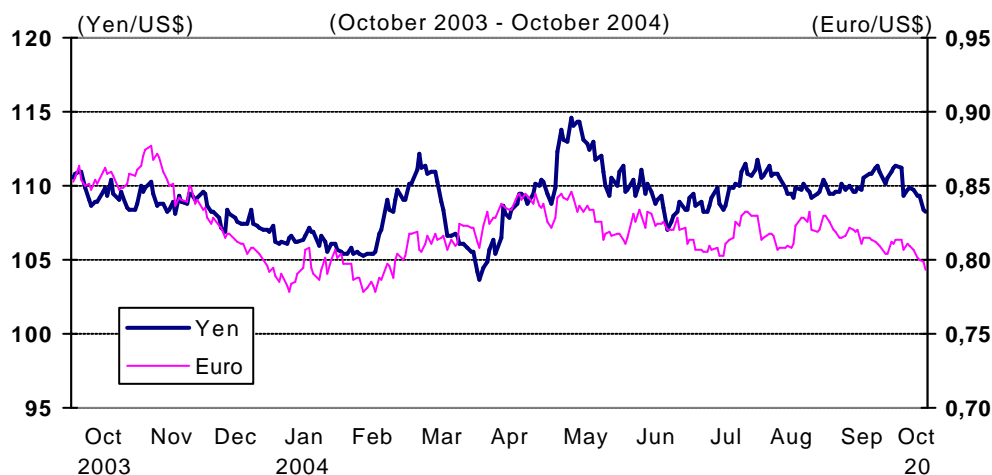
## WTI oil quotation



In the week under analysis, the **US dollar** depreciated by 1,9% and 1,4% against the **euro** and **yen**, respectively. The former due to a negative prospectus for the US

economy (i.e. trade balance, net capital flows, consumer confidence, industrial production and manufacturing surveys at New York state).

## Yen and euro

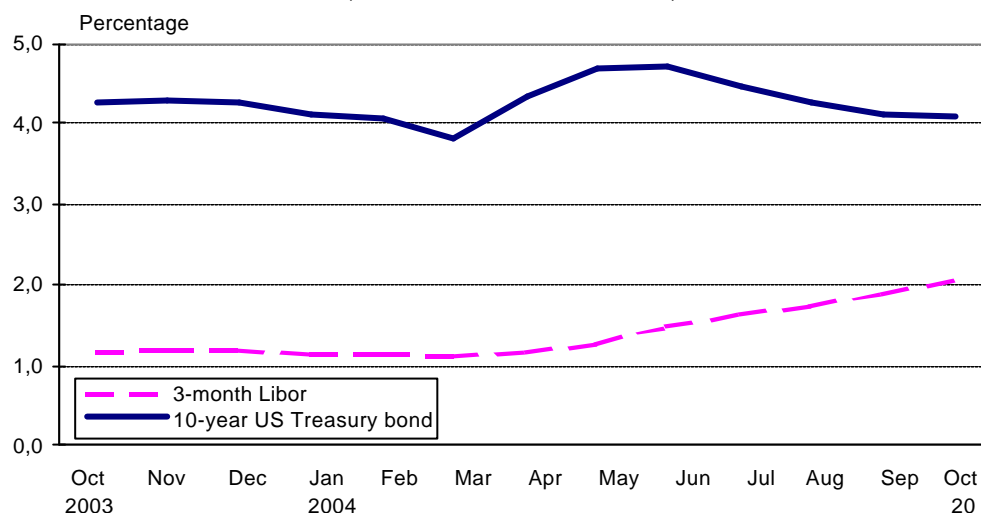


The past week, the **3-month Libor** where raised from 2,07% to 2,09%, whereas the **yield of US Treasury bonds with a 10 year** maturity fell from 4,06% to 3,98%

due to negative diffusion of negative leading economic indicators and risk on the growth rate of the US due to high petroleum prices.

### Libor and yield of 10-year matured US Treasury bond

(October 2003 - October 2004)



### Lima Stock Exchange (LSE)

As of **October 20**, the LSE increased 8,5% and 6,2% in its **General Index** and its **Blue Chip Index**, respectively thanks to the forthcoming expected positive results by listing companies and the effect on

construction sector of the new coming investment projects. During the year, the cumulative increase in both indices has been 46,1%.

### LSE indicators (October 2003 - October 2004)

