



Indicators

	Inflation: 0.39 percent in April
	Exchange rate: S/. 2.80 per US Dollar on May 6
	Country risk at 148 bps on May 6

Content

BCRP Survey on Macroeconomic Expectations: April 2014	ix
Inflation in Metropolitan Lima: 0.39 percent in April	x
Exchange rate: S/. 2.80 per US dollar	xii
International reserves amount to US\$ 65.12 billion	xii
Country risk at 148 basis points	xiii

BCRP Survey on Macroeconomic Expectations: April 2014

The results of the BCRP Survey on Macroeconomic Expectations conducted in April 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>		
	Feb.28	Mar.31	Apr.30
ECONOMIC ANALYSTS 1/			
2014	2.6	2.8	2.8
2015	2.5	2.5	2.6
2016	2.5	2.5	2.5
FINANCIAL ENTITIES 2/			
2014	2.6	2.7	2.8
2015	2.5	2.5	2.7
2016	2.5	2.5	2.6
NON-FINANCIAL FIRMS 3/			
2014	3.0	3.0	3.0
2015	3.0	3.0	3.0
2016	3.0	3.0	3.0

1/ 21 analysts in February 2014, 22 in March, and 20 in April.

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

3/ 361 non-financial firms in February 2014, 358 in March, and 365 in April.

Economic analysts estimate a growth rate of 5.5 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>		
	Feb.28	Mar.31	Apr.30
ECONOMIC ANALYSTS 1/			
2014	5.6	5.4	5.3
2015	5.9	5.7	5.6
2016	6.0	5.9	6.0
FINANCIAL ENTITIES 2/			
2014	5.5	5.4	5.5
2015	5.7	5.5	5.5
2016	5.6	5.5	5.5
NON-FINANCIAL FIRMS 3/			
2014	5.5	5.2	5.5
2015	5.7	5.5	5.5
2016	6.0	5.8	5.8

1/ 21 analysts in February 2014, 22 in March, and 20 in April.

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

3/ 361 non-financial firms in February 2014, 358 in March, and 365 in April.

Economic analysts and financial entities estimate that exchange rate keep around S/. 2.85 per US dollar at end-2014, while non-financial firms reduced to S/. 2.82 per US dollar.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE*

	Survey date		
	Feb.28	Mar.31	Apr.30
ECONOMIC ANALYSTS 1/			
2014	2.86	2.85	2.85
2015	2.90	2.90	2.90
2016	2.90	2.90	2.90
FINANCIAL ENTITIES 2/			
2014	2.83	2.85	2.85
2015	2.85	2.85	2.85
2016	2.84	2.87	2.90
NON-FINANCIAL FIRMS 3/			
2014	2.85	2.85	2.82
2015	2.87	2.88	2.85
2016	2.90	2.90	2.90

1/ 21 analysts in February 2014, 22 in March, and 20 in April.

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

3/ 361 non-financial firms in February 2014, 358 in March, and 365 in April.

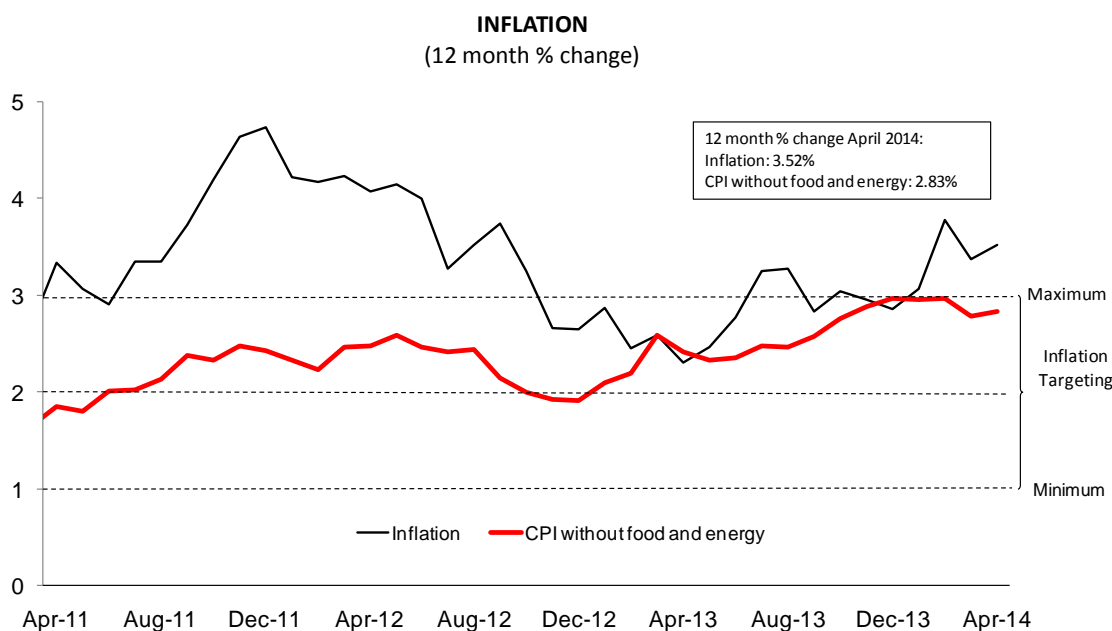
* Exchange rate at enf of year.

Inflation in Metropolitan Lima: 0.39 percent in April

The consumer price index in Metropolitan Lima showed a variation of 0.39 percent in April and a variation of 3.52 percent in the last 12 months. Inflation without food and energy increased 0.20 percent in the month and 2.83 percent in the last 12 months.

INFLATION (Annual % change)

	Weight 2009=100	March 2014		April 2014	
		Month	12 months	Month	12 months
CPI	100.0	0.52	3.38	0.39	3.52
CPI without food and energy	56.4	0.78	2.78	0.20	2.83
Good	21.7	0.3	2.8	0.3	2.9
Services	34.8	1.1	2.7	0.1	2.8
Of which:					
Education	9.1	3.8	4.8	0.0	4.4
Rent	2.4	0.1	3.3	0.0	3.2
Health	1.1	0.1	4.3	0.7	5.0
Food and energy	43.6	0.21	4.10	0.63	4.36
Food	37.8	0.1	3.7	0.6	3.8
Energy	5.7	1.1	6.7	0.8	8.4



The items that contributed the most to increase inflation in April were onion (0.12 percentage points), electricity rates and fish (0.06 percentage points, each). On the other hand, the items that contributed the most to reduce the rate of inflation were citric (-0.06 percentage points), poultry meat (-0.04 percentage points), and fresh legumes (-0.03 percentage points).

Credit to the private sector and liquidity at April 15

Total credit to the private sector in the last four weeks increased 1.5 percent (S/. 3.11 billion). By currencies, credit in soles rose 2.5 percent (S/. 3.00 billion) and credit in dollars increased 0.1 percent (US\$ 38 million). As a result of this, credit to the private sector registered an annual growth rate of 14.8 percent.

On the other hand, **total liquidity in the private sector** fell 1.2 percent (negative flow of S/. 2.53 billion), as a result of which liquidity in the private sector accumulated a growth rate of 8.8 percent in the last twelve months. By currencies, liquidity in soles declined 0.6 percent (negative flow of S/. 748 million) and liquidity in dollars decreased 2.5 percent (negative flow of US\$ 637 million).

Monetary and foreign exchange operations

So far in May (at May 6), the Central Bank has made the following operations:

1. BCRP CDs: Placements for a total of S/. 754 million at an average rate of 3.66 percent.
2. Repos: Placements for a daily average of S/. 2.09 billion at an average rate of 4.23 percent.
3. CDR BCRP: Placements of S/. 210 million at an average rate of 0.07 percent
4. Overnight deposits of depository institutions for a daily average of S/. 653 million (banks' deposits: daily average of S/. 373 million).
5. Interventions in the foreign exchange market: The BCRP did not sell foreign currency in the foreign exchange market.

Currency in circulation at May 6, 2014, showed a balance of S/. 33.99 billion and a growth rate of 8.2 percent in the last 12 months.

CURRENCY
(Annual percentage change)

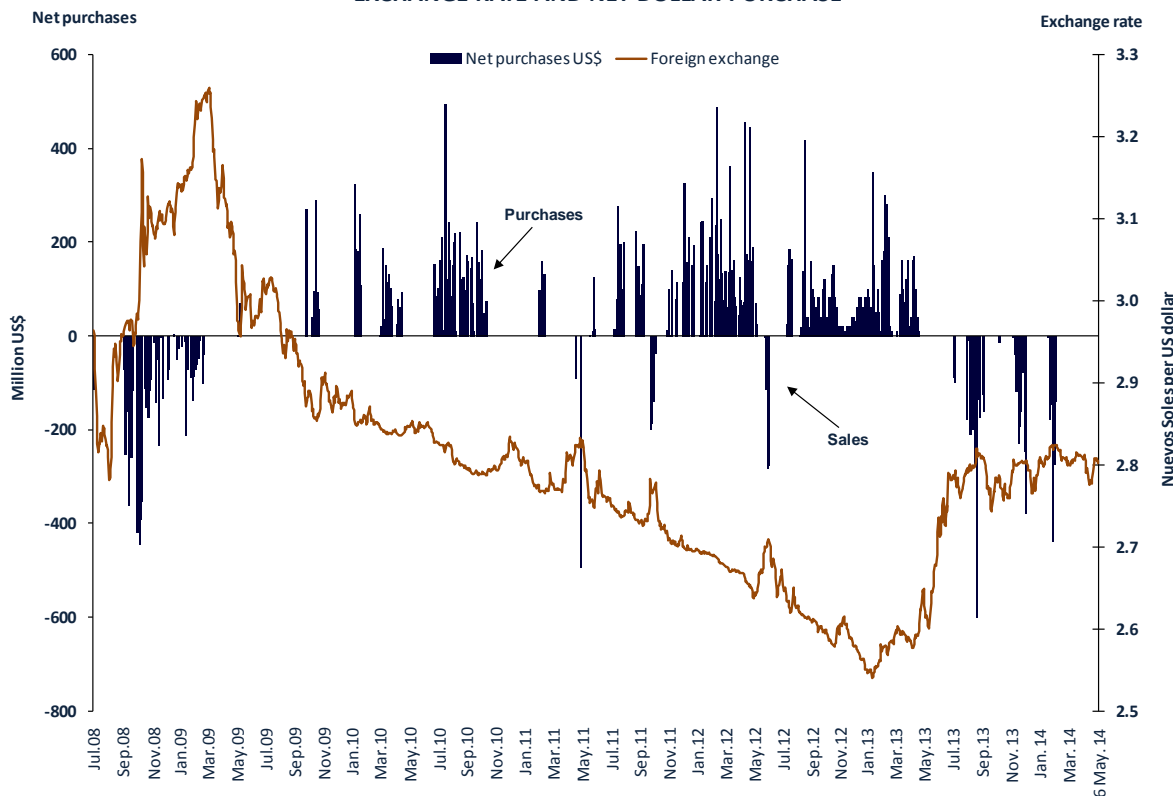


Exchange rate: S/. 2.80 per US dollar

On May 6, 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 April 30 – May 6, the BCRP did not intervene in the foreign exchange market.

EXCHANGE RATE AND NET DOLLAR PURCHASE



International reserves amount to US\$ 65.12 billion

At May 6, 2014, **international reserves** amounted to US\$ 65.12 billion and the foreign exchange position of the BCRP was US\$ 40.66 billion.

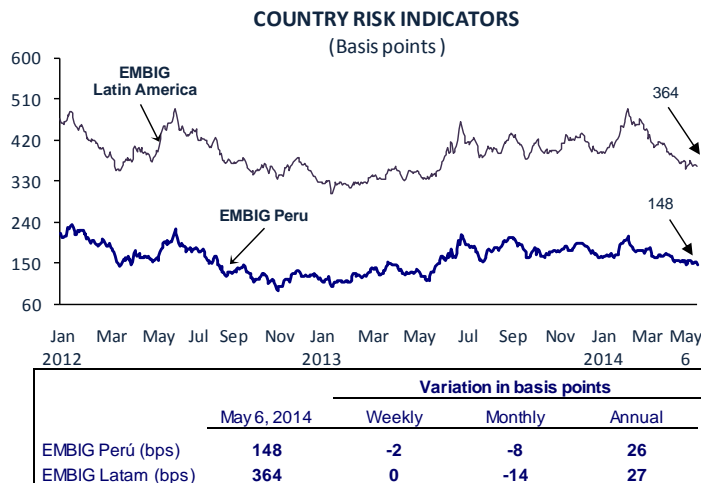
International Markets

Country risk at 148 basis points

On **May 6**, the **EMBIG Peru** indicator recorded 148 bps and the EMBIG LatAm recorded 364 bps.

In **April**, the average country risk, measured by the **EMBIG Peru** spread, fell from 167 bps in March to 154 bps.

The average **Latin America** spread decreased 36bps to 372 basis points due to favorable data in China and positive activity data in the United States.

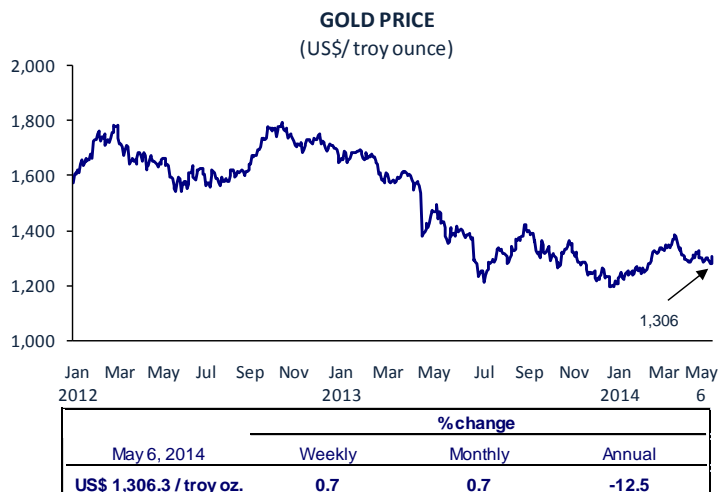


Price of gold at US\$ 1,306.3 per troy ounce

On **May 6**, the price of **gold** registered US\$ 1,306.3 per troy ounce.

In **April**, the mean price of **gold** was US\$ 1,299.0 per troy ounce, 2.8 percent lower than in the previous month.

This behaviour was associated with sustained sales of Exchange-traded funds (ETFs) and appreciation of the dollar against the euro. Higher demand by geopolitical tensions in Ukraine partially limited the fall.



The price of **copper** on **May 6** was US\$ 3.06 per pound.

In **April**, the **copper** an average price of US\$ 3.03 per pound, similar to March.

At the beginning, the fall in the price of copper was associated with liquidation of position investors, but later it was offset by a dissemination of a deficit in the global copper market in January, according to the International Copper Study Group (ICSG).



On **May 6**, the price of **zinc** was US\$ 0.93 per pound.

The average price of **zinc** in **April** was US\$ 0.92 per pound, 0.8 percent higher than in March.

The price of zinc rose mainly due to a report of the International Zinc and Lead Study Group (IZLSG) that announced a deficit of 117 thousand tons during 2014.

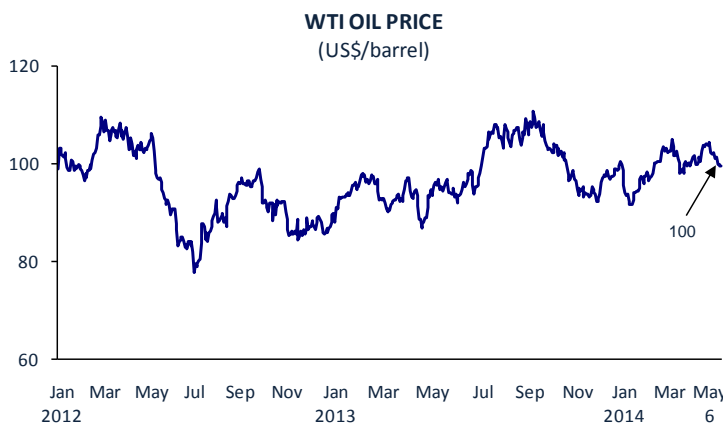


May 6, 2014	% change		
	Weekly	Monthly	Annual
US\$ 0.93 / pound	-0.1	2.6	12.6

On **May 6**, the price of **WTI crude oil** was US\$ 99.5 per barrel.

The average price of **WTI oil** in **April** was US\$ 102.0/barrel, a price level 1.4 percent higher than in previous month.

The increase in the price was associated with the announcement of Energy Information Administration about higher global oil demand in 2014 and expectation of interruptions in the supply by geopolitical tensions in Ukraine. The U.S. crude inventories, highest level in 80 years, offset the rise in the price.

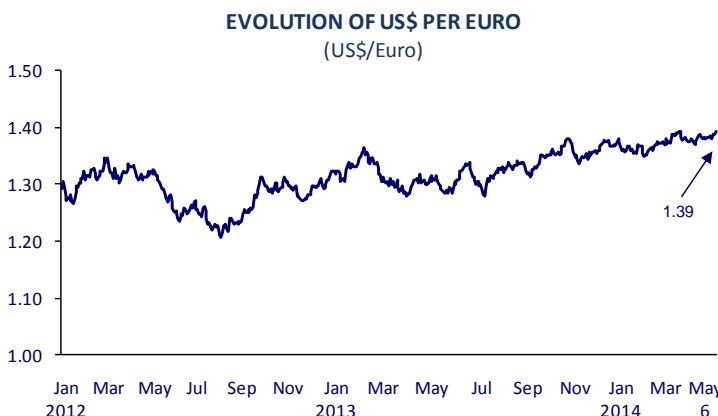


May 6, 2014	% change		
	Weekly	Monthly	Annual
US\$ 99.5 / barrel	-1.8	-1.6	3.5

Dollar-euro exchange rate: US\$ 1.39 per euro

On **May 6**, the **US dollar-euro** exchange rate was US\$ 1.39 per euro.

In **April**, the dollar appreciated 0.1 percent on average against the euro amid publication of positive activity data in the United States and dissemination of positive data in the Eurozone, mainly from Germany.

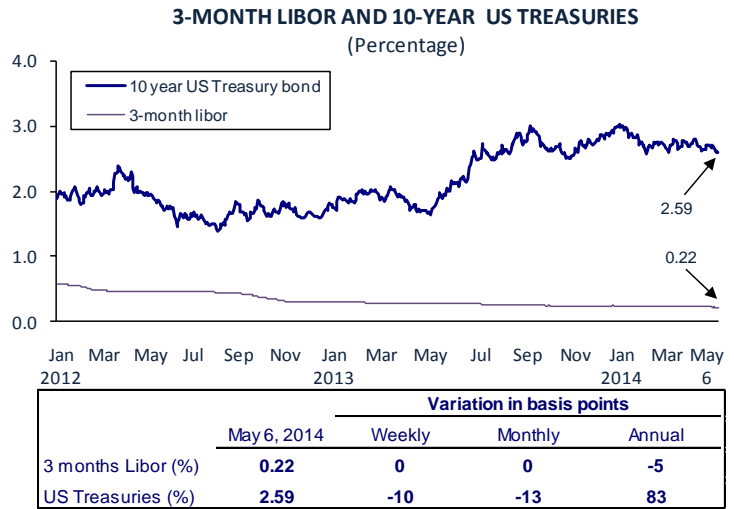


May 6, 2014	Level	% change		
	Weekly	Monthly	Annual	
US dollar/Euro	1.39	0.8	1.6	6.5

Yield on 10-year US Treasuries at 2.59 percent

On **May 6**, the **3-month Libor** recorded 0.22 percent and the yield on the **10-year US Treasury bonds** recorded 2.59 percent.

In **April**, the **3-month Libor** remained at 0.23 percent while the yield on the **10-year US Treasury bonds** recorded a rate of 2.69 percent, a level 2 bps lower than in the previous month. Geopolitical tensions in Ukraine boosted demand for safe haven assets.



Lima Stock Exchange

In **April**, the **General Index** of the Lima Stock Exchange (LSE) rose 8.6 percent and the **Selective Index** of the LSE increased 8.3 percent.

The LSE indices were propelled by investors' expectations about the announcement of favorable corporate financial results in Q1.

So far this year (**May 6**), the indices of the LSE have fallen 0.9 percent and 1.5 percent, respectively.

