







Indicators

-  Currency grew 9.5 percent in the last twelve months
-  Non-financial public sector: Surplus of S/. 2.61 billion in April 2015
-  Price of copper at US\$ 2.92 per pound
-  Country risk fell to 164 bps.

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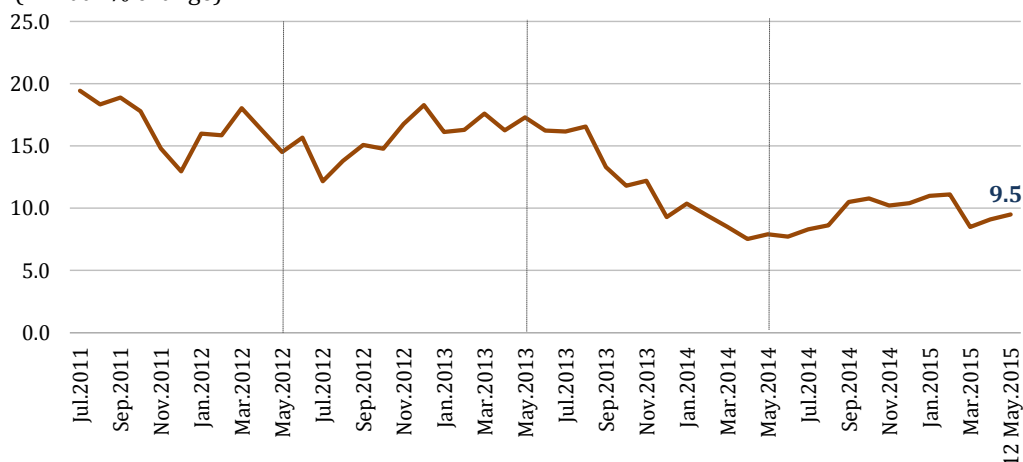
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Currency

On May 12, 2015, **currency in circulation** –that is, banknotes and coins held by the public– recorded a growth rate of 9.5 percent in the last 12 months.

Currency in circulation

(Annual % change)



Monetary operations and interest rate

So far in May (at May 12) the monetary operations carried out by BCRP have been aimed at injecting liquidity into the market in the short-term to balance the impact of foreign exchange interventions. The BCRP has continued carrying out its regular placements of BCRP-CDs with the aim of contributing to increase liquidity in the secondary market of these instruments and has also continued injecting long-term liquidity in DC to contribute to the substitution of credit in dollars for credit in soles.

- Repos: The balance of repos at May 12 was S/. 2.06 billion, with an average interest rate of 3.85 percent. At the end of April, repos showed a balance of S/. 3.40 billion, with an average rate of 3.70 percent.
- The balance of currency repos at May 12 increased from S/. 15.55 billion on April 30 to S/. 16.45 billion, maintaining an average rate of 4.19 percent. It is worth pointing out that, of the balance of currency repos registered at May 12, repos for credit expansion amount to S/. 3.90 billion, while repos for credit substitution –granted with maturities between 24 and 48 months to facilitate the conversion of credit in dollars to credit in soles– amount to S/. 2.55 billion.
- BCRP-CDs: The balance of BCRP-CDs at May 12 was S/. 13.98 billion, with an average rate of 3.51 percent. At the end of April, the balance was S/. 15.46 billion, with an average interest rate of 3.54 percent.

- Overnight deposits: At May 12, overnight deposits showed a balance of S/. 1.74 billion, with an average rate of 2.05 percent. This balance at the end of April was S/. 733 million, with a rate of 2.05 percent.

At May 12, the Central Bank has also made operations in the spot market to reduce volatility in the foreign exchange rate.

- Interventions in the foreign exchange market: In the period of analysis, the BCRP sold FC for a total of US\$ 414 million in the spot market.
- FX Swaps: The balance of these instruments at May 12 was S/. 26.34 billion, with an average rate of -0.75 percent. This balance at the close of April was S/. 26.16 billion, with an average interest rate of -0.85 percent.
- CDR BCRP: At May 12, these CDs showed a balance of S/. 300 million (US\$ 95 million), with a rate of 0.01 percent (both this balance and the interest rate are the same as the ones recorded at the end of April).

On May 12, the interbank interest rate in soles showed an average daily rate of 3.69 percent.

Monetary and foreign exchange operations

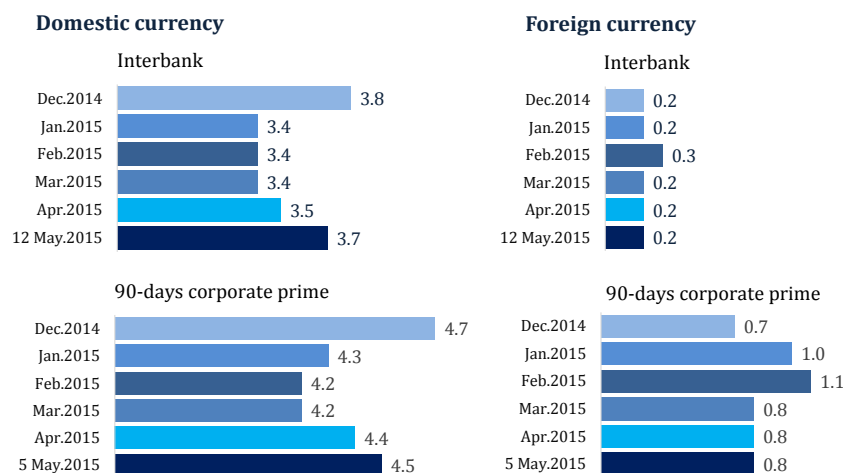
(Million S/.)

| | | Balance (Interest rate) | | Placement (Interest rate) | | | | | | | Maturity | | | |
|-----------------------------|--------------------|----------------------------|--------------------|------------------------------|-------------------|------------------|-------------------|------------------|----------------|---------------|----------------|----------------|-------|-------|
| | | Apr 30. 2015 | May 12. 2015 | Overnight | 1 week | 1-month | 2-month | 6-month | 12-month | 18-month | | 36-month | | |
| | | Monetary operations | Injection | Repos | 3,400 (3.70%) | 2,060 (3.85%) | 4,000 (4.07%) | 1,000 (4.20%) | 160 (4.23%) | | | | | |
| Currency repos | 15,550 (4.19%) | | | 16,450 (4.19%) | | | | | | | 500 (4.69%) | 400 (3.31%) | | |
| Sterilization | CD BCRP | | 15,455 (3.54%) | 13,980 (3.51%) | | | | | 100 (3.21%) | 50 (3.16%) | 50 (3.50%) | | | 1,675 |
| | Term deposits | | | 500 (2.75%) | 500 (2.75%) | | | | | | | | | |
| | Overnight deposits | | 733 (2.05%) | 1,737 (2.05%) | 10,276 (2.05%) | | | | | | | | | 1,342 |
| Foreign exchange operations | CDR BCRP | 300 (0.01%) | 300 (0.01%) | | | | 300 (0.01%) | | | | | | 300 | |
| | FX-Swaps | 26,165 (-0.85%) | 26,343 (-0.75%) | | | | 3,778 (-0.49%) | | | | | | 3,600 | |

Corporate prime rate in soles at 4.5 percent

On May 12, the **corporate prime rate** –the interest rate charged by commercial banks to lower risk businesses– in soles recorded a daily average rate of 4.5 percent. In the same period, the corporate prime rate in dollars was 0.8 percent.

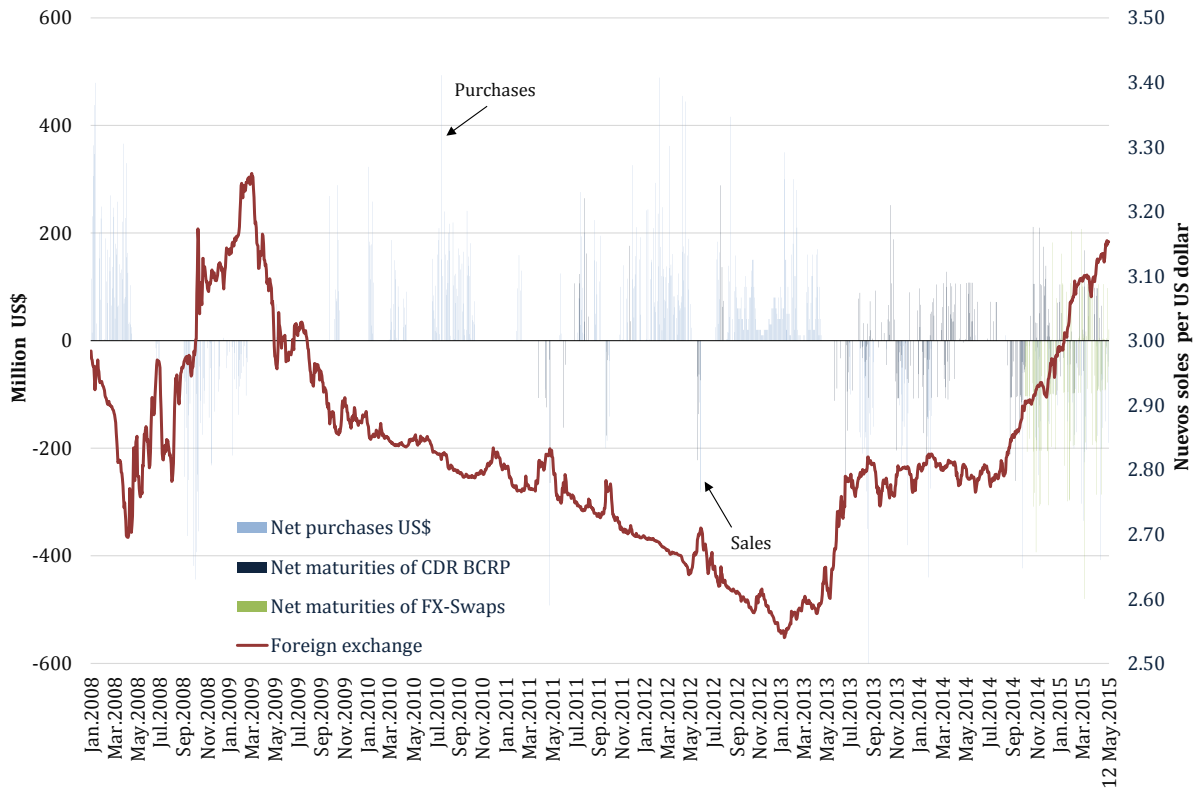
Average interest rate (%)



Foreign exchange rate

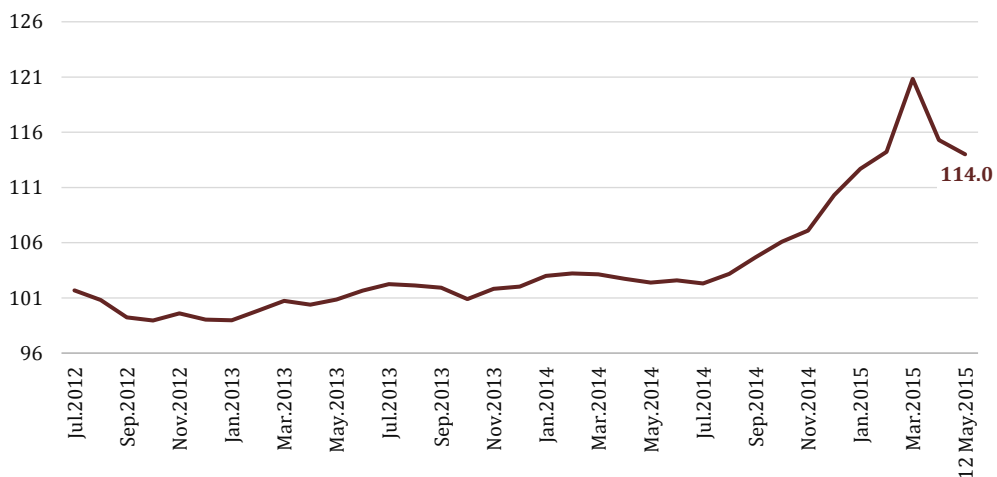
On May 12, the average selling price of the dollar in the interbank market was S/. 3.15 per dollar.

Exchange rate and foreign exchange intervention



The US dollar has been appreciating against most other currencies in recent months, as reflected in the evolution of the FED index since January 2013. This appreciation of the dollar is associated with expectations that the Federal Reserve (Fed) will start normalizing its interest rates.

Fed index 1/



1/ Calculated taking into account currencies of US trading partners weighted by contributions. A rise in the index represents an appreciation of the US dollar.
Source: FED.

So far this year, most Latin American currencies –including the Peruvian nuevo sol– and the world’s major currencies have depreciated against the US dollar.

Year-to-day (at May 12), these currencies have depreciated 4.7 percent on average against the US dollar.

| Exchange Rate (Accumulated variation 2015) | |
|---|-------|
| Brazil | 13.6% |
| Peru | 5.8% |
| Mexico | 4.0% |
| Colombia | 0.3% |
| Chile | -0.5% |

| Exchange Rate (Accumulated variation 2015) | |
|---|-------|
| Euro | 7.9% |
| Canada | 3.4% |
| Japan | 0.1% |
| United Kingdom | -0.6% |
| US Dollar basket | 4.7% |

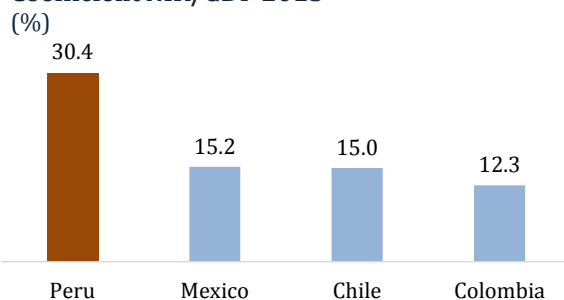
International reserves amount to US\$ 61.19 billion on May 12

On May 12, international reserves amounted to US\$ 61.19 billion. This level of reserves is equivalent to 30 percent of GDP and to 18 months of imports.

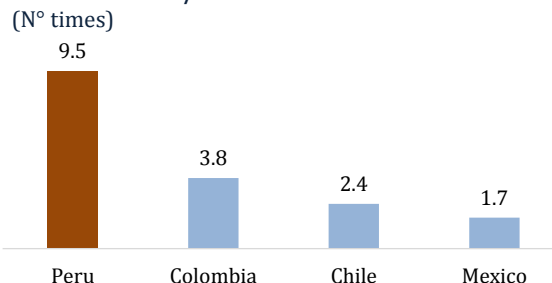
The Peruvian economy shows the highest indicators of financial soundness among the major economies in the region due to the levels of net international reserves (NIRs) Peru accumulated during the years when there were large capital inflows to the country. Confirming Peru's low vulnerability to international financial volatilities, the country exhibits the highest levels in the region in the three main indicators of reserve adequacy.

At April, Peru's ratio of reserves-to-GDP (NIR/GDP) reached 30.4 percent, a level nearly twice the one recorded by Chile (15 percent) or Mexico (15.2 percent). Moreover, Peru's net reserves are equivalent to more than 9.5 times our short-term debt, which means that the latter is more than covered. Peru stands out in terms of this indicator in the region since the country's ratio of reserves to its short-term debt is nearly six times higher than the one registered by Mexico (1.4), nearly four times higher than the one registered by Chile (2.4), and three times higher than the one registered by Colombia (3.8).

Coefficient NIR/GDP 2015

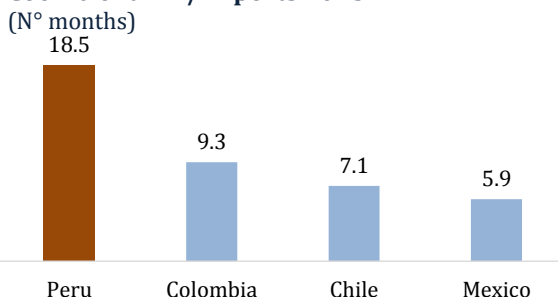


Coefficient NIR/S-T External Debt 2015



Finally, Peru's ratio of reserves to imports at April is 18.5 months, which means that the country has enough reserves to cover imports for over a year and a half; that is, that Peru's reserves can cover imports for twice as long as Colombia and nearly three times as long as Chile or Mexico.

Coefficient NIR/Imports 2015



Non-Financial Public Sector: Surplus of S/. 2.61 Billion in April

The operations of the **non-financial public sector** showed a surplus of S/. 2.61 billion in April 2015. This balance, which is S/. 1.59 billion lower than the one recorded in April 2014 (S/. 4.20 billion), is explained by the decline of the current revenues of the general government (down by S/. 995 million) and by the increase observed in non-financial current expenditure (S/. 870 million).

The increase in non-financial expenditure resulted from a real increase of current expenditure (10.1 percent) and from a decline of capital expenditure (9.5 percent), explained mostly by lower investment by local governments (down 35.4 percent). On the other hand, investment by regional governments increased by 31.5 percent in real terms.

Operations of the Non-Financial Public Sector 1/

(Million S/.)

| | April | | | January - April | | |
|--|---------------|---------------|--------------|-----------------|---------------|-------------|
| | 2014 | 2015 | Real % chg. | 2014 | 2015 | Real % chg. |
| 1. General government current revenues | 13,222 | 12,227 | -10.2 | 46,093 | 43,752 | -7.8 |
| a. Tax revenues | 10,143 | 9,045 | -13.4 | 35,198 | 33,217 | -8.3 |
| b. Non-tax revenues | 3,079 | 3,181 | 0.3 | 10,895 | 10,535 | -6.1 |
| 2. General government non-financial expenditure | 8,885 | 9,591 | 4.8 | 31,653 | 32,891 | 0.9 |
| a. Current | 6,471 | 7,341 | 10.1 | 24,220 | 26,296 | 5.4 |
| b. Capital | 2,414 | 2,250 | -9.5 | 7,433 | 6,595 | -13.8 |
| <i>of which:</i> | | | | | | |
| <i>Gross capital formation</i> | 2,320 | 2,112 | -11.6 | 7,005 | 5,537 | -23.3 |
| <i>National government</i> | 959 | 973 | -1.6 | 2,371 | 2,692 | 10.3 |
| <i>Regional governments</i> | 341 | 461 | 31.5 | 1,746 | 1,171 | -34.9 |
| <i>Local governments</i> | 1,020 | 678 | -35.4 | 2,888 | 1,674 | -43.8 |
| <i>Other capital expenditure</i> | 95 | 138 | 40.8 | 429 | 1,058 | 140.8 |
| 3. Other 2/ | 12 | 136 | | 9 | 1,250 | |
| 4. Primary Balance (=1-2+3) | 4,349 | 2,771 | | 14,448 | 12,111 | |
| 5. Interests | 147 | 160 | 5.5 | 2,112 | 2,288 | 5.3 |
| 6. Overall Balance (=4-5) | 4,202 | 2,612 | | 12,336 | 9,822 | |

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.

The economic balance of the non-financial public sector in the **January-April period** was S/. 9.82 billion, lower than the one registered in the same period in 2014 (S/. 12.34 billion), due to the decline of the current revenues of the general government (down by 7.8 percent in real terms) and by a slight increase of government expenditure (0.9 percent).

In this period, the higher non-financial expenditure of the general government is explained by higher current expenditure (5.4 percent) and by a decline of capital spending (13.8 percent), both in real terms. This was associated with lower investment in both regional and local governments (down by 35 percent and 44 percent, respectively).

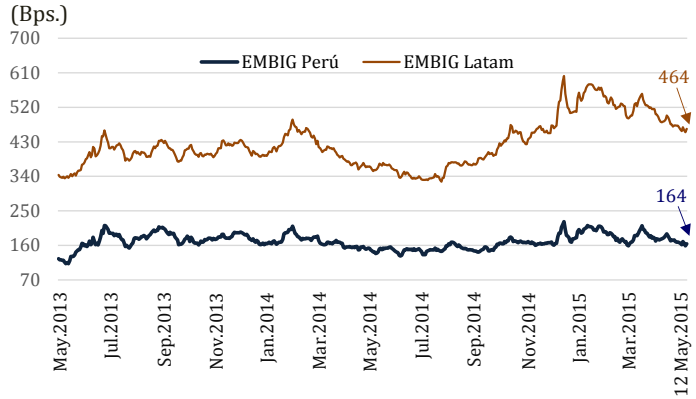
International Markets

Country risk at 164 basis points

In the week of May 5-12, the average country risk –measured by the **EMBIG Peru** spread– declined from 165 to 164 bps.

On the other hand, the **EMBIG LatAm** spread rose 2 basis points amid negative data of economic activity in the China and mixed indicators of activity in the United States and the Eurozone.

Country Risk Indicator



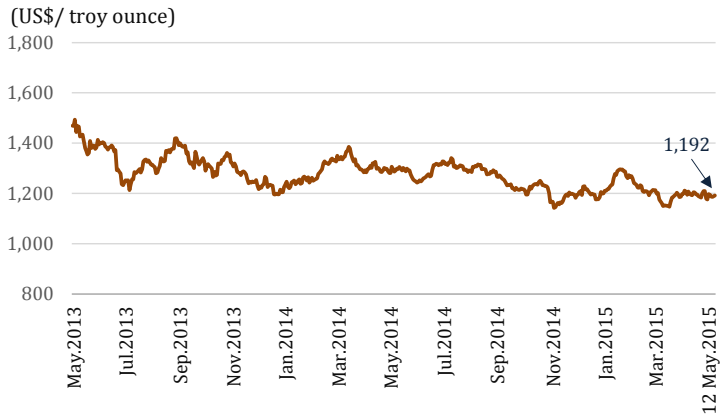
| | Variation in basis points | | | |
|-------------------|---------------------------|--------|---------|--------|
| | 28 Apr.15 | Weekly | Monthly | Annual |
| EMBIG Perú (bps) | 170 | -9 | -15 | 17 |
| EMBIG Latam (bps) | 473 | -14 | -47 | 104 |

Price of gold at US\$ 1,191.5 per troy ounce

In the same period, the price of **gold** fell 0.5 percent to US\$ 1,191.5 per troy ounce.

The price of gold was affected by the increase registered in the yields of the US Treasury bonds and by stability in European stock markets.

Gold Price



| | % change | | | |
|-------------------------|-----------|--------|---------|--------|
| | 12 May.15 | Weekly | Monthly | Annual |
| US\$ 1,191.5 / troy oz. | | -0.5 | -1.3 | -8.3 |

In May 5-12, the price of **copper** rose 0.6 percent to US\$ 2.92 per pound.

The price of copper was influenced by the decline of inventories in the Shanghai exchange market and by expectations that stimulus measures will be implemented in China.

Copper Price



| | % change | | | |
|-------------------|-----------|--------|---------|--------|
| | 12 May.15 | Weekly | Monthly | Annual |
| US\$ 2.92 / pound | | 0.6 | 6.5 | -7.0 |

In the same period, the price of **zinc** fell 1.7 percent to US\$ 1.07 per pound.

The fall in the price of zinc is explained mainly by investors' profit-taking following five straight weeks with price hikes.

Zinc Price
(cUS\$/pound)

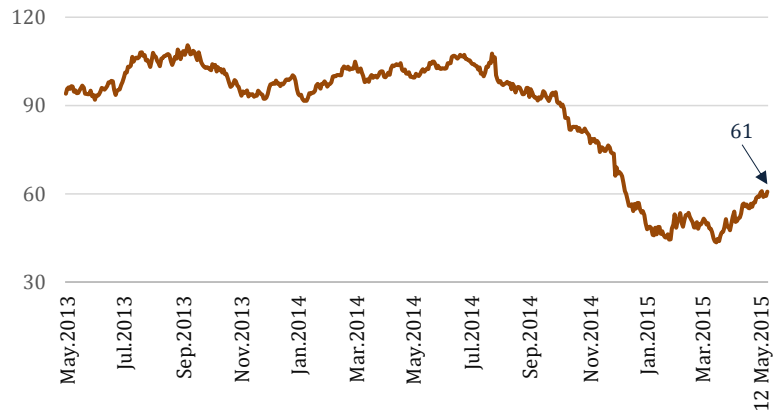


| | % change | | | |
|--------------------------|-----------|-------------|------------|-------------|
| | 12 May.15 | Weekly | Monthly | Annual |
| US\$ 1.07 / pound | | -1.7 | 7.3 | 14.4 |

In May 5-12, the price of **WTI oil** rose 0.6 percent to US\$ 60.8 per barrel.

The rise in the price of crude was influenced by geopolitical risks in Yemen, by China's increased imports of crude which reached a record level, and by the unexpected decline of crude inventories in the United States.

WTI Oil Price
(US\$/barrel)

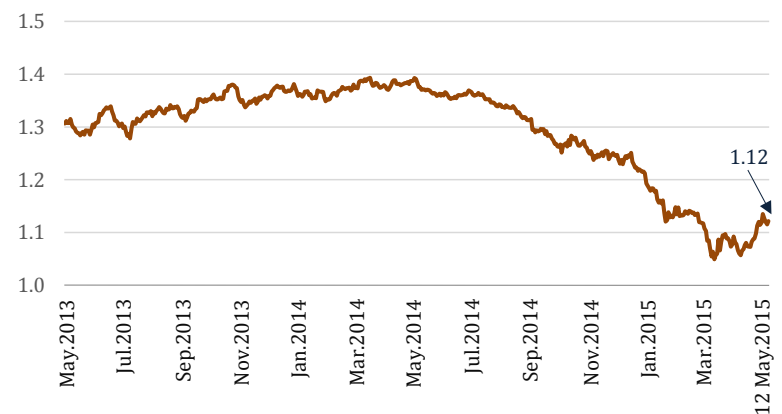


| | % change | | | |
|---------------------------|-----------|------------|-------------|--------------|
| | 12 May.15 | Weekly | Monthly | Annual |
| US\$ 60.8 / barrel | | 0.6 | 17.6 | -39.6 |

US dollar depreciated against the euro

In May 5-12, the **US dollar** depreciated 0.3 percent against the **euro** following the publication of data of economic activity supporting expectations that the Federal Reserve will postpone raising its interest rates.

Evolution of US\$ per Euro
(US\$/Euro)



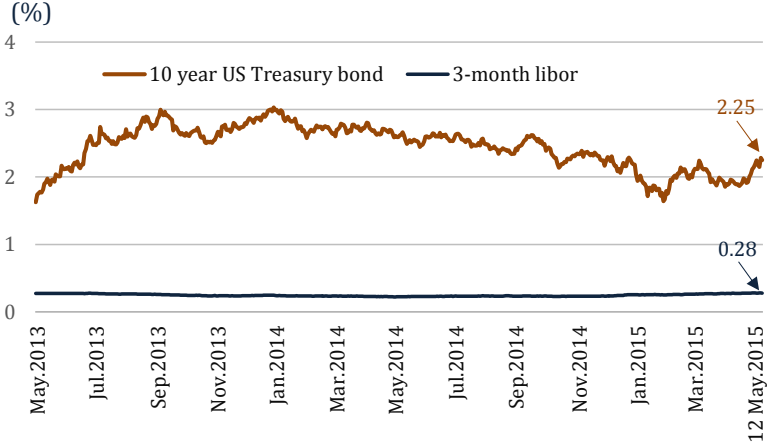
| | Level | % change | | |
|-----------------------|-------------|------------|------------|--------------|
| | 12 May.15 | Weekly | Monthly | Annual |
| US dollar/Euro | 1.12 | 0.3 | 5.8 | -18.5 |

Yield on 10-year US Treasuries at 2.25 percent

The **3-month Libor** remained at 0.28 percent between May 5 and May 12.

On the other hand, the yield on the **10-year US Treasury bonds** rose 6 bps to 2.25 percent, influenced by the sale of German Government bonds and new U.S. debt bonds.

3-Month Libor and 10-Year US Treasuries



| | Variation in basis points | | | |
|--------------------|---------------------------|--------|---------|--------|
| | 12 May.15 | Weekly | Monthly | Annual |
| 3 months Libor (%) | 0.28 | 0 | 0 | 5 |
| US Treasuries (%) | 2.25 | 6 | 30 | -41 |

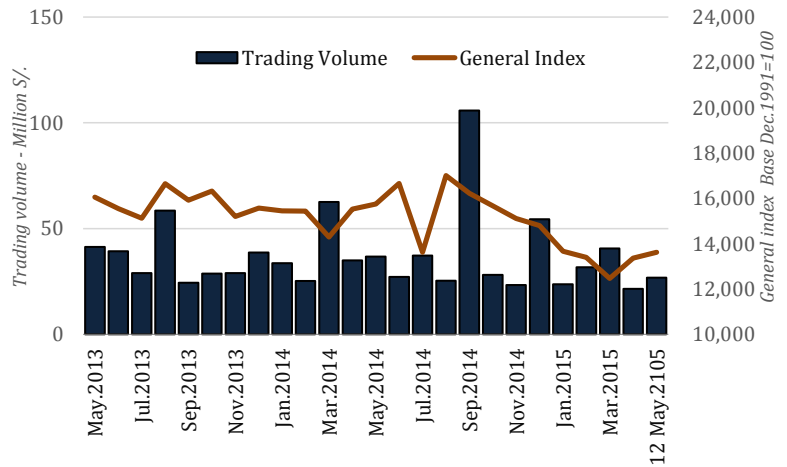
Lima Stock Exchange

In May 5-12 the **General Index** of the Lima Stock Exchange (LSE) fell 0.1 percent while the **Selective Index** rose 0.4 percent.

The LSE indices reflected a context marked by the mixed conduct observed in the international prices of commodities.

Year-to-date, the General Index has fallen 7.9 percent and the Selective Index has fallen 4.8 percent.

Lima Stock Exchange Indicators



| | As of: | % change compared to: | | |
|-----------------|-----------|-----------------------|-----------|-----------|
| | 12 May.15 | 5 May.15 | 30 Apr.15 | 31 Dec.14 |
| General Index | 13,624 | -0.1 | 1.9 | -7.9 |
| Selective Index | 19,301 | 0.4 | 3.0 | -4.8 |

