



### Indicators

|   |  |
|---|--|
|  | Price of gold at US\$ 1,085.4/troy ounce             |
|  | Price of crude at US\$ 30.4 per barrel on January 12 |
|  | Net international reserves: US\$ 61.75 billion       |

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## Monetary operations and interest rate

In January 2016, 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 repos at January 12 was S/ 300 million, with an average interest rate of 5.21 percent. At the end of December, regular repos showed a balance of S/ 600 million at an average rate of 4.72 percent.
- **Auctions of Treasury funds:** On January 12, the balance of Treasury deposits placed through auctions was S/ 3.05 billion with an average interest rate of 5.53 percent. At the end of December, Treasury funds auctioned showed a balance of S/ 2.55 billion at an average rate of 5.47 percent.
- **BCRP-CDs:** The balance of BCRP-CDs at January 12 was S/. 15.40 billion, with an average rate of 3.84 percent, while this balance at end-December was S/. 15.38 billion, with an average interest rate of 3.79 percent.
- **Term deposits:** The balance of term deposits at January 12 was S/. 3.50 billion, with an average interest rate of 3.67 percent. At the end of December, this balance was S/. 840 million at a rate of 3.74 percent.
- **Overnight deposits:** At January 12, overnight deposits showed a balance of S/. 402 million, with an average interest rate of 2.50 percent. At end-December, this balance was S/. 275 million with an average interest rate of 2.50 percent.

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

- **CDR-BCRP:** At January 12, these CDs showed a balance of S/. 7.66 billion (US\$ 2.29 billion), with an interest rate of 0.60 percent. Of this balance, CDR-BCRP placed through special repo operations amount to S/. 1.90 billion (US\$ 567 million). At end-December, CDR BCRP showed a balance of S/. 7.06 billion (US\$ 2.12 billion) and an average interest rate of 0.58 percent.
- **FX Swaps:** The balance of these instruments at January 12 was S/. 28.07 billion, with an average rate of 0.63 percent. At end-December, this balance was S/. 26.35 billion, with an average interest rate of 0.60 percent.
- **Intervention in the foreign exchange market:** Between January 1 and January 12, the BCRP sold US\$ 80 million in the spot market.

## Monetary and foreign exchange operations

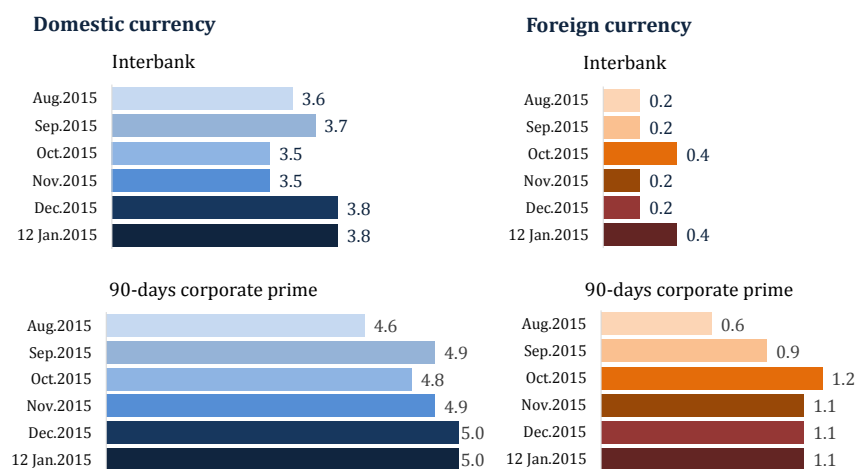
(Million S/)

|                          |                             | Balance<br>(Interest rate) |                   | Placement<br>(Interest rate) |                   |                  |                  |                | Maturity      |               |       |
|--------------------------|-----------------------------|----------------------------|-------------------|------------------------------|-------------------|------------------|------------------|----------------|---------------|---------------|-------|
|                          |                             | Dec 31. 2015               | Jan 12. 2016      | Overnight                    | 2-month           | 3-month          | 6-month          | 12-month       |               | 18-month      |       |
|                          |                             |                            |                   |                              |                   |                  |                  |                |               |               |       |
| Monetary operations      | Injection                   | Repos                      | 600<br>(4.72%)    | 300<br>(5.21%)               |                   |                  |                  |                |               | 300           |       |
|                          |                             | Funds of Treasury          | 2,550<br>(5.47%)  | 3,050<br>(5.53%)             |                   |                  |                  | 500<br>(5.84%) |               |               |       |
|                          | Sterilization               | CD BCRP                    | 15,380<br>(3.79%) | 15,400<br>(3.84%)            |                   |                  | 1,200<br>(4.15%) | 260<br>(4.38%) | 30<br>(4.70%) | 30<br>(5.10%) | 1,500 |
|                          |                             | Term deposits              | 840<br>(3.74%)    | 3,500<br>(3.67%)             | 11,400<br>(3.65%) |                  |                  |                |               |               | 8,740 |
|                          |                             | Overnight deposits         | 275<br>(2.50%)    | 402<br>(2.50%)               | 2,600<br>(2.50%)  |                  |                  |                |               |               | 2,473 |
|                          | Foreign exchange operations | CDR BCRP                   | 5,157<br>(0.57%)  | 5,757<br>(0.60%)             |                   |                  | 900<br>(0.61%)   |                |               |               | 300   |
| CDR BCRP - Special repos |                             | 1,903<br>(0.60%)           | 1,903<br>(0.60%)  |                              |                   |                  |                  |                |               |               |       |
| FX-Swaps                 |                             | 26,352<br>(0.60%)          | 28,069<br>(0.63%) |                              | 900<br>(0.75%)    | 1,337<br>(0.75%) | 1,579<br>(0.68%) |                |               | 2,099         |       |

## Interbank interest rate in soles at 3.8 percent

On January 12, the **interbank interest rate** in soles registered an average monthly rate of 3.8 percent and the rate in dollars showed an annual rate of 0.4 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 5.0 percent, while the rate in dollars recorded 1.1 percent.

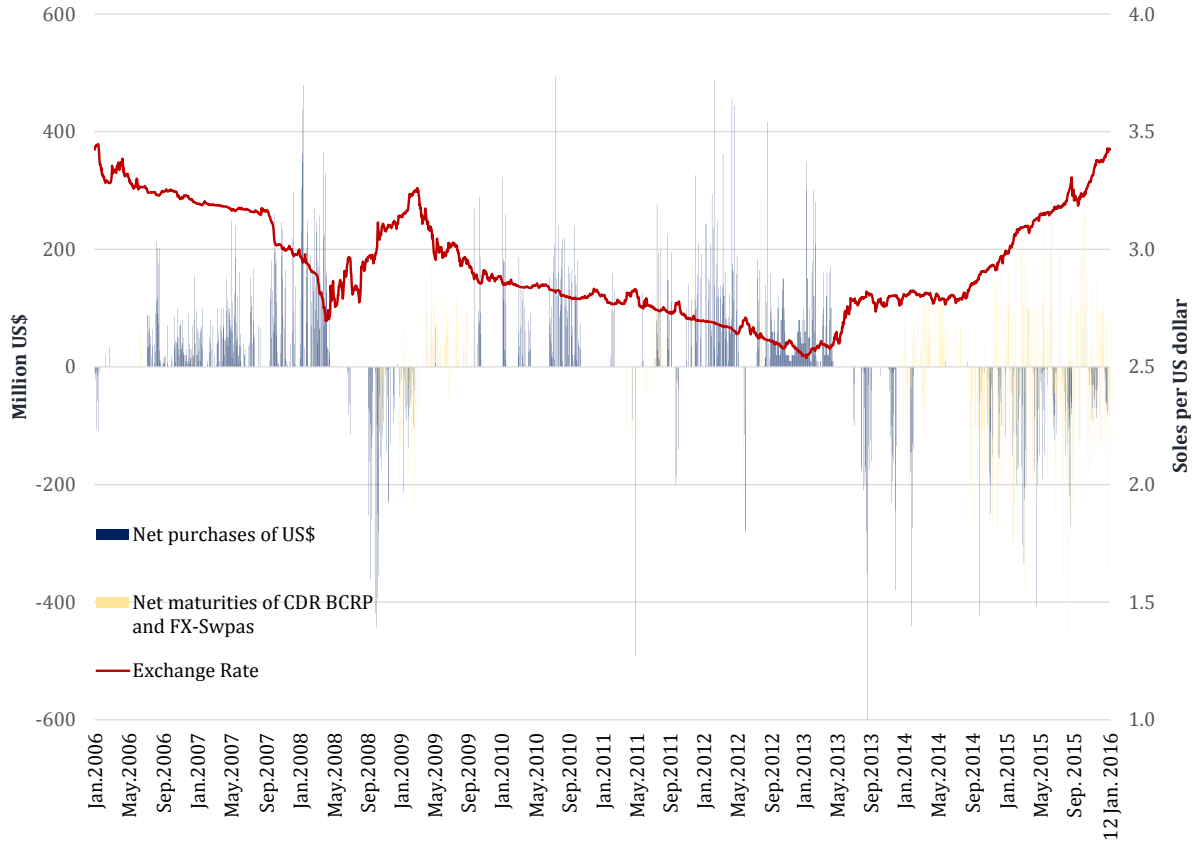
### Interest rates (%)



### Foreign exchange rate

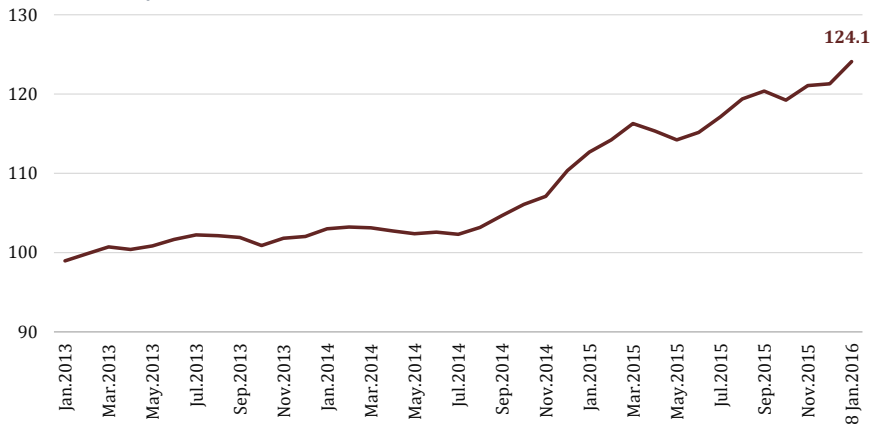
On January 12, the dollar in the interbank market closed with a selling price of S/. 3.42 per dollar.

#### 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.

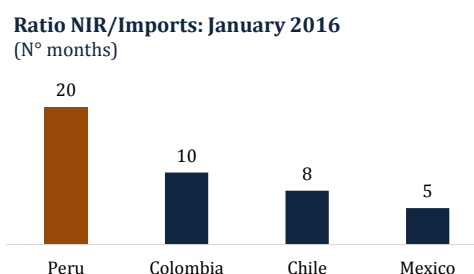
#### Fed index 1/



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\$ 61.75 billion at January 7, 2016

On January 7, 2016, Peru's net international reserves –made up mainly by liquid international assets– amounted to US\$ 61.75 billion. This level of reserves is equivalent to 32 percent of GDP and to 20 months of imports.



## Operations of the Non-Financial Public Sector: December 2015

The operations of the non-financial public sector showed a deficit of S/. 12.73 billion in December (S/ 1.39 billion higher than that recorded in December 2014) due mainly to higher non-financial spending at the level of the general government. As a result of this, the operations of the non-financial public sector accumulated a deficit of S/ 12.79 billion in the year.

The tax revenues of the general government rose 3.1 percent, while the non-financial expenditure of the general government increased 4.3 percent as a result of both the current component and the capital component.

### Operations of the Non-Financial Public Sector 1/

(Million S/.)

|  | December       |                |             | January - December |                |             |
|--|----------------|----------------|-------------|--------------------|----------------|-------------|
|  | 2014           | 2015           | Real % chg. | 2014               | 2015           | Real % chg. |
| <b>1. General government current revenues</b>          | <b>10,593</b>  | <b>11,109</b>  | <b>0.5</b>  | <b>127,711</b>     | <b>122,033</b> | <b>-7.7</b> |
| a. Tax revenues  | 8,128          | 8,752          | 3.1         | 97,646             | 92,730         | -8.3        |
| b. Non-tax revenues                                    | 2,465          | 2,357          | -8.4        | 30,065             | 29,303         | -5.9        |
| <b>2. General government non-financial expenditure</b> | <b>21,633</b>  | <b>23,555</b>  | <b>4.3</b>  | <b>123,845</b>     | <b>129,919</b> | <b>1.2</b>  |
| a. Current   | 14,438         | 15,579         | 3.4         | 89,461             | 96,835         | 4.4         |
| b. Capital   | 7,195          | 7,976          | 6.2         | 34,384             | 33,084         | -7.3        |
| <i>of which:</i>                                       |                |                |             |                    |                |             |
| <i>Gross capital formation</i>                         | 6,721          | 6,896          | -1.7        | 31,660             | 28,762         | -12.5       |
| <i>National government</i>                             | 3,034          | 2,785          | -12.1       | 11,465             | 12,206         | 2.7         |
| <i>Regional governments</i>                            | 988            | 1,047          | 1.5         | 6,276              | 5,541          | -15.0       |
| <i>Local governments</i>                               | 2,699          | 3,065          | 8.8         | 13,919             | 11,014         | -23.9       |
| <i>Other capital expenditure</i>                       | 474            | 1,079          | 118.3       | 2,723              | 4,322          | 53.3        |
| <b>3. Other 2/</b>                                     | <b>-138</b>    | <b>-85</b>     |             | <b>339</b>         | <b>1,449</b>   |             |
| <b>4. Primary Balance (=1-2+3)</b>                     | <b>-11,178</b> | <b>-12,531</b> |             | <b>4,205</b>       | <b>-6,438</b>  |             |
| <b>5. Interests</b>                                    | <b>158</b>     | <b>197</b>     | <b>19.3</b> | <b>6,206</b>       | <b>6,351</b>   | <b>-1.1</b> |
| <b>6. Overall Balance (=4-5)</b>                       | <b>-11,336</b> | <b>-12,728</b> |             | <b>-2,002</b>      | <b>-12,789</b> |             |
| <i>Percentage of GDP</i>                               |                |                |             | <b>-0.3</b>        | <b>-2.1</b>    |             |

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.

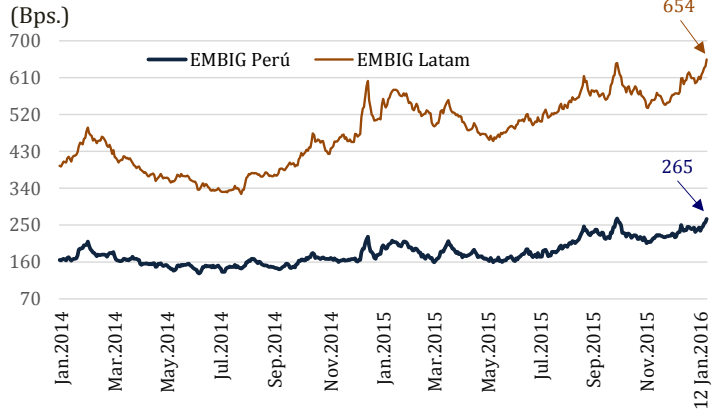
## International Markets

### Country risk at 265 basis points

In January 5-12, the country risk indicator –measured by the EMBIG Peru spread– rose from 236 to 265 basis points.

Similarly, the **EMBIG LatAm** spread rose 48 basis points amid increased risk aversion as a result of concerns about economic slowdown in China and the drop recorded in the price of crude.

#### Country Risk Indicator



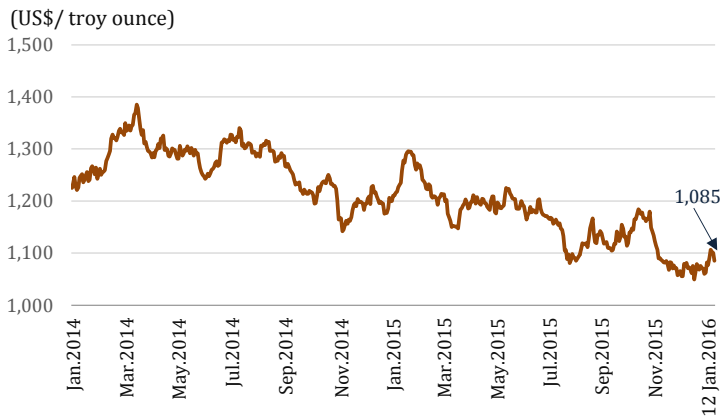
|                   | Variation in basis points |        |         |        |
|-------------------|---------------------------|--------|---------|--------|
|                   | 12 Jan. 2015              | Weekly | Monthly | Annual |
| EMBIG Perú (bps)  | 265                       | 29     | 15      | 63     |
| EMBIG Latam (bps) | 654                       | 48     | 46      | 97     |

### Price of gold at US\$ 1,085.4 per troy ounce

In the same period, the price of gold rose 0.8 percent to US\$ 1,085.4 per troy ounce.

The price of gold rose due to the depreciation of the dollar against its major counterparts and due to the greater demand for safe assets as a result of the fall of the major stock exchange markets.

#### Gold Price



|                         | % change     |        |         |        |
|-------------------------|--------------|--------|---------|--------|
|                         | 12 Jan. 2015 | Weekly | Monthly | Annual |
| US\$ 1,085.4 / troy oz. | 0.8          |        | 1.2     | -11.5  |

#### Copper Price



|                   | % change     |        |         |        |
|-------------------|--------------|--------|---------|--------|
|                   | 12 Jan. 2015 | Weekly | Monthly | Annual |
| US\$ 1.98 / pound | -6.3         |        | -6.7    | -29.0  |

In January 5-12, the price of **copper** fell 6.3 percent to US\$ 1.98 per pound.

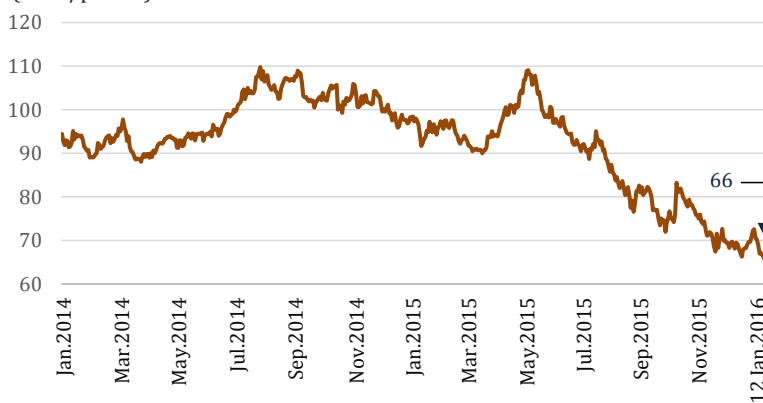
This fall in the price of copper was associated with fears of a further slowdown of growth in China and with the increase of global inventories, especially at the Shanghai stock exchange.

In January 5-12, the price of **zinc** decreased 6.1 percent to US\$ 0.66 a pound.

This decline was associated with fears of a lower demand from China due to negative data of activity in this country, as well as with signals of an oversupply.

### Zinc Price

(cUS\$/pound)



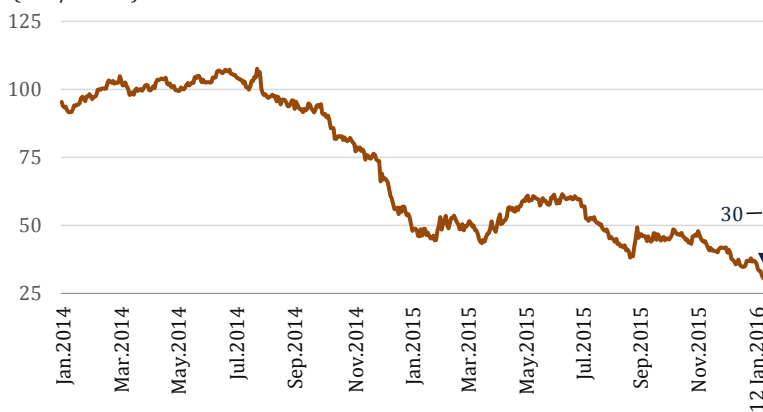
| 12 Jan. 2015      | % change |         |        |
|-------------------|----------|---------|--------|
|                   | Weekly   | Monthly | Annual |
| US\$ 0.66 / pound | -6.1     | -5.2    | -31.7  |

In the same period, the price of **WTI oil** dropped 15.4 percent to US\$ 30.4 per barrel, a minimum low unheard of since April 2004.

The price of crude continues to be affected by downward pressures associated with indications of a weakening of China's demand and by the unexpected increase registered in the weekly production of crude in the United States.

### WTI Oil Price

(US\$/barrel)



| 12 Jan. 2015       | % change |         |        |
|--------------------|----------|---------|--------|
|                    | Weekly   | Monthly | Annual |
| US\$ 30.4 / barrel | -15.4    | -14.5   | -33.9  |

## US dollar depreciated against the euro

Between January 5 and January 12, the **dollar** depreciated 1.0 percent against the **euro** amid positive data of activity in the Eurozone (mainly, activity indices and better conditions in the labor market).

### Evolution of US\$ per Euro

(US\$/Euro)



| 12 Jan. 2015   | Level  | % change |        |      |
|----------------|--------|----------|--------|------|
|                | Weekly | Monthly  | Annual |      |
| US dollar/Euro | 1.09   | 1.0      | -1.2   | -8.3 |

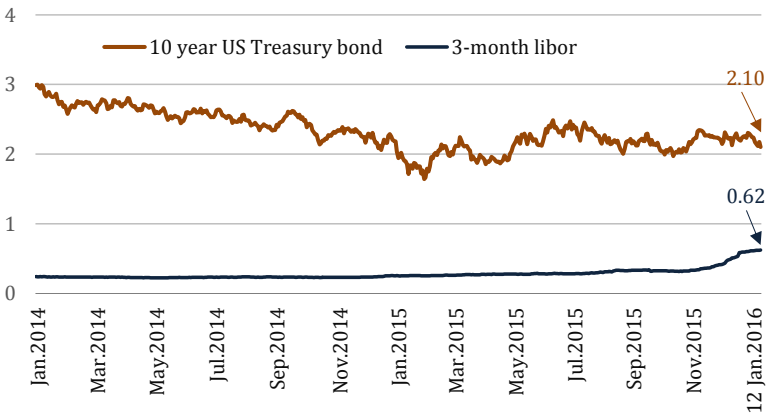
## Yield on 10-year US Treasuries at 2.10 percent

In January 5-12, the **3-month Libor** rose 1 basis point to 0.61 percent.

On the other hand, the yield on the **10-year US Treasury bonds** fell 13 basis points to 2.10 percent amid increased risk aversion associated with concerns about growth in China, which reflected in the fall observed in the major stock exchange markets.

### 3-Month Libor and 10-Year US Treasuries

(%)



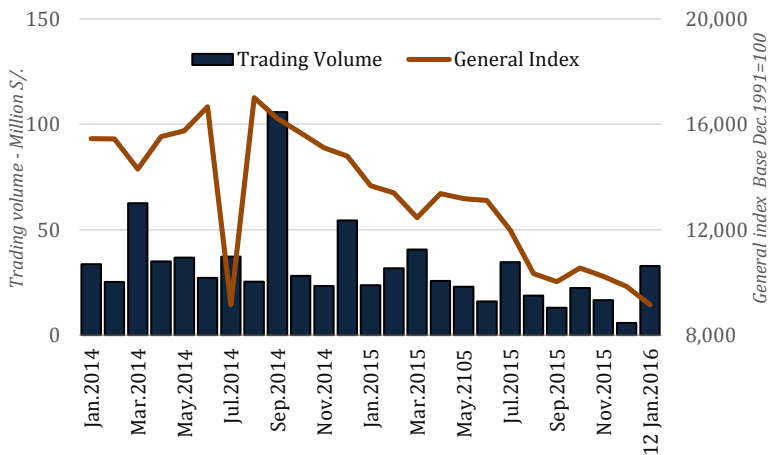
|                    | Variation in basis points |        |         |        |
|--------------------|---------------------------|--------|---------|--------|
|                    | 12 Jan.2015               | Weekly | Monthly | Annual |
| 3 months Libor (%) | 0.62                      | 1      | 11      | 37     |
| US Treasuries (%)  | 2.10                      | -13    | -2      | 20     |

## Lima Stock Exchange

### Lima Stock Exchange Indicators

Between January 5 and January 12, the **General Index** of the Lima Stock Exchange (LSE) fell 5.6 percent and the **Selective Index** fell 5.7 percent.

The LSE, like the major stock exchanges in the region, was affected by the decline in the international prices of basic metals.



|                 | As of:      | % change compared to: |             |           |
|-----------------|-------------|-----------------------|-------------|-----------|
|                 | 12 Jan.2015 | 5 Jan.2015            | 31 Dec.2015 | 31 Dec.14 |
| General Index   | 9,157       | -5.6                  | -7.0        | -38.1     |
| Selective Index | 12,043      | -5.7                  | -6.7        | -40.6     |

