

CENTRAL RESERVE BANK OF PERU

WEEKLY REPORT

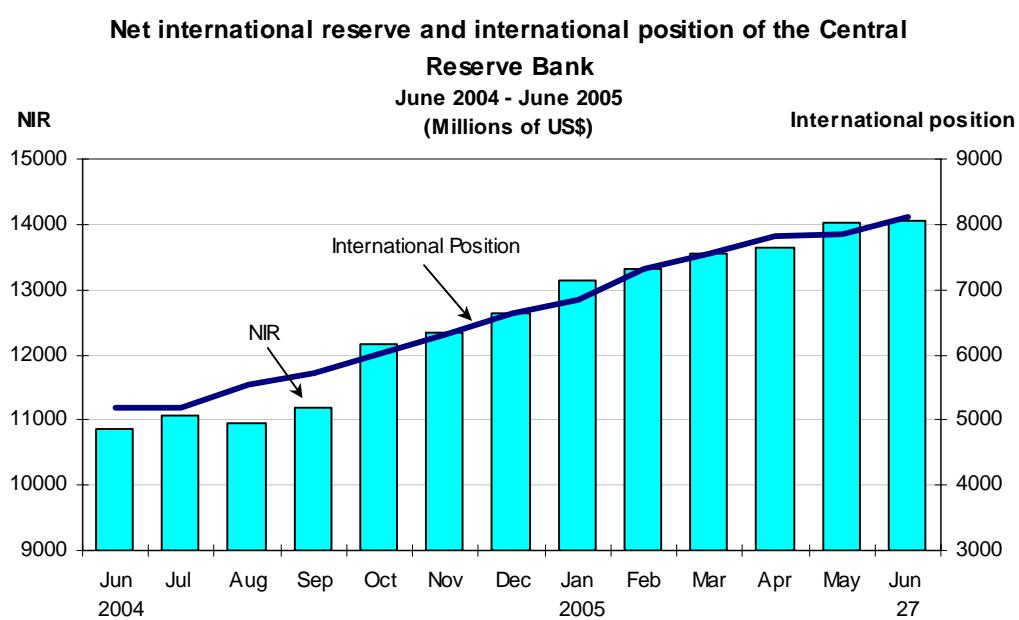
Nº 26 – July 1, 2005

Net international reserves at US\$ 14 044 millions

As of **June 27**, net international reserves (NIR) amounted to US\$ 14 044 millions, up US\$ 28 millions from end-May. This increase was mainly due to net purchases of foreign exchange by US\$ 265 millions (purchases over-the-counter mechanism by US\$ 355 millions and sales to the public sector by US\$ 90 millions), higher public sector deposits in US\$ 41 millions and investment yield in US\$ 27 millions. This

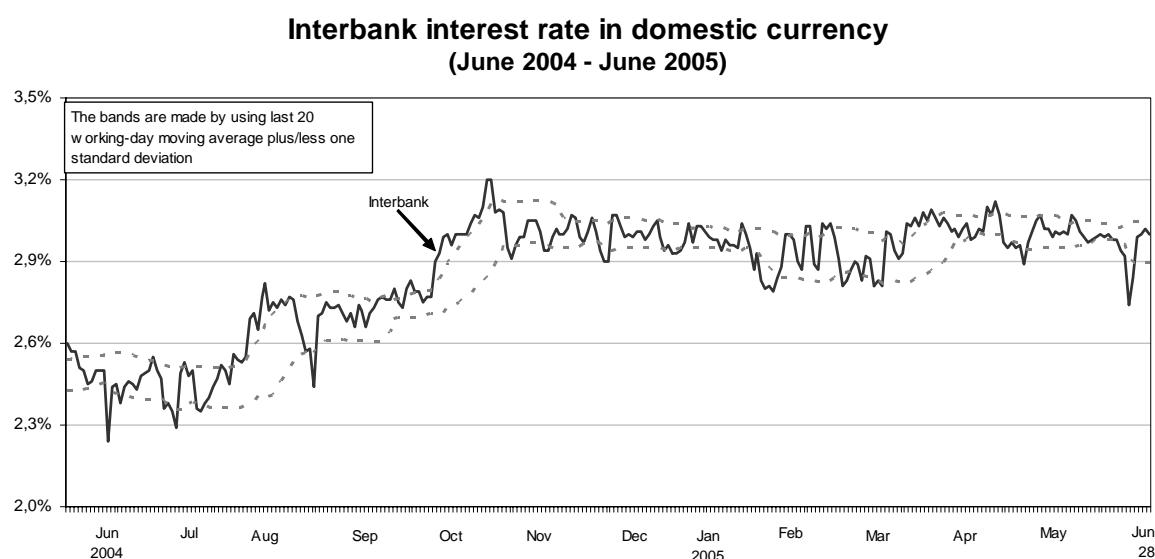
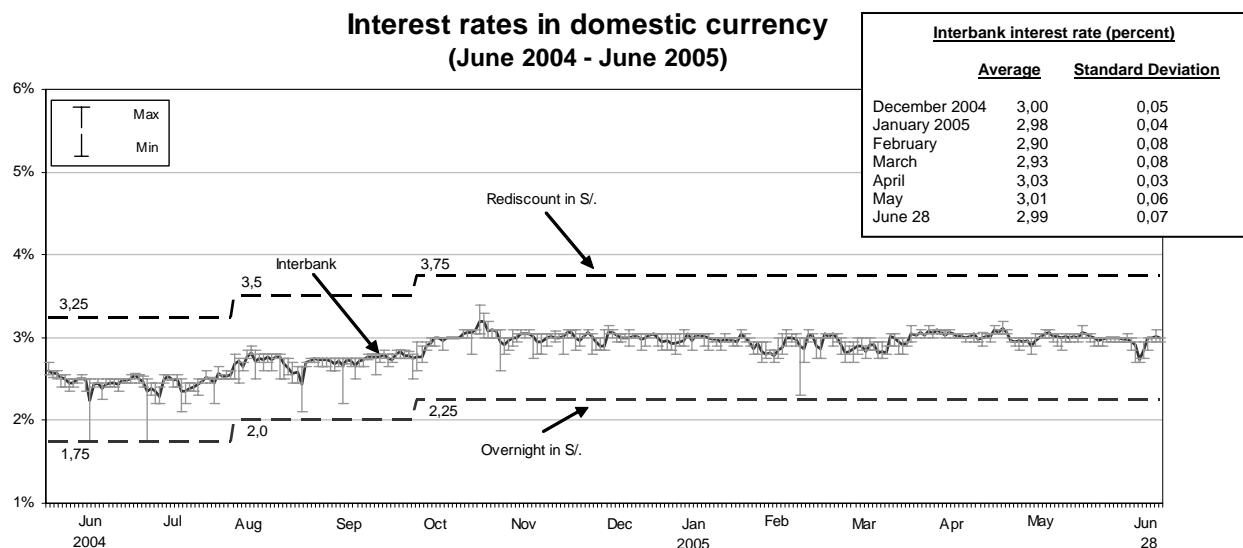
evolution was partially offset by lower financial system deposits in US\$ 291 millions and changes in the value of currencies and gold in US\$ 16 millions.

Year-to-date, NIRs have increased US\$ 1 413 millions, whereas the **Central Bank's international position** (US\$ 8 110 millions) grew by US\$ 1 471 millions.



Interbank interest rate at 2,99 percent

Between **June 1 and 28**, the average interest rate in domestic currency was 2,99 percent.



Monetary operations

Between **June 23 and 28**, the Central Bank made the following operations:

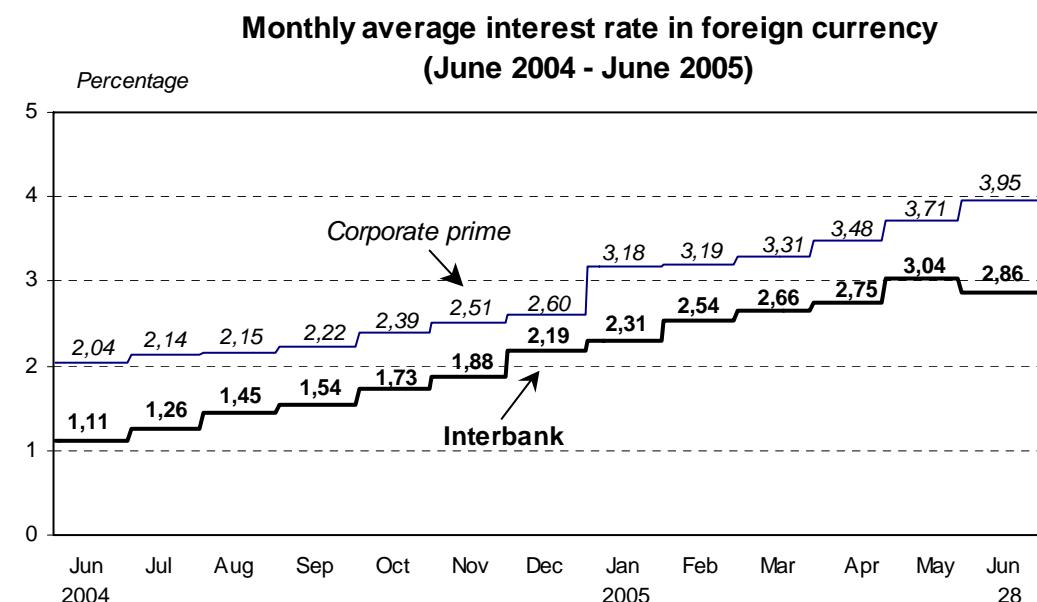
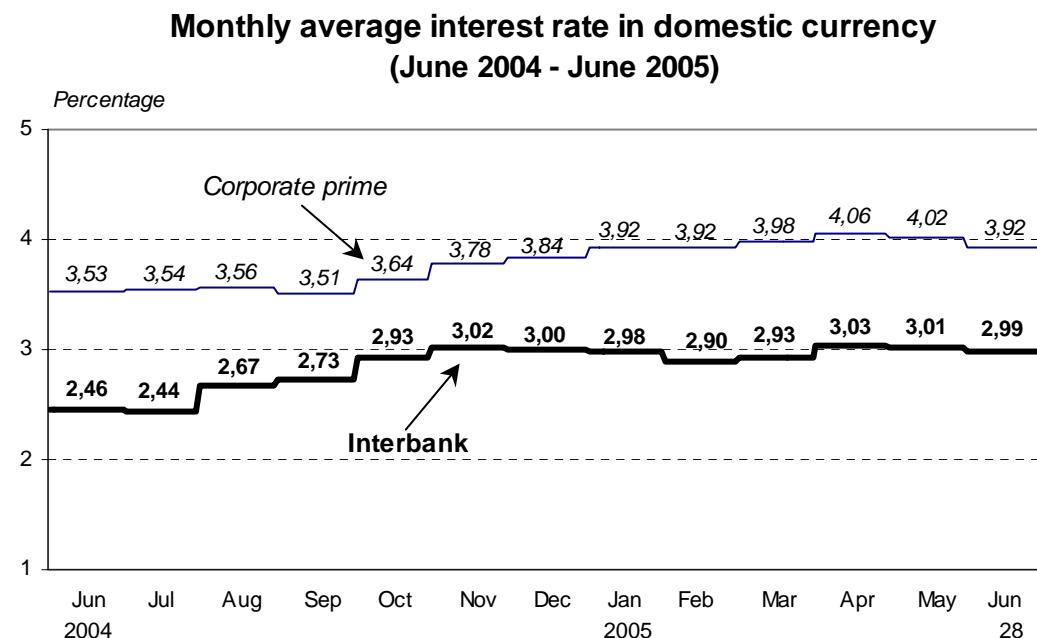
- Auctions of CDBCRP with a 1-week maturity by S/. 65 and S/. 57 millions at an average interest rate of 3,00 and 3,06 percent, respectively.
- Auctions of temporary purchase of CDBCRP and BTP with a 1-day maturity by S/. 165 millions at 3,02 percent and 3-day by S/. 130 millions at 3,02 percent.

- Foreign currency purchase over-the-counter mechanism by US\$ 70 millions at an average exchange rate of S/. 3,254.
- Overnight deposits on June 24 and 28 by S/. 86 y S/. 20,5 millions, respectively.

Corporate prime interest rate at 3,92 percent

As of June 28, the 90-day average corporate prime interest rate in domestic currency decreased from 4,02 percent in

May to 3,92 percent, meanwhile the rate in dollars increased from 3,71 to 3,95 percent.



Exchange rate: S/. 3,254

Between **June 22 and 28**, the asked banking system exchange rate slightly increased from S/. 3,253 to S/. 3,254 per dollar. Up to June 28, the bank's balance

of net forward sales decreased in US\$ 36 millions from end-May and the bank's exchange position dropped in US\$ 48 millions.

BANKS' EXCHANGE POSITION
(Millions of US\$)

	December 2003	December 2004	May 2005	June 28
a. Net sales to the public (i-ii)	607	699	538	502
i. Forward sales to the public	834	1 163	979	1 149
ii. Forward purchases to the public	227	464	440	646
b. Banks' exchange position	536	340	358	310

Monetary base as of June 22, 2005

The **monetary base** balance as of June 22 was S/. 9 520 millions, up 1,3 percent (S/. 118 millions) from end-May. In average terms, the year on year rate of growth of the monetary base in this period was 28,1 percent (27,6 percent in May).

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

counter mechanism (US\$ 285 millions or S/. 927 millions) and lower financial system *overnight* deposits (S/. 104 millions). These operations were partially offset by CDBCRP's net placements (S/. 900 millions), sales of foreign currency to the public sector (US\$ 30 millions or S/. 98 millions) and higher public sector deposits (S/. 11 millions).

Banking system monetary accounts as of June 7, 2005

Through last 4 weeks, liquidity in **domestic currency** increased 0,3 percent (S/. 87 millions), to a balance of S/. 27 693 millions. Credit to the private sector in the same currency augmented 1,6 percent (S/. 192 millions) to S/. 12 092 millions. However, in annual terms this aggregates grew by 34,3 and 16,1 percent, respectively.

Liquidity in **foreign currency** increased 1,6 percent (US\$ 155 millions) to US\$ 10 049 millions (an annual growth rate of 7,5 percent). Credit to the private sector in the same currency augmented 2,0 percent (US\$ 204 millions), to US\$ 10 353 millions (an annual growth rate of 5,9 percent).

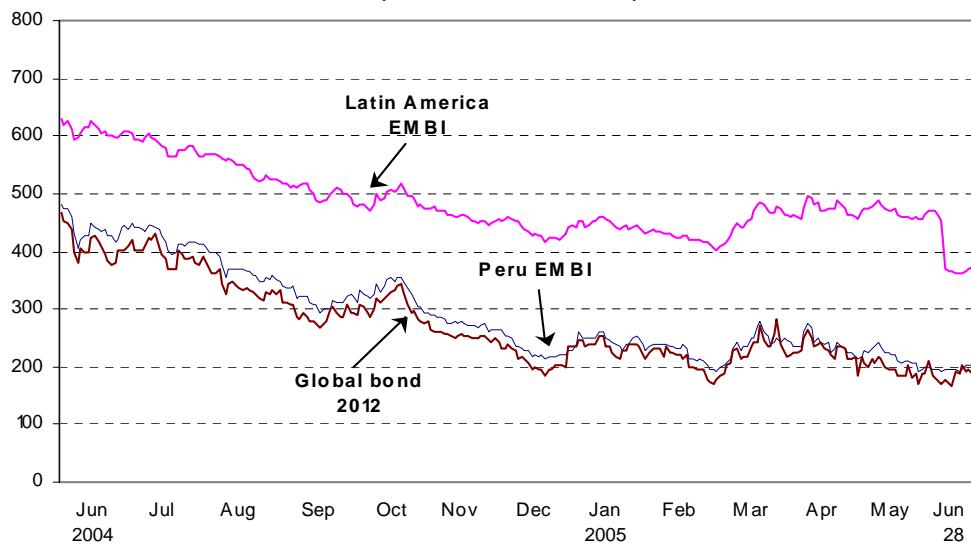
END OF PERIOD MONETARY AGGREGATES OF THE BANKING SYSTEM													
	BASE MONETARY		LIQUIDITY IN D/C		CREDIT IN D/C		LIQUIDITY IN F/C		LIABILITIES 1/		CREDIT IN F/C		
	VAR.(%) MONTH	VAR.(%) YEAR											
2003													
Mar.	-1,1%	5,0%	1,8%	10,6%	1,6%	6,3%	-0,1%	4,1%	-15,3%	-44,9%	-0,4%	-6,1%	
Jun.	1,7%	6,5%	-1,7%	7,8%	-1,1%	11,2%	1,1%	3,5%	-2,8%	-42,7%	-0,2%	-6,5%	
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%	
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%	
2004													
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%	-0,1%	14,1%	0,8%	3,9%	3,0%	-1,5%	3,4%	28,4%	0,7%	-0,3%	
Jul.	9,9%	21,0%	2,6%	10,7%	1,2%	5,1%	2,4%	2,2%	-5,1%	17,6%	0,5%	0,8%	
Aug.	-5,2%	18,6%	1,3%	14,0%	0,4%	6,2%	-1,8%	0,6%	-5,2%	20,8%	-1,2%	-0,5%	
Sep.	-1,0%	20,5%	2,8%	17,0%	1,6%	8,0%	-0,1%	1,3%	6,5%	30,6%	-1,2%	-0,6%	
Oct.	4,5%	24,3%	6,7%	24,1%	3,5%	12,3%	-0,9%	-0,1%	-17,1%	2,8%	-0,7%	-1,1%	
Nov.	0,6%	21,7%	2,9%	25,6%	0,4%	9,4%	0,4%	1,1%	4,2%	2,7%	1,0%	-0,4%	
Dec.	14,9%	25,3%	5,7%	28,1%	1,0%	11,9%	0,8%	1,4%	1,6%	4,5%	1,1%	1,3%	
2005													
Jan.	-6,7%	25,0%	0,3%	25,3%	-0,2%	11,9%	0,5%	2,1%	24,7%	28,4%	0,3%	2,7%	
Feb.	2,0%	26,7%	3,8%	30,8%	0,4%	12,9%	-0,5%	4,3%	-9,4%	14,1%	-0,1%	3,5%	
Mar.	-0,2%	25,7%	3,7%	33,6%	2,8%	12,1%	-2,0%	2,2%	6,0%	27,0%	0,4%	3,4%	
Apr.	5,2%	26,6%	-1,1%	32,9%	1,6%	13,9%	5,3%	6,6%	11,1%	31,3%	2,1%	4,3%	
May.	0,8%	26,7%	0,1%	32,3%	1,7%	16,1%	1,9%	9,1%	-2,1%	13,2%	2,1%	5,0%	
Jun.7	-1,6%	28,1%	0,3%	34,3%	1,6%	16,1%	1,6%	7,5%	6,8%	8,1%	2,0%	5,9%	
Memo:													
Balance as of May.7 (Mill.S/. or Mill.US\$)	9 998		27 606		11 901		9 893		896		10 149		
Balance as of Jun.7 (Mill.S/. or Mill.US\$)	9 835		27 693		12 092		10 049		957		10 353		
1/ Short term external liabilities of banking enterprises.													

2012 Global bond's spread at 1,93 percent

Over the period **June 22 to 28**, the **2012 global bond's** spread increased slightly from 1,92 to 1,93 percent and the **EMBI+ Peru** spread from 2,02 to 2,03 percent. The emerging debt market is awaiting to next

Fed's meeting where a 25 basis points increase is anticipated. With this raise, the ninth in a row, Fed's interest rate should be 3,25 percent.

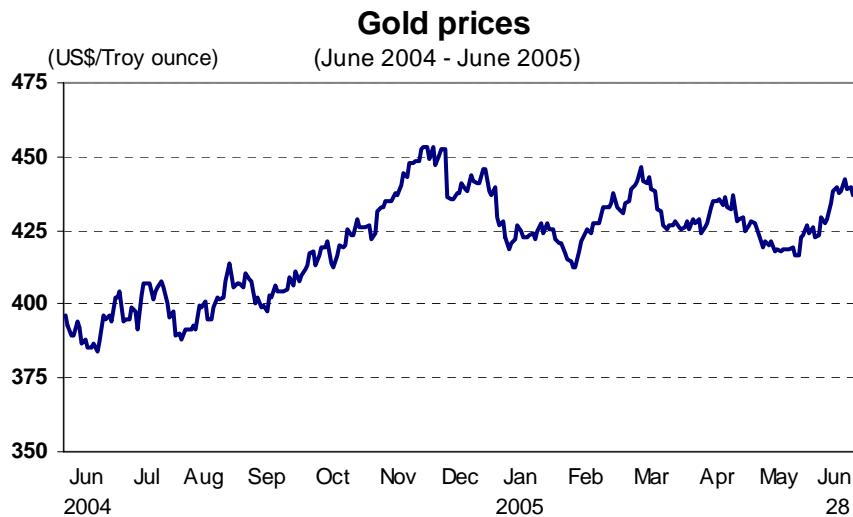
Country risk indicators
(June 2004 - June 2005)



International markets

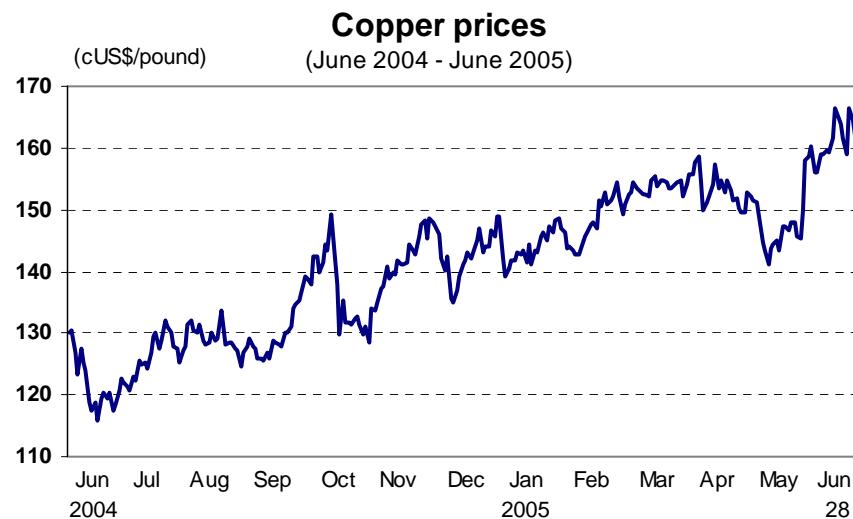
From June 22 to 28, **gold** price decreased 0,3 percent to US\$ 437 per Troy ounce,

due to a profit-taking following the US\$ 20 uprise along the first three weeks of June.



The **copper** price soared 0,5 percent to US\$ 1,62 per Troy ounce over the period under analysis and 11,3 percent in June, reflecting the concern of low inventories in

global metals exchanges. It should be noted that LME's inventories fell from 33 to 30 thousand metric tones.



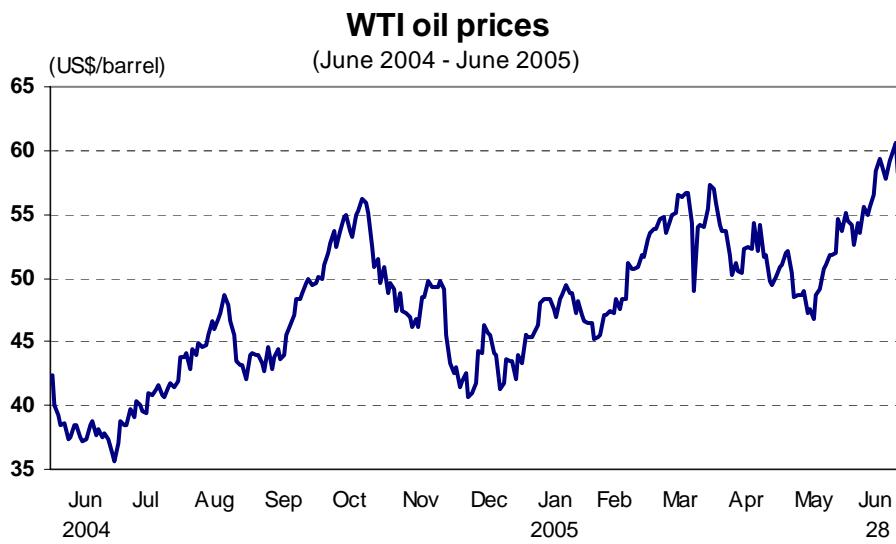
The **zinc** price decreased 3,3 percent to US\$ 0,56 per ounce during the week, due to investment funds' technical sales once the price was below the 200-day moving average level. On the other hand, Chine

mine Lanping started to operate this week. This mine has a 100 thousand metric ton potential output, the highest in this Asian nation.



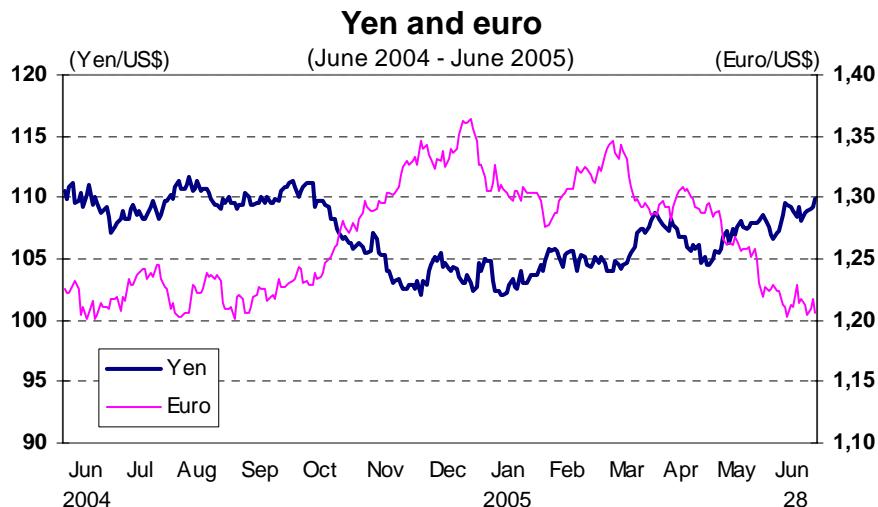
The **WTI oil** price increased 0,6 percent to US\$ 58,2 per barrel, after recording an historic maximum of US\$ 60,5 on June 27, due to the concern about oil producers'

capacity to meet higher global demand as well as the uncertainty of the new nationalist government in Iran (second OPEC's highest producer).



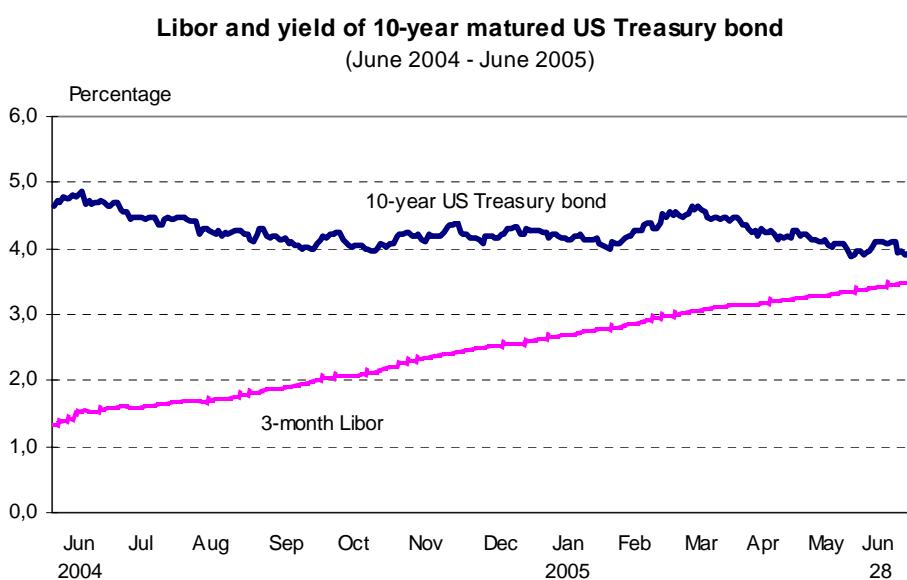
Between **June 22 and 28**, the **US dollar** appreciated 0,5 against the **euro** and 1,0 percent against the **yen**; thanks to higher interest rates and economic growth in the US than in Europe. For instance, US

economic growth was revised upwards in the first quarter (from 3,5 to 3,8 percent). On the other hand, Japanese trade surplus has been affected by the oil price escalation.



Over this period, the **3-month Libor** increased from 3,46 to 3,49 percent, whereas the **yield of the 10-year-matured US Treasury bond** passed from

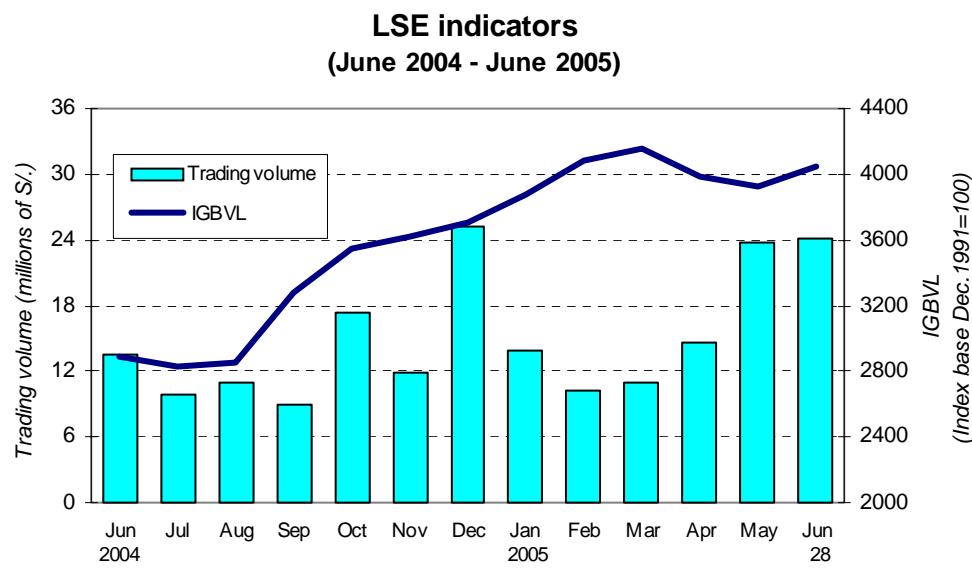
3,94 to 3,97 percent, due to a higher than expected increase in US consumer confidence for June.



Lima Stock Exchange

As of June 28, the **General** and **Blue Chip** indices of the Lima Stock Exchange increased 3,0 and 1,7 percent, respectively, reflecting the expectations for second quarter's financial statements

of Austral (fishing) and Santa Luisa (mining) companies. In the year, these indices have increased 8,9 and 7,5 percent, respectively.



Indicadores Económicos / Economic Indicators

	2003	2004	2005												
	DIC.	DIC.	ENE.	FEB.	MAR.	ABR.	31 May.	MAY.	21 Jun.	22 Jun.	23 Jun.	24 Jun.	27 Jun.	28 Jun.	JUN.
RESERVAS INTERNACIONALES (Mils. US\$) / INTERNATIONAL RESERVES															
Posición de cambio / Net international position	4 583	6 639	6 847	7 304	7 545	7 807	7 858	51	8 116	8 114	8 102	8 118	8 133		276
Reservas internacionales netas / Net international reserves	10 194	12 631	13 125	13 328	13 555	13 629	14 016	387	14 005	14 009	14 007	13 979	14 047		31
Depositos del sistema financiero en el BCRP / Financial system deposits at BCRP	2 892	2 915	3 102	2 721	2 854	2 673	3 013	340	2 811	2 820	2 806	2 742	2 792		-222
Empresas bancarias / Banks	2 687	2 811	2 996	2 636	2 748	2 575	2 902	327	2 655	2 662	2 646	2 574	2 629		-273
Banco de la Nación / Banco de la Nación	154	45	49	25	46	39	50	12	96	98	99	108	104		54
Resto de instituciones financieras / Other financial institutions	52	58	57	60	60	59	61	2	60	60	60	58		-3	
Depositos del sector público en el BCRP / Public sector deposits at BCRP	2 761	3 120	3 217	3 344	3 199	3 195	3 207	12	3 122	3 118	3 138	3 158	3 163		-44
OPERACIONES CAMBIARIAS BCR (Mils. US\$) / BCR FOREIGN OPERATIONS															
Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.							Acum.	
Origen externo de la emisión primaria / External origin of the monetary base	175	306	259	412	260	254	13	151	0	5	0	5	5	0	265
Compras netas en Mesa de Negociación / Net purchases of foreign currency	176	345	327	462	360	353	13	251	10	5	20	25	5	20	355
Operaciones swaps netas / Net swap operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operaciones con el Sector Público / Public sector	0	-40	-68	-50	-100	-100	0	-100	-10	0	-20	-20	0	-20	-90
TIPO DE CAMBIO (S/. por US\$) / EXCHANGE RATE															
Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.							Prom.	
De intervención en la Mesa de Negociación / BCRP intervention															
Compra interbancario / Interbank bid	Promedio / Average	3,471	3,276	3,266	3,258	3,258	3,257	3,253	3,254	3,252	3,252	3,254	3,253	3,253	3,252
Apertura / Opening	3,472	3,283	3,270	3,260	3,260	3,259	3,255	3,255	3,253	3,253	3,254	3,253	3,254	3,253	
Venta Interbancario	Mediodía / Midday	3,471	3,281	3,268	3,260	3,260	3,259	3,254	3,255	3,253	3,253	3,254	3,254	3,254	
Interbank Ask	Cierre / Close	3,471	3,282	3,269	3,260	3,260	3,258	3,254	3,255	3,253	3,253	3,254	3,253	3,253	
Sistema Bancario (SBS)	Promedio / Average	3,471	3,284	3,271	3,260	3,260	3,259	3,254	3,255	3,253	3,253	3,254	3,254	3,253	
Compra / Bid	3,471	3,280	3,267	3,258	3,258	3,257	3,252	3,254	3,252	3,252	3,253	3,252	3,253	3,252	
Banking System	Venta / Ask	3,472	3,282	3,269	3,260	3,260	3,259	3,255	3,256	3,253	3,253	3,254	3,254	3,253	
Indice de tipo de cambio real (1994 = 100) / Real exchange rate Index (1994 = 100)	106,6	105,0	104,5	104,9	104,5	104,6			104,6						
INDICADORES MONETARIOS / MONETARY INDICATORS															
Moneda nacional / Domestic currency															
Emisión Primaria (Var. % mensual) / (% monthly change)	11,5	14,9	-6,7	2,0	-0,2	5,2	0,8	0,8							
Monetary base (Var. % últimos 12 meses) / (% 12-month change)	10,1	25,3	25,0	26,7	25,7	26,6	26,7	26,7							
Oferta monetaria (Var. % mensual) / (% monthly change)	3,6	5,7	0,3	3,8	3,7	-1,1	0,1	0,1							
Money Supply (Var. % últimos 12 meses) / (% 12-month change)	10,5	28,1	25,3	30,8	33,6	32,9	32,3	32,3							
Crédito sector privado (Var. % mensual) / (% monthly change)	-1,2	1,0	-0,2	0,4	2,8	1,6	1,7	1,7							
Crédito al sector privado (Var. % últimos 12 meses) / (% 12-month change)	5,1	11,9	11,9	12,9	12,1	13,9	16,1	16,1							
TOSE saldo fin de período (Var. % acum. en el mes) / TOSE balance (% change)	-0,8	-0,4	2,0	2,2	8,7	-4,6	2,0	2,0	2,0	1,7	1,8	1,5			
Supervit de encaje promedio (%) respecto al TOSE) / Average reserve surplus (% of TOSE)	0,2	0,4	0,6	0,7	0,5	0,6	0,6	0,6	1,0	1,0	0,9	0,7			
Cuenta corriente de los bancos (saldo mill. S./) / Banks' current account (balance)	192	267	231	216	271	275	78	276	107	89	89	76	65		
Créditos por regulación monetaria (millones de S./) / Rediscounts (Millions of S.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Depósitos públicos en el BCRP (millones S./) / Public sector deposits at the BCRP (Mills.S.)	1 196	1 918	2 470	2 406	2 619	4 665	5 091	5 091	5 004	5 101	5 252	5 099	5 069	n.d.	
Certificados de Depósitos BCRP (saldo Mill.) / CDBCRP balance (Millions of S.)	4 097	8 255	9 259	10 396	11 261	9 960	9 573	9 573	10 403	10 473	10 473	10 488	10 465		
Operaciones de reporte (saldo Mill. S./) / repos (Balance millions of S.)	0	0	0	0	0	385	0	0	0	165	130	0	0		
Tasa de interés (%) / Interest rates (%)															
Préstamos y descuentos hasta 360 días / Loans & discount	13,97	14,68	15,14	15,34	15,00	14,92	15,31	15,13	15,89	15,91	15,92	15,88	15,86	n.d.	
Interbancaria / Interbank	2,51	3,00	2,98	2,90	2,93	3,03	3,00	3,01	2,74	2,83	2,99	3,00	3,02	2,99	
Prefeccional corporativa a 90 días / Corporate Prime	3,32	3,84	3,92	3,92	3,98	4,06	3,95	4,02	3,93	3,93	3,93	3,93	3,93	3,93	
Operaciones de reporte con CDBCRP / CDBCRP repos	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	
Créditos por regulación monetaria / Rediscounts **	3,25	3,75	3,75	3,75	3,75	3,75	3,75	3,75	3,75	3,75	3,75	3,75	3,75	3,75	
Del saldo de CDBCRP / CDBCRP balance	3,91	4,46	4,50	4,50	4,48	4,59	4,61	4,61	4,59	4,59	4,59	4,59	4,58	4,59	
Moneda extranjera / foreign currency															
Crédito sector privado (Var. % mensual) / (% monthly change)	-0,6	1,1	0,3	-0,1	0,4	2,1	2,1	2,1							
Crédito al sector privado (Var. % últimos 12 meses) / (% 12-month change)	-5,8	1,3	2,7	3,5	3,4	4,3	5,0	5,0							
TOSE saldo fin de período (Var. % acum. en el mes) / TOSE balance (% change)	0,2	1,2	1,4	-4,6	1,1	4,1	1,3	1,3	-1,1	-1,1	-1,1	-1,9	-1,3		
Supervit de encaje promedio (%) respecto al TOSE) / Average reserve surplus (% of TOSE)	0,1	0,6	0,1	0,2	0,1	0,2	0,1	0,1	1,9	1,7	1,5	0,9			
Créditos por regulación monetaria (millones de US dólares) / Rediscounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Tasa de interés (%) / Interest rates (%)															
Préstamos y descuentos hasta 360 días / Loans & discount	7,24	7,66	7,78	8,01	8,26	8,19	8,29	8,25	8,32	8,33	8,33	8,31	8,33	n.d.	
Interbancaria / Interbank	1,09	2,19	2,31	2,54	2,66	2,75	2,96	3,04	2,95	s.m.	2,86	2,82	3,00	2,86	
Prefeccional corporativa a 90 días / Corporate Prime	1,72	2,60	3,18	3,19	3,31	3,48	3,90	3,60	4,00	4,00	4,00	4,00	4,00	3,95	
Créditos por regulación monetaria / Rediscounts ***	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	s.m.	
Indice General Bursátil (Var. %) / General Index (% change)	13,4	2,6	4,6	5,1	2,0	-4,2	0,4	-1,4	-0,2	0,4	-0,6	0,1	0,5	-0,5	
Indice Selectivo Bursátil (Var. %) / Blue Chip Index (% change)	16,2	3,1	3,9	5,3	1,9	-4,4	0,7	-0,7	-0,6	0,5	-0,8	-0,2	0,7	-0,7	
Monto negociado en acciones (Mill. S./) - Prom. diario	15,7	25,3	13,9	10,2	10,9	14,7	11,8	23,7	9,5	6,3	12,7	9,1	6,5	5,7	
INFLACIÓN (%) / INFLATION (%)															
Inf inflación mensual / Monthly	0,56	-0,01	0,10	-0,23	0,65	0,12			0,13						
Inf inflación últimos 12 meses / % 12 months change	2,48	3,48	3,03	1,68	1,88	2,02			1,79						
GOBIERNO CENTRAL (Mill. S./) / CENTRAL GOVERNMENT (Mills. of S.)															
Resultado primario / Primary balance	-740	-1 165	991	-15	814	1 937			403						
Ingresos corrientes / Current revenue	2 963	3 322	3 093	2 747	3 493	4 747			3 267						
Gastos no financieros / Non-financial expenditure	3 827	4 489	2 173	2 763	2 684	2 830			2 868						
COMERCIO EXTERIOR (Mills. US\$) / FOREIGN TRADE (Mills. of US\$)															
Balanza Comercial / Trade balance	184	410	335	319	395	186									
Exportaciones / Exports	909	1 380	1 253	1 126	1 328	1 246									
Importaciones / Imports	726	970	918	807	933	1 060									
PRODUCTO BRUTO INTERNO / GROSS DOMESTIC PRODUCT															
Variac. %, respecto al mismo mes del año anterior / Annual rate of growth	3,6	8,7	5,4	6,7	4,0	6,4									
COTIZACIONES INTERNACIONALES / INTERNATIONAL QUOTATIONS															
Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	
LIBOR a tres meses (%) / LIBOR 3-month (%)	1,17	2,50	2,66	2,82	3,02	3,15	3,34	3,28	3,45	3,46	3,47	3,48	3,48	3,42	
Dow Jones (Var. %) / % change	6,53	3,40	-2,72	2,86	-2,44	-2,96	-0,71	2,70	-0,09	-0,11	-1,57	-1,19	-0,07	1,12	
Rendimiento de los U.S. Treasures (10 años) / U.S. Treasuries yield (10 years)	4,26	4,22	4,21	4,16	4,49	4,32	3,98	4,13	4,09	3,94	3,95	3,92	3,90	3,99	
Striped spread del EMBI+ PERÚ (pbs) / EMBI+ PERU striped spread (basis points)	318	236	242	235	226	244	206	222	197	202	203	204	205	198	
B															