



## Weekly Economic Report – September 1, 2022

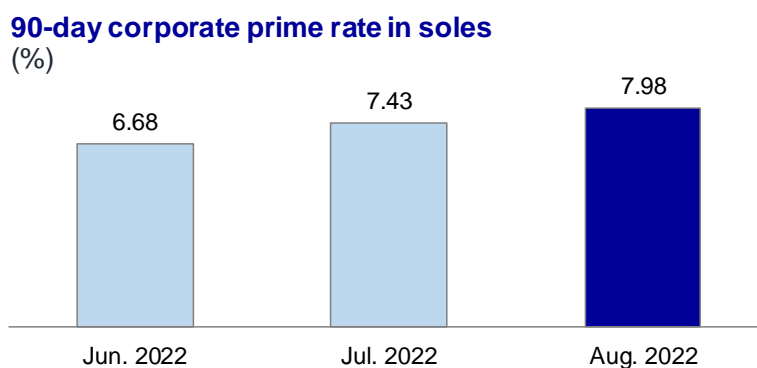
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## INTERBANK INTEREST RATE IN SOLES

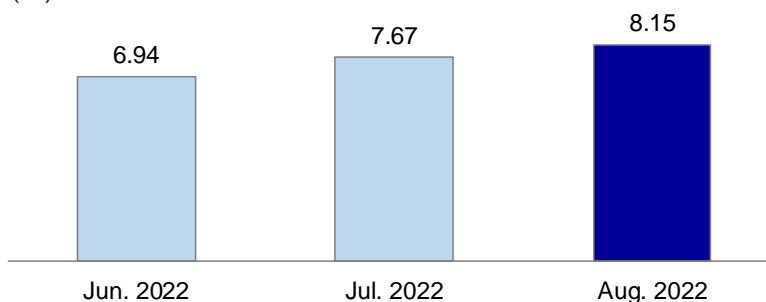
On August 31, 2022, the **interbank** interest rate in soles was 6.50 percent per year, while this rate in dollars was 2.50 percent per year.

On the same day, the average **90-day corporate prime rate** –the interest rate banks charge to lower risk businesses- in soles was 7.98 percent per year and the prime rate in dollars was 3.96 percent per year.



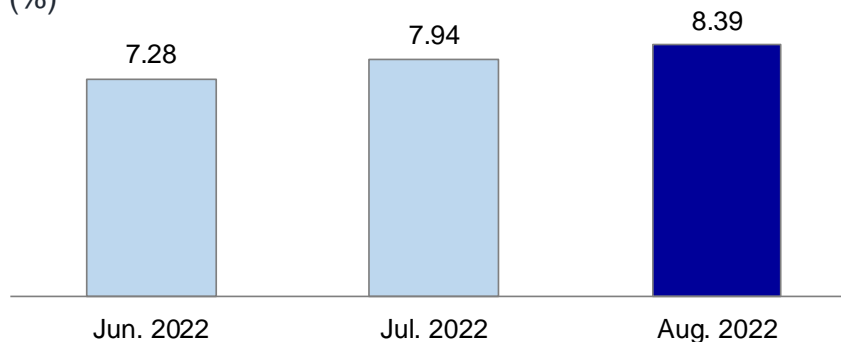
On August 31, 2022, the corporate prime rate on 180-day loans in soles was 8.15 percent per year and this rate in dollars was 4.44 percent per year.

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



On the same day, the **corporate prime interest rate on 360-day loans** in soles was 8.39 percent per year and the rate in dollars was 4.94 percent per year.

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




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**BCRP OPERATIONS**

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BCRP monetary **operations** from August 25 to August 29 included the following:

Liquidity **injection** operations:

- Securities repos: On August 29, these repos showed a balance of S/ 12,458 million, with an average interest rate of 5.50 percent, while the balance on August 24 was S/ 12,158 million, with an average interest rate of 5.45 percent. The securities repos carried out during this period corresponded to auctions of 3-month repos for S/ 300 million (August 26). placed at an average interest rate of 7.53 percent.
- Currency repos: On August 29, the balance of regular currency repos was S/ 1,747 million, with an average interest rate of 3.11 percent. The balance on August 24 was the same.
- Loan portfolio repos: On August 29, the balance of this instrument was S/ 6,376 million, with an average interest rate of 1.27 percent. The balance on August 24 was S/ 6,377 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 soles in the financial system.

- **Reactiva Perú repos (including rescheduled loans):** On August 29, the balance of this instrument was S/ 26,278 million, while the balance on August 24 was S/ 26,597 million. In both cases, these balances were allocated to loans at an average interest rate of 1.4 percent under the Program of government-secured loans.
- **Auctions of Public Treasury deposits:** On August 29, the balance of this instrument was S/ 6,342 million, with an average interest rate of 6.26 percent. The balance on August 24 was S/ 6,542 million, with an average interest rate of 6.04 percent. Auctions of Treasury deposits in this period corresponded to 6-month repos for a total of S/ 300 million, which were placed at an average interest rate of 7.98 percent.

**Liquidity sterilization operations:**

- **CD BCRP:** The balance of these certificates on August 29 was S/ 8,370 million, with an average interest rate of 6.09 percent. On August 24, the balance was S/ 7,164 million, with an average interest rate of 5.97 percent. In the period from August 25 to August 29, certificates for a total of S/ 1,206 million were placed at a six-month maturity term with an average interest rate of 6.77 percent.
- **CDV BCRP:** The balance of this instrument on August 29 was S/ 20,555 million, while the balance on August 24 was S/ 21,155 million. These certificates have a floating interest rate, linked to the Interbank Overnight Index (ION). On August 29, the average spread of the balance awarded in the auctions of BCRP CDV was 0.02 percent. In the period from August 25 to August 29, certificates for a total of S/ 1,700 million were placed at a 3-month maturity term with an average spread of 0.02 percent.
- **Overnight deposits:** On August 29, the balance of this instrument was S/ 987 million, with an average interest rate of 4.50 percent. The balance on August 24 was S/ 859 million, with a similar average interest rate.
- **Time deposits:** On August 29, the balance of time deposits was S/ 5,867 million, with an average interest rate of 6.44 percent, while on August 24 the balance was S/ 5,444 million, with an average interest rate of 6.41 percent.

**Other monetary operations:**

- **Interest rate swaps:** On August 29, the balance of interest rate swaps was S/ 3,840 million, with an average interest rate of 5.59 percent. The balance on August 24 was S/ 3,830 million, with an average interest rate of 5.53 percent. In the period from August 25 to August 29, interest rate swaps for a total of S/ 60 million were placed at 3-month and 9-month terms with average interest rates of 6.72 percent and 6.75 percent, respectively. In

these operations, BCRP receives a fixed interest rate and pays a floating rate based on the Interbank Overnight Index (ION).

The **foreign exchange operations** of BCRP between August 25 and August 31 did not include any intervention in the spot market. In this period, FX Swaps-sale amounting to US\$ 49 million matured.

- i. Foreign Exchange intervention: BCRP did not intervene in the spot market.
- ii. FX swaps-sale: The balance of this instrument on August 31 was S/ 32,826 million (US\$ 8,464 million), with an average interest rate of 1.97 percent. The balance of this instrument on August 24 was S/ 33,026 million (US\$ 8,513 million), with an average interest rate of 1.96 percent.
- iii. CDR BCRP: The balance of this instrument on August 31 was S/ 200 million (US\$ 52 million), with an average interest rate of 2.33 percent. The balance on August 24 was the same.

On August 29, 2022, the **monetary base** had increased by S/ 664 million compared to August 24, 2022, and public sector's deposits in soles had decreased by S/ 1,255 million. During the week, the public sector sold foreign currency for a total of US\$ 35.8 million (S/ 138 million) to BCRP.

The BCRP's liquidity injection operations included the net maturity of CDV BCRP (S/600 million) and the placement of securities repos (S/ 300 million). These operations were in part offset by the net placement of BCRP CDs (S/ 806 million), the net placement of term and overnight deposits (S/ 551 million) and the amortization of Reactiva Peru repos (S/ 319 million).

In the last 12 months the monetary base has decreased by 2.0 percent, mainly as a result of a 2.4 percent decrease in demand for banknotes and coins.

## Monetary balance of the Central Reserve Bank of Peru

(Million S/)

	Balance				Flows		Week <sup>1/</sup>
	Dec 31, 21	2022			2022		
		Jul. 27	Aug. 24	Aug. 29	Year	August	
<b>I. NET INTERNATIONAL RESERVES</b>	<b>311,627</b>	<b>290,434</b>	<b>289,138</b>	<b>287,368</b>	<b>-13,425</b>	<b>3,645</b>	<b>1,223</b>
<i>(Millions US\$)</i>	<i>78,495</i>	<i>74,090</i>	<i>74,713</i>	<i>75,031</i>	<i>-3,465</i>	<i>941</i>	<i>318</i>
1. Foreign Exchange Position	57,345	52,579	52,716	52,708	-4,636	130	-8
2. Deposits of the Commercial Banks	16,278	15,375	16,082	16,425	147	1,050	343
3. Deposits of the Public Sector	2,920	4,071	3,931	3,916	996	-155	-15
4. Others <sup>2/</sup>	1,953	2,066	1,983	1,982	29	-84	-1
<b>II. NET DOMESTIC ASSETS</b>	<b>-214,348</b>	<b>-198,763</b>	<b>-199,196</b>	<b>-196,762</b>	<b>6,752</b>	<b>-4,709</b>	<b>-558</b>
1. Credit to the financial sector in soles	12,936	21,470	17,550	16,774	3,838	-4,796	-776
a. Security repos	5,963	11,858	12,158	12,458	6,495	600	300
b. Currency repos	3,342	2,247	1,747	1,747	-1,595	-500	0
c. Temporary Purchase of Portfolio	6,441	6,380	6,377	6,376	-64	-3	-1
d. Portfolio Repo under Reactiva Peru	38,827	27,954	26,597	26,278	-12,549	-1,676	-319
e. Securities issued	-25,971	-20,718	-22,639	-22,845	3,126	-2,127	-206
i. CDBCRP	-11,956	-2,598	-3,899	-4,705	7,252	-2,107	-806
ii. CDRBCRP	-1,350	-200	-200	-200	1,150	0	0
iii. CDVBCRP	-12,664	-17,920	-18,540	-17,940	-5,276	-20	600
f. Other deposits in soles	-15,666	-6,251	-6,690	-7,240	8,426	-990	-551
2. Net assets public sector in soles <sup>3/</sup>	-92,686	-92,143	-91,138	-89,883	2,803	2,361	1,255
3. Credit to the financial sector in dollars	-64,142	-60,489	-62,298	-62,968	-1,151	-4,069	-1,318
<i>(Millions US\$)</i>	<i>-16,128</i>	<i>-15,375</i>	<i>-16,082</i>	<i>-16,425</i>	<i>-297</i>	<i>-1,050</i>	<i>-343</i>
4. Net assets public sector in dollars	-9,670	-14,018	-13,299	-13,106	-4,162	597	55
<i>(Millions US\$)</i>	<i>-2,348</i>	<i>-3,576</i>	<i>-3,436</i>	<i>-3,422</i>	<i>-1,074</i>	<i>154</i>	<i>14</i>
5. Other Net Accounts	-60,786	-53,583	-50,011	-47,579	5,424	1,198	224
<b>III. MONETARY BASE (I+II)</b>	<b>97,279</b>	<b>91,670</b>	<b>89,942</b>	<b>90,606</b>	<b>-6,673</b>	<b>-1,064</b>	<b>664</b>
<i>(% change 12 months)</i>	<i>13.1%</i>	<i>-1.4%</i>	<i>-2.4%</i>	<i>-2.0%</i>			

1/ As of Aug 29. The flows isolate the valuation effects of fluctuations in the sol against the dollar.

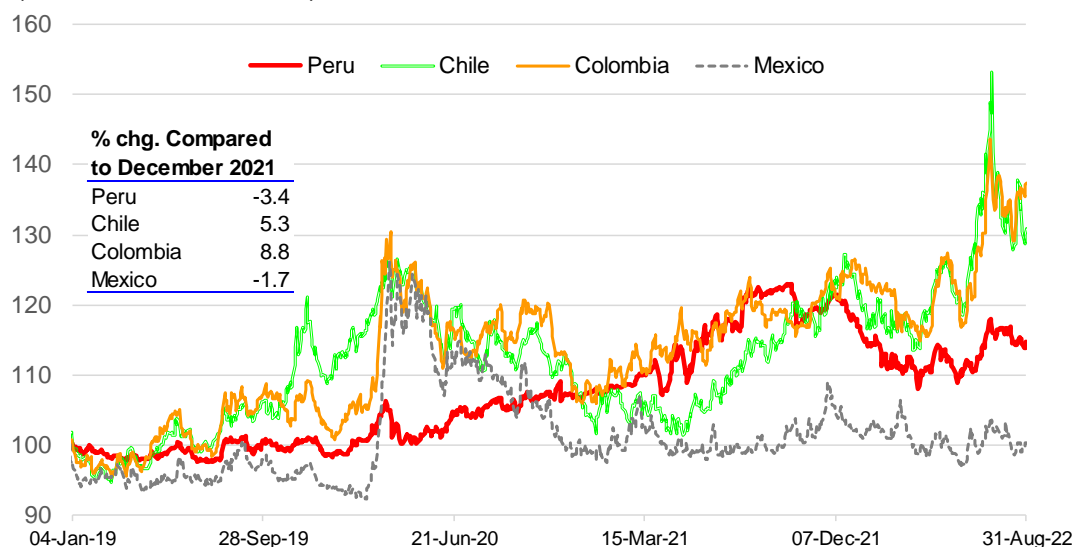
2/ Includes SDR allocations. Global Public Treasury Bonds and Repos Operations to provide foreign currency.

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.

On August 31, the interbank sale **exchange rate** closed at S/ 3.86 per dollar, a value 0.4 percent lower than the rate on August 24. As a result, the PEN accumulates an appreciation of 3.4 percent with respect to the end of last year. Year-to-date, BCRP has sold US\$ 1,126 million in the spot market and has auctioned foreign exchange instruments (FX swaps-sale and CDR BCRP), reducing the balance of these operations by US\$ 1,387 million.

## Nominal Exchange Rate Index

(December 2018 = 100)

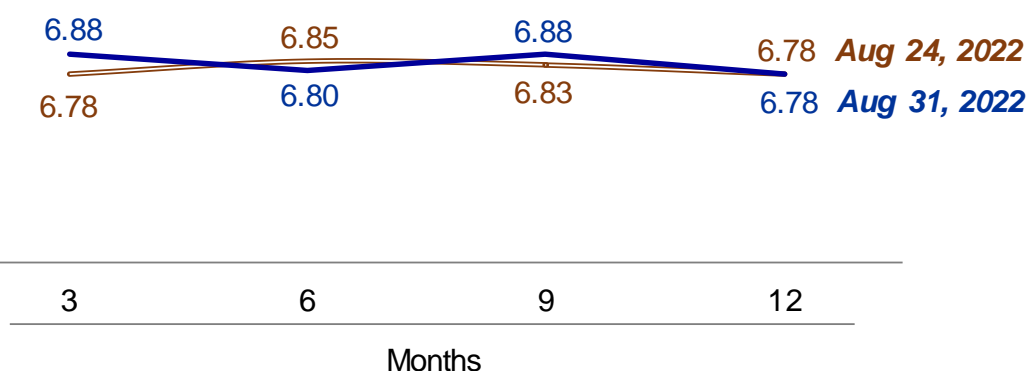


## SHORT-TERM YIELD CURVES

On August 31, 2022, the yield curve of BCRP CD registered higher rates in 3-month and 9-month bonds than those observed on August 24, 2022. 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

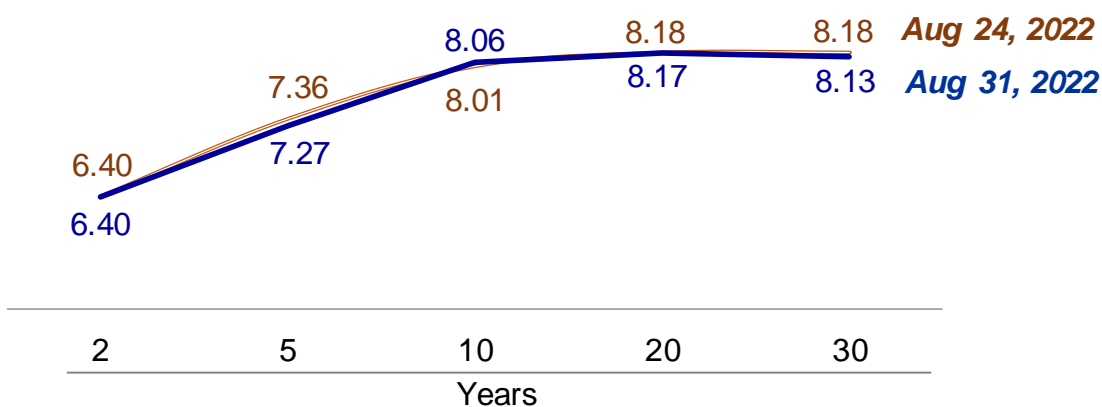
(%)



## TREASURY BONDS

Markets use the yield on the Public Treasury bonds as reference for terms of 2 years or more. On August 31, 2022, interest rates on sovereign bonds at maturity terms of 5 years, 20 years and 30 years were lower than those observed on August 24.

## Yield curve of BTP (%)

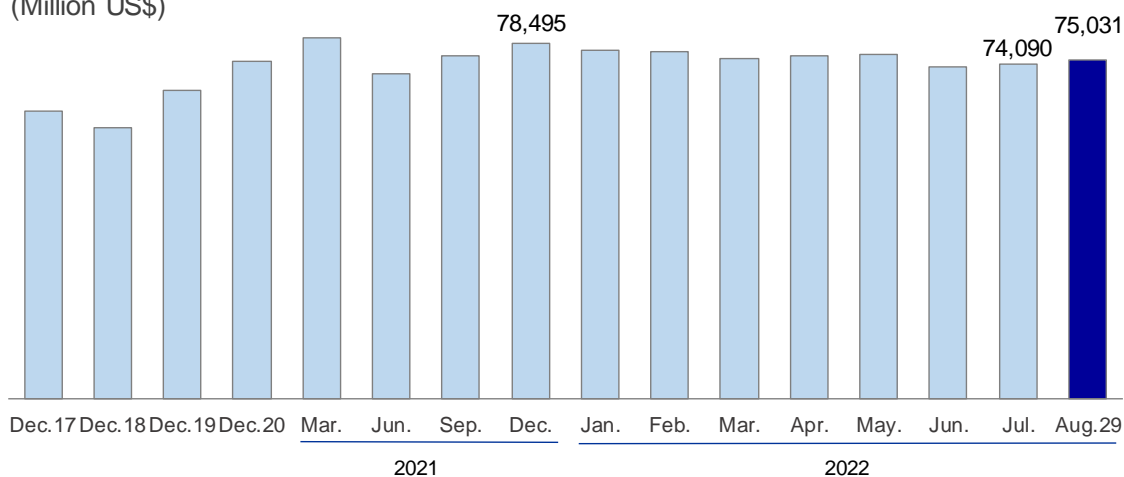


## INTERNATIONAL RESERVES

On August 29, 2022, **Net International Reserves** totaled US\$ 75,031 million, a sum US\$ 3,465 million lower than that recorded at the end of 2021. International reserves are made up of liquid international assets and their current level is equivalent to 32 percent of GDP.

### Net International Reserves

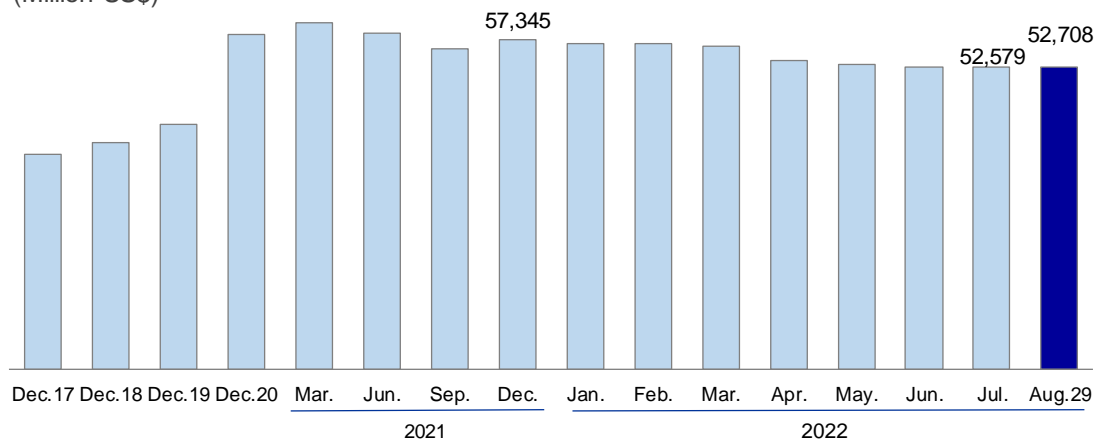
(Million US\$)



The foreign **exchange position** on August 29 was US\$ 52,708 million, US\$ 4,636 million lower than at the end of December 2021, mainly due to the net sale of foreign currency to the public sector (US\$ 2,270 million) to constitute the Fiscal Stabilization Fund (US\$ 1,493 million).

## Foreign Exchange Position

(Million US\$)



## INTERNATIONAL MARKETS

### Metal prices decline in international markets

In the week of August 24 to August 31, the price of **copper** fell 3.9 percent to US\$ 3.50 the pound. This price fall was associated with fears of lower demand from China due to lower than expected activity indicators, as well as with the appreciation of the dollar. In August, the price of copper fell by 1.0 percent.

#### Copper Price

(cUS\$/pound)



% change			
Aug 31, 2022	Aug 24, 2022	Jul 30, 2022	Dec 31, 2021
US\$ 3.50 / pound	-3.9	-1.0	-20.3

In August 24 - August 31, the price of **zinc** fell 0.6 percent to US\$ 1.61 the pound. This fall is associated with China's lower purchases of this metal, as well as with expectations of higher interest rates in the Eurozone, where inflation has risen more than expected. In August, the price of zinc increased 5.6 percent.

#### Zinc Price

(ctv. US\$/pound)



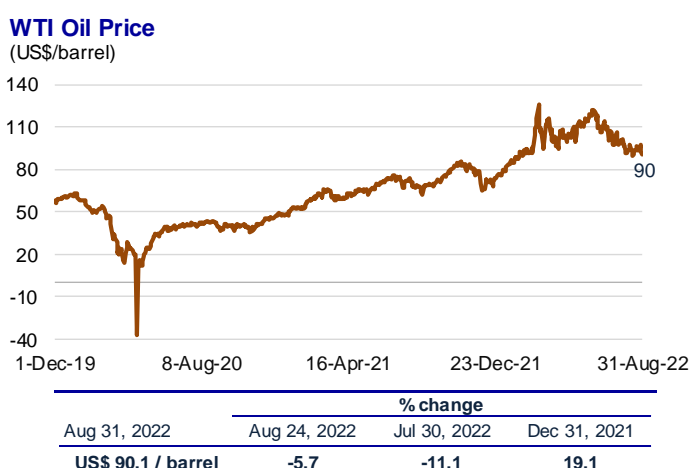
% change			
Aug 31, 2022	Aug 24, 2022	Jul 30, 2022	Dec 31, 2021
US\$ 1.61 / pound	-0.6	5.6	-2.5



In the same period, the price of **gold** fell 1.7 percent to US\$ 1,715.9 the ounce. The reduction in the price of gold reflected the appreciation of the dollar against the major currencies, as well as the increase in the yield on US Treasury bonds. In August, the price of gold fell 2.1 percent.



From August 24 to August 31, the price of **WTI oil** dropped 5.7 percent to US\$ 90.1 the barrel. The price of oil fell, influenced by fears of global economic slowdown, by an increase in the global oil surplus projection, as well as by increased restrictions in China to curb the spread of Covid-19 in the country. In August, the price of oil fell 11.1 percent.



## International prices of wheat and maize down

From August 24 to August 31, the **wheat** price fell 1.3 percent to US\$ 379.4 the ton. The price of wheat was affected by record production in Russia and by expectations associated with the departure of shipments of wheat from Ukraine. The price of this grain increased 2.7 percent in August.



In the same period, the price of **maize** decreased 0.5 percent to US\$ 271.7 a ton. The decrease in the price is explained by the entry of the Brazilian harvest to international markets, by the beginning of the harvest in the United States, and by the departure of ships loaded with this grain from Ukraine. In August, the price of maize increased 2.1 percent.

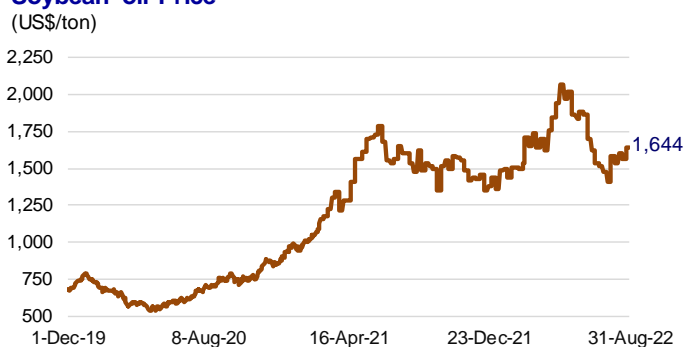
#### Maize Price



	% change		
	Aug 31, 2022	Aug 24, 2022	Jul 30, 2022
US\$ 271.7 / ton.	-0.5	2.1	19.3

On the other hand, the price of **soybean** oil increased 5.1 percent to US\$ 1,644 the ton between August 24 and August 31. This price increase was supported by the drought affecting the soybean crop in the United States. In August, soybean prices increased 3.7 percent.

#### Soybean oil Price



	% change		
	Aug 31, 2022	Aug 24, 2022	Jul 30, 2022
US\$ 1,644.0 / ton.	5.1	3.7	14.6

## US dollar appreciates in international markets

In the same period, the **dollar** index rose 0.2 percent against a basket of major currencies, influenced by statements from Federal Reserve officials regarding the likelihood that sharp interest rate adjustment will be applied to control inflation. The dollar appreciated 2.8 percent in August.

#### DXY Index <sup>1/</sup>



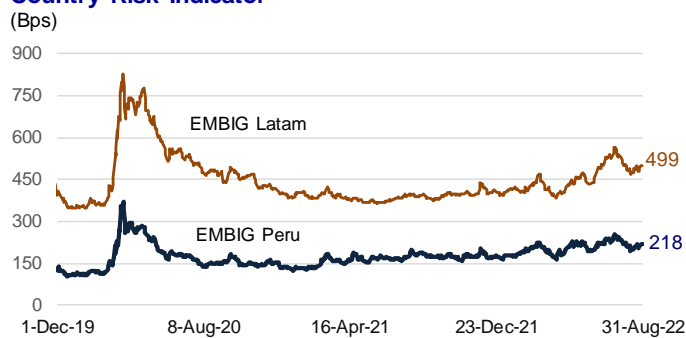
1/ Index of the value of the US dollar in relation to a basket of main currencies (euro, yen, pound, Canadian dollar, Swiss franc and Swedish krona).

	Variation %		
	Aug 31, 2022	Aug 24, 2022	Jul 30, 2022
	108.9	0.2	2.8

## Country risk at 218 basis points

In the week of August 24 to August 31, the **EMBIG Peru** spread rose 12 bps to 218 bps and the **EMBIG Latin America** spread rose 17 bps to 499 bps, in a context marked by economic slowdown, fears regarding a possible global recession and the restrictive stance of central banks. In August, the country risk indicator decreased by 1 bp.

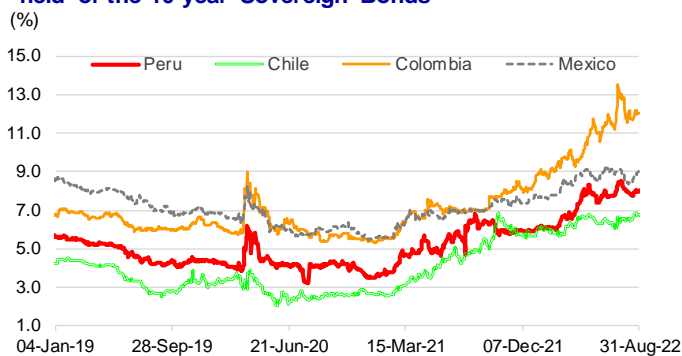
### Country Risk Indicator



	Variation in basis points			
	Aug 31, 2022	Aug 24, 2022	Jul 30, 2022	Dec 31, 2021
EMBIG Peru (bps)	218	12	-1	48
EMBIG Latam (bps)	499	17	-1	100

The interest rate on **Peruvian 10-year sovereign bonds**, which increased by 2 bps between August 24 and August 31, remains one of the lowest in the region. In August, this interest rate declined by 6 bps.

### Yield of the 10-year Sovereign Bonds



	Variation in pbs.			
	31 Aug.2022	24 Aug.2022	30 Jul.2022	31 Dec.2021
Peru	8.0	2	-6	213
Chile	6.7	-12	19	108
Colombia	12.1	-10	-15	381
Mexico	9.0	11	48	149

## Yield on US Treasuries at 3.20 percent

In the same period, the yield on the **US Treasury bond** rose by 9 bps to 3.20 percent, in a context of high inflation and expectations of sharp interest rate adjustments following statements by Federal Reserve officials. In August, the yield on US Treasuries rose 54 bps.

### 10-Year US Treasury rate



	Variation in basis points		
	Aug 31, 2022	Aug 24, 2022	Jul 30, 2022
	3.20%	9	54

INDICES OF THE LIMA STOCK EXCHANGE

From August 24 to 31, the **General Index of the Lima Stock Exchange** (IGBVL-Peru General) fell 3.7 percent and the **Selective Index** (ISBVL-Lima 25) fell 4.1 percent, in a context marked by falling metal prices. In August, the General Index fell 2.3 percent and the Selective Index fell 1.4 percent.

**Peru General index of the LSE**

(Base Dec. 1991=100)



	% change compared to:			
	As of: Aug 31, 2022	Aug 24, 2022	Jul 30, 2022	Dec 31, 2021
Peru General	18,853	-3.7	-2.3	-10.7
Lima 25	27,077	-4.1	-1.4	-10.6

