



**Indicators**

Domestic demand grew 9.9 percent in Q3
Financial account amounted in the first nine months of the year: US\$ 16.05 billion
Non-financial public sector recorded surplus of 1.0 percent in Q3
Total saving reached 27.6 percent of GDP in the period January-September 2012
Interbank interest rate at 4.25 percent
Exchange rate: S/. 2.599 per US dollar
Country risk at 124 basis points

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## MACROECONOMIC REPORT: Q3-2012

### Domestic demand grew 9.9 percent in Q3

In the third quarter, the domestic demand registered an expansion of 9.9 percent and thus accumulated a growth rate of 7.4 percent in the first nine months of the year. Both the growth rate of domestic demand registered in Q3 and the growth rate of domestic demand accumulated in the first three quarters are higher than the growth rates recorded by GDP in these periods (6.5 and 6.3 percent, respectively). Moreover, the growth of investment, both public and private, continues to stand out in terms of spending components.

#### GROSS DOMESTIC PRODUCT BY TYPE OF EXPENDITURE

(Annual growth rates )

	2011			2012	
	Q3	Jan.-Sep.	Year	Q3	Jan.-Sep.
Domestic Demand	5.5	7.9	7.2	9.9	7.4
a. Private Consumption	6.3	6.3	6.4	5.8	5.9
b. Public Consumption	7.0	4.3	4.8	6.7	5.6
c. Private investment	8.5	13.1	11.7	15.9	14.6
d. Public investment	-23.7	-24.3	-17.8	22.6	29.2
Exports	9.5	9.3	8.8	-0.9	5.2
Minus:					
Imports	3.9	11.4	9.8	15.0	10.9
<b>GDP</b>	<b>6.7</b>	<b>7.4</b>	<b>6.9</b>	<b>6.5</b>	<b>6.3</b>
Note:					
Public expenditure	-5.5	-6.2	-4.2	11.9	12.6

Source: INEI and BCRP.

**GROSS DOMESTIC PRODUCT BY TYPE OF EXPENDITURE**  
(Percentual contributions)

	2011			2012	
	Q3	Jan.-Sep.	Year	Q3	Jan.-Sep.
Domestic Demand	5.8	8.2	7.5	10.2	7.7
a. Private Consumption	4.1	4.3	4.2	3.8	3.9
b. Public Consumption	0.7	0.4	0.5	0.6	0.5
c. Private investment	1.9	2.8	2.5	3.7	3.3
d. Public investment	-1.5	-1.3	-1.1	1.0	1.1
Exports	1.8	1.6	1.6	-0.2	0.9
Minus:					
Imports	0.9	2.4	2.1	3.5	2.4
<b>GDP</b>	<b>6.7</b>	<b>7.4</b>	<b>6.9</b>	<b>6.5</b>	<b>6.3</b>
Note:					
Public expenditure	-0.9	-0.9	-0.7	1.7	1.6

Source: INEI and BCRP.

**Financial account amounted US\$ 16,047 million in the first nine months of the year**

In the third quarter, the balance of payments registered a current account deficit of US\$ 2.78 billion (5.6 percent of GDP). On its side, the trade balance showed a lower surplus than in the third quarter of 2011 -0.6 percent of GDP vs. 7.2 percent of GDP, respectively- as result of lower volumes of exports and lower terms of trade in a context in which the growth of imports continues to show high levels.

**BALANCE OF PAYMENT**  
(Millions of US\$)

	2011			2012	
	Q3	Jan.-Sep.	Year	Q3	Jan.-Sep.
<b>I. CURRENT ACCOUNT BALANCE</b>	<b>49</b>	<b>-2,547</b>	<b>-3,341</b>	<b>-2,782</b>	<b>-5,419</b>
<i>(Percentage of GDP)</i>	<i>0.1</i>	<i>-2.0</i>	<i>-1.9</i>	<i>-5.6</i>	<i>-3.7</i>
1. Trade balance	3,210	7,298	9,302	300	3,255
a. Exports FOB	12,900	34,757	46,268	11,312	33,840
b. Imports FOB	-9,690	-27,460	-36,967	-11,013	-30,585
2. Services	-497	-1,591	-2,132	-631	-1,618
3. Investment income	-3,469	-10,621	-13,710	-3,307	-9,545
4. Current transfers	804	2,367	3,200	856	2,489
of which: Workers' remittances	680	1,989	2,697	730	2,108
<b>II. FINANCIAL ACCOUNT</b>	<b>1,834</b>	<b>7,101</b>	<b>9,161</b>	<b>5,324</b>	<b>16,047</b>
1. Private sector	2,565	7,575	9,620	5,075	13,191
2. Public sector	479	580	848	-84	1,754
3. Short-term capital	-1,211	-1,054	-1,307	333	1,102
<b>III. EXCEPTIONAL FINANCING</b>	<b>10</b>	<b>24</b>	<b>33</b>	<b>2</b>	<b>12</b>
<b>IV. NET ERRORS AND OMISSIONS</b>	<b>-516</b>	<b>-807</b>	<b>-1,129</b>	<b>696</b>	<b>1,321</b>
<b>V. TOTAL</b>	<b>1,378</b>	<b>3,771</b>	<b>4,724</b>	<b>3,240</b>	<b>11,962</b>
<i>(V = I + II + III + IV) = (1-2)</i>					

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

Thus, the deficit in the current account in the first nine months of the year amounted to US\$ 5.42 billion. However, this deficit was more than offset by capital inflows associated with the growth of direct foreign investment in Peru and with bond placements in the international market. Long-term private capitals show a flow that is higher by US\$ 5.62 billion than the one accumulated at Q3-2011.

### Non-financial public sector registered a surplus of 1.0 percent in the Q3

The operations of the non-financial public sector registered an **economic surplus of 1.0 percent of GDP** in Q3-2012, a period characterized by a growth of current revenues and non-financial spending at higher rates than the ones observed in previous quarters mainly as a result of the growth of capital spending in the sub-national governments. With this, the economic balance in the last four quarters has been equivalent to 2.6 percentage points of GDP.

**OPERATIONS OF THE NON-FINANCIAL PUBLIC SECTOR 1/**  
(Percentage of GDP)

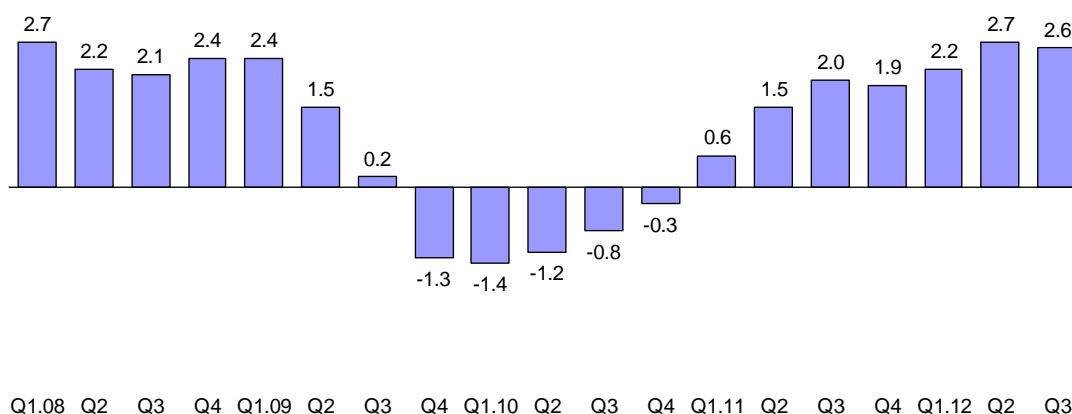
	2011			2012	
	Q3	Jan.-Sep.	Year	Q3	Jan.-Sep.
<b>1. General government current revenues</b>	<b>19.9</b>	<b>21.3</b>	<b>21.0</b>	<b>20.8</b>	<b>21.9</b>
a. Tax revenue	14.9	16.1	15.9	15.7	16.6
b. Non-tax revenue	5.0	5.2	5.1	5.1	5.4
<b>2. General government non-financial expenditure</b>	<b>17.3</b>	<b>16.0</b>	<b>18.1</b>	<b>18.4</b>	<b>16.1</b>
a. Current	13.0	12.3	13.0	13.0	11.9
b. Capital	4.3	3.7	5.0	5.4	4.2
<i>wich: Gross Capital Formation</i>	4.0	3.4	4.7	4.9	3.9
<b>3. Others 2/</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.3</b>
<b>4. Primary Balance</b>	<b>2.8</b>	<b>5.5</b>	<b>3.0</b>	<b>2.4</b>	<b>6.1</b>
<b>5. Interest</b>	<b>1.5</b>	<b>1.3</b>	<b>1.2</b>	<b>1.4</b>	<b>1.2</b>
Foreign	0.5	0.6	0.6	0.5	0.5
Domestic	0.9	0.7	0.6	0.9	0.7
<b>6. Overall Balance</b>	<b>1.3</b>	<b>4.2</b>	<b>1.9</b>	<b>1.0</b>	<b>5.0</b>
<b>7. Financing</b>	<b>-1.3</b>	<b>-4.2</b>	<b>-1.9</b>	<b>-1.0</b>	<b>-5.0</b>
Foreign	-0.1	0.0	0.2	0.2	-0.2
Domestic	-1.2	-4.2	-2.0	-1.1	-4.8

1/ Preliminary.

2 / Includes capital revenues of the General Government and state enterprises primary result.

Source: MEF, BN, Sunat, EsSalud, public charities, state enterprises and public institutions.

**NON-FINANCIAL PUBLIC SECTOR OVERALL BALANCE**  
(Accumulated last 4 quarters- Percentage of GDP)



### Total saving reached 27.6 percent of GDP in the period January-September 2012

Domestic investment registered a rate of 29.4 percent of GDP, which represents an increase of 4.4 percentage points compared to the rate recorded in Q3-2011. This increase is mainly explained by the expansion of private gross fixed investment and to a lesser extent by the expansion of public investment.

The increase in investment was financed with an increase in the requirements of external savings, which rose from -0.1 percent of GDP in Q3-2011 to 5.6 percent in Q3-2012, given that domestic savings recorded a decline of 1.3 percentage points due mainly to the reduction of private saving associated with the growth of domestic demand in a context of declining terms of trade.

**SAVING - INVESTMENT GAP**  
(As percentage of Nominal GDP)

	2011			2012	
	Q3	Jan.-Sep.	Year	Q3	Jan.-Sep.
<b>Total investment</b>	<b>25.0</b>	<b>25.7</b>	<b>25.5</b>	<b>29.4</b>	<b>27.6</b>
Gross Fixed Investment	24.0	23.8	24.1	27.4	26.7
Change on inventories	1.1	2.0	1.4	2.0	0.9
<b>Total saving</b>	<b>25.0</b>	<b>25.7</b>	<b>25.5</b>	<b>29.4</b>	<b>27.6</b>
External saving	-0.1	2.0	1.9	5.6	3.6
Domestic saving	25.1	23.7	23.6	23.9	24.0

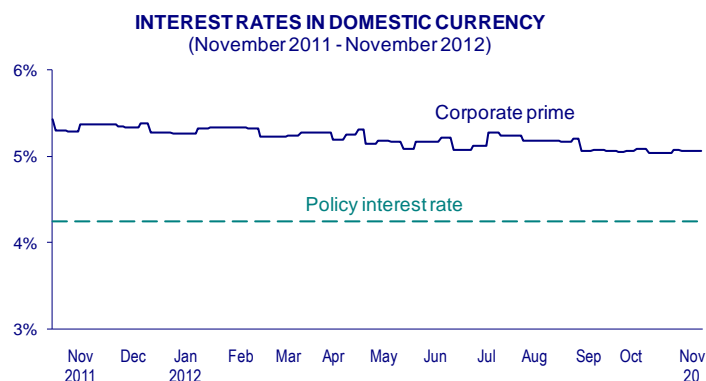
Source: BCRP.

## WEEKLY ECONOMIC REPORT

### Corporate prime rate in nuevos soles at 5.06 percent

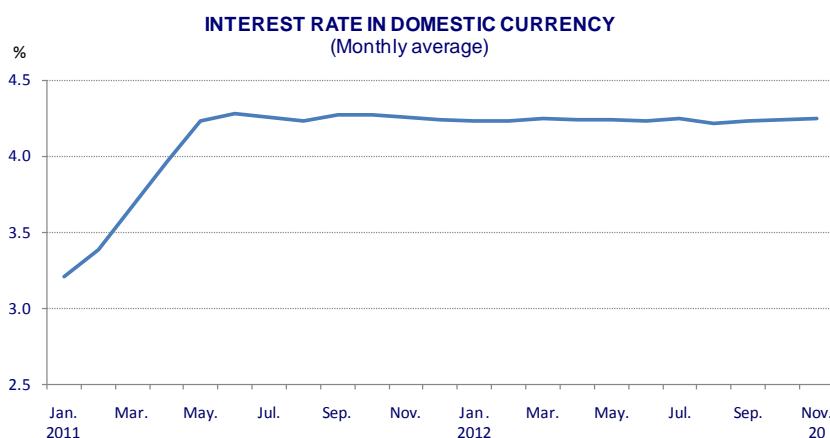
Between November 13 and 20, 2012, the average **corporate prime rate** in domestic currency remained at 5.06 percent.

On the other hand, the average corporate interest rate in foreign currency fell from 3.80 to 3.75 percent in the same period.



### Average interbank interest rate at 4.25 percent

The average **interbank interest rate** in domestic currency at November 20 was 4.25 percent.



Average interbank rate		
	Average	S.D
March 2011	3.68%	0.12
April	3.97%	0.10
May	4.23%	0.15
June	4.28%	0.05
July	4.26%	0.02
August	4.23%	0.03
September	4.27%	0.05
October	4.27%	0.03
November	4.26%	0.02
December	4.24%	0.03
January 2012	4.23%	0.02
February	4.23%	0.02
March	4.25%	0.00
April	4.24%	0.02
May	4.24%	0.01
June	4.23%	0.02
July	4.25%	0.02
August	4.22%	0.03
September	4.23%	0.02
October	4.24%	0.01
November 20	4.25%	0.00

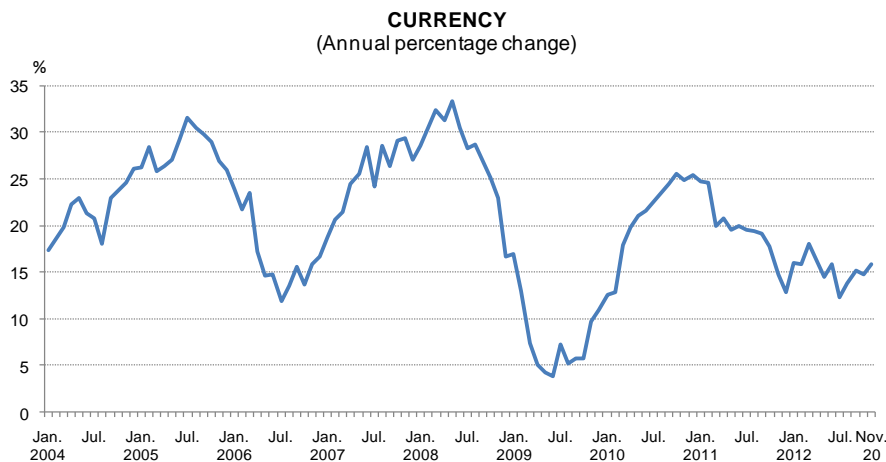
### Monetary operations

Between November 14 and 20, the Central Bank made the following **monetary operations**:

- i) Auctions of 168-day to 539-day BCRP Certificates of Deposit for a daily average of S/. 140 million. The average rate on these operations, which reached a balance of S/. 21.56 billion, was 3.98 percent;
- ii) auctions of 1-day to 3-day term deposits in domestic currency for a daily average of S/. 7.86 billion at an average rate of 4.13 percent, which reached a balance of 8.20 billion, and
- iii) purchases of foreign currency for a total of US\$ 70 million.

## Currency in circulation: S/. 28.65 billion at November 20

Between November 13 and 20, **currency in circulation** increased by S/. 192 million to S/. 28.65 billion, thus accumulating a reduction of S/. 347 so far this month. Moreover, the growth rate of currency in the last twelve months is 15.8 percent.



### BCRP OPERATIONS

(Millions of nuevos soles)

	BALANCE			FLOWS		
	Dec 31, 2011	Oct 31, 2012	Nov 20, 2012	2012*	Nov-12 *	From 11/13 to 11/20
<b>I. NET INTERNATIONAL POSITION</b>	<b>89,910</b>	<b>115,275</b>	<b>115,861</b>	<b>29,748</b>	<b>141</b>	<b>10</b>
(Millions of US\$)**	33,300	44,508	44,562	11,262	54	4
<b>1. Exchange Operations</b>				<b>10,647</b>	<b>191</b>	<b>81</b>
a. Over the counter operations				11,989	190	80
b. Public Sector				-1,353	0	0
c. BCRP Certificate of Deposits Payable in Dollars (CDLD BCRP)				0	0	0
d. Other exchange operations				11	1	1
<b>2. Rest</b>				<b>615</b>	<b>-137</b>	<b>-77</b>
<b>II. NET DOMESTIC ASSET</b>	<b>-62,663</b>	<b>-86,279</b>	<b>-87,212</b>	<b>-28,346</b>	<b>-488</b>	<b>182</b>
<b>1. Monetary Sterilization</b>	<b>-30,592</b>	<b>-49,937</b>	<b>-49,904</b>	<b>-19,295</b>	<b>33</b>	<b>1,057</b>
a. Certificates and Term deposits	-17,217	-28,334	-29,760	-12,543	-1,426	-3,250
BCRP Certificates of Deposit (CDBCRP)	-13,580	-21,700	-21,560	-7,980	140	-850
BCRP Certificates of Deposit Variable in soles (CDV BCRP)	0	0	0	0	0	0
Readjustable CDBCRP (CDR BCRP)	0	0	0	0	0	0
BCRP Certificate of Deposits Payable in Dollars (CDLD BCRP)	0	0	0	0	0	0
Term Deposits	-3,637	-6,634	-8,200	-4,563	-1,566	-2,400
b. Reserve requirements in Domestic Currency	-12,720	-20,884	-19,669	-6,950	1,215	4,307
c. Otras operaciones monetarias	-655	-719	-474	197	244	0
<b>2. Fiscal Sterilization</b>	<b>-31,940</b>	<b>-40,798</b>	<b>-41,799</b>	<b>-9,859</b>	<b>-1,001</b>	<b>-1,128</b>
<b>3. Other</b>	<b>-130</b>	<b>4,456</b>	<b>4,491</b>	<b>809</b>	<b>480</b>	<b>253</b>
<b>III. CURRENCY ** (I+II)</b>	<b>27,247</b>	<b>28,996</b>	<b>28,649</b>	<b>1,402</b>	<b>-347</b>	<b>192</b>
(Monthly percentage change)	9.2%	1.9%	-1.2%			
(Accumulated percentage change)	12.9%	6.4%	5.1%			
(YoY)	12.9%	14.7%	15.8%			

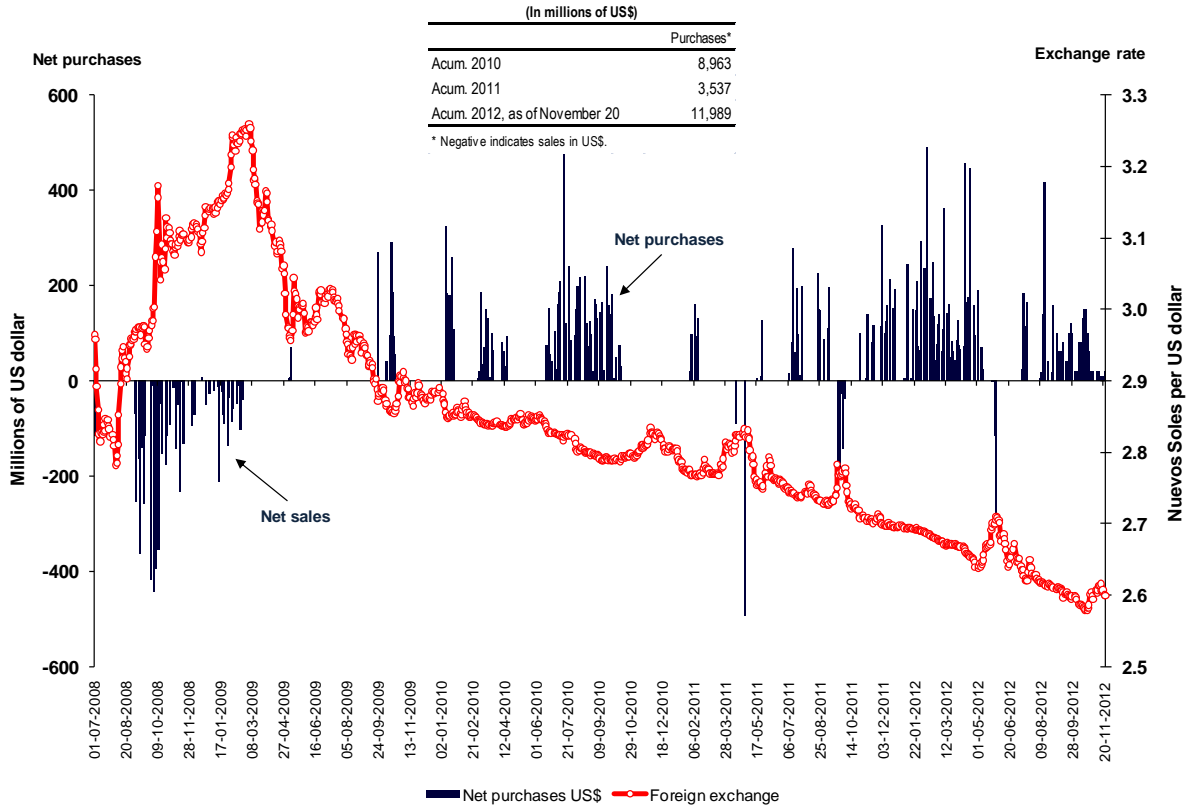
\* As of November 20, 2012.

\*\* Preliminary data.

## Exchange rate: S/. 2.599 per US dollar

Between November 13 and 20, the average **selling price of the dollar** in the interbank market fell from S/. 2.615 to S/. 2.599 per dollar, which represented an appreciation of the nuevo sol of 0.64 percent. In this period, the Central Bank intervened in the foreign exchange market buying foreign currency for a total of US\$ 80 million.

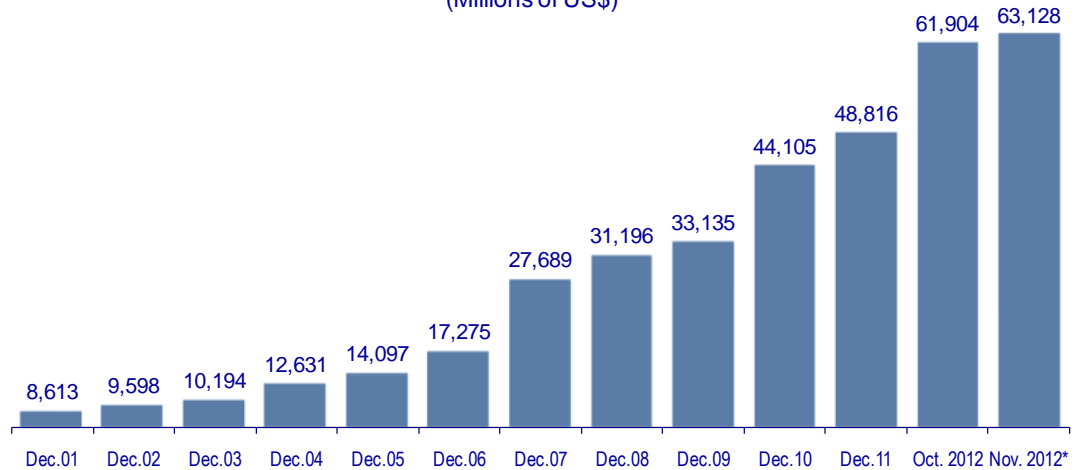
### EXCHANGE RATE AND NET DOLLAR PURCHASE



## Net international reserves at US\$ 63.13 billion

**Net international reserves** (NIRs) at November 20, 2012, totaled US\$ 63.13 billion. This amount of reserves is US\$ 1.22 billion higher than the one recorded at the end of October 2012.

### NET INTERNATIONAL RESERVES (Millions of US\$)



\* As of 20.

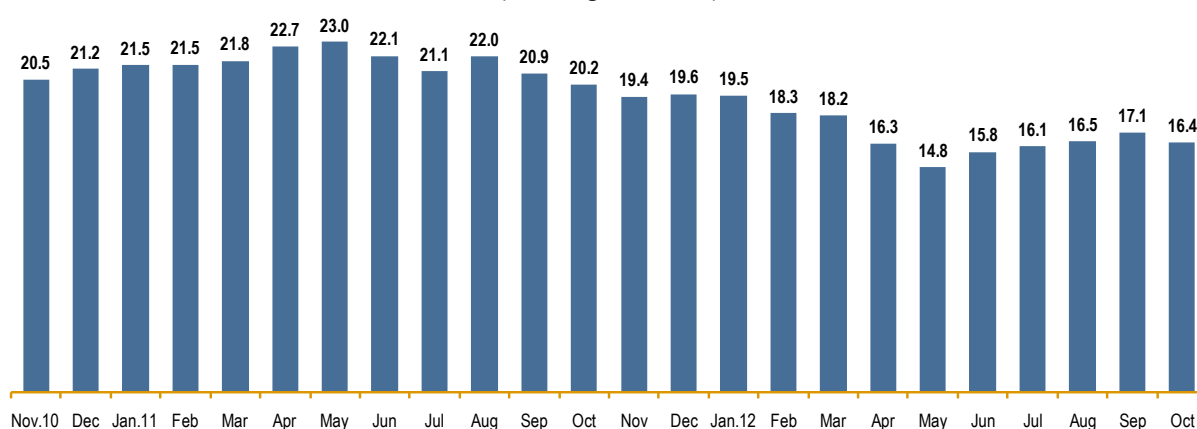
The increase in NIRs registered so far this month is explained mainly by the rise in banks' deposits (US\$ 1.31 billion) and by the Central Bank's net purchases of foreign currency (US\$ 180 million). This increase was in part offset by the decline in public sector deposits (US\$ 113 million) and by the lower valuation of investments (US\$ 120 million).

The **foreign exchange position** of the BCRP at November 20 was US\$ 44.56 billion. This amount is higher by US\$ 54 million than the one recorded at the close of October 2012.

## Liquidity and credit to the private sector at October 31

**Total credit to the private sector** grew 0.7 percent in October (S/. 1.25 billion) and thus accumulated a growth rate of 16.4 percent in the last 12 months.

**CREDIT TO THE PRIVATE SECTOR: NOVEMBER 2010 - OCTOBER 2012**  
(Annual growth rate)



Credit to enterprises grew 0.5 percent in October (1.4 percent in September), while credit to individuals showed a monthly growth rate of 1.2 percent, lower than in September (1.4 percent). Within the segment of personal credit, in October consumer credit grew 1.1 percent (0.9 percent in September) and mortgage credit grew 1.4 percent (2.1 percent in September).

### TOTAL CREDIT TO THE PRIVATE SECTOR, BY TYPE OF LOAN

	Balance in million of Nuevos Soles			Growth rates (%)			
	Oct-11	Sep-12	Oct-12	Dec-11/ Dec-10	Sep-12/ Sep-11	Oct-12/ Oct-11	Oct-12/ Sep-12
<u>Loans to companies 1/</u>	<u>94,780</u>	<u>108,077</u>	<u>108,615</u>	<u>17.9</u>	<u>15.3</u>	<u>14.6</u>	<u>0.5</u>
Foreign trade	8,626	9,827	9,832	3.8	9.9	14.0	0.1
Rest	86,154	98,250	98,783	19.4	15.9	14.7	0.5
<u>Loans to individuals 2/</u>	<u>49,951</u>	<u>59,180</u>	<u>59,891</u>	<u>23.0</u>	<u>20.3</u>	<u>19.9</u>	<u>1.2</u>
Consumer loans	30,568	35,181	35,567	20.3	16.7	16.4	1.1
Mortgage	19,382	23,999	24,323	27.4	26.1	25.5	1.4
<b>TOTAL</b>	<b>144,730</b>	<b>167,256</b>	<b>168,506</b>	<b>19.6</b>	<b>17.1</b>	<b>16.4</b>	<b>0.7</b>

1/ Includes loans to legal persons and holdings of corporate bonds, including loans from foreign branches of banks.

2/ Includes persons non profit legal.

**Total liquidity** grew 1.10 percent in October (S/. 1.83 billion) and thus accumulated an annual growth rate of 14.6 percent (15.1 percent in September). Liquidity in soles grew 2.7 percent in the month (S/. 2.95 billion) and registered a growth rate of 24.6 percent in the last 12 months (22.1 percent in September). On the other hand, liquidity in dollars declined by 2.0 percent in October (negative flow of US\$ 418 million) and registered a reduction of 1.8 percent compared to October 2011 (vs. a positive growth rate of 3.5 percent in September).



## GDP grew 5.9 percent in September

GDP registered a growth rate of 5.9 percent in September and thus recorded a rate of 6.5 percent in Q3 and a rate of 6.3 percent in the period of January-September. The growth of GDP in September continued to be associated with the dynamism of construction, commerce, non-primary manufacturing, and services.

**GROSS DOMESTIC PRODUCT**  
(Real percentage change respect to the same period of previous year)

	Weight GDP 2011 1/	2012						
		August % Chg.	September		Q3		January-September	
			% Chg.	Contribution	% Chg.	Contribution	% Chg.	Contribution
<b>Agriculture and Livestock</b>	<b>7.2</b>	<b>3.6</b>	<b>4.1</b>	<b>0.2</b>	<b>3.1</b>	<b>0.2</b>	<b>4.6</b>	<b>0.4</b>
Agriculture	4.3	0.8	2.2	0.1	0.4	0.0	4.2	0.2
Livestock	2.3	6.9	5.9	0.1	6.5	0.1	5.2	0.1
<b>Fishing</b>	<b>0.4</b>	<b>-11.9</b>	<b>19.1</b>	<b>0.1</b>	<b>0.7</b>	<b>0.0</b>	<b>-7.5</b>	<b>0.0</b>
<b>Mining and Fuel</b>	<b>4.9</b>	<b>0.6</b>	<b>5.0</b>	<b>0.2</b>	<b>3.3</b>	<b>0.2</b>	<b>3.6</b>	<b>0.2</b>
Metallic mining	3.7	0.1	4.5	0.2	3.0	0.1	3.7	0.1
Hydrocarbons	0.7	2.7	7.1	0.1	4.4	0.0	3.1	0.0
<b>Manufacture</b>	<b>14.8</b>	<b>4.3</b>	<b>1.3</b>	<b>0.2</b>	<b>3.5</b>	<b>0.5</b>	<b>1.0</b>	<b>0.1</b>
Based on raw materials	2.6	-5.1	-4.5	-0.1	-3.2	-0.1	-6.2	-0.2
Non-primary industries	12.0	5.9	2.2	0.3	4.7	0.6	2.3	0.3
<b>Electricity and water</b>	<b>2.0</b>	<b>5.3</b>	<b>4.2</b>	<b>0.1</b>	<b>5.1</b>	<b>0.1</b>	<b>5.5</b>	<b>0.1</b>
<b>Construction</b>	<b>6.5</b>	<b>17.4</b>	<b>19.2</b>	<b>1.4</b>	<b>19.2</b>	<b>1.3</b>	<b>16.2</b>	<b>1.0</b>
<b>Commerce</b>	<b>15.2</b>	<b>6.5</b>	<b>5.3</b>	<b>0.8</b>	<b>6.2</b>	<b>0.9</b>	<b>6.8</b>	<b>1.1</b>
<b>Other services</b>	<b>48.9</b>	<b>6.5</b>	<b>5.9</b>	<b>2.9</b>	<b>6.7</b>	<b>3.3</b>	<b>7.2</b>	<b>3.5</b>
Transportation and communications	8.3	5.5	5.5	0.4	5.8	0.5	7.3	0.6
Financial and insurance	2.7	9.5	8.9	0.2	10.4	0.3	10.5	0.3
Given to companies	7.3	7.0	7.6	0.5	7.4	0.5	7.5	0.5
Restaurants and hotels	4.1	7.5	8.2	0.3	7.7	0.3	9.1	0.4
Government Services	5.5	4.9	3.5	0.2	4.5	0.3	4.7	0.2
Rest of other services	10.9	6.7	6.3	0.7	6.9	0.7	6.7	0.7
Indirect taxes	10.1	5.7	4.2	0.4	6.3	0.6	6.2	0.6
<b>GDP Global</b>	<b>100.0</b>	<b>6.3</b>	<b>5.9</b>	<b>5.9</b>	<b>6.5</b>	<b>6.5</b>	<b>6.3</b>	<b>6.3</b>
<b>Primary</b>	<b>15.2</b>	<b>0.7</b>	<b>3.2</b>	<b>0.4</b>	<b>2.0</b>	<b>0.3</b>	<b>2.1</b>	<b>0.3</b>
<b>Non-primary</b>	<b>84.8</b>	<b>7.3</b>	<b>6.4</b>	<b>5.5</b>	<b>7.3</b>	<b>6.2</b>	<b>7.1</b>	<b>6.0</b>

1/ At 1994 prices.

Source: MINAG, MINEM, Ministry of Production, and INEI.

The **agriculture sector** grew 4.1 percent, reflecting increased activity in the sub-sectors of livestock (5.9 percent) and agriculture (2.2 percent). The agricultural production oriented to external markets and agro industry grew 12.3 percent, reflecting the recovery of the sugar industry which accounted for 56 percent of this contribution. On the other hand, the agricultural production for the domestic market dropped 1.1 percent due to the lower production of rice, onion, and garlic. In the first nine months of the year, the agriculture sector accumulated a growth rate of 4.6 percent.

The **fishing industry** grew 19.1 percent, driven by an increased catch of giant squid for the production of frozen products and a greater catch of fish species for human consumption, such as bonito, yellowtail amberjack, and South Pacific hake. With this result, fishing accumulates a contraction of 7.5 percent in the January-September period.

Production in the **mining and hydrocarbons sector** grew 5.0 percent due to a higher production of copper, zinc, and hydrocarbons, offset by a lower artisanal mining production in Madre de Dios. With this, the sector accumulates an expansion of 3.6 percent in the first 9 months of the year.

The **manufacturing industry** grew 1.3 percent in September, reflecting the growth of 2.2 percent in the processing of non-primary manufacturing registered in the month. In January-September, the manufacturing industry grew 1.0 percent.

Growth in the various industrial branches was differentiated by markets. The production of goods for the domestic market increased, including the production of branches such as publishing and printing activities, inputs (explosives, natural and chemical scents), construction materials (cement and other materials), mass consumer goods, wood and furniture, and several food products, while the production of products for external markets –i.e. cocoa, yarns and knits for export– declined.

On the other hand, manufacturing based on raw materials contracted 4.5 percent due to lower activity in the branches of refining of non-ferrous metals and manufacturing of canned and frozen fish products, as well as due to the interruption in the production of fish meal as a result of the low availability of yellow mackerel and anchovy. This was in part offset by a higher production of meat products, sugar, and refining of crude.

**Construction** grew 19.2 percent in September and thus accumulated an expansion of 16.2 percent between January and September. This sector maintains high growth rates that reflect greater activity in the implementation of housing projects, malls, and road infrastructure both in Lima and in the provinces, and the continued implementation of public infrastructure projects, such as Vía Parque Rímac and section 2 of line 1 of Lima’s Metro in Lima.

## Indicators – October 2012

Preliminary data available to date of indicators on the sectors of fishing, mining and hydrocarbons, construction, electricity and water, include the following:

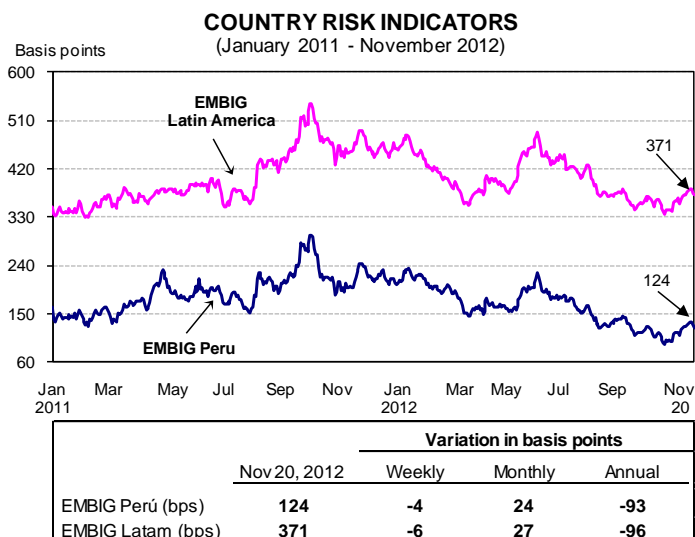
- According to IMARPE, 0.1 tons of anchovy was caught in the Northern-center region. PRODUCE has established a fishing quota of 810 thousand tons for the second fishing season which started in mid-November.
- The production of hydrocarbons rose 53 percent, according to Perupetro.
- Local dispatches of cement increased from 774 to 904 thousand tons between October 2011 and October 2012, according to ASOCEM.
- The production of electricity increased 4.3 percent according to the Comité de Operación Económica del Sistema Interconectado Nacional (COES).

## International Markets

### Country risk fell to 124 basis points

Between November 13 and 20, the country risk indicator, measured by the **EMBIG Peru** spread, fell from 128 to 124 basis points.

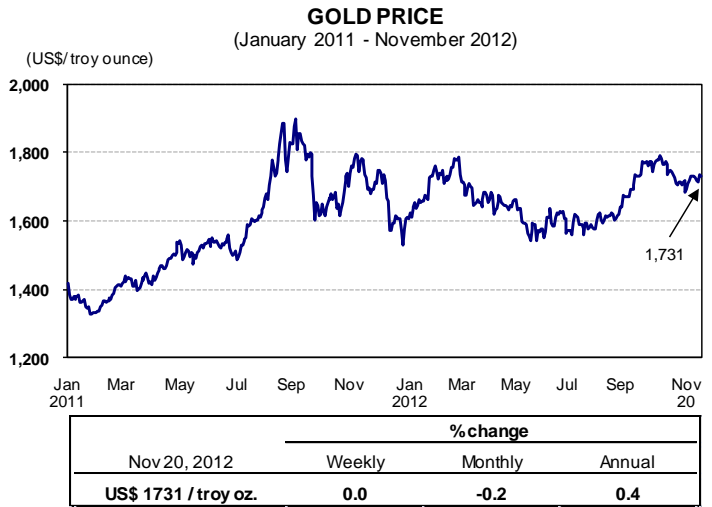
Likewise, the EMBIG Latin America spread fell 6 basis points, favored by lower global risk aversion due to expectations that a positive solution will be found to prevent the fall of the US economy into a “fiscal abyss” and due to the optimism about the decision adopted by the Eurogroup regarding the financial aid program for Greece.



**Price of gold: US\$ 1,731.0 per troy ounce**

In the same period, the price of **gold** remained at US\$ 1,731.0 per troy ounce.

The rise in the price of gold was offset by reports of the World Gold Council indicating that the global demand for gold had dropped by an annual rate of 11 percent in Q3-2012 due to the decline of investments, as well as by the weakening of the dollar against the euro.



The price of copper rose 1.6 percent to US\$ 3.51/pound in the week of November 13-20.

The evolution observed in the price of copper was supported by expectations of an increased demand from China after the Chinese government declared that the country would reach its growth goal next year. However, this was offset by the data of China's production of refined copper, which has grown by an annual rate of 9 percent and reached a record level of 520 thousand tons in October.



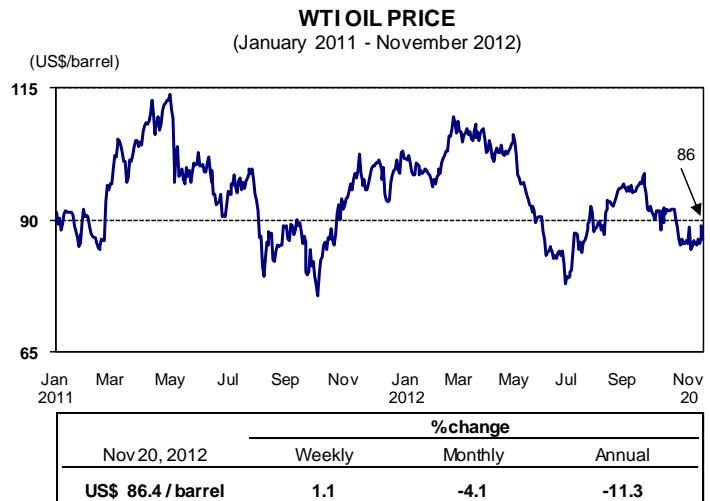
Between November 13 and November 20, the price of **zinc** rose 0.6 percent to US\$ 0.86 per pound.

The rise in the price of zinc was supported by the announcement of the Chinese State Reserve Bureau reporting that it had purchased nearly 100 thousand tons of zinc to replace its inventories and by reports indicating that China's production of zinc had dropped 6 percent yearly in October.



The price of **WTI oil** rose 1.1 percent to US\$ 86.4 per barrel in the week of November 13-20.

The price of crude closed showing a bullish trend due to fears that the conflict of the Gaza Strip might extend and affect the supply of oil from the Middle East. Other factors that contributed to this included the lower-than-expected increase of US inventories of crude and reports indicating that China's demand for crude would have grown by an annual rate of 6.6 percent in October.

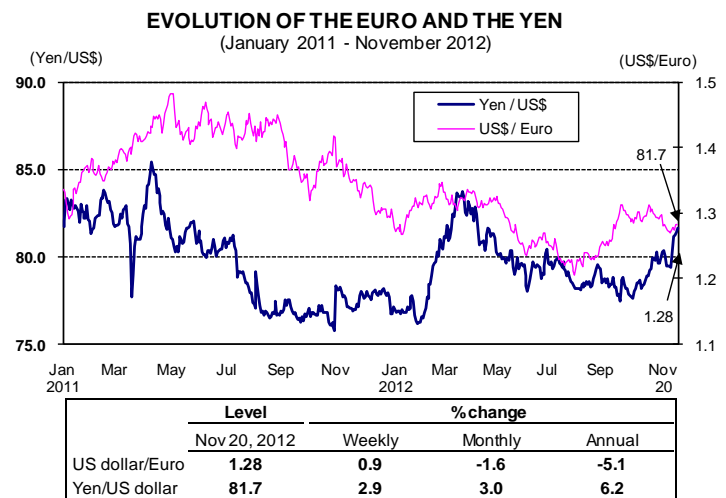


### US dollar depreciated against the euro

Between November 13 and 20, the **dollar** depreciated 0.8 percent against the **euro**.

The strengthening of the euro against the dollar is explained by greater optimism regarding the approval of disbursements of financial aid to Greece to prevent a debt crisis in this country.

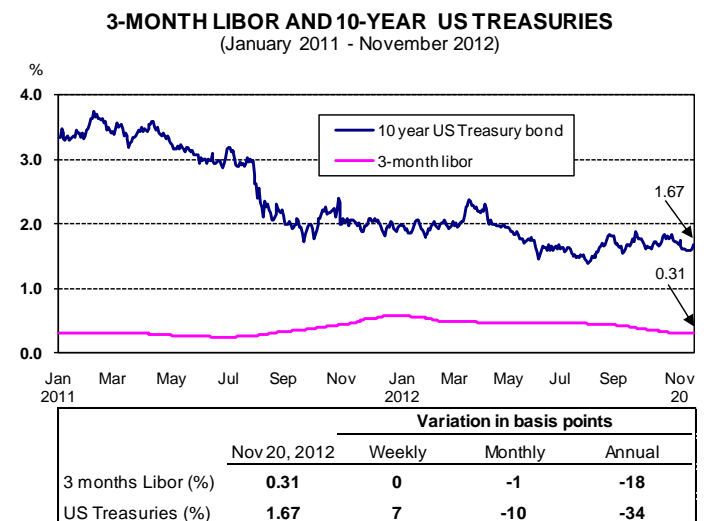
Moreover, the dollar appreciated 2.9 percent against the **yen** due to expectations that a new monetary stimulus program will be implemented by the Bank of Japan (BoJ).



### Yield on 10-year US Treasuries rose to 1.67 percent

In November 13-20, the **3-month Libor** remained at 0.31 percent, while the yield on the **10-year US Treasury bonds** rose from 1.60 to 1.67 percent.

In the week of analysis, the yields on the US Treasuries rose after the publication of positive data of the home market in the United States, which decreased the demand for safe assets.

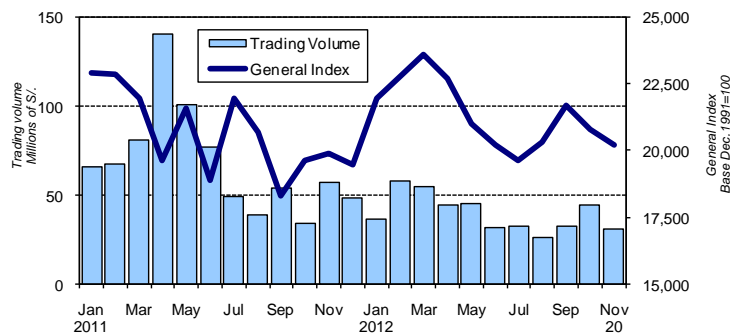


**Accumulated profitability at the Lima Stock Exchange: 3.7 percent**

So far this month (at November 20), the **General Index** and the **Selective Index** of the LSE have fallen 2.9 and 2.7 percent, respectively.

During the week (from November 13 to November 20), these indices fell 4.2 and 5.1 percent, respectively, as a result of the negative evolution of most stock markets in the region and the news that Morgan Stanley had decided to withdraw Volcan from its MSCI Emerging Markets index, which generative massive sales of these shares.

**LIMA STOCK EXCHANGE INDICATORS**  
(January 2011 - November 2012)



	As of:	% change compared to:		
		Nov 20, 2012	Nov 13, 2012	Oct 31, 2012
General Index	<b>20,192</b>	<b>-4.2</b>	<b>-2.9</b>	<b>3.7</b>
Selective Index	<b>29,833</b>	<b>-5.1</b>	<b>-2.7</b>	<b>9.1</b>

So far this year, the indices of the LSE register gains of 3.7 and 9.1 percent, respectively.

