



Indicators

	Trade surplus in February: US\$ 58 million
	Inflation grew 0.52 percent in March
	Exchange rate: S/. 2.81 per US dollar at March 31
	Country risk at 155 basis points

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Expectations of inflation are within the BCRP inflation target range

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

SURVEY OF MACROECONOMIC EXPECTATIONS: INFLATION (%)

	Survey date		
	Jan.31	Feb.28	Mar.31
ECONOMIC ANALYSTS 1/			
2014	2.6	2.6	2.8
2015	2.5	2.5	2.5
2016		2.5	2.5
FINANCIAL ENTITIES 2/			
2014	2.7	2.6	2.7
2015	2.6	2.5	2.5
2016		2.5	2.5
NON-FINANCIAL FIRMS 3/			
2014	2.9	3.0	3.0
2015	3.0	3.0	3.0
2016		3.0	3.0

1/ 22 analysts in January 2014, 21 in February, and 22 in March.

2/ 20 financial entities in January 2014, and 20 in February, and 22 in March.

3/ 355 non-financial firms in January 2014, and 361 in February, and 358 in March.

Economic analysts and financial entities estimate a growth rate of 5.4 percent in 2014, while non-financial firms estimate a rate of 5.2 percent.

SURVEY OF MACROECONOMIC EXPECTATIONS: GDP (%)

	Survey date		
	Jan.31	Feb.28	Mar.31
ECONOMIC ANALYSTS 1/			
2014	5.6	5.6	5.4
2015	6.0	5.9	5.7
2016		6.0	5.9
FINANCIAL ENTITIES 2/			
2014	5.6	5.5	5.4
2015	5.8	5.7	5.5
2016		5.6	5.5
NON-FINANCIAL FIRMS 3/			
2014	5.5	5.5	5.2
2015	6.0	5.7	5.5
2016		6.0	5.8

1/ 22 analysts in January 2014, 21 in February, and 22 in March.

2/ 20 financial entities in January 2014, and 20 in February, and 22 in March.

3/ 355 non-financial firms in January 2014, and 361 in February, and 358 in March.

All the economic agents expect the dollar-nuevo sol exchange rate to be at S/. 2.85 at end-2014.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE*

	Survey date		
	Jan.31	Feb.28	Mar.31
ECONOMIC ANALYSTS 1/			
2014	2.86	2.86	2.85
2015	2.90	2.90	2.90
2016		2.90	2.90
FINANCIAL ENTITIES 2/			
2014	2.85	2.83	2.85
2015	2.89	2.85	2.85
2016		2.84	2.87
NON-FINANCIAL FIRMS 3/			
2014	2.85	2.85	2.85
2015	2.90	2.87	2.88
2016		2.90	2.90

1/ 22 analysts in January 2014, 21 in February, and 22 in March.

2/ 20 financial entities in January 2014, and 20 in February, and 22 in March.

3/ 355 non-financial firms in January 2014, and 361 in February, and 358 in March.

* Exchange rate at end of year.

Trade surplus in February: US\$ 58 million

The trade balance registered a surplus of US\$ 58 million in February, the increase observed in exports of non-traditional exports (11.4 percent) relative to February 2013 standing out.

Exports registered US\$ 3,108 million, of which traditional products correspond 69 percent. On the other hand, the volume of exports grew 9.9 percent due to higher exports of traditional products (7.9 percent), with the exception of gold. The rise in the volume of exports of traditional products (13.7 percent) reflected increased shipments of agricultural products, chemicals, and textiles.

Imports decreased to US\$ 2,959 million. In terms of volume, total imports dropped 4.2 percent due to lower imports of crude oil and capital goods (transportation equipments). The average price of imports fell 3.0 percent due to the lower prices of inputs.

The terms of trade In February recorded a decline of 11.6 percent compared to February 2013 and a decline of 1.1 percent compared to January 2014.

TRADE BALANCE
(Million US\$)

	February		% change
	2013	2014	
Exports	3,204	3,018	-5.8
Traditional products	2,366	2,091	-11.6
Non-traditional products	813	906	11.4
Other	24	20	-16.3
Imports	3,184	2,959	-7.1
Consumption goods	655	659	0.6
Raw materials	1,476	1,312	-11.1
Capital goods	1,034	980	-5.2
Other goods	19	8	-56.9
Trade balance	20	58	

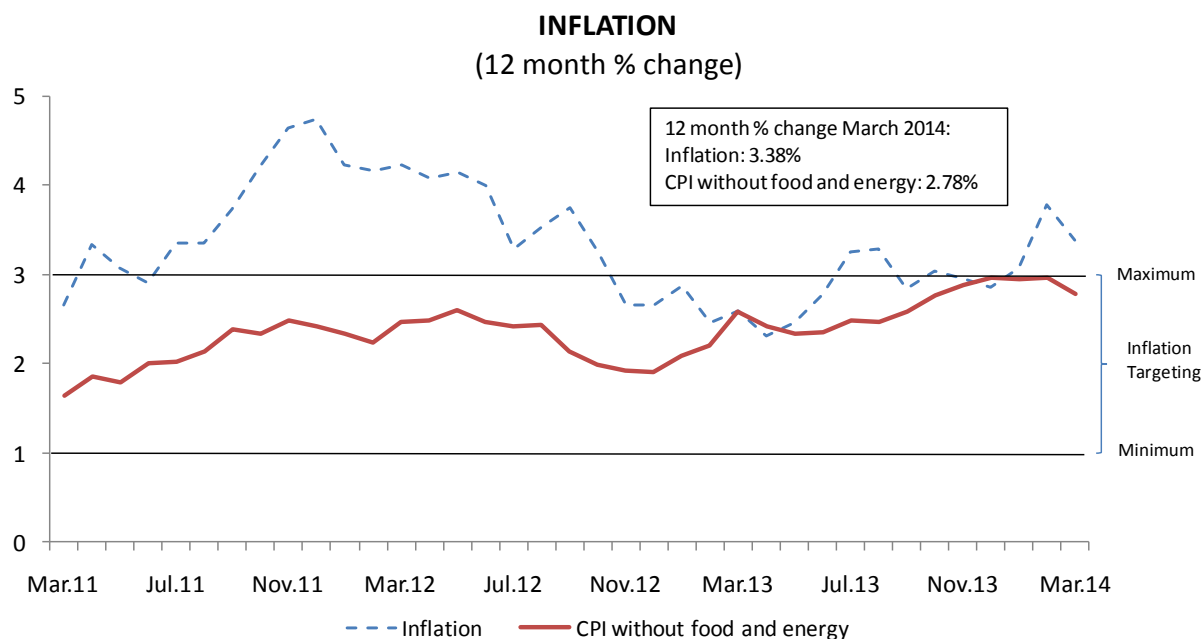
Source: SUNAT.

Inflation in Metropolitan Lima: 0.52 percent in March

The consumer price index in Metropolitan Lima showed a variation of 0.52 percent in March, as a result of which the variation of inflation in the last 12 months was 3.38 percent. Inflation without food and energy increased 0.78 percent in the month and 2.78 percent in the last 12 months.

INFLATION
(Annual percentage change)

	Weight 2009=100	February 2014		March 2014	
		Month	12 months	Month	12 months
CPI	100.0	0.60	3.78	0.52	3.38
CPI without food and energy	56.4	0.19	2.96	0.78	2.78
Good	21.7	0.2	2.8	0.3	2.8
Services	34.8	0.2	3.1	1.1	2.7
<i>Of which:</i>					
Education	9.1	0.2	4.9	3.8	4.8
Rent	2.4	0.1	3.5	0.1	3.3
Health	1.1	0.2	4.5	0.1	4.3
Food and energy	43.6	1.09	4.76	0.21	4.10
Food	37.8	0.8	4.4	0.1	3.7
Energy	5.7	2.8	6.9	1.1	6.7



The items that contributed the most to increase inflation in March were education costs (0.37 percentage points), onions (0.10 percentage points), and eggs (0.07 percentage points). On the other hand, the items that contributed the most to reduce the rate of inflation were chicken (-0.23 percentage points), citric fruits (0.06 percentage points), and national transportation rates (-0.01 percentage points).

Credit to the private sector and liquidity at March 15

Total credit to the private sector in the last four weeks increased 0.8 percent (S/. 1.63 billion). By currencies, credit in soles grew 1.7 percent (S/. 2.01 billion), while credit in dollars declined 0.5 percent (negative flow of US\$ 133 million). As a result of this, credit to the private sector registered an annual growth rate of 14.2 percent.

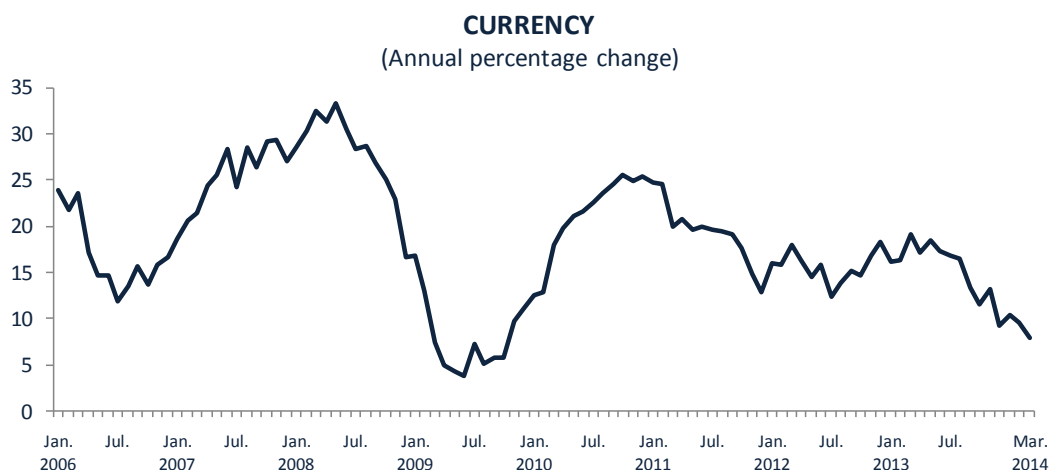
On the other hand, **total liquidity in the private sector** decreased 0.1 percent (negative flow of S/. 147 million), as a result of which liquidity in the private sector accumulated a growth rate of 10.7 percent in the last twelve months. By currencies, liquidity in soles increased 0.1 percent (S/. 173 million), while liquidity in dollars decreased 0.5 percent (negative flow of US\$ 114 million).

Monetary and foreign exchange operations

In March, the Central Bank made the following operations:

1. BCRP CDs: Placements for a total of S/. 390 million at an average rate of 3.67 percent.
2. Repos: Placements for a daily average of S/. 1.14 billion at an average rate of 4.25 percent.
3. CDR BCRP: Placements for a total of S/. 2.98 billion at an average rate of 0.11 percent.
4. Overnight deposits in domestic currency of depository institutions for a daily average of S/. 725 million (banks' deposits: daily average of S/. 543 million).
5. Interventions in the foreign exchange market: The BCRP did not sell foreign currency in the foreign exchange market in this period.

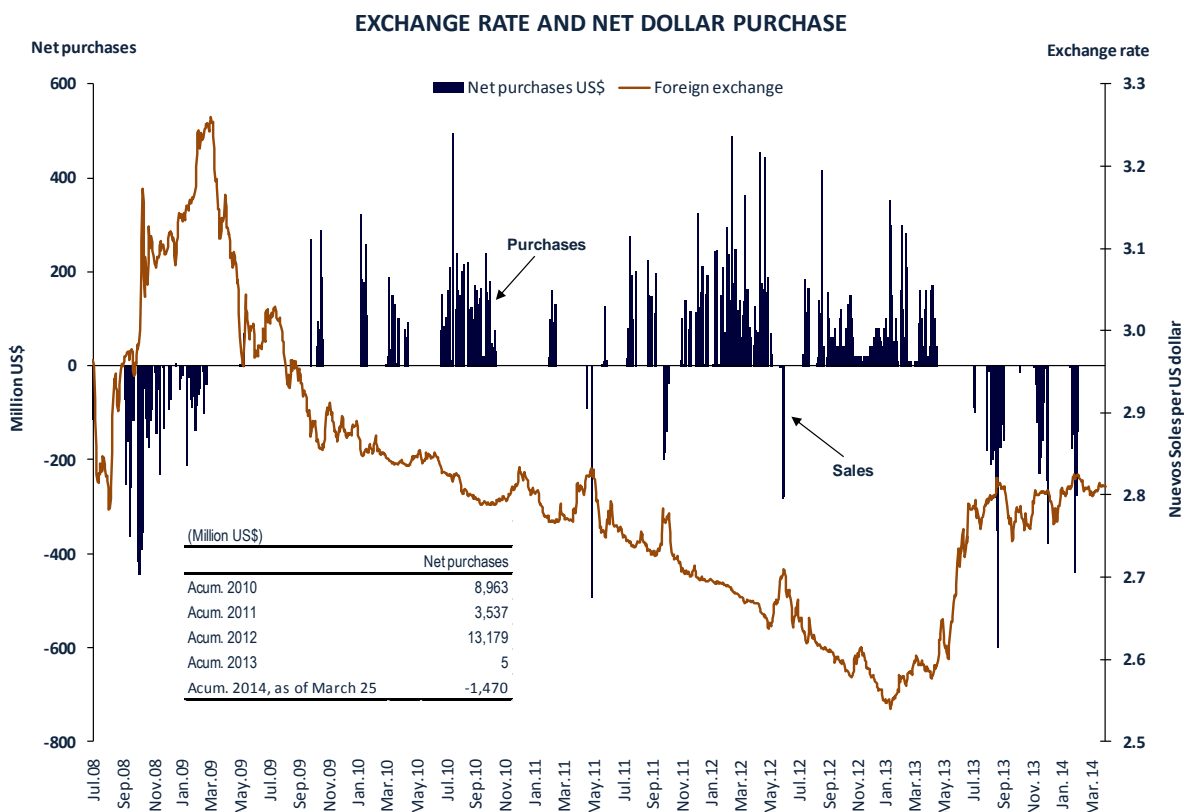
Currency in circulation at March 31, 2014, showed a balance of S/. 33.88 billion and a growth rate of 7.9 percent in the last 12 months.



Exchange rate: S/. 2.81 per US dollar

On March 31, the average selling price of the dollar in the interbank market was S/. 2.81 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 March 19 to March 25, the BCRP did not intervene in the foreign exchange market.



International reserves amount to US\$ 64.95 billion

At March 31, 2014, **international reserves** amounted to US\$ 64.95 billion and the foreign exchange position of the BCRP was US\$ 40.07 billion.

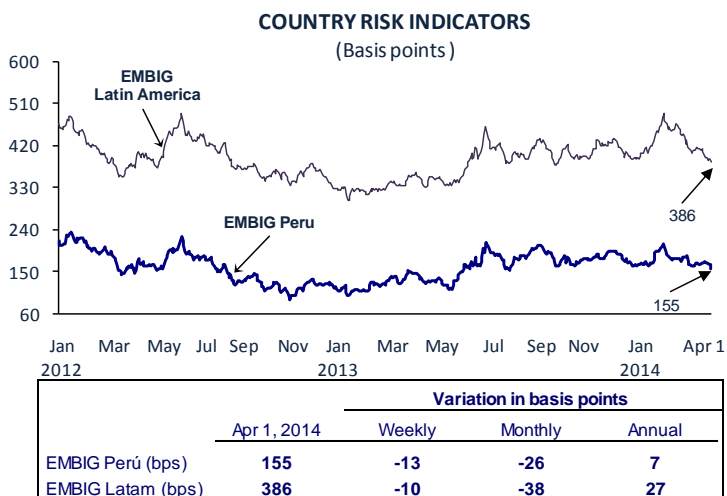
International Markets

Country risk at 155 basis points

On **April 1**, the **EMBIG Peru** indicator recorded 155 bps and the EMBIG LatAm recorded 386 bps.

In **March**, the average country risk, measured by the **EMBIG Peru** spread, fell from 183 bps in February to 167 bps.

On the other hand, the average **Latin America** spread fell 48 basis points due to lower risk aversion after positive employment and confidence data in the United States and due to lower uncertainty about Ukraine.

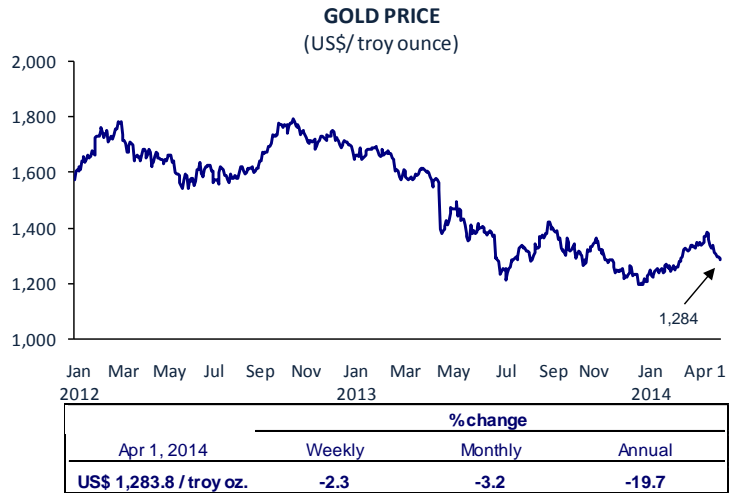


Price of gold at US\$ 1,283.8 per troy ounce

On **April 1**, the price of **gold** registered US\$ 1,283.8 per troy ounce.

The average price of **gold** in **March** was US\$ 1,336.1 per troy ounce, 2.7 percent higher than in the previous month.

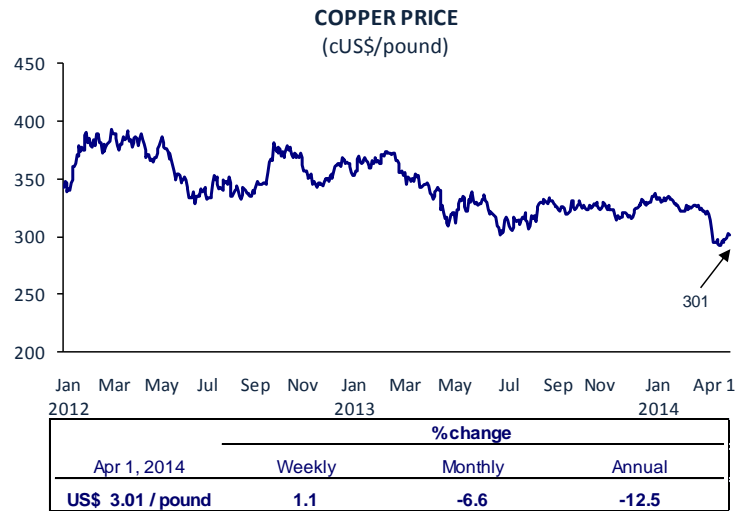
The rising conduct of gold in this period was supported by the depreciation of the dollar against the euro and by an increased demand for gold as a hedge asset associated with the Russian-Ukrainian crisis.



The price of **copper** on **April 1** was US\$ 3.01 per pound.

In **March**, the price of **copper** dropped 6.8 percent relative to February and showed an average price of US\$ 3.02 per pound.

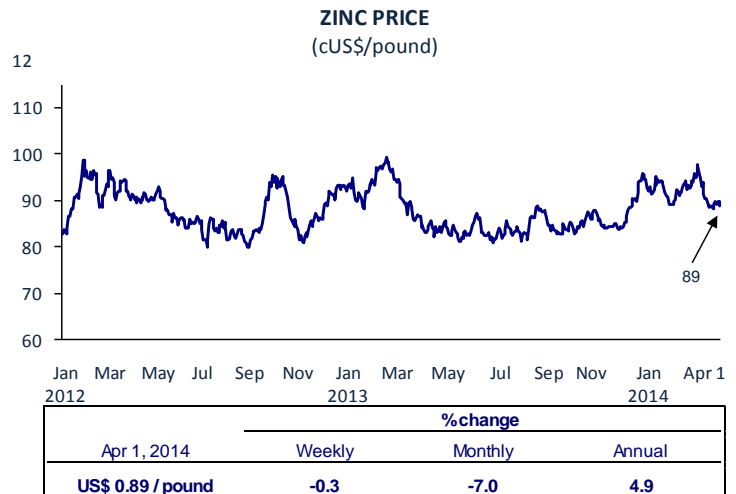
The price of copper fell due to greater concerns about China's economic slowdown (after reports showed negative trade and credit data) and by the rise of copper inventories in this country.



On **April 1**, the price of **zinc** was US\$ 0.89 per pound.

The average price of **zinc** in **March** was US\$ 0.91 per troy ounce, 1.0 percent lower than in the previous month.

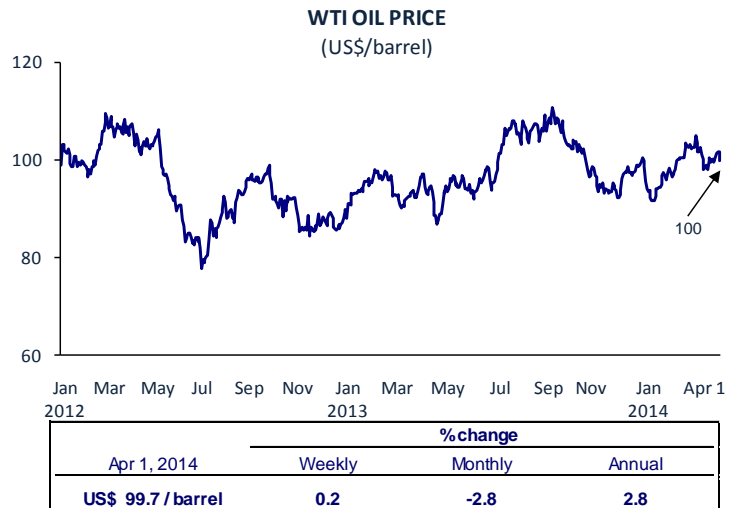
This drop in the price of zinc reflected the rise of inventories in the main metal exchange markets and fears that China's economic slowdown may affect the demand for this metal.



On **April 1**, the price of **WTI crude oil** was US\$ 99.7 per barrel.

The average price of **WTI oil** in **March** was US\$ 100.6/barrel, a price level 0.2 percent lower than in February.

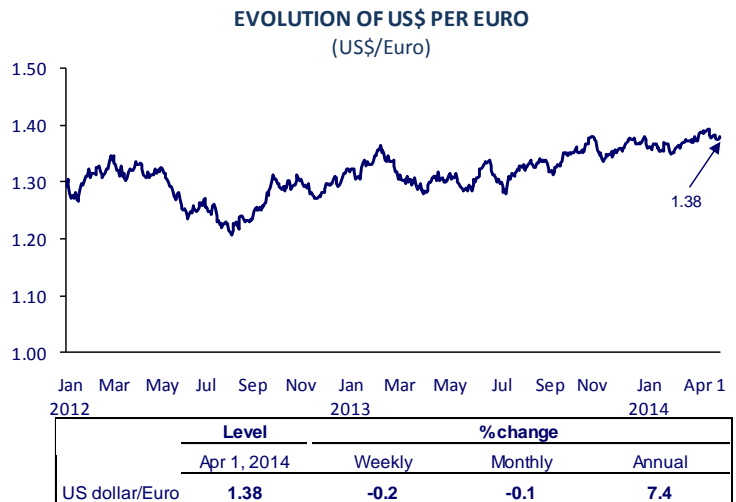
The decline in the price of crude was associated with a higher-than-expected increase of inventories and the announcement that reserves of crude will be sold in the United States, although this decline was offset by supply concerns as a result of geopolitical tensions in Ukraine.



Dollar-euro exchange rate: US\$ 1.38 per euro

On **April 1**, the **US dollar-euro** exchange rate was US\$ 1.38 per euro.

In **March**, the **dollar** depreciated 1.1 percent on average against the **euro** as a result of the European Central Bank's announcement that it will maintain its interest rate unchanged at 0.25 percent, in a context of increased optimism about a gradual economic recovery in Europe.



Yield on 10-year US Treasuries at 2.75 percent

On **April 1**, the **3-month Libor** recorded 0.23 percent and the yield on the **10-year US Treasury bonds** recorded 2.75 percent.

In **March**, the **3-month Libor** was 0.24 percent while the yield on the **10-year US Treasury bonds** recorded a rate of 2.72 percent, 2 bps lower than in the previous month, following signals of the Federal Reserve indicating that it will maintain the pace of withdrawal of its asset purchase program.



Lima Stock Exchange

In **March**, the **General Index** of the Lima Stock Exchange (LSE) fell 7.4 percent and the **Selective Index** of the LSE fell 7.7 percent.

The indices of the LSE were affected by investors' caution in view of the drop of the international prices of metals and by greater fears about China's slowdown.

Year-to-date (at **April 1**), the indices of the LSE have accumulate declines of 9.2 percent and 9.4 percent, respectively.

