

EBS/84/57
Correction 2

CONFIDENTIAL

March 27, 1984

To: Members of the Executive Board
From: The Secretary
Subject: Peru - Request for Stand-By Arrangement

The following corrections have been made in EBS/84/57 (3/16/84):

Page 3: Revised

Page 10, 4th full para., line 7: for "US\$304 million" read "US\$351 million"

Page 16, last para., line 9: for "tin exports" read "zinc exports"

Page 29, item (c), line 2: for "SDR 74.8 million" read "SDR 74.7 million"

Page 32, Cost of living (annual averages), columns 1981 and 1982:
for "72.7" and "72.9" read "75.4" and "64.5," respectively

Page 41, column 4, line 1: for "12,484" read "12,419"
line 2: for "10,993" read "10,928"
line 3: for "8,213" read "8,263"
line 4: for "1,177" read "1,062"
line 8: for "242 3/" read "464 3/"
line 9: for "557 3/" read "363 3/"
line 10: for "692" read "664"

Corrected pages are attached.

Att: (6)

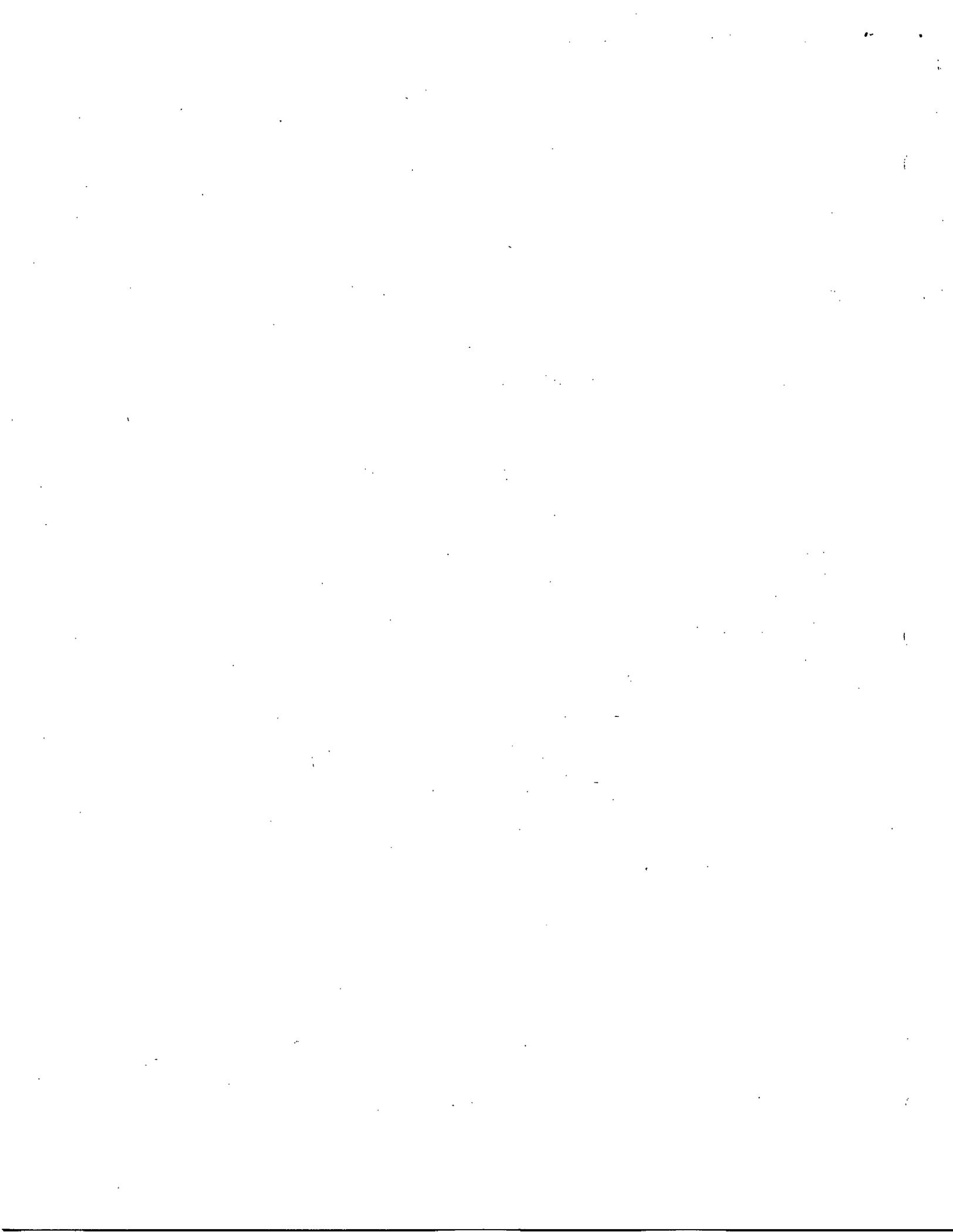


Table 1. Peru: Fund Position During the Period of Stand-By Arrangement

	Outstanding on Mar. 31, 1984	1984			1985		
		April- June	July- Sept.	Oct.- Dec.	Jan.- March	April- June	July
(In millions of SDRs)							
<u>Transactions under tranche policies (net)</u>	--	15.6	18.3	32.1	20.1	36.0	44.0
Purchases	--	30.0	44.0	44.0	44.0	44.0	44.0
Ordinary resources	(--)	(30.0)	(44.0)	(44.0)	(44.0)	(44.0)	(44.0)
Enlarged access resources	(--)	(--)	(--)	(--)	(--)	(--)	(--)
Repurchases	--	-14.4	-25.7	-11.9	-23.9	-8.0	--
Ordinary resources	(--)	(-9.1)	(-6.6)	(-6.6)	(-4.8)	(-2.7)	(--)
Enlarged access resources	(--)	(-5.3)	(-19.1)	(-5.3)	(-19.1)	(-5.3)	(--)
<u>Transactions under special facilities (net)</u>	--	74.7	--	--	--	--	--
Purchases	--	74.7	--	--	--	--	--
Repurchases	--	--	--	--	--	--	--
<u>Total Fund credit outstanding (end of period)</u>	635.6	725.9	744.2	776.3	796.4	832.4	876.4
Under tranche policies	435.7	451.3	469.6	501.7	521.8	567.8	601.8
Special facilities	199.9	274.6	274.6	274.6	274.6	274.6	274.6
(As percent of quota)							
<u>Total Fund credit outstanding (end of period)</u>	192.1	219.4	224.9	234.6	240.7	251.6	264.9
Under tranche policies	131.7	136.4	141.9	151.6	157.7	168.6	181.9
Special facilities	60.4	83.0	83.0	83.0	83.0	83.0	83.0

Source: Fund staff estimates.

around 4 percent in 1983, together with a more flexible interest rate and exchange rate management. The tightening of demand policy and the pursuit of a restrictive wage policy were to hold inflation in check.

However, the weakness of external demand, the natural disasters that hit Peru in early 1983, and the deterioration of domestic security combined to create an environment that was not favorable for the attainment of the program's objectives. In the circumstances, the deficit of the nonfinancial public sector instead of falling to 4 percent of GDP as programmed, exceeded 10 percent of GDP. Real GDP in 1983, which was initially expected to show a moderate drop, is estimated to have declined by more than 10 percent (Table 2); the 12-month inflation rate increased to about 125 percent, close to double the projected rate; the external current account deficit at 5.5 percent of GDP, was close to the program target, but the overall deficit of the balance of payments in 1983, measured by the change in the net official international reserves, amounted to US\$664 million, compared with US\$100 million in the program.^{1/} Performance under the extended arrangement in 1983 is summarized in Table 3. A number of corrections have occurred in the initially reported data on the basis of which Peru made purchases from the Fund in 1983. The inadequacy of the reporting system resulted in the deterioration of the public finances becoming known only with a lag. As a consequence, remedial measures were delayed, and the imbalances were allowed to become very large.

Table 2. Peru: Rates of Change of Selected Economic Indicators
(In percent)

	1980	1981	1982	1983		1984 Prog.
				Prog.	Est.	
Real GDP	3.0	3.1	0.7	-4.7	-11.0	4.0
Nominal GDP	61.0	70.6	64.0	83.1	88.9	99.2
Consumer price index (December-December)	60.8	72.7	72.9	70.0	125.1	70.0
Exchange rate depreciation (December-December) ^{1/}	36.6	48.3	95.3	70.0	129.5	70.0
Terms of trade index	9.7	-15.3	-13.7	0.7	3.8	0.4

Sources: Central Reserve Bank of Peru; and Fund staff estimates.

^{1/} In terms of soles per U.S. dollar.

^{1/} US\$87 million of the net reserve loss was accounted for by the rollover of short-term foreign debt that resulted in a shift in the Banco de la Nacion from contingency liabilities to direct liabilities.

Table 5. Peru: Changes in Monetary Indicators

(In percent, or as indicated)^{1/2/}

	1983				Dec. 1982- Dec. 1983	Programmed Dec. 1983- Dec. 1984
	Dec. 1982-March	Mar.-June	June-Sept.	Sept.-Dec.		
A. Central Reserve Bank						
Net international reserves (In millions of US\$)	-31.8 (-329.1)	91.6 (295.0)	-0.8 (-171.7)	1.9 (-52.0) ^{3/}	65.3 (-257.8) ^{3/}	70.3 (--)
Net medium- and long-term foreign assets (In millions of US\$)	1.4 (-2.4)	-7.8 (-44.2)	12.5 (43.2)	-1.2 (-9.8)	5.1 (-13.2)	6.4 (5.3)
Net domestic assets	34.5	-79.4 ^{4/}	24.2	22.9	11.9	-0.6
Credit to nonfinancial public sector (net)	(-2.3)	(-45.7)	(45.1)	(237.8)	(350.1)	(-344.4)
Credit to banks (net)	(0.3)	(-16.8)	(-34.0)	(-60.4)	(-114.5)	(209.4)
Liabilities to the private sector	4.1	4.3	35.9	23.5	82.3	76.9
B. Central Reserve Bank and Banco de la Nación ^{5/}						
Net international reserves (In millions of US\$)	-50.3 (-477.5)	53.6 (216.9)	1.5 (-104.9)	-39.1 ^{3/} (-248.5) ^{3/}	-52.5 ^{3/} (-614.0) ^{3/}	... (...)
Net medium- and long-term foreign assets (In millions of US\$)	-0.6 (20.3)	-11.0 (-43.2)	2.8 (35.6)	-3.5 (-11.3)	-12.9 (1.4)	... (...)
Net domestic assets	52.8	-37.5	34.8	71.2	160.0	...
Credit to nonfinancial public sector (net)	(32.3)	(-37.5)	(86.5)	(199.1)	(388.9)	(...)
Credit to banks (net)	(15.5)	(-6.5)	(-56.3)	(-12.4)	(-71.3)	(...)
Liabilities to the private sector	3.2	5.4	39.1	28.5	94.4	...
C. Banking System						
Net international reserves (In millions of US\$)	-15.8 (-643.6)	-3.0 (-108.1)	3.0 (66.0)	-1.4 ^{3/} (-44.4) ^{3/}	-17.5 ^{3/} (-730.1) ^{3/}	0.9 (--)
Net medium- and long-term foreign assets (In millions of US\$)	-1.0 (27.0)	-3.7 (-43.2)	-1.2 (38.1)	-1.2 (-5.7)	-8.6 (16.2)	-24.1 (-45.2)
Net domestic assets	27.1	19.3	29.0	23.9	123.3	83.8
Credit to nonfinancial public sector (net)	(9.1)	(-4.1)	(15.4)	(39.0)	(87.2)	(-8.2)
Credit to private sector (net)	(18.8)	(21.5)	(22.1)	(10.0)	(86.1)	(83.1)
Liabilities to the private sector	10.5	12.5	30.8	21.3	97.2	76.8
Domestic currency	(4.5)	(7.4)	(27.3)	(24.5)	(77.8)	(82.8)
Foreign currency	(19.9)	(19.4)	(35.2)	(17.3)	(127.1)	(69.5)
Memorandum items						
Consumer price index	27.5	22.4	25.7	14.7	125.1	70.0
Exchange rate (soles per US\$)	25.1	28.0	28.7	11.0	129.6	70.0

Sources: Central Reserve Bank of Peru; Fund staff estimates; and Table 13.

^{1/} Percent changes in the monetary accounts are taken in relation to the stock of liabilities to the private sector outstanding at the beginning of the period.

^{2/} Foreign currency accounts valued at end-of-period exchange rates.

^{3/} Includes a reduction in liabilities of US\$50 million of the Central Reserve Bank to Arlabank which were assumed by the Central Administration.

^{4/} Reflects a bridge loan of US\$200 million provided by foreign banks to the Central Administration.

^{5/} For the 1983 program the monetary authorities were defined to include the Central Reserve Bank and the Banco de la Nación. The 1984 program considers the Central Reserve Bank as the monetary authority.

to the nonfinancial public sector. The flow of credit to the private sector did not keep pace with inflation and in real terms contracted by 8.3 percent.

The current account deficit of the balance of payments in 1983 amounted to US\$880 million, about one half the deficit of US\$1.6 billion registered in 1982 (Table 6). The trade balance in 1983 improved by US\$730 million to a surplus of US\$300 million, slightly more than projected. The value of exports in 1983 declined by 8.4 percent from the 1982 level because of lower mineral prices and a decline in export volumes that occurred because of weather conditions and limited external demand. The value of imports in 1983 declined by 27 percent, somewhat more than had been anticipated. Net service payments in 1983 were virtually unchanged from 1982 as programmed.

Net long-term capital inflows in 1983 amounted to US\$1.2 billion, in line with the program; net short-term capital outflows were larger than had been expected, so that net official international reserves declined by more than programmed.

The composition of the net long-term capital inflows in 1983 differed substantially from those programmed. Net flows to the nonfinancial public sector were US\$418 million greater than expected, while net loan disbursements to the financial system and the private sector fell short by a similar amount. Rescheduling arrangements with suppliers and socialist countries, and new supplier credits were larger than expected, but disbursements from foreign banks fell short by US\$200 million ^{1/} and a structural adjustment loan from the World Bank failed to materialize.

Rescheduling arrangements were an important element of Peru's balance of payments strategy in 1983, as agreements were concluded with commercial banks, official bilateral creditors under the Paris Club, and socialist countries. The agreement with the international banking community involved the maintenance of the short-term exposure at the level existing on March 7, 1983, the extension of a medium-term loan covering US\$351 million in principal payments falling due between March 7, 1983 and March 6, 1984, and a loan of US\$450 million in new money (of which US\$250 million was disbursed during 1983). With the member countries of the Paris Club, agreement was reached to reschedule the bulk of principal and interest falling due in the period from May 1, 1983 to February 29, 1984. The net debt relief available to Peru in 1983 under this arrangement is estimated at US\$460 million. The authorities also approached several socialist creditor countries and obtained a rescheduling of principal and interest payments due in 1983 (totaling US\$247 million) and 1984.^{2/}

^{1/} Of this amount, US\$100 million was disbursed in February 1984, and the remainder is to be disbursed following Executive Board approval of Peru's request for a stand-by arrangement.

^{2/} A detailed description of the renegotiations is contained in Appendix VII of SM/83/235.

to pursue policies directed toward reducing its role in the intermediation process. To this end it will continue with its plan to lower average reserve requirements to the legally established minimum levels and refrain from imposing new portfolio requirements and from expanding special credit facilities beyond those strictly necessary to provide emergency support to industry. To ensure that the beneficiaries of these credit facilities improve their solvency, increased equity participation in an equivalent amount is required. Existing emergency credit lines are to be phased out as the conditions which gave rise to them subside.

In 1984 the expansion of net domestic bank credit is projected to be financed by an expansion in liabilities to the private sector in line with the increase of GDP and by an increase of about US\$50 million in medium- and long-term foreign borrowing by the banking system. Bank credit to the private sector is expected to account for all of the expansion in bank credit.

To guide monetary policy, ceilings have been set on the net domestic assets of the Central Reserve Bank and targets have been established for the net official reserves of the Central Reserve Bank. The operations of the state-owned Banco de la Nacion are no longer consolidated with the operations of the Central Reserve Bank. Under the new program, operations of the Banco de la Nacion are effectively constrained by the combination of ceilings on the Central Reserve Bank net domestic assets and limits on the gross external indebtedness of the Banco de la Nacion and COFIDE.

With the objective of continuing to improve the efficiency of financial intermediation and resource allocation, and of providing a realistic alternative to dollar certificates of deposit, in early 1984 all financial institutions were authorized to sell certificates of deposit with a freely negotiated discounted rate of return. The program calls on the authorities to continue with the policy of adjusting over time the rate of indexation of existing indexed financial instruments, as well as the level of nominal interest rates, to ensure that deposit rates remain positive in real terms. As the Central Reserve Bank at present is a principal intermediary in the domestic financial system, its interest rate policies have a profound effect on market rates. Hence, to promote the efficient operation of the domestic financial market, the program calls on the Central Reserve Bank to channel financial resources to the rest of the domestic system at market determined interest rates, through open market operations or auction techniques.

2. Wage policy

Corrective adjustments of several controlled prices are expected to lead to a significant increase in the consumer price index in the early months of 1984. Thereafter, the speed at which inflation is brought down will be greatly influenced by the success in implementing the fiscal and monetary policies outlined above and by a cautious wage policy. The program calls for a moderate wage policy in relation to

inflation in both the Central Government and the rest of the public sector. The Government's ability to influence wage awards in the public enterprises has been strengthened by the 1984 budget law which provides that the Ministry of Economy, Finance, and Commerce is to ensure that the wage agreements are compatible with the inflation objectives. In August 1983, moreover, a decree was issued stipulating that all increases in salary or supplemental pay of public enterprises, irrespective of whether they are subject to collective bargaining, be submitted for approval to the Ministry of Economy, Finance, and Commerce and instructing the Ministry of Labor to reject any unapproved collective bargaining agreement in the public sector.

With respect to wage policy toward the private sector, the Government will continue its policy of protecting the lowest income groups through periodic increases in the wage reference unit, which is the lowest income any private sector worker can legally earn. The program relies on collective bargaining to settle wage awards in the unionized private sector. Individual workers will continue to negotiate agreements with their employers on wages and benefits as the Government does not intend to mandate general wage increases or bonuses for private sector workers.

3. External sector policies

The balance of payments for 1984 is targeted to be in equilibrium, and the current account deficit is projected at US\$850 million or 5 percent of GDP. The trade surplus is projected to improve by US\$270 million, to US\$570 million in 1984, on the basis of a 3.8 percent decline in imports and a 5.6 percent increase in exports. At the same time, net financial service payments are projected to rise by US\$320 million, reflecting higher indebtedness and a full year's impact of increased interest rate spreads and fees on principal and interest payments that have been refinanced.

The import contraction reflects mainly a lower level of defense-related imports as envisaged in the fiscal plan, and a decline in food imports associated with the recuperation of agricultural output. Copper shipments are projected to rise by 19 percent in reflection of the re-establishment of a more normal sales volume following interruptions during 1983 on account of weather and strikes. Average copper prices for the year are projected to remain virtually without change. The value of other mineral exports is expected to remain unchanged, except for the value of zinc exports which is projected to rise because of higher prices. The value of petroleum exports is projected to decline by 5 percent because of lower shipments stemming from declining production and increasing domestic consumption. The value of agricultural exports is expected to be unchanged, with higher coffee exports offset by lower cotton exports. Nontraditional exports are projected to rise substantially principally because of US\$100 million of new exports to the Soviet Union under the agreed terms of repayment of loans that had been rescheduled. The value of nontraditional exports to countries other than the Soviet Union are projected to rise by about 10 percent.

Amount: SDR 650 million.

Utilization:	<u>Cumulative</u>	<u>SDR 265 million</u>
	1983	SDR 165 million
	1982	SDR 100 million

Undrawn balance: SDR 385 million.

(ii) 1979 Stand-by Arrangement.

Duration: From August 1979 to December 1980.

Amount: SDR 285 million.

Utilization: SDR 285 million.

(iii) 1978 Stand-by Arrangement.

Duration: Initially requested to cover the period from September 1978 to December 1980, was canceled in August 1979 by request of the Peruvian authorities.

Amount: SDR 184 million.

Utilization: SDR 64 million.

(iv) 1977 Stand-by Arrangement.

Duration: From November 1977 to August 1978. The request covered the period through December 1979 but was later shortened by request of the authorities.

Amount: SDR 90 million.

Utilization: SDR 10 million.

(c) Special facilities: The authorities are shortly expected to request a purchase of SDR 74.7 million under the compensatory financing facility (exports). Outstanding purchases under the compensatory financing facility amount to SDR 199.9 million or 60.4 percent of quota.

IV. SDR Department

- (a) Net cumulative allocation: SDR 91.3 million.
- (b) Holdings: SDR 1.3 million or 1.4 percent of net cumulative allocations.
- (c) Current designation plan: None.

B. Nonfinancial Relations

V. Exchange rate: February 29, 1984, S/. 2,482.6 per U.S. dollar.

The exchange rate for the sol in the official market is adjusted on almost a daily basis, and the regime is classified as other managed floating. Transactions with certificates of deposit denominated in dollars provide a parallel market with a market-determined exchange rate. As of January 31, 1984, this certificate rate was 9.1 percent above the official rate. The representative rate for the sol is the midpoint between buying and selling rates in the official market. Since April 30, 1983 the Fund's holdings of soles have been accounted for at the rate of SDR 0.000687979 per sol, or S/. 1,453.53274 per SDR. Peru maintains an exchange system free of restrictions on payments and transfers for current international transactions, other than those that remain pending conclusion of the final agreements with the various creditors.

VI. Last Article IV Consultation: The 1983 Article IV consultation discussion was completed on November 28, 1983 (EBS/83/236 and SM/83/235). The consultation is under the normal 12-month cycle.

VII. Technical Assistance: The Central Banking Department provided a consultant on central bank administration and control procedures during the periods June 1-December 15, 1981 and April 5, 1982-April 4, 1983. The same consultant has been reassigned for a period of six months beginning November 1983 to follow-up on the implementation of the administrative reform. A staff member of the same department is currently assigned in Lima as a senior advisor to the Central Reserve Bank in matters relating to the administrative and monetary reforms. His assignment covers a period of one year beginning August 1983.

The Fiscal Affairs Department has assigned three panel members that have provided assistance to the authorities in various periods. One of the panelists served as a consultant on the implementation of the value added tax in early 1982. Another one was assigned in 1983 to provide assistance on the design and implementation of control procedures of the value added tax. The third one, still on assignment, is assisting the authorities with procedures designed to control tax collections. In March 1984

an in-depth review of the tax system was initiated with technical assistance provided by the Fiscal Affairs Department and two panelists.

The Bureau of Statistics has recently provided technical assistance to the Central Reserve Bank on the sectorization of the monetary accounts.

VIII. Resident Representative: Mr. Waldemar de Moraes has been assigned for a two-year appointment beginning January 1984.

Peru--Basic Data

Area and population

Area	1,280,000 sq. kilometers
Population (end of 1982)	18.8 million
Annual rate of population increase (1978-82)	2.8 percent
Unemployment rate (September 1983; Lima Metropolitan Area)	8.8 percent

<u>GDP (1983)</u>	SDR 14.98 billion
	US\$16.02 billion
	S/. 26,089.1 billion

<u>GDP per capita (1983)</u>	SDR 775
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<u>Origin of GDP</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>Proj. 1983</u>
		<u>(percent)</u>		
Agriculture & Fishing	13	14	14	14
Mining	9	9	9	9
Manufacturing	25	24	23	22
Construction	5	5	6	5
Government	8	8	8	8
Other	40	40	40	42

Ratios to GDP

Exports of goods and services	28.9	22.1	22.0	23.2
Imports of goods and services	29.5	30.8	30.3	28.7
Current account of the balance of payments	-0.6	-8.7	-8.1	-5.5
Central administration revenues	20.5	18.1	18.1	13.9
Central administration expenditures	23.4	23.0	22.1	18.2
Nonfinancial public sector savings	2.0	0.9	0.2	-2.9
Nonfinancial public sector overall surplus or deficit (-)	-6.4	-8.4	-8.6	-10.3
External public debt (end of year)	35.1	31.4	34.9	51.3
Gross national savings	17.1	13.4	11.7	11.8
Gross domestic investment	17.7	22.1	20.0	17.3
Money and quasi-money (end of year)	25.0	26.1	27.8	28.9

Annual changes in selected economic indicators

Real GDP per capita	0.2	0.3	-2.1	-13.4
Real GDP	3.0	3.1	0.7	-11.0
GDP at current prices	61.7	69.7	63.4	88.9
Domestic expenditures (at current prices)	74.4	85.4	62.7	88.8
Investment	95.8	112.2	47.7	50.6
Consumption	70.2	79.3	66.8	98.9
GDP deflator	57.0	64.6	62.3	112.2
Cost of living (annual averages)	60.8	75.4	64.5	111.1
Central administration revenues	84.6	49.5	63.7	45.6
Central administration expenditures	103.3	67.1	56.8	84.0
Money and quasi-money	93.9	76.7	74.1	97.2
Money-	71.3	48.4	35.8	92.4
Quasi-money	116.0	98.6	96.2	99.1
Net domestic bank assets 1/	60.8	93.8	75.0	123.3
Credit to public sector (net)	24.8	30.4	15.4	87.2
Credit to private sector	55.7	67.4	74.9	86.1
Merchandise exports (f.o.b., in U.S. dollars)	6.5	-17.0	1.4	-8.4
Merchandise imports (f.o.b., in U.S. dollars)	58.1	23.0	-0.4	-27.0

Table 13. Peru: Total Disbursed External Debt Outstanding
 (In millions of U.S. dollars)

End of Period	1980	1981	1982	1983	Proj. 1984
<u>Total external debt</u>	<u>9,594</u>	<u>9,842</u>	<u>11,079</u>	<u>12,419</u>	<u>13,183</u>
<u>Medium- and long-term debt</u> 1/	<u>8,125</u>	<u>8,172</u>	<u>9,261</u>	<u>10,928</u>	<u>11,692</u>
Public sector debt	6,043	6,210	6,908	8,263	...
Central Reserve Bank 2/	710	455	689	1,062	...
Private debt	1,372	1,507	1,664	1,603	...
<u>Short-term debt</u>	<u>1,469</u>	<u>1,670</u>	<u>1,818</u>	<u>1,491</u>	<u>1,491</u>
Central Reserve Bank	25	24	39	--	...
Banco de la Nacion	450	528	178	464 3/	...
Other banks 4/	92	115	209	363 3/	...
Other credits guaranteed by the banking system	902	1,003	1,392	664	...
<u>Memorandum item</u>					
<u>Total external debt</u> in relation to GDP	56.1	49.5	56.2	77.5	77.1

Sources: Central Reserve Bank of Peru; General Directorate of Public Credit; and Fund staff estimates.

1/ With an original maturity of at least one year.

2/ Includes liabilities to the IMF and to the Andean Reserve Fund.

3/ Includes US\$87 million (Banco de la Nacion) and US\$279 million (other banks) of private sector debt assumed by the banking system in accordance with Exchange Resolution 002. These obligations were included in other credits guaranteed by the banking system in earlier periods.

4/ Commercial and specialized banks.

Table 14. Peru: Summary Accounts of the Banking System

(In billions of soles)1/

	Dec. 1982			Mar. 1983			Jun. 1983		
	Domestic Currency	Foreign Currency	Total	Domestic Currency	Foreign Currency	Total	Domestic Currency	Foreign Currency	Total
A. Central Reserve Bank									
Net international reserves	--	785.0	785.0	--	574.9	574.9	--	1,204.1	1,204.1
Medium- and long-term foreign assets	-3.0	51.9	48.9	-6.7	64.9	58.2	-9.7	14.1	4.4
Net domestic assets	643.0	-816.9	-173.9	656.7	-602.8	53.9	678.4	-1,170.1	-491.7
Credit to nonfinancial public sector (net)	518.0	-18.0	500.0	518.4	-33.7	484.7	518.6	-347.6	171.0 2/
Credit to banks (net)	8.0	-801.0	-793.0	333.4	-934.0	-600.6	390.3	-1,106.3	-716.0
Other assets (net)	117.0	2.1	119.1	-195.1	364.9	169.8	-230.5	283.8	53.3
Liabilities to private sector	640.0	20.0	660.0	650.0	37.0	687.0	668.7	48.1	716.8
Money	640.0	--	640.0	650.0	--	650.0	668.7	--	668.7
Quasi-money	--	20.0	20.0	--	37.0	37.0	--	48.1	48.1
B. Central Reserve Bank and Banco de la Nacion 4/									
Net international reserves	--	751.8	751.8	--	350.3	350.3	--	792.4	792.4
Medium- and long-term foreign assets	-3.0	-79.0	-82.0	-6.7	-70.8	-77.5	-9.8	-158.0	-167.8
Net domestic assets	662.0	-532.8	129.2	677.3	-126.0	551.3	704.6	-460.1	244.5
Credit to nonfinancial public sector (net)	498.0	190.0	688.0	664.9	281.0	945.9	511.6	124.9	636.5 2/
Credit to banks (net)	94.0	-772.0	-678.0	267.5	-821.9	-554.4	398.1	-1,006.4	-608.3
Other assets (net)	70.0	49.2	119.2	-255.1	414.9	159.8	-205.1	421.4	216.3
Liabilities to private sector	659.0	140.0	799.0	670.6	153.5	824.1	694.8	174.3	869.1
Money	653.0	--	653.0	663.0	--	663.0	685.0	--	685.5
Quasi-money	6.0	140.0	146.0	7.6	153.5	161.1	9.0	174.3	183.3
C. Banking System									
Net international reserves	--	767.7	767.7	--	163.5	163.5	--	37.6	37.6
Medium- and long-term foreign assets	--	-282.1	-282.1	-23.6	-296.0	-319.6	-28.2	-449.5	-477.7
Net domestic assets	2,343.0	1,000.4	3,343.4	2,472.6	1,914.6	4,387.2	2,657.6	2,540.4	5,198.0
Credit to nonfinancial public sector (net)	669.0	241.0	910.0	812.4	444.6	1,257.0	644.1	440.8	1,084.9 2/
Credit to banks (net)	2,106.0	1,000.0	3,106.0	2,485.4	1,341.1	3,826.5	2,794.7	1,941.8	4,736.5
Other assets (net)	-432.0	-240.6	-672.6	-825.2	128.9	-696.3	-781.2	157.8	623.4
Liabilities to private sector	2,343.0	1,486.0	3,829.0	2,449.0	1,782.1	4,231.1	2,629.4	2,128.5	4,757.9
Money	1,092.0	--	1,092.0	1,162.4	--	1,162.4	1,165.0	--	1,165.0
Quasi-money	1,251.0	1,486.0	2,737.0	1,286.6	1,782.1	3,068.7	1,464.4	2,128.5	3,592.9
Memorandum item									
Exchange rate (soles per US\$)		989.67			1,238.57			1,585.96	