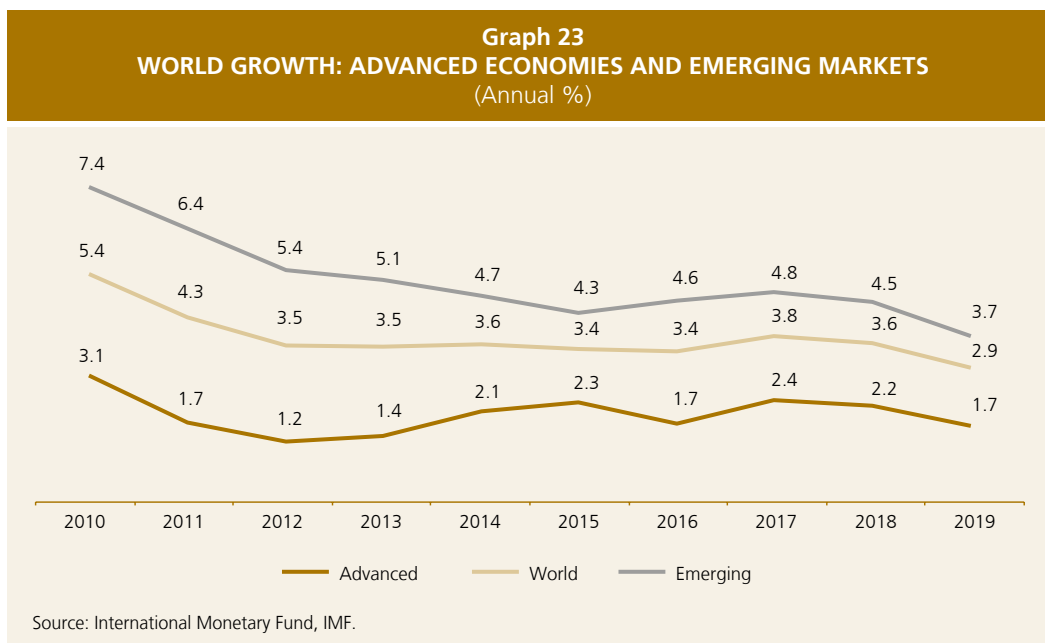


EXTERNAL SECTOR

1. International Environment

During 2019 the world economy registered a growth rate of 2.9 percent, the lowest rate since 2009. Growth declined in both the developed economies (from 2.2 percent in 2018 to 1.7 percent in 2019) and in the emerging economies (from 4.5 percent to 3.7 percent).

A number of factors influenced this outcome. First of all, global trade was affected by trade tensions (particularly between the United States and China) and by uncertainty about Brexit. These factors also reduced consumer and investor confidence, which reinforced the downward trend in global demand. It should be pointed out that trade tensions eased towards the end of the year, influenced by expectations that an agreement (of partial scope) would be signed between the United States and China as well as in light of the election results in the United Kingdom that eliminated uncertainty of a disorderly exit of the UK from the European Union.



At the country level, the lower growth of the United States in 2019 stands out, especially in comparison with the 2.9 percent growth rate registered in the previous year due to tax measures, when its growth rate was closer to its potential level. The Eurozone also showed a lower growth rate, this being particularly noteworthy in Germany whose economy was affected by lower production in the automotive sector.

In the emerging economies, the economic slowdown was especially noteworthy in China (which recorded the lowest growth rate in 30 years) and India (which showed the lowest growth rate since 2008). Some economies were also affected by idiosyncratic shocks (such as social protests in Chile), by fears about the sustainability of public debt (as in Argentina), and by less dynamism of investment (as in Brazil).

Table 16						
GLOBAL GROWTH						
(Annual % change)						
	PPP % 1/	% Peru's trading 1/	2017	2018	2019	Average 2010-2019
Developed countries	40.3	42.5	2.5	2.2	1.7	2.0
<i>Of which:</i>						
1. USA	15.1	19.0	2.4	2.9	2.3	2.3
2. Eurozone	11.2	10.2	2.5	1.9	1.2	1.4
Germany	3.1	2.9	2.5	1.5	0.6	2.0
France	2.2	0.9	2.3	1.7	1.3	1.4
Italy	1.7	1.8	1.7	0.8	0.3	0.3
Spain	1.4	2.8	3.0	2.4	2.0	1.0
3. Japan	4.1	4.0	1.9	0.3	0.7	1.3
4. United Kingdom	2.2	0.9	1.8	1.3	1.4	1.8
5. Canada	1.3	4.1	3.0	2.0	1.6	2.2
Developing countries	59.7	57.5	4.8	4.5	3.7	5.1
<i>Of which:</i>						
1. Developing Asia	34.2	32.2	6.6	6.3	5.5	7.0
China	19.3	31.5	6.8	6.7	6.1	7.6
India	8.0	3.5	7.2	6.1	4.2	7.0
2. Common wealth of Independent States	4.4	0.7	2.2	2.9	2.1	2.3
Russia	3.1	0.6	1.6	2.5	1.3	1.9
3. Latin America and the Caribbean	7.3	22.0	1.2	1.1	0.1	2.0
Brazil	2.4	5.0	1.1	1.3	1.1	1.3
Chile	0.4	3.8	1.3	4.0	1.1	3.3
Colombia	0.6	2.8	1.4	2.6	3.3	3.7
Mexico	1.9	3.1	2.1	2.1	-0.1	2.7
Argentina	0.6	2.2	2.7	-2.5	-2.2	1.3
Peru	0.3	-	2.5	3.8	2.2	4.5
World Economy	100.0	100.0	3.8	3.6	2.9	3.7
Memo:						
Trading partners 1/	65.4		3.8	3.8	3.1	4.1

1/ Weights correspond to 2019. World GDP is sized in Purchasing Power Parity (PPP) by IMF. Peru's 20 main trading partners.
Source: Bloomberg and IMF.

As in the previous year, inflation remained low in the major developed economies and in most emerging economies, reflecting lower demand pressures (associated with the economic slowdown), lower oil prices, and also lower depreciation pressures towards the end of the year.

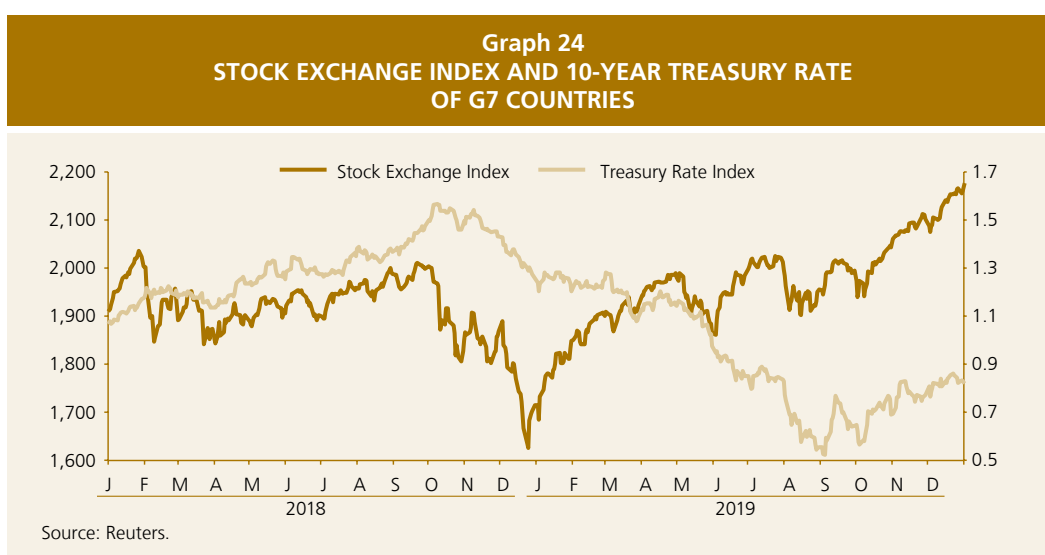
Table 17
INFLATION
(% change last 12 months, average of period)

	Average annual 2010-2019	2016	2017	2018	2019
Developed countries	1.5	0.8	1.7	2.0	1.5
<i>Of which:</i>					
1. USA	1.8	1.3	2.1	2.4	1.8
2. Germany	1.4	0.4	1.7	1.9	1.5
3. Japan	0.5	-0.1	0.5	1.0	1.0
Developing countries	5.2	4.3	4.3	4.8	4.7
<i>Of which:</i>					
1. China	2.5	2.0	1.6	2.1	2.3
2. India	6.5	4.5	3.6	3.4	3.4
3. Brazil	5.8	8.7	3.4	3.7	3.8
World economy	3.6	2.8	3.2	3.6	3.4

Source: IMF.

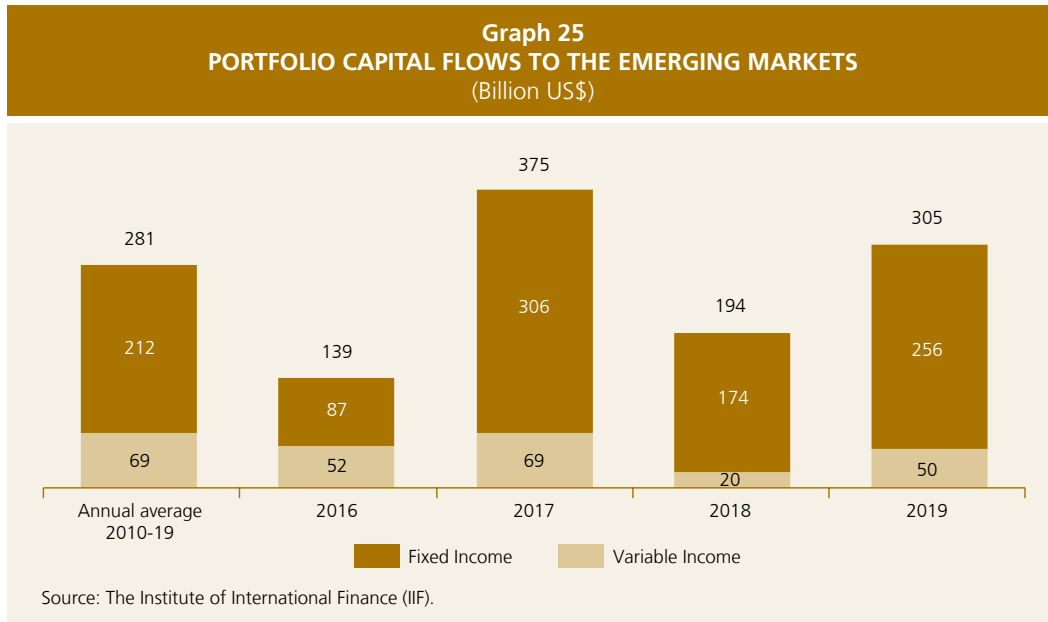
In this context of economic slowdown and controlled inflation, the central banks of the main developed economies and several emerging economies maintained an expansionary monetary policy stance. After raising the policy rate in 2018, the Federal Reserve cut the rate on three occasions and injected liquidity into the money market, while the European Central Bank (ECB) postponed the monetary policy rate hike scheduled for June 2019 and announced the resumption of its asset purchase program. The Bank of England (BoE) maintained its monetary policy stance, but with a bias towards policy rate cuts in accordance with the evolution of the Brexit process and the economic slowdown. Finally, the Bank of Japan maintained an expansionary monetary stance and also announced the possibility of new stimulus actions.

Financial markets showed great variability, in line with the constant changes observed in terms of risk aversion, the main determinants of this high variability including the trade tensions between the United States and China, Brexit negotiations, fears of global recession, and geopolitical tensions.



Towards the end of 2019, better prospects about these events, along with the fiscal and monetary policy stimuli actions implemented in the major developed economies, generated expectations of less uncertainty. Risk aversion decreased since October, reinforcing the upward trend of stock markets,

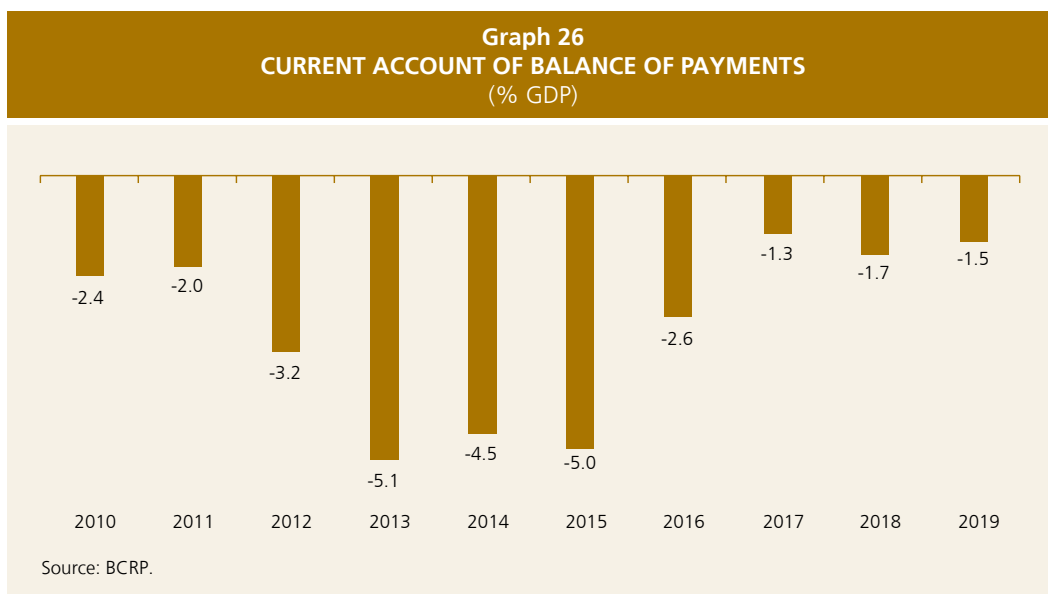
which, in the United States reached historic highs again. In addition to this, capital flows to the emerging economies were observed in the fourth quarter, together with a recovery in commodity prices, offsetting in part the depreciation pressures observed until September.



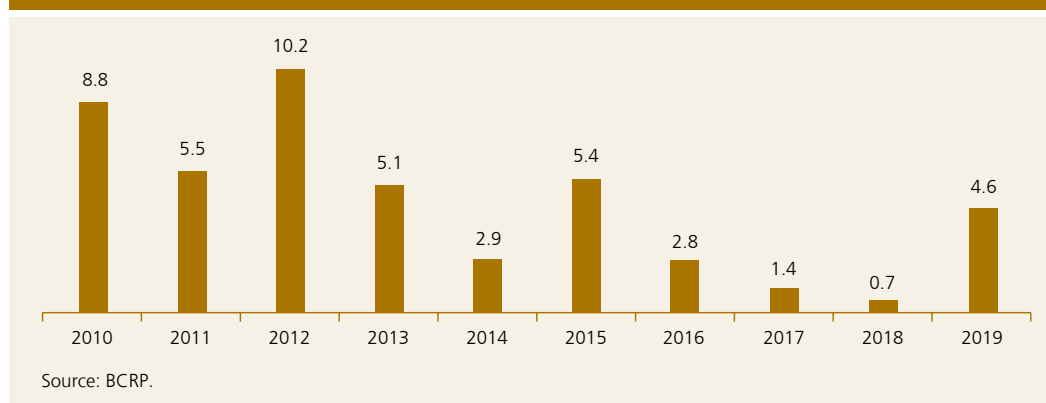
2. Balance of Payments

During 2019, the balance of our external accounts reflected the slower pace of growth of domestic demand and the prolonged impact of supply shocks on primary activity, in a context of global economic slowdown.

In this scenario, the **current account** deficit decreased from 1.7 percent of GDP in 2018 to 1.5 percent of GDP in 2019, due to lower profits of companies with foreign direct investment, in line with the slower pace of growth of activity. The trade balance accumulated four consecutive years of trade surplus, despite the reduction in the terms of trade.



Graph 27
FINANCIAL ACCOUNT OF BALANCE OF PAYMENTS
(% GDP)



The **financial account** had a positive flow of US\$ 10.55 billion, a sum equivalent to 4.6 percent of GDP, reflecting mainly the higher foreign direct investment and portfolio investment in public assets in the country (non-residents' higher purchases of sovereign bonds) and private assets (higher bond issuances), as well as the AFPs' lower portfolio investment abroad in a context of low international interest rates and lower uncertainty in international financial markets by the end of 2019 as trade tensions between the United States and China decreased.

Table 18
BALANCE OF PAYMENTS
(Million US\$)

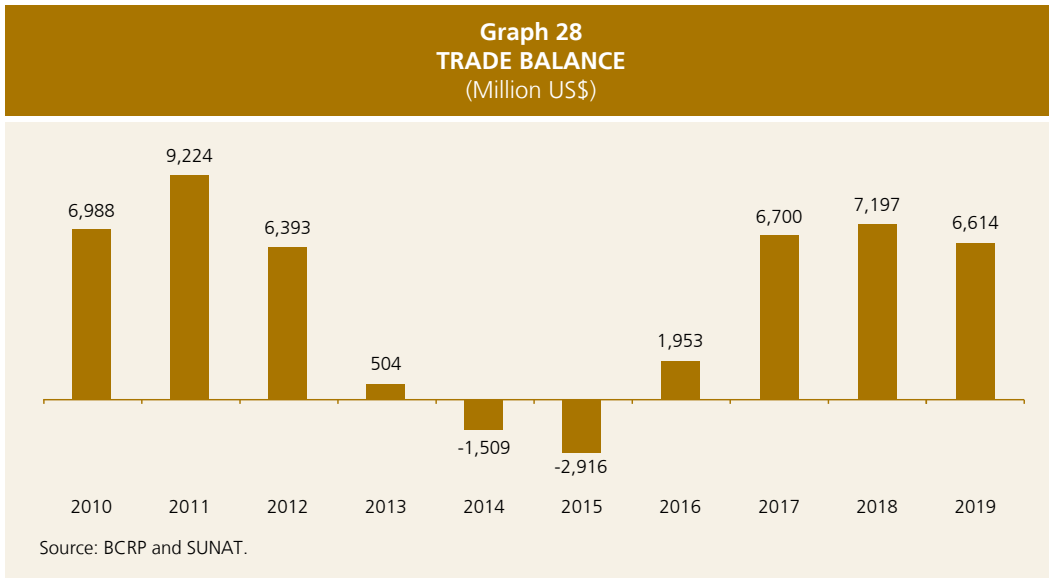
	Million US\$			% GDP	
	2017	2018	2019	2018	2019
I. CURRENT ACCOUNT BALANCE	-2,779	-3,821	-3,531	-1.7	-1.5
1. Trade Balance	6,700	7,197	6,614	3.2	2.9
a. FOB Exports	45,422	49,066	47,688	21.8	20.7
b. FOB Imports	-38,722	-41,870	-41,074	-18.6	-17.8
2. Services	-1,544	-2,759	-3,114	-1.2	-1.4
a. Exports	7,260	7,090	7,604	3.1	3.3
b. Imports	-8,805	-9,850	-10,718	-4.4	-4.7
3. Investment Income	-11,523	-11,814	-10,749	-5.2	-4.7
a. Private	-10,571	-10,694	-9,883	-4.7	-4.3
b. Public	-953	-1,120	-867	-0.5	-0.4
4. Current transfers	3,589	3,556	3,718	1.6	1.6
Of which: Remittances	3,051	3,225	3,326	1.4	1.4
II. FINANCIAL ACCOUNT	2,982	1,537	10,548	0.7	4.6
1. Private sector	884	917	5,512	0.4	2.4
a. Assets	-3,564	-3,558	-2,424	-1.6	-1.1
b. Liabilities	4,448	4,476	7,936	2.0	3.4
2. Public sector	3,249	2,122	4,417	0.9	1.9
a. Assets	601	-201	214	-0.1	0.1
b. Liabilities ^{1/}	2,648	2,323	4,203	1.0	1.8
3. Short-term capital	-1,152	-1,503	618	-0.7	0.3
a. Assets	-1,876	-2,323	2,005	-1.0	0.9
b. Liabilities	724	820	-1,386	0.4	-0.6
III. ERRORS AND NET OMISSIONS	1,426	-1,345	-108	-0.6	0.0
IV. BALANCE OF PAYMENT RESULT	1,629	-3,629	6,909	-1.6	3.0
(IV = I + II + III) = (1-2)					
1. Change in the balance of NIRs	1,936	-3,500	8,195	-1.6	3.6
2. Valuation effect	307	130	1,286	0.1	0.6

1/ Government bonds issued abroad and held by residents are excluded from the external liabilities of the public sector, and government bonds issued in the domestic market and held by non-residents are included in the external liabilities of the public sector.

Source: BCRP, MEF, SBS, SUNAT, MINCETUR, PROMPERU, Ministry of Foreign Affairs, COFIDE, ONP, FCR, Tacna Free Trade Zone, Banco de la Nación, Cavali S.A. ICLV, Proinversión, Bank for International Settlements (BIS), and businesses.

2.1 Trade Balance

The trade balance showed a balance of US\$ 6.614 billion in 2019. The volume of exports increased by 0.7 percent, while the volume of imports decreased by 0.2 percent, reflecting the lower dynamism of domestic demand. Export and import prices declined by 3.4 and 1.7 percent, respectively, due to lower commodity prices in international markets in the context of the U.S.-China trade war.



China and the United States continued to be Peru’s two major trading partners, the transactions with these countries representing 42.3 percent of the total trade carried out in 2019. The increase observed in the country’s trade flows with Canada, Argentina, Chile, and Bolivia is worth highlighting.

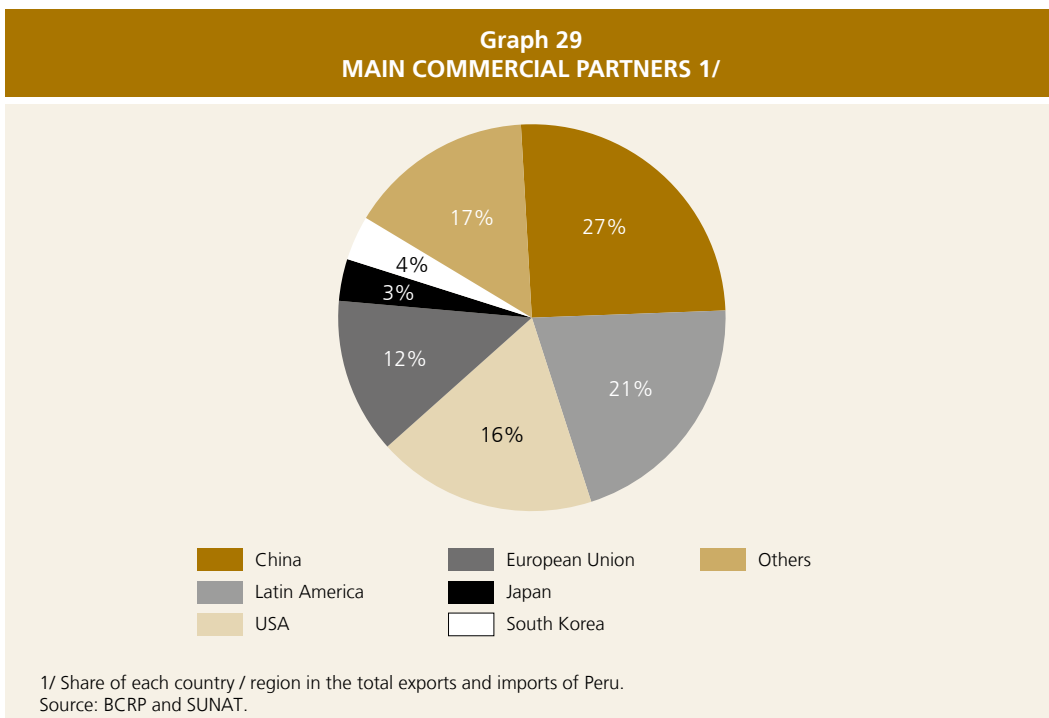


Table 19
TRADE BY MAIN COUNTRIES AND REGIONS 1/
(Million US\$)

	Exports 2/			Imports 3/			X + M		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
China	11,627	13,238	13,503	8,576	9,775	9,935	20,203	23,013	23,438
United States	6,985	7,939	5,671	7,697	8,757	8,467	14,682	16,696	14,138
Brazil	1,597	1,720	1,441	2,347	2,304	2,309	3,945	4,023	3,749
Mexico	418	440	474	1,729	1,899	1,802	2,146	2,339	2,276
Argentina	158	180	137	1,112	1,153	1,616	1,270	1,332	1,752
Chile	1,044	1,227	1,294	1,328	1,457	1,503	2,372	2,684	2,798
Colombia	674	761	792	1,447	1,549	1,297	2,120	2,309	2,088
Ecuador	814	858	794	1,545	1,889	1,257	2,358	2,748	2,051
Germany	935	1,126	1,033	1,031	1,057	1,099	1,967	2,183	2,132
Japan	1,881	2,178	1,974	985	1,011	1,023	2,866	3,188	2,997
South Korea	2,153	2,462	2,228	974	928	911	3,127	3,390	3,139
Spain	1,854	1,804	1,205	1,012	906	850	2,866	2,711	2,054
India	1,964	2,481	1,787	785	863	838	2,750	3,344	2,625
Italy	564	656	611	758	657	718	1,322	1,313	1,329
Canada	1,201	923	2,408	652	652	633	1,853	1,576	3,041
Vietnam	154	120	141	416	359	502	570	480	642
Thailand	112	127	192	430	386	404	542	512	596
Bolivia	1,668	1,837	2,413	365	428	385	2,033	2,265	2,798
Taiwan	259	289	201	322	346	324	581	635	525
Russia	86	136	211	277	389	319	363	524	530
Rest	9,276	8,565	9,179	4,932	5,106	4,883	14,208	13,671	14,063
Total	45,422	49,066	47,688	38,722	41,870	41,074	84,144	90,936	88,762
China	11,627	13,238	13,503	8,576	9,775	9,935	20,203	23,013	23,438
Latin America	7,643	7,655	8,297	10,432	11,107	10,600	18,074	18,762	18,897
United States	6,985	7,939	5,671	7,697	8,757	8,467	14,682	16,696	14,138
Asia (minus China)	7,946	8,736	8,165	5,118	5,242	5,219	13,065	13,978	13,383
European Union	6,530	7,249	6,157	4,719	4,572	4,584	11,249	11,821	10,741
Others	4,691	4,249	5,896	2,180	2,418	2,270	6,871	6,667	8,166

X: Exports M: Imports

1/ Imports were grouped by country of origin.

2/ Exports exclude goods sold and repairs of foreign ships and aircrafts.

3/ Imports exclude defense material, other purchased goods, and ships and aircrafts abroad.

Source: SUNAT.

Exports

Exports in 2019 totaled US\$ 47.69 billion, a balance US\$ 1.38 billion lower than that recorded in the previous year, this drop being explained by the lower average prices of exports of our traditional products (4.1 percent) and non-traditional products (1.6 percent). Moreover, the volume exported showed an increase of 0.7 percent, which is explained mainly by the higher volume of exports of non-traditional products (5.7 percent), which reflected the higher volumes of exports of agriculture products and fisheries. On the other hand, the volume of exports of traditional products recorded a reduction of 1.2 percent.

Classification of Exports by Groups of Economic Activity

Peru's exports of agricultural products amounted to US\$ 6.36 billion in 2019, while fishing exports totaled US\$ 3.52 billion, mining and hydrocarbons exports amounted to US\$ 32.01 billion, and non-primary manufacturing exports amounted to US\$ 5.80 billion. Exports of grapes (US\$ 875 million), canned fruits and vegetables (US\$ 831 million), and blueberries (US\$ 825 million) stand out in the group of agricultural products, while exports of fishmeal (US\$ 1.51 billion), squid (US\$ 884 million), and fish oil (US\$ 420 million) were noteworthy in the group of fishing exports. Likewise, exports of

copper (US\$ 13.89 billion) and gold (US\$ 8.48 billion) stood out in terms of exports of mining and hydrocarbon products, while exports of paper and chemical products (US\$ 1.80 billion) stood out in the group of non-primary manufacturing goods.

Table 20
EXPORTS BY GROUP OF ECONOMIC ACTIVITY
(Million US\$)

Sector	2017	2018	2019	Part. % 2019	% change 2019/2018
1. Agricultural	5,251	5,907	6,359	13.3	7.7
Grapes	648	820	875	1.8	6.7
Fruit, legumes, and canned vegetables	754	837	831	1.7	-0.6
Blueberry	372	548	825	1.7	50.5
Avocados	588	723	752	1.6	3.9
Coffee	714	682	637	1.3	-6.6
Fresh asparagus	410	384	400	0.8	4.0
Cereals, leguminous, and oil seed	261	285	308	0.6	7.8
Mangoes	192	258	262	0.6	1.5
Rest	1,312	1,369	1,470	3.1	7.4
2. Fishing	2,865	3,296	3,515	7.4	6.7
Fishmeal	1,459	1,564	1,509	3.2	-3.5
Giant Squid	413	640	884	1.9	38.1
Fish oil	330	375	420	0.9	12.1
Canned or frozen products	237	233	223	0.5	-4.1
Prawns	165	146	139	0.3	-4.8
Rest	262	339	340	0.7	0.4
3. Mining	28,437	29,814	29,039	60.9	-2.6
Copper	13,845	14,939	13,893	29.1	-7.0
Gold	8,270	8,259	8,482	17.8	2.7
Zinc	2,399	2,574	2,103	4.4	-18.3
Lead	1,726	1,545	1,530	3.2	-1.0
Iron	434	484	979	2.1	102.1
Molybdenum	368	612	638	1.3	4.2
Zinc products	403	422	315	0.7	-25.4
Tin	370	352	371	0.8	5.5
Calcium phosphates	207	231	242	0.5	4.6
Silver refined	118	123	76	0.2	-38.4
Rest	296	273	411	0.9	50.5
4. Hydrocarbons	3,369	4,039	2,974	6.2	-26.4
Oil and oil products	2,597	2,997	2,351	4.9	-21.5
Natural gas	772	1,042	623	1.3	-40.2
5. Manufacturing	5,499	6,011	5,800	12.2	-3.5
Papel and chemicals	1,607	1,777	1,797	3.8	1.1
Textiles	1,272	1,402	1,354	2.8	-3.4
Copper products	335	355	326	0.7	-8.3
Milling and Bakery	190	196	216	0.5	10.0
Prepared animal food	244	253	210	0.4	-17.1
Iron products	151	181	173	0.4	-4.2
Jewelry	123	129	118	0.2	-8.5
Glasses and glass products	119	91	97	0.2	6.0
Tile floors	101	113	97	0.2	-14.3
Dairy products	106	121	93	0.2	-23.2
Manufacturing and metals	105	97	82	0.2	-15.5
Rest	1,146	1,295	1,239	2.6	-4.4
Total	45,422	49,066	47,688	100.0	-2.8

Source: BCRP and SUNAT.

Traditional Exports

Traditional exports amounted to US\$ 33.75 billion –a sum 5.3 percent lower than in 2018 (US\$ 35.64 billion)– mainly due to lower mining and hydrocarbon exports. Moreover, traditional



exports registered a decrease both in terms of volumes (1.2 percent) and in terms of prices (4.1 percent).

Table 21
EXPORTS BY GROUP OF PRODUCTS
(Million US\$)

	2017	2018	2019	% change		
				2017	2018	2019
1. Traditional exports	33,566	35,638	33,751	28.2	6.2	-5.3
Fishing	1,789	1,938	1,929	40.9	8.4	-0.5
Agricultural	827	762	774	-5.8	-7.8	1.5
Mining	27,582	28,899	28,074	26.4	4.8	-2.9
Oil and Natural gas	3,369	4,039	2,974	52.0	19.9	-26.4
2. Non-Traditional exports	11,725	13,240	13,783	8.6	12.9	4.1
Agricultural products	5,146	5,913	6,341	9.4	14.9	7.2
Fishing products	1,046	1,329	1,564	14.9	27.0	17.7
Textiles	1,272	1,402	1,354	6.4	10.2	-3.4
Wood and paper, and its manufacturing	344	339	321	6.7	-1.4	-5.3
Chemicals	1,385	1,562	1,600	3.0	12.8	2.4
Non-metallic minerals	588	629	604	-8.5	7.1	-4.0
Iron & steel, and jewelry	1,273	1,325	1,310	17.2	4.1	-1.1
Metal mechanic products	520	591	558	15.6	13.5	-5.5
Others 1/	152	150	131	4.0	-1.1	-12.8
3. Others 2/	130	189	154	29.8	44.6	-18.5
4. TOTAL	45,422	49,066	47,688	22.5	8.0	-2.8

1/ Includes furs, leather, and handcrafts, mainly.
2/ Comprise oil and food sold to foreign aircrafts and reparations of capital goods.
Source: BCRP and SUNAT.

Table 22
EXPORTS
(% change)

	Volume			Price		
	2017	2018	2019	2017	2018	2019
Traditional exports	8.8	-1.5	-1.2	17.8	7.8	-4.1
<i>Of which:</i>						
Fish meal	64.9	1.0	-0.1	-11.4	6.1	-3.4
Coffee	-1.2	4.4	-10.1	-5.3	-8.5	3.9
Copper	5.0	1.1	2.3	29.6	6.8	-9.1
Gold	10.8	-1.1	-6.4	0.5	1.0	9.7
Zinc	10.6	-2.5	-0.6	47.6	10.0	-17.8
Crude oil and derivatives	20.9	-10.0	-14.9	26.9	28.2	-7.8
Non-Traditional exports	5.8	11.0	5.7	2.7	1.7	-1.6
<i>Of which:</i>						
Agricultural	10.3	18.4	6.9	-0.8	-3.0	0.3
Textiles	4.1	2.9	-6.1	2.2	7.1	2.8
Fishing	1.6	15.2	29.2	13.0	10.2	-8.9
Chemicals	2.0	8.1	2.8	1.1	4.4	-0.4
Iron & steel, and jewelry	-4.1	-0.9	5.9	22.3	5.1	-6.6
TOTAL	8.0	1.6	0.7	13.4	6.3	-3.4

Source: BCRP and SUNAT.

Mining exports totalled US\$ 28.074 billion, 2.9 percent less than in 2018. In terms of prices, there was a reduction in the prices of copper (9.1 percent) and zinc (17.8 percent), while gold prices rose (9.7 percent). In terms of volume, exports of copper totaled 2,536 thousand metric tons (TMF), while exports of gold totaled 6,097 thousand ounces, and exports of zinc totaled 1,187 thousand metric tons. As a result of this, Peru continues to maintain a leading position in world mining production, with copper, silver, and zinc production standing out.

Table 23
MINING PRODUCTION 2019

Product	World ranking
Copper	2
Silver	2
Zinc	2
Lead	3
Molybdenum	4
Tin	4
Gold	7

Source: Mineral Commodity Summaries 2020 - US Geological Survey.

Exports of oil and natural gas amounted to US\$ 2.97 billion, which represents 26.4 percent decrease compared to the previous year. This result reflects both lower prices and volumes of crude oil and derivatives (7.8 and 14.9 percent, respectively), as well as lower prices of natural gas (43.9 percent).

Exports of fisheries amounted to US\$ 1.93 billion in 2019 –a figure 0.5 percent lower than in the previous year– mainly due to the lower average prices of fishmeal (-3.4 percent).

Non-Traditional Exports

Exports of non-traditional products totaled US\$ 13.78 billion, a sum 4.1 percent higher than in 2018, recording a 5.7 percent increase in the volume shipped. This increase in exports of non-traditional goods was observed in most sectors, particularly in the sectors of fisheries (29.2 percent) and agriculture (6.9 percent).

The main markets of destination for Peruvian non-traditional products were the United States, with these exports totaling US\$ 3.91 billion, followed by the Netherlands, with these exports totaling US\$ 1.17 billion. An increase was observed in both cases in comparison to 2018: 6.8 percent in the case of the former and 5.8 percent in the case of the latter. Likewise, a significant increase was seen in non-traditional shipments to China (29.8 percent) and Canada (89.8 percent). By economic blocks, exports to Asian countries, excluding China, increased by 2.7 percent, while shipments to the European Union decreased by 3.0 percent.

The most important exports to the United States – the main destination for our non-traditional products– continued to be exports of agricultural products and textiles, which represented 75 percent of total non-traditional exports to the U.S. market in 2019. The top-selling products were blueberries (US\$ 466 million), fresh grapes (US\$ 386 million), fresh asparagus (US\$ 252 million), fresh avocados (US\$ 232 million), and monochrome cotton T-shirts (US\$ 124 million).

Table 24
MAIN DESTINATION: NON-TRADITIONAL EXPORTS
(Million US\$)

	2017	2018	2019	% chg. 2019/2018
United States	3,364	3,662	3,911	6.8
Netherlands	885	1,101	1,165	5.8
Chile	653	743	795	7.0
Ecuador	712	768	714	-7.1
Spain	590	708	681	-3.8
Colombia	589	658	669	1.6
China	403	471	612	29.8
Bolivia	551	567	561	-1.1
Brazil	357	399	409	2.5
United Kingdom	337	408	392	-3.7
Canada	171	193	365	89.4
South Korea	198	311	309	-0.4
Mexico	264	304	307	1.1
Germany	227	281	244	-12.9
Italy	183	223	217	-2.7
Rest	2,242	2,444	2,432	-0.5
Total	11,725	13,240	13,783	4.1
Memo:				
Latin America	3,659	3,991	3,984	-0.2
USA	3,364	3,662	3,911	6.8
European Union	2,732	3,323	3,224	-3.0
Asia (minus China)	814	997	1,024	2.7
China	403	471	612	29.8
Others	753	797	1,028	29.1

Source: Sunat and BCRP.

Exports of **agricultural products**, which included fresh grapes, fresh avocados, blueberries, and asparagus, amounted to US\$ 6.34 billion. It is worth mentioning that blueberries are beginning to consolidate as one of the main Peruvian non-traditional export products, ranking second. As for destination markets, a greater demand was observed from various destination countries, including the United States, Colombia, China, and Indonesia. Over the past ten years, exports of agricultural products have grown at an average annual rate of 13.2 percent, so the value exported in 2019 was more than three times the one recorded in 2009.

Table 25
MAIN NON-TRADITIONAL AGRICULTURAL PRODUCTS
(Million US\$)

Most popular products	2009	2019	Average % chg. 2010-2019
Fresh grapes	136	875	20.5
Blueberries 1/	0	825	90.3
Fresh avocados	68	752	27.2
Fresh asparagus	251	400	4.8
Fresh mangoes	70	262	14.2
Shrimp and prawn feed	58	196	13.0
Organic bananas	51	152	11.5
Cocoa	20	138	21.2
Quinoa	7	135	33.9
Asparagus prepared	114	98	-1.6
Canned artichokes	75	93	2.2
Fresh onions	28	88	12.1
Frozen food	6	85	30.5
Vegetables prepared in vinegar	31	83	10.5
Mangoes	10	80	23.0
Subtotal	924	4,261	16.5
Total	1,828	6,341	13.2

1/ Average percentage change 2014-2019.
Source: BCRP and SUNAT.

Exports of **fishery products** totaled US\$ 1.56 billion, a sum 17.7 percent higher than in 2018, which reflected higher exports of frozen and canned squid and shrimp tails. In terms of average volume, exports grew by 29.2 percent, while in terms of prices they fell by 8.9 percent. The main destination markets for these products were China, Spain, and South Korea, with shipments to China standing out as they grew by 103.0 percent compared to 2018. Over the past ten years, fish exports have increased at an average annual rate of 10.8 percent.

On the other hand, **textile exports** amounted to US\$ 1.354 billion, a figure 3.4 percent lower than in 2018. These exports fell by 6.1 percent in terms of volume, but rose by 2.8 percent in terms of prices. It should be pointed out that the United States, the main destination for Peruvian textile products, concentrates 50 percent of textile sales abroad and also that shipments to Chile registered a noteworthy increase (8.3 percent).

Chemical exports totaled US\$ 1.6 billion in 2019, increasing by 2.4 percent from the value recorded in 2018. Chemical exports saw higher volumes of these products in the year (2.8 percent), together with a fall in terms of prices (0.4 percent). Moreover, the main markets for Peruvian exports of chemical products were Chile, Bolivia, Ecuador, and Colombia, which together with the United States, accounted for 56.0 percent of total chemical exports.

2.1 Imports

Imports in 2019 amounted to US\$ 41.07 billion, a figure US\$ 796 million lower than in 2018, mainly as a result of lower imports of inputs (6.9 percent).

	Million US\$			% change		
	2017	2018	2019	2017	2018	2019
TOTAL IMPORTS	38,722	41,870	41,074	19.2	8.1	-1.9
1. CONSUMER GOODS	9,339	9,591	9,576	11.4	2.7	-0.1
Non-durable goods	5,156	5,305	5,409	14.5	2.9	2.0
Main food products	676	518	450	7.9	-23.3	-13.1
Rest	4,480	4,786	4,959	15.2	6.8	3.6
Durable goods	4,183	4,286	4,167	7.9	2.5	-2.8
2. INPUTS	17,902	20,516	19,101	36.6	14.6	-6.9
Fuel, oils, and related	5,390	6,593	5,648	72.6	22.3	-14.3
Raw materials for agriculture	1,469	1,459	1,449	20.2	-0.7	-0.7
Raw materials for industry	11,044	12,463	12,004	24.8	12.9	-3.7
3. CAPITAL GOODS	11,316	11,641	12,295	3.6	2.9	5.6
Construction materials	1,061	1,193	1,304	7.2	12.4	9.3
For agriculture	143	150	152	3.8	4.9	1.3
For industry	7,399	7,373	7,803	-0.2	-0.3	5.8
Transportation equipment	2,714	2,926	3,037	13.2	7.8	3.8
4. OTHERS GOODS	164	123	102	-54.0	-25.2	-17.1

Source: SUNAT, Tacna Free Trade Zone, and MEF.

The volume of total imports fell by 0.2 percent, mainly due to lower imports of crude oil and oil derivatives. In contrast, the volume of imports of capital goods increased by 4.3 percent.

The index of import prices fell by 1.7 percent in the year, with lower prices being observed for imports of food, industrial inputs, and crude oil. Moreover, the prices of industrial inputs showed a general reduction in all products, except chemicals.

Table 27
IMPORTS
(% change)

	Volume			Price		
	2017	2018	2019	2017	2018	2019
TOTAL IMPORTS	4.5	1.3	-0.2	5.5	6.7	-1.7
1. Consumer Goods	3.5	1.7	-0.1	3.2	1.7	1.0
Not durable	7.6	1.7	1.1	3.5	1.2	0.8
Durable	2.3	0.0	-4.0	3.0	2.4	1.3
2. Inputs	9.8	2.2	-2.1	8.6	12.0	-4.7
Main Foods	12.3	4.5	4.2	-0.7	3.1	-5.0
Oil and derivatives	20.8	-3.0	-7.6	22.0	27.8	-7.0
Industrial supplies	4.7	5.1	-0.2	5.3	5.9	-3.4
Plastics	0.2	7.6	0.6	7.2	12.7	-13.9
Iron and Steel	-10.1	17.2	-9.2	25.9	17.9	-7.8
Textiles	5.1	4.4	4.2	2.9	6.8	-8.6
Papers	-3.8	14.1	-10.2	-1.4	10.3	-2.0
Chemical products	5.5	-0.2	1.6	1.4	-2.0	0.2
Organic chemicals	2.8	5.7	1.2	7.9	6.3	-10.4
Rest	9.7	2.1	1.4	2.9	3.1	1.1
3. Capital goods	-2.1	0.4	4.3	3.0	2.4	1.3
Construction materials	-7.4	9.8	7.9	3.0	2.4	1.3
Rest of capital goods	-1.5	-0.5	3.9	3.0	2.4	1.3

Source: Sunat, ZofraTacna and MEF.
Elaboration: BCRP.

In 2019, imports of non-durable consumer goods increased by US\$ 105 million (2.0 percent), a positive flow being recorded in almost all categories and especially in perfumes and cosmetics, human medicines, footwear and clothing.

On the other hand, imports of consumer durables fell by US\$ 119 million (2.8 percent), mainly due to lower imports of televisions (US\$ 122 million) as a result of the 2018 base effect (World Cup).

In 2019, the most important reduction in imports was the one registered in imports of inputs (US\$ 1.42 billion) associated mainly with lower purchases of fuel (down by US\$ 946 million) and, to a lesser extent, lower purchases of raw materials for industry (US\$ 459 million).

Imports of crude oil and oil derivatives fell by US\$ 946 million in terms of value (a drop of 14.3 percent), the drop in oil prices being associated with expectations of lower global demand for oil in light of the trade war. On the other hand, the lower volume imported is in part explained by an inventory adjustment carried out by Petroperu.

The value of imports of capital goods grew 5.6 percent, mostly due to increased purchases of capital goods for industry (US\$ 7,803 million, a figure equivalent to a 5.8 percent increase). In terms of volume, imports of construction materials stood out with a growth rate of 7.9 percent.

2.2 Terms of Trade

In 2019, the prices of our major export commodities were affected by uncertainty associated with the U.S.-China trade war, the appreciation of the dollar, and expectations of slower global growth. As a result, our **terms of trade** accumulated two years of decline.

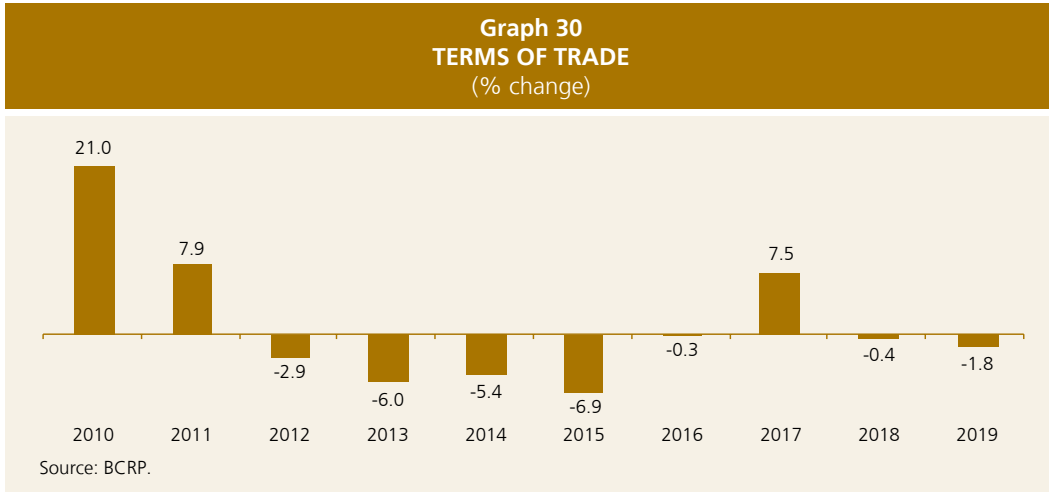
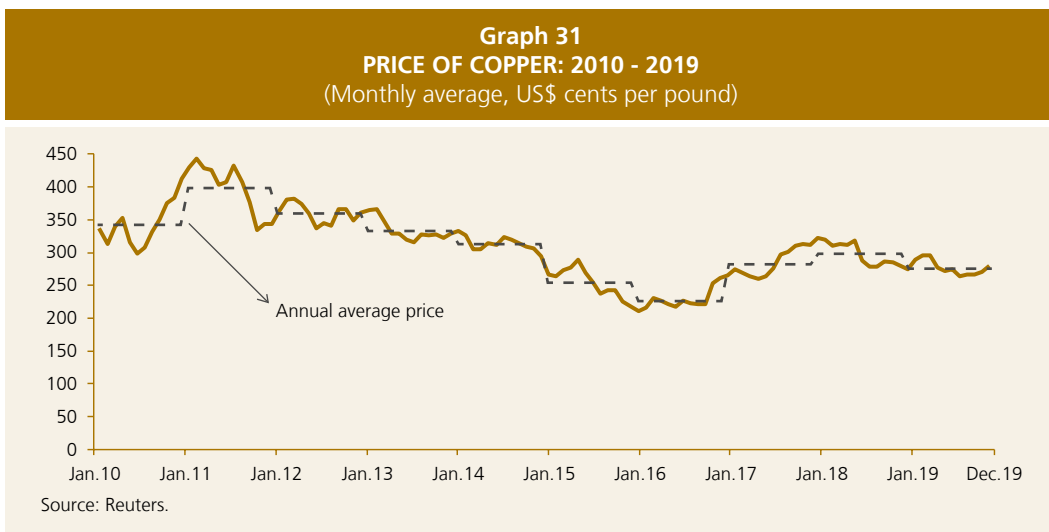


Table 28
TERMS OF TRADE
(Annual % change)

Years	Price of exports	Price of Imports	Terms of Trade
2017	13.4	5.5	7.5
2018	6.3	6.7	-0.4
2019	-3.4	-1.7	-1.8

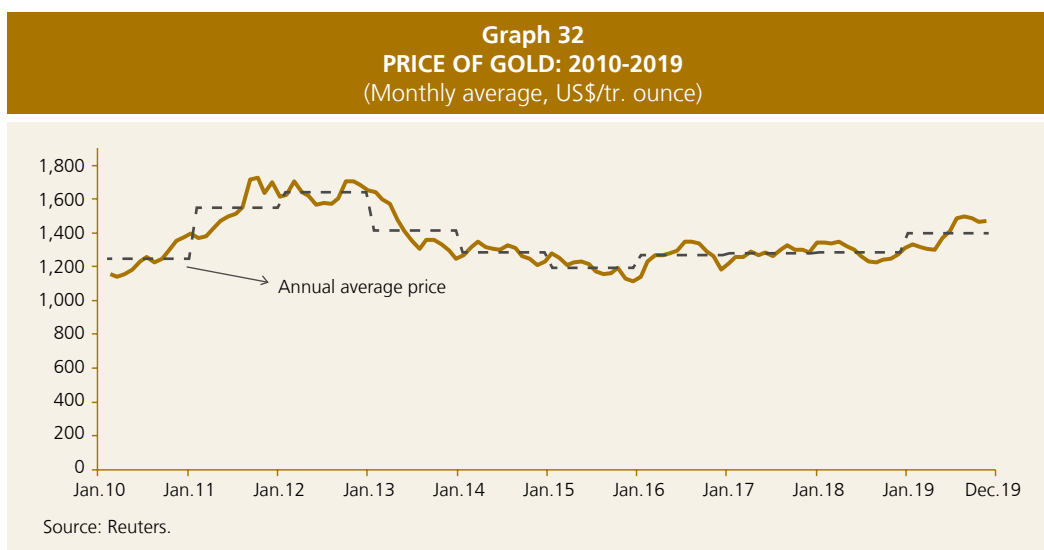
Source: BCRP.

The average price of **copper** declined 8 percent (from US\$ 2.96 to US\$ 2.73 a pound). The pound of copper peaked at US\$ 2.92 in April, but was then affected by intensified trade tensions and fears of a global economic slowdown. In December, the price of copper was US\$ 2.76 the pound, 5 percent lower than at the end of 2018. It should be pointed out that an increase in net non-commercial short positions was also observed.

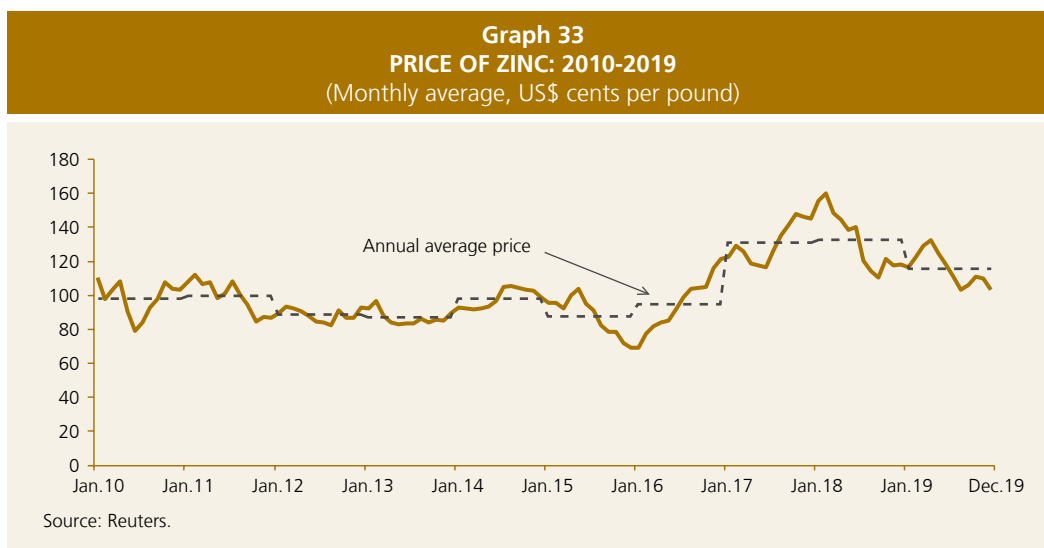


The average price of **gold** rose 10 percent to US\$ 1,392 per troy ounce in 2019, favored by an external scenario of greater risk aversion due to the intensification of the trade war between the United States and China, as well as by the uncertainty generated by the Brexit and geopolitical risks in the Middle East. In addition to this, the price of gold was supported by the reduction of the Fed's

interest rate. In September, the price of gold reached a maximum level of US\$ 1,511 per troy ounce, influenced by concerns due to the attack on oil installations in Saudi Arabia and the imposition of new tariffs associated with the commercial war between China and the United States.

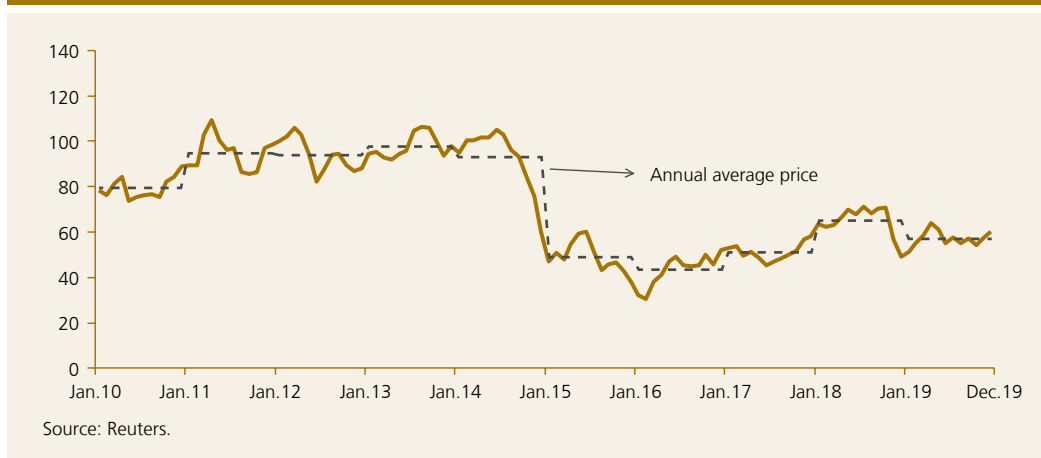


On the other hand, the average price of **zinc** dropped 13 percent in 2019 (from US\$ 1.33 to US\$ 1.16 the pound). As in the case of copper prices, the price of zinc declined due to prospects of lower global demand associated with escalating trade tensions between the United States and China. Another factor worth mentioning was the reduction in the global demand for cars. Moreover, on the supply side, the price was affected by the expectations of higher production of zinc concentrate and by the entry of new refining capacity in China (as a result of refineries' adaptation to the new government regulations).



The average price of **WTI oil** dropped 12 percent to US\$ 57 per barrel in 2019. This price reduction was associated with the deteriorating outlook for global oil demand. It is worth mentioning that in October, the International Monetary Fund revised down its global growth outlook for the fifth consecutive time since October 2018, mainly because of the impact of the China-U.S. trade war. In addition to this, oil prices during the year were strongly influenced by the continued growth of US oil production, although this was offset by the production cuts of the OPEC and other countries (e.g. Russia).

Graph 34
WTI OIL PRICE: 2010-2019
 (US\$ per barrel)



2.3 Services

The deficit for **services** amounted to US\$ 3.11 billion in 2019 –US\$ 355 million higher than in 2018– due to higher payments abroad for other business services. Expenditures totaled US\$ 10.72 billion, up by US\$ 868 million (8.8 percent) from the previous year, while income increased by US\$ 513 million (7.2 percent).

Table 29
SERVICES
 (Million US\$)

	Million US\$			% change	
	2017	2018	2019	2018	2019
I. TRANSPORTATION	-1,280	-1,300	-1,516	1.6	16.6
1. Credit	1,483	1,611	1,648	8.6	2.3
2. Debit	-2,763	-2,911	-3,164	5.4	8.7
II. TRAVEL	1,385	954	1,001	-31.1	5.0
1. Credit	3,576	3,557	3,819	-0.5	7.4
2. Debit	-2,191	-2,604	-2,818	18.8	8.2
III. COMMUNICATIONS	-225	-209	-221	-7.0	5.9
1. Credit	103	110	114	6.4	4.1
2. Debit	-328	-319	-335	-2.8	5.2
IV. INSURANCE AND REINSURANCE	210	-274	-244	-230.6	-11.0
1. Credit	1,201	797	881	-33.7	10.6
2. Debit	-991	-1,071	-1,125	8.0	5.0
V. OTHERS 1/	-1,634	-1,930	-2,134	18.1	10.6
1. Credit	897	1,016	1,142	13.2	12.4
2. Debit	-2,532	-2,946	-3,276	16.4	11.2
VI. TOTAL SERVICES	-1,544	-2,759	-3,114	78.7	12.9
1. Credit	7,260	7,090	7,604	-2.3	7.2
2. Debit	-8,805	-9,850	-10,718	11.9	8.8

1/ Includes government, financial, and information technology services, royalties, leasing of equipment, and business services.
 Source: BCRP, SUNAT, SBS, Mincetur, PROMPERÚ, Ministry of Trade Affairs and businesses.

Services included under the heading Other Services recorded a deficit of US\$ 2.13 billion. Expenditures increased by 11.2 percent, mainly as a result of the acquisition of other business services and

royalties and license fees, whereas revenues increased by 12.4 percent mostly from companies in the industries of perfume and beauty, customer services, and legal services.

The deficit in transport services amounted to US\$ 1.52 billion, US\$ 216 million more than in 2018. Expenditures increased by US\$ 254 million due to higher freight payments (6.6 percent) and higher sales of international ticket by foreign airlines in the country (13.9 percent). On the other hand, revenues increased by US\$ 37 million (2.3 percent) as a result of higher revenues from services purchased by non-resident international carriers (4.8 percent) and increased sales of tickets abroad by domestic airlines (1.9 percent).

Travel services registered a surplus of US\$ 1 billion. Revenues increased by 7.4 percent due to the increase in the number of non-resident travelers entering the country by air (4.3 percent), while expenditures were 8.2 percent higher due to the greater number of travelers who visited other countries and traveled by air (11.7 percent).

The insurance and reinsurance account showed a negative balance of US\$ 244 million, a figure US\$ 30 million less than in 2018. Income was higher by US\$ 84 million, with most of this increase being explained by the activation of the catastrophe insurance acquired by Peru which covered losses from the earthquake that hit the area of Lagunas, Alto Amazonas, in the Loreto Region (US\$ 60 million) on May 26, 2019. On the other hand, expenditures were US\$ 54 million higher due to the increase paid abroad in premiums for risks reinsured.

2.4 Factor Income

Factor income showed a deficit of US\$ 10.748 billion in 2019, declining by US\$ 1.066 billion (9 percent) from the previous year, due to the lower profits of companies with foreign direct investment and higher public sector revenues.

Table 30					
FACTOR INCOME					
(Million US\$)					
	Million US\$			% change	
	2017	2018	2019	2018	2019
I. REVENUE	1,618	1,999	2,405	23.6	20.3
1. Private	934	1,221	1,129	30.7	-7.5
2. Public	684	778	1,276	13.8	63.9
II. EXPENDITURE	13,141	13,813	13,154	5.1	-4.8
1. Private	11,505	11,915	11,012	3.6	-7.6
Profits 1/	9,612	9,859	9,064	2.6	-8.1
Interests	1,893	2,056	1,948	8.6	-5.3
- Long-term loans	1,087	1,117	1,005	2.8	-10.1
- Bonds	597	647	661	8.4	2.2
- Short-term loans 2/	209	292	282	39.6	-3.3
2. Public	1,636	1,898	2,142	16.0	12.9
Interests on long-term loans	239	256	232	7.0	-9.4
Interests on bonds	1,397	1,641	1,911	17.5	16.4
Interests on BCRP liabilities 3/	0	1	0	68.2	-100.0
III. BALANCE (I-II)	-11,523	-11,814	-10,749	2.5	-9.0
1. Private	-10,571	-10,694	-9,883	1.2	-7.6
2. Public	-953	-1,120	-867	17.5	-22.6

1/ Profits or losses accrued in the period. Includes profits and dividends sent abroad plus undistributed profits.
2/ Includes interests of non-financial public enterprises and liabilities in domestic currency with non-residents.
3/ Comprise interests on long- and short-term debts.
Source: BCRP, MEF, Cofide, ONP and businesses.

Moreover, profits for foreign direct investment totaled US\$ 9.064 billion, US\$ 795 million less than in the previous year, due to lower profits in the mining and hydrocarbon sector and in industrial sectors. On the other hand, interest on private external debt were US\$ 108 million lower as a result of the reduction of the debt balance, while public sector interest increased by US\$ 244 million as the balance of non-residents' purchases of bonds issued in the domestic market increased.

Revenues amounted to US\$ 2.41 billion. This amount, which was US\$ 406 million higher than in the previous year, includes the interest on deposits and returns on external investments from the private and public sectors (financial and non-financial entities).

2.5 Current Transfers

During 2019, **current transfers** amounted to US\$ 3.72 billion, which represented an increase of US\$ 163 million from 2018. This increase was due to higher income from remittances (US\$ 101 million) compared to the previous year and to higher income from non-residents' extraordinary tax payments (US\$ 91 million).

Higher remittances came from the United States (7.5 percent) and Spain (7.4 percent), while those from Argentina (29.0 percent) and Chile (1.8 percent) declined.

2.6 Private Sector Financial Account

In 2019, the **private sector financial account** showed a flow of US\$ 5.51 billion, higher than that recorded in 2018, due to higher foreign direct investment (in line with mining investment) and portfolio investment (higher bond issuances abroad) in the country, as well as lower portfolio investment abroad by administrators of private pension funds (AFPs), in line with the evolution of private domestic investment and with low international interest rates.

Table 31					
PRIVATE SECTOR FINANCIAL ACCOUNT					
(Million US\$)					
	Million US\$			% change	
	2017	2018	2019	2018	2019
1. ASSETS	-3,564	-3,558	-2,424	5	1,135
Direct investment abroad	-500	-19	-896	481	-877
Portfolio investment 1/	-3,064	-3,539	-1,527	-475	2,012
2. LIABILITIES	4,448	4,476	7,936	28	3,460
Foreign direct investment	6,860	6,488	8,892	-373	2,404
a. Reinvestment	5,627	5,576	3,057	-51	-2,520
b. Equity capital	1,944	681	2,940	-1,263	2,259
c. Net liabilities to affiliated enterprises	-710	231	2,895	941	2,665
Portfolio investment	1,290	-411	1,268	-1,701	1,679
a. Equity securities 2/	-172	-442	-511	-270	-69
b. Fixed-rate income 3/	1,462	31	1,779	-1,431	1,748
Long-term loans	-3,703	-1,601	-2,224	2,101	-623
a. Disbursements	4,127	4,014	3,516	-112	-498
b. Amortization	-7,829	-5,616	-5,740	2,214	-124
3. TOTAL	884	917	5,512	33	4,595
Memo:					
Net direct investment	6,360	6,469	7,996	108	1,527

1/ Includes stocks and other foreign assets of the financial and non-financial sector. The negative sign indicates an increase.
2/ Considers the net purchase of shares by non-residents through the LSE, recorded by CAVALI SA ICLV. Also, includes ADRs.
3/ Includes bonds, credit notes and securitization, among others, in net terms (issuance less redemption).
Source: BCRP, Cavali S.A. ICLV, Proinversion, and businesses.

Foreign assets increased by US\$ 2.42 billion, less than in the previous year. The AFP portfolio investments, which had reached US\$ 2.13 billion in 2018, amounted to US\$ 747 million in 2019. In contrast, mutual funds increased their portfolio of investments abroad by US\$ 730 million this year (vs. US\$ 305 million in 2018).

On the other hand, liabilities increased by US\$ 7.94 billion during 2019. Foreign direct investment in the country increased by US\$ 8.89 billion through reinvestment, contributions, and parent company loans, this flow being directed to the sectors of services (US\$ 2.82 billion), energy (US\$ 1.73 billion), and mining (US\$ 2.50 billion). Moreover, at the level of internal components, the lower reinvestment of earnings was offset by higher net contributions and parent company loans. It is worth mentioning that this also reflected higher local investment in large mining projects and in other sectors as well.

Table 32
FOREIGN DIRECT INVESTMENT IN COUNTRY BY DESTINATION SECTOR 1/
(Million US\$)

	2017	2018	2019
Mining	1,824	2,502	2,497
Non-financial services	3,292	2,434	2,821
Manufacturing	771	1,128	734
Energy and others	752	371	1,734
Financial sector	-,253	27	1,097
Hydrocarbons	474	26	9
TOTAL	6,860	6,488	8,892

1/ Includes contributes and other net capital operations, net loans to affiliated enterprises and reinvestment (current profits).
Source: Businesses.

The positive evolution of portfolio investment in the country is explained by net placements of bonds in foreign markets for a total of US\$ 1.65 billion, which includes bonds in domestic currency issued by both financial and non-financial companies, in a context of low interest rates in international markets.

Furthermore, the net flow of long-term loans decreased by US\$ 2.22 billion due to the repayment of US\$ 5.74 billion carried out mainly by the mining and oil sectors in a context of greater preference for local financing.

2.7 Short-Term Capital Flows

In 2018, **short-term capital** recorded a net positive flow of US\$ 618 million (which contrasted with the negative flow of US\$ 1.50 billion in 2018). The net flow in 2019 was concentrated in the non-financial sector mainly due to the settlement of deposits abroad. On the other hand, a reduction was observed in short-term liabilities abroad.

Banks' net flow of short-term capital was negative by US\$ 3 million since the liquidation of foreign assets for US\$ 504 million by banks was almost equivalent to the reduction of their foreign liabilities, with net payments totaling US\$ 507 million during the year.

2.8 Public Sector Financial Account

During the year, the public financial account showed a positive balance of US\$ 4.42 billion as a result of non-residents' increased purchases of sovereign bonds mainly during the first half of the year.

Table 33					
PUBLIC SECTOR FINANCIAL ACCOUNT 1/					
	Million US\$			% change	
	2017	2018	2019	2018	2019
I. DISBURSEMENTS	3,045	1,800	1,863	-1,245	63
Investment projects	435	1,800	1,113	1,365	-687
Central government	366	473	1,064	108	590
Public enterprises	69	1,327	49	1,257	-1,278
- Financial	1	44	0	43	-44
- Non-financial	68	1,283	49	1,214	-1,234
Free disposable loans	2,610	0	750	-2,610	750
- Global 2/	0	0	750	0	750
- Financial public enterprises	610	0	0	-610	0
- Non-financial public enterprises	2,000	0	0	-2,000	0
II. AMORTIZATION	-4,505	-1,614	-2,205	2,891	-591
III. NET EXTERNAL ASSETS	601	-201	214	-803	416
IV. OTHER OPERATIONS					
WITH DEBT SECURITIES (a-b)	4,108	2,137	4,545	-1,971	2,408
a. Securities in domestic market purchased by non-residents	4,554	1,822	4,190	-2,732	2,368
b. Securities in foreign market purchased by residents	446	-315	-355	-761	-40
V. TOTAL	3,249	2,122	4,417	-1,127	2,295

1/ Medium- and long-term accounts.
2/ Bonds are classified according to the market where they are issued. Global and Brady bonds, issued in foreign markets, are part of external debt including those purchased by residents.
Source: BCRP, MEF, COFIDE, and FCR.

2.9 International Investment Position

As of December 2019, **external assets** totaled US\$ 131.78 billion –a higher balance than at the end of 2018–, explained mainly by the BCRP reserve assets and by the assets of the financial system entities. It should be pointed out that, as of December 2019, the BCRP reserve assets represented 30 percent of GDP and that this balance covered almost 6 times the short-term external debt (including the medium and long-term amortizations of one year ahead).

Total **external liabilities** increased by 3.2 percentage points of GDP to 94.1 percent of GDP by the end of 2019, this increase being explained mostly by new direct investment flows which increased this balance by 2.7 percentage points to 50.0 percent of GDP by the end of 2019. Moreover, capital participation represented 9.4 percent of GDP at the end of 2019, that is to say, 0.4 percentage points above its level at the end of 2018. On the other hand, the private medium- and long-term debt represented 14.3 percent of GDP as of December 2019 (down 0.6 percentage points from the level observed in the previous year).

The balance of the public sector debt represented 17 percent of GDP, a level 1.5 percentage points higher than that of the previous year, due to an increase in non-resident investors' share of public debt securities in the local market, while a reduction was observed in the share of external public debt due to lower new borrowing as well as due to higher repayments.

Table 34
NET INTERNATIONAL INVESTMENT POSITION
(End-of-period levels)

	Million US\$			% GDP	
	2017	2018	2019	2018	2019
I. ASSETS	121,281	121,205	131,780	53.8	57.1
1. BCRP reserve assets	63,731	60,288	68,370	26.8	29.6
2. Assets of financial sector (excluding BCRP) 1/	34,417	34,902	38,466	15.5	16.7
3. Others assets	23,132	26,015	24,944	11.5	10.8
II. LIABILITIES	200,386	204,678	217,224	90.8	94.1
1. Bonds and total private and public external debt 2/					
a. Medium and long term debt	68,019	68,430	72,232	30.4	31.3
Private sector 2/	35,067	33,518	32,952	14.9	14.3
BCRP	0	0	0	0.0	0.0
Public sector (i - ii + iii) 3/	32,953	34,912	39,280	15.5	17.0
i. External public debt	22,710	22,977	22,554	10.2	9.8
ii. Public debt issued abroad purchased by residents	1,668	1,353	998	0.6	0.4
iii. Public debt issued locally purchased by non-residents	11,911	13,288	17,724	5.9	7.7
b. Short-term debt	8,480	9,356	7,857	4.2	3.4
Financial sector (excluding BCRP) 2/	3,430	4,375	3,835	1.9	1.7
BCRP	110	167	54	0.1	0.0
Others 4/	4,939	4,815	3,969	2.1	1.7
2. Direct investment	99,950	106,438	115,330	47.2	50.0
3. Capital participation	23,936	20,453	21,804	9.1	9.4

1/ Includes assets in domestic currency with non-residents.

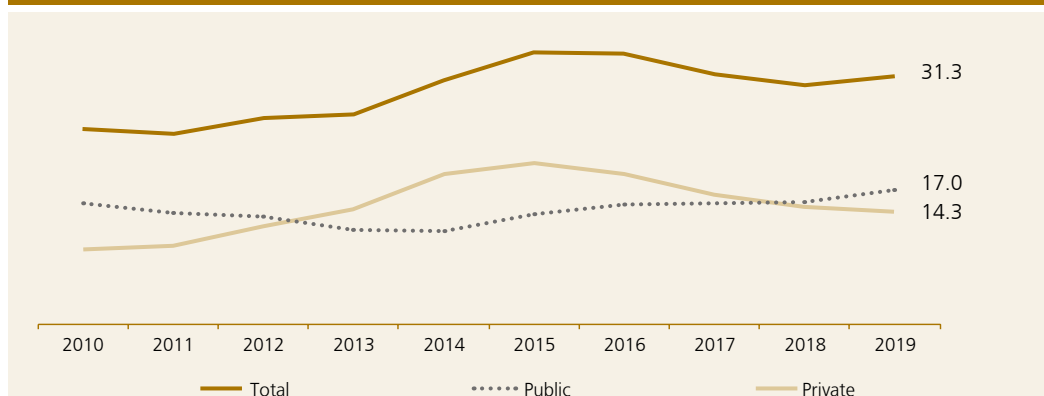
2/ Includes liabilities in domestic currency with non-residents.

3/ External public debt is the sum of external public debt (including financial sector) and sovereign bonds in the hands of non-residents and excluding debt issued abroad in the hands of residents.

4/ Includes mainly short-term debt of the non-financial private sector.

Source: BCRP, MEF, Cavali S.A., ICLV, Proinversión, BIS and Businesses.

Graph 35
BALANCE OF MEDIUM AND LONG TERM EXTERNAL DEBT 1/
(% GDP)



1/ The public external debt under the criterion of residence of the holders of the debt results from adding the external debt of the total public sector (including financial sector) by the issue market and the holding of sovereign bonds held by Non-residents and exclude debt issued abroad held by residents.

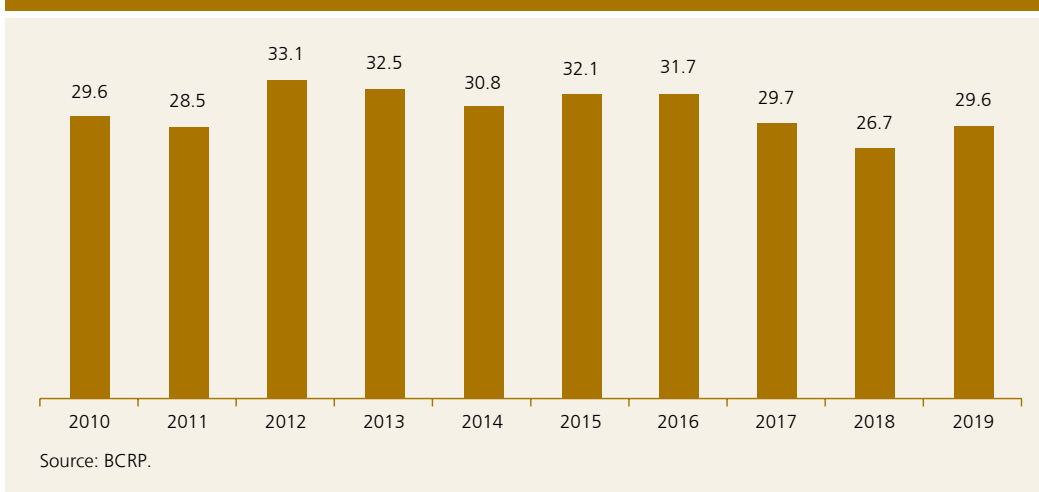
Source: BCRP.

Table 35
NIR INDICATORS

As a % of:	2009	2014	2019
a. GDP	27.2	30.8	29.6
b. Short-term external debt 1/	293	499	581
c. Short-term external debt plus Current account deficit	277	289	447

1/ Includes short-term debt balance plus redemption (1-year) from private and public sector.
Source: BCRP.

Graph 36
INTERNATIONAL RESERVES
(% GDP)



2.10 Management of International Reserves

At the end of 2019, 69 percent of the investment portfolio was invested in liquid high credit quality securities, 28 percent in deposits in first-class foreign banks, and the remaining 3 percent was invested in gold. The securities portfolio consists mainly of sovereign debt securities and bonds issued by supranational entities and foreign public entities with long-term credit ratings equal to or greater than A +.

The country's International Reserve Assets (IRA) generated a yield of S/ 4.88 billion in fiscal year 2019, this return being 37.3 percent higher than in the previous year.

Table 36
INTERNATIONAL RESERVE ASSETS
(% structure)

Item	December 2018	December 2019
Deposits abroad	26	28
Securities	71	69
Gold	3	3
Total	100	100

Source: BCRP.

Table 37 COMPOSITION OF LIQUID INTERNATIONAL ASSETS (% structure)		
	December 2018	December 2019
By maturity term	100	100
0-3 months	49	55
3-12 months	17	8
> 1 year	34	37
By long-term rating	100	100
AAA	53	42
AA+/AA/AA-	19	25
A+/A/A-	28	33

Source: BCRP.

As for the quality of the portfolio, 42 percent of IRA was held in entities with a long-term credit rating of AAA and the rest in entities with credit ratings ranging between AA+ and A. Moreover, the average duration of the investment portfolio was 0.73 years.

The effective exposure of the BCRP foreign exchange position to the U.S. dollar was 85 percent, while the exposure to other currencies and gold was 15 percent.

Table 38 INTERNATIONAL POSITION: EFFECTIVE EXPOSURE (% structure)		
	December 2018	December 2019
US\$	85	85
Other currencies	11	11
Gold	4	4
Total	100	100

Source: BCRP.