



Indicators

-  International reserves increased by US\$ 3.23 billion relative to end-2012
-  Exchange rate at S/. 2.77 per US dollar
-  GDP grew 4.5 percent in July
-  Country risk at 185 basis points

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International reserves amount to US\$ 67.22 billion

International reserves at September 17, 2013, totaled US\$ 67.22 billion. This amount of reserves is US\$ 3.23 billion higher than the amount of reserves recorded at end-2012 and US\$ 588 million than the one recorded at the end of August.



Corporate prime rate in dollars at 1.63 percent

On September 18, the corporate prime rate –the interest rate commercial banks charge to lower risk businesses– in US dollars showed a daily average rate of 1.63 percent. On the other hand, the corporate prime rate in soles recorded a daily average rate of 4.71 percent.

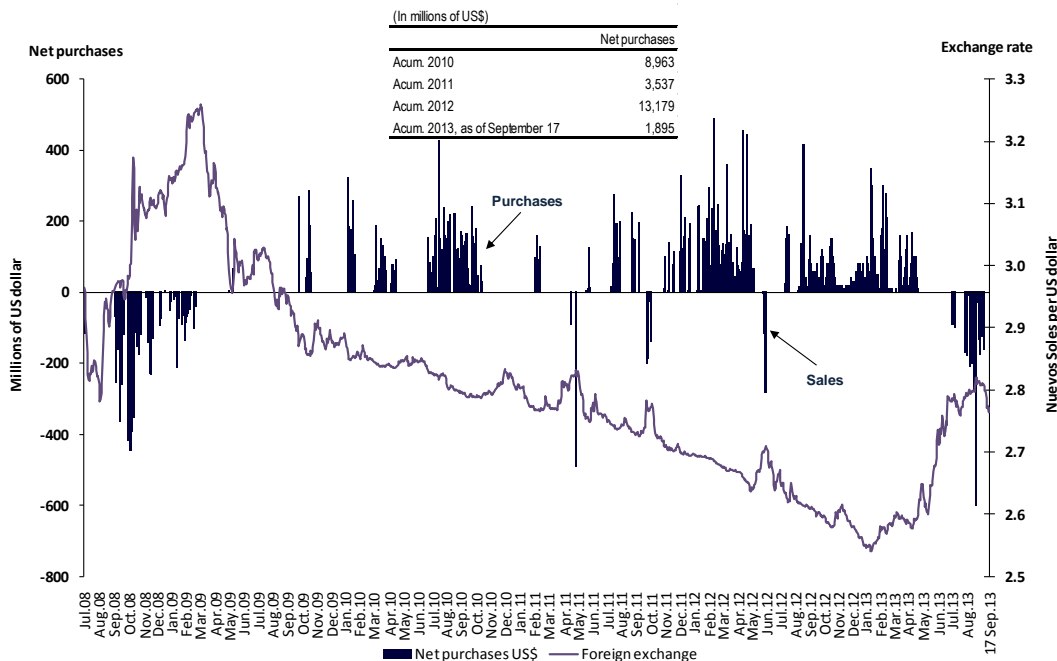
The corporate prime rate in soles is the closest in level to the rate of the Central Bank’s reference interest rate and tends to be the first to respond to the movements of and expectations about the monetary policy rate.

Exchange rate: S/. 2.77 per US dollar

On September 17, the average selling price of the dollar in the interbank market was S/. 2.77 per dollar.

Between 2012 and 2013, the Central Bank purchased foreign currency for a total of US\$ 19.07 billion and sold foreign currency for a total of US\$ 3.99 billion. In net terms, purchases of foreign currency exceed sales by US\$ 15.07 billion.

EXCHANGE RATE AND NET DOLLAR PURCHASE



Monetary and exchange operations

So far this month (at September 17), the Central Bank has sold foreign currency for a total of US\$ 325 million. Moreover, year-to-date the Central Bank has accumulated sales of FC for a total of US\$ 3.32 billion and purchases of FC for a total US\$ 5.21 billion, thus accumulating purchases of FC for a net total of US\$ 1.90 billion. The Central Bank also sold foreign currency for a total of US\$ 3.60 billion to the public sector. Moreover, the net internal assets of the BCRP increased by S/. 7.70 billion due mainly to net maturities of certificates of deposit (CDBCRP) and overnight deposits (S/. 5.51 billion).

BCRP OPERATIONS
(Millions of nuevos soles)

	BALANCE			FLOWS	
	Dec 31, 2012	Aug 31, 2013	Sep 17, 2013	2013*	Sep-13 *
I. NET INTERNATIONAL POSITION	117,462	122,937	120,561	-7,710	-638
(Millions of US\$)	46,063	43,750	43,524	-2,539	-226
1. Exchange Operations				-1,687	-374
a. Over the counter operations				1,895	-325
b. Public sector				-3,598	-50
2. Rest				-853	148
II. NET DOMESTIC ASSET	-85,217	-90,192	-88,331	7,695	124
1. Monetary Sterilization	-51,567	-49,652	-47,785	3,782	1,867
a. Certificates and Term deposits	-30,053	-25,633	-26,921	3,132	-1,288
BCRP Certificates of Deposit (CDBCRP)	-20,805	-23,021	-19,942	863	3,079
CDR BCRP	0	-2,612	-2,379	-2,379	233
Term Deposits	-9,248	0	-4,600	4,648	-4,600
b. Reserve requirements in Domestic Currency	-20,491	-21,493	-20,260	231	1,233
c. Other monetary operations	-1,024	-2,526	-604	420	1,922
2. Fiscal Sterilization	-39,939	-39,366	-40,053	-115	-687
3. Other	6,289	-1,174	-493	4,028	-1,056
III. CURRENCY **	32,244	32,745	32,230	-15	-515
(Monthly percentage change)	10.6%	-0.9%	-1.6%		
(Accumulated percentage change)	33.6%	1.6%	0.0%		
(YoY)	18.3%	16.5%	14.6%		

* As of September 17, 2013.

** Preliminary data.

Activity in the **agriculture sector** dropped 1.6 percent in July mainly as a result of climate anomalies and the yellow rust plague. The production of rice and potato was affected by the former, while the production of coffee was affected by the latter. Despite this, the sector accumulated a growth rate of 1.9 percent between January and July of this year.

The **fishing sector** registered an increase of 3.0 percent, with an increase in fish catch for direct human consumption due to a higher extraction of squid for the production of frozen products and a higher extraction of fish species for consumption as fresh fish and canned fish products. The sector accumulates a contraction of 1.5 percent in the first seven months of this year.

Production in the **mining and hydrocarbons sector** grew 3.5 percent, reflecting the higher production of copper at Antamina and Antapaccay; the increased extraction of zinc at Antamina; and the higher production of liquid hydrocarbons by Pluspetrol. The sector has grown 1.3 percent between January and July.

The **manufacturing sector** increased its production by 1.4 percent. Primary manufacturing fell 2.2 percent and non-primary manufacturing grew 2.0 percent. The industrial branches that showed a noteworthy growth included the branches associated with the iron and steel industry, electric machinery, construction materials, and plastics. With these results, the manufacturing sector accumulates a growth rate of 1.4 percent in the period of January-July.

The **construction sector** grew 11.4 percent, reflecting the dynamism observed in the real estate sector and in the construction of commercial and hotel facilities, as well as continuity in the implementation of public infrastructure, such as Vía Parque Rímac and stretch 2 of Lima Metro's Line 1. As a result of this, the construction sector accumulates a growth rate of 12.9 percent in the period of January-July.

Indicators – August 2013

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

- The catch of anchovy in August totaled 64.3 million tons according to the daily report of Instituto del Mar del Perú (IMARPE).
- The production of hydrocarbons grew 5.9 percent, according to Perupetro.
- The production of electricity increased 5.4 percent, according to the Comité de Operación Económica del Sistema Interconectado Nacional (COES).
- Local dispatches of cement increased from 876 thousand tons to 915 thousand tons between August 2012 and August 2013, according to Asociación de Productores de Cemento.

Operations of the non-financial public sector: August 2013

In August the operations of the non-financial public sector recorded a deficit of S/. 61 million, lower by S/. 160 million than the one observed in August 2012.

In August the current revenues of the general government increased 7.1 percent (S/. 9.86 billion). Driven by a higher spending in the national government (13.0 percent) and regional governments (9.6 percent), non-financial expenditure (S/. 8.63 billion) registered a real growth of 7.4 percent.

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

	August			January - August		
	2012	2013	Real % Chg.	2012	2013	Real % Chg.
1. General government current revenues	8,921	9,864	7.1	76,272	80,210	2.4
a. Tax revenue	6,715	7,391	6.6	57,899	60,257	1.3
National	6,547	7,208	6.6	56,476	58,618	1.0
Local	168	183	5.5	1,423	1,639	12.2
b. Non-tax revenue	2,207	2,473	8.5	18,373	19,952	5.7
National	1,909	2,148	9.0	15,785	17,399	7.3
Regional	60	66	6.3	713	573	-21.7
Local	238	258	5.0	1,875	1,980	2.8
2. General government non-financial expenditure	7,781	8,628	7.4	54,768	63,792	13.3
a. Current	5,336	6,038	9.6	40,776	46,311	10.5
b. Capital	2,445	2,591	2.6	13,993	17,482	21.6
<i>Of wich: Gross Capital Formation</i>	<i>2,196</i>	<i>2,479</i>	<i>9.3</i>	<i>13,187</i>	<i>16,389</i>	<i>20.9</i>
3. Others 2/	-258	-137		1,003	517	
4. Primary Balance	882	1,098		22,507	16,935	
5. Interests	1,103	1,159	1.7	4,204	4,759	10.1
6. Overall Balance	-221	-61		18,303	12,175	

1/ Preliminary.

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

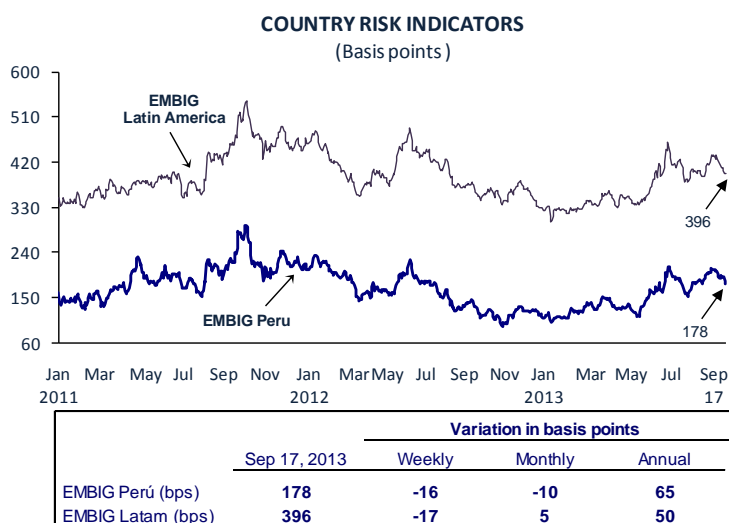
Source: MEF, SUNAT, Banco de la Nación, public charities, public institutions and companies.

International Markets

Country risk fell to 178 basis points

In September 10-17, the country risk indicator, measured by the **EMBIG Peru** spread, fell from 194 to 178 basis points.

Likewise, the EMBIG Latin America spread fell 17 basis points to 396 basis points amid a limited cut of the Federal Reserve asset purchase program and lower fears of a military intervention in Syria.



Price of gold dropped to US\$ 1,312.3 per troy ounce

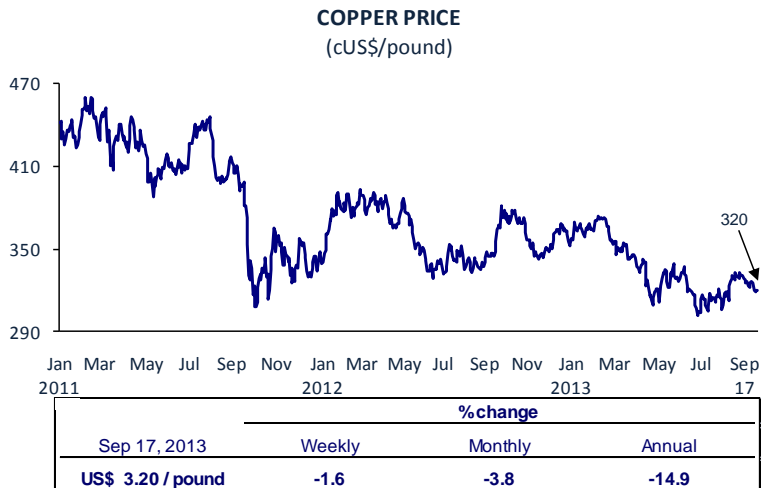
In the same period, the price of **gold** dropped 3.4 percent to US\$ 1,312.3 per troy ounce.

This decline in the price of gold was associated with the lower demand for hedge assets and with ETF's continuous liquidation of investment funds in September, although these liquidations showed a slower pace than in previous months. The decline in the price of gold was offset by a higher physical demand for this metal, especially from China.



Between September 10 and 17, the price of **copper** declined 1.6 percent to US\$ 3.20 per pound.

The price of this basic metal dropped due to the rising supply of copper to the London Metal Exchange (LME) and due to the lower demand for copper from industry in the Eurozone. Although the indicator reflecting this demand dropped more than expected in July, the drop in the price of copper was offset by China's demand for copper.



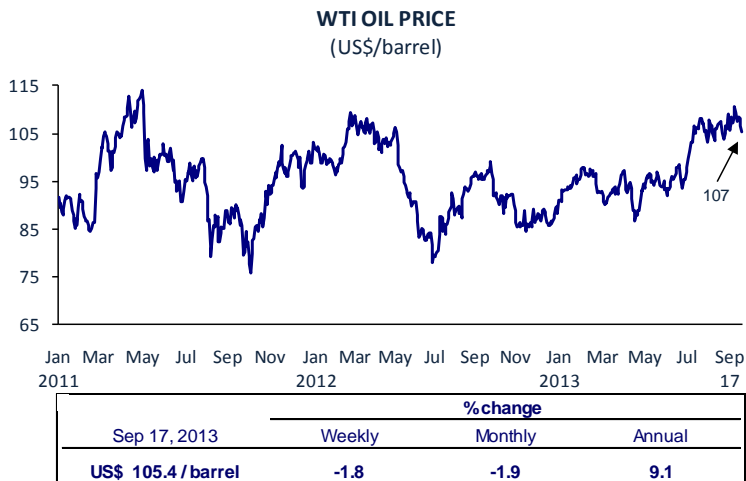
In the week of September 10 to 17, the price of **zinc** fell 0.8 percent to US\$ 0.83 per pound.

The price of zinc fell influenced mainly by expectations of a lower demand from the Eurozone. However, this price fall was offset by recent indicators showing a better evolution of activity in China.



In September 10-17, the price of **WTI crude oil** fell 1.8 percent to US\$ 105.4 per barrel.

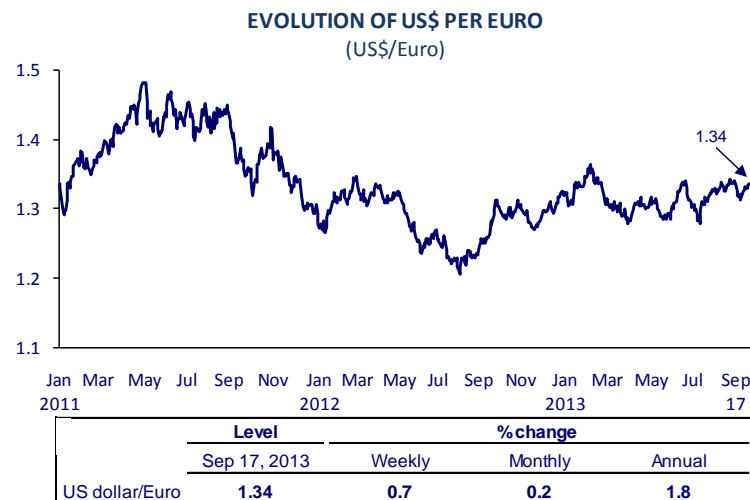
The price of crude dropped due to the rise of gasoline inventories in the United States as well as due to relief in supply concerns as a result of declining tensions about Syria. However, this price drop was offset by the fact that the International Energy Agency (IEA) revised down the forecast of the demand for crude oil for 2014.



US dollar depreciated against the euro

Between September 10 and 17, the **dollar** depreciated 0.7 percent against the **euro**.

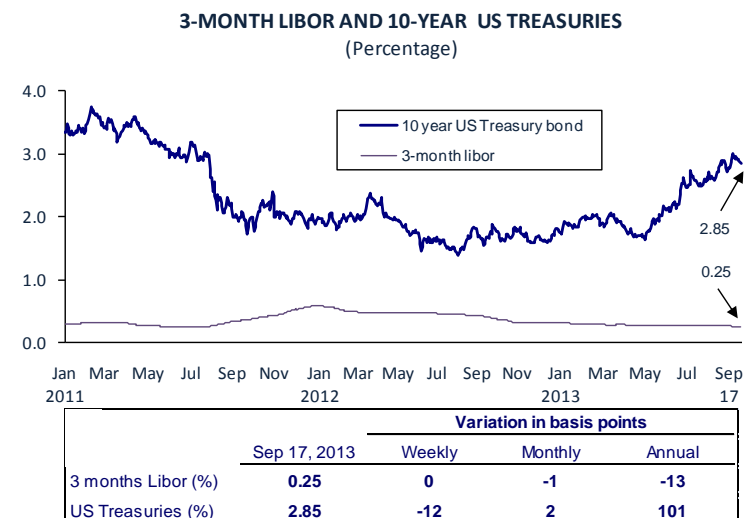
The dollar lost ground against the euro due to expectations associated with a limited cut in the Federal Reserve's asset purchase program and with the withdrawal of former Treasury Secretary Lawrence Summers as a potential candidate to replace Bernanke as Chairman of the FED.



Yield on 10-year US Treasuries at 2.85 percent

In the same period, the **3-month Libor** declined from 0.26 to 0.25 percent, while the yield on the **10-year US Treasury bonds** fell from 2.97 to 2.85 percent.

The yields on the US Treasury bonds showed a downward trend associated with a limited cut in the Federal Reserve's asset purchase program.

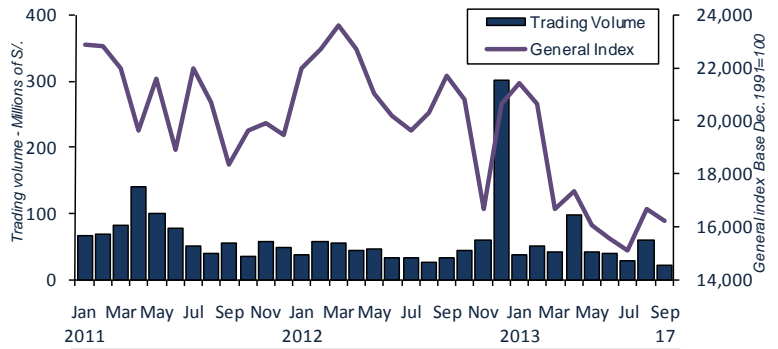


Lima Stock Exchange

So far this month, at September 17, the **General Index** of the Lima Stock Exchange (LSE) has fallen 2.7 percent, while the **Selective Index** of the LSE has fallen 4.3 percent.

In the week of September 10-17, the General Index fell 5.4 percent and the Selective Index fell 6.0 percent. The performance of the LSE indices was affected by the decline in the international prices of metals and by uncertainty regarding the meeting of the Federal Reserve early this week.

LIMA STOCK EXCHANGE INDICATORS



	As of:			
	Sep 17, 2013	Sep 10, 2013	Jul 31, 2013	Dec 31, 2012
General Index	16,197	-5.4	-2.7	-21.5
Selective Index	24,010	-6.0	-4.3	-22.5

Year-to-date, the indices of the LSE accumulate losses of 21.5 and 12.5 percent, respectively.

