









Indicators

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Rate of inflation expected remains within the inflation target range

According to the BCRP Survey on Macroeconomic Expectations, the **rate of inflation expected** both in 2013 and in the next two years remains within the Central Bank's inflation target range.

SURVEY OF MACROECONOMIC EXPECTATIONS: INFLATION (%)

	<u>Survey date</u>		
	May. 31	Jun.30	Jul.31
ECONOMIC ANALYSTS 1/			
2013	2.5	2.5	2.6
2014	2.4	2.4	2.4
2015	2.3	2.3	2.4
FINANCIAL ENTITIES 2/			
2013	2.5	2.6	2.6
2014	2.5	2.5	2.5
2015	2.5	2.5	2.5
NON FINANCIAL FIRMS 3/			
2013	2.7	2.8	2.8
2014	2.8	2.8	2.8
2015	2.8	2.8	3.0

^{1/} 18 analysts in May, 18 in June , and 21 in July 2013.

^{2/} 21 financial entities in May, 22 in June, and 24 in July 2013.

^{3/} 294 non-financial firms in May, 300 in June y 320 in July 2013.

Economic agents estimate a **GDP growth** rate between 5.7 and 6.0 percent at end of 2013.

SURVEY OF MACROECONOMIC EXPECTATIONS: GDP (%)

	<u>Survey date</u>		
	May. 31	Jun.30	Jul.31
ECONOMIC ANALYSTS 1/			
2013	6.0	5.9	5.7
2014	6.1	6.2	6.0
2015	6.0	6.0	6.0
FINANCIAL ENTITIES 2/			
2013	6.0	6.0	5.8
2014	6.0	6.0	5.8
2015	6.0	6.0	5.9
NON FINANCIAL FIRMS 3/			
2013	6.0	6.0	6.0
2014	6.0	6.0	6.0
2015	6.0	6.0	6.0

^{1/} 18 analysts in May, 18 in June , and 21 in July 2013.

^{2/} 21 financial entities in May, 22 in June, and 24 in July 2013.

^{3/} 294 non-financial firms in May, 300 in June y 320 in July 2013.

Moreover, expectations of **foreign exchange rate** between S/. 2.74 and S/. 2.75 per US dollar at the end of this year.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE*

	<u>Survey date</u>		
	May. 31	Jun.30	Jul.31
ECONOMIC ANALYSTS 1/			
2013	2.56	2.72	2.75
2014	2.54	2.70	2.72
2015	2.50	2.70	2.70
FINANCIAL ENTITIES 2/			
2013	2.55	2.70	2.74
2014	2.55	2.70	2.73
2015	2.55	2.70	2.74
NON FINANCIAL FIRMS 3/			
2013	2.60	2.70	2.75
2014	2.60	2.70	2.75
2015	2.63	2.70	2.78

^{1/} 18 analysts in May, 18 in June , and 21 in July 2013.

^{2/} 21 financial entities in May, 22 in June, and 24 in July 2013.

^{3/} 294 non-financial firms in May, 300 in June y 320 in July 2013.

* Exchange rate at end of year.

Credit to the private sector and liquidity at July 15

In the past four weeks, **total credit to the private sector** grew 1.6 percent (S/. 2.83 billion) and thus accumulated a growth rate of 13.2 percent in the last 12 months. By currencies, credit in soles grew 2.2 percent (S/. 2.25 billion) and credit in dollars increased 0.8 percent (US\$ 225 million).

Total liquidity rose 2.7 percent (S/. 4.84 billion) and thus accumulated an annual growth rate of 15.7 percent. By currencies, liquidity in soles grew 2.3 percent (S/. 2.86 million) and liquidity in dollars increased 3.7 percent (US\$ 778 million).

Inflation in Metropolitan Lima: 0.55 percent in July

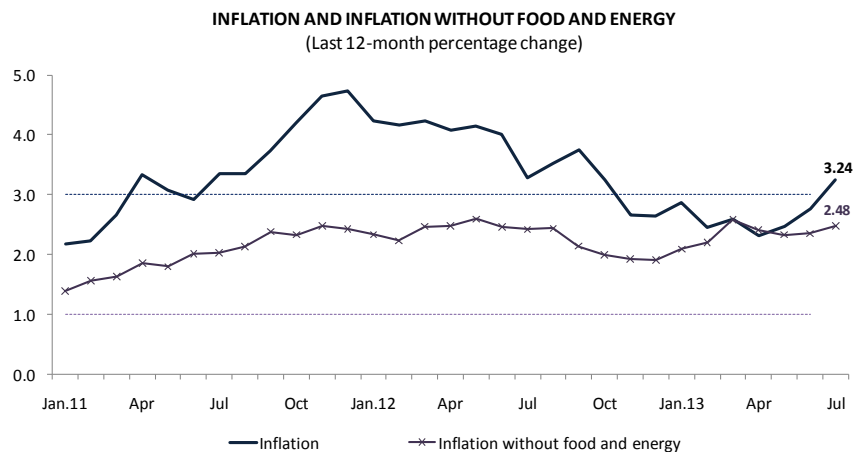
The consumer price index in Metropolitan Lima registered a variation of 0.55 percent in July, showing a higher rate than the one recorded in June (0.26 percent). Inflation in the last 12 months showed a rate of 3.24 percent. In the same period, core inflation recorded a rate of 3.52 percent, while inflation without food and energy showed an annual variation of 2.48 percent.

INFLATION

(Annual percentage change)

	Weight 2009=100	Monthly		12-month indicator		
		Jun. 2013	Jul. 2013	Jul. 2012	Jun. 2013	Jul. 2013
CPI	100.0	0.26	0.55	3.28	2.77	3.24
Core index	65.2	0.26	0.33	3.58	3.38	3.52
Goods	32.9	0.36	0.28	2.86	2.69	2.85
Services	32.2	0.17	0.37	4.31	4.06	4.17
Non core index	34.8	0.26	0.96	2.70	1.64	2.73
Food	14.8	0.26	1.41	3.55	1.90	3.22
Fuel	2.8	0.40	1.37	0.98	-1.20	2.58
Transporting	8.9	0.10	0.51	3.17	3.15	3.13
Utilities	8.4	0.37	0.42	1.21	0.57	1.34
Note.-						
Food and beverages	37.8	0.27	0.81	4.58	3.78	4.33
CPI without food and beverages	62.2	0.25	0.37	2.44	2.11	2.54
CPI without food and energy	56.4	0.16	0.28	2.42	2.35	2.48

Source: INEI.



Three items contributed with 0.27 percentage points to increase inflation in July: potato (0.17 percentage points), meals-outside-home and fresh legumes (0.05 percentage points each). On the other hand, three items contributed with -0.15 percentage points to reduce the inflation rate: poultry meat (-0.07 percentage points), carrots (-0.06 percentage points), and other fresh legumes (-0.02 percentage points).

National inflation rate

In July, the national CPI index registered a variation of 0.53 percent and thus accumulated a variation of 3.08 percent in the last 12 months. Price rises worth pointing out included the rise in the prices of potato (25.9 percent), interprovincial fares (6.7 percent), gasoline (2.5 percent), eggs (4.3 percent), and residential electricity rates (1.0 percent). On the other hand, the decline in the prices of carrots (-19.0 percent), gutted chicken (-1.4 percent), onions (-5.1 percent), orange (-21.0 percent), and strawberry (-20.5 percent) stand out in this period.

Trade balance in June

The trade balance registered a deficit of US\$ 114 million in June and accumulated a deficit of US\$ 847 million in the S1-2013.

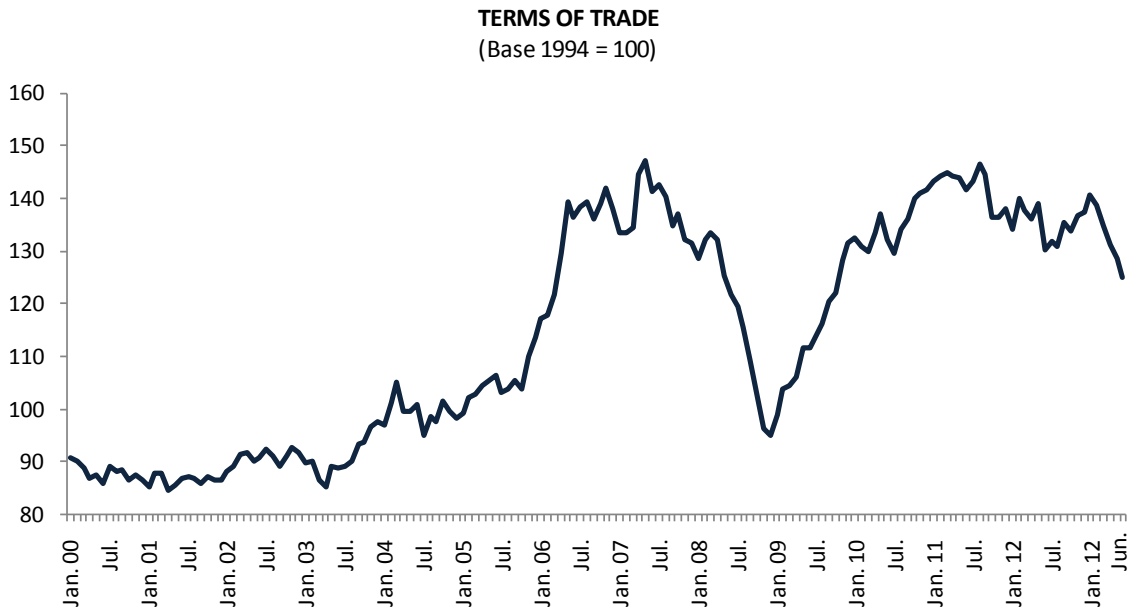
In this month there was a decrease in exports (18.8 percent) in terms of price and volume. On the other hand, the imports in June decreased 1.2 percent, reflected mainly by the decrease in imports of raw materials.

TRADE BALANCE
(Millions of US\$)

	2012	2013		% chg. June		January - June		
	Jun.	May.	Jun.	Previous month	12 months	2012	2013	% chg.
EXPORTS	3,799	3,445	3,085	-10.4	-18.8	22,560	19,898	-11.8
Traditional products	2,808	2,551	2,242	-12.1	-20.2	17,081	14,722	-13.8
Non-traditional products	964	872	822	-5.8	-14.8	5,298	5,030	-5.1
Other	26	22	22	-1.5	-17.6	181	146	-19.4
IMPORTS	3,237	3,790	3,199	-15.6	-1.2	19,574	20,745	6.0
Consumption goods	672	734	689	-6.1	2.6	3,783	4,162	10.0
Raw materials	1,450	1,749	1,385	-20.8	-4.5	9,146	9,595	4.9
Capital goods	1,102	1,295	1,112	-14.1	1.0	6,519	6,905	5.9
Other goods	14	12	13	5.8	-5.1	126	82	-34.9
TRADE BALANCE	562	-345	-114			2,986	-847	

Source: SUNAT.

The terms of trade declined 4.0 percent compared to the same period in 2012 as a result of the lower prices of most mining products.

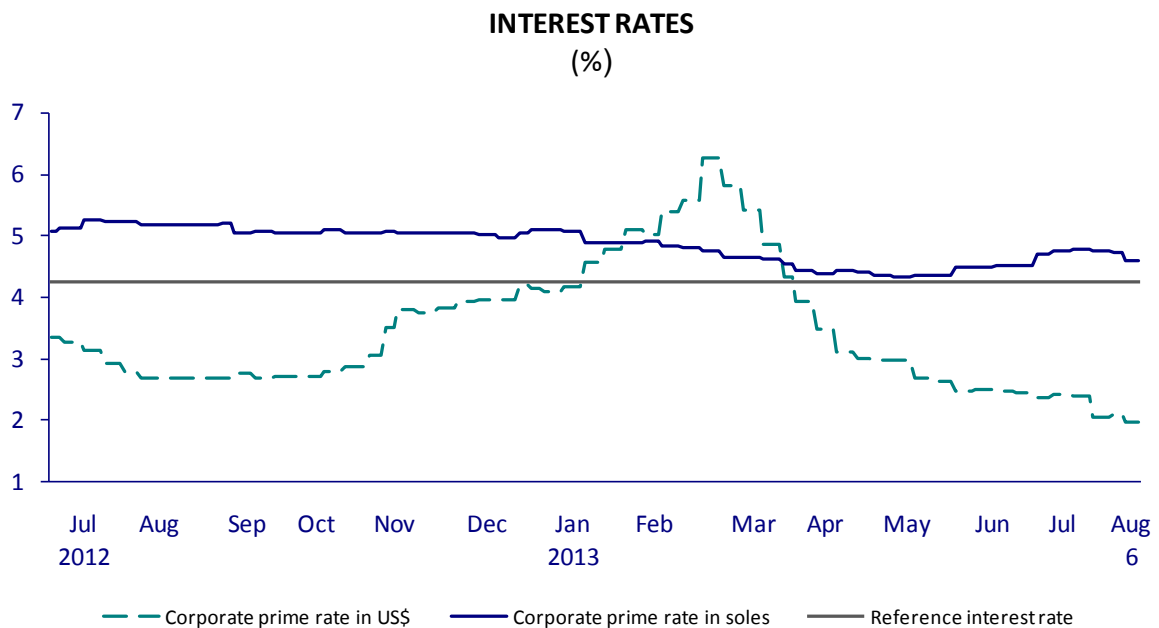


Corporate prime rate in nuevos soles at 4.61 percent

On August 6, the **corporate prime rate** in soles recorded 4.61 percent. In **July**, the average corporate prime rate was 4.75 percent.

On August 6, the corporate prime rate in dollars was 1.98 percent. In July, the average corporate prime rate was 2.30 percent.

On August 6, the **interbank interest rate** in domestic currency recorded 4.25 percent.



Monetary and foreign exchange operations

Between July 24 and August 6, 2013, the Central Bank made the following **monetary and exchange operations**: i) auctions of 12-month CDBCRP for a total of S/. 100 million at an average rate of 4.15 percent, auctions of 6-month CDBCRP for a total of S/.50 million at an average rate of 4.06 percent. These operations reached a balance of S/. 25.51 billion; ii) auctions of 1-day and 5-day term deposits in soles for a daily average of S/. 4.68 billion. The average rate on these operations was 4.03 percent; iii) auctions of CDR-BCRP for a total of S/. 75 million at an average rate of 0.24 percent reaching a balance of S/. 2.28 billion; iv) sale of foreign currency for a total of US\$ 360 million, and iv) overnight deposits in soles for a daily average of S/. 991 million.

Currency in circulation: S/. 33.1 billion at August 6, 2013

At August 6, **currency in circulation** increased to S/. 33.1 billion. On **July**, currency in circulation increased S/. 1.29 billion, registering a growth rate of 16.8 percent in the last 12 months.

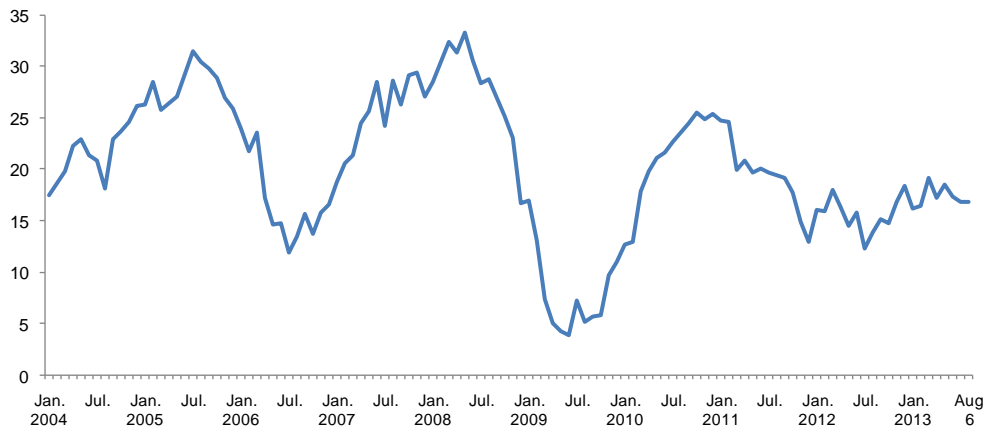
BCRP OPERATIONS
(Millions of nuevos soles)

	BALANCE				FLOWS			
	Dec 31, 2012	Jul 31, 2013	Jul 23, 2013	Aug 6, 2013	Jul-13	2013*	Aug-13*	From 07/23 to 08/06
I. NET INTERNATIONAL POSITION	<u>117,462</u>	<u>130,041</u>	<u>130,332</u>	<u>129,874</u>	<u>-473</u>	<u>329</u>	<u>-632</u>	<u>-1,392</u>
(Millions of US\$)	46,063	46,610	46,882	46,384	-166	320	-226	-498
1. Exchange Operations					-459	1,247	-189	-359
a. Over the counter operations					-390	4,630	-190	-360
b. Public sector					-70	-3,398	0	0
2. Rest					294	-927	-37	-139
II. NET DOMESTIC ASSET	<u>-85,217</u>	<u>-96,986</u>	<u>-97,770</u>	<u>-96,770</u>	<u>1,766</u>	<u>531</u>	<u>682</u>	<u>1,935</u>
1. Monetary Sterilization	-51,567	-54,803	-55,378	-55,745	2,908	-4,178	-942	-367
a. Certificates and Term deposits	-30,053	-33,757	-31,352	-27,787	2,227	2,265	5,970	3,565
BCRP Certificates of Deposit (CDBCRP)	-20,805	-25,411	-25,361	-25,511	1,850	-4,706	-100	-150
CDR BCRP	0	-2,146	-2,591	-2,276	177	-2,276	-130	315
Term Deposits	-9,248	-6,200	-3,400	0	200	9,248	6,200	3,400
b. Reserve requirements in Domestic Currency	-20,491	-17,548	-23,345	-27,267	3,198	-6,777	-9,720	-3,922
c. Other monetary operations	-1,024	-3,498	-680	-690	-2,517	334	2,808	-10
2. Fiscal Sterilization	-39,939	-40,728	-41,095	-39,278	-485	660	1,450	1,816
3. Other	6,289	-1,455	-1,297	-1,746	-657	4,049	174	485
III. CURRENCY **	<u>32,244</u>	<u>33,055</u>	<u>32,562</u>	<u>33,104</u>	<u>1,293</u>	<u>860</u>	<u>50</u>	<u>543</u>
(Monthly percentage change)	10.6%	4.1%	2.5%	0.2%				
(Accumulated percentage change)	33.6%	2.5%	1.0%	2.7%				
(YoY)	18.3%	16.8%	15.7%	16.8%				

* As of August 6, 2013.

** Preliminary data.

CURRENCY
(Annual percentage change)

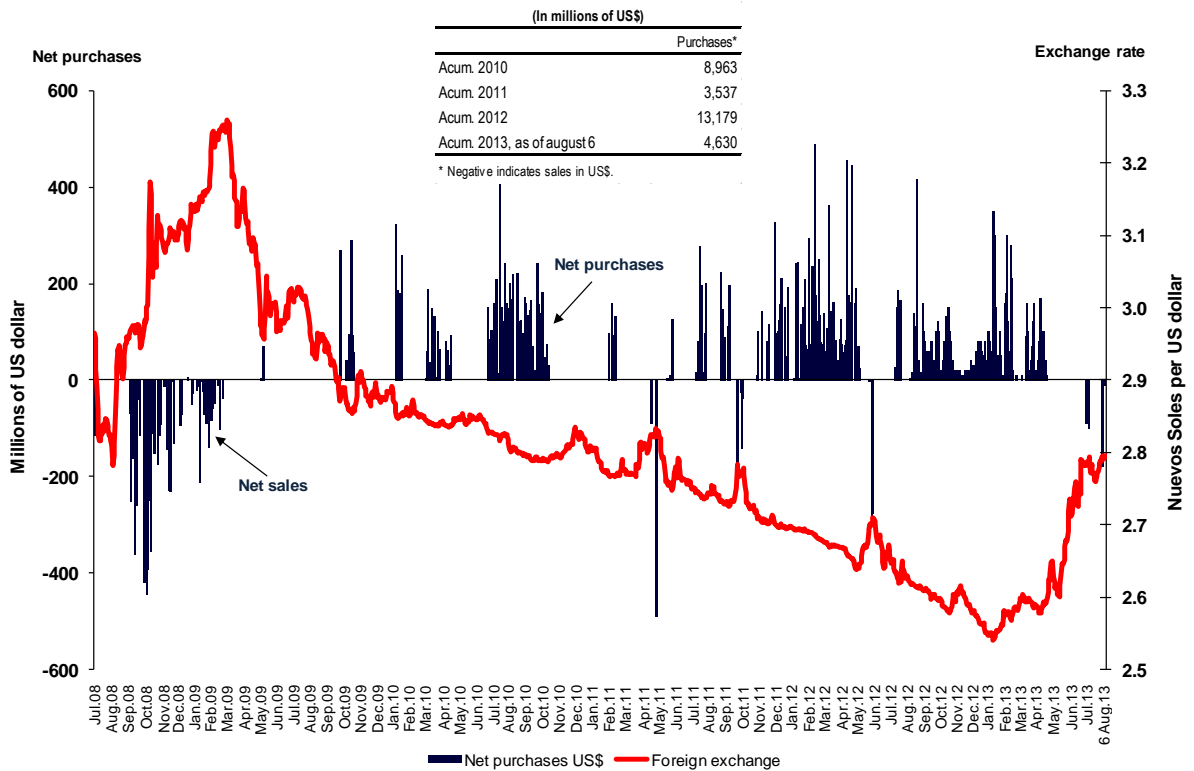


Foreign exchange rate: S/. 2.796 per US dollar

On August 6, the average **selling price of the dollar** in the interbank market recorded S/. 2.796 per dollar. So far this month, the BCRP intervened in the foreign exchange market selling US\$ 190 million.

On **July**, the nuevo sol depreciated 0.43 percent against the US dollar. In the foreign exchange market. There were a local demand for non-financial firms for US\$ 926 million, AFP for US\$ 483 million, and banks for US\$ 65 million, offset in part by sales of mining companies for US\$ 607 million, non-residents for US\$ 295 million and Central Bank intervention for US\$ 320 million (sales in the foreign exchange market for US\$ 390 million and net maturities CDRBCRP for US\$ 70 million).

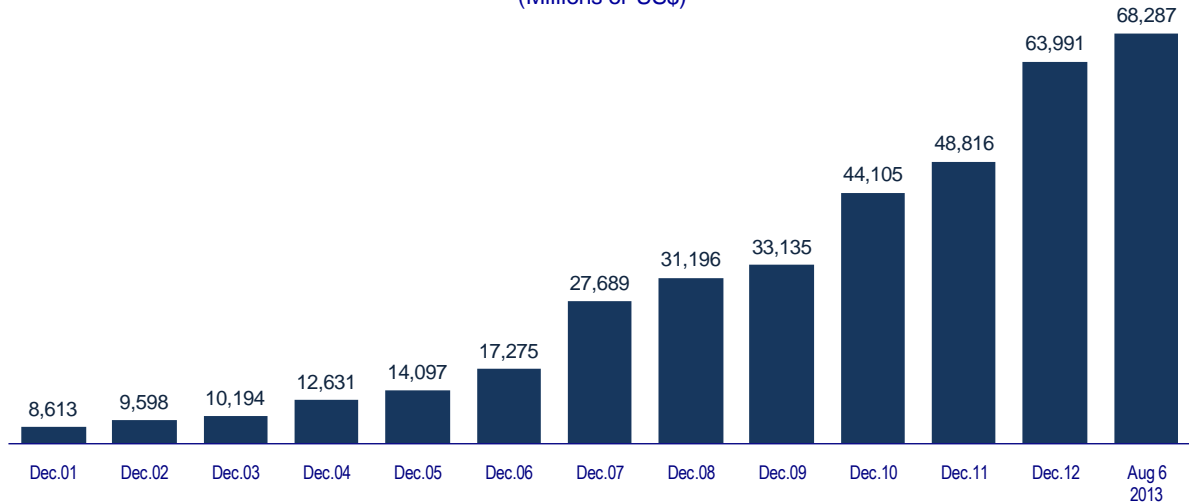
EXCHANGE RATE AND NET DOLLAR PURCHASE



International reserves amount to US\$ 68.29 billion

International reserves at August 6, 2013, totaled US\$ 68.29 billion. This amount of reserves is higher by US\$ 4.30 billion than the one recorded at end 2012. Moreover, the **foreign exchange position** of BCRP on August 6 was US\$ 46.38 billion, US\$ 320 million higher than at end-2012.

INTERNATIONAL RESERVES
(Millions of US\$)



International Markets

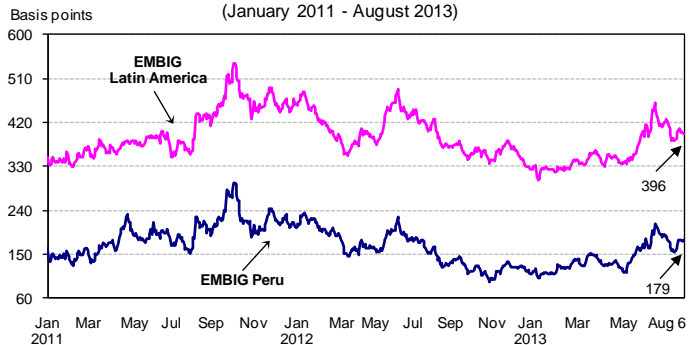
Country risk at 179 basis points

At **August 6**, the **EMBIG Peru** registered 179 bps while the region's spread registered 396 bps.

In **July**, the country risk indicator, measured by the **EMBIG Peru** spread, decreased from 180 bps in June to 175 basis points.

Moreover, the EMBIG Latin America spread fell 67 bps to 404 bps in July due to comments of the Federal Reserve Chair who declared that tapering down the Fed's monetary stimulus will depend on the performance of the U.S. economy.

COUNTRY RISK INDICATORS
(January 2011 - August 2013)



	Variation in basis points			
	Aug 6, 2013	Weekly	Monthly	Annual
EMBIG Perú (bps)	179	1	-6	48
EMBIG Latam (bps)	396	-9	-14	21

Price of gold recorded US\$ 1,280.5 per troy ounce

The price of **gold** was US\$ 1,280.5 per troy ounce at **August 6**.

In **July**, the average price of **gold** declined 4.1 percent to US\$ 1,286.7 per troy ounce.

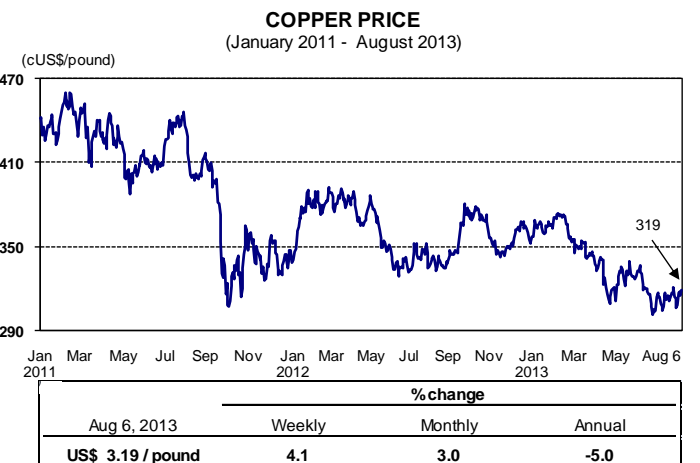
The reasons that explain this decline in the price of gold were appreciation of the dollar against the euro, which reduced the appeal of gold as a hedge asset, the continuous liquidations of Exchange Traded Funds' gold balances, and investors' take-profit.



At **August 6**, the price of **copper** was US\$ 3.19/pound.

In **July**, the average price of **copper** declined 1.6 percent to an average of US\$ 3.13/pound.

Factors accounting for this price fall included prospects of a lower demand after downward revision of GDP growth forecast in China, reports of an increase in world copper production, and the restart of operations at mines Grasberg and Oyu Tolgoi at the beginning of this month.



At **August 6**, the price of **zinc** recorded US\$ 0.83/pound.

In **July**, the average price of **zinc** fell 0.2 percent to US\$ 0.83 per pound.

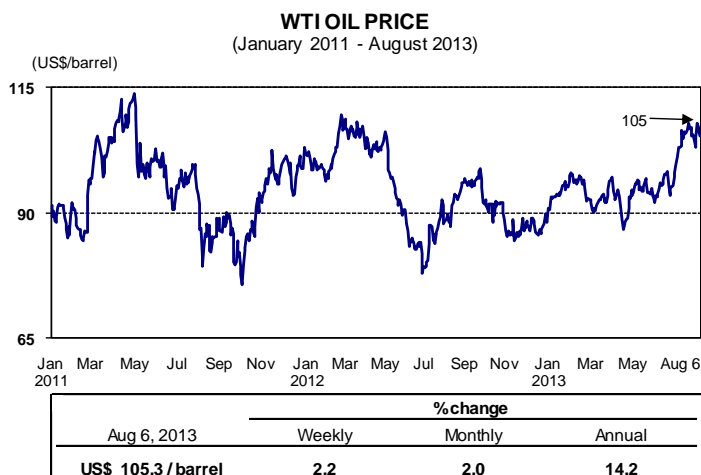
The price of zinc decreased as a result of a report of the International Lead and Zinc Study Group (ILZSG) that pointed out that a surplus in the global market of refined zinc between January and May 2013 and of a slowdown of demand in China.



At **August 6**, the price of **WTI oil** was US\$ 105.3 per barrel.

The average price of **WTI crude oil** increased 9.3 percent in **July** to US\$ 104.7 per barrel.

The rise in the price of crude in July was associated with the decline of US inventories of crude oil and with the persistence of supply risks in the Middle East and Sudan.

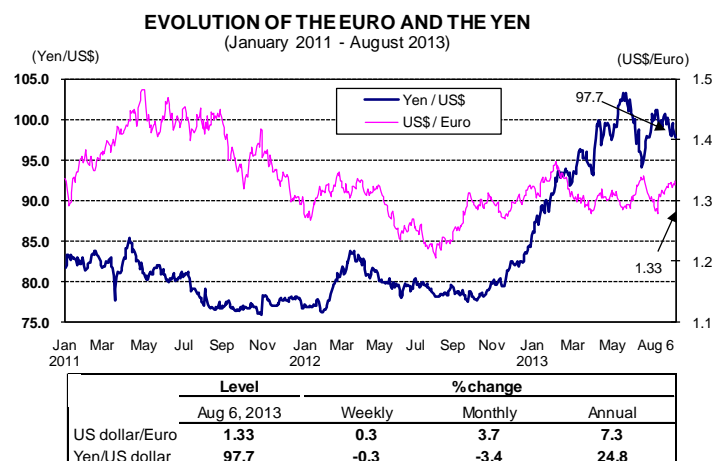


Exchange rate was US\$ 1.33 per euro

At **August 6**, the exchange rate was US\$ 1.33 per **euro** and 97.7 **yens** per US dollar.

In **July**, the **dollar** appreciated 0.9 percent in average against the **euro** due to favorable economic indicators in the USA and amid of uncertainty about the future of the Federal Reserve's stimulus.

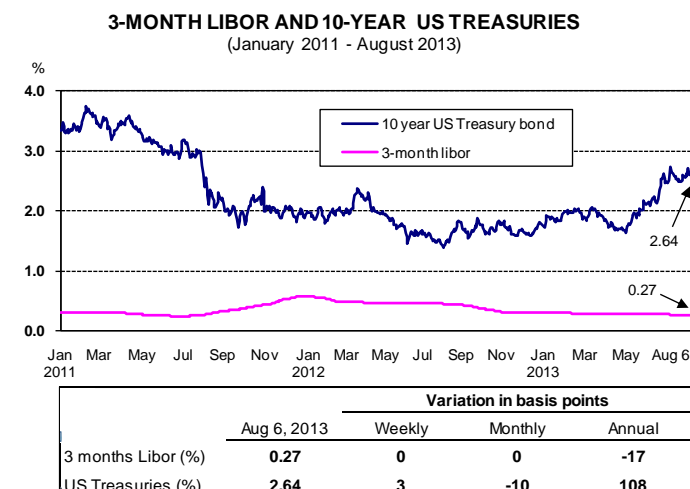
Moreover, the dollar appreciated 2.5 percent on average against the **yen** in the same period.



Yield on 10-year US Treasuries at 2.64 percent in June

At **August 6**, the **3-month Libor** registered 0.27 percent and the yield on the **10-year US Treasuries** recorded 2.64 percent.

On average terms, the **3-month Libor** remained at 0.27 percent, while the yield on the **10-year US Treasuries** rose 27 bps to 2.56 percent. This rise was associated with favorable economic indicators in the USA.

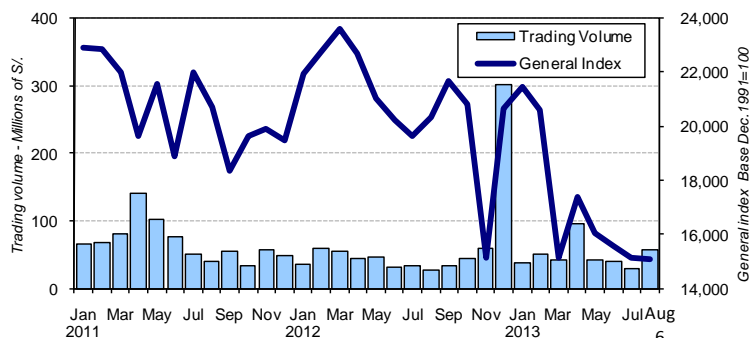


Lima Stock Exchange

In July, the **General Index** and the **Selective Index** of the Lima Stock Exchange (LSE) fell 2.8 and 3.5 percent, respectively.

The negative results of the LSE indices observed during the month were due to the drop of commodity prices and to fears of an economic slowdown in China, offset by favorable expectations about corporate financial results in Q2-2013

LIMA STOCK EXCHANGE INDICATORS
(January 2011 - August 2013)



	As of:		% change compared to:	
	Aug 6, 2013	Jul 30, 2013	Jul 31, 2013	Dec 31, 2012
General Index	15,045	-0.5	-0.5	-27.1
Selective Index	22,764	-0.7	-1.2	-26.6

So far this year (at **August 6**) the indices of the LSE accumulate losses of 27.1 and 26.6 percent, respectively

