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WEEKLY ECONOMIC REPORT N° 15

GROSS DOMESTIC PRODUCT: FEBRUARY 2016

GDP recorded a growth rate of 6.0 percent in February 2016, propelled by primary sectors (14.1 percent), mainly metallic mining (33.7 percent); and by non-primary sectors (4.1 percent), due to expansion in services and commerce and a recovery of construction sector.

Gross Domestic Product

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

	% structure of GDP 2015 1/	2015		2016	
		December	January	January	February
Agriculture and Livestock	5.3	0.1	5.5	0.1	
Agriculture	3.2	0.0	7.8	-1.7	
Livestock	1.4	0.1	2.8	2.4	
Fishing	0.4	0.2	40.4	-18.9	
Mining and Fuel	12.4	2.5	7.8	23.6	
Metallic mining	8.3	2.2	18.6	33.7	
Hydrocarbons	1.7	-0.1	-29.5	-13.6	
Manufacture	13.5	0.6	-3.9	-0.7	
Based on raw materials	2.9	0.6	6.2	2.2	
Non-primary industries	10.5	-0.1	-7.1	-1.6	
Electricity and water	1.8	0.2	8.8	14.8	
Construction	6.2	0.0	-2.7	5.4	
Commerce	11.2	0.4	2.6	3.4	
Services	49.2	2.4	4.6	5.0	
<u>GDP Global</u>	<u>100.0</u>	<u>6.4</u>	<u>3.4</u>	<u>6.0</u>	
Primary	21.0	3.4	7.6	14.1	
Non-primary	79.0	3.0	2.3	4.1	

1/ At 2007 prices.

Source: INEI.

Production in the mining and hydrocarbons sector increased 23.6 percent in February due to an increased production of copper, which for twelve consecutive month has been the main driver of this sector's growth.

Manufacturing reduced 0.7 percent due to a fall in non-primary manufacturing (-1.6 percent), offsetting by the increase in the output in primary manufacturing (2.2 percent). The growth in the latter was associated with increased activity in refining of non-ferrous metals (Southern) and rice; and the refining of petroleum (Petroperú and La Pampilla).

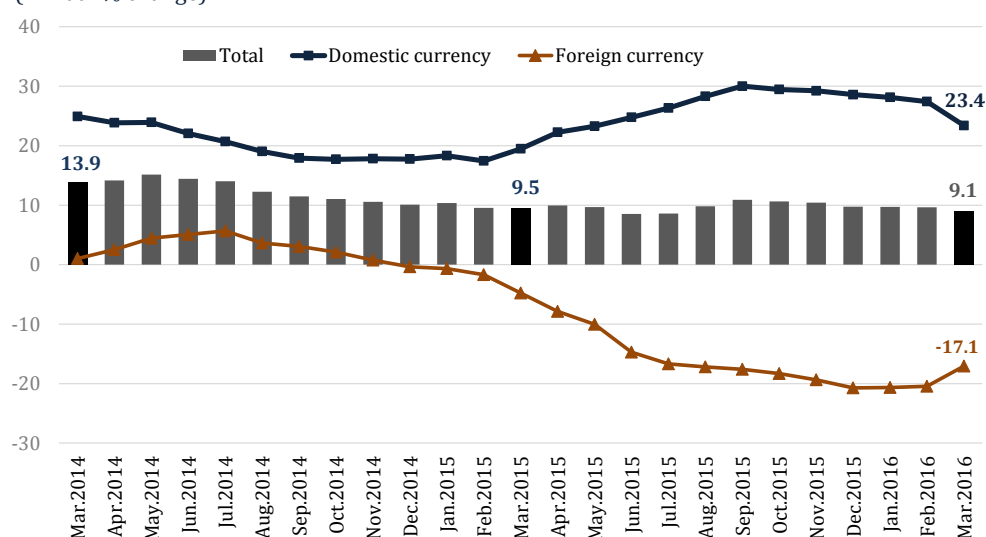
Growth in the construction sector rose 5.4 percent as a result of higher pace of physical implementation of public works, as well as an increased dispatch of cements in the north and south of this country.

CREDIT AND LIQUIDITY: MARCH 2016

Total credit to the private sector grew 9.1 percent in annual terms in March¹, showing a growth rate of 0.7 percent (S/ 1.72 billion) respect to the previous month.

In this month, credit continued showing a process of de-dollarization: while credit in soles recorded an annual growth rate of 23.4 percent and 0.7 percent compared to February (S/ 1.18 billion); the annual growth rate of credit in dollars fell to 17.1 percent and increased 1.4 percent respect to February (US\$ 180 million).

Credit to the Private Sector
(Annual % change)



Corporate credit grew 8.1 percent in the last 12 month, with lending in the segments of corporations, large and medium-sized businesses showing an annual growth rate of

¹ Balances in foreign currency are valued at constant exchange rate on December 2014 (S/ 2.98 per US Dollar) to isolate the effect of the exchange valuation over balance in foreign currency.

9.4 percent. On the other hand, credit to individuals showed an annual growth of 10.8 percent, especially in the segment of consumer loans, which grew at an annual rate of 12.9 percent. Mortgage loans grew 8.0 percent.

Credit to the private sector by type of loan

(YoY % chg.)

	Feb.2016	Mar.2016
Loans to companies 1/	8.4	8.1
Corporate, large, and Medium-sized companies	10.0	9.4
Small businesses	3.2	3.4
Loans to individuals	11.8	10.8
Consumer loans	14.4	12.9
Mortgage	8.3	8.0
TOTAL	9.7	9.1

1 / Includes loans to legal persons and holdings of corporate bonds, including loans from foreign branches of banks.

Total liquidity (currency in circulation and deposits) in the private sector grew 6.8 percent in annual terms in March, a decreasing by 0.2 percent compared to February. Deposits recorded an annual growth rate of 7.1 percent, these reflect the generalized increase in all segments.

By currencies, liquidity in soles grew 3.8 percent in annual terms in March and a fall of 1.1 percent respect to February. Liquidity in dollars grew 12.5 percent in annual terms and 1.5 percent compared to the previous month.

Liquidity by type of liability

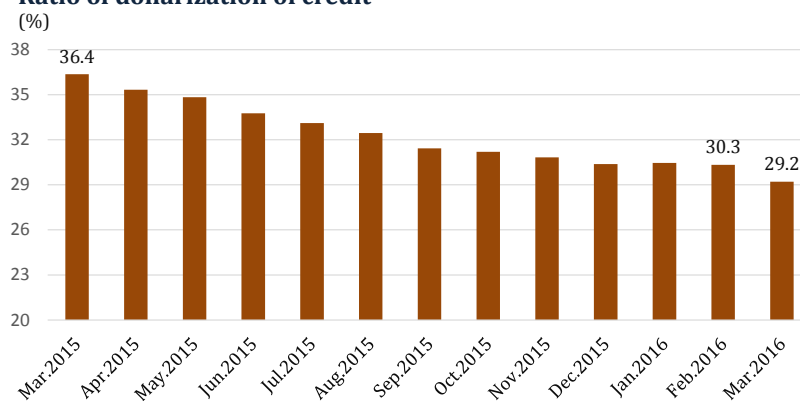
(YoY % chg.)

	Feb.2016	Mar.2016
Currency	3.6	4.1
Deposits	6.5	7.1
Demand deposits	7.4	6.5
Saving deposits	8.4	8.8
Term deposits	4.2	6.1
CTS	5.1	4.8
Securities and others 1/	24.5	17.2
TOTAL	6.3	6.8

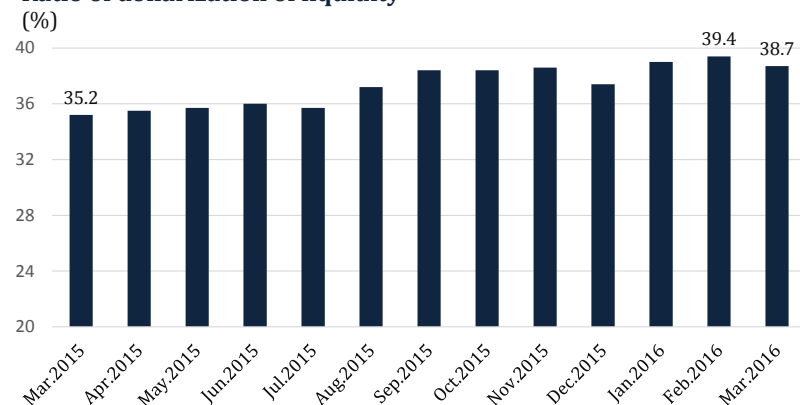
1/ Includes debt securities and other obligations issued by the depository corporations and by non-financial private sector.

The **ratio of dollarization** of credit to the private sector was 29.2 percent in March, 7.2 percentage points lower than in March 2015.

Ratio of dollarization of credit



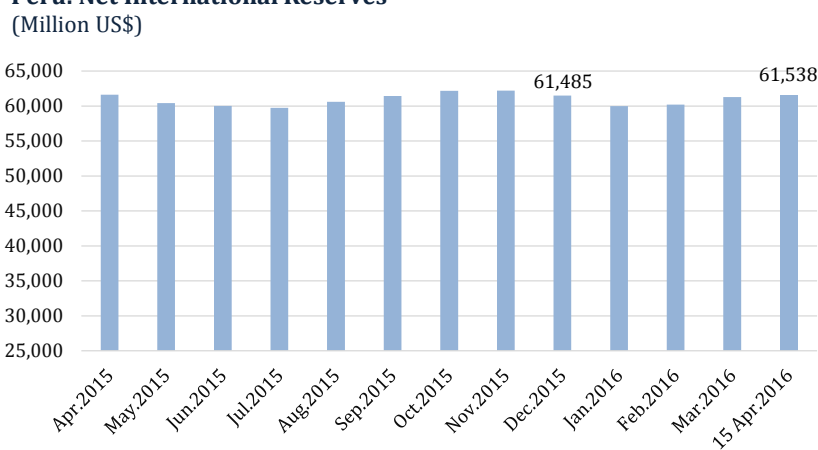
Ratio of dollarization of liquidity



INTERNATIONAL RESERVES AMOUNTED US\$ 61.54 BILLION ON APRIL 15

Increasing by US\$ 258 million compared to the amount of reserves recorded at the end of March, Peru’s net international reserves –made up mainly by liquid international assets– amounted to US\$ 61.54 billion on April 15, 2016. This level of reserves is equivalent to 32 percent of GDP and to 20 months of imports.

Perú: Net International Reserves



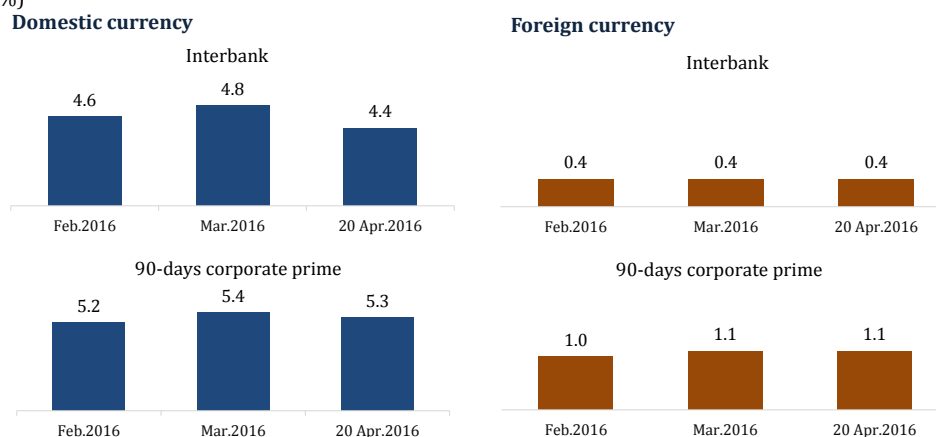
MONETARY OPERATIONS AND INTEREST RATES

In April 1-19, the Central Bank has made the following **monetary operations**:

- BCRP-CDs: The balance of BCRP-CDs at April 19 was S/ 16.94 billion, with an average rate of 4.31 percent, while this balance at end-March was S/ 15.99 billion, with an average interest rate of 4.13 percent.
- Term deposits: The balance of term deposits at April 19 was S/ 300 million, with an average interest rate of 3.97 percent. At the end of March, term deposits showed a zero balance.
- Currency repos: The balance of currency repos at April 19 was S/. 15.60 billion, with an average interest rate of 5.14 percent. At end-March, this balance was S/ 15.0 billion with an average interest rate of 5.10 percent.
- Overnight deposits: At April 19, overnight deposits showed a balance of S/ 548 million, with an average interest rate of 3.00 percent. At end-March, this balance was S/ 1.44 billion with an average interest rate of 3.00 percent.

On April 20, 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 5.3 percent, while the rate in dollars recorded 1.1 percent.

Average interest rate (%)



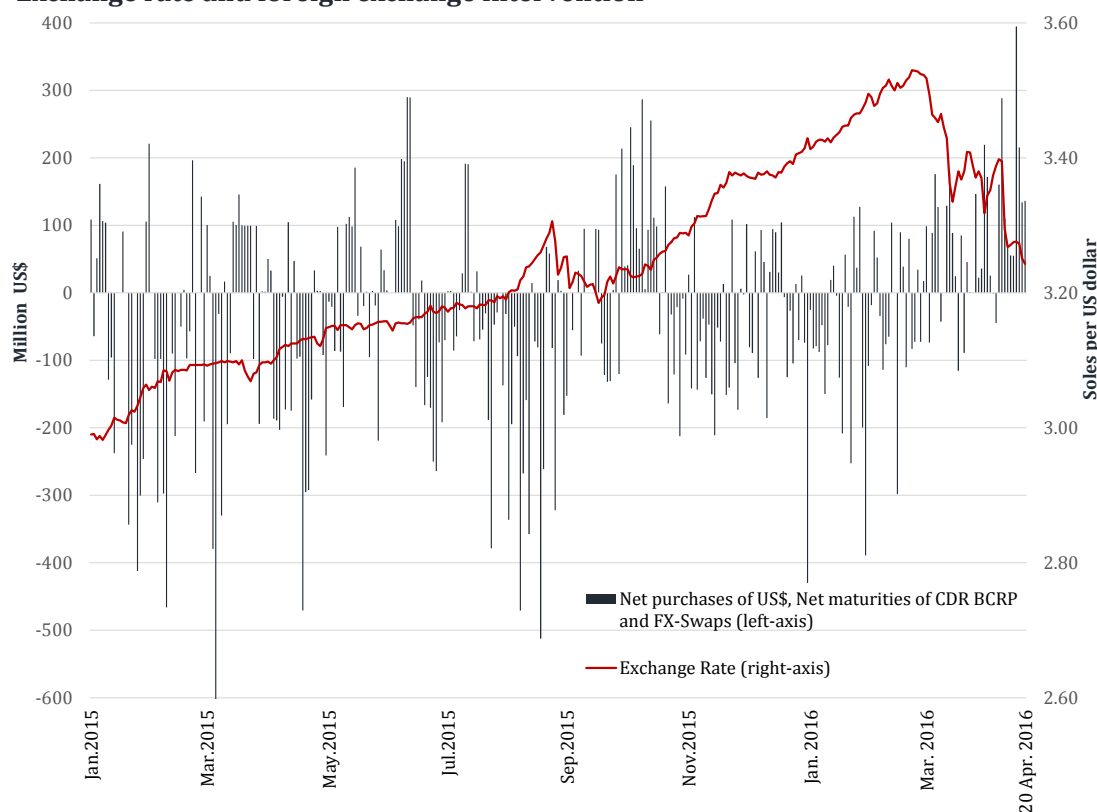
FOREX OPERATION AND EXCHANGE RATE

On April 20, the selling price of the US dollar in the interbank market was S/ 3.24 per dollar. Thus, the US dollar/sol exchange rate accumulates a negative variation of 2.3 percent so far this month, and 5.0 percent so far this year.

In April 1-19, the Central Bank has made the following **operations in the foreign exchange market**:

- Interventions in the FX market: BCRP sold foreign currency for a total of US\$ 21 million in the spot market.
- CDR-BCRP: At April 19, these CDs showed a balance of S/ 5.82 billion (US\$ 1.68 billion), with an interest rate of 0.71 percent. So far this month, the balance of CDR-BCRP reduced S/ 2.14 billion (US\$ 610 million).
- FX Swaps: The balance of these instruments at April 19 was S/ 20.86 billion, with an average rate of 0.69 percent. So far this month, the balance dropped S/ 5.72 billion (US\$ 1.64 billion) and S/ 10.34 billion (US\$ 3.0 billion) including March.

Exchange rate and foreign exchange intervention



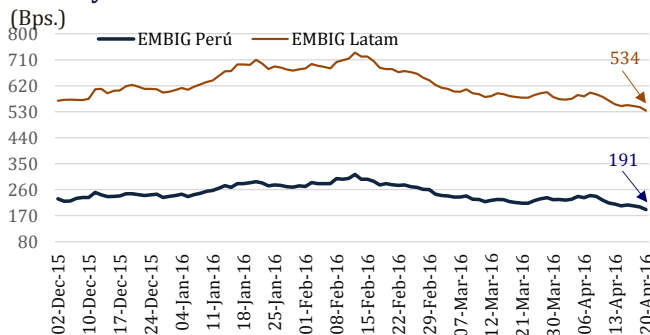
INTERNATIONAL MARKETS

Country risk fell to 191 basis points

In April 13 – April 20, the country risk, measured by the **EMBIG Peru** spread, fell from 210 to 191 bps.

Similarly, the **EMBIG Latin America** spread fell 22 bps to 534 basis points, influenced by the rise in commodity prices, mainly oil, and by a positive trade data in China.

Country Risk Indicator



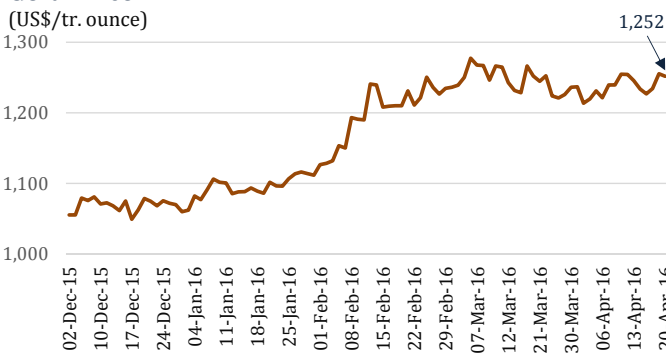
	Variation in basis points			
	20 Apr.2016	13 Apr.2016	31 Mar.2016	31 Dec.2015
EMBIG Perú (bps)	191	-19	-35	-49
EMBIG Latam (bps)	534	-22	-39	-71

Rise in the international prices of the main commodities

In the same period, the price of **gold** rose 0.5 percent to US\$ 1,252.0 per troy ounce.

This rise in the price of gold was associated with a depreciation of the US dollar against the euro and the Fed’s caution about the interest rates in the United States.

Gold Price

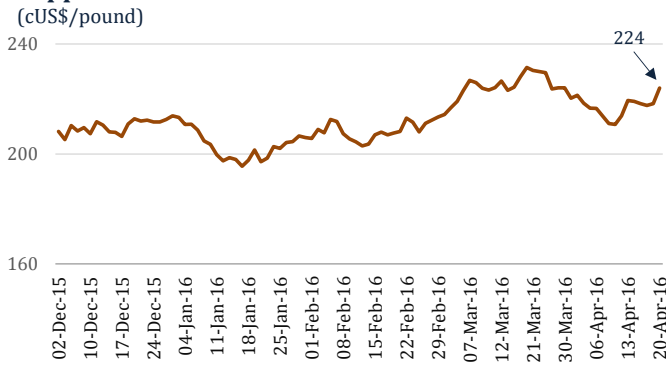


	% change			
	20 Apr.2016	13 Apr.2016	31 Mar.2016	31 Dec.2015
US\$ 1,252.0 / troy oz.	0.5	1.2	17.9	

In April 13 – 20, the price of **copper** rose 2.1 percent to US\$ 2.24 per pound.

The rise in copper prices is explained by expectation of recovery of Chinese demand, as well as by the reduction of copper inventories at the Shanghai stock exchange.

Copper Price



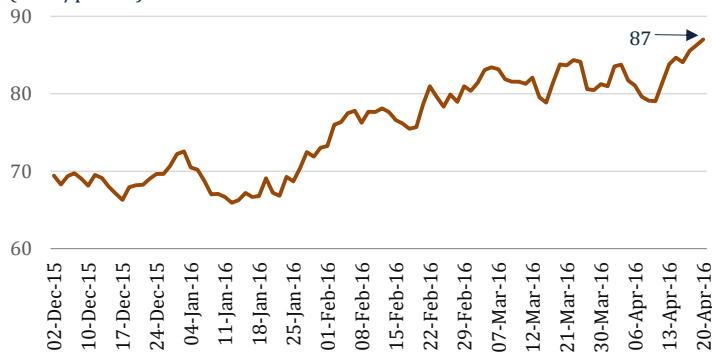
	% change			
	20 Apr.2016	13 Apr.2016	31 Mar.2016	31 Dec.2015
US\$ 2.24 / pound	2.1	1.7	5.0	

In the same period, the price of **zinc** climbed 3.8 percent to US\$ 0.87 a pound.

This rise reflected the continuous reduction of inventories at the London Metal Exchange and expectation of higher demand from China.

Zinc Price

(cUS\$/pound)



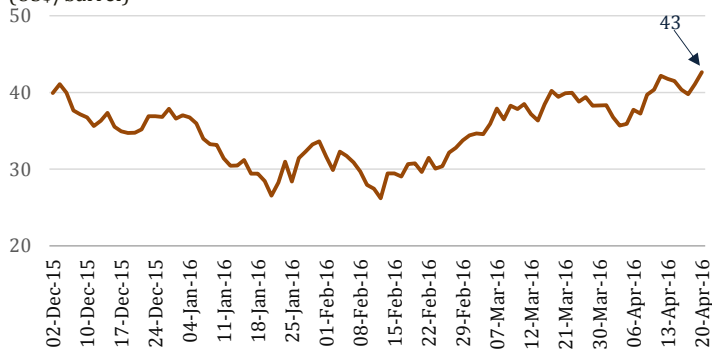
% change			
20 Apr.2016	13 Apr.2016	31 Mar.2016	31 Dec.2015
US\$ 0.87 / pound	3.8	7.5	19.9

Between April 13 and April 20, the price of **WTI oil** rose 2.1 percent to US\$ 42.6 per barrel.

The major oil price was influenced by the announcement of cuts of production in Kuwait, as well as decreased inventories of gasoline in USA.

WTI Oil Price

(US\$/barrel)



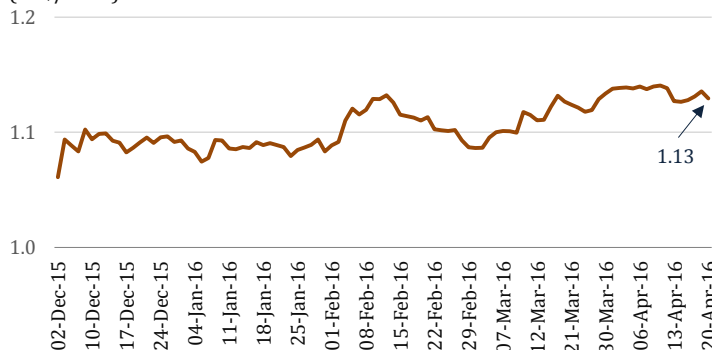
% change			
20 Apr.2016	13 Apr.2016	31 Mar.2016	31 Dec.2015
US\$ 42.6/ barrel	2.1	11.2	15.1

Dollar weakened in international markets

In April 13 – April 20, the **dollar** depreciated 0.2 percent against the **euro** amid lower expectation that Fed increases its interest rate in the short-term.

Evolution of US\$ per Euro

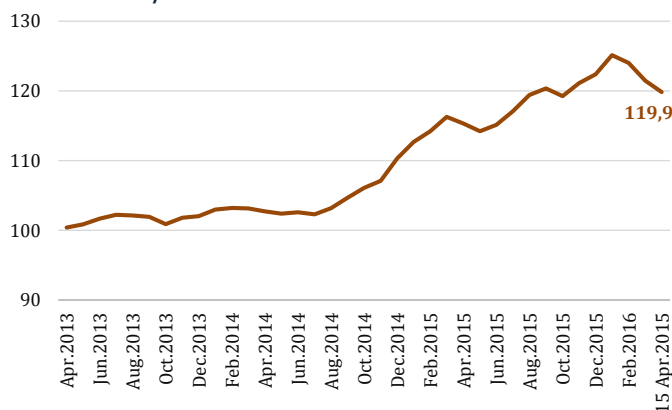
(US\$/Euro)



	Level		% change	
	20 Apr.2016	13 Apr.2016	31 Mar.2016	31 Dec.2015
US dollar/Euro	1.13	0.2	-0.7	4.0

The US dollar has been appreciating against most other currencies, 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/



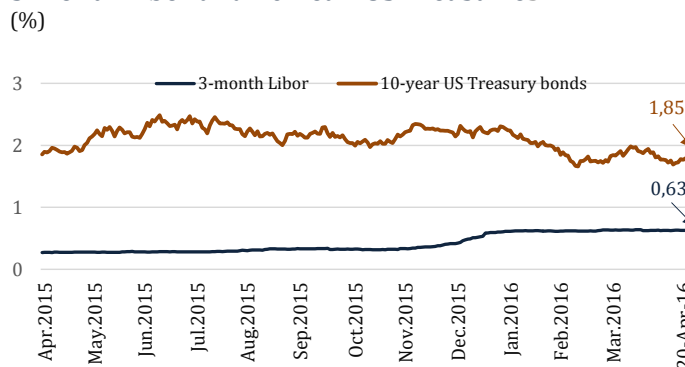
1/ Calculated taking into account currencies of US trading partners weighted by contributions. A rise in the index represents an appreciation of the US dollar. Source: FED.

Yield on 10-year US Treasuries rose to 1.85 percent

Between April 13 and April 20, the **3-month Libor** rose 1bp at 0.63 percent.

In the same period, the yield on the 10-year **US Treasury bonds** rose 8 basis point to 1.85 percent in a context of lower risk aversion by positive economic data in China, and rise in oil prices.

3-Month Libor and 10-Year US Treasuries



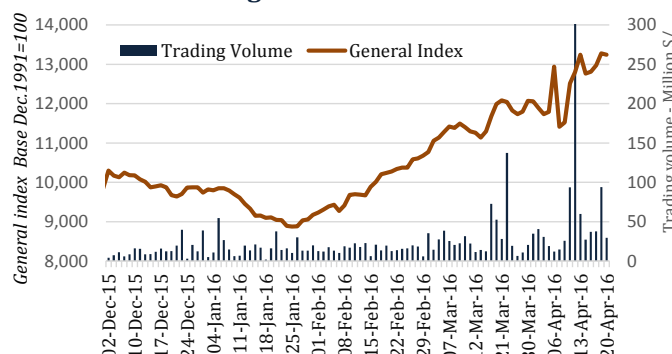
	Variation in basis points			
	20 Apr.2016	13 Apr.2016	31 Mar.2016	31 Dec.2015
3 months Libor (%)	0.63	1	1	2
US Treasuries (%)	1.85	8	8	-42

THE INDICES OF LIMA STOCK EXCHANGE INCREASED

In April 13-April 20, the **General Index** of the Lima Stock Exchange (LSE) climbed 2.3 percent and the **Selective Index** increased 4.9 percent.

The LSE indices were influenced by the rise of commodity prices in international markets as well as by better quarterly results of domestic companies.

Lima Stock Exchange Indicators



	% change compared to:			
	20 Apr.2016	13 Apr.2016	31 Mar.2016	31 Dec.2015
General Index	13,242	2.3	9.8	34.5
Selective Index	20,267	4.9	14.0	57.1

