



Indicators

	Exchange rate: S/. 2.80 per US dollar
	Inflation grew 0.60 percent in February
	Country risk at 173 basis points

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BCRP Survey on Macroeconomic Expectations: February 2014

The results of the BCRP Survey on Macroeconomic Expectations conducted in February show that the rates of inflation expected for 2014 remain within the Central Bank's target range.

SURVEY OF MACROECONOMIC EXPECTATIONS: INFLATION (%)

	<u>Survey date</u>		
	Dec.31	Jan.31	Feb.28
ECONOMIC ANALYSTS 1/			
2014	2.6	2.6	2.6
2015	2.5	2.5	2.5
FINANCIAL ENTITIES 2/			
2014	2.8	2.7	2.6
2015	2.6	2.6	2.5
NON-FINANCIAL FIRMS 3/			
2014	3.0	2.9	3.0
2015	3.0	3.0	3.0

1/ 18 analysts in December 2013, 22 in January 2014, and 21 in February.

2/ 23 financial entities in December 2013, 20 in January 2014, and 20 in February.

3/ 323 non-financial firms in December 2013, 355 in January 2014, and 361 in February.

Economic analysts estimate a growth rate of 5.6 percent in 2014, while financial entities and non-financial firms estimate a rate of 5.5 percent.

SURVEY OF MACROECONOMIC EXPECTATIONS: GDP (%)

	<u>Survey date</u>		
	Dec.31	Jan.31	Feb.28
ECONOMIC ANALYSTS 1/			
2014	5.6	5.6	5.6
2015	6.0	6.0	5.9
FINANCIAL ENTITIES 2/			
2014	5.5	5.6	5.5
2015	5.6	5.8	5.7
NON-FINANCIAL FIRMS 3/			
2014	5.5	5.5	5.5
2015	6.0	6.0	5.7

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At end-2014, the dollar-nuevo sol exchange rate would be around S/. 2.85 per US dollar.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE*

	Survey date		
	Dec.31	Jan.31	Feb.28
ECONOMIC ANALYSTS 1/			
2014	2.87	2.86	2.86
2015	2.90	2.90	2.90
FINANCIAL ENTITIES 2/			
2014	2.83	2.85	2.83
2015	2.85	2.89	2.85
NON-FINANCIAL FIRMS 3/			
2014	2.85	2.85	2.85
2015	2.86	2.90	2.87

1/ 18 analysts in December 2013, 22 in January 2014, and 21 in February.

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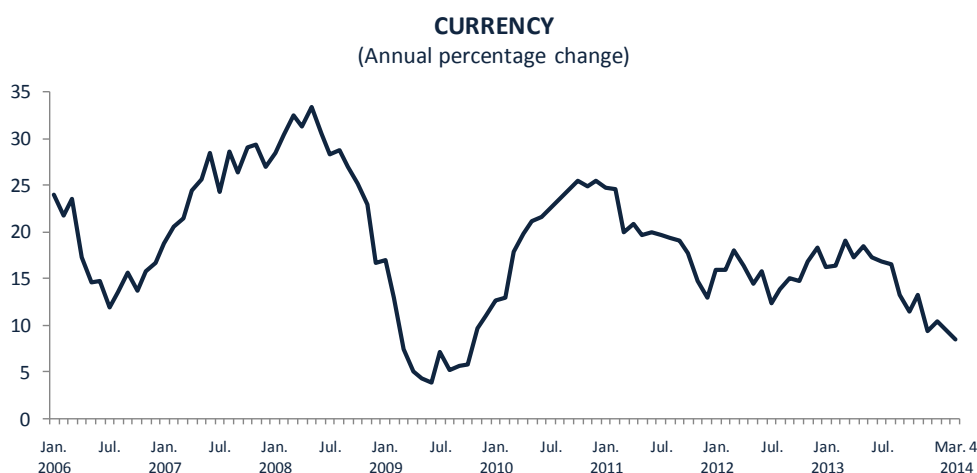
* Exchange rate at enf of year.

Monetary and foreign exchange operations

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

1. BCRP CDs: Placements for a total of S/. 30 million at an average rate of 3.76 percent.
2. Repos: Placements for a daily average of S/. 3.15 billion at an average rate of 4.44 percent.
3. CDR BCRP: Placements for a total of S/. 208 million at an average rate of 0.15 percent.
4. Overnight deposits in domestic currency for a daily average of S/. 24 million.
5. Interventions in the foreign exchange market: The BCRP did not sell foreign currency in the foreign exchange market.

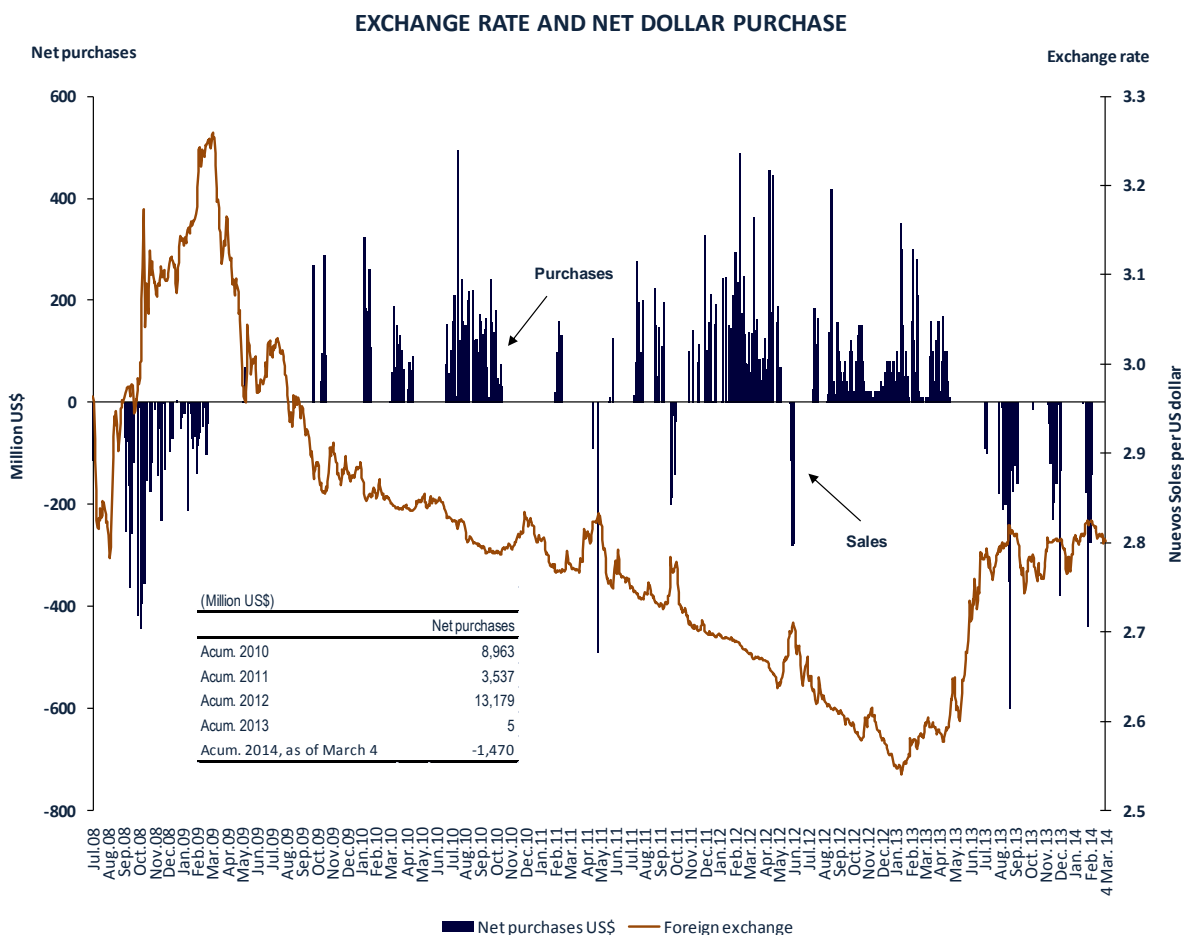
Currency in circulation at March 4, 2014, showed a balance of S/. 34.11 billion and a growth rate of 8.5 percent in the last 12 months.



Exchange rate: S/. 2.80 per US dollar

On March 4, the average selling price of the dollar in the interbank market was S/. 2.80 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\$ 7.35 billion. In net terms, purchases of foreign currency are higher than sales by US\$ 11.71 billion. In the week of February 26 – March 4, the BCRP did not intervene in the foreign exchange market.



International reserves amount to US\$ 64.99 billion

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

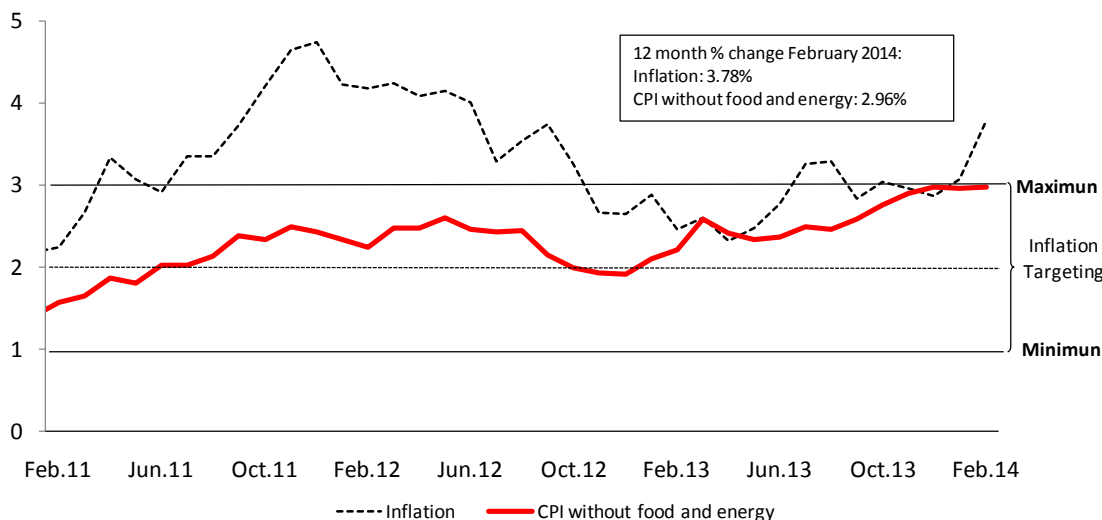
Inflation without food and energy increased 0.19 percent in February

Inflation without food and energy increased 0.19 percent in February and 2.96 percent in the last 12 months. The consumer price index in Metropolitan Lima showed a variation of 0.60 percent in the month and a variation of 3.78 percent in the last 12 months.

INFLATION
(Annual percentage change)

	Weight 2009=100	January 2014		February 2014	
		Month	12 month	Month	12 month
CPI	100.0	0.32	3.07	0.60	3.78
CPI without food and energy	56.4	0.03	2.95	0.19	2.96
Good	21.7	0.2	2.8	0.2	2.8
Services	34.8	-0.1	3.0	0.2	3.1
Of which:					
Education	9.1	0.0	4.8	0.2	4.9
Rent	2.4	0.3	3.7	0.1	3.5
Health	1.1	0.7	4.9	0.2	4.5
Food and energy	43.6	0.66	3.20	1.09	4.76
Food	37.8	0.8	2.8	0.8	4.4
Energy	5.7	-0.1	5.7	2.8	6.9

INFLATION
(12 month % change)



The items that contributed the most to increase inflation in February were electricity rates (0.14 percentage points), meals outside the home (0.08 percentage points), and chicken (0.06 percentage points). On the other hand, the items that contributed the most to reduce the rate of inflation were potatoes (-0.02 percentage points), avocados, and airplane fares (-0.01 percentage points, each).

Credit to the private sector and liquidity at February 15

Total credit to the private sector in the last four weeks increased 0.9 percent (S/. 1.69 billion). By currencies, credit in soles rose 1.6 percent (S/. 1.93 billion), while credit in dollars decreased 0.3 percent (negative flow of US\$ 84 million). As a result of this, credit to the private sector registered an annual growth rate of 13.9 percent.

On the other hand, **total liquidity in the private sector** grew 0.7 percent (S/. 1.37 billion), as a result of which liquidity in the private sector accumulated a growth rate of 12.6 percent in the last twelve months. By currencies, liquidity in soles declined 0.2 percent (negative flow of S/. 326 million), while liquidity in dollars grew 2.5 percent (US\$ 605 million).

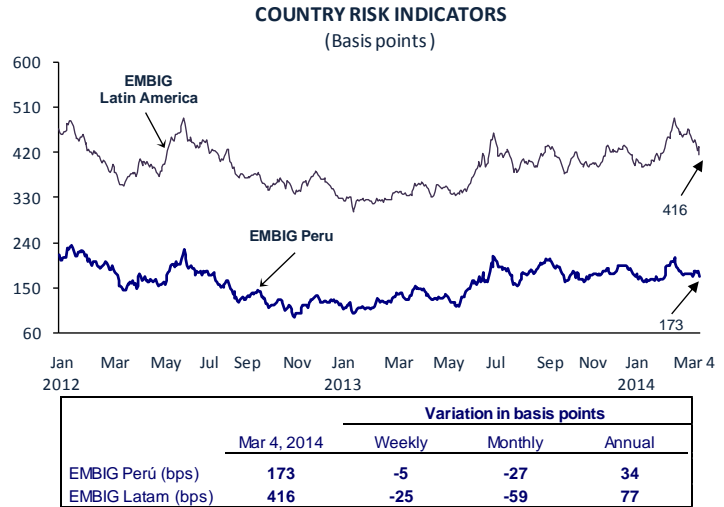
International Markets

Country risk at 173 basis points

On **March 4**, the **EMBIG Peru** indicator recorded 173 bps and the EMBIG LatAm recorded 416 bps.

In **February**, the average country risk, measured by the **EMBIG Peru** spread, rose from 177 bps in January to 183 bps.

On the other hand, the average **Latin America** spread rose 32 basis points to 423 bps due to mostly negative indicators in the United States and China.

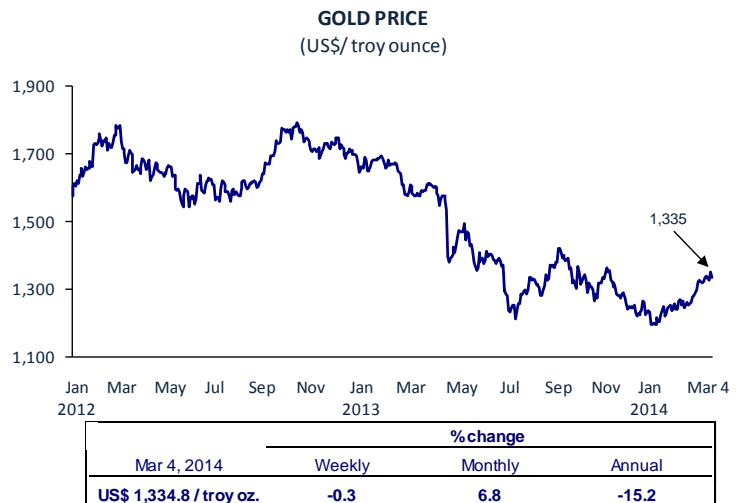


Price of gold at US\$ 1,334.8 per troy ounce

On **March 4**, the price of **gold** registered US\$ 1,334.8 per troy ounce.

In **February**, the mean price of **gold** was US\$ 1,301.0 per troy ounce, 4.5 percent higher than in the previous month.

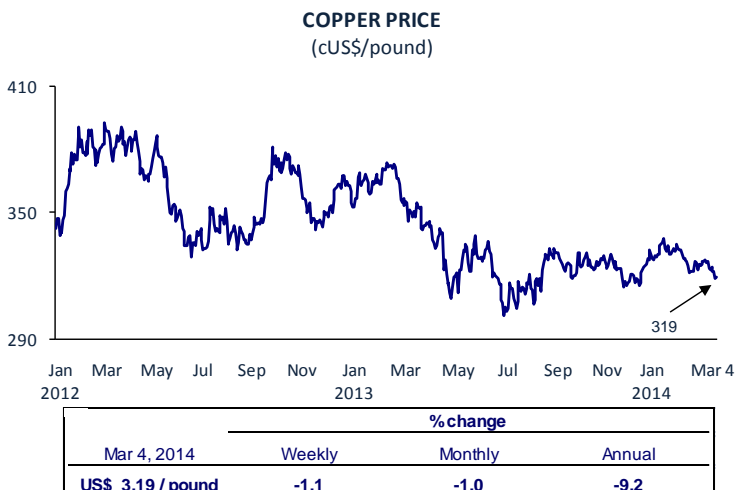
The rise in the price of gold was associated with the depreciation of the dollar against the euro, as well as with an increased physical demand for gold for jewelry, gold bullion coins and bars, especially in China and India at the beginning of month.



The price of **copper** on **March 4** was US\$ 3.19 per pound.

In **February**, the price of **copper** declined 2.0 percent relative to January and showed an average price of US\$ 3.24 per pound.

The fall in the price of copper was supported by new concerns about China (weak manufacturing data), by a strong production increase at Glencore Xstrata's mines in Africa and Chile, and by higher inventories of copper in China.

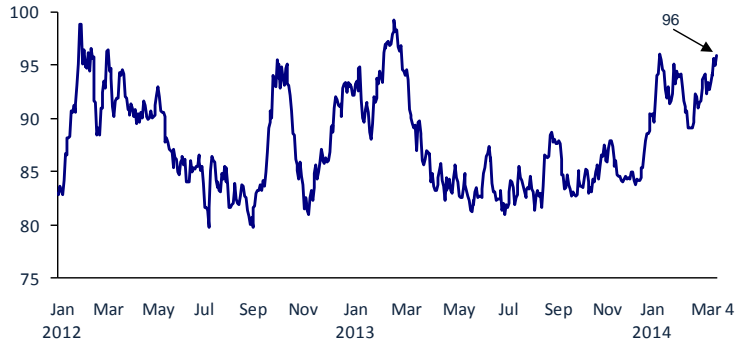


On **March 4**, the price of **zinc** was US\$ 0.96 per pound.

The average price of **zinc** in **February** was US\$ 0.92 per troy ounce, 0.1 percent lower than in the previous month.

The price of zinc fell in February due to expectations of a lower demand as a result of weak economic data in the United States and China, although the price fall was offset by inventory shortages in the short run.

ZINC PRICE
(cUS\$/pound)



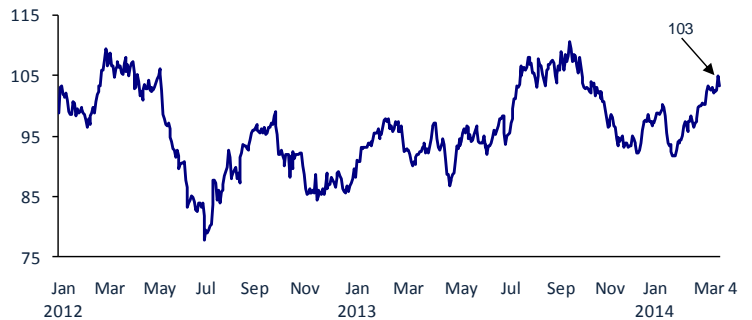
Mar 4, 2014	%change		
	Weekly	Monthly	Annual
US\$ 0.96 / pound	2.7	7.6	6.2

On **March 4**, the price of **WTI crude oil** was US\$ 103.3 per barrel.

The average price of **WTI oil** in **February** was US\$ 100.7/barrel, a price level 6.2 percent higher than in January.

The increase in the price of crude in February was associated with strong demand for heating fuel in the United States and with persistent supply disruptions as a result of the conflicts in Libya, Sudan and Venezuela.

WTI OIL PRICE
(US\$/barrel)



Mar 4, 2014	%change		
	Weekly	Monthly	Annual
US\$ 103.3 / barrel	1.2	6.3	14.7

Dollar-euro exchange rate: US\$ 1.37 per euro

On **March 4**, the **US dollar-euro** exchange rate was US\$ 1.37 per euro.

In **February**, the dollar depreciated 0.3 percent on average against the euro as a result of the European Central Bank's announcement about its decision of maintaining its interest rate at 0.25 percent and the dissemination of weaker-than-expected data in the United States.

EVOLUTION OF US\$ PER EURO
(US\$/Euro)



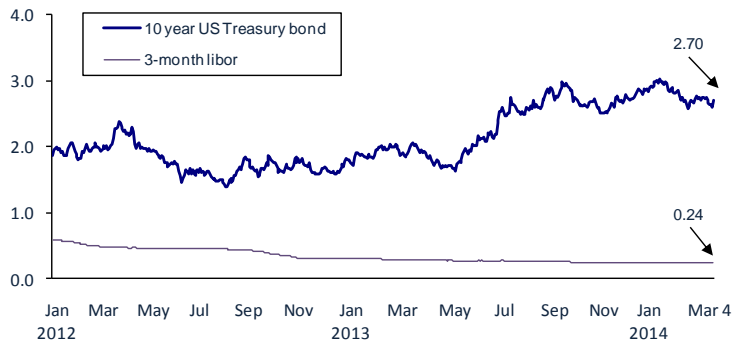
Level	%change		
	Weekly	Monthly	Annual
Mar 4, 2014			
US dollar/Euro	1.37	0.0	1.7
			5.5

Yield on 10-year US Treasuries at 2.70 percent

On **March 4**, the **3-month Libor** recorded 0.24 percent and the yield on the **10-year US Treasury bonds** recorded 2.70 percent.

In **February**, the **3-month Libor** remained at 0.24 percent while the yield on the **10-year US Treasury bonds** recorded a rate of 2.70 percent, a level 15 bps lower than in the previous month, due to weak economic indicators in the United States.

3-MONTH LIBOR AND 10-YEAR US TREASURIES
(Percentage)



	Variation in basis points			
	Mar 4, 2014	Weekly	Monthly	Annual
3 months Libor (%)	0.24	0	0	-5
US Treasuries (%)	2.70	0	7	82

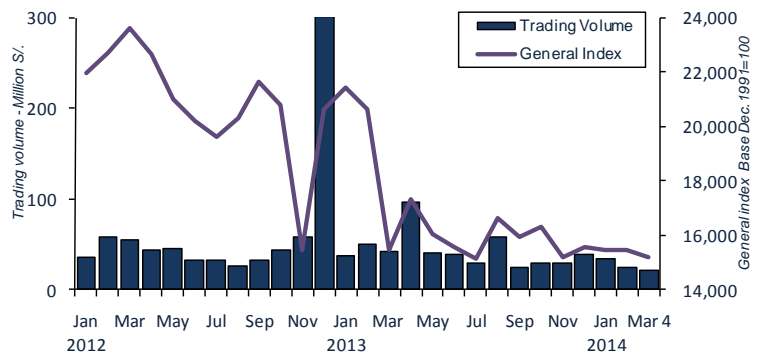
Lima Stock Exchange

In **February**, the **General Index** of the Lima Stock Exchange (LSE) fell 0.1 percent and the **Selective Index** of the LSE fell 1.0 percent.

The LSE indices were affected by the weakening of the international prices of basic metals and by the volatility that affected the stock markets in the region.

So far this year (March 4), the indices of the LSE have fallen 3.4 percent and 2.9 percent, respectively.

LIMA STOCK EXCHANGE INDICATORS



	As of:	% change compared to:		
	Mar 4, 2014	Feb 28, 2014	Feb 25, 2014	Dec 31, 2013
General Index	15,210	-1.5	-1.8	-3.4
Selective Index	22,207	-1.0	-1.8	-2.9

