



ANNUAL REPORT

2011



Mochica (200 BC– 700 AD)

Gold ornament portraying a character sailing on a raft decorated with zoomorphic heads on the sides. The character is wearing a headdress and holding an oar and a truncheon. Metalwork techniques used: lamination, hammering, and embossing.

CENTRAL RESERVE BANK OF PERU

Board of Directors

As of December 31, 2011

Julio Velarde Flores

Governor

Luis Alberto Arias Minaya

Beatriz Boza Dibos

José Gallardo Ku

Alfonso López Chau Nava

Abel Salinas Izaguirre

Jaime Serida Nishimura

Members of the Board

CENTRAL RESERVE BANK OF PERU

Board of Directors

As of September 30, 2011

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Governor

Carlos Raffo Dasso

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General Manager

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Economic Studies

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		Juan Ramírez Andueza	Currency Management Manager

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Dehera Bruce Mitrani
General Secretary



Lambayeque – Chimu (1350 – 1470 AD)

Gold ear ornament, decorated with circles of anthropomorphic figures. Metalwork techniques used: laminating, hammering, embossing, and open work.

Introduction

In 2011, the world economy faced again several events that affected growth especially in developed countries. The debt crisis in the Eurozone, the weak recovery of employment and consumption in the United States, the earthquake in Japan, and the rise in the price of crude had also an impact on growth in emerging economies.

Uncertainty associated with the Eurozone crisis increased risk aversion and volatility in financial markets. The effects of the crisis extended also to foreign exchange markets, leading the dollar to show an appreciatory trend against the euro. Investors' demand for safer assets in debt markets, especially for lower risk securities such as US sovereign bonds, increased as well. All of these factors resulted in a slowdown in the pace of growth of global economic activity, global growth declining from 5.2 percent in 2010 to 3.7 percent in 2011.

In the domestic front, the economic slowdown was associated with the uncertainty which usually arises in a year of national elections. Thus, while private consumption continued to grow at high rates during nearly all the year, the evolution of public spending and private investment, especially in the second semester, led to a slowdown in domestic demand. As a result of this, GDP growth fell from 8.8 percent during 2010 to 6.9 percent in 2011. The latter is close to the potential GDP rate and higher than the average growth rate in the period 2002-2011 (5.8 percent).

On the other hand, the rate of inflation rose from 2.08 percent in 2010 to 4.74 percent in 2011, falling transitorily above the target range due mainly to the impact of some supply shocks. For example, the domestic prices of food and fuels rose due to the effect of the rise observed in the international prices of commodities since the last months of 2010. In addition, anomalous climatic conditions in some regions of the country during some months affected the cultivation and yields of some crops. Inflation excluding food and energy increased 2.4 percent in the year.



In a context of high uncertainty in external markets, dynamism in domestic demand, and rising prices of food and fuels in the first months of the year, the Central Reserve Bank of Peru (BCRP) continued to withdraw monetary stimulus by raising the reference interest rate and increasing the rates of reserve requirements to offset the growth of credit and liquidity in the domestic market.

The reference rate was raised from 3.0 percent in December 2010 to 4.25 percent in May 2011, while the rates of mean reserve requirements in both domestic currency and foreign currency were raised by 0.25 and 0.50 percentage points, respectively, in February and March. However, given the moderation of the growth of domestic economic activity and the lower growth foreseen in the world economy, the BCRP preventively maintained its reference rate at 4.25 percent.

In the first part of the year, interest rates –especially those with shorter maturity terms and lower risk– increased in line with the rises in the reference rate and the adjustments made in the rates of reserve requirements. However, in the second semester prime rates declined due to the pause the Central Bank made in raising the reference rate. Thus, after having risen from 3.6 percent to 5.6 percent between December 2010 and June 2011, corporate interest rates in domestic currency declined to 5.4 percent towards December.

Monetary aggregates grew in line with the dynamism of economic activity. Credit to the private sector increased 19.6 percent boosted by credit to households due to the improvement of consumer expectations and the sustained growth of employment, while the level of dollarization of this aggregate fell from 46 to 45 percent between 2010 and 2011.

In order to reduce excessive exchange rate volatility, during 2011 the BCRP bought foreign currency for a total of US\$ 3.54 billion in the foreign exchange market. The supply of foreign currency came mainly from local private economic agents (US\$ 9.22 billion), while the demand came from the forward market due to non-residents' need of coverage with holdings of government bonds. Through these interventions in the foreign exchange market, the BCRP accumulated international reserves for a total of US\$ 4.71 billion, as a result of which international reserves at December 2011 amounted to US\$ 48.81 billion (level equivalent to 28 percent of GDP).

Contrasting with the deficit of 0.3 percent recorded in 2010, a fiscal surplus of 1.9 percent of GDP was registered in 2011. This result is consistent with the growth of economic activity in the country and with the rise in the prices of our main export commodities, which had a positive impact on the current revenues of the general government. The latter, which increased by 1.0 percentage point relative to 2010, amounted to 21.0 percent of GDP. Government spending, on the other hand, grew 1.7 percent after having recorded a rate of 11.7 percent in the previous year due to lower expenditure in subnational governments.

The current account deficit in the balance of payments declined from 2.5 percent of GDP in 2010 to 1.9 percent of GDP in 2011. A higher trade surplus was observed as a result of both greater volumes of exports and better terms of trade. In an international context of lower demand, it is worth pointing out the increased diversification of markets and the higher share of Latin American

countries as destination of the country's total exports and particularly non-traditional exports. The financial account showed positive results associated with increased long-term capitals, especially in the case of mining, hydrocarbons, financial, and service companies.



Chimú (1000 – 1470 AD)

Post of a gold ear ornament, decorated with zoomorphic figures in a spiral design. Metalwork techniques used: laminating, hammering, and embossing.



***ECONOMIC
ACTIVITY***



Late intermediate (1100 – 1470 AD)

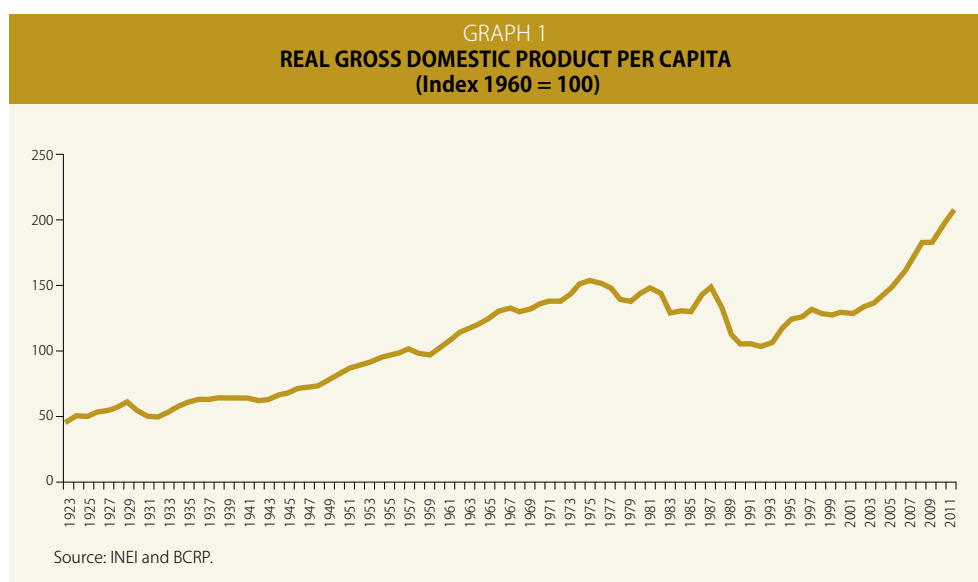
Gold bowl decorated with snake designs. Metalwork techniques used: laminating, hammering, and embossing.

Production and employment

Although in 2011 the Peruvian economy showed again a period of strong dynamism reflected in a growth rate of 6.9 percent at year end, higher volatility was observed in the growth rate compared to the previous year as a result of fears of a relapse in the world economy –due to the debt crisis affecting some countries of south Europe– on the one hand, and to uncertainty associated with elections in the country, on the other hand.

This growth in GDP was influenced by the strong dynamism of non-primary sectors (7.4 percent), which showed higher growth rates than primary sectors even though the latter registered higher rates than in 2010 due to the recovery of fishing –after 2 years of decline– and the industry based on the processing of raw materials.

In terms of per capita production, the growth rate recorded in 2011 was 5.7 percent, higher than the average rate of 4.4 percent registered in the previous decade, which was the period with the highest GDP per capita growth rate in the country.



1. Domestic demand

In 2011 domestic demand grew 7.2 percent after having recorded a growth rate of 13.1 percent the previous year, even though the former rate was higher than the mean growth rate in the decade (6.8 percent). Analyzing the performance of the different components of domestic demand, we see that private consumption accelerated its



pace of growth from 6.0 percent in 2010 to 6.4 percent in 2011, that is, to a rate nearly one percentage point higher than the mean rate in the decade.

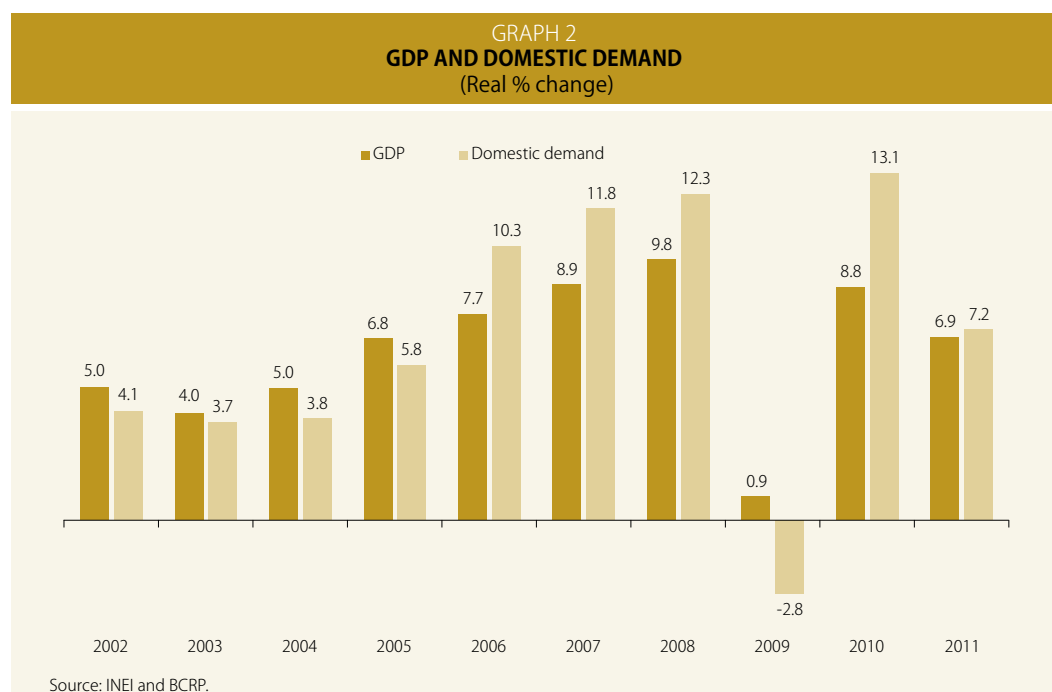
Private investment grew 11.7 percent, although showing a differentiated conduct over the year, with rates of over 15 percent in the first semester and one-digit rates in the second semester. Nonetheless, the growth rate of private investment in 2011 was also higher than the mean growth rate in the decade.

Government spending in investment dropped 17.8 percent. It should be pointed out that the government published Emergency Decree N° 012-2011 in March with the aim of increasing public saving to face the adverse effects of a relapse in the global economy.

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

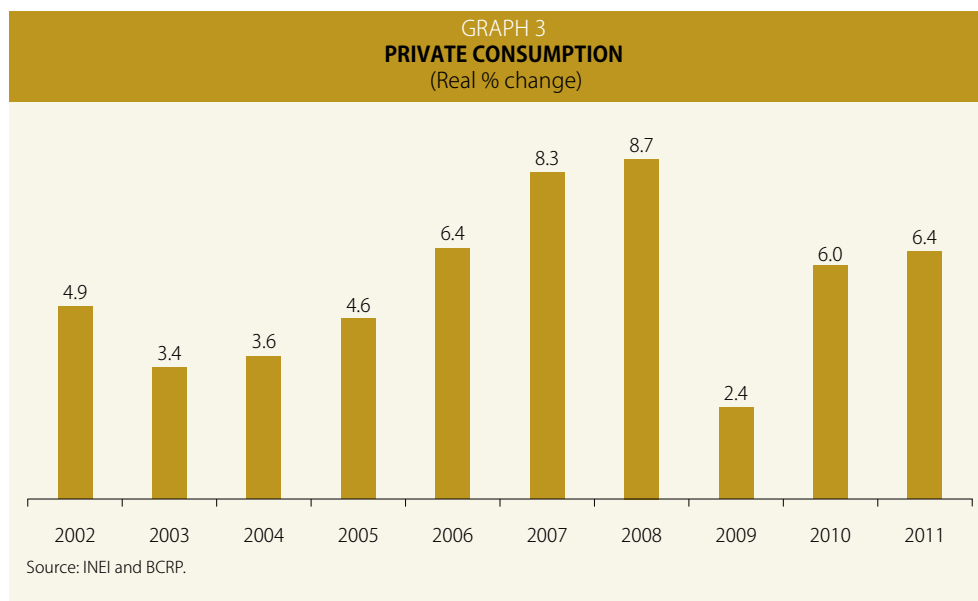
	2009	2010	2011	Average 2002-2011
Domestic Demand	-2.8	13.1	7.2	6.8
a. Private consumption	2.4	6.0	6.4	5.5
b. Public consumption	16.5	10.0	4.8	6.2
c. Gross domestic investment	-9.2	23.2	5.1	10.9
- Private	-15.1	22.1	11.7	10.8
- Public	21.2	27.3	-17.8	11.3
Exports	-3.2	1.3	8.8	6.5
Minus:				
Imports	-18.6	24.0	9.8	9.0
GDP	0.9	8.8	6.9	6.4
Memo:				
Total public expenditure	18.1	16.3	-4.2	7.6

Source: INEI and BCRP.



1.1 Private consumption

Although GDP recorded a lower growth rate than in the previous year, private consumption showed a faster pace of growth and reached an expansion rate of 6.4 percent since the recovery after the financial crisis of 2009 consolidated only in the second half of 2010. Thus, private consumption registered a growth rate similar to the one recorded in 2006, when the economy began to show a faster pace of growth.



The factors accounting for the growth of private consumption in 2011 included a 7.1 percent increase in national disposable income, the improvement of consumer confidence –which on average remained 4 points above the level observed in the previous year–, and the growth of employment, which showed a faster pace of growth (5.4 percent) than in 2010 (4.2 percent).

TABLE 2
NATIONAL DISPOSABLE INCOME 1/
(% change)

	2009	2010	2011	Average 2002-2011
Gross domestic product	0.9	8.8	6.9	6.4
Gross national product ^{2/}	1.2	7.7	6.2	5.6
Gross national income ^{3/}	0.6	10.9	7.4	6.6
National disposable income ^{4/}	0.5	10.5	7.3	6.6

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.

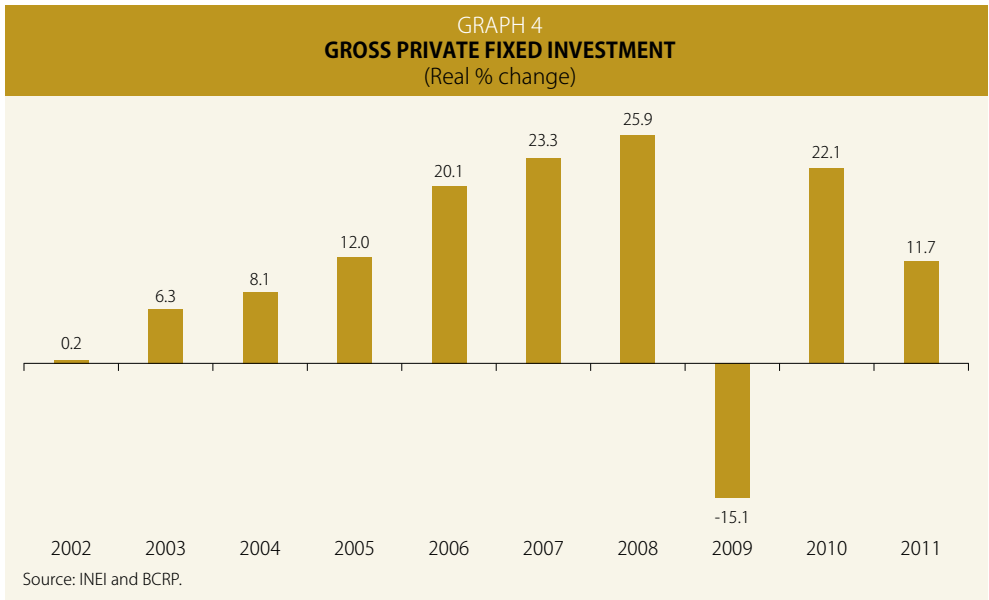
Other indicators that ratify the growth of consumption during the year are worth mentioning: sales of new family vehicles grew 24.5 percent and registered a new record of 92 thousand units sold; imports of durable and non-durable consumer goods grew 17.5 and 8.8 percent in terms of volume, respectively; sales in supermarkets and department stores expanded 19 and 20 percent on average, respectively, and the consumer loans granted by



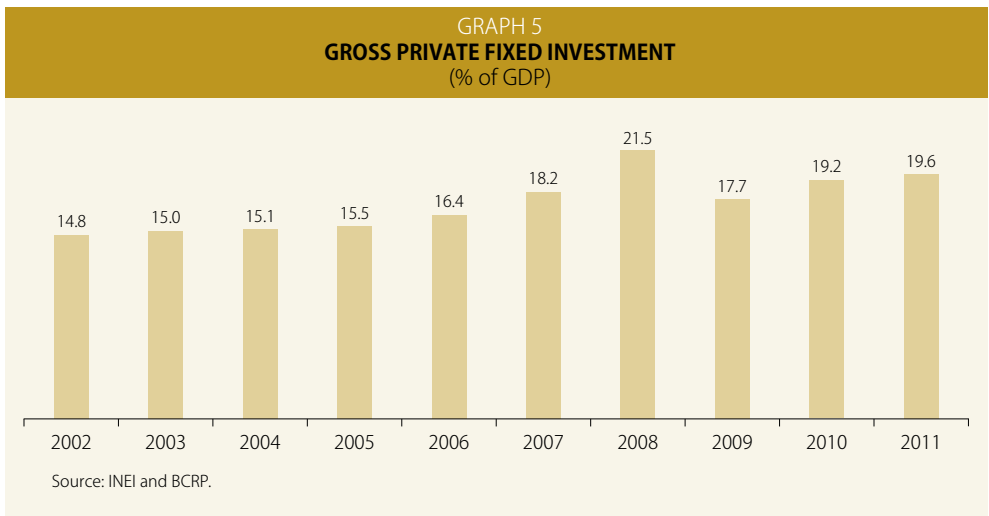
depository institutions grew by a real 20.6 percent. Moreover, new malls continued to be built or were expanded, both in Lima and in other cities of the country.

1.2 Private investment

Volatility associated with external uncertainty and the elections period was especially reflected in the behavior of private investment. After growing 22.1 percent in 2010, its growth rate dropped to 11.7 percent (down nearly 50 percent). Nonetheless, this rate was above the average rate in the last decade.



This growth of private investment exceeded for the second consecutive year the growth of GDP, as a result of which the fixed gross private investment-to-GDP ratio rose from 19.2 percent in 2010 to 19.6 percent in 2011.



The country's economic dynamism in 2011 was mainly sustained by investment projects in the sectors of mining, energy, and infrastructure, although investment projects in the sectors of manufacturing, commerce, and tourism also stand out.

TABLE 5
MAIN PRIVATE INVESTMENT PROJECTS 2011
(Millions of US\$)

SECTOR	AMOUNT
Agriculture and livestock	196
Fishing	35
Mining and hydrocarbons	8,073
Manufacturing	1,957
Electricity, gas and water	1,592
Construction and infrastructure	1,404
Commerce	668
Services	1,208
Total	15,133

Source: BCRP Survey on Macroeconomic Expectations, magazines and otras specialized sources.

Major projects in the mining sector included Swiss group Xstrata's works to develop the copper projects of Antapaccay in Cusco and Las Bambas in Apurímac, which are scheduled to start operations this year and in 2014, respectively; Chinalco's Toromocho project in Junín; Antamina's works in Ancash to expand its plant's ore processing capacity by 40 percent, and Barrick's expansion of Lagunas Norte in La Libertad.

In the hydrocarbons sector, Petrobras continued with its natural gas explorations projects in Lot 57 and Lot 58 in Cusco, while Savia Perú carried out oil exploration in Lot Z-2B in Piura.

Investments in the energy sector included investments in electricity projects, such as the construction of the Combined Cycle Power Plant in Chilca (Lima) by Fénix Power. This thermal power plant, which will start operating in 2013, will have a capacity of 520 mwh and involves a total investment of US\$ 700 million.

Moreover, in response to increased demand for energy, Edelnor continued making investments for the expansion and maintenance of its distribution grid in Lima, and initiated the Subtransmission Plan with an investment of US\$ 14 million for the construction of three new Transformation Sub-Stations at Jicamarca, Zapallal, and Universidad Nacional de Ingeniería.

Investments worth pointing out in the manufacturing sector included Cementos Yura's culmination of the construction and onset of operations of its third furnace to produce cement in Arequipa, as well as Refinería La Pampilla's investment in Lima for the treatment of the wastewater produced by its plant.

Projects in the industry of consumer goods included Alicorp's expansion of its pasta production plant in Lima, which will start operating in the first semester of 2012, as well as the expansion of its detergents plant, also in Lima, which is in the engineering stage and is expected to start operations by 2013.

As regards investments in commercial centers, several malls were built and opened their doors both in Lima and in other cities in 2011. New mall projects in Lima included Centro Comercial Parque Agustino, developed by Graña and Montero, which opened in December, and the construction of Mall Aventura Plaza Santa Anita and Centro Comercial San Borja Plaza, which are scheduled to open by the end of 2012.

On the other hand, new malls in other cities of the country included Centro Comercial Plaza de la Luna of the



Romero group in Piura; Real Plaza Juliaca in Puno, as well as construction works carried out in cities like Chimbote and Huacho and other expansion projects, such as the one carried out at the Real Plaza in Trujillo.

Finally, investment projects in the hotel industry included the Marriott Hotel in Cusco, San Agustín Paracas Resort in Ica, the Royal Decameron Punta Sal hotel in Tumbes, and Vista Pacífico Resort in Lima.

1.3 Government Expenditure

Public expenditure decreased 4.2 percent in 2011, reflecting the lower investment of the general government and state enterprises which showed a decline of 17.8 percent at year end, but offset by the growth of consumption (4.8 percent). This decline was influenced by Emergency Decree N° 012-2011, which was published in March with the aim of increasing public savings to improve the country's standing face the adverse effects that a relapse in the global economy after the 2009 crisis could have.

Public spending on goods and services concentrated in the sector of Transport and Communications on road maintenance and road repair; in the sectors of Defense and Interior on the maintenance and recovery of the operation capacity of these sectors, on police surveillance, and on the maintenance of machinery and equipment; in Education, on teacher training and literacy programs; in the sector of Foreign Affairs, on diplomatic missions, commercial offices, and bilateral policy actions; in the National Registry, on improving children and adults' access to an ID in urban and rural areas; and in the National Elections Offices on the goods and services required to organize and carry out the electoral process in 2011.

As regards public investment, the higher expenditure was registered in the sectors of Transports (investments in road concession projects, Tren Eléctrico, airport concessions, road rehabilitation); Education (improve infrastructure and the quality of education); Health (improvement and equipment of hospital emergency services); Electricity (installation of small power systems in several villages); Agriculture (improvement of irrigation infrastructure and preservation of natural resources); and Housing (National Water Supply and Rural Sanitation Program).

1.4 Exports and Imports

Exports of goods and services grew 8.8 percent due to the increase observed in exports of non-traditional products, which grew 20.2 percent in terms of volume. It is worth pointing out that agricultural, fishing, and chemical exports stand out in the group of non-traditional exports, while greater exports of coffee and fishmeal stand out in the group of traditional exports.

On the other hand, imports of goods and services grew 9.8 percent in 2011, but showed a slower pace of growth than in 2010 (24.0 percent). Like in the previous year, increases were observed in all the groups of items: imports of consumer goods grew 12.4 percent, imports of inputs increased 6.7 percent, and imports of capital goods increased 22.1 percent.

1.5 Saving and Investment

Together with the growth of GDP, a recovery was also observed in domestic investment and domestic savings in 2011. The former component rose from 25.3 to 25.5 percent of GDP, while the latter rose from 22.8 to 23.6 percent of GDP.

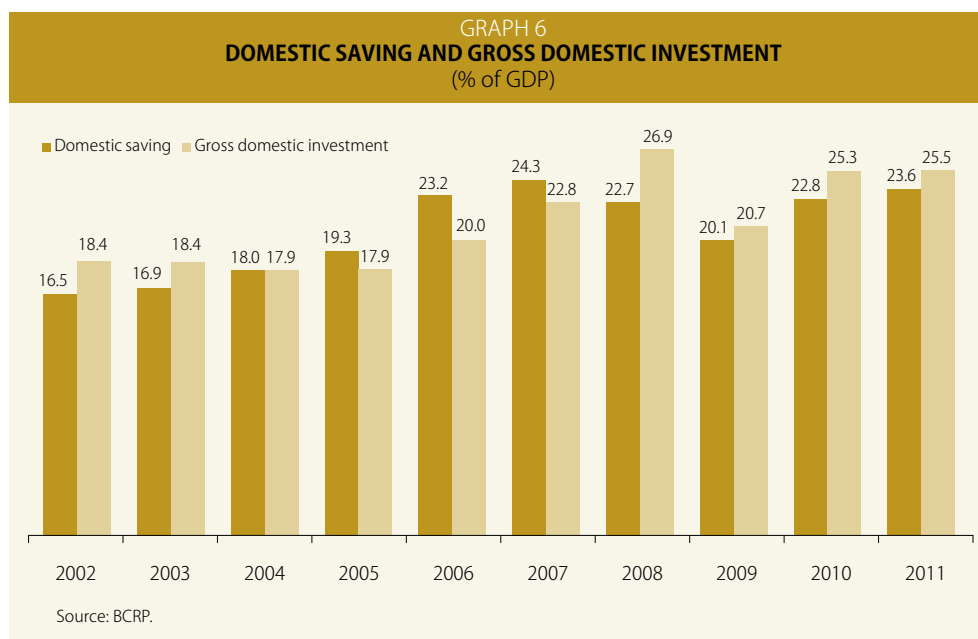
This recovery implied less funding requirements from external savings to finance investment. Thus, external financing declined from a level of 2.5 percent of GDP in 2010 to 1.9 percent in 2011.

TABLE 4
SAVING AND INVESTMENT
(% of GDP)

	2009	2010	2011
I. Investment (=II+III)	20.7	25.3	25.5
Gross fixed investment	22.9	25.1	24.1
Public investment	5.2	5.9	4.5
Private investment	17.7	19.2	19.6
Change in inventories	-2.1	0.2	1.4
II. Domestic savings	20.1	22.8	23.6
Public sector	4.6	6.0	7.1
Private sector	15.5	16.8	16.4
III. External savings	0.6	2.5	1.9

Source: BCRP.

GRAPH 6
DOMESTIC SAVING AND GROSS DOMESTIC INVESTMENT
(% of GDP)



2. Production Sectors

Non-primary sectors grew 7.4 percent in 2011 after increasing 10.3 percent in 2010, while primary sectors recorded a better result than in the previous year since the recovery of the anchovy biomass allowed a recovery of fishing activity after two years of decline, as well as a recovery of the resource-based industry, especially the industry associated with the production of fishmeal and fish oil.



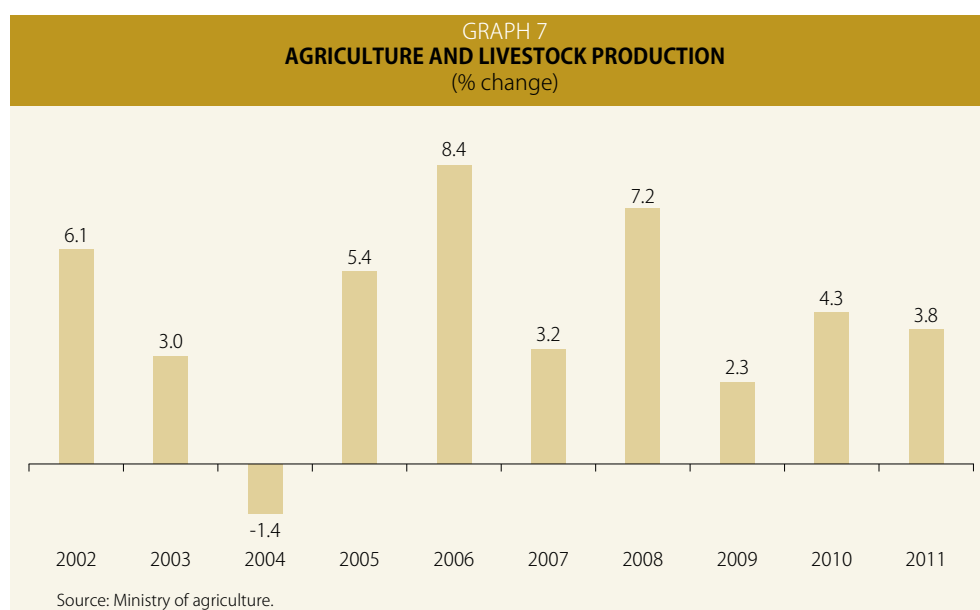
TABLE 5 GROSS DOMESTIC PRODUCT (Real % change)				
	Weight 2010	2009	2010	2011
Agriculture and livestock	7.5	2.3	4.3	3.8
Agriculture	4.5	0.9	4.1	2.8
Livestock	2.3	4.4	4.4	5.2
Fishing	0.3	-7.9	-16.4	29.7
Mining and hydrocarbons	5.2	0.6	-0.1	-0.2
Metallic mining	4.1	-1.4	-4.8	-3.6
Hydrocarbons	0.7	16.1	29.5	18.1
Manufacturing	15.0	-7.2	13.6	5.6
Manufacturing based on raw materials	2.5	0.0	-2.3	12.3
Non-primary manufacturing	12.3	-8.5	16.9	4.4
Electricity and water	2.0	1.2	7.7	7.4
Construction	6.7	6.1	17.4	3.4
Commerce	15.0	-0.4	9.7	8.8
Other ^{1/}	48.3	3.1	8.0	8.3
GLOBAL GDP	100.0	0.9	8.8	6.9
Primary	15.6	1.0	1.1	4.4
Non-Primary	84.6	0.8	10.3	7.4

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

2.1 Agriculture

In 2011 the agriculture sector grew 3.8 percent, completing in this way an expansive seven-year cycle associated with a process of growth of both domestic and external demand. The latter was reflected in the increase observed in the volumes of exports of asparagus and coffee, as well as in the greater share of exports of other crops, such as grapes, avocado and cocoa, which have won new markets abroad.

In the case of domestic demand, it is worth pointing out that the improvement of people’s incomes is reflected in an increased consumption of meat and dairy products, which has allowed the livestock subsector to grow for the third consecutive year at a higher rate than the mean rate of the sector.



Agricultural production grew 2.8 percent in 2011, recording a lower rate than in 2010 due to the negative effects of La Niña, whose low temperatures affect mainly crops oriented to the domestic market, such as rice, maize, vegetables, and legumes. Agroindustrial crops, on the other hand, are supported by technological resources, such as irrigation systems and fertilizers, which provide them with better conditions to face this type of climate alterations.

TABLE 6
AGRICULTURE AND LIVESTOCK PRODUCTION
(Real % change)

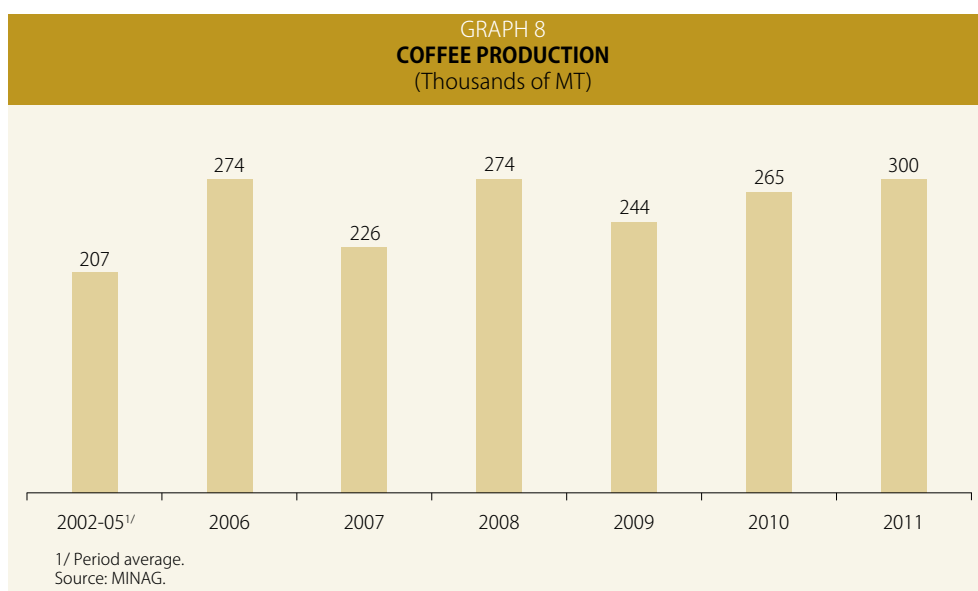
	2009	2010	2011	Average 2002-2011
Agricultural production	0.9	4.2	2.8	3.5
For the domestic market	6.7	1.2	0.4	3.2
Potato	4.7	1.1	7.0	4.2
Rice	7.1	-5.3	-7.4	2.6
Banana	4.1	7.5	-5.1	2.0
Cassava	-0.5	6.4	-10.3	2.6
Amilaceous maize	14.6	-9.9	-0.7	0.1
Garlic	-14.2	8.6	31.7	2.6
Onion	-5.2	19.5	0.3	5.7
Dry beans	14.5	-5.9	-5.1	3.7
Lemon	-11.6	12.6	-2.9	1.0
Mandarine	-11.3	33.3	6.5	6.2
Orange	0.1	4.5	5.7	4.1
Tomato	5.3	1.5	-17.5	-0.2
Others	10.5	0.5	0.9	3.2
For export and industry	-11.9	12.0	8.6	4.4
Coffee	-11.1	8.7	13.6	4.4
Sugar cane	5.8	-0.8	0.3	3.0
Yellow maize	3.4	0.8	-1.7	1.8
Asparagus	-4.4	6.8	17.0	8.0
Grapes	18.4	6.1	5.5	8.8
Olive	-93.7	946.5	-2.6	8.5
Mango	-48.2	172.0	-22.5	9.3
Cocoa	9.1	26.7	21.1	9.1
Avocado	15.5	17.1	16.3	8.7
Cotton	-42.7	-33.6	91.4	-1.4
Oil palm	8.9	8.8	26.6	6.7
Others	9.2	2.2	19.2	-2.8
Livestock production	4.4	4.4	5.2	5.0
Poultry	9.9	5.8	6.4	7.7
Beef	0.8	4.4	4.1	3.1
Milk	5.5	1.6	2.7	4.5
Eggs	0.8	6.1	10.9	5.3
Others	-3.5	2.4	2.4	-0.7
AGRICULTURE AND LIVESTOCK	2.3	4.3	3.8	4.1

Source : Ministry of Agriculture.



Nearly 60 percent of the sector’s annual growth in 2011 is explained by the expansion of the livestock subsector, which was in part associated with a higher per capita consumption of poultry: 44.8 kilos per capita per year (33 kilos five years ago and 25.4 kilos ten years ago). The population’s consumption of eggs and beef has also increased significantly. Together, these three products account for over 50 percent of growth in the agriculture sector in 2011.

The cold temperatures caused by La Niña brought about favorable prices for export-oriented agriculture and agroindustry due to the lower global supply of coffee, cotton, and asparagus. The price of coffee registered record levels and reached a peak price of US\$ 6,698/ton –the highest level in the past three decades– in May 2011. In this context, Peruvian coffee growers obtained a production volume of 300 thousand tons of coffee –13.6 percent higher than in the previous year–, due to the abundant production obtained in the valleys of Junín, Cusco, and San Martín.



The volume of cotton production increased 91.4 percent, from 64 to 122 thousand tons between 2010 and 2011, and exports of cotton reached a value of US\$ 7.7 billion, favored by better prices since the price of cotton rose from US\$ 2,417 to US\$ 3,762 per ton between these two years. The largest production of cotton came from the valleys of Ica, Lambayeque, Piura, La Libertad, and Lima.

Asparagus producers increased their production by 17 percent to meet the increased demand for this crop from the industry that produces canned and frozen asparagus for the external market. The volume of exports increased 16.6 and 30.9 percent, respectively, while the prices of these exports increased 14.1 and 21.8 percent, respectively, due to the lower supply of asparagus from China, the world’s largest producer of this crop. The highest volumes of asparagus were produced in La Libertad, Lima, and Ica.

The production of sugar cane recorded a slight increase (0.3 percent). Lower agricultural yields –down about 2 percent– due to the presence of cold temperatures and the delay of rains in the North areas were offset by a 2 percent increase in harvested areas. With this, the sugar industry improved the ratio of input required to produce a ton of sugar as the number of tons of sugar cane required to obtain a ton of sugar declined from 9.2 to 9.5 tons between 2010 and 2011.

It is worth pointing out that the positive results obtained in terms of agricultural exports reflect the participation of all the sectors involved. Small farmers exported coffee and cocoa from the jungle areas, quinoa from Puno, oregano from the valleys in the South, organic bananas from Piura, cochineal from the coast and sierra, and nuts from Madre de Dios. Large farmers increased their exports of asparagus, grape, avocado, paprika, and sugar, while the high Andean communities increased their shipments of wool and fine fibers. In addition to this, exports of fresh and processed food and inputs also increased, contributing to the growth of the food and beverage industry in the country.

Agriculture for domestic consumption grew slightly (0.4 percent) as a result of a lower cultivation of rice in the North due to the delay of rains¹; low yields of tomato and lemon due to the unusual cold weather these crops had to withstand, and a lower production of banana and cassava² due to the overflows of rivers Marañón, Ucayali, and Amazon at the end of the first quarter. However, the higher production of potato in the sierra and the increased production of garlic in Arequipa due to favorable rain conditions offset the lower results obtained in rice, tomato, lemon and other crops.

The sierra produced three-quarters of the annual production of potato in 2011. The largest supply was produced in the central sierra³, with yield improvements being observed in Pasco (58 percent), Junín (15 percent), and Huánuco (9 percent) since the crops were not affected by frosts in the higher altitude areas as happened in 2010. The southern sierra⁴ registered a slightly higher volume of potato than in the previous year due to the increased supply of water observed in Puno. The production of potato in the northern sierra, on the other hand, declined due to alterations in the rainfall cycle in that area.

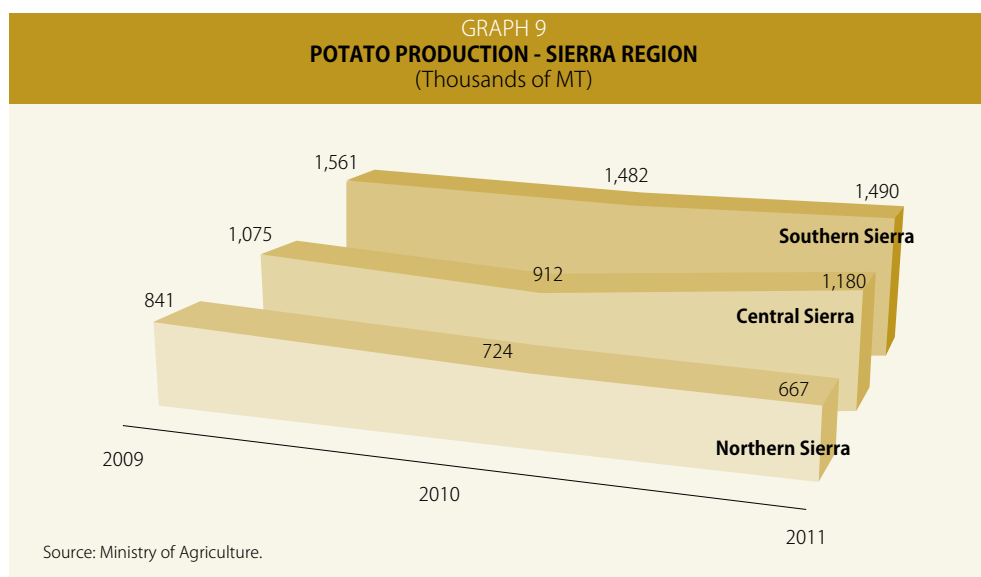
In the case of rice, production in the areas of Lambayeque and Piura was affected by anomalies associated with La Niña, which generated delays in rainfall due to the cold weather it causes.

¹ The rains in Piura, Lambayeque, Cajamarca, and Amazonas, departments that account for 50 percent the annual production of rice in 2010, were delayed 2 or 3 months; rainfall was more intense between March and May instead of in September-February.

² Lost cultivated areas included 22.6 thousand hectares cultivated with bananas (14.4 percent of the harvested areas) and 6.9 thousand hectares cultivated with cassava (6.9 percent of the harvested areas).

³ The Central Sierra areas (Huánuco, Pasco, Junín, and Huancavelica) accounted for 34 percent of the total production of potato in 2011.

⁴ The Southern Sierra areas (Arequipa, Moquegua, Tacna, Puno, Cusco, Apurímac, and Ayacucho) represented 42 percent of the total production of potato in 2011.



Finally, the growth of agriculture entailed a greater use of fertilizers, which is reflected in that imports of fertilizers rose 10 percent in the year. The increased use of compound fertilizers and urea stands out. Between 2002 and 2011 potassium compounds have increased their share from 12 to 20 percent of total fertilizers, nitrogen compounds have increased their share from 27 to 34 percent, and urea has reduced its share from 60 to 47 percent. In 2011 the use of potassium compounds has increased the most (24 percent) compared to the previous year, since these fertilizers are the ones used to increase yields and plants resistance to adverse weather conditions.

BOX 1

EXPORT- AND INDUSTRY-ORIENTED AGRICULTURE

Export-oriented agriculture in Peru is based on the great diversity of climates found in the country's regions, which allows us to export produce in all the seasons of the year and to benefit from other countries' supply constraints associated with seasonal factors or with the effects caused by events such as "El Niño" and "La Niña".

The growth of agriculture in the country has been especially favored by several factors, including the increased extension of land dedicated to cultivate crops such as coffee, asparagus, and grapes –the three main agricultural exports in 2011–; the improvement in yields achieved in most export crops; the incorporation of new products, such as avocado and cocoa, and the high external prices observed in the last two years, which have encouraged agricultural production.

Peru's exports take place in a context of trade openness given that the country has signed free trade agreements with its main trading partners (China and the United States), with other countries in the American continent (Canada, Mexico and Chile), with some Asian countries (Republic of Korea, Singapore), with the Andean Community member countries (Bolivia, Colombia, and Ecuador) and with country members of Mercosur (Argentina, Brazil, Uruguay, and Paraguay).

INDICATORS OF GROWTH OF AGRICULTURE PRODUCTS

	Coffee	Asparagus ^{1/}	Grape	Avocado	Cocoa ^{2/}	Mango
Exported value						
(Millions of US\$)						
2011	1,580	480	301	164	105	115
2010	887	427	180	85	79	89
2002	188	187	21	5	14	33
% Chg. 2011/2010	78.3	12.4	67.3	94.2	33.7	29.1
% Chg. 2011/2002	741.0	157.2	1,326.8	3,237.6	638.3	246.7
Production						
(Thousands of MT)						
2011	300	392	296	215	56	352
2010	265	335	280	184	47	454
2002	213	183	136	94	24	180
% Chg. 2011/2010	13.6	17.0	5.5	16.3	19.9	-22.5
% Chg. 2011/2002	41.2	114.3	118.4	127.6	131.7	95.9
Harvested area						
(Thousand hectares)						
2011*	360	32	16	19	83	25
2010	350	31	15	18	77	25
2002	287	19	11	10	49	12
% Chg. 2011/2010	2.8	5.0	5.0	7.5	8.1	0.0
% Chg. 2011/2002	25.1	69.0	44.0	84.8	69.6	103.2
Yield						
(Kg/hectare)						
2011*	845	12,152	20,942	11,530	676	13,964
2010	757	10,850	18,698	10,387	604	18,008
2002	740	9,539	12,394	9,129	495	14,475
% Chg. 2011/2010	11.6	12.0	12.0	11.0	12.0	-22.5
% Chg. 2011/2002	14.1	27.4	69.0	26.3	36.7	-3.5

* Estimated data.

^{1/} Fresh, frozen and canned.

^{2/} Includes all the derivate products of cocoa.

Source: Ministry of Agriculture and BCRP branches.

The prices of exports of agricultural commodities registered a remarkable recovery in 2011. The prices of avocado and coffee increased 42 and 39 percent due to Mexico's lower supply of avocado –Mexico is the leading country in the production and exports of avocado– due to anomalous cold weather and to Brazil's lower supply of coffee due to excessive rainfall as a result of the 2010-11 episode of La Niña. The prices of asparagus and grapes increased 16 and 15 percent in annual terms due to China's lower supply of processed asparagus for the European market and to the higher competitiveness of the Peruvian asparagus and due to the time sale of Peruvian grapes in the markets of the United States, the Netherlands, China, and Russia.



The increase in the value of exports of coffee, asparagus and grapes in the last ten years –741, 157 and 1,327 percent, respectively– reflects the expansion of harvested areas and the yield improvements obtained between 2002 and 2011. The areas where coffee is grown have risen from 287 to 360 thousand hectares, the ones with asparagus have increased from 19 to 32 thousand hectares, and the ones with grapes have increased from 11 to 16 thousand hectares. The yields of these crops have risen substantially between 2002 and 2011: from 740 to 845 kilos per hectare in the case of coffee, from 9 to 12 tons per hectare in the case of asparagus, and from 12 to 21 tons per hectare in the case of grapes.

The extension of sown areas in the crop year is an indicator of the potential that crops have in terms of exports in the next few years. As for coffee, a higher supply is expected with the cultivation of 16 thousand hectares in San Martín in 2010-2011, which will increase the harvested areas by 19 percent in the next four years. In the last three sowing periods, La Libertad has led the expansion of areas sown with asparagus by including other 5.8 thousand hectares to cultivate this crop. This will imply an increase of 18 percent in the harvested areas in the next three years. In the same period, the departments of Piura and Ica have expanded the areas cultivated with grapes by 4.5 thousand hectares. This will increase the harvested areas by 30 percent in the next three years.

Avocado and cocoa are new export products that show significant growth in terms of exported value (3,238 and 638 percent, respectively, in the last ten years). Between 2002 and 2011, the harvested areas and yields of these crops have increased by 85 and 70 percent and by 26 and 37 percent, respectively. In the case of cocoa, 9.3 thousand hectares have been cultivated with cocoa in San Martín in the last two farming periods, which would represent an increase of 11 percent in the harvested areas in the next two years. In the case of avocado, a higher yield has been achieved especially in the inter-Andean valleys of the departments of Lima, La Libertad, Junín, Arequipa, Ayacucho, and Ica, especially for the varieties known as Hass and Strong avocado, which are in great demand abroad.

The production of mango, which is concentrated mainly in the department of Piura, has seen the harvested areas increase two-fold in the last ten years. The yield is associated with weather variations, as the production of this crop is favored by warm climates and affected by cold temperatures. The lower yields and lower production of mango obtained in the last year are explained precisely by the cold temperatures recorded in 2010-11.

2.2 Fishing Sector

Recovering from two consecutive years of contraction due to the effects of the anomalies caused by El Niño event in 2009, fishing showed a growth of 29.7 percent in 2011. Even though a greater availability of fish species used both for both human consumption and industrial consumption was observed in the year, activity in the sector showed a high volatility associated with the impact of negative anomalies that favored species such as the anchovy, but caused other species, such as the giant squid, to move away from the coast especially in the second half of the year.

Fishing for human consumption grew 17.4 percent, favored by the increased presence of species such as yellow mackerel, prawns and squid to produce frozen products, and yellow mackerel, smoothhound, and striped mullet which are consumed as fresh fish. On the other hand, the catch of species used to produce canned fish products recorded a slight growth (2.0 percent) given that the increased catch of yellow mackerel, bonito, and Pacific chub mackerel was offset by a lower availability of shellfish, abalone, machete, and tuna.

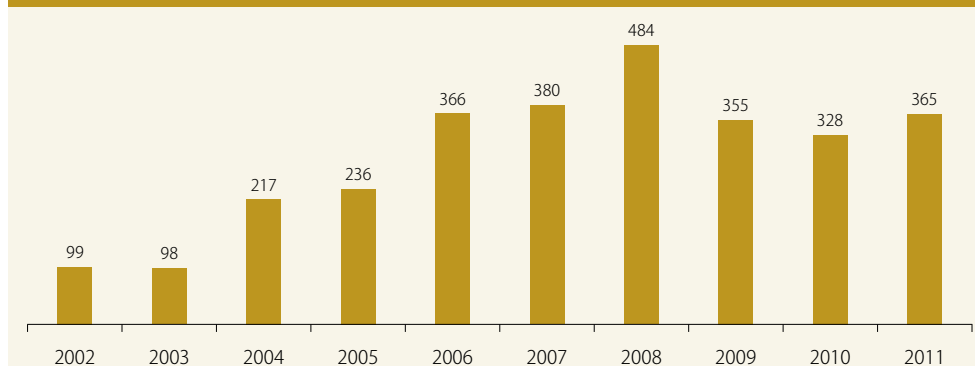
The greater catch of giant squid to produce frozen products was registered during the first half of the year, reaching a maximum of 45.3 thousand tons in June, but a drastic decline was observed in squid catch since September when the volumes caught dropped to levels of 13.5 thousand tons on average due to the effects of negative anomalies in the coast that dispersed the species and hindered its catch.

TABLE 7
FISH CATCH, BY DESTINATION
(Real % change)

	2009	2010	2011	Average 2002-2011
Human consumption	-13.6	-3.0	17.4	6.7
Canned	-22.3	19.8	2.0	5.4
Fresh	6.1	-16.2	18.0	0.1
Frozen	-22.1	4.4	20.3	17.1
Dry-salted	-36.9	-3.0	-12.6	-4.0
Industrial consumption	-5.4	-42.9	110.1	-0.4
Anchovy	-5.4	-42.9	110.0	1.0
FISHING SECTOR	-7.9	-16.4	29.7	4.1

Source: Ministry of Production.

GRAPH 10
CATCH OF GIANT SQUID TO PRODUCE FROZEN PRODUCTS
(Thousands of MT)



Source: Ministry of Production.

TABLE 8
FISH CATCH BY MAIN SPECIES
(% change)

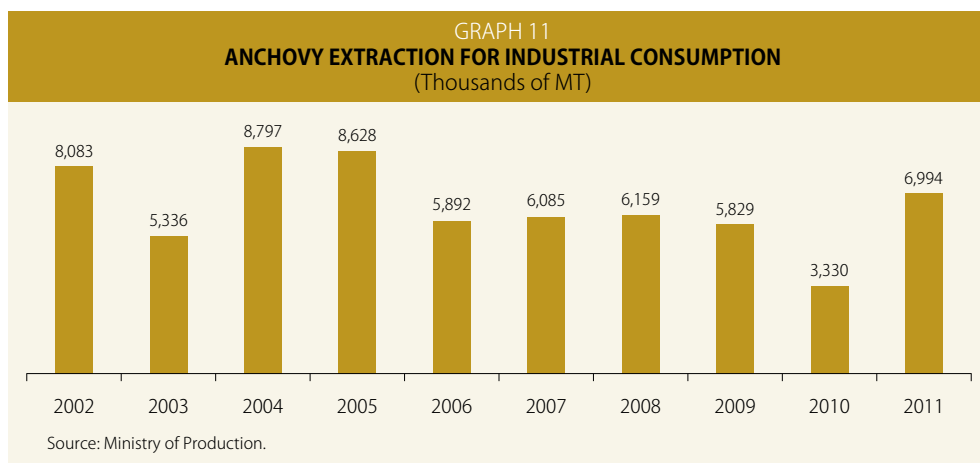
Species ^{1/}	2009	2010	2011	Average 2002-2011
Anchovy	-5.4	-42.9	110.0	1.0
Pacific chub mackerel	-56.5	-77.4	1,487.0	2.4
Prawns	513.8	-81.6	46.2	31.8
Giant Squid	-30.1	-3.2	11.5	25.7
Mackerel	19.3	-83.7	150.3	3.3
Hake	35.2	-12.8	-23.6	-12.9
Scallops	39.3	143.6	-19.1	26.9
Others	-4.3	2.8	5.6	-9.2

^{1/} Includes anchovy for industry, frozen giant squid, prawns and scallops.
Source: Ministry of Production.



The volume of yellow mackerel caught for human consumption increased substantially, reaching 261.8 thousand tons, a higher level of capture than the one recorded in the previous four years. Thus, the catch of yellow mackerel contributed with 7.9 percentage points to the sector's growth rate. After anchovy, this species was the one that showed the highest contribution to the annual growth of fishing in the year.

Anchovy catch for industrial consumption totaled 7.0 million tons, 110 percent more than in the previous year since the reproduction of this species was favored by continued fishing ban periods and by lower catch in the second semester of 2010 due to the presence of La Niña.



In March 2011 Imarpe⁵ estimated the biomass of anchovy at 10.5 million metric tons, a higher level than the historical average level of 7.4 million metric tons, which allowed that a higher fishing quota of this species be established for the two fishing seasons.

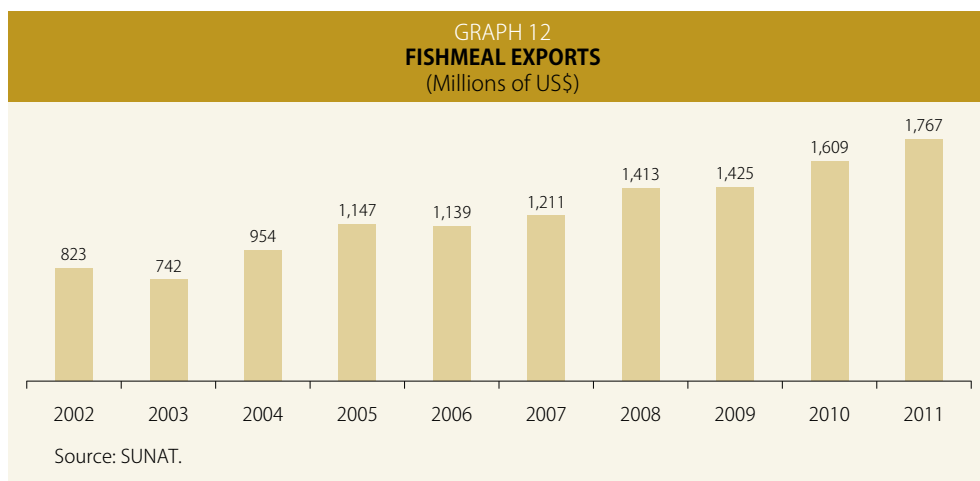
TABLE 9
FISHING SEASONS
(Thousands of MT)

	2010		2011	
	South	North-Central	South	North-Central
First season	400	2,500	400	3,675
Second season	450	2,070	400	2,500
Year total	5,420		6,975	

Source: Ministry of Production.

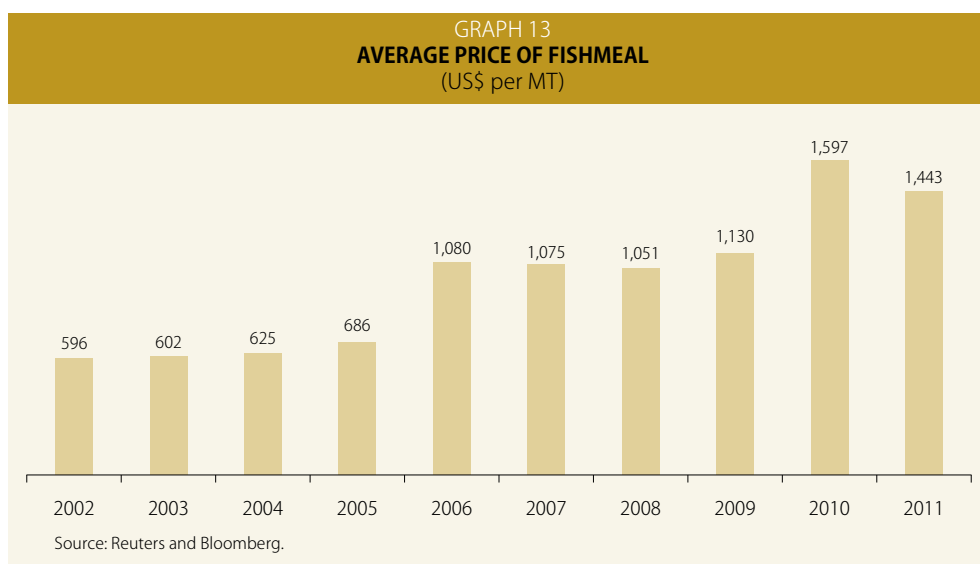
The first anchovy fishing season in the North-Central coast, the most important area in terms of catch and quota, started on April 1. A quota of 3.7 million metric tons –1.2 million higher than the quota in 2010– was established for this fishing period season, which ended on July 31. On the other hand, a fishing quota of 2.5 million metric tons was established for the second season (November 23 to January 31, 2012) by the Ministry of Production.

⁵ Imarpe estimates the biomass of anchovy one month before the beginning of the fishing season. On October 1, 2011, the anchovy biomass was estimated at 10.6 million tons.



Exports of fishmeal, which amounted to US\$ 1.77 billion, grew 9.8 percent, consolidating in this way the growing trend observed in the past six consecutive years. The growth of exports and production concentrated mainly between the months of May and June, the increased production of fishmeal being mainly destined to the Chinese market.

The price of fishmeal declined on average compared to its price in 2010 due to the greater availability of anchovy –the main input–, of which Peru is the world’s largest producer. Over the year the price ranged from a maximum of US\$ 1,798 per ton in February and a minimum of US\$ 1,244 per ton in December, reflecting the lower supply observed in the first months of the year and the recovery of supply after anchovy catch normalized and higher quotas were established.



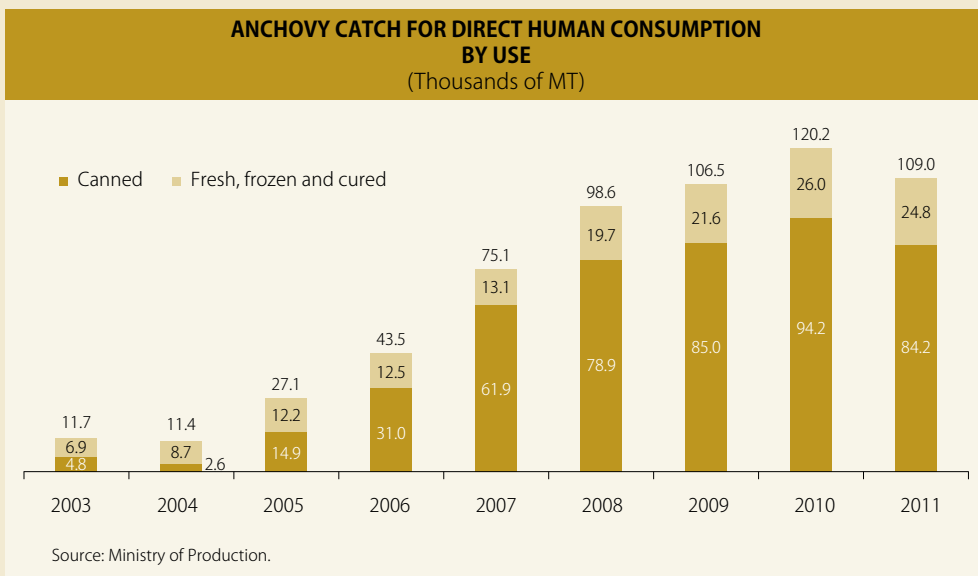
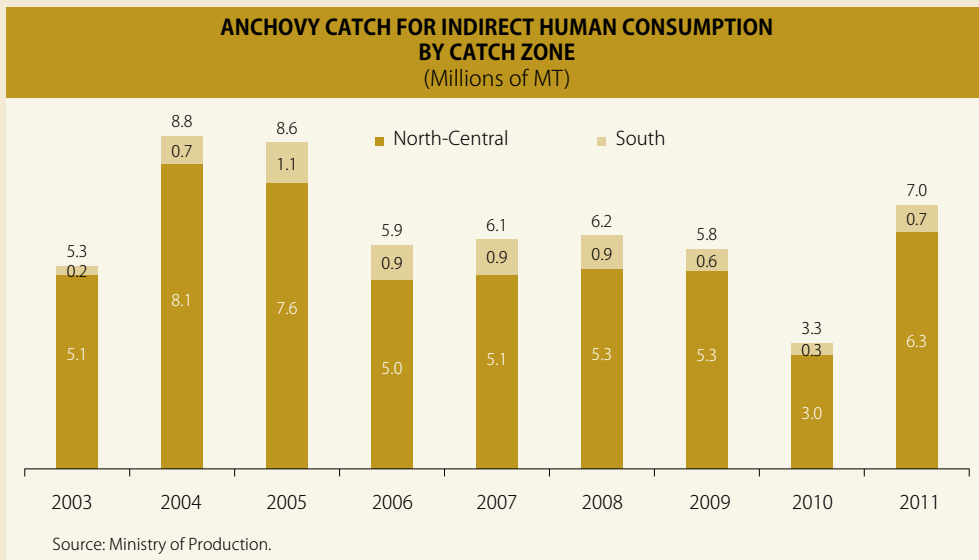


BOX 2

ANCHOVY AND SQUID CAPTURE IN PERU

Peru is one of the major fishing countries in the world, with a significantly noteworthy annual catch of anchovy and pota, two of its main fishing resources. In 2011 these two species accounted for 82 and 4 percent, respectively, of total fishing capture on the Peruvian coastline, which amounted to 8.2 million metric tons.

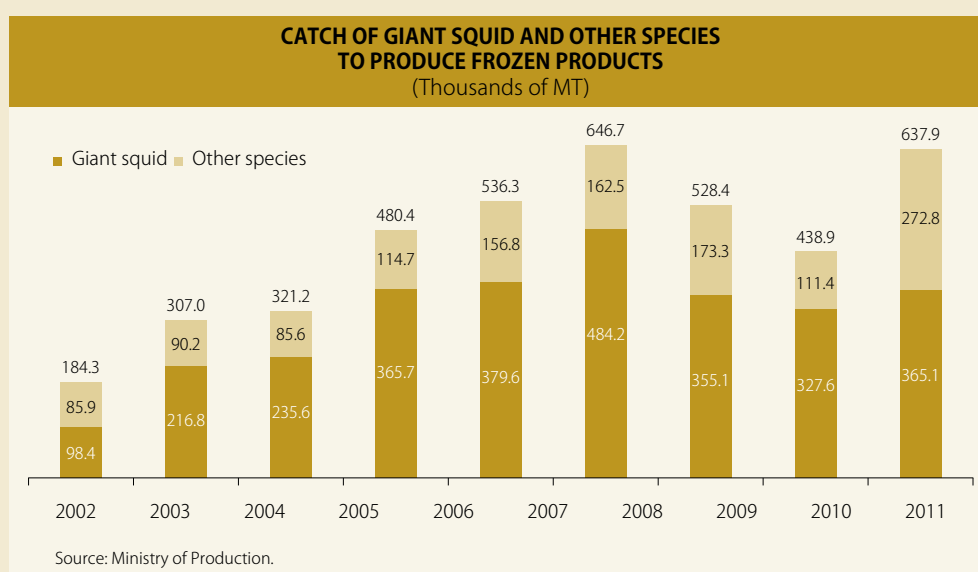
Peruvian anchovetas (*Engraulis ringens*) are small size fish, which can reach up to 20 cm in length. They live in moderately cold waters, forming huge schools, which facilitate their capture in great volumes. Anchovies are mainly caught in two areas of the Peruvian coastline: the North-Central zone and the South zone. The former is more productive and accounts for 89 percent of the fish capture used for the production of fishmeal and fish oil in the last 9 years.



Anchovy is also used for direct human consumption. It is processed to make canned and frozen products, but it is also consumed fresh, even though this consumption accounts only for 2 percent of the total catch. In recent years, however, an increase has been observed in the capture of anchovy for human consumption, despite the decline recorded in 2011 due to the increased demand for this input of the fishmeal and fish oil industry.

The pota or giant squid is a mollusk that can measure up to 120 centimeters and weigh 50 kilograms. It is found from the northern coast of Chile to Mexico, but is mostly concentrated in the Peruvian coastline.

It is primarily used in the preparation of frozen products, with 70 percent of its catch being destined to this end. In 2011, the volume of pota capture increased 11.5 percent and pota exports to markets such as China, Thailand, Spain, and South Korea, grew in a similar magnitude. In terms of value, the exports of pota, made mainly by companies such as Productora Andina de Congelados (Proanco) and Peruvian Sea Food, grew 50 percent.



2.3 Mining and Hydrocarbons Sector

Activity in the mining and hydrocarbons sector decreased slightly and showed a rate of -0.2 percent due to lower metal mining production, which in part reflects the effects of the postponement of new mining projects in a more volatile international context after the financial crisis of 2008.

Several currently ongoing projects began to show low yields associated with wear and tear in the mining cycle. This was particularly evident in the case of some gold and silver mining projects, as well as in some zinc projects. In the case of the latter, some mining companies also switched their operations to the extraction of copper due to its higher relative price.

The negative performance in metal mining was offset by the strong growth observed for the second consecutive year in the production of natural gas, which increased from an average of 700 to 1,099 million cubic feet per day between 2010 and 2011.

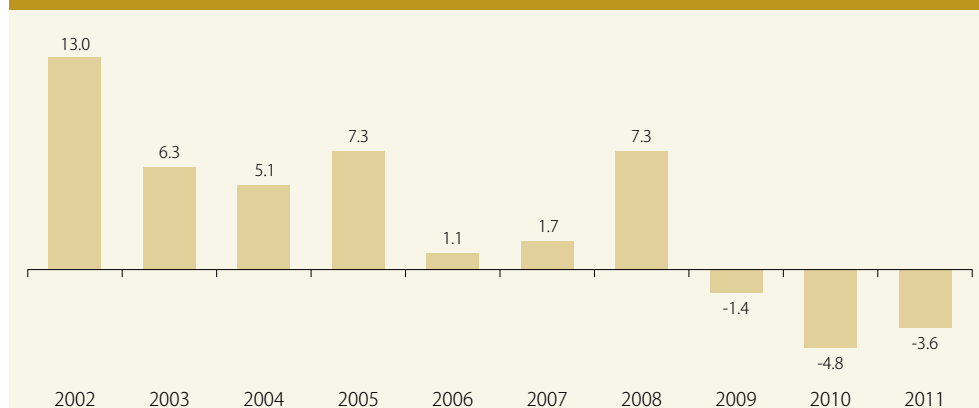


TABLE 10
MINING AND HYDROCARBONS PRODUCTION
(Real % change)

	2009	2010	2011	Average 2002-2011
METALLIC MINING	-1.4	-4.8	-3.6	3.1
Gold	2.3	-10.8	0.0	1.7
Copper	0.5	-1.7	0.1	6.3
Zinc	-5.6	-2.8	-14.6	1.7
Silver	6.4	-7.2	-6.2	2.9
Lead	-12.4	-13.4	-12.2	-2.3
Tin	-3.9	-9.7	-14.7	-2.8
Iron	-14.4	36.7	16.0	8.7
Molybdenum	-26.5	37.9	12.8	7.3
HYDROCARBONS	16.1	29.5	18.1	10.9
Liquid hydrocarbons	20.7	8.2	-2.8	4.6
Natural gas	2.5	104.0	56.9	40.8
TOTAL	0.6	-0.1	-0.2	4.2

Source: INEI, Ministry of Energy and Mining and Perupetro.

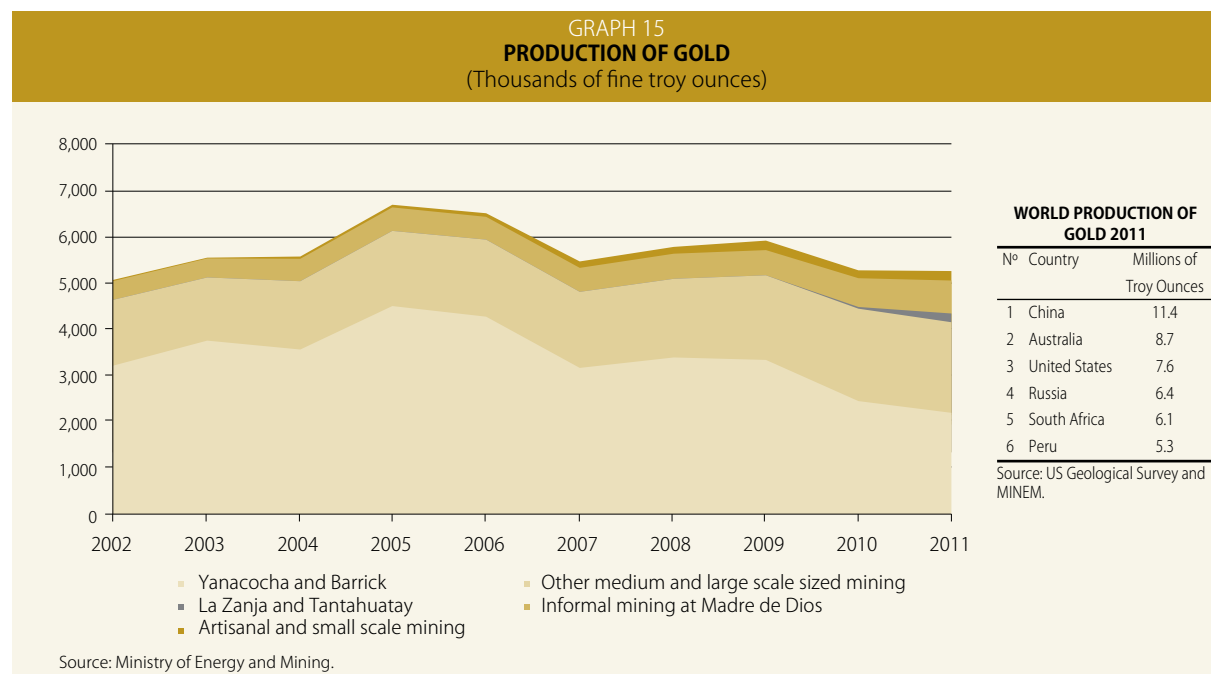
GRAPH 14
PRODUCTION OF THE METALLIC MINING SUB SECTOR
(Real % change)



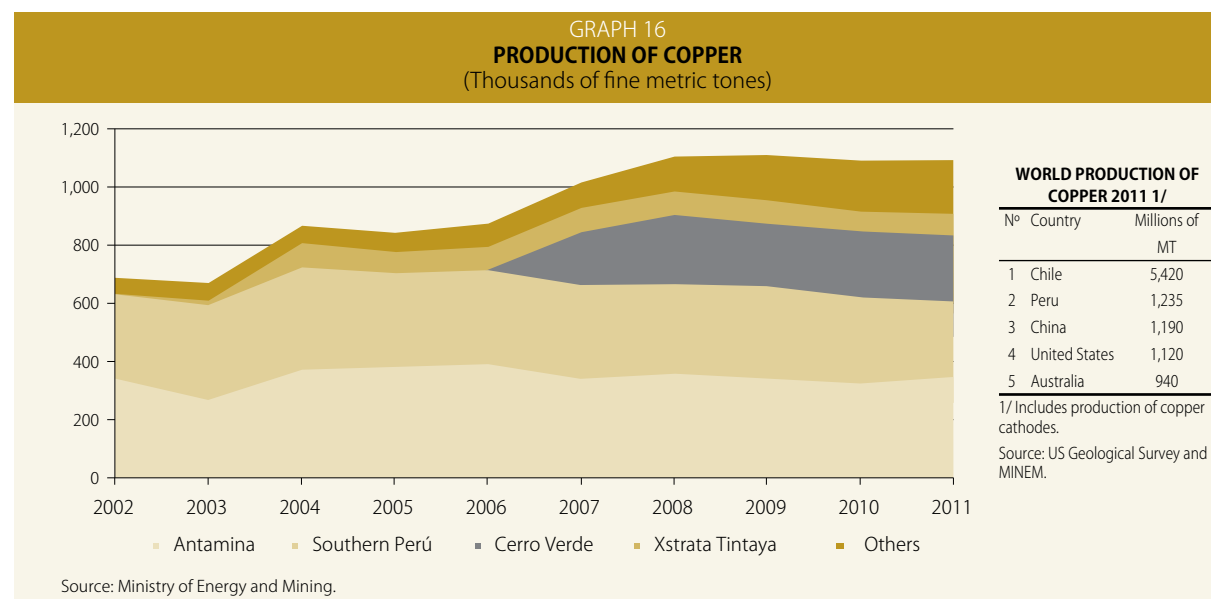
Source: INEI and Ministry of Energy and Mining.

Gold production reached 5.3 million ounces – a similar level to the one recorded the previous year–, as a result of which Peru stands again as the first producer of this precious metal in the region and ranks sixth in the world (with a contribution of 6.0 percent to global production).

The lower metal content obtained by Minera Yanacocha and Barrick Misquichilca accounted for a decline of 4.8 percentage points in the sector's growth rate, but this decline was offset by the operations of the new projects La Zanja and Tantahuatay in Cajamarca, as well as by increased informal gold mining in Madre de Dios, which together represented an increase of 254 thousand ounces in gold production relative to the previous year.



The extraction of **copper** grew slightly in 2011, from 1,094 thousand fine metric tons (FMT) to 1,095 thousand metric tons (0.1 percent). Production at Antamina and El Brocal grew 6.8 and 33.2 percent, respectively, replacing zinc with copper given the higher relative price of the latter metal. However, this result was offset by lower activity at Southern Peru, whose production dropped by 12.1 percent due mainly to the lower production registered by its Cuajone unit in Moquegua as a result of lower metal grades (140 thousand metric tons in 2011 versus 165 thousand metric tons the year previous).



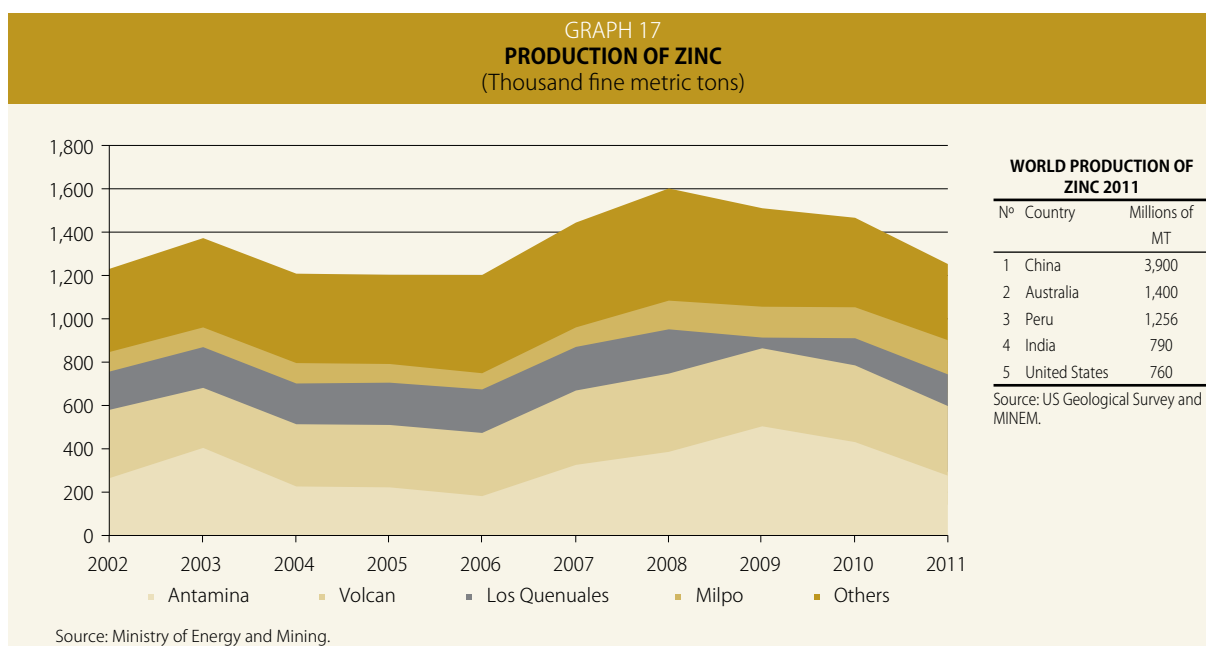


Antamina consolidated its position as the leading producer of copper concentrates in the country, with a production of 347 thousand metric tons, followed by Southern Peru (with 261 thousand metric tons) and Cerro Verde (with 228 thousand metric tons). With this result, Peru remains for the second consecutive year as the second largest producer of copper, both in the region and in the world, with a share of 7.7 percent in terms of global production.

In 2011 the supply of **zinc** contracted 14.6 percent. This metal had the greatest negative impact on the sector's annual result, since its production declined from 1,470 thousand metric tons in 2010 to 1,256 thousand metric tons in 2011. The companies that recorded the biggest declines included Antamina, whose production dropped 36.7 percent; El Brocal, whose production fell 32.7 percent, and Volcan, whose production dropped 13.9 percent. The lower production of zinc in the first two cases is explained by the lower relative price of this metal, while the reduction in the latter case is explained by the smaller volume of treatment of minerals due to the beginning of the depletion phase of Volcan's open pit mine at Cerro de Pasco.

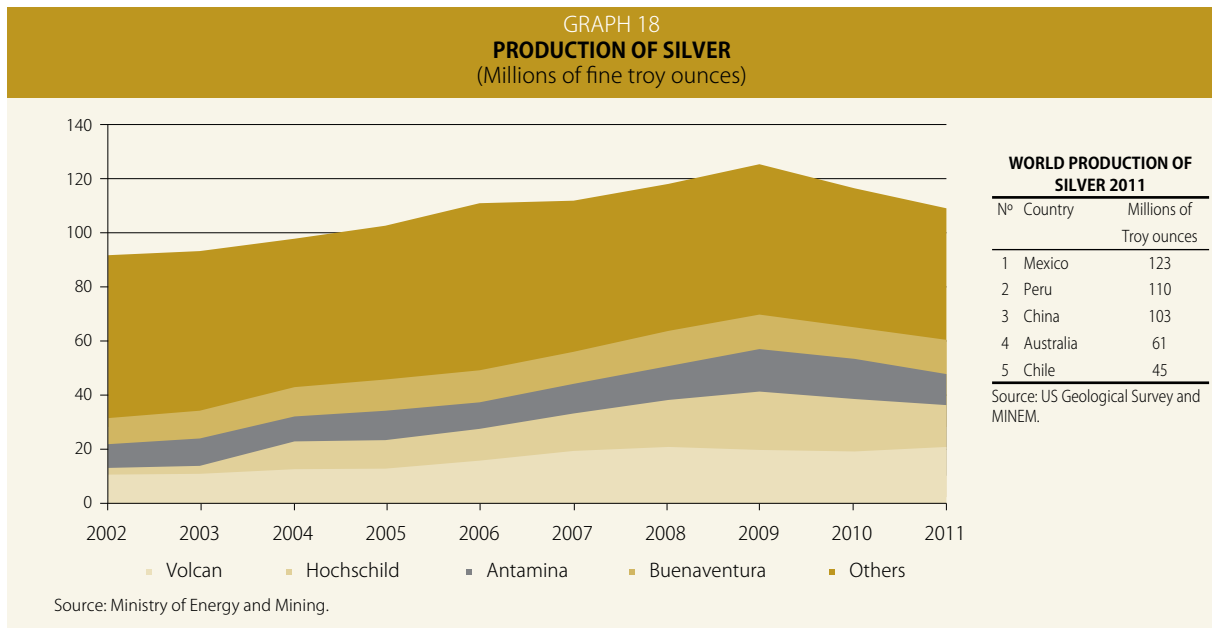
These results contrasted with the ones recorded by Milpo, whose zinc production grew in 2011 due to the culmination of the first expansion stage of its Cerro Lindo concentration plant in Ica, which allowed the company to increase its mineral treatment capacity from 5 thousand to 10 thousand metric tons of ore per day.

In 2011 Volcan was the first ranked zinc producer in the country with 328 thousand metric tons, followed by Antamina with 270 thousand metric tons. In the world, Peru fell one spot and now ranks third after Australia with a zinc output that represents 10.2 percent of global production, while China remained as the leading producer of zinc with an output that represents over 30 percent of the world production of this mineral.

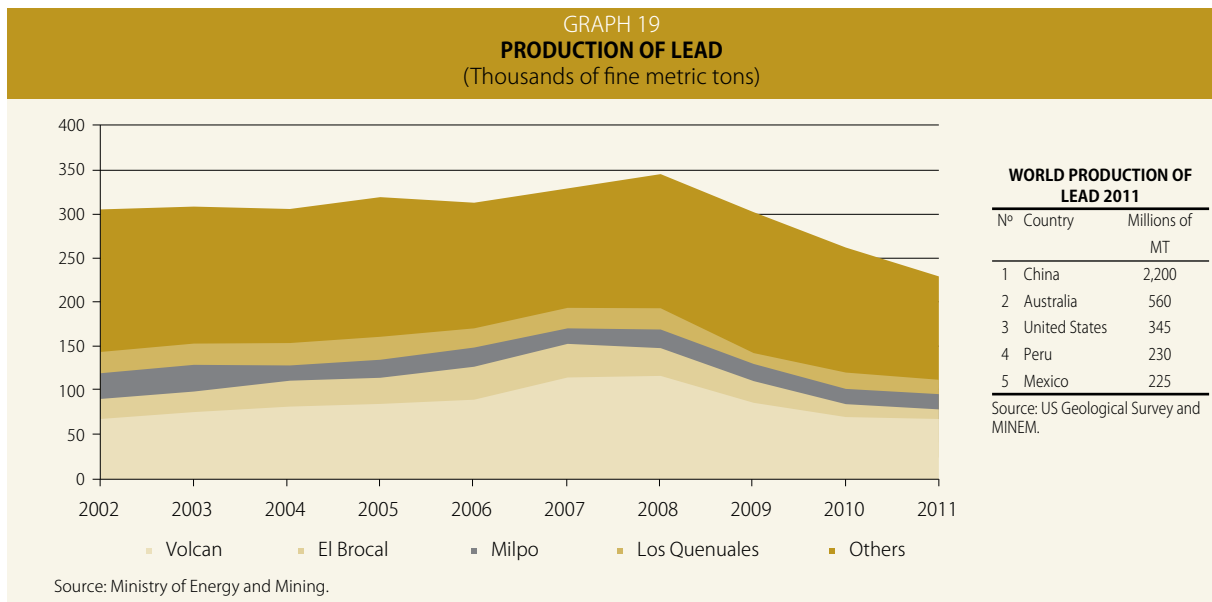


Silver production declined 6.2 percent in 2011, affected by the lower grades of the Hochschild group's Minera Ares and Minera Suyamarca units of Arcata and Pallancata, located in Arequipa and Ayacucho, respectively, as well as by the lower content of silver recovered in the copper ores processed by Antamina. These declines were partially offset by Volcan's increased production as a result of the onset of operations of the first stage of its Piritas de Plata project in Pasco.

It should be said that Peru lost its spot as the world's largest producer of silver and now ranks second behind Mexico due to the onset of operations of Canadian company's unit of Peñasquito, which has a potential production of 32 million ounces per annum.



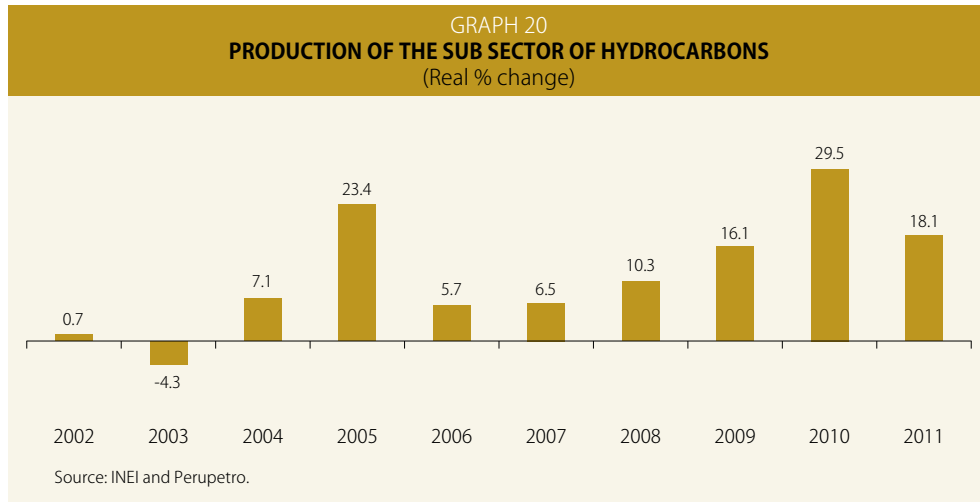
The extraction of **lead** shrank 12.2 percent, influenced mainly by Volcan’s lower production –down 4.0 percent– due to the lower mineral content of its mine in Cerro de Pasco, as well as by the lower processing of zinc minerals, which use lead as a by-product, at Antamina (-66.2 percent) and at El Brocal (-17.6 percent). It should be noted that Peru ranked fourth in the world production of lead with 230 thousand metric tons in the year, which represents 6.4 percent of global production, while China remained the first producer of lead with close to 50 percent of total production.



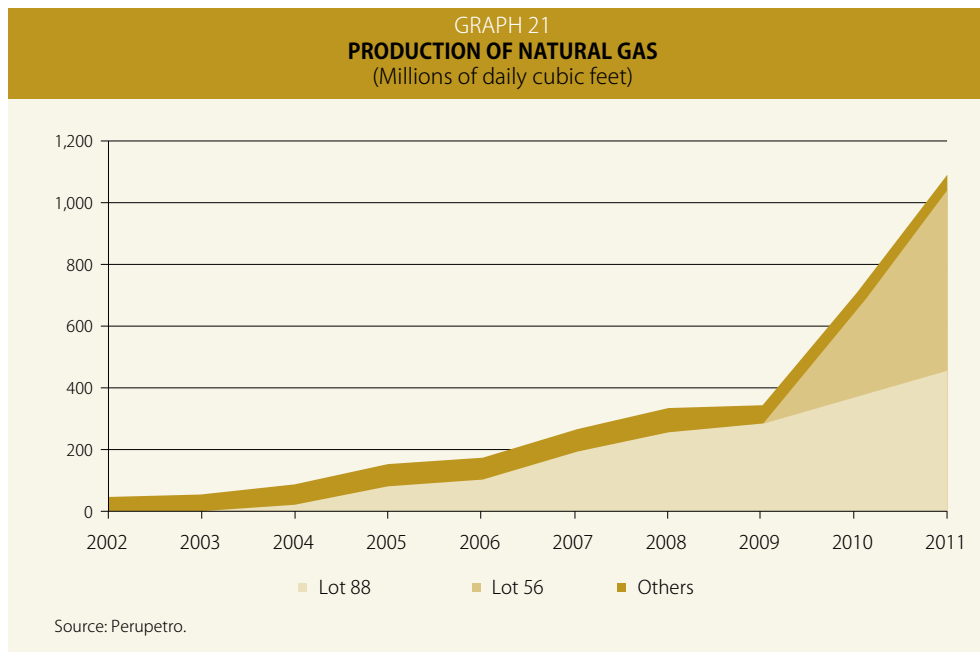
The production of **tin** dropped 14.7 percent due to the reduction of the capacity of Minsur’s concentration plant as a result of problems with the capacity of the tailing field. In contrast, the production of **iron** grew 16.0 percent in response to China’s increased demand, while **molybdenum** concentration grew 12.8 percent due to Antamina’s increased activity.

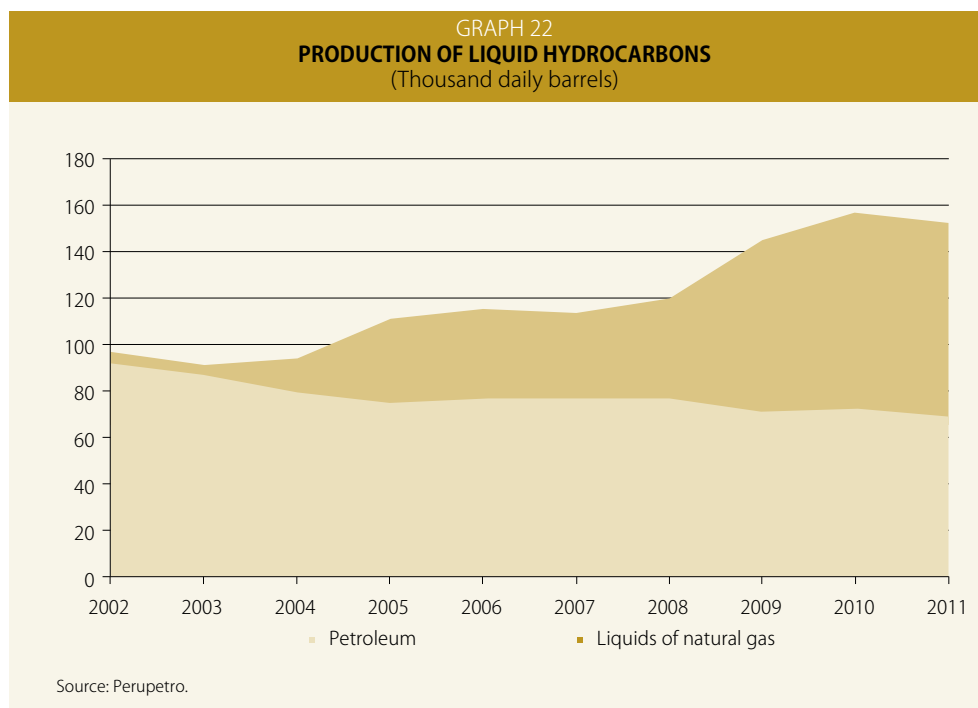


Moreover, the production of **hydrocarbons** rose 18.1 percent, reflecting mainly the higher production of natural gas (56.9 percent) which contrasted with the decline in the production of liquid hydrocarbons (-2.8 percent).



In 2011 the exploitation of **natural gas** reached a volume of 1,009 million cubic feet per day (mmcf). The increase registered in terms of volume compared to 2010 is mainly explained by the fact that the commercial extraction of gas from Pluspetrol's Lot 56, which started only in mid-2010 with an output of 320 mmcf, reached an average of 590 mmcf in 2011. On the other hand, the decline in the production of **liquid hydrocarbons** reflects the lower content of natural gas found in Camisea's Lot 88, as well as the depletion of Pluspetrol's oil lots (Lots 8 and I-AB) in Loreto.





BOX 3

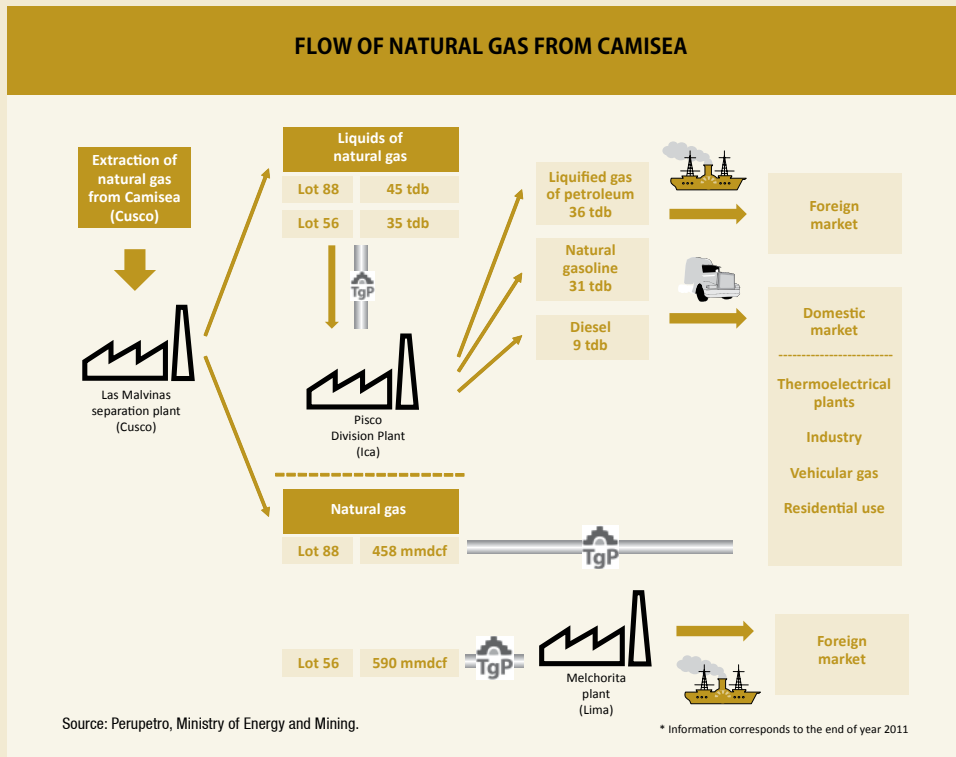
CAMISEA AND THE EXTRACTION OF NATURAL GAS IN PERU

At the beginning of the past decade, the production of natural gas in Peru did not exceed 40 mmcf/d, that is, less than 5 percent of the production registered in 2011 (1,099 mmcf/d). The substantially significant increase observed in the country's production of natural gas is mostly associated with the exploitation of the deposit of natural gas of Camisea since 2004. This reservoir of natural gas, discovered more than 20 years ago, has provided Peru with the opportunity of both transforming its energy matrix and creating a pole of development in the southern region of the country. It should be pointed out that because of the proven and probable reserves of natural gas at Camisea, estimated at around 16 trillion cubic feet, Camisea is the largest gas deposit in the country and the fifth in Latin America⁶.

The Camisea project consists of extracting the gas of Lots 88 and 56 (Cusco) and transporting it to a liquid separation plant, called Las Malvinas, where the water and liquid hydrocarbons are separated from the gas and the resource is prepared to be transported. The gas extracted from Lot 88 is transported to Lima through a pipeline, while the gas extracted from Lot 56 goes through a pipeline to the liquefaction plant of Peru LNG located in Pampa Melchorita, close to Ica, where it is liquefied and exported thereafter. The liquids obtained from natural gas in the separation plant are taken to the coast through another pipeline to a plant located in Pisco, where they are again separated into LPG, gasoline, and other condensed fuels and dispatched by sea or through truck tanks for consumption in the domestic market.

Despite its importance, Camisea is not the only site where natural gas is produced in the country. Although Camisea accounts for the 56.9 percent growth rate in the production of natural gas in 2011, there are other deposits of natural gas in the east and north coast of the country where this resource is produced.

⁶ The major gas deposits are located in Mexico, Venezuela, Bolivia, and Argentina.



PRODUCTION OF NATURAL GAS (Millions of daily cubic feet)

Company	Location	2009	2010	2011
PLUSPETROL				
Lot 88	Cusco	280	372	458
Lot 56	Cusco		270	590
AGUAYTÍA				
Lot 31 C	Ucayali	35	27	18
SAVIA PERÚ				
Lot Z-2B	Piura	11	11	11
PETROBRAS				
Lot X	Piura	11	12	14
SAPET				
Lot VI-VII	Piura	1	2	3
Others		5	5	6
TOTAL		343	700	1,099

Source: Perupetro.

The growth of natural gas production has not only contributed significantly to the performance of the mining and hydrocarbons sector in 2011, but has also increased government revenues and earnings in foreign currency. Exports of this resource in 2011 amounted to US\$ 1.28 billion, approximately 3 percent of total exports.

2.4 Manufacturing Sector

In contrast with the two-digit growth rate observed in 2010 (13.6 percent), activity in the manufacturing sector registered a rate of 5.6 percent in 2011. This lower growth, which was observed especially in non-primary manufacturing since the second quarter, was associated with a slowdown in both the external demand –which mostly affected the textile industry– and in the domestic demand, due mainly to lower government investment which affected the industrial branches oriented to construction.

After two years with nil or negative results, **manufacturing based on the processing of raw materials** grew 12.3 percent in 2011 due to increased activity in the processing of fishmeal and fish oil, canned and frozen fish products as a result of the recovery of the fishing industry resulting from the recovery of the anchovy biomass and the availability of giant squid, on the one hand, as well as due to the higher production of non-ferrous metals, which reflected an increased production of copper cathodes at Cerro Verde and copper anodes at Southern Peru after having faced technical problems of operation during the previous year.

In contrast with this, oil refining declined due to La Pampilla's lower demand for industrial oil and Pluspetrol's lower demand for natural gasoline. On the other hand, the branch of meat products continued to show the rising trend observed in the last three years associated mainly with an increased demand for poultry.

TABLE 11
MANUFACTURING BASED ON RAW MATERIALS BY
MAIN INDUSTRIAL GROUPS
(Real % change)

	2009	2010	2011	Average 2002-2011
MANUFACTURING BASED ON RAW MATERIALS	0.0	-2.3	12.3	3.8
Sugar	7.2	-4.1	3.5	2.4
Meat products	4.6	4.8	5.0	5.6
Fishmeal and fish oil	-4.2	-42.0	109.0	0.7
Canned and frozen fish products	-17.4	-12.4	59.6	12.3
Refining of non-ferrous metals	-18.0	-6.1	7.4	0.4
Refining of crude	27.7	14.2	-4.5	6.3

Source: Ministry of Production and INEI.

GRAPH 23
NON-PRIMARY MANUFACTURING
(Annual % change)



Source: Ministry of Production.



Non-primary manufacturing grew 4.4 percent, although differentiated trends were observed over the year. The branches of metal products, machinery and equipment; food and beverages; chemicals, rubber and plastic products, and the paper and printing industry showed a noteworthy higher production. However, after growing at two-digit rates in the first quarter, the sector recorded a slowdown since April due to the lower pace of growth of the world economy, which had a negative impact on export-oriented branches, such as textiles.

TABLE 12
GROWTH OF NON-PRIMARY MANUFACTURING DUE TO DOMESTIC DEMAND

	2009	2010	2011	Average 2002-2011
Mass consumer products	-6.8	14.1	3.1	5.3
Dairy products	-3.0	13.1	3.8	8.2
Oils and fats	1.6	17.0	-3.9	4.9
Miscellaneous food products	-2.7	13.2	5.5	4.7
Beer and malt	-1.5	6.2	4.6	10.0
Soft drinks	9.1	7.1	7.8	6.1
Clothing	-29.9	56.8	12.0	4.8
Wood and furniture	-6.0	15.6	2.4	7.7
Other paper and cardboard items	-21.9	21.7	1.6	13.9
Toiletries and cleaning products	-2.7	7.6	5.6	7.4
Pharmaceutical products	-1.2	-8.0	6.7	4.2
Miscellaneous items	-1.6	3.0	-10.9	3.2
Inputs	-9.6	18.4	10.4	7.8
Paper and cardboard	-5.1	18.1	13.5	7.5
Paper and cardboard containers	-2.1	19.4	8.5	8.8
Publishing and printing	-7.6	15.6	10.6	10.1
Basic chemicals	-19.5	12.5	4.8	6.2
Explosives, chemical and natural scents	-13.0	17.3	15.6	9.0
Rubber	-14.2	21.9	8.4	2.6
Plastic	-3.9	19.1	4.1	6.0
Glass	-5.8	29.6	21.9	13.6
Materials for construction	1.3	16.5	2.0	10.9
Paints, varnishes and lacquers	5.3	5.3	9.9	11.6
Cement	6.4	14.0	2.2	9.1
Construction materials	-3.7	22.3	-0.6	12.9
Abrasive products	-20.6	23.9	11.1	6.6
Capital goods	-16.2	20.8	6.2	7.1
Iron and steel industry	-21.1	3.3	-4.6	3.8
Metal products	-13.4	30.2	8.9	10.0
Machinery and equipment	-28.2	5.7	62.3	0.0
Electric machinery	-22.4	19.1	-4.4	2.4
Transport equipment	-3.5	28.0	7.9	14.0
Foreign market	-14.8	14.5	3.9	5.5
Canned food, chocolate, and alcoholic beverages	-8.2	10.0	11.7	12.4
Synthetic fibers	-5.2	7.4	-0.8	2.1
Yarns, fabrics, and finished garments	-16.8	22.0	5.6	1.5
Knitted garments	-22.6	14.9	-9.1	3.6
Total non-primary manufacturing	-8.5	16.9	4.4	6.2

Source: Ministry of Production.

Although production grew in all the branches, this growth was particularly noteworthy in the production of inputs, which registered an expansion of 10.4 percent due mainly to higher production in the branch of glass, which provides inputs to the branch of beverages and to the manufacturers of several industrial liquids; in the branch of explosives, natural essences and chemical, due to increased demand from the mining sector; in the industry of paper and cardboard, due to higher installed capacity to meet increased demand; and in printing and publishing activities due to a greater demand of advertising inserts and material for the electoral process.

Within the branches manufacturing mass consumption goods, increased activity stands out in the manufacturing of other garments, even though this branch showed a slowdown in the second semester due to both lower domestic and external demand. On the other hand, higher production was also observed in the branches of sodas, pharmaceutical products, and toilette and cleaning products.

The production of miscellaneous manufacturing products fell in 2011, affected by lower exports of jewelry and by a lower demand for bijouterie items and oils and fats.

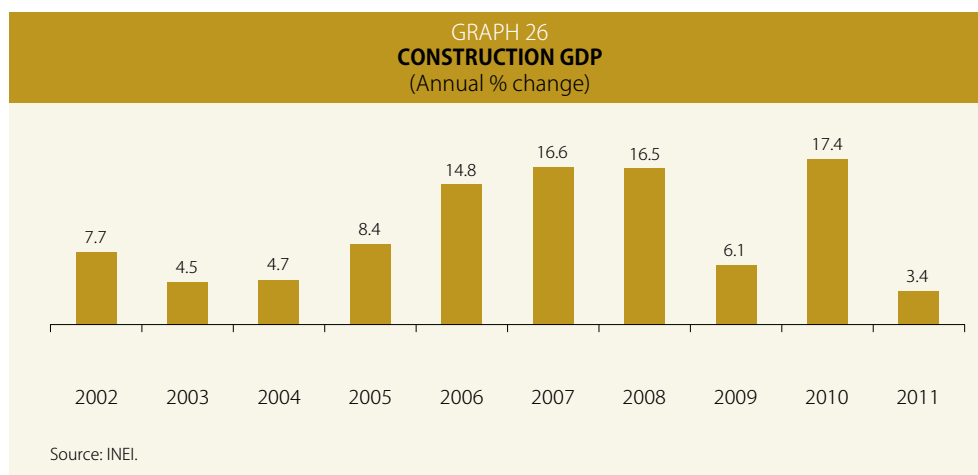
The higher production of paints, varnishes and lacquers, as well as of cement, which registered a recovery towards the end of the year, stands out in the industries oriented to construction.

The industry of capital goods registered an expansion of 6.2 percent, driven by the higher production of mining machinery and equipment; centrifugal pumps for the local and external markets; metal products, in response to a greater demand for containers for the fishing industry, and transportation equipment, in response to larger orders of spare parts and accessories for vehicles, in line with the growth of the country's automotive fleet. In contrast, production in the iron and steel industry declined due to a lower demand for construction iron bars and higher imports of steel products.

The production for the external market grew 3.9 percent –below the average rate recorded in the sector– due to a slowdown in the pace of growth of yarns, fabrics, and finishes, particularly in the last months of the year. The industrial branch of knitted garments dropped 9.1 percent, significantly affected by lower external demand, especially from the United States.

2.5 Construction

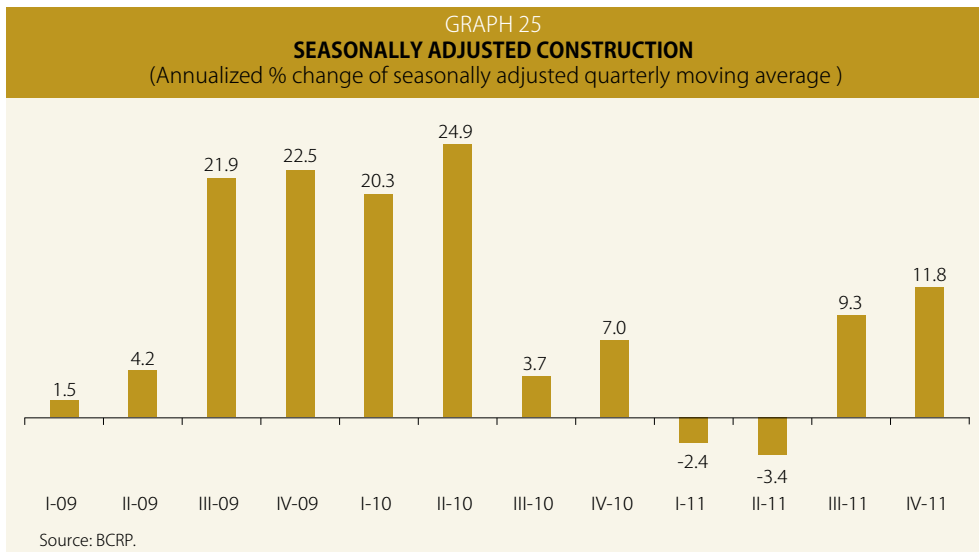
The construction sector recorded a growth rate of 3.4 percent in 2011, thus consolidating a trend of ten consecutive years with growth, even though this rate was the lowest rate in the period due to the contraction of spending observed towards the middle of the year. The decline of public spending was associated with the government's publication of Emergency Decree N° 012-2011 in March with the aim of constraining spending and increasing public savings to improve the country's conditions to respond to adverse effects in the event of a relapse of the international economy after the crisis of 2009. As a result of this, there was a sharp decline in public expenditure oriented to investment, which affected construction.



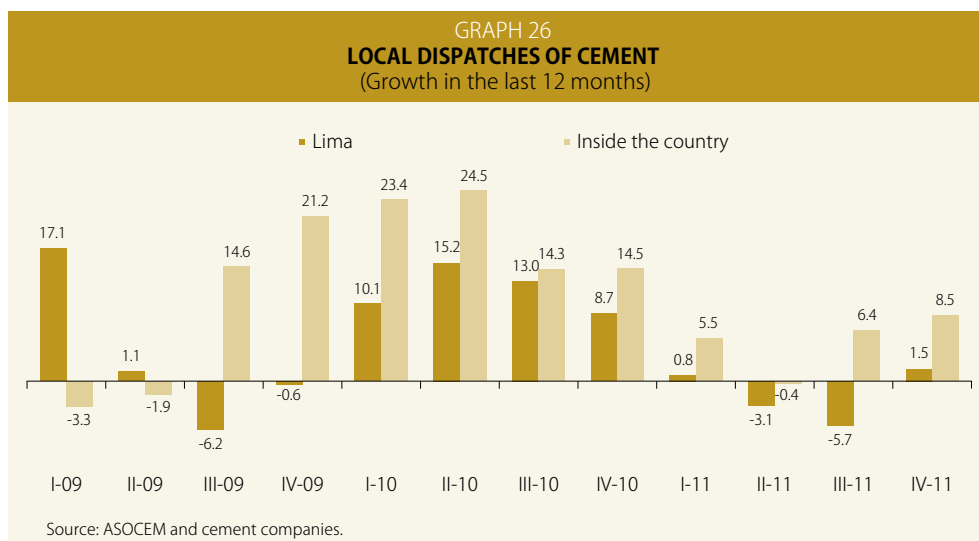


This slowdown was associated with the difficult international context derived from the contagion problems that could arise from the crisis in South European countries and, in the domestic front, with the electoral process after which it is not unusual that a lag is observed in economic agents spending decisions.

Even though these two factors resulted in that construction recorded growth rates close to zero in the second and third quarters of 2011, the sector began to show a recovery towards the end of the year as the above mentioned factors started to subside. Thus, on the side of private investment, the survey on expectations about construction indicated an improvement in the situation of private companies, while on the side of government spending investment began to show lower rates of decline and recorded its first positive rate in the year in December. In this context, construction showed a growth rate of 11.8 percent in terms of seasonally adjusted quarterly rates in the fourth quarter.



As regards the evolution of construction by geographic areas, greater dynamism than in the capital was observed in the interior of the country, especially in the second half of the year. This was reflected in the growth rates of the local dispatches of cement companies located in the interior, which grew 7.7 percent on average in the second semester, whereas Lima registered a contraction of 2.1 percent. The dynamism of construction in the interior of the country was mainly associated with construction works in tourism, commercial, and industrial infrastructure.



In the real estate sector, the last survey on construction in Metropolitan Lima and Callao published by CAPECO, the Peruvian Chamber of Construction, CAPECO, continued to show an unmet demand for homes that cost less than US\$ 40 thousand.

The sector's increased demand was also driven by lower interest rates on mortgages, which showed levels of below 10 percent, both in soles and in dollars at the end of the year (8.2 and 9.4 percent on average, respectively).

The number of mortgage loans granted increased from 29,457 in 2010 to 34,487 in 2011, while existing mortgage loans at the end of 2011 amounted to 153,542 (versus 136,929 at end 2010).

Moreover, the study carried out by CAPECO also analyzed the number of apartment units sold in the period August 2010 to July 2011⁷ and showed that these sales were 42.1 percent higher than in the previous year.

Along the same vein, TINSAB⁸ reports that 21,550 apartments were sold this year in Metropolitan Lima (versus 15,643 units in 2010).

TABLE 13
REAL ESTATE SECTOR: EVOLUTION OF MAIN VARIABLES

	2009	2010	2011
Unsatisfied demand - CAPECO ^{1/}	308,180	399,952	391,434
% Change	6.1	29.8	-2.1
Apartments sold (units) - CAPECO ^{1/}	11,598	13,184	18,736
% Change	-8.3	13.7	42.1
Apartments units sold- TINSA ^{2/}	13,378	15,643	21,550
% Change	-1.7	16.9	37.8
New mortgages ^{3/}	20,529	29,457	34,487
% Change	n.d.	43.5	17.1
Number of debtors of current mortgages ^{3/}	122,992	136,929	153,542
% Change	8.4	11.3	12.1
Average interest rate of mortgage in S/. ^{3/4/}	9.8	9.3	9.4
Average interest rate of mortgage in US\$ ^{3/4/}	9.1	8.1	8.2

1/ *El Mercado de Edificaciones Urbanas en Lima Metropolitana y el Callao*, CAPECO. A one-year period is considered (from June to July in the next year).

2/ *Informe de Coyuntura Inmobiliaria*, TINSA PERU SAC.

3/ Commercial banks. Source: SBS.

4/ Average monthly interest rates of mortgage loans granted in December by commercial banks.

Big real estate projects carried out in 2011 in Lima included the third condominium compound "Parques de la Huaca", with 384 homes, in San Miguel, developed by Grupo San Jose; the second stage of "Las Torres de Santa Clara II" developed by Grupo Acuario in Ate; "Los Parques de Carabaylo" which will have 1,200 apartments and "Parque Central Club Residencial" in Cercado de Lima, both developed by Graña y Montero, which has already culminated the construction of building number 12 of a total of 21 apartment buildings.

Two projects of the Techo Propio Program were implemented in other cities of the country: "Villa Melchorita", developed in Chíncha by Constructora Sukasa will build 1,937 housing units in five stages, and the second stage of "Urbanization Santa Margarita", developed by EOM Grupo Clasem in Piura, has been completed with the construction of 1,510 homes. This project will have a total of eight construction stages.

⁷ *El Mercado de Edificaciones Urbanas en Lima Metropolitana y el Callao*, the sixteenth study carried out by CAPECO on construction in Lima includes total activity in the construction sector during July 2011 as well as construction projects initiated since July 2010, including the inter census period.

⁸ *Informe de Coyuntura Inmobiliaria*, TINSA PERU SAC.



According to Colliers International, five new buildings were added to the market of Prime Offices in the year (one more than in the previous year): Tempus, Centro Empresarial Juan de Arona, and Centro Empresarial Pardo y Aliaga in San Isidro, Macros in Surco, and Miracorp in Miraflores. These five buildings have contributed with a new supply of 50,440 square meters to the office market, which accumulated a stock of 435,521 square meters at end 2011.

Moreover, Colliers' report highlights the dynamism of this market, because almost all the supply of new square meters was absorbed by the demand in the year. Furthermore, the vacancy rate at December was 2.7 percent; that is, lower than the rate of 5.3 percent registered at end 2010.

On the other hand, new hotel projects continued to be developed in 2011. The hotels that opened in Lima in the year included the Westin Libertador Lima Hotel (which had an investment of US\$ 130 million), Hotel Ibis in Miraflores (US\$ 20 million), and Hotel Atton in San Isidro (US\$ 30 million), while the ones that opened in the provinces included Casa Andina Classic Chachapoyas in Amazonas and Hotel Inkaterra Puerto Maldonado in Madre de Dios.

Furthermore, the following projects, which continued to be implemented in the year, should start operating in mid-2012: the Hilton Lima Hotel in Miraflores (with an investment of US\$ 20 million); the expansion of Hotel Orient-Express at the convent of Nazarenas in Cusco (US\$ 16 million); the Marriott Hotel in Cusco (US\$ 46 million); Hotel Royal Decameron Punta Sal in Tumbes, of the Blue Marlin group, a partnership between Decameron and Nuevo Mundo (US\$ 30 million), and San Agustín Paracas Resort in Ica (US\$ 10 million).

Commercial and entertainment construction projects developed in the year included five new shopping malls, three of them in Lima and two in other cities. In Lima, Graña y Montero developed Centro Comercial Parque Agustino, which involved an investment of US\$ 14.8 million; Grupo Interbank opened Real Plaza Chorrillos, and Multimercados Zonales developed Plaza del Sol in Huacho, with an investment of US\$ 19 million, while in the provinces the Grupo Romero and Grupo Interbank developed Plaza de la Luna in Piura, with an investment of US\$ 40 million and Real Plaza Juliaca (with an investment of US\$ 20 million) in Puno, respectively.

Finally, other construction projects included initiating the building works of some shopping malls that would start operating in 2012. These projects include Mall Aventura Plaza Santa Anita, which is developed by Grupo Aventura Plaza with an investment of US\$ 70 million; Centro Comercial San Borja Plaza, developed by the Brescia Group (US\$ 100 million), and Mega Plaza Chimbote in Ancash by Inmueble Panamericana (US\$ 28 million).

TABLE 14
MALLS 2011

Economic Group	Commercial Project	Location	Amount of Investment (Millions of US\$)	Status
Multimercados zonales (Grupo Romero)	Plaza de la Luna	Piura	40	Inaugurated
Grupo Interbank	Real Plaza Juliaca	Puno	20	Inaugurated
Multimercados zonales (Grupo Romero)	Plaza del Sol Norte Chico	Lima	19	Inaugurated
Graña and Montero	Centro Comercial Parque Agustino	Lima	15	Inaugurated
Grupo Interbank	Real Plaza Chorrillos	Lima	20	Inaugurated
Grupo Brescia	Centro Comercial San Borja Plaza	Lima	100	In construction
Aventura Plaza	Mall Aventura Plaza Santa Anita	Lima	70	In construction
Inmuebles Panamericana (joint venture of Parque Arauco and Grupo Wiese)	Mega Plaza Chimbote	Áncash	28	In construction

Source: Colliers International and media.

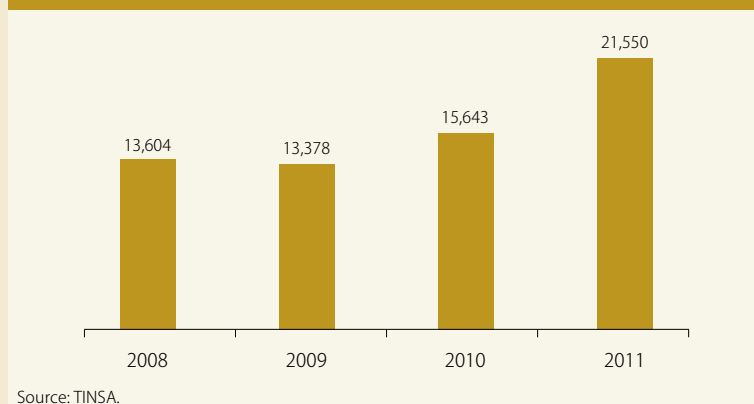
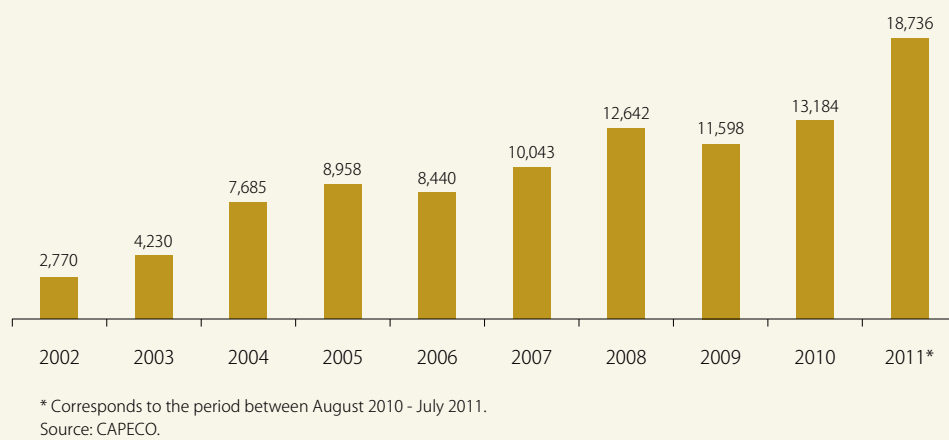
BOX 4

EVOLUTION OF THE REAL ESTATE SECTOR

Situation of the real estate sector

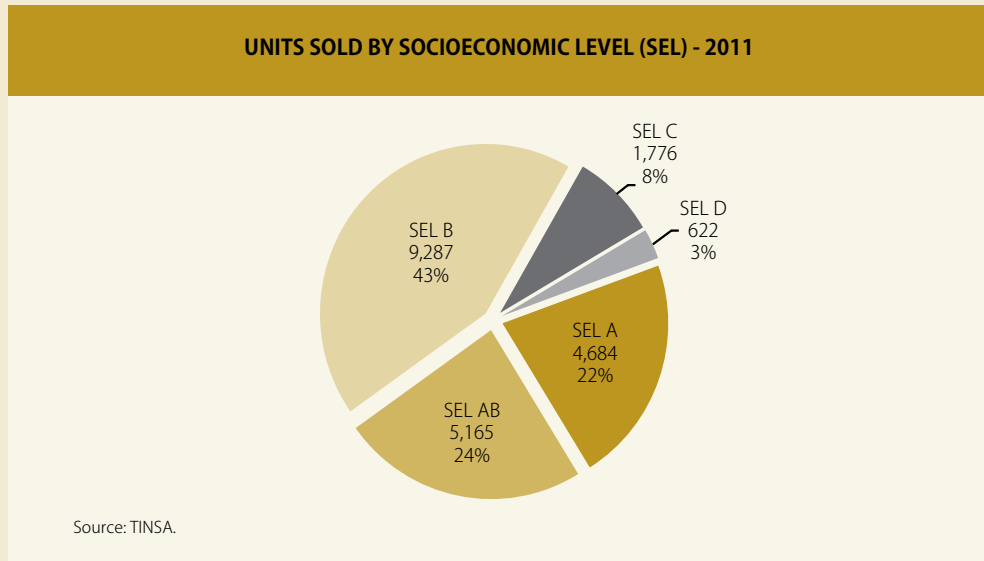
Hand in hand with the process of economic growth experienced by Peru, the real estate sector in Metropolitan Lima and Callao has been showing a remarkable dynamism in the last ten years. According to a report elaborated by the consulting firm TINSA, 21,550 apartments were sold in 2011, 40 percent more than in the previous year. The number of homes sold to people of the socioeconomic levels B and C stands out with over 50 percent of this total.

A report prepared by CAPECO –Cámara Peruana de la Construcción– based on an inter-annual census for the period August to July says that the number of apartments sold in 2011 has been the highest in the last ten years.

UNITS SOLD IN METROPOLITAN LIMA AND CALLAO**EVOLUTION OF APARTMENTS SOLD**
(Units)

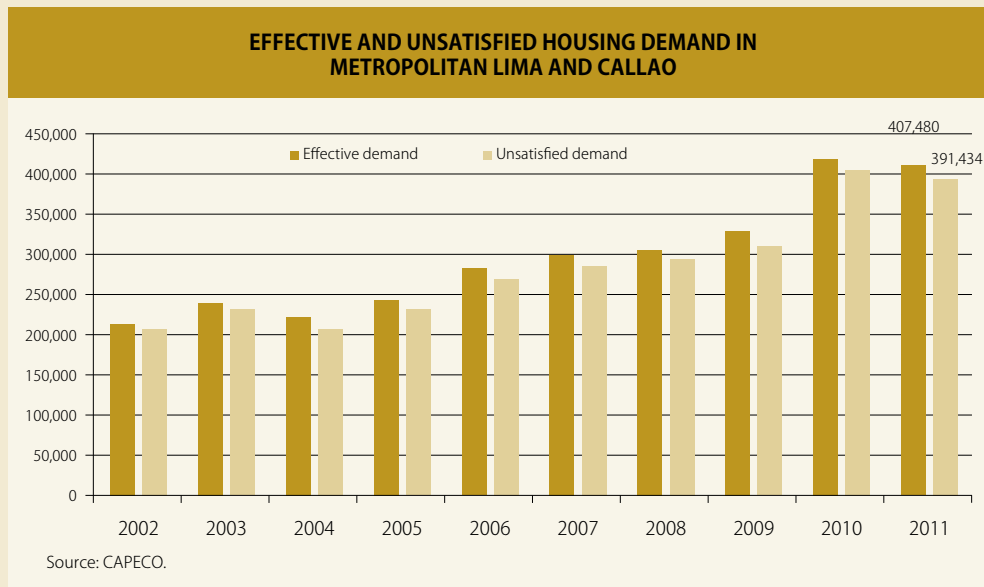


According to TINSA, the highest percentage of the units sold in the year (43 percent) is observed in houses with a cost of S/. 100 thousand to S/. 200 thousand in the socioeconomic level B, followed by those oriented to socioeconomic level AB (24 percent), and socioeconomic level A (22 percent). The cost of these last units ranges between S/. 200 thousand and S/. 350 thousand, or more than S/. 350 thousand, respectively.

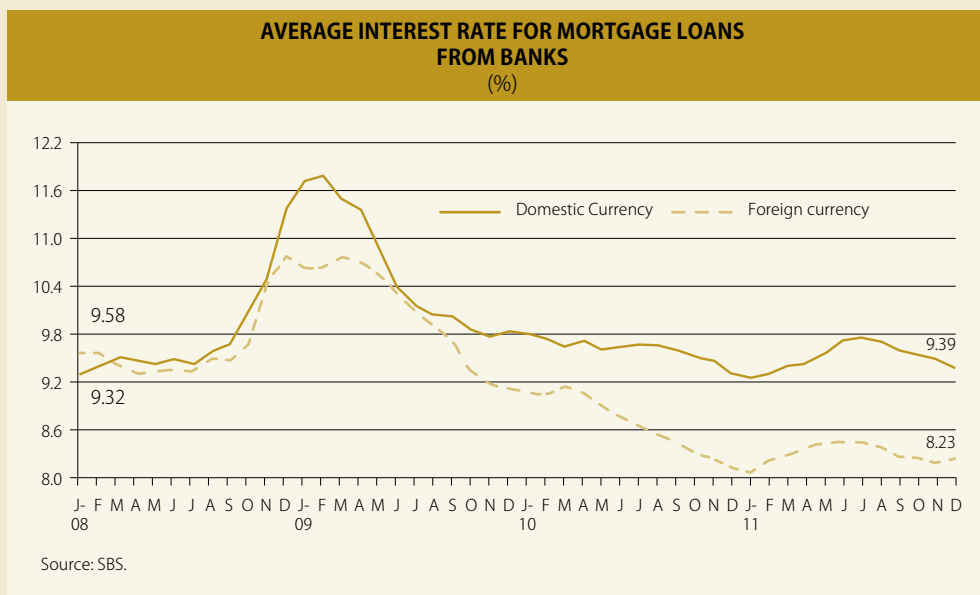


The dynamism of the real estate sector has been based both on the growth of the actual demand for homes and on the favorable conditions to get mortgage loans.

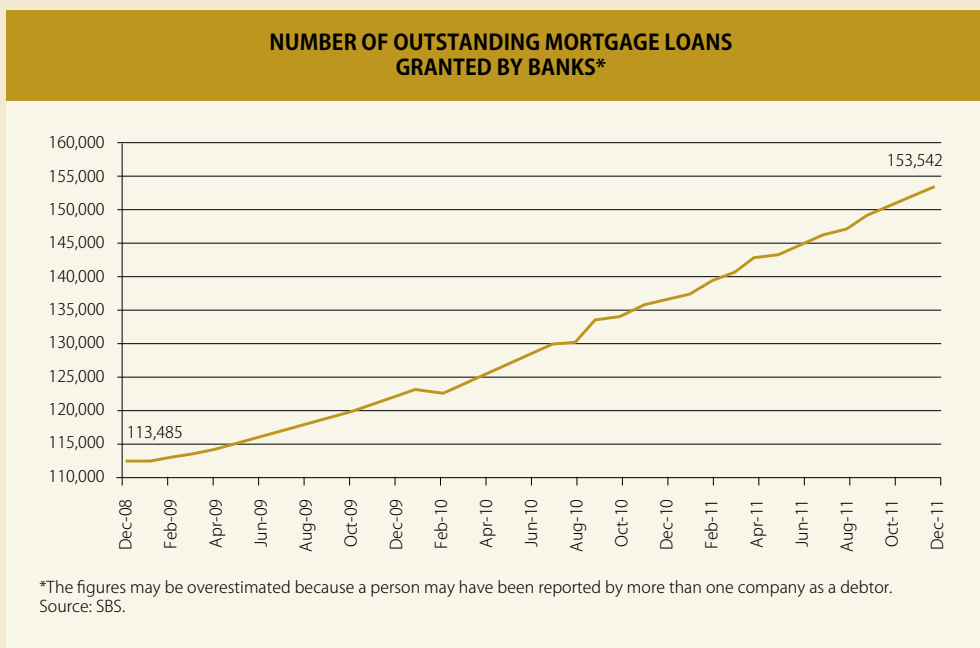
According to CAPECO, the actual demand for homes is over 400 thousand units in Metropolitan Lima and Callao. However, the supply of apartments and houses included only 18,429 units in the period August 2010 – July 2011, the cost of 70 percent of these units exceeding US\$ 60 thousand. On the other hand, 80 percent of the unmet demand concentrates around homes that cost less than US\$ 40 thousand.



The reduction of interest rates in both domestic currency and foreign currency has encouraged the demand for mortgage loans. Banks' average interest rate on mortgages is 9.4 percent in domestic currency and 8.2 percent in foreign currency. The former has returned to levels observed prior to the international financial crisis, while the latter has reached even lower levels.

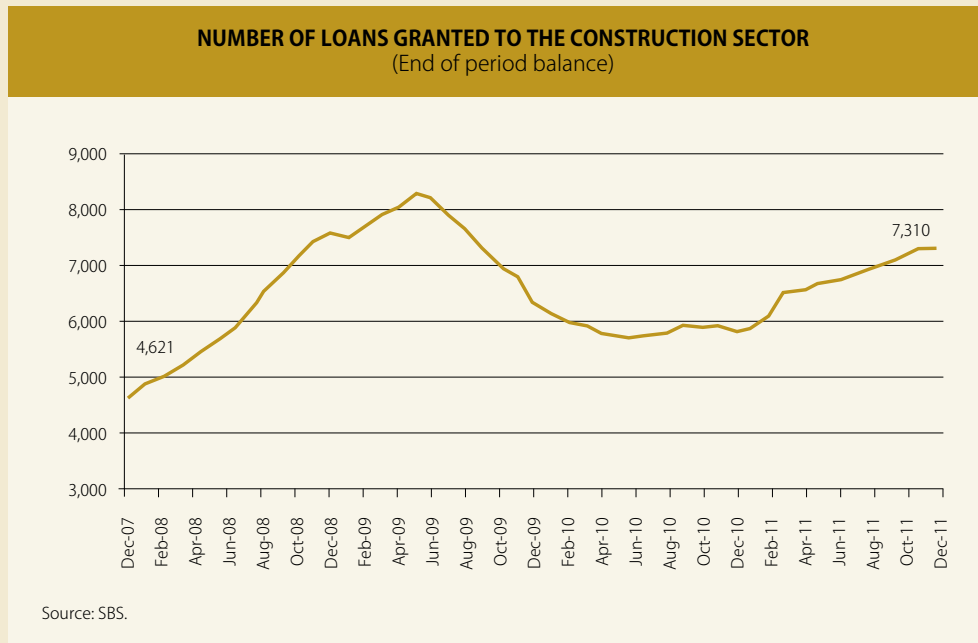


The banking system granted 34,487 new mortgage loans in 2011. Compared with the ones approved in 2010 (29,457), this represents a growth of 17 percent. Moreover, nearly 153 borrowers had an outstanding mortgage loan at December 2011.

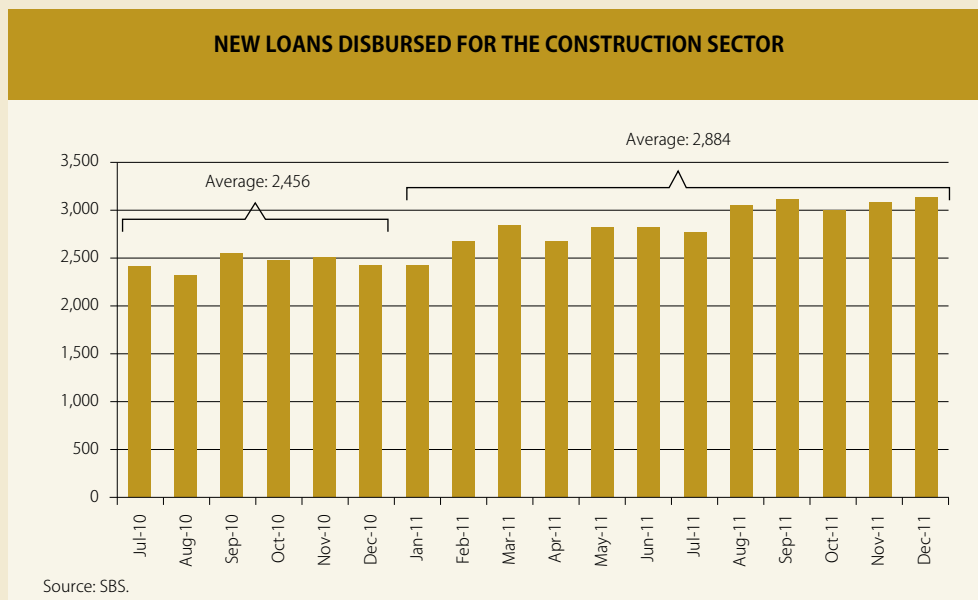




Statistical data on credit for the construction sector reflect the dynamism of this activity. On the one hand, the number of borrowers who obtained bank loans for construction grew exponentially during 2008 and reached a peak in June 2009 with a total of 8,263 borrowers. This figure declined in 2010 due to international uncertainty, recovering thereafter when it reached a total of 7,310 borrowers with existing loans for construction at end 2011.



An average of 2,884 new credits for construction were registered in 2011, while the average in the period of July – December 2010⁹ was 2,456 loans.



⁹ New SBS statistical data available only since July 2010.

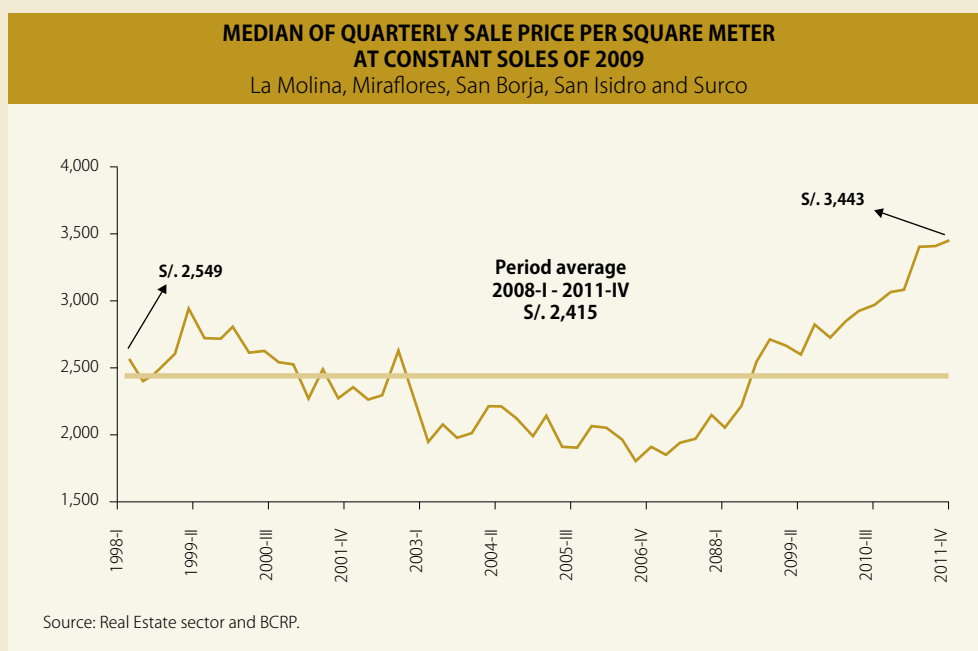
Indicators of Real Estate Prices¹⁰

In order to analyze the evolution of prices in the real estate market, the Central Bank began to collect information about the prices of real estate in the districts of Miraflores, San Borja, and San Isidro since the second quarter of 1998, given that these districts recorded the largest real estate supply in that year.

Following internationally accepted methodologies, it was decided that the indicator elaborated would be based on the median method. In addition to facilitating calculations, the main advantage of this method is that it reduces the potential bias of having small and very heterogeneous samples.

Price indices of houses and apartments, as well as price indices per square meter are currently available for 10 districts of Metropolitan Lima. This information has been used to elaborate several indicators, whose evolution is discussed below:

1. Quarterly Index of Sale Prices per Square Meter at Constant Soles: This indicator –calculated on the basis of the median of sale prices at constant soles of 2009– has been showing an upward trend since mid-2006, when it registered its lowest level since 1998. In Q4-2011, sale prices rose 13 percent compared to the same period in 2010.



2. Sale Price/Income per Annual Rent Ratio (Price to Earnings Ratio - PER): This indicator, which represents the number of years that a property would have to be rented to recover the purchasing value of the property, is equivalent to the price to stock earnings ratio.

The median of sale prices, the median of rents, and the sale price/rent ratio is calculated for each district. The Metropolitan Lima indicator is the average of the ratios by district. According to the classification of the Global Property Guide¹¹, the prices of apartments are in the interval of normal prices (12.5-25.0).

¹⁰ An explanation of the data collection methodology used to elaborate these indicators can be found in Nota de Estudios, October 2010, and in <http://www.bcrp.gob.pe/docs/Publicaciones/Memos-Estudios/2010/Memo-Estudios-55-2010.pdf>.

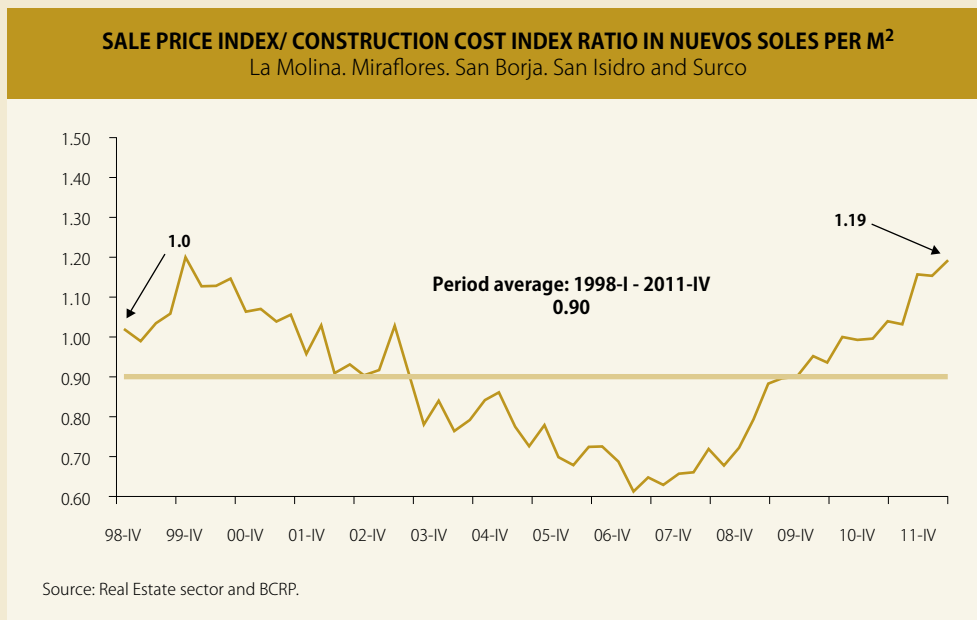
¹¹ Global Property Guide publishes recommendations on opportunities in residential property investment all over the world in its report Property Recommendations, available at www.globalpropertyguide.com



PER: SALE PRICE / INCOME ANNUAL PER RENT RATIO PER M ²							
MEDIANS 1/	2010 - IIQ	2010 - IIIQ	2010 - IVQ	2011 - IQ	2011 - IIQ	2011 - IIIQ	2011 - IVQ
Jesus María	11.8	10.5	11.9	12.6	13.1	12.9	13.0
La Molina	13.0	15.7	16.1	16.5	17.2	15.2	15.8
Lince	15.9	14.2	14.8	14.3	15.6	16.5	14.1
Magdalena	10.6	11.7	10.9	11.6	13.7	12.7	12.5
Miraflores	10.9	12.1	13.3	12.9	14.0	15.6	15.7
Pueblo Libre	14.5	13.6	14.1	15.6	15.6	15.0	15.3
San Borja	15.8	15.5	14.7	15.3	17.2	16.6	17.2
San Isidro	14.4	13.6	13.8	15.6	15.9	14.9	16.7
San Miguel	13.6	12.0	14.8	17.7	15.9	13.7	12.8
Surco	12.8	13.8	14.7	15.9	15.8	13.3	16.3
Aggregated							
Average	13.3	13.3	13.9	14.8	15.4	14.6	14.9

1/ The ratios have been calculated based on the median of the sale prices and income rent of each district.
Source: Real State Sector BCRP.

3. Sale Price Index / Construction Cost Index Ratio: The Construction Cost Index is calculated based on INEI's Index of Construction Materials and Labor Costs. The increase in this ratio towards the end of 2011 indicates that the sale prices of properties would have been rising more than costs.



4. Affordability ratio (Price to Income Ratio): This indicator, obtained by dividing the price of property by the average annual income of households, measures the payment capacity of families.

5. Comparison with International Indicators: The indicators of the real estate market in Lima are compared with those of other countries based on information published by Global Property Guide. Lower sale prices, PER levels within the range considered normal, and affordability ratios at intermediate levels are observed in the case of Peru. Global Property Guide defines the ratio of affordability as the cost of a building with an area of 100 square meters divided by GDP per capita. Between 2009 and 2010, the

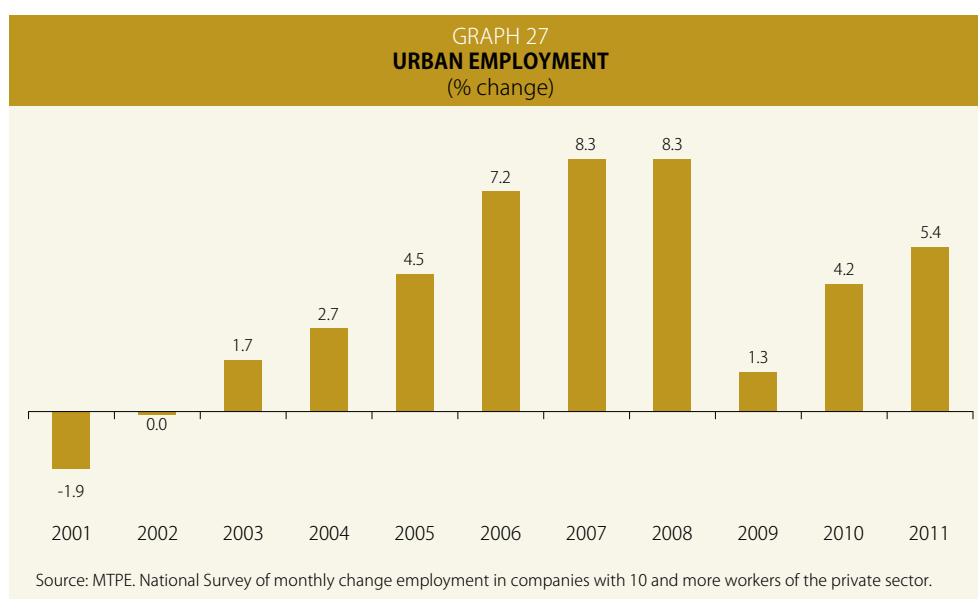
indicator fell from 21 to 20 and then returned to this level in 2011, falling below the average level in the period 1998-2011.

PERU : PRICE TO INCOME RATIO			
2011			
	Sale price per m ²	PER	Affordability Ratio
United Kingdom	15,187	23	55
Japan	13,855	23	30
United States	13,428	21	28
Canada	6,179	19	12
Argentina	3,144	15	30
Brazil	3,836	18	30
Uruguay	1,959	13	13
Mexico	2,085	11	19
Chile	1,794	11	13
Costa Rica	1,642	12	19
Colombia	2,102	13	30
Panama	2,128	11	25
El Salvador	1,189	13	31
Peru	1,306	12	23
Ecuador	958	13	22

Source: Global Property Guide.

3. Labor

According to the Ministry of Labor, employment in urban areas in formal firms with 10 or more workers grew 5.4 percent in 2011. This rate is higher than the one recorded in 2010 (4.2 percent) and higher than the mean annual rate in the period 2002-2011.



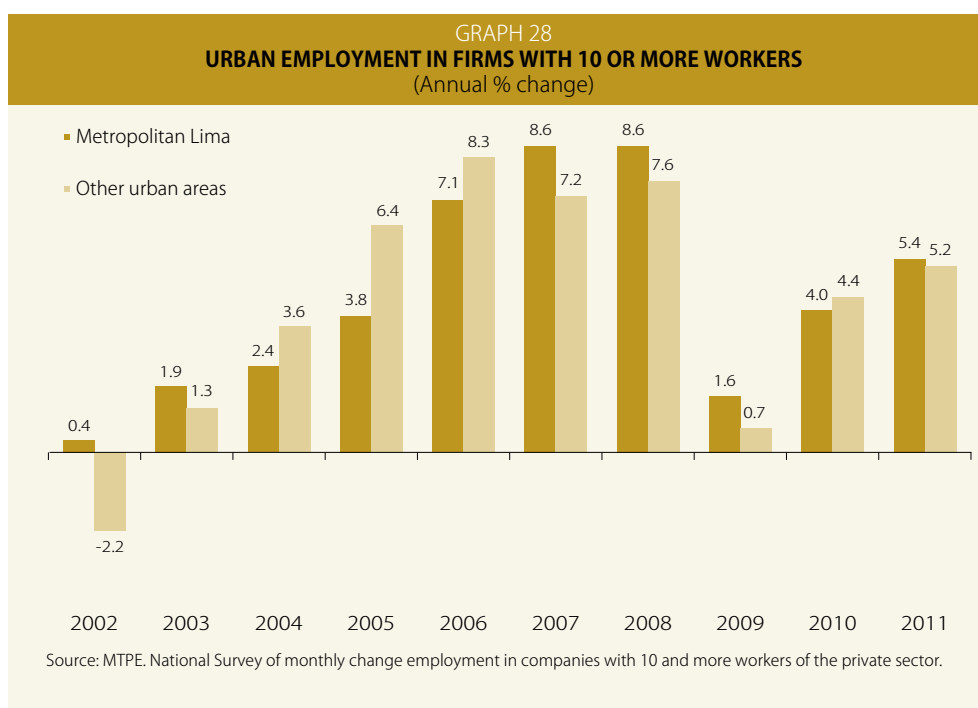


By production sectors, employment grew the most in the sector of trade (6.9 percent), followed by manufacturing (6.1 percent), and services (5.2 percent).

The increase of employment in the trade sector was in line with the growth of domestic demand, which translated into an increase in sales, both wholesale and retail. Like in 2010, employment in the industrial sector showed a positive evolution, while employment in the sector of services saw a greater demand for workers in schools, restaurants, financial establishments (AFP, Edpymes, and insurance companies), and business advisory services.

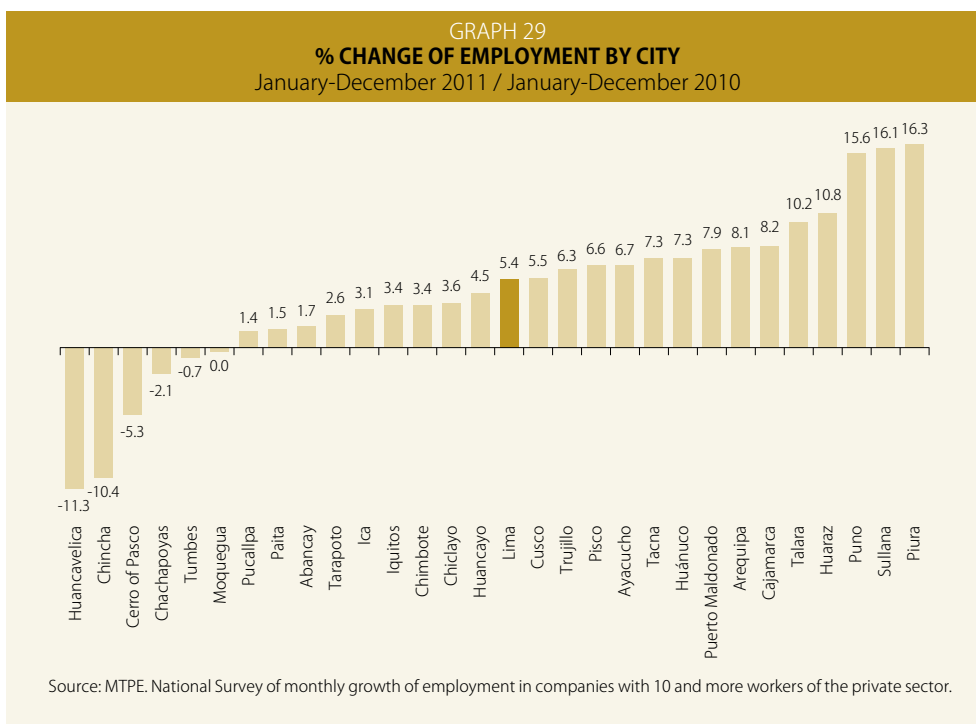
Employment in the primary sector declined from 7.2 percent in 2010 to 3.2 percent in 2011. This result was influenced by the climatic disturbances that affected the production of some crops such as rice, tomato, and corn, as well as by the lower metal mining production observed in 2011.

By geographical areas, employment showed a positive evolution in both Metropolitan Lima and in other urban areas, registering higher growth rates than in the previous year: 5.2 and 5.4 percent, respectively.

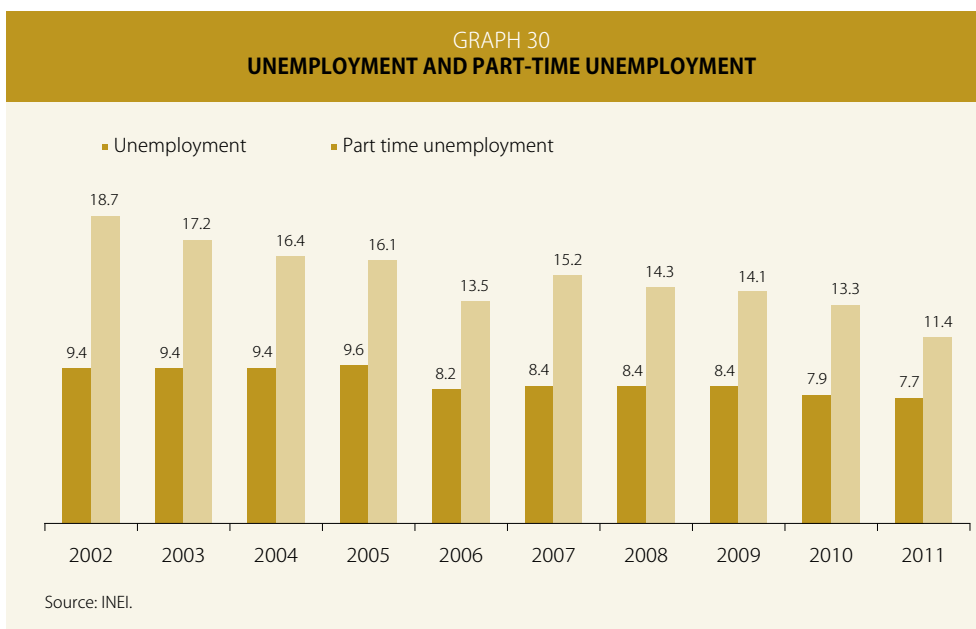


By regions, employment showed a positive evolution in most of the cities included in the sample of thirty cities reported by the Ministry of Labor and registered a decline only in five of them. The highest rate of growth was recorded in Piura, with 16.3 percent, followed by Sullana, with 16.1 percent. The growth of employment in these cities was associated with the export of organic bananas and grapes, among other crops, as well as with the increase of employment in financial establishments and education centers. Increased activity in fishing and the processing of squid was also relevant in the case of Sullana.

In Puno, employment's growth rate of 15.6 percent resulted from the greater dynamism of education, financial services, and tourism, whereas in Huancavelica the rate of -11.3 percent was due to the decline of metal mining production.



According to the Employment Survey –Encuesta Permanente de Empleo– carried out by the National Statistics Institution (INEI), employment in Metropolitan Lima registered a positive evolution. The employed population grew 1.9 percent –from 4.3 million in 2010 to 4.4 million in 2011– as a result of increased activity in the sectors of services and manufacturing. Thus, unemployment fell from 7.9 percent in 2010 to 7.7 percent in 2011.





Moreover, the quality of employment continued to improve: the number of workers adequately employed rose 8.9 percent, while the number of underemployed workers declined 6.3 percent. Furthermore, the number of salaried workers grew 4.1 percent, while self-employment fell 1.3 percent.

TABLE 15
WORKFORCE BY LEVELS OF EMPLOYMENT IN METROPOLITAN LIMA 1/
(Thousands of individuals)

	2007	2008	2009	2010	2011
I. ECONOMICALLY ACTIVE POPULATION (EAP): 1 + 4	4,385	4,410	4,514	4,704	4,786
1. EMPLOYED	4,017	4,041	4,135	4,332	4,415
By economic activity					
Manufacturing	688	674	661	729	737
Construction	249	262	260	309	311
Commerce	882	892	922	943	948
Services	2,132	2,152	2,237	2,293	2,363
Others	65	60	56	59	57
By educational level					
Primary school ^{2/}	457	427	433	443	445
Complete high school ^{3/}	2,091	2,050	2,115	2,282	2,252
Higher education	715	745	715	746	773
University higher education	754	819	872	861	944
By occupation					
Salaried workers ^{4/}	2,438	2,507	2,549	2,606	2,712
Non-salaried workers	1,579	1,534	1,587	1,726	1,704
By size of business					
Independent ^{5/}	1,366	1,338	1,373	1,496	1,478
From 2 to 10 workers	1,223	1,152	1,186	1,236	1,233
From 11 to 50 workers	409	421	420	442	471
From 51 to more workers	1,018	1,130	1,155	1,158	1,233
By number of hours worked per week					
Employed workers working 20 or more hours	3,556	3,604	3,664	3,902	3,983
Salaried workers working 20 or more hours	2,251	2,316	2,340	2,424	2,536
2. UNDEREMPLOYED	2,268	2,127	2,013	1,999	1,874
Visible underemployment (by hours) ^{6/}	665	631	636	628	547
Invisible underemployment (by income) ^{7/}	1,603	1,496	1,377	1,371	1,328
3. PROPERLY EMPLOYED	1,749	1,914	2,122	2,333	2,541
4. UNEMPLOYED	368	370	379	372	370
II. INACTIVE POPULATION	1,978	2,068	2,082	2,012	2,057
III. WORKING-AGE POPULATION (PWA)	6,363	6,478	6,596	6,715	6,842
RATES (%)					
Activity rate (EAP / PWA)	68.9	68.1	68.4	70.0	69.9
Employment/population (Employed EAP/PWA)	63.1	62.4	62.7	64.5	64.5
Unemployment rate (Unemployed EAP/EAP)	8.4	8.4	8.4	7.9	7.7
Underemployment by hours	15.2	14.3	14.1	13.3	11.4

1 / Annual average.

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

3 / Incomplete and complete secondary school.

4 / Includes employees, workers and housekeepers.

5 / Working alone or associated, without having paid workers.

6 / Includes those involuntarily working less than 35 hours per week.

7 / Refers to those working 35 or more hours a week who have an income under the minimum benchmark estimated by INEI.

Source: INEI. *Encuesta Permanente de Empleo*.

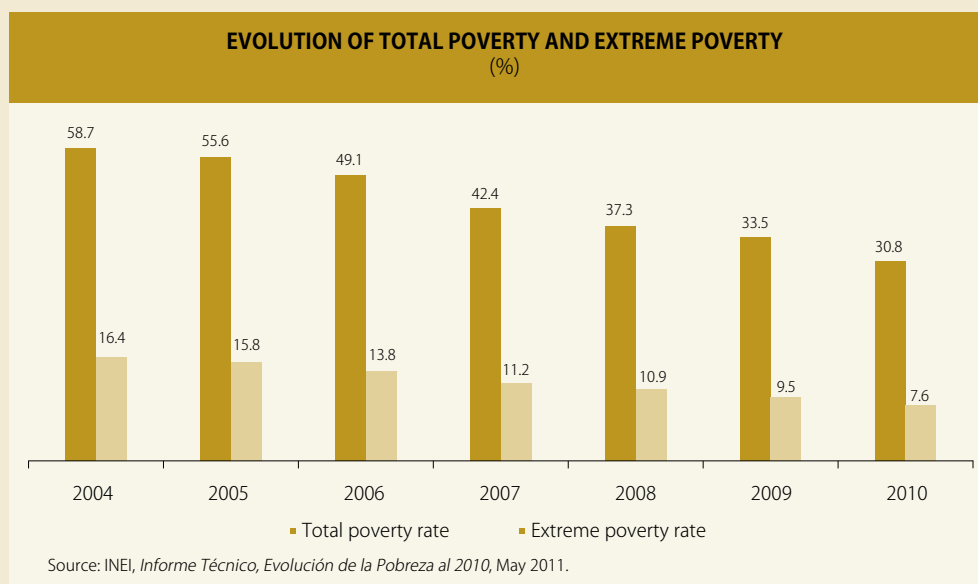
BOX 5

POVERTY

Current poverty figures are part of the new series of poverty data 2004-2010, elaborated through the methodological update of information performed by INEI and the Advisory Commission on Poverty. This change is intended to update some of the factors involved in the measurement of poverty taking into account the social, economic, and demographic changes experienced by the country in recent years.

According to ECLA/CEPAL (2010)¹², Peru, Ecuador, and Argentina stand out in Latin America in terms of poverty reduction between 2009 and 2010 since these countries have recorded higher rates of poverty reduction than the mean rate of poverty reduction in the region (-1.7 percentage points).

In 2010, 30.8 percent of the Peruvian population lived in conditions of poverty¹³ –this rate was 2.7 percentage points lower than the poverty rate in 2009 (33.5 percent)–, while the rate of extreme poverty fell from 9.5 percent to 7.6 percent (-1.9 percentage points)¹⁴ in this period.



Compared to 2009, poverty declined in all the areas and domains studied by the national household survey –Encuesta Nacional Hogares sobre Condiciones de Vida y Pobreza (ENAHO)–, but this decline was greater in rural areas, where it fell from 66.7 to 61 percent (-5.7 percentage points). In terms of percentage points, this decline was particularly noteworthy in the case of Selva rural areas (-8.9 percentage points) and Coast rural areas (-8.2 percentage points), while poverty in Sierra rural areas declined 4.3 percentage points. In urban areas, poverty fell from 21.3 to 20.0 percent (-1.3 percentage points). Isolating the Selva urban areas (-5.5 percentage points), poverty showed only a slight reduction in urban domains of the Coast and Metropolitan Lima (-0.7 and -0.3 percentage points, respectively).

¹² See Cepal: <http://www.eclac.org/estadisticas/>

¹³ The latest official statistics on poverty were published in 2010. See INEI, *Informe Técnico: Evolución de la Pobreza 2004-2010. Actualización Metodológica*, March 2012.

¹⁴ Total poverty: total population with per capita spending of less than the value of a basic basket of both food and non-food goods. Extreme poverty: this category compares per capita spending with the cost of a basic food basket.



INCIDENCE OF TOTAL POVERTY BY GEOGRAPHIC AREAS

(%)

	2004	2005	2006	2007	2008	2009	2010	Difference 2009-2010 (% points)	Difference 2004-2010 (% points)
National	58.7	55.6	49.1	42.4	37.3	33.5	30.8	-2.7	-27.9
Urban areas	48.2	44.5	37.0	30.1	25.4	21.3	20.0	-1.3	-28.2
Rural areas	83.4	82.5	79.3	74.0	68.8	66.7	61.0	-5.7	-22.4
Geographic domain									
Urban coast	50.8	43.2	37.6	31.7	27.4	23.7	23.0	-0.7	-27.8
Rural coast	69.3	66.9	62.3	53.8	46.6	46.5	38.3	-8.2	-31.0
Urban Sierra area	46.9	44.0	37.1	31.8	26.7	23.2	21.0	-2.2	-25.9
Rural Sierra area	86.7	85.4	83.1	79.2	74.9	71.0	66.7	-4.3	-20.0
Urban Selva area	59.4	58.4	54.6	44.0	32.7	32.7	27.2	-5.5	-32.2
Rural Selva area	81.5	82.4	77.3	69.2	62.5	64.4	55.5	-8.9	-26.0
Metropolitan Lima	44.6	42.4	32.7	25.1	21.7	16.1	15.8	-0.3	-28.8

Source: INEI, *Informe Técnico, Evolución de la Pobreza 2004-2010. Actualización Metodológica*, March 2012.

Extreme poverty in rural areas dropped more intensely. The rate of extreme poverty declined from 29.8 percent to 23.8 percent in 2009-2010 (-6.0 percentage points), the drop of extreme poverty in Selva and Sierra rural areas (-7.2 and -6.4 percentage points, respectively) being worth pointing out.

The poverty gap –indicator that shows the difference between the per capita spending of the poor and the poverty line in percentage terms–dropped from 10.4 in 2009 to 9.0 percent in 2010; that is, 1.4 percentage points relative to its level in the previous year. This indicator, which may be used to calculate how much would be required in order that a person is no longer poor, decreased especially in rural areas (-3.6 percentage points), where the gap was 21.3 percent in 2010. In urban areas, the gap (4.5 percent) fell 0.6 percentage points between 2009 and 2010. Rural areas in the Sierra and Selva regions are still the areas with the higher poverty gap rates (23.8 and 19.5 percent, respectively).

TOTAL POVERTY GAP BY GEOGRAPHIC AREAS

(%)

	2004	2005	2006	2007	2008	2009	2010	Difference 2009-2010 (% points)	Difference 2004-2010 (% points)
National	22.1	20.9	17.7	14.2	12.0	10.4	9.0	-1.4	-13.1
Urban areas	15.1	13.9	10.9	8.0	6.3	5.1	4.5	-0.6	-10.6
Rural areas	38.7	37.8	34.6	30.4	26.9	24.9	21.3	-3.6	-17.4
Geographic domain									
Urban coast	16.0	13.1	11.2	8.3	6.7	5.3	5.2	-0.1	-10.8
Rural coast	27.0	24.2	21.4	17.7	12.8	13.5	10.6	-2.9	-16.4
Urban Sierra area	16.4	15.0	12.2	10.0	8.3	6.2	5.3	-0.9	-11.1
Rural Sierra area	42.0	41.2	38.1	34.6	30.5	27.0	23.8	-3.2	-18.2
Urban Selva area	21.4	21.8	19.1	13.5	8.7	9.3	7.2	-2.1	-14.2
Rural Selva area	35.0	35.2	31.4	24.5	23.7	24.5	19.5	-5.0	-15.5
Metropolitan Lima	12.6	12.1	8.2	5.5	4.6	3.4	3.1	-0.3	-9.5

Source: INEI, *Informe Técnico, Evolución de la Pobreza 2004-2010. Actualización Metodológica*, March 2012.



Mochica (200 BC – 700 AD)

Gold ball bead necklace. Made through laminating, repoussé, and welding.



Early intermediate (200 BC – 700 AD)

Gold pectoral ornamented with two zoomorphic profile faces, decorated with gold sequins. Made through laminating, hammering, embossing, and stapling.

External Sector

1. International Environment

In 2011 the world economy recorded a significant slowdown that reflected mainly the evolution of the developed economies. Consumption in the United States had a weak recovery, the Eurozone faced a debt crisis, and Japan was affected by an earthquake that temporarily interrupted the supply chain. In addition to this, the price of crude rose as a result of the political crisis in the Arab countries, and the emerging economies also registered a slowdown, although they continued to grow at high rates.

The Eurozone crisis also generated strong volatility in financial markets. The interbank rates in the Eurozone, the dollar appreciated against the euro, and the demand for safe assets, such as US Treasury bonds, soared. The stock markets in most developed economies registered losses, with the exception of the U.S. stock exchange due to the reports of some positive indicators of activity towards the end of the year.

2. Economic Activity

Showing a slowdown compared to 2010 (5.2 percent) and lower growth than estimated at the beginning of the year by most investment firms, the world economy grew 3.7 percent in 2011.

TABLE 16 WORLD GROWTH (Annual % change)				
	2009	2010	2011	Average 2002-2011
Developed countries	-3.6	3.2	1.6	1.7
<i>of which:</i>				
1. USA	-3.5	3.0	1.7	1.6
2. Eurozone	-4.3	1.9	1.5	1.1
Germany	-5.1	3.7	3.0	1.1
France	-2.7	1.5	1.7	1.1
3. Japan	-5.5	4.4	-0.7	0.8
4. United Kingdom	-4.4	2.1	0.7	1.5
Developing countries	2.8	7.3	6.0	6.5
<i>of which:</i>				
1. Developing Asia	7.2	9.5	7.7	8.7
China	9.2	10.4	9.2	10.6
India	6.8	9.9	7.2	7.8
2. Latin America and the Caribbean	-1.6	6.1	4.4	3.8
Brazil	-0.3	7.5	2.7	3.8
World Economy	-0.6	5.2	3.7	3.8
Memo:				
Trading partners ^{1/}	-1.3	4.6	3.6	3.4
BRICs ^{2/}	5.4	9.2	7.4	8.3

^{1/} Peru's 20 main trading partners.

^{2/} Brazil, Russia, India and China.

Source: Bloomberg and IMF.



Growth in developed economies was significantly lower (1.6 percent) than expected due to the debt crisis and the weak recovery of consumption, both factors fueling expectations that monetary stimulus would be maintained for a long period of time. The emerging economies grew at an average rate of 6.0 percent, but showing inflationary pressures in many cases.



The economy of the **United States** registered a moderate recovery, with a growth rate of 1.7 percent. Consumption, which accounts for about 70 percent of GDP, grew 2.2 percent, showing a greater dynamism since the second semester. However, the weak recovery of employment, the high level of debt, and the decline in the price of housing remained as factors that prevented a greater recovery.

**TABLE 17
USA: GROWTH**
(Quarterly annualized rates)

	1Q.10	2Q.10	3Q.10	4Q.10	1Q.11	2Q.11	3Q.11	4Q.11
GDP	3.9	3.8	2.5	2.3	0.4	1.3	1.8	3.0
Personal consumption	2.7	2.9	2.6	3.6	2.1	0.7	1.7	2.1
Durable	9.9	7.8	8.8	17.2	11.7	-5.3	5.7	15.3
Non Durable	4.8	1.9	3.0	4.3	1.6	0.2	-0.5	0.4
Services	1.0	2.5	1.6	1.3	0.8	1.9	1.9	0.7
Gross investment	31.5	26.4	9.2	-7.1	3.8	6.4	1.3	20.6
Fixed investment	1.2	19.5	2.3	7.5	1.2	9.2	13.0	4.3
Non Residential	6.0	18.6	11.3	8.7	2.1	10.3	15.7	2.8
Residential	-15.3	22.8	-27.7	2.5	-2.4	4.2	1.3	11.5
Exports	7.2	10.0	10.0	7.8	7.9	3.6	4.7	4.3
Imports	12.5	21.6	12.3	-2.3	8.3	1.4	1.2	3.8
Government expenditure	-1.2	3.7	1.0	-2.8	-5.9	-0.9	-0.1	-4.4

Source: Bureau of Economic Analysis.

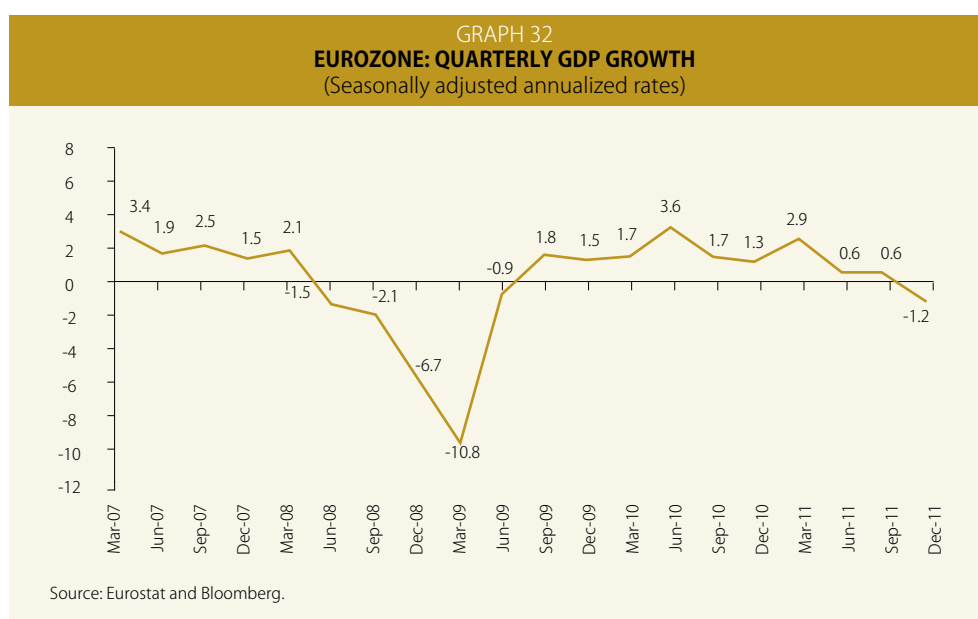
Non-residential private investment showed a favorable evolution, explained by higher than expected corporate profits and by the accumulation of inventories in the second semester. On the other hand, residential investment

and government spending had a negative impact on growth. In the case of the latter, the difficulties in reaching a consensus on a medium-term fiscal plan led the rating agency Standard & Poor's to downgrade the risk rating of the U.S. long-term sovereign debt.

Economic activity showed a gradual recovery in the last two quarters. While growth in the first quarter registered a rate of only 0.4 percent, the rate of growth in the last quarter was 3.0 percent.

The recovery of economic activity in the U.S. took place in a context of contained inflationary pressures: annual inflation showed a rate of 3 percent and core inflation reached 2.2 percent, which increased market expectations that low interest rates would be maintained for a long period of time.

In 2011 the **Eurozone** grew 1.5 percent (1.9 percent in 2010). Uncertainty about the restructuring of the Greek debt deepened in the second half of the year and Portugal requested financial assistance from the European Financial Stabilization Fund (EFSF). The yields on public debt bonds rose significantly, affecting even major economies in the Eurozone, such as Spain and Italy and, to a lesser extent, France. The risk rating of the sovereign debt of all these countries was downgraded.



This situation affected the confidence of both consumers and investors, confidence indices showing a negative evolution over the year. In addition, this led many European economies to implement more severe fiscal adjustment measures than the ones initially planned, which affected growth prospects.

The exception to this negative trend was Germany, which grew 3 percent driven by the dynamism of the export sector and investment. In terms of sectors, growth was noteworthy in the sectors of manufacturing and construction.

In Japan, the economy declined 0.7 percent, affected by the impact of the earthquake that hit the North East areas of the country and involved a 7.0 percent annual contraction in the first quarter, although this was reversed in the third quarter. The Japanese economy was also affected by lower global demand and by the appreciation of the yen. In this context, Japan registered its first trade deficit in three decades.

The emerging economies continued growing with the dynamism observed in previous years and recorded a growth rate of 6.0 percent, supported by the high prices of commodities and a growing domestic demand. Together with other supply shocks, these two factors contributed to the rise of inflation, which is estimated to have reached a rate of 7.2 percent in 2011 (a higher rate than the 6.7 percent observed in the previous year). However, it



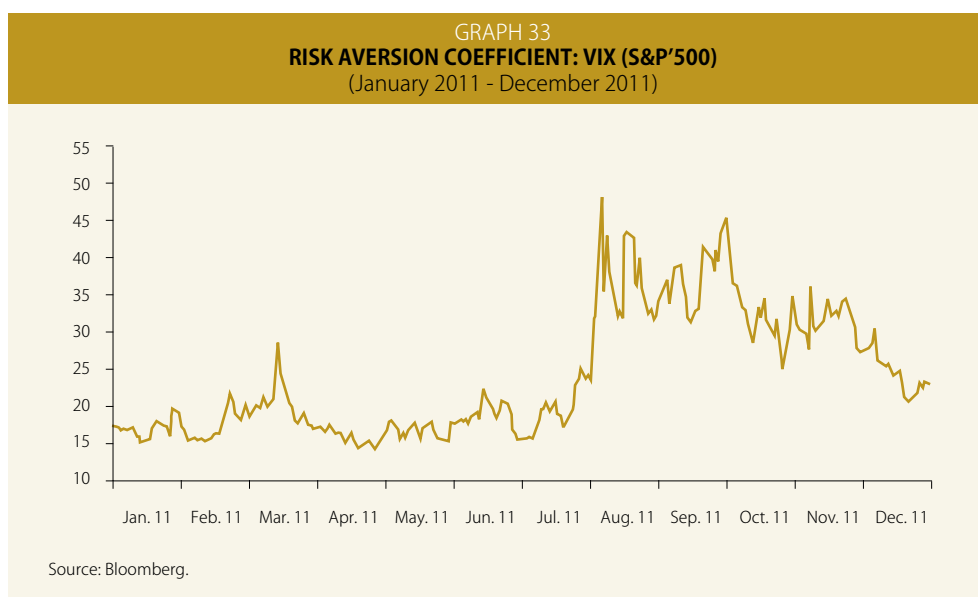
should be pointed out that the financial conditions for emerging economies with sound fundamentals were not significantly affected by the Eurozone crisis.

The growth of China, with a rate of 9.2 percent, stands out in terms of the evolution of the emerging economies in 2011. This accelerated growth, explained by the momentum of investment, was accompanied by pressures on prices and on the assets market, which began to decline towards the end of the year. In spite of this, China remained as the world's major consumer of commodities.

Latin America grew 4.4 percent. In most countries, the decline in the external stimulus was offset by the growth of domestic demand. Among the countries with inflation targeting regimes, the highest growth rates were observed in Peru, Chile, and Colombia. Growth in Brazil slowed down due to the weakening of consumption and private investment. Inflationary pressures in most of the economies of the region were higher than in the previous year and led many of them to raise their interest rates in the first half of the year.

3. Financial Markets

In 2011, and particularly in the second half of the year, international financial markets showed a strong volatility associated with the evolution of risk aversion, which was basically affected by the outlook for global growth and the Eurozone debt crisis.



Greece requested a new financial aid program, which generated fears of contagion in the case of other economies, such as Spain and Italy. Prior to this, in May, Portugal had requested a bailout program and concerns about the position of European banks added onto fears about the debt situation.

Other events that temporarily influenced risk aversion were also observed during this period, including: (i) the payments crisis in the United States and Standard & Poor's subsequent downgrading of this country's sovereign rating; (ii) the failure of political negotiations aimed to reach an agreement about the reduction of the U.S. long-term fiscal deficit; and (iii) signs of moderation in global growth and the continuation of the monetary adjustment cycle in some economies facing greater inflationary pressures, such as China.

However, towards the end of the year, markets were favored by positive economic data in the United States that neutralized the effect of uncertainty on the Eurozone debt crisis. Thus, the effects of the crisis in Europe only extended to the foreign exchange markets –the dollar reached 16-month maximum highs against the euro– and to European money markets where funding conditions for European banks worsened significantly.

European sovereign debt markets showed an unfavorable evolution due to the deepening of the crisis in the Eurozone peripheral countries and to fears that the crisis might spread to countries such as Italy and Spain. The liquidation of positions in the Eurozone sovereign markets generated a greater preference for lower risk sovereign securities, such as the U.S. and UK bonds. The credit spreads in the Eurozone countries, and even in Germany and France, rose significantly.

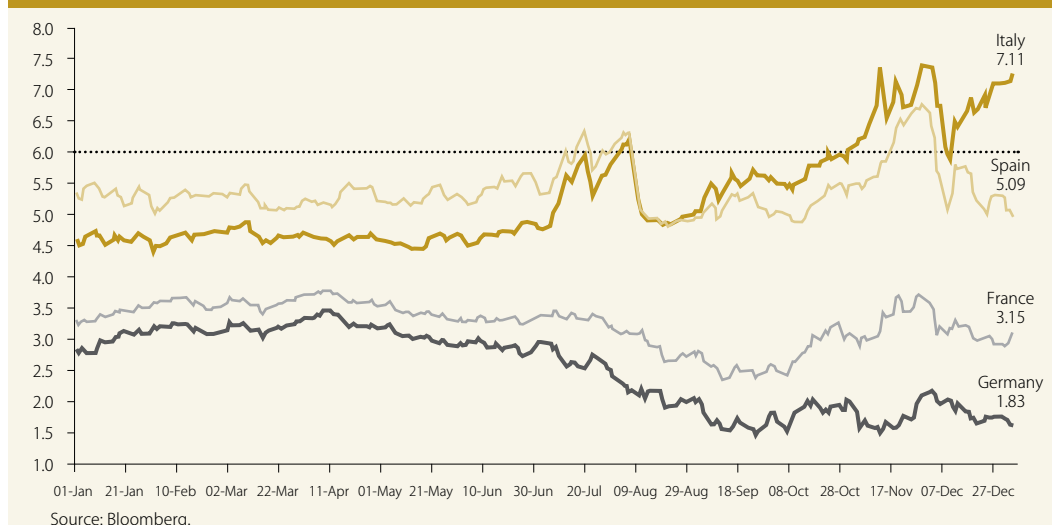
TABLE 18
SOVEREIGN SPREADS OF DEVELOPED COUNTRIES

	End of period				% Chg. Dec.11 compared to:		
	Dec.08 (A)	Dec.09 (B)	Dec.10 (C)	Dec.11 (D)	Dec.08 (D)/(A)	Dec.09 (D)/(B)	Dec.10 (D)/(C)
CDS Spreads (in bps)							
Germany	46	26	59	102	56	76	43
Spain	101	113	348	380	280	267	33
France	54	32	107	220	166	188	113
Greece	232	283	1,026	8,786	8,554	8,503	7,760
Ireland	181	158	619	724	543	566	105
Italy	157	109	238	484	327	375	246
Portugal	96	92	497	1,082	986	990	585
US Rates (%)							
Treasury bonds (10 year)	2.23	3.84	3.30	1.88	0	-2	-1

Source: Bloomberg.

In Italy and Spain the yields on 10-year bonds reached record levels of 7.26 and 6.70 percent on November 25, prompting speculations that these countries would request assistance from the IMF given that Greece, Portugal, and Ireland had to request a debt program after they reached similar yields.

GRAPH 34
10 YEAR BOND YIELDS OF SOME ECONOMIES OF THE EUROZONE (%)





Some of the main events observed during the crisis included the following:

- (i) Funding for a total of €78 billion was approved for Portugal as part of the financial rescue program of the European Union and the International Monetary Fund (IMF);
- (ii) A new program for Greece that included the restructuring of its debt with the involvement of the private sector was announced;
- (iii) Fiscal adjustments were announced in Greece, Italy and France;
- (iv) The lending capacity of the European Financial Stability Fund (EFSF) was raised to €440 billion;
- (v) The credit ratings of several Eurozone countries were repeatedly downgraded and France and Austria received warnings about their AAA ratings;
- (vi) Following the sovereign rating cuts, continuous credit rating cuts affected European banks;
- (vii) The problems of French-Belgian Dexia Bank ended up in the nationalization of this bank, and
- (viii) Bank recapitalization plans.

TABLE 19
EUROZONE: SOVEREIGN DEBT RATING

Country	S&P		Fitch		Moody's	
	Dec.11	Dec.10	Dec.11	Dec.10	Dec.11	Dec.10
Germany	AAA	AAA	AAA	AAA	Aaa	Aaa
Netherlands	AAA	AAA	AAA	AAA	Aaa	Aaa
Finland	AAA	AAA	AAA	AAA	Aaa	Aaa
Luxembourg	AAA	AAA	AAA	AAA	Aaa	Aaa
France	AAA	AAA	AAA	AAA	Aaa	Aaa
Austria	AAA	AAA	AAA	AAA	Aaa	Aaa
Belgium	AA	AA+	AA+	AA+	Aa3	Aa1
Estonia	AA-	A	A+	A	A1	A1
Slovenia	AA	AA	AA-	AA	Aa3	Aa2
Spain	AA-	AA	AA-	AA+	A1	Aa1
Slovakia	A+	A+	A+	A+	A1	A1
Malta	A	A	A+	A+	A2	A1
Italy	A	A+	A+	AA-	A2	Aa2
Ireland	BBB+	A	BBB+	BBB+	Ba1	Baa1
Cyprus	BBB	A	BBB	AA-	Baa3	Aa3
Portugal	BBB-	A-	BB+	A+	Ba2	A1
Greece	CC	BB+	CCC	BBB-	Ca	Ba1

Source: Bloomberg.

TABLE 20
INDICATORS OF SOME EUROPEAN COUNTRIES

	2009	2010	2011
Countries with the EU/IMF program			
Greece			
Growth (%)	-3.3	-3.5	-6.9
CDS Spreads (bps) 1/ 1/	286	1,010	8,786
Fiscal result (% of GDP)	-15.7	-10.6	-9.3
Debt ratio (% of GDP)	129.0	145.0	165.0
Annual average inflation (%)	1.2	4.7	3.3
Unemployment (%)	10.2	14.8	21.0
Ireland			
Growth (%)	-7.0	-0.4	0.9
CDS Spreads (bps) 1/ 1/	158	609	724
Fiscal result (% of GDP)	-14.2	-31.3	-10.3
Debt ratio (% of GDP)	65.2	92.5	105.4
Annual average inflation (%)	-4.5	-1.0	2.6
Unemployment (%)	13.1	14.6	14.3
Portugal			
Growth (%)	-2.9	1.4	-1.6
CDS Spreads (bps) 1/ 1/	92	501	1,082
Fiscal result (% of GDP)	-10.1	9.8	-4.2
Debt ratio (% of GDP)	83.0	93.3	108.0
Annual average inflation (%)	-0.8	1.3	3.7
Unemployment (%)	10.1	11.1	14.0
Countries without the EU/IMF program			
Spain			
Growth (%)	-3.7	-0.1	0.7
CDS Spreads (bps) 1/ 1/	114	350	380
Fiscal result (% of GDP)	-11.1	-9.2	-8.5
Debt ratio (% of GDP)	53.3	61.2	68.5
Annual average inflation (%)	-0.2	2.0	3.2
Unemployment (%)	18.8	20.3	22.9
Italy			
Growth (%)	-5.5	1.8	0.4
CDS Spreads (bps) 1/ 1/	109	240	484
Fiscal result (% of GDP)	-5.3	-4.6	-3.9
Debt ratio (% of GDP)	116.1	118.7	120.1
Annual average inflation (%)	0.8	1.5	2.8
Unemployment (%)	8.3	8.3	8.1

1/ At the end of period.
Source: Eurostat, IMF, Moody's and others.

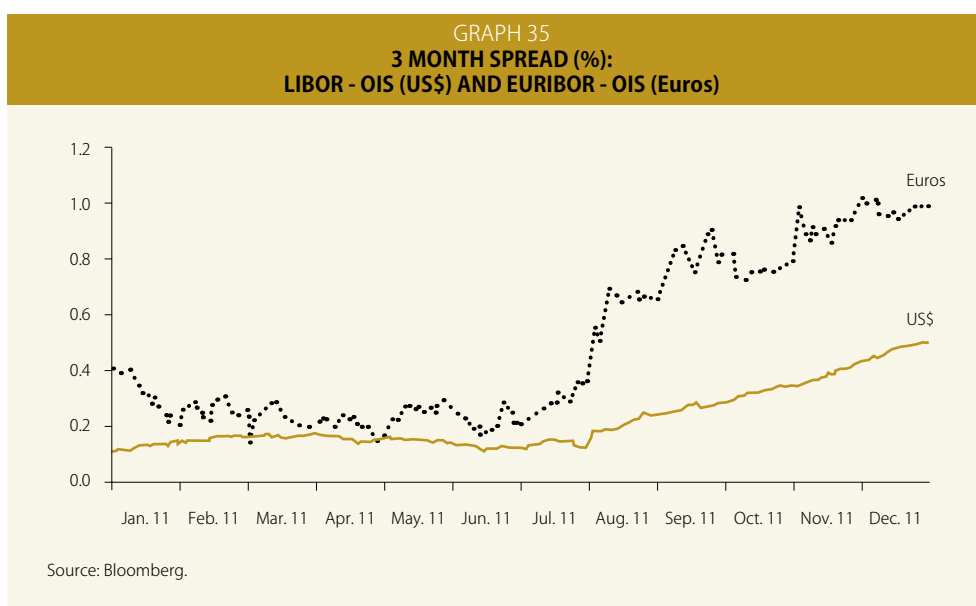
The evolution in **money markets** was differentiated and affected mainly funding conditions for European banks. European and American markets showed stability during the first half of the year, reflecting expectations that low rates and abundant global liquidity would continue to be observed. However, in the second half of the year, while U.S. markets experienced almost no liquidity constraints, the Eurozone markets showed more restrictive conditions for funding in euros or dollars, in line with the deepening of the sovereign debt crisis.



The interbank rates in euros reflected higher credit risks associated with European banks' exposure in sovereign bonds of economies with debt problems and with increased risks of a recession in this European region. Moreover, the risk of a scarcity of collaterals increased due to the greater use of the markets of secured bonds, one of the main sources of funding of the Eurozone banks.

In line with these developments, banks experienced continuous rating cuts from the main rating agencies, which aggravated even more their delicate position. The greater demand for capital for regulatory purposes added onto the funding problem, generating pressures on the balance sheets and a potential credit crunch, all of which increased even further the risks of recession in the Eurozone.

These conditions reflected in Indicators of stress in money markets, such as the spreads between the 3-month Libor and the overnight rate in SWAP markets –or Overnight Index Swaps (OIS). European banks had to face the closure of financing in wholesale markets, particularly of American funds.



In this context, in order to improve funding conditions in euros, the European Central Bank (ECB) implemented a series of measures, such as full allocation liquidity injections at a fixed rate and with a 36 month maturity, reduced the monetary policy interest rate and the rate of reserve requirements, expanded the list of collaterals accepted in banking operations, implemented the second program of purchases of secured bonds, and reinitiated the purchases of sovereign securities.

To improve financing conditions in US dollars in a coordinated manner, the six major central banks of developed economies –that is, the ECB and the central banks of the United States, the United Kingdom, Japan, Switzerland, and Canada– decided to reduce the rate for swap lines in dollars and extended the term of allocations. All these measures had a positive impact on markets, particularly at the end of the year after the first liquidity injection operation with a maturity of 36 months was carried out on December 21.

Stock markets showed an evolution in line with risk aversion. Although markets showed stability in the first half of the year, signs of a moderation of growth and the deepening of the Eurozone debt crisis in the second half of the year led to widespread losses, except in the United States due to the better prospects for growth observed in this country since November.

GRAPH 36
STOCK EXCHANGE INDICES IN DEVELOPED AND EMERGING COUNTRIES
 (Jan.07=100)

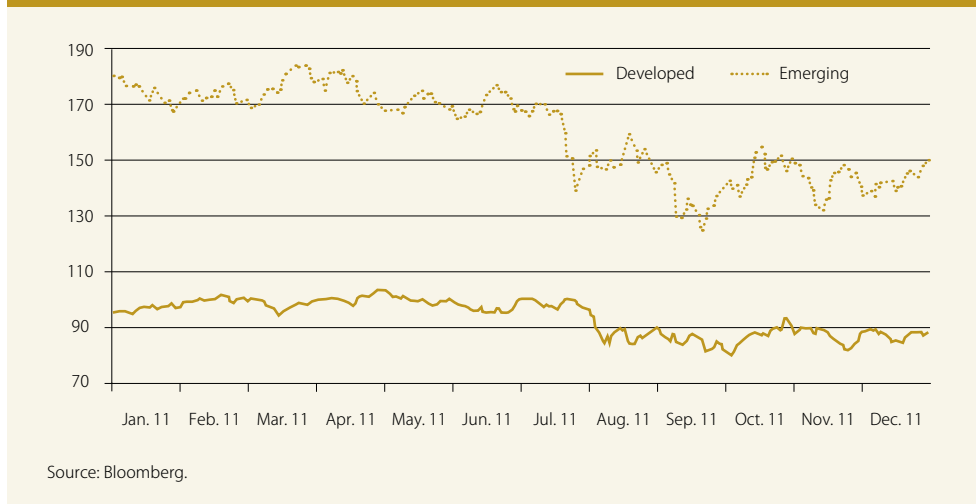


TABLE 21
STOCK MARKETS
 (Main indices, end of period)

		% Change Dec.11 compared to:		
		Dec.08	Dec.09	Dec.10
USA	Dow Jones	39.2	17.2	5.5
BRAZIL	Bovespa	51.1	-17.3	-18.1
MEXICO	IPC	65.7	15.4	-3.8
CHILE	IGP	77.8	21.0	-12.4
PERU	Ind. Gral.	176.3	37.5	-16.7
GERMANY	DAX	22.6	-1.0	-14.7
FRANCE	CAC 40	-1.8	-19.7	-17.0
UNITED KINGDOM	FTSE 100	25.7	2.9	-5.6
JAPAN	Nikkei 225	-4.6	-19.8	-17.3
CHINA	Shanghai C.	20.8	-32.9	-21.7

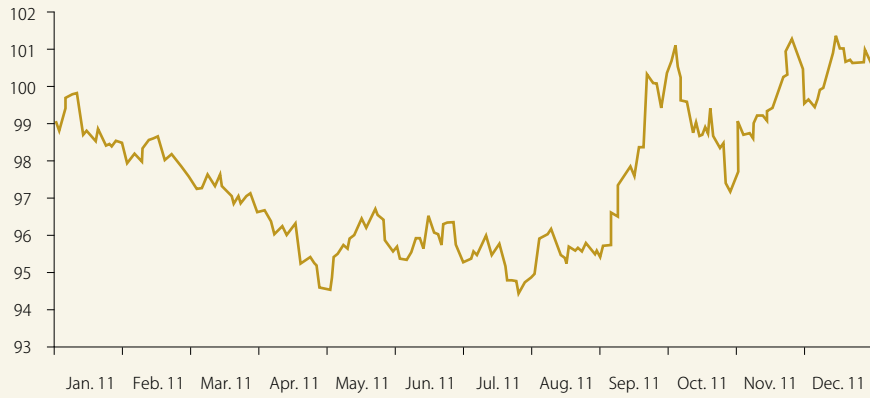
Source: Bloomberg.

In **foreign exchange** markets the dollar depreciated during the first half of the year, in line with stability in financial markets and with the increase in the rate spread. However, the dollar showed an appreciatory trend since the second half of the year due to the increase of the risk aversion as a result of the deepening of the debt crisis in the Eurozone and the higher probabilities that European economies would go into recession, as well as due to the likelihood of interest rate cuts in Europe.

According to the Federal Reserve of the United States, whose currency basket includes the currencies of its main trading partners, based on data at the end of the period, the dollar depreciated 5 percent in the first half of the year and then appreciated 7 percent.

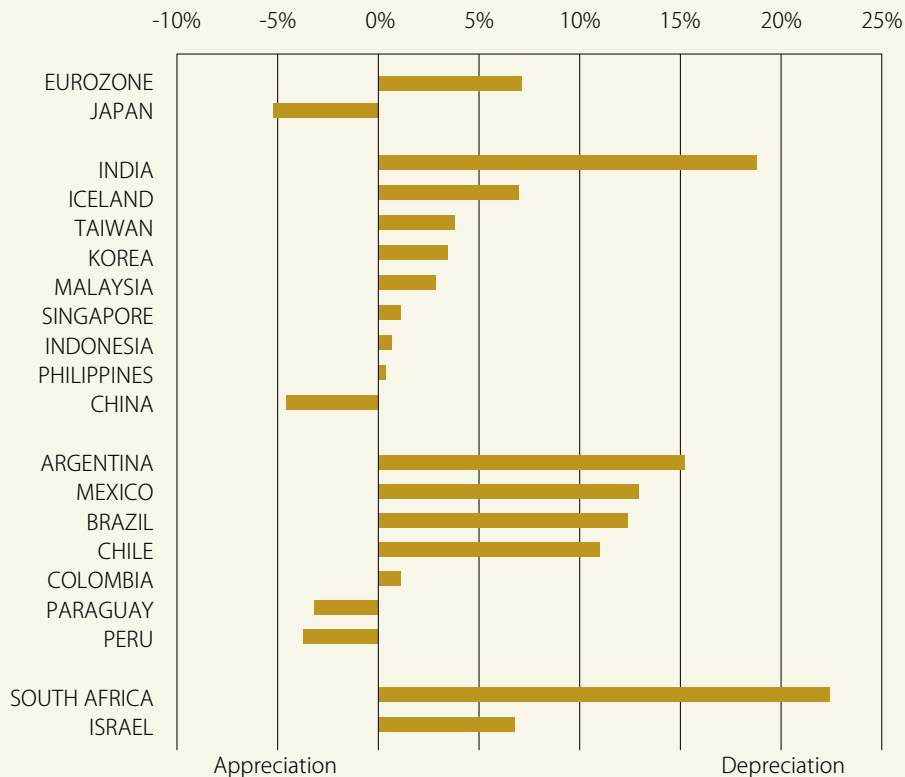


GRAPH 37
US DOLLAR BASKET INDEX*



* A rise in the index represents an appreciation of the US dollar.
Source: FED.

GRAPH 38
EXCHANGE RATE
(Monetary units per US\$; % change Dec.11/Dec.10)

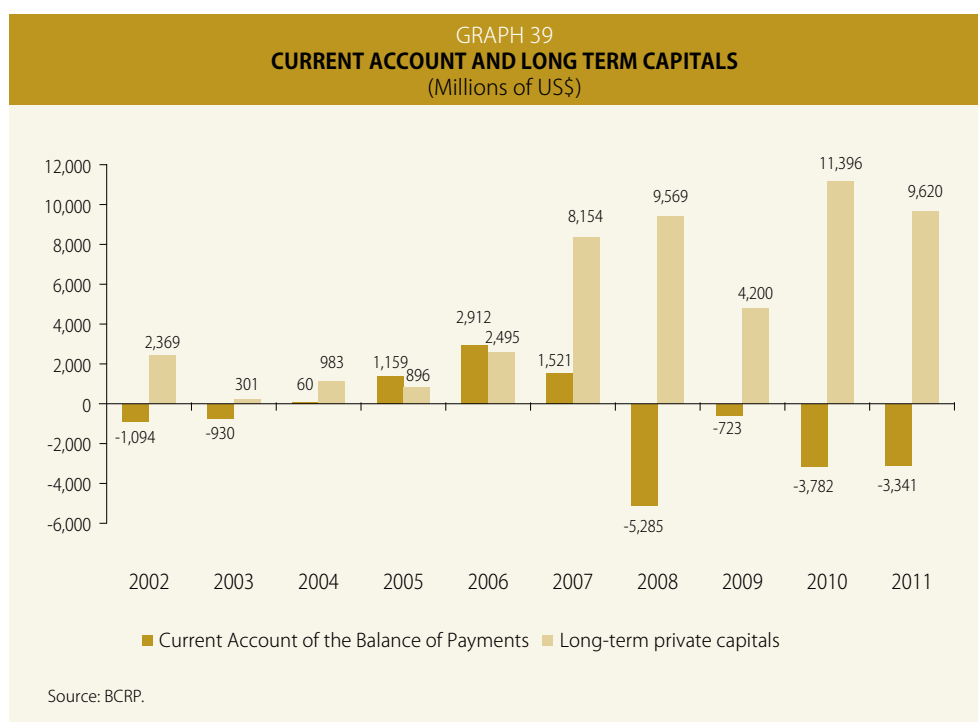


Source: Reuters.

4. Balance of Payments

In 2011 Peru's balance of payments was marked by a significant improvement in the trade balance, which offset the higher profits generated by companies with foreign shareholding. Thus, the current account deficit fell from 2.5 percent in 2010 to 1.9 percent in 2011.

In an international context of lower demand, the country's diversification of markets and increased exports to Latin American countries is worth pointing out. Exports grew 30.1 percent, while imports maintained their pace of growth, with a rate of 28.3 percent due to increased consumption and investment. The trade surplus was higher by US\$ 2.55 billion than in 2010 and terms of trade improved by 5.4 percent.



The financial account recorded a flow of US\$ 9.16 billion (5.2 percent of GDP) and consisted of long term private capitals (5.4 percent of GDP), especially the reinvestment of profits of mining, hydrocarbons, financial and service enterprises with foreign capital shareholding and loans from parent companies to mining companies. A positive flow of long-term loans directed mostly to the financial sector was also observed. The financial account of the public sector showed a flow of US\$ 848 million. These flows were in part offset by negative capital flows that reflected non-financial firms increased short-term assets abroad.


 TABLE 22
 BALANCE OF PAYMENTS

	Millions of US\$			% of GDP		
	2009	2010	2011	2009	2010	2011
I. CURRENT ACCOUNT BALANCE	- 723	- 3,782	- 3,341	- 0.6	- 2.5	- 1.9
1. Trade Balance	5,951	6,750	9,302	4.7	4.4	5.3
a. FOB Exports	26,962	35,565	46,268	21.2	23.1	26.2
b. FOB Imports	- 21,011	- 28,815	- 36,967	- 16.5	- 18.7	- 20.9
2. Services	- 1,176	- 2,345	- 2,132	- 0.9	- 1.5	- 1.2
a. Exports	3,636	3,693	4,364	2.9	2.4	2.5
b. Imports	- 4,812	- 6,038	- 6,497	- 3.8	- 3.9	- 3.7
3. Investment Income	- 8,385	- 11,212	- 13,710	- 6.6	- 7.3	- 7.8
a. Private	- 8,450	- 10,982	- 13,173	- 6.6	- 7.1	- 7.5
b. Public	65	- 230	- 537	0.1	- 0.1	- 0.3
4. Current transfers	2,887	3,026	3,200	2.3	2.0	1.8
of which: Remittances	2,409	2,534	2,697	1.9	1.6	1.5
II. FINANCIAL ACCOUNT	2,406	13,606	9,161	1.9	8.8	5.2
1. Private Sector	4,200	11,396	9,620	3.3	7.4	5.4
a. Assets	- 3,586	- 1,375	- 1,298	- 2.8	- 0.9	- 0.7
b. Liabilities	7,786	12,771	10,918	6.1	8.3	6.2
2. Public Sector	291	2,468	848	0.2	1.6	0.5
a. Assets	- 320	- 37	- 273	- 0.3	0.0	- 0.2
b. Liabilities ^{1/}	610	2,505	1,121	0.5	1.6	0.6
3. Short term capital	- 2,085	- 258	- 1,307	- 1.6	- 0.2	- 0.7
a. Assets	- 601	- 1,844	- 1,319	- 0.5	- 1.2	- 0.7
b. Liabilities	- 1,484	1,587	12	- 1.2	1.0	0.0
III. EXCEPTIONAL FINANCING	36	19	33	0.0	0.0	0.0
IV. NET ERRORS AND OMISSIONS	- 675	1,348	- 1,129	- 0.5	0.9	- 0.6
V. BALANCE OF PAYMENT RESULT	1,043	11,192	4,724	0.8	7.3	2.7
(V = I + II + III + IV) = (1-2)						
1. Change in the balance of NIRs	1,939	10,970	4,711	1.5	7.1	2.7
2. Valuation effect.	896	- 222	- 13	0.7	- 0.1	0.0

^{1/} As of this Annual Report, government bonds issued abroad and held by residents are excluded from the external liabilities of the public sector, and government bonds issued in the domestic market and held by non-residents are included in the external liabilities of the public sector.
 Source: BCRP, MEF, SBS, SUNAT, MINCETUR, COFIDE, ONP, FCR, Tacna Free Trade Zone, Banco de la Nación, Cavalli S.A. ICLV, Proinversión, Bank for International Settlements (BIS), and businesses.

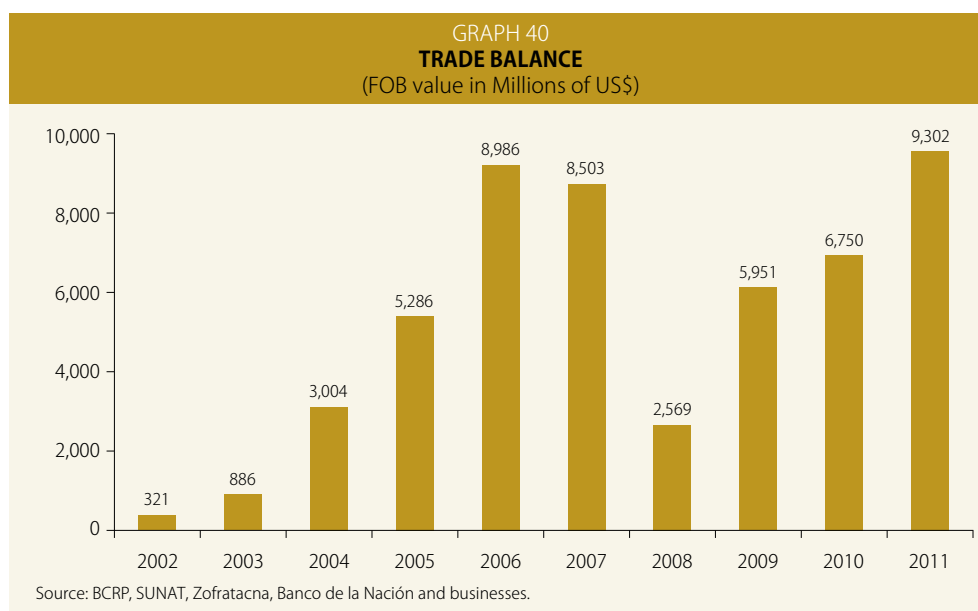
4.1 Trade Balance

In 2011 the trade balance registered a surplus of US\$ 9.30 billion, a balance US\$ 2.55 billion higher than the one recorded in 2010.

Exports, which totaled US\$ 46.27 billion, were 30.1 percent higher than in 2010. The increase in the volume of exports of non-traditional products, particularly agricultural, fishing, and chemical products, as well as the higher average prices of traditional products are worth pointing out. The prices of the main commodities rose due to several factors, especially due to the high levels of international liquidity.

The volume of exports of traditional products grew 5.2 percent, favored by increased shipments of fishmeal and coffee. The increase in the volume of exports of coffee was associated with supply problems in producer countries (Brazil and Colombia), while the increase in the volume of exports of fishmeal was associated with the higher quota established for anchovy fishing.

Imports, which totaled US\$ 36.97 billion, were 28.3 percent higher than in 2010 due to the increase observed in all the types of imports. The volume of imports grew 12.8 percent, while the prices increased 13.8 percent.



Peru's main trading partners continued to be the United States and China, which accounted for about a third of Peruvian exports. However, the share of the U.S. declined by 3.7 percentage points to 13 percent of total exports due to the lower demand of this country. On the other hand, the share of other markets such as Asia, Andean countries, and Mercosur increased.

TABLE 23
TRADE BY MAIN COUNTRIES AND REGIONS ^{1/}
(% structure)

	Exports ^{2/}			Imports ^{3/}			X + M		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
United States of America	17.4	16.9	13.2	19.1	19.2	19.3	18.4	18.0	15.9
China	15.3	15.4	15.2	15.5	15.6	16.4	15.2	16.0	15.7
Switzerland	14.8	10.9	12.8	0.5	0.3	0.4	8.6	6.2	7.3
Canada	8.6	9.4	9.1	1.8	1.4	1.5	5.7	6.0	5.7
Brazil	1.9	2.7	2.8	7.6	6.5	6.4	4.4	4.7	4.3
Japan	5.1	5.1	4.7	4.7	2.8	3.3	4.7	4.8	4.1
Chile	2.8	3.9	4.3	4.0	4.1	3.8	3.6	3.9	4.1
South Korea	2.8	2.5	3.7	3.6	4.1	3.8	2.8	2.9	3.8
Germany	3.9	4.3	4.1	3.4	3.1	3.0	3.6	3.7	3.6
Ecuador	2.2	2.3	1.8	4.1	5.4	5.1	3.3	3.5	3.3
Colombia	2.4	2.2	2.3	4.6	3.9	3.9	3.3	3.2	3.0
Spain	2.8	3.4	3.7	1.4	1.5	1.5	2.2	2.5	2.7
Argentina	0.3	0.4	0.4	3.6	5.2	5.0	2.0	1.9	2.4
Mexico	0.9	0.8	1.0	4.0	4.0	3.9	2.0	2.1	2.3
Others	18.8	19.8	21.9	22.2	22.9	22.8	20.3	20.5	21.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Memo:									
Asia	26.0	25.9	26.4	27.9	30.9	31.5	26.8	28.1	28.8
North America	27.1	27.2	23.6	25.0	24.8	24.7	26.2	26.1	24.1
European Union	15.9	18.4	17.6	11.3	10.6	10.4	13.9	15.0	14.3
Andean Countries ^{4/}	10.9	11.0	11.3	16.3	14.9	14.6	13.2	12.7	12.9
Mercosur ^{5/}	2.3	3.1	3.3	12.9	12.1	12.2	6.9	7.2	7.5
Others	17.8	14.3	18.6	6.7	6.6	6.6	13.0	10.9	12.5

X: Exports. M: Imports.
^{1/} Imports were grouped by country of origin.
^{2/} Exports exclude goods sold and repairs of foreign ships and aircrafts.
^{3/} Imports exclude defense material, other purchased goods, and ships and aircrafts abroad.
^{4/} Bolivia, Chile, Colombia, Ecuador and Venezuela.
^{5/} Brazil, Argentina, Uruguay and Paraguay.
Source: BCRP, SUNAT and Zofratacna.



The U.S., which accounted for Peruvian exports for a total of US\$ 2.34 billion, was the main destination for our non-traditional exports, followed by Venezuela and Colombia, which accounted for Peruvian exports amounting to a total of US\$ 893 million and US\$ 825 million, respectively. By regions, sales of Peruvian products to Andean countries amounted to US\$ 3.35 billion, a sum US\$ 700 million higher than the one of sales to North American markets.

In the U.S., the best selling products were T-shirts (US\$ 294 million), fresh asparagus (US\$ 177 million), knitted shirts (US\$ 169 million), and calcium phosphates (US 105 million), whereas in the Andean countries, the best selling products were copper wire (US\$ 270 million), T-shirts (US\$ 148 million), sulfuric acid (US\$ 86 million), and flexible laminated plates (US\$ 80 million).

TABLE 24
MAIN DESTINATION: NON TRADITIONAL EXPORTS
 (Millions of US\$)

	Year			% Chg. 2011 / 2010
	2009	2010	2011	
USA	1,573	1,939	2,342	20.8
Venezuela	588	487	893	83.2
Colombia	556	690	825	19.6
Ecuador	377	492	616	25.1
Chile	328	429	595	38.8
Spain	326	390	485	24.4
Netherlands	291	339	431	27.2
Bolivia	303	365	428	17.4
Brazil	120	256	353	38.0
China	182	254	331	30.3
France	142	195	232	19.1
Mexico	111	143	218	53.0
Italy	105	126	188	49.7
Germany	106	151	178	18.1
United Kingdom	111	144	169	17.6
Others	967	1,243	1,845	48.5
Total	6,186	7,641	10,130	32.6
Memo:				
Andean countries ^{1/}	2,152	2,463	3,356	36.3
North America	1,742	2,151	2,657	23.5
European Union	1,183	1,529	1,969	28.8
Asia	436	601	862	43.4
Mercosur ^{2/}	195	356	516	45.0

^{1/} Bolivia, Chile, Colombia, Ecuador and Venezuela.
^{2/} Brazil, Argentina, Uruguay and Paraguay.
 Source: SUNAT.

TABLE 25
EXPORTS^{1/}
 (% change compared to the previous year)

	Volume			Prices		
	2009	2010	2011	2009	2010	2011
Exports	-4.1	1.9	8.5	-10.0	29.9	20.0
Traditional exports	1.6	-1.5	5.2	-13.6	36.8	22.9
<i>Of which</i>						
Fish meal	-1.6	-29.7	19.3	6.5	55.4	-8.4
Coffee	-12.2	16.3	27.8	-2.6	27.2	45.1
Copper	0.7	0.5	0.3	-21.4	50.0	20.6
Gold	8.9	-9.2	1.1	11.6	25.8	28.1
Zinc	-5.2	-3.0	-18.9	-17.6	48.1	10.4
Crude oil and derivatives	11.2	12.7	-8.8	-36.4	33.0	33.7
No tradicionales	-14.8	15.3	20.2	-4.0	6.9	10.4
<i>Of which</i>						
Agricultural exports	5.0	17.4	25.7	-9.1	2.1	2.5
Fisheries	-14.6	-6.5	37.9	-2.2	32.6	17.1
Textiles	-29.9	2.5	3.1	5.3	1.4	23.2
Chemicals	-12.0	31.6	21.7	-8.5	10.5	11.1
Iron and steel ^{2/}	-26.3	23.4	-1.4	-14.4	31.9	24.4

1 / Calculated on the basis of unit values (the result of dividing the total value of each category by the total volume).
 2 / Includes jewelry.
 Source: BCRP, SUNAT and businesses.

Classification of Exports according to Economic Activity Groups

Today exports are classified into exports of traditional and non-traditional goods. Traditional products are the ones obtained from the extraction and basic processing of natural resources, while non-traditional products are “new” products or products with a higher added value. In order to make statistical data on exports compatible with statistical data on economic activity, the main tariff items –up to 98 percent of the FOB value exported in 2010– have been regrouped in accordance with the International Standard of Industrial Classification Revision 4 (ISIC Rev. 4).

All ISIC groups were classified into four groups: agriculture, fishing, mining and hydrocarbons, and manufacturing. In some cases, different ISIC groups were combined to obtain a similar classification to the one used in statistics of economic activity. For example, ISIC groups 0121 - 0126, which were used to classified several fruits, have been combined in a single group called “Fruits”, which includes fresh grapes, avocados, mangos, bananas and



mandarins, among others. Moreover, all the mining concentrates, both refined and processed, are now under the category “mining and hydrocarbons”, regardless of whether they are “traditional” or “non-traditional” products.

As a result of this reclassification, in 2011 total agricultural exports amounted to US\$ 3.87 billion, fishing exports to US\$ 2.83 billion, mining and hydrocarbon exports to US\$ 32.30 billion, and manufacturing exports to US\$ 5.35 billion.

Exports of coffee and fruits stand out in the group of agricultural products (US\$ 1.58 billion and US\$ 795 million, respectively), while exports of fishmeal and canned fish and seafood products stand out in the group of fishing products (US\$ 2.80 billion). Moreover, exports of non-ferrous minerals (US\$ 12.13 billion) and primary products based on non-ferrous minerals (US\$ 14.17 billion) were noteworthy in the group of mining and hydrocarbons exports, while exports of textiles –fabrics, yarn, garment, and synthetic fibers– stand out in the manufacturing group (US\$ 1.71 billion).

The graph below shows that agricultural products increased from 6 to 9 percent of total exports between 2007 and 2011, while fishing exports remained at 6 percent, mining exports declined slightly from 72 to 71 percent, and manufacturing exports fell from 12 to 14 percent.

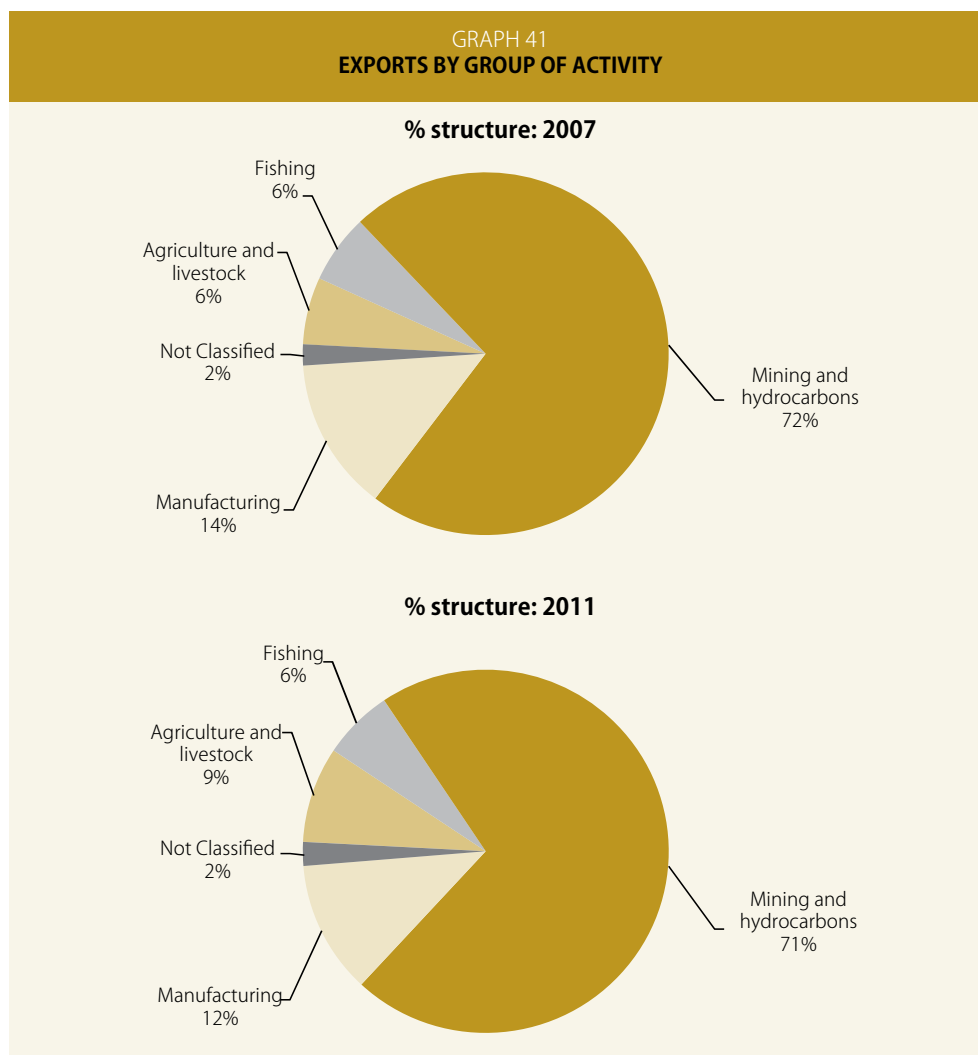


TABLE 26
EXPORTS^{1/} BY GROUP OF ECONOMIC ACTIVITY
(Millions of US\$)

CIU	Sector	2007	2008	2009	2010	2011
	AGRICULTURAL PRODUCTS	1,677	2,179	2,085	2,684	3,872
0111	Cereals, legumes and oilseeds, except rice	75	102	89	115	136
	<i>Of which:</i>					
	Tara powder	17	23	13	27	29
	Quinoa	2	5	7	13	24
	Black Eye Bean	13	14	14	21	22
0113	Vegetables, tubers and roots	266	261	296	357	366
	<i>Of which:</i>					
	Fresh Asparagus	236	228	251	291	292
	Fresh onions	22	21	28	42	43
0121-0126	Fruits	263	344	401	505	795
	<i>Of which:</i>					
	Grapes	60	83	136	180	301
	Avocados	47	73	64	85	164
	Mangos	63	63	71	89	115
	Organic bananas	31	46	51	49	64
0127	Coffee	427	644	584	887	1,580
0128	Spices and medicinal and aromatic plants	110	154	120	121	160
	<i>Of which:</i>					
	Whole paprika	69	86	68	66	87
	Ground paprika	12	24	14	15	24
1030	Canned fruits of legumes and vegetables	461	564	472	554	690
1072	Sugar cane	20	26	39	68	51
	Others	54	84	84	78	94
	FISHING	1,714	2,048	1,952	2,266	2,830
0311	Fresh or frozen products	11	20	13	24	23
1020	Fishmeal and canned fish, crustaceans and molluscs	1,700	2,024	1,935	2,237	2,804
	Others	4	5	3	5	4
	MINING AND HYDROCARBONS	20,243	21,272	18,368	24,862	32,302
0610	Crude oil	621	588	353	505	577
0620	Natural gas	0	0	0	284	1,284
0710	Iron	285	381	298	523	1,023
0729	Non-ferrous minerals	8,710	7,867	6,470	9,729	12,136
0891	Phosphates, sulphates and other	8	11	10	70	254
1920	Oil refining products	1,684	2,089	1,562	2,239	2,801
2420	Primary products of precious metals and nonferrous metals	8,914	10,301	9,637	11,466	14,171
	Others	20	35	39	47	56
	MANUFACTURING	3,821	4,728	3,613	4,300	5,350
1040	Oils and fats of vegetable and animal origin	253	392	263	285	352
1050	Milk products	66	91	62	83	103
1061-1071-1074	Milling and Bakery	72	95	88	111	150
1073	Cocoa and chocolate and confectionery products	60	84	83	97	125
1079	Others foodstuffs	21	45	36	46	56
1080	Prepared animal food	50	62	63	79	104
1311-1430-2030	Textiles (yarn, tissues, garments and fibers)	1,560	1,822	1,340	1,380	1,713
1610	Wood	155	160	120	128	114
1709	Articles of paper and cardboard	47	82	75	75	89
1811	Brochures, books and other impressions	67	79	62	59	74
2011	Basic chemicals	297	354	248	496	720
2012	Fertilizers	30	87	67	56	53
2013	Supplies of plastics and synthetic rubber	29	34	30	48	66
2023	Toiletries and cleaning products	67	108	97	109	129
2029	Others chemicals	46	52	49	53	65
2211	Tires and cameras	33	45	35	56	78
2220	Plastic products	214	275	221	296	390
2392	Building Materials	35	51	49	71	80
2410-2431	Iron and steel industry	104	172	110	143	145
2432	Smelting of nonferrous metals	180	151	92	154	184
2710	Electric motors, generators, transformers and distribution equipment	10	16	19	37	24
2732	Others electric and electronic cables	24	26	24	15	23
2822-2824	Machinery and equipment	22	29	33	48	47
3211-3250	Miscellaneous articles	123	109	80	92	99
	Others	257	311	267	285	368
	NOT CLASSIFIED	525	601	570	711	968
	TOTAL	27,980	30,828	26,588	34,824	45,322

^{1/} Considering only definitive exports.



Traditional Exports

Traditional exports, which amounted to US\$ 35.84 billion, were 30 percent higher than in 2010. This increase reflected the higher prices of products such as coffee, copper, and gold, as well as the greater volume of exports –up 5 percent– of products such as fishmeal and coffee.

The value of exports of fisheries amounted to US\$ 2.09 billion and grew 11 percent compared to 2010 as a result mainly of increased shipments of fishmeal (up 19 percent) that reflected the higher extraction of anchovy. The prices of these exports increased 3 percent.

TABLE 27
FOB EXPORTS, BY GROUP OF PRODUCTS

	FOB Value: Millions of US\$			% change		Average 2002-2011
	2009	2010	2011	2010	2011	
I. TRADITIONAL PRODUCTS	20,622	27,669	35,837	34.2	29.5	20.9
FISHING	1,683	1,884	2,099	11.9	11.4	8.9
Fishmeal	1,425	1,609	1,767	12.9	9.8	7.9
Fish oil	258	274	333	6.4	21.3	17.0
AGRICULTURAL PRODUCTS	636	975	1,672	53.2	71.6	22.7
Coffee	584	888	1,581	52.0	78.0	23.7
Sugar	37	65	48	74.7	- 26.5	11.3
Cotton	3	1	8	- 59.1	608.9	12.8
Other agricultural products ^{1/}	12	20	36	69.7	77.5	14.3
MINING	16,382	21,723	27,361	32.6	26.0	21.8
Copper	5,934	8,870	10,711	49.5	20.8	24.6
Gold	6,805	7,756	10,104	14.0	30.3	21.0
Lead ^{2/}	1,116	1,579	2,424	41.5	53.5	27.7
Zinc	1,233	1,691	1,522	37.1	- 10.0	13.5
Iron	298	523	1,023	75.7	95.5	28.6
Tin	479	663	755	38.5	13.9	17.1
Molybdenum	276	492	571	78.4	15.9	24.4
Refined silver	214	118	219	- 44.8	85.6	2.4
Rest of mining products ^{3/}	28	29	31	6.3	6.5	19.8
OIL AND NATURAL GAS	1,921	3,088	4,704	60.8	52.3	26.4
II. NON-TRADITIONAL PRODUCTS	6,186	7,641	10,130	23.5	32.6	16.2
Agricultural products	1,825	2,190	2,830	20.0	29.2	17.8
Textiles	1,495	1,558	1,986	4.2	27.5	11.4
Chemicals	837	1,223	1,645	46.3	34.5	20.5
Iron and steel, and jewelry	569	918	1,128	61.4	22.8	17.6
Fishing products	518	642	1,047	24.0	63.0	20.4
Metal mechanic products	366	394	464	7.7	17.8	15.5
Non-metallic minerals	148	251	487	69.6	94.2	21.8
Wood and paper manufacturing	335	355	398	5.9	12.2	8.4
Others ^{4/}	93	110	145	18.1	31.8	16.0
III. Others ^{5/}	154	254	301	65.3	18.3	12.9
IV. TOTAL EXPORTS	26,962	35,565	46,268	31.9	30.1	19.6

1/ Includes coca leaf and derivatives, molasses, wool and furs.

2/ Includes silver content.

3/ Includes bismuth and tungsten, mainly.

4/ Includes furs, leather, and handicrafts, mainly.

5/ Includes sales of fuels and food to foreign vessels and repairs of capital goods.

Source: BCRP, SUNAT and businesses.

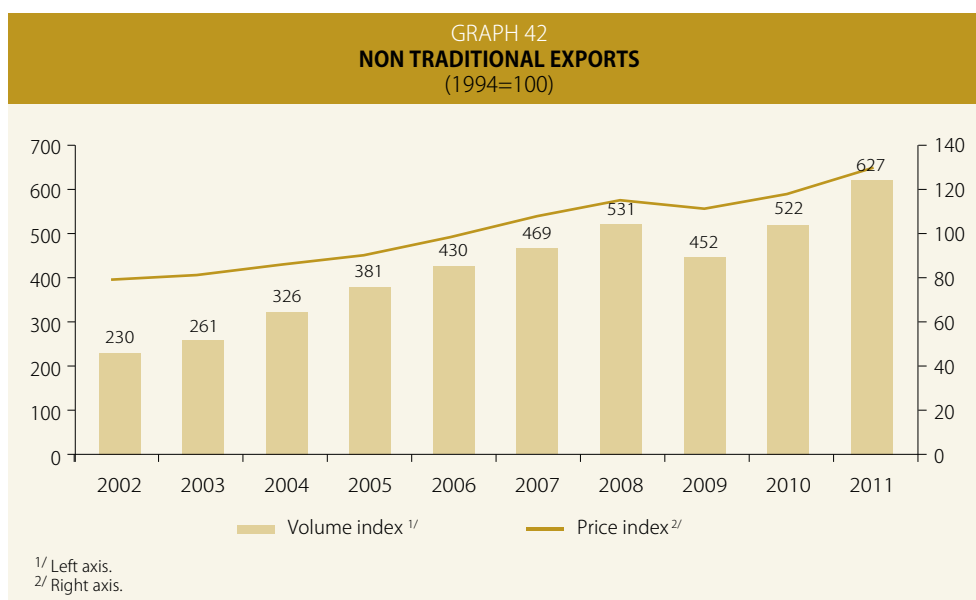
Mining exports accumulated a value of US\$ 27.36 billion, a sum 26 percent higher than in 2010. This mainly reflected the higher prices of metals, such as copper and gold, and higher exported volumes of lead, iron, and molybdenum.

Finally, the sales of crude and natural gas grew 52 percent due both to the higher prices of oil and oil derivatives (22 percent) and to higher exports of natural gas, which amounted to US\$ 1.28 billion in the year.

Non-Traditional Exports

Exports of non-traditional products amounted to US\$ 10.13 billion in 2011, that is, a sum 33 percent higher than in 2010. The volume of these exports grew 20 percent, reflecting the high growth recorded in agricultural, chemical, and fishing products.

Exports of non-traditional products have increased by an annual 16 percent on average in the last ten years. The volume of exports has grown by an annual 11 percent on average, with the growth of the following products standing out: agricultural products (21 percent), chemicals (17 percent), fishing products (11 percent), and textiles (4 percent).



Sales of agricultural products amounted to US\$ 2.83 billion in 2011. Exports of fresh grapes, asparagus, and artichoke preserves were noteworthy. The main destination markets were the European Union –fresh avocados, asparagus, and fresh grapes–; North America –fresh asparagus, paprika, artichoke preserves, and fresh grapes–, and the Andean countries –shrimp food, fresh onions; and cocoa.

In the last ten years, exports of agricultural products have grown at an average annual rate of 18 percent. Thus, the value exported in 2011 was four times higher than in 2002. This growth reflects the increase registered in shipped volumes of fresh grapes, fresh avocados, fresh mango, asparagus, paprika, and artichoke preserves, among other products.

Exports of fishery products amounted to US\$ 1.05 billion, reflecting higher sales of frozen squid, squid preserves, and frozen fish. The main markets for these products were the United States (US\$ 171 million), China (US\$ 152 million), and Spain (US 139 million). In the last ten years, the volume of fish products has grown at an average annual rate of 11 percent.



TABLE 28

MAIN NON-TRADITIONAL AGRICULTURAL PRODUCTS (Millions of US\$)				MAIN NON-TRADITIONAL FISHING PRODUCTS (Millions of US\$)			
Most popular products	2002	2011	Annual average % change	Most popular products	2002	2011	Annual average % change
Fresh grapes	19	301	32.0	Frozen giant squid	36	228	20.4
Fresh Asparagus	83	292	13.4	Canned giant squid	4	199	47.0
Fresh avocados	5	164	42.2	Frozen scallops	9	135	31.1
Asparagus prepared	85	141	5.1	Frozen fish	3	79	40.8
Paprika	19	132	21.1	Frozen prawns tails	10	58	18.7
Canned artichokes	2	123	50.1	Frozen fillets	18	75	15.5
Fresh mangoes	33	115	13.3	Canned fish	11	59	18.6
Piquillo peppers	11	112	25.7	Canned anchovies	1	22	38.4
Shrimp feed	12	94	23.4	Whole frozen shrimps	3	19	20.9
Evaporated milk	10	93	24.6	Giant Squid meal	1	15	30.9
Organic bananas	6	64	26.4	Shark fins	4	14	12.0
Cocoa beans	1	63	49.0	Egg of fish	2	13	18.9
Canned jalapeños	2	50	35.5				
Noodles	7	48	20.6				
Subtotal	297	1,793	19.7	Subtotal	102	929	24.7
Total	550	2,830	17.8	Total	164	1,047	20.4

Source: BCRP and SUNAT.

Source: BCRP and SUNAT.

Textile exports registered a value of US\$ 1.98 billion, up 28 percent compared to the previous year. The volume of textile exports grew 3 percent, while mean prices increased 23 percent. The recovery in the volume of these exports was associated with increased sales to the markets of the region, especially Venezuela and Brazil, as a result of export companies' efforts of gaining new markets. Sales of textiles to Andean and the Mercosur countries amounted to US\$ 870 million, while sales of textiles to the United States amounted to US\$ 737 million. The growth of prices reflected not only the higher price of cotton, the main input in the sector of textiles, but also firms' orientation towards higher value-added market niches.

In the last ten years the value of textile products has risen by an annual 11 percent on average and the volume of textile exports has risen by an annual 4 percent. One of the main factors explaining this increase is the diversification of markets, reflected in the higher annual average sales to Venezuela (27 percent), Colombia (23 percent), Brazil (35 percent), and Ecuador (14 percent).

TABLE 29
MAIN COUNTRIES OF DESTINATION OF TEXTILE PRODUCTS
 (Millions of US\$)

Top destinations	2002	2011	Annual average % change
United States	404	737	6.2
Venezuela	36	401	27.4
Colombia	13	108	23.1
Brazil	5	103	35.0
Ecuador	21	81	14.5
Chile	26	76	11.4
Italy	16	73	16.1
Argentina	0	52	62.6
Bolivia	12	40	12.8
Germany	13	40	11.6
United Kingdom	17	31	6.1
Mexico	12	26	8.4
France	9	21	9.1
China	9	20	8.9
Canada	8	20	9.7
Subtotal	601	1,828	11.8
Total	677	1,986	11.4
Memo:			
Andean Countries ^{1/}	108	705	20.7
European Union	89	201	8.5
Mercosur	6	165	39.9

^{1/} Bolivia, Chile, Colombia, Ecuador and Venezuela.
 Source: BCRP and SUNAT.

Moreover, exports of chemicals totaled US\$ 1.64 billion, up 35 percent relative to 2010, as a result of increased shipments of flexible laminates, carmine lacquer, carminic acid, and sulfuric acid. The main markets for these products in 2011 were Venezuela (US\$ 226 million), Chile (US\$ 207 million), and Colombia (US\$ 204 million).

Exports of chemicals have grown 20 percent on average in the last 10 years, the growth of exports of flexible laminates (45 percent), carmine lacquer (29 percent), sulfuric acid (46 percent), zinc oxide (28 percent), and carminic acid (31 percent) stands out among the growth of other exports of chemicals. The main destination markets for these products were countries in the region, such as Venezuela, Chile, and Colombia, among others.



TABLE 30
MAIN COUNTRIES OF DESTINATION OF CHEMICAL PRODUCTS
(Millions of US\$)

Top destinations	2002	2011	Annual average % change
Venezuela	23	226	25.7
Chile	21	207	25.6
Colombia	33	204	20.0
Ecuador	36	162	16.1
Bolivia	30	146	17.2
Brazil	5	82	31.9
USA	23	73	12.1
Germany	6	48	22.6
China	0	40	59.2
Netherlands	5	35	22.6
Denmark	1	33	49.6
Mexico	7	33	15.9
Argentina	3	27	23.6
Guatemala	5	27	19.2
Spain	3	25	23.4
Subtotal	202	1,368	21.1
Total	256	1,645	20.5
Memo:			
Andean Countries ^{1/}	143	944	20.8
European Union	30	230	22.7
Mercosur	9	114	29.1

^{1/} Bolivia, Chile, Colombia, Ecuador and Venezuela.
Source: BCRP and SUNAT.

Diversification of exports

A significant growth and diversification of exports, especially of non-traditional exports, was observed in the last decade.

The number of exported non-traditional products¹⁵ has increased from 3,591 in 2002 to 4,142 in 2011, that is, 551 new products are now exported. On the other hand, the number of destinations of non-traditional exports has risen from 148 in 2002 to 185 in 2011, while the number of companies exporting these products has increased by 3,142.

Imports

Imports in 2011 amounted to US\$ 36.96 billion and were 28.3 percent higher than in 2010, reflecting the growth of domestic demand. The volumes of imports were 12.8 percent higher due to increased purchases of consumer

¹⁵ Measured by the number of entry items.

goods and capital goods oriented mainly to the sectors of transport, mining, manufacturing, and commerce. The prices of imports, on the other hand, grew 13.8 percent, mainly as a result of the higher prices of crude, food products, and industrial inputs.

TABLE 31
FOB IMPORTS, BY USE OR DESTINATION

	FOB Value: Millions of US\$			% change		
	2009	2010	2011	2010	2011	Average 2002-2011
1. Consumer goods	3,962	5,489	6,692	38.5	21.9	14.3
Non-durable goods	2,137	2,809	3,465	31.4	23.4	12.9
Durable goods	1,825	2,680	3,226	46.8	20.4	16.2
2. Inputs	10,076	14,023	18,255	39.2	30.2	17.2
Fuel, oils and related	2,929	4,063	5,737	38.7	41.2	19.4
Raw materials for agriculture	773	868	1,091	12.2	25.7	15.9
Raw materials for industry	6,374	9,093	11,428	42.7	25.7	16.3
3. Capital goods	6,850	9,074	11,665	32.5	28.6	20.3
Construction materials	854	1,087	1,447	27.3	33.1	18.2
For agriculture	72	80	110	11.4	37.4	18.3
For industry	4,498	5,539	7,296	23.1	31.7	19.5
Transportation equipment	1,426	2,369	2,813	66.1	18.8	24.2
4. Others goods ^{1/}	122	229	355	87.7	54.6	20.3
5. Total imports	21,011	28,815	36,967	37.1	28.3	17.5
Memo:						
Main food products ^{2/}	1,349	1,725	2,295	27.8	33.0	15.4
Wheat	346	368	535	6.4	45.4	12.1
Maize and/or sorgum	266	372	563	39.7	51.4	19.8
Rice	49	55	116	11.2	112.8	29.6
Sugar ^{3/}	57	121	135	111.7	11.5	16.3
Dairy products	37	81	96	118.5	19.6	11.9
Soybean	561	679	794	21.2	16.9	15.1
Meat	34	49	55	46.5	11.3	12.4

^{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 classification used.

^{2/} Excludes food donations.

^{3/} Includes unrefined sugar, classified as inputs.

Source: BCRP, SUNAT, Zofratatca, Banco de la Nación, and businesses



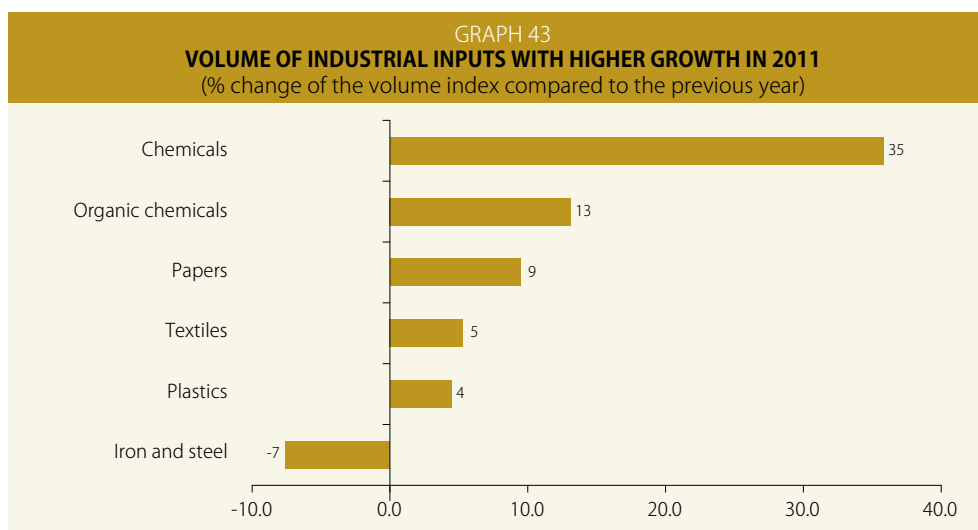
TABLE 32
IMPORTS ^{1/}
(% change compared to the previous year)

	Volume			Prices		
	2009	2010	2011	2009	2010	2011
Imports	-20.1	24.5	12.8	-7.4	10.1	13.8
1. Consumer goods	-9.3	28.0	12.4	-4.6	8.1	8.6
Main food products ^{2/}	-21.4	29.0	12.4	-20.5	34.4	16.8
Rest ^{3/}	-8.9	28.1	12.5	-2.4	6.8	8.0
2. Inputs	-18.7	21.3	6.7	-14.8	15.3	22.0
Main food ^{4/}	1.7	20.6	-2.5	-18.1	0.0	36.4
Petroleum and derivatives	-16.5	10.0	2.3	-32.4	30.7	37.9
Rest ^{5/}	-20.7	27.8	10.6	-5.8	11.1	12.6
<i>Of which:</i>						
Plastics	-10.2	28.6	4.5	-26.9	22.8	16.4
Iron and steel	-40.0	62.7	-7.4	-5.9	14.7	13.3
Textiles	-21.5	38.8	5.2	-8.7	17.4	27.2
Papers	-10.0	16.2	9.4	-5.8	2.8	7.1
Chemicals	-14.5	-1.1	35.4	19.6	32.1	14.2
Organic Chemicals	-20.7	23.6	13.0	-5.5	14.9	4.6
3. Capital goods	-23.9	27.5	22.1	-2.4	3.8	5.3

^{1/} The price index of Imports is calculated on the basis of the prices of imports of food and fuel and the basket of our major trading partners for the rest of Imports. The price index of inputs is calculated based on the unit values (result of dividing the total value of each category by the total volume).
^{2/} Rice, sugar, milk and meat.
^{3/} Excludes food.
^{4/} Wheat, maize and soybean.
^{5/} Excludes food and crude oil and derivatives.
Source: BCRP, SUNAT, Zofratacna, Banco de la Nación and businesses.

Imports of **consumer goods** grew 21.9 percent compared to 2010, especially due to imports of cars, television sets, motorcycles, medicines, footwear, garments, and perfume items. Increased purchases of food products, such as rice, wheat, and maize, were also recorded.

Increased imports of all the types of industrial **inputs** were also observed, the increase recorded in purchases of chemical products –due to Petroperu and Refinería La Pampilla’s purchases of biodiesel– and organic chemicals –due to purchases of alcohol fuel to mix it with gasoline– standing out.



Imports of capital goods, excluding construction materials grew 21.5 percent due to increased purchases of telecommunications equipments, civil engineering equipment, electrical connection devices, machinery, pumps, and filtering equipment. Imports of construction materials, on the other hand, increased 33.1 percent, due mainly to higher purchases of iron bars, tubes and welded profiles, and pipes for pipelines.

In terms of economic sectors, the growth of imports of **capital goods** for mining projects (43.4 percent), associated with investment projects such as Xstrata Tintaya's Las Bambas and Minera Chinalco's Toromocho were noteworthy.

Imports of capital goods for the energy sector grew 50.3 percent due to the increased purchases of Kallpa Generación and Generación Eléctrica de Chilca for their energy projects.

TABLE 33
IMPORTS OF CAPITAL GOODS BY ECONOMIC SECTORS

Sector	FOB Value: Millions of US\$			% Change		Average 2002 - 2011
	2009	2010	2011	2010	2011	
Agriculture	54	44	39	-18.2	-11.5	21.4
Fishing	5	14	11	168.3	-25.4	18.7
Hydrocarbons	490	514	427	4.8	-16.8	8.6
Mining	717	809	1,160	12.9	43.4	24.5
Manufacture	835	939	1,151	12.3	22.7	19.7
Construction	244	371	430	52.5	15.8	32.0
Electricity	178	149	224	-16.1	50.3	26.0
Transportation	664	1,246	1,622	87.6	30.2	34.7
Telecommunications	467	547	711	17.1	30.0	18.1
Traders of Capital Goods	1,802	2,305	2,813	27.9	22.1	24.4
IT Equipment	400	496	539	24.3	8.6	18.4
Machinery and diverse equipments	371	597	588	60.9	-1.5	26.9
Medicine and surgery instruments	91	87	93	-4.6	7.6	20.7
Office equipments	103	130	221	26.2	70.5	28.7
Financial services	395	358	613	-9.5	71.3	35.5
Other traders	443	638	759	44.0	19.1	21.9
Non classified	1,393	2,135	3,076	53.2	44.1	22.1
Memo:						
Mobile phones	318	377	529	18.7	40.4	21.7
Total	6,850	9,074	11,665	32.5	28.6	22.8

Source: BCRP, SUNAT, Zofratacna, Banco de la Nación and businesses.

Imports of capital goods for industry included the machinery and civil engineering equipment purchased by Ferreyros, Minera Chinalco and Xstrata Tintaya for mining projects, as well as the electrical appliances, pumps and compressors purchased by Generación Eléctrica de Chilca and Kallpa Generación.

TABLE 34
CAPITAL GOODS FOR INDUSTRY ^{1/}

	FOB Value: Millions of US\$			% change		
	2009	2010	2011	2010	2011	Average 2002 - 2011
Telecommunications equipment	546	777	993	42.4	27.8	28.4
Machinery and equipment of civil engineering	418	541	683	29.3	26.2	17.5
Automatic data processing machines	381	454	519	19.1	14.3	18.0
Other machines	266	346	465	30.1	34.7	23.4
Pumps, compressors, fans and filtering devices	276	284	390	3.0	37.1	24.6
Electrical devices for junction	204	240	363	17.7	51.5	25.5
Electric rotating devices	176	191	300	8.3	57.6	28.8
Mechanical equipment handling	171	271	248	57.9	-8.3	31.0
Heating and cooling equipment	201	233	243	15.8	4.4	16.3
Measuring instruments and devices	158	200	237	26.3	18.6	19.3
Pumps for liquids	127	152	214	19.3	41.3	20.5
Non-electrical machinery and engines	100	66	195	-33.8	195.1	52.2
Electricity devices	143	149	194	4.3	30.2	26.1
Other machines, tools and mechanical appliances	127	136	190	7.6	39.7	23.1
Textile machinery and machines for leather work	91	149	184	62.9	23.8	10.6
Rest	1,113	1,351	1,876	21.4	38.9	22.1
Total	4,498	5,539	7,296	23.1	31.7	22.2

^{1/} Excluding mobile phones.
Source: BCRP, SUNAT, Zofratracna, Banco de la Nación and businesses.

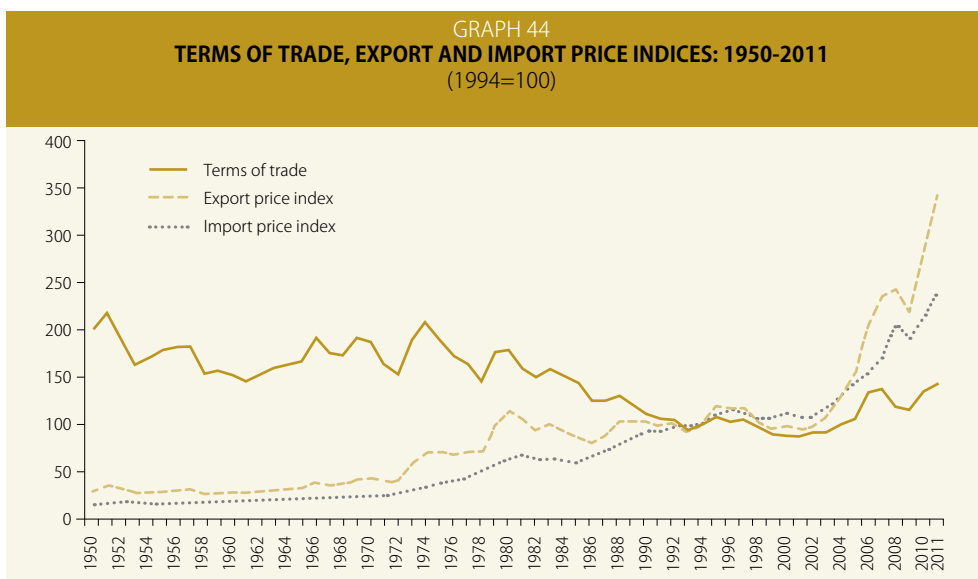
4.2 Terms of Trade

In 2011, terms of trade grew 5 percent, reflecting that the prices of exports grew 20 percent and the prices of imports grew 14 percent.

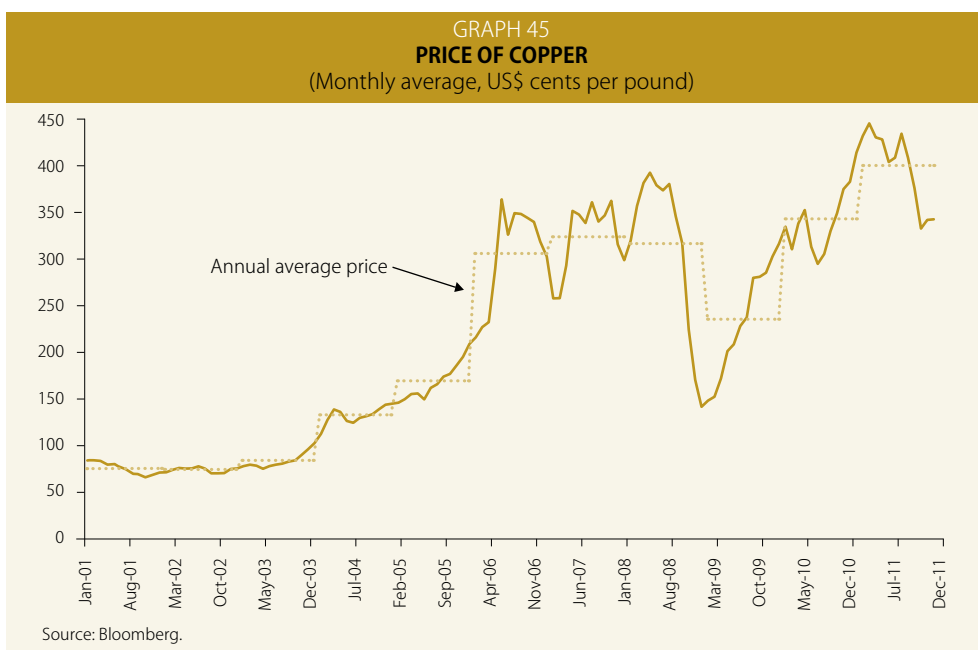
In general terms, the prices of commodities were favored by high international levels of liquidity, low inventory levels, and some supply constraints, especially in the first semester. The developments in the Eurozone, which generated liquidations of non-commercial positions, brought about temporary corrections in this trend.

The commodities that showed the highest price rises were, on the side of exports, gold, whose price rose 28 percent, and on the side of imports, maize and wheat, whose prices rose 67 and 44 percent, respectively.

It should be pointed out that the average level of terms of trade in 2011 is higher than the one recorded in 2007; that is, prior to the price fall observed in international prices due to the international financial crisis. The prices of exports were 45 percent higher than the ones recorded in 2007, while the prices of imports were 40 percent higher than the ones observed in that year.



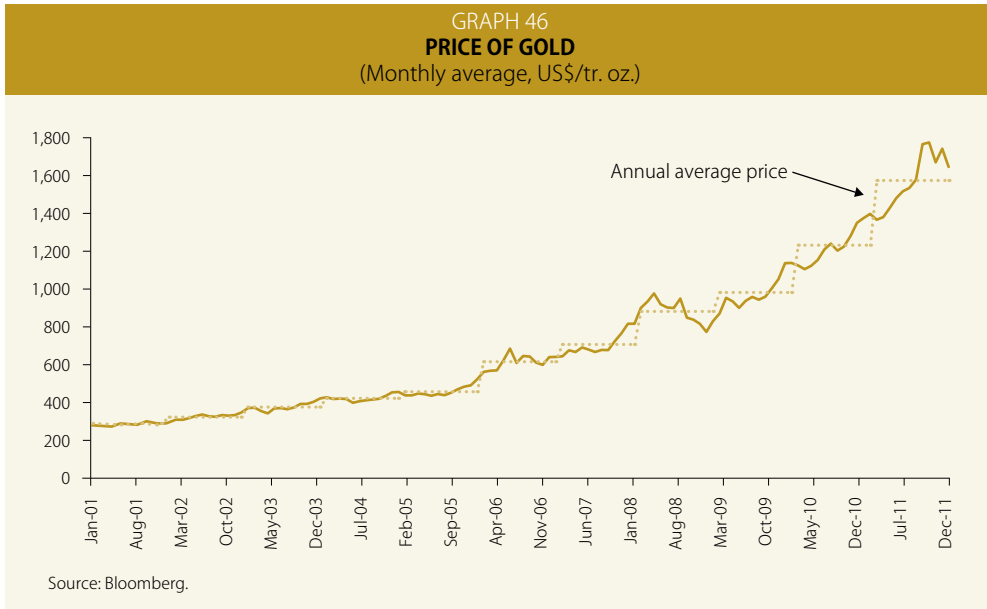
Even though the average price of **copper** registered an increase of 16.9 percent, it showed a declining conduct over the year: after reaching a nominal historical record of US\$ 4.60 per pound on February 14, this price declined and closed at US\$ 3.85 per pound in December. This conduct was explained by fears of a world recession associated with the deepening of the debt crisis in Europe. However, this trend was offset by the demand of emerging countries and the lower supply of producing countries.



The price of **gold** rose 28.1 percent, closing at an average level of US\$ 1,570 per troy ounce at year end. Gold was demanded by investors to diversify their portfolios in a context of increased risk aversion, associated with the events observed in North Africa and the Middle East which affected the outlook for the price of crude and inflation. In addition, the prices were also driven upwards by the net purchases of gold made by the emerging economies with the purpose of diversifying their international reserves.

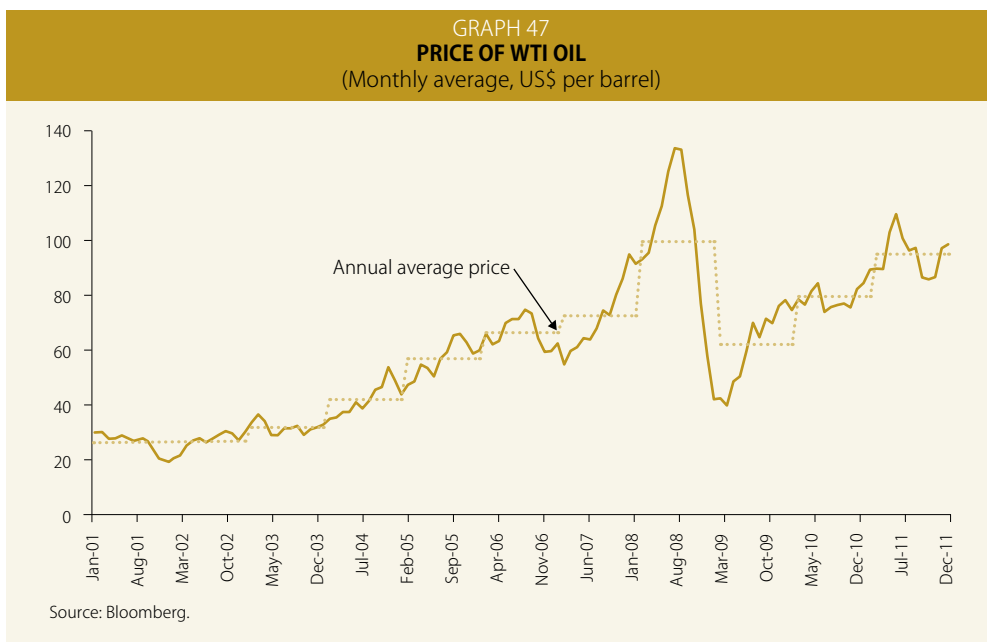


However, the price of gold declined rapidly after it reached an historical peak of US\$ 1,899 per troy ounce on September 5. The strong downward correction registered in Q4 reflected increased sales of the metal as a result of closings of books, portfolio adjustments, and a lower demand from jewelry and industry. The demand was stable in the segment of electronic devices, but fell in the segment of dental and industrial uses.



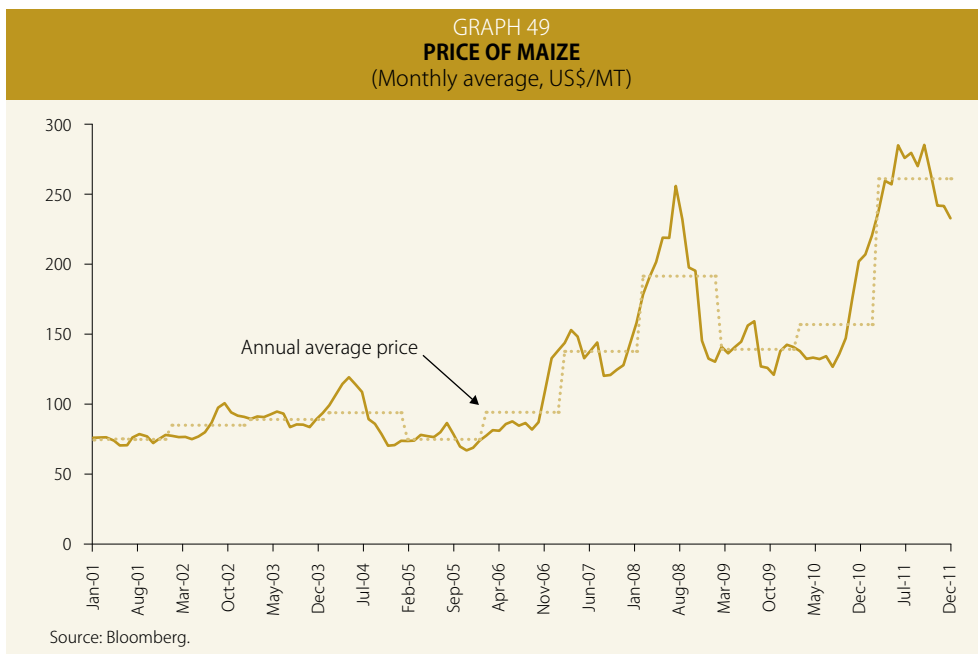
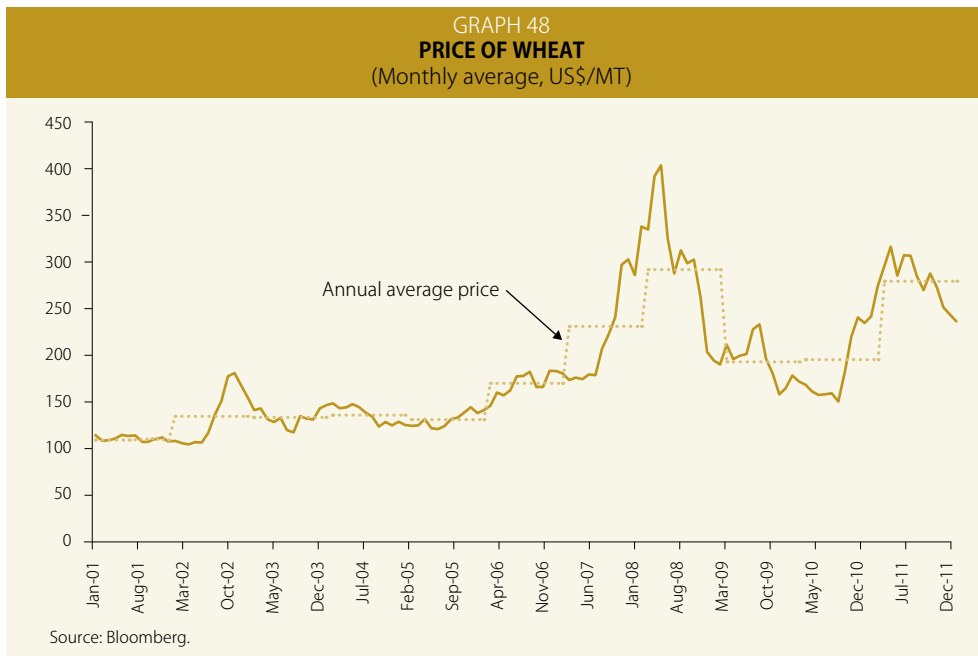
The price of **crude** registered an average rise of 19.6 percent, closing 2011 at an average price of US\$ 95 per barrel. This rise was associated with the contraction of supply as a result of the conflicts in the Middle East and North Africa, especially in Libya, where exports dropped drastically.

The price of crude reached its highest level in April (US\$ 110/barrel), declining gradually thereafter to US\$ 86/barrel in September due to fears of a lower growth of demand in OECD countries, especially in the European Union as a result of the impact of the debt crisis. On the side of supply, the recovery of Libya's production and its exports towards the end of November contributed to reduce the price of oil.



The prices of **food** commodities showed significant increases due to supply constraints associated with climatic factors and constraints in producing countries, as well as due to the higher demand of emerging countries for food products in a context of high volatility and tight global inventories. The price index of food products elaborated by Reuters' Commodity Research Bureau (CRB) showed an average level 33 percent higher than the average level recorded in 2010.

As regards grains, the prices of **wheat** and **maize** rose early in the year after the effects of La Niña in the main producing countries intensified and after Russia and Ukraine established restrictions on their exports of these crops. The growing demand for maize observed in the U.S. and China –mainly– to produce ethanol contributed also to this price rise.





However, a partial downward correction in these prices and increased price volatility were observed in the second semester due to higher global risk, which led investors to liquidate their positions in risky assets.

4.3 Services

The deficit in the foreign trade of services, which amounted to US\$ 2.13 billion, was lower by US\$ 213 million than in 2010. Revenues increased by US\$ 671 million (18 percent) compared to the previous year due mainly to the higher revenues associated with travelers visiting Peru, while outlays increased by US\$ 459 million (8 percent) due to increased payments to other countries for other business services and travels.

TABLE 35 SERVICES					
	Millions of US\$			% change	
	2009	2010	2011	2010	2011
I. TRANSPORTATION	- 979	- 1,599	- 1,521	63.3	- 4.9
1. Credit	758	854	997	12.7	16.7
2. Debit	- 1,737	- 2,453	- 2,517	41.2	2.6
II. TRAVEL	926	740	1,008	- 20.1	36.2
1. Credit	2,014	2,008	2,360	- 0.3	17.5
2. Debit	- 1,088	- 1,268	- 1,352	16.6	6.6
III. COMMUNICATIONS	- 69	- 78	- 47	12.7	- 40.1
1. Credit	91	102	132	11.4	29.3
2. Debit	- 161	- 180	- 179	12.0	- 0.8
IV. INSURANCE AND REINSURANCE	- 176	- 325	- 359	84.7	10.3
1. Credit	271	166	230	- 38.7	38.3
2. Debit	- 447	- 491	- 588	9.9	19.7
V. OTHERS ^{1/}	- 878	- 1,083	- 1,214	23.4	12.1
1. Credit	501	562	646	12.1	14.9
2. Debit	- 1,379	- 1,645	- 1,861	19.3	13.1
VI. TOTAL SERVICES	- 1,176	- 2,345	- 2,132	99.4	- 9.1
1. Credit	3,636	3,693	4,364	1.6	18.2
2. Debit	- 4,812	- 6,038	- 6,497	25.5	7.6

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

The deficit for **transport** services amounted to US\$ 1.52 billion, a figure US\$ 78 million lower than in 2010. Incomes increased by US\$ 143 million (17 percent) due to the increase observed in sales of national airlines flight tickets abroad and due to the expenditure of foreign carriers in the country, while outlays increased by US\$ 64 million due to the higher cost to international fares (11 percent) and freight (5 percent).

Travel services showed a surplus of US\$ 1.00 billion, a sum US\$ 268 million higher than in the previous year. Incomes increased 18 percent due to the greater number of visitors that came to the country (12 percent) and to the higher average spending of these visitors (5 percent). On the other hand, outlays increased 7 percent due mainly to the increased number of Peruvians who traveled abroad (5 percent).

Increasing by US\$ 131 million compared to the deficit in 2010, a deficit of US\$ 1.21 billion was recorded in **other services** in 2011. Incomes increased 15 percent, with the growth of business and financial services standing out, while outlays increased 13 percent due to the increased payments made for other business services, royalties, and license rights.

TABLE 36
OTHER SERVICES

	Millions of US\$			% change	
	2009	2010	2011	2010	2011
Balance of Other Services	-878	-1083	-1214	23.4	12.1
Income	501	562	646	12.1	14.9
Government Services	137	140	143	2.7	2.0
Others services	365	422	503	15.7	19.2
Other business services	293	333	399	13.6	19.7
Financial Services	48	59	67	22.5	15.1
Rest	24	30	37	26.9	22.3
Expenditures	1,379	1,645	1,861	19.3	13.1
Government Services	146	150	153	2.7	2.0
Other services	1,233	1,495	1,708	21.3	14.2
Other business services	790	978	1,108	23.8	13.3
Computer and Information Services	153	208	196	36.1	-5.6
Royalties and license rights	152	197	216	29.1	9.7
Rest	138	113	188	-18.4	66.9

Source: Ministry of Trade Affairs and businesses.

4.4 Current Transfers

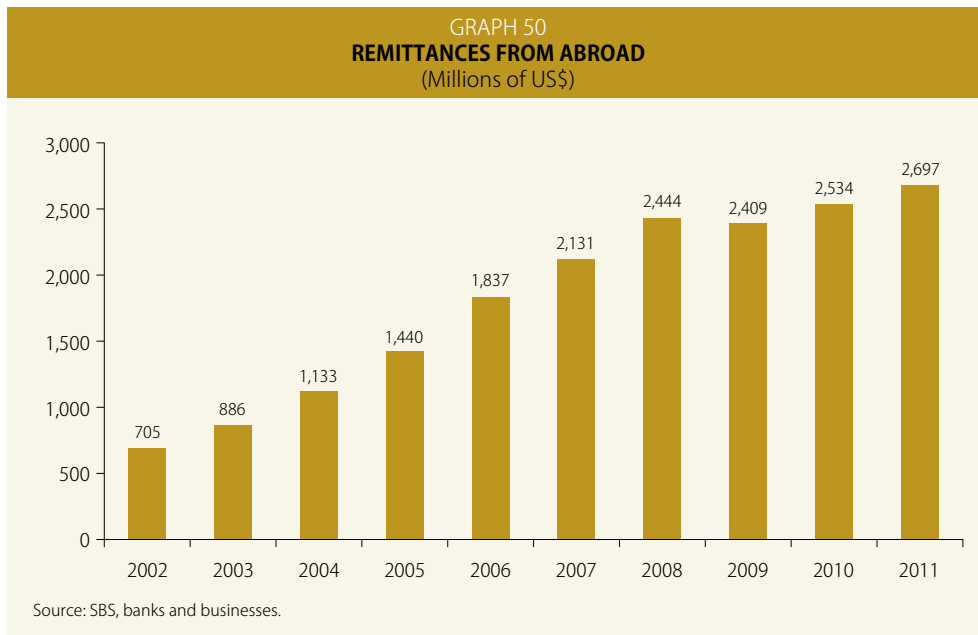
Current transfers totaled US\$ 3.20 billion, of which 84 percent was remittances from Peruvians who live abroad. In 2011, remittances amounted to US\$ 2.70 billion. This amount of remittances, which is 6.4 percent higher than in 2010, represents 1.5 percent of GDP.

However, remittances showed declining growth rates over the year, especially in the second semester, reflecting uncertainty about the recovery of the U.S. economy and the evolution of the Eurozone debt crisis. Thus, remittances from the United States and Spain represented 49.4 percent of total remittances in 2011, while in 2010 these countries accounted for 51.1 percent of this total.

TABLE 37
REMITTANCES FROM ABROAD

Year	Millions of US\$	% change	% of GDP
2002	705	-6.4	1.2
2003	869	23.1	1.4
2004	1,133	30.4	1.6
2005	1,440	27.1	1.8
2006	1,837	27.6	2.0
2007	2,131	16.0	2.0
2008	2,444	14.7	1.9
2009	2,409	-1.4	1.9
2010	2,534	5.2	1.6
2011	2,697	6.4	1.5

Source: SBS, banks and businesses.



In terms of country of origin, remittances from the United States rank first, with a growth rate of 3.3 percent, followed by Spain, with a growth rate of 2.3 percent.

Remittances from Japan showed a higher share in terms of total remittances increasing from 8.8 percent in 2010 to 9.2 percent in 2011 since they grew 11.6 percent favored by the appreciation of the yen (10.0 percent).

South American countries continued increasing their share, which rose from 12.7 percent in 2010 to 14.6 percent in 2011. Remittances from these countries grew 22.1 percent. Moreover, the share of remittances from countries such as Argentina and Chile, which represented 9.9 percent of total remittances in 2010, increased to 11.5 percent in 2011.

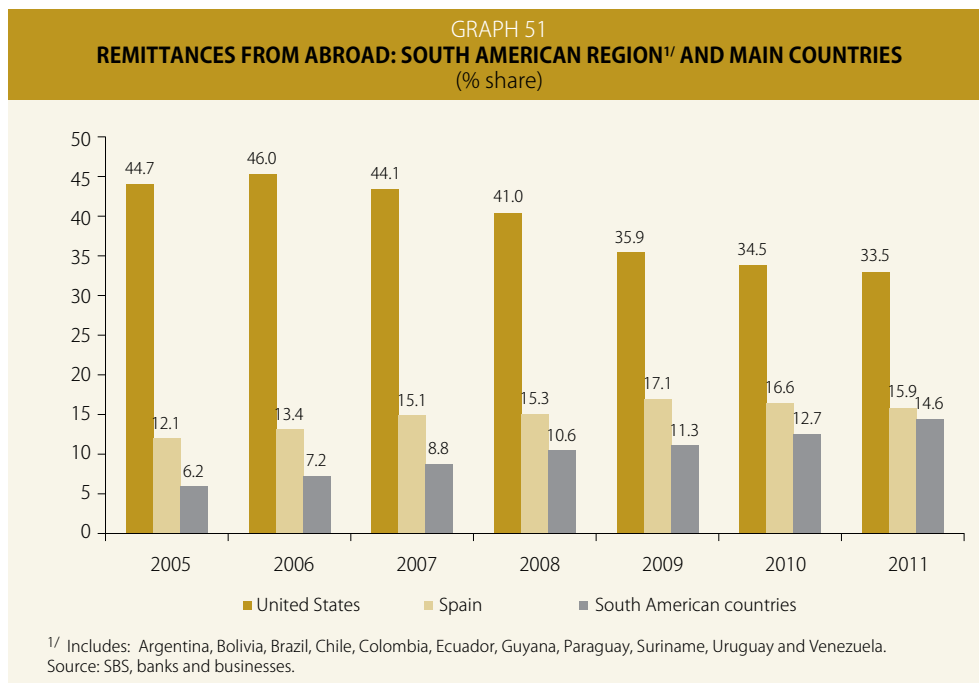


TABLE 38
REMITTANCES BY COUNTRIES
 (% share)

	2009	2010	2011
United States	35.9	34.5	33.5
Spain	17.1	16.6	15.9
Japan	7.9	8.8	9.2
Italy	9.7	8.8	8.2
Chile	4.5	5.1	6.0
Argentina	4.0	4.8	5.5
Other countries ^{1/}	20.8	21.5	21.7
Total	100.0	100.0	100.0

^{1/} Includes estimated remittances not classified by country (informal channels).
 Source: SBS, banks and businesses.

Remittances were primarily intermediated by banks, which registered a share of 47.2 percent of total remittances. On the other hand, fund transfer companies (FTC) and other transfer means intermediated 40.6 percent of total remittances.

TABLE 39
REMITTANCES FROM ABROAD BY SOURCE
 (% share)

	2009	2010	2011
Banks	44.0	46.0	47.2
FTCs - Other channels ^{1/}	44.1	42.0	40.6
Informal channels	11.9	12.0	12.2
Total	100.0	100.0	100.0

^{1/} Fund transfer companies (FTCs) and other means.
 Source: SBS, Banks and businesses.

The mean remittance was US\$ 285, a sum 5.4 percent higher than in 2010. The average remittances which increased the most were the remittances from Argentina (13.8 percent), Spain (7.5 percent), Chile (7.3 percent), United States (5.2 percent), and Japan (4.8 percent). By number of deliveries, transactions from Spain decreased 4.8 percent and transactions from the United States decreased 1.7 percent.

TABLE 40
REMITTANCES BY COUNTRIES ^{1/}
 (US dollars)

	2009	2010	2011
United States	226	229	241
Spain	343	339	364
Japan	599	596	624
Italy	302	310	314
Chile	165	191	205
Argentina	156	172	195
Other countries	346	345	357
Average remittances	264	271	285

^{1/} Excludes estimated remittances not classified by country (informal channels).
 Source: SBS, Banks and businesses.



TABLE 41
NUMBER OF REMITTANCES TRANSFERS BY COUNTRIES ^{1/}
(Thousands)

	2009	2010	2011
United States	3,835	3,812	3,746
Spain	1,204	1,241	1,181
Japan	318	372	396
Italy	771	718	704
Chile	666	674	786
Argentina	612	715	760
Other countries	624	696	719
Number of remittances	8,030	8,227	8,292

^{1/} Excludes remittances not classified by country (informal channels).
Source: SBS, Banks and businesses.

4.5 Factor Income

The factor income account showed a deficit of US\$ 13.71 billion, higher by US\$ 2.49 billion to the one observed the previous year. The private sector deficit amounted to US\$ 13.17 billion. The income of the private sector, which amounted to US\$ 339 million, consisted of interests on deposits and the yield on the investment made by financial and non-financial entities, while the outlays, which amounted to US\$ 13.51 billion, consisted mainly of the profits generated by companies with foreign shareholding. The latter were higher by US\$ 2.15 billion due to better results obtained in the mining, oil, industrial, and financial sectors.

TABLE 42
FACTOR INCOME

	Millions of US\$			% change	
	2009	2010	2011	2010	2011
I. INCOME	1,400	1,148	1,111	- 18.0	- 3.2
1. Private	294	281	339	- 4.4	20.6
2. Public	1,105	867	772	- 21.6	- 11.0
II. EXPENSES	9,785	12,361	14,821	26.3	19.9
1. Private	8,744	11,264	13,512	28.8	20.0
Profits ^{1/}	8,172	10,714	12,866	31.1	20.1
Interests	573	549	647	- 4.1	17.7
· Long-term loans	383	367	456	- 4.2	24.5
· Bonds	43	58	54	35.6	- 8.1
· Short-term loans ^{2/}	147	125	137	- 15.4	9.6
2. Public	1,041	1,097	1,309	5.4	19.3
Interests on long term loans	448	337	289	- 24.7	- 14.3
Interests on bonds	583	757	1,019	29.8	34.7
Interests on BCRP securities ^{3/}	10	3	0	- 71.0	- 82.6
III. BALANCE (I-II)	- 8,385	- 11,212	- 13,710	33.7	22.3
1. Private	- 8,450	- 10,982	- 13,173	30.0	19.9
2. Public	65	- 230	- 537	- 454.1	133.7

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

^{2/} Includes interests of non-financial public enterprises.

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

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

The public sector deficit was US\$ 537 million, a figure US\$ 307 million higher than the one recorded in 2010, due to the higher outlays for interest on bonds.

4.6 Financial Account

The financial account had a flow of US\$ 9.16 billion (5.2 percent of GDP). This flow consisted mainly of private capitals, which were in part offset by the increased acquisition of short-term assets by non-financial firms.

Private Sector

Private sector **liabilities** with other countries amounted to US\$ 10.92 billion, of which US\$ 8.23 billion was foreign direct investment (FDI) mainly in the form of profit reinvestment by firms with FDI (US\$ 5.67 billion). The sectors which registered the higher reinvestment rates were the mining, hydrocarbons, financial, and the services sectors. Net external loans for a total of US\$ 2.79 billion were obtained, most of which was for the financial sector (US\$ 2.18 billion). On the other hand, non residents sold bonds issued in the local market for a total of US\$ 249 million.

Private sector **assets** abroad increased by US\$ 1.29 billion, which reflects the purchase of external assets by institutional investors. The purchases made by insurance companies stand out with purchases amounting to US\$ 802 million. Direct investments for a total of US\$ 113 million were made abroad in the manufacturing sector of cement and sugar.

TABLE 43
PRIVATE SECTOR FINANCIAL ACCOUNT

	Millions of US\$			% change	
	2009	2010	2011	2010	2011
1. Assets	- 3,586	- 1,375	- 1,298	- 61.7	- 5.6
Direct investment abroad	- 411	- 266	- 113	- 35.3	- 57.4
Portfolio investment abroad ^{1/}	- 3,176	- 1,109	- 1,185	- 65.1	6.8
2. Liabilities	7,786	12,771	10,918	64.0	- 14.5
Foreign direct investment	6,431	8,455	8,233	31.5	- 2.6
a. Reinvestment	5,385	5,317	5,671	- 1.3	6.7
b. Capital inflows and other transactions	1,828	2,445	276	33.7	- 88.7
c. Net loans to parent companies	- 782	693	2,285	118.5	229.9
Portfolio foreign investment	306	381	- 102	24.7	- 126.7
a. Capital participation ^{2/}	47	87	147	85.2	70.0
b. Other liabilities ^{3/}	259	294	- 249	13.8	- 184.5
Long-term loans	1,050	3,935	2,787	274.8	- 29.2
a. Disbursements	2,189	5,251	3,886	139.8	- 26.0
b. Amortization	- 1,139	- 1,315	- 1,099	15.5	- 16.5
3. TOTAL	4,200	11,396	9,620	171.3	- 15.6
Memo:					
Net foreign direct investment	6,020	8,189	8,119	36.0	- 0.8

^{1/} Includes mainly shares and other assets of the financial and non-financial sectors. The negative sign indicates an increase of assets.

^{2/} Includes non-residents' net purchases of shares listed at Cavali S.A. and traded at the Lima Stock Exchange (LSE), as well as, placements of American Depositary Receipts (ADRs).

^{3/} Including bonds, credit notes and securitizations in net terms (issuance minus redemption).
Source: BCRP, Cavali S.A. ICLV, Proinversion, and businesses.



Private External Debt

At December 31 the balance of the medium and long term debt of the private sector, excluding bonds, totaled US\$ 16.48 billion, a figure 20 percent higher than the amount recorded at end 2010 (US\$ 13.69 billion).

Accounting for 77 percent of the debt, with loans amounting to US\$ 12.64 billion, international banks were the main lender. The share of international banks was higher than in 2010 mainly due to external financing provided to local banks. International organizations ranked second in terms of financing sources, with a share of 21 percent, concentrated mainly in the sector of hydrocarbons.

TABLE 44
PRIVATE MEDIUM AND LONG TERM EXTERNAL DEBT BY SOURCE
(End of period levels)

	Millions of US\$			% of GDP		
	2009	2010	2011	2009	2010	2011
Private Sector ^{1/}	9,762	13,697	16,485	7.7	8.9	9.3
International banks	6,124	9,515	12,645	4.8	6.2	7.2
International Organizations	3,151	3,672	3,380	2.5	2.4	1.9
Suppliers	130	146	151	0.1	0.1	0.1
Others	357	366	308	0.3	0.2	0.2
Financial Sector	4,357	7,396	9,093	3.4	4.8	5.1
International banks	3,165	6,066	8,029	2.5	3.9	4.5
International Organizations	985	1,114	903	0.8	0.7	0.5
Others	207	217	161	0.2	0.1	0.1
Non Financial Sector	5,405	6,301	7,392	4.2	4.1	4.2
International banks	2,960	3,449	4,617	2.3	2.2	2.6
International Organizations	2,166	2,558	2,477	1.7	1.7	1.4
Suppliers	130	146	151	0.1	0.1	0.1
Others	150	149	147	0.1	0.1	0.1
Hydrocarbons	2,248	2,791	2,944	1.8	1.8	1.7
International banks	249	458	733	0.2	0.3	0.4
International Organizations	1,999	2,332	2,210	1.6	1.5	1.3
Others	0	1	1	0.0	0.0	0.0
Mining	1,105	1,357	1,566	0.9	0.9	0.9
International banks	1,031	1,298	1,521	0.8	0.8	0.9
International Organizations	0	0	0	0.0	0.0	0.0
Suppliers	27	27	21	0.0	0.0	0.0
Others	47	31	23	0.0	0.0	0.0

^{1/} Without bonds.
Source: Businesses.

Public Sector

The government net liabilities with non-residents increased by US\$ 848 million. Of this amount, US\$ 990 million was external disbursements destined mainly to projects in the sectors of transportation and sanitation and to the service of the external debt, while US\$ 998 million was transactions in the secondary market of debt securities. These increases were partially offset by the amortization of the external debt (US\$ 868 million) and the increase in net external assets (US\$ 273 million).

TABLE 45
PUBLIC SECTOR FINANCIAL ACCOUNT ^{1/}

	Millions of US\$			% change	
	2009	2010	2011	2010	2011
I. DISBURSEMENTS	3,229	4,261	990	32.0	-76.8
Investment projects	616	722	679	17.3	-6.0
Central government	521	509	616	-2.4	21.1
Public enterprises	95	213	63	125.0	-70.6
- Financial	4	0	0		
- Non-financial	91	213	63	134.7	-70.6
Freely disposable funds	580	875	311	51.0	-64.5
Bonds ^{2/}	2,033	2,664	0	31.0	-100.0
II. AMORTIZATION	- 1,879	- 5,268	- 868	180.3	-83.5
III. NET EXTERNAL ASSETS	- 320	- 37	- 273	-88.3	631.1
IV. OTHER OPERATIONS WITH DEBT SECURITIES (a-b)	- 739	3,513	998	- 575.1	-71.6
a. Securities in the domestic market purchased by non residents	- 249	2,905	546	-1,266.7	-81.2
b. Securities in the foreign market purchased by non residents	490	- 608	- 452	-224.0	-25.6
V. TOTAL	291	2,468	848	749.3	-65.7

^{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.

Source: BCRP, MEF, Cofide, and FCR.

Short-Term Capitals

The net flow of short-term capitals was negative by US\$ 1.31 billion. Assets purchased abroad amounted to US\$ 1.32 billion, with banks' purchases accounting for US\$ 140 million of this amount and the purchases of the non financial sector accounting for US\$ 1.17 billion of this amount. On the other hand, liabilities increased by US\$ 12 million with a share of US\$ 625 million of the non financial sector, offset by the lower liabilities of banks (US\$ 664 million).

TABLE 46
SHORT TERM CAPITAL FINANCIAL ACCOUNT

	Millions of US\$		
	2009	2010	2011
1. BANKS	-87	855	- 805
Assets ^{1/}	224	- 194	- 140
Liabilities ^{2/}	- 311	1,049	- 664
2. BCRP ^{3/}	- 583	- 80	0
3. BANCO DE LA NACIÓN	- 30	- 11	- 4
Assets ^{1/}	- 30	- 11	- 4
Liabilities ^{2/}	0	0	0
4. NON-BANK FINANCIAL	- 45	42	51
Assets ^{1/}	- 20	3	- 1
Liabilities ^{2/}	- 25	39	52
5. NON-FINANCIAL SECTOR ^{4/}	- 1,340	- 1,063	- 549
Assets ^{1/}	- 774	- 1,642	- 1,174
Liabilities ^{2/}	- 565	579	625
6. TOTAL SHORT-TERM CAPITAL	- 2,085	- 258	- 1,307
Assets ^{1/}	- 601	- 1,844	- 1,319
Liabilities ^{2/}	- 1,484	1,587	12

^{1/} The negative sign indicates an increase of assets.

^{2/} A positive sign indicates an increase of liabilities.

^{3/} Obligations in national currency to non residents for Certificates of Deposit issued by the Central Bank.

^{4/} Net flow of assets with other countries. The negative sign indicates an increase in net assets.

Source: Central Bank, Bank for International Settlements (BIS) and businesses.



International Investment Position

At end 2011 international assets amounted to US\$ 79.79 billion, a sum 11 percent higher than the one recorded at end 2010 due to the 12 percent increase observed in the assets of the financial system. On the other hand, the international liabilities, which amounted to US\$ 124.66 billion, were 9 percent higher than at end 2010. The increase observed in foreign direct investment, associated with reinvestment flows, as well as the greater balance in the private medium and long term external debt are worth pointing out.

TABLE 47
NET INTERNATIONAL INVESTMENT POSITION
(End of period levels)

	Millions of US\$			% of GDP		
	2009	2010	2011	2009	2010	2011
I. ASSETS	55,561	72,104	79,787	43.7	46.8	45.1
1. Reserve assets of BCRP	33,175	44,150	48,859	26.0	28.7	27.6
2. Assets of financial sector (excluding BCRP)	14,006	16,606	18,479	11.0	10.8	10.5
3. Others assets	8,470	11,347	12,450	6.6	7.4	7.0
II. LIABILITIES	89,312	114,910	124,660	70.1	74.6	70.5
1. Bonds and total external debt private and public ^{1/}	35,157	43,674	47,544	27.6	28.4	26.9
a. Medium and long term debt	30,431	37,359	41,219	23.9	24.3	23.3
Private sector ^{2/}	10,314	14,424	16,987	8.1	9.4	9.6
Public sector (i - ii + iii) ^{3/}	20,117	22,934	24,232	15.8	14.9	13.7
i. External public debt	20,600	19,905	20,204	16.2	12.9	11.4
ii. Public debt issued abroad purchased by residents	1,891	1,283	831	1.5	0.8	0.5
iii. Public debt issued locally purchased by non-residents	1,408	4,313	4,859	1.1	2.8	2.7
b. Short term debt	4,726	6,315	6,325	3.7	4.1	3.6
Financial sector (excluding BCRP)	1,425	2,514	1,901	1.1	1.6	1.1
BCRP	124	45	43	0.1	0.0	0.0
Others ^{4/}	3,177	3,756	4,381	2.5	2.4	2.5
2. Direct investment	34,521	42,976	51,208	27.1	27.9	29.0
3. Capital participation	19,634	28,260	25,908	15.4	18.4	14.7

^{1/} External public debt includes the debt of the Central Government and public enterprises. The latter now represents less than 5 percent of total. The external debt is mostly medium and long term debt (99 percent).

^{2/} Includes bonds.

^{3/} Since these publication government bonds issued abroad and in the hands of residents are excluded from foreign liabilities of the public sector. Government bonds issued locally, in the hands of non-residents, are included foreign liabilities of this sector.

^{4/} Includes mainly short term debt of the nonfinancial private sector.

Source: BCRP, MEF, Cavali SA ICLV, Proinversión, BIS and businesses.



Chimú (1000 – 1470 AD)

Gold ear ornament, decorated with bird representations on the edge. The central design shows an anthropomorphic figure wearing a great headdress. Metalwork techniques used: laminating, hammering, and embossing.



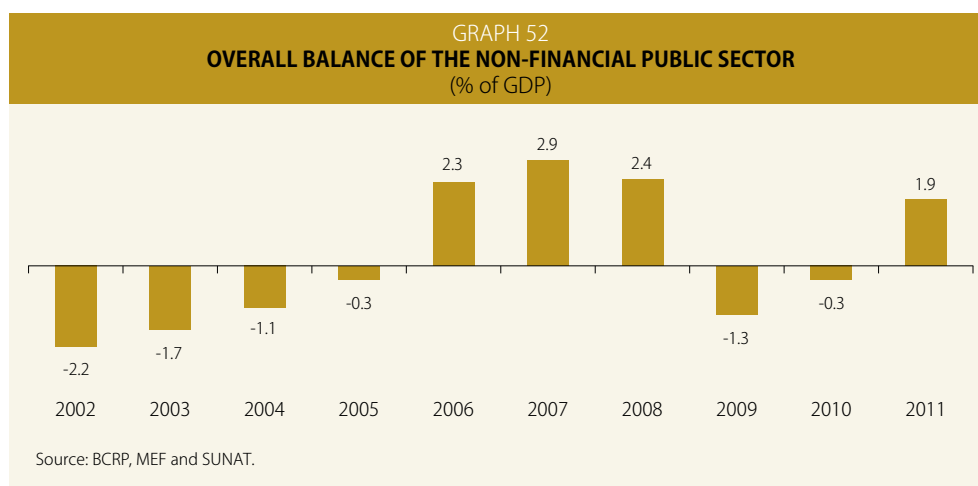
Lambayeque – Chimu (1350 – 1470 AD)

Gold ear ornament decorated with an anthropomorphic figure in a ceremonial attire and great headdress in the center and with gold sequins on the edge. Metalwork techniques used: laminating, hammering, embossing, and welding.



Public Finances

In 2011, the balance of the non-financial public sector (NFPS) showed a surplus of 1.9 percent of GDP, which contrasted with the deficits of 1.3 and 0.3 percent of GDP recorded in 2009 and 2010, respectively. This economic balance is associated with the recovery of economic activity, the growth of domestic demand, and the higher prices of minerals, all of which had a positive impact on the collection of revenues and on the moderation of growth in non-financial expenditure.



The surplus registered in 2011 was mainly associated with the operations of the general government, which showed a positive balance of 1.8 percent of GDP after having recorded a deficit of 0.2 percent in 2010. This positive balance resulted from higher current revenues (1.0 percentage point of GDP) and from lower non-financial expenditure (1.1 percentage point of GDP).

The rate reduction of several taxes (VAT, the excise tax on fuels, and tariffs on imports) approved by the Executive in the first semester did not imply a reduction in revenues because, together with the growth of domestic demand, the higher prices of our export products and the tax measures adopted to expand the tax base brought about an increase of 13.3 percent in real terms in the tax revenues of the general government.



Measures aimed at controlling government spending were also approved in the first semester with the purpose of generating increased public savings that would allow the treasury to face the risks of an external crisis. In addition to this, an extraordinary transfer for a total of US\$ 1.10 billion was made to the Fiscal Stabilization Fund, as a result of which the Fund's balance rose to US\$ 5.63 billion.

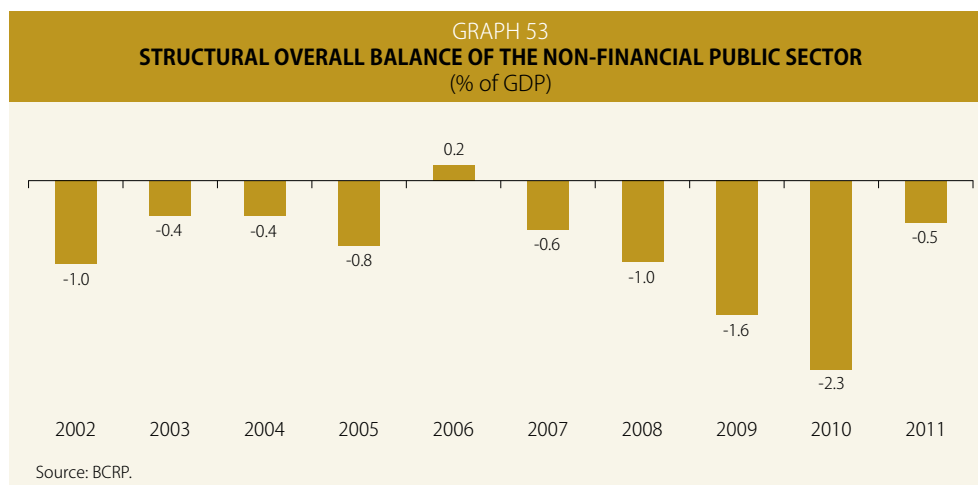
Furthermore, given the persistence of problems in the execution of public spending –particularly in subnational investments– and given the increased deterioration of external conditions, extraordinary measures were approved during the second half of the year with the aim of promoting growth in the economy. The impact of a significant part of these measures would be seen in 2012.

TABLE 48
OVERALL BALANCE OF THE NON-FINANCIAL PUBLIC SECTOR

	Millions of nuevos soles			% of GDP		
	2009	2010	2011	2009	2010	2011
I. Primary Balance	13	3,730	14,801	0.0	0.9	3.0
1. Of the General Government	- 784	4,320	14,554	-0.2	1.0	3.0
a. Current revenue	72,201	86,948	102,089	18.9	20.0	21.0
i. Tax revenue	53,842	65,919	77,201	14.1	15.2	15.9
ii. Non-tax revenue	18,359	21,029	24,888	4.8	4.8	5.1
b. Non-financial expenditure	73,433	83,372	87,826	19.2	19.2	18.1
i. Current	51,938	57,141	63,322	13.6	13.1	13.0
ii. Capital	21,496	26,231	24,503	5.6	6.0	5.0
c. Capital revenue	448	744	290	0.1	0.2	0.1
2. Of State Enterprises	797	- 590	247	0.2	-0.1	0.1
II. Interests	5,011	5,085	5,724	1.3	1.2	1.2
1. External debt	3,101	2,927	2,834	0.8	0.7	0.6
2. Domestic debt	1,910	2,158	2,889	0.5	0.5	0.6
III. Overall Balance (I-II)	-4,998	-1,354	9,077	-1.3	-0.3	1.9
1. Net external financing	4,069	-2,077	746	1.1	-0.5	0.2
(Millions of US\$)	\$1,317	-\$728	\$ 277	1.1	-0.5	0.2
a. Disbursements	\$3,225	\$4,261	\$ 990	2.6	2.8	0.6
b. Amortization	\$1,843	\$5,184	\$ 831	1.4	3.4	0.5
c. Others	-\$ 65	\$ 195	\$ 118	-0.1	0.1	0.1
2. Net domestic financing	827	3,013	-9,959	0.2	0.7	-2.0
3. Privatization	102	419	135	0.0	0.1	0.0

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

The **structural economic balance**, which isolates the effects of the business cycle and the fluctuations in the prices of mining and hydrocarbon exports on the economic balance, showed a negative balance of 0.5 percent of GDP.



In 2011 the fiscal surplus (S/. 9.08 billion) was higher by S/. 5.57 billion than the financial resources required for the amortization of the public debt (S/. 3.51 billion). Additionally, taking into account that external disbursements were received for the equivalent of S/. 2.72 billion, domestic sovereign bonds were issued for a total of S/. 1.22 billion, and revenue from privatization processes amounted to S/. 135 million, the surplus was equivalent to S/. 9.64 billion. This surplus was mainly destined to the accumulation of public sector deposits.

TABLE 49
FINANCING OF THE NON-FINANCIAL PUBLIC SECTOR

	Millions of soles			% of GDP		
	2009	2010	2011	2009	2010	2011
1. Overall balance	-4,998	-1,354	9,077	-1.3	-0.3	1.9
2. Amortization	-7,049	-17,535	-3,509	-1.8	-4.0	-0.7
Redemption of recognition bonds	-336	-742	-485	-0.1	-0.2	-0.1
Domestic debt	-1,235	-2,126	-733	-0.3	-0.5	-0.2
External debt	-5,478	-14,667	-2,291	-1.4	-3.4	-0.5
3. Financial requirements	12,047	18,889	-5,568	3.2	4.3	-1.1
External disbursements	9,802	12,039	2,717	2.6	2.8	0.6
Freely disposable funds	7,968	10,001	851	2.1	2.3	0.2
Investment projects	1,834	2,038	1,866	0.5	0.5	0.4
Domestic bonds	2,757	8,833	1,221	0.7	2.0	0.3
Privatization	102	419	135	0.0	0.1	0.0
Others	-614	-2,401	-9,641	-0.2	-0.6	-2.0

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



BOX 6

NEW MINING TAX REGIME

The new tax framework for the mining sector approved by the Executive Branch on September 28 became effective since October 1, 2011. The laws that established the new regime for mining include the following:

- **Creation of Special Levy on Mining (Law 29790)**
This special levy applies to mining companies that have tax stability agreements. It is a freely available resource of the national government.
- **Amendment of Mining Royalties (Law 29788)**
The new regime of royalties, applicable to companies without existing tax stability agreements, establishes that the amount payable may not be less than 1 percent of sales. If the company has signed an agreement and is paying royalties, the royalty amounts will be deductible from the special levy. The revenues from this levy are distributed among the three government levels.
- **Creation of Special Tax on Mining (Law 29789)**
Applicable to companies without existing tax stability agreements. The revenues from this tax are allocated to the national government.

In all three cases, the taxable base is the quarterly operating income of mining companies, considering the calendar quarters of January-March, April-June, July-September, and October-December. The applicable rate is determined according to a scale of rising marginal rates based on the operating margin (operating income to sales ratio). The tax, the levy, and the royalty are expenses deductible from the income tax.

CHANGES IN THE MINING TAX REGIME

N°	Special levy on mining companies with stability agreements			Special levy on mining companies without stability agreements					
							Mining Royalty		
	Operating margin segments		Marginal rate	Operating margin segments		Marginal rate	Operating margin segments		Marginal rate
	LI	UI		LI	UI		LI	UI	
0	0	10%	4.00%	0%	10%	2.00%	0	10%	1.00%
2	10%	15%	4.57%	10%	15%	2.40%	10%	15%	1.75%
3	15%	20%	5.14%	15%	20%	2.80%	15%	20%	2.50%
4	20%	25%	5.71%	20%	25%	3.20%	20%	25%	3.25%
5	25%	30%	6.28%	25%	30%	3.60%	25%	30%	4.00%
6	30%	35%	6.85%	30%	35%	4.00%	30%	35%	4.75%
7	35%	40%	7.42%	35%	40%	4.40%	35%	40%	5.50%
8	40%	45%	7.99%	40%	45%	4.80%	40%	45%	6.25%
9	45%	50%	8.56%	45%	50%	5.20%	45%	50%	7.00%
10	50%	55%	9.13%	50%	55%	5.60%	50%	55%	7.75%
11	55%	60%	9.70%	55%	60%	6.00%	55%	60%	8.50%
12	60%	65%	10.27%	60%	65%	6.40%	60%	65%	9.25%
13	65%	70%	10.84%	65%	70%	6.80%	65%	70%	10.00%
14	70%	75%	11.41%	70%	75%	7.20%	70%	75%	10.75%
15	75%	80%	11.98%	75%	80%	7.60%	75%	80%	11.50%
16	80%	85%	12.55%	80%	85%	8.00%	More than 80%		12.00%
17	More than 85%		13.12%	More than 85%		8.40%			

Memo:
LI = Lower limit; UI = Upper limit.

REVENUES FROM MINING TAXES IN 2011

Exceptionally, mining companies made monthly advanced payments in the months of October, November, and December, which were determined by multiplying the monthly sales, the operating margin of 2010, and the actual rate applicable.

The deadline for the first payment, corresponding to the month of October, was November 30. Most of the revenues from these payments were registered in the Treasury books on the first days of December due to the period established for the accreditation of said payments. The November and December payments were entered in books during the first quarter of 2012.

NEW TAXES ON MINING 2011 (Millions of nuevos soles)	
	2011
TOTAL COLLECTED	265
Mining royalties	71
Special Tax on Mining	59
Special levy on Mining	136
Memo: Old royalties	770

CLASSIFICATION IN FISCAL ACCOUNTS

These taxes are classified in the fiscal accounts as follows:

Mining Royalty:

The mining royalty is defined as the price paid by mining companies to the State for the exploitation of metallic and non-metallic mineral resources. It is classified as a non tax revenue of the national government, which redistributes these resources as transfers to local governments, regional governments, and universities according to the percentages set out in the Law of Mining Royalties (Law 28258)¹⁶. This classification criterion applies to old royalties as well.

Special Tax on Mining:

This tax is classified as a tax revenue of the national government in fiscal accounts.

Special Levy on Mining:

In fiscal accounts, it is registered as a national government non-tax revenue that is freely available to the Public Treasury.

¹⁶ 20 percent of the total revenues obtained from these taxes goes to the local government(s) of the district(s) from which the natural resource is extracted and 50 percent of this amount is invested in the communities where the natural resource is obtained. Another 20 percent goes to the province(s); 40 percent to the district or province municipalities of the department(s); 15 percent to the regional government(s), and 5 percent to the public universities of the region where the natural resource is in exploitation.



1. Revenues of the General Government

The current revenues of the general government, which amounted to 21.0 percent of GDP, were 1.0 percentage point of GDP higher than in 2010, which represents a real growth of 13.6 percent in the revenues of the general government. An increase was observed both in the tax component of revenues and in the non-tax revenues of the national government, reflecting the improvement of economic activity and the increase observed in the prices of our exports.

As a result, the fiscal pressure of the general government, which expresses the current revenues of the government as a ratio of GDP, rose to 21.0 percent in 2011.

TABLE 50
FISCAL REVENUE RATIOS
(% of GDP)

	% of GDP		
	2009	2010	2011
Central government tax burden ^{1/}	13.7	14.8	15.5
Central government fiscal burden ^{2/}	15.9	17.2	18.1
Fiscal burden of the general government ^{2/}	18.9	20.0	21.0

^{1/} Central government tax revenues as % of GDP.

^{2/} Current revenues as a ratio of GDP.

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

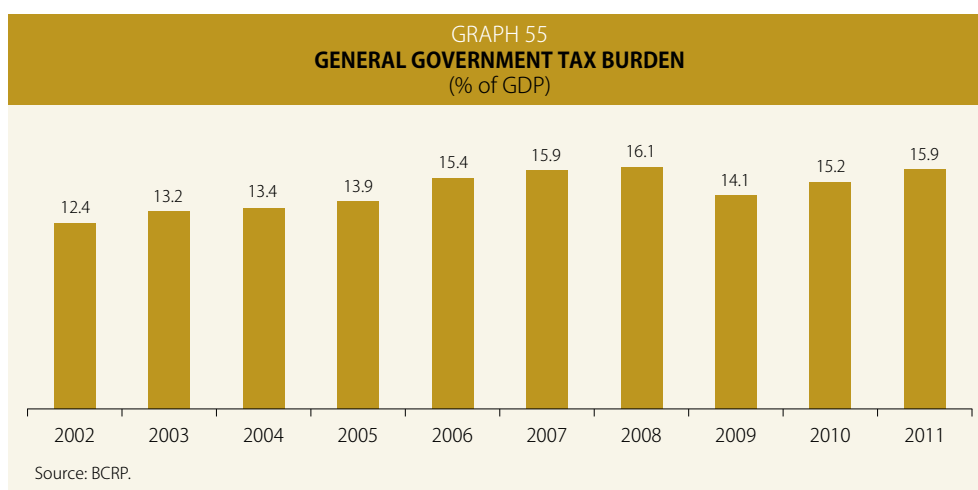
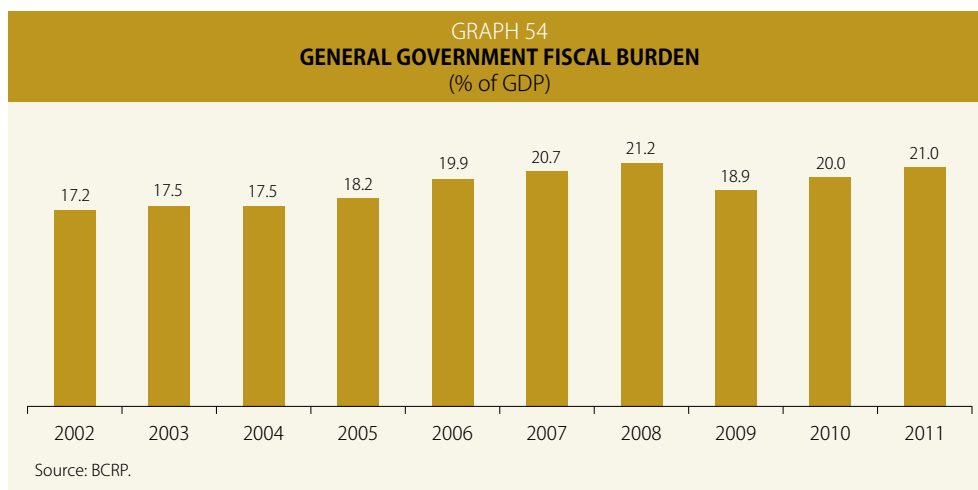
TABLE 51
GENERAL GOVERNMENT REVENUES

	Millions of nuevos soles			Real % change		% of GDP		
	2009	2010	2011	2010	2011	2009	2010	2011
I. TAX REVENUE	53,842	65,919	77,201	20.6	13.3	14.1	15.2	15.9
1. Income tax	20,346	25,802	33,627	24.9	26.1	5.3	5.9	6.9
-Individuals	5,608	6,283	7,958	10.4	22.5	1.5	1.4	1.6
-Legal entities	12,269	16,423	21,432	31.8	26.2	3.2	3.8	4.4
-Tax regularization	2,470	3,096	4,237	23.5	32.4	0.6	0.7	0.9
2. Import duties	1,493	1,803	1,380	19.0	-25.9	0.4	0.4	0.3
3. Value-added tax (VAT)	29,519	35,536	40,424	18.6	10.0	7.7	8.2	8.3
-Domestic VAT	17,322	19,629	22,029	11.6	8.6	4.5	4.5	4.5
-VAT on imports	12,197	15,907	18,395	28.5	11.9	3.2	3.7	3.8
4. Excise tax	4,146	4,670	4,720	10.9	-2.2	1.1	1.1	1.0
-Fuels	2,255	2,410	2,231	5.3	-10.4	0.6	0.6	0.5
-Others	1,891	2,260	2,489	17.7	6.6	0.5	0.5	0.5
5. Excise tax	5,676	6,056	6,762	5.1	8.0	1.5	1.4	1.4
-National government	4,400	4,566	5,043	2.2	6.8	1.2	1.1	1.0
-Local government	1,276	1,490	1,719	15.0	11.6	0.3	0.3	0.4
6. Tax returns	-7,339	-7,948	-9,712	6.7	18.2	-1.9	-1.8	-2.0
II. NON-TAX REVENUES	18,359	21,029	24,888	12.8	14.5	4.8	4.8	5.1
Contributions to Essalud and ONP	7,218	7,967	9,071	8.7	10.1	1.9	1.8	1.9
Own resources and transfers	4,444	4,533	4,884	0.5	4.2	1.2	1.0	1.0
Mining, oil and gas royalties ^{1/}	1,597	2,522	3,755	55.5	44.1	0.4	0.6	0.8
Oil Canon ^{2/}	1,241	1,840	2,673	46.0	40.5	0.3	0.4	0.5
Others	3,860	4,168	4,505	6.4	4.6	1.0	1.0	0.9
III. TOTAL	72,201	86,948	102,089	18.6	13.6	18.9	20.0	21.0

^{1/} Compensation for the use of state property.

^{2/} Percentage of value of production for the right to exploit natural resources redistributed to the regions.

Source: SUNAT, Essalud, ONP, charity societies, regulatory agencies and registry offices.



Revenues from the **income tax** grew from 5.9 to 6.9 percent in GDP terms due to the higher payments of mining companies (up by a real 33.8 percent) and companies in the sector of services (up by a real 8.5 percent). The revenues from the income tax were boosted by the better international prices of metals, particularly in the first three quarters of the year.

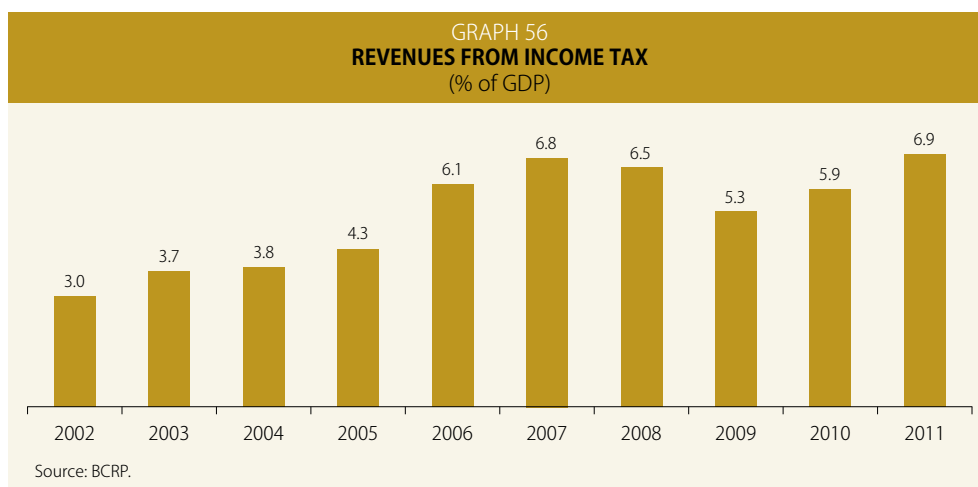




TABLE 52
REVENUES FROM CORPORATE TAX BY SECTORS
 (Millions of nuevos soles)

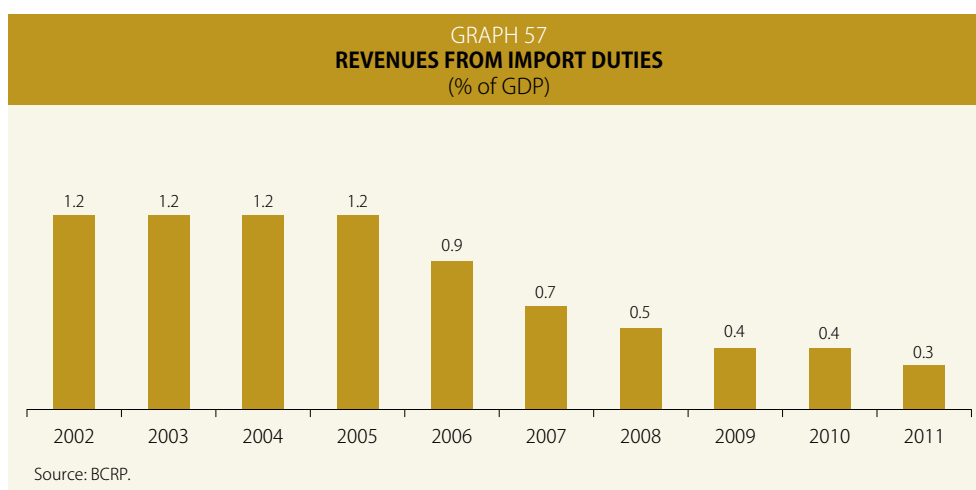
	2009	2010	2011	Real % change	
				2010	2011
Mining	3,018	5,618	7,764	83.5	33.8
Services ^{1/}	4,604	5,377	6,585	15.2	18.5
Manufacturing	2,004	2,307	2,938	13.5	23.1
Commerce	2,099	2,267	2,909	6.4	24.2
Hydrocarbons	543	1,056	1,835	91.7	68.1
Construction	548	715	1,050	28.8	42.2
Fishing	54	124	134	128.7	4.3
Agriculture and livestock	38	44	92	15.4	102.5
TOTAL	12,907	17,507	23,308	33.8	28.8

^{1/} Includes activities in real estate, business, leasing, telecommunications, financial intermediation, health, social services, tourism and hotels, electric generation, and water services.
 Source: SUNAT.

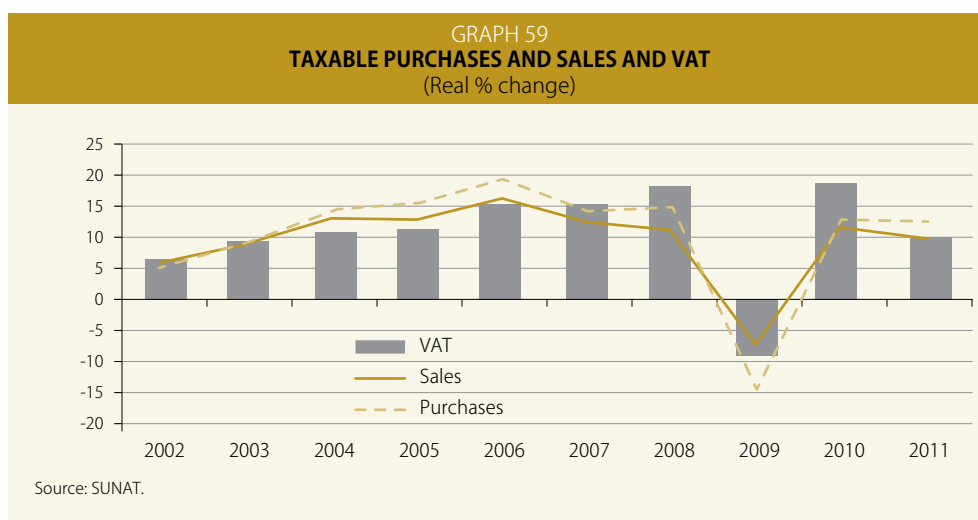
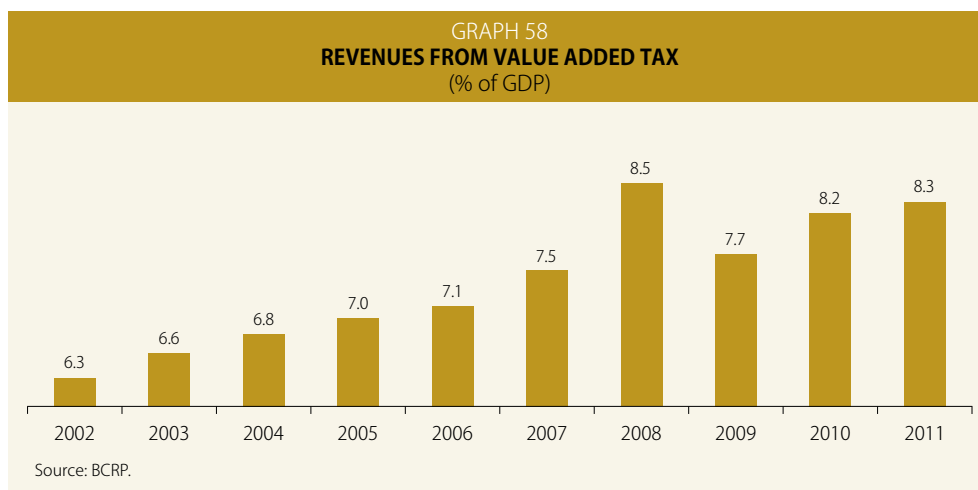
Revenues from the income tax for individuals grew by a real 22.5 percent due to the higher payments of fifth and fourth category income tax, which reflected the growth of employment in the formal labor market.

The revenues from **import duties** declined 25.9 percent in real terms, but fell from 0.4 percent to 0.3 percent as a percentage of GDP between 2010 and 2011. This decline was due to the reduction of tariff rates decreed in December 2010 (S.D. 279-2010-EF) and in April 2011 (S.D. 055-2011-EF), which reduced the mean effective tariff from 2.2 to 1.4 percent. The effect of this rate reduction was in part offset by the increase of imports in the period.

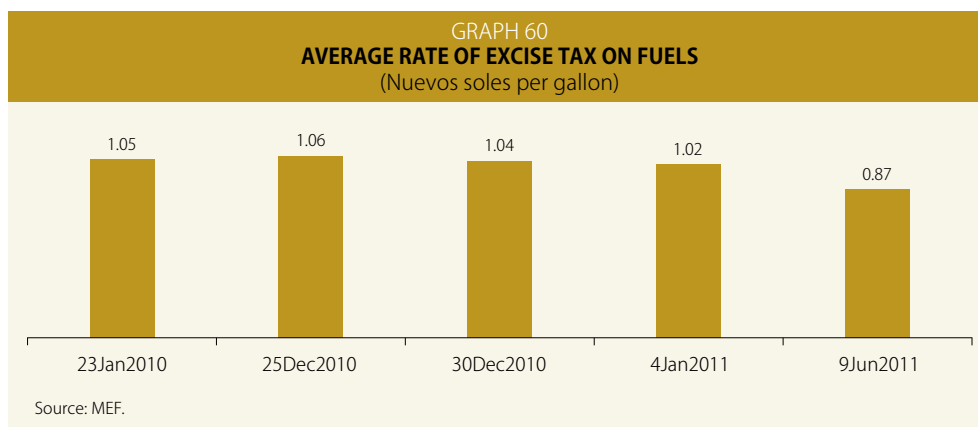
GRAPH 57
REVENUES FROM IMPORT DUTIES
 (% of GDP)

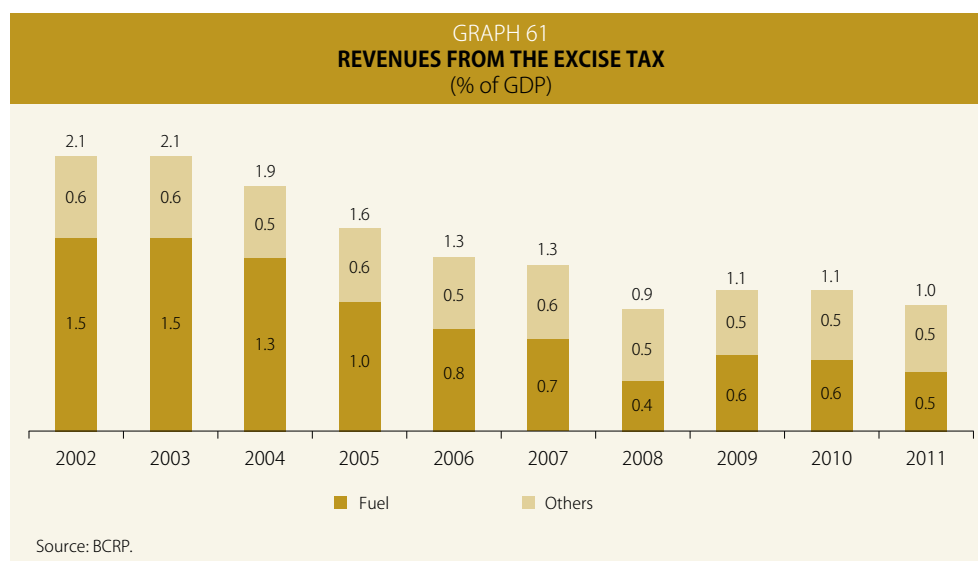


Revenues from the **value added tax (VAT)** grew by a real 10.0 percent, rising from an equivalent of 8.2 percent of GDP to 8.3 percent of GDP. This increase is associated with the growth of economic activity and with the measures implemented to expand the tax base –particularly measures to expand the VAT withholding regime–, which offset the effect of the reduction of the tax rate that became effective in March 2011 (the tax rate was lowered from 19 to 18 percent).



The revenues from the **excise tax** (ISC) fell 2.2 percent in real terms and declined from 1.1 percent to 1.0 percent as a percentage of GDP. This fall is explained by the lower revenues from the excise tax on fuels, which resulted from the reduction of the average rate from S/. 1.02 to S/. 0.87 per gallon decreed in June 2011 (S.D. 097-2011-EF).





Revenues from **other tax revenues remained** at 1.4 percent of GDP, which implied a real increase of 8.0 percent. The increases registered in the temporary tax on net assets (24.1 percent) and fines (57.7 percent) should be pointed out. On the other hand, the tax on financial transactions fell 59.5 percent due to reduction of the rate from 0.05 percent in 2010 to 0.005 percent since April 1, 2011 (Law N° 29667). Other tax revenues also include the Special Tax on Mining, established by Law N° 29789, which resulted in a collection of revenues for a total of S/. 59 million in November and December.

Tax returns, which were equivalent to 2.0 percent of GDP, recorded a real growth of 18.2 percent reflecting the increase of exports (28 percent). The latter offset the reduction in the drawback, which declined from 6.5 to 5.0 percent.

Non-tax revenues recorded a real growth of 14.5 percent as a result of the upward trend observed in the international prices of minerals, especially in the first three quarters of the year, which resulted in increased revenues from royalties and from oil and gas royalties (canon). In addition, the revenues from contributions to social security system increased significantly reflecting the higher number of people who contribute to this system nowadays.

2. Expenditure of the General Government

Declining by 1.1 percentage points of GDP compared to 2010, the expenditure of the general government was equivalent to 18.1 percent of GDP. This decline is explained by lower spending in the implementation of investment projects, which decreased from 5.5 to 4.7 percent of GDP.

Non-financial expenditure for over 19 percent of GDP was recorded in 2009-2010 in the context of implementation of the 2009-2010 Economic Stimulus Plan to face the negative effects of the international crisis. This expenditure slowed down thereafter in 2011 due to the difficulties faced by the newly elected authorities in terms of budget management and due to the fiscal policy measures implemented in the first semester to generate the necessary fiscal space to face the worsening of international conditions through the control of public expenditure.

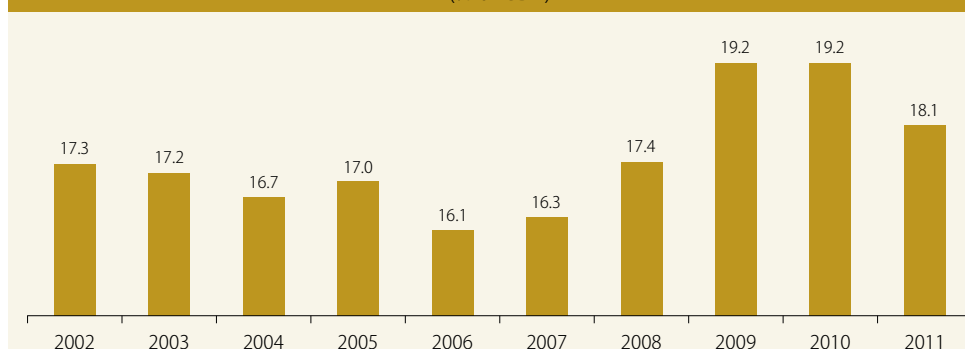
By government levels, the non-financial expenditure of the national government was equivalent to 11.2 percent of GDP, while the non-financial expenditure of subnational governments was equivalent to 6.8 percent of GDP.

TABLE 53
GENERAL GOVERNMENT NON-FINANCIAL EXPENDITURE ^{1/}

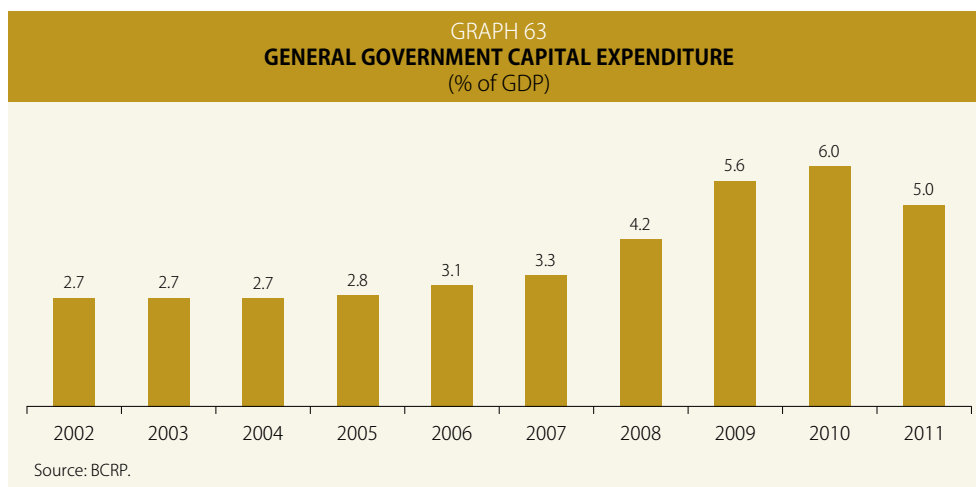
	Millions of nuevos soles			Real % change		% of GDP		
	2009	2010	2011	2010	2011	2009	2010	2011
I. CURRENT EXPENDITURE	51,938	57,141	63,322	8.3	7.1	13.6	13.1	13.0
Wages and salaries	19,647	20,834	22,868	4.4	6.1	5.1	4.8	4.7
National government	11,347	12,181	13,388	5.7	6.3	3.0	2.8	2.8
Regional governments	6,758	6,804	7,534	-0.9	7.0	1.8	1.6	1.5
Local governments	1,542	1,849	1,946	18.0	1.8	0.4	0.4	0.4
Goods and services	19,093	22,343	23,912	15.2	3.4	5.0	5.1	4.9
National government	13,699	15,818	16,627	13.6	1.6	3.6	3.6	3.4
Regional governments	1,549	2,005	2,306	27.3	10.9	0.4	0.5	0.5
Local governments	3,844	4,520	4,979	15.7	6.3	1.0	1.0	1.0
Transfers	13,198	13,964	16,543	4.2	14.6	3.5	3.2	3.4
National government	10,388	11,042	13,432	4.7	17.7	2.7	2.5	2.8
Regional governments	1,995	1,981	2,080	-2.2	1.5	0.5	0.5	0.4
Local governments	815	941	1,031	13.6	5.8	0.2	0.2	0.2
II. CAPITAL EXPENDITURE	21,496	26,231	24,503	20.0	-10.0	5.6	6.0	5.0
Gross Capital Formation	19,584	24,025	22,922	20.6	-8.1	5.1	5.5	4.7
National government	6,374	9,064	9,689	39.8	3.2	1.7	2.1	2.0
Regional governments	4,076	4,956	4,710	19.5	-8.5	1.1	1.1	1.0
Local governments	9,134	10,005	8,524	7.7	-18.1	2.4	2.3	1.8
Other capital expenditure	1,912	2,206	1,581	13.5	-30.8	0.5	0.5	0.3
III. NON FINANCIAL EXPENDITURE (I+II)	73,433	83,372	87,826	11.7	1.7	19.2	19.2	18.1
National government	43,411	50,057	54,406	13.5	5.1	11.4	11.5	11.2
Regional governments	14,586	15,871	16,704	7.1	1.6	3.8	3.7	3.4
Local governments	15,436	17,444	16,715	11.1	-7.7	4.0	4.0	3.4

^{1/} Preliminary data. Net of commissions and intergovernmental transfers.
Source: MEF.

GRAPH 62
GENERAL GOVERNMENT NON-FINANCIAL EXPENDITURE
(% of GDP)



Source: BCRP.



National Government

The non-financial expenditure of the national government was equivalent to 11.2 percent of GDP, which represents a real growth of this non-financial expenditure of 5.1 percent compared to 2010. This growth was mostly observed in current transfers (17.7 percent in real terms) and salaries and wages (6.3 percent in real terms).

Expenditure in salaries and wages recorded a real growth rate of 6.3 percent compared to 2010 due to the extraordinary bonuses paid to active and retired disabled members of the Armed Forces and Policía Nacional del Perú (Bonificación Extraordinaria por Gratitud)¹⁷. This growth is also explained by the differential paid to all the teachers that have been included in the different levels of the public teaching career (Carrera Pública Magisterial).

Expenditure in goods and services, which amounted to 3.4 percent of GDP, was 1.6 percent higher in real terms than in 2010 due to the higher allocations assigned to the following:

- Ministry of Transport and Communications, for the maintenance and repair of the following highways and roads: (Empalme PE 18A-Desvío Tingo María-Aucayacu-Nuevo Progreso-Tocache-Juanjuí-Picota-Tarapoto; Conococha-Huaraz-Caraz-Molinopampa-Chiquián-Aquia-Empalme 3N; La Oroya-Chicrín-Huánuco-Tingo María-Empalme 5N; Desvío Abancay-Chuquibambilla-Chalhahuacho-Santo Tomás-Yauri; Huancané-Moho-Tilali-Frontera Bolivia and Desvío Huancané-Putina-Sandia-San Ignacio; Empalme 3S Comas-Satipo-Mazamari-Puerto Ocopa-Atalaya and Mazamari-San Martín de Pangoa-Punta de Carretera; among other roads).
- Ministry of Educations, for teacher training and literacy programs.
- Ministry of Foreign Affairs, for diplomatic missions, commercial offices, and the development of bilateral policy actions.
- Ministries of Defense and Interior, for the recovery of operative capacity, police surveillance, and the maintenance of machinery and equipment.
- Oficina Nacional de Procesos Electorales (ONPE) and Jurado Nacional de Elecciones (JNE), for the organization and development of the presidential elections (first and second electoral rounds).
- Ministry of Women's Affairs, for program management and support of programs oriented to abandoned children and youths living in risk conditions.

¹⁷ This special bonus, established by Emergency Decree N° 020-2011 (13-05-11), will be paid on a monthly basis to active and retired members of the Armed Forces and Police together with their monthly salaries or pensions from May 2011 to April 2012.

- Registro Nacional de Identificación y Estado Civil (RENIEC), to provide ID to children and adults in urban and rural areas.

Expenditure for current transfers grew from 2.5 percent of GDP in 2010 to 2.8 percent of GDP in 2011 (17.7 percent in real terms).

The main transfers included the ones made to the following programs and agencies:

- Seguro Integral de Salud (SIS), for health services for people living in conditions of extreme poverty.
- Maintenance of medical infrastructure and equipment used in basic health care services.
- Child care through the Wawa Wasi programs in different departments of the country.
- Net payments of the Fuel Price Stabilization Fund to importers and refiners of crude oil-derived fuels.
- Payment of accrued payments by Oficina de Normalización Previsional.
- Transfers to poor households participating in Programa Juntos.
- Transfers to international organizations for international technical cooperation, social assistance, and protection of vulnerable populations.

Capital expenditure decreased by a real 3.8 percent, from 2.5 percent of GDP in 2010 to 2.3 percent of GDP in 2011, due to the decline of other capital expenditure (37.1 percent) which offset the increase registered in gross capital formation (3.2 percent).

The decline in other capital expenditure was associated with the transfer of S/.290 million to Corporación Financiera de Desarrollo (Cofide) in January 2010 to establish the Fund for Infrastructure (Emergency Decree 018-2009) and with the significant decline in 2011 of transfers of Foncode to local governments to support social and productive infrastructure.

The increase in gross capital formation was concentrated mainly in the following sectors: Transports (S/. 5.84 billion), road maintenance and road improvement; Education (S/. 1.05 billion), improvement of infrastructure and education quality; Health (S/. 433 million), improvement and equipment of hospital emergency services; Electricity (S/. 354 million), implementation of small power systems in several villages; Agriculture (S/. 312 million), improvement of irrigation infrastructure and conservation of natural resources, and Housing (S/. 169 million), Drinking Water and Rural Sanitation Project.

The main investment projects of the general government were the works to build the highways IIRSA Sur and Norte (S/. 1.83 billion), the Tren Eléctrico project (S/. 1.11 billion), the expropriation of land for the construction of the second runway of Jorge Chávez International Airport (S. 884 million), and the Chongoyape-Cochabamba-Cajamarca road (S. 442 million). These four projects concentrated 18 percent of total investment executed by the general government in 2011. All of these projects are part of transport sector managed by the national government.



TABLE 54
MAIN INVESTMENT PROJECTS OF THE NATIONAL GOVERNMENT
(Millions of nuevos soles)

ECONOMIC SECTOR	2,010	2,011	Flows
TRANSPORT	4,936	5,845	908
Road Concessions-IIRSA Sur and Norte	2,136	1,831	-306
Special Project Tren Eléctrico	794	1,110	316
Airport Concessions	472	884	412
Rehabilitation and improvement of the Chongoyape - Cochabamba - Cajamarca highway	121	442	321
Rehabilitation and improvement of the Ayacucho - Abancay highway	330	248	-82
Rehabilitation and improvement of the Quinua-San Francisco highway	1	180	179
Improvement and expansion of the entrance to Callao port terminal entrance	32	124	91
Construction and improvement of the Camaná-Matarani-Ilo-Tacna highway	85	98	13
Rehabilitation of the rural road network	26	96	70
Construction and improvement of the Cusco - Quillabamba highway	75	91	16
Rehabilitation and improvement of the Casma - Yaután - Huaraz highway	113	69	-44
Rehabilitation and improvement of the Churín - Oyón highway	43	63	20
Rehabilitation of the Chanchamayo-Villa Rica highway	7	59	52
Rehabilitation and improvement of the Tingo Maria-Aguaytía-Pucallpa highway	120	45	-75
Rehabilitation and improvement of the Patahuasi - Yauri-Sicuani highway	16	45	29
Rehabilitation and improvement of the Trujillo-Shiran-Huamachuco highway	34	34	0
Construction of by-pass in Ramiro Priale - Avenida Las Torres and Carretera Central	44	31	-13
Rehabilitation and improvement of the Sullana-El Alamo Eje Vial # 2 highway	34	26	-8
Rehabilitation and improvement of the Cusco airport pavements	42	20	-22
Rehabilitation and improvement of the road-Tocache Tocache	43	8	-34
Port concessions	14	3	-12
Others	352	336	-16
HEALTH	384	433	48
Improvement and equipment of hospitals emergency services	366	404	38
Support to Health Sector Reform PAR-Salud	8	9	1
Others	11	20	9
ELECTRICITY	518	354	-164
Installation of small power systems in several towns	512	347	-165
Others	6	8	1
AGRICULTURE AND LIVESTOCK	415	312	-103
Support agriculture	120	105	-15
Irrigation infrastructure	115	94	-21
Eradication of fruit fly Ceratitis capitata from the coast of Peru	41	32	-9
Others	139	81	-58
HOUSING	183	169	-14
Housing sector support	4	26	22
National Rural Water Supply and Sanitation project	105	105	-1
Rights of real property	25	22	-4
Others	48	17	-32
ECONOMY	133	111	-21
Support for government reform and improving the customs system	54	61	7
Promotion of private investment and management improvement	65	43	-22
Others	14	8	-6
JUSTICE	120	93	-27
Improvement of administration of justice	88	54	-34
Others	32	39	7
EDUCATION	911	1,050	139
Improvement of education infrastructure	744	879	135
Others	167	171	4
OTHERS	1,463	1,321	-141
TOTAL	9,064	9,689	625

Source: MEF.

Regional Governments

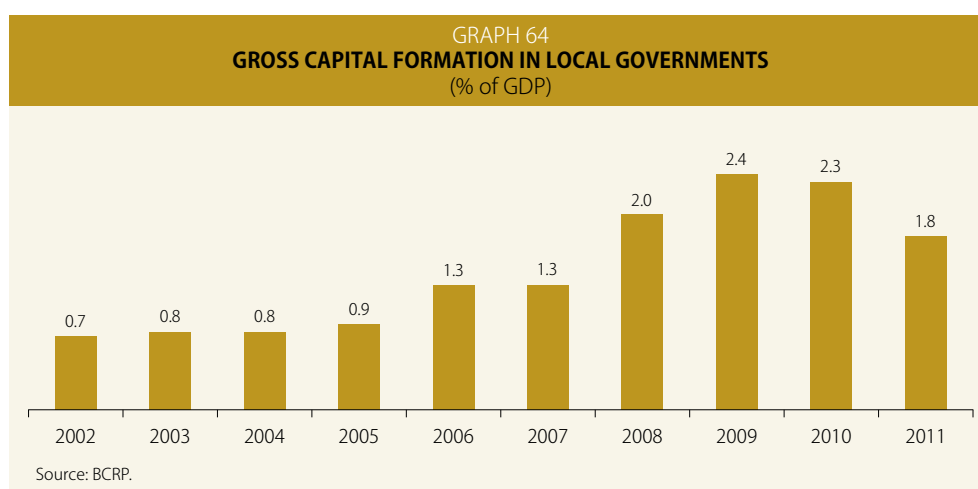
The non-financial expenditure of regional governments increased 1.6 percent in real terms, even though they declined from 3.7 to 3.4 percent in GDP terms. The higher increases in real terms were observed in the purchases of goods and services (10.9 percent) and in salaries and wages (7.0 percent).

Local Governments

The non-financial expenditure of local governments financial recorded a real decrease of 7.7 percent compared to the previous year, reflecting the fact that new municipal authorities took office after the elections. Current expenditures, which only registered a moderation of growth, closed the year with an increase of 5.3 percent in real terms.

Despite the decline observed in investments, the execution of the following projects should be pointed out: improvement of the Camiara-Toquepala-Mirave (Tacna) highway; implementation of drinking water and sewage systems in the highlands of Paucarpata (Arequipa), in the human settlements of Castilla (Piura), Tambo Grande (Piura), and Tuman (Lambayeque); the North-South Subsystem of the Urban Transport Program in Metropolitan Lima; the improvement and construction of roads and sidewalks in Talara (Piura) and Yunguyo (Puno); and the improvement of the irrigation infrastructure and sports and recreational infrastructure in several provinces and districts.

The municipalities with the largest investments were the municipalities of Metropolitan Lima (S/. 241 million); the municipalities of the districts of Echarate (S/. 140 million), Ilabayat (S/. 98 million), San Marcos (S/. 87 million), and municipality of the Province of Cajamarca (S/. 77 million). These five local governments concentrated 8 percent of total municipal investments (S/. 8.52 billion).



3. State Enterprises

The economic balance of state-owned enterprises –defined as the cash flow of these enterprises– showed a surplus of S/. 134 million, which contrasted with the deficit of S/. 683 million recorded in 2010. This balance is explained by the surpluses registered by the regional electricity companies, Electroperú, and Sedapal.

The regional electricity companies showed an overall surplus of S/. 165 million –S/. 131 million higher than in 2010– mainly as a result of lower capital transfers for rural electrification programs.

This balance was mainly associated with lower investment in the following projects: Second phase of the rehabilitation of the Machupicchu power plant (Egamsa), transfer of gas turbines from Mollendo to Pisco,



Reinforcement of dam Pillones in the River Chili basin (Egasa), conversion of Calana thermal groups to gas (Egesur), and expansion or remodeling of transmission and distribution grids, and rural electrification (by Grupo Distriluz).

In contrast with the deficit of S/. 391 million it recorded in 2010, **Electroperú** showed a surplus of S/. 99 million in 2011 due to its lower capital expenditure given that its long term debt, which amounted to S/. 347.2 million, was paid off in January 2010. Moreover, lower transfers were made to Fonahpu.

Sedapal recorded a surplus of S/. 13 million, which contrasted with the deficit it recorded in 2010. This positive balance was due mainly to lower investment in the following investment projects: Water and Sanitation Project in Marginal Areas of Lima (PROMESAL); Program Agua para Todos, and Improvement of Water and Sewage Systems.

Petroperú showed a deficit of S/. 174 million. This deficit, which was S/. 81 million lower than the one recorded in 2010, was mainly associated with the net payments of the Fuel Price Stabilization Fund and with tax returns from SUNAT in January 2011, but offset by increased investment in the Modernization of the Refinery of Talara.

TABLE 55
OVERALL BALANCE OF STATE ENTERPRISES

	Millions of nuevos soles			% of GDP		
	2009	2010	2011	2009	2010	2011
Petroperú	401	- 255	- 174	0.1	-0.1	0.0
Electroperú	71	- 391	99	0.0	-0.1	0.0
Regional Electricity Companies	194	34	165	0.1	0.0	0.0
Sedapal	- 228	- 233	13	-0.1	-0.1	0.0
Others	249	163	31	0.1	0.0	0.0
TOTAL	688	- 683	134	0.2	-0.2	0.0

Source: State enterprises and Fonafe.

4. Promotion of Private Investment

Investment commitments associated with concessions and revenues for privatization processes totaled US\$ 3.63 billion. Investment commitments for concessions in the sectors of transport and communications, electricity, mining, and ports amounted to US\$ 3.62 billion, while revenues for the privatization of services for tourism (hotels and projects) amounted to US\$ 11 million.

Among the committed investments associated with concessions, the following projects are worth pointing out:

1. Energy generation by power plants with a capacity of 500 MW: investment for a total of US\$ 1.8 billion has been committed for the concession of energy power plants granted to several companies, which together will supply 554MW.
2. Multi-purpose North Terminal at the Port of Callao, with an investment of US\$ 761 million.
3. Mining project Magisterial (Empress Actives Miners S.A.), with an investment of US\$ 400 million.
4. Special Project System Eléctrico de Transported Massive de Lima y Callao Linear 1, Villa El Salvador - Agenda Gray - San Juan de Lurigancho, with an investment of US\$ 240 million.
5. Band C with 1900 MHz. (fourth operator), with an investment commitment of US\$ 150 million.
6. Cold Reserve Generation Plant: Power plant of Eten, 200 MW (previously in Trujillo), with an investment of US\$ 113 million.

7. Trujillo-Chiclayo transmission line, in 500 KV, US\$ 110 million.
8. Port terminal of Yurimaguas - Nueva Reforma, US\$ 50 million.

TABLE 56
PRIVATIZATION AND CONCESSIONS 2011
 (Millions of US\$)

SALE OF STOCKS, ASSETS AND CONCESSIONS	DATE	AWARDED TO	TRANSACTION OR INVESTMENT
1900 MHz Band C (Fourth Operator) ^{1/}	January 27	Viettel Group from Vietnam	150.0
Special Project <i>Tren Eléctrico</i> Line 1. Villa el Salvador - Av. Grau - San Juan de Lurigancho	February 22	Consortio Tren Lima. Line 1 (Graña Montero S.A. and Ferrovías S.A.)	240.0
El Chaco - La Puntilla Lot D Tourism project	March 10	Consortio Shamrock del Perú S.A.C. and partners	3.7
500 MW Hydroelectric power plants	March 24	Several operators which will offer a combined capacity of 544 MW ^{2/}	1,800.0
500 KV Trujillo – Chiclayo Transmission Line	March 31	Interconexión Eléctrica S.A. E.S.P – ISA. ^{3/}	110.0
Multipurpose Terminal in Port of Callao	April 01	Consortio APM Terminals Callao: APM Terminals. Callao Port Holding and Port Central ^{4/}	761.0
200 MW Cold reserve power plant at Eten	April 07	Consortio Cobra - Enersa. ^{5/}	113.0
Magistral mining project (Empresa Activos Mineros S.A.)	April 15	Compañía Minera Milpo S.A.A. ^{6/}	400.0
Terminal Port of Yurimaguas - Nueva Reforma	April 27	Consortio Portuario Yurimaguas, integrated by Construcción y Administración S.A. and Hidalgo & Hidalgo S.A. ^{7/}	50.4
IT project for the comprehensive development of Communities at Candarave	June 21	Consortio Optical	3.6
Ex Hotel de Turistas of Iquitos	July 07	Sur Inversiones E.I.R.L.	1.1
Consortio Hotelero del Norte	July 13	Shareholders of Consortio Hotelero del Norte ^{8/}	0.8
Ex Hotel de Turistas of Chimbote	August 24	Representaciones e Inversiones Cajacho	1.9
10.15-10.30 and 10.50-10.65 GHz Bands in Lima and Callao	December 15	Global Crossing Perú S.A. ^{9/}	0.2
TOTAL			3,635.7

^{1/} The economic bid and the investment bid for of access to internet broad band was US\$ 1.3 million and for 4,025 local schools.

^{2/} Consortio Generación Pucara - Bids 1 and 2 (60 MW); Empresa de Generación Huallaga S. A. - Bid 1 (284 MW) and Cerro del Aguila S.A. - Bid 1 (200 MW).

^{3/} Bidder proposed an investment cost of US\$ 101.4 million; an operation and maintenance annual cost of US\$ 3.2 million, and total service cost of US\$ 15.8 million.

^{4/} The concession was granted to these bidders for offering a greater discount for special services and for making the best economic offer (US\$ 761.0 million without VAT).

^{5/} The bid included a power price of US\$ 7,627/MW - month, a construction period of 24 months and a concession period of 20 years.

^{6/} The concession was awarded to a project with a financial proposal of US\$ 8.0 million as the price for the option right and for a maximum period of 48 months.

^{7/} The bid involved an annual payment of S/. 6.7 million for works, a payment of S/. 2.7 million for maintenance and operation, and an overall economic bid of S/. 50.4 million.

^{8/} Shareholders made use of their preferential right to purchase the shares.

^{9/} The operator is required to meet the demand for wide band transmission during the concession period (20 years), and also provide free internet wide band connections to eleven police stations of the Ministry of Interior, with three years of free service.

Source: PROINVERSION.



5. Public Debt

The total public debt totaled S/. 103.27 billion (21.2 percent of GDP), which represented an increase of S/. 2.09 billion relative to the amount of the total public debt in 2010.

TABLE 57
PUBLIC DEBT BALANCE ^{1/2/}

	Millions of nuevos soles			% of GDP		
	2009	2010	2011	2009	2010	2011
PUBLIC DEBT	99,619	101,176	103,271	26.1	23.3	21.2
I. EXTERNAL PUBLIC DEBT ^{3/}	59,524	55,914	54,470	15.6	12.9	11.2
Loans	33,789	29,766	29,399	8.8	6.8	6.0
International organizations	24,014	21,938	21,335	6.3	5.0	4.4
Paris Club	9,054	7,158	7,140	2.4	1.6	1.5
Suppliers	148	111	81	0.0	0.0	0.0
International banks	536	507	798	0.1	0.1	0.2
Latin America	32	24	19	0.0	0.0	0.0
Other bilateral organizations ^{4/}	5	28	27	0.0	0.0	0.0
Global bonds	25,735	26,147	25,071	6.7	6.0	5.2
II. DOMESTIC PUBLIC DEBT	40,095	45,262	48,801	10.5	10.4	10.0
1. LONG TERM	33,428	39,919	40,942	8.7	9.2	8.4
Bank loans	653	1,051	1,712	0.2	0.2	0.4
Treasury bonds	32,627	38,768	39,178	8.5	8.9	8.1
1. Bonds to support the financial system	352	342	328	0.1	0.1	0.1
2. Debt swap bonds ^{5/}	2,289	1,950	1,890	0.6	0.4	0.4
3. Sovereign bonds	21,312	28,512	29,239	5.6	6.6	6.0
4. Recognition bonds	8,673	7,965	7,721	2.3	1.8	1.6
Municipality of Lima Bonds	147	100	52	0.0	0.0	0.0
2. SHORT TERM ^{6/}	6,667	5,343	7,859	1.7	1.2	1.6
Memo:						
Liabilities of Private-Public Partnerships ^{7/}	4,234	4,547	4,340	1.1	1.0	0.9
Net debt	52,162	49,913	39,295	13.6	11.5	8.1
Bond holdings	47,048	54,659	54,310	12.3	12.6	11.2
Sovereign bonds	21,312	28,512	29,239	5.6	6.6	6.0
Residents	17,244	16,397	16,139	4.5	3.8	3.3
Non residents	4,069	12,115	13,100	1.1	2.8	2.7
Global bonds	25,735	26,147	25,071	6.7	6.0	5.2
Residents	5,465	3,605	2,240	1.4	0.8	0.5
Non residents	20,271	22,542	22,831	5.3	5.2	4.7

^{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 Banco de la Nación float debt of revenue and expenditure 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 (CRPAO's).

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

Moreover, the main indicators of the debt continued to show favorable trends: the ratio of the domestic debt-to-external debt, the ratio of the debt in domestic currency-to-the debt in foreign currency, and the ratio of the debt at a fixed rate have all increased, in line with the guidelines and objectives of country's debt policy.

5.1 External Public Debt

Rising by US\$ 299 million compared to 2010, the external public debt totaled US\$ 20.20 billion (or S/. 54.47 billion in nuevos soles) in 2011. This rise resulted mostly from loans with commercial banks, multilateral agencies, and the Paris Club since there were no placements of global bonds in 2011.

External disbursements, which amounted to US\$ 990 million, were mainly oriented to finance several investment projects of the general government (US\$ 616 million) and state enterprises (US\$ 63 million), and to pay off some external debt commitments (US\$ 311 million).

The disbursements to the general government were mainly for the sector of Transport and Communications (US\$ 426 million) to finance major projects, such as the Tren Eléctrico de Lima (US\$ 190 million) and the IIRSA South Interoceanic Corridor between Peru and Brazil (US\$ 184 million). These disbursements were provided mainly by Corporación Andina de Fomento –CAF- (US\$ 374 million) and by Japan International Cooperation Agency –JICA- (US\$ 118 million), among other organizations.

Other disbursements were destined to Sedapal projects (US\$ 63 million), the most important project being the improvement of drinking water and sanitation systems at the Plant of Huachipa (US\$ 30 million).

Moreover, the expendable resources were disbursed by the Kreditanstalt für Wiederaufbau - KfW- (US\$ 161 million) and the Inter American Development Bank - IDB-(US\$ 150 million).

The **amortization of the external debt** totaled US\$ 802 million. The higher payments were the ones made to the IBRD (US\$ 279 million), IDB (US\$ 251 million), and the Paris Club (US\$ 246 million), among others. There was no global bond maturities.

5.2 Domestic Debt

The domestic public debt recorded a balance of S/. 48.8 billion. This balance represents an increase of S/. 3.54 billion in the debt, explained mainly by the seasonality of the short-term debt, whose increase (S/. 2.5 billion) reflected the generation of increased floating expenditure¹⁸. (Explicación en nota al pie)

The balance of sovereign bonds increased by S/. 727 million. Placements for a total of S/. 1.22 billion (including a debt swap for a total of S/. 74 million carried out in February) and debt amortizations for a total of S/. 607 million were recorded in the year. The update of inflation-indexed bonds –VAC bonds– accounts for the difference.

Moreover, the balance of Banco de la Nación loans increased by S/. 661 million, mainly due to increased disbursements for Defense actions (S/. 279 million), military operations at VRAE (S/. 152 million), and the improvement and expansion of the entry to the Terminal of the Port of Callao (S/. 123 million).

5.3 Net Debt¹⁹

The net debt, which amounted to S/. 39.29 billion –equivalent to 8.1 percent of GDP– was S/. 10.62 billion lower than at end 2010. This balance is explained by the higher growth of public financial assets (S/. 12.71 billion) compared to the growth of liabilities (S/. 2.09 billion).

¹⁸ Accrued expenses with payment pending status.

¹⁹ The net public debt is defined as the difference between the public sector liabilities (total public debt) and its financial assets (total deposits in the domestic financial system and abroad).

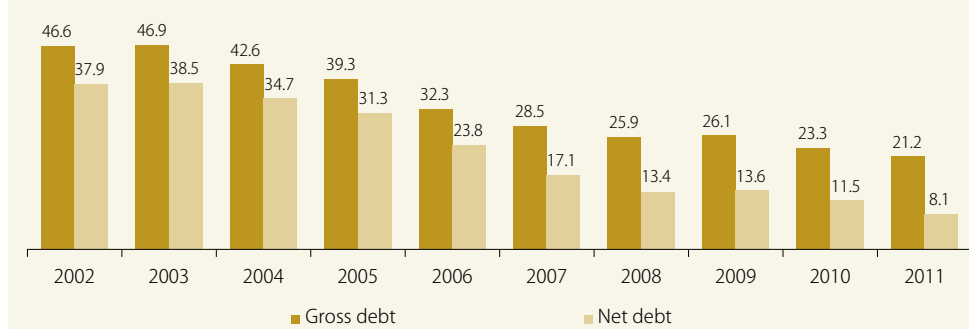


TABLE 58
NET PUBLIC DEBT

YEAR (December)	Millions of nuevos soles			% of GDP		
	Assets	Liabilities	Net debt	Assets	Liabilities	Net debt
2002	17,406	93,103	75,698	8.7	46.6	37.9
2003	17,846	100,097	82,252	8.4	46.9	38.5
2004	18,808	101,370	82,561	7.9	42.6	34.7
2005	20,792	102,786	81,994	7.9	39.3	31.3
2006	25,435	97,502	72,068	8.4	32.3	23.8
2007	38,157	95,601	57,444	11.4	28.5	17.1
2008	46,481	96,191	49,710	12.5	25.9	13.4
2009 ^{1/}	47,457	99,619	52,162	12.4	26.1	13.6
2010 ^{1/}	51,263	101,176	49,913	11.8	23.3	11.5
2011 ^{1/}	63,975	103,271	39,295	13.1	21.2	8.1

^{1/} Preliminary data.
Source: BCRP and MEF.

GRAPH 65
GROSS AND NET PUBLIC DEBT
(% of GDP)



Source: BCRP.

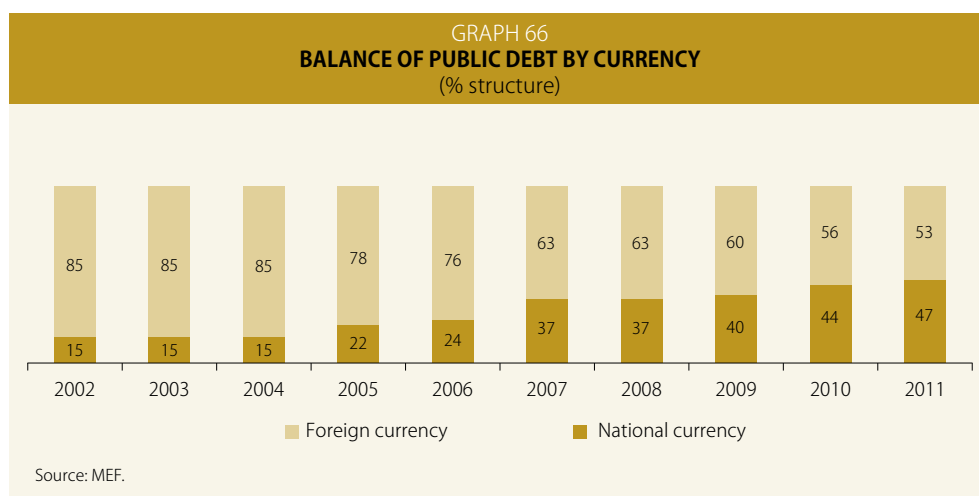
5.4 Debt by Currencies

With the aim of reducing the debt exposure to foreign exchange risks, the share of the debt contracted in new soles was increased in terms of the total debt. Thus, between 2002 and 2011, the share of the debt in domestic currency increased from 15 to 47 percent of the total gross public debt.

TABLE 59
BALANCE OF PUBLIC DEBT BY CURRENCY
(Millions of nuevos soles)

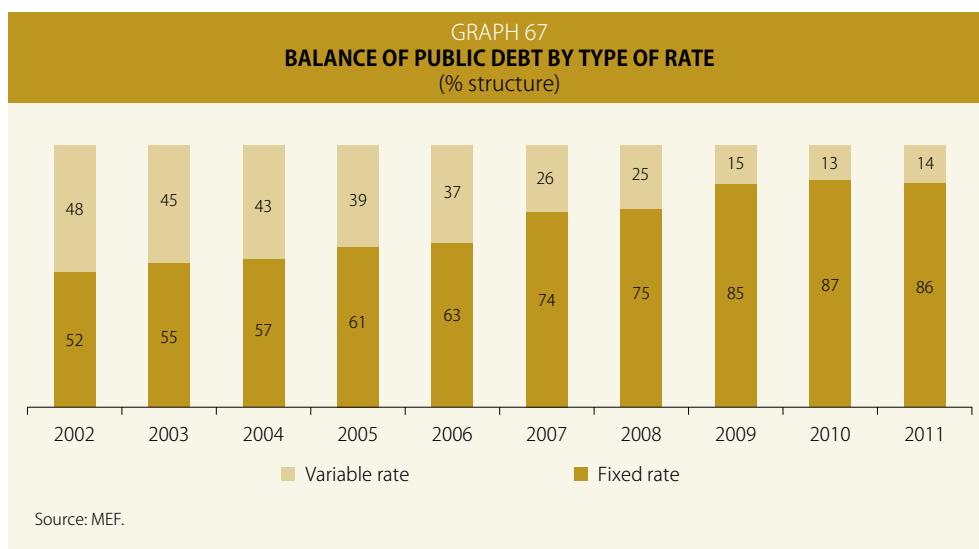
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Foreign currency	79,268	84,959	85,729	80,534	73,615	60,624	60,838	59,876	56,255	54,798
2. National currency	13,835	15,139	15,640	22,252	23,887	34,978	35,353	39,743	44,920	48,472
3. TOTAL	93,103	100,097	101,370	102,786	97,502	95,601	96,191	99,619	101,176	103,271

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



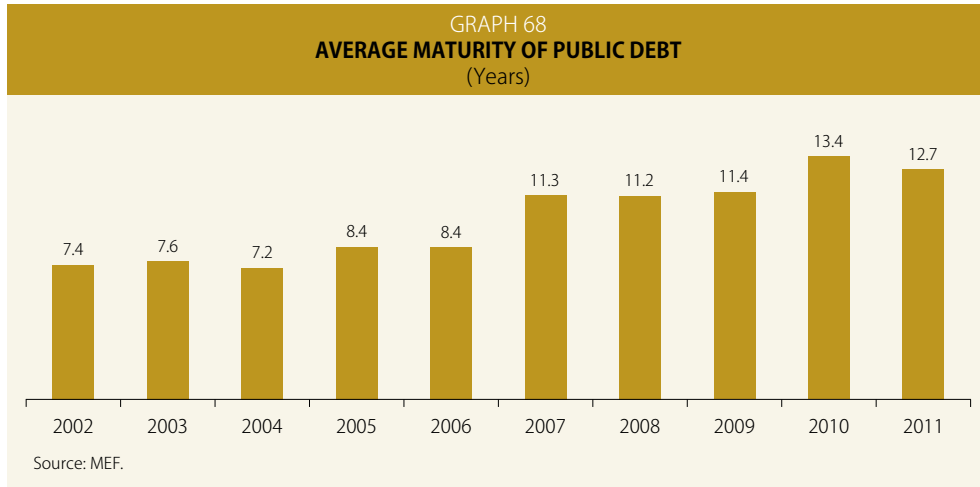
5.5 Debt by type of interest rate

Likewise, in order to be able to predict more accurately the debt service and to minimize the risks of an increase in global interest rates, the public debt contracted at variable rates has been gradually replaced by debt at fixed rates. As a result of this, the share of public debt at fixed rates has increased from 52 to 86 percent between 2002 and 2011.



5.6 Average Debt Life

The **average debt life** has increased from 7 to 13 years between 2002 and 2011. The slight decline observed in 2011 is explained by the increase observed in the short term floating debt (accruals to be paid).





Chimú (1000 – 1470 AD)
Gold ear ornament, decorated with anthropomorphic figures. Metalwork techniques: laminating, hammering, and embossing.



Lambayeque (700 – 1350 AD)

Gold mask representing a face with wing-shaped eyes. Metalwork techniques used: laminating, hammering, and embossing.

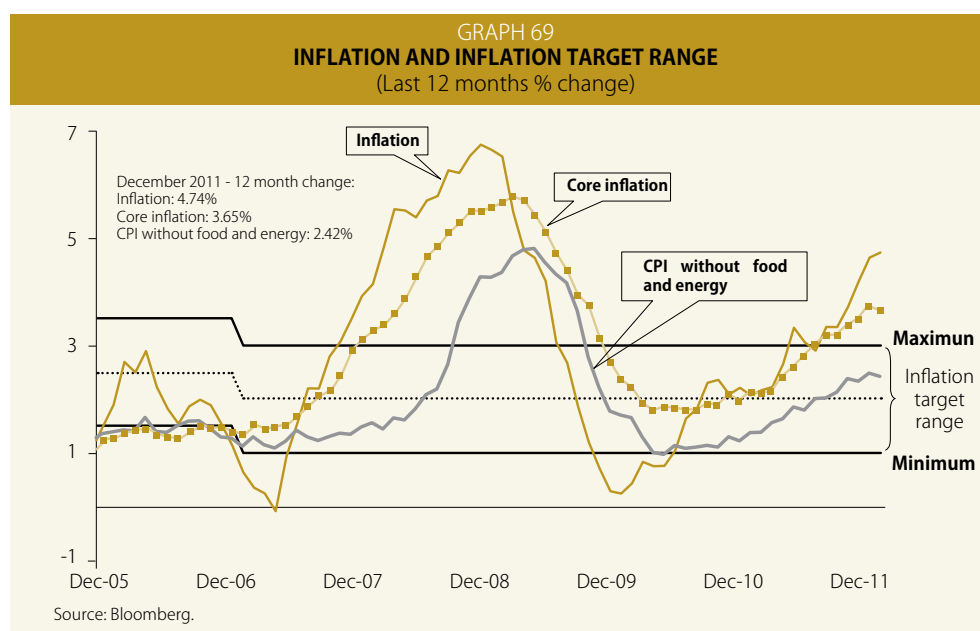
IV.

Inflation

In 2011 the consumer price index (CPI) of Metropolitan Lima recorded a growth rate of 4.74 percent after having shown a rate of 2.08 percent in 2010. This higher rate of inflation is explained by both external and domestic shocks.

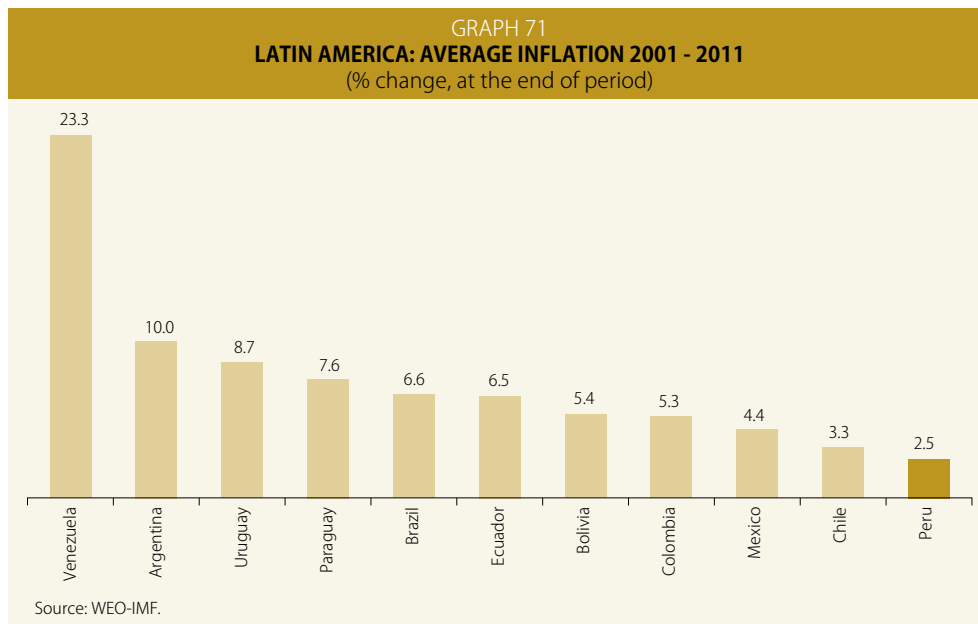
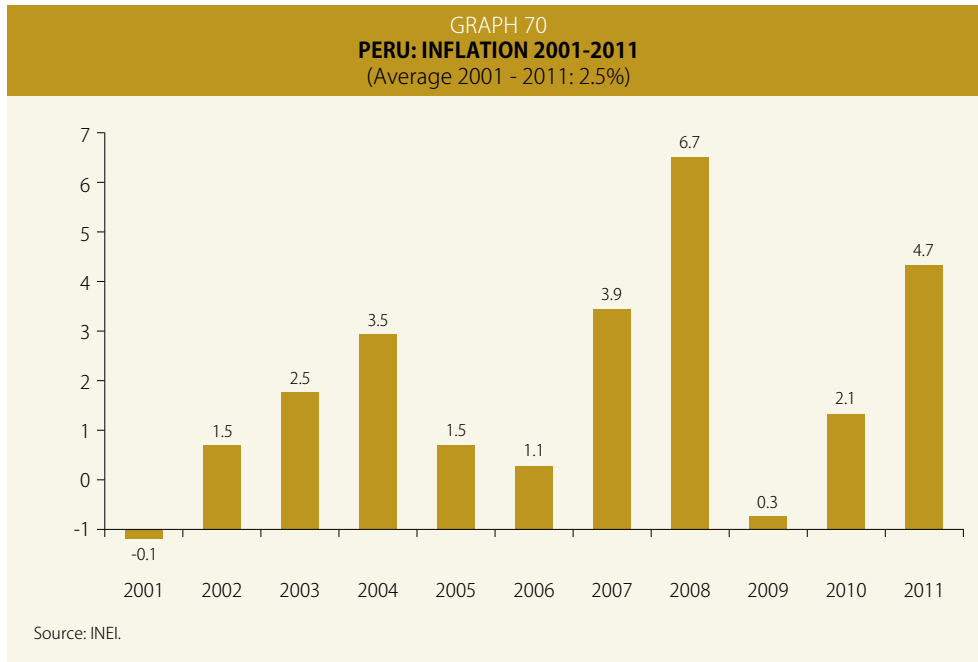
The rise in the international prices of commodities in 2010 affected the evolution of the domestic prices of food and fuels, especially in the first half of the year. Climate anomalies added onto these shocks, affecting the supply of some perishable food products, in August and November mainly, which led food prices to rise 8.0 percent. This rise accounts for 3.0 percentage points of the inflation rate recorded in the year.

As for the indicators of the inflationary trend, core inflation rose from 2.1 percent in December 2010 to 3.6 percent in December 2011, while inflation excluding food and energy rose from 1.4 to 2.4 percent in this period.





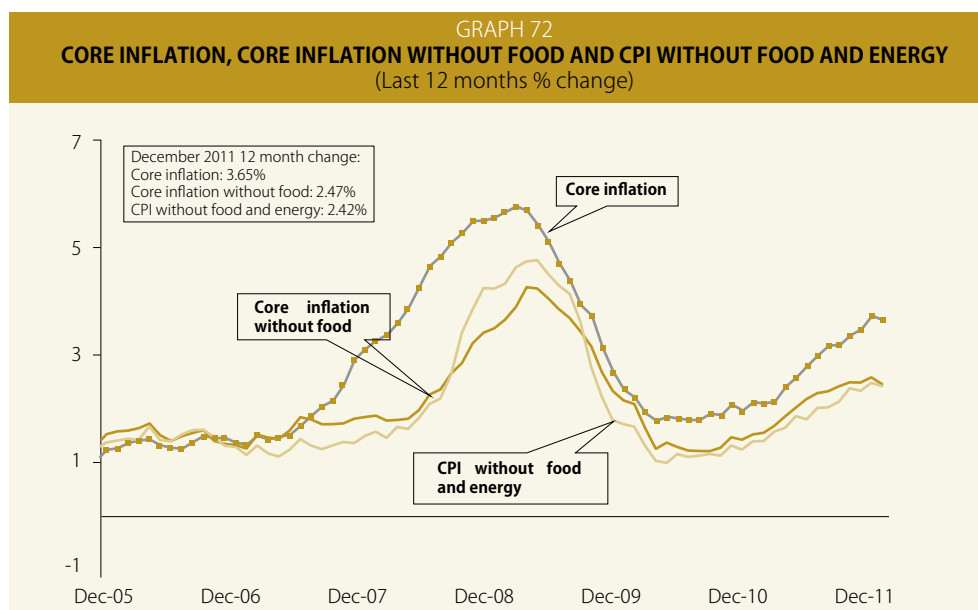
In 2001-2011, the rate of average annual inflation in Peru was 2.5 percent, one of the lowest rates in the Latin American region in this period.



Core Inflation

Core inflation, indicator of inflation's trend, rose from 2.1 percent in December 2010 to 3.6 percent in December 2011. This higher rise in inflation is mainly explained by the increase observed in food prices, since they rose from

3.2 percent in December 2010 to 5.8 percent in December 2011, while the prices of non-food items rose from 1.5 to 2.5 percent. A similar evolution was observed in the prices of goods and services.



As regards services, the prices of labor-intensive services showed a slowdown since 2008, whereas the prices of education (tuition and fees) recorded an annual average growth of 3.7 percent in the last decade.

TABLE 60
INFLATION
(% change)

	Weight	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average % change 2001-2011
CPI	100.0	-0.13	1.52	2.48	3.48	1.49	1.14	3.93	6.65	0.25	2.08	4.74	2.49
Education (fees and tuition)	8.8	3.97	2.70	3.02	4.63	2.44	3.62	3.57	3.93	4.58	3.51	4.33	3.66
Other personal services	3.33	1.08	0.28	0.25	0.24	0.24	2.72	1.71	2.74	1.65	1.12	1.29	1.21
Housekeepers	2.06	0.05	0.30	0.30	1.09	0.00	3.64	0.09	0.03	0.00	0.98	0.20	0.60
Services of personal care	0.57	1.95	0.60	-0.50	-1.40	0.30	3.03	2.75	4.78	3.39	1.01	3.15	1.72
Repairs of vehicles	0.20	0.50	-1.70	2.03	0.90	0.99	1.57	-0.29	7.13	2.17	0.00	0.86	1.27
Cleaning services	0.19	0.06	1.80	0.10	1.18	-1.16	1.08	2.82	1.72	-0.22	1.22	2.11	0.97
Miscellaneous repairs	0.09	0.58	-0.50	1.21	0.20	-0.20	0.60	5.92	3.58	1.74	3.73	4.60	1.93
Manufacture of diverse clothes	0.05	4.54	-0.30	-0.40	0.20	2.21	0.69	4.59	5.26	2.93	1.97	6.72	2.56
Radio and television repairs	0.03	0.00	0.40	1.59	0.78	0.39	0.68	4.91	2.51	2.97	0.00	0.37	1.32
Repair of furniture	0.02	0.00	1.60	0.00	0.00	-1.38	-2.59	4.92	0.03	1.02	0.00	0.00	0.31

Source: INEI.

Non-Core Inflation

Non-core inflation, indicator that reflects inflation short-term variations that are beyond the control of monetary policy, recorded a fast pace of growth since early 2010, rising from an annual rate of 2.0 percent in December 2010 to 6.8 percent in December 2011. This increase in non-core inflation was mainly driven by the rise in the prices of

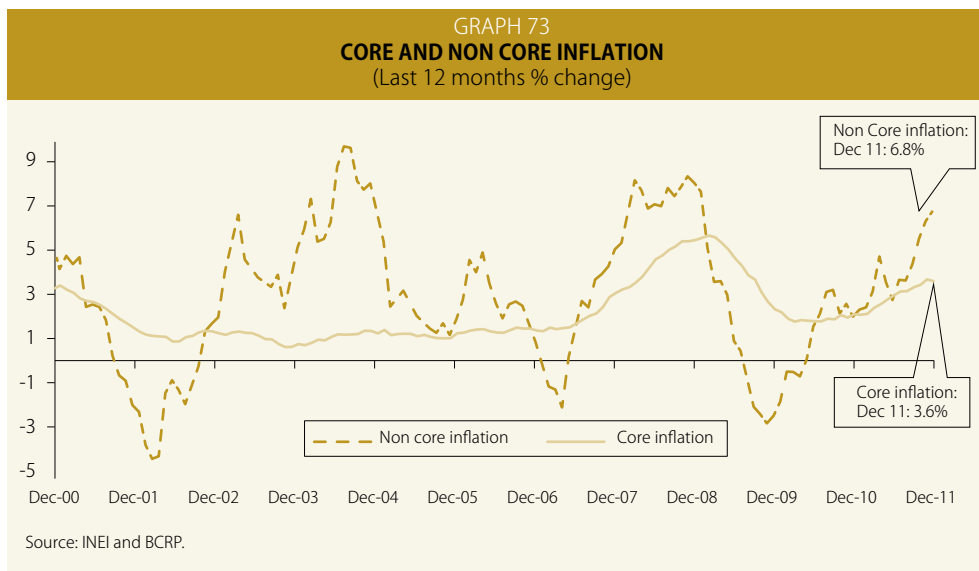


foodstuffs such as chicken meat, bread, and edible oil –up from 1.2 to 11.5 percent– as a result of the higher prices of imported inputs.

Another factor that contributed to this increase was the rise in the prices of fuels (7.5 percent), fares (3.5 percent), and electricity (4.3 percent).

TABLE 61
INFLATION
(Annual % change)

	Weight 2009=100	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average 2001-2011
I. Core inflation	65.2	1.30	1.23	0.73	1.23	1.23	1.37	3.11	5.56	2.35	2.12	3.65	2.16
1. Food	23.0	0.45	0.70	0.19	2.29	0.80	1.42	4.90	8.35	2.58	3.20	5.76	2.76
2. Non food	42.2	2.14	1.59	1.07	0.50	1.63	1.28	1.89	3.51	2.16	1.53	2.47	1.79
a. Goods	21.7	2.16	1.46	0.65	-0.38	0.87	0.64	1.72	3.29	2.32	1.07	2.37	1.46
b. Services	20.5	2.12	1.81	1.76	1.72	2.47	2.28	2.03	3.91	1.96	2.01	2.57	2.24
II. Non core	34.8	-2.36	1.96	5.16	6.75	1.87	0.83	5.07	8.11	-2.54	2.00	6.79	3.00
1. Food	14.8	-0.99	0.28	3.73	5.82	1.62	2.06	7.25	10.97	-1.41	1.18	11.50	3.73
2. Non food	20.0	-4.27	4.22	7.00	7.90	2.17	-0.67	2.37	4.39	-4.10	2.60	3.37	2.20
a. Fuels	2.8	-13.14	15.60	8.94	17.77	6.89	-1.50	6.45	-0.04	-12.66	12.21	7.54	3.89
b. Transportation	8.9	-0.02	0.11	10.99	3.49	1.29	1.12	0.82	5.86	0.37	1.94	3.61	2.64
c. Public Services	8.4	-2.73	1.96	-1.98	6.19	-1.72	-3.22	0.24	7.48	-2.31	0.01	1.50	0.44
III. Total	100.0	-0.13	1.52	2.48	3.48	1.49	1.14	3.93	6.65	0.25	2.08	4.74	2.49
Memo:													
Food	37.8	-0.21	0.50	1.89	4.00	1.13	1.76	6.02	9.70	0.57	2.41	7.97	3.20
CPI without food	62.2	-0.09	2.44	3.04	3.03	1.75	0.61	2.02	3.86	-0.07	1.87	2.76	1.92
CPI without food and energy	56.4	1.65	1.06	2.86	1.09	1.36	1.28	1.49	4.25	1.71	1.38	2.42	1.86

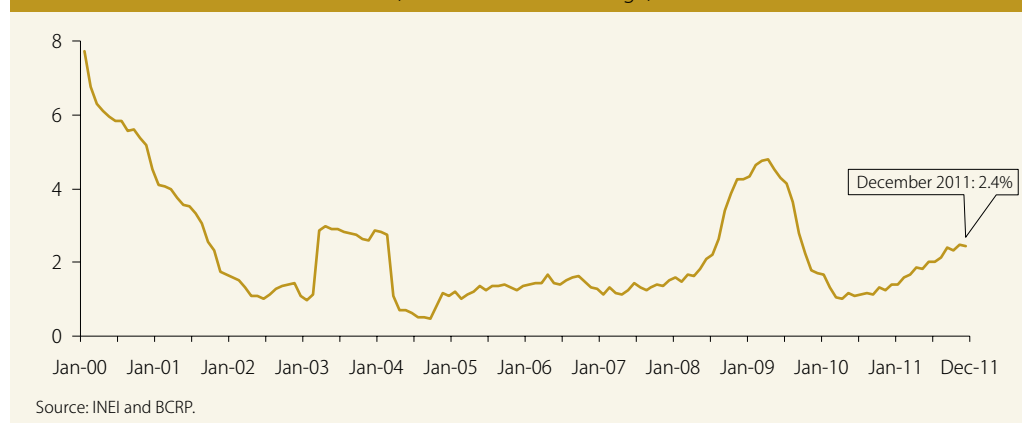


The items which contributed the most to the growth of inflation included meals outside the home, chicken meat, education, urban fares, and gasoline, while the items that contributed the most to reduce inflation were telephone rates and home rents.

TABLE 62
INFLATION

	Weight 2009=100	% Change 2011	Weighted contribution
I. CORE INFLATION	65.2	3.6	2.38
Goods	32.9	3.2	1.04
Food and beverages	11.3	4.7	0.53
Textiles and footwear	5.5	4.7	0.26
Domestic appliances	1.3	-1.1	-0.01
Other industrial products	14.9	1.8	0.26
Services	32.2	4.1	1.34
Meals outside home	11.7	6.8	0.82
Education	9.1	4.2	0.39
Health	1.1	1.9	0.02
Rent	2.4	-0.7	-0.02
Other services	7.9	1.7	0.13
II. NON-CORE INFLATION	34.8	6.8	2.36
Food	14.8	11.5	1.68
Chicken meat	3.0	16.5	0.43
Bread	1.9	7.5	0.14
Rice	1.9	10.8	0.19
Potato	0.9	2.4	0.02
Sugar	0.5	1.9	0.01
Noodles	0.5	5.3	0.03
Oils	0.5	22.2	0.11
Other foodstuff	5.6	13.1	0.74
Fuels	2.8	7.5	0.23
Oil and lubricants	1.3	14.3	0.22
Gas	1.4	1.0	0.01
Transportation	8.9	3.6	0.32
Urban Fares	8.5	3.5	0.30
National Transportation	0.3	5.2	0.02
Public services	8.4	1.5	0.12
Electricity	2.9	4.3	0.12
Telephone	2.9	-3.3	-0.09
Water consumption	1.6	5.8	0.10
III. CPI	100.0	4.7	4.74
Memo:			
Food	37.8	8.0	3.03
CPI without food	62.2	2.8	1.71
CPI without food and energy	56.4	2.4	1.36

Source: INEI and BCRP.

GRAPH 74
CPI WITHOUT FOOD AND ENERGY
(Last 12 months % change)



In 2011, the CPI excluding food and energy registered 2.4 percent, a rate within the inflation target range. The item which contributed the most to the rise of this indicator was education costs (tuition and fees), which increased 4.3 percent.

Effect of International Prices

As mentioned above, the higher prices of commodities reflected in the higher domestic prices of fuels and food products.

In 2011 crude oil showed a higher price (US\$ 95 per barrel) than in the previous two years (US\$ 62 in 2009 and US\$ 79 in 2010). In 2010-2011, the price of gasoline registered an accumulated rise of 33.1 percent and the price of diesel a rise of 48 percent, influencing a rise of 3.5 percent in urban fares.

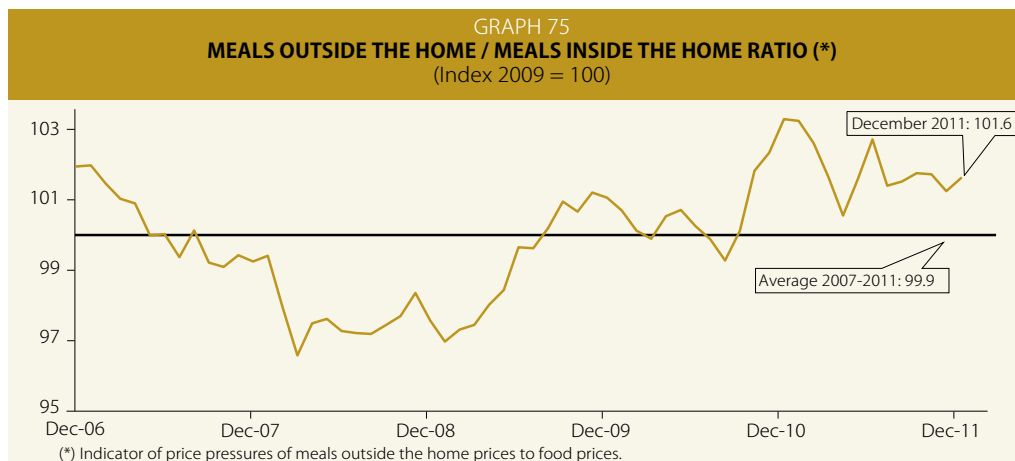
Moreover, the prices of fuels rose 7.5 percent on average, but the price of gasoline rose 14.3 percent as a result of the update of the price bands established by the Fuel Price Stabilization Fund (FPSF).

TABLE 63 FUEL PRICES (Annual % change)												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average 2001-2011
Fuels	-13.1	15.6	8.9	17.8	6.9	-1.5	6.4	0.0	-12.7	12.2	7.5	3.9
Gasoline	-11.4	15.7	9.7	17.7	9.2	-6.2	10.7	-6.1	-15.8	16.4	14.3	4.2
Gas	-12.3	11.3	4.2	15.3	-10.9	0.3	1.3	2.7	-4.6	8.8	1.0	1.2
Price of WTI oil, end of period ^{1/}												
US Dollars	19.3	29.4	32.1	43.2	59.4	62.0	91.4	41.4	74.3	89.2	98.5	
Nuevos soles	66.4	103.5	111.6	141.9	203.5	198.8	272.4	129.1	213.8	251.2	265.6	

^{1/} West Texas Intermediate. Source: INEI and Bloomberg.

As for foodstuffs, the 16.5 percent rise observed in the price of chicken meat was influenced by a 57.3 percent increase in the international price of maize and by fluctuations in the supply of fish. Likewise, the 60.6 percent rise in the international price of wheat in 2010 affected the price of flour, which rose 14.6 percent in the last two years, as well as the price of bread, which rose 7.5 percent in 2011.

Moreover, the prices of meals outside the home rose 6.8 percent, reflecting the higher prices of food. An additional rise was associated with the adjustment of the minimum wage from S/. 600 to S/. 675 in August. According to a BCRP survey conducted in 40 restaurants, 84 percent of the participants surveyed reported salary rises.



Items Affected by Climate Anomalies

Both the cultivation and yields of some crops were affected by climate anomalies, which led to rises in the prices of some perishable farm products, such as vegetables, legumes, and fruits between August and December, which is usually the period when these prices fall. The prices of these items, which account for 4.2 percent of the consumer basket, rose 9.2 percent between August and September.

The price of papaya stands out among this group of prices, since it rose by a record level of 90 percent due to lower production. The supply of papaya dropped 33 percent compared to 2010 due to abundant rainfall in the main producing areas like Ucayali and San Martín and affected both the yield and the transportation of this product.

The production of rice was also affected by climate anomalies, which led the price of rice to increase 10.8 percent. The highest rises were recorded in March and May, when production dropped in Piura, Lambayeque, and San Martín due to scarce and irregular rainfall in the sowing period.

Other Items Which Showed High Rises

Education (tuition and fees) rose 4.3 percent after having risen 3.5 percent in 2010. Education costs contributed with 0.4 percentage points to the rise of inflation in the year due to the adjustments in the prices of education in schools, universities, and higher education institutes.

Electricity rates rose 4.3 percent due to the adjustments established by OSINERGMIN, the regulating organization, in the months of January, April, and August to update the rates of electricity generation, transmission, and distribution due to the higher costs of fuels and metals such as copper and aluminum. These rises were offset by a 2.8 percent rate reduction in February due to the update of the electricity generation price made by OSINERGMIN every three months and by a 2.9 percent rate reduction in May due to the annual adjustment in the electricity generation price as a result of tender processes.

The water rate rose 5.8 percent due to adjustments made in January, February, and June. This rise is based on the Ley General de Servicios de Saneamiento, which entitles SEDAPAL to raise water rates whenever the wholesale price index (WPI) shows accumulated variations of 3 percent or more.

TABLE 64
PUBLIC UTILITIES RATES
(Annual % change)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average 2001-2011
Public utilities	-2.7	2.0	-2.0	6.2	-1.7	-3.2	0.2	7.5	-2.3	0.0	1.5	0.4
Electricity	-6.3	7.9	-4.6	12.0	-2.5	-7.3	1.9	6.3	-4.6	1.4	4.3	0.6
Telephone	1.1	-8.3	0.3	-2.0	-7.0	-6.2	-7.2	-4.2	-1.4	-3.8	-3.3	-3.9
Water	0.0	2.3	0.9	3.0	5.2	8.5	3.2	18.9	0.0	4.5	5.8	4.6

Source: INEI.



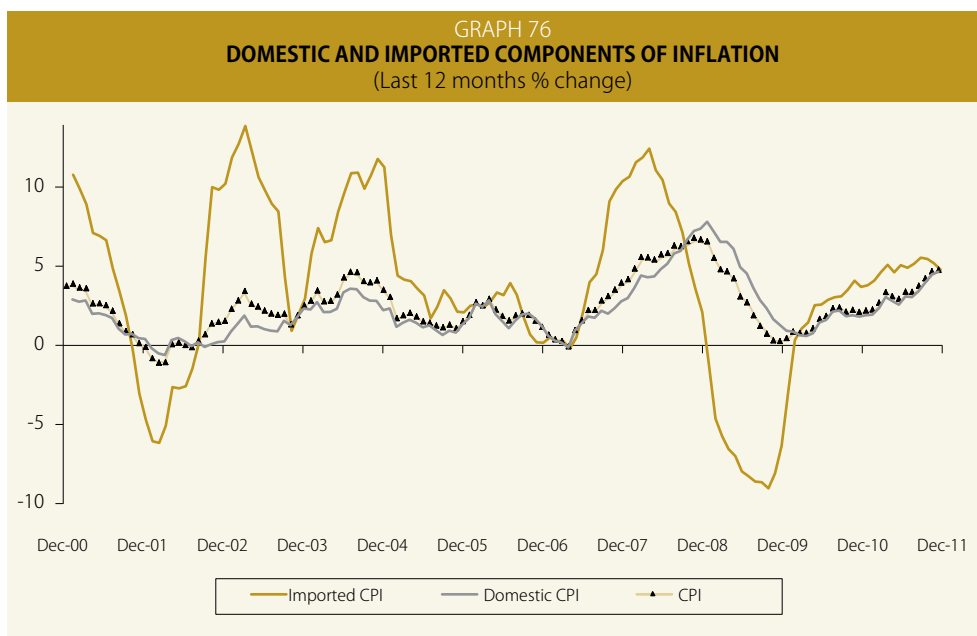
Imported Inflation

The imported component of the CPI rose 4.9 percent due to the higher prices of food (9.6 percent) and fuels (7.5 percent).

TABLE 65 DOMESTIC AND IMPORTED INFLATION (Annual % change)													
	Weight	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average 2001-2011
I. IMPORTED CPI	10.8	-4.61	10.30	3.03	11.33	2.18	0.27	10.46	2.20	-6.25	3.78	4.87	3.27
Food	3.0	-1.18	9.98	-0.10	10.90	-1.49	2.08	18.83	4.75	-3.07	0.76	9.59	4.44
Fuels	2.8	-13.14	15.60	8.94	17.77	6.89	-1.50	6.45	-0.04	-12.66	12.21	7.54	3.89
Domestic appliances	1.3	-0.19	3.42	-1.91	-2.83	-1.23	-1.29	-1.50	-0.06	-2.39	-0.58	-1.13	-0.89
Others	3.7	4.99	3.39	1.40	3.23	2.27	0.64	0.47	0.46	-0.34	1.20	0.83	1.67
II. DOMESTIC CPI	89.2	0.47	0.30	2.40	2.28	1.38	1.28	2.84	7.44	1.35	1.87	4.72	2.38
III. CPI	100.0	-0.13	1.52	2.48	3.48	1.49	1.14	3.93	6.65	0.25	2.08	4.74	2.49
Exchange rate		-2.40	2.29	-1.23	-5.48	4.36	-6.40	-7.00	4.47	-7.59	-2.15	-4.24	-2.40

Source: INEI and BCRP.

However, the nominal appreciation of the nuevo sol (4.2 percent) against the dollar contributed to reduce the prices of imported products. Thus, for example, the prices of electrical appliances fell 1.1 percent.



BOX 7

FOOD INFLATION IN 2011

Inflation in 2011 fell above the upper bank of the inflation target range (2 percent, plus or minus one percentage points), with food prices accounting for 3.0 percentage points of inflation in the year due to the impact of the higher international prices of food inputs on domestic prices, as well as due to the impact of climate anomalies that affected the supply of some perishable food products, especially between August and November.

WEIGHTED CONTRIBUTION TO INFLATION			
Item	Weight	2011	
	2009=100	% Change	Weighted contribution
INFLATION	100.0	4.7	4.74
<i>Of which:</i>			
Food	37.8	8.0	3.03
Items affected by international prices	10.0	10.6	1.02
<i>Of which:</i>			
Poultry	3.0	16.5	0.43
Bread	1.9	7.5	0.14
Noodles	0.5	5.3	0.03
Edible oils	0.5	22.2	0.11
Items affected by climatological changes	4.9	14.2	0.69
<i>Of which:</i>			
Papaya	0.2	90.2	0.13
Carrot	0.1	88.7	0.09
Citrus	0.5	8.2	0.05
Corn	0.1	38.8	0.05
Fresh vegetables	0.2	22.4	0.05
Pumpkin	0.1	40.7	0.03
Tomato	0.2	14.2	0.03
Meals outside the home	11.7	6.8	0.82
Other foodstuffs	11.1	4.4	0.50
Fuels and urban fares	11.3	4.6	0.54
<i>Of which:</i>			
Gasoline and oil	1.3	14.3	0.22
Urban fares	8.5	3.5	0.30
CPI without food and energy	56.4	2.4	1.36



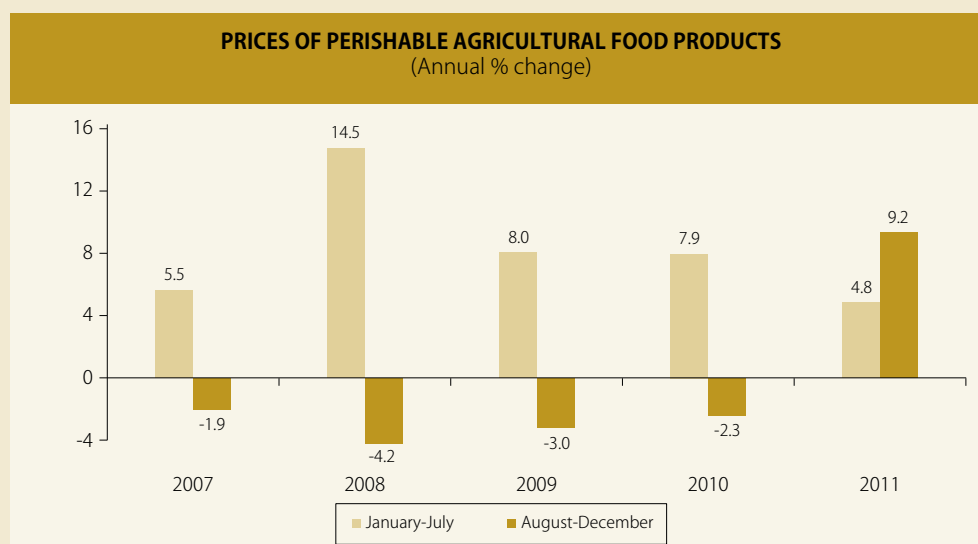
Effects of International Prices

The prices of food inputs have risen since mid-2010 as a result of the lower production caused by climate problems in the main producing countries (crops were affected by a drought in Russia and by the effects of La Niña in Argentina, Australia, and Canada). The economic growth of China and India, with the increased demand for food products this implies, added to this. The upward trend observed in these prices began to reverse in Q2 due to the effect of the slowdown of global demand and the improvement registered in the production of the main exporting countries of these products. This had an impact on the final price of foodstuffs which have a significant weight in the consumer basket –i.e. chicken, bread, noodles, and oils– and showed the highest rises in 2011.

FOOD: INTERNATIONAL PRICES OF INPUTS AND CONSUMER PRICE (Annual % change)				
	2008	2009	2010	2011
Eviscerated chicken (S/. per kg)	15.4	3.7	-13.2	17.2
Maize (US\$ per MT)	-17.8	8.1	57.3	5.7
Soybean tart (US\$ per MT)	-13.9	24.4	5.1	-16.4
Bread (Pan francés) (S/. per kg)	0.7	-1.4	0.9	5.8
Noodles (S/. per kg)	4.9	-2.4	0.3	7.0
Wheat (US\$ per MT)	-44.2	-9.8	60.6	-14.0
Bottled vegetable oil (S/. per liter)	25.2	-15.9	-1.3	18.3
Soybean oil (US\$ per MT)	-35.1	25.3	40.7	-2.9

Items Affected by Climate Anomalies

The climate anomalies observed between August and December 2011 translated into rises in the prices of some perishable farm goods (vegetables, legumes, and fruits). The prices of these items, which account for 4.2 percent of the consumer basket, rose 9.2 percent instead of declining due to seasonal factors, as expected.



Moreover, a significant reduction was observed in the production of the areas that supply foodstuffs to Lima due to the decline of sown areas.

CROPS Hectares				
By main area of origin August-July crop year				
		2009-2010	2010-2011	% change
Carrot	Lima	2,095	1,808	-13.7
	Junin	2,530	2,298	-9.2
Onion	Arequipa	9,465	8,640	-8.7
Peas	Lima	1,344	1,180	-12.2
	Huanuco	3,270	3,317	1.4
	Junin	5,961	5,857	-1.7
Tomato	Lima	1,363	1,225	-10.1

In addition, the yields of some crops were affected by La Niña, especially in the central coast areas. The cultivation of tomato registered lower yields since July, while the yield of green peas declined since August.

YIELDS IN THE VALLEYS OF LIMA MT per hectares						
	Tomato			Green pea		
	2010	2011	% Chg.	2010	2011	% Chg.
January	28.2	31.4	11.4	3.6	4.7	31.5
February	29.9	31.9	6.6	3.6	3.9	6.8
March	29.3	30.4	4.0	3.8	4.5	17.0
April	25.9	34.5	33.4	4.0	4.3	7.9
May	27.8	30.9	11.4	3.7	3.7	1.0
June	31.6	34.9	10.2	3.8	3.9	2.4
July	35.6	31.8	-10.7	4.1	4.5	10.4
August	29.6	29.2	-1.3	4.9	4.5	-6.8
September	29.5	26.9	-8.9	5.1	5.1	-1.6
October	26.3	26.0	-1.3	6.0	5.0	-16.1
November	27.8	25.6	-8.0	5.4	5.3	-1.1
December	26.2	25.0	-4.8	4.9	5.1	4.7

Source: Ministry of Agriculture.

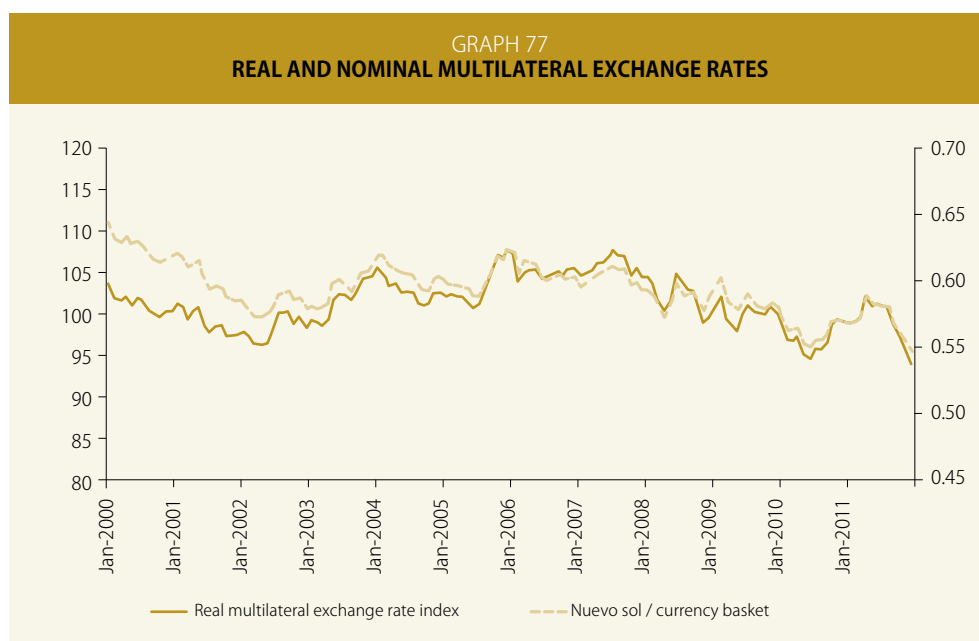


The food items in this group that showed the highest price rises were papaya (90.2 percent) and carrots (88.7 percent). The supply of papaya dropped 33 percent compared to 2010, as the cultivation and transportation of this crop was affected by heavy rains in the main producing areas (Ucayali and San Martín). According to the Dirección Regional Agraria of Ucayali, farmers reduced their production due to the price fall observed in the previous year due to excessive supply in several selva areas. In addition, some phytosanitary problems forced producers to seek more distant lands to cultivate papaya, which also raised production costs.

The production of carrots was affected by the lower number of sown areas in Lima in August-July compared to the previous crop period (down 13.7 percent). The higher costs of fertilizers also affected farmers' intentions to cultivate carrots in Lima, the main producing area of this crop in the second half of the year, while production costs in Junín were higher since this crop was affected by the pest locally known as manto rojo.

Exchange Rate

In 2011 the nuevo sol appreciated 4.2 percent against the US dollar, the latter falling from S/. 2.82 in December 2010 to S/. 2.70 in December 2011. Furthermore, the nuevo sol appreciated 4.0 percent against the currency basket of our main trading partners, from S/. 0.569 in December 2010 to S/. 0.546 in December 2011. In real terms, the nuevo sol appreciated 5.2 percent in real terms and the real multilateral exchange rate index declined from 99 in December 2010 to 94 in December 2011.



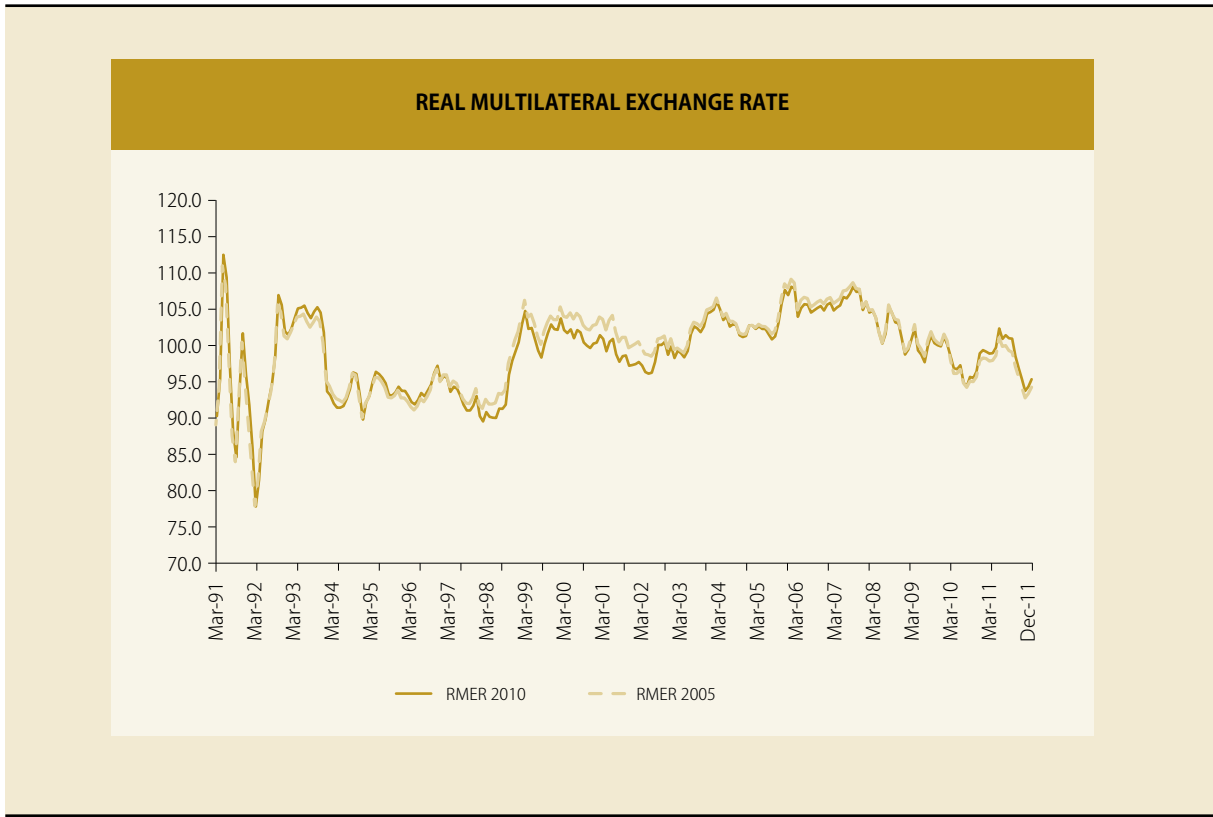
BOX 8

UPDATE OF THE WEIGHTS OF THE REAL MULTILATERAL EXCHANGE RATE

An external price index made up by the price indices of Peru's major trading partners is elaborated to calculate the real multilateral exchange rate index (RMER). The new series of the RMER includes an update of the weights. Until last year, Peru's 20 major trading partners share in trade (exports plus imports) in 2005 was used as weights. As from this Annual Report, the weights are updated using the trade structure recorded in 2010.

WEIGHTED STRUCTURE		
Countries	Weight	
	2005	2010
United States	29.2	20.7
China	11.4	18.4
Switzerland	3.4	7.2
Canada	4.8	6.9
Japan	4.0	5.5
Brazil	5.5	5.5
Chile	6.7	4.5
Germany	3.6	4.3
Ecuador	4.6	4.0
Colombia	4.2	3.7
South Korea	2.2	3.4
Spain	2.9	2.8
Mexico	2.9	2.5
Italy	2.3	2.4
Argentina	2.6	2.2
Netherland	2.4	1.6
Belgium	1.1	1.3
Taiwan	1.9	1.1
Venezuela	3.1	1.1
United Kingdom	1.3	0.9
TOTAL	100	100

The new series considers the use of the current structure of weights for the whole period and uses 2009 as the base year, in line with the base year used in the consumer price index.





Late intermediate (1100 -1470 AD)
Gold necklace with representations of owls and frogs. Metalwork techniques used: laminating, hammering, and embossing.



Lambayeque (700 -1350 AD)

Head ornament made up by a central plate decorated with sequins and zoomorphic figures on the sides. Made through laminating, hammering, embossing, and stapling.

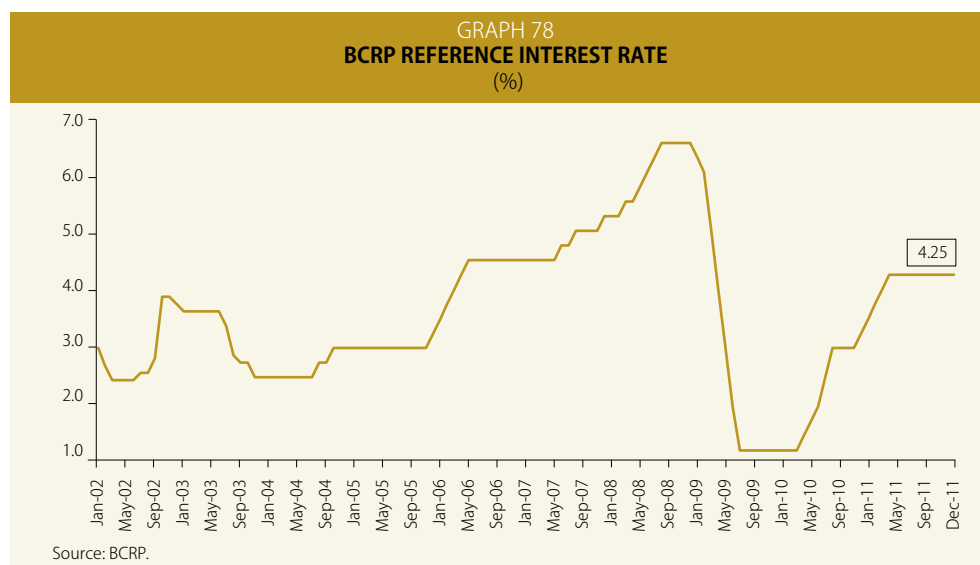
Liquidity and Credit

1. Monetary Policy

In the first five months of 2011, the BCRP monetary policy was mainly focused on the withdrawal of monetary stimulus. Thus, the reference interest rate was raised from 3.0 percent in December 2010 to 4.25 percent in May 2011.

This rise in the policy rate took place in a context of rising international prices of food and fuels and a strong growth of domestic demand. The reversal of monetary stimulus sought to prevent that these factors would reflect in economic agents' expectations of inflation and pass through to price formation in this way.

In the following seven months, the BCRP maintained its policy rate at 4.25 percent in a context of moderation of growth in domestic activity, deepening of the crisis in Europe, and lower prospects for global economic growth. In this scenario of high uncertainty, monetary policy actions were mostly of a preventive nature and aimed at maintaining inflation expectations anchored within the inflation target range.





In this period, GDP growth slowed down from 7.8 percent in the first semester to 6.1 percent in the second semester, while inflation continued to rise due to supply factors. The inflation rate of 4.74 percent recorded at end 2011 was influenced by the higher prices of imported food and fuels, as well as by the impact of climate anomalies that affected the domestic supply of some agricultural foodstuffs and caused inflation to temporarily fall above the target range. Inflation without food and energy, which is an indicator of the trend of inflation isolating these shocks, recorded a rate of 2.4 percent.

The rise in the reference interest rate in the first part of the year was coupled by adjustments in the rates of reserve requirements, including the following:

a. January 2011

The liabilities of local banks' branches abroad were included as part of total liabilities subject to reserve requirements.

The rate of reserve requirements for short term debts was lowered from 75 to 60 percent.

The average rate of reserve requirements in domestic currency and in foreign currency was raised by 0.25 percentage points, effective as from February 2011.

b. March 2011

The average rate of reserve requirements in domestic currency and in foreign currency was raised by 0.25 percentage points.

c. April 2011

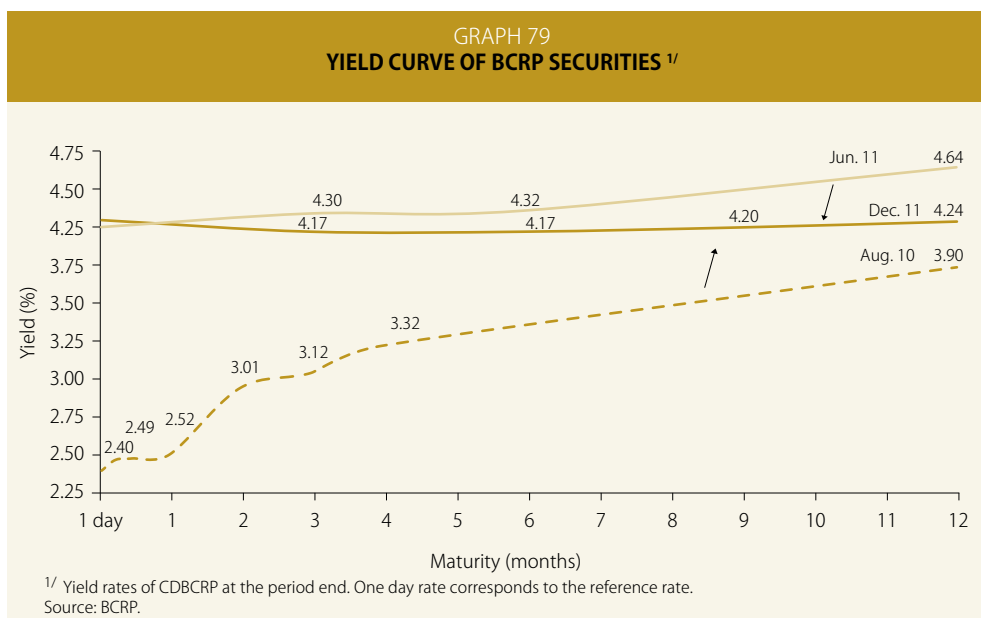
The average rate of reserve requirements in domestic currency and in foreign currency was raised by 0.50 percentage points.

TABLE 66
RESERVE REQUIREMENTS

	Legal minimum reserve requirement	Domestic Currency			Foreign currency		
		Marginal reserve requirement on deposits	Increase in the average reserve requirement	Reserve requirement for nonresidents	General regime		Short-term foreign liabilities
				Marginal reserve requirement on deposits	Increase in the average reserve requirement		
Dec-10	9%	25%		120%	55%		75%
Jan-11	9%	25%		120%	55%		60%
Feb-11	9%	25%	0.25%	120%	55%	0.25%	60%
Mar-11	9%	25%	0.25%	120%	55%	0.25%	60%
Apr-11	9%	25%	0.50%	120%	55%	0.50%	60%

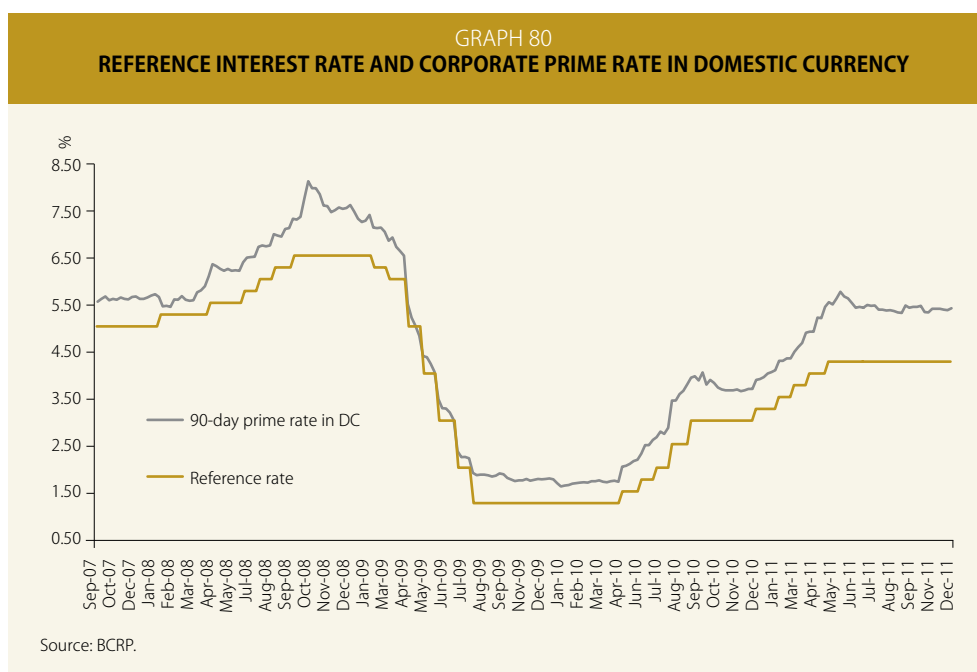
Source: BCRP.

The rise in the policy interest rate in the first semester was passed through to the other interest rates, particularly to the interest rates with lower maturities and lower credit risks, contributing in this way to generate the monetary and credit conditions required to maintain a growth of domestic demand compatible with a rate of inflation within the target range. Then, the pause made in raising the reference rate reflected in a downward correction of the short-term rates due to lower expectations that the policy rate would be raised. These expectations reflected in a reduction of prime interest rates in the financial system in the second semester of 2011.



2. Interest Rates

In the first semester, the corporate interest rate in nuevos soles rose from 3.6 percent in December 2010 to 5.6 percent in June 2011, in response to the rise registered in the policy reference rate, and then declined to 5.4 percent in December 2011, in response to the pause made by the BCRP in the withdrawal of monetary stimulus.



The average interest rate for loans in domestic currency (FTAMN) fell from 22.8 percent in December 2010 to 21.3 percent in December 2011. In the first semester, the deposit rates on both 30-day deposits and 180-day or longer



deposits rose, reversing partially thereafter in the rest of the year. Thus, between June 2010 and December 2011, the interest rate on 30-day deposits declined from 4.3 to 3.9 percent.

TABLE 67
INTEREST RATES ON OPERATIONS IN NUEVOS SOLES
(%)

	2008	2009	2010	Jun.2011	Dec.2011
1. Interbank rate	6.5	1.2	3.0	4.3	4.2
2. Deposits up to 30 days	6.5	1.2	2.2	4.3	3.9
3. 181-day to 360-day term deposits	6.3	3.6	3.8	4.3	4.7
4. Corporate prime rate	7.5	1.7	3.6	5.6	5.4
5. FTAMN ^{1/}	22.5	19.3	22.8	22.7	21.3

^{1/} Average market lending rate of the operations carried out in the last 30 business days.
Source: BCRP and SBS.

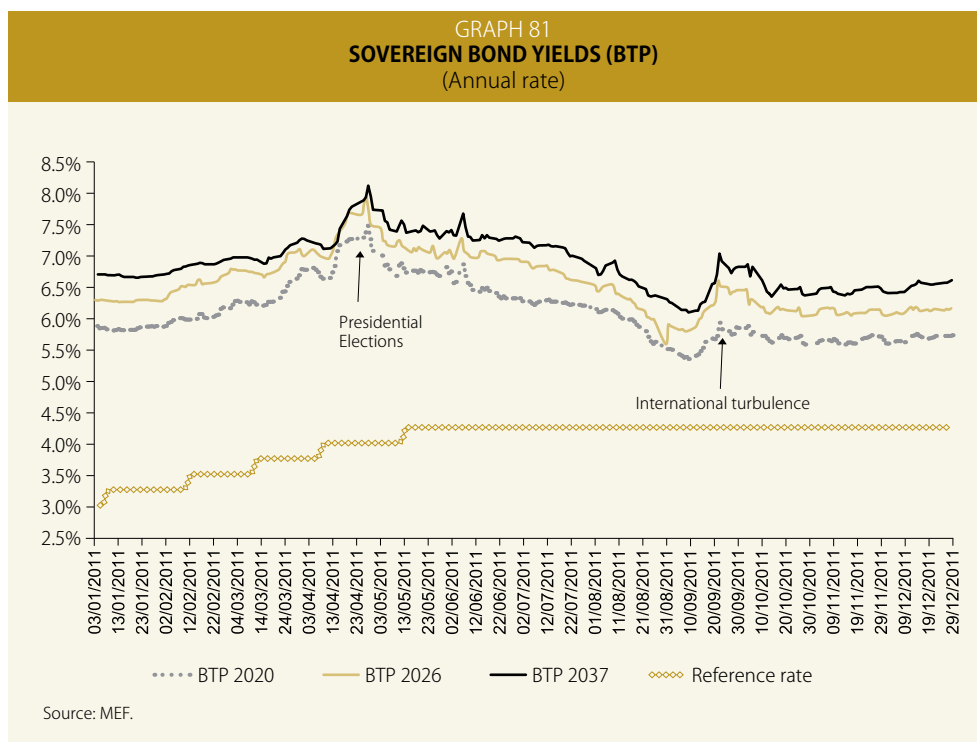
The interest rates on operations in foreign currency remained stable and at low levels reflecting low interest rates in international markets. This was partially offset by the BCRP measures adopted in terms of reserve requirements. At end 2011, the corporate lending rate in dollars rose by 30 basis points compared to December 2010 (from 2.1 to 2.4 percent), while the deposit rate on 30-day deposits fell from 0.9 to 0.7 percent.

TABLE 68
INTEREST RATES ON OPERATIONS IN US DOLLARS
(%)

	2008	2009	2010	Jun.2011	Dec.2011
1. 3-month libor rate	1.8	0.3	0.3	0.2	0.6
2. Interbank rate	1.0	0.2	1.1	0.3	0.3
3. Deposits (up to 30 days)	0.9	0.4	0.9	0.5	0.7
4. 181-day to 360-day term deposits	4.5	2.4	1.7	1.7	1.6
5. Corporate prime rate	5.2	1.2	2.1	2.3	2.4
6. FTAMEX ^{1/}	10.5	8.0	7.9	7.3	6.8

^{1/} Average market lending rate of the operation carried out in the last 30 business days.
Source: BCRP and SBS.

The yield curve of sovereign bonds registered periods of volatility associated with the presidential elections in April and June and with fears that the debt crisis would deepen due to the problems that emerged in September. However, the rates on sovereign bonds were relatively stable since October in a context of higher traded amounts and an increased participation of non-resident investors. The lower interest rates of US Treasury bonds have been translating into lower rates on the long-term corporate bonds issued in the domestic markets, a decline being also observed in the premium paid for these securities, facilitating in this way firms' access to financing their investment projects at a lower cost.



3. Exchange Rate

In 2011 the nuevo sol appreciated 3.9 percent against the dollar in nominal terms –from S/. 2.807 to S/. 2.697 per dollar– and 5.2 percent in real terms. The sol/dollar exchange rate showed a differentiated conduct over the year, with periods of depreciation concentrating in June and September –associated with the domestic elections process, as well as with difficulties in reaching a solution for Greece’s debt problem–, and with periods of appreciation being observed mainly at the end of the year as a result of the approval of the financial rescue programs for the Eurozone as well as of better indicators of economic activity in the United States. During this period, non-resident investors and domestic agents increased their demand for dollars, while non-financial private agents increased their supply of this currency.

The uncertainty generated by the elections generated upward pressures on the exchange rate, as a result of which the sol depreciated up to 2.3 percent between March 14 and April 27 (from S/. 2.767 to S/. 2.831). A similar evolution was observed in September, when risk aversion increased due to Greece’s imminent default and to the likelihood that it would no longer be part of the Eurozone. This situation was reflected in a generalized depreciation of the currencies of emerging economies, including the nuevo sol, which depreciated 1.9 percent between September 8 and October 4 (from S/. 2.725 to S/. 2.778). After uncertainty subsided, lower volatility and risk aversion was seen in international financial markets, with depreciatory pressures declining thereafter.

The supply of dollars in the foreign exchange market came mostly from local private agents which supplied US\$ 9.23 billion, US\$ 1.19 billion more than in 2010. In addition to this, non resident investors offered US\$ 317 million (versus a supply of US\$ 1.60 billion in 2010).



TABLE 69
FLows IN THE FOREIGN EXCHANGE MARKET ^{1/}
 (Millions of US dollars)

	2008	2009	2010	2011
Pension funds	-398	1,225	-600	2,855
<i>Spot</i>	355	1,788	868	2,108
<i>Forward</i>	-753	-563	-1,469	747
Non residents	3,006	-479	-1,367	1,415
<i>Spot</i>	110	1,043	-1,601	-317
<i>Forward</i>	2,895	-1,522	235	1,732
Banco de la Nación and financial companies	-29	1,090	1,092	637
Private	-4,208	-3,108	-7,842	-8,667
Banks international position	296	-257	-406	385
BCRP intervention	1,333	1,529	9,123	3,374

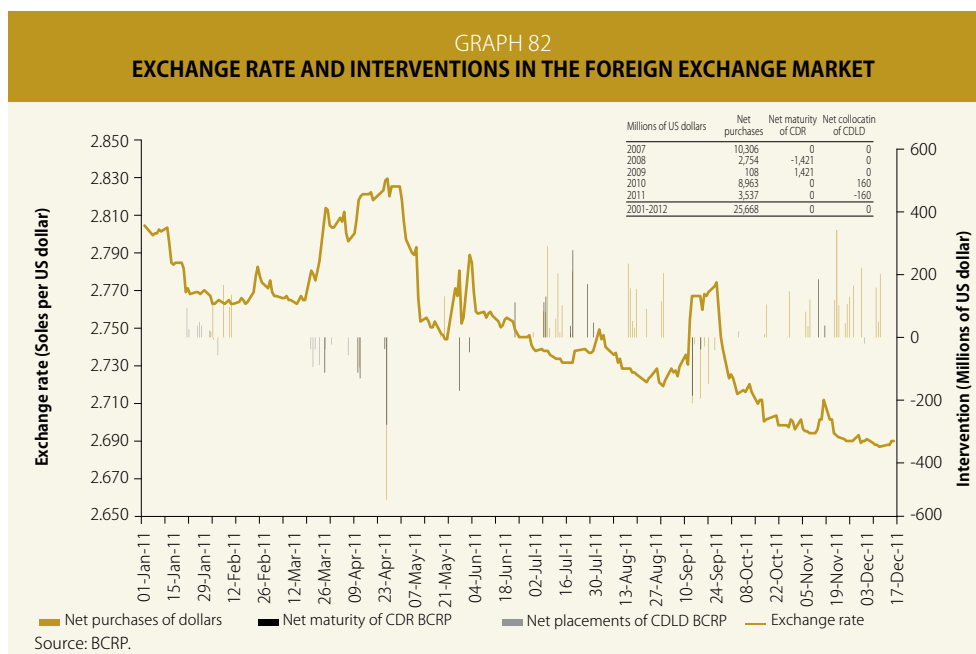
^{1/} Positive sign indicates demand and negative supply.
 Source: BCRP.

On the other hand, the demand for dollars came mainly from the forward market, where the demand of non-resident investors reached US\$ 1.73 billion (versus US\$ 1.49 billion in 2010). This higher demand reflected these agents' needs to hedge their positions in local assets, mainly government bonds.

Pension funds also increased their demand for foreign currency by US\$ 2.88 billion, mainly in the spot market. On their side, banks increased their foreign exchange position, generating an additional demand of US\$ 385 million. Moreover, the Banco de la Nación and financial firms demanded US\$ 637 million.

In this context, the BCRP intervened in the foreign exchange market with the aim of reducing the excessive volatility in the exchange rate and purchased US\$ 3.54 billion. This purchase was in part offset with the not renewed maturity of certificates of deposit payable in dollars (CDLD BCRP) for a total of US\$ 162 million.

GRAPH 82
EXCHANGE RATE AND INTERVENTIONS IN THE FOREIGN EXCHANGE MARKET



As a result of these operations, the BCRP accumulated international reserves for a total of US\$ 4.71 billion in 2011, increasing the balance of its reserves from US\$ 44.10 billion in December 2010 to US\$ 48.81 billion at end 2011.

4. Monetary and Credit Aggregates

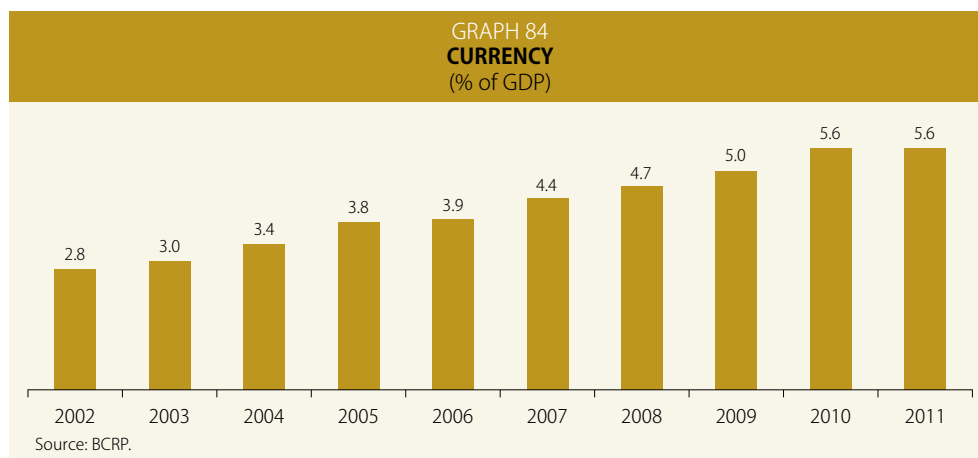
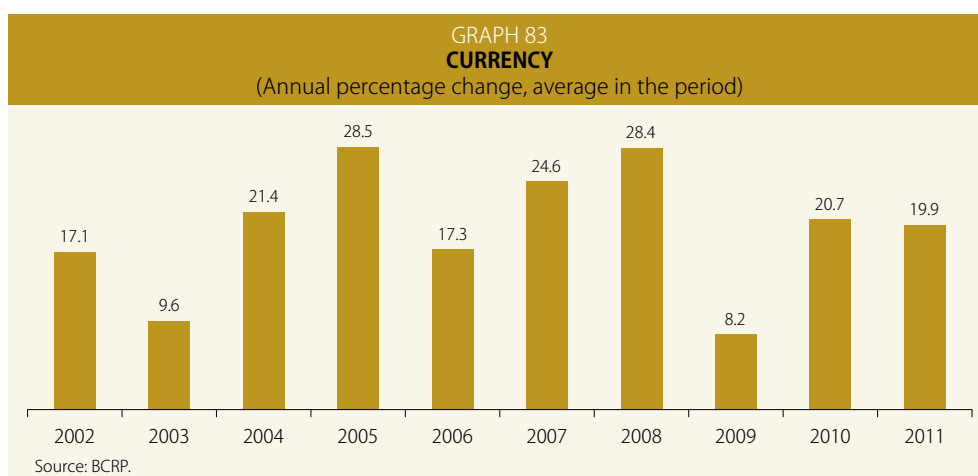
In 2011 the growth rates of monetary and credit aggregates slowed down compared to the previous year. This slower pace of growth would be associated with the decline of economic activity.

Total liquidity grew 16.4 percent. Liquidity in domestic currency grew 16.0 percent, while liquidity in foreign currency grew 17.2 percent. The dollarization ratio of liquidity fell from 37.6 percent in December 2010 to 36.9 percent in December 2011.

Total credit to the private sector grew 19.6 percent. Credit to the private sector in domestic currency grew 20.7 percent, while credit to the private sector in dollars grew 18.3 percent. The dollarization ratio of credit declined from 46.1 percent in December 2010 to 44.6 percent in December 2011.

4.1 Currency in Circulation

The average daily balance of currency was S/. 23.93 billion in 2011, which represents an increase of 19.9 percent relative to 2010 (an increase slightly lower than the 20.7 percent increase recorded in 2010). In GDP terms, currency maintained a similar level than in 2010, with a rate of 5.6 percent of GDP. This evolution was consistent with the growth of economic activity and with lower dollarization levels, observed especially in Q4-2010.





The balance of currency at December was S/. 27.25 billion, which represents an increase of S/. 3.12 billion (12.9 percent) compared to December 2010. The BCRP operations, aimed to meet the public's increased demand for liquidity and to ensure the smooth flow of transactions in the money market, were consistent with the sterilizing effect produced by the public sector's higher deposits in nuevos soles at the BCRP and the Central Bank's lower foreign exchange operations.

The public sector deposits in nuevos soles increased by S/. 5.21 billion, while the net balance of BCRP foreign exchange operations was S/. 669 million (amount equivalent to US\$ 329 million in direct net purchases of foreign currency). Moreover, higher deposits of reserve requirements in soles (S/. 2.64 billion) were observed in the year after the average rate of reserve requirements in domestic currency was raised between February and April. In this context, the volume of open market operations allowed the Central Bank to release resources for a total of S/. 7.24 billion through the auctions of certificates of deposit and term deposits.

The flow of foreign exchange operations generated US\$ 329 million as a result of net purchases of foreign currency (US\$ 3.54 billion). This balance was in part offset by sales of foreign currency to the public sector (US\$ 3.04 billion).

In the first semester, direct purchases of foreign currency were mainly made in the months of February (US\$ 497 million) and June (US\$ 148 million). After the result of the first voting round and with the aim of offsetting the depreciation pressures on the exchange rate, the BCRP sold dollars for a total of US\$ 583 million in April.

Between July and December, the flow of purchases of foreign currency totaled US\$ 4.09 billion. However, foreign currency (US\$ 613 million) was sold for a short period of time, between September and early October, to reduce the depreciation pressures on the nuevo sol due to the uncertainty generated by the Eurozone debt crisis.

In these periods of depreciation pressures on the foreign exchange rates, the Central Bank sales of foreign currency were coupled by auctions of 60-day and 90-day certificates of deposit indexed to the exchange rate (CDR-BCRP). Thus, the placements of CDR-BCRP between the end of March and April amounted to S/. 1.8 billion (US\$ 637 million) and the placements in June amounted to S/. 575 million (US\$ 206 million), as a result of which the balance of issued CDR-BCRP, at their indexed value, was S/. 2 026 million at June 30.

Later on, CDR-BCRP for a total of S/. 590 million (US\$ 212 million) were placed in September. These CDR-BCRP were not renewed and expired at the end of November after the depreciation pressures reversed.

The increased volume of sterilization operations carried out in the first semester was based mainly on the supply of short-term instruments, due to market expectations that the Central Bank would correct the reference rate as well as due to uncertainty in international markets.

Net placements of variable rate certificates of deposit (CDV-BCRP) between January and June 2011 amounted to S/. 5.61 billion, while the balance of certificates of deposit (CD-BCRP) in the same period grew at a lower rate (S/. 2.47 billion). Term deposits (DP-BCRP), auctioned mainly with overnight maturities, declined by S/. 17.48 billion between December 2010 and June 2011.

Since June, as market expectations regarding the evolution of the yields on financial assets stabilized, the supply of sterilization instruments combined both instruments with short-term and medium-term maturities.

In the second semester, the balance of CD BCRP increased by S/. 11.08 billion, from S/. 2.50 billion at the end of June to S/. 13.58 billion at end 2011, which in part offset the lower sterilization made through CDV-BCRP not renewed at the end of the year, releasing in this ways resources for a total of S/. 8.95 billion over the second semester. Likewise, the balances of instruments payable in dollars (CDLD-BCRP) were not renewed.

TABLE 70
OPERATIONS OF THE BCRP
(Millions of nuevos soles)

	2009	2010	2011
I. FOREIGN EXCHANGE OPERATIONS	-562	25,362	669
(Millions of US\$)	-48	9,010	329
1. Over the counter trading	108	8,963	3,537
2. Public sector	-261	-50	-3,039
3. Others	105	96	-169
II. NET DOMESTIC ASSETS	2,468	-20,472	2,447
1. Public sector deposits	2,561	-5,720	-5,214
2. Repos	-5,412	0	0
3. CD BCRP (Certificates of deposit)	-6,399	14,091	-13,550
4. CDR BCRP (Certificates of deposit indexed to the exchange rate)	4,425	0	0
5. CD BCRP-NR (with restricted negotiation)	6,483	0	0
6. CDLD BCRP (Certificates of deposit payable in dollars)	0	-450	450
7. CDV BCRP (Certificates of deposit indexed to the reference rate)	0	-3,196	3,196
8. Term deposits (DP BCRP)	0	-20,788	17,151
9. Overnight deposits	-819	163	559
10. Reserve requirements in domestic currency	668	-5,770	-2,643
11. Other assets	961	1,198	2,499
III. CURRENCY	1,906	4,890	3,116
Memo: Balance at end of period			
- Currency	19,241	24,131	27,247
- CD BCRP	14,121	30	13,580
- CDR BCRP	0	0	0
- CD BCRP-NR	0	0	0
- CDLD BCRP	0	450	0
- CDV BCRP ^{1/}	0	3,207	0
- Term deposits (DP BCRP)	0	20,788	3,637
- Public sector deposits	21,006	26,726	31,940

^{1/} Includes adjustment of balance due to changes in the BCRP reference rate.
Source: BCRP.

4.2 Liquidity

Liquidity in the private sector continued to grow in 2011 although showing a lower pace of growth due to the slowdown of economic activity compared to the previous year. Liquidity recorded a growth rate of 16.4 percent, lower by 6.9 percentage points than the one registered in 2010 (23.3 percent). In the case of deposits, a concept that excludes currency in circulation, the growth rate was 6.1 percentage points lower since this rate declined from 23.0 percent in 2010 to 16.9 percent in 2011.

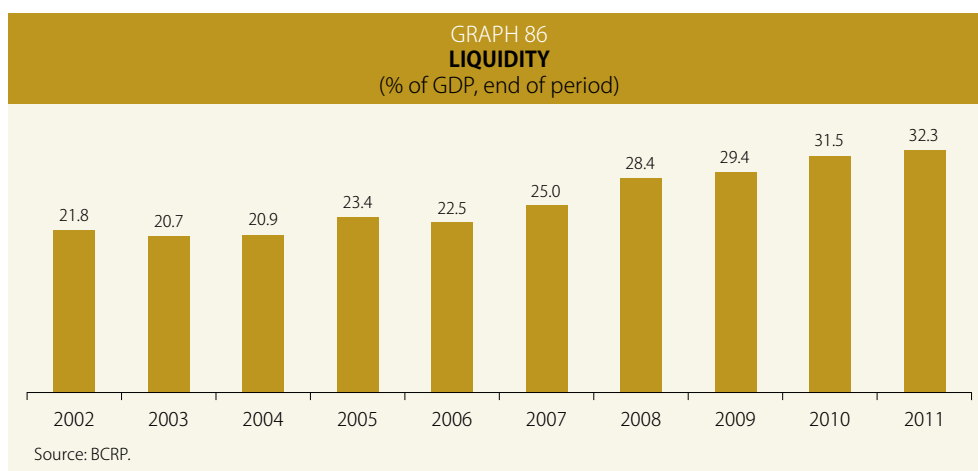
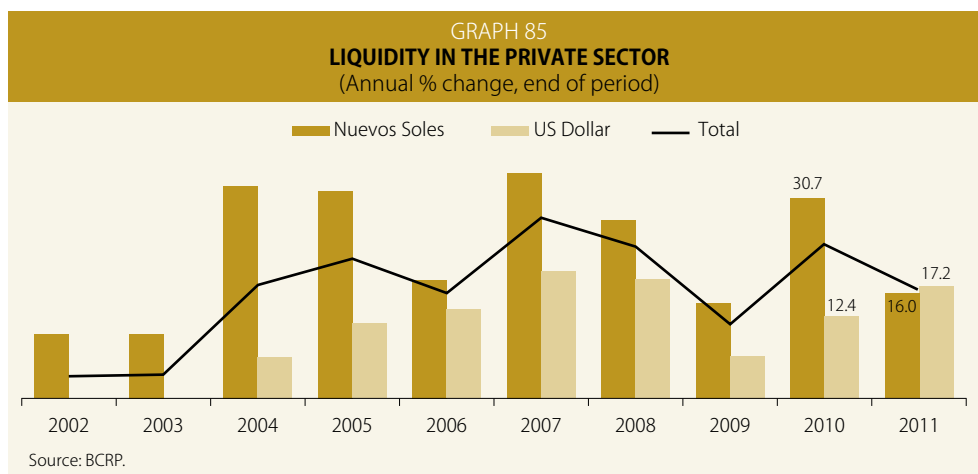


TABLE 71
MAIN MONETARY AGGREGATES

	Balance in millions of nuevos soles			% Change	
	2009	2010	2011	2010	2011
Currency	19,241	24,131	27,247	25.4	12.9
Money	33,147	42,651	48,817	28.7	14.5
Term deposits ^{1/}	89,321	109,835	128,342	23.0	16.9
In nuevos soles	45,380	60,511	70,469	33.3	16.5
In dollars (Millions of US\$)	16,274	18,268	21,435	12.3	17.3
Liquidity ^{1/}	109,325	134,818	156,962	23.3	16.4
In nuevos soles	65,324	85,366	99,019	30.7	16.0
In dollars (Millions of US\$)	16,297	18,316	21,461	12.4	17.2

^{1/} The balance in dollars is valued at the constant exchange rate in December 2011.
Source: BCRP.

By type of deposit holder, the deposits of individuals showed a higher growth rate (17.3 percent) than the deposits of legal entities (16.1 percent). Moreover, by currencies, individuals showed greater preference for assets in soles, while companies, especially mining companies and other companies engaged in industrial activities, preferred deposits in dollars.

TABLE 72
DEPOSITS BY TYPE OF DEPOSITOR

	Balance in millions of nuevos soles ^{1/}			Growth rates (%)	
	2009	2010	2011	2010	2011
Individuals	59,033	66,650	78,204	12.9	17.3
In nuevos soles	30,387	38,569	48,071	26.9	24.6
In US dollars (Millions of US\$)	10,610	10,400	11,160	-2.0	7.3
Legal entities	30,288	43,185	50,139	42.6	16.1
In nuevos soles	14,993	21,943	22,398	46.4	2.1
In US dollars (Millions of US\$)	5,665	7,867	10,274	38.9	30.6
Total	89,321	109,835	128,342	23.0	16.9
In nuevos soles	45,380	60,511	70,469	33.3	16.5
In US dollars (Millions of US\$)	16,274	18,268	21,435	12.3	17.3

^{1/} The balance in dollars is valued at the constant exchange rate in December 2011.
Source: SBS and balances of financial institutions.

The slowdown observed in liquidity, which is consistent with the evolution of credit to the private sector, affected mostly the segment of liquidity in domestic currency, whose annual growth rate dropped from 30.7 percent in 2010 to 16.0 percent in 2011. This slowdown is explained both by the lower demand for liquid money –currency held by the public and demand deposits– and for term deposits. The growth rate of the latter fell from 32.9 percent in 2010 to 13.3 percent in 2011.

TABLE 73
LIQUIDITY IN DOMESTIC CURRENCY IN THE PRIVATE SECTOR

	Balance in millions of nuevos soles			Growth rates (%)	
	2009	2010	2011	2010	2011
Currency	19,241	24,131	27,247	25.4	12.9
Deposits	45,380	60,511	70,469	33.3	16.5
Demand deposits	13,905	18,519	21,569	33.2	16.5
Savings deposits	13,808	18,084	22,277	31.0	23.2
Term Deposits	17,668	23,485	26,622	32.9	13.3
Securities and other instruments	703	723	1,303	2.9	80.2
TOTAL	65,324	85,366	99,019	30.7	16.0

Source: BCRP.



Liquidity in foreign currency, on the other hand, grew from 12.4 percent in 2010 to 17.2 percent in 2011. A great deal of this growth of liquidity in dollars took place in the first semester of 2011, particularly between April and May, as a result of uncertainty associated with the elections. The increased dynamism reflected in the growth rates stems from the value assets –saving and term deposits in dollars– which increased substantially compared to the previous year (the annual growth rate of term deposits rose from 5.2 percent in 2010 to 13.1 percent in 2011).

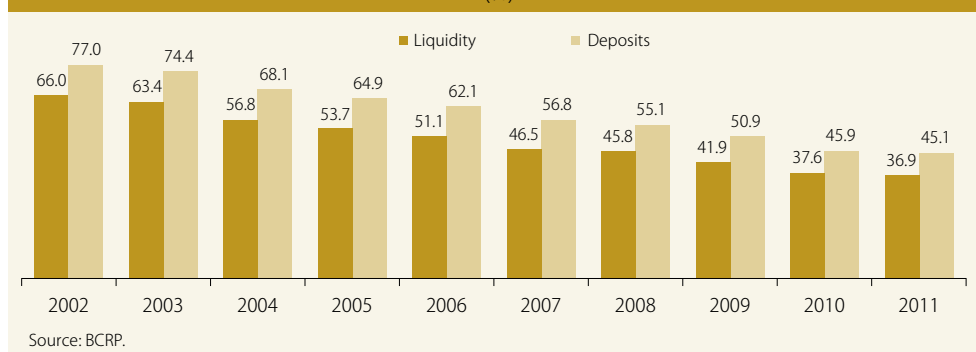
TABLE 74
LIQUIDITY IN FOREIGN CURRENCY IN THE PRIVATE SECTOR

	Balance in millions of US dollars			Growth rates (%)	
	2009	2010	2011	2010	2011
Deposits	16,274	18,268	21,435	12.3	17.3
Demand deposits	4,606	5,702	6,975	23.8	22.3
Savings deposits	4,063	4,563	5,412	12.3	18.6
Term Deposits	7,605	8,003	9,048	5.2	13.1
Securities and other instruments	22	48	26	112.2	-45.8
TOTAL	16,297	18,316	21,461	12.4	17.2

Source: BCRP.

The dollarization ratio of liquidity declined by 0.7 percentage points, from 37.6 percent in December 2010 to 36.9 percent in December 2011. Likewise, the dollarization of deposits declined from 45.9 percent in December 2010 to 45.1 percent in December 2011. In both cases, the effect of the appreciation of the nuevo sol prevailed over the higher growth of the dollar components of these elements.

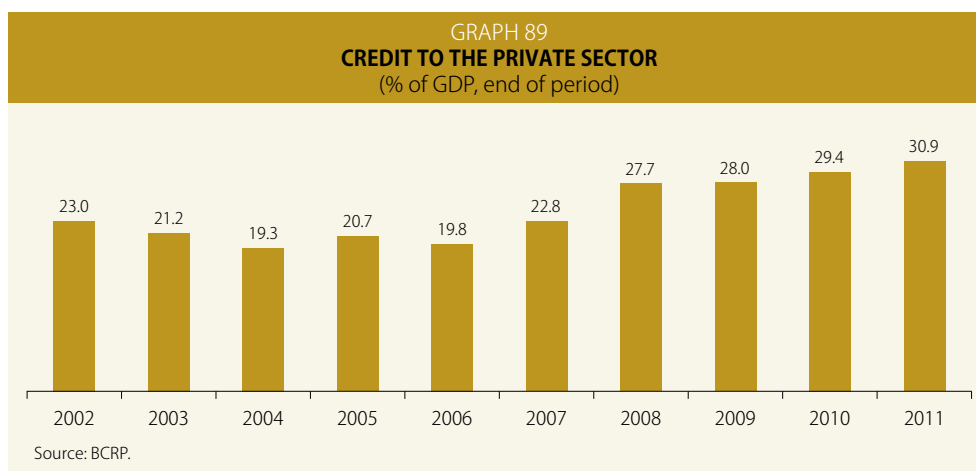
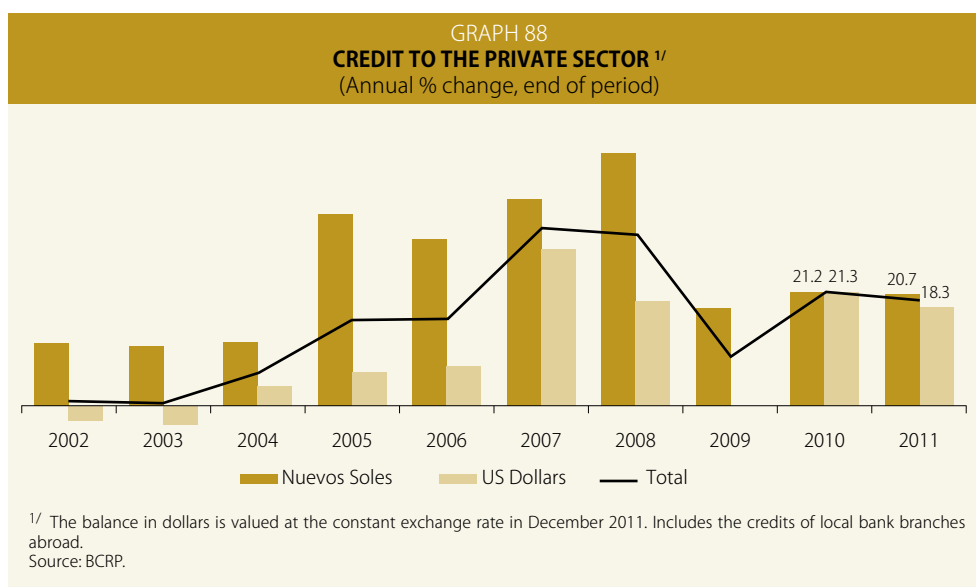
GRAPH 87
DOLLARIZATION OF LIQUIDITY AND DEPOSITS (%)



4.3 Credit to the Private Sector

Total credit to the private sector recorded a growth rate of 19.6 percent in 2011, lower than in the previous year (21.2 percent). Total credit balances include the credits that local banks transfer to their branches abroad, which appear as credits granted by these branches in accounting books.

The growth rate of credit to the private sector reflected a progressive slowdown over the year and especially in the second semester. Credit to the private sector in domestic currency was the most dynamic component with a growth rate of 20.7 percent (21.2 percent in 2010), while credit in foreign currency recorded a growth rate of 18.3 percent (21.3 percent in 2010). The dollarization ratio of credit to the private sector fell from 46.1 percent in December 2010 to 44.6 percent in December 2011.



By type of borrower, credit to individuals showed a faster pace of growth while credit to businesses slowed down with a rate of 17.9 percent (22.1 percent in 2010). This is in part explained by the lower growth of credit for foreign trade activities (which account for nearly 9 percent of credit to business) due to the slowdown observed in the global economy. This type of credit, which had grown 40.9 percent in 2010, grew only 3.8 percent in 2011. Isolating the effect of credit for foreign trade activity, credit to business would have declined in a lesser proportion, from 20.3 percent in 2010 to 19.4 percent in 2011.



TABLE 75
TOTAL CREDIT TO THE PRIVATE SECTOR ^{1/}

	Balance in millions of nuevos soles			Growth rates (%)	
	2009	2010	2011	2010	2011
Corporate loans	68,365	83,444	98,354	22.1	17.9
<i>Of which:</i>					
Foreign trade	5,947	8,382	8,703	40.9	3.8
Others	62,418	75,062	89,652	20.3	19.4
Consumer loans	35,332	42,253	51,960	19.6	23.0
Consumption	22,564	26,416	31,779	17.1	20.3
Mortgage	12,768	15,836	20,181	24.0	27.4
TOTAL	103,697	125,697	150,314	21.2	19.6

^{1/} The balance in dollars is valued at the constant exchange rate in December 2011. Includes the credits of local bank branches abroad.
Source: BCRP.

Considering only credit to business, in terms of economic sectors, the highest demand for credit came from the sectors of commerce (S/. 4.69 billion) and manufacturing (S/. 2.63 billion), as well as from real estate, entrepreneurial, and rent activities (S/. 1.12 billion). These three sectors concentrated 57 percent of the demand for business credits during the year.

TABLE 76
DEPOSITORY INSTITUTIONS: TOTAL CREDIT BY ECONOMIC SECTOR ^{1/}
(Millions of nuevos soles)

	Balance			Flows		
	2009	2010	2011	2009	2010	2011
Agriculture and livestock	3,088	3,633	4,470	501	545	837
Fishing	1,302	1,346	1,587	157	44	241
Mining	3,636	4,026	4,911	-210	390	885
Manufacturing Industry	16,432	19,883	22,514	-143	3,451	2,632
Electricity, Gas and Water	3,757	4,433	5,334	841	676	901
Construction	1,766	2,240	2,939	-136	474	699
Commerce	16,080	20,076	24,770	486	3,996	4,694
Hotels and Restaurants	1,545	1,789	2,375	422	245	586
Transportation, Storage and Communications	6,235	8,335	8,407	498	2,100	72
Real Estate, Business and Rental Activities	5,166	9,106	10,226	287	3,940	1,120
Rest	9,359	8,577	10,821	2,215	-782	2,244
TOTAL	68,365	83,444	98,354	4,916	15,079	14,910

^{1/} The balance of broad money in dollars is valued at the constant exchange rate in December 2011. Includes the credits of local bank branches abroad.
Source: SBS.

The growth of credit to the private sector in domestic currency (20.7 percent, annual flow of S/. 14.25 billion) was mainly associated with increased credit to individuals as this credit grew 23.9 percent (S/. 7.51 billion), which

represented 53 percent of the growth of credit in nuevos soles. Consumer loans in nuevos soles, with a rate of 21.0 percent (S/. 4.98 million) and mortgage loans, with a rate of 32.8 percent (S/. 2.53 billion) stand out among the latter. On the other hand, business credits grew 17.9 percent (S/. 6.74 billion).

TABLE 77
CREDIT TO THE PRIVATE SECTOR IN DOMESTIC CURRENCY

	Balance in Millions of nuevos soles			Growth rates (%)	
	2009	2010	2011	2010	2011
Corporate loans	31,383	37,584	44,327	19.8	17.9
Consumer loans	25,543	31,397	38,908	22.9	23.9
Consumption	19,968	23,677	28,654	18.6	21.0
Mortgages	5,575	7,720	10,254	38.5	32.8
TOTAL	56,925	68,981	83,235	21.2	20.7

Source: BCRP.

Credit to the private sector in foreign currency grew 18.3 percent (annual flow of US\$ 3.84 billion). This growth was supported by increased sources of external liabilities in dollars, interest rates in foreign currency that remained low and stable reflecting the levels of international interest rates, and expectations of appreciation of the nuevo sol.

By type of borrower, the segment of business loans in dollars grew 17.8 percent (US\$ 3.02 billion), concentrating 79 percent of the growth of credit in foreign currency. Credit to individuals grew 20.2 percent (US\$ 813 million), mainly in the segment of mortgages which showed a growth rate of 22.3 percent (US\$ 671 million). The growth of the latter compared to the previous year did not reflect in a higher level of dollarization in this segment, since mortgages in nuevos soles grew at higher rates than mortgages in dollars.

TABLE 78
CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY ^{1/}

	Balance in Millions of US dollars			Growth rate (%)	
	2009	2010	2011	2010	2011
Corporate loans	13,697	16,985	20,010	24.0	17.8
Consumer loans	3,626	4,021	4,834	10.9	20.2
Consumption	961	1,015	1,157	5.6	14.0
Mortgage	2,664	3,006	3,677	12.8	22.3
TOTAL	17,323	21,006	24,844	21.3	18.3

^{1/} Includes the credits of local bank branches abroad
Source: BCRP.

Credit to the private sector continued showing lower levels of dollarization in all the types of credit at end 2011. The dollarization ratio of credit to the private sector fell 1.5 percentage points, from 46.1 percent in December 2010 to 44.6 percent in December 2011. About one percentage point of this decline resulted from the appreciation



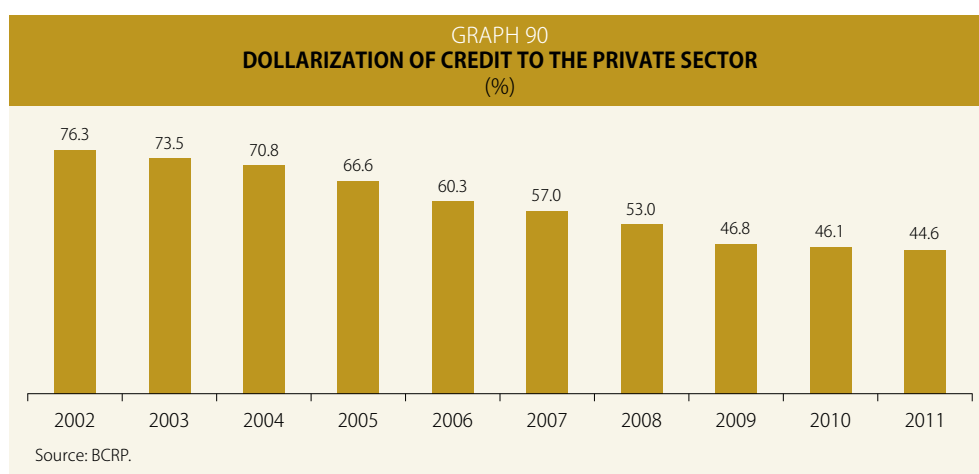
of the nuevo sol, since this ratio decreases 0.5 percentage points (from 45.1 percent in December 2010 to 44.6 percent in December 2011) when this effect is isolated.

Credit to business registered a dollarization level of 54.9 percent, nearly one percentage point less than in 2010 (55.9 percent), while the decline of the dollarization level in credit to individuals was even greater as this ratio fell from 26.5 percent in 2010 to 25.1 percent in 2011.

TABLE 79
DOLLARIZATION OF CREDIT TO THE PRIVATE SECTOR ^{1/}

	2009	2010	2011
Corporate loans	55.8	55.9	54.9
Consumer loans	29.1	26.5	25.1
Consumption	12.2	10.7	9.8
Mortgage	58.0	52.2	49.2
TOTAL	46.8	46.1	44.6
Memo:			
Dollarization of credit at constant exchange rate	45.1	45.1	44.6

^{1/} Includes the credits of local bank branches abroad.
Source: BCRP.



5. Financial Indicators

The financial indicators of commercial banks remained stable during 2011. The ratio of non-performing loans remained at 1.5 percent, like in the previous year. The level of coverage of high-risk portfolio increased from 141.9 percent to 149.8 percent. Return on equity (ROE) increased from 24.2 percent in 2010 to 24.5 percent in 2011, but the return on assets (ROA) declined from 2.4 to 2.3 percent in the same period.

TABLE 80
INDICATORS ON COMMERCIAL BANKS
(%)

	2009	2010	2011
Due loans / gross placements ^{1/}	1.6	1.5	1.5
High risk portfolio / gross placements ^{2/}	2.7	2.6	2.5
Provision for loans / high-risk portfolio	139.3	141.9	149.8
Ratio on equity (ROE)	24.5	24.2	24.5
Ratio on assets (ROA)	2.3	2.4	2.3

^{1/} Credits due and in judicial collection processes.
^{2/} The high-risk portfolio is equal to the most backward refinanced and restructured portfolio.
Source: SBS.

By size of debtor, corporate credits and credits to large companies recorded lower delinquency rates than the average rate: zero percent and 0.2 percent, respectively. Loans to medium-sized enterprises showed a delinquency rate of 2.1 percent, while loans to small and micro-enterprises registered delinquency rates of 4.7 and 2.4 percent, respectively. The delinquency rate for consumer loans was 2.6 percent, higher than the average rate, while the rate for mortgage loans was quite lower (0.9 percent).

TABLE 81
BANKS: DELINQUENCY RATES BY TYPE AND SIZE OF DEBTOR
(%)

	2009 ^{1/}	2010	2011
Corporate loans	n.d.	0.0	0.0
Loans to big companies	n.d.	0.2	0.2
Loans to medium-sized companies	n.d.	2.3	2.1
Loans to small companies	n.d.	4.6	4.7
Loans to microbusiness	n.d.	2.9	2.4
Consumer loans	2.9	2.7	2.6
Mortgage loans	0.9	0.9	0.9
TOTAL	1.6	1.5	1.5

^{1/} Delinquency rates by size of companies are available since 2010.
Source: SBS.

The financial indicators of non-bank financial firms showed an improvement given that delinquency rates were lower and the ratios of coverage of the high-risk portfolio were higher. Financial firms showed lower delinquency rates (3.5 percent at December 2011) and higher ratios of coverage for the high-risk portfolio (149.2 percent at December 2011). As for the rates of return, municipal banks, rural banks and financial firms recorded higher rates of return on equity (ROE), whereas the edpymes showed lower rates.



TABLE 82
FINANCIAL INDICATORS OF NON -BANK COMPANIES
(%)

	2009	2010	2011
Due loans / gross placements ^{1/}			
Financial Firms	4.5	3.8	3.5
Municipal savings banks	5.0	5.1	4.9
Rural savings banks	4.0	4.6	4.3
Edpymes	4.5	5.1	5.0
Provision for loans / high-risk portfolio ^{2/}			
Financial Firms	124.9	132.8	149.2
Municipal savings banks	105.1	108.2	111.2
Rural savings banks	91.3	96.7	105.0
Edpymes	106.7	105.7	114.4
Ratio on equity (ROE)			
Financial Firms	10.2	19.3	20.0
Municipal savings banks	20.6	13.4	17.8
Rural savings banks	13.9	4.6	8.1
Edpymes	9.7	4.8	3.3

^{1/} Overdue loans and loans in judicial collection processes.

^{2/} The high-risk portfolio is equal to the non performing loans plus the refinanced and restructured portfolio
Source: SBS

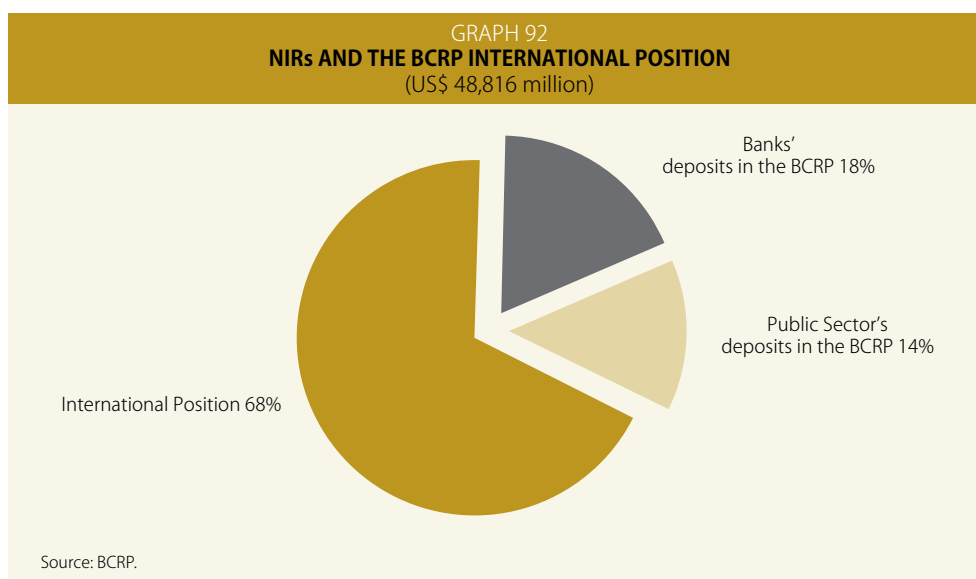
6. International Reserves

The BCRP net international reserves (NIRs) increased by US\$ 4.71 billion in 2011, reaching a balance of US\$ 48.82 billion at year end. This growth of NIRs resulted mainly from public sector increased deposits in dollars (US\$ 2.39 billion) and banks' higher deposits (US\$ 1 473 million) at the Central Bank, as well as from the net yield of the investment portfolio (US\$ 579 million), and net purchases of dollars (US\$ 329 million).

GRAPH 91
NET INTERNATIONAL RESERVES AND THE INTERNATIONAL POSITION OF THE BCRP
(Millions of US\$)



The BCRP foreign exchange position rose by US\$ 878 million to US\$ 33.30 billion at end 2011. The share of the foreign exchange position relative to NIRs declined 6 percentage points between 2010 and 2011 (from 74 percent to 68 percent). The other funding sources that explain the composition of NIRs were banks' deposits in dollars at the BCRP (18 percent) and public sector's deposits in dollars at the BCRP (14 percent).



6.1. Management of International Reserves

In 2011 gross international reserves –also called international reserve assets– amounted to US\$ 48.86 billion, a sum US\$ 4.71 billion higher than the one recorded in 2010.

The increase in international reserves contributed to maintain adequate international liquidity indicators. Thus, at end 2011 net international reserves were equivalent to 16 months of imports, 5.6 times the short-term external liabilities, and 3.3 times the balance of the monetary base.

TABLE 83 HIGH LEVEL OF INTERNATIONAL RESERVES STRENGTHENS PERU'S INTERNATIONAL LIQUIDITY POSITION	
NIR by US\$ 48.8 billion	<ul style="list-style-type: none"> • 5.6 times one-year debt liabilities (short term external liabilities plus amortization of long-term debt) • 3.3 times the monetary base • 16 months of imports
Source: BCRP.	

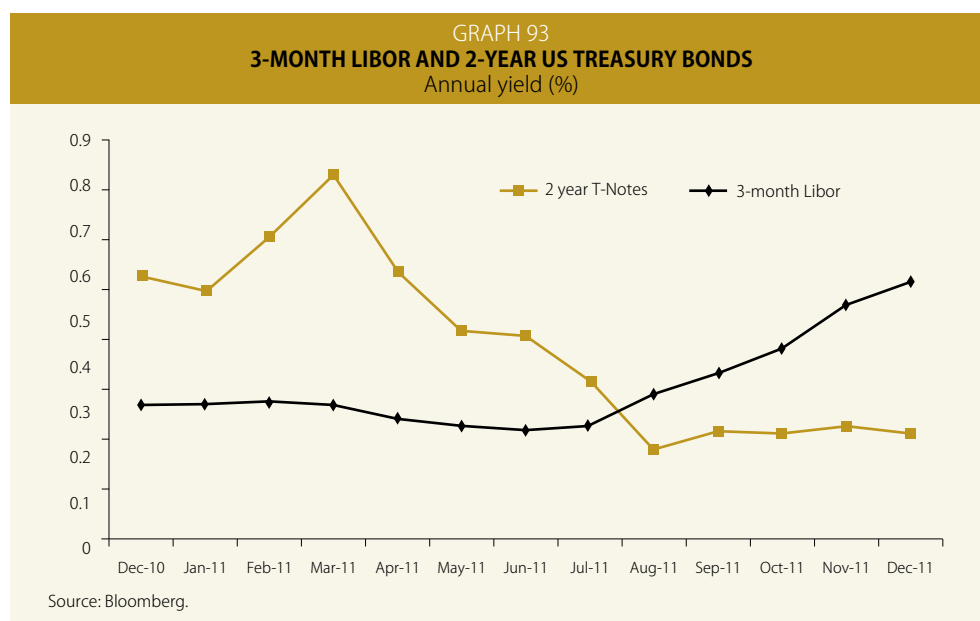
Despite initial optimism, economic activity in the United States and the Eurozone slowed down in 2011 due mainly to the deepening of the Eurozone sovereign debt problems, which led several countries and banks to be downgraded in their credit ratings. This also generated a contraction in global growth, which intensified as a result of unexpected events such as the earthquake that hit Japan and the events in the Middle East. Furthermore, the



United States had to deal with a high rate of unemployment, a weakened situation in the real estate sector, and the downgrading of its credit rating to AA+.

In 2011, the US Federal Reserve (FED) maintained its policy rate between 0 and 0.25 percent and also implemented its policy action known as “Operation Twist” to extend the maturities of its portfolio of government securities by exchanging US\$ 400 billion in short-term bonds for longer term securities (up to 30-year securities). On its side, the European Central Bank raised its refinancing rate by 25 basis points in April and in July, lowering it thereafter by 25 basis points in November and December in view of the signals of lower economic activity and due to the likely spread of Greece’s debt crisis to other European countries. .

Both the yield curve of the US Treasury bonds and the yield curve of German bonds moved downwards, the former reflecting increased risk aversion and low expectations of inflation and the latter reflecting the negative outlook for economic growth in the Eurozone. The Libor rate in dollars showed no significant variations in the first semester, rising 34 basis points thereafter in the second semester due to increased risk aversion since no sustainable solution was reached for the sovereign debt crisis in Europe.



In this context, the BCRP investment policy for its reserves was rather conservative and followed strict criteria for the placement of deposits in banks abroad and for the diversification of investments in securities with the highest credit quality. The portfolio duration was shortened in the first semester, while a neutral position was maintained in the second semester with respect to the benchmark portfolio. Some tactical deviations were also implemented when circumstances contributed to benefit the investment yield.

It should be pointed out that the BCRP reserve management policy is based on two priority criteria: to preserve the capital and to guarantee the liquidity of the country’s international reserves. After these conditions have been met, the Central Bank seeks to maximize the yield of its international assets. In general, the BCRP management of international assets is closely associated with the characteristics of the sources of these resources in terms of value, currency, maturity, and volatility. In this way, the Central Bank minimizes the market risks that could affect the value and availability of these resources.

6.2. Composition of International Reserve Assets (IRA)

At end 2011, 70 percent of Peru's international reserve assets were invested in highly credit rated liquid securities, 23 percent in first-class international banks, and 7 percent in gold and other assets. The securities portfolio comprises debt bonds issued by sovereign issuers, supranational organizations or foreign government agencies with long term credit ratings of AA- or higher ratings.

Peru's international reserve assets generated a yield of S/. 1.94 billion in 2011. This yield was slightly lower than the one obtained in 2010 due to the lower net yield of securities associated with the international context where interest rates remained at low levels.

TABLE 84 INTERNATIONAL RESERVE ASSETS (Millions of US\$)				
ITEM	December 2010		December 2011	
	Amount	%	Amount	%
Deposits abroad	10,777	24.4	11,263	23.1
Securities	30,392	68.8	34,190	70.0
Gold	1,565	3.5	1,722	3.5
Other ^{1/}	1,417	3.2	1,683	3.4
TOTAL	44,150	100.0	48,859	100.0

^{1/} Includes contribution to the FLAR and balance of assets associated with international agreements.
Source: BCRP.

Liquid international reserves²⁰ amounted to US\$ 47.12 billion at the close of 2011. As regards the quality of the portfolio, 78 percent of these assets are deposited in entities with a long term credit rating of **AAA** and the rest is deposited in entities with credit ratings of **AA+** and **AA-**. The average maturity of the investment portfolio in 2011 was 1.09 years.

TABLE 85 COMPOSITION OF LIQUID INTERNATIONAL ASSETS (% structure)		
	December 2010	December 2011
By maturity term	100	100
0-3 months	43	41
3-12 months	9	19
> 1 year	48	39
By long-term rating	100	100
AAA	76	78
AA+/AA/AA-	17	14
A+	7	8

Source: BCRP.

²⁰ These are easily tradable assets. Because of this, the contributions to international organizations such as the FLAR and the BIS, the contributions to the IMF and contributions to the IMF trust funds, the balances under international conventions, and gold holdings in the Bank vaults are excluded from international reserve assets.



The effective exposure of the BCRP foreign exchange position to the US dollar has declined as a result of a currency diversification strategy, whereby other currencies –especially the Australian dollar– have been included in the portfolio.

TABLE 86
INTERNATIONAL POSITION: EFFECTIVE EXPOSURE
(% structure)

	December 2010	December 2011
US dollars	64	57
Other currencies	31	38
Gold	5	5
Total	100	100

Source: BCRP.

7. Financial Savings and Capital Market

Financial savings are the total assets of companies and households held in the financial system in the form of savings deposits, time deposits, securities, mutual funds, life insurances, and contributions to private pension funds.

In 2011 the average balance of financial savings increased 14.0 percent compared to 2010 and was equivalent to 40.8 percent of GDP. This increase was mainly due to the increase of deposits, both savings deposits and term deposits. On the other hand, the balances of contributions to private pension funds and mutual funds decreased due to the decline of the stock exchange indices.

By currencies, financial savings in soles and in dollars grew in similar proportions (15.0 percent and 14.8 percent, respectively). The growth of deposits in nuevos soles was higher than the growth of deposits in dollars, but this higher growth was offset by the drop in the value of contributions to private pension funds in nuevos soles. In GDP terms, the share of financial savings in nuevos soles rose from 26.6 to 27.5 percent, while the share of financial savings in dollars remained at 13.3 percent.

TABLE 87
FINANCIAL SAVINGS
(Average balance, in the period, as % of GDP)

	Domestic currency	Foreign currency	Total
2002	10.5	16.5	27.0
2003	12.0	15.9	27.9
2004	13.4	14.4	27.7
2005	15.4	13.3	28.7
2006	17.1	13.1	30.2
2007	23.1	13.4	36.5
2008	23.9	13.0	36.9
2009	24.0	14.6	38.6
2010	26.6	13.3	39.9
2011	27.5	13.3	40.8

Source: BCRP.

7.1 Fixed-Income Market

The balance of securities issued by private companies increased 0.9 percent compared to 2010²¹. The net balance of placements –at a constant exchange rate value– was S/. 4.04 billion, higher than in 2010 (S/. 2.09 billion). The major issuers included Hunt Oil (securitization bonds for a total equivalent to S/. 540 million), Banco de Crédito del Perú (issuance equivalent of S/. 524 million), and BBVA Banco Continental (issuance equivalent to S/. 300 million).

By maturity terms, 48 percent of bond issuances in soles had maturities of 3 years or less, 32 percent had maturities of 3 to 7 years, and the remaining 19 percent had maturities of over 7 years. On the other hand, 51 percent of the bonds issued in dollars had 10-year or longer maturities.

As regards the issuer's economic sector, the annual flow of issuances of non-financial firms was S/. 2.09 billion (S/. 3.48 billion in 2010), a balance 2.3 percent lower than in the previous year²², whereas the annual flow of issuances of financial entities was S/. 2.43 billion (S/. 955 million in 2010), 15.1 percent higher than in 2010. Excluding financial entities, the number of private issuers with publicly traded securities fell from 48 to 46²³.

TABLE 88
OUTSTANDING PRIVATE SECTOR FIXED INCOME SECURITIES AT THE END OF PERIOD
(Millions of nuevos soles)

	Balance			% Change		Flows	
	2009	2010	2011	2010	2011	2010	2011
Amounts by type of issuer	20,100	20,607	21,185	2.5	2.8	507	578
Financial ^{1/}	5,885	6,065	6,979	3.1	15.1	180	914
Non financial	14,215	14,542	14,206	2.3	-2.3	327	-336
Composition by currency (%)	100.0	100.0	100.0				
Soles	44.3	44.3	46.3				
VAC	21.3	20.8	20.0				
US dollars	34.4	34.9	33.6				
Balance as % of GDP	5.4	4.8	4.8				

^{1/} Securities issued or originated by a financial organization.
Source: SMV.

By currencies, the share of financial instruments in soles continued to grow in 2011. At year end, 55.6 percent of the balances were instruments in soles (52.6 percent at end 2010). Furthermore, the share of fixed-rate instruments in soles was 46.3 percent (vs. 44.3 percent at end 2010).

The interest rates in nuevos soles, in the section of short-term interest rates (less than a year), were influenced by the evolution of the monetary policy interest rate. One year-bonds with a risk rating of AA which in December 2010 were placed at an average rate of 4.1 percent were placed at a rate of 4.9 percent in December (at a rate 0.9 percentage points higher).

The medium-term and long-term rates declined because investors took long positions in these instruments to hedge their investments from uncertainty in stock markets. An issuance of three-year bonds with an AA rating was placed in December 2011 at a rate 6.1 percent, a much lower rate than the one observed in December 2010 (6.9 percent). Moreover, the rate of an issuance of 7-year bonds rated AAA fell from 7.4 percent in March 2011 to

²¹ Including short-terms bonds and instruments placed in the domestic market through auctions. For comparison purposes, the effect of changes in the foreign exchange rate is isolated.

²² The economic sector of the originator is considered in the case of securitizations bonds.

²³ Securitization bonds originated in a financial entity are also excluded.

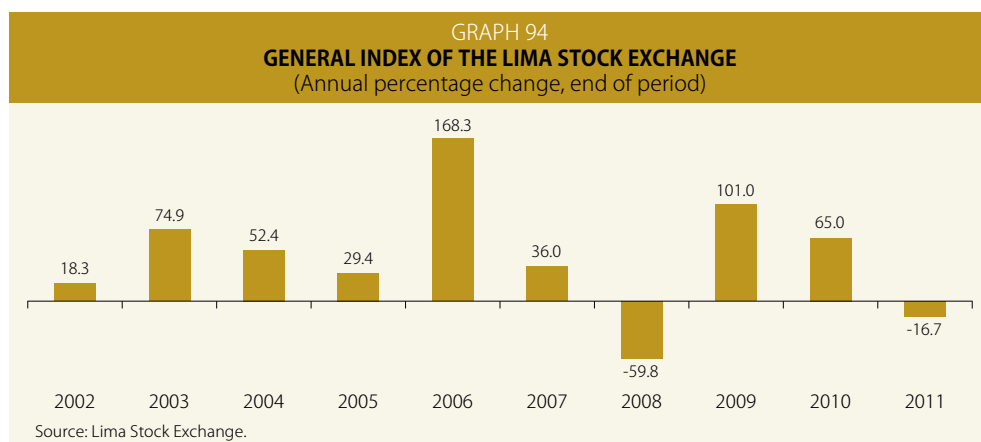


6.7 percent in December (down 0.7 percentage points). In summary, the hypothetical yield curve of these bond issuances flattened.

7.2 Stock Exchange

The indices of the Lima Stock Exchange (LSE) were affected both by external and domestic factors. The former included uncertainty due to the international crisis and to Greece's possible exit from the Eurozone, as it was thought that Greece could drag along other countries such as Italy, Spain, or Portugal. The domestic arena was mainly influenced by the electoral process. While domestic uncertainty mostly dissipated in the second half of the year, the effect of the external crisis had a negative impact on the variations in the stock market indices.

The annual yield of the general index of the LSE recorded a negative level of 16.7 percent and the selective index recorded a negative level of 14.7 percent (in 2010 both indices rose, recording positive levels of 65.0 and 42.9 percent, respectively). No great dispersion was observed by economic sectors. With losses of 21.9 and 20.3 percent, respectively, industrial and mining shares were the most affected ones. The services sector was the least affected sector, with an annual loss of 8.7 percent.

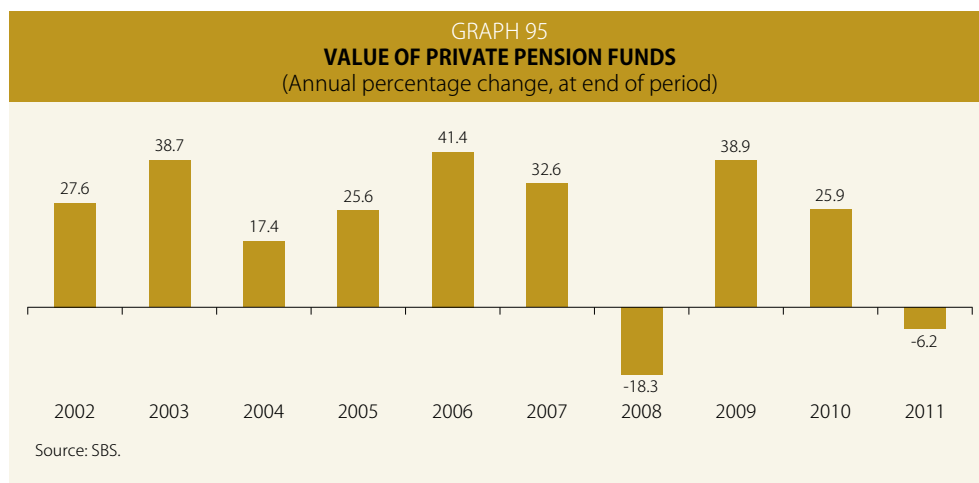


The volumes traded grew 13.5 percent. Share trading grew 21.8 percent (19.3 percent in 2010) while the trading of debt instruments declined 2.3 percent (43 percent in 2010). The capitalization value –the total value of companies listed at the LSE– was S/. 327.82 billion, a sum equivalent to 67.6 percent of GDP (lower than in 2010: 104.0 percent of GDP). The value of dematerialized shares, that is, the amount of shares registered electronically in CAVALL, amounted to S/. 153.32 billion, a sum equivalent to 46.8 percent of the market capitalization value.

7.3 Private Pension System

The assets of private pension funds decreased 6.2 percent during the year due to losses in stock markets. At December 2011, the assets of these funds was S/. 81.05 billion. On the other hand, the number of affiliates increased 6.2 percent to a total of over 4.9 million people.

The evolution of private pension funds was influenced by stock market losses. Pension fund type 2 (which accounts for 70 percent of the total value of these funds) had a negative nominal return of 7.1 percent (vs. a positive return of 18.4 percent in 2010). The loss was greater in pension fund type 3 (which invests more in stocks), with a negative nominal return of 17.3 percent (vs. a positive return of 34.5 percent in 2010). However, pension fund type 1, which does not invest in stocks, had a return of 3.0 percent in 2011. Even though the profitability of this fund was lower than in the previous year (7.9 percent), it was positive. This fund represents only 10 percent of the total value of private pension funds.



Given the situation in stock markets, portfolio losses concentrated in the domestic market. Thus, domestic investments in variable income instruments reduced their share from 27.4 to 31.7 percent in terms of total investments between 2010 and 2011.

On the other hand, the share of international investments increased from 26.3 percent in December 2010 to 28.5 percent in December 2011. Notwithstanding, this percentage is still lower than the legal limit applicable to such investments (30 percent). The share of the deposits held by private pension funds (AFP) in the financial system also declined (from 6.2 to 4.5 percent of the fund value), but the share of government and BCRP securities increased (from 16.1 to 17.0 percent of the fund value) as did the debt instruments of the private sector as well (from 19.6 to 22.6 percent of the fund value).

TABLE 89
COMPOSITION OF THE PRIVATE PENSION SYSTEM PORTFOLIO 1/
(%)

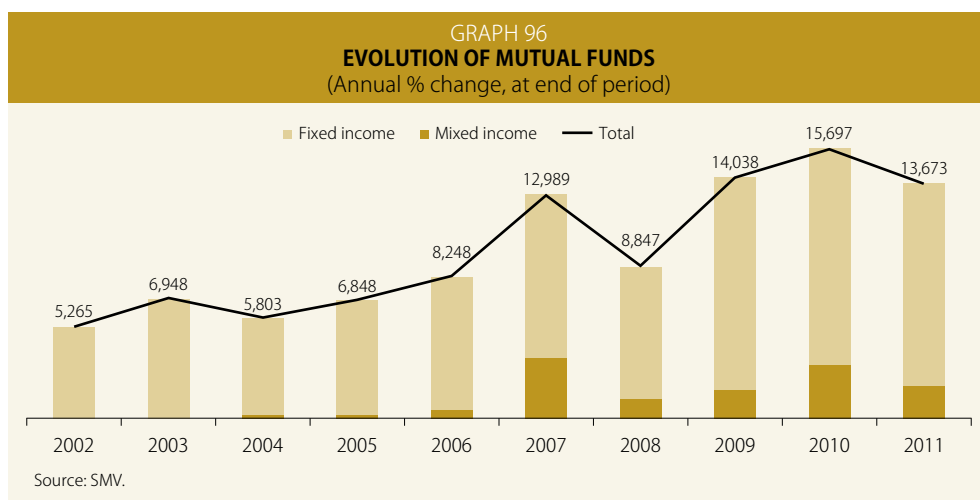
	2009	2010	2011
I. DOMESTIC INVESTMENTS	79.0	73.7	71.5
Deposits	2.6	6.2	4.5
In nuevo soles	1.8	5.0	3.8
In US dollars	0.7	1.2	0.7
Bonds and fixed income	44.4	35.8	39.6
Central Bank securities	0.5	-	1.1
Sovereign bonds	19.6	16.1	15.9
Values issued by the private sector	24.5	19.6	22.6
Stocks and variable income	32.0	31.7	27.4
Shares	25.5	25.1	19.1
Investment funds	6.5	6.6	8.3
II. FOREIGN INVESTMENTS	21.0	26.3	28.5
TOTAL (I+II)	100.0	100.0	100.0
Millions of nuevos soles	68,595	86,391	81,052
% of GDP	17.9	19.9	16.7

Source: SBS.



7.4 Mutual Funds

Although mutual funds invest less in stocks on average, they were also affected by the international crisis. Most people got rid of part of their stocks and moved to deposits to face uncertainty. Thus, the number of participants in these funds dropped from 137 to 120 thousand people during 2011. Most of these withdrawals (10 thousand people) came from mixed and variable-income funds, which have a greater proportion of investments in stocks. Therefore, the overall equity of mutual funds decreased 12.9 percent compared to the previous year and showed a balance of S/. 13.67 billion (2.8 percent of GDP). For obvious reasons, mixed-income and variable-income mutual funds were the funds that recorded the greatest contraction (down 40.4 percent compared to 2010).



As regards the investment portfolio of mutual funds, the participation of deposits declined (from 57.2 percent to 50.2 percent), while the participation of debt instruments increased (from 32.9 to 37.6 percent). The participation of stocks rose slightly (from 6.3 to 7.0 percent).

TABLE 90
COMPOSITION OF MUTUAL FUND INVESTMENT
(%)

	2009	2010	2011
I. DOMESTIC INVESTMENT	95.3	96.5	94.8
<u>Deposits</u>	<u>45.5</u>	<u>57.2</u>	<u>50.2</u>
In nuevos soles	14.1	29.6	25.7
In US dollars	31.4	27.6	24.5
<u>Bonds and fixed income</u>	<u>44.5</u>	<u>32.9</u>	<u>37.6</u>
Central Bank securities	8.4	2.7	6.3
Sovereign bonds	12.9	9.9	11.4
Securities issued by the private sector	23.3	20.4	19.9
<u>Stocks and variable income</u>	<u>5.3</u>	<u>6.3</u>	<u>7.0</u>
II. INVESTMENT ABROAD	4.5	3.1	5.1
III. OTHERS	0.2	0.4	0.1
IV. TOTAL (I+II+III)	100.0	100.0	100.0
Millions of nuevos soles	13,939	13,939	15,301
% of GDP	2.8	3.4	2.9

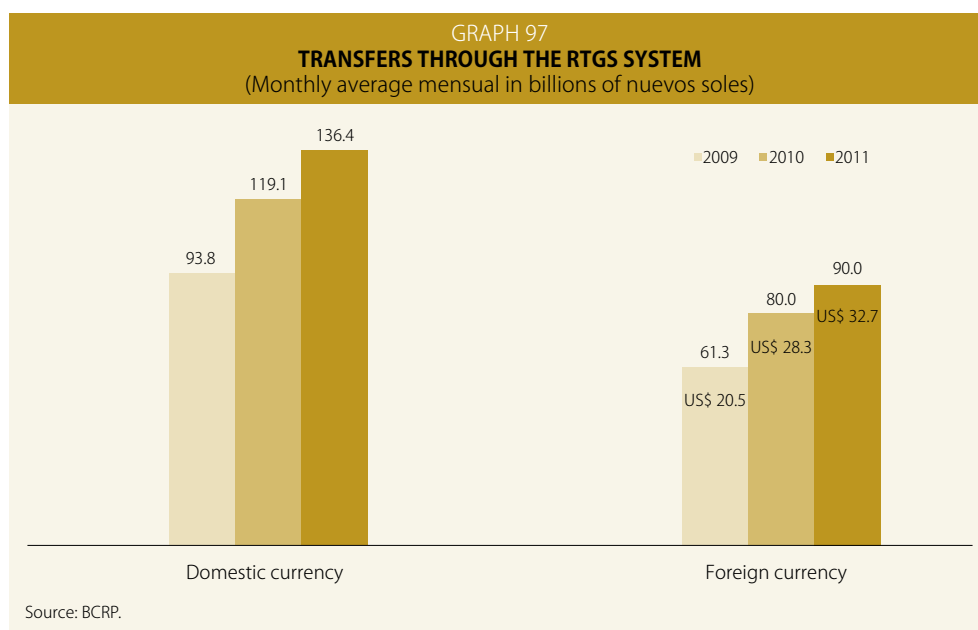
Source: SMV.

8. Payments Systems

In a context of global economic uncertainty, the value of the transactions made through payment systems of systemic importance grew 13.9 percent in 2011, as a result of which the amount of funds transferred through such systems was equivalent to 6.1 times Peru's GDP in the year. The evolution of payments systems in 2011 is discussed below:

8.1 Real Time Gross Settlement System (RTGS)

The amount of transfers channeled through the RTGS system grew 13.7 percent, while the number of transactions increased 16 percent. By currencies, the value of payments in local currency grew 14.6 percent and the value of payments in foreign currency grew 15.2 percent. The importance of the RTGS system is reflected in that it accounted for 92 percent of the total value transferred through payment systems. Its share in terms of volume was low (only 5 percent), as is usually the case of high value systems.



The second stage of technological modernization of the RTGS system was implemented in September 2011. This technological modernization allows banks to integrate their applications, including customer service channels, to the system, providing greater efficiency and security to transactions as manual processes are replaced by automated processes which will also reduce the costs of transactions. The new RTGS system also facilitates the interconnection of non-banking financial entities so that they can order transfer funds electronically.

BOX 9

MACRO FINANCIAL INDICATORS OF THE PERUVIAN ECONOMY

The evolution of a number of macro financial indicators, i.e., those that measure the capacity of the economy and the financial system to deal with real and financial shocks, shows that Peru's economy remains sound and is capable of facing situations of stress like the ones observed during the global financial crisis, which



deepened in September 2008 Lehman Brothers went bankrupt, or like the ones recently observed due to the debt crisis in the Eurozone.

These indicators show that Peru's availability of international reserves, equivalent to 27.6 percent of GDP in 2011, reflect the country's appropriate capacity to respond to sudden disruptions in capital flows and possible banking runs in an economy that still shows significant levels of financial dollarization. Peru has a sound fiscal position, with an economic balance of 1.9 percent of GDP in 2011, which reduces the risks that could affect its economy. It also has appropriate liquidity levels –the ratio of liquidity in local currency is 39.2 percent and 45 percent in foreign currency– and a solvent financial system –with a global capital ratio of 13.4 percent–, both of which are essential factors that maintain economic agents' confidence and also reflect the economy's strength to face future external shocks.

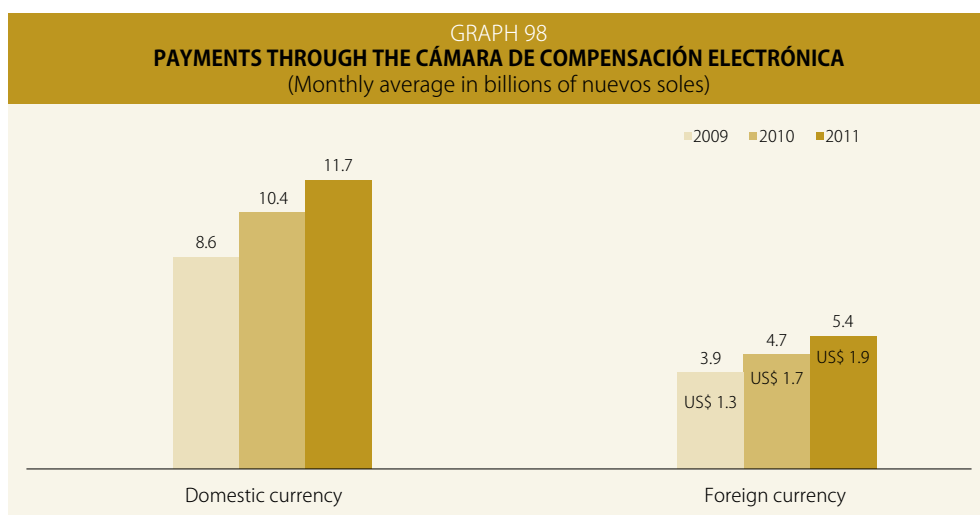
MACRO FINANCIAL INDICATORS			
	2009	2010	2011
Indicators of international solvency			
NIR / STEL ^{1/} (Times)	2.9	5.7	5.5
NIR / (STEL+LQFC) ^{2/} (times)	1.1	1.6	1.9
NIR / GDP (%)	26.0	28.7	27.6
Indicators of public solvency			
Total public debt / GDP (%)	26.1	23.3	21.2
Net total public debt / GDP (%)	13.6	11.5	8.1
Overall balance / GDP (%)	-1.6	-0.5	1.9
Indicators of banks			
- Solvency indicators			
Global Capital Ratio (%)	13.5	13.6	13.4
Total liabilities / Social capital and reserves (Times)	12.8	13.3	12.4
- Liquidity indicators			
Liquidity ratio in DC. (%)	38.8	54.6	39.2
Liquidity ratio in FC. (%)	41.7	41.1	45.0
Average reserve requirement in DC. (%)	6.0	11.8	14.0
Average reserve requirement in FC. (%)	32.9	35.7	38.0
- Asset quality indicators			
Non performing loans in DC / Direct credits in DC.	1.56	1.49	1.47
Non performing loans in FC / Direct credits in FC.	1.99	1.88	1.98
Provisions / Non performing loans (%)	242	246	251
Financial intermediation and foreign exchange exposure			
Dollarization of credit of the depository corporations (%)	46	44	44
Credit to the private sector of the depository corporations (% of GDP)	28.0	29.8	31.6

^{1/} STEL: Short term external loans.

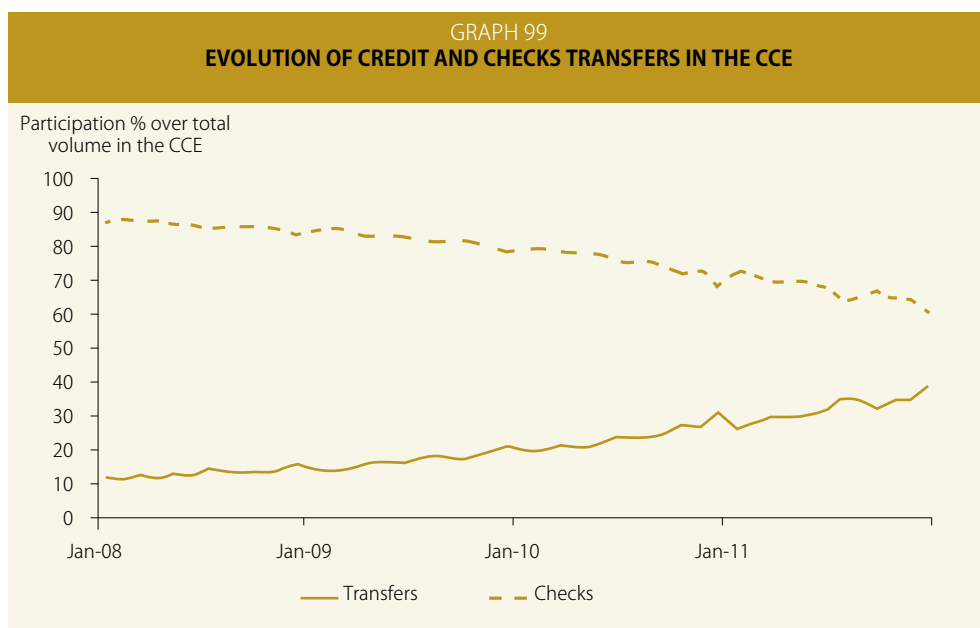
^{2/} LQFC: Liquidity in foreign currency of the banking system.

8.2 Electronic Clearing House (Cámara de Compensación Electrónica)

The value of transactions processed through the Cámara de Compensación Electrónica (CCE) increased 13.1 percent in the year. The value of credit transfers²⁴ increased 46.6 percent and the value of check transfers increased 7.4 percent.



The number of transactions processed through the CEE grew 10 percent, with credit transfers accounting for 48 percent of this growth. As a result of this, credit transfers increased their share in terms of total transactions carried out through the CEE from 24.4 percent in 2010 to 32.7 percent in 2011. This increased dynamism of credit transfers reflects the growing trend observed in the public's use of electronic payment instruments.



²⁴ Interbank transfers settled through the CCE. The maximum amounts that can be transferred are S/. 310 thousand and US\$ 60 thousand.



The latter trend is closely connected with the use of these instruments to make ordinary transfers and payments to suppliers, which represented 55.8 and 35.4 percent of total transfers, respectively, in 2011.

The participation of CMAC Cusco in the CCE was approved in 2011. Thus, there are currently six municipal saving banks which have been authorized to operate through this system.

8.3 Multibank Securities Settlement System (MSSS)

The value of payments in the MSS system grew 32.4 percent in 2011, while the volume of payments grew 26 percent. Payments for stock exchange operations at the LSE grew 19 percent in value and 25.5 percent in volume, while settlements of transactions of government securities in the secondary market grew 55.3 percent in value and 96.1 percent in volume.

As a result of the coordination made with the Ministry of Economy and Finance to make transactions with sovereign bonds more secure, Supreme Decree No. 061-2011-EF establishes that the settlements for placements of these securities on the primary market and transfers of these securities on the secondary market are to be carried out through the delivery-against-payment modality, which eliminates the counterparty risk.

8.4 Regulations

The Regulations of the RTGS system were amended in April to include the Public Treasury as a Participant in the RTGS system (Circular N° 010-2011-BCRP). The System's new Regulations, which include the adjustments made as a result of the system's modernization and adjustments associated with the regulations governing Payments Systems, were issued in August (Circular N° 026-2011-BCRP).

The Regulation of Credit Transfer Clearing Houses were amended in April (Circular N° 011-2011-BCRP) to include, as from November, a new payment session settled on the same day and to regulate the maximum time of settlement for clients. These two measures will contribute to improve efficiency in the use of this payment system.

Finally, Circular N° 014-2011-BCRP issued in May provides for the implementation of a delivery-against-payment mechanism for the settlement of BCRP security transactions in the secondary market between entities other than the Central Bank, to make these transactions more secure.



Late intermediate (1100 – 1470 AD)

Gold bracelets. Metalwork techniques used: laminating, hammering, soldering, and filigree.



Lambayeque (700 - 1350 AD)

Tumi or ceremonial knife. The top of the handle has an image of the head of god Naylamp in gold and the blade has a checkered design in gold and silver. This piece was made using the techniques of laminating, forging, and carving.



***INSTITUTIONAL
ACTIVITIES***



Lambayeque (700 -1350 AD)

Gold and stone ear ornaments. The central design shows birds flying. Metalwork techniques used: laminating, hammering, and embossing.

Institutional Activities

1. Board of Directors

At December 31, 2011, the Board of Directors of BCRP was integrated by Julio Velarde (Governor), Beatriz Boza Dibos, Alfonso López Chau Nava, Abel Salinas Izaguirre, Luis Alberto Arias Minaya, José Gallardo Ku, and Jaime Serida Nishimura. As established by R.S. N° 294-2011-PCM, the latter three members of the Board replaced Carlos Raffo Dasso, José Chlimper Ackerman, and Martha Rodríguez Salas.

It is worth mentioning that Dr. Julio Velarde Flores was again appointed Chairman of the Board by the Executive (R.S. N° 293-2011-PCM) and ratified by the Congress of the Republic of Peru (Legislative Resolution No. 29793).

The Board held 60 meetings in 2011.

2. Transparency and Social Responsibility

The BCRP is characterized by efficiency and transparency in all of its actions. Since 2002, the monetary policy of the BCRP is based on inflation targeting. Monetary policy decisions are disseminated to the public through various media in order to strengthen the effectiveness of the monetary measures adopted.

2.1 Transparency

The Board of the BCRP informs the public about monetary policy decisions through the **Informative Notes on the Monetary Program** that are released each month. These communiqués, which provide information on the reference interest rate, the interest rates on rediscount operations, and the interest rates on overnight deposits, are published on the BCRP website (www.bcrp.gob.pe), disseminated through press releases, and emailed to subscribers. In addition to this, teleconferences are held with the media.

The **Inflation Report** was published in March, June, September, and December in 2011. This report discusses monetary policy actions and economic developments, explains the evolution of inflation, and provides forecasts on inflation and on the main macroeconomic variables. It is published on the BCRP website and disseminated through meetings and conferences with representatives of the financial system, economic analysts and academics, the media, business, and authorities in both Lima and in other cities of the country.



In 2011 Governor Julio Velarde met with Congress representatives on several occasions. Among other meetings, he discussed the country's economic outlook delivering a presentation entitled "Macro-Economic Assumptions for 2012" before the Budget Congressional Committee on September 6 and he spoke before the Congressional Commission of Economy on "Situation and Prospects of the Peruvian Economy" on October 5.

The Transparency section of the Bank's website (www.bcrp.gob.pe) publishes indicators of the administrative and budget management of the BCRP, as well as the audit reports of the BCRP Financial Statements, which are issued by internationally renowned auditing firms.

In accordance with the Transparency and Access to Public Information Law, in 2011 the BCRP answered 34 information requests.

2.2 Dissemination of Economic Information

In compliance with its constitutional mandate and its Organic Law, in 2011 the BCRP informed the public periodically about the state of national finances through the publication and dissemination of macroeconomic reports and statistical data. Printed publications, which are also published on the Bank's website, include the Inflation Report, the Weekly Economic Report, the Annual Report, the Financial Stability Report, *Revista de Estudios Económicos*, and *Revista Moneda*. The Weekly Economic Report, *Notas de Estudio*, the Working Papers, and the Reports of the Regional Branches are disseminated in electronic version. Informative Notes on the evolution of the main economic variables and the main institutional events were also sent to the media.

Additionally, the BCRP also organized seminars, lectures, institutional talks and events both in Lima and in other cities of the country to discuss several topics of economic interest. Talks on the mission and roles of the Central Bank and on the security features of banknotes and coins were also offered. A total of 5,772 university students participated in the 72 lectures and talks offered by the BCRP in 2011 (the number of participants in these activities was 13.5 percent higher than in 2010).

2.3 Courses

- **Extension Course for Economists.** Thirty-five economists and students of economics from 19 public and private universities of Lima and other cities of the country participated in the 58th Extension Course offered by the BCRP. The aim of this course is to disseminate new knowledge in the field of economics and to improve the professional level of participants. The best students of the course are recruited to integrate the Bank's technical staff.
- **Extension Course of Advanced Finances.** Twenty-five students from different universities and different academic fields were selected to participate in this specialized finance course. The best students were also invited to integrate the BCRP staff.
- **Update Course for economics students from province universities.** Participants updated their knowledge on macroeconomics, microeconomics, econometrics, and mathematics. The best students were invited to participate in the 59th Extension Course in 2012.
- **Course for University Professors.** The aim of this course, which is mainly oriented to faculty members of province universities, is to improve the standards of economic education in the universities located in cities other than Lima. Twenty-five professors from different universities participated in this course.

2.4 Contests

- **Research Contest for Junior Economists.** The winner of the Research Contest for Junior Economists “Luis Felipe de las Casas Grieve” 2010-2011 was B.A. Econ Liu Aníbal Mendoza Pérez for his paper “Efectividad de las intervenciones cambiarias en un régimen de metas explícitas de inflación: el caso peruano”. The second prize was awarded to B.A. Econ Enver Enrique Vargas Vilchez for this paper entitled “El impacto del gasto público sobre la migración y la convergencia regional”.
- **BCRP Contest for School Students.** The first prize of the Sixth BCRP Research Contest for School Students was awarded to the students of school Nuestra Señora del Perpetuo Socorro of Trujillo for their paper entitled “Crecen las familias, las empresas y las instituciones: crece el Perú”. The second prize was awarded to the students of school Jesús de Belén, of Comas, Lima, for their paper “Si sueñas con la casa propia, es mejor soñar despierto...con los ojos abiertos”, and the third prize was awarded to the students of Nuestra Señora de la Paz, Magdalena del Mar, Lima, for their paper “Aprendiendo del pasado y planteando los nuevos retos en estabilidad macroeconómica”.
- **Short Novel Contest “Julio Ramón Ribeyro”.** Carlos Rengifo Rivas was declared winner of the 2011 contest for his short novel “El jardín de la doncella”. The judges pointed out that the novel, submitted under the pseudonym of Casanova, “is a historical novel characterized by a precise language, unique characters, and knowledge of sociability and religious forms in the colonial Lima of the 17th century”.
- **National Painting Contest.** Plastic artist Harry Chávez Alzamora was awarded the first prize of the third BCRP National Painting Contest for “Pachamamita”. This painting, which is 155 cm in diameter, has been prepared with a technique that combines pearls, glass, and fantasy on a wood board. The second prize was awarded to Angel Rosales Valdez for his work “No hay peor ciego”, a painting made using acrylic on canvas techniques.

2.5 Book Presentations

The books presented in 2011 included “La Independencia del Banco Central”, by Manuel Monteagudo Valdez; “Empresas británicas, economía y política en el Perú 1850-1934”, by Rory Miller, co-published by the BCRP and IEP; “Cuatros y billetes: Crisis del Sistema Monetario Peruano (1821-1879)”, by Alejandro Salinas, co-published by the BCRP and IEP; “El Perú en su devenir económico”, by Kenneth Andrien, co-published by the BCRP and IEP; “La formación de la economía peruana”, by Shane Hunt, co-published by the BCRP and IEP; “Compendio de la Historia Económica del Perú, Volume IV: La Economía peruana durante su primera centuria de vida independiente”, by Fernando Armas Asín, José Deustua, Martín Monsalve, Jesús Cosamalón, Alejandro Salinas, and Luis Miguel Espinoza, co-published by the BCRP and IEP, and “El jardín de la doncella”, by Carlos Rengifo (BCRP Short Novel Prize).

2.6 Museum

Over 127 thousand people visited the BCRP Museum in 2011. Moreover, the BCRP Museum participated in several exhibitions in Peru and in other countries. The former included the exhibition of Luis Montero’s “Los Funerales de Atahualpa” at the Museum of Art of Lima (MALI) from October 22, 2010 to June 15, 2011; the exhibition of Ignacio Merino’s “La Historia Imaginada” at the MALI from April 27 to June 19, 2011; the exhibition of “Sierra Central: Acervos e Identidades” at the Art Gallery of the Instituto Cultural Peruano Norteamericano (ICPNA) from August 25 to October 16, 2011; the exhibition of the paintings participating in the III Concurso Nacional de Pintura del



BCRP at the Centro Cultural Inca Garcilaso of the Ministry of Foreign Affairs from September 15 to October 2; the exhibition “Modelando el Mundo: Imágenes de la Arquitectura Precolombina” at the MALI from October 19, 2011 to March 4, 2012, and the exhibition of Traditional Crèches at Centro Cultural Inca Garcilaso, from December 6, 2011, to January 8, 2012.

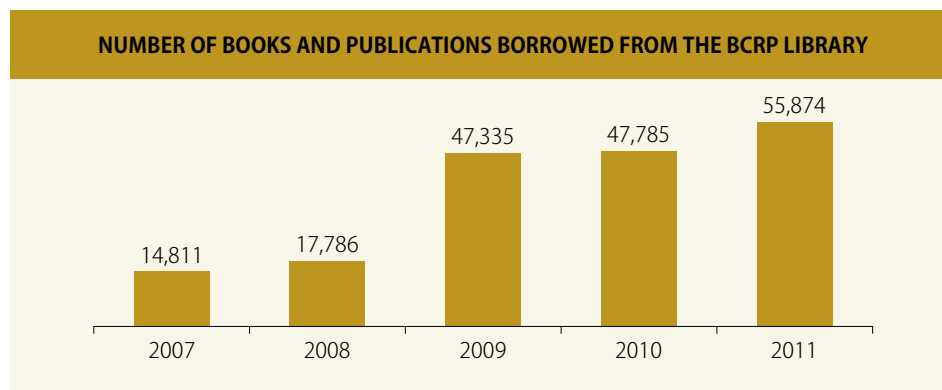
The BCRP Museum also participated in the following international exhibitions: “Precursores del Imperio Inca, Sicán – Ciudad Dorada”, which was organized by the Tokyo Broadcasting System (TBS) and involved exhibitions in several museums and cities of Japan from July 14, 2009, to June 12, 2011, and “Inca, Tesoros de Oro en las Cavernas” at the Museum of Far Eastern Antiquities in Skeppsholmen, Sweden, from September 10, 2011, to February 12, 2012.

The BCRP Museum also participated in the VIII Fair “Los Museos a tu Alcance”; the XVI International Book Fair 2011; the Feria Cultural de la Semana de la Democracia organized by Congress; the IV International Book Fair in the city of Arequipa, and the XXXII Book Fair in Lima.

As part of its social responsibility program, 22 theater plays and 47 films were offered at the theater of the Museum and 22 social responsibility activities were carried out for children of the schools and settlements of Ventanilla, El Agustino, Villa El Salvador, La Victoria, San Juan de Lurigancho, Callao, and San Juan de Miraflores. Furthermore, the Museum carried out 38 craft workshops and organized the fair “Navidad en Manos Artesanas”.

2.7 Library

In 2011, the Library of the BCRP continued to increase its collection of books and periodical publications specialized in economic and financial subjects. The BCRP book collection increased by 12,957 volumes, while its collection of periodical publications increased by 9,089 volumes. The Library managed 7,736 reading requests, lent a total of 55,874 books and periodical publications, and subscribed to other three digital publications



3. Main Events

In 2011 the Bank's authorities and officers participated in several international and national meetings, including the following:

3.1 International Meetings

- Annual Meeting of Deputy Governors of Central Banks of Emerging Economies, organized by the Bank for International Settlements (BIS) and held in Basel, Switzerland, February 17 -18.

- International Symposium on Regulation in the Face of Global Imbalances, organized by the Development Centre of OECD and held in Paris, France, March 3 -4.
- Workshop “Hot Topics in Macro Modeling”, organized by the IMF and held in Washington D.C., USA, March 10 - 18.
- Peru Day, organized by the Peruvian Business Council and held in New York, USA, on March 11.
- LII Meeting of ALADI Council for Financial and Monetary Affairs, organized by Asociación Latinoamericana de Integración (ALADI), held in Montevideo, Uruguay, March 15 -17.
- LII Annual Meeting of IADB Governors and XXVI Annual Meeting of the Board of Governors of the Inter American Investment Corporation, organized by the Inter American Development Bank (IADB) and the Inter American Investment Corporation, held in Calgary, Canada, March 25 - 28.
- Meeting of the Board of Fondo Latinoamericano de Reservas (FLAR), held in en Bogota, Colombia, on April 4.
- VII Meeting of Monetary Policy Advisors, organized by the Center for Latin American Monetary Studies (CEMLA), held in Rio de Janeiro, Brazil, April 7 -8.
- Spring Meeting of the International Monetary Fund (IMF), the World Bank (WB) and the G-24 Group, and Meeting of the IDB’s Latin American Network of Central Banks and Finance Ministries, held in Washington D.C., USA, April 13 – 16.
- Annual Roundtable on International Capital Markets and Emerging Markets, organized by the Institute of International Finance, held in Washington D.C., USA, on April 17.
- IX Meeting on Management of International Reserves, organized by CEMLA and held in Buenos Aires, Argentina, April 27 - 29.
- XCI Meeting of Governors of Central Banks and Assembly of the Center for Latin American Monetary Studies (CEMLA), carried out in Cartagena de Indias, Colombia, May 5 -6.
- Meeting of the Central Banking Accounting Committee and IV Course on Accounting of Financial Instruments, organized by the Bank of Spain and CEMLA and held in Madrid, Spain, May 9 -13.
- Second Conference on Monetary Policy, Financial Stability, and the Economic Cycle, organized by BIS and held in Ottawa, Canada, May 12 - 13.
- Meeting of the Technical Committee of Reserve Directors of Central Banks members of FLAR, held in Bogota, Colombia, June 6 - 11.
- Workshop for Central Banks on Macroprudential Policies: Frameworks, Experiences and Issues, organized by CEMLA and the Central Bank of Argentina and held in Buenos Aires, Argentina, June 13 - 14.
- Seminar “Strategic Planning at Central Banks in a Changing Environment”, organized by CEMLA and the Central Bank of Trinidad and Tobago, held in Port of Spain, Trinidad and Tobago, June 16 - 17.
- Annual General Meeting of the BIS, BIS Roundtable of Central Bank Governors of Latin America and the Caribbean, and Meeting of the Consultative Council for the Americas (CCA), organized by the Bank for International Settlements and the Central Bank of Chile and held in Basel, Switzerland, June 24 -27.
- LXV Ordinary Meeting of the Board of the FLAR and VI International Conference – Department of Economic Studies, held in Bogota and Cartagena de Indias, Colombia, July 21 - 23.
- XXII Meeting of Governors of Central Banks of Mercosur, Bolivia, Chile, Peru, and Venezuela, organized by the Central Bank of Chile, held in Santiago, Chile, August 4 - 5.



- XXVI Jornadas Anuales de Economía - the Central Bank of Uruguay, held in Montevideo, Uruguay, on August 18 - 19.
- Seminar "Managing the Capital Account and Regulating the Financial Sector: A Developing Country Perspective", organized by the Initiative for Policy Dialogue (IPD), United Nations Department of Economic and Social Affairs, and Institute for Applied Economic Research (IPEA), and held in Rio de Janeiro, Brazil, August 23 - 24.
- Bimonthly Meeting of Governors of BIS Member Central Banks, held in Basel, Switzerland, September 11 - 12.
- Joint meetings of the International Monetary Fund (IMF) and the World Bank (WB), XLVII Meeting of IMF-World Bank Central Bank Governors of Latin America, Spain and the Philippines; VI Meeting of Central Bank Governors of Asia, Latin America and the Caribbean; XXXIV IDB Annual Meeting of Central Banks and Ministers of Finance of Latin America; Meetings of the LAC/G20 Initiative and of the G-24; and Assembly of Governors of IMF-World Bank and Meeting of the Board of Governors of CEMLA, held in Washington D.C. and New York, USA, September 19 - 27.
- 15th Annual Central Bank and Investment Authority Seminar 2011, organized by the Commerzbank, held in Munich, Germany, September 27 - 30.
- XI Meeting of Internal Auditors of Central Banks, organized by CEMLA and the Central Bank of the Dominican Republic and held in Santo Domingo, Dominican Republic, September 28 - 30.
- Seminar of Foreign Reserve Management Principles, Tools and Strategies, organized by the Bank of France, held in Paris, France, October 10 - 14.
- Conference "The Implementation of Monetary Policy: Lessons from the Crisis and Challenges for Coming Years", organized by the Central Bank of Malaysia, CEMLA, South East Asian Central Bank Research & Training Centre (SEACEN), and Central Bank of Colombia, and held in Kuala Lumpur, Malaysia, October 12 - 14.
- LXVI Ordinary Meeting of the Board of FLAR, held in Santafe de Bogota, Colombia, on October 31.
- First Meeting on Financial Stability, organized by CEMLA, the Bank of Mexico and the Association of Bank Supervisors of the Americas, held in Mexico D.F., Mexico, November 3 - 4.
- Second Bimonthly Meeting of Governors of BIS Member Central Banks, held in en Basel, Switzerland, November 6 - 7.
- Annual Conference and Conference of the Technical Committee of Reserve Directors of Central Banks members of FLAR, organized by FLAR and the BNY Mellon, held in Cartagena de Indias, Colombia, November 9 - 11.
- XVI Annual Meeting of the Network of Central Bank Researchers, organized by CEMLA and held in Bogota, Colombia, November 16 - 18.
- Fourth Latin American Forum of Representatives of Finance Ministries and Central Banks, organized by the World Bank and the Central Bank of Uruguay, carried out in Montevideo, Uruguay, November 16 - 18.
- Fourth Summit Meeting of Central Banks on Inflation Targeting and 15th Annual Conference "Monetary Policy and Financial Markets", organized by the Central Bank of Chile and held in Santiago, Chile, November 17 - 19.
- XII Meeting of the Working Party on Financial Integration, organized by the Ministry of Economy and Public Finance of Argentina, and held in Buenos Aires, Argentina, November 23 - 25.

- Meeting of the Emerging Monitoring Group, organized by the BIS and held in Rio de Janeiro, Brazil, December 1 -2.
- Meeting of the FSB Regional Consultative Group for the Americas, organized by the Financial Stability Board, and held in Mexico D.F., Mexico, on December 2.

3.2 National Meetings and Events

- Launch of the book *La independencia del Banco Central* by Manuel Monteagudo Valdez, co-published by the BCRP, Universidad del Pacífico, and Instituto de Estudios Peruanos.
- Book presentation: *Empresas británicas, economía y política en el Perú, 1850-1934* by Rory Miller.
- Celebration of the 80th Anniversary of the transformation of the Reserve Bank Peru into the Central Reserve Bank of Peru.
- VIII International Course on Currency Management, co-organized with the Bank of Spain.
- XIII Workshop on International Economics and Finance, co-organized with Universidad del Pacífico.
- Book presentation: *Perspectivas Económicas de América Latina 2011: ¿En qué medida es clase media América Latina?*, co-organized with the Ministry of Foreign Affairs and the OECD.
- Book presentation: *Crisis y Decadencia. El Virreinato del Perú en el siglo XVII* by doctor Kenneth Andrien.
- Presentation of BCRP Governor Julio Velarde "Los sólidos fundamentos de la economía peruana y su perspectiva a largo plazo" at the Seminar "Peru Capital Markets Day", co-organized by El Dorado Investment and Universidad del Pacífico.
- Seminar "From the Breakdown of the Bretton Woods System to a new era of macro prudential oversight?", co-organized with the Reinventing Bretton Woods Committee and the G20.
- Book presentation: *La Formación de la Economía Peruana* by Shane Hunt.
- Presentation of the novel *El Jardín de la Doncella*, written by Carlos Rengifo, winner of the XIV "Julio Ramón Ribeyro" Short Novel Award.
- Lecture on "Perspectivas de la Economía Mundial y su Impacto en América Latina" by Augusto de la Torre, World Bank Chief Economist for Latin America and the Caribbean.
- First Course on Payments Systems organized by the BCRP.
- Lecture on "Perspectivas Económicas del Hemisferio Occidental", by Nicolás Eyzaguirre, IMF Western Hemisphere Director, and Rodrigo Valdés, Advisor to the IMF Western Hemisphere Department.
- Course on Macroprudential Policies, co-organized with CEMLA and the IMF.
- Seminar "On the Fund's Standard Initiative and Proposals", co-organized with the IMF.
- Presentation of Report "Perspectivas Económicas de América Latina 2012" of the OECD Development Center.
- Visit of IMF Director General Christine Lagarde.

4. Branch Offices

The BCRP branch offices, which are located in the cities of Arequipa, Cusco, Huancayo, Iquitos, Piura, Puno, and Trujillo, provide services to all of the country's departments. The BCRP branches are in charge of elaborating and disseminating studies and reports on the departments' economic and financial developments, as well as of supplying the appropriate amount of currency required in the country.



Síntesis Económica is a monthly report published on the BCRP web site that discusses the main economic and financial activities developed in the 23 departments of the country, excluding Lima and Callao. This document is also directly distributed to the main public and private organizations and institutions in each department.

As in previous years, the Inflation Report and other interesting topics were discussed in 2011 in different cities of the country through a series of meetings and presentations organized by the BCRP. In addition, specialists of the BCRP Branch of Piura participated in the X International Congress on the Peruvian Mango; the lecture "International Financial Crisis and its impact on the Department of Puno" was offered in Puno; and the lectures "Effects of the international financial crisis in Peru", "Macroprudential policies in Peru", "La minería y sus perspectivas en La Libertad", and "Panorama actual y perspectivas macroeconómicas" were offered in the City of Trujillo.

It is worth pointing out that the BCRP co-organized the international seminar "From the Breakdown of the Bretton Woods System to a new era of macro prudential oversight?" in Cusco in July 2011 with the support of the staff of its branch office in this city. Participants in the seminar included representatives of the IMF, the Bank of France, the G24, and the Central Bank of Chile, the Central Bank of Colombia, the Bank of Spain, and the Bank of Indonesia. On the other hand, the BCRP Branch Office of Arequipa participated in the Third International Book Fair that was carried out in the City of Arequipa in September 2011.

The BCRP branch offices provided training on the security features of banknotes and coins to the personnel of financial, commercial, and industrial companies and to the general public through 530 talks. In 2011 the number of people trained on the security features of coins and banknotes increased by 87 percent due to the efforts made by the BCRP to disseminate the security features of the new family of banknotes that are now in circulation.

A total of 32,047 visitors, both national and foreign, visited the museums of the BCRP branch offices of Trujillo, Arequipa, and Piura in 2011. This number of visitors is 4 percent higher than the one registered in 2010. The museum of Trujillo was visited by 21,579 people, this figure representing 67 percent of the total number of people who visited the BCRP museums.

In 2011 the BCRP delivered currency for a total value of S/. 2.64 billion to the BCRP Branch Offices. This amount was 7 percent lower than in 2010, because the Banco de la Nación provided currency to the Branch Offices of Iquitos and Huancayo during 2011.

Moreover, in order to maintain the quality of circulating banknotes, the Branch Offices removed deteriorated banknotes for a total value of S/. 3.09 billion from circulation and sent them to the BCRP main office for destruction. The amount of deteriorated banknotes removed from circulation was 7 percent higher than in 2010.

5. Currency Management

A new family of banknotes was put into circulation in 2011. The new banknotes of S/. 10 and S/. 20 began circulating in June and the new banknotes of S/. 50, S/. 100, and S/. 200 began circulating in August. It is worth mentioning that this purchase of banknotes with a new design was approved in August 2009.

Both the old and the new banknotes will circulate simultaneously. The new banknotes will be introduced gradually as the old banknotes deteriorate and are withdrawn from circulation.

The campaign developed to inform the public about the new family of banknotes focused on their security features. "Touch, Look, and Turn" were the actions emphasized to teach the public about the banknote security features. In addition to developing this campaign through the media, special teams traveled to different cities of the country for dissemination purposes and 6 million posters and leaflets were distributed.

The BCRP also continued issuing the coins of the numismatic series called "Wealth and Pride of Peru", which was launched in 2010 with the aim of promoting the country's rich cultural heritage through a medium of payment of massive use as well as with the aim of fostering numismatic culture. Thus, ten million units of each of the following

10 Nuevos Soles



20 Nuevos Soles



50 Nuevos Soles



100 Nuevos Soles



200 Nuevos Soles



new 1 sol coins were issued in February, May, July, and November, respectively: "Chullpas de Sillustani", "Monasterio de Santa Catalina", "Machu Picchu", and "Gran Pajatén". It is worth mentioning that the seven coins issued so far as part of the numismatic series "Wealth and Pride of Peru" are legal tender and circulate simultaneously with other 1 sol coins (S/. 1).

The 1 cent coin (S/. 0.01) was withdrawn from circulation as from May 1 (Circular N° 002-2011-BCRP), even though it remains as a unit of account for accounting purposes and for transactions paid with non-cash means. It should be noted that these coins may be redeemed for their face value for an unlimited period of time in banks or at the BCRP offices.



March 2010

July 2010

November 2010



February 2011

May 2011

July 2011

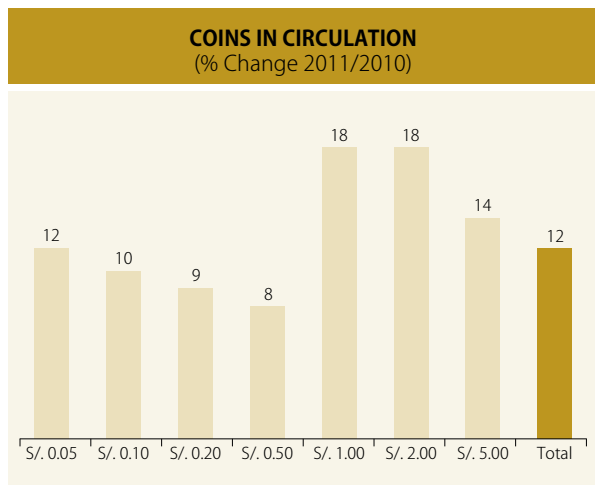
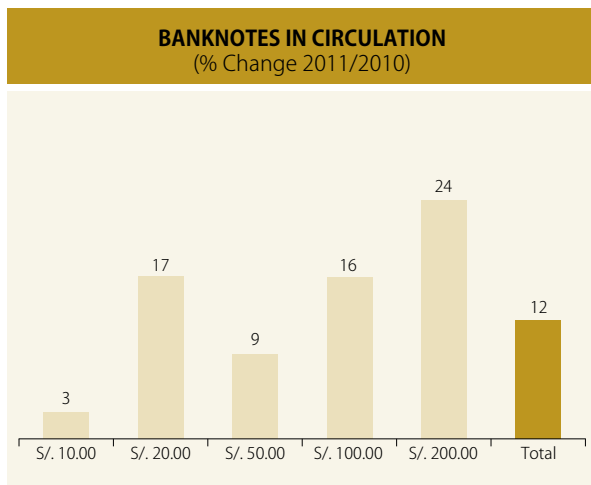
November 2011

5.1 Banknotes and Coins in Circulation

Reflecting the growth of economic activity in the country, in 2011 currency in circulation increased both in terms of value and in terms of units in circulation in response to increased demand.

In terms of value, the balance of banknotes in circulation at end 2011 was S/. 30.88 billion (15.1 percent higher than at end 2010), while the balance of coins in circulation was S/. 1,413.0 billion (14.4 percent higher than at end 2010).

On the other hand, in terms of units, the balance of banknotes in circulation at end 2011 was 511.4 billion units (12.1 percent higher than the balance at end 2010) and the balance of coins in circulation was 2,336.7 billion units (11.8 percent higher than in 2010).



5.2 Destruction of Banknotes and Coin Melting

A total of 207.1 billion banknotes with a monetary value equivalent to S/. 6,122.4 billion was destroyed in 2011.

DESTRUCTION OF BANKNOTES		
Denomination	Quantity (Millions of units)	Monetary value (Millions of nuevos soles)
S/. 10.00	105.4	1,053.8
S/. 20.00	55.7	1,113.6
S/. 50.00	14.6	728.4
S/. 100.00	30.6	3,059.9
S/. 200.00	0.8	166.7
TOTAL	207.1	6,122.4

Source: BCRP.

Moreover, 14.3 billion units of coins with a monetary value of S/. 6.8 billion were melted.

DESTRUCTION OF COINS		
Denomination	Quantity (Millions of units)	Monetary value (Millions of nuevos soles)
S/. 0.05	0.0	0.0
S/. 0.10	3.9	0.4
S/. 0.20	3.0	0.6
S/. 0.50	3.2	1.6
S/. 1.00	4.2	4.2
S/. 2.00	0.0	0.0
S/. 5.00	0.0	0.0
TOTAL	14.3	6.8

Source: BCRP.

5.3 Coin Minting

As a result of economic growth, the National Mint produced 300.7 billion coins in 2011. This figure is 18.7 percent higher than the one recorded in 2010.

The greater volumes produced were coins of 10 cents (S/. 0.10) and one Nuevo Sol (S/. 1.00).



PRODUCTION OF COINS			
Denomination	Alloy	Quantity (Millions of units)	Monetary value (Millions of nuevos soles)
S/. 0.01	Aluminum	14.7	0.15
S/. 0.05	Aluminum	36.0	1.80
S/. 0.10	Brass	94.0	9.40
S/. 0.20	Brass	23.0	4.60
S/. 0.50	Nickel-silver	38.0	19.00
S/. 1.00	Nickel-silver	63.0	63.00
S/. 2.00	Bi-metal	17.0	34.00
S/. 5.00	Bi-metal	15.0	75.00
TOTAL		300.7	206.95

Source: BCRP.

6. Circulars

In 2011 the BCRP issued 32 circulars: seven referred to the regulations of monetary instruments, three to regulations about reserve requirements, two to the payments system, one to first-class banks, seven to banknotes and coins, and twelve to the monthly announcement of the daily adjustment index established in article 240 of Law 26702, General Law for the Financial and Insurance Systems and the Organic Law of the Superintendence of Banks and Insurance Companies. The circulars issued in 2011 were the following:

Monetary Instruments

Circular N° 012-2011-BCRP (28/04/2011)

Circular N° 014-2011-BCRP (04/05/2011)

Circular N° 017-2011-BCRP (03/06/2011)

Circular N° 018-2011-BCRP (06/06/2011)

Circular N° 019-2011-BCRP (06/06/2011)

Circular N° 023-2011-BCRP (25/07/2011)

Circular N° 026-2011-BCRP (26/08/2011)

Reserve Requirements

Circular N° 003-2011-BCRP (28/01/2011)

Circular N° 006-2011-BCRP (25/02/2011)

Circular N° 008-2011-BCRP (31/03/2011)

Payments System

Circular 010-2011-BCRP (19/04/2011)

Circular 011-2011-BCRP (28/04/2011)

First-Class Banks

Circular N° 032-2011-BCRP (20/12/2011)

Banknotes and Coins

Circular N° 002-2011-BCRP (06/01/2011)

Circular N° 005-2011-BCRP (22/02/2011)

Circular N° 015-2011-BCRP (19/05/2011)

Circular N° 020-2011-BCRP (28/06/2011)

Circular N° 022-2011-BCRP (17/07/2011)

Circular N° 025-2011-BCRP (26/08/2011)

Circular N° 030-2011-BCRP (22/11/2011)

Daily Adjustment Index

Circular N° 001-2011-BCRP (03/01/2011) - January

Circular N° 004-2011-BCRP (01/02/2011) - February

Circular N° 007-2011-BCRP (01/03/2011) - March

Circular N° 009-2011-BCRP (01/04/2011) - April

Circular N° 013-2011-BCRP (03/05/2011) - May

Circular N° 016-2011-BCRP (01/06/2011) - June



Circular N° 021-2011-BCRP (01/07/2011) - July

Circular N° 024-2011-BCRP (01/08/2011) - August

Circular N° 027-2011-BCRP (01/09/2011) - September

Circular N° 028-2011-BCRP (03/10/2011) - October

Circular N° 029-2011-BCRP (02/11/2011) - November

Circular N° 031-2011-BCRP (01/12/2011) - December



Late intermediate (1100 – 1470 AD)

Gold bowl, ornamented with geometric designs. Metalwork techniques: laminating, hammering, and embossing.



Lambayeque (700 – 1350 AD)

Gold necklace made up by cone-shaped pendants and small ball beads. Metalwork techniques used: laminating, hammering, open work, and welding.



***FINANCIAL
STATEMENTS***

INDEPENDENT AUDITORS' REPORT

To the Directors of
Banco Central de Reserva del Perú

We have audited the accompanying financial statements of Banco Central de Reserva del Perú (hereinafter "the Central Bank") which comprise the statement of financial position as of December 31, 2011, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of 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 accordance with accounting principles approved by the Central Bank Board of Directors, described in note 2 to the accompanying financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards 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 misstatements.

An audit involves performing procedures to obtain audit evidence on the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating 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.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Banco Central de Reserva del Perú as of December 31, 2011, and its financial performance and cash flows for the year then ended, in accordance with accounting principles applied by the Central Bank as described in note 2.

Other matters

The financial statements as of and for the year ended December 31, 2010, were audited by other independent auditors, whose report dated February 04, 2011 expressed an unqualified opinion on those financial statements.

Lima, Peru
February 20, 2012

Countersigned by:



Juan Paredes
C.P.C.C. Registration No. 22220

*Medina, Zaldívar, Paredes
& Asociados*

**STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011 AND 2010**

ASSETS	Note	2011 S/.(000)	2010 S/.(000)
GROSS INTERNATIONAL RESERVES:			
Cash in foreign currency		134,896	175
Deposits in foreign banks	4	30,354,568	30,262,374
Deposits in foreign institutions	5	2,188,933	2,294,897
Securities from international institutions	6	92,141,335	85,339,924
Gold	7	4,641,465	4,394,212
Contributions to international institutions	8	2,144,349	1,609,933
Other available assets		68,470	72,684
		<u>131,674,016</u>	<u>123,974,199</u>
OTHER ASSETS ABROAD:			
Contributions in local currency to the International Monetary Fund	8(b)	1,814,335	2,233,129
Other assets abroad		55,623	67,766
		<u>1,869,958</u>	<u>2,300,895</u>
DOMESTIC CREDIT		9	9
PROPERTY, FURNITURE AND EQUIPMENT, NET	9	139,481	138,282
OTHER ASSETS	10	<u>1,229,708</u>	<u>432,069</u>
TOTAL ASSETS		<u>134,913,172</u>	<u>126,845,454</u>
OFF – BALANCE SHEET ACCOUNTS	20	<u>21,501,677</u>	<u>13,784,033</u>

The accompanying notes are an integral part of these statements of financial position.

LIABILITIES AND NET EQUITY	Note	2011 S/.(.000)	2010 S/.(.000)
RESERVE LIABILITIES		115,110	127,183
Other liabilities abroad:			
Equivalent of the contribution in local currency to the International Monetary Fund	8(b)	1,814,335	2,233,129
Other liabilities abroad	11	2,570,498	2,694,499
		<u>4,384,833</u>	<u>4,927,628</u>
STERILIZED STOCK:			
Outstanding securities issued	12	13,395,918	3,684,583
Deposits in local currency	13	36,232,328	48,888,911
		<u>49,628,246</u>	<u>52,573,494</u>
MONETARY BASE:	14		
Currency in circulation		32,300,487	28,077,144
Deposits in local currency		7,666,683	6,130,823
		<u>39,967,170</u>	<u>34,207,967</u>
DEPOSITS IN FOREIGN CURRENCY	15	41,853,711	32,755,094
OTHER LIABILITIES	16	1,353,621	636,517
TOTAL LIABILITIES		<u>137,302,691</u>	<u>125,227,883</u>
NET EQUITY	17		
Capital		1,182,750	1,182,750
Legal reserve		1,182,750	1,182,750
Special statutory reserve		871,449	410,107
Fair value reserve		(145,226)	18,473
Retained earnings		(203,423)	615,123
Capital, reserves and retained earnings		<u>2,888,300</u>	<u>3,409,203</u>
Readjustment for valuation article N°89 - Organic Act		(5,277,819)	(1,791,632)
TOTAL NET EQUITY		<u>(2,389,519)</u>	<u>1,617,571</u>
TOTAL LIABILITIES AND NET EQUITY		<u><u>134,913,172</u></u>	<u><u>126,845,454</u></u>
Off – balance sheet accounts	20	21,501,677	13,784,033

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>Note</u>	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
FINANCIAL INCOME			
Interest on deposits in foreign banks	4(c)	67,955	55,567
Net yield on securities	6(e)	1,845,346	1,876,473
Interest on international agreements		12,353	8,185
Dividends received from Latin American Reserve Fund		16,566	36,118
Yield on gross international reserves		1,942,220	1,976,343
Interest on domestic credit operations		12,294	1
Other financial income		86,519	7,936
TOTAL FINANCIAL INCOME		2,041,033	1,984,280
NON-FINANCIAL INCOME		14,368	4,332
FINANCIAL EXPENSES			
Interest on liabilities abroad		(10,844)	(7,700)
Interest on outstanding securities issued	12(c)	(486,021)	(313,553)
Interest on local currency deposits	13(c)	(1,393,366)	(702,625)
Interest on foreign currency deposits	15(d)	(44,428)	(44,379)
Other financial expenses		(6,481)	(5,236)
TOTAL FINANCIAL EXPENSES		(1,941,140)	(1,073,493)
OPERATING EXPENSES	21	(221,726)	(211,142)
EXPENSES AND COST OF ISSUANCE	22	(95,958)	(88,854)
Net (loss) income		(203,423)	615,123
OTHER COMPREHENSIVE INCOME	6(e)	(163,699)	(775,215)
TOTAL COMPREHENSIVE INCOME		(367,122)	(160,092)

The accompanying notes are an integral part of these statements

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Capital	Legal reserve	Special statutory reserve	Fair value reserve	Retained earnings	Capital reserves and retained earnings	Readjustment for valuation article N°89-Organic Act	Net Equity
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Balance as of January 1, 2010	591,375	591,375	-	793,688	2,050,612	4,027,050	(91,836)	3,935,214
Net income	-	-	-	-	615,123	615,123	-	615,123
Other comprehensive income, note 6(e)	-	-	-	(775,215)	-	(775,215)	-	(775,215)
Total comprehensive income	-	-	-	(775,215)	615,123	(160,092)	-	(160,092)
Reserve capitalization, note 17(a)	591,375	(591,375)	-	-	-	-	-	-
Transfer to special statutory reserve, note 17(b)	-	-	1,592,857	-	(1,592,857)	-	-	-
Constitution of reserve, note 17(b)	-	1,182,750	(1,182,750)	-	-	-	-	-
Transfer to earnings to the public treasury, note 17(c)	-	-	-	-	(457,755)	(457,755)	-	(457,755)
Readjustment for valuation of the year, note 17(d)	-	-	-	-	-	-	(1,699,796)	(1,699,796)
Balance as of December 31, 2010	1,182,750	1,182,750	410,107	18,473	615,123	3,409,203	(1,791,632)	1,617,571
Net loss	-	-	-	-	(203,423)	(203,423)	-	(203,423)
Other comprehensive income, note 6(e)	-	-	-	(163,699)	-	(163,699)	-	(163,699)
Total comprehensive income	-	-	-	(163,699)	(203,423)	(367,122)	-	(367,122)
Transfer to special statutory reserve, note 17(b)	-	-	461,342	-	(461,342)	-	-	-
Transfer to earnings to the public treasury, note 17(c)	-	-	-	-	(153,781)	(153,781)	-	(153,781)
Readjustment for valuation of the year, note 17(d)	-	-	-	-	-	-	(3,486,187)	(3,486,187)
Balance as of December 31, 2011	1,182,750	1,182,750	871,449	(145,226)	(203,423)	2,888,300	(5,277,819)	(2,389,519)

The accompanying notes are integral part of these statements

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
	S/.(000)	S/.(000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	(203,423)	615,123
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities		
Depreciation of property, furniture and equipment	6,822	6,778
Amortization of intangible assets	2,019	1,320
Other, net	1,544	(635)
Net changes in assets, liabilities and equity accounts		
Decrease of other assets abroad	430,937	98,136
(Increase) decrease of other assets	(799,658)	80,200
(Decrease) increase of reserve liabilities	(12,072)	10,695
Decrease of other liabilities abroad	(542,796)	(206,369)
Increase (decrease) of outstanding securities issued	9,711,335	(10,386,668)
(Decrease) increase of deposits in local currency	(12,656,582)	26,686,512
Increase of deposits in banks, financial institutions and other	1,535,859	5,122,210
Increase of deposits in foreign currency	9,098,617	3,422,427
Increase of other liabilities	717,104	120,246
Decrease of fair value reserve	(163,699)	(775,215)
Decrease of readjustment in valuation article N°89 - Organic Act	(3,486,187)	(1,699,796)
Cash and net cash equivalents provided by operating activities	<u>3,639,820</u>	<u>23,094,964</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property, furniture and equipment	-	1,027
Additions to property, furniture and equipment	(9,565)	(12,131)
Transfer of earnings to the Public Treasury	(153,781)	(457,755)
Cash and net cash equivalents used in investing activities	<u>(163,346)</u>	<u>(468,859)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,476,474	22,626,105
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>95,897,055</u>	<u>73,270,950</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>99,373,529</u>	<u>95,897,055</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. OPERATIONS

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

The Central Bank has its legal address and headquarters in Antonio Miró Quesada Street 441 – 445, Lima and has branches in seven cities in Peru. As of December 31, 2011 and 2010, the number of employees was 990 and 997, respectively.

The financial statements as of and for the year ended December 31, 2010 were approved by the Board of Directors at the meeting held on March, 2011. The financial statements as of and for the year ended December 31, 2011, were approved by the Central Bank's Management and will be submitted for the Board's approval within the period established by the Organic Act. In Management's opinion, they will be approved by the Board of Directors without modifications.

The Central Bank represents Peru for the purposes set forth in the articles of the agreements of the International Monetary Fund (hereinafter "IMF") and the Latin American Reserve Fund (hereinafter "FLAR" for its Spanish acronym) and is responsible for all transactions, operations and official relations with these institutions. The Central Bank may also act as a Peruvian Government Agent in its relations with multilateral credit organizations and financial agencies of foreign governments. Additionally, at December 31, 2011, the Central Bank has operations with the Bank for International Settlements (hereinafter "BIS").

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

- Grant funding 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 at any moment, valued at their acquisition cost, 5 percent of the balance of the monetary base at the closing date of the previous year.
- Grant credits or any other form of funding to financial institutions that maintain past due obligations. Moreover, the Central Bank is not allowed to grant loans or advanced payments to its Directors.
- Extend guarantees, letters of guarantee or any other guarantees, or use any form of indirect funding, or grant insurance of any type. It should be mentioned that the operations conducted by the Central Bank in implementing payment and reciprocal credit agreements are not subject to the aforementioned prohibition.
- Allocate resources for the creation of special funds aimed at granting credits or making investments to promote nonfinancial economic activities.



- Issue securities, bonds or contribution certificates of mandatory acquisition.
- Impose sector or regional coefficients in the composition of the loan portfolio of financial institutions.
- Establish multiple exchange rate regimes
- Purchase shares, except those issued by international financial agencies or those needed to be acquired to strengthen banks or financial entities; participate, directly or indirectly, in the capital of commercial, industrial or any other companies.
- Own more real estate properties than those required for its activities and those that were transferred in payment of debts. The latter must be sold not later than one year after their acquisition.

Net equity -

According to article N°84 of the Peruvian Constitution, the Central Bank's purpose is to preserve monetary stability. Its functions are to regulate liquidity and credit in the financial system, to manage international reserves and to perform other functions as specified its own Act. Therefore, it is not the objective of the Central Bank to maximize returns their capital from the corporate financial perspective.

Losses incurred in 2011 are mainly associated to the exceptional situation of low international interest rates in developed economies and the Bank's maintenance of international reserves to address the financial crisis. Moreover, the negative equity situation presented by the Central Bank is due to the weakening of the U.S. dollar on the valuation of assets and liabilities during the year. It should be noted that since the Central Bank's liabilities are adequately supported by the assets it holds and its capability to issue bills and coins, the Central Bank's Management believes that its negative equity does not affect its capability to continue operations as normal.

2. SIGNIFICANT ACCOUNTING PRINCIPLES

2.1. Central Bank criteria -

As of December 31, 2011 and 2010, according to article N°88 of the Organic Act and the criteria approved by the Board of Directors, the accounting principles used by the Central Bank correspond to generally accepted accounting principles in Peru (which include the Financial Reporting Standards (IFRS) formalized through Resolutions issued by the Accounting Standards Board ("CNC" for its Spanish acronym)) as applicable to the Central Bank and the standards established for the purpose by the Superintendencia de Banca, Seguros y AFP (SBS), except as indicated in the following paragraph. On the dates mentioned above, the CNC rendered the application of IFRS 1 to 8, IAS 1 to 41, the SIC 7 to 32 and IFRIC 1 to 19, their application being mandatory in Peru.

Based on the decision agreed by the Board of Directors and in application of article N°88 of its Organic Act, the Central Bank does not apply the criteria of the generally accepted accounting principles in Peru mainly in the following cases:

(i) Recording of variations due to exchange rate differences -

The Central Bank records adjustments of price valuation and exchange rates, of the assets and obligations in gold, silver, currencies, SDR or other monetary units of international use under the heading "Readjustment in valuation, article N°89 – Organic Act" in net equity. In accordance with the generally accepted accounting principles in Peru, the results of the aforementioned valuations must be included in the results of the period in which they were generated. As of December 31, 2011 and 2010, this adjustment amounted to a balance of S/.(000)5,277,819 and S/.(000)1,791,632, respectively; see paragraph (e) below and note 17(d).

(ii) Recording of embedded derivatives -

The Central Bank records the structured instruments that are provided with embedded derivatives such as held-to-maturity investments, which are valued at their amortization cost through the effective interest rate method, without considering the effects of the embedded derivative that are recognized in their entirety after the maturity of the instrument on the basis of the realized cash. The interest rate applied is provided by the counterpart. In accordance with the generally accepted accounting principles in Peru, the embedded derivatives of a main (or host) contract are treated like separate derivatives and recorded at their fair value if their economic characteristics and risks are not closely related to those of the main contract.

(iii) Valuation of available-for-sale assets -

The Central Bank performs the valuation of the available-for-sale financial assets at fair value on the basis of market prices. The Central Bank calculates the largest or smallest value of the available-for-sale assets comparing their book value (cost of acquisition) with their fair value, without considering the amortized cost, recording the changes in net equity until said investments are sold or realized. Premiums or discounts generated in their acquisition are recorded as income or expense at the time of settlement.

According to the generally accepted accounting principles in Peru, to calculate the largest or smallest value of the instruments representative of debt classified as available-for-sale assets, prior to their valuation at fair value, the amortized cost must be updated applying the effective interest rate method and recognize from the obtained cost the profit and losses due to the change in fair value.



(iv) Statements of cash flow -

The preparation of the statements of cash flow is carried out by the Central Bank considering as cash and cash equivalents the items indicated in paragraph (p) below; consequently, the format and content of the above mentioned statements adapt to said definition. This accounting practice differs in several aspects from what is stated in the generally accepted accounting principles in Peru.

(v) Disclosure of financial instruments and actuarial liabilities -

As of December 31, 2011 and 2010, and similarly to the financial companies in Peru, the Central Bank is not applying the requirements of IFRS 7 – Financial Instruments: Disclosures. The objective of this standard is to require entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, through the understanding of the nature and extent of the financial instruments to which the entity is exposed; as well as the methods the entity applies to manage the risks arising from said instruments.

As part of its approved policies, the Central Bank has also determined not to calculate or disclose the estimated fair value of held-to-maturity investments.

Likewise, the Central Bank does not reveal all the disclosures related to actuarial liabilities it maintains at those dates and which are established by IAS 19 – Employee Benefits.

The accounting criteria for these transactions are described in paragraphs (e), (f), (c) and (p) of this note, respectively.

2.2. Accounting criteria –

The main accounting principles and practices used in the preparation of the accompanying financial statements and corresponding to the accounting principles regulated by article N°88 of the Organic Act and approved by the Central Bank Board of Directors, according to its legal powers, are set forth below:

(a) Basis for presentation and use of estimates –

The accompanying financial statements have been prepared in Nuevos Soles from the accounting records of the Central Bank in accordance with the accounting principles approved by the Board of Directors.

The preparation of the accompanying financial statements requires Management to make estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of material events in the notes to the financial statements. Actual results could differ from those estimates. Estimates are continually evaluated and are based on historical experience and other factors. The most significant estimates used in relation with the accompanying financial statements correspond to the valuation of financial instruments, the transformation factor of monetary gold, the provision for social benefits, actuarial provision for supplemental retirement, widowhood, health care and burial benefits, the respective accounting criteria of which are described in this note.

(b) Financial Instruments -

Financial instruments are classified as assets, liabilities or equity according to the substance of the contractual agreement that originated them. Interests, dividends, gains and losses generated by financial instruments classified as assets or liabilities are recorded as income or expense. Financial instruments are offset when the Central Bank has a legal enforceable right to offset them and Management has the intention to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and liabilities recorded in the financial statements correspond to the gross international reserves (without considering gold), the rest of external assets, certain assets recorded in the "Other assets" item; note 10, and liabilities in general, with the exception of those detailed as non financial liabilities in the "Other liabilities" item, note 16.

The specific accounting policies on recognition and measurement of these items are disclosed in the accounting policies described in this note.

(c) Available-for-sale and held-to-maturity investments -

The initial record and the later measurement of the available-for-sale and held-to-maturity investments are carried out in accordance with the following criteria:

- **Classification -**

- (i) **Available-for-sale investments:**

Those designated as such because they are held for an indefinite time and can be sold due to needs for liquidity or changes in the interest rate, exchange rates or in the market price; or they do not qualify to be recorded at fair value with effect in results or held up to maturity.

- (ii) **Held-to-maturity investments:**

For the Central Bank, they are financial assets that may or may not include embedded derivatives, whose recovery values are fixed or determinable amounts and with definite maturity terms, and for which the entity has both the effective intention and the ability to hold them up to their maturity.

- **Initial recognition -**

The initial recognition of available-for-sale and held-to-maturity investments is performed at fair value, plus the transaction costs that are directly attributable to the acquisition of said investments.

- **Valuation -**

- (i) **Available-for-sale investments:**

Upon initial recognition, available-for-sale investments are measured at their fair value, and non realized gains and losses are recorded in the "Fair value reserve" heading in the net equity. Non realized gains or losses result from the comparison between the acquisition cost, which includes premiums paid or discounts obtained, and market value. Premiums and discounts included in the acquisition cost are recognized in the statements of income at maturity and not by the accrual criteria.

The fair value of the instruments classified as available-for-sale is the one provided daily by Bloomberg and Reuters.



When the instrument is sold or gains or losses previously recognized as part of the equity are realized, they are transferred to the results of the period, excluding the effects of the exchange rate difference, which is recorded as stated in paragraph (e) below. On the other hand, in case that the decrease in the market value of the investments is permanent or due to credit deterioration, the respective provisions are made, which affects the result of the period.

The gained interest is recognized in the statement of comprehensive income in the "Net yield on securities" caption. The gained interest is calculated and recorded using the nominal interest rate (coupon rate) on the nominal value of the investment.

The differences of changes that arise from the valuation of these investments are not recognized in the statement of comprehensive income, but in the equity, in accordance with paragraph (e) below.

(ii) Held-to-maturity investments:

Upon initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest rate method.

Any premium or discount of the instruments representative of debt classified as held-to-maturity investments is recognized with the calculation of the amortized cost by applying the effective interest rate method, recognizing the accrued interest in the "Net yield on securities" caption.

Securities classified as held-to-maturity correspond to structured bonds that are held with the purpose of diversifying investments, in accordance with the agreements reached by the Board of Directors. Said securities have embedded derivatives related to price baskets, commodities, indices, among others; see paragraph (f) below.

(d) Recognition of revenues and expenses -

Interest revenues and expenses are calculated at nominal rates over nominal values and are recognized in the results of the period they are accrued, in function to the time of validity of the operations that generate them and the agreed interest rates. Interest revenues include the yields of investments on securities issued by international entities.

Gains and/or losses generated by investments containing embedded derivatives are recognized at amortized cost without considering the effects of said embedded derivatives, which are recognized based on the cash received at their payment date or at maturity.

Other income and expenses are recognized as earned or incurred in the period in which accrued.

When there is reasonable doubt regarding the collectability of the principal of any financial instrument, interest is recognized as income to the extent that there is reasonable certainty of collection.

(e) Transactions in foreign currency -

The Central Bank prepares and presents its financial statements in Nuevos Soles, which is its functional and presentation currency.

Assets and liabilities in foreign currencies are recorded at the exchange rate of the date when transactions are performed and are expressed in Peruvian currency using the daily closing purchase exchange rate established by the SBS. Balances in other currencies are expressed according to the exchange rate provided by Bloomberg and Reuters, see note 3.

In accordance with article N°89 of the Organic Act and as approved in the Board of Directors Meeting of December 30, 2010, changes resulting from restatement assets and liabilities in gold, silver, currency, special drawing rights (hereinafter "SDR") or other monetary units of international use at the exchange rates prevailing at the date of issue of the statement of financial position are recorded in the caption "Readjustment for valuation, article N°89 – Organic Act" in net equity, without regarding them as gains or losses.

The Board meeting held on December 15, 2011, agreed that beginning in the year 2011, any exchange rate difference shall be permanently recorded in the "Readjustment for valuation, Article N°89 – Organic Act" caption in the net equity. The Central Bank has decided to apply said agreement prospectively, without affecting the financial statements of 2010. Until December 31, 2010, the Central Bank recorded the gains and losses generated on the date of the currency sale in the statements of comprehensive income.

The change in procedure has no significant effect on the Central Bank financial statements for comparative purposes.

(f) Derivative financial instruments -

As of December 31, 2011 and 2010, the Central Bank does not hold derivatives for trade or hedge purposes, but it does hold embedded derivatives.

Embedded derivatives -

The Central Bank records the embedded derivatives in a main (or host) contract at the date of the operation's maturity, based on the realized cash, recognizing at that moment the gain or loss generated.

The Central Bank holds structured instruments to maturity as part of "Securities from international entities", note 6, whose yields are indexed to variables such as the inflation rate of the United States of America, the variation in the exchange rate of different currency baskets, the variations in the price of gold, among others.

(g) Gold -

Gold holdings are valued using the New York market price provided daily by Bloomberg and Reuters.

The price of gold per troy ounce as of December 31, 2011 and 2010 was US\$1,545.45 and US\$1,404.30, respectively.

(h) Contributions to international organizations -

These include the contributions made by the Central Bank to the International Monetary Fund, the Latin American Reserve Fund and the Bank for International Settlements, which are recorded at the nominal value of the contribution, which represents their acquisition cost, because the above mentioned amount corresponds to the value that the Central Bank would have the right to receive in



case it withdrew its membership in some of said organizations. These contributions cannot be negotiated with third parties.

The yields from these contributions are recognized when accrued and the dividends when declared.

(i) Collections -

Collections consist mainly of artwork (archeological objects, paintings, sculptures, among others) and collectible coins that have been purchased and/or received as donation, and are recorded at their purchasing cost. Due to their nature, these assets are considered to have an indefinite useful life, so they do not depreciate and are recorded in the "Other assets" caption in the statements of financial position. The purchasing cost of donations is calculated based on the fair value estimated by specialists at the moment they are received.

(j) Property, furniture and equipment and depreciation -

Property, furniture and equipment are recorded at their acquisition cost, less the accumulated depreciation and accumulated amount of impairment, if applicable. Maintenance and repair costs are charged to the statement of comprehensive income and significant renewals and improvements are capitalized when: a) it is probable that future economic benefits will flow from the renewal or improvement; and b) their cost can be measured fairly. The cost and its corresponding accumulated depreciation of an asset sold or retired are eliminated from the corresponding accounts and the related gain or loss is included in the statement of comprehensive income.

Work in progress and in transit units are accounted at their acquisition cost. These goods are not depreciated until they are received or finished and placed into service.

Land is not depreciated. Depreciation is computed on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	100
Furniture and office equipment and miscellaneous equipment	10
Computer hardware	3
Vehicles	5

(k) Impairment of long-lived assets -

When changes or certain events indicate that the value of a long-lived asset may not be recovered, the Central Bank reviews the book value of its assets in order to verify if there is no permanent impairment in their values.

When the book value of the asset exceeds its recoverable value, a loss for impairment is recognized in the statement of comprehensive income. The recoverable value is the highest between the net sale price and its value in use. The net sale price is the amount that can be obtained from the sale of an asset in a free market, while the value in use is the present value of the estimated future cash flows provided by the continuous use of an asset and its disposal at the end of its useful life. The recoverable amounts are estimated for each asset or, if not possible, for each cash generating unit.

Management performs an annual assessment of whether the carrying value exceeds

the value recoverable from its long-lived assets based on market information available.

(l) Sterilized stock -

Sterilized stock is a liability in local currency comprised by outstanding securities issued and deposits in local currency from the governmental sector and financial entities, which are not part of the reserve requirements. The sterilized stock is the result from monetary operations to take out liquidity from the financial system, and from deposits from the said entities, which in case of reversal, would imply an increase in the monetary base.

Issued securities in circulation are measured at nominal value, recognizing the interests accrued in the statements of income of the period. The discounts granted at their placing date are deferred and are amortized during the term of validity of the instrument, using the effective interest rate method.

(m) Currency in circulation -

This includes bills and coins in legal tender issued by the Central Bank which are held by the public; and are recorded as a liability on the statement of financial position at their nominal value in the caption "Monetary Base".

Bills and coins not in circulation are kept in the Central Bank's vaults and recorded in off-balance sheet accounts at their nominal value.

(n) Employee benefits -

According to article N°58 of its by-laws, the Central Bank transfers financial resources to the Fund for Disease, Insurance and Pensions of the Central Bank's Employees (hereinafter "the Fund") with the purpose of supplementing the funds necessary to pay the benefits to its personnel. The total amount of the transferences to the Fund is approved by the Board of Directors.

The Central Bank maintains the following defined benefits plans:

- Supplemental pensions' subvention, widowhood pensions and burial subsidy.
- Other supplemental benefits to retirement, related to the healthcare benefits granted by the Central Bank.

The cost of granting benefits through the plans of definite benefits is determined separately for each plan, by means of the projected unit of credit method. Actuarial gains and losses of both defined benefits plans are recognized in their entirety in the statements of income in the period they occur.

The assets or liabilities for definite employee benefits include the present value of the obligation, which is determined using a discount rate based on high quality negotiable obligations; see note 16(b), minus the costs for past services and the fair value of the assets of the plan that will be used to liquidate said obligations. The assets of the plan are managed by a fund of long-term benefits for the personnel. The assets of the plan are neither available for the creditors of the Central Bank nor can be directly paid to the Central Bank. The fair value of these assets is based on the information of market prices.

The Fund's net assets considered to be deducted from the amount of the actuarial



reserve comprise the present value of the deposits and loans, net of obligations. The allowance for actuarial reserve has been calculated using mortality tables and market interest rates; see note 16(b).

The concepts of subvention for supplemental retirement pensions, widowhood, burial subsidy and other supplemental benefits, deducted of the present value of the Fund's net assets are recorded in "Other liabilities" in the statements of financial position, note 16.

(o) Operating expenses and issuance costs of bills and coins -

Operating expenses and the expenses of transporting bills and coins are recognized in results for the year they are incurred in.

The cost of making coins and coin blanks includes the cost of raw materials, of labor and indirect manufacturing costs and recognized in the results of year they are incurred.

The cost of printing bills and the cost of manufacturing coins are recognized in results of the year in which the bills and coins are issued.

(p) Cash and cash equivalents -

Cash and cash equivalents comprise gross international reserves, net of bills and coins in circulation issued as part of the caption "Monetary base" in the statement of financial position. As shown below:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Gross international reserves	131,674,016	123,974,199
Less:		
Currency in circulation	(32,300,487)	(28,077,144)
	<hr/>	<hr/>
Cash and cash equivalents	99,373,529	95,897,055
	<hr/> <hr/>	<hr/> <hr/>

The difference between total gross international reserves and reserve liabilities (consisting of the obligations with international entities) represent net international reserves. These reserves, which show the international liquidity of the country and its financial capacity in relation to other countries, are the resources available to the Central Bank to meet its obligations in foreign currency.

(q) Provisions -

Provisions are only recognized when the Central Bank has a present (implicit or legal) obligation as a result of past events, it is probable that an outflow of resources will be required to settle such obligation, and the amount has been reliably estimated. Provisions are reviewed in each period and are adjusted to reflect their best estimate as of the date of the statement of financial position. When the effect of the time value of money is significant, the amount recorded as a provision is the same as the present value of future payments required to settle the obligation.

The expense relating to any provision is presented in the statement of comprehensive income net of any related refund.

(r) Contingencies -

Contingent liabilities are not recognized in the financial statements. They are disclosed in notes to the financial statements, unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements; however, they are disclosed when their contingency degree is probable.

(s) New accounting rules -**(i) International Financial Reporting Standards -**

The CNC through Resolution N°048-2011-EF/30 issued on January 6, 2012, approved the application from the day following the issuance of the ruling or later, according to the effective date specified in each specific standard, the current versions of 2011 of IFRS 1 to 13, IAS 1 to 41, the statements 7 to 32 of the Standing Interpretations Committee (SIC) and Interpretations of Financial Reporting Standards (IFRIC) 1 to 19 and amendments to October 2011 of the IAS, IFRS and IFRIC issued internationally.

The Central Bank is in the process of assessing the impact of implementing these rules, if any, in its financial statements.

(ii) International Financial Reporting Standards - IFRS issued at international level but which are not mandatory in Peru -

The following IFRS have been issued internationally to December 31, 2011, but have not yet been approved by the CNC:

- IFRIC 20 "removal costs in the production phase of an open surface mine", effective for periods beginning on or after 1 January 2013.

Because the previous standard has not yet been approved by the CNC, the Central Bank has not evaluated the effect on its financial statements, if any.



3. FOREIGN CURRENCY TRANSACTIONS AND EXPOSURE TO EXCHANGE RISK

Transactions in foreign currency are recorded using the prevailing exchange rates in the market.

As of December 31, 2011, the purchase exchange rate established by the SBS to record transactions in U.S. Dollars was S/.2.695 (S/.2.808 as of December 31, 2010). 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 (c) below.

(a) A detail of the Central Bank's foreign currency assets and liabilities expressed in thousands of U.S. Dollars is shown below:

	2011	2010
	US\$(000)	US\$(000)
Assets		
Cash in foreign currency	50,054	62
Deposits in foreign banks	11,263,291	10,777,199
Securities from international institutions	34,189,735	30,391,711
Gold	1,722,250	1,564,890
Contributions to international institutions	795,677	573,338
Other available assets	837,626	843,156
Other assets abroad	20,639	24,133
Other assets	401,808	104,942
	<hr/> 49,281,080	<hr/> 44,279,431
Liabilities		
Other liabilities abroad	62,712	65,293
Deposits in foreign currency	15,530,134	11,664,920
Other liabilities	387,557	126,249
	<hr/> 15,980,403	<hr/> 11,856,462
Net asset position	<hr/> <hr/> 33,300,677	<hr/> <hr/> 32,422,969

- (b) The balances in foreign currency and in precious metals as of December 31, 2011 and 2010 expressed in U.S. dollars are summarized as follows:

	<u>2011</u> US\$(000)	<u>2010</u> US\$(000)
Assets		
U.S. Dollars	37,257,784	35,510,698
Euro	5,830,703	6,176,538
Other currencies	2,930,224	153
Gold	1,722,933	1,565,573
SDR (*)	1,518,267	1,005,155
Andean pesos	20,000	20,000
Silver	1,169	1,314
	<hr/>	<hr/>
	49,281,080	44,279,431
Liabilities		
U.S. Dollars	15,555,906	11,821,133
SDR (*)	301,982	572
Euro	102,057	14,227
Andean pesos	20,000	20,000
Silver	458	530
	<hr/>	<hr/>
	15,980,403	11,856,462
Net assets	<u><u>33,300,677</u></u>	<u><u>32,422,969</u></u>

- (*) 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 fixed 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.



(c) The quotations of major currencies used by the Central Bank in relation to the U.S. Dollars as of December 31, 2011 and 2010 are summarized as follows:

	<u>2011</u> US\$	<u>2010</u> US\$
SDR	1.530400	1.540030
Andean pesos	1.000000	1.000000
Euro	1.294000	1.328900

4. DEPOSITS IN FOREIGN BANKS

(a) This item is made up as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Time deposits (b)	30,315,224	30,254,216
Accrued interest (c)	1,672	3,226
	<hr/> 30,316,896	<hr/> 30,257,442
Demand deposits	37,596	4,931
Accrued interest (c)	65	1
	<hr/> 37,661	<hr/> 4,932
Accrued interest for gold deposits, note 7(c)	11	-
	<hr/>	<hr/>
Total	<u><u>30,354,568</u></u>	<u><u>30,262,374</u></u>

- (b) As of December 31, 2011 and 2010, time deposits are mainly represented by US\$(000)10,588,358 and US\$(000)10,422,276, respectively, which are deposited in first class banks and bear interest in accordance with international market rates.

As of December 31, 2011, deposits in foreign banks accrued an average annual interest rate of 0.14 percent (0.25 percent as of December 31, 2010).

- (c) As of December 31, 2011 and 2010, Central Bank recognized interest income in deposits in foreign banks by S/.(000)67,955 and S/.(000)55,567, respectively, which is presented in the caption "Financial income" of the statements of comprehensive income.

5. DEPOSITS IN INTERNATIONAL INSTITUTIONS

As of December 31, 2011 and 2010, these deposits correspond to deposits in IMF which are denominated in SDR, bear interest at average annual effective rate of 0.11 and 0.34 percent, respectively, and are unrestricted.



6. SECURITIES FROM INTERNATIONAL INSTITUTIONS

(a) This item is made up as follows:

	2011			2010		
	Acquisition cost	Unrealized gross amount		Acquisition cost	Unrealized gross amount	
	S/.(000)	Increase	Decrease	S/.(000)	Increase	Decrease
		S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
			(e)			(e)
Available-for-sale investments -						
Long – term sovereign securities	33,664,526	74,746	-	38,219,574	-	(97,753)
Long – term supranational securities	3,897,820	48,481	-	6,273,860	164,129	-
Short – term sovereign securities	30,820,810	-	(263,991)	26,133,834	-	(59,521)
Short – term supranational securities	11,311,828	-	(4,462)	2,558,508	11,618	-
Certificates of deposits	-	-	-	1,921,147	-	-
	79,694,984	123,227	(268,453)	75,106,923	175,747	(157,274)
	Amortized cost			Amortized cost		
	S/.(000)			S/.(000)		
Held-to-maturity investments -						
Sovereign securities	1,379,661			1,399,473		
Supranational securities	10,710,405			8,146,208		
	12,090,066			9,545,681		
Balance of available-for-sale investments and held-to-maturity investments						
		91,639,824				84,671,077
Accrued interest						668,847
Total						85,339,924

Book value corresponds to the estimated market value for available-for-sale investments and the amortized cost for held-to-maturity investments, according to accounting policies indicated in note 2.2(c).

(b) As of December 31, 2011 and 2010, the maturities and the nominal annual interest rates on investments are as follows:

	Maturity		Nominal interest rate (coupon rate) (**)											
	2011		2011				2010				2010			
	US\$	Other currencies	US\$	Min	Max	US\$	Min	Max	US\$	Min	Max	Other currencies	Min	Max
Available-for-sale investments -														
Long – term sovereign securities			0.125		5.500	0.250		6.500	0.242		6.125	0.977		8.000
Long – term supranational securities			0.500		5.500	1.648		6.000	0.500		5.750	3.125		5.375
Short – term sovereign securities			0.102		6.125	0.810		8.000	0.208		6.000	0.405		6.500
Short – term supranational securities			0.090		5.750	3.212		5.375	0.300		6.125	2.900		3.625
Certificates of deposits			-		-	-		-	0.260		0.290	0.530		0.530
Held-to-maturity investments -														
Sovereign securities			1.625		2.000	-		-	1.625		2.000	-		-
Supranational securities			0.150		0.790	1.000		2.282	0.150		0.609	-		-

(**) The nominal rate corresponds to the coupon rate, excluding premiums or discounts earned at the acquisition of the instruments detailed above.



- (c) Securities from international institutions are first category and low-risk financial instruments, which have risk ratings of at least AA- (according to rating agencies Moody's, Standard & Poor's and Fitch), bear interest at the international market rates, and are kept in first class foreign banks.
- (d) Balance due on available-for-sale and held-to-maturity investments as of December 31, 2011 and 2010, is as follows:

	<u>2011</u>	<u>2010</u>
	S/.(000)	S/.(000)
Up to 3 months	19,890,158	19,308,610
From 3 months to 1 year	25,071,019	11,490,747
From 1 to 3 years	30,386,277	35,003,544
From 3 to 5 years	16,157,221	18,868,176
More than 5 years	135,149	-
	<hr/>	<hr/>
Total	<u><u>91,639,824</u></u>	<u><u>84,671,077</u></u>

- (e) As of December 31, 2011 and 2010, the Central Bank recognized revenues for net yields of securities for a total of S/.(000)1,845,346 and S/.(000)1,876,473, respectively, which are part of the "Financial income" caption in the statement of comprehensive income. Likewise, during 2011 and 2010, the Central Bank recognized a reduction of S/.(000)163,699 and S/.(000)775,215, respectively, in the "Fair value reserve" caption, which is part of the net equity, see note 2.2(c).

The Central Bank's Management has determined that the non realized losses as of December 31, 2011 and 2010, are of temporary nature. Therefore, given its capacity to maintain each of these investments for a period of time sufficient to allow a recovery in the fair value before its realization (selling) or maturity, whatever happens first, the Central Bank has decided to do so. Based on this analysis, no permanent impairment has been identified that requires the recognition of allowances for 2011 and 2010, note 2.2(c).

7. GOLD

(a) This item is made up as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
In the country -		
Gold coins (b)	2,299,872	2,177,444
Provision for cost of converting gold coins to high purity or "good delivery" gold bars	(1,840)	(1,917)
	<u>2,298,032</u>	<u>2,175,527</u>
Abroad -		
Gold bars (c)	<u>2,343,433</u>	<u>2,218,685</u>
Total	<u>4,641,465</u>	<u>4,394,212</u>

- (b) As of December 31, 2011 and 2010, is represented by 552,192 troy ounces of gold in commemorative coins deposited in the vault of the Central Bank, valued at the per-troy ounce price at said dates.
- (c) As of December 31, 2011 and 2010, corresponds to 562,650 troy ounces of good delivery gold bars, which are deposit in first class foreign banks. As of December 31, 2011, 249,702 troy ounces were held under custody (as of December 31, 2010, the total amount of said item was held under custody) and 312,948 troy ounces were held as time deposits, thus accruing interests at an annual effective rate of 0.03 percent and having a 15-day term since their issuance date. Accrued interests as of December 31, 2011, are recorded in the "Deposits in foreign banks" caption in the statement of financial position, note 4.



8. CONTRIBUTIONS TO INTERNATIONAL INSTITUTIONS

(a) This item is made up as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Contributions to the International Monetary Fund (b)	818,699	527,577
Contributions to Latin American Reserve Fund (c)	1,054,625	1,082,356
Contribution to Bank for International Settlements (d)	271,025	-
	<hr/>	<hr/>
Total	<u>2,144,349</u>	<u>1,609,933</u>

(b) Contributions to International Monetary Fund included the following:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Contribution in SDR:		
Contribution to IMF in SDR (i)	818,699	527,577
	<hr/>	<hr/>
Contribution in local currency:		
Contribution to IMF for equivalent in local currency (i)	1,822,340	2,221,629
Revaluations to be liquidated – Contribution to IMF in local currency (ii)	(8,005)	11,500
	<hr/>	<hr/>
Total contribution in local currency	1,814,335	2,233,129
	<hr/>	<hr/>
Total contribution to IMF	<u>2,633,034</u>	<u>2,760,706</u>

- (i) The contribution to IMF grants Peru access to IMF's funding activities. The IMF determines Peru's contribution as a participating country, which as of December 31, 2011 and 2010, amounts to SDR(000) 638,400, which are composed of contributions in SDR and Nuevos Soles. Peru's participation in the total share held by IMF member countries is 0.29 percent as of December 31, 2011 and 2010.

For the contributions in Nuevos Soles, the Central Bank has not disbursed any funds and has constituted a promissory note in favor of the IMF, by means of which said organization can arrange the cashing of the above mentioned contribution at any moment; thus, said compensation is recorded as a liability to the IMF in the "Other external liabilities" caption

in the statement of financial position. This obligation does not generate interests and can be demanded at any moment.

- (ii) Corresponds to the exchange rate difference generated by the contribution between April 30 and December 31 of each year. These revaluations restate the contribution in local currency at the end of FMI's financial year that is made on April 30 each year.

By means of Act N°29823 published on December 29, 2011, the Congress authorized to increase Peru's quota at the International Monetary Fund from SDR(000) 638,400 (equivalent to S/.(000)2,633,034) to SDR(000) 1,334,500 (equivalent to S/.(000)5,504,046), for which purpose, the Central Bank will take the steps required and sign the promissory notes or necessary documents to make this increase effective, once the approvals and conditions indicated in the IMF Constitutive Agreement are met.

- (c) As of December 31, 2011, the contribution to FLAR amounts to US\$(000)391,327, equivalent to S/.(000)1,054,625 (US\$(000)385,454 equivalent to S/.(000)1,082,356, as of December 31, 2010). This contribution grants Peru access to funding facilities from FLAR. Peru's participation in FLAR accounts for 22.22 percent of its subscribed capital. Also, at said date, the Central Bank holds unpaid contributions in favor of FLAR that amount to US\$(000)77,423, equivalent to S/.(000)208,656 (US\$(000)83,296 equivalent to S/.(000)233,894, as of December 31, 2010), which are recorded as accounts receivable and accounts payable and are recorded in the "Other assets" and "Other liabilities" captions, notes 10(a) and 16(a).
- (d) In July 2011, the Central Bank accepted the invitation of BIS to participate as a member of that international organization. BIS determines the percentage of participation of member countries and in the case of Peru, its participation amounts to 3,000 shares, having paid 25 percent of market value equivalent to SDR(000)65,712 (equivalent to S/.(000)271,025). 75 percent of the market value of said shares, corresponding to SDR(000)197,136 (equivalent to S/.(000)813,073), has been recorded as a subscribed but not paid-in contribution in the "Other assets" and "Other liabilities" captions, notes 10(a) and 16(a).



9. PROPERTY, FURNITURE AND EQUIPMENT, NET

(a) The movement of property, furniture and equipment and accumulated depreciation, for the years ended December 31, 2011 and 2010, is as follows:

Description	Land S/.(000)	Building and other construction S/.(000)	Furniture and office equipment S/.(000)	Vehicles S/.(000)	Miscellaneous equipment S/.(000)	Units in transit S/.(000)	2011 S/.(000)	2010 S/.(000)
Cost								
Balance as of January 1	24,056	158,029	5,021	2,473	62,913	2,878	255,370	245,284
Additions	-	1,058	183	656	6,435	1,233	9,565	12,131
Disposals and others	-	(705)	(237)	(25)	(4,482)	(1,081)	(6,530)	(2,045)
Balance as of December 31	24,056	158,382	4,967	3,104	64,866	3,030	258,405	255,370
Accumulated depreciation								
Balance as of January 1	-	54,095	4,514	2,067	39,487	-	100,163	95,037
Depreciation for the year (e)	-	1,904	100	222	4,596	-	6,822	6,778
Disposals and others	-	(336)	(237)	(26)	(4,387)	-	(4,986)	(1,652)
Balance as of December 31	-	55,663	4,377	2,263	39,696	-	101,999	100,163
Impairment (d)	-	(16,925)	-	-	-	-	(16,925)	(16,925)
Net book value	24,056	85,794	590	841	25,170	3,030	139,481	138,282

(b) As of December 31, 2011 and 2010, the Central Bank maintains furniture and equipment for S/.(000)32,553 and S/.(000)33,140, respectively, fully depreciated, which is still in use.

(c) The Central Bank maintains effective insurances on its main assets, in conformity with the policies established by Management and Board of Directors.

(d) Corresponds to the impairment on its real estate generated as result of the appraisal carried out by expert independent appraisers during 2008. Management reviews every year whether the book value exceeds the recoverable value of its long-lived assets based on available market information. In Management's opinion, there is no evidence of additional impairment of the long-lived assets held by the Central Bank as of December 31, 2011 and 2010.

(e) As of December 31, 2011 and 2010, the depreciation of property, furniture and equipment is included in the captions "Operating expenses" and "Expense and costs of issuance" of the statements of comprehensive income.

10. OTHER ASSETS

(a) These items are made up as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Financial instruments -		
Contribution to international institutions, notes 8(c), (d) and note 16(a)	1,021,729	233,894
Accounts receivable from personnel	1,905	1,813
	<hr/>	<hr/>
	1,023,634	235,707
	<hr/>	<hr/>
Non-financial instruments -		
Collections (b)	97,176	89,968
Deferred charges (c)	34,116	22,634
Raw material, semi finished and finished products (d)	33,241	38,544
CNM inventories in transit (e)	29,351	37,375
Intangibles, net	3,794	3,054
Silver	3,149	3,691
Other	5,247	1,096
	<hr/>	<hr/>
	206,074	196,362
	<hr/>	<hr/>
Total	<u><u>1,229,708</u></u>	<u><u>432,069</u></u>

(b) Collections correspond to painting, archaeological pieces, sculptures, numismatic collections of coins and bills and other objects acquired by or donated to the Central Bank and maintained for display.

(c) Deferred charges mainly comprise the cost of printing bills, which is charged to expenses when such bills are issued for first time.

(d) Raw material comprises the supplies acquired by the Central Bank for the minting of coins valued at average cost. The value of semi-finished and finished products is comprised by the cost of the raw material, direct manpower and the indirect manufacturing expenses.



- (e) CNM inventories in transit are composed by goods that will be used as part of the production process of coins.

11. OTHER FOREIGN LIABILITIES

- (a) These items are made up as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Allocation of SDR (b)	2,526,557	2,623,851
Revaluations to be liquidated – SDR		
Allocations (c)	(11,098)	13,582
Allocation of Andean pesos (d)	53,900	56,160
Other	1,139	906
	<hr/>	<hr/>
Total	<u>2,570,498</u>	<u>2,694,499</u>

- (b) As of December 31, 2011 and 2010, the balance of the SDR allocation account is equivalent to SDR (000)609,893 and corresponds to the distribution the IMF made to Peru in proportion to its SDR quota, in accordance to what is stated in the IMF Constitutive Agreement. SDR allocations accrue interests according to the conditions of said Constitutive Agreement; the annual interest rates were 0.11 percent and 0.34 percent as of December 31, 2011 and 2010, respectively.
- (c) Correspond to the exchange rate difference generated by the allocation of SDR received on the part of the IMF and that is generated between April 30 and December 31 of every year. These revaluations (allowances) update the SDR allocations at the end of IMF's financial year that is performed on April 30 of every year.
- (d) The allocation of Andean Pesos corresponds to those delivered by FLAR amount to Andean Pesos (000)20,000 (equivalent to S/.(000)53,900 and S/.(000)56,160, respectively, as of December 31, 2011 and 2010); this allocation does not generate interests, does not have any defined maturity and has not represented any disbursement because the counterpart has been recorded as an account receivable in the "Other assets abroad" caption in the statement of financial position.
- (e) During 2011 and 2010, the Central Bank paid interests corresponding to its liabilities abroad, mainly for the obligations for SDR allocations that amounted to S/.(000)10,713 and S/.(000)7,619, respectively, which are recorded in the "Financial expenses" caption in the statements of comprehensive income.

12. OUTSTANDING SECURITIES ISSUED

(a) These items are made up as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Certificates of deposits (CDBCRP)	13,580,200	30,000
Certificates of deposits settled in U.S. Dollars (CDLDBCRP)	-	450,000
Certificates of deposits floating rate (CDVBCRP)	-	3,195,800
	<hr/>	<hr/>
	13,580,200	3,675,800
Adjustment for indexing CDVBCRP	-	11,488
Discount on sale CDBCRP, CDVBCRP, CDLDBCRP	(184,282)	(2,705)
	<hr/>	<hr/>
Total	<u>13,395,918</u>	<u>3,684,583</u>

(b) As of December 31, 2011 and 2010, issued securities in circulation comprise certificates of deposit in local currency with maturities of up to 348 days which are placed by means of auctions or by direct placing mechanism for the purpose of withdrawing liquidity surpluses from of the financial system. As of December 31, 2011, said certificates were placed at discount and accrued interests at an implicit annual rate of between 3.9 and 5.2 percent (between 0.0 percent and 3.9 percent as of December 31, 2010).

(c) During 2011 and 2010, the Central Bank registered expenses for the interests of the issued securities in circulation that amounted to S/.(000)486,021 and S/.(000)313,553, respectively, which are registered in the "Financial expenses" caption in the statement of comprehensive income.

(d) As of December 31, 2011 and 2010, certificates of deposits issued by the Central Bank were acquired by:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Banks	10,237,200	3,295,100
Mutual funds and private pension funds	1,559,400	380,700
Banco de la Nación	249,300	-
Financial institution	109,500	-
Other entities	1,424,800	-
	<hr/>	<hr/>
Total	<u>13,580,200</u>	<u>3,675,800</u>

**13. DEPOSITS IN LOCAL CURRENCY**

(a) These items are made up as follows:

	2011 S/.(000)	2010 S/.(000)
Governmental sector	22,782,275	18,132,614
Banco de la Nación	9,157,093	8,592,868
Banks	3,690,200	21,044,000
Financial institutions	12,800	284,000
Other entities and Funds	589,960	835,429
	<hr/>	<hr/>
Total	36,232,328	48,888,911
	<hr/> <hr/>	<hr/> <hr/>

(b) As of December 31, 2011 and 2010, deposits in local currency are classified by type of transaction as follows:

	Interest %	Maturity	2011 S/.(000)	2010 S/.(000)
Current				
accounts	Between 3.45 and 3.50	Without maturity	10,360,093	15,900,294
		Between January		
Time deposits	Between 3.50 and 4.20	and March 2012	16,561,900	23,692,749
Special				
deposits		Between 1 and 3		
(overnight)	Between 3.45 and 3.50	days	9,310,335	9,295,868
			<hr/>	<hr/>
Total			36,232,328	48,888,911
			<hr/> <hr/>	<hr/> <hr/>

(c) During 2011 and 2010, the Central Bank recognized interest on deposits in local currency for S/.(000)1,393,366 and S/.(000)702,625, which are recorded in the caption "Financial expenses" of the statement of comprehensive income.

14. MONETARY BASE

(a) These items are made up as follows:

	2011 S/.(000)	2010 S/.(000)
Currency in circulation	32,300,487	28,077,144
Deposits in local currency -		
Deposits from banks (c)	4,910,769	3,686,966
Deposits from Banco de la Nación (c)	1,370,000	1,700,000
Deposits from financial institutions (c)	328,196	117,130
Other financial institutions (c)	1,057,718	626,727
	<hr/>	<hr/>
	7,666,683	6,130,823
	<hr/>	<hr/>
Total	39,967,170	34,207,967
	<hr/> <hr/>	<hr/> <hr/>

(b) The composition of currency in circulation is as follows:

	2011		2010	
	Units	S/.(000)	Units	S/.(000)
Denomination S/. 10	95,778,294	957,783	93,186,825	931,868
Denomination S/. 20	91,657,578	1,833,152	78,589,425	1,571,789
Denomination S/. 50	113,721,158	5,686,058	104,667,025	5,233,351
Denomination S/. 100	196,426,428	19,642,643	168,739,228	16,873,923
Denomination S/. 200	13,812,875	2,762,575	11,127,657	2,225,531
		<hr/>		<hr/>
Total		30,882,211		26,836,462
		<hr/>		<hr/>
Denomination S/. 0.01	355,297,308	3,553	339,212,884	3,392
Denomination S/. 0.05	299,811,371	14,991	267,824,822	13,391
Denomination S/. 0.10	906,745,006	90,674	820,764,801	82,077
Denomination S/. 0.20	238,897,566	47,780	218,570,202	43,714
Denomination S/. 0.50	302,799,051	151,400	279,948,283	139,974
Denomination S/. 1.00	383,062,414	383,062	325,830,228	325,830
Denomination S/. 2.00	100,646,345	201,293	85,176,196	170,353
Denomination S/. 5.00	104,767,128	523,836	92,052,806	460,264
		<hr/>		<hr/>
		1,416,589		1,238,995
Commemorative coins		1,687		1,687
		<hr/>		<hr/>
Total		32,300,487		28,077,144
		<hr/> <hr/>		<hr/> <hr/>



- (c) As of December 31, 2011 and 2010, correspond to deposits in local currency of the financial entities subject to reserve requirements in the national financial system. Such funds are intended to cover the amount of reserves required by the Central Bank for obligations subject to reserve requirements in local currency which do not have maturity. Additionally, the amount of reserve requirements may be covered with cash in local and foreign currency, note 15(b), in cash of the entity subject to reserve requirements.

The required reserve comprises minimum reserve requirements, which, as of December 31, 2011 and 2010, had a rate of 9 percent for the obligations subject to reserve requirements in local and foreign currency, note 15(b), and additional reserves, which is the part of the required reserves that exceeds the legal minimum reserve requirements. As of December 31, 2011, the additional reserve rate in local currency fluctuated between 3.0 and 5.0 percent (between 0.0 and 2.8 percent as of December 31, 2010).

The obligations subject to reserve requirements are classified in two regimes: general and special. As of December 31, 2011, reserve requirements funds corresponding to the additional reserve of the general and special regime, that were deposited in the Central Bank earned interests at an annual rate of 2.45 percent, equivalent to the rate of remuneration of overnight deposits at the Central Bank minus 100 basis point (as of December 31, 2010, the rate was 1.2 percent).

On March 31, 2011, the Central Bank issued Circular N°008-2011-BCRP which refers to reserve requirements in local and foreign currency, note 15(b), and increases by 0.5 percentage points, the implicit rate used to calculate reserve requirements of the obligations subject to the general regimes in local and foreign currency to 0.75 percentage points, to control liquidity into institutions subject to reserve requirements in order to preserve monetary stability.

As of September 30, 2010, the Bank issued Circular N°032-2010-BCRP referred to reserve requirements in foreign currency, note 15(b), which raised the minimum rate of reserve requirements from 8.5 to 9 percent, increased the rate of reserve requirements by 0.2 percentage points and increased the rate of marginal reserves on obligations subject to the general system from 50 to 55 percent, in order to control liquidity in the entities subjects to reserve requirements with the purpose of preserving monetary stability.

15. DEPOSITS IN FOREIGN CURRENCY

(a) These items are made up as follows:

	<u>2011</u>	<u>2010</u>
	<u>S/.(000)</u>	<u>S/.(000)</u>
Banks (b)	21,527,141	18,687,606
Governmental sector (c)	18,140,750	12,184,173
Banco de la Nación (b)	1,815,712	1,529,298
Financial institutions (b)	24,416	86,128
Other institution of financial system (b)	345,692	267,889
	<hr/>	<hr/>
Total	<u><u>41,853,711</u></u>	<u><u>32,755,094</u></u>

(b) As of December 31, 2011 and 2010, correspond to deposits in foreign currency made by entities subject to reserve requirements in the national financial system. Such funds are intended to cover the amount of reserves required by the Central Bank for obligations subject to reserve requirements in foreign currency which not have maturity.

The required reserve comprises minimum reserve requirements, which as of December 31, 2011 and 2010, had a rate of 9 percent for the obligation subject to reserve requirements in local and foreign currency, and additional reserves, which is the part of the reserves required that exceeds the legal minimum reserve requirements. As of December 31, 2011, the additional reserve rate in foreign currency fluctuated between 26 and 30 percent (between 26 and 28 percent as of December 31, 2010).

As of December 31, 2011, the reserve funds corresponding to the additional reserves of the general and special regimes that were deposited in the Central Bank accrued interests at annual rates of 0.1705 percent, equivalent to 60 percent of the 1-month LIBOR (as of December 31, 2010, said rates were 0.1570 percent, equivalent to 60 percent of the 1-month LIBOR).

(c) As of December 31, 2011 and 2010, deposits in foreign currency of the public sector entities are denominated in U.S. dollars and euros, comprise mainly contracts subscribed with the General Direction of the Public Treasury of the Ministry of Economy and Finance (hereinafter "MEF" for its Spanish acronym), which established the conditions for the reception by the Central Bank of the deposits from said entity. As of December 31, 2011 and 2010, these deposits correspond to demand and time deposits which accrued interests at annual effective rates of between 0.08 and 0.01 percent, respectively. Time deposits have maturities between January and December 2012. MEF resources deposited in the Central Bank amount to US\$(000)6,724,998, equivalent to S/.(000)18,123,870 (US\$(000)4,338,251, equivalent to S/.(000)12,181,808, as of December 31, 2010).



- (d) In 2011 and 2010, the Central Bank has recognized interests on deposits in foreign currency amounting to S/.(000)44,428 and S/.(000)44,379, respectively, which are recorded in the "Financial expenses" caption in the statement of comprehensive income.

16. OTHER LIABILITIES

- (a) These items are made up as follows:

	2011	2010
	S/.(000)	S/.(000)
Financial liabilities		
Contribution subscribed to international organizations pending payment, notes 8(c), (d) and 10(a)	1,021,729	233,894
Interest and commissions payable	148,580	116,700
Fund for diseases, insurance and pension of BCRP employees	13,962	19,445
Account payable	9,623	4,774
Deposit Insurance Fund	92	110,658
	<u>1,193,986</u>	<u>485,471</u>
Non-financial liabilities		
Actuarial liability (b)	123,492	118,852
Other provisions	26,120	25,745
Other	10,023	6,449
	<u>159,635</u>	<u>151,046</u>
Total	<u><u>1,353,621</u></u>	<u><u>636,517</u></u>

- (b) As of December 31, 2011 and 2010, includes the actuarial obligation corresponding to the subvention of supplemental pensions and other supplemental benefits to the retirement of the Central Bank's pensioners and their relatives. At said dates, the allowance for the actuarial obligation corresponds to the subvention of supplemental retirement pensions, widowhood, burial subsidy and reserve of current risks of healthcare services calculated by an actuary amounted to S/.(000)154,932 and S/.(000)153,083, respectively, which is composed as described below, see note 2.2(n):

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Actuarial obligation	154,932	153,083
Minus – Net assets of the Fund (*)	(31,440)	(34,231)
	<hr/>	<hr/>
Balance of liabilities at the end of the period	<u>123,492</u>	<u>118,852</u>

- (*) The Fund is a legal entity of private law established under Decree Act N°7137 and is intended to provide assistance to the Central Bank's active and retired employees, as well as to their spouses, children and parents, as established in its regulations. Such assistance is additional to social security benefits and other social benefits granted by Law (ESSALUD, National Pension System - Decree Act N°19990, and the Private Pensions System). According to IAS 19 – Employee Benefits, the aforementioned assistance correspond to a defined benefits plan. As of December 31, 2011 and 2010, 44.4 and 56.8 percent of the Fund's assets, respectively, are deposited in the Central Bank, which accrued interests at an annual effective rate of 3.45 and 3.47 percent, respectively, and the difference which has been granted as loans to the Central Bank's employees is directly discounted from the payroll.

As of December 31, 2011 and 2010, the Central Bank maintains the following defined benefits plans:

- (i) **Supplemental pensions' subvention, widowhood pensions and burial subsidy -**

For a defined benefits plan, expenses related to the supplemental pension (which correspond to the present value of the obligations of the defined benefits, the costs correspond to the services supplied in the current period and the costs of past services) are determined on the basis of the distribution of benefits in the periods of service. The value of the supplemental retirement pension is periodically determined by an expert in actuarial calculation; it is measured at the present value of the entirety of future pension disbursements using an annual technical interest rate of 6 percent.

**(ii) Other supplemental benefits to retirement -**

The calculation of the reserve of current risks of health assistance was performed by using the general balance equation between services and contributions.

As of December 31, 2011 and 2010, the calculation of the actuarial obligation was performed by an actuary on the basis of the following assumptions: (i) SP 2005 pension mortality tables; (ii) CSO (Commissioner Standard Ordinary) life tables for the burial subsidy; and (iii) the applying of a 6 percent technical interest rate on the retirement risks, pregnancy risks, widowhood risks and family benefits for death, which corresponds to the nominal yield of the long-term sovereign bonds issued by the Peruvian Government.

As of December 31, 2011 and 2010, the caption "Other" in the Operative Expenses of the statement of comprehensive income includes the adjustment of the actuarial reserve that amounts to S/.(000)14,588 and S/.(000)12,062, respectively, note 21.

The movement in provision for actuarial obligation for retired and active employees of the Central Bank is as follows:

	2011	2010
	S/.(000)	S/.(000)
Balance at the beginning of year	118,852	117,338
Increase	14,588	12,062
Transfers to the Fund	(9,948)	(10,548)
	<hr/>	<hr/>
Balance at the end of year	<u>123,492</u>	<u>118,852</u>

17. NET EQUITY**(a) Capital -**

As of December 31, 2011 and 2010, the Bank's capital stock authorized, subscribed and paid-in by the Peruvian State in accordance with the Bank's Organic Act and Supreme Decrees N°059-2000-EF, N°108-2004-EF, N°136-2006-EF, N°136-2007-EF and N°124-2010-EF amounts to S/.(000)1,182,750.

According to the article N°92 of its Organic Act, the Central Bank must distribute its net income annually as follows: (i) 25 percent for the Public Treasury and (ii) 75 percent for the constitution and increase up to 100 percent of its capital of a reserve which, preferably, will be used for capitalization.

In that sense, Supreme Decree N°124-2010-EF, published on June 8, 2010 approved the capitalization of reserves for a total of S/.(000)591,375. As of December 31, 2011, the Central Bank has made no capitalization of reserves.

Capital is not represented by shares, and its value is recorded only in the capital account in the statement of financial position. Likewise, a Supreme Decree countersigned by MEF established that the Bank's authorized capital may be readjusted.

(b) Reserves -

According to article N°63 of the Statute of the Central Bank, the surplus generated by the application of article N°92 of the Organic Act provides for the constitution of a special reserve.

On its meeting of March 3, 2011, the Board of Directors meeting approved to transfer 75 percent of the balance of the year 2010, amounting to S/.(000)461,342, to the statutory special reserve.

On March 18, 2010, the Board of Directors approved to transfer 75 percent of the balance for the year 2009, amounting to S/.(000)1,592,857, to the statutory legal reserve. It also approved to transfer S/.(000)1,182,750 of the statutory legal reserve to the legal reserve.

(c) Retained earnings -

Article N°93 of the Organic Act indicates that in case of losses, the reserve shall be applied to settle them; if said amount is insufficient, the Public Treasury must issue and deliver to the Central Bank, negotiable debt securities that shall accrue interests for the non-covered amount, within the first 30 days following the approval of the statement of financial position. In that sense, the loss of the year 2011, which amounted to S/.(000)203,423, will be covered with part of the legal reserve, which amounts to S/.(000)1,182,750.

Additionally, the Board's meeting held on March 3, 2011 and March 18, 2010, approved the transfer of S/.(000)153,781 and S/.(000)457,755, respectively, corresponding to the retained earnings of 2010 and 2009, respectively, to the Public Treasury.

(d) Readjustment for valuation article N°89 - Organic Act -

In accordance with the accounting policies approved by the Board of Directors based on article N°89 of the Central Bank's Organic Act, the exchange rate differences that result from the valuation in local currency of assets and obligations of the Central Bank in gold, silver, currencies, SDR or other monetary units of international use, are debited or credited in this account without being considered gains or losses of the period, note 2.2 (e).

The movement of this item as of December 31, 2011 and 2010, is as follows:

	<u>2011</u>	<u>2010</u>
	S/.(000)	S/.(000)
Balance at the beginning of year	(1,791,632)	(91,836)
More (less):		
Valuation of U.S. dollars	(2,410,602)	(1,150,548)
Valuation of other currencies	(1,512,124)	(1,539,117)
Valuation of metals (gold and silver)	246,869	877,402
Valuation of IMF contribution and obligations	121,979	110,954
Other	67,691	1,513
	<hr/>	<hr/>
Balance at the end of year	<u><u>(5,277,819)</u></u>	<u><u>(1,791,632)</u></u>



18. TAX SITUATION

In accordance with the Income Tax Law, entities of the national governmental sector are not subject to income tax. The Central Bank, as a withholding agent, is only subject to the fourth and fifth-category income taxes and to social contributions.

The Tax authority is entitled to review and, if necessary, amend the taxes calculated by the Central Bank during the last four years, counted as from the date of filing of the related tax returns. The tax returns for 2007 through 2011, inclusive, are open to fiscal review. Since discrepancies may arise over the interpretation by the Tax Authority of the rules applicable to the Central Bank, to date it is not possible to foresee whether any additional tax liabilities will arise as a result of eventual reviews of the financial statements. Therefore, any additional taxes, fines and interest, arising from such reviews, will be recognized in the income (loss) for the year when the disagreement with Tax Authority is resolved. The Central Bank's Management and internal legal advisors consider no significant ultimate liabilities will arise as a result of any possible fiscal reviews for financial statements as of December 31, 2011 and 2010.

19. CONTINGENCIES

On December 15 2006, the Fourth Civil Court of the Supreme Court of Justice of Lima declared that a writ of amparo against the Central Bank promoted by ex-employees who took avail of incentives in 1992, was sustained and ruled their reinstatement and the actuarial calculation for the respective payment of earned remunerations and other labor rights. Subsequently, the Central Bank filed a writ of amparo against said judicial resolution for the violation of diverse constitutional rights that protect the due process (*res judicata*, due motivation and assessment of evidence), having obtained on May 24, 2007, a provisional measure of protection suspending the effects of the above mentioned ruling. This resolution was declared void by the Supreme Court in a resolution dated November 7, 2011. The Central Bank has challenged said resolution.

Also, by means of Resolution dated November 22, 2011, the Third Civil Court of the Supreme Court of Justice of Lima, acting as the first instance organ, ratified a previous pronouncement, and declared sustained the lawsuit filed by the Central Bank and left without effect the ruling dated December 15, 2006, previously mentioned, a situation that according to the civil procedural regulation, justifies the granting of precautionary measures and has served as grounds for to the Central Bank to have requested again the jurisdictional pronouncement in order that the execution of said ruling be suspended. It should be mentioned that the new ruling of the Superior Court dated April 18, 2011, is due to the fact that the Supreme Court declared invalid the first ruling of the Superior Court and ordered the court to issue a new ruling.

Taking into account the ruling of the Third Civil Court that overrules the reinstatement of said former employees and accrued payment alluded by the ruling dated December 15, 2006, and that for its merit proceeds, it grants to the Central Bank the precautionary measure suspending its execution, the Central Bank's Management and its legal advisers consider that, as of December 31, 2011 and of 2010, it is not necessary to record any allowance for liabilities regarding this judicial contingency.

20. OFF – BALANCE SHEET ACCOUNTS

(a) These items are made up as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Bills and coins in stock (b)	17,752,552	8,956,161
Securities deposit in guarantee (c)	2,310,309	2,299,224
Securities held in custody (d)	973,526	2,246,255
Banks under liquidation	53,179	53,529
Coins in process of production - CNM	1,882	1,437
Bills and coins removed from circulation to be destroyed	1,201	1,201
Other (e)	409,028	226,226
	<hr/>	<hr/>
Total	<u>21,501,677</u>	<u>13,784,033</u>

(b) As of December 31, 2011 and 2010, the bills and coins Central Bank holds in its vaults, which are not in circulation, are as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
New	11,915,000	6,938,000
Available	1,868,942	1,379,470
To be classified	3,802,916	579,293
To be incinerated and/or melted	133,429	59,398
In transit	32,265	-
	<hr/>	<hr/>
Total	<u>17,752,552</u>	<u>8,956,161</u>



The movement of the account of bills and coins in stock for the year ended December 31, 2011 and 2010 has been as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Balance at the beginning of year	8,956,161	23,715,061
Acquisition of bills and coins	19,148,949	92,193
Destruction of bills and coins	(6,129,215)	(9,313,398)
Removal of circulation, net of income	(4,223,343)	(5,537,695)
	<hr/>	<hr/>
Balance at the end of year	17,752,552	8,956,161
	<hr/> <hr/>	<hr/> <hr/>

- (c) As of December 31, 2011 and 2010, collateral securities include mainly insurance policies hired by the providers of the Central Bank in its favor, for the purpose of guaranteeing the goods or services they offer to the Central Bank, in accordance with the law for the state procurement of goods and services.
- (d) As of December 31, 2011 and 2010, securities in custody included mainly guaranteed promissory notes for operations with the IMF.
- (e) As of December 31, 2011 and 2010, included mainly collaterals from the insertion of the Peruvian State into the Brady Plan amounting to S/.(000)154,957 and S/.(000)161,447, respectively. The Peruvian State issued Brady Plan Bonds with the purpose of paying its external debt to the international banking system. Likewise, it issued the corresponding collaterals to guarantee the payment of said bonds, which are managed by the Central Bank at the aforementioned dates in representation of the Peruvian State. Said guarantees shall not generate any liabilities or contingencies to the Central Bank.

21. OPERATING EXPENSES

This item is made up as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Remunerations and social benefits, note 23	140,301	135,876
Administrative expenses	59,049	56,017
Depreciation, note 9(e)	5,273	5,692
Amortization	2,018	1,320
Other	15,085	12,237
	<hr/>	<hr/>
Total	221,726	211,142
	<hr/> <hr/>	<hr/> <hr/>

22. EXPENSES AND COST OF ISSUANCE

This item is made up as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Cost of production of coins issued	48,957	36,894
Expenses for printing of bills issued	42,261	47,980
Expenses for transporting bills and coins	4,740	3,980
	<hr/>	<hr/>
Total	95,958	88,854
	<hr/> <hr/>	<hr/> <hr/>

23. PERSONNEL EXPENSES AND SOCIAL OBLIGATIONS

This item is made up as follows:

	<u>2011</u> S/.(000)	<u>2010</u> S/.(000)
Salaries	79,555	76,482
Legal gratifications and vacations	26,000	25,920
Commissions and awards	13,894	13,578
Severance compensations	8,787	8,427
Social security	8,422	7,923
Training	1,386	1,427
Other	2,257	2,119
	<hr/>	<hr/>
Total	140,301	135,876
	<hr/> <hr/>	<hr/> <hr/>



24. RISK ASSESSMENT -

Due to the nature of its activities, the Central Bank is exposed to liquidity, credit, exchange and interest rate risks. The aim of the risk management program of the Central Bank is to minimize potential adverse effects on financial performance.

The Bank's statements of financial position mostly comprise financial instruments, as described in note 2.2(b). International reserves are a relevant component of such instruments (represents 97.6 and 97.7 percent as of December 31, 2011 and 2010, respectively) and reserve management adheres to the principles of security, liquidity and profitability indicated in article N°71 of its Organic Act. International reserves contribute to the country's economic and financial stability insofar as they guarantee availability of foreign exchange in extraordinary situations, such as in the case of an eventual significant withdrawal of foreign currency deposits from the national financial system or temporary external shocks which could cause imbalances in the real sector of the economy and feedback expectations. Likewise, a suitable availability of currency contributes to the reduction of the country risk and to the improvement of Peru credit ratings, which results in better conditions for obtaining foreign credits on the part of the private and public Peruvian companies and, also contributes to the expansion of foreign investment in the country.

The Central Bank's reserve management policy prioritizes the preservation of capital and guaranteeing the liquidity of reserves. Once these conditions are met, yield is to be maximized.

The management of international assets is closely related to the origin and characteristics of the Central Bank's liabilities in terms of amount, currency, term, and volatility. The Central Bank seeks to minimize in this way the market risks that may affect the value and availability of the resources managed by the Central Bank.

The Central Bank's Management is well aware of the existing market conditions and, on the basis of its knowledge and experience; it controls the aforementioned risks, following the policies approved by the Board. The most important aspects for risk management are the following:

(i) Liquidity risk –

In order to mitigate this risk, the degree of liquidity of fixed rent instruments is controlled mainly by the size of the issuance of currency and the acquired percentage of each issuance.

This risk is also minimized through the distribution of the availability of liquidity which is determined taking into account the liabilities the Bank has and, consequently, the investments are realized considering the terms of these liabilities

(ii) Credit risk –

The risk refers to the possibility that a counterpart is not able to meet an obligation with the Central Bank on a timely basis. In order to face this risk, investments are diversified into:

- Deposits in first-class 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 or foreign public organizations. These securities must be long-term bonds assigned with one of

the four highest ratings of the twenty long-term ratings assigned by risk rating agencies.

- Investments in private debt bonds are not allowed.

The magnitude and concentration of the Central Bank's exposure to credit risk can be obtained directly from the statement of financial position, which describes the size and composition of the Central Bank's financial assets.

Based on the obtained risk ratings and analysis of Management, as of December 31, 2011 and 2010, the Central Bank has no exposure in countries or entities with debt problems, that may pose a credit risk due to the deterioration of investments.

(iii) Exchange rate risk –

This risk can be defined as the risk to which the Central 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 imbalance between the Bank's assets and liabilities in foreign currency.
- The exchange rate of transactions in foreign currency pending at the close of the business day.

The Central Bank assets are mostly invested in U.S. dollars, which reflects both the denomination of liabilities in foreign currency (mainly reserve requirements and special resident deposits) and the currency used by the Central Bank for intervention in the domestic foreign exchange market. The second most important currency in the composition by currencies of the international reserves is the Euro. The composition by currency of the balances in foreign currency is detailed in note 3

(iv) Interest rate risk –

This risk is associated with to unexpected movements in the market yield rates of the portfolio's fixed income assets, which could affect the market value of investments before their maturity. The longer the maturity period of investments, the greater the impact of changes in the yield on the market value of such investments. The measure of such impact is reflected in the duration of the portfolio.

The Central Bank faces this risk considering the term structure of liabilities to determine the composition of the maturities of its assets. The maturity of the total portfolio is low and therefore, the impact of interest rate variations on the market value of the portfolio is minimum.

Likewise, maximum maturity terms have been established for investments which are consistent with the market risk profile desired for each portfolio instrument.

The magnitude of the risk depends on:

- The relevant interest rate of financial assets and liabilities; and
- The maturity structure of the Central Bank's portfolio of financial instruments.

Most of the Central Bank's financial assets are interest-bearing. The Central Bank's financial liabilities include both interest-bearing and non-interest-bearing liabilities. The Central Bank's interest-bearing assets and liabilities are based on rates established in accordance with the market economic conditions, effective at the moment when the financial instruments are issued.



(v) Operating risk –

It is defined as the risk of losses generated by risk factors such as: people, processes, external events and information technologies.

Since the risk management approach followed by the Bank is based on the process approach and since risk management is a self-evaluation process, the organizational units and the Risk Management department follow the steps described below:

- The activities supporting a process are identified to elaborate the process layout.
- The risks in activities and the controls applied to mitigate them are identified.
- The risks are assessed and valued and control measures are proposed if the latter are required to control the former.

Once the risks have been valued and the control measures that should be applied have been evaluated, the Risk Management presents its findings to the Risk Committee, which is in charge of assigning responsibilities in the implementation of such measures. The Risk Committee decides about the importance and priority of the processes in which operating risks should be managed.

25. INFORMATION ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value or market value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties to do so under the assumption that the Central Bank is an entity of a going concern.

When a financial instrument is traded on an active and liquid market, its price stipulated in said market in a real deal that offers the best evidence of its fair value. When a price is not stipulated in the market, or cannot be an indicative of the fair value of the instrument to determine said fair value, one can use either the market value of a similar instrument, the analysis of discounted flows or other applicable techniques, which may be affected in a significant way by the assumptions made. Although Management has used its best judgment in the estimation of the fair values of its financial instruments, any technique to perform the above mentioned estimation bears a certain level of inherent fragility. Thus, the fair value cannot be an indicative of the net realizable value or the liquidation value of said instruments.

The methodologies and assumptions applied to determine the estimated market values as of December 31, 2011 and 2010, depend on the terms and risk characteristics of the diverse financial instruments, as detailed below:

- (a) Cash in foreign currency and deposits in foreign banks represent cash and up to 90 days bank deposits, respectively, which do not represent significant credit risks or interest rate risks. Therefore, their book value is equivalent to their estimated market value.
- (b) Because the book value of securities issued by international entities classified as available-for-sale corresponds to their estimated market value, there is not any difference between their book value and their fair value.
- (c) The book value of securities issued by international entities classified as held-to-maturity corresponds to their amortized cost using the effective interest rate method. In accordance with the accounting policies of the Central Bank the market value of these investments is neither determined nor disclosed.

- (d) The book value of gold corresponds to its market value.
- (e) The market value of the contributions to international organizations and of deposits in international organizations is considered to correspond to their market values because they represent the amount the Bank would receive if it withdrew its membership from said organizations. Additionally, contributions to international organizations cannot be traded with third parties. These contributions generate interest rates that depend on their market risk.
- (f) Securities in circulation generate interests at fixed and variable rates according to the respective bond issuance and have maturities of a maximum of 348 and 134 days, respectively; consequently, the estimated market value does not differ significantly from the book value.
- (g) Deposits in local and foreign currency generate interests at fixed and variable rates which are periodically updated by the Central Bank; consequently, the estimated market value does not differ significantly from the book value.
- (h) The book value of bills and coins maintained by the Central Bank as part of the "Monetary base" caption correspond to their market value because it represents the currency in circulation in the Peruvian economy.

Consequently, as of December 31, 2011 and 2010, the Central Bank's Management considers that the estimated values of the financial instruments of the Central Bank do not differ significantly from their book values, except for what is indicated in paragraph (c) above.

26. EXPLANATION ADDED FOR ENGLISH TRANSLATION

The accompanying translated financial statements were originally issued in Spanish and are presented on the basis of accounting principles approved by the Central Bank Board, described in note 2. Certain accounting principles applied by the Central Bank that conform to accounting principles approved by the Central Bank Board may differ in certain respects to generally accepted accounting principles in other countries. In the event of discrepancy, the Spanish language version prevails.



Lambayeque – Chimú (1350 – 1470 AD)

Small gold poncho made up by two gold sheets. Metalwork techniques used: laminating, hammering, and embossing.



APPENDICES



Early intermediate (200 BC – 700 AD)

Frog figure in gilded silver, with stone inlays in the frog's eyes and body. Metalwork techniques used: hammering, embossing, welding, and gilding.

APPENDIX 1
GROSS DOMESTIC PRODUCT
 (Millions of nuevos soles at 1994 prices)

YEAR	GROSS DOMESTIC PRODUCT ^{1/} (1)	POPULATION ^{2/} (Thousands) (2)	GDP PER CAPITA (Nuevos soles at 1994 prices) (3)	% 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)				
1922	7,172	4,790.6	1,497.1	7.1	1.5	5.5	-4.5	75.4	32.0	43.4
1923	7,590	4,861.1	1,561.4	5.8	1.5	4.3	-5.3	104.5	46.8	57.8
1924	8,314	4,933.7	1,685.1	9.5	1.5	7.9	3.9	105.3	58.2	47.1
1925	8,516	5,008.4	1,700.4	2.4	1.5	0.9	7.0	93.7	58.3	35.4
1926	9,342	5,084.9	1,837.2	9.7	1.5	8.0	0.5	107.6	57.9	49.7
1927	9,553	5,163.4	1,850.1	2.3	1.5	0.7	-3.5	110.5	55.6	55.0
1928	10,100	5,244.2	1,926.0	5.7	1.6	4.1	-6.7	117.1	60.7	56.4
1929	11,170	5,327.1	2,096.7	10.6	1.6	8.9	-2.2	117.1	60.7	56.4
1930	10,030	5,412.6	1,853.1	-10.2	1.6	-11.6	-4.5	69.4	33.0	36.4
1931	9,452	5,500.4	1,718.4	-5.8	1.6	-7.3	-6.5	55.0	22.8	32.2
1932	9,245	5,590.5	1,653.7	-2.2	1.6	-3.8	-4.4	38.1	13.0	25.1
1933	10,105	5,682.9	1,778.1	9.3	1.7	7.5	-2.6	48.4	16.2	32.2
1934	11,317	5,777.9	1,958.7	12.0	1.7	10.2	2.0	70.3	31.6	38.7
1935	12,325	5,875.2	2,097.8	8.9	1.7	7.1	1.3	73.7	34.6	39.2
1936	12,949	5,975.1	2,167.2	5.1	1.7	3.3	5.3	83.5	39.9	43.6
1937	13,258	6,077.5	2,181.5	2.4	1.7	0.7	6.3	92.3	47.5	44.8
1938	13,586	6,182.2	2,197.6	2.5	1.7	0.7	-4.1	76.5	46.6	30.0
1939	13,861	6,289.3	2,203.9	2.0	1.7	0.3	4.8	71.3	38.2	33.0
1940	14,243	6,398.6	2,225.9	2.8	1.7	1.0	9.2	65.8	41.3	24.4
1941	14,435	6,509.7	2,217.5	1.3	1.7	-0.4	10.5	76.0	44.0	32.0
1942	14,136	6,622.7	2,134.5	-2.1	1.7	-3.7	8.5	76.1	41.7	34.5
1943	14,516	6,738.2	2,154.3	2.7	1.7	0.9	12.3	70.8	55.3	15.5
1944	15,704	6,856.4	2,290.4	8.2	1.8	6.3	13.2	84.2	63.3	20.9
1945	16,457	6,978.0	2,358.4	4.8	1.8	3.0	11.1	103.8	67.7	36.1
1946	17,511	7,101.9	2,465.7	6.4	1.8	4.5	12.1	151.3	98.7	52.6
1947	18,082	7,228.1	2,501.7	3.3	1.8	1.5	46.1	154.3	134.4	19.9
1948	18,774	7,357.6	2,551.6	3.8	1.8	2.0	13.6	162.4	134.2	28.2
1949	20,203	7,492.0	2,696.6	7.6	1.8	5.7	18.7	154.5	133.7	20.8
1950	21,929	7,632.5	2,873.1	8.5	1.9	6.5	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	478.4	486.0	-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	659.7	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
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



APPENDIX 1
GROSS DOMESTIC PRODUCT
(Millions of nuevos soles at 1994 prices)

YEAR	GROSS DOMESTIC PRODUCT 1/ (1)	POPULATION 2/ (Thousands) (2)	GDP PER CAPITA (Nuevos soles at 1994 prices) (3)	% change			INFLATION 3/ (4)	EXPORTS OF GOODS 4/ (Millions of US\$) (5)	IMPORTS OF GOODS 4/ (Millions of US\$) (6)	TRADE BALANCE (Millions of US\$) (7)
				(1)	(2)	(3)				
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	16,866.5	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	172.3	2,719.9	2,865.1	-145.2
1989	86,431	21,319.9	4,054.0	-13.4	2.2	-15.3	277.5	3,503.3	2,286.5	1,216.7
1990	82,032	21,764.5	3,769.1	-5.1	2.1	-7.0	764.9	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	127,402	26,739.4	4,764.6	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	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	174,407	28,481.9	6,123.4	8.9	1.2	7.6	3.9	28,094.0	19,590.5	8,503.5
2008	191,505	28,807.0	6,647.9	9.8	1.1	8.6	6.7	31,018.5	28,449.2	2,569.3
2009 5/	193,155	29,132.0	6,630.3	0.9	1.1	-0.3	0.2	26,961.5	21,010.7	5,950.8
2010 5/	210,143	29,461.9	7,132.7	8.8	1.1	7.6	2.1	35,564.8	28,815.3	6,749.5
2011 5/	224,669	29,797.7	7,539.8	6.9	1.1	5.7	4.7	46,268.5	36,966.7	9,301.8

1/ The values for 1922 - 1949 are based on Seminario and Beltrán. "Una estimación alternativa del GDP del siglo XX" and the values for 1950 - 1989 were calculated using GDP growth rates with 1979 as the base year.

2/ Series provided by the INEI. The source of information for the period 1922 - 1949 is "Boletín de Análisis Demográfico, N.º 01 - ONEC, July 1964". The series of the period 1950 - 2008 have been elaborated based on the latest projections.

3/ Between 1922 and 1937, the value of inflation is the average inflation rate in the period.

4/ BCRP: Boletines and Memorias.

5/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 2
MACROECONOMIC FLOWS
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Domestic savings	16.5	16.9	18.0	19.3	23.2	24.3	22.7	20.1	22.8	23.6
Public sector	0.7	1.2	1.7	2.6	5.5	6.3	6.8	4.6	6.0	7.1
Private sector	15.8	15.7	16.3	16.8	17.7	18.0	15.9	15.5	16.8	16.4
External savings	1.9	1.5	-0.1	-1.5	-3.2	-1.4	4.2	0.6	2.5	1.9
Investment	18.4	18.4	17.9	17.9	20.0	22.8	26.9	20.7	25.3	25.5
Public sector	2.8	2.8	2.8	2.9	3.1	3.4	4.3	5.2	5.9	4.5
Private sector	15.6	15.6	15.2	15.0	17.0	19.5	22.6	15.5	19.3	20.9
Current account balance	-1.9	-1.5	0.1	1.5	3.2	1.4	-4.2	-0.6	-2.5	-1.9
Trade balance	0.6	1.4	4.3	6.7	9.7	7.9	2.0	4.7	4.4	5.3
Services	-1.7	-1.5	-1.0	-1.1	-0.8	-1.1	-1.6	-0.9	-1.5	-1.2
Investment income	-2.5	-3.5	-5.2	-6.4	-8.1	-7.7	-6.9	-6.6	-7.3	-7.8
Current transfers	1.8	2.0	2.1	2.2	2.4	2.3	2.3	2.3	2.0	1.8
Financial account	3.6	1.0	3.0	0.2	0.4	8.0	6.7	1.9	8.8	5.2
Private sector	4.2	0.5	1.4	1.1	2.7	7.6	7.5	3.3	7.4	5.4
Public sector	0.8	0.3	1.3	-0.6	-1.0	-1.5	-1.3	0.2	1.6	0.5
Short-term capital	-1.4	0.2	0.3	-0.3	-1.3	1.9	0.4	-1.6	-0.2	-0.7
Exceptional financing	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Flow of BCRP net international reserves (-)	1.5	0.8	3.4	2.1	3.0	9.0	2.5	0.8	7.3	2.7
Net errors and omissions	0.2	1.2	0.2	0.2	-0.6	-0.5	-0.1	-0.5	0.9	-0.6
Current account savings	0.7	1.2	1.7	2.6	5.5	6.3	6.8	4.6	6.0	7.1
Capital revenue	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capital expenditure	3.0	3.0	2.9	3.0	3.3	3.5	4.5	6.0	6.4	5.3
Public investment	2.8	2.8	2.8	2.9	3.1	3.4	4.4	5.6	5.9	5.0
Other capital expenditure	0.2	0.2	0.2	0.1	0.2	0.2	0.1	0.4	0.5	0.3
Overall balance	-2.2	-1.7	-1.1	-0.3	2.3	2.9	2.4	-1.3	-0.3	1.9
Financing	2.2	1.7	1.1	0.3	-2.3	-2.9	-2.4	1.3	0.3	-1.9
External financing	2.1	1.4	1.5	-1.5	-0.6	-1.9	-0.9	1.1	-0.5	0.2
Domestic financing	-0.6	0.2	-0.6	1.7	-1.8	-1.1	-1.5	0.2	0.7	-2.0
Privatization	0.8	0.1	0.2	0.1	0.1	0.1	0.0	0.0	0.1	0.0

1/ Preliminary data.

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 3

NATIONAL DISPOSABLE INCOME

(Millions of nuevos soles at 1994 prices)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
Gross domestic product	127,402	132,545	139,141	148,640	160,145	174,407	191,505	193,155	210,143	224,669
- Investment income	- 3,173	- 4,537	- 7,334	- 9,736	- 14,114	- 14,670	- 13,594	- 13,142	- 16,342	- 18,930
Gross national product	124,229	128,008	131,807	138,904	146,031	159,737	177,911	180,014	193,801	205,739
+ Terms of trade	- 1,932	- 2,075	- 147	1,491	9,502	11,093	5,472	4,450	10,726	13,940
Gross national income	122,297	125,933	131,659	140,395	155,533	170,830	183,383	184,464	204,527	219,679
+ Current transfers	2,247	2,581	2,885	3,405	4,098	4,422	4,618	4,545	4,414	4,411
National disposable income	124,544	128,514	134,544	143,800	159,631	175,253	188,000	189,008	208,940	224,091

1/ Preliminary data.
Source: INEI and BCRP.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 4
NATIONAL DISPOSABLE INCOME
 (Real % change)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gross domestic product	5.0	4.0	5.0	6.8	7.7	8.9	9.8	0.9	8.8	6.9
- Investment income	30.8	43.0	61.7	32.7	45.0	3.9	-7.3	-3.3	24.4	15.8
Gross national product	4.5	3.0	2.9	5.4	5.1	9.4	11.4	1.2	7.7	6.2
Gross national income	5.3	3.0	4.5	6.6	10.8	9.8	7.3	0.6	10.9	7.4
+ Current transfers	-1.8	14.9	11.8	18.0	20.4	7.9	4.4	-1.6	-2.9	-0.0
National disposable income	5.1	3.2	4.7	6.9	11.0	9.8	7.3	0.5	10.5	7.3

1/ Preliminary data.
 Source: INE and BCRP.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 5
GROSS DOMESTIC PRODUCT BY EXPENDITURE
 (Real % change)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
I. Domestic demand	4.1	3.7	3.8	5.8	10.3	11.8	12.3	-2.8	13.1	7.2
a. Private consumption	4.9	3.4	3.6	4.6	6.4	8.3	8.7	2.4	6.0	6.4
b. Public consumption	0.0	4.0	4.6	8.5	7.6	4.5	2.1	16.5	10.0	4.8
c. Gross domestic investment	2.9	4.7	4.3	9.2	26.5	25.8	25.8	-20.6	36.9	10.0
Gross fixed investment	-0.5	5.9	7.8	12.3	20.2	22.6	27.1	-9.2	23.2	5.1
i. Private	0.2	6.3	8.1	12.0	20.1	23.3	25.9	-15.1	22.1	11.7
ii. Public	-4.1	3.9	6.1	13.8	20.7	18.9	33.6	21.2	27.3	-17.8
II. Exports of goods and non-financial services	7.5	6.2	15.2	15.2	0.8	6.9	8.2	-3.2	1.3	8.8
Minus:										
III. Imports of goods and non-financial services	2.3	4.2	9.6	10.9	13.1	21.4	20.1	-18.6	24.0	9.8
IV. GDP	5.0	4.0	5.0	6.8	7.7	8.9	9.8	0.9	8.8	6.9
Memo:										
Domestic demand without inventories	3.5	3.9	4.5	6.4	9.2	11.0	12.4	0.4	10.5	5.9

1/ Preliminary data.
 Source: INEI and BCRP.
 Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 6
GROSS DOMESTIC PRODUCT BY EXPENDITURE
(Millions of nuevos soles at 1994 prices)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. Domestic demand	125,894	130,514	135,527	143,410	158,220	176,822	198,591	193,061	218,362	234,060
a. Private consumption	91,769	94,860	98,313	102,857	109,483	118,618	128,961	131,992	139,887	148,780
b. Public consumption	11,460	11,914	12,464	13,529	14,559	15,220	15,536	18,095	19,897	20,860
c. Gross domestic investment	22,664	23,739	24,751	27,025	34,178	42,985	54,094	42,974	58,577	64,420
Gross fixed investment	21,668	22,946	24,727	27,766	33,364	40,908	51,985	47,223	58,187	61,133
i. Private	18,132	19,272	20,831	23,332	28,013	34,547	43,483	36,918	45,067	50,347
ii. Public	3,536	3,673	3,896	4,434	5,351	6,362	8,503	10,307	13,121	10,786
Change in inventories	996	794	24	-741	814	2,076	2,109	-4,250	390	3,287
II. Exports of goods and non-financial services	23,070	24,491	28,221	32,512	32,772	35,017	37,874	36,678	37,152	40,410
Minus:										
III. Imports of goods and non-financial services	21,561	22,461	24,607	27,282	30,846	37,432	44,960	36,584	45,371	49,801
IV. GDP	127,402	132,545	139,141	148,640	160,145	174,407	191,505	193,155	210,143	224,669

1/ Preliminary data.
Source: INEI and BCRP.
Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 7
GROSS DOMESTIC PRODUCT BY EXPENDITURE
(Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. Domestic demand	200,977	212,619	229,245	246,157	276,035	313,136	370,398	368,627	422,897	467,453
a. Private consumption	144,045	151,363	162,840	173,050	186,644	206,347	237,346	250,003	269,017	295,791
b. Public consumption	20,191	21,923	23,806	26,298	28,810	30,148	33,312	39,452	44,039	47,813
c. Gross domestic investment	36,741	39,332	42,598	46,809	60,580	76,641	99,740	79,172	109,841	123,849
Gross fixed investment	35,139	38,044	42,555	48,074	58,812	72,262	95,969	87,367	109,087	117,277
i. Private	29,535	32,090	36,002	40,499	49,504	60,925	79,928	67,498	83,355	95,330
ii. Public	5,604	5,953	6,553	7,575	9,308	11,336	16,041	19,870	25,732	21,947
Change in inventories	1,602	1,288	43	-1,265	1,768	4,379	3,771	-8,195	754	6,572
II. Exports of goods and non-financial services	32,682	38,061	51,041	65,647	86,234	97,589	101,172	91,671	110,851	139,539
Minus:										
III. Imports of goods and non-financial services	34,009	37,254	42,384	50,151	60,013	75,198	100,496	77,980	99,010	120,447
IV. GDP	199,650	213,425	237,902	261,653	302,255	335,528	371,073	382,318	434,738	486,545

1/ Preliminary data.
Source: INEI and BCRP.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 8
GROSS DOMESTIC PRODUCT BY EXPENDITURE
 (Nominal % change)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. Domestic demand	4.4	5.8	7.8	7.4	12.1	13.4	18.3	-0.5	14.7	10.5
a. Private consumption	5.3	5.1	7.6	6.3	7.9	10.6	15.0	5.3	7.6	10.0
b. Public consumption	-0.2	8.6	8.6	10.5	9.6	4.6	10.5	18.4	11.6	8.6
c. Gross domestic investment	3.5	7.1	8.3	9.9	29.4	26.5	30.1	-20.6	38.7	12.8
Gross fixed investment	0.0	8.3	11.9	13.0	22.3	22.9	32.8	-9.0	24.9	7.5
i. Private	0.8	8.7	12.2	12.5	22.2	23.1	31.2	-15.6	23.5	14.4
ii. Public	-3.7	6.2	10.1	15.6	22.9	21.8	41.5	23.9	29.5	-14.7
II. Exports of goods and non-financial services	9.6	16.5	34.1	28.6	31.4	13.2	3.7	-9.4	20.9	25.9
Minus:										
III. Imports of goods and non-financial services	2.5	9.5	13.8	18.3	19.7	25.3	33.6	-22.4	27.0	21.7
IV. GDP	5.5	6.9	11.5	10.0	15.5	11.0	10.6	3.0	13.7	11.9

1/ Preliminary data.
 Source: INEI and BCRP.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 9
GROSS DOMESTIC PRODUCT BY EXPENDITURE
 (Nominal % structure)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. Domestic demand	100.7	99.6	96.4	94.1	91.3	93.3	99.8	96.4	97.3	96.1
a. Private consumption	72.1	70.9	68.4	66.1	61.8	61.5	64.0	65.4	61.9	60.8
b. Public consumption	10.1	10.3	10.0	10.1	9.5	9.0	9.0	10.3	10.1	9.8
c. Gross domestic investment	18.4	18.4	17.9	17.9	20.0	22.8	26.9	20.7	25.3	25.5
Gross fixed investment	17.6	17.8	17.9	18.4	19.5	21.5	25.9	22.9	25.1	24.1
i. Private	14.8	15.0	15.1	15.5	16.4	18.2	21.5	17.7	19.2	19.6
ii. Public	2.8	2.8	2.8	2.9	3.1	3.4	4.3	5.2	5.9	4.5
Change in inventories	0.8	0.6	0.0	-0.5	0.6	1.3	1.0	-2.1	0.2	1.4
II. Exports of goods and non-financial services	16.4	17.8	21.5	25.1	28.5	29.1	27.3	24.0	25.5	28.7
Minus:										
III. Imports of goods and non-financial services	17.0	17.5	17.8	19.2	19.9	22.4	27.1	20.4	22.8	24.8
IV. GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Preliminary data.
 Source: INE and BCRP.
 Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 10
GROSS DOMESTIC PRODUCT BY PRODUCTION SECTOR
 (Real % change)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
Agriculture and livestock 2/	6.1	3.0	-1.4	5.4	8.4	3.2	7.2	2.3	4.3	3.8
- Agriculture	6.5	1.4	-1.8	4.2	8.4	2.0	7.4	0.9	4.1	2.8
- Livestock	3.8	3.0	3.0	6.9	8.2	5.3	6.0	4.4	4.4	5.2
Fishing	6.1	-10.3	30.7	3.2	2.4	6.9	6.3	-7.9	-16.4	29.7
Mining and hydrocarbons 3/	12.0	5.5	5.3	8.4	0.6	3.5	7.6	0.6	-0.1	-0.2
- Metallic mining	13.0	6.3	5.1	7.3	1.1	1.7	7.3	-1.4	-4.8	-3.6
- Hydrocarbons	0.7	-4.3	7.1	23.4	-4.1	17.3	10.3	16.1	29.5	18.1
Manufacturing	5.7	3.6	7.4	7.5	7.5	11.1	9.1	-7.2	13.6	5.6
- Based on raw materials	4.8	3.2	8.0	3.9	4.1	-2.7	7.6	0.0	-2.3	12.3
- Non primary manufacturing	5.9	3.7	7.2	8.5	8.5	14.0	8.9	-8.5	16.9	4.4
Electricity and water	5.5	3.7	4.5	5.6	6.9	8.4	7.8	1.2	7.7	7.4
Construction	7.7	4.5	4.7	8.4	14.8	16.6	16.5	6.1	17.4	3.4
Commerce	3.3	2.4	6.2	6.2	11.7	9.7	13.0	-0.4	9.7	8.8
Other services 4/	4.0	4.8	4.8	6.8	6.9	8.9	9.1	3.1	8.0	8.3
GROSS DOMESTIC PRODUCT	5.0	4.0	5.0	6.8	7.7	8.9	9.8	0.9	8.8	6.9
Primary sectors	7.7	3.5	3.2	6.1	4.7	2.4	7.4	1.0	1.1	4.4
Non-primary sectors	4.4	4.2	5.4	7.0	8.4	10.4	10.3	0.8	10.3	7.4

1/ Preliminary data.

2/ Includes silviculture.

3/ Includes non-metallic mining.

4/ Includes taxes on goods and import duties.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 11
GROSS DOMESTIC PRODUCT BY PRODUCTION SECTOR
 (Millions of nuevos soles at 1994 prices)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
Agriculture and livestock 2/	11,450	11,795	11,629	12,259	13,286	13,718	14,712	15,050	15,695	16,288
- Agriculture	7,306	7,409	7,274	7,578	8,215	8,378	8,994	9,076	9,452	9,720
- Livestock	3,230	3,329	3,430	3,668	3,971	4,180	4,432	4,627	4,832	5,083
Fishing	664	596	779	804	823	879	934	861	719	933
Mining and hydrocarbons 3/	8,133	8,579	9,031	9,790	9,853	10,194	10,971	11,037	11,021	11,000
- Metallic mining	6,927	7,361	7,740	8,306	8,397	8,540	9,161	9,032	8,599	8,289
- Hydrocarbons	602	576	617	761	730	857	945	1,097	1,420	1,677
Manufacturing	19,147	19,830	21,300	22,887	24,607	27,328	29,804	27,672	31,440	33,193
- Based on raw materials	4,284	4,419	4,773	4,957	5,161	5,022	5,405	5,407	5,280	5,931
- Non primary manufacturing	14,863	15,411	16,527	17,930	19,446	22,169	24,133	22,078	25,807	26,951
Electricity and water	2,706	2,805	2,931	3,094	3,307	3,585	3,866	3,912	4,213	4,525
Construction	6,136	6,413	6,712	7,276	8,350	9,737	11,340	12,037	14,135	14,620
Commerce	18,013	18,453	19,604	20,821	23,248	25,495	28,808	28,693	31,473	34,251
Other services 4/	61,153	64,075	67,155	71,708	76,672	83,471	91,069	93,893	101,446	109,860
GROSS DOMESTIC PRODUCT	127,402	132,545	139,141	148,640	160,145	174,407	191,505	193,155	210,143	224,669
Primary sectors 3/	24,530	25,389	26,212	27,810	29,123	29,813	32,023	32,354	32,715	34,151
Non-primary sectors 3/	102,872	107,156	112,929	120,830	131,022	144,594	159,483	160,801	177,428	190,518

1/ Preliminary data.
 2/ Includes silviculture.
 3/ Includes non-metallic mining.
 4/ Includes taxes on goods and import duties.
 Source: INEI and BCRP.
 Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 12
AGRICULTURE AND LIVESTOCK BY MAIN PRODUCTS
 (% change)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Agriculture GDP	6.5	1.4	-1.8	4.2	8.4	2.0	7.4	0.9	4.2	2.8
Domestic market	6.8	0.8	-3.2	7.5	4.6	3.0	4.3	6.7	1.2	0.4
Potato	22.6	-4.7	-4.3	9.4	-1.3	4.1	6.3	4.7	1.1	7.0
Rice	4.3	0.8	-13.5	33.8	-4.2	3.0	14.7	7.1	-5.3	-7.4
Banana	-0.1	3.9	2.7	2.0	4.7	3.2	-2.3	4.1	7.5	-5.1
Cassava	3.9	2.2	6.8	3.4	13.4	1.7	1.7	-0.5	6.4	-10.3
Amylaceous maize	-0.3	1.5	-15.4	11.3	3.2	-1.5	1.7	14.6	-9.9	-0.7
Wheat	2.8	1.9	-10.5	4.7	7.1	-5.0	14.0	9.3	-3.0	-2.7
Dry beans	1.9	-5.2	-1.1	22.5	15.0	-0.6	5.1	14.5	-5.9	-5.1
Garlic	-1.7	-7.9	-15.1	11.6	33.8	10.1	-16.4	-14.2	8.6	31.7
Onion	11.3	2.1	9.0	-4.3	16.9	10.0	0.7	-5.2	19.5	0.3
Corn	8.2	1.9	-7.2	-7.0	2.6	-7.9	12.6	5.4	3.6	-9.7
Lemon	25.8	-1.1	-16.3	7.4	15.6	7.4	-17.2	-11.6	12.6	-2.9
Mandarine	2.9	21.0	8.8	-2.3	9.3	1.7	-1.7	-11.3	33.3	6.5
Orange	5.1	4.6	8.0	1.3	5.8	-2.7	9.6	0.1	4.5	5.7
Sweet potato	-11.9	-13.9	-4.4	0.0	7.7	-7.0	1.8	39.6	0.3	14.0
Alfalfa	2.4	2.4	-0.2	-0.6	0.6	1.6	1.5	5.1	2.1	2.5
Tomato	-30.9	14.4	22.8	-13.2	6.6	2.1	21.4	5.3	1.5	-17.5
Barley	11.5	-2.2	-8.5	9.0	-0.8	-7.4	4.8	14.7	1.4	-7.0
Green peas	-2.9	1.5	-19.0	21.0	7.5	13.9	3.2	3.5	-2.8	-2.1
Green broad beans	1.0	-6.5	-9.1	-6.3	8.5	3.7	8.7	1.0	-4.9	1.2
Dry peas	2.8	4.4	-8.3	3.8	15.2	-3.4	7.8	8.0	1.7	-5.2
Dry broad beans	7.2	6.9	-8.4	12.0	8.7	6.6	4.9	8.3	-3.6	-1.5
Dry lima beans	34.6	-4.6	-34.5	-24.0	17.89	-20.0	10.6	17.8	-21.8	26.0
Olluco	-6.6	-0.6	-11.1	12.2	7.0	7.9	0.6	3.4	-2.4	1.0
Oca	4.1	-7.2	-8.9	7.8	-9.7	-6.0	-4.0	8.1	-6.6	-4.6
Peach	12.2	-7.3	-4.3	-0.2	-8.4	12.4	17.7	4.8	-3.2	2.3
Other products	6.4	4.2	0.1	10.4	10.4	5.2	3.8	13.7	0.4	1.3
Agricultural exports and industrial	5.5	2.9	1.7	-3.8	18.5	-0.5	14.8	-11.9	12.0	8.6
Coffee	8.4	-4.5	1.39	-18.5	44.9	-17.3	21.1	-11.1	8.7	13.6
Sugarcane	14.0	5.3	-21.6	-9.2	14.9	13.6	14.2	5.8	-0.8	0.3
Hard yellow corn	-1.8	5.7	-10.4	1.6	2.1	10.1	9.7	3.4	0.8	-1.7
Cotton	-0.6	-1.1	35.4	10.5	2.9	1.0	-22.3	-42.7	-33.6	91.4
Asparagus	0.9	3.5	1.5	7.0	26.2	9.3	15.6	-4.4	6.8	17.0
Grapes	6.3	7.7	6.5	9.1	13.0	2.6	13.6	18.4	6.1	5.5
Olive	0.1	17.1	11.7	28.6	-3.9	-0.1	118.1	-93.7	946.5	-2.6
Mango	24.6	10.5	40.0	-15.3	36.1	-8.1	9.6	-48.2	172.0	-22.5
Cocoa	2.9	-0.6	7.0	-2.6	24.8	-0.4	7.5	9.1	26.7	21.1
Avocado	0.8	6.1	8.5	-4.6	9.5	7.5	12.0	15.5	17.1	16.3
Oil palm	-10.3	4.1	15.6	-4.1	18.2	0.9	3.3	8.9	8.8	26.6
Marigold	-4.5	53.8	-39.0	14.4	-56.2	-59.7	-55.8	-29.3	8.3	222.8
Oregano	-6.6	-5.0	2.8	14.5	8.4	17.4	33.5	16.6	1.8	5.6
Tea	-2.0	-11.3	-72.5	173.6	13.8	-25.4	11.5	-21.0	1.4	-1.7
Livestock GDP	3.8	3.0	3.0	6.9	8.2	5.3	6.0	4.4	4.4	5.2
Poultry	7.3	3.9	0.1	12.4	9.2	8.4	13.9	9.9	5.8	6.4
Beef	1.6	3.1	5.9	4.6	6.2	0.4	4.1	0.8	4.4	4.1
Eggs	1.3	3.6	2.3	18.5	2.3	5.0	3.5	0.8	6.1	10.9
Pork	-1.3	0.2	5.6	5.0	5.6	5.4	0.6	-0.4	0.9	1.4
Milk	7.1	2.7	3.7	4.7	11.6	6.5	-0.9	5.5	1.6	2.7
Other products	-0.6	2.0	5.4	1.2	2.1	2.3	0.6	-6.7	2.7	2.4
GDP Agriculture and livestock	6.1	3.0	-1.4	5.4	8.4	3.2	7.2	2.3	4.3	3.8

1/ Preliminary data.

Source: Ministry of Agriculture.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 13
AGRICULTURE AND LIVESTOCK BY MAIN PRODUCTS
 (Thousands of metric tons)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
Agriculture GDP										
Domestic market										
Potato	3,298.2	3,143.9	3,008.2	3,289.7	3,248.4	3,383.0	3,597.1	3,765.3	3,805.5	4,071.7
Rice	2,115.1	2,132.4	1,844.9	2,468.4	2,363.5	2,435.0	2,794.0	2,991.2	2,831.4	2,621.0
Banana	1,560.4	1,621.0	1,664.1	1,697.1	1,777.3	1,834.5	1,792.9	1,866.6	2,007.3	1,904.0
Cassava	890.1	909.3	971.0	1,004.5	1,138.6	1,158.0	1,171.8	1,158.0	1,240.1	1,112.2
Amylaceous maize	252.7	256.5	216.9	241.5	249.2	245.3	249.4	285.8	257.6	255.7
Wheat	1,869.9	1,905.5	1,704.4	1,785.5	1,911.1	1,816.6	2,069.1	2,263.3	2,195.5	2,135.5
Dry beans	62.4	59.2	58.5	71.7	82.5	82.0	86.9	98.6	92.8	88.0
Garlic	62.9	57.9	49.2	54.9	73.4	80.9	67.6	58.0	63.0	82.9
Onion	463.1	472.9	515.5	493.3	576.7	634.4	639.1	606.1	724.0	726.3
Corn	3,996.6	4,071.1	3,779.9	3,513.3	3,606.6	3,323.3	3,740.0	3,942.2	4,082.2	3,686.6
Lemon	2,446.6	2,419.9	2,024.4	2,173.3	2,513.3	2,698.8	2,234.4	1,974.4	2,223.3	2,158.8
Mandarine	1,332.2	1,612.2	1,754.4	1,713.3	1,873.3	1,904.4	1,872.2	1,661.1	2,213.3	2,358.8
Orange	2,924.4	3,058.8	3,304.4	3,345.5	3,539.9	3,443.3	3,773.3	3,776.6	3,946.6	4,171.1
Sweet potato	5,239.9	1,929.9	1,844.4	1,844.4	1,986.6	1,848.8	1,882.2	2,627.7	2,635.5	3,004.4
Alfalfa	5,520.8	5,652.1	5,638.9	5,605.9	5,638.9	5,732.0	5,816.2	6,113.1	6,240.9	6,398.3
Tomato	1,306.6	1,494.4	1,835.5	1,592.2	1,697.7	1,733.3	2,104.4	2,216.6	2,249.9	1,854.4
Barley	1,980.0	1,937.7	1,772.2	1,931.1	1,916.6	1,775.5	1,860.0	2,133.3	2,162.2	2,011.1
Green peas	80.9	82.1	66.5	82.1	86.5	98.5	101.6	105.2	102.3	100.1
Green broad beans	66.1	61.8	56.2	52.6	57.1	59.2	64.4	65.0	61.8	62.5
Dry peas	39.1	40.9	37.5	38.9	44.8	43.3	46.7	50.4	51.3	48.6
Dry broad beans	48.2	51.6	47.2	52.9	57.5	61.3	64.3	69.6	67.1	66.1
Dry lima beans	8.4	8.0	5.2	4.0	11.1	8.8	9.8	11.5	9.0	11.3
Olluco	1,364.4	1,356.6	1,206.6	1,353.3	1,449.9	1,564.4	1,573.3	1,626.6	1,587.7	1,604.4
Oca	1,251.1	1,161.1	1,058.8	1,141.1	1,030.0	969.9	930.0	1,006.6	940.0	897.7
Peach	40.5	37.5	35.9	35.8	32.8	36.9	43.4	45.5	44.1	45.1
Agricultural exports and industrial										
Coffee	212.8	203.1	231.4	188.6	273.2	226.0	273.8	243.5	264.6	300.5
Sugarcane	8,419.8	8,864.0	6,945.7	6,304.1	7,245.8	8,228.6	9,396.0	9,936.9	9,857.9	9,884.9
Hard yellow corn	1,038.1	1,097.3	983.2	999.3	1,019.8	1,122.9	1,231.5	1,273.9	1,283.6	1,262.0
Cotton	140.1	138.6	187.7	207.3	213.4	215.4	167.4	96.0	63.8	122.0
Asparagus	183.1	189.6	192.5	206.0	260.0	284.1	328.4	313.9	335.2	392.3
Grapes	135.5	146.0	155.4	169.5	191.6	196.6	223.3	264.4	280.5	296.0
Olive	32.5	38.0	42.5	54.6	52.5	52.4	72.2	72.2	75.0	73.1
Mango	1,796.6	1,985.5	2,779.9	2,354.4	3,203.3	2,944.4	3,226.6	1,670.0	4,543.3	3,520.0
Cocoa	24.4	24.2	25.9	25.3	31.5	31.4	33.7	36.8	46.6	56.4
Avocado	94.2	100.0	108.5	103.4	113.3	121.7	136.3	157.4	184.4	214.5
Oil palm	1,733.3	1,804.4	2,085.5	1,999.9	2,364.4	2,384.4	2,464.4	2,683.3	2,918.8	3,694.4
Marigold	1,142.2	1,757.7	1,072.2	1,227.7	53.7	21.6	9.6	6.8	7.3	23.6
Oregano	5.1	4.8	4.9	5.7	6.1	7.2	9.6	11.2	11.4	12.1
Tea	6.3	5.6	1.5	4.2	4.8	3.6	4.0	3.2	3.2	3.2
Livestock GDP										
Poultry	6,781.1	7,049.9	7,057.7	7,930.0	8,664.4	9,396.6	10,697.7	11,761.1	12,438.8	13,236.6
Beef	2,630.0	2,711.1	2,870.0	3,002.2	3,188.8	3,201.1	3,202.2	3,229.9	3,370.0	3,507.7
Eggs	1,909.9	1,978.8	2,024.4	2,071.1	2,455.5	2,665.5	2,665.5	2,687.7	2,851.1	3,162.2
Pork	1,234.4	1,237.7	1,306.6	1,372.2	1,449.9	1,527.7	1,536.6	1,530.0	1,543.3	1,565.5
Milk	1,192.0	1,224.3	1,269.5	1,329.3	1,482.9	1,579.8	1,565.5	1,652.1	1,678.4	1,723.9

1/ Preliminary data.
 Source: Ministry of Agriculture.
 Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 14
FISHING PRODUCTION BY DESTINATION AND BY MAIN SPECIES
 (% change)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
INDUSTRIAL CONSUMPTION	12.6	-34.5	64.8	-2.1	-31.7	3.2	1.3	-5.4	-42.9	110.1
Anchovy	27.3	-34.0	64.9	-1.9	-31.7	3.3	1.2	-5.4	-42.9	110.0
Other species										
Chub mackerel	-94.9	-90.4	-33.0	-	-	-	-	-	-	-
Yellow mackerel	-90.5	-97.5	-63.6	-	-	-	-	-	-	-
Sardine	-85.8	-85.1	-100.0	-	-	-	-	-	-	-
HUMAN CONSUMPTION	3.5	6.2	15.2	6.8	23.6	7.3	8.1	-13.6	-3.0	17.4
Frozen										
Scallop	46.2	101.8	-0.3	-3.1	8.7	35.5	-5.8	31.1	143.6	-14.0
Shrimp	169.2	11.7	45.6	53.5	25.2	19.9	-5.4	-7.3	21.9	46.2
South Pacific hake	-64.0	-90.3	555.8	-11.4	8.2	12.6	-7.1	39.5	-30.3	-12.0
Giant squid	166.0	-0.3	120.3	8.7	55.2	3.8	27.6	-26.7	-7.8	11.5
Canned										
Tuna	42.5	31.7	-53.9	187.9	14.8	-67.2	-11.6	-38.6	355.3	-28.9
Chub mackerel	-76.7	709.9	-44.9	7.0	126.5	-54.9	81.7	7.7	-81.1	113.9
Yellow mackerel	-81.2	465.3	-53.6	-55.4	500.1	-32.5	-29.0	-75.7	-59.6	1,346.1
Sardine	-91.4	75.7	-89.7	-77.5	-70.9	-97.9	-100.0	-	-	-
Fresh										
Scallop	-48.1	-18.4	134.3	22.1	119.6	19.2	-82.9	122.9	53.3	-73.1
Yellow mackerel	-20.6	26.6	20.6	-56.9	143.6	-1.4	-40.6	-41.2	-77.9	685.8
Striped mullet	-19.8	-9.7	-36.2	-47.4	-46.1	194.3	55.8	19.3	-43.9	8.2
Smooth hound	48.7	-84.1	258.5	-87.8	268.4	79.0	3.5	38.3	23.1	10.7
FISHING GDP	6.1	-10.3	30.7	3.2	2.4	6.9	6.3	-7.9	-16.4	29.7

1/ Preliminary data.

Source: Ministry of Production.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 15
FISHING PRODUCTION BY DESTINATION AND BY MAIN SPECIES
 (Thousands of metric tons)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
INDUSTRIAL CONSUMPTION										
Anchovy	8,082.9	5,335.5	8,797.1	8,628.4	5,891.8	6,084.7	6,159.4	498.1	3,330.4	6,994.1
Other species										
Chub mackerel	6.6	0.6	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Yellow mackerel	48.6	1.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	2.1
Sardine	1.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HUMAN CONSUMPTION										
Frozen										
Scallop	6.9	14.0	14.0	13.5	14.7	19.9	18.8	24.6	60.0	51.6
Shrimp	3.6	4.0	5.9	9.0	11.3	13.5	12.8	11.9	14.5	21.2
South Pacific hake	41.2	4.0	26.3	23.3	25.2	28.4	26.4	36.8	25.6	22.6
Giant squid	98.7	98.4	216.8	235.6	365.7	379.6	484.2	355.1	327.6	365.1
Canned										
Tuna	5.6	7.4	3.4	9.9	11.3	3.7	3.3	2.0	9.2	6.5
Chub mackerel	5.4	43.6	24.0	25.7	58.2	26.2	47.7	51.4	9.7	20.8
Yellow mackerel	17.5	99.0	46.0	20.5	122.9	82.9	58.9	14.3	5.8	83.5
Sardine	4.1	7.1	0.7	0.2	0.0	0.0	0.0	0.0	0.0	0.1
Fresh										
Scallop	0.8	0.6	1.5	1.8	4.0	4.8	0.8	1.8	2.8	0.8
Yellow mackerel	85.4	108.1	130.4	56.2	136.8	134.9	80.1	47.1	10.4	81.8
Striped mullet	19.4	17.5	11.2	5.9	3.2	9.3	14.5	17.3	9.7	10.5
Smooth hound	6.2	1.0	3.5	0.4	1.6	2.8	2.9	4.1	5.0	5.5

1/ Preliminary data.
 Source: Ministry of Production.
 Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 16
MINING AND HYDROCARBONS PRODUCTION BY MAIN PRODUCTS
 (% change)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
METALLIC MINING GDP 2/	13.0	6.3	5.1	7.3	1.1	1.7	7.3	-1.4	-4.8	-3.6
Copper	16.0	-2.2	29.0	-2.8	3.8	16.2	8.8	0.5	-1.7	0.1
Tin	1.7	3.6	3.5	1.3	-8.7	1.4	0.0	-3.9	-9.7	-14.7
Iron	0.6	14.0	21.9	7.5	4.8	6.7	1.1	-14.4	36.7	16.0
Gold	13.9	9.7	0.4	20.0	-2.5	-16.1	5.7	2.3	-10.8	0.0
Silver	11.3	1.8	4.8	4.8	8.3	0.9	5.4	6.4	-7.2	-6.2
Lead	5.2	1.2	-0.8	4.3	-1.9	5.1	4.8	-12.4	-13.4	-12.2
Zinc	16.4	11.3	-11.9	-0.6	0.1	20.0	11.0	-5.6	-2.8	-14.6
Molybdenum	-9.3	11.3	48.6	21.6	-0.7	-2.5	-0.4	-26.5	37.9	12.8
HYDROCARBONS GDP	0.7	-4.3	7.1	23.4	-4.1	17.3	10.3	16.1	29.5	18.1
Natural gas	19.3	18.5	64.2	76.5	-52.7	273.2	29.4	2.5	104.0	56.9
Crude oil	-0.2	-5.7	3.3	17.9	3.9	-1.5	5.7	20.7	8.2	-2.8
MINING AND HYDROCARBONS GDP	12.0	5.5	5.3	8.4	0.6	3.5	7.6	0.6	-0.1	-0.2

1/ Preliminary data.

2/ Includes non metallic mining, other minerals, and secondary production.

Source: Ministry of Energy and Mining.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 17
MINING AND HYDROCARBONS PRODUCTION BY MAIN PRODUCTS
(Thousands of recoverable units)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
METALLIC MINING										
Copper (tons)	644.1	630.1	812.9	790.2	819.9	952.8	1,036.7	1,042.0	1,023.9	1,024.7
Tin (tons)	33.7	34.9	36.2	36.6	33.4	33.9	33.9	32.6	29.4	25.1
Iron (tons)	3,105.0	3,540.7	4,315.1	4,638.0	4,861.2	5,185.2	5,243.2	4,489.4	6,139.2	7,123.0
Gold (kilos)	152.9	167.7	168.3	201.9	196.9	165.3	174.6	178.6	159.3	159.2
Silver (kilos)	2,696.6	2,745.0	2,876.8	3,013.8	3,263.0	3,291.9	3,468.3	3,691.1	3,425.3	3,212.4
Lead (tons)	280.8	284.1	281.9	294.0	288.4	303.0	317.7	278.4	241.2	211.7
Zinc (tons)	1,054.8	1,174.1	1,034.7	1,028.4	1,029.9	1,236.1	1,371.5	1,294.8	1,258.4	1,074.8
Molybdenum (tons)	8.3	9.2	13.7	16.6	16.5	16.1	16.1	11.8	16.3	18.4
HYDROCARBONS										
Natural gas (cubic feet) 2/	15,598.6	18,483.0	30,355.7	53,567.1	25,314.9	94,485.4	122,230.1	125,299.6	255,609.2	401,169.4
Crude oil (barrels)	35,355.8	33,342.6	34,448.0	40,622.6	42,187.2	41,562.2	43,930.4	53,027.0	57,363.0	55,741.2

1/ Preliminary data.
2/ Thousand.
Source: Ministry of Energy and Mining.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 18
MANUFACTURING PRODUCTION BY MAIN INDUSTRIAL GROUPS
 (% change)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
MANUFACTURING BASED ON RAW MATERIALS GDP	4.8	3.2	8.0	3.9	4.1	-2.7	7.6	0.0	-2.3	12.3
Sugar	15.5	14.6	-29.8	-11.7	15.6	13.1	10.7	7.2	-4.1	3.5
Meat products	2.4	3.4	5.5	7.2	7.8	6.4	9.2	4.6	4.8	5.0
Fishmeal and fish oil	7.0	-29.0	56.0	-2.1	-24.5	4.9	0.5	-4.2	-42.0	109.0
Canned and frozen fish products	-16.4	42.6	13.7	2.7	54.4	9.0	17.6	-17.4	-12.4	59.6
Refining of non-ferrous metals	14.7	11.7	1.3	-2.2	2.5	-11.2	9.4	-18.0	-6.1	7.4
Refining of oil	-1.3	-0.5	8.6	16.3	-1.7	4.2	4.1	27.7	14.2	-4.5
NON PRIMARY MANUFACTURING GDP	5.9	3.7	7.2	8.5	8.5	14.0	8.9	-8.5	16.9	4.4
Food, beverages, and tobacco	5.5	1.9	2.7	7.8	9.3	8.8	8.4	0.4	6.8	4.4
Textiles, leather, and footwear	5.8	7.4	10.0	2.1	-2.0	6.8	-6.7	-23.0	35.2	5.0
Wood and furniture	20.6	-3.7	19.9	-0.6	4.3	12.7	16.6	-6.0	15.6	2.4
Paper and print industry	11.7	7.3	15.6	16.7	7.9	11.6	25.1	-12.3	18.2	7.9
Chemical, rubber and plastic products	6.5	3.9	5.2	8.2	11.9	12.8	7.0	-8.2	11.1	6.5
Non-metallic minerals	11.9	5.6	11.0	12.8	13.0	16.0	20.5	-0.6	20.4	5.3
Iron and steel industry	2.4	4.0	9.8	19.1	12.3	8.1	9.9	-21.1	3.3	-4.6
Metallic products, machinery and equipment	-5.1	2.2	3.4	8.7	17.1	21.2	18.3	-14.4	26.6	9.1
Miscellaneous industries	1.2	-5.8	5.2	9.9	5.8	31.7	-1.0	-1.6	3.0	-10.9
MANUFACTURING GDP	5.7	3.6	7.4	7.5	7.5	11.1	9.1	-7.2	13.6	5.6

1/ Preliminary data.
 Source: INEI and Ministry of Production.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 19
MANUFACTURING PRODUCTION BY MAIN INDUSTRIAL GROUPS
 (Millions of nuevos soles at 1994 prices)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
MANUFACTURING BASED ON RAW MATERIALS GDP	4,284	4,419	4,773	4,957	5,161	5,022	5,405	5,407	5,280	5,931
Sugar	252	289	203	179	207	234	259	277	266	275
Meat products	1,202	1,243	1,311	1,405	1,515	1,612	1,760	1,841	1,929	2,026
Fishmeal and fish oil	601	427	666	652	492	516	519	497	288	603
Canned and frozen fish products	233	332	378	388	599	653	768	635	556	888
Refining of non-ferrous metals	1,165	1,301	1,317	1,288	1,321	1,173	1,283	1,052	987	1,061
Refining of oil	831	827	898	1,045	1,027	1,070	1,114	1,422	1,624	1,552
NON PRIMARY MANUFACTURING GDP	14,863	15,411	16,527	17,930	19,446	22,169	24,133	22,078	25,807	26,951
Food, beverages, and tobacco	3,700	3,770	3,873	4,175	4,562	4,965	5,384	5,407	5,775	6,027
Textiles, leather, and footwear	2,911	3,126	3,440	3,512	3,441	3,677	3,432	2,641	3,571	3,751
Wood and furniture	648	624	748	744	776	874	1,019	958	1,107	1,133
Paper and print industry	1,244	1,335	1,542	1,799	1,941	2,166	2,710	2,378	2,811	3,033
Chemical, rubber and plastic products	2,457	2,552	2,685	2,906	3,253	3,669	3,926	3,603	4,002	4,261
Non-metallic minerals	1,394	1,472	1,634	1,844	2,083	2,416	2,911	2,895	3,485	3,669
Iron and steel industry	549	571	627	747	839	907	997	787	813	776
Metallic products, machinery and equipment	1,439	1,471	1,522	1,654	1,937	2,347	2,775	2,375	3,008	3,282
Miscellaneous industries	520	490	515	566	599	788	781	768	792	706
MANUFACTURING GDP	19,147	19,830	21,300	22,887	24,607	27,328	29,804	27,672	31,440	33,193

1/ Preliminary data.
 Source: INEI and Ministry of Production.
 Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 20
INFLATION
(% change)

	Weight 2009	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CPI	100.0	1.52	2.48	3.48	1.49	1.14	3.93	6.65	0.25	2.08	4.74
1. Food and beverages	37.8	0.50	1.89	4.00	1.13	1.76	6.02	9.70	0.57	2.41	7.97
2. Other components	62.2	2.44	3.04	3.03	1.75	0.61	2.02	3.86	-0.07	1.87	2.76
a. Fuel and electricity	5.7	12.81	4.23	15.93	4.01	-3.16	5.21	1.65	-10.40	6.80	6.01
Fuel	2.8	15.60	8.94	17.77	6.89	-1.50	6.45	-0.04	-12.66	12.21	7.54
Electricity	2.9	7.90	-4.63	11.95	-2.52	-7.30	1.92	6.31	-4.56	1.36	4.30
b. Transportation	8.9	0.11	10.99	3.49	1.29	1.12	0.82	5.86	0.37	1.94	3.61
c. Public services	5.4	-3.62	0.81	0.46	-0.83	1.22	-1.44	8.68	-0.05	-0.70	0.02
d. Other goods and services	42.2	1.59	1.07	0.50	1.63	1.28	1.89	3.51	2.16	1.53	2.47
Memo:											
Core inflation	65.2	1.23	0.73	1.23	1.23	1.37	3.11	5.56	2.35	2.12	3.65
CPI without food and energy	56.4	1.06	2.86	1.09	1.36	1.28	1.49	4.25	1.71	1.38	2.42

Source: INEI.
Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 21
CONSUMER PRICE INDEX
(% change)

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		
	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	-0.52	-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	0.11	6.53	0.30	0.44	0.39	2.17	
February	-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	-0.07	5.49	0.32	0.84	0.38	2.23	
March	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	0.36	4.78	0.28	0.76	0.70	2.66	
April	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	0.02	4.64	0.03	0.76	0.68	3.34	
May	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	-0.04	4.21	0.24	1.04	-0.02	3.07	
June	-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	-0.34	3.06	0.25	1.64	0.10	2.91	
July	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	0.19	2.68	0.36	1.82	0.79	3.35	
August	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	-0.21	1.87	0.27	2.31	0.27	3.35	
September	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	-0.09	1.20	-0.03	2.37	0.33	3.73	
October	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	0.12	0.71	-0.14	2.10	0.31	4.20	
November	-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	-0.11	0.29	0.01	2.22	0.43	4.64	
December	-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	0.32	0.25	0.18	2.08	0.27	4.74	
Memo:																					
Annual average	0.19	2.26	2.26	3.66	3.66	1.62	2.00	1.78	5.79	2.94	1.53	3.37	1.53	2.94	1.53	3.37	1.53	3.37	1.53	3.37	3.37

Source: INEI.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 22
CORE INFLATION
(% change)

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		
	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	0.07	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	0.35	5.66	0.21	2.21	0.19	2.09	
February	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	0.46	5.77	0.17	1.91	0.21	2.14	
March	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	0.47	5.69	0.33	1.77	0.60	2.41	
April	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	0.15	5.42	0.23	1.85	0.40	2.59	
May	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	0.17	5.11	0.14	1.81	0.34	2.80	
June	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	0.16	4.70	0.13	1.79	0.32	2.99	
July	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	0.08	4.38	0.08	1.79	0.25	3.18	
August	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	0.12	3.93	0.24	1.91	0.25	3.19	
September	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	0.16	3.73	0.14	1.88	0.31	3.37	
October	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	-0.02	3.13	0.17	2.07	0.28	3.48	
November	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	0.16	2.68	0.05	1.96	0.29	3.73	
December	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	0.07	2.35	0.23	2.12	0.14	3.65	
Memo:																					
Annual average	1.12	0.99	1.08	1.14	1.37	1.95	4.57	4.36	1.92	2.97											

Source: INEI.
Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 23
NON CORE INFLATION
(% change)

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		
	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	-1.41	-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	-0.20	7.71	0.45	-1.90	0.77	2.32	
February	-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	-0.78	5.13	0.61	-0.52	0.70	2.42	
March	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	0.21	3.58	0.20	-0.54	0.90	3.14	
April	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	-0.15	3.62	-0.35	-0.74	1.20	4.75	
May	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	-0.36	2.99	0.43	0.04	-0.70	3.57	
June	-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	-1.01	0.87	0.47	1.54	-0.32	2.76	
July	-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	0.33	0.43	0.90	2.12	1.81	3.68	
August	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	-0.66	-0.87	0.33	3.13	0.30	3.65	
September	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	-0.44	-2.13	-0.35	3.22	0.37	4.39	
October	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	0.32	-2.47	-0.73	2.14	0.38	5.56	
November	-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	-0.49	-2.88	-0.06	2.58	0.69	6.35	
December	-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	0.66	-2.54	0.09	2.00	0.51	6.79	
Memo:																					
Annual average		-1.27		4.22		7.48		2.29		2.87		1.54		7.44		1.04		1.07		4.12	

Source: INEI.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 24
WHOLESALE PRICE INDEX
 (% change)

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		
	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	-0.18	-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	-1.51	6.85	0.82	-2.81	0.97	4.73	
February	-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	-1.55	4.03	0.07	-1.22	0.64	5.33	
March	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	-0.50	2.67	0.26	-0.47	0.67	5.75	
April	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	-0.70	1.66	0.24	0.48	1.11	6.67	
May	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	-0.68	-0.22	0.81	1.98	0.30	6.14	
June	-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	-0.38	-2.25	0.11	2.48	0.31	6.35	
July	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	0.05	-3.26	0.01	2.44	0.32	6.68	
August	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	-0.42	-4.99	0.37	3.25	0.44	6.76	
September	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	-0.06	-6.21	0.22	3.54	0.67	7.24	
October	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	0.16	-6.35	0.16	3.54	0.21	7.30	
November	-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	-0.07	-6.29	0.89	4.53	0.42	6.79	
December	-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	0.50	-5.05	0.53	4.57	0.03	6.26	
Memo:																					
Annual average	-1.05		1.70		5.21		2.29		3.19		2.49		8.91		-1.76		1.83		6.34		

Source: INEI.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 25
NOMINAL EXCHANGE RATE 1/
(% change)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011												
	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	0.7	-1.8	0.6	1.0	0.6	1.0	-0.8	-0.4	-5.7	-0.9	3.8	-0.4	-5.9	-1.0	-7.6	1.2	6.8	-0.7	-9.3	-1.0	-2.4	
February	0.5	-1.5	-0.3	0.2	0.5	0.0	-0.1	-0.3	-6.4	-3.1	0.9	-0.1	-3.0	-1.5	-8.9	2.7	11.4	-0.1	-11.8	-0.6	-2.9	
March	-0.6	-1.8	-0.1	0.7	-0.5	-0.4	0.0	-0.4	-5.9	1.5	2.5	-0.1	-4.6	-3.2	-11.7	-1.9	12.9	-0.5	-10.6	0.3	-2.1	
April	-0.5	-3.4	-0.4	0.7	0.1	0.1	0.0	-0.1	-6.1	-0.2	2.3	-0.2	-4.6	-2.2	-13.5	-2.8	12.2	0.0	-7.9	1.3	-0.9	
May	0.4	-4.1	0.5	0.9	0.5	0.2	-0.1	-0.1	-6.7	-1.6	0.7	-0.3	-3.4	2.0	-11.4	-3.0	6.7	0.2	-5.0	-1.4	-2.5	
June	0.9	-1.4	-0.1	-0.1	-0.3	0.0	-0.1	-0.3	-6.5	-0.5	0.3	0.1	-2.9	3.1	-8.8	-0.1	3.4	-0.3	-5.1	-0.4	-2.6	
July	1.5	0.8	-0.2	-1.8	-1.0	-0.9	-1.0	-0.9	-5.5	-0.6	-0.3	-0.3	-2.5	-1.5	-9.9	0.7	5.8	-0.5	-6.3	-0.8	-2.9	
August	1.0	2.2	0.3	-2.5	-1.3	-2.4	-1.3	-2.4	-4.1	-0.3	-0.7	-0.1	-2.4	1.6	-8.4	-2.1	2.0	-0.7	-5.0	-0.1	-2.2	
September	1.4	3.7	0.0	-3.8	-1.1	-3.5	-1.1	-3.5	-1.5	0.4	-1.8	-0.7	-3.4	2.5	-5.4	-1.4	-1.9	-0.4	-4.1	0.2	-1.7	
October	-0.1	4.5	-0.1	-3.8	-1.1	-4.5	-1.1	-4.5	2.2	1.8	-0.3	-4.3	-3.7	-6.7	3.7	1.9	-1.3	-6.6	0.0	-2.8	-0.4	-2.1
November	-0.9	4.2	0.0	-3.0	-0.3	-4.8	-0.3	-4.8	-0.1	2.0	-0.5	-4.6	-0.6	-6.9	0.5	3.0	0.5	-6.7	0.5	-2.8	-1.0	-3.6
December	-1.9	2.3	-0.2	-1.2	-0.9	-5.5	-0.9	-5.5	1.4	4.4	-0.5	-6.4	-0.7	-7.0	0.7	4.5	-0.3	-7.6	0.4	-2.2	-0.3	-4.2
Memo:																						
Annual average	0.3	-1.1	-1.9	-3.4	-0.7	-4.4	-6.5	2.9	-6.2	-2.5												

1/ Bank selling exchange rate.
Source: SBS.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 26
REAL MULTILATERAL EXCHANGE RATE
(% change)

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		
	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	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	0.3	-3.5	1.0	1.5	1.1	6.6	-0.4	-3.4	-0.3	5.2	-1.0	-2.7	0.2	0.0	1.4	-3.6	-1.5	-2.3	-0.2	0.4	
February	-0.5	-3.5	-0.3	1.7	-1.0	5.9	0.4	-2.1	-3.5	1.2	0.4	1.2	-0.9	-1.3	1.4	-1.4	-1.6	-5.2	0.0	2.1	
March	-0.9	-2.8	-0.6	2.0	-1.3	5.0	-0.3	-1.1	1.1	2.7	0.3	0.4	-1.9	-3.4	-2.8	-2.3	-0.1	-2.5	0.8	3.0	
April	-0.2	-4.2	0.8	3.1	0.4	4.6	0.0	-1.6	0.5	3.2	1.0	0.9	-1.4	-5.8	-0.6	-1.5	0.5	-1.4	2.5	5.0	
May	0.1	-4.5	2.3	5.3	-1.3	1.0	-0.7	-1.0	-0.1	3.9	-0.2	0.8	1.3	-4.4	-1.0	-3.7	-2.3	-2.8	-1.3	6.1	
June	1.5	-1.0	1.0	4.8	0.3	0.3	-0.7	-2.0	-1.0	3.6	0.6	2.4	3.6	-1.6	2.2	-5.0	-0.6	-5.4	0.5	7.2	
July	2.3	2.3	-0.3	2.2	-0.1	0.4	0.4	-1.4	0.3	3.4	0.9	3.0	-0.8	-3.2	1.4	-2.9	1.3	-5.4	-0.4	5.3	
August	0.0	1.5	-0.5	1.7	-1.3	-0.4	1.7	1.6	0.3	2.0	-0.6	2.0	-1.2	-3.8	-1.0	-2.7	-0.2	-4.6	0.0	5.5	
September	0.4	1.8	0.7	2.0	-0.2	-1.4	2.6	4.4	0.2	-0.3	0.0	1.8	-0.1	-3.9	-0.3	-2.8	0.9	-3.5	-2.3	2.1	
October	-1.7	1.5	1.7	5.5	0.1	-2.8	1.7	6.0	-0.5	-2.5	-2.3	0.1	-1.9	-3.6	-0.2	-1.1	2.5	-0.9	-1.6	-2.0	
November	1.1	2.5	0.2	4.6	1.4	-1.7	-0.6	3.9	0.7	-1.2	1.0	0.4	-2.1	-6.6	1.3	2.4	0.4	-1.8	-1.5	-3.9	
December	-1.5	0.8	0.3	6.5	0.0	-2.0	1.1	5.0	0.3	-2.0	-1.3	-1.2	0.7	-4.7	-1.1	0.6	-0.2	-0.9	-1.6	-5.2	
Memo:																					
Annual average	-0.8	3.4	1.2	0.7	1.5	0.7	-3.5	-2.0	0.7	2.1	-3.1	-2.0	-3.1	-2.0	-3.1	-2.0	-3.1	-2.0	-3.1	2.1	

Source: SBS.
Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 27
EXCHANGE RATE
(S/. per US\$)

	Period average				At period end			
	Bank rate 1/		Informal rate 2/		Bank rate 1/		Informal rate 2/	
	Bid	Ask	Bid	Ask	Bid	Ask	Bid	Ask
2002								
2003	3.52	3.48	3.51	3.52	3.51	3.52	3.52	3.53
2004	3.48	3.41	3.47	3.48	3.46	3.46	3.47	3.48
2005	3.41	3.29	3.41	3.28	3.28	3.28	3.28	3.28
2006	3.29	3.27	3.29	3.28	3.43	3.43	3.42	3.43
2007	3.13	3.13	3.13	3.13	3.20	3.20	3.20	3.20
2008	2.92	2.93	2.92	2.93	3.00	3.00	2.99	2.99
					3.14	3.14	3.12	3.13
2009								
January	3.01	3.01	3.01	3.01	2.89	2.89	2.88	2.88
February	3.15	3.16	3.15	3.16	3.17	3.17	3.16	3.17
March	3.24	3.23	3.23	3.23	3.25	3.25	3.24	3.25
April	3.17	3.18	3.18	3.19	3.16	3.16	3.15	3.15
May	3.08	3.09	3.09	3.09	3.00	3.00	3.00	3.01
June	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99
July	2.99	2.99	2.98	2.99	3.01	3.01	3.00	3.00
August	2.95	2.95	2.96	2.96	2.95	2.95	2.95	2.95
September	2.91	2.91	2.91	2.91	2.88	2.88	2.88	2.88
October	2.87	2.87	2.86	2.87	2.90	2.91	2.89	2.89
November	2.88	2.88	2.88	2.88	2.88	2.88	2.88	2.88
December	2.88	2.88	2.87	2.88	2.89	2.89	2.88	2.88
2010								
January	2.82	2.83	2.82	2.83	2.81	2.81	2.81	2.81
February	2.86	2.86	2.86	2.86	2.86	2.86	2.85	2.86
March	2.85	2.85	2.85	2.85	2.85	2.85	2.84	2.85
April	2.84	2.84	2.83	2.84	2.84	2.84	2.83	2.83
May	2.84	2.85	2.84	2.84	2.85	2.85	2.84	2.84
June	2.84	2.84	2.84	2.84	2.85	2.85	2.84	2.85
July	2.82	2.82	2.82	2.82	2.83	2.83	2.82	2.83
August	2.80	2.80	2.80	2.81	2.82	2.82	2.82	2.82
September	2.79	2.79	2.79	2.79	2.80	2.80	2.79	2.80
October	2.79	2.79	2.79	2.79	2.79	2.79	2.79	2.79
November	2.81	2.81	2.80	2.80	2.80	2.80	2.79	2.79
December	2.82	2.82	2.82	2.82	2.83	2.83	2.82	2.83
2011								
January	2.75	2.75	2.75	2.76	2.70	2.70	2.70	2.70
February	2.79	2.79	2.79	2.80	2.77	2.77	2.77	2.78
March	2.77	2.77	2.77	2.78	2.77	2.77	2.77	2.77
April	2.78	2.78	2.77	2.78	2.80	2.80	2.80	2.80
May	2.82	2.82	2.82	2.82	2.82	2.82	2.83	2.83
June	2.76	2.76	2.79	2.77	2.77	2.77	2.77	2.77
July	2.74	2.74	2.74	2.75	2.75	2.75	2.76	2.76
August	2.74	2.74	2.74	2.75	2.74	2.74	2.74	2.74
September	2.74	2.74	2.73	2.74	2.73	2.73	2.73	2.73
October	2.74	2.74	2.74	2.74	2.77	2.77	2.76	2.77
November	2.73	2.73	2.74	2.74	2.71	2.71	2.72	2.72
December	2.70	2.71	2.70	2.71	2.70	2.70	2.70	2.70
	2.70	2.70	2.69	2.70	2.70	2.70	2.70	2.70

1/ Price in the free market, published by the SBS.

2/ Price published by Reuters.

Source: SBS and Reuters.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 28
REAL BILATERAL AND MULTILATERAL EXCHANGE RATE
(Period average data)

	NOMINAL EXCHANGE RATE INDEX (\$/ 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: 2009 = 100		Base: 2009 = 100		Base: 2009 = 100		Base: 2009 = 100		Base: 2009 = 100		Base: 2009 = 100	
	Bid	Ask	Average		Bid	Ask	Average		Multilateral 2/			
2002	116.8	116.8	116.8	83.8	119.2	119.2	119.2	99.3	81.2	98.2		
January	115.5	115.5	115.5	85.7	117.9	117.9	117.9	101.5	84.0	101.5		
February	113.3	113.3	113.3	88.0	114.6	114.6	114.6	103.4	86.5	102.7		
March	109.4	109.4	109.4	91.0	112.6	112.6	112.6	102.7	89.1	103.4		
April	108.7	108.7	108.7	94.0	113.2	113.2	113.2	103.7	91.4	105.0		
May	103.9	103.9	103.9	96.6	109.3	109.3	109.3	102.9	94.4	105.8		
June	97.1	97.1	97.1	100.4	100.3	100.3	100.3	100.2	98.9	102.0		
July	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
August	104.6	104.6	104.6	98.4	103.0	103.0	103.0	100.0	99.0	100.7		
September	107.5	107.5	107.5	98.9	106.4	106.4	106.4	102.9	99.2	102.1		
October	105.4	105.4	105.4	99.1	104.3	104.3	104.3	100.3	99.2	99.2		
November	102.4	102.4	102.4	99.4	101.5	101.5	101.5	99.3	99.6	98.6		
December	99.4	99.4	99.4	99.7	98.9	98.9	98.9	98.6	99.2	97.6		
2003	99.3	99.3	99.3	100.5	100.0	100.0	100.0	99.7	99.9	99.8		
January	100.0	100.0	100.0	100.4	100.3	100.3	100.3	100.9	100.3	101.1		
February	98.0	98.0	98.0	100.6	98.7	98.7	98.7	99.6	100.4	100.1		
March	96.6	96.6	96.6	100.7	97.5	97.5	97.5	99.0	100.6	99.9		
April	95.4	95.4	95.4	100.8	96.2	96.2	96.2	98.9	100.7	99.7		
May	95.8	95.8	95.8	100.8	96.8	96.8	96.8	99.9	101.0	101.0		
June	95.6	95.6	95.6	100.7	96.1	96.1	96.1	99.2	100.9	99.9		
July	93.8	93.8	93.8	101.6	93.9	93.9	93.9	95.9	102.6	96.9		
August	94.9	94.9	94.9	101.0	95.4	95.4	95.4	97.6	101.2	98.4		
September	94.8	94.8	94.8	101.0	95.1	95.1	95.1	96.0	101.6	96.8		
October	94.3	94.3	94.3	101.4	94.7	94.7	94.7	96.1	101.6	96.7		
November	94.3	94.3	94.3	101.6	94.8	94.8	94.8	96.1	102.2	97.2		
December	94.5	94.5	94.5	101.7	94.9	94.9	94.9	94.4	101.8	94.9		
2004	94.5	94.5	94.5	101.6	94.3	94.3	94.3	93.8	102.2	94.4		
January	94.2	94.2	94.2	101.6	94.3	94.3	94.3	94.9	102.8	95.7		
February	93.7	93.7	93.7	101.8	93.5	93.5	93.5	94.9	102.9	95.5		
March	93.0	93.0	93.0	101.8	92.7	92.7	92.7	94.9	103.2	96.4		
April	92.7	92.7	92.7	101.8	92.4	92.4	92.4	95.4	103.5	98.8		
May	92.7	92.7	92.7	101.9	92.6	92.6	92.6	97.3	103.5	99.2		
June	93.2	93.2	93.2	102.0	93.1	93.1	93.1	97.4	103.9	99.2		
July	93.5	93.5	93.5	102.2	93.5	93.5	93.5	97.3	104.0	99.0		
August	91.5	91.5	91.5	104.8	91.4	91.4	91.4	97.6	106.4	98.9		
September	92.5	92.5	92.5	102.7	92.6	92.6	92.6	97.0	104.4	98.8		
October	92.0	92.0	92.0	103.2	92.2	92.2	92.2	97.0	104.9	98.8		
November	92.3	92.3	92.3	104.2	92.7	92.7	92.7	98.0	105.4	99.6		
December	93.5	93.5	93.5	104.8	93.9	93.9	93.9	100.6	106.0	102.1		
2005	92.1	92.1	92.1	105.3	93.0	93.0	93.0	99.4	105.8	100.7		
January	91.8	91.8	91.8	105.2	92.4	92.4	92.4	99.5	106.3	101.2		
February	91.0	91.0	91.0	105.3	91.0	91.0	91.0	99.2	107.0	100.8		
March	91.0	91.0	91.0	105.6	91.0	91.0	91.0	99.3	107.1	100.8		
April	91.1	91.1	91.1	105.8	90.9	90.9	90.9	97.0	107.5	98.4		
May	90.7	90.7	90.7	105.5	90.1	90.1	90.1	95.7	107.6	96.9		
June	89.8	89.8	89.8	105.5	88.7	88.7	88.7	94.5	107.7	95.4		
July	89.5	89.5	89.5	105.2	88.0	88.0	88.0	93.4	107.6	93.8		

1/ Using the United States Consumer Price Index (CPI).

2/ Using 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 29
REAL EXCHANGE RATE
 (% change of period average data) 1/

	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: 2009 = 100			Base: 2009 = 100			Base: 2009 = 100			Base: 2009 = 100			Base: 2009 = 100			Base: 2009 = 100		
	Bid	Ask	Average	Bid	Ask	Average	Bid	Ask	Average	Bid	Ask	Average	Bid	Ask	Multilateral 3/			
2002	0.3	0.3	0.3	1.6	1.7	1.7	1.7	1.7	1.7	-3.4	2.8	-0.8						
2003	-1.1	-1.1	-1.1	2.3	-1.1	-1.1	-1.1	-1.1	-1.1	2.2	3.5	3.4						
2004	-1.9	-1.9	-1.9	2.7	-2.8	-2.8	-2.8	-2.8	-2.8	1.9	3.0	1.2						
2005	-3.4	-3.4	-3.4	3.4	-1.7	-1.7	-1.7	-1.7	-1.7	-0.6	2.9	0.7						
2006	-0.7	-0.7	-0.7	3.2	0.5	0.5	0.5	0.5	0.5	0.9	2.7	1.5						
2007	-4.4	-4.4	-4.4	2.9	-3.4	-3.4	-3.4	-3.4	-3.4	-0.7	3.2	0.7						
2008	-6.5	-6.5	-6.5	3.8	-8.3	-8.3	-8.3	-8.3	-8.3	-2.7	4.8	-3.5						
2009	3.0	2.9	3.0	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2	1.1	-2.0						
January	1.2	1.2	1.2	0.4	1.5	1.5	1.5	1.5	1.5	1.3	0.2	1.4						
February	2.7	2.7	2.7	0.5	3.3	3.3	3.3	3.3	3.3	1.1	0.2	1.4						
March	-1.9	-1.9	-1.9	0.2	-2.0	-2.0	-2.0	-2.0	-2.0	-2.5	0.0	-2.8						
April	-2.8	-2.8	-2.8	0.2	-2.6	-2.6	-2.6	-2.6	-2.6	-1.0	0.4	-0.6						
May	-2.9	-3.0	-2.9	0.3	-2.6	-2.6	-2.6	-2.6	-2.6	-0.7	-0.4	-1.0						
June	-0.1	-0.1	-0.1	0.9	1.1	1.1	1.1	1.1	1.1	1.2	0.7	2.2						
July	0.7	0.7	0.7	-0.2	0.4	0.4	0.4	0.4	0.4	1.2	0.4	1.4						
August	-2.1	-2.1	-2.1	0.2	-1.6	-1.6	-1.6	-1.6	-1.6	-1.3	0.1	-1.0						
September	-1.4	-1.4	-1.4	0.1	-1.2	-1.2	-1.2	-1.2	-1.2	-0.6	0.2	-0.3						
October	-1.3	-1.3	-1.3	0.1	-1.3	-1.3	-1.3	-1.3	-1.3	-0.1	0.1	-0.2						
November	0.4	0.5	0.4	0.1	0.6	0.6	0.6	0.6	0.6	0.9	0.3	1.3						
December	-0.2	-0.3	-0.2	-0.2	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.1	-1.1						
2010	-6.2	-6.2	-6.2	1.6	-6.1	-6.1	-6.1	-6.1	-6.1	-4.1	2.6	-3.1						
January	-0.7	-0.7	-0.7	0.3	-0.7	-0.7	-0.7	-0.7	-0.7	-1.6	0.4	-1.5						
February	-0.1	-0.1	-0.1	0.0	-0.4	-0.4	-0.4	-0.4	-0.4	-1.6	0.4	-1.6						
March	-0.5	-0.5	-0.5	0.4	-0.4	-0.4	-0.4	-0.4	-0.4	0.1	0.1	-0.1						
April	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.6	0.5						
May	0.2	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	-1.8	-0.4	-2.3						
June	-0.3	-0.3	-0.3	-0.1	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	0.3	-0.6						
July	-0.5	-0.5	-0.5	0.0	-0.9	-0.9	-0.9	-0.9	-0.9	1.1	0.6	1.3						
August	-0.7	-0.7	-0.7	0.1	-0.9	-0.9	-0.9	-0.9	-0.9	0.0	0.1	-0.2						
September	-0.4	-0.4	-0.4	0.1	-0.3	-0.3	-0.3	-0.3	-0.3	0.3	0.3	0.9						
October	0.0	0.0	0.0	0.1	0.3	0.3	0.3	0.3	0.3	0.6	0.4	2.5						
November	0.5	0.5	0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.0	0.4	0.4						
December	0.4	0.4	0.4	0.2	0.3	0.3	0.3	0.3	0.3	-0.1	0.0	-0.2						
2011	-2.5	-2.5	-2.5	3.2	-2.7	-2.7	-2.7	-2.7	-2.7	1.7	3.8	2.1						
January	-1.0	-1.0	-1.0	0.5	-0.9	-0.9	-0.9	-0.9	-0.9	-0.3	0.4	-0.2						
February	-0.6	-0.6	-0.6	0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.1	0.5	0.0						
March	0.3	0.3	0.3	1.0	0.6	0.6	0.6	0.6	0.6	1.1	0.4	0.8						
April	1.3	1.3	1.3	0.6	1.3	1.3	1.3	1.3	1.3	2.6	0.6	2.5						
May	-1.4	-1.4	-1.4	0.5	-1.0	-1.0	-1.0	-1.0	-1.0	-1.2	-0.2	-1.3						
June	-0.4	-0.4	-0.4	-0.1	-0.6	-0.6	-0.6	-0.6	-0.6	0.1	0.5	0.5						
July	-0.8	-0.8	-0.8	0.1	-1.5	-1.5	-1.5	-1.5	-1.5	-0.3	0.7	-0.4						
August	-0.1	-0.1	-0.1	0.3	-0.1	-0.1	-0.1	-0.1	-0.1	0.1	0.1	0.0						
September	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	-2.3	0.4	-0.0						
October	-0.4	-0.4	-0.4	-0.2	-1.0	-1.0	-1.0	-1.0	-1.0	-1.4	0.1	-1.6						
November	-1.0	-1.0	-1.0	-0.1	-1.5	-1.5	-1.5	-1.5	-1.5	-1.2	0.1	-1.5						
December	-0.3	-0.3	-0.3	-0.2	-0.8	-0.8	-0.8	-0.8	-0.8	-0.1	-0.1	-1.6						

1/ For the monthly data the change is compared to the previous month.
 2/ Using the United States Consumer Price Index (CPI).
 3/ Using 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 30
EXCHANGE RATE OF OTHER CURRENCIES AGAINST THE NUEVO SOL 1/
 Nuevos Soles per monetary unit
 (Period average data)

	US dollar (US\$)	Euro (€)	Yen (¥)	Brazilian real (R)	Pound (£)	Chilean peso (\$)	Mexican peso (\$)	Argentine peso (\$)	Canadian dollar (Can\$)	Currency basket 2/
2002	3.52	3.32	0.028	1.24	5.28	0.005	0.36	1.25	2.24	0.58
2003	3.48	3.93	0.030	1.14	5.68	0.005	0.32	1.20	2.49	0.59
2004	3.41	4.24	0.032	1.17	6.25	0.006	0.30	1.17	2.63	0.60
2005	3.30	4.10	0.030	1.36	6.00	0.006	0.30	1.14	2.72	0.60
2006	3.27	4.11	0.028	1.51	6.03	0.006	0.30	1.07	2.89	0.61
2007	3.13	4.28	0.027	1.61	6.26	0.006	0.29	1.01	2.92	0.60
2008	2.92	4.29	0.028	1.62	5.42	0.006	0.26	0.93	2.75	0.59
2009	3.01	4.19	0.032	1.52	4.70	0.005	0.22	0.81	2.64	0.58
2010	2.83	3.75	0.032	1.61	4.37	0.006	0.22	0.73	2.74	0.56
2011	2.75	3.83	0.035	1.65	4.41	0.006	0.22	0.67	2.79	0.57

1 / Calculated from average exchange rates purchase - sale of various currencies against the US dollar.

2 / Includes currency basket with the top 20 trading partners of Peru.

Source: IMF and Reuters.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 31
EXCHANGE RATE OF THE MAIN CURRENCIES AGAINST THE US DOLLAR AND INTERNATIONAL INTERESTS RATES
 (Period average data)

	Euro (€)	Yen (¥)	Brazilian real (R)	Pound (£)	Chilean peso (\$)	Mexican peso (\$)	Argentine Peso (\$)	SDR 1/	3 month Libor US\$ (%)	3 month Euro Libor (%)
2002	1.063	125.388	2.9208	0.667	688.94	9.6560	3.0633	1.295	1.791	3.317
2003	0.886	115.934	3.0771	0.612	691.43	10.7890	2.9006	1.400	1.216	2.332
2004	0.805	108.193	2.9251	0.546	609.37	11.2860	2.9233	1.481	1.619	2.105
2005	0.804	110.218	2.4344	0.550	560.09	10.8979	2.9037	1.475	3.558	2.185
2006	0.797	116.299	2.1753	0.543	530.29	10.8992	3.0543	1.472	5.194	3.080
2007	0.731	117.754	1.9471	0.500	522.46	10.9282	3.0956	1.530	5.296	4.277
2008	0.683	103.360	1.8338	0.544	522.46	11.1297	3.1442	1.579	2.910	4.631
2009	0.720	93.570	1.9970	0.642	560.86	13.5135	3.7101	1.535	0.693	1.211
2010	0.755	87.780	1.7592	0.647	510.25	12.6360	3.8963	1.526	0.343	0.751
2011	0.719	79.807	1.6728	0.624	483.67	12.4233	4.1101	1.579	0.337	1.336

1/ US dollars per SDR.
 Source: IMF and Reuters.
 Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 32
EXCHANGE RATE OF MAIN CURRENCIES 1/
 (End of period data)

	US dollar (US\$)	Euro (€)	Yen (¥)	Brazilian real (R)	Pound (£)	Chilean peso (\$)	Mexican peso (\$)	Argentine peso (\$)	Canadian dollar (Can\$)	Basket 2/
2002	3.51	3.59	0.029	0.97	5.58	0.005	0.34	1.00	2.25	0.58
2003	3.47	4.27	0.032	1.19	6.09	0.006	0.31	1.17	2.64	0.61
2004	3.28	4.40	0.032	1.21	6.33	0.006	0.29	1.11	2.70	0.60
2005	3.42	4.06	0.029	1.50	5.98	0.007	0.32	1.13	2.95	0.62
2006	3.21	4.24	0.027	1.49	6.29	0.006	0.30	1.05	2.78	0.60
2007	2.98	4.35	0.027	1.67	6.03	0.006	0.27	0.96	2.97	0.59
2008	3.11	4.24	0.034	1.30	4.63	0.005	0.23	0.91	2.52	0.59
2009	2.88	4.20	0.032	1.65	4.67	0.006	0.22	0.76	2.73	0.58
2010	2.82	3.72	0.034	1.66	4.39	0.006	0.23	0.71	2.79	0.57
2011	2.70	3.55	0.035	1.47	4.21	0.005	0.20	0.63	2.63	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 33
EXCHANGE RATE OF THE MAIN CURRENCIES AGAINST THE US DOLLAR AND INTERNATIONAL INTERESTS RATES
 (End of period data)

	Euro (€)	Yen (¥)	Brazilian real (R)	Pound (£)	Chilean peso (\$)	Mexican peso (\$)	Argentine Peso (\$)	SDR 1/	3 month Libor US\$ (%)	3 month Euro Libor (%)
2002	0.952	118.770	3.5400	0.621	720.25	10.3700	3.3650	1.3595	1.380	2.861
2003	0.795	107.350	2.8915	0.560	593.13	11.2300	2.9550	1.4860	1.152	2.123
2004	0.738	102.465	2.6560	0.521	555.75	11.1350	2.9725	1.5530	2.564	2.154
2005	0.844	117.960	2.3383	0.581	514.30	10.6285	3.0475	1.4293	4.536	2.487
2006	0.758	119.020	2.1365	0.510	532.35	10.8028	3.0888	1.5044	5.360	3.723
2007	0.685	111.355	1.7800	0.504	497.95	10.9088	3.1713	1.5785	4.703	4.679
2008	0.715	90.610	2.3145	0.684	638.00	13.6663	3.4750	1.5478	1.425	2.894
2009	0.698	92.915	1.7430	0.619	507.45	13.0636	3.8575	1.5677	0.251	0.655
2010	0.747	81.175	1.6596	0.641	468.00	12.3575	3.9700	1.5400	0.303	0.939
2011	0.772	76.960	1.8632	0.644	519.50	13.9547	4.3030	1.5353	0.581	1.292

1/ SDR - Special Drawing Rights.
 Source: International Financial Statistics of IMF and Reuters.
 Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 34
BALANCE OF PAYMENTS
(Millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. CURRENT ACCOUNT BALANCE	- 1,094	- 930	60	1,159	2,912	1,521	- 5,285	- 723	- 3,782	- 3,341
1. Trade balance	321	886	3,004	5,286	8,986	8,503	2,569	5,951	6,750	9,302
a. FOB Exports	7,714	9,091	12,809	17,368	23,830	28,094	31,018	26,962	35,565	46,268
b. FOB Imports	- 7,393	- 8,205	- 9,805	- 12,082	- 14,844	- 19,591	- 28,449	- 21,011	- 28,815	- 36,967
2. Services	- 994	- 900	- 732	- 834	- 737	- 1,192	- 2,056	- 1,176	- 2,345	- 2,132
a. Exports	1,455	1,716	1,993	2,289	2,660	3,152	3,649	3,636	3,693	4,364
b. Imports	- 2,449	- 2,616	- 2,725	- 3,123	- 3,397	- 4,344	- 5,704	- 4,812	- 6,038	- 6,497
3. Investment income	- 1,440	- 2,125	- 3,645	- 5,065	- 7,522	- 8,299	- 8,742	- 8,385	- 11,212	- 13,710
a. Private	- 751	- 1,301	- 2,758	- 4,238	- 6,870	- 7,895	- 8,746	- 8,450	- 10,982	- 13,173
b. Public	- 690	- 825	- 888	- 827	- 652	- 403	4	65	- 230	- 537
4. Current transfers	1,019	1,209	1,433	1,772	2,185	2,508	2,943	2,887	3,026	3,200
of which: Remittances	705	869	1,133	1,440	1,837	2,131	2,444	2,409	2,534	2,697
II. FINANCIAL ACCOUNT	2,055	636	2,091	173	331	8,590	8,510	2,406	13,606	9,161
1. Private sector	2,369	301	983	896	2,495	8,154	9,569	4,200	11,396	9,620
a. Assets	522	- 833	- 258	- 868	- 1,327	- 1,052	- 535	- 3,586	- 1,375	- 1,298
a. Liabilities	1,848	1,134	1,240	1,764	3,822	9,207	10,104	7,786	12,771	10,918
2. Public sector	480	187	879	- 486	- 935	- 1,629	- 1,621	291	2,468	848
a. Assets	- 3	- 303	- 159	- 378	- 125	- 166	65	- 320	- 37	- 273
b. Liabilities 2/	483	490	1,037	- 108	- 811	- 1,464	- 1,686	610	2,505	1,121
3. Short-term capital	- 794	147	230	- 236	- 1,229	2,065	562	- 2,085	- 258	- 1,307
a. Assets	- 155	204	- 8	- 671	- 927	- 1,046	416	- 601	- 1,844	- 1,319
b. Liabilities	- 639	- 56	238	435	- 302	3,111	146	- 1,484	1,587	12
III. EXCEPTIONAL FINANCING	14	64	26	100	27	67	57	36	19	33
IV. NET ERRORS AND OMISSIONS	- 142	707	174	196	- 517	- 523	- 112	- 675	1,348	- 1,129
V. RESULT OF THE BALANCE OF PAYMENTS	833	477	2,351	1,628	2,753	9,654	3,169	1,043	11,192	4,724
(V = I + II + III + IV) = (1 - 2)										
1. Change in the balance of NIRS	985	596	2,437	1,466	3,178	10,414	3,507	1,939	10,970	4,711
2. Valuation effect	152	119	86	- 162	425	760	338	896	- 222	- 13

1/ Preliminary data

2/ Since this publication government bonds issued abroad and in the hands of residents are excluded from foreign liabilities of the public sector. Government bonds issued locally, in the hands of non-residents, are included in foreign liabilities of this sector.

Source: BCRP, MEF, SBS, SUNAT, Ministry of Foreign Affairs, Cofide, ONP, FCR, Tacna Free Trade Zone, Banco de la Nación, Cavalli S.A., ICLV, Proinversión, Bank for International Settlements (BIS), and companies. Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 35
BALANCE OF PAYMENTS
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. CURRENT ACCOUNT BALANCE	- 1.9	- 1.5	0.1	1.5	3.2	1.4	- 4.2	- 0.6	- 2.5	- 1.9
1. Trade balance	0.6	1.4	4.3	6.7	9.7	7.9	2.0	4.7	4.4	5.3
a. FOB Exports	13.6	14.8	18.4	21.9	25.8	26.1	24.4	21.2	23.1	26.2
b. FOB Imports	- 13.0	- 13.4	- 14.1	- 15.2	- 16.1	- 18.2	- 22.4	- 16.5	- 18.7	- 20.9
2. Services	- 1.7	- 1.5	- 1.0	- 1.1	- 0.8	- 1.1	- 1.6	- 0.9	- 1.5	- 1.2
a. Exports	2.6	2.8	2.9	2.9	2.9	2.9	2.9	2.9	2.5	2.5
b. Imports	- 4.3	- 4.3	- 3.9	- 3.9	- 3.7	- 4.0	- 4.5	- 3.8	- 3.9	- 3.7
3. Investment income	- 2.5	- 3.5	- 5.2	- 6.4	- 8.1	- 7.7	- 6.4	- 7.7	- 7.3	- 7.8
a. Private	- 1.3	- 2.1	- 4.0	- 5.3	- 7.4	- 7.3	- 6.9	- 6.6	- 7.1	- 7.5
b. Public	- 1.2	- 1.3	- 1.3	- 1.0	- 0.7	- 0.4	- 0.0	0.1	- 0.1	- 0.3
4. Current transfers	1.8	2.0	2.1	2.2	2.4	2.3	2.3	2.3	2.0	1.8
of which: Remittances	1.2	1.4	1.6	1.8	2.0	2.0	1.9	1.9	1.6	1.5
II. FINANCIAL ACCOUNT	3.6	1.0	3.0	0.2	0.4	8.0	6.7	1.9	8.8	5.2
1. Private sector	4.2	- 0.5	1.4	1.1	2.7	7.6	7.5	3.3	7.4	5.4
a. Assets	0.9	- 1.4	- 0.4	- 1.1	- 1.4	- 1.0	- 0.4	- 2.8	- 0.9	- 0.7
b. Liabilities	3.3	1.8	1.8	2.2	4.1	8.6	7.9	6.1	8.3	6.2
2. Public sector	0.8	0.3	1.3	- 0.6	- 1.0	- 1.5	- 1.3	0.2	1.6	0.5
a. Assets	0.0	- 0.5	- 0.2	- 0.5	- 0.1	- 0.2	0.1	- 0.3	0.0	- 0.2
b. Liabilities 2/	0.8	0.8	1.5	- 0.1	- 0.9	- 1.4	- 1.3	0.5	1.6	0.6
3. Short-term capital	- 1.4	0.2	0.3	- 0.3	- 1.3	1.9	0.4	- 1.6	- 0.2	- 0.7
a. Assets	- 0.3	0.3	0.0	- 0.8	- 1.0	- 1.0	0.3	- 0.5	- 1.2	- 0.7
b. Liabilities	- 1.1	- 0.1	0.3	0.5	- 0.3	2.9	0.1	- 1.2	1.0	0.0
III. EXCEPTIONAL FINANCING	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
IV. NET ERROR S AND OMISSIONS	- 0.2	1.2	0.2	0.2	- 0.6	- 0.5	- 0.1	- 0.5	0.9	- 0.6
V. RESULT OF THE BALANCE OF PAYMENTS (V = I + II + III + IV) = (1 - 2)	1.5	0.8	3.4	2.1	3.0	9.0	2.5	0.8	7.3	2.7
1. Change in the balance of NIRS	1.7	1.0	3.5	1.8	3.4	9.7	2.8	1.5	7.1	2.7
2. Valuation effect	0.3	0.2	0.1	- 0.2	0.5	0.7	0.3	0.7	- 0.1	- 0.0
Memo:										
GDP (Millions of US\$)	56,797	61,367	69,752	79,395	92,439	107,443	127,115	127,370	153,964	176,761

1/ Preliminary data.

2/ Since this publication government bonds issued abroad and in the hands of residents are excluded from foreign liabilities of the public sector. Government bonds issued locally, in the hands of non-residents, are included foreign liabilities of this sector.

Source: BCRP, MEF, SBS, SUNAT, Ministry of Foreign Affairs, Cofide, ONP, PCR, Tacna Free Trade Zone, Banco de la Nación, Cavalli S.A. ICLV, Proinversión, Bank for International Settlements (BIS), and companies
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 36
TRADE BALANCE
 (FOB values in millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. EXPORTS	7,714	9,091	12,809	17,368	23,830	28,094	31,018	26,962	35,565	46,268
Traditional products	5,369	6,356	9,199	12,950	18,461	21,666	23,266	20,622	27,669	35,837
Non-traditional products	2,256	2,620	3,479	4,277	5,279	6,313	7,562	6,186	7,641	10,130
Others	89	114	131	141	91	114	190	154	254	301
2. IMPORTS	7,393	8,205	9,805	12,082	14,844	19,591	28,449	21,011	28,815	36,967
Consumer goods	1,754	1,841	1,995	2,308	2,616	3,189	4,520	3,962	5,489	6,692
Inputs	3,740	4,340	5,364	6,600	7,981	10,429	14,556	10,076	14,023	18,255
Capital goods	1,842	1,974	2,361	3,064	4,123	5,854	9,233	6,850	9,074	11,665
Other goods	56	49	85	110	123	119	140	122	229	355
3. TRADE BALANCE	321	886	3,004	5,286	8,986	8,503	2,569	5,951	6,750	9,302
Memo:										
Annual % change: 2/										
Index of X prices	3.2	9.2	22.7	16.8	36.1	14.4	3.5	-10.0	29.9	20.0
Index of M prices	-1.7	9.0	12.1	10.6	7.5	10.6	21.0	-7.4	10.1	13.8
Terms of trade	5.0	0.1	9.4	5.6	26.7	3.4	-14.4	-2.8	17.9	5.4
Index of X volume	6.2	7.9	14.7	15.9	0.6	3.3	7.3	-4.1	1.9	8.5
Index of M volume	4.3	1.9	6.4	11.5	14.4	19.1	19.9	-20.1	24.5	12.8
Index of X value	9.8	17.8	40.9	35.6	37.2	17.9	10.4	-13.1	31.9	30.1
Index of M value	2.6	11.0	19.5	23.2	22.9	32.0	45.2	-26.1	37.1	28.3

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 37
EXPORTS BY GROUP OF PRODUCTS
 (FOB values in millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
1. TRADITIONAL PRODUCTS	5,369	6,356	9,199	12,950	18,461	21,666	23,266	20,622	27,669	35,837
Fishing	892	821	1,104	1,303	1,335	1,460	1,797	1,683	1,884	2,099
Agriculture	216	224	325	331	574	460	686	636	975	1,672
Mining	3,809	4,690	7,124	9,790	14,735	17,439	18,101	16,382	21,723	27,361
Oil and Natural gas	451	621	646	1,526	1,818	2,306	2,681	1,921	3,088	4,704
2. NON-TRADITIONAL PRODUCTS	2,256	2,620	3,479	4,277	5,279	6,313	7,562	6,186	7,641	10,130
Agriculture and livestock	550	624	801	1,008	1,220	1,512	1,913	1,825	2,190	2,830
Fishing	164	205	277	323	433	500	622	518	642	1,047
Textiles	677	823	1,092	1,275	1,473	1,736	2,026	1,495	1,558	1,986
Wood and paper manufacture	177	172	214	261	333	362	428	335	355	398
Chemicals	256	316	415	538	602	805	1,041	837	1,223	1,645
Non- metallic minerals	68	74	94	118	135	165	176	148	251	487
Basic Metal industries and jewelry	222	262	391	493	829	906	909	569	918	1,128
Metal-mechanic	110	99	136	191	164	220	328	366	394	464
Others 2/	33	45	58	70	89	107	121	93	110	145
3. OTHERS 3/	89	114	131	141	91	114	190	154	254	301
4. TOTAL EXPORTS	7,714	9,091	12,809	17,368	23,830	28,094	31,018	26,962	35,565	46,268
PERCENTAGE STRUCTURE (%)										
Fishing	11.6	9.0	8.6	7.5	5.6	5.2	5.8	6.2	5.3	4.5
Agriculture	2.8	2.5	2.5	1.9	2.4	1.6	2.2	2.4	2.7	3.6
Mining	49.4	51.6	55.6	56.4	61.8	62.1	58.4	60.8	61.1	59.1
Oil and Natural gas	5.8	6.8	5.0	8.8	7.6	8.2	8.6	7.1	8.7	10.2
TRADITIONAL	69.6	69.9	71.7	74.6	77.4	77.1	75.0	76.5	77.8	77.5
NON-TRADITIONAL	29.2	28.8	27.2	24.6	22.2	22.5	24.4	22.9	21.5	21.9
OTHERS	1.2	1.3	1.1	0.8	0.4	0.4	0.6	0.6	0.7	0.7
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 fur and leather and handicrafts.

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 38
EXPORTS OF TRADITIONAL PRODUCTS
 (FOB values in millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
FISHING	892	821	1,104	1,303	1,335	1,460	1,797	1,683	1,884	2,099
Fishmeal	823	742	1,147	1,139	1,413	1,211	1,413	1,425	1,609	1,767
Volume (Thousand MT)	1,517.6	1,370.1	1,750.7	1,340.0	1,564.9	1,261.7	1,564.9	1,539.4	1,082.5	1,291.7
Price (US\$/MT)	542.4	541.7	545.2	850.0	902.7	959.8	902.7	925.9	1,486.7	1,367.7
Fish oil	69	79	149	156	385	249	385	258	274	333
Volume (Thousand MT)	160.6	183.2	285.1	286.4	298.5	320.7	257.7	304.4	254.1	234.5
Price (US\$/MT)	430.8	431.6	523.4	523.2	777.2	777.2	1,493.2	847.0	1,079.2	1,418.5
AGRICULTURE	216	224	325	331	574	460	686	636	975	1,672
Cotton	2	0	0	3	7	3	2	3	1	8
Volume (Thousand MT)	1.6	3.6	3.3	2.0	3.8	1.5	0.9	1.6	0.5	2.1
Price (US\$/MT)	1,447.7	1,600.7	1,883.3	1,640.4	1,833.2	2,093.6	2,505.2	1,722.0	2,417.9	3,762.2
Sugar	16	19	15	13	43	19	25	37	65	48
Volume (Thousand MT)	41.8	61.1	41.4	32.2	108.5	48.3	70.4	85.5	112.0	62.6
Price (US\$/MT)	389.6	313.9	352.5	395.1	395.7	388.9	433.2	433.2	577.9	759.9
Coffee	188	181	290	307	515	427	645	584	888	1,581
Volume (Thousand MT)	167.7	150.5	191.1	142.2	238.1	173.6	225.1	197.7	229.8	293.7
Price (US\$/MT)	1,121.6	1,203.2	1,516.7	2,157.0	2,163.3	2,459.0	2,865.9	2,956.7	3,864.7	5,382.4
Other agriculture products 2/	10	18	14	8	9	11	14	12	20	36
MINING	3,809	4,690	7,124	9,790	14,735	17,439	18,101	16,382	21,723	27,361
Copper 3/	1,187	1,261	2,481	3,472	5,996	7,219	7,277	5,934	8,870	10,711
Volume (Thousand MT)	858.8	787.3	940.5	984.2	980.6	1,121.9	1,243.1	1,246.2	1,253.5	1,257.2
Price (US\$/pd.)	627	72.6	119.6	160.0	277.3	291.9	265.5	216.0	321.0	386.5
Tin	155	211	346	301	409	595	663	479	663	755
Volume (Thousand MT)	37.5	39.1	41.8	41.8	46.5	41.1	38.3	38.0	33.5	28.8
Price (US\$/pd.)	187.7	244.7	390.3	326.9	398.7	656.6	785.7	571.5	897.7	1,187.7
Iron	83	94	129	216	256	285	385	298	523	1,023
Volume (Millions tm)	4.4	5.9	6.0	6.6	6.7	7.2	6.8	7.0	7.7	9.2
Price (US\$/MT)	190	159	215	327	383	398	563	426	676	111.3
Gold	1,501	2,102	2,424	3,095	4,032	4,187	5,586	6,805	7,756	10,104
Volume (Thousand oz.tr.)	4,750.3	5,776.7	5,955.6	6,875.8	6,673.7	5,967.4	6,417.7	6,986.8	6,345.8	6,415.4
Price (US\$/oz.tr.)	315.9	363.8	407.1	450.2	604.2	701.7	870.4	974.0	1,222.3	1,574.9
Refined Silver	174	191	260	281	480	538	595	214	118	219
Volume (Millions oz.tr.)	37.7	39.3	39.1	38.5	41.8	40.4	39.7	16.2	6.2	6.5
Price (US\$/oz.tr.)	46	49	67	73	115	133	150	132	192	337
Lead 3/	211	201	389	491	713	1,033	1,136	1,116	1,579	2,424
Volume (Thousand MT)	273.8	258.5	281.4	322.8	377.5	416.6	525.0	681.4	770.0	986.5
Price (US\$/pd.)	34.9	35.3	62.7	69.0	85.6	112.5	98.1	74.3	93.0	111.5
Zinc	429	529	577	805	1,991	2,539	1,468	1,233	1,691	1,522
Volume (Thousand MT)	1,128.0	1,183.4	1,035.4	1,089.8	1,063.2	1,272.7	1,457.1	1,372.5	1,310.4	1,007.1
Price (US\$/pd.)	172	20.3	25.3	33.5	84.9	90.5	45.7	40.8	58.5	68.6
Molybdenum	64	92	506	1,107	834	991	943	276	492	571
Volume (Thousand MT)	10.2	10.5	13.5	18.6	17.8	16.2	18.3	12.2	16.7	19.5
Price (US\$/pd.)	285.6	407.3	1,695.7	2,700.5	2,120.7	2,781.8	2,343.2	1,023.6	1,338.0	1,330.6
Other mining products 4/	5.1	6.9	12.1	21.2	24.1	50.6	47.6	27.6	31.2	31.2
OIL AND NATURAL GAS	451	621	646	1,526	1,818	2,306	2,681	1,921	3,088	4,704
Crude oil and derivatives	451	621	646	1,526	1,818	2,306	2,681	1,921	3,088	4,704
Volume (Millions bl.)	19.8	23.7	20.0	32.3	32.7	35.7	31.1	33.5	36.8	33.6
Price (US\$/bl.)	22.8	26.2	32.3	47.2	55.5	64.6	86.1	57.4	76.2	101.8
Gas natural	0	0	0	0	0	0	0	0	0	0
Volume (Thousand m3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Price (US\$/m3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRADITIONAL PRODUCTS	5,369	6,356	9,199	12,950	18,461	21,666	23,266	20,622	27,669	35,837

1/ Preliminary data.

2/ Comprises coca leaves and derivatives, molasses, wool and furs.

3/ Includes silver content.

4/ Includes mainly bismuth and tungsten.

Source: BCRP and SUNAT.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 39
EXPORTS OF NON-TRADITIONAL PRODUCTS
 (FOB values in millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
AGRICULTURE AND LIVESTOCK	550	624	801	1,008	1,220	1,512	1,913	1,825	2,190	2,830
Vegetables	271	308	380	452	563	713	798	739	864	980
Fruits	89	111	140	178	178	178	412	461	585	864
Various plant products	69	66	75	100	108	135	180	173	225	280
Cereals and its preparations	40	47	47	53	66	77	121	124	126	170
Tea, coffee, cocoa, and essences	38	41	86	132	116	151	217	185	196	264
Other	43	49	75	92	108	125	185	144	234	334
FISHING	164	205	277	323	433	500	622	518	642	1,047
Frozen crustaceans and molluscs	74	110	143	182	202	225	262	231	353	477
Frozen fish	56	41	62	56	92	117	137	127	109	210
Preparations and canned products	26	46	61	56	121	127	190	121	141	309
Dried fish	6	6	6	8	11	16	16	22	26	31
Other	2	3	6	5	6	15	17	16	13	20
TEXTILES	677	823	1,092	1,275	1,473	1,736	2,026	1,495	1,558	1,986
Clothes and other garments	532	655	887	1,063	1,209	1,411	1,652	1,173	1,200	1,540
Fabrics	49	54	64	71	95	138	185	174	145	204
Textile fibers	47	56	67	67	81	92	85	69	99	106
Yarns	48	59	74	75	87	95	103	78	113	136
WOOD AND PAPER, AND ITS MANUFACTURING	177	172	214	261	333	362	428	335	355	398
Timber	88	84	101	124	168	167	169	125	134	125
Printed materials	37	42	45	36	66	84	98	75	66	81
Manufacturing of paper and cardboard products	27	22	32	56	52	63	105	101	119	94
Manufacturing of wood products	15	13	21	29	31	29	40	24	27	33
Wooden furnitures	11	11	14	16	16	18	14	8	7	8
Other	0	0	1	1	1	1	0	1	2	57
CHEMICALS	256	316	415	538	602	805	1,041	837	1,223	1,645
Organic and inorganic chemicals	52	65	78	109	179	256	347	218	287	490
Plastic manufacturing	55	54	59	88	83	103	114	103	131	163
Dyeing, tanning and coloring products	30	47	57	56	64	74	74	77	252	281
Rubber manufacturing	26	27	33	34	43	47	53	41	102	120
Essential oils, toiletries	30	50	35	38	56	80	121	107	139	139
Other	47	35	107	133	178	251	332	291	372	461
NON-METALLIC MINERALS	68	74	94	118	135	165	176	148	251	487
Cement and construction materials	33	40	52	71	88	105	99	65	89	105
Fertilizers and raw minerals	12	12	13	16	17	22	32	32	52	284
Glass and manufactures	10	8	13	12	13	16	19	27	33	52
Ceramic products	4	4	5	5	5	6	6	6	5	8
Other	8	9	11	15	13	16	19	18	31	39
IRON-METALLIC AND JEWELRY	222	262	391	493	829	906	909	569	918	1,128
Copper products	70	76	130	184	345	377	402	204	390	461
Zinc products	41	60	87	87	212	215	154	103	171	284
Iron products	31	35	50	69	80	90	145	122	125	138
Common metals	10	11	15	20	47	67	62	43	72	83
Non-ferrous waste	4	3	3	4	7	7	4	5	10	12
Lead products	1	3	3	4	4	4	9	8	11	12
Silver products	1	1	3	5	4	14	9	8	11	12
Jewelry	1	69	91	108	112	104	86	64	40	22
Other	3	4	10	14	21	22	21	13	26	38
METAL-MECHANIC	110	99	136	191	164	220	328	366	394	464
Highway vehicles	25	9	15	5	6	7	9	16	21	37
Industrial machinery, equipment, and parts	16	17	17	23	23	29	51	74	62	56
Electrical appliances, machinery, and parts	15	11	15	22	21	41	30	45	34	52
Iron and steel manufactured articles	7	7	11	27	20	23	30	25	31	29
Office machines and data processing	6	5	9	7	5	6	7	8	9	10
Domestic equipment	6	4	4	5	11	13	18	7	6	7
Machinery and equipment for civil engineering	5	9	8	12	10	10	27	39	51	54
Force generating machinery and equipment	5	5	4	10	12	16	26	31	57	50
Metal household items	3	3	5	7	7	8	23	10	10	15
Other	21	20	58	72	49	68	84	112	114	154
OTHER	33	45	58	70	89	107	121	93	110	145
NON-TRADITIONAL PRODUCTS	2,256	2,620	3,479	4,277	5,279	6,313	7,562	6,186	7,641	10,130

1/ Preliminary data.
 Source: BCRP and SUNAT.
 Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 40
IMPORTS BY USE OR ECONOMIC DESTINATION
 (FOB values in millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. CONSUMER GOODS	1,754	1,841	1,995	2,308	2,616	3,189	4,520	3,962	5,489	6,692
Non-durable	1,032	1,035	1,153	1,338	1,463	1,751	2,328	2,137	2,809	3,465
Durable	722	807	842	970	1,154	1,438	2,192	1,825	2,680	3,226
2. INPUTS	3,740	4,340	5,364	6,600	7,981	10,429	14,556	10,076	14,023	18,255
Fuel, lubricants and related	975	1,376	1,754	2,325	2,808	3,631	5,225	2,929	4,063	5,737
Raw materials for agriculture	249	278	349	384	436	588	874	773	868	1,091
Raw materials for industry	2,516	2,686	3,261	3,890	4,738	6,209	8,458	6,374	9,093	11,428
3. CAPITAL GOODS	1,842	1,974	2,361	3,064	4,123	5,854	9,233	6,850	9,074	11,665
Construction materials	272	199	192	305	470	590	1,305	854	1,087	1,447
For agriculture	20	17	29	37	31	50	90	72	80	110
For industry	1,227	1,422	1,661	2,114	2,784	3,958	5,765	4,498	5,539	7,296
Transport equipments	323	336	480	607	838	1,256	2,073	1,426	2,369	2,813
4. OTHER GOODS 2/	56	49	85	110	123	119	140	122	229	355
5. TOTAL IMPORTS	7,393	8,205	9,805	12,082	14,844	19,591	28,449	21,011	28,815	36,967
Memo:										
Temporary admission	265	188	214	275	365	322	361	196	420	698
Free zone 3/	113	99	99	104	104	108	113	110	131	136
Foodstuffs 4/	546	560	722	746	880	1,201	1,703	1,349	1,725	2,295
Wheat	171	185	220	209	224	345	489	346	368	535
Corn and/or sorghum	92	99	119	123	172	258	310	266	372	563
Rice	9	4	26	43	14	31	88	49	55	116
Sugar 5/	30	3	45	68	100	84	72	57	121	135
Dairy products	31	23	36	34	46	60	77	37	81	96
Soybean	195	224	255	246	299	396	625	561	679	794
Meat	17	22	21	23	24	27	42	34	49	55

1/ Preliminary data.

2/ Includes donations fuel and food bought by Peruvian ships and aircrafts, repairs of capital goods and other good, and other goods not considered in the classification used.

3/ Imports into the Tacna Free Trade Zone.

4/ Excludes food donations.

5/ Includes unrefined raw sugar cane, 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 41
TERMS OF TRADE
(Year 1994 = 100)

	Exports 1/ 2/				Imports 1/ 3/				Terms of trade	
	Nominal prices		Volume		Nominal prices		Volume		Index	% Chg.
	Index	% Chg.	Index	% Chg.	Index	% Chg.	Index	% Chg.		
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	235.2	14.4	269.3	3.3	170.8	10.6	208.7	19.1	137.7	3.4
2008	243.4	3.5	288.9	7.3	206.7	21.0	250.2	19.9	117.8	- 14.4
2009	219.0	- 10.0	277.0	- 4.1	191.4	- 7.4	200.0	- 20.1	114.4	- 2.8
2010	284.4	29.9	282.3	1.9	210.7	10.1	249.0	24.5	135.0	17.9
2011	341.4	20.0	306.3	8.5	239.9	13.8	280.9	12.8	142.3	5.4

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 42
COMMODITY PRICES
 (Average data)

	Fishmeal	Sugar	Coffee	Copper	Tin	Gold	Silver	Lead	Zinc	Nickel	Oil	Oil	Wheat	Maize	Rice	Soybean oil	Soybean flour	
	Hamburg US\$/MT	Cont.14 US\$/MT	Other.S.Arab US\$/MT	LME cUS\$/pd.	LME cUS\$/pd.	LME US\$/tr.oz	H-Harman US\$/tr.oz	LME cUS\$/pd.	LME cUS\$/pd.	LME cUS\$/pd.	WTI US\$/bar.	Residual No.6 US\$/bar.	USA US\$/MT	USA US\$/MT	Thailand US\$/MT	USA US\$/MT	USA US\$/MT	
2002	595.63	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	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	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	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	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	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	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
2009	1,130.44	541.45	3,128.68	233.52	615.83	973.62	14.68	77.91	75.05	663.91	59.52	61.68	192.54	139.38	561.45	728.93	384.49	383.80
2010	1,596.69	792.90	4,300.67	342.28	926.63	1,225.29	20.19	97.61	98.18	991.00	76.71	79.37	195.07	157.22	503.16	859.36	387.41	345.49
2011	1,443.50	839.03	6,026.08	400.20	1,183.96	1,569.53	35.17	108.97	99.50	1,038.10	97.14	94.95	280.37	262.45	552.04	1,191.44	485.65	369.02

Source: Reuters and Bloomberg.
 Elaborated by the Department of Economic Studies, BCRP.



**APPENDIX 43
COMMODITY PRICES**
(End of period data)

	Fishmeal	Sugar	Coffee	Copper	Tin	Gold	Silver	Lead	Zinc	Nickel	Oil	Oil	Wheat	Maize	Rice	Soybean oil	Soybean flour	
	Hamburg US\$/MT	Cont.14 US\$/MT	Other S. Arab US\$/MT	LME cUS\$/pd.	LME cUS\$/pd.	LME cUS\$/pd.	H-Harman US\$/tr.oz	LME cUS\$/pd.	LME cUS\$/pd.	LME cUS\$/pd.	Residual No.6 US\$/bar.	WTI US\$/bar.	USA US\$/MT	USA US\$/MT	Thailand US\$/MT	USA US\$/MT	USA US\$/MT	
2002	575.00	487.44	1,358.71	69.67	190.51	342.75	4.73	19.12	34.00	322.05	23.95	31.20	143.30	89.76	192.00	487.44	208.34	180.78
2003	635.00	446.44	1,434.33	105.28	297.78	417.25	5.96	33.54	45.72	755.23	26.05	32.52	141.83	91.92	205.00	644.85	291.56	249.67
2004	610.00	456.36	2,386.50	148.76	352.21	438.00	6.85	47.90	57.61	689.69	29.45	43.45	124.19	73.03	288.00	475.76	203.45	182.54
2005	800.00	493.84	2,378.35	207.95	299.37	513.00	8.91	49.90	86.86	606.91	51.25	61.04	145.32	77.36	287.00	464.07	222.12	225.53
2006	1,075.00	434.97	2,802.74	285.31	539.77	635.70	12.83	80.51	196.45	1,551.51	45.05	61.05	176.00	144.09	318.00	623.03	249.67	200.29
2007	990.00	451.51	3,058.91	302.84	742.98	833.75	14.81	114.85	103.87	1,170.50	71.28	96.00	324.81	167.53	380.00	1,046.53	429.17	365.86
2008	920.00	441.59	2,612.48	131.63	469.69	869.75	11.02	43.05	50.83	490.33	38.40	44.60	214.95	147.04	500.00	698.20	359.61	318.46
2009	1,610.00	772.28	3,472.28	333.21	758.63	1,087.50	16.92	108.64	116.57	838.24	74.90	79.36	171.78	147.06	640.00	819.46	382.98	370.82
2010	1,500.00	859.80	5,718.35	441.78	1,222.20	1,405.50	30.40	117.34	110.34	1,132.17	82.00	91.38	281.64	230.72	540.00	1,181.90	500.27	406.09
2011	1,200.00	799.18	5,282.94	342.64	859.56	1,574.95	28.26	89.81	82.92	829.17	97.60	98.83	254.27	249.22	570.00	1,145.74	439.27	329.70

Source: Reuters and Bloomberg.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 44
SERVICES
(Millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
I. TRANSPORT	-618	-621	-726	-858	-874	-1,198	-1,741	-979	-1,599	-1,521
1. Credit	266	310	360	440	545	646	818	758	854	997
2. Debit	-884	-931	-1,086	-1,298	-1,419	-1,844	-2,560	-1,737	-2,453	-2,517
a. Freight	-567	-590	-740	-917	-1,010	-1,370	-2,043	-1,266	-1,882	-1,957
Credit	19	26	43	60	64	80	84	32	37	49
Debit	-585	-615	-783	-978	-1,074	-1,450	-2,126	-1,298	-1,919	-2,006
b. Passengers	-151	-146	-119	-88	-44	9	94	110	95	140
Credit	49	60	90	130	205	284	405	426	467	552
Debit	-200	-206	-209	-218	-249	-275	-310	-316	-372	-412
c. Others 2/	99	114	133	147	179	163	207	177	188	296
Credit	198	225	227	250	275	281	330	300	350	396
Debit	-99	-110	-93	-103	-96	-119	-123	-124	-162	-99
II. TRAVEL	181	322	499	557	772	755	870	926	740	1,008
1. Credit	787	963	1,142	1,308	1,570	1,723	1,991	2,014	2,008	2,360
2. Debit	-606	-641	-643	-752	-798	-968	-1,121	-1,088	-1,268	-1,352
III. COMMUNICATIONS	-17	-34	-21	-28	-27	-21	-8	-69	-78	-47
1. Credit	48	46	60	69	82	88	125	91	102	132
2. Debit	-66	-80	-81	-96	-109	-110	-133	-161	-180	-179
IV. INSURANCE AND REINSURANCE	-145	-178	-127	-115	-163	-23	-152	-176	-325	-359
1. Credit	96	89	82	118	103	289	227	271	166	230
2. Debit	-241	-267	-209	-233	-265	-311	-379	-447	-491	-588
V. OTHERS 3/	-394	-388	-357	-391	-446	-705	-1,024	-878	-1,083	-1,214
1. Credit	258	307	350	354	361	406	487	501	562	646
2. Debit	-652	-695	-706	-744	-806	-1,111	-1,511	-1,379	-1,645	-1,861
VI. TOTAL SERVICES	-994	-900	-732	-834	-737	-1,192	-2,056	-1,176	-2,345	-2,132
1. Credit	1,455	1,716	1,993	2,289	2,660	3,152	3,649	3,636	3,693	4,364
2. Debit	-2,449	-2,616	-2,725	-3,123	-3,397	-4,344	-5,704	-4,812	-6,038	-6,497

1/ Preliminary data.

2/ Includes ship and airship port expenses and transport fees.

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 45
INVESTMENT INCOME
(Millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
I. CREDITS	366	296	289	590	985	1,500	1,804	1,400	1,148	1,111
1. Private	54	66	87	173	319	527	438	294	281	339
2. Public	311	230	203	417	666	973	1,366	1,106	867	772
II. DEBITS	1,806	2,421	3,935	5,655	8,506	9,799	10,546	9,785	12,361	14,821
1. Private	805	1,367	2,844	4,411	7,189	8,423	9,184	8,744	11,264	13,512
Profits 2/	479	1,112	2,567	4,030	6,741	7,788	8,346	8,172	10,714	12,866
Interests	326	255	277	381	448	635	838	573	549	647
- Interests on long-term loans	198	163	170	213	218	302	425	383	367	456
- Interests on bonds	9	8	4	7	19	40	44	43	58	54
- Interests on short-term loans 3/	120	84	103	162	211	293	369	147	125	137
2. Public	1,001	1,054	1,091	1,244	1,317	1,376	1,362	1,041	1,097	1,309
Interests on long-term loans	815	785	739	738	695	716	559	448	337	289
Interests on bonds	174	262	346	501	618	641	708	583	757	1,019
Interests on BCRP liabilities 4/	11	8	6	5	5	20	95	10	3	0
Interests on short-term loans	0	0	0	0	0	0	0	0	0	0
III. INCOME BALANCE (I- II)	- 1,440	- 2,125	- 3,645	- 5,065	- 7,522	- 8,299	- 8,742	- 8,385	- 11,212	- 13,710
1. Private	- 751	- 1,301	- 2,758	- 4,238	- 6,870	- 7,895	- 8,746	- 8,450	- 10,982	- 13,173
2. Public	- 690	- 825	- 888	- 827	- 652	- 403	4	65	- 230	- 537

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 on short and long term debts.
Source: BCRP, MEF, Confide, ONP, and companies.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 46
PRIVATE SECTOR FINANCIAL ACCOUNT
(Millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
1. ASSETS										
Direct investment abroad	- 522	- 833	- 258	- 868	- 1,327	- 1,052	- 535	- 3,586	- 1,375	- 1,298
Portfolio investment abroad 2/	0	- 60	0	0	0	- 66	- 736	- 411	- 266	- 113
	- 522	- 773	- 258	- 868	- 1,327	- 987	200	- 3,176	- 1,109	- 1,185
2. LIABILITIES										
Foreign direct investment	1,848	1,134	1,240	1,764	3,822	9,207	10,104	7,786	12,771	10,918
a. Reinvestment	2,156	1,335	1,599	2,579	3,467	5,491	6,924	6,431	8,455	8,233
b. Contributions and other capital operations	- 8	638	1,864	2,724	2,353	3,835	3,287	5,385	5,317	5,671
c. Net loans with parent companies	2,163	697	- 265	- 145	874	733	2,981	1,828	2,445	276
	n.d.	n.d.	n.d.	n.d.	240	924	656	- 782	693	2,285
Portfolio investment in the country	- 162	- 35	- 78	152	153	830	504	306	381	- 102
a. Capital participations 3/	- 9	1	- 74	25	- 45	70	85	47	87	147
b. Others liabilities 4/	- 153	- 36	- 4	127	198	760	419	259	294	- 249
Long-term loans	- 146	- 166	- 281	- 967	202	2,886	2,677	1,050	3,935	2,787
a. Disbursements	675	559	726	647	728	4,390	3,451	2,189	5,251	3,886
b. Amortization	- 821	- 725	- 1,007	- 1,614	- 525	- 1,504	- 774	- 1,139	- 1,315	- 1,099
3. TOTAL	2,369	301	983	896	2,495	8,154	9,569	4,200	11,396	9,620
Memo:										
Net Foreign Direct Investment	2,156	1,275	1,599	2,579	3,467	5,425	6,188	6,020	8,189	8,119

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) through the ISE and placements of American Depository Receipts (ADRs).

4/ Includes bonds, promissory notes, and securitization instruments expressed in net terms (issuance minus redemption).

Source: BCRP, Cavali, ICLV S.A, Proinversión, and companies.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 47
PUBLIC SECTOR FINANCIAL ACCOUNT 1/
(Millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								6/	6/	6/
I. DISBURSEMENTS	2,902	2,161	2,535	2,656	609	3,384	1,166	3,229	4,261	990
Investment projects	382	396	371	379	288	290	283	616	722	679
Central government	305	305	281	324	259	245	206	521	509	616
Public enterprises	76	91	90	54	29	45	78	95	213	63
- Financial	39	60	62	28	0	0	1	4	0	0
- Non-financial	37	31	28	26	29	45	77	91	213	63
Food imports	10	0	6	0	5	3	0	0	0	0
Defense	0	0	0	0	0	0	0	0	0	0
Freely disposable funds	625	519	862	595	315	800	883	580	875	311
Bonds 2/	1,886	1,246	1,295	1,682	0	2,290	0	2,033	2,664	0
- Brady bonds	0	0	0	0	0	0	0	0	0	0
- Global bonds 3/	1,886	1,246	1,295	1,682	0	2,290	0	2,033	2,664	0
II. AMORTIZATION 4/	- 1,843	- 1,228	- 1,389	- 3,719	- 1,223	- 5,691	- 2,635	- 1,879	- 5,268	- 868
III. NET EXTERNAL ASSETS 5/	- 3	- 303	- 159	- 378	- 125	- 166	65	- 320	- 37	- 273
IV. OTHER OPERATIONS WITH DEBT SECURITIES (a-b)	- 577	- 443	- 109	954	- 197	844	- 217	- 739	3,513	998
a. Securities in the domestic market purchased by non residents	0	0	0	769	238	678	- 28	- 249	2,905	546
b. Securities in the foreign market purchased by residents	577	443	109	- 186	434	- 166	189	490	- 608	- 452
V. TOTAL	480	187	879	- 486	- 935	- 1,629	- 1,621	291	2,468	848

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 to be part of the public external debt, including the ones purchased by non-residents.
3/ The 2007 figure corresponds to debt management operations (repurchases and swaps of Global Bonds 2012 and Brady Bonds).
The 2009 figure corresponds to the issuance of the Global Bond 2019 (US\$ 995 million) and Global Bond 2025 (US\$ 1,038 million).
The 2010 figure corresponds to the issuance of the Global Bond 2033 (US\$ 1,664 million) and Global Bond 2050 (US\$ 1,000 million).
4/ 2005 includes prepayments to country members of the Paris Club (US\$ 1,555 million) and to Japan Peru Oil Co. Ltd. JAPECO (US\$ 757 million). 2006 includes prepayments to Japan Peru Oil Co. Ltd. JAPECO (US\$ 85.8 million).
Bonds in Q1-2008 includes amortization due to prepayment of Brady Bonds (US\$ 2,435 million) and the prepayment to Paris Club member countries (US\$ 1,793 million).
Q3-2009 includes the prepayment made to the country members of the Paris Club (US\$ 838 million) and the prepayment to the CAF (US\$ 167 million). Q4 2008 includes the prepayment to the CAF (US\$ 150 million).
Q2-2010 includes the swap of Global Bonds (US\$ 2,213 million). Q4-2010 includes the prepayment of external debt to the government of Japan, BID and CAF (US\$ 2,020 million).
5/ 2002 considers 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 48
PUBLIC SECTOR NET EXTERNAL INDEBTEDNESS 1/
 (Millions of US\$)

	New disbursements 2/ I	Amortization 3/ II	Refinance disbursements III	Others capitals 4/ IV	Net external indebtedness V=I-II+III+IV	Others adjustments 5/ VI	Outstanding debt change VII=V+VI
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	609	1,223	0	0	-614	307	-307
2007	3,384	5,691	0	0	-2,307	417	-1,890
2008	1,166	2,635	0	0	-1,469	625	-844
2009 6/	3,229	1,879	0	0	1,349	14	1,363
2010 6/	4,261	5,268	0	0	-1,007	312	-696
2011 6/	990	868	0	0	122	176	299

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 to be part of the public external debt, including the ones purchased by non-residents.

3/ The 2007 figure corresponds to debt management operations (repurchases and swaps of Global Bonds 2012 and Brady Bonds).

The 2009 figure corresponds to the issuance of the Global Bond 2019 (US\$ 995 million) and Global Bond 2020 (US\$ 1,038 million).

The 2010 figure corresponds to the issuance of the Global Bond 2033 (US\$ 1,664 million) and Global Bond 2050 (US\$ 1,000 million).

4/ 2005 includes prepayments to country members of the Paris Club (US\$ 1,535 million) and to Japan Peru Oil Co. Ltd JAPECO (US\$ 757 million). 2006 includes prepayments to Japan Peru Oil Co. Ltd JAPECO (US\$ 85.8 million). 2007 includes amortization of Global Bonds 2012 and Brady Bonds (US\$ 2,435 million) and the 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 the prepayment to the CAF (US\$ 167 million). Q4 2008 includes the prepayment to the CAF (US\$ 150 million).

O3-2009 includes the prepayment made to the country members of the Paris Club (US\$ 893 million).

O2-2010 includes the swap of Global Bonds (US\$ 2,213 million). Q4-2010 includes the prepayment of external debt to the government of Japan, BID and CAF (US\$ 2,020 million).

5/ 2002 considers 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 49
PUBLIC EXTERNAL DEBT 1/
DISBURSEMENTS BY FINANCIAL SOURCE
(Millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								5/	5/	5/
Multilateral organizations	807	699	1,049	788	484	951	996	1,041	1,344	661
Committed loans	182	180	186	207	184	151	171	501	469	511
Free disposable loans	625	519	862	581	300	800	825	540	875	150
Paris club	209	216	191	186	125	142	170	155	253	329
Committed loans	209	216	191	172	109	142	112	115	253	168
Free disposable loans	0	0	0	14	15	0	58	40	0	161
Bonds 2/	1,886	1,246	1,295	1,682	0	2,290	0	2,033	2,664	0
Free disposable loans	1,886	1,246	1,295	1,682	0	2,290	0	2,033	2,664	0
Suppliers without insurance	0	0	0	0	0	0	0	0	0	0
Committed loans	0	0	0	0	0	0	0	0	0	0
International banks	0	0	0	0	0	0	0	0	0	0
Committed loans	0	0	0	0	0	0	0	0	0	0
Latin America	0	0	0	0	0	0	0	0	0	0
Committed loans	0	0	0	0	0	0	0	0	0	0
Other bilateral organizations 3/	0	0	0	0	0	0	0	0	0	0
Committed loans	0	0	0	0	0	0	0	0	0	0
TOTAL	2,902	2,161	2,535	2,656	609	3,384	1,166	3,229	4,261	990
Committed loans	391	396	377	379	294	294	283	616	722	679
Free disposable loans	2,511	1,765	2,158	2,277	315	3,090	883	2,613	3,539	311
Memo:										
Debt relief 4/	14	64	26	100	27	67	57	36	19	33

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 to be part of the public external debt, including the ones purchased by non-residents. The 2007 figure corresponds to debt management operations (repurchases and swaps of Global Bonds 2012 and Brady Bonds).

The 2009 figure corresponds to the issuance of the Global Bond 2019 (US\$ 995 million) and Global Bond 2025 (US\$ 1,038 million).

The 2010 figure corresponds to the issuance of the Global Bond 2033 (US\$ 1,664 million) and Global Bond 2050 (US\$ 1,000 million).

3/ Debt with Eastern Europe countries, Russia, and the People's Republic of China.

4/ Considers reductions of current maturities and arrears.

5/ Preliminary data.

Source: BCRP, IIEF and Cofide.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 50
PUBLIC EXTERNAL DEBT 1/
SETTLEMENTS BY FINANCIAL SOURCE, DESTINATION, AND MATURITY
(Millions of US\$)

	FINANCIAL SOURCE				USE				MATURITY		TOTAL
	Multilateral organizations	Paris Club	Bonds 2/	International banks	Investment projects	Freely disposable funds 3/	Food imports	1 to 5 years	more than 5 years		
2002	857	35	1,000	0	231	1,650	10	2	1,890	1,891	
2003	1,281	0	1,250	60	382	2,209	0	38	2,553	2,591	
2004	1,059	26	1,299	0	219	2,159	6	0	2,384	2,384	
2005	505	14	400	0	155	2,014	0	0	919	919	
2006	513	115	0	0	403	215	10	0	628	628	
2007	558	71	0	0	229	400	0	1	628	629	
2008	934	109	0	0	478	565	0	0	1,043	1,043	
2009 4/	542	213	1,000	0	265	490	0	0	1,755	1,755	
2010 4/	1,061	276	0	0	652	685	0	0	1,336	1,336	
2011 4/	581	0	0	0	456	125	0	0	581	581	

1/ Medium and long-term debts; excludes loans to BCRP to support the balance of payments.

2/ Debt with Eastern Europe countries, Russia, and the People's Republic of China.

3/ In 2002, excludes a US\$ 923 million-issue of Global Bonds that which was swapped by Brady Bonds.

4/ Preliminary data.

Source: BCRP and MEF.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 51
SHORT-TERM CAPITAL FINANCIAL ACCOUNT
(Millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. COMMERCIAL BANKS	-429	117	86	103	-497	1,552	-1,384	-87	855	-805
Assets 2/	-31	178	54	-249	-94	76	-819	224	-194	-140
Liabilities 3/	-398	-61	32	352	-403	1,476	-566	-311	1,049	-664
2. BCRP 4/	0	0	0	0	0	850	-181	-583	-80	0
3. BANCO DE LA NACION	59	1	17	-39	-55	45	43	-30	-11	-4
Assets 2/	59	1	17	-39	-55	45	43	-30	-11	-4
Liabilities 3/	0	0	0	0	0	0	0	0	0	0
4. NON BANK FINANCIAL COMPANIES	-104	-21	12	-18	-15	91	-74	-45	42	51
Assets 2/	2	3	-59	-10	-23	-44	-6	-20	3	-1
Liabilities 3/	-106	-24	71	-8	8	136	-68	-25	39	52
5. NON FINANCIAL SECTOR 5/	-320	51	115	-283	-662	-474	2,159	-1,340	-1,063	-549
Assets 2/	-185	22	-20	-373	-755	-1,123	1,197	-774	-1,642	-1,174
Liabilities 3/	-135	29	135	91	94	649	961	-565	579	625
6. TOTAL SHORT TERM CAPITAL	-794	147	230	-236	-1,229	2,065	562	-2,085	-258	-1,307
Assets 2/	-155	204	-8	-671	-927	-1,046	416	-601	-1,844	-1,319
Liabilities 3/	-639	-56	238	435	-302	3,111	146	-1,484	1,587	-12

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/ 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 52
INTERNATIONAL INVESTMENT POSITION
(Millions of US\$ at period end)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
I. ASSETS	15,114	16,995	20,062	24,005	31,448	46,189	46,783	55,651	72,104	79,787
1. BCRP reserve assets	9,690	10,206	12,649	14,120	17,329	27,720	31,233	33,175	44,150	48,859
2. Financial system assets (excluding BCRP)	2,390	3,361	3,682	5,431	8,040	10,333	9,266	14,006	16,606	18,479
3. Other assets	3,034	3,428	3,731	4,454	6,079	8,135	6,284	8,470	11,347	12,450
II. LIABILITIES	42,834	45,289	47,354	51,076	57,914	79,124	78,657	89,312	114,910	124,660
1. Bonds and private and public external debt 2/	27,296	28,567	30,115	28,483	28,387	33,239	34,997	35,157	43,674	47,544
a. Medium and long-term debt	24,707	26,042	27,347	25,274	25,167	27,141	28,757	30,431	37,359	41,219
Private sector 3/	4,496	4,294	4,009	3,170	3,566	6,587	9,264	10,314	14,424	16,987
BCRP	73	0	0	0	0	0	0	0	0	0
Public sector (i - ii + iii) 4/	20,138	21,748	23,337	22,105	21,601	20,555	19,494	20,117	22,934	24,232
i. External public debt	20,715	22,768	24,466	22,279	21,972	20,081	19,237	20,600	19,905	20,204
ii. Public debt issued abroad purchased by residents	577	1,020	1,129	943	1,377	1,211	1,401	1,891	1,283	831
iii. Public debt issued locally purchased by non-residents	0	0	0	769	1,007	1,685	1,657	1,408	4,313	4,859
b. Short-term debt	2,589	2,525	2,769	3,208	3,220	6,098	6,240	4,726	6,315	6,325
Financial system (excluding BCRP)	677	591	694	1,038	783	2,395	1,761	1,425	2,514	1,901
BCRP	19	12	18	23	54	921	736	124	45	43
Others 5/	1,753	1,782	1,917	2,007	2,383	2,782	3,743	3,177	3,756	4,381
2. Direct investment	12,549	12,876	13,310	15,889	20,484	26,808	32,340	34,521	42,976	51,208
3. Capital participation	2,990	3,845	3,928	6,705	9,043	19,077	11,319	19,634	28,260	25,908

1/ Preliminary data.

2/ External public debt includes the debt of the central government and state enterprises. Today the latter represents less than 5 percent of total debt. The external public debt is mainly medium and long-term debt (99 percent).

3/ Includes bonds.

4/ Since this publication government bonds issued abroad and in the hands of residents are excluded from foreign liabilities of the public sector. Government bonds issued locally, in the hands of non-residents, are included as foreign liabilities of this sector.

5/ Includes mainly the short term debt of the non financial private sector.

Source: BCRP, MEF, Cavalli ICLV S.A., Proinversión, and BLS.
Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 53
INTERNATIONAL INVESTMENT POSITION
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. ASSETS	26.6	27.7	28.8	30.2	34.0	43.0	36.8	43.7	46.8	45.1
1. BCRP reserve assets	17.1	16.6	18.1	17.8	18.7	25.8	24.6	26.0	28.7	27.6
2. Financial system assets (excluding BCRP)	4.2	5.5	5.3	6.8	8.7	9.6	7.3	11.0	10.8	10.5
3. Others assets	5.3	5.6	5.3	5.6	6.6	7.6	4.9	6.6	7.4	7.0
II. LIABILITIES	75.4	73.8	67.9	64.3	62.7	73.6	61.9	70.1	74.6	70.5
1. Bonds and private and public external debt 2/	48.1	46.6	43.2	35.9	30.7	30.9	27.5	27.6	28.4	26.9
a. Medium and long-term debt	43.5	42.4	39.2	31.8	27.2	25.3	22.6	23.9	24.3	23.3
Private sector 3/	7.9	7.0	5.7	4.0	3.9	6.1	7.3	8.1	9.4	9.6
BCRP	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public sector (i - ii + iii) 4/	35.5	35.4	33.5	27.8	23.4	19.1	15.3	15.8	14.9	13.7
i. External public debt	36.5	37.1	35.1	28.1	23.8	18.7	15.1	16.2	12.9	11.4
ii. Public debt issued abroad purchased by residents	1.0	1.7	1.6	1.2	1.5	1.1	1.1	1.5	0.8	0.5
iii. Public debt issued locally purchased by non-residents	0.0	0.0	0.0	1.0	1.1	1.6	1.3	1.1	2.8	2.7
b. Short-term debt	4.6	4.1	4.0	4.0	3.5	5.7	4.9	3.7	4.1	3.6
Financial system (excluding BCRP)	1.2	1.0	1.0	1.3	0.8	2.2	1.4	1.1	1.6	1.1
BCRP	0.0	0.0	0.0	0.0	0.1	0.9	0.6	0.1	0.0	0.0
Others 5/	3.1	2.9	2.7	2.5	2.6	2.6	2.9	2.5	2.4	2.5
2. Direct investment	22.1	21.0	19.1	20.0	22.2	25.0	25.4	27.1	27.9	29.0
3. Capital participation	5.3	6.3	5.6	8.4	9.8	17.8	8.9	15.4	18.4	14.7

1/ Preliminary data.

2/ External public debt includes the debt of the central government and state enterprises. Today the latter represents less than 5 percent of total debt. The external public debt is mainly medium and long-term debt (99 percent).

3/ Includes bonds.

4/ Since this publication government bonds issued abroad and in the hands of residents are excluded from foreign liabilities of the public sector. Government bonds issued locally, in the hands of non-residents, are included as foreign liabilities of this sector.

5/ Includes mainly the short term debt of the non financial private sector.

Source: BCRP, MEF, Caval ICLV S.A., Proinversión, and BIS.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 54
BALANCE OF THE EXTERNAL PUBLIC DEBT BY FINANCIAL SOURCE 1/
 (Millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								3/	3/	3/
Multilateral organizations	7,044	7,359	7,875	7,983	7,843	7,851	7,926	8,311	7,810	7,913
Paris Club	8,188	8,658	8,508	5,696	5,629	3,883	4,170	3,133	2,548	2,648
Bonds	4,424	5,630	6,944	8,393	8,392	8,262	6,880	8,906	9,308	9,299
Suppliers	946	1,034	1,070	158	73	60	56	51	40	30
Commercial banks	11	5	4	1	1	1	186	186	181	296
Latin America	62	50	42	33	25	20	15	11	9	7
Other bilateral organizations 2/	40	32	23	16	9	5	3	2	10	10
TOTAL	20,715	22,768	24,466	22,279	21,972	20,081	19,237	20,600	19,905	20,204

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/ Preliminary data.

Source: BCRP and IMF.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 55
BALANCE OF THE EXTERNAL PUBLIC DEBT BY FINANCIAL SOURCE 1/
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Multilateral organizations	12.4	12.0	11.3	10.1	8.5	7.3	6.2	6.5	5.1	4.5
Paris Club	14.4	14.1	12.2	7.2	6.1	3.6	3.3	2.5	1.7	1.5
Bonds	7.8	9.2	10.0	10.6	9.1	7.7	5.4	7.0	6.0	5.3
Suppliers	1.7	1.7	1.5	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Commercial banks	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2
Latin America	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other bilateral organizations 2/	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	36.5	37.1	35.1	28.1	23.8	18.7	15.1	16.2	12.9	11.4

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/ Preliminary data.

Source: BCRP and MEF.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 56
OPERATIONS OF THE NON-FINANCIAL PUBLIC SECTOR
(Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. PRIMARY BALANCE	- 107	1,022	2,312	4,192	12,692	15,730	14,778	13	3,730	14,801
1. Central government primary balance	- 204	588	1,342	2,960	10,069	10,760	12,977	- 839	4,969	9,547
a. Current revenue	28,666	31,658	35,325	41,019	53,036	60,713	68,003	60,831	74,712	88,135
i. Tax revenue 3/	24,168	27,495	31,088	35,562	45,806	52,344	58,287	52,566	64,429	75,482
ii. Non-tax revenue	4,498	4,163	4,238	5,458	7,229	8,368	9,716	8,265	10,283	12,653
b. Non-financial expenditure	29,241	31,432	34,172	38,446	43,328	50,338	55,420	62,114	70,490	78,878
i. Current expenditure	25,285	27,369	29,877	33,550	37,349	43,108	46,538	47,577	51,441	58,379
ii. Capital expenditure	3,956	4,063	4,295	4,896	5,979	7,230	8,882	14,537	19,048	20,499
c. Capital revenue 4/	371	361	189	386	361	385	394	444	747	290
2. Primary balance of other government levels	97	435	969	1,232	2,624	4,970	1,802	852	- 1,239	5,253
a. Rest of central government	127	204	335	- 182	1,149	861	842	1,027	890	1,831
b. Local governments	207	333	325	745	621	3,494	843	- 971	- 1,540	3,176
c. State enterprises	- 237	- 102	309	670	853	615	116	797	- 590	247
II. INTERESTS	4,282	4,606	4,867	5,062	5,660	6,008	5,884	5,011	5,085	5,724
1. External debt	3,515	3,763	3,951	4,175	4,337	4,287	3,350	3,101	2,927	2,834
2. Domestic debt	767	843	915	887	1,324	1,721	2,534	1,910	2,158	2,889
III. OVERALL BALANCE (I- II)	- 4,389	- 3,583	- 2,555	- 870	7,032	9,722	8,894	- 4,998	- 1,354	9,077
IV. NET FINANCING	4,389	3,583	2,555	870	- 7,032	- 9,722	- 8,894	4,998	1,354	- 9,077
1. External funding	\$4,144	\$2,928	\$3,598	-\$3,813	-\$1,790	-\$6,398	-\$3,472	\$4,069	-\$2,077	\$ 746
(Millions of US\$) (a- b+c)	\$1,183	\$ 841	\$1,076	-\$1,167	-\$ 542	-\$2,085	-\$1,205	\$1,317	-\$ 728	\$ 277
a. Disbursements	\$2,863	\$2,101	\$2,474	\$2,628	\$ 609	\$3,384	\$1,165	\$3,225	\$4,261	\$ 990
b. Amortization	\$1,793	\$1,187	\$1,348	\$3,678	\$1,193	\$5,661	\$2,604	\$1,843	\$5,184	\$ 831
c. Others 5/	113	- 73	- 49	- 117	42	193	234	- 65	195	118
2. Domestic funding	- 1,259	475	- 1,432	4,498	- 5,546	- 3,773	- 5,578	827	3,013	- 9,959
3. Privatization	1,503	181	389	185	304	449	156	102	419	135

1/ In Annual Report 2011 the information has been updated since 2004.

2/ Preliminary data.

3/ Includes the methodological change implemented in the recording of tax refunds established by SUNAT (Nota Tributaria published in March 2010) according to which tax refunds are recorded on the corresponding date of issuance.

4/ Deducts payments to the American International Group and Peru-Germany Agreement.

5/ Includes exceptional and short-term 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 57
OPERATIONS OF THE NON-FINANCIAL PUBLIC SECTOR 1/
 (% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								2/	2/	2/
I. PRIMARY BALANCE	-0.1	0.5	1.0	1.6	4.2	4.7	4.0	0.0	0.9	3.0
1. Central government primary balance	-0.1	0.3	0.6	1.1	3.3	3.2	3.5	-0.2	1.1	2.0
a. Current revenue	14.4	14.8	14.8	15.7	17.5	18.1	18.3	15.9	17.2	18.1
i. Tax revenue 3/	12.1	12.9	13.1	13.6	15.2	15.6	15.7	13.7	14.8	15.5
ii. Non-tax revenue	2.3	2.0	1.8	2.1	2.4	2.5	2.6	2.2	2.4	2.6
b. Non-financial expenditure	14.6	14.7	14.4	14.7	14.3	15.0	14.9	16.2	16.2	16.2
i. Current expenditure	12.7	12.8	12.6	12.8	12.4	12.8	12.5	12.4	11.8	12.0
ii. Capital expenditure	2.0	1.9	1.8	1.9	2.0	2.2	2.4	3.8	4.4	4.2
c. Capital revenue 4/	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1
2. Primary balance of other government levels	0.0	0.2	0.4	0.5	0.9	1.5	0.5	0.2	-0.3	1.1
a. Rest of central government	0.1	0.1	0.1	-0.1	0.4	0.3	0.2	0.3	0.2	0.4
b. Local governments	0.1	0.2	0.1	0.3	0.2	1.0	0.2	-0.3	-0.4	0.7
c. State enterprises	-0.1	0.0	0.1	0.3	0.3	0.2	0.0	0.2	-0.1	0.1
II. INTERESTS	2.1	2.2	2.0	1.9	1.9	1.8	1.6	1.3	1.2	1.2
1. External debt	1.8	1.8	1.7	1.6	1.4	1.3	0.9	0.8	0.7	0.6
2. Domestic debt	0.4	0.4	0.4	0.3	0.4	0.5	0.7	0.5	0.5	0.6
III. OVERALL BALANCE (I-II)	-2.2	-1.7	-1.1	-0.3	2.3	2.9	2.4	-1.3	-0.3	1.9
IV. NET FINANCING	2.2	1.7	1.1	0.3	-2.3	-2.9	-2.4	1.3	0.3	-1.9
1. External funding	2.1	1.4	1.5	-1.5	-0.6	-1.9	-0.9	1.1	-0.5	0.2
(Millions of US\$) (a- b+c)	2.1	1.4	1.5	-1.5	-0.6	-1.9	-0.9	1.1	-0.5	0.2
a. Disbursements	5.0	3.4	3.5	3.3	0.7	3.2	0.9	2.6	2.8	0.6
b. Amortization	3.1	1.9	1.9	4.6	1.3	5.3	2.0	1.4	3.4	0.5
c. Others 5/	0.2	-0.1	-0.1	-0.1	0.0	0.2	0.2	-0.1	0.1	0.1
2. Domestic funding	-0.6	0.2	-0.6	1.7	-1.8	-1.1	-1.5	0.2	0.7	-2.0
3. Privatization	0.8	0.1	0.2	0.1	0.1	0.1	0.0	0.0	0.1	0.0

1/ In Annual Report 2011 the information has been updated since 2004.

2/ Preliminary data.

3/ Includes the methodological change implemented in the recording of tax refunds established by SUNAT (Nota Tributaria published in March 2010) according to which tax refunds are recorded on the corresponding date of issuance.

4/ Deducts payments to the American International Group and Peru-Germany Agreement.

5/ Includes exceptional and short-term 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 58
OPERATIONS OF THE GENERAL GOVERNMENT
(Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. CURRENT REVENUE	34,327	37,364	41,539	47,648	60,027	69,547	78,677	72,201	86,948	102,089
1. Tax revenue 2/	24,704	28,079	31,772	36,315	46,583	53,514	59,672	53,842	65,919	77,201
2. Contributions	3,320	3,504	3,738	4,023	4,588	5,191	6,728	7,218	7,967	9,071
3. Other	6,303	5,781	6,028	7,309	8,856	10,842	12,277	11,142	13,062	15,817
II. NON FINANCIAL EXPENDITURE	34,596	36,621	39,752	44,536	48,617	54,833	64,435	73,433	83,372	87,826
1. Current expenditure	29,126	30,908	33,416	37,265	39,358	43,743	48,867	51,938	57,141	63,322
2. Capital expenditure	5,469	5,713	6,336	7,271	9,259	11,090	15,568	21,496	26,231	24,503
III. CAPITAL REVENUE 3/	399	382	216	411	429	400	420	448	744	290
IV. PRIMARY BALANCE	130	1,125	2,003	3,522	11,839	15,114	14,662	- 784	4,320	14,554
V. INTERESTS	4,190	4,511	4,800	4,967	5,553	5,912	5,751	4,902	4,992	5,610
VI. OVERALL BALANCE	- 4,060	- 3,386	- 2,798	- 1,444	6,286	9,202	8,912	- 5,686	- 672	8,944
VII. NET FINANCING	4,060	3,386	2,798	1,444	- 6,286	- 9,202	- 8,912	5,686	672	- 8,944
1. External funding	3,997	2,681	3,616	- 3,816	- 1,932	- 6,842	- 3,902	4,174	- 2,909	505
(Millions of US\$) (a- b+c)	\$1,141	\$ 770	\$1,079	- \$1,167	- \$ 585	- \$2,231	- \$1,379	\$1,331	- \$1,022	\$ 187
a. Disbursements	\$2,826	\$2,070	\$2,445	\$2,602	\$ 580	\$3,339	\$1,089	\$3,134	\$4,048	\$ 927
b. Amortization	\$1,770	\$1,161	\$1,328	\$3,654	\$1,159	\$5,621	\$2,556	\$1,792	\$5,129	\$ 741
c. Others	\$ 86	- \$ 139	- \$ 38	- \$ 114	- \$ 6	\$ 50	\$ 89	- \$ 11	\$ 59	\$ 1
2. Domestic funding	- 1,440	525	- 1,208	5,075	- 4,658	- 2,809	- 5,166	1,410	3,162	- 9,584
3. Privatization	1,503	181	389	185	304	449	156	102	419	135

1/ Preliminary data.

2/ Includes the methodological change implemented in the recording of tax refunds established by SUNAT (Nota Tributaria published in March 2010) according to which tax refunds are recorded on the corresponding date of issuance.

3/ 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 59
OPERATIONS OF THE GENERAL GOVERNMENT
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. CURRENT REVENUE	17.2	17.5	17.5	18.2	19.9	20.7	21.2	18.9	20.0	21.0
1. Tax revenue 2/	12.4	13.2	13.4	13.9	15.4	15.9	16.1	14.1	15.2	15.9
2. Contributions	1.7	1.6	1.6	1.5	1.5	1.5	1.8	1.9	1.8	1.9
3. Other	3.2	2.7	2.5	2.8	2.9	3.2	3.3	2.9	3.0	3.3
II. NON FINANCIAL EXPENDITURE	17.3	17.2	16.7	17.0	16.1	16.3	17.4	19.2	19.2	18.1
1. Current expenditure	14.6	14.5	14.0	14.2	13.0	13.0	13.2	13.6	13.1	13.0
2. Capital expenditure	2.7	2.7	2.7	2.8	3.1	3.3	4.2	5.6	6.0	5.0
III. CAPITAL REVENUE 3/	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.1
IV. PRIMARY BALANCE	0.1	0.5	0.8	1.3	3.9	4.5	4.0	-0.2	1.0	3.0
V. INTERESTS	2.1	2.1	2.0	1.9	1.8	1.8	1.5	1.3	1.1	1.2
VI. OVERALL BALANCE	-2.0	-1.6	-1.2	-0.6	2.1	2.7	2.4	-1.5	-0.2	1.8
VII. NET FINANCING	2.0	1.6	1.2	0.6	-2.1	-2.7	-2.4	1.5	0.2	-1.8
1. External funding	2.0	1.3	1.5	-1.5	-0.6	-2.0	-1.1	1.1	-0.7	0.1
(Millions of US\$) (a- b+c)	2.0	1.3	1.5	-1.5	-0.6	-2.0	-1.1	1.1	-0.7	0.1
a. Disbursements	5.0	3.4	3.5	3.3	0.6	3.1	0.9	2.5	2.6	0.5
b. Amortization	3.1	1.9	1.9	4.6	1.3	5.2	2.0	1.4	3.3	0.4
c. Others	0.1	-0.2	-0.1	-0.1	0.0	0.0	0.1	0.0	0.0	0.0
2. Domestic funding	-0.7	0.2	-0.5	1.9	-1.5	-0.8	-1.4	0.4	0.7	-2.0
3. Privatization	0.8	0.1	0.2	0.1	0.1	0.1	0.0	0.0	0.1	0.0

1/ Preliminary data.

2/ Includes the methodological change implemented in the recording of tax refunds established by SUNAT (Nota Tributaria published in March 2010) according to which tax refunds are recorded on the corresponding date of issuance.

3/ Deducts payments to the American International Group and Peru-Germany Agreement.

Source: WEF, 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 60
CENTRAL GOVERNMENT OPERATIONS
(Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. CURRENT REVENUE 2/	28,666	31,658	35,325	41,019	53,036	60,713	68,003	60,831	74,712	88,135
II. NON FINANCIAL EXPENDITURE	29,241	31,432	34,172	38,446	43,328	50,338	55,420	62,114	70,490	78,878
1. Current expenditure	25,285	27,369	29,877	33,550	37,349	43,108	46,538	47,577	51,441	58,379
2. Capital expenditure	3,956	4,063	4,295	4,896	5,979	7,230	8,882	14,537	19,048	20,499
III. CAPITAL REVENUE 3/	371	361	189	386	361	385	394	444	747	290
IV. PRIMARY BALANCE	- 204	588	1,342	2,960	10,069	10,760	12,977	- 839	4,969	9,547
V. INTERESTS	3,953	4,191	4,381	4,794	5,418	5,525	5,128	4,867	4,766	5,219
VI. OVERALL BALANCE	-4,157	-3,603	-3,039	-1,834	4,651	5,235	7,849	-5,707	203	4,329
VII. NET FINANCING	4,157	3,603	3,039	1,834	-4,651	-5,235	-7,849	5,707	-203	-4,329
1. External funding	3,997	3,386	3,838	-3,121	-1,832	-6,831	-4,083	4,229	-3,055	589
(Millions of US\$) (a- b+c)	\$1,141	\$ 973	\$1,144	-\$ 955	-\$ 554	-\$2,229	-\$1,441	\$1,350	-\$1,074	\$ 218
a. Disbursements	\$2,826	\$2,070	\$2,445	\$2,599	\$ 578	\$3,325	\$1,059	\$3,106	\$4,036	\$ 926
b. Amortization	\$1,770	\$1,161	\$1,328	\$3,654	\$1,159	\$5,621	\$2,556	\$1,792	\$5,129	\$ 741
c. Others	\$ 86	\$ 64	\$ 26	\$ 100	\$ 27	\$ 67	\$ 57	\$ 36	\$ 19	\$ 33
2. Domestic funding	-1,343	36	-1,188	4,771	-3,123	1,148	-3,922	1,376	2,433	-5,053
3. Privatization	1,503	181	389	185	304	449	156	102	419	135

1/ Preliminary data.

2/ Includes the methodological change implemented in the recording of tax refunds established by SUNAT (Nota Tributaria published in March 2010) according to which tax refunds are recorded on the corresponding date of issuance.

3/ 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 61
CENTRAL GOVERNMENT OPERATIONS
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010
								1/	1/	1/
I. CURRENT REVENUE 2/	14.4	14.8	14.8	15.7	17.5	18.1	18.3	15.9	17.2	18.1
II. NON FINANCIAL EXPENDITURE	14.6	14.7	14.4	14.7	14.3	15.0	14.9	16.2	16.2	16.2
1. Current expenditure	12.7	12.8	12.6	12.8	12.4	12.8	12.5	12.4	11.8	12.0
2. Capital expenditure	2.0	1.9	1.8	1.9	2.0	2.2	2.4	3.8	4.4	4.2
III. CAPITAL REVENUE 3/	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1
IV. PRIMARY BALANCE	-0.1	0.3	0.6	1.1	3.3	3.2	3.5	-0.2	1.1	2.0
V. INTERESTS	2.0	2.0	1.8	1.8	1.8	1.6	1.4	1.3	1.1	1.1
VI. OVERALL BALANCE	-2.1	-1.7	-1.3	-0.7	1.5	1.6	2.1	-1.5	0.0	0.9
VII. NET FINANCING	2.1	1.7	1.3	0.7	-1.5	-1.6	-2.1	1.5	0.0	-0.9
1. External funding	2.0	1.6	1.6	-1.2	-0.6	-2.0	-1.1	1.1	-0.7	0.1
(Millions of US\$) (a- b+c)	2.0	1.6	1.6	-1.2	-0.6	-2.0	-1.1	1.1	-0.7	0.1
a. Disbursements	5.0	3.4	3.5	3.3	0.6	3.1	0.9	2.5	2.6	0.5
b. Amortization	3.1	1.9	1.9	4.6	1.3	5.2	2.0	1.4	3.3	0.4
c. Others	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
2. Domestic funding	-0.7	0.0	-0.5	1.8	-1.0	0.3	-1.1	0.4	0.6	-1.0
3. Privatization	0.8	0.1	0.2	0.1	0.1	0.1	0.0	0.0	0.1	0.0

1/ Preliminary data.

2/ Includes the methodological change implemented in the recording of tax refunds established by SUNAT (Nota Tributaria published in March 2010) according to which tax refunds are recorded on the corresponding date of issuance.

3/ Deducts payments to the American International Group and Peru-Germany Agreement.

Source: WEF, 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 62
GENERAL GOVERNMENT CURRENT REVENUES
(Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
I. TAX REVENUE	24,704	28,079	31,772	36,315	46,583	53,514	59,672	53,842	65,919	77,201
1. Income tax	6,011	7,971	9,026	11,188	18,414	22,847	24,146	20,346	25,802	33,627
- Individuals	2,247	2,584	2,798	3,071	3,926	4,477	5,353	5,608	6,283	7,958
- Corporate	3,158	4,298	5,230	6,079	11,205	14,373	16,317	12,269	16,423	21,432
- Regularization	606	1,089	999	2,038	3,283	3,997	2,476	2,470	3,096	4,237
2. Import tariffs	2,483	2,550	2,744	3,143	2,847	2,198	1,911	1,493	1,803	1,380
3. Value-added tax (VAT)	12,613	14,110	16,206	18,302	21,517	25,258	31,583	29,519	35,536	40,424
- Domestic VAT	7,501	8,459	9,526	10,587	11,982	13,586	15,749	17,322	19,629	22,029
- VAT on imports	5,113	5,651	6,680	7,715	9,535	11,672	15,834	12,197	15,907	18,395
4. Excise tax	4,184	4,525	4,468	4,066	4,042	4,291	3,461	4,146	4,670	4,720
- Fuel	3,003	3,285	3,177	2,607	2,399	2,419	1,457	2,255	2,410	2,231
- Other	1,181	1,240	1,292	1,459	1,643	1,872	2,004	1,891	2,260	2,489
5. Other tax revenues	2,274	1,998	2,846	3,733	4,146	5,017	5,757	5,676	6,056	6,762
6. Tax refunds 2/	-2,862	-3,075	-3,518	-4,117	-4,383	-6,098	-7,185	-7,339	-7,948	-9,712
II. NON-TAX REVENUE	9,623	9,285	9,766	11,332	13,444	16,034	19,006	18,359	21,029	24,888
1. Contributions to Essalud and ONP	3,320	3,504	3,738	4,023	4,588	5,191	6,728	7,218	7,967	9,071
2. Royalties: oil, gas and mining	368	457	462	1,103	1,557	1,786	2,459	1,597	2,522	3,755
3. Oil canon	351	401	513	878	1,105	1,181	1,633	1,241	1,840	2,673
4. Other revenues 3/	5,584	4,923	5,054	5,329	6,193	7,876	8,185	8,304	8,701	9,389
III. TOTAL (I+II)	34,327	37,364	41,539	47,648	60,027	69,547	78,677	72,201	86,948	102,089

1/ Preliminary data.

2/ Includes the methodological change implemented in the recording of tax refunds established by SUNAT (Nota Tributaria published in March 2010), according to which tax refunds are recorded on the corresponding date of issuance.

3/ Includes equity and current transfers, interest and earnings transfer of the Banco de la Nación and BCRP.

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 63
GENERAL GOVERNMENT CURRENT REVENUES
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
I. TAX REVENUE	12.4	13.2	13.4	13.9	15.4	15.9	16.1	14.1	15.2	15.9
1. Income tax	3.0	3.7	3.8	4.3	6.1	6.8	6.5	5.3	5.9	6.9
- Individuals	1.1	1.2	1.2	1.2	1.3	1.3	1.4	1.5	1.4	1.6
- Corporate	1.6	2.0	2.2	2.3	3.7	4.3	4.4	3.2	3.8	4.4
- Regularization	0.3	0.5	0.4	0.8	1.1	1.2	0.7	0.6	0.7	0.9
2. Import tariffs	1.2	1.2	1.2	1.2	0.9	0.7	0.5	0.4	0.4	0.3
3. Value-added tax (VAT)	6.3	6.6	6.8	7.0	7.1	7.5	8.5	7.7	8.2	8.3
- Domestic VAT	3.8	4.0	4.0	4.0	4.0	4.0	4.2	4.5	4.5	4.5
- VAT on imports	2.6	2.6	2.8	2.9	3.2	3.5	4.3	3.2	3.7	3.8
4. Excise tax	2.1	2.1	1.9	1.6	1.3	1.3	0.9	1.1	1.1	1.0
- Fuel	1.5	1.5	1.3	1.0	0.8	0.7	0.4	0.6	0.6	0.5
- Other	0.6	0.6	0.5	0.6	0.5	0.6	0.5	0.5	0.5	0.5
5. Other tax revenues	1.1	0.9	1.2	1.4	1.4	1.5	1.6	1.5	1.4	1.4
6. Tax refunds 2/	-1.4	-1.4	-1.5	-1.6	-1.5	-1.8	-1.9	-1.9	-1.8	-2.0
II. NON-TAX REVENUE	4.8	4.4	4.1	4.3	4.4	4.8	5.1	4.8	4.8	5.1
1. Contributions to Essalud and ONP	1.7	1.6	1.6	1.5	1.5	1.5	1.8	1.9	1.8	1.9
2. Royalties: oil, gas and mining	0.2	0.2	0.2	0.4	0.5	0.5	0.7	0.4	0.6	0.8
3. Oil canon	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.3	0.4	0.5
4. Other revenues 3/	2.8	2.3	2.1	2.0	2.0	2.3	2.2	2.2	2.0	1.9
III. TOTAL (I+II)	17.2	17.5	17.5	18.2	19.9	20.7	21.2	18.9	20.0	21.0

1/ Preliminary data.

2/ Includes the methodological change implemented in the recording of tax refunds established by SUNAT (Nota Tributaria published in March 2010) according to which tax refunds are recorded on the corresponding date of issuance.

3/ Includes equity and current transfers, interest and earnings transfer of the Banco de la Nación and BCRP.

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 64
GENERAL GOVERNMENT EXPENDITURE
(Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. NON FINANCIAL EXPENDITURE	34,596	36,621	39,752	44,536	48,617	54,833	64,435	73,433	83,372	87,826
1. Current	29,126	30,908	33,416	37,265	39,358	43,743	48,867	51,938	57,141	63,322
a. Wages and salaries	11,436	12,399	13,301	14,806	15,927	16,674	18,016	19,647	20,834	22,868
b. Goods and services	9,238	9,770	10,650	12,152	13,392	14,548	16,291	19,093	22,343	23,912
c. Transfers	8,452	8,738	9,464	10,307	10,039	12,522	14,560	13,198	13,964	16,543
2. Capital expenditure	5,469	5,713	6,336	7,271	9,259	11,090	15,568	21,496	26,231	24,503
a. Gross capital formation	5,026	5,225	5,839	6,876	8,594	10,384	14,890	19,584	24,025	22,922
b. Other	444	488	497	395	665	706	678	1,912	2,206	1,581
II. INTERESTS	4,190	4,511	4,800	4,967	5,553	5,912	5,751	4,902	4,992	5,610
1. Domestic debt	721	789	879	829	1,257	1,666	2,437	1,836	2,101	2,821
2. External debt	3,469	3,722	3,921	4,138	4,297	4,247	3,314	3,066	2,891	2,789
III. TOTAL (I+II)	38,786	41,132	44,552	49,503	54,170	60,745	70,186	78,336	88,363	93,436

1/ Preliminary data.
Source: MEF, Banco de la Nación, BCRP and SUNAT.
Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 65
GENERAL GOVERNMENT EXPENDITURE
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. NON FINANCIAL EXPENDITURE	17.3	17.2	16.7	17.0	16.1	16.3	17.4	19.2	19.2	18.1
1. Current	14.6	14.5	14.0	14.2	13.0	13.0	13.2	13.6	13.1	13.0
a. Wages and salaries	5.7	5.8	5.6	5.7	5.3	5.0	4.9	5.1	4.8	4.7
b. Goods and services	4.6	4.6	4.5	4.6	4.4	4.3	4.4	5.0	5.1	4.9
c. Transfers	4.2	4.1	4.0	3.9	3.3	3.7	3.9	3.5	3.2	3.4
2. Capital expenditure	2.7	2.7	2.7	2.8	3.1	3.3	4.2	5.6	6.0	5.0
a. Gross capital formation	2.5	2.4	2.5	2.6	2.8	3.1	4.0	5.1	5.5	4.7
b. Other	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.5	0.5	0.3
II. INTERESTS	2.1	2.1	2.0	1.9	1.8	1.8	1.5	1.3	1.1	1.2
1. Domestic debt	0.4	0.4	0.4	0.3	0.4	0.5	0.7	0.5	0.5	0.6
2. External debt	1.7	1.7	1.6	1.6	1.4	1.3	0.9	0.8	0.7	0.6
III. TOTAL (I+II)	19.4	19.3	18.7	18.9	17.9	18.1	18.9	20.5	20.3	19.2

1/ Preliminary data.
Source: MEF, Banco de la Nación, BCRP and SUNAT.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 66
GENERAL GOVERNMENT GROSS CAPITAL FORMATION
 (% structure)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
ECONOMIC SECTORS	48	53	50	45	48	49	47	52	55	53
1. Agriculture	16	15	12	10	12	13	11	9	8	7
2. Transport and communications	29	33	32	29	31	29	31	37	42	42
3. Energy and mining	2	4	4	4	2	5	4	4	4	3
4. Industry, commerce, tourism, and integration	1	1	1	1	2	1	2	2	1	1
5. Fishing	0	0	0	0	0	1	0	0	0	0
SOCIAL SECTORS	29	29	33	35	34	33	36	30	29	33
1. Education	13	14	14	17	14	10	15	14	15	15
2. Health	10	10	11	14	18	21	20	16	14	18
3. Labor and other sectors	6	5	7	5	2	2	2	0	0	0
GENERAL SECTOR 2/	9	8	9	10	7	8	9	12	10	12
MULTISECTOR PROGRAMS 3/	14	9	9	10	11	10	8	7	6	2
TOTAL	100	100	100	100	100	100	100	100	100	100

1/ Preliminary data.

2/ Includes Presidency of Council of Ministers, Ministry of Justice, Ministry of Interior, Ministry of Foreign Affairs, and MEF.

3/ Includes projects in different sectors.

Source: MEF.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 67
LOCAL GOVERNMENT OPERATIONS
(Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. CURRENT REVENUES	4,113	4,631	5,375	6,487	8,056	11,872	12,736	11,586	12,365	15,018
II. NON FINANCIAL EXPENDITURE	4,059	4,465	5,123	5,866	7,858	9,162	13,332	15,436	17,444	16,715
1. Current expenditure	2,525	2,795	3,124	3,537	3,941	4,780	5,826	6,201	7,309	7,955
2. Capital expenditure	1,534	1,670	1,998	2,329	3,918	4,382	7,507	9,235	10,134	8,760
III. CAPITAL REVENUE	154	167	73	123	423	783	1,439	2,879	3,539	4,872
IV. PRIMARY BALANCE (I- II+III)	207	333	325	745	621	3,494	843	- 971	- 1,540	3,176
V. INTERESTS	92	84	84	66	45	27	32	38	36	26
VI. OVERALL BALANCE	116	249	241	679	577	3,466	811	- 1,009	- 1,576	3,149

1/ Preliminary data.

Source: Local governments and Contaduría Pública de la Nación.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 68
LOCAL GOVERNMENT OPERATIONS
 (% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. CURRENT REVENUES	2.1	2.2	2.3	2.5	2.7	3.5	3.4	3.0	2.8	3.1
II. NON FINANCIAL EXPENDITURE	2.0	2.1	2.2	2.2	2.6	2.7	3.6	4.0	4.0	3.4
1. Current expenditure	1.3	1.3	1.3	1.4	1.3	1.4	1.6	1.6	1.7	1.6
2. Capital expenditure	0.8	0.8	0.8	0.9	1.3	1.3	2.0	2.4	2.3	1.8
III. CAPITAL REVENUE	0.1	0.1	0.0	0.0	0.1	0.2	0.4	0.8	0.8	1.0
IV. PRIMARY BALANCE (I- II+III)	0.1	0.2	0.1	0.3	0.2	1.0	0.2	-0.3	-0.4	0.7
V. INTERESTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VI. OVERALL BALANCE	0.1	0.1	0.1	0.3	0.2	1.0	0.2	-0.3	-0.4	0.6

1/ Preliminary data.
 Source: Local governments and Contaduría Pública de la Nación.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 69
OPERATIONS OF NON FINANCIAL STATE ENTERPRISES
(Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								1/	1/	1/
I. CURRENT REVENUE	11,072	11,829	14,077	16,257	16,394	16,812	20,985	19,068	21,700	26,158
1. Petroperú	6,532	6,964	8,818	10,427	10,259	10,061	13,408	10,609	13,306	17,349
2. Electroperú	1,083	1,363	1,323	1,659	1,701	1,406	1,498	1,486	1,112	1,067
3. Regionales de Electricidad	1,162	1,465	1,709	1,865	1,709	2,310	2,467	2,846	2,798	3,207
4. Sedapal	668	680	702	706	805	892	986	1,112	1,099	1,275
5. Centromin	96	0	0	0	0	0	0	0	0	0
6. Other	1,531	1,358	1,525	1,600	1,648	2,142	2,625	3,016	3,385	3,260
II. NON FINANCIAL EXPENDITURE	10,582	11,128	13,226	14,852	14,922	15,502	19,748	16,698	20,402	24,557
1. Petroperú	6,514	7,038	8,648	10,096	10,074	9,994	13,858	10,083	13,387	17,312
2. Electroperú	941	1,149	1,332	1,379	1,379	1,498	1,202	1,213	1,134	941
3. Regionales de Electricidad	854	1,189	1,365	1,470	1,666	1,804	2,002	2,377	2,379	2,688
4. Sedapal	426	472	464	498	476	547	616	696	701	798
5. Centromin	114	0	0	0	0	0	0	0	0	0
6. Other	1,733	1,280	1,417	1,457	1,328	1,659	2,070	2,329	2,802	2,818
III. CAPITAL EXPENDITURE	819	965	797	850	909	1,252	1,465	2,022	2,180	1,597
1. Petroperú	37	68	17	32	70	78	99	90	165	201
2. Electroperú	174	168	91	150	134	138	116	202	369	26
3. Regionales de Electricidad	234	387	389	352	251	435	438	686	590	399
4. Sedapal	227	172	194	222	257	352	530	664	567	447
5. Centromin	2	0	0	0	0	0	0	0	0	0
6. Other	144	170	106	96	196	248	282	381	489	523
IV. CAPITAL REVENUE	91	162	255	115	290	558	344	449	293	243
V. PRIMARY BALANCE (I- II- III+IV)	-237	-102	309	670	853	615	116	797	-590	247
1. Petroperú	-19	-143	153	300	162	-12	-549	435	-245	-164
2. Electroperú	-31	45	-100	178	188	-230	180	71	-391	99
3. Regionales de Electricidad	165	51	210	178	199	328	150	228	47	188
4. Sedapal	14	36	44	-13	162	170	136	-192	-169	87
5. Centromin	-21	0	0	0	0	0	0	0	0	0
6. Other	-346	-92	2	27	142	359	199	255	169	37
VI. INTERESTS	92	95	67	95	107	96	134	109	93	114
VII. OVERALL BALANCE 2/	-329	-197	242	574	746	520	-18	688	-683	134
1. Petroperú	-36	-155	143	287	144	-27	-607	401	-255	-174
2. Electroperú	-31	45	-100	178	188	-230	180	71	-391	99
3. Regionales de Electricidad	143	30	190	158	168	300	119	194	34	165
4. Sedapal	-27	-12	19	-66	111	124	97	-228	-233	13
5. Centromin	-21	0	0	0	0	0	0	0	0	0
6. Other	-358	-105	-10	17	134	354	193	249	163	31

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 Income Statement.
Source: State-owned companies and FONAFE.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 70
OPERATIONS OF NON FINANCIAL STATE ENTERPRISES
(% of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. CURRENT REVENUE	5.5	5.5	5.9	6.2	5.4	5.0	5.7	5.0	5.0	5.4
1. Petroperú	3.3	3.3	3.7	4.0	3.4	3.0	3.6	2.8	3.1	3.6
2. Electroperú	0.5	0.6	0.6	0.6	0.6	0.4	0.4	0.4	0.3	0.2
3. Regionales de Electricidad	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7
4. Sedapal	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
5. Centromin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Other	0.8	0.6	0.6	0.6	0.5	0.6	0.7	0.8	0.8	0.7
II. NON FINANCIAL EXPENDITURE	5.3	5.2	5.6	5.7	4.9	4.6	5.3	4.4	4.7	5.0
1. Petroperú	3.3	3.3	3.6	3.9	3.3	3.0	3.7	2.6	3.1	3.6
2. Electroperú	0.5	0.5	0.6	0.5	0.5	0.4	0.3	0.3	0.3	0.3
3. Regionales de Electricidad	0.4	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.5	0.6
4. Sedapal	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
5. Centromin	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Other	0.9	0.6	0.6	0.6	0.4	0.5	0.6	0.6	0.6	0.6
III. CAPITAL EXPENDITURE	0.4	0.5	0.3	0.3	0.3	0.4	0.4	0.5	0.5	0.3
1. Petroperú	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Electroperú	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.0
3. Regionales de Electricidad	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1
4. Sedapal	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	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	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
IV. CAPITAL REVENUE	0.0	0.1	0.1	0.0	0.1	0.2	0.1	0.1	0.1	0.0
V. PRIMARY BALANCE (I- II- III+IV)	- 0.1	0.0	0.1	0.3	0.3	0.2	0.0	0.2	- 0.1	0.1
1. Petroperú	0.0	- 0.1	0.1	0.1	0.1	0.0	- 0.1	0.1	- 0.1	0.0
2. Electroperú	0.0	0.0	0.0	0.1	0.1	- 0.1	0.0	0.0	- 0.1	0.0
3. Regionales de Electricidad	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.0
4. Sedapal	0.0	0.0	0.0	0.0	0.1	0.1	0.0	- 0.1	0.0	0.0
5. Centromin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Other	- 0.2	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0
VI. INTERESTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VII. OVERALL BALANCE 2/	- 0.2	- 0.1	0.1	0.2	0.2	0.2	0.0	0.2	- 0.2	0.0
1. Petroperú	0.0	- 0.1	0.1	0.1	0.0	0.0	- 0.2	0.1	- 0.1	0.0
2. Electroperú	0.0	0.0	0.0	0.1	0.1	- 0.1	0.0	0.0	0.0	0.0
3. Regionales de Electricidad	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.0
4. Sedapal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	- 0.1	0.0	0.0
5. Centromin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	- 0.1	0.0
6. Other	- 0.2	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0

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 Income Statement.
Source: State-owned companies and FONAFE.
Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 71
NET PUBLIC DEBT

Years	Millions of nuevos soles			% of GDP		
	Assets	Liabilities	Net debt	Assets	Liabilities	Net debt
2002	17,406	93,103	75,698	8.7	46.6	37.9
2003	17,846	100,097	82,252	8.4	46.9	38.5
2004	18,808	101,370	82,561	7.9	42.6	34.7
2005	20,792	102,786	81,994	7.9	39.3	31.3
2006	25,435	97,502	72,068	8.4	32.3	23.8
2007	38,157	95,601	57,444	11.4	28.5	17.1
2008	46,481	96,191	49,710	12.5	25.9	13.4
2009 1/	47,457	99,619	52,162	12.4	26.1	13.6
2010 1/	51,263	101,176	49,913	11.8	23.3	11.5
2011 1/	63,975	103,271	39,295	13.1	21.2	8.1

1/ Preliminary data
Source: BCRP and IMF.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 72
EVOLUTION OF LIQUIDITY AND CREDIT TO THE PRIVATE SECTOR 1/
 (% 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
2002	2.8	4.1	3.3	7.4	14.4	21.8	5.4	17.5	23.0
2003	3.0	4.4	3.2	7.5	13.2	20.7	5.6	15.6	21.2
2004	3.4	5.2	3.7	9.0	11.9	20.9	5.6	13.7	19.3
2005	3.8	5.9	4.9	10.8	12.6	23.4	6.9	13.8	20.7
2006	3.9	6.3	4.8	11.0	11.5	22.5	7.8	11.9	19.8
2007	4.4	7.3	6.1	13.4	11.6	25.0	9.8	13.0	22.8
2008	4.7	7.8	7.6	15.4	13.0	28.4	13.0	14.7	27.7
2009	5.0	8.7	8.4	17.1	12.3	29.4	14.9	13.1	28.0
2010	5.6	9.8	9.8	19.6	11.8	31.5	15.9	13.6	29.4
2011	5.6	10.0	10.3	20.4	11.9	32.3	17.1	13.8	30.9

1/ Data at period end.
 Source: Depository Institutions.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 73
EVOLUTION OF LIQUIDITY AND CREDIT TO THE PRIVATE SECTOR 1/
(% 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
2002	17.1	12.7	15.2	13.8	- 6.1	- 0.5	8.0	- 2.0	0.0
2003	9.6	10.7	4.8	7.9	0.7	3.1	13.7	- 5.7	- 1.5
2004	21.4	24.9	12.8	19.5	- 0.5	6.2	8.6	- 1.6	1.0
2005	28.5	29.5	43.1	35.3	2.1	14.7	20.4	2.7	7.5
2006	17.3	17.0	17.4	17.2	14.3	15.6	37.1	4.5	14.4
2007	24.6	29.7	35.9	32.5	9.4	19.9	36.0	11.6	20.5
2008	28.5	32.2	58.3	44.2	9.5	27.0	42.9	18.8	28.7
2009	8.2	8.1	8.4	8.2	21.3	13.8	32.2	7.9	19.0
2010	20.7	28.0	23.7	25.8	- 1.4	13.4	19.3	5.0	12.3
2011	19.9	18.7	23.9	21.3	14.9	18.7	21.0	18.5	19.9

1/ Data at period end.
Source: Depository Institutions.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 74
MONETARY ACCOUNTS OF THE FINANCIAL SYSTEM 1/
 (Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
								3/	3/	3/
I. SHORT TERM EXTERNAL ASSETS										
(Millions of US\$)										
A. Assets	34,177	35,273	41,200	47,952	56,487	79,120	98,408	96,575	125,957	132,436
B. Liabilities	9,737	10,194	12,561	13,980	17,652	26,373	31,340	33,417	44,824	49,051
	37,103	37,671	43,500	51,590	58,982	86,151	103,749	100,599	129,222	137,252
	2,926	2,398	2,300	3,638	2,495	7,031	5,341	4,024	3,265	4,816
II. OTHER NET OPERATIONS ABROAD										
(Millions of US\$) 2/										
A. Credits	3,793	7,725	8,199	13,640	19,020	15,329	5,641	2,817	19,703	17,894
B. Liabilities	95	385	230	233	133	-1,996	-3,334	-2,817	-5,916	-7,490
	8,980	13,122	13,878	19,262	25,304	31,120	26,652	38,159	44,545	46,391
	5,187	5,398	5,679	5,621	6,285	15,791	21,011	16,876	24,842	28,497
III. DOMESTIC CREDIT (A+B- C+D)										
A. Public sector	26,604	29,789	32,583	39,241	47,007	63,297	59,936	77,754	94,600	102,692
1. Credits	- 8,248	- 5,688	- 6,727	- 6,041	- 6,427	- 13,766	- 21,617	- 16,086	- 22,383	- 26,431
- Central government	10,477	13,010	13,226	15,397	17,722	23,025	27,736	29,624	27,175	26,192
- Rest of the public sector	9,935	12,436	12,693	15,030	17,494	22,828	21,943	29,031	26,667	25,320
2. Deposits	542	574	533	367	228	197	793	592	507	871
- Central government	18,725	18,698	19,953	21,438	24,148	36,791	44,352	45,710	49,558	62,622
- Rest of the public sector	6,691	7,817	9,911	11,997	13,920	21,530	29,640	32,002	36,205	47,966
B. Private sector	56,950	58,425	61,502	72,064	83,558	108,509	124,066	136,993	164,468	187,794
Domestic currency	16,749	19,838	23,450	29,638	40,986	57,593	65,184	80,866	100,707	110,596
Foreign currency	40,201	38,587	38,051	42,426	42,572	50,916	58,882	56,127	63,762	77,398
(Millions of US\$)	11,453	11,152	11,601	12,369	13,304	16,972	18,752	19,421	22,691	28,666
C. Capital, reserves, provisions, and balances	35,034	33,447	33,451	36,880	41,507	46,063	54,089	58,850	65,874	70,614
D. Others Assets and Liabilities (Net)	12,937	10,500	11,259	10,098	11,383	14,617	11,575	15,696	18,389	21,942
IV. MONETARY LIABILITIES										
WITH THE PRIVATE SECTOR (I+II+III)										
A. Domestic currency	64,575	72,786	81,982	100,833	122,514	157,746	163,984	195,611	240,259	253,022
1. Money	31,086	38,808	47,954	61,814	80,610	109,409	109,358	138,949	178,158	186,198
Notes and coins held by the public	8,177	9,312	12,420	15,489	18,975	24,476	28,930	33,147	42,651	48,817
Demand deposits in domestic currency	5,573	6,319	7,982	10,036	11,688	14,858	17,336	19,241	24,131	27,247
2. Quasi money	2,604	2,993	4,438	5,453	7,288	9,618	11,595	13,905	18,519	21,569
Saving deposits	3,063	3,587	4,174	5,739	6,613	8,534	11,659	13,808	18,084	22,277
Term deposits	2,864	2,944	4,403	6,458	7,052	11,213	15,755	17,668	23,485	26,622
Pension funds	15,754	21,844	25,651	32,223	45,547	60,406	49,380	68,595	86,391	81,052
Other securities	1,229	1,122	1,307	1,905	2,423	4,780	3,634	5,732	7,546	7,430
B. Quasi money in foreign currency	33,488	33,978	34,028	39,019	41,903	48,336	54,622	56,662	62,102	66,824
(Millions of US\$)	9,541	9,820	10,374	11,376	13,095	16,112	17,397	19,606	22,100	24,750
1. Deposits	28,519	27,655	27,844	32,579	34,375	38,648	47,935	47,033	51,333	57,874
2. Other	4,970	6,323	6,184	6,440	7,529	9,688	6,691	9,630	10,769	8,951

1/ Foreign currency is valued at the average bid and ask exchange rate at the end of each period.

2/ Balance of operations in foreign currency.

3/ Preliminary data.

Source: Depository institutions.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 75
MONETARY ACCOUNTS OF DEPOSITORY INSTITUTIONS 1/
 (Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. SHORT TERM EXTERNAL ASSETS (Millions of US\$)	34,357	35,524	41,332	48,030	56,511	79,503	98,480	96,516	126,018	132,525
A. Assets	9,788	10,267	12,601	14,003	17,660	26,501	31,363	33,397	44,846	49,083
B. Liabilities	36,866	37,507	43,336	51,349	58,683	85,824	103,294	100,126	128,771	136,831
	2,509	1,983	2,004	3,319	2,172	6,321	4,814	3,609	2,753	4,305
II. OTHER NET OPERATIONS ABROAD (Millions of US\$) 2/	285	1,378	770	758	638	-8,920	-13,745	-9,631	-18,071	-21,823
A. Credits	95	385	230	233	133	-1,996	-3,334	-2,817	-5,916	-7,490
B. Liabilities	3,994	5,207	4,820	4,747	5,142	4,719	4,784	5,377	4,979	4,447
	3,709	3,829	4,050	3,989	4,504	13,639	18,528	15,008	23,050	26,271
III. DOMESTIC CREDIT (A+B- C+D)	8,683	7,296	7,541	12,315	10,967	13,234	20,513	25,536	28,885	46,260
A. Public sector	-10,124	-10,338	-12,798	-14,092	-17,595	-29,767	-36,287	-34,740	-41,179	-53,246
1. Credits	8,069	7,625	6,751	6,969	6,211	6,662	7,613	10,642	8,090	9,052
- Central government	7,555	7,052	6,218	6,602	5,983	6,465	6,820	10,050	7,583	8,180
- Rest of the public sector	514	574	533	367	228	197	793	592	507	871
2. Deposits	18,194	17,963	19,548	21,061	23,806	36,429	43,900	45,382	49,269	62,296
- Central government	6,453	7,546	9,759	11,817	13,830	21,418	29,553	31,897	36,068	47,780
- Rest of the public sector	11,741	10,417	9,789	9,244	9,976	15,011	14,347	13,484	13,201	14,517
B. Private sector	45,079	44,203	44,607	52,610	57,027	74,150	99,257	104,189	121,587	148,108
Domestic currency	10,816	11,983	13,372	18,124	23,708	32,849	48,268	56,925	68,981	83,235
Foreign currency	34,264	32,220	31,235	34,486	33,319	41,302	50,989	47,263	52,606	64,873
(Millions of US\$)	9,762	9,312	9,523	10,054	10,412	13,767	16,239	16,354	18,721	24,027
C. Capital, reserves, provisions, and balances	25,454	23,443	23,390	24,446	25,336	28,907	35,128	38,815	42,864	45,754
D. Others Assets and Liabilities (Net)	-818	-3,126	-878	-1,756	-3,128	-2,242	-7,329	-5,097	-8,659	-2,849
IV. MONETARY LIABILITIES WITH THE PRIVATE SECTOR (I+II+III)	43,325	44,198	49,643	61,104	68,116	83,818	105,249	112,422	136,832	156,962
A. Domestic currency	14,742	16,174	21,446	28,264	33,340	44,866	57,083	65,324	85,366	99,019
1. Money	8,177	9,312	12,420	15,489	18,975	24,476	28,930	33,147	42,651	48,817
Notes and coins held by the public	5,573	6,319	7,982	10,036	11,688	14,858	17,336	19,241	24,131	27,247
Demand deposits in domestic currency	2,604	2,993	4,438	5,453	7,288	9,618	11,595	13,905	18,519	21,659
2. Quasi money	6,565	6,862	9,027	12,775	14,364	20,390	28,153	32,178	42,715	50,202
Saving deposits	3,063	3,587	4,174	5,739	6,613	8,534	11,659	13,808	18,084	22,277
Term deposits	2,864	2,944	4,403	6,458	7,052	11,213	15,755	17,668	23,485	26,622
Other securities	638	330	451	578	700	643	739	703	1,145	1,303
B. Quasi money in foreign currency	28,583	28,024	28,197	32,840	34,776	38,952	48,165	47,097	51,467	57,943
(Millions of US\$)	8,143	8,099	8,597	9,574	10,868	12,984	15,339	16,297	18,316	21,461

1/ Foreign currency is valued at the average bid and ask exchange rate at the end of period.

2/ Balance of operations in foreign currency.

3/ Preliminary data.

Source: Depository institutions.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 76
MONETARY ACCOUNTS OF BANCO CENTRAL DE RESERVA DEL PERÚ 1/
 (Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. NET INTERNATIONAL RESERVES (Millions of US\$)	33,689	35,272	41,430	48,353	55,279	83,066	97,955	95,760	123,935	131,803
A. Assets	34,014	35,313	41,488	48,430	55,453	83,161	98,070	95,877	124,063	131,918
B. Liabilities	324	40	59	77	174	94	115	117	127	115
II. OTHER NET LIABILITIES ABROAD (Millions of US\$) 2/	12	39	35	34	29	-2,583	-2,111	-168	73	55
A. Credits	2,822	3,098	3,263	3,187	3,138	3,171	3,172	2,405	2,307	1,870
B. Liabilities	2,780	3,058	3,228	3,153	3,109	5,754	5,283	2,573	2,234	1,815
III. DOMESTIC CREDIT (A+B+C-D+E)	-14,128	-14,334	-14,574	-13,701	-22,561	-31,663	-37,840	-41,831	-45,590	-53,586
A. Public sector	-10,112	-9,665	-10,475	-9,712	-12,988	-17,558	-24,586	-25,518	-30,327	-41,681
1. Credits	350	237	39	0	0	0	0	0	0	0
2. Deposits	10,462	9,903	10,514	9,712	12,988	17,558	24,586	25,318	30,327	41,681
- Central government	2,430	3,188	4,835	5,295	9,004	14,317	22,073	24,674	28,083	40,506
- Other public sector 3/	8,032	6,715	5,678	4,417	3,984	3,241	2,513	644	2,244	1,175
B. Private sector	0	0	0	0	0	0	0	0	0	0
C. Banking system 4/	-851	-1,414	-1,941	-1,127	-6,642	-11,264	-5,316	-9,547	-10,123	-11,225
- Banco de la Nación	-1,021	-1,414	-1,941	-3,977	-6,642	-11,264	-10,728	-9,547	-10,123	-11,225
- Development banks	0	0	0	0	0	0	0	0	0	0
- Banks	170	0	0	2,850	0	0	5,412	0	0	0
D. Capital, reserves, provisions, and balance	709	802	592	598	1,317	2,429	3,697	4,167	3,609	3,078
E. Other assets and liabilities (net)	-2,455	-2,453	-1,566	-2,263	-1,614	-412	-4,240	-2,799	-1,531	2,397
IV. MONETARY LIABILITIES WITH THE PRIVATE SECTOR (I+II+III)	19,604	20,978	26,890	34,686	32,747	48,821	58,004	53,762	78,418	78,271
A. Domestic currency	8,758	11,503	17,478	20,511	21,902	35,436	38,140	37,717	59,362	56,332
1. Monetary base	6,759	7,441	9,327	11,724	13,864	17,779	22,311	23,548	34,208	39,967
1.1 Notes and coins issued	6,620	7,309	9,047	11,448	13,651	16,999	20,458	22,539	28,077	32,300
- In vault	1,047	990	1,065	1,412	1,963	2,142	3,122	3,298	3,946	5,053
- In circulation	5,573	6,319	7,982	10,036	11,688	14,858	17,336	19,241	24,131	27,247
1.2 Deposits	139	132	280	276	212	780	1,853	1,009	6,131	7,667
- Banks	96	60	208	76	89	199	944	503	3,687	4,911
- Banco de la Nación 5/	0	0	0	0	0	410	720	330	1,700	1,370
- Other financial entities	43	73	72	199	124	171	188	176	744	1,386
2. Others deposits 6/	65	0	52	60	247	20	23	842	21,467	3,757
3. Securities issued 7/	1,934	4,062	8,100	8,728	7,792	17,636	15,807	13,327	3,687	12,608
B. Foreign currency (Millions of US\$)	3,090	2,738	2,869	4,132	3,389	4,462	6,326	5,552	19,056	21,939
1. Deposits	10,846	9,474	9,411	14,174	10,844	13,384	19,863	16,044	19,055	21,937
1.1 Banks	10,698	9,296	9,219	13,979	10,599	13,189	19,772	15,787	18,701	21,567
1.2 Other financial entities	148	179	192	195	246	195	91	257	354	370
2. Certificates	0	0	0	1	1	1	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/ Includes COHIDE.

4/ 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 at the BCRP.

5/ Since December 31, 2007, the monetary base includes deposits in domestic currency in the current account of Banco de la Nación.

6/ Financial entities' sterilization deposits in domestic currency (overnight deposits and auctions of term deposits) are also included here

7/ Includes BCRP securities purchased by banks and the private sector. The value of Indexed Certificates of Deposits is indexed to the exchange rate.

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 77
OPERATIONS OF BANCO CENTRAL DE RESERVA DEL PERÚ
(Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I NET INTERNATIONAL POSITION										
(Millions of US\$)										
1. Foreign exchange operations	128	998	1,854	767	2,861	7,070	488	-48	9,010	329
2. Public sector	-32	1,050	2,340	2,699	3,944	10,306	2,754	108	8,963	3,537
3. Others	157	-51	-487	-1,935	-1,084	-3,275	-2,316	-261	-50	-3,039
	3	-1	2	3	1	39	50	105	96	-169
II NET DOMESTIC ASSETS										
1. Public sector deposits	227	-2,720	-4,576	-306	-7,490	-18,744	2,167	2,468	-20,472	2,447
2. Repos	-81	-921	-721	-2,821	-5,434	-6,751	-6,644	2,561	-5,720	-5,214
3. BCRP Certificates of Deposit (CDBCRP)	170	-170	0	2,850	-2,850	0	5,412	-5,412	0	0
4. BCRP Indexed Certificates of Deposit (CDR)	205	-2,462	-4,158	578	-389	-13,393	13,737	-6,399	14,091	-13,550
5. BCRP Certificates of Deposit with restricted negotiation	-319	319	0	-1,202	1,202	0	-4,425	4,425	0	0
6. BCRP Certificates of Deposit payable in dollars	0	0	0	0	0	0	-6,483	6,483	0	0
7. BCRP Variable rate Certificates of Deposit	0	0	0	0	0	0	0	0	-450	450
8. Term deposits	0	0	0	0	0	0	0	0	-3,196	3,196
9. Overnight deposits	-26	65	-52	-8	-188	227	-3	-819	163	559
10. Reserve requirements in domestic currency	-10	63	-223	-343	-488	-745	-2,054	668	-5,770	-2,643
11. Other	287	385	577	639	657	1,919	2,626	961	1,198	2,499
III CURRENCY										
Memo: Balance at end of period										
- Currency	5,573	6,319	7,982	10,036	11,688	14,858	17,336	19,241	24,131	27,247
- CDBCRP	1,635	4,097	8,255	7,676	8,066	21,458	7,721	14,121	30	13,580
- CDR-BCRP	309	0	0	1,201	0	0	4,465	0	0	0
- CDBCRP with restricted negotiation	0	0	0	0	0	0	6,483	0	0	0
- CDLD BCRP	0	0	0	0	0	0	0	0	450	0
- CDV BCRP 1/	0	0	0	0	0	0	0	0	3,207	0
- Term deposits (DP BCRP)	0	0	0	0	0	0	0	0	20,788	3,637
- Public sector deposits	275	1,196	1,918	4,738	10,172	16,924	23,568	21,006	26,726	31,940

1/ Includes the readjustment of the balance due to change in the BCRP reference rate.

Memo:

CD BCRP: BCRP Certificates of Deposit.

CDR BCRP: BCRP Indexed Certificates of Deposit.

CDLD BCRP: BCRP Certificates of Deposit payable in dollars.

CDV BCRP: BCRP Certificates of Deposit with variable rate.

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 78
FLOWS OF NET INTERNATIONAL RESERVES (NIRS)
 (Millions of US\$)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. FOREIGN EXCHANGE OPERATIONS	128	998	1,854	767	2,861	7,070	488	- 48	9,010	329
1. Over the Counter operations	- 32	1,050	2,340	2,699	3,944	10,306	2,754	108	8,963	3,537
a. Purchases of FC	95	1,050	2,340	3,130	4,299	10,306	8,733	1,256	8,963	4,733
b. Sales of FC	- 127	0	0	- 431	- 355	0	- 5,979	1,149	0	1,196
2. Operations with the public sector	157	- 51	- 487	- 1,935	- 1,084	- 3,275	- 2,316	- 261	- 50	- 3,039
3. Other operations (net)	3	- 1	2	3	1	39	50	105	96	- 169
II. DEPOSITS OF THE FINANCIAL SYSTEM	185	- 488	23	1,251	- 684	1,154	1,946	- 728	1,473	1,473
III. PUBLIC SECTOR DEPOSITS	364	- 139	359	- 587	245	630	- 134	1,030	36	2,392
IV. NET INTERESTS	195	174	188	261	329	773	1,049	827	670	579
V. OTHER	113	52	13	- 226	427	787	158	858	- 218	- 62
VI. TOTAL	985	596	2,437	1,466	3,178	10,414	3,507	1,939	10,970	4,711

Source: BCRP.
 Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 79
MONETARY ACCOUNTS OF COMMERCIAL BANKS 1/
 (Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009 4/	2010 4/	2011 4/
I. NET EXTERNAL ASSETS										
(Millions of US\$)										
A. Assets	147	30	-55	-158	266	-1,262	136	200	1,885	517
B. Liabilities	2,185	1,943	1,945	3,241	1,997	6,227	4,699	3,493	4,505	4,190
II. OTHER NET OPERATIONS ABROAD										
(Millions of US\$) 2/										
A. Credits	68	349	1,465	1,330	1,336	-2,001	-3,275	-2,796	-5,810	-7,354
B. Liabilities	844	734	778	745	1,214	7,622	12,595	11,409	19,644	23,210
III. DOMESTIC CREDIT (A+B+C- D+E)										
A. Public sector										
1. Credits	42,952	41,190	42,476	51,789	54,614	77,900	99,936	100,162	128,827	143,276
- Central government	-3,813	-3,568	-4,472	-4,533	-4,929	-7,608	-8,813	-6,376	-6,483	-8,062
- Rest of the public sector 3/	2,608	2,359	2,134	2,585	3,335	3,167	4,007	5,846	4,735	5,021
2. Deposits	2,209	2,126	1,802	2,228	3,051	2,894	3,648	5,111	3,723	3,712
- Rest of the public sector 3/	399	233	332	357	284	273	360	735	1,011	1,308
3. Deposits	6,421	5,927	6,606	7,118	8,263	10,775	12,820	12,221	11,218	13,083
- Central government	1,946	2,036	2,323	2,778	3,065	3,464	4,088	4,756	5,059	5,668
- Rest of the public sector 3/	4,475	3,891	4,282	4,340	5,198	7,310	8,732	7,465	6,199	7,415
B. Private sector										
1. Domestic currency	42,220	40,250	39,700	46,456	49,392	65,397	88,470	89,300	101,922	124,841
2. Foreign currency	8,897	9,293	9,911	13,628	17,876	25,461	38,848	43,585	51,768	62,529
(Millions of US\$)										
C. Interbank operations (net)										
1. BCRP	9,494	8,947	9,082	9,571	9,849	13,312	15,803	15,818	17,849	23,079
2. Other banks	13,100	12,945	15,360	19,126	18,828	29,548	31,966	30,770	49,651	44,144
3. Cash	12,895	12,938	15,347	19,113	18,808	29,527	31,950	31,112	49,751	44,144
4. Deposits and securities	738	717	766	1,040	1,531	1,609	2,373	2,471	3,041	3,955
5. Liabilities	12,326	12,221	14,581	20,923	17,277	27,919	34,989	28,642	46,710	40,188
6. Banco de la Nación	170	0	0	2,850	0	0	5,412	0	0	0
7. Credits and deposits	205	7	13	13	19	21	16	-342	-100	-49
8. Liabilities	217	14	15	18	23	26	20	28	36	43
9. Credits and deposits	12	6	3	5	4	5	3	370	136	92
D. Capital, reserves, provisions and balances										
E. Others Assets and Liabilities (net)										
	19,779	17,702	17,668	18,180	18,325	20,029	23,950	26,599	29,991	32,320
	11,225	9,265	9,557	8,919	9,648	10,592	12,263	13,067	13,727	14,722
IV. MONETARY LIABILITIES WITH THE PRIVATE SECTOR (I+II+III)										
A. Liquidity in domestic currency										
1. Demand deposits	43,669	42,557	42,981	51,831	56,140	67,911	89,229	91,926	113,418	122,954
2. Saving deposits	10,883	11,093	12,782	16,182	19,851	27,091	36,982	40,345	57,585	61,911
3. Term deposits	2,551	2,843	3,912	4,843	6,473	8,624	10,203	12,191	16,588	18,871
4. Negotiable securities	2,447	2,760	3,094	4,143	4,698	6,161	8,733	10,254	13,436	16,149
5. Other	4,935	5,034	5,311	6,685	7,807	10,535	15,826	15,351	24,879	23,847
6. Total	950	455	466	511	874	1,771	2,219	2,548	2,682	3,044
B. Liquidity in foreign currency										
(Millions of US\$)	32,786	31,465	30,199	35,649	36,288	40,821	52,248	51,581	55,833	61,043
	9,341	9,094	9,207	10,393	11,340	13,607	16,639	17,848	19,869	22,608

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 operations with COFIDE.

4/ Preliminary data.

Source: Commercial banks.

Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 80
MONETARY ACCOUNTS OF BANCO DE LA NACIÓN 1/
 (Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. NET EXTERNAL ASSETS										
(Millions of US\$)										
A. Assets	153	147	84	221	382	221	97	177	199	206
B. Liabilities	44	43	26	64	119	74	31	61	71	76
	153	147	84	221	382	222	98	178	204	206
	0	0	0	0	0	0	0	0	5	0
II. OTHER NET OPERATIONS ABROAD										
(Millions of US\$) 2/										
A. Credits	69	47	44	170	16	56	32	281	214	97
B. Liabilities	20	13	13	50	5	14	10	89	67	36
	69	47	44	170	16	56	32	281	214	97
	0	0	0	0	0	0	0	0	0	0
III. DOMESTIC CREDIT (A+B+C- D+E)										
A. Public sector										
1. Credits	1,048	1,198	1,729	1,954	2,594	3,335	4,209	4,736	5,836	7,447
- Central government	2,740	2,133	1,405	-360	-2,488	-7,660	-6,040	-4,697	-6,034	-5,175
- Rest of the public sector 3/	5,226	5,052	4,655	4,557	2,967	3,686	4,053	5,557	4,243	4,869
2. Deposits	4,928	4,651	4,342	4,326	2,887	3,528	3,133	4,902	3,821	4,430
- Central government	298	401	312	231	80	157	920	655	422	439
- Rest of the public sector 3/	2,487	2,919	3,250	4,916	5,455	11,346	10,092	10,254	10,277	10,044
3. Other banks	1,955	2,151	2,388	3,499	3,734	5,582	5,791	5,968	7,271	6,599
- Central government	531	768	862	1,417	1,721	5,764	4,301	4,286	3,006	3,445
- Rest of the public sector 3/	562	588	1,124	1,353	1,385	2,304	2,143	2,469	2,974	3,000
B. Private sector										
C. interbank operations (net)										
1. BCRP	1,083	1,628	2,174	4,257	6,947	12,059	12,010	10,790	12,510	12,644
- Cash	1,288	1,635	2,186	4,270	6,965	12,079	12,026	10,448	12,410	12,595
- Deposits and securities	267	221	245	292	323	406	578	572	586	703
- Liabilities	1,021	1,414	1,941	3,977	6,642	11,674	11,448	9,877	11,823	11,893
2. Other banks	-205	-7	-12	-13	-19	-21	-16	342	100	49
- Credits and deposits	13	7	3	5	4	5	4	370	136	92
- Liabilities	217	14	15	18	23	26	20	28	36	43
D. Capital, reserves, provisions and balances	3,938	3,861	3,800	3,917	3,876	4,485	5,006	4,764	4,764	4,873
E. Others Assets and Liabilities (net)	602	709	827	620	626	1,118	1,101	938	1,152	1,850
IV. MONETARY LIABILITIES WITH										
THE PRIVATE SECTOR (I+II+III)										
A. Liquidity in domestic currency										
1. Demand deposits	1,270	1,392	1,857	2,345	2,991	3,613	4,339	5,194	6,249	7,748
2. Saving deposits	900	1,080	1,549	2,017	2,698	3,272	3,973	4,784	5,865	7,220
3. Term deposits	330	410	672	799	1,195	1,465	1,920	2,270	2,726	3,349
3. Term deposits	540	644	855	1,193	1,472	1,772	2,010	2,448	3,060	3,814
3. Term deposits	30	26	23	25	30	35	42	66	78	57
B. Liquidity in foreign currency										
(Millions of US\$)	370	312	308	327	294	341	366	409	384	528
	105	90	94	95	92	114	117	142	137	196

1/ Foreign currency is valued at the average bid and ask exchange rate at the end of period.

2/ Includes operations with COFIDE.

3/ Preliminary data.

Source: Banco de la Nación.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 81
NOMINAL AND REAL INTEREST RATES IN DOMESTIC CURRENCY AND FOREIGN CURRENCY
 (Annual effective rate at year-end)

	DOMESTIC CURRENCY						FOREIGN CURRENCY													
	Average lending rate (TAMN)		Loans up to 360 days 1/		Average deposits rate (TIPMN)		Savings		Interbank rate		Average lending rate (TAMEX)		Loans up to 360 days 1/		Average deposits rate (TIPMEX)		Savings		Interbank rate	
	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 3/	Nominal	Real 3/	Nominal	Real 3/	Nominal	Real 3/	Nominal	Real 3/
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
2009	19.9	19.7	11.1	10.9	1.6	1.3	0.7	0.5	1.2	1.0	8.6	0.1	6.4	-1.9	0.9	-7.0	0.4	-7.4	0.2	-7.6
2010	18.7	16.3	4.4	2.3	1.8	-0.3	0.5	-1.5	3.0	0.9	8.5	4.0	2.7	-1.5	0.8	-3.4	0.3	-3.8	1.1	-3.1
2011	18.9	13.5	5.6	0.8	2.5	-2.2	0.6	-4.0	4.2	-0.5	7.8	-1.5	2.7	-6.1	0.7	-8.0	0.3	-8.3	0.3	-8.3

1/ Since 2010, corresponds to corporate credits.

2/ Nominal interest rate minus last twelve month inflation.

3/ 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 82
COMMERCIAL BANKS: INDICATORS OF FINANCIAL SOUNDNESS
(%)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. SOLVENCY										
Global Leverage (Number of times)	7.98	7.53	7.15	8.35	8.01	8.24	8.44	7.42	7.34	7.48
2. PORTFOLIO QUALITY										
Non-performing loans / Direct loans	7.58	5.80	3.71	2.14	1.63	1.26	1.27	1.56	1.49	1.47
Non-performing loans in domestic currency / Direct loans in DC	5.17	3.99	3.01	2.09	1.88	1.56	1.68	1.99	1.88	1.98
Non-performing loans in foreign currency / Direct loans in FC	8.19	6.32	3.93	2.15	1.49	1.07	0.97	1.16	1.13	0.98
Refinanced and restructured loans / Direct loans	6.97	6.37	5.83	4.13	2.45	1.41	0.90	1.15	1.09	1.00
Provisions / Non performing loans	133.16	141.10	176.46	235.26	251.40	278.39	258.74	242.20	245.62	251.14
Provisions / (Non performing loans + refinanced and restructured loans)	69.33	67.24	68.56	80.15	100.30	131.59	151.05	139.34	141.95	149.77
3. MANAGEMENT										
Operative expenses / (Financial margin + non financial net revenues)	64.49	63.70	59.93	52.56	51.81	49.74	47.53	44.98	45.09	48.10
4. PROFITABILITY										
Net profit / Average equity (ROE) 2/	8.43	10.85	11.26	22.16	23.86	27.86	31.06	24.53	24.21	24.54
Net profit / Average asset (ROA) 3/	0.83	1.11	1.18	2.18	2.18	2.49	2.56	2.27	2.35	2.32
5. LIQUIDITY 1/										
Liquidity ratio in domestic currency	23.47	32.85	44.76	38.58	43.08	57.28	26.25	38.77	54.61	39.23
Liquidity ratio in foreign currency	49.26	43.90	44.32	49.23	44.99	36.95	52.96	41.67	41.11	45.02

1/ Monthly averages of liquid assets divided by banks' short term liabilities in domestic currency and foreign currency.

2/ Return on Equity.

3/ Return on Assets.

Source: SBS.

Elaborated by the Department of Economic Studies, BCRP.



APPENDIX 83
PRIMARY BOND MARKET
(Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. BONDS ISSUED BY THE PRIVATE SECTOR 1/										
BALANCE BY TYPE OF BONDS										
Leasing bonds	8,302	9,931	11,538	12,898	14,193	16,300	18,260	20,087	20,355	20,210
Subordinate bonds	2,302	1,708	1,412	1,401	1,067	1,105	1,422	1,372	1,325	872
Mortgage-backed bonds	882	1,034	976	1,010	965	1,024	1,286	1,589	1,425	1,593
Securitization bonds	105	104	180	240	212	220	210	193	188	72
Corporate	865	1,029	1,449	2,215	2,158	2,226	2,251	1,880	1,621	1,625
	4,148	6,055	7,521	8,032	9,792	11,725	13,091	15,053	15,795	16,048
BALANCE BY MATURITY										
Up to 3 years	8,302	9,931	11,538	12,898	14,193	16,300	18,260	20,087	20,355	20,210
More than 3 years, up to 5 years	1,639	2,062	2,185	2,046	2,008	2,266	2,398	2,608	2,680	2,909
More than 5 years	2,899	2,702	3,015	3,689	3,911	4,350	4,533	5,339	4,553	6,305
	3,764	5,167	6,339	7,163	8,274	9,685	11,645	12,139	13,111	10,996
PARTICIPATION BY CURRENCIES										
Fixed-income bonds in nuevos soles	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Variable-income bonds in nuevos soles	7.1	11.0	12.3	15.8	25.4	34.6	38.4	41.9	42.1	44.2
US dollars	19.1	19.7	18.6	15.2	10.1	9.7	10.3	9.4	9.2	9.7
	73.8	69.3	69.1	69.0	64.5	55.7	51.2	48.8	48.6	46.1
NUMBER OF ISSUERS 2/	25	29	36	40	44	47	46	46	48	48
II. TREASURY BONDS 3/										
1. BALANCE OF FIXED-INCOME BONDS	1,884	2,461	2,685	8,096	9,728	16,668	17,384	18,731	26,008	26,569
Up to 3 years	1,884	2,018	1,350	1,543	1,133	1,064	1,968	1,573	459	552
More than 3 years, up to 5 years	--	443	634	1,067	1,563	1,424	9	--	1,587	1,687
More than 5 years, up to 10 years	--	--	700	1,830	1,626	4,070	4,070	4,250	10,121	10,043
More than 10 years	--	--	--	3,655	5,405	10,110	11,337	12,908	13,842	14,287
2. BALANCE OF VARIABLE INCOME BONDS 4/	49	199	1,066	1,982	2,034	2,124	2,124	2,115	2,153	2,091
Up to 10 years	49	199	600	600	267	267	267	196	247	185
More than 10 years, up to 20 years	--	--	466	1,025	811	811	811	107	795	795
More than 20 years, up to 30 years	--	--	--	357	911	911	911	1,678	911	911
More than 30 years	--	--	--	--	45	135	135	135	200	200
TOTAL BALANCE: (1+2)	1,933	2,660	3,751	10,077	11,762	18,792	19,508	20,846	28,161	28,660
Memo:										
Private sector bonds (% of GDP)	4.2	4.7	4.8	4.9	4.7	4.9	4.9	5.3	4.7	4.2
Sovereign bonds (% of GDP)	1.0	1.2	1.6	3.9	3.9	5.6	5.3	5.5	6.5	5.9

1/ Includes only bonds negotiated through auctions.
2/ Includes only corporate and securitization bonds issued by non-financial entities.
3/ Sovereign bonds are classified according to their residual maturity term.
4/ Constant current value.
Source: Corporate issuers, CONASEV, and MEF.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 84
PRIVATE PENSION SYSTEM

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. FUND VALUE										
Millions of nuevos soles	15,754	21,844	25,651	32,223	45,547	60,406	49,380	68,595	86,391	81,052
Annual % growth	27.6	38.7	17.4	25.6	41.4	32.6	-18.3	38.9	25.9	-6.2
% of GDP	7.9	10.2	10.8	12.3	15.1	18.0	13.3	17.9	19.9	16.7
II. NUMBER OF MEMBERS										
In thousands	2,994	3,193	3,397	3,637	3,882	4,101	4,296	4,458	4,642	4,928
Annual % growth	9.6	6.6	6.4	7.1	6.7	5.6	4.8	3.8	4.1	4.1
III. ANNUAL YIELD 1/										
Nominal	12.9	24.3	9.3	20.2	28.3	25.0	-21.9	33.2	18.4	-7.1
Real	11.2	21.2	5.6	18.4	26.8	20.2	-26.7	32.9	16.0	-11.3
IV. COMPOSITION OF INVESTMENT PORTFOLIO										
In %										
Government securities	12.9	19.5	24.2	20.3	19.1	21.9	25.2	20.1	16.1	17.0
Central government securities	8.6	12.9	11.9	14.6	17.0	20.6	24.3	19.6	16.1	15.9
Central Bank securities	2.7	4.2	10.4	4.7	1.3	1.3	0.9	0.5	0.0	1.1
Brady bonds	1.6	2.4	1.9	1.0	0.8	0.0	0.9	0.0	0.0	0.0
Financial institutions	34.7	23.2	13.4	14.0	11.7	8.1	17.4	11.7	15.4	14.4
Deposits in domestic currency	14.7	11.5	5.9	4.5	4.9	2.1	4.3	1.8	5.0	3.8
Deposits in foreign currency 2/	10.8	5.3	1.9	3.0	0.6	0.3	3.7	0.7	1.2	0.7
Shares	0.6	0.4	0.6	0.8	0.8	1.6	1.6	2.7	2.5	1.9
Bonds	7.7	4.8	3.6	2.9	2.4	2.4	4.2	3.4	3.4	4.1
Other 3/	0.9	1.1	1.4	2.8	3.0	1.7	3.6	3.1	3.3	3.9
Non-financial institutions	45.3	48.9	52.2	55.6	60.7	56.8	45.0	47.2	42.2	40.1
Common and investment stocks	30.7	35.2	37.0	35.6	41.6	39.7	22.9	29.3	29.2	25.5
Corporate bonds	11.4	11.5	11.3	10.7	12.0	13.0	18.2	14.2	9.5	9.9
Other 4/	3.2	2.1	3.9	9.3	7.1	4.1	3.9	3.7	3.5	4.7
Investment abroad	7.1	8.7	10.2	10.1	8.5	13.2	12.4	21.0	26.3	28.5
Other countries' debt bonds	2.9	1.2	1.2	0.6	2.2	2.2	2.4	1.2	2.5	1.2
Foreign mutual funds	4.2	0.0	8.9	9.5	6.3	10.4	6.4	5.8	7.4	14.1
Foreign shares	0.0	7.4	0.1	0.0	0.0	0.2	0.8	5.4	5.9	5.1
American Depository Shares (ADS)	0.0	0.0	0.0	0.0	0.0	0.2	0.7	5.1	5.0	2.8
Other	0.0	0.0	0.0	0.0	0.0	2.0	2.2	3.4	5.6	5.4

1/ Since December 2005, annual yields correspond to the yield of Type 2 Fund.

2/ Includes current account and certificates in foreign currency.

3/ Includes 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 85
LIMA STOCK EXCHANGE

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. STOCK EXCHANGE INDICES (Base: 31/12/91 = 100)										
General Index	1,392.0	2,435.0	3,710.4	4,802.3	12,884.2	17,524.8	7,048.7	14,167.2	23,374.6	19,473.7
Blue Chip Index	2,202.3	3,993.9	6,159.6	7,681.1	22,159.3	29,035.5	11,691.3	22,434.1	32,050.4	27,335.2
II. SECTOR INDICES (Base: 31/10/98 = 100)										
Agriculture and livestock	59.2	57.5	89.8	127.3	434.4	816.3	284.7	599.6	1,071.1	1,071.1
Banks	64.7	57.5	79.2	162.5	296.7	351.3	259.2	571.0	738.1	576.7
Industry	1,447	1,739	2,549	3,509	5,999	1,016.1	461.0	607.6	900.8	703.9
Mining	1,388	386.3	569.7	743.5	2,701.6	3,395.5	1,222.4	3,071.0	5,205.2	4,146.3
Services	91.2	142.5	202.5	203.2	263.0	375.9	291.8	367.9	524.5	479.1
III. ANNUAL TRADED VOLUME (Millions of nuevos soles)										
Variable-income instruments	4,915	3,963	5,316	8,754	17,916	35,197	18,655	13,707	16,873	19,764
Fixed-income instruments	5,040	3,873	3,099	3,268	2,708	3,657	4,386	3,228	2,142	1,824
Total	9,954	7,836	8,415	12,023	20,625	38,853	23,041	16,946	19,015	21,588
IV. MARKET CAPITALIZATION (Millions of nuevos soles)										
Variable-income instruments	44,107	55,883	66,326	124,062	192,364	324,118	179,163	310,116	451,796	327,823
Fixed-income instruments	12,593	16,084	20,108	36,196	60,020	108,220	57,231	107,325	160,867	121,596
Total	22.1	26.2	27.9	47.4	63.6	96.6	48.3	81.1	104.0	67.4
V. DEMATERIALIZED HOLDINGS 1/ (Millions of nuevos soles)										
Variable-income instruments	19,346	27,175	31,017	48,929	69,776	131,453	76,790	121,468	187,112	153,325
Fixed-income instruments	15,696	17,646	19,753	28,147	29,793	39,370	46,852	51,022	54,170	52,685
Total	35,042	44,821	50,770	77,076	99,569	170,822	123,642	172,491	241,282	206,010
% of GDP	17.6	21.0	21.3	29.5	32.9	50.9	33.3	45.1	55.5	42.3
VI. NON-RESIDENTS SHARE 2/ (%)										
Variable-income instruments	45.7	48.6	42.9	47.3	42.7	47.6	53.7	51.0	45.2	41.6
Fixed-income instruments	1.8	1.3	1.5	11.4	12.3	14.1	12.8	8.9	22.4	24.1
Total	26.1	30.0	26.8	34.2	33.6	39.9	38.2	38.6	40.0	37.1

1/ Dematerialized holdings listed at CAVALL.
2/ Relative to securities listed at CAVALL.

Source: Lima Stock Exchange and CAVALL ICLV.
Elaborated by the Department of Economic Studies, BCRP.

APPENDIX 86
INVESTMENT MUTUAL FUNDS
 (Millions of nuevos soles)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. FUND VALUE										
BALANCE BY TYPE OF FUNDS	5,265	6,948	5,803	6,848	8,210	12,759	8,652	14,038	15,669	13,673
Fixed-income	5,174	6,918	5,677	6,633	7,729	9,268	7,521	12,347	12,570	11,824
Mixed-income	92	30	126	216	481	3,490	1,130	1,691	3,099	1,848
BALANCE BY CURRENCIES	5,265	6,948	5,803	6,848	8,210	12,759	8,652	14,038	15,669	13,673
Domestic currency	878	1,385	1,044	1,495	1,491	3,788	2,270	4,715	5,588	5,509
Foreign currency	4,387	5,563	4,758	5,353	6,719	8,971	6,382	9,323	10,080	8,163
(Millions of US\$)	1,248	1,607	1,449	1,561	2,103	2,992	2,032	3,226	3,589	3,024
II. NUMBER OF PARTICIPANTS (In thousands)										
Total	55	67	82	115	167	271	194	246	279	263
Fixed-income	55	66	80	112	159	193	158	209	232	225
Mixed-income	1	1	2	4	8	78	36	37	48	38
III. COMPOSITION OF THE INVESTMENT PORTFOLIO (%)										
Deposits	37.5	36.4	33.0	32.4	31.3	28.9	46.6	49.8	56.4	50.9
Fixed-income instruments	51.9	58.4	65.7	64.5	66.2	54.3	46.7	42.9	32.1	41.2
Sovereign bonds	10.4	15.2	17.8	11.4	15.8	12.3	5.1	12.9	9.7	11.4
BCRP securities	0.1	2.4	2.6	3.3	8.7	17.6	10.8	8.4	2.6	6.4
Other	41.4	40.8	45.3	49.8	41.7	24.4	30.8	21.6	19.8	23.4
Variable income instruments	0.2	0.2	0.9	0.8	1.6	16.2	6.1	7.1	11.1	7.8
Domestic shares	0.2	0.2	0.4	0.5	1.1	11.5	4.7	5.3	8.7	5.8
Foreign shares	0.1	0.0	0.5	0.2	0.5	4.7	1.4	1.8	2.4	1.9
Repos and derivatives	10.3	4.9	0.4	2.3	1.0	0.7	0.6	0.2	0.4	0.1

1/ Dematerialized holdings listed at CAVALLI.

2/ Relative to securities listed at CAVALLI.

Source: Lima Stock Exchange, CAVALLI/CLV.

Elaborated by the Department of Economic Studies, BCRP.



Late intermediate (1100 – 1470 AD)

Gold bracelet with rhombus-shaped designs. Made through laminating, hammering, and embossing.

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Lambayeque (700 -1350 AD)
Gold and silver pot, decorated with two head figures above the neck. Metalwork techniques used: laminating, hammering, embossing, and welding.



Nasca (200 BC – 700 AD)

Gold mask. Face covered by ray-like representations of snakes. Metalwork techniques used: laminating, hammering, and embossing.

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