



## Indicators

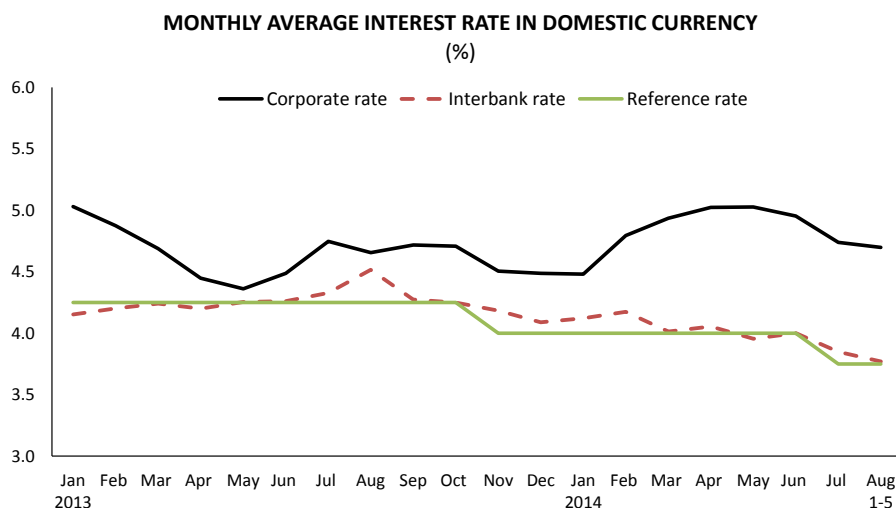
- Credit to the private sector grew 15 percent in anual terms at 15 August
- Inflation in July: 0.43 percent
- Non-traditional exports rose US\$ 363 million in H1-2014

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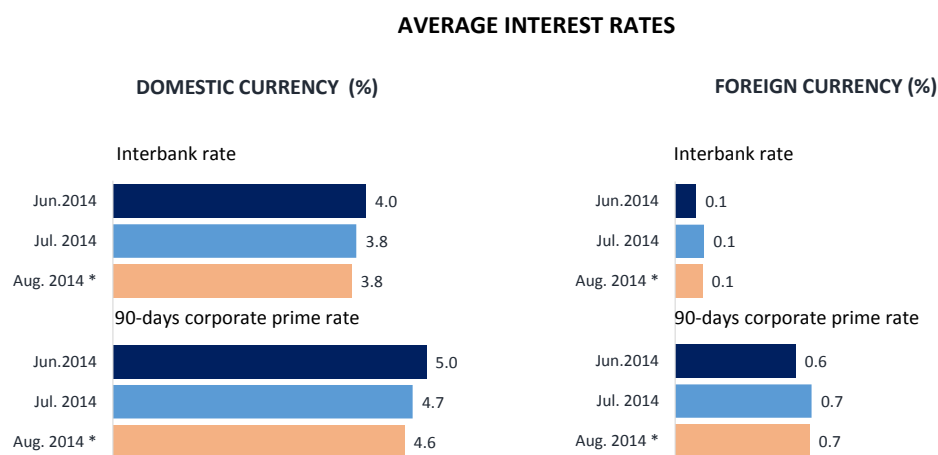
## Interbank interest rate in soles at 3.77 percent

The interbank interest rate in soles registered a level of 3.77 percent in August 5, similar to the monetary policy reference rate (3.75 percent). It is worth pointing out that monetary operations of the Central Bank seeking the interbank lending rate stand close to the reference rate.



## Corporate prime rate in soles at 4.6 percent

On August 5, the **corporate prime rate** –the interest rate charged by commercial banks to lower risk businesses– in soles recorded a daily average rate of 4.6 percent (similar to the previous week). The corporate prime rate in dollars showed a daily average of 0.7 percent in the same period.



\* As of 5.

In the first days of August, the monetary operations of the Central Bank were oriented to provide adequate levels of liquidity through Overnight repo, Repo operations and *Fx-Swaps* to satisfy a higher demand of liquidity in first days of each months.

- Repos: Overnight repos at an average rate of 3.80 percent were placed for a total of S/. 4.60 billion and 3 month-repos at an average rate of 3.78 percent were placed for a total of S/. 100 million. Repo maturities amounted to S/. 4.60 billion. Repos showed a balance of S/. 600 million with an average interest rate of 4.25 percent at August 5.
- FX swaps: A total of S/. 100 million was placed at an average interest rate of 3.82 percent. The balance of these operations at August 5 was S/. 3.30 billion, with an average interest rate of 4.26 percent.

Also, in order to contribute to increased liquidity in the secondary market for CD BCRP, Central Bank has continued to make regular placements of these instruments three times a week.

- CD BCRP: 6 month-CD BCRP at an average rate of 3.60 percent were placed for a total of S/. 100 million. There were no maturities of CD BCRP. The balance of these operations at August 5 was S/. 16.50 billion, with an average interest rate of 3.77 percent.
- Term deposits: There were no placement in August. The maturities of overnight-deposits in this period amounted to S/. 3.20 billion
- Overnight deposits: The balance of these operations at August 5 was S/. 908 million.

There were no exchange operations

- CDR BCRP: The balance was null at August 5.
- Exchange intervention: The BCRP has not intervened in the spot foreign exchange market since May 29, 2014, when purchasing US\$ 10 million.

## MONETARY AND FOREIGN EXCHANGE OPERATIONS

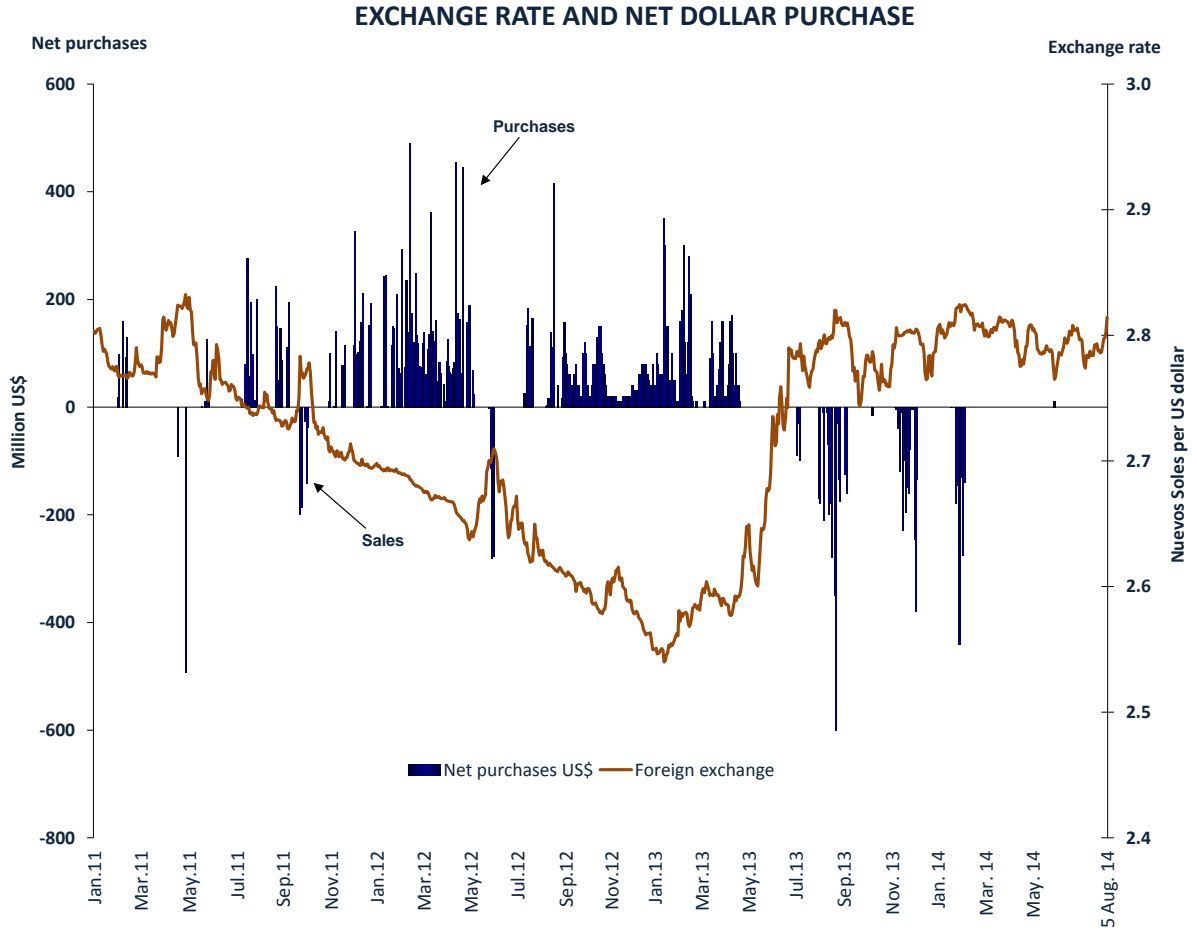
(Million nuevos soles)

		Balance			Placements			Maturities	
		(Interest rate)			(Interest rate)				
		June 30	July 31	August 5	Overnight	3-months	6-months		
Monetary operations	Sterilization	CD BCRP	16,345 (3.82%)	16,395 (3.77%)	16,495 (3.77%)		100 (3.60%)	0	
		Term deposits	0	3,200 (2.99)	0			3,200	
		Overnight deposits	3,117 (2.80%)	1,502 (2.55%)	908 (2.55%)	2,003 (2.55%)			2,598
	Injection	Repos	100 (4.30%)	500 (4.34%)	600 (4.25%)	4,600 (3.80%)	100 (3.78%)		4,600
		<i>Fx-Swaps</i>	2,500 (4.40%)	3,200 (4.27%)	3,300 (4.26%)		100 (3.82%)		0
Foreign exchange operations	CDR BCRP	700 (0.09%)	0	0				0	

## Exchange rate: S/. 2.81 per US dollar

On August 5, the average selling price of the dollar in the interbank market was S/. 2.81 per dollar.

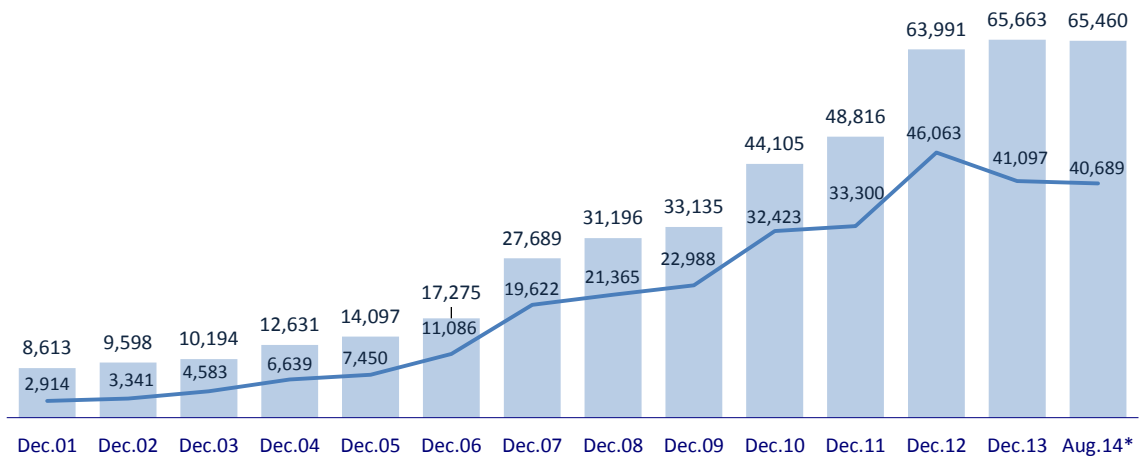
Since 2012, the Central Bank has purchased foreign currency for a total of US\$ 19.08 billion and sold foreign currency for a total of US\$ 7.35 billion. In net terms, purchases of foreign currency are higher than sales by US\$ 11.72 billion.



### International reserves amount to US\$ 65.46 billion at August 5

International reserves at August 5, 2014, amounted to US\$ 65.46 billion and the foreign exchange position of the BCRP was US\$ 40.69 billion.

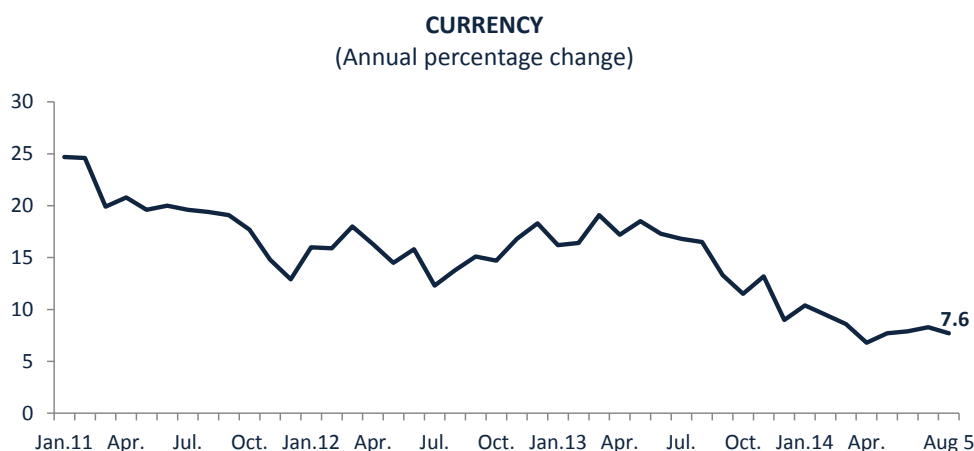
**INTERNATIONAL RESERVES AND NET INTERNATIONAL POSITIONS**  
(Million US\$)



\* As of 5.

## Currency in circulation

**Currency in circulation** at August 5, 2014, showed a balance of S/. 35.65 billion and a growth rate of 7.7 percent in the last 12 months.



## Credit to the private sector and liquidity at July 15

**Total credit to the private sector** in the last four weeks (at July 15) increased 1.0 percent (S/. 2.10 billion). By currencies, credit in soles grew 1.1 percent (S/. 1.36 billion) and credit in dollars rose 0.9 percent (US\$ 265 million). As a result of this, credit to the private sector registered an annual growth rate of 15.0 percent.

On the other hand, **total liquidity in the private sector** increased 2.0 percent (S/. 4.15 billion), as a result of which liquidity in the private sector accumulated a growth rate of 10.0 percent in the last twelve months. By currencies, liquidity in soles grew 1.4 percent (S/. 1.90 billion), while liquidity in dollars rose 3.3 percent (US\$ 803 million).

## BCRP Survey on Macroeconomic Expectations: July 2014

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

<b>SURVEY OF MACROECONOMIC EXPECTATIONS: INFLATION (%)</b>			
	<u>Survey date</u>		
	May.30	Jun.30	Jul.30
<b>ECONOMIC ANALYSTS 1/</b>			
2014	2.9	3.0	3.0
2015	2.7	2.8	2.8
2016	2.5	2.5	2.5
<b>FINANCIAL ENTITIES 2/</b>			
2014	2.8	2.9	3.0
2015	2.6	2.6	2.5
2016	2.6	2.6	2.5
<b>NON-FINANCIAL FIRMS 3/</b>			
2014	3.0	3.0	3.0
2015	3.0	3.0	3.0
2016	3.0	3.0	3.0

1/ 19 analysts in May 2014, 20 in June, and 22 in July.

2/ 20 financial entities in May 2014, 22 in June, and 21 in July.

3/ 379 non-financial firms in May 2014, 360 in June, and 345 in July.

All the economic agents estimate a GDP growth rate between 4.1 and 4.5 percent in 2014.

## SURVEY OF MACROECONOMIC EXPECTATIONS: GDP (%)

	Survey date		
	May.30	Jun.30	Jul.30
<b>ECONOMIC ANALYSTS 1/</b>			
2014	5.2	5.0	4.1
2015	5.7	5.7	5.5
2016	6.0	6.0	5.9
<b>FINANCIAL ENTITIES 2/</b>			
2014	5.2	4.8	4.3
2015	5.5	5.4	5.4
2016	5.5	5.2	5.5
<b>NON-FINANCIAL FIRMS 3/</b>			
2014	5.2	5.0	4.5
2015	5.5	5.0	5.0
2016	5.7	5.5	5.3

1/ 19 analysts in May 2014, 20 in June, and 22 in July.

2/ 20 financial entities in May 2014, 22 in June, and 21 in July.

3/ 379 non-financial firms in May 2014, 360 in June, and 345 in July.

Economic analysts expect the dollar to be traded at S/. 2.81 at the end of 2014. Non-financial firms and financial entities estimate an exchange rate of S/. 2.80 per US dollar.

## SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE\*

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

1/ 19 analysts in May 2014, 20 in June, and 22 in July.

2/ 20 financial entities in May 2014, 22 in June, and 21 in July.

3/ 379 non-financial firms in May 2014, 360 in June, and 345 in July.

\* Exchange rate at enf of year.

## Inflation in Metropolitan Lima: 0.43 percent in July

The consumer price index in Metropolitan Lima showed a variation of 0.43 percent in July, as a result of which the variation of inflation in the last 12 months was 3.33 percent. Inflation without food and energy was 0.24 percent in the month and 2.73 percent in the last 12 months.

**INFLATION**  
(Annual % change)

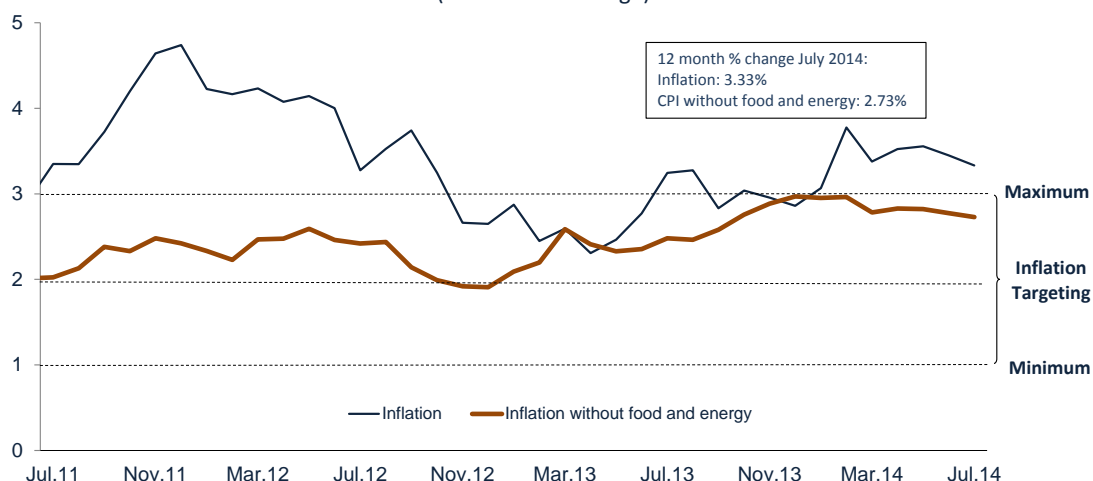
	Weight	Month		12 months		Accum. Jan.-Jul.	
		Jun 14	Jul 14	Jun 14	Jul 14	2013	2014
<b>CPI</b>	<b>100.0</b>	<b>0.16</b>	<b>0.43</b>	<b>3.45</b>	<b>3.33</b>	<b>2.21</b>	<b>2.68</b>
<b>CPI without food and energy</b>	<b>56.4</b>	<b>0.11</b>	<b>0.24</b>	<b>2.77</b>	<b>2.73</b>	<b>1.92</b>	<b>1.69</b>
Good	21.7	0.16	0.17	2.81	2.78	1.50	1.66
Services	34.8	0.07	0.28	2.75	2.69	2.19	1.70
Education	9.1	0.0	0.2	4.3	4.4	4.6	4.3
Rent	2.4	0.2	0.2	2.2	1.9	2.7	1.2
Health	1.1	0.5	0.1	5.0	4.8	2.7	2.5
<b>Food and energy</b>	<b>43.6</b>	<b>0.22</b>	<b>0.67</b>	<b>4.26</b>	<b>4.05</b>	<b>2.55</b>	<b>3.87</b>
Food	37.8	0.28	0.73	3.55	3.47	2.52	3.76
Energy	5.7	-0.2	0.2	9.1	8.0	2.7	4.6

Source: INEI.

The items that contributed the most to the growth of inflation in July were tomato (0.09 percentage points), national transportation (0.05 percentage points), and meals outside the home (0.03 percentage points). On the other hand, the items that contributed the most to reduce the rate of inflation were potato, eggs, and drink soda (-0.01 percentage points, each one).

Accumulated inflation in the period January-July was 2.68 percent, higher than in the same period of 2013 (2.21 percent) by domestic supply shocks that affected the price in some foods. Prices of meals in home increased 4.2 percent, higher than the increase in the same period in previous year (2.3 percent). It is worth pointing out the increases in onion (107.7 percent), tomato (33.6 percent), other vegetables (28.0 percent) and papaya (23.4 percent).

**INFLATION**  
(12 month % change)



**Trade Balance: January – June 2014**

Exports in June amounted to US\$ 2.90 billion. Increased exports of non-traditional farming products, in terms of value (3.1 percent) and volume (3.0 percent), reflecting higher shipments of agricultural products.

Imports amounted to US\$ 3.27 billion, US\$ 61 million higher than in 2013 (1.9 percent), due to higher imports of raw materials (US\$ 77 million).

Exports in the first half of this year amounted to US\$ 18.12 billion (vs. US\$ 20.28 billion in H1-2013). In this period an increased exports of fishmeal and non-traditional products as well as a decline in exports of minerals were observed.

In H1-2014, non-traditional exports amounted US\$ 5.50 billion, US\$ 363 million higher than in H1-2013. An increase was recorded in terms of export volumes of grapes, avocado, giant squid, and quinoa. The most important destination market were United States and European Union.

### TRADE BALANCE (Million US\$)

	2014		% change		% change	
	Jun.	H1	Jun.	H1	June	H1
<b>Exports</b>	<b>2,899</b>	<b>18,124</b>	<b>-11.6</b>	<b>-10.6</b>		
Traditional products	1,970	12,518	-17.0	-16.5	<b>Traditional exports</b>	<b>-17.0</b>
Non-traditional products	913	5,499	3.1	7.1	Price effect	-6.7
Others goods	16	106	-25.8	-27.2	Volume effect	-11.1
<b>Imports</b>	<b>3,269</b>	<b>20,317</b>	<b>1.9</b>	<b>-2.1</b>	<b>Non-traditional exports</b>	<b>3.1</b>
Consumption goods	672	4,261	-2.7	2.6	Price effect	0.1
Raw materials	1,466	9,343	5.5	-2.8	Volume effect	3.0
Capital goods	1,117	6,620	0.3	-4.1		
Other goods	13	93	-2.5	-2.7		
<b>Trade balance</b>	<b>-370</b>	<b>-2,194</b>				

Source: Sunat and BCRP.

Imports amounted to US\$ 20.32 billion in H1-2014, US\$ 441 million less than in H1-2013, due to lower imports of imports of transport equipment, as well as to lower crude and oil derivatives and raw materials by industry, offset by imports of capital goods for industry.

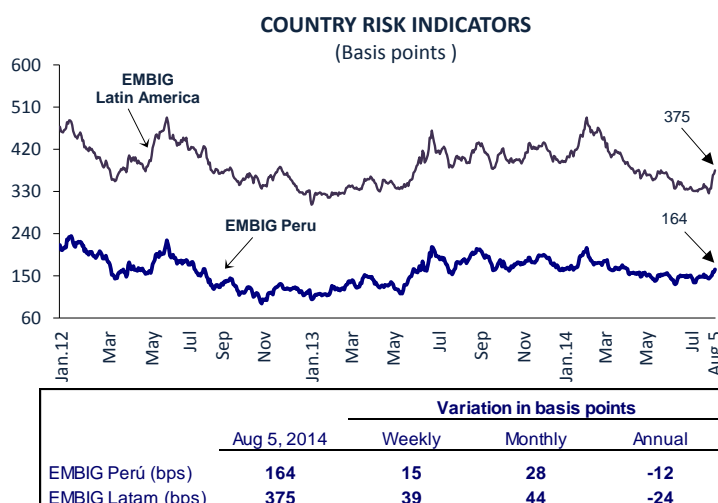
## International Markets

### Country risk at 164 basis points

On **August 5**, the **EMBIG Peru** indicator recorded 164 bps and the **EMBIG LatAm** recorded 375 bps.

In **July**, the average country risk, measured by the **EMBIG Peru** spread, rose from 145 bps in June to 147 bps.

In the month, the **Latin American** spread fell 7 bps to 336 bps due to Fed's optimism regarding economic recovery, as reflected in the minutes of the Fed's latest meeting.

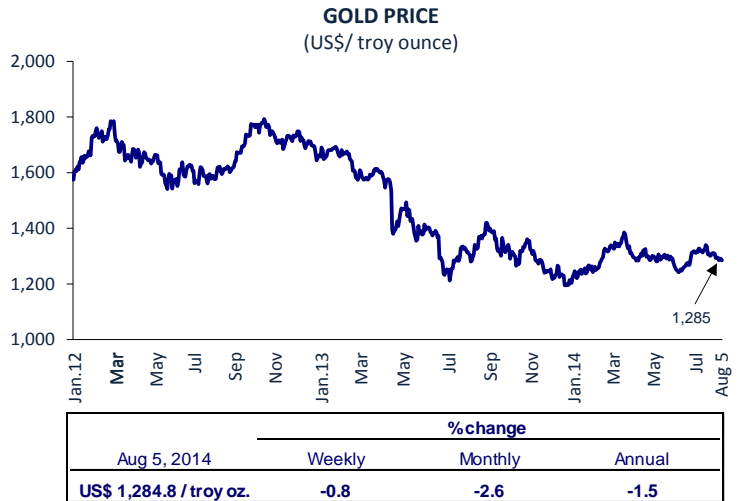


**Price of gold at US\$ 1,284.8 per troy ounce**

On **August 5**, the price of **gold** was US\$ 1,284.8 per troy ounce.

The average price of **gold** in **July** was US\$ 1,311.0 per troy ounce, 2.5 percent higher than in June.

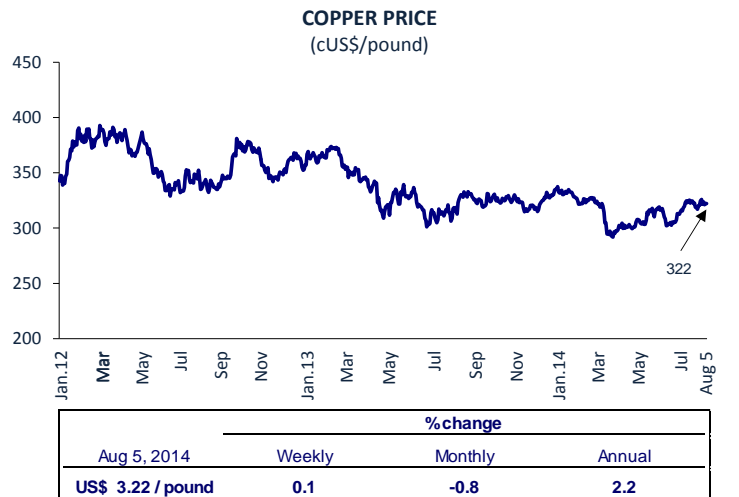
The price was influenced by a higher demand for gold as a hedge asset due concerns associated with geopolitical risks between Ukraine and Russia and domestic conflicts in Iraq.



The price of **copper** on **August 5** was US\$ 3.22 per pound.

In **July**, the price of **copper** showed an average price of US\$ 3.22 per pound, up 4.4 percent relative to June.

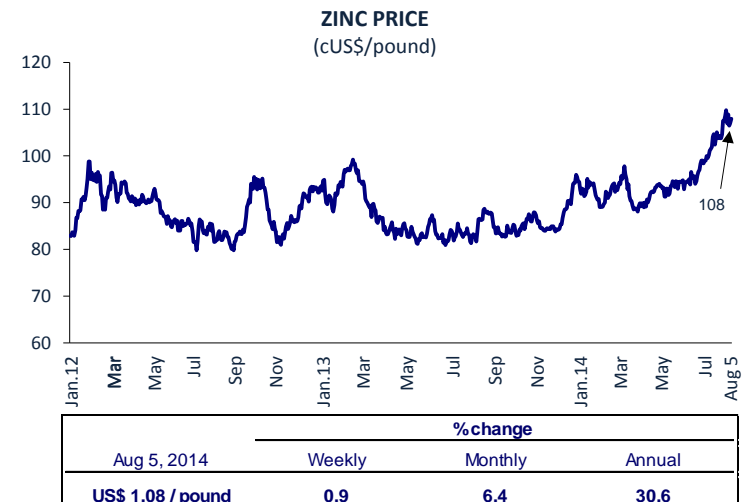
This increase was associated with the decrease of copper inventories at lowest level 6 years, as well as expectations of a higher demand due to positive manufacturing data in China.



On **August 5**, the price of **zinc** was US\$ 1.08 per pound.

The average price of **zinc** in **June** was US\$ 1.05 per troy ounce, 8.7 percent higher than in the previous month.

This rise in the price of zinc due closure of some mines and to the tightening of the zinc market which was reflected in the reduction of global inventories of this metal.

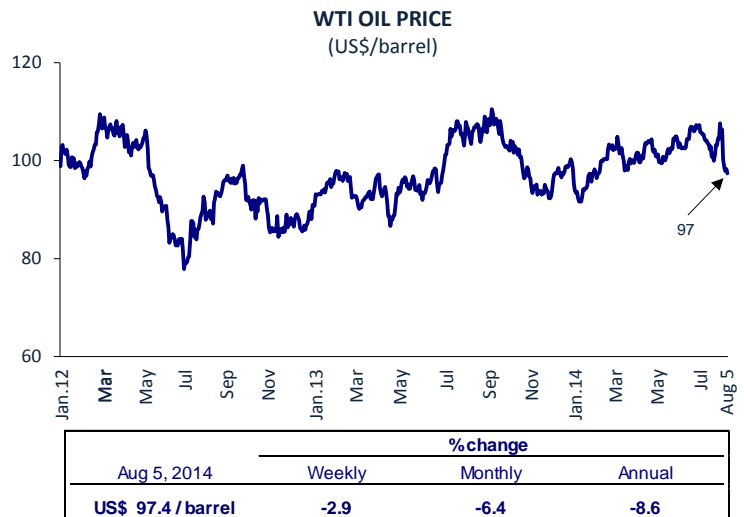




The price of **WTI oil** on **August 5** was US\$ 97.4 per barrel.

The average price of **WTI oil** in **July** was US\$ 102.9/barrel, 2.2 percent lower than recorded in June.

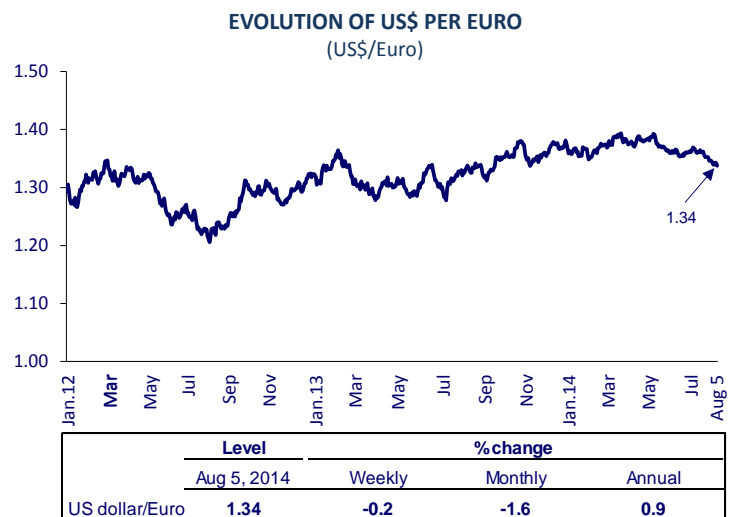
The downward trend observed in the price of crude due to decline of inventories at Cushing-Oklahoma that would show an increased demand from USA, and lower concerns of a shortage of supply in Iraq and Libya.



**Exchange rate: US\$ 1.34 per euro**

On **August 5**, the **US dollar-euro** exchange rate was US\$ 1.34 per euro.

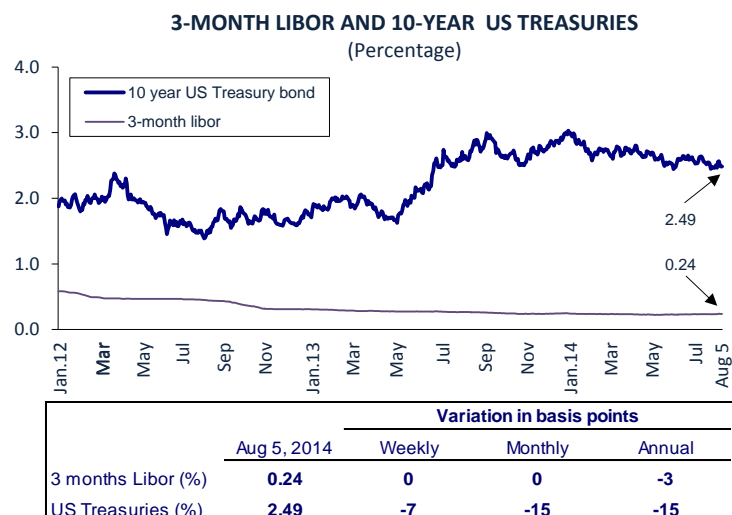
In **July**, the **dollar** remained almost unchanged against the **euro** amid the Fed's optimism regarding economic recovery, as reflected in the minutes of the Fed's latest meeting, and signals of positive activity in Eurozone.



**Yield on 10-year US Treasuries at 2.49 percent**

On **August 5**, the **3-month Libor** recorded 0.24 percent and the yield on the **10-year US Treasury bonds** recorded 2.49 percent.

In **July**, the **3-month Libor** was 0.23 percent while the yield on the **10-year US Treasury bonds** showed a rate of 2.53 percent, 6 bps lower than in June, given increased demand for these instruments as hedge assets due to rising geopolitical tensions between Russia and Ukraine.

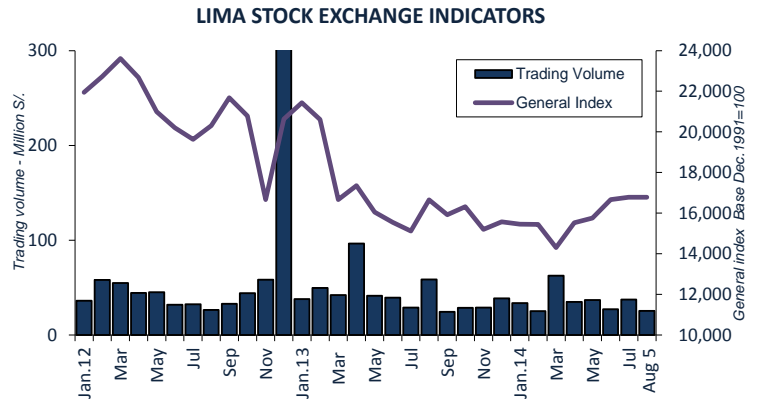


### Lima Stock Exchange

In **July**, the **General Index** of the Lima Stock Exchange (LSE) rose 1.2 percent, and the **Selective Index** of the LSE increased 0.5 percent.

The LSE indices showed these levels influenced by the increase in the prices of commodities, better credit rating to sovereign peruvian debt and favorable financial outcomes of the second quarter.

So far this year (at **August 5**), the General and the Selective Index has increased 6.6 and 2.5 percent respectively.



	%change compared to:			
	Aug 5, 2014	Jul 30, 2014	Jun 30, 2014	Dec 31, 2013
General Index	16,787	-0.6	0.8	6.6
Selective Index	23,453	-0.6	-0.1	2.5

