



Indicators

➔	Exchange rate: S/. 2.80 per US Dollar on June 30
➔	Inflation in June: 0.16 percent
➔	Inflation excluding food and energy: 2.77 percent in the last 12 months
➔	Non-traditional exports grew 7 percent in January- May
➔	Country risk at 147 pbs

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Monetary and foreign exchange operations

The BCRP monetary and foreign exchange operations at June included the following:

1. BCRP-CDs at end-June showed a balance of S/. 16.35 billion with an average interest of 3.82 percent. Auctions of 1 and 18-month for a total of S/. 2.40 billion at an average rate of 3.80 percent. Placements of CDBCRP of S/. 3.62 billion.
2. Overnight deposits registered a balance of S/. 2.40 billion at the close of June.
3. Repos showed a balance of S/. 100 million at end June with an average interest rate of 4.30 percent. Auctions of 1-day repos for S/. 5.0 billion at an average rate of 4.06 percent.
4. FX swaps: The balance of these operations at the close of June was S/. 2.50 billion with an average interest rate of 4.40 percent.
5. CDR-BCRP showed a balance of S/. 700 million at end-June with an interest rate of 0.09 percent. The last placement of CDR BCRP was on May 21, 2014.
6. Interventions in the foreign exchange market: The BCRP did not intervene in the spot market since May 29, 2014.

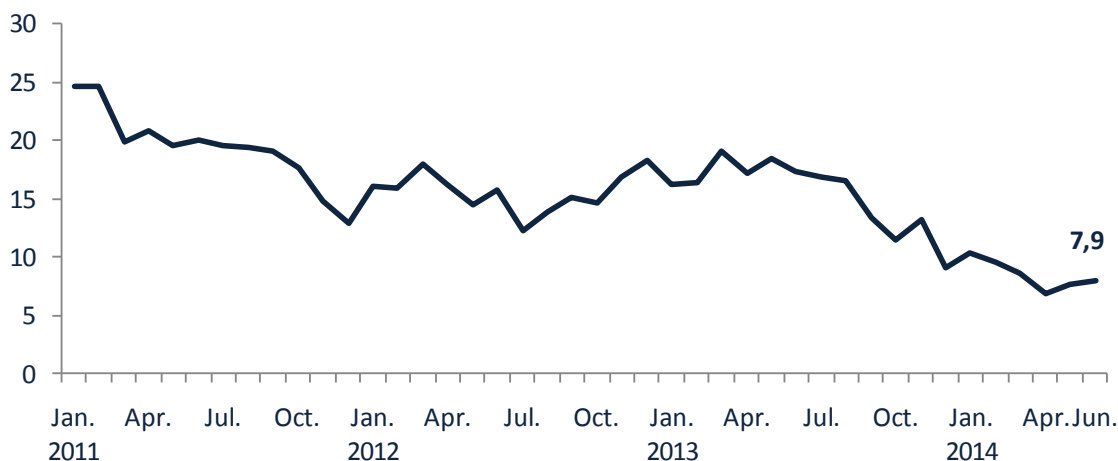
MONETARY AND FOREIGN EXCHANGE OPERATIONS: JUNE

(Million nuevos soles)

		Balance		Auctions						Placements	
		(Interest rate)		(Interest rate)							
		May 31	June 30	Overnight	1 month	3 months	6 months	12 months	18 months		24 months
Monetary operations	Sterilization	CD BCRP	17,566 (3.84%)	16,345 (3.82%)		600 (3.79%)	400 (3.75%)	600 -3.78%	400 (3.82%)	400 (3.87%)	3,621
		Overnight deposits	2,139 (2.8%)	2,404 (2.8%)	9,318 (2.8%)						9,053
		Repos	100 (4.30%)	100 (4.30%)	5,000 (4.06%)						5,000
	Injection	Fx-Swaps	1,900 (4.48%)	2,500 (4.41%)						600 (4.18%)	0
		CDR BCRP	910 (0.08%)	700 (0.09%)							210

Currency in circulation at June 30, 2014, showed a balance of S/. 33.98 billion and a growth rate of 7.9 percent in the last 12 months.

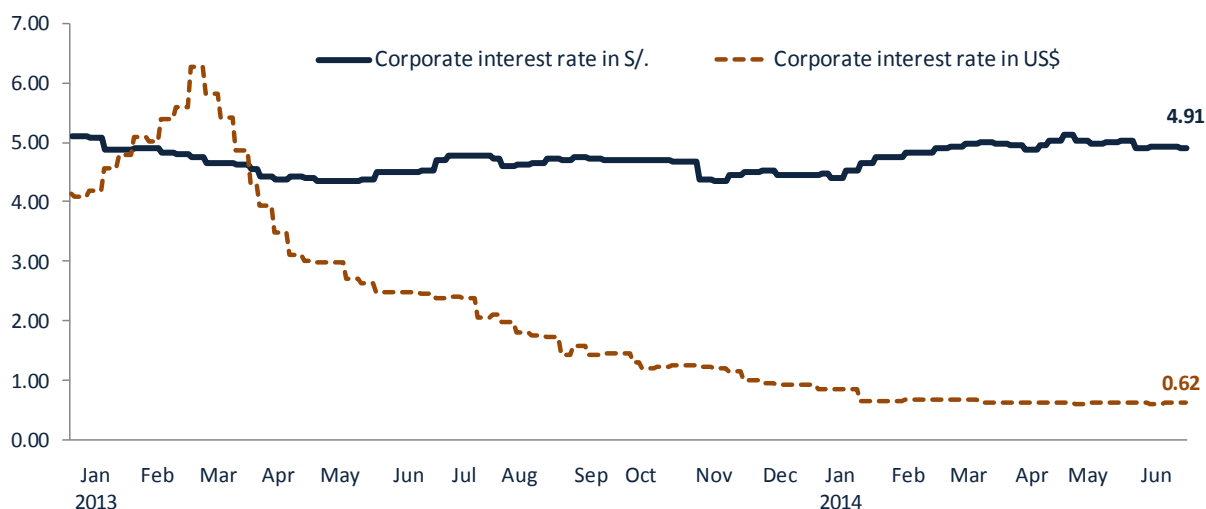
CURRENCY
(Annual percentage change)



Corporate prime rate in dollars at 0.62 percent

On June 30, the **corporate prime rate** –the interest rate commercial banks charge to lower risk businesses– in US dollars showed a daily average rate of 0.62 percent. On the other hand, the corporate prime rate in soles recorded a daily average rate of 4.91 percent.

INTEREST RATE
(%)

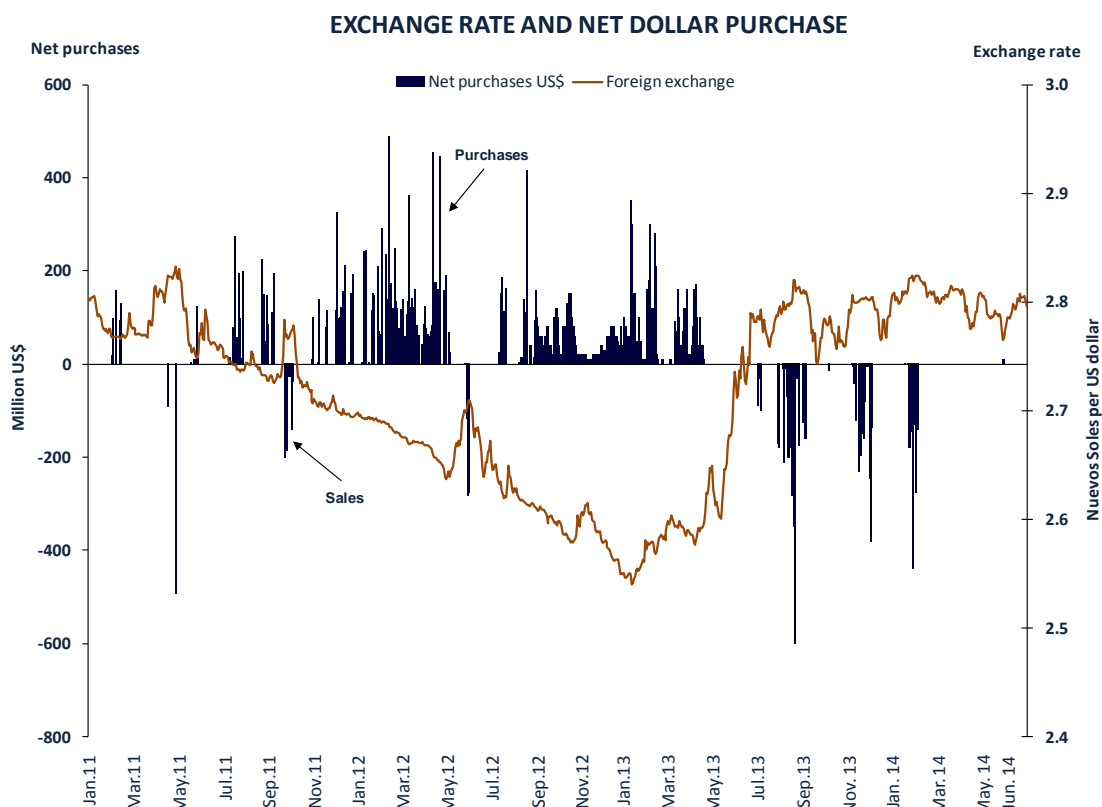


The corporate prime rate in soles is the closest in level to the rate of the Central Bank’s reference interest rate and tends to be the first to respond to the movements of and expectations about the monetary policy rate.

Exchange rate: S/. 2.80 per US dollar

On June 30, 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\$ 19.08 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.



International reserves amount to US\$ 64.58 billion

At June 30, 2014, net international reserves amounted to US\$ 64.58 billion and the foreign exchange position of the BCRP was US\$ 40.61 billion.

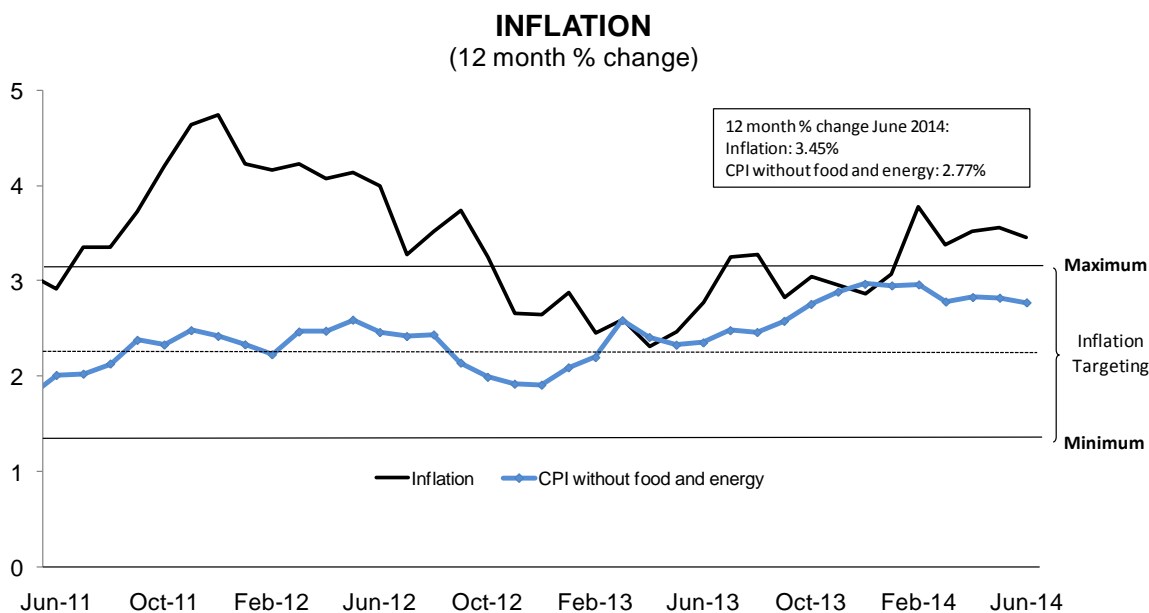
Inflation in Metropolitan Lima: 0.16 percent in June

The consumer price index in Metropolitan Lima showed a variation of 0.16 percent in June, as a result of which the variation of inflation in the last 12 months was 3.45 percent. Inflation without food and energy (International inflation indicator that isolates determinants of supply shocks) was 0.11 percent in the month and 2.77 percent in the last 12 months.

INFLATION
(Annual % change)

	Weight 2009=100	May 2014		June 2014	
		Month	12 months	Month	12 months
CPI	100.0	0.23	3.56	0.16	3.45
CPI without food and energy	56.4	0.14	2.82	0.11	2.77
Good	21.7	0.3	3.0	0.2	2.8
Services	34.8	0.0	2.7	0.1	2.8
Of which:					
Education	9.1	0.0	4.3	0.0	4.3
Rent	2.4	0.3	3.1	0.2	2.2
Health	1.1	0.1	4.7	0.5	5.0
Food and energy	43.6	0.32	4.44	0.22	4.26
Food	37.8	0.4	3.5	0.3	3.6
Energy	5.7	-0.2	10.6	-0.2	9.1

Source: INEI.



The items that contributed the most to the growth of inflation in June were chicken meat (0.08 percentage points), other vegetables (0.06 percentage points), and meals outside the home (0.05 percentage points). On the other hand, the items that contributed the most to reduce the rate of inflation were citrus fruits (-0.03 percentage points), onion and fresh legumes (-0.02 percentage points each).

BCRP Survey on Macroeconomic Expectations: June 2014

The results of the BCRP Survey on Macroeconomic Expectations carried out in June 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>		
	Apr.30	May.30	Jun.30
ECONOMIC ANALYSTS 1/			
2014	2.8	2.9	3.0
2015	2.6	2.7	2.8
2016	2.5	2.5	2.5
FINANCIAL ENTITIES 2/			
2014	2.8	2.8	2.9
2015	2.7	2.6	2.6
2016	2.6	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/ 20 analysts in April 2014, 19 in May, and 20 in June.

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

3/ 365 non-financial firms in April 2014, 379 in May, and 360 in June.

Economic analysts and financial entities estimate a growth rate of 5.0 percent in 2014. Non-financial firms estimates a growth rate of 4.8 percent

SURVEY OF MACROECONOMIC EXPECTATIONS: GDP (%)

	<u>Survey date</u>		
	Apr.30	May.30	Jun.30
ECONOMIC ANALYSTS 1/			
2014	5.3	5.2	5.0
2015	5.6	5.7	5.7
2016	6.0	6.0	6.0
FINANCIAL ENTITIES 2/			
2014	5.5	5.2	4.8
2015	5.5	5.5	5.4
2016	5.5	5.5	5.2
NON-FINANCIAL FIRMS 3/			
2014	5.5	5.2	5.0
2015	5.5	5.5	5.0
2016	5.8	5.7	5.5

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

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

3/ 365 non-financial firms in April 2014, 379 in May, and 360 in June.

All the economic agents expect the dollar to be traded between S/. 2.80 and S/. 2.84 at the end of 2014.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE

	<u>Survey date</u>		
	Apr.30	May.30	Jun.30
ECONOMIC ANALYSTS 1/			
2014	2.85	2.85	2.84
2015	2.90	2.90	2.88
2016	2.90	2.90	2.90
FINANCIAL ENTITIES 2/			
2014	2.85	2.82	2.83
2015	2.85	2.85	2.88
2016	2.90	2.85	2.90
NON-FINANCIAL FIRMS 3/			
2014	2.82	2.81	2.80
2015	2.85	2.85	2.85
2016	2.90	2.90	2.90

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

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

3/ 365 non-financial firms in April 2014, 379 in May, and 360 in June.

* Exchange rate at enf of year.

Trade Balance: January – May 2014

Exports in the first five months of the year amounted to US\$ 14.98 billion (vs. US\$ 17.0 billion in 2013). Increased exports of fishmeal (93 percent) and non-traditional products (7 percent) as well as a decline in exports of metals, were observed in this period.

Imports amounted to US\$ 17.04 billion, US\$ 509 million less than in 2013, due to lower imports of crude and oil derivatives, as well as to lower imports of transport equipments and raw materials by industry, offset by imports of capital goods for industry and non-durable consumer goods.

TRADE BALANCE (Million US\$)

	January - May		
	2013	2014	% Chg.
Exports	17,002	14,983	-11.9
Traditional products	12,626	10,342	-18.1
Non-traditional products	4,252	4,551	7.0
Other	124	90	-27.5
Imports	17,551	17,041	-2.9
Consumption goods	3,463	3,586	3.6
Raw materials	8,219	7,873	-4.2
Capital goods	5,787	5,503	-4.9
Other goods	82	79	-3.9
Trade balance	-549	-2,058	

Source: SUNAT and BCRP.

The terms of trade in the period of January-May 2014 declined 9.0 percent relative to the same period in 2013, mainly as a result of the lower prices registered by gold and copper exports.

Credit to the private sector and liquidity at June 15

Total credit to the private sector in the last four weeks (at June 15) increased 1.5 percent (S/. 3.11 billion). By currencies, credit in soles grew 0.7 percent (S/. 929 million), while credit in dollars grew 2.7 percent (US\$ 777 million). As a result of this, credit to the private sector registered an annual growth rate of 16.1 percent.

On the other hand, **total liquidity in the private sector** decreased 0.1 percent (negative flow of S/. 172 million), as a result of which liquidity in the private sector accumulated a growth rate of 8.5 percent in the last twelve months. By currencies, liquidity in soles grew 0.7 percent (S/. 884 million), while liquidity in dollars fell 1.5 percent (negative flow of US\$ 377 million).

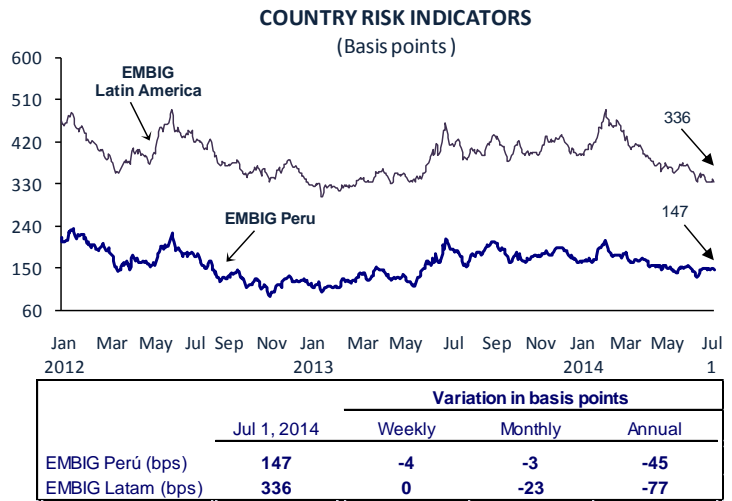
International Markets

Country risk at 147 basis points

On **July 1**, the **EMBIG Peru** indicator recorded 147 bps and the **EMBIG LatAm** recorded 336 bps.

In **June**, the average country risk, measured by the **EMBIG Peru** spread, fell from 149 bps in May to 145 bps.

In the month, the **Latin American** spread fell 22 bps to 343 bps due to renewed optimism about the recovery of the U.S. economy.

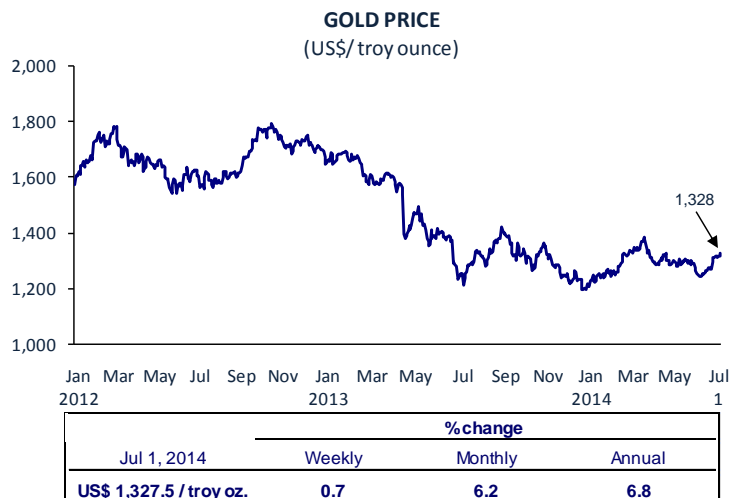


Price of gold at US\$ 1,327.5 per troy ounce

On **July 1**, the price of **gold** was US\$ 1,327.5 per troy ounce.

The average price of **gold** in **June** was US\$ 1,279.1 per troy ounce, 0.7 percent lower than in May.

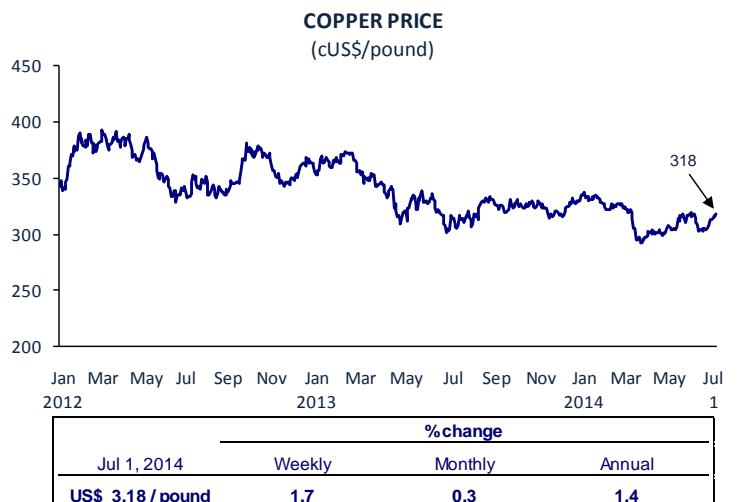
The decline in the price of gold was associated with the strengthening of the dollar against the euro. Geopolitical risks in Iraq and higher demand by investment Funds partially offset the fall.



The price of **copper** on **July 1** was US\$ 3.18 per pound.

In **June**, the price of **copper** showed an average price of US\$ 3.09 per pound, down 1.1 percent relative to May.

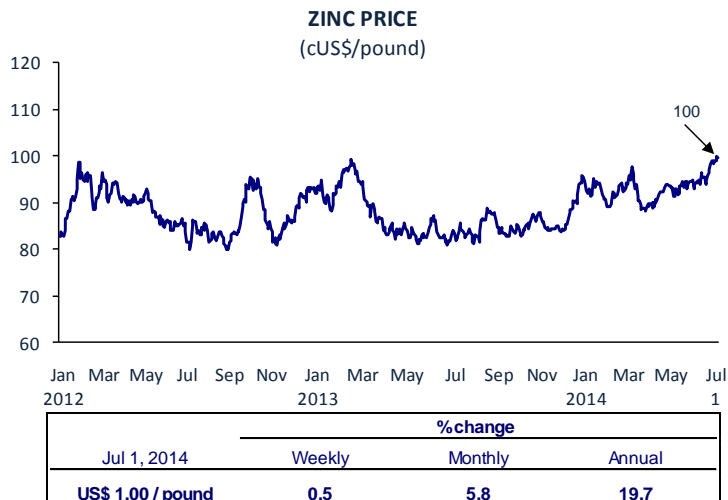
This decrease was associated with concerns of the Chinese Government regarding the use of this metal as collateral for financing operations. It was attenuated by signals of tight supplies.



On **July 1**, the price of **zinc** was US\$ 1.00 per pound.

The average price of **zinc** in **June** was US\$ 0.96 per troy ounce, 3.2 percent higher than in the previous month.

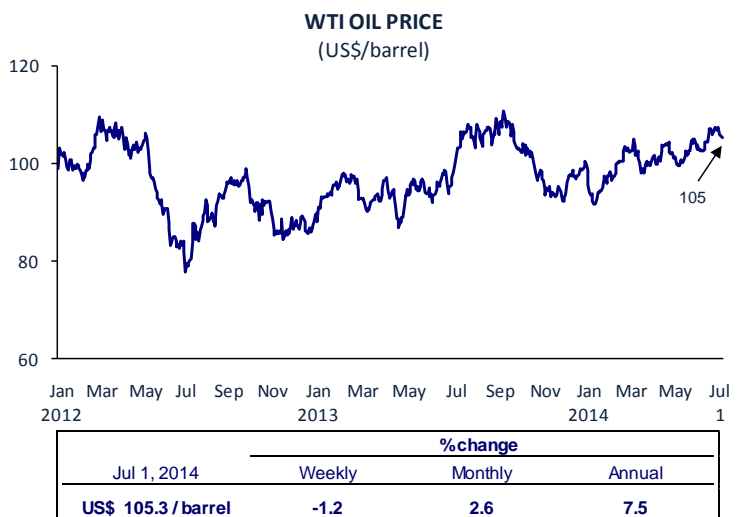
This rise in the price of zinc due to the stoppages of various mine operations as well as tight supplies in the major metal exchange markets.



The price of **WTI oil** on **July 1** was US\$ 105.3 per barrel.

The average price of **WTI oil** in **June** was US\$ 105.2/barrel, 3.2 percent higher than recorded in May.

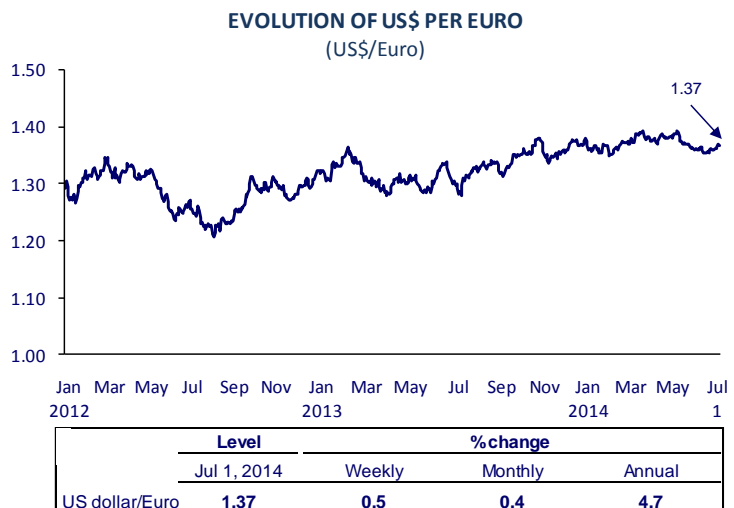
The upward trend observed in the price of crude due to worries by disruptions in the supply from Iraq and to decline of inventories at Cushing-Oklahoma, partially limited by an increase production in OPEC during June.



Exchange rate: US\$ 1.37 per euro

On **July 1**, the **US dollar-euro** exchange rate was US\$ 1.37 per euro.

In **June**, the **dollar** appreciated on average 0.9 percent against the **euro** amid reports showing employment and activity data in the United States, which provides additional signals that the U.S. economy continues recovering.

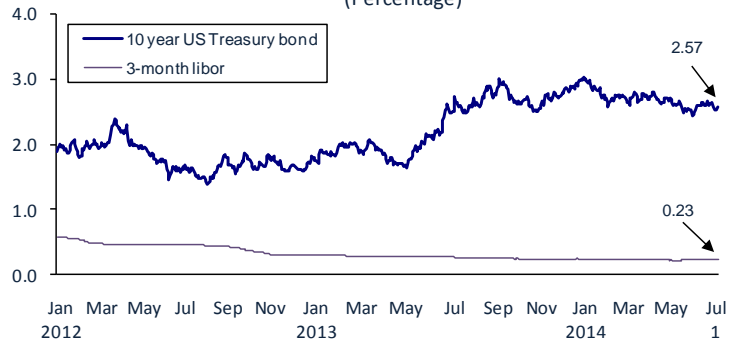


Yield on 10-year US Treasuries at 2.57 percent

On **July 1**, the **3-month Libor** recorded 0.23 percent and the yield on the **10-year US Treasury bonds** recorded 2.57 percent.

In **June**, the **3-month Libor** was 0.23 percent while the yield on the **10-year US Treasury bonds** showed a rate of 2.59 percent, 4 bps higher than in May, given positive data of employment and activity in the United States.

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



	Variation in basis points			
	Jul 1, 2014	Weekly	Monthly	Annual
3 months Libor (%)	0.23	0	0	-4
US Treasuries (%)	2.57	-1	9	9

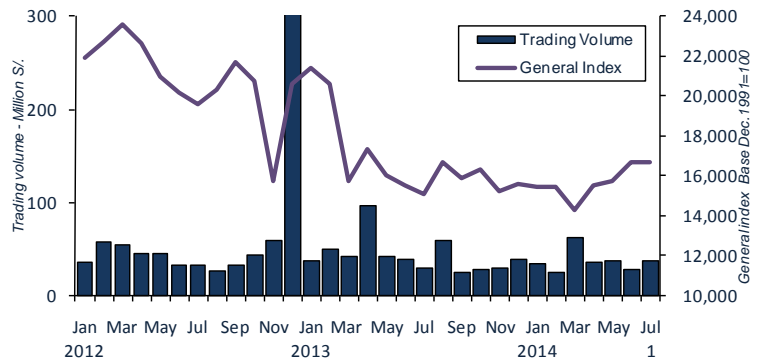
Lima Stock Exchange

In **June**, the **General Index** of the Lima Stock Exchange (LSE) rose 5.8 percent, and the **Selective Index** of the LSE increased 5.1 percent.

The LSE indices showed these levels influenced by positive performance of the stock markets in the region and favored by signals of a recovery in the U.S. economy.

So far this year (at **July 1**), the General and the Selective Index has increased 6.1 and 2.8 percent respectively.

LIMA STOCK EXCHANGE INDICATORS



	As of:		% change compared to:	
	Jul 1, 2014	Jun 24, 2014	May 30, 2014	Dec 31, 2013
General Index	16,719	1.4	6.1	6.1
Selective Index	23,525	2.0	5.3	2.8

