



Weekly Economic Report - December 29, 2022

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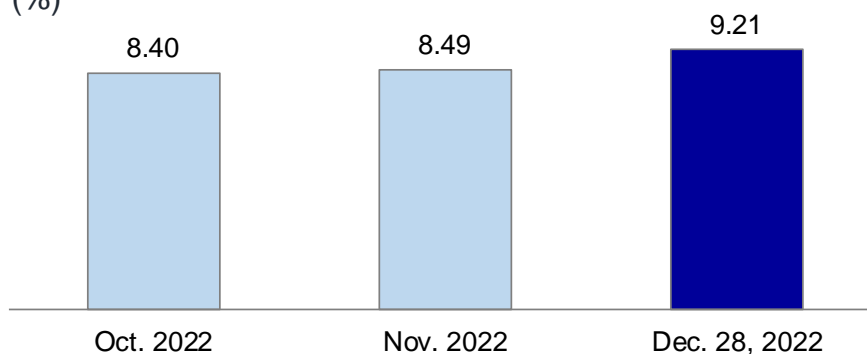
INTERBANK INTEREST RATE IN SOLES

From December 22 to December 28, 2022, the average **interbank** interest rate in soles was 7.5 percent per year, while this rate in dollars was 4.5 percent per year.

On December 28, 2022, the 90-day **corporate prime interest rate** –the interest rate banks charge to lower risk businesses– in soles was 9.21 percent per year, and the rate in dollars was 5.96 percent per year.

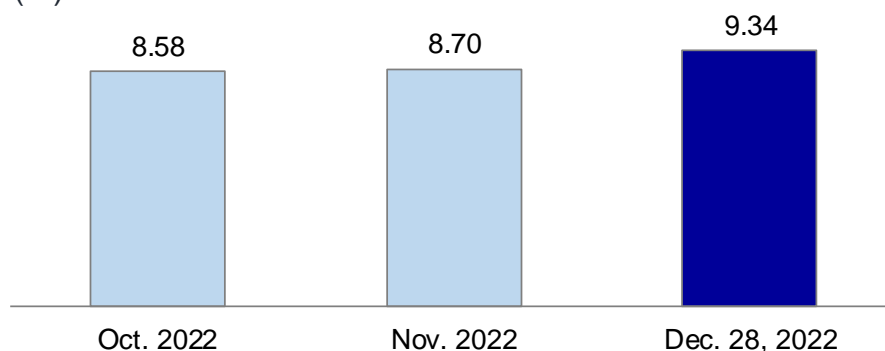
90-day corporate prime rate in soles

(%)



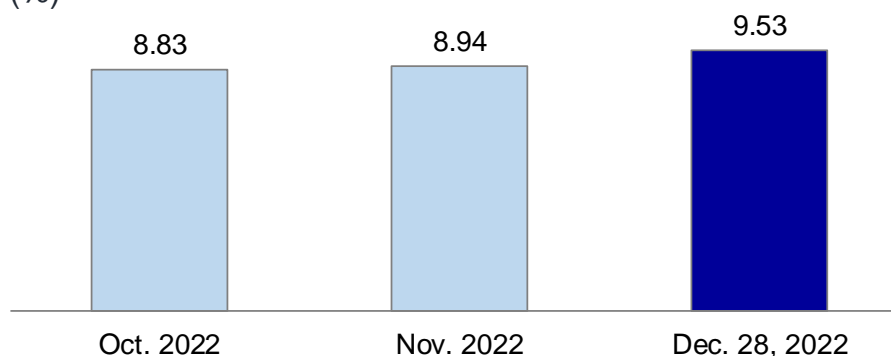
On the same day, the **corporate prime interest rate on 180-day loans** in soles was 9.34 percent per year and this rate in dollars was 6.24 percent per year.

180-day corporate prime rate in soles (%)



On December 28, 2022, the **corporate prime interest rate on 360-day loans** in soles was 9.53 percent per year and the rate in dollars was 6.45 percent per year.

360-day corporate prime rate in soles (%)



BCRP MONETARY OPERATIONS

BCRP **monetary operations** from December 22 to December 28 included the following:

- Liquidity **injection** operations:
 - Security repos: On December 28, the balance was S/ 7,903 million, with an average interest rate of 5.04 percent. The balance on December 21 was S/ 7,603 million, with an average interest rate of 4.84 percent. Security repos in this period corresponded to 1-day auctions for S/ 500 million (December 26), 1 week for S/ 200 million (December 23) and 3 months for S/ 300 million (December 23), which were placed at an average interest rate of 8.83 percent.
 - Currency repos: On December 28, the balance of regular currency repos was S/ 1,312 million, with an average interest rate of 4.11 percent. The

balance on December 21 was S/ 1,112 million, with an average interest rate of 3.26 percent. Currency repos in this period corresponded to one-week auctions for S/ 500 million, which were placed at an average interest rate of 8.69 percent.

- Loan portfolio repos: On December 28, the balance was S/ 6,340 million, with an average interest rate of 1.27 percent. The balance on December 21 was S/ 6,350 million, with a similar average interest rate, corresponding mainly to the rescheduling and expansion of long-term soles loans in the financial system.
 - Reactiva Peru Repos (including rescheduled loans): On December 28, the balance of this instrument was S/ 18 783 million, and the balance on December 21 was S/ 19 287 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 December 28, the balance was S/ 6,496 million, with an average interest rate of 7.84 percent. The balance on December 21 was the same.
 - Settlement of the acquisition of sovereign bonds in the secondary market for S/ 524 million at an average rate of 7.86 percent for terms between 6 and 15 years. The balance of sovereign bonds held by the Central Bank at acquisition value as of December 28 was S/ 4,928 million.
- Liquidity **sterilization** operations:
 - CD BCRP: The balance of these certificates on December 28 was S/ 12,044 million, with an average interest rate of 6.66 percent. The balance on December 21 was S/ 12,394 million, with a similar average interest rate. In the period from December 22 to 28, BCRP CDs amounting to S/ 100 million were placed for a 6-month term at an average interest rate of 7.39 percent.
 - CDV BCRP: The balance of this instrument on December 28 was S/ 12,033 million, while the balance on December 21 was S/ 11,357 million. The interest rate of these certificates is floating and linked to the Interbank *Overnight* Index (ION). On December 28, the average *spread* of the balance awarded in the BCRP CDV auctions amounted to -0.02 percent. In the period from December 22 to 28, certificates for a total of S/ 2,226 million were placed for a term of 3 months with an average *spread* of -0.045 percent.
 - *Overnight* deposits: On December 28, the balance of this instrument was S/ 2,171 million, with an average interest rate of 5.25 percent. The balance on December 21 was S/ 941 million, with a similar average interest rate.

- Term deposits: On December 28, the balance of term deposits was S/ 4,352 million, with an average interest rate of 7.31 percent. The balance on December 21 was S/ 2,500 million, with an average interest rate of 6.75 percent.
- Other monetary operations:
 - Interest rate swaps: On December 28, the balance of interest rate swaps was S/ 2,400 million, with an average interest rate of 6.48 percent. The balance on December 21 was S/ 2,580 million, with an average interest rate of 6.43 percent. In these operations, the 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 December 22 to 28, did not include any BCRP intervention in the spot market.

- i. Sale of foreign exchange in the spot market: The BCRP did not intervene in the spot market.
- ii. FX Swaps-sale: The balance of this instrument on December 28 was S/ 38 254 million (US\$ 9 850 million), with an average interest rate of 3.30 percent. The balance on December 21 was the same.
- iii. BCRP CDRs: The balance of this instrument on December 28 was nil, as was the balance on December 21.

On December 28, 2022, the **monetary base** increased by S/ 120 million with respect to December 21, 2022, and Public Sector deposits in soles decreased by S/ 3,480 million. During the week, the public sector sold foreign currency to the BCRP for US\$ 7 million (S/ 28 million).

The BCRP's liquidity injection operations were the net maturity of BCRP CDs (S/ 350 million), the net placement of Securities Repos (S/ 300 million), the net placement of Currency Repos (S/ 200 million) and the settlement of purchases of sovereign bonds in the secondary market (S/ 524 million). These operations were partially offset by the net placement of term and overnight deposits (S/ 3,083 million), the net placement of BCRP CDVs (S/ 500 million) and the amortization of government-secured repos of credit repos guaranteed by the National Government (S/ 504 million).

In the last 12 months, monetary base issuance declined by 2.7 percent, mainly as a result of a 2.8 percent decrease in 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		
		Dec. 21	Dec. 28	Year	December	
I. NET INTERNATIONAL RESERVES	311,627	283,188	279,227	-19,950	-149	-3,225
<i>(Millions US\$)</i>	<i>78,495</i>	<i>74,133</i>	<i>73,288</i>	<i>-5,208</i>	<i>-39</i>	<i>-845</i>
1. Foreign Exchange Position	57,345	52,008	51,952	-5,393	311	-56
2. Deposits of the Commercial Banks	16,278	16,160	15,392	-885	-190	-767
3. Deposits of the Public Sector	2,920	3,912	3,888	968	-162	-23
4. Others ^{2/}	1,953	2,054	2,055	102	2	1
II. NET DOMESTIC ASSETS	-214,348	-191,184	-187,103	14,794	1,828	3,345
1. Credit to the financial sector in soles	12,936	13,695	10,448	-2,488	-4,849	-3,247
a. Security repos	5,963	7,604	7,904	1,941	-2,544	300
b. Currency repos	3,342	1,112	1,312	-2,030	-800	200
c. Temporary Purchase of Portfolio	6,441	6,350	6,340	-101	-14	-10
d. Portfolio Repo under Reactiva Peru	38,827	19,287	18,783	-20,044	-1,795	-504
e. Securities issued	-25,971	-16,729	-16,879	9,092	3,649	-150
i. CDBCRP	-11,956	-7,729	-7,379	4,577	350	350
ii. CDRBCRP	-1,350	0	0	1,350	0	0
iii. CDVBCRP	-12,664	-9,000	-9,500	3,165	3,299	-500
f. Other deposits in soles	-15,666	-3,930	-7,012	8,654	-3,344	-3,083
2. Net assets public sector in soles ^{3/}	-92,686	-83,683	-80,204	12,482	6,151	3,480
3. Credit to the financial sector in dolars	-64,142	-61,800	-58,716	2,818	727	2,928
<i>(Millions US\$)</i>	<i>-16,128</i>	<i>-16,160</i>	<i>-15,392</i>	<i>735</i>	<i>190</i>	<i>767</i>
4. Net assets public sector in dollars	-9,670	-13,125	-13,010	-4,087	601	80
<i>(Millions US\$)</i>	<i>-2,348</i>	<i>-3,436</i>	<i>-3,415</i>	<i>-1,067</i>	<i>157</i>	<i>21</i>
5. Other Net Accounts	-60,786	-46,271	-45,622	6,069	-802	104
III. MONETARY BASE (I+II)	97,279	92,003	92,124	-5,156	1,679	120
<i>(% change 12 months)</i>	<i>13.1%</i>	<i>-3.1%</i>	<i>-2.7%</i>			

1/ As of Dec 28. The flows isolate the valuation effects of fluctuations in the sol against the dollar.

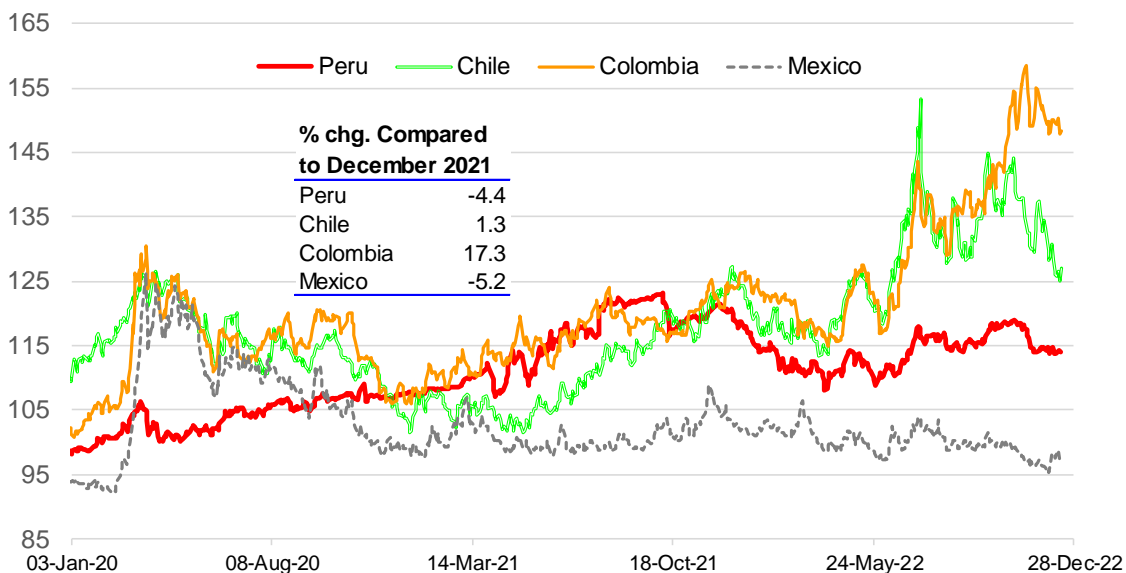
2/ Includes SDR allocations, Global Public Treasury Bonds and Repos Operations to provide foreign currency.

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.

The **interbank selling exchange rate** closed at S/ 3.81 per dollar on December 28, similar to the rate as of December 21, accumulating an appreciation of the **PEN** of 4.4 percent with respect to the end of last year. So far this year, the BCRP has sold foreign currency for a total of US\$ 1,236 million in the spot market and has auctioned FX instruments (FX swaps-sale and CDR BCRP), with which the balance of these operations has been reduced by US\$ 52 million.

Nominal Exchange Rate Index

(December 2018 = 100)

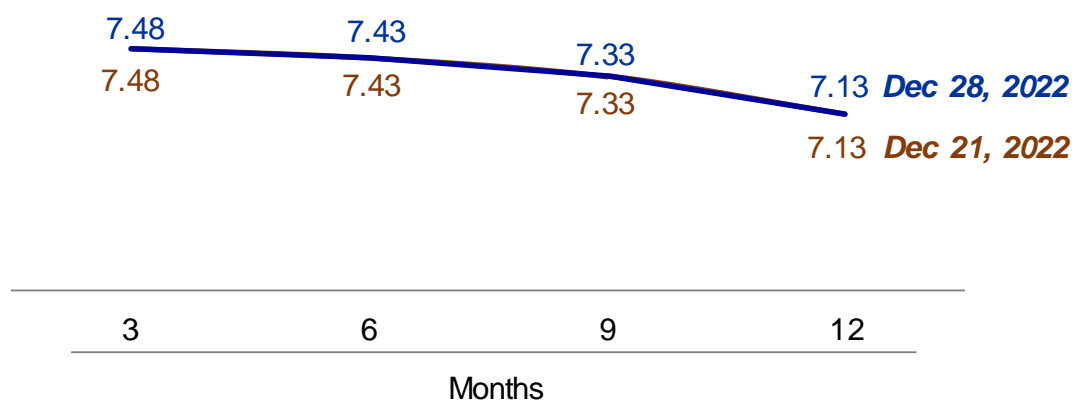


SHORT-TERM YIELD CURVES

On December 28, 2022, the yield curve of BCRP securities recorded, compared to December 21, 2022, similar rates for all maturities. 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

(%)

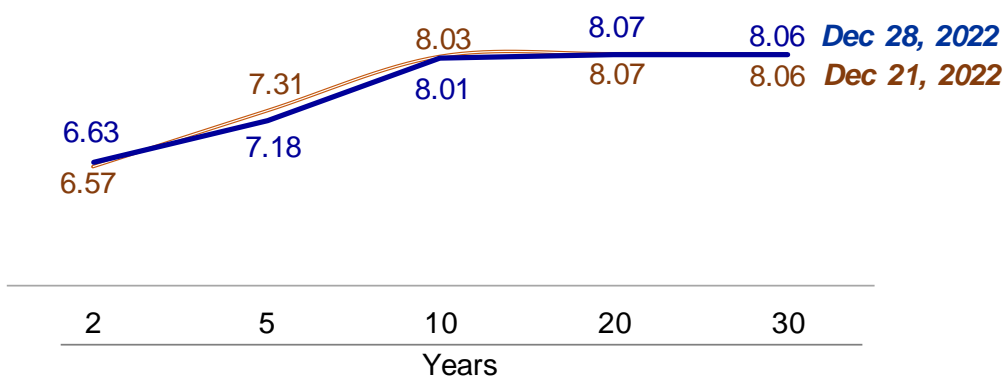


TREASURY BONDS

Markets use the yield on the Public Treasury bonds as reference for terms of 2 years or more. On December 28, 2022, the interest rate of sovereign bonds was higher, compared to those on December 21 only for the 2-year term, lower for the 5 and 10-year terms, and similar for the 20 and 30-year terms.

Yield curve of BTP

(%)

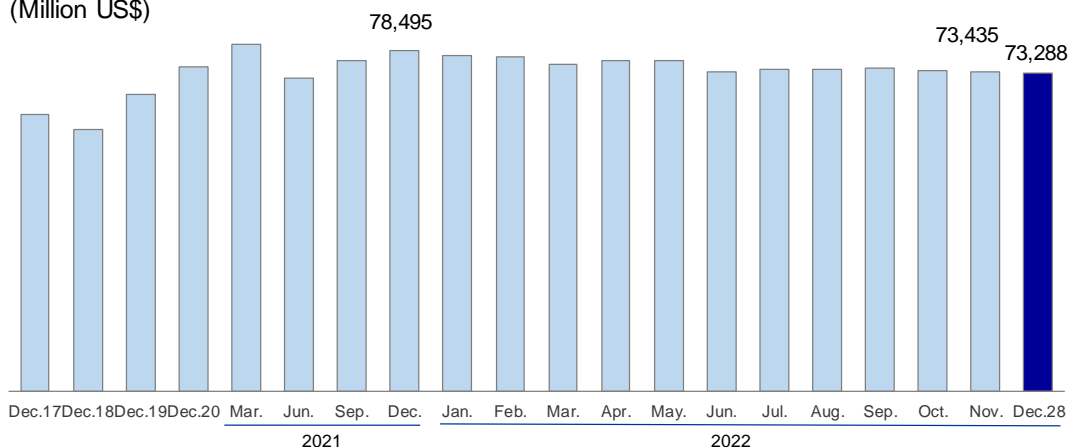


INTERNATIONAL RESERVES

On December 28, 2022, the **Net International Reserves** totaled US\$ 73,288 million, US\$ 5,208 million lower than at the end of 2021. International reserves are made up of liquid international assets and their current level is equivalent to 31 percent of GDP.

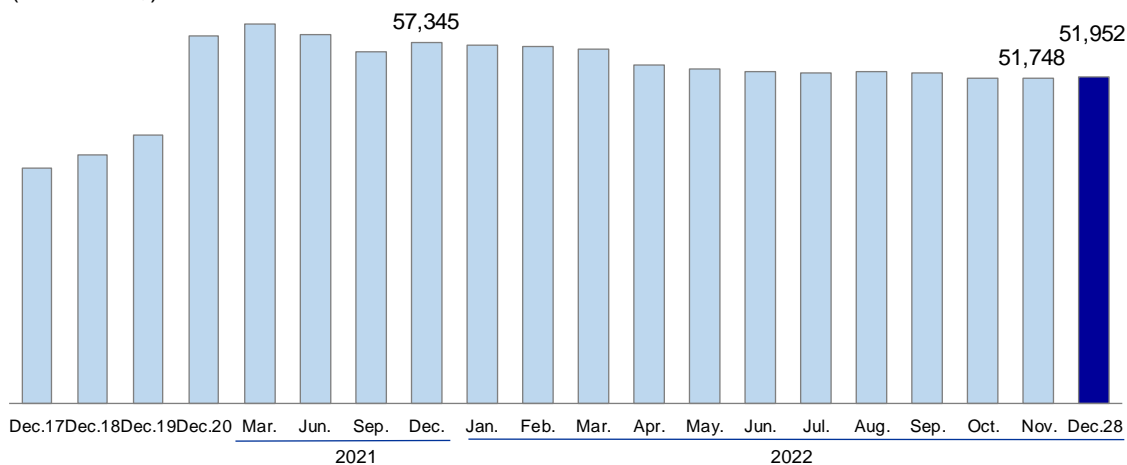
Net International Reserves

(Million US\$)



The **foreign exchange position** on December 28 was US\$ 51,952 million, US\$ 5,393 million lower than at the end of December 2021, mainly due to the net sale of foreign currency to the public sector (US\$ 2,963 million), particularly to constitute the Fiscal Stabilization Fund (US\$ 1,493 million).

Foreign Exchange Position (Million US\$)



INTERNATIONAL MARKETS

Copper price rises in international markets

Between December 21 and 28, the price of **copper** increased 1.5 percent to US\$/lb. 3.83 associated with lower inventories on the London Metal Exchange.

Copper Price (cUS\$/pound)



% change			
Dec 28, 2022	Dec 21, 2022	Nov 30, 2022	Dec 31, 2021
US\$ 3.83 / pound	1.5	3.1	-12.8

From December 21 to 28, the **gold** price declined 0.8 percent to US\$/oz.tr 1 803.4 coinciding with the appreciation of the dollar and rising U.S. Treasury bond yields.

Gold Price (US\$/tr. ounce)



% change			
Dec 28, 2022	Dec 21, 2022	Nov 30, 2022	Dec 31, 2021
US\$ 1,803.4 / tr. ounce	-0.8	2.8	-0.9

In the same period, the price of **zinc** decreased 0.3 percent to US\$/lb. 1.39, influenced by the appreciation of the dollar and increase in Covid cases in China.

Zinc Price
(ctv. US\$/pound)



% change			
Dec 28, 2022	Dec 21, 2022	Nov 30, 2022	Dec 31, 2021
US\$ 1.39 / pound	-0.3	2.8	-15.8

In the week of analysis, the price of **WTI oil** declined 0.2 percent to US\$/bl 78.1 on concerns of lower demand from China due to the increase in Covid cases and news that some countries are considering travel restrictions for Chinese visitors.

WTI Oil Price
(US\$/barrel)



% change			
Dec 28, 2022	Dec 21, 2022	Nov 30, 2022	Dec 31, 2021
US\$ 78.1 / barrel	-0.2	-2.6	3.2

Food prices rise in international markets

Between December 21 and 28, the price of **wheat** rose 1.7 percent to US\$/ton. 392.1 linked to the impact of the polar storm from the Arctic on winter wheat crops in the U.S. Great Plains.

Wheat Price
(US\$/ton)



% change			
Dec 28, 2022	Dec 21, 2022	Nov 30, 2022	Dec 31, 2021
US\$ 392.1 / ton.	1.7	-2.5	-4.5

The price of **soybean oil** increased 3.8 percent between December 21 and 28 to US\$/ton. 1 547.2 associated with the fear of delays in planting in Argentina due to the negative impact of the drought that accentuates the water deficit.

Soybean oil Price



Dec 28, 2022	% change		
	Dec 21, 2022	Nov 30, 2022	Dec 31, 2021
US\$ 1,547.2 / ton.	3.8	-10.3	7.9

In the same period, the price of **maize** rose 3.4 percent to US\$/ton. 259.9 associated with the lack of moisture in agricultural areas of Argentina and southwestern Brazil.

Maize Price



Dec 28, 2022	% change		
	Dec 21, 2022	Nov 30, 2022	Dec 31, 2021
US\$ 259.9 / ton.	3.4	3.6	14.1

Dollar appreciates in international markets

Between December 21 and 28, the **US dollar** index rose 0.3 percent on fears of the Federal Reserve's interest rates remaining high following the revision on the upside of the annualized US third quarter GDP growth (from 2.9% to 3.2%). The US dollar appreciated against the pound (0.4%) and the yen (1.3%).

DXY Index ^{1/}



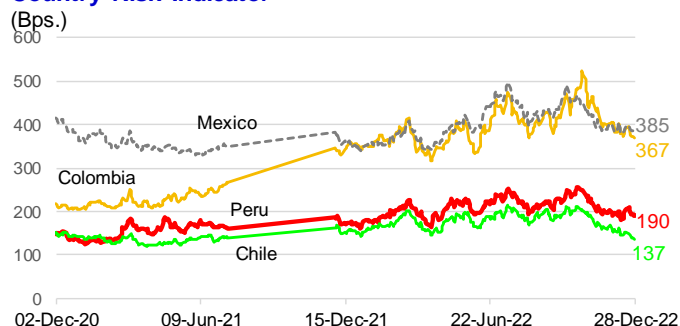
1/ Index of the value of the US dollar in relation to a basket of main currencies (euro, yen, pound, Canadian dollar, Swiss franc and Swedish krona).

Dec 28, 2022	Variation %		
	Dec 21, 2022	Nov 30, 2022	Dec 31, 2021
104.5	0.3	-1.3	8.8

Country risk drops to 190 basis points

Between December 21 and 28, **EMBIG Peru** decreased 10 bps to 190 bps following the trend in the region, in a context of easing of the strict sanitary measures of the "zero Covid" policy in China.

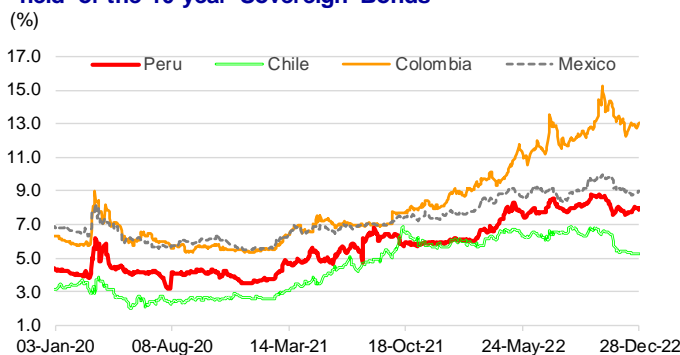
Country Risk Indicator



	Variation in basis points			
	28 Dec. 2022	21 Dec. 2022	30 Nov. 2022	31 Dec. 2021
EMBIG Peru (Bps)	190	-10	-3	20
EMBIG Chile (Bps)	137	-8	-20	-16
EMBIG Colombia (Bps)	367	-12	-37	14
EMBIG Mexico (Bps)	385	-4	-7	38

The interest rate on 10-year **Peruvian sovereign bonds** decreased 6 bps between December 21 and December 28 and remains one of the lowest in the region.

Yield of the 10-year Sovereign Bonds



	Variation in pbs.			
	28 Dec. 2022	21 Dec. 2022	30 Nov. 2022	31 Dec. 2021
Peru	8.0	-6	24	205
Chile	5.3	0	-16	-39
Colombia	13.0	17	-3	477
Mexico	9.0	17	-24	142

Yield on US Treasury bonds at 3.89 percent

From December 21 to 28, the yield on the **US Treasury bond** rose 22 bps to 3.89 percent on the back of U.S. economic data and expectations of future interest rate hikes by the Federal Reserve.

10-Year US Treasury rate



	Variation in basis points		
	Dec 28, 2022	Dec 21, 2022	Nov 30, 2022
	3.89%	22	28

INDICES OF THE LIMA STOCK EXCHANGE RISE

In the week of December 21 to 28, the **General Index of the Lima Stock Exchange** (IGBVL-Peru General) rose 0.7 percent and the **Selective Index** (ISBVL-Lima 25) rose 1.3 percent, driven by increases in the mining and financial sectors.

Peru General index of the LSE

(Base Dec. 1991=100)



	As of:	% change compared to:		
	Dec 28, 2022	Dec 21, 2022	Nov 30, 2022	Dec 31, 2021
Peru General	21,303	0.7	-5.1	0.9
Lima 25	29,965	1.3	-2.1	-1.0

