



Indicators

	Trade surplus of US\$ 480 million in December
	Inflation: 0.32 percent in January
	Exchange rate: S/. 2.82 per US dollar
	Country risk at 200 basis points

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Trade balance recorded a surplus of US\$ 480 million in December

With exports amounting to US\$ 3.63 billion and imports amounting to US\$ 3.15 billion, the trade balance recorded a surplus of US\$ 480 million in December, the highest balance in the last twelve months.

In monthly terms, exports in December grew 11.5 percent compared to November.

In the last month of 2013, the volume of exports grew 4.4 percent in annual terms, while the prices of exports dropped 13.2 percent.

On the other hand, imports decreased 7 percent compared to the previous month and registered a nominal increase of 0.8 percent compared to December 2012.

In 2013 the trade balance was negative by US\$ 365 million given that in exports in 2013 totaled US\$ 41.83 billion and imports in the same period totaled US\$ 42.19 billion.

TRADE BALANCE (Million US\$)

	2013			% Chg.
	Nov.	Dec.	Year	Dec.13/Nov.13
Exports	3,257	3,633	41,826	11.5
Traditional products	2,212	2,553	30,659	15.4
Non-traditional products	1,034	1,067	10,929	3.2
Other	12	14	238	17.8
Imports	3,388	3,153	42,191	-7.0
Consumption goods	784	680	8,828	-13.3
Raw materials	1,495	1,465	19,503	-2.0
Capital goods	1,092	985	13,649	-9.8
Other goods	16	23	211	40.8
Trade balance	-131	480	-365	

Source: SUNAT.

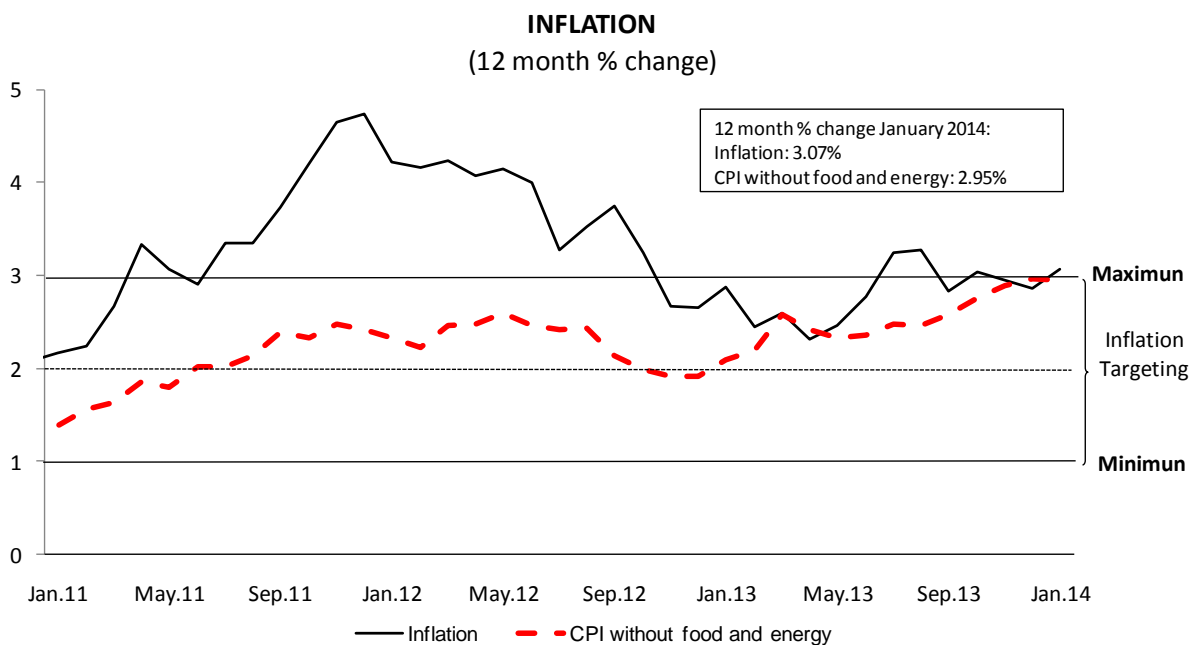
Inflation in Metropolitan Lima: 0.32 percent in January

The consumer price index in Metropolitan Lima showed a variation of 0.32 percent in January and a variation of 3.07 percent in the last 12 months. Inflation without food and energy increased 0.03 percent in the month and 2.95 percent in the last 12 months.

INFLATION (Annual percentage change)

	Weight 2009=100	December 2013		January 2014	
		Month	12 months	Month	12 months
CPI	100.0	0.17	2.86	0.32	3.07
Food and energy	43.6	-0.21	2.73	0.66	3.20
Food	37.8	-0.4	2.2	0.8	2.8
Energy	5.7	1.1	6.1	-0.1	5.7
CPI without food and energy	56.4	0.48	2.97	0.03	2.95
Goods	21.7	0.2	2.6	0.2	2.8
Services	34.8	0.7	3.2	-0.1	3.0
Of which:					
Education	9.1	0.0	4.8	0.0	4.8
Rent	2.4	0.0	3.5	0.3	3.7
Health	1.1	0.8	5.0	0.7	4.9

Source: INEI.



Three items contributed with 0.26 percentage points to increase inflation in January: chicken (0.14 percentage points), meals outside the home (0.07 percentage points), and citrus fruits (0.05 percentage points). On the other hand, three items contributed with -0.11 percentage points to

reduce the rate of inflation in the month: electricity rates (-0.05 percentage points), domestic transportation, and urban fares (-0.03 percentage points each).

National inflation rate

The rate of inflation at the national level in January was 0.24 percent. Price rises worth pointing out included the rise in the prices of chicken, tangerines, and menu meals in restaurants. It is also worth pointing out on the other hand the drop in the prices of lemons, yellow mackerel, white potatoes, eggs, and interprovincial bus tickets.

The national inflation rate in the last 12 months was 3.20 percent. The cities with the higher rates of inflation were Cusco, Arequipa, and Puno due to the price rises registered in meals outside the home, urban fares, education (tuition and fees), and electricity rates.

Monetary and exchange operations

So far in February, the Central Bank has made the following operations:

1. BCRP CDs: Placements for a total of S/. 50 million at an average rate of 3.81 percent.
2. Repos: Net placements amounting to S/. 2.40 billion (daily average of S/. 2 billion at an average rate of 4.70 percent).
3. CDR-BCRP: Placements for a total of S/. 300 million at an average rate of 0.14 percent and maturities for a total of S/. 140 million, with net placements of CDR-BCRP amounting to S/. 160 million.
4. Interventions in the foreign exchange market: The BCRP sold foreign currency for a total of US\$ 290 million.

BCRP OPERATIONS

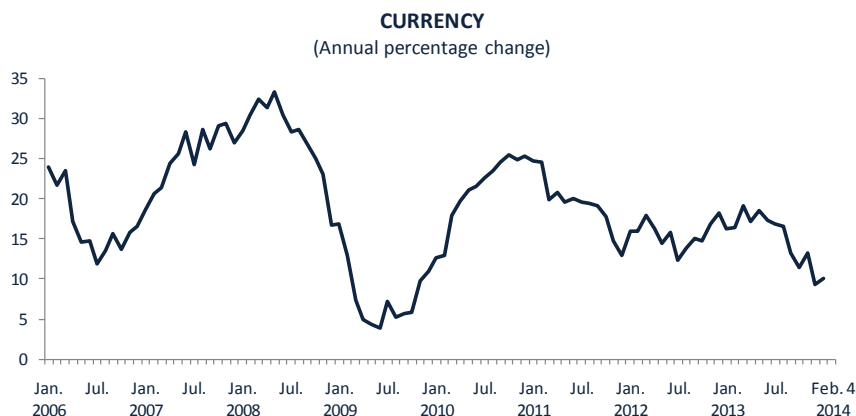
(Million S/.)

(Currency = Net international position + Net domestic asset)

	Balance			Flows	
	Dec 31, 2013	Jan 31, 2014	Feb 4, 2014	2014*	Feb-14 *
CURRENCY (a+b)	35,238	34,038	34,324	-914	285
(YoY)	9.3%	10.0%	8.2%		
NET INTERNATIONAL POSITION (a)	115,072	112,836	112,345	-3,554	-492
(Million US\$)	41,097	40,013	39,839	-1,258	-174
NET DOMESTIC ASSET (b)	-79,834	-78,798	-78,021	2,640	777
1. Monetary Sterilization	-42,651	-41,467	-43,142	-491	-1,674
a. Certificates and Term deposits	-22,103	-23,227	-23,437	-1,334	-210
BCRP Certificates of Deposit (CDBCRP)	-18,992	-17,793	-17,843	1,150	-50
CDR BCRP	-3,111	-5,435	-5,595	-2,484	-160
b. Reserve requirements in Domestic Currency	-16,699	-16,010	-18,318	-1,620	-2,308
c. Other monetary operations	-3,849	-2,230	-1,387	2,463	844
2. Fiscal Sterilization	-36,646	-37,877	-37,538	-892	339
3. Repos	950	2,600	5,000	4,050	2,400
4. Other	-1,487	-2,053	-2,342	-28	-288

* As of February 4, 2014.

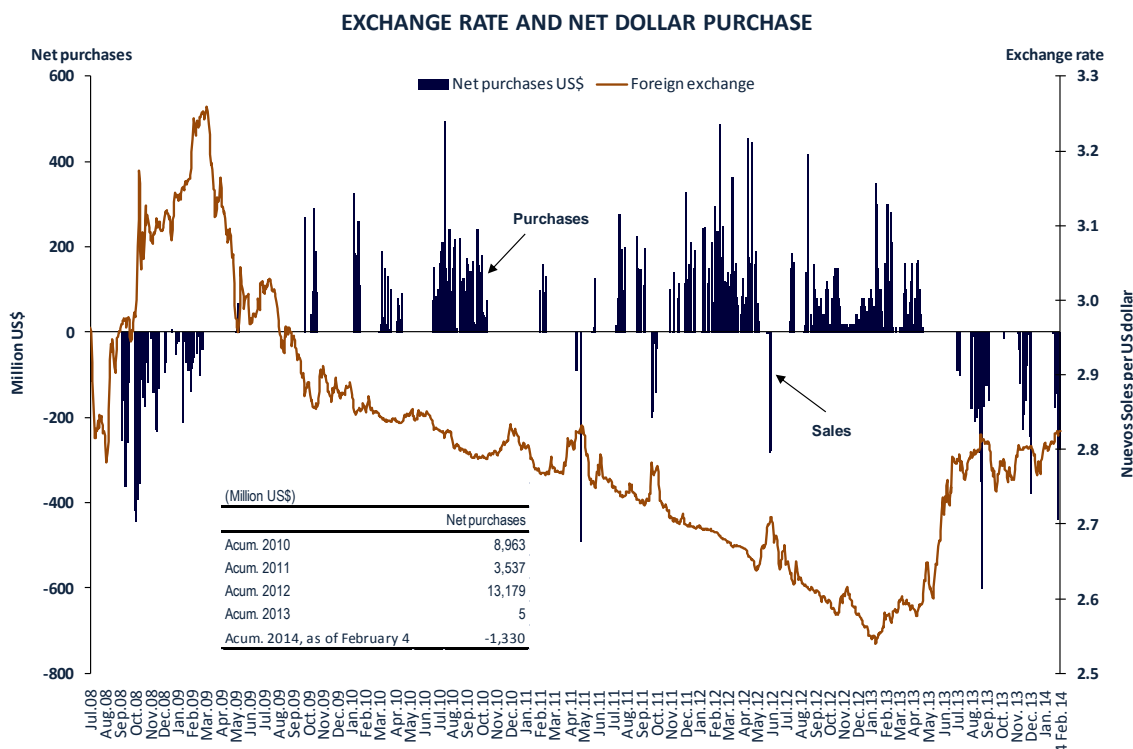
Currency in circulation at February 4, 2014, showed a balance of S/. 34.32 billion and a growth rate of 8.2 percent in the last 12 months.



Exchange rate: S/. 2.82 per US dollar

On February 4, the average selling price of the dollar in the interbank market was S/. 2.82 per dollar.

Since 2012 the Central Bank has purchased foreign currency for a total of US\$ 19.07 billion and sold foreign currency for a total of US\$ 7.21 billion. In net terms, the BCRP purchases of foreign currency are higher than sales by US\$ 11.85 billion. In the week ended on February 4, the BCRP sold foreign currency for a total of US\$ 860 million.



International reserves amount to US\$ 64.99 billion

At February 4, 2014, international reserves amounted to US\$ 64.99 billion and the foreign exchange position of the BCRP was US\$ 39.84 billion.

Credit to the private sector and liquidity at January 15

Total credit to the private sector in the last four weeks decreased 0.7 percent (negative flow of S/. 1.37 billion). By currencies, credit in soles decreased 0.1 percent (negative flow of S/. 150 million), while credit in dollars decreased 1.5 percent (negative flow of US\$ 437 million). As a result of this, credit to the private sector registered an annual growth rate of 12.8 percent.

On the other hand, **total liquidity in the private sector** grew 1.1 percent (S/. 2.26 billion), as a result of which liquidity in the private sector accumulated a growth rate of 11.3 percent in the last twelve months. By currencies, liquidity in soles grew 1.8 percent (S/. 2.38 billion), while liquidity in dollars declined 0.2 percent (negative flow of US\$ 43 million).

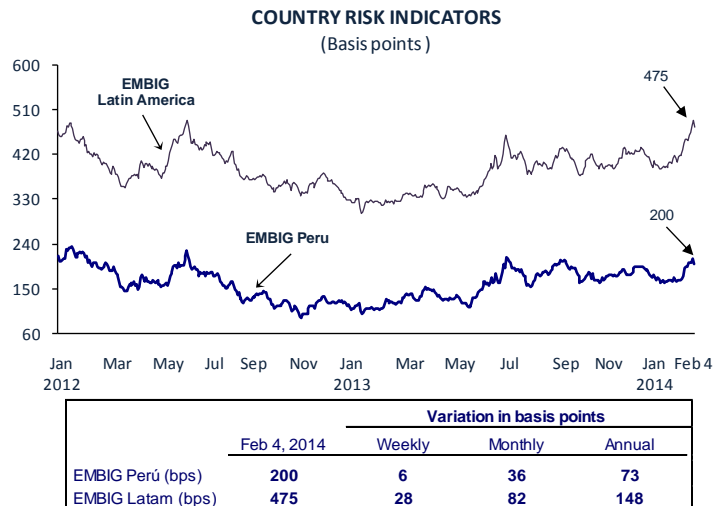
International Markets

Country risk at 200 basis points

On **February 4**, the **EMBIG Peru** indicator recorded 200 bps and the EMBIG LatAm recorded 475 bps.

In **January**, the average country risk, measured by the **EMBIG Peru** spread, remained at 177 bps.

On the other hand, the average **Latin America** spread rose 16 basis points to 423 bps due to volatility in the emerging markets, signs of a slowdown in China, and the Federal Reserve's decision to reduce its asset purchase program.

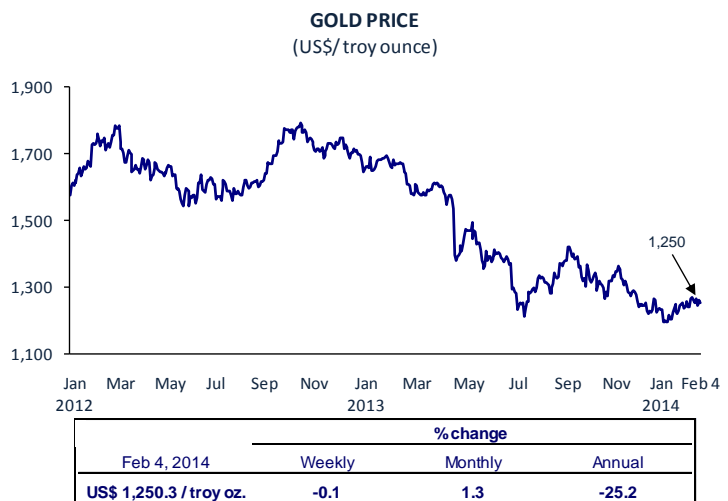


Price of gold at US\$ 1,250.3 per troy ounce

On **February 4**, the price of **gold** registered US\$ 1,250.3 per troy ounce.

In **January**, the mean price of **gold** was US\$ 1,244.8 per troy ounce, 1.8 percent higher than in the previous month.

The price of gold was associated with the drop of the international stock indices, which increased the demand for this precious metal as a hedge asset, amid a context of greater purchases of gold from China before the Chinese Lunar New Year holidays.

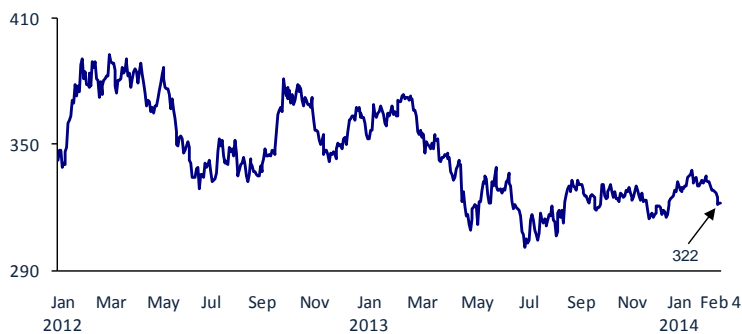


The price of **copper** on **February 4** was US\$ 3.22 per pound.

In **January**, the price of **copper** rose 1.3 percent relative to December and showed an average price of US\$ 3.31 per pound.

The rise in the price of copper was supported by signs of low availability of copper in the warehouses of the London Metal Exchange (LME) due to delays in copper shipments as a result of strikes in Chilean ports.

COPPER PRICE
(cUS\$/pound)



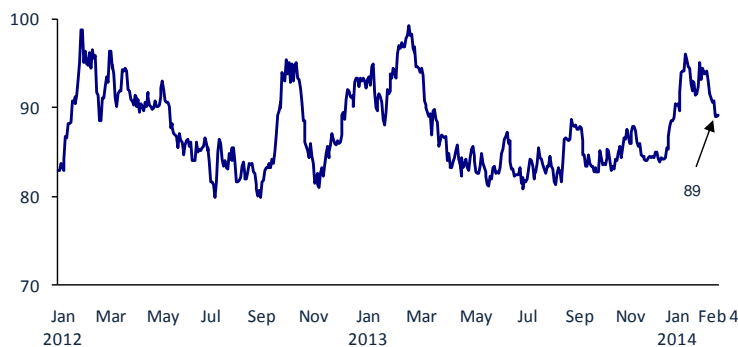
Feb 4, 2014	%change		
	Weekly	Monthly	Annual
US\$ 3.22 / pound	-1.5	-3.1	-13.6

On **February 4**, the price of **zinc** was US\$ 0.89 per pound.

The average price of **zinc** in **January** was US\$ 0.93 per troy ounce, 3.3 percent higher than in the previous month.

The increase in the price of zinc in January reflected the information provided by a report of the International Lead and Zinc Study Group (ILZSG) which pointed out a deficit in the global market of refined zinc between January and November 2013, as well as a tight supply in the short term.

ZINC PRICE
(cUS\$/pound)



Feb 4, 2014	%change		
	Weekly	Monthly	Annual
US\$ 0.89 / pound	-1.6	-3.9	-8.2

On **February 4**, the price of **WTI crude oil** was US\$ 97.2 per barrel.

The average price of **WTI oil** in **January** was US\$ 94.8/barrel, a price level 3.1 percent lower than in December.

The decline in the price of crude in January was associated with reports indicating an increase of oil production in Iran and Libya and the resumption of operations in a key North Sea oilfield. However, this decline was offset by expectations of an increased demand for fuel due to the cold wave affecting the United States.

WTI OIL PRICE
(US\$/barrel)

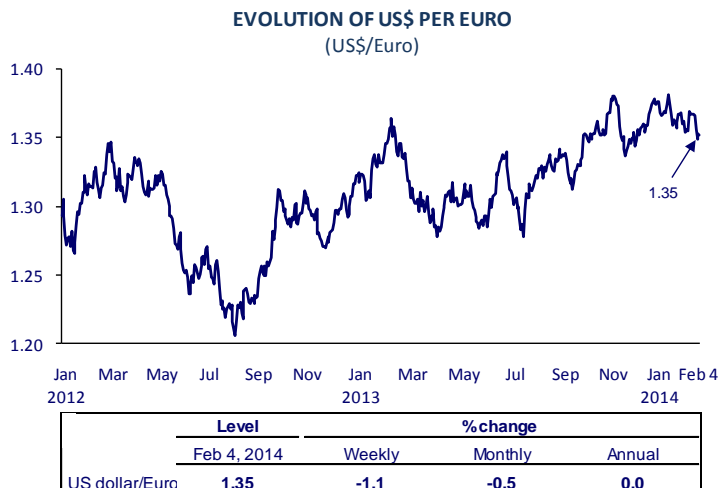


Feb 4, 2014	%change		
	Weekly	Monthly	Annual
US\$ 97.2 / barrel	-0.2	3.4	1.1

Dollar-euro exchange rate: US\$ 1.35 per euro

On **February 4**, the **US dollar-euro** exchange rate was US\$ 1.35 per euro.

In **January**, the dollar appreciated 0.7 percent on average against the euro as a result of the Federal Reserve's decision to reduce its asset purchase program.



Yield on 10-year US Treasuries at 2.63 percent

On **February 4**, the **3-month Libor** recorded 0.24 percent and the yield on the **10-year US Treasury bonds** recorded 2.63 percent.

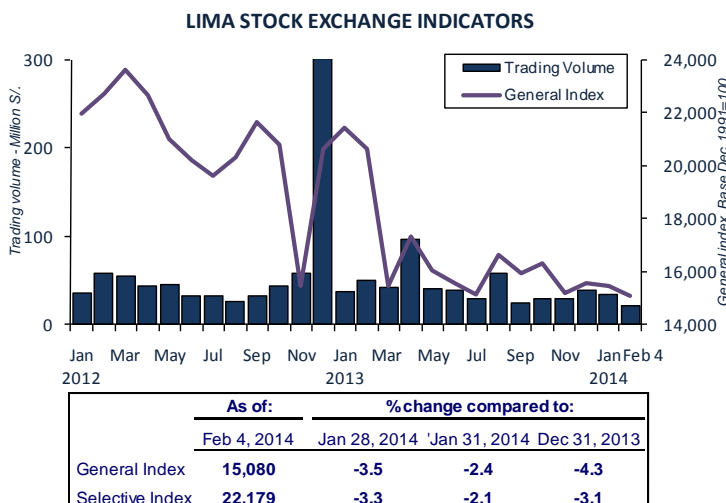
In **January**, the **3-month Libor** remained at 0.24 percent while the yield on the **10-year US Treasury bonds** recorded a rate of 2.84 percent, a level 6 bps lower than in the previous month, due to concerns about an economic slowdown in China and volatility in the emerging economies.



Lima Stock Exchange

In **January**, the **General Index** of the Lima Stock Exchange (LSE) fell 1.9 percent and the **Selective Index** of the LSE fell 1.0 percent.

The LSE showed a similar conduct to the one observed in the major stock markets in the regions, affected by the liquidation of investors' positions due to the Federal Reserve's decision to reduce its asset purchase program and uncertainty about the emerging markets.



So far this year, the indices of the LSE have fallen 4.3 percent and 3.1 percent, respectively.

