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ANNUAL REPORT 2008



BANCO CENTRAL DE RESERVA DEL PERÚ



ANNUAL REPORT
2008



CENTRAL RESERVE BANK OF PERU

CENTRAL RESERVE BANK OF PERU

Board of Directors

As of December 31, 2008

Julio Velarde Flores
Governor

Carlos Raffo Dasso
Vice Chairman

Beatriz Boza Dibos

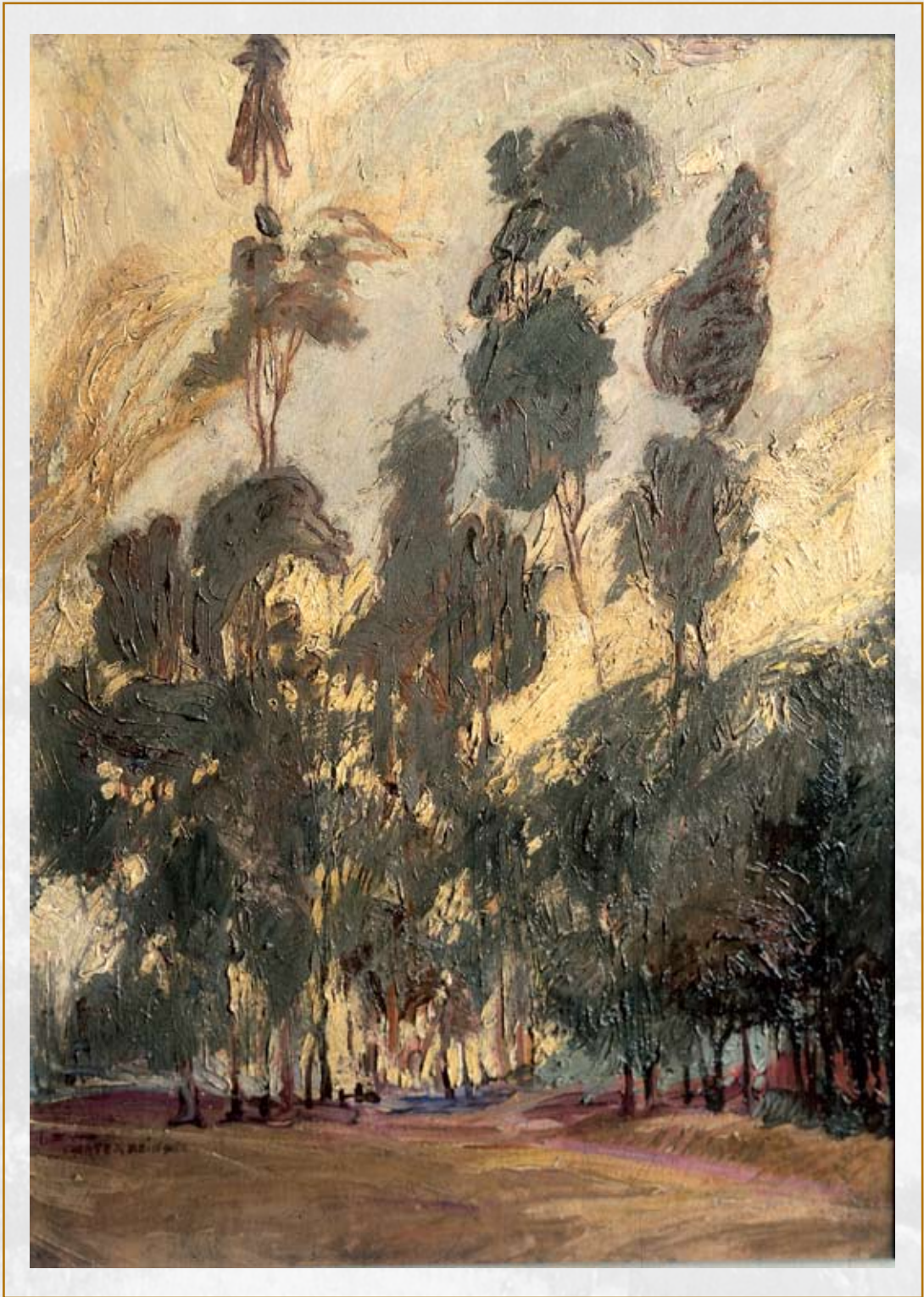
José Chlimper Ackerman

Alfonso López Chau Nava

Abel Salinas Izaguirre

Martha Rodríguez Salas
Members of the Board





Landscape
Jorge Vinatea Reinoso
Oil painting

CENTRAL RESERVE BANK OF PERU

Senior Officers as of December 31, 2008

Renzo Rossini Miñán
General Manager

Economic Studies

Chief Economist: Adrián Armas Rivas

Teresa Lamas Pérez Information and Economic
Analysis Manager
Jorge Estrella Viladegut Monetary Policy Manager

Operations and Technical Affairs

Central Manager: Marylin Choy Chong

Carlos Ballón Avalos Financial Stability Manager
Jorge Patrón Worm International Operations Manager
Juan Ramírez Andueza Currency Manager

Administration

Central Manager: Javier Olivera Vega

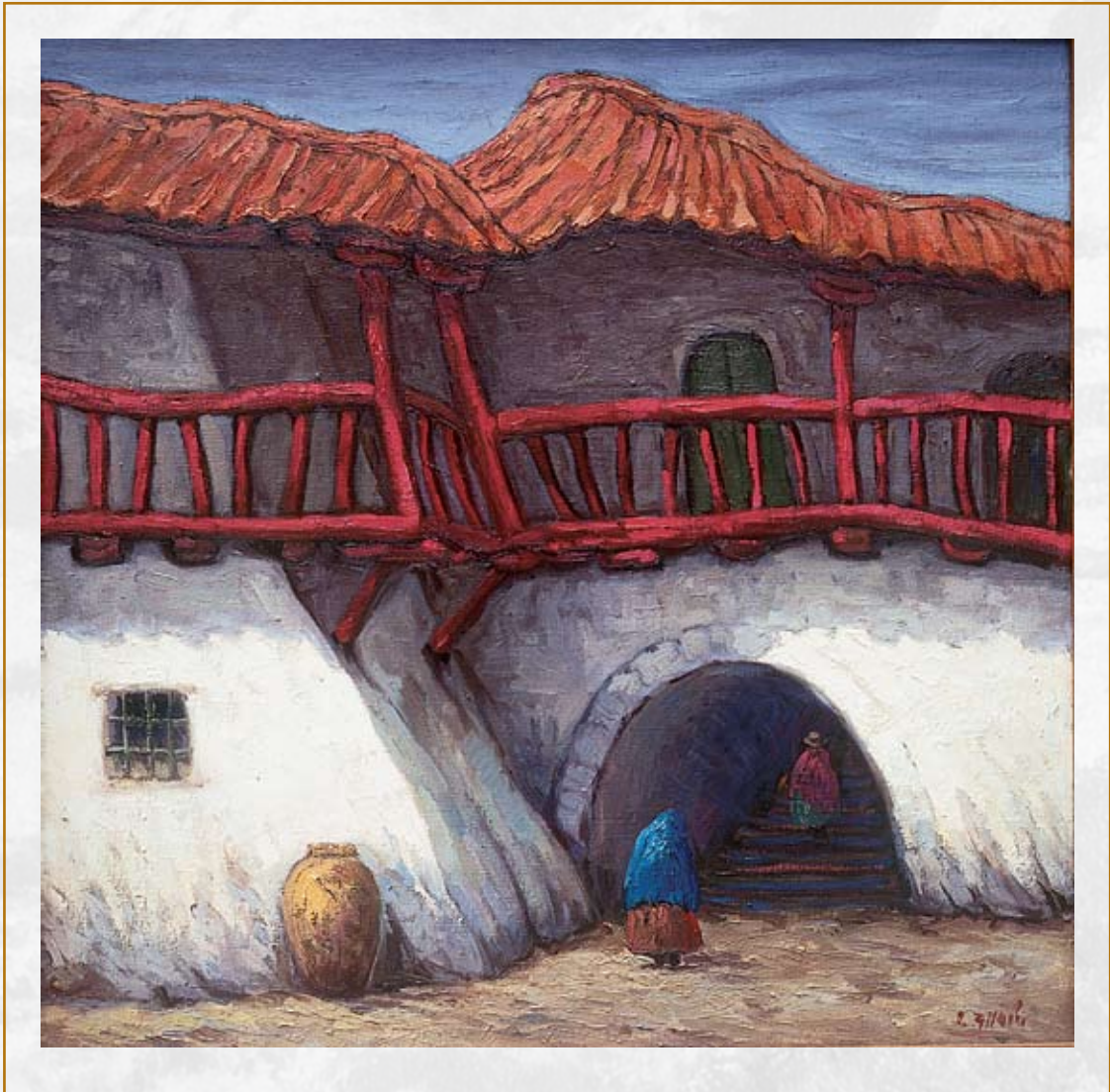
Arturo Pastor Porras Procurement and Services Manager
Felipe Roel Montellanos Information Technology Manager
María Teresa San Bartolomé Gelicich Human Resources Manager

Communications Manager Legal Department Manager Risk Department Manager Accounting and Supervision Manager
José Rocca Espinoza Manuel Monteagudo Valdez Pedro Menéndez Richter José Ponce Vigil

Audit Department Manager Consultant Attorney
Oscar Solís de la Rosa Shoschana Zusman Tinman

General Secretary
Dehera Bruce Mitrani





Corner in Cuzco
Oscar Allain
Oil painting

Introduction

The year 2008 –and particularly the month of September, after the collapse of the U.S. investment bank Lehman Brothers– will be remembered as the beginning of the deepening of the most serious international financial crisis ever recorded since the Great Depression of 1929. Since that month, the slump of international financial markets has affected the real economy of most countries in the world and also generated a profound economic slowdown in both emerging and developed countries.

Despite this international scenario, economic activity in Peru showed a growth rate of 9.8 percent –the highest rate in the last 14 years and the highest in Latin America–, completing ten consecutive years of expansion. Such a long cycle of growth had not been observed since the seventies. In quarterly terms, economic activity recorded growth rates of over 10 percent during the first three quarters of 2008, slowing down thereafter to an average of 6.7 percent towards the fourth quarter. Domestic demand grew 12.3 percent in 2008 (accumulating three years with two-digit growth rates), favored by the expansion of private investment and consumption due to the confidence that macroeconomic stability generated among businesses and consumers.

Inflation, measured by the variation of the Consumer Price Index (CPI) of Metropolitan Lima, recorded 6.65 percent in 2008, reflecting mainly the impact of supply shocks of domestic and imported food products whose prices increased 9.7 percent during the year. The upward pressures on the prices associated with foodstuffs started subsiding in the last months of the year given the rapid correction of the international prices of commodities in a context of deterioration of the global economy.

The current account of the balance of payments went from a surplus of 1.1 percent of GDP to a deficit of 3.3 percent of GDP between 2007 and 2008, reflecting the high growth of domestic demand and the decline of terms of trade (-13 percent). As from September, the trade balance turned negative due to the deepening of the international financial crisis. However, the current account deficit was more than compensated by long-term private capital flows associated with direct foreign investment and long-term loans.

An increasingly significant inflow of foreign short-term capitals, coupled by a higher preference for the nuevo sol, was observed during the first months of the year. These two factors translated into an important expansion of banks' liquidity and in pressures that contributed to appreciate the domestic currency. In this context, the Central Bank purchased foreign currency and raised reserve requirements in soles and in dollars, seeking to moderate the volatility of exchange and prevent an excessive expansion of credit.

With the deepening of the international financial crisis, the Central Bank intervened in the foreign exchange market since September, selling dollars to reduce the volatility of the exchange rate and to provide liquidity in foreign currency to the market. This decision, aimed at restraining the risks of equity losses associated with the high levels of dollarization of the Peruvian economy, was possible due to the preventive accumulation of international reserves carried out in the last four years, which provided the economy with a high capacity of response to face this type of adverse macroeconomic contingencies.

Net international reserves, which increased by US\$ 3,507 million in 2008, amounted to US\$ 31.2 billion, a sum equivalent to four times total short-term liabilities and to 24 percent of GDP. International reserves are 81 percent higher than at end 2006.

Amid inflationary pressures, the Central Bank actions during the first nine months of the year were aimed at containing the growth of domestic demand: reserve requirement and the reference interest rate were raised.

When the crisis unfolded, the Central Bank actions were oriented to maintaining liquidity in soles and in dollars in the financial system. The purpose of this was to allow the flow of credit to keep up with the pace of expansion of economic activity so that economic growth would not be affected by drastic changes in the international financial context. Moreover, lower inflationary risks were also observed.

Liquidity for a total of S/. 26,363 million, equivalent to 61 percent of total liabilities subject to reserve requirements, was injected to the economy between September and December alone. This was carried out through a wide range of instruments, including a drastic reduction of reserve requirements, repos of securities with maturities of up to 1-year, swaps in foreign currency, and the maturities of the BCRP Certificates of Deposit.

Interest rates in nuevos soles in the money and capital markets increased along the year in response to the higher costs of banks' funds and to increased perception of credit risks given the external crisis. As a result of this, monetary and credit aggregates moderated their pace of growth. The rate of growth of broad money in the last 12 months went from 22 percent in December 2007 to 34 percent in October 2008, declining thereafter to 25 percent at end 2008. On the other hand, the rate of growth of credit to the private sector increased from 28 to 37 percent between December 2007 and October 2008, and later fell to 33 percent in December 2008.

The ratios of dollarization of liquidity and credit dropped in 2008. The former declined slightly from 47 to 46 percent, while the latter fell five percentage points, from 57 to 52 percent.

Moreover, the cap for AFP's investments abroad was raised from 15 to 20 percent during the year. However, the share of these investments in the structure of the private pension fund system declined from 13.3 to 12.4 percent between 2007 and 2008.

Despite the international financial crisis, banks' financial indicators improved in 2008. Thus, the level of coverage of non-performing loans reached levels of 151.4 percent (versus 124.4 percent in 2007), while the return on equity ratio (ROE) increased from 27.9 to 31.1 percent, despite the reduction of banks' operational margin. In 2008, the ratio of non-performing loans was 1.3 percent, a historical minimum level.

As regards fiscal accounts, the non-financial public sector showed a surplus of 2.1 percent of GDP in 2008, a result one percentage point lower than in the earlier year. This lower result stemmed mainly from the strong expansion of public investment, which grew by a real 42 percent, especially in the case of local governments, although it moderated in the last quarter of the year. The public debt, which amounted to US\$ 30.6 billion, is equivalent to 24 percent of GDP, a rate nine percentage points lower than in 2006.



*ECONOMIC
ACTIVITY*



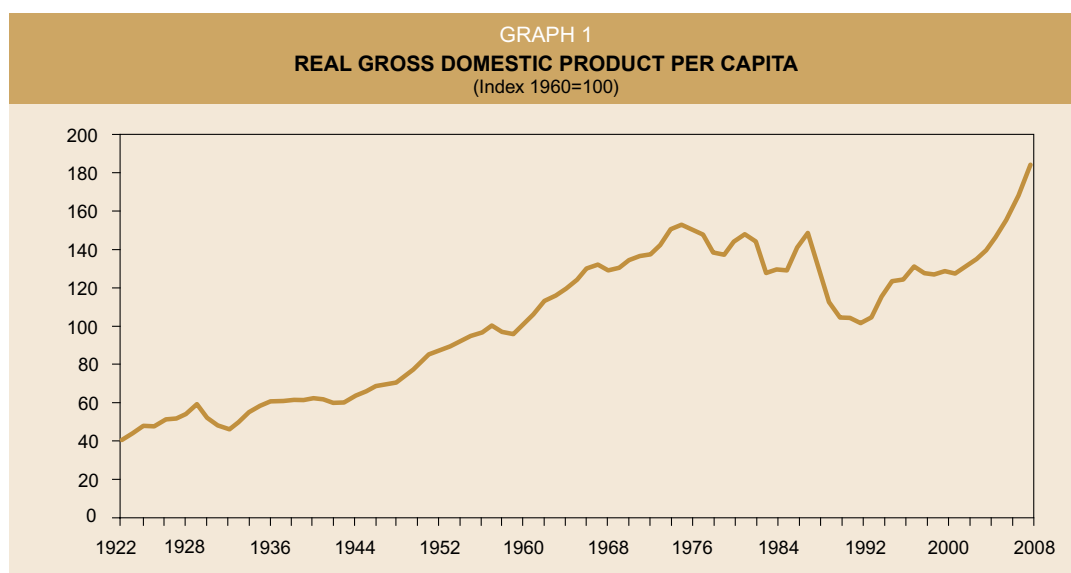
Llanganuco Lake
Teófilo Castillo
Oil painting

I. Production and Employment

In 2008 the Peruvian economy grew 9.8 percent –the highest growth rate in 14 years–, as a result of which the country recorded ten years of consecutive growth, the longest cycle of economic expansion observed since the seventies. In contrast with previous cycles, this evolution took place in a context of a healthy economic equilibrium, both domestically and externally.

This higher growth has been achieved despite the difficult situation experienced by the rest of economies in the world after the financial crisis in the United States unfolded and rapidly affected both developed and emerging countries. Needless to say, Peru has not been immune to the crisis and the external demand for our products has declined. In fact, the country's economic growth in 2008 was mainly associated with the increase of domestic demand, which has been growing at higher rates than GDP over the past three years, reflecting the dynamism of private and public investment.

With this result, per capita GDP growth rate reached a new historical record that is 20 percent higher than the one observed in the mid-seventies and 80 percent higher than the one recorded 16 years ago.



1. Demand and supply

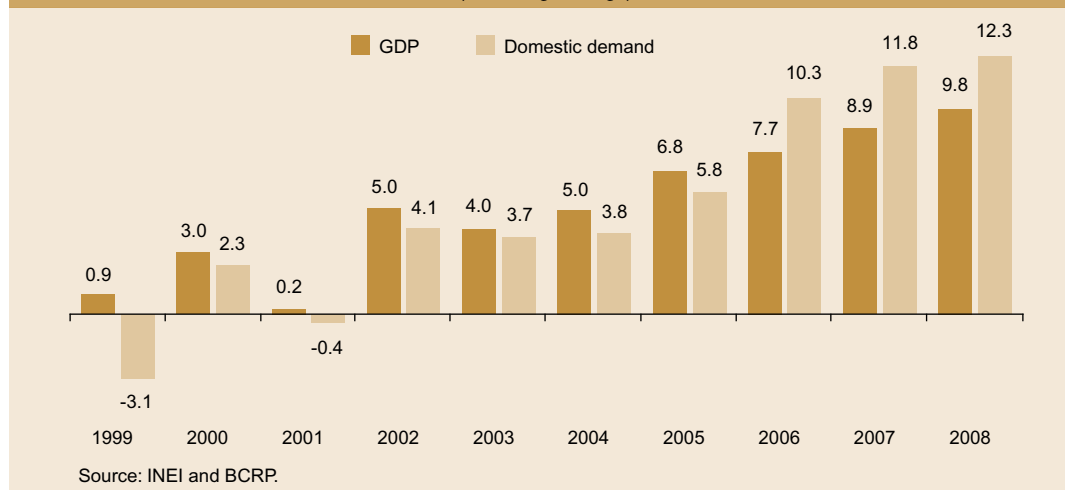
Driven by public and private investment, **domestic demand** grew **12.3 percent** in 2008, and thus accumulated three years of higher two-digit growth rates than the ones recorded by GDP. Moreover, exports grew at a faster pace than in 2007 due to the higher volumes of mining, textile, chemical and non-traditional farming products exported.

TABLE 1
GROSS DOMESTIC PRODUCT BY TYPE OF EXPENDITURE
(Real percentage change)

	2006	2007	2008
Domestic Demand	10.3	11.8	12.3
a. Private consumption	6.4	8.3	8.8
b. Public consumption	7.6	4.5	4.0
c. Gross domestic investment	18.9	22.6	28.0
- Private	20.1	23.4	25.6
- Public	12.8	18.2	41.9
Exports	0.8	6.2	8.2
Minus: Imports	13.1	21.3	19.9
GDP	7.7	8.9	9.8

Source: INEI and BCRP.

GRAPH 2
GDP AND DOMESTIC DEMAND
(Percentage change)



1.1 Consumption

Private consumption grew **8.8 percent** –the highest growth rate observed since 1995–, reflecting the expansion of the national disposable income (8.0 percent), consumer credit (21 percent), and urban employment (8.3 percent).

The national disposable income, which grew 8.0 percent, recorded a lower rate than in the past two years due to the decline of terms of trade (13 percent) and to lower remittances from abroad as a result of the weakening of the world economy. The deterioration of terms of trade was in part compensated by non-residents lower income.

TABLE 2
NATIONAL DISPOSABLE INCOME 1/
 (Percentage change)

	2006	2007	2008
Gross domestic product	7.7	8.9	9.8
Gross national product 2/	5.1	9.3	12.1
Gross national income 3/	10.7	9.8	8.2
National disposable income 4/	10.9	9.7	8.0

1/ Preliminary data.

2/ Excludes non-resident factor income from GDP.

3/ Includes losses and gains due to changes in terms of trade.

4/ Gross national income plus net transfers from non-residents.

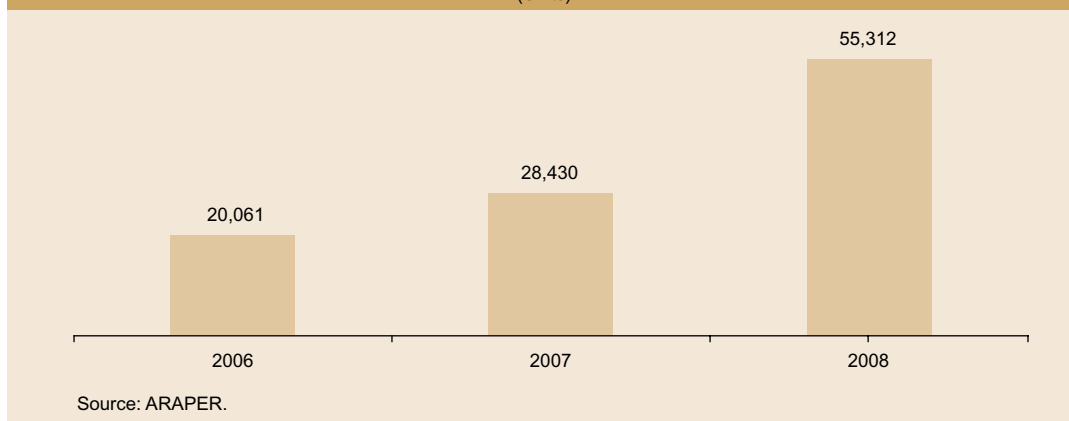
Source: INEI and BCRP.

Urban employment grew in general both in Lima (8.6 percent) and in the other cities of the country (7.6 percent). Driven mostly by the boom of agro-exports, the growth of employment was particularly noteworthy in Paita (19.7 percent), Huancayo (18.5 percent), Chincha (14.4 percent), Arequipa (12.5 percent) and Piura (11.2 percent).

The expansion of private consumption was reflected in a series of indicators such as the growth of the number of credit cards¹ (16 percent) and of the amounts traded through them (30 percent). This higher consumption was also evidenced in a 52 percent increase in the number of durable consumer goods and a 95 percent increase in the number of new family cars sold, the latter of which recorded an historical high of 55 thousand units during the year.

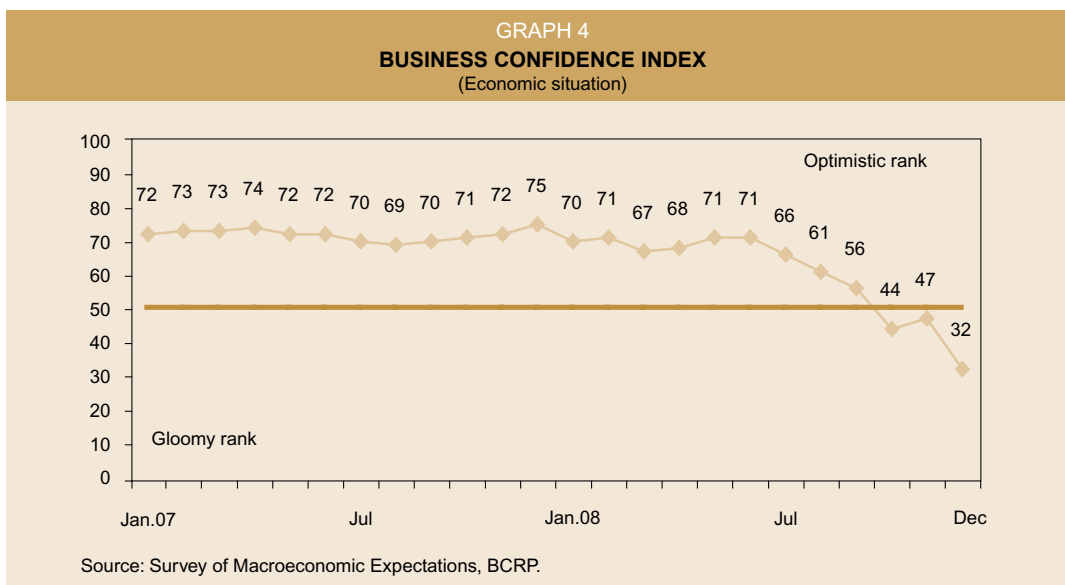
Moreover, this higher consumption was also evidenced in the greater number of malls and in the expansion of existing ones, both in the capital and in the rest of the country. Six malls, of which 3 are located in Lima, were opened in 2008.

GRAPH 3
SALES OF NEW FAMILY CARS
 (Units)



1 According to the Association of Banks, Asbanc, there were 6 million credit cards at December 2008 (the number of credit cards increased by 834 thousand units relative to December 2007).

The BCRP's new indicator of business confidence, calculated on the basis of the macroeconomic surveys on expectations regarding the economic conditions in the country in the next three months, fell on the optimistic side during most of the year. However, this indicator fell on the pessimistic segment in the last quarter as a result of the first reports on the international financial crisis and the rapid deterioration of our main trading partners' prospects for growth.



BOX 1
CONFIDENCE INDICES

Confidence Indices are useful to analyze the current context and the dynamics of economic activity since they are based on surveys that capture economic agents' perceptions and expectations, particularly in regard to what they intend to do in terms of consumption and investment. Economic agents' current and future appreciations on the evolution of their economic situation may be periodically monitored through these indices.

In Peru, Ipsos Apoyo Opinión y Mercado S.A. has been conducting monthly surveys to households since 2003. Likewise, the Central Bank has been carrying out monthly surveys with a select group of firms representing each of the economic sectors since 2002.

With this information, the Central Bank has elaborated two confidence indices: the first one is a Consumer Confidence Index, which is based on the information collected by Ipsos Apoyo Opinión and Mercado S.A. on families' expectations about their current and future economic situation. The second index is a Business Confidence Index based on the Bank's Survey on Macroeconomic Expectations applied to businesses, which focuses specifically on expectations about the future economic situation in the country (in the next three months).

Confidence Indices (CI) have a tradition of decades. The pioneer one was the Consumer Confidence Index elaborated by the University of Michigan (UM), whose methodology is widely used today in several countries. This organization, which has calculated a consumer confidence index since the forties, has a very high credibility in the United States.

The UM's index consists of several questions associated with individuals' personal economic situation, the economy in general, and other questions. In each question, the option showing a better situation is considered a positive answer and the option showing a worse situation is considered a negative answer. The index on each question is based on the ratio of positive (P) and negative (N) answers relative to the total number of surveyed individuals.



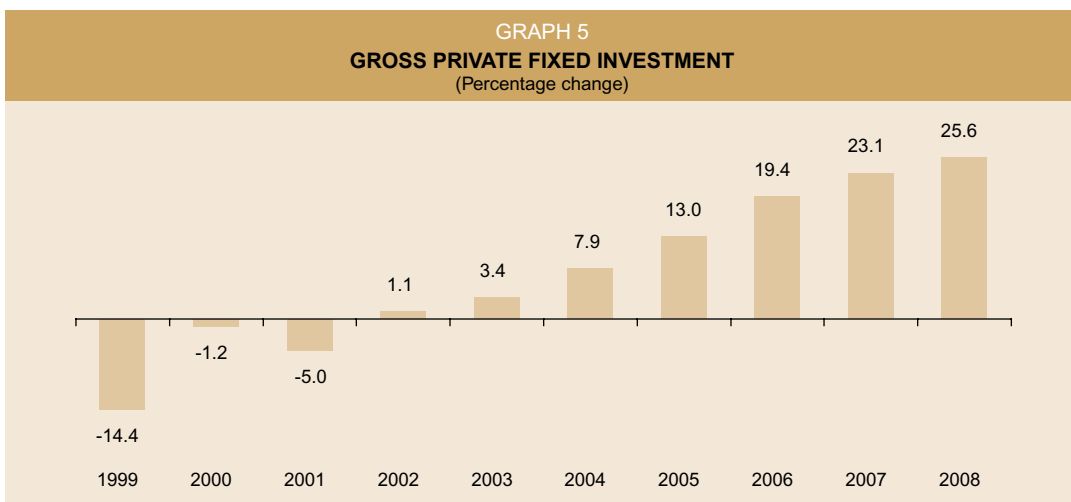
Thus, if all surveyed individuals provided positive answers, the index would be 100 and would indicate full consumers' confidence. Conversely, 0 would indicate nil confidence. In the same way, an index of 50 would be showing a neutral level of confidence.

$$ICI = 50 (P - N + 1)$$

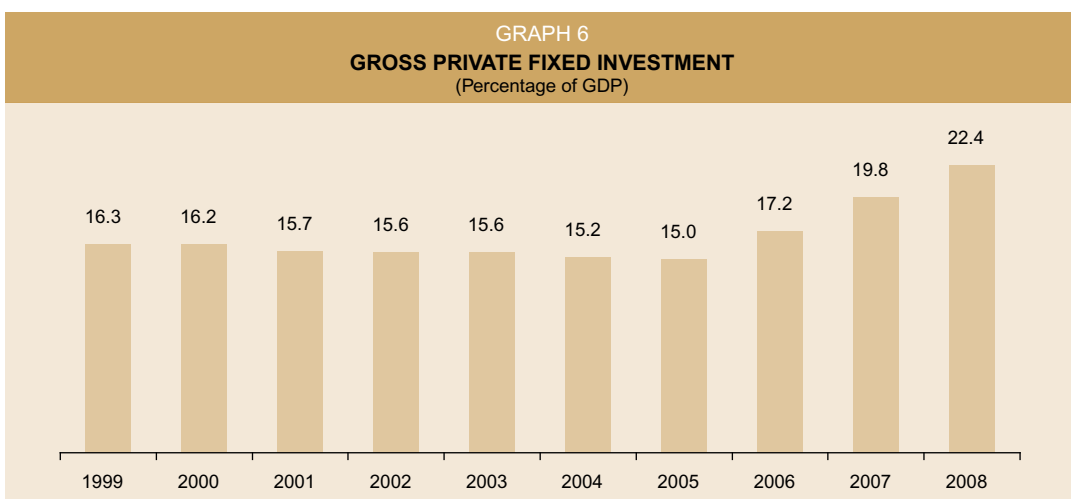
Once the ICI has been calculated for each question, these results are averaged to obtain the total CI in the period.

1.2 Investment

Private investment grew **25.6 percent** in 2008. This dynamism was reflected in the construction of new plants and in the expansion of existing plants in order to meet the population's increased demand associated with the process of economic growth. It is worth pointing out that private investment has been growing at two-digit rates since the second quarter of 2005.



This growth of investment in the last years has allowed this component of expenditure to represent 22 percentage points of GDP in 2008.



Among the most important private investments is Camisea II construction project, being implemented by Perú LNG, which is considered one of the major investments in the country. Mining investments worth pointing out because of their magnitude include Southern's projects such as Tía María and the expansions of Toquepala and Cuajone, as well as the investments made by Yanacocha, Shougang and Milpo in the expansion of mines and concentration plants. Milpo even started implementing the expansion of Cerro Lindo mine at end 2008, a semester before it was programmed to start. On the other hand, the investments made by BPZ Energy in gas exploitation and oil exploration in Piura and Tumbes stand out in terms of hydrocarbon projects.

TABLE 3
MAIN PRIVATE INVESTMENT PROJECTS 2008
(Millions of US\$)

Sector	Amount
Agriculture and livestock	293
Fishing	84
Mining and hydrocarbons	2,775
Manufacture	1,301
Electricity, gas and water	829
Construction	615
Commerce	517
Transport and communications	800
Services	60
TOTAL	7,274

Source: BCRP Survey on Macroeconomic Expectations; magazines and newspapers.

Noteworthy investments in the manufacturing sector include the expansion of cement and food plants, such as the construction of the factory of Cementos Interocéánicos in Puno, the expansion of Cementos Lima, and the expansion of Nestlé and Alicorp's productive capacity. Other projects that should be pointed out are those carried out by Aceros Arequipa, Refinería La Pampilla, Votorantim, and Vale do Rio Doce, as well as other investments in the glass, paper, plastic, and textile industries.

Investments worth highlighting in the electricity sector include Endesa's construction of its open cycle thermal electrical station Santa Rosa; El Silvernal thermal electrical station, which should start operating in 2009; Enersur's installation of a third turbine in Chilca Uno, and Edelnor's works in the electrical transmission sub-station of Chillón.

In the sector of transport and communications, investments in fixed and wireless telephony and Internet were led by Telefónica del Perú, Telmex, América Móvil and Nextel. Noteworthy investments in the construction of malls included the projects of Supermercados Peruanos, Saga Fallabela, Ace Home Center, especially the ones carried out in the provinces.

Moreover, together with Z Energy International, sugar enterprises such as Cayaltí and Pomalca have started developing projects in the field of biofuels. Investments in the fishing sector continued to be oriented to the construction and expansion of fish conserve and frozen fish plants, while investments

worth pointing out in hotels and tourism included the construction of Westin Libertador, as well as the projects implemented by the Blue Martin and Libertador Perú hotel chains, both in Lima and in other cities of the country.

Public investment grew 41.9 percent in real terms, mainly due to the investments made by the sub-national governments (investments by local governments grew 98.1 percent, while investments by regional governments grew 22.0 percent). Moreover, the investments made by state enterprises, particularly Sedapal and the regional electricity enterprises, also contributed to this growth of investment.

In the central government, the sectors that executed higher spending were the sectors of Transport (road improvement, rehabilitation, and construction: Tingo María – Aguaytía – Pucallpa highway; Tocache-Tocache highway; Saramiriza Eje Vial N° 4, among other projects), Agriculture (to support agricultural production), Education (improvement of infrastructure and educational quality), Electricity (implementation of small electric power systems in several towns), Housing (expansion and improvement of water and sanitation systems and housing programs).

Public consumption increased by 4.0 percent in 2008 due mainly to the higher purchases of goods and services of the sub-national governments (22.4 percent) and to higher remunerations in the local governments.

Exports of goods and services increased by a real 8.2 percent –a higher rate than the one recorded in 2007–, reflecting the higher exports of traditional products, such as copper (10.9 percent), gold (7.7 percent), zinc (14.1 percent), molybdenum (13.6 percent), fishmeal (24.1 percent), and coffee (29.5 percent), as well as the growth of non-traditional exports (12.5 percent in real terms), particularly textile, agricultural, and chemical products. Our main trading partner in terms of the destination of our exports continued to be the United States, although nominal exports to this market dropped 22 percent due to the financial crisis that mainly affected this country during the second half of the year.

Imports grew 19.9 percent, reflecting the higher imports of durable consumer goods, associated with higher domestic consumption, as well as the higher imports of inputs and capital goods, associated with increased private investment. It should be pointed out that imports of durable consumer goods grew 52.5 percent in 2008 –a rate two times higher than the one recorded in 2007 (24.5 percent)– while imports of capital goods for industry grew 45.6 percent in 2008 (versus 42.4 percent in 2007).

1.3 Saving and investment

Domestic investment increased by 3.7 percentage points of GDP in 2008 –from 22.9 percent of GDP to 26.6 percent of GDP– due to higher private investment, especially in the first quarters of the year, as well as to the positive evolution of public investment. On the other hand, domestic saving declined from 24.0 percent to 23.3 percent of GDP in 2008, influenced by the evolution of private consumption during the first quarters of the year. As a result of this, the current account of the balance of payments showed a deficit equivalent to 3.3 percent of GDP in 2008, a result contrasting with the 1.1 percent surplus recorded in 2007.

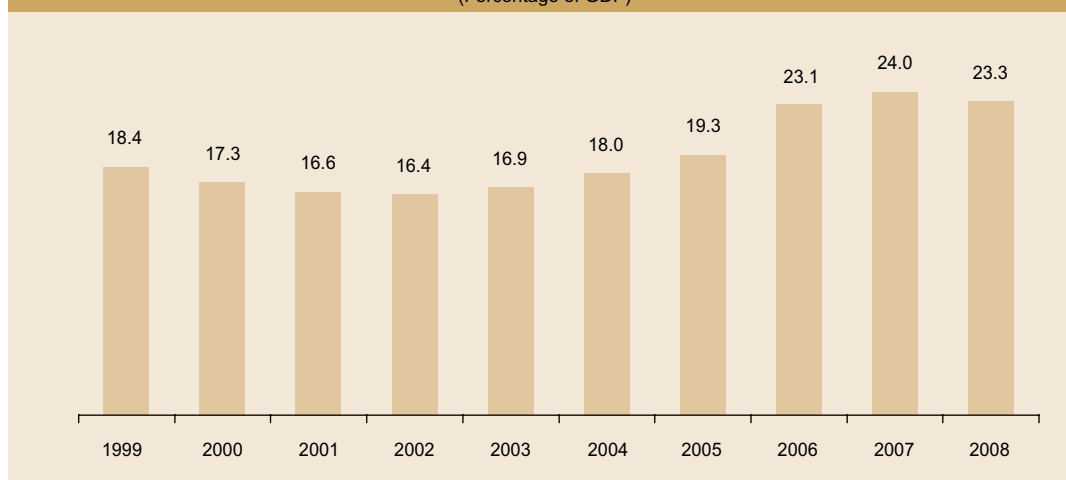


TABLE 4
SAVING AND INVESTMENT
(Percentage of GDP)

	2006	2007	2008
I. Investment (=II+III)	20.0	22.9	26.6
Public investment	2.8	3.1	4.2
Private fixed investment	16.4	18.2	21.4
Change on inventories	0.8	1.7	1.0
II. Domestic savings	23.1	24.0	23.3
Public sector	5.0	6.2	6.3
Private sector	18.1	17.8	17.0
III. External savings	- 3.1	- 1.1	3.3
Memo:			
Gross fixed investment	19.2	21.2	25.6

Source: BCRP.

GRAPH 7
DOMESTIC SAVINGS
(Percentage of GDP)



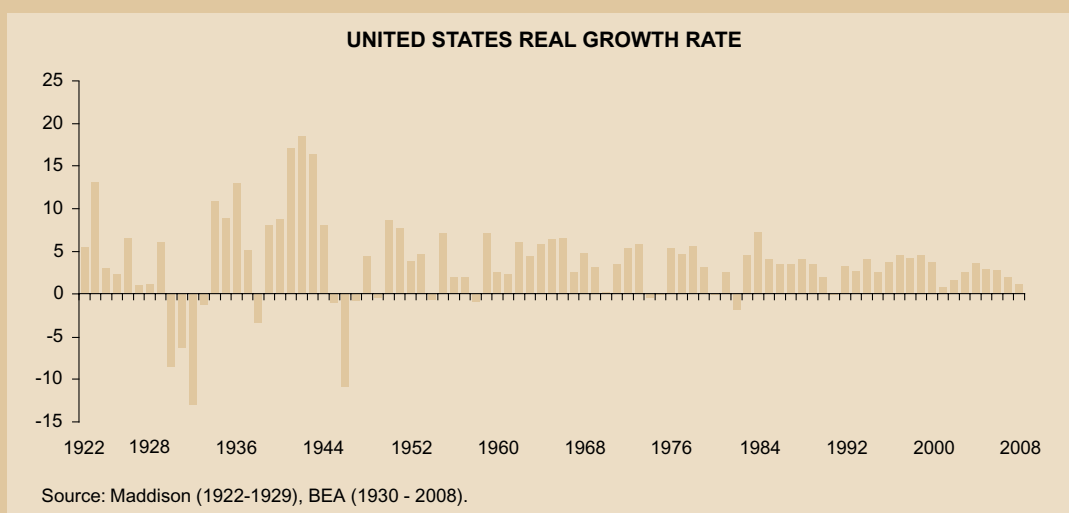
BOX 2

THE GREAT DEPRESSION AND THE CURRENT INTERNATIONAL CRISIS

The collapse of the New York's stock market in October 1929 marked the beginning of the global economic crisis of the following years, which is known as the "Great Depression". A phenomenon of similar characteristics has recently occurred as a result of the collapse of property prices in the United States and the crisis of high-risk (subprime) mortgage market, which spread onto other economies' financial systems.

Even though the forecasts of the main official organizations and specialized media do not consider a scenario of global depression for this and the following years –although they do consider a scenario of severe recession–, there is no doubt that today's crisis is the most severe one observed since the end of the Great Depression because of its magnitude and global extent. Two questions arise in this sense: Which are the similarities of the two crises and how do they differ? What was the impact of the Great Depression on the Peruvian economy? These two aspects are discussed below.





Similarities and differences between the Great Depression and the current international crisis

The first similarity is that both crises emerged in the United States, where deficits in the current account of the balance of payments and public finance were being observed in both cases. The second similarity is that the crisis emerged in the financial markets and then spread into the real sector in both cases.

However, these two financial crises were different. The 1929 crash was associated with the burst of a speculative bubble generated by scarcely-backed loans used to buy stocks. The recent crisis, on the other hand, originated in investment funds and banks which traded at the international level mortgage packages resulting from house loans granted to risky users –with no incomes or jobs– at very high rates.

This difference also highlights a distinction in terms of the transmission channels of the financial crisis. Since August 2007, and more severely since September 2008, the current crisis spread very rapidly into the financial markets of other developed economies in a context of greater financial integration. In last century's episode, the U.S. banking crisis unfolded only in 1930 –several months after the stock market crash– and only then did its impacts start reflecting in the U.S. economy through a severe contraction of credit that affected consumption and investment, and subsequently international trade through this.

Although banks' problems of liquidity and funding played an important role in the transmission of both crises, the mechanism differs in each case due to the evolution of the structure of the financial system since 1930. During the Great Depression, liquidity and funding problems emerged due to the deposit runs generated amid banks' equity losses and due to the absence of a deposit insurance fund. Such problem does not exist in today's crisis. Funding problems stemmed from banks' significant exposure to risks associated with obtaining financing in the short-term money market, specifically mortgages and related derivatives. As overdue payments started increasing in the mortgage sector, fears about banks' equity soundness complicated their funding, especially after the Lehman Brothers bank went bankrupt.

As regards policy responses, there seems to be consensus regarding the fact that much more has been advanced in the field of economic sciences so as to have clearer ideas on the monetary and fiscal measures required to face the crisis. Today, the central banks' actions implemented to provide liquidity to their financial markets in order to prevent a credit crash seem appropriate. This did not happen in 1929. However, relative agreement also exists about the scarce space for action that monetary authorities have today in situations of low interest rates. In contrast with the thirties, when the Keynesian formula of increasing fiscal spending encountered a great deal of opposition, most governments today seem to be convinced of the advantage of adopting a counter-cyclical position in fiscal policy to deal with the current global recession. This would be the main reason why a depression is not expected in the current context.

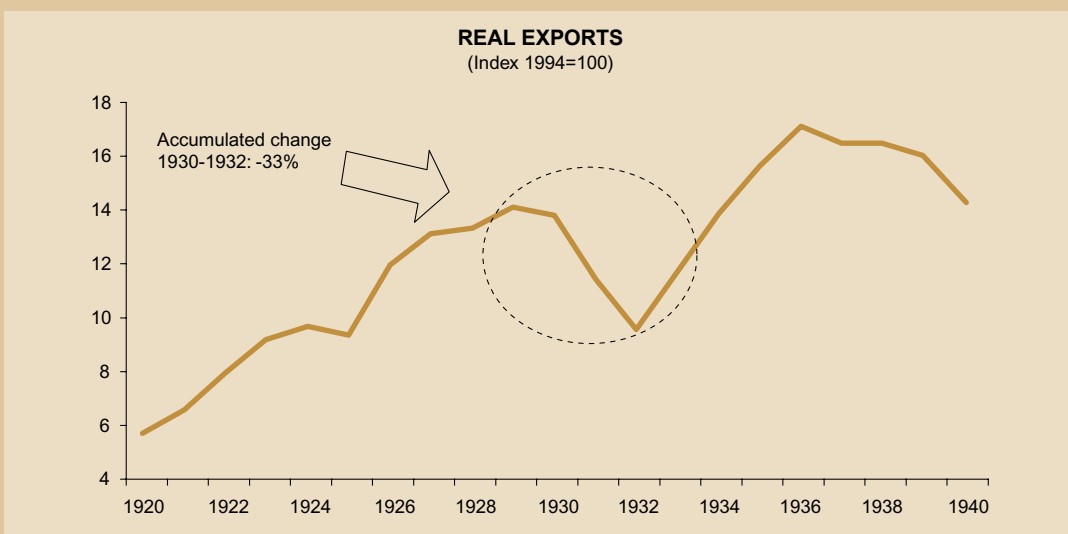
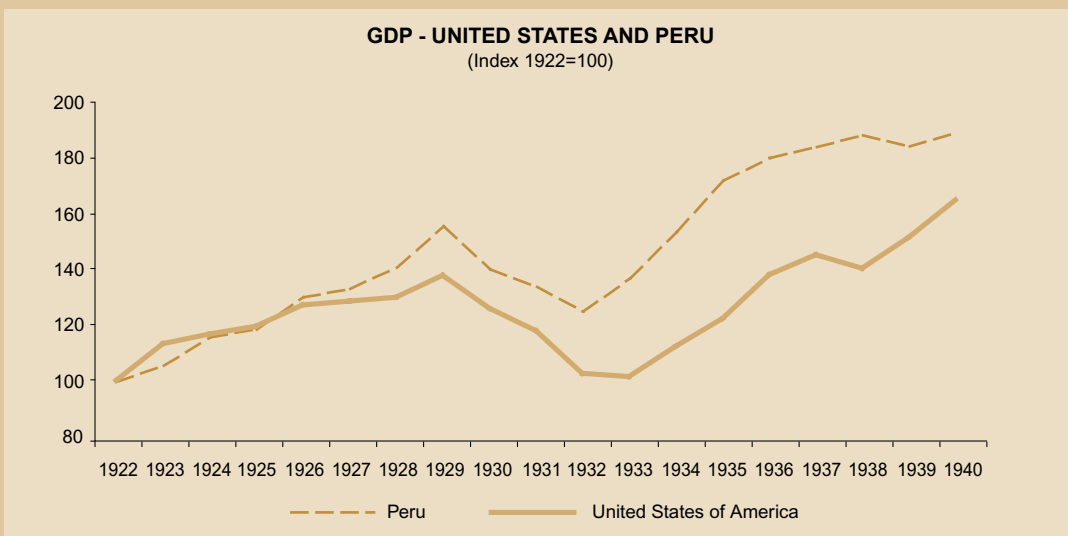
An additional element that enhanced the impacts of the Great Depression on developing economies –which is expected not to replicate today– was the protectionist wave that invaded the governments of developed countries. As these governments closed their economies, global trade declined, affecting the possibilities that less developed economies would find markets for their exports.

Impacts of the Great Depression on the Peruvian Economy

The Great Depression occurred in a context when Peruvian exports concentrated on four raw materials (oil, copper, cotton, and sugar) oriented mainly to the United States, which had largely replaced Great Britain as the main source of external financing. It is worth pointing out that many of the public projects implemented during the government of Augusto B. Leguía (1919-1930) were financed through external capitals.

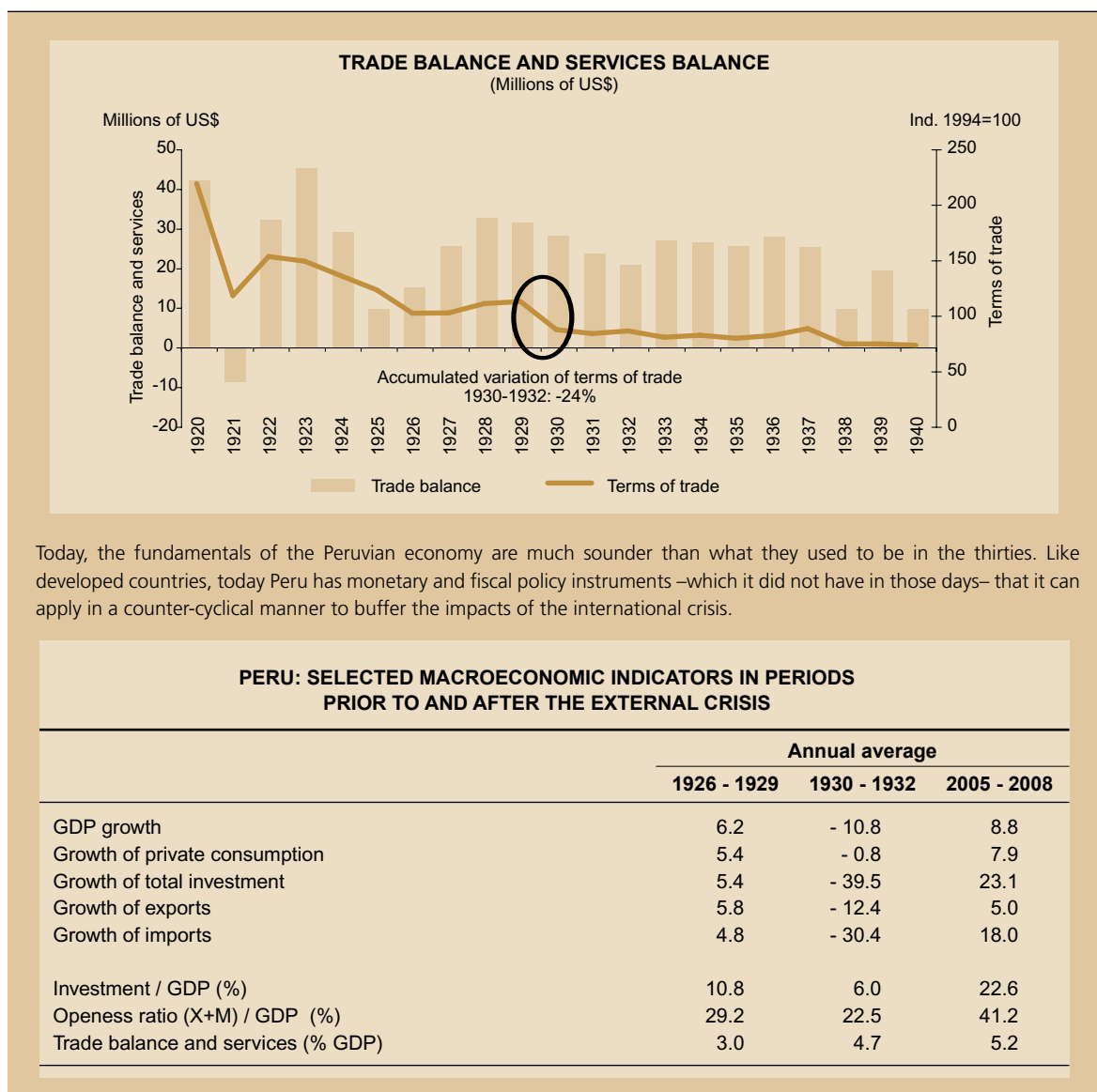
Thus, the Great Depression affected our economy via the typical transmission channels of international crises: lower external demand, the deterioration of terms of trade, and external financing constraints.

The graphs below illustrate the strong recessive impact that the Great Depression had on the Peruvian economy given that it generated lower exports and the drop of investment. This recession, which lasted approximately three years, was followed by a period of significant recovery.



Despite its strong negative impact on terms of trade and actual exports, the effect on this crisis on the trade balance was offset by a drastic drop of imports. It should be pointed out that the Peruvian trade balance was structurally positive until World War II.





Today, the fundamentals of the Peruvian economy are much sounder than what they used to be in the thirties. Like developed countries, today Peru has monetary and fiscal policy instruments –which it did not have in those days– that it can apply in a counter-cyclical manner to buffer the impacts of the international crisis.

2. Production sectors

Production grew in all the economic sectors in 2008. Like in the previous year, this growth was led by non-primary activities, which grew 10.4 percent during 2008, while primary activities –associated with the generation and/or extraction of raw materials– grew at a lower pace (7.2 percent).

2.1 Agriculture

The agricultural sector, which grew 6.7 percent in 2008, maintained a high dynamism due to the increase of farm prices and to the drive of external demand. The production of crops oriented to industry and export grew 13.8 percent in the year, mainly due to the contribution of the production of olives, coffee, and asparagus for exports, and to the production of sugar cane and hard yellow maize for the sugar and poultry industries, respectively.



TABLE 5
GROSS DOMESTIC PRODUCT
(Real percentage change)

	2006	2007	2008
Agriculture and livestock	8.4	3.3	6.7
Agriculture	8.4	2.0	6.6
Livestock	8.2	5.3	6.9
Fishing	2.4	6.9	6.2
Mining and hydrocarbons	1.4	2.7	7.6
Metallic mining	1.1	1.7	7.3
Hydrocarbons	5.7	6.5	10.3
Manufacturing	7.5	10.8	8.5
Manufacturing based on raw materials	4.1	0.7	7.6
Non-primary manufacturing	8.5	13.0	8.7
Electricity and water	6.9	8.5	7.7
Construction	14.8	16.6	16.5
Commerce	11.7	9.7	12.8
Other services 1/	6.8	8.9	9.5
GDP	7.7	8.9	9.8
Primary	5.0	2.7	7.2
Non-Primary	8.4	10.2	10.4

1/ Includes VAT, excise tax and import duties.
Source: INEI and BCRP.

TABLE 6
AGRICULTURE AND LIVESTOCK PRODUCTION
(Real percentage change)

	Part. % 1/	2006	2007	2008
Agriculture and livestock	100.0	8.4	3.3	6.7
Agriculture production	59.8	8.4	2.0	6.6
- For the domestic market	42.5	4.6	3.0	3.7
Potato	7.7	- 1.3	4.1	6.1
Rice	5.0	- 4.2	3.0	14.3
Onion	0.9	16.9	10.0	0.8
Cassava	2.2	13.4	1.7	- 0.4
- For export and industry	17.3	18.5	- 0.5	13.8
Coffee	4.1	44.9	- 17.3	18.0
Sugar cane	3.2	14.9	13.6	13.6
Yellow maize	2.6	2.1	10.1	9.4
Asparagus	1.9	26.2	9.3	11.7
Mango	0.7	36.1	- 8.1	9.7
Olive	0.7	- 3.9	- 0.1	118.0
Livestock production	40.2	8.2	5.3	6.9
Poultry	16.6	9.2	8.4	13.6
Beef	8.0	6.2	0.4	0.1
Milk	4.5	11.6	6.5	8.0
Eggs	3.1	18.5	5.0	3.5

1/ Until 2007.
Source: Ministry of Agriculture.

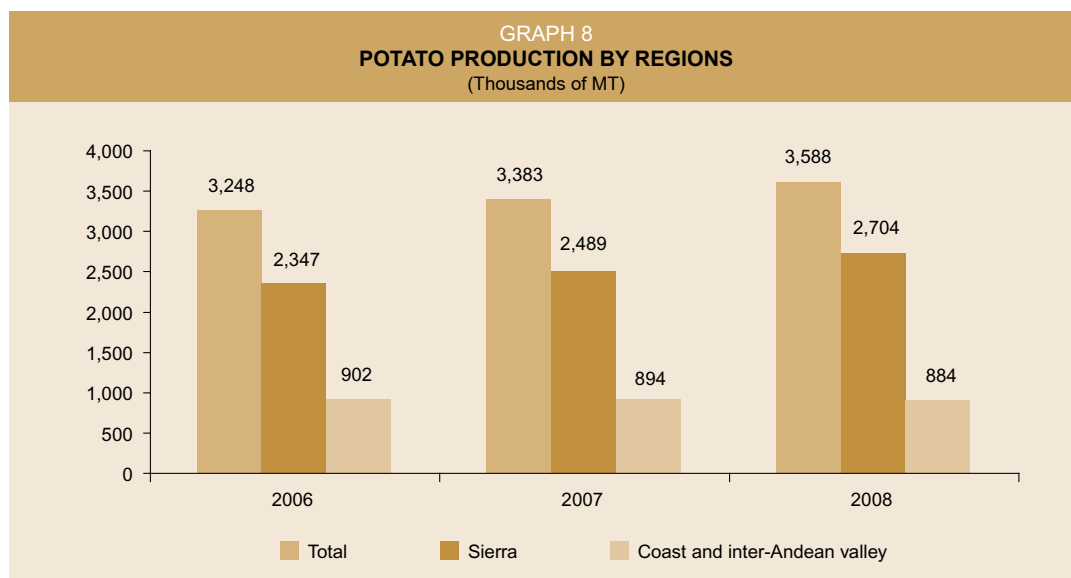


It is worth highlighting that historical volumes were obtained in the production of potatoes, rice, hard yellow maize, sugar cane, mango, asparagus, and olives in 2008. On the other hand, activity in the **livestock sub-sector** increased 6.9 percent due to the higher domestic demand for poultry, milk, and eggs observed during the year.

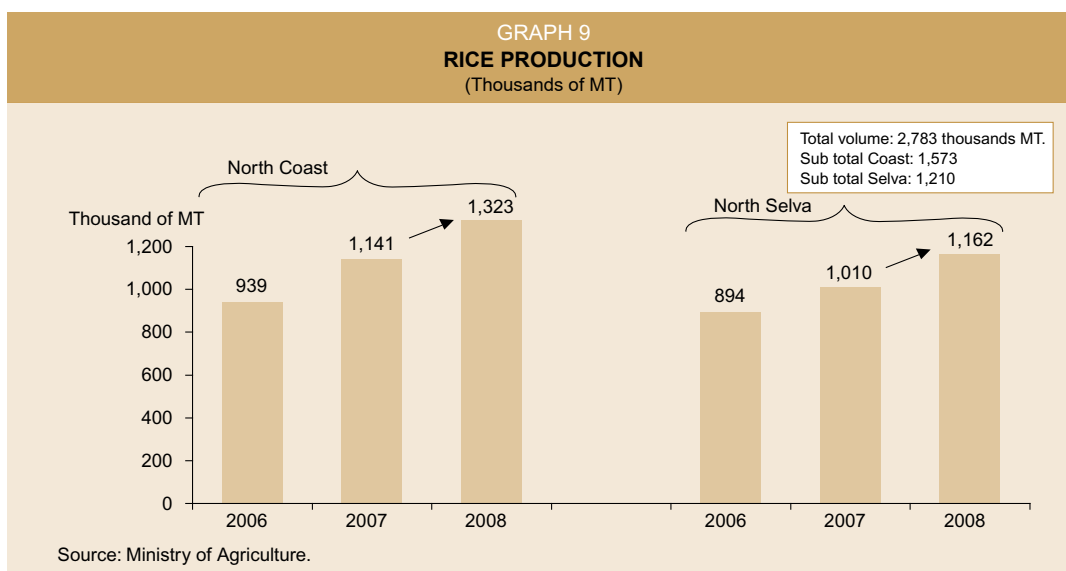
Production in the agricultural sub-sector increased 6.6 percent in 2008 as a result of better climatic conditions and of producers' efforts, which translated into higher harvested areas (asparagus, rice, potato, hard yellow maize), as well as in better yields (sugar cane, hard maize, mango, potato, rice and olives).

Favorable climatic conditions contributed to achieving higher yields in crops with short vegetative periods (potato, rice and maize), while the higher investments of earlier periods propelled the production of agro-industry and agro-export products, which recorded historical yields.

The absence of strong frosts in the Sierra and the high number of sown areas –the second highest in the last year– allowed the production of potato to recover in this region (2,704 thousand tons). Together with the production of potato in the Coast and inter-Andean valleys, this resulted in a historical production of 3,588 thousand tons. A better supply of potato from the Sierra was observed during January-August, given that the production of this crop grew 8.6 percent in this region, but there was also a lower production of potato in the Coast and inter-Andean valleys in the four last months of the year –production declined 1.7 percent– due to adverse climatic conditions.



Due to the recovery of the volume of rainfall in the Selva region, the production of rice and hard yellow maize was significant in this region and added to the abundant production of these cereals obtained in the Coast thanks to the good availability of water stored in the reservoirs of the northern departments. Thus, historical records were achieved in the production of rice (2,783 thousand tons) and hard yellow maize (1,229 thousand tons), which reflected both the increase in harvested areas with these crops (12.3 and 5.3 percent, respectively) and the improvement of farming yields (2.0 and 4.1 percent, respectively).



The favorable results of this sector not only allowed a good domestic supply of the main products of the family basket (potato, rice, vegetables, and fruits), but also fueled the production of primary manufacturing foodstuffs –sugar, meat products and charcuterie– and the production of non-primary manufacturing goods –dairy, rice, asparagus conserves, frozen asparagus, tomato paste, vegetable oil, balanced foodstuffs, and the elaboration of wines, pisco, and ethyl alcohol. This also improved the provision for the external market given that the volumes of both traditional farming exports (coffee and sugar) and non-traditional farming exports (olives, mango, asparagus, cocoa, mandarins, avocados, bananas and grapes) increased.

The factor determining the historical production of sugar cane was its high yield (136.1 tons/hectare). The Peruvian sugar industry has enjoyed a productive efficiency for many years now and the highest national average yield of sugar cane was 176 tons/hectare in 1972. The sugar industry has recovered its world leadership in terms of sugar cane yields in recent years due to a continuous investment process. According to the Food and Agriculture Organization (FAO), Peru ranks first in terms of yield in sugar cane, followed by Egypt and Tanzania (both of which have yields of 119.6 tons/hectare). An example illustrating this is the yield obtained by the Gloria group at its sugar enterprise Casa Grande (158 tons/hectare, the highest yield in the sector, and 31.3 percent higher than in the previous year).

The higher production of coffee, our main traditional export product, is explained by greater harvested areas given that cultivated areas in the Selva increased from 239 to 321 thousand hectares between 1999 and 2008. Furthermore, important efforts were made in this region to obtain world quality products (special types of coffee and organic coffee).

In the case of non-traditional exports like mango, harvested areas have increased from 11 thousand hectares in 1998 to 23 thousand hectares in 2008. Mango production has concentrated in Piura (with 15 thousand hectares of harvested areas), where a significant yield was obtained due to abundant floration resulting from appropriate cold conditions (around 15°C) in the crop’s productive stage (June-July of 2007).

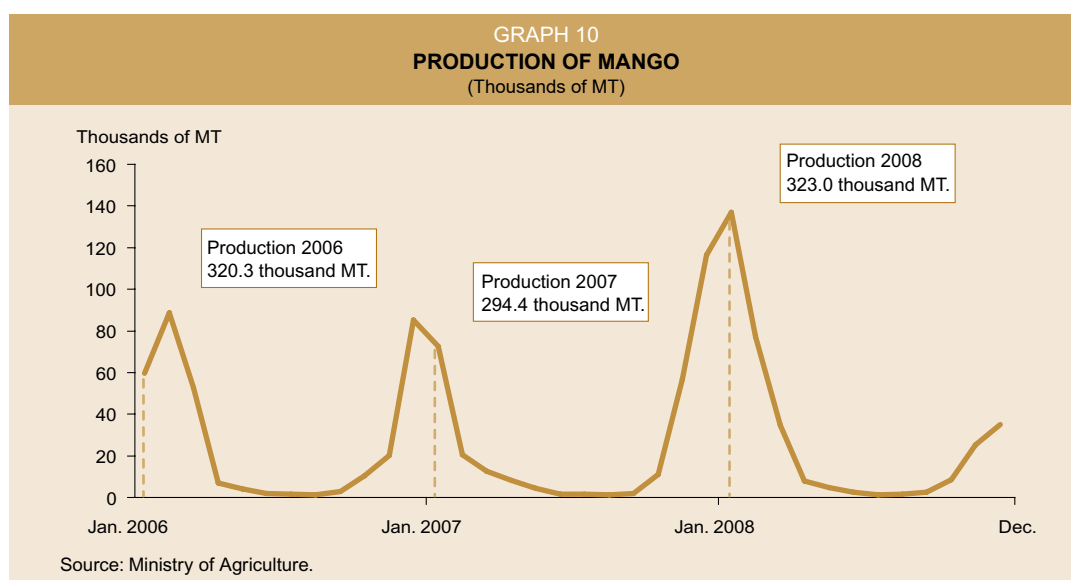


TABLE 7
PRODUCTION OF SUGAR CANE BY COMPANIES
(Thousands of Tons)

	Production		Harvest		Yield	
	2008	% Chg.	2008	% Chg.	2008	% Chg.
Pomalca	725	18.2	6	-5.2	132	24.6
Tuman	1,012	13.4	8	-5.9	126	20.5
Pucala	902	64.0	7	44.4	139	13.5
Casa Grande	1,860	25.5	12	-4.8	158	31.7
Cartavio	1,396	14.5	10	15.2	135	-0.6
Laredo	1,095	3.4	8	4.4	134	-1.0
San Jacinto	628	2.3	6	6.6	105	-4.0
Chucarapi	91	-21.9	1	17.4	100	-33.5
Other	1,638	-2.7	11	-15.6	143	15.4
TOTAL	9,346	13.6	69	1.0	136	12.4

Source: BCRP Regional Branches and Ministry of Agriculture.

GRAPH 10
PRODUCTION OF MANGO
(Thousands of MT)



A higher production volume of asparagus was obtained in a growing cultivated area (30 thousand hectares) that has increased by a yearly average of 19.0 percent in the last three years. With high yields (10.7 tons/hectare)², this area is favorable for the production of this crop and for its industrial processing and subsequent export as a fresh produce, conserves, and as frozen products.

The production of olives, which requires a winter season before its floration period, was favored by the cold weather seen in the Peruvian Coast in 2007 which stimulated floration in this plant sensitive to heat variations. A historical production of olives was obtained in 2008 as a result of these climatic conditions and of the expansion of production areas, especially in Tacna and Arequipa, where this activity concentrates (cultivated areas have increased from 3.9 thousand hectares in 1999 to 10.0 thousand hectares in 2008).

2 According to the FAO, Peru ranks third in the world in terms of yields in asparagus, after the Philippines and Iran (whose yields are 14.5 and 14.3 tons/hectare, respectively).

Moreover, most of the farm prices increased, thus offsetting the effect of the higher costs of fertilizers on the margins of olive production.

TABLE 8
FARM PRICES
(S/. per Kg.)

	Prices				% Chg.
	2005	2006	2007	2008	2008
For the domestic market					
Lemon	0.38	0.44	0.45	0.71	55.7
Potato	0.37	0.50	0.44	0.63	41.8
Rice	0.65	0.58	0.81	1.07	32.5
Amylaceous maize	1.04	0.95	1.16	1.50	29.2
Tomato	0.67	0.67	0.70	0.90	27.9
Dry bean	1.90	2.01	2.03	2.61	28.4
Papaya	0.38	0.34	0.29	0.36	26.7
Cassava	0.28	0.30	0.34	0.42	25.2
Sweet potato	0.28	0.36	0.47	0.54	15.1
Orange	0.41	0.39	0.40	0.46	14.9
Onion	0.50	0.46	0.52	0.53	3.0
For export and industry					
Avocado	0.89	1.01	1.13	1.45	28.4
Wheat	0.71	0.73	0.90	1.15	27.3
Yellow maize	0.49	0.53	0.66	0.74	12.6
Cotton	2.11	2.08	2.26	2.50	10.7
Coffee	4.64	3.98	4.71	4.74	0.8
Asparagus	2.89	2.59	3.12	1.95	- 37.6

Source: Ministry of Agriculture.

TABLE 9
IMPORTS OF MAIN FERTILIZERS
(Millions of US\$) 1/ 2/

	2006	2007	2008	% Chg.
Urea	60.8	101.4	127.8	26.1
Price (US\$ / Kg.)	0.2	0.3	0.5	67.2
Potassium sulfate	10.8	19.0	36.2	90.1
Price (US\$ / Kg.)	0.3	0.3	1.0	192.3
Ammonium sulfate	5.6	12.3	27.2	120.1
Price (US\$ / Kg.)	0.1	0.1	0.2	82.7

1/ Main products by 10-digit tariff headings.

2/ Average prices (obtained by dividing the total value of each category by total volume).

2.2 Fishing sector

The **fishing sector**, which recorded a growth rate of 6.2 percent in 2008, posted five consecutive years of growth. This result reflects the positive performance obtained in all the sector's components oriented to human consumption during 2008, especially in the case of species other than yellow mackerel, and in the catch of anchovy to produce fishmeal.



TABLE 10
FISH CATCH, BY DESTINATION
 (Real percentage change)

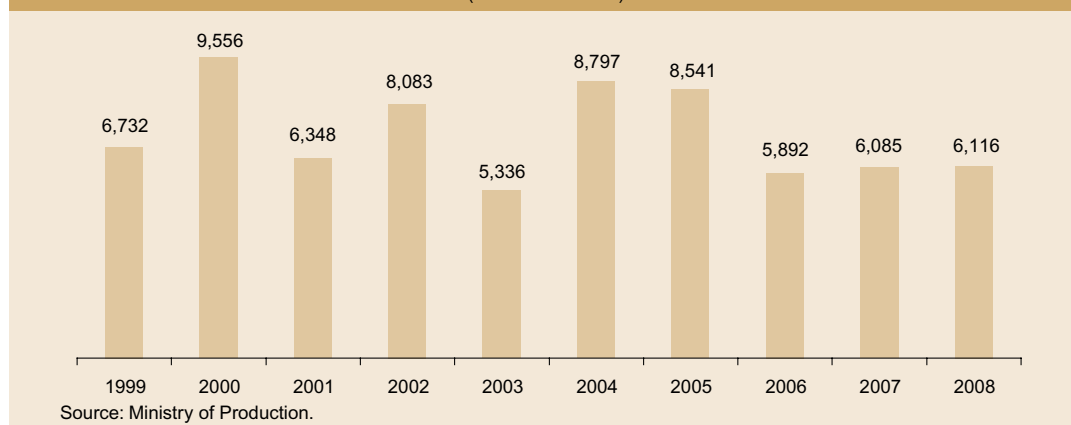
	2006	2007	2008
For human consumption	26.1	7.3	9.2
Canned fish	57.1	- 22.3	9.3
Fresh fish	10.3	2.4	11.9
Frozen fish	40.0	14.9	7.1
Dry-salted fish	- 19.0	21.3	18.3
For industrial consumption	- 31.0	3.2	0.6
Anchovy	- 31.0	3.3	0.5
Other species	3,208.0	- 64.5	631.0
Fishing Sector	2.4	6.9	6.2

Source: Ministry of Production.

The higher result observed in this sector in terms of fresh fish for **human consumption** (9.2 percent) was associated with a greater catch of bonito, striped mullet, and common dolphin fish (*perico*), whose greater abundance offset the scarce presence of yellow mackerel, especially in the second half of the year. On the other hand, the growth of fishing activity to produce frozen fish products and conserves was based on a higher catch of giant squid and anchovy, respectively. It is worth pointing out that landings of giant squid reached a volume of 446.3 thousand tons –the highest historical level recorded– due to the greater presence of this resource in the coasts of Piura, as well as to increased external demand for this species.

On the other hand, the catch of anchovy, a species mainly used to produce fishmeal and fish oil, has been increasing to produce conserves. Among the advantages of this species we should mention its greater bio-mass (in comparison with those of yellow mackerel and Pacific chub mackerel) and its growing domestic and external demand (particularly in Europe given this species' similarities with sardines). Thus, in 2008 anchovy catch to elaborate conserves grew 24.4 percent and represented 39 percent of total landings for this industry.

GRAPH 11
ANCHOVY EXTRACTION
 (Thousands of MT)



Anchovy catch in 2008, which totaled 6.2 million tons (32 thousand tons more than in 2007), was associated with a better distribution of this species in the fishing areas of the Peruvian Coast. Fishing of anchovy concentrates in the ports of Chimbote, Chicama, Pisco, Ilo, Callao, Chancay, Tambo de Mora, and Coishco, which accounted for 68.8 percent of total landings of this resource. The fishing quota of anchovy in both 2007 and 2008 was 5.5 million tons in the northern coastal area, which had prohibition periods of 318 days in each year. The higher catch of anchovy was also reflected in higher exports, which grew 24.1 percent in terms of volume. It is worth pointing out that the law establishing individual quotas for anchovy fishing, effective as from 2009, was approved in 2008 with the purpose of organizing and regulating industrial fishing.

2.3 Mining and hydrocarbon sector

This sector grew 7.6 percent in 2008 as a result of increased activity in the areas of metallic mining and hydrocarbon production. In this way, mining production showed a faster pace of growth than in 2006 and 2007, when it only increased 1.1 and 1.7 percent, respectively, due to the drop of gold production as a result of the problems that affected Yanacocha. However, in the last quarter the impacts of the financial crisis and the decline of international prices affected the sector's performance, generating a significant drop of the prices of our main products (copper, silver, tin, and zinc) that led enterprises to initiate cost-reducing programs to offset these lower prices.

TABLE 11
MINING AND HYDROCARBONS PRODUCTION BY MAIN PRODUCTS
(Real percentage change)

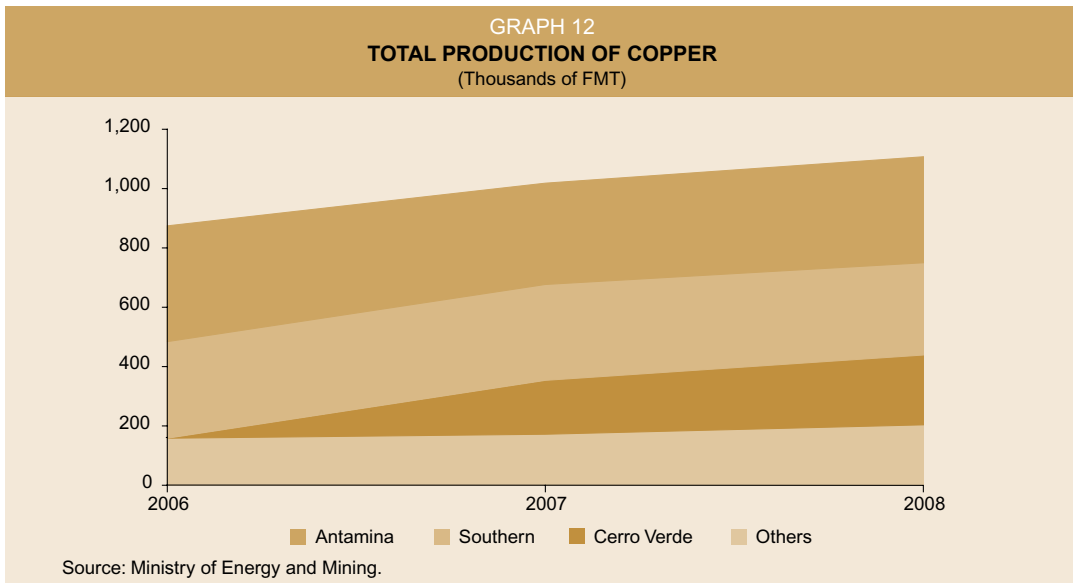
	2006	2007	2008
METALLIC MINING	1,1	1,7	7,3
Gold	- 2,4	- 16,1	5,7
Copper	3,6	16,4	8,8
Zinc	0,1	20,0	11,0
Silver	8,3	0,9	5,3
Lead	- 1,7	5,0	4,8
Tin	- 8,7	1,4	0,0
Iron	4,8	6,7	1,1
Molybdenum	- 0,7	- 2,8	- 0,3
HYDROCARBONS	5,7	6,5	10,3
Crude oil	3,9	- 1,5	5,7
Natural gas	17,0	50,7	27,0
TOTAL	1,4	2,7	7,6

Source: Ministry of Energy and Mining.

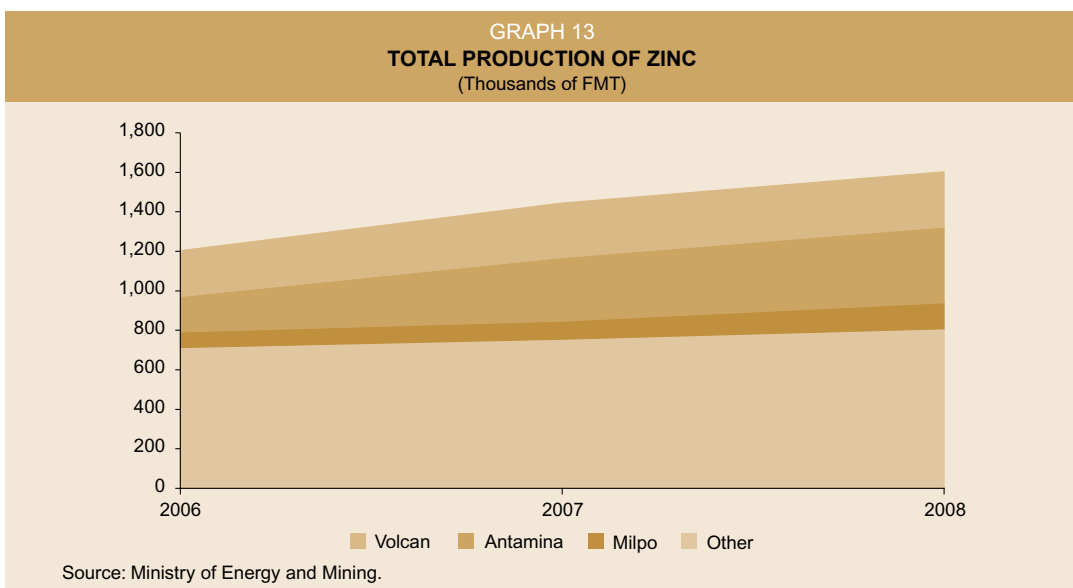
The growth of metallic mining (7.3 percent) was mainly led by a higher production of zinc, copper and gold, which together accounted for 6.0 percentage points of the sector's growth.



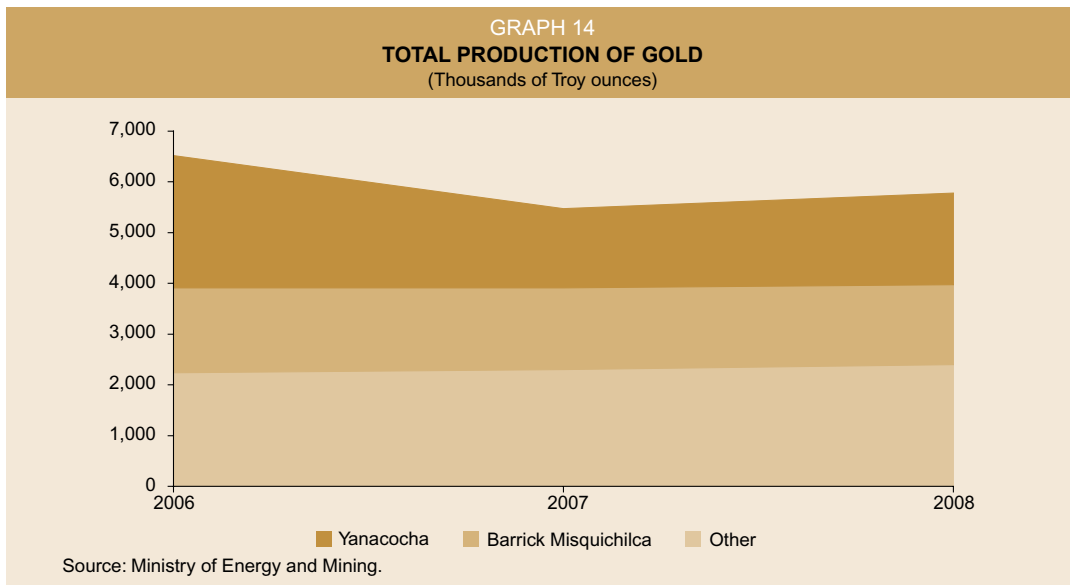
The production of **copper** was over one million fine metric tons (1,107,789 FMT), which represented an increase of 8.8 percent. This is mainly explained by the onset of operations at the primary sulphide plant of Cerro Verde in Arequipa since the second half of 2007; by higher production in Antamina (4.9 percent), which increased its processing capacity by 10 percent, and by the start of operations at Gold Fields La Cima’s Cerro Corona mine in September.



The higher production of **zinc** (11.0 percent) was associated mainly with activity at Antamina, which contributed with 4.2 percentage points to this result; Compañía Minera Milpo, which contributed with 3.0 percentage points, and with Volcan Compañía Minera, which contributed with 0.2 points to this result.



The production of **gold** reached 5.8 million troy ounces, showing a growth of 5.7 percent compared with 2007, due to the higher volumes of gold obtained at Yanacocha (15.5 percent) which initiated the commercial exploitation of its Gold Mill in April. The onset of operations at the Corihuarmi mine of Minera IRL also contributed to this result. In contrast, production at Minera Barrick’s Misquichilca mine dropped due to the natural exhaustion of mine Pierina, which started producing at end 1998.



In 2008 the production of **silver** grew 5.3 percent, thus accumulating ten years of expansion. This result is explained by increased production at Minera Buenaventura, Minera Yanacocha, Antamina and Volcan, which together contributed with 4.4 percent to growth in this sector. On the other hand, the production of **lead** (which grew 4.8 percent) was mainly associated with higher production at Volcan (6.4 percent) and at Sociedad Minera Cerro Corona, which started operations at its new oxide plant in Yauricocha.

Moreover, mining was one of the activities with higher investment in 2008, including Southern’s investments in its Cuajone and Toquepala units and in its Tía María project in Arequipa. Other investments worth highlighting include Yanacocha’s new gold mill (US\$ 227 million), Volcan’s investments to increase production levels, and final works to start operations at Gold Fields’ Cerro Corona mine, among other projects.

The production of **hydrocarbons** grew 10.3 percent due to the significant increase recorded in the production of natural gas (27.0 percent) resulting mainly from the high level of sales of Pluspetrol’s lot 88 (Camisea) to meet the demand of power stations. On the other hand, the production of liquid hydrocarbons increased 5.7 percent, basically due to the onset of operations at Pluspetrol’s Lot 56, which in September started producing natural gas liquids (17.2 mbd). In December, the production of Lot 56 reached 34.6 mbd.



TABLE 12
INVESTMENT EXECUTED BY MINING COMPANIES 1/
 (Millions of US\$)

Companies	Metals	2006	2007	2008
Minera Yanacocha S.R.L. 2/	Gold	277.0	290.0	248.3
Minera Barrick Misquichilca S.A. 3/	Gold	63.0	53.2	25.7
Southern Peru Copper Corporation Sucursal del Perú 2/	Copper	322.0	275.8	302.5
Volcan Compañía Minera S.A.A. 4/	Polimetallic	79.6	167.0	238.9
Compañía Minera Antamina S.A. 2/	Polimetallic	47.3	40.0	45.7
Empresa Minera Los Quenuales S.A. 5/	Polimetallic	57.0	53.1	63.6
Compañía of Minas Buenaventura S.A.A.	Gold and silver	70.0	65.0	266.8
Compañía Minera Atacocha S.A. 2/	Polimetallic	31.3	68.0	42.2
Sociedad Minera Cerro Verde S.A.	Copper	479.0	100.0	74.0
Shougang Hierro Perú S.A.A.	Iron	42.0	50.6	26.0
Minsur S.A.	Tin	12.0	6.0	12.2
Compañía Minera Condestable S.A.A. 2/	Copper	12.7	7.6	11.1
Sociedad Minera El Brocal S.A.2/	Polimetallic	21.5	17.0	16.0
Sociedad Minera Corona S.A. / Gold Fields	Polimetallic	0.5	320.0	96.2
Compañía Minera Santa Luisa S.A.	Polimetallic	3.8	15.0	39.3
Other companies 6/		22.0	43.9	214.7
TOTAL		1,504.0	1,572.3	1,723.1

1/ Based on the financial statements and information given by the companies.

2/ Information reported directly by companies.

3/ Includes investment in mine Pierina and the construction of new mine Alto Chicama.

4/ Includes the investment in Empresa Administradora Chungar S.A.C., subsidiary of Volcan Compañía Minera S.A.A.

5/ Includes Empresa Minera Iscaycruz and Empresa Minera Yauliyacu

6/ Includes the investments of Raura, Huaron, Castrovirreyna, Pan American Silver, Poderosa, Milpo, Perubar and the Refinería de Zinc de Cajamarquilla, among others.

Source: Companies, CONASEV and Ministry of Energy and Mining.

TABLE 13
PRODUCTION OF HYDROCARBONS

	2006	2007	2008
NATURAL GAS (Millions of daily cubic feet)	171.5	258.5	327.6
Camisea	102.8	188.7	254.3
Aguaytia	37.9	38.3	40.7
Petrotech	14.1	14.1	14.1
Petrobras	10.1	10.1	10.9
Other	6.6	7.3	7.7
CRUDE OIL AND NATURAL GAS LIQUIDS (Thousands of daily barrels)	115.6	113.9	120.4
Pluspetrol 1/	45.0	43.1	48.0
Petrobras	12.7	13.4	14.1
Petrotech	12.5	12.1	11.0
Camisea	34.7	34.2	30.8
Other	10.7	11.2	16.5

1/ Pluspetrol operates blocks 1-AB and 8, both in the northern Selva, as well as Lot 56 in Cusco since September 2008.

Source: Ministry of Energy and Mining.



2.4 Manufacturing

Activity in primary manufacturing grew 7.6 percent in 2008, mainly due to the recovery of production levels in the refining of non-ferrous metals industry, which increased 9.4 percent after having dropped by 11.2 percent in 2007. It should be pointed out that the technical problems faced by Southern during most of 2007 affected its production of copper anodes. On the other hand, the production of meat products continued to grow due to increased demand for sausages and poultry. The manufacturing of conserves and frozen products also maintained its dynamism, stimulated by the greater availability of giant squid. Likewise, higher sugar production was associated with an increased supply of sugar cane, while the production of fishmeal and fish oil increased slightly due to a higher catch of anchovy associated with favorable climatic conditions. Finally, the higher production of refined oil products, particularly of diesel and liquefied gas at Pluspetrol, is explained by the onset of operations at Lot 56 in September, while the higher volume of gasoline and kerosene was associated with Petroperú's increased activity.

TABLE 14
**MANUFACTURING BASED ON RAW MATERIALS, BY
 MAIN INDUSTRIAL GROUPS**
 (Real percentage change)

	2006	2007	2008
MANUFACTURING BASED ON RAW MATERIALS	4.1	0.7	7.6
Sugar	15.6	13.1	10.4
Meat products	7.8	6.4	9.0
Fishmeal and fish oil	- 24.5	4.9	0.2
Canned and frozen fish products	54.4	9.0	10.6
Refining of non-ferrous metals	2.5	- 11.2	9.4
Refining of crude	- 1.7	4.2	4.9

Source: Ministry of Production and INEI.

2.4.1 Non-primary manufacturing

Non-primary manufacturing recorded a growth of 8.7 percent in 2008, showing a lower rate than in the previous year (13.0 percent), but higher than the average one observed in the last six years (7.8 percent). This growth was associated with higher private consumption, which was reflected in an increased production of massive consumption goods and in increased demand in the groups associated with the construction sector and with inputs for mining and agro-exports.

It should be pointed out that the pace of growth of non-primary manufacturing declined in the last months of the year due, in part, to the disaccumulation of inventories policy implemented by some businesses.

Continuing with the growing trend observed in earlier years, in 2008 the branches producing massive consumption goods grew 9.9 percent, while those producing chemicals, plastics and paper products grew 13.0 percent. Likewise, the branches producing construction materials and finishes grew 15.2 percent, and the branches producing capital goods grew 15.4 percent.



In terms of **destination market**, higher production in this sub-sector was mainly oriented to the domestic market, which accounted for 84 percent of total sales, a percentage similar to that of 2007 (87 percent).

The production of foodstuffs for the domestic market recorded a higher production of dairy, beer, and soft drinks, which was offset by a lower production of edible oils and fats. The manufacturing of textiles for the domestic market declined in terms of the production achieved by the group manufacturing "other garments", which was affected by the competition of imported products.

TABLE 15
GROWTH OF NON-PRIMARY MANUFACTURING DUE TO DOMESTIC DEMAND

	2006	2007	2008
Mass consumption products	7.9	12.5	9.9
Dairy	9.4	8.1	11.2
Oils and fats	9.8	3.1	- 5.2
Miscellaneous food products	3.4	15.3	5.1
Beer and malt	20.6	10.6	15.8
Sodas	9.5	3.2	14.9
Garments	- 2.5	9.0	- 2.4
Toilette and furniture	4.3	12.7	15.7
Other paper and cardboard items	11.7	15.1	47.7
Toilette and cleaning products	23.1	20.1	9.4
Pharmaceutical products	27.8	12.8	9.1
Miscellaneous items 1/	5.8	31.7	- 1.0
Inputs	5.3	12.3	13.0
Paper and cardboard	9.1	16.2	7.5
Paper and cardboard containers	18.1	7.8	2.5
Printing and editing activities	3.9	8.2	16.7
Basic chemicals	- 4.6	19.1	2.1
Explosives, natural and chemical essences	14.4	8.2	8.2
Rubber	7.0	5.8	- 2.6
Plastics	6.3	10.9	7.0
Glass	0.0	26.3	52.6
For construction	15.6	15.1	15.2
Paint, varnishes and lacquers	15.6	22.4	21.7
Cement	13.5	6.7	10.7
Construction materials	18.3	22.6	17.9
Abrasive products	8.3	13.1	15.7
Metal mechanics, machinery and equipment	15.6	17.2	15.4
Iron and steel industry	12.3	8.1	8.2
Metallic products	19.1	15.8	20.8
Machinery and equipment	9.4	24.9	- 7.3
Electric machinery	17.6	24.9	3.0
Transport material	11.9	40.7	47.3

1/ Mainly bijouterie and office items.

Higher production in the wood and furniture group was associated with increased demand for wood furniture as a result of promotions in the domestic market, while increased activity in the paper and publishing group was mainly associated with the production of paper and cardboard items for the domestic market and with printing and publishing activities due to the higher demand of big warehouses for these items.



Activity in terms of chemical products, rubber and plastics for the domestic market showed a higher production of toilette and cleaning products, pharmaceutical products and explosives, and natural and chemical scents. The production of basic chemical substances grew somewhat less since it was affected by a lower production of industrial gases for the iron and steel industry in the last months of the year.

On the other hand, the higher production of non-metal minerals resulted from the increased demand stemming from the construction sector. The elaboration of paints, varnishes, and lacquers, construction materials (majolica tiles and pre-mixed concrete), and cement was noteworthy. Likewise, higher production in the iron and steel industry was also associated with increased demand in the construction sector, despite the decline recorded in the last months of the year due to stock accumulation.

The higher production of metal products (metal structures and containers) and transport equipment (assembly of buses and spare parts for automobiles) is worth pointing out in terms of the manufacturing of metal products, although this positive evolution was offset by a lower production of machinery and equipment.

TABLE 16
NON-PRIMARY MANUFACTURING: PERCENTAGE CONTRIBUTION
TO GROWTH BY MARKET OF DESTINATION
(Percentage points)

	Domestic	Foreign	Total
2004	4.3	2.9	7.2
2005	6.3	2.2	8.5
2006	7.6	0.9	8.5
2007	11.4	1.6	13.0
2008	7.3	1.4	8.7
Food, beverages and tobacco	1.4	0.3	1.7
Textiles, leather, and foot wear	- 1.4	0.3	- 1.1
Wood and furniture	0.6	0.0	0.6
Paper and printing industry	2.1	0.2	2.2
Chemical, rubber, and plastic products	0.5	0.5	1.0
Non-metallic minerals	2.1	0.0	2.1
Iron and steel industry	0.3	0.0	0.3
Metallic products, machinery and equipment	1.6	0.2	1.8
Miscellaneous manufactures	0.1	- 0.1	0.0

Source: Ministry of Production.

The industrial groups that contributed more to the growth of non-primary manufacturing were the paper and printing industry, non-metal minerals, metal products, machinery and equipment, and foodstuffs and beverages.

Production in the **foodstuffs and beverages** group, which grew 8.1 percent, contributed to the growth of non-primary manufacturing with 1.7 percentage points. Of this total, 1.5 points are explained by a higher production of food conserves, sodas, beer and dairy products for the domestic market.

TABLE 17
GROWTH OF NON-PRIMARY MANUFACTURING BY INDUSTRIAL GROUP
 (Real percentage change)

	2006	2007	2008
NON-PRIMARY MANUFACTURING GDP	8.5	13.0	8.7
Food, beverages and tobacco	9.3	8.8	8.1
Textiles, leather and foot wear	- 2.0	6.8	- 6.7
Wood and furniture	4.3	12.7	15.7
Paper and printing industry	7.9	11.6	24.0
Chemical, rubber, and plastic products	11.9	12.8	6.6
Non-metallic minerals	13.0	16.0	20.5
Iron and steel industry	12.3	8.1	8.2
Metallic products, machinery and equipment	17.1	21.2	18.2
Miscellaneous manufactures	5.8	31.7	- 1.0

Source: Ministry of Production and INEI.

Production in the **textiles, leather, and shoe wear** group declined 6.7 percent, affected by lower external demand, particularly in the last quarter of the year.

Moreover, the production of knitted garments dropped 19.2 percent due to lower external demand, particularly from the United States since April, while the manufacturing of threads, yarns, and knitted items fell 3.6 percent, affected by the competition of imported products and by lower orders from exporters.

The **paper and printing** industry grew 24.0 percent due to the higher production recorded in the branch of other paper and cardboard items (47.7 percent), which was associated with the higher installed capacity implemented to meet increased domestic and external demand for diapers and other paper items (i.e. napkins, towel paper) as a result of families' higher purchasing capacity.

Higher production in publishing and printing activities (8.0 percent) was associated with an increase of exports of catalogues and publicity leaflets, as well as with increased demand for leaflets from big warehouses, super markets and department stores.

The branch of paper and cardboard industries grew 7.5 percent as a result of the expansion of installed capacity to meet the demand for other paper items and containers for agro-export products.

The production of **chemical, rubber, and plastic** products increased 6.6 percent, mainly due to a higher production of paints, varnishes, and lacquers to meet the increased demand of the construction sector. Moreover, growth in the group of toilette and cleaning products (9.4 percent) was driven by increased domestic demand and by product diversification in the main firms.

The group of **non-metal minerals** recorded a growth of 20.5 percent due to the higher production of glass associated with increased demand for beer bottles, and to the higher production of construction materials (majolica tiles and concrete items).

The production of cement increased 10.5 percent due to the higher demand of the construction sector.

TABLE 18
PRODUCTION OF CEMENT
(Thousands of TM)

COMPANIES	2006	2007	2008	Percentage change		
				2006	2007	2008
Cementos Lima	2,579	2,577	2,971	5.6	- 0.1	15.3
Cemento Pacasmayo	1,021	1,217	1,326	22.1	19.2	8.9
Cementos Selva	101	143	154	- 18.9	41.5	7.9
Cemento Andino	1,122	1,221	1,253	18.7	8.8	2.6
Cemento Yura	838	964	1,038	28.5	15.1	7.6
Cemento Sur	122	86	120	11.8	- 29.3	39.0
TOTAL	5,782	6,208	6,862	13.2	7.4	10.5

Source: ASOCEM.

Production in the **steel and iron** industry grew 8.2 percent in 2008, due to greater activity in the main enterprises of this group as a result of the expansion of installed capacity and of increased demand in construction. It should be pointed out that this industry was affected by stock accumulation in the last months of the year.

The group manufacturing **metal products, machinery, and equipment** grew 18.2 percent, mainly due to the higher demand for metal structures for the construction sector.

TABLE 19
INDUSTRIES RELATED TO THE CONSTRUCTION SECTOR

	2006		2007		2008	
	% Chg.	Contrib.1/	% Chg.	Contrib.1/	% Chg.	Contrib.1/
Paints, varnishes, and lacquers	15.6	0.2	22.4	0.3	21.7	0.3
Non-refractory ceramics for non-structural purposes	9.9	0.1	28.5	0.2	10.6	0.1
Non-refractory ceramics for structural purposes	21.1	0.5	18.7	0.5	9.8	0.2
Cement	13.5	0.6	6.7	0.3	10.7	0.4
Concrete, cement, gypsum articles	19.1	0.2	26.9	0.3	41.9	0.4
Abrasive products	8.3	0.0	13.1	0.0	15.7	0.0
Basic iron and steel industry	12.3	0.5	8.1	0.3	8.2	0.3
Metal structures	13.2	0.3	31.4	0.7	31.4	0.8
SUBTOTAL	14.4	2.3	15.2	2.6	16.2	2.6
Total	8.5		13.0		8.7	

1/ Percentage contribution to growth relative to non-primary manufacturing.
Source: Ministry of Production.



2.5 Construction

The **construction sector** grew 16.5 percent in 2008, thus maintaining the positive trend initiated in 2002 and recording a two-digit growth for the third consecutive year. This dynamism was reflected in the increased construction of homes, commercial and industrial facilities, as well as in the implementation of several public and private infrastructure projects.

The construction of residential buildings increased due to the growth of housing demand which was driven by families' higher purchasing capacity and by the better credit conditions in terms of mortgage loans (lower interest rates and longer terms), as evidenced, in turn, by the dynamism of local dispatches of cement, which grew 14.8 percent.

TABLE 20
HOUSING CONSTRUCTION IN METROPOLITAN LIMA AND CALLAO
(Thousands of units)

Concept	2006	2007	2008	% Chg. 2007/06	% Chg. 2008/07
Housing supply	14.1	14.4	13.9	2.3	- 3.7
Sold buildings	8.9	10.6	13.2	19.4	24.7
Non-negotiable buildings	3.6	4.3	3.2	19.7	- 25.7
Total buildings	26.5	29.3	30.3	10.4	3.3

Source: CAPECO.

Another aspect reflecting this higher demand for houses is the number of individuals with mortgage loans, which increased by 17.3 percent on average. In this sense, loans in domestic currency increased by 93.4 percent on average. Moreover, banks' interest rates on mortgage loans in soles declined from 10 to 9.8 percent between 2007 and 2008, while interest rates in foreign currency declined from 9.8 to 9.6 percent in the same period.

The construction of hotels was noteworthy in 2008. Casa Andina inaugurated "Casa Andina Classic" (the former Ceasar's hotel) in Lima with a US\$ 15 million investment; Orient Express-"Private Collection" opened "Casitas del Colca" in Arequipa with an investment of US\$ 7 million, and the Libertador hotel chain initiated works at Hotel Westin Libertador in San Isidro (which will require an investment of US\$ 100 million) and at Hotel Libertador Paracas (US\$ 25 million). Furthermore, the French chain of Accor hotels started constructing its four-star Novotel in San Isidro, with an investment of US\$ 15 million, and the Acqua Hotel Resort Spa chain is building a 5-star hotel in Urubamba, which will require an investment of US\$ 10 million.

Another aspect worth pointing out is the growth of malls, both in Lima and in the provinces. Six new malls, of which 3 are located in the provinces, opened in 2008. The Interbank group invested US\$ 40 million in the construction of Real Plaza Pro in Lima (US\$ 10 million) and Real Plaza Huancayo (US\$ 30 million). Likewise, Peru Malls invested US\$ 46 million in the implementation of Open Plaza Canta Callao (US\$ 20 million) and Los Jardines Open Plaza in Trujillo (US\$ 26 million). The Romero group inaugurated

the Centro Comercial Plaza del Sol in Ica, which required an investment of US\$ 29 million, and Aventura Malls invested US\$ 80 million in the Aventura Mall Plaza Bellavista.

Finally, in 2008 the Ministry of Transport and Communications carried out several projects through its National Program Provías, including the rehabilitation and improvement of the Tingo María-Aguaytía-Pucallpa highways, the rehabilitation of the Tarapoto-Juanjuí highway, and the improvement and rehabilitation of the Tocache-Tocache highway, among other projects. It is worth highlighting that the physical progress carried out in terms of these works increased by 18.2 percent during 2008.

BOX 3

PROSPECTS FOR COMMERCIAL PROJECTS

Construction in the country has increased significantly. In 2008, this activity grew 16.5 percent relative to last year. Part of this growth has been influenced by the expansion of malls, since sales in these commercial centers increased by 15 percent in 2008, as reported by Colliers International³.

The expansion of malls –especially in Peruvian provinces– has been fueled not only by the sustained growth of the economy, and especially of domestic demand, but also by the share of penetration of these sale venues in the Peruvian market, which is low compared with other countries.

Six malls, of which three are located in Lima, opened in Peru in 2008. The most recently inaugurated commercial center was the Mall Aventura Plaza del Callao, which required an investment of US\$ 80 million.

COMMERCIAL PROJECTS EXECUTED IN 2008

Name	Location	Developer / Group	Amount of Investment (thousand US\$)
Shopping Malls			
Aventura Plaza Bellavista Mall	Lima	Mall Aventura Plaza	80
Open Plaza Canta Callao	Lima	Malls Peru	20
Real Plaza Pro	Lima	Grupo Interbank	10
Real Plaza Huancayo 1/	Huancayo	Grupo Interbank	30
Centro Comercial Plaza del Sol	Ica	Grupo Romero	29
Los Jardines Open Plaza	Trujillo	Malls Peru	26
Supermarkets			
Plaza Vea 2/	Lima	Grupo Interbank	23
Hipermercado Tottus 3/	Lima	Grupo Interbank	30.5
Hipermercados Metro Independencia	Lima	Cencosud	15
Total Amount Invested			263.5

1/ First stage of mall.

2/ Includes the Plaza Vea supermarkets located in Independencia, Puente Piedra, Los Olivos and downtown Lima.

3/ Includes the Tottus supermarkets located in Puente Piedra, El Agustino, downtown Lima and Villa María.

Source: Colliers International, Andina, El Comercio, Diario Gestión.

3 The Knowledge Report Retail. Colliers International, Fourth Quarter 2008.

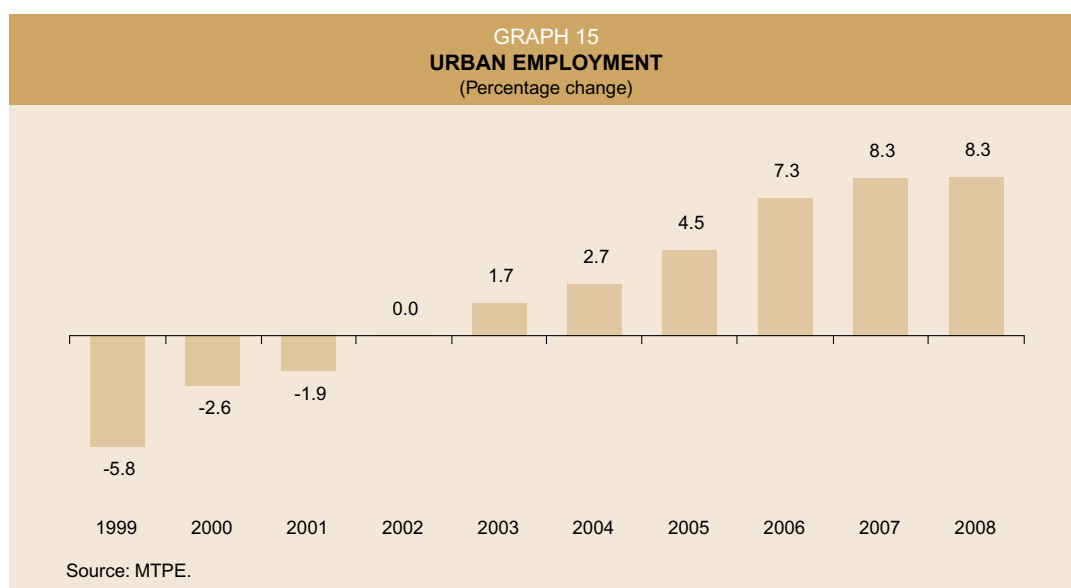


3. Employment

Considering formal firms with 10 and more workers, employment in urban areas in Peru increased by 8.3 percent in 2008, consolidating the positive trend observed since May 2002.

By production sectors, and in contrast with 2007 when manufacturing activity showed the highest dynamism (9.3 percent), in 2008 employment was mostly driven by commerce (14.5 percent), followed by the service sector (9.2 percent) and by primary activities (7.0 percent). The growth of employment in manufacturing declined from 9.3 percent in 2007 to 4.3 percent in 2008 due to the fall of employment in the textile sector as a result of lower external demand.

In terms of geographical areas, like in 2007, the highest dynamism of employment was observed in Metropolitan Lima, where employment grew 8.6 percent, while employment in the rest of urban areas grew 7.6 percent.



In Metropolitan Lima, the highest variations were observed in the commerce sector, particularly in the firms selling construction materials and finishes, warehouse items, pharmaceutical products, vehicles, and massive consumption goods like food and beverages. Commerce was followed by the service sector, favored by increased demand for labor in education centers, restaurants, and financial organizations (AFPs, Edpymes and insurance companies), as well as in marketing and business advisory firms.

At the regional level, employment grew particularly in Paita, driven by the fishmeal, fish oil and frozen fish industry, the latter of which was favored by a greater availability of giant squid and Pacific chub mackerel. Employment in Huancayo showed a significant dynamism in education and commercial activities given the opening of several malls. Chincha ranked third due to the development of agro-export activities, associated mainly with the cultivation of grapes, and to the growth of the industry of fish conserves. On the other hand, employment in Sullana was affected by a lower availability of

farming products, such as lemon and banana, as well as by lower external demand.

According to the Permanent Survey on Employment, in 2008 the workforce in Metropolitan Lima was estimated at 4.4 million, a figure slightly higher than in 2007, while unemployment, on the other hand, remained at 8.4 percent. It is worth pointing out the positive evolution of adequately employed labor, which grew 9.4 percent, while under-employment declined 6.2 percent.

By economic sectors, the dynamism of employment in construction was noteworthy, whereas employment in manufacturing dropped due to the decline of employment in the textile industries. By size of firms, employment grew particularly in firms with 51 and more workers.

TABLE 21
URBAN EMPLOYMENT IN COMPANIES WITH 10 OR MORE WORKERS
(Percentage change)

	2006	2007	2008
URBAN PERU	7.3	8.3	8.3
Metropolitan Lima	7.1	8.6	8.6
Other urban areas	8.3	7.2	7.6
Arequipa	7.5	11.2	12.5
Cajamarca	4.1	1.8	2.4
Chiclayo	7.5	4.2	12.0
Chimbote	0.8	- 1.7	- 0.2
Chincha	14.2	6.0	14.4
Cuzco	5.7	9.0	8.2
Huancayo	6.1	5.3	18.5
Huaraz	3.0	1.2	9.0
Ica	10.4	5.6	4.5
Iquitos	3.2	1.9	4.9
Paita	9.4	3.7	19.7
Pisco	6.6	6.7	4.1
Piura	8.3	11.1	11.2
Pucallpa	2.1	9.3	9.8
Puno	3.1	6.2	10.6
Sullana	14.1	13.2	- 13.4
Tacna	2.0	7.2	10.8
Talara	10.7	10.1	- 0.2
Tarapoto	8.7	7.9	10.7
Trujillo	17.0	12.7	3.9

Source: MTPE

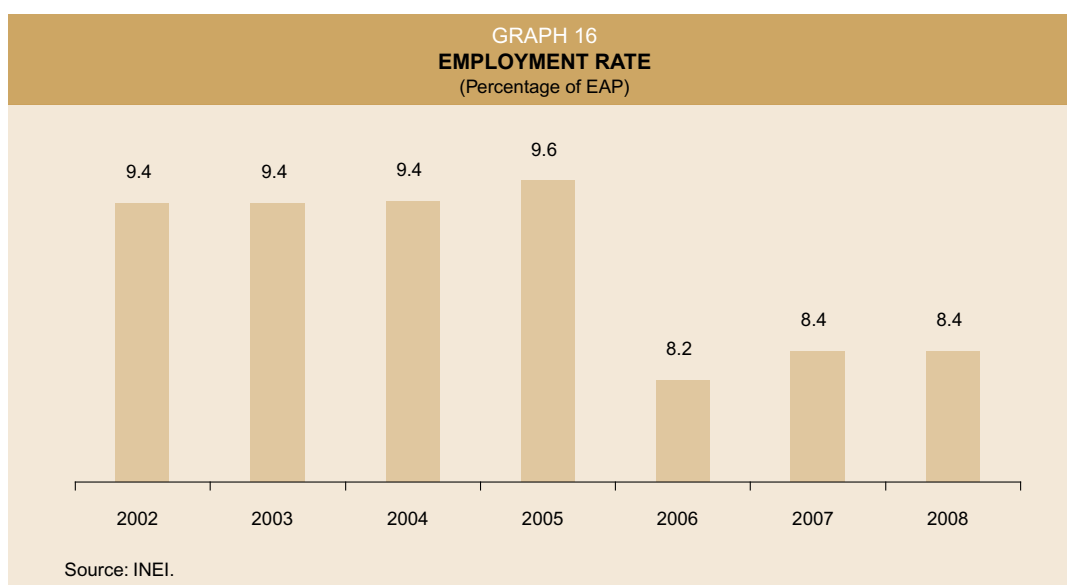


TABLE 22
WORKFORCE BY LEVELS OF EMPLOYMENT
METROPOLITAN LIMA 1/
 (Thousands of individuals)

	2006 2/	2007	2008
I. ECONOMICALLY ACTIVE POPULATION (EAP): 1 + 2	4,228	4,385	4,410
1. EMPLOYED	3,882	4,017	4,041
By economic activity			
Manufacturing	670	688	674
Construction	208	249	262
Commerce	933	882	892
Services	2,018	2,132	2,152
Other	53	65	60
By educational level			
Primary school 3/	441	457	427
Complete highschool 4/	1,922	2,091	2,050
Higher non-university	708	715	745
Higher university	811	754	819
By occupation			
Salaried workers 5/	2,349	2,438	2,507
Non-salaried workers	1,533	1,579	1,534
By size of business 6/			
1 to 10 workers	2,439	2,589	2,490
11 to 50 workers	437	409	421
51 and more workers	986	1 018	1 130
By number of hours worked per week			
Employed workers working 20 or more hours	3,453	3,556	3,604
Salaried workers working 20 or more hours	2,187	2,251	2,316
1.1 UNDEREMPLOYMENT	2,198	2,268	2,127
Visible underemployment (by hours)	570	665	631
Invisible underemployment (by income)	1,628	1,603	1,496
1.2 ADEQUATELY EMPLOYED	1,684	1,749	1,914
2. NON-EMPLOYED	346	368	370
II. INACTIVE POPULATION	2,021	1,978	2,068
III. POPULATION IN WORKING AGE (PWA)	6,249	6,363	6,478
RATES (Percentage)			
Activity rate (EAP / PWA)	67.7	68.9	68.1
Employment/population ratio (Employed EAP/PWA)	62.1	63.1	62.4
Unemployment rate (Non-employed EAP/EAP)	8.2	8.4	8.4
Underemployment rate by hours	13.5	15.2	14.3

1/ Average annual.

2/ Change of sample framework.

3/ Includes individuals with no education or with elementary school.

4/ Incomplete and complete secondary school.

5/ Includes employees, workers and housekeepers.

6/ The fact that all surveyed individuals answered the questions accounts for the difference between the total number of workers by size of business and EAP (approximately 21,000 individuals).

Source: INEI.



BOX 4

PERU'S POVERTY MAP, BY PROVINCES AND DISTRICTS - 2007

The "2007 Peru: Poverty Map, by Provinces and Districts", elaborated by the National Statistics Institute (INEI) and the Inter American Development Bank (IADB) is a tool that allows identifying the living conditions of the country's population even at the district level. This Map also develops two other indicators: Unmet Basic Needs or UBN (which provides information on variables, such as the characteristics of households, school attendance, and economic dependence) and the indicator on monetary poverty (overall and extreme).

Since the national census does not provide information on families' spending (which is required to estimate monetary poverty), a forecast model has been used to estimate per capita expenditure combining the information provided by the 2007 National Household Survey (ENAH) and the 2007 Population and Housing Census. Estimated spending has been compared with the poverty divides calculated by the INEI to determine the level of overall poverty and extreme poverty in 1,834 districts.

The map results also show the great dispersion of the population in small districts, as well as a strong inequality in terms of access to basic services and social infrastructure between departments, provinces, and districts, as illustrated in the Table below:

POPULATION LIVING IN CONDITIONS OF MONETARY AND NON-MONETARY POVERTY*

Poverty ranges	Montary poverty 1/				UBN poverty 2/			
	Population		Districts		Population		Districts	
	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	
< 25 percent	1,812	16.8	190	10.4	1,159	10.5	85	4.6
25 to 49 percent	2,929	27.2	459	25.1	4,102	37.2	464	25.3
50 to 74 percent	3,133	29.1	639	34.9	3,535	32.1	773	42.2
75 percent and more	2,898	26.9	544	29.7	2,218	20.1	511	27.9
TOTAL	10,771	100.0	1,832	100.0	11,015	100.0	1,833	100.0

* Peru has 1,834 districts. Differences in terms of the number of districts are explained by the fact that information is not available for all of them.

1/ Population with lower percapita income than the one required to buy the basket of basic products.

2/ Population with one or more Unmet Basic Needs.

Source: INEI. Sistema de Consulta de Indicadores de Pobreza a Nivel de Distrito, 2007.

Moreover, nearly 11 million Peruvians are estimated to live in conditions of monetary and non-monetary poverty. Poverty rates and UBN rates higher than 50 percent are observed in over 1,000 districts (with a population of 6 million people).

Poverty indicators allow detecting regions where the population's monetary incomes may have improved, but still show low standards of living due to the lack of social infrastructure in said regions. For instance, poverty in monetary terms in Madre de Dios shows a rate of 15.6 percent, but 53.4 percent of individuals show one or more UBNs. In Tumbes, these rates are 18.1 and 47.9 percent, respectively.

As the following table shows, the incidence of overall poverty affects over 90 percent of the 40 thousand people living in the 10 poorest districts of the country, while over 80 percent are affected by extreme poverty. Among the latter, the people that have one UBN range between 60 and 100 percent of the population.

Although the capital of the Department of Lima concentrates the districts with less poverty (with poverty and UBN rates of less than 4 percent), Lima is also one of the departments where more poor people live.

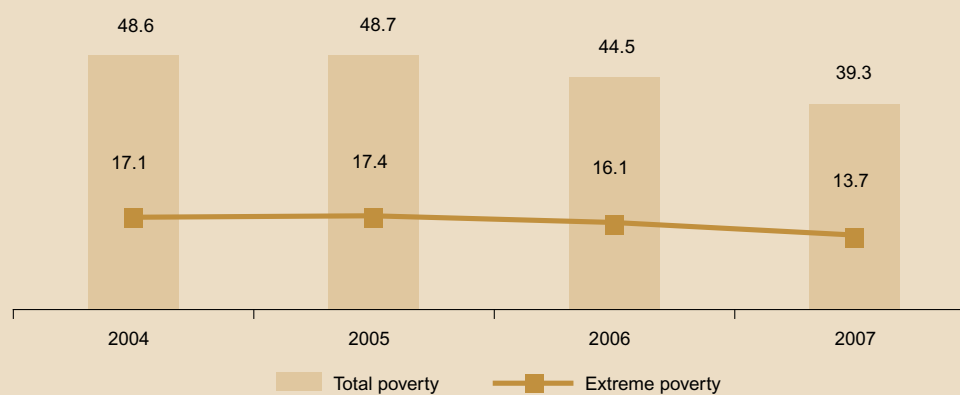
The poverty map also provides information on other relevant social indicators that allow identifying the needs of each jurisdiction, based on which focus tools may be elaborated in order to achieve a more efficient allocation of resources in poverty relief programs.

10 POOREST DISTRICTS IN THE COUNTRY

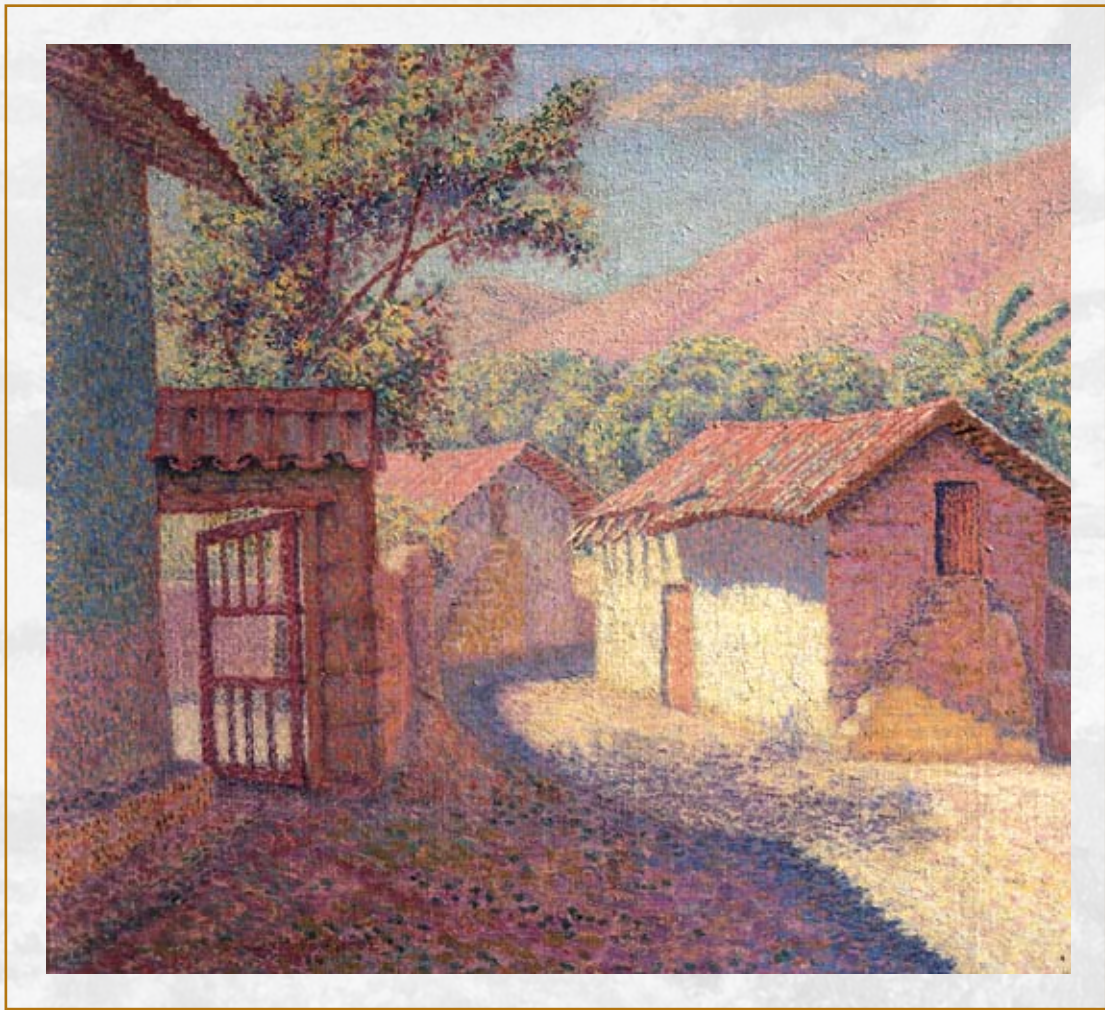
	Poverty ranking	Population census (Thousands)	Monetary poverty		Unmet Basic Needs	
			Total	Extreme	One or more	Two or more
La Libertad		1,617	37.3	12.4	34.0	10.8
Province of Pataz		78	73.2	33.0	72.0	32.0
Ongon	1°	2	99.7	97.2	100.0	65.3
Province of Bolivar		17	77.6	47.0	59.0	28.1
Bambamarca	2°	4	98.7	92.4	80.1	46.3
Condormarca	4°	2	97.5	83.3	59.5	26.6
Huancavelica		455	85.7	68.7	71.4	27.5
Province of Angaraes		56	87.6	69.5	72.1	32.3
Anchonga	7°	7	96.1	86.0	67.4	23.2
S. Antonio Antaparco	3°	3	97.9	91.7	67.5	20.1
Province of Tayacaja		105	89.2	70.3	68.1	26.2
Salcahuasi	6°	4	96.5	87.1	81.9	26.7
Surcubamba	9°	5	95.8	86.1	92.4	29.5
Tintay Puncu	5°	9	97.0	92.3	99.0	72.8
Province of Huancavelica		143	78.1	58.0	70.2	24.1
Yauli	10°	28	94.9	83.6	89.1	38.3
Puno		1,268	67.2	29.9	52.9	18.4
Province of Sandia		62	68.2	31.7	72.8	38.4
Patambuco	8°	4	95.9	73.7	94.6	53.3

Source: INEI.

PERU: EVOLUTION OF TOTAL AND EXTREME POVERTY (Percentages)



Source: INEI, Enaho 2004-2007.



Street in Tomaiquichua
Ricardo E. Flórez
Oil painting

II. External sector

1. International context

The global financial crisis, which unfolded when conditions in the U.S. subprime real estate market deteriorated, deepened significantly during 2008 and especially since September when the investment bank Lehman Brothers declared bankruptcy. The deepening of the crisis, which has become the most serious episode recorded since the Great Depression of 1930, was reflected not only in the tightening of the money and credit markets, but also in a severe economic slowdown that has largely exceeded market expectations and is hitting both developed and developing countries. In this context, the global inflationary pressures –mostly associated with the price rises of food and oil– that had been observed in the first half of the year started subsiding due to the strong reduction of global demand and the subsequent drop of the prices of the main commodities.

Credit conditions tightened and risk aversion increased in financial markets given that corporate unfavorable results and evidences of a recession in most developed economies affected stock markets. Global economic activity slowed down, coupled by a generalized decline of manufacturing activity, adjustments in the real estate market of several economies, and the deterioration of employment, all of which has affected consumer confidence. Emerging economies felt the impact of the tightening of global financial conditions and the reduction of external demand, which was coupled by the deterioration of terms of trade. In this unfavorable international environment, the spreads of emerging bonds increased significantly, stock markets dropped severely, and most currencies depreciated against the U.S. dollar.

2. Financial markets

Fears of insolvency in the main financial entities of industrialized economies grew during the year, significantly deteriorating liquidity and credit conditions and increasing risk aversion. In this context and in the face of a deep credit contraction and recession, the efforts of central banks as from the second half of the year concentrated in providing liquidity to the economy, improving financial entities' solvency and reducing their interest rates, thus reversing the trend of monetary policy which had been mainly oriented to controlling inflationary pressures during the first half of the year.

The government of the United States launched a rescue plan for the financial system (Troubled Asset Relief Program or TARP) whereby the Treasury would issue debt bonds for US\$ 700 billion (approximately 5 percent of its GDP) to buy mortgages and other troubled securities from banks and to additionally inject capital to financial institutions. Similar measures were implemented in several developed economies (i.e. the United Kingdom and Eurozone countries).

Moreover, most banks reduced their interest rates in the second half of 2008. The most immediate response came from developed economies: the United Kingdom, Norway, Sweden, Canada, the Eurozone and the United States implemented significant interest rate cuts, and these rates recorded historical minimum levels in many countries. In emerging economies, increased domestic demand and the presence of inflationary pressures determined in many cases a certain lag in reducing interest rates.

Additionally, the main central banks announced measures to improve the injection of liquidity in dollars in the short run. At year-end, central banks opted for a direct intervention to normalize credit conditions. Among the most important, the Federal Reserve, the European Central Bank, the Bank of England and the Bank of Japan decided to intervene directly in the market of commercial papers, the corporate sector's main short-term financing instrument. Additionally, the Federal Reserve extended its participation in the market of asset-backed securities and the Bank of Japan showed signs that it would probably intervene in the market of corporate bonds.

In order to revert the financial crisis and investors' distrust, the governments of developed economies have decided to implement a series of measures in the frame of different plans of action with the aim of recapitalizing the system (with capital injections), granting guarantees, and definitively withdrawing from the financial system the so-called "toxic" assets.

These developments in the financial markets have also represented losses in the main stock markets, the increase of emerging economies and corporate bonds' spreads, and the reversal of the depreciation of the dollar against most of the currencies of emerging and developed countries. On the other hand, increased risk aversion has generated a higher demand for U.S. Treasury bonds and a drop of its yield.

3. Economic activity

In 2008 the global economy grew approximately 3.2 percent, recording a lower rate than in 2007 (5.2 percent) and the lowest since 2002. Developed economies showed a significant slowdown, posting negative growth rates, particularly in the last quarter of the year, affected by the financial crisis, the deterioration of the real estate market, and the drop of employment, among other factors. Advanced economies have faced this situation by implementing substantial interest rate cuts, measures to restore the functioning of money and credit markets, and fiscal stimulus packages.

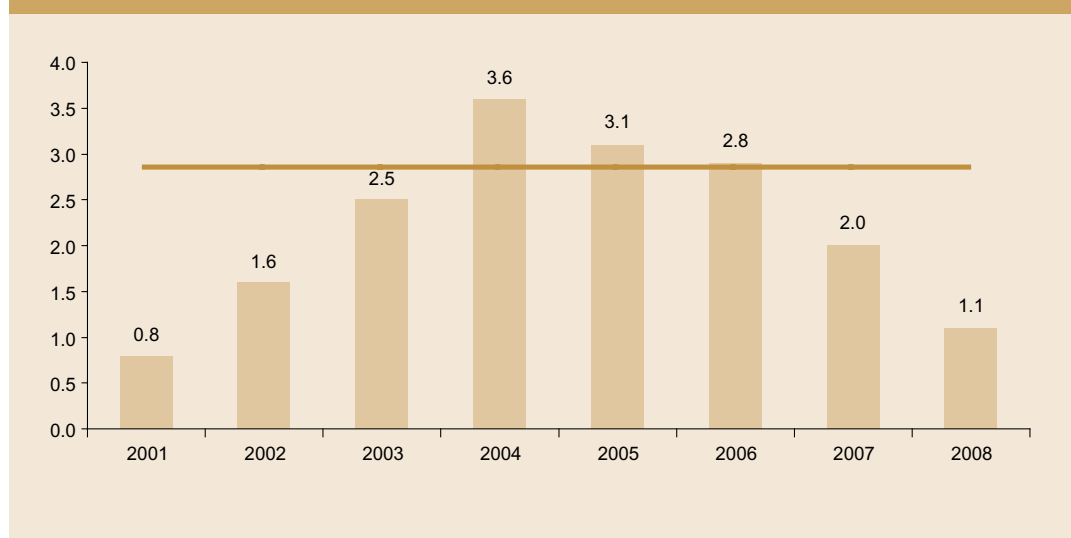
The U.S. economy went into recession. This situation deepened along the year due to the tightening of credit conditions, the continuous adjustment of house prices, the drop of the stock market, and the resulting deterioration of expectations. Thus, the U.S. economy grew 1.1 percent in 2008, after GDP contracted by 0.8 percent in Q4 compared to the same quarter in the previous year. Consumption –which represents about 70 percent of GDP– was affected by the drop of employment, stricter financial conditions, the decline of equity, and families' high levels of indebtedness.

TABLE 23
WORLD GROWTH

	2006	2007	2008
Developed countries			
1. United States of America	2,8	2,0	1,1
2. Eurozone	2,8	2,7	0,9
3. Japan	2,4	2,4	-0,6
4. United Kingdom	2,8	3,0	0,7
5. Canada	3,1	2,7	0,5
6. Other developed countries	4,5	4,7	1,6
Developing countries			
1. Africa	6,1	6,2	5,2
2. Eastern and central Europe	6,7	5,4	2,9
3. Community of Independent Countries	8,2	8,6	5,5
Russia	7,4	8,1	5,6
4. Developing Asia	9,8	10,6	7,7
China	11,6	13,0	9,0
5. Middle East	5,7	6,3	5,9
6. Latin America and The Caribbean	5,5	5,7	4,2
World Economy	5,1	5,2	3,2

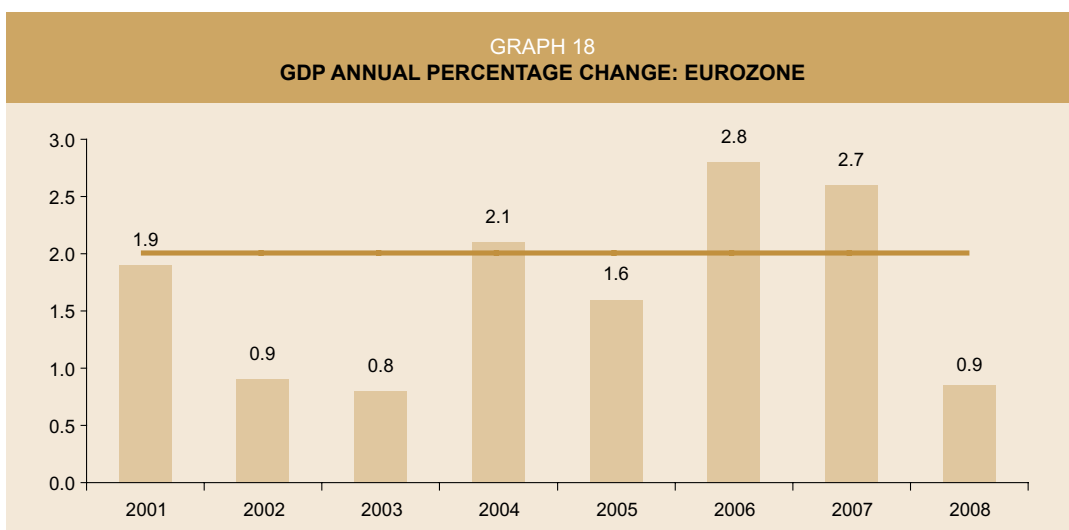
Source: IMF (based on the Purchasing Power Parity).

GRAPH 17
GDP ANNUAL PERCENTAGE CHANGE: USA

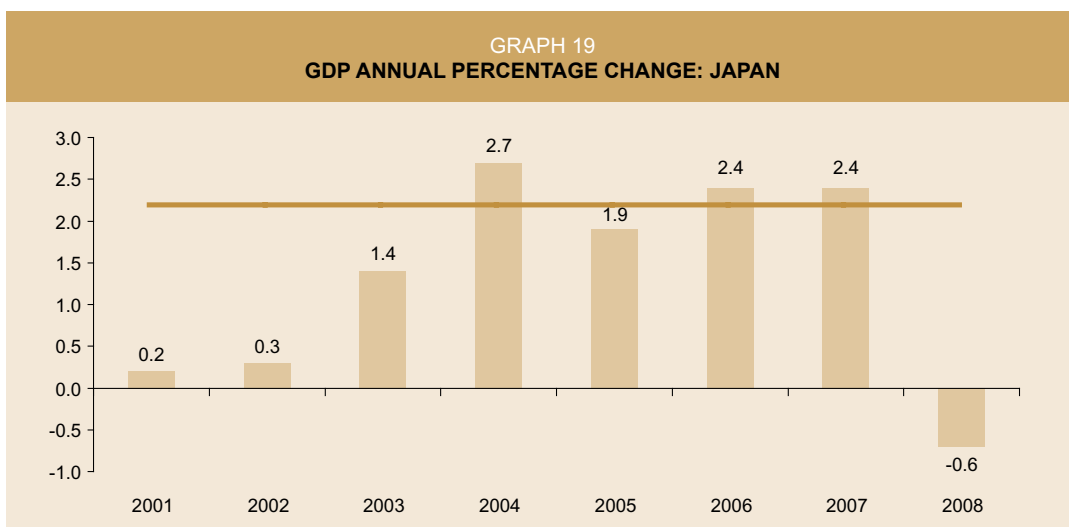


Likewise, European economies contracted in the last months of 2008, as a result of which GDP in the European Union grew only 0.7 percent in this year. Today, European countries face credit constraints, a correction of their real estate markets (United Kingdom, Spain, and Ireland), and a drop of their external demand (particularly in Germany).

Falling for the third consecutive time in the year, GDP in the Eurozone dropped 1.5 percent in Q4, as a result of which GDP in these countries grew only 0.9 percent in 2008. The economies showing the highest contractions compared to the region’s average were Germany (-2.1 percent) and Italy (-1.8 percent). In terms of expenditure, exports and investment showed the highest contraction due to the strong contraction recorded by the industry of durable goods following the increase of credit constraints observed since last September.



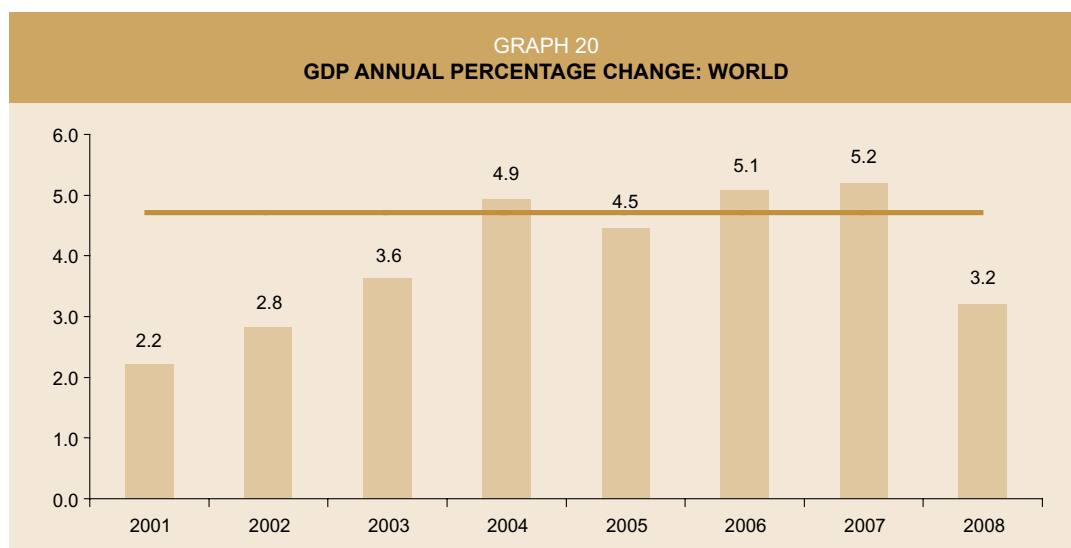
In Japan, GDP contracted 0.6 percent, affected by the drop of global demand and the strong appreciation of the yen. The latter has generated the contraction of its industrial sector and the deterioration of expectations.



The evolution of developed countries affected the growth of emerging economies, particularly in the second half of the year. The tightening of international financial conditions –that is, the increase of spreads and the depreciatory trends observed in local currencies– was the main channel of contagion.



Exports were affected through the trade channel due to the strong correction of commodity prices observed since the second half of the year, as well as due to the decline of external demand.



Economic activity in the four largest economies –referred to as BRICs (Brazil, Russia, India, and China)– slowed down significantly. Growth rates in these countries have gradually declined since the second half of 2007 and this negative trend has intensified during 2008. China’s economy grew 9.1 percent in 2008, the lowest rate since 2001. After showing a growth rate of 10.6 percent in the first quarter of 2008, China grew only 6.8 percent in the fourth quarter, in line with the evolution of its exports, which have been falling since November.

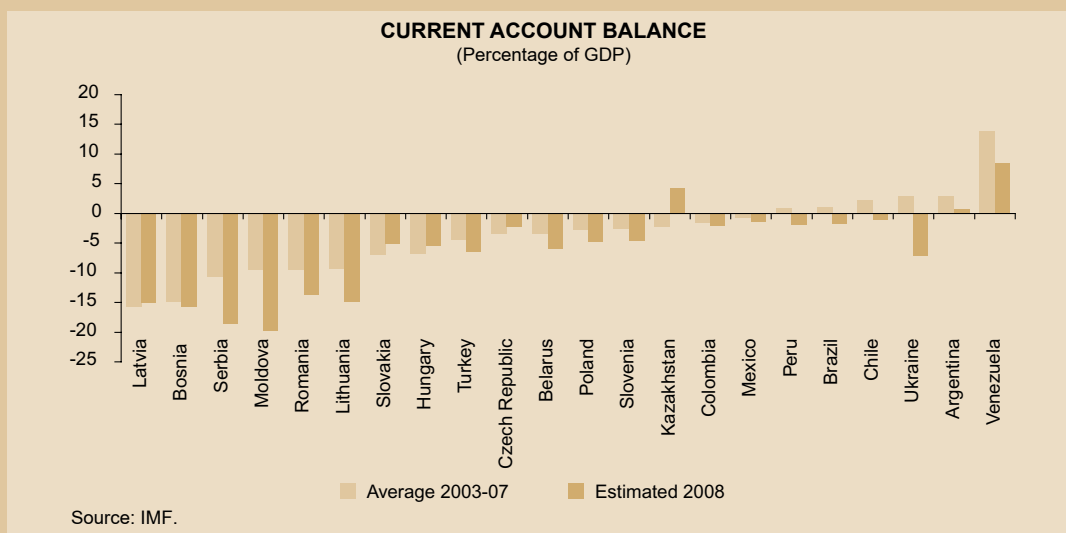
In this context, China’s government implemented a fiscal stimulus package –estimated at US\$ 586 billion and equivalent to 14 percent of its GDP– and simultaneously, the central bank implemented monetary measures to dynamize domestic demand and compensate lower external demand.

A similar trend was observed in Latin America, whose GDP grew 4.1 percent in 2008 –a lower rate than the maximum rate reached in 2007 (5.6 percent). Latin America was affected by the commercial impact of recession in developed countries, which was reflected in both the drop of international prices and international financial constraints.

BOX 5

IMPACT OF THE GLOBAL ECONOMIC CRISIS ON EMERGING ECONOMIES

The international financial crisis affects emerging economies in many ways, including the decline of external demand and the reversal of capital flows. Among other consequences, this implies a significant deterioration of the current account –due to the lower volumes and lower prices of exports– and constraints to external financing, due to lower flows and higher interest rates.



In this new context, the most vulnerable economies are the ones that have shown high current account deficits during the last years, and which depended mostly on short-term capital flows for financing given that these resources are highly sensitive to said changes in the international environment.

This was the case, for example, of many European emerging economies which showed 5 percent deficits in their current account over the past five years (2003-2007) and where over 50 percent of their financing requirements depended on loans and portfolio investments. Moreover, this was also coupled by a strong expansion of domestic credit and by an accelerated growth of consumption.

CURRENT ACCOUNT AND FINANCING: 2003 - 2007		
	Latin America	Emerging Europe
Current Account (% GDP)*	0.9	-5.3
Private capitals (Billion US\$)**	318	539
Foreign Direct Investment	248	243
Portfolio	5	60
Other (liabilities)	67	236

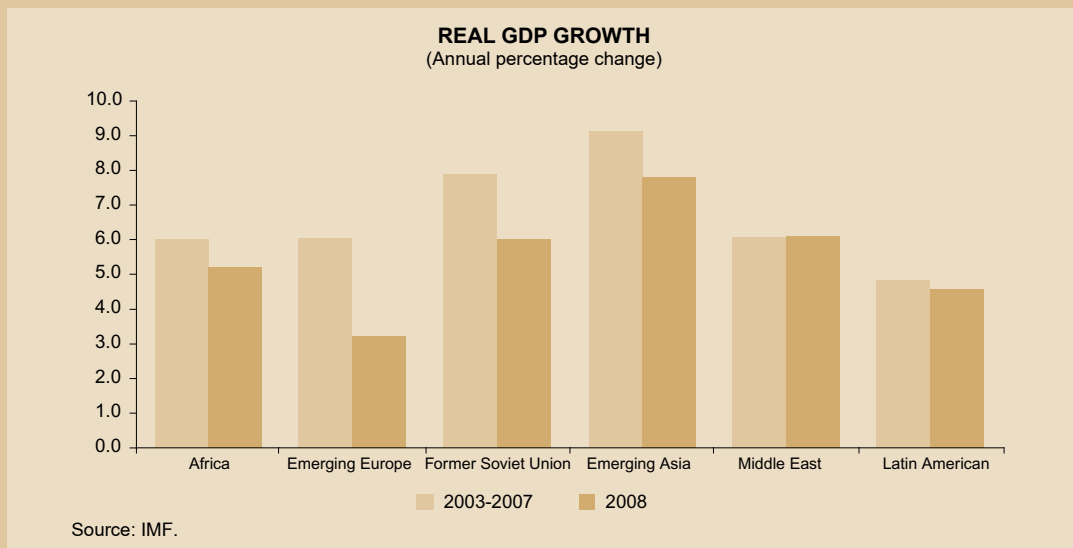
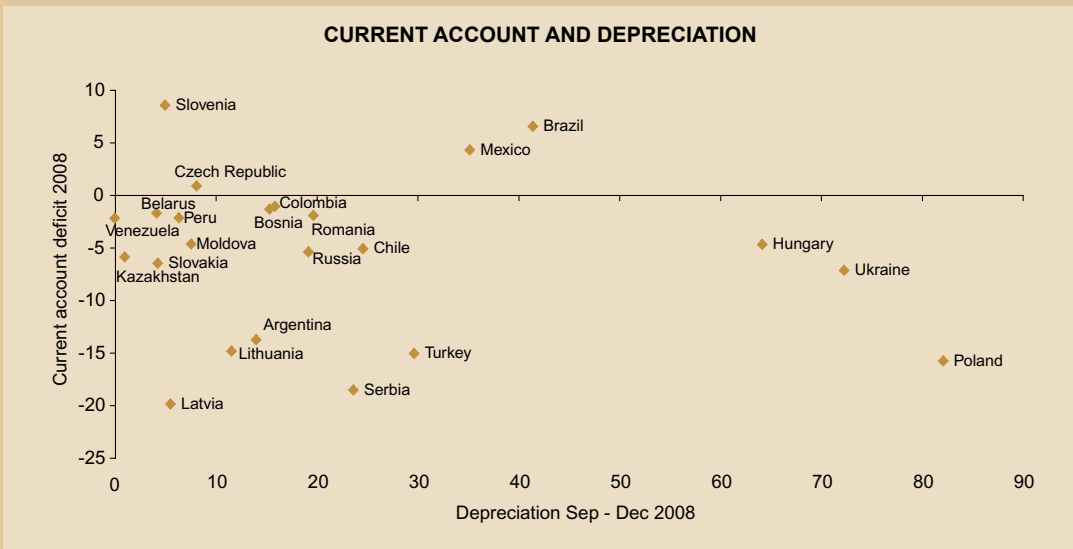
* Average period.
 ** Accumulated flows.
 Source: World Economic Outlook (IMF).

With the drop of exports and the reversal of capital flows, these economies faced severe credit adjustments while their currencies experienced strong depreciatory pressures, the latter of which affected many agents that had generated debts in strong currencies, such as the Swiss franc or the euro. Other emerging economies also showed mismatches in companies that maintained liabilities in foreign currency associated with derivative financial products. In a context of depreciation of exchange, the agents with exposed positions generated pressures on the exchange market and aggravated the pressures on the exchange rates.



Many of the economies with strong macroeconomic maladjustments –i.e. the Baltic countries, Hungary, Serbia, Turkey, Ukraine, and Belarus– have resorted to the assistance of the International Monetary Fund to compensate the constraints of financial markets.

On the other hand, before the deepening of the crisis, many Latin American and Asian emerging economies experienced current account surpluses and capital inflows, a great many of which were direct foreign investment. This allowed them not only to improve their external asset position, but also, in many cases, to accumulate reserves that have reached higher levels than those of their external debt. This situation, which adds to a prudent management in terms of public finance and low inflation rates, has brought about greater space for the implementation of counter-cyclical policies allowing for the expansion of domestic demand and for compensating –at least partially– the decline of demand for exports. It should be pointed out that depreciatory pressures on the local currencies have been, in general terms, quite lower in these countries.



4. Balance of payments

In 2008, Peru's balance of payments current account showed a deficit equivalent to 3.3 percent of GDP. The evolution of this indicator during the year was marked by the reduction of terms of trade, which deteriorated more drastically in Q4-2008 due to the deepening of the international financial crisis. Factors contributing to this included the rises of the prices of oil, food, and other imported inputs, such as plastics, iron and steel, and chemical products, in the first half of the year, as well as the prices of basic metals, which dropped in the last months of the year after having significantly increased in the first half of 2008.

TABLE 24
BALANCE OF PAYMENTS

	Millions of US\$			Percentage of GDP		
	2006	2007	2008	2006	2007	2008
I. CURRENT ACCOUNT BALANCE	2,854	1,220	- 4,180	3.1	1.1	- 3.3
1. Trade balance	8,986	8,287	3,090	9.7	7.7	2.4
a. Exports	23,830	27,882	31,529	25.8	25.9	24.7
b. Imports	- 14,844	- 19,595	- 28,439	- 16.1	- 18.2	- 22.3
2. Services	- 737	- 1,187	- 1,929	- 0.8	- 1.1	- 1.5
a. Exports	2,660	3,159	3,637	2.9	2.9	2.8
b. Imports	- 3,397	- 4,346	- 5,566	- 3.7	- 4.0	- 4.4
3. Factor income	- 7,580	- 8,374	- 8,144	- 8.2	- 7.8	- 6.4
a. Private	- 6,901	- 7,941	- 8,257	- 7.5	- 7.4	- 6.5
b. Public	- 679	- 433	113	- 0.7	- 0.4	0.1
4. Current transfers	2,185	2,494	2,803	2.4	2.3	2.2
of which: Remittances	1,837	2,131	2,437	2.0	2.0	1.9
II. FINANCIAL ACCOUNT	699	9,304	7,372	0.8	8.7	5.8
1. Private sector	1,941	9,148	7,657	2.1	8.5	6.0
a. Assets	- 1,885	- 1,053	207	- 2.0	- 1.0	0.2
b. Liabilities	3,826	10,200	7,450	4.1	9.5	5.8
2. Public sector	- 738	- 2,473	- 1,404	- 0.8	- 2.3	- 1.1
a. Assets	- 125	- 166	65	- 0.1	- 0.2	0.1
b. Liabilities	- 614	- 2,307	- 1,469	- 0.7	- 2.1	- 1.1
3. Short-term capitals	- 503	2,630	1,118	- 0.5	2.4	0.9
a. Assets	- 340	- 250	1,221	- 0.4	- 0.2	1.0
b. Liabilities	- 164	2,880	- 103	- 0.2	2.7	- 0.1
III. EXCEPTIONAL FINANCING	27	67	57	0.0	0.1	0.0
IV. NET ERRORS AND OMISSIONS	- 827	- 936	- 80	- 0.9	- 0.9	- 0.1
V. BCRP NET RESERVE FLOWS (V = I + II + III + IV)	2,753	9,654	3,169	3.0	9.0	2.5
1. Change in the balance of NIRs	3,178	10,414	3,507	3.4	9.7	2.7
2. Effects of valuation and monetization of gold	425	760	338	0.5	0.7	0.3
Note:						
Flow of BCRP Reserve Assets	3,210	10,391	3,512	3.5	9.7	2.7

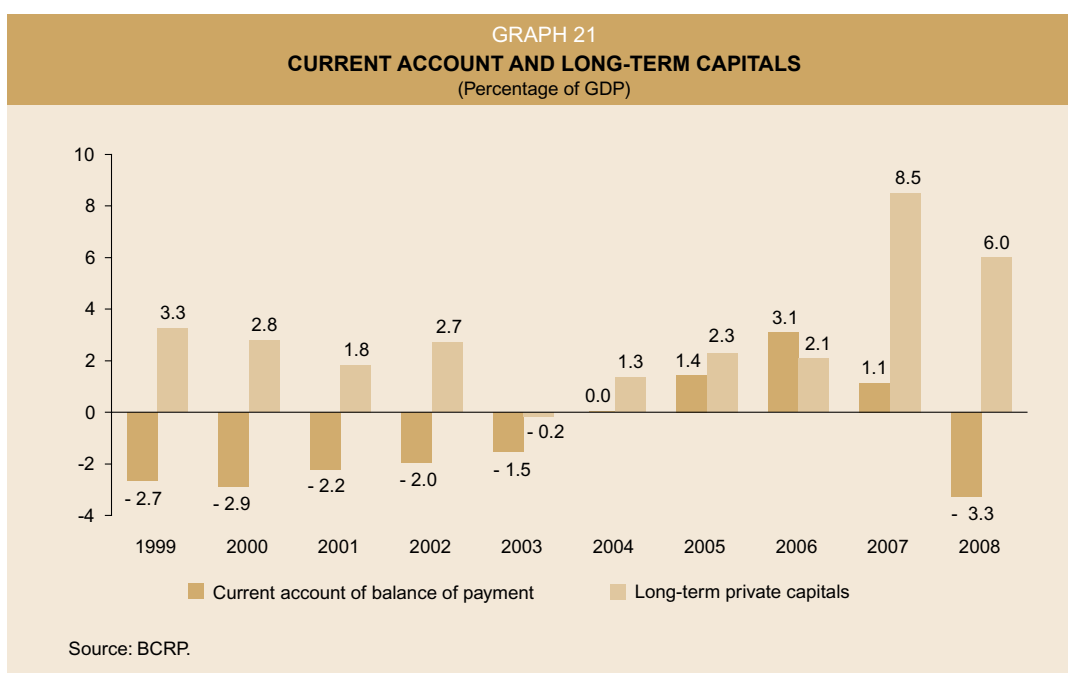
Source: BCRP, MEF, SBS, SUNAT, Ministry of Foreign Affairs, Cofide, ONP, FCR, Tacna Free Trade Zone, Banco de la Nación, Cavali S.A. ICLV, Proinversión, Bank of International Settlements (BIS), and companies.

The pace of growth of domestic demand also contributed to the growth of imports of industrial inputs, which increased by nearly 60 percent. Moreover, the country's economy was also boosted by the onset of the construction of Perú LNG's project that will allow us to export natural gas. The acquisitions for manufacturing and transport accelerated imports of capital goods for industry, which grew at a monthly rate of 100 percent. These monthly rates had not been recorded since 1995.

However, the deficit in the current account was lower than long-term external financing to the private sector, which was equivalent to 6.0 percent of GDP in 2008. On the one hand, the high prices of metals in the first months of the year generated a high return which was, for the most part, reinvested. On the other hand, the bank sector received external financing to cover the demand for credit associated with the growth of the local economy. Additionally, the financing for the Perú LNG project and other credits to the mining and industrial sectors contributed to the flow of external long-term loans.

While international financial conditions deteriorated in Q4-2008, several operations carried out led the flow of direct investment in the country to be negative in US\$ 515 million. These operations were associated with firms' decisions of distributing the profits corresponding to previous periods, as well as with financing operations with their parent companies, which are recorded as negative direct foreign investment due to methodological reasons. Moreover, direct foreign investment abroad was US\$ 598 million.

The flow of short-term capitals followed a similar evolution, increasing in the first half of the year due to the financing received by banks and by non-financial enterprises in the oil sector mainly, as well as due to non-residents acquisition of BCRP Certificates of Deposit. This evolution was different in the last months of the year due to the maturities of these securities and to the reduction of financial and non-financial firms' liabilities.



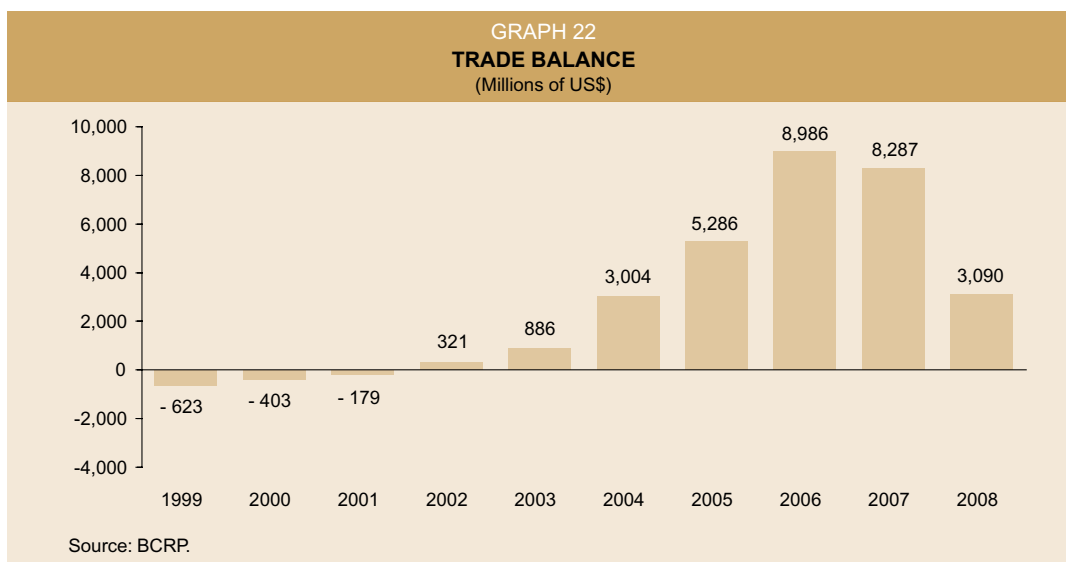
4.1 Current account balance

In 2008 the deficit in the current account amounted to US\$ 4,180 million. The trade balance showed a surplus of US\$ 3,090 million, lower than in 2007. A higher reduction of the surplus was observed along the year due, first, to the growth of imports and, then, due to the deceleration of metal prices. Moreover, the deficit for services was 63 percent higher than in 2007, while the factor income deficit –whose main component is the profits generated by firms with foreign share-holding– also showed a reduction associated with the evolution of the prices of basic metals and amounted to US\$ 8,144 million.

Remittances from Peruvians living abroad increased by 14 percent, although showing declining quarterly growth rates in the year that reflected the deterioration of the world economy.

4.2 Trade balance

The reduction of terms of trade, particularly in Q4-2008, as well as the accelerated growth of domestic demand during most part of the year accounted for the lower trade surplus achieved (US\$ 3,090 million versus US\$ 8,287 million in 2007). However, exported volumes increased 8.1 percent in 2008 due to higher exports of traditional and non-traditional exports. Exported volumes only increased by 2.5 percent in 2007.



United States and China, which account for a third of our external trade, continued to be our main trading partners. The share of the United States in terms of our external trade practically remained unchanged, but China's share increased from 11.4 percent in 2007 to 12.7 percent in 2008. Other markets for our exports –i.e. China, Switzerland, Ecuador and Italy– also increased their participation relative to 2007. On the other hand, imported products from the United States, China, Japan, and Italy increased their share in terms of overall imports.

TABLE 25
TRADE BY MAIN COUNTRIES^{1/}
(Percentage structure)

	Exports 2/			Imports 3/			X + M		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
United States of America	24.3	19.5	19.0	16.3	17.8	18.8	21.3	18.8	18.9
China	9.5	10.9	11.9	10.2	12.0	13.5	9.8	11.4	12.7
Switzerland	7.1	8.4	10.9	0.5	0.5	0.4	4.6	5.1	5.9
Brazil	3.4	3.4	2.9	10.5	9.1	8.1	6.1	5.7	5.3
Chile	6.0	6.1	5.9	5.8	4.4	4.1	5.9	5.4	5.0
Japan	5.2	7.8	5.9	3.6	3.7	4.1	4.5	6.1	5.0
Canada	6.8	6.6	6.2	1.8	1.6	1.4	4.9	4.5	3.9
Ecuador	1.4	1.4	1.6	7.4	7.6	6.1	3.7	3.9	3.8
Colombia	2.1	2.2	2.2	6.3	4.8	4.3	3.7	3.3	3.2
Germany	3.4	3.3	3.3	3.4	3.4	2.9	3.4	3.4	3.1
Italy	3.2	2.9	3.0	1.5	1.8	2.4	2.5	2.5	2.7
Argentina	0.3	0.4	0.4	4.9	5.1	4.9	2.1	2.3	2.6
Mexico	1.6	1.0	1.0	3.5	4.2	4.1	2.4	2.3	2.4
Other countries	25.6	26.0	25.9	24.2	24.2	24.9	25.1	25.3	25.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

X: Exports M: Imports

1/ Imports were grouped by country of origin.

2/ Exports exclude other goods sold and repairs of foreign ships and aircraft.

3/ Imports exclude defense equipment, other goods purchased, and repairs of ships and aircraft abroad.

Source: SUNAT.

In 2008 exports amounted to US\$ 31,529 million, a sum representing an increase of 13.1 percent relative to 2007, as a result of both higher prices (5.1 percentage points) and volumes (8.0 percentage points). The volume of traditional exports increased 6.9 percent, while the volume of non-traditional exports increased 12.5 percent. Traditional exports showing higher volumes included products such as fishmeal, coffee, copper, zinc and gold, while non-traditional exports with higher volumes included agricultural, fishing, textile and chemical products.

GRAPH 23
EXPORTS PRICE AND VOLUME INDEX
(1994=100)

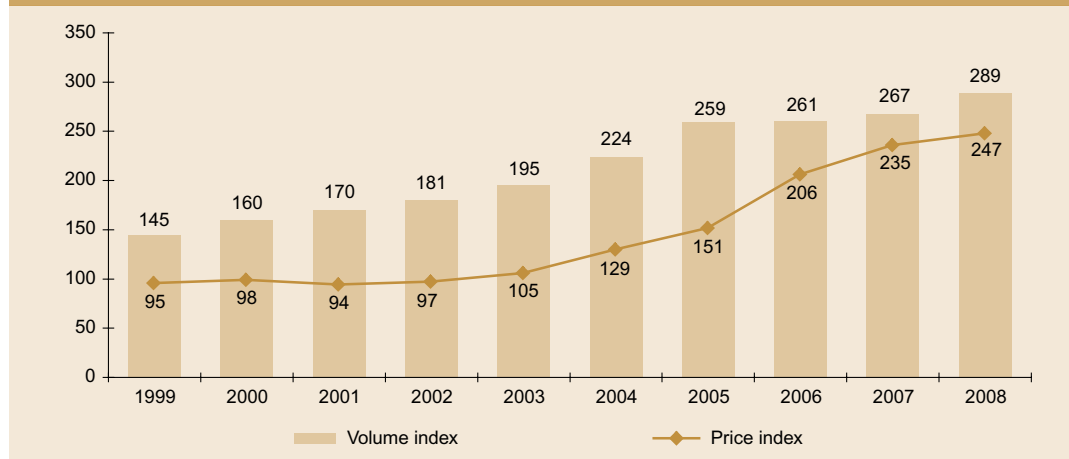


TABLE 26
FOB EXPORTS BY GROUP OF PRODUCTS

	Millions of US\$			Percentage change	
	2006	2007	2008	2007	2008
I. TRADITIONAL PRODUCTS	18,461	21,464	23,796	16.3	10.9
FISHING	1,335	1,460	1,791	9.3	22.7
Fishmeal	1,139	1,210	1,413	6.3	16.7
Fish oil	196	249	379	27.1	52.0
AGRICULTURAL PRODUCTS	574	460	685	- 19.7	48.8
Coffee	515	427	644	- 17.1	50.9
Sugar	43	19	25	- 56.3	31.7
Cotton	7	3	2	- 54.0	- 28.6
Other agricultural products 1/	9	11	14	32.0	20.7
MINERAL PRODUCTS	14,735	17,238	18,657	17.0	8.2
Copper 2/	5,996	7 205	7,663	20.2	6.4
Gold	4,032	4,181	5,588	3.7	33.7
Zinc	1,991	2,539	1,467	27.5	- 42.2
Lead 2/	713	1,033	1,136	45.0	9.9
Molybdenum	834	982	1,079	17.7	10.0
Silver (refined)	480	538	595	12.2	10.6
Tin	409	423	695	3.3	64.3
Iron	256	286	385	11.6	34.8
Other mineral products 3/	24	51	48	109.7	- 5.1
PETROLEUM AND DERIVATIVES	1,818	2,306	2,663	26.9	15.5
II. NON-TRADITIONAL PRODUCTS	5,279	6,303	7,543	19.4	19.7
Textile	1,473	1,736	2,018	17.9	16.2
Agriculture and livestock	1,220	1,507	1,912	23.5	26.9
Basic metal industries and jewelry	829	906	908	9.3	0.2
Chemical	602	805	1,041	33.7	29.3
Fishing	433	499	622	15.2	24.6
Wood and paper, and related manufacturing	333	362	425	8.5	17.6
Metal-mechanic	164	217	324	32.0	49.3
Non-metallic minerals	135	165	176	21.8	6.5
Other 4/	89	107	118	20.3	9.7
III. OTHER 5/	91	114	190	26.4	66.3
IV. TOTAL EXPORTS	23,830	27,882	31,529	17.0	13.1

1/ Include coca leaves and derivatives, molasses, wools and furs.

2/ Include silver contents.

3/ Include bismuth and wolfram, mainly.

4/ Mainly fur, leather and handicrafts.

5/ Fuel and food sold to foreign ships and aircrafts and repairs of capital goods.

Source: BCRP, SUNAT, and companies.



TABLE 27
EXPORTS INDEX 1/
 (Percentage change relative to same period in the previous year)

	Price			Volume		
	2006	2007	2008	2006	2007	2008
Exports	36.1	14.4	5.1	0.6	2.5	8.1
Traditional	47.8	16.0	4.8	- 3.7	0.4	6.9
<i>Of which:</i>						
Fishmeal	52.3	8.0	- 6.5	- 33.0	- 5.9	24.1
Coffee	1.9	9.1	19.3	67.5	- 27.1	29.5
Copper	81.7	8.2	- 1.6	- 4.3	11.3	11.1
Gold	35.7	15.4	25.2	- 2.9	- 10.7	7.7
Zinc	147.4	12.8	- 48.0	- 3.1	17.0	14.0
Petroleum and derivatives	21.0	17.2	32.8	- 1.1	7.9	- 10.7
Non-traditional	9.6	9.6	6.6	12.3	8.9	12.5
<i>Of which:</i>						
Agriculture and livestock	- 1.0	10.1	- 2.3	21.8	11.9	30.3
Fishing	- 3.9	11.8	16.4	39.9	3.5	7.4
Textiles	5.7	11.2	11.2	9.3	5.3	5.3
Chemicals	15.7	10.1	15.7	- 3.6	21.5	12.0
Metal industry 2/	66.3	17.6	- 0.9	1.2	- 7.1	- 0.6

1/ Calculated on the basis of unit values (after dividing total value between total volume).

2/ Includes jewelry.

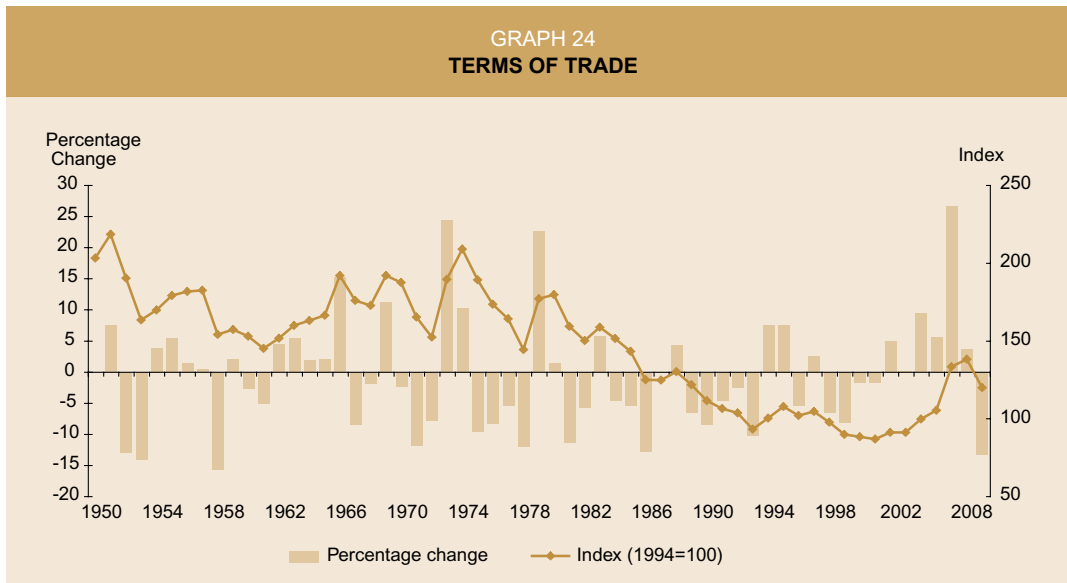
5. Terms of trade

Favored by a period of global economic expansion and particularly by the growth of China –the economy with the highest demand for commodities–, the prices of raw materials recorded maximum levels in the last two years. These higher prices were also favored by the fact that the supply of several products was quite lower than their demand. Geopolitical problems and natural phenomena contributed in some cases to aggravate the supply of some products. Other factors contributing to this included abundant liquidity –which allowed several investment funds to finance this higher demand, thus generating higher volatility in commodity markets–, and specific policies such as those promoting the use of biofuels.

Thus, during the first half of 2008, both the world economy and the Peruvian economy were affected by the higher prices of products, such as oil, food, fertilizers, chemical products, as well as by the higher prices of inputs, such as plastics, iron, and steel. For instance, the price of WTI oil reached an historical high of US\$ 145.29 early in July.

During the first half of the year, the prices of our main export commodities –minerals– counterbalanced the price rises of our main imports (e.g. the price of copper in July reached levels of over US\$ 4 by pound).

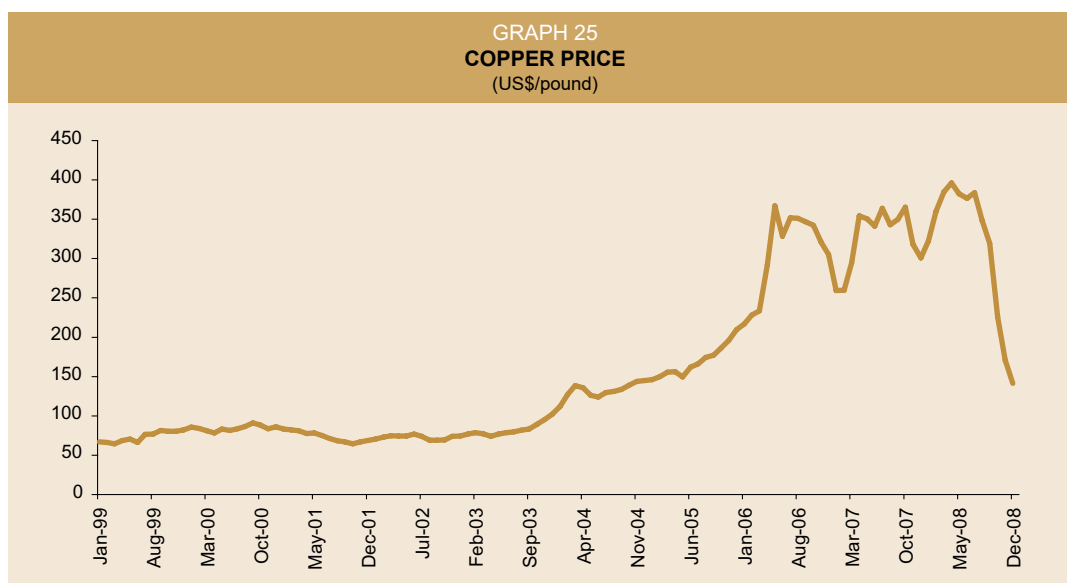


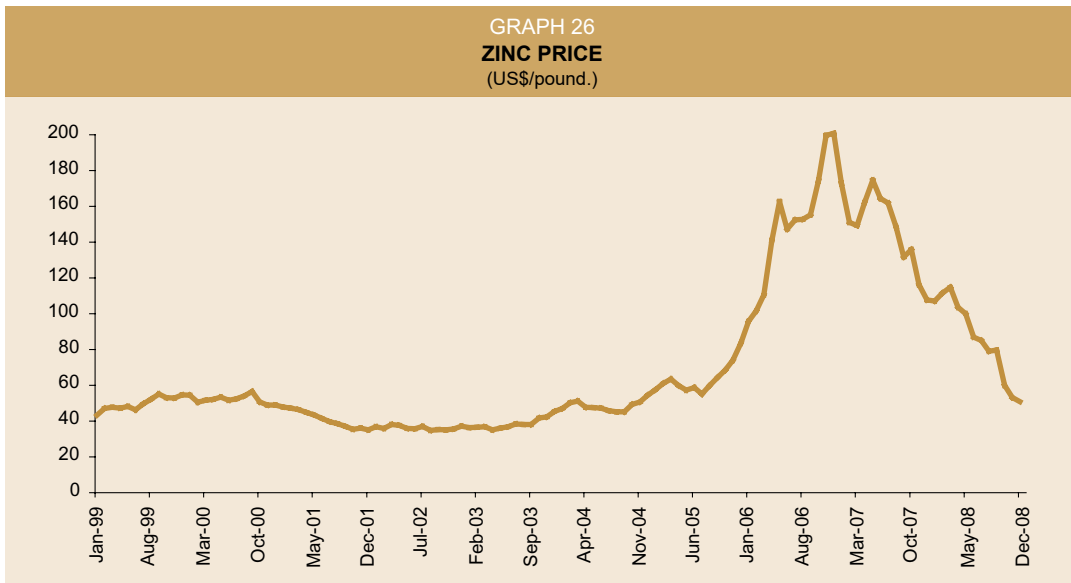


However, commodity prices –particularly the prices of metals and oil– dropped rapidly and significantly in the second half of the year due the slowdown of global growth associated with the deepening of the financial crisis.

The price of **copper** declined rapidly, posting a minimum of US\$ 1.25 by pound on December 25 –a level not recorded since October 2004. The reduction of prices observed since August was associated with lower global demand due to the contraction of the automobile and construction sectors in the United States, Europe, and Japan. This was also reflected in the increase of inventories in metal exchange markets, which reached similar levels to those observed in 2004.

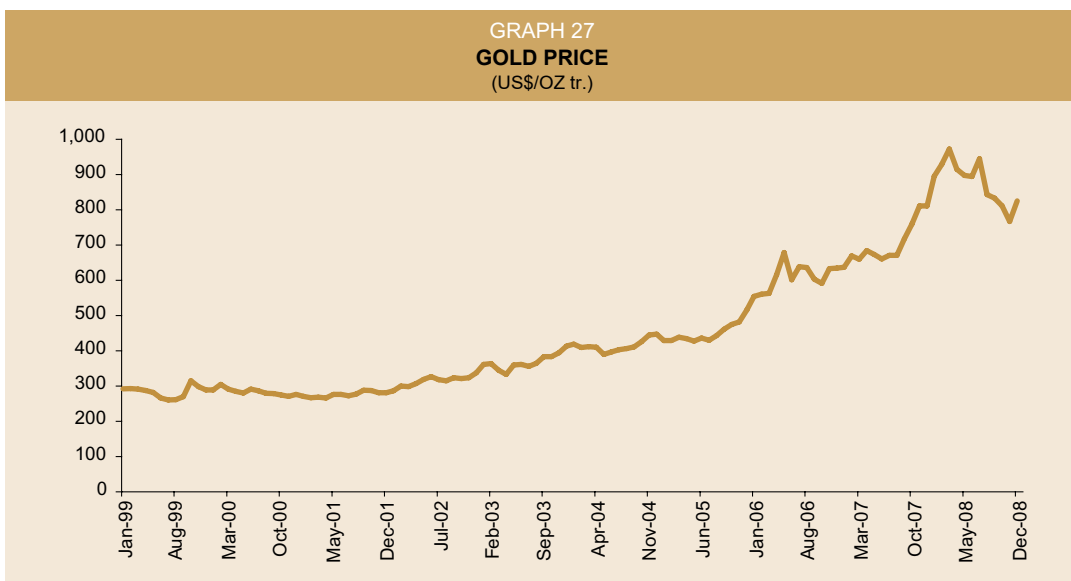
The price of **zinc** fell 53.2 percent in 2008, reflecting a greater balance between the supply and the demand for this basic metal which, in turn, translated into an increase of inventories. The price of





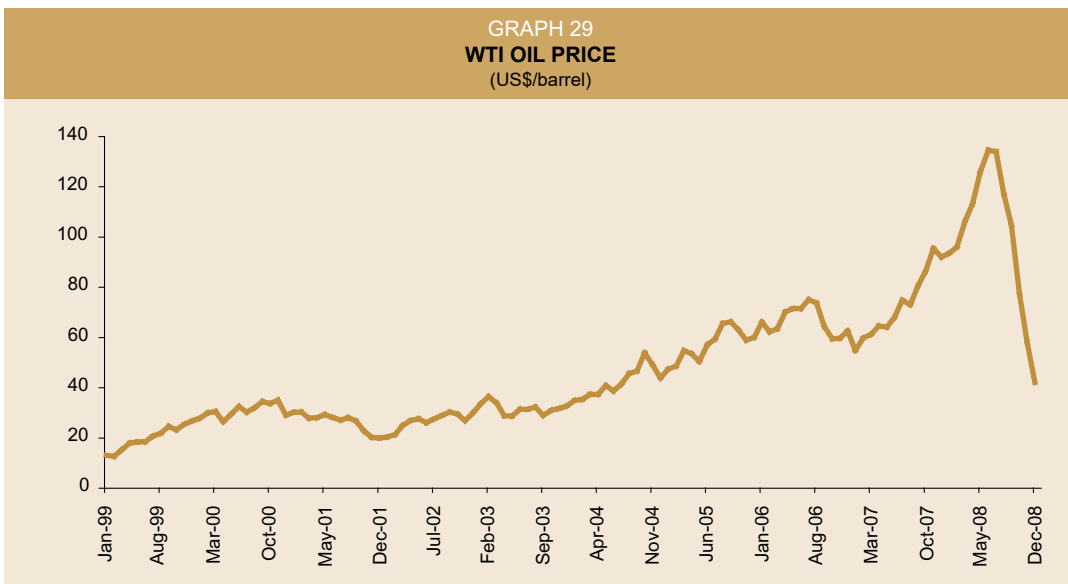
zinc was also affected by fears of global deceleration, particularly in the real estate and automobile sectors.

The price of the ounce of **gold** increased 1.8 percent during 2008, from US\$ 806 in December 2007 to US\$ 821 in December 2008, although on average terms the price increased 25.1 percent. The price of this metal remained high during the first seven months of the year, favored by a lower production of gold in South Africa, affected by severe energy constraints. The price of gold showed volatility thereafter, resuming its upward trend towards the end of the year. This evolution is explained by the higher demand for gold as a hedge asset, as well as by expectations that the dollar would weaken against the euro, which also contributed to increase the appeal of this metal as a hedge asset.





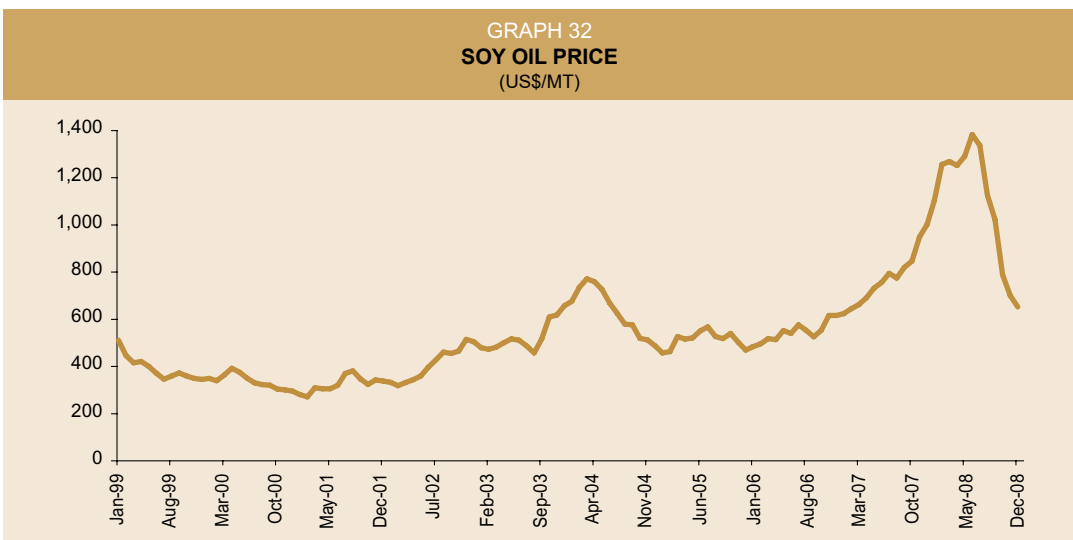
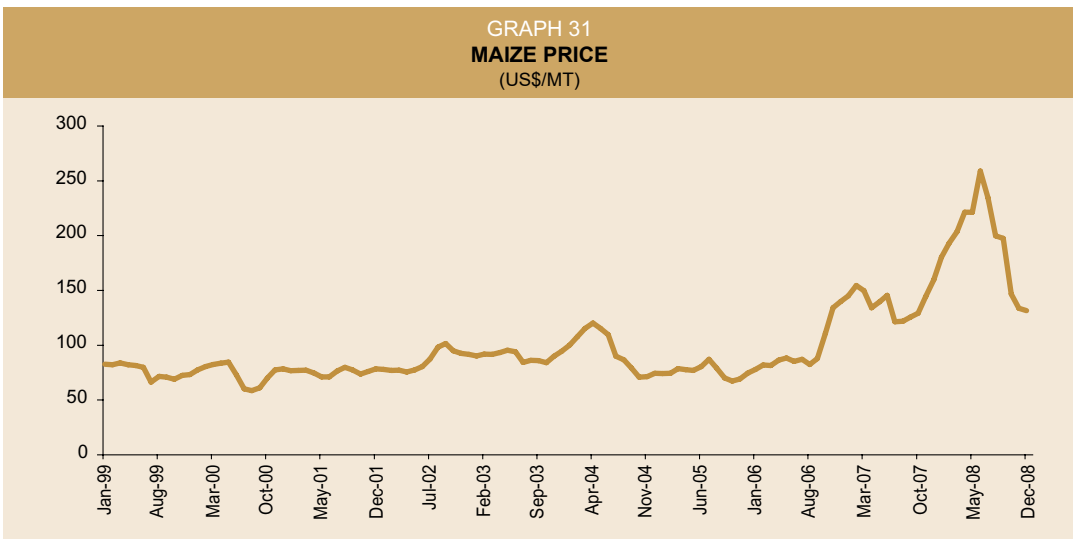
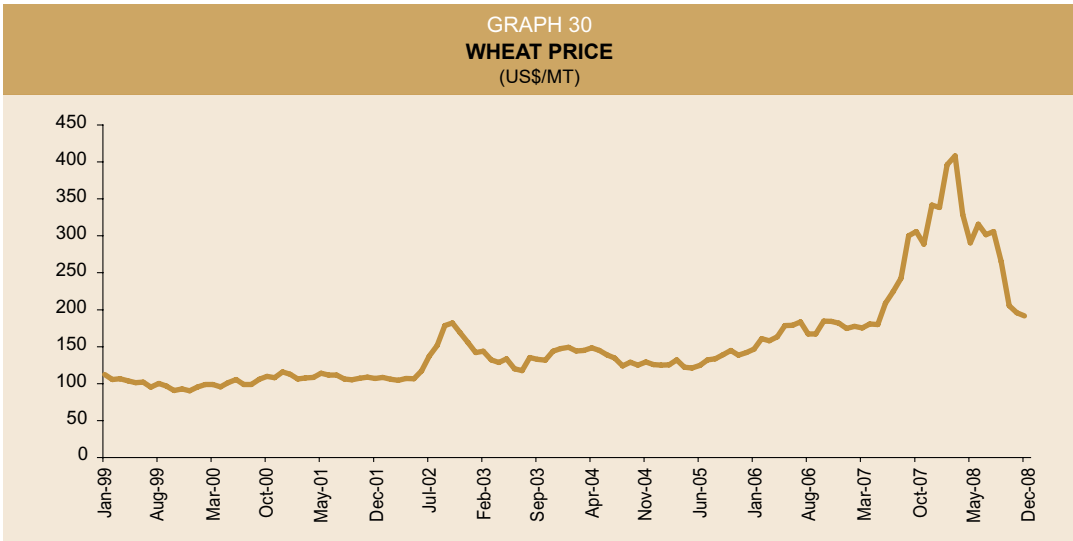
On the other hand, after being affected by a drastic drop of demand and by the OPEC’s late reaction in terms of reducing its quotas, the price of **crude** returned to levels that had not been observed since Q4-2004.



In contrast, and despite the strong reduction seen in the prices of crude and biofuels, food prices did not show such a significant decline. At end-2008, the price of wheat fell to the levels observed in May 2007; the price of maize returned to the levels of November 2007, and the price of soybean flour dropped to October 2007 levels.

Droughts in important producer countries (e.g. Argentina, Brazil, and Australia) and frosts in the United States prevented the prices of food products from dropping further.





Terms of trade fell 24.7 percent in Q4-2008. It should be pointed out that in a global context of inventory adjustments, the prices of many imported inputs, such as iron and steel and chemical products, did not decline at the same pace as commodity prices did.

Given this evolution of international prices in 2008, terms of trade fell 13.3 percent on average in 2008. The prices of exports increased by 5.1 percent on average, while the prices of imports increased by 21.2 percent.

Traditional exports amounted to US\$ 23,796 million, which represented an increase of 10.9 percent compared to 2007. This rate includes the 25 percent reduction of these exports in Q4 which was associated with the downward evolution observed in international prices. In the last quarter, the average price of copper dropped 43 percent, the price of zinc fell 64 percent, the price of molybdenum fell 38 percent, and the price of silver declined 27 percent, while the price of gold increased 0.6 percent. Therefore, the average price of these exports in said period dropped 27 percent. United States, China, and Switzerland continued being our main markets in terms of the destination of traditional exports.

TABLE 28
TRADITIONAL EXPORTS BY MAIN DESTINATION*
Defined regime

	Millions of FOB US\$			Weight %		
	2006	2007	2008	2006	2007	2008
United States of America	4,012	3,547	3,841	21.8	16.6	16.4
China	2,124	2,889	3,528	11.5	13.5	15.0
Switzerland	1,675	2,318	3,395	9.1	10.8	14.5
Canada	1,564	1,786	1,897	8.5	8.3	8.1
Japan	1,155	2,085	1,759	6.3	9.7	7.5
Chile	1,187	1,403	1,421	6.4	6.6	6.1
Germany	738	818	912	4.0	3.8	3.9
Italy	631	670	792	3.4	3.1	3.4
Brazil	656	809	682	3.6	3.8	2.9
Spain	468	601	613	2.5	2.8	2.6
Taiwan	379	360	565	2.1	1.7	2.4
South Korea	501	842	505	2.7	3.9	2.2
Netherlands	599	426	489	3.3	2.0	2.1
Belgium	450	510	360	2.4	2.4	1.5
India	96	200	277	0.5	0.9	1.2
Other countries	2,197	2,128	2,404	11.9	9.9	10.3
TOTAL	18,433	21,392	23,440	100.0	100.0	100.0
MEMO:						
North America	5,840	5,461	5,859	31.7	25.5	25.0
Asia	4,516	6,588	7,037	24.5	30.8	30.0
European Union	3,525	3,495	3,919	19.1	16.3	16.7

* Arranged according to the weight of exports in 2008.

On the other hand, the volumes of traditional products exported increased by 7 percent on average, especially due to higher exports of fishmeal (24 percent), coffee (30 percent), copper (11 percent), gold (8 percent), zinc (14 percent), and molybdenum (14 percent), which also reflects higher production in the respective sectors. In contrast, exports of crude and oil derivatives dropped 10.7 percent, reflecting



increased pressure in terms of domestic demand. United States, Venezuela, and Colombia continued to be the main destination markets for these exports.

In 2008 non-traditional exports grew 20 percent due to higher sales in terms of most products. This growth was different along the year, in line with the evolution of the global economy and particularly of the United States, our main trading partner for this group of products. Non-traditional exports grew at a lower rate in Q4 (2.3 percent) due to the reduction of the prices of the main farming and iron and steel products, as well as to the lower shipments of textile and iron and steel products.

The volumes of non-traditional exports increased 12 percent on average, even though the growth of these exports was much higher in the first three quarters of the year. In Q4, the volume sold declined 0.8 percent due to lower external demand.

TABLE 29
NON-TRADITIONAL EXPORTS BY MAIN DESTINATIONS*

	Millions of US\$ FOB			Weight %		
	2006	2007	2008	2006	2007	2008
United States of America	1,757	1,808	1,904	33.3	28.7	25.2
Venezuela	329	662	969	6.2	10.5	12.8
Colombia	396	517	601	7.5	8.2	8.0
Chile	233	291	417	4.4	4.6	5.5
Spain	299	382	402	5.7	6.1	5.3
Ecuador	229	285	390	4.3	4.5	5.2
Bolivia	180	213	334	3.4	3.4	4.4
Netherlands	149	205	270	2.8	3.3	3.6
Brazil	150	126	213	2.8	2.0	2.8
China	137	146	210	2.6	2.3	2.8
France	158	174	182	3.0	2.8	2.4
Mexico	127	142	178	2.4	2.2	2.4
Italy	126	148	135	2.4	2.3	1.8
United Kingdom	103	120	127	2.0	1.9	1.7
Germany	78	111	117	1.5	1.8	1.5
Other countries	828	974	1,096	15.7	15.5	14.5
TOTAL	5,279	6,303	7,543	100.0	100.0	100.0
MEMO:						
North America	1,927	1,998	2,134	36.5	31.7	28.3
Andean countries ^{1/}	1,366	1,968	2,710	25.9	31.2	35.9
European Union	1,036	1,277	1,369	19.6	20.3	18.1

* Arranged according to the weight of exports in 2008.
1/ Bolivia, Chile, Colombia, Ecuador and Venezuela.

The main agricultural exports included fresh and frozen asparagus, asparagus conserves, paprika, fresh grapes, artichokes and red peppers in conserves, organic bananas, as well as manufactured foodstuffs, such as evaporated milk, sweet biscuits, and shrimp feed. The main market for these products was the United States, with a share of 31 percent, followed by Spain (12 percent), and by the Netherlands (10 percent).

TABLE 30
MAIN DESTINATION OF AGRICULTURE AND LIVESTOCK EXPORTS*

	Millions of US\$ FOB			Weight %		
	2006	2007	2008	2006	2007	2008
United States of America	425.5	486.8	587.7	34.9	32.3	30.7
Spain	162.0	209.2	233.9	13.3	13.9	12.2
Netherlands	97.9	134.6	195.6	8.0	8.9	10.2
Ecuador	54.4	62.7	84.3	4.5	4.2	4.4
France	61.9	77.5	82.4	5.1	5.1	4.3
United Kingdom	60.1	69.1	77.5	4.9	4.6	4.1
Colombia	37.0	42.8	75.7	3.0	2.8	4.0
Venezuela	19.7	30.7	46.8	1.6	2.0	2.4
Haiti	33.9	35.3	45.5	2.8	2.3	2.4
Germany	24.3	40.5	42.8	2.0	2.7	2.2
Mexico	14.3	19.8	37.6	1.2	1.3	2.0
Chile	20.9	27.4	36.2	1.7	1.8	1.9
Bolivia	17.5	18.6	30.4	1.4	1.2	1.6
Brazil	14.7	20.4	30.3	1.2	1.4	1.6
Belgium	15.9	19.7	26.5	1.3	1.3	1.4
Other countries	160.1	211.4	278.6	13.1	14.0	14.6
TOTAL	1,220.1	1,506.6	1,912.0	100.0	100.0	100.0
MEMO:						
North America	456.0	527.7	649.5	37.4	35.0	34.0
Andean countries 1/	149.5	182.1	273.5	12.3	12.1	14.3
European Union	451.5	587.4	704.9	37.0	39.0	36.9

* Arranged according to the weight of exports in 2008.
1/ Bolivia, Chile, Colombia, Ecuador and Venezuela.

TABLE 31
MAIN AGRICULTURE AND LIVESTOCK EXPORTS*
(Millions of US\$)1/

	2006	2007	2008
Fresh or refrigerated asparagus	187.4	235.8	230.9
volume (Thousands MT)	92.8	96.3	109.6
price (US\$ / Kg)	2.0	2.4	2.1
Prepared asparagus	104.5	156.0	183.7
volume (Thousands MT)	46.9	58.7	65.6
price (US\$ / Kg)	2.2	2.7	2.8
Paprika	73.5	96.3	136.2
volume (Thousands MT)	49.9	43.7	59.0
price (US\$ / Kg)	1.5	2.2	2.3
Evaporated milk	51.5	65.1	88.7
volume (Millions liters)	47.3	48.2	61.0
price (US\$ / liter)	1.1	1.4	1.5
Fresh grapes	51.0	55.0	85.7
volume (Thousands MT)	27.9	26.1	43.6
price (US\$ / Kg)	1.8	2.1	2.0
TOTAL	1,220.1	1,506.6	1,912.0

* Main products by 10-digit tariff headings.
1/ Average prices (obtained by dividing the total value of each category by total volume).



The main fishing exports were frozen giant squid products and conserves, frozen scallops, fish conserves, and frozen prawns, with the main destination markets including Spain (17 percent), China (15 percent), and the United States (14 percent).

TABLE 32
EXPORTS OF MAIN FISHING PRODUCTS*
(Millions of US\$) 1/

	2006	2007	2008
Frozen giant squid	83.8	100.0	121.8
volume (Thousands MT)	137.0	142.3	167.0
Price (US\$ / Kg)	0.6	0.7	0.7
Other canned invertebrates (i.e, giant squid)	56.2	55.2	100.3
volume (Thousands MT)	68.4	64.5	87.0
price (US\$ / Kg)	0.8	0.9	1.2
Frozen scallops	37.3	34.8	43.1
volume (Thousands MT)	2.8	4.3	4.8
price (US\$ / Kg)	13.4	8.1	9.0
Prawn tails with shell (frozen)	34.0	40.6	42.6
volume (Thousands MT)	5.8	7.3	7.0
price (US\$ / Kg)	5.9	5.6	6.1
Other fish fillets (i.e, skinned perico)	27.8	37.6	36.3
volume (Thousands MT)	10.3	11.4	9.1
price (US\$ / Kg)	2.7	3.3	4.0
TOTAL	432.9	498.8	621.5

* Main products by 10-digit tariff headings.

1/ Average prices (obtained by dividing the total value of each category by total volume).

As regards textile exports, the positive evolution of the following should be pointed out: knitted shirts for men and boys; blouses for women and girls; pullovers, sweaters, and vests; and pants, shorts, and similar items for men and boys. In 2008 the main market for these products was the United States, which accounted for 40 percent of these sales, while the second market was Venezuela, which accounted for 32 percent of these sales. Other markets for these products include Colombia, Chile, Italy, and Ecuador, which show similar rates.

Exports of chemical products also increased in 2008, mainly due to higher shipments of sulfuric acid, zinc oxide, dicalcium phosphate, caustic soda, washing preparations, and printed polyethylene sheets. The main markets for these products were Chile and Colombia (both with similar shares: 15 percent), followed by Ecuador and Bolivia, each with a share of 12 percent of these exports.

TABLE 33
MAIN DESTINATION- TEXTILE EXPORTS*

	Millions of US\$ FOB			Weight %		
	2006	2007	2008	2006	2007	2008
United States of America	866.7	836.1	807.9	58.9	48.2	40.0
Venezuela	179.6	407.4	648.6	12.2	23.5	32.1
Colombia	41.4	52.1	68.3	2.8	3.0	3.4
Chile	46.9	50.6	50.1	3.2	2.9	2.5
Italy	36.2	49.8	50.0	2.5	2.9	2.5
Ecuador	35.5	35.4	45.4	2.4	2.0	2.2
Brazil	12.3	18.4	33.6	0.8	1.1	1.7
France	23.3	27.4	28.9	1.6	1.6	1.4
Germany	18.8	21.1	27.5	1.3	1.2	1.4
Mexico	20.7	19.3	24.2	1.4	1.1	1.2
United Kingdom	19.2	23.7	23.9	1.3	1.4	1.2
Spain	25.3	23.8	23.1	1.7	1.4	1.1
Bolivia	19.1	21.8	21.1	1.3	1.3	1.0
Argentina	3.2	7.9	19.2	0.2	0.5	1.0
Canada	16.7	15.3	14.3	1.1	0.9	0.7
Other countries	107.6	126.2	132.1	7.3	7.3	6.5
TOTAL	1,472.6	1,736.2	2,018.1	100.0	100.0	100.0
MEMO:						
North America	904.1	870.7	846.4	61.4	50.2	41.9
Andean Countries ^{1/}	322.5	567.3	833.4	21.9	32.7	41.3
European Union	142.0	169.9	184.3	9.6	9.8	9.1

* Arranged according to the weight of exports in 2008.
1/ Bolivia, Chile, Colombia, Ecuador and Venezuela.

TABLE 34
MAIN EXPORTS OF CHEMICAL PRODUCTS*
(Millions of US\$) 1/

	2006	2007	2008
Flexible laminated wraps (bio-oriented)	50.7	92.7	103.5
volume (Thousands MT)	17.4	35.7	33.5
price (US\$ / Kg)	2.9	2.6	3.1
Sulfuric Acid	2.8	22.3	67.5
volume (Thousands MT)	80.8	509.6	792.7
price (US\$ / Kg)	3.44	4.38	8.5
Zinc Oxide	59.6	79.3	60.3
volume (Thousands MT)	21.9	25.0	28.3
price (¢US\$ / Kg)	2.7	3.2	2.1
Dicalcium fosfate	14.3	19.8	60.0
volume (Thousands MT)	49.3	61.6	71.8
price (US\$ / Kg)	0.3	0.3	0.8
PET Preforms and related	49.4	57.9	53.7
volume (Millions units)	682.3	804.7	725.2
price (US\$ / unit)	0.1	0.1	0.1
TOTAL	601.7	804.6	1,040.7

* Main products by 10-digit tariff headings.
1/ Average prices (obtained by dividing the total value of each category by total volume).



Imports, which amounted to US\$ 28 439 million in 2008, increased by 45.1 percent relative to the previous year due to the higher purchases of capital goods (57.6 percent) and inputs (39.5 percent).

Imports of consumer goods grew 41.8 percent. The prices of imports increased 22.3 percent, while volumes increased 18.5 percent. Higher volumes of imports were observed, especially in terms of capital goods and consumer goods. This high growth of imports was fueled by the growth of GDP, which recorded its highest rate in the last 14 years.

TABLE 35
FOB IMPORTS, BY USE OR ECONOMIC DESTINATION

	Millions of US\$			Percentage change	
	2006	2007	2008	2007	2008
I. CONSUMER GOODS	2,616	3,192	4,527	22.0	41.8
Non-durable	1,463	1,754	2,335	20.0	33.1
Durable	1,154	1,437	2,192	24.6	52.5
II. INPUTS	7,981	10,435	14,553	30.7	39.5
Fuel, lubricants and related	2,808	3,636	5,215	29.5	43.4
Raw materials for agriculture	436	589	881	35.0	49.7
Raw materials for industry	4,738	6,210	8,457	31.1	36.2
III. CAPITAL GOODS	4,123	5,861	9,239	42.1	57.6
Construction materials	470	590	1,305	25.4	121.1
For agriculture	31	51	91	63.0	79.1
For industry	2,784	3,964	5,770	42.4	45.6
Transport equipment	838	1,257	2,073	50.0	65.0
IV. OTHER GOODS 1/	123	107	120	- 13.1	12.0
V. TOTAL IMPORTS	14,844	19,595	28,439	32.0	45.1
Note:					
Main food products 2/	880	1 203	1,703	36.7	41.6
Wheat	224	345	489	53.9	41.6
Maize or sorgo	172	259	310	50.1	19.8
Rice	14	31	88	118.6	186.6
Sugar 3/	100	84	72	- 16.2	- 14.0
Dairy	46	61	77	31.7	27.5
Soybean	299	396	625	32.5	57.7
Meat	24	27	42	15.9	52.3

1/ Includes donations of goods, purchases of fuel and food by Peruvian ships, and repairs of capital goods in other countries, as well as other goods not considered by the classifier used.

2/ Excludes food donations.

3/ Includes unrefined sugar, classified as inputs.

Source: BCRP, SUNAT, Zofratatcna, Banco de la Nación, and companies.

TABLE 36
IMPORT INDEX 1/
(Percentage change)

	Price			Volume		
	2006	2007	2008	2006	2007	2008
Imports	7.5	10.4	21.2	14.4	19.3	19.6
1. Consumer goods 2/	5.4	8.9	10.2	7.8	12.4	29.4
2. Inputs 2/ 3/	3.4	8.2	21.0	14.9	22.5	15.9
<i>Of which:</i>						
Plastics	4.2	7.6	15.1	12.0	26.8	12.4
Iron and steel	8.3	9.8	39.7	24.6	36.6	7.8
Textiles	-7.4	2.8	2.7	19.2	32.2	23.9
Papers	3.1	5.8	8.3	9.3	8.4	22.4
Chemical products	-1.9	5.2	7.4	21.2	18.6	27.5
Organic chemicals	3.6	7.9	17.1	11.4	17.9	23.2
3. Main food products	13.6	30.4	47.6	3.8	4.6	-4.1
4. Petroleum and derivatives	17.4	15.3	38.9	4.2	12.6	0.9
5. Capital goods	3.1	6.5	9.5	30.4	33.4	44.1

1/ Calculated on the basis of unit values (after dividing total value by total volume).

2/ Excluding food.

3/ Excluding crude and derivatives.

TABLE 37
IMPORT OF INPUTS 1/
(Percentage change)

	Price			Volume		
	2006	2007	2008	2006	2007	2008
Inputs 2/ 3/	3.4	8.2	21.0	14.9	22.5	15.9
<i>Of which:</i>						
Plastics	4.2	7.6	15.1	12.0	26.8	12.4
Polypropylene	11.9	5.0	25.8	12.3	49.6	12.7
Polyethylene with density < 0,94	4.9	8.3	21.3	9.2	22.0	15.8
Iron and steel	8.3	9.8	39.7	24.6	36.6	7.8
Rods of alloy steel	13.4	13.6	75.6	80.2	148.2	27.9
Flat laminates	1.5	-2.0	20.2	24.1	11.5	0.4
Textiles	-7.4	2.8	2.7	19.2	32.2	23.9
Textured polyester yarn	-0.1	8.7	4.9	21.8	-9.4	57.0
Denim	10.2	21.1	5.6	-20.9	25.2	26.9
Papers	3.1	5.8	8.3	9.3	8.4	22.4
Cardboard and paper for writing, printing or other purpose	7.4	-2.0	6.3	21.4	5.9	46.4
Newsprint in rolls or sheets	12.6	-2.6	4.5	-1.6	19.0	5.6
Chemical products	-1.9	5.2	7.4	21.2	18.6	27.5
Dodecylbenzene	6.9	2.8	57.5	27.2	37.0	-16.1
Detergents and dispersants	25.0	12.4	8.2	1.1	15.2	20.3
Organical chemicals	3.6	7.9	17.1	11.4	17.9	23.2
Acrylonitrile	16.4	35.8	8.4	-62.8	146.8	175.3
Toluene diisocyanate	53.4	25.5	25.6	24.7	19.6	-2.2

1/ Calculated on the basis of unit values (after dividing total value by total volume).

2/ Excluding food.

3/ Excluding crude and derivatives.



Higher imports of durable consumer goods were associated with imports of cars, television sets, electrical appliances, and motorcycles, with Japan, China, United States, and Mexico being the main suppliers of these products. On the other hand, higher imports of non-durable consumer goods resulted from the higher purchases of imported medicines, cosmetics and perfumes, footwear, and food and prepared foodstuffs. These products came mainly from Colombia, Germany, China, and Brazil.

Moreover, in terms of imports of inputs for industry, imports of primary forms of plastics, iron and steel products, cereals, threads and yarns, paper and cardboard, organic chemicals, machinery parts and pieces, and oils and fats, were noteworthy. These imports increased both in terms of prices (21.0 percent on average) and volumes (15.9 percent), in line with the growth of production. China, Colombia, United States, Chile, and Mexico were the main countries supplying these products.

Imports worth highlighting in the group of capital goods for industry included civil engineering machinery and equipment, telecommunications equipments, data processing machines, pumps, compressors, fans and filter devices, heating and air-conditioning systems, etc. The main markets from which these products were imported were the United States, China, Brazil, Mexico, and Germany.

6. Services

The deficit for services, which amounted to US\$ 1,929 million in 2008, was higher by US\$ 742 million than in 2007. Incomes amounted to US\$ 3,637 million and showed an increase of 15.1 percent. Higher incomes were observed in terms of travel, transportation, and other business services provided abroad. On the other hand, outlays for services amounted to US\$ 5,566 million and increased 28.1 percent. Higher outlays were recorded in terms of transportation, other business services, travel, and insurances.

The deficit in terms of **transportation**-related services totaled US\$ 1,701 million. Incomes increased 26.8 percent due to the higher prices of domestic carriers' airplane tickets abroad, while outlays grew 37.1 percent due to the higher cost of freight shipments associated with the higher prices of crude and increased imports during the year.

Travels showed a surplus of US\$ 924 million, a sum 23.3 percent higher than in 2007. Incomes increased 15.6 percent due to the higher number of tourists that visited the country and to the higher average spending per head, whereas outlays associated with travel increased 9.6 percent due to the increased average spending of Peruvians visiting other countries.

Insurances and re-insurances recorded a negative balance of US\$ 146 million, given that incomes dropped 23.5 percent as a result of the lower incomes for occurrences. On the other hand, outlays increased 20.7 percent due to the higher premiums paid abroad for the expansion of assets insured in the country.

The item **other services** showed a deficit of US\$ 997 million. Incomes in this item increased 17.0 percent, particularly due to business services, which grew 21.9 percent. Outlays increased 31.8 percent as a result of the higher payments to other countries for the business, professional and technical services hired by foreign firms with direct foreign investment, especially oil, mining and transportation companies.



TABLE 38
SERVICES

	Millions of US\$			Percentage change	
	2006	2007	2008	2007	2008
I. TRANSPORT	- 874	- 1,192	- 1,701	- 36.4	- 42.7
1. Credit	545	646	819	18.6	26.8
2. Debit	- 1,419	- 1,838	- 2,521	- 29.6	- 37.1
II. TRAVEL	772	749	924	- 2.9	23.3
1. Credit	1,570	1,723	1,991	9.7	15.6
2. Debit	- 798	- 973	- 1,067	- 21.9	- 9.6
III. COMMUNICATIONS	- 27	- 21	- 8	22.2	60.7
1. Credit	82	88	125	7.8	41.8
2. Debit	- 109	- 109	- 134	- 0.4	- 22.3
IV. INSURANCE AND REINSURANCE	- 163	- 13	- 146	92.2	- 1 053.6
1. Credit	103	297	227	189.5	- 23.5
2. Debit	- 265	- 309	- 374	- 16.8	- 20.7
V. OTHER 1/	- 446	- 711	- 997	- 59.5	- 40.3
1. Credit	361	405	474	12.4	17.0
2. Debit	- 806	- 1,116	- 1,471	- 38.4	- 31.8
VI. TOTAL SERVICES	- 737	- 1,187	- 1,929	- 61.1	- 62.5
1. Credit	2,660	3,159	3,637	18.8	15.1
2. Debit	- 3,397	- 4,346	- 5,566	- 27.9	- 28.1

1/ Includes government, financial, information technology services, royalties, leasing of equipment and business services.
Source: BCRP, SUNAT, Ministry of Trade Affairs and companies

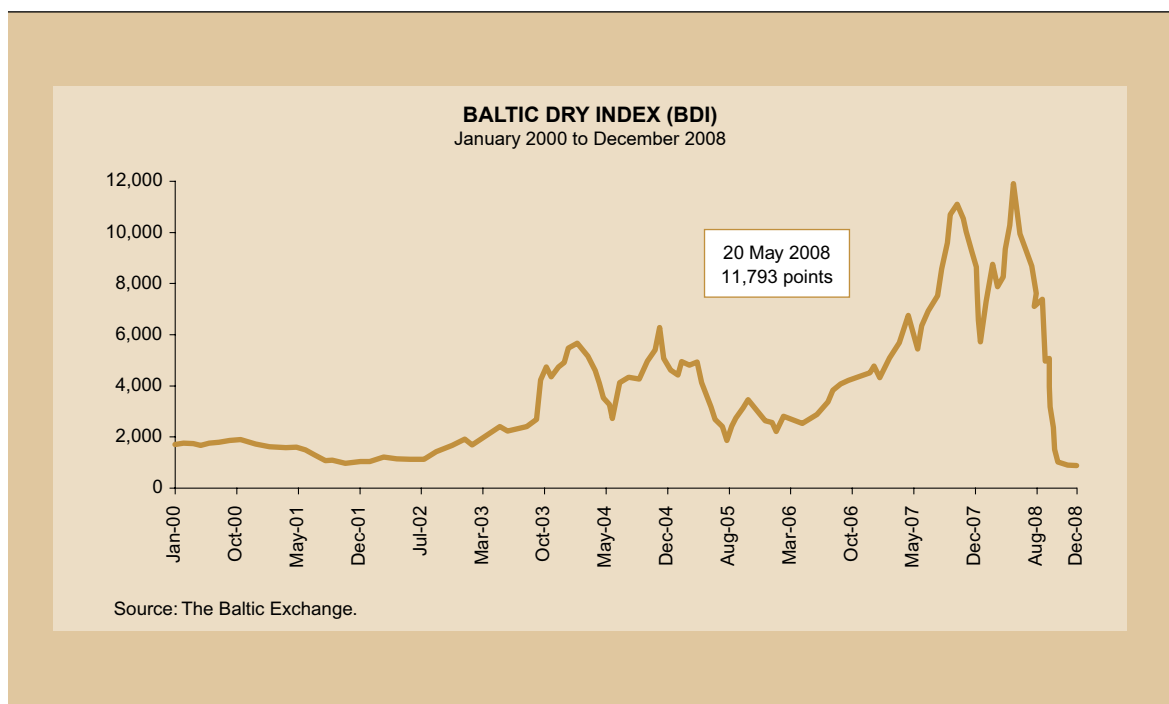
BOX 6

RECENT EVOLUTION OF THE BALTIC DRY INDEX⁴

The Baltic Dry Index (BDI) declined significantly during 2008. After reaching a record level of 11,793 points on May 20, this index dropped to a minimum low of 663 points, a similar level to the one observed in 1986. This index accumulated a yearly percentage reduction of 92.5 percent in 2008, due to global economic slowdown, which translated into a lower demand for industrial minerals –e.g. copper, iron and steel– and, therefore, into lower amounts shipped by sea. Other factors contributing to this reduction of maritime costs included the interruption of credit lines given banks' reluctance to provide letters of credit, other financing mechanisms, or guarantees of payment for cargo (used in 90 percent of international trade transactions), and the drop of the average price of the barrel of crude.

4 Taking in the main shipping routes measured on a timecharter and voyage basis, the BDI –reference value for sea shipping rates– covers capesize, panamax and handy dry bulk carriers carrying a range of commodities (e.g. coal, iron ore, and grains). The index is made up of an average of the Baltic Supramax, Panamax and Capesize indices.





7. Factor income

The net flow of factor income was negative by US\$ 8,144 million in 2008, a result explained mainly by the private sector income, which showed a negative flow of US\$ 8,257 million.

Private income amounted to US\$ 448 million, of which US\$ 352 million corresponded to banks' interests on deposits and investment yields. On the other hand, private outlays amounted to US\$ 8,705 million, of which US\$ 7,687 million were profits generated by companies with foreign shareholding. The mining sector ranked first in terms of profits generated, followed by the hydrocarbon and the service sectors.

Income in the public sector showed a surplus of US\$ 113 million. Income amounted to US\$ 1,366 million, a result mostly explained by yield on the BCRP international reserves (US 1,321 million), in line with the Central Bank's higher level of reserves. Outlays for interests amounted to US\$ 1,253 million.

Current transfers

In 2008 current transfers totaled US\$ 2,803 million, of which remittances from Peruvians residing abroad amounted to US\$ 2,437 million, which represented an increase of 14.4 percent. However, remittances decelerated in Q4, increasing only 2.9 percent compared to the same quarter in 2007. The remittances that most heavily declined were the ones from the United States.

TABLE 39
FACTOR INCOME

	Millions of US\$			Percentage change	
	2006	2007	2008	2007	2008
I. INCOME	1,041	1,566	1,814	50.4	15.8
1. Private	375	593	448	58.0	- 24.5
2. Public	666	973	1,366	46.2	40.4
II. EXPENSES	8,621	9,940	9,958	15.3	0.2
1. Private	7,276	8,534	8,705	17.3	2.0
Profits 1/	6,741	7,788	7,687	15.5	- 1.3
Interests	535	747	1,018	39.5	36.3
- Long-term loans	218	307	448	40.9	45.9
- Bonds	98	138	201	40.9	45.5
- Short-term loans 2/	219	301	369	37.4	22.3
2. Public	1,345	1,406	1,253	4.5	- 10.9
Interests for long term loans	695	716	559	3.0	- 21.9
Interests for bonds	645	670	598	3.9	- 10.7
Interests for BCRP papers 3/	5	20	95	306.5	383.6
Interests for by short term loans 4/	0	0	0	0.0	0.0
III. BALANCE (I-II)	- 7,580	- 8,374	- 8,144	- 10.5	2.7
1. Private	- 6,901	- 7,941	- 8,257	- 15.1	- 4.0
2. Public	- 679	- 433	113	36.3	126.2

1/ Profits or losses accrued in the period. Includes profits and dividends sent abroad plus undistributed gains.

2/ Includes interests of non-financial public enterprises.

3/ Includes interests of short-term and long-term loans.

4/ Includes interests of the Banco de la Nación and of government debt.

Source: BCRP, MEF, Cofide, ONP and companies.

BOX 7

REMITTANCES FROM PERUVIANS LIVING ABROAD

Remittances from other countries have become increasingly important in the world due to both their economic impact and their size. In Peru, remittances have increased by three-fold over the last decade. Thus, in line with higher migration flows, remittances increased from 1.3 percent of GDP in 2000 to 1.9 percent of GDP today, after having reached 2.0 percent of GDP during 2007. Despite this, the pace of growth of remittances has declined in the last two years due to the slowdown of the U.S. economy, the main source of remittances to the country.

After having increased 16.0 percent in 2007, remittances from Peruvians living abroad increased 14.4 percent in 2008. Remittances from the United States grew 5.3 percent in 2008, showing a lower rate than in 2007 (10.1 percent).

The international crisis reduced the rates of growth of remittances in Q4-2008. Thus, remittances from the United States fell 1.2 percent in said quarter, while overall remittances grew only 2.9 percent.

However, other countries with a higher concentration of remittances in terms of their country of origin have been more affected since earlier periods. One of the most important characteristics of the remittances that Peru receives –which also differentiates Peru from other recipient countries– is the diversity of countries where remittances originate. United States currently accounts for 40.7 percent of overall remittances, while Spain accounts for 15 percent, and Japan for 9 percent.



REMITTANCES (Percentage of GDP)		
Año	Millions of US\$	% GDP
2000	718	1,3
2001	753	1,4
2002	705	1,2
2003	869	1,4
2004	1,133	1,6
2005	1,440	1,8
2006	1,837	2,0
2007	2,131	2,0
2008	2,437	1,9

REMITTANCES - BALANCE OF PAYMENTS						
	Millions of US\$			Percentage change		
	2006	2007	2008	2006	2007	2008
1. United States of America	854	941	991	32.7	10.1	5.3
FTCs 1/	439	475	455	18.0	8.3	-4.2
Banks	416	466	536	52.8	12.1	15.0
2. Other countries	623	817	999	32.1	31.2	22.2
FTCs 1/	434	512	582	24.2	17.9	13.7
Banks	189	305	417	54.4	61.4	36.4
3. Other countries	355	372	448	9.4	4.8	20.2
TOTAL REMITTANCES BP (1+2+3)	1,837	2,131	2,437	27.5	16.0	14.4
FTC	873	987	1,037	21.0	13.1	5.1
Banks	605	771	953	53.3	27.5	23.5
Other contries	355	372	448	9.4	4.8	20.2

1/ Fund Transfer Companies.

Moreover, remittances from other South American countries have increased their share in terms of overall remittances from Peruvians living abroad. Thus, for example, remittances from Argentina, Chile, Venezuela, and Uruguay represent 9 percent of the overall remittances of Peruvian citizens residing abroad.

In contrast, about 80 percent of Mexican and Central American emigrants are concentrated in the United States. As a result of this, the slowdown of the U.S. economy has strongly affected the growth of remittances to said countries in 2007 and during 2008.

REMITTANCES: PARTICIPATION BY COUNTRY
(In percentage)

	2006	2007	2008
United States of America	46,0	44,1	40,8
Spain	13,4	15,1	15,3
Japan	11,4	9,7	9,4
Italy	5,1	6,0	6,2
Chile	3,3	3,8	4,3
Argentina	2,6	3,1	3,5
Venezuela	0,3	0,6	0,7
Uruguay	0,2	0,2	0,7
Other countries 1/	17,7	17,3	19,1
TOTAL	100,0	100,0	100,0

^{1/} Includes remittances not classified by countries (informal remittances).

Similarly, other country members of the Andean Community with important groups of migrants concentrated in specific countries have also been affected: remittances to Colombia have declined by 11.6 percent and remittances to Ecuador, by 8.6 percent. The former remittances come mainly from Spain (37 percent), United States (36 percent) and Venezuela (9 percent), while the latter come from the United States (46 percent), Spain (41 percent), and Italy (7 percent).

An additional characteristic of Peru's emigrants is associated with the types of activities they carry out abroad. According to information on the Peruvian Community living in the United States, collected by Peruvian Ministry of Foreign Affairs through a survey conducted in 2007, most of the Peruvians included in the survey work in the sectors of services (38.3 percent) and commerce (11.2 percent), or provide professional services (19.5 percent). This characteristic distinguishes Peruvians from Mexicans residing in the United States, since the latter are mainly engaged in activities in the construction and manufacturing sectors, which are the sectors most heavily affected today.

8. Private sector financial account

The long-term financial account of the private sector amounted to US\$ 7,657 million, with assets abroad accounting for US\$ 207 million and liabilities with other countries accounting for US\$ 7,450 million.

As regards assets, Peru's direct investment abroad amounted to US\$ 729 million, a sum resulting from investments made by Peruvian firms in Brazil, Colombia, Venezuela, and the United States, mainly in the last quarter of the year. This was compensated by a US\$ 936 million reduction of portfolio assets abroad, carried out mainly by non-banking financial firms.

On the other hand, liabilities increased by US\$ 7,450 million in 2008. Direct foreign investment in the country, which amounted to US\$ 4,808 million in the year, consisted of profit re-investments (US\$ 2,884 million), capital contributions and other capital operations (US\$ 1,760 million), and net loans with parent companies (US\$ 164 million). It should be pointed out that direct foreign investment in the country in Q4-2008 was negative by US\$ 515 million due to mining companies' loans to parent companies (US\$ 820 million), which was in part offset by capital contributions (US\$ 326 million).

TABLE 40
PRIVATE SECTOR FINANCIAL ACCOUNT
(Millions of US\$)

	Millions of US\$			Percentage change	
	2006	2007	2008	2007	2008
1. Assets	- 1,885	- 1,053	207	44.1	119.7
Direct Investment abroad	0	- 66	- 729	n.a.	- 1,011.2
Portfolio Investment abroad 1/	- 1,885	- 987	936	47.6	194.8
2. Liabilities	3,826	10,200	7,450	166.6	- 27.0
Foreign Direct Investment	3,467	5,491	4,808	58.4	- 12.4
Reinvestment	2,353	3,835	2,884	63.0	- 24.8
Capital inflows and other transactions	874	733	1,760	- 16.1	140.3
Net lending with headquarters	240	924	164	285.4	- 82.2
Portfolio Foreign Investment	155	1,386	241	792.0	- 82.6
Capital participation 2/	- 45	70	85	254.8	21.6
Other Liabilities 3/	200	1,316	156	556.9	- 88.1
Long-term loans	204	3,324	2,401	1,528.0	- 27.8
Disbursements	725	4,354	3,051	500.3	- 29.9
Amortization	- 521	- 1,030	- 650	- 97.7	37.0
3. TOTAL	1,941	9,148	7,657	371.2	- 16.3

1/ Mainly shares and other assets of the financial and non-financial sectors. The negative sign indicates an increase of assets.

2/ Considering non-residents net purchases of shares listed at Cavali S.A. and traded at the LSE (security compensation and settlement).

3/ Including bonds, credit notes and securitizations in net terms (issue-redemption).

Source: BCRP, Cavali S.A. ICLV, Agencia of Promocion of la Investment Private (Proinvestment) and companies.

Foreign portfolio investments in the country amounted to US\$ 241 million, of which US\$ 85 million was purchases of securities at the Lima Stock Exchange and US\$ 156 million was investment in other papers issued in the country.

The net flow of long-term loans amounted to US\$ 2,401 million. Among other loans to the mining, oil, industrial and service sectors, the IADB's financing to Peru LNG is worth pointing out.

Similarly, the flow of short-term capitals amounted to US\$ 1,118 million in 2008, reflecting the evolution observed in the first half of the year. The flow of net external financing in Q4 was negative by US\$ 2,213 million. Of this amount, US\$ 856 million was non-residents' reduction of holdings of BCRP Certificates of Deposit.



Mariacha
Ricardo E. Flórez
Oil painting

III. Public finances

In 2008 the non-financial public sector (NFPS) recorded a surplus of 2.1 percent of GDP, a result 1 percentage point lower than that of 2007, mainly due to the growth of public investment, which increased 41.9 percent. It is worth highlighting that in 2008 public investment showed its highest level in the last nine years (4.2 percent of GDP).

Public sector revenues continued showing a very favorable trend, both in terms of tax revenues and non-tax revenues, especially in the first half of the year. The drop of international prices observed since September affected tax revenues in the last two months of the year.

The general government's non-financial expenditure grew 13.4 percent in real terms. This growth was mainly recorded in capital expenditure (40.8 percent), particularly in local governments (96.5 percent).

The Fuel Price Stabilization Fund continued to be used to deal with high volatility in the international prices of oil. Transfers from the Ministry of Energy and Mining to partially repay the debt with this Fund amounted to S/. 2,150 million.

Public debt exchange operations were made during the year to reduce the weight of the external debt. Moreover, the 2008 fiscal surplus allowed reducing the balance of the public debt from 29.6 to 24.0 percent of GDP, while the net debt was reduced from 17.7 to 12.2 percent of GDP.

1. Fiscal policy indicators

1.1. Conventional economic result

The central government operations accounted mainly for the economic surplus of the NFPS. This economic result was offset by the deficits of the rest of the general government and state enterprises (each of which was equivalent to 0.1 percent of GDP).

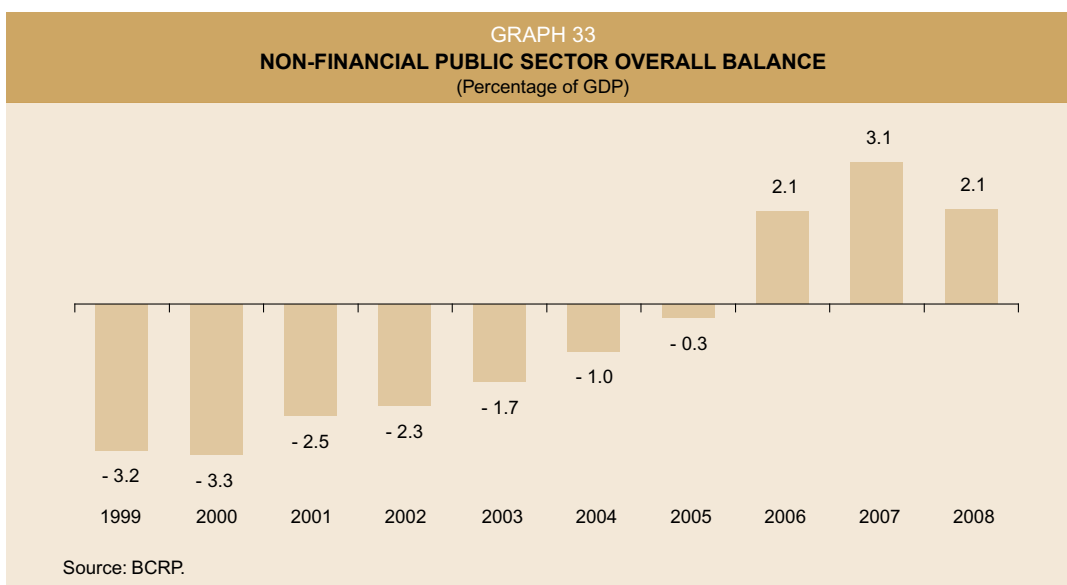
In 2008 local governments increased expenditure, particularly in terms of capital expenditure. This higher spending was financed with the revenues obtained in the period, as well as with funds of their 2007 surplus, which had been equivalent to 1.1 percent of GDP. With this, local governments recorded a balanced result in the period.

During 2008, the current revenue of the general government represented 20.8 percent of GDP (a higher result than the 20.7 percent recorded in 2007). Some increase was also observed in the general government's non-financial expenditure, which grew from 16.0 to 17.2 percent of GDP. The latter was mainly associated with local governments, while state enterprises showed a balanced primary result. As a result of this, the primary surplus of the public sector was equivalent to 3.7 percent of GDP in 2008 (1.2 percentage points of GDP lower than in 2007).

TABLE 41
OVERALL BALANCE OF THE NON-FINANCIAL PUBLIC SECTOR

	Millions of nuevos soles			Percentage of GDP		
	2006	2007	2008	2006	2007	2008
I. Primary Balance	11,956	16,517	13,715	3.9	4.9	3.7
1. of the General Government	11,098	16,238	13,776	3.6	4.8	3.7
a. Current revenue	60,056	69,456	77,710	19.7	20.7	20.8
i. Tax-revenue	46,218	53,359	59,555	15.1	15.9	16.0
ii. Non-tax revenue	13,837	16,097	18,155	4.5	4.8	4.9
b. Non-financial expenditure	49,318	53,604	64,329	16.1	16.0	17.2
i. Current	40,833	43,504	49,264	13.4	13.0	13.2
ii. Capital	8,485	10,100	15,065	2.8	3.0	4.0
c. Capital revenue	361	386	395	0.1	0.1	0.1
2. of Public companies	858	279	- 61	0.3	0.1	0.0
II. Interests	5,693	6,030	5,883	1.9	1.8	1.6
1. External debt	4,337	4,287	3,350	1.4	1.3	0.9
2. Domestic debt	1,357	1,743	2,533	0.4	0.5	0.7
III. Overall Balance (I-II)	6,263	10,487	7,832	2.1	3.1	2.1
1. Net external financing	- 2,175	- 6,398	- 3,472	- 0.7	- 1.9	- 0.9
(Millions of US\$)	- \$ 658	- \$ 2,085	- \$ 1,205	- 0.7	- 1.9	- 0.9
a. Disbursements	\$ 609	\$ 3,384	\$ 1,165	0.6	3.2	0.9
b. Amortization	\$ 1,193	\$ 5,661	\$ 2,604	1.3	5.3	2.0
c. Other flows	-, \$74	\$ 193	\$ 234	- 0.1	0.2	0.2
2. Net domestic financing	- 4,392	- 4,538	- 4,516	- 1.4	- 1.4	- 1.2
3. Privatization	304	449	156	0.1	0.1	0.0

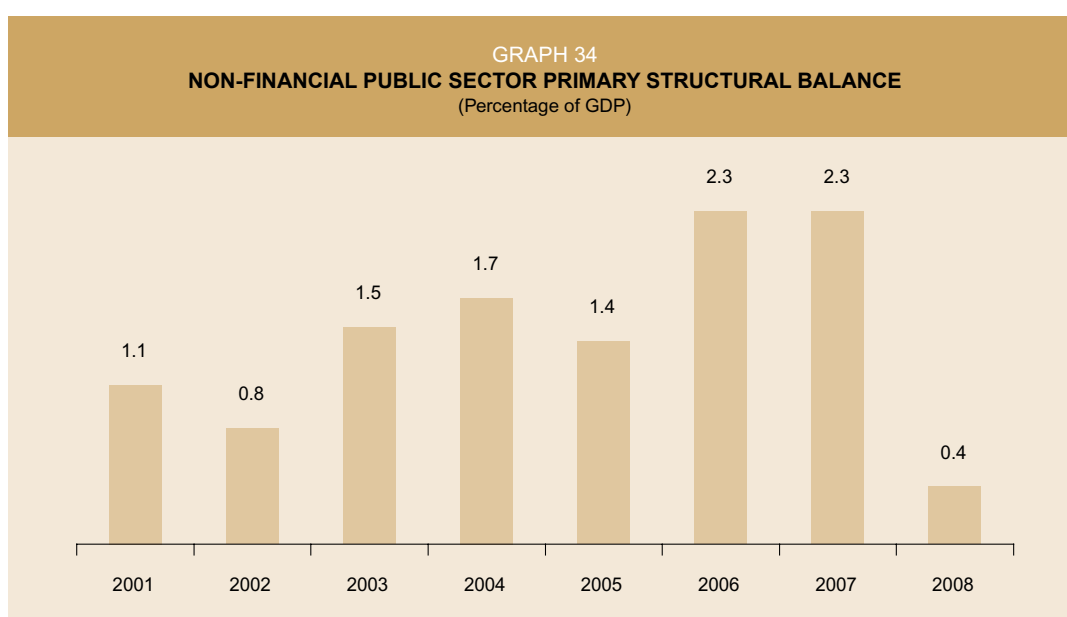
Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, local governments, state enterprises and public institutions.

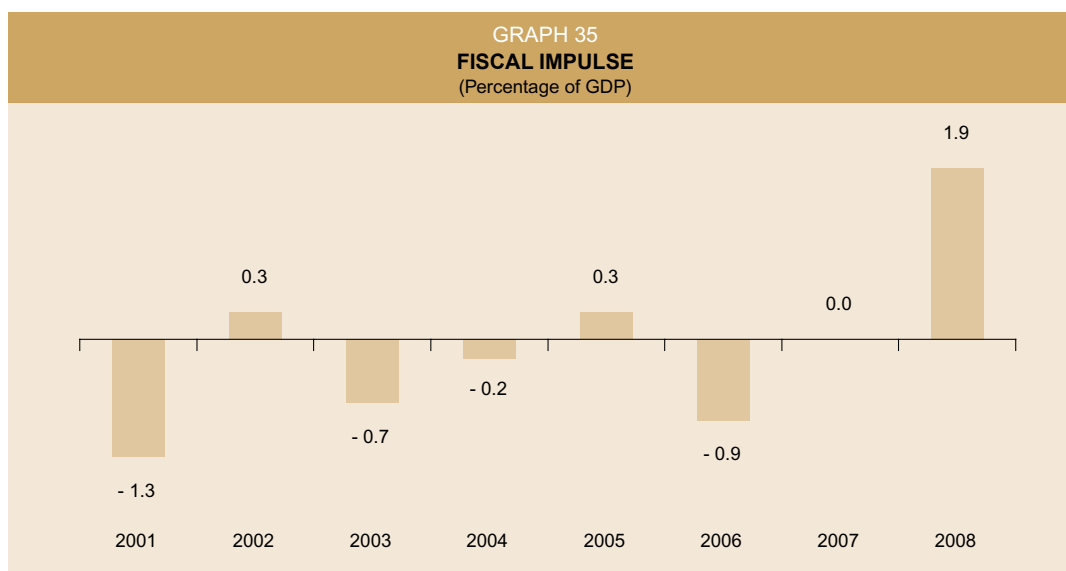


1.2. Structural primary result

The structural primary result is an indicator that shows the evolution of fiscal policy decisions, because it deducts the effects of the economic cycle and the impacts of the prices of our main mining exports from the conventional primary result. In 2008 this indicator was equivalent to 0.4 percent of GDP.

A growing structural primary result, which reached its maximum level in 2006 and 2007 (2.3 percent of GDP), was observed in the 2001-2008 period. This result fell to 0.4 percent of GDP in 2008 due to higher public spending, particularly at the subnational level.





1.3. Financing requirements of the non-financial public sector

Financing requirements measure the financial resources required by the public sector to cover its economic result and the amortization of the domestic and external debt. Despite the lower surplus obtained in the year, financing requirements in 2008 were lower than in the previous year (US\$ 316 million in 2008 versus US\$ 3,560 million in 2007) due to the amortization of the external public debt. Amortization operations, which amounted to US\$ 2,604 million, concentrated in Q1 (US\$ 1,742 million) and Q4 (US\$ 405 million).

The evolution of the public debt reflected the important debt management operations carried out during 2008, which allowed maintaining the foreign currency component and reprogramming debt maturities:

- Prepayment of Brady Bonds (US\$ 838 million), financed through the issue of Sovereign Bonds and Public Treasury resources, in March 2008.
- Prepayments to Corporación Andina de Fomento (US\$ 317 million) carried out in February (US\$ 167 million) and December (US\$ 150 million), financed through this institution's disbursements.

The balance of deposits of the Non-Financial Public Sector increased by S/. 8,699 million as a result of the fiscal surplus obtained.

2. Public debt

The balance of the public debt declined from 29.6 to 24.0 percent of GDP between 2007 and 2008. This was reflected in the lower component of the external debt, whose ratio fell from 18.7 to 15.1 percent of GDP. Moreover, this was reinforced by the decline of the domestic debt ratio (from 11.0 to 8.9 percent of GDP).

TABLE 42
FINANCING OF THE NON-FINANCIAL PUBLIC SECTOR

	2006	2007	2008
1. Overall balance (Millions of nuevos soles)	6,263	10,487	7,832
(% of GDP)	2.1	3.1	2.1
Millions of US\$	1,883	3,264	2,811
2. Amortization (Millions of US\$)	- 2,557	- 6,823	- 3,126
Redemption of recognition bonds	- 145	- 134	- 94
Internal	- 1,220	- 1,028	- 428
External	- 1,193	- 5,661	- 2,604
3. Financial requirements (Millions of US\$)	674	3,560	316
External disbursements	609	3,384	1,165
Freely available	315	3,090	883
Investment projects	294	294	282
Domestic bonds	1,741	3,305	473
Privatization	94	143	51
Others requirements	- 1,770	- 3,272	- 1,374

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, local governments, state companies and public institutions.

At end 2008, the nominal total public debt expressed in US dollars amounted to US\$ 30,648 million, a sum US\$ 1,222 million lower than that of the earlier year. In nominal terms, the external debt was US\$ 19,237 million (US\$ 844 million lower) and the domestic debt was US\$ 11,411 million (US\$ 378 million lower, due to the effect of exchange depreciation in 2008), which evidenced the above-mentioned debt management operations carried out to reduce the weight of the external debt in terms of the total debt.

The reduction of the external public debt resulted from increased amortizations (US\$ 2,635 million) relative to received disbursements (US\$ 1,166 million) and from the effect of the appreciation of other currencies –the yen and the euro mainly– against the dollar (US\$ 625 million). These strong amortizations and disbursements include the prepayment operations with the Corporación Andina de Fomento and Brady Bonds.

The balance of the domestic debt increased by S/. 510 million through an increase of S/. 625 million in Public Treasury Bonds (S/. 525 million in Sovereign Bonds and S/. 361 million in Recognition Bonds). However, this increase was offset by a reduction in the balance of bonds as a result of debt exchange operations between the Banco de la Nación and the Ministry of Economy and Finances (S/. 230 million). Sovereign Bonds for a total of S/. 1,227 million were placed during 2008.

It should be pointed out that a similar external debt-to-overall debt ratio (about 63 percent) to that of 2007 was maintained in 2008.



TABLE 43
PUBLIC DEBT
(Millions of US\$)

	2006 Dec.	2007 Dec.	2008 Dec.	Difference 2008-2007
PUBLIC DEBT	30,490	31,870	30,648	- 1,222
<i>(% of GDP)</i>	33.0	29.6	24.0	- 5.7
I. FOREIGN PUBLIC DEBT	21,972	20,081	19,237	- 844
CREDITS	13,580	11,820	12,357	537
Multilateral Organizations	7,843	7,851	7,926	75
Paris Club	5,629	3,883	4,170	287
Other organizations	107	86	260	175
BONDS 1/	8,392	8,262	6,880	- 1,381
II. DOMESTIC PUBLIC DEBT	8,518	11,789	11,411	- 378
1. LONG TERM	7,603	10,440	10,183	- 257
BANK LOANS	780	52	68	16
TREASURY BONDS	6,809	10,343	10,068	- 275
1. Debt swap bonds	91	883	769	- 114
2. Sovereign bonds	3,699	6,318	6,196	- 122
3. Recognition bonds	2,795	2,986	2,964	- 22
4. Other bonds	224	157	139	- 17
LIMA MUNICIPALITY BONDS	14	45	48	3
2. SHORT TERM	915	1,349	1,227	- 121
FLOATING DEBT	915	1,349	1,227	- 121
Memo:				
Liabilities of public-private partnerships (PPP) 2/	73	726	1,132	406

1/ The bonds are classified according to the market where they were issued. Therefore, the Brady and Global Bonds issued abroad are part of the external public debt, including those purchased by residents. Sovereign bonds issued in the domestic market include those acquired by non-residents.

2/ Preliminary data. Updated value of the principal for the issue of Certificates of Recognition of Rights for the Annual Payment of works carried out (PAO).

Source: MEF, Banco de la Nación, Ministry of Transport and Communication, ONP and COFIDE.

2.1 Net debt

The net public debt –measured as the difference between public sector’s assets and liabilities– continued declining in 2008, especially due to the surpluses recorded over the past years. The net debt fell from US\$ 19,013 million at end 2007 to US\$ 15,578 million at end 2008, thus declining from 17.7 to 12.2 percent of GDP. This evolution is mainly explained by the higher deposits of the Non-Financial Public Sector in 2008, which increased by US\$ 2,213 million compared to 2007.



TABLE 44
NET PUBLIC DEBT
(Millions of US\$)

	Millions of US\$			% GDP		
	Assets	Liabilities	Net Debt	Assets	Liabilities	Net Debt
At December 2004	5,857	30,905	25,048	8.4	44.3	35.9
At December 2005	6,172	29,968	23,796	7.8	37.7	30.0
At December 2006	8,065	30,490	22,424	8.7	33.0	24.3
At December 2007	12,857	31,870	19,013	12.0	29.6	17.7
At December 2008	15,070	30,648	15,578	11.8	24.0	12.2

Source: BCRP and MEF.

TABLE 45
BALANCE OF PUBLIC DEBT 1/ 2/

	Millions of US\$			Percentage of GDP		
	2006	2007	2008	2006	2007	2008
PUBLIC DEBT (I+II)	30,490	31,870	30,648	33.0	29.6	24.0
I. FOREIGN PUBLIC DEBT 3/	21,972	20,081	19,237	23.8	18.7	15.1
CREDITS	13,580	11,820	12,357	14.7	11.0	9.7
Multilateral organizations	7,843	7,851	7,926	8.5	7.3	6.2
Paris Club	5,629	3,883	4,170	6.1	3.6	3.3
Suppliers	73	60	56	0.1	0.1	0.0
Commercial banks	1	1	186	0.0	0.0	0.1
Latin America	25	20	15	0.0	0.0	0.0
Other bilateral organizations 4/	9	5	3	0.0	0.0	0.0
BONDS	8,392	8,262	6,880	9.1	7.7	5.4
II. DOMESTIC PUBLIC DEBT	8,518	11,789	11,411	9.2	11.0	8.9
1. LONG TERM	7,603	10,440	10,183	8.2	9.7	8.0
CREDITS FROM BANKS	780	52	68	0.8	0.0	0.1
Credits from Banco de la Nación	774	19	39	0.8	0.0	0.0
Other banks	6	33	29	0.0	0.0	0.0
TREASURY BONDS	6,809	10,343	10,068	7.4	9.6	7.9
1. BCRP capitalization bonds	0	0	0	0.0	0.0	0.0
2. Financial system support bonds	224	157	139	0.2	0.1	0.1
3. Debt swap bonds 5/	91	883	769	0.1	0.8	0.6
4. Sovereign bonds	3,699	6,318	6,196	4.0	5.9	4.8
5. Caja de Pensiones Militar-Policial bonds	0	0	0	0.0	0.0	0.0
6. Recognition bonds	2,795	2,986	2,964	3.0	2.8	2.3
LIMA MUNICIPALITY BONDS	14	45	48	0.0	0.0	0.0
2. SHORT TERM	915	1,349	1,227	1.0	1.3	1.0
CREDITS FROM BANCO DE LA NACIÓN 6/	0	0	0	0.0	0.0	0.0
FLOATING DEBT	915	1,349	1,227	1.0	1.3	1.0
Memo:						
Liabilities of public-private partnerships 7/	73	726	1,132	0.1	0.7	0.9

1/ Preliminary data.

2/ The bonds are classified according to the market where they were issued. Therefore, the Brady and Global Bonds issued abroad are part of the external public debt, including those purchased by residents. Sovereign bonds issued in the domestic market include those acquired by non-residents.

3/ The external debt includes COFIDE's medium and long term debt and excludes loans to support the balance of payments.

4/ Debt with Eastern Europe countries, the former Soviet Union countries and the People's Republic of China.

5/ D.U. N° 068-99 D.S. N° 002-2007-EF.

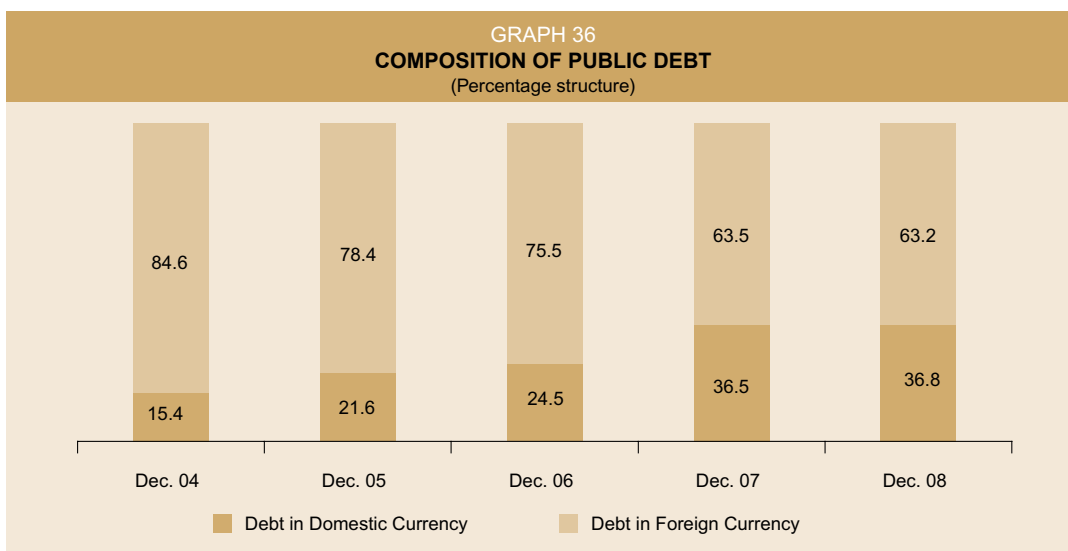
6/ Includes Public Treasury overdrafts in the Banco de la Nación and credit to the Instituto Nacional de Defensa Civil.

7/ Updated value of the principal for the issue of Certificates of Recognition of Rights for the Annual Payment of works carried out (PAO).

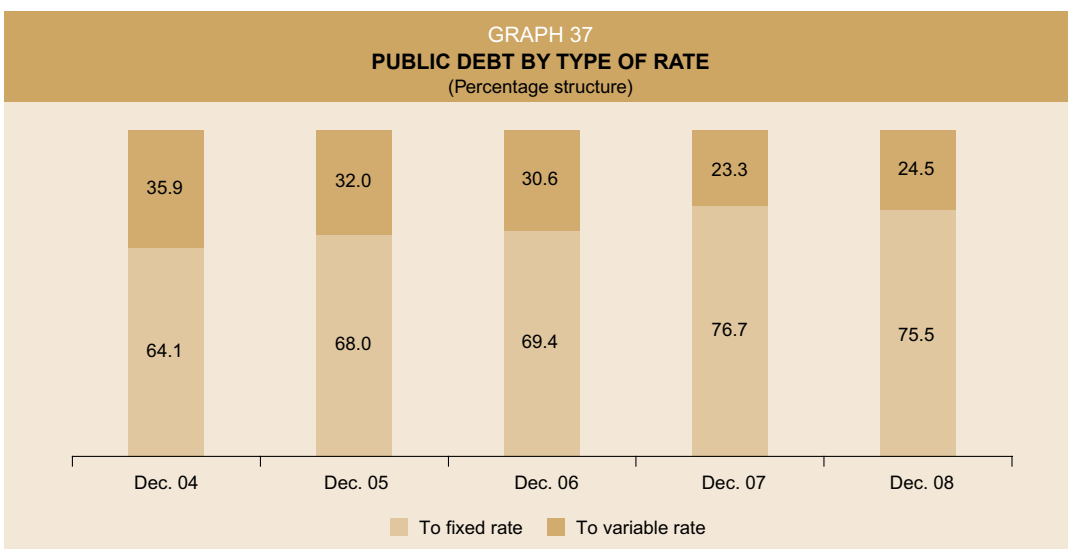
Source: MEF, Banco de la Nación, ONP, and COFIDE.



In 2008, the percentage of public debt in foreign currency did not decline like in the last years given that the Public Treasury received disbursements in foreign currency⁵ in 2007 and especially during Q4. Therefore, the share of public debt in foreign currency relative to the overall debt declined only from 63.5 to 63.2 percent between December 2007 and December 2008.



It is worth highlighting the increase observed in terms of the share of fixed-rate public debt, whose ratio has increased by 11.5 percentage points in the last four years. This improvement has been reached as a result of debt management policies and of a favorable economic context, which allowed borrowing at better rates and placing securities in domestic currency and at fixed rates, both characteristics of Sovereign Bonds. Furthermore, it is also worth pointing out that generating debt at fixed rates and in domestic currency also allows reducing the debt-related exchange risks, as well as implementing a better programming of the debt service.



5 Moreover, contingency financing was obtained from the World Bank to face eventual occurrences of natural and/or technological disasters, as well as to mitigate risks of emergencies and situations of economic and financial crises in the country.



3. Central government

The economic surplus of the central government was equivalent to 2.2 percent of GDP –0.4 of a percentage point of GDP higher than in 2007–, as a result of increased saving in terms of interest expenditure (0.2 of a percentage point). The primary result improved by 0.1 of a percentage point, due mainly to higher revenue associated with increased economic activity, considering that non-financial expenditure remained stable at 14.7 percent of GDP.

3.1. Central government revenue

The current revenue of the central government was equivalent to 18.2 percent of GDP, 0.1 of a percentage point of GDP higher than in 2007. The growth of revenue is mainly explained by higher value added tax (which increased by 1 percentage point of GDP), associated with the dynamism of economic activity (9.8 percent in 2008), especially in terms of imports of capital goods (57.6 percent in 2008). In contrast, lower revenue was observed in terms of the excise tax, income tax, and import duties, which declined by 0.4 of a percentage point; 0.3 of a percentage point, and 0.2 of a percentage point, respectively.

TABLE 46
CENTRAL GOVERNMENT REVENUES

	Percentage of GDP			Real % change		Percentage structure		
	2006	2007	2008	2007	2008	2006	2007	2008
I. TAX REVENUE	14.9	15.6	15.6	13.3	5.0	86.3	86.2	85.7
1. Income tax	6.0	6.8	6.5	21.9	- 0.1	34.9	37.6	35.5
- Individuals	1.3	1.3	1.4	12.0	13.0	7.4	7.4	7.9
- Legal entities	3.7	4.3	4.4	26.0	7.3	21.3	23.6	24.0
- Tax regularization 1/	1.1	1.2	0.7	19.6	- 41.4	6.2	6.6	3.6
2. Import duties	0.9	0.7	0.5	- 24.1	- 17.8	5.4	3.6	2.8
3. Value-added tax	7.0	7.5	8.5	15.3	18.2	40.8	41.5	46.5
- Domestic	3.9	4.0	4.2	11.4	9.6	22.7	22.3	23.2
- Imports	3.1	3.5	4.2	20.3	28.2	18.1	19.2	23.3
4. Excise tax on	1.3	1.3	0.9	4.3	- 23.8	7.7	7.1	5.1
- Fuels	0.8	0.7	0.4	- 0.9	- 43.1	4.6	4.0	2.1
- Other goods	0.5	0.6	0.5	11.9	1.2	3.1	3.1	2.9
5. Other tax revenues	1.1	1.1	1.2	12.2	7.4	6.4	6.3	6.4
- ITF	0.3	0.3	0.3	20.1	4.4	1.6	1.7	1.7
- ITAN	0.4	0.4	0.5	17.2	12.5	2.4	2.4	2.6
- IAE	0.0	0.0	0.0	n.a.	n.a.	0.0	0.0	0.0
- IES	0.0	0.0	0.0	- 11.4	- 28.5	0.0	0.0	0.0
- Tax payment installment	0.2	0.2	0.1	- 2.6	- 5.0	1.0	0.8	0.8
- Other	0.2	0.2	0.3	5.8	9.9	1.4	1.3	1.4
6. Tax refunds 2/	- 1.5	- 1.8	- 1.9	25.1	14.1	- 8.9	- 9.8	- 10.6
II. NON-TAX REVENUES 3/	2.4	2.5	2.6	13.7	9.8	13.7	13.8	14.3
III. TOTAL	17.3	18.1	18.2	13.4	5.6	100.0	100.0	100.0

1/ Represents the income tax generated the previous year.

2/ Includes drawbacks.

3/ Includes current transfers from public enterprises.

Source: MEF, Banco de la Nación, BCRP and Sunat.



TABLE 47
FISCAL REVENUE RATIOS
(Percentage of GDP)

	Percentage of GDP		
	2006	2007	2008
Central government tax burden 1/	14.9	15.6	15.6
Central government fiscal burden 2/	17.3	18.1	18.2
Fiscal burden of the consolidated central government 3/	18.8	19.9	20.0
Fiscal burden of the general government 4/	19.7	20.7	20.8

1/ Central government tax revenues.
2/ Central government current revenues.
3/ Includes central government current revenues; contributions to the social security and pension system; and own resources of the Consolidated Previsional Reserve Fund (FCR), Fonahpu, regulating, and registration entities.
4/ Fiscal burden of the consolidated central government and own resources of local governments.
Source: MEF, Banco de la Nacion, BCRP and Sunat.

The collection of **income taxes** declined from 6.8 to 6.5 percent in GDP terms due to lower revenue for the regularization of income tax. The positive result recorded in terms of the income tax of legal entities is explained by higher revenue in the first half of the year when economic activity showed a dynamic performance and the prices of minerals were favored by a positive international context.

In the second half of the year, firms' incomes –especially in the mining sector– and their income tax dropped due to the decline of the international prices of metals and due to lower external demand, affected by the international financial crisis. Some mining companies reduced their ratios of advanced monthly payments. In summary, revenue on account of income tax from legal entities increased by an average monthly rate of 23.6 percent in the first half of the year, dropping thereafter to a monthly average rate of 4.7 percent in the second half of the year.

TABLE 48
COLLECTION OF CORPORATE TAX BY SECTORS 1/
(Millions of Nuevos Soles)

	2006	2007	2008	Real % Chg.	
				2007	2008
Mining	5,767	8,703	6,743	48.7	- 26.5
Manufacturing	3,195	3,541	4,454	9.2	18.8
Commerce	1,597	1,729	2,235	6.6	22.3
Hydrocarbons	1,213	1,602	2,235	29.9	31.9
Other services 2/	970	969	996	- 1.6	- 2.9
Construction	241	343	395	40.0	8.8
Fishing	63	114	59	77.9	- 51.5
Agriculture and livestock	52	86	54	64.5	- 41.0
TOTAL	13,100	17,087	17,169	28.5	- 4.9

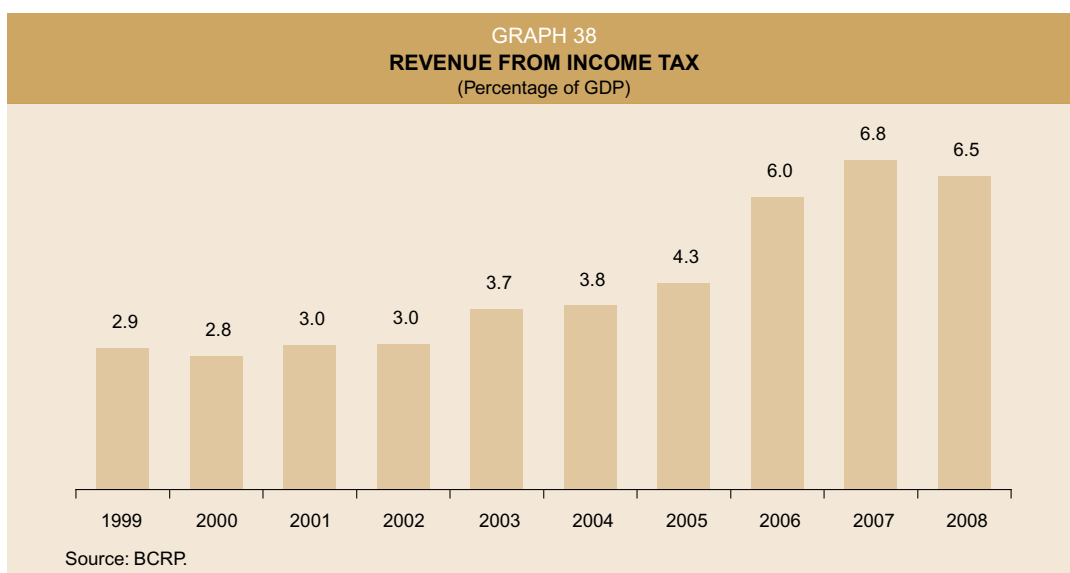
1/ Does not include regularization of income tax.

2/ Includes activities in real estate, business, leasing, telecommunications, financial intermediation, health, social services, tourism and hotels, electric generation, and water services.

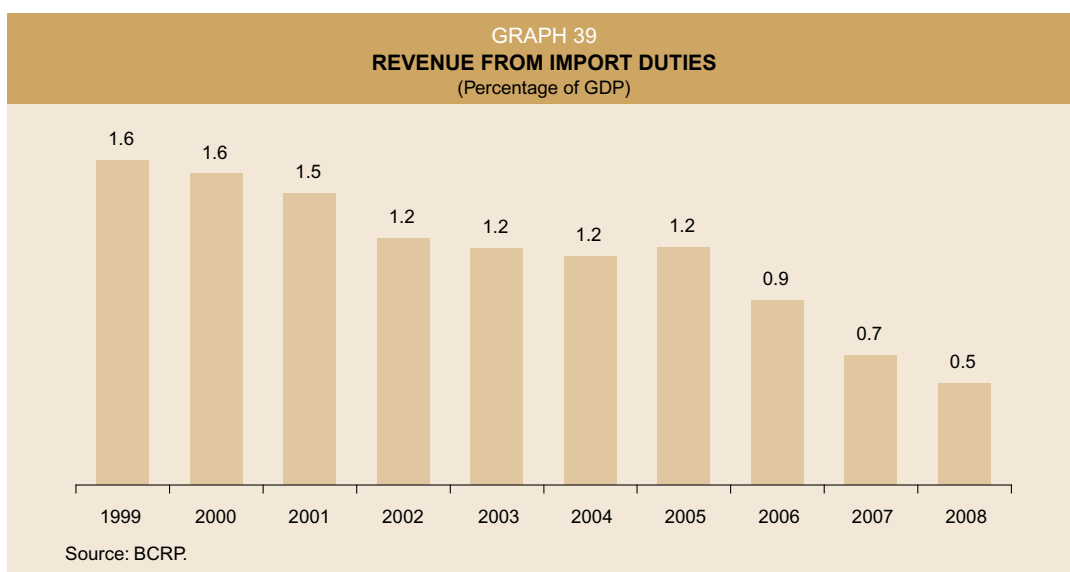
Source: SUNAT.



Revenue from individuals' income tax grew 13 percent in real terms due to the improvement recorded in terms of disposable income, to higher employment levels, and to the distribution of dividends to workers, especially in the mining sector.

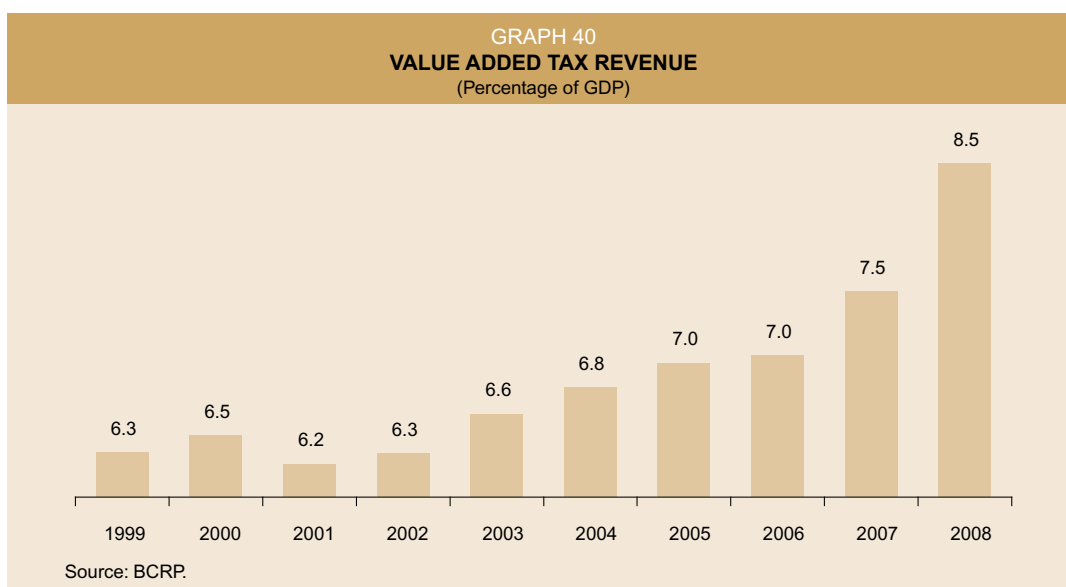


Revenue from **import duties** contracted by 17.8 percent in real terms (from 0.7 to 0.5 percent of GDP between 2007 and 2008), mainly as a result of the reduction of tariff rates implemented in 2008, which caused average tariffs to fall to 5.0 percent from the average 5.7 percent of the earlier year. These tariff reductions were partially offset by the higher imports observed in the period (45.1 percent), especially capital goods and construction materials (57.6 percent), followed by consumer goods (41.8 percent), and raw materials and intermediate products (39.5 percent).



One of the main tariff reductions implemented during 2008 was the one approved in March (Supreme Decree 038-2008-EF), which reduced tariffs on 500 food items to control the impact of international prices on domestic ones. As a result of this, the structure of tariff rates declined from 6 to 3 tax scales (0, 9, and 17 percent).

In 2008 the growth of the revenue of the central government was led by the **value added tax (VAT)**, which recorded an increase of 18.2 percent in real terms, reaching a level equivalent to 8.5 percent of GDP. The increase observed in terms of internal value added tax is explained by the higher dynamism of domestic demand, the control actions developed by the tax agency, and the reinforcement of tax collection systems.



The application of these tax collection regimes generated revenue for a total of S/. 8,629 million, a result 11.5 percent higher in real terms than the one recorded in 2007. As regards external VAT, the increase observed was associated with the strong growth of imports during most of the year.

In 2008, the **excise tax (ISC)** declined from 1.3 to 0.9 percent of GDP, due to the lower contribution of the excise tax on fuels. Revenue from excise tax on items not associated with fuels also showed a slight decline –from 0.6 to 0.5 percent of GDP– and grew 1.2 percent in real terms, with the higher sales of products considered in terms of this tax (i.e. sodas, mineral water, beer, and vehicles) accounting for this. The evolution of the rate of excise tax on fuels was associated with an efficient management of the Fuel Price Stabilization Fund. During the first semester of 2008, the government reduced the rate to partially offset the effect of the higher international price of crude on the end price to consumers. This rate was increased thereafter in Q4 with the purpose of compensating the reduction of the international prices of fuels.

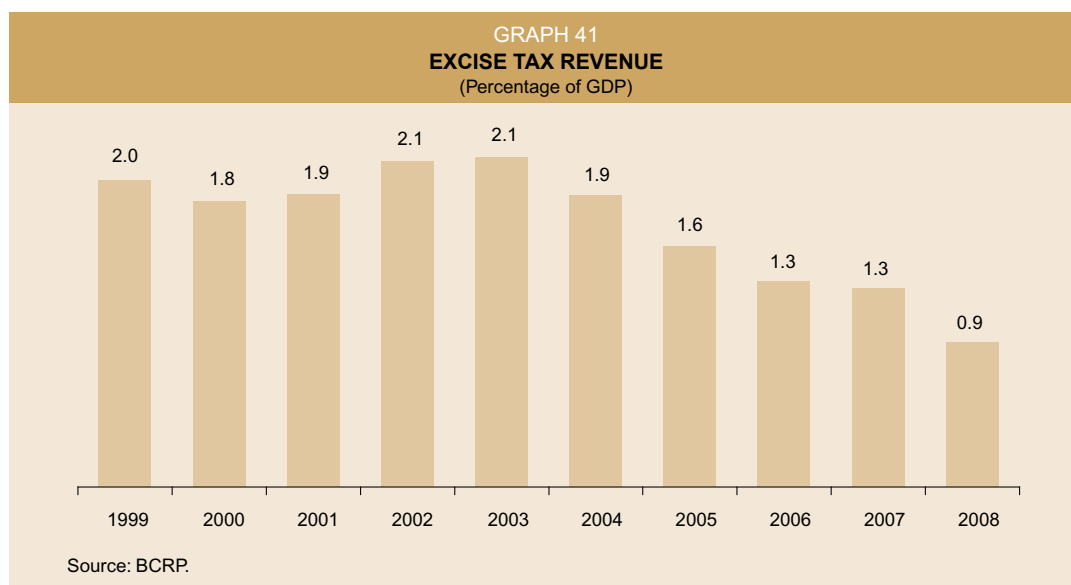
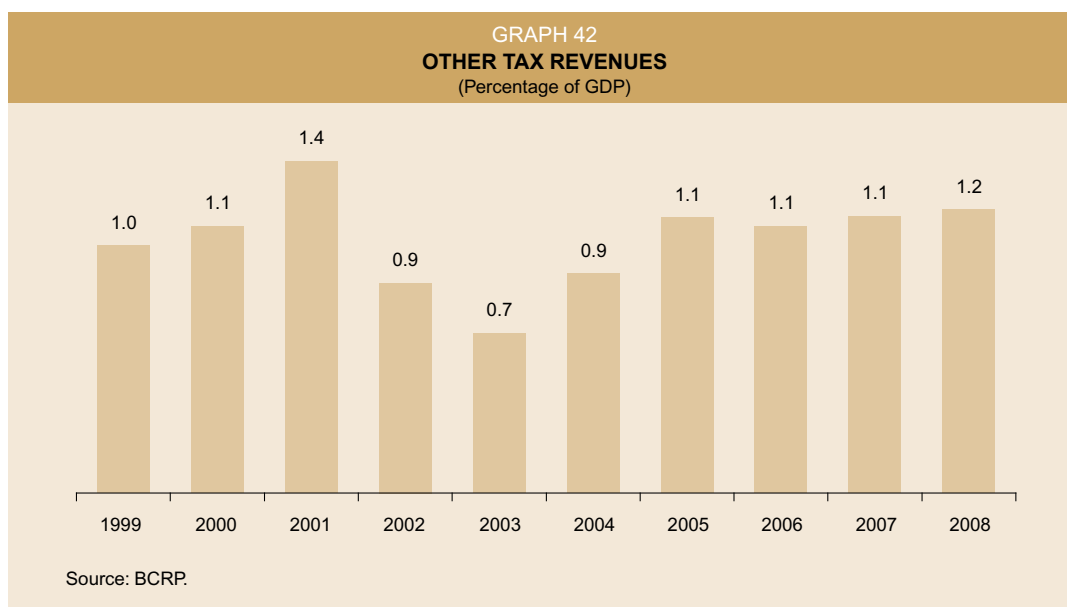


TABLE 49
EVOLUTION OF THE EXCISE TAX ON FUELS
(Nuevos soles per gallon)

	2006			2007		2008			
	01 Jan.	13 Apr.	25 Apr.	15 Aug.	24 Dec.	07 Mar.	02 Jun.	30 Oct.	17 Nov.
84-octane gasoline	2.60	2.35	2.25	2.05	1.85	1.30	0.40	0.40	1.36
90-octane gasoline	3.31	3.06	2.96	2.66	2.46	1.86	0.66	0.66	1.78
95-octane gasoline	3.62	3.32	3.22	2.92	2.92	2.07	2.07	2.07	2.07
97-octane gasoline	3.85	3.55	3.45	3.15	3.15	2.30	2.30	2.30	2.30
Kerosene	2.21	2.21	2.11	2.11	1.94	1.41	0.78	1.42	1.94
Diesel 2	1.84	1.84	1.74	1.54	1.39	0.99	0.39	1.04	1.47
Residual 6	--	--	--	--	--	--	--	0.52	0.52
Residual 500	--	--	--	--	--	--	--	0.50	0.50
Average 1/	1.37	1.33	1.27	1.13	1.03	0.74	0.30	0.69	1.05

1/ Weighted average based on the domestic sales of fuels in 2008.
Source: Official daily "El Peruano" (Legislation).

Revenue from **other tax revenue** increased from 1.1 to 1.2 percent of GDP, and recorded an increase of 7.4 percent in real terms. It is worth pointing out the higher collection (12.5 percent) obtained in terms of the Temporary Tax on Net Assets (equivalent to 0.5 of a percentage point of GDP), as well as the higher collection (4.4 percent) of the Tax on Financial Transactions relative to 2007. This result reflected the dynamism of the financial sector during 2008, which allowed offsetting the negative impact expected as a result of the lower tax rate (0.08 percent in 2007 and 0.07 percent in 2008).



Tax refunds were mainly associated with refunds for exports and represented 1.9 percent of GDP. Refunds for exports amounted to S/. 4,413 million, while refunds for VAT amounted to S/. 1,079 million. Tax refunds grew by a real 14.1 percent due to our higher sales abroad and to the higher investments made by firms included in the advanced recovery of VAT regime. This system applies mainly for firms that have engaged in contracts with the State for the exploitation of natural resources or to develop infrastructure works.

The increase observed in terms of **non-tax revenue** (9.8 percent in real terms) was also in part associated with higher international prices, which favored a higher collection of royalties and mining royalties (canon) related to oil, gas, and mining activities. Extraordinary transfers (S/. 608 million) were also observed in this context in compliance with regulations establishing workers' rights in terms of profit distribution. These transfers were received by the regional governments with remainders higher than 2,200 tax units/year (2,200 UIT). The difference between the 2,200 UIT and total remainders must be used exclusively to finance road infrastructure projects in the region that generated these resources.

3.2. Central government expenditure

The **expenditure of the central government** amounted to 16.1 percent of GDP, which represented an increase of 3.2 percent in real terms compared with 2007, a result explained mainly by increased capital spending (0.3 of a percentage point). Excluding these transfers, the non-financial expenditure of the central government increased 7.0 percent in real terms. The increase observed in terms of capital spending (12.0 percent) is worth pointing out.

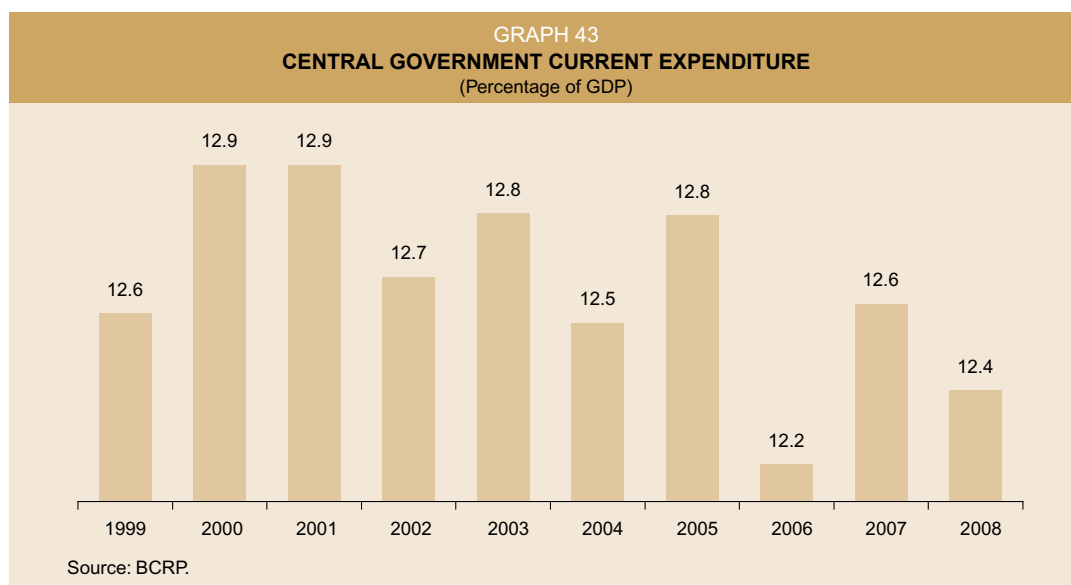
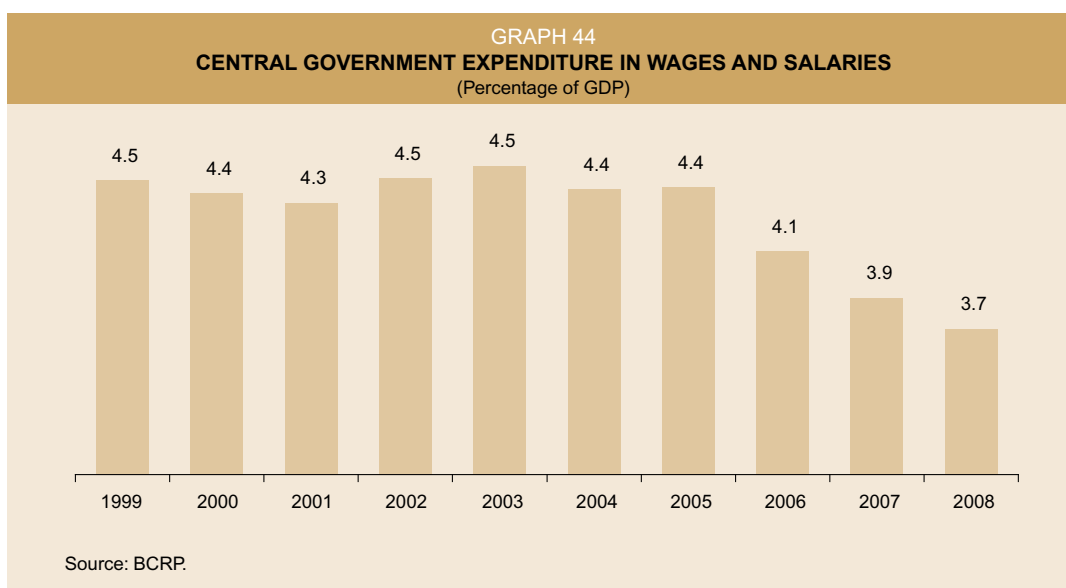


TABLE 50
CENTRAL GOVERNMENT EXPENDITURES

	Percentage of GDP			Real % change		Percentage structure		
	2006	2007	2008	2007	2008	2006	2007	2008
I. NON-FINANCIAL EXPENDITURE	14.2	14.7	14.7	12.4	4.9	88.9	90.0	91.5
1. CURRENT EXPENDITURE	12.2	12.6	12.4	11.5	3.2	76.5	76.9	76.8
a. Wages and salaries	4.1	3.9	3.7	1.9	0.7	25.8	23.7	23.1
b. Goods and services	3.3	3.0	2.9	-2.3	2.1	20.9	18.4	18.2
c. Transfers	4.7	5.7	5.7	29.7	5.4	29.8	34.8	35.5
- Pensions	1.3	1.2	1.1	-0.5	-5.1	8.3	7.4	6.8
- ONP-Fonahpu	0.8	0.8	0.6	1.5	-18.4	5.3	4.8	3.8
- Foncomun	0.8	0.8	0.9	14.4	9.9	5.0	5.1	5.4
- Royalties	0.7	1.5	1.2	126.8	-10.5	4.3	8.9	7.7
- Other	1.1	1.4	1.9	37.2	41.4	7.0	8.6	11.8
2. CAPITAL EXPENDITURE	2.0	2.1	2.4	17.8	15.2	12.3	13.1	14.6
a. Gross capital formation	1.6	1.8	1.8	20.8	10.5	9.8	10.7	11.4
b. Other	0.4	0.4	0.5	6.2	36.5	2.5	2.4	3.2
II. FINANCIAL EXPENDITURE	1.8	1.6	1.4	0.3	-12.3	11.1	10.0	8.5
1. Domestic	0.4	0.4	0.5	12.5	34.1	2.3	2.3	3.0
2. External	1.4	1.3	0.9	-2.9	-26.2	8.8	7.7	5.5
III. TOTAL (I+II)	15.9	16.4	16.1	11.1	3.2	100.0	100.0	100.0
Memo:								
Non-financial expenditures excluding transfers 1/	10.8	10.4	10.5	3.6	7.0	67.7	63.2	65.5

1/ Does not include Central government transfers to the rest of public entities.
Source: MEF, Banco de la Nación and BCRP.

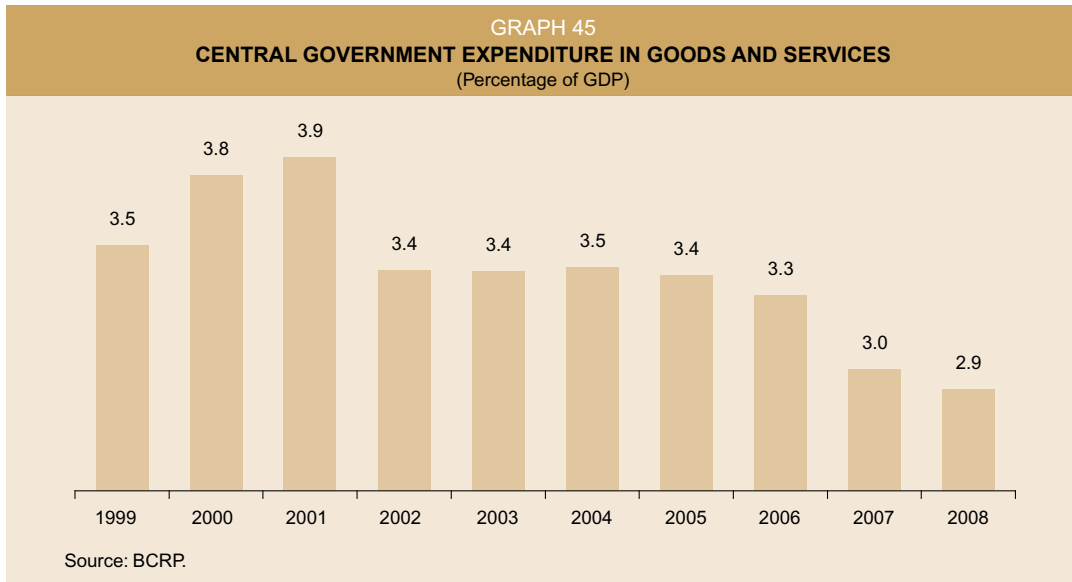
Expenditure in salaries and wages increased 0.7 percent in real terms, mainly due to the increase of salaries of faculty members of public universities implemented according to the Programa de Homologación de la Docencia Universitaria (decree 033-2005). However, salaries and wages reduced their share from 3.9 to 3.7 percent of GDP due to measures adopted to reduce current expenditure.



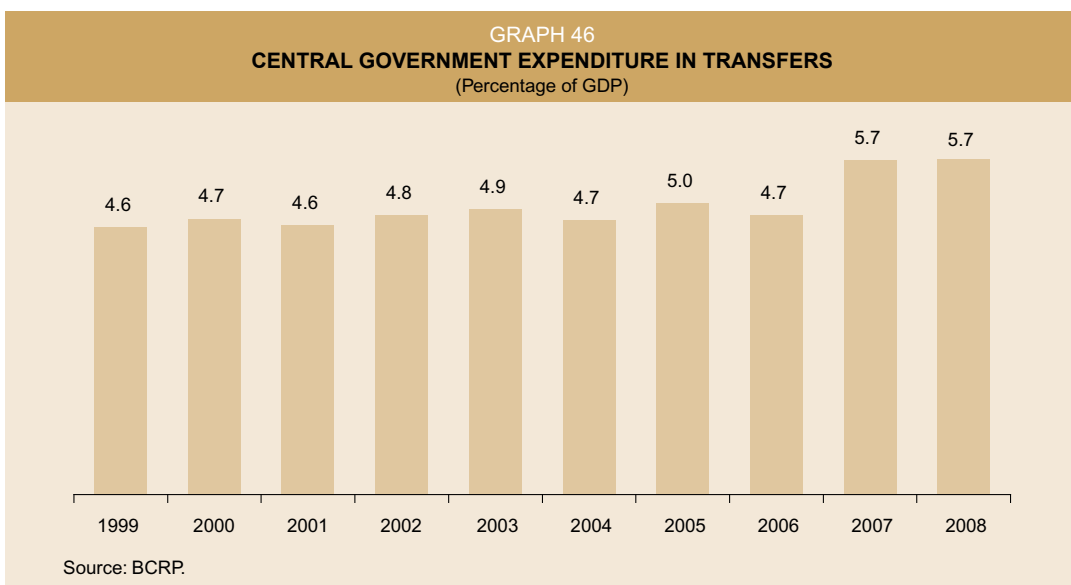
Expenditure in goods and services increased by 2.0 percent in real terms, as reflected in the higher allocations of funds to the following:

- Ministries of Defense and Interior, for equipment replacement and official operations;
- Regional governments, for administrative management purposes (i.e. acquisition of consumer goods, contracting services, maintenance of infrastructure);
- National Civil Defense -INDECI-, mainly to buy goods and materials that were distributed to the people affected by the earthquakes that affected southern provinces;
- Ministry of Transport and Communications, for road conservation and maintenance;
- Ministry of Education, to improve the quality of education and for teachers' training;
- Ministry of Foreign Affairs, for diplomatic missions, trade offices, and to develop bilateral policy actions;
- Ministry of Agriculture, to support the promotion of production chains and to promote the formalization of the commercialization of farming products, among other actions.

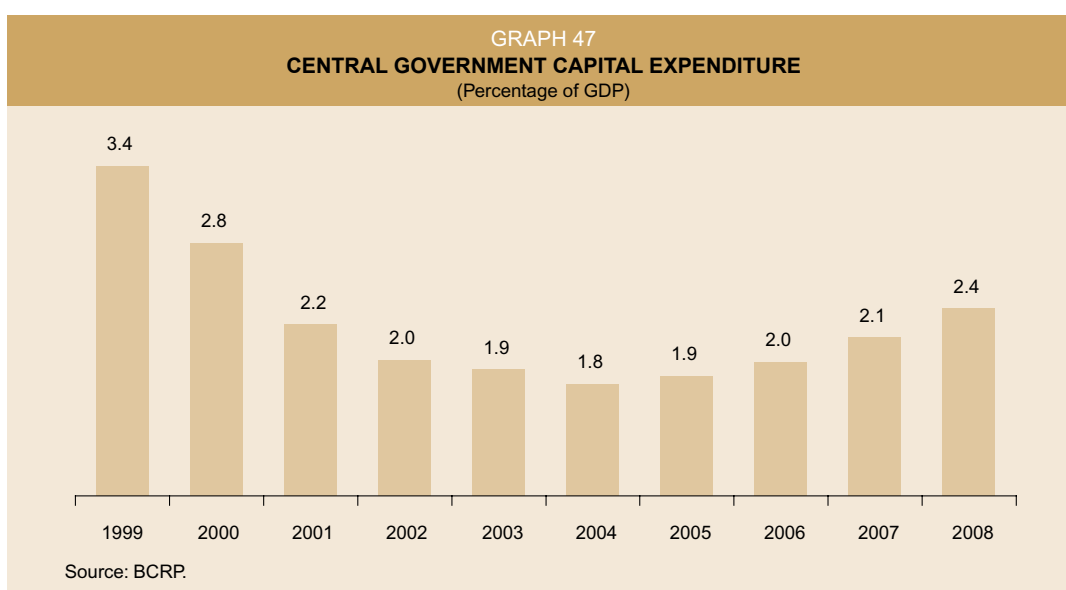
Despite this, spending in goods and services declined from 3.0 to 2.9 percent of GDP between 2007 and 2008.



Transfers, which amounted to S/. 21,348 million (5.7 percent of GDP), showed an increase equivalent to 5.4 percent in real terms. Increased current transfers to the Fuel Price Stabilization Fund (S/. 1,960 million) and to local governments for the Municipal Compensation Fund -FONCOMUN- (S/. 457 million), for Casinos and Customs (S/. 54 million), and for mining rights (S/. 20 million), accounted mainly for this result.



Capital expenditure grew 15.2 percent in real terms, from 2.1 percent of GDP in 2007 to 2.4 percent in 2008, mainly due to the actual growth of gross capital formation (10.5 percent). The sectors that executed higher spending were: Transports (S/. 1,450 million), in road rehabilitation and improvement; Agriculture (S/. 537 million), in improvement of irrigation infrastructure and preservation of natural resources; Education (S/. 343 million), in infrastructure improvement and educational quality; Electricity (S/. 195 million), in the installation of small power systems in several towns; Housing (S/. 163 million), in improvement and rehabilitation of sidewalks, avenues, and parks, as well as in water and sanitation systems, and in the Proyecto Nacional de Agua Potable y Saneamiento Rural.



Financial expenditure, which represented 1.4 percent of GDP, was 0.2 of a percentage point of GDP lower than in 2007, mainly due to the lower service of interests of the external debt (from 1.3 to 0.9 percent of GDP). This was slightly offset by the higher service of interests of the domestic debt, which increased from 0.4 to 0.5 percent of GDP.

TABLE 51
MAIN INVESTMENT PROJECTS OF THE CENTRAL GOVERNMENT
(Millions of nuevos soles)

SECTORS	2007	2008	Nominal percentage change
Transport	1,099	1,450	31.9
Agriculture and livestock	495	537	8.4
Education	356	343	- 3.8
Electricity	147	195	33.1
Housing	314	163	- 48.0
Other sectors	3,468	4,181	20.6
TOTAL	5,878	6,869	16.8
<u>ECONOMIC SECTORS</u>	<u>2007</u>	<u>2008</u>	<u>Flow</u>
TRANSPORT	1,099	1,450	351
Rehabilitation and improvement of the Huarmey-Aija-Recuay highway	122	129	7
Roads concessions	92	295	203
Rehabilitation and improvement of Tingo Maria - Aguaytia - Pucallpa highway	130	138	9
Rehabilitation of Tarapoto Juanjui highway	79	124	45
Rehabilitation and improvement of the Tocache-Tocache highway	16	119	103
Project management	37	57	20
Improvement and construction of Saramiriza Eje Vial 4 highway	100	49	- 51
Rehabilitation and improvement of Trujillo-Shiran-Huamachuco highway	43	43	0
Rehabilitation of local and rural roads	34	41	7
Rehabilitation and improvement of Ingenio-Chachapoyas highway	66	26	- 41
Rehabilitation, improvement and construction of Eje Vial 01 Piura Guayaquil	49	44	- 5
Full rehabilitation of the Huancayo Huancavelica railroad	20	25	5
Rehabilitation and improvement of Patahuasi Yauri Sicuani highway	45	18	- 27
Bridge construction and reinforcement	51	23	- 28
Rehabilitation of Casma Huaraz highway	23	23	1
Port concessions	3	137	134
Rehabilitation of highways	17	6	- 11
Improvement and Rehabilitation of the Huari Pomabamba highway	9	6	- 3
Construction of the Ollantaytambo Abra Malaga Alfamayo highway	25	1	- 24
Rehabilitation and improvement of the Izcuchaca - Huancavelica highway	31	3	- 27
Other projects	108	144	36
AGRICULTURE AND LIVESTOCK	495	537	42
Support to agriculture and livestock production, and rural production	238	268	30
Preservation of natural resources	67	88	22
Erradication <i>ceratitis capitata</i> (fruit fly) from the Peruvian coast	30	38	8
Irrigation infrastructure	54	36	- 19
Land titles and records	1	0	- 1
Other projects	106	107	1
EDUCATION	356	343	- 13
Improvement of educational infrastructure	252	265	13
Education in rural areas	43	12	- 31
Other projects	60	65	5
ELECTRICITY	147	195	49
Installation of small electrical systems in several towns	106	168	62
Improvement of transmission lines	35	23	- 12
Other projects	5	4	- 1
HOUSING	314	163	- 151
Extension and improvement of drinking water and sanitation	51	41	- 10
Support to housing sector	44	38	- 6
National Water and Sanitation Program for Rural Areas	30	33	3
Property rights and real estate	1	25	23
Land titles and registration	29	5	- 24
Improvement of water and sanitation system in Chimbote	7	0	- 7
Urban development	133	4	- 130
Other projects	18	17	- 1
OTHER SECTORS	3,468	4,181	713
TOTAL	5,878	6,869	990

Source: SIAF - MEF.



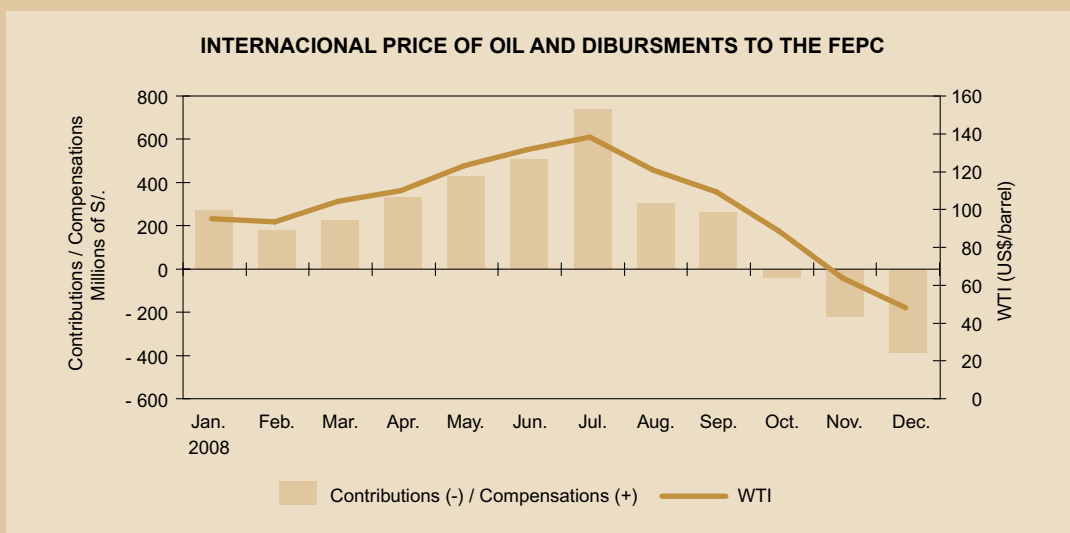
BOX 8

FUEL PRICE STABILIZATION FUND

Volatility and an upward trend –which reversed since August– characterized the international prices of fuels during the first seven months of 2008. The monthly average price of West Texas Intermediate (WTI) oil started at US\$ 91 the barrel and closed at US\$ 47 the barrel in December, but reached a historical peak of over US\$ 140 the barrel in July.

In 2008 the Fuel Price Stabilization Price (FPSF) continued to be used as a mechanism to prevent that high volatility in the prices of oil and derivatives would translate into prices to end users. This price stabilization mechanism is based on a price band –within which domestic prices can fluctuate– that is discretionally determined, but which is compared against an international reference price. When the reference price is higher than the upper level of the price band, oil producers and/or importers receive a compensation. Conversely, when said price is lower than the band's lower level, they pay a contribution to the Fund.

In line with the evolution of WTI oil, producers and/or importers received compensations from the FPSF until the month of September, but with the drop of the international price of crude, they had to pay contributions to the Fund in the last three months of the year. Overall net compensations (excluding contributions) in the year are estimated to amount to approximately S/. 2,600 million.

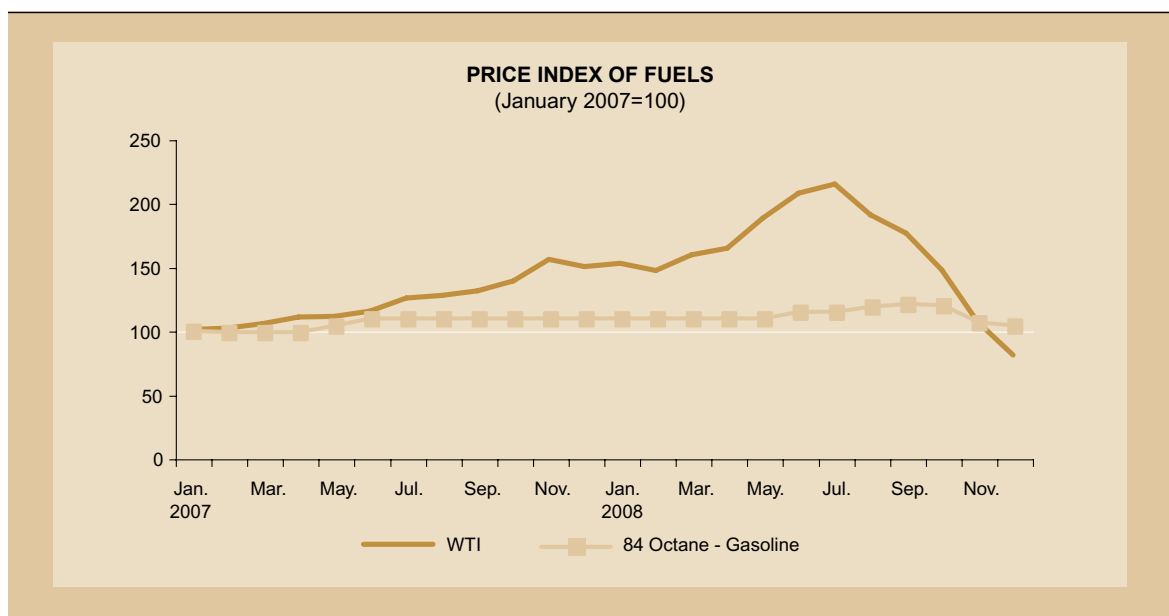


Given that the FPSF has no liquid resources to pay compensations net of contributions, a debt with producers and importers has been generated. According to the Ministry of Energy and Mining, the debt of the FPSF at end 2007 amounted to S/. 821 million. This debt is estimated to have increased to S/. 1,260 million at end 2008 as a result of net compensations in the year and of the amount transferred (S/. 2,150 million) by the Ministry of Energy to the FPSF for the partial repayment of the debt.

In addition to periodically modifying the price band according to the evolution of the international price of oil, the government has been modifying the excise tax on fuels to reduce the impact of band variations on the domestic price of fuels. Thus, when the international price of crude and the FPSF price bands increased, the government reduced the excise tax (March and June), and vice versa. The increases registered in the excise tax in October and November were not only aimed at generating a higher tax collection, but also at adjusting the structure of this tax to the program approved in December 2007 whereby the tax on each type of fuel will also be established according to its harmfulness degree.

The FPSF has been effective in reducing the pass-through of the volatility of international prices to domestic prices. In 2008, the standard deviation of WTI oil, measured in nuevos soles, was S/. 1.7 per gallon, while this was only S/. 0.6 per gallon in the case the 84 octane-gasoline.





BOX 9

FISCAL DECENTRALIZATION

Supported by a legal framework, a decentralization⁶ process is currently being implemented in Peru through regional governments (26 regional governments, including Callao and Metropolitan Lima) and local governments (1,638 district and 195 province municipalities).

Four areas are given priority today:

- Transferring powers to sub-national governments.
- Transferring resources.
- Establishing the vertical connections between the three government levels (national, regional and local).
- Establishing the horizontal connections between these government levels.

Transfer of Powers

Powers continued to be transferred to regional governments in 2008, in accordance with the Plan Anual de Transferencia de Competencias Sectoriales 2007, which regulated the culmination of the process whereby 185 sector responsibilities—including those whose transfer was pending since 2004, 2005, and 2006—had to be transferred to regional governments. Because five sectors had not programmed these transfers, a total of 4,500 sector responsibilities were passed on to subnational government in the frame of this plan. At end 2008, about 93 percent of said transfers were completed. The Organic Law of Regional Governments (Law 27867) establishes that the specific functions of the regions are grouped in eight sectors, with Education, Labor, Tourism, Agriculture, and Health being in charge of the greater number of responsibilities.

⁶ The current decentralization process started in March 2002 when the 1993 Constitution's chapter on decentralization was modified. Since then, several regulations on the process have been approved, two electoral processes have been carried out to elect regional authorities (in November 2002 and in November 2006), and a referendum was developed to establish the regions (October 2005). The President of Peru announced the implementation of a "decentralization shock" consisting of 20 measures aimed at accelerating the decentralization process, including the culmination of the process of transferring sector responsibilities to regional governments and the implementation of pilot plans for the municipalization of education and primary health care.

SECTORIAL COMPETENCIES OF REGIONAL GOVERNMENTS

Sector	Number of Competencies
Education, culture, science, technology, sports and entertainment	21
Labor, promotion of employment, and small and micro businesses	18
Tourism	18
Agriculture	17
Health	16
Handcrafts	12
Fishing	10
Environment and territorial ordering	10
Transport	8
Housing and sanitation	8
Energy, mines and hydrocarbons	8
Social development and equal opportunities	8
Industry	7
Population	6
Commerce	5
Telecommunications	5
Civil Defense	5
Administration and adjudication of State property	3
TOTAL	185

The Plan Anual de Transferencia de Competencias Sectoriales 2008 (D.S. 049-2008-PCM) is currently being implemented. Aspects worth highlighting include the following:

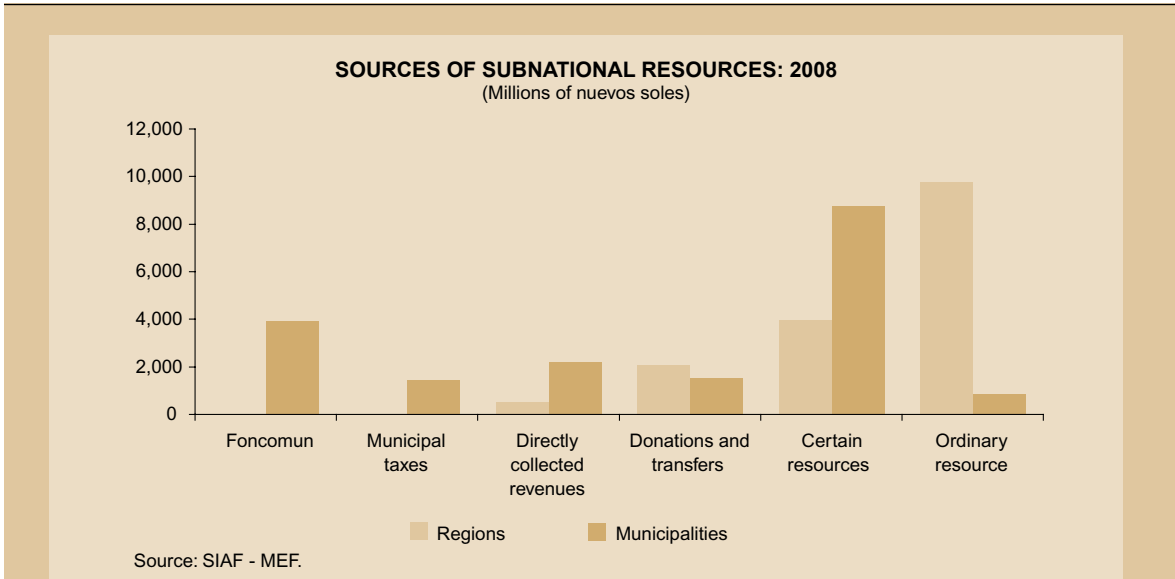
- 185 sector responsibilities will be transferred to the Municipality of Metropolitan Lima.
- Five sector responsibilities not included in the 2007 Plan will be transferred to subnational governments (one Civil Defense function; two corresponding to Fisheries; one to Housing and Sanitation; and one to Agriculture).
- In addition to being responsible for the implementation of the education and health pilot projects, the municipalities will also be responsible for rural transport as this responsibility will be transferred to them through the Programa de Transporte Rural Descentralizado. In this way, province municipalities will be in charge of the maintenance, rehabilitation, and improvement of rural roads and bridle roads.

Transfer of resources

The allocation of responsibilities has to be coupled by a transfer of the resources required to implement them. Given that no region has been established yet, the allocation of resources is currently in the first stage considered in the Fiscal Decentralization Law⁷. In this sense, regional governments' main source of income in 2008 were the transfers of the Public Treasury (about 60 percent), followed by revenue from the mining royalty or canon minero (24 percent).

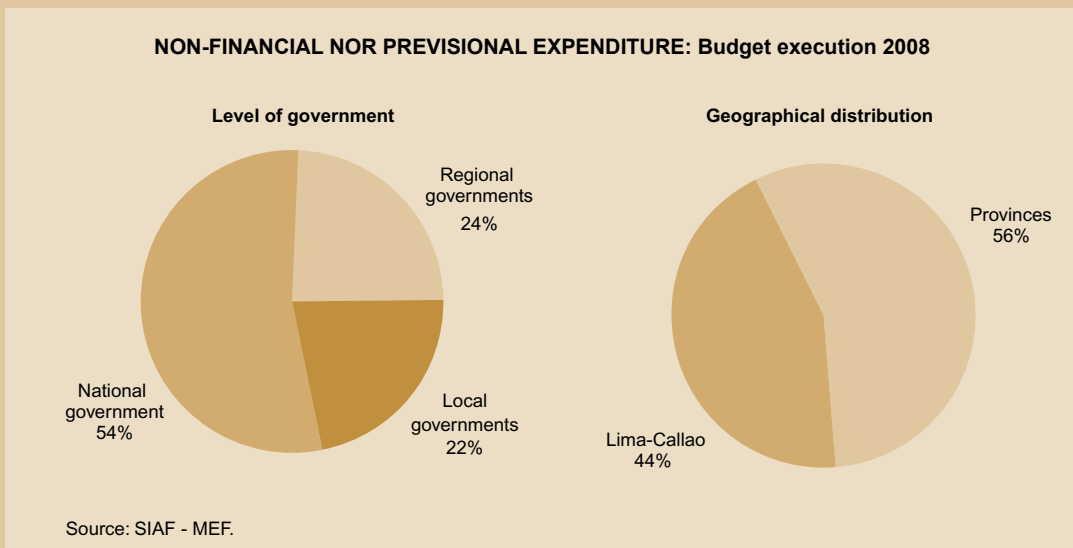
On the other hand, local governments main source of income included some specific resources (47 percent), particularly mining royalties, followed by transfers from Foncomun (21 percent), and by directly collected revenue and municipal taxes (20 percent).

7 The Fiscal Decentralization Law establishes two stages for the allocation of resources:
 – Budgetary transfers from the National Government and FONCOR will be executed in the first stage.
 – The second stage comprises the allocation of effectively collected resources in each region due to some national taxes (VAT, excise tax, and individuals' income tax). In addition, compensatory transfers may also be approved for some regions to reduce horizontal inequalities between regions.



Expenditure execution

The national government was responsible for executing 54 percent of total non-financial expenditure and non-social security-related expenditure, while regional governments executed 24 percent and the municipalities 22 percent. However, the deconcentration of expenditure has been higher since about 56 percent of expenditure was executed in the provinces.



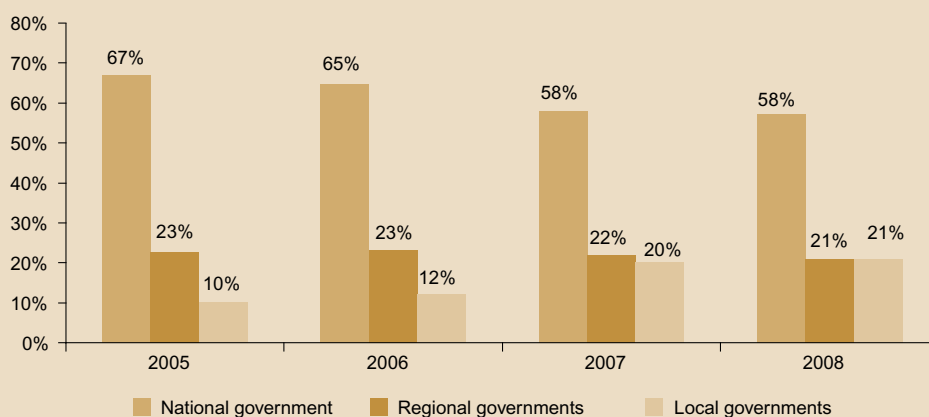
Excluding contingency reserves, the non-financial expenditure and non-social security-related expenditure of the opening budget of subnational governments has increased from 33 percent to 44 percent of the total in the last five years.

Municipalization of Education and Primary Health Care

The Plan for the Municipalization of Education 2007 is currently being implemented in 56 municipalities. This includes over 3,000 schools and 460 thousand students, representing about five percent of the country's school population. The 2008 Plan considers developing other 88 new pilot projects.



DISTRIBUTION OF NON-FINANCIAL NOR PREVISIONAL EXPENDITURE OF THE BUDGET



Source: SIAF - MEF.

PILOT PLANS FOR THE MUNICIPALIZATION OF EDUCATION: 2007

Education Level	Schools	Teachers	Students
Pre-school	1,365	3,073	67,597
Primary	1,447	10,902	258,966
Highschool	317	7,011	134,020
TOTAL	3,129	20,986	460,583

Likewise, 30 pilot projects of municipalization of primary health care are being implemented in 12 departments (in 9 provinces, 15 districts, and 6 local communities).

PILOT PLANS FOR THE MUNICIPALIZATION OF HEALTH

Department	Local Government	Number of Plans
Cajamarca	Sucre and Cajabamba	2
Amazonas	Rodriguez de Mendoza, Cajaruro and Aramango	3
La Libertad	Huamachuco	1
Piura	Bajo Piura, Bajo Morropon and Sullana	3
Ayacucho	Morochucos, Río Pampas and Jesus Nazareno	3
Huánuco	Ambo and Aucayacu	2
Pasco	Paucartambo, Pozuzo and Villa Rica	3
Huancavelica	Acobamba, Yauli, Huando, Tayacaja and Huancavelica	5
San Martín	Bajo Huallaga	1
Apurímac	Aymaraes, Curahuasi and San Jerónimo	3
Madre de Dios	Colorado and Planchón	2
Ica	Palpa and Nazca	2
TOTAL		30



Foniprel

In 2008, a total of S/. 650 million was budgeted for the Promotion Fund for Regional and Local Public investment (Foniprel). In March 2008, the first project contest allocated S/. 377 million, which was distributed among 372 projects (of which 270 were projects to be implemented and 102 were projects to elaborate pre-investment studies).

FONIPREL CALL FOR PROJECTS 2008 (Millions of nuevos soles)			
	First Call	Second Call	Total 2008
TOTAL	377	273	650
Execution	368	257	625
Studies	9	16	25

In line with the aim of reducing poverty, the projects awarded with funds in the frame of this first contest concentrated in the local governments with higher needs and lower resources.

4. Rest of central government

In contrast with the S/. 524 million surplus recorded in 2007, entities in the rest of the central government showed a deficit of S/. 255 million in 2008. This result, which was mainly explained by the operations of the Reserves Consolidated Fund (RCF), was offset by the operations of the National Pension Agency (Oficina de Normalización Previsional - ONP).

TABLE 52
OPERATIONS OF OTHER CENTRAL GOVERNMENT ENTITIES

	Millions of nuevos soles			Percentage of GDP		
	2006	2007	2008	2006	2007	2008
I. Current revenue	10,191	10,511	10,824	3.3	3.1	2.9
1. Contributions to EsSalud and ONP	4,629	5,191	6,193	1.5	1.5	1.7
2. Other	5,563	5,320	4,631	1.8	1.6	1.2
II. Non-financial expenditure	9,511	9,628	10,489	3.1	2.9	2.8
1. Current	9,406	9,380	9,896	3.1	2.8	2.7
2. Capital	105	248	593	0.0	0.1	0.2
III. Capital revenue	324	1	1	0.1	0.0	0.0
IV. Primary Result (I-II+III)	1,004	884	336	0.3	0.3	0.1
V. Interests	91	360	590	0.0	0.1	0.2
VI. Overall balance	913	524	- 255	0.3	0.2	-0.1
1. EsSalud	162	240	- 15	0.1	0.1	0.0
2. ONP	40	309	387	0.0	0.1	0.1
3. FCR 1/ ^{1/}	356	- 286	- 729	0.1	-0.1	-0.2
4. Other	356	261	102	0.1	0.1	0.0

1/ As established by law N° 27617 (01-01-02), all Fonahpu funds are included in the FCR.
Source: MEF, SUNAT, EsSalud and regulating organizations.



The RCF showed a deficit of S/. 729 million, a result higher by S/. 443 million than the one posted in 2007, explained by the lower return of its placements and by the higher interest rates on the balance of Recognition Bonds.

The economic surplus recorded by the ONP (S/. 387 million) was S/. 78 million higher than in 2007 as a result of lower non-financial current expenditure (S/. 177 million) due to lower payments of accruals.

EsSalud showed a deficit of S/. 15 million, in contrast with the surplus of S/. 240 million recorded in 2007. This result is mainly associated with higher non-financial expenditure (S/. 720 million), both due to current expenditure (S/. 367 million) as a result of increased requirements of personnel, medicines, and inputs, and to capital expenditure (S/. 353 million) mainly as a result of higher gross capital formation (acquisition of health care and computer equipments, and hospital construction and modernization to improve the health services provided to EsSalud users).

5. Local governments

Local governments recorded an economic surplus of S/. 3 million, a result S/. 3,592 million lower than the one observed in 2007. This lower result is mainly explained by higher gross capital formation, as the latter increased from 1.0 to 1.9 percent of GDP (98.5 percent in real terms). Lower transfers (0.2 of a percentage point of GDP) also contributed to this.

TABLE 53
OPERATIONS OF LOCAL GOVERNMENTS

	Millions of nuevos soles			Percentage of GDP		
	2006	2007	2008	2006	2007	2008
I. Current revenue	7,863	11,672	12,365	2.6	3.5	3.3
II. Non-financial expenditure	7,978	8,796	13,745	2.6	2.6	3.7
1. Current	4,888	5,380	6,644	1.6	1.6	1.8
2. Capital	3,090	3,416	7,101	1.0	1.0	1.9
III. Capital revenue	394	769	1,414	0.1	0.2	0.4
IV. Primary Result (I-II+III)	279	3,645	34	0.1	1.1	0.0
V. Interests	89	50	31	0.0	0.0	0.0
VI. Overall balance	190	3,595	3	0.1	1.1	0.0

Source: Local governments, SIAF/GL, Contaduría Pública de la Nación.

6. State enterprises

In contrast with the S/. 183 million surplus obtained in 2007, public enterprises showed a deficit of S/. 195 million (equivalent to 0.1 percent of GDP) in 2008. This result associated with the deterioration of Petroperú's balance was partially offset by the relative improvement recorded in the balances of Electroperú, the regional electricity enterprises, and Sedapal.

Petroperú showed a deficit of S/. 784 million (S/. 421 million higher than in the previous year) due to increased expenditure in goods and services, to the distribution of 2007 dividends to workers, and to investment expenditure in restocking and maintenance.

TABLE 54
OVERALL BALANCE OF STATE ENTERPRISES

	Millions of nuevos soles			Percentage of GDP		
	2006	2007	2008	2006	2007	2008
I. CURRENT REVENUE	16,408	16,476	20,808	5.4	4.9	5.6
1. PetroPerú	10,320	9,725	13,231	3.4	2.9	3.5
2. ElectroPerú	1,701	1,406	1,498	0.6	0.4	0.4
3. Regional Electricity Companies	1,975	2,310	2,467	0.6	0.7	0.7
4. Sedapal	805	892	986	0.3	0.3	0.3
5. Centromin	33	24	0	0.0	0.0	0.0
6. Other	1,574	2,118	2,625	0.5	0.6	0.7
II. NON-FINANCIAL CURRENT EXPENDITURE	14,966	15,502	19,748	4.9	4.6	5.3
1. PetroPerú	10,074	9,994	13,858	3.3	3.0	3.7
2. ElectroPerú	1,379	1,498	1,202	0.5	0.4	0.3
3. Regional Electricity Companies	1,666	1,804	2,002	0.5	0.5	0.5
4. Sedapal	476	547	616	0.2	0.2	0.2
5. Centromin	30	27	0	0.0	0.0	0.0
6. Other	1,342	1,632	2,070	0.4	0.5	0.6
III. CAPITAL EXPENSE	829	1,252	1,465	0.3	0.4	0.4
1. PetroPerú	70	78	99	0.0	0.0	0.0
2. ElectroPerú	134	138	116	0.0	0.0	0.0
3. Regional Electricity Companies	255	435	438	0.1	0.1	0.1
4. Sedapal	257	352	530	0.1	0.1	0.1
5. Centromin	19	0	0	0.0	0.0	0.0
6. Other	94	248	282	0.0	0.1	0.1
IV. CAPITAL REVENUE	244	558	344	0.1	0.2	0.1
V. PRIMARY RESULT (I-II-III+IV)	858	279	- 61	0.3	0.1	0.0
VI. INTERESTS	101	96	134	0.0	0.0	0.0
VII. OVERALL BALANCE	757	183	- 195	0.2	0.1	-0.1
1. PetroPerú	158	- 363	- 784	0.1	-0.1	-0.2
2. ElectroPerú	188	- 230	180	0.1	-0.1	0.0
3. Regional Electricity Companies	166	300	119	0.1	0.1	0.0
4. Sedapal	111	30	97	0.0	0.0	0.0
5. Centromin	- 16	- 3	0	0.0	0.0	0.0
6. Other	151	451	193	0.0	0.1	0.1

Source: State enterprises and FONAFE.



Petroperu's operations were affected by the reduction of its operational margin (from S/. 27.5 / barrel to S/. 3.0 / barrel). In 2008, this enterprise received a total of S/. 992 million from the Fuel Price Stabilization Fund, with a remaining balance of S/. 461 million at December 2008.

Electroperú recorded a surplus of S/. 180 million in 2008, a result contrasting with the S/. 230 million-deficit recorded in 2007. Lower current and capital expenditure, as well as increased incomes for sales, accounted for this positive result. Transfers to Fonahpu –for 2008 dividends– were lower by S/. 85 million, while capital transfers to the Economy Ministry for the debt with the government were S/. 14 million lower than in the previous year.

Electroperú's higher current income was mainly explained by the increase of energy rates (7.3 percent on average), while the volume of sales declined slightly due to lower sales to electricity distributors, including deliveries to the Comité de Operación Económica del Sistema (COES).

The **regional electricity enterprises** showed an overall surplus of S/. 119 million (S/. 181 million lower than in 2007) due to higher expenditure and lower capital income, offset in part by higher income for sales given increased demand for energy.

Investment expenditure, which amounted to S/. 434 million (S/. 167 million higher than in 2007), was oriented to increasing the supply of electricity (expansion and renewal or rehabilitation of transmission and distribution grids; construction, expansion or conversion of thermal energy plants).

7. Promotion of private investment

The amount obtained from privatization processes implemented in 2008 was US\$ 46.5 million. In this sense, it is worth highlighting that state-owned EDEGEL shares sold at the Lima Stock Exchange in October amounted to US\$ 43 million. At December 2008, the State's shareholding is still 31.6 million.

On the other hand, investment commitments estimated to amount to US\$ 882 million have been signed with different concessionair firms. It is worth pointing out the concession of Red Vial 4 (with an expected investment of US\$ 350 million) and the concessions of 4 electricity transmission lines to different companies (with an overall investment of US\$ 339 million). Other projects include water supply for Lima, the Gaseoducto Regional de Ica, and road rehabilitation and improvement (Programa Costa – Sierra), with investments amounting to US\$ 77 million, US\$ 60 million, and US\$ 33 million, respectively.

TABLE 55
PRIVATIZATION AND CONCESSIONS 2008
(Millions of US\$)

Sale of Shares, Assets and Concessions	Date	Buyer	Transactions	Projected Investment
SALE OF STOCKS - ASSETS			46	2
1. Land	Feb.- Sep	Several	0	
2. Buildings	Feb.- Dec.	Several	1	
3. Toromocho project1/	Apr 26.	Minera Peru Copper Syndicate Ltd.	2	2
4. Edegel 2/	Oct 28.	Sale in the Stock Market	43	
CONCESSIONS				880
1. Telecommunications public service in 450 MHZ band, fixed wireless telephony in Lima and Callao 3/	Jan. 09	Telefónica Móviles S.A.		9
2. Carhuamayo -Paragsha -Conococha-Huallanca-Cajamarca -Cerro Corona - Carhuaquero electric transmission line 4/	Feb. 26	Abengoa Perú S.A.		106
3. Regional Pipeline Ica 5/	Apr. 25	Consorcio EEB-TGI		60
4. Mantaro -Caraveli -Montalvo and Machu Picchu Cotaruse electric transmission line 5/	Apr. 29	Isonor Transmisión S.A.C.		181
5. Chilca - La Planicie - Zapallal electric transmission line 6/	Jun. 17	Interconexión Eléctrica S.A.		52
6. Rural internet program 7/	Aug. 12	Consorcio Ameritel-Cime-Valtron		12
7. Supply of potable water for Lima (Huascacocha -Rimac) 8/	Oct. 24	Constructora OAS Ltda.		77
8. Costa-Sierra program: Óvalo Chancay -Desvío Variante Pasamayo-Huaral-Acos 9/	Nov. 07	Consorcio "Concesión Chancay - Acos"		33
9. Red vial 4: Pativilca - Trujillo stretch10/	Dec. 18	Consorcio OHL Concesiones SL		350
TOTAL			46	882

1/ Royalties equivalent to an average of 1.75% of net sales will be transferred to the State each semester.

2/ 82 million shares were sold (at S/. 1.64 each).

3/ A new telephone rate was established.

4/ 30-year concession.

5/ 30-year concession for the design construction, operation and maintenance of the system.

6/ To be built in 2 stages: 250 and 500 kw, respectively.

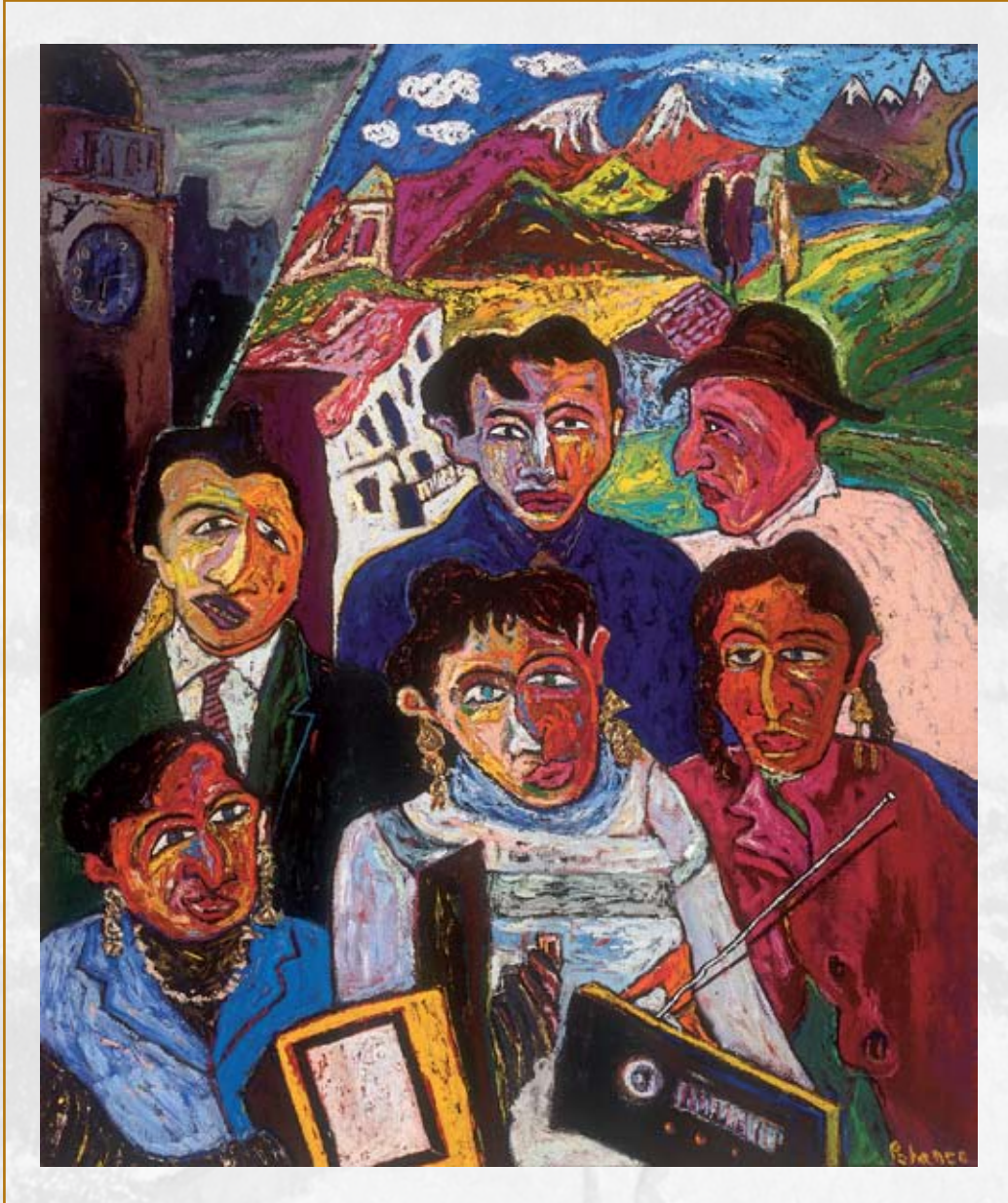
7/ Installation, operation, and maintenance of last-generation equipments in 1,050 rural towns.

8/ 20-year concession.

9/ Rehabilitation and improvement of 76.5 kms of highways.

10/ This projects includes the construction of 113,42 kms in addition to the 170 kms established in the contract.

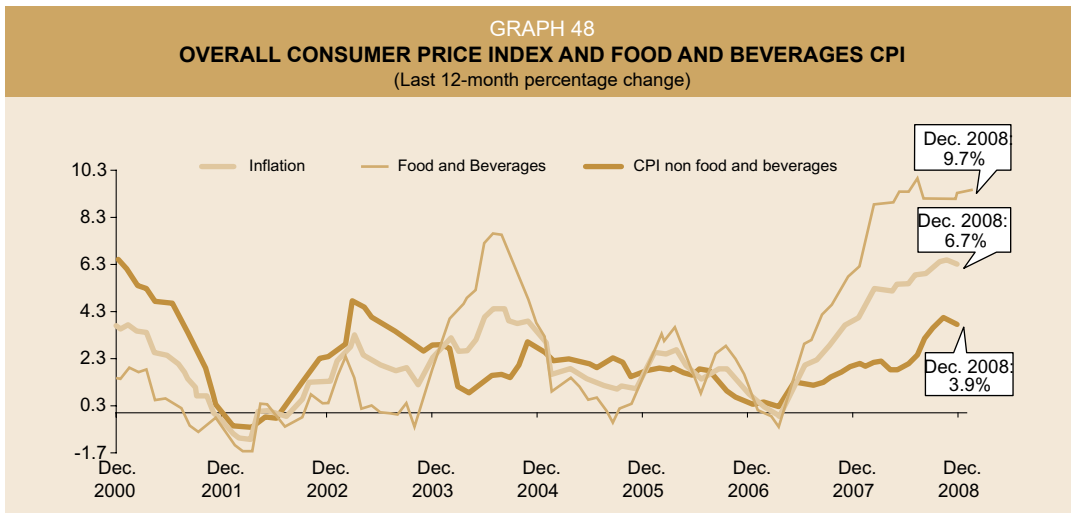
Source: Proinvestment.



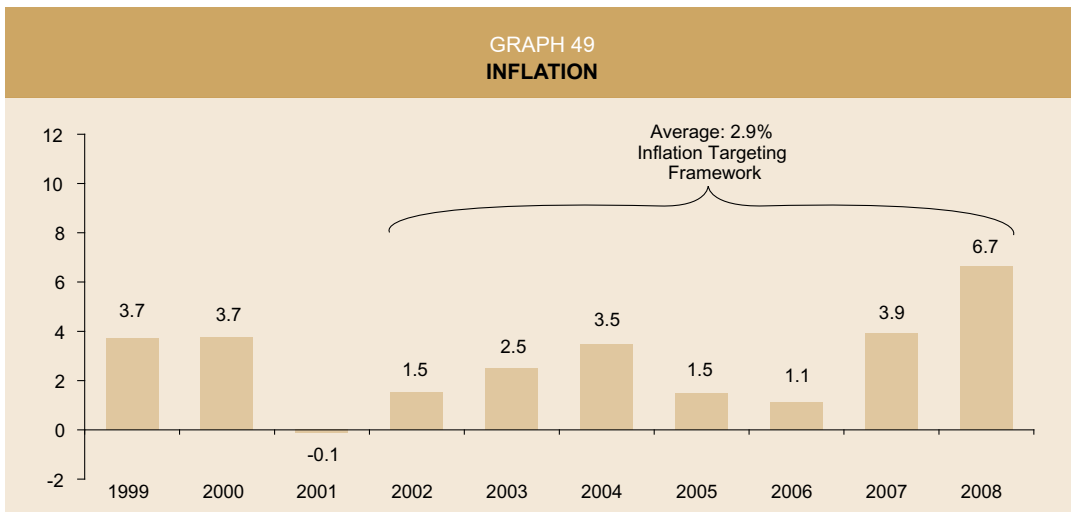
Migrants
Carlos Enrique Polanco
Oil painting

IV. Inflation

Measured by the Consumer Price Index (CPI), inflation showed a rate of 6.65 percent in 2008. This rate was mainly due to the higher international prices of food in the first months of the year, as well as to the higher domestic prices of farming products as a result of climatic factors and the higher prices of fertilizers. In this sense, food prices increased 9.7 percent in 2008, while the prices of components other than food increased 3.9 percent.



The average inflation rate since inflation targeting was adopted in 2002 has been 2.9 percent, with average core inflation showing a rate of 2.1 percent.



This means that the drastic increase observed in the prices of food and beverages –from 6.0 percent in 2007 to 9.7 percent in 2008– resulted from domestic and external supply shocks. Moreover, the price rise of public utilities (8.7 percent), electricity (6.3 percent), and transport (5.9 percent) should also be pointed out in terms of other CPI components.

TABLE 56 INFLATION (Percentage change)								
	Weight	2002	2003	2004	2005	2006	2007	2008
CPI	100.0	1.52	2.48	3.48	1.49	1.14	3.93	6.65
1. Food and beverages	47.5	0.50	1.89	4.00	1.13	1.76	6.02	9.70
2. Rest of components	52.5	2.44	3.04	3.03	1.75	0.61	2.02	3.86
a. Fuels and electricity	6.2	12.81	4.23	15.93	4.01	- 3.16	5.21	1.65
Fuels	3.9	15.60	8.94	17.77	6.89	- 1.50	6.45	- 0.04
Electricity	2.2	7.90	- 4.63	11.95	- 2.52	- 7.30	1.92	6.31
b. Transport costs	8.4	0.11	10.99	3.49	1.29	1.12	0.82	5.86
c. Public utilities	2.4	- 3.62	0.81	0.46	- 0.83	1.22	- 1.44	8.68
d. Other goods and services	35.5	1.59	1.07	0.50	1.63	1.28	1.89	3.51
Note								
Core inflation	60.6	1.23	0.73	1.23	1.23	1.37	3.11	5.56
Core inflation excluding food and beverages	35.5	1.59	1.07	0.50	1.63	1.28	1.89	3.51

The prices contributing most heavily to the growth of inflation included the price of meals outside the home, potato, chicken meat, and urban fares, while the prices offsetting the increase in the CPI included the prices of sugar, citrus fruits, sweet potato, and telephone rates.

Meals outside the home:

This rise (8.3 percent) is associated with the higher prices of food and beverages (9.7 percent), as well as with the growth of domestic demand.

Potato:

The increase observed in the price of potato (50.9 percent) reflects lower sown areas in departments that supply Lima with this product (i.e. Ica and Huánuco), mainly since July. These departments were affected by a lower availability of seeds and by the higher cost of fertilizers, amid a context of increased demand due to campaigns promoting the consumption of potato.

Chicken:

The price rise of chicken (15.6 percent) was associated with increased demand as a result of the population's higher incomes. The price of this product also increased due to the lower availability of

substitute products (especially yellow mackerel, whose supply declined 38 percent compared to 2007). This was offset by higher placements of baby chicken, which increased 9 percent compared with the previous year.

Another factor contributing to this price rise was higher production costs, due mainly to the higher price of maize in international markets: in 2008 the international price of maize increased 39 percent relative to 2007.

Two distinctive trends were observed in the international price of maize during the year: a sustained upward trend until June, when the price of maize reached a record level of US\$ 280/ton, and a declining trend that led this price to a minimum low of US\$ 106/ton on December 5. This price started falling as the global economy slowed down and in line with the downward trend observed in the price of crude, a reference for the price of ethanol, one of whose inputs is maize.

Beef:

The rise of the price of beef (14.5 percent) was associated with the higher price of chicken meat, its main substitute, amid lower activity in the beef-cattle fattening industry, affected by the higher prices of imported inputs (such as soybean cake, bran, etc). Seasonal factors, such as rainfall which affected cattle butchering in the highlands in Q4-2008, added to this.

Rice:

The higher price of rice was due to higher production costs as a result of the increase of fertilizer prices, as well as to the increase observed in the international prices of this cereal. The price of rice increased despite a high level of supply of this grain, since domestic production grew 14 percent relative to 2007.

Onion:

The rise in the price of onion (58.4 percent) was more evident in March-May (91 percent) due to lower supply. This result is explained by a 16 percent reduction of sown areas compared with the previous farming season due to the lower prices obtained by farmers in the last half of 2007. The price of onion was also affected by the higher costs of fertilizers and labor. Between June and October, the prices of onion fell due to higher supply.

Urban fares:

The rise of fares (6.1 percent) was associated with the higher prices of fuels observed until October 2008. The price of gasoline accumulated an increase of 21.7 percent between April 2007 and October 2008.

TABLE 57
WEIGHTED CONTRIBUTION TO INFLATION 2008

	Weight	Percentage change	Weighted contribution
CPI	100.0	6.65	6.65
1. Food and beverages	47.5	9.7	4.67
Of which:			
Meals outside the home	12.0	8.3	0.96
Potato	1.5	50.9	0.78
Chicken	4.0	15.6	0.55
Beef	2.3	14.5	0.32
Rice	2.3	12.8	0.30
Onion	0.4	58.4	0.22
2. Other components	52.5	3.9	1.98
a. Fuels and electricity	6.2	1.7	0.13
Fuels	3.9	0.0	0.00
Gasoline and lubricants	1.5	-6.1	-0.13
Gas	1.3	2.7	0.04
Kerosene	1.2	4.2	0.09
Electricity	2.2	6.3	0.13
b. Transport	8.4	5.9	0.51
Of which:			
Urban fares	8.0	6.1	0.50
c. Public services	2.4	8.7	0.17
Of which:			
Water consumption	1.0	18.9	0.21
d. Other goods and services	35.5	3.5	1.18

Fuels:

On average, the domestic price of fuels showed no variation in 2008. However, two trends were observed in these prices during the year: an increase of 5.8 percent between January and October, and a drop of 5.5 percent between November and December. In the international market, the price of WTI oil increased from US\$ 91 in December 2007 to a peak of US\$ 145.29 early in July, declining thereafter to US\$ 41 in December 2008.

These two clear trends included a fast pace of growth to a historical record price of US\$ 145.3 the barrel in July, and a plunging decline until December, when this price reached a minimum low of US\$ 31/barrel –a level which had not been recorded since December 2003. The reduction observed in the price of crude during the last months was associated with the continuous decline observed in the global demand for crude, particularly from OECD countries, as well as with higher inventories of crude and derivatives in the United States (which offset the cuts of the OPEC production quotas), and with high uncertainty about the evolution of financial markets, which has affected the global demand of non-commercial investors.

TABLE 58
FUEL PRICES
 (Percentage change)

	2002	2003	2004	2005	2006	2007	2008
Fuels	15.6	8.9	17.8	6.9	- 1.5	6.4	0.0
Gasoline	15.7	9.7	17.7	9.2	- 6.2	10.7	- 6.1
Gas	11.3	4.2	15.3	- 10.9	0.3	1.3	2.7
Kerosene	20.4	13.0	20.3	21.0	2.2	5.8	4.2
WTI Price of oil (end of period)							
US Dollars	29.4	32.2	43.3	59.4	62.0	91.4	41.4
Nuevos soles	103.4	111.6	142.2	203.5	198.8	272.4	129.1

Source: INEI and Bloomberg.

Electricity:

The increase of electricity rates (6.3 percent) reflected mainly the rises implemented by Osinergmin in October and November to update the cost of generation according to the price variations of fuels and exchange rate. In December, on the other hand, these rates declined as a result of the reduction of the prices of Diesel 2 and Residual fuels.

Water:

The rate of water increased 18.9 percent mainly due to rises decreed by the regulating entity Sunass. The highest increase was approved in November to compensate Sedapal for the expenditure executed by this organization in terms of investment plans. The rest of price adjustments were associated with the increase of the wholesale CPI, which is one of the components of Sedapal's rate formula and which showed an accumulated variation of 8.79 percent in 2008.

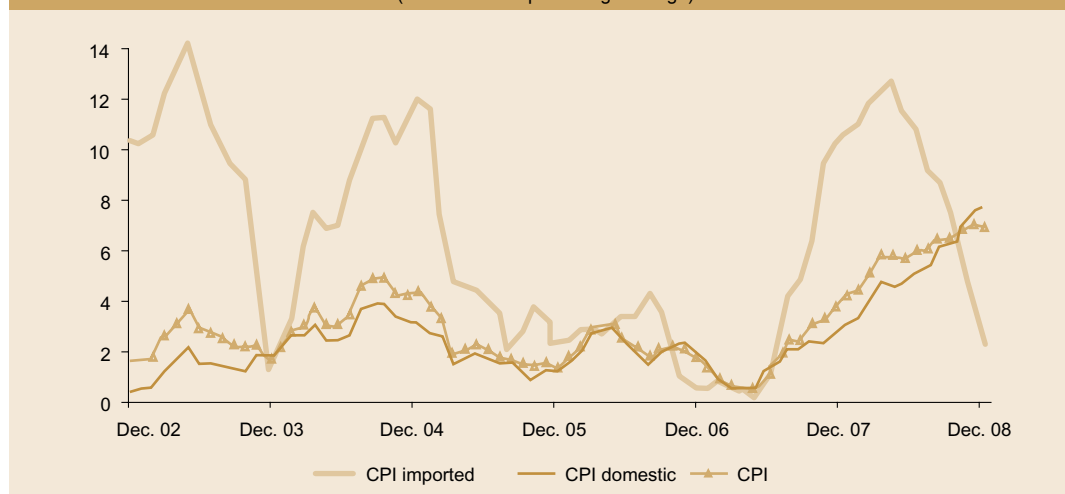
Imported inflation:

Imported inflation recorded 2.2 percent. This rate is mainly explained by higher food prices (4.7 percent). Between January and October (4.5 percent), imported inflation showed an upward trend, declining thereafter between November and December (-2.2 percent). This evolution is associated both with the conduct of food prices (5.1 percent variation between January and October, and -0.3 percent variation between November and December) and with fuel prices (5.8 percent variation between January and October, and -5.5 percent variation between November and December).

TABLE 59
DOMESTIC AND IMPORTED INFLATION
(Cumulation percentage change)

	Weight	2002	2003	2004	2005	2006	2007	2008
I. IMPORTED CPI	12.1	10.30	3.03	11.33	2.18	0.27	10.46	2.20
Food	5.4	9.98	- 0.10	10.90	- 1.49	2.08	18.83	4.75
Fuel	3.9	15.60	8.94	17.77	6.89	- 1.50	6.45	- 0.04
Domestic appliances	1.0	3.42	- 1.91	- 2.83	- 1.23	- 1.29	- 1.50	- 0.06
Other	1.8	3.39	1.40	3.23	2.27	0.64	0.47	0.46
II. DOMESTIC CPI	87.9	0.30	2.40	2.28	1.38	1.28	2.84	7.44
III. CPI	100.0	1.52	2.48	3.48	1.49	1.14	3.93	6.65
Exchange rate		2.29	- 1.23	- 5.48	4.36	- 6.40	- 7.00	4.47
Non-food imported inflation	6.7	10.56	5.57	11.66	4.96	- 1.02	4.31	0.06
Food and beverage-related domestic inflation	42.1	- 0.73	2.18	3.04	1.52	1.72	4.14	10.53
Non-food domestic inflation	45.8	1.25	2.60	1.60	1.25	0.89	1.64	4.53

GRAPH 50
INFLATION, DOMESTIC AND IMPORTED INFLATION
(Last 12-month percentage change)



Bread and pasta:

The prices of bread and pasta increased 1.6 percent and 6.5 percent, respectively. The price of wheat flour, the main input of these two foodstuffs, increased 43 percent in 2007 and 7 percent between January and April 2008, falling thereafter 13 percent between May and December 2008.

Moreover, the average price of wheat increased 27 percent in 2008. After climbing to a record of US\$ 477/ton on February 27, the price dropped over the year to a minimum low of US\$ 166/ton on December 4 –a level not observed since mid-2007. The declining trend shown by the price of wheat during most of the year was associated with two factors: favorable prospects for wheat production in Argentina, Australia, and the United States, and the slowdown of global demand.

Edible oil

The accumulated increase of the price of edible oil at December 2008 was 20 percent. This price increased 25.9 percent between January and August and then fell 4.4 percent between September and December. This evolution was associated with the trend of the price of soybean oil –the main input used to elaborate oils–, although fluctuations in both prices showed different magnitudes. The international price of soybean oil increased 38 percent between January and June, but dropped 53 percent between July and December.



El soldado y la rabona
Pancho Fierro
Watercolor painting

V. Money and credit

During 2008, monetary policy faced a highly volatile macroeconomic environment characterized, first, by a strong growth of domestic demand and substantial increases in the international prices of food and fuels –which generated inflationary pressures–, and a strong inflow of short-term capitals –which translated into appreciatory pressures on the local currency. Then, as the global financial crisis deepened since September, the rapid deterioration of external credit conditions initially generated pressures on liquidity in the money market, on interest rates, and on the exchange rate.

Because they were implemented on a timely basis, monetary policy measures have allowed inflation to continue converging to the 2 percent inflation target, while preventing at the same time that the tightening of external credit conditions would affect the domestic ones. In this way, the normal dynamism of the credit chain was preserved, thus preventing that the problems observed in the global financial system would translate into the real sector of our economy. Moreover, extreme volatilities in the exchange rate were also reduced since these measures were aimed at neutralizing negative effects in the balances of businesses and consumers due to the high dollarization of their liabilities.

TABLE 60
SUMMARY OF RECENT MONETARY POLICY ACTIONS
(Percentage)

Monetary policy actions	Jan. 2008	Feb. 2008	Mar. 2008	Apr. 2008	May. 2008	Jun. 2008	Jul. 2008	Aug. 2008	Sep. 2008	Oct. 2008	Nov. 2008	Dec. 2008
Reference interest rate	5.3	5.3	5.3	5.5	5.5	5.8	6.0	6.3	6.5	6.5	6.5	6.5
Legal reserve requirement in S/. and US\$	6.0	7.0	7.0	8.0	8.5	8.5	8.5	9.0	9.0	9.0	9.0	7.5
Minimum reserve requirement in current account in S/. and US\$ 1/	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Marginal reserve requirement in S/. 2/	6.0	15.0	15.0	20.0	25.0	25.0	25.0	25.0	25.0	9.0	9.0	7.5
Marginal reserve requirement in S/. (non-residents)	6.0	15.0	15.0	40.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	35.0
Remuneration to marginal reserve requirement in S/.	n.a.	3.50	3.50	3.75	3.75	3.75	3.75	3.75	4.75	n.a.	n.a.	n.a.
Base period for marginal reserve requirement in S/.	n.a.	Dec. 07	Dec. 07	Dec. 07	Apr. 08	Apr. 08	Apr. 08	Apr. 08	Apr. 08	n.a.	n.a.	n.a.
Marginal reserve requirement in US\$	30.0	40.0	40.0	40.0	45.0	45.0	45.0	49.0	49.0	35.0	35.0	30.0
Marginal reserve requirement in US\$ (external liabilities)	30.0	40.0	40.0	40.0	45.0	45.0	45.0	49.0	49.0	35.0	0.0	0.0
Maximum reserve requirement in US\$ (external liabilities)											35.0	35.0
Remuneration to marginal reserve requirement in US\$ 3/	3.5	L - 7/8	L - 7/8	L - 7/8	L - 7/8	L - 7/8	L - 7/8	L - 7/8	L - 7/8	L - 7/8	L - 7/8	L /2
Base period for marginal reserve requirement in US\$	Sep. 04	Dec. 07	Dec. 07	Dec. 07	Apr. 08	Apr. 08	Apr. 08	Apr. 08	Apr. 08	Sep. 08	Sep. 08	Nov. 08
Investment limit for AFPs investments abroad 4/	17.0	17.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0

1/ Since February 2008, the amount of additional reserve requirement has to be deposited in current accounts at the Central Bank.

2/ Since October 2008, marginal reserve requirement in soles was eliminated.

3/ 1-month Libor in US\$.

4/ The limit was raised from 15 to 16 percent in January 2008, and subsequently from 16 to 17 percent.

Source: BCRP.

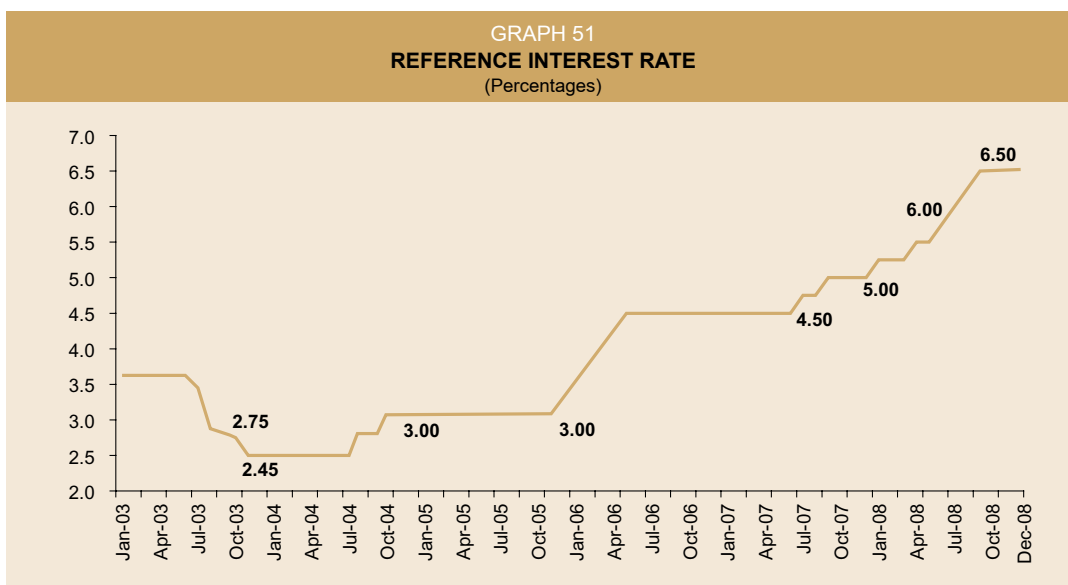


1. Monetary policy actions

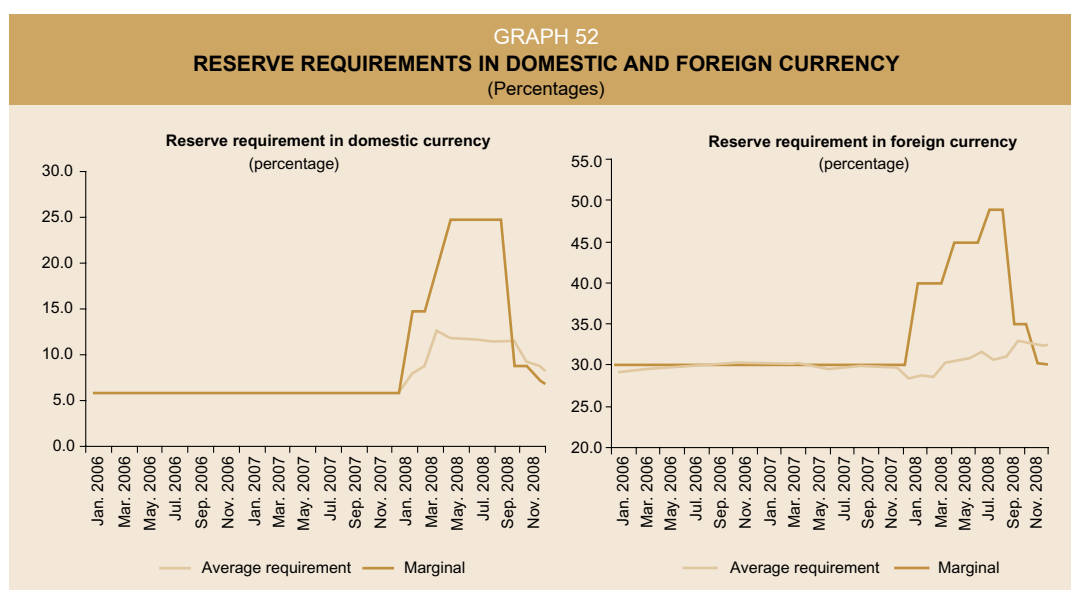
Between January and September 2008, amidst significant increases in the international prices of food and fuels, a dynamic growth of domestic demand, and a strong inflow of short-term capitals which translated into important holdings of assets in domestic currency by non-resident investors, monetary policy continued to be oriented to leading inflation and inflation expectations to gradually return to the 2 percent target through gradual adjustments of 25 bps in the reference interest rate, in a context of high uncertainty about the evolution of the world economy.

In this period, the Board of the Central Bank opted for gradually adjusting its monetary policy stance and approved to raise its reference interest rate on six occasions (by 25 basis points each), thus raising it from 5.0 percent to 6.5 percent. Additionally, in order to support sterilization mechanisms for the important inflow of short-term capitals observed early in 2008, the BCRP raised reserve requirements in domestic currency and in foreign currency, and decided to increase purchases of dollars in the foreign exchange market to preventively accumulate international reserves. Marginal reserve requirements in domestic currency were raised to 25 percent, while marginal reserve requirements in foreign currency were raised from 30 percent to 49 percent. Likewise, minimum legal reserve requirements were raised from 6.0 percent to 9.0 percent.

The unprecedented inflow of short-term external capitals to the market of assets in domestic currency (BCRP certificates of deposit -CDBCRP- and Treasury Sovereign Bonds -BTP) seen in Q1 generated strong appreciatory pressures on the nuevo sol and high volatility in banks' short-term liquidity. In this context, the Central Bank increased its pace of interventions in the foreign exchange market, preventing the risks of an excessive volatility of the exchange rate in a polarized economy. As a result of this, the BCRP accumulated US\$ 8,449 million between January and August 2008, strengthening through these reserves its international liquidity position and its capacity to deal with unexpected outflows of short-term capitals.



Additionally, other measures adopted were oriented to returning their role of monetary management tools to CDBCRPs and to discouraging holdings of these CDs by non-resident investors (investors had to register and fees were charged for transfers of these CDs). In this sense, the Board established the BCRP Certificates of Deposit with Restricted Negotiation (CDBCRP-NR), initially restricting banks in the domestic financial system for purchasing these securities given that they were meant to serve as a monetary regulation instrument and not as an investment one.



Later, since October 2008, the bankruptcy of Lehman Brothers showed the deepening of the international financial crisis and also marked a severe deterioration of money and credit markets. This was mainly reflected in a strong credit constraint, lack of liquidity, and economic agents' generalized mistrust and uncertainty, which caused private spending to drop. Both the collapse of credit and the drop of private spending are key factors explaining today's global recession. In this context, the BCRP suspended the process of adjusting its monetary policy position and prioritized efforts aimed at providing liquidity to the domestic financial system to prevent that a contraction of credit would generate negative impacts on domestic activity. Priority was also given to reducing extreme volatilities in terms of the exchange rate.

In order to provide liquidity to the financial system and restore the interest rate channel, the BCRP timely used a wide range of instruments –such as repos of securities with up to 1-year maturities, swaps in foreign currency, as well as permanent repurchases of CDBCRP and CDBCRP-NR in the secondary market–, and left the liquidity associated with the maturities of CDs in the market.

In October 2008, the participation of the Central Bank in the secondary market of its CDs –a creative monetary policy mechanism– also contributed to reduce the price distortions generated by the exit of non-resident investors and allowed the yield curve of BTPs in November and December to return to the levels they had before the deepening of the financial crisis. Considering only the maturities of BCRP certificates of deposit and repo operations, monetary injections amounted to S/. 25,232 million during

the deepening of the financial crisis (between September 2008 and end December 2008). This amount is equivalent to 58 percent of total obligations subject to reserve requirements.

The BCRP also initiated a sequence of reductions of the rates of reserve requirements in both domestic currency and foreign currency to meet banks' higher preference for liquidity and to guarantee the normal operation of the money market. Marginal reserve requirements in domestic currency were reduced from 25 percent to 6.5 percent; marginal reserve requirements in foreign currency were reduced from 49 percent to 30 percent; reserve requirements for the deposits of non-resident financial entities were reduced from 120 percent to 35 percent, and additionally, banks' external loans with 2-year or longer maturities were exempted from reserve requirements.

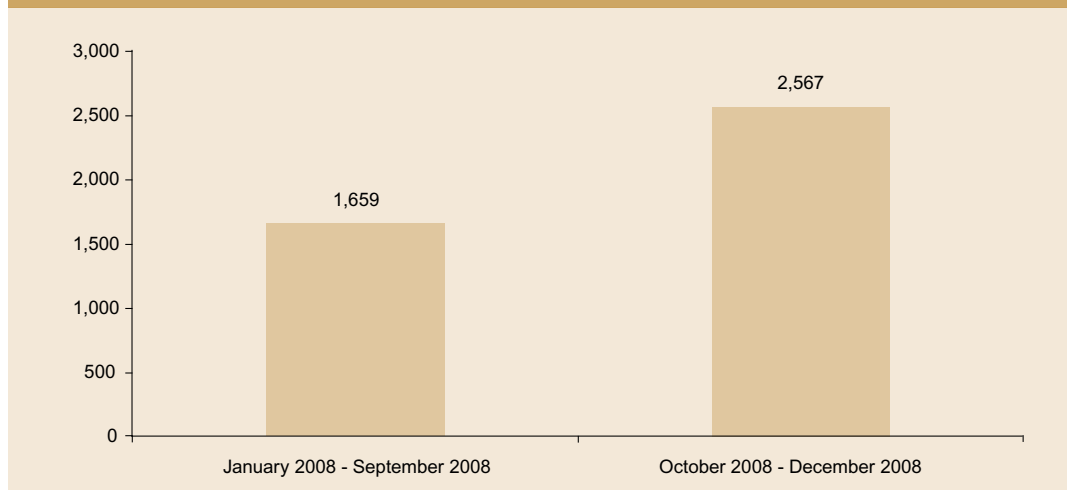
The Central Bank actions were also aimed at reducing extreme volatilities in the exchange rate to neutralize possible negative effects on the balances of businesses and consumers resulting from the high dollarization of their liabilities, given that credit in foreign currency still represents 57 percent of overall credit. The BCRP sold foreign currency for a total of US\$ 5,695 million since September 2008 and placed indexed certificates of deposit (CDR) for a total of US\$ 1,422 million (equivalent to S/. 4,425 million).

These actions prevented the balances of firms and families –which are dollarized– from deteriorating due to the evolution of the exchange rate. Despite this, the BCRP accumulated international reserves for US\$ 3,507 million during 2008, with reserves increasing from US\$ 27,689 million at end 2007 to US\$ 31,196 million at end 2008. This was the result of a preventive accumulation of international reserves carried out through net purchases of dollars in the foreign exchange market, as a result of which US\$ 10,306 million was bought in 2007 and US\$ 8,449 million was bought between January and August 2008.

As a result of the timely measures implemented by the Central Bank –which implied activating all of its operational procedures–, inflation in Peru in 2008 not only has been one of the lowest in the region, but also continues converging to its 2 percent target, which should be reached at end 2009. Moreover, these measures have also prevented that the deterioration of external credit conditions should translate into the local credit market contaminating the real sector. Thus, the interbank money market in soles has maintained its volumes of transactions, which have even increased after showing a temporary reduction between September and October 2008. Furthermore, the dynamism of credit has also increased: the average monthly flow of credit has increased from S/. 1,659 million between January and September 2008 to S/. 2,567 million between October and December 2008.

Moreover, combined with the permanent repurchase of CDBCRP in the secondary market, these measures have allowed interest rates for the interbank market, BCRP certificates of deposit and Treasury bonds to gradually return to similar levels than the ones recorded before the deepening of the financial crisis in August 2008, thus preventing other long-term interest rates from being affected. In this way, the Central Bank has prevented that the pressures on interest rates could affect economic agents' credit conditions.

GRAPH 53
AVERAGE MONTHLY FLOW OF CREDIT TO THE PRIVATE SECTOR
 (Millions of nuevos soles)



BOX 10

THE MONETARY POLICY FRAMEWORK OF THE BCRP

The mission of the Central Reserve Bank of Peru (BCRP) is to preserve monetary stability and, hence, the key role of monetary policy is to preserve price stability. This is the main contribution of the BCRP to the country's economy since uncertainty declines and greater confidence in the present and future value of the local currency is generated by controlling inflation. Both elements are essential to stimulate saving, attract productive investments, and promote sustained economic growth.

This central role of monetary policy is coupled by the contribution to financial stability that the Central Bank makes through two additional functions associated with conditions in the Peruvian economy, still characterized by having a high level of dollarization and a developing financial market and capital market. Conditioned to compliance with the goal of price stability, the first auxiliary function of the Central Bank's monetary policy is to guarantee the normal flow of liquidity in the financial system. For example, in scenarios of crisis, the BCRP has to guarantee liquidity to financial entities to maintain the normal functioning of the chain of payments and the dynamism of credit flows, in line with sustainable economic growth.

The second auxiliary function of the BCRP is to reduce the vulnerability of the balance of economic agents –whose liabilities are dollarized– through a managed floating regime. The purpose of this policy is to reduce the extreme volatilities of the exchange rate, without predetermining its level or trend, in order to control possible risks of liquidity constraints resulting from a dollarized credit portfolio.

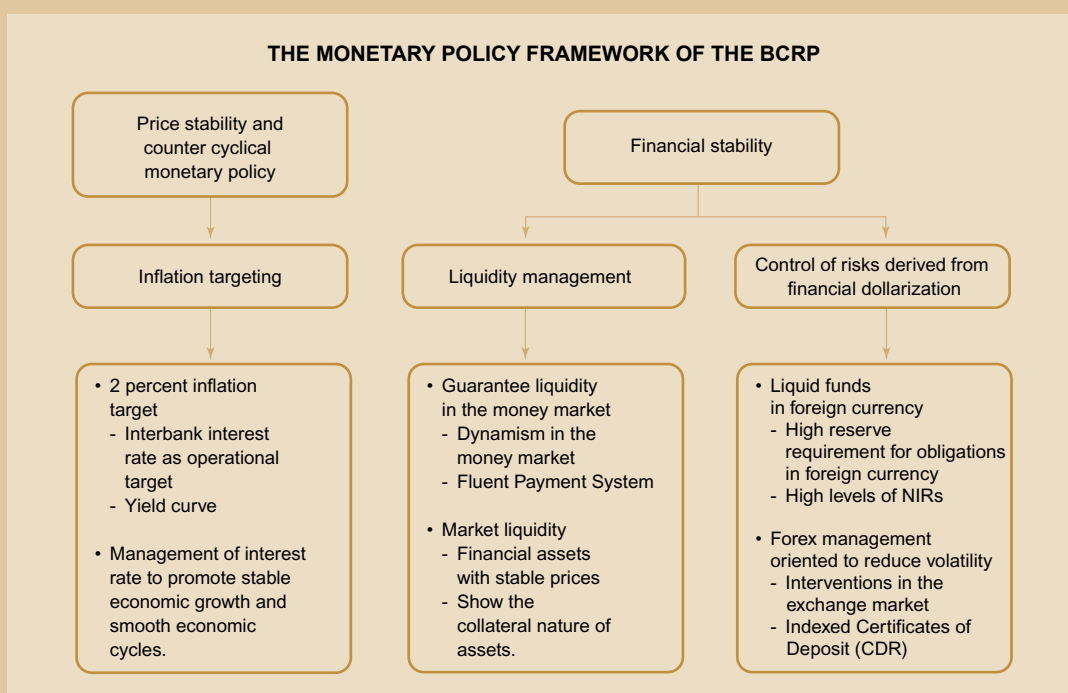
These functions are carried out through the Central Bank's operational procedures. In contingency scenarios like the one observed today with the current global financial crisis, the BCRP expands the monetary policy instruments it uses and does not limit its operations to its usual open market operations. In these extraordinary situations, the Central Bank can activate direct instruments such as modifying reserve requirements and window operations. The Bank also intervenes in the exchange market, purchasing and selling dollars and placing indexed certificates of deposit (BCRP-CDR) to reduce extreme volatilities in the exchange rate.

In scenarios of liquidity constraints in the financial system, the Central Bank can use permanent liquidity injection instruments, such as: changes in the rate of reserve requirements and purchases of dollars; repos and 1-year swaps; permanent repurchases of BCRP Certificates of Deposit, and permanent purchases of Public Treasury bonds (BTP), both in the secondary market. The BCRP can purchase these bonds for the equivalent of up to five percent of the balance of the monetary base at the end of the previous year.



Window operations are available for banks requiring funds or having surplus funds at the close of their operations. These window operations include: a) sterilization, which allow banks to place overnight deposits at interest rates below the market rates; b) injection, whose cost is higher than the one that would be obtained in the interbank market. Injection operations through the window facility are allowed for banks having liquidity and not solvency problems.

Finally, in order to reduce extreme exchange rate volatilities and control liquidity and credit risks due to financial dollarization, the BCRP preventively accumulates international reserves and intervenes in the exchange market. Moreover, in order to prevent the so-called moral hazard, the Central Bank requires commercial banks to maintain higher levels of reserve requirements for their obligations in foreign currency. This management of reserve requirements not only allows the Central Bank to provide liquidity to the financial system when this is required, but also promotes financial dedollarization and fosters economic agents' internalization of the risks associated with dollarization.



2. Interest rates

Interest rates in soles during 2008 were influenced by the level of economic activity, the monetary policy measures implemented by the Central Bank, and conditions in the international financial markets.

In a context of high growth of domestic demand and upward pressures on domestic prices, the monetary measures implemented until September 2008 consisted of raising the reference interest rate and increasing the rate of reserve requirements for obligations in soles and dollars. These actions had an impact especially on short-term operations, both active and passive. The 3-month corporate prime rate in soles (for businesses with lower risks) increased 1.9 percentage points on average between December 2007 and December 2008 (from 5.6 percent to 7.5 percent). The average rate for commercial loans showed a similar increase (1.8 percentage points).



However, the effect of the expansionary economic cycle, which translated into borrowers' improvement in terms of risk perception and in increased competition between banks, prevailed in the case of medium- and long-term rates in soles. Because of this, the average rate of consumer loans declined 1.2 percentage points between December 2007 and December 2008, while the rate on mortgage loans remained unchanged in the same period.

TABLE 61
INTEREST RATES ON OPERATIONS IN NUEVOS SOLES
(Percentages)

	2006	2007	2008
1. Interbank	4.5	5.0	6.5
2. Deposits (up to 30 days)	4.6	4.8	6.5
3. 181-day to 360-day term deposits	5.7	5.6	6.3
4. Corporate prime	5.2	5.6	7.5
5. Commercial loans	9.5	9.0	10.8
6. Microbusiness loans	39.1	35.6	35.0
7. Consumer loans	34.8	33.5	32.3
8. Mortgages	10.4	9.8	9.8

Source: SBS and BCRP.

The conduct of **interest rates in dollars** was associated with the evolution of international interest rates, with expectations about the exchange rate, and with borrowers' perceptions of credit risk.

Short-term rates, especially those on lending operations, were more strongly influenced by the conditions prevailing in world markets. During the first half of the year, the relative abundance of external financing sources –after the inflow of a significant volume of short-term capitals– caused domestic currency to tend to appreciate and short-term interest rates in dollars increased. This higher cost of credit in foreign currency was in part associated with the increase of forwards in nuevos soles (future contracts against appreciation risks), which induced the local interest rate in dollars to be higher than the short-term interest rate in soles.

However, since June, when capital inflows started declining, short-term lending interest rates in dollars tended to fall. At end 2008, the interbank interest rate fell nearly five percentage points compared to December 2007 (from 5.9 percent to 1.0 percent), in line with the reduction of interest rates worldwide following the bankruptcy of Lehman Brothers. The interest rates on less than 30-day deposits fell also, and so did the lending interest rates on short-term commercial operations, although to a lower extent.

In the case of longer-term contracts or those for higher risk segments, the reduction of interest rates was lower, although this was mainly due to clients' improved perception of risks. Thus, the average

interest rate on consumer loans declined nearly one percentage point compared to December 2007 (from 16.3 percent to 15.4 percent), while the average rate on mortgages declined by 0.2 percentage points.

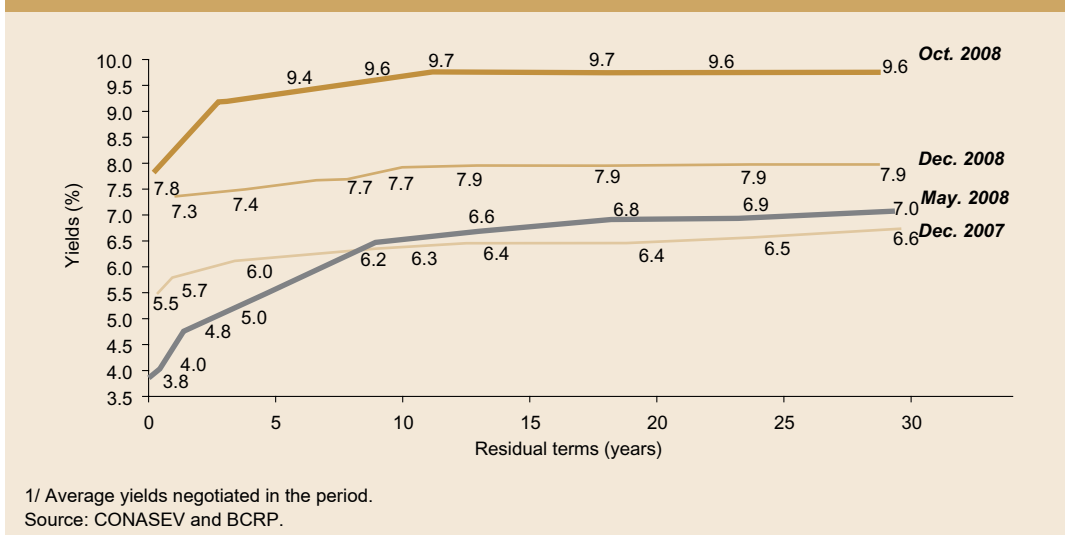
TABLE 62
INTEREST RATES IN US DOLLARS
(Percentages)

	2006	2007	2008
1. Interbank	5.4	5.9	1.0
2. Deposits (up to 30 days)	4.3	4.9	0.9
3. 181-day to 360-day term deposits	3.6	3.9	4.5
4. Corporate prime	6.1	6.4	5.2
5. Commercial loans	9.9	9.2	9.5
6. Microbusiness loans	24.7	23.8	23.1
7. Consumer loans	16.1	16.3	15.4
8. Mortgages	9.9	9.8	9.6
9. 3-month Libor	5.4	5.0	1.2

Source: SBS and BCRP.

In the local capital market, the evolution of interest rates was much more sensitive to the conditions of external markets. During the first months of 2008, the substantial inflows of external capitals generated a significant reduction in the interest rates of the short trench of the yield curve of sovereign bonds and BCRP certificates (see yield curve of sovereign bonds at May 2008).

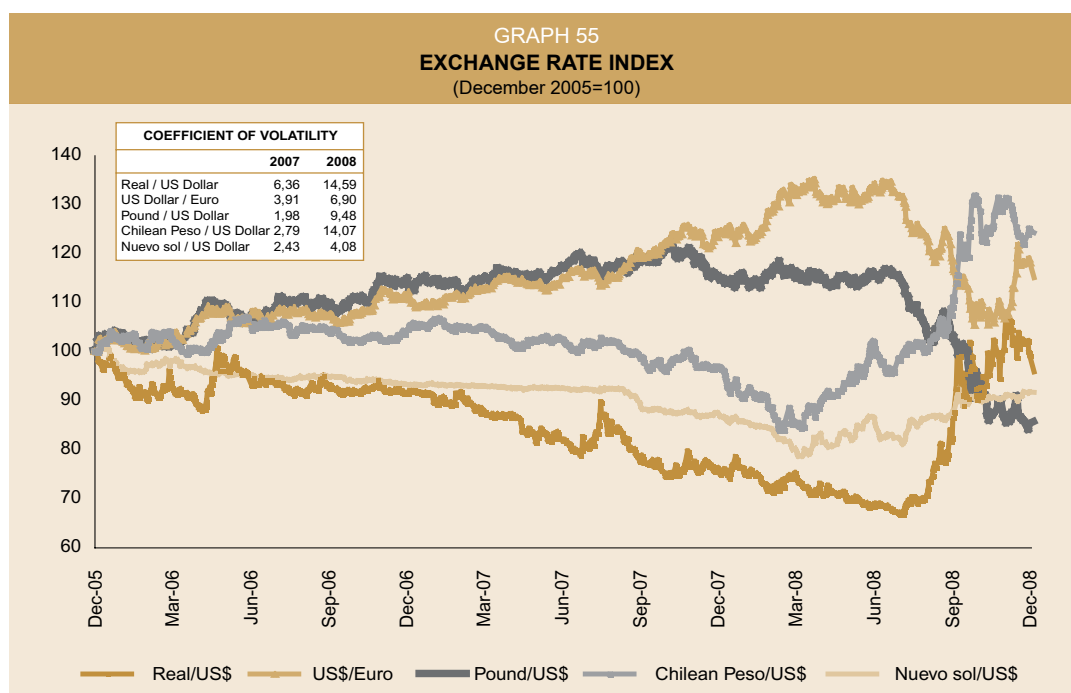
GRAPH 54
SOVEREIGN BONDS YIELD CURVE^{1/}



However, as from September, after the Lehman Brothers declared bankruptcy in the United States and stock markets in the world collapsed, the yield curves raised abruptly, reaching their maximum level in October. Then, as the initial effects of the crisis started offsetting and as a result of the measures implemented by the Central Bank to normalize the access to the capital market, the yield curve returned to similar rates to the ones observed prior to the crisis. Nonetheless, the yield curves of both sovereign bonds and BCRP instruments did not recover the levels they had in December 2007.

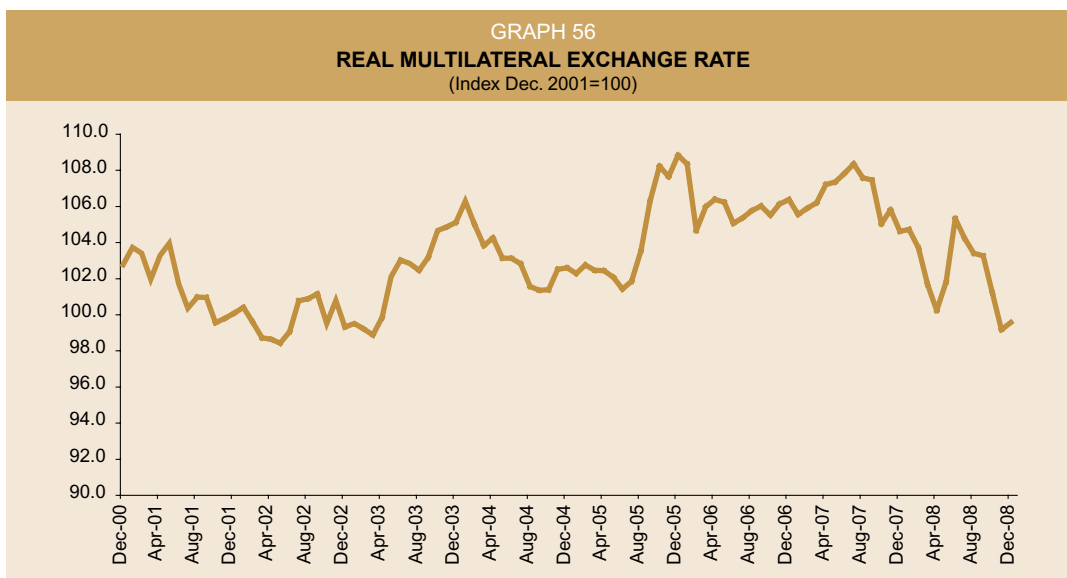
3. Exchange rate

The nuevo sol remained relatively stable during 2008 despite high volatility in international financial markets and in contrast with the conduct that other currencies in the region showed. Thus, the nuevo sol depreciated 4.5 percent in nominal terms and 4.8 percent in real terms at December 2008, leading the real exchange index to a value close to its historical average. This evolution of the nuevo sol also reflects the effect of the Central Bank interventions in the exchange market in periods of high volatility. Reducing the volatility of exchange rate is essential for the highly dollarized Peruvian economy since this allows preventing the negative impacts that an abrupt depreciation of the exchange rate could generate on economic activity.



Like in previous years, the appreciation trend of the nuevo sol reversed in 2008. This was mainly associated with the decline of terms of trade and with the deterioration of global demand due to the deepening of the international financial crisis. These factors generated a portfolio re-composition, both in the case of foreign investors and in the case of national financial and non-financial entities which generated pressures on the exchange rate.

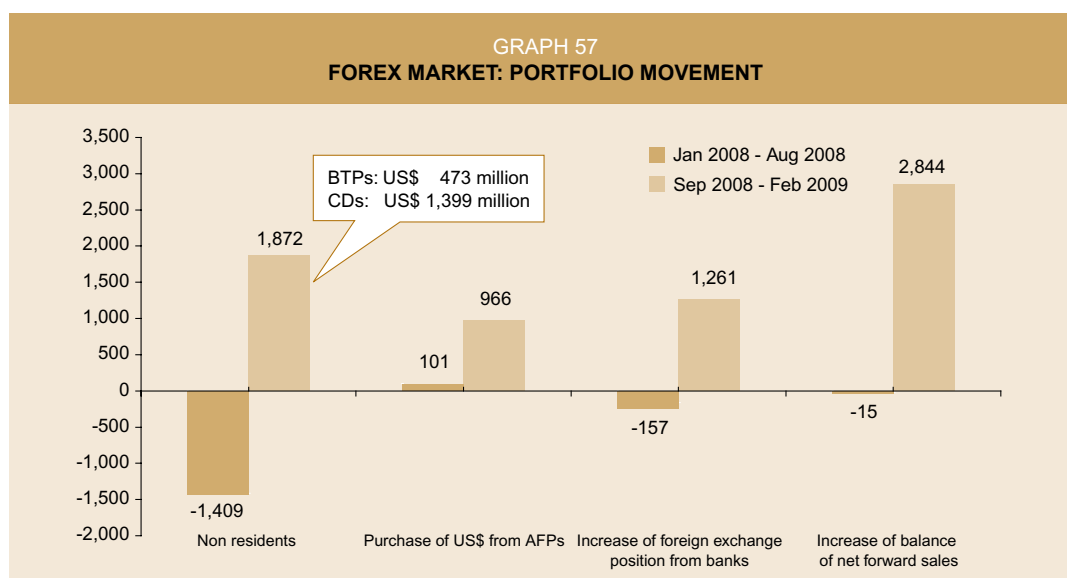




However, the evolution of the exchange rate was not homogeneous over the year. Between January and April 2008, the nominal exchange rate continued showing the appreciatory trend observed in 2007. This conduct was associated with the significant flow of short-term capitals, mainly speculative, as a result of which an accumulated appreciation of 10.1 percent was recorded on April 4.

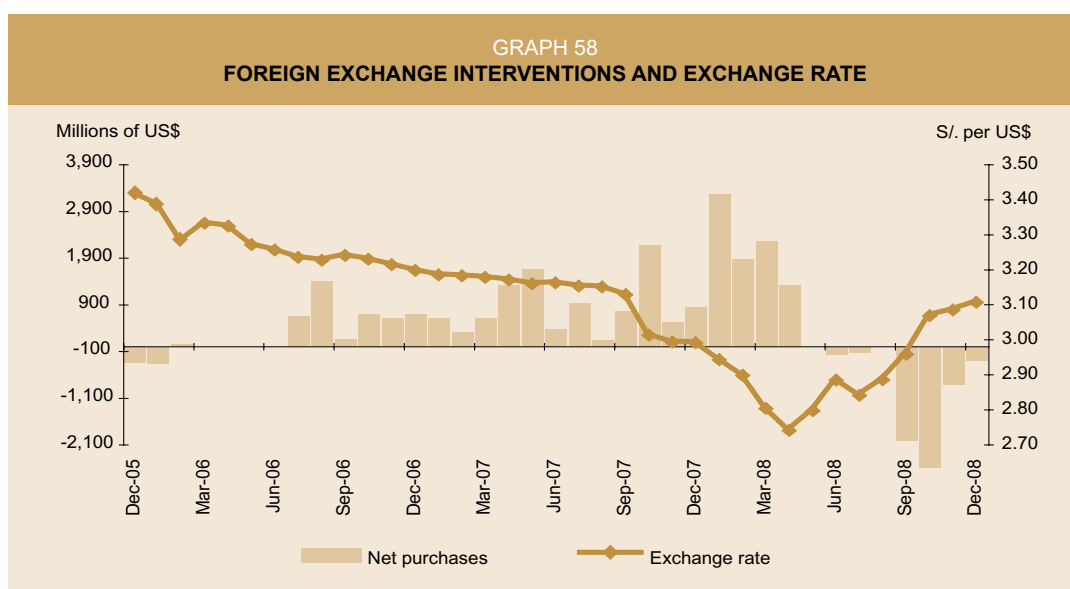
In this context, the BCRP adopted measures to reduce the speculative capital inflows. One of the first measures implemented by the Central Bank was to eliminate the free negotiation of Certificates of Deposit (CDBCRP). Subsequently, in April, the BCRP raised the rate of marginal reserve requirements on obligations in domestic currency with non-resident financial entities from 40 to 120 percent.

The Central Bank also intensified its participation in the exchange market through net purchases of foreign currency (US\$ 8,849 million), which allowed it to accumulate NIRs between January and



August 2008. As the graph below shows, pressures in the exchange market in this period generated mainly in the spot market, because non-resident agents used their foreign currency resources to obtain low-risk assets in domestic currency, especially Treasury bonds (BTPs) and Certificates of Deposits of the BCRP.

As from September, after the bankruptcy of Lehman Brothers and with the deepening of the global financial crisis, money flows in the exchange market reversed rapidly. Thus, in the spot market, purchases of foreign currency from the public and from banks amounted to US\$ 1,872 million and to US\$ 1,261 million, respectively. In the forward market, on the other hand, foreign demand increased to US\$ 2,844 million. This rapid portfolio re-composition generated strong pressures for the appreciation of the dollar in the exchange market, although this trend was buffered by the intervention of the BCRP, which sold foreign currency for US\$ 5,695 million and placed CDR-BCRP for the equivalent of US\$ 1,421.5 million between June and December 2008. In spite of this, the BCRP accumulated international reserves for a total of US\$ 3,507 million during 2008, thus increasing the balance of reserves from US\$ 27,689 million at end 2007 to US\$ 31,196 million at end 2008.



3.1 Country risk

Increased risk aversion brought about a higher demand for US Treasury bonds and a drop in their yield. The spread of emerging bonds –measured by the Global EMBI– also increased, particularly during the period of higher uncertainty in financial markets (September - November 2008), stabilizing thereafter around 700 bps. However, a differentiated evolution is observed in terms of countries; the increase in the spread of bonds in Argentina being noteworthy.

Country risk, measured through Credit Default Swap (CDS), also increased in the economies of the region. Peru's country risk is below the country risk ratings of most Latin American countries, and is even lower than that of Brazil, which has a similar risk rating. Only Mexico and Chile, both economies which have been assigned investment grades for many years now, have better positions than Peru in terms of

CDS. Peru's risk indicators are favored by the sound fundamentals that led the country to become a net international lender.

TABLE 63
YIELDS ON US TREASURY BONDS AND SPREADS OF THE EMERGING MARKETS*

	2003	2004	2005	2006	2007	2008	Change 2008-2007
%							
US Treasury yields							
3-month	0.922	2.217	4.079	5.011	3.242	0.081	-3.16
2-year	1.823	3.069	4.404	4.812	3.051	0.776	-2.28
10-year	4.248	4.220	4.393	4.704	4.025	2.229	-1.80
BPS.							
EMBIG	403	347	237	171	255	724	470
Latin America	518	415	272	180	275	746	471
Brazil	459	376	308	190	220	429	209
Colombia	427	332	244	161	195	498	303
Chile	90	64	80	84	151	343	192
Mexico	201	174	143	115	172	434	262
Argentina	5 485	4 527	504	216	410	1 704	1 294
Peru	325	239	257	118	178	509	331
5-year CDS (Credit Default Swap)							
Brazil	404	305	225	100	103	338	235
Colombia	441	341	167	114	130	485	355
Mexico	122	80	63	41	69	285	215
Argentina	n.a.	n.a.	367	203	462	4 550	4 088
Peru	292	204	221	91	116	335	219

* Data at end of period.
Source: Bloomberg and Reuters.

4. Monetary and credit aggregates

The evolution of the country's monetary and credit aggregates early in 2008 was influenced by the continuity of high levels of economic growth, by higher levels of financial intermediation in the economy, and by the dedollarization of financial assets. A scenario of a strong inflow of short-term capitals oriented to buying liquid assets in soles added to this.

In April, total broad money in the private sector grew 26.0 percent (last 12-month variation), mainly due to the increase of broad money in soles which recorded its highest annual expansion (55.1 percent). The monetary measures implemented thereafter –the reference rate and reserve requirements in soles and dollars were raised– moderated the growth of broad money and credit in the following months.

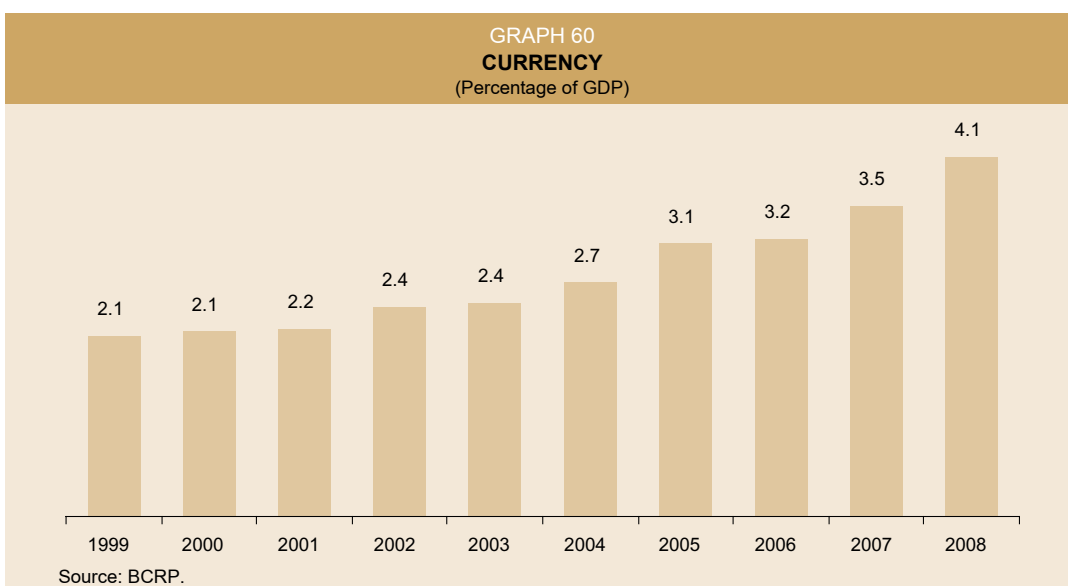
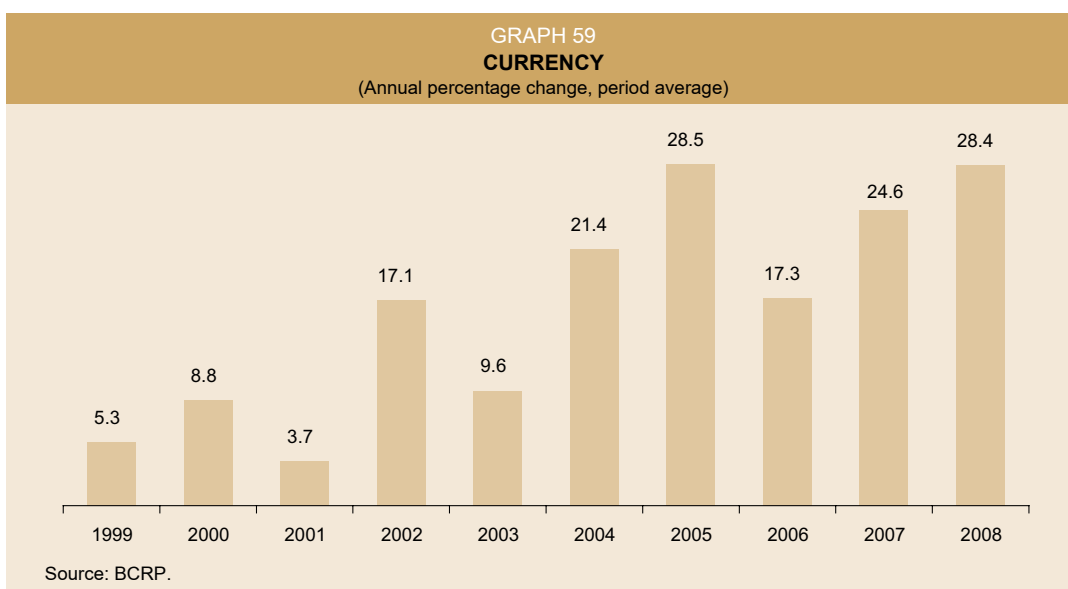
The deepening of the international crisis observed since September affected the levels of monetary and credit aggregates, which showed lower growth rates at end 2008 than at end 2007. In terms of monetary aggregates in soles, broad money showed a higher slowdown than credit, while in the case



of these indicators in dollars, credit showed a higher slowdown than broad money. This indicated the public's desire to increase their long-term positions in dollars (deposits) and to borrow in soles.

4.1 Currency

The average balance of currency grew 28.4 percent in 2008 (24.6 percent in 2007), a level equivalent to 4.1 percent of GDP. This growth was consistent with increased economic activity and with lower dollarization levels observed mainly during the first nine months of the year.



Considering the balances at year-end, the flow of currency increased by S/. 2,478 million in 2008. The BCRP preventively increased its international position by US\$ 7,678 million during the first half of the year as a result of the sterilization purchases of dollars carried out in a context of strong short-term capital inflows. Between January and June 2008, net purchases of foreign currency amounted to US\$ 8,564 million.

During the second half of the year, when capitals started exiting, the Central Bank began to sell dollars, compensating its contractive effect on broad money in soles through repos. At end 2008, the increase observed in the bank's international position was US\$ 1,743 million. Therefore, the flow of currency during 2008 was mainly explained by repo operations (S/. 5,412 million) and by net maturities of BCRP Certificates of Deposit (S/. 2,829 million), whose effect was offset by higher public sector deposits (S/. 6,644 million).

TABLE 64
OPERATIONS OF THE BCRP
(Thousands of nuevos soles)

	2006	2007	2008
I. INTERNATIONAL POSITION	11,696	26,464	4,114
(Millions of US\$)	3,636	8,536	1,743
1. Foreign exchange operations	2,861	7,070	488
A. Over the counter trading	3,944	10,306	2,754
B. Public sector purchases	- 1,084	- 3,275	- 2,316
C. Other	1	39	50
2. Other operations	775	1,466	1,256
II. NET DOMESTIC ASSETS	- 10,044	- 23,294	- 1,636
1. Public sector deposits	- 5,434	- 6,751	- 6,644
2. Repos	- 2,850	0	5,412
3. CD-BCRP	- 389	- 13,393	13,737
4. CDR-BCRP	1 202	0	- 4,425
5. CD-BCRP with Restricted Negotiation	0	0	- 6,483
6. Overnight deposits	- 188	227	- 3
7. Reserve requirements in domestic currency	- 488	- 746	- 2,053
8. Other assets	- 1897	- 2,631	- 1,177
III. CURRENCY	1,652	3,170	2,478
Memo: Balance at end of period			
- CDBCRP	8,066	21,458	7,721
- CDR-BCRP	0	0	4,465
- CDBCRP with Restricted Negotiation	0	0	6,483
- Public sector deposits	10,172	16,924	23,568

Source: BCRP.



4.2 Broad money in the private sector

The public's increased demand for currency implied a faster pace of growth of monetary aggregates in domestic currency. Average broad money in nuevos soles increased from 31.5 percent in 2007 to 42.4 percent in 2008, which was also reflected in its importance in GDP terms: from 11.0 percent of GDP in 2007 to 14.2 percent of GDP in 2008.

This increase of broad money in soles in average terms (42.4 percent in 2008) –as well as the increase of currency (28.4 percent)– was consistent with an 11.1 percent average growth of nominal GDP, with a 22.0 percent decline in the velocity of circulation, and with a 4.1 percent reduction of the multiplier.

The decline of the average multiplier (4.1 percent) was mainly associated with the increase of the average rate of reserve requirements due to the higher rate of reserve requirements in soles –16.4 percent in 2008 versus 10.0 percent in 2007–, which predominated over the lower preference for currency (32.1 percent and 29.0 percent in 2007 and 2008, respectively).

TABLE 65
AVERAGE BROAD MONEY IN DOMESTIC CURRENCY
(Average percentage change)

	GDP Deflator	GDP Growth		Velocity of money	Broad money in local currency	Monetary base components			Multiplier
		Real	Nominal			Monetary Base			
						Currency	Reserve requirement	Total	
2006	7,2	7,7	15,5	- 2,0	17,9	17,3	16,9	17,2	0,6
2007	2,0	8,9	11,1	- 15,5	31,5	24,6	24,4	24,6	5,6
2008	1,1	9,8	11,1	-22,0	42,4	28,4	143,2	48,5	- 4,1

Source: BCRP.

Considering the information at year end, broad money in domestic currency in the private sector showed a lower pace of growth (26.5 percent in 2008 versus 33.6 percent in 2007). Moreover, value assets (saving deposits and term deposits) grew more than transactional assets (currency and demand deposits). Term deposits continued being the most dynamic ones, although they recorded a lower growth rate (41.3 percent) than in the previous year (49.9 percent).

On the other hand, broad money in dollars recorded a growth rate of 18.1 percent –similar to the rate recorded in 2007. All the modalities of deposit in foreign currency showed a positive variation: term deposits grew 16.6 percent (20.9 percent in 2007), while saving deposits grew 18.6 percent (6.9 percent in 2007).

TABLE 66
MAIN MONETARY AGGREGATES
(End of period data)

	Balance in millions of nuevos soles			% Change	
	2006	2007	2008	2007	2008
Currency	11,687	14,857	17,336	27.1	16.7
Money	18,918	24,753	28,852	30.8	16.6
Broad money	68,931	84,067	105,211	22.0	25.2
In nuevos soles	33,573	44,862	56,742	33.6	26.5
In dolares (millions of US\$)	11,049	13,068	15,436	18.3	18.1

Source: BCRP.

TABLE 67
BROAD MONEY IN DOMESTIC CURRENCY

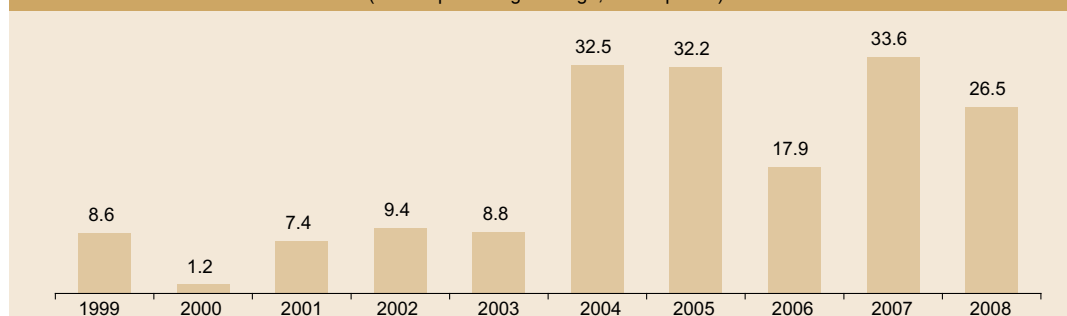
	Balance in millions of nuevos soles			Growth rates	
	2006	2007	2008	2007	2008
Currency	11,687	14,857	17,336	27.1	16.7
Demand deposits	7,231	9,895	11,516	36.8	16.4
Savings deposits	6,658	8,543	11,667	28.3	36.6
Term Deposits	7,318	10,972	15,506	49.9	41.3
Securities and other instruments	678	594	717	- 12.4	20.6
TOTAL	33,573	44,862	56,742	33.6	26.5

BROAD MONEY IN FOREIGN CURRENCY

	Balance in millions of US\$			Growth rates	
	2006	2007	2008	2007	2008
Demand deposits	2,668	3,368	4,042	26.2	20.0
Savings deposits	2,654	2,837	3,365	6.9	18.6
Term Deposits	5,607	6,777	7,899	20.9	16.6
Securities and other instruments	120	86	130	- 28.2	50.0
TOTAL	11,049	13,068	15,436	18.3	18.1

Source: BCRP.

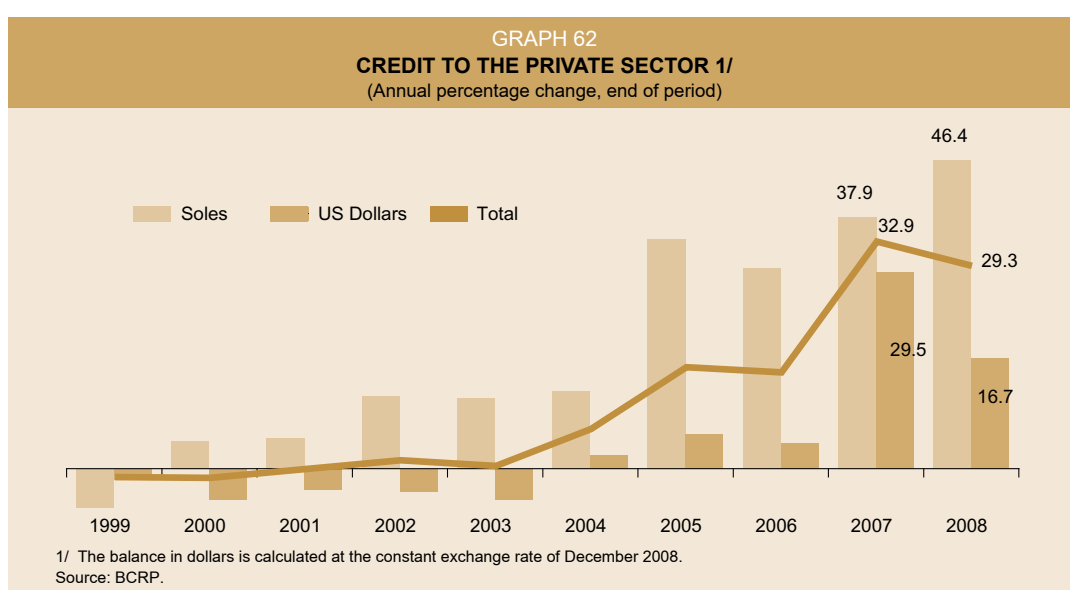
GRAPH 61
PRIVATE SECTOR BROAD MONEY IN NUEVOS SOLES
(Annual percentage change, end of period)



Source: BCRP.

4.3 Credit to the private sector

During 2008, total credit to the private sector grew at a rate of 32.7 percent –the highest annual growth rate recorded since 1996. Isolating the effect of exchange rate variations, total credit grew 29.3 percent, a rate slightly lower than that of 2007 (32.9 percent). Credit in soles grew at a rate of 46.4 percent –higher than the one observed in 2007 (37.9 percent)–, while credit in dollars grew at a rate of 16.7 percent –lower than the one recorded in 2007 (29.5 percent). Therefore, the dollarization ratio of credit to the private sector declined from 57 to 52 percent.



The higher dynamism of credit to the private sector in domestic currency was associated with the faster pace of growth of loans to production sectors, corporate loans, and credit to micro businesses.⁸ On the other hand, credit to individuals (consumer and mortgage loans) grew at a lower pace than in 2007, reflecting banks' greater caution in granting personal loans in a context of increased uncertainty due to global recession. Nonetheless, mortgage loans, which grew at an annual rate of 83.2 percent, were the most dynamic loans in soles.

The statistical series about consumer and mortgage loans in December 2008 have been corrected for comparison purposes, given that banks reclassified part of their portfolio of consumer loans as mortgage loans, in compliance with new regulations on the classification of loans (Framework of Evaluation and Classification of Loans and Provisions – Resolución SBS N° 808-2003)⁹.

⁸ Corporate loans comprise commercial loans plus investments in securities issued by private sector firms.

⁹ Some mortgage-backed consumer loans, considered as consumer loans until November 2008, were reclassified as mortgage loans in December 2008.

TABLE 68
CREDIT TO THE PRIVATE SECTOR IN DOMESTIC CURRENCY BY TYPE OF LOAN

	Balance in millions of nuevos soles			% Change	
	2006	2007	2008	2007	2008
Corporate loans	9,452	12,142	18,259	28.5	50.4
Microbusiness loans	3,689	5,175	8,739	40.3	68.9
Consumer loans	10,157	14,246	18,562	40.3	30.3
Mortgages	889	1,786	3,272	100.9	83.2
TOTAL	24,186	33,348	48,832	37.9	46.4

Source: SBS and BCRP.

By type of financial institution, credit in municipal deposit banks showed the highest growth rate (56.5 percent), followed by credit in banks (53.4 percent). In both cases, these growth rates were higher than the ones recorded in the previous year. Credit in financial entities, on the other hand, declined 19.8 percent as a result of the conversion of former Financiera Cordillera into Banco Ripley in January 2008. Credit in soles in the segment of micro finances increased from 13.8 percent in 2007 to 38.9 percent in 2008, reflecting the higher demand for credits in domestic currency in a context of exchange rate volatility.

TABLE 69
CREDIT TO THE PRIVATE SECTOR IN DOMESTIC CURRENCY BY INSTITUTION

	Balance in millions of nuevos soles			% Change	
	2006	2007	2008	2007	2008
Banks	17,669	25,195	38,648	42.6	53.4
Banco de la Nación	1,330	2,237	1,993	68.2	- 10.9
Development banking	130	158	193	21.6	22.5
Micro-finance Institutions	5,058	5,758	7,997	13.8	38.9
Municipal deposit banks	2,400	3,192	4,996	33.0	56.5
Rural deposit banks	462	669	927	44.8	38.4
Saving and credit cooperatives	758	952	1,317	25.6	38.3
Financial companies	1,437	945	758	- 34.3	- 19.8
TOTAL	24,186	33,348	48,832	37.9	46.4

Source: BCRP.

Credit to the private sector in foreign currency showed a slowdown, affecting both credit to production sectors (corporate loans and credit to micro businesses) and credit to individuals (consumer and mortgage loans). By type of financial institutions, banks' loans grew at a rate of 18.1 percent (31.7 percent in 2007), but credit in micro-finance institutions declined 6.4 percent. The latter is explained exclusively by the evolution of credit in dollars in municipal deposit banks (23.5 percent), whose



policy was to grant credits mostly in soles to reduce the possible impact of the financial crisis on borrowers.

TABLE 70
CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY BY TYPE OF LOAN

	Balance in millions of US\$			% Change	
	2006	2007	2008	2007	2008
Corporate loans	7,933	10,721	12,891	35.2	20.2
Microbusiness loans	396	463	423	17.0	- 8.7
Consumer loans	830	1,051	1,180	26.6	12.3
Mortgages	2,057	2,290	2,456	11.3	7.3
TOTAL	11,216	14,525	16,950	29.5	16.7

Source: SBS and BCRP.

TABLE 71
CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY BY INSTITUTION

	Balance in millions US\$			% Change	
	2006	2007	2008	2007	2008
Banks	10,370	13,657	16,125	31.7	18.1
Banco de la Nación	14	12	11	- 15.3	- 2.2
Development banking	2	2	2	-.	-.
Micro-finance Institutions	673	696	651	3.5	- 6.4
Municipal deposit banks	349	370	283	6.2	- 23.5
Rural deposit banks	55	48	48	- 12.5	0.6
Saving and credit cooperatives	224	250	285	11.6	13.9
Financial companies	46	28	35	- 38.1	24.5
TOTAL	11,059	14,367	16,789	29.5	16.7

Source: BCRP.

5. Quality of Banks' Portfolio

Despite the international financial crisis, the financial indicators of banks in the country continued improving during 2008, reflecting clients' higher payment capacity in a context of economic expansion. Thus, banks' ratio of non-performing loans (NPL) remained at historical lows of 1.3 percent during 2008, while the level of coverage of NPL reached levels of 151.4 percent. Furthermore, return on equity (ROE) increased from 27.9 to 31.1 percent, despite the reduction of operational margins. This positive evolution was associated with banks' improvements in terms of organization and efficiency, as well as with the higher return they obtained from their investments in BCRP Certificates of Deposit.



TABLE 72
INDICATORS ON COMMERCIAL BANKS
(Percentages)

	2006	2007	2008
Non-performing loans / Gross assets 1/	1.6	1.3	1.3
Provisions / Non-performing 2/	100.3	124.4	151.4
Return on equity ratio (ROE)	23.9	27.9	31.1

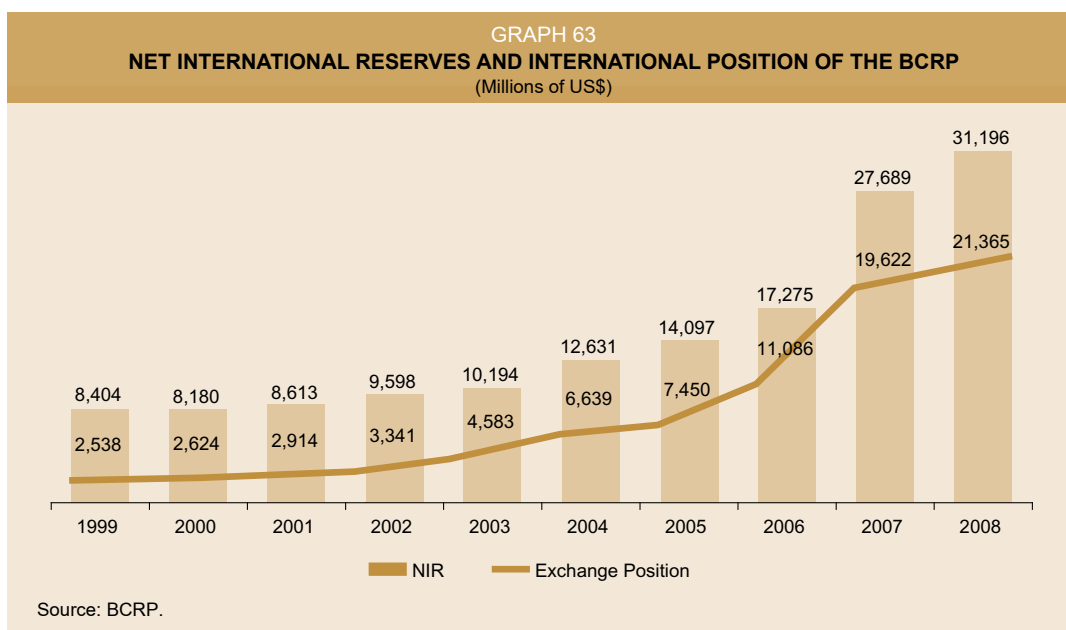
1/ Overdue loans.

2/ Non-performing loans plus refinanced and restructured credits

Source: SBS.

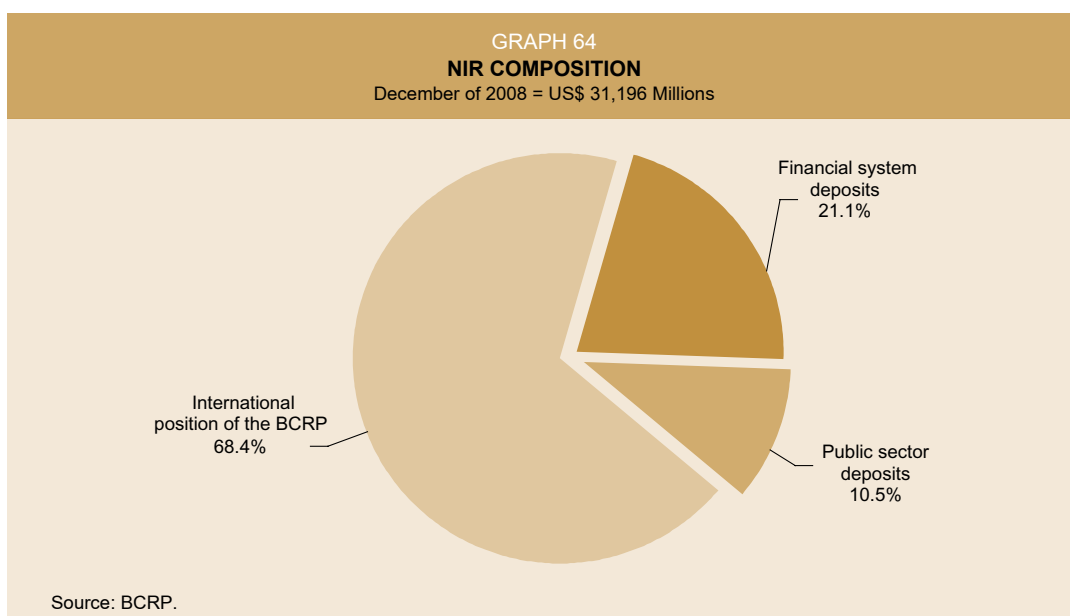
6. Net international reserves (NIRs)

The country's international position continued to improve in 2008, as reflected in the evolution of NIRs, which increased by US\$ 3,507 million, thus amounting to US\$ 31,196 million at end 2008.



Factors contributing to this result in 2008 included net purchases of dollars (US\$ 2,754 million), higher banks' deposits at the Central Bank (US\$ 1,946 million), and the net yield on the investment portfolio (US\$ 1,048 million). However, these operations were in part offset by sales of dollars (US\$ 2,192 million) to the Treasury for the repayment of the external debt. Like NIRs, the international position of the BCRP increased by US\$ 1,743 million –at a lower pace than in 2007–, reaching a balance of US\$ 21,365 million at end 2008.





The share of the international position relative to NIRs declined slightly from 71 percent to 68 percent at end 2008. Other NIR components included reserve requirements and financial system’s deposits at the BCRP (21 percent), and public sector deposits in dollars (10 percent).

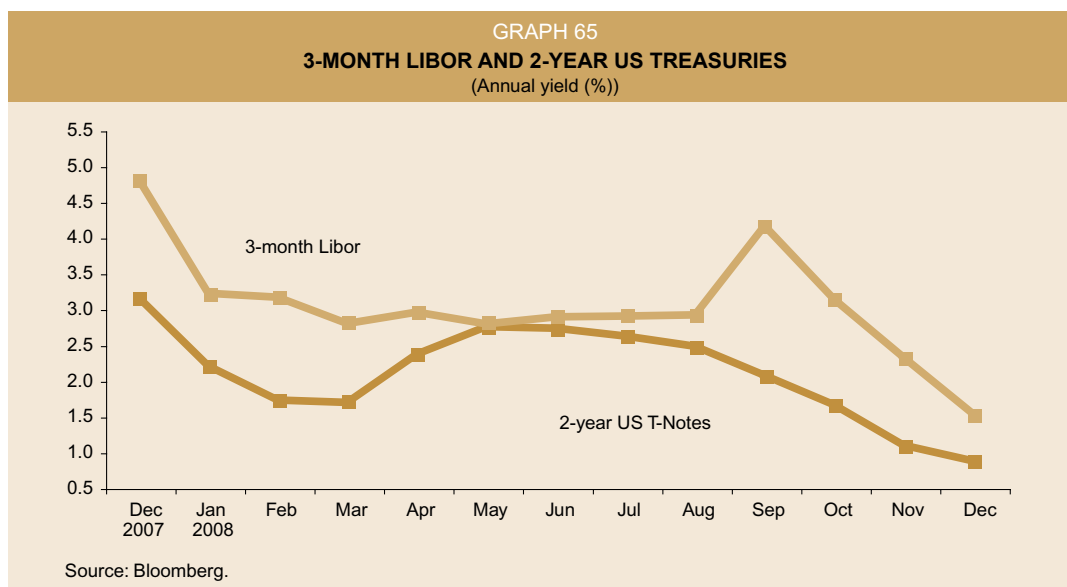
6.1 Management of international reserves

At end 2008, gross international reserves (GIR) amounted to US\$ 31,233 million, a sum higher by US\$ 3,513 million than the one recorded at end 2007. Net international reserves (NIRs) and the BCRP’s international position increased by US\$ 3,507 million and by US\$ 1,743 million, respectively.

Thus, NIRs at end 2008 were equivalent to 13 months of imports, to 3.5 times short-term liabilities, and to 4.4 times the balance of the monetary base.

TABLE 73 HIGH LEVEL OF INTERNATIONAL RESERVES STRENGTHENS PERU’S INTERNATIONAL LIQUIDITY POSITION	
NIRs in US\$ 31.2 billion	<ul style="list-style-type: none"> • 3.5 times one-year debt liabilities (short term external liabilities plus amortization of long-term debt) • 4.4 times the monetary base • 13 months of imports

The Federal Reserve (FED) gradually reduced its benchmark rate from 4.25 percent in 2007 to a range of between 0 and 0.25 percent at end 2008¹⁰. This monetary policy influenced the sharp downward trend of the Libor rate, while the yields on the US Treasury Bonds were also affected by the increased demand for these bonds as hedge assets.



One of the first sectors affected by the global financial crisis was the banking sector, because the crisis generated a confidence crisis in this sector and a significant increase in terms of credit risk, especially in September when the Libor rate rose substantially.

In this scenario of higher risk, the management of portfolio investments shifted to a more conservative position, reducing significantly the exposure to banking risks, and increasing the diversification of investments in high-quality credit securities. Moreover, some tactical shifts were also temporarily implemented when conditions were propitious to improve the yield on the portfolio. Furthermore, the duration of the portfolio was lengthened in the second half of the year, in a context of marked expectations of interest rate reductions worldwide.

6.2 Composition of international reserve assets

At end 2008, 87 percent of our international reserve assets (IRAs) were invested in high-quality credit liquid assets, 9 percent in first-class banks abroad, and the remaining 4 percent in gold and other assets. The portfolio consisted of debt bonds issued by sovereign issuers, supranational organizations or foreign public entities with AA- or higher long-term credit ratings, as well as by bond issues of the Bank for International Settlements.

¹⁰ The federal fund rate was lowered to 3.5% and 3.0% on January 22 and 30, respectively; to 2.25% on March 18; to 2.0% on April 30; and to 1.5% and 1.0% on October 8 and 29, respectively. Finally, it was reduced to between 0% and 0.25% on December 16.



Liquid international reserve assets¹¹ at end 2008 amounted to US\$ 30,330 million. The yield¹² on these assets is estimated at US\$ 1,199 million –higher than in the previous year (US\$ 987 million in 2007)–, which is mainly explained by an international context of lower interest rates.

TABLE 74
INTERNATIONAL RESERVE ASSETS
(Millions of US\$)

Heading	12.31.2007		12.31.2008	
	Amount	%	Amount	%
Foreign deposits	9,568	34.5	2,656	8.5
Securities	16,834	60.7	27,178	87.0
Gold	928	3.3	983	3.1
Other assets 1/	390	1.4	416	1.3
TOTAL	27,720	100.0	31,233	100.0

1/ Includes contribution to the FLAR and balance of assets associated with international agreements.

As regards of the portfolio structure by currencies, the share of currencies other than the US dollar has increased. Investments with less than 3-month maturities (mainly term deposits) have declined, while investments with 3 to 12-month or longer maturities have increased. In terms of the portfolio's quality, 86 percent is in entities that have a long-term credit rating of **AAA**, and the rest in institutions with ratings of **AA-** or higher. The average duration of the investment portfolio in 2008 was 1.23 years.

TABLE 75
COMPOSITION OF LIQUID INTERNATIONAL ASSETS
(Percentage structure)

Heading	12.31.2007	12.31.2008
1. By currencies and gold	100.0	100.0
US\$	85.6	83.2
Other currencies	12.7	15.2
Gold	1.7	1.6
2. By maturity-term	100.0	100.0
0-3 months	43.0	27.8
3-12 months	12.3	22.4
more than 1 year	44.7	49.8
3. By long-term rating	100.0	100.0
AAA	63.8	85.6
AA+ / AA / AA-	36.2	13.3
A+	0.0	1.1

Source: BCRP.

11 International Reserve Assets (IRA) minus capital subscription with FLAR, balance of international agreements (ALADI), and gold holdings at the Central Bank mainly.

12 Comprises accrued interests, accounting gains due to sale of securities, and amortization of premium or discount for holding of securities. Does not include exchange-related gains/losses.



7. Financial saving and capital market

Financial saving includes firms' and families total assets in the financial system in the form of saving deposits, term deposits, securities, participations in mutual funds, life insurances, and contributions to private pension funds.

During 2008, financial saving increased 11.0 percent on average compared to 2007. This lower increase than the one observed in the previous year (33.4 percent) was basically due to the loss of value of private pension funds as a result of their investments in shares that were affected by the decline of stock market indices. As a percentage of GDP, financial saving remained at levels around 36.6 percent.

TABLE 76
FINANCIAL SAVINGS
(Average period balance, in percentage of GDP)

	National currency	Foreign currency	Total
1999	7.1	17.7	24.8
2000	7.9	17.5	25.5
2001	9.1	17.5	26.6
2002	10.6	16.8	27.4
2003	12.1	16.3	28.4
2004	13.4	14.7	28.1
2005	15.4	13.6	29.0
2006	17.2	13.4	30.5
2007	23.1	13.6	36.7
2008	23.7	12.9	36.6

Source: BCRP.

By currencies, financial saving in soles, which includes workers' contributions to the private pension system, recorded a growth rate of 13.9 percent, significantly lower than that of 2007 (49.4 percent). However, its share in GDP terms increased slightly, from 23.1 percent to 23.7 percent. Financial saving in dollars, which consists mostly of deposits in this currency, grew 12.8 percent, although its share in GDP terms declined from 13.6 percent in 2007 to 12.9 percent.

7.1 Fixed-income bond market

At end 2008 the balance of fixed-income instruments issued by private sector enterprises increased 9.3 percent compared with 2007.¹³ The number of issuers, excluding banks, declined from 55 to 51.¹⁴

By type of issuer, the balance of instruments issued by non-financial organizations declined 0.2 percent, isolating the effect of exchange rate variations. The balance of instruments issued by financial entities, on the other hand, increased 33.6 percent, as a result of which its share in terms of total instruments increased from 28.2 to 34.5 percent.

By currencies, the share of instruments in soles relative to total instruments increased from 35.5 percent at end 2007 to 40 percent at end 2008, which implies a reduction in the share of bonds in dollars (from 54.6 percent to 50 percent).

The interest rates on bond issues showed an increase compared with the previous year, especially since Q4. Thus, the rate on a 3-year triple A bond issue, which was 6.4 percent on average at end 2007, increased up to 8.2 percent at end 2008. Likewise, the rate on a 10-year triple A bond issue increased from 6.8 percent at end 2007 to 8.7 percent in August 2008, which is the last time when these bonds were placed.

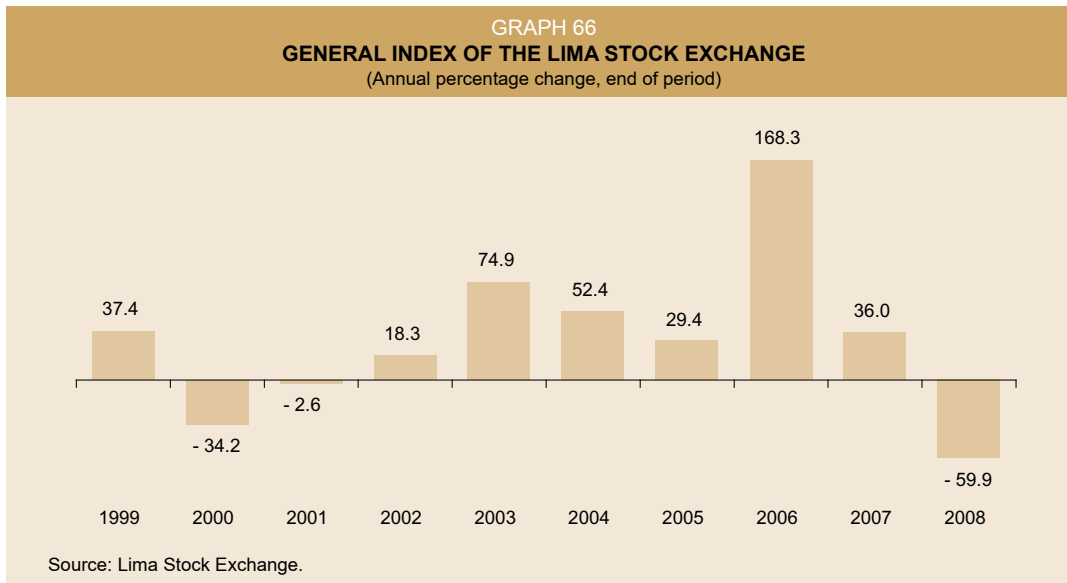
The corporations that issued higher amounts in soles were Banco de Crédito (S/. 510 million), Telefónica del Perú (S/. 316 million), and Interbank (S/. 246 million).

7.2 Stock market

The General Index of the Lima Stock Exchange (IGBVL) showed an annual fall of 59.9 percent, while the Blue Chip Index (ISBVL) –which registers the 15 most representative shares– fell 60.0 percent. This evolution was associated with the impacts of the international financial crisis, which affected the prices of raw materials, especially minerals, whose incidence on the local stock exchange is greater.

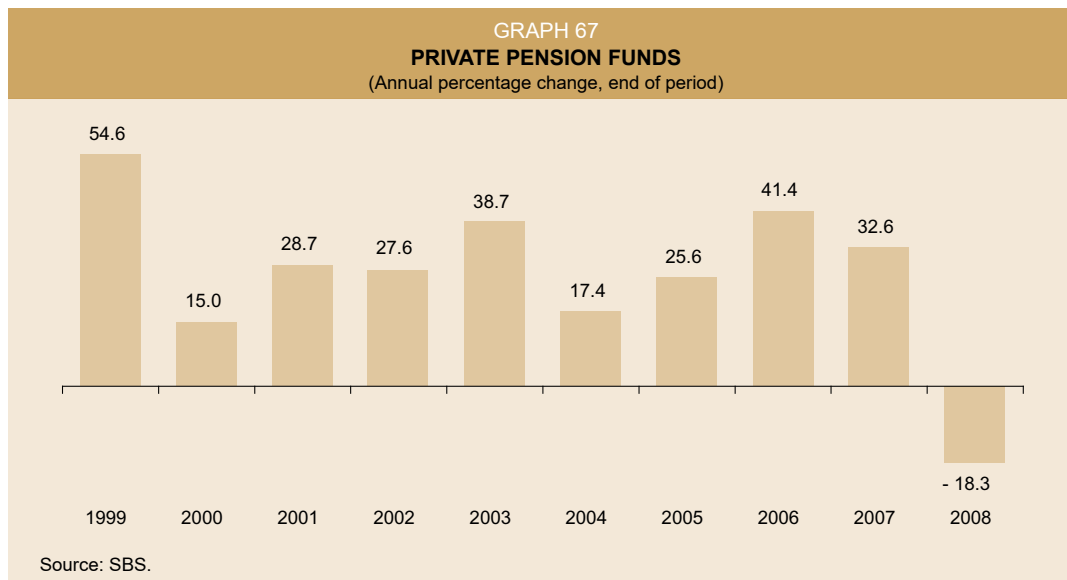
¹³ Refers only to issues of short-term bonds and instruments placed in the domestic market through public bids.

¹⁴ Issuers of short-term bonds and instruments.



7.3 Private pension system

The drop of stock exchange indices affected the growth of private pension funds, whose value decreased 18.3 percent compared with the previous year. Despite this, the average yield in the last 15 years remained at 7.5 percent in real terms. The number of members of private pension funds continued to grow (4.8 percent) and is now over 4.2 million.



The portfolio composition was strongly oriented to local fixed-income investments, such as government securities, deposits, and private company bonds. At the same time, the participation of shares in the investment portfolio declined by over 15 percentage points, from 39.5 to 23.6 percent. The share of investments abroad declined slightly, from 13.3 to 12.4 percent, due to the lower participation of international mutual funds.



TABLE 77
COMPOSITION OF THE PRIVATE PENSION SYSTEM PORTFOLIO
(Percentages)

	2006	2007	2008
a. Government securities	19.1	21.9	25.2
Central government	17.0	20.6	24.3
Central Bank securities	1.3	1.3	0.9
Brady bonds	0.8	0.0	0.0
b. Financial institutions	11.8	8.0	17.4
Deposits in domestic currency 1/	4.9	2.1	4.3
Deposits in foreign currency 1/	0.6	0.3	3.7
Financial system shares	0.8	1.6	1.6
Bank bonds	2.4	2.4	4.2
Others 2/	3.0	1.7	3.6
c. Non-financial private institutions	60.4	56.7	45.7
Common and investment shares 3/	41.2	39.5	23.6
Corporate bonds and commercial papers	12.0	13.0	18.2
Others 4/	7.1	4.1	3.9
d. Foreign Investments	8.5	13.3	12.4
International bonds	2.2	0.3	2.4
Deposits in foreign banks	0.0	0.6	0.8
Foreign Mutual funds	6.3	10.4	6.4
International shares and ADS	0.0	0.5	1.5
Others securities	0.0	1.5	1.3
e. Other securities 5/	0.3	0.1	- 0.8
TOTAL	100.0	100.0	100.0
<i>In millions of US\$</i>	14,402	20,358	15,899
<i>% of GDP</i>	15.1	18.0	13.2

1/ Includes current account and certificates in foreign currency.

2/ Includes investment fund quotas.

3/ Includes American Depository Reviews (ADR) and American Depository Shares (ADS) acquired locally.

4/ Includes commercial papers, repos, and promisory notes.

5/ Includes Stand-by deposits.

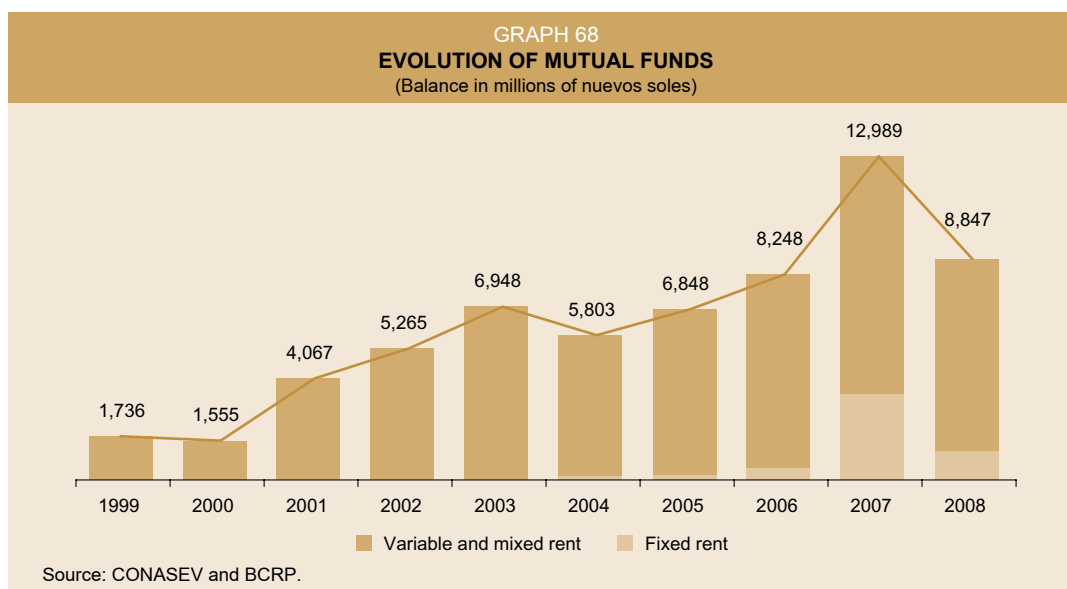
Source: SBS.

7.4 Investment mutual funds

During 2008, the total amount of funds administered by investment mutual funds declined 31.9 percent due to the withdrawal of investors given the international crisis. The number of participants also declined 27.6 percent, amounting to less than 200 thousand at year-end. However, the total number of operational funds increased from 39 to 49 due to the entry of 5 new fixed-income funds and 5 mixed- or variable income funds.

The investments of mutual funds were mostly centered in deposits, given the higher requirements of liquidity associated with increased rescue plans. The share of deposits in the aggregate portfolio grew from 14.9 percent at end 2007 to 29.0 percent at end 2008. In contrast, the weight of shares in the





aggregate portfolio declined from 11.3 percent to 4.5 percent as a result of the fall of indices and of investors' withdrawal from this type of funds. Both government securities and investments abroad showed losses in terms of their share in the overall portfolio.

TABLE 78
COMPOSITION OF MUTUAL FUND INVESTMENT

	2006	2007	2008
a. Government securities	25.3	29.8	15.7
Central government	7.1	5.0	1.3
Global and Brady bonds	9.3	7.3	3.7
Central Bank securities	9.0	17.6	10.7
b. Financial institutions	33.5	24.3	52.3
Deposits in domestic currency	7.6	5.7	13.5
Deposits in foreign currency	15.3	9.2	25.5
Financial system bonds	10.5	8.9	13.1
Shares and other papers	0.1	0.5	0.3
c. Non-financial institutions	35.0	34.7	29.3
Bonds and commercial papers	34.3	23.4	24.9
Common and investment shares	0.7	11.3	4.5
d. Foreign investments	5.2	6.5	1.9
e. Other 1/	1.0	4.7	0.7
TOTAL	100.0	100.0	100.0
<i>In millions of US\$</i>	2,484	4,283	2,823
<i>% of GDP</i>	2.7	3.9	2.4

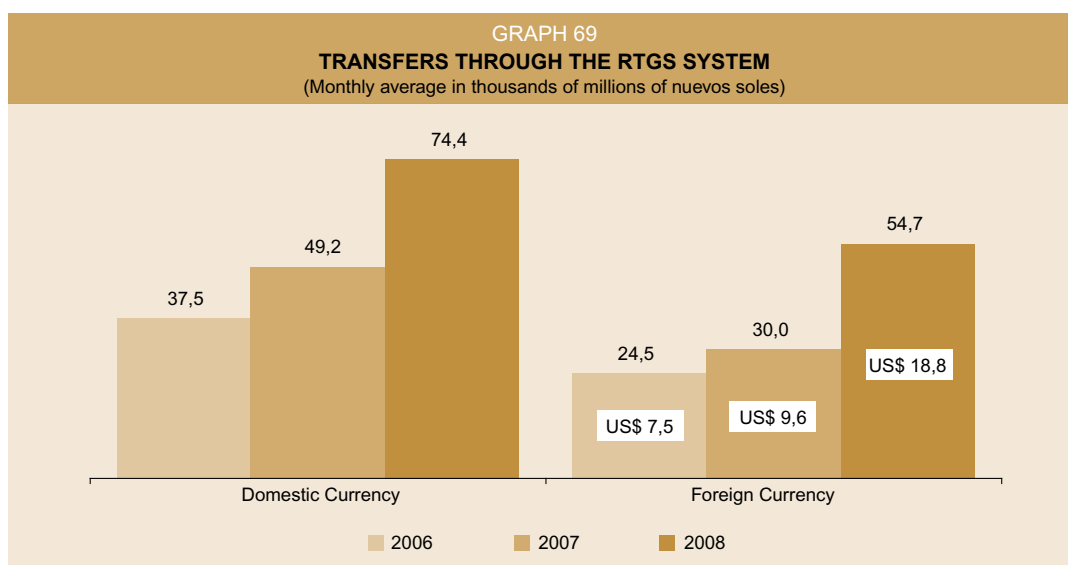
1/ Includes repos and agreements.
Source: CONASEV.

8. Expansion of the use of electronic payment systems

In 2008, the total value of payments made through systemically important payment systems (Real Time Gross Settlement System -RTGS-, Electronic Clearing House -CCE-, and Multibank Security Settlement System) increased 52.6 percent relative to 2007. This increase resulted from the expansion of payments in both domestic currency and foreign currency, which increased 42.5 percent and 81.5 percent, respectively. The rotation of payments in GDP terms increased from 3.4 times in 2007 to 4.6 times in 2008, which indicates that payments increased at a higher pace than economic activity. In a context of international instability, payments in domestic currency in terms of interbank payments declined from 62.9 percent in 2007 to 58.7 percent in 2008.

8.1 RTGS System

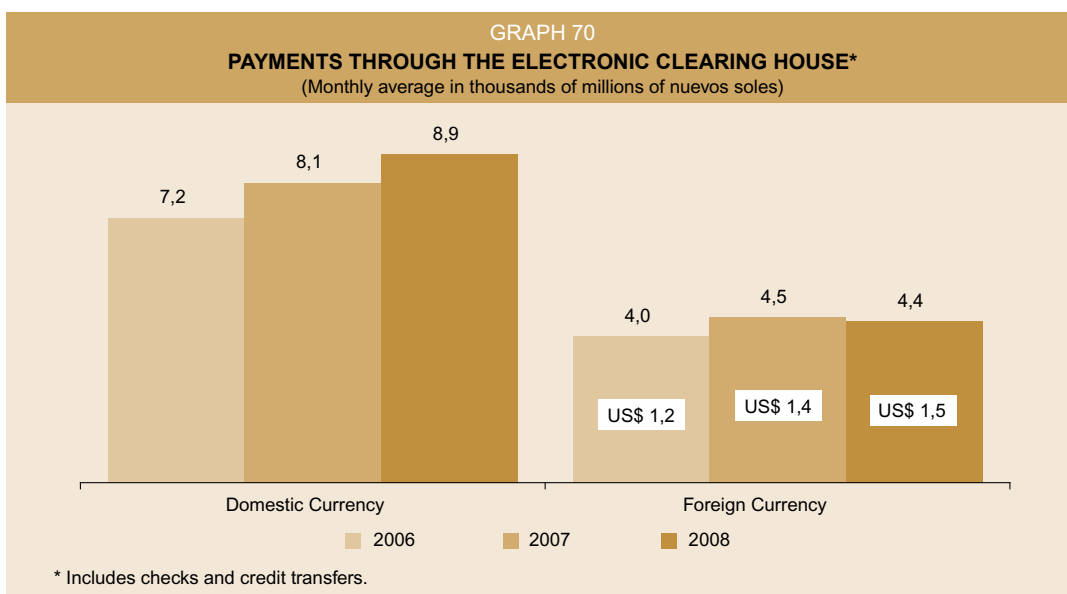
The amount of transfers made through the RTGS system grew 63.0 percent in 2008. Transactions in foreign currency showed a higher dynamism (94.7 percent) than transactions in domestic currency, which grew at a lower pace (51.4 percent).



8.2 Electronic Clearing House (CCE)

The value of the operations processed through the Electronic Clearing House (CCE) in 2008 showed a lower dynamism than in 2007 (5.3 percent and 13.1 percent, respectively), due to the lower growth of checks. It should be pointed out that credit transfers¹⁵ in both domestic currency and in foreign currency increased in terms of amounts (40.8 percent and 37.0 percent, respectively).

¹⁵ Payment instrument whereby the Originating Participating Entity is asked to transfer an amount of money to the Recipient Participating Entity on behalf of a third party.



The volume of operations processed through the CCE increased 6.8 percent due to increased acceptance of credit transfers (26.0 percent) and, to a lower extent, to the expansion of checks (4.2 percent), although the latter still represents 86.1 percent of the transactions processed through the CCE.

8.3 Multibank Security Settlement System (MSS System)

Transactions processed through the MSS System include the payments for securities traded at the Lima Stock Exchange (LSE) and payments for government securities listed at CAVALI ICLV, with the amount traded at the LSE representing 85.6 percent of the total in 2008. Payments processed through this system declined 35.4 percent due to the lower amount negotiated at the LSE given the international economic context.

8.4 Means of payment other than cash

Payments with cards are mostly made in domestic currency, with credit cards being the most used medium. Credit cards in domestic currency recorded a growth of 22.5 percent.

Checks are the main instrument used for intrabanking payments and represented over 50 percent of the total value of these payments in 2008. It is worth pointing out that transactions in foreign currency carried out through intrabanking instruments declined from 39.6 percent to 34.6 percent.

8.5 Innovations in the payment system

Several activities were developed in 2008 with the purpose of improving the safety and efficiency of payment systems and promoting the use of electronic payments.



8.6 Modernization of the RTGS System

The Central Bank is constantly modernizing the RTGS system, reinforcing its operational efficiency and safety. In June 2008, the BCRP announced the onset of the project of modernization of the RTGS system at the meeting of the Interbank Committee on Payment and Settlement Systems. The purpose of this project is to modernize the system in order to have a more modern and flexible system that allows providing better services to users.

For example, the use of Web Service will allow entities to connect RTGS services directly to the channels employed by users (the Internet, ATM, etc.), without centralizing orders that have to be submitted subsequently. Likewise, entities not automatically connected to the system will be able to send financial messages through a safe network, thus contributing to increase automatic operations.

8.7 Promotion of electronic payments

Dissemination campaigns are carried out through informational talks and publications to inform the public on relevant features of these instruments and the advantages of their use. Likewise, given the need of greater information regarding credit transfers, the CCE developed an informational campaign in the media. This campaign was preceded by training provided to bank personnel in order that they may answer the public's questions on these topics.

Simultaneously, the Central Bank continued promoting the access of non-bank financial entities to the services provided by the CCE. In this sense, the CCE modified its rates in July 2008, reducing the minimum payment from US\$ 3,000 to US\$ 2,000 (66.7 percent).

The first municipal deposit bank started operating in the CEE in December 2008. The participation of a new municipal deposit bank in the CEE was also authorized.

BOX 11

SUMMARY OF THE BCRP COMMUNIQUÉS ON THE MONETARY PROGRAM 2008

January 10: The Board of the Central Bank approved to raise the monetary policy reference interest rate from 5.0 to 5.25 percent. This measure has been adopted to maintain inflation expectations within the inflation target range, given the increase seen in the international prices of food products in a context of strong growth of domestic demand.

As pointed out in previous communiqués, inflation's temporary rate above the target is mainly explained by imported inflation, which posted 10.5 percent in 2007. The supply and demand imbalances in the international markets of grains and fuel have implied a generalized increase of inflation worldwide.

February 7: The Board of the Central Bank approved to maintain the monetary policy reference interest rate at 5.25 percent. However, the recent increase in the rates of reserve requirements in domestic currency (February 1) implies a more restrictive monetary stance as this translates into higher lending interest rates and, therefore, favors a more moderate growth of credit in the financial system.

The impact of this increase in the rate of reserve requirements is estimated to be equivalent in the short-term to an increase of 25 basis points. It is worth noting that in addition to the reference interest rate, the Central Bank may resort occasionally to other instruments of monetary control, such as the rate of reserve requirements.



The Board continues to oversee the evolution of inflation and its determinants, both domestic and external, and stands ready to take any necessary measures required to ensure that inflation converges to the target range.

March 13: The Board of Directors of the Central Reserve Bank of Peru approved to raise legal reserve requirements from 7 to 8 percent and to increase marginal reserve requirements from 15 to 20 percent as of April 2008. The Board also approved to increase the rate of marginal reserve requirements for non-resident financial entities' short-term deposits and liabilities in any currency to 40 percent. The Board decided to maintain the monetary policy reference interest rate at 5.25 percent considering that the impact of the increase of the rate of reserve requirements, effective as of April, would be equivalent to raising this rate by 50 basis points.

These additional raises of the reserve requirement ratio add onto the measures being implemented by the BCRP since July 2007 in order to lead inflation to converge to the target range as soon as possible. Between July 2007 and January 2008 the reference interest rate was raised on three occasions, as a result of which this rate increased from 4.5 to 5.25 percent.

April 10: The Board of the Central Reserve Bank of Peru approved to raise the monetary policy reference interest rate from 5.25 to 5.50 percent. Moreover, the Board also approved to raise the requirements of reserves for financial entities in both domestic and foreign currencies as of May. These measures are in line with the increases of reserve requirements approved in January and March, as well as with having raised the reference interest rate from 4.5 to 5.25 percent between July 2007 and January 2008.

May 8: The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy reference interest rate at 5.5 percent.

The Board continues to oversee the effects of both the previous increases of the reference rate and the reserve requirement measures approved in January, March, and April on the evolution of inflation. The Board reiterates that the necessary adjustments will be implemented to ensure inflation's gradual convergence to the target range in a context in which price rises are mainly explained by food supply shocks.

June 12: The Board of the Central Reserve Bank of Peru approved to raise the monetary policy reference interest rate from 5.5 to 5.75 percent. Together with the series of monetary adjustments implemented so far this year, this increase in the reference interest rate is aimed at preventing that the rises observed in the international prices of food and fuels will translate into higher inflation expectations in a context of a high pace of growth of both public and private expenditure.

July 10: The Board of the Central Reserve Bank of Peru approved to raise the monetary policy reference interest rate from 5.75 to 6.0 percent. Together with the series of monetary adjustments implemented so far this year, this increase in the reference interest rate is aimed at preventing that the rises observed in the international prices of food and fuels will translate into higher inflation expectations in a context of a high pace of growth of both public and private expenditure.

The Board also approved to raise banks' reserve requirements in domestic currency and in foreign currency as from August. These measures are in line with the rises of reserve requirements implemented as from February, April, and May, as well as with having raised the reference interest rate from 4.5 to 6.0 percent between July 2007 and July 2008.

August 7: The Board of the Central Reserve Bank of Peru approved to raise the monetary policy interest rate from 6.0 to 6.25 percent, thus accumulating an increase of 175 basis points in this rate since July 2007. Together with the other monetary adjustments implemented since the beginning of this year, these measures are aimed at steering inflation to gradually return to the target range and at preventing that the rises in the international prices of food and fuels may translate into inflation expectations in a context of a higher growth of domestic demand than that of the potential output.

September 11: The Board of the Central Reserve Bank of Peru approved to raise the monetary policy interest rate from 6.25 to 6.50 percent, thus accumulating an increase of 200 basis points in this rate since July 2007. Together with the other monetary adjustments implemented since the beginning of this year, these measures are aimed at steering inflation to gradually return to the target range and at preventing that the rises in the international prices of food and fuels may translate into inflation expectations in a context of a higher growth of domestic demand than that of the potential output.

October 9: The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy reference interest rate at 6.50 percent.



This decision has been made considering high uncertainty regarding the evolution of global economy and its impact on global economic activity, the international prices of our exports and imports, and international financial flows.

November 13: The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy reference interest rate at 6.50 percent.

In October, the rate of inflation reflected the rise in the prices of some foodstuffs (potato) and public utilities (electricity and water). However, in the next months inflation should resume the downward path foreseen in the evolution of inflation, which includes the effects of the recent drops observed in the international prices of food inputs and fuels.

December 10: The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy reference interest rate at 6.50 percent.

Monthly inflation in November was lower than in previous months despite the price rises observed in residential electricity and potable water rates. Inflation in the next months should continue showing the expected downward trend, which includes the effects of the recent drops observed in the international prices of food inputs and fuels.



*FINANCIAL
STATEMENTS*



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Banco Central de Reserva del Perú

We have audited the accompanying financial statements of Banco Central de Reserva del Perú, which comprise the balance sheet as of December 31, 2008 and 2007, and the related statements of income, changes in equity and cash flows for the years then ended, and the summary on significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles and policies described in note 2 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in Peru. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Opinion

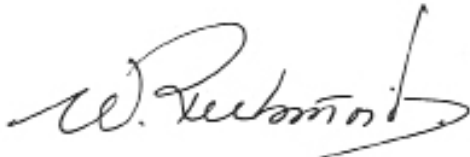
As explained in note 2, the financial statements of Banco Central de Reserva del Perú as of December 31, 2008 and 2007 have been prepared in conformity with accounting principles generally accepted in Peru, and include the accounting practices contained in the Bank's Organic Law, which differ in certain aspects from the accounting principles generally accepted in Peru, as indicated in note 3 to the financial statements.

Opinion

In our opinion, the financial statements above indicated present fairly, in all material respects, the financial position of Banco Central de Reserva del Perú as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles described in note 2 to the financial statements.

February 23, 2009

Countersigned by:



Wilfredo Rubinos V. (Partner)
Peruvian Certified Public Accountant
Registration 9943



BALANCE SHEET
AS OF DECEMBER 31, 2008 AND 2007
 (Stated in thousands of nuevos soles)

ASSETS	<u>2008</u>	<u>2007</u>
GROSS INTERNATIONAL RESERVES:		
Cash in foreign currency	31,646	30,202
Deposits in foreign banks (note 5)	8,331,599	28,655,081
Securities of international institutions (note 6)	85,257,975	50,418,976
Gold (note 7)	3,082,442	2,778,635
Contributions to Latin American Reserve Fund (note 8 a)	1,158,994	1,042,795
Other available assets	113,939	96,312
	<u>97,976,595</u>	<u>83,022,001</u>
OTHER ASSETS ABROAD:		
Contributions in local currency to the International Monetary Fund (note 8 b)	3,084,639	3,011,008
Other assets abroad	80,135	78,388
	<u>3,164,774</u>	<u>3,089,396</u>
DOMESTIC CREDIT (note 9)	5,393,370	9
PROPERTY, FURNITURE, AND EQUIPMENT, NET (note 10)	137,081	146,838
OTHER ASSETS (note 11)	589,915	488,436
TOTAL ASSETS	<u>107,261,735</u>	<u>86,746,680</u>
MEMORANDA ACCOUNT (note 23)	30,970,276	15,487,227

See the accompanying notes to the financial statements.

LIABILITIES AND EQUITY	2008	2007
RESERVE LIABILITIES	115,099	94,161
OTHER LIABILITIES ABROAD:		
Counterpart of the contribution in local currency to the international Monetary Fund (note 12 a)	3,084,639	3,011,008
Other liabilities abroad (note 12 b)	504,646	491,509
	3,589,285	3,502,517
STERILIZED STOCK:		
Securities issued (note 13)	18,344,989	20,758,605
Deposits in local currency (note 14)	24,129,189	17,255,456
	42,474,178	38,014,061
MONETARY BASE (note 15)	22,310,521	17,779,265
DEPOSITS IN FOREIGN CURRENCY (note 16)	30,915,320	24,087,483
OTHER LIABILITIES (note 17)	706,959	887,629
READJUSTMENT IN VALUATION, ORGANIC LAW, ART. 89 (note 18)	3,630,411	163,623
TOTAL LIABILITIES	103,741,773	84,528,739
EQUITY:		
Capital (note 19 a)	591,375	591,375
Reserves (note 19 b)	591,375	226,902
Fair value reserve (note 6)	2,103,918	643,219
Retained earnings (note 19 c)	233,294	756,445
TOTAL EQUITY	3,519,962	2,217,941
CONTINGENCIES (note 22)		
TOTAL LIABILITIES AND EQUITY	107,261,735	86,746,680
MEMORANDA ACCOUNT (note 23)	30,970,276	15,487,227

STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Stated in thousands of nuevos soles)

	<u>2008</u>	<u>2007</u>
FINANCIAL INCOME:		
Interest on deposits in foreign banks (note 5)	785,098	1,286,177
Net yield on securities of international institutions (note 6)	2,733,007	1,806,012
Interest on international agreements and deposits at IMF	3,606	-
Dividends received from Latin American Reserve Fund	61,353	53,789
	<hr/>	<hr/>
Yield on gross international reserves	3,583,064	3,145,978
	<hr/>	<hr/>
Interest on domestic credit operations (note 9)	110,679	4,080
Other financial income (note 18)	69,180	222,502
	<hr/>	<hr/>
TOTAL FINANCIAL INCOME	3,762,923	3,372,560
	<hr/>	<hr/>
NON-FINANCIAL INCOME	16,573	6,971
	<hr/>	<hr/>
FINANCIAL EXPENSES:		
Interest on other liabilities abroad (note 12 b)	(11,339)	(17,744)
Interest on securities issued (note 13)	(1,679,604)	(745,576)
Interest on local currency deposits (note 14)	(1,310,151)	(704,973)
Interest on foreign currency deposits (note 16)	(444,481)	(889,114)
Other financial expenses (note 18)	(21,938)	(44,567)
	<hr/>	<hr/>
TOTAL FINANCIAL EXPENSES	(3,467,513)	(2,401,974)
	<hr/>	<hr/>
OPERATING EXPENSES:		
Payroll and cost of social laws	(122,115)	(118,972)
Administrative expenses	(54,222)	(52,137)
Depreciation and amortization	(9,412)	(9,125)
Other expenses (note 20)	(37,921)	(24,649)
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	(223,670)	(204,883)
	<hr/>	<hr/>
MONETARY ISSUANCE EXPENSES AND COSTS:		
Expenses for transport and cost of printing notes	(29,073)	(22,565)
Cost of materials for production of coins	(36,931)	(26,160)
	<hr/>	<hr/>
TOTAL MONETARY ISSUANCE EXPENSES AND COSTS	(66,004)	(48,725)
	<hr/>	<hr/>
NET INCOME	22,309	723,949
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See the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Stated in thousands of nuevos soles)

	Capital (note 19 a)	Reserves (note 19 b)	Fair value reserve (note 6)	Retained earnings (note 19 c)	Equity
Balances as of January 1, 2007	295,687	110,349	-	549,655	955,691
Net changes in fair value of					
available-for-sale investments	-	-	643,219	-	643,219
Allocation to reserves for 2006 net income	-	185,339	-	(185,339)	-
Capitalization of reserves	295,688	(295,688)	-	-	-
Transfer of earnings to the Public Treasury	-	-	-	(137,414)	(137,414)
Allocation to reserves for retained earnings	-	226,902	-	(226,902)	-
Net income	-	-	-	723,949	723,949
Balances as of December 31, 2007	591,375	226,902	643,219	723,949	2,185,445
Actuarial provision adjustment (note 17 b)	-	-	-	32,496	32,496
Balances adjusted as of December 31, 2007	591,375	226,902	643,219	756,445	2,217,941
Net changes in fair value of					
available-for-sale investments	-	-	1,460,699	-	1,460,699
Transfer of earnings to the Public Treasury	-	-	-	(180,987)	(180,987)
Allocation to reserves	-	364,473	-	(364,473)	-
Net income	-	-	-	22,309	22,309
Balances as of December 31, 2008	591,375	591,375	2,103,918	233,294	3,519,962

See the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(Stated in thousands of nuevos soles)

	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES:		
Net income	22,309	723,949
Adjustments to reconcile the net income to net cash and cash equivalents provided by operating activities:		
Depreciation of property, furniture and equipment	8,153	8,089
Provision for impairment of property, net of recoveries	12,604	-
Disposal of property, furniture and equipment, net	164	178
Fair value reserve	1,460,699	643,219
Decrease (increase) in assets:		
Other assets abroad	(75,378)	63,135
Domestic credit	(5,393,361)	-
Other assets	(101,479)	142,768
Increase (decrease) in liabilities:		
Reserve liabilities	20,938	(83,399)
Other liabilities abroad	86,768	(131,767)
Securities issued	(2,413,616)	12,900,990
Deposits in local currency	6,873,733	6,842,996
Deposits in bank, financial and other institutions	1,072,772	447,340
Deposits in foreign currency	6,827,837	4,097,264
Other liabilities	(180,670)	3,407
Readjustment in valuation, Organic Law, art. 89	3,466,788	(1,549,430)
Net cash and cash equivalents provided by operating activities	<u>11,688,261</u>	<u>24,108,739</u>
INVESTING ACTIVITIES:		
Sale of property, furniture and equipment	-	74
Additions of property, furniture and equipment	(11,164)	(10,297)
Transfers of earnings to Public Treasury	(180,987)	(137,414)
Net cash and cash equivalents used in investing activities	<u>(192,151)</u>	<u>(147,637)</u>
Net increase in cash and cash equivalents	11,496,110	23,961,102
Cash and cash equivalents at beginning of year	66,022,562	42,061,460
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>77,518,672</u></u>	<u><u>66,022,562</u></u>

See the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008 AND 2007

1. IDENTIFICATION AND ECONOMIC ACTIVITY

Banco Central de Reserva del Perú (hereinafter the Bank) is an autonomous legal entity of public law created on March 9, 1922, intended to preserve monetary stability in Peru. Its activities are currently governed by Article 84 of the Peruvian Constitution, dated December 29, 1993, and by its Organic Law approved by Decree-Law 26123 of December 24, 1992 (hereinafter Organic Law). The Organic Law establishes that the Bank's functions are to regulate the money supply, manage international reserves, issue notes and coins, and report on the finances of Peru.

The Bank has its legal address and headquarters in Lima, and has branches in seven cities in Peru. As of December 31, 2008 and 2007, the Bank headcount was 993 and 985, respectively.

The financial statements for the year ended December 31, 2008 have been authorized for issuance by the Bank's Management to be presented to and approved by the Board of Directors. The financial statements for the year ended December 31, 2007 were approved by the Board of Directors at the meeting held on March 6, 2008.

The Bank represents Peru for the purposes established in the Articles of the agreements of the International Monetary Fund (IMF) and the Fondo Latinoamericano de Reservas – FLAR (Latin American Reserve Fund) and is responsible for all official transactions, operations and relations with these institutions.

The Bank may also act as a Peruvian Government Agent in its relations with multilateral credit organizations and financial agencies of foreign governments.

As established in its Organic Law, the Bank is not allowed to:

- Grant financial assistance to the Public Treasury, except in the form of acquisitions of securities issued by the Public Treasury in the secondary market in which case the holding of such securities may not exceed in any moment, valued at their

acquisition cost, 5% of the balance of the monetary base at the closing of the previous year.

- Extend guarantees, letters of guarantee or any other guarantees, or use any form of indirect financing, or grant insurance of any type. It should be mentioned that the operations conducted by the Bank in implementing payment and reciprocal credit agreements are not subject to the above prohibition.
- Allocate resources for the creation of special funds aimed at granting credits or making investments to promote any non-financial economic activity.
- Issue securities, bonds or contribution certificates of mandatory acquisition.
- Establish sector or regional coefficients in the composition of the loan portfolio of financial institutions.
- Establish multiple exchange rates regimes.
- Purchase shares, except those issued by international financial organizations or those needed to be acquired to strengthen banks and financial companies; participate, directly or indirectly, in the capital of commercial, industrial or any other companies.

International Financial Crisis

In 2008, severe financial disruptions emerged worldwide leading to a recession situation in developed economies. These events have affected United States and European Union important banks, as well as other financial entities, resulting in several government interventions.

In response to this crisis, the Bank has remained alert and searched to make investment trying to reduce the banking risk in the portfolio, applying stricter criteria for placing deposits in foreign banks. Additionally, proportion of AAA-rated investments increased, particularly debt diversified between sovereign and supranational issuers (see notes 5 and 6).

2. MAIN ACCOUNTING PRINCIPLES AND POLICIES

The main accounting principles and policies applied to record operations and to prepare the financial statements are the following:

(a) Basis for the Preparation of Financial Statements

The financial statements have been prepared and presented as established in Article 88 of the Bank's Organic Law, in accordance with generally accepted accounting principles (GAAP) as applicable to the Bank, and the related standards established by Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones - SBS (Peruvian Superintendency of Banking, Insurance and Private Pension Fund Administrators). The accounting principles generally accepted in Peru are the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), which include the International Accounting Standards (IAS). The standards applied in Peru are those previously approved by the Consejo Normativo de Contabilidad –CNC (Peruvian Accounting Board). The standards currently in force and authorized by the CNC as of December 31, 2008, are current IASs 1 to 41, IFRSs 1 to 6, and interpretations 1 to 33 issued by the Standing Interpretations Committee (SIC), and interpretations 1 to 14, prepared by the International Financial Reporting Interpretations Committee (IFRIC).

For the preparation of its financial statements, the Bank includes some accounting practices contained in the Bank's Organic Law, as indicated in the following accounting notes. The SBS has not established specific standards for the Bank.

(b) Functional Currency and Foreign Currency Transactions**(i) Functional and presentation currency:**

IAS 21 *The Effects of Changes in Foreign Exchange Rates* requires that accounting measurements be made in functional currency, which is the currency of the primary economic environment in which the issuer of financial statements operates. The Bank's financial statements are presented in nuevos soles which is its functional and presentation currency.

(ii) Foreign currency transactions and balances:

Foreign currency transactions are those transactions carried out in a currency that is different from the functional currency. Foreign currency transactions are translated into functional currency using exchange rates ruling at the dates of the transactions. The Bank records the gain or loss on sale of foreign currency in the accounts of the statements of income.

Article 89 of the Bank's Organic Law establishes that differences which are recorded as a consequence of the readjustments in the valuation in local currency of the Bank's assets and obligations in gold, silver, foreign currency, Special Drawing Rights (SDR) or other monetary units of international use, shall be credited in a special account, not considering them as gains or losses, see note 2 (q).

(c) Significant Accounting Estimates and Criteria

The preparation of the financial statements requires the Management to make certain estimates and assumptions to determine the balances of assets and liabilities and income and expenses to disclose contingent assets and liabilities as of the date of the financial statements, as well as significant facts included in the notes to the financial statements. Assets and liabilities are recognized in the financial statements when it is likely that future economic benefits will flow to or from the Bank and when the different items have a cost or value that can be measured reliably. Should these estimates and assumptions, based on the Management's best criteria as of the date of the financial statements, vary as a result of changes in the supporting premises and circumstances on which they were based, the balances of the financial statements would be corrected on the date in which such changes of estimates and assumptions occur, and the effect of the change would be included in the determination of net income or loss for said year, and of future years if it were the case. The most significant estimates related to the financial statements, the accounting criteria of which are described below, correspond to: provision for fluctuation in the value of available-for-sale investments, the provision for costs of transforming gold coins to gold bars, depreciation of property, furniture and equipment, provision for impairment of the value of property, provision for severance indemnities, amortization of intangibles, provision for foreclosed assets and actuarial provisions for supplementing retirement, widowhood, health care and burial benefits.

(d) Financial Instruments

A financial instrument is any contract that simultaneously gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. In the case of the Bank, financial instruments correspond to primary instruments included in: (i) gross international reserves, (ii) other assets abroad, (iii) domestic credit, (iv) other assets, and (v) liabilities in general, except for readjustment in valuation, Organic Law, Article 89.

Financial instruments are classified as financial assets, financial liabilities, or equity instruments according to the substance of the contract. Interest and other gains and losses generated by a financial instrument classified as asset or liability, are recorded as income or expense in the statement of income, except for gains or losses arising from the variation in fair value of securities held by international entities which are directly recognized in equity, and the exchange differences for valuation of balances which are recorded in the "Valuation Readjustment, Organic Law, Article 89" account. The financial instruments are compensated when the Bank has the legal right to compensate them, and Management has the intention of paying them on a net basis or negotiating the asset and paying the liability simultaneously.

According to the Bank Management's opinion, the balances in: (i) Gross international reserves, (ii) other assets abroad; (iii) domestic credit; (iv) other assets; and (v) liabilities in general, do not differ significantly from their fair value, see note 25. The recognition and valuation criteria of these items are disclosed herein in the corresponding notes.

(e) Securities of International Institutions

Securities of international institutions held by the Bank are classified as available-for-sale. These securities are recorded at acquisition cost and then are valued at market price. Higher or lower value of these investments resulting from comparing the book value to the market value is recorded in equity until sale or maturity of investments. The accrued value is used for determining the fair value of commercial papers.

The premium or discount on the acquisition is recorded on the date of sale or maturity in the results of the period.

When there is objective evidence of impairment of the accounting value, this loss will be recognized via the corresponding provision for impairment in the value of securities (charged to results of the period).

(f) Precious Metals

As established by Article 72 of the Bank's Organic Law, gold and silver holdings are recorded in the accounting books at the value established by the Board of Directors, which does not exceed the price prevailing in the international market.

Under Board of Directors' agreements of December 20, 2007, as from December 31, 2007, the Bank's gold and silver holdings are valued at their listed price in the New York market provided daily by Bloomberg and Reuters between 15:00 to 15:30, local time.

The price of gold per troy ounce was US\$ 882.00 and US\$ 832.80 as of December 31, 2008 and 2007, respectively. The price of silver per troy ounce was US\$ 11.43 and US\$ 14.76 as of December 31, 2008 and 2007, respectively.

(g) Property, Furniture and Equipment

Property, furniture and equipment are recorded at cost and are presented net of accumulated depreciation and provision for impairment of value, if any. Renewals and improvement expenses are capitalized as an additional cost of property, furniture and equipment, only when they can be reliably estimated and when it is likely that such disbursements will contribute to the generation of future economic benefits from the

use of property, furniture and equipment, beyond their original normal performance evaluation. Maintenance and repair expenses are charged to results as incurred.

Annual depreciation is recognized as expense and has been computed based on the straight-line method considering the following estimated useful lives:

	Years
Buildings	100
Furniture and office equipment, and miscellaneous equipment	10
Computing equipment	3
Vehicles	5

The Bank's Management periodically reviews the useful life, residual values and depreciation method based on the forecasted economic benefits to be provided by the components of property, furniture and equipment.

The cost and accumulated depreciation of property, furniture and equipment disposed of or sold are eliminated from their respective accounts, and any resulting gain or loss is included in the results of the fiscal period in which they are incurred.

(h) Foreclosed Assets

Foreclosed assets include mainly land and properties received as payments of loans granted to banks under liquidation process and are recorded at the cost of adjudication which does not exceed their estimated realizable value, net of the corresponding provision. As of December 31, 2008 and 2007, foreclosed assets are fully amortized.

As established in Article 85 of the Organic Law, the Bank may not be the owner of more properties than those intended for its normal activities and those transferred to the Bank as settlement of debts. The latter must be sold over a term not exceeding a year from the date of transfer. As of December 31, 2008 and 2007, all the foreclosed assets are aged over a year and the Bank has made the arrangements established by law in order to formalize their sale, which has been reported on a timely basis to the Superintendencia de Bienes Nacionales (Superintendency of National Assets).

(i) Impairment of Assets

When there are events or circumstantial economic changes indicating that the value of an asset might not be recoverable, the Bank reviews the value of the asset to verify that there is no impairment. When the book value of the asset exceeds its recoverable amount, the Bank recognizes an impairment loss in the statement of income for the assets held at cost.

The recoverable amount of an asset is the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the asset sale between a purchaser and seller. Recoverable amounts are estimated for each asset or, if it is not possible, for the cash-generating unit.

Whenever there is evidence that impairment loss does not exist anymore, or has decreased, the reversal of the loss is recorded. If such evidence exists, the reversal is recorded in the statement of income.

(j) Sterilized Stock

Sterilized stock is a Central Bank's liability in local currency comprised by securities issued and deposits from public sector and financial entities, which are not part of the legal cash reserve. It results from monetary operations to take out liquidity from the financial system, and for deposits from the said entities, which in case of reversal, would imply an increase in the monetary base.

(k) Notes and Coins Issued

This includes notes and coins of legal tender issued by the Bank which are held by the public; and are recorded as a liability on the balance sheet at their face value under monetary base. Notes and coins not in circulation are kept in the Bank's vaults and recorded in Memorandum Accounts at their face value.

(l) Employees' Severance Indemnities

Employees' severance indemnities for time of services are determined applying current legal provisions, and are recorded in the accounting books as other liabilities and charged to results and credited to the corresponding provision account as accrued. The payments made, which are considered as definitive, are deposited in financial institutions selected by the employees.

(m) Employee Benefits

As established in Article 53 of its By-Laws, the Bank supports the Fondo para Enfermedades, Seguros y Pensiones de Empleados del Banco (Fund for Disease, Insurance and Pensions of the Bank's employees, hereinafter the Fund) with the resources necessary for supplementing the expenses required for its operations. According to IAS 19 *Employee Benefits*, those benefits are considered as employee benefits under a defined benefit plan.

The Fund is a legal entity of private law established under Decree-Law 7137 and is intended to provide assistance to the Bank's active and retired employees, as well as to their spouses, children and parents, as established in its regulations. Such assistance is in addition to social security benefits and other social benefits granted by Law (National Health Security - EsSalud, Spanish acronym; National Pension System - Decree Law 19990, and The Private Pensions System).

- Supplementary pensions subsidy for retirement, widowhood pensions, and burial subsidy

For a plan of defined benefits, the expenses related to supplementary pensions are determined under the method of benefits per year of services, under which the cost of providing supplementary pensions is recorded in the results of the year so as to distribute the cost over the employees' years of services. The value of the supplementary pension is determined by an actuary on a periodic basis and is measured at the present value of all future pension payments using an annual technical interest rate of 6%. In determining this obligation, the Bank has used the parameters established in the Fund's Regulations and the methodology for calculating the actuarial reserve for supplementary pension subsidy for retirement, widowhood pensions, burial subsidy, and health-care services, see note 17 (b).

- Other benefits supplementary to retirement

The general balancing equation between health-care benefits and contributions (Kaan equation) was used to calculate the ongoing risks reserve of health care services, see note 17 (b).

As of December 31, 2008, in order to determine the amount of provision for actuarial reserve, the Bank has considered the present value of obligations for the defined benefits, as well as the fair value of the Fund's assets, in conformity with IAS 19 *Employee Benefits*. The Fund's net assets considered to be deducted from the amount of actuarial reserve, are composed of the present value of deposits and loans, net of their obligations.

The supplementary pension subsidy for retirement and widowhood pensions, burial subsidy, and other supplementary retirement benefits, deducted by present value of the Fund's net assets are recorded under other liabilities.

(n) Interest and Commissions

Interest income and expenses are recognized in the income statement of the period when accrued and the commissions when paid.

When there is reasonable doubt regarding the collection of any financial instrument principal, interest is recognized as income provided that there is a reasonable certainty of its collection.

(o) Operating Expenses for Transporting, Printing Notes and Minting Coins

Operating expenses for transporting, printing notes and minting coins are recognized in results for the period in which they accrue.

Expenses for printing notes and cost of materials for minting coins are recognized in results for the period in which they are issued.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise gross international reserves, net of notes and coins issued and in circulation that are part of the monetary base.

The difference between gross international reserves and reserve liabilities (comprising the obligations with international entities) represents net international reserves. These reserves show the international liquidity of the country and its financial capacity in respect to other countries; they are the resources the Bank possesses to attend its obligations in foreign currency.

(q) Exchange Difference and Readjustment of Foreign Currency

Article 89 of the Bank's Organic Law establishes that differences recorded as a result of the readjustments in the valuation in local currency of the Bank's assets and obligations in gold, silver, foreign currency, Special Drawing Rights (hereinafter SDR) or other monetary units of international use, are credited in a special account, not being considered as gains or losses.

This valuation is made on a daily basis by applying on the balances of assets and liabilities in foreign currency and precious metals, the prices of the latter U.S. dollars and the exchange rate of the U.S. dollar against the Peruvian nuevo sol (see note 4), obtaining balances in local currency which are compared with the accounting balances before valuation. The result of such valuation of price and exchange rate is charged or credited to the balance sheet account "Readjustment in Valuation, Organic Law, Article 89" (see note 3).

The Bank records the gains or losses on the sale of foreign currencies in the results for the period with a balancing entry in "Readjustment in Valuation, Organic Law Article 89" account (see note 18).

Until December 31, 2007, proceeds from the sale of foreign currencies was obtained by subtracting from the equivalent in local currency collected from the sales of foreign currency of the month, the equivalent in local currency paid for the purchases of foreign currency of the same month (up to the amount in dollars of the sales at the

average exchange rate of the purchases). Should the monthly amount of purchases would have been lower than the amount of monthly sales, the excess was multiplied by the difference between the average sale exchange rate and the exchange rate of foreign currency position.

As from 2008, proceeds from the sale of foreign currencies is obtained by subtracting from the equivalent in local currency collected from the sales of foreign currency of the day, the equivalent in local currency obtained after multiplying the amount in foreign currency sold by the accounting exchange rate as of the closing of the day. Should the equivalent in local currency collected from the sale be higher than the amount computed, a gain is recorded; otherwise, a loss is recorded.

(r) Provisions

Provisions are recognized when the Bank has a present obligation, either legal or constructive, as a result of past events, and when it is probable that an outflow of resources will be required to settle the obligation, and it is possible to reliably estimate its amount. Provisions are reviewed and adjusted in each period to reflect the best estimates as of the balance sheet date.

When the effect of the time value of money is material, the amount of the provision is the present value of the expenditure required to settle the provision.

(s) Contingent Assets and Liabilities

Contingent liabilities are not recognized in financial statements. They are disclosed in the notes to the financial statements, unless the possibility of an outflow of economic resources is so remote as to be negligible. Contingent assets are not recognized in financial statements, and they are only disclosed when an inflow of economic benefits is probable.

(t) Restatement of Year 2007 Financial Statements

By means of a report presented to General Management, dated December 30, 2008, the Bank adjusted equity balances as of December 31, 2007 in order to consider the inclusion and presentation of assets related to the Fund as a deduction in the actuarial provision as determined in the actuarial study on obligations for employee benefits.

Accordingly, the Bank has adjusted balances of the actuarial provision and retained earnings as of December 31, 2007 amounting to S/. 32,496,000 because it was not considered in that year and to render it comparable with the balances presented as of December 31, 2008 (note 17 b).

(u) New Accounting Pronouncements

The Peruvian Accounting Board, by means of Resolution 040-2008-EF/93-01, approved the application of the following International Financial Reporting Standards and interpretations as from January 1, 2009:

- (i) IAS 32 (revised in 2006) establishes the principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.
- (ii) IFRS 7 – *Financial Instruments - Disclosures*. This IFRS is effective internationally as from January 1, 2007 and supplements the disclosure requirements of IAS 32. The objective of IFRS 7 is to include in the financial statements, disclosures that allow users to evaluate the significance of financial instruments for an entity's financial position and performance, through the understanding of the nature and extent of risks arising from financial instruments as well as the methods used by the entity to manage the risks derived from these instruments.
- (iii) IFRS 8 – *Operating Segments* – This IFRS supersedes IAS 14 *Segment Reporting*. IFRS 8 specifies the way how an entity should provide information about operating segments in the financial statements. Furthermore, it establishes the requirements for disclosures related to products and services, geographical areas, and major customers. IFRS 8 requires an entity to provide information about revenues derived from its products and services (or groups of similar products and services), about the countries where it earns revenues and hold assets, and about major customers, regardless of whether that information is used by management in decision-making. Finally, it also requires that the entity provides descriptive information about the way that the operating segments were determined, the products and services provided by the segments, differences between the measurements used in reporting segment information and those used in the entity's financial statements, as well as changes in the measurement of segment amounts from period to period.
- (iv) IFRIC 14 and IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* clarifies when the reimbursement or reductions in future contributions related to assets for defined benefits will be regarded as available and provides a guidance on the impact of the minimum funding requirement (MFR) on such assets. It also states when the MFR can result in a liability.

3. MAIN DIFFERENCES BETWEEN THE ACCOUNTING PRINCIPLES AND PRACTICES APPLIED BY THE BANK AND ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN PERU

The accounting principles and practices applied by the Bank in accordance with the Organic Law, as described in note 2 above, differ in certain relevant aspects from accounting principles generally accepted in Peru as follows:

- The Bank records in a special account in the balance sheet, under the accounting practice in Article 89 of its Organic Law, the readjustments in the valuation of prices and exchange rates in local currency of the Bank's assets and obligations in gold, silver, foreign currency, SDR or any other monetary unit of international use. In accordance with International Accounting Standard 21 *The Effects of Changes in Foreign Exchange Rates* (Peruvian GAAP), the results of the valuations should be included in the Bank's results of the year when they were generated, and results from sale of foreign currencies should be recorded as gain or loss in the year they occur. As of December 31, 2008 and 2007, the readjustment reached a credit balance of S/. 3,630,411,000 and S/. 163,623,000, respectively, (see notes 2 (q) and 18).
- The Bank prepares the statements of cash flows considering as funds the cash and cash equivalents, as indicated in note 2 (p). This accounting practice differs from what is defined by IAS 7 *Statement of Cash Flows* (GAAP in Peru).

4. FOREIGN CURRENCY BALANCES

Balances in U.S. dollars as of December 31, 2008 and 2007 have been stated in nuevos soles at the purchase exchange rate established by the SBS as of those dates of S/. 3.137 and S/. 2.995 per US\$ 1 respectively. Balances in other currencies have been stated in U.S. dollars at the exchange rate at the closing of the New York market as mentioned in section (b) of this note.

- a) The balances in foreign currency and in precious metals as of December 31, 2008 and 2007, are summarized as follows:

	In thousands of S/.	
	2008	2007
Assets:		
U.S. dollar	25,762,504	23,533,486
Euro	4,608,965	3,409,182
SDR	18,542	13,550
Peso Andino	20,000	20,000
Gold	983,291	928,441
Silver	491	634
Other currencies	38	99
	<u>31,393,831</u>	<u>27,905,392</u>
Liabilities:		
U.S. dollar	9,987,667	8,262,136
Euro	20,238	4
SDR	268	858
Peso Andino	20,000	20,000
Silver	205	264
	<u>10,028,378</u>	<u>8,283,262</u>
Net assets	<u>21,365,453</u>	<u>19,622,130</u>

The Special Drawing Right (SDR) is an international reserve asset created by the IMF allocated to member countries in proportion to their quotas. The value of SDR is calculated daily by adding the U.S. dollar values (exchange rate quoted at noon in the London market) of specific amounts of a four-currency basket (U.S. dollar, euro, Japanese yen and pound sterling). The amounts of each currency of the SDR basket are calculated according to agreed percentages.

- b) The quotations of foreign currency in U.S. dollars as of December 31, 2008 and 2007, are summarized as follows:

	In US\$	
	2008	2007
SDR	1.540300	1.580250
Pound sterling	1.460000	1.985200
Canadian dollar	0.822842	1.006036
Peso Andino	1.000000	1.000000
Euro	1.393400	1.459700

5. DEPOSITS IN FOREIGN BANKS

They comprise the following:

	In thousands of S/.	
	2008	2007
Time deposits	8,319,548	28,521,246
Interest receivable on time deposits	269	119,225
	<u>8,319,817</u>	<u>28,640,471</u>
Call deposits	11,770	14,382
Interest receivable on call deposits	8	18
	<u>11,778</u>	<u>14,400</u>
Demand deposits	4	5
Interest receivable on gold deposits	-	205
	<u>8,331,599</u>	<u>28,655,081</u>

As of December 31, 2008 and 2007, time deposits amounted to US\$ 2,652,071,000 and US\$ 9,522,954,000, respectively, and were deposited in first-rate banks and accrued interest at international market rates.

Deposits in foreign banks accrued an annual average interest rate of 0.57% as of December 31, 2008 (4.81% as of December 31, 2007).

Interest receivable includes US\$ 88,000 and US\$ 39,883,000 as of December 31, 2008 and December 31, 2007 respectively, generated by term deposits, call deposits and returns on gold deposits in foreign entities.

6. SECURITIES OF INTERNATIONAL INSTITUTIONS

They comprise obligations from the U.S. Treasury, from members of the European Economic Community, and from Bank for International Settlements (BIS), as well as bonds and commercial papers of international institutions supported by sovereign governments and supra-national institutions.

Securities of international institutions correspond to first class and low-risk financial instruments, which bear interest at international market rates.

Securities of international institutions accrued an annual average interest rate of 3.41% as of December 31, 2008 (4.58% as of December 31, 2007).

Securities are recorded at acquisition cost at purchase and later are valued at market prices provided daily by Bloomberg and Reuters between 15:00 to 15:30, local time. The accrued value is used for determining the fair value of commercial papers. Gain or loss on available-for-sale investments is recognized directly to equity. As of December 31, 2008 the Bank has recorded S/. 2,103,918,000 (S/. 643,219,000 as of December 31, 2007) under the fair value reserve account in the equity.

7. GOLD

It comprises the following:

	In thousands of S/.	
	2008	2007
In Peru	1,525,681	1,375,252
Abroad	1,556,761	1,403,383
	<u>3,082,442</u>	<u>2,778,635</u>

As of December 31, 2008 and 2007, this item consists of 552,192 troy ounces in commemorative coins and bars deposited in the Bank's vault and 562,650 troy ounces of gold in "good delivery" bars deposited in first-rate foreign banks in custody and deposit accounts; bearing interests in accordance with international market conditions.

As of December 31, 2008 and 2007, the balance of gold in the country is shown net of a provision of S/. 2,142,000 and S/. 2,045,000, respectively. Said provision represents the estimated expense for transforming gold coins into high purity bars or "good delivery".

8. CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

The Bank maintains contributions with the following international organizations:

(a) Fondo Latinoamericano de Reservas – FLAR (Latin American Reserve Fund)

As of December 31, 2008, the contribution to FLAR amounts to US\$ 369,459,000 equivalent to S/. 1,158,994,000 (US\$ 348,179,000, equivalent to S/. 1,042,795,000, as of December 31, 2007). This contribution grants Peru access to FLAR financing facilities. Peru's participation in FLAR's subscribed capital is 22.22%.

(b) International Monetary Fund (IMF)

It comprises the following:

	<u>In thousands of S/.</u>	
	<u>2008</u>	<u>2007</u>
Contributions to IMF for the equivalent in local currency of SDR 638,400,000	2,952,302	3,085,504
Revaluations to liquidate – contribution to IMF in local currency	132,337	(74,496)
	<u>3,084,639</u>	<u>3,011,008</u>

The contribution to IMF grants Peru access to IMF's financing activities. The balancing entry of these contributions is recorded as a liability with IMF, see note 12 (a). The IMF determines Peru's contribution as a participating country, which amounts to SDR 638,400,000 as of December 31, 2008 and 2007. Peru's participation in the total contributions made by IMF member countries is 0.29% as of December 31, 2008.

Revaluations to liquidate - contribution in local currency to IMF corresponds to the revaluation (provision) for maintaining the value of contribution resulting from the difference from the variation of the exchange rates of SDR in respect to the U.S. dollar and the U.S. dollar in respect to the Peruvian nuevo sol, from April 30 to December 31 of each year. The exchange rate as of April 30, 2008 was 0.615847 SDR, and 2.848 nuevos soles per U.S. dollar. The exchange rate as of December 31, 2008 was 0.649237 SDR and 3.137 nuevos soles per U.S. dollar. These revaluations (provisions) are paid off at the end of each IMF fiscal year, which is April 30.

9. DOMESTIC CREDIT

It comprises the following:

	In thousands of S/.	
	2008	2007
Repurchase agreements with certificates of deposit CDBCRP	1,475,000	-
Repurchase agreements with readjustable certificates of deposit CDRBCRP	103,900	-
Repurchase agreements with certificates of deposits subject to restricted negotiations CDBCRP-NR	3,833,200	-
Pre-collected interest for repurchase agreements	(18,739)	-
	<hr/>	<hr/>
Total repurchase agreements in local currency	5,393,361	-
Others	9	9
	<hr/>	<hr/>
	5,393,370	9

In 2008, securities purchase transactions committed to repurchase (repurchase agreements) represented, among money transactions, the most important means of liquidity injection in local currency to the financial system companies. This transaction consists on the purchase of securities at the beginning of the transaction, where financial system companies transfer the ownership of securities to the Bank; and at the maturity of the repurchase agreement, financial system companies repurchase the same securities and the Bank transfers them its ownership.

As of December 31, 2008, repurchase agreements in local currency accrued an annual average interest rate of 6.83%.

10. PROPERTY, FURNITURE, AND EQUIPMENT

It comprises the following:

	In thousands of S/.			
	Balances as of 12.31.2007	Additions	Disposals	Balances as of 12.31.2008
Cost:				
Land	24,784	-	-	24,784
Buildings and other constructions	156,726	741	-	157,467
Furniture and office equipment	4,804	124	259	4,669
Vehicles	2,717	268	1	2,984
Miscellaneous equipment	49,991	10,713	5,910	54,794
Units in-transit	802	119	802	119
	<u>239,824</u>	<u>11,965</u>	<u>6,972</u>	<u>244,817</u>
Accumulated depreciation:				
Buildings and other constructions	49,283	1,691	-	50,974
Furniture and office equipment	4,279	370	252	4,397
Vehicles	2,300	141	1	2,440
Miscellaneous equipment	32,562	5,951	5,754	32,759
	<u>88,424</u>	<u>8,153</u>	<u>6,007</u>	<u>90,570</u>
Provision for impairment	4,562	16,397	3,793	17,166
Net cost	<u>146,838</u>			<u>137,081</u>

In 2008, the appraisal value provided by independent appraisers of the property where the main office and the Museum of the Bank are located, resulted lower than their net book value; therefore, a provision for impairment has been recorded with charge to results amounting to S/. 16,397,000; while for other six properties located in the branch offices, the appraisal value resulted higher than the net book value, for which a reversal of the existing provision for impairment has been recorded, totally or partially, until the limit of the asset market value, resulting in an income of S/. 3,793,000.

11. OTHER ASSETS

It comprises the following:

	In thousands of S/.	
	2008	2007
Contribution to international organizations, note 17 (a)	311,475	361,112
Collections	90,023	89,990
Silver	1,540	1,898
Raw material, semi-finished and finished products	37,067	18,779
CNM inventories in transit	32,287	6,071
Accounts receivable from personnel	812	900
Intangibles, net of amortization of S/. 9,803,000 (S/. 10,637,000 in 2007)	1,679	1,720
Prepaid expenses and deferred charges	111,021	6,218
Foreclosed assets (*)	-	-
Miscellaneous	4,011	1,748
	589,915	488,436

The contribution subscribed to international organizations corresponds to the unpaid contribution as of December 31, 2008 of US\$ 99,291,000 (US\$ 120,571,000 in 2007) to FLAR, presented as other assets and liabilities, which will be paid with future distributions of profits of this organization, see note 17 (a).

Art Collections correspond to painting, archaeological pieces, sculptures, numismatic collections of coins and notes and other objects acquired by or donated to the Bank, and maintained for display.

Raw material, semi-finished and finished products comprise the supplies acquired by the Bank for the minting of coins, work-in-process and finished products valued at average cost.

Prepaid advances and deferred charges mainly comprise the cost of printing notes and minting coins, charged to expenses as coins are issued.

(*) Foreclosed assets as of December 31, 2008 and 2007 amount to S/. 982,000 and S/. 1,622,000, respectively. The Bank has recorded a 100% provision for them.

12. OTHER LIABILITIES ABROAD

The Bank has the following liabilities abroad:

(a) Counterpart of the contribution in local currency to the IMF

As of December 31, 2008, the counterpart of the contribution in local currency to the IMF amounts to S/. 3,084,639,000 (S/. 3,011,008,000 as of December 31, 2007) corresponding to SDR 638,400,000 for both periods. This obligation is not subject to an interest rate and has no agreed-upon maturity date (see note 8 (b)).

(b) Other liabilities abroad

It comprises the following:

	<u>In thousands of S/.</u>	
	<u>2008</u>	<u>2007</u>
SDRs allocations	422,308	441,361
Revaluations to liquidate SDR allocations	18,930	(10,656)
Pesos andinos-FLAR allocation	62,740	59,900
Other	668	904
	<u>504,646</u>	<u>491,509</u>

SDRs allocations correspond to SDR 91,319,000 as of December 31, 2008 and 2007, assigned by IMF bearing charges or interest under the conditions established in the agreement with IMF. The rates corresponding to fiscal years 2008 and 2007 was 0.93% and 3.45%, respectively.

Revaluations to liquidate SDR allocations correspond to the revaluation (provision) for maintaining the value resulting from the difference from the variation of exchange rates of SDR in respect to the U.S. dollar and the U.S. dollars in respect to the Peruvian nuevo sol, from April 30 to December 31 of each year. The revaluations (provisions) are paid off at the end of the IMF fiscal year, which is April 30 of each year.

Pesos andinos- FLAR allocation corresponds to pesos andinos provided by FLAR, related to the ALADI agreement. Said allocation generates no interest nor has a defined maturity.

13. SECURITIES ISSUED

It comprises the following:

	<u>In thousands of S/.</u>	
	<u>2008</u>	<u>2007</u>
Banks	16,710,398	19,176,780
Banco de la Nación	324,822	700,950
Financial institutions	-	37,600
Other entities	1,594,280	1,542,870
	<u>18,629,500</u>	<u>21,458,200</u>
Indexation adjustment CDRBCRP	39,524	-
Discount on sale CDBCRP and CDRBCRP	(324,035)	(699,595)
	<u>18,344,989</u>	<u>20,758,605</u>

Securities issued comprise mainly certificates of deposit in local currency placed through the mechanism of auction or direct placement in order to reduce surplus liquidity in the financial system, with maturities of up to three years. Such certificates are placed at discount and bore an implicit annual rate ranging from 4.3% and 7.5% (between 4.08% and 6.15% at 2007 year end closing).

14. DEPOSITS IN LOCAL CURRENCY

It comprises the following:

	<u>In thousands of S/.</u>	
	<u>2008</u>	<u>2007</u>
Banco de la Nación	9,601,445	10,041,783
Governmental sector	13,966,436	6,882,011
Banks	23,000	20,000
Other entities and funds	538,308	311,662
	<u>24,129,189</u>	<u>17,255,456</u>

As of December 31, 2008 and 2007, the effective annual interest rates applied by the Bank for deposits of the governmental sector were in average 6.54% and 5.24%, respectively; for the deposits of Banco de la Nación, they were 6.54% and 4.96%, respectively, and for banks (overnight deposits), they were 5.75% and 4.25%, respectively.

15. MONETARY BASE

It comprises the following:

	In thousands of S/.	
	2008	2007
Notes and coins issued	20,457,923	16,999,439
Deposits of banks	944,350	198,955
Deposits of Banco de la Nación	720,000	410,000
Deposits of financial institutions	2,550	37,583
Other deposits and obligations	185,698	133,288
	22,310,521	17,779,265

Deposits of banks, Banco de la Nación and financial institutions comprise mainly the minimum legal cash reserve of 9% applicable to these institutions for their obligations in local currency, which should be deposited in the Bank. The minimum legal cash reserve does not bear interest.

Other deposits and obligations mainly comprise non-interest bearing current account deposits in local currency of municipal and rural bank (savings and credit).

On December 30, 2008 the Bank published Circular 0054-2008-BCRP regarding provisions of legal cash reserves in local currency, according to which the minimum legal cash reserve rate decreased to 7.5% and the maximum percentage to be deducted from obligations subject to general regime decreased from 33% to 16.5% to calculate obligations subject to legal cash reserve in order to give more flexibility to the management of liquidity of entities subject to legal cash reserve, intended to preserve monetary stability.

The balances of notes and coins issued are as follows:

Face value	2008		2007	
	Units	In thousands of S/.	Units	In thousands of S/.
Notes:				
10	80,294,963	802,950	73,406,819	734,068
20	66,473,909	1,329,478	61,785,322	1,235,706
50	64,686,443	3,234,322	60,417,384	3,020,869
100	126,960,261	12,696,026	100,621,457	10,062,146
200	6,923,783	1,384,757	5,254,315	1,050,863
		19,447,533		16,103,652
Coins:				
0.01	193,290,746	1,933	140,064,155	1,401
0.05	225,529,470	11,276	207,616,001	10,381
0.10	678,356,475	67,836	611,889,358	61,189
0.20	178,613,636	35,723	160,796,742	32,159
0.50	237,204,527	118,602	209,734,491	104,867
1.00	258,260,247	258,260	220,583,127	220,583
2.00	72,070,162	144,140	65,398,773	130,798
5.00	74,148,233	370,741	66,506,625	332,533
		1,008,511		893,911
Commemorative coins	Miscellaneous	1,879	Miscellaneous	1,876
		20,457,923		16,999,439

16. DEPOSITS IN FOREIGN CURRENCY

They comprise the following:

	In thousands of S/.	
	2008	2007
Banks	19,753,110	13,167,021
Governmental sector	10,269,755	10,205,175
Banco de la Nación	800,996	520,216
Financial institutions	753	5,337
Other financial system institutions	90,706	189,726
Private sector	-	8
	30,915,320	24,087,483

Foreign currency deposits to checking account of the entities subject to legal cash reserve of the local Financial System are part of the funds destined to cover the required legal cash reserve that the Bank demands for their obligations subject to legal cash reserve in foreign currency.

The required legal cash reserve may be covered too with cash in foreign currency of the entity subject to legal cash reserve, and is broken down from a minimum legal cash reserve of 9% of the obligations subject to legal cash reserve in foreign currency and an additional reserve that is the portion of the required legal cash reserve exceeding the minimum legal cash reserve. The additional reserve ranged between 22% and 24% in 2008 (between 23.9% and 24.6% in 2007).

The portion of the required legal cash reserve that corresponded to the minimum legal cash reserve and the one established for the obligations subject to reserve under a special regime does not bear interest.

The obligations subject to legal cash reserve were classified in two regimes: general and special. Legal cash reserve funds corresponding to additional reserve of the general regime, if deposited in the Bank, accrued interest until December 22, 2008 at a rate of remuneration equivalent to the London Interbank Offered Rate (LIBOR) less 7/8 of a percentage point and since December 23, 2008, at the rate equivalent to 50% of one-month LIBOR.

On December 30, 2008, the Bank published Circular 0055-2008-BCRP referred to provisions of legal cash reserves in foreign currency, according to which the minimum legal cash reserve rate was reduced to 7.5% and the marginal reserve rate of obligations subject to the general system was reduced to 30%, in order to give more flexibility to the management of liquidity of entities subject to legal cash reserve, intended to preserve monetary stability.

The Bank has signed agreements with the General Bureau of the Treasury of MEF and Consolidated Reserve Fund (FCR, for its Spanish acronym) whereby conditions are established for the receipt by the Bank of deposits from these organizations. These deposits bore interest rates at year-end ranging between 0.18% and 4.47% (between 4.75% and 5.23% at 2007 year-end). As of December 31, 2008, the Public Treasury's resources and those of FCR deposited in the Bank amount to US\$ 3,162,742,000, equivalent to S/. 9,921,522,000 (US\$ 3,387,530,000, equivalent to S/. 10,145,654,000, as of December 31, 2007).

17. OTHER LIABILITIES

It comprises the following:

	<u>In thousands of S/.</u>	
	<u>2008</u>	<u>2007</u>
Contributions subscribed to international organizations pending payment (note 11)	311,475	361,112
Interest and commission payable	213,907	264,333
Actuarial liability	120,533	121,341
Secure deposit fund	7,496	81,388
Funds for diseases, insurance and pension of BCRP employees	14,908	20,471
Other provisions	20,950	19,388
Accounts payable	1,121	1,856
Miscellaneous	16,569	17,740
	<u>706,959</u>	<u>887,629</u>

(a) Contributions subscribed to international organizations pending payment

Under agreement 93 dated March 22, 2000, amended by Agreement 102 of April 10, 2001 of the FLAR Meeting of Representatives, FLAR member countries agreed to increase the capital stock to US\$ 2,109,375,000, through the capitalization of profits up to 2010; the Bank being responsible for contributing US\$ 468,750,000. As of December 31, 2008, the balance of the pending contribution amounts to US\$ 99,291,000 (US\$ 120,571,000 in 2007), see note 11.

(b) Actuarial Obligation

It includes the actuarial obligation corresponding to subsidy supplementary pensions and other supplementary retirement benefits for the Bank's retired employees and their families.

As of December 31, 2008, the provision for actuarial obligation corresponding to supplementary pension subsidy for retirements, widowhood pensions, burial benefits and ongoing risks reserve of health care services calculated by an actuary was S/. 150,329,000, deducting the value of the Fund's net assets amounting to S/. 29,796,000; thus, the actuarial obligation amounted to S/. 120,533,000, see note 2(m).

Until December 31, 2007, the provision for actuarial reserve corresponded to the amount calculated by the actuary; however, in compliance with IAS 19 *Employee*

Benefits, the fund's net assets fair value shall be deducted from this amount. For this reason in the presentation of the 2007 balance sheet, the balance of the provision for actuarial reserve decreased and the balance of the retained earnings account increased to S/. 32,496.000.

The actuarial computation as of December 31, 2008 and 2007 was determined by an independent actuary based on the following instruments and sources: (i) SP 2005 mortality charts (in 2007 mortality charts established by SBS were used), (ii) CSO life tables (Commissioner Standard Ordinary) for burial benefits, and (iii) application of an annual technical interest rate of 6% in risks of retirement, expectancy, widowhood, and decease benefits for relatives.

The rollforward of the provision for actuarial obligation of retired and active employees of the Bank is as follows:

	In thousands of S/.	
	2008	2007
Balance at the beginning of the year	121,341	149,068
Increase debited to results (note 20)	19,116	24,464
Transfers to the Fund	(19,924)	(19,695)
2007 provision adjustment credited to retained earnings	-	(32,496)
Balance at the end of the year	120,533	121,341

(c) Deposit Insurance Fund

As of December 31, 2008, it comprises balances in time deposit and current accounts in foreign currency for US\$ 2,390,000 equivalent to S/. 7,496,000 (US\$ 27,175,000 equivalent to S/. 81,388,000 in 2007). The average interest rate of said deposits in foreign currency was 2.54% and 5.03%, as of December 31, 2008 and 2007, respectively.

18. READJUSTMENT IN VALUATION, ORGANIC LAW, ARTICLE 89

It corresponds to differences arising from readjustment in the valuation in local currency of the Bank's assets and obligations in gold, silver, foreign currency, SDR or any other international currencies, which are debited or credited to this account considering them as unrealized losses or profit, see note 2 (q).

	In thousands of S/.	
	2008	2007
Balance at the beginning of the year	163,623	1,713,053
Valuation of U.S. dollars	3,197,371	(2,303,370)
Valuation of other foreign currencies	(22,020)	384,453
Valuation of metals (gold and silver)	303,691	515,123
Valuation of IMF contribution and obligations	(10,536)	8,002
Transfer to the results of the year (*) and other	(1,718)	(153,638)
Balance at the end of the year	3,630,411	163,623

(*) Included in other financial income and expenses in the statement of income 2008 and 2007.

19. EQUITY

(a) Capital

As of December 31, 2008 and 2007, the Bank's capital authorized, subscribed and paid-in by the Peruvian State under its Organic Law and Supreme Decree 059-2000-EF, 108-2004-EF, 136-2006-EF and 136-2007-EF amounts to S/. 591,375,000.

The capital is not represented by shares, its value being recorded only in the capital account in the balance sheet. Additionally, under a Supreme Decree countersigned by MEF, the Bank's authorized capital may be readjusted.

(b) Reserves

Under Articles 6 and 92 (b) of its Organic Law, the Bank shall allocate a reserve through the annual transfer of 75% of its net income until reaching an amount equivalent to 100% of its capital. This reserve may be capitalized. In the event of losses, the reserve shall be used to offset such losses; if the reserve is insufficient, the Public Treasury within 30 days after the balance sheet is approved, shall issue and provide the Bank (for the amount not covered) with securities of negotiable debt that will accrue interest.

On its Meeting of March 27, 2008, the Board of Directors agreed to distribute the Bank's profits, corresponding to year 2007 amounting to S/. 723,949,000 from which S/. 364,473,000 was used to increase the reserve.

On Meeting of March 15, 2007 the Board of Directors agreed to allocate a reserve of S/. 185,339,000. Under Supreme Decree 136-2007 EF, the capitalization of the balance of the reserve account of S/. 295,688,000 was approved. Also, the Bank's Board of Directors, dated March 15, 2007, agreed to record a reserve for a total of S/. 226,902,000 using the balance of the accumulated results of 2006, (see note 19 (c)).

(c) Retained Earnings

Under Article 92 of its Organic Law, the Bank shall distribute annually its net income as follows: 25% for the Public Treasury and 75% to allocate the reserve referred to in sub-paragraph (b) of this note.

In December 2008, an adjustment was made to the provision of actuarial reserve recorded in 2007, to consider the inclusion and presentation of the assets related to the Fund, which implied to increase the balance of the retained earnings account to S/. 32,496,000 (decreasing in contrast the other liabilities item) that will be disposed according to the current legal standards. The balance of the retained earnings account, after this adjustment amounts to S/. 233,294,000.

On its meeting of March 6, 2008, the Board of Directors approved year 2007 financial statements. Subsequently, on March 27, 2008, the 2007 profit amounting to S/. 723,949,000 was distributed pursuant to Article 92 of the Organic Law, having transferring S/. 180,987,000 to the Public Treasury and S/. 364,473,000 for the allocation of a reserve (Article 92, (b) of the Organic Law). The remaining S/. 178,489,000 are recorded in the retained earnings account.

Year 2006 financial statements were approved in the Board of Director's Meeting on March 1, 2007. On March 23, 2007, the Bank's profits for 2006 amounting to S/. 549,655,000 were distributed in conformity with article 92 of its Organic Law, transferring of S/. 137,414,000 to the Public Treasury and S/. 185,339,000 for the allocation of a reserve (Article 92, clause (b) of the Organic Law). The remaining S/. 226,902,000 were allocated to increase the reserve on September 4, 2007.

20. OTHER EXPENSES

As of December 31, 2008 and 2007, this account in the statement of income is comprised mainly by the adjustment of the provision for actuarial reserve for S/. 19,116,000 and S/. 24,464,000, respectively. Also, in 2008, it includes the provision for impairment of the value of properties amounting to S/. 16,397,000, see notes 10 and 17 (b).

21. TAX MATTERS

In accordance with the Income Tax Law, entities of the national governmental sector are not subject to income tax. The Bank, as a withholding agent, is only subject to the self-employment and regular employment income taxes and social contributions.

The Superintendencia Nacional de Administración Tributaria - SUNAT (Tax Authorities) is entitled to review and, if necessary, amend the taxes calculated by the Bank during the last four years, counted as from the date of filing of the related tax returns (years open to tax examination). The tax returns for years 2004 through 2008, inclusive, are open to tax examination. Since discrepancies may arise over the interpretation by the Tax Authorities of the rules applicable to the Bank, it is not possible to foresee at the date of the financial statements whether any additional tax liabilities will arise as a result of eventual tax examinations. Any additional tax, fines and interest, if arising, will be recognized in the results of the year when the disagreement with Tax Authorities is resolved. Bank's Management and the legal advisors consider that no significant liabilities will arise as a result of any possible tax examinations.

22. CONTINGENCIES

On December 15, 2006, the Fourth Section of the Lima Superior Court of Justice declared that the appeal for constitutional protection of rights filed against the Bank by former employees who adopted a retirement program with incentives in 1992 was grounded. The Court ordered the reinstatement of the employees and that the employees be paid the equivalent to the actuarial computation of the remunerations accrued and other labor rights. Subsequently, the Bank filed an appeal for legal protection against said court order, for the breach of several constitutional rights protecting due process of law (matter settled in court, due motives and valuation of means of proof), obtaining on May 24, 2007 a precautionary measure to suspend the effects of the aforementioned decision, which has been confirmed by the Supreme Court through resolution dated May 8, 2008. The defendants requested changes in such precautionary measure with the objective to be replaced in the Bank. This request has been declared inadmissible by the Eighth Civil Court according to Resolution dated August 4, 2008, which was executed since it has not been appealed by the defendants. Also, as a result of the disciplinary process initiated against the judges that pronounced a claim on December 15, 2006, the Judiciary has imposed them a sanction that will be examined by the Executive Committee of such Entity. Taking into account the current status of the judicial proceeding and the sound legal grounds supporting the non applicability of the reinstatement and the payment of accrued amount referred in court order dated December 15, 2006, and based on the opinion of its legal advisors, the Bank's Management, has not recorded any provision for possible losses arising from this legal contingency as of December 31, 2008.

23. MEMORANDA ACCOUNT

It comprises the following:

	In thousands of S/.	
	2008	2007
Notes and coins in stock	26,385,198	10,151,724
Securities held in custody	3,034,790	3,229,312
Securities deposited in guarantee	1,242,884	1,155,816
Notes and coins removed from circulation to be destroyed	1,201	1,201
Banks under liquidation	55,078	52,136
Money in process of production by Casa Nacional de Moneda	435	108
Miscellaneous	250,690	896,930
	30,970,276	15,487,227

Memoranda account include different transactions recorded for control purposes only.

Notes and coins in stock comprise:

	In thousands of S/.	
	2008	2007
New	21,885,314	4,466,487
Available	914,881	1,037,616
To be classified	2,749,420	4,407,072
To be incinerated and/or melted	835,074	240,549
In transit	509	-
	26,385,198	10,151,724

The rollforward of notes and coins in stock for the year ended as of December 31, 2008 and 2007 has been as follows:

	In thousands of S/.	
	2008	2007
Balance at the beginning of the year	10,151,724	15,447,412
Acquisition of notes and coins	25,636,113	5,259,613
Destruction of notes and coins	(5,944,155)	(7,206,900)
Removal from circulation, net of income	(3,458,484)	(3,348,401)
Balance at the end of the year	26,385,198	10,151,724

Securities held in custody include mainly promissory notes in guarantee for operations with IMF.

Miscellaneous correspond to recording accounts of collateral guarantees- Brady Plan among others.

24. ANALYSIS OF MATURITIES

The structure of maturities of the Bank's financial assets and liabilities in force as of December 31, 2008, according to contractual or estimated maturity, are as follows:

Class	In thousands of S/.				Total
	Up to six months	From six months to one year	From one to five years	Over five years	
Assets:					
Cash in foreign currency	31,646	-	-	-	31,646
Deposits in foreign banks	8,331,599	-	-	-	8,331,599
Securities in international institutions	20,617,241	15,329,453	48,517,589	793,692	85,257,975
Gold	3,082,442	-	-	-	3,082,442
Other available assets	84,252	-	29,687	-	113,939
Other assets abroad	984	984	6,399	71,768	80,135
Domestic credit	5,290,736	102,625	-	9	5,393,370
Other assets	150,893	22,004	326,975	90,043	589,915
Subtotal	37,589,793	15,455,066	48 880,650	955,512	102,881,021
Contribution in dollars to FLAR	-	-	-	1,158,994	1,158,994
Contributions in local currency to IMF	-	-	-	3,084,639	3,084,639
Property, furniture, and equipment, net	-	-	-	137,081	137,081
Total assets					107,261,735
Net liabilities and assets:					
Reserve liabilities	115,099	-	-	-	115,099
Other liabilities abroad	-	-	668	503,978	504,646
Monetary base	1,852,598	-	-	20,457,923	22,310,521
Deposits in local currency	23,839,628	280,836	8,725	-	24,129,189
Securities issued	14,276,047	2,708,571	1,360,371	-	18,344,989
Foreign currency deposits	30,915,320	-	-	-	30,915,320
Other liabilities	323,591	27,736	355,632	-	706,959
Subtotal	71,322,283	3,017,143	1,725,396	20,961,901	97,026,723
Counterpart of the contribution in local currency to FMI	-	-	-	3,084,639	3,084,639
Readjustment in valuation, Organic Law, Art. 89	-	-	-	3,630,411	3,630,411
Equity	-	-	-	3,519,962	3,519,962
Total liabilities and equity					107,261,735

25. FINANCIAL INSTRUMENTS

The Bank's financial instruments assets and liabilities are subject to the usual managing risks, such as liquidity risk, credit risk, currency risk and interest rate risk. Such risks are monitored each day and the Bank applies the mechanisms commonly used to face these kinds of risks when required to do so.

The Bank's balance sheet comprises mostly financial instruments, as described in note 2 (d). International reserves are a relevant component of said instruments and its management adheres to the security, liquidity and profitability criteria indicated in Article 71 of its Organic Law.

International reserves contribute to the country's economic and financial stability, insofar as they guarantee availability of foreign exchange in extraordinary situations, such as an eventual significant withdrawal of foreign currency deposits from the financial system or external shocks of a temporary character which could cause imbalances in the actual sector of the economy and feedback expectations.

The Bank's reserve management policy prioritizes the preservation of capital and guarantees the liquidity of reserves. Once these conditions are met, return is to be maximized.

Management of international assets is closely related to the origin and characteristics of the Bank's liabilities, in terms of amount, currency, term and volatility. The objective is to minimize market risks that could affect the value and availability of the resources managed by the Bank.

Risks Management.

Reference portfolio (Benchmark): This reference portfolio is a fundamental tool for the management of international reserves. As defined, this portfolio uses the risk-return combination approved by the Bank's Board of Directors, set forth in terms of liquidity, credit quality, length and diversification by currencies and issuers. The benchmark is neutral to market expectations and it should be replicable, which is particularly relevant in circumstances of extreme market volatility.

The Bank builds its own benchmark portfolio. With regard to the management of investments, the following risks are considered:

Liquidity risk: The risk is minimized by distributing reserve assets into four tranches:

- Immediately available reserves: very short-term investments, including one-day investments, required to meet obligations and unforeseen events.

- Liquidity: investments with terms of up to one year, comprising bank deposits with gradual maturities and high-liquidity fixed income investments in the international market.
- Intermediation: comprising investments that replicate Governmental Sector deposits in the Bank.
- Investment: investments including securities with 1 year or longer maturities (mainly sovereign bonds), which imply greater volatility in prices, but also a higher profitability.

Credit Risk: This risk refers to the possibility that a counterpart is not able to meet an obligation with the Bank on a timely basis. In order to face this risk, investments are diversified into:

- Deposits in first-rate foreign banks, according to the capital involved and to short-term and long-term risk ratings assigned by the main international risk rating agencies, such as Standard & Poor's, Moody's and Fitch.
- Fixed income securities issued by international organizations, governments and government agencies. These securities should be rated as long-term papers and must have been assigned one of the four highest ratings of the twenty assigned by risk rating agencies.
- Investments in corporate debt issues are not permitted.

The magnitude and concentration of the Bank's exposure to credit risk can be obtained directly from the balance sheet, which shows the size and composition of the Bank's financial assets.

Currency risk: This risk can be defined as the risk to which the Bank is exposed due to fluctuations in the value of financial assets and liabilities arising from changes in exchange rates. The magnitude of the risk depends on:

- The mismatch between the Bank's foreign currency assets and liabilities; and
- The exchange rate of foreign currency transactions pending at closing.

The Bank assets are mostly invested in U.S. dollars, reflecting both the denomination of foreign currency liabilities (mainly bank reserve and special resident deposits) as the Bank intervention currency in the domestic foreign exchange market. The Euro is the second important currency in terms of the composition of international reserves by currency, as indicated in note 4.

Market or interest rate risk: This risk refers to unexpected movements in the market yield rates of fixed income assets in the portfolio, which could affect the market value of investments prior to their maturity. The longer the maturity period of investments, the greater the impact of changes in yield over the market value of said investments. The measure of said impact is reflected in the duration of the portfolio.

The Bank faces this risk considering the structure of the maturities of liabilities to determine the composition of the maturities of its assets, as a result of which the overall portfolio has a short duration. Hence, the impact of changes in the market interest rates over the portfolio's market value is minimum.

Additionally, maximum maturities are established for investments, in line with the market risk profile selected for each instrument in the portfolio.

The magnitude of this risk depends on:

- The significant interest rate of financial assets and liabilities; and
- The structure of maturities of the Bank's portfolio of financial instruments.

The Bank's financial assets are interest-bearing. The Bank's financial liabilities include interest-bearing and non-interest-bearing liabilities. The disclosures regarding these liabilities are found in notes 12 through 17.

The Bank's interest-bearing assets and liabilities are based on rates established in accordance with the market economic conditions, effective as of the moment when the financial instruments are issued.

The structure of maturities of the Bank's financial assets and liabilities is disclosed in note 24.

Comparison against the benchmark portfolio: The Bank's real portfolio consists of the investments of international reserves, which may deviate from the parameters approved for the benchmark in terms of the management of investment terms, duration, total bank risk and credit risk, and diversification of issuers. These deviations are dealt with trying to obtain the highest profitability for the investments, maintaining the latter within the range authorized by the Bank's Board of Directors.

The real and reference portfolios are valued daily at market prices.

Fair value

The information below discloses the fair value of financial instruments held by the Bank. The fair value is the amount at which an asset can be exchanged between duly informed expert buyers and sellers or the amount at which an obligation between adequately informed debtors and creditors is paid under an arms' length transaction.

As the fair value of financial instruments represents the best estimate made by the Bank's Management, these estimates are made taking into consideration the current economic conditions and characteristics of market risks, which may change in the future.

The following methods and estimations were used by the Bank's Management to estimate the fair value of financial instruments:

- Cash, term deposits, certificate of deposits and commercial papers are not considered to be a significant interest rate risk; hence their book value approximates their fair value.
- The fair value of securities is based on quality of these type of investments that support to classify them as available for sale, and on the permanent monitoring of this portfolio in relation to its market value.
- The fair value of precious metals is based on prices in the international markets.
- The fair value of domestic credit corresponds to its book value.

The fair value of obligations, including obligations with international institutions, other liabilities abroad, deposits, securities issued, and monetary base is close to their book value because most of these obligations are short-term liabilities that are contracted at variable interest rates.

26. SUBSEQUENT EVENTS

With the standards mentioned below, the Bank seeks to provide greater flexibility to the management of liquidity of the entities subject to legal cash reserve:

- a. On January 30, 2009, the Bank published Circular 002 -2009-BCRP regarding provisions of legal cash reserve in local currency, according to which the minimum legal reserve rate decreased from 7.5% to 6.5%, the rate for minimum reserve in checking account at Banco Central from 2.0% to 1.5%, and the maximum percentage to be deducted from obligations subject to the general regime from 16.5% to 7.7%.

- b. On January 30, 2009, the Bank published Circular 003 -2009-BCRP regarding provisions of legal cash reserves in foreign currency, according to which the minimum legal reserve rate decreased from 7.5% to 6.5% and the rate for minimum reserve to be maintained in the checking account at the Bank from 2.0% to 1.5%.

On February 5, 2009, the Bank approved to reduce the reference interest rate of monetary policy from 6.50% to 6.25%. Additionally, it was agreed to reduce interest rates of credit and deposit operations (out of auction) in local currency of the Bank with the financial system.

- Temporary direct purchase of securities and credits of monetary regulation: 7% annually.
- Overnight deposits: 5.50% annually.

Temporary purchase of dollars (swap): a commission equivalent to the minimum annual effective cost of 7%.

This decision is supported in the observation of lower inflationary pressures, within an environment of lesser growth in the world economy and the drop of international prices of food and fuel.



Marina o Barcas
Enrique Barreda
Oil painting



APPENDICES



APPENDIX 1
GROSS DOMESTIC PRODUCT
 (Millions of nuevos soles at 1994 prices)

YEAR	GROSS DOMESTIC PRODUCT 1/ (1)	POPULATION 2/ (Thousands) (2)	PER CAPITA GDP (Nuevos soles at 1994 prices) (3)	Percentage change			INFLATION 3/ (4)	EXPORTS OF GOODS 4/ (Millions of US\$)	IMPORTS OF GOODS 4/ (Millions of US\$)	TRADE BALANCE (Millions of US\$)
				(1)	(2)	(3)				
1922	8,589	4,790.6	1,792.9	7.1	1.5	5.5	-4.5	84.0	51.7	32.3
1923	9,090	4,861.1	1,869.9	5.8	1.5	4.3	-5.3	113.7	68.4	45.3
1924	9,957	4,933.7	2,018.1	9.5	1.5	7.9	3.9	115.5	86.1	29.4
1925	10,199	5,008.4	2,036.5	2.4	1.5	0.9	7.0	102.8	92.8	10.0
1926	11,188	5,084.9	2,200.3	9.7	1.5	8.0	0.5	107.7	92.3	15.4
1927	11,441	5,163.4	2,215.7	2.3	1.5	0.7	-3.5	117.5	91.7	25.7
1928	12,097	5,244.2	2,306.7	5.7	1.6	4.1	-6.7	121.7	88.8	32.9
1929	13,377	5,327.1	2,511.1	10.6	1.6	8.9	-2.2	128.2	96.4	31.8
1930	12,049	5,412.6	2,226.2	-9.9	1.6	-11.3	-4.5	91.2	62.9	28.3
1931	11,513	5,500.4	2,093.2	-4.4	1.6	-6.0	-6.5	60.1	36.2	23.9
1932	10,748	5,590.5	1,922.5	-6.7	1.6	-8.2	-4.4	41.6	20.6	21.0
1933	11,769	5,682.9	2,070.9	9.5	1.7	7.7	-2.6	52.9	25.7	27.2
1934	13,198	5,777.9	2,284.3	12.1	1.7	10.3	2.0	76.9	50.1	26.8
1935	14,781	5,875.2	2,515.8	12.0	1.7	10.1	1.3	80.6	54.9	25.8
1936	15,496	5,975.1	2,593.4	4.8	1.7	3.1	5.3	91.3	63.3	28.0
1937	15,828	6,077.5	2,604.3	2.1	1.7	0.4	6.3	100.9	75.4	25.5
1938	16,185	6,182.2	2,618.0	2.3	1.7	0.5	-4.1	83.7	73.9	9.8
1939	15,853	6,289.3	2,520.7	-2.1	1.7	-3.7	4.8	79.9	60.4	19.5
1940	16,262	6,398.6	2,541.4	2.6	1.7	0.8	9.2	71.2	61.4	9.8
1941	16,083	6,509.7	2,470.6	-1.1	1.7	-2.8	10.5	83.7	67.0	16.7
1942	15,547	6,622.7	2,347.5	-3.3	1.7	-5.0	8.5	87.6	61.9	25.7
1943	15,572	6,738.2	2,311.1	0.2	1.7	-1.6	12.3	95.0	82.3	12.7
1944	16,951	6,856.4	2,472.3	8.9	1.8	7.0	13.2	107.7	101.7	5.9
1945	17,487	6,978.0	2,506.0	3.2	1.8	1.4	11.1	123.5	117.3	6.2
1946	18,125	7,101.9	2,552.2	3.6	1.8	1.8	12.1	169.4	184.9	-15.5
1947	18,687	7,228.1	2,585.3	3.1	1.8	1.3	46.1	176.9	200.3	-23.4
1948	19,325	7,357.6	2,626.6	3.4	1.8	1.6	13.6	183.8	197.8	-14.1
1949	20,755	7,492.0	2,770.3	7.4	1.8	5.5	18.7	183.7	189.0	-5.3
1950	21,929	7,632.5	2,873.1	5.7	1.9	3.7	9.5	198.4	149.3	49.1
1951	23,987	7,826.3	3,064.9	9.4	2.5	6.7	8.2	259.1	223.0	36.0
1952	25,231	8,025.7	3,143.8	5.2	2.5	2.6	6.4	245.7	257.2	-11.6
1953	26,470	8,232.2	3,215.4	4.9	2.6	2.3	8.6	228.3	257.5	-29.2
1954	28,086	8,447.0	3,324.9	6.1	2.6	3.4	4.8	254.3	225.4	28.9
1955	29,719	8,671.5	3,427.2	5.8	2.7	3.1	4.6	281.2	294.6	-13.4
1956	31,006	8,904.9	3,482.0	4.3	2.7	1.6	6.0	320.2	342.5	-22.3
1957	33,097	9,146.2	3,618.7	6.7	2.7	3.9	7.1	331.5	402.1	-70.7
1958	32,855	9,396.7	3,496.5	-0.7	2.7	-3.4	8.9	291.8	344.7	-52.8
1959	33,369	9,657.8	3,455.1	1.6	2.8	-1.2	16.8	322.6	280.5	42.1
1960	36,355	9,931.0	3,660.8	9.0	2.8	6.0	2.6	444.3	341.0	103.4
1961	39,413	10,217.5	3,857.4	8.4	2.9	5.4	8.7	510.2	428.6	81.5
1962	43,054	10,516.5	4,093.9	9.2	2.9	6.1	4.9	556.0	478.4	77.6
1963	45,387	10,825.8	4,192.5	5.4	2.9	2.4	8.7	555.1	517.9	37.2
1964	48,198	11,143.4	4,325.3	6.2	2.9	3.2	11.4	684.6	517.7	166.8
1965	51,406	11,467.2	4,482.8	6.7	2.9	3.6	14.6	684.6	659.7	24.9
1966	55,590	11,796.3	4,712.5	8.1	2.9	5.1	7.9	788.5	811.2	-22.7
1967	58,046	12,132.1	4,784.5	4.4	2.8	1.5	19.0	742.4	810.1	-67.7
1968	58,271	12,475.9	4,670.7	0.4	2.8	-2.4	9.8	839.8	672.9	166.9
1969	60,528	12,829.0	4,718.1	3.9	2.8	1.0	5.7	879.5	658.8	220.8

Continued ..

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APPENDIX 1
GROSS DOMESTIC PRODUCT
(Millions of nuevos soles at 1994 prices)

YEAR	GROSS DOMESTIC PRODUCT 1/ (1)	POPULATION 2/ (Thousands) (2)	PER CAPITA GDP (Nuevos soles at 1994 prices) (3)	Percentage change			INFLATION 3/	EXPORTS OF GOODS 4/ (Millions of US\$)	IMPORTS OF GOODS 4/ (Millions of US\$)	TRADE BALANCE (Millions of US\$)
				(1)	(2)	(3)				
1970	64,275	13,192.7	4,872.0	6.2	2.8	3.3	5.5	1,034.3	699.6	334.6
1971	67,177	13,567.7	4,951.3	4.5	2.8	1.6	7.5	889.4	730.0	159.4
1972	69,479	13,953.2	4,979.4	3.4	2.8	0.6	4.2	945.0	812.0	133.0
1973	73,980	14,348.1	5,156.1	6.5	2.8	3.5	13.8	1,111.8	1,033.0	78.8
1974	80,481	14,751.1	5,455.9	8.8	2.8	5.8	19.1	1,513.3	1,908.0	- 394.7
1975	84,024	15,161.1	5,542.1	4.4	2.8	1.6	24.0	1,335.0	2,427.0	- 1 092.0
1976	85,004	15,580.8	5,455.7	1.2	2.8	- 1.6	44.6	1,344.0	2,016.0	- 672.0
1977	85,529	16,010.8	5,342.0	0.6	2.8	- 2.1	32.6	1,729.6	2,148.0	- 418.4
1978	82,296	16,447.4	5,003.6	- 3.8	2.7	- 6.3	73.9	2,038.0	1,668.0	370.0
1979	83,920	16,886.5	4,969.7	2.0	2.7	- 0.7	66.7	3,719.0	1,954.0	1,765.0
1980	90,354	17,324.2	5,215.5	7.7	2.6	4.9	60.1	3,950.6	3,089.5	861.1
1981	95,291	17,760.2	5,365.4	5.5	2.5	2.9	72.7	3,328.0	3,802.2	- 474.2
1982	94,979	18,197.2	5,219.5	- 0.3	2.5	- 2.7	72.9	3,343.4	3,720.9	- 377.5
1983	86,111	18,635.6	4,620.8	- 9.3	2.4	- 11.5	125.1	3,036.2	2,721.7	314.5
1984	89,382	19,075.9	4,685.6	3.8	2.4	1.4	111.5	3,193.4	2,166.5	1,026.9
1985	91,250	19,518.6	4,675.0	2.1	2.3	- 0.2	158.3	3,021.4	1,822.6	1,198.8
1986	102,301	19,965.8	5,123.8	12.1	2.3	9.6	62.9	2,572.7	2,649.3	- 76.7
1987	110,222	20,417.3	5,398.5	7.7	2.3	5.4	114.5	2,713.4	3,215.1	- 501.7
1988	99,839	20,869.7	4,783.9	- 9.4	2.2	- 11.4	1,722.3	2,719.9	2,865.1	- 145.2
1989	86,431	21,319.9	4,054.0	- 13.4	2.2	- 15.3	2,775.3	3,503.3	2,286.5	1,216.7
1990	82,032	21,764.5	3,769.1	- 5.1	2.1	- 7.0	7,649.6	3,279.8	2,921.9	357.9
1991	83,760	22,203.9	3,772.3	2.1	2.0	0.1	139.2	3,393.1	3,595.3	- 202.2
1992	83,401	22,640.3	3,683.7	- 0.4	2.0	- 2.3	56.7	3,578.1	4,001.4	- 423.3
1993	87,375	23,073.2	3,786.9	4.8	1.9	2.8	39.5	3,384.7	4,160.4	- 775.8
1994	98,577	23,502.0	4,194.4	12.8	1.9	10.8	15.4	4,424.1	5,499.2	- 1,075.1
1995	107,064	23,926.3	4,474.7	8.6	1.8	6.7	10.2	5,491.4	7,732.9	- 2,241.5
1996	109,760	24,348.1	4,507.9	2.5	1.8	0.7	11.8	5,877.6	7,864.2	- 1,986.6
1997	117,294	24,767.8	4,735.7	6.9	1.7	5.1	6.5	6,824.6	8,535.5	- 1,711.0
1998	116,522	25,182.3	4,627.2	- 0.7	1.7	- 2.3	6.0	5,756.8	8,218.7	- 2,462.0
1999	117,587	25,588.5	4,595.3	0.9	1.6	- 0.7	3.7	6,087.5	6,710.5	- 623.0
2000	121,057	25,983.6	4,659.0	3.0	1.5	1.4	3.7	6,954.9	7,357.6	- 402.7
2001	121,317	26,366.5	4,601.2	0.2	1.5	- 1.2	- 0.1	7,025.7	7,204.5	- 178.7
2002	127,407	26,739.4	4,764.8	5.0	1.4	3.6	1.5	7,713.9	7,392.8	321.1
2003	132,545	27,103.5	4,890.3	4.0	1.4	2.6	2.5	9,090.7	8,204.8	885.9
2004	139,141	27,460.1	5,067.0	5.0	1.3	3.6	3.5	12,809.2	9,804.8	3,004.4
2005	148,640	27,810.5	5,344.7	6.8	1.3	5.5	1.5	17,367.7	12,081.6	5,286.1
2006 5/	160,145	28,151.4	5,688.7	7.7	1.2	6.4	1.1	23,830.1	14,844.1	8,986.1
2007 5/	174,329	28,481.9	6,120.7	8.9	1.2	7.6	3.9	27,881.6	19,595.1	8,286.5
2008 5/	191,479	28,807.0	6,647.0	9.8	1.1	8.6	6.7	31,529.4	28,438.9	3,090.5

1/ The values for the 1922 - 1929 period were estimated based on the GDP variation rates published in Bruno Seminario and Arlette Beltrán: "Structural Change and Economic Growth in Peru: New Statistic Evidences", Working Paper, 1997; the values for 1930 - 1949 are based on Seminario and Beltrán: "An Alternative Estimation of the GDP in the XX Century", April 1996; and the values for 1950 - 1989 were calculate using GDP change rates with 1979 as the base year.

2/ Source: INEI.

3/ Between 1922 and 1937, the value of inflation is the average of the period. From 1938 - on, the value of inflation is the one recorded at year end.

4/ The data for 1922 - 1949 are based on Bruno Seminario and Arlette Beltrán: "An Alternative Estimation of the GDP in the XX Century", Working Paper, April 1996.

5/ Preliminary data.

Source: INEI and BCRP.





APPENDIX 2
MACROECONOMIC FLOWS
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/	1/	1/
SAVINGS-INVESTMENT										
Domestic savings	18.4	17.3	16.6	16.4	16.9	18.0	19.3	23.1	24.0	23.3
Public sector	1.7	0.7	0.7	0.7	1.2	1.8	2.6	5.0	6.2	6.3
Private sector	16.7	16.6	15.9	15.7	15.7	16.2	16.7	18.1	17.8	17.0
External savings	2.7	2.9	2.2	2.0	1.5	0.0	-1.4	-3.1	-1.1	3.3
Investment	21.1	20.2	18.8	18.4	18.4	18.0	17.9	20.0	22.9	26.6
Public sector	4.8	4.0	3.1	2.8	2.8	2.8	2.9	2.8	3.1	4.2
Private sector	16.3	16.2	15.7	15.6	15.6	15.2	15.0	17.2	19.8	22.4
BALANCE OF PAYMENTS										
Current account balance	-2.7	-2.9	-2.2	-2.0	-1.5	0.0	1.4	3.1	1.1	-3.3
Trade balance	-1.2	-0.8	-0.3	0.6	1.4	4.3	6.7	9.7	7.7	2.4
Services	-1.1	-1.4	-1.8	-1.7	-1.5	-1.0	-1.1	-0.8	-1.1	-1.5
Investment income	-2.2	-2.6	-2.0	-2.6	-3.5	-5.3	-6.4	-8.2	-7.8	-6.4
Current transfers	1.8	1.9	1.9	1.8	2.0	2.1	2.2	2.4	2.3	2.2
Financial account	1.1	1.9	2.9	3.2	1.1	3.1	0.2	0.8	8.7	5.8
Private sector	3.3	2.8	1.8	2.7	-0.2	1.3	2.3	2.1	8.5	6.0
Public sector	0.7	0.5	0.7	1.9	1.0	1.4	-1.8	-0.8	-2.3	-1.1
Short-term capital	-2.9	-1.4	0.4	-1.4	0.2	0.3	-0.3	-0.5	2.4	0.9
Exceptional financing	0.0	-0.1	-0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0
BCRP net international reserves flow (-)	-1.5	-0.4	0.8	1.5	0.8	3.4	2.1	3.0	9.0	2.5
Net errors and omissions	0.0	0.7	0.2	0.2	1.1	0.2	0.3	-0.9	-0.9	-0.1
NON-FINANCIAL PUBLIC SECTOR										
Current account savings	1.7	0.7	0.7	0.7	1.2	1.8	2.6	5.0	6.2	6.3
Capital revenue	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capital expenditure	5.0	4.1	3.3	3.0	3.0	2.9	3.0	3.0	3.2	4.3
Public investment	4.8	4.0	3.1	2.8	2.8	2.8	2.9	2.8	3.1	4.2
Other capital expenditure	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Overall balance	-3.2	-3.3	-2.5	-2.3	-1.7	-1.0	-0.3	2.1	3.1	2.1
Financing	3.2	3.3	2.5	2.3	1.7	1.0	0.3	-2.1	-3.1	-2.1
External financing	-0.2	1.2	0.9	2.1	1.4	1.5	-1.5	-0.7	-1.9	-0.9
Domestic financing	2.7	1.3	1.0	-0.6	0.3	-0.6	1.7	-1.5	-1.4	-1.2
Privatization	0.8	0.8	0.6	0.8	0.1	0.2	0.1	0.1	0.1	0.0

1/ Preliminary data.

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 3
NATIONAL DISPOSABLE INCOME
 (Percentage change)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/	1/	1/
Gross domestic product	0.9	3.0	0.2	5.0	4.0	5.0	6.8	7.7	8.9	9.8
- Investment income	1.3	25.9	- 23.0	32.3	42.6	62.0	31.5	45.7	3.8	- 14.4
Gross national product	0.9	2.5	0.8	4.5	3.0	2.9	5.4	5.1	9.3	12.1
Gross national income	- 0.4	2.1	0.5	5.2	3.0	4.5	6.7	10.7	9.8	8.2
+ Current transfers	5.0	5.4	2.4	- 1.8	14.9	11.8	18.0	20.3	7.1	0.3
National disposable income	-0.3	2.2	0.5	5.1	3.2	4.7	6.9	10.9	9.7	8.0

1/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 4
NATIONAL DISPOSABLE INCOME
(Millions of nuevos soles at 1994 prices)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
Gross domestic product	117,587	121,057	121,317	127,407	132,545	139,141	148,640	160,145	174,329	191,479
- Investment income	2,502	3,150	2,426	3,209	4,576	7,415	9,752	14,213	14,759	12,637
Gross national product	115,085	117,907	118,891	124,198	127,969	131,727	138,888	145,932	159,570	178,842
- Terms of trade effect	1,880	2,305	2,711	1,927	2,069	147	- 1,487	- 9,475	- 11,081	- 5,726
Gross national income	113,206	115,602	116,180	122,272	125,900	131,580	140,375	155,407	170,651	184,568
+ Current transfers	2,121	2,235	2,288	2,246	2,580	2,884	3,403	4,095	4,387	4,399
National disposable income	115,326	117,837	118,468	124,518	128,480	134,463	143,778	159,502	175,038	188,967

1/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 5
GLOBAL DEMAND AND SUPPLY
 (Real percentage change)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. Global Demand	- 1.8	3.1	0.6	4.6	4.1	5.6	7.4	8.6	10.9	11.6
1. Domestic demand	- 3.1	2.3	- 0.4	4.1	3.7	3.8	5.8	10.3	11.8	12.3
a. Private consumption	- 0.4	3.7	1.5	4.9	3.4	3.6	4.6	6.4	8.3	8.8
b. Public consumption	3.5	3.1	- 0.8	0.0	3.9	4.1	9.1	7.6	4.5	4.0
c. Gross domestic investment	- 13.6	- 2.7	- 7.1	3.0	4.7	4.5	8.9	26.5	26.1	24.8
Gross fixed investment	- 10.6	- 4.9	- 8.2	- 0.5	5.9	7.7	12.0	18.9	22.6	28.0
- Private	- 15.2	- 1.7	- 4.7	0.2	6.3	8.1	12.0	20.1	23.4	25.6
- Public	10.3	- 15.8	- 22.4	- 4.1	4.2	5.8	12.2	12.8	18.2	41.9
2. Export of goods and non-financial services	7.6	8.0	6.8	7.5	6.2	15.2	15.2	0.8	6.2	8.2
II. Global supply	- 1.8	3.1	0.6	4.6	4.1	5.6	7.4	8.6	10.9	11.6
1. GDP	0.9	3.0	0.2	5.0	4.0	5.0	6.8	7.7	8.9	9.8
2. Import of goods and non-financial services	- 15.2	3.8	2.9	2.3	4.2	9.6	10.9	13.1	21.3	19.9
Memo:										
Private expenditure	5.7	- 3.2	- 7.1	- 1.0	4.0	4.5	9.8	8.9	8.0	14.5
Public expenditure	- 3.6	2.6	0.4	4.1	3.8	4.4	5.9	9.0	11.4	12.6

1/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 6
GLOBAL DEMAND AND SUPPLY
(Millions of nuevos soles at 1994 prices)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. Global Demand	137,312	141,538	142,389	148,969	155,005	163,749	175,922	190,991	211,745	236,358
1. Domestic demand	118,718	121,458	120,938	125,899	130,514	135,527	143,410	158,220	176,928	198,703
a. Private consumption	83,164	86,202	87,456	91,769	94,860	98,313	102,857	109,483	118,618	129,097
b. Public consumption	11,210	11,560	11,465	11,460	11,909	12,401	13,529	14,559	15,220	15,825
c. Gross domestic investment	24,345	23,697	22,017	22,670	23,744	24,814	27,025	34,178	43,091	53,781
i. Gross fixed investment	24,957	23,729	21,780	21,665	22,951	24,725	27,703	32,941	40,391	51,694
- Private	19,315	18,979	18,095	18,129	19,268	20,829	23,332	28,010	34,561	43,422
- Public	5,642	4,750	3,685	3,536	3,683	3,895	4,371	4,931	5,829	8,272
ii. Change on inventories	- 612	- 32	237	1,005	793	89	- 678	1,237	2,701	2,088
2. Export of goods and non-financial services	18,594	20,080	21,451	23,070	24,491	28,221	32,512	32,772	34,816	37,655
II. Global Supply	137,312	141,538	142,389	148,969	155,005	163,749	175,922	190,991	211,745	236,358
1. GDP	117,587	121,057	121,317	127,407	132,545	139,141	148,640	160,145	174,329	191,479
2. Import of goods and non-financial services	19,724	20,481	21,072	21,561	22,461	24,607	27,282	30,846	37,416	44,879

1/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 7
GLOBAL DEMAND AND SUPPLY
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. Global Demand	204,329	219,575	222,379	233,659	250,679	280,286	311,804	362,268	410,939	472,882
1. Domestic demand	178,474	189,708	192,559	200,977	212,619	229,245	246,157	276,035	314,014	370,587
a. Private consumption	122,827	132,460	136,822	144,045	151,363	162,840	173,050	186,644	206,347	237,598
b. Public consumption	18,854	19,717	20,231	20,191	21,915	23,700	26,298	28,810	30,707	33,784
c. Gross domestic investment	36,793	37,531	35,506	36,741	39,340	42,704	46,809	60,580	76,960	99,204
i. Gross fixed investment	37,866	37,611	35,133	35,135	38,052	42,551	47,966	58,077	71,332	95,468
- Private	29,425	30,251	29,313	29,531	32,083	35,998	40,499	49,500	60,945	79,866
- Public	8,441	7,359	5,820	5,604	5,969	6,553	7,468	8,576	10,387	15,602
ii. Change on inventories	-1,073	-80	373	1,607	1,288	154	-1,157	2,503	5,628	3,736
2. Export of goods and non-financial services	25,855	29,867	29,820	32,682	38,061	51,041	65,647	86,234	96,925	102,295
II. Global Supply	204,329	219,575	222,379	233,659	250,679	280,286	311,804	362,268	410,939	472,882
1. GDP	174,422	186,141	189,213	199,650	213,425	237,902	261,653	302,255	335,730	372,861
2. Import of goods and non-financial services	29,907	33,434	33,166	34,009	37,254	42,384	50,151	60,013	75,209	100,021

1/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 8
GLOBAL DEMAND AND SUPPLY
(Nominal percentage structure)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. Global Demand	117.1	118.0	117.5	117.0	117.5	117.8	119.2	119.9	122.4	126.8
1. Domestic demand	102.3	101.9	101.8	100.7	99.6	96.4	94.1	91.3	93.5	99.4
a. Private consumption	70.4	71.2	72.3	72.1	70.9	68.4	66.1	61.8	61.5	63.7
b. Public consumption	10.8	10.6	10.7	10.1	10.3	10.0	10.1	9.5	9.1	9.1
c. Gross domestic investment	21.1	20.2	18.8	18.4	18.4	18.0	17.9	20.0	22.9	26.6
i. Gross fixed investment	21.7	20.2	18.6	17.6	17.8	17.9	18.3	19.2	21.2	25.6
- Private	16.9	16.3	15.5	14.8	15.0	15.1	15.5	16.4	18.2	21.4
- Public	4.8	4.0	3.1	2.8	2.8	2.8	2.9	2.8	3.1	4.2
ii. Change on inventories	-0.6	0.0	0.2	0.8	0.6	0.1	-0.4	0.8	1.7	1.0
2. Export of goods and non-financial services	14.8	16.0	15.8	16.4	17.8	21.5	25.1	28.5	28.9	27.4
II. Global supply	117.1	118.0	117.5	117.0	117.5	117.8	119.2	119.9	122.4	126.8
1. GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2. Import of goods and non-financial services	17.1	18.0	17.5	17.0	17.5	17.8	19.2	19.9	22.4	26.8

1/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 9
GROSS DOMESTIC PRODUCT BY PRODUCTION SECTOR
 (Percentage change)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
Agriculture and livestock 2/	10.1	6.6	0.6	6.1	3.0	- 1.4	5.4	8.4	3.3	6.7
- Agriculture	13.0	6.0	- 2.1	6.6	1.3	- 1.8	4.2	8.4	2.0	6.6
- Livestock	6.9	- 7.9	0.8	3.8	3.0	3.0	6.9	8.2	5.3	6.9
Fishing	28.2	10.4	- 11.1	6.1	- 10.3	30.7	3.2	2.4	6.9	6.2
Mining and hydrocarbons	13.1	2.4	9.9	12.0	5.5	5.3	8.4	1.4	2.7	7.6
- Metallic and non-metallic mining	15.9	3.4	11.1	13.0	6.3	5.1	7.3	1.0	2.4	7.3
- Hydrocarbons	- 6.9	- 6.5	- 2.0	0.7	- 4.3	7.1	23.4	5.7	6.5	10.3
Manufacturing	- 0.7	5.8	0.7	5.7	3.6	7.4	7.5	7.5	10.8	8.5
- Based on raw materials	15.9	9.1	- 1.7	4.8	3.2	8.0	3.9	4.1	0.7	7.6
- Non-primary industries	- 4.7	4.9	1.4	5.9	3.7	7.2	8.5	8.5	13.0	8.7
Electricity and water	3.0	3.2	1.6	5.5	3.7	4.5	5.6	6.9	8.5	7.7
Construction	- 10.5	- 6.5	- 6.5	7.7	4.5	4.7	8.4	14.8	16.6	16.5
Commerce	- 1.0	3.9	0.9	3.3	2.4	6.2	6.2	11.7	9.7	12.8
Other services 3/	0.4	2.2	- 0.5	4.0	4.8	4.8	6.8	6.8	8.9	9.5
Gross domestic product	0.9	3.0	0.2	5.0	4.0	5.0	6.8	7.7	8.9	9.8
Primary sectors	12.5	5.9	2.6	7.7	3.5	3.2	6.1	5.0	2.7	7.2
Non-primary sectors	- 1.3	2.3	- 0.3	4.4	4.2	5.4	7.0	8.4	10.2	10.4

1/ Preliminary data.
 2/ Includes silviculture.
 3/ Includes goods taxes and import rights.
 Source: INEI and BCRP.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 10
GROSS DOMESTIC PRODUCT BY PRODUCTION SECTOR
 (Millions of nuevos soles at 1994 prices)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
Agriculture and livestock 2/	10,069	10,729	10,796	11,455	11,795	11,630	12,259	13,286	13,723	14,647
- Agriculture	6,614	7,010	6,863	7,315	7,409	7,274	7,578	8,215	8,378	8,932
- Livestock	3,354	3,089	3,113	3,230	3,329	3,430	3,668	3,971	4,180	4,469
Fishing	637	704	626	664	596	779	804	823	879	933
Mining and hydrocarbons	6,451	6,608	7,263	8,133	8,579	9,031	9,790	9,926	10,195	10,968
- Metallic and non-metallic mining	5,798	5,998	6,665	7,531	8,003	8,414	9,028	9,121	9,339	10,023
- Hydrocarbons	652	610	598	602	576	617	761	805	857	945
Manufacturing	17,010	18,001	18,118	19,147	19,830	21,300	22,887	24,607	27,265	29,591
- Based on raw materials	3,814	4,159	4,089	4,284	4,419	4,773	4,957	5,161	5,195	5,588
- Non-primary industries	13,197	13,842	14,029	14,863	15,411	16,527	17,930	19,446	21,975	23,892
Electricity and water	2,447	2,525	2,566	2,706	2,805	2,931	3,094	3,307	3,588	3,865
Construction	6,521	6,099	5,700	6,136	6,413	6,712	7,276	8,350	9,737	11,340
Commerce	16,645	17,291	17,444	18,013	18,453	19,604	20,821	23,248	25,495	28,747
Other services 3/	57,807	59,100	58,805	61,154	64,075	67,155	71,708	76,599	83,447	91,388
Gross domestic product	117,587	121,057	121,317	127,407	132,545	139,141	148,640	160,145	174,329	191,479
Primary sectors	20,971	22,200	22,774	24,535	25,389	26,212	27,810	29,196	29,992	32,137
Non-primary sectors	96,617	98,857	98,543	102,872	107,156	112,929	120,830	130,950	144,337	159,343

1/ Preliminary data.

2/ Includes silviculture.

3/ Includes goods taxes and import rights.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 11
AGRICULTURE AND LIVESTOCK PRODUCTION BY MAIN PRODUCTS
 (Percentage change)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
AGRICULTURE GDP	13.0	6.0	-2.1	6.6	1.3	-1.8	4.2	8.4	2.0	6.6
Cotton	41.7	15.2	-9.3	-0.6	-1.1	35.4	10.5	2.9	1.0	-20.7
Rice	26.2	-3.1	7.0	4.3	0.8	-13.5	33.8	-4.2	3.0	14.3
Coffee	20.8	32.3	2.4	8.4	-4.5	13.9	-18.5	44.9	-17.3	18.0
Sugar cane	10.0	13.6	3.5	14.0	5.3	-21.6	-9.2	14.9	13.6	13.6
Beans	4.2	-0.8	-12.2	1.9	-5.2	-1.1	22.5	15.0	-0.6	5.0
Yellow maize	14.8	19.1	10.1	-1.8	5.7	-10.4	1.6	2.1	10.1	9.4
Amylaceous maize	9.6	11.1	-9.6	-0.3	1.5	-15.4	11.3	3.2	-1.5	2.1
Potato	18.4	6.8	-17.8	22.6	-4.7	-4.3	9.4	-1.3	4.1	6.1
Wheat	16.2	10.5	-3.2	2.8	1.9	-10.5	4.7	7.1	-5.0	13.6
Other agriculture products										
Cocoa	-5.3	18.2	-4.5	2.9	-0.6	7.0	-2.6	24.8	-0.4	12.3
Sweet Potato	10.2	0.6	3.4	-11.9	-13.9	-4.4	0.0	7.7	-7.0	0.2
Barley	2.4	9.3	-4.3	11.5	-2.2	-8.5	9.0	-0.8	-7.4	5.1
Asparagus	26.8	-3.7	7.8	0.9	3.5	1.5	7.0	26.2	9.3	11.7
Marigold	80.1	24.7	-44.6	-4.5	53.8	-39.0	14.4	-56.2	-59.7	-55.8
Oil palm	14.8	-8.9	6.7	-10.3	4.1	15.6	-4.1	18.2	0.9	3.3
Yucca	-1.8	1.7	-2.9	3.9	2.2	6.8	3.4	13.4	1.7	-0.4
Vegetables										
Onion	16.0	4.7	8.5	11.3	2.1	9.0	-4.3	16.9	10.0	0.8
Corn	12.2	8.7	-0.3	8.2	1.9	-7.2	-7.0	2.6	-7.9	13.0
Tomato	-7.0	51.4	-24.6	-30.9	14.4	22.8	-13.2	6.6	2.1	22.1
Fruits										
Lemon	8.8	-6.2	-8.7	25.8	-1.1	-16.3	7.4	15.6	7.4	-18.6
Mango	39.1	-34.6	15.1	24.6	10.5	40.0	-15.3	36.1	-8.1	9.7
Apple	18.3	0.8	-12.2	-2.9	9.3	-5.1	-2.1	0.3	-1.0	7.4
Orange	10.1	-0.6	8.8	5.1	4.6	8.0	1.3	5.8	-2.7	8.2
Banana	4.8	4.3	8.1	-0.1	3.9	2.7	2.0	4.7	3.2	-2.4
LIVESTOCK GDP	6.9	-7.9	0.8	3.8	3.0	3.0	6.9	8.2	5.3	6.9
Poultry	7.5	-20.9	1.5	7.3	3.9	0.1	12.4	9.2	8.4	13.6
Eggs	4.9	20.9	5.4	1.3	3.6	2.3	2.3	18.5	5.0	3.5
Milk	1.5	5.1	4.5	7.1	2.7	3.7	4.7	11.6	6.5	8.0
Pork	-6.8	39.0	2.4	-1.3	0.2	5.6	5.0	5.6	5.4	0.7
Beef	7.8	-2.5	1.4	1.6	3.1	5.9	4.6	6.2	0.4	0.1
AGRICULTURE AND LIVESTOCK GDP	10.1	6.6	0.6	6.1	3.0	-1.4	5.4	8.4	3.3	6.7

1/ Preliminary data.

Source: INEI and Ministry of Agriculture.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 12
AGRICULTURE AND LIVESTOCK PRODUCTION BY MAIN PRODUCTS
 (Thousands of metric tons)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
AGRICULTURE										
Cotton	134.9	155.4	141.0	140.1	138.6	187.7	207.3	213.4	215.4	170.8
Rice	1,955.0	1,895.3	2,028.2	2,115.1	2,132.4	1,844.9	2,468.4	2,363.5	2,435.1	2,782.7
Coffee	144.9	191.7	196.2	212.8	203.1	231.4	188.6	273.2	226.0	266.6
Sugar cane	6,278.6	7,135.2	7,385.9	8,419.8	8,864.0	6,945.7	6,304.1	7,245.8	8,228.6	9,346.3
Beans	70.4	69.8	61.3	62.4	59.2	58.5	71.7	82.5	82.0	86.1
Yellow maize	806.1	960.4	1,057.4	1,038.1	1,097.3	983.2	999.3	1,019.8	1,122.9	1,228.6
Amylaceous maize	252.6	280.6	253.6	252.7	256.5	216.9	241.5	249.2	245.3	250.6
Potato	3,066.2	3,274.9	2,690.5	3,298.2	3,143.9	3,008.2	3,289.7	3,248.4	3,383.0	3,588.1
Wheat	169.9	187.7	181.8	186.9	190.5	170.4	178.5	191.1	181.6	206.3
Other agriculture products										
Cocoa	21.0	24.8	23.7	24.4	24.2	25.9	25.3	31.5	31.4	35.2
Sweet Potato	244.2	245.8	254.1	223.9	192.9	184.4	184.4	198.6	184.8	185.2
Barley	169.8	185.6	177.7	198.0	193.7	177.2	193.1	191.6	177.5	186.6
Asparagus	174.9	168.4	181.5	183.1	189.6	192.5	206.0	260.0	284.1	317.2
Marigold	173.1	215.7	119.6	114.2	175.7	107.2	122.7	53.7	21.6	9.6
Oil palm	198.9	181.2	193.3	173.3	180.4	208.5	199.9	236.4	238.4	246.4
Yucca	868.1	882.5	857.1	890.1	909.3	971.0	1,004.5	1,138.6	1,158.0	1,153.4
Vegetables										
Onion	366.1	383.5	416.0	463.1	472.9	515.5	493.3	576.7	634.4	639.2
Corn	340.9	370.5	369.4	399.6	407.1	377.9	351.3	360.6	332.3	375.3
Tomato	165.5	250.5	189.0	130.6	149.4	183.5	159.2	169.7	173.3	211.5
Fruits										
Lemon	226.9	212.9	194.4	244.6	241.9	202.4	217.3	251.3	269.8	219.6
Mango	191.5	125.2	144.1	179.6	198.5	277.9	235.4	320.3	294.4	323.0
Apple	156.2	157.5	138.3	134.4	146.9	139.3	136.4	136.7	135.3	145.4
Orange	257.4	255.7	278.2	292.4	305.8	330.4	334.5	353.9	344.3	372.6
Banana	1,385.0	1,444.7	1,561.9	1,560.4	1,621.0	1,664.1	1,697.1	1,777.3	1,834.5	1,790.4
LIVESTOCK										
Poultry	786.5	622.1	631.7	678.1	704.9	705.7	793.0	866.4	939.6	1,067.0
Eggs	147.8	178.7	188.4	190.9	197.8	202.4	207.1	245.5	257.6	266.5
Milk	1,013.3	1,065.2	1,112.6	1,192.0	1,224.3	1,269.5	1,329.3	1,482.9	1,579.8	1,705.7
Sheep	74.5	77.7	80.0	78.6	79.9	84.2	84.2	84.7	84.6	83.4
Pork	87.8	122.1	125.1	123.4	123.7	130.6	137.2	144.9	152.7	153.8
Beef	261.8	255.4	258.8	263.0	271.1	287.0	300.2	318.8	320.1	320.3

1/ Preliminary data.

Source: Ministry of Agriculture.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 13
FISHING PRODUCTION BY DESTINATION AND MAIN SPECIES
 (Percentage change)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
INDUSTRIAL CONSUMPTION	111.9	27.0	- 27.0	12.6	- 34.5	64.8	- 3.1	- 31.0	3.2	0.6
Anchovy	0.0	41.9	- 33.6	27.3	- 34.0	64.9	- 2.9	- 31.0	3.3	0.5
Other species	- 55.0	- 56.9	138.7	- 91.3	- 96.4	- 57.1	--	--	--	--
HUMAN CONSUMPTION	1.8	- 3.6	5.3	3.4	6.3	15.2	4.7	26.1	7.3	9.2
Frozen										
Scallops	42.0	- 35.5	- 13.7	46.2	101.8	- 0.3	- 21.5	34.2	35.5	- 12.4
Shrimp	- 64.8	- 77.2	- 6.7	169.2	11.7	45.6	40.3	37.0	19.9	2.4
South Pacific hake	- 62.7	126.1	78.1	- 64.0	- 90.3	555.8	- 17.3	15.9	12.6	- 13.4
Giant squid	--	- 23.0	78.9	166.0	- 0.3	120.3	4.7	61.1	3.8	17.6
Canned										
Tuna	- 93.0	519.7	93.3	42.5	31.7	- 53.9	187.4	15.0	- 67.2	- 13.0
Chub mackerel	64.4	- 54.8	20.4	- 76.7	709.9	- 44.9	5.1	130.8	- 54.9	76.5
Yellow mackerel	8.2	252.1	40.5	- 81.2	465.3	- 53.6	- 57.0	521.9	- 32.5	- 28.1
Sardine	- 7.8	- 9.2	- 63.5	- 91.4	75.7	- 89.7	- 88.9	- 40.7	- 97.9	--
Fresh										
Scallops	16.6	- 70.8	- 75.9	- 48.1	- 18.4	134.3	- 58.0	538.5	19.2	- 85.9
Yellow mackerel	- 53.2	144.3	55.3	- 20.6	26.6	20.6	- 54.8	132.3	- 1.4	- 48.3
Striped mullet	- 31.8	25.9	0.2	- 19.8	- 9.7	- 36.2	- 46.8	- 46.7	194.3	64.2
Smooth hound	- 71.0	42.4	63.5	48.7	- 84.1	258.5	36.5	- 67.1	79.0	1.0
Dry-salted										
Chub mackerel	43.2	10.0	38.8	- 49.6	48.9	- 21.2	- 65.8	- 56.5	--	--
Yellow mackerel	59.0	11.0	0.8	- 64.2	72.1	15.9	- 54.2	196.4	--	--
Striped mullet	75.6	13.3	74.7	75.6	- 70.8	- 40.9	- 51.6	- 88.7	--	--
FISHING GDP	28.2	10.4	- 11.1	6.1	- 10.3	30.7	3.2	2.4	6.9	6.2

1/ Preliminary data.

Source: INEI and Ministry of Production.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 14
FISHING PRODUCTION BY DESTINATION AND MAIN SPECIES
(Thousands of metric tons)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
INDUSTRIAL CONSUMPTION										
Anchovy	6,732.0	9,555.6	6,347.7	8,082.9	5,335.5	8,797.1	8,540.8	5,891.8	6,084.7	6,116.4
Other species	633.8	27.3	651.7	56.5	2.0	0.9	--	--	--	--
HUMAN CONSUMPTION										
Frozen										
Scallops	8.5	5.5	4.8	6.9	14.0	14.0	11.0	14.7	19.9	17.5
Shrimp	6.3	1.4	1.3	3.6	4.0	5.9	8.2	11.3	13.5	13.9
South Pacific hake	28.4	64.3	114.4	41.2	4.0	26.3	21.7	25.2	28.4	24.5
Giant squid	26.9	20.7	37.1	98.7	98.4	216.8	227.0	365.7	379.6	446.3
Canned										
Tuna	0.3	2.1	4.0	5.6	7.4	3.4	9.9	11.3	3.7	3.2
Chub mackerel	42.4	19.2	23.1	5.4	43.6	24.0	25.2	58.2	26.2	46.3
Yellow mackerel	18.8	66.3	93.1	17.5	99.0	46.0	19.8	122.9	82.9	59.6
Sardine	141.8	128.8	46.9	4.1	7.1	0.7	0.1	--	--	--
Fresh										
Scallops	21.6	6.3	1.5	0.8	0.6	1.5	0.6	4.0	4.8	0.7
Yellow mackerel	28.4	69.3	107.6	85.4	108.1	130.4	58.9	136.8	134.9	69.8
Striped mullet	19.2	24.1	24.2	19.4	17.5	11.2	5.9	3.2	9.3	15.3
Smooth hound	1.8	2.6	4.2	6.2	1.0	3.5	4.8	1.6	2.8	2.9
Dry-salted										
Chub mackerel	9.3	10.2	14.2	7.1	10.6	8.4	2.9	1.2	n.a.	n.a.
Yellow mackerel	4.3	4.8	4.8	1.7	3.0	3.5	1.6	4.7	n.a.	n.a.
Striped mullet	1.6	1.8	3.1	5.5	1.6	1.0	0.5	0.1	n.a.	n.a.

1/ Preliminary data.

Source: Ministry of Production.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 15
MINING AND HYDROCARBONS PRODUCTION BY MAIN PRODUCTS
 (Percentage change)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
METALLIC AND NON-METALLIC MINING GDP 2/	15.9	3.4	11.1	13.0	6.3	5.1	7.3	1.0	2.4	7.3
Copper	11.7	1.9	35.0	16.0	-2.2	29.0	-2.8	3.6	16.4	8.8
Tin	6.1	38.3	2.1	1.7	3.6	3.5	1.3	-8.7	1.4	0.0
Iron	-20.0	6.4	10.5	0.6	14.0	21.9	7.5	4.8	6.7	1.1
Gold	36.9	2.4	4.1	13.9	9.7	0.4	20.0	-2.4	-16.1	5.7
Silver	9.4	4.6	15.1	11.3	1.8	4.8	4.4	8.3	0.9	5.3
Lead	-3.7	3.2	11.2	5.2	1.2	-0.8	4.3	-1.7	5.0	4.8
Zinc	1.1	4.0	13.7	16.4	11.3	-11.9	-0.6	0.1	20.0	11.0
Molybdenum	25.9	29.5	31.4	-9.3	11.3	48.6	21.6	-0.7	-2.8	-0.3
HYDROCARBONS GDP	-6.9	-6.5	-2.0	0.7	-4.3	7.1	23.4	5.7	6.5	10.3
Natural gas	1.5	-16.8	7.3	19.3	18.5	64.2	76.5	17.0	50.7	27.0
Crude oil	-8.4	-6.1	-2.4	-0.2	-5.7	3.3	17.9	3.9	-1.5	5.7
MINING AND HYDROCARBONS GDP	13.1	2.4	9.9	12.0	5.5	5.3	8.4	1.4	2.7	7.6

1/ Preliminary data.

2/ Includes other minerals and secondary production.

Source: INEI and MINEM.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 16
MINING AND HYDROCARBONS PRODUCTION BY MAIN PRODUCTS
(Thousands of recoverable units)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
METALLIC MINING										
Copper (tons)	403.6	411.3	555.2	644.1	630.1	812.9	790.2	818.5	952.8	1,036.7
Tin (tons)	23.5	32.5	33.2	33.7	34.9	36.2	36.6	33.4	33.9	33.9
Iron (tons)	2,625.2	2,793.1	3,087.0	3,105.0	3,540.7	4,315.1	4,638.0	4,861.2	5,185.3	5,243.3
Gold (kg)	126.0	129.0	134.3	152.9	167.7	168.3	201.9	197.0	165.4	174.7
Silver (kg)	2,013.3	2,105.3	2,423.9	2,696.6	2,745.0	2,876.8	3,002.1	3,250.3	3,278.8	3,451.6
Lead (tons)	232.7	240.2	267.0	280.8	284.1	281.9	294.0	288.9	303.4	318.1
Zinc (tons)	766.2	796.9	905.8	1,054.8	1,174.1	1,034.7	1,028.4	1,029.9	1,236.1	1,371.5
Molybdenum (tons)	5.4	6.9	9.1	8.3	9.2	13.7	16.6	16.5	16.1	16.0
HYDROCARBONS										
Natural gas (cubic feet) 2/	14,644.5	12,183.9	13,076.5	15,598.6	18,483.0	30,355.7	53,567.1	62,691.1	94,485.4	119,955.8
Crude oil (barrels) 2/	38,663.4	36,313.5	35,440.5	35,355.8	33,342.6	34,448.0	40,622.6	42,187.0	41,562.2	43,930.4

1/ Preliminary data.

2/ Thousand.

Source: MINEM.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 17
MANUFACTURING PRODUCTION BY MAIN INDUSTRIAL GROUPS
 (Percentage change)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
MANUFACTURING BASED ON RAW MATERIALS GDP	15.9	9.1	- 1.7	4.8	3.2	8.0	3.9	4.1	0.7	7.6
Sugar	36.6	33.8	4.1	15.5	14.6	- 29.8	- 11.7	15.6	13.1	10.4
Meat products	9.3	6.8	4.3	2.4	3.4	5.5	7.2	7.8	6.4	9.0
Fishmeal and fish oil	120.6	22.8	- 29.6	7.0	- 29.0	56.0	- 2.1	- 24.5	4.9	0.2
Canned and frozens fish products	3.6	23.9	21.0	- 16.4	42.6	13.7	2.7	54.4	9.0	10.6
Refining of non-ferrous metals	7.1	3.1	3.4	14.7	11.7	1.3	- 2.2	2.5	- 11.2	9.4
Refining of oil	- 3.9	- 0.2	3.5	- 1.3	- 0.5	8.6	16.3	- 1.7	4.2	4.9
NON-PRIMARY MANUFACTURING GDP	- 4.7	4.9	1.4	5.9	3.7	7.2	8.5	8.5	13.0	8.7
Food, beverages and tobacco	5.4	0.3	4.7	5.5	1.9	2.7	7.8	9.3	8.8	8.1
Textiles, leather and footwear	- 6.3	7.2	- 1.1	5.8	7.4	10.0	2.1	- 2.0	6.8	- 6.7
Wood and furniture	- 13.3	8.2	- 3.7	20.6	- 3.7	19.9	- 0.6	4.3	12.7	15.7
Paper and print industry	6.1	17.8	- 1.1	11.7	7.3	15.6	16.7	7.9	11.6	24.0
Chemical, rubber and plastic products	- 0.1	6.4	3.7	6.5	3.9	5.2	8.2	11.9	12.8	6.6
Non-metallic minerals	- 15.3	0.0	- 0.8	11.9	5.6	11.0	12.8	13.0	16.0	20.5
Industry of iron and steel	- 8.0	6.4	0.7	2.4	4.0	9.8	19.1	12.3	8.1	8.2
Metallic, machinery and equipment products	- 16.8	7.3	0.5	- 5.1	2.2	3.4	8.7	17.1	21.2	18.2
Diverse industries	- 11.2	- 6.3	1.4	1.2	- 5.8	5.2	9.9	5.8	31.7	- 1.0
MANUFACTURING GDP	- 0.7	5.8	0.7	5.7	3.6	7.4	7.5	7.5	10.8	8.5

1/ Preliminary data.

Source: INEI and Ministry of Production.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 18
MANUFACTURING PRODUCTION BY MAIN INDUSTRIAL GROUPS
(Millions of nuevos soles at 1994 prices)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/	1/	1/
MANUFACTURING BASED ON RAW MATERIALS GDP	3,814	4,159	4,089	4,284	4,419	4,773	4,957	5,161	5,195	5,588
Sugar	156	209	218	252	289	203	179	207	234	258
Meat products	1,054	1,125	1,173	1,202	1,243	1,311	1,405	1,515	1,612	1,757
Fishmeal and fish oil	650	799	562	601	427	666	652	492	516	517
Canned and frozens fish products	186	231	279	233	332	378	388	599	653	722
Refining of non-ferrous metals	953	982	1,015	1,165	1,301	1,317	1,288	1,321	1,173	1,283
Refining of oil	815	813	842	831	827	898	1,045	1,027	1,070	1,123
NON-PRIMARY MANUFACTURING GDP	13,197	13,842	14,029	14,863	15,411	16,527	17,930	19,446	21,975	23,892
Food, beverages and tobacco	3,338	3,348	3,506	3,700	3,770	3,873	4,175	4,562	4,965	5,369
Textiles, leather and footwear	2,595	2,783	2,753	2,911	3,126	3,440	3,512	3,441	3,677	3,431
Wood and furniture	516	558	537	648	624	748	744	776	874	1,012
Paper and print industry	956	1,126	1,113	1,244	1,335	1,542	1,799	1,941	2,166	2,685
Chemical, rubber and plastic products	2,090	2,224	2,307	2,457	2,552	2,685	2,906	3,253	3,669	3,910
Non-metallic minerals	1,256	1,255	1,246	1,394	1,472	1,634	1,844	2,083	2,416	2,911
Industry of iron and steel	501	533	537	549	571	627	747	839	907	981
Metallic, machinery and equipment products	1,406	1,508	1,516	1,439	1,471	1,522	1,654	1,937	2,347	2,773
Diverse industries	541	506	514	520	490	515	566	599	788	781
MANUFACTURING GDP	17,010	18,001	18,118	19,147	19,830	21,300	22,887	24,607	27,265	29,591

1/ Preliminary data.

Source: INEI and Ministry of Production.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 19
CONSUMER PRICE INDEX
 (Percentage change)

	1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		
	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	
January	0.01	5.07	0.07	3.78	0.19	3.86	-0.52	-0.83	0.23	2.28	0.54	2.80	0.10	3.03	0.50	1.90	0.01	0.64	0.22	4.15	
February	0.31	4.11	0.48	3.95	0.25	3.61	-0.04	-1.11	0.47	2.80	1.09	3.43	-0.23	1.68	0.55	2.70	0.26	0.36	0.91	4.82	
March	0.61	3.39	0.54	3.88	0.51	3.58	0.54	-1.08	1.12	3.39	0.46	2.76	0.65	1.88	0.46	2.50	0.35	0.25	1.04	5.55	
April	0.59	3.37	0.51	3.80	-0.42	2.62	0.73	0.05	-0.05	2.59	-0.02	2.78	0.12	2.02	0.51	2.90	0.18	-0.08	0.15	5.52	
May	0.47	3.24	0.02	3.33	0.02	2.63	0.14	0.17	-0.03	2.42	0.35	3.18	0.13	1.79	-0.53	2.23	0.49	0.94	0.37	5.39	
June	0.18	2.88	0.06	3.21	-0.06	2.51	-0.23	0.00	-0.47	2.17	0.56	4.26	0.26	1.49	-0.13	1.83	0.47	1.55	0.77	5.71	
July	0.26	2.51	0.52	3.47	0.17	2.16	0.03	-0.14	-0.15	1.98	0.19	4.61	0.10	1.40	-0.17	1.55	0.48	2.21	0.56	5.79	
August	0.17	2.41	0.47	3.78	-0.30	1.37	0.10	0.26	0.01	1.89	-0.01	4.59	-0.18	1.22	0.14	1.87	0.14	2.20	0.59	6.27	
September	0.46	3.44	0.56	3.88	0.06	0.87	0.47	0.68	0.56	1.98	0.02	4.03	-0.09	1.11	0.03	1.99	0.61	2.80	0.57	6.22	
October	-0.12	3.66	0.23	4.25	0.04	0.68	0.72	1.36	0.05	1.30	-0.02	3.95	0.14	1.28	0.04	1.89	0.31	3.08	0.61	6.54	
November	0.28	3.92	0.06	4.02	-0.49	0.12	-0.40	1.46	0.17	1.88	0.29	4.07	0.07	1.06	-0.28	1.54	0.11	3.49	0.31	6.75	
December	0.43	3.73	0.15	3.73	-0.09	-0.13	-0.03	1.52	0.56	2.48	-0.01	3.48	0.42	1.49	0.03	1.14	0.45	3.93	0.36	6.65	
Memo:																					
Annual average	3.47		3.76		1.98		0.19		2.26		3.66		1.62		2.00		1.78		5.79		

Source: INEI.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 20
INFLATION
(Percentage change)

	Weight	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
CPI	100.0	3.73	3.73	- 0.13	1.52	2.48	3.48	1.49	1.14	3.93	6.65
1. Food and beverages	47.5	- 0.91	1.56	- 0.21	0.50	1.89	4.00	1.13	1.76	6.02	9.70
2. Other components	52.5	9.78	6.31	- 0.09	2.44	3.04	3.03	1.75	0.61	2.02	3.86
a. Fuel and electricity	6.2	22.22	19.18	- 10.78	12.81	4.23	15.93	4.01	- 3.16	5.21	1.65
Fuel	3.9	25.88	30.33	- 13.14	15.60	8.94	17.77	6.89	- 1.50	6.45	- 0.04
Electricity	2.2	17.13	2.51	- 6.29	7.90	- 4.63	11.95	- 2.52	- 7.30	1.92	6.31
b. Transport	8.4	13.34	5.02	- 0.02	0.11	10.99	3.49	1.29	1.12	0.82	5.86
c. Public services	2.4	8.82	7.60	0.46	- 3.62	0.81	0.46	- 0.83	1.22	- 1.44	8.68
d. Other goods and services	35.5	7.06	4.14	2.14	1.59	1.07	0.50	1.63	1.28	1.89	3.51
Memo:											
Core inflation	60.6	4.95	3.45	1.30	1.23	0.73	1.23	1.23	1.37	3.11	5.56
Core inflation without food	35.5	7.06	4.14	2.14	1.59	1.07	0.50	1.63	1.28	1.89	3.51

Source: INEI.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 21
CORE INFLATION
(Percentage change)

	1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		
	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	
January	0.76	7.41	0.40	4.57	0.20	3.25	0.07	1.17	0.00	1.16	-0.06	0.68	0.10	1.39	0.13	1.26	0.10	1.33	0.25	3.27	
February	0.56	7.51	0.22	4.21	0.08	3.11	0.02	1.11	0.13	1.27	0.24	0.79	0.00	1.14	0.09	1.36	0.26	1.49	0.36	3.37	
March	0.73	7.44	0.39	3.86	0.14	2.85	0.12	1.08	0.16	1.31	0.30	0.93	0.35	1.20	0.41	1.41	0.33	1.42	0.55	3.59	
April	0.51	7.40	0.27	3.61	0.15	2.73	0.13	1.06	0.07	1.25	0.05	0.90	0.06	1.21	0.08	1.42	0.13	1.48	0.40	3.88	
May	0.37	7.29	0.28	3.53	0.24	2.69	0.03	0.85	0.01	1.24	0.17	1.06	0.16	1.20	0.05	1.32	0.09	1.51	0.46	4.27	
June	0.19	7.07	0.28	3.62	0.14	2.55	0.14	0.85	0.03	1.13	0.15	1.18	0.05	1.10	0.00	1.27	0.17	1.68	0.55	4.66	
July	0.15	6.64	0.17	3.63	-0.02	2.35	0.17	1.05	0.01	0.96	0.00	1.17	0.06	1.16	0.05	1.25	0.23	1.86	0.40	4.84	
August	0.38	6.29	0.28	3.53	0.05	2.12	0.11	1.11	0.10	0.95	0.11	1.18	0.01	1.06	0.13	1.38	0.31	2.04	0.55	5.10	
September	0.28	5.86	0.28	3.53	0.06	1.89	0.22	1.27	0.01	0.74	0.02	1.19	-0.03	1.01	0.08	1.49	0.19	2.15	0.35	5.27	
October	0.45	5.50	0.20	3.27	0.03	1.71	0.10	1.35	-0.04	0.60	0.11	1.35	0.10	1.00	0.06	1.45	0.35	2.44	0.56	5.50	
November	0.34	5.29	0.36	3.29	0.15	1.51	0.12	1.32	0.13	0.60	0.12	1.34	0.13	1.01	0.13	1.45	0.59	2.91	0.59	5.50	
December	0.12	4.95	0.28	3.45	0.08	1.30	0.00	1.23	0.13	0.73	0.02	1.23	0.24	1.23	0.15	1.37	0.34	3.11	0.40	5.56	
Memo:																					
Annual average	6.54		3.67		2.33		1.12		0.99		1.08		1.14		1.37		1.95		4.57		

Source: INEI.
Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 22
NON-CORE INFLATION
(Percentage change)

	1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		
	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	
January	- 1.12	1.63	- 0.44	2.59	0.13	4.77	- 1.41	- 3.87	0.59	4.04	1.38	5.98	0.12	5.43	1.01	2.77	- 0.10	- 0.28	0.18	5.37	
February	- 0.06	- 0.76	0.88	3.56	0.52	4.40	- 0.14	- 4.50	0.99	5.22	2.32	7.38	- 0.56	2.45	1.20	4.59	0.26	- 1.20	1.64	6.82	
March	0.44	- 2.35	0.77	3.91	1.07	4.71	1.19	- 4.39	2.56	6.65	0.70	5.42	1.06	2.83	0.52	4.02	0.38	- 1.33	1.71	8.23	
April	0.71	- 2.35	0.90	4.10	- 1.28	2.44	1.69	- 1.51	- 0.26	4.61	- 0.14	5.55	0.21	3.18	1.08	4.93	0.24	- 2.15	- 0.18	7.78	
May	0.65	- 2.48	- 0.41	3.00	- 0.31	2.55	0.29	- 0.91	- 0.10	4.19	0.62	6.31	0.06	2.61	- 1.29	3.52	1.04	0.15	0.25	6.94	
June	0.15	- 3.04	- 0.25	2.59	- 0.36	2.44	- 0.81	- 1.36	- 1.19	3.78	1.17	8.85	0.60	2.03	- 0.29	2.60	0.89	1.34	1.06	7.13	
July	0.45	- 3.30	1.07	3.22	0.47	1.83	- 0.18	- 2.00	- 0.40	3.56	0.45	9.78	0.17	1.74	- 0.50	1.91	0.85	2.71	0.77	7.05	
August	- 0.17	- 3.11	0.75	4.17	- 0.85	0.21	0.08	- 1.08	- 0.12	3.36	- 0.18	9.71	- 0.47	1.45	0.16	2.55	- 0.12	2.42	0.65	7.87	
September	0.77	- 0.08	0.99	4.40	0.08	- 0.68	0.88	- 0.29	1.42	3.91	0.01	8.19	- 0.18	1.26	- 0.05	2.69	1.20	3.69	0.85	7.50	
October	- 1.02	0.90	0.30	5.78	0.04	- 0.94	1.66	1.32	0.16	2.38	- 0.20	7.80	0.23	1.69	0.04	2.49	0.28	3.94	0.67	7.93	
November	0.15	1.85	- 0.40	5.20	- 1.51	- 2.05	- 1.18	1.67	0.24	3.85	0.50	8.08	- 0.02	1.16	- 0.85	1.65	- 0.52	4.29	- 0.07	8.41	
December	0.95	1.88	- 0.03	4.17	- 0.36	- 2.36	- 0.07	1.96	1.20	5.16	- 0.05	6.75	0.65	1.87	- 0.16	0.83	0.59	5.07	0.31	8.11	
Memo:																					
Annual average		-0.97		3.90		1.41		-1.27		4.22		7.48		2.29		2.87		1.54		7.44	

Source: INEI.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 23
WHOLESALE PRICE INDEX
 (Percentage change)

	1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		
	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	
January	0.13	5.25	0.08	5.43	0.12	3.87	-0.18	-2.47	-0.16	1.69	0.55	2.73	0.36	4.69	0.49	3.73	-0.34	0.50	0.28	5.89	
February	1.15	5.49	0.36	4.61	0.24	3.74	-0.44	-3.13	0.44	2.59	1.27	3.58	-0.35	3.01	-0.19	3.90	-0.48	0.20	1.12	7.59	
March	0.64	4.94	0.38	4.34	0.06	3.41	0.12	-3.07	0.83	3.31	0.99	3.75	0.33	2.34	0.38	3.95	0.41	0.24	0.82	8.03	
April	0.58	5.23	0.45	4.21	-0.12	2.82	0.67	-2.31	-0.21	2.41	0.60	4.60	0.12	1.85	0.43	4.27	0.30	0.12	0.29	8.01	
May	0.18	5.04	0.14	4.17	0.06	2.73	0.01	-2.35	-0.14	2.25	0.65	5.42	0.25	1.44	-0.21	3.79	0.88	1.21	1.19	8.34	
June	0.11	4.87	0.16	4.22	-0.11	2.45	-0.03	-2.27	-0.30	1.96	0.63	6.41	0.21	1.03	0.13	3.71	1.26	2.35	1.69	8.81	
July	0.56	4.65	0.59	4.25	-0.64	1.20	0.58	-1.06	-0.29	1.08	0.21	6.94	0.04	0.85	-0.09	3.57	0.75	3.22	1.09	9.17	
August	0.12	4.15	0.02	4.15	-0.36	0.82	0.19	-0.52	0.16	1.05	-0.18	6.58	0.46	1.51	0.20	3.29	0.65	3.68	1.39	9.98	
September	0.47	4.17	0.72	4.41	0.20	0.30	0.92	0.19	0.67	0.80	0.10	5.97	0.74	2.15	0.15	2.69	0.63	4.17	1.23	10.65	
October	0.51	4.64	0.34	4.23	-0.61	-0.65	0.52	1.33	0.17	0.45	-0.02	5.77	0.55	2.74	0.06	2.19	0.11	4.23	0.31	10.87	
November	0.50	5.10	0.43	4.16	-0.54	-1.61	-0.27	1.61	0.19	0.91	0.35	5.94	-0.05	2.33	-0.20	2.04	0.22	4.67	-0.13	10.47	
December	0.41	5.48	0.09	3.84	-0.49	-2.19	-0.43	1.67	0.65	2.00	-0.35	4.89	0.88	3.60	0.19	1.33	0.73	5.24	-0.81	8.79	
Memo																					
Annual average		4.91		4.33		1.39		-1.05		1.70		5.21		2.29		3.19		2.49		8.91	

Source: INEI.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 24
EXCHANGE RATE
(S/. per US\$)

	Period average				End of period			
	Bank rate 1/		Informal rate		Bank rate 1/		Informal rate	
	Bid	Ask	Bid	Ask	Bid	Ask	Bid	Ask
1999	3.38	3.38	3.38	3.38	3.51	3.51	3.51	3.51
2000	3.49	3.49	3.49	3.49	3.52	3.53	3.52	3.53
2001	3.51	3.51	3.50	3.51	3.44	3.45	3.45	3.45
2002	3.52	3.52	3.51	3.52	3.51	3.52	3.52	3.53
2003	3.48	3.48	3.47	3.48	3.46	3.46	3.47	3.48
2004	3.41	3.41	3.41	3.41	3.28	3.28	3.28	3.28
2005	3.29	3.30	3.29	3.29	3.43	3.43	3.42	3.43
2006	3.27	3.27	3.27	3.28	3.19	3.20	3.20	3.20
January	3.39	3.39	3.40	3.40	3.31	3.31	3.31	3.32
February	3.29	3.29	3.29	3.29	3.29	3.29	3.29	3.29
March	3.34	3.34	3.33	3.34	3.36	3.36	3.35	3.35
April	3.33	3.33	3.33	3.34	3.31	3.31	3.32	3.32
May	3.28	3.28	3.28	3.28	3.29	3.29	3.29	3.30
June	3.26	3.26	3.26	3.26	3.26	3.26	3.25	3.26
July	3.24	3.24	3.24	3.25	3.24	3.24	3.24	3.24
August	3.23	3.24	3.23	3.23	3.24	3.24	3.24	3.24
September	3.25	3.25	3.24	3.24	3.25	3.25	3.24	3.25
October	3.24	3.24	3.23	3.24	3.21	3.22	3.21	3.22
November	3.22	3.22	3.21	3.22	3.22	3.22	3.22	3.23
December	3.20	3.21	3.21	3.21	3.19	3.20	3.20	3.20
2007	3.13	3.13	3.13	3.13	3.00	3.00	2.99	2.99
January	3.19	3.19	3.19	3.20	3.20	3.20	3.19	3.20
February	3.19	3.19	3.19	3.19	3.19	3.19	3.18	3.19
March	3.19	3.19	3.18	3.19	3.18	3.18	3.18	3.19
April	3.18	3.18	3.18	3.18	3.17	3.17	3.17	3.17
May	3.17	3.17	3.16	3.17	3.17	3.18	3.17	3.17
June	3.17	3.17	3.17	3.17	3.17	3.17	3.16	3.17
July	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.17
August	3.16	3.16	3.15	3.16	3.16	3.16	3.16	3.16
September	3.14	3.14	3.14	3.14	3.09	3.09	3.09	3.09
October	3.02	3.02	3.01	3.02	3.00	3.00	3.00	3.01
November	3.00	3.00	2.99	3.00	3.00	3.00	2.99	3.00
December	2.98	2.98	2.98	2.99	3.00	3.00	2.99	2.99
2008	2.92	2.93	2.92	2.93	3.14	3.14	3.12	3.13
January	2.95	2.95	2.95	2.95	2.93	2.93	2.93	2.93
February	2.90	2.91	2.90	2.90	2.89	2.89	2.88	2.89
March	2.81	2.81	2.81	2.81	2.74	2.75	2.73	2.74
April	2.75	2.75	2.74	2.75	2.85	2.85	2.85	2.85
May	2.80	2.81	2.81	2.81	2.84	2.85	2.84	2.84
June	2.89	2.89	2.89	2.90	2.97	2.97	2.97	2.97
July	2.85	2.85	2.86	2.86	2.81	2.82	2.82	2.83
August	2.89	2.89	2.88	2.89	2.95	2.95	2.94	2.95
September	2.96	2.97	2.97	2.97	2.98	2.98	2.97	2.98
October	3.07	3.08	3.07	3.08	3.09	3.09	3.09	3.10
November	3.09	3.09	3.09	3.09	3.09	3.10	3.09	3.10
December	3.11	3.11	3.11	3.11	3.14	3.14	3.12	3.13

1/ Price in the free market published by the SBS.

Source: SBS and Reuters.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 25
EXCHANGE RATE CHANGE 1/
(Percentage)

	1999		2000		2001		2002		2003		2004		2005		2006		2007		2008	
	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month	Monthly	12-month
January	3.7	18.5	0.5	7.6	0.1	0.6	0.7	-1.8	0.6	1.0	-0.1	-0.8	-0.4	-5.7	-0.9	3.8	-0.4	-5.9	-1.0	-7.6
February	4.4	21.3	-1.3	1.7	0.2	2.1	0.5	-1.5	-0.3	0.2	0.5	0.0	-0.3	-6.4	-3.1	0.9	-0.1	-3.0	-1.5	-8.9
March	-0.5	20.4	-0.4	1.9	-0.2	2.2	-0.6	-1.8	-0.1	0.7	-0.5	-0.4	0.0	-5.9	1.5	2.5	-0.1	-4.6	-3.2	-11.7
April	-0.9	18.8	1.0	3.9	1.1	2.3	-0.5	-3.4	-0.4	0.7	0.1	0.1	0.0	-6.1	-0.2	2.3	-0.2	-4.6	-2.2	-13.5
May	-0.5	17.2	0.7	5.1	1.2	2.8	0.4	-4.1	0.5	0.9	0.5	0.2	-0.1	-6.7	-1.6	0.7	-0.3	-3.4	2.0	-11.4
June	0.2	14.8	-0.5	4.4	-1.9	1.3	0.9	-1.4	-0.1	-0.1	-0.3	0.0	-0.1	-6.5	-0.5	0.3	0.1	-2.9	3.1	-8.8
July	-0.5	13.8	-0.2	4.7	-0.8	0.7	1.5	0.8	-0.2	-1.8	-1.0	-0.9	0.0	-5.5	-0.6	-0.3	-0.3	-2.5	-1.5	-9.9
August	1.2	13.5	-0.1	3.4	-0.3	0.4	1.0	2.2	0.3	-2.5	-1.3	-2.4	0.2	-4.1	-0.3	-0.7	-0.1	-2.4	1.6	-8.4
September	1.7	12.3	0.2	1.9	-0.1	0.1	1.4	3.7	0.0	-3.8	-1.1	-3.5	1.6	-1.5	0.4	-1.8	-0.7	-3.4	2.5	-5.4
October	1.6	13.8	0.4	0.8	-0.9	-1.2	-0.1	4.5	-0.1	-3.8	-1.1	-4.5	2.2	1.8	-0.3	-4.3	-3.7	-6.7	3.7	1.9
November	0.3	12.5	0.8	1.3	-0.6	-2.5	-0.9	4.2	0.0	-3.0	-0.3	-4.8	-0.1	2.0	-0.5	-4.6	-0.6	-6.9	0.5	3.0
December	0.1	11.0	-0.2	1.0	-0.1	-2.4	-1.9	2.3	-0.2	-1.2	-0.9	-5.5	1.4	4.4	-0.5	-6.4	-0.7	-7.0	0.7	4.5
Memo:																				
Annual average		15.5		3.1		0.5		0.3		-1.1		-1.9		-3.4		-0.7		-4.4		-6.5

1/ At bank selling rates.
Source: SBS.
Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 26
REAL BILATERAL AND MULTILATERAL EXCHANGE RATE
(Period average)

	NOMINAL EXCHANGE RATE INDEX (S/. x US\$)			US INFLATION	REAL BILATERAL EXCHANGE RATE INDEX 1/			NOMINAL EXCHANGE RATE INDEX (S/. x Basket)	EXTERNAL INFLATION	REAL MULTILATERAL EXCHANGE RATE INDEX 2/
	Base: Dec. 2001 = 100			Base: Dec. 2001 = 100	Base: Dec. 2001 = 100			Base: Dec. 2001 = 100	Base: Dec. 2001 = 100	Base: Dec. 2001 = 100
	Bid	Ask	Average		Bid	Ask	Average		Multilateral 2/	
1999	98.4	98.5	98.4	94.3	97.6	97.7	97.7	108.8	89.1	102.1
2000	101.5	101.6	101.5	97.5	100.4	100.4	100.4	107.9	95.0	104.0
2001	102.1	102.1	102.1	100.2	101.7	101.7	101.7	102.9	99.3	101.6
2002	102.4	102.4	102.4	101.8	103.5	103.4	103.5	97.6	102.9	99.7
2003	101.3	101.2	101.3	104.1	102.4	102.3	102.3	98.0	107.3	102.1
2004	99.4	99.3	99.4	106.9	99.5	99.4	99.5	99.2	110.9	103.1
2005	95.9	95.9	95.9	110.5	97.7	97.7	97.7	98.4	114.8	104.1
2006	95.3	95.3	95.3	114.1	98.2	98.2	98.2	99.0	118.4	105.9
January	98.8	98.8	98.8	112.2	101.0	100.9	100.9	101.9	116.7	108.3
February	95.7	95.7	95.7	112.5	97.5	97.5	97.5	98.8	116.9	104.6
March	97.2	97.2	97.2	113.1	99.1	99.1	99.1	100.3	117.1	105.9
April	97.0	97.0	97.0	114.0	99.2	99.2	99.2	100.5	117.9	106.3
May	95.5	95.4	95.4	114.6	98.6	98.6	98.6	99.8	118.0	106.2
June	95.0	95.0	95.0	114.8	98.5	98.5	98.5	98.2	118.4	105.0
July	94.4	94.4	94.4	115.2	98.4	98.3	98.3	97.8	119.0	105.3
August	94.2	94.1	94.1	115.4	98.1	98.1	98.1	98.1	119.3	105.7
September	94.6	94.5	94.5	114.8	98.0	98.0	98.0	98.3	119.3	105.9
October	94.3	94.2	94.2	114.2	97.2	97.1	97.1	98.0	119.2	105.4
November	93.8	93.8	93.8	114.0	96.8	96.8	96.8	98.2	119.3	106.1
December	93.3	93.3	93.3	114.2	96.4	96.4	96.4	98.2	119.6	106.3
2007	91.1	91.0	91.1	117.3	94.9	94.9	94.9	97.8	122.6	106.5
January	92.9	92.9	92.9	114.6	96.3	96.3	96.3	97.2	119.9	105.5
February	92.9	92.8	92.9	115.2	96.5	96.5	96.5	97.4	120.4	105.8
March	92.7	92.7	92.7	116.2	96.9	96.9	96.9	97.6	120.9	106.1
April	92.5	92.5	92.5	117.0	97.2	97.1	97.1	98.2	121.5	107.1
May	92.2	92.2	92.2	117.7	97.0	96.9	96.9	98.6	121.8	107.3
June	92.3	92.3	92.3	117.9	96.8	96.7	96.8	99.0	122.4	107.7
July	92.0	92.0	92.0	117.9	96.0	96.0	96.0	99.4	123.1	108.3
August	91.9	91.9	91.9	117.7	95.6	95.6	95.6	98.7	123.3	107.5
September	91.3	91.3	91.3	118.0	94.6	94.6	94.6	98.8	123.8	107.4
October	87.9	87.9	87.9	118.2	91.0	91.0	91.0	96.5	124.2	104.9
November	87.4	87.3	87.4	118.9	90.9	90.9	90.9	96.6	125.1	105.7
December	86.8	86.8	86.8	118.9	89.8	89.8	89.8	95.8	125.3	104.5
2008	85.1	85.1	85.1	121.8	87.0	87.0	87.0	94.2	129.3	102.3
January	85.9	85.9	85.9	119.5	89.1	89.1	89.1	95.6	125.9	104.6
February	84.6	84.6	84.6	119.8	87.2	87.2	87.2	94.9	126.8	103.6
March	81.8	81.8	81.8	120.8	84.3	84.3	84.3	93.6	127.5	101.6
April	80.0	80.0	80.0	121.6	82.7	82.8	82.7	91.8	128.3	100.2
May	81.6	81.6	81.6	122.6	84.8	84.8	84.8	93.2	128.8	101.7
June	84.2	84.2	84.2	123.8	87.7	87.7	87.7	96.1	130.2	105.2
July	82.9	82.9	82.9	124.5	86.3	86.3	86.3	94.9	131.2	104.1
August	84.2	84.2	84.2	124.0	86.8	86.8	86.8	94.8	131.1	103.3
September	86.3	86.3	86.3	123.8	88.4	88.4	88.4	95.0	131.3	103.2
October	89.5	89.5	89.5	122.6	90.1	90.2	90.2	93.9	131.1	101.1
November	90.0	90.0	90.0	120.2	88.7	88.6	88.7	92.8	130.3	99.1
December	90.6	90.6	90.6	119.0	88.0	88.0	88.0	94.1	129.5	99.5

1/ Considers the United States Consumer Price Index (CPI).

2/ Considers the Consumer Price Index of our 20 main trading partners.

Source: SBS, IMF, INEI and Reuters.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 27
REAL EXCHANGE RATE
 (Percentage change of period average data) 1/

	NOMINAL EXCHANGE RATE INDEX (S/. x US\$)			US INFLATION	BILATERAL EXCHANGE RATE INDEX 2/			NOMINAL EXCHANGE RATE INDEX (S/. x Basket)	EXTERNAL INFLATION	REAL MULTILATERAL EXCHANGE RATE INDEX 3/
	Base: Dec. 2001 = 100			Base: Dec. 2001 = 100				Base: Dec. 2001 = 100	Base: Dec. 2001 = 100	Base: Dec. 2001 = 100
	Bid	Ask	Average		Bid	Ask	Average		Multilateral 3/	
1999	15.6	15.5	15.6	2.2	14.2	14.1	14.2	11.3	4.8	12.8
2000	3.2	3.1	3.2	3.4	2.8	2.7	2.8	-0.8	6.5	1.9
2001	0.5	0.5	0.5	2.8	1.4	1.4	1.4	-4.7	4.5	-2.3
2002	0.3	0.3	0.3	1.6	1.7	1.7	1.7	-5.1	3.7	-1.8
2003	-1.1	-1.1	-1.1	2.3	-1.1	-1.1	-1.1	0.4	4.3	2.4
2004	-1.9	-1.9	-1.9	2.7	-2.8	-2.8	-2.8	1.3	3.4	1.0
2005	-3.4	-3.4	-3.4	3.4	-1.7	-1.7	-1.7	-0.9	3.5	1.0
2006	-0.7	-0.7	-0.7	3.2	0.5	0.5	0.5	0.6	3.2	1.8
January	-0.9	-0.9	-0.9	0.8	-0.6	-0.6	-0.6	-0.4	0.4	-0.5
February	-3.1	-3.1	-3.1	0.2	-3.4	-3.4	-3.4	-3.0	0.2	-3.4
March	1.5	1.5	1.5	0.6	1.6	1.6	1.6	1.5	0.2	1.3
April	-0.2	-0.2	-0.2	0.9	0.1	0.1	0.1	0.2	0.7	0.4
May	-1.6	-1.6	-1.6	0.5	-0.6	-0.6	-0.6	-0.7	0.0	-0.2
June	-0.4	-0.5	-0.5	0.2	-0.1	-0.1	-0.1	-1.6	0.4	-1.1
July	-0.6	-0.6	-0.6	0.3	-0.2	-0.2	-0.2	-0.4	0.5	0.3
August	-0.3	-0.3	-0.3	0.2	-0.2	-0.2	-0.2	0.3	0.2	0.4
September	0.4	0.4	0.4	-0.5	-0.1	-0.1	-0.1	0.2	0.0	0.2
October	-0.3	-0.3	-0.3	-0.5	-0.9	-0.9	-0.9	-0.3	-0.1	-0.5
November	-0.5	-0.5	-0.5	-0.1	-0.3	-0.3	-0.3	0.2	0.1	0.6
December	-0.5	-0.5	-0.5	0.1	-0.4	-0.4	-0.4	0.0	0.2	0.2
2007	-4.4	-4.4	-4.4	2.9	-3.4	-3.4	-3.4	-1.2	3.6	0.6
January	-0.4	-0.4	-0.4	0.3	-0.1	-0.1	-0.1	-1.0	0.3	-0.8
February	-0.1	-0.1	-0.1	0.5	0.2	0.2	0.2	0.2	0.4	0.3
March	-0.2	-0.1	-0.1	0.9	0.4	0.4	0.4	0.3	0.4	0.3
April	-0.2	-0.2	-0.2	0.6	0.2	0.2	0.2	0.6	0.6	0.9
May	-0.3	-0.3	-0.3	0.6	-0.2	-0.2	-0.2	0.5	0.2	0.1
June	0.1	0.1	0.1	0.2	-0.2	-0.2	-0.2	0.3	0.6	0.4
July	-0.3	-0.3	-0.3	0.0	-0.8	-0.8	-0.8	0.4	0.5	0.5
August	-0.1	-0.1	-0.1	-0.2	-0.4	-0.4	-0.4	-0.8	0.2	-0.7
September	-0.7	-0.7	-0.7	0.3	-1.0	-1.0	-1.0	0.1	0.4	-0.1
October	-3.7	-3.7	-3.7	0.2	-3.8	-3.8	-3.8	-2.3	0.4	-2.3
November	-0.6	-0.6	-0.6	0.6	-0.2	-0.1	-0.1	0.2	0.7	0.7
December	-0.7	-0.7	-0.7	-0.1	-1.2	-1.2	-1.2	-0.9	0.2	-1.1
2008	-6.5	-6.5	-6.5	3.8	-8.3	-8.3	-8.3	-3.7	5.4	-4.0
January	-1.0	-1.0	-1.0	0.5	-0.7	-0.8	-0.8	-0.2	0.5	0.1
February	-1.5	-1.5	-1.5	0.3	-2.1	-2.1	-2.1	-0.7	0.7	-1.0
March	-3.3	-3.2	-3.3	0.9	-3.4	-3.4	-3.4	-1.5	0.5	-2.0
April	-2.3	-2.2	-2.2	0.6	-1.8	-1.8	-1.8	-1.9	0.7	-1.4
May	2.1	2.0	2.1	0.8	2.6	2.5	2.5	1.5	0.4	1.6
June	3.1	3.1	3.1	1.0	3.3	3.4	3.3	3.2	1.0	3.4
July	-1.5	-1.5	-1.5	0.5	-1.5	-1.5	-1.5	-1.3	0.8	-1.0
August	1.5	1.6	1.5	-0.4	0.5	0.6	0.5	-0.1	-0.1	-0.8
September	2.5	2.5	2.5	-0.1	1.8	1.8	1.8	0.3	0.2	-0.1
October	3.7	3.7	3.7	-1.0	2.0	2.0	2.0	-1.3	-0.1	-2.0
November	0.6	0.5	0.5	-1.9	-1.7	-1.7	-1.7	-1.1	-0.6	-2.0
December	0.7	0.7	0.7	-1.0	-0.7	-0.7	-0.7	1.3	-0.6	0.4

1/ Monthly data expressed in terms of monthly change.

2/ Considers the United States Consumer Price Index (CPI).

3/ Considers the Consumer Price Index of our 20 main trading partners.

Source: SBS, IMF, INEI and Reuters.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 28
FOREIGN EXCHANGE RATES AGAINST NUEVO SOL 1/
(Average data)

	US dollar (US\$)	Euro (€)	Yen (¥)	Brazilian Real (R)	Pound (£)	Chilean Peso (\$)	Mexican Peso (\$)	Argentine Peso (\$)	Canadian Dollar (Can\$)	Basket 2/
1999	3.38	3.61	0.03	1.87	5.47	0.01	0.35	3.38	2.28	0.63
2000	3.49	3.22	0.03	1.91	5.29	0.01	0.37	3.49	2.35	0.63
2001	3.51	3.14	0.03	1.50	5.05	0.01	0.38	3.51	2.27	0.60
2002	3.52	3.32	0.03	1.24	5.28	0.01	0.36	1.25	2.24	0.57
2003	3.48	3.93	0.03	1.14	5.68	0.01	0.32	1.20	2.49	0.57
2004	3.41	4.24	0.03	1.17	6.25	0.01	0.30	1.17	2.63	0.58
2005	3.30	4.10	0.03	1.36	6.00	0.01	0.30	1.14	2.72	0.57
2006	3.27	4.11	0.03	1.51	6.03	0.01	0.30	1.07	2.89	0.57
2007	3.13	4.28	0.03	1.61	6.26	0.01	0.29	1.01	2.92	0.57
2008	2.92	4.29	0.03	1.62	5.44	0.01	0.26	0.93	2.75	0.55

1/ Based on average of bid-ask prices.

2/ Currency basket of our 20 main trading partners.

Source: IMF and Reuters.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 29
FOREIGN EXCHANGE RATES AGAINST NUEVO SOL 1/
 (End period data)

	US dollar (US\$)	Euro (€)	Yen (¥)	Brazilian Real (R)	Pound (£)	Chilean Peso (\$)	Mexican Peso (\$)	Argentine Peso (\$)	Canadian Dollar (Can\$)	Basket 2/
1999	3.48	3.52	0.03	1.89	5.62	0.01	0.37	3.49	2.36	0.65
2000	3.52	3.16	0.03	1.79	5.14	0.01	0.37	3.52	2.31	0.61
2001	3.44	3.06	0.03	1.46	4.95	0.01	0.38	3.28	2.18	0.58
2002	3.51	3.59	0.03	0.97	5.58	0.00	0.34	1.00	2.25	0.56
2003	3.47	4.27	0.03	1.19	6.09	0.01	0.31	1.17	2.64	0.58
2004	3.28	4.40	0.03	1.21	6.33	0.01	0.29	1.11	2.70	0.57
2005	3.42	4.06	0.03	1.50	5.98	0.01	0.32	1.13	2.95	0.59
2006	3.21	4.24	0.03	1.49	6.29	0.01	0.30	1.05	2.78	0.57
2007	2.98	4.35	0.03	1.67	6.03	0.01	0.27	0.96	2.97	0.56
2008	3.11	4.21	0.03	1.30	4.81	0.00	0.23	0.90	2.52	0.55

1/ Based on average of bid-ask prices.

2/ Currency basket of our 20 main trading partners.

Source: IMF and Reuters.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 30
FOREIGN EXCHANGE RATES AGAINST US DOLLAR AND INTERNATIONAL INTEREST RATES
(Average data)

	Euro (€) 1/	Pound (£)	Yen (¥)	Brazilian Real (R)	Chilean Peso (\$)	Mexican Peso (\$)	SDR 2/	3-month Libor (%)	Euro Libor (%)
1997	0.885	0.611	120.991	1.0780	419.30	7.9185	1.376	5.763	--
1998	0.892	0.604	130.905	1.1605	460.29	9.1360	1.357	5.586	--
1999	0.939	0.618	113.907	1.8147	508.78	9.5604	1.367	5.412	2.963
2000	1.085	0.661	107.765	1.8301	539.59	9.4556	1.319	6.531	4.405
2001	1.118	0.695	121.529	2.3577	634.94	9.3423	1.273	3.778	4.260
2002	1.063	0.667	125.388	2.9208	688.94	9.6560	1.295	1.791	3.317
2003	0.886	0.612	115.933	3.0771	691.43	10.7890	1.399	1.216	2.332
2004	0.805	0.546	108.193	2.9251	609.37	11.2860	1.482	1.618	2.106
2005	0.804	0.550	110.218	2.4344	560.09	10.8979	1.477	3.558	2.184
2006	0.797	0.543	116.299	2.1753	530.29	10.8992	1.471	5.194	3.080
2007	0.731	0.500	117.754	1.9471	522.46	10.9282	1.530	5.298	4.276
2008	0.684	0.544	103.375	1.8357	522.90	11.1355	1.579	2.908	4.630

1/ Euro values in 1994-1998 correspond to ECU prices. The following exchange rates of main currencies / euro were considered: 6.55957 French francs, 1,936.27 Italian lire, 2.20371 Dutch guilders and 1.95583 Deutsche mark.

2/ US dollars per SDR.

Source: IMF and Reuters.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 31
FOREIGN EXCHANGE RATES AGAINST US DOLLAR AND INTERNATIONAL INTEREST RATES
 (End period data)

	Euro (€) 1/	Pound (£)	Yen (¥)	Brazilian Real (R)	Chilean Peso (\$)	Mexican Peso (\$)	SDR 2/	3-month Libor (%)	Euro Libor (%)
1997	1.099	0.615	125.725	1.1161	438.50	8.0700	1.2219	5.813	--
1998	1.172	0.634	109.265	1.2078	473.25	9.9050	1.4080	5.066	3.239
1999	1.008	0.658	113.490	1.8130	529.75	9.5045	1.3725	6.001	3.339
2000	0.942	0.659	117.010	1.9465	573.75	9.6410	1.3023	6.399	4.854
2001	0.891	0.688	131.670	2.3110	678.65	9.1530	1.2556	1.881	3.300
2002	1.050	0.623	118.770	3.5400	720.25	10.3700	1.3595	1.380	2.861
2003	1.258	0.560	107.350	2.8915	593.13	11.1350	1.4860	1.152	2.123
2004	1.356	0.521	102.465	2.6560	555.75	10.6285	1.5530	2.564	2.154
2005	1.184	0.581	117.960	2.3383	514.30	9.1530	1.4293	4.536	2.487
2006	1.320	0.510	119.020	2.1365	532.35	10.8028	1.5044	5.360	3.723
2007	1.459	0.504	111.355	1.7800	497.95	10.9088	1.5785	4.703	4.679
2008	1.398	0.684	90.610	2.3145	638.00	13.6663	1.5478	1.425	2.894

1/ Between 1994 and 1998 it corresponds to the quotation of the ECU. The exchange rates of the euro for the countries in the basket were fixed at 6.55957 French francs, 1,936.27 Italian lire, 2.20371 Dutch guilders and 1.95583 Deutsche mark.

2/ US dollars per SDR.

Source: IMF and Reuters.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 32
BALANCE OF PAYMENTS
(Millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. CURRENT ACCOUNT BALANCE	- 1,380	- 1,546	- 1,203	- 1,110	- 949	19	1,148	2,854	1,220	- 4,180
1. Trade balance	- 623	- 403	- 179	321	886	3,004	5,286	8,986	8,287	3,090
a. FOB exports	6,088	6,955	7,026	7,714	9,091	12,809	17,368	23,830	27,882	31,529
b. FOB imports	- 6,710	- 7,358	- 7,204	- 7,393	- 8,205	- 9,805	- 12,082	- 14,844	- 19,595	- 28,439
2. Services	- 588	- 735	- 963	- 994	- 900	- 732	- 834	- 737	- 1,187	- 1,929
a. Exports	1,624	1,555	1,437	1,455	1,716	1,993	2,289	2,660	3,159	3,637
b. Imports	- 2,212	- 2,290	- 2,400	- 2,449	- 2,616	- 2,725	- 3,123	- 3,397	- 4,346	- 5,566
3. Investment income	- 1,112	- 1,410	- 1,101	- 1,457	- 2,144	- 3,686	- 5,076	- 7,580	- 8,374	- 8,144
a. Private	- 549	- 896	- 550	- 746	- 1,275	- 2,715	- 4,211	- 6,901	- 7,941	- 8,257
b. Public	- 563	- 513	- 551	- 711	- 869	- 970	- 865	- 679	- 433	113
4. Current transfers	943	1,001	1,040	1,019	1,209	1,433	1,772	2,185	2,494	2,803
of which: Remittances	670	718	753	705	869	1,133	1,440	1,837	2,131	2,437
II. FINANCIAL ACCOUNT	583	1,023	1,544	1,800	672	2,154	141	699	9,304	7,372
1. Private sector	1,678	1,481	983	1,538	- 105	937	1,818	1,941	9,148	7,657
a. Assets	- 295	- 374	- 311	- 310	- 1,239	- 330	- 690	- 1,885	- 1,053	207
b. Liabilities	1,973	1,855	1,294	1,848	1,134	1,267	2,508	3,826	10,200	7,450
2. Public sector	381	277	372	1,056	630	988	- 1,441	- 738	- 2,473	- 1,404
a. Assets	113	- 166	- 86	- 3	- 303	- 159	- 378	- 125	- 166	65
b. Liabilities	268	443	458	1,059	933	1,146	- 1,063	- 614	- 2,307	- 1,469
3. Short-term capital	- 1 476	- 735	189	- 794	147	230	- 236	- 503	2,630	1,118
a. Assets	- 42	281	686	- 155	204	- 8	- 671	- 340	- 250	1,221
b. Liabilities	- 1,434	- 1,016	- 497	- 639	- 56	238	435	- 164	2,880	- 103
III. EXCEPTIONAL FINANCING	24	- 58	- 1	14	64	26	100	27	67	57
IV. NET ERRORS AND OMISSIONS	- 2	388	110	130	689	151	239	- 827	- 936	- 80
V. BCRP NET INTERNATIONAL RESERVES FLOW (V = I + II + III + IV)	- 775	- 193	450	833	477	2,351	1,628	2,753	9,654	3,169
1. Change in Central Bank reserves	- 780	- 224	433	985	596	2,437	1,466	3,178	10,414	3,507
2. Valuation changes and monetization of gold	- 5	- 31	- 16	152	119	86	- 162	425	760	338
Memo:										
BCRP reserve asset flow	- 979	- 440	275	852	515	2,443	1,472	3,210	10,391	3,512

1/ Preliminary data.

Source: BCRP, MEF, SBS, SUNAT, Ministry of Foreign Affairs, Cofide, ONP, FCR, Tacna Free Trade Zone, Banco de la Nación, Cavali S.A. ICLV, Proinversión, Bank for International Settlements (BIS) and companies.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 33
BALANCE OF PAYMENTS
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. CURRENT ACCOUNT BALANCE	- 2.7	- 2.9	- 2.2	- 2.0	- 1.5	0.0	1.4	3.1	1.1	- 3.3
1. Trade balance	- 1.2	- 0.8	- 0.3	0.6	1.4	4.3	6.7	9.7	7.7	2.4
a. FOB exports	11.8	13.0	13.0	13.6	14.8	18.4	21.9	25.8	25.9	24.7
b. FOB imports	- 13.0	- 13.8	- 13.4	- 13.0	- 13.4	- 14.1	- 15.2	- 16.1	- 18.2	- 22.3
2. Services	- 1.1	- 1.4	- 1.8	- 1.7	- 1.5	- 1.0	- 1.1	- 0.8	- 1.1	- 1.5
a. Exports	3.1	2.9	2.7	2.6	2.8	2.9	2.9	2.9	2.9	2.8
b. Imports	- 4.3	- 4.3	- 4.4	- 4.3	- 4.3	- 3.9	- 3.9	- 3.7	- 4.0	- 4.4
3. Investment income	- 2.2	- 2.6	- 2.0	- 2.6	- 3.5	- 5.3	- 6.4	- 8.2	- 7.8	- 6.4
a. Private	- 1.1	- 1.7	- 1.0	- 1.3	- 2.1	- 3.9	- 5.3	- 7.5	- 7.4	- 6.5
b. Public	- 1.1	- 1.0	- 1.0	- 1.3	- 1.4	- 1.4	- 1.1	- 0.7	- 0.4	0.1
4. Current transfers	1.8	1.9	1.9	1.8	2.0	2.1	2.2	2.4	2.3	2.2
of which: Remittances	1.3	1.3	1.4	1.2	1.4	1.6	1.8	2.0	2.0	1.9
II. FINANCIAL ACCOUNT	1.1	1.9	2.9	3.2	1.1	3.1	0.2	0.8	8.7	5.8
1. Private sector	3.3	2.8	1.8	2.7	- 0.2	1.3	2.3	2.1	8.5	6.0
a. Assets	- 0.6	- 0.7	- 0.6	- 0.5	- 2.0	- 0.5	- 0.9	- 2.0	- 1.0	0.2
b. Liabilities	3.8	3.5	2.4	3.3	1.8	1.8	3.2	4.1	9.5	5.8
2. Public sector	0.7	0.5	0.7	1.9	1.0	1.4	- 1.8	- 0.8	- 2.3	- 1.1
a. Assets	0.2	- 0.3	- 0.2	- 0.0	- 0.5	- 0.2	- 0.5	- 0.1	- 0.2	0.1
b. Liabilities	0.5	0.8	0.8	1.9	1.5	1.6	- 1.3	- 0.7	- 2.1	- 1.1
3. Short-term capital	- 2.9	- 1.4	0.4	- 1.4	0.2	0.3	- 0.3	- 0.5	2.4	0.9
a. Assets	- 0.1	0.5	1.3	- 0.3	0.3	- 0.0	- 0.8	- 0.4	- 0.2	1.0
b. Liabilities	- 2.8	- 1.9	- 0.9	- 1.1	- 0.1	0.3	0.5	- 0.2	2.7	- 0.1
III. EXCEPTIONAL FINANCING	0.0	- 0.1	- 0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0
IV. NET ERRORS AND OMISSIONS	- 0.0	0.7	0.2	0.2	1.1	0.2	0.3	- 0.9	- 0.9	- 0.1
V. BCRP NET INTERNATIONAL RESERVES FLOW (V = I + II + III + IV)	- 1.5	- 0.4	0.8	1.5	0.8	3.4	2.1	3.0	9.0	2.5
1. Change in Central Bank reserves	- 1.5	- 0.4	0.8	1.7	1.0	3.5	1.8	3.4	9.7	2.7
2. Valuation changes and monetization of gold	- 0.0	- 0.1	- 0.0	0.3	0.2	0.1	- 0.2	0.5	0.7	0.3
Memo:										
BCRP reserve asset flow	- 1.9	- 0.8	0.5	1.5	0.8	3.5	1.9	3.5	9.7	2.7
GDP (Millions of US\$)	51,584	53,377	53,962	56,797	61,367	69,763	79,397	92,439	107,504	127,738

1/ Preliminary data.

Source: BCRP, MEF, SBS, SUNAT, Ministry of Foreign Affairs, Cofide, ONP, FCR, Tacna Free Trade Zone, Banco de la Nación, Cavali S.A. ICLV, Proinversión, Bank for International Settlements (BIS) and companies.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 34
TRADE BALANCE
(FOB values in millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
1. EXPORTS	6,088	6,955	7,026	7,714	9,091	12,809	17,368	23,830	27,882	31,529
Traditional products	4,142	4,804	4,730	5,369	6,356	9,199	12,950	18,461	21,464	23,796
Non-traditional products	1,876	2,044	2,183	2,256	2,620	3,479	4,277	5,279	6,303	7,543
Other	69	107	113	89	114	131	141	91	114	190
2. IMPORTS	6,710	7,358	7,204	7,393	8,205	9,805	12,082	14,844	19,595	28,439
Consumer goods	1,468	1,494	1,635	1,754	1,841	1,995	2,308	2,616	3,192	4,527
Inputs	2,980	3,611	3,551	3,740	4,340	5,364	6,600	7,981	10,435	14,553
Capital goods	2,117	2,114	1,921	1,842	1,974	2,361	3,064	4,123	5,861	9,239
Other goods	146	139	97	56	49	85	110	123	107	120
3. TRADE BALANCE	- 623	- 403	- 179	321	886	3,004	5,286	8,986	8,287	3,090
Memo:										
12-month % change: 2/										
Index of X price	- 7.7	3.5	- 4.9	3.2	9.2	22.7	16.8	36.1	14.4	5.1
Index of M price	0.5	5.3	- 3.2	- 1.7	9.0	12.1	10.6	7.5	10.4	21.2
Terms of trade	- 8.1	- 1.7	- 1.7	5.0	0.1	9.4	5.6	26.7	3.6	- 13.3
Index of X volume	14.1	10.5	6.2	6.2	7.9	14.7	15.9	0.6	2.5	8.1
Index of M volume	- 18.8	4.2	1.2	4.3	1.9	6.4	11.5	14.4	19.3	19.6
Index of X value	5.7	14.2	1.0	9.8	17.8	40.9	35.6	37.2	17.0	13.1
Index of M value	- 18.4	9.6	- 2.1	2.6	11.0	19.5	23.2	22.9	32.0	45.1

1/ Preliminary data.

2/ X: EXPORTS; M: IMPORTS.

Source: BCRP, SUNAT, Tacna Free Trade Zone, Banco de la Nación and companies.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 35
EXPORTS
(FOB values in millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
1. Traditional products	4,142	4,804	4,730	5,369	6,356	9,199	12,950	18,461	21,464	23,796
Fishing	601	955	926	892	821	1,104	1,303	1,335	1,460	1,791
Agriculture	282	249	207	216	224	325	331	574	460	685
Mining	3,008	3,220	3,205	3,809	4,690	7,124	9,790	14,735	17,238	18,657
Oil and derivatives	251	381	391	451	621	646	1,526	1,818	2,306	2,663
2. Non-traditional products	1,876	2,044	2,183	2,256	2,620	3,479	4,277	5,279	6,303	7,543
Agriculture and livestock	406	394	437	550	624	801	1,008	1,220	1,507	1,912
Fishing	190	177	197	164	205	277	323	433	499	622
Textils	575	701	664	677	823	1,092	1,275	1,473	1,736	2,018
Woods and paperes, and its manufacture	101	123	142	177	172	214	261	333	362	425
Chemical	195	212	247	256	316	415	538	602	805	1,041
Non- metallic minerals	51	47	58	68	74	94	118	135	165	176
Iron-metallic and jewelry	255	265	242	222	262	391	493	829	906	908
Metal-mechanic	76	97	160	110	99	136	191	164	217	324
Other 2/	27	29	36	33	45	58	70	89	107	118
3. Other 3/	69	107	113	89	114	131	141	91	114	190
4. TOTAL EXPORTS	6,088	6,955	7,026	7,714	9,091	12,809	17,368	23,830	27,882	31,529
Memo:										
PERCENTAGE STRUCTURE (%)										
Fishing	9.9	13.7	13.2	11.6	9.0	8.6	7.5	5.6	5.2	5.7
Agriculture	4.6	3.6	3.0	2.8	2.5	2.5	1.9	2.4	1.7	2.2
Mining	49.4	46.3	45.6	49.4	51.6	55.6	56.4	61.8	61.8	59.2
Oil and derivatives	4.1	5.5	5.6	5.8	6.8	5.0	8.8	7.6	8.3	8.4
TRADITIONAL	68.0	69.1	67.4	69.6	69.9	71.7	74.6	77.4	77.0	75.5
NON-TRADITIONAL	30.8	29.4	31.1	29.2	28.8	27.2	24.6	22.2	22.6	23.9
Other	1.2	1.5	1.5	1.2	1.3	1.1	0.8	0.4	0.4	0.6
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Preliminary data.

2/ Includes mainly furs and leathers, and handcrafts.

3/ Fuel and food sold to foreign ships and aircrafts and repairs of capital goods.

Source: BCRP, SUNAT and companies.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 36
EXPORTS OF TRADITIONAL PRODUCTS
(FOB values in millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/	1/	1/
Fishing	601	955	926	892	821	1,104	1,303	1,335	1,460	1,791
Fishmeal	533	874	835	823	742	954	1,147	1,139	1,210	1,413
Volume (Thousand MT)	1,482.0	2,352.3	1,942.0	1,517.6	1,370.1	1,750.7	2,000.3	1,340.0	1,261.3	1,564.8
Price (US\$/MT)	359.5	371.6	430.0	542.4	541.7	545.2	573.6	850.0	959.6	902.8
Fish oil	68	81	91	69	79	149	156	196	249	379
Volume (Thousand MT)	258.7	456.4	315.5	160.6	183.2	285.1	286.4	298.5	320.7	253.2
Price (US\$/MT)	263.1	176.7	288.9	430.8	431.6	523.4	543.2	657.1	777.2	1,495.7
Agriculture	282	249	207	216	224	325	331	574	460	685
Cotton	2	5	5	2	6	6	3	7	3	2
Volume (Thousand MT)	0.9	2.7	2.6	1.6	3.6	3.3	2.0	3.8	1.5	0.9
Price (US\$/MT)	1,823.3	1,832.2	1,864.8	1,447.7	1,600.7	1,883.3	1,640.4	1,833.2	2,093.6	2,505.2
Sugar	9	16	17	16	19	15	13	43	19	25
Volume (Thousand MT)	21.2	41.7	41.6	41.8	61.1	41.4	32.2	108.5	48.3	70.4
Price (US\$/MT)	441.7	384.3	402.3	389.6	313.9	352.5	395.1	395.7	388.9	350.9
Coffee	268	223	181	188	181	290	307	515	427	644
Volume (Thousand MT)	145.9	140.5	160.0	167.7	150.5	191.1	142.2	238.1	173.6	224.8
Price (US\$/MT)	1,835.7	1,590.0	1,128.0	1,121.6	1,203.2	1,516.7	2,157.0	2,163.3	2,459.1	2,865.7
Other Agriculture 2/	3	5	5	10	18	14	8	9	11	14
Mining	3,008	3,220	3,205	3,809	4,690	7,124	9,790	14,735	17,238	18,657
Copper 3/	776	933	986	1,187	1,261	3,472	2,481	5,996	7,205	7,663
Volume (Thousand MT)	521.1	529.1	685.8	858.8	787.3	940.5	984.2	980.6	1,121.2	1,243.1
Price (¢US\$/pound)	67.6	79.9	65.2	62.7	72.6	119.6	160.0	277.3	291.5	279.6
Tin	133	170	150	155	211	346	301	409	423	695
Volume (Thousand MT)	28.0	36.1	36.3	37.5	39.1	40.2	41.8	46.5	29.4	39.8
Price (¢US\$/pound)	215.4	214.1	186.9	187.7	244.7	390.3	326.9	398.7	652.5	792.4
Iron	67	67	81	83	94	129	216	256	286	385
Volume (Millions MT)	3.8	3.6	4.2	4.4	5.9	6.0	6.6	6.7	7.2	6.8
Price (US\$/MT)	17.4	18.5	19.4	19.0	15.9	21.5	32.7	38.3	39.8	56.3
Gold	1 192	1 145	1 166	1 501	2 102	2 424	3 095	4 032	4 181	5 588
Volume (Thousand ozt.)	4,228.1	4,082.7	4,294.4	4,750.3	5,776.7	5,955.6	6,875.8	6,673.7	5,957.6	6,417.5
Price (US\$/ozt.)	282.0	280.4	271.5	315.9	363.8	407.1	450.2	604.2	701.8	870.8
Silver refined	169	179	169	174	191	260	281	480	538	595
Volume (Millions ozt.)	32.4	36.0	38.3	37.7	39.3	39.1	38.5	41.8	40.4	39.7
Price (US\$/ozt.)	5.2	5.0	4.4	4.6	4.9	6.7	7.3	11.5	13.3	15.0
Lead 3/	177	190	196	211	201	389	491	713	1 033	1 136
Volume (Thousand MT)	221.6	241.3	253.3	273.8	258.5	281.4	322.8	377.5	416.6	525.0
Price (¢US\$/pound)	36.2	35.8	35.1	34.9	35.3	62.7	69.0	85.6	112.5	98.1
Zinc	462	496	419	429	529	577	805	1 991	2 539	1 467
Volume (Thousand MT)	669.2	792.0	920.9	1,128.0	1,183.4	1,035.4	1,089.8	1,063.2	1,272.7	1,451.8
Price (¢US\$/pound)	31.3	28.4	20.7	17.2	20.3	25.3	33.5	84.9	90.5	45.8
Molybdenum	24	33	33	64	95	506	1 107	834	982	1 079
Volume (Thousand MT)	5.8	7.6	8.5	10.2	10.5	13.5	18.6	17.8	16.1	18.3
Price (¢US\$/pound)	190.0	198.9	175.2	285.6	407.3	1,695.7	2,700.5	2,120.7	2,769.4	2,682.0
Other Mining 4/	6	7	6	5	7	12	21	24	51	48
Crude oil and Derivatives	251	381	391	451	621	646	1,526	1,818	2,306	2,663
Volume (Millions bar.)	17.5	15.3	20.1	19.8	23.7	20.0	32.3	32.7	35.7	30.9
Price (US\$/bar.)	14.3	24.9	19.5	22.8	26.2	32.3	47.2	55.5	64.6	86.2
Traditional products	4,142	4,804	4,730	5,369	6,356	9,199	12,950	18,461	21,464	23,796

1/ Preliminary data.

2/ Comprises coca leaves and derivatives, molasses, wool and furs.

3/ Includes silver content.

4/ Includes mainly molybdenum, bismuth, and tungsten.

Source: BCRP and SUNAT.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 37
EXPORTS OF NON-TRADITIONAL PRODUCTS
(FOB values in millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
AGRICULTURE AND LIVESTOCK	406	394	437	550	624	801	1,008	1,220	1,507	1,912
Vegetables	212	198	226	271	308	380	452	563	713	798
Fruits	53	53	66	89	111	140	178	259	306	412
Diverse vegetales products	66	65	55	69	66	75	100	108	135	179
Cereals and its preparations	13	14	25	40	41	47	53	66	77	121
Tea, coffee, cocoa and essences	30	24	30	38	47	86	132	116	151	217
Other	31	40	35	43	49	75	92	108	125	184
FISHING	190	177	197	164	205	277	323	433	499	622
Frozen crustaceans and molluscs	106	64	62	74	110	143	182	202	224	262
Frozen fish	37	58	85	56	41	62	72	92	117	137
Preparations and canned	43	46	43	26	46	61	56	121	127	190
Dried fish	4	7	6	6	6	6	8	11	16	16
Other	1	1	1	2	3	6	5	6	15	17
TEXTILES	575	701	664	677	823	1,092	1,275	1,473	1,736	2,018
Clothes and other garments	414	506	507	532	655	887	1,063	1,209	1,410	1,645
Fabrics	51	62	58	49	54	64	71	95	138	185
Textile fibers	51	73	46	47	56	67	67	81	92	85
Yarns	59	60	53	48	59	74	75	87	95	102
WOOD AND PAPERS, AND ITS MANUFACTURES	101	123	142	177	172	214	261	333	362	425
Timber	53	56	58	88	84	101	124	168	167	169
Printed materials	13	21	30	37	42	45	56	66	84	97
Manufacturings of paper and card board	16	23	25	27	22	32	36	52	63	105
Manufacture of wood	14	15	20	15	13	21	29	31	29	40
Wooden furniture	5	8	9	11	11	14	16	16	18	14
Other	0	1	0	0	0	1	1	1	1	1
CHEMICAL	195	212	247	256	316	415	538	602	805	1,041
Organic and inorganic chemicals	53	48	58	52	65	78	109	179	256	348
Plastic manufacturing	16	28	40	55	54	58	85	83	103	114
Dyeing, tanning and coloring products	28	29	36	39	47	57	58	64	67	74
Rubber manufacturing	15	20	29	26	27	33	34	43	47	53
Essential oils, toiletries	32	37	40	36	59	82	98	56	80	121
Other	51	51	44	47	65	107	153	178	251	331
NON-METALLIC MINERALS	51	47	58	68	74	94	118	135	165	176
Cement and construction material	14	13	24	33	40	52	71	88	105	99
Fertilizers and minerals gross	15	12	13	12	12	13	16	17	22	32
Glass and manufactures	9	10	9	10	8	13	12	13	16	19
Ceramic products	3	4	4	4	4	5	5	5	6	6
Other	10	9	8	8	9	11	15	13	16	19
BASIC METAL INDUSTRIES AND JEWELRY	255	265	242	222	262	391	493	829	906	908
Copper products	54	78	65	70	76	130	184	345	377	402
Zinc products	75	76	68	41	60	87	87	212	215	154
Iron products	36	39	40	31	35	50	69	80	90	145
Common metals manufacturing	7	8	9	10	11	15	20	47	67	62
Non-ferrous waste	2	2	3	4	3	4	4	7	7	4
Lead products	14	8	1	1	3	3	5	4	14	9
Silver products	7	1	1	1	1	1	2	3	10	24
Jewelry	57	50	53	61	69	91	108	112	104	85
Other	2	3	2	3	4	10	14	21	22	21
METAL-MECHANIC	76	97	160	110	99	136	191	164	217	324
Industrial machinery, equipment and parts	12	12	19	16	17	17	23	23	28	50
Electrical appliances, machinery and its parts	10	15	23	15	11	15	22	21	41	54
Iron and steel manufactured articles	7	10	11	7	7	11	27	20	23	30
Office and data processing machines	4	4	5	6	5	9	5	5	6	7
Domestic equipment	4	6	7	6	4	4	7	11	13	18
Machinery and equipment for civil engineering	8	7	11	5	9	8	12	10	10	27
Force generating machinery and equipment	3	3	46	5	5	4	10	12	15	25
Domestic articles of common metals	3	3	3	3	3	5	7	7	8	23
Other	24	38	35	46	38	62	77	55	72	90
OTHER	27	29	36	33	45	58	70	89	107	118
NON-TRADITIONAL PRODUCTS	1,876	2,044	2,183	2,256	2,620	3,479	4,277	5,279	6,303	7,543

1/ Preliminary data.

Source: BCRP and SUNAT.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 38
IMPORTS
 (FOB values in millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
1. Consumer goods	1,468	1,494	1,635	1,754	1,841	1,995	2,308	2,616	3,192	4,527
Non-durable	944	888	987	1,032	1,035	1,153	1,338	1,463	1,754	2,335
Durable	524	606	648	722	807	842	970	1,154	1,437	2,192
2. Inputs	2,980	3,611	3,551	3,740	4,340	5,364	6,600	7,981	10,435	14,553
Fuel, lubricants and related	641	1,083	908	975	1,376	1,754	2,325	2,808	3,636	5,215
Raw materials for agriculture	185	212	229	249	278	349	384	436	589	881
Raw materials for industry	2,154	2,315	2,414	2,516	2,686	3,261	3,890	4,738	6,210	8,457
3. Capital goods	2,117	2,114	1,921	1,842	1,974	2,361	3,064	4,123	5,861	9,239
Construction materials	196	213	168	272	199	192	305	470	590	1,305
For agriculture	59	30	21	20	17	29	37	31	51	91
For industry	1,386	1,430	1,361	1,227	1,422	1,661	2,114	2,784	3,964	5,770
Transport equipments	477	441	371	323	336	480	607	838	1,257	2,073
4. Other goods 2/	146	139	97	56	49	85	110	123	107	120
5. TOTAL IMPORTS	6,710	7,358	7,204	7,393	8,205	9,805	12,082	14,844	19,595	28,439
Memo:										
Temporary admission	256	305	306	265	188	214	275	365	322	362
Free zone 3/	79	95	110	113	99	99	104	104	108	113
Foodstuff 4/	557	458	504	546	560	722	746	880	1,203	1,703
Wheat	156	149	168	171	185	220	209	224	345	489
Corn and/or sorghum	101	79	80	92	99	119	123	172	259	310
Rice	52	24	15	9	4	26	43	14	31	88
Sugar 5/	75	41	50	30	3	45	68	100	84	72
Dairy products	57	44	43	31	23	36	34	46	61	77
Soybean	97	103	131	195	224	255	246	299	396	625
Meat	20	18	16	17	22	21	23	24	27	42

1/ Preliminary data.

2/ Includes donated goods, fuel and food bought by Peruvian ships and aircrafts, and repairs of capital goods and other goods not considered in other category.

3/ Imports into the Tacna Free Trade Zone.

4/ Excludes donated food.

5/ Includes gross non-refined sugar classified as raw material.

Source: BCRP, SUNAT, Tacna Free Trade Zone, Banco de la Nación and companies.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 39
TERMS OF TRADE
 (Year 1994 = 100)

	EXPORTS 1/ 2/				IMPORTS 1/ 3/				Terms of trade	
	Nominal prices		Volume		Nominal prices		Volume		Index	% change
	Index	% change	Index	% change	Index	% change	Index	% change		
1999	95.1	- 7.7	144.8	14.1	106.1	0.5	115.3	- 18.8	89.6	- 8.1
2000	98.4	3.5	160.1	10.5	111.7	5.3	120.1	4.2	88.0	- 1.7
2001	93.6	- 4.9	170.0	6.2	108.2	- 3.2	121.5	1.2	86.5	- 1.7
2002	96.5	3.2	180.6	6.2	106.3	- 1.7	126.8	4.3	90.8	5.0
2003	105.4	9.2	194.9	7.9	115.9	9.0	129.1	1.9	90.9	0.1
2004	129.3	22.7	223.6	14.7	130.0	12.1	137.4	6.4	99.5	9.4
2005	151.1	16.8	259.2	15.9	143.8	10.6	153.2	11.5	105.1	5.6
2006	205.6	36.1	260.8	0.6	154.5	7.5	175.2	14.4	133.1	26.7
2007	235.3	14.4	267.3	2.5	170.6	10.4	209.0	19.3	137.9	3.6
2008	247.3	5.1	288.9	8.1	206.8	21.2	250.0	19.6	119.6	- 13.3

1/ Weighted according to the structure of trade in the current and previous month. Fisher chained index.

2/ Until December 2006, calculated based on the price of each traditional export and a price basket of our main trading partners for the rest of exports. This basket is replaced by the price of non-traditional exports as from January 2007.

3/ Until December 2006, calculated based on the price of food and fuel import and a price basket of our main trading partners for the rest of imports. As from January 2007, this basket is replaced by the import price of inputs in the case of raw materials.

Source: BCRP, SUNAT, Tacna Free Trade Zone, Banco de la Nación and companies.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 40
COMMODITY PRICES 1/

	Fishmeal	Sugar	Sugar	Coffee	Copper	Tin	Gold	Silver	Lead	Zinc	Nickel	Oil	Oil	Wheat	Maize	Rice	Soybean oil	Soybean	Soybean flour
	Hamburg	Cont.11	Cont.14	Arab. blends	London	London	London	H.Harman	London	London	London	Residual No.6	WTI	USA	USA	Thailand	USA	USA	USA
	US\$/MT	US\$/MT	US\$/MT	US\$/MT	¢US\$/pound	¢US\$/pound	US\$/ozt.	US\$/ozt.	¢US\$/pound	¢US\$/pound	¢US\$/pound	US\$/bar.	US\$/bar.	US\$/MT	US\$/MT	US\$/MT	US\$/MT	US\$/MT	US\$/MT
1999	395.15	144.24	466.28	2,289.41	71.32	245.07	279.17	5.25	22.80	48.82	272.84	15.42	19.24	97.65	74.90	229.61	384.88	173.15	155.61
2000	419.54	187.69	420.61	1,920.36	82.24	246.57	279.37	5.00	20.59	51.16	392.03	25.02	30.30	100.64	72.55	187.73	330.69	181.18	191.27
2001	496.67	201.04	465.30	1,372.01	71.60	203.40	271.23	4.39	21.60	40.17	269.88	20.83	25.93	106.78	74.41	169.54	317.87	170.11	186.44
2002	595.63	173.60	459.46	1,330.27	70.74	184.18	310.13	4.63	20.53	35.32	307.32	20.75	26.09	133.20	84.57	196.86	402.74	190.96	185.85
2003	601.70	165.52	471.89	1,412.42	80.70	222.03	363.62	4.91	23.36	37.54	436.96	25.40	31.11	131.95	88.73	200.34	519.39	235.99	218.24
2004	624.87	189.85	450.90	1,770.02	129.99	386.13	409.85	6.69	40.21	47.53	627.33	28.67	41.44	134.41	93.66	244.79	629.82	279.61	260.70
2005	685.83	250.60	470.03	2,523.94	166.87	334.84	445.47	7.34	44.29	62.68	668.77	43.45	56.45	129.66	74.44	293.54	506.84	223.62	206.61
2006	1,080.29	342.09	488.57	2,509.88	304.91	398.29	604.58	11.57	58.50	148.56	1,100.16	51.84	66.05	169.12	93.91	313.01	538.83	214.14	193.94
2007	1,074.88	255.73	463.45	2,717.34	322.93	659.47	697.41	13.42	117.03	147.07	1,688.72	55.28	72.28	231.19	137.85	337.20	768.16	306.74	253.70
2008	1,051.08	305.17	469.01	3,050.21	315.51	839.60	872.72	15.01	94.83	85.04	957.56	78.76	99.59	293.12	192.12	684.53	1,092.22	447.73	367.48

1/ Period average.

Source: Reuters and Bloomberg.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 41
SERVICES
(Millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/	1/	1/
I. Transport	- 556	- 612	- 657	- 618	- 621	- 726	- 858	- 874	- 1,192	- 1,701
1. Credit	239	243	257	266	310	360	440	545	646	819
2. Debit	- 795	- 855	- 914	- 884	- 931	- 1,086	- 1,298	- 1,419	- 1,838	- 2,521
a. Freight	- 512	- 555	- 587	- 567	- 590	- 740	- 917	- 1,010	- 1,365	- 2,026
Credit	11	10	14	19	26	43	60	64	80	86
Debit	- 523	- 565	- 600	- 585	- 615	- 783	- 978	- 1,074	- 1,445	- 2,111
b. Passengers	- 188	- 194	- 198	- 151	- 146	- 119	- 88	- 44	9	118
Credit	21	24	30	49	60	90	130	205	284	405
Debit	- 209	- 217	- 228	- 200	- 206	- 209	- 218	- 249	- 275	- 286
c. Other 2/	144	137	127	99	114	133	147	179	163	206
Credit	207	210	213	198	225	227	250	275	281	329
Debit	- 63	- 73	- 86	- 99	- 110	- 93	- 103	- 96	- 119	- 123
II. TRAVEL	446	414	188	181	322	499	557	772	749	924
1. Credit	890	837	733	787	963	1,142	1,308	1,570	1,723	1,991
2. Debit	- 443	- 423	- 545	- 606	- 641	- 643	- 752	- 798	- 973	- 1,067
III. COMMUNICATIONS	54	19	- 5	- 17	- 34	- 21	- 28	- 27	- 21	- 8
1. Credit	128	90	67	48	46	60	69	82	88	125
2. Debit	- 74	- 70	- 72	- 66	- 80	- 81	- 96	- 109	- 109	- 134
IV. INSURANCE AND REINSURANCE	- 18	- 37	- 57	- 145	- 178	- 127	- 115	- 163	- 13	- 146
1. Credit	132	113	116	96	89	82	118	103	297	227
2. Debit	- 150	- 150	- 173	- 241	- 267	- 209	- 233	- 265	- 309	- 374
V. OTHER 3/	- 514	- 519	- 431	- 394	- 388	- 357	- 391	- 446	- 711	- 997
1. Credit	236	273	264	258	307	350	354	361	405	474
2. Debit	- 750	- 792	- 695	- 652	- 695	- 706	- 744	- 806	- 1,116	- 1,471
VI. TOTAL SERVICES	- 588	- 735	- 963	- 994	- 900	- 732	- 834	- 737	- 1,187	- 1,929
1. Credit	1,624	1,555	1,437	1,455	1,716	1,993	2,289	2,660	3,159	3,637
2. Debit	- 2,212	- 2,290	- 2,400	- 2,449	- 2,616	- 2,725	- 3,123	- 3,397	- 4,346	- 5,566

1/ Preliminary data.

2/ Includes port expenses and transport fees for ships and airships.

3/ Includes government, financial, and IT services, as well as royalties, equipment leasing, and business services.

Source: BCRP, SUNAT, Ministry of Foreign Affairs, and companies.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 42
INVESTMENT INCOME
(Millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. CREDITS	655	737	670	370	322	332	625	1,041	1,566	1,814
1. Private	132	145	125	59	92	129	208	375	593	448
2. Public	522	592	546	311	230	203	417	666	973	1,366
II. DEBITS	1,767	2,146	1,771	1,827	2,466	4,017	5,701	8,621	9,940	9,958
1. Private sector	681	1 041	675	805	1,367	2,844	4,419	7,276	8,534	8,705
Profits 2/	18	344	131	479	1,112	2,567	4,030	6,741	7,788	7,687
Interest obligations	662	697	544	326	255	277	390	535	747	1,018
- Long-term loans	248	332	313	198	163	170	213	218	307	448
- Bonds	35	34	29	9	8	4	16	98	138	201
- Short-term 3/	380	331	202	120	84	103	162	219	301	369
2. Public sector	1,086	1,105	1,096	1,022	1,099	1,173	1,282	1,345	1,406	1,253
Long-term loans	887	915	915	815	785	739	738	695	716	559
Bonds	167	160	161	196	307	428	539	645	670	598
BCRP 4/	32	30	21	11	8	6	5	5	20	95
Short-term interests 5/	0	0	0	0	0	0	0	0	0	0
III. INCOME BALANCE (I-II)	- 1,112	- 1,410	- 1,101	- 1,457	- 2,144	- 3,686	- 5,076	- 7,580	- 8,374	- 8,144
1. Private sector	- 549	- 896	- 550	- 746	- 1,275	- 2,715	- 4,211	- 6,901	- 7,941	- 8,257
2. Public sector	- 563	- 513	- 551	- 711	- 869	- 970	- 865	- 679	- 433	113

1/ Preliminary data.

2/ Accrued profits and losses in the period, including profits and dividends transferred abroad and non-distributed profits.

3/ Includes interests of non financial public institutions.

4/ Includes interests for short and long term debts.

5/ Includes interests of Banco de la Nación and the Government debt.

Source: BCRP, MEF, Cofide, ONP, and companies.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 43
PRIVATE SECTOR FINANCIAL ACCOUNT
(Millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/	1/	1/
1. Assets	- 295	- 374	- 311	- 310	- 1,239	- 330	- 690	- 1,885	- 1,053	207
Direct investment abroad	- 128	0	- 74	0	- 60	0	0	0	- 66	- 729
Portfolio investment abroad 2/	- 167	- 374	- 237	- 310	- 1,179	- 330	- 690	- 1,885	- 987	936
2. Liabilities	1,973	1,855	1,294	1,848	1,134	1,267	2,508	3,826	10,200	7,450
Foreign direct investment	1,940	810	1,144	2,156	1,335	1,599	2,579	3,467	5,491	4,808
of which: Reinvestment	- 271	51	- 246	- 8	638	1,864	2,724	2,353	3,835	2,884
Portfolio investment in the country	- 125	75	- 54	- 162	- 35	- 51	897	155	1,386	241
Capital participations 3/	- 107	123	43	- 9	1	- 74	25	- 45	70	85
Other liabilities 4/	- 18	- 48	- 97	- 153	- 36	23	872	200	1,316	156
Long-term loans	158	970	204	- 146	- 166	- 281	- 967	204	3,324	2,401
Disbursements	951	1,899	1,032	675	559	726	647	725	4,354	3,051
Amortization	- 793	- 929	- 828	- 821	- 725	- 1,007	- 1,614	- 521	- 1,030	- 650
3. TOTAL	1,678	1,481	983	1,538	- 105	937	1,818	1,941	9,148	7,657

1/ Preliminary data.

2/ Equity and other financial assets from other countries acquired by the financial and non financial sectors. The negative sign implies an increase of assets.

3/ Considers non-residents' net purchases of financial assets listed at Cavali (security settlement institution), and placements of American Depositary Receipts (ADRs).

4/ Includes bonds, provisory notes, and securitization instruments expressed in net terms (issue minus redemption).

Source: BCRP, Cavali ICLV S.A, Proinversión and companies.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 44
PUBLIC SECTOR FINANCIAL ACCOUNT 1/
(Millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 6/	2007 6/	2008 6/
I. DISBURSEMENTS	1,237	1,485	1,344	2,902	2,161	2,535	2,656	609	3,384	1,166
1. Investment projects	816	686	457	382	396	371	379	288	290	283
Central government	564	468	391	305	305	281	324	259	245	206
Public enterprises	251	219	66	76	91	90	54	29	45	78
- Financial	189	186	26	39	60	62	28	0	0	1
- Non-financial	62	32	40	37	31	28	26	29	45	77
2. Food imports	0	4	10	10	0	6	0	5	3	0
3. Defense	8	23	1	0	0	0	0	0	0	0
4. Free disposal funds	414	771	876	625	519	863	595	315	800	883
5. Bonds 2/	0	0	0	1,886	1,246	1,295	1,682	0	2,290	0
- Brady	0	0	0	0	0	0	0	0	0	0
- Global 3/	0	0	0	1,886	1,246	1,295	1,682	0	2,290	0
II. AMORTIZATION 4/	- 969	- 1,042	- 885	- 1,843	- 1,228	- 1,389	- 3,719	- 1,223	- 5,691	- 2,635
III. NET EXTERNAL ASSETS 5/	113	- 166	- 86	- 3	- 303	- 159	- 378	- 125	- 166	65
IV. TOTAL	381	277	372	1,056	630	988	- 1,441	- 738	- 2,473	- 1,404

1/ Medium- and long-term accounts; excludes loans to BCRP to support the balance of payments.

2/ Bonds are classified according to the market where they are issued. Brady and Global Bonds were issued abroad so they are considered part of the public external debt, including the ones purchased by non-residents.

3/ The 2007 figure corresponds to debt management operations (repurchase and swap of Global Bond 2012 and Brady Bonds).

4/ 2005 includes prepayments to country members of the Paris Club (US\$ 1,793 million in Q3) and to Japan Peru Oil Co. Ltd-JAPECO (US\$ 755 million in Q4). 2006 includes prepayments to JAPECO (US\$ 58.8 million in Q2). Q1-2007 includes amortization of Global Bonds 2012 and Brady Bonds (US\$ 2,435 million). Q4-2007 includes a prepayment to Paris Club member countries (US\$ 1,793 million). Bonds in Q1-2008 includes amortization due to prepayment of Brady Bonds (US\$ 838 million) and multilateral organizations includes the disbursement to the CAF (US\$ 150 million for prepayment of US\$ 167 million). Multilateral organizations in Q4 2008 includes the disbursement to the CAF of US\$ 150 million for prepayment of the same amount.

5/ 2001 and 2002 consider the partial liberation of Brady Bond collaterals purchased in 1997.

6/ Preliminary data.

Source: BCRP, MEF, Cofide and FCR.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 45
PUBLIC SECTOR NET EXTERNAL INDEBTNESS 1/
(Millions of US\$)

	New disbursements 2/ I	Amortization 3/ II	Rescheduling III	Other capitals 4/ IV	External debt V=I-II+III+IV	Other adjustments 5/ VI	Outstanding debt change VII=V+VI
1999	1,237	969	0	- 14	254	- 316	- 62
2000	1,485	1,042	0	- 58	385	- 680	- 295
2001	1,344	885	54	- 56	456	- 694	- 238
2002	2,902	1,843	0	0	1,059	689	1,748
2003	2,161	1,228	0	0	933	1,120	2,053
2004	2,535	1,389	0	0	1,146	552	1,698
2005	2,656	3,719	15	- 15	- 1,063	- 1,124	-2,187
2006 6/	609	1,223	0	0	- 614	307	- 307
2007 6/	3,384	5,691	0	0	- 2,307	417	- 1,890
2008 6/	1,166	2,635	0	0	- 1,469	625	- 844

1/ Medium- and long-term accounts; excludes loans to BCRP to support the balance of payments.

2/ Bonds are classified according to the market where they are issued. Brady and Global Bonds were issued abroad so they are considered part of the public external debt, including the ones purchased by residents. The 2007 figure corresponds to debt management operations (repurchases and swap of Global Bond 2012 and Brady Bonds).

3/ Includes condonations of amortization of current maturities.

4/ Records the net movement of delays in external debt payments. Includes condonation of delayed payments.

5/ Includes debt reductions due to differences between the effective value and nominal value, as well as due to exchange rate effects.

6/ Preliminary data.

Source: BCRP, MEF and Cofide.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 46
PUBLIC EXTERNAL DEBT 1/
DISBURSEMENTS BY FINANCIAL SOURCE
(Millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 5/	2007 5/	2008 5/
Multilateral organizations	959	794	1 104	807	699	1 049	788	484	951	996
Committed loans	545	323	228	182	180	186	207	184	151	171
Free disposal	414	471	876	625	519	862	581	300	800	825
Paris Club	246	622	231	209	216	191	186	125	142	170
Committed loans	246	322	231	209	216	191	172	109	142	112
Free disposal	0	300	0	0	0	0	14	15	0	58
Bonds 2/	0	0	0	1,886	1,246	1,295	1,682	0	2,290	0
Free disposal	0	0	0	1,886	1,246	1,295	1,682	0	2,290	0
Suppliers	3	1	0	0	0	0	0	0	0	0
Committed loans	3	1	0	0	0	0	0	0	0	0
International banks	21	34	0	0	0	0	0	0	0	0
Committed loans	21	34	0	0	0	0	0	0	0	0
Latin America	7	18	8	0	0	0	0	0	0	0
Committed loans	7	18	8	0	0	0	0	0	0	0
Other bilateral 3/	1	16	0	0	0	0	0	0	0	0
Committed loans	1	16	0	0	0	0	0	0	0	0
TOTAL	1,237	1,485	1,344	2,902	2,161	2,535	2,656	609	3,384	1,166
Committed loans	823	714	468	391	396	377	379	294	293	283
Free disposal	414	771	876	2,511	1,765	2,158	2,277	315	3,090	883
Memo:										
Debt relief 4/	38	1	1	14	64	26	100	27	67	57

1/ Medium- and long-term accounts; excludes loans to BCRP to support the balance of payments.

2/ Bonds are classified according to the market where they are issued. Brady and Global Bonds were issued abroad so they are considered part of the public external debt, including the ones purchased by residents. The 2007 figure corresponds to debt management operations (repurchases and swap of Global Bond 2012 and Brady Bonds).

3/ Former socialist countries. Includes the People's Republic of China.

4/ Considers reductions of current maturities and of delayed payments.

5/ Preliminary data.

Source: BCRP, MEF and Cofide.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 47
PUBLIC EXTERNAL DEBT 1/
BY FINANCIAL SOURCE, USE AND MATURITY
(Millions of US\$)

	FINANCIAL SOURCE							USE				MATURITY		TOTAL
	Multilateral organizations	Paris Club	Bonds	Suppliers	Commercial banks	Latin America	Other bilateral 2/	Investment Projects	Free Disposal 3/	Food imports	Defense	1 to 5 years	more than 5 years	
1999	1,051	1,206	0	2	21	33	16	1,413	900	0	16	541	1,788	2,329
2000	823	434	0	1	34	0	0	836	450	5	0	34	1,258	1,291
2001	1,040	10	0	0	0	0	0	190	850	10	0	0	1,050	1,050
2002	857	35	1,000	0	0	0	0	231	1,650	10	0	2	1,890	1,891
2003	1,281	0	1,250	0	60	0	0	382	2,209	0	0	38	2,553	2,591
2004	1,059	26	1,299	0	0	0	0	219	2,159	6	0	0	2,384	2,384
2005	505	14	1,650	0	0	0	0	155	2,014	0	0	0	2,169	2,169
2006 4/	513	115	0	0	0	0	0	403	215	10	0	0	628	628
2007 4/	558	71	0	0	0	0	0	229	400	0	0	1	628	629
2008 4/	934	109	0	0	0	0	0	478	565	0	0	0	1,043	1,043

1/ Medium and long-term accounts; excludes loans to BCRP to support the balance of payments.

2/ Former socialist countries. Includes the People's Republic of China.

3/ In 2002, excludes a US\$ 923 million-issue of Global Bonds that were swapped by Brady Bonds.

4/ Preliminary data.

Source: BCRP and MEF-DNEP.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 48
SHORT-TERM CAPITAL FINANCIAL ACCOUNT
(Millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
1. COMMERCIAL BANKS	- 1,413	- 82	- 290	- 429	117	86	103	- 348	1,552	- 1,378
Assets 2/	- 369	157	74	- 31	178	54	- 249	- 83	56	- 819
Liabilities 3/	- 1,044	- 239	- 364	- 398	- 61	32	352	- 265	1,495	- 560
2. BCRP 4/	0	0	0	0	0	0	0	0	850	- 181
3. BANCO DE LA NACIÓN	92	75	- 27	59	1	17	- 39	- 55	45	43
Assets 2/	94	75	- 26	59	1	17	- 39	- 55	45	43
Liabilities 3/	- 2	0	- 1	0	0	0	0	0	0	0
4. NON-BANKING FINANCIAL COMPANIES	- 104	- 2	- 41	- 104	- 21	12	- 18	- 15	91	- 74
Assets 2/	13	- 1	- 4	2	3	- 59	- 10	- 23	- 44	- 6
Liabilities 3/	- 117	- 1	- 37	- 106	- 24	71	- 8	8	136	- 68
5. NON-FINANCIAL SECTOR 5/	- 51	- 726	547	- 320	51	115	- 283	- 86	91	2,709
Assets 2/	220	50	642	- 185	22	- 20	- 373	- 179	- 308	2 003
Liabilities 3/	- 271	- 776	- 95	- 135	29	135	91	94	399	706
6. TOTAL SHORT-TERM CAPITAL	- 1,476	- 735	189	- 794	147	230	- 236	- 503	2,630	1,118
Assets 2/	- 42	281	686	- 155	204	- 8	- 671	- 340	- 250	1,221
Liabilities 3/	- 1,434	- 1,016	- 497	- 639	- 56	238	435	- 164	2,880	- 103

1/ Preliminary data.

2/ Negative sign indicates increase of assets.

3/ Positive sign indicates increase of liabilities.

4/ Obligations in domestic currency with non-residents due to Certificates of Deposit issued by the BCRP.

5/ Corresponds to net flow of foreign assets. Negative sign indicates increase of assets.

Source: BCRP, Bank for International Settlements (BIS) and companies.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 49
INTERNATIONAL ASSETS AND LIABILITIES POSITION
(End of period levels in millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. Assets	14,552	14,377	14,413	15,714	18,038	21,214	24,971	32,180	46,234	46,065
1. BCRP reserve assets	9,002	8,562	8,837	9,690	10,206	12,649	14,120	17,329	27,720	31,233
2. Financial system assets (excluding BCRP)	2,061	2,420	2,682	2,990	4,404	4,834	6,398	9,348	11,770	10,745
3. Other assets	3,489	3,395	2,894	3,034	3,428	3,731	4,454	5,503	6,744	4,087
II. Liabilities	41,236	41,321	41,456	43,411	46,308	48,483	51,250	58,200	79,022	76,138
1. Bonds and private and public external debt 2/	28,586	27,981	27,195	27,872	29,587	31,244	28,657	28,672	33,137	34,587
a. Medium and long-term	23,855	24,241	23,963	25,283	27,062	28,475	25,449	25,314	26,883	28,440
Private sector 3/	3,765	4,687	4,795	4,496	4,294	4,009	3,170	3,343	6,802	9,203
BCRP	589	349	202	73	0	0	0	0	0	0
Public sector	19,500	19,205	18,967	20,715	22,768	24,466	22,279	21,972	20,081	19,237
b. Short-term	4,731	3,740	3,232	2,589	2,525	2,769	3,208	3,358	6,254	6,147
Financial system (excluding BCRP)	1,963	1,723	1,321	817	732	834	1,178	921	2,552	1,924
BCRP	10	34	23	19	12	18	23	54	921	736
Other 4/	2,759	1,983	1,888	1,753	1,782	1,917	2,007	2,383	2,782	3,487
2. Direct investment	9,791	11,062	11,835	12,549	12,876	13,310	15,889	20,484	26,808	30,232
3. Stock market and ADR's	2,859	2,278	2,427	2,990	3,845	3,928	6,705	9,043	19,077	11,319

1/ Preliminary data.

2/ External public debt includes the debt of the central government and of public enterprises. The latter represents less than 5 percent of total. The external public debt is mainly medium and long-term debt (99 percent).

3/ Includes bonds.

4/ Includes mainly the short term debt of the non financial private sector.

Source: BCRP, MEF, Cavali ICLV S.A., Proinversión and BIS.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 50
INTERNATIONAL ASSETS AND LIABILITIES POSITION
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. Assets	28.2	26.9	26.7	27.7	29.4	30.4	31.5	34.8	43.0	36.1
1. Reserve assets of BCRP	17.5	16.0	16.4	17.1	16.6	18.1	17.8	18.7	25.8	24.5
2. Assets of financial system (excludes BCRP)	4.0	4.5	5.0	5.3	7.2	6.9	8.1	10.1	10.9	8.4
3. Other assets	6.8	6.4	5.4	5.3	5.6	5.3	5.6	6.0	6.3	3.2
II. Liabilities	79.9	77.4	76.8	76.4	75.5	69.5	64.5	63.0	73.5	59.6
1. Bonds and private and public external debt 2/	55.4	52.4	50.4	49.1	48.2	44.8	36.1	31.0	30.8	27.1
a. Medium and long-term	46.2	45.4	44.4	44.5	44.1	40.8	32.1	27.4	25.0	22.3
Private sector 3/	7.3	8.8	8.9	7.9	7.0	5.7	4.0	3.6	6.3	7.2
BCRP	1.1	0.7	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Public sector	37.8	36.0	35.1	36.5	37.1	35.1	28.1	23.8	18.7	15.1
b. Short-term	9.2	7.0	6.0	4.6	4.1	4.0	4.0	3.6	5.8	4.8
Financial system (excludes BCRP)	3.8	3.2	2.4	1.4	1.2	1.2	1.5	1.0	2.4	1.5
BCRP	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.9	0.6
Other 4/	5.3	3.7	3.5	3.1	2.9	2.7	2.5	2.6	2.6	2.7
2. Direct investment	19.0	20.7	21.9	22.1	21.0	19.1	20.0	22.2	24.9	23.7
3. Stock market and ADR's	5.5	4.3	4.5	5.3	6.3	5.6	8.4	9.8	17.7	8.9

1/ Preliminary data.

2/ External public debt includes the debt of the central government and of public enterprises. The latter represents less than 5 percent of total. The external public debt is mainly medium and long-term debt (99 percent).

3/ Includes bonds.

4/ Includes mainly the short term debt of the non financial private sector.

Source: BCRP, MEF, Cavali ICLV S.A., Proinversión and BIS.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 51
EXTERNAL PUBLIC DEBT BALANCE BY FINANCIAL SOURCE 1/
(Millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006 3/	2007 3/	2008 3/
Multilateral organizations	5,630	5,830	6,536	7,044	7,358	7,875	7,983	7,843	7,851	7,926
Paris Club	8,630	8,391	7,688	8,188	8,658	8,508	5,696	5,629	3,883	4,170
Bonds	3,727	3,727	3,727	4,424	5,630	6,944	8,393	8,392	8,262	6,880
Suppliers	1,119	1,002	869	946	1,034	1,070	158	73	60	56
Commercial banks	225	110	21	11	5	4	1	1	1	186
Latin America	105	83	77	62	50	42	33	25	20	15
Other bilateral organizations 2/	64	62	47	40	32	23	16	9	5	3
TOTAL	19,500	19,205	18,967	20,715	22,768	24,466	22,279	21,972	20,081	19,237

1/ Medium and long-term accounts; it excludes credits granted to the BCRP to support balance of payments.

2/ Former socialist countries. Includes the People's Republic of China.

3/ Preliminary data.

Source: BCRP and MEF.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 52
EXTERNAL PUBLIC DEBT BALANCE BY FINANCIAL SOURCE 1/
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006 3/	2007 3/	2008 3/
Multilateral organizations	10.9	10.9	12.1	12.4	12.0	11.3	10.1	8.5	7.3	6.2
Paris Club	16.7	15.7	14.2	14.4	14.1	12.2	7.2	6.1	3.6	3.3
Bonds	7.2	7.0	6.9	7.8	9.2	10.0	10.6	9.1	7.7	5.4
Suppliers	2.2	1.9	1.6	1.7	1.7	1.5	0.2	0.1	0.1	0.0
Commercial banks	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Latin America	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Other bilateral organizations 2/	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
TOTAL	37.8	36.0	35.1	36.5	37.1	35.1	28.1	23.8	18.7	15.1

1/ Medium and long-term accounts; it excludes credits granted to the BCRP to support balance of payments.

2/ Former socialist countries. Includes the People's Republic of China.

3/ Preliminary data.

Source: BCRP and MEF.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 53
OPERATIONS OF THE NON-FINANCIAL PUBLIC SECTOR
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/ 1/	1/ 1/	1/ 1/
I. PRIMARY BALANCE	- 1,519	- 1,561	- 427	- 214	927	2 409	4 277	11,956	16,517	13,715
1. Central government primary balance	- 1,815	- 1,120	- 1,230	- 310	478	1,405	2,965	9,816	11,709	13,406
a. Current revenue	25,482	27,705	27,059	28,559	31,568	35,381	41,046	52,715	60,822	67,957
i. Tax revenue	22,072	22,769	23,541	24,062	27,405	31,144	35,589	45,485	52,454	58,242
ii. Non-tax revenue	3,410	4,935	3,518	4,498	4,163	4,238	5,458	7,229	8,368	9,716
b. Non-financial expenditure	27,835	29,360	28,580	29,241	31,451	34,165	38,468	43,260	49,498	54,946
i. Current expenditure	21,930	24,101	24,349	25,285	27,371	29,870	33,577	37,252	42,292	46,160
ii. Capital expenditure	5,906	5,259	4,231	3,956	4,080	4,295	4,891	6,008	7,206	8,785
c. Capital revenue 2/	539	535	291	371	361	189	386	361	385	394
2. Primary balance of the rest of the public sector	295	- 441	803	97	449	1,004	1,312	2,140	4,808	309
a. Rest of central government	380	287	300	127	216	350	10	1,004	884	336
b. Local government	- 135	185	102	207	333	325	745	279	3,645	34
c. Public enterprises	51	- 913	402	- 237	- 100	329	557	858	279	- 61
II. INTERESTS	4,104	4,614	4,266	4,282	4,606	4,867	5,066	5,693	6,030	5,883
1. External debt	3,549	3,583	3,665	3,515	3,763	3,951	4,175	4,337	4,287	3,350
2. Domestic debt	555	1 031	601	767	843	915	891	1,357	1,743	2,533
III. OVERALL BALANCE (I-II)	- 5,624	- 6,176	- 4,693	- 4,495	- 3,679	- 2,458	- 789	6,263	10,487	7,832
IV. NET FINANCING	5,624	6,176	4,693	4,495	3,679	2,458	789	- 6,263	- 10,487	- 7,832
1. External (Millions of US\$) (a-b+c)	- 346 - \$ 90	2,288 \$ 656	1,755 \$ 498	4,144 \$ 1,183	2,928 \$ 841	3,598 \$ 1,076	- 3,813 - \$ 1,167	- 2,175 - \$ 658	- 6,398 - \$ 2,085	- 3,472 - \$ 1,205
a. Disbursements	\$ 812	\$ 1,299	\$ 1,318	\$ 2,863	\$ 2,101	\$ 2,474	\$ 2,628	\$ 609	\$ 3,384	\$ 1,165
b. Amortization	\$ 948	\$ 633	\$ 735	\$ 1,793	\$ 1,187	\$ 1,348	\$ 3,678	\$ 1,193	\$ 5,661	\$ 2,604
c. Other 3/	\$ 46	- \$ 10	- \$ 85	\$ 113	- \$ 73	- \$ 49	- \$ 117	- \$ 74	\$ 193	\$ 234
2. Domestic	4,651	2,461	1,804	- 1,152	570	- 1,529	4,417	- 4,392	- 4,538	- 4,516
3. Privatization	1,318	1,427	1,134	1,503	181	389	185	304	449	156

1/ Preliminary data.

2/ Deducts payments to the American International Group and Peru-Germany Agreement.

3/ Includes exceptional and short-run financing.

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, public welfare agencies, local governments, state-owned enterprises and public institutions.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 54
OPERATIONS OF THE NON-FINANCIAL PUBLIC SECTOR
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. PRIMARY BALANCE	- 0.9	- 0.8	- 0.2	- 0.1	0.4	1.0	1.6	3.9	4.9	3.7
1. Central government primary balance	- 1.0	- 0.6	- 0.6	- 0.2	0.2	0.6	1.1	3.2	3.5	3.6
a. Current revenue	14.6	14.9	14.3	14.3	14.8	14.9	15.7	17.3	18.1	18.2
i. Tax revenue	12.7	12.2	12.4	12.1	12.8	13.1	13.6	14.9	15.6	15.6
ii. Non-tax revenue	2.0	2.7	1.9	2.3	2.0	1.8	2.1	2.4	2.5	2.6
b. Non-financial expenditure	16.0	15.8	15.1	14.6	14.7	14.4	14.7	14.2	14.7	14.7
i. Current expenditure	12.6	12.9	12.9	12.7	12.8	12.5	12.8	12.2	12.6	12.4
ii. Capital expenditure	3.4	2.8	2.2	2.0	1.9	1.8	1.9	2.0	2.1	2.4
c. Capital revenue 2/	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
2. Primary balance of the rest of the public sector	0.2	- 0.2	0.4	0.0	0.2	0.4	0.5	0.7	1.4	0.1
a. Rest of central government	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.3	0.3	0.1
b. Local government	- 0.1	0.1	0.1	0.1	0.2	0.1	0.3	0.1	1.1	0.0
c. Public enterprises	0.0	- 0.5	0.2	- 0.1	0.0	0.1	0.2	0.3	0.1	0.0
II. INTERESTS	2.4	2.5	2.3	2.1	2.2	2.0	1.9	1.9	1.8	1.6
1. External debt	2.0	1.9	1.9	1.8	1.8	1.7	1.6	1.4	1.3	0.9
2. Domestic debt	0.3	0.6	0.3	0.4	0.4	0.4	0.3	0.4	0.5	0.7
III. OVERALL BALANCE (I-II)	- 3.2	- 3.3	- 2.5	- 2.3	- 1.7	- 1.0	- 0.3	2.1	3.1	2.1
IV. NET FINANCING	3.2	3.3	2.5	2.3	1.7	1.0	0.3	- 2.1	- 3.1	- 2.1
1. External	- 0.2	1.2	0.9	2.1	1.4	1.5	- 1.5	- 0.7	- 1.9	- 0.9
(Millions of US\$) (a-b+c)	- 0.2	1.2	0.9	2.1	1.4	1.5	- 1.5	- 0.7	- 1.9	- 0.9
a. Disbursements	1.6	2.4	2.4	5.0	3.4	3.5	3.3	0.6	3.2	0.9
b. Amortization	1.9	1.2	1.4	3.1	1.9	1.9	4.6	1.3	5.3	2.0
c. Other 3/	0.1	0.0	- 0.2	0.2	- 0.1	- 0.1	- 0.1	- 0.1	0.2	0.2
2. Domestic	2.7	1.3	1.0	- 0.6	0.3	- 0.6	1.7	- 1.4	- 1.4	- 1.2
3. Privatization	0.8	0.8	0.6	0.8	0.1	0.2	0.1	0.1	0.1	0.0

1/ Preliminary data.

2/ Deducts payments to the American International Group and Peru-Germany Agreement.

3/ Includes exceptional and short-run financing.

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, public welfare agencies, local governments, state-owned enterprises and public institutions.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 55
OPERATIONS OF THE GENERAL GOVERNMENT
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/	1/	1/
I. CURRENT REVENUE	30,790	33,150	32,442	34,221	37,268	41,594	47,815	60,056	69,456	77,710
1. Tax revenue	22,503	23,240	24,007	24,597	27,988	31,828	36,311	46,218	53,359	59,555
2. Contributions	2,997	3,185	3,260	3,320	3,504	3,738	4,023	4,629	5,191	6,193
3. Other	5,290	6,724	5,175	6,303	5,775	6,028	7,481	9,208	10,905	11,962
II. NON-FINANCIAL EXPENDITURE	32,937	34,356	33,562	34,596	36,622	39,730	44,481	49,318	53,604	64,329
1. Current expenditure	25,360	27,548	27,902	29,126	30,892	33,394	37,320	40,833	43,504	49,264
2. Capital expenditure	7,577	6,807	5,660	5,469	5,730	6,336	7,162	8,485	10,100	15,065
III. CAPITAL REVENUE 2/	576	558	292	399	382	216	386	361	386	395
IV. PRIMARY BALANCE	- 1,570	- 648	- 829	24	1,027	2,080	3,720	11,098	16,238	13,776
V. INTERESTS	4,027	4,499	4,159	4,190	4,511	4,800	4,971	5,593	5,934	5,749
VI. OVERALL BALANCE	- 5,596	- 5,147	- 4,988	- 4,166	- 3,484	- 2,720	- 1,251	5,505	10,303	8,027
VII. NET FINANCING	5,596	5,147	4,988	4,166	3,484	2,720	1,251	- 5,505	- 10,303	- 8,027
1. External	- 330	2,104	2,065	3,997	2,681	3,616	- 3,816	- 1,932	- 6,842	- 3,902
(Millions of US\$) (a-b+c)	- \$ 86	\$ 604	\$ 585	\$ 1,141	\$ 770	\$ 1,079	- \$ 1,167	- \$ 585	- \$ 2,231	- \$ 1,379
a. Disbursements	\$ 750	\$ 1,266	\$ 1,278	\$ 2,826	\$ 2,070	\$ 2,445	\$ 2,602	\$ 580	\$ 3,339	\$ 1,089
b. Amortization	\$ 860	\$ 605	\$ 712	\$ 1,770	\$ 1,161	\$ 1,328	\$ 3,654	\$ 1,159	\$ 5,621	\$ 2,556
c. Other	\$ 24	- \$ 57	\$ 19	\$ 86	- \$ 139	- \$ 38	- \$ 114	- \$ 6	\$ 50	\$ 89
2. Domestic	4,608	1,616	1,790	- 1,333	622	- 1,285	4,881	- 3,877	- 3,911	- 4,281
3. Privatization	1,318	1,427	1,134	1,503	181	389	185	304	449	156

1/ Preliminary data.

2/ Deducts payments to the American International Group and Peru-Germany Agreement.

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, public welfare agencies, local governments, state-owned enterprises and public institutions.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 56
OPERATIONS OF THE GENERAL GOVERNMENT
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/	1/	1/
I. CURRENT REVENUE	17.7	17.8	17.1	17.1	17.5	17.5	18.3	19.7	20.7	20.8
1. Tax revenue	12.9	12.5	12.7	12.3	13.1	13.4	13.9	15.1	15.9	16.0
2. Contributions	1.7	1.7	1.7	1.7	1.6	1.6	1.5	1.5	1.5	1.7
3. Other	3.0	3.6	2.7	3.2	2.7	2.5	2.9	3.0	3.2	3.2
II. NON-FINANCIAL EXPENDITURE	18.9	18.5	17.7	17.3	17.2	16.7	17.0	16.1	16.0	17.2
1. Current expenditure	14.5	14.8	14.7	14.6	14.5	14.0	14.2	13.4	13.0	13.2
2. Capital expenditure	4.3	3.7	3.0	2.7	2.7	2.7	2.7	2.8	3.0	4.0
III. CAPITAL REVENUE 2/	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
IV. PRIMARY BALANCE	-0.9	-0.3	-0.4	0.0	0.5	0.9	1.4	3.6	4.8	3.7
V. INTERESTS	2.3	2.4	2.2	2.1	2.1	2.0	1.9	1.8	1.8	1.5
VI. OVERALL BALANCE	-3.2	-2.8	-2.6	-2.1	-1.6	-1.1	-0.5	1.8	3.1	2.2
VII. NET FINANCING	3.2	2.8	2.6	2.1	1.6	1.1	0.5	-1.8	-3.1	-2.2
1. External	-0.2	1.1	1.1	2.0	1.3	1.5	-1.5	-0.6	-2.0	-1.0
(Millions of US\$) (a-b+c)	-0.2	1.1	1.1	2.0	1.3	1.5	-1.5	-0.6	-2.0	-1.0
a. Disbursements	1.5	2.4	2.4	5.0	3.4	3.5	3.3	0.6	3.1	0.9
b. Amortization	1.7	1.1	1.3	3.1	1.9	1.9	4.6	1.2	5.2	2.0
c. Other	0.0	-0.1	0.0	0.1	-0.2	-0.1	-0.1	0.0	0.0	0.1
2. Domestic	2.6	0.9	0.9	-0.7	0.3	-0.5	1.9	-1.3	-1.2	-1.1
3. Privatization	0.8	0.8	0.6	0.8	0.1	0.2	0.1	0.1	0.1	0.0

1/ Preliminary data.

2/ Deducts payments to the American International Group and Peru-Germany Agreement.

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, public welfare agencies, local governments, state-owned enterprises and public institutions.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 57
OPERATIONS OF THE CENTRAL GOVERNMENT
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/	1/	1/
I. CURRENT REVENUE	25,482	27,705	27,059	28,559	31,568	35,381	41,046	52,715	60,822	67,957
II. NON-FINANCIAL EXPENDITURE	27,835	29,360	28,580	29,241	31,451	34,165	38,468	43,260	49,498	54,946
1. Current expenditure	21,930	24,101	24,349	25,285	27,371	29,870	33,577	37,252	42,292	46,160
2. Capital expenditure	5,906	5,259	4,231	3,956	4,080	4,295	4,891	6,008	7,206	8,785
III. CAPITAL REVENUE 2/	539	535	291	371	361	189	386	361	385	394
IV. PRIMARY BALANCE	- 1,815	- 1,120	- 1,230	- 310	478	1,405	2,965	9,816	11,709	13,406
V. INTERESTS	3,670	4,077	4,060	3,953	4,191	4,381	4,794	5,413	5,525	5,128
VI. OVERALL BALANCE	- 5,485	- 5,197	- 5,290	- 4,263	- 3,713	- 2,977	- 1,830	4,403	6,184	8,278
VII. NET FINANCING	5,485	5,197	5,290	4,263	3,713	2,977	1,830	- 4,403	- 6,184	- 8,278
1. External	- 330	2,104	2,065	3,997	3,386	3,838	- 3,121	- 1,832	- 6,831	- 4,083
(Millions of US\$) (a-b+c)	- \$ 86	\$ 604	\$ 585	\$ 1,141	\$ 973	\$ 1,144	- \$ 955	- \$ 554	- \$ 2,229	- \$ 1,441
a. Disbursements	\$ 750	\$ 1,266	\$ 1,278	\$ 2,826	\$ 2,070	\$ 2,445	\$ 2,599	\$ 578	\$ 3,325	\$ 1,059
b. Amortization	\$ 860	\$ 605	\$ 712	\$ 1,770	\$ 1,161	\$ 1,328	\$ 3,654	\$ 1,159	\$ 5,621	\$ 2,556
c. Other	\$ 24	- \$ 57	\$ 19	\$ 86	\$ 64	\$ 26	\$ 100	\$ 27	\$ 67	\$ 57
2. Domestic	4,496	1,666	2,092	- 1,236	146	- 1,251	4,766	- 2,875	198	- 4,352
3. Privatization	1,318	1,427	1,134	1,503	181	389	185	304	449	156

1/ Preliminary data.

2/ Deducts payments to the American International Group and Peru-Germany Agreement.

Source: MEF, Banco de la Nación, BCRP and SUNAT.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 58
OPERATIONS OF THE CENTRAL GOVERNMENT
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. CURRENT REVENUE	14.6	14.9	14.3	14.3	14.8	14.9	15.7	17.3	18.1	18.2
II. NON-FINANCIAL EXPENDITURE	16.0	15.8	15.1	14.6	14.7	14.4	14.7	14.2	14.7	14.7
1. Current expenditure	12.6	12.9	12.9	12.7	12.8	12.5	12.8	12.2	12.6	12.4
2. Capital expenditure	3.4	2.8	2.2	2.0	1.9	1.8	1.9	2.0	2.1	2.4
III. CAPITAL REVENUE 2/	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
IV. PRIMARY BALANCE	- 1.0	- 0.6	- 0.6	- 0.2	0.2	0.6	1.1	3.2	3.5	3.6
V. INTERESTS	2.1	2.2	2.1	2.0	2.0	1.8	1.8	1.8	1.6	1.4
VI. OVERALL BALANCE	- 3.1	- 2.8	- 2.8	- 2.1	- 1.7	- 1.3	- 0.7	1.4	1.8	2.2
VII. NET FINANCING	3.1	2.8	2.8	2.1	1.7	1.3	0.7	- 1.4	- 1.8	- 2.2
1. External	- 0.2	1.1	1.1	2.0	1.6	1.6	- 1.2	- 0.6	- 2.0	- 1.1
(Millions of US\$) (a-b+c)	- 0.2	1.1	1.1	2.0	1.6	1.6	- 1.2	- 0.6	- 2.0	- 1.1
a. Disbursements	1.5	2.4	2.4	5.0	3.4	3.5	3.3	0.6	3.1	0.9
b. Amortization	1.7	1.1	1.3	3.1	1.9	1.9	4.6	1.2	5.2	2.0
c. Other	0.0	- 0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.1	0.0
2. Domestic	2.6	0.9	1.1	- 0.6	0.1	- 0.5	1.8	- 0.9	0.1	- 1.2
3. Privatization	0.8	0.8	0.6	0.8	0.1	0.2	0.1	0.1	0.1	0.0

1/ Preliminary data.

2/ Deducts payments to the American International Group and Peru-Germany Agreement.

Source: MEF, Banco de la Nación, BCRP and SUNAT.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 59
CENTRAL GOVERNMENT CURRENT REVENUE
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. TAX REVENUE	22,072	22,769	23,541	24,062	27,405	31,144	35,589	45,485	52,454	58,242
1. Income tax	5,072	5,130	5,630	6,011	7,971	9,026	11,188	18,414	22,847	24,146
- Individual	1,951	2,050	2,097	2,247	2,584	2,798	3,071	3,926	4,477	5,353
- Corporate	2,726	2,574	2,785	3,158	4,298	5,230	6,079	11,205	14,373	16,317
- Regularization	394	506	748	606	1,089	999	2,038	3,283	3,997	2,476
2. Property tax	11	0	0	0	0	0	0	0	0	0
3. Import duty	2,857	2,921	2,786	2,483	2,550	2,744	3,143	2,847	2,198	1,911
4. Value-added tax (IGV)	11,043	12,013	11,815	12,613	14,110	16,206	18,302	21,517	25,258	31,583
- Domestic	6,470	7,007	6,866	7,501	8,459	9,526	10,587	11,982	13,586	15,749
- Imports	4,573	5,007	4,949	5,113	5,651	6,680	7,715	9,535	11,672	15,834
5. Excise tax (ISC)	3,448	3,424	3,561	4,184	4,525	4,468	4,066	4,042	4,291	3,461
- Fuel	2,094	2,120	2,321	3,003	3,285	3,177	2,607	2,399	2,419	1,457
- Other	1,355	1,304	1,241	1,181	1,240	1,292	1,459	1,643	1,872	2,004
6. Other tax revenue	1,787	2,053	2,602	1,738	1,414	2,162	2,980	3,369	3,848	4,371
7. Tax refund	-2,145	-2,772	-2,853	-2,968	-3,165	-3,462	-4,090	-4,704	-5,989	-7,230
II. NON-TAX REVENUE	3,410	4,935	3,518	4,498	4,163	4,238	5,458	7,229	8,368	9,716
III. TOTAL (I+ II)	25,482	27,705	27,059	28,559	31,568	35,381	41,046	52,715	60,822	67,957

1/ Preliminary data.

Source: MEF, Banco de la Nación, BCRP and SUNAT.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 60
CENTRAL GOVERNMENT CURRENT REVENUE
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. TAX REVENUE	12.7	12.2	12.4	12.1	12.8	13.1	13.6	14.9	15.6	15.6
1. Income tax	2.9	2.8	3.0	3.0	3.7	3.8	4.3	6.0	6.8	6.5
- Individual	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.4
- Corporate	1.6	1.4	1.5	1.6	2.0	2.2	2.3	3.7	4.3	4.4
- Regularization	0.2	0.3	0.4	0.3	0.5	0.4	0.8	1.1	1.2	0.7
2. Property tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Import duty	1.6	1.6	1.5	1.2	1.2	1.2	1.2	0.9	0.7	0.5
4. Value-added tax (IGV)	6.3	6.5	6.2	6.3	6.6	6.8	7.0	7.0	7.5	8.5
- Domestic	3.7	3.8	3.6	3.8	4.0	4.0	4.0	3.9	4.0	4.2
- Imports	2.6	2.7	2.6	2.6	2.6	2.8	2.9	3.1	3.5	4.2
5. Excise tax (ISC)	2.0	1.8	1.9	2.1	2.1	1.9	1.6	1.3	1.3	0.9
- Fuel	1.2	1.1	1.2	1.5	1.5	1.3	1.0	0.8	0.7	0.4
- Other	0.8	0.7	0.7	0.6	0.6	0.5	0.6	0.5	0.6	0.5
6. Other tax revenue	1.0	1.1	1.4	0.9	0.7	0.9	1.1	1.1	1.1	1.2
7. Tax refund	-1.2	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	-1.5	-1.8	-1.9
II. NON-TAX REVENUE	2.0	2.7	1.9	2.3	2.0	1.8	2.1	2.4	2.5	2.6
III. TOTAL (I+ II)	14.6	14.9	14.3	14.3	14.8	14.9	15.7	17.3	18.1	18.2

1/ Preliminary data.

Source: MEF, Banco de la Nación, BCRP and SUNAT.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 61
CENTRAL GOVERNMENT EXPENDITURE
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. NON-FINANCIAL EXPENDITURE	27,835	29,360	28,580	29,241	31,451	34,165	38,468	43,260	49,498	54,946
1. Current expenditure	21,930	24,101	24,349	25,285	27,371	29,870	33,577	37,252	42,292	46,160
a. Wages and salaries	7,782	8,190	8,228	8,922	9,669	10,509	11,593	12,553	13,017	13,873
b. Goods and services	6,192	7,161	7,424	6,873	7,338	8,219	8,960	10,192	10,130	10,939
c. Transfers	7,956	8,750	8,697	9,490	10,364	11,142	13,024	14,506	19,145	21,348
- Pensions	3,281	3,418	3,397	3,562	3,662	3,715	4,012	4,027	4,077	4,094
- ONP-Fonahpu	1,015	1,279	1,497	1,992	2,171	2,473	2,692	2,564	2,648	2,287
- Municipal Compensation Fund	1,268	1,423	1,387	1,450	1,612	1,793	2,032	2,410	2,806	3,263
- Royalties	179	221	218	298	524	742	1,303	2,114	4,880	4,622
- Other	2,213	2,409	2,199	2,188	2,394	2,419	2,986	3,391	4,735	7,082
2. Capital expenditure	5,906	5,259	4,231	3,956	4,080	4,295	4,891	6,008	7,206	8,785
a. Gross capital formation	5,644	4,762	3,668	3,435	3,513	3,822	4,458	4,779	5,878	6,869
b. Other	261	497	563	521	567	473	433	1,229	1,328	1,916
II. INTERESTS	3,670	4,077	4,060	3,953	4,191	4,381	4,794	5,413	5,525	5,128
1. Domestic debt	238	543	466	485	469	460	657	1,117	1,279	1,814
2. External debt	3,432	3,534	3,594	3,469	3,722	3,921	4,138	4,297	4,247	3,314
III. TOTAL (I+II)	31,506	33,437	32,640	33,194	35,642	38,547	43,263	48,673	55,023	60,073

1/ Preliminary data.

Source: MEF, Banco de la Nación, BCRP and SUNAT.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 62
CENTRAL GOVERNMENT EXPENDITURE
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. NON-FINANCIAL EXPENDITURE	16.0	15.8	15.1	14.6	14.7	14.4	14.7	14.2	14.7	14.7
1. Current expenditure	12.6	12.9	12.9	12.7	12.8	12.5	12.8	12.2	12.6	12.4
a. Wages and salaries	4.5	4.4	4.3	4.5	4.5	4.4	4.4	4.1	3.9	3.7
b. Goods and services	3.5	3.8	3.9	3.4	3.4	3.5	3.4	3.3	3.0	2.9
c. Transfers	4.6	4.7	4.6	4.8	4.9	4.7	5.0	4.7	5.7	5.7
- Pensions	1.9	1.8	1.8	1.8	1.7	1.6	1.5	1.3	1.2	1.1
- ONP-Fonahpu	0.6	0.7	0.8	1.0	1.0	1.0	1.0	0.8	0.8	0.6
- Municipal Compensation Fund	0.7	0.8	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.9
- Royalties	0.1	0.1	0.1	0.1	0.2	0.3	0.5	0.7	1.5	1.2
- Other	1.3	1.3	1.2	1.1	1.1	1.0	1.1	1.1	1.4	1.9
2. Capital expenditure	3.4	2.8	2.2	2.0	1.9	1.8	1.9	2.0	2.1	2.4
a. Gross capital formation	3.2	2.6	1.9	1.7	1.6	1.6	1.7	1.6	1.8	1.8
b. Other	0.1	0.3	0.3	0.3	0.3	0.2	0.2	0.4	0.4	0.5
II. INTERESTS	2.1	2.2	2.1	2.0	2.0	1.8	1.8	1.8	1.6	1.4
1. Domestic debt	0.1	0.3	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.5
2. External debt	2.0	1.9	1.9	1.7	1.7	1.6	1.6	1.4	1.3	0.9
III. TOTAL (I+II)	18.1	18.0	17.3	16.6	16.7	16.2	16.5	15.9	16.4	16.1

1/ Preliminary data.

Source: MEF, Banco de la Nación and BCRP.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 63
GROSS CAPITAL FORMATION - CENTRAL GOVERNMENT
(Percentage structure)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
ECONOMIC SECTORS	55	52	53	50	58	52	45	48	53	51
1. Agriculture	19	19	20	20	18	14	12	16	18	14
2. Transports and communications	28	24	27	28	34	32	27	28	28	29
3. Energy and mining	7	8	5	2	5	5	5	2	6	6
4. Industry, commerce, tourism and integration	0	0	0	0	1	1	1	1	1	1
5. Fishing	0	0	1	1	0	0	0	1	1	1
SOCIAL SECTORS	21	21	23	26	26	31	35	34	30	33
1. Education	11	10	11	11	13	13	17	16	12	14
2. Health	7	7	9	6	6	8	11	14	15	16
3. Labor and other sectors	3	3	3	8	7	10	7	4	3	3
GENERAL SECTORS 2/	13	15	9	9	8	11	12	10	11	14
MULTISECTOR PROGRAMS 3/	11	12	15	15	8	6	8	8	6	2
TOTAL	100	100	100	100	100	100	100	100	100	100

1/ Preliminary data.

2/ Includes Presidency of Cabinet, Ministry of Justice, Ministry of Foreign Affairs, MEF, Public Ministry, and JNE.

3/ Includes projects in different sectors.

Source: MEF.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 64
OPERATIONS OF REST OF THE CENTRAL GOVERNMENT 1/
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006 4/	2007 4/	2008 4/
I. CURRENT REVENUE	6,142	6,623	6,760	7,264	7,572	8,151	8,894	10,191	10,511	10,824
1. Contributions to EsSalud and ONP 2/	2,997	3,185	3,260	3,320	3,504	3,738	4,023	4,629	5,191	6,193
2. Other revenue	3,145	3,437	3,500	3,944	4,068	4,413	4,871	5,563	5,320	4,631
II. NON-FINANCIAL EXPENDITURE	5,762	6,336	6,461	7,138	7,356	7,801	8,884	9,511	9,628	10,489
1. Current expenditure	5,475	6,044	6,333	7,031	7,229	7,713	8,739	9,406	9,380	9,896
2. Capital expenditure	287	291	128	107	127	88	145	105	248	593
III. CAPITAL REVENUE	0	0	0	1	1	0	0	324	1	1
IV. PRIMARY BALANCE (I-II+III)	380	287	300	127	216	350	10	1,004	884	336
1. EsSalud	142	- 100	92	- 76	3	34	- 233	162	240	- 15
2. ONP	- 39	65	19	- 7	23	47	- 17	40	309	387
3. FCR	172	275	210	71	58	- 23	75	445	72	- 140
4. Fonahpu 3/	42	103	- 53	--	--	--	--	--	--	--
5. Other	63	- 55	31	138	132	292	185	357	263	104
V. INTERESTS	281	330	- 10	145	236	335	106	91	360	590
VI. OVERALL BALANCE	99	- 42	310	- 19	- 20	15	- 96	913	524	- 255
1. EsSalud	142	- 100	92	- 76	3	34	- 233	162	240	- 15
2. ONP	- 39	65	19	- 7	23	47	- 17	40	309	387
3. FCR	- 107	- 53	222	- 74	- 177	- 357	- 30	356	- 286	- 729
4. Fonahpu 3/	42	103	- 53	--	--	--	--	--	--	--
5. Other	62	- 57	30	137	131	291	184	356	261	102

1/ Includes EsSalud, ONP, public welfare agencies, FCR, Fonahpu, regulating institutions, and registry offices.

2/ The ONP receives the revenues from the national pension system (SNP).

3/ Law N° 27617 (01-01-02) includes total Fonahpu funds in the FCR.

4/ Preliminary data.

Source: MEF, SUNAT, EsSalud, public welfare agencies and regulating institutions.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 65
OPERATIONS OF REST OF THE CENTRAL GOVERNMENT 1/
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006 4/	2007 4/	2008 4/
I. CURRENT REVENUE	3.5	3.6	3.6	3.6	3.5	3.4	3.4	3.3	3.1	2.9
1. Contributions to EsSalud and ONP 2/	1.7	1.7	1.7	1.7	1.6	1.6	1.5	1.5	1.5	1.7
2. Other revenue	1.8	1.8	1.8	2.0	1.9	1.9	1.9	1.8	1.6	1.2
II. NON-FINANCIAL EXPENDITURE	3.3	3.4	3.4	3.6	3.4	3.3	3.4	3.1	2.9	2.8
1. Current expenditure	3.1	3.2	3.3	3.5	3.4	3.2	3.3	3.1	2.8	2.7
2. Capital expenditure	0.2	0.2	0.1	0.1	0.1	0.0	0.1	0.0	0.1	0.2
III. CAPITAL REVENUE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
IV. PRIMARY BALANCE (I-II+III)	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.3	0.3	0.1
1. EsSalud	0.1	-0.1	0.0	0.0	0.0	0.0	-0.1	0.1	0.1	0.0
2. ONP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
3. FCR	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0
4. Fonahpu 3/	0.0	0.1	0.0	--	--	--	--	--	--	--
5. Other	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0
V. INTERESTS	0.2	0.2	0.0	0.1	0.1	0.1	0.0	0.0	0.1	0.2
VI. OVERALL BALANCE	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.3	0.2	-0.1
1. EsSalud	0.1	-0.1	0.0	0.0	0.0	0.0	-0.1	0.1	0.1	0.0
2. ONP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
3. FCR	-0.1	0.0	0.1	0.0	-0.1	-0.1	0.0	0.1	-0.1	-0.2
4. Fonahpu 3/	0.0	0.1	0.0	--	--	--	--	--	--	--
5. Other	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0

1/ Includes EsSalud, ONP, public welfare agencies, FCR, Fonahpu, regulating institutions and registry offices.

2/ ONP receives the revenues from the national pension system (SNP).

3/ Law N° 27617 (01-01-02) includes total Fonahpu funds in the FCR.

4/ Preliminary data.

Source: MEF, SUNAT, EsSalud, public welfare agencies and regulating institutions.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 66
LOCAL GOVERNMENTS' OPERATIONS
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. CURRENT REVENUE	3,329	3,624	3,692	4,113	4,631	5,375	6,457	7,863	11,672	12,365
II. NON-FINANCIAL EXPENDITURE	3,515	3,729	3,792	4,059	4,465	5,123	5,810	7,978	8,796	13,745
1. Current expenditure	2,118	2,204	2,290	2,525	2,795	3,124	3,586	4,888	5,380	6,644
2. Capital expenditure	1,397	1,525	1,502	1,534	1,670	1,998	2,224	3,090	3,416	7,101
III. CAPITAL REVENUE	51	290	202	154	167	73	99	394	769	1,414
IV. PRIMARY BALANCE (I-II+III)	- 135	185	102	207	333	325	745	279	3,645	34
V. INTERESTS	76	92	110	92	84	84	70	89	50	31
VI. OVERALL BALANCE	- 211	92	- 8	116	249	241	675	190	3,595	3

1/ Preliminary data.

Source: Local governments, Contaduría Pública de la Nación.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 67
LOCAL GOVERNMENTS' OPERATIONS
 (Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006 1/	2007 1/	2008 1/
I. CURRENT REVENUE	1.9	1.9	2.0	2.1	2.2	2.3	2.5	2.6	3.5	3.3
II. NON-FINANCIAL EXPENDITURE	2.0	2.0	2.0	2.0	2.1	2.2	2.2	2.6	2.6	3.7
1. Current expenditure	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.6	1.6	1.8
2. Capital expenditure	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1.0	1.0	1.9
III. CAPITAL REVENUE	0.0	0.2	0.1	0.1	0.1	0.0	0.0	0.1	0.2	0.4
IV. PRIMARY BALANCE (I-II+III)	- 0.1	0.1	0.1	0.1	0.2	0.1	0.3	0.1	1.1	0.0
V. INTERESTS	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VI. OVERALL BALANCE	- 0.1	0.0	0.0	0.1	0.1	0.1	0.3	0.1	1.1	0.0

1/ Preliminary data.

Source: Local governments, Contaduría Pública de la Nación.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 68
OPERATIONS OF NON-FINANCIAL STATE ENTERPRISES
 (Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/	1/	1/
I. CURRENT REVENUE	10,700	12,914	11,610	11,072	11,818	14,097	16,116	16,408	16,476	20,808
1. Petroperú	5,370	7,724	6,797	6,532	6,964	8,837	10,315	10,320	9,725	13,231
2. Electroperú	1,265	1,214	1,221	1,083	1,363	1,323	1,659	1,701	1,406	1,498
3. Regional electricity companies	1,454	1,568	1,339	1,162	1,465	1,709	1,844	1,975	2,310	2,467
4. Sedapal	626	643	665	668	680	702	706	805	892	986
5. Centromin	546	258	202	96	39	93	27	33	24	0
6. Other	1,438	1,507	1,387	1,531	1,308	1,432	1,566	1,574	2,118	2,625
II. NON-FINANCIAL EXPENDITURE	9,047	12,588	10,498	10,582	11,116	13,226	14,836	14,966	15,502	19,748
1. Petroperú	5,344	7,823	6,343	6,514	7,038	8,648	10,096	10,074	9,994	13,858
2. Electroperú	675	782	858	941	1,149	1,332	1,331	1,379	1,498	1,202
3. Regional electricity companies	1,122	1,509	958	854	1,189	1,365	1,465	1,666	1,804	2,002
4. Sedapal	357	447	400	426	472	464	498	476	547	616
5. Centromin	365	507	203	114	55	84	39	30	27	0
6. Other	1,184	1,520	1,736	1,733	1,213	1,333	1,407	1,342	1,632	2,070
III. CAPITAL EXPENDITURE	1,711	1,312	785	819	964	797	848	829	1,252	1,465
1. Petroperú	29	32	40	37	68	17	32	70	78	99
2. Electroperú	533	453	150	174	168	91	150	134	138	116
3. Regional electricity companies	426	302	244	234	387	389	343	255	435	438
4. Sedapal	453	264	196	227	172	194	222	257	352	530
5. Centromin	28	42	8	2	0	0	0	19	0	0
6. Other	241	219	148	144	169	106	102	94	248	282
IV. CAPITAL REVENUE	108	73	75	91	162	255	126	244	558	344
V. PRIMARY BALANCE (I-II-III+IV)	51	- 913	402	- 237	- 100	329	557	858	279	- 61
1. Petroperú	- 3	- 131	413	- 19	- 143	172	187	176	- 348	- 726
2. Electroperú	56	- 21	214	- 31	45	- 100	178	188	- 230	180
3. Regional electricity companies	- 94	- 243	212	165	51	210	158	190	328	150
4. Sedapal	- 134	- 68	69	14	36	44	- 13	162	76	136
5. Centromin	153	- 291	- 9	- 21	- 16	9	- 12	- 16	- 3	0
6. Other	73	- 159	- 497	- 346	- 74	- 7	59	158	456	199
VI. INTERESTS	78	115	107	92	95	67	95	101	96	134
VII. OVERALL BALANCE 2/	- 27	-1 028	295	- 329	- 195	262	462	757	183	- 195
1. Petroperú	- 18	- 154	398	- 36	- 155	162	175	158	- 363	- 784
2. Electroperú	56	- 21	214	- 31	45	- 100	178	188	- 230	180
3. Regional electricity companies	- 96	- 268	182	143	30	190	138	166	300	119
4. Sedapal	- 157	- 109	27	- 27	- 12	19	- 66	111	30	97
5. Centromin	144	- 298	- 15	- 21	- 16	9	- 12	- 16	- 3	0
6. Other	44	- 179	- 510	- 358	- 87	- 18	49	151	451	193

1/ Preliminary data.

2/ The difference between revenue and payments in cash is reflected in the cash flow. "Profits" refers to the difference between revenue and expenses recorded as accruals and included in the Statement of Income.

Source: State-owned companies and FONAFE.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 69
OPERATIONS OF NON-FINANCIAL STATE ENTERPRISES
(Percentage of GDP)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
								1/ 1/	1/ 1/	1/ 1/
I. CURRENT REVENUE	6.1	6.9	6.1	5.5	5.5	5.9	6.2	5.4	4.9	5.6
1. Petroperú	3.1	4.1	3.6	3.3	3.3	3.7	3.9	3.4	2.9	3.5
2. Electroperú	0.7	0.7	0.6	0.5	0.6	0.6	0.6	0.6	0.4	0.4
3. Regional electricity companies	0.8	0.8	0.7	0.6	0.7	0.7	0.7	0.6	0.7	0.7
4. Sedapal	0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
5. Centromin	0.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Other	0.8	0.8	0.7	0.8	0.6	0.6	0.6	0.5	0.6	0.7
II. NON-FINANCIAL EXPENDITURE	5.2	6.8	5.5	5.3	5.2	5.6	5.7	4.9	4.6	5.3
1. Petroperú	3.1	4.2	3.4	3.3	3.3	3.6	3.9	3.3	3.0	3.7
2. Electroperú	0.4	0.4	0.5	0.5	0.5	0.6	0.5	0.5	0.4	0.3
3. Regional electricity companies	0.6	0.8	0.5	0.4	0.6	0.6	0.6	0.5	0.5	0.5
4. Sedapal	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
5. Centromin	0.2	0.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
6. Other	0.7	0.8	0.9	0.9	0.6	0.6	0.5	0.4	0.5	0.6
III. CAPITAL EXPENDITURE	1.0	0.7	0.4	0.4	0.5	0.3	0.3	0.3	0.4	0.4
1. Petroperú	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Electroperú	0.3	0.2	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0
3. Regional electricity companies	0.2	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1
4. Sedapal	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
5. Centromin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Other	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1
IV. CAPITAL REVENUE	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.2	0.1
V. PRIMARY BALANCE (I-II-III+IV)	0.0	-0.5	0.2	-0.1	0.0	0.1	0.2	0.3	0.1	0.0
1. Petroperú	0.0	-0.1	0.2	0.0	-0.1	0.1	0.1	0.1	-0.1	-0.2
2. Electroperú	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	-0.1	0.0
3. Regional electricity companies	-0.1	-0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.0
4. Sedapal	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
5. Centromin	0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Other	0.0	-0.1	-0.3	-0.2	0.0	0.0	0.0	0.1	0.1	0.1
VI. INTERESTS	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VII. OVERALL BALANCE 2/	0.0	-0.6	0.2	-0.2	-0.1	0.1	0.2	0.2	0.1	-0.1
1. Petroperú	0.0	-0.1	0.2	0.0	-0.1	0.1	0.1	0.1	-0.1	-0.2
2. Electroperú	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	-0.1	0.0
3. Regional electricity companies	-0.1	-0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.0
4. Sedapal	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Centromin	0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Other	0.0	-0.1	-0.3	-0.2	0.0	0.0	0.0	0.0	0.1	0.1

1/ Preliminary data.

2/ The difference between revenue and payments in cash is reflected in the cash flow. "Profits" refers to the difference between revenue and expenses recorded as accruals and included in the Statement of Income.

Source: State-owned companies and FONAFE.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 70
MONETARY ACCOUNTS OF FINANCIAL SYSTEM 1/
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006 3/	2007 3/	2008 3/
I. SHORT TERM NET EXTERNAL ASSETS	26,773	26,082	28,093	33,718	34,820	40,771	47,504	56,032	78,658	97,820
(Millions of US\$)	7,628	7,389	8,167	9,606	10,064	12,430	13,849	17,510	26,219	31,153
A. Assets	35,953	33,731	33,647	37,136	37,704	43,531	51,622	58,944	86,176	103,774
B. Liabilities	9,180	7,648	5,554	3,418	2,883	2,760	4,118	2,912	7,518	5,955
II. OTHER NET OPERATIONS ABROAD	- 2,328	1,118	3,195	4,996	10,623	11,419	16,332	23,226	19,674	10,539
(Millions of US\$) 2/	- 833	- 84	477	955	2,542	2,927	4,071	6,279	6,149	2,793
A. Credits	5,285	8,011	8,919	10,183	16,021	17,098	21,953	29,560	35,365	31,241
B. Liabilities	7,613	6,892	5,724	5,187	5,398	5,679	5,621	6,334	15,691	20,703
III. DOMESTIC CREDIT (A+B-C+D)	28,814	28,330	27,971	26,847	28,199	30,641	37,990	44,071	59,663	55,588
A. Public sector	- 13,128	- 11,541	- 8,363	- 9,637	- 8,772	- 10,121	- 8,908	- 10,746	- 17,920	- 26,894
1. Credits	6,526	6,132	8,829	9,324	10,160	10,053	12,755	13,288	18,967	18,289
- Central government	5,798	5,496	8,192	8,782	9,586	9,520	12,387	13,063	18,733	17,469
- Rest of the public sector	728	637	637	542	574	533	367	225	234	820
2. Deposits	19,654	17,674	17,192	18,960	18,933	20,174	21,662	24,034	36,887	45,182
- Central government	7,912	6,006	5,272	6,855	7,980	10,073	12,160	13,738	21,680	29,739
- Rest of the public sector	11,741	11,668	11,920	12,106	10,952	10,101	9,502	10,296	15,207	15,443
B. Private sector	59,911	59,465	57,440	60,054	61,358	64,271	74,945	86,575	111,217	126,759
Domestic currency	13,314	13,624	14,387	17,107	20,183	23,796	29,984	41,436	58,036	65,656
Foreign currency	46,597	45,842	43,053	42,947	41,174	40,476	44,961	45,138	53,181	61,103
(Millions of US\$)	13,276	12,986	12,515	12,236	11,900	12,340	13,108	14,106	17,727	19,460
C. Capital, reserves, provisions, and balances	25,671	29,873	33,591	36,051	34,450	34,391	37,864	42,523	47,150	55,168
D. Other assets and liabilities (net)	7,702	10,279	12,485	12,481	10,063	10,882	9,817	10,765	13,516	10,890
IV. MONETARY LIABILITIES										
WITH THE PRIVATE SECTOR (I+II+III)	53,258	55,531	59,259	65,562	73,642	82,831	101,825	123,329	157,995	163,946
A. Domestic currency	21,268	22,631	26,704	31,289	38,891	48,047	62,016	80,843	109,405	109,017
1. Money	7,311	7,087	7,509	8,197	9,312	12,420	15,489	18,918	24,753	28,852
Notes and coins held by the public	4,608	4,514	4,911	5,573	6,319	7,982	10,036	11,687	14,857	17,336
Demand deposits in domestic currency	2,703	2,573	2,598	2,624	2,993	4,438	5,453	7,231	9,895	11,516
2. Quasi money	13,957	15,543	19,195	23,092	29,579	35,627	46,527	61,925	84,652	80,165
Saving deposits	2,812	2,766	2,985	3,090	3,615	4,201	5,767	6,658	8,543	11,667
Term deposits	1,623	2,103	2,482	3,016	3,116	4,575	6,630	7,318	10,972	15,506
Pension funds	8,344	9,599	12,350	15,754	21,844	25,651	32,223	45,547	60,406	49,380
Other values	1,178	1,076	1,378	1,231	1,004	1,201	1,908	2,401	4,731	3,611
B. Quasi money in foreign currency	31,990	32,900	32,555	34,273	34,751	34,784	39,809	42,485	48,590	54,930
(Millions of US\$)	9,114	9,320	9,464	9,764	10,044	10,605	11,606	13,277	16,197	17,494
1. Deposits	29,045	30,663	28,532	29,113	28,241	28,400	33,160	34,973	38,946	48,061
2. Other	2,945	2,237	4,023	5,160	6,510	6,384	6,649	7,512	9,644	6,868

1/ Foreign currency is valued at the average bid and ask exchange rate at the end of period.

2/ Balances of operations in foreign currency.

3/ Preliminary data.

Source: Depository corporations.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 71
MONETARY ACCOUNTS OF THE DEPOSITORY CORPORATIONS 1/
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006 3/	2007 3/	2008 3/
I. SHORT TERM NET EXTERNAL ASSETS	27,270	26,663	28,562	33,898	35,072	40,903	47,582	56,057	79,041	97,892
(Millions of US\$)	7,769	7,553	8,303	9,658	10,136	12,470	13,872	17,518	26,347	31,176
A. Assets	35,569	33,399	33,331	36,900	37,540	43,367	51,381	58,645	85,849	103,320
B. Liabilities	8,299	6,736	4,769	3,001	2,468	2,464	3,799	2,588	6,808	5,428
II. OTHER NET OPERATIONS ABROAD	- 720	- 322	557	564	1 573	973	939	1 466	- 7,096	- 11,186
(Millions of US\$) 2/	- 180	- 82	174	174	441	292	285	399	- 1,390	- 2,549
A. Credits	3,364	4,458	4,793	4,273	5,401	5,024	4,928	6,020	6,443	7,034
B. Liabilities	4,084	4,780	4,235	3,709	3,829	4,050	3,989	4,554	13,539	18,220
III. DOMESTIC CREDIT (A+B-C+D)	16,203	17,510	13,473	9,850	8,410	8,615	13,576	11,408	12,122	18,505
A. Public sector	- 13,299	- 11,646	- 9,257	- 10,590	- 10,710	- 13,176	- 14,448	- 18,537	- 31,400	- 39,227
1. Credits	6,132	5,756	7,541	7,840	7,488	6,594	6,837	5,155	5,125	5,505
- Central government	5,506	5,213	6,929	7,326	6,914	6,061	6,470	4,930	4,890	4,685
- Rest of the public sector	626	543	611	514	574	533	367	225	235	820
2. Deposits	19,432	17,402	16,798	18,430	18,198	19,770	21,285	23,692	36,526	44,731
- Central government	7,873	5,986	5,110	6,617	7,709	9,921	11,980	13,648	21,569	29,652
- Rest of the public sector	11,559	11,416	11,688	11,813	10,489	9,849	9,305	10,045	14,957	15,079
B. Private sector	50,590	49,321	47,552	48,184	47,174	47,466	55,599	60,076	76,924	102,056
Domestic currency	9,255	9,637	10,075	11,174	12,362	13,800	18,570	24,186	33,348	48,832
Foreign currency	41,335	39,684	37,476	37,010	34,812	33,666	37,030	35,890	43,576	53,223
(Millions of US\$)	11,776	11,242	10,894	10,544	10,061	10,264	10,796	11,216	14,525	16,950
C. Capital, reserves, provisions and balances	19,902	21,930	24,608	26,569	24,531	24,445	25,559	26,614	30,271	36,489
D. Other assets and liabilities (net)	- 1,186	1,765	- 214	- 1,175	- 3,523	- 1,230	- 2,016	- 3,516	- 3,130	- 7,835
IV. MONETARY LIABILITIES										
WITH THE PRIVATE SECTOR (I+II+III)	42,753	43,851	42,592	44,312	45,054	50,492	62,097	68,931	84,067	105,211
A. Domestic currency	12,564	12,720	13,664	14,944	16,256	21,540	28,467	33,573	44,862	56,742
1. Money	7,311	7,087	7,509	8,197	9,312	12,420	15,489	18,918	24,753	28,852
Notes and coins held by the public	4,608	4,514	4,911	5,573	6,319	7,982	10,036	11,687	14,857	17,336
Demand deposits in domestic currency	2,703	2,573	2,598	2,624	2,993	4,438	5,453	7,231	9,895	11,516
2. Quasi money	5,253	5,633	6,155	6,747	6,945	9,120	12,978	14,655	20,109	27,890
Saving deposits	2,812	2,766	2,985	3,090	3,615	4,201	5,767	6,658	8,543	11,667
Term deposits	1,623	2,103	2,482	3,016	3,116	4,575	6,630	7,318	10,972	15,506
Other values	818	764	688	641	213	344	581	678	594	717
B. Quasi money in foreign currency	30,189	31,131	28,928	29,368	28,798	28,952	33,630	35,358	39,205	48,468
(Millions of US\$)	8,601	8,819	8,409	8,367	8,323	8,827	9,805	11,049	13,068	15,436

1/ Foreign currency is valued at the average bid and ask exchange rate at the end of period.

2/ Balances of operations in foreign currency.

3/ Preliminary data.

Source: Depository corporations.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 72
BROAD MONEY AND CREDIT TO THE PRIVATE SECTOR 1/
 (Percentage of GDP)

	Currency	Money	Quasi money	Broad money in domestic currency	Broad money in foreign currency	Broad money	Credit to the private sector in domestic currency	Credit to the private sector in foreign currency	Credit to the private sector
1999	2.1	3.5	3.0	6.5	17.0	23.5	5.6	22.8	28.4
2000	2.1	3.5	2.8	6.3	16.6	22.9	5.0	21.5	26.5
2001	2.2	3.4	3.0	6.4	16.4	22.8	5.1	20.4	25.5
2002	2.4	3.7	3.3	6.9	14.6	21.5	5.2	18.9	24.1
2003	2.4	3.8	3.2	7.0	13.8	20.7	5.5	16.6	22.1
2004	2.7	4.2	3.2	7.5	12.3	19.8	5.4	14.5	19.8
2005	3.1	5.0	4.1	9.1	11.5	20.6	5.8	13.4	19.2
2006	3.2	5.1	4.3	9.3	11.3	20.6	6.9	11.9	18.8
2007	3.5	5.9	5.1	11.0	11.0	22.0	8.4	11.5	19.9
2008	4.1	7.0	7.2	14.2	10.8	24.9	10.8	12.3	23.1

1/ Average values in the period.

Source: Depository corporations.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 73
BROAD MONEY AND CREDIT TO THE PRIVATE SECTOR 1/
 (Percentage change)

	Currency	Money	Quasi money	Broad money in domestic currency	Broad money in foreign currency	Broad money	Credit to the private sector in domestic currency	Credit to the private sector in foreign currency	Credit to the private sector
1999	5.3	1.9	- 1.9	0.1	19.3	13.4	7.3	15.2	13.5
2000	8.8	5.5	2.5	4.1	4.2	4.2	- 5.3	0.9	- 0.3
2001	3.7	0.7	7.4	3.7	0.2	1.2	3.5	- 3.5	- 2.1
2002	17.1	12.6	14.7	13.6	- 6.0	- 0.4	7.7	- 2.6	- 0.6
2003	9.6	10.4	4.9	7.8	0.7	3.0	13.3	- 6.2	- 2.0
2004	21.4	24.8	12.5	19.2	- 0.5	6.1	8.7	- 2.5	0.3
2005	28.5	29.5	41.3	34.6	2.6	14.7	20.0	1.5	6.5
2006	17.3	17.3	18.6	17.9	14.1	15.8	37.2	2.5	13.0
2007	24.6	29.7	33.6	31.5	8.0	18.6	34.8	7.4	17.5
2008	28.4	30.7	55.8	42.4	8.5	25.5	41.8	19.3	28.8

1/ Average values in the period.

Source: Depository corporations.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 74
MONETARY ACCOUNTS OF THE CENTRAL RESERVE BANK OF PERU 1/
 (Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
I. NET INTERNATIONAL RESERVES	29,497	28,875	29,630	33,689	35,272	41,430	48,353	55,279	83,066	97,955
(Millions of US\$)	8,404	8,180	8,613	9,598	10,194	12,631	14,097	17,275	27,689	31,196
A. Assets	31,600	30,227	30,403	34,014	35,313	41,488	48,430	55,453	83,161	98,070
B. Liabilities	2,103	1,351	773	324	40	59	77	174	94	115
II. OTHER NET LIABILITIES ABROAD	9	36	41	42	39	35	34	29	- 2,583	- 2,111
(Millions of US\$) 2/	10	13	12	12	12	11	10	9	28	28
A. Credits	2,444	2,974	2,941	2,822	3,098	3,263	3,187	3,138	3,171	3,172
B. Liabilities	2,435	2,937	2,900	2,780	3,058	3,228	3,153	3,109	5,754	5,283
III. DOMESTIC CREDIT (A+B+C-D+E)	- 12,965	- 12,105	- 11,496	- 14,128	- 14,334	- 14,574	- 13,701	- 22,561	- 31,663	- 37,840
A. Public sector	- 10,158	- 9,441	- 8,557	- 10,112	- 9,665	- 10,475	- 9,712	- 12,988	- 17,558	- 24,586
1. Credits	538	425	396	350	237	39	0	0	0	0
- Central government 3/	538	425	396	350	237	39	0	0	0	0
- Other public sector 4/	0	0	0	0	0	0	0	0	0	0
2. Deposits	10,696	9,866	8,953	10,462	9,903	10,514	9,712	12,988	17,558	24,586
- Central government	4,057	2,248	1,447	2,430	3,188	4,835	5,295	9,004	14,317	22,073
- Other public sector 4/	6,639	7,617	7,506	8,032	6,715	5,678	4,417	3,984	3,241	2,513
B. Private sector	0	0	0	0	0	0	0	0	0	0
C. Banking system 5/	72	- 505	- 749	- 851	- 1,414	- 1,941	- 1,127	- 6,642	- 11,264	- 5,316
- Banco de la Nación	- 191	- 602	- 749	- 1,021	- 1,414	- 1,941	- 3,977	- 6,642	- 11,264	- 10,728
- Development banks	0	0	0	0	0	0	0	0	0	0
- Banks	263	97	0	170	0	0	2,850	0	0	5,412
D. Capital, reserves, provisions and balances	431	435	567	709	802	592	598	1,317	2,429	3,697
E. Other assets and liabilities (net)	- 2,449	- 1,725	- 1,623	- 2,455	- 2,453	- 1,566	- 2,263	- 1,614	- 412	- 4,240
IV. MONETARY LIABILITIES WITH THE PRIVATE SECTOR (I+II+III)	16,540	16,807	18,175	19,604	20,978	26,890	34,686	32,747	48,821	58,004
A. Domestic currency	6,216	6,979	7,930	8,758	11,503	17,478	20,511	21,902	35,436	38,140
1. Monetary base	5,876	5,642	6,087	6,759	7,441	9,327	11,724	13,864	17,779	22,311
1.1. Issued notes and coins	5,815	5,575	5,993	6,620	7,309	9,047	11,448	13,651	16,999	20,458
- In vault	1,206	1,061	1,082	1,047	,990	1,065	1,412	1,964	2,142	3,122
- In circulation	4,608	4,514	4,911	5,573	6,319	7,982	10,036	11,687	14,857	17,336
1.2. Deposits	61	67	94	139	132	280	276	212	780	1,853
- Banks	54	54	77	96	60	208	76	89	199	944
- Banco de la Nación 6/	0	0	0	0	0	0	0	0	410	720
- Other financial entities	7	13	17	43	73	72	199	124	171	188
2. Securities issued 7/	340	1,336	1,842	1,999	4,062	8,152	8,788	8,039	17,656	15,830
B. Foreign currency	10,324	9,828	10,245	10,846	9,475	9,412	14,174	10,845	13,385	19,864
(Millions of US\$)	2,941	2,784	2,978	3,090	2,738	2,869	4,132	3,389	4,462	6,326
1. Deposits	10,324	9,828	10,245	10,846	9,474	9,411	14,174	10,844	13,384	19,863
1.1. Banks	10,248	9,749	10,131	10,698	9,296	9,219	13,979	10,599	13,189	19,772
1.2. Other financial entities	75	78	114	148	179	192	195	246	195	91
2. Certificates	0	0	0	0	0	0	1	1	1	1

1/ Foreign currency is valued at the average bid and ask exchange rate at the end of period.

2/ Includes only operations in foreign currency.

3/ The 1994 monetary accounts of the BCRP included holdings of "BCRP Capitalization Bonds" (S/. 614 million) issued by the Public Treasury (D.S. No. 066-94-EF and R.M. No. 143-94-EF/75) The Public Treasury has repurchased these bonds with its corresponding BCRP net profits (article 92 of the Organic Law of BCRP).

4/ Includes COFIDE.

5/ Since January 31, 1994, the balances of credits to Banco de la Nación and Development Banks in process of dissolution are net of their deposits in the BCRP.

6/ Since December 31, 2007, monetary base includes deposits in domestic currency in the current account of Banco de la Nación.

7/ Includes BCRP securities purchased by banks and the private sector. The value of Indexed Certificates of Deposits is indexed to the exchange rate. Financial entities' sterilization deposits in domestic currency (overnight deposits and auctions of term deposits) are also considered.

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 75
FLOWS OF NET INTERNATIONAL RESERVES
(Millions of US\$)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
I. FOREIGN EXCHANGE OPERATIONS	253	63	135	128	998	1,854	767	2,861	7,070	488
1. Over the Counter operations	196	3	145	- 32	1,050	2,340	2,699	3,944	10,306	2,754
a. Purchases	316	3	203	95	1,050	2,340	3,130	4,299	10,306	8,733
b. Sales	- 120	0	- 58	- 127	0	0	- 431	- 355	0	- 5,979
2. Operations with the public sector	46	54	- 9	157	- 51	- 487	- 1,935	- 1,084	- 3,275	- 2,316
3. Other operations (net)	11	6	- 1	3	- 1	2	3	1	39	50
II. FINANCIAL ENTITIES'	- 99	- 12	245	185	- 488	23	1,251	- 684	1,154	1,946
III. PUBLIC SECTOR DEPOSITS	- 1,034	- 269	- 158	364	- 139	359	- 587	245	630	- 134
IV. NET INTERESTS	132	135	216	195	174	188	261	329	773	1,049
V. OTHER	- 32	- 141	- 5	113	52	13	- 226	427	787	158
VI. TOTAL	- 780	- 224	433	985	596	2,437	1,466	3,178	10,414	3,507

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 76
OPERATIONS OF THE CENTRAL RESERVE BANK OF PERU
 (Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
I. NET INTERNATIONAL POSITION	1,295	297	996	1,482	4,315	6,917	2,518	11,696	26,464	4,114
(Millions of US\$)	387	86	291	426	1,242	2,056	811	3,636	8,536	1,743
1. Foreign exchange operations	253	64	135	128	998	1,854	767	2,861	7,070	488
A. Over the counter operations	196	3	145	- 32	1,050	2,340	2,699	3,944	10,306	2,754
B. Public sector	46	54	- 9	157	- 51	- 487	- 1,935	- 1,084	- 3,275	- 2,316
C. Other	11	7	- 1	3	- 1	2	3	1	39	50
2. Other operations	135	22	156	298	244	202	44	775	1,466	1,256
II. NET INTERNAL ASSETS	- 623	- 391	- 598	- 820	- 3,570	- 5,254	- 464	- 10,044	- 23,294	- 1,636
1. Deposits of the public sector	- 153	59	125	- 81	- 921	- 721	- 2,821	- 5,434	- 6,751	- 6,644
2. Repos	0	0	0	170	- 170	0	2,850	- 2,850	0	5,412
3. BCRP Certificates of Deposit (CDBCRP)	- 119	- 961	- 480	205	- 2,462	- 4,158	578	- 389	- 13,393	13,737
4. BCRP Indexed Certificates of Deposit (CDR)	0	0	0	- 319	319	0	- 1,202	1,202	0	- 4,425
5. BCRP Certificates of Deposit with restricted negotiation	0	0	0	0	0	0	0	0	0	- 6,483
6. Overnight Deposits	0	- 32	- 7	- 26	65	- 52	- 8	- 188	227	- 3
7. Reserve requirement in domestic currency	- 181	139	- 48	- 10	63	- 223	- 343	- 488	- 746	- 2,053
8. Other	- 170	404	- 188	- 759	- 464	- 101	481	- 1,897	- 2,631	- 1,177
III. CURRENCY	672	- 94	397	662	745	1,663	2,054	1,652	3,170	2,478
Memo: end of period balance										
- CDBCRP	399	1,360	1,840	1,635	4,097	8,255	7,676	8,066	21,458	7,721
- CDR BCRP	0	0	0	309	0	0	1,201	0	0	4,465
- CDBCRP-NR	0	0	0	0	0	0	0	0	0	6,483
- Public sector deposits	378	319	194	275	1,196	1,918	4,738	10,172	16,924	23,568

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 77
MONETARY ACCOUNTS OF THE BANKING SYSTEM 1/
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006 4/	2007 4/	2008 4/
I. NET EXTERNAL ASSETS	- 2,756	- 2,481	- 1,422	56	- 348	- 611	- 992	396	- 4,247	- 161
(Millions of US\$)	- 785	- 703	- 413	16	- 101	- 186	- 289	124	- 1,416	- 51
A. Assets	3,435	2,901	2,573	2,733	2,080	1,794	2,730	2,810	2,467	5,152
B. Liabilities	6,191	5,382	3,995	2,677	2,428	2,405	3,722	2,414	6,714	5,313
II. OTHER NET OPERATIONS ABROAD	- 686	- 348	522	481	1,458	890	766	1,410	- 4,790	- 8,800
(Millions of US\$) 2/	- 180	- 94	157	147	405	264	233	372	- 1,537	- 2,561
A. Credits	799	1,359	1,725	1,325	2,192	1,668	1,511	2,674	2,732	3,487
B. Liabilities	1,485	1,707	1,204	844	734	778	745	1,264	7,522	12,287
III. DOMESTIC CREDIT (A+B+C-D+E)	44,145	44,207	43,468	44,092	42,396	43,632	53,021	55,153	77,197	98,145
A. Public sector	-8,803	- 7,031	-5,425	-4,588	-4,123	-4,987	-5,032	- 5,855	- 9,052	- 11,636
1. Credits	491	501	1,836	2,379	2,213	1,977	2,453	2,381	2,055	2,145
- Central government	116	25	1,479	1,979	1,980	1,645	2,096	2,104	1,744	1,756
- Rest of the public sector 3/	375	476	357	399	233	332	357	277	311	389
2. Deposits	9,295	7,532	7,261	6,967	6,336	6,964	7,486	8,236	11,107	13,780
- Central government	2,252	2,313	2,125	2,109	2,199	2,485	2,941	,887	1,625	1,785
- Rest of the public sector 3/	7,043	5,219	5,137	4,857	4,137	4,479	4,545	7,349	9,482	11,996
B. Private sector	48,564	47,072	44,855	44,668	42,535	41,850	48,694	51,809	67,543	90,599
1. Domestic currency	8,571	8,652	8,727	9,152	9,536	10,155	13,871	18,231	25,816	39,252
2. Foreign currency	39,993	38,420	36,128	35,515	32,999	31,695	34,822	33,578	41,727	51,347
(Millions of US\$)	11,394	10,884	10,502	10,118	9,537	9,663	10,152	10,493	13,909	16,353
C. Interbank operations (net)	11,035	11,225	12,431	13,010	12,913	15,342	19,124	18,720	29,483	31,896
1. BCRP	11,122	11,363	12,181	12,895	12,938	15,347	19,113	18,808	29,527	31,949
- Cash	863	719	727	738	717	766	1,040	1,531	1,609	2,372
- Deposits	10,522	10,742	11,455	12,326	12,221	14,581	20,923	17,277	27,919	34,989
- Liabilities	263	97	0	170	0	0	2,850	0	0	5,412
2. Banco de la Nación	- 87	- 138	250	205	7	12	13	20	22	- 7
- Credits and deposits	61	45	256	217	14	15	18	23	26	19
- Liabilities	148	183	7	13	7	3	5	3	4	26
3. Development banks	0	0	0	- 90	- 32	- 17	- 1	- 108	- 66	- 47
- Credits and deposits	0	0	0	0	0	0	0	0	15	6
- Liabilities	0	0	0	90	32	17	1	108	81	52
D. Capital, reserves, provisions and balances	14,815	16,238	18,149	19,763	17,679	17,622	18,153	18,388	20,113	24,114
E. Other assets and liabilities (net)	8,164	9,179	9,755	10,765	8,750	9,049	8,389	8,867	9,335	11,400
IV. MONETARY LIABILITIES										
WITH THE PRIVATE SECTOR (I+II+III)	40,702	41,379	42,568	44,629	43,506	43,912	52,796	56,959	68,160	89,185
A. Broad money in domestic currency	8,745	8,789	10,055	11,066	11,275	12,964	16,364	20,097	27,095	36,643
1. Demand deposits	2,541	2,476	2,568	2,551	2,843	3,912	4,843	6,444	8,924	10,140
2. Saving demand deposits	2,503	2,382	2,481	2,475	2,788	3,121	4,170	4,748	6,177	8,749
3. Term deposits	2,732	3,061	4,223	5,087	5,187	5,463	6,838	8,053	10,272	15,556
4. Negotiable Securities	969	871	783	953	457	468	513	853	1,722	2,197
B. Broad money in foreign currency	31,957	32,589	32,513	33,563	32,231	30,948	36,432	36,862	41,065	52,542
(Millions of US\$)	9,104	9,232	9,451	9,562	9,315	9,435	10,621	11,519	13,688	16,733

1/ Foreign currency is valued at the average bid and ask exchange rate at the end of period.

2/ Includes only operations in foreign currency.

3/ Includes COFIDE.

4/ Preliminary data.

Source: Commercial banks.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 78
MONETARY ACCOUNTS OF THE BANCO DE LA NACIÓN 1/
 (Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006 3/	2007 3/	2008 3/
I. NET EXTERNAL ASSETS	530	268	354	153	147	84	221	381	222	98
(Millions of US\$)	151	76	103	44	43	26	64	119	74	31
A. Assets	534	271	355	153	147	84	221	381	222	98
B. Liabilities	4	3	1	0	0	0	0	0	0	0
II. OTHER NET OPERATIONS ABROAD	98	96	92	69	47	44	170	110	465	257
(Millions of US\$)	28	27	27	20	13	13	50	34	155	82
A. Credits	98	96	92	69	47	44	170	110	465	257
B. Liabilities	0	0	0	0	0	0	0	0	0	0
III. DOMESTIC CREDIT (A+B+C-D+E)	87	496	620	1,048	1,198	1,729	1,954	2,469	2,900	3,964
A. Public sector	2,523	2,644	2,952	2,740	2,133	1,405	-360	-2,587	-7,967	-6,279
1. Credits	5,228	5,160	5,403	5,226	5,052	4,655	4,557	2,865	3,261	3,807
- Central government	4,838	4,753	5,027	4,928	4,651	4,342	4,326	2,781	3,104	2,890
- Rest of the public sector 2/	390	407	376	298	401	312	231	84	157	917
2. Deposits	2,705	2,516	2,451	2,487	2,919	3,250	4,916	5,451	11,228	10,086
- Central government	1,560	1,417	1,478	1,955	2,151	2,388	3,499	3,730	5,572	5,794
- Rest of the public sector 2/	1,145	1,099	973	531	768	862	1,417	1,722	5,656	4,292
B. Private sector	172	175	347	562	588	1,124	1,353	1,378	2,291	2,110
C. Interbank operations (net)	598	1,059	821	1,083	1,626	2,173	4,256	6,946	12,057	12,034
1. BCRP	511	921	1,071	1,288	1,635	2,186	4,270	6,966	12,080	12,026
- Cash	321	319	322	267	221	245	292	324	406	578
- Deposits	191	602	749	1,021	1,414	1,941	3,977	6,642	11,674	11,448
- Liabilities	0	0	0	0	0	0	0	0	0	0
2. Development banks	0	0	0	0	-2	-1	-1	0	0	1
- Credits and deposits	0	0	0	0	0	0	0	0	0	1
- Liabilities	0	0	0	0	2	1	1	0	0	0
3. Banks	87	138	-250	-205	-7	-12	-13	-20	-22	7
- Credits and deposits	148	183	7	13	7	3	5	3	4	26
- Liabilities	61	45	256	217	14	15	18	23	26	19
D. Capital, reserves, provisions and balances	3,578	3,817	4,032	3,938	3,861	3,800	3,917	3,866	4,565	4,979
E. Other assets and liabilities (net)	372	434	532	602	711	828	621	598	1,084	1,078
IV. MONETARY LIABILITIES										
WITH THE PRIVATE SECTOR (I+II+III)	715	860	1,066	1,270	1,392	1,857	2,345	2,960	3,587	4,318
A. Broad money in domestic currency	546	660	740	900	1,080	1,549	2,017	2,666	3,244	3,950
1. Demand deposits	256	283	265	330	410	672	799	1,168	1,443	1,904
2. Saving demand deposits	276	361	452	540	644	855	1,193	1,466	1,765	2,003
3. Term deposits	14	16	23	30	26	23	25	31	37	43
B. Broad money in foreign currency	169	200	326	370	312	308	327	295	344	368
(Millions of US\$)	48	57	95	105	90	94	95	92	115	117

1/ Foreign currency is valued at the average bid and ask exchange rate at the end of period.

2/ Includes COFIDE

3/ Preliminary data.

Source: Banco de la Nación.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 79
NOMINAL AND REAL INTEREST RATES IN DOMESTIC AND FOREIGN CURRENCY
 (Annual effective rate at year-end)

	DOMESTIC CURRENCY										FOREIGN CURRENCY									
	Lending average (TAMN)		Up to 360 days		Deposits average (TIPMN)		Savings		Interbank		Lending average (TAMEX)		Up to 360 days		Deposits average (TIPMEX)		Savings		Interbank	
	Nominal	Real 1/	Nominal	Real 1/	Nominal	Real 1/	Nominal	Real 1/	Nominal	Real 1/	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 2/
1999	32.0	27.3	27.6	23.0	10.6	6.6	8.1	4.2	16.9	12.7	14.8	22.9	13.7	21.8	4.9	12.3	3.8	11.1	6.6	14.2
2000	26.5	22.0	26.5	21.9	9.4	5.4	7.5	3.7	11.4	7.4	12.6	9.6	11.9	8.9	4.6	1.9	3.3	0.6	8.4	5.6
2001	23.0	23.1	17.2	17.3	5.1	5.2	3.0	3.1	3.1	3.3	10.2	7.7	8.7	6.2	2.2	-0.1	1.2	-1.1	2.1	-0.2
2002	20.7	18.9	14.8	13.1	3.6	2.1	1.7	0.2	3.8	2.3	10.2	11.0	8.1	8.9	1.3	2.1	0.7	1.5	2.2	3.0
2003	22.3	19.3	14.0	11.2	2.5	0.1	1.3	-1.2	2.5	0.0	9.3	5.4	7.2	3.4	1.0	-2.7	0.6	-3.0	1.1	-2.6
2004	25.4	21.1	14.7	10.8	2.5	-1.0	1.3	-2.2	3.0	-0.5	9.2	-0.3	7.7	-1.6	1.2	-7.5	0.6	-8.1	2.2	-6.6
2005	23.6	21.8	13.9	12.3	2.6	1.1	1.2	-0.3	3.3	1.8	10.4	13.5	9.4	12.5	1.8	4.7	0.6	3.4	4.2	7.1
2006	23.1	21.7	13.8	12.5	3.2	2.0	1.4	0.3	4.5	3.3	10.8	2.5	10.1	1.8	2.2	-5.5	0.7	-6.8	5.4	-2.5
2007	22.3	17.7	13.2	9.0	3.3	-0.6	1.5	-2.4	5.0	1.0	10.5	-1.2	9.7	-1.8	2.5	-8.3	0.8	-9.8	5.9	-5.2
2008	23.0	15.3	15.2	8.1	3.8	-2.6	1.4	-4.9	6.5	-0.1	10.5	8.3	9.9	7.6	1.9	-0.2	0.8	-1.2	1.0	-1.1

1/ Nominal interest rate minus last twelve month inflation.

2/ Nominal interest rate adjusted to last 12-month exchange rate variations minus last 12-month inflation.

Source: SBS and BCRP.

Elaborated by the Department of Economic Studies, BCRP.





APPENDIX 80
COMMERCIAL BANKS: FINANCIAL SOUNDNESS' INDICATORS
(In percentage)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. OPERATIONAL EFFICIENCY										
Global Leverage (Number of times)	8.41	7.79	7.84	7.98	7.53	7.15	8.35	8.01	8.54	8.44
2. PORTFOLIO QUALITY										
Non-performing loans / Direct loans	8.33	9.69	9.01	7.58	5.80	3.71	2.14	1.63	1.26	1.27
Non-performing loans in domestic currency / Direct loans	6.37	7.39	5.21	5.17	3.99	3.01	2.09	1.88	1.56	1.68
Non-performing loans in foreign currency / Direct loans	8.73	10.34	9.93	8.19	6.32	3.93	2.15	1.49	1.07	0.97
Refinanced and restructured loans / Direct loans	5.19	6.12	7.99	6.97	6.37	5.83	4.13	2.45	1.41	0.90
Provisions / Non performing loans	99.45	107.44	118.93	133.16	141.10	176.46	235.26	251.40	278.39	258.74
3. LIQUIDITY 1/										
Liquidity ratio in domestic currency	15.25	22.57	22.55	23.47	32.85	44.76	38.58	43.08	57.28	26.25
Liquidity ratio in foreign currency	38.23	40.62	45.96	49.26	43.63	43.92	49.23	44.99	36.95	52.96
4. PROFITABILITY										
Net profit / Average equity (ROE)	3.86	2.93	4.46	8.43	10.85	11.26	22.16	23.86	27.86	31.06
Net profit / Average asset (ROA)	0.37	0.30	0.43	0.83	1.11	1.18	2.18	2.18	2.49	2.56

1/ Monthly averages of liquid assets divided by banks' short term liabilities in domestic currency and foreign currency. The numbers from 1999 to 2000 were calculated from banks' informations.
Source: Banks, Superintendencia de Banca, Seguros y AFP.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 81
PRIMARY BOND MARKET
(Millions of nuevos soles)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
I. PRIVATE SECTOR BONDS 1/										
BALANCE BY TYPE	6,582	8,058	8,173	8,302	9,931	11,538	12,898	14,193	16,300	18,234
Leasing bonds	2,673	2,917	2,761	2,302	1,708	1,412	1,401	1,067	1,105	1,554
Subordinate bonds	969	995	953	882	1,034	976	1,010	965	1,024	1,254
Mortgage-backed bonds	0	0	86	105	104	180	240	212	220	195
Securitization bonds	101	575	859	865	1,029	1,449	2,215	2,158	2,226	2,290
Corporate bonds	2,839	3,571	3,514	4,148	6,055	7,521	8,032	9,792	11,726	12,941
BALANCE BY MATURITY TERM	6,582	8,058	8,173	8,302	9,931	11,538	12,898	14,193	16,300	18,234
Up to 3 years	1,675	1,586	1,517	1,637	2,058	2,185	2,046	2,008	2,266	2,542
More than 3 years, up to 5 years	3,849	4,001	3,371	2,896	2,698	3,015	3,689	3,911	4,350	4,452
More than 5 years	1,058	2,470	3,285	3,770	5,175	6,339	7,163	8,274	9,685	11,240
PERCENTAGE BY CURRENCY	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Fixed-income bonds in nuevos soles	0.9	0.9	4.7	7.1	11.0	12.3	15.8	25.4	34.6	39.1
Variable-income bonds in nuevos soles	20.9	20.7	19.2	19.1	19.7	18.6	15.2	10.1	9.7	10.4
US dollars	78.2	78.4	76.1	73.8	69.3	69.1	69.0	64.5	55.7	50.5
NUMBER OF ISSUERS 2/	26	25	25	25	29	36	40	44	47	47
II. TREASURY BONDS 3/										
1. BALANCE OF FIXED-INCOME BONDS	0	0	1,200	1,884	2,461	2,685	8,096	9,728	16,668	17,384
Up to 3 years	0	0	1,200	1,884	2,018	1,350	1,543	1,133	1,064	1,968
More than 3 years, up to 5 years	0	0	0	0	443	634	1,067	1,563	1,424	9
More than 5 years, up to 10 years	0	0	0	0	0	700	1,830	1,626	4,070	4,070
More than 10 years	0	0	0	0	0	0	3,655	5,405	10,110	11,337
2. BALANCE OF VARIABLE-INCOME BONDS	0	0	0	49	199	1,066	1,982	2,034	2,124	2,124
Up to 10 years	0	0	0	49	199	600	600	267	267	267
More than 10 years, up to 20 years	0	0	0	0	0	466	1,025	811	811	811
More than 20 years, up to 30 years	0	0	0	0	0	0	357	911	911	911
More than 30 years	0	0	0	0	0	0	0	45	135	135
TOTAL: (1)+(2)	0	0	1,200	1,933	2,660	3,751	10,077	11,762	18,792	19,508
Memo:										
Sovereign bonds (Percentage of GDP)	0.0	0.0	0.6	1.0	1.2	1.6	3.9	3.9	5.6	5.2

1/ Includes only bonds negotiated through bids.

2/ Includes only corporate and securitisation bonds issued by non-financial entities.

3/ Sovereign bonds are classified according to their residual maturity term.

Source: Issuer companies, CONASEV, and MEF.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 82
PRIVATE PENSION SYSTEM

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
I. FUND VALUE										
Millions of nuevos soles	8,344	9,599	12,350	15,754	21,844	25,651	32,223	45,547	60,406	49,380
Annual percentage growth	54.6	15.0	28.7	27.6	38.7	17.4	25.6	41.4	32.6	- 18.3
Percentage of GDP	4.8	5.2	6.5	7.9	10.2	10.8	12.3	15.1	18.0	13.2
II. NUMBER OF MEMBERS										
In thousands	2,222	2,472	2,732	2,994	3,193	3,397	3,637	3,882	4,101	4,296
Annual percentage growth	12.2	11.2	10.5	9.6	6.6	6.4	7.1	6.7	5.6	4.8
III. ANNUAL YIELD 1/										
Real	18.7	-6.7	11.1	11.2	21.2	5.6	18.4	26.8	20.2	- 26.7
IV. PORTFOLIO COMPOSITION										
In percentage										
Government securities	7.1	9.0	13.8	12.9	19.5	24.2	20.3	19.1	21.9	25.2
Central government	1.1	1.0	6.3	8.6	12.9	11.9	14.6	17.0	20.6	24.3
Central Bank securities	1.0	2.7	3.2	2.7	4.2	10.4	4.7	1.3	1.3	0.9
Brady bonds	4.9	5.3	4.3	1.6	2.4	1.9	1.0	0.8	0.0	0.0
Financial institutions	43.1	36.7	39.4	34.7	23.2	13.4	14.0	11.7	8.1	17.4
Deposits in domestic currency	13.5	11.3	14.8	14.7	11.5	5.9	4.5	4.9	2.1	4.3
Deposits in foreign currency 2/	8.2	3.6	7.5	10.8	5.3	1.9	3.0	0.6	0.3	3.7
Shares	3.2	2.0	1.7	0.6	0.4	0.6	0.8	0.8	1.6	1.6
Bonds	16.8	18.8	14.4	7.7	4.8	3.6	2.9	2.4	2.4	4.2
Other instruments 3/	1.5	1.0	1.1	0.9	1.1	1.4	2.8	3.0	1.7	3.6
Non-financial institutions	49.8	47.6	42.0	45.3	48.9	52.2	55.6	60.7	56.8	45.0
Common and investment bonds	34.0	26.9	23.5	30.7	35.2	37.0	35.6	41.6	39.7	22.9
Corporate bonds	15.2	17.5	14.3	11.4	11.5	11.3	10.7	12.0	13.0	18.2
Other instruments 4/	0.6	3.1	4.2	3.2	2.1	3.9	9.3	7.1	4.1	3.9
Investment abroad	0.0	6.7	4.8	7.1	8.7	10.2	10.1	8.5	13.2	12.4
Foreign countries debt securities	0.0	0.0	3.1	2.9	1.2	1.2	0.6	2.2	0.3	2.4
Foreign Mutual funds	0.0	0.0	1.4	4.2	0.0	8.9	9.5	6.3	10.4	6.4
Foreign shares	0.0	0.0	0.0	0.0	7.4	0.1	0.0	0.0	0.2	0.8
American Depository Shares (ADS)	0.0	6.7	0.2	0.0	0.0	0.0	0.0	0.0	0.2	0.7
Other investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.1

1/ Since December 2005, annual yields correspond to the Fund Type 2.

2/ Includes current account and certificates in foreign currency.

3/ Includes investment fund quotas, mortgage bonds and guaranteed promissory notes.

4/ Includes commercial bonds, repos, and promissory notes.

Source: SBS.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 83
LIMA STOCK EXCHANGE

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
I. STOCK EXCHANGE INDICES (Base: 31/12/91 = 100)										
L.S.E. General index	1,835.6	1,208.4	1,176.5	1,392.0	2,435.0	3,710.4	4,802.3	12,884.2	17,524.8	7,048.7
L.S.E. Blue Chip index	2,815.1	2,046.6	1,917.2	2,202.3	3,993.9	6,159.6	7,681.1	22,159.3	29,035.5	11,691.3
II. SECTOR INDICES (Base: 31/10/98 = 100)										
Agriculture and livestock	103.7	53.3	56.4	59.2	57.5	89.8	127.3	434.4	816.3	284.7
Banks	150.0	93.8	71.6	64.7	57.5	79.2	162.5	296.7	351.3	259.2
Industry	138.0	89.5	99.8	144.7	173.9	254.9	350.9	599.9	1,016.1	461.0
Mining	216.2	137.5	101.2	138.8	386.3	569.7	743.5	2,701.6	3,395.5	1,222.4
Services	124.7	100.4	94.9	91.2	142.5	202.5	203.2	263.0	375.9	291.8
III. ANNUAL TRADED VOLUME (Millions of nuevos soles)										
Variable-income investment	10,783	9,725	4,048	4,915	3,963	5,316	8,754	17,916	35,197	18,655
Fixed-income instruments	5,099	2,815	6,468	5,040	3,873	3,099	3,268	2,708	3,657	4,386
Total	15,882	12,540	10,516	9,954	7,836	8,415	12,023	20,625	38,853	23,041
IV. MARKET CAPITALIZATION (Millions of nuevos soles)										
Millions of US\$	47,140	37,251	37,384	44,107	55,883	66,326	124,062	192,364	324,118	179,163
Percentage of GDP	25.2	23.5	23.0	19.9	20.5	23.4	26.5	34.5	95.0	48.1
V. DEMATERIALIZED HOLDINGS 1/ (Millions of nuevos soles)										
Variable-income investment	20,187	18,258	17,375	19,346	27,175	31,017	48,929	69,776	131,453	76,790
Fixed-income instruments	9,894	11,062	15,585	15,696	17,646	19,753	28,147	29,793	39,370	46,852
Total	30,082	29,320	32,960	35,042	44,821	50,770	77,076	99,569	170,822	123,642
Percentage of GDP	17.2	15.8	17.4	17.6	21.0	21.3	29.5	32.9	50.9	33.2
VI. NON-RESIDENTS SHARE 2/ (Percentage)										
Variable-income investment	45.5	39.5	43.3	45.7	48.6	42.9	47.3	42.7	47.6	53.7
Fixed-income instruments	3.0	3.7	1.8	1.8	1.3	1.5	11.4	12.3	14.1	12.8
Total	31.6	26.0	23.7	26.1	30.0	26.8	34.2	33.6	39.9	38.2

1/ Refers to dematerialized holdings listed at CAVALI.

2/ Relative to securities listed at CAVALI.

Source: Lima Stock Exchange, CAVALI ICLV.

Elaborated by the Department of Economic Studies, BCRP.



El turco
Ignacio Merino
Oil painting