











### Indicators

-  Corporate prime rate in soles at 4.65 percent
-  Interbank interest rate in soles at 4.26 percent
-  Country risk at 197 bps
-  GDP grew 4.4 percent in June
-  Deficit of the non-financial public sector in July: S/. 708 million
-  Domestic demand grew 6.4 percent in Q2-2013
-  Deficit in the current account of the balance of payments: 5.7 percent of GDP in Q2-2013
-  Non-financial public sector recorded a surplus of 3.9 percent of GDP in Q2-2013

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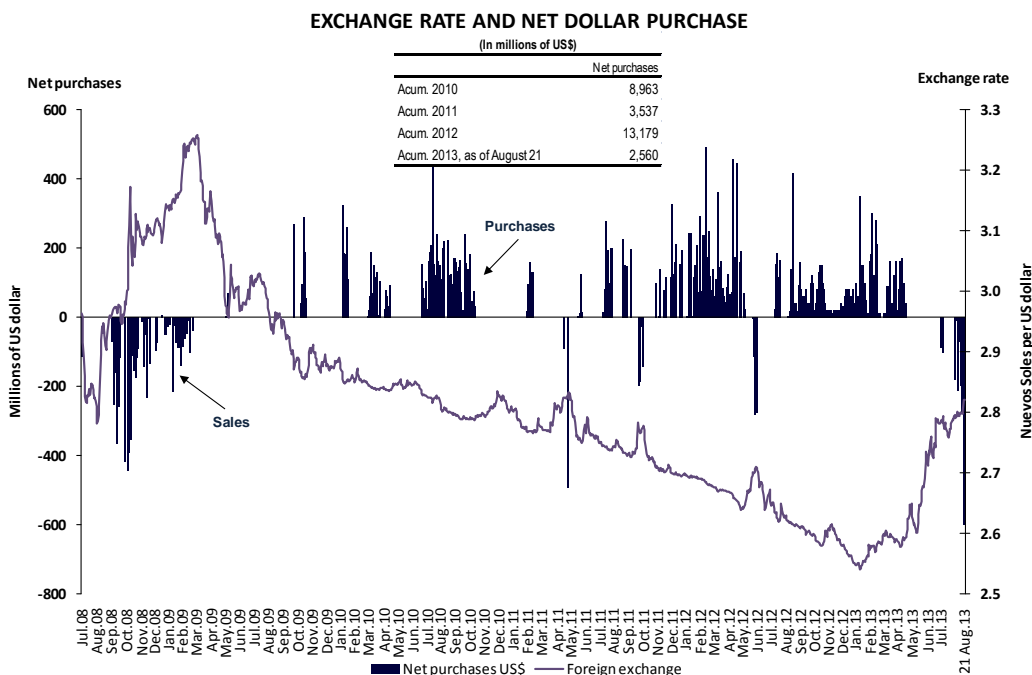
## WEEKLY REPORT

### Exchange rate: S/. 2.820 per US dollar

The average **selling price of the dollar** in the interbank market on August 21 was S/. 2.820 per dollar.

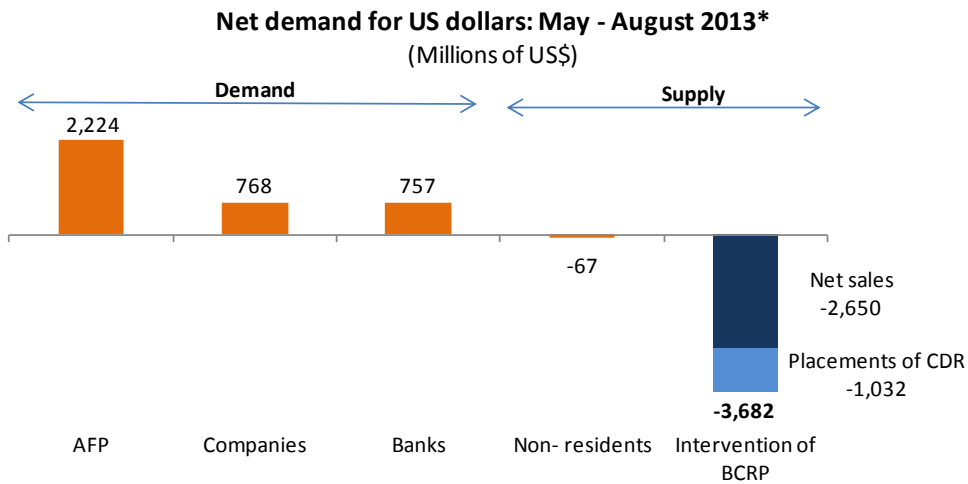
The Central Bank has intervened in the foreign exchange market since May 24, first by placing CDR-BCRP (BCRP Certificates of Deposit Indexed to the Exchange Rate) which is an instrument that, in practice, is an injection of dollars to the financial system, and then, since July 2, through direct sales of foreign currency with the purpose of reducing excessive volatility in the exchange rate. As a result of these operations, the Central Bank has placed CDR-BCRP for a total of US\$ 1.03 billion and sold foreign currency for a total of US\$ 2.65 billion.

Between 2012 and 2013, the Central Bank has purchased foreign currency for a total of US\$ 19.07 billion and has sold foreign currency for a total of US\$ 3.33 billion. In net terms, purchases exceed sales of foreign currency by US\$ 15.74 billion.



In this context of increased international turbulence, the nuevo sol is one of the currencies of the region with one of the lowest depreciation rates. Since May, the Peruvian currency has depreciated 6.7 percent, while the currencies of Chile, Colombia, and Brazil have depreciated 9.4 percent; 5.7 percent, and 21.2 percent, respectively.

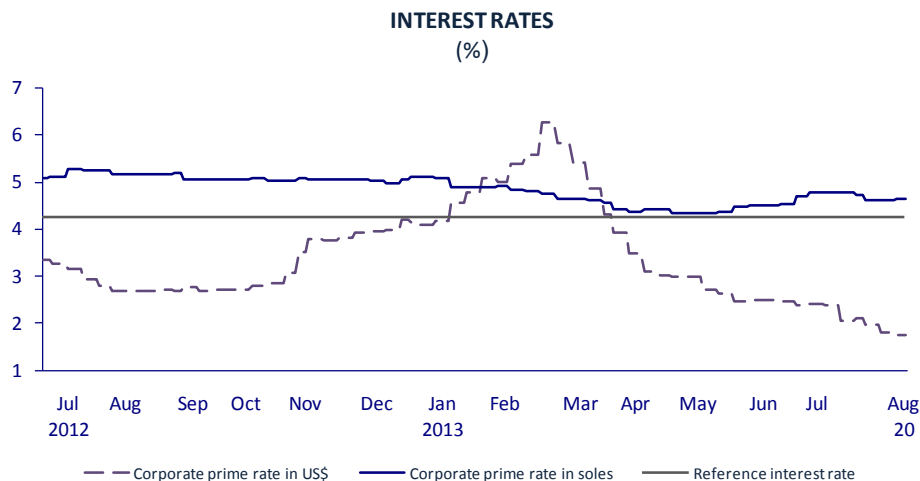
Most of the demand for foreign currency since May has come from AFPs (US\$ 2.22 billion), businesses (US\$ 768 million), and banks (US\$ 757 million). On the other hand, non-resident operators have supplied US\$ 67 million and the BCRP has injected US\$ 3.68 billion (US\$ 2.65 billion through sales of foreign exchange in the spot market and US\$ 1.03 billion through placements of CDR-BCRP).



## Corporate prime rate in nuevos soles at 4.65 percent

On August 20, the **corporate prime rate** in soles recorded 4.65 percent, while the corporate prime rate in dollars recorded 1.75 percent.

The **interbank interest rate** in domestic currency on August 20 was 4.26 percent.



## Monetary and exchange operations

Between August 1 and August 20, 2013, the Central Bank has sold foreign currency for a total of US\$ 1.66 billion and has accumulated sales of FC for a total of US\$ 2.05 billion since May, but has purchased a net total of US\$ 3.16 year-to-date. It is worth pointing out that the demand for FC has

been particularly noteworthy since May, mainly due to the increased demand of AFPs (US\$ 2.0 billion). In order to offset the contractive effect of the sale of FC on liquidity, the balance of BCRP certificates and term deposits has been reduced by S/. 6.6 billion.

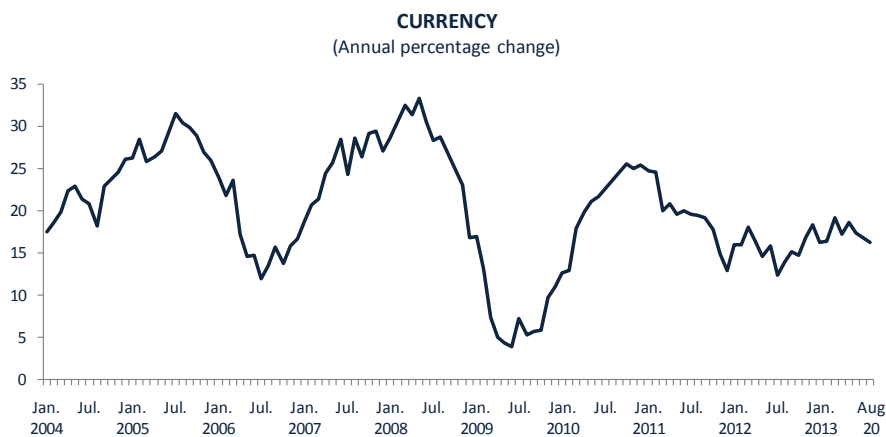
**BCRP OPERATIONS**  
(Millions of nuevos soles)

|  | BALANCE        |                |                | FLOWS         |               |
|--|----------------|----------------|----------------|---------------|---------------|
|  | Dec 31, 2012   | Jul 31, 2013   | Aug 20, 2013   | 2013*         | Aug-13 *      |
| <b>I. NET INTERNATIONAL POSITION</b>         | <b>117,462</b> | <b>130,041</b> | <b>126,951</b> | <b>-3,499</b> | <b>-4,460</b> |
| (Millions of US\$)                           | 46,063         | 46,610         | 45,018         | -1,045        | -1,592        |
| 1. Exchange Operations                       |                |                |                | -223          | -1,660        |
| a. Over the counter operations               |                |                |                | 3,160         | -1,660        |
| b. Public sector                             |                |                |                | -3,398        | 0             |
| 2. Rest                                      |                |                |                | -822          | 68            |
| <b>II. NET DOMESTIC ASSET</b>                | <b>-85,217</b> | <b>-96,986</b> | <b>-94,464</b> | <b>3,742</b>  | <b>3,892</b>  |
| 1. Monetary Sterilization                    | -51,567        | -54,803        | -50,455        | 1,113         | 4,348         |
| a. Certificates and Term deposits            | -30,053        | -33,757        | -27,157        | 2,895         | 6,600         |
| BCRP Certificates of Deposit (CDBCRP)        | -20,805        | -25,411        | -22,771        | -1,966        | 2,640         |
| CDR BCRP                                     | 0              | -2,146         | -2,586         | -2,586        | -440          |
| Term Deposits                                | -9,248         | -6,200         | -1,800         | 7,448         | 4,400         |
| b. Reserve requirements in Domestic Currency | -20,491        | -17,548        | -22,657        | -2,167        | -5,110        |
| c. Other monetary operations                 | -1,024         | -3,498         | -640           | 384           | 2,858         |
| 2. Fiscal Sterilization                      | -39,939        | -40,728        | -41,083        | -1,144        | -354          |
| 3. Other                                     | 6,289          | -1,455         | -2,927         | 3,773         | -101          |
| <b>III. CURRENCY **</b>                      | <b>32,244</b>  | <b>33,055</b>  | <b>32,487</b>  | <b>243</b>    | <b>-568</b>   |
| (Monthly percentage change)                  | 10.6%          | 4.1%           | -1.7%          |               |               |
| (Accumulated percentage change)              | 33.6%          | 2.5%           | 0.8%           |               |               |
| (YoY)  | 18.3%          | 16.8%          | 16.2%          |               |               |

\* As of August 20, 2013.

\*\* Preliminary data.

**Currency in circulation** at August 20 registered a balance of S/. 32.49 billion and a growth rate of 16.2 percent in the last 12 months.



## International reserves amount to US\$ 67.87 billion

**International reserves (NIRs)** at August 20, 2013, totaled US\$ 67.87 billion. This amount of reserves is higher by US\$ 3.88 billion than the one recorded at end 2012.

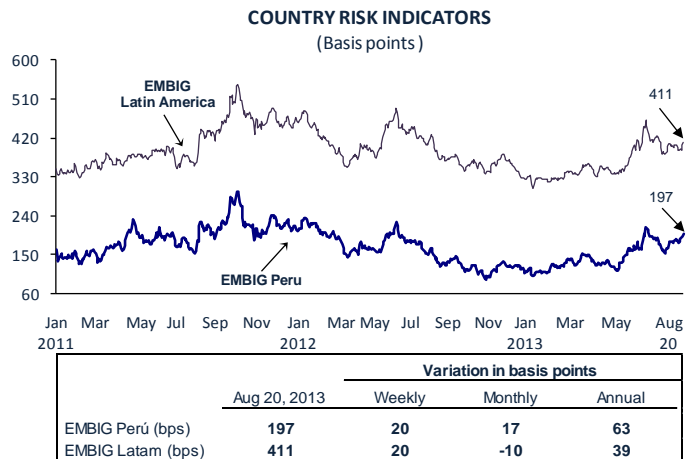


## International Markets

### Country risk at 197 basis points

In August 13-20, the country risk indicator, measured by the **EMBIG Peru** spread, rose from 177 to 197 basis points.

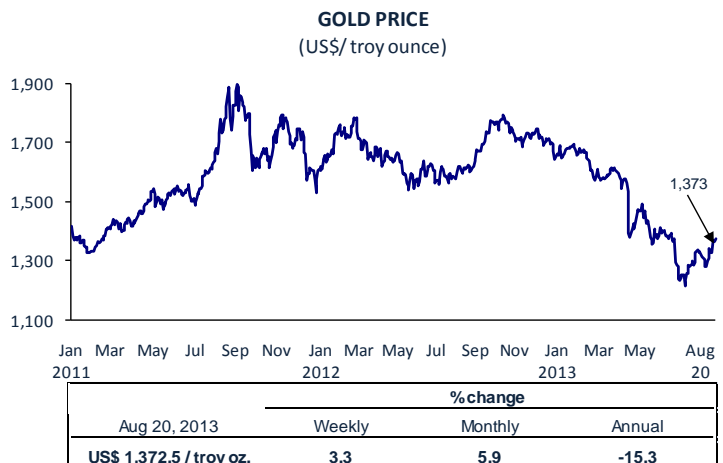
Moreover, the EMBIG Latin America spread rose 20 basis points due to increased expectations of an earlier withdrawal of monetary stimulus by the Federal Reserve.



### Price of gold rose to US\$ 1,372.5 per troy ounce

In the same period, the price of **gold** rose 3.3 percent to US\$ 1,372.5 per troy ounce.

The price of gold was favored by the weakness of the dollar, by greater expectations that the physical demand for gold will grow after the World Gold Council reported that the jewelers' demand had grown by 170 metric tons in annual terms, and by exchange-traded funds' increased holdings of this metal. This price rise was offset by the increase of tariffs on gold imports in India.



Between August 13 and 20, the price of **copper** fell 0.2 percent to US\$ 3.30 per pound.

The price of copper declined due to the higher production obtained at Glencore Xtrata mines in the first semester of 2013. This price fall was offset by China's increased demand for imports of this metal associated with the decline of production in Chinese refineries and with the unexpected one-day strike of the workers of BHP Billinton mines in Chile.

**COPPER PRICE**  
(cUS\$/pound)

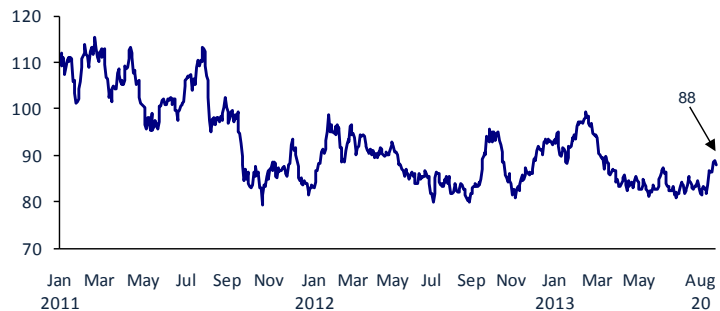


| Aug 20, 2013      | %change |         |        |
|-------------------|---------|---------|--------|
|                   | Weekly  | Monthly | Annual |
| US\$ 3.30 / pound | -0.2    | 5.0     | -2.3   |

In the period of analysis, the price of **zinc** rose 1.9 percent to US\$ 0.88 per pound.

The price of zinc rose due to the reduction of inventories in the main metal exchange markets and due to China's increased demand.

**ZINC PRICE**  
(cUS\$/pound)



| Aug 20, 2013      | %change |         |        |
|-------------------|---------|---------|--------|
|                   | Weekly  | Monthly | Annual |
| US\$ 0.88 / pound | 1.9     | 5.8     | 10.3   |

Between August 13 and 20, the price of **WTI oil** dropped 1.8 percent to US\$ 105.0 per barrel.

This drop in the price of oil was associated with the suspension of shipments of crude from Oklahoma to the refineries located in the US coast of the Gulf of Mexico. However, the price drop was offset by fears of supply cuts due to increased geopolitical tensions in the Middle East and by a higher-than-expected decline of US inventories of crude oil.

**WTI OIL PRICE**  
(US\$/barrel)

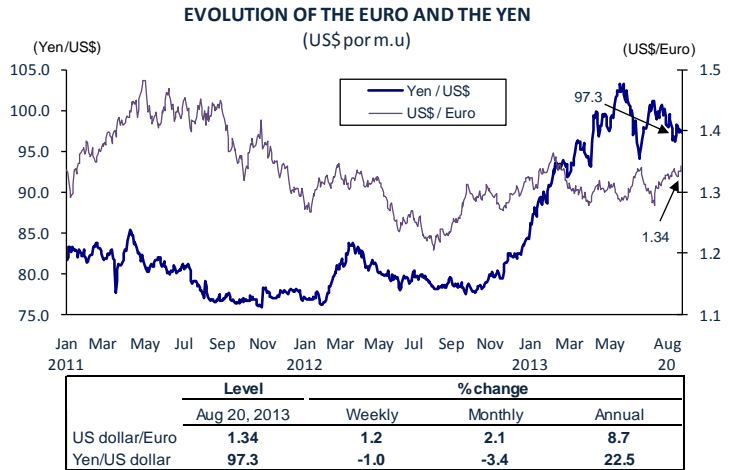


| Aug 20, 2013        | %change |         |        |
|---------------------|---------|---------|--------|
|                     | Weekly  | Monthly | Annual |
| US\$ 105.0 / barrel | -1.8    | -2.9    | 9.4    |

### Dollar depreciated against the euro and the yen

Between August 13 and 20, the **dollar** depreciated 1.2 percent against the **euro**, amid the publication of economic data in the USA that reinforced the possibility of an earlier withdrawal of the Federal Reserve's stimulus.

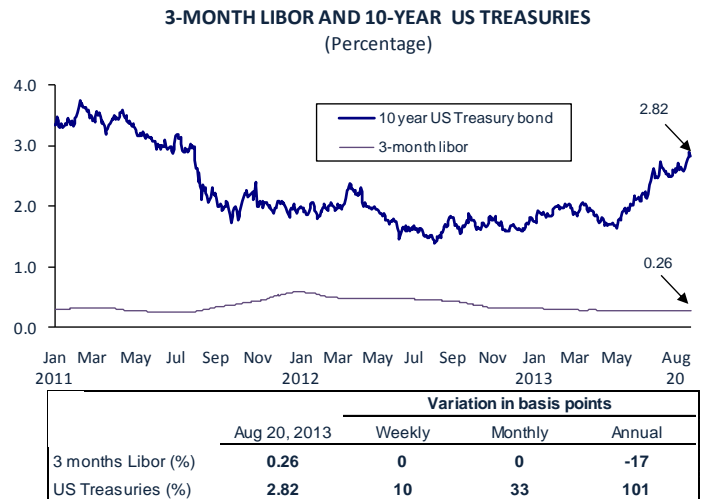
Moreover, the dollar depreciated 1.0 percent against the **yen**.



### Yield on 10-year US Treasuries rose to 2.82 percent

Between August 13 and 20, the **3-month Libor** remained at 0.26 percent, while the yield on the **10-year US Treasury bonds** rose from 2.72 to 2.82 percent.

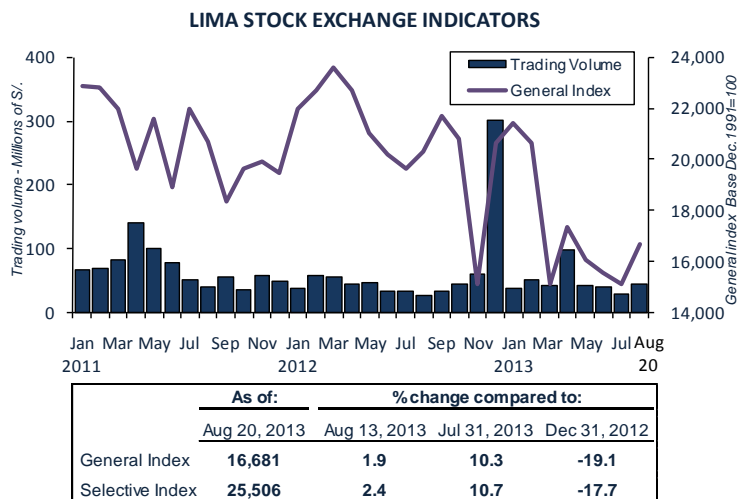
In the week of analysis, the yield on the U.S. Treasury bonds rose after the publication of positive indicators of activity in the USA increased fears about an anticipated withdrawal of stimulus by the Federal Reserve.



### Lima Stock Exchange

So far this month (at August 20), the **General Index** of the Lima Stock Exchange (LSE) has risen 10.3 percent, while the **Selective Index** has risen 10.7 percent.

During the week of August 13 to 20, these indices rose 1.9 and 2.4 percent, respectively, due to the positive performance of precious metals and due to investors' profit taking in mining and junior stocks, in a context in which better ratings are being assigned to the country by credit rating agencies.



So far this year, the indices of the LSE accumulate losses of 19.1 and 17.7 percent, respectively.

## MONTHLY REPORT

### Gross Domestic Product grew 4.4 percent in June

Reflecting the performance of non primary sectors, particularly services (5.4 percent), commerce (5.0 percent), and construction (7. percent), **GDP recorded a growth rate of 4.4 percent** in June and thus accumulated a growth rate of 5.1 percent in the first semester of 2013.

#### GROSS DOMESTIC PRODUCT

(Real percentage change respect to the same period of previous year)

|                                     | % structure of<br>GDP 20121/ | 2013        |             |              |             |              |             |              |
|-------------------------------------|------------------------------|-------------|-------------|--------------|-------------|--------------|-------------|--------------|
|                                     |                              | Q1          | June        |              | Q2          |              | S1          |              |
|                                     |                              | % Chg.      | % Chg.      | Contribution | % Chg.      | Contribution | % Chg.      | Contribution |
| <b>Agriculture and Livestock 2/</b> | <b>7.3</b>                   | <b>6.1</b>  | <b>-0.6</b> | <b>-0.1</b>  | <b>0.0</b>  | <b>0.0</b>   | <b>2.4</b>  | <b>0.2</b>   |
| Agriculture                         | 4.4                          | 9.1         | -3.7        | -0.2         | -1.8        | -0.1         | 1.9         | 0.1          |
| Livestock                           | 2.2                          | 2.6         | 5.8         | 0.1          | 3.9         | 0.1          | 3.3         | 0.1          |
| <b>Fishing</b>                      | <b>0.4</b>                   | <b>3.2</b>  | <b>2.2</b>  | <b>0.0</b>   | <b>-6.1</b> | <b>0.0</b>   | <b>-2.2</b> | <b>0.0</b>   |
| <b>Mining and Fuel 3/</b>           | <b>4.7</b>                   | <b>-3.0</b> | <b>6.0</b>  | <b>0.3</b>   | <b>4.8</b>  | <b>0.2</b>   | <b>0.9</b>  | <b>0.0</b>   |
| Metallic mining                     | 3.6                          | -5.4        | 6.1         | 0.2          | 3.8         | 0.1          | -0.8        | 0.0          |
| Hydrocarbons                        | 0.7                          | 8.1         | 5.4         | 0.0          | 9.3         | 0.1          | 8.7         | 0.1          |
| <b>Manufacture</b>                  | <b>14.2</b>                  | <b>-0.3</b> | <b>2.8</b>  | <b>0.4</b>   | <b>3.1</b>  | <b>0.4</b>   | <b>1.5</b>  | <b>0.2</b>   |
| Based on raw materials              | 2.4                          | -2.3        | 11.2        | 0.3          | 1.9         | 0.0          | -0.1        | 0.0          |
| Non-primary industries              | 11.6                         | 0.1         | 1.2         | 0.1          | 3.2         | 0.4          | 1.7         | 0.2          |
| <b>Electricity and water</b>        | <b>2.0</b>                   | <b>4.8</b>  | <b>6.0</b>  | <b>0.1</b>   | <b>6.0</b>  | <b>0.1</b>   | <b>5.4</b>  | <b>0.1</b>   |
| <b>Construcción</b>                 | <b>7.0</b>                   | <b>11.9</b> | <b>7.0</b>  | <b>0.4</b>   | <b>14.5</b> | <b>0.9</b>   | <b>13.2</b> | <b>0.9</b>   |
| <b>Comercio</b>                     | <b>15.3</b>                  | <b>5.0</b>  | <b>5.0</b>  | <b>0.8</b>   | <b>6.4</b>  | <b>1.0</b>   | <b>5.7</b>  | <b>0.9</b>   |
| <b>Servicios</b>                    | <b>39.2</b>                  | <b>5.6</b>  | <b>5.4</b>  | <b>1.9</b>   | <b>6.2</b>  | <b>2.3</b>   | <b>5.9</b>  | <b>2.2</b>   |
| Transportation and communica        | 8.4                          | 5.3         | 4.4         | 0.3          | 5.6         | 0.5          | 5.5         | 0.5          |
| Financial and insurance             | 2.8                          | 6.4         | 6.5         | 0.2          | 9.2         | 0.2          | 7.8         | 0.2          |
| Given to companies                  | 7.4                          | 6.3         | 6.0         | 0.4          | 6.1         | 0.4          | 6.2         | 0.4          |
| Restaurants and hotels              | 4.2                          | 6.5         | 6.7         | 0.3          | 7.1         | 0.3          | 6.8         | 0.3          |
| Government Services                 | 5.4                          | 4.8         | 4.9         | 0.2          | 4.9         | 0.2          | 4.8         | 0.2          |
| Rest of other services              | 11.1                         | 5.0         | 5.2         | 0.5          | 6.2         | 0.6          | 5.6         | 0.6          |
| <b>Taxes</b>                        | <b>9.9</b>                   | <b>4.3</b>  | <b>2.7</b>  | <b>0.2</b>   | <b>4.1</b>  | <b>0.4</b>   | <b>4.2</b>  | <b>0.4</b>   |
| <b>GDP Global</b>                   | <b>100.0</b>                 | <b>4.5</b>  | <b>4.4</b>  | <b>4.4</b>   | <b>5.6</b>  | <b>5.6</b>   | <b>5.1</b>  | <b>5.1</b>   |
| <b>Primary</b>                      | <b>14.7</b>                  | <b>1.5</b>  | <b>3.0</b>  | <b>0.5</b>   | <b>1.4</b>  | <b>0.2</b>   | <b>1.4</b>  | <b>0.2</b>   |
| <b>Non-primary</b>                  | <b>85.3</b>                  | <b>5.0</b>  | <b>4.7</b>  | <b>3.9</b>   | <b>6.4</b>  | <b>5.3</b>   | <b>5.8</b>  | <b>4.8</b>   |

1/ At 1994 prices.

2/ Includes silviculture sector

3/ Includes Non-metrallic mining

Source: INEI.

Activity in the **agricultural sector** fell 0.6 percent in June due to a lower farming production for the external market and agro-industry, and to the reduction of potato crops. This result was in part offset by an increased production of some products for the domestic market, such as rice, wheat, tomatoes, barley, and tangerines, as well as by a higher supply of poultry. With this, the agricultural section accumulates a growth rate of 2.4 percent in the first semester of the year.

**Fishing activity** grew 2.2 percent in June and accumulated a contraction of 2.2 percent in the first semester of 2013. The monthly growth rate is explained mainly by an increase in the catch for industrial consumption due to the higher catch of anchovy relative to June 2012.

Production in the **mining and hydrocarbons sector** grew 6.0 percent and thus accumulated a growth rate of 0.9 percent in the first half of the year. The monthly result reflects the higher

extraction of copper by Antamina and Antapaccay, the higher production of zinc at Antamina, and Pluspetrol's higher production of liquid hydrocarbons.

Activity in the **manufacturing sector** increased 2.8 percent. Primary activity grew 11.2 percent, while non-primary manufacturing grew 1.2 percent. With these results, the sector accumulates an increase of 1.5 percent in the first semester. Growth was particularly noteworthy in the industrial branches associated with construction, especially in the branches of construction materials and cement.

The **construction sector** grew 7.0 percent and thus accumulated a growth rate of 13.2 percent in the first semester of 2013. This growth rate reflects the dynamism of construction in the central areas of the country due to ongoing projects such as the hydro-electric power station of Chaglla in Huánuco, as well as the implementation of important public and private construction projects in the south areas of the country, including housing projects and the construction of commercial facilities. Moreover, dispatches of cement in the north areas registered a slower pace of growth due to the interruption of some projects as a result of budget cuts (particularly in Piura and Chiclayo) and due to the completion of the construction of Chailhuagón reservoir (Cajamarca).

### Indicators – July 2013

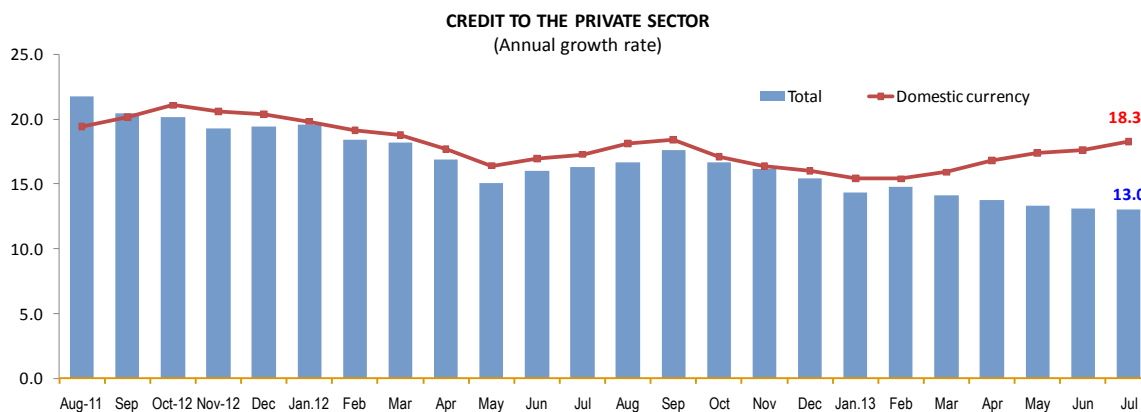
Preliminary data available to date of indicators on the sectors of fishing, hydrocarbons, electricity, and local dispatches of cement include the following:

- The Ministry of Production established in June a fishing quota of 2.05 million tons for the first fishing season (May to July). A total of 168 thousand tons would have been caught in July, as a result of which total fish catch would have accumulated 98.8 percent of the quota established for that season.
- The production of hydrocarbons fell 0.3 percent, according to Perupetro.
- The production of electricity grew 7.2 percent, according to the Comité de Operación Económica del Sistema Interconectado Nacional (COES).
- Local dispatches of cement increased from 820 thousand tons to 880 thousand tons between July 2012 and July 2013, according to Asociación de Productores de Cemento (Asocem).

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

**Total credit to the private sector** grew 1.3 percent in July (S/. 2.35 billion) and thus accumulated a growth rate of 13.0 percent in the last 12 months (13.1 percent in June).

Credit to the private sector in soles grew 1.9 percent in July (S/. 2.01 billion) and 18.3 percent in the last twelve months (17.6 percent in June), while credit in dollars grew 0.5 percent (US\$ 135 million) and 6.2 percent in the last 12 months (7.2 percent in June).





Credit to businesses continued to show the greater dynamism, followed by mortgage loans. Credit to businesses grew 1.7 percent in July, while credit to individuals grew 0.7 percent. In the latter segment, consumer loans registered a monthly growth rate of 0.5 percent in July, while mortgage loans showed a monthly growth rate of 1.1 percent.

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

|                                | Balance in million of Nuevos Soles |                |                | Growth rates (%)  |                   |                   |
|--------------------------------|------------------------------------|----------------|----------------|-------------------|-------------------|-------------------|
|                                | Jul-12                             | Jun-13         | Jul-13         | Jun-13/<br>Jun-12 | Jul-13/<br>Jul-12 | Jul-13/<br>Jun-13 |
| <u>Loans to companies 1/</u>   | <u>102,216</u>                     | <u>112,180</u> | <u>114,049</u> | <u>11.5</u>       | <u>11.6</u>       | <u>1.7</u>        |
| Foreign trade                  | 9,423                              | 9,919          | 10,133         | 17.3              | 7.5               | 2.2               |
| Rest                           | 92,794                             | 102,261        | 103,916        | 10.9              | 12.0              | 1.6               |
| <u>Loans to individuals 2/</u> | <u>56,642</u>                      | <u>65,022</u>  | <u>65,503</u>  | <u>16.0</u>       | <u>15.6</u>       | <u>0.7</u>        |
| Consumer loans                 | 34,237                             | 38,048         | 38,223         | 11.5              | 11.6              | 0.5               |
| Mortgage                       | 22,405                             | 26,974         | 27,280         | 22.8              | 21.8              | 1.1               |
| <b>Total</b>                   | <b>158,859</b>                     | <b>177,203</b> | <b>179,553</b> | <b>13.1</b>       | <b>13.0</b>       | <b>1.3</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 2.9 percent in July (S/. 5.26 billion) and thus accumulated an annual growth rate of 16.3 percent. This increase of liquidity in the month is explained by the higher demand for currency in circulation (4.6 percent or S/. 1.46 billion) due to seasonal factors associated with Fiestas Patrias and with the public's greater deposits (2.5 percent or S/. 3.78 billion). By form of deposits, the growth of term deposits (3.6 percent or S/. 2.25 billion) and savings deposits (3.5 percent or S/. 1.48 billion) stands out.

Liquidity in soles grew 2.3 percent in July (S/. 2.92 billion) and 21.2 percent in the last twelve months (19.9 percent in June), while liquidity in dollars grew 4.3 percent in the month (US\$ 917 million) and 6.3 percent in the last 12 months.

## LIQUIDITY BY TYPE OF LIABILITY

|                          | Balance in million of Nuevos Soles |                |                | Growth rates (%)  |                   |                   |
|--------------------------|------------------------------------|----------------|----------------|-------------------|-------------------|-------------------|
|                          | Jul-12                             | Jun-13         | Jul-13         | Jun-13/<br>Jun-12 | Jul-13/<br>Jul-12 | Jul-13/<br>Jun-13 |
| Currency                 | 28,290                             | 31,477         | 32,932         | 16.2              | 16.4              | 4.6               |
| <u>Deposits</u>          | <u>131,131</u>                     | <u>148,640</u> | <u>152,425</u> | <u>13.3</u>       | <u>16.2</u>       | <u>2.5</u>        |
| Demand deposits          | 40,746                             | 43,626         | 43,680         | 7.6               | 7.2               | 0.1               |
| Saving deposits          | 38,081                             | 41,920         | 43,402         | 14.3              | 14.0              | 3.5               |
| Term deposits            | 52,304                             | 63,095         | 65,342         | 16.9              | 24.9              | 3.6               |
| CTS                      | 10,762                             | 13,657         | 13,484         | 25.8              | 25.3              | -1.3              |
| Securities and others 1/ | 1,988                              | 2,331          | 2,347          | 27.1              | 18.1              | 0.7               |
| <b>Total</b>             | <b>161,409</b>                     | <b>182,449</b> | <b>187,704</b> | <b>14.0</b>       | <b>16.3</b>       | <b>2.9</b>        |

1/ Includes debt securities and other obligations issued by the depository corporations and by non-financial private sector.

## Non-financial public sector recorded a deficit of S/. 708 million in July

In July the non-financial public sector registered a deficit of S/. 708 million, which contrasts with the surplus observed in the same month in 2012 (S/. 496 million).

The current revenues of the general government (S/. 9,564 million) in the month grew 1.8 percent. The non-financial expenditure (S/. 10.14 billion) grew 19.7 percent, driven by expenditure in the three levels of government: the national government with a rate of 16.0 percent, regional governments with a rate of 7.3 percent, and local governments with a rate of 41.8 percent. Expenditure grew both in terms of current expenditure (9.1 percent) and in terms of capital spending (50.4 percent).

**OPERATIONS OF THE NON-FINANCIAL PUBLIC SECTOR 1/**  
(Millions of nuevos soles)

|  | July         |               |             | January - July |               |             |
|--|--------------|---------------|-------------|----------------|---------------|-------------|
|  | 2012         | 2013          | Real % Chg. | 2012           | 2013          | Real % Chg. |
| <b>1. General government current revenues</b>          | <b>9,102</b> | <b>9,564</b>  | <b>1.8</b>  | <b>67,351</b>  | <b>70,385</b> | <b>1.8</b>  |
| a. Tax revenue   | 7,064        | 7,329         | 0.5         | 51,184         | 52,859        | 0.6         |
| National   | 6,912        | 7,163         | 0.4         | 49,929         | 51,403        | 0.3         |
| Local  | 152          | 166           | 6.1         | 1,255          | 1,457         | 13.1        |
| b. Non-tax revenue                                     | 2,037        | 2,235         | 6.2         | 16,166         | 17,526        | 5.6         |
| National   | 1,739        | 1,907         | 6.2         | 13,877         | 15,291        | 7.3         |
| Regional   | 62           | 69            | 6.8         | 653            | 513           | -23.3       |
| Local  | 236          | 259           | 6.3         | 1,636          | 1,722         | 2.5         |
| <b>2. General government non-financial expenditure</b> | <b>8,203</b> | <b>10,138</b> | <b>19.7</b> | <b>46,987</b>  | <b>55,025</b> | <b>14.0</b> |
| a. Current   | 6,094        | 6,863         | 9.1         | 35,439         | 40,134        | 10.3        |
| b. Capital   | 2,109        | 3,276         | 50.4        | 11,548         | 14,892        | 25.5        |
| <i>Of wich: Gross Capital Formation</i>                | <i>2,011</i> | <i>2,940</i>  | <i>41.6</i> | <i>10,991</i>  | <i>13,911</i> | <i>23.2</i> |
| <b>3. Others 2/</b>                                    | <b>-22</b>   | <b>277</b>    |             | <b>1,262</b>   | <b>1,040</b>  |             |
| <b>4. Primary Balance</b>                              | <b>877</b>   | <b>-297</b>   |             | <b>21,625</b>  | <b>16,400</b> |             |
| <b>5. Interests</b>                                    | <b>380</b>   | <b>410</b>    | <b>4.4</b>  | <b>3,101</b>   | <b>3,564</b>  | <b>12.0</b> |
| <b>6. Overall Balance</b>                              | <b>496</b>   | <b>-708</b>   |             | <b>18,524</b>  | <b>12,836</b> |             |

1/ Preliminary.

2/ Includes capital revenues from the General government and primary result of public companies.

Source: MEF, SUNAT, Banco de la Nación, public charities, public institutions and companies.

**MACROECONOMIC REPORT: Q2-2013**

**Private investment grew 9.3 percent in Q2-2013**

For the fifth consecutive quarter, in Q2 domestic demand showed a higher growth rate (6.4 percent) than GDP.

**GROSS DOMESTIC PRODUCT BY TYPE OF EXPENDITURE**

(Annual growth rates )

|                        | Weight GDP<br>2012 1/ | 2012       |            |            | 2013       |            |
|------------------------|-----------------------|------------|------------|------------|------------|------------|
|                        |                       | Q1         | Q2         | Year       | Q1         | Q2         |
| <u>Domestic Demand</u> | <u>105.3</u>          | <u>4.8</u> | <u>7.5</u> | <u>7.4</u> | <u>8.0</u> | <u>6.4</u> |
| a. Private Consumption | 66.0                  | 6.0        | 5.8        | 5.8        | 5.2        | 5.3        |
| b. Public Consumption  | 9.8                   | -2.0       | 9.1        | 9.4        | 6.1        | 8.5        |
| c. Private investment  | 23.9                  | 13.3       | 13.7       | 13.5       | 8.1        | 9.3        |
| d. Public investment   | 5.4                   | 39.4       | 29.5       | 20.8       | 16.5       | 28.0       |
| Exports                | 17.7                  | 19.4       | -0.6       | 4.8        | -9.4       | 3.7        |
| Minus:                 |                       |            |            |            |            |            |
| Imports                | 23.0                  | 10.2       | 6.1        | 10.4       | 8.7        | 8.2        |
| <b>GDP</b>             | <b>100.0</b>          | <b>6.1</b> | <b>6.4</b> | <b>6.3</b> | <b>4.5</b> | <b>5.6</b> |

1/ At 1994 prices.

**GROSS DOMESTIC PRODUCT BY TYPE OF EXPENDITURE**

(Percentual contributions)

|                          | Weight GDP<br>2012 1/ | 2012       |            |            | 2013       |            |
|--------------------------|-----------------------|------------|------------|------------|------------|------------|
|                          |                       | Q1         | Q2         | Year       | Q1         | Q2         |
| <u>Domestic Demand</u>   | <u>105.3</u>          | <u>5.0</u> | <u>7.8</u> | <u>7.7</u> | <u>8.3</u> | <u>6.7</u> |
| a. Private Consumption   | 66.0                  | 4.1        | 3.9        | 3.9        | 3.5        | 3.6        |
| b. Public Consumption    | 9.8                   | -0.2       | 0.7        | 0.9        | 0.5        | 0.7        |
| c. Private investment    | 23.9                  | 3.1        | 2.9        | 3.0        | 2.0        | 2.1        |
| d. Public investment     | 5.4                   | 1.2        | 1.0        | 1.0        | 0.7        | 1.1        |
| e. change on inventories | 0.2                   | -3.3       | -0.7       | -1.0       | 1.5        | -0.8       |
| Exports                  | 17.7                  | 3.3        | -0.1       | 0.9        | -1.8       | 0.6        |
| Minus:                   |                       |            |            |            |            |            |
| Imports                  | 23.0                  | 2.2        | 1.3        | 2.3        | 2.0        | 1.7        |
| <b>GDP</b>               | <b>100.0</b>          | <b>6.1</b> | <b>6.4</b> | <b>6.3</b> | <b>4.5</b> | <b>5.6</b> |

1/ At 1994 prices.

In Q2-2013, GDP recorded a growth rate of 5.6 percent. This growth was led by the dynamism of non-primary sectors, which grew 6.4 percent, mainly as a result of increased activity in the sectors of construction (14.5 percent), commerce (6.4 percent), and services (6.1 percent). On the other

hand, primary sectors registered a growth rate of 1.4 percent, the increase in the sector of mining and hydrocarbons (4.8 percent) being offset by the drop of activity in fishing (-6.1 percent).

## Deficit in the current account of the balance of payments: 5.7 percent of GDP

In Q2-2013 the current account of the balance of payments recorded a deficit of 5.7 percent of GDP. As in previous quarters, this result continued to be covered by the financial account (6.0 percent of GDP), especially by medium-term and long-term capitals, which amounted to 10.0 percent of GDP. These capitals were associated with private bonds issued abroad and with foreign direct investment.

| <b>BALANCE OF PAYMENT</b>              |              |               |               |               |               |
|--|--------------|---------------|---------------|---------------|---------------|
| (Millions of US\$)                     |              |               |               |               |               |
|  | 2012         |               |               | 2013          |               |
|  | Q1           | Q2            | Year          | Q1            | Q2            |
| <b>I. CURRENT ACCOUNT BALANCE</b>      | <b>-671</b>  | <b>-1,927</b> | <b>-7,136</b> | <b>-2,662</b> | <b>-3,065</b> |
| <i>(As % of GDP)</i>                   | <i>-1.4</i>  | <i>-3.8</i>   | <i>-3.6</i>   | <i>-5.2</i>   | <i>-5.7</i>   |
| 1. Trade balance                       | 2,401        | 585           | 4,527         | 18            | -712          |
| a. Exports FOB                         | 11,974       | 10,586        | 45,639        | 10,243        | 9,808         |
| b. Imports FOB                         | -9,573       | -10,001       | -41,113       | -10,225       | -10,520       |
| 2. Services                            | -420         | -554          | -2,258        | -479          | -489          |
| 3. Investment income                   | -3,460       | -2,773        | -12,701       | -2,970        | -2,681        |
| 4. Current transfers                   | 808          | 815           | 3,296         | 769           | 818           |
| of which: Workers' remittances         | 678          | 690           | 2,788         | 639           | 687           |
| <b>II. FINANCIAL ACCOUNT</b>           | <b>6,572</b> | <b>4,188</b>  | <b>20,130</b> | <b>6,555</b>  | <b>3,245</b>  |
| 1. Private sector                      | 5,325        | 2,854         | 16,236        | 5,595         | 5,381         |
| 2. Public sector                       | 1,582        | 256           | 1,667         | 344           | -1,944        |
| 3. Short-term capital                  | -336         | 1,077         | 2,228         | 616           | -191          |
| <b>III. EXCEPTIONAL FINANCING</b>      | <b>1</b>     | <b>10</b>     | <b>19</b>     | <b>1</b>      | <b>0</b>      |
| <b>IV. NET ERRORS AND OMISSIONS</b>    | <b>769</b>   | <b>-220</b>   | <b>1,814</b>  | <b>640</b>    | <b>-314</b>   |
| <b>V. TOTAL</b>                        | <b>6,671</b> | <b>2,051</b>  | <b>14,827</b> | <b>4,533</b>  | <b>-133</b>   |
| <b>(V = I + II + III + IV) = (1-2)</b> |              |               |               |               |               |

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.

## The non-financial public sector registered a surplus of 3.9 percent of GDP in Q2-2013

The operations of the non-financial public sector recorded an economic surplus of 3.9 percent in Q2-2013. In this period, the current revenues of the general government were equivalent to 21.7 percent of GDP, while the current expenditure was equivalent to 17.6 percent of GDP.

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

|  | 2,012       |             |             | 2013        |             |
|--|-------------|-------------|-------------|-------------|-------------|
|  | Q1          | Q2          | Year        | Q1          | Q2          |
| <b>1. General government current revenues</b>          | <b>22.4</b> | <b>22.5</b> | <b>21.6</b> | <b>22.7</b> | <b>21.7</b> |
| a. Tax revenue   | 17.2        | 16.9        | 16.4        | 17.0        | 16.2        |
| b. Non-tax revenue                                     | 5.3         | 5.6         | 5.2         | 5.6         | 5.5         |
| <b>2. General government non-financial expenditure</b> | <b>14.2</b> | <b>15.7</b> | <b>18.6</b> | <b>15.0</b> | <b>17.6</b> |
| a. Current   | 11.1        | 11.5        | 13.1        | 11.6        | 12.5        |
| b. Capital   | 3.1         | 4.2         | 5.5         | 3.3         | 5.1         |
| <i>which: Gross Capital Formation</i>                  | 2.9         | 4.0         | 5.2         | 3.1         | 4.8         |
| <b>3. Others 2/</b>                                    | <b>0.2</b>  | <b>0.8</b>  | <b>0.3</b>  | <b>-0.2</b> | <b>0.7</b>  |
| <b>4. Primary Balance</b>                              | <b>8.5</b>  | <b>7.6</b>  | <b>3.2</b>  | <b>7.5</b>  | <b>4.8</b>  |
| <b>5. Interest</b>                                     | <b>1.4</b>  | <b>0.7</b>  | <b>1.1</b>  | <b>1.5</b>  | <b>0.9</b>  |
| Foreign  | 0.5         | 0.5         | 0.5         | 0.5         | 0.7         |
| Domestic   | 0.9         | 0.2         | 0.5         | 0.9         | 0.2         |
| <b>6. Overall Balance</b>                              | <b>7.1</b>  | <b>6.8</b>  | <b>2.2</b>  | <b>6.0</b>  | <b>3.9</b>  |
| <b>7. Financing</b>                                    | <b>-7.1</b> | <b>-6.8</b> | <b>-2.2</b> | <b>-6.0</b> | <b>-3.9</b> |
| Foreign  | 0.0         | -0.6        | -0.3        | -0.5        | -2.9        |
| Domestic   | -7.1        | -6.2        | -1.9        | -5.5        | -1.0        |

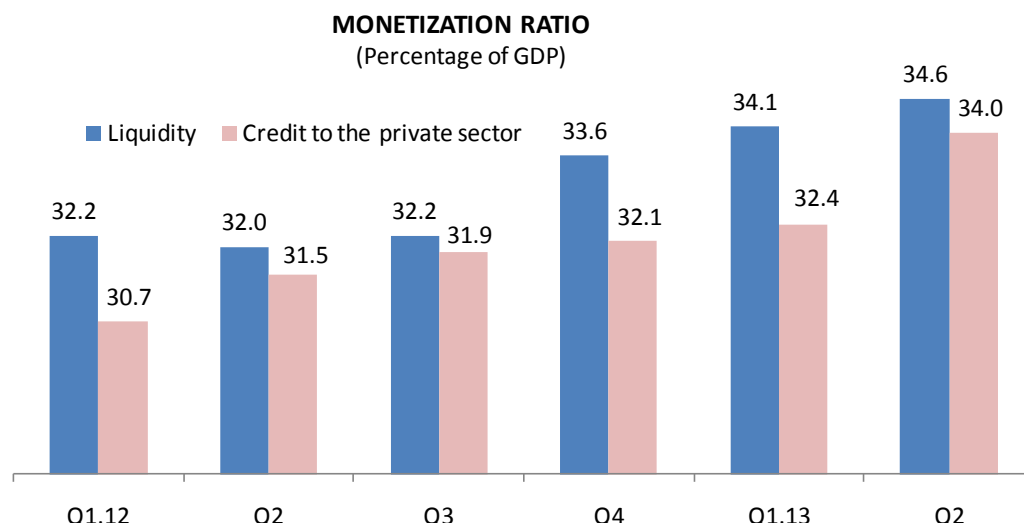
1/ Preliminary.

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.

### The ratio of monetization of liquidity continued rising and reached 34.6 percent of GDP in Q2-2013

The ratios of monetization, which measure the level of liquidity and the level of credit to the private sector as a percentage of GDP, continued showing a rising trend over the year. In Q2-2013, these indicators were equivalent to 34.6 percent and 34.0 percent of GDP, respectively.



## Total investment reached 28.4 percent of GDP in Q2-2013

In Q2-2013, **domestic investment** was equivalent to 28.4 percent of GDP, which represents an increase of 1.1 percentage points compared to the same quarter in 2012. This is explained by the expansion of gross private fixed investment, associated with the development of investment projects, and by the increase of public investment.

The increase of investment in Q2 was financed with external savings, which rose from 3.8 percent of GDP in Q2-2012 to 5.7 percent of GDP in Q2-2013. On the other hand, private savings recorded a decline of 0.7 percentage points due to the decrease recorded in public savings.

### SAVING - INVESTMENT GAP (As percentage of GDP)

|                         | 2012        |             |             | 2013        |             |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
|                         | Q1          | Q2          | Year        | Q1          | Q2          |
| <b>Total investment</b> | <b>26.1</b> | <b>27.3</b> | <b>26.9</b> | <b>29.2</b> | <b>28.4</b> |
| Gross Fixed Investment  | 27.9        | 24.4        | 26.6        | 29.6        | 26.4        |
| Private investment      | 24.1        | 20.5        | 21.4        | 25.3        | 21.6        |
| Public investment       | 3.8         | 3.9         | 5.2         | 4.3         | 4.8         |
| Change on inventories   | -1.8        | 2.9         | 0.3         | -0.4        | 2.1         |
| <b>Total savings</b>    | <b>26.1</b> | <b>27.3</b> | <b>26.9</b> | <b>29.2</b> | <b>28.4</b> |
| External saving 1/      | 1.4         | 3.8         | 3.6         | 5.2         | 5.7         |
| Domestic saving         | 24.6        | 23.5        | 23.3        | 24.0        | 22.7        |
| Private savings         | 14.4        | 12.4        | 15.5        | 14.6        | 13.9        |
| Public savings          | 10.3        | 11.1        | 7.8         | 9.5         | 8.9         |

1/ Positive signe indicas deficit in the current account of the balance of payment.

Source: BCRP.

