



Indicators

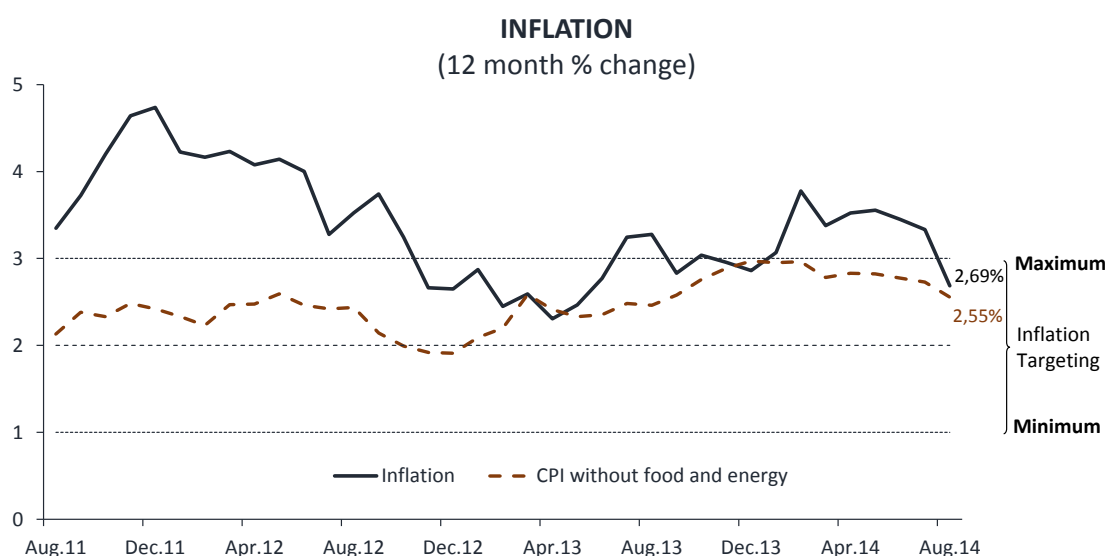
- Inflation in August: - 0.09 percent
- Corporate prime rate at 4.6 percent in August
- Country risk at 146 bps

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Inflation in Metropolitan Lima: -0.09 percent in August

In August the consumer price index in Metropolitan Lima showed a variation of -0.09 percent, as a result of which the variation of inflation in the last 12 months was 2.69 percent. Inflation excluding food and energy was -0.03 percent in the month and 2.55 percent in the last 12 months.



INFLATION
(Variaciones porcentuales)

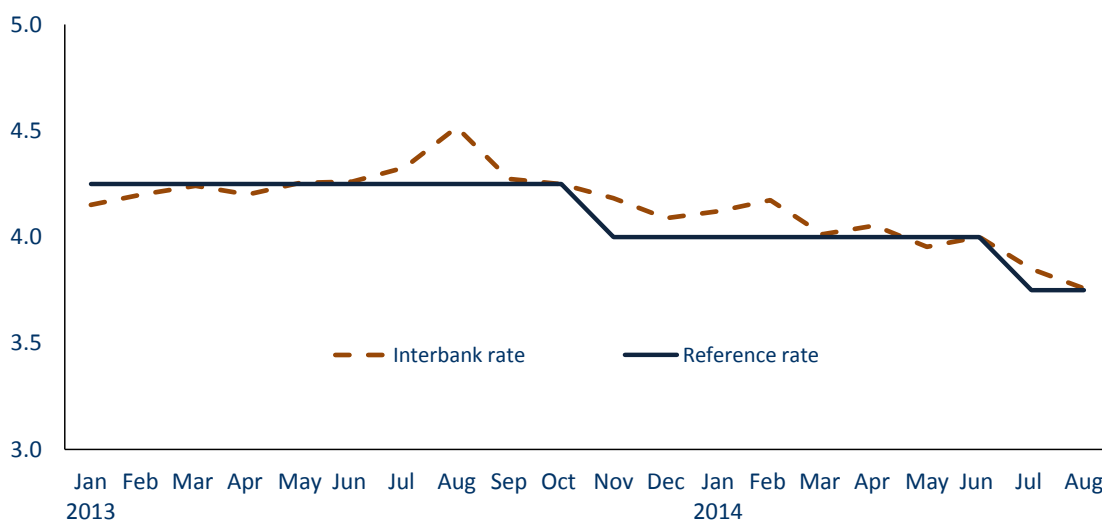
	Weight 2009=100	July 2014		August 2014	
		Month	12 months	Month	12 months
CPI	100.0	0.43	3.33	-0.09	2.69
CPI without food and energy	56.4	0.24	2.73	-0.03	2.55
Good	21.7	0.2	2.8	0.0	2.6
Services	34.8	0.3	2.7	-0.1	2.6
<i>Of which:</i>					
Education	9.1	0.2	4.4	0.0	4.4
Rent	2.4	0.2	1.9	0.3	2.0
Health	1.1	0.1	4.8	0.1	4.6
Food and energy	43.6	0.67	4.05	-0.15	2.84
Food	37.8	0.7	3.5	0.2	2.8
Energy	5.7	0.2	8.0	-2.6	2.9

The items that contributed the most to reduce inflation in August were electricity rates (-0.13 percentage points), other vegetables (-0.07 percentage points), and domestic transportation (-0.04 percentage points). On the other hand, the items that contributed the most to increase inflation were chicken meat (0.11 percentage points), meals outside the home (0.06 percentage points), and fresh legumes (0.02 percentage points).

Interbank interest rate in soles at 3.76 percent

In August the interbank interest rate in soles showed a level of 3.76 percent, a similar rate to that of the monetary policy reference rate (3.75 percent). It is worth pointing out that the aim of the operations of the Central Bank is that the interbank interest rate is close to the benchmark interest rate.

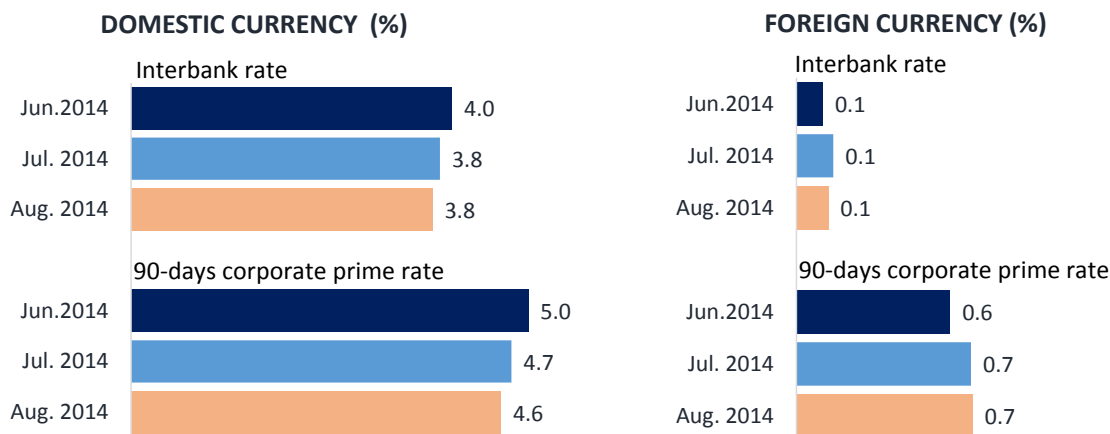
MONTHLY AVERAGE INTEREST RATE IN DOMESTIC CURRENCY (%)



Corporate prime rate in soles at 4.6 percent

At the close of August, 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 (4.7 percent in the previous week). In the same period, the corporate prime rate in dollars was 0.7 percent.

AVERAGE INTEREST RATES



Monetary and Foreign Exchange Operations

The monetary operations carried out by the Central Bank In August were aimed at withdrawing liquidity from the market –in line with lower reserve requirements in the month– to maintain the interbank interest rate close to the benchmark interest rate. The Central Bank continued with its regular placements of BCRP-CDs three times a week, placing CDs for a total of S/. 1.2 billion with the purpose of contributing to increase liquidity in the secondary market of these instruments.

- BCRP-CDs: 4-month BCRP-CDs for a total of S/. 200 million were placed at an average rate of 3.55 percent; 6-month BCRP-CDs for a total of S/. 800 million were placed at an average rate of 3.52 percent; 12-month BCRP-CDs for a total of S/. 400 million were placed at an average rate of 3.56 percent, and 18-month BCRP-CDs for a total of S/. 400 million were placed at an average rate of 3.64 percent. BCRPCDs maturities amounted to S/. 1.11 billion. The balance of these operations at August 31 was S/. 17.08 billion, with an average interest rate of 3.74 percent.
- Term deposits: 1-week deposits for a total of S/. 1.6 billion were placed in this period. Term deposits maturing overnight amounted to S/. 3.2 billion.
- Overnight deposits: Placements of overnight deposits amounted to S/. 22.25 billion and maturities amounted to S/. 22.92 billion. The balance of overnight deposits at August 31 was S/. 839 million.

Some liquidity injection operations were carried out in August, especially in the first week of the month.

- Repos: Overnight repos for a total of S/. 6.78 billion –S/. 6.5 billion through auctions and S/. 280 million through direct placements– were placed in August. In addition to this, 3-month repos for a total of S/. 250 million were placed in the month. The balance of these operations at August 31 was S/. 930 million, with an average interest rate of 4.33 percent.
- FX swaps for a total of S/. 100 million at an average interest rate of 3.82 percent were placed in the period of analysis. The balance of these operations at August 31 was S/. 3.2 billion, with an average interest rate of 4.25 percent

In August the Central Bank also made some operations in the spot foreign exchange market to reduce the volatility of the foreign exchange rate:

- Interventions in the foreign exchange market: On August 15, the BCRP purchased FC for a total of US\$ 10 million in the spot market at an average rate of S/. 2.7940 per US dollar.
- CDR BCRP: The Central Bank has placed CDR-BCRP for S/. 1.33 billion at an average interest rate of 0.06 percent. The balance of these operations at August 31 was S/. 1.33 billion.

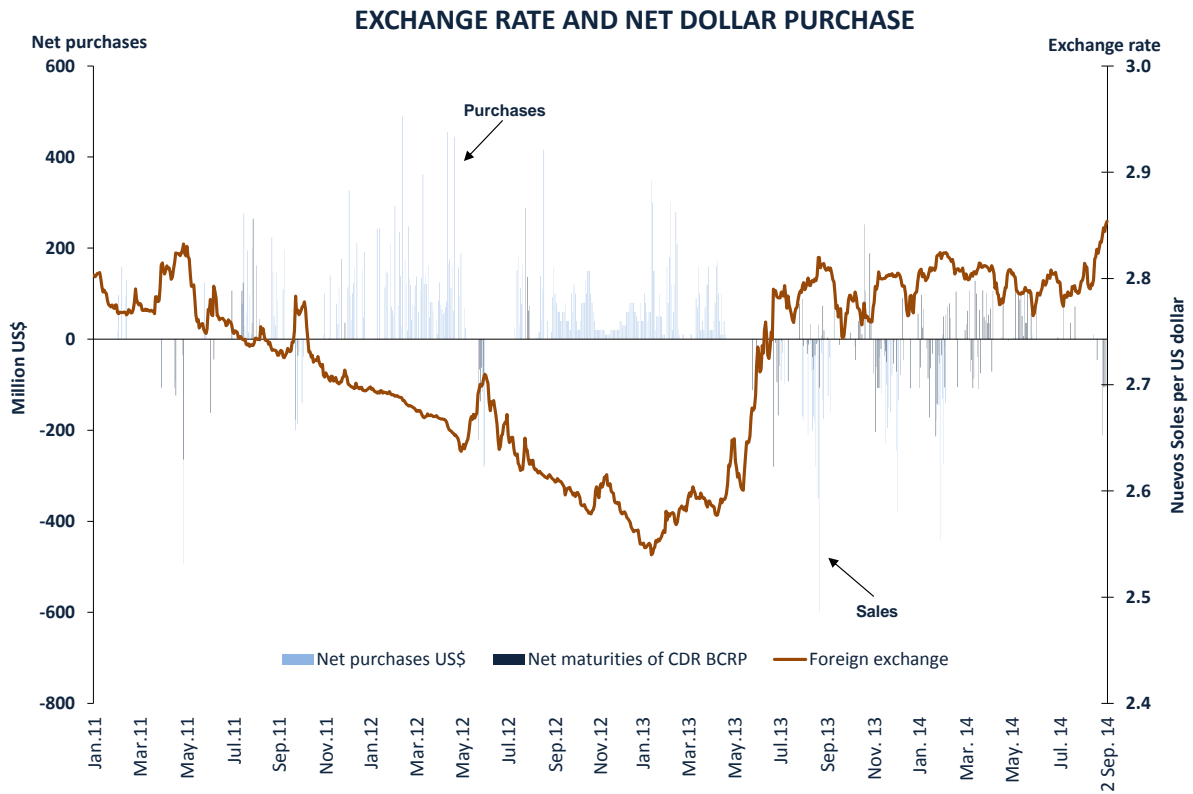
MONETARY AND FOREIGN EXCHANGE OPERATIONS
(Million nuevos soles)

		Balance		Auctions						Maturities	
		(Interest rate)		Overnight	1-week	3-month	(Interest rate)				
		Jul.31	Aug.31				4-month	6-month	12-month		18-month
Monetary operations	Sterilization	CD BCRP	16,395 (3.77%)	17,085 (3.74%)				200 (3.55%)	800 (3.52%)	400 (3.56%)	1,110
		Term deposits	3,200 (2.99%)	1,600 (3.33%)		1,600 (3.33)					3,200
		Overnight deposits	1,502 (2.55%)	839 (2.55%)	22,253 (2.55%)						22,917
	Injection	Repos	500 (4.34%)	930 (4.33%)	6,780 (3.85%)			250 (3.78%)			7,100
		Fx-Swaps	3,200 (4.27%)	3,200 (4.25%)				100 (3.82%)			100
		CDR BCRP	0	1,330 (0.06%)			1,330 (0.06%)				0

Exchange rate: S/. 2.85 per US dollar

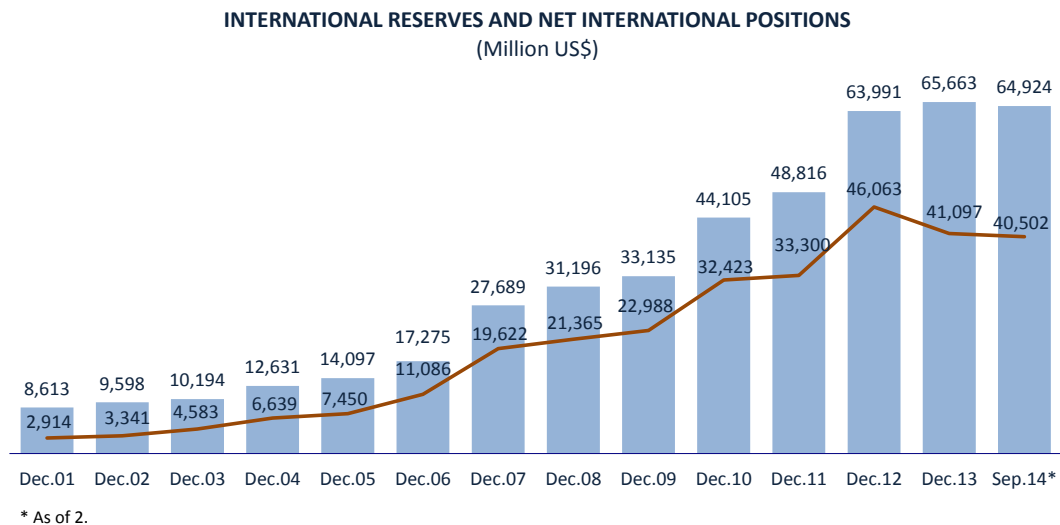
On September 2, the average selling price of the dollar in the interbank market was S/. 2.85 per dollar.

Since 2012, the Central Bank has purchased foreign currency for a total of US\$ 19.09 billion and sold foreign currency for a total of US\$ 7.35 billion. In net terms, purchases of foreign currency are higher than sales of foreign currency by US\$ 11.73 billion.



International reserves amounted to US\$ 64.92 billion at September 2

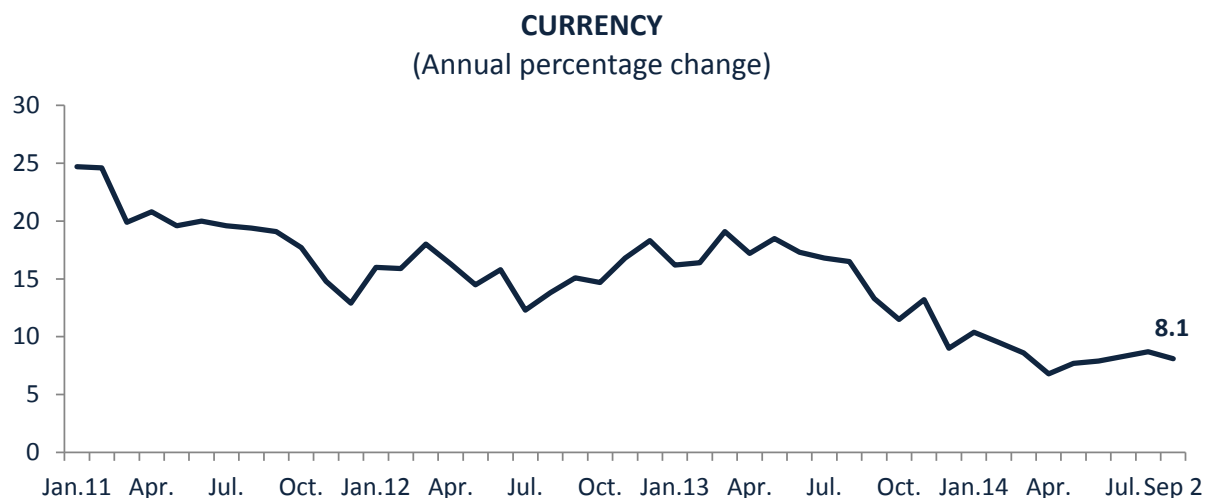
International reserves at September 2, 2014, amounted to US\$ 64.92 billion and the foreign exchange position of the BCRP was US\$ 40.50 billion.



* As of 2.

Currency

Currency in circulation at September 2, 2014, showed a balance of S/. 35.58 billion and a growth rate of 8.1 percent in the last 12 months.



BCRP Survey on Macroeconomic Expectations: August 2014

The results of the BCRP Survey on Macroeconomic Expectations carried out in August show that financial entities and non-financial firms expect inflation to remain within the Central Bank's target range at the end of 2014, while economic analysts expect an inflation rate of 3.1 percent.

SURVEY OF MACROECONOMIC EXPECTATIONS: INFLATION (%)

	<u>Survey date</u>		
	Jun.30	Jul.30	Aug.29
ECONOMIC ANALYSTS 1/			
2014	3.0	3.0	3.1
2015	2.8	2.8	2.8
2016	2.5	2.5	2.6
FINANCIAL ENTITIES 2/			
2014	2.9	3.0	3.0
2015	2.6	2.5	2.8
2016	2.6	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/ 20 analysts in June 2014, 22 in July, and 22 in August.

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

3/ 360 non-financial firms in June 2014, 345 in July, and 362 in August.

All the economic agents estimate a GDP growth rate between 3.9 and 4.0 percent in 2014.

SURVEY OF MACROECONOMIC EXPECTATIONS: GDP (%)

	Survey date		
	Jun.30	Jul.30	Aug.29
ECONOMIC ANALYSTS 1/			
2014	5.0	4.1	3.9
2015	5.7	5.5	5.5
2016	6.0	5.9	5.7
FINANCIAL ENTITIES 2/			
2014	4.8	4.3	4.0
2015	5.4	5.4	5.4
2016	5.2	5.5	5.5
NON-FINANCIAL FIRMS 3/			
2014	5.0	4.5	4.0
2015	5.0	5.0	5.0
2016	5.5	5.3	5.1

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

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

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Economic analysts and financial entities have raised their estimates and now expect the dollar to be traded at S/. 2.85 at the end of 2014. On the other hand, non-financial firms now expect the dollar to be traded at S/. 2.81.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE*

	Survey date		
	Jun.30	Jul.30	Aug.29
ECONOMIC ANALYSTS 1/			
2014	2.84	2.81	2.85
2015	2.88	2.90	2.89
2016	2.90	2.90	2.90
FINANCIAL ENTITIES 2/			
2014	2.83	2.80	2.85
2015	2.88	2.85	2.87
2016	2.90	2.85	2.88
NON-FINANCIAL FIRMS 3/			
2014	2.80	2.80	2.81
2015	2.85	2.85	2.85
2016	2.90	2.90	2.90

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

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

3/ 360 non-financial firms in June 2014, 345 in July, and 362 in August.

Trade Balance – July 2014

The recent information update of several indicators in Q2 has shown that exports in the previous months were higher than initially estimated and that the earnings of foreign companies were lower than previously estimated, which implies better results in the current account of the balance of payments than those reported in the Balance of Payments in Q2. Because of this, the deficit in the current account for this quarter has been revised down from 7.3 to 6.8 percent of GDP.

TRADE BALANCE (Million US\$)

	2013		2014		July		January - July			
	Jul.		Jun.	Jul.	Flow	% change 12 months	2013	2014	Flow	% change
1. EXPORTS	3,369		3,034	2,991	-377	-11.2	23,650	21,285	-2,365	-10.0
Traditional products	2,441		2,084	2,048	-393	-16.1	17,440	14,698	-2,742	-15.7
<i>of which:</i>										
Copper	771		667	657	-115	-14.9	5,350	4,863	-488	-9.1
Gold	577		417	395	-181	-31.4	4,891	2,916	-1,975	-40.4
Natural gas	89		32	68	-21	-23.4	878	480	-398	-45.3
Non-traditional products	910		933	934	24	2.7	6,046	6,472	425	7.0
Others goods	18		16	10	-9	-47.8	164	116	-48	-29.5
2. IMPORTS	3,761		3,276	3,565	-197	-5.2	24,520	23,891	-629	-2.6
Consumption goods	781		674	720	-62	-7.9	4,935	4,982	47	1.0
Raw materials	1,730		1,469	1,722	-7	-0.4	11,338	11,071	-267	-2.4
Capital goods	1,233		1,119	1,105	-128	-10.3	8,134	7,727	-407	-5.0
Other goods	18		13	17	0	-1.2	113	111	-3	-2.3
3. TRADE BALANCE	-393		-242	-573	-181		-870	-2,606	-1,736	

Source: SUNAT and BCRP.

In July the trade balance recorded a deficit of US\$ 573 million and an accumulated deficit of US\$ 2.61 billion in the first seven months of the year.

Exports in this month amounted to US\$ 2.99 billion. Increased exports of crude oil and derivatives (US\$ 72 million) and non-traditional farming products (US\$ 66 million) were observed together with lower shipments of gold (US\$ 181 million) and copper (US\$ 115 million) compared to exports in July 2013.

On the other hand, imports, which amounted to US\$ 3.56 billion in July, decreased by US\$ 197 million (5.2 percent) compared to July 2013 due to lower imports of capital goods (US\$ 128 million) and consumer goods (US\$ 62 million).

The terms of trade declined 1.8 percent relative to July 2013 due to the lower prices of non-traditional exports and the higher prices of imports of oil and derivatives and capital goods.

Credit to the private sector and liquidity at August 15

In the last four weeks, **total credit to the private sector** increased 0.5 percent (S/. 1.12 billion). By currencies, credit in soles grew 0.3 percent (S/. 335 million) and credit in dollars grew 0.9 percent (US\$ 279 million). As a result of this, credit to the private sector registered an annual growth rate of 14.2 percent.

Moreover, **total liquidity in the private sector** declined 0.2 percent (negative flow of S/. 408 million), as a result of which liquidity in the private sector accumulated a growth rate of 6.6 percent in the last twelve months. By currencies, liquidity in soles grew 1.4 percent (S/. 1.89 billion), while liquidity in dollars decreased 3.3 percent (negative flow of US\$ 822 million).

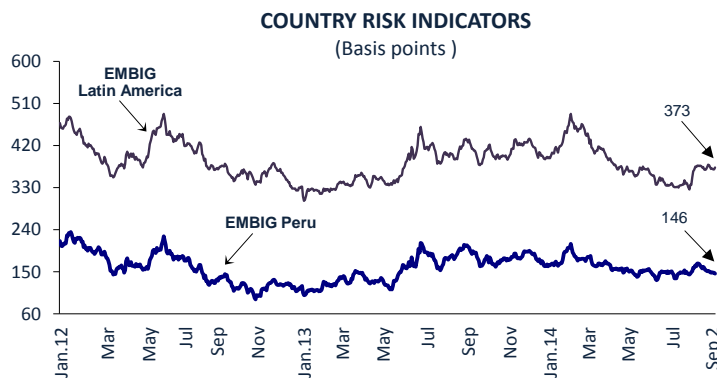
International Markets

Country risk at 146 basis points

On **September 2**, the **EMBIG Peru** indicator recorded 146 bps and the **EMBIG LatAm** recorded 373 basis points.

In **August**, the average country risk, measured by the **EMBIG Peru** spread, rose from 147 bps in July to 157 bps.

In the month, the **Latin American** spread rose 37 bps to 373 bps in a context marked by geopolitical issues in the Middle East and Ukraine, and worries about a slower-than-expected recovery in the Eurozona.



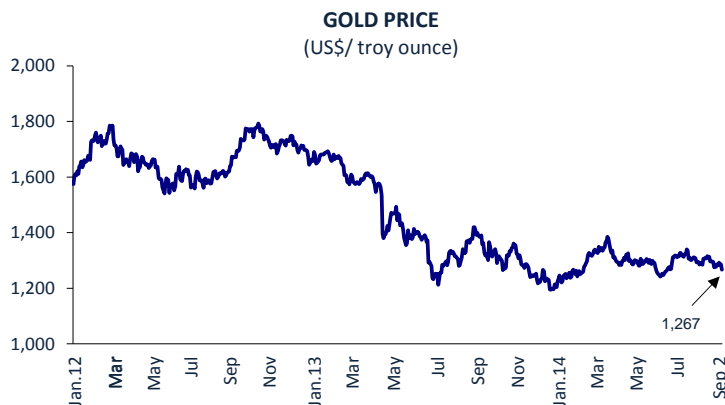
	Variation in basis points			
	Sep 2, 2014	Weekly	Monthly	Annual
EMBIG Perú (bps)	146	-3	-13	-61
EMBIG Latam (bps)	373	-1	8	-59

Price of gold at US\$ 1,267.0 per troy ounce

On **September 2**, the price of **gold** was US\$ 1,267.0 per troy ounce.

In **August** gold recorded an average price of US\$ 1,296.0 per troy ounce, 1.1 percent lower than in July.

The decline in the price of gold was associated with the strengthening of the dollar against the euro and with the report of the World Gold Council (WGC) that showed that the global demand for this metal had dropped 16 percent in Q2-2014.

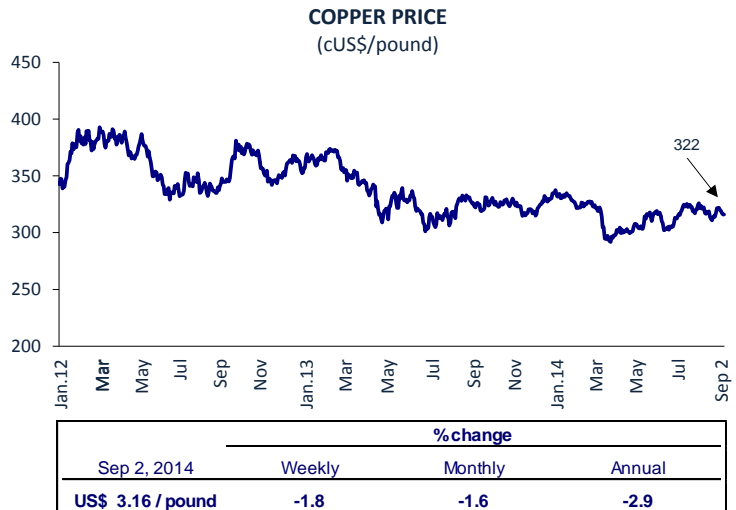


	%change			
	Sep 2, 2014	Weekly	Monthly	Annual
US\$ 1,267.0 / troy oz.		-1.5	-1.9	-9.0

The price of **copper** on **September 2** was US\$ 3.16 per pound.

The average price of **copper** during **August** was US\$ 1,318 per troy ounce, 1.5 percent lower than in July.

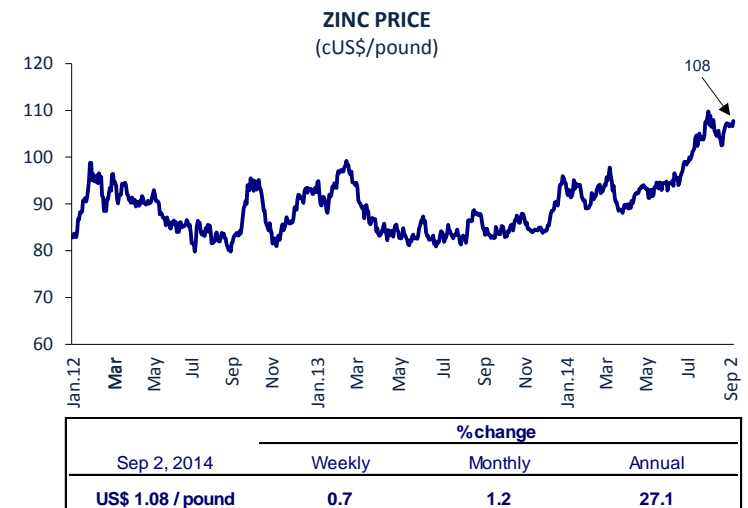
The fall in the price of gold is explained by a higher volume of shipments and by expectations of a lower demand associated with concerns regarding the economic performance of China and the Eurozone.



On **September 2**, the price of **zinc** registered US\$ 1.08 per pound.

The average price of **zinc** in **August** was US\$ 1.06 (0.8 percent higher than in the previous month).

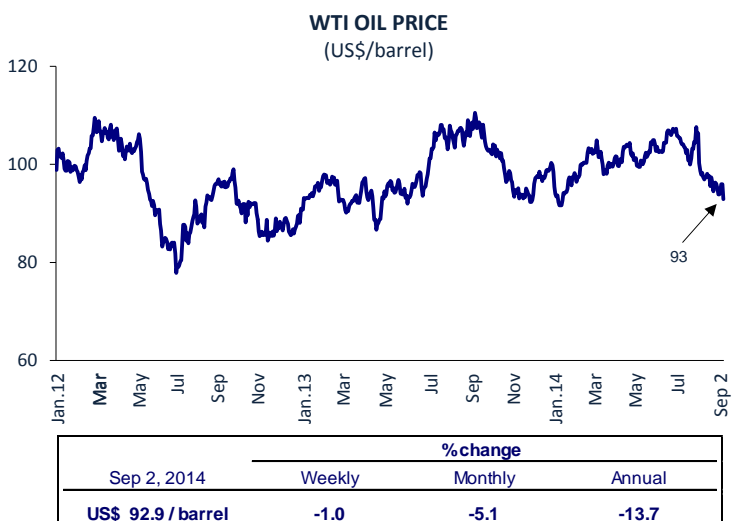
The rising trend in this price continued to be supported by the decline of inventories in the main metal exchange markets.



The price of **WTI oil** on **September 2** was US\$ 92.9 per barrel.

WTI oil recorded an average price of US\$ 96.3 in **August**, down 6.4 percent compared to July.

The price of crude oil dropped mainly due to the strong growth registered in global supply after the recent record production levels reached by Saudi Arabia, the growth of production in the USA, and the restart of production in Libya.



Dollar-euro exchange rate: US\$ 1.31 per euro

On **September 2**, the **US dollar-euro** exchange rate was US\$ 1.31 per euro.

In **August**, the **dollar** appreciated 1.4 percent against the **euro** amid expectations that the Federal Reserve will raise its interest rates earlier than expected and that the ECB will increase monetary stimulus to support economic recovery in the Eurozone.

EVOLUTION OF US\$ PER EURO
(US\$/Euro)



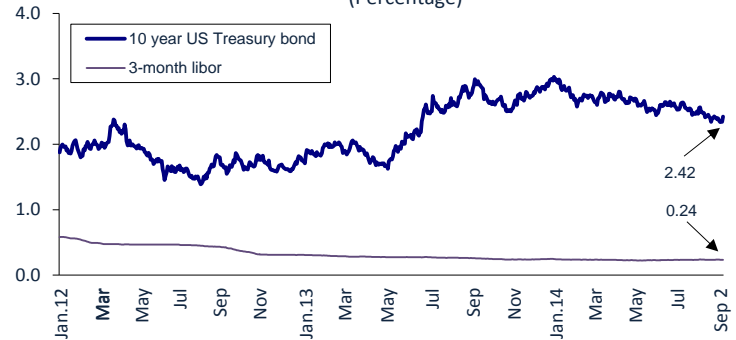
	Level	% change		
	Sep 2, 2014	Weekly	Monthly	Annual
US dollar/Euro	1.31	-0.3	-2.2	-0.4

Yield on 10-year US Treasuries at 2.42 percent

On **September 2**, the **3-month Libor** recorded 0.23 percent and the yield on the **10-year US Treasury bonds** recorded 2.42 percent.

In **August**, the **3-month Libor** showed a rate of 0.24 percent, while the yield on the **10-year US Treasury bonds** was 2.41 percent –12 bps lower than in July– in a context of an increased demand for these bonds as a hedge asset after the recent crisis observed in Ukraine.

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



	Variation in basis points			
	Sep 2, 2014	Weekly	Monthly	Annual
3 months Libor (%)	0.23	0	0	-3
US Treasuries (%)	2.42	2	-7	-36

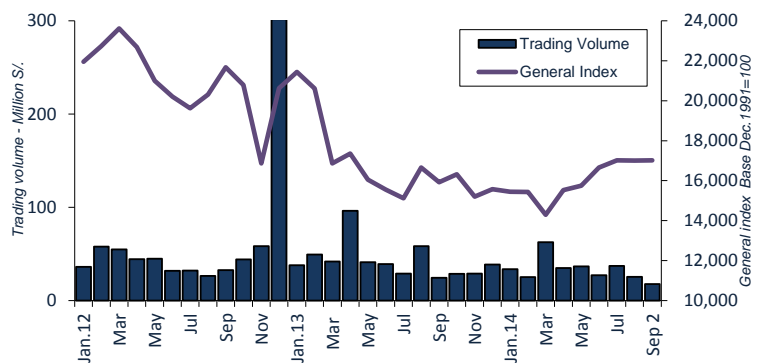
Lima Stock Exchange

In **August**, the **General Index** of the Lima Stock Exchange (LSE) rose 0.9 percent and the **Selective Index** rose 0.4 percent.

The rise in the LSE indices was favored by the good performance of mining and industrial shares, in spite of investors' greater caution due to the global outlook.

Year-to-date (at **September 2**), the General Index and the Selective Index have risen 8.0 and 3.8 percent, respectively.

LIMA STOCK EXCHANGE INDICATORS



	As of:	% change compared to:		
	Sep 2, 2014	Aug 26, 2014	Jul 31, 2014	Dec 31, 2013
General Index	17,014	0.4	0.9	8.0
Selective Index	23,740	0.5	0.6	3.8

