



# Weekly Economic Report

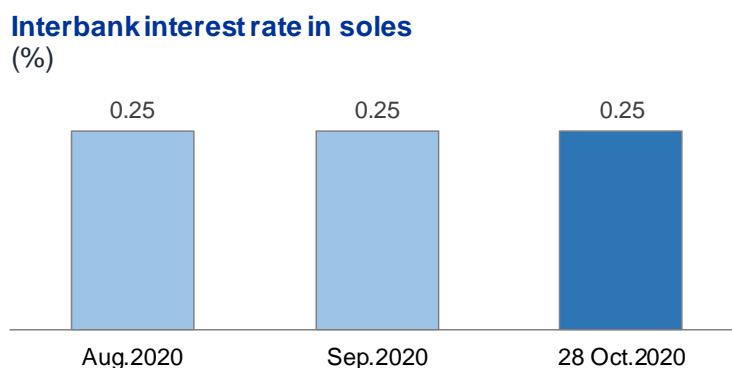
October 29, 2020

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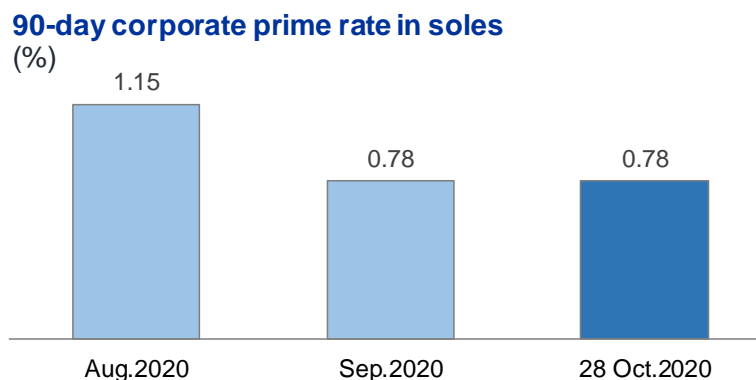
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### INTERBANK INTEREST RATE IN SOLES AT 0.25 PERCENT ON OCTOBER 28

On October 28, the **interbank interest rate** in soles showed an annual average rate of 0.25 percent and this rate in dollars was also 0.25 percent per year.

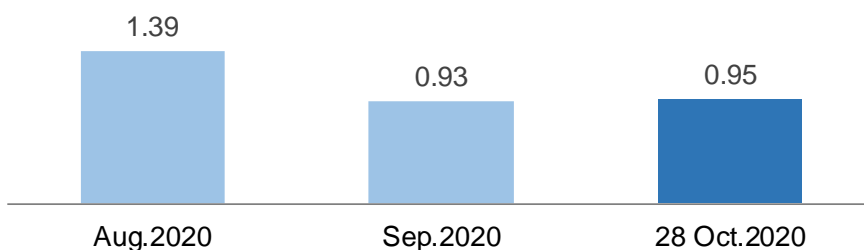


On the same date, the average **90-day corporate prime rate** —the interest rate charged by commercial banks to lower risk businesses— in soles was 0.78 percent and the prime rate in dollars was 0.91 percent annual.



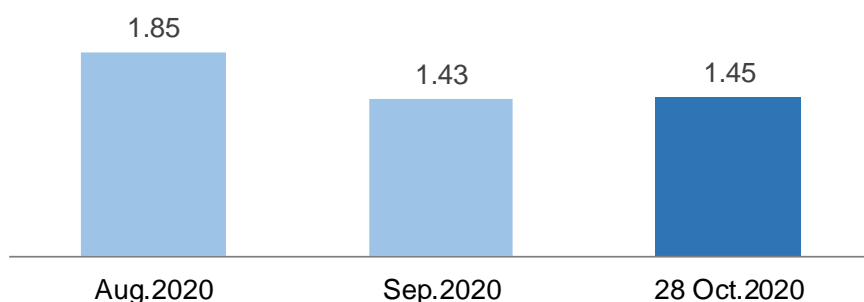
On October 28, the corporate prime rate on **180-day loans** in soles was 0.95 percent per year and this rate in dollars was 1.11 percent per year.

**180-day corporate prime rate in soles**  
(%)



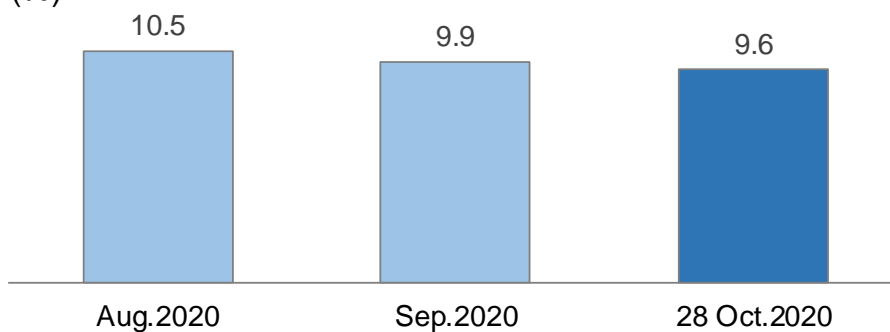
On the same day, the corporate prime rate on **360-day loans** in soles was 1.45 percent per year and this rate in dollars was 1.53 percent per year.

**360-day corporate prime rate in soles**  
(%)



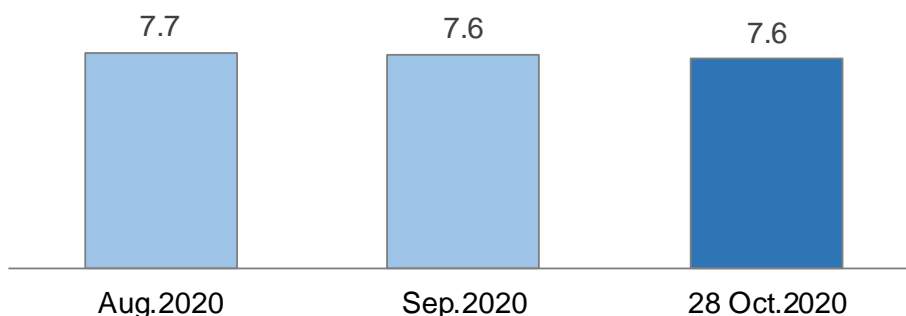
The interest rate on **more than 360 day-loans to micro and small enterprises (SMEs)** in soles was 9.6 percent per year and this rate in dollars was 5.5 percent per year on October 28.

**Small business interest rate more than 360 days in soles**  
(%)



On October 28, the interest rate on **mortgage loans** in soles was 7.6 percent and this rate in dollars was 6.7 percent per year.

### Mortgage interest rate in soles (%)




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### BCRP MONETARY OPERATIONS

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In October, BCRP has made the following **monetary operations**:

- Liquidity **injection** operations:
  - Currency repos: As of October 28, the balance of regular currency repos was S/ 5.70 billion, with an interest rate of 2.9 percent. The balance at the end of September was S/ 5.90 billion, with an average interest rate of 3.0 percent.
  - Security repos: The balance of security repos as of October 28 was S/ 5.76 billion with an average interest rate of 1.4 percent. The balance at end-September was S/ 8.60 billion, with a similar average interest rate.
  - Portfolio repos: The balance of this instrument on October 28 was S/ 350 million, with an average interest rate of 0.6 percent. At end-September, this instrument showed a balance of S/ 304 million with the same average interest rate.
  - Government-backed repos: As of October 28, the settled balance of this instrument was S/ 49.45 billion, which under the Reactiva Peru Program, have been used for loans at an average interest rate of 1.4 percent. At end-September, the balance was S/ 47.00 billion, with an average interest rate for loans of 1.3 percent.
  - Auctions of Treasury funds: The balance of this instrument on October 28 was S/ 2.0 billion with an average interest rate of 3.5 percent. The balance at end-September was S / 2.5 billion, with a similar average interest rate.

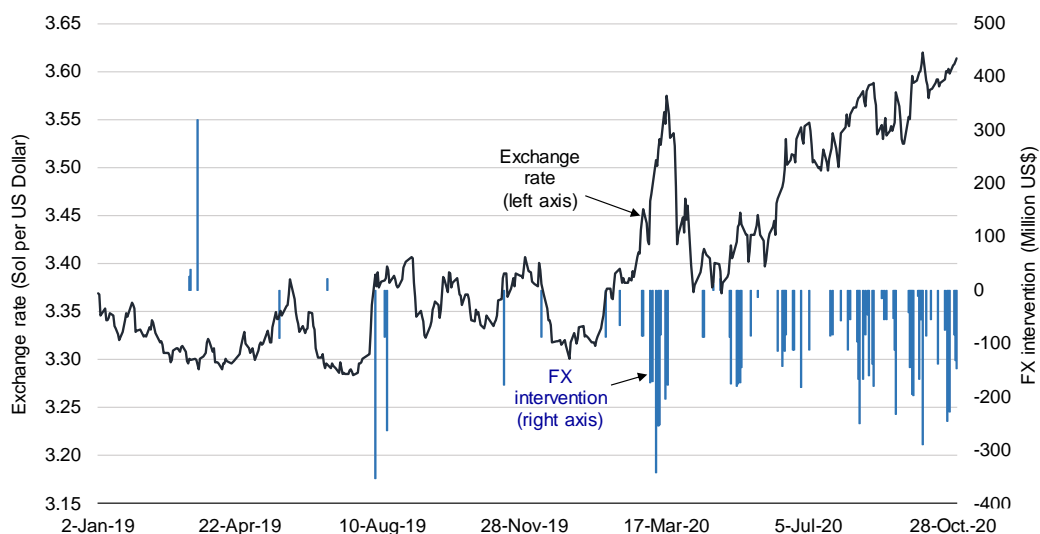
- Liquidity **sterilization** operations:
  - CD BCRP: The balance of BCRP certificates of deposit on October 28 was S/ 38.93 billion, with an average interest rate of 0.9 percent, while this balance at end-September was S/ 38.64 billion, with an average interest rate of 1.0 percent. Placements of CD BCRP in the period of October 21-October 28 totaled S/ 720 million at an average interest rate of 0.26 percent.
  - Overnight deposits: The balance of this instrument on October 28 was S/ 4.92 billion, with an average interest rate of 0.2 percent. At end-September the balance was S/ 8.12 billion, with the same average interest rate.
  - Term deposits: As of October 28, term deposits showed a balance of S/ 33.69 billion, with an average interest rate of 0.3 percent. At end-September, the balance in term deposits was S/ 29.23 billion, with the same average interest rate.

As of October 28, BCRP showed a net selling position of US\$ 1.05 billion in its **foreign exchange operations**.

- i. FX exchange intervention: On October 2, BCRP sold US\$ 12 million, while on October 28 sold US\$ 10 million; both in the spot market.
- ii. FX Swaps-sell: The balance of this instrument as of October 28 was S/ 6.77 billion (US\$ 1.89 billion), with an average interest rate of 0.05 percent. The balance of this instrument at the end of September was S/ 4.93 billion (US\$ 1.38 billion), with a negative average interest rate of 0.1 percent.
- iii. CDR BCRP: The balance of this instrument as of October 28 was S/ 6.92 billion (US\$ 1.93 billion), with an average interest rate of 0.09 percent. At the end of September, this instrument showed a balance of S/ 5.04 billion (US\$ 1.41 billion), with an average interest rate of 0.07 percent.

On October 28, the **interbank selling price of the dollar** closed at S/ 3.61 per dollar, a rate 0.04 percent higher than the rate at the end of September. As a result, the PEN accumulates an increase of 9.1 percent year-to-day.

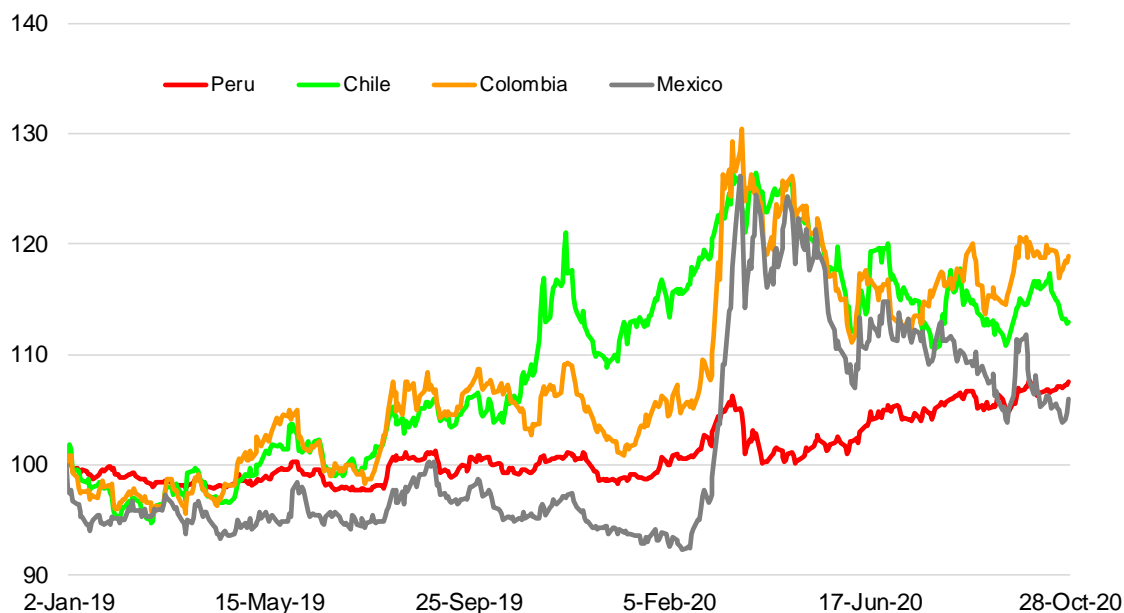
### Exchange rate and FX intervention of BCRP <sup>1/</sup>



<sup>1/</sup> Includes sell / purchases of US\$, placements of CDR BCRP and FX-Swaps, and CDLD BCRP.

PEN has been one of the less volatile currency in terms of the exchange rate against the US dollar among the currencies of the members of the Pacific Alliance in recent months.

### Nominal Exchange Rate Index (December 2018 = 100)



As of October 28, the **monetary base** has increased by S/ 357 million compared to the end of September, mainly due to people's higher demand for banknotes and coins. On the other hand, the public sector deposits registered a reduction for a total of S/ 4.36 billion.

In this context, BCRP injected liquidity through the net liquidation of Government-backed portfolio repos (S/ 2.45 billion). These operations were in part offset by the net placement of CDR BCRP (S/ 1.88 billion), the net placement of term deposits and overnight deposits (S/ 1.26 billion), the maturity of Term Public Treasury Funds (S/ 500 million), the net placement of CD BCRP (S/ 295 million) and the net expiration of injection operations (S/ 2.99 billion).

In the last 12 months, the monetary base has increased by 33.1 percent, mainly as a result of a 33.7 percent increase in the banknotes and coins issued.

#### Monetary balance of the Central Reserve Bank of Peru

(Million S/)

|   | Balance         |                 |                 |                 | Flows         |               |               |
|---|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|
|   | Dec 31, 19      | Aug 31, 20      | Sep 30, 20      | Oct 28, 20      | 2020          | September     | Oct 28, 20    |
| <b>I. NET INTERNATIONAL RESERVES</b>                                  | <b>226,126</b>  | <b>264,324</b>  | <b>260,474</b>  | <b>264,645</b>  | <b>16,976</b> | <b>-8,228</b> | <b>3,432</b>  |
| <i>(Millions US\$)</i>  | <i>68,316</i>   | <i>74,668</i>   | <i>72,354</i>   | <i>73,309</i>   | <i>4,993</i>  | <i>-2,314</i> | <i>955</i>    |
| 1. Foreign Exchange Position  | 42,619          | 55,324          | 55,250          | 55,474          | 12,855        | -75           | 225           |
| 2. Deposits of the Commercial Banks                                   | 17,096          | 16,869          | 14,726          | 15,862          | -1,234        | -2,143        | 1,136         |
| 3. Deposits of the Public Sector                                      | 9,188           | 3,024           | 2,924           | 2,515           | -6,673        | -101          | -408          |
| 4. Others   | -588            | -550            | -546            | -543            | 45            | 4             | 3             |
| <b>II. NET DOMESTIC ASSETS</b>  | <b>-161,561</b> | <b>-185,296</b> | <b>-182,005</b> | <b>-185,818</b> | <b>-2,714</b> | <b>7,669</b>  | <b>-3,075</b> |
| 1. Credit to the financial sector in soles                            | -6,230          | -11,668         | -13,725         | -18,203         | -11,973       | -2,057        | -4,478        |
| a. Security repos   | 6,350           | 11,379          | 8,604           | 5,759           | -591          | -2,775        | -2,845        |
| b. Currency repos   | 11,050          | 6,895           | 5,895           | 5,695           | -5,355        | -1,000        | -200          |
| c. Temporary Purchase of Portfolio                                    | 0               | 250             | 304             | 350             | 350           | 55            | 46            |
| d. Temporary Purchase of Portfolio with State Guarantee <sup>1/</sup> | 0               | 42,363          | 47,002          | 49,453          | 49,453        | 4,640         | 2,451         |
| e. Securities issued  | -25,615         | -37,929         | -40,679         | -42,851         | -17,237       | -2,749        | -2,173        |
| i. CDBCRP   | -25,615         | -34,919         | -35,639         | -35,933         | -10,319       | -719          | -295          |
| ii. CDRBCRP   | 0               | -3,010          | -5,040          | -6,918          | -6,918        | -2,030        | -1,878        |
| f. Auctions of funds of Public sector                                 | 4,100           | 2,500           | 2,500           | 2,000           | -2,100        | 0             | -500          |
| g. Other deposits in soles  | -2,115          | -37,125         | -37,351         | -38,609         | -36,493       | -227          | -1,257        |
| 2. Net assets public sector in soles <sup>2/</sup>                    | -52,125         | -71,412         | -69,811         | -65,456         | -13,330       | 1,601         | 4,355         |
| 3. Credit to the financial sector in dollars                          | -56,587         | -59,716         | -53,014         | -57,261         | 4,196         | 7,619         | -4,082        |
| <i>(Millions US\$)</i>  | <i>-17,096</i>  | <i>-16,869</i>  | <i>-14,726</i>  | <i>-15,862</i>  | <i>1,234</i>  | <i>2,143</i>  | <i>-1,136</i> |
| a. Deposits in foreign currency                                       | -17,096         | -16,869         | -14,726         | -15,862         | 1,234         | 2,143         | -1,136        |
| 4. Net assets public sector in dollars                                | -28,409         | -8,502          | -8,311          | -6,841          | 22,739        | 331           | 1,487         |
| <i>(Millions US\$)</i>  | <i>-8,583</i>   | <i>-2,402</i>   | <i>-2,309</i>   | <i>-1,895</i>   | <i>6,688</i>  | <i>93</i>     | <i>414</i>    |
| 5. Other Net Accounts   | -18,210         | -33,999         | -37,144         | -38,058         | -4,345        | 175           | -357          |
| <b>III. MONETARY BASE (I+II) <sup>3/</sup></b>                        | <b>64,565</b>   | <b>79,028</b>   | <b>78,469</b>   | <b>78,826</b>   | <b>14,261</b> | <b>-559</b>   | <b>357</b>    |
| <i>(% change 12 months)</i>   | <i>5.2%</i>     | <i>30.9%</i>    | <i>32.8%</i>    | <i>33.1%</i>    |               |               |               |

1/ Amount allocated

2/ Public sector excluding auctions of funds of PT and BN.

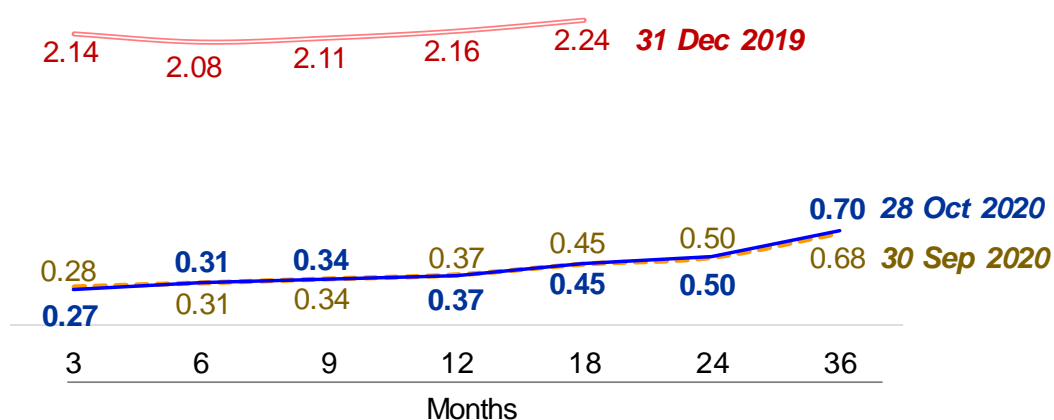
3/ Currency plus reserve requirement in domestic currency.

## SHORT-TERM YIELD CURVES

So far in October, as of October 28, the yield curve of CD BCRP shows a similar conduct than that observed at the end of September. BCRP Certificates of Deposit (CD BCRP) are a monetary sterilization instrument that can be traded in the market or used in interbank repos or in repos with BCRP. The shape of this yield curve is influenced by expectations of future monetary policy rates and by liquidity conditions in the market.

## Yield curve of CDBCRP

(%)

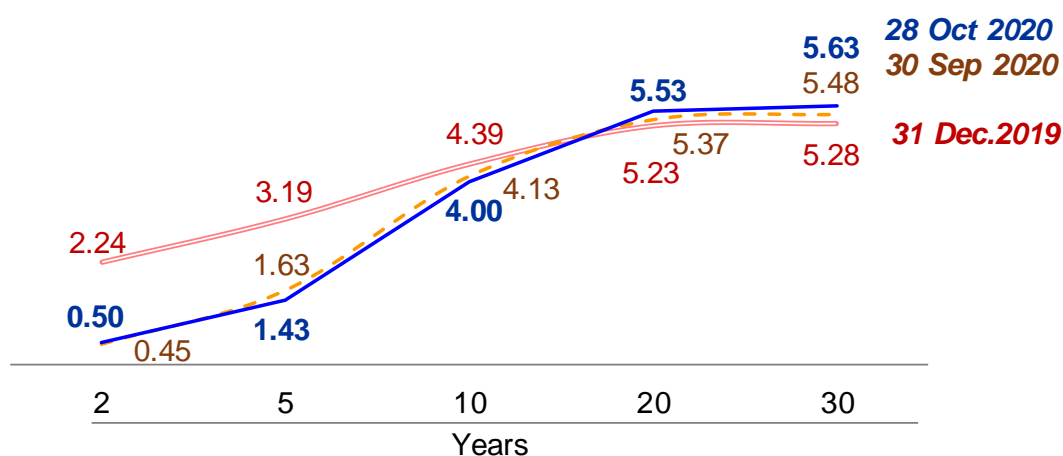


## PUBLIC TREASURY BONDS

Markets use the yield on the Public Treasury bonds as reference for terms of 2 years or more. As of October 28, 2020, the yield curve of sovereign bonds shows higher values in the 2-year, 20-year and 30-year bonds, than those observed at the end of September and shows lower rates for the 5-year and 10-year bonds. In comparison with the end of December 2019, it shows lower rates in all the maturity terms, except in the 20-year and 30-year bonds.

## Yield curve of BTP

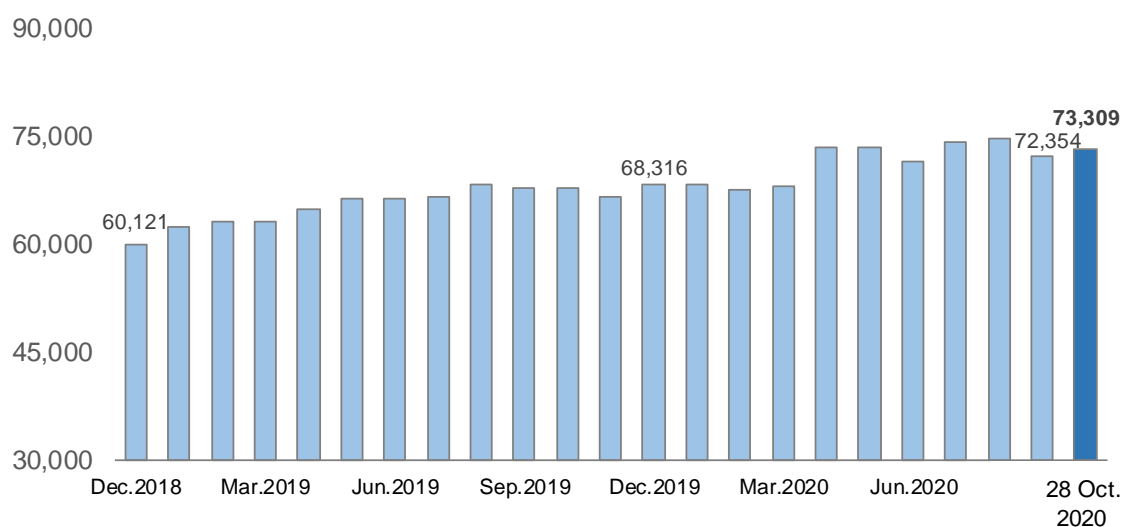
(%)



INTERNATIONAL RESERVES AT US\$ 73.31 BILLION AS OF OCTOBER 28

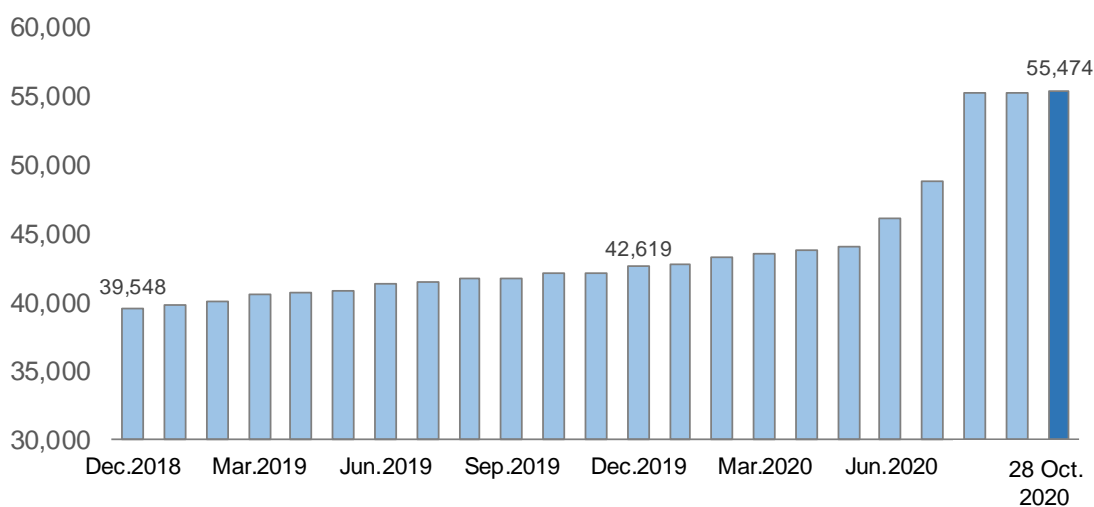
As of October 28, 2020, Peru's **net international reserves** –made up mainly by liquid international assets– amounted to US\$ 73.31 billion. This level of reserves, which is US\$ 955 million higher than the amount of NIRs at the end of September and US\$ 4.99 billion higher than the amount of NIRs at the end December 2019, is equivalent to 34 percent of GDP.

**Net International Reserves**  
(Million US\$)



The **foreign exchange position** of BCRP as of October 28 was US\$ 55.47 billion. This amount is US\$ 12.86 billion higher than that recorded at the end of December 2019.

**Exchange Position**  
(Million US\$)





INTERNATIONAL MARKETS

**Metal prices fall in international markets**

On October 28, the price of **copper** fell 3.6 percent to US\$ 3.05 the pound. The price decrease was explained by fears of tighter restrictions due to an increase in Covid-19 cases in the United States and Europe and by the postponement of the negotiations for new fiscal stimulus in the United States.

**Copper Price**

(cUS\$/pound)



| % change                 |             |             |             |
|--------------------------|-------------|-------------|-------------|
| 28 Oct.2020              | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| <b>US\$ 3.05 / pound</b> | <b>-3.6</b> | <b>0.9</b>  | <b>9.4</b>  |

In October 21 – 28, the price of **zinc** decreased 1.3 percent to US\$ 1.14 a pound. The price fall was associated with the increase in inventories, mainly on the London Metal Exchange.

**Zinc Price**

(ctv. US\$/pound)



| % change                 |             |             |             |
|--------------------------|-------------|-------------|-------------|
| 28 Oct.2020              | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| <b>US\$ 1.14 / pound</b> | <b>-1.3</b> | <b>5.5</b>  | <b>10.5</b> |

On October 28, the price of **gold** decreased 2.8 percent to US\$ 1,870 a troy ounce. This result was associated with the dollar appreciation in recent days and with the market's expectations of non-obtaining a coronavirus aid's package before the presidential elections in the United States.

**Gold Price**

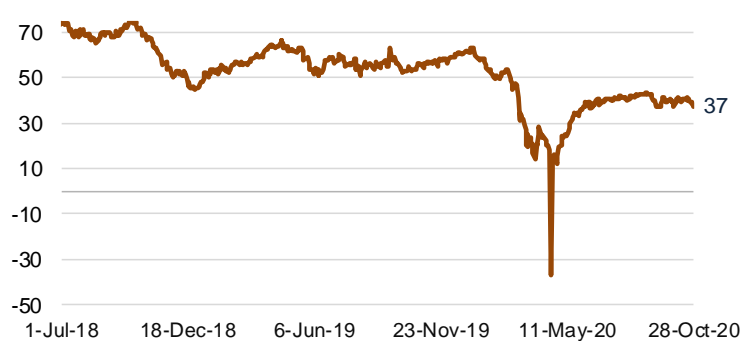
(US\$/tr. ounce)



| % change                        |             |             |             |
|---------------------------------|-------------|-------------|-------------|
| 28 Oct.2020                     | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| <b>US\$ 1,870.0 / tr. ounce</b> | <b>-2.8</b> | <b>-0.9</b> | <b>22.8</b> |

In the week of October 21 – October 28, the price of **WTI oil** fell 6.5 percent to US\$ 37.3 the barrel. The price drop was sustained by the increase in the US crude oil inventories and by the increase in Covid-19 infections in the United States and Europe, which weakened the demand for fuels.

**WTI Oil Price**  
(US\$/barrel)



| % change    |             |             |              |
|-------------|-------------|-------------|--------------|
| 28 Oct.2020 | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019  |
| <b>37.3</b> | <b>-6.5</b> | <b>-6.9</b> | <b>-39.0</b> |

## Prices of wheat and maize decrease in international markets

In October 21 – 28, the price of **wheat** decreased 4.0 percent to US\$ 232.7 a ton

The price fall was explained by the improvement in weather conditions in Russia, where new rains in some regions alleviate the drought.

**Wheat price**  
(US\$/ton)



| % change                |             |             |             |
|-------------------------|-------------|-------------|-------------|
| 28 Oct.2020             | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| <b>US\$ 232.7 / ton</b> | <b>-4.0</b> | <b>5.6</b>  | <b>8.8</b>  |

In the same period, the price of **maize** fell 1.3 percent to US\$ 153.1 a ton.

The price drop was a result of the better weather in South America.

**Maize price**  
(US\$/ton)



| % change                |             |             |             |
|-------------------------|-------------|-------------|-------------|
| 28 Oct.2020             | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| <b>US\$ 153.1 / ton</b> | <b>-1.3</b> | <b>9.3</b>  | <b>6.3</b>  |

The price of **soybean** oil rose 0.6 percent to US\$ 758.8 the ton in the week of October 21-28. The price decrease was supported by the increase in demand for US grain mainly from China, reported by the US Department of Agriculture.

### Soybean oil price

(US\$/ton)



| % change         |             |             |             |
|------------------|-------------|-------------|-------------|
| 28 Oct.2020      | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| US\$ 758,8 / ton | 0.6         | 1.6         | -2.1        |

### US dollar appreciated in international markets

In October 21-28, the **dollar** appreciated 1.0 percent against the **euro**, amid of an increased demand for safe assets due to new quarantine measures in Europe, after a new outbreak record of Covid-19 cases, political noise and pessimism in tax negotiations in the United States.

### Evolution of US\$ per Euro

(US\$/Euro)



| % change       |             |             |             |
|----------------|-------------|-------------|-------------|
| 28 Oct.2020    | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| 1,17 US\$/euro | -1.0        | 0.2         | 4.8         |

The US dollar has weakened in recent months, although in the last week it appreciated due to the higher aversion to risk, as observed in the **DXY Index**.

### DXY Index

(March 1973=100)

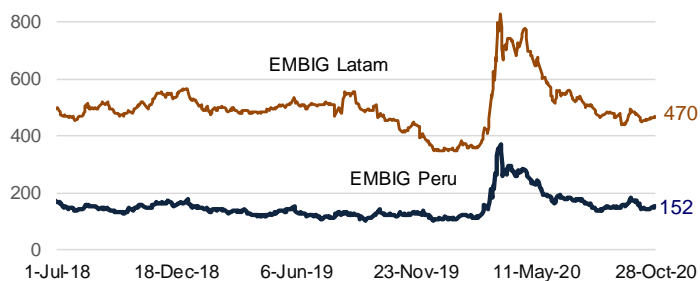


| Variation in basis points |             |             |             |
|---------------------------|-------------|-------------|-------------|
| 28 Oct.2020               | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| 93.4                      | 0.8         | -0.4        | -3.1        |

## Country risk at 152 basis points

In October 21-28, the **EMBIG Peru** spread recorded 152 bps, while the **EMBIG Latin America** spread rose 7 bps to 470 bps, amid fears over an increase in Covid-19 cases in Europe and the United States.

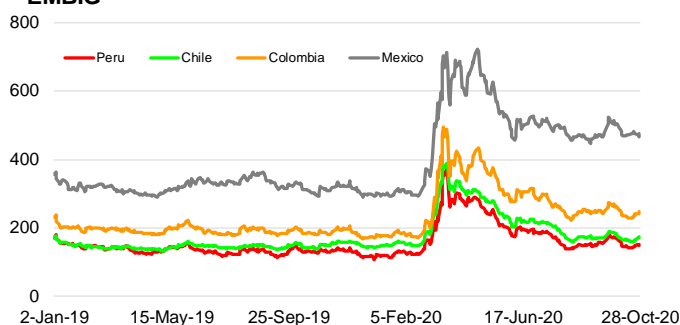
### Country Risk Indicator (Bps)



|                   | Variation in basis points |             |             |             |
|-------------------|---------------------------|-------------|-------------|-------------|
|                   | 28 Oct.2020               | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| EMBIG Peru (bps)  | 152                       | 7           | -18         | 45          |
| EMBIG Latam (bps) | 470                       | 7           | -6          | 124         |

In October 1-28, the **EMBIG Peru** spread dropped 18 bps to 152 bps.

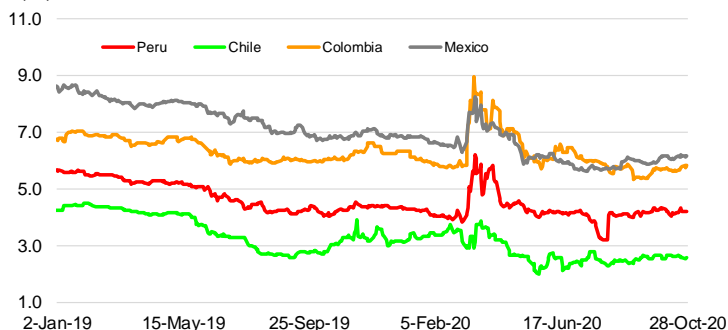
### EMBIG



|          | Variation in basis points |             |             |             |
|----------|---------------------------|-------------|-------------|-------------|
|          | 28 Oct.2020               | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| PERU     | 152                       | 7           | -18         | 45          |
| CHILE    | 174                       | 13          | -9          | 31          |
| COLOMBIA | 247                       | 13          | 56          | 77          |
| MÉXICO   | 475                       | -8          | -26         | 181         |

The yield on **Peruvian 10-year sovereign bonds** continues to be one of the lowest yields in the region

### Yield of the 10-year Sovereign Bonds (%)



|          | Variation in basis points |             |             |             |
|----------|---------------------------|-------------|-------------|-------------|
|          | 28 Oct.2020               | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
| PERU     | 4.2                       | -11         | -11         | -17         |
| CHILE    | 2.6                       | -1          | -8          | -57         |
| COLOMBIA | 5.8                       | 8           | 14          | -52         |
| MEXICO   | 6.2                       | 1           | 5           | -73         |

## Yield on US Treasuries at 0.77 percent

In October 21-28, the yield on the **US Treasury bond** fell 5 bps to 0.77 percent, after disappear some expectations about reaching an early agreement for a stimulus package in the United States and by the investors' concern about the rapid increase in new cases of Covid-19.

**10-Year US Treasury rate**  
(%)



**Variation in basis points**

| 28 Oct.2020 | 21 Oct.2020 | 30 Sep.2020 | 31 Dec.2019 |
|-------------|-------------|-------------|-------------|
| 0.77%       | -5          | 9           | -115        |

## INDICES OF THE LIMA STOCK EXCHANGE

**Peru General index of the LSE**  
(Base Dec.1991=100)

In the week of October 21-28, the **General Index** of the Lima Stock Exchange (IGBVL-Peru General) fell 2.8 percent, while the **Selective Index** (ISBVL-Lima 25) decreased 2.1 percent, in a context of metal prices decrease.



|              | As of:      |             | % change compared to: |             |
|--------------|-------------|-------------|-----------------------|-------------|
|              | 28 Oct.2020 | 21 Oct.2020 | 30 Sep.2020           | 31 Dec.2019 |
| Peru General | 17,664      | -2.8        | -1.6                  | -13.9       |
| Lima 25      | 21,736      | -2.1        | -3.0                  | -15.6       |

