



Indicators

	Inflation in Metropolitan Lima: 2.83 percent in September
	Corporate prime rate in dollars at 1.44 percent
	International reserves increased by US\$ 2.71 billion relative to end-2012
	Exchange rate remains at S/. 2.78 per US dollar
	Country risk at 180 basis points

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Business expectations on the optimistic segment

In September, all the indicators of business expectations reflected optimism, showing higher levels than the ones recorded in previous months. According to the Survey of Macroeconomic Expectations, indicators on both the situation of companies, economic sectors, and the economy all show higher levels.

The improvement observed in perceptions about the current situation of businesses (up from 56 to 58 points) and in expectations of demand 3 months ahead (up from 58 to 60 points) are worth pointing out.

All of the 10 indicators monitored in this survey show higher positive levels.

MAINLY RESULTS OF SURVEY OF MACROECONOMIC EXPECTATIONS

	July	August	September	
Business situation	52.0	56.1	57.7	▲
Sales level	52.9	54.1	55.3	▲
Inventories respect to the previous month	54.2	52.2	54.9	▲
Purchase orders respect to the previous month	50.8	50.7	52.3	▲
Financial situation	55.8	59.5	61.8	▲
Status of access to the business credit	58.9	63.8	64.3	▲
Expectation about the demand in the 3 months ahead	57.3	58.5	59.9	▲
Expectation about hiring of personnel in the 3 months ahead	50.9	51.7	52.2	▲
Expectation about the economy in the 3 months ahead	50.3	47.6	53.2	▲
Expectation about the sector in the 3 months ahead	51.3	50.9	54.9	▲

The results of the September Survey on Macroeconomic Expectations show that the rate of inflation expected for 2013 and for the next two years remains within the Central Bank's target range.

SURVEY OF MACROECONOMIC EXPECTATIONS: INFLATION (%)

	Survey date		
	Jul.31	Aug.31	Sep.30
ECONOMIC ANALYSTS 1/			
2013	2.6	2.7	3.0
2014	2.4	2.5	2.5
2015	2.4	2.4	2.5
FINANCIAL ENTITIES 2/			
2013	2.6	2.8	3.0
2014	2.5	2.5	2.7
2015	2.5	2.5	2.6
NON-FINANCIAL FIRMS 3/			
2013	2.8	3.0	3.0
2014	2.8	3.0	3.0
2015	3.0	3.0	3.0

^{1/} 21 analysts in July, 21 in August, and 18 in September 2013.

^{2/} 24 financial entities in July, 22 in August, and 22 in September 2013.

^{3/} 320 non-financial firms in July, 321 in August, and 325 in September 2013.

All the economic agents expect Peru's GDP to show a growth rate of 5.5 percent in 2013.

SURVEY OF MACROECONOMIC EXPECTATIONS: GDP (%)

	<u>Survey date</u>		
	Jul.31	Aug.31	Sep.30
ECONOMIC ANALYSTS 1/			
2013	5.7	5.5	5.5
2014	6.0	5.8	5.8
2015	6.0	6.0	6.0
FINANCIAL ENTITIES 2/			
2013	5.8	5.5	5.5
2014	5.8	5.7	5.6
2015	5.9	5.9	5.6
NON-FINANCIAL FIRMS 3/			
2013	6.0	5.5	5.5
2014	6.0	5.6	5.6
2015	6.0	6.0	5.9

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As regards the dollar/nuevo sol exchange rate, financial entities estimate that the US dollar will be traded at less than S/. 2.80 in 2013, while economic analysts and non-financial firms continue to estimate an exchange rate of S/. 2.80.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE*

	<u>Survey date</u>		
	Jul.31	Aug.31	Sep.30
ECONOMIC ANALYSTS 1/			
2013	2.75	2.80	2.80
2014	2.72	2.85	2.85
2015	2.70	2.85	2.90
FINANCIAL ENTITIES 2/			
2013	2.74	2.80	2.79
2014	2.73	2.80	2.81
2015	2.74	2.82	2.85
NON-FINANCIAL FIRMS 3/			
2013	2.75	2.80	2.80
2014	2.75	2.82	2.80
2015	2.78	2.90	2.85

^{1/} 21 analysts in July, 21 in August, and 18 in September 2013.

^{2/} 24 financial entities in July, 22 in August, and 22 in September 2013.

^{3/} 320 non-financial firms in July, 321 in August, and 325 in September 2013.

* Exchange rate at end of year.

Annual inflation at 2.83 percent, within the Central Bank's target range

In September, annual inflation registered a rate of 2.83 percent, rate within the Central Bank's target range. In the same period, inflation without food and energy showed an annual variation of 2.58 percent. Moreover, showing a lower rate than the one recorded in August (0.54 percent), the consumer price index in Metropolitan Lima registered a variation of 0.11 percent in September.

INFLATION
(Annual percentage change)

	Weight 2009=100	Monthly		12-month indicator		
		Aug. 2013	Sep. 2013	Sep. 2012	Aug. 2013	Sep. 2013
CPI	100.0	0.54	0.11	3.74	3.28	2.83
CPI without food and energy	56.4	0.14	0.08	2.14	2.46	2.58
Core inflation	65.2	0.31	0.22	3.47	3.56	3.60
Goods	32.9	0.38	0.24	2.80	2.97	3.02
Services	32.2	0.23	0.20	4.14	4.14	4.16
Non core inflation	34.8	0.99	-0.10	4.24	2.76	1.43
Food	14.8	1.36	-0.53	7.48	2.92	-0.17
Fuel	2.8	1.91	1.21	1.68	4.12	3.67
Transporting	8.9	0.04	0.06	2.23	3.22	3.24
Utilities	8.4	0.95	0.05	1.13	1.38	1.84

Three items contributed with 0.27 percentage points to increase inflation in September: chicken meat (0.12 percentage points), citrus fruits (0.08 percentage points), and meals outside the home (0.07 percentage points). On the other hand, three items contributed with -0.19 percentage points to reduce the inflation rate: fish (-0.13 percentage points), fresh legumes, and corn (-0.03 percentage points each).

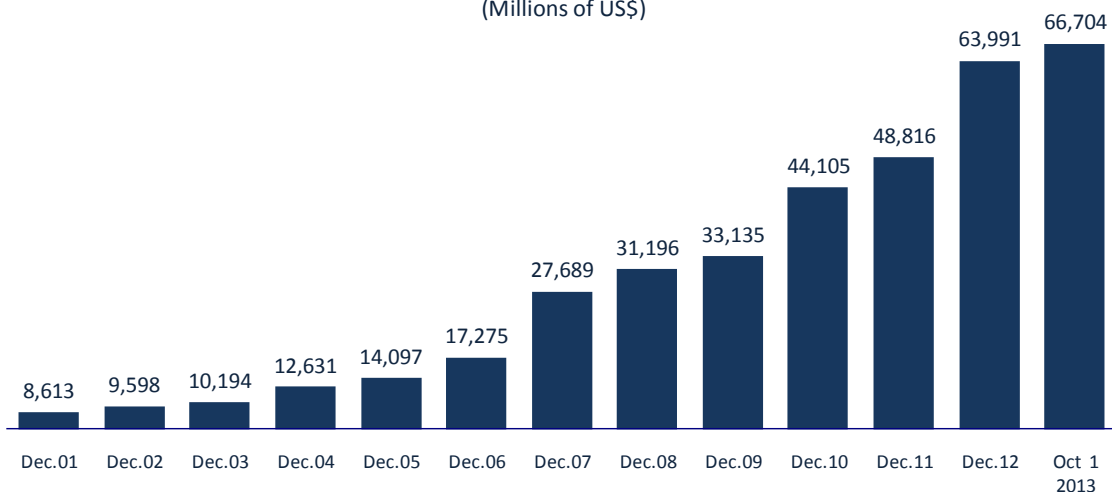
National inflation rate

In September inflation at the national level registered a rate of 0.22 percent (2.85 percent in the last 12 months). Price rises worth pointing out included the rise in the prices of eviscerated chicken, lemon, white potatoes, meals at restaurants, gas and electricity rates. The impact of these rises was offset by the lower prices of fish (fresh bonito and amberjack), corn, green peas, and ground garlic.

International reserves amount to US\$ 66.7 billion

International reserves on October 1, 2013, totaled US\$ 66.7 billion. This amount of reserves is US\$ 2.71 billion higher than the amount of reserves recorded at end-2012

INTERNATIONAL RESERVES
(Millions of US\$)



Corporate prime rate in dollars at 1.44 percent

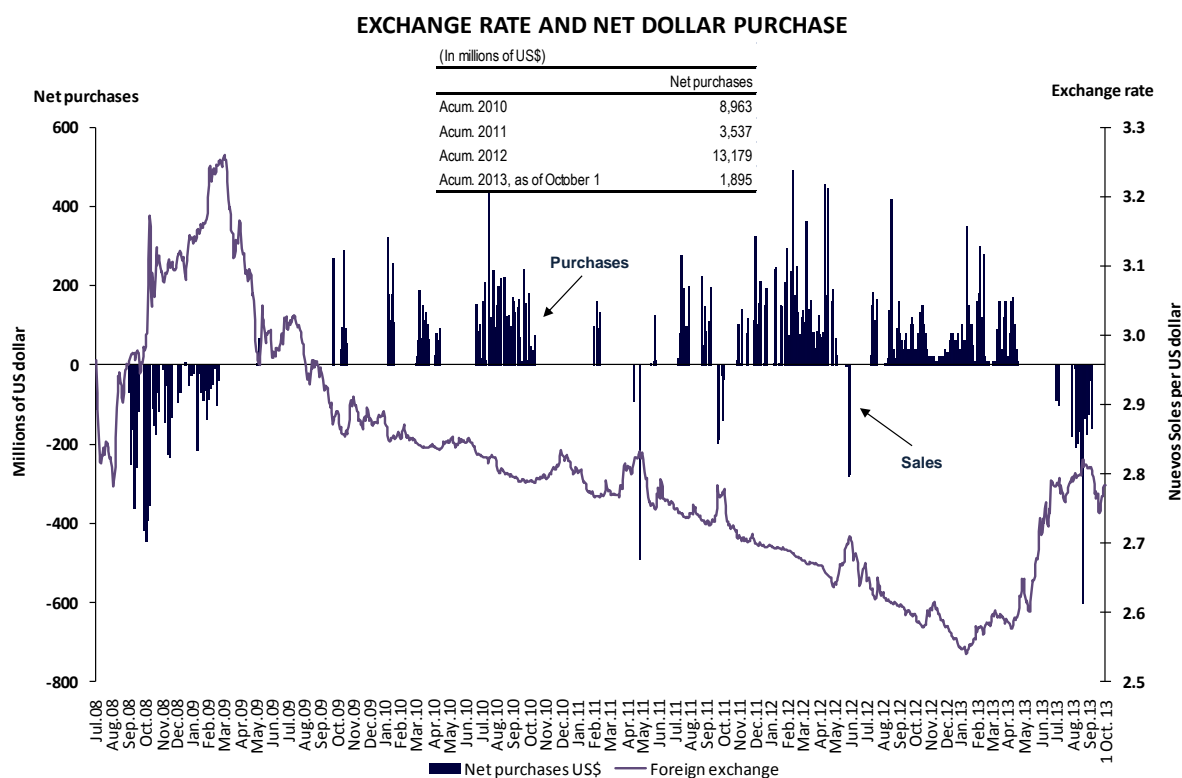
On October 1, the corporate prime rate –the interest rate commercial banks charge to lower risk businesses– in US dollars showed a daily average rate of 1.44 percent. On the other hand, the corporate prime rate in soles recorded a daily average rate of 4.71 percent.

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/. 2.78 per US dollar

On October 1, the average selling price of the dollar in the interbank market was S/. 2.78 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.



Monetary and exchange operations

Year-to-date (as of October 1), 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\$ 3.70 billion to the public sector. Moreover, the net internal assets of the BCRP increased by S/. 7.18 billion due mainly to net maturities of certificates of deposit (CDBCRP) and overnight deposits (S/. 9.14 billion).

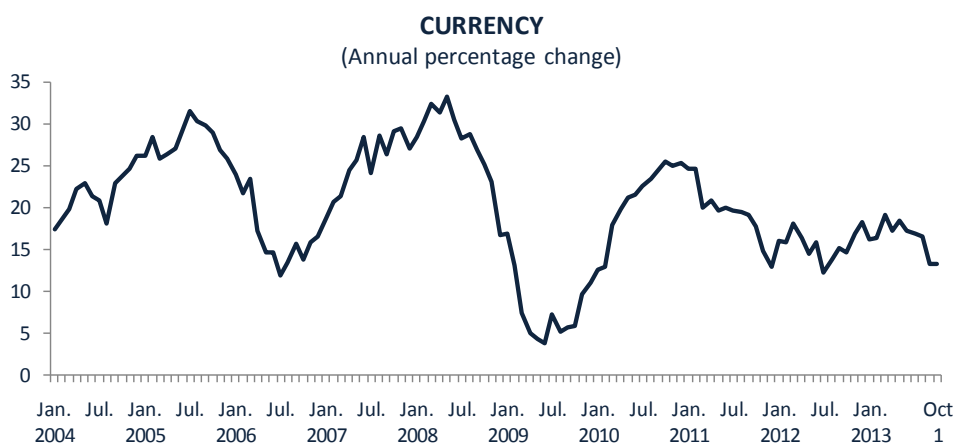
BCRP OPERATIONS
(Millions of nuevos soles)

	BALANCE			FLOWS	
	Dec 31, 2012	Sep 30, 2013	Oct 1, 2013	2013*	Oct-13*
I. NET INTERNATIONAL POSITION	117,462	121,516	121,513	-7,190	-3
(Millions of US\$)	46,063	43,711	43,710	-2,354	-1
1. Exchange Operations				-1,786	0
a. Over the counter operations				1,895	0
b. Public sector				-3,698	0
2. Rest				-568	-1
II. NET DOMESTIC ASSET	-85,217	-89,292	-89,284	7,175	8
1. Monetary Sterilization	-51,567	-47,543	-47,830	3,738	-286
a. Certificates and Term deposits	-30,053	-27,847	-23,157	6,896	4,690
BCRP Certificates of Deposit (CDBCRP)	-20,805	-20,913	-20,913	-108	0
CDR BCRP	0	-2,284	-2,244	-2,244	40
Term Deposits	-9,248	-4,650	0	9,248	4,650
b. Reserve requirements in Domestic Currency	-20,491	-17,797	-23,939	-3,449	-6,142
c. Other monetary operations	-1,024	-1,899	-733	291	1,166
2. Fiscal Sterilization	-39,939	-40,155	-39,905	34	250
3. Other	6,289	-1,594	-1,549	3,404	45
III. CURRENCY **	32,244	32,224	32,230	-15	5
(Monthly percentage change)	10.6%	-1.9%	0.0%		
(Accumulated percentage change)	33.6%	-0.1%	0.0%		
(YoY)	18.3%	13.2%	13.3%		

* As of October 1, 2013.

** Preliminary data.

Currency in circulation at October 1 showed a balance of S/. 32.23 billion and a growth rate of 13.3 percent in the last 12 months.



Credit to the private sector and liquidity at September 15

In the past four weeks (at September 15), **total credit to the private sector** grew 1.4 percent (S/. 2.60 billion). By currencies, credit in soles grew 2.5 percent (S/. 2.63 billion), while credit in

dollars grew 0.1 percent (US\$ 17 million). With this, total credit to the private sector accumulates an annual growth rate of 13.5 percent.

In the same period, **total liquidity** grew 1.0 percent (S/. 1.87 billion) and thus accumulated an annual growth rate of 16.1 percent. By currencies, liquidity in soles declined 1.5 percent (negative flow of S/. 1.89 billion), while liquidity in dollars grew 4.2 percent (US\$ 924 million).

Exports amounted to US\$ 3.94 billion in August

The value of exports in August totaled US\$ 3.94 billion, while the value of imports amounted to 3.94 billion. Thus, the value of imports slightly exceeded exports by US\$ 3 million. In the period of January-August, exports amounted to US\$ 27.39 billion and imports amounted to US\$ 28.45 billion, as a result of which the latter exceeded the former by US\$ 1.06 billion.

TRADE BALANCE (Millions of US\$)

	2012	2013		% chg. August		January - August		
	Aug.	Jul.	Aug.	Previous month	12 months	2012	2013	% chg.
Exports	3,867	3,302	3,935	19.2	1.8	30,111	27,388	-9.0
Traditional products	2,857	2,390	3,029	26.7	6.0	22,650	20,298	-10.4
Non-traditional products	987	894	889	-0.6	-9.9	7,230	6,908	-4.5
Other	23	18	18	-1.6	-21.8	230	182	-20.9
Imports	3,796	3,762	3,938	4.7	3.8	27,099	28,445	5.0
Consumption goods	753	781	768	-1.7	2.0	5,253	5,703	8.6
Raw materials	1,794	1,732	1,915	10.6	6.8	12,734	13,250	4.0
Capital goods	1,234	1,234	1,219	-1.2	-1.3	8,950	9,360	4.6
Other goods	14	15	35	144.5	145.9	162	132	-18.5
Trade balance	71	-460	-3			3,011	-1,057	

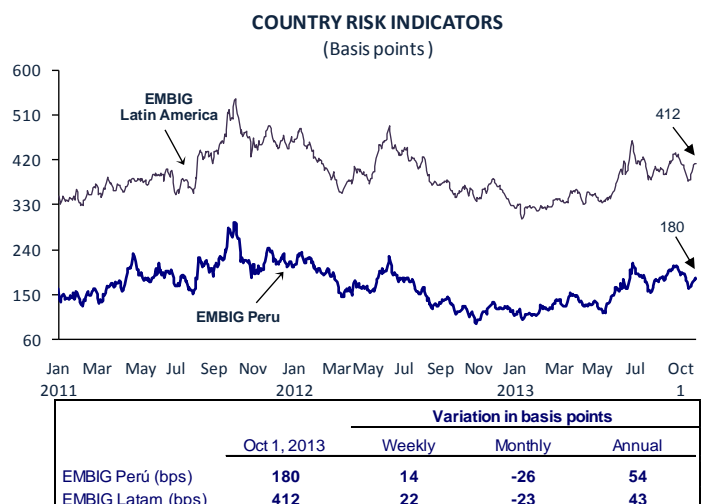
Source: SUNAT.

International Markets Country risk at 180 basis points

On **October 1**, the **EMBIG Peru** indicator registered 180 bps and the **EMBIG Latin America** registered 412 bps.

In **September**, the average country risk indicator, measured by the **EMBIG Peru** spread, decreased from 191 bps in August to 182 basis points.

Moreover, the average Latin America spread fell 5 bps to 404 bps in **September** in a context marked by the Federal Reserve's unexpected decision to maintain its asset purchase program and by lower fears of a military intervention in Syria.



Price of gold reached US\$ 1,290.8 per troy ounce

On **October 1**, the price of **gold** registered US\$ 1,290.8 per troy ounce.

In **September**, the average price of **gold** was US\$ 1,348.8 per troy ounce, 0.1 percent higher than in the previous month.

This rise in the price of gold is explained by the Federal Reserve's unexpected decision to maintain monetary stimulus and by higher physical demand for this metal, especially from China at the beginning of the month. The increase in the price of gold was offset by investors' continuous liquidation of their gold positions.

On **October 1**, the price of **copper** was US\$. 3.27/pound.

In **September**, the price of **copper** showed an average level of US\$ 3.25 per pound, 0.3 percent lower than in August.

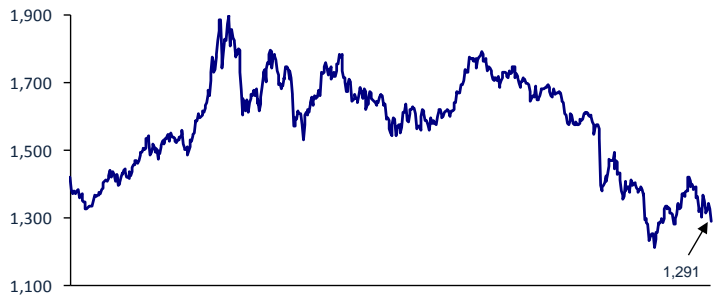
The decline in the price of this basic metal in September is explained by higher inventories at the London Metal Exchange (LME). However, expectations that China's GDP would record a higher growth rate in 2013 offset the decrease in the price of copper.

On **October 1**, the price of **zinc** posted US\$ 0.84 per pound.

The average price of **zinc** in **September** was US\$ 0.84 per pound, 2.5 percent lower than in the previous month.

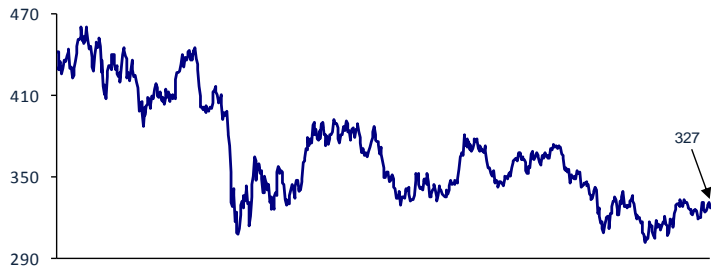
This lower price of zinc is explained by the high level of global inventories, by the increase observed in zinc production, especially in China, and by expectations of a lower demand from the Eurozone.

GOLD PRICE
(US\$/troy ounce)



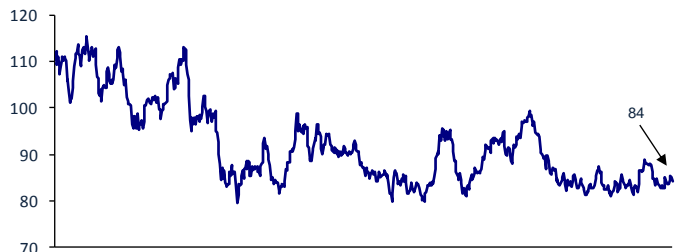
Oct 1, 2013	%change		
	Weekly	Monthly	Annual
US\$ 1,290.8 / troy oz.	-1.8	-8.3	-27.3

COPPER PRICE
(cUS\$/pound)



Oct 1, 2013	%change		
	Weekly	Monthly	Annual
US\$ 3.27 / pound	1.1	0.1	-12.7

ZINC PRICE
(cUS\$/pound)

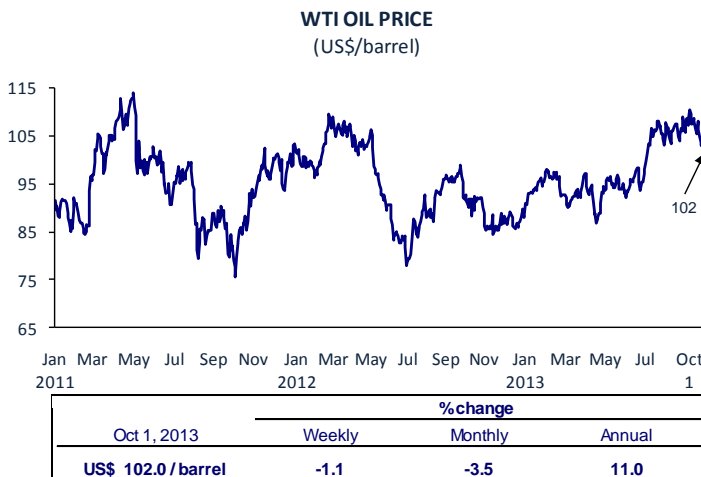


Oct 1, 2013	%change		
	Weekly	Monthly	Annual
US\$ 0.84 / pound	0.4	-2.6	-11.3

On **October 1**, the price of **WTI oil** recorded US\$ 102.0 per barrel.

The average price of **WTI crude oil** in **September** was US\$ 106.3 per barrel, 0.3 percent lower than in August.

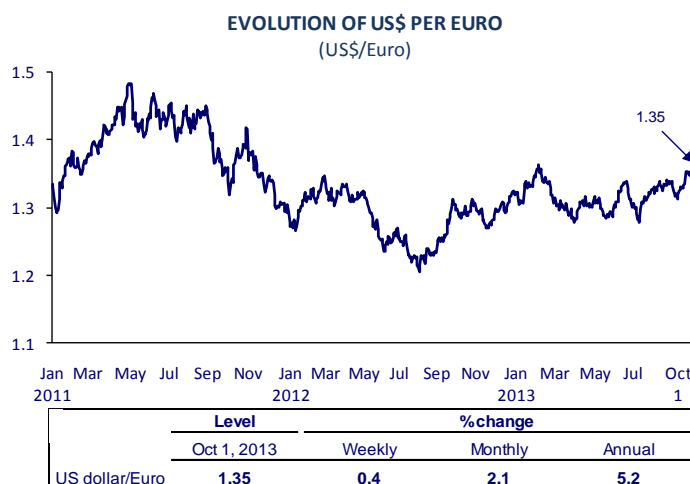
The fall in the price of crude oil was influenced by the decline of tensions about Syria at the end of the month as well as by the higher supply provided by Iraq and South Sudan. However, this price fall was offset by lower inventories of crude in the United States.



US dollar-euro exchange rate: 1.35 dollars per euro

On **October 1**, the **euro** was traded at 1.35 dollars.

In **September**, the **dollar** depreciated 0.3 percent on average against the **euro** in a context marked by the Federal Reserve's unexpected decision to maintain its bond buying program, by the withdrawal of former Treasury Secretary Lawrence Summers as a potential candidate to the Fed, and by uncertainty that the possibility of a U.S. government shutdown generated.



Yield on 10-year US Treasuries at 2.65 percent

On **October 1**, the **3-month Libor** registered 0.25 percent and the yield on the **10-year US Treasuries** registered 2.65 percent.

In **September**, the **3-month Libor** fell on average by one basis point to 0.25 percent, while the yield on the **10-year US Treasuries** recorded a rate of 2.80 percent, 7 basis points higher than in the previous month. This rise was associated with a lower demand for hedge assets as a result of lower concerns about Syria.

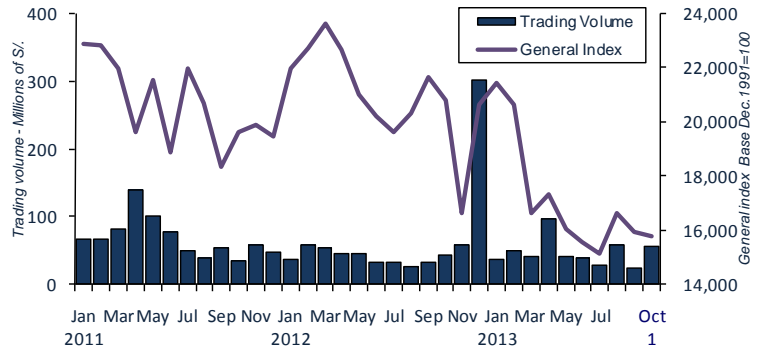


Lima Stock Exchange

In **September**, the **General Index** and the **Selective Index** of the Lima Stock Exchange (LSE) fell 4.4 and 7.2 percent, respectively.

The negative results recorded by the stock exchange indices are associated with the decline in the international prices of metals and with investors' caution associated with uncertainty early in September about the meeting of the Federal Reserve.

LIMA STOCK EXCHANGE INDICATORS



	As of:		% change compared to:	
	Oct 1, 2013	Sep 24, 2013	Jul 31, 2013	Dec 31, 2012
General Index	15,791	-0.7	-5.2	-23.5
Selective Index	23,143	-1.2	-7.7	-25.3

Year-to-date (at **October 1**), the General Index and the Selective Index of the Lima Stock Exchange accumulate losses of 23.5 and 25.3 percent, respectively.

