



Indicators

-  Annual growth rate of credit to the private sector:
10.3 percent at October 15
-  Annual growth rate of liquidity:
8.4 percent at October 15
-  Inflation in October: 0.14 percent
-  Price of gold at US\$ 1,159.4/troy ounce in October
-  Average country risk in October at 206 bps

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Monetary operations and interest rate

In October, the BCRP continued carrying out its regular placements of BCRP-CDs with the aim of contributing to increase liquidity in the secondary market of these instruments. It also continued injecting short-term and long-term liquidity in DC to maintain the interbank interest rate close to the policy interest rate.

- **Regular repos:** The balance of regular repos at October 31 was S/. 450 million, with an average interest rate of 4.33 percent. At end-September, these repos showed a balance of S/. 750 million, with an average rate of 4.37 percent.
- **Special repos:** The balance of special repos at the close of October was S/. 2.08 billion, with an average interest rate of 4.17 percent. At the end of September, special repos showed a balance of S/. 2.28 billion and an average rate of 4.12 percent.
- **Currency repos:** The balance of currency repos declined from S/. 28.76 billion at end-September to S/. 28.66 billion at October 31, the average rate of these repos remaining at 4.54 percent. Of this balance, regular currency repos amount to S/. 15.95 billion, credit expansion repos amount to S/. 7.90 billion, and credit substitution repos amount to S/. 4.81 billion. The maturities of these repos range from 12 to 60 months to facilitate the conversion of credit in dollars to credit in soles.
- **BCRP-CDs:** The balance of BCRP-CDs at October 31 was S/. 17.80 billion, with an average rate of 3.63 percent. At end-September, this balance was S/. 16.60 billion, with an average interest rate of 3.54 percent.
- **Term deposits:** The balance of term deposits at October 31 was S/. 2.68 billion, with an average interest rate of 3.46 percent. At the end of September, this balance was S/. 2.68 billion at a rate of 3.44 percent.
- **Overnight deposits:** At October 31, overnight deposits showed a balance of S/. 868 million, while at end-September, this balance was S/. 304 million. The average interest rate remained at 2.25 percent between September 30 and October 27.

In October, the Central Bank has also made the following operations in the foreign exchange market.

- **CDR-BCRP:** At October 31, these CDs showed a balance of S/. 7.23 billion (US\$ 2.23 billion), with an interest rate of 0.48 percent. Of this balance, CDR-BCRP placed through special repo operations amount to S/. 2.09 billion (US\$ 643 million). At end-September, CDR BCRP showed a balance of S/. 8.21 billion (US\$ 2.51 billion) and an average interest rate of 0.49 percent.
- **FX Swaps:** The balance of these instruments at October 31 was S/. 23.64 billion, with an average rate of 0.43 percent. At end-September, this balance was S/. 25.69 billion, with an average interest rate of 0.47 percent.

- In October, between October 27 and October 29, the BCRP sold FC for a total of US\$ 43 million. It is worth pointing out that the Central Bank had not intervened in the spot market since August 28.

Monetary and foreign exchange operations
(Million S/.)

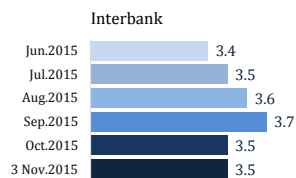
		Balance (Interest rate)		Placement (Interest rate)									Maturity	
		Sep 30. 2015	Oct 31. 2015	Overnight	1 week	2-month	3-month	4-month	6-month	12-month	18-month	60-month		
Monetary operations	Injection	Repos	750 (4.37%)	450 (4.33%)	700 (3.78%)							1,000		
		Special repos	2,284 (4.12%)	2,084 (4.17%)			300 (4.70%)						500	
		Currency repos (Ordinary)	16,050 (4.67%)	15,950 (4.67%)					300 (4.31%)		200 (4.91%)		600	
		Currency repos (Expansion)	7,900 (4.84%)	7,900 (4.84%)										
		Currency repos (Substitution)	4,805 (3.61%)	4,805 (3.61%)										
		Funds of Treasury	3,050 (4.88%)	3,050 (4.88%)										
		Funds of Banco de la Nación	600 (4.54%)	600 (4.54%)										
Monetary operations	Sterilization	CD BCRP	16,597 (3.54%)	17,798 (3.63%)			1,700 (4.21%)		200 (3.98%)	200 (4.38%)	106 (4.60%)			1,005
		Term deposits	2,676 (3.44%)	2,683 (3.46%)	43,918 (3.40%)	989 (3.49%)								44,900
		Overnight deposits	304 (2.25%)	868 (2.25%)	9,145 (2.25%)								8,581	
Foreign exchange operations		CDR BCRP	5,925 (0.49%)	5,147 (0.48%)			2,563 (0.50%)						3,341	
		CDR BCRP - Special repos	2,287 (0.49%)	2,086 (0.48%)			300 (0.35%)						500	
		FX-Swaps	25,687 (0.47%)	23,638 (0.43%)			1,997 (0.59%)	7,170 (0.41%)	600 (0.26%)					11,816

Interbank interest rate in soles at 3.5 percent

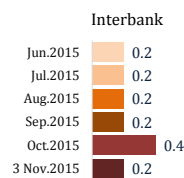
On November 3, the **interbank interest rate** in soles registered 3.5 percent and the rate in dollars registered an annual rate of 0.2 percent. On the same date, the **corporate prime rate** –the interest rate charged by commercial banks to lower risk businesses– in soles recorded a rate of 4.9 percent, while the rate in dollars recorded 1.1 percent.

Interest rates
(%)

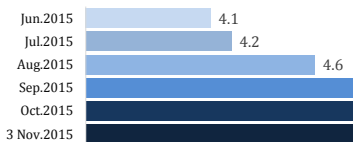
Domestic currency



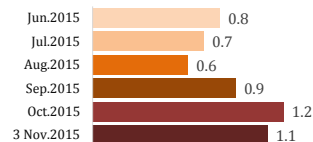
Foreign currency



90-days corporate prime



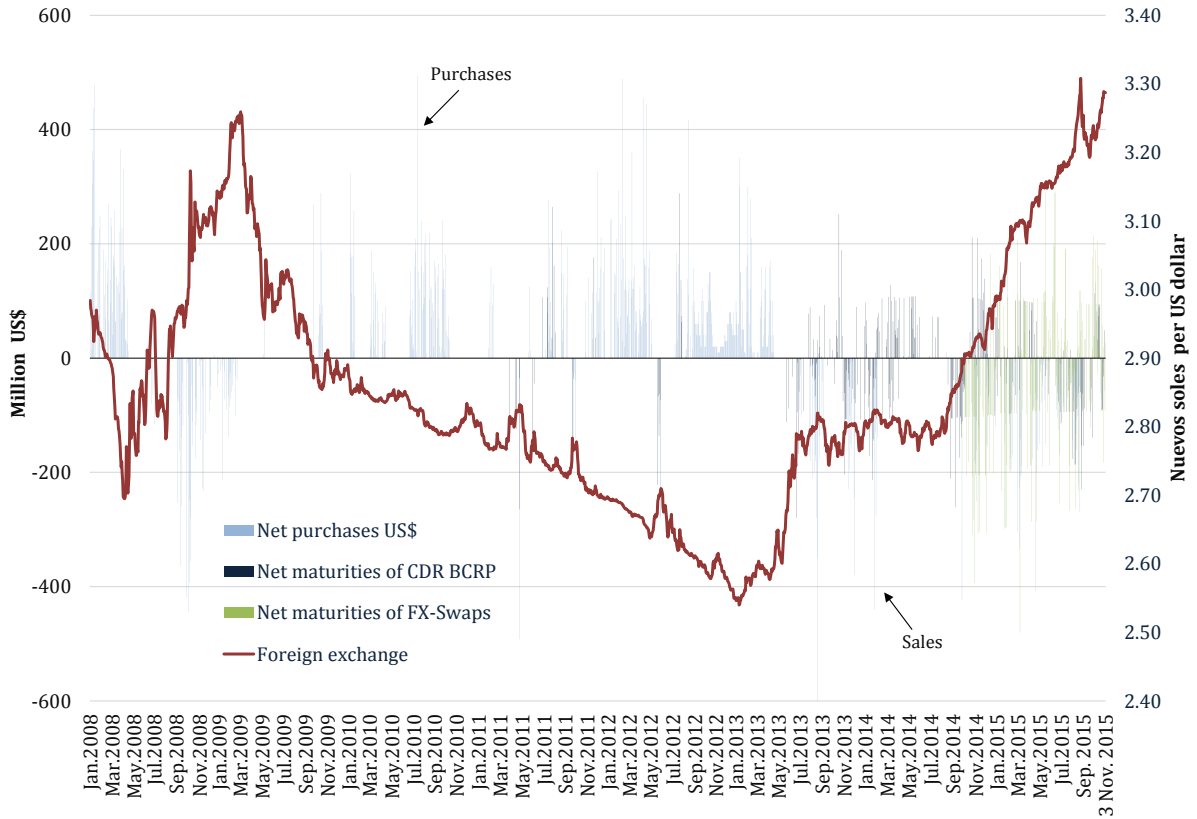
90-days corporate prime



Foreign exchange rate

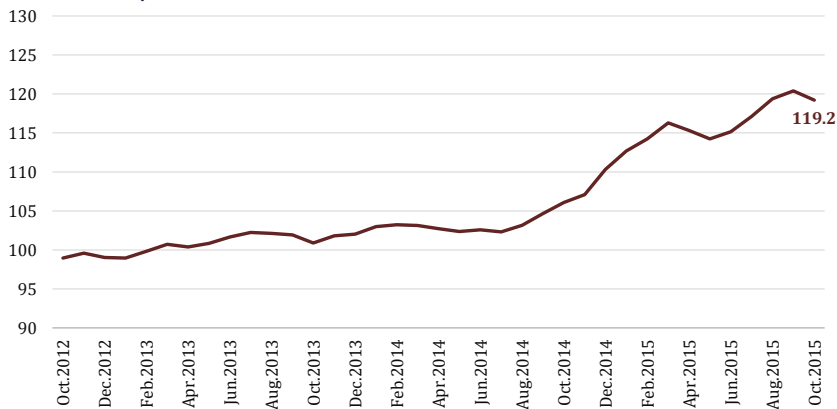
On November 3, the dollar in the interbank market closed with a selling price of S/. 3.29 per dollar.

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.

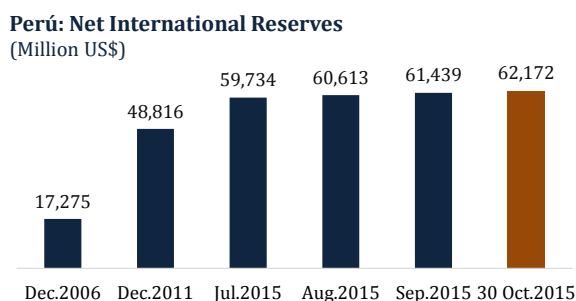
Fed index 1/



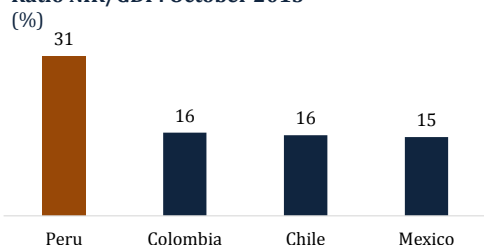
1/ Calculated taking into account currencies of US trading partners weighted by contributions. A rise in the index represents an appreciation of the US dollar.
Source: FED.

International reserves amount to US\$ 62.17 billion at the close of October

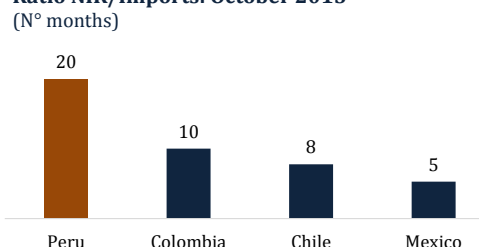
On October 31, Peru's net international reserves –made up mainly by liquid international assets– amounted to US\$ 62.17 billion. This level of reserves, which is US\$ 732 million higher than that recorded at the end of September, is equivalent to 31 percent of GDP and to 20 months of imports.



Ratio NIR/GDP: October 2015



Ratio NIR/Imports: October 2015



BCRP Survey on Macroeconomic Expectations: October 2015

As reflected in all of the indicators below, business expectations in October showed an improvement compared to September.

Macroeconomic Expectations Survey Results

	August	September	October	
Current situation				
Current business situation	55.5	55.4	57.4	↑
Level of sales	47.9	48.0	54.1	↑
Purchase orders in comparison to the previous month	46.1	45.5	49.3	↑
Production level	49.8	49.5	55.0	↑
Level of demand compared to the expected demand level	39.1	40.6	40.8	↑
Inventories compared to the previous month	52.9	51.5	53.6	↑
Level of employment	46.6	45.4	46.9	↑
Expectations				
Expected demand of firm's products 3 months ahead	54.8	55.9	57.7	↑
Expected new personnel hired 3 months ahead	46.5	47.8	48.9	↑
Expected firm situation 3 months ahead	54.3	55.3	56.0	↑
Expected sector situation 3 months ahead	48.0	48.1	49.3	↑
Expectations regarding the economy 3 months ahead	42.2	43.2	45.0	↑
Expected sector situation 12 months ahead	55.4	55.7	55.9	↑
Expectations regarding the economy 12 months ahead	49.3	50.6	53.1	↑
Finances				
Current firm's financial situation	60.9	61.1	61.6	↑
Firm's current access to credit	64.7	63.4	64.7	↑
Prices				
Expected average prices of inputs 3 months ahead	52.7	50.7	52.5	↑
Expected average sale prices 3 months ahead	55.3	53.5	55.4	↑

The results of the survey carried out in October show that inflation in 2015 is expected to range between 3.5 and 3.8 percent. Moreover, in 2016 the rate of inflation is expected to be between 3.0 and 3.3 percent, while in 2017 it is expected to range between 2.8 and 3.0 percent.

Survey of Macroeconomic Expectations: Inflation (%)

	<u>Survey date:</u>		
	August 31, 2015	September 30, 2015	October 31, 2015
Economic analysts 1/			
2015	3.5	3.8	3.8
2016	3.0	3.3	3.2
2017	2.6	2.8	2.8
Financial entities 2/			
2015	3.3	3.8	3.7
2016	3.0	3.1	3.3
2017	2.8	3.0	2.8
Non-financial firms 3/			
2015	3.3	3.5	3.5
2016	3.0	3.0	3.0
2017	3.0	3.0	3.0

1/ 26 analysts in August, 25 in September and October 2015.

2/ 26 financial entities in August, 25 in September and 22 in October 2015.

3/ 415 non-financial firms in August, 404 in September, and 367 in October 2015.

As regards economic growth in 2015, non-financial firms expect an output rate of 3.0 percent, while financial entities estimate a rate of 2.8 percent and economic analysts estimate a rate of 2.7 percent.

Survey of Macroeconomic Expectations: GDP growth (%)

	<u>Survey date:</u>		
	August 31, 2015	September 30, 2015	October 31, 2015
Economic analysts 1/			
2015	2.8	2.8	2.7
2016	3.7	3.2	3.5
2017	4.5	4.5	4.2
Financial entities 2/			
2015	2.8	2.8	2.8
2016	3.8	3.5	3.3
2017	4.5	4.5	4.1
Non-financial firms 3/			
2015	3.0	3.0	3.0
2016	3.5	3.5	3.5
2017	4.0	4.0	4.0

1/ 26 analysts in August, 25 in September and October 2015.

2/ 26 financial entities in August, 25 in September and 22 in October 2015.

3/ 415 non-financial firms in August, 404 in September, and 367 in October 2015.

The surveyed groups expect the US dollar/nuevo sol exchange rate to be between S/.3.30 and S/.3.32 per dollar at end-2015.

Survey of Macroeconomic Expectations: Exchange rate
(S/. per US\$)*

	Survey date:		
	August 31, 2015	September 30, 2015	October 31, 2015
Economic analysts 1/			
2015	3.35	3.30	3.32
2016	3.45	3.45	3.45
2017	3.45	3.45	3.50
Financial entities 2/			
2015	3.35	3.30	3.30
2016	3.45	3.42	3.45
2017	3.45	3.40	3.45
Non-financial firms 3/			
2015	3.30	3.30	3.30
2016	3.40	3.40	3.40
2017	3.45	3.40	3.45

1/ 26 analysts in August, 25 in September and October 2015.

2/ 26 financial entities in August, 25 in September and 22 in October 2015.

3/ 415 non-financial firms in August, 404 in September, and 367 in October 2015.

* Exchange rate at end of year.

Credit to the private sector and liquidity at October 15

In the last four weeks, at October 15, 2015, **total credit to the private sector** increased 0.7 percent (S/. 1.71 billion). By currencies, credit in soles grew 1.7 percent (S/. 2.88 billion), while credit in dollars declined 1.6 percent (negative flow of US\$ 391 million). As a result of this, credit to the private sector showed an annual growth rate of 10.3 percent.

In the same period, **total liquidity in the private sector** increased 0.1 percent (S/. 189 million), as a result of which liquidity in the private sector accumulated a growth rate of 8.4 percent in the last twelve months. By currencies, liquidity in soles increased 0.8 percent (S/. 1.20 billion), while liquidity in dollars decreased 1.2 percent (negative flow of US\$ 340 million).

Inflation in Metropolitan Lima: 0.14 percent in October

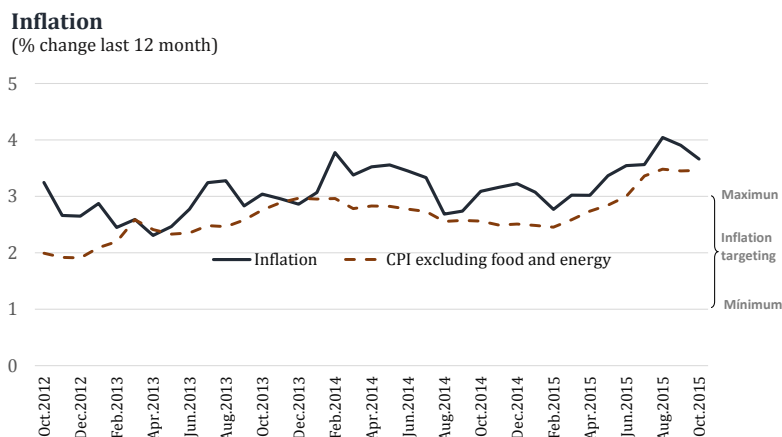
The consumer price index in Metropolitan Lima recorded a rate of 0.14 percent in October, as a result of which inflation in the last 12 months showed a rate of 3.66 percent. The rate of inflation excluding food and energy was 0.14 percent in the month and 3.46 percent in the last 12 months.

Inflation

(% change)

	Weight 2009=100	October 2015	
		Month	12 month
CPI	100.0	0.14	3.66
1. CPI excluding food and energy	56.4	0.14	3.46
i. Goods	21.7	0.3	3.5
ii. Services	34.8	0.0	3.5
<i>Of which:</i>			
Education	9.1	0.1	5.1
Rent	2.4	0.1	3.1
Health	1.1	0.7	6.0
2. Food and energy	43.6	0.15	3.89
i. Food	37.8	0.0	4.5
ii. Energy	5.7	-0.3	2.4

Source: INEI.



The items that contributed more to increase the rate of inflation in October were potatoes (0.09 percentage points), meals outside the home (0.04 percentage points), and avocados (0.02 percentage points). On the other hand, the items that contributed more to reduce the rate of inflation in this month were onions (-0.07 percentage points), eggs and chicken meat (-0.02 percentage points each).

Trade Balance: September 2015

Total exports amounted to US\$ 2.60 billion in September and thus accumulate a total of US\$ 24.81 billion in the first nine months of the year. Exports of traditional products amounted to US\$ 1.76 billion and exports of non-traditional products amounted to US\$ 834 million.

On the other hand, imports amounted to US\$ 3.10 billion in September and to US\$ 27.64 billion in the first nine months of the year. Imports of inputs in the month totaled US\$ 1.33 billion, while imports of capital goods amounted to US\$ 969 million and imports of consumer goods amounted to US\$ 798 million.

In September, imports were higher by US\$ 502 million than exports.

Trade balance (Million US\$)

	September	January - September: 2015
1. Exports	2,600	24,808
Traditional products	1,760	16,991
Non-traditional products	834	7,753
Other	6	64
2. Imports	3,102	27,640
Consumer goods	798	6,394
Inputs	1,329	12,069
Capital goods	969	8,909
Other goods	6	267
3. Trade balance	-502	-2,832

Source: Sunat, BCRP and firms.

International Markets

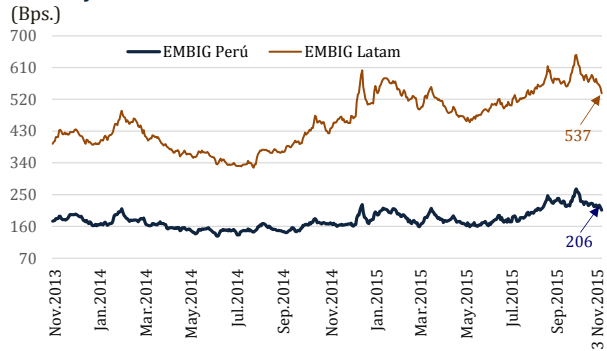
Country risk at 206 basis points

On **November 3**, the **EMBIG Peru** recorded 206 bps and the **EMBIG LatAm** spread recorded 537 bps.

In **October**, the average country risk indicator –measured by the **EMBIG Peru** spread– fell from 234 in September to 226 basis points.

Similarly, the **EMBIG LatAm** spread fell 4 bps to 582 bps, in a context of lower risk aversion and of increased monetary stimulus in China.

Country Risk Indicator



	Variation in basis points			
	3 Nov. 2015	Weekly	Monthly	Annual
EMBIG Perú (bps)	206	-15	-43	39
EMBIG Latam (bps)	537	-41	-75	113

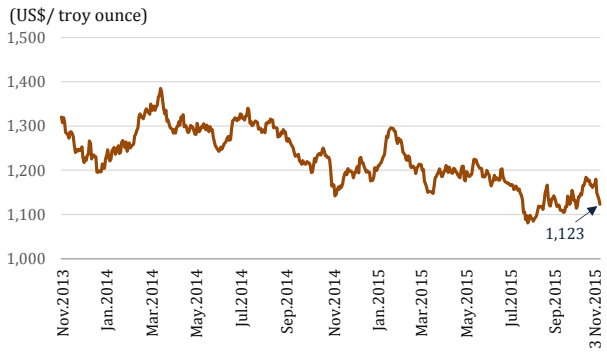
Price of gold at US\$ 1,123.1 per troy ounce

On **November 3**, the price of **gold** was US\$ 1,123.1 an ounce.

In **October**, **gold** showed an average price of US\$ 1,159.4 per troy ounce, up 3.1 percent from the average price in September.

This rise in the price of gold was supported mainly by uncertainty about when the Federal Reserve will decide to raise its interest rate.

Gold Price



	% change			
	3 Nov. 2015	Weekly	Monthly	Annual
US\$ 1,165.7 / troy oz		-3.7	-1.5	-3.8

On **November 3**, **copper** was quoted at US\$ 2.34 per pound.

In **October**, the mean price of **copper** was US\$ 2.37 per pound, 0.5 percent higher than in September.

The higher price of copper is explained by prospects of a global deficit of refined copper in 2016 and by the announcement of production cuts.

Copper Price



	% change			
	3 Nov. 2015	Weekly	Monthly	Annual
US\$ 2.34 / pound		-1.4	1.3	-24.3

The price of **zinc** on **November 3** was US\$ 0.75 a pound.

In **October**, the average price of **zinc** was US\$ 0.79 per pound, up 0.8 percent from September.

This price rise was supported by the announcements of production cuts and by the decline of inventories at the London Metal Exchange.

Zinc Price
(cUS\$/pound)

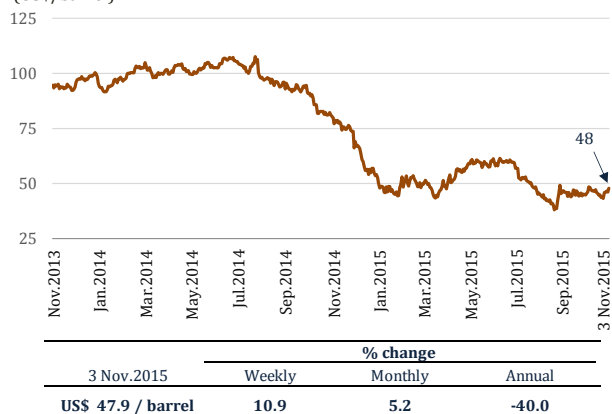


On **November 3**, **WTI oil** recorded a price of US\$ 47.9 a barrel.

In **October**, the average price of **WTI oil** was US\$ 46.4 a barrel, 1.9 percent higher than in September.

The rising conduct observed in the price of crude was associated with the reduction of oil platforms operating in the United States and with greater geopolitical tensions in the Middle East.

WTI Oil Price
(US\$/barrel)



Exchange rate: US\$ 1.10 per euro

The USD-euro exchange rate on November 3 was US\$ 1.10 per euro.

In **October**, the **dollar** appreciated 0.2 percent on average against the **euro** amid renewed expectations of monetary policy divergences between the Federal Reserve and the other major central banks.

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

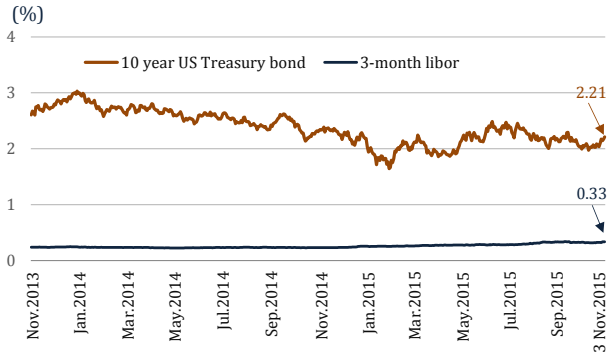


Yield on 10-year US Treasuries at 2.21 percent

On **November 3**, the **3-month Libor** recorded 0.33 percent and the yield on the **10-year US Treasury bonds** recorded 2.21 percent.

In **October**, the **3-month Libor** registered 0.32 percent while the yield on the **10-year US Treasury bonds** recorded 2.11 percent, a rate 5 bps lower than in September as a result of uncertainty about when the Federal Reserve will raise its interest rate.

3-Month Libor and 10-Year US Treasuries



	3 Nov.2015	Variation in basis points		
		Weekly	Monthly	Annual
3 months Libor (%)	0.33	1	1	10
US Treasuries (%)	2.21	17	22	-13

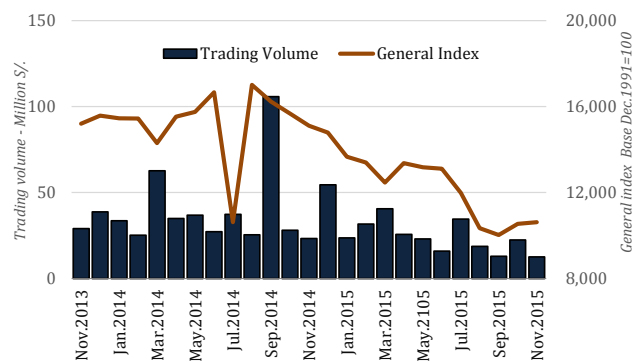
Lima Stock Exchange

So far in November, at November 3, the **General Index** of the Lima Stock Exchange (LSE) rose 0.8 percent and the **Selective Index** rose 0.4 percent.

In October, the **General Index** of the LSE rose 5.6 percent and the **Selective Index** rose 1.6 percent.

The LSE indices were influenced by the good performance of Wall Street and by the rise observed in the international prices of commodities.

Lima Stock Exchange Indicators



	As of:	% change compared to:		
	3 Nov.2015	20 Oct.2015	30 Sep.2015	31 Dec.14
General Index	10,624	-0.5	5.9	-28.2
Selective Index	14,262	-0.5	2.0	-29.6

