



Indicators

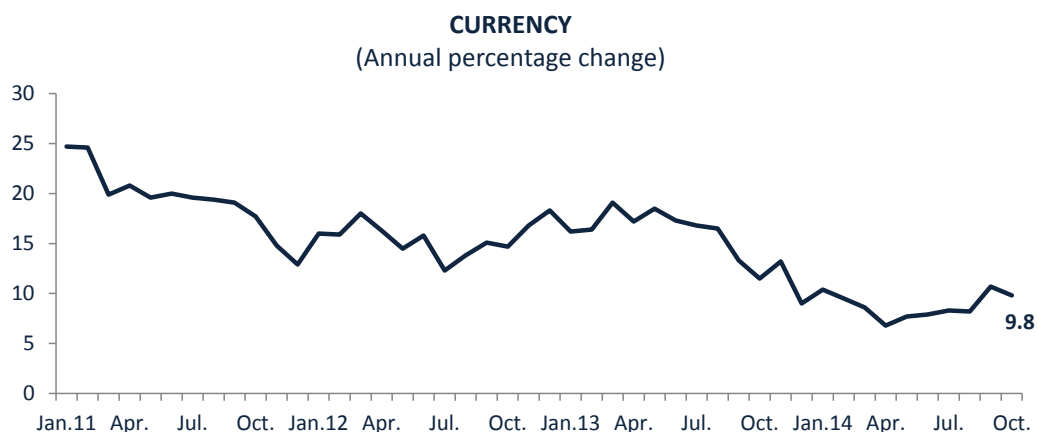
- Average corporate prime rate: 4.4 percent in October
- Non-traditional exports rise US\$ 34 million in September
- At October 15, credit to the private sector has grown 12.2 percent in the last 12 months
- At October 15, liquidity in the private sector has grown 7.2 percent in the last 12 months

Content

| | |
|---|-----|
| Corporate prime rate in soles at 4.4 percent | ix |
| Interest rate and monetary operations | x |
| Exchange rate and foreign exchange operations | xi |
| International reserves amount to US\$ 63.81 billion on November 4 | xii |
| BCRP Survey on Macroeconomic Expectations: October 2014 | xii |
| Inflation in October 2014 | xv |
| Trade Balance – September 2014 | xv |
| Credit to the private sector and liquidity at October 15 | xvi |
| Country risk at 170 basis points | xvi |

Currency

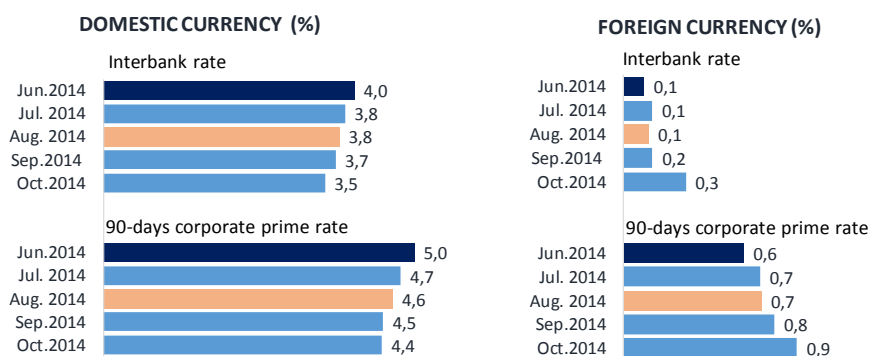
Currency in circulation at October 31, 2014, showed a balance of S/. 35.63 billion and registered a growth rate of 9.8 percent in the last 12 months.



Corporate prime rate in soles at 4.4 percent

In October, the **corporate prime rate** –the interest rate charged by commercial banks to lower risk businesses– in soles recorded a daily average rate of 4.4 percent (vs. 4.5 percent in the previous month). In the same period, the corporate prime rate in dollars was 0.9 percent.

AVERAGE INTEREST RATES



Interest rate and monetary operations

On October 31, the interbank interest rate in soles showed a rate of 3.50 percent, a similar level to that of the Central Bank's benchmark interest rate.

In October, the monetary operations carried out by the Central Bank were aimed at injecting liquidity into the market in the short-term to meet the current account requirements of financial entities. The Central Bank also continued with its regular placements of BCRP-CDs three times a week, placing CDs for a total of S/. 1.3 billion with the purpose of contributing to increase liquidity in the secondary market of these instruments.

- Repos: At October 31, the BCRP has placed overnight repos for a daily average of S/. 1.83 billion, as well as 1-week repos for a total of S/. 3.5 billion and 3-month repos for a total of S/. 15 million. The balance of these operations at October 31 was S/. 865 million, with an average interest rate of 3.65 percent.
- FX Swaps for a total of S/. 91.5 million at an average interest rate of 3.65 percent have been placed. The balance of these operations at October 31 was S/. 4.39 billion, with an average interest rate of 4.13 percent.
- BCRP-CDs: 6-month BCRP-CDs for a total of S/. 400 million were placed at an average rate of 3.51 percent; 12-month BCRP-CDs for a total of S/. 500 million were placed at an average rate of 3.51 percent, and 18-month BCRP-CDs for a total of S/. 400 million were placed at an average rate of 3.48 percent.
- Overnight deposits: At October 31, overnight deposits show a daily average of S/. 1.07 billion. The balance of overnight deposits at this date was S/. 1.28 million.

In October, the Central Bank also made operations in the spot foreign exchange market to reduce volatility in the foreign exchange rate.

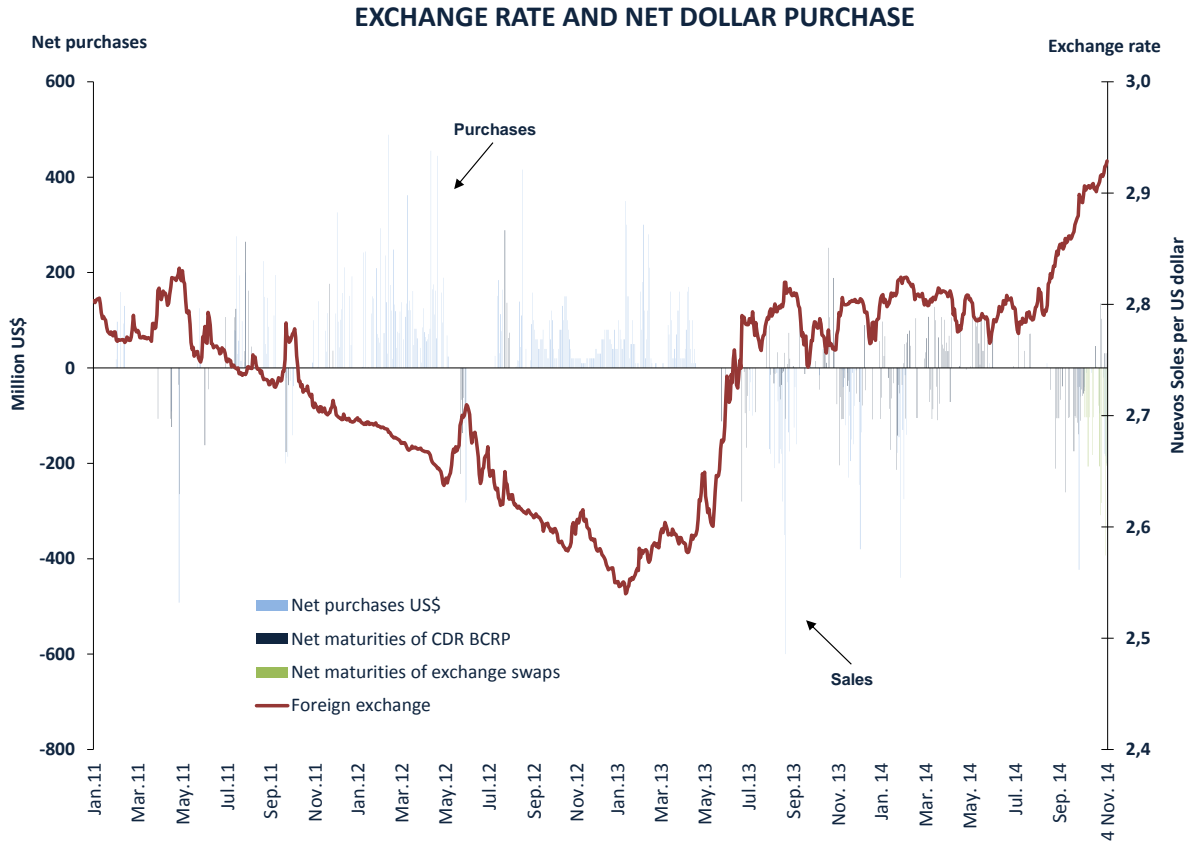
- Interventions in the foreign exchange market: In October, the BCRP sold FC for a total of US\$ 355 million in the spot market at an average exchange rate of S/. 2.92 per US dollar.
- FX Swaps: In October, the BCRP placed Sell-FX Swaps for a total of S/. 6.93 billion (US\$ 2.37 billion). This is the balance of these instruments at October 31.
- CDR BCRP: In October, the Central Bank placed CDR-BCRP for a total of US\$ 301 million (S/. 880 million) at an average interest rate of 0.12 percent. The balance of these operations at October 31 was US\$ 1.88 billion (S/. 5.50 billion).

MONETARY AND FOREIGN EXCHANGE OPERATIONS
(Million nuevos soles)

| | | Balance | | Placements | | | | | | Maturities | | |
|-----------------------------|----------------|--------------------|-------------------|-------------------|-------------------|------------------|---------|---------------|----------------|----------------|----------------|--------|
| | | (Interest rate) | | (Interest rate) | | | | | | | | |
| | | Sep. 30 | Oct. 31 | Overnight | 1-week | 2-month | 3-month | 6-month | 12-month | | 18-month | |
| Monetary operations | Sterilization | CD BCRP | 17,565 (3.72%) | 16,435 (3.68%) | | | | | 400 (3.51%) | 500 (3.51%) | 400 (3.48%) | 2,430 |
| | | Term deposit | | | | | | | | | | |
| | | Overnight deposits | 2,287 (2.30%) | 1,281 (2.30%) | 23,546 | | | | | | | 24,553 |
| | Injection | Repos | 5,100 (3.92%) | 865 (3.65%) | 40,332 (3.61%) | 3,500 (3.72%) | | 15 (3.52%) | | | | 48,082 |
| | | Fx-Swaps | 4,700 (4.11%) | 4,392 (4.13%) | | | | | 92 (3.65%) | | | 400 |
| Foreign exchange operations | CDR BCRP | 5,955 (0.08%) | 5,505 (0.09%) | | | 880 (0.12%) | | | | | 1,330 | |
| | Exchange swaps | | 6,935 (0.06%) | | | 6,935 (0.06%) | | | | | 0 | |

Exchange rate and foreign exchange operations

On November 4, the average selling price of the dollar in the interbank market was S/. 2.928 per dollar, which represents a rise of 0.4 percent in the exchange rate in the past week. Other foreign exchange operations worth mentioning in this period were forward operations for a total of US\$ 926 million. These forwards were carried out mainly by non-residents who bought Treasury bonds, especially on October 30, as a hedge against exchange risks.



In addition to this, the dollar has been showing an appreciatory trend against most other currencies due to expectations that the Federal Reserve (Fed) will start normalizing its interest rates given that the Fed decided to end its quantitative easing program in October.

In this context, in the last week (at November 4), the BCRP sold FC for a total of US\$ 585 million in the foreign exchange market and placed FX Swaps-Sell for a total of S/. 2.65 billion (US\$ 907 million) to reduce volatility in the foreign exchange rate.

Accumulating an increase of 0.5 percent so far this year, the real multilateral exchange rate of the Nuevo sol against the dollar showed a level of 95.4 in October.

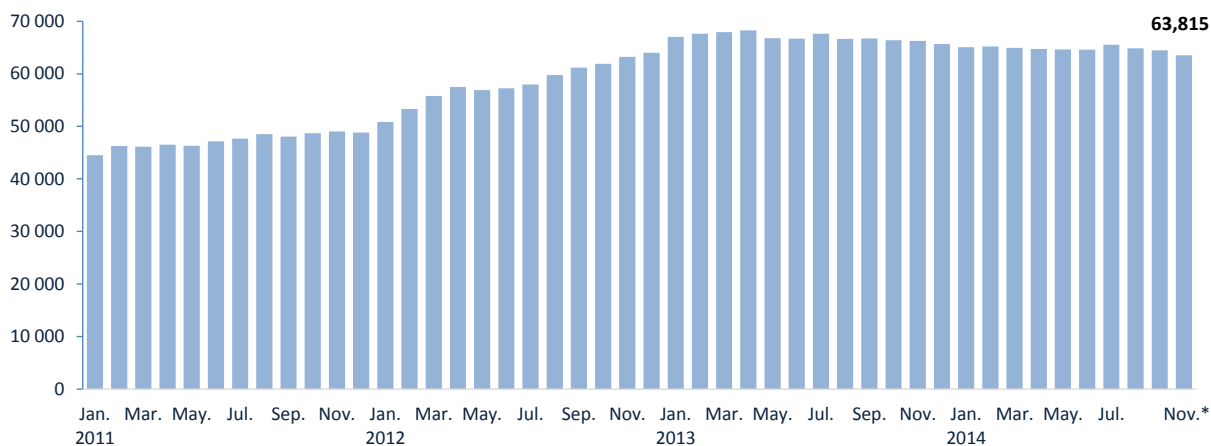
REAL EXCHANGE RATE INDEX
(Base: 2009 = 100)



International reserves amount to US\$ 63.81 billion on November 4

International reserves on November 4, 2014, amounted to US\$ 63.81 billion. On the same date, the foreign exchange position of the BCRP was US\$ 38.96 billion.

NET INTERNATIONAL RESERVES
(Million US\$)



* As of 4.

BCRP Survey on Macroeconomic Expectations: October 2014

The BCRP carried out its Survey on Macroeconomic Expectations In the second half of October. As usual, the survey was administered to a representative sample of companies operating in various economic sectors, as well as to financial entities and economic analysts.

The survey results show that inflation expectations for 2014 remain within the Central Bank’s target range.

SURVEY OF MACROECONOMIC EXPECTATIONS: INFLATION

| | <u>Survey date</u> | | |
|-------------------------------|--------------------|--------|--------|
| | Aug.29 | Sep.26 | Oct.31 |
| ECONOMIC ANALYSTS 1/ | | | |
| 2014 | 3,1 | 3,0 | 3,0 |
| 2015 | 2,8 | 2,8 | 2,7 |
| 2016 | 2,6 | 2,6 | 2,5 |
| FINANCIAL ENTITIES 2/ | | | |
| 2014 | 3,0 | 2,8 | 2,9 |
| 2015 | 2,8 | 2,6 | 2,6 |
| 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/ 22 in August, 21 in September, and 22 in October.

2/ 20 in August, 20 in September, and 21 in October.

3/ 362 in August, 334 in September, and 343 in October.

In 2014 GDP is expected to grow between 3.0 and 3.5 percent.

SURVEY OF MACROECONOMIC EXPECTATIONS: GDP (%)

| | <u>Survey date</u> | | |
|-------------------------------|--------------------|--------|--------|
| | Aug.29 | Sep.26 | Oct.31 |
| ECONOMIC ANALYSTS 1/ | | | |
| 2014 | 3,9 | 3,5 | 3,0 |
| 2015 | 5,5 | 5,3 | 4,9 |
| 2016 | 5,7 | 5,5 | 5,3 |
| FINANCIAL ENTITIES 2/ | | | |
| 2014 | 4,0 | 3,7 | 3,0 |
| 2015 | 5,4 | 5,0 | 4,5 |
| 2016 | 5,5 | 5,5 | 5,0 |
| NON-FINANCIAL FIRMS 3/ | | | |
| 2014 | 4,0 | 4,0 | 3,5 |
| 2015 | 5,0 | 5,0 | 4,8 |
| 2016 | 5,1 | 5,2 | 5,0 |

1/ 22 in August, 21 in September, and 22 in October.

2/ 20 in August, 20 in September, and 21 in October.

3/ 362 in August, 334 in September, and 343 in October.

Economic analysts and financial entities estimate that the US dollar-nuevo sol exchange rate at the end of 2014 will be S/. 2.92, while non-financial firms expect the dollar to be traded at S/. 2.90.

SURVEY OF MACROECONOMIC EXPECTATIONS: EXCHANGE RATE*

| | Survey date | | |
|-------------------------------|-------------|--------|--------|
| | Aug.29 | Sep.26 | Oct.31 |
| ECONOMIC ANALYSTS 1/ | | | |
| 2014 | 2,85 | 2,90 | 2,92 |
| 2015 | 2,89 | 2,95 | 3,00 |
| 2016 | 2,90 | 2,95 | 3,05 |
| FINANCIAL ENTITIES 2/ | | | |
| 2014 | 2,85 | 2,89 | 2,92 |
| 2015 | 2,87 | 2,90 | 3,00 |
| 2016 | 2,88 | 2,95 | 3,10 |
| NON-FINANCIAL FIRMS 3/ | | | |
| 2014 | 2,81 | 2,85 | 2,90 |
| 2015 | 2,85 | 2,90 | 3,00 |
| 2016 | 2,90 | 2,90 | 3,00 |

1/ 22 in August, 21 in September, and 22 in October.

2/ 20 in August, 20 in September, and 21 in October.

3/ 362 in August, 334 in September, and 343 in October.

* Exchange rate at end of year.

Moreover, of a group of 18 indicators of **expectations of non-financial firms**, 15 remain on the optimistic side (with values over 50 points).

MAIN OUTPUT OF SURVEY OF MACROECONOMIC EXPECTATIONS

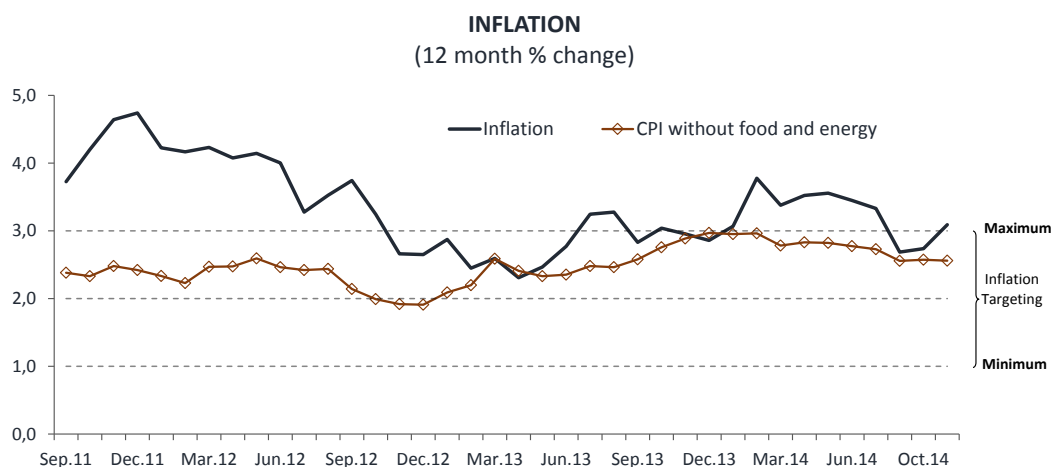
| | July 2014 | August | September | | October | |
|--|-----------|--------|-----------|-----|---------|-----|
| SITUATION | | | | | | |
| BUSINESS SITUATION | 58,5 | 57,8 | 58,3 | ↑ > | 59,5 | ↑ > |
| SALES LEVEL | 49,1 | 46,4 | 54,2 | ↑ > | 54,2 | = > |
| PURCHASE ORDERS RESPECT TO THE PREVIOUS MONTH | 45,9 | 47,6 | 51,0 | ↑ > | 52,4 | ↑ > |
| OUTPUT LEVEL | 53,9 | 45,2 | 55,1 | ↑ > | 55,4 | ↑ > |
| DEMAND LEVEL RESPECT TO THE EXPECTED | 38,8 | 40,6 | 44,3 | ↑ < | 42,7 | ↓ < |
| FAST DELIVERY OF SUPPLIERS | 50,9 | 50,0 | 48,8 | ↓ < | 50,2 | ↑ > |
| INVENTORIES RESPECT TO THE PREVIOUS MONTH | 49,7 | 51,0 | 53,3 | ↑ > | 51,8 | ↓ > |
| SUPPLY INVENTORIES RESPECT TO THE PREVIOUS MONTH | 48,7 | 47,6 | 50,2 | ↑ > | 49,6 | ↓ < |
| EMPLOYMENT LEVEL | 49,5 | 48,0 | 50,9 | ↑ > | 49,5 | ↓ < |
| EXPECTATIONS | | | | | | |
| EXPECTATIONS ABOUT DEMAND IN THE 3 MONTHS AHEAD | 56,0 | 57,8 | 60,7 | ↑ > | 59,9 | ↓ > |
| EXPECTATIONS ABOUT HIRING OF PERSONNEL IN THE 3 MONTHS AHEAD | 50,7 | 49,7 | 51,8 | ↑ > | 49,3 | ↓ < |
| EXPECTATIONS ABOUT BUSINESS SITUATION IN THE 3 MONTHS AHEAD | 57,1 | 58,2 | 60,2 | ↑ > | 60,0 | ↓ > |
| EXPECTATIONS ABOUT THE SECTOR IN THE 3 MONTHS AHEAD | 51,6 | 52,5 | 56,3 | ↑ > | 54,7 | ↓ > |
| EXPECTATIONS ABOUT THE ECONOMY IN THE 3 MONTHS AHEAD | 50,6 | 48,5 | 54,0 | ↑ > | 53,0 | ↓ > |
| EXPECTATIONS OF THE SECTOR IN THE 12 MONTHS AHEAD | 61,4 | 63,0 | 64,2 | ↑ > | 63,7 | ↓ > |
| EXPECTATIONS OF THE ECONOMY IN THE 12 MONTHS AHEAD | 60,8 | 60,3 | 64,1 | ↑ > | 63,9 | ↓ > |
| FINANCE | | | | | | |
| FINANCIAL BUSINESS SITUATION | 61,9 | 62,7 | 63,5 | ↑ > | 63,2 | ↓ > |
| STATUS OF ACCESS TO THE BUSINESS CREDIT | 64,0 | 64,9 | 64,7 | ↓ > | 64,4 | ↓ > |
| PRICES | | | | | | |
| EXPECTATIONS ABOUT AVERAGE PRICE OF SUPPLY IN THE 3 MONTHS AHEAD | 53,6 | 50,4 | 49,4 | ↓ < | 55,3 | ↑ > |
| EXPECTATIONS ABOUT AVERAGE PRICE OF SALES IN THE 3 MONTHS AHEAD | 55,2 | 53,7 | 52,5 | ↓ > | 56,0 | ↑ > |

> : More than 50

< : Less than 50

Inflation in October 2014

In October, the consumer price index in Metropolitan Lima increased 0.38 percent, as a result of which inflation in the last 12 months recorded 3.09 percent. Inflation without food and energy showed a rate of 0.12 percent in October and a rate of 2.56 percent in the last 12 months.



In October, the items with the greater weighed contribution to the rise of inflation were citrus fruits, electricity rates, chicken meat, fresh legumes, and meals outside the home, while the items with the greater downward contribution to inflation included corn, onions, fish, tomatoes, and apples.

ITEM WITH THE HIGHEST WEIGHTED CONTRIBUTION TO INFLATION: JANUARY - OCTOBER 2014

| Positive | Weight | % Chg. | Contribution | Negative | Weight | % Chg. | Contribution |
|------------------------|--------|--------|--------------|-----------------------|--------|--------|--------------|
| Citric fruits | 0,5 | 21,4 | 0,12 | Sweet corn | 0,1 | -14,6 | -0,03 |
| Electricity rates | 2,9 | 2,3 | 0,07 | Onion | 0,4 | -5,6 | -0,02 |
| Poultry meat | 3,0 | 2,0 | 0,06 | Fresh and frozen fish | 0,7 | -2,4 | -0,02 |
| Fresh vegetables | 0,2 | 10,9 | 0,03 | Tomato | 0,2 | -4,5 | -0,01 |
| Meals outside the home | 11,7 | 0,2 | 0,03 | Apple | 0,2 | -3,3 | -0,01 |
| Avocado | 0,1 | 10,3 | 0,01 | Other vegetables | 0,4 | -0,5 | 0,00 |
| Potato | 0,9 | 1,4 | 0,01 | Eggs | 0,6 | -0,4 | 0,00 |
| Purchases of vehicles | 1,6 | 0,7 | 0,01 | Other corns | 0,1 | -2,3 | 0,00 |
| Gas | 1,4 | 0,6 | 0,01 | Celery | 0,0 | -3,5 | 0,00 |
| Other offal | 0,3 | 2,6 | 0,01 | Seafood | 0,0 | -2,9 | 0,00 |
| Total | | | 0,36 | Total | | | -0,09 |

Trade Balance – September 2014

In September, the trade balance recorded non-traditional exports for a total of US\$ 920 million (a figure US\$ 34 million higher than the one observed in the same period in 2013) and exports of traditional products for a total of US\$ 2.13 billion. Thus, total exports amounted to US\$ 3.06 billion.

On the other hand, **imports** in September amounted to US\$ 3.37 billion, with imports of inputs totaling US\$ 1.56 billion, capital goods totaling US\$ 1.03 billion, and consumer goods totaling US\$ 765 million.

The **trade balance** registered a deficit of US\$ 309 million in September.

TRADE BALANCE
(Million US\$)

| | 2013 | | 2014 | | January-September | | |
|--------------------------|--------------|--------------|--------------|---------------|-------------------|---------------|--------------|
| | Sep. | Aug. | Sep. | 2013 | 2014 | Flow | % Chg. |
| 1. EXPORTS | 3 631 | 3 404 | 3 064 | 31 425 | 28 055 | -3 370 | -10,7 |
| Traditional products | 2 729 | 2 419 | 2 132 | 23 351 | 19 478 | -3 873 | -16,6 |
| <i>of which:</i> | | | | | | | |
| Copper | 921 | 851 | 759 | 6 299 | 3 942 | -2 357 | -37,4 |
| Gold | 596 | 478 | 479 | 7 227 | 6 485 | -742 | -10,3 |
| Non-traditional products | 886 | 969 | 920 | 7 875 | 8 432 | 557 | 7,1 |
| Others goods | 16 | 15 | 12 | 198 | 145 | -54 | -27,0 |
| 2. IMPORTS | 3 415 | 3 591 | 3 373 | 31 886 | 30 885 | -1 001 | -3,1 |
| Consumption goods | 785 | 758 | 765 | 6 492 | 6 508 | 16 | 0,3 |
| Raw materials | 1 565 | 1 743 | 1 564 | 14 821 | 14 402 | -419 | -2,8 |
| Capital goods | 1 058 | 1 066 | 1 033 | 10 415 | 9 829 | -586 | -5,6 |
| Other goods | 7 | 24 | 11 | 158 | 146 | -12 | -7,7 |
| 3. TRADE BALANCE | 216 | -187 | -309 | -461 | -2 830 | -2 369 | |

Source: SUNAT and BCRP.

The **terms of trade** declined 4.7 percent relative to the same period in 2013 due to the lower prices of exports of gold and copper, offset in part by the lower prices of imports of food products and crude oil and oil derivatives.

Credit to the private sector and liquidity at October 15

In the last four weeks, **total credit to the private sector** increased 0.2 percent (S/. 501 million). By currencies, credit in soles grew 1.6 percent (S/. 2.09 billion), while credit in dollars declined 1.9 percent (negative flow of US\$ 567 million). As a result of this, credit to the private sector showed an annual growth rate of 12.2 percent.

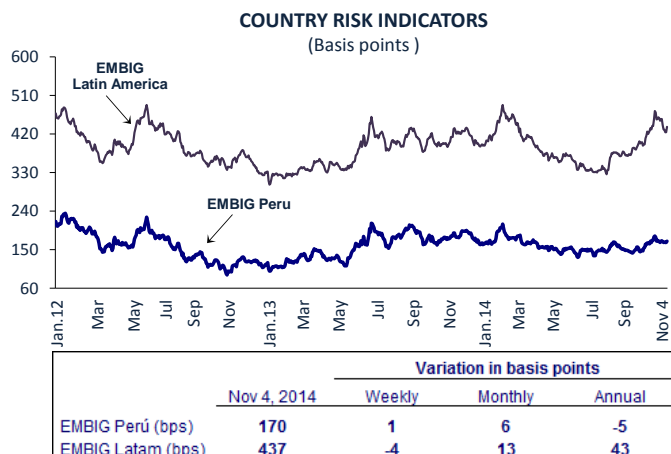
On the other hand, **total liquidity in the private sector** grew 0.3 percent (S/. 649 million), as a result of which liquidity in the private sector accumulated a growth rate of 7.2 percent in the last twelve months. By currencies, liquidity in soles declined 0.2 percent (negative flow of S/. 269 million), while liquidity in dollars grew 1.4 percent (US\$ 328 million).

International Markets Country risk at 170 basis points

On **November 4**, the **EMBIG Peru** indicator registered 170 bps and the **EMBIG LatAm** recorded 437 basis points.

In **October**, the average country risk, measured by the **EMBIG Peru** spread, increased from 150 bps in September to 170 bps.

In the month, the **Latin American** spread rose 51 bps to 443 bps in a context marked by concerns about global growth after the IMF revised down its growth forecast.



Price of gold at US\$ 1,166.5 per troy ounce

On **November 4**, the price of **gold** was US\$ 1,166.5 per troy ounce.

The average price level of **gold** (US\$ 1,222.5/troy ounce) in **October** was 1.3 percent lower than in September.

The decline in the price of gold is associated with the strengthening of the dollar against the euro and with expectations that the Federal Reserve will start raising its interest rates earlier than expected.



The price of **copper** on **November 4** was US\$ 3.04 per pound.

During the month of **October**, **copper** showed an average level of US\$ 3.06 per pound, a level 1.9 percent lower than in September.

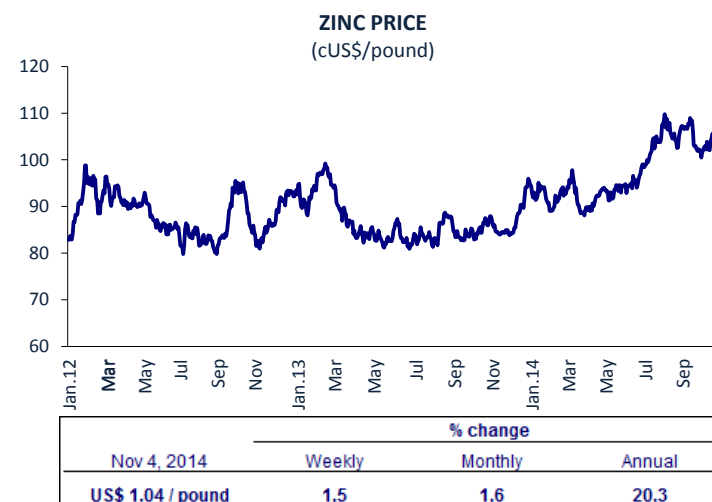
The price of copper fell amid fears of a recession in the Eurozone, accompanied by some negative signals in China –i.e. a lower purchasing index and the higher cost of credit–, and a broad supply of this metal.



On **November 4**, the price of **zinc** was US\$ 1.04 per pound.

The average price of **zinc** in **October** was US\$ 1.03 per pound (0.9 percent lower than in the previous month).

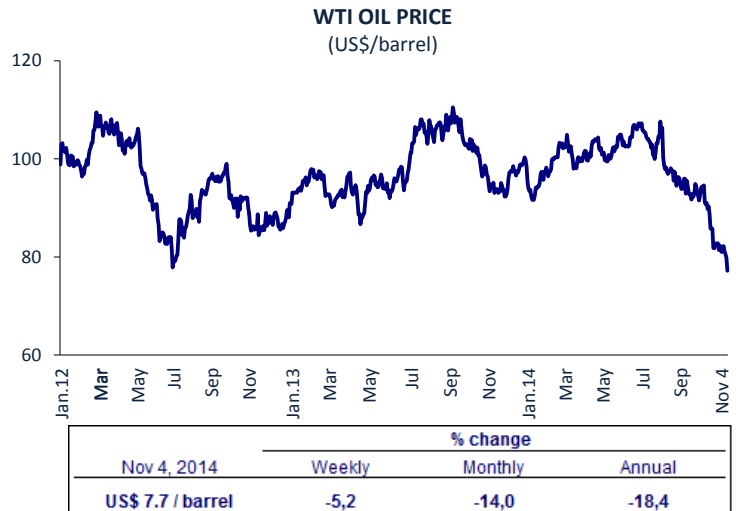
The decline in the price of zinc observed in October was associated with uncertainty about economic growth in China and with a broad supply.



The price of **WTI oil** on **November 4** was US\$ 77.2 per barrel.

The average price level of **crude oil** (US\$ 84.4/barrel) in **October** was 9.5 percent lower than in September.

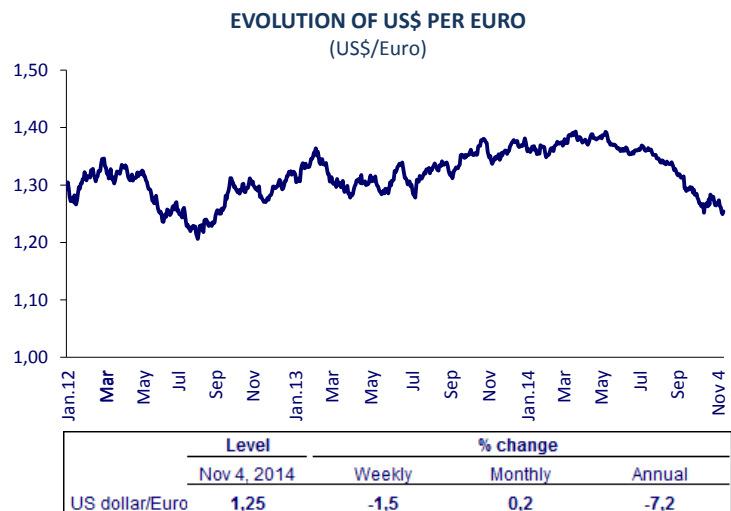
The price of crude oil dropped mainly due to the slowdown of demand, as well as due to signals pointing to an oversupply, as reflected in the increase of inventories of crude in the United States.



Dollar-euro exchange rate: US\$ 1.25 per euro

On **November 4**, the **US dollar-euro** exchange rate was US\$ 1.25 per euro.

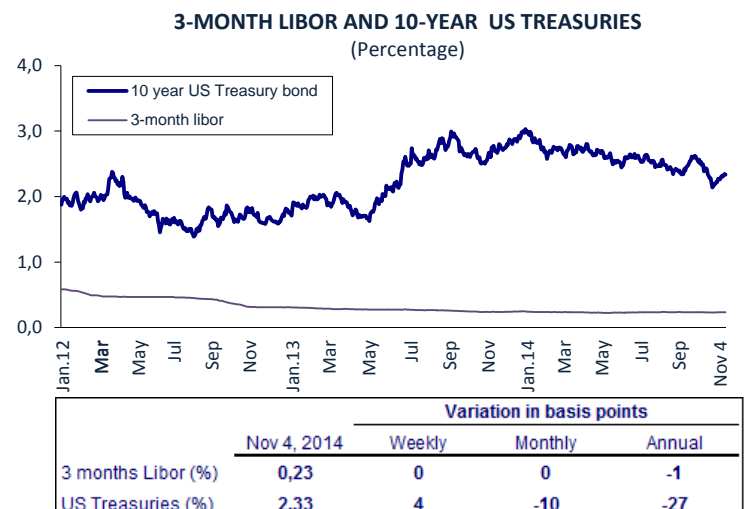
In **October**, the **dollar** appreciated 1.4 percent on average against the **euro** amid mostly positive indicators of activity in the United States, which contrasted with data indicating a greater weakness in the Eurozone.



Yield on 10-year US Treasuries at 2.33 percent

On **November 4**, the **3-month Libor** recorded 0.23 percent and the yield on the **10-year US Treasury bonds** recorded 2.33 percent.

In **October**, the **3-month Libor** showed a rate of 0.23 percent, while the yield on the **10-year US Treasury bonds** showed a rate of 2.30 percent –23 bps lower than in September—given that investors increased their demand for Treasury bonds as a result of the weakening observed in the global economy.

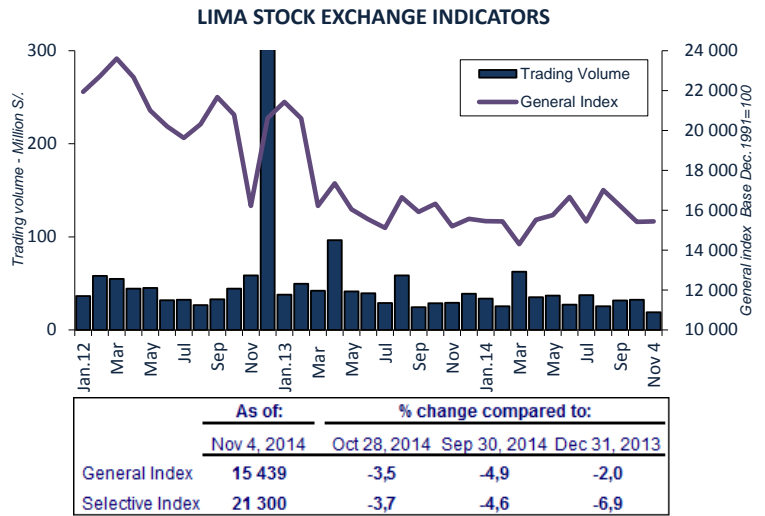


Lima Stock Exchange

In **October**, the **General Index** of the Lima Stock Exchange (LSE) fell 3.4 percent and the **Selective Index** fell 3.1 percent.

The decline in the indices of the Lima Stock Exchange (LSE) was influenced by the lower prices of the main commodities as well as by concerns about the global economy.

Year-to-date (at **November 4**), the General Index and the Selective Index have fallen 2.0 percent and 6.9 percent, respectively.



Resumen de Indicadores Económicos / Summary of Economic Indicators

Table with multiple columns for months (Dic, Mar, Jun, Set, Dic, Mar, Jun, Jul, Ago, Set, 28 Oct, 29 Oct, 30 Oct, 31 Oct) and rows for various economic indicators such as RESERVAS INTERNACIONALES, OPERACIONES CAMBARIAS BCR, TIPO DE CAMBIO, and MONEDAS MONETARIAS. It includes sub-sections for Domestic and Foreign currency, Stock Market Indices, and Inflation.

* Incluye depósitos de Promecpri. Fondo de Estabilización Fiscal (FEF), Cofide, fondos administrados por la ONP, y otros depósitos del MEF. El detalle se presenta en el cuadro No.12 de la Nota Semanal.
** A partir del 18 de enero de 2008, el BCRP utiliza los depósitos a plazo en moneda nacional como instrumento monetario.
*** A partir del 6 de octubre de 2010, el BCRP utiliza Certificado de Depósito en Moneda Nacional con Tasa de Interés Variable (CDV BCRP) y CD Liquidables en Dólares (CDLDBCRP) como instrumentos monetarios.
**** Las empresas reportan a la SBS información más segmentada de las tasas de interés. Estos cambios introducidos por la SBS al reporte de tasas activas (Res. SBS N° 11356-2008; Oficio Múltiple N° 24719-2010-SBS) son a partir de julio de 2010.
***** A partir del 12 de septiembre de 2014, esta tasa bajó a 4,30%.
***** Las tasas de interés para los créditos de regulación monetaria en dólares serán a la tasa Labor a un mes más un punto porcentual.

Fuente: BCRP, INEL, Banco de la Nación, BVL, Sunat, SBS, Reuters y Bloomberg.
Elaboración: Departamento de Estadísticas Económicas.