

# CENTRAL RESERVE BANK OF PERU

## WEEKLY REPORT

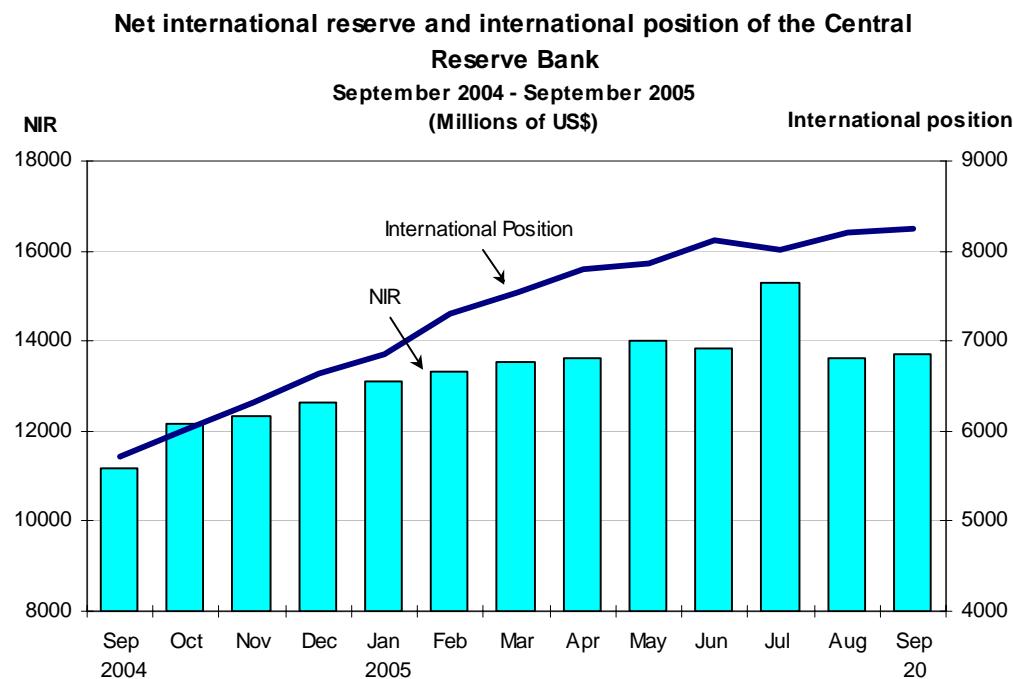
Nº 38 – September 23, 2005

### Net international reserves at US\$ 13 699 million

As of **September 20**, net international reserves (NIR) amounted to US\$ 13 699 million, up US\$ 74 million from end-August. This increase was due to higher financial system deposits in US\$ 233 million, net purchases of foreign currency by US\$ 33 million, investment yield by US\$ 26 million and operations with ALADI by US\$ 2

million. This evolution was partially offset by lower public sector deposits in US\$ 220 million.

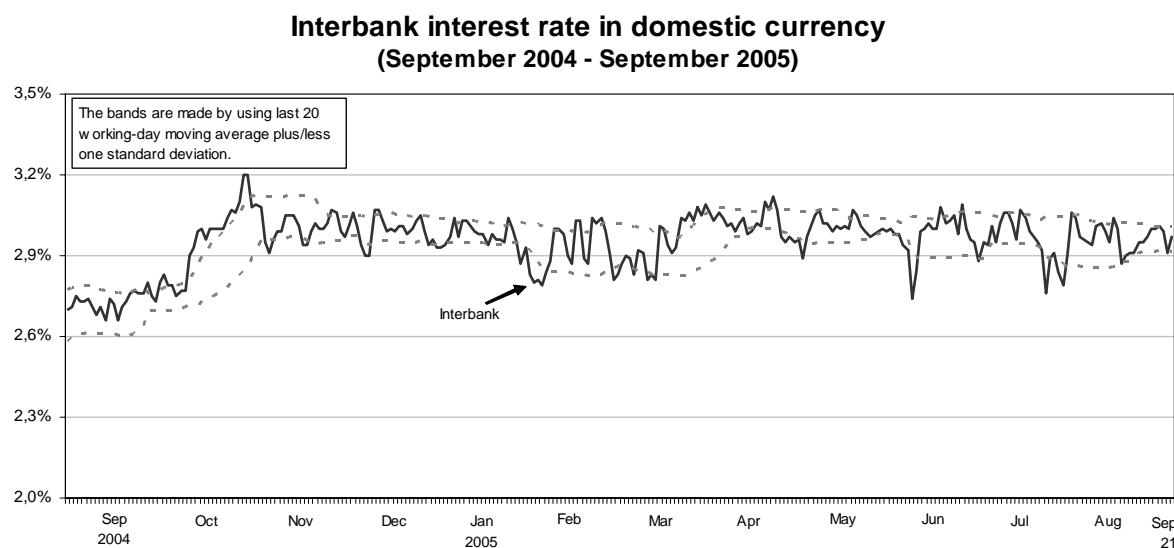
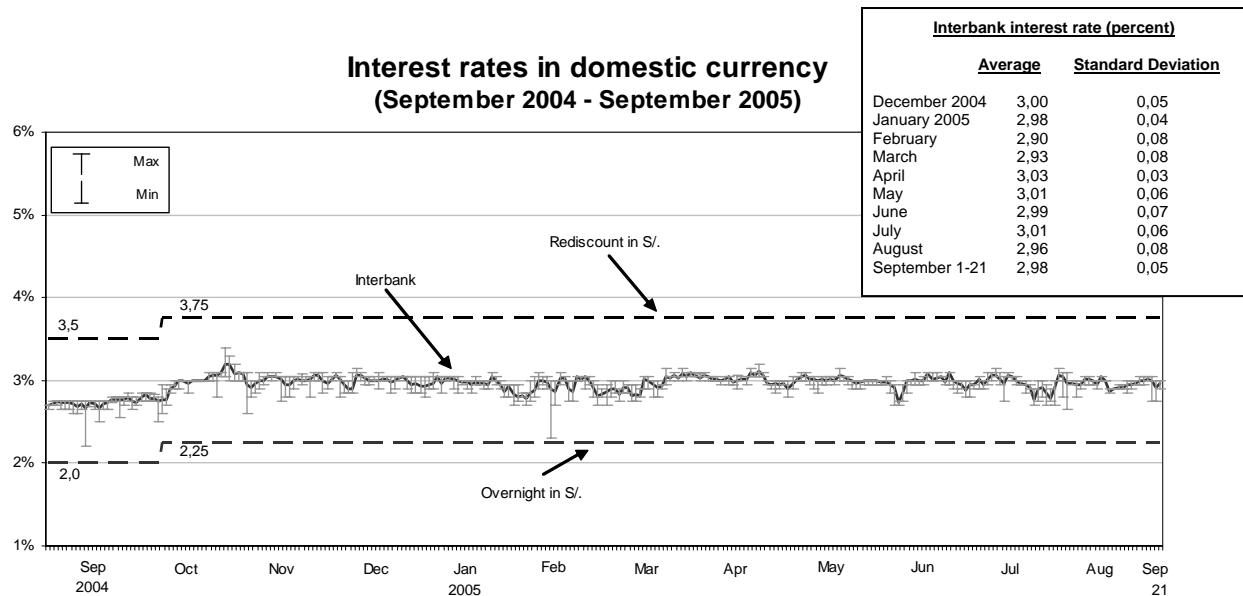
Year-to-date, NIRs have increased US\$ 1 068 million, whereas the **Central Bank's international position** (US\$ 8 249 million), grew by US\$ 1 610 million.



### Interbank interest rate at 2,98 percent

Between **September 1 and 21**, the average interest rate in domestic currency

was 2,98 percent.



## Monetary operations

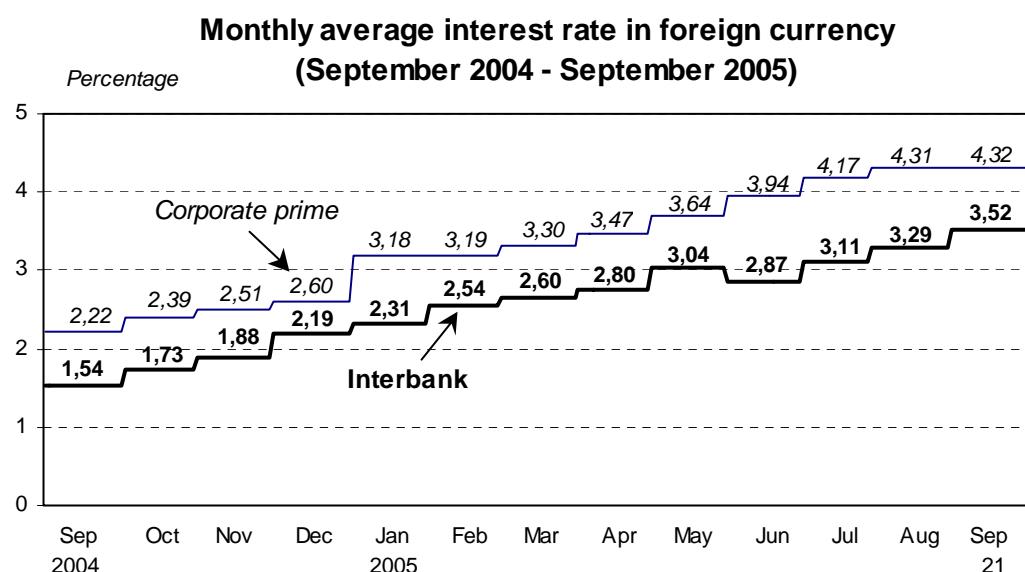
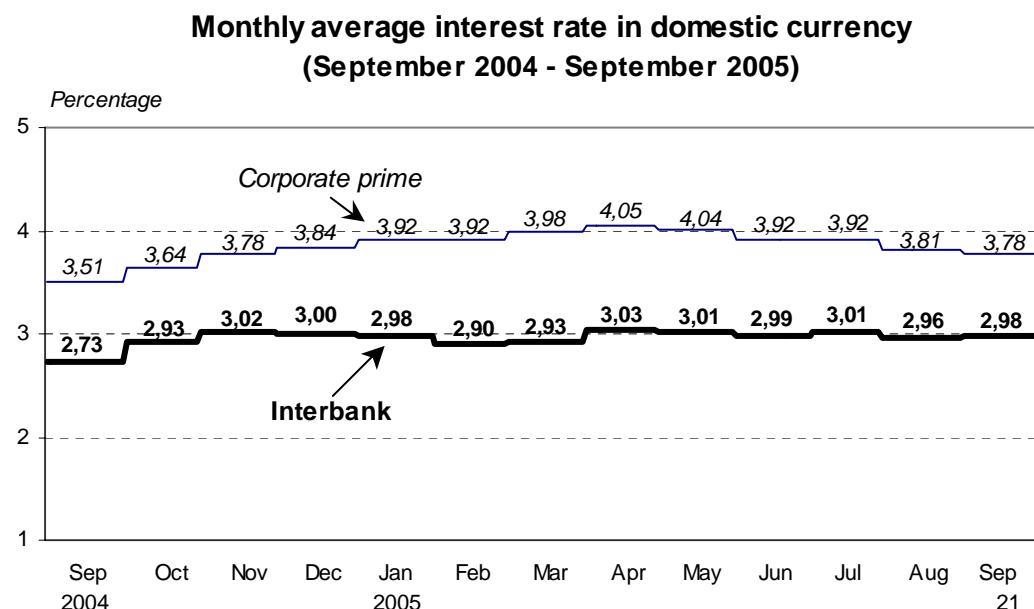
Between **September 15 and 21**, the Central Bank made the following operations:

- Auctions of CDBCRP with a: i) 1-day maturity by S/. 50 million at an average interest rate of 2,91 percent; ii) 1-week by S/. 100 and S/. 60 million at 3,07 and 3,06 percent, respectively; iii) 1-year by S/. 40 million at 4,07 percent; iv) 2-year by S/. 20 million, in 2 occasions at 4,90 percent and v) 3-year by S/. 10,5 million at 5,50 percent.
- Auctions of temporary purchase of CDBCRP and BTP with a 1-day maturity by S/. 60 and S/. 40 million at 2,97 and 2,96 percent, respectively.
- Foreign currency purchase over-the-counter mechanism by US\$ 0,5 million at an average exchange rate of S/. 3,295.
- Overnight deposits on September 16 and 19 de September by S/. 13 and S/. 195 million, respectively.

## Corporate prime interest rate at 3,78 percent

As of **September 21**, the 90-day average corporate prime interest rate in domestic currency decreased from 3,81 in August to

3,78 percent meanwhile the rate in dollars rise from 4,31 to 4,32 percent.



## Exchange rate: S/. 3,305

Between **September 14 and 21**, the asked banking system exchange rate increased from S/. 3,289 to S/. 3,305 per dollar. Up to September 20, the bank's balance of net

forward sales diminished in US\$ 129 million meanwhile the bank's exchange position increased in US\$ 61 million, from end-August.

BANKS' EXCHANGE POSITION  
(Millions of US\$)

	December 2003	December 2004	August 2005	September 20
a. Net sales to the public (i-ii)	607	699	352	223
i. Forward sales to the public	834	1 163	1 256	1 454
ii. Forward purchases to the public	227	464	904	1 231
b. Banks' exchange position	536	340	358	418

## Monetary base as of September 15, 2005

The **monetary base** balance as of September 15 was S/. 10 092 million, down 0,9 percent (S/. 92 million) from end-August. In average terms, the year on year rate of growth of the monetary base in this period was 32,0 percent (32,4 percent in August).

The main explanations for this result were CDBCRP's net placements (S/. 318

million) and higher public sector deposits (S/. 169 million). These operations were partially offset by lower financial system overnight deposits (S/. 192 million), purchases of foreign currency over-the-counter mechanism (US\$ 33 million or S/. 108 million) and temporary purchases of securities (S/. 60 million).

## Banking system monetary accounts as of August 31, 2005

In August, liquidity in **domestic currency** decreased 1,8 percent (S/. 509 million), to a balance of S/. 28 428 million. Credit to the private sector in the same currency augmented 3,9 percent (S/. 486 million) to S/. 12 960 million. However, in annual terms this aggregates grew by 32,3 and 21,2 percent, respectively.

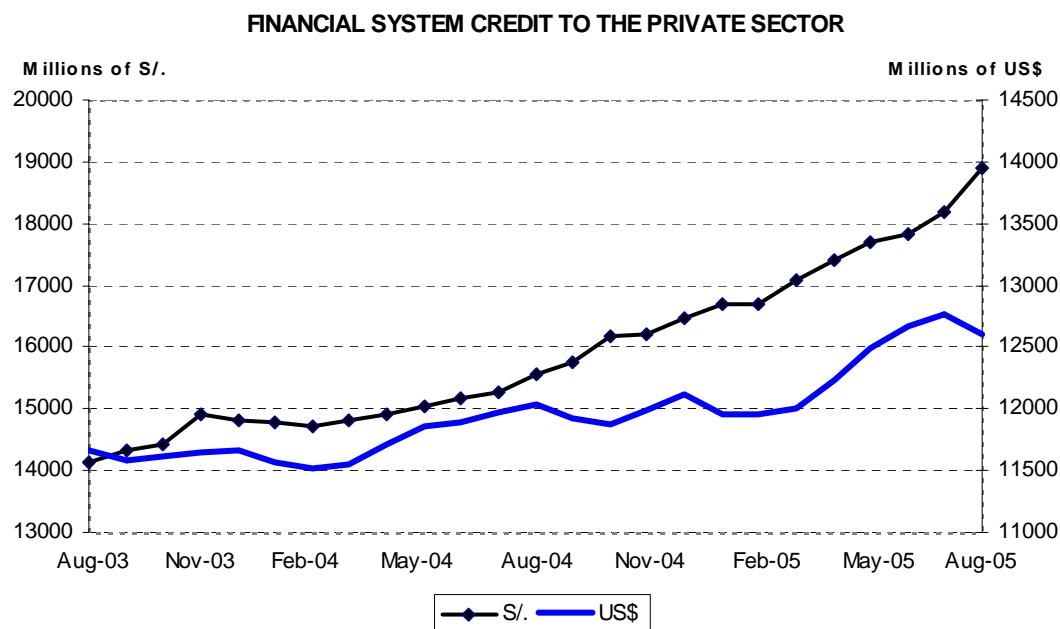
Liquidity in **foreign currency** increased 1,7 percent (US\$ 169 million) to a balance of US\$ 10 081 million (an annual growth rate of 5,4 percent). Credit to the private sector in the same currency diminished 2,2 percent (US\$ 229 million) to US\$ 10 297 million (an annual growth rate of 4,8 percent).

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											
<b>2003</b>													
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%	-0,1%	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%	
<b>2005</b>													
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%	
Abr.	5,2%	26,6%	-1,2%	32,9%	1,7%	14,0%	4,0%	5,4%	11,1%	31,3%	2,2%	4,4%	
May.	0,8%	26,7%	0,1%	32,2%	1,7%	16,2%	2,8%	8,8%	-2,1%	13,2%	1,9%	4,9%	
Jun.	1,9%	28,1%	2,2%	35,4%	0,8%	16,2%	-0,7%	4,9%	-8,2%	0,5%	1,6%	5,7%	
Jul.	12,1%	30,6%	3,4%	36,4%	2,0%	17,1%	-0,6%	1,8%	2,7%	10,1%	0,6%	5,8%	
Ago.	-5,1%	30,7%	-1,8%	32,3%	3,9%	21,2%	1,7%	5,4%	-7,7%	7,3%	-2,2%	4,8%	
Memo:													
Balance as of Jul. 31 (Mill.S/. or Mill.US\$)	10 735		28 938		12 474		9 913		911		10 526		
Balance as of Aug. 31 (Mill.S/. or Mill.US\$)	10 184		28 428		12 960		10 081		842		10 297		
1/ Short term external liabilities of banking enterprises.													

## Financial system credit to the private sector

In August, the financial system credit to the private sector grew 3,9 percent in soles and decreased 1,3 percent in dollars. In this manner, the annual rate of

growth of the credit in soles was 21,5 percent, meanwhile the growth rate in dollars was 4,7 percent.



The increment of the credit in **soles** during July obeyed to commercial banks (S/. 451 million), mainly by higher commercial credits (S/. 299 million) and consumer credits (S/. 114 million); to microfinance institutions (S/. 121 million), and to

institutional investors (S/. 121 million). With these results, the annual growth rate of the private sector's credit from commercial banks (excluding microfinance credits) increased from 13,9 percent in July to 18,8 percent in August.

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

	Millions of S/.			Percentage change	
	Aug04	Jul05	Aug05	Aug.05/ Aug.04	Aug.05/ Jul.05
Commercial banks 1/	8 133	9 210	9 661	18,8	4,9
Banco de la Nación	867	1 153	1 178	35,9	2,2
<b>Microfinance institutions</b>	<b>3 796</b>	<b>4 876</b>	<b>4 997</b>	<b>31,6</b>	<b>2,5</b>
Banks (microfinance credits)	960	1 290	1 306	36,0	1,3
Local government S&Ls	1 207	1 564	1 605	33,0	2,6
Rural S&Ls	222	293	300	35,1	2,4
Cooperatives	451	550	550	22,1	-.-
Edpymes	189	263	271	42,9	3,0
Financial companies	766	916	965	25,9	5,3
<b>Institutional investors 2/</b>	<b>2 476</b>	<b>2 627</b>	<b>2 748</b>	<b>11,0</b>	<b>4,6</b>
AFPS	1 510	1 539	1 641	8,7	6,7
Insurance companies	805	819	819	1,6	-.-
Mutual funds	160	270	289	80,0	7,0
<b>Leasing companies and others</b>	<b>286</b>	<b>321</b>	<b>316</b>	<b>10,4</b>	<b>-1,4</b>
<b>Total Financial System</b>	<b>15 559</b>	<b>18 187</b>	<b>18 901</b>	<b>21,5</b>	<b>3,9</b>

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

July's decreased in **dollar** denominated credit was due to lower credit of commercial banks (US\$ 228 million), explained by lower credits of foreign trade (US\$ 185 million). This contraction was

partially offset by higher credit of institutional investors (US\$ 59 million), and of microfinance institutions (US\$ 10 million).

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

	Millions of US\$			Percentage change	
	Aug04	Jul05	Aug05	Aug.05/ Aug.04	Aug.05/ Jul.05
Commercial banks 1/	9 490	10 123	9 895	4,3	-2,3
Banco de la Nación	22	22	22	-0,4	0,1
<b>Microfinance institutions</b>	<b>579</b>	<b>714</b>	<b>724</b>	<b>24,9</b>	<b>1,3</b>
Banks (microfinance credits)	105	153	158	50,8	3,3
Local government S&Ls	223	271	274	22,9	1,0
Rural S&Ls	49	54	54	10,9	1,3
Cooperatives	130	151	151	16,5	-.-
Edpymes	44	51	52	18,6	1,2
Financial companies	29	33	34	18,2	1,6
<b>Institutional investors 2/</b>	<b>1 310</b>	<b>1 250</b>	<b>1 309</b>	<b>-0,1</b>	<b>4,7</b>
AFPS	706	648	679	-3,8	4,7
Insurance companies	84	99	99	17,0	-.-
Mutual funds	521	503	531	2,0	5,7
<b>Leasing companies and others</b>	<b>629</b>	<b>651</b>	<b>651</b>	<b>3,4</b>	<b>-0,0</b>
<b>Total Financial System</b>	<b>12 031</b>	<b>12 759</b>	<b>12 600</b>	<b>4,7</b>	<b>-1,3</b>

1/ Excludes microfinance credits.

2/ Mainly securities issued by the private sector.

## Gross domestic product grew by 4,9 percent in July

In **July** 2005, gross domestic currency grew by 4,9 percent with 49 months of consecutive expansion. Over the period January-July GDP grew by 5,8 percent. Economic growth was widespread among all sectors in the economic, excluding fishing, due to the ban exerted in a larger number of days.

**Agriculture** output grew by 7 percent in July, reflecting good weather conditions, which made possible higher production of rice (109 percent) in Northern Peru. On the other hand, potato, yellow corn and poultry also stood out.

**Fishing** production dropped 18,7 percent. Anchovy, mackerel and giant shrimp

slumped due to the ban exerted on a larger number of days compared to July 2004.

**Mining and oil** expanded 15,8 percent due to the larger production of gold (28,7 percent, reflecting Alto Chicama entry), iron (116 percent, in July 2004 an strike affected Shougang operations) and hydrocarbons (37,7 percent due to Camisea project).

**Manufacturing** increased 3,1 percent in July, due to the 5,9 percent in non-primary manufacturing that offset the 7,6 percent fall in raw material based activities.

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

	<b>July</b>		<b>January - July</b>	
	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>
<b>Agriculture and Livestock</b>	<b>-2,2</b>	<b>7,0</b>	<b>-2,5</b>	<b>5,1</b>
Agriculture	-5,5	8,4	-5,0	6,4
Livestock	3,2	5,3	1,9	2,9
<b>Fishing</b>	<b>69,5</b>	<b>-18,7</b>	<b>32,2</b>	<b>-0,8</b>
<b>Mining and Fuel</b>	<b>-1,8</b>	<b>15,8</b>	<b>6,3</b>	<b>4,4</b>
Metallic mining	-2,3	13,8	7,0	1,9
Natural gas and oil	3,2	37,7	-3,7	36,3
<b>Manufacturing</b>	<b>9,8</b>	<b>3,1</b>	<b>6,2</b>	<b>6,0</b>
Based on raw materials	20,2	-7,6	8,3	-1,9
Non-primary	7,1	5,9	5,6	8,0
<b>Electricity and water</b>	<b>2,5</b>	<b>5,3</b>	<b>4,3</b>	<b>4,8</b>
<b>Construction</b>	<b>0,7</b>	<b>7,7</b>	<b>4,8</b>	<b>5,4</b>
<b>Commerce</b>	<b>2,1</b>	<b>5,7</b>	<b>2,6</b>	<b>6,9</b>
<b>Other services</b>	<b>4,3</b>	<b>3,1</b>	<b>3,6</b>	<b>5,8</b>
<b>GROSS VALUE ADDED (GVA)</b>	<b>3,8</b>	<b>4,9</b>	<b>3,6</b>	<b>5,7</b>
Taxes on products and import duties	3,0	5,5	6,9	6,0
<b>GDP</b>	<b>3,7</b>	<b>4,9</b>	<b>3,9</b>	<b>5,8</b>
Primary sector GVA	2,7	6,5	2,9	3,5
Non-primary sector GVA	4,0	4,4	3,8	6,3
Domestic demand indicator	0,5	5,7	3,1	4,6

Items recording larger rates of growth were: printing, cement, metallic products for construction, garments, chemical substances, caustic soda and colorants

and other articles of paper and paperboard linked to exports and industrial activities. Conversely, electrical panels and furniture recorded a decline.

CIIU	Industries with higher increases - July 2005	
	July Var. %	July Contrib. % 1/
Printing	33,9	0,9
Cement	19,7	0,8
Manufacture of structural metal products	39,7	0,7
Manufacture of wearing apparel	6,8	0,6
Basic chemicals	36,1	0,6
Other paper and paperboard products	27,6	0,5
Tiles	24,8	0,4
Glass	22,9	0,3
Miscellaneous manufacturing products	13,7	0,3
<b>Subtotal</b>	<b>20,0</b>	<b>5,1</b>
<b>Total</b>	<b>5,9</b>	

1/ Percent contribution to non primary manufacturing.

Source: Ministry of Production.

CIIU	Industries with higher decreases - July 2005	
	July Var. %	July Contrib. % 1/
Manufacture of electricity distribution and control apparatus	-85,0	-0,9
Furniture	-21,8	-0,6
Paper and paperboard	-31,6	-0,5
Other general purpose machinery	-94,8	-0,2
Knitted fabrics	-6,1	-0,2
Toilet and cleaning products	-9,8	-0,2
<b>Subtotal</b>	<b>-22,3</b>	<b>-2,6</b>

1/ Percent contribution to non primary manufacturing.

Source: Ministry of Production.

Non-primary industry oriented to the domestic market recorded a greater dynamism than that oriented to exports. For instance, foodstuff, beverage and tobacco; non-metal mining and paper and paperboard linked industry stood out;

whereas chemical products and rubber and plastics were oriented to the external market. **Construction** grew by 3,8 percent due to the dynamism of self-construction and housing programs. In contrast, reparation and building of roads fell.

**NON- PRIMARY MANUFACTURING: GROWTH CONTRIBUTION  
BY DESTINITY MARKET JULY 2005 1/  
(In percentage points)**

	Growth contribution		
	Domestic market	Foreign market	Total
Food, beverages and tobacco	2,2	0,2	2,4
Textile, leather and footwear	0,1	0,2	0,3
Wood and furniture	-0,6	-0,1	-0,7
Paper and printing industry	1,2	-0,1	1,1
Chemical, rubber and plastic products	-1,7	2,2	0,5
Non-metallic minerals	1,8	0,1	1,8
Iron and steel	0,3	0,1	0,4
Metallic products, machinery and equipment	0,1	-0,1	-0,1
Miscellaneous manufacturing	0,2	0,0	0,2
<b>NON-PRIMARY MANUFACTURING</b>	<b>3,5</b>	<b>2,4</b>	<b>5,9</b>

1/ Not include indirect effects.

According to the Ministry of Labor, **employment** in enterprises with 10 or more workers increased 5,1 percent in July, mainly to the dynamism recorded in inner cities (7,2 percent), which exceeded the increase of Lima (4,4 percent).

Employment grew in 19 out of 21 cities in which statistics are compiled. Cities such as Ica, Talara, Sullana, Chincha and Tarapoto stood out, mainly due to the dynamism of natural resource exploitation activities as oil, grapes, asparagus, banana as well as agro-export and transport and communication activities.

**URBAN EMPLOYMENT BY MAIN CITIES  
ENTERPRISES WITH AND MORE WORKERS  
(Annual percentage change)**

	July 2005/ July 2004	January - July 2005/ January - July 2004
<b>Urban area</b>	<b>5,1</b>	<b>4,0</b>
<b>Metropolitan Lima</b>	<b>4,4</b>	<b>3,3</b>
<b>Other urban</b>	<b>7,2</b>	<b>6,1</b>
Ica	26,9	22,8
Talara	24,2	23,8
Sullana	20,2	22,6
Chincha	13,7	11,5
Tarapoto	10,3	4,6
Tacna	9,9	1,8
Piura	8,9	10,7
Cuzco	8,8	5,6
Trujillo	8,7	6,1
Iquitos	8,5	12,1
Puno	6,1	3,4
Arequipa	4,7	3,3
Cajamarca	4,2	4,0
Pisco	3,4	6,4
Pucallpa	3,3	3,1
Chiclayo	2,9	1,5
Huancayo	2,1	3,0
Chimbote	1,4	-1,2
Huaraz	-5,3	-8,6
Paita	-10,7	-9,4

Source: MTPE, Monthly Statistical Report.

## August outlook

Preliminary data for fishing, oil, electricity and tax collection relevant for this month indicates:

- Anchovy catch will increase by 14 thousand metric tones, due to the low base of comparison of August 2004 according to Imarpe.
- Oil output grew by 22,2 percent, whereas natural gas extraction rose 93,7 percent according to Perupetro.
- Local sales of cement increased by 16,0 percent excluding orders of Yanacocha according to Asocem.

- Electricity output grew by 7,4 percent according to COES.
- Collection of excise tax would increase by 2,4 percent despite the lower rate on oils. On the other hand, duties on imports grew by 12,4 percent according to Sunat.
- Urban employment in enterprises with 10 or more workers rose 5,2 percent, according to the Ministry of Labor.

## Central government primary surplus: S/. 352 million in August

**Central government operations** through **last 12 months** up to August 2005 recorded a primary surplus of S/. 3 404 million (versus S/. 2 337 million over the period September 2003-August 2004). Current revenue amounted to S/. 4 862 million (a 14 percent increase), whereas non-financial expenditure totaled S/. 3 700 million (12 percent increase). Interests amounted to S/. 4 572 million, up 4 percent, as a consequence the overall deficit reached S/. 1 169 million, down S/. 886 million from a year ago.

In **August, central government operations** recorded an overall deficit of S/. 358 million, up S/. 69 million from August 2004. The primary balance was positive in S/. 352 million, up S/. 35 million from a year ago. Both current revenue and

non-financial expenditure increased 9 percent, whereas interests (S/. 710 million) grew by 17 percent.

**Current revenue** totaled S/. 3 262 million in August 2005, of which **tax revenue** amounted to S/. 2 776 million, up 9 percent from a year ago, due to higher duties on imports (12 percent), VAT (10 percent), income tax paid in advance (7 percent), excise tax (2 percent) and other taxes (47 percent). Overall, this increase reflects the greater economic activity, higher imports and terms of trade as well as the impact of the Temporary Tax on State Assets. On the other hand, **non-tax revenue** (S/. 486 million) grew by 12 percent, thanks to larger royalties and oil and gas canon –due to higher prices and output, respectively-.

**CENTRAL GOVERNMENT OPERATIONS**  
(Millions of Nuevos Soles)

	Monthly data			12-month period				C/A	C/B
	August		Var%	Sep 2003	Aug 2004	Sep 2004			
	2004	2005		Aug 2004	Jul 2005	Aug 2005			
<b>1. CURRENT REVENUES</b>	<b>2 986</b>	<b>3 262</b>	<b>9,2</b>	<b>34 204</b>	<b>38 790</b>	<b>39 066</b>	<b>14,2</b>	<b>0,7</b>	
A. TAX REVENUE	2 551	2 776	8,8	30 056	33 841	34 067	13,3	0,7	
B. NON TAX REVENUE	435	486	11,5	4 148	4 948	4 999	20,5	1,0	
<b>2. NON-FINANCIAL EXPENDITURE</b>	<b>2 684</b>	<b>2 932</b>	<b>9,2</b>	<b>32 265</b>	<b>35 717</b>	<b>35 965</b>	<b>11,5</b>	<b>0,7</b>	
A. CURRENT EXPENDITURE	2 356	2 603	10,5	28 499	31 327	31 574	10,8	0,8	
B. CAPITAL EXPENDITURE	329	329	0,0	3 766	4 391	4 391	16,6	0,0	
<b>3. CAPITAL REVENUES</b>	<b>15</b>	<b>22</b>	<b>39,7</b>	<b>397</b>	<b>297</b>	<b>303</b>	<b>-23,7</b>	<b>2,1</b>	
<b>4. PRIMARY BALANCE</b>	<b>317</b>	<b>352</b>		<b>2 337</b>	<b>3 370</b>	<b>3 404</b>			
<b>5. INTEREST PAYMENTS</b>	<b>607</b>	<b>710</b>	<b>17,1</b>	<b>4 392</b>	<b>4 469</b>	<b>4 572</b>	<b>4,1</b>	<b>2,3</b>	
<b>6. OVERALL BALANCE</b>	<b>-289</b>	<b>-358</b>		<b>-2 055</b>	<b>-1 099</b>	<b>-1 169</b>			
<b>7. NET FINANCING</b>	<b>289</b>	<b>358</b>		<b>2 055</b>	<b>1 099</b>	<b>1 169</b>			
1. External	-228	-5 476		3 055	5 518	271			
A. Disbursements	241	104		7 447	10 224	10 087			
B. Amortizations	-470	-5 580		-4 392	-4 706	-9 816			
2. Domestic	512	5 826		-1 387	-4 667	647			
3. Privatization	6	8		386	248	251			

In August, **non-financial expenditure** was S/. 2 932 million, up S/. 248 million from a year ago, entirely due to the increase in current expenditure since capital expenditure remained at S/. 329 million –the larger gross capital formation in S/. 23 million was offset by lower other capital expenditures-. The increase in current expenditure mainly obeyed to larger transfers and wages and salaries (20 and 6 percent), whereas outlays on goods and services soared 4 percent. Higher transfers were linked to mining, gas and oil activities and addressed to local governments. Higher wages and salaries expenditure reflect salary rises granted to

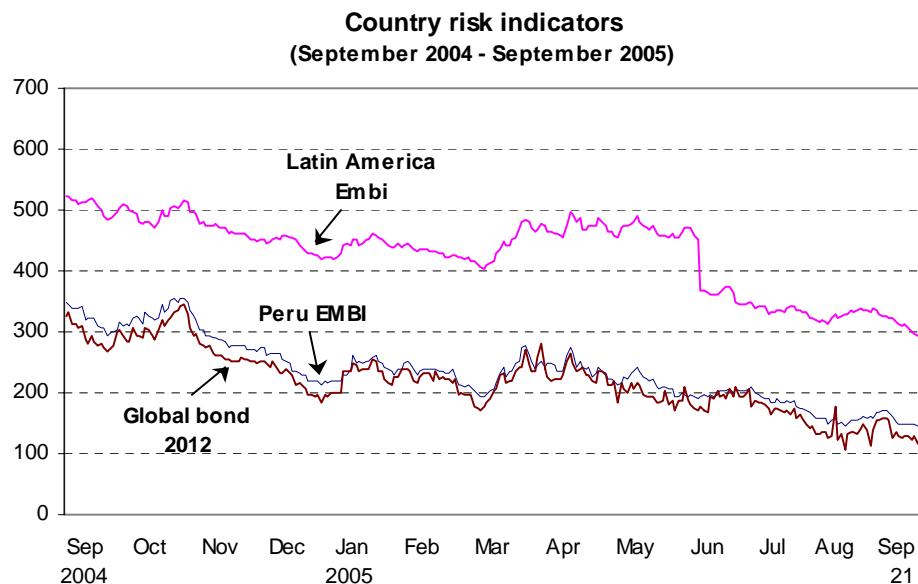
civil servants over last 12 months in sectors such as education, military and health.

**External financing** was negative in S/. 5 476 million (US\$ 1 680 million), as a result of disbursements by US\$ 32 million and amortization by US\$ 1 712 million –prepayment of Paris Club debt worth US\$ 1 556 million-. **Domestic financing** was positive in S/. 5 826 million, which mirrored the withdrawal of public sector deposits in order to attend the Paris Club operation. Besides, domestic bonds were placed by S/. 369 million.

## EMBI+ Peru bond's spread at 1,46 percent

Between **September 14 and 21**, the **EMBI+ Peru's** spread decreased from 1,48 to 1,46 percent, close to the historic minimum of 1,45 percent recorded on August 17. The Peruvian papers follow the trend registered by the emerging markets

which reached a new minimum of 2,59 bps on September 21. It should be noted the successful Brazilian global bond issuance by US\$ 1 500 million with a 10-year maturity.



## International markets

Between **September 14 and 21**, the **gold's** price increased 4,5 percent to US\$ 468,7 per Troy ounce, the maximum through last 17 years. The gold demand

increase as a hedge against inflation derived for energy prices increase and the higher requirement of the jewelry industry.



The **copper's** price soared 2,7 percent to US\$ 1,75 per lb, reflecting the higher

demand of investment funds in response to the energy prices increase.



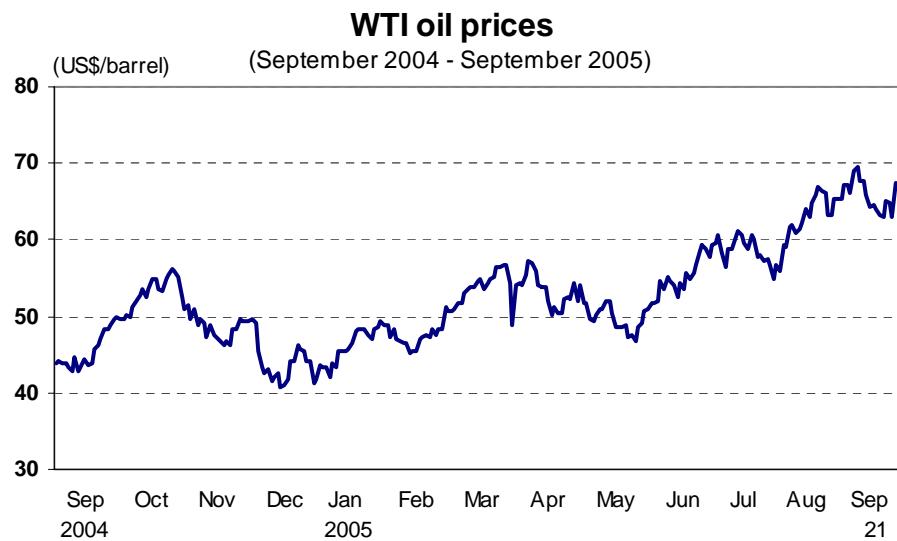
The **zinc's** price grew by 1,8 percent to US\$ 0,65 per lb, reflecting the higher demand of investment funds, the drop in

LME inventories from 553 to 548 thousand MT and the higher requirements of the Chinese industry estimated at 9 percent.



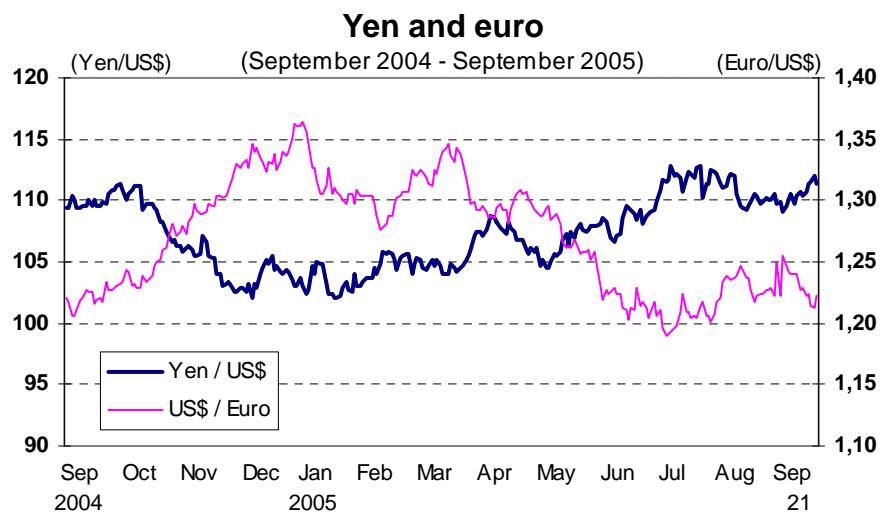
The **WTI oil** price soared 2,4 percent to US\$ 66,7 per barrel due to the concern of the damage that might be inflicted by

hurricane Rita to the Mexican gulf oil infrastructure not yet recovered of the effects of Katrina.



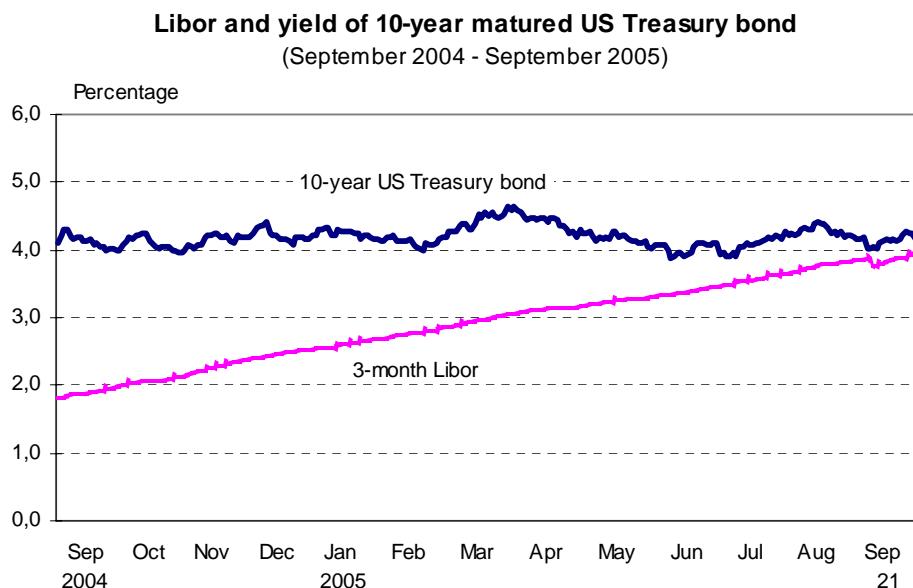
The **US dollar** appreciated 0,8 percent against the **euro** and 0,9 percent against the **yen** reflecting the net entry of capitals to the US (US\$ 87,4 billion), the highest

since January. Besides, the FED raised its interest rate for eleventh time in 25 bps to 3,75 percent.



Between **September 14 and 21**, the **3-month Libor** increased from 3,87 to 3,96 percent, whereas the **yield of the 10-year-matured US Treasury bond** remained at 4,17 percent. The yield of the

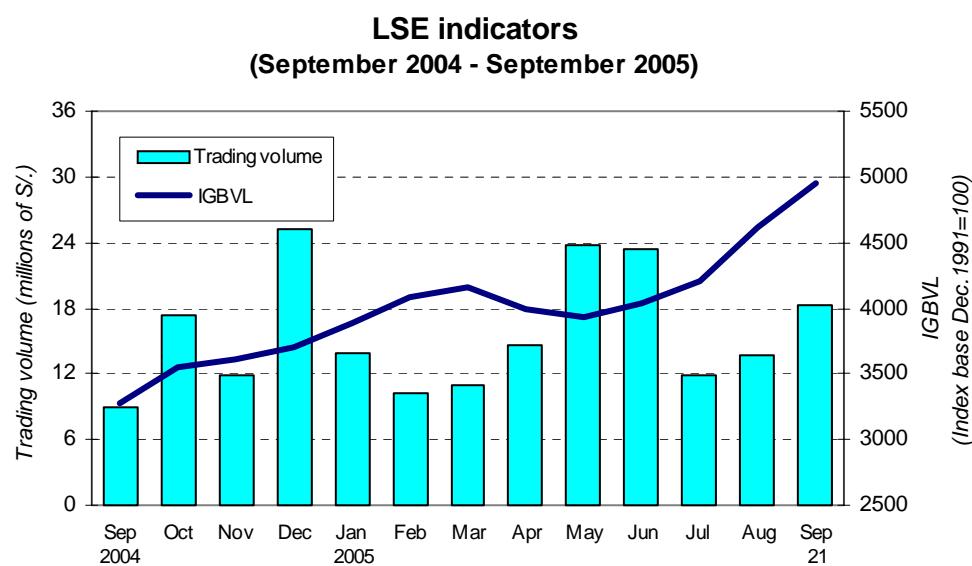
US Treasury rose initially by inflation accelerating concerns, however, the menace of hurricane Rita vanished these fears.



## Lima Stock Exchange

As of **September 21**, the **General and Blue Chip** indices of the Lima Stock Exchange increased 7,3 and 6,4 percent, reflecting the

performance of mining and industrial assets. In the year, these indices have increased 33,4 and 26,3 percent, respectively.



### Indicadores Económicos / Economic Indicators

	2003		2004		2005												
	DIC.	DIC.	MAR.	ABR.	MAY.	JUN.	JUL.	31 Ago.	AGO.	14 Set.	15 Set.	16 Set.	19 Set.	20 Set.	21 Set.	SET.	
<b>RESERVAS INTERNACIONALES (Mils. US\$) / INTERNATIONAL RESERVES</b>										Var.							
Posición de cambio / Net international position	4 583	6 639	7 545	7 807	7 858	8 127	8 014	8 216	202	8 262	8 258	8 265	8 255	8 249		33	
Reservas internacionales netas / Net international reserves	10 194	12 631	13 555	13 629	14 016	13 818	15 283	13 625	-1 657	13 796	13 790	13 746	13 694	13 699		74	
Depósitos del sistema financiero en el BCRP / Financial system deposits at BCRP	2 892	2 915	2 854	2 673	3 013	2 836	2 817	2 723	-94	3 009	3 036	3 009	2 967	2 955		233	
Empresas bancarias / Banks	2 687	2 811	2 748	2 575	2 902	2 684	2 688	2 649	-39	2 902	2 942	2 919	2 873	2 869		221	
Banco de la Nación / Banco de la Nación	154	45	46	39	50	96	69	19	-50	48	35	31	34	26		7	
Resto de instituciones financieras / Other financial institutions	52	58	60	59	61	56	60	55	-5	60	59	59	60	60		5	
Depósitos del sector público en el BCRP / Public sector deposits at BCRP *	2 761	3 120	3 199	3 195	3 207	2 913	4 513	2 753	-1 759	2 587	2 535	2 510	2 513	2 534		-220	
<b>OPERACIONES CAMBIARIAS BCR (Mils. US\$) / BCR FOREIGN OPERATIONS</b>	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.								Acum.	
Origen externo de la emisión primaria / External origin of the monetary base	175	306	260	254	151	265	-108	-47	112	1	0	0	0	0	0	33	
Compras netas en Mesa de Negociación / Net purchases of foreign currency	176	345	360	353	251	365	765	3	213	1	1	0	0	0	0	33	
Operaciones swaps netas / Net swap operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Opciones con el Sector Público / Public sector	0	-40	-100	-100	-100	-100	-875	-50	-100	0	0	0	0	0	0	0	
<b>TIPO DE CAMBIO (S/. por US\$) / EXCHANGE RATE</b>	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	
Compra interbancario/ <i>Interbank bid</i>	Promedio / Average	3,471	3,276	3,258	3,257	3,254	3,252	3,252	3,284	3,256	3,288	3,294	3,296	3,302	3,301	3,304	3,296
Apertura / <i>Opening</i>	3,472	3,283	3,260	3,259	3,255	3,253	3,253	3,287	3,256	3,290	3,294	3,294	3,304	3,301	3,303	3,298	
Mediodía / <i>Midday</i>	3,471	3,281	3,260	3,259	3,255	3,254	3,255	3,286	3,257	3,289	3,294	3,299	3,301	3,306	3,305	3,299	
Cierre / <i>Close</i>	3,471	3,282	3,260	3,258	3,255	3,253	3,253	3,281	3,257	3,290	3,295	3,300	3,309	3,303	3,311	3,299	
Promedio / Average	3,471	3,284	3,260	3,259	3,255	3,253	3,253	3,285	3,257	3,289	3,295	3,298	3,304	3,303	3,305	3,299	
Sistema Bancario (SBS) / <i>Banking System</i>	Compra / <i>Bid</i>	3,471	3,280	3,258	3,257	3,254	3,252	3,251	3,283	3,255	3,288	3,294	3,295	3,303	3,303	3,296	
Venta / <i>Ask</i>	3,472	3,282	3,260	3,259	3,256	3,253	3,253	3,286	3,257	3,289	3,295	3,296	3,304	3,302	3,305	3,298	
Indice de tipo de cambio real (1994 = 100) / <i>Real exchange rate Index (1994 = 100)</i>		106,6	105,0	104,8	104,5	104,3	103,0	102,9		104,6							
<b>INDICADORES MONETARIOS / MONETARY INDICATORS</b>																	
<b>Moneda nacional / Domestic currency</b>																	
Emitida Primaria / <i>Monetary base</i>	(Var. % mensual) / (% monthly change)	11,5	14,9	-0,2	5,2	0,8	1,9	12,1	-5,1	-5,1							
(Var. % últimos 12 meses) / (% 12-month change)	10,1	25,3	25,7	26,6	26,7	28,1	30,6	30,7	30,7								
Oferta monetaria / <i>Money Supply</i>	(Var. % mensual) / (% monthly change)	3,6	5,7	3,7	-1,2	0,1	2,2	3,4	-1,8	-1,8							
(Var. % últimos 12 meses) / (% 12-month change)	10,5	28,1	33,6	32,9	32,2	35,4	36,4	32,3	32,3								
Crédito sector privado / <i>Private sector</i>	(Var. % mensual) / (% monthly change)	-1,2	1,0	2,8	1,7	1,7	0,8	2,0	3,9	3,9							
(Var. % últimos 12 meses) / (% 12-month change)	5,1	11,9	12,1	14,0	16,2	17,1	21,2										
TOSE saldo fin de período (Var.% acum. en el mes) / <i>TOSE balance (% change)</i>	-0,8	-0,4	8,7	-4,6	2,0	3,2	0,2	1,6	1,6	0,2	-0,4	-0,8	-0,1				
Supervisión de encaje promedio (% respecto al TOSE) / <i>Average reserve surplus (% of TOSE)</i>	0,2	0,4	0,5	0,6	0,6	0,6	0,9	0,9	1,8	1,7	1,5	1,5					
Cuenta corriente de los bancos (saldo mil. S./) / <i>Banks' current account (balance)</i>	192	267	271	275	276	278	315	101	288	183	173	159	159	180	124		
Créditos por regulación monetaria (millones de S./) / <i>Rediscounts (Millions of S./)</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Depósitos públicos en el BCRP (millones de S./) / <i>Public sector deposits at the BCRP (Mills.S./)</i>	1 196	1 918	2 619	4 665	5 091	4 985	4 680	4 975	4 975	5 036	5 144	5 189	5 166	5 493	n.d.		
Certificados de Depósitos BCRP (saldo Mill.S./) / <i>CDBCRP balance (Millions of S./)</i>	4 097	8 255	11 261	9 960	9 573	10 465	9 538	9 883	9 883	10 360	10 200	10 030	9 705	9 795	9 745		
Operaciones de reporte (saldo Mill. S./) / <i>repos (Balance millions of S.)</i>	0	0	0	385	0	0	317	0	0	130	60	0	0	0	40		
Prestamos y descuentos hasta 360 días / <i>Loans &amp; discount</i>	13,97	14,68	15,54	14,92	15,13	15,51	15,64	14,74	15,12	14,75	14,76	14,71	14,67	14,57	14,70		
Interbancaria / <i>Interbank</i>	2,51	3,00	2,93	3,03	3,01	2,99	3,01	2,95	2,96	3,00	3,00	3,01	2,99	2,91	2,97	2,98	
Preferencial corporativa a 90 días / <i>Corporate Prime</i>	3,32	3,84	3,98	4,05	4,04	3,92	3,92	3,77	3,81	3,78	3,79	3,79	3,79	3,79	3,78	3,78	
Tasa de interés (%) / <i>Interest rates (%)</i>																	
Operaciones de reporte con CDBCRP / <i>CDBCRP repos</i>	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.	s.m.	2,96	
Créditos por regulación monetaria / <i>Rediscounts **</i>	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	3,75	
Del saldo de CDBCRP / <i>CDBCRP balance</i>	3,91	4,46	4,48	4,59	4,61	4,59	4,66	4,65	4,65	4,57	4,60	4,62	4,64	4,63	4,64		
<b>Moneda extranjera / foreign currency</b>																	
Crédito sector privado / <i>Private sector</i>	(Var. % mensual) / (% monthly change)	-0,6	1,1	0,4	2,2	1,9	1,5	0,6	-2,2	-2,2							
(Var. % últimos 12 meses) / (% 12-month change)	-5,8	1,3	3,4	4,4	4,9	5,7	5,8	4,8	4,8								
TOSE saldo fin de período (Var.% acum. en el mes) / <i>TOSE balance (% change)</i>	0,2	1,2	1,1	4,1	1,3	-0,5	-2,2	0,3	0,3	2,2	2,1	2,2	2,0				
Supervisión de encaje promedio (% respecto al TOSE) / <i>Average reserve surplus (% of TOSE)</i>	0,1	0,6	0,1	0,2	0,1	0,3	0,7	0,3	0,3	2,6	2,5	2,2	2,1				
Créditos por regulación monetaria (millones de US dólares) / <i>Rediscounts</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Prestamos y descuentos hasta 360 días / <i>Loans &amp; discount</i>	7,24	7,66	8,26	8,19	8,25	8,31	8,59	8,81	8,74	8,91	8,90	8,91	8,91	8,92	8,89		
Interbancaria / <i>Interbank</i>	1,09	2,19	2,60	2,80	3,04	2,87	3,11	3,34	3,29	3,57	3,55	3,59	3,59	3,59	3,45	3,52	
Preferencial corporativa a 90 días / <i>Corporate Prime</i>	1,72	2,60	3,30	3,47	3,64	3,94	4,17	4,35	4,31	4,29	4,40	4,40	4,40	4,40	4,40	4,32	
Créditos por regulación monetaria / <i>Rediscounts ***</i>	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.	s.m.		
<b>INDICADORES BURSÁTILES / STOCK MARKET INDICES</b>	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.							Acum.	
Indice General Bursátil (Var. %) / <i>General Index (% change)</i>	13,4	2,6	2,0	-4,2	-1,4	2,9	4,3	0,5	9,5	0,1	0,6	0,1	0,0	0,5	0,7	7,3	
Indice Selectivo Bursátil (Var. %) / <i>Blue Chip Index (% change)</i>	16,2	3,1	1,9	-4,4	-0,7	1,6	3,9	0,6	6,4	0,3	0,4	-0,1	0,1	0,7	0,5	6,4	
Monto negociado en acciones (Mill. S./) - Prom. diario	15,7	25,3	10,9	14,7	23,7	23,4	11,9	42,7	13,7	12,5	18,0	12,1	16,0	38,6	23,8	18,2	
<b>INFLACIÓN (%) / INFLATION (%)</b>																	
Inflación mensual / <i>Monthly</i>	0,56	-0,01	0,65	0,12	0,13	0,26	0,10										
Inflación últimos 12 meses / % <i>12 months change</i>	2,48	3,48	1,88	2,02	1,79	1,48	1,40										
<b>GOBIERNO CENTRAL (Mill. S./) / CENTRAL GOVERNMENT (Mills. of S.)</b>																	
Resultado primario / <i>Primary balance</i>	-740	-1 165	828	1 961	427	496	-388										
Ingresos corrientes / <i>Current revenue</i>	2 963	3 322	3 502	4 768	3 290	3 219	2 993										
Gastos no financieros / <i>Non-financial expenditure</i>	3 827	4 489	2 681	2 831	2 870	2 733	3 503										
<b>COMERCIO EXTERIOR (Mill. US\$) / FOREIGN TRADE (Mills. of US\$)</b>																	
Balanza Comercial / <i>Trade balance</i>	184	410	408	188	256	475	489										
Exportaciones / <i>Exports</i>	909	1 380	1 344	1 250	1 357	1 420	1 530										
Importaciones / <i>Imports</i>	726	970	936	1 063	1 001	945	1 040										
<b>PRODUCTO BRUTO INTERNO (Índice 1994=100) / GROSS DOMESTIC PRODUCT</b>																	
Variac. %, respecto al mismo mes del año anterior / <i>Annual rate of growth</i>	3,6	8,7	4,7	6,2	6,3	4,6	4,9										
<b>COTIZACIONES INTERNACIONALES / INTERNATIONAL QUOTATIONS</b>	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.						Prom.		
LIBOR a tres meses (%) / <i>LIBOR 3-month (%)</i>	1,17	2,50	3,02	3,15	3,28	3,42	3,60	3,87	3,80	3,87	3,89	3,89	3,92	3,92	3,96	3,86	
Dow Jones (Var %) / <i>(% change)</i>	6,53	3,40	-2,44	-2,96	2,70	-1											