

# CENTRAL RESERVE BANK OF PERU

## WEEKLY REPORT

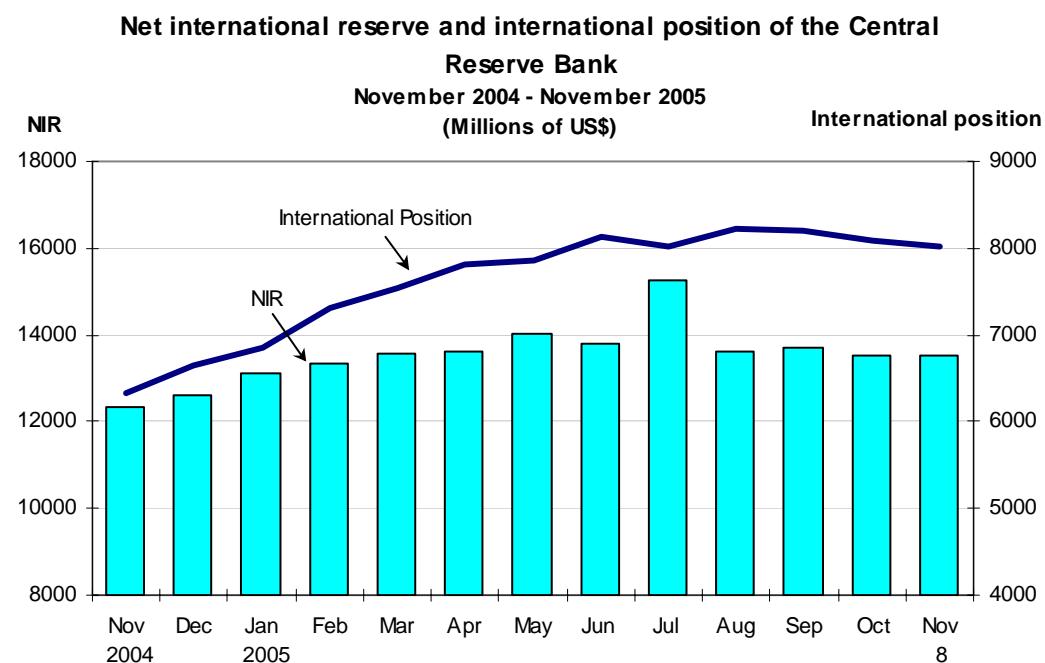
Nº 45 – November 11, 2005

### Net international reserves at US\$ 13 543 million

As of **November 8**, net international reserves (NIR) amounted to US\$ 13 543 million, down US\$ 4 million from end-October. This decrease is mainly explained by changes in the value of currencies and gold in US\$ 48 million and lower public sector deposits in US\$ 14 million. This evolution was partially offset

by higher financial system deposits in US\$ 56 million and investment yield by US\$ 3 million.

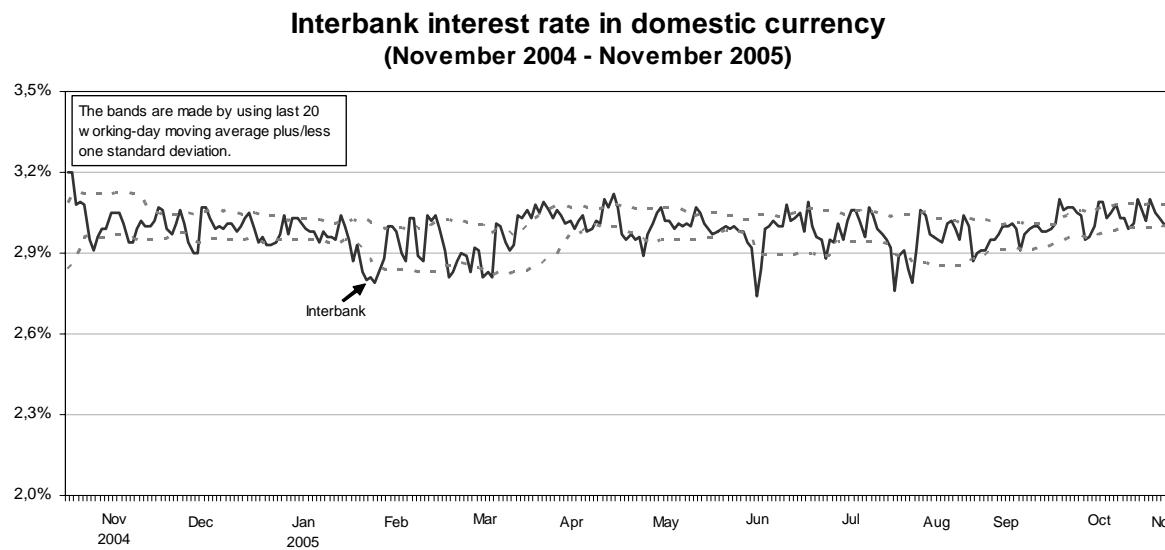
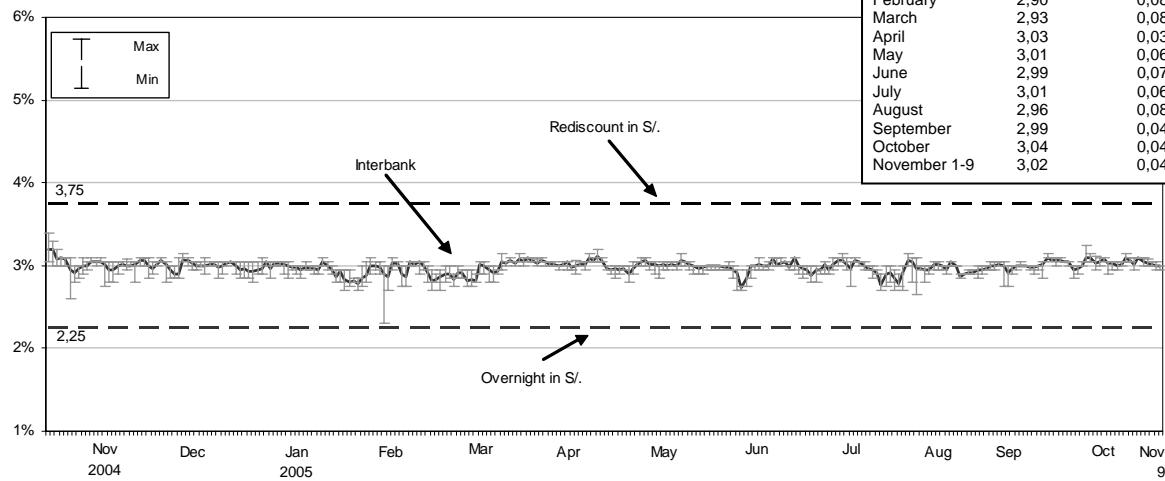
Year-to-date, NIRs have increased US\$ 912 million whereas the **Central Bank's international position** (US\$ 8 028 million) grew by US\$ 1 389 million.



### Interbank interest rate at 3,02 percent

Between **November 1 and 9**, the average interest rate in domestic currency

was 3,02 percent.



## Monetary operations

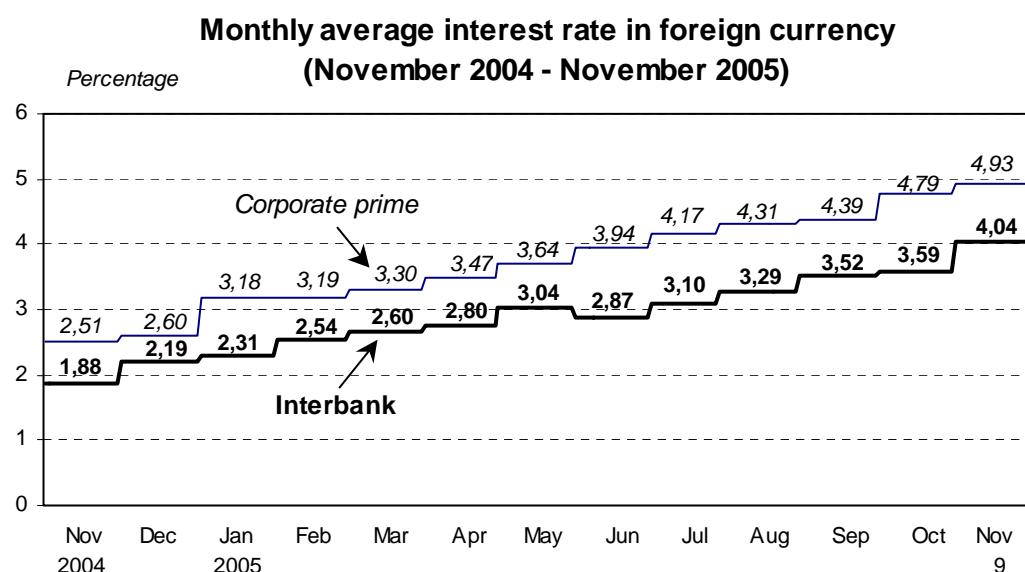
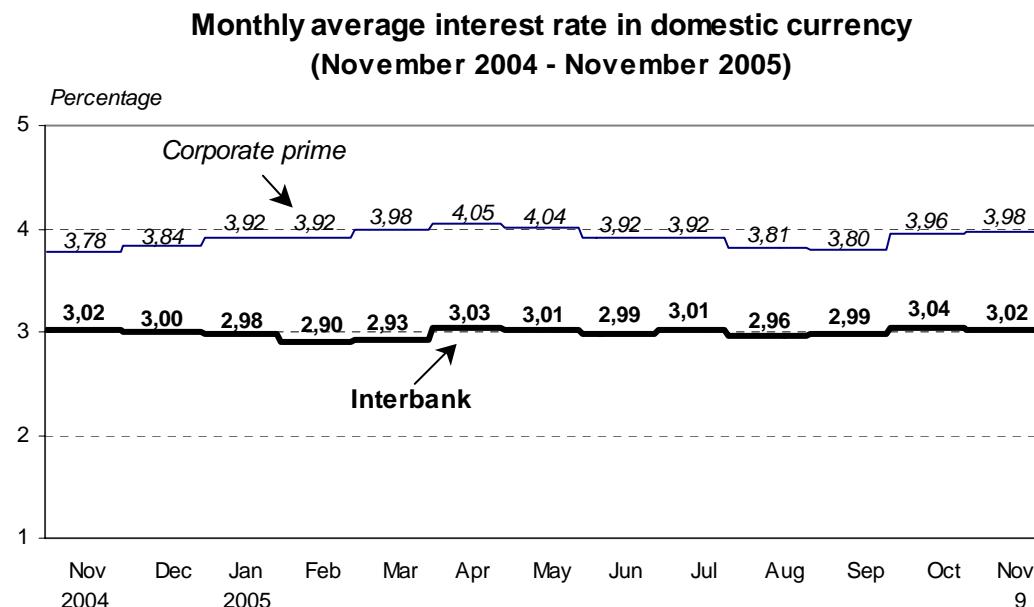
Between **November 3 and 9**, the Central Bank made the following operations:

- Auctions of temporary purchase of CDBCRP and BTP with a: i) 1-day maturity by S/. 250,1 and S/. 135 million at an average interest rate of 3,02 and 3,05 percent, respectively and ii) 3-day by S/. 315 million at 3,06 percent.
- Overnight deposits on November 4, 7, 8 and 9 by S/. 19,8; S/. 10,2; S/. 35,7 and S/. 165 million, respectively.

## Corporate prime interest rate at 3,98 percent

As of **November 9**, the 90-day average corporate prime interest rate in domestic currency augmented from 3,96 percent in

October to 3,98 percent and the rate in dollars from 4,79 to 4,93 percent.



## Exchange rate: S/. 3,363

Between **October 31 and November 9**, the asked banking system exchange rate decreased from S/. 3,380 to S/ 3,363 per dollar; in a context of a lower country risk and an appreciation of the regional

currencies. Up to November 8, the bank's balance of net forward sales diminished US\$ 16 million meanwhile the bank's exchange position augmented US\$ 87 million, from end-October.

BANKS' EXCHANGE POSITION  
(Millions of US\$)

	December 2003	December 2004	October 2005	November 8
<b>a. Net sales to the public (i-ii)</b>	<b>607</b>	<b>699</b>	<b>375</b>	<b>360</b>
i. Forward sales to the public	834	1 163	1 473	1 538
ii. Forward purchases to the public	227	464	1 097	1 178
<b>b. Banks' exchange position</b>	<b>536</b>	<b>340</b>	<b>372</b>	<b>459</b>

## Monetary base as of November 7, 2005

The **monetary base** balance as of November 7 was S/. 10 776 million up 4,7 percent (S/. 482 million) from end-October. In average terms, the year on year rate of growth of the monetary base in this period was 29,0 percent (30,3 percent in October).

The main explanations for this result were lower public sector deposits (S/. 189 million), lower financial system overnight deposits (S/. 162 million) and temporary purchases of securities (S/. 120 million).

## Banking system monetary accounts as of October 22, 2005

Through last 4 weeks, liquidity in **domestic currency** increased 0,8 percent (S/. 234 million) to a balance of S/. 28 355 million. Credit to the private sector in the same currency augmented 2,8 percent (S/. 363 million) to S/. 13 406 million. However, in annual terms this aggregates grew by 21,6 and 20,6 percent, respectively.

Liquidity in **foreign currency** decreased 0,1 percent (US\$ 5 million) to a balance of US\$ 10 203 million (an annual growth rate of 7,5 percent). Credit to the private sector in the same currency diminished 0,6 percent (US\$ 59 million) to US\$ 10 124 million (an annual growth rate of 4,3 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>													
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%
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%
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%
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%	10,5%	30,7%	2,2%		4,4%
May.	0,8%	26,7%	0,1%	32,2%	1,7%	16,2%	2,8%	8,8%	-1,9%	12,8%	1,9%		4,9%
Jun.	1,9%	28,1%	2,2%	35,4%	0,8%	16,2%	-0,7%	4,9%	-6,7%	1,8%	1,5%		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%
Aug.	-5,1%	30,7%	-1,8%	32,3%	3,3%	20,5%	0,2%	3,9%	0,7%	17,1%	-2,2%		4,8%
Sep.	-0,1%	31,8%	-1,2%	27,1%	2,0%	21,1%	1,9%	5,9%	-9,7%	-0,7%	-1,4%		4,6%
Oct. 22	3,4%	31,5%	0,8%	21,6%	2,8%	20,6%	-0,1%	7,5%	-10,8%	-4,5%	-0,6%		4,3%
Memo:													
Balance as of Sep. 22 (Mill.S. or Mill.US\$)	10 039		28 121		13 043		10 209		837		10 183		
Balance as of Oct. 22 (Mill.S. or Mill.US\$)	10 380		28 355		13 406		10 203		747		10 124		
1/ Short term external liabilities of banking enterprises.													

## September trade surplus at US\$ 438 million

In September, the **trade surplus** reached US\$ 438 million, therefore, the cumulative surplus over the period January-September totaled US\$ 3 457 million.

**Exports** amounted to US\$ 1 460 million in September 2005, up US\$ 331 million (29 percent) from September 2004. Traditional exports increased 33 percent, whereas non-traditional exports grew by 20 percent. Within traditional products, exports of gold grew by US\$ 76 million (35 percent), copper by US\$ 75 million (30 percent), oil by US\$ 73 million (153 percent) and molybdenum by US\$ 51 million (145 percent). On the other hand, within non-traditional products the most dynamic

items were agriculture (31 percent) and textile (66 percent), which accounted for by 66 percent of the growth in this sector. Over the period, January-September exports rose 37 percent, 16 percent due to volumes and 18 percent due to prices.

**Imports** reached US\$ 1 021 million in September, up 19 percent from a year ago. In the year, imports has increased 25 percent. September imports' increase obeyed to larger acquisitions of intermediate goods (14 percent) -mainly fuels and raw materials for industry (41 percent)- and of consumer goods (16 percent).

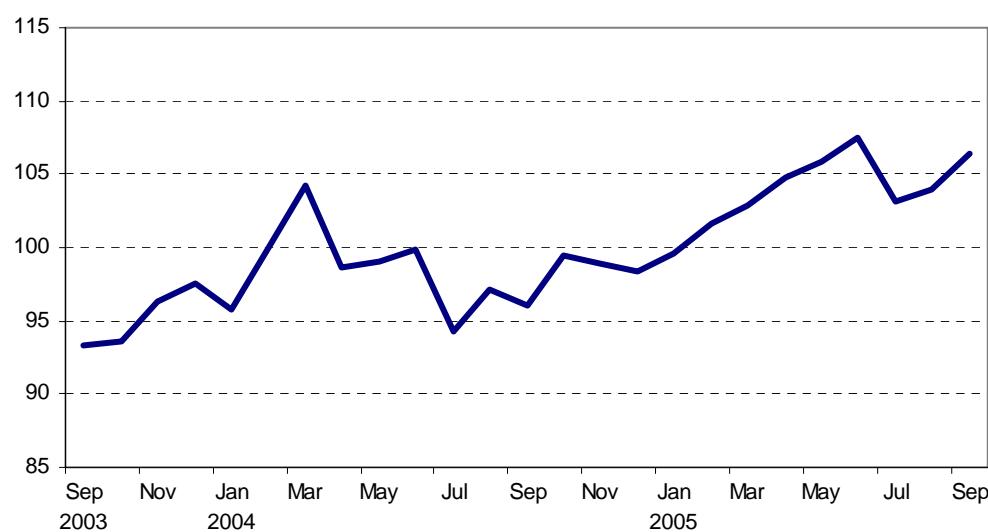
## TRADE BALANCE

(Millions of US\$)

	2004 Sep.	2005		Sep.05/Sep.04		January-September			
		Aug.	Sep.	Change	% var.	2004	2005	Change	% var.
<b>1. EXPORTS</b>	<b>1 128</b>	<b>1 483</b>	<b>1 459</b>	<b>331</b>	<b>29,3</b>	<b>9 010</b>	<b>12 294</b>	<b>3 285</b>	<b>36,5</b>
Traditional products	826	1 117	1 097	272	32,9	6 458	9 105	2 647	41,0
Non-traditional products	292	355	351	59	20,4	2 469	3 088	619	25,1
Other products	11	12	11	0	0,1	83	102	19	22,2
<b>2. IMPORTS</b>	<b>855</b>	<b>1 091</b>	<b>1 021</b>	<b>166</b>	<b>19,4</b>	<b>7 092</b>	<b>8 837</b>	<b>1 745</b>	<b>24,6</b>
Consumer goods	178	209	207	29	16,2	1 370	1 652	282	20,6
Raw materials and intermediate goods	461	605	527	66	14,3	3 897	4 867	970	24,9
Capital goods	196	266	276	80	40,8	1 731	2 226	495	28,6
Other goods	20	11	11	- 9	- 45,4	94	92	- 3	- 2,9
<b>3. TRADE BALANCE</b>	<b><u>273</u></b>	<b><u>392</u></b>	<b><u>438</u></b>	<b><u>165</u></b>	<b><u>60,5</u></b>	<b><u>1 917</u></b>	<b><u>3 457</u></b>	<b><u>1 540</u></b>	<b><u>80,3</u></b>

**Terms of trade** soared 11 percent in September, thanks to the increase in export prices (25,4 percent) which

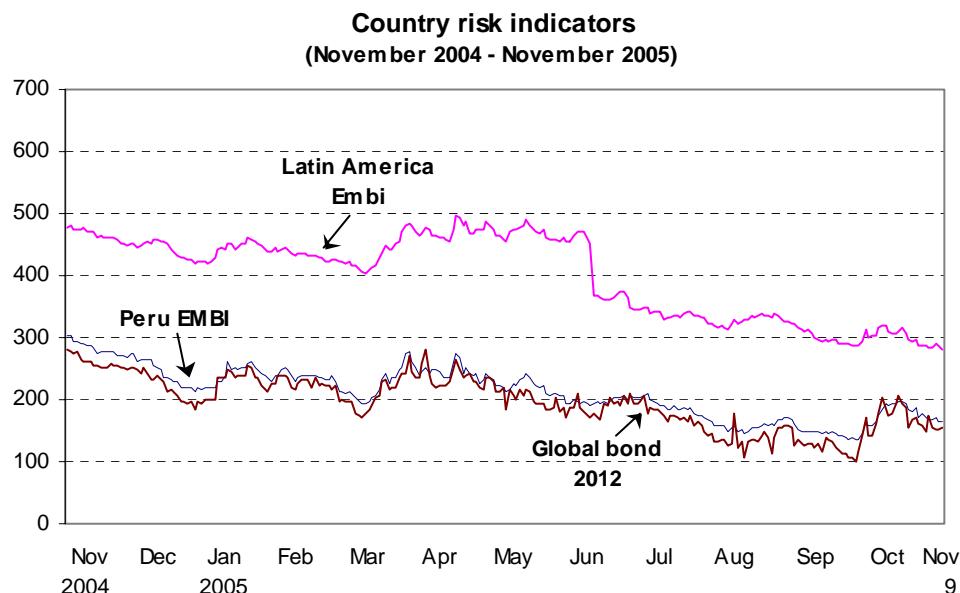
exceeded the increment in import prices (13,2 percent). Over the period January-September terms of trade rose 6 percent.

TERMS OF TRADE  
(1994=100)

## Country risk: 1,64 percent

Between **October 31 and November 9**, the **EMBI+ Peru** spread fell from 1,76 to 1,64 percent, in line with other regional spreads. It should be noted the upgrade in the Peruvian sovereign debt from stable to

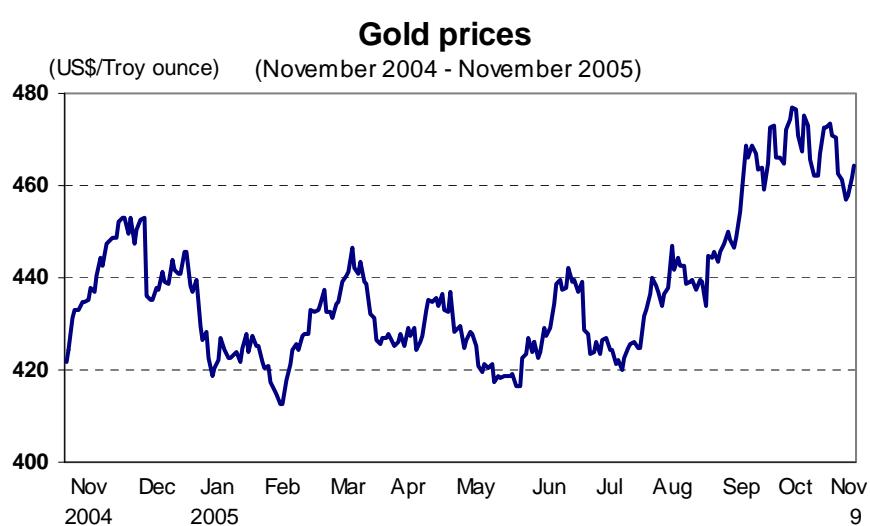
positive granted by Fitch, reflecting the good external indicators (i.e. current account balance and the shape of both domestic and external public debt).



## International markets

Between **October 31 and November 9**, gold's price decreased 1,3 percent to US\$ 464 per troy ounce, reflecting an

stronger US dollar and the drop in oil prices.



Over similar period, the **copper** price grew by 1,5 percent to US\$ 1,88 per pound due to the lower than expected supply of Japanese Sumitomo corporation and

Suisse Boliden AB. Besides, Chilean Cochilco reported a 2,9 percent drop in January-September production against the same period in 2004.



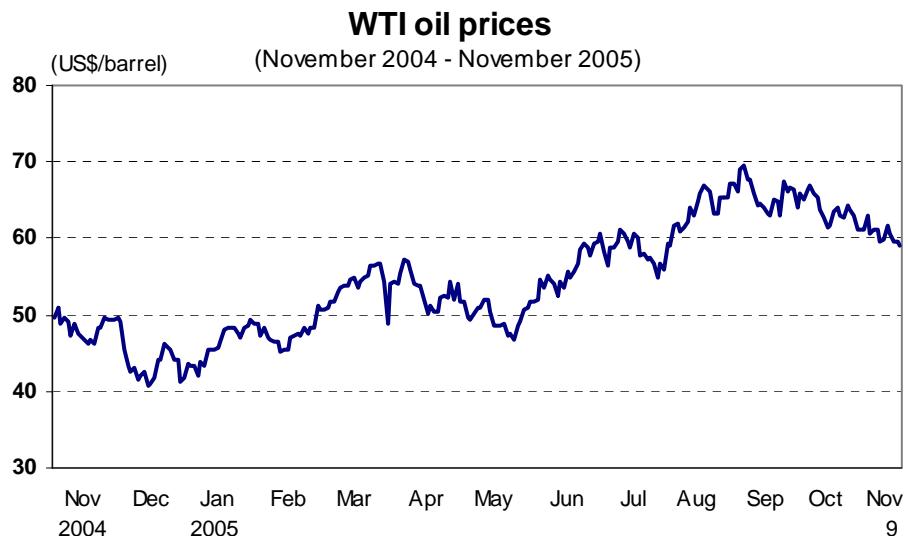
**Zinc** price soared 0,8 percent to US\$ 0,72 per pound following the drop in LME inventories –from 488 to 475 thousand MT- the lowest since the first quarter in 2002. The lack of new mining projects would continue until mid-2007, with the

entry of Bolivian mine San Cristobal. Moreover, the main zinc supplier Teck Cominco stated that expansion plans would only take place world inventories fall below 200 thousand MT.



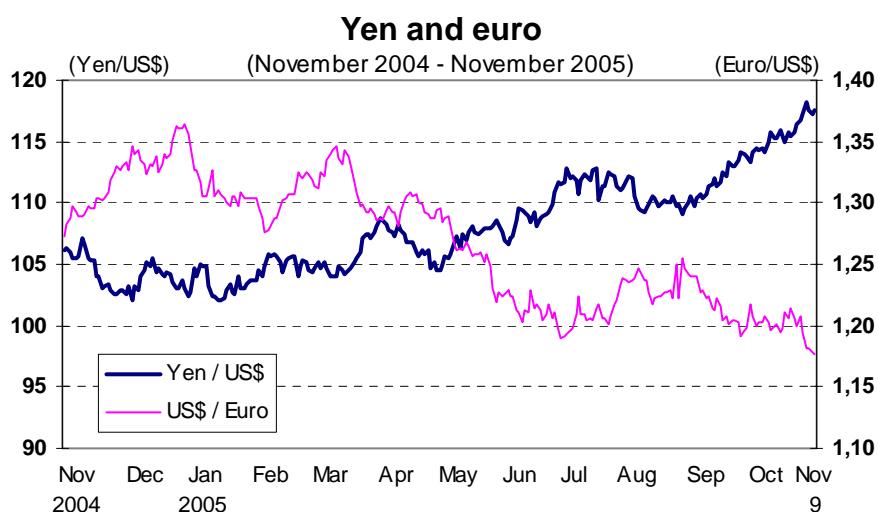
Between **October 31 and November 9**, **WTI oil** dropped 1,4 percent to US\$ 58,9 per barrel due to the higher than expected increase in US inventories of crude and

gasoline, besides the lower demand from oil oriented to heating in the US –due to the warmer than expected weather in the northeastern regions-.



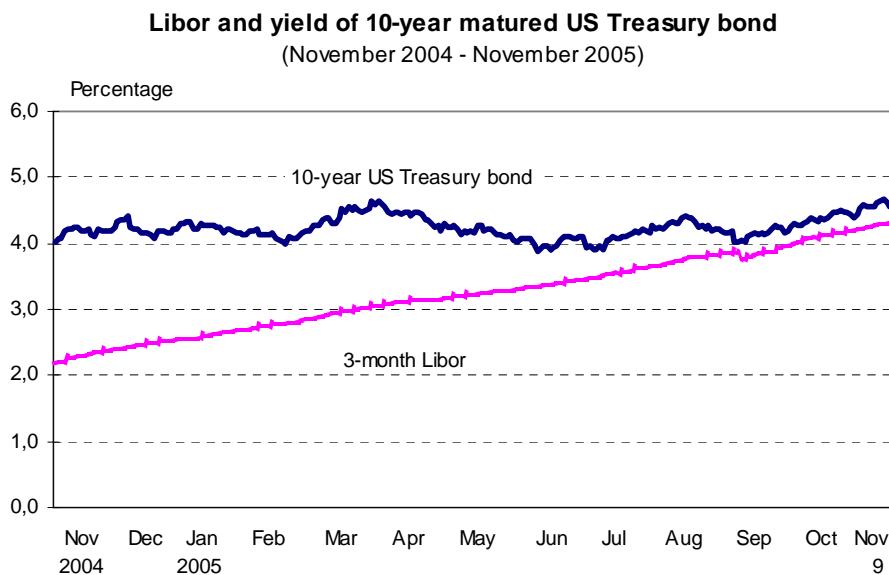
Over the period under analysis, the **US dollar** appreciated 1,8 percent against the **euro** (reaching a maximum in 2 years) and 1,0 percent against the **yen** due to the differential between US interest rates and those in the Eurozone and Japan. On

November 1<sup>st</sup>, the Fed increased its interest rate in 25 bps to 4 percent, whereas BCE president Jean-Claude Trichet discarded any interest rate increase –Trichet said the current level is appropriate-.



Between **October 31 and November 9**, the **3-month Libor** increased from 4,26 to 4,33 percent, whereas the **yield of the 10-year-matured US Treasury bond** passed from 4,56 to 4,64 percent due to

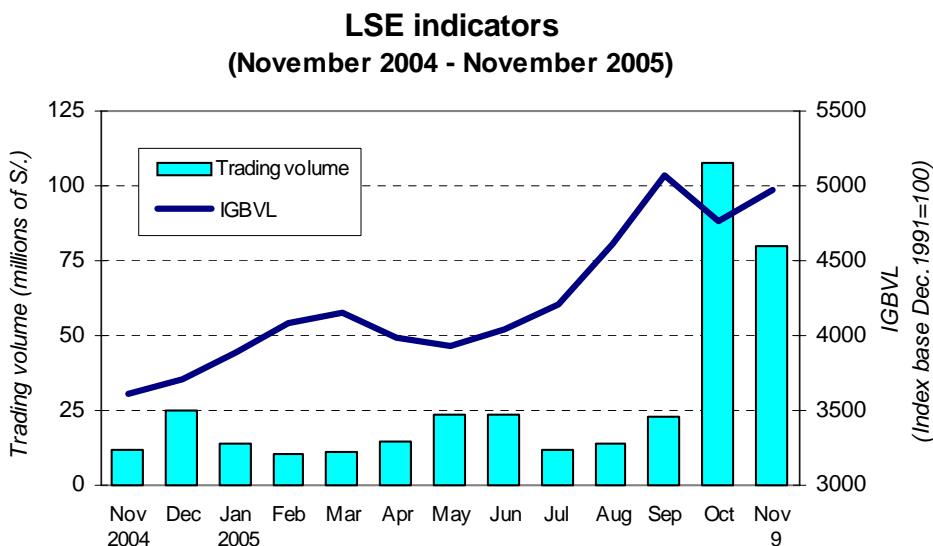
expected new increases in FED interest rates, since in Fed last statement (November 1<sup>st</sup>) it pronounces upon concerns on inflationary risks whereas economic growth remains solid.



## Lima Stock Exchange

As of **November 9**, the **General Index** increased 4,5 percent whereas the **Blue Chip Index** rose 5,5 percent, due to the

good performance of mining companies. In the year these indices have increased 34,2 and 29,5 percent, respectively.



**Indicadores Económicos / Economic Indicators**

	2004												2005												
	DIC.	MAR.	JUN.	JUL.	AGO.	SET.	31 Oct.	OCT.	2 Nov.	3 Nov.	4 Nov.	7 Nov.	8 Nov.	9 Nov.	NOV.	Var.	Var.	Var.	Var.	Var.	Var.	Var.	Var.	Var.	
<b>RESERVAS INTERNACIONALES (Mils. US\$) / INTERNATIONAL RESERVES</b>																									
Posición de cambio / Net international position	6 639	7 545	8 127	8 014	8 216	8 192	8 077	-115	8 090	8 063	8 034	8 033	8 028												-49
Reservas internacionales netas / Net international reserves	12 631	13 555	13 818	13 283	13 625	13 695	13 547	-149	13 487	13 477	13 485	13 589	13 543												-4
Depositos del sistema financiero en el BCRP / Financial system deposits at BCRP	2 915	2 854	2 836	2 817	2 723	2 984	3 040	56	2 993	3 006	3 031	3 138	3 096												56
Empresas bancarias / Banks	2 811	2 748	2 684	2 688	2 649	2 876	2 922	46	2 867	2 865	2 898	2 998	3 001												78
Banco de la Nación / Banco de la Nación	45	46	69	19	56	58	2	65	80	73	80	35												-23	
Resto de instituciones financieras / Other financial institutions	58	60	56	60	55	52	59	7	61	61	60	60	60											1	
Depositos del sector público en el BCRP / Public sector deposits at BCRP *	3 120	3 199	2 913	4 513	2 753	2 572	2 498	-74	2 476	2 477	2 485	2 484	2 484											-14	
<b>OPERACIONES CAMBIARIAS BCR (Mil. US\$) / BCRP FOREIGN OPERATIONS</b>	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.		Acum.															Acum.	
Compras netas en Mesa de Negociación / Net purchases of foreign currency	345	360	365	765	213	33	0	-34	0	0	0	0	0											-1	
Operaciones swaps netas / Net swap operations	0	0	0	0	0	0	0	0	0	0	0	0	0											0	
Operaciones con el Sector Público / Public sector	-40	-100	-100	-875	-100	-58	-11	-91	0	0	0	0	0											0	
<b>TIPO DE CAMBIO (S/ por US\$) / EXCHANGE RATE</b>	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.	Prom.		Prom.																
Compra interbancario/Interbank bid	Promedio / Average	3,276	3,258	3,252	3,251	3,257	3,306	3,377	3,379	3,366	3,358	3,356	3,357	3,357	3,362	3,359									
Apertura / Opening	3,283	3,260	3,253	3,253	3,256	3,308	3,380	3,381	3,376	3,362	3,358	3,356	3,362	3,362	3,362	3,362									
Venta Interbancario	Mediodía / Midday	3,281	3,260	3,254	3,253	3,257	3,309	3,378	3,382	3,363	3,359	3,357	3,360	3,359	3,364	3,360									
Interbank Ask	Cierre / Close	3,282	3,260	3,253	3,253	3,257	3,309	3,376	3,382	3,366	3,358	3,356	3,362	3,366	3,361	3,361									
Promedio / Average	3,284	3,260	3,253	3,253	3,258	3,309	3,379	3,382	3,369	3,360	3,358	3,359	3,359	3,364	3,361	3,361									
Sistema Bancario (SBS)	Compra / Bid	3,280	3,258	3,252	3,251	3,257	3,307	3,376	3,380	3,368	3,359	3,357	3,358	3,356	3,362	3,360									
Banking System	Venta / Ask	3,282	3,260	3,253	3,253	3,258	3,308	3,380	3,382	3,369	3,359	3,357	3,359	3,359	3,363	3,363									
Indice de tipo de cambio real (1994 = 100) / Real exchange rate Index (1994 = 100)	105,0	104,8	103,1	102,9	104,7	107,2											108,8								
<b>INDICADORES MONETARIOS / MONETARY INDICATORS</b>																									
<b>Moneda nacional / Domestic currency</b>																									
Emisión Primaria	(Var. % mensual) / (% monthly change)	14,9	-0,2	1,9	12,1	-5,1	-0,1	1,2	1,2																
Emisión base	(Var. % últimos 12 meses) / (% 12-month change)	25,3	25,7	28,1	30,6	30,7	31,8	27,6	27,6																
Oferta monetaria	(Var. % mensual) / (% monthly change)	5,7	3,7	2,2	3,4	-1,8	-1,2																		
Monev Supply	(Var. % últimos 12 meses) / (% 12-month change)	28,1	33,6	35,4	36,4	32,3	27,1																		
Crédito sector privado	(Var. % mensual) / (% monthly change)	1,0	2,8	0,8	2,0	3,3	2,0																		
Crédito a la private sector	(Var. % últimos 12 meses) / (% 12-month change)	11,9	12,1	16,2	17,1	20,5	21,1																		
TOSE saldo fin de período (Var.% acum. en el mes) / TOSE balance (% change)	-0,4	8,7	3,2	0,2	1,6	0,5	0,0	0,0	0,0	-0,5	0,4	0,1	1,7												
Superávit de encajos promedio (%) respecto al TOSE) / Average reserve surplus (% of TOSE)	0,4	0,5	0,6	0,6	0,9	1,0	0,9	0,9	1,4	2,0	2,5	2,5													
Cuenta corriente de los bancos (saldo mill. S./) / Banks' current account (balance)	267	271	278	315	288	286	69	294	624	675	661	602	492	421											
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	0	0	0	0	0	0	0	0	0		
Depósitos públicos en el BCRP (millones S./) / Public sector deposits at the BCRP (Mills.S.)	1 918	2 619	4 985	4 680	4 975	5 169	5 180	5 162	5 132	5 082	4 990	4 996	n.d.												
Certificados de Depósitos BCRP (saldo Mill.S./) / CDBCRP balance (Millions of S.)	8 255	11 261	10 465	9 538	9 883	9 738	9 045	9 045	9 045	9 045	9 045	9 045	9 045	9 045	9 045	9 045									
Certificados de Depósitos Reajustable BCRP (saldo Mill.S./) / CDRBCRP balance (Millions of S.)	0	0	0	0	0	0	0	170	170	170	170	170	170	170	170	170									
Operaciones de reporte (saldo Mill. S./) / repos (Balance millions of S.)	0	0	0	317	0	0	65	65	390	365	380	185	50	0	0	0									
Préstamos y descuentos hasta 360 días / Loans & discount	14,68	15,54	15,51	15,64	15,12	14,67	14,39	14,42	14,54	14,63	14,58	14,52	14,57	14,52	14,57	14,52									
Interbancaria / Interbank	3,00	2,93	2,99	3,01	2,96	2,99	3,02	3,04	3,10	3,05	3,03	3,01	3,00	3,00	3,00	3,00									
Tasa de interés (%) / Interest rates (%)	3,84	3,98	3,92	3,92	3,81	3,80	3,97	3,96	3,97	3,98	3,98	3,98	3,98	3,98	3,98	3,98									
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.	s.m.	s.m.								s.m.	
Créditos por regulación monetaria / Rediscounts **	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	3,75								3,75	
Del saldo de CDBCRP / CDBCRP balance	4,46	4,48	4,59	4,66	4,65	4,64	4,68	4,68	4,68	4,68	4,68	4,68	4,68	4,68	4,68	4,68								4,68	
<b>Moneda extranjera / foreign currency</b>																									
Crédito sector privado	(Var. % mensual) / (% monthly change)	1,1	0,4	1,5	0,6	-2,2	-1,4																		
Crédito a la private sector	(Var. % últimos 12 meses) / (% 12-month change)	1,3	3,4	5,7	5,8	4,8	4,6																		
TOSE saldo fin de período (Var.% acum. en el mes) / TOSE balance (% change)	1,2	1,1	-0,5	-2,2	0,3	1,1	-0,1	-0,1	0,0	0,1	-0,1	0,4													
Superávit de encajos promedio (%) respecto al TOSE) / Average reserve surplus (% of TOSE)	0,6	0,1	0,3	0,7	0,3	0,4	0,3	0,3	0,3	-1,7	-0,4	1,0	1,3												
Créditos por regulación monetaria (millones de US dólares) / Rediscounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
Préstamos y descuentos hasta 360 días / Loans & discount	7,66	8,26	8,31	8,59	8,73	8,90	9,11	9,01	9,12	9,21	9,22	9,24	9,27	9,20	9,20	9,20									
Interbancaria / Interbank	2,19	2,60	2,87	3,10	3,29	3,52	3,76	3,59	4,05	4,05	4,05	4,05	4,05	4,05	4,05	4,05									
Preferencial corporativa a 90 días / Corporate Prime	2,60	3,30	3,94	4,17	4,31	4,39	4,85	4,79	4,85	4,95	4,95	4,95	4,95	4,95	4,95	4,95									
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.	s.m.	s.m.								s.m.	
<b>INDICADORES BURSÁTILES / STOCK MARKET INDICES</b>	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.	Acum.		Acum.															Acum.	
Indice General Bursátil (Var. %) / General Index (% change)	2,6	2,0	2,9	4,3	9,5	10,0	-0,5	-6,0	2,6	1,9	1,0	-0,1	-1,0	0,1	4,5										
Indice Selectivo Bursátil (Var. %) / Blue Chip Index (% change)	3,1	1,9	1,6	3,9	6,4	9,6	-0,6	-5,6	3,6	2,1	0,9	-0,6	-0,9	0,4	5,5										
Monto negociado en acciones (Mill. S./) - Prom. diario	25,3	10,9	23,4	11,9	13,7	23,2	24,3	107,6	229,4	55,3	51,1	26,2	11,3	106,8	80,0										
<b>INFLACIÓN (%) / INFLATION (%)</b>																									
Inflación mensual / Monthly	-0,01	0,65	0,26	0,10	-0,18	-0,09											0,14								