



# Weekly Economic Report

December 30, 2020

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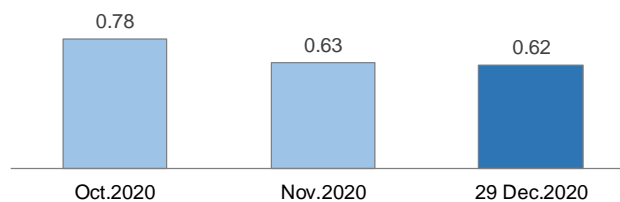
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### INTERBANK INTEREST RATE IN SOLES AT 0.25 PERCENT ON DECEMBER 29

On December 29, the **interbank interest rate** in soles showed an annual average rate of 0.25 percent and this rate in dollars also showed a rate of 0.25 percent per year.

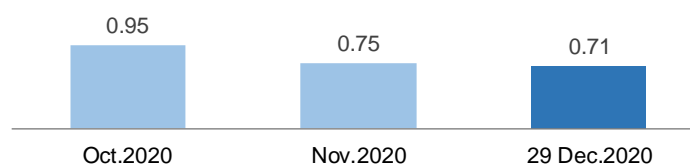
On the same date, the average **90-day corporate prime rate** —the interest rate charged by commercial banks to lower risk businesses— in soles was 0.62 percent and the prime rate in dollars was 1.09 percent.

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



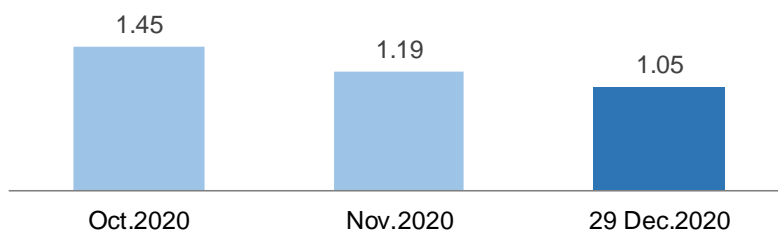
On December 29, the interest rate on **180-day loans** in soles was 0.71 percent per year and this rate in dollars was 1.23 percent per year.

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



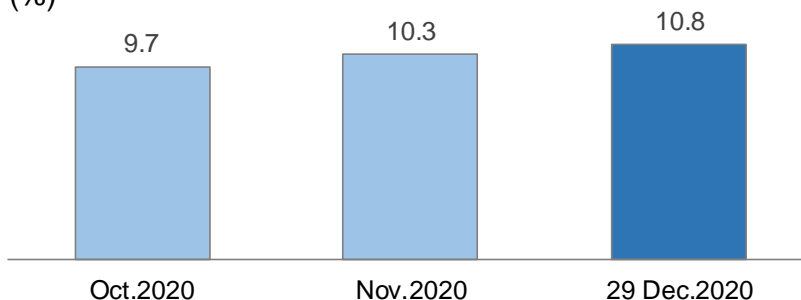
On the same day, the interest rate on **360-day loans** in soles was 1.05 percent per year and this rate in dollars was 1.54 percent per year.

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



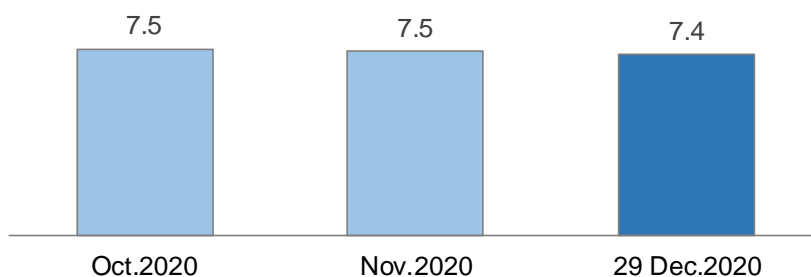
The interest rate on **more than 360 day-loans to micro and small enterprises (SMEs)** in soles was 10.8 percent per year and this rate in dollars was 5.1 percent per year.

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



On December 29, the interest rate on **mortgage loans** in soles was 7.4 percent and this rate in dollars was 6.6 percent per year.

**Mortgage interest rate in soles**  
(%)



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## BCRP MONETARY OPERATIONS

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

- Liquidity **injection** operations:
  - Currency repos: As of December 29, the balance of regular currency repos was S/ 5.97 billion, with an interest rate of 2.8 percent. At end-November, the balance was the same.
  - Security repos: The balance of security repos on December 29 was S/ 6.31 billion with an average interest rate of 1.1 percent. The balance at the end of November was S/ 5.06 billion with an average interest rate of 1.3 percent.
  - Portfolio repos: The balance of this instrument on December 29 was S/ 464 million, with an average interest rate of 0.5 percent. At end-November, this instrument showed a balance of S/ 269 million with the same average interest rate.
  - Government-backed repos: As of December 29, the balance of this instrument was S/ 50.77 billion, earmarked under the Reactiva program for loans with an average interest rate of 1.4 percent. At end-November, the balance of this instrument was S/ 50.25 billion, for loans with an average interest rate of 1.4 percent.
  - Auctions of Treasury funds: The balance of this instrument on December 29 was S/ 200 million with an average interest rate of 3.2 percent. At end November, this instrument showed a balance of S/ 1.00 billion with an average interest rate of 3.5 percent.
  - Purchases of BTP to Administrators of Pension Funds (AFP) on December 29 was S/ 1.32 billion. In November, this operation showed a zero balance.
- Liquidity **sterilization** operations:
  - CD BCRP: The balance of BCRP certificates of deposit on December 29 was S/ 39.88 billion, with an average interest rate of 0.8 percent, while the balance at end-November was S/ 41.34 billion, with a similar average interest rate. Placements of CD BCRP in the period of December 22 - 29 amounted to S/ 2.93 billion, with an average interest rate of 0.27 percent.
  - Overnight deposits: The balance of this instrument on December 29 was S/ 8.08 billion, with an average interest rate of 0.2 percent. At the end of November the balance was S/ 7.14 billion, with the same average interest rate.

- Term deposits: As of December 29, term deposits showed a balance of S/ 37.57 billion, with an average interest rate of 0.3 percent. At end-November, the balance in term deposits was S/ 31.66 billion, with the same average interest rate.

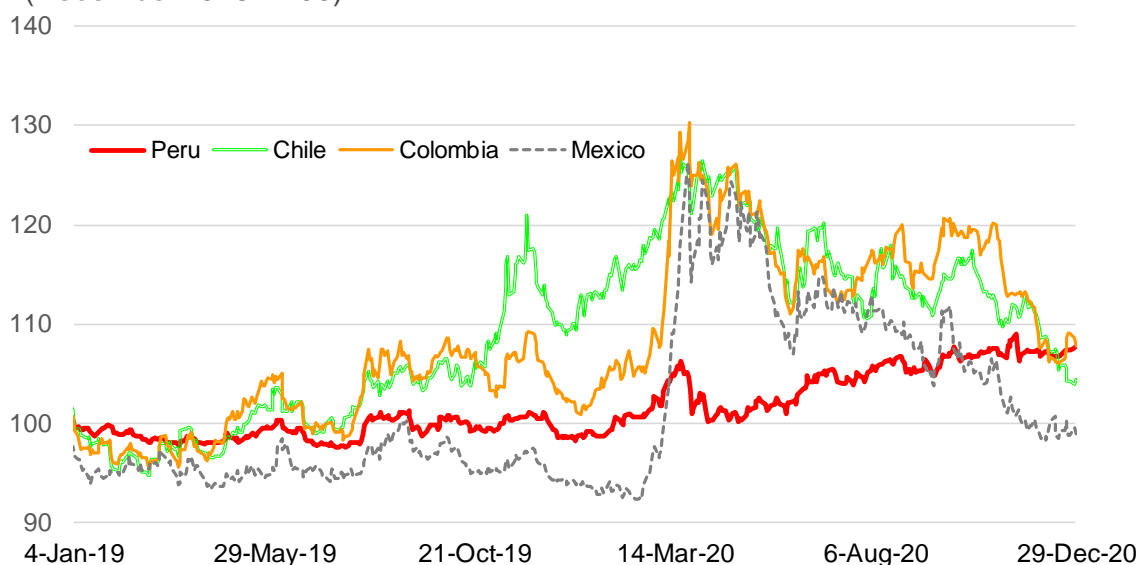
As of December 29, BCRP showed a net buying position of US\$ 282 million in its **foreign exchange operations**.

- FX exchange intervention: BCRP sold US\$ 20 million in the spot market on December 17, US\$ 29 million on December 18, US\$ 17 million on December 24, US\$ 7 million on December 28, and US\$ 52 million on December 29. With this, sales of foreign currency in the spot market totaled US \$ 125 million so far in December.
- FX Swaps-sell: The balance of this instrument as of December 29 was S/ 8.13 billion (US\$ 2.25 billion), with an average interest rate of 0.20 percent. The balance of this instrument at the end of November was S/ 8.40 billion (US\$ 2.33 billion), with an average interest rate of 0.16 percent.
- CDR BCRP: The balance of this instrument as of December 29 was S/ 6.16 billion (US\$ 1.71 billion), with an average interest rate of 0.18 percent. At the end of November, this instrument showed a balance of S/ 7.31 billion (US\$ 2.03 billion), with an average interest rate of 0.13 percent.

On December 29, the interbank **selling price of the dollar** closed at S/ 3.62 per dollar, a rate 0.3 percent higher than the rate at the end of November. As a result, the PEN accumulates an increase of 9.2 percent year-to-day.

### Nominal Exchange Rate Index

(December 2018 = 100)



As of December 29, the **monetary base** has increased by S/ 4.61 billion compared to the end of November, mainly due to people's higher demand for banknotes and coins. On the other hand, the public sector injected liquidity for a net total of S/ 8.25 billion, which includes net sales of foreign currency to BCRP for a sum equivalent to S/ 9.27 billion (US\$ 2.57 billion).

BCRP injected liquidity through the net expiration of CD BCRP (S/ 1.45 billion), placements of security repos (S/ 1.25 billion), the net expiration of CDR BCRP (S/ 1.15 billion), and the expiration of Government-backed portfolio repos (S/ 526 million) and portfolio repos (S/ 194 million). These operations were in part offset by net placements of term deposits and overnight deposits (S/ 6.96 billion) and the expiration of term public treasury funds (S/ 800 million).

In the last 12 months, the monetary base has increased by 31.0 percent, mainly as a result of a 32.0 percent increase in the banknotes and coins issued.

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

(Million S/)

	Balance				Flows		
	Dec 31, 19	Oct 30, 20	Nov 30, 20	Dec 29, 20	2020	November	Dec 29, 20
<b>I. NET INTERNATIONAL RESERVES</b>	<b>226,126</b>	<b>261,610</b>	<b>258,922</b>	<b>277,834</b>	<b>28,675</b>	<b>-2,678</b>	<b>18,103</b>
<i>(Millions US\$)</i>	<i>68,316</i>	<i>72,468</i>	<i>71,723</i>	<i>76,750</i>	<i>8,434</i>	<i>-745</i>	<i>5,026</i>
1. Foreign Exchange Position	42,619	55,508	55,545	58,161	15,542	37	2,617
2. Deposits of the Commercial Banks	17,096	14,980	14,391	15,314	-1,782	-589	923
3. Deposits of the Public Sector	9,188	2,522	2,319	3,731	-5,457	-203	1,413
4. Others <sup>1/</sup>	-588	-542	-531	-457	131	11	74
<b>II. NET DOMESTIC ASSETS</b>	<b>-161,561</b>	<b>-182,021</b>	<b>-179,173</b>	<b>-193,476</b>	<b>-8,882</b>	<b>2,837</b>	<b>-13,493</b>
1. Credit to the financial sector in soles	-6,230	-18,344	-21,910	-25,082	-18,852	-3,566	-3,171
a. Security repos	6,350	5,359	5,059	6,309	-41	-300	1,250
b. Currency repos	11,050	5,695	5,970	5,970	-5,080	275	0
c. Temporary Purchase of Portfolio	0	295	269	464	464	-26	194
d. Temporary Purchase of Portfolio with State Guarantee <sup>2/</sup>	0	49,798	50,246	50,772	50,772	448	526
e. Securities issued	-25,615	-43,462	-45,654	-43,039	-17,425	-2,192	2,615
i. CDBCRP	-25,615	-36,544	-38,341	-36,877	-11,263	-1,797	1,464
ii. CDRBCRP	0	-6,918	-7,313	-6,162	-6,162	-395	1,151
f. Auctions of funds of Public sector	4,100	1,500	1,000	200	-3,900	-500	-800
g. Other deposits in soles	-2,115	-37,528	-38,800	-45,756	-43,641	-1,272	-6,957
2. Net assets public sector in soles <sup>3/</sup>	-52,125	-64,552	-60,702	-61,727	-9,602	3,850	-1,025
3. Credit to the financial sector in dollars	-56,587	-48,721	-46,892	-55,462	6,059	2,120	-3,325
<i>(Millions US\$)</i>	<i>-17,096</i>	<i>-14,980</i>	<i>-14,391</i>	<i>-15,314</i>	<i>1,782</i>	<i>589</i>	<i>-923</i>
4. Net assets public sector in dollars	-28,409	-6,876	-6,158	-11,258	18,608	715	-5,057
<i>(Millions US\$)</i>	<i>-8,583</i>	<i>-1,905</i>	<i>-1,706</i>	<i>-3,110</i>	<i>5,473</i>	<i>199</i>	<i>-1,404</i>
5. Other Net Accounts	-18,210	-43,528	-43,510	-39,948	-5,094	-281	-916
<b>III. MONETARY BASE (I+II) <sup>4/</sup></b>	<b>64,565</b>	<b>79,589</b>	<b>79,748</b>	<b>84,358</b>	<b>19,793</b>	<b>159</b>	<b>4,609</b>
<i>(% change 12 months)</i>	<i>5.2%</i>	<i>31.6%</i>	<i>31.2%</i>	<i>31.0%</i>			

1/ Includes Global Public Treasury Bonds.

2/ Amount allocated.

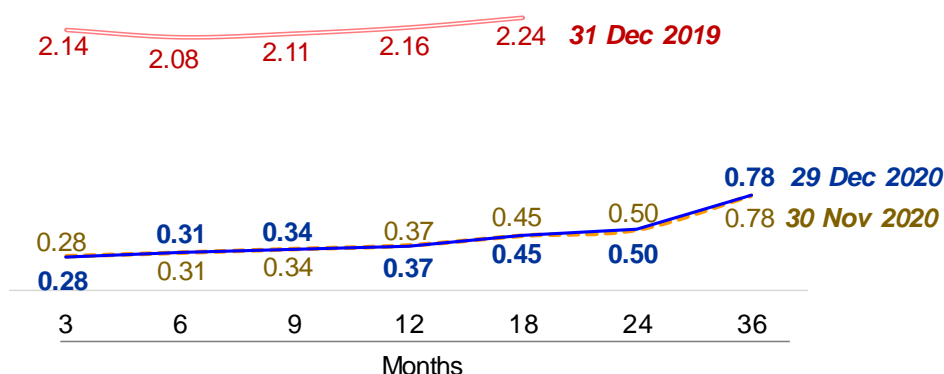
3/ Public Sector excludes the auction of Public Treasury Funds and Banco de la Nación. It also includes the bonds issued by the Public Treasury, which the BCRP acquires in the secondary market in accordance with Article 61 of the Organic Law of the BCRP.

4/ Currency plus reserve requirement in domestic currency.

## SHORT-TERM YIELD CURVES

So far in December, as of December 29, the yield curve of CD BCRP shows a similar conduct than that observed at the end of November. 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.

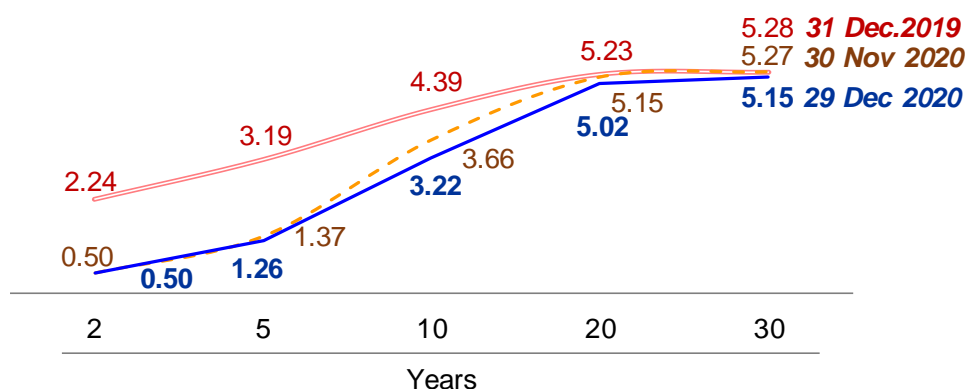
### Yield curve of CDBCRP (%)



## PUBLIC TREASURY BONDS

Markets use the yield on the Public Treasury bonds as reference for terms of 2 years or more. As of December 29, 2020, the yield curve of sovereign bonds shows lower values than those observed at the end of November in all of the bonds. It also shows lower rates in all of the bonds in comparison with the end of December 2019.

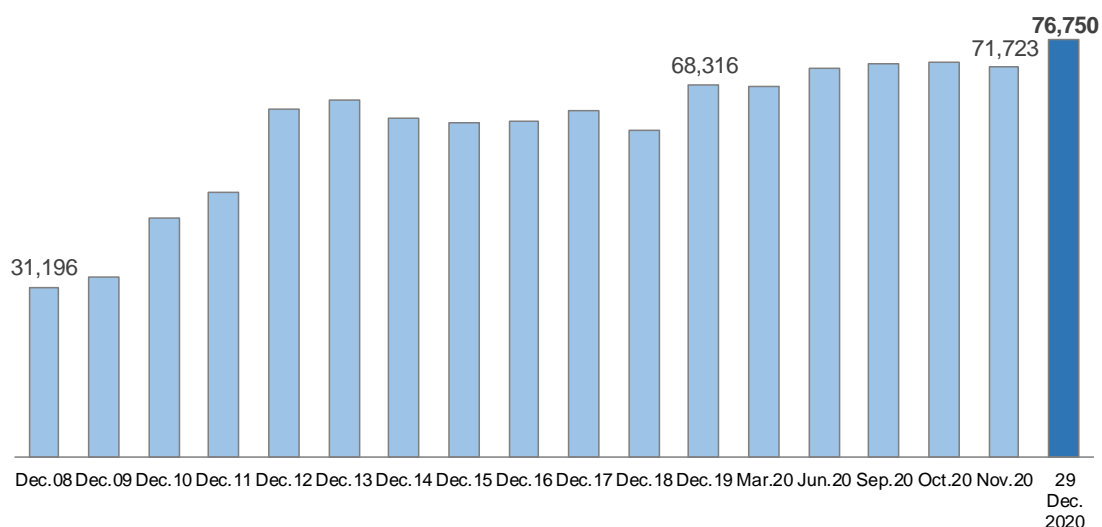
### Yield curve of BTP (%)



INTERNATIONAL RESERVES AT US\$ 76.75 BILLION AS OF DECEMBER 29

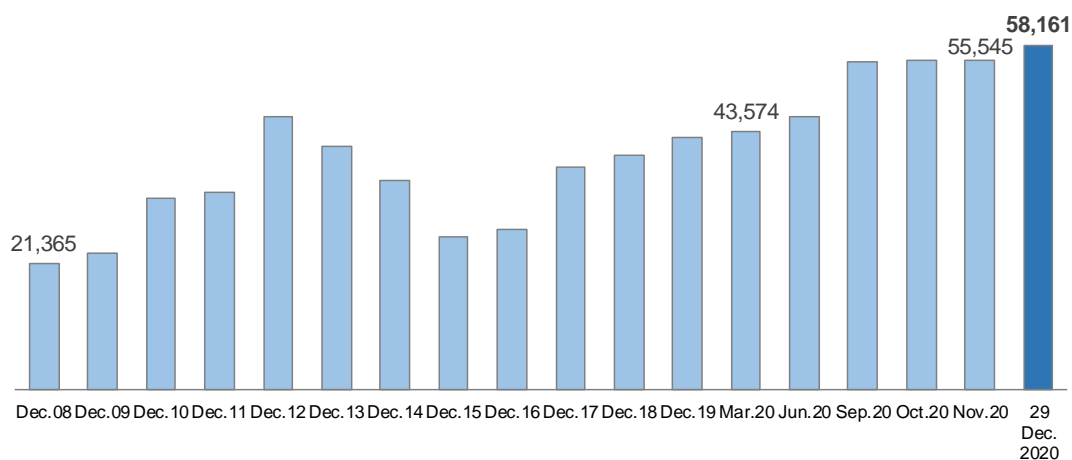
As of December 29, 2020, Peru's **net international reserves** –made up mainly by liquid international assets– amounted to US\$ 76.75 billion. This level of reserves, which is US\$ 5.03 billion higher than the amount of NIRs at the end of November and US\$ 8.43 billion higher than the amount of NIRs at the end December 2019, is equivalent to 38 percent of GDP.

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



The **foreign exchange position** of BCRP as of December 29 was US\$ 58.16 billion. This amount is US\$ 15.54 billion higher than that recorded at the end of December 2019.

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

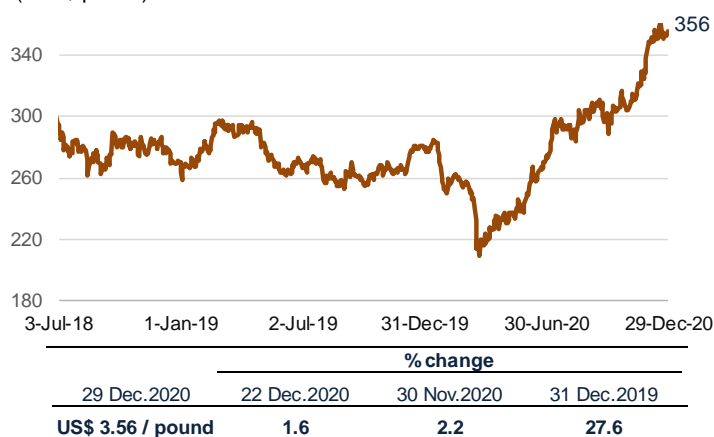


INTERNATIONAL MARKETS

**International price of copper up**

In December 22 - 29, the price of **copper** rose 1.6 percent to US\$ 3.56 a pound. This rise is associated with the decline of inventories at the London Metal Exchange and with prospects for higher demand after the approval of a stimulus package in the United States. The price of copper remains among the highest levels observed over the past 7 years.

**Copper Price**  
(cUS\$/pound)



In the same period, the price of **gold** fell 0.1 percent to US\$ 1,874.3 a troy ounce.

This price fall reflected lower risk aversion in markets after the approval of the AstraZeneca-Oxford vaccine as well as expectations about fiscal stimulus in the United States.

**Gold Price**  
(US\$/tr. ounce)



In the week of December 22 - 29, the price of **zinc** decreased 0.2 percent to US\$ 1.24 a pound, in line with a greater availability of this metal in Asian metal exchange markets.

**Zinc Price**  
(ctv. US\$/pound)





The price of **WTI oil** increased 1.8 percent to US\$ 47.9 the barrel in December 22 - 29. The price increase is explained by the advance in the distribution of economic aid in the United States and by the start of the vaccination campaign in Europe, which could stimulate the demand for fuel.

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



### Price of food commodities rise in international markets

In December 22 - 29, the price of **maize** climbed 5.2 percent to US\$ 178.7 the ton.

This increase was associated with a prolonged lack of rain in South American growing areas, which could affect the prospects for harvests.

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



The price of **wheat** rose 0.1 percent to US\$ 248.0 a ton in the week of December 22 – 29.

This rise is consistent with a lower-than-expected production of wheat in Ukraine due to lower yields.

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



The price of **soybean** oil rose 2.3 percent to US\$ 937 a ton from December 22 to December 29.

The rise was supported by agro-exporters' port strike in Argentina during the Christmas holidays, which is holding back the world supply.

### Soybean oil price (US\$/ton)

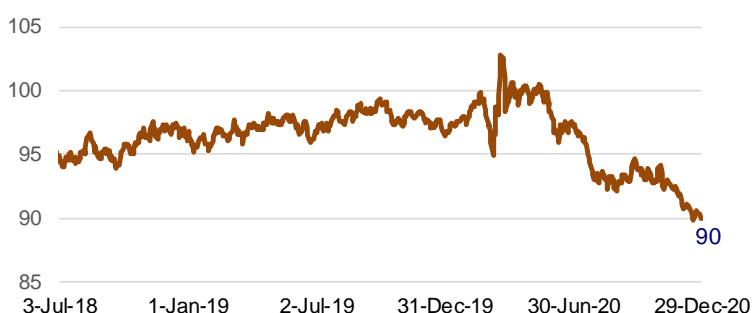


% change			
29 Dec.2020	22 Dec.2020	30 Nov.2020	31 Dec.2019
<b>US\$ 937,0 / ton</b>	<b>2.3</b>	<b>8.6</b>	<b>20.9</b>

### US Dollar depreciated in international markets

The index of the US dollar value depreciated 0.7 percent in December 22 and 29, in a context of lower demand for safe assets and new fiscal stimuli in the United States.

### DXY Index <sup>1/</sup> (March 1973=100)



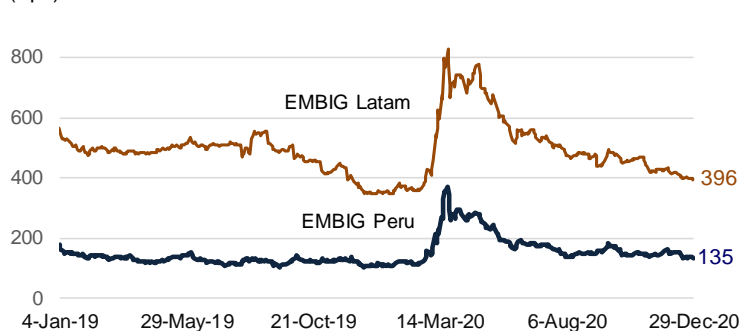
1/ Index of the value of the US dollar in relation to a basket of main currencies (euro, yen, pound, Canadian dollar, Swiss franc and Swedish krona).

Variation in basis points			
29 Dec.2020	22 Dec.2020	30 Nov.2020	31 Dec.2019
<b>90.0</b>	<b>-0.7</b>	<b>-2.0</b>	<b>-6.6</b>

### Country risk fell to 135 basis points

In December 22 to December 29, the **EMBIG Peru** spread fell 2 bps to 135 bps. In the same period, the **EMBIG Latin America** spread fell 7 bps to 395 bps, amid encouraging news due to the approval of fiscal stimulus in the United States.

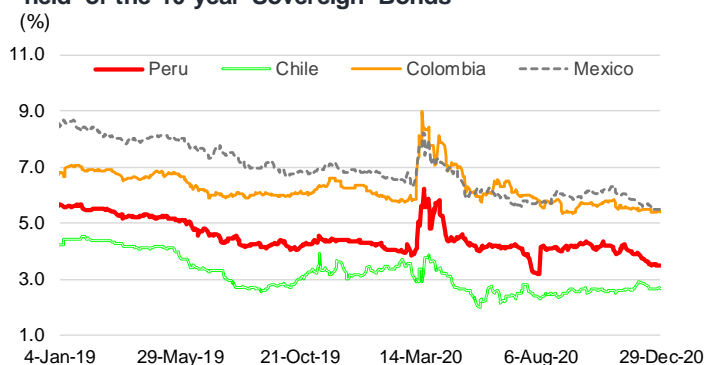
### Country Risk Indicator (Bps)



Variation in basis points				
	29 Dec.2020	22 Dec.2020	30 Nov.2020	31 Dec.2019
EMBIG Peru (bps)	<b>135</b>	<b>-2</b>	<b>-26</b>	<b>28</b>
EMBIG Latam (bps)	<b>396</b>	<b>-7</b>	<b>-37</b>	<b>50</b>

The yield on Peru's **10-year sovereign bond** remains one of the lowest in the region.

### Yield of the 10-year Sovereign Bonds



	Variation in basis points			
	29 Dec.2020	22 Dec.2020	30 Nov.2020	31 Dec.2019
Peru	3.5	-5	-42	-90
Chile	2.6	-2	-14	-52
Colombia	5.4	3	-11	-94
Mexico	5.5	3	-26	-137

### Yield on US Treasuries at 0.94 percent

The yield on the US Treasury bond yield rose 2 bps to 0.94 percent in the week of December 22 -29, after the approval of a new fiscal package of aid to mitigate the economic impact of the coronavirus pandemic in the US.

### 10-Year US Treasury rate



	Variation in basis points			
	29 Dec.2020	22 Dec.2020	30 Nov.2020	31 Dec.2019
	0.94%	2	10	-98

## INDICES OF THE LIMA STOCK EXCHANGE UP

### Peru General index of the LSE

(Base Dec.1991=100)

In December 22-29, the **General Index** of the Lima Stock Exchange (IGBVL-Peru General) rose 1.8 percent while the **Selective Index** (ISBVL-Lima 25) rose 2.1 percent, in a context marked by new fiscal stimuli in the United States.



	As of:		% change compared to:		
	29 Dec.2020	22 Dec.2020	30 Nov.2020	31 Dec.2019	
Peru General	20,863	1.8	5.4	1.6	
Lima 25	25,257	2.1	4.7	-1.9	

