






Indicators

-  Exchange rate: S/. 2.79 per dollar on June 10
-  Surplus in the operations of the non-financial public sector: S/. 517 million in May
-  Country risk at 134 bps

Content

- BCRP Survey on Macroeconomic Expectations: May 2014 ix
- Non-Financial Public Sector: Surplus of S/. 517 million in May x
- Exchange rate: S/. 2.79 per US dollar xii
- International reserves amount to US\$ 64.73 billion xii
- Country risk at 134 basis points xiii

BCRP Survey on Macroeconomic Expectations: May 2014

The results of the BCRP Survey on Macroeconomic Expectations carried out in May 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>		
	Mar.31	Apr.30	May.30
ECONOMIC ANALYSTS 1/			
2014	2.8	2.8	2.9
2015	2.5	2.6	2.7
2016	2.5	2.5	2.5
FINANCIAL ENTITIES 2/			
2014	2.7	2.8	2.8
2015	2.5	2.7	2.6
2016	2.5	2.6	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/ 22 analysts in March 2014, 20 in April, and 19 in May.

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

3/ 358 non-financial firms in March 2014, 365 in April, and 379 in May.

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

SURVEY OF MACROECONOMIC EXPECTATIONS: GDP (%)

	<u>Survey date</u>		
	Mar.31	Apr.30	May.30
ECONOMIC ANALYSTS 1/			
2014	5.4	5.3	5.2
2015	5.7	5.6	5.7
2016	5.9	6.0	6.0
FINANCIAL ENTITIES 2/			
2014	5.4	5.5	5.2
2015	5.5	5.5	5.5
2016	5.5	5.5	5.5
NON-FINANCIAL FIRMS 3/			
2014	5.2	5.5	5.2
2015	5.5	5.5	5.5
2016	5.8	5.8	5.7

1/ 22 analysts in March 2014, 20 in April, and 19 in May.

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

3/ 358 non-financial firms in March 2014, 365 in April, and 379 in May.

All the economic agents expect the dollar to be traded between S/. 2.81 and S/. 2.85 at the end of 2014.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE

	Survey date		
	Mar.31	Apr.30	May.30
ECONOMIC ANALYSTS 1/			
2014	2.85	2.85	2.85
2015	2.90	2.90	2.90
2016	2.90	2.90	2.90
FINANCIAL ENTITIES 2/			
2014	2.85	2.85	2.82
2015	2.85	2.85	2.85
2016	2.87	2.90	2.85
NON-FINANCIAL FIRMS 3/			
2014	2.85	2.82	2.81
2015	2.88	2.85	2.85
2016	2.90	2.90	2.90

1/ 22 analysts in March 2014, 20 in April, and 19 in May.

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

3/ 358 non-financial firms in March 2014, 365 in April, and 379 in May.

* Exchange rate at end of year.

Non-Financial Public Sector: Surplus of S/. 517 million in May

In May, the non-financial public sector showed a surplus of S/. 517 million and thus accumulated a surplus of S/. 13 billion in the first five months of the year.

The tax revenues of the general government fell 1.0 percent due to lower collections from the income tax, the VAT, and the excise tax.

On the other hand, the non-financial expenditure of the general government increased by 4.0 percent, driven by higher spending in the national government (7.4 percent) and in the regional governments (1.6 percent). Spending in local governments registered a decline of 2.1 percent.

OPERATIONS OF THE NON-FINANCIAL PUBLIC SECTOR 1/

(Million S/.)

	May			January - May		
	2013	2014	Real % Chg.	2013	2014	Real % Chg.
1. General government current revenues	9,677	9,875	-1.5	51,663	56,032	4.8
a. Tax revenue	7,220	7,403	-1.0	38,851	42,594	6.0
National	7,000	7,167	-1.1	37,716	41,390	6.1
Local	220	236	3.5	1,135	1,204	2.4
b. Non-tax revenue	2,457	2,472	-2.9	12,812	13,438	1.4
National	2,116	2,176	-0.7	11,175	11,774	1.8
Regional	122	62	-50.6	384	301	-24.1
Local	219	233	2.8	1,253	1,363	5.2
2. General government non-financial expenditure	8,252	8,890	4.0	36,760	40,520	6.6
a. Current	6,184	6,523	1.9	27,532	30,743	7.9
b. Capital	2,068	2,367	10.6	9,227	9,777	2.4
<i>Of wich: Gross Capital Formation</i>	<i>2,016</i>	<i>2,182</i>	<i>4.5</i>	<i>8,813</i>	<i>9,187</i>	<i>0.8</i>
3. Others 2/	187	120		130	246	
4. Primary Balance	1,613	1,105		15,032	15,758	
5. Interests	562	588	1.1	3,012	2,757	-11.5
6. Overall Balance	1,051	517		12,021	13,001	

1/ Preliminary.

2/ Includes capital revenues from the General government and primary result of public companies.

Source: MEF, SUNAT, Banco de la Nación, public charities, public institutions and companies.

Monetary and foreign exchange operations

The balance of the BCRP monetary and foreign exchange operations at June 10 is specified below:

1. BCRP-CDs at end-May showed a balance of S/. 17.57 billion with an average interest of 3.84 percent, while BCRP-CDs at June 10 showed a balance of S/. 14.79 billion with an average interest of 3.82 percent.
2. Overnight deposits recorded a balance of S/. 2.14 billion at the close of May and a balance of S/. 870 million on June 10.
3. Repos showed a balance of S/. 100 million at end May with an average interest rate of 4.30 percent. This balance was the same at June 10.
4. FX swaps: The balance of these operations at the close of May was S/. 1.90 billion with an average interest rate of 4.48 percent. The BCRP has not made any auctions of FX swaps so far this month.
5. CDR-BCRP showed a balance of S/. 910 million at end-May with an interest rate of 0.08 percent and a balance of S/. 710 million at June 10 with an average interest rate of 0.09 percent.

MONETARY AND FOREIGN EXCHANGE OPERATIONS
(Million nuevos soles)

		Balance			Auctions				Placements	
		(Interest rate)			(Interest rate)					
		April 30	May 31	Jun 10	Overnight	6 months	12 months	18 months		
Monetary operations	Sterilization	CD BCRP	12,757 (3.83%)	17,566 (3.84%)	14,795 (3.82%)		200 (3.84%)	100 (3.90%)	100 (3.96%)	3,171
		Overnight deposits	1,300 (2.8%)	2,139 (2.8%)	870 (2.80%)	4,133 (2.80%)				5,402
		Repos		100 (4.30%)	100 (4.30%)	5,000 (4.06%)				5,000
	Injection	Fx-Swaps	900 (4.41%)	1,900 (4.48%)	1,900 (4.48%)					
		CDR BCRP	3,186 (0.1%)	910 (0.08%)	710 (0.09%)					200

Currency in circulation at June 10, 2014, showed a balance of S/. 33.45 billion and a growth rate of 7.7 percent in the last 12 months.

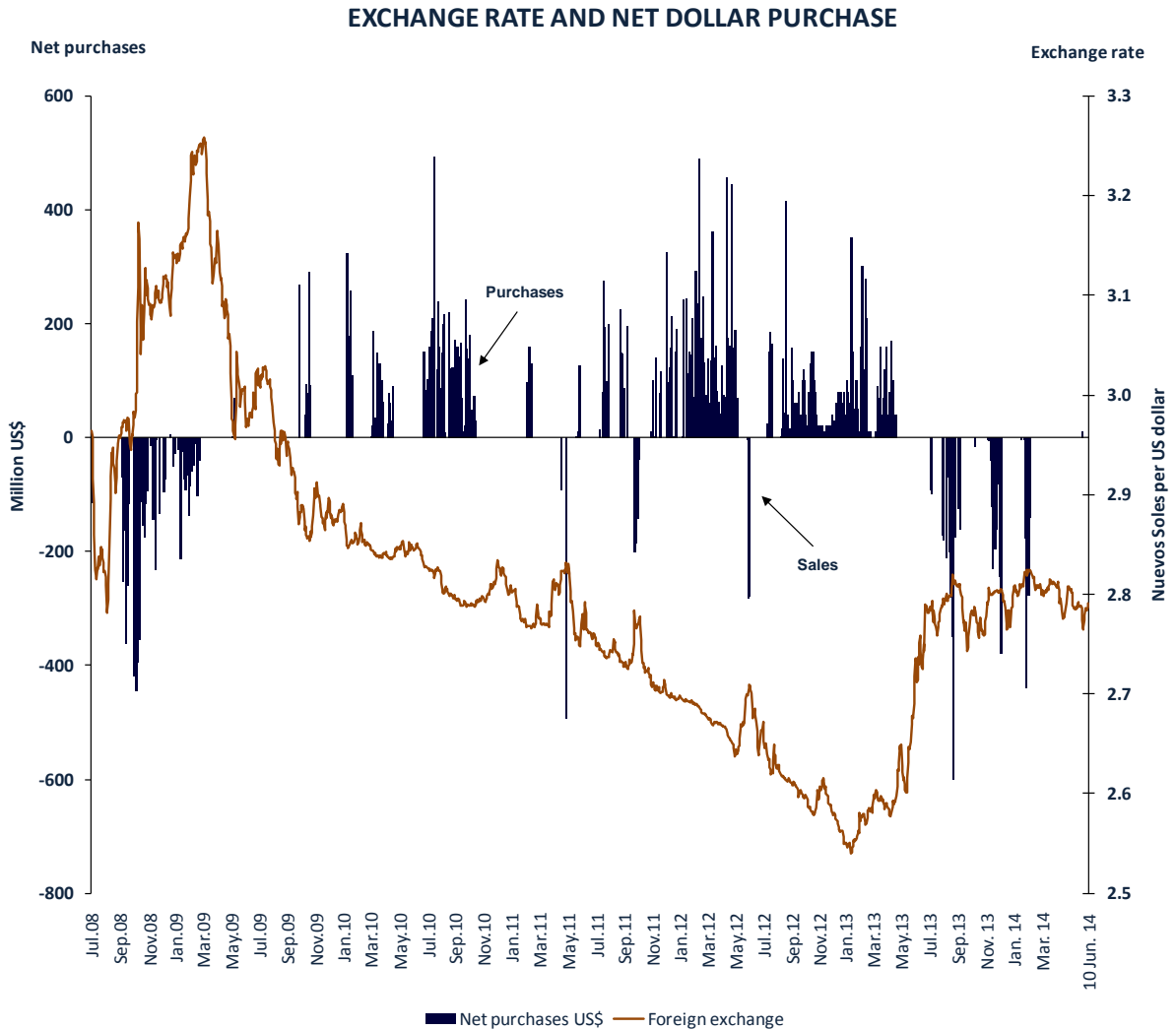
CURRENCY
(Annual percentage change)



Exchange rate: S/. 2.79 per US dollar

On June 10, the average selling price of the dollar in the interbank market was S/. 2.79 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\$ 11.72 billion. The BCRP did not intervene in the foreign exchange market in the week of June 4 to June 10.



International reserves amount to US\$ 64.73 billion

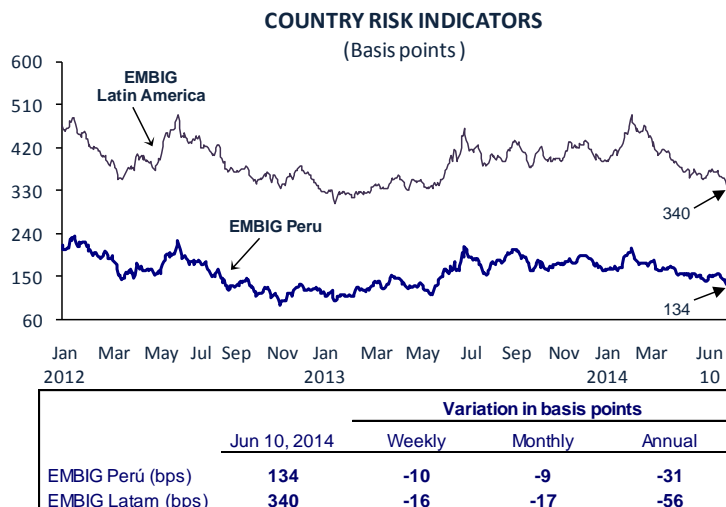
At June 10, 2014, net international reserves amounted to US\$ 64.73 billion and the foreign exchange position of the BCRP was US\$ 40.61 billion.

International Markets

Country risk at 134 basis points

In June 3-10, the country risk indicator, measured by the **EMBIG Peru** spread, fell from 144 to 134 basis points.

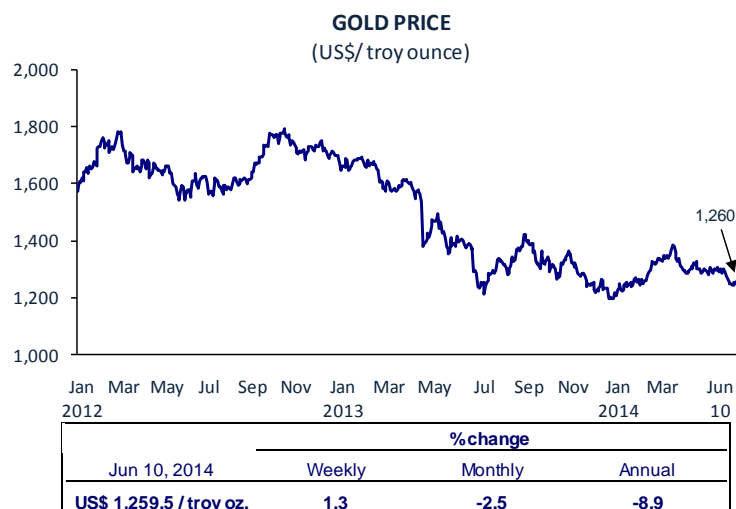
On the other hand, the EMBIG Latin America spread fell 16 basis points amid renewed optimism about the recovery of the U.S. economy, in a context in which the European Central Bank reduced interest rates to historical low levels and implemented other stimulus measures.



Price of gold at US\$ 1,259.5 per troy ounce

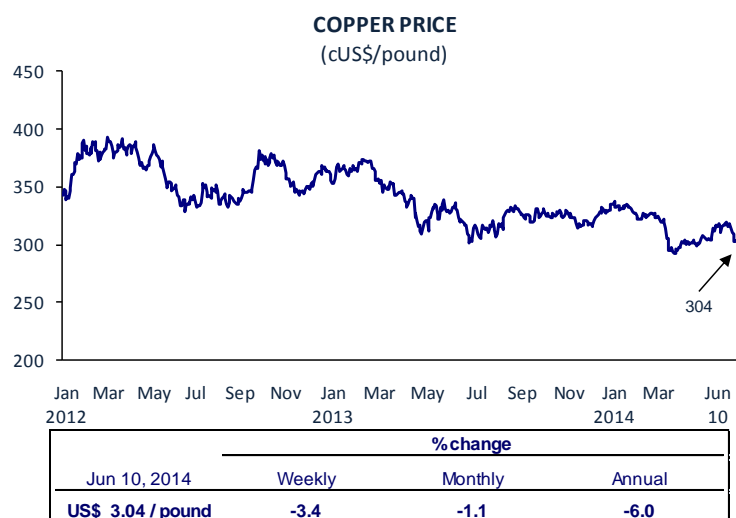
In the same period, the price of **gold** rose 3.1 percent to US\$ 1,259.5 per troy ounce.

The price of gold was favored by the European Central Bank's reduction of its interest rates to historical minimum levels, although the rise in the price of gold was offset by the strengthening of the dollar against the euro.



In June 3-10, the price of **copper** fell 3.4 percent to US\$ 3.04 per pound.

The copper market was affected by concerns of the Chinese Government regarding the use of this metal as collateral for financing operations.



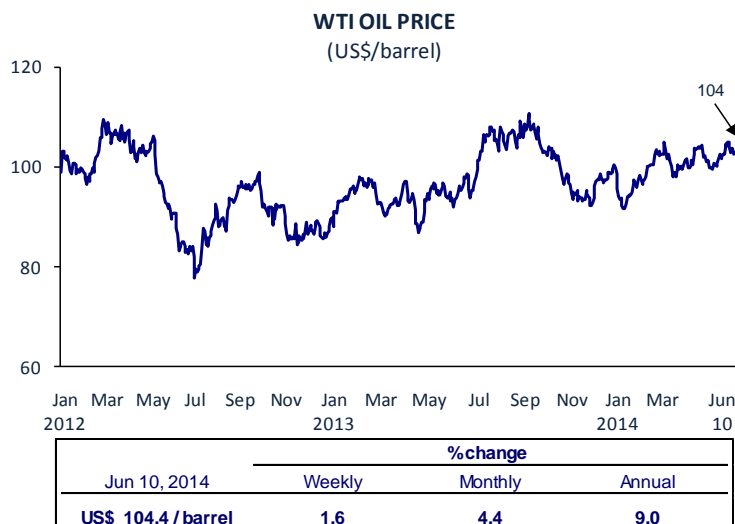
In the period of analysis, the price of **zinc** rose 1.1 percent to US\$ 0.96 per pound.

This upward trend reflected an improvement in the outlook for global demand, as well as tight supplies in the major metal exchange markets.



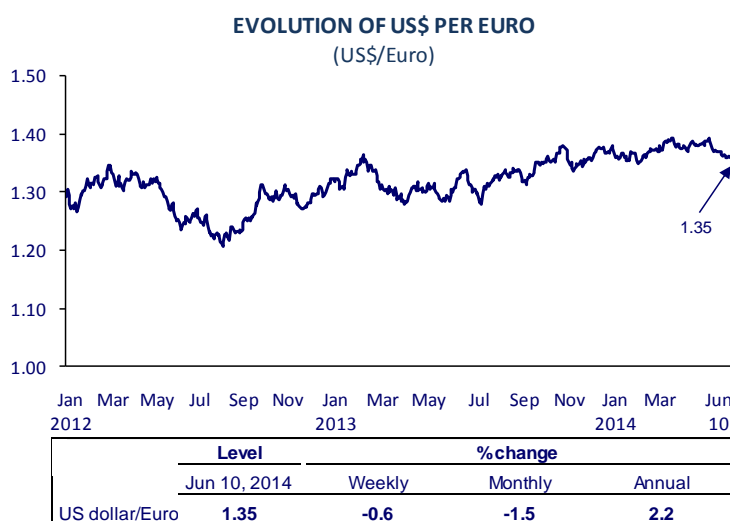
The price of **WTI oil** rose 1.6 percent to US\$ 104.4 per barrel between June 3 and June 10.

The rise in the price of crude was associated with a tight supply after the decline of inventories at Cushing-Oklahoma, as well as with expectations of a higher demand in the United States and China.



US dollar appreciated 0.6 percent against the euro

In the week of June 3-10, the **dollar** appreciated 0.6 percent against the **euro** as a result of a report showing a strong rebound of employment in the United States, which provides additional signals that the U.S. economy continues recovering.



Yield on 10-year U.S. Treasuries rose to 2.65 percent

In June 3-10, the **3-month Libor** remained at 0.23 percent.

The yield on the **10-year US Treasury bonds** rose from 2.60 percent to 2.65 percent, influenced by recent positive data of employment in the United States.

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



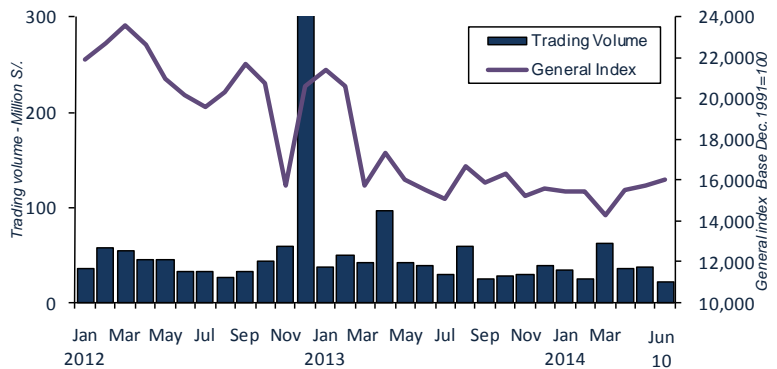
	Variation in basis points			
	Jun 10, 2014	Weekly	Monthly	Annual
3 months Libor (%)	0.23	0	1	-4
US Treasuries (%)	2.65	5	2	43

Lima Stock Exchange

So far this month (at June 10), the **General Index** of the Lima Stock Exchange (LSE) rose 1.9 percent and the **Selective Index** rose 1.7 percent.

During the week of analysis, the indices of the LSE rose 1.9 and 2.2 percent, respectively, in line with the positive performance of the stock markets in the region and favored by signals of a recovery in the U.S. economy.

LIMA STOCK EXCHANGE INDICATORS



	%change compared to:			
	Jun 10, 2014	Jun 3, 2014	May 30, 2014	Dec 31, 2013
General Index	16,052	1.9	1.9	1.9
Selective Index	22,722	2.2	1.7	-0.7

Year-to-date, the General Index of the LSE has risen 1.9 percent, while the Selective Index has declined 0.7 percent.

