



Indicators

	GDP grew 4.7 percent in Q4-2015
	GDP rose 6.4 percent in December 2015
	Domestic demand grew 3.0 percent in 2015
	Credit to the private sector / GDP increased to 42 percent
	Price of copper at February 16: US\$ 2.08 per pound
	Price of gold at February 16: US\$ 1,209.5 per troy ounce
	Country risk at 289 bps

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MACROECONOMIC REPORT: Q4-2015

Gross domestic product and domestic demand

Supported by the positive evolution of consumption, GDP grew 3.3 percent and domestic demand recorded a growth rate of 3.0 percent in 2015. In contrast, public investment dropped 7.5 percent and private investment fell 4.3 percent.

In Q4-2015, GDP recorded a growth rate of 4.7 percent, driven by the recovery of the primary sectors, particularly mining, as well as by a faster pace of growth in the non-primary sectors than the one observed in the first three quarters of the year. In line with this, an increase was also observed in exports (the highest growth in the last four years). Moreover, domestic demand grew 2.9 percent, supported by both public and private consumption.

Gross Domestic Product by Expenditure

(Annual growth rates)

	2014		2015	
	Q4	Year	Q4	Year
I. Domestic Demand	1.8	2.1	2.9	3.0
1. Private consumption	3.6	4.1	3.4	3.4
2. Public consumption	13.8	10.1	12.7	9.5
3. Fixed private investment	-1.3	-2.1	-1.5	-4.3
4. Public investment	-4.6	-2.0	0.3	-7.5
5. Change on inventories (% GDP)	-0.7	0.6	-1.2	1.7
II. Exports	-2.4	-0.8	9.7	3.3
III. Imports	0.1	-1.5	2.5	2.4
IV. GDP (I + II - III)	1.2	2.4	4.7	3.3

1/ At 2007 prices.

The **primary sectors** grew 12.3 percent in Q4-2015 (up 19.5 percentage points compared to the same period in 2014). The higher levels of production were observed in the sectors of fishing (43.8 percent), metal mining (21.8 percent), and manufacturing based on raw materials (14.9 percent), with these three sectors alone contributing with 2.1 percentage points of the 4.7 percent growth rate of the output recorded in Q4-2015.

The increased dynamism in the fishing sector is explained by the opening of the second anchovy fishing season in November, while the greater output observed in metal mining was driven by an increased production of copper (up 47.4 percent in Q4). It should be pointed out that these two sectors contributed to boost the output in the primary sector, which was reflected in the greater processing of fishmeal and fish oil as well as in the increased output observed in terms of refining of non-ferrous metals.

The industries that showed the highest growth rates in the **non-primary sectors** were electricity and water (8.2 percent), trade (3.9 percent), and services (4.5 percent). Construction, on the other hand, recorded a negative rate of 2.3 percent due to lower spending in infrastructure at the level of the national government and local governments as well as due to lower private investment.

Savings-Investment Gap

In 2015 investment as a percentage of GDP declined 0.3 percentage points compared to 2014, which was associated with a decrease in domestic savings (-0.7 percentage points) and with increased external savings (up 0.4 percentage points). The decline in domestic savings is explained by lower public savings.

In Q4-2015, **domestic investment** was equivalent to 26.2 percent of GDP, which represents a decrease of 1.2 percentage points compared to the level recorded in Q4-2014. This decrease is explained by a decline in the growth rate of both private and public investment, which reflected the underperformance of sub-national government in terms of public spending and investment, on the one hand, and the delay in project completion and the deterioration of expectations and of the terms of trade in the case of private investment, on the other hand.

Domestic savings decreased from 24.7 percent of GDP in Q4-2014 to 23.1 percent of GDP in the same period of 2015 due to the decline of public savings. As a result of this, the current account deficit increased by 0.4 percentage points of GDP in Q4-2015.

Savings - Investment Gap

(As % nominal GDP)

	2014		2015	
	Q4	Year	Q4	2015
Investment	27.4	26.3	26.2	26.0
Gross fixed investment	28.1	25.7	27.4	24.3
Private investment	20.0	20.1	19.6	19.3
Public investment	8.1	5.6	7.8	5.0
Change on inventories	-0.7	0.6	-1.2	1.7
Domestic savings	24.7	22.3	23.1	21.6
Private savings	23.4	16.4	24.1	17.9
Public savings	1.4	5.9	-1.0	3.7
External savings 1/	2.7	4.0	3.1	4.4

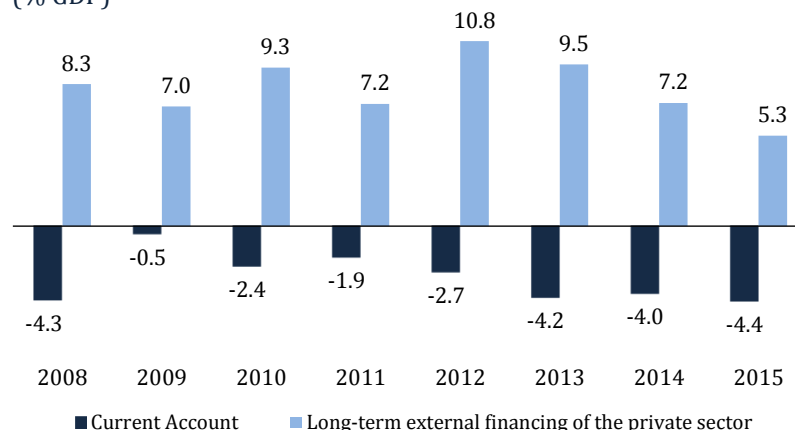
1/ Positive sign indicates current account deficit of Balance of Payments.

Source: BCRP.

Balance of Payments

The inflow of long-term private capital was higher than the current account deficit of the balance of payments in 2015. Long-term financing from private sources reached 5.3 percent of GDP at end-2015, foreign direct investment being the main component.

Current account and long-term external financing of the private sector
(% GDP)



1/ Includes net foreign investments, portfolio investment, and private sector's long-term disbursement.

The financial account showed a positive flow of US\$ 10.22 billion in 2015, a balance that was higher than the balance of the current account of the balance of payments (-US\$ 8.43 billion).

In Q4-2015, the **deficit in the current account of the balance of payments** amounted to US\$ 1.53 billion (3.1 percent of GDP), a balance higher by US\$ 107 million than the balance in Q4-2014 due to deterioration of terms of trade (8.1 percent), offset by the increase observed in the volume of exports (8.8 percent).

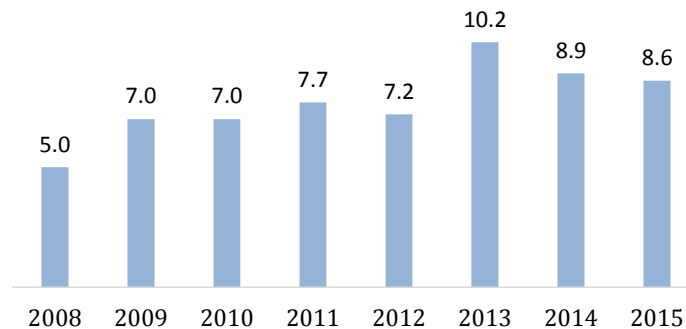
Balance of Payments
(Million US\$)

	2014		2015	
	Q4	Year	Q4	Year
I. Current account of Balance of Payments	-1,417	-8,093	-1,525	-8,430
<i>(% GDP)</i>	<i>-2.7</i>	<i>-4.0</i>	<i>-3.1</i>	<i>-4.4</i>
1. Trade balance	-132	-1,406	-203	-3,207
a. Exports FOB	9,898	39,533	9,118	34,157
b. Imports FOB	-10,030	-40,939	-9,321	-37,363
2. Services	-475	-1,730	-420	-1,732
3. Investment income	-2,053	-9,328	-1,750	-6,823
4. Current transfers	1,243	4,372	849	3,331
of which: Workers' remittances	677	2,637	716	2,725
II. Financial account	1,827	6,828	2,784	10,219
1. Private sector	2,602	6,490	1,259	7,296
2. Public sector	200	-16	1,588	3,957
3. Short-term capital	-974	354	-64	-1,034
III. Exceptional financing	2	10	0	0
IV. Net errors and omissions	-2,038	-924	-1,048	-1,717
V. Total	-1,626	-2,178	211	73
(V = I + II + III + IV)				

Source: BCRP, MEF, SBS, SUNAT, Ministry of Foreign Affairs, Cofide, ONP, FCR, Tacna Free Trade Zone, Banco de la Nación, Cavali S.A. ICLV, Proinversión, Bank for International Settlements (BIS), and companies.

In 2015, NIRs were equivalent to 8.6 times short-term external liabilities.

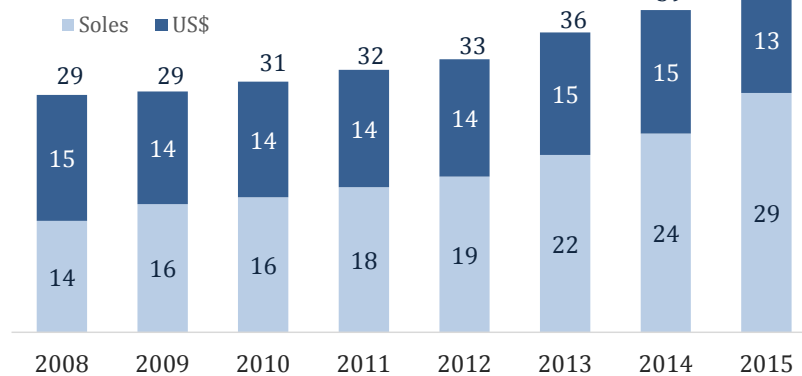
NIR / Short-term external liabilities



Credit to the private sector in GDP terms increased

As a percentage of GDP, credit to the private sector continued increasing in 2015 and reached 42 percent, composed mainly of credit in soles (29 percentage points).

**Credit to the private sector
(% GDP)**



Operations of the Non-Financial Public Sector

The non-financial public sector (NFPS) recorded a deficit of 2.1 percent of GDP in 2015.

In Q4-2015, the operations of the **non-financial public sector** (NFPS) showed an economic deficit equivalent to 10.1 percent of GDP, as a result of which the NFPS accumulated a deficit of 2.1 percent of GDP in the last 4 quarters. This balance is explained by lower tax revenues resulting from the tax measures that involved tax cuts, the decline of the terms of trade, and the slowdown observed in the growth of economic activity.

Spending in the general government increased 5.3 percent (from 27.8 percent in Q4-2014 to 28.4 percent of GDP in Q4-2015). This increase is explained by both expansion of current spending (7.0 percent) and capital spending (1.7 percent). In annual terms, current spending grew 4.5 percent in real terms, while capital spending fell 6.8 percent.

Operations of the Non-Financial Public Sector 1/ (% GDP)

	2014		2015	
	Q4	Year	Q4	Year
1. General government current revenues	21.1	22.2	18.9	20.0
a. Tax revenue	16.4	17.0	14.7	15.2
b. Non-tax revenue	4.7	5.2	4.2	4.8
2. General government non-financial expenditure	27.8	21.5	28.4	21.3
a. Current	19.0	15.5	19.7	15.8
b. Capital	8.8	6.0	8.6	5.4
<i>which: Gross Capital Formation</i>	8.3	5.5	7.8	4.7
3. Others 2/	0.0	0.1	-0.1	0.2
4. Primary Balance	-6.7	0.7	-9.5	-1.1
5. Interest	0.9	1.1	0.6	1.0
6. Overall Balance	-7.6	-0.3	-10.1	-2.1
7. Financing	7.6	0.3	10.1	2.1
Foreign	-0.6	-0.1	2.9	1.6
Domestic	8.3	0.5	7.2	0.5

1/ Preliminary.

2 / Includes capital revenues of the General Government and state enterprises primary result.

Source: MEF, BN, Sunat, EsSalud, public charities, state enterprises and public institutions.

MONTHLY REPORT

GDP grew 6.4 percent in December 2015

GDP recorded a **growth rate of 6.4 percent** in December 2015. The output in the primary sectors grew 18.6 percent, driven by metal mining (30.7 percent) and fishing (82.5 percent), while the output in the non-primary sectors grew 3.7 percent as a result of the growth of trade (3.6 percent) and increased activity in the sector of services (4.8 percent). In 2015, GDP accumulated a growth rate of 3.3 percent.

Gross Domestic Product

(Real % change respect to the same period of previous year)

	% structure of GDP 2014 1/	December		2015	
		% Chg.	Contrib.	% Chg.	Contrib.
Primary GDP	20.3	18.6	3.4	6.6	1.3
Agriculture and Livestock	5.3	1.7	0.1	2.8	0.2
Agriculture	3.2	-0.3	0.0	1.3	0.0
Livestock	1.4	4.2	0.1	5.3	0.1
Fishing	0.4	82.5	0.2	15.9	0.1
Mining and Fuel	11.7	22.4	2.5	9.3	1.1
Metallic mining	7.4	30.7	2.2	15.5	1.1
Hydrocarbons	2.0	-5.5	-0.1	-11.5	-0.2
Manufacturing based on raw mat	3.0	24.2	0.6	1.7	0.0
Non-primary GDP	79.7	3.7	3.0	2.4	1.9
Non-primary manufacturing	11.2	-0.7	-0.1	-2.7	-0.3
Electricity and water	1.8	10.1	0.2	6.2	0.1
Construction	6.8	0.1	0.0	-5.9	-0.4
Commerce	11.2	3.6	0.4	3.9	0.4
Services	48.7	4.8	2.4	4.2	2.1
GDP Global	100.0	6.4	6.4	3.3	3.3

1/ At 2007 prices.

Source: INEI.

The **agriculture sector** grew 1.7 percent in December as a result of a greater production of grapes and mangoes for external markets and a greater production of poultry for the domestic market. In the year, the agriculture sector accumulated a growth rate of 2.8 percent.

Output in the **fishing sector** grew 82.5 percent due to increased anchovy catch for industrial consumption. In 2015, the sector accumulates a growth rate of 15.9 percent.

Production in the **mining and hydrocarbons sector** grew 22.4 percent in December due to a higher production of copper, which has been the main driver of this sector's growth for ten consecutive months. This sector accumulated a growth rate of 9.3 percent in 2015.

Manufacturing registered a growth rate of 5.0 percent. Output in primary manufacturing grew 24.2 percent, while output in non-primary manufacturing fell 0.7 percent. The rise in the former reflected a greater production of fishmeal and fish oil and in oil refining, while the fall in the latter resulted from a lower production of machinery and equipment, transport materials, and iron and steel products, and to a lesser extent, from a lower production of inputs (wood). In 2015, output in this sector accumulated a decline of 1.7 percent.

The **construction** sector showed a rate of 0.1 percent given that the growth rate in the domestic consumption of cement (0.2 percent) was offset by a slowdown in the progress of public works (down 0.1 percent). The largest cement deliveries were made by Cementos Pacasmayo and Cementos Yura. Output in this sector accumulates a decline of 5.9 percent in 2015.

The sector of **services** grew 4.8 percent due to increased activity in the sub-sectors of telecommunications, finance and insurances, public administration, and other services. Growth in the telecommunications subsector was associated with the expansion of mobile telephony, internet and paid TV, and growth in the subsector of finance and insurance was associated with higher corporate loans and deposits. In 2015, this sector grew 4.2 percent.

WEEKLY REPORT

Monetary operations and interest rate

On February 16, the interbank interest rate in soles recorded 4.3 percent. So far this month (at February 16), the BCRP has made the following monetary operations:

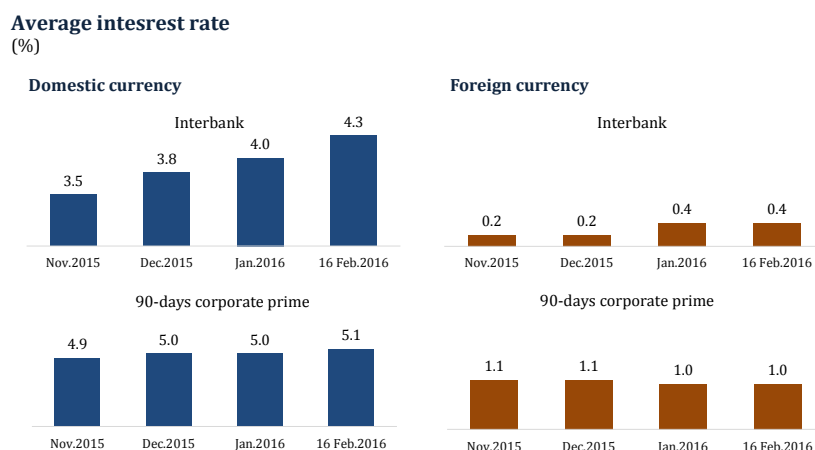
- **BCRP-CDs:** The balance of BCRP-CDs at February 16 was S/ 16.73 billion, with an average rate of 4.0 percent, while this balance at end-January was S/ 15.70 billion, with an average interest rate of 3.92 percent.
- **Term deposits:** The balance of term deposits at February 16 was S/ 2.62 billion, with an average interest rate of 4.23 percent. At the end of January, this balance was S/ 3.08 billion at a rate of 3.98 percent.
- **Overnight deposits:** At February 16, overnight deposits showed a balance of S/ 10 million, with an average interest rate of 3.0 percent. At end-January, this balance was S/ 298 million with an average interest rate of 2.75 percent.
- **Currency repos:** The balance of currency repos at February 16 was S/ 14.0 billion, with an average interest rate of 5.04 percent. At end-January, this balance was S/ 14.40 billion with an average interest rate of 5.04 percent.

In February 1-16, the Central Bank also made the following operations in the foreign exchange market.

- **Foreign exchange intervention:** Between February 1 and February 16, the BCRP sold US\$ 502 million in the spot market.
- **FX Swaps:** The balance of these instruments at February 16 was S/ 31.30 billion, with an average rate of 0.71 percent. At end-January, this balance was S/ 30.41 billion, with an average interest rate of 0.70 percent.
- **CDR-BCRP:** At February 16, these CDs showed a balance of S/ 8.36 billion (US\$ 2.44 billion), with an interest rate of 0.67 percent. Of this balance, CDR-BCRP placed through special repo operations amount to S/ 1.60 billion (US\$ 475 million). At end-January, CDR BCRP showed a balance of S/ 7.65 billion (US\$ 2.25 billion) and an average interest rate of 0.65 percent.

Interbank interest rate in soles at 4.3 percent

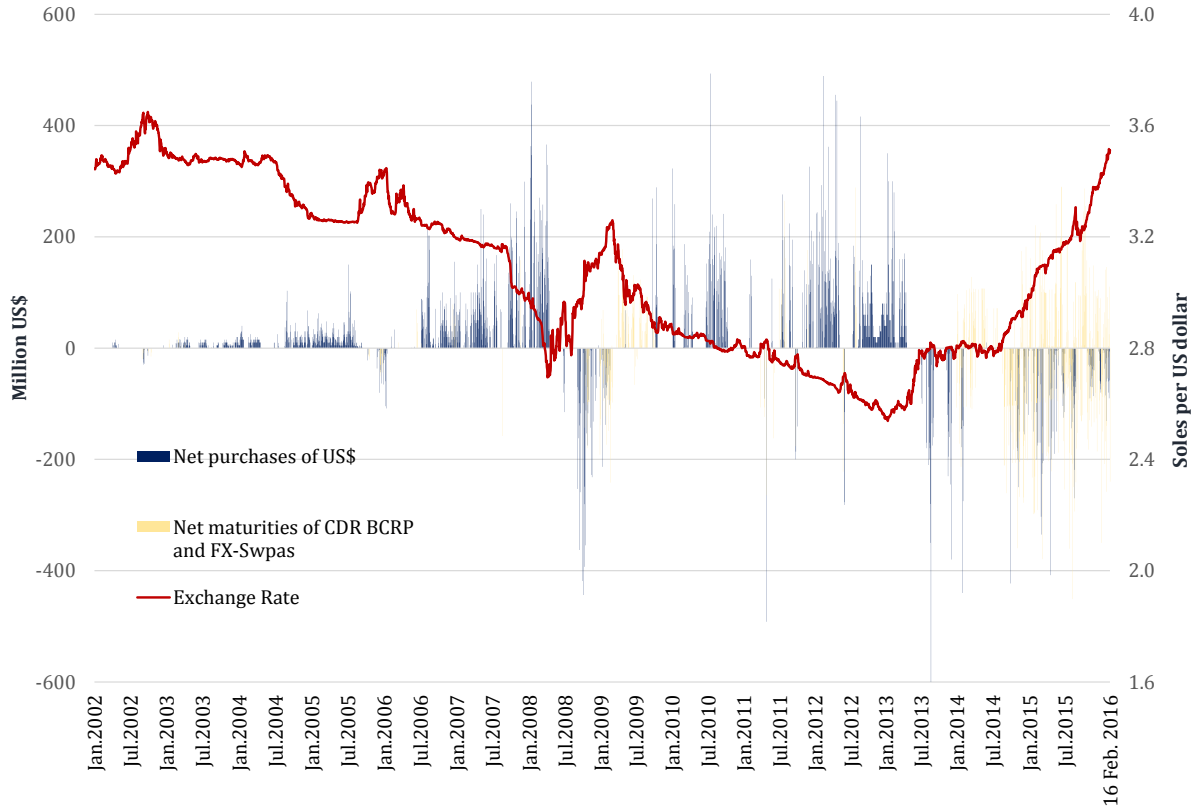
On February 16, the **interbank interest rate** in soles registered an average monthly rate of 4.3 percent and the rate in dollars showed an annual rate of 0.4 percent. On the same date, the **corporate prime rate** –the interest rate charged by commercial banks to lower risk businesses– in soles recorded a rate of 5.1 percent, while the rate in dollars registered 1.0 percent.



Foreign exchange rate

On February 16, the US dollar in the interbank market closed with a selling price of S/. 3.51 per dollar.

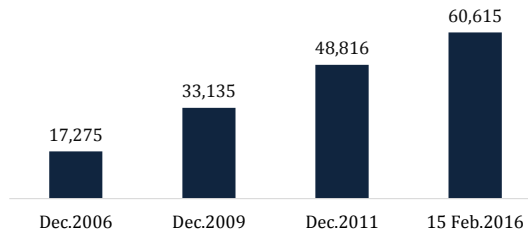
Exchange rate and foreign exchange intervention



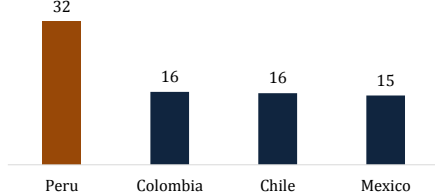
International reserves amount to US\$ 60.62 billion at February 15, 2016

On February 15, 2016, Peru's net international reserves –made up mainly by liquid international assets– amounted to US\$ 60.62 billion. This level of reserves is equivalent to 32 percent of GDP and to 19 months of imports.

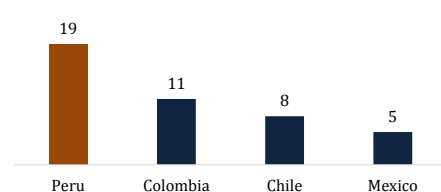
Perú: Net International Reserves
(Million US\$)



Ratio NIR/GDP: February 2016
(%)



Ratio NIR/Imports: February 2016
(N° months)



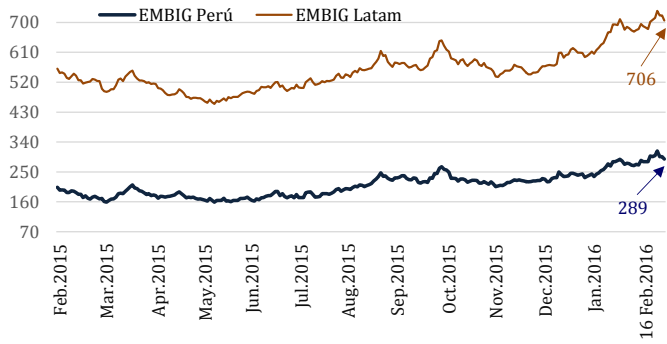
International Markets

Country risk at 289 bps

In February 9-16, the country risk indicator –measured by the **EMBIG Peru** spread– decreased from 296 to 289 basis points.

Similarly, the **EMBIG LatAm** spread fell 2 basis points amid the recovery of oil prices and expectations of further stimulus from the ECB and the Chinese government.

Country Risk Indicator
(Bps.)



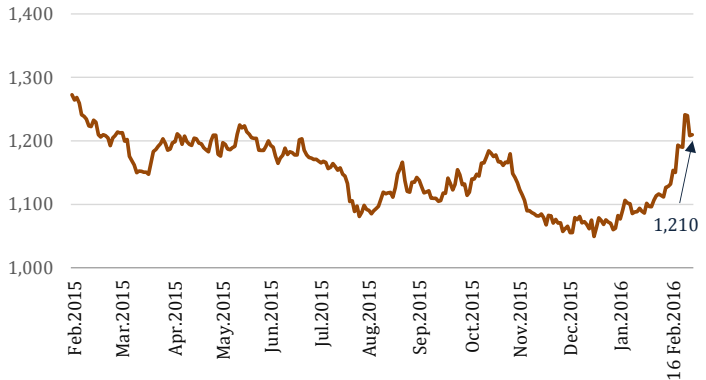
	Variation in basis points			
	9 Feb.2016	Weekly	Monthly	Annual
EMBIG Perú (bps)	296	11	42	108
EMBIG Latam (bps)	708	13	75	178

Price of gold at US\$ 1,209.5 per troy ounce

In the same period, the price of **gold** rose 1.6 percent to US\$ 1,209.5 per troy ounce.

This price rise was influenced by a report of the World Gold Council that said that there was a high demand for the precious metal from central banks and Chinese buyers.

Gold Price
(US\$/ troy ounce)



	% change			
	16 Feb.2016	Weekly	Monthly	Annual
US\$ 1,209.5 / troy oz.	1.6	10.6	-1.6	

In February 9-16, the price of **copper** rose 1.2 percent to US\$ 2.08 per pound.

This rise was associated with planned production cuts at Chinese smelters as well as with greater restrictions on the copper supplies of Glencore and Freeport.

Copper Price
(cUS\$/pound)



	% change			
	16 Feb.2016	Weekly	Monthly	Annual
US\$ 2.08 / pound	1.2	6.3	-19.8	

In February 9-16, the price of **zinc** fell 2.0 percent to US\$ 0.76 a pound.

This price fall was mainly supported by increased inventories in the main metal exchange markets.

Zinc Price
(cUS\$/pound)

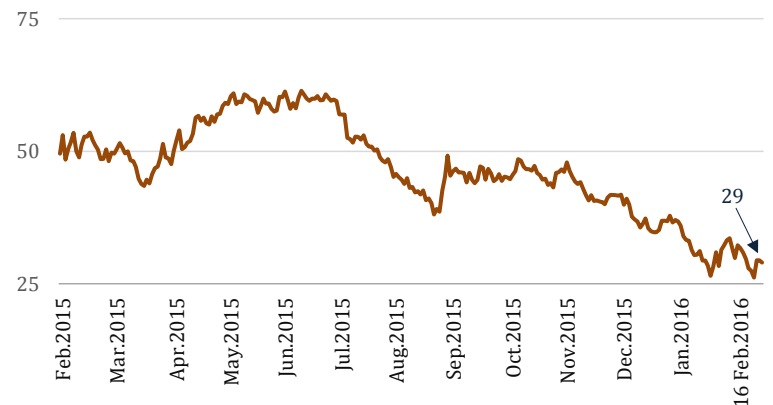


16 Feb.2016	% change		
	Weekly	Monthly	Annual
US\$ 0.76 / pound	-2.0	14.2	-21.9

The price of **WTI oil** increased 3.9 percent to US\$ 29.0 a barrel between February 9 and February 16.

The price of crude was influenced by expectations of a possible coordinated supply cut by OPEC members and by an unexpected drop of crude inventories in the United States.

WTI Oil Price
(US\$/barrel)

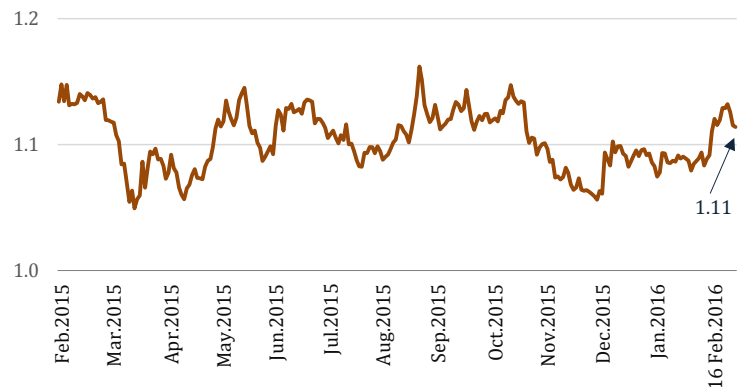


16 Feb.2016	% change		
	Weekly	Monthly	Annual
US\$ 27.9 / barrel	3.9	-1.3	-45.0

US dollar appreciated against the euro

Between February 9 and February 16, the **dollar** appreciated 1.3 percent against the **euro** in a context of positive employment data in the United States and signals of further monetary stimulus programs from the ECB.

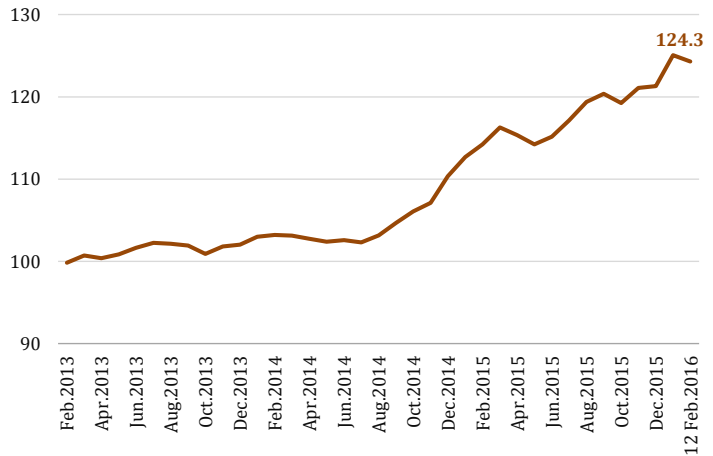
Evolution of US\$ per Euro
(US\$/Euro)



16 Feb.2016	% change		
	Weekly	Monthly	Annual
US dollar/Euro	1.11	-1.3	2.1

The U.S. dollar has been appreciating against most other currencies in recent months, as reflected in the path recorded by 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/



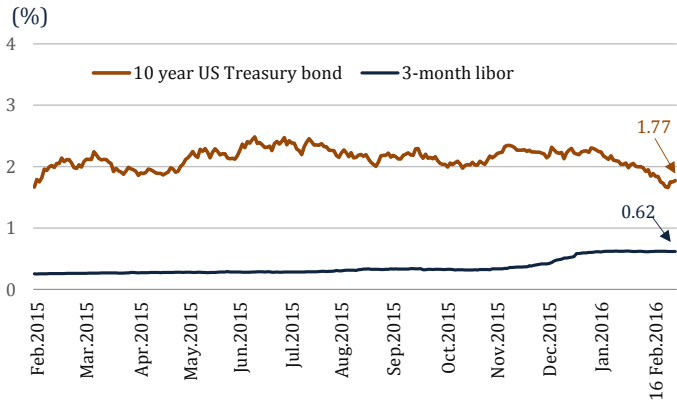
1/ Calculated taking into account currencies of US trading partners weighted by contributions. A rise in the index represents an appreciation of the US dollar. Source: FED.

Yield on 10-year US Treasuries at 1.77 percent

In the week of February 9 to February 16, the **3-month Libor** remained at 0.62 percent.

On the other hand, the yield on the **10-year US Treasury bonds** rose 5 basis points to 1.77 percent amid the recovery of oil prices and the rebound of bank shares in stock markets.

3-Month Libor and 10-Year US Treasuries



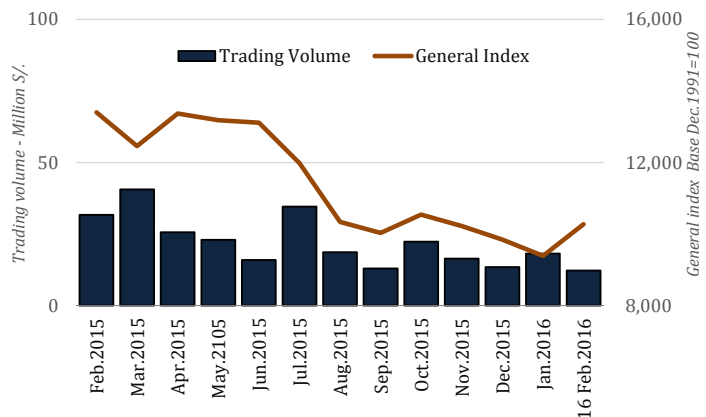
	Variation in basis points			
	16 Feb. 2016	Weekly	Monthly	Annual
3 months Libor (%)	0.62	0	0	36
US Treasuries (%)	1.77	5	-26	-28

Lima Stock Exchange

Between February 9 and February 16, the **General Index** of the Lima Stock Exchange (LSE) rose 6.3 percent and the **Selective Index** rose 3.6 percent.

The LSE indices were influenced by higher commodity prices, as reflected especially in the case of gold, and by the optimism generated by GDP growth in December.

Lima Stock Exchange Indicators



	As of:	% change compared to:		
	16 Feb. 2016	9 Feb. 2016	29 Jan. 2016	31 Dec. 2015
General Index	10,274	6.3	9.4	4.3
Selective Index	13,655	3.6	12.4	5.8

