



Weekly Economic Report N° 11

March 18, 2016

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GROSS DOMESTIC PRODUCT: JANUARY 2016

GDP recorded a growth rate of 3.4 percent in January 2016, propelled by primary sectors (7.6 percent), mainly metallic mining (18.6 percent) and fishing (40.4 percent); and by non-primary sectors (2.3 percent), due to expansion in commerce (2.6 percent) and services (4.6 percent).

Gross Domestic Product

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

	% structure of GDP 2014 1/	2015		2016
		November	December	January
Agriculture and Livestock 2/	5.3	0.8	1.7	5.5
Agriculture	3.2	-1.6	-0.3	7.8
Livestock	1.4	4.1	4.2	2.8
Fishing	0.4	49.0	82.5	40.4
Mining and Fuel 3/	12.4	11.3	22.4	7.8
Metallic mining	8.3	17.7	30.7	18.6
Hydrocarbons	1.7	-10.5	-5.5	-29.5
Manufacture	13.5	1.4	5.0	-3.9
Based on raw materials	2.9	17.8	24.2	6.2
Non-primary industries 4/	10.5	-2.9	-0.7	-7.1
Electricity and water	1.8	7.4	10.1	8.8
Construction	6.2	-6.5	0.1	-2.7
Commerce	11.2	4.1	3.6	2.6
Total services	49.2	4.7	4.8	4.6
GDP Global	100.0	4.1	6.4	3.4
Primary	21.0	10.1	18.6	7.6
Non-primary	79.0	2.6	3.7	2.3

1/ At 2007 prices.

2/ Includes the forestry sector.

3/ Includes non-metallic mining.

4/ Excluding rice.

5/ Includes Import duties and other taxes.

Source: INEI.

The **agriculture sector** grew 5.5 percent in January as a result of a greater production in mango for agro-export, paprika, and grapes; and, too, higher production of rice and poultry meat for domestic market.

Output in the **fishing sector** grew 40.4 percent due to catch of anchovy for industry (266 thousand tons).

Production in the **mining and hydrocarbons** sector increased 7.8 percent in January due to a increased production of copper, which for ten consecutive months has been the main driver of this sector's growth.

Manufacturing reduced 3.9 percent. Production in non-primary manufacturing fell 7.1 percent, whereas output in primary manufacturing grew 6.2 percent. The growth in the latter was associated with increased activity in fishmeal and fish oil for greater catch of anchovy, and refining of sugar and petroleum (Petroperú and La Pampilla).

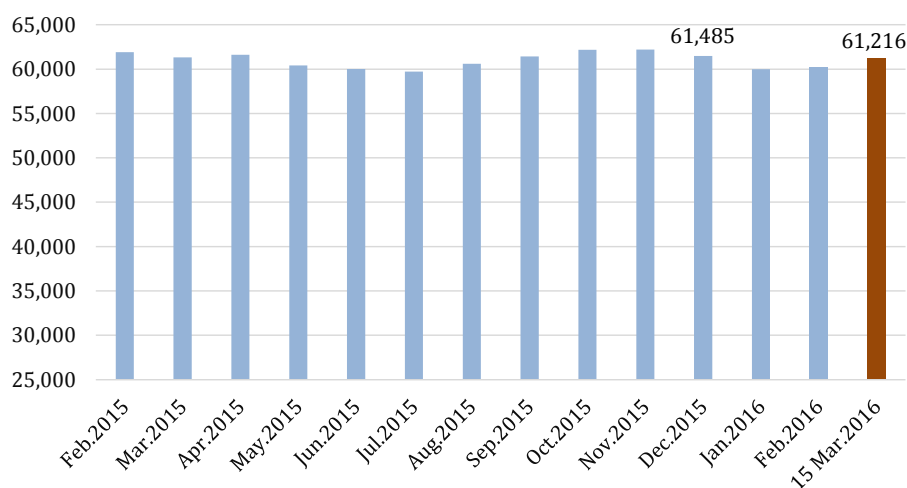
Growth in the **construction sector** dropped 2.7 percent as a result of slower pace of physical implementation of public works. An increased dispatch of cements partially offset this result.

Services sector grew 5.0 percent with a greater dynamism of telecommunications, financing and insurance, public administration and other services sub-sectors.

INTERNATIONAL RESERVES AMOUNTED TO US\$ 61.22 BILLION AS OF MARCH 15

Increasing by US\$ 1.02 billion compared to the amount of reserves at the end of February, Peru's net international reserves –made up mainly by liquid international assets– amounted to US\$ 61.22 billion on March 15, 2016. This level of reserves is equivalent to 32 percent of GDP and to 20 months of imports.

Perú: Net International Reserves
(Million US\$)



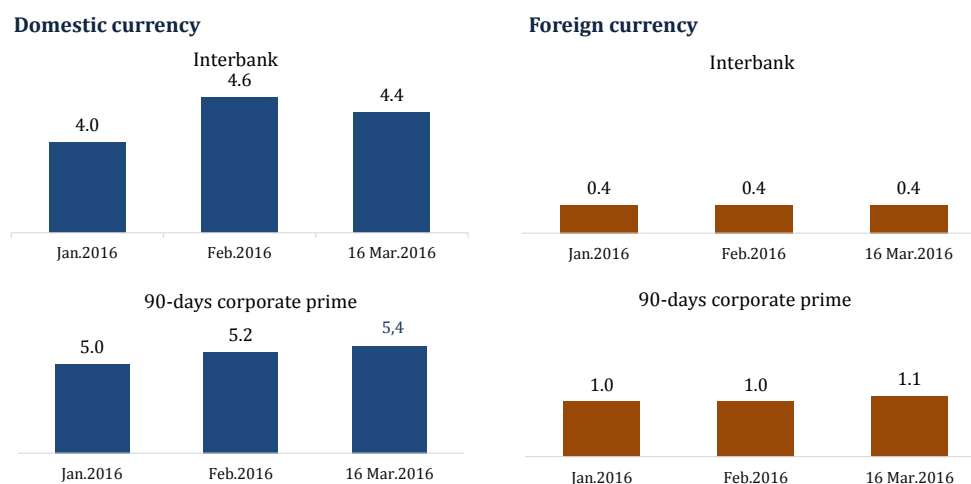
MONETARY OPERATIONS AND INTEREST RATE

In March 1-5, the BCRP has made the following **monetary operations**:

- BCRP-CDs: The balance of BCRP-CDs at March 15 was S/ 16.07 billion, with an average rate of 4.13 percent, while this balance at end-February was S/ 18.02 billion, with an average interest rate of 4.03 percent.
- Repos: The balance of security repos at March 15 was S/ 300 million, with an average interest rate of 5.21 percent. At the end of February, this balance was S/ 380 million at an average rate of 5.33 percent.
- Auctions of Treasury funds: The balance of Treasury deposits placed through auctions at March 15 was S/ 2.50 billion, with an average interest rate of 5.49 percent. At end-February, this balance was S/ 2.20 billion with an average interest rate of 5.41 percent.
- Overnight deposits: At March 15, overnight deposits showed a balance of S/ 195 million, with an average interest rate of 3.00 percent. At end-February, this balance was S/ 233 million with an average interest rate of 3.00 percent.
- Currency repos: The balance of currency repos at March 15 was S/. 14.30 billion, with an average interest rate of 5.07 percent. At end-February, this balance was S/ 14.0 billion with an average interest rate of 5.05 percent.

On March 16, the **interbank interest rate** in soles showed an average monthly rate of 4.4 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 5.4 percent, while the rate in dollars recorded 1.1 percent.

Average interest rate (%)



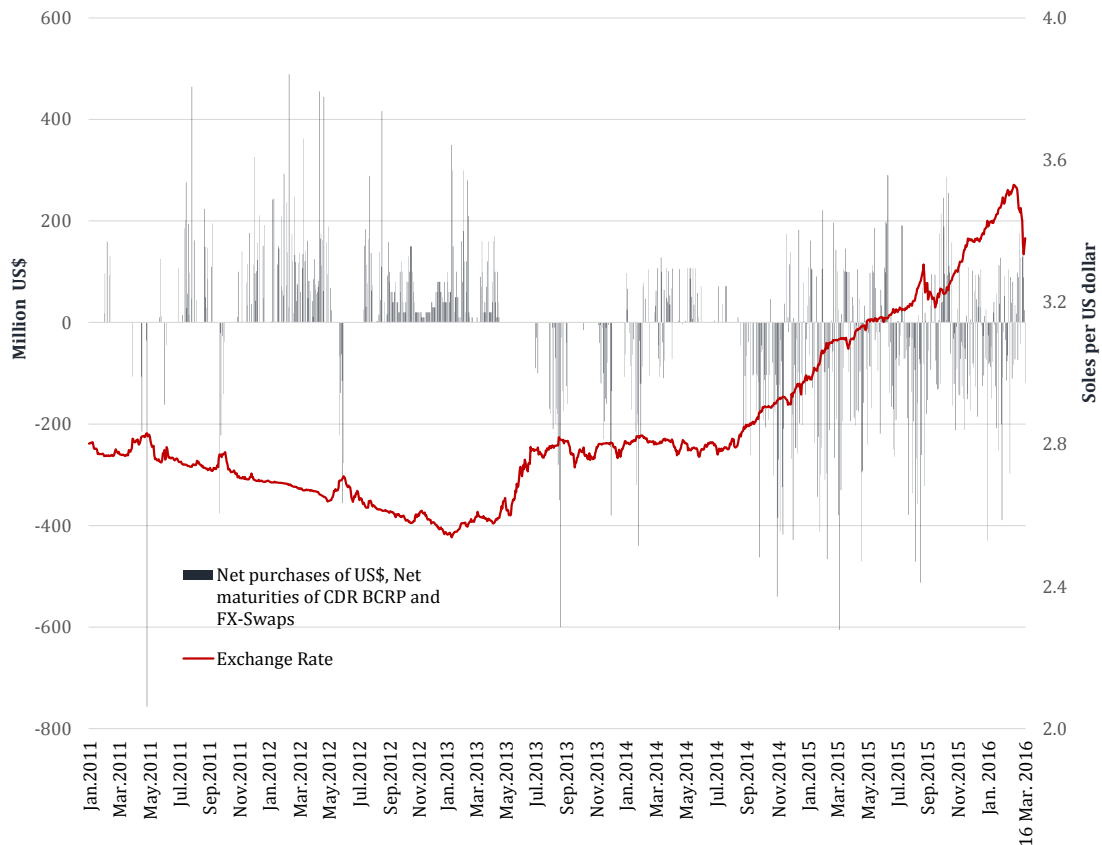
FOREX OPERATIONS AND EXCHANGE RATE

On March 16, the selling price of the US dollar in the interbank market was S/ 3.38 per dollar. Thus, so far this month the US dollar/sol exchange rate accumulates a negative variation of 4.1 percent.

In March 1-15, the Central Bank has made the following **operations in the foreign exchange market**:

- Interventions in the FX market: BCRP sold FC for a total of US\$ 32 million in the spot market.
- FX Swaps: The balance of these instruments at March 15 was S/ 27.82 billion, with an average rate of 0.72 percent. At end-February, the balance was S/ 31.20 billion, with an average interest rate of 0.71 percent.
- CDR BCRP: At March 15 these certificates showed a balance of S/ 8.39 billion (US\$ 2.41 billion), with an average rate of 0.69 percent. Of this balance, CDR-BCRP placed through special repos amount to S/ 1.60 billion (US\$ 455 million). At the end of February, the balance of CDR BCRP was S/ 8.01 billion (US\$ 2.27 billion), with an average rate of 0.69 percent.

Exchange rate and foreign exchange intervention



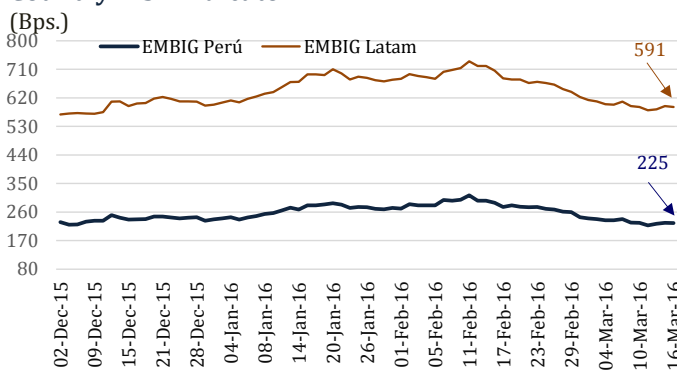
INTERNATIONAL MARKETS

Country risk fell to 225 basis points

In March 9-16, the country risk indicator, measured by the **EMBIG Peru** spread, fell from 227 to 225 basis points.

Similarly, the **EMBIG Latin America** spread fell 3 bps in a context of lower risk aversion and higher stimulus of ECB and FED's signal respect to a lower pace of increase in interest rates.

Country Risk Indicator



Variation in basis points

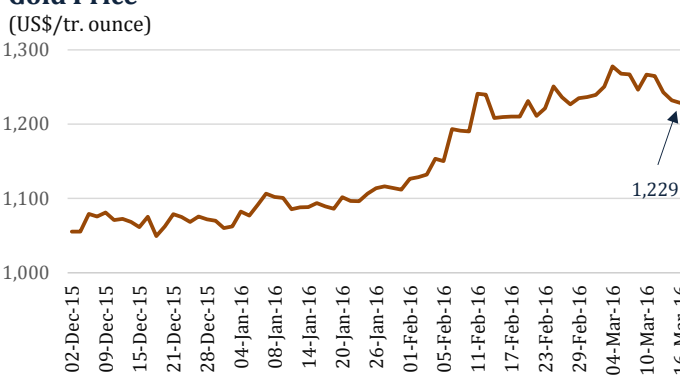
	16 Mar.2016	9 Mar.2016	29 Feb.2016	31 Dec.2015
EMBIG Perú (bps)	225	-2	-35	-15
EMBIG Latam (bps)	591	-3	-48	-14

International prices of copper and crude oil on the rise

In the same period, the price of **gold** fell 1.4 percent to US\$ 1,228.5 per troy ounce.

This fall is explained by a reduced risk aversion, reflected in the recovery of some stock markets, although offsetting by greater demand of investment funds.

Gold Price



% change

	16 Mar.2016	9 Mar.2016	29 Feb.2016	31 Dec.2015
US\$ 1,228.5 / troy oz.	-1.4	-0.5	15.7	

In March 9 – 16, the price of **copper** climbed 0.2 percent to US\$ 2.24 per pound.

This rise was supported by the reduction of inventories at the London Metal Exchange and the forecast of a deficit in the refined copper market in 2016.

Copper Price



% change

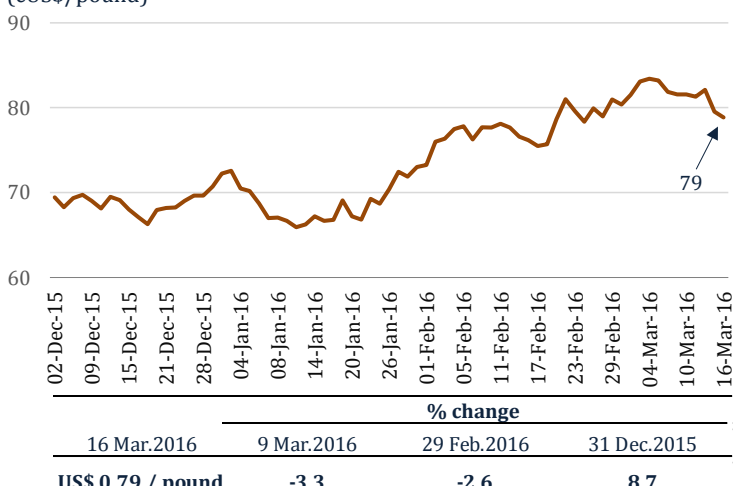
	16 Mar.2016	9 Mar.2016	29 Feb.2016	31 Dec.2015
US\$ 2.24 / pound	0.2	5.1	5.2	

In the same period, the price of **zinc** fell 3.3 percent to US\$ 0.79 a pound.

This price fall was associated with signals of oversupply market in China by the continued increase of inventories at the Shanghai Stock Exchange.

Zinc Price

(cUS\$/pound)

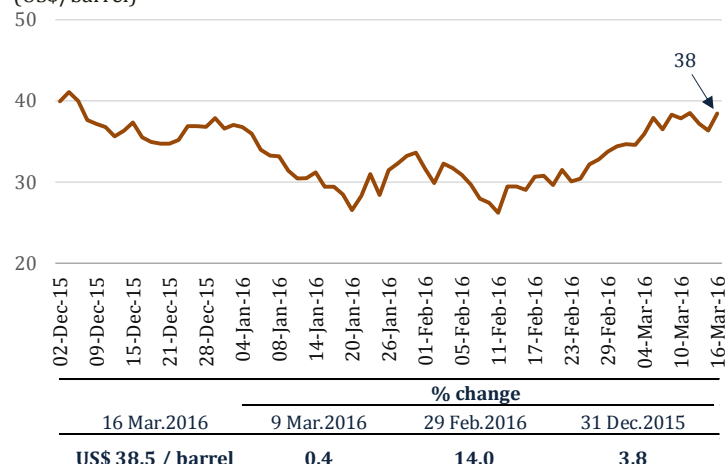


Between March 9 and March 16, the price of **WTI oil** increased 0.4 percent to US\$ 38.5 per barrel.

This price rise was favored by the reduction of operating oil rigs in the United States, the lowest level since 1940, and by unexpected cuts of production in Kurdistan and Nigeria.

WTI Oil Price

(US\$/barrel)

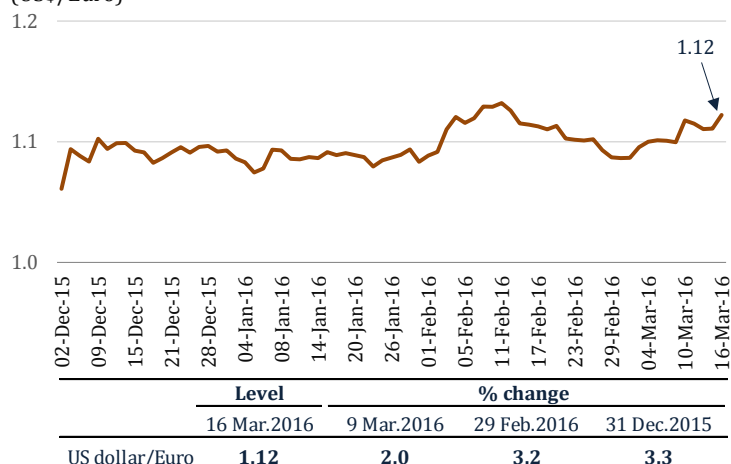


Dollar weakened in international markets

In March 9-16, the **dollar** depreciated 2.0 percent against the **euro**, amid to positive indicators in Eurozone and FED's signal respect to a lower pace of increase in interest rates.

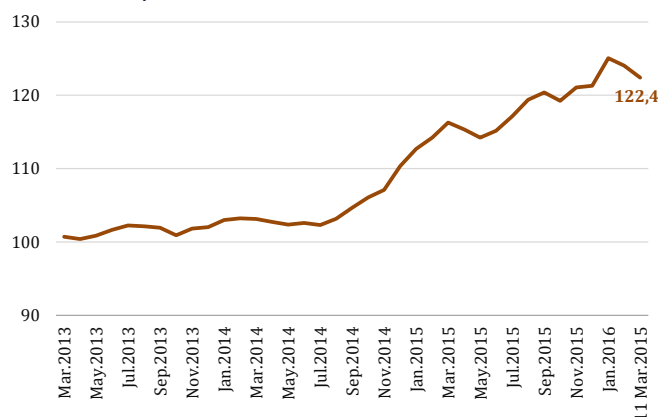
Evolution of US\$ per Euro

(US\$/Euro)



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/



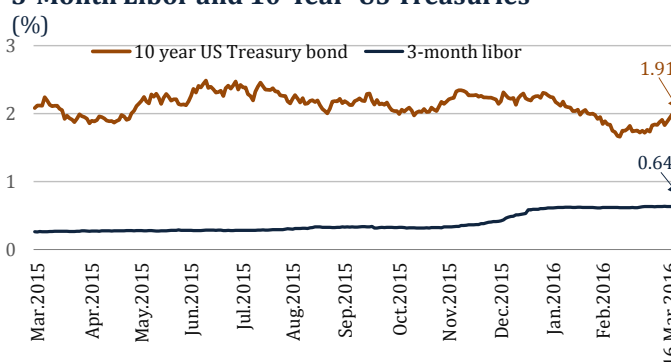
1/ Calculated taking into account currencies of US trading partners weighted by contributions. A rise in the index represents an appreciation of the US dollar. Source: FED.

Yield on 10-year US Treasuries rose to 1.91 percent

Between March 9 and March 16, the **3-month Libor** rose 1 bp to 0.64 percent.

In the same period, the yield on the 10-year **US Treasury bonds** rose 3 basis points to 1.91 percent, reflecting lower risk aversion in financial markets.

3-Month Libor and 10-Year US Treasuries



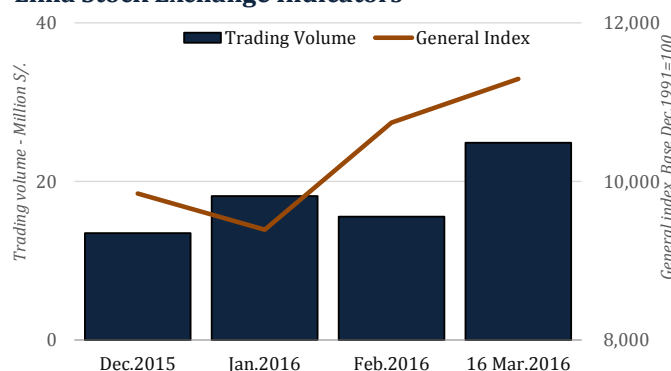
	Variation in basis points			
	16 Mar.2016	9 Mar.2016	29 Feb.2016	31 Dec.2015
3 months Libor (%)	0.64	1	1	3
US Treasuries (%)	1.91	3	17	-36

THE INDICES OF THE LIMA STOCK EXCHANGE FELL IN THE WEEK

Between March 9 and March 16, the **General Index** of the Lima Stock Exchange (LSE) declined 1.8 percent and the **Selective Index** fell 0.6 percent.

The performance of the LSE indices was in line with some main stock exchange markets in the region, influenced by the fall of commodity prices.

Lima Stock Exchange Indicators



	As of:	% change compared to:		
	16 Mar.2016	9 Mar.2016	29 Feb.2016	31 Dec.2015
General Index	11,296	-1.8	5.2	14.7
Selective Index	16,131	-0.6	9.1	25.0

