



Weekly Economic Report – March 31, 2022

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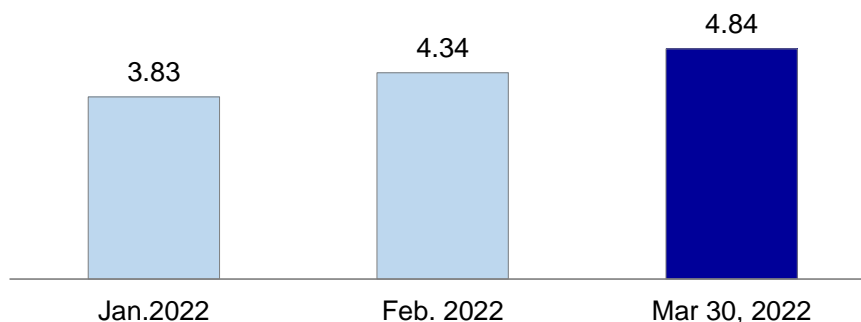
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INTERBANK INTEREST RATE IN SOLES

On March 30, the **interbank** interest rate in soles showed an annual average rate of 4.0 percent, while the annual rate in dollars was 0.50 percent.

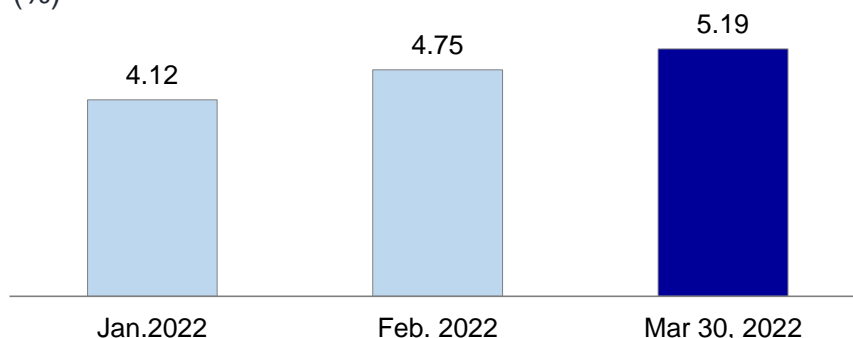
On the same date, the average **90-day corporate prime rate** —the interest rate banks charge to lower risk businesses— in soles was 4.84 percent and the prime rate in dollars was 1.42 percent

90-day corporate prime rate in soles
(%)



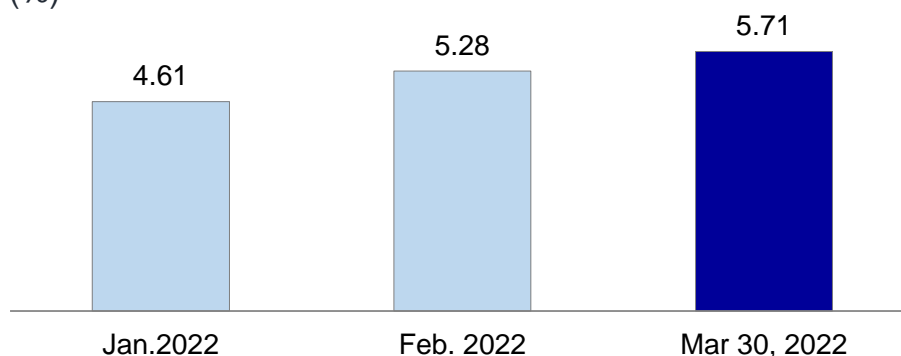
The **corporate prime rate on 180-day loans** in soles was 5.19 percent per year and this rate in dollars was 1.85 percent per year.

180-day corporate prime rate in soles
(%)



On the same day, the **prime interest rate on 360-day loans** in soles was 5.71 percent per year and this rate in dollars was 2.57 percent per year.

360-day corporate prime rate in soles
(%)



BCRP MONETARY OPERATIONS

BCRP **monetary operations** from March 24 to 30 include the following:

- Liquidity **injection** operations:
 - Currency Repos: On March 30, the balance of regular currency repos was S/ 1,522 million, with an average interest rate of 1.84 percent. On March 23, the balance was S/ 1,222 million, with an average interest rate of 1.15 percent. The currency repos of this period corresponded to auctions for S/ 300 million at 1 week (on March 30), which were placed at an average interest rate of 4.65 percent.
 - Security repos: The balance of security repos on March 30 was S/ 5,762 million, with an average interest rate of 1.89 percent. The balance on March 23 was S/ 5,362 million, with an average interest rate of 1.71

percent. Security repos in this period corresponded to auctions for S/ 400 million at 1 week (on March 30), which were placed at an average interest rate of 4.30 percent.

- Loan portfolio repos: The balance of this instrument on March 30 was S/ 6,423 million, with an average interest rate of 1.27 percent. The balance on March 23 was S/ 6,424 million, with a similar average interest rate. The loan portfolio repos auctioned in this period corresponded to the modality of loan rescheduling and repos conditioned to the expansion of long-term credit in the financial system.
- Government-secured repos (including rescheduled loans): On March 30, the balance of this instrument was S/ 33,912 million and on March 23, the balance was S/ 34,251 million. In both cases, these balances were earmarked for loans with an average interest rate of 1.4 percent under the Program of government-secured loans.
- Auctions of Public Treasury Deposits: On March 30, the balance of this instrument was S/ 4,569 million with an average interest rate of 3.17 percent. The balance of this instrument on March 23 was the same.
- Liquidity **sterilization** operations:
 - CD BCRP: The balance of BCRP certificates of deposit on March 30 was S/ 7,166 million, with an average interest rate of 3.77 percent. The balance of this instrument on March 23 was the same.
 - CDV BCRP: The balance of BCRP variable rate certificates of deposit (CDV BCRP) on March 30 was S/ 22,117 million, while the balance of this instrument on March 23 was S/ 22,147 million. These certificates have a floating interest rate, linked to the Interbank Overnight Index (ION). On March 30, the average spread of the balance of CDV BCRP auctions is 0.04 percent. In the period from March 24 to March 30, S/ 2,990 million were placed for a term of 3 months with an average spread of 0.037 percent.
 - Overnight deposits: The balance of this instrument on March 30 was S/ 1,133 million, with an average interest rate of 2.50 percent. The balance on March 23 was S/ 799 million, with a similar average interest rate.
 - Time deposits: The balance of time deposits on March 30 was S/ 10,840 million with an average interest rate of 3.90 percent. The balance of these deposits on March 23 was S/ 12,170 million, with a similar average interest rate.
- Other monetary operations:
 - Interest rate swaps: On March 30, the balance of interest rate swaps was S/ 12,445 million, with an average interest rate of 2.35 percent. On March 23, this instrument showed a balance of S/ 14,195 million, with an average

interest rate of 2.20 percent. Likewise, in the period from March 24 to March 30, S/ 300 million were placed at terms of 3, 6, and 9 months (S/ 100 million in each term), with average interest rates of 4.74 percent, 5.15 percent and 5.23 percent, respectively. In these operations, BCRP receives a fixed interest rate and pays a floating rate given by the Interbank Overnight Index (ION).

As part of its **foreign exchange operations** carried out between March 24 and March 30, BCRP placed US\$ 46 million of FX swaps-sale while US\$ 1,085 million matured.

- i. Foreign exchange intervention: BCRP did not sell dollars in the spot market.
- ii. FX Swaps-sale: The balance of this instrument on March 30 was S/ 36,181 million (US\$ 9,145 million), with an average interest rate of 0.48 percent. The balance of this instrument on March 23 was S/ 40,111 million (US\$ 10,185 million), with an average interest rate of 0.45 percent.
- iii. CDR BCRP: The balance of this instrument on March 30 was S/ 995 million (US\$ 259 million), with an average interest rate of 0.40 percent. The balance on March 23 was the same.

As of March 30, 2022, the **monetary base** has decreased by S/ 333 million compared to March 23, 2022, and public sector deposits in soles increased by S/ 2,777 million, within the framework of the beginning of the regularization Income Tax period. During the week, the public sector sold foreign currency to the BCRP for US\$ 18.9 million (S/ 70 million).

The BCRP operations that involved injection of liquidity were mainly the net maturity of CDV BCRP (S/ 1,030 million), the net maturity of term deposits and overnight deposits (S/ 996 million), the placement of security repos (S/ 400 million) and currency repos (S/ 300 million). These operations were in part offset by the amortization of government-guaranteed portfolio repos (S/ 340 million).

In the last 12 months, the monetary base has increased by 3.7 percent, mainly as a result of a 3.5 percent increase in the demand for banknotes and coins.

Monetary balance of the Central Reserve Bank of Peru

(Million S/)

	Balance				Flows		Week ^{1/}
	Dec 31, 21	2022			2022		
		Feb. 28	Mar. 23	Mar. 30	Year	March	
I. NET INTERNATIONAL RESERVES	311,627	288,960	290,664	287,472	-4,556	1,594	662
<i>(Millions US\$)</i>	<i>78,495</i>	<i>76,851</i>	<i>77,099</i>	<i>77,277</i>	<i>-1,218</i>	<i>426</i>	<i>178</i>
1. Foreign Exchange Position	57,345	56,728	56,395	56,291	-1,053	-437	-104
2. Deposits of the Commercial Banks	16,278	15,262	15,855	16,157	-120	896	302
3. Deposits of the Public Sector	2,920	2,759	2,757	2,741	-179	-18	-15
4. Others ^{2/}	1,953	2,102	2,092	2,087	135	-15	-5
II. NET DOMESTIC ASSETS	-214,348	-195,481	-199,955	-197,096	-2,347	-4,782	-995
1. Credit to the financial sector in soles	12,936	5,852	6,274	8,660	-4,277	2,745	2,386
a. Security repos	5,963	6,989	5,362	5,762	-201	-1,227	400
b. Currency repos	3,342	2,452	1,222	1,522	-1,820	-930	300
c. Temporary Purchase of Portfolio	6,441	6,427	6,424	6,423	-17	-4	-1
d. Temporary Purchase of Portfolio with State Guarantee	38,827	35,745	34,251	33,912	-4,916	-1,833	-340
e. Securities issued	-25,971	-25,457	-27,826	-26,796	-825	-1,340	1,030
i. CDBCRP	-11,956	-4,344	-4,684	-4,684	7,273	-340	0
ii. CDRBCRP	-1,350	-1,195	-995	-995	355	200	0
iii. CDVBCRP	-12,664	-19,918	-22,147	-21,117	-8,453	-1,200	1,030
f. Other deposits in soles	-15,666	-20,305	-13,160	-12,164	3,503	8,142	996
2. Net assets public sector in soles ^{3/}	-92,686	-88,158	-91,102	-93,880	-1,194	-5,659	-2,777
3. Credit to the financial sector in dollars	-64,142	-57,421	-59,812	-60,142	-111	-3,351	-1,122
<i>(Millions US\$)</i>	<i>-16,128</i>	<i>-15,262</i>	<i>-15,855</i>	<i>-16,157</i>	<i>-30</i>	<i>-896</i>	<i>-302</i>
4. Net assets public sector in dollars	-9,670	-8,700	-8,753	-8,567	540	45	75
<i>(Millions US\$)</i>	<i>-2,348</i>	<i>-2,216</i>	<i>-2,224</i>	<i>-2,204</i>	<i>144</i>	<i>12</i>	<i>20</i>
5. Other Net Accounts	-60,786	-46,969	-46,562	-43,166	2,695	1,438	444
III. MONETARY BASE (I+II)	97,279	93,564	90,709	90,376	-6,903	-3,188	-333
<i>(% change 12 months)</i>	<i>13.1%</i>	<i>7.6%</i>	<i>4.5%</i>	<i>3.7%</i>			

1/ As of March 30. The flows isolate the valuation effects of fluctuations in the sol against the dollar.

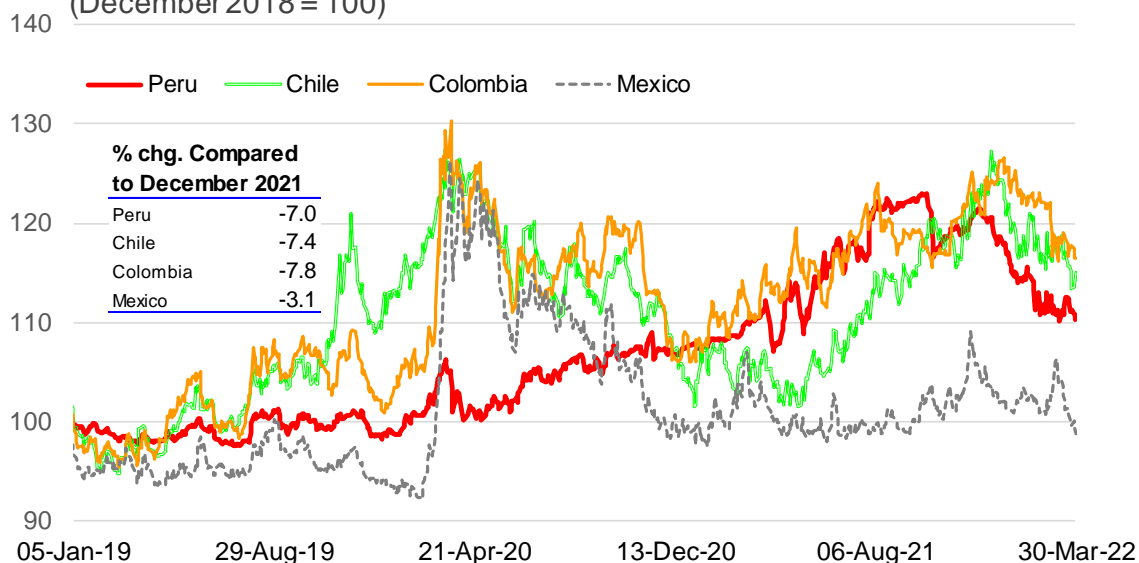
2/ Includes Global Public Treasury Bonds and currency repos to provide foreign currency.

3/ Includes 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.

The interbank selling **price of the dollar** at the close of March 30 was S/ 3.71 per dollar, 1.6 percent lower than the rate on March 23. As a result, the PEN accumulates an appreciation of 7.0 percent with respect to the end of last year. So far this year, BCRP has made sales of foreign currency for a total of US\$371 million in the spot market and has auctioned foreign exchange instruments (FX swaps-sell and CDR BCRP), for amounts lower than the maturities, with which the balance of these operations has decreased by US\$ 498 million.

Nominal Exchange Rate Index

(December 2018 = 100)

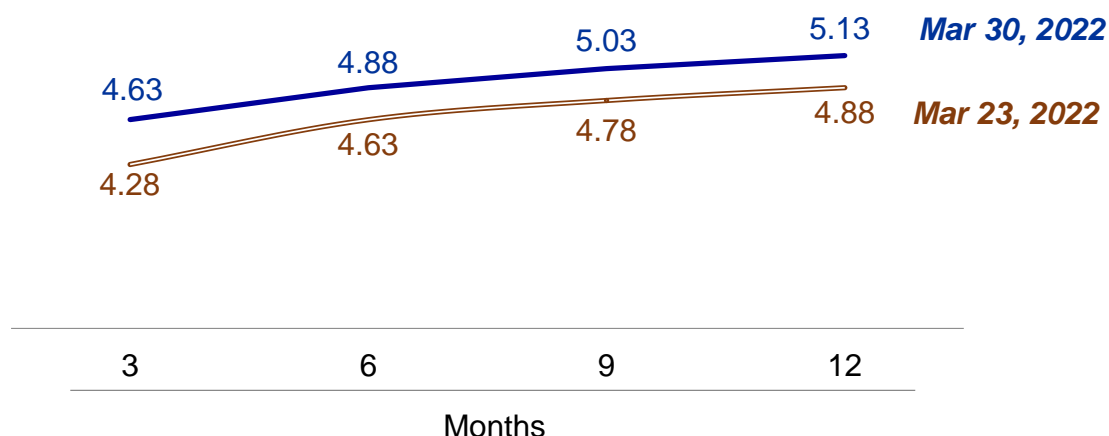


SHORT-TERM YIELD CURVES

On March 30, 2022, the yield curve of BCRP CD showed higher rates for all maturity terms than those registered on March 23. BCRP Certificates of Deposit are a monetary sterilization instrument that can be traded in the market or used in interbank repos and repos with the BCRP. The shape of this yield curve is influenced by expectations of future monetary policy rates and liquidity conditions in the market.

Yield curve of CDBCRP

(%)

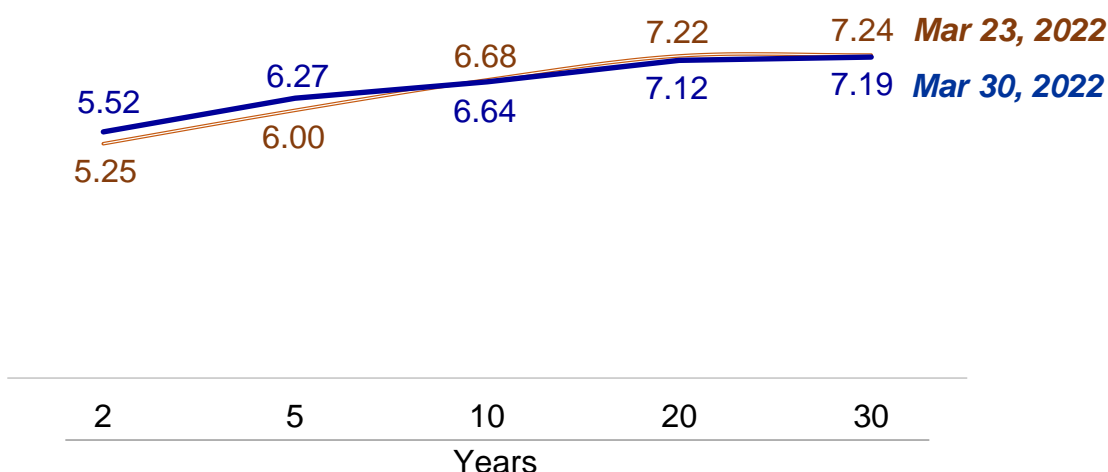


PUBLIC TREASURY BONDS

Markets use the yield on the Public Treasury bonds as a reference for terms of 2 years or more. On March 30, 2022, the yield curve of sovereign bonds registered, compared to that observed on March 23, higher values for the terms of 2 and 5 years, while for the term of 10 years these were lower.

Yield curve of BTP

(%)

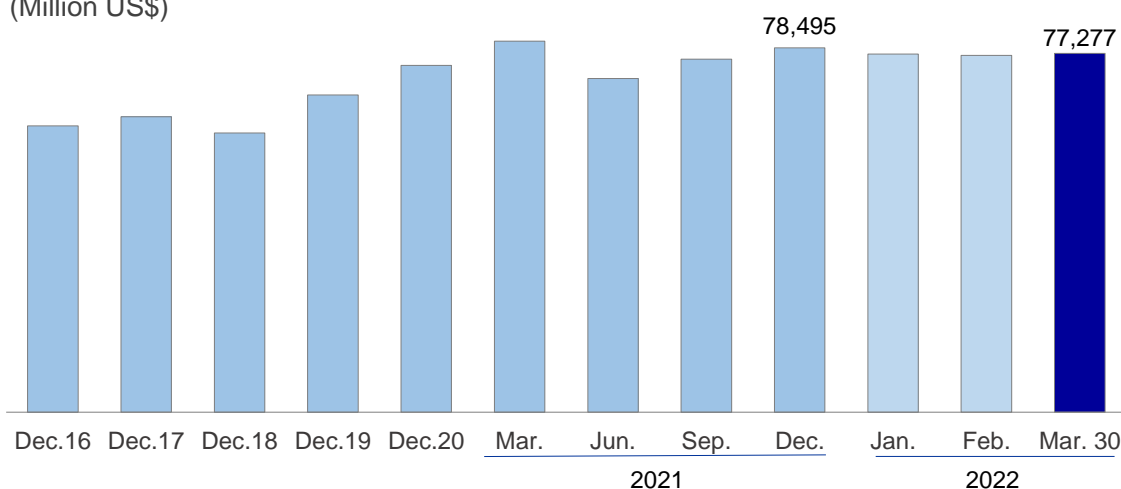


INTERNATIONAL RESERVES

On March 30, 2022, Peru's **net international reserves** –made up mainly of liquid international assets– amounted to US\$ 77,277 million. This level of reserves, which is US\$ 1,218 million lower than the amount of NIRs at the end of December 2021, is equivalent to 34 percent of GDP.

Net International Reserves

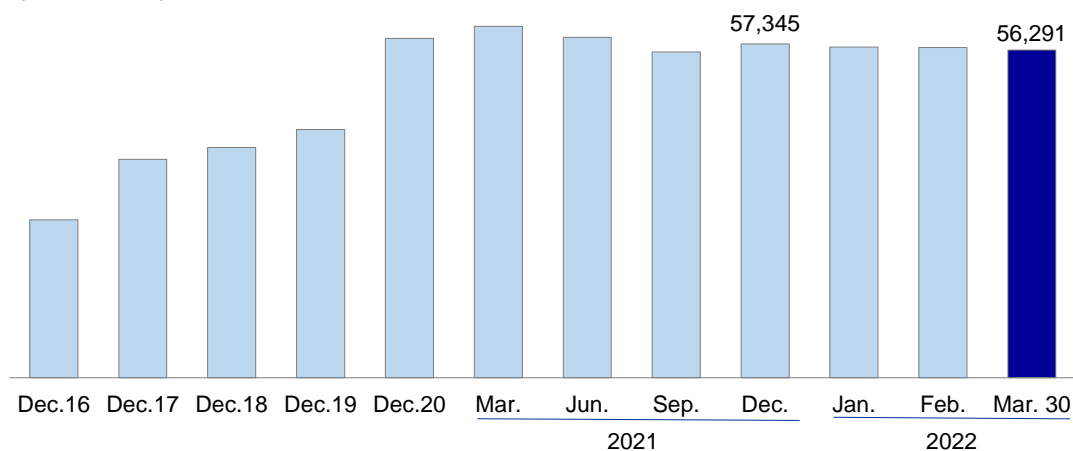
(Million US\$)



The **foreign exchange position** of BCRP on March 30 was US\$ 56,291 million, US\$ 1,053 million lower than the amount recorded at the end of December 2021.

Foreign Exchange Position

(Million US\$)



INTERNATIONAL MARKETS

Metal prices rise in international markets

Between March 23 and 30, the price of **copper** rose 0.8 percent to US\$ 4.71 the pound. The price increase was associated with the deterioration in the prospects for concentrate production in the main producing countries and the shortage of concentrate due to transport restrictions in China.

Copper Price

(cUS\$/pound)



% change			
30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
US\$ 4.71 / pound	0.8	4.2	7.2

From March 23 to 30, the price of **gold** increased 0.1 percent to US\$ 1,933.9 the troy ounce. This behavior was consistent with the depreciation of the U.S. dollar against a basket of major currencies and with the uncertainty of the war's impact on economic expansion and global inflation.

Gold Price

(US\$/tr. ounce)



% change			
30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
US\$ 1,933.9 / tr. ounce	0.1	1.3	6.2

In the week under review, the price of **zinc** rose 2.9 percent to US\$ 1.88 the pound. The price rise was based on the drop in inventories on the London Metal Exchange and the growing tensions in the supply chain caused by the increase in the energy prices and the lack of zinc concentrate amid transport restrictions due to the pandemic in China.

Zinc Price

(ctv. US\$/pound)



% change			
30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
US\$ 1.88 / pound	2.9	11.6	13.9

From March 23 to 30, the price of **WTI oil** decreased 6.0 percent to US\$ 107.8 the barrel.

The price fell after Russia described the peace talks with Ukraine as constructive, in addition to the lower demand from China due to the new lockdowns in that country to curb the spread of the coronavirus.

WTI Oil Price

(US\$/barrel)



% change			
30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
US\$ 107.8 / barrel	-6.0	11.3	42.6

The price of maize fell in international markets

From March 23 to 30, the price of **maize** fell 2.7 percent to US\$ 280.1 per ton.

The price was affected by the lower demand for this grain to produce biofuels due to the increase in ethanol inventories in the United States during the week, which reached its highest level since April 2020.

Maize Price

(US\$/ton)



% change			
30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
US\$ 280.1 / ton	-2.7	4.5	23.0

Between March 23 to 30, the price of **soybean oil** rose 3.6 percent to US\$ 1,704.8 the ton. The price increase was favored by the lower supply of sunflower oil in Ukraine and Russia, which was in part offset by the drop in the price of oil and by the lower consumption of biodiesel in Brazil.

Soybean oil Price
(US\$/ton)



% change			
30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
US\$ 1704,8 / ton	3.6	-0.5	18.9

In the same period, the price of **wheat** increased 4.6 percent to US\$ 483 per ton. The price was supported by reports of drought in a large part of the winter wheat fields in the United States, increased taxes on wheat exports by Russia, as well as by estimates of significant drops in production from Ukraine.

Wheat Price
(US\$/ton)

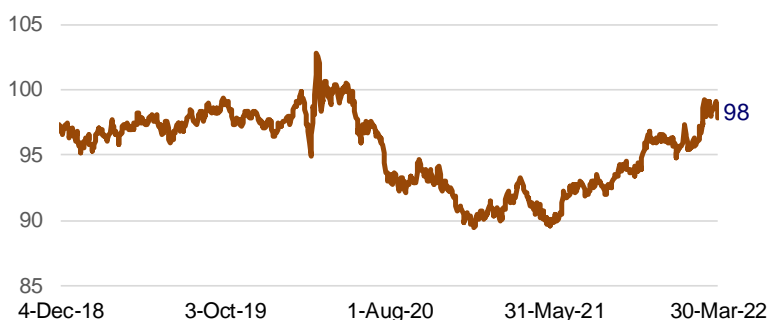


% change			
30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
US\$ 483.0 / ton	4.6	20.0	17.6

U.S. dollar depreciates in international markets

In the period under analysis, the **U.S dollar** value index fell 0.8 percent against a basket of major currencies. This depreciation was associated with lower risk aversion due to expectations of progress in the ceasefire talks between Russia and Ukraine, and the release of preliminary data for March showing an increase in inflation in the main Eurozone countries. The depreciation against the euro (1.4 percent) and the yen (0.6 percent) stands out.

DXY Index ^{1/}
(March 1973=100)



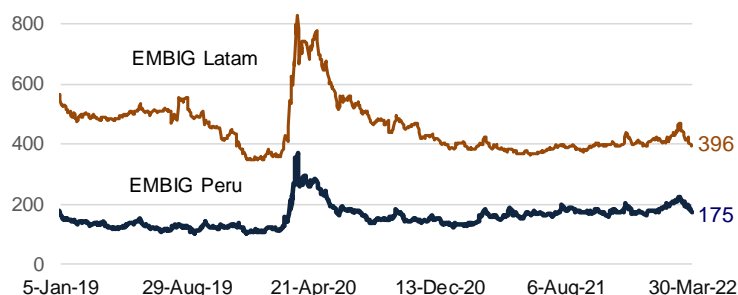
1/ Index of the value of the US dollar in relation to a basket of main currencies (euro, yen, pound, Canadian dollar, Swiss franc and Swedish krona).

Variation %			
30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
97.9	-0.8	1.2	2.0

The country risk fell to 175 basis points

Between March 23 and 30, the **EMBIG Peru** fell 24 bps to 175 bps and the **EMBIG Latin America** dropped 27 bps to 396 bps, consistent with favorable data in the labor and real estate markets in the United States and with expectations regarding negotiations between Russia and Ukraine.

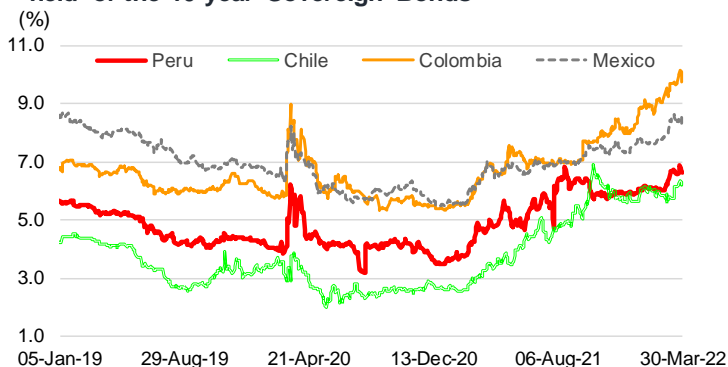
Country Risk Indicator
(Bps)



	Variation in basis points			
	30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
EMBIG Peru (bps)	175	-24	-38	5
EMBIG Latam (bps)	396	-27	-42	-3

The yield on **Peruvian 10-year sovereign bonds** remain one of the lowest in the region.

Yield of the 10-year Sovereign Bonds



	Variation in pbs.			
	30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
Peru	6.6	1	46	72
Chile	6.2	2	32	56
Colombia	9.7	-23	21	148
Mexico	8.3	-8	38	75

The yield on US Treasuries at 2.35 percent

In the analyzed period, the yield on the **US Treasury bond** increased 6 bps to 2.35 percent.

This result was consistent with the lower global risk aversion associated with geopolitical tensions and with the expectations of a more aggressive adjustment in the monetary policy stance of the Federal Reserve.

10-Year US Treasury rate



	Variation in basis points		
	30 Mar.2022	23 Mar.2022	28 Feb.2022
	2.35%	6	53

INDICES OF THE LIMA STOCK EXCHANGE

From March 23 and 30, the **General Index** of the Lima Stock Exchange (IGBVL-Peru General) fell 1.7 percent while the **Selective Index** (ISBVL-Lima 25) dropped 0.2 percent amid a context of moderation in the mining and financial sectors.

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



	As of:	% change compared to:		
	30 Mar.2022	23 Mar.2022	28 Feb.2022	31 Dec.2021
Peru General	25,196	-1.7	6.1	19.3
Lima 25	35,905	-0.2	5.1	18.6