

CENTRAL RESERVE BANK OF PERU

WEEKLY REPORT

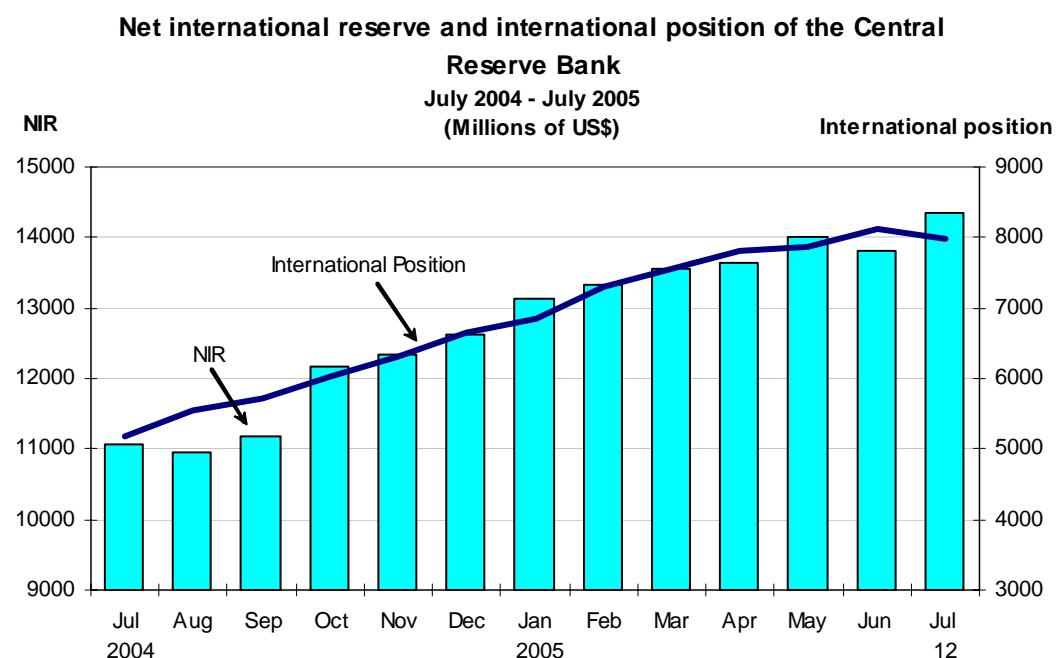
Nº 28 – July 15, 2005

Net international reserves at US\$ 14 363 millions

As of **July 12**, net international reserves (NIR) amounted to US\$ 14 363 millions, up US\$ 545 millions from end-June. This increase was mainly due to higher public sector and financial system deposits in US\$ 489 and US\$ 205 millions, respectively; purchases of foreign currency by US\$ 387 millions; changes in the value of currencies and gold in US\$ 13 millions, and investment yield in US\$ 5 millions. This

evolution was partially offset by sales of foreign currency to the public sector by US\$ 552 millions and lower deposits of the Insurance Fund Deposit in US\$ 2 millions.

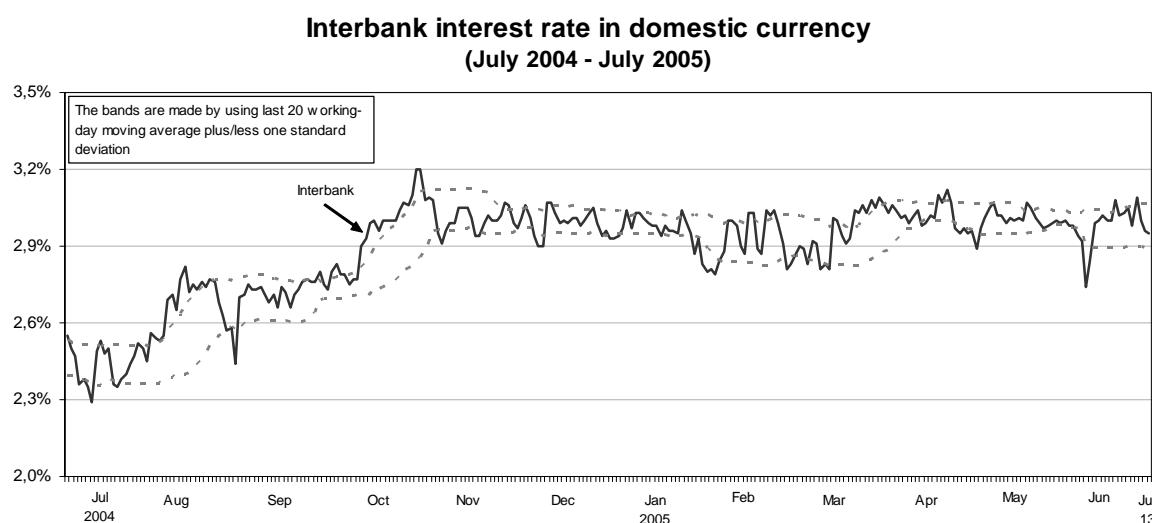
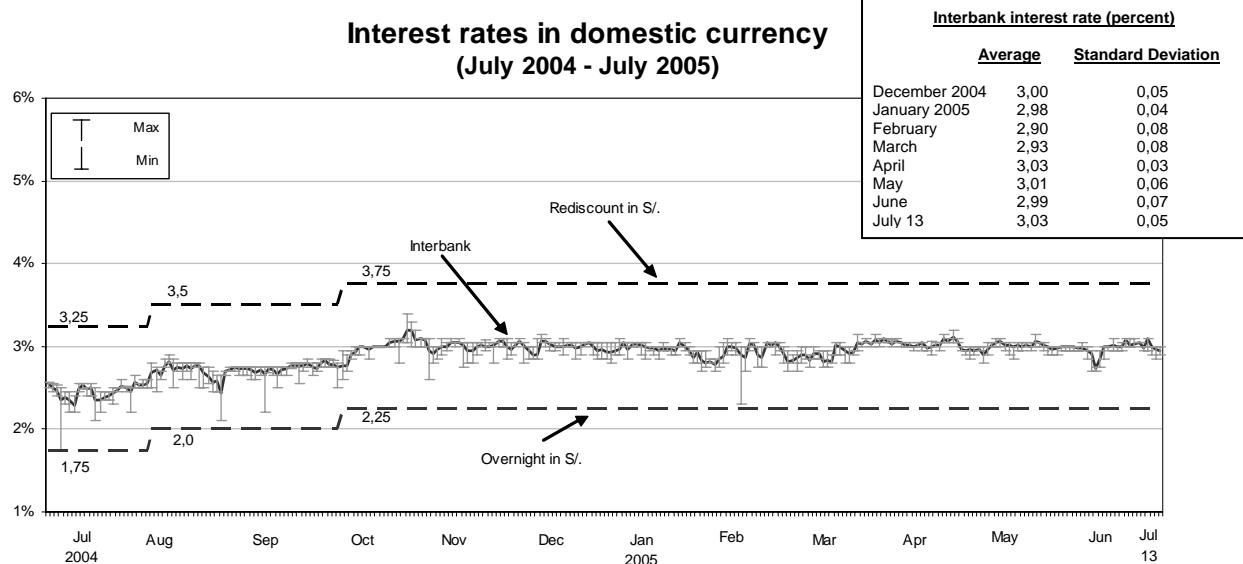
Year-to-date, NIRs have increased US\$ 1 732 millions, whereas the **Central Bank's international position** (US\$ 7 976 millions), grew by US\$ 1 337 millions.



Interbank interest rate at 3,03 percent

Between **July 1 and 13**, the average interest rate in domestic currency was

en 3,03 percent.



Monetary operations

Between **July 7 and 13**, the Central Bank made the following operations:

- Auctions of CDBCRP with a 7-day maturity by S/. 200 millions at an average interest rate of 3,08 percent.
- Auctions of temporary purchase of CDBCRP and BTP with a 3-day maturity by S/. 553 millions at 3,05 percent.

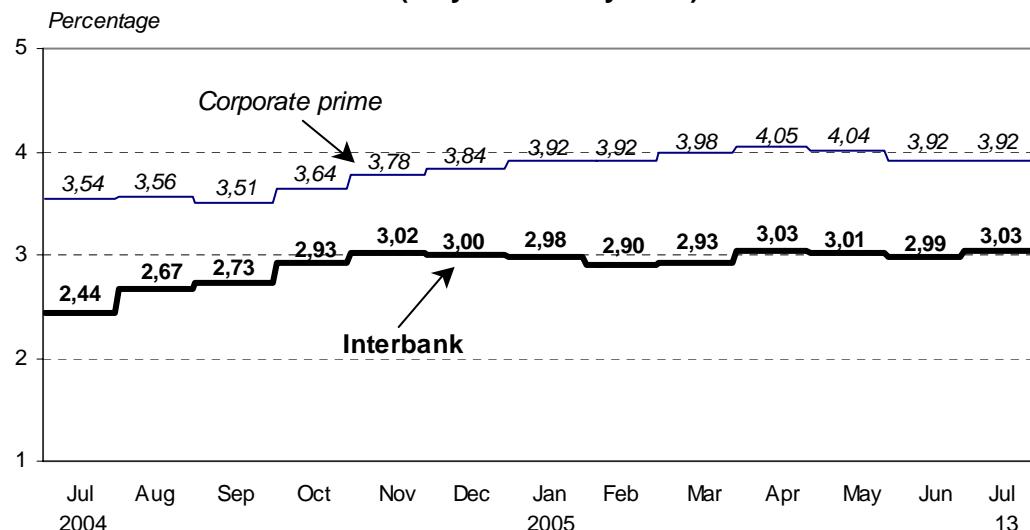
- Foreign currency purchase over-the-counter mechanism by US\$ 325 millions at an average exchange rate of S/. 3,251.
- Overnight deposits on July 8, 11, 12 and 13 by S/. 287,8; S/. 3; S/. 303,5 and S/. 5 millions, respectively.

Corporate prime interest rate at 3,92 percent

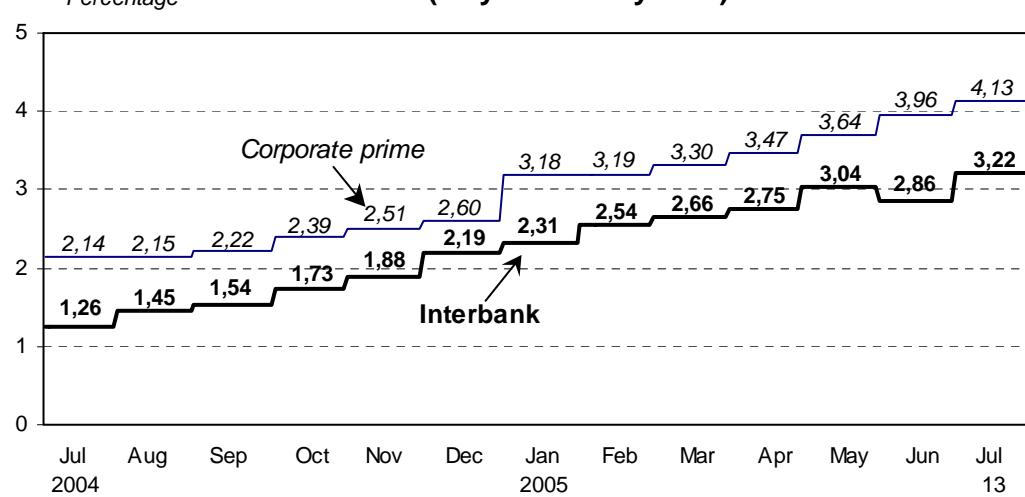
As of July 13, the 90-day average corporate prime interest rate in domestic currency stayed on 3,92 percent,

meanwhile the rate in dollars increased from 3,96 percent in June to 4,13 percent.

**Monthly average interest rate in domestic currency
(July 2004 - July 2005)**



**Monthly average interest rate in foreign currency
(July 2004 - July 2005)**



Exchange rate: S/. 3,252

Between **July 6 and 13**, the asked banking system exchange rate slightly decreased from S/. 3,253 to S/. 3,252 due to higher demand of domestic currency by the placement of sovereign bonds by

S/. 1500 millions on July 7. Up to July 12, the bank's balance of net forward sales and the bank's exchange position increased US\$ 22 millions from end-June.

BANKS' EXCHANGE POSITION
(Millions of US\$)

	December 2003	December 2004	June 2005	July 12
a. Net sales to the public (i-ii)	607	699	490	512
i. Forward sales to the public	834	1 163	1 101	1 258
ii. Forward purchases to the public	227	464	611	746
b. Banks' exchange position	536	340	355	377

Monetary base as of July 7, 2005

The **monetary base** balance as of July 7 was S/. 10 978 millions, up 14,6 percent (S/. 1 401 millions) from end-June. In average terms, the year on year rate of growth of the monetary base in this period was 32,7 percent (28,3 percent in June).

The main explanations for this result were purchases of foreign currency over-the-counter mechanism (US\$ 240 millions or S/. 780 millions), lower public sector

deposits (S/. 494 millions), temporary purchases of securities (S/. 180 millions), redemption of CDBCRP's (S/. 122 millions) and the cancellation of financial system's overnight deposits (S/. 105 millions). These operations were partially offset by sales of foreign currency to the public sector (US\$ 91 millions or S/. 295 millions).

Banking system monetary accounts as of June 22, 2005

Through last 4 weeks, liquidity in **domestic currency** increased 1,3 percent (S/. 356 millions), to a balance of S/. 27 741 millions. Credit to the private sector in the same currency augmented 0,2 percent (S/. 25 millions) to S/. 12 142 millions. However, in annual terms this aggregates grew by 32,6 and 15,7 percent, respectively.

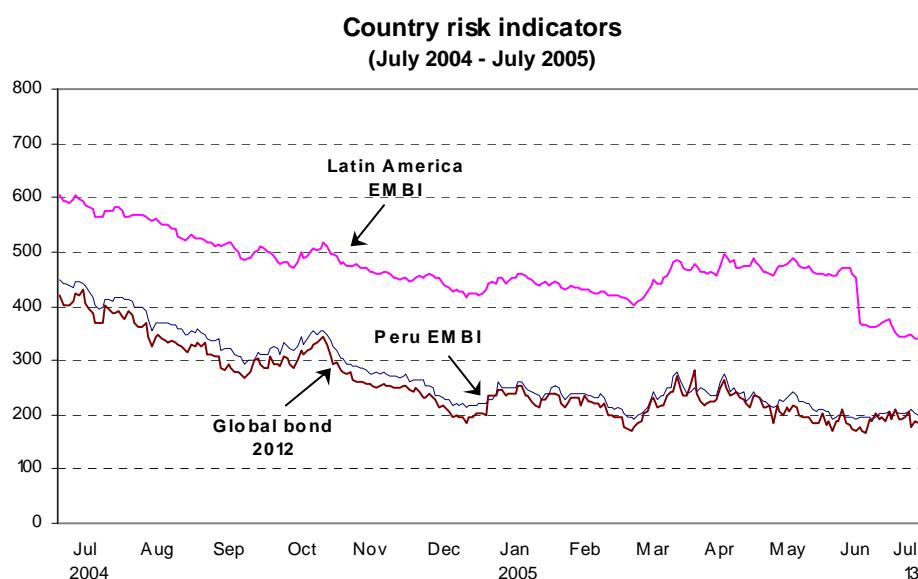
Liquidity in **foreign currency** decreased 0,7 percent (US\$ 70 millions) to US\$ 9 989 millions (an annual growth rate of 4,7 percent). Credit to the private sector in the same currency augmented 2,3 percent (US\$ 239 millions) to US\$ 10 472 millions (an annual growth rate of 5,7 percent).

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													
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.22	0,1%	29,5%	1,3%	32,6%	0,2%	15,7%	-0,7%	4,7%	-1,2%	3,0%	2,3%	5,7%	
Memo:													
Balance as of May.22	9 514		27 385		12 117		10 059		907		10 234		
(Mill.S/. or Mill.US\$)													
Balance as of Jun.22	9 520		27 741		12 142		9 989		895		10 472		
(Mill.S/. or Mill.US\$)													
1/ Short term external liabilities of banking enterprises.													

2012 Global bond's spread at 1,81 percent

Between July 6 and 13, the **EMBI+ Peru's spread** decreased from 2,05 to an historic minimum of 1,90 percent, whereas the 2012 global bond's spread fell to 1,81 percent from 2,07 percent. Standard & Poor's upgraded the outlook of the foreign currency denominated long-term Peruvian debt from stable to positive, with a BB

rating -two notches under the investment grade-. This change reflects a more likely scenario where latest fiscal and economic improvement hold in the medium term. In this context, on July 13, the government placed euro-denominated US\$ 750 million worth sovereign bond with a 20-year maturity and a 7,35 percent interest rate.



International markets

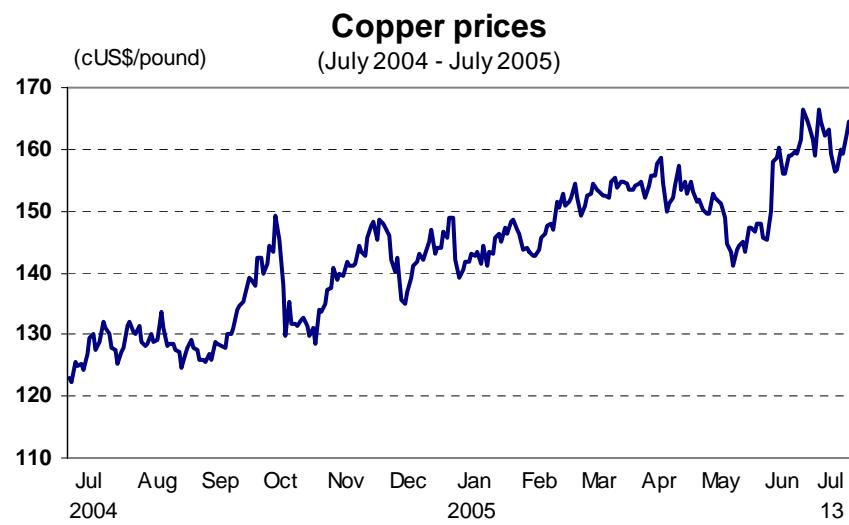
Between **July 6 and 13**, the **gold's** quotation increased 0,1 percent to

US\$ 424 per Troy ounce, reflecting the weakness of the US dollar.



Over similar period, the **copper's** quotation soared 2,1 percent to US\$ 1,63 per Troy ounce, due to the strikes in US

mine Asarco and Zambian mine Nkana as long as world inventories remained at its lowest level in last 30 years.



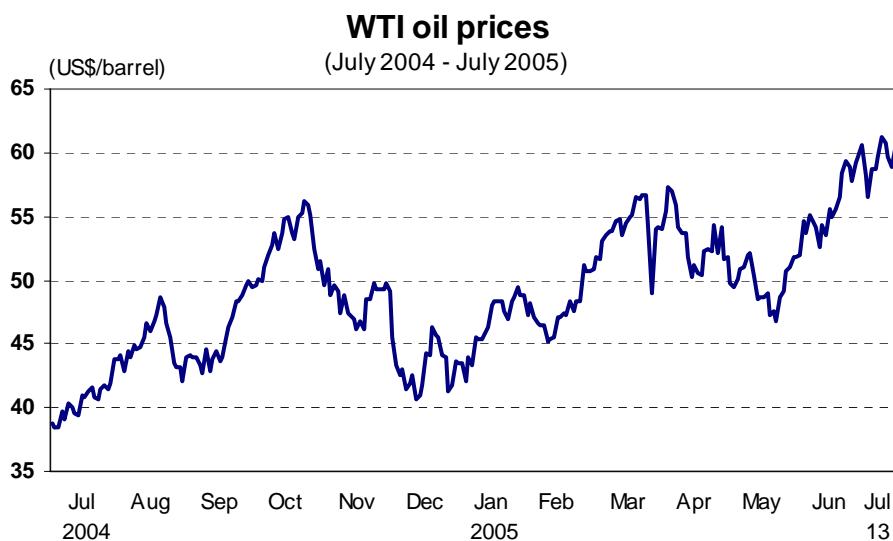
The **zinc's** quotation increased 0,1 percent to US\$ 0,54 per ounce. According to the International Lead and Zinc Study Group, the consumption of zinc increased

56 thousand MT between January and May 2005, affecting inventory levels and giving support to its price.



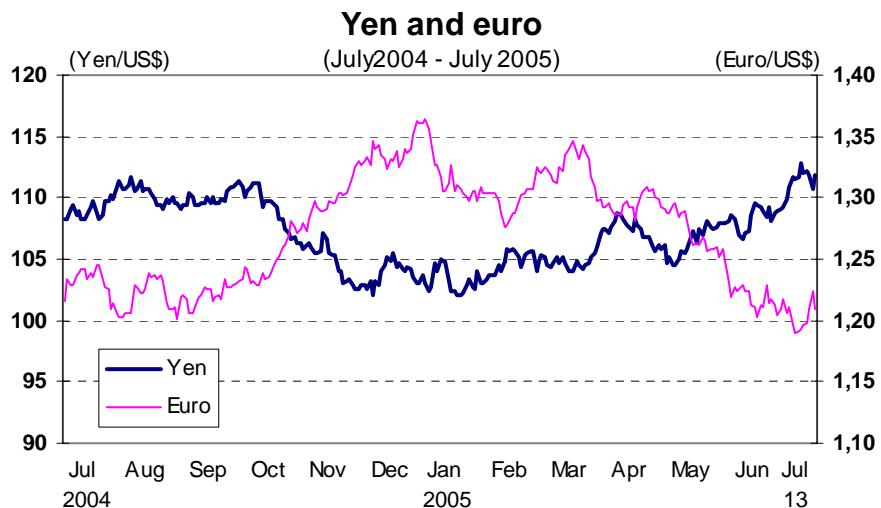
The **WTI oil** price dropped 2,1 percent to US\$ 60,0 per barrel, once it was known that hurricane Dennis did not affect Texas' and Louisiana's oil infrastructure. Besides,

Chinese oil import grew by 3,9 percent in 2005IQ, compared with the 39 percent increase during similar period in 2004.



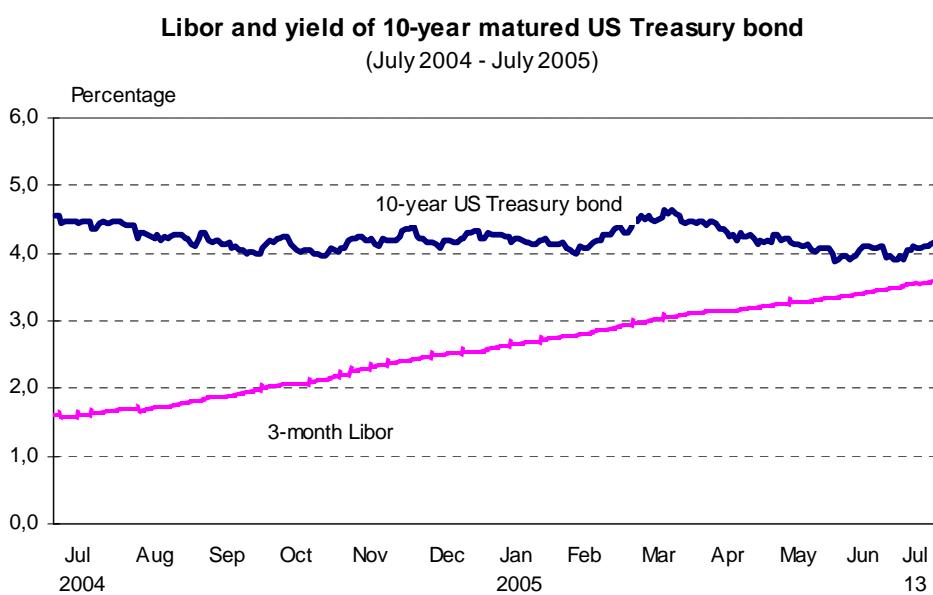
Between July 6 and 13, the **US dollar** depreciated 1,4 percent against the **euro** and 0,9 percent against the **yen** due to the release of favorable economic indicators for Germany and France, which

decreased expectations upon a likely ECB interest rate cut in the near future. On July 7, the ECB maintained its reference interest rate at 2,0 percent as anticipated.



The **3-month Libor** increased from 3,56 to 3,60 percent, whereas the yield of the **10-year-matured** US Treasury bond passed from 4,07 to 4,16 percent. The demand for US Treasuries declined after

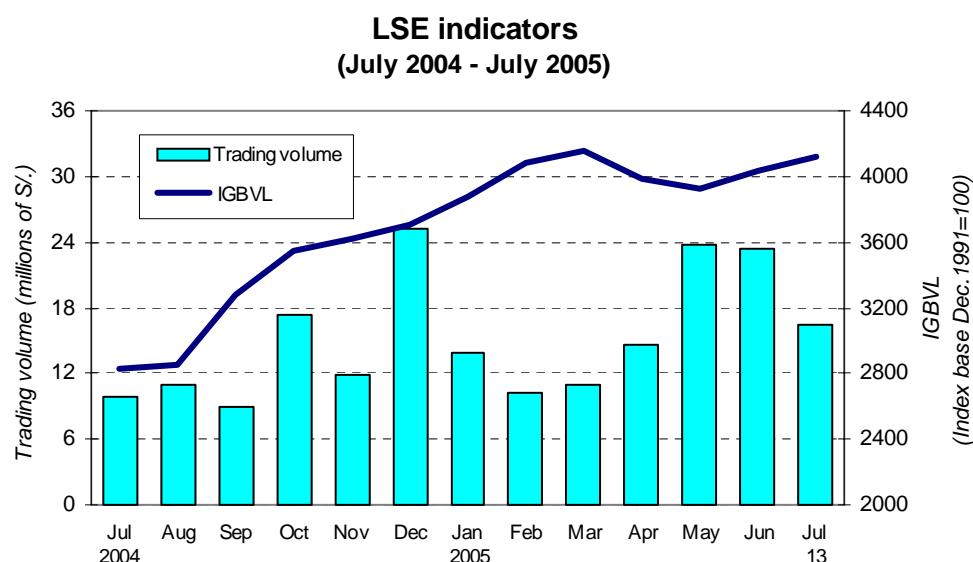
the increasing expectations on new Fed interest rate rises. It should be noted that latest US economic indicators made the Dow Jones index to increase 2,8 percent over the week under analysis.



Lima Stock Exchange

As of July 13, the **General** and **Blue Chip** indices of the Lima Stock Exchange increased 2,1 and 1,6 percent, respectively, reflecting the performance

of banking enterprises. In the year, these indices have increased 11,1 and 9,1 percent, respectively.



Indicadores Económicos / Economic Indicators

	2003		2004		2005											
	DIC.	DIC.	ENE.	FEB.	MAR.	ABR.	MAY.	30 Jun.	JUN.	7 Jul.	8 Jul.	11 Jul.	12 Jul.	13 Jul.	JUL.	
RESERVAS INTERNACIONALES (Mills. US\$) / INTERNATIONAL RESERVES																
Posición de cambio /Net international position	4 583	6 639	6 847	7 304	7 545	7 807	7 858	8 127	270	8 231	8 234	8 259	7 976		-151	
Reservas internacionales netas /Net international reserves	10 194	12 631	13 125	13 328	13 555	13 629	14 016	13 818	-198	13 912	14 036	14 284	14 363		545	
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	2 836	-177	2 784	2 841	3 046	3 041		205	
Empresas bancarias / Banks	2 687	2 811	2 996	2 636	2 748	2 575	2 902	2 684	-218	2 614	2 674	2 873	2 877		193	
Banco de la Nación / Banco de la Nación	154	45	49	25	46	39	50	96	46	110	108	114	106		9	
Resto de instituciones financieras /Other financial institutions	52	58	57	60	59	61	56	-5	59	59	59	59	59		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	2 913	-294	2 957	3 020	3 037	3 402		489	
OPERACIONES CAMBIARIAS BCR (Mills. US\$) / BCR FOREIGN OPERATIONS	Acum.	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	151	0	265	70	0	0	-316	30	-135	
Compras netas en Mesa de Negociación / Net purchases of foreign currency	176	345	327	462	360	353	251	10	365	150	65	25	55	30	415	
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	-100	-10	-100	-80	-65	-25	-371	0	-552	
TIPO DE CAMBIO (S/. por US\$) / EXCHANGE RATE	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.		Prom.						Prom.
De intervención en la Mesa de Negociación / BCR intervention																
Compra interbancario/Interbank bid	Promedio / Average	3,471	3,276	3,266	3,258	3,258	3,257	3,254	3,254	3,252	3,250	3,250	3,250	3,251	3,252	3,251
	Apertura / Opening	3,472	3,283	3,270	3,260	3,260	3,259	3,255	3,255	3,253	3,251	3,251	3,251	3,251	3,252	3,252
Venta Interbancario	Mediodía / Midday	3,471	3,281	3,268	3,260	3,260	3,259	3,255	3,255	3,254	3,251	3,251	3,252	3,252	3,252	3,252
Interbank Ask	Cierre / Close	3,471	3,282	3,269	3,260	3,260	3,258	3,255	3,255	3,253	3,251	3,251	3,253	3,253	3,252	3,252
Promedio / Average	3,471	3,284	3,271	3,260	3,260	3,259	3,255	3,255	3,253	3,251	3,251	3,251	3,252	3,252	3,252	
Sistema Bancario (SBS)	Compra / Bid	3,471	3,280	3,267	3,258	3,258	3,257	3,254	3,252	3,252	3,250	3,249	3,250	3,250	3,251	3,250
Banking System	Venta / Ask	3,472	3,282	3,269	3,260	3,260	3,259	3,256	3,254	3,253	3,251	3,250	3,252	3,251	3,252	3,252
Indice de tipo de cambio real (1994 = 100) /Real exchange rate Index (1994 = 100)		106,6	105,0	104,5	104,9	104,8	104,5	104,3		103,2						
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	1,9	1,9						
Monetary base	(Var. % últimos 12 meses) /(% 12-month change)	10,1	25,3	25,0	26,7	25,7	26,6	26,7	28,1	28,1						
Oferta monetaria	(Var. % mensual) / (% monthly change)	3,6	5,7	0,3	3,8	3,7	-1,1	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								
Crédito sector privado	(Var. % mensual) / (% monthly change)	-1,2	1,0	-0,2	0,4	2,8	1,6	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								
TOSE saldo fin de periodo (Var. % acum. en el mes) /TOSE balance (% change)	-0,8	-0,4	2,0	2,2	8,7	-4,6	2,0	3,2	3,2	1,8	2,7	3,3				
Superávit 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	2,5	3,2	2,3	2,3				
Cuenta corriente de los bancos (saldo mill. S.) /Banks' current account (balance)	192	267	231	216	271	275	276	53	278	1401	279	489	275	420		
Créditos por regulación monetaria (millones de S.) /Rediscounts (Millions of \$.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Depositos 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	4 985	4 985	4 491	5 682	5 726	4 642	n.d.		
Certificados de Depósitos BCRP (saldo Mill.S.) /CDBCRP balance (Millions of \$.)	4 097	8 255	9 259	10 396	11 261	9 960	9 573	10 465	10 465	10 343	9 763	9 763	9 963			
Operaciones de reporte (saldo Mill. S.) /repos (Balance millions of \$.)	0	0	0	0	0	385	0	0	0	180	633	0	0	0	0	
	Préstamos y descuentos hasta 360 días / Loans & discount	13,97	14,68	15,14	15,34	15,00	14,92	15,13	15,84	15,51	15,66	15,83	15,84	15,86	15,82	
Tasa de interés (%)	Interbancaria / Interbank	2,51	3,00	2,98	2,90	2,93	3,03	3,01	3,00	2,99	2,98	3,09	3,00	2,96	2,95	3,03
Preferencial corporativa a 90 días / Corporate Prime	3,32	3,84	3,92	3,92	3,98	4,05	4,04	3,90	3,92	3,94	3,94	3,94	3,94	3,94	3,92	
	Operaciones de reporte con CDBCRP /CDBCRP repos	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	3,75
	Del saldo de CDBCRP /CDBCRP balance	3,91	4,46	4,50	4,50	4,48	4,59	4,61	4,59	4,61	4,61	4,65	4,65	4,61	4,65	4,61
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								
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								
TOSE saldo fin de periodo (Var. % acum. en el mes) /TOSE balance (% change)	0,2	1,2	1,4	-4,6	1,1	4,1	1,3	-0,5	-0,5	0,4	0,1	-0,1				
Superávit 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	0,3	1,8	1,5	1,3	4,2				
Créditos por regulación monetaria (millones US dólares) /Rediscounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Préstamos y descuentos hasta 360 días / Loans & discount	7,24	7,66	7,78	8,01	8,26	8,19	8,25	8,35	8,31	8,49	8,49	8,58	8,59	8,60	8,58
Tasa de interés (%)	Interbancaria / Interbank	1,09	2,19	2,31	2,54	2,66	2,75	3,04	3,10	2,86	3,22	3,24	3,24	2,96	3,22	
Preferencial corporativa a 90 días / Corporate Prime	1,72	2,60	3,18	3,19	3,30	3,47	3,64	4,10	3,96	4,15	4,15	4,15	4,15	4,15	4,13	
	Créditos por regulación monetaria /Rediscounts ***	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.	Acum.	Acum.	Acum.		Acum.						Acum.
Indice General Bursátil (Var. %) /General Index (% change)	13,4	2,6	4,6	5,1	2,0	-4,2	-1,4	-0,1	2,9	-0,3	1,0	1,3	-0,2	-0,3	2,1	
Indice Selectivo Bursátil (Var. %) /Blue Chip Index (% change)	16,2	3,1	3,9	5,3	1,9	-4,4	-0,7	-0,1	1,6	-0,3	1,0	1,2	-0,3	-0,4	1,6	
Monto negociado en acciones (Mill. S.) - Prom. diario	15,7	25,3	13,9	10,2	10,9	14,7	23,7	11,0	23,4	4,3	9,7	9,4	10,2	40,6	16,5	
INFLACIÓN (%) / INFLATION (%)																
Inflación mensual /Monthly	0,56	-0,01	0,10	-0,23	0,65	0,12	0,13			0,26						
Inflación últimos 12 meses / %12 months change	2,48	3,48	3,03	1,68	1,88	2,02	1,79			1,48						
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	346									
Exportaciones / Exports	909	1 380	1 253	1 126	1 328	1 246	1 353									
Importaciones / Imports	726	970	918	807	933	1 060	1 007									
PRODUCTO BRUTO INTERNO (Índice 1994=100) / 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.	Prom.
LIBOR a tres meses (%) / LIBOR 3-month (%)	1,17	2,50	2,66	2,82	3,02	3,15	3,28	3,52	3,42	3,55	3,56	3,57	3,58	3,60	3,56	
Dow Jones (Var %) / % change	6,53	3,40	-2,72	2,86	-2,44	-2,96	2,70	-0,96	-1,84	0,31	1,43	0,68	-0,06	0,41	2,75	
Rendimiento de los U.S. Treasuries (10 años) /U.S. Treasuries yield (10 years)	4,26	4,22	4,21	4,16	4,49	4,32	4,13	3,92	3,99	4,06	4,09	4,10	4,14	4,16	4,09	
Stripped spread del EMBI+ PERÚ (pbs) /EMBI+ PERU stripped spread (basis points)	318	236	242	235	226	244	222	203	198	209	201	198	192	190	201	
Bono Global 2012 - Perú (en pbs) /Global Bond 2012 - Peru (basis points)	304	216	232	222												