



ANNUAL REPORT 2019



CENTRAL RESERVE BANK OF PERU



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REPORT
2019

CENTRAL RESERVE BANK OF PERU

BOARD OF DIRECTORS

As of December 31, 2019

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Governor

Luis Miguel Palomino Bonilla

Vice Chairman

José Chlimper Ackerman

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Members of the Board



Teófilo Castillo
Paisaje del Huascarán

CENTRAL RESERVE BANK OF PERU

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General Manager

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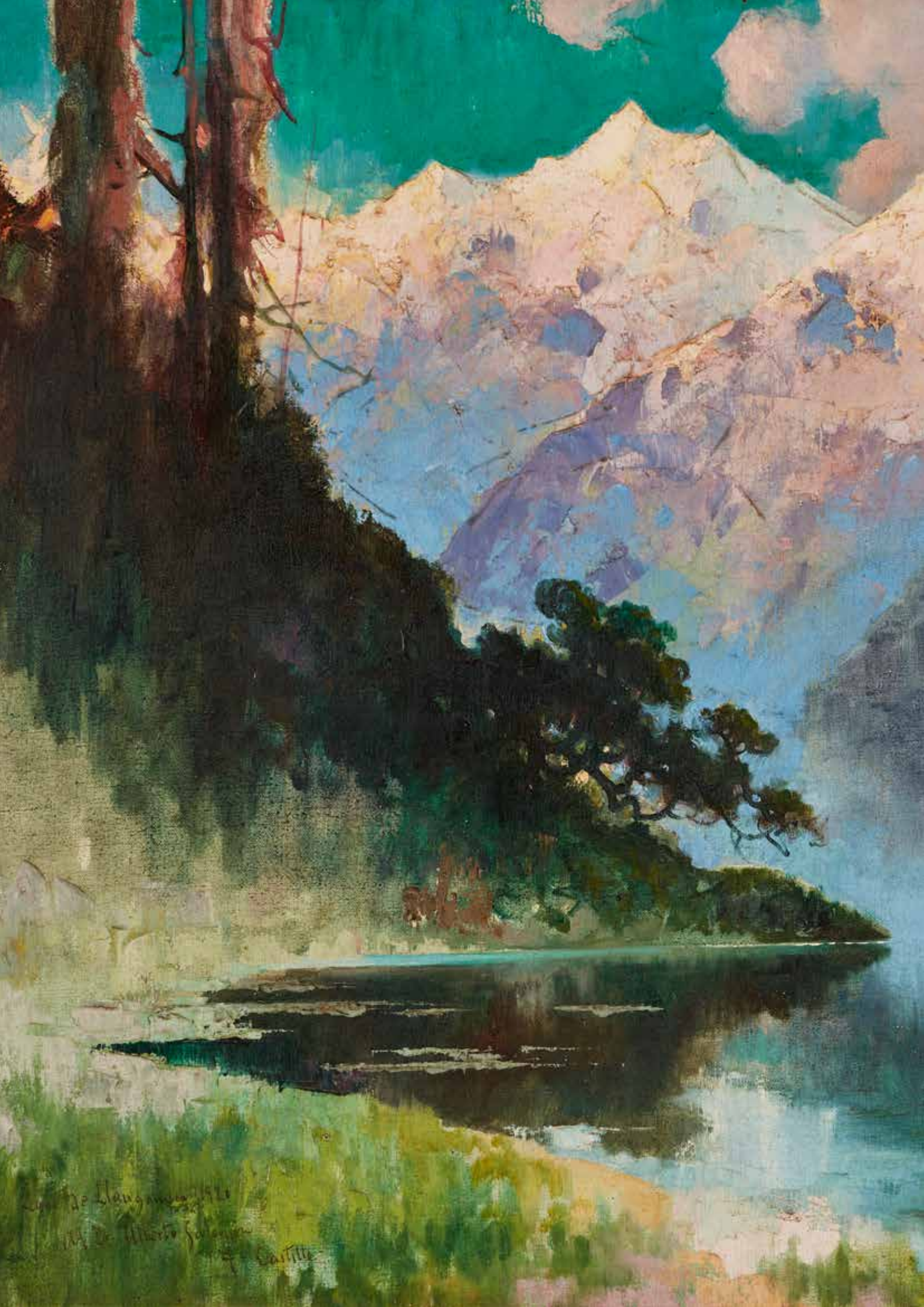
Arturo Pastor Porras	<i>Procurement and Services Manager</i>
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María Teresa San Bartolomé Gelicich	<i>Human Resources Manager</i>

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Audit Department Manager

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Consultant Attorney

Dehera Bruce Mitrani
General Secretary



Rain, San Geronimo, California
J.M.W. Turner
1845



ECONOMIC ACTIVITY

Teófilo Castillo
Paisaje de la laguna de Llanganuco



Teófilo Castillo
Paisaje nevado

INTRODUCTION

In 2019, Peru's GDP grew by 2.2 percent –a lower rate than in the previous year–, in part due to the contraction of the primary industries, which were affected by supply shocks to fisheries (lower availability of anchovy) and mining (lower grade ore). In addition, growth in non-primary industries slowed down as a result of less dynamic domestic demand. The impact of lower terms of trade on income and the slowdown of formal employment growth accounted for the slower expansion of private spending, while the impact of the political cycle of sub-national governments accounted for the contraction of public investment and the slower pace of growth of public spending.

This slowdown of local economic activity took place amid an external context of decelerating global GDP growth, high uncertainty in international financial markets, and lower terms of trade. Moreover, global trade, the confidence of economic agents, and growth perspectives were significantly affected by the trade war between the United States and China, which resulted in the lowest expansion rate of the world economy in 10 years (2.9 percent). Our terms of trade accumulated two years of decline due to the lower prices of our exports of basic metals. In this context, the central banks of the major developed economies and several emerging economies maintained an expansionary monetary policy, reflected in low international interest rates.

The current account deficit in the balance of payments fell to 1.5 percent of GDP in 2019 due to the lower profits of companies with foreign direct investment, in line with the slowdown of local economic growth and the lower prices of basic metals. This deficit was financed by capital in the financial account (equivalent to 4.6 percent of GDP), mainly foreign direct investment and portfolio investment (sovereign bonds), in a context of low international interest rates. On the other hand, the country's international reserves amounted to US\$ 68.316 billion (US\$ 8.195 billion more than in 2018), a level of reserves equivalent to 30 percent of GDP.

Declining for the second consecutive year, the fiscal deficit decreased from 2.3 percent of GDP in 2018 to 1.6 percent in 2019. This lower deficit reflected mainly the increase in the current revenues of the general government (0.5 per cent of GDP). On the other hand, the public debt at the end of 2019 represented 26.8 percent of GDP, a figure 1.0 percentage point higher than at the end of 2018, due to higher long-term domestic debt resulting from debt management operations in June and November 2019.



Inflation and inflation expectations remained within the 1 - 3 percent target range throughout the year in a context where the output continued to grow below its potential level and high uncertainty was observed in international financial markets due to the intensification of the trade war between the United States and China.

In this context, the Central Bank reduced the benchmark interest rate by 25 basis points in August and November, from 2.75 to 2.25 percent, thus maintaining an expansionary stance. This stance was reflected in the evolution of the real reference interest rate, which was below the real neutral interest rate (estimated at 1.50 percent) throughout the year.

The moderation of domestic demand and the international context caused the growth rate of credit to slow down from 8.7 percent in 2018 to 6.9 percent in 2019, reflecting mainly the evolution of credit to business, particularly in the segments of loans to corporations and large companies. On its side, credit to households showed a lesser slowdown, explained by the consumer segment.

It is worth highlighting that, since the beginning of 2020, markets and global activity have been severely affected by the effects of COVID-19. In our country, the measures taken to deal with the pandemic have had a significant negative impact on economic activity, mainly due to the national stay-at-home order (mandatory social immobilization), which implied the suspension of work in most economic sectors.

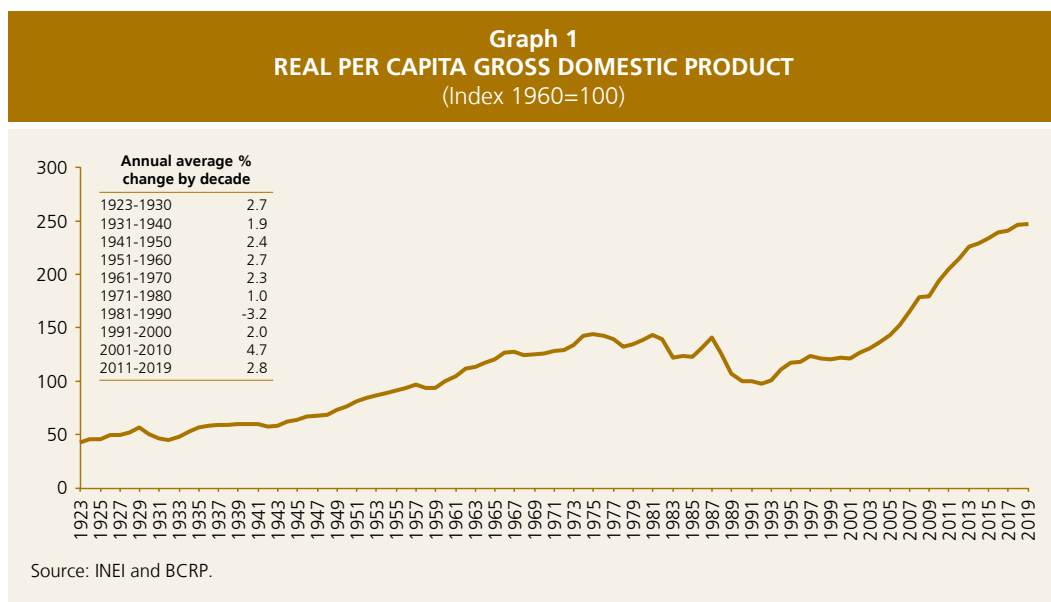
In this context, the measures taken by BCRP to reduce the cost of credit and prevent the interruption of the payments channel have included reducing the reference interest rate by 200 basis points to 0.25 percent –a historical minimum level–, providing liquidity to the financial system through the extension of the maturity term of repo operations, and easing reserve requirements, which would release resources equivalent to 0.3 percentage points of GDP.

In addition, a program of government-backed loans of up to S/ 30 billion has been established to support the financing of working capital. BCRP will carry out auctions of portfolio repos to provide liquidity for these operations.

PRODUCTION AND EMPLOYMENT

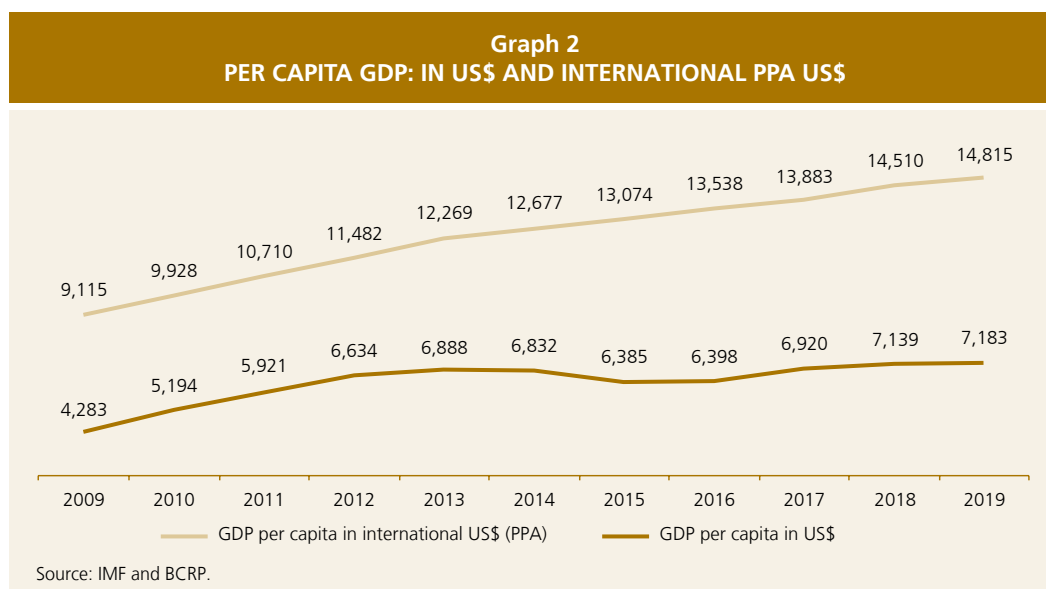
In 2019 the Peruvian economy grew at a rate of 2.2 percent. This result was mainly associated with (i) supply shocks on primary industries (fishing and mining), (ii) the effect of the political cycle of sub-national governments on public investment, and (iii) an external context of slower global growth and lower terms of trade.

As a result of this, per capita GDP rose by 0.4 percent in the year, less than the average rate observed for the last nine years (2.8 percent).



GDP per capita in dollars amounted to US\$ 7,183 in 2019, which represented a 0.6 percent increase compared to the previous year. Measured in terms of purchasing power parity (PPP) –indicator that

takes into account the same basket of goods and is used to make international comparisons—, GDP increased by 2.1 percent to US\$ 14,815 PPP.



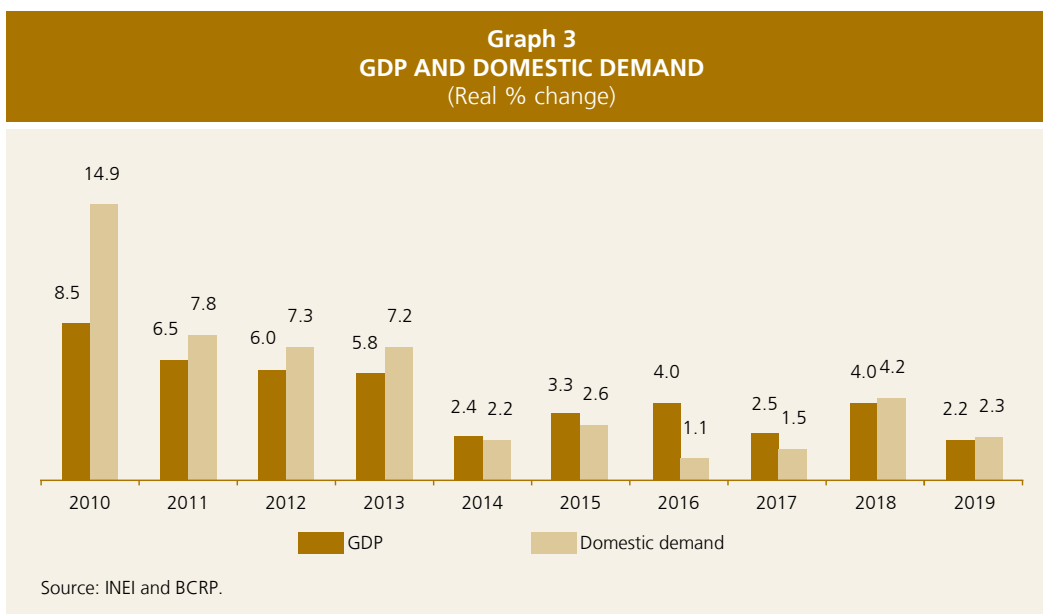
1. Domestic Demand

The lower dynamism of domestic demand in 2019 (2.3 percent) compared to the previous year (4.2 percent) is explained mainly by lower public investment by the sub-national governments and by lower growth in private consumption due to lower incomes.

Table 1
GROSS DOMESTIC PRODUCT BY TYPE OF EXPENDITURE
(Real % change)

	2017	2018	2019	Average 2010-2019
Domestic demand	1.5	4.2	2.3	5.1
a. Private consumption	2.6	3.8	3.0	5.1
b. Public consumption	0.6	0.1	2.1	4.3
c. Gross fixed investment	-0.2	4.7	2.9	4.9
- Private	0.2	4.5	4.0	5.6
- Public	-1.8	5.6	-1.4	2.7
Change on inventories (% contribution)	-0.3	0.5	-0.5	0.1
Exports	7.4	2.4	0.8	3.7
Minus: Imports	3.9	3.2	1.2	6.0
GDP	2.5	4.0	2.2	4.5
Memo: Total public expenditure	-0.1	1.6	1.0	3.8

Source: INEI and BCRP.



1.1 Private Consumption

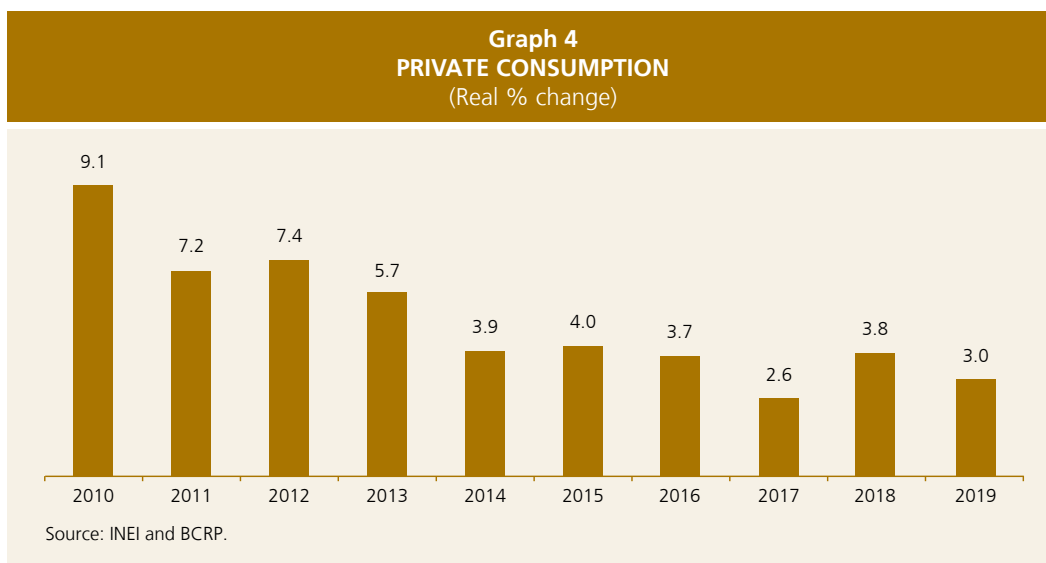
Private consumption grew by 3.0 percent in 2019, favored by sustained growth in consumer credit and by households' positive perceptions about the future of the economy.

Despite this, however, the GDP growth rate in 2019 was lower than in 2018 due to the slower pace of growth of jobs in the labor market. In 2019, the growth of private employment slowed to a low of 2.7 per cent in May, bringing the annual growth rate from 4.4 percent in 2018 to 3.8 percent in 2019. A similar trend was observed in the growth of the wage bill, which fell from 8.8 percent in 2018 to 5.8 percent in 2019. It should be pointed out that both variables showed a recovery in the last months of the year.

Table 2
INDICATORS OF PRIVATE CONSUMPTION
(% change)

	2017	2018	2019
Urban unemployment rate	5.0	4.8	5.3
National employment (private sector)	2.5	4.4	3.8
Wage bill (private and public sector)	4.5	8.8	5.8
Consumer confidence index - Apoyo 1/	48	48	49
Expectation about household situation 12 months ahead 1/	61	63	63
Real consumer loans	7.2	10.7	10.7
Sale of poultry (tons, diary average)	1.1	8.8	12.8
Retail sales	0.6	2.8	2.9
Volume of imports of consumer goods	3.5	1.7	-0.1
Non-durable, excluding foods	4.8	4.3	2.3
Durable	2.3	0.0	-4.0

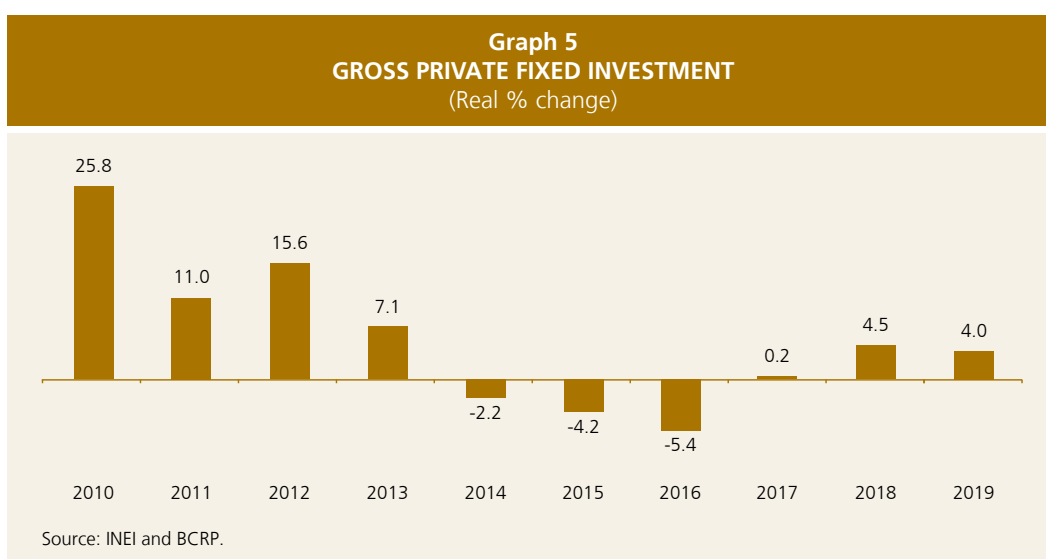
1/ Value more than 50 means growth.
Source: BCRP, INEI, SUNAT, Apoyo, and MINAGRI.



1.2 Private Investment

Private investment grew 4.0 percent in 2019, supported by greater mining investment (23.6 percent) and, to a lesser extent, by higher investment in other sectors (1.2 percent).

It is worth mentioning that the 2019 rate was lower than in 2018 (4.5 percent) due to the lower growth of non-mining investment. Business confidence, an indicator measured by the index of entrepreneurs' expectations about the economy in 3 and 12 months, deteriorated between April and October, influenced by the domestic and international situations, which limited investment in non-mining sectors in the last quarter of 2019. In contrast, mining investment grew more than in 2018, driven by investment in the copper mega-projects of Quellaveco, Mina Justa, and the expansion of Toromocho.



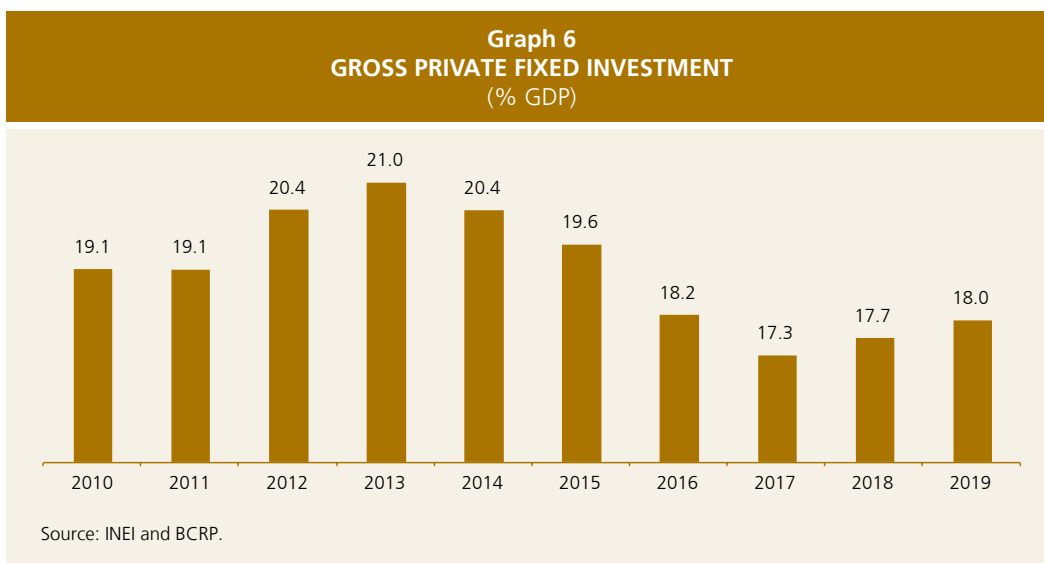


Table 3
MINING AND NO MINING INVESTMENT
(Real % change)

	2017	2018	2019
Total private investment	0.2	4.5	4.0
Mining sector	12.4	22.8	23.6
No mining sectors	-1.1	2.3	1.2

Source: MINEM and BCRP.

Some projects that supported the positive progress of investment in sectors such as mining, hydrocarbons, energy, and manufacturing included the following:

Mining investments amounted to US\$ 6.157 billion, which in dollar terms represented a 24 percent increase compared to 2018. Investment projects worth highlighting included Anglo American's investment of US\$ 1.344 billion for the construction and equipment of its Quellaveco project in Moquegua; Marcobre's investment of US\$ 745 million in its Mina Justa project in Ica, and Minera Chinalco Perú's investment of US\$ 413 million, which was mainly oriented to the construction of its Toromocho Expansion project in Junín.

In the hydrocarbons sector, Repsol invested US\$ 86 million, of which US\$ 46 million went to the project "New Terminal T4 and Improvements to Terminals T1, T2, and T3" (RLP35) and US\$ 12 million to the project "Adaptation to New Fuel Specifications at La Pampilla Refinery" (RLP21).

In the energy sector, Luz del Sur executed projects for a total of US\$ 466 million, this sum being mainly used to improve and expand the electricity system. On the other hand, Enel invested US\$ 131 million, of which US\$ 53 million went to expand electricity networks and US\$ 30 million to maintain infrastructure and to security. To a lesser extent, resources of US\$ 13 million were allocated to digitalization and US\$ 13 million to quality improvement.



In the manufacturing sector, Unión de Cervecerías Peruanas Backus y Johnston allocated close to US\$ 76 million to expand the capacity of its breweries, distribution centers, and to increase its plastic crates and glass containers plants as well as its transport units. Aceros Arequipa spent US\$ 150 million in the new steel plant, the acquisition of land, and in the implementation of operational improvements in the Pisco plant. Likewise, Alicorp invested US\$ 33 million mainly in the activation of the C500 Callao mill project and in the expansion of its Callao detergent plant, among others. Finally, Unión Andina de Cementos invested US\$ 17 million in various projects, such as de-dusting the coolers of kilns 2 and 3 and making improvements to the Condorocha plant, among others.

1.3 Public Expenditure

In 2019, public expenditure grew by 1.0 percent, less than in the previous year, due to a reduction in public investment (down from 5.6 to -1.4 percent) despite higher growth in public consumption (up from 0.1 to 2.1 percent).

The entry into office of new regional and local authorities in 2019 had a negative impact on the evolution of public investment in these levels of subnational governments, whereas an increase was observed, on the other hand, in investment spending at the level of the national government. Investment in regional governments fell by 2.2 percent due to lower spending on water and sanitation, transport and health projects, while investment in local governments fell 10.2 percent, mainly due to lower spending on road projects. It is worth mentioning that this same behavior was observed at the beginning of the 2011 and 2015 mandates of sub-national authorities, when public investment fell 11.2 and 6.9 percent, respectively.

On the other hand, public consumption increased mostly due to a greater purchase of goods and services by the national government, while consumption at the regional and local government levels dropped.

2. Exports and Imports

Showing a lower rate than that observed in 2018 (2.4 percent), exports of goods and services grew 0.8 percent in 2019 due to the reduction in exports of traditional products (-1.2 percent) associated with supply shocks on primary activity. Another factor that explains this fall was the lower growth of exports of non-traditional products (down from 11.0 percent in 2018 to 5.7 percent in 2019).

The fall in traditional exports is largely explained by lower shipments of mining and fishing products. Exports of gold and zinc were affected by lower production from Yanacocha, Barrick and Gold Fields, while fishmeal exports fell due to lower anchovy catch. Moreover, lower exports of crude and coffee contributed also to this fall in traditional exports. On the other hand, the slowdown in the growth of non-traditional exports reflected the fall in textile exports and in exports of agricultural and chemical products.

The pace of growth of imports slowed down from 3.2 percent in 2018 to 1.2 percent in 2019, due to a reduction in purchases of durable consumer goods as a result of lower private spending, as well as due to a reduction in imports of crude oil and derivatives. This reduction in the volume of imports was in part offset by an increase in purchases of capital goods as well as by higher demand for imported services, including transport and travel.

3. Production Sectors

By production sectors, the lower growth of GDP compared to the previous year is explained by the drop in primary production (-1.3 percent), which was affected by the lower availability of anchovy and the lower production of minerals, and also by the lower growth of non-primary activity (3.2 percent).

Table 4 GROSS DOMESTIC PRODUCT BY ECONOMIC SECTOR (Real % change)					
	2017	2018	2019	Average 2010-2019	% contribution to growth in 2019
Primary GDP	3.0	3.6	-1.3	3.3	-0.3
Agriculture and livestock	2.8	7.8	3.2	3.8	0.2
Fishing	4.7	47.7	-25.9	-1.1	-0.1
Metallic mining	4.5	-1.7	-0.8	3.6	-0.1
Hydrocarbons	-2.4	0.0	4.6	1.5	0.1
Manufacturing	1.6	12.9	-8.8	2.6	-0.3
Non-primary GDP	2.3	4.1	3.2	4.8	2.5
Manufacturing	-0.9	3.4	1.2	2.2	0.1
Electricity and water	1.1	4.4	3.9	5.4	0.1
Construction	2.1	5.3	1.5	4.6	0.1
Commerce	1.0	2.6	3.0	5.1	0.3
Services	3.3	4.4	3.8	5.3	1.9
GLOBAL GDP	2.5	4.0	2.2	4.5	2.2

Source: INEI and BCRP.

3.1 Agriculture

Output in the agricultural sector grew 3.2 percent in the year, showing high production levels in important goods oriented both to the domestic market (potatoes, bananas, cassavas, tangerines, pineapples, and lemons) and to external markets (blueberries, mangoes, cocoa, avocados, and olives) and also in livestock products (poultry and eggs). With this, output in the agriculture sector accumulated fifteen years of continuous growth.

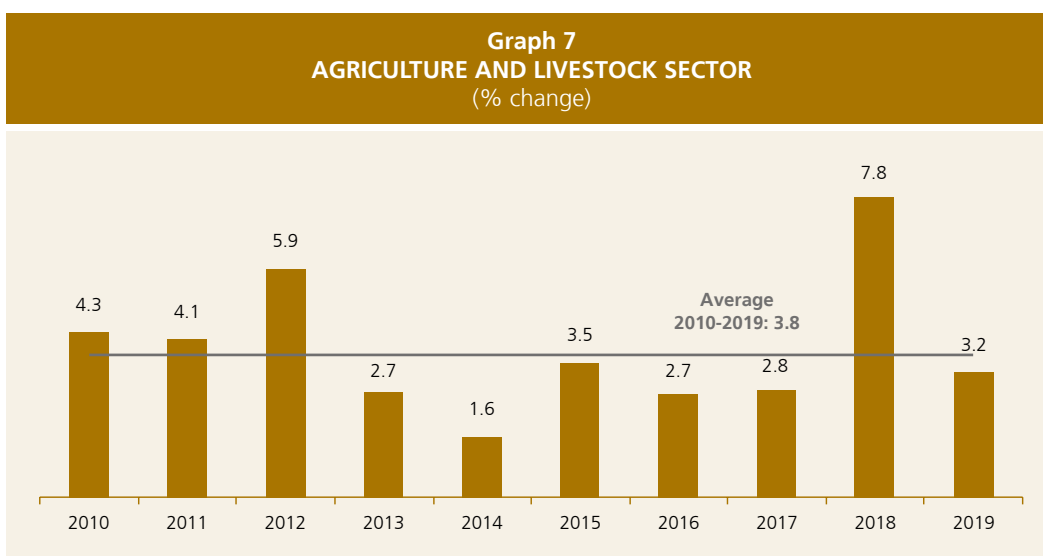


Table 5
AGRICULTURE AND LIVESTOCK PRODUCTION
(Real % change)

	2017	2018	2019	Average 2010-2019
A. Agricultural production	2.5	9.6	2.6	3.6
For the domestic market	-0.3	8.4	-0.6	2.1
Potato	5.8	7.4	3.9	3.5
Rice	-4.0	17.1	-10.4	0.6
Onion	2.4	-10.9	-1.9	0.8
Tangerine	1.0	18.0	5.4	11.8
Orange	1.5	0.9	2.4	3.2
Tomato	-5.3	14.9	-20.2	-0.9
Banana	-4.5	10.8	3.9	2.0
Cassava	1.3	3.6	3.7	1.0
Garlic	21.3	10.8	-20.7	3.7
Lemon	-37.9	53.9	12.0	3.9
For industry	-2.1	8.5	3.9	0.9
Yellow hard maize	1.4	1.3	0.5	0.0
Cotton	-48.6	89.4	31.9	-4.9
Oil palm	14.5	9.2	-0.9	13.0
Sugar cane	-4.4	10.0	5.7	1.0
For export	9.8	12.2	8.1	7.8
Coffee	20.1	9.6	-1.7	4.1
Asparagus	1.3	-5.9	1.7	1.6
Grapes	-6.5	0.1	-1.1	9.2
Avocado	2.5	8.1	6.2	13.0
Mango	3.6	-2.1	41.8	12.4
Cocoa	12.9	10.5	0.9	14.0
Quinoa	-0.8	10.3	3.5	8.6
Blueberry	84.4	62.1	71.8	n.d.
B. Livestock production	2.8	5.8	4.1	4.6
Poultry	4.3	7.5	4.5	6.2
Eggs	3.6	8.9	8.0	6.2
Pork	5.6	4.6	5.0	4.2
Milk	3.0	2.7	3.0	2.6
C. TOTAL	2.8	7.8	3.2	3.8

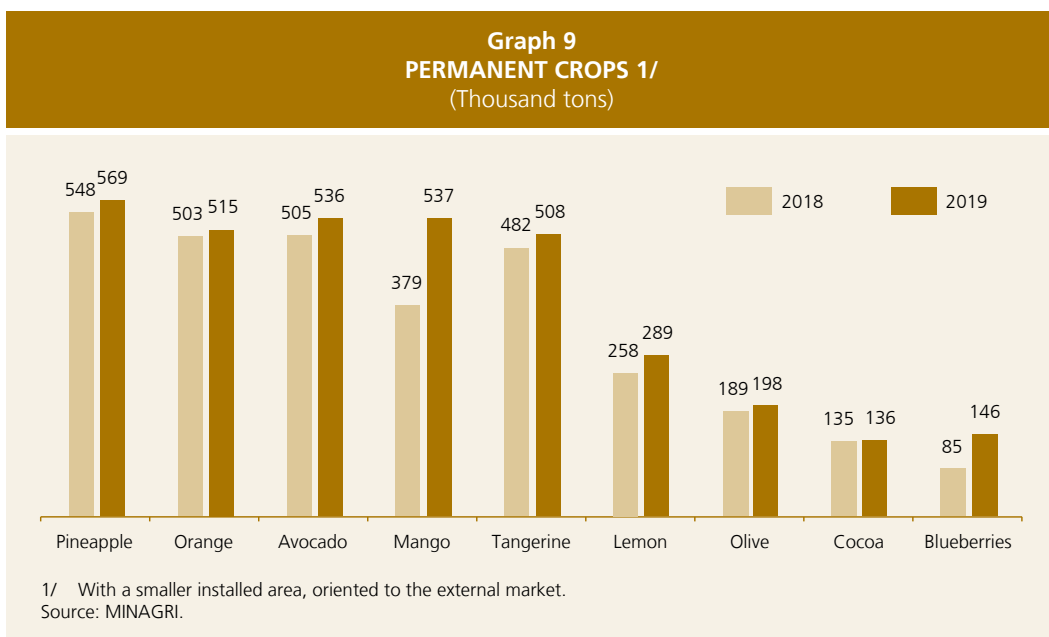
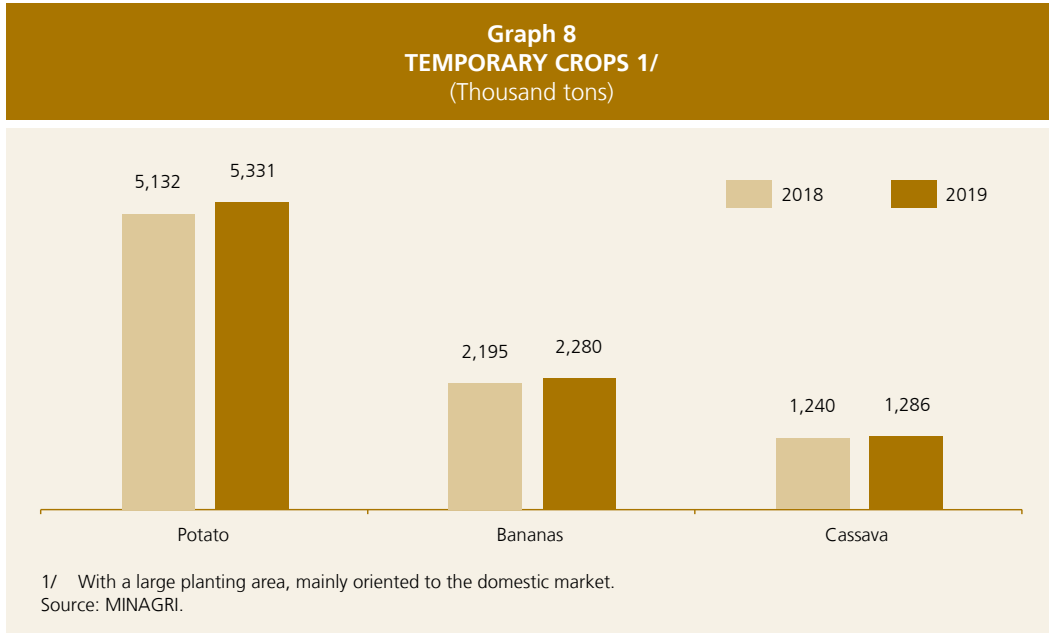
Source: INEI and MINAGRI.

This prolonged growth of the agriculture output, which is explained by the dynamism of both agro-exports and the poultry industry, was also strengthened by agriculture production for the domestic market. Although agricultural production was favored by a high availability of water resources in the 2019 crop year, it was also subject to weather anomalies, with warm weather anomalies being observed on the coast in the first quarter of the year and cold weather anomalies in the second half of the year.

Warm weather anomalies resulted in lower yields¹ and smaller rice harvests. Lower yields were observed in Lambayeque (24 percent), La Libertad (14 percent) and Piura (6 percent), while smaller

¹ Anomalous warm weather conditions favored the presence of flies and sogata causing deterioration in the rice plantations in Lambayeque and accelerating the ripening process in La Libertad.

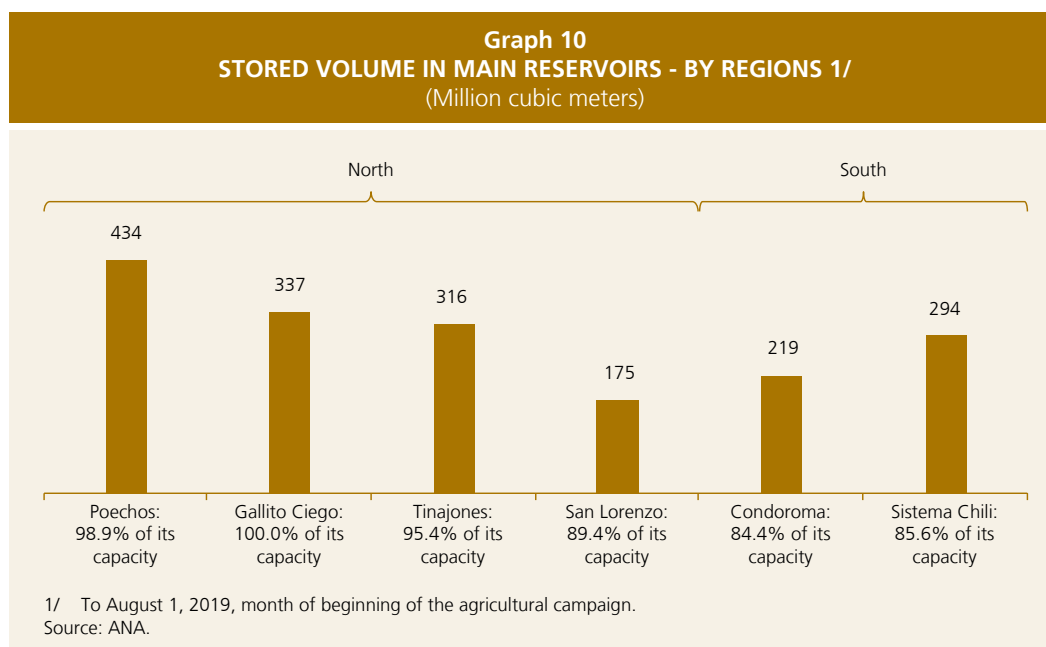
harvested areas were recorded in Piura (11,000 hectares) and Lambayeque (6,000 hectares). Another factor that explained the lower rice production in Piura was the works carried out to strengthen the Poechos reservoir² during the year.



The lower production of rice –cereal with a high weight in the structure of farming production– led to a drop of 0.6 percent in production for the domestic market. However, this was offset by higher potato production as a result of both of larger harvests (Huancavelica, Huánuco, and Ancash) as well as yield improvements and the expansion of planting areas. In the departments of Puno, Huánuco,

² The aim was to recover the reservoir capacity by 200 MCM, lost by sedimentation in the last forty years. An increase of 50 MCM has currently been achieved.

La Libertad, and Cusco, which together account for 44 percent of national production, yields rose from 14.9 MT/hectare in 2018 to 15.7 in 2019. Additionally, Piura and Tumbes incorporated larger cultivation areas of organic bananas, while Lima and Ica increased their areas cultivated with tangerines and Piura increased areas with lemons, and continued to record historical volumes.



Supported by the technical support provided by the Más Algodón project³ to the cotton areas of Ica, Lima, Áncash, Lambayeque, and Piura, agro-industrial production managed to increase the cotton harvested area from 7.6 to 15 thousand hectares between 2017 and 2018. Likewise, areas cultivated with sugarcane in La Libertad –the department that generates 51 percent of the country’s sugarcane production– increased by 10 percent and yields were improved, thus rising from 136.8 MT per hectare in 2018 to 142.4 MT per hectare in 2019.

Moreover, Peruvian agro-exports registered a new record in 2019 reaching a total value of US\$ 6.359 billion, which represents an increase of 7.7 percent, due to the strong growth of exports of fruit (blueberries, grapes, mangoes, and avocados) and vegetables (asparagus).

The volume of blueberry exports (125,000 MT) grew 69 percent, representing 86 percent of domestic production. This greater volume resulted from increased production in La Libertad (53.9 percent), with young plantations in the high-yield phase, and in Lambayeque (296.6 percent), due to the expansion of the agricultural frontier by 670 hectares in 2018 and yield improvements in the areas that started production in 2017. La Libertad and Lambayeque account for 79 and 17 percent, respectively, of the country’s blueberry production.

Although national grape production fell 1.1 percent due to the effect of cold weather anomalies in the coast in the second half of the year, exports of grapes totaled 374.5 thousand MT (59 percent of the country’s production), which represented a growth rate of 12 percent in comparison with the previous year.

³ International cooperation of Brazil and FAO. The project objectives include food security, eradication of rural poverty, and economic growth. <http://www.fao.org/in-action/programa-brasil-fao/proyectos/sector-algodonero/es/>.

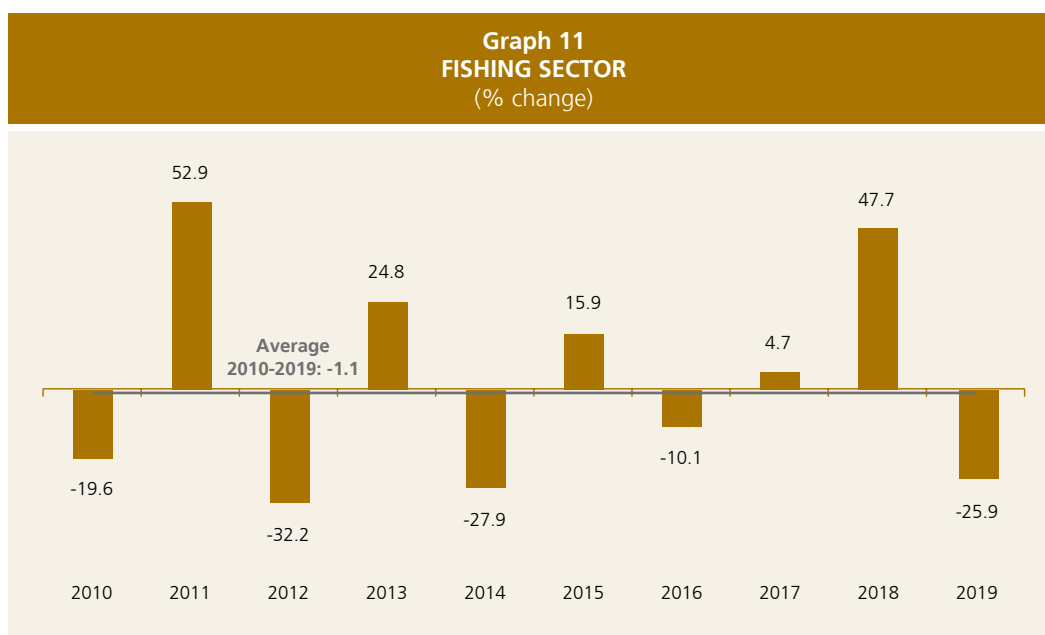
Exports of fresh asparagus totaled 131,000 MT, 1 percent more than in 2018, as a result of the increase in production, from 361 to 367,000 MT, observed between 2018 and 2019. Moreover, it is worth mentioning that asparagus registered good export prices, so these exports showed an increase of 4 percent in terms of prices compared to the previous year.

As a result of increased cultivation areas, other agro-export products also showed higher export volumes, including mangoes (41.8 percent), avocados (6.2 percent), quinoa (3.5 percent), and cocoa (0.9 percent). Although exports of quinoa and avocados declined, this was offset by better prices which led to an increase in their export value (7 percent in the case of quinoa and 3.9 percent in the case of avocados). On the other hand, the drop in the volume of exports of mangoes and cocoa was completely offset by better prices in the external market.

At the regional level, the departments which showed the highest participation in the value of agricultural production and the greatest growth rate according to the main export crops in 2019 were La Libertad (15.1 percent), for blueberries, asparagus, sugar cane, peppers, hard yellow maize, and onions; Ica (1.7 percent) for increased production of avocados, asparagus, grapes, onions, cotton, potatoes, and cassavas; Lima (0.5 percent), for increased volumes of hard yellow maize, tangerines, oranges, potatoes, cassavas, and cotton; and Piura (5.2 percent), for increased production of hard yellow maize, organic bananas, mangoes, lemons, grapes, and cotton.

3.2 Fishing Sector

Output in the fishing sector dropped by 25.9 percent in 2019, recording the lowest growth rate observed since 2014. This drop was mainly due to lower anchovy catch in the anchovy fishing seasons (April-June and November-January), with anchovy catch declining from 6.1 million tons in 2018 to 3.4 million tons in 2019 (-44.4 percent). However, it should be pointed out that 2018 was a year of exceptional growth for the fisheries sector, since it recorded the highest growth rate seen since 2011.



The quota established for the first fishing season of 2019 was lower than in the previous year due to the alert of an El Niño episode, which is usually related to the presence of young fish. Although

the quota set for the second fishing period was historically high, the fish catch reported consisted mostly of young fish so the season was temporarily suspended on December 20 and then suspended definitively on January 15, the total catch recorded representing 36 percent of the maximum quota. Thus, the percentage of fish catch in 2019 was lower than in the two seasons of 2018.

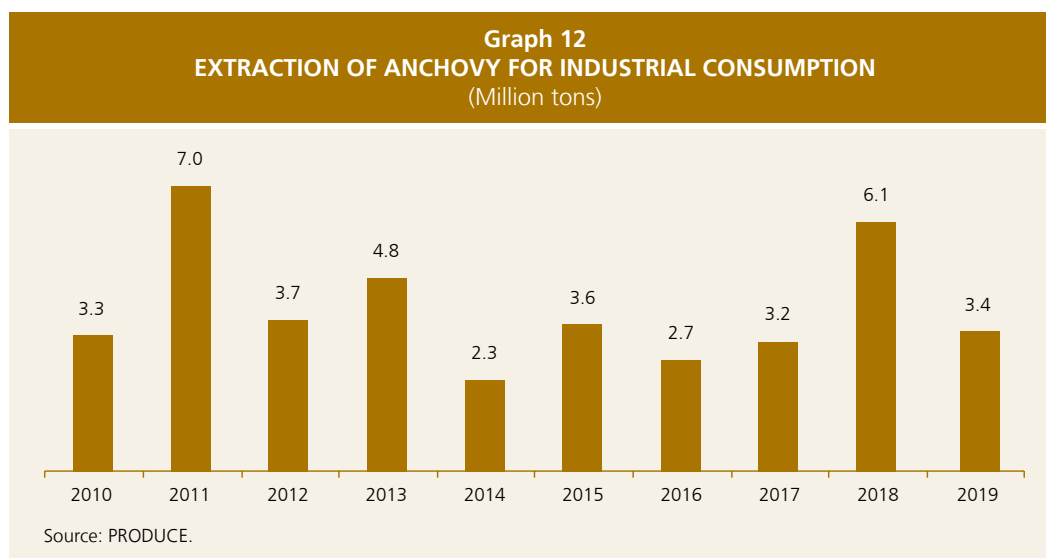


Table 6
MAXIMUM LIMIT OF THE TOTAL ALLOWABLE CATCH AND ANCHOVY EXTRACTION
(North-Central zone)

Year	Season	Biomass (Million tons)	Maximum limit of the total allowable catch (Million tons)	Extraction (%)	Catch (Million tons)
2014	First	6.1	2.5	68	1.7
	Second	4.4	0.0	0	0.0
2015	First	9.5	2.6	97	2.5
	Second	5.6	1.1	97	1.1
2016	First	7.3	1.8	51	0.9
	Second	6.9	2.0	100	2.0
2017	First	7.8	2.8	85	2.4
	Second	6.1	1.5	46	0.7
2018	First	10.9	3.3	98	3.2
	Second	7.2	2.1	99	2.1
2019	First	7.0	2.1	95	2.0
	Second	8.3	2.8	36	1.0

Source: IMARPE and PRODUCE.

Fish catch for direct human consumption increased 5.4 percent because of higher landings of sea species consumed both as frozen and fresh sea products. The higher catch of shrimps, squids, horse mackerels and tunas stood out in terms of the former, while the greater catch of horse mackerels, bonito, sole, and shark stood out in terms of the latter.

Table 7
FISH CATCH BY MAIN SPECIES
(% change)

Species	2017	2018	2019	Average 2010-2019
Anchovy 1/	15.8	91.8	-44.4	-5.3
Jack mackerel 2/	-44.8	113.7	175.6	-1.5
Shrimps 3/	32.5	-18.7	33.4	13.5
Giant Squid 3/	2.6	26.4	41.5	2.4
Mackerel 4/	-59.7	5.9	-13.9	-8.5
Tuna 4/	8.4	53.7	21.4	27.0
Scallops 3/	-54.4	694.8	-45.5	-7.5

1/ Considers fish catch only for industrial consumption.

2/ Fresh.

3/ Frozen.

4/ Canned

Source: PRODUCE.

3.3 Mining and Hydrocarbons Sector

Production in the mining and hydrocarbons sector showed no change in 2019 as the reduction in metal mining production (-0.8 percent) was offset by higher hydrocarbon production (4.6 percent). The growth in the latter sub-sector was mainly due to the 8.4 percent increase in oil production after the start of operations of Lot 95. On the other hand, the slowdown in the metal mining sub-sector is explained by a lower production of gold and zinc.

Table 8
PRODUCTION IN THE MINING AND HYDROCARBONS SECTOR
(Real % change)

	2017	2018	2019	Average 2010-2019
Metallic mining	4.5	-1.7	-0.8	3.6
Gold	-0.7	-7.7	-8.4	-3.5
Copper	4.5	-0.5	0.8	7.9
Zinc	10.2	0.1	-4.7	-0.7
Silver	1.0	-5.8	-7.2	-0.2
Lead	-2.4	-5.8	6.6	0.2
Tin	-5.3	4.6	6.7	-6.2
Iron	14.9	8.3	6.1	8.6
Molybdenum	9.3	-0.4	8.6	9.5
Hydrocarbons	-2.4	0.0	4.6	1.5
Oil	7.6	12.2	8.4	-3.0
Liquid of natural gas	-4.5	-5.8	1.5	1.6
Natural gas	-7.6	-1.7	5.6	14.2
TOTAL	3.4	-1.5	0.0	3.5

Source: MINEM.

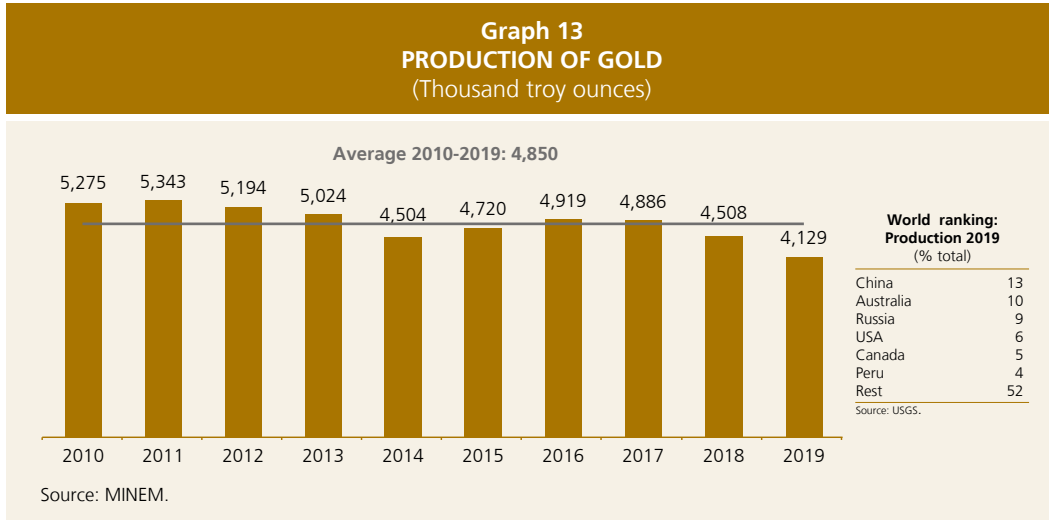
Table 9
VOLUME OF MINING PRODUCTION

	2017	2018	2019
GOLD (Thousand troy ounces)	4,886	4,508	4,129
<i>Of which:</i>			
Minera Yanacocha	535	515	524
Minera Barrick Misquichilca	509	332	186
Tantahuatay - Buenaventura	152	173	160
La Arena - Pan American	189	153	136
Anama - Aruntani	72	35	19
Compañía de Minas Buenaventura	527	482	323
Pucamarca - Minsur	100	103	102
Inmaculada	165	188	214
Shahuindo - Pan American	76	90	165
La Zanja - Buenaventura	128	72	24
COPPER (Thousand fine metric tons)	2,383	2,371	2,389
<i>Of which:</i>			
Compañía Minera Antamina	439	460	460
Sociedad Minera Cerro Verde	465	455	434
Las Bambas - MMG	453	385	383
Southern Peru Copper Corporation	281	304	388
Toromocho - Chinalco	195	208	190
Antapaccay	206	205	198
Constancia - Hudbay	122	122	114
ZINC (Thousand fine metric tons)	1,473	1,474	1,404
<i>Of which:</i>			
Compañía Minera Antamina	442	476	366
Nexa Resources	230	215	208
Volcan Compañía Minera	150	151	145
Sociedad Minera El Brocal	54	48	50
Empresa Minera Los Quenuales	25	26	40
SILVER (Million fine troy ounces)	142	134	124
<i>Of which:</i>			
Compañía de Minas Buenaventura	23	21	15
Compañía Minera Antamina	21	17	16
Volcan Compañía Minera	16	14	12
Compañía Minera Ares	16	17	13
LEAD (Thousand fine metric tons)	307	289	308
<i>Of which:</i>			
Volcan Compañía Minera	54	51	53
Nexa Resources	50	49	50
Sociedad Minera El Brocal	24	24	27
Empresa Minera Los Quenuales	8	8	9
Antamina	17	7	6

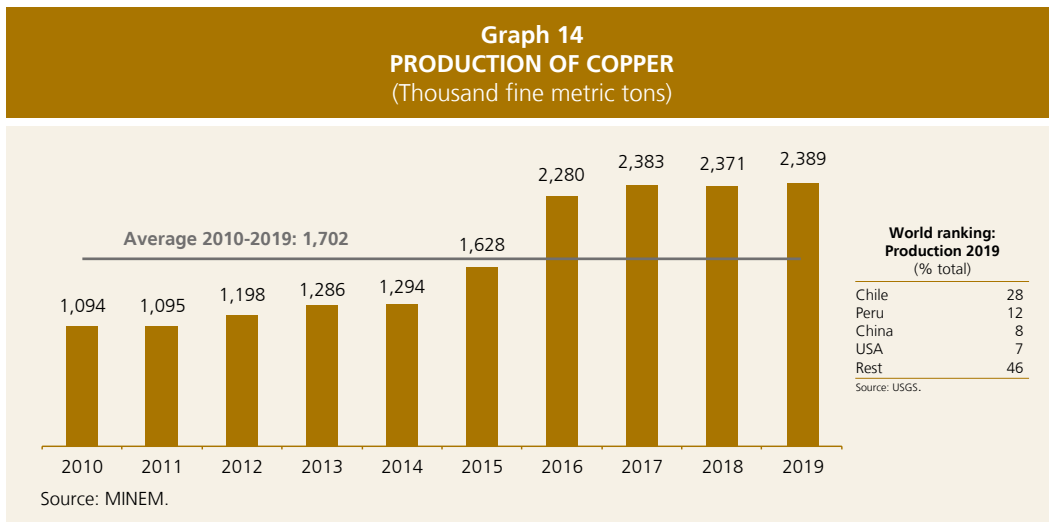
Source: MINEM.

Gold production fell by 379,000 ounces from 2018, which represented an 8.4 percent drop. This result was mainly due to lower extraction of this metal by Barrick and Buenaventura (La Zanja). It should be pointed out that Barrick's Pierina unit is in the closure stage, while the Lagunas Norte unit faces the depletion of the ore in the pit. On the other hand, the drop in Buenaventura's production

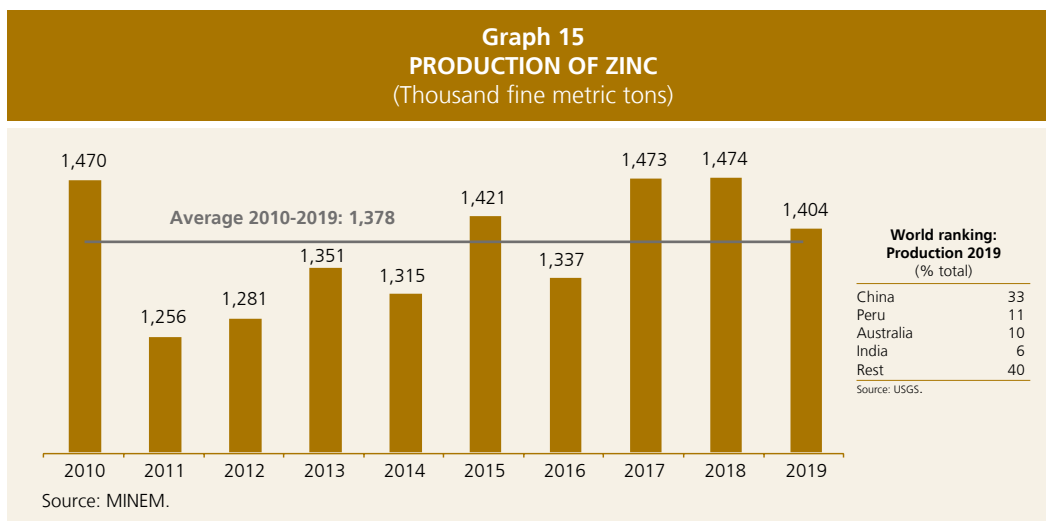
was due to an internal resource reallocation program aimed at resolving internal process bottlenecks at its units of Yanacocha, Orcopampa, and La Zanja.



On the other hand, showing a 0.8 percent increase compared to the previous year, **copper** production totaled 2,389 thousand FMT in 2019. This result is explained by the Southern Peru Copper Corporation’s higher production and by the expansion of Toquepala, which reached a production peak of 25 thousand FMT in May 2019, although the latter was in part offset by lower copper production at most mines, including Cerro Verde, Toromocho, and Constanca.



Zinc production fell by 4.7 percent during 2019. This is mostly explained by Antamina’s lower extraction of zinc as this mining company produced 110 FMT less than in 2018 due to its unusually low ore grades. In addition, most of the other companies showed no contribution or a negative contribution to zinc production during the year, the negative contribution of Nexa standing out (-3.4 percent).



Iron production grew by 6.1 percent, mainly as a result of the expansion of Shougang’s Marcona unit. Despite this, however, this expansion did not have a major impact due to the company’s production slowdown in the first quarter of the year due to environmental factors.

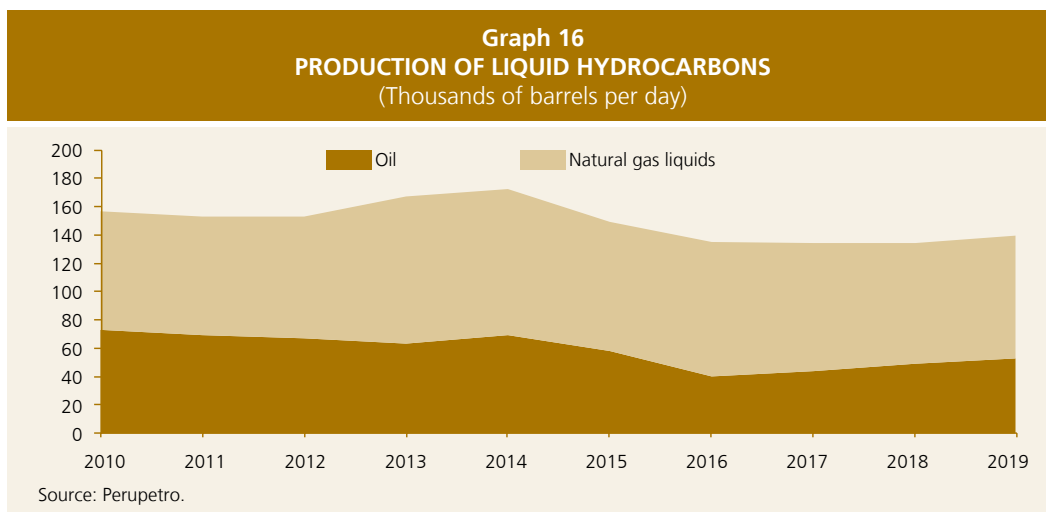
The production of **molybdenum** grew 8.6 percent, driven by higher production at Constancia, Cerro Verde, and Southern mining units. The latter’s production increased by 45.5 percent after the expansion of Toquepala, whereas production at Antamina and Las Bambas declined. The implementation of a new process to increase efficiencies at the plant of Las Bambas was reflected in a 46.3 percent production drop in the fourth quarter.

Finally, it should be pointed out that there was a higher **tin** production (6.7 percent) as well as an increase in **lead** production (6.6 percent) in 2019, whereas the production of **silver** fell 7.2 percent in the year.

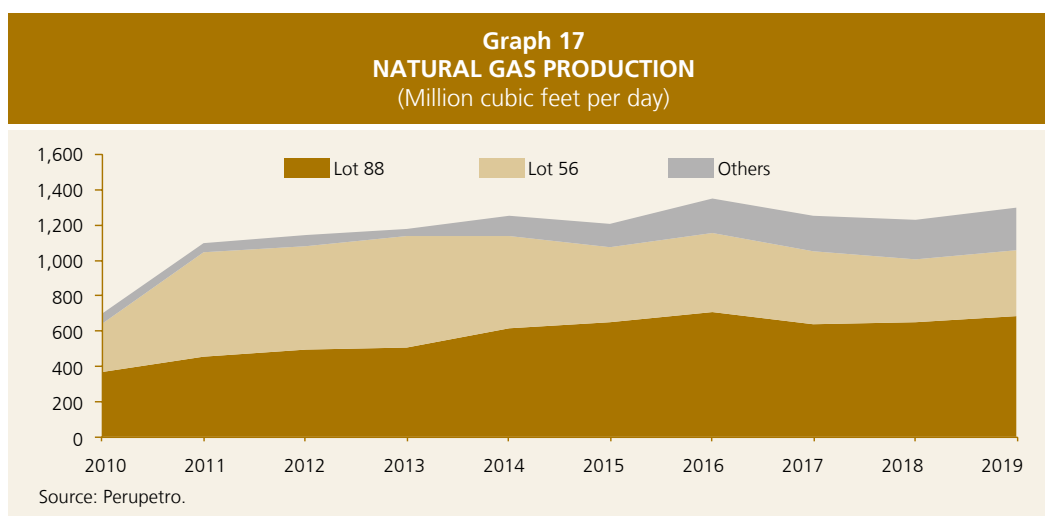
It is also worth mentioning that copper ore grades at Constancia and Antamina have declined in 2019, while ore grades at Cerro Verde and Las Bambas have recovered during the last year.

On the other hand, the hydrocarbons sub-sector recorded a growth rate of 4.6 percent in 2019 due to higher production in all its components, with oil production standing out with a rate of 8.4 percent.

This growth registered in **oil production** was associated with the start of operations of lot 95, which reached a daily production rate of 9 thousand barrels per day in December.



The higher production of **gas** (5.6 percent) and gas liquids (1.5 percent) was due to the increase in production in lot 88 (for the domestic market) and lot 56 (for the foreign market).



On the other hand, according to the US Geological Survey of 2020 (with results as of 2019), Peru maintained its position in the ranking of global production of copper, gold, and zinc, while it increased its participation in global copper production by 1 percentage point. Likewise, Peru ranked second in copper reserves in the global reserves ranking.

3.4 Manufacturing Sector

Manufacturing activity in 2019 recorded a decline of 1.7 percent, which contrasted with the positive growth rate observed in 2018. This is explained by lower activity in primary manufacturing and by the slowdown in non-primary manufacturing production.

Manufacturing based on primary resources declined by 8.8 percent, reflecting the lower output recorded in the fishing industry, mainly in the branches processing fishmeal and fish oil, as a result of lower anchovy catch in both fishing seasons in the North-Central Zone. In addition to this, the activity of oil refining decreased, especially in terms of the refining of oil derivatives in Petroperú and Repsol, while Southern's copper refining decreased due to the biannual plant maintenance carried out.

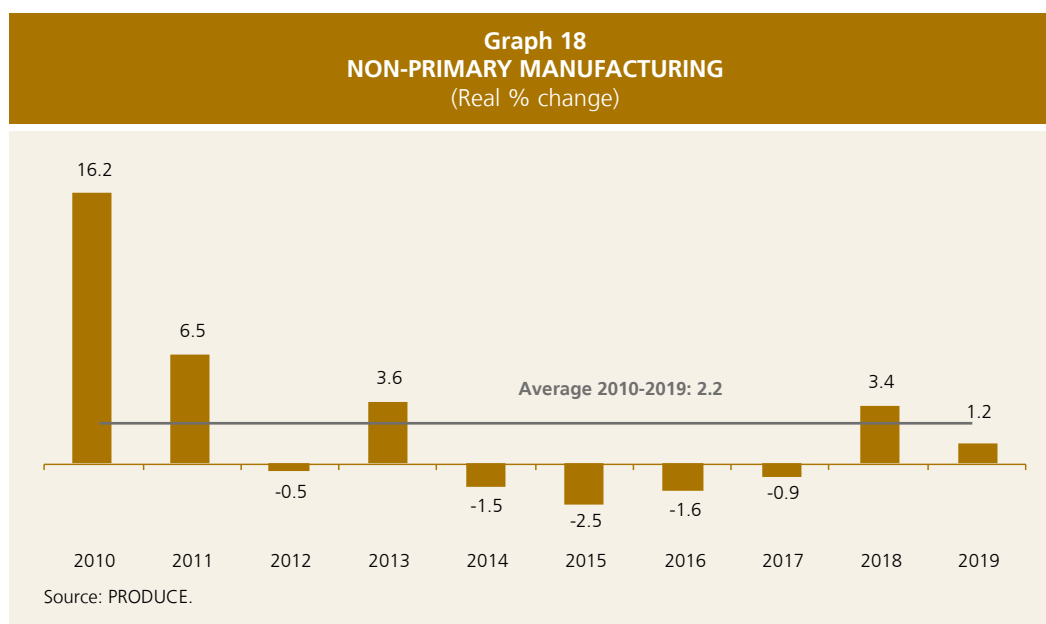
Table 10
MANUFACTURING BASED ON RAW MATERIALS
(% change respect to the same period of the previous year)

	2017	2018	2019	Average 2010-2019
Manufacturing based on raw materials	1.6	12.9	-8.8	2.6
Rice	-4.0	15.4	-8.6	0.7
Sugar	-5.5	9.5	1.3	1.5
Meat products	2.9	6.4	3.1	4.9
Fishmeal and fish oil	13.6	95.5	-44.1	-0.1
Canned and frozen fish products	-0.1	10.4	44.0	6.5
Refining of non-ferrous metal	-2.7	1.9	-2.4	3.7
Refining of crude	8.6	-6.6	-8.0	-0.2

Source: PRODUCE.

Showing a lower rate than in the previous year, **non-primary manufacturing** grew 3.4 percent in 2019.

Activity in investment oriented branches increased by 2.9 percent. This was particularly noteworthy in the case of the production of metal products, due to the higher demand for metal structures for private construction; in industrial services, due to the higher demand for machinery repair; and in transport material, due to the higher production of ships and the higher demand for spare parts for motor vehicles.



Output in the branches linked to mass consumption increased by 1.9 percent. Output increases standing out in these branches included the increase in bakery production, furniture (due to greater demand for mattresses), dairy products (due to the introduction of new products), alcoholic beverages (due to greater demand for distillates), and soft drinks. On the other hand, other branches showed noteworthy declines, including the branches of paper and cardboard items (due to the transfer of production to other subsidiaries of transnational companies) and footwear, which continued to fall due to competition from imported products.

On the other hand, input-related industries grew by 1.0 percent due to increased production of plastics, animal feed, wheat flour, pesticides, and processed wood. It is worth mentioning that growth in these branches was not greater because of the drop recorded in printing activities as a result of lower demand for newspapers.

Output in the branches linked to exports decreased by 3.0 percent due to lower production of clothing, yarn, fabrics, finishes, and artificial fibres, in the face of lower external demand. In contrast, production of canned food, especially asparagus, increased.

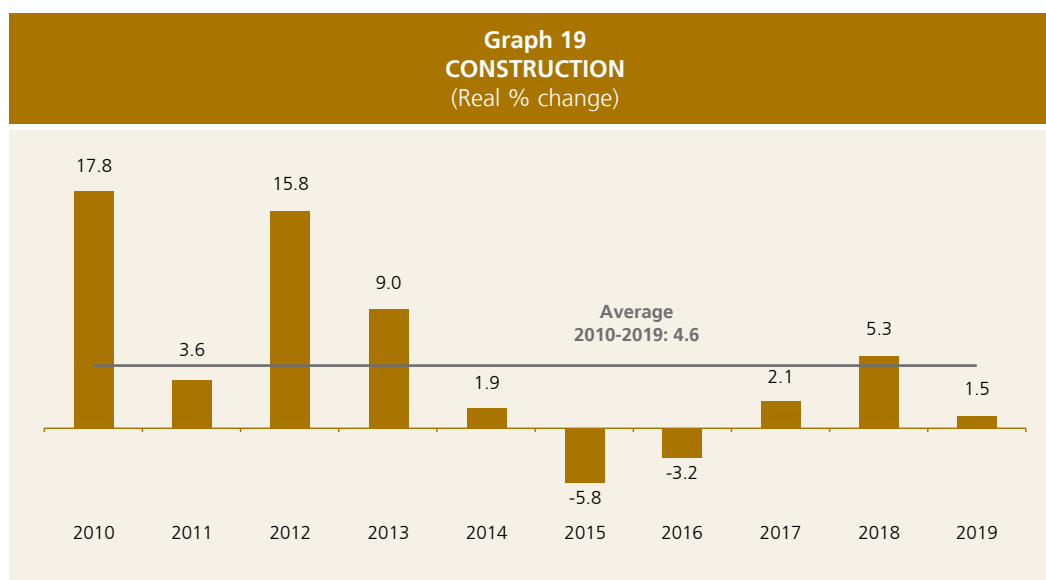
Table 11
GROWTH OF NON-PRIMARY MANUFACTURING BY TYPE OF GOODS
 (Real % change)

	2017	2018	2019	Average 2010-2019
Mass consumption goods	0.3	2.4	1.9	2.2
Dairy products	-5.0	0.9	5.5	1.9
Bakery	3.5	-0.9	18.2	2.9
Oils and fats	6.4	2.3	3.2	4.8
Miscellaneous food products	13.7	3.4	0.8	2.7
Beer and malt	0.0	-0.1	0.6	0.9
Soft drinks	-4.0	-10.4	14.7	2.0
Garment	-3.6	6.9	-1.7	3.0
Shoes	18.7	-29.1	-21.9	-6.9
Furnitures	-5.4	8.0	6.5	2.2
Other paper and cardboard items	13.1	-4.5	-8.3	3.0
Toiletries and cleaning products	-15.2	3.8	-1.1	1.8
Pharmaceutical products	-7.4	4.0	0.4	-1.3
Miscellaneous items	12.2	22.2	-0.9	6.4
Input-related industries	-2.8	4.5	1.0	1.6
Wheat flour	1.2	3.5	11.4	2.2
Othe textil items	8.2	-2.9	-8.7	4.2
Processed woods	-23.3	13.9	6.6	-0.5
Paper and cardboard	-9.5	6.6	2.0	-0.8
Paper and cardboard containers	8.1	19.3	2.6	6.4
Publishing and printing	-16.0	-4.0	-12.2	-4.3
Basic chemicals	5.3	-0.7	1.6	6.1
Explosives, chemical and natural scents	-4.2	10.3	-4.7	6.4
Rubber	7.9	-10.8	0.5	0.0
Plastic	1.2	4.5	5.2	5.3
Glass	2.4	3.0	-8.3	-3.7
Branches linked to investment	-0.4	5.5	2.9	2.7
Iron & steel industry	5.5	1.8	1.4	6.0
Metallic products	-4.3	11.7	7.2	4.4
Machinery and equipment	12.1	-10.4	-8.0	1.3
Electric machinery	-12.7	28.5	-12.0	3.7
Transport equipment	22.4	-7.0	5.3	-0.6
Paints, varnishes, and lacquers	5.3	3.5	-4.0	0.1
Cement	-0.7	0.9	4.5	1.7
Construction materials	-3.1	2.3	2.8	0.4
Industrial services	-4.4	11.2	9.1	5.2
Branches linked to exports	-1.3	0.1	-3.0	2.7
Canned food	-1.5	4.8	6.4	1.9
Synthetic fibers	0.2	8.3	-25.2	-0.1
Yarns, fabrics and finished garments	-1.8	-5.9	-8.6	1.2
Knitted garments	2.8	-4.2	-1.5	6.5
Clothing items	-3.6	6.9	-1.7	3.0
Total non-primary manufacturing	-0.9	3.4	1.2	2.2

Source: PRODUCE.

3.5 Construction Sector

In 2019, the construction sector grew by 1.5 percent, driven by the development of real estate, malls, and business center projects, offset by a slower progress of public works during the year.



With regard to the residential real estate market, the Peruvian Chamber of Construction (CAPECO) reported that 30.2 thousand housing units were offered (29,558 apartments) in 2019, this supply being 10.1 percent higher than in the previous year (CAPECO: *Estudio del Mercado de Edificaciones en Lima Metropolitana y el Callao*). Moreover, the prices of fifty-three percent of the housing supply (16,105 units) was in the intermediate price range (between S/ 90,000 and S/ 400,000) and located mainly in Modern Lima, Central Lima, and Callao, while 47 percent (14,118 units) of this supply was high-price units (of over S/ 400,000). In terms of locations, Modern Lima stands out in the latter group, with 95 percent of the units offered at prices between S/ 400,000 and 700,000, followed by Lima Top, where 66 percent of the units offered register prices higher than S/ 700,000.

A total of 18,055 housing units were sold in 2019, 67 percent of which were under construction. This figure reflects the application of advance sale procedures for housing units on plans or during the construction stage. Fifty percent of the homes sold were in an intermediate price segment (between S/ 90,000 and S/ 400,000), while 49.8 percent were in the high-price segment (over S/ 400,000).

New home mortgage loans decreased 1.3 percent in 2019, while new Mivivienda loans increased 31.9 percent. On the other hand, property sale prices in constant soles per square meter in Metropolitan Lima showed stable behavior. Thus, in the last quarter of 2019, the annual price-income ratio registered a value of 17.6, the same level observed in the fourth quarter of the previous year.

Table 12
REAL ESTATE SECTOR: EVOLUTION OF MAIN VARIABLES

Indicator	2017	2018	2019	Difference 2019-2018
New apartments sold - CAPECO 1/ % change	13,354 25.5	14,851 11.2	18,000 21.2	3,149
New apartments sold- TINSA % change	13,025 19.9	12,069 -7.3	15,328 27.0	3,259
New mortgage loans 2/ % change	30,466 8.5	36,253 19.0	35,778 -1.3	-475
New loans Mivivienda 3/ % change	6,683 -15.1	7,941 18.8	10,476 31.9	2,535
Number of loans of current mortgage 2/ % change	219,342 3.4	227,467 3.7	237,354 4.3	9,887
Mortgage loans in million soles 2/ % change	8,530 15.4	11,222 31.0	11,531 2.7	308
Mortgage loans in million US\$ 2/ % change	592 29.0	360 -39.2	234 -35.0	-126
Average interest rate on mortgage loans in S/ 2/	7.7	7.6	7.0	-0.2
Average interest rate on mortgage loans in US\$ 2/	5.9	6.1	5.6	-0.3
Ratio PER 4/	17.1	17.6	17.6	0.0

1/ El Mercado de Edificaciones Urbanas en Lima Metropolitana y el Callao, CAPECO. A one-year period is considered (from July to June in the next year).

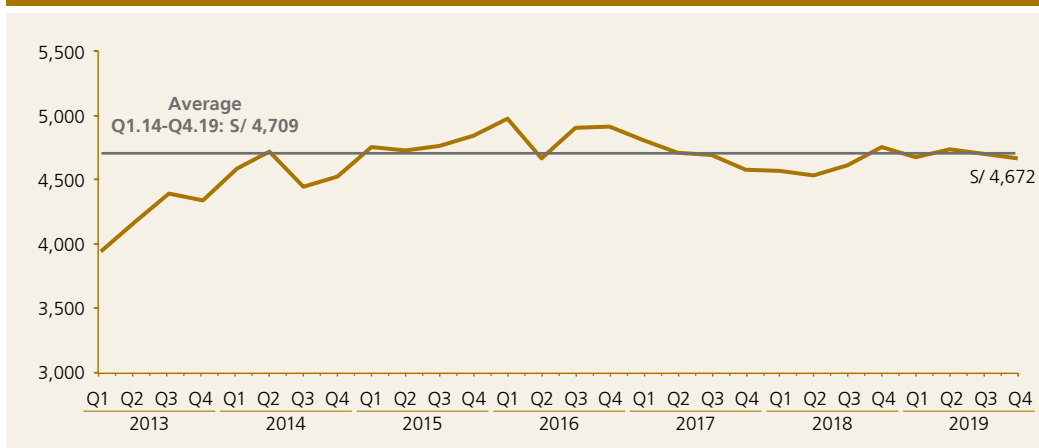
2/ Commercial banks.

3/ New Credit Mi Vivienda.

4/ Data as of Q4 of the year. Price to earning ratio.

Source: Mivivienda. SBS and TINSA PERU SAC.

Graph 20
QUARTERLY WEIGHTED MEDIAN SALE PRICES
(Constant soles 2009 per m² department)



As for the prime office market, Colliers International reported that three new prime office buildings, with a total of 31,345 square meters, entered the Lima office market in 2019. Continuing with

the decreasing trend observed since 2015, this new supply was lower than the one seen in 2018. Furthermore, net absorption in 2019 reached 113,564 square meters, less than in 2018 and 2017, bringing the vacancy rate down from 22.9 percent in 2018 to 16.0 percent at the end of 2019.

4. Labor

Superintendencia Nacional de Aduanas y de Administración Tributaria (SUNAT) –the National Superintendency of Customs and Tax Administration– gathers monthly information on jobs and salaries in the universe of formal companies and public and private institutions through its Electronic Payroll system.

According to information of this electronic payroll system, the number of formal jobs⁴ in the country increased 2.8 percent in 2019. At the sector level, the largest increase was observed in the private sector (3.8 percent), while by geographical area, greater growth of employment was observed in companies located outside Lima (2.9 percent compared to 2.1 percent in Lima).

Table 13					
FORMAL JOBS - ELECTRONIC PAYROLL					
(Thousand jobs)					
	Levels			Change 2019/2018	
	2017	2018	2019	In thousand	In %
Total 1/	4,929	5,122	5,264	142	2.8
Private	3,509	3,662	3,800	138	3.8
Public	1,420	1,460	1,464	4	0.3
Lima	3,054	3,118	3,183	64	2.1
Rest of Peru	1,862	1,981	2,037	57	2.9

1/ The sum of employment by sectors is not total due to the number of workers that can not be classified by sector. (3.9% of total).
Source: SUNAT - Electronic Payroll.

The growth of employment in the private sector (3.8 percent) was mainly driven by the higher number of jobs in the sectors of services (70,000 jobs) and agriculture (27,000 jobs).

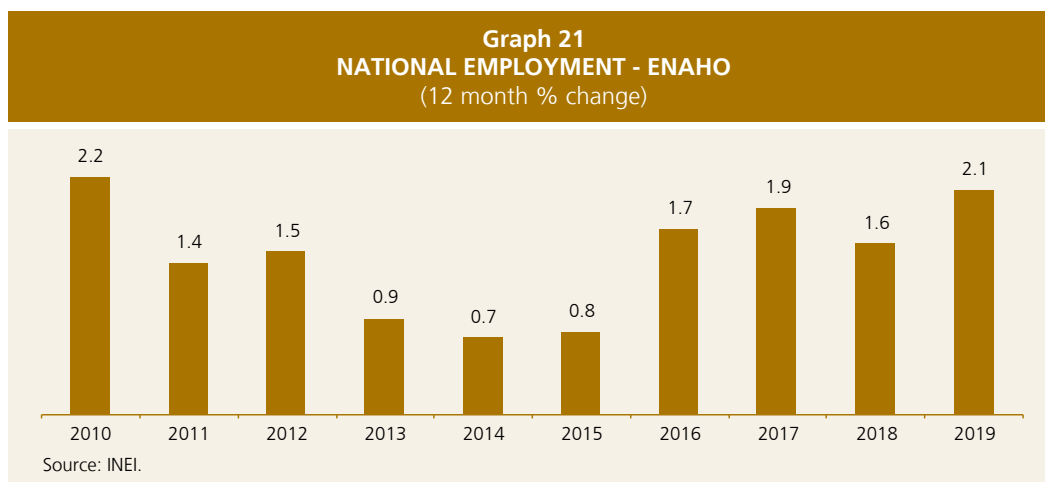
Table 14					
FORMAL JOBS IN THE PRIVATE SECTOR - ELECTRONIC PAYROLL					
(Thousand jobs)					
	Levels			Change 2019/2018	
	2017	2018	2019	In thousand	In %
Total	3,509	3,662	3,800	138	3.8
Agriculture and Livestock 1/	355	424	451	27	6.4
Fishing	23	21	20	-1	-4.5
Mining	102	105	106	1	0.8
Manufacture	450	455	457	2	0.4
Electricity	13	14	15	1	5.3
Construction	196	204	211	8	3.7
Commerce	594	608	621	12	2.0
Services	1,769	1,822	1,892	70	3.9

1/ Includes processing and preservation of fruits and vegetables.
Source: SUNAT - Electronic Payroll.

4 The number of jobs differ from the number of workers because a same person can have more than one job.

4.1 National Employment

According to data from the National Household Survey (ENAH), employment at the national level grew 2.1 percent in 2019, recovering the pace of growth observed in the first years of the decade.



By production sectors, the largest increase was observed in construction (5.2 percent), followed by the sectors of trade (3.5 percent) and services (2.6 percent). By company size, significant growth was observed in employment at companies with 1 to 10 workers (2.1 percent), whereas, on the other hand, employment at companies with 11 to 50 workers decreased (-1.4 percent).

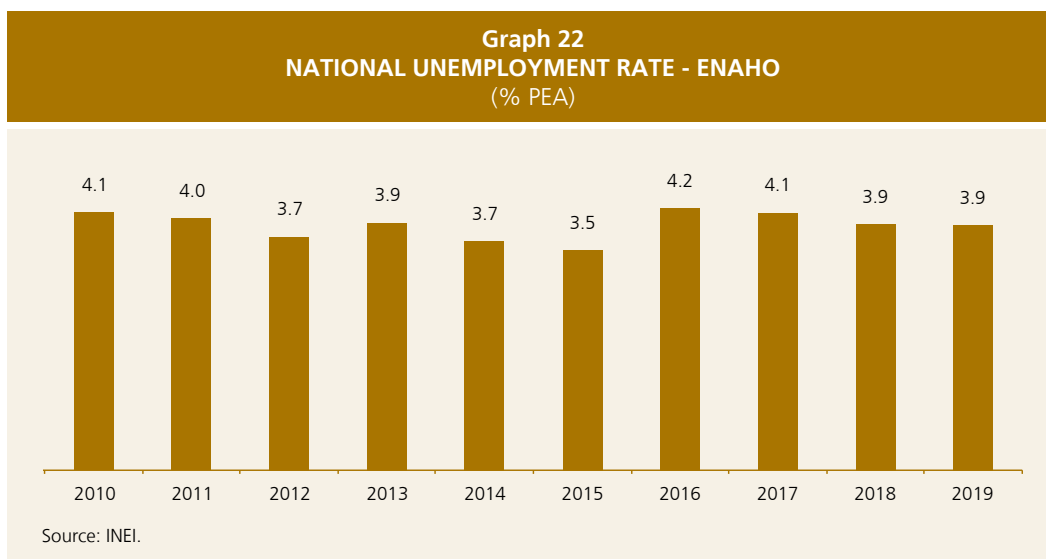
Table 15
NATIONAL EMPLOYMENT
(Thousand people)

	Level			Annual change 2019	
	2017	2018	2019	In thousand	In %
I. ECONOMICALLY ACTIVE POPULATION (EAP):	17,216	17,463	17,831	368	2.1
1. EMPLOYED	16,511	16,777	17,133	357	2.1
<u>By economic activity</u>					
Agriculture and livestock/Fishing/ Mining	4,267	4,341	4,343	2	0.0
Manufacturing	1,552	1,505	1,519	14	1.0
Construction	957	1,003	1,055	52	5.2
Commerce	3,110	3,162	3,272	110	3.5
Services	6,626	6,766	6,944	178	2.6
<u>By size of business</u>					
From 1 to 10 workers	11,916	12,149	12,409	260	2.1
From 11 to 50 workers	1,210	1,247	1,229	-17	-1.4
More than 50 workers	3,371	3,372	3,481	108	3.2
2. UNEMPLOYED	705	686	697	11	1.6
II. INACTIVE POPULATION	6,556	6,680	6,681	1	0.0
III. WORKING-AGE POPULATION (WAP)	23,772	24,142	24,512	369	1.5
RATES (%)					
Activity rate (EAP/WAP)	72.4	72.3	72.7		
Employment/population (Employed EAP/WAP)	69.5	69.5	69.9		
Unemployment rate (Unemployed EAP/EAP)	4.1	3.9	3.9		

Source: INEI. ENAHO

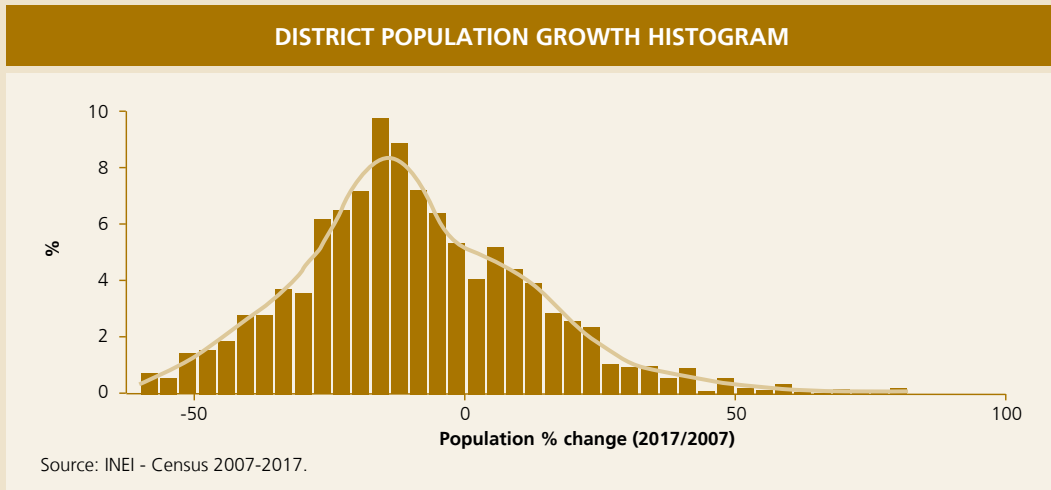


Moreover, unemployment at the national level registered a rate of 3.9 percent, a similar rate to that observed in 2018.

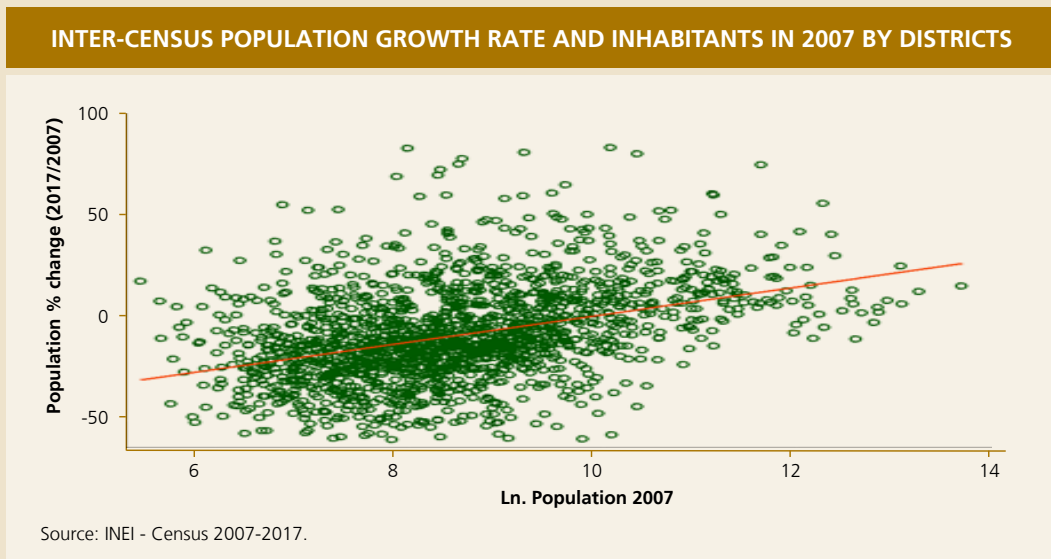


**Box 1
POPULATION DYNAMICS IN PERU**

Data about the Peruvian population in the 2007-2017 inter-census period show that the population grew in 565 of the 1,874 districts of the country, while it decreased in 1,268 districts. Moreover, 41 new districts were created in this period. According to the district population growth histogram, about 90 percent of the districts are in the range of -35.7 and 20.4 percent.



The following graph shows a direct relationship between the inter-census population growth rate and the number of inhabitants in 2007, by districts. This relationship shows that: (i) districts that had a small population in 2007 showed population losses by 2017, and (ii) districts with a high population in 2007 registered population increases⁵. It is worth mentioning that the first group of districts is mostly located in the Peruvian highlands, while the second group of districts is located on the Peruvian coast.



5 The findings discussed herein consider only the data of the districts that register an inter-census population growth rate between percentile 1 and percentile 99 of their distribution. It should be pointed, however, that the results do not change significantly if the entire sample is considered.

Another aspect that stands out is the differentiated change in the growth of population in districts according to the size of their population in 2007. The following table shows that the districts with less population in 2007 (quartile 1) experienced, on average, population reductions, whereas those districts with more population in 2007 (quartile 4) registered positive population growth rates. This suggests an increase in the concentration of the population in more populated areas.

AVERAGE AND MEDIAN OF POPULATION GROWTH ACCORDING TO POPULATION QUANTILES IN 2007

Population 2007	% change of population (2017/2007)	
	Average	Median
Quartile 1	-17.6	-19.7
Quartile 2	-14.1	-14.8
Quartile 3	-7.1	-10.8
Quartile 4	5.5	6.2

Source: INEI - Census 2007-2017.

A common characteristic of the districts with the higher population growth rates is that they are urban areas located on the coast. On the contrary, with a few exceptions, the districts that have experienced significant population reductions are mostly located on the Peruvian highlands and the jungle areas. The graph below shows that the distribution of the population growth in districts located on the coast is skewed to the right, which reflects that the districts of this region had population increases. This is more evident in the following graph, which shows that the districts located in the coastal areas of Peru had positive population increases, in contrast to what happened in the jungle and highland areas.

ESTIMATION OF DISTRIBUTION OF THE POPULATION GROWTH IN DISTRICTS ACCORDING TO NATURAL REGION



AVERAGE AND MEDIAN OF POPULATION GROWTH ACCORDING TO NATURAL REGIONS

Natural region	% change of population [2017/2007]	
	Average	Median
Coast region	8.6	7.9
Sierra region	-15.6	-16.0
Jungle region	-0.2	-3.0

Source: INEI - Census 2007-2017.

Box 2
VENEZUELAN IMMIGRATION TO PERU

The severe economic crisis experienced by Venezuela in recent years has forced many Venezuelans to leave their country. As a result, Peru, which historically has been a country with a negative migratory balance, has been facing a significant migratory wave since 2016. According to information provided by the National Superintendence of Migration, 862,000 Venezuelan citizens were living in Peru by the end of 2019⁶.

This number of new residents in Peru, while not representing a significant percentage of the country's economically active population (1.5 percent), is relevant when it is compared to the number of people entering the labor force or EAP. The following table, based on the available disaggregated data, shows the annual flow of Peruvians entering both the working age population (WAP) and the EAP. Around 370,000 people reach the age of entry into the labor market on a regular basis and, of these, 290,000 on average actually join the EAP. In 2019, approximately 358 thousand Venezuelan citizens came to Peru and remained in the country, 300 thousand being estimated to be part of the WAP. In other words, 668,000 people would have joined the WAP in 2019; that is, almost twice as many as usual, but less than in 2018.

FLOWS OF WORKING-AGE POPULATION AND MIGRATION IN PERU (Change en thousand)					
	2015	2016	2017	2018	2019 1/
Working-Age Population (WAP)	366	367	370	371	369
Economically Active Population (EAP)	102	405	312	247	368
Employed EAP	122	278	314	266	357
Urban employed EAP	163	354	332	287	352
Venezuelans in Peru 2/	2	14	65	381	358
Venezuelans WAP 3/	1	12	55	319	300
% respect to the Total					
% of WAP	0.0	0.1	0.3	1.6	1.5
% of EAP	0.0	0.1	0.4	2.3	2.1
% respect to the flow					
% of WAP	0.3	3.3	14.9	86.1	81.2
% of EAP	1.0	3.0	17.6	129.1	81.5
1/Preliminary data. 2/Likely 77% of Venezuelans who enter in Peru stay in the country. 3/According to the INEI, 83.1% of the Venezuelans who enter in Peru belong to the WAP. Source: INEI and National Superintendence of Migrations.					

According to IOM data⁷ up to 2018, 71.3 percent of Venezuelan immigrants were employed, 51 percent worked as dependent workers, and 20 percent were self-employed, while 29 percent were unemployed or studying. Moreover, of the total number of immigrants who were employed, 62 percent worked in activities such as tourism, restaurants, and entertainment. On the other hand, in terms of educational attainment, 65.2 percent of Venezuelan immigrants had higher education and only 5 percent had incomplete secondary

6 <https://www.migraciones.gob.pe/migraciones-presento-el-registro-de-informacion-migratoria-rim/>

7 OIM (2018). "Monitoreo de Flujo de Migración Venezolana, Ronda 3". Matriz de Seguimiento de Desplazamiento (DTM), OIM-Perú.

education or a lower education level. It is worth mentioning that only 30 percent of Peruvians have higher education and 42.7 percent have at most incomplete secondary education^{8 9}.

As regards the effect of immigration processes on local workers, the impact of immigration on employment and wages is, on average, close to zero, according to the literature on the subject. However, such impact could be greater depending on the characteristics of the native workers (education, gender, etc.) or on the sector in which the immigrants work. Recently, the Organization for Economic Co-operation and Development (OECD) and the International Labor Organization (ILO)¹⁰ analyzed the impact of immigration on employment and wages in 10 developing countries. According to the report, only in four cases did the employment/population ratio in the case of the native-born population decline, although in no case did the unemployment rate increase. With respect to income, in no case did wages decrease.

Recently, Asencios and Castellares (2020)¹¹ have estimated the impact of Venezuelan immigration on the Peruvian labor market. The authors used information collected from Venezuelan migrants and from INEI's Permanent Employment Survey (PES), and estimated how the probability of finding a job as well as the income of Peruvian workers changed. The research findings indicate that a significant increase in the number of Venezuelan immigrants –an increase of about 1 percentage point of the EAP of Lima and Callao– would mainly reduce the probabilities of employment for national workers of certain ages and some education levels. Thus, in relative terms, female workers between the ages of 14 and 24 with incomplete secondary education or with lower educational levels would be 10 to 15 percent more likely to stop working. This group is followed by workers in the age groups between 25 and 39 years old with lower education levels than complete higher education.

Likewise, Asencios and Castellares found that the immigrant population had statistically significant impacts on the income of a specific group of workers when the latter variable is analyzed by main activity, but not in terms of the total income generated. In particular, they found that workers with an education level below complete secondary education and in the age groups of 14 to 24 years old, as well as workers older than 54 years old, reported lower incomes after the immigration of Venezuelan citizens into the country. It should be pointed out, however, that, given the most recent official figures on immigration flows in Peru, it is unlikely that in the short term there will be a flow of immigrants like the one observed in recent years.

8 Source: ENAHO 2017.

9 The results collected from the IOM Round 1, Round 2, and Round 3 are similar to those reported in the 2018 Survey of the Venezuelan Population Living in the Country (ENPOVE 2018).

10 OECD/ILO (2018), *How Immigrants Contribute to Developing Countries Economies*, OECD Publishing, Paris.

11 Asencios, Roger & Castellares, Renzo, 2020. "Impacto de la Inmigración Venezolana en el Empleo y los Salarios: el Caso Peruano," Working Papers 2020-002, Banco Central de Reserva del Perú.



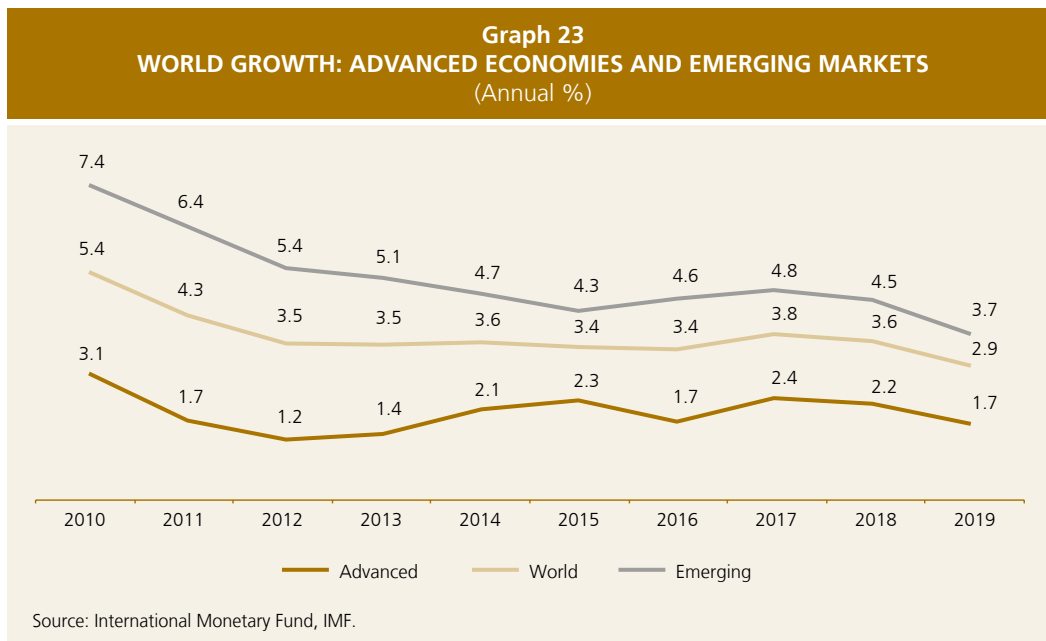
Ignacio Merino
El Turco

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.

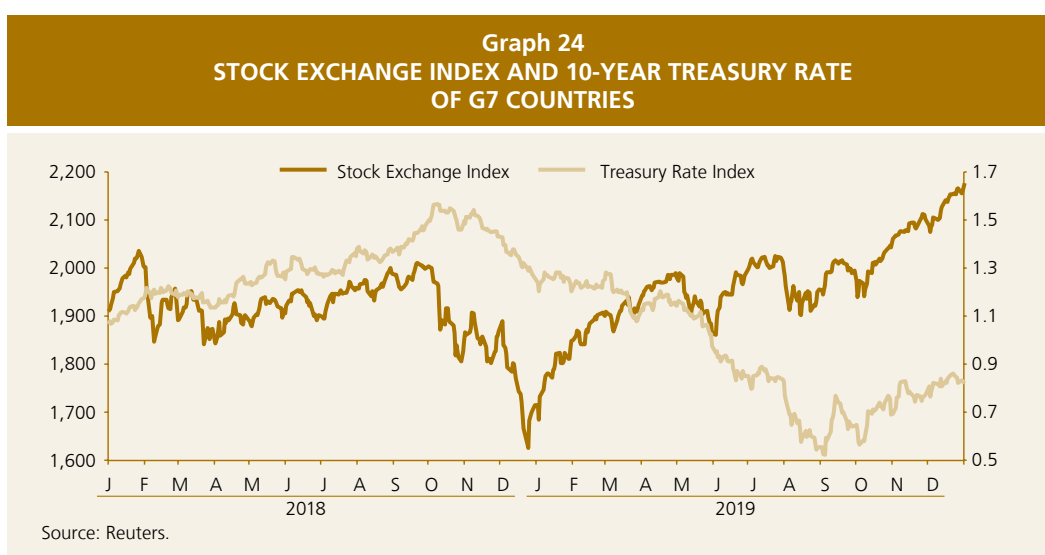
Table 17
INFLATION
(% change last 12 months, average of period)

	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.

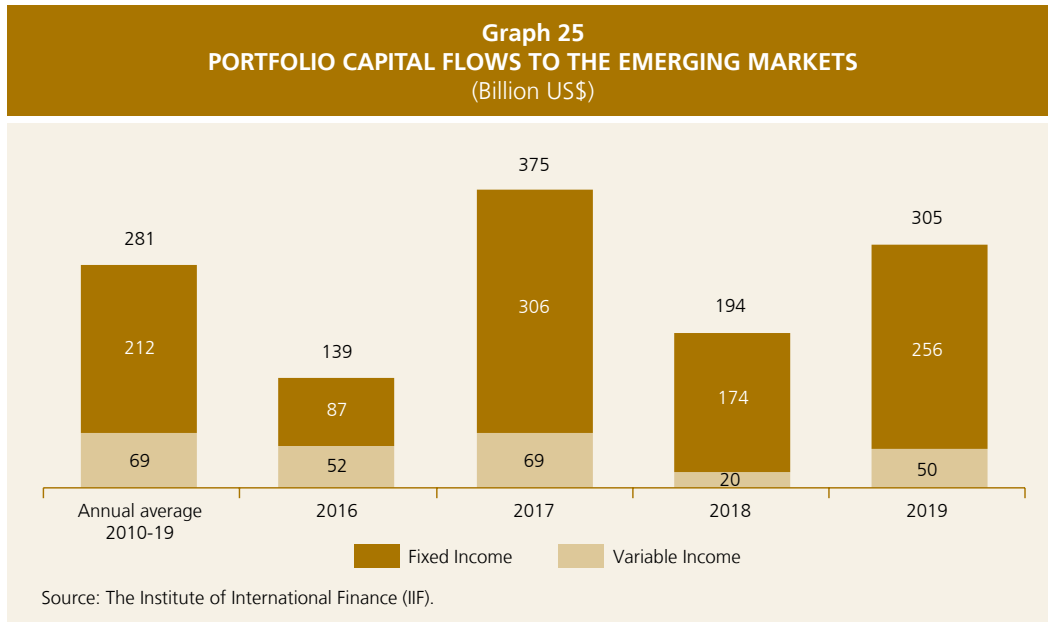
In this context of economic slowdown and controlled inflation, the central banks of the main developed economies and several emerging economies maintained an expansionary monetary policy stance. After raising the policy rate in 2018, the Federal Reserve cut the rate on three occasions and injected liquidity 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,

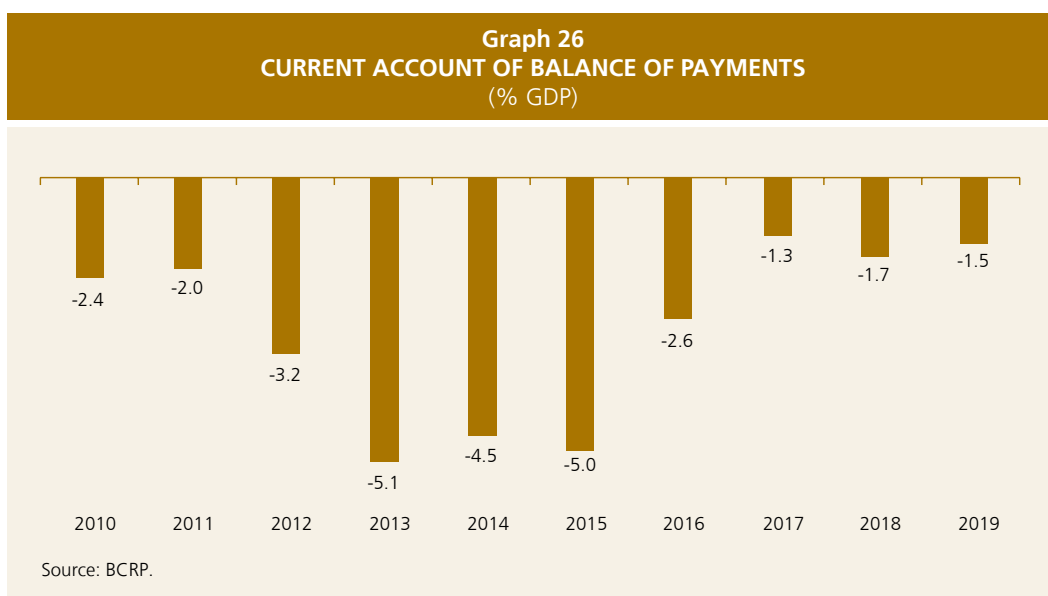
which, in the United States reached historic highs again. In addition to this, capital flows to the emerging economies were observed in the fourth quarter, together with a recovery in commodity prices, offsetting in part the depreciation pressures observed until September.



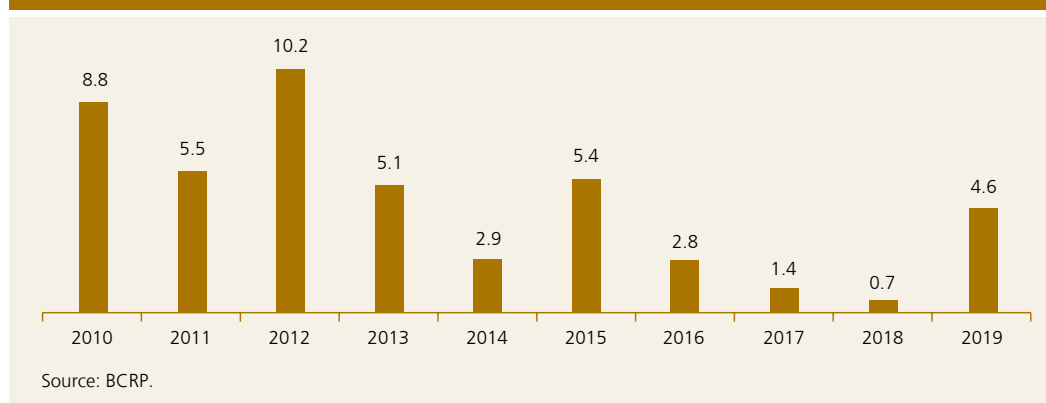
2. Balance of Payments

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\$)

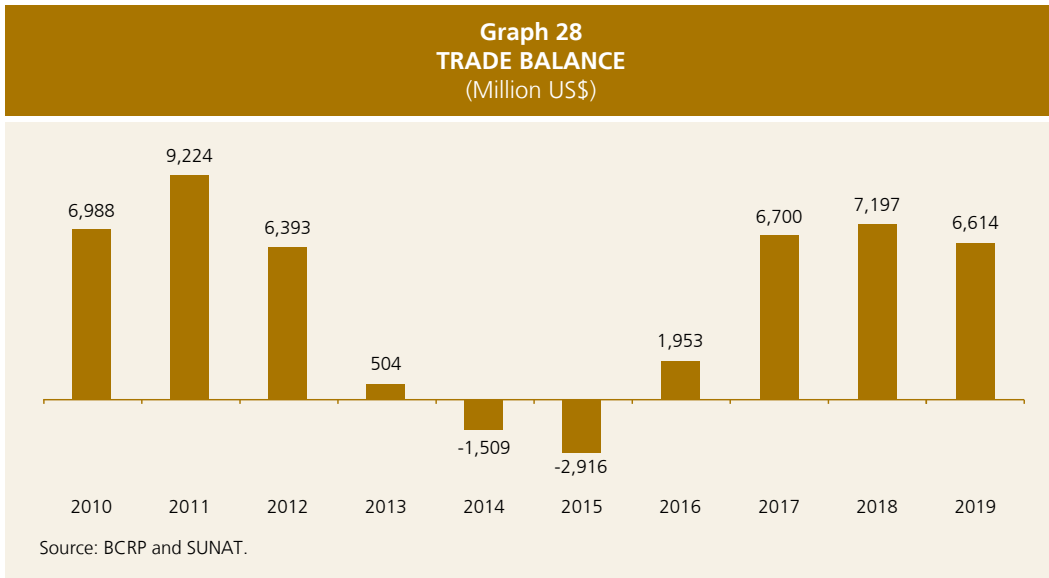
	Million US\$			% GDP	
	2017	2018	2019	2018	2019
I. CURRENT ACCOUNT BALANCE	-2,779	-3,821	-3,531	-1.7	-1.5
1. Trade Balance	6,700	7,197	6,614	3.2	2.9
a. FOB Exports	45,422	49,066	47,688	21.8	20.7
b. FOB Imports	-38,722	-41,870	-41,074	-18.6	-17.8
2. Services	-1,544	-2,759	-3,114	-1.2	-1.4
a. Exports	7,260	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.

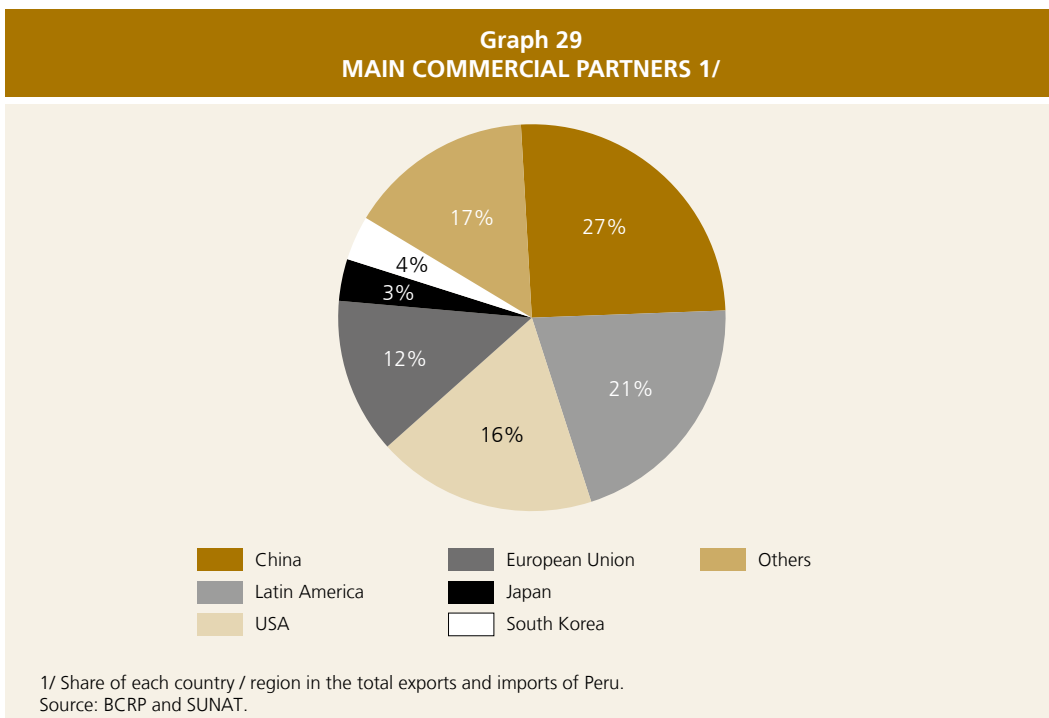


Table 19
TRADE BY MAIN COUNTRIES AND REGIONS 1/
(Million US\$)

	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.

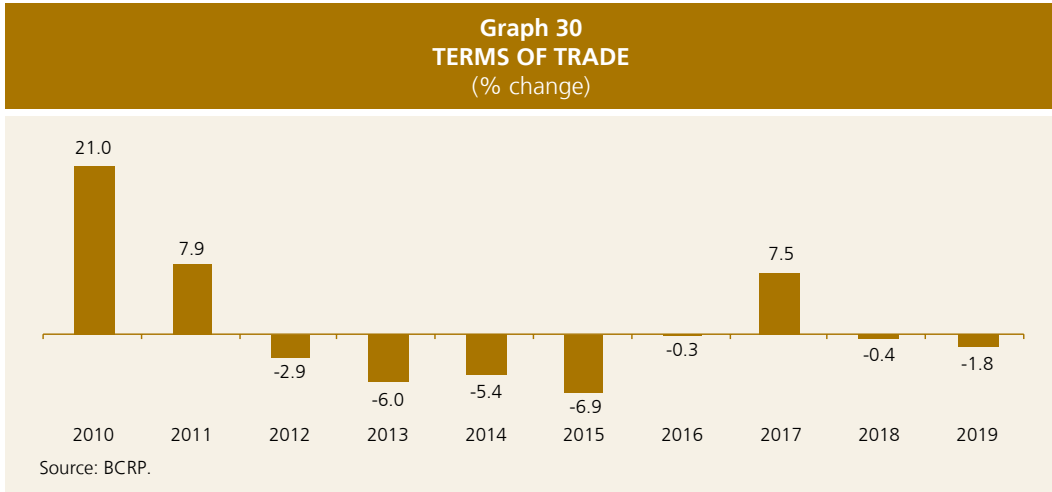
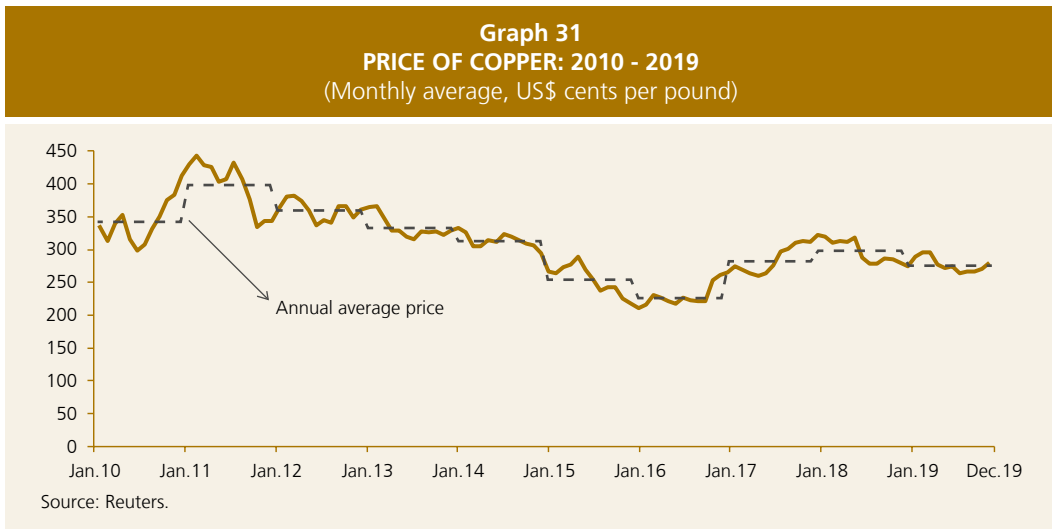


Table 28
TERMS OF TRADE
(Annual % change)

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

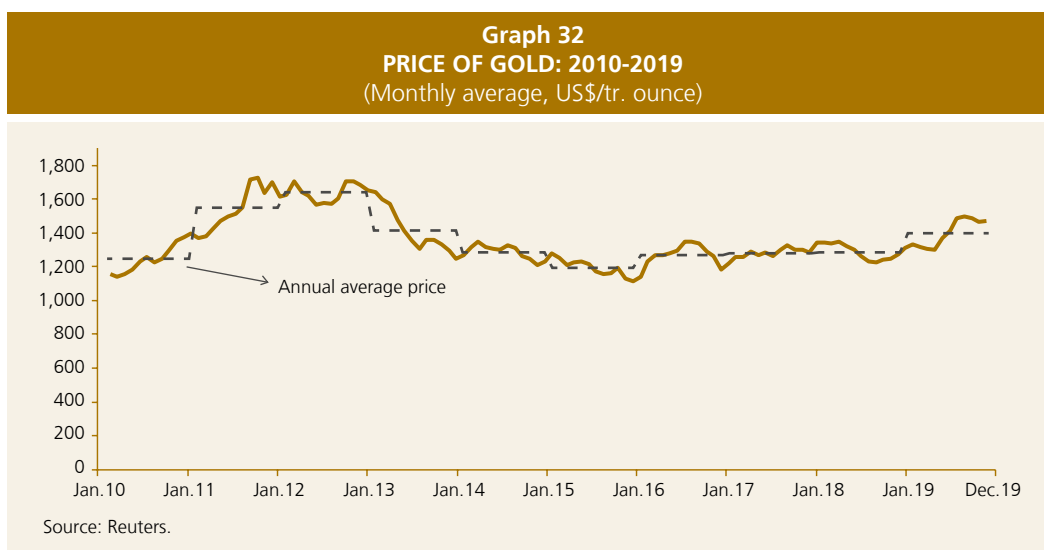
Source: BCRP.

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.

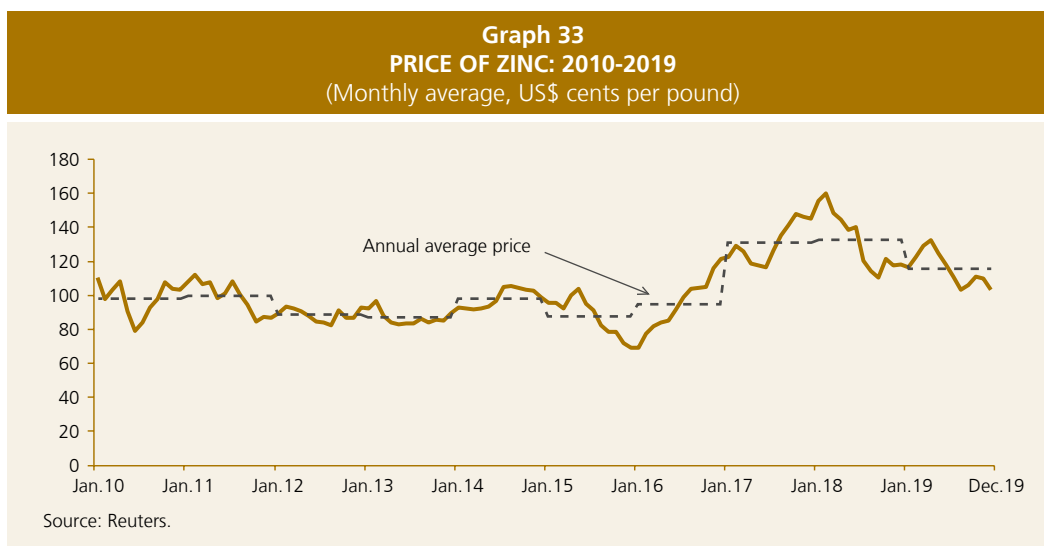


The average price of **gold** rose 10 percent to US\$ 1,392 per troy ounce in 2019, favored by an external scenario of greater risk aversion due to the intensification of the trade war between the United States and China, as well as by the uncertainty generated by the Brexit and geopolitical risks in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

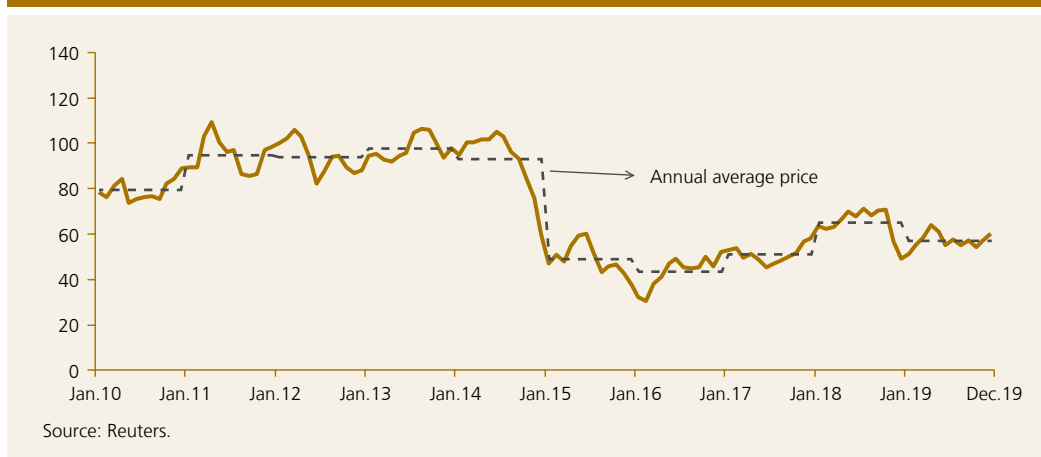


On the other hand, the average price of **zinc** dropped 13 percent in 2019 (from US\$ 1.33 to US\$ 1.16 the pound). As in the case of copper prices, the price of zinc declined due to prospects of lower global demand associated with escalating trade tensions between the United States and China. Another 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.

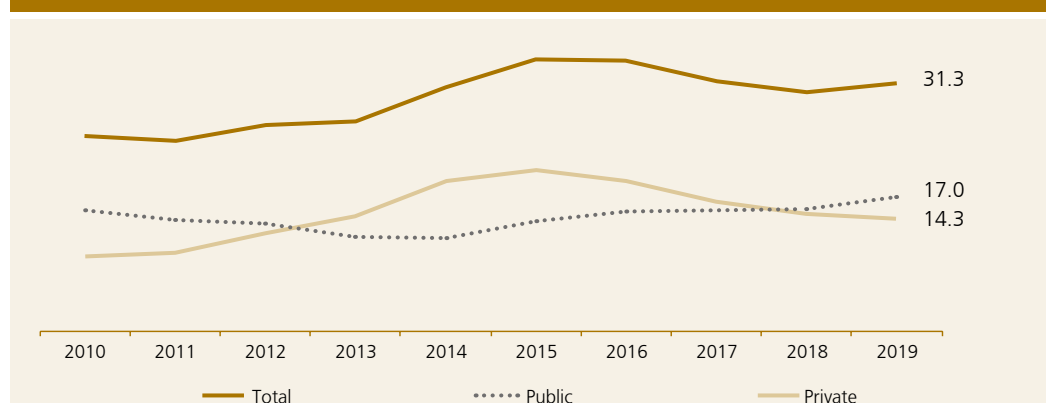
2/ Includes liabilities in domestic currency with non-residents.

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.

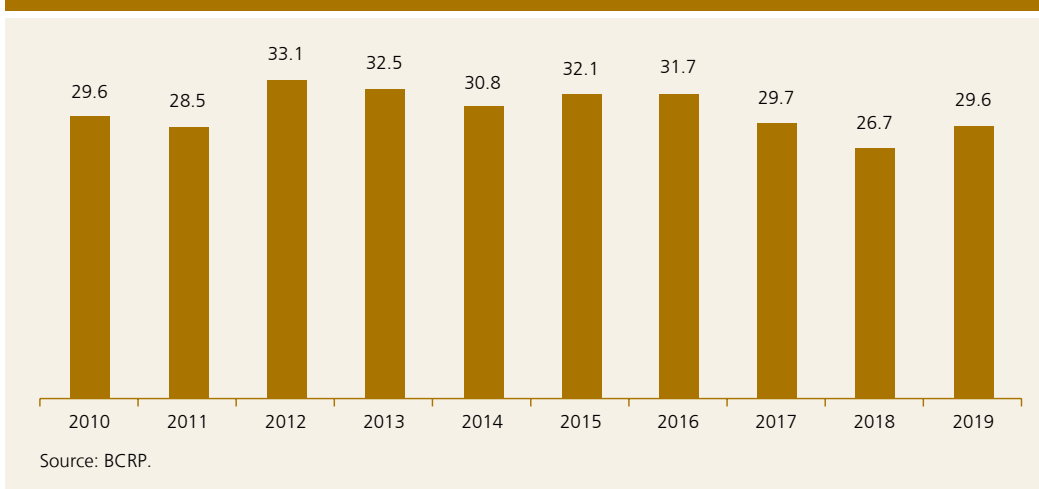
Source: BCRP.

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

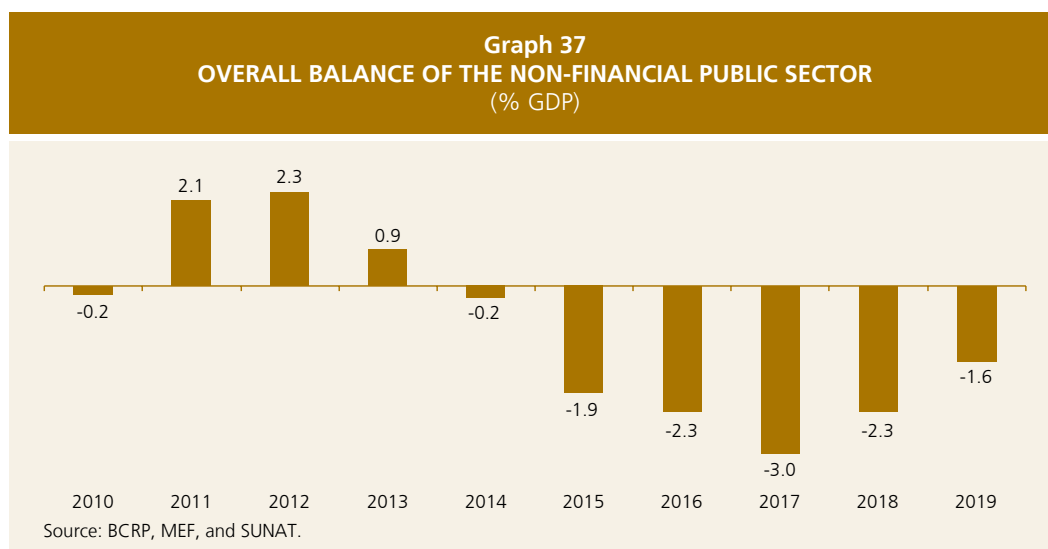
Source: BCRP.



Francisco Laso
Manuela Henríquez de Laso

Falling for the second consecutive year, the deficit in the non-financial public sector in 2019 was 1.6 percent of GDP, 0.7 percentage points lower than in 2018.

This lower fiscal deficit in 2019 is explained mainly by the higher current revenue of the general government (up 0.4 percentage points of GDP) obtained from both tax revenues and non-tax revenues. Other factors that contributed to this outcome were the reduction of the non-financial expenditures of the general government by 0.1 percentage points of GDP –due to the lower gross capital formation– as well as the better primary balance recorded by the state-owned companies.



The increase in tax revenues by 0.3 percentage points of GDP is explained by higher revenues from most taxes, with increased revenues from the VAT, the excise tax, and the income tax standing out. This increase reflected the growth in domestic demand, together with changes in the tax rates and collection scheme of the excise tax in 2018 and 2019, SUNAT’s inspection actions, and extraordinary revenues. The increase in non-tax revenues by 0.2 percentage points of GDP is mainly explained by higher social contributions and transfers from public entities to the Public Treasury.

On the other hand, the reduction in general government expenditure was associated with lower gross capital formation in sub-national governments, especially at the level of local governments as a result of the change of administration in 2019. This reduction was in part offset by higher current expenditures, mainly as a result of salary increases in the Education and Health sectors as well as of higher spending on goods and services.

Table 39
OVERALL BALANCE OF THE NON-FINANCIAL PUBLIC SECTOR

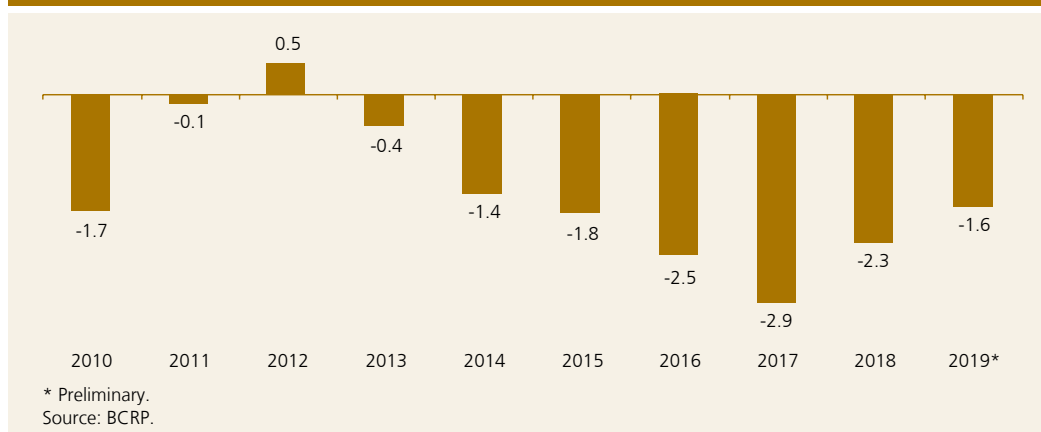
	Million soles			% GDP		
	2017	2018	2019	2017	2018	2019
1. Current revenues of the General Government	126,583	142,627	151,923	18.1	19.3	19.7
a. Tax revenue	93,400	107,358	113,769	13.4	14.5	14.8
b. Non-tax revenue	33,183	35,268	38,154	4.8	4.8	5.0
2. General Government non-financial expenditure	139,894	149,364	154,530	20.0	20.2	20.1
a. Current	106,847	113,145	119,382	15.3	15.3	15.5
b. Capital	33,047	36,219	35,148	4.7	4.9	4.6
- Gross capital formation	28,439	31,495	30,633	4.1	4.3	4.0
- Others	4,608	4,724	4,515	0.7	0.6	0.6
3. Others	682	-328	738	0.1	0.0	0.1
4. Primary balance (1-2+3)	-12,629	-7,065	-1,869	-1.8	-1.0	-0.2
5. Interests	8,340	10,013	10,662	1.2	1.4	1.4
a. External debt	3,181	3,499	3,404	0.5	0.5	0.4
b. Domestic debt	5,158	6,514	7,258	0.7	0.9	0.9
6. Overall Balance	-20,969	-17,078	-12,531	-3.0	-2.3	-1.6
7. Net financing	20,969	17,078	12,531	3.0	2.3	1.6
1. External	-10,363	-,598	4,679	-1.5	-0.1	0.6
(Million US\$) (a-b+c)	-\$3,194	-\$,169	\$1,399			
a. Disbursements	\$2,434	\$1,756	\$1,863	1.1	0.8	0.8
b. Amortization	\$4,175	\$1,265	\$1,358	1.9	0.6	0.6
c. Others 1/	-\$1,453	-\$,660	\$,893	-0.7	-0.3	0.4
2. Domestic	31,281	17,622	7,784	4.5	2.4	1.0
3. Privatization	51	54	69	0.0	0.0	0.0

1/ Includes exceptional financing and short-term financing.

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, local governments, state enterprises, and public institutions.

The **structural economic balance** is an indicator of the public sector's economic balance that takes into account the main macroeconomic determinants that affect revenues in their trend or long-term values, such as economic activity or export prices, and therefore shows the effect of fiscal policy decisions on fiscal accounts isolating the effects of factors that are beyond government control. In 2019 the structural economic balance showed a deficit of 1.6 percent of GDP, a deficit 0.7 percent lower than the one recorded in 2018.

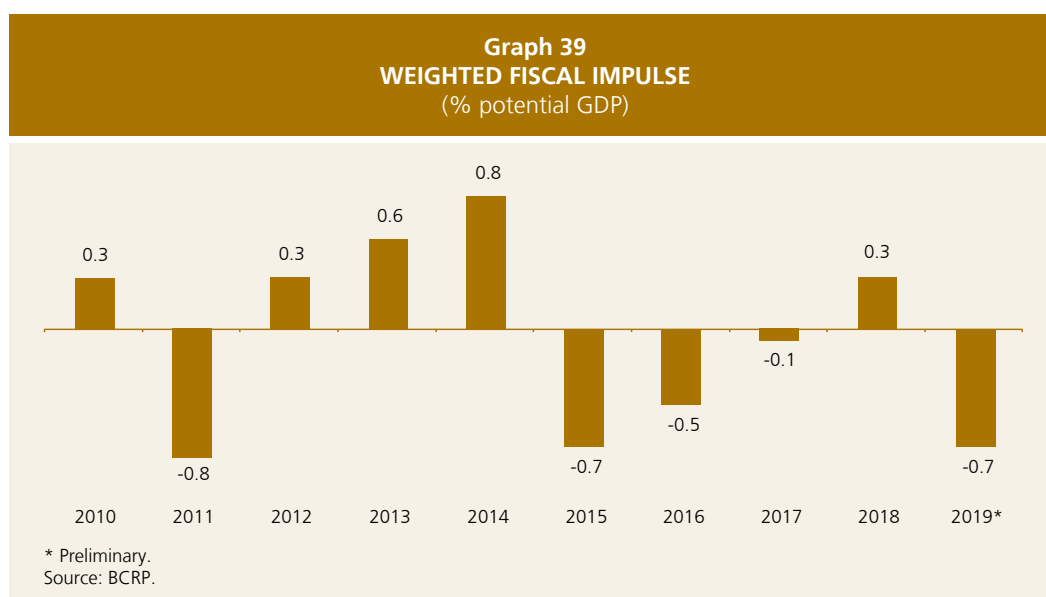
Graph 38
STRUCTURAL OVERALL BALANCE OF THE NON-FINANCIAL PUBLIC SECTOR
(% potential GDP)



The **weighted fiscal impulse**, indicator that reflects more accurately the fiscal position and considers the differentiated multiplier effect of the changes observed in government income and expenditure. In contrast with the expansionary impulse observed in 2018, the weighted fiscal impulse in 2019 was contractionary by 0.7 percent mainly as a result of lower capital expenditure.

Table 40 WEIGHTED FISCAL IMPULSE (% potential GDP)			
	2017*	2018*	2019*
1. Structural overall balance	-2.9	-2.3	-1.6
2. Fiscal impulse	0.2	-0.5	-1.0
3. Weighted effects	-0.3	0.8	0.3
4. Weighted impulse (2+3)	-0.1	0.3	-0.7

* Preliminary data.
Source: BCRP.



Financial requirements, an indicator that quantifies the resources needed by the non-financial public sector to cover the economic deficit and meet the amortization of the domestic and the external debts, amounted to S/ 32.02 billion, a figure equivalent to 4.2 percent of GDP. This ratio is 0.3 percentage points of GDP higher than in 2018.

This increase in financial requirements is explained by the higher debt amortization (0.9 percentage points of GDP), associated mainly with a higher amortizations of the domestic debt. Moreover, the financial requirements were mainly covered by the sovereign bonds placed through debt management operations (DMO) over the year.

Table 41
FINANCING OF THE NON-FINANCIAL PUBLIC SECTOR

	Million soles			% GDP		
	2017	2018	2019	2017	2018	2019
1. Overall Balance	-20,969	-17,078	-12,531	-3.0	-2.3	-1.6
2. Amortization	17,695	11,488	19,491	2.5	1.6	2.5
Redemption of recognition bonds	818	1,171	622	0.1	0.2	0.1
Domestic debt	3,312	6,095	14,344	0.5	0.8	1.9
External debt 1/	13,566	4,222	4,524	1.9	0.6	0.6
3. Financial requirements	38,664	28,566	32,022	5.5	3.9	4.2
External disbursements	7,952	5,896	6,207	1.1	0.8	0.8
Freely disposable funds	0	0	2,498	0.0	0.0	0.3
Investment projects	7,952	5,896	3,709	1.1	0.8	0.5
Domestic bonds 1/	23,951	19,734	30,497	3.4	2.7	4.0
Privatization 2/	51	54	69	0.0	0.0	0.0
Others	6,710	2,882	-4,751	1.0	0.4	-0.6

1/ Amounts include operations of managing of approved debt.

2/ Includes change on deposits and floating, among other concepts.

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, local governments, state enterprises, and public institutions.

1. Revenue of the General Government

Increasing for the second consecutive year and reversing the declining trend observed from 2015 to 2017, **the current revenue of the general government** in 2019 was equivalent to 19.7 percent of GDP, 0.4 percentage points of GDP higher than in 2018.

The three major sources of the increase seen in tax revenues were the domestic VAT, the income tax, and the excise tax, driven by the growth of domestic demand, the effect of the tax policy actions adopted in 2018 and 2019, the increase of formal workers' incomes, the control measures taken by SUNAT, and extraordinary incomes.

Graph 40
CURRENT REVENUE OF GENERAL GOVERNMENT
(% GDP)

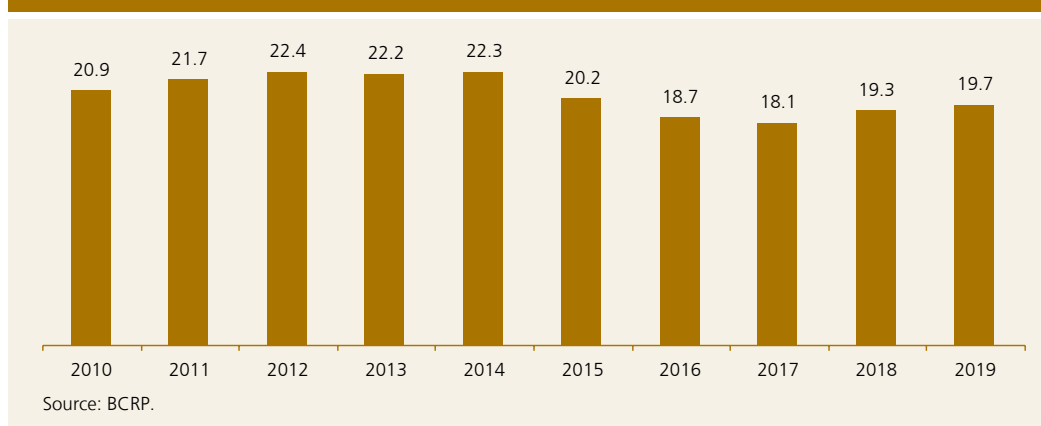


Table 42
GENERAL GOVERNMENT REVENUES

	Million soles			Real % chg.		% GDP		
	2017	2018	2019	2018	2019	2017	2018	2019
I. TAX REVENUE	93,400	107,358	113,769	13.5	3.7	13.4	14.5	14.8
1. Income tax	36,755	41,598	44,015	11.8	3.5	5.3	5.6	5.7
- Individuals	11,450	12,474	13,819	7.6	8.4	1.6	1.7	1.8
- Legal entities	20,421	22,756	23,834	10.0	2.6	2.9	3.1	3.1
- Tax regularization	4,884	6,368	6,363	29.5	-2.5	0.7	0.9	0.8
2. Import duties	1,448	1,455	1,424	-0.9	-4.1	0.2	0.2	0.2
3. Value-added tax (VAT)	54,643	60,666	63,504	9.6	2.5	7.8	8.2	8.2
- Domestic VAT	32,114	35,125	37,892	7.9	5.6	4.6	4.7	4.9
- VAT on imports	22,529	25,541	25,613	11.9	-1.8	3.2	3.4	3.3
4. Excise tax	6,315	6,860	8,216	7.2	17.3	0.9	0.9	1.1
- Fuels	2,604	2,565	3,212	-2.8	22.6	0.4	0.3	0.4
- Others	3,711	4,295	5,005	14.2	14.1	0.5	0.6	0.7
5. Other income tax	11,448	13,363	14,660	15.2	7.4	1.6	1.8	1.9
- National government	8,686	10,522	11,572	19.5	7.7	1.2	1.4	1.5
- Local government	2,762	2,841	3,088	1.6	6.4	0.4	0.4	0.4
6. Tax returns	-17,209	-16,583	-18,051	-4.9	6.6	-2.5	-2.2	-2.3
II. NON-TAX REVENUE	33,183	35,268	38,154	4.9	5.9	4.8	4.8	5.0
1. Contributions to Essalud and ONP	14,737	16,247	17,266	8.8	4.1	2.1	2.2	2.2
2. Oil, gas and mining royalty	2,486	3,035	2,741	20.5	-11.6	0.4	0.4	0.4
3. Oil and gas canon	1,533	2,090	1,687	34.5	-21.0	0.2	0.3	0.2
4. Others 1/	14,428	13,896	16,460	-4.9	15.9	2.1	1.9	2.1
III. TOTAL (I+ II)	126,583	142,627	151,923	11.2	4.3	18.1	19.3	19.7

Source: MEF, Banco de la Nación, BCRP, INEI, SUNAT, EsSalud, ONP, charity societies, regulatory agencies and registry offices.

Revenue from the **income tax** grew 3.5 percent in real terms and thus went from representing 5.6 percent of GDP in 2018 to representing 5.7 percent of GDP in 2019. This increase is mainly explained by the higher incomes of natural persons (8.4 percent), with revenues from the second and fifth categories of income tax standing out, as well as by higher income tax revenues from both domiciled and non-domiciled legal entities (2.6 percent).

Table 43
INCOME TAX BY CATEGORY
(Million soles)

	2017	2018	2019	Real % chg.	
				2018	2019
First category	532	580	624	7.6	5.3
Second category	1,581	1,772	2,412	10.8	33.2
Third category	15,499	17,268	17,679	9.9	0.3
Fourth category	894	960	1,023	6.0	4.3
Fifth category	8,444	9,162	9,760	7.2	4.3
Non-domiciled	3,462	3,560	4,135	1.4	13.7
Regularization	4,884	6,368	6,363	29.5	-2.5
<i>Individuals</i>	1,558	1,125	926	-28.3	-19.7
<i>Legal entities</i>	3,327	5,244	5,438	56.6	1.2
Others	1,460	1,928	2,019	30.5	2.5
<i>Of which: regime for micro and small businesses (MYPE)</i>	904	1,334	1,409	45.7	3.5
Total	36,755	41,598	44,015	11.8	3.5

Source: SUNAT.

In the case of individuals, the increase in income from fifth category incomes (4.3 percent) was associated with the growth of formal workers' income (5.8 percent), both because of higher employment and because of higher income. On the other hand, the increase in second-category income (33.2 percent) was explained by higher dividend distributions in 2019.

As for income from domiciled legal entities, the increase in revenue is explained by income from the third category (0.3 percent), mainly from the sectors of financial intermediation, electricity and water, other services, and transport and construction, which offset lower revenues from the sectors of mining, manufacturing, and hydrocarbons. In addition to this, a higher tax collection was also observed as a result of the MYPE Tax regime (3.5 percent).

Moreover, higher revenues from non-domiciled taxpayers (13.7 percent) was mainly associated with SUNAT's inspection actions, Tax Court resolutions, and asset sale operations.

On the other hand, the lower income from tax regularization payments (2.5 percent) is mainly explained by the lower payments from individuals, due to the fact that income amounting to S/ 141 million was recorded in January 2018 under the Temporary and Substitute Income Tax Regime for Declaration, Repatriation and Investment of Undeclared Income. In the case of legal entities, the higher income associated with SUNAT's inspection actions was offset mainly by mining companies' lower payments for tax regularization payments for fiscal year 2018.

Table 44					
REVENUES FROM CORPORATE TAX BY SECTORS: PAYMENTS ON ACCOUNT					
(Million soles)					
	2017	2018	2019	Real % chg.	
				2018	2019
Commerce	3,065	3,058	3,020	-1.5	-3.3
Others services 1/	2,493	2,562	2,813	1.3	7.5
Financial intermediation	1,717	2,184	2,778	25.4	24.6
Manufacturing	2,559	2,504	2,264	-3.4	-11.4
Mining	1,727	2,585	2,036	47.9	-22.9
Electricity and water	1,191	1,247	1,498	3.4	17.6
Transport	987	1,042	1,185	4.1	11.3
Construction	949	987	1,079	2.6	7.0
Hydrocarbons	723	1,022	898	39.5	-13.9
Fishing	56	40	89	-30.6	121.1
Agriculture and livestock	32	37	19	13.1	-49.6
Total	15,499	17,268	17,679	9.9	0.3

1/ Includes activities in real estate, business, leasing, telecommunications, health, social services, tourism and hotels, and others.
Source: SUNAT.

Revenue from the **value added tax (VAT)** increased by 2.5 percent in real terms and continued to represent 8.2 percent of GDP. This increase improvement was associated with increased revenues from the domestic VAT (5.6 percent), offset in part by the reduction of revenues from the external VAT or from the VAT on imports (1.8 percent).

The increase in revenue from the domestic VAT is explained by the growth of domestic demand (3.0 percent), by tax policy measures such as the increase in the drawdown rates and their coverage in April 2018, and by higher revenues associated with SUNAT's inspection actions and Tax Court resolutions. By sectors, most of them contributed to increase revenues from the domestic VAT

in 2019, the sectors of commerce, construction, transportation, manufacturing, and financial intermediation standing out. Only tax revenues from the sectors of mining, agriculture, and hydrocarbons decreased during the year.

On the other hand, lower revenues from the external VAT was associated with lower levels of imports, particularly imports of fuel and raw materials for industry.

Table 45					
DOMESTIC VAT BY SECTORS					
(Million soles)					
	2017	2018	2019	Real % chg.	
				2018	2019
Others services 1/	9,498	10,643	11,655	10.6	7.2
Commerce	6,334	6,879	7,558	7.2	7.6
Manufacturing	4,954	4,870	5,181	-3.0	4.1
Transport	2,667	2,922	3,233	8.1	8.3
Construction	2,428	2,486	2,807	1.0	10.6
Financial intermediation	2,005	2,176	2,462	7.2	10.9
Electricity and water	1,421	1,752	1,985	21.7	10.9
Hydrocarbons	851	1,291	1,228	49.5	-6.7
Mining	1,302	1,368	1,125	3.8	-19.6
Agriculture and livestock	519	616	515	17.0	-18.0
Fishing	133	122	143	-10.2	14.8
Total	32,114	35,125	37,893	7.9	5.6

1/ Includes activities in real estate, business, leasing, telecommunications, health, social services, tourism and hotels, and others.
Source: SUNAT.

Revenues from the **excise tax** increased by 17.3 percent in real terms, from 0.9 percent of GDP in 2018 to 1.1 percent in 2019. Moreover, revenues from the excise tax on fuels as well as revenues from other products subject to this tax registered two-digit increases.

In addition, revenues from the excise tax on fuels increased by 0.1 percentage points of GDP as a result of higher payments associated with domestic sales due to the lower use of credits by refineries compared to 2018. On the other hand, revenue from the excise tax on products other than fuels also increased by 0.1 percentage points of GDP due to the increase in rates adopted in May 2018 and to the fact that the payment scheme for the excise tax on beer was modified from a mixed regime to a specific regime in June 2019.

Revenues from **Import duties** decreased 4.1 percent in real terms and represented 0.2 percent of GDP. In addition to the reduction in imports, effective tariffs were also lower as a result of the trade agreements signed by Peru in previous years. This was in part offset by higher revenue from the rice price band mechanism.

Other tax revenues increased by 7.3 percent in real terms, from 1.8 percent of GDP in 2018 to 1.9 percent of GDP in 2019. This result is mainly explained by higher revenues from fines, from SUNAT inspection actions, and from Tax Court resolutions to companies in different sectors, particularly mining and communications, as well as from the payment of Odebrecht's tax debt. These higher revenues offset the lower revenues from the Special Tax on Mining, which was affected by the lower prices of metals.

Tax refunds increased by 6.5 percent in real terms, from 2.2 percent of GDP in 2018 to 2.3 percent of GDP in 2019, which is mainly explained by higher export refunds and the early refund of the VAT, offset in part by lower refunds for overpayments and drawback.

Non-tax revenues increased by 5.7 percent in real terms, from 4.8 percent of GDP in 2018 to 5.0 percent in 2019, reflecting higher payments for social contributions (4.0 percent); higher profit transfers from public entities –such as Banco de la Nación, Banco Central de Reserva, and state-owned enterprises– to the national government, and higher income from own resources. This was in part offset by lower revenues from oil, gas, and mining royalties (10.3 percent) and from oil and gas fees (21 percent) as a result of the lower prices of minerals, oil, and natural gas.

2. General Government Expenditure

The non-financial expenditure of the general government represented 20.1 percent of GDP in 2019, 0.1 percentage point of GDP less than in 2018. By government levels, this decline is explained mostly by the local governments, while by expenditure categories, it is explained mostly by gross capital formation.

As for the general government's current expenditures, the category of salaries increased by 0.2 percentage points of GDP due to higher payroll payments in the sectors of Education, Health, and Justice as well as in the Public Ministry, the Ministry of Interior, and the Ministry of Defense. Moreover, expenditure in the category of goods and services increased by 0.2 percentage points of GDP, mainly due expenditure in services, among which the Administrative Service Contracts (CAS) and the hiring of professional and technical services stand out. On the other hand, expenditure in the current transfers category decreased by 0.1 percentage points of GDP due to lower transfers to the national government.

The general government expenditure in **gross capital formation** decreased by 0.3 percentage points of GDP between 2018 and 2019, due to lower spending by sub-national governments, particularly local governments, as a result of the transition period after new authorities take office at these levels of government. On the other hand, other capital expenditures remained relatively constant.

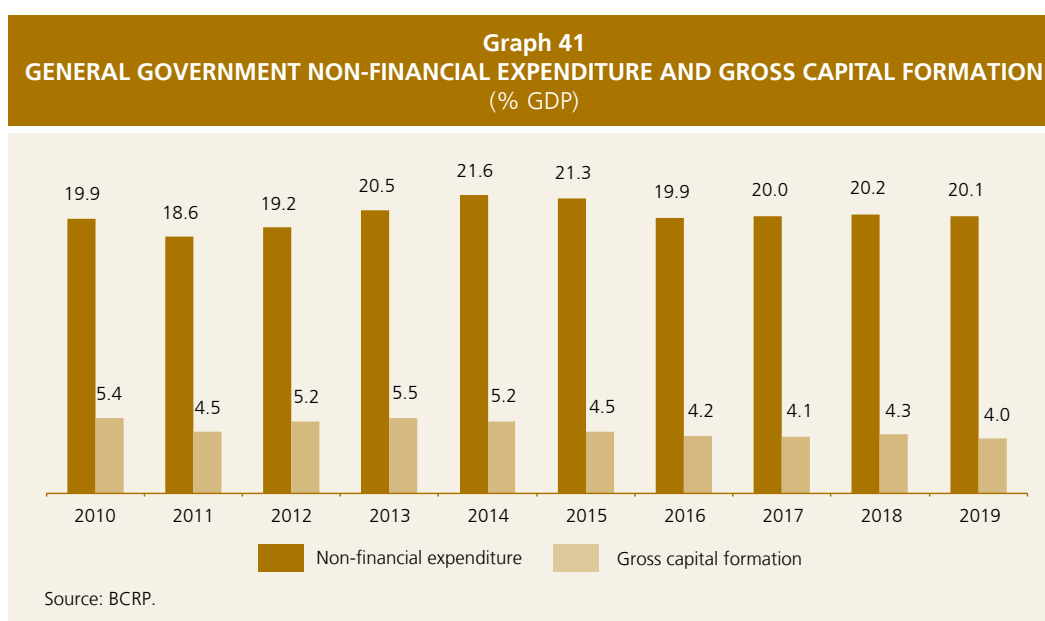


Table 46
GENERAL GOVERNMENT NON-FINANCIAL EXPENDITURE 1/

	Million soles			Real % chg.		% GDP		
	2017	2018	2019	2018	2019	2017	2018	2019
I. CURRENT EXPENDITURE	106,847	113,145	119,382	4.5	3.3	15.3	15.3	15.5
Wages and salaries	42,667	46,186	49,165	6.8	4.2	6.1	6.2	6.4
National government	25,578	26,935	28,152	3.9	2.3	3.7	3.6	3.7
Regional governments	14,924	16,887	18,591	11.7	7.8	2.1	2.3	2.4
Local governments	2,166	2,365	2,422	7.7	0.3	0.3	0.3	0.3
Goods and services	41,664	42,297	45,289	0.1	4.8	6.0	5.7	5.9
National government	28,275	28,502	31,474	-0.6	8.1	4.0	3.8	4.1
Regional governments	5,266	5,220	5,191	-2.3	-2.6	0.8	0.7	0.7
Local governments	8,124	8,574	8,625	4.1	-1.6	1.2	1.2	1.1
Transfers	22,515	24,662	24,928	8.1	-1.0	3.2	3.3	3.2
National government	18,880	20,919	20,866	9.3	-2.3	2.7	2.8	2.7
Regional governments	2,672	2,849	3,092	5.2	6.3	0.4	0.4	0.4
Local governments	963	894	970	-8.3	6.0	0.1	0.1	0.1
II. CAPITAL EXPENDITURE	33,047	36,219	35,148	8.0	-4.9	4.7	4.9	4.6
Gross capital formation	28,439	31,495	30,633	9.1	-4.7	4.1	4.3	4.0
National government	10,132	11,352	11,728	10.4	1.2	1.5	1.5	1.5
Regional governments	5,827	6,257	6,228	5.8	-2.5	0.8	0.8	0.8
Local governments	12,480	13,885	12,677	9.6	-10.5	1.8	1.9	1.6
Other capital expenditure	4,608	4,724	4,515	0.9	-6.4	0.7	0.6	0.6
National government	4,407	3,509	4,678	-21.8	30.8	0.6	0.5	0.6
Regional governments	11	139	146	1,174.1	3.0	0.0	0.0	0.0
Local governments	191	1,076	-309	457.6	-128.2	0.0	0.1	0.0
III. NON FINANCIAL EXPENDITURE (I + II)	139,894	149,364	154,530	5.3	1.3	20.0	20.2	20.1
National government	87,271	91,218	96,897	3.1	4.0	12.5	12.3	12.6
Regional governments	28,699	31,352	33,248	7.7	3.8	4.1	4.2	4.3
Local governments	23,923	26,793	24,385	10.5	-10.9	3.4	3.6	3.2

1/ Net of commissions and intergovernmental transfers.
Source: MEF, BCRP, and INEI.

National Government

The **non-financial expenditures of the national government** represented 12.6 percent of GDP, a ratio 0.3 percentage points of GDP higher than in 2018, due to higher current expenditure (up by 0.2 percentage points of GDP) due mainly to increased expenditure in the categories of goods and services. Capital expenditure remained relatively stable while other capital expenditure increased.

Expenditure in **wages and salaries** increased by 2.3 percent in real terms, mainly due to salary increases in the sectors of education (S.D. N°328-2019-EF) and health (S.D. N°022-2019-EF and S.D. N°324-2019-EF), as well as in the Judiciary System (S.D. N°404-2019-EF).

Expenditure on **goods and services** increased by 8.1 percent in real terms due to the higher resources allocated to road maintenance and conservation services (S/ 579 million), as well as to CAS (S/ 530 million) and professional and technical services, including consulting and advisory services for legal and natural persons, IT and data processing services, and services for hospitality and celebrations, among other services.

It is worth mentioning that holding the XVIII Pan American Games and VI Parapan American Games in Peru in the months of July and August implied greater spending in the services hired for these events (S/ 205 million). It is also worth pointing out that the category of goods and services includes expenses in the acquisition of non-financial assets by the sectors of Defense and Interior, and that expenditure in this item increased in 2019 (S/ 718 million).

Expenditure for **current transfers** declined by 2.3 percent in real terms, but remained relatively constant as a percentage of GDP. Fewer transfers were made in 2019 to international organizations for the Pan American and Parapan American Games, to the Fuel Price Stabilization Fund, to fund higher education scholarships and loans, to Programa Nacional de Apoyo Directo a los más Pobres (Juntos), and to subsidy fund for burial expenses of SIS beneficiaries, among others.

Expenditure in **gross capital formation** increased by 1.2 percent in real terms. Projects and activities standing out included the ones implemented by the Ministry of Transport and Communications, the Ministry of Agriculture and Irrigation, the Ministry of Education, Universities, and the Ministry of Energy and Mines in road infrastructure, education, drinking water and sewerage systems, wastewater treatment, and prisons, among other projects and activities.

In the framework of the Reconstruction with Changes Program, the national government executed projects for S/ 475 million, which represents 27 percent of the annual Modified Institutional Budget (MIB). On the other hand, expenditure on gross capital formation of sports infrastructure for the Pan American and Parapan American Games decreased (S/ 859 million in 2019 versus S/ 927 million in 2018) due to the fact that most of the investment was concentrated in 2018.

Table 47			
GROSS CAPITAL FORMATION OF THE GENERAL GOVERNMENT			
<i>(Million soles)</i>			
	2018	2019	% chg.
National government	11,352	11,728	3.3
Reconstruction with Changes	224	475	112.1
Rest	11,128	11,253	1.1
<i>Of which: Pan American Games</i>	927	859	-7.4
Regional governments	6,257	6,228	-0.5
Reconstruction with Changes	274	433	58.2
Rest	5,983	5,794	-3.2
Local Government	13,885	12,677	-8.7
Reconstruction with Changes	365	1,658	354.3
Rest	13,520	11,019	-18.5
<i>Of which: Pan American Games</i>	200	642	220.9
TOTAL	31,495	30,633	-2.7
Reconstruction with Changes	863	2,567	197.4
Rest	30,632	28,066	-8.4
<i>Of which: Pan American Games</i>	1,127	1,500	33.1

Source: MEF.

Other **capital expenditures** increased by 30.8 percent in real terms, mainly reflecting higher transfers for the Bono Familiar Habitacional (S/ 53 million) and Bono del Buen Pagador (S/ 75 million), as well as transfers for the improvement and expansion of educational services.



Table 48
MAIN INVESTMENT PROJECTS OF THE NATIONAL GOVERNMENT: 2019
(Million soles)

PROJECTS	Amount
ROAD INFRASTRUCTURE 1/	4,708
Oyón - Ambo Highway, Huánuco - Lima - Pasco	301
Line 2, Metropolitan Lima and Callao	183
Rehabilitation of Eje Vial N ° 01 Piura - Guayaquil, Peru - Ecuador	176
Huánuco - Conococha Highway, Huánuco	156
Juanjuí - Tocache Highway, San Martín	134
Bellavista - El Estrecho Highway, Loreto	113
Lima - Canta - La Viuda - Unish Highway	113
Checca - Mazocruz Highway, Puno	106
Dv. Aplao - Marán Highway, Arequipa - Ayacucho	97
Red Vial Departamental Moquegua - Arequipa	84
Line 1, Metropolitan Lima and Callao	82
Pallasca - Santiago de Chuco Highway, Áncash - La Libertad	79
Rest	3,084
EDUCATION	1,743
Installed capacity for response to emergencies and disasters	122
Educational institutions with conditions for compliance with standard teaching hours	105
Adequate infrastructure and equipment	63
Rest	1,453
AGRICULTURE	1,006
Technical files, pre-investment studies and other studies for Reconstruction projects	89
Improvement of public services for sustainable territorial development in the VRAEM	67
Improvement of strategic agricultural innovation services	60
Integrated management of water resources in ten basins	50
Rest	741
SANITATION	931
Water and sanitation systems in Chorrillos, Lima	134
Water and sanitation systems in Huarochiri, Lima	98
Water and sanitation systems in San Juan de Lurigancho, Lima	57
Wastewater Treatment Plant for Sullana and Bellavista, Piura	50
Water and sanitation systems in Challhuahuacho, Apurímac	28
Urban road for the Nueva Ciudad de Olmos, Lambayeque	27
Water and sanitation systems in San Juan de Lurigancho, Lima	27
Water and sanitation systems in San Juan de Amancaes	24
Technical files, pre-investment studies and other studies for Reconstruction projects	
Rest	467
PAN AMERICAN GAMES	859
National Sports Village, San Luis	226
Andrés Bello Cáceres Sports Complex, Villa María del Triunfo	114
Park Yahuar Huaca, Callao	104
Pan American Village, Villa El Salvador	100
Gymnastics sports center, Villa El Salvador	71
Club de Tiro, Surco	71
BMX cycling, skating and others, San Miguel	49
Equestrian Club, La Molina	34
High Performance Surf Center, Punta Negra	32
Rest	57
Others	2,481
TOTAL	11,728

1/ Payments for works carried out in previous years under the concession scheme, payments for expropriations and land releases and advances of works identifications. And advances are included for work and rolling stock on the basis of an approximate scheme of progress of work.
Source: MEF.

Regional Governments

The **non-financial expenditures of regional governments** in 2019 was equivalent to 4.3 percent of GDP, 0.1 percentage point higher than in 2018. This increase is explained by the higher level of current expenditure, which also increased by 0.1 percentage, mainly due to higher expenditure on salaries. On the other hand, capital expenditures decreased by 0.1 percentage points of GDP.

Expenditure on **salaries** increased by 7.8 percent in real terms, mainly as a result of the above-mentioned increases in salaries in Education and Health. It is worth mentioning that regional

governments account for 71.9 percent and 25.4 percent of the general government's budgetary spending on salaries in the sectors of Education and Health, respectively.

Accrual for **goods and services** decreased by 2.6 percent in real terms, while spending on **current transfers** increased by 6.3 percent in real terms, basically for the payment of judgments and arbitration awards.

Regional governments' **gross capital formation** decreased by 2.5 percent in real terms. In 2019, this expenditure decreased in 13 of the 25 departments, particularly in Piura, Ancash, Ayacucho, Arequipa, Amazonas, and Cusco. In contrast, expenditure increased mainly in Ucayali, Lima, Ica, Loreto, Junín and San Martín. By areas, it declined in the North and South areas of the country, and to a lesser extent in the East, and increased in the Centre.

It is worth mentioning that, after reaching a maximum level of S/ 7.1 billion in 2013, the annual investment of regional governments has remained at a level between S/ 5.7 billion and S/ 6.4 billion in the period 2014-2019, which has influenced the interruption of projects such as Chavimochic-Stage III in La Libertad, Majes-Siguas Stage II in Arequipa, and the project Improvement of Irrigation and Hydroelectric Generation in Alto Piura, for example.

In the framework of the Reconstruction with Changes Program, regional governments have executed projects for S/ 433 million, which represents 29 percent of the annual Modified Institutional Budget (MIB).

Table 49
INVESTMENT OF REGIONAL GOVERNMENTS
(Million soles)

	2018	2019	Change	
			Flow	%
La Libertad	166	149	-16	-10
Lambayeque	143	138	-6	-4
Piura	674	451	-223	-33
Tumbes	80	55	-25	-31
Cajamarca	218	176	-42	-19
TOTAL NORTH	1,280	969	-311	-24
Áncash	387	207	-180	-47
Callao	62	34	-28	-45
Huancavelica	152	190	38	25
Huánuco	253	273	20	8
Ica	60	124	65	108
Junín	293	354	60	21
Lima	192	335	143	74
Pasco	194	247	53	27
TOTAL CENTRAL	1,592	1,764	172	11
Apurímac	214	253	40	19
Arequipa	566	473	-93	-16
Ayacucho	375	279	-96	-26
Cusco	456	403	-53	-12
Moquegua	141	133	-9	-6
Puno	304	259	-45	-15
Tacna	139	182	43	31
TOTAL SOUTH	2,195	1,981	-214	-10
Amazonas	274	200	-74	-27
Loreto	283	346	62	22
Madre De Dios	135	173	38	28
San Martín	242	295	53	22
Ucayali	256	500	244	95
TOTAL EASTERN	1,190	1,514	323	27
TOTAL	6,257	6,228	-29	-0.5

Source: MEF and BCRP.

Local Governments

The non-financial expenditure of local governments was equivalent to 3.2 percent of GDP, 0.4 percentage points lower than in 2018, mainly as a result of lower expenditure in gross capital formation in a period in which new municipal authorities took office.

As regards current expenditure, spending on salaries increased by 0.3 percent in real terms, mainly due to salary increases for municipal workers, while transfers increased by 6.0 percent due to higher purchases of food for social programs (canteens, school breakfasts and the Vaso de Leche Program).

Table 50
INVESTMENT OF LOCAL GOVERNMENTS
(Million soles)

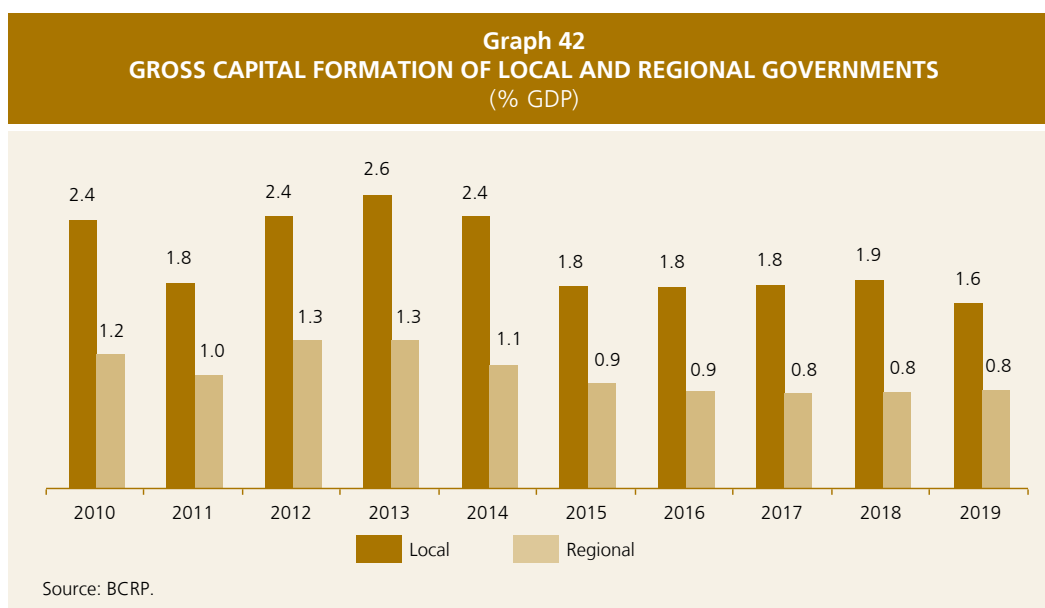
	2018	2019	Change	
			Flow	%
La Libertad	758	970	212	28
RCC	60	440	380	629
Rest	698	530	-168	-24
Lambayeque	311	217	-94	-30
Piura	769	959	191	25
RCC	137	515	378	275
Rest	631	444	-187	-30
Tumbes	100	76	-24	-24
Cajamarca	789	750	-39	-5
RCC	34	157	123	360
Rest	755	592	-162	-22
TOTAL NORTH	2,727	2,972	245	9
Áncash	894	779	-115	-13
RCC	26	82	56	211
Rest	868	697	-170	-20
Callao	94	101	7	8
Huancavelica	442	343	-98	-22
Huánuco	534	392	-142	-27
Ica	311	249	-62	-20
Junín	589	470	-119	-20
Lima	1,761	1,777	16	1
Pasco	149	165	16	11
TOTAL CENTRAL	4,774	4,276	-498	-10
Apurímac	616	446	-170	-28
Arequipa	929	664	-265	-29
Ayacucho	638	675	37	6
RCC	12	138	126	1,029
Rest	626	537	-88	-14
Cusco	1,747	1,588	-159	-9
Moquegua	193	197	4	2
Puno	607	523	-84	-14
Tacna	221	145	-76	-34
TOTAL SOUTH	4,951	4,237	-714	-14
Amazonas	305	230	-75	-25
Loreto	357	290	-67	-19
Madre De Dios	52	41	-11	-21
San Martín	504	400	-103	-21
Ucayali	215	231	16	7
TOTAL EASTERN	1,433	1,192	-240	-17
TOTAL	13,885	12,677	-1,208	-8.7

Source: MEF and BCRP.

Local governments' expenditure in **gross capital formation** decreased by 10.5 percent in real terms in 2019. This decrease was observed in 18 of the 25 departments, especially in those located in the Central and Southern areas of the country, and to a lesser extent, in the departments located

in the East. In contrast, it increased in the North, mainly in La Libertad and Piura, due to the implementation of projects in the framework of the Reconstruction Program. It could be said in this regard that, at the level of the sub-national governments, there has been a substitution between the execution of projects in the area of Reconstruction and the rest of the projects, particularly in the local governments of the North departments.

Moreover, in the framework of Reconstruction with Changes, local governments executed projects for S/ 1.66 billion, this amount representing 58 percent of the annual Modified Institutional Budget (MIB).



3. State-Owned Enterprises

In 2019, the deficit of the State-owned enterprises was S/ 1.68 billion –equivalent to 0.2 percent of GDP–, lower than in the previous year (S/ 2.30 billion, equivalent to 0.3 percent of GDP).

This lower deficit is explained mainly by Petroperú's lower deficit. On the other hand, the deficit of ElectroPerú and the other State-owned companies increased, while the regional electricity companies and Sedapal showed smaller surpluses.

Table 51
OVERALL BALANCE OF STATE ENTERPRISES

	Million soles			% GDP		
	2017	2018	2019	2017	2018	2019
PetroPeru	-1,465	-3,083	-1,876	-0.2	-0.4	-0.2
ElectroPeru	131	168	-184	0.0	0.0	0.0
Regional Electricity Companies	597	624	579	0.1	0.1	0.1
Sedapal	25	77	36	0.0	0.0	0.0
Others	-426	-86	-232	-0.1	0.0	0.0
TOTAL	-1,137	-2,301	-1,677	-0.2	-0.3	-0.2

Source: State enterprises, FONAFE, and MEF.



PetroPerú recorded a deficit of S/ 1.88 billion, S/ 3.08 billion less than in 2018 as a result of lower current expenses, mainly in goods and services (S/ 2.75 billion). On the other hand, it registered lower current revenues, mainly from sales (S/ 478 million), and higher spending in gross capital formation (S/ 951 million) associated mainly with higher spending execution in the new Talara refinery.

Moreover, lower payments were registered for purchases of diesel 2 ULS, biodiesel B100, liquefied petroleum gas, and imported crude oil, mainly due to lower volumes and lower prices. On the other hand, revenues for sales also decreased, although to a lesser extent, especially in the case of sales of B5 S-50 diesel, liquefied petroleum gas, industrial oils, and turbo A1 mainly as a result of lower volumes of these fuels and industrial oil. Other revenue was also lower mainly because of lower net compensations from the Fuel Price Stabilization Fund, offset in part by higher tax refunds to the company.

Regarding the new Talara refinery, at the end of 2019 a global physical advance of 85.3 percent. The Process Units, in charge of Técnicas Reunidas, presented an advance of 93.3 per hundred; and the Auxiliary Units, in charge of the Cobra consortium, presented an advance of 55.8 percent.

Contrasting with the surpluses recorded in the previous two years, Electroperú showed a deficit of S/ 184 million in 2019. This balance was in part influenced by the early transfer of profits made in October to the Consolidated Fund of Reserves (FCR) and to FONAFE –the National Fund for Financing the State’s Entrepreneurial Activity– (S/ 198 million, which was included under other current expenses. It had already transferred S/ 361 million in April 2019). In addition, Electroperú also recorded higher expenditure for the income tax and social contributions, for goods and services, as well as higher other capital expenses as a result of the purchase of an energy sale option from electricity distribution companies.

On the other hand, expenditure in gross capital formation decreased for the second consecutive year, while higher revenue was obtained from sales to distribution companies and sales to the spot market. Other revenues for refunds following arbitration awards and judicial resolutions also increased.

The regional electricity companies recorded a joint surplus of S/ 579 million, a balance S/ 44 million lower than in 2018. This lower surplus is mainly explained by the increase of all current expenditure items (S/ 437 million) and by a lower increase in current income (S/ 418 million). There was also a decrease in capital income due to the reduction of FONAFE contributions and capital transfers for rural electrification projects. On the other hand, expenditure in gross capital formation decreased, while other capital expenditures increased because the capital transfers balance was returned to the Ministry of Energy and Mines.

Sedapal’s surplus of S/ 36 million was S/ 41 million lower than in 2018. The higher sales revenues are explained by the increase in the average rates (up from S/ 3.50 in 2018 to S/ 3.56 in 2019, which represents an increase of 2.57 percent) and by the higher volume of sales of drinking water (1.24 percent), mainly for domestic use. This was in part offset by lower other revenues and higher current expenditure in salaries, taxes, and other expenses.

Lower gross capital formation was seen in projects aimed to expand and improve drinking water and sewerage systems, although this was in part offset by higher other capital expenditure resulting from returning capital transfer balances to the Ministry of Housing and Construction. It is worth mentioning that the debt interest service increased by S/ 24 million between 2018 and 2019 due to higher interests due to external loans from the IBRD and IDB.

The **other State-owned companies**¹² showed a deficit of S/ 232 million, S/ 146 million lower than the deficit in 2018. This deficit is mainly explained by lower other revenues, both current and capital,

¹² This category excludes Electroperú, Sedapal, and the regional electricity companies, and includes the companies that are under the scope of FONAFE: FONAFE itself, municipal companies, and decentralized public bodies.

associated with lower capital transfers from the Treasury to Activos Mineros, ADINELSA, CORPAC, and ENAPU, as well as by higher capital expenditure due to higher gross capital formation in municipal sanitation companies and also by higher tax and remuneration payments. The deficit in the operations of these companies was offset partially by the increase in their sale revenues and their lower spending on goods and services, especially in the case of municipal companies and decentralized public agencies.

4. Non-Financial Public Sector Debt

At end 2019 the **debt of the Non-Financial Public Sector** totaled S/ 206.4 billion. This debt amount, equivalent to 26.8 percent of GDP, represents an increase of 1 percentage point of GDP in comparison with the debt ratio recorded at the end of 2018. This increase is explained by higher long-term domestic debt resulting from increased sovereign bond placements under the Market Makers Program and through the two debt management operations (DMOs) conducted on the Euroclear platform in June and November 2019.

Table 52						
DEBT BALANCE OF THE NON-FINANCIAL PUBLIC SECTOR 1/						
	Million soles			% GDP		
	2017	2018	2019	2017	2018	2019
PUBLIC DEBT (I + II)	173,976	190,741	206,411	24.9	25.8	26.8
I. EXTERNAL PUBLIC DEBT	61,163	65,505	65,659	8.8	8.8	8.5
Loans	15,987	19,260	20,527	2.3	2.6	2.7
International organizations	12,510	11,525	12,702	1.8	1.6	1.6
Paris Club	3,451	3,550	3,726	0.5	0.5	0.5
Suppliers	26	16	5	0.0	0.0	0.0
International banks	0	4,168	4,094	0.0	0.6	0.5
Latin America	0	0	0	0.0	0.0	0.0
Other bilaterals	0	0	0	0.0	0.0	0.0
Bonds	45,176	46,246	45,132	6.5	6.2	5.9
Global bonds	38,696	39,506	38,512	5.5	5.3	5.0
Non financial public enterprise bonds	6,480	6,740	6,620	0.9	0.9	0.9
II. DOMESTIC PUBLIC DEBT	112,813	125,236	140,752	16.2	16.9	18.3
1. LONG TERM	98,530	112,209	128,251	14.1	15.2	16.7
Bank loans	3,640	3,902	1,701	0.5	0.5	0.2
Treasury bonds	94,890	108,307	126,550	13.6	14.6	16.4
Bonds (BCRP)	645	645	394	0.1	0.1	0.1
Financial System Support Bonds	0	0	0	0.0	0.0	0.0
Debt swap bonds	770	543	295	0.1	0.1	0.0
Sovereign bonds	87,506	102,009	121,612	12.5	13.8	15.8
Recognition bonds	5,970	5,109	4,249	0.9	0.7	0.6
2. SHORT TERM 2/	14,283	13,027	12,501	2.0	1.8	1.6
Memo:						
Liabilities of Private-Public Partnerships 3/	3,549	3,278	2,768	0.5	0.4	0.4
FEPCs	441	270	-106	0.1	0.0	0.0
External debt from COFIDE and Mivivienda Fund	12,419	11,927	8,993	1.8	1.6	1.2
Bond holdings	126 201	141 515	160,123	18.1	19.1	20.8
Residents	54 315	61 789	66,248	7.8	8.3	8.6
Non-residents	71 886	79 726	93,875	10.3	10.8	12.2
Sovereign bonds	87 506	102 009	121,612	12.5	13.8	15.8
Residents	48 910	57 229	62,946	7.0	7.7	8.2
Non-residents	38 596	44 780	58,666	5.5	6.0	7.6
Global bonds	38 696	39 506	38,512	5.5	5.3	5.0
Residents	5 406	4 560	3,302	0.8	0.6	0.4
Non-residents	33 290	34 946	35,209	4.8	4.7	4.6
1/ Includes national government debt, regional and locals, and public enterprises. Excludes debt from COFIDE, Banco de la Nación, BCRP, and Mivivienda Fund.						
2/ Includes the debt recognized with FONAVI, Law 29625.						
3/ Estimation. Nominal value of the CRPAO issued between May 2006 and March 2012, net of the amortizations made.						
Source: MEF, Banco de la Nación, MTC, ONP, and COFIDE.						

The purpose of the first DMO was to exchange and repurchase US\$ global bonds maturing in 2025, 2027, 2033, and 2037, and euro global bonds maturing in 2026 and 2030, as well as the sovereign bond maturing in 2023. This operation was financed through the issuance of a new sovereign bond maturing in 2040 and a new global bond maturing in 2030.

The second DMO was aimed at exchanging and repurchasing the balance of global bonds in US\$ maturing in 2025 and 2027 and sovereign bonds maturing in 2023 and 2024, as well as pre-paying loans with Corporación Andina de Fomento (CAF). This operation was financed through the issuance of a new sovereign bond maturing in 2034 and by reopening the sovereign bond maturing in 2040.

4.1 External public debt

At the end of 2019, the external debt of the non-financial public sector amounted to S/ 65.7 billion, which represents 8.5 percent of GDP, this ratio being 0.3 percentage points of GDP lower than that recorded at the end of 2018.

DMOs during the year included the issuance of a new global bond maturing in 2030 in the June DMO (US\$ 750 million), redeeming the global bond maturing in March 2019 (US\$ 149 million), withdrawing global bonds in US dollars and euros with different maturity terms in the June DMO (US\$ 411 million) as well as global bonds (US\$ 153 million) and the prepayment of CAF loans (US\$ 82 million) in the November DMO.

Another factor that contributed to the reduction of the foreign debt expressed in soles was the appreciation of the PEN registered between December 2018 and 2019.

4.2 Domestic Debt

At the end of 2019, the balance of the domestic debt of the non-financial public sector was S/ 140.7 billion –equivalent to 18.3 percent of GDP–, which implied an increase of 1.4 percentage points of GDP with respect to the debt ratio at the end of 2018.

This increase is mainly explained by increased sovereign bond placements under the Market Makers Program and by the DMOs mentioned above. As a result, the balance of sovereign bonds reached S/ 121.6 billion, of which 48.2 percent is held by non-residents (43.9 percent in 2018).

Sovereign bond placements under the Market Makers Program amounted to S/ 11.25 billion, while bond placements carried out as part of DMOs amounted to S/ 19.25 billion.

In addition to this, other operations carried out within the framework of the aforementioned DMOs included the placement of a new sovereign bond maturing in 2034 (S/ 5.85 billion) in the June DMO, as well as the placement of a new sovereign bond maturing in 2040 (S/ 8.26 billion) and the reopening of the sovereign bond maturing in 2034 (S/ 1.84 billion) in the November DMO. Moreover, these DMOs allowed to repurchase S/ 4.11 billion of sovereign bonds in June and S/ 5.27 billion of bonds in November. As a result of these DMOs, resources for a total of S/ 2.25 billion and S/ 3.35 billion were obtained in June and in November, respectively, to pre-finance public sector operations for 2020.

In addition to this, two sovereign bond buy-back and exchange operations were carried out, the first of which was financed with bonds issued in March-April (S/ 1.04 billion) and July (S/ 82 million), and two debt refinancing operations were carried out with Banco de la Nación in January (S/ 1.90 billion) and July (S/ 299 million).

4.3 Net Debt¹³

The net debt of the non-financial public sector increased from S/ 83.6 billion in 2018 to S/ 100.4 billion in 2019, representing 13.1 percent of GDP at the end of the year. This result is explained both by an increase of 1.0 percentage point of GDP in the gross debt and by a reduction of 0.7 percentage points of GDP in financial assets of the non-financial public sector.

Table 53
NET DEBT OF THE NON-FINANCIAL PUBLIC SECTOR

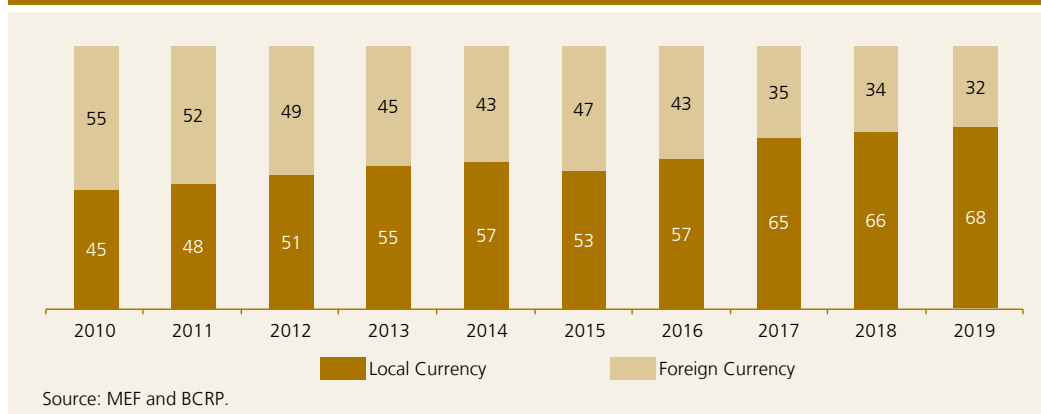
Year (December)	Million soles			% GDP		
	Assets	Liabilities	Debt net	Assets	Liabilities	Debt net
2010	52 734	100 157	47 422	12.5	23.8	11.3
2011	65 824	101 737	35 914	14.0	21.6	7.6
2012	81 130	101 225	20 094	15.9	19.9	4.0
2013	90 041	105 087	15 046	16.5	19.2	2.8
2014	96 994	114 432	17 438	16.9	19.9	3.0
2015	109 033	142 241	33 208	17.9	23.3	5.4
2016	111 649	156 663	45 014	17.0	23.9	6.9
2017	107 407	173 976	66 569	15.4	24.9	9.5
2018	107 185	190 741	83 556	14.5	25.8	11.3
2019	106,019	206,411	100,392	13.8	26.8	13.0

Source: Fuente: MEF, BCRP, Banco de la Nación, Petroperú, ONP, EsSalud, ElectroPerú y FONAFE.

4.4 Debt by Currencies

The ratio of the debt in foreign currency decreased from 34 to 32 percent of the total debt as a result of the sovereign bond placements carried out in the framework of the Market Makers Program, and as a result of the DMOs carried out in June and November-December ADOs that allowed the buy-back of global bonds, thus reducing the debt for such instruments, and the pre-payment of CAF loans. Other factors contributing to this debt decrease in 2019 was the maturity of the 2019 global bond and the effect of the appreciation of the PEN.

Graph 43
DEBT BALANCE OF NON-FINANCIAL PUBLIC SECTOR BY CURRENCY
(Percentage structure)

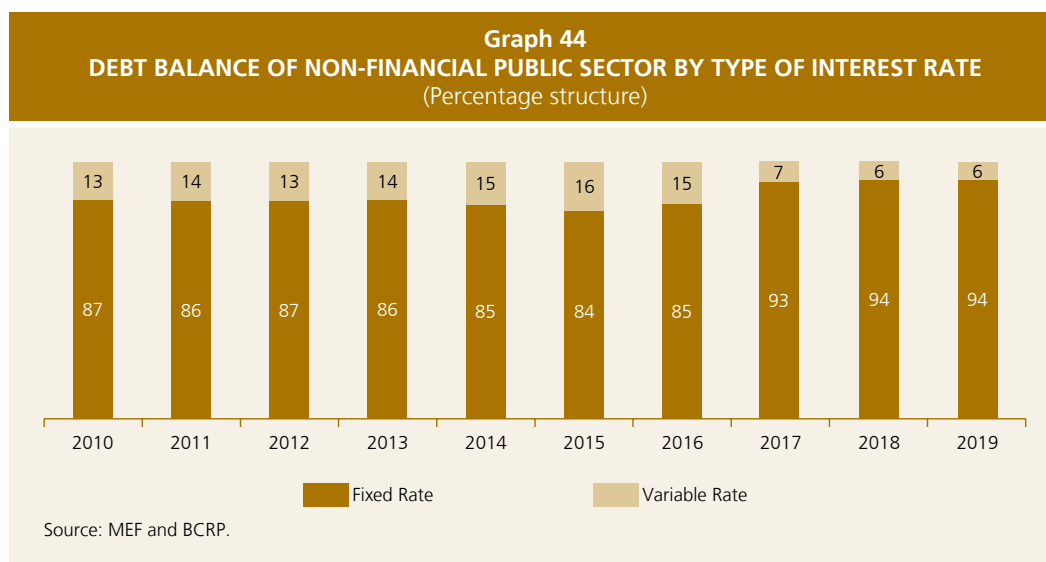


¹³ The net public debt is defined as the difference between the public sector liabilities (total public debt) and the public sector financial assets (total deposits in the domestic and external financial systems and other assets, such as corporate bonds and investment funds).

This was in part offset by the issuance of a new global 2030 bond at the DMO of June and by the disbursement of contingent loans by multilateral agencies.

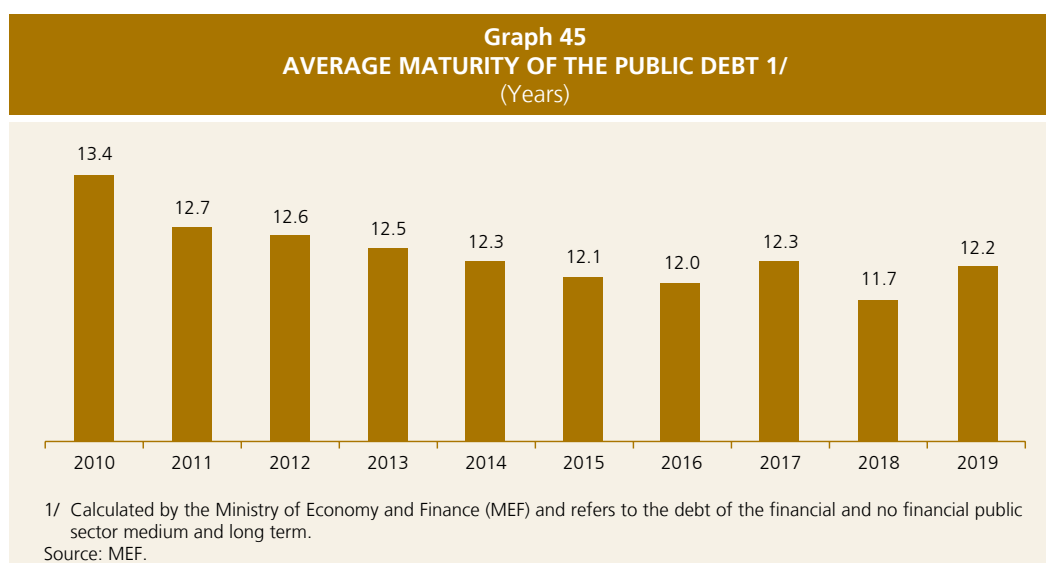
4.5 Debt by Type of Interest Rates

At end-2019, the fixed-rate debt of the non-financial public sector represented 94 percent of the total debt, a similar ratio to the one recorded in 2018. Moreover, the ratio of fixed-rate debt has increased by 7 percentage points over the past ten years.



4.6 Average Life of the Debt

At the end of 2019, the average life of the medium- and long-term total public debt was 12.17 years, higher than at the end of 2018 (11.67 years). The average maturity of the domestic public debt was 12.57 years (up by 0.77 years compared to the average debt life at the end of 2018), while the average maturity of the external public debt was 11.52 years (down by 0.24 years compared to the average debt life at the end of 2018).





Francisco Laso
Manuela Henríquez de Laso

IV INFLATION

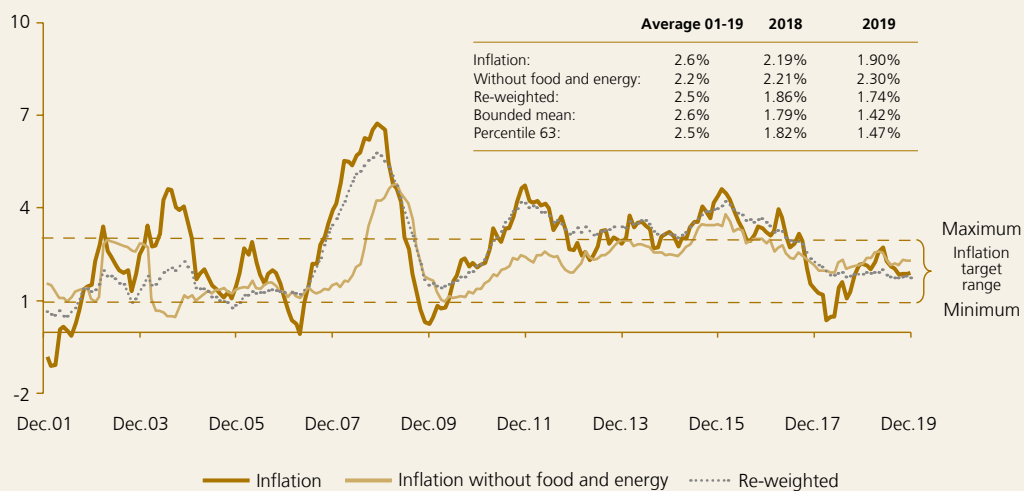
In 2019, in a context in which economic activity remained below its potential and inflation expectations were within the inflation target range, annual inflation, measured by the change in the consumer price index (CPI) of Metropolitan Lima, was 1.90 percent, close to the midpoint of the target range (1 - 3 percent). Moreover, at the national level, the change in the CPI was 1.88 percent, also below the level observed in the previous year (2.49 percent).

Trend inflation recorded rates between 1.4 and 1.7 percent, remaining within the target range. The indicator of weighted trend inflation declined from last year's 1.87 percent to 1.74 percent in 2019. Furthermore, inflation excluding food and energy was 2.30 percent (2.21 percent in 2018), while the change in food and energy prices was 1.43 percent (2.17 percent in 2018), below its long-term average.

Table 54 TREND INDICATORS OF INFLATION (12 months % change)					
	CPI	Re-weighted 1/	Bounded mean 2/	Percentile 63 3/	CPI without food and energy 4/
2001-2019					
Average % change	2.59	2.51	2.58	2.53	2.15
SD	0.31	0.14	0.12	0.13	0.23
Mar.18	0.36	1.93	1.58	1.50	1.99
Jun.18	1.43	1.88	1.61	1.67	2.23
Oct.18	1.84	1.86	1.76	1.76	2.13
Dec.18	2.19	1.87	1.79	1.82	2.21
Jan.19	2.13	1.91	1.80	1.86	2.40
Feb.19	2.00	1.87	1.81	1.85	2.39
Mar.19	2.25	1.90	1.76	1.87	2.56
Apr.19	2.59	1.91	1.71	1.83	2.59
May.19	2.73	2.01	1.69	1.82	2.56
Jun.19	2.29	1.84	1.58	1.66	2.30
Jul.19	2.11	1.77	1.44	1.57	2.15
Aug.19	2.04	1.73	1.39	1.50	2.20
Sep.19	1.85	1.73	1.41	1.55	2.16
Oct.19	1.88	1.76	1.46	1.56	2.34
Nov.19	1.87	1.79	1.48	1.58	2.31
Dec.19	1.90	1.74	1.42	1.47	2.30

1/ Re-weighted: Reduces the weight of items with greater volatility, considers the original weights of each item between the standard deviation of their monthly percentage changes.
2/ Bounded mean: Weighted average of the percentage change of prices between the 34th and 84th percentiles.
3/ Percentile 63: Corresponds to the percentage changes of the item located in the 63th percentile
4/ CPI without food and energy: CPI excluding food, fuel and electricity.

Graph 46
INFLATION
(Last 12 months % change)



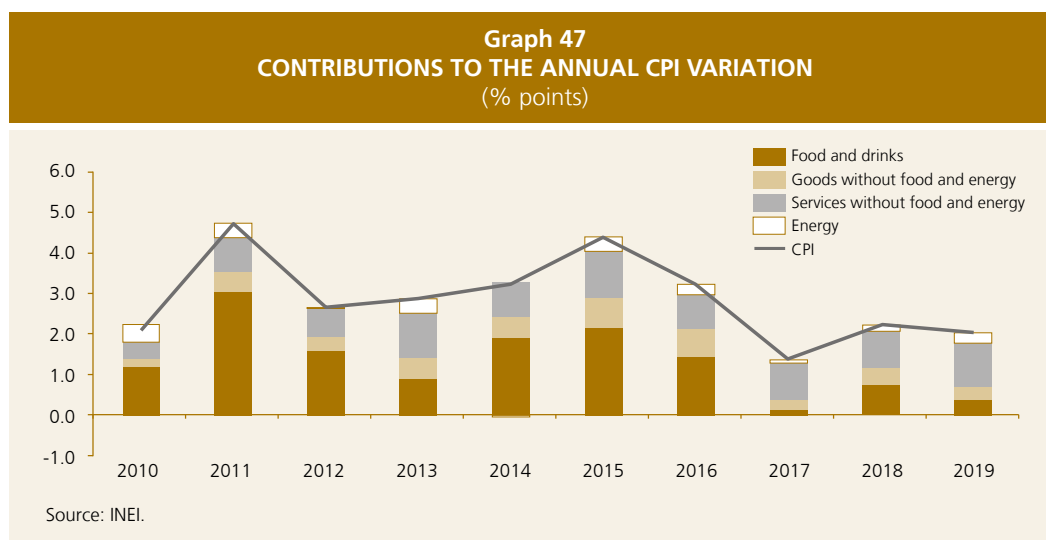
Source: INEI.

Table 55
INFLATION
(% change)

	Weigh	2017	2018	2019	Average % chg. 2002-2019 1/
CPI	100.0	1.36	2.19	1.90	2.74
1. CPI excluding food and energy	56.4	2.15	2.21	2.30	2.18
a. Goods	21.7	1.24	2.25	1.39	1.80
Textiles and footwear	5.5	1.53	0.92	0.23	2.05
Domestic appliances	1.3	0.89	1.32	0.34	-0.30
Other industrial products	14.9	1.16	2.83	1.90	1.81
b. Services	34.8	2.70	2.19	2.86	2.46
<i>Of which:</i>					
Education	9.1	4.58	4.73	5.22	4.15
Rent	2.4	0.38	1.27	0.74	0.60
Health	1.1	1.83	1.76	1.47	2.82
Transportation	8.9	1.38	1.09	2.15	2.56
Water consumption	1.6	13.04	0.00	5.01	4.73
2. Food and energy	43.6	0.46	2.17	1.43	3.31
a. Food and beverages	37.8	0.31	1.95	1.00	3.26
<i>Of which:</i>					
Chicken meat	3.0	-4.83	-1.32	-7.27	1.41
Bread	1.9	0.87	0.94	0.92	3.52
Rice	1.9	2.11	-0.23	0.14	1.59
Sugar	0.5	-3.67	-11.45	-7.00	1.48
Noodles	0.5	0.71	2.54	2.39	2.43
Oils	0.5	4.84	-2.10	-2.28	2.97
Potato	0.9	-38.99	27.16	12.57	4.95
Fresh and frozen fish	0.7	-7.23	-5.95	-2.53	2.45
Meals outside the home	11.7	3.65	2.19	1.69	3.65
b. Fuels and electricity	5.7	1.55	3.67	4.32	3.67
Fuels	2.8	3.95	5.35	-0.39	3.24
Oil and lubricants	1.3	5.05	7.75	0.64	2.78
Gas	1.4	3.08	3.28	-1.65	1.97
Electricity	2.9	-0.21	2.39	8.04	3.37

1/ Regime Inflation Targeting since 2002.

Source: INEI.



The lower year-on-year inflation rate reflected lower food prices, which in 2018 were affected by lower plantings of some products. Likewise, the price of fuels remained quite stable due to the fact that there was no increase in the excise tax on fuels as occurred the previous year.

In terms of contribution to inflation, the item with the highest positive contribution was education tuition and fees (0.54 percentage points) as a result of the adjustment of these prices in private schools, private universities, and higher education institutes at the beginning of the school year. The item with the second highest contribution was electricity rates, with 0.27 percentage points, due to the adjustments approved by the regulatory agency affecting the price of the energy generation component mainly. The category of meals outside the home contributed with 0.23 percentage points, but registered the smallest annual variation observed in this item since 2006.

Table 56
ITEM WITH THE HIGHEST WEIGHTED CONTRIBUTION TO INFLATION: 2019

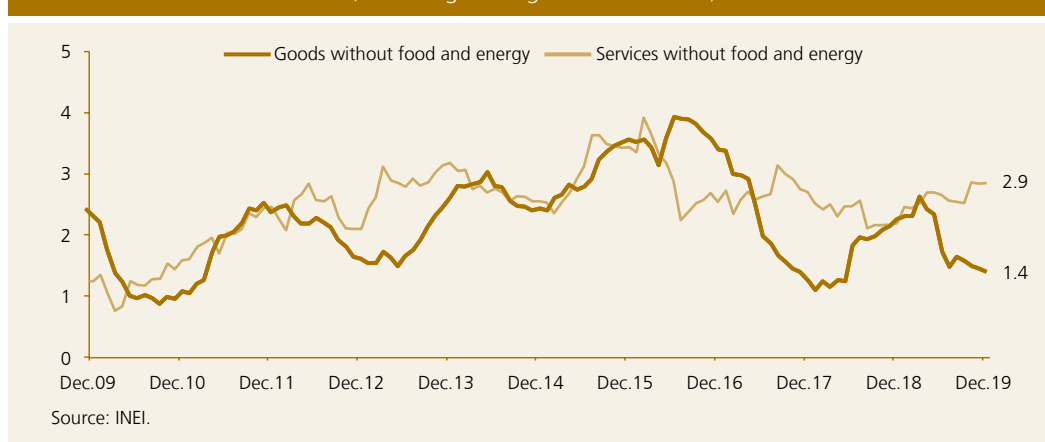
Positive	Weight	% chg.	Contribution	Negative	Weight	% chg.	Contribution
Education costs (tuition and fees)	8.8	5.3	0.54	Chicken meat	3.0	-7.3	-0.20
Electricity	2.9	8.0	0.27	Onion	0.4	-31.5	-0.14
Meals outside the home	11.7	1.7	0.23	Papaya	0.2	-18.1	-0.04
Urban fare	8.5	2.2	0.17	Sugar	0.5	-7.0	-0.04
Potato	0.9	12.6	0.12	Telephone rates	2.9	-1.3	-0.02
Beer	0.8	11.5	0.10	Gas	1.4	-1.7	-0.02
Water consumption	1.6	5.0	0.09	Fresh and frozen fish	0.7	-2.5	-0.02
Eggs	0.6	14.8	0.06	Other stews	0.2	-4.6	-0.01
Tickets to shows	1.7	3.8	0.06	Tomato	0.2	-4.6	-0.01
Toiletries	4.9	1.2	0.06	Oils	0.5	-2.3	-0.01
Total			1.70	Total			-0.51

Source: INEI.

1. Inflation Excluding Food and Energy

Inflation excluding food and energy, indicator reflecting trend inflation, was within the target range in 2019. The goods component fell from 2.3 percent in 2018 to 1.4 percent in 2019 due mainly to the lower price increase in the category of vehicles prices. On the other hand, the services component showed a higher pace of growth, rising from 2.2 percent in 2018 to 2.9 percent in 2019, this result being explained mainly by increases in water rates and urban fares.

Graph 48
CPI GOODS AND SERVICES WITHOUT FOOD AND ENERGY
 (Percentage change last 12 months)



Goods

The lower variation in prices of goods in 2019 is explained mostly by the conduct of the prices of vehicles (down from 12.2 percent in 2018 to 1.6 percent in 2019) and cigarettes (down from 21.3 to 14.6 percent in the same period), since both had been affected by the rise in the excise tax on these goods in 2018.

It is worth mentioning that the excise tax on new vehicles, which previously had a rate of 10 percent, was lowered in mid-2019: the tax on sale of vehicles with a capacity greater than 1,400 cc but of less than, or equal to, 1,500 cc was set at 7.5 percent, while for the tax on sale of vehicles with a capacity of less than, or equal to, 1,400 cc was set at 5 percent. On the other hand, the rate of 10 percent remained unchanged for vehicles with capacities greater than 1 500 cc. In addition, another element contributing to this result was a lower variation in the exchange rate (which decreased by 0.3 percent in 2019 after increasing by 3.6 percent in 2018).

Services

The increase in drinking water rates (5.0 percent) stands out in 2019. In January, Sunass authorized Sedapal to increase water rates by 3.0 percent after its compliance with investment targets. This adjustment included a 2.3 percent increase in drinking water supply and 5.6 percent increase in sewage services. Moreover, between September and November, the rates were again adjusted by 2.0 percent, based on the partial fulfillment of Sedapal's management and investment goals.

Urban fares (2.2 percent), which include the services provided by buses, micro buses, taxis, and motorcycle taxis, showed a greater increase than in previous years (1.0 percent in 2018). This higher increase is explained in part by the 15 percent adjustment observed in the feed-in routes and services of the Metropolitan bus system at the end of September.

The price of education –tuition and education fees– increased 5.3 percent, showing a slightly higher increase than in 2017 (4.9 percent). Price increases were observed in tuition fees in private schools, private universities, and higher education institutes in February and March, while increases in education fees stood out in private schools and universities in March.

2. Food and Energy Prices

Food and energy prices, whose changes are mainly related to supply factors, increased by 1.4 percent in 2019 (2.2 percent in 2018). Food prices increased by 1.0 percent (2.0 percent in 2018),



while energy prices rose by 4.3 percent (3.7 percent in 2018). In the energy sector, the price of electricity rose by 8.0 percent, whereas fuel prices fell by 0.4 percent.

Food

Price changes standing out in 2019 were the increases observed in the prices of potatoes and eggs, on the one hand, and the falling prices of chicken, onions, papayas, and sugar, on the other hand.

The price of **potatoes** increased by 12.6 percent. The price rises observed at the beginning of the year were due to lower supplies from the central and southern sierra as a result of lower farm gate prices in the previous season and weather variability. Lighter temperature anomalies and the normalization of rainfall thereafter contributed to increase the crops and offset the price increases.

The price of **eggs** increased by 14.8 percent despite higher production (up about 8.0 percent from the previous year). This price increase was mainly due to higher marketing costs as well as to increased supply to the provinces in the middle of the year.

On the other hand, the price of **chicken** fell by 7.3 percent as a result of increased supply as well as due to the greater availability of fish, the main substitute of chicken.

The price of **onions** dropped by 31.5 percent as a result of a recovery in supplies from Arequipa and the seasonal entry of lower-priced varieties from June onwards.

Likewise, the price of **sugar** fell by 7.0 percent, in line with increased supply. It is worth mentioning that the wholesale supply of sugar from national agricultural companies increased by approximately 18 percent compared to 2018.

The price of **papayas** fell as well, in line with increased supplies from the regions of San Martín and Ucayali.

Energy

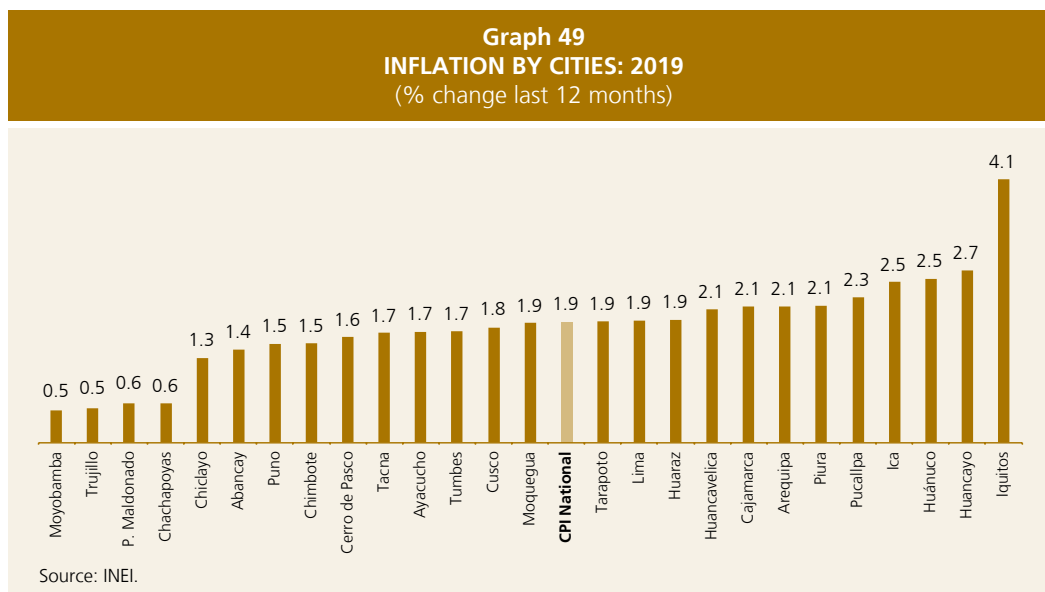
Electricity rates increased by 8.0 percent, in accordance with the rate rises authorized by the regulatory body Osinergmin. These increases were mainly associated with the updating of energy generation prices established in the contracts between generators and distributors, as well as with the settlement of the compensation mechanism for regulated users approved by Osinergmin. In addition, various charges for the transmission component were updated on a quarterly basis, including the compensation for security of cold reserve supply and unit charges for the electricity generation capacity of thermal power plants.

The prices of **gasolines and lubricants** increased by an average of 0.6 percent as a result of the higher crude oil prices. In contrast, the price of bottled LPG fell by 1.7 percent due to the lower LPG refining margins in international markets.

3. Domestic Inflation

In 2019, domestic inflation recorded a year-on-year rate of 1.9 percent, down from 2.5 percent in 2018. On the other hand, inflation excluding food and energy at the country's level was 2.2 percent, down from 2.4 percent in 2018.

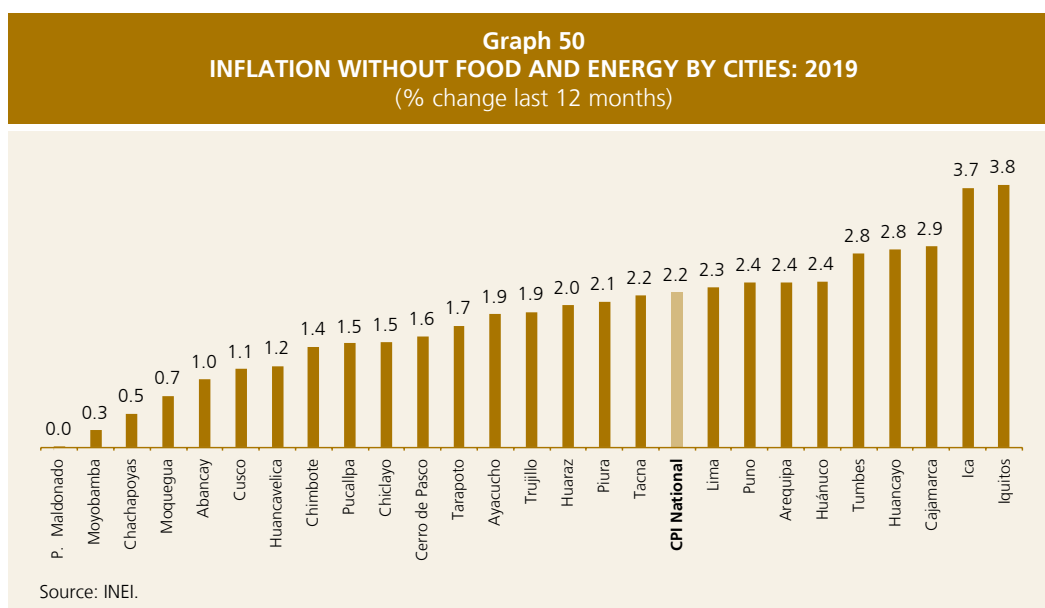
Domestic inflation is calculated as the average inflation rate of the 26 major cities in the country. In 2019, ten cities showed higher inflation rates than Lima, while 15 cities showed lower rates.



The cities with the higher inflation in 2019 were Iquitos (4.1 percent), Huancayo (2.7 percent), Huánuco (2.5 percent), and Ica (2.5 percent).

In these four cities, meals outside the home were one of the items with the greatest contribution to inflation. The rise in urban fares also had an impact on the CPI in Iquitos and Ica, while the price of education –tuition and fees– was another of the items that contributed more to increase inflation in Ica, Huancayo, and Huánuco. In addition, beer prices –item affected by the rise in the excise tax in 2019 – was also among the prices with the higher positive contributions to inflation in Iquitos, Huancayo, and Huánuco.

As regards variations in the CPI excluding food and energy, eight cities showed higher price variations than Lima, while 17 cities showed lower price variations.



Iquitos, Ica, Cajamarca, and Huancayo were the cities with the highest rate of inflation excluding food and energy, with urban fares, education (tuition and fees), medicines, and personal care items contributing the most to this indicator.

Box 3 TREND INFLATION INDICATORS

Measurements of trend inflation for Peru are assessed and compared in this box. The Central Reserve Bank of Peru estimates and publishes several trend indicators that use exclusion methods (Inflation excluding food and energy prices, Core inflation by exclusion), trend smoothing estimations (kernel and reweighted inflation), and limited influence estimations (bounded mean and Percentile 63).

A set of trend inflation measurements allows central banks to isolate the long-term component of inflation from transitory components to assess their monetary policy actions properly. Thus, approximating observed inflation in the long term and being a good predictor of observed inflation are among the characteristics that a trend inflation indicator should have.

Results show that trend inflation measures do not deviate significantly from general inflation in the long term, but they do have lower volatility than total inflation. The current re-weighted measure of inflation is the indicator that most closely approximates the behavior of observed inflation in the long term.

	CPI	Excluding food and energy	By exclusion	Bounded	P63	Kernel	Re-weighted
Accumulated % change 1995-2020	143.8	147.4	147.3	148.7	147.3	146.9	144.4
SD 1995-2020	0.37	0.36	0.26	0.23	0.24	0.22	0.24

In order to assess the predictability of future inflation, the trend indicator is considered an inflation forecast and its degree of prediction error is assessed in a period ahead: the root-mean-square deviation (RMSD) in a year's time is calculated. The assessed indicator will reflect a more accurate projection if its RMSD is low for the time horizon under consideration. The performance analysis results of the trend indicators show that the reweighted inflation indicator has the second best prediction capacity than the other indicators considered.

TREND INDICATORS: RANKING OF THE ONE-YEAR PREDICTIVE ABILITY CRITERION EVALUATION

Re-Weighted 1/	2
Without food and energy 2/	4
Core by exclusion 3/	5
Bounded mean 4/	1
Percentile 63 5/	3
Kernel 6/	6

1/ Re-weighted: Reduces the weight of items with greater volatility, considers the original weights of each item between the standard deviation of their monthly percentage changes.

2/ CPI without food and energy: CPI excluding food, fuel, and electricity.

3/ Core by exclusion: CPI excluding foods that show the greatest variability in the monthly variation of their prices, as well as bread, rice, noodles, oils, fuels, public services and transportation.

4/ Bounded mean: Weighted average of the percentage change of prices between the 34th and 84th percentiles.

5/ Percentile 63: Corresponds to the percentage changes of the item located in the 63th percentile.

6/ Kernel: CPI as weighted moving average.



Ignacio Merino
Dama dando limosna

V LIQUIDITY AND CREDIT

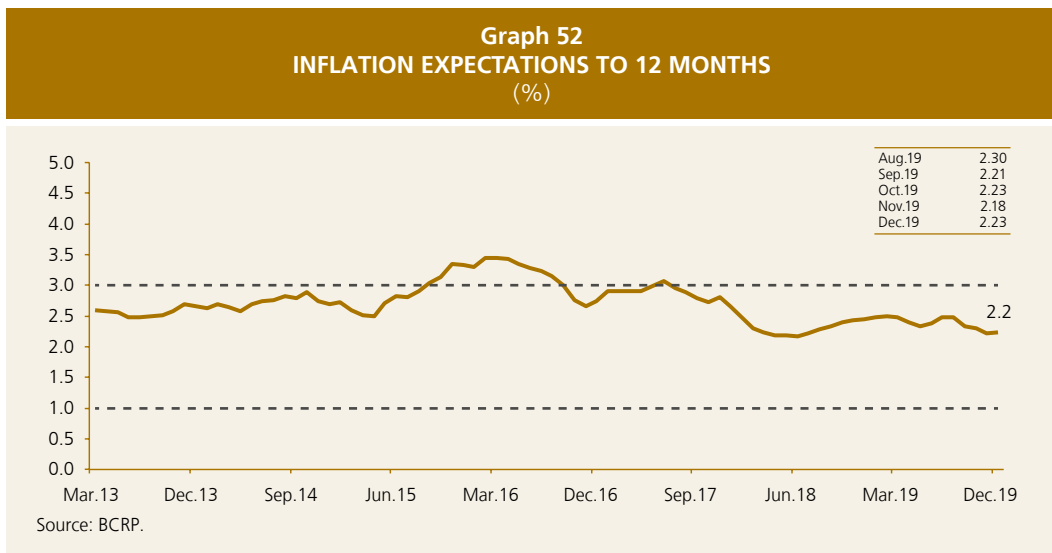
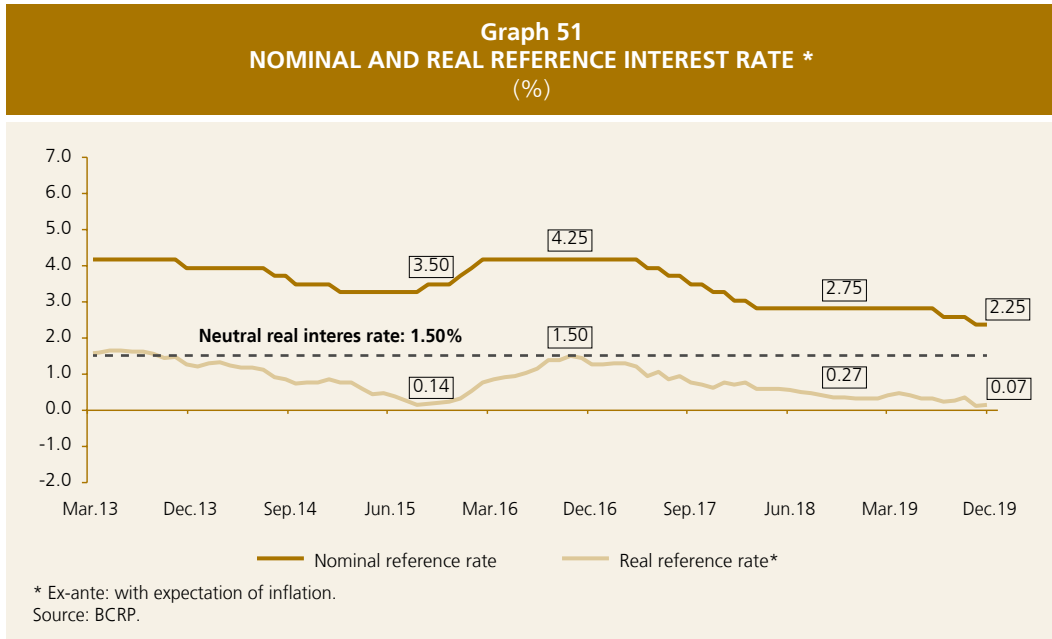
1. Monetary Policy

In 2019, in a context where economic activity continued to be below its potential level and where high uncertainty was observed in international financial markets for several periods, the BCRP's monetary policy actions continued to be oriented towards maintaining an expansionary stance to ensure that inflation and inflation expectations remain within the target range (1 - 3 percent). This expansionary monetary policy stance was reflected in the benchmark interest rate, which remained below the real neutral interest rate (1.50 percent) throughout the year.

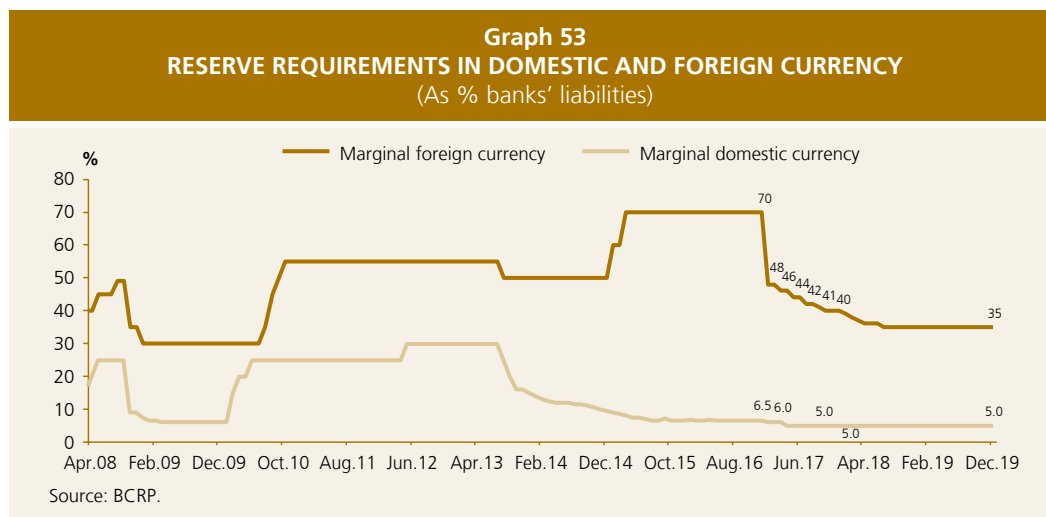
This decision of maintaining an expansionary stance was made in light of the following factors:

- i. The **year-on-year inflation rate projection** remained around 2.0 percent over the policy horizon. A downward bias in this projection was included since July in the monetary policy statement due to the possibility of lower-than-expected growth in domestic demand.
- ii. **Year-on-year inflation rate** and inflationary trend indicators were within the target range throughout the year.
- iii. **Inflation expectations** were within the target range and showed levels very close to the 2.0 percent midpoint in the last months of the year.
- iv. The **weak performance** of primary industries and public investment in 2019 was offset by a recovery in non-primary industries. In addition, economic activity indicators in the last months of the year pointed to a gradual closure of the output gap.
- v. The risks on **global economic activity** remained, although their intensity varied according to the escalation of trade tensions between China and the US.

In this context, the BCRP Board of Directors lowered the reference interest rate by 25 basis points on two occasions, in August and November, from 2.75 to 2.25 percent, where it remained until the end of the year. The policy statement emphasized each time that “this decision does not necessarily imply further reductions in the interest rate” and reiterated that “the Board pays close attention to new information on inflation and its determinants in assessing future changes in the monetary policy stance”.



Moreover, in order to ease domestic financial conditions and thus contribute to reinforce the expansionary monetary stance, BCRP maintained the reserve rate in domestic currency at 5.0 percent and both the marginal reserve rate in dollars and the ceiling on the average reserve rate in dollars at 35 percent.



Other measures were taken in relation to: (i) additional reserves in foreign currency in relation to total credit to the private sector; and (ii) additional reserves in domestic currency in relation to the excess of the cap for the sales of derivative instruments (forwards and swaps).

In the first case, the BCRP circulars published during the year (005 in February and 031 in December) modified the minimum amount that excludes financial institutions from the additional reserve requirement in terms of credit in foreign currency, seeking to promote greater competition in the supply of this type of credit. According to Circular 031-2019-BCRP, additional reserve requirements are applied when the balance of credit in foreign currency exceeds the maximum between:

- (i) 80 percent of credit in September 2013.
- (ii) Credit in December 2017 plus 40 percent of credit flow in domestic currency.
- (iii) 1.04 times the amount of credit in December 2018.
- (iv) US\$ 100 million.
- (v) Effective equity in December 2014.

In the second case, Circulars 004, 011, and 030, published in February, April, and December, respectively, extended the weekly limits and the balance of the agreed operations of sale of foreign currency through forwards and swaps in order to promote exchange risk coverage operations (additionally, the monthly limit was eliminated in April). Circular 030-2019-BCRP establishes that the legal reserve rate will be raised when:

- (i) Weekly transactions of sales of foreign exchange derivatives exceed US\$ 575 million.
- (ii) The balance of sales of foreign exchange derivatives exceeds the higher amount of the following: 115 percent of equity on December 31, 2014; 115 percent of the average daily balance of sales of foreign exchange derivatives in December 2014, or \$1 billion.

2. Interest Rates

In line with the reduction of 50 basis points in the BCRP benchmark rate during 2019, the interbank interest rate decreased from 2.79 percent in December 2018 to 2.25 percent in December 2019. By credit types, all the interest rates showed lower levels compared to 2018 and three types of credit registered their historical minimum levels since September 2010, the decline of mortgage loans standing out among them. In this context, BCRP met the increased demand for liquidity in domestic currency through currency repos and term security repos.

Table 57
INTEREST RATES ON OPERATIONS IN SOLES
(%)

	2017	2018	2019	Change 2019/2018
Interbank rate	3.3	2.8	2.3	-0.5
90-day prime rate on deposits	3.4	4.0	2.8	-1.2
Deposits up to 30 days 1/	3.1	3.3	2.4	-0.9
31-day to 360-day term deposits 1/	4.0	3.8	3.4	-0.4
More than 360-day term deposits 1/	5.1	4.5	4.5	-0.1
Loans to large companies	6.2	6.4	6.0	-0.4
Loans to medium-sized enterprises	9.7	9.8	9.3	-0.6
Loans to small businesses	19.8	18.5	18.0	-0.5
Loans to microbusinesses	36.3	32.7	31.3	-1.4
Mortgage loans	7.7	7.6	7.0	-0.6
90-day corporate prime rate	3.6	4.5	3.3	-1.2
FTAMN 2/	21.8	21.0	18.7	-2.3

1/ Interest rates on deposits correspond to individuals.
2/ Average market lending rate of the operations carried out in the last 30 business days.
Source: BCRP and SBS.

As for interest rates in dollars, the Federal Reserve's reduction of its policy rate by 75 basis points led to a reduction in the interbank rate and the interest rate on 90-day corporate prime loans. Interest rates by credit sector also declined, this being particularly noteworthy in the segments of credit to small businesses and mortgages. On the other hand, deposit rates decreased by 9 basis points on average.

Table 58
INTEREST RATES ON OPERATIONS IN US DOLLARS
(%)

	2017	2018	2019	Change 2019/2018
Tasa Libor a,3 months	1.7	2.8	1.9	-0.9
Interbank rate	1.3	2.3	1.8	-0.5
90-day prime rate on deposits	1.4	2.5	1.6	-0.9
Deposits up to 30 days 1/	1.1	1.9	1.5	-0.4
31-day to 360-day term deposits 1/	1.1	1.6	1.6	0.0
More than 360-day term deposits 1/	1.1	1.7	1.9	0.1
Loans to large companies	5.3	5.5	5.2	-0.3
Loans to medium-sized enterprises	6.4	6.9	6.8	0.0
Loans to small businesses	7.3	9.9	9.2	-0.7
Loans to microbusinesses	14.6	7.1	10.1	2.9
Mortgage loans	5.9	6.1	5.5	-0.6
90-day corporate prime rate	2.3	3.6	2.7	-0.9
FTAMEX 2/	7.3	8.0	7.5	-0.5

1/ Interest rates on deposits correspond to individuals.
2/ Average market lending rate of the operations carried out in the last 30 business days.
Source: BCRP and SBS.

3. Monetary and Credit Aggregates

Private sector liquidity accelerated its growth rate compared to the previous year, while credit to the private sector showed a more moderate pace of growth.

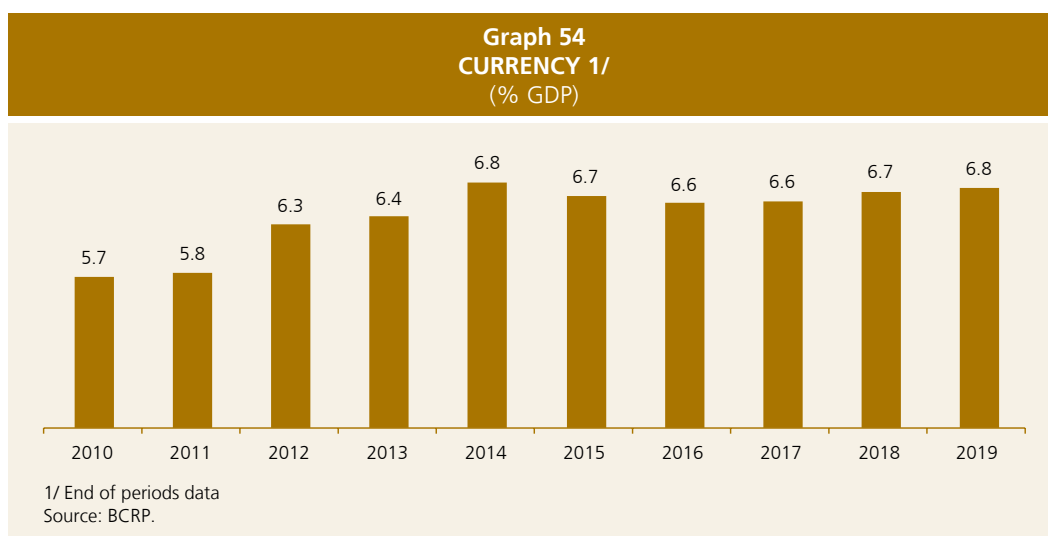
Liquidity in the private sector grew at an annual rate of 9.4 percent in 2019 (8.2 percent in 2018). Moreover, liquidity in domestic currency grew 10.2 percent while liquidity in foreign currency grew

7.5 percent. Thus, as in previous years, the dollarization ratio of liquidity continued to decline, falling from 30.4 percent to 29.9 percent at the end of 2019.

Total credit to the private sector grew 6.9 percent (versus 8.7 percent in 2018). Credit in domestic currency grew 9.8 percent while credit in foreign currency decreased 0.4 percent. The ratio of dollarization of credit decreased from 27.8 percent in December 2018 to 25.9 percent in December 2019.

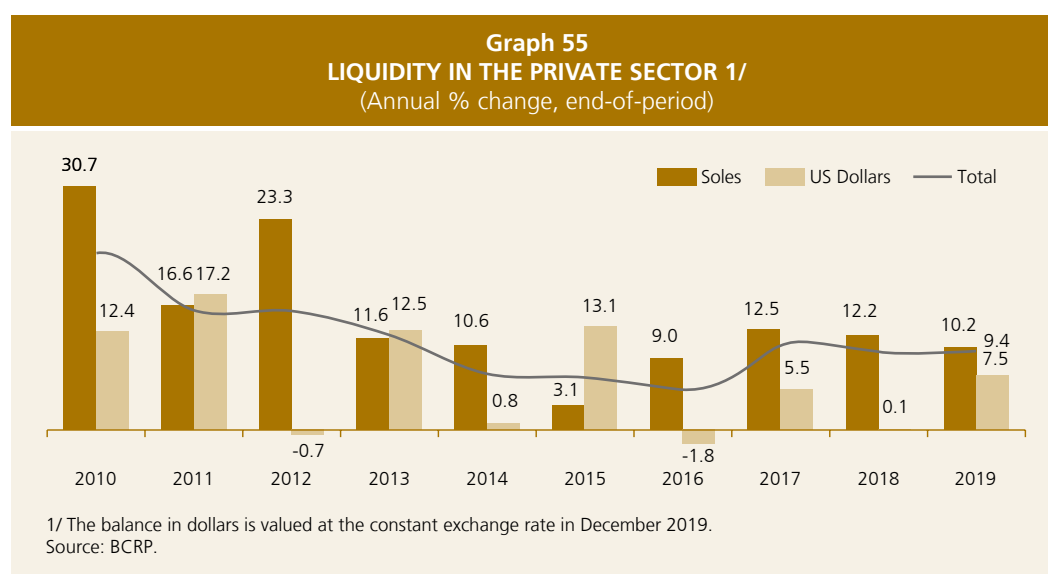
3.1 Currency in Circulation

The balance of currency held by the public in December 2019 was S/. 52.12 billion, which represented 6.8 percent of GDP and an increase of S/ 2.34 billion (4.7 percent) compared to December 2018.

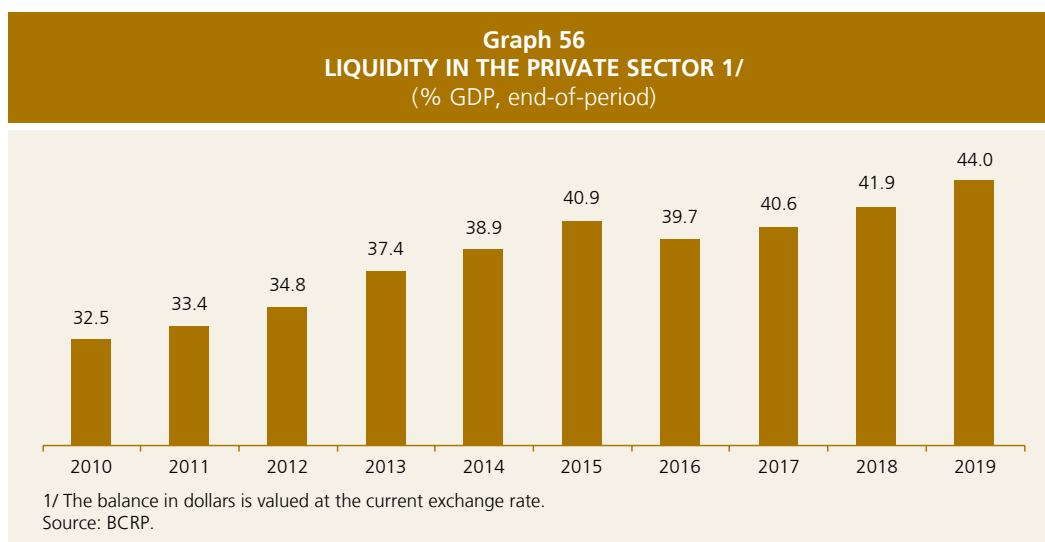


3.2 Liquidity

Liquidity grew 9.4 percent in 2019. This rate reflected the greater increase observed in deposits in soles (11.9 percent in 2019) and in dollars (6.6 percent. percent). The dollarization ratio of deposits fell to 35.8 percent, a lower rate than in 2018 (36.9 percent).



The dynamism of liquidity during the year was reflected in an increase in the ratio of this aggregate to GDP, which is an indicator of the degree of financial deepening of the economy. This indicator increased from 41.9 percent in 2018 to 44.0 percent in December 2019.



The growth of liquidity in soles was mainly associated with the growth of time deposits, which showed an annual rate of 13.1 percent (8.1 percent in the previous year). The other modalities of deposits showed annual growth rates close to 10 percent, but recorded a slower pace of growth than in the previous year.

Liquidity in foreign currency also showed a recovery during the year with a growth rate of 7.5 percent, higher than the 0.1 percent rate registered in 2018. Demand deposits in dollars recorded the greatest growth, with a 10.6 percent rate over the year (3.0 percent in 2018).

Table 59
MAIN MONETARY AGGREGATES 1/

	Balance in million soles			Growth rates (%)	
	2017	2018	2019	2018	2019
Currency	46,178	49,778	52,117	7.8	4.7
Money	81,713	92,198	99,448	12.8	7.9
Deposits 1/	233,995	253,614	278,865	8.4	10.0
<u>In soles</u>	<u>140,362</u>	<u>160,096</u>	<u>179,128</u>	<u>14.1</u>	<u>11.9</u>
Demand deposits	35,535	42,420	47,332	19.4	11.6
Savings deposits	45,692	53,723	59,454	17.6	10.7
Term deposits	59,135	63,952	72,342	8.1	13.1
<u>In dollars (Million US\$)</u>	<u>28,288</u>	<u>28,253</u>	<u>30,132</u>	<u>-0.1</u>	<u>6.6</u>
Demand deposits	9,734	10,025	11,087	3.0	10.6
Savings deposits	9,142	8,950	9,223	-2.1	3.1
Term deposits	9,392	9,278	9,822	-1.2	5.9
Liquidity 1/	285,179	308,706	337,547	8.2	9.4
In soles	191,498	214,901	236,662	12.2	10.2
In dollars (Million US\$)	28,302	28,340	30,479	0.1	7.5

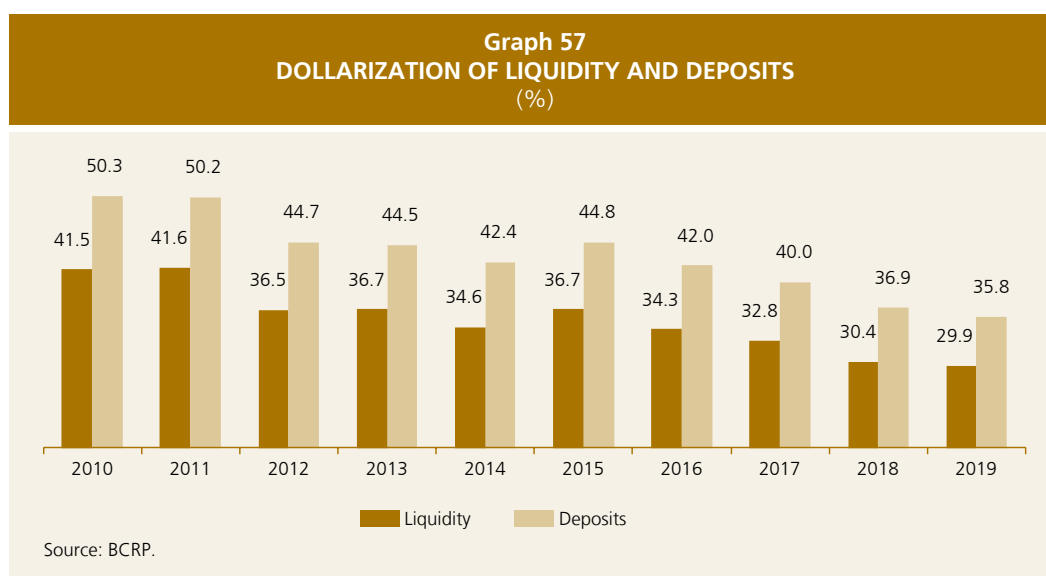
1/ The balance in dollars is valued at the constant exchange rate in December 2019.
Source: BCRP.

By type of depositors, the deposits of businesses grew 13.2 percent during the year, while the deposits of households grew 8.2 percent. Growth in the former was led by deposits in foreign currency (16.6 percent), while growth in the latter was mostly concentrated in deposits in domestic currency (12.5 percent per year).

Table 60 DEPOSITS BY TYPE OF DEPOSITOR 1/					
	Balance in million soles			Growth rates (%)	
	2017	2018	2019	2018	2019
Individuals 1/ 2/	156,359	165,482	179,089	5.8	8.2
In soles	101,577	111,273	125,183	9.5	12.5
In dollars (Million US\$)	16,551	16,377	16,286	-1.0	-0.6
Legal entities 2/	77,637	88,132	99,776	13.5	13.2
In soles	38,785	48,822	53,944	25.9	10.5
In dollars (Million US\$)	11,738	11,876	13,846	1.2	16.6
Total 2/	233,995	253,614	278,865	8.4	10.0
In soles	140,362	160,096	179,128	14.1	11.9
In dollars (Million US\$)	28,288	28,253	30,132	-0.1	6.6

1/ Includes non-profit legal persons. The balance in dollars is valued at the constant exchange rate in December 2019.
2/ The balance in dollars is valued at the constant exchange rate in December 2019.
Source: BCRP.

The dollarization ratio of liquidity fell by 0.5 percentage points over the year (from 30.4 to 29.9 percent). Moreover, the dollarization ratio of deposits fell from 36.9 percent in December 2018 to 35.8 percent in December 2019. By segments, the dollarization ratio of household deposits fell from 32.8 percent to 30.1 percent, whereas the dollarization ratio of companies' deposits increased from 44.6 percent to 45.9 percent.

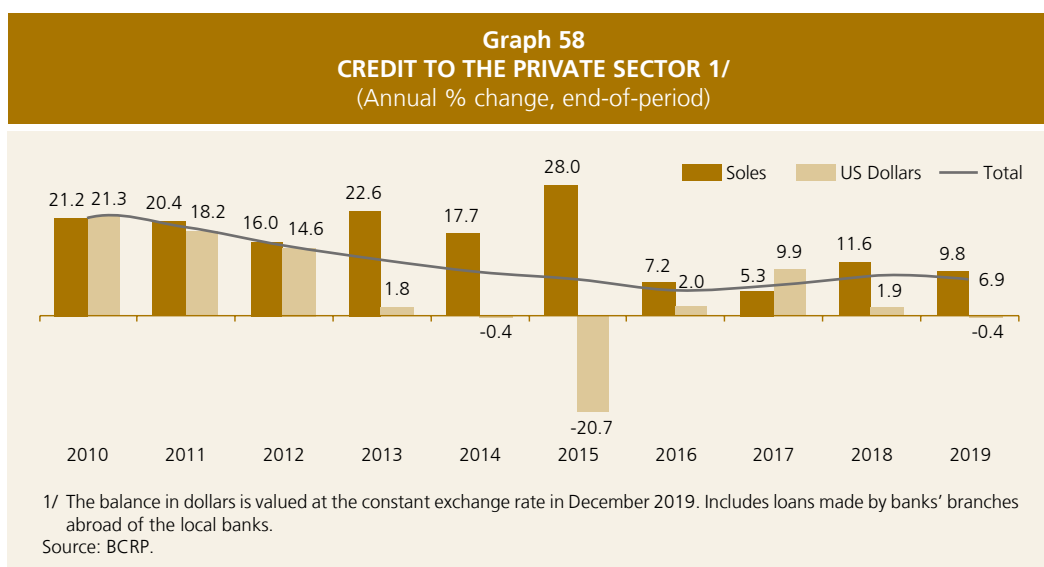


3.3 Credit to the Private Sector

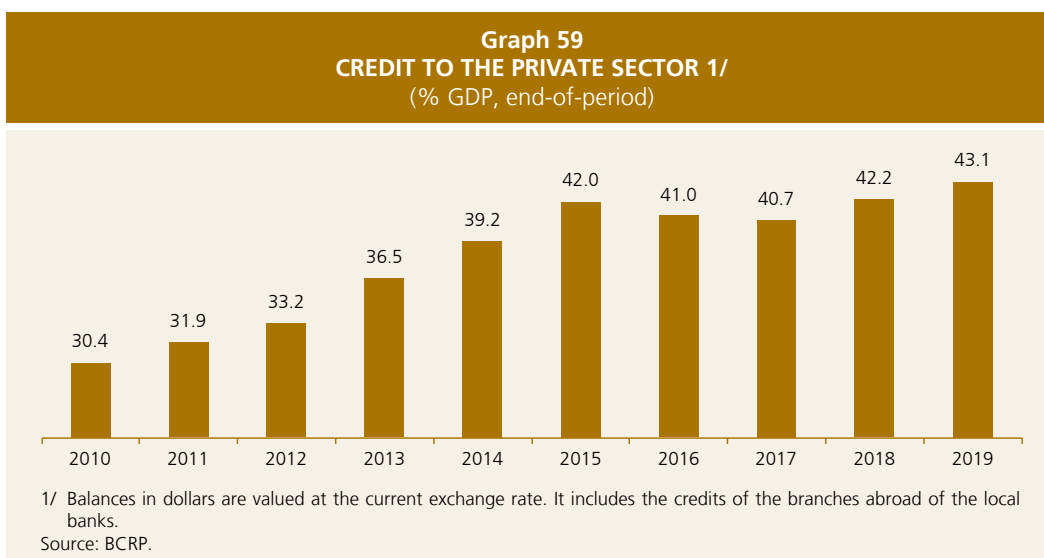
Affected by the context of domestic political uncertainty and by the international context, the growth rate of credit slowed down from 8.7 percent in 2018 to 6.9 percent in 2019. However, as

a percentage of GDP, the balance of credit to the private sector rose to 43.1 percent from 42.2 percent in 2018.

The slowdown affected credit in both currencies. The growth rate of credit in domestic currency declined from 11.6 percent in 2018 to 9.8 percent in 2019, while the rate of credit in foreign currency fell from 1.9 percent in 2018 to 0.4 percent in 2019. As a result, the dollarization ratio of credit fell from 27.8 percent to 25.9 percent.



By type of segment, credit to businesses moderated its growth from 7.0 percent in 2018 to 4.2 percent in 2019 due to the slower pace of growth of credit in the segment of loans to corporations and large companies, where the growth rate declined from 9.1 percent in 2018 to 4.4 percent in 2019. Credit to medium-sized enterprises also slowed down from 3.8 percent in 2018 to 0.5 percent in 2019. On the other hand, the rate of credit to small and micro businesses accelerated from 5.9 percent in 2018 to 7.7 percent in 2019.



On the other hand, credit to households showed a less pronounced slowdown associated mostly with slower growth in consumer credit and declined from 11.5 percent in 2018 to 11.3 percent in 2019. The growth rate of consumer loans went from 13.1 percent in 2018 to 12.8 percent in 2019, while mortgage loans maintained the same growth rate as in the previous year (9.0 percent).

Table 61
TOTAL CREDIT TO THE PRIVATE SECTOR 1/

	Balance in million soles			Growth rates (%)	
	2017	2018	2019	2018	2019
Businesses	178,702	191,297	199,404	7.0	4.2
Corporate and large companies	94,344	102,893	107,411	9.1	4.4
Medium-sized enterprises	43,240	44,874	45,112	3.8	0.5
Small businesses and microbusinesses	41,119	43,530	46,881	5.9	7.7
Individuals	107,051	119,318	132,791	11.5	11.3
Consumer	63,094	71,387	80,545	13.1	12.8
Car loans	1,735	1,812	2,008	4.4	10.8
Credit cards	21,264	23,790	26,979	11.9	13.4
Others	40,095	45,785	51,558	14.2	12.6
Mortgage	43,957	47,931	52,246	9.0	9.0
TOTAL	285,754	310,616	332,195	8.7	6.9

1/ The balance in dollars is valued at the exchange rate in December 2019. Includes loans made by banks' branches abroad.
Source: BCRP.

By currency, credit to the private sector in soles grew 9.8 percent during 2019. Credit in soles to the business sector grew 6.7 percent, with credit to the small and micro business segment being the most dynamic, with a growth rate of 8.2 percent. Credit to larger businesses grew by 7.4 percent (down from 15.2 percent in the previous year), while credit to medium-sized businesses showed a more moderate growth rate declining from 5.3 percent in 2018 to 3.2 percent in 2019.

Credit to households in domestic currency grew 13.1 percent, driven by both consumer loans (13.3 percent) and mortgage loans (12.9 percent).

Table 62
CREDIT TO THE PRIVATE SECTOR IN DOMESTIC CURRENCY

	Balance in million soles			Growth rates (%)	
	2017	2018	2019	2018	2019
Businesses	106,793	117,201	125,069	9.7	6.7
Corporate and large companies	42,973	49,492	53,132	15.2	7.4
Medium-sized enterprises	25,505	26,866	27,734	5.3	3.2
Small businesses and microbusinesses	38,314	40,843	44,203	6.6	8.2
Individuals	94,084	106,962	121,020	13.7	13.1
Consumer	58,743	66,852	75,736	13.8	13.3
Car loans	1,735	1,812	2,008	4.4	10.8
Credit cards	19,775	22,090	25,073	11.7	13.5
Others	37,233	42,951	48,655	15.4	13.3
Mortgage	35,341	40,110	45,284	13.5	12.9
TOTAL	200,877	224,163	246,090	11.6	9.8

Source: BCRP.

Credit to the private sector in foreign currency declined by 0.4 percent during 2019. By components, credit to companies increased by 0.3 percent, with credit to corporations and large companies supporting this trend (1.6 percent). With the exception of consumer loans, the other segments reduced their borrowing in dollars by substituting them with loans in soles as part of the credit de-dollarization process.

	Balance in million soles			Growth rates (%)	
	2017	2018	2019	2018	2019
Businesses	21,725	22,386	22,458	3.0	0.3
Corporate and large companies	15,520	16,133	16,399	4.0	1.6
Medium-sized enterprises	5,358	5,440	5,250	1.5	-3.5
Small businesses and microbusinesses	847	812	809	-4.2	-0.3
Individuals	3,918	3,733	3,556	-4.7	-4.7
Consumer	1,315	1,370	1,453	4.2	6.1
Car loans	135	89	105	-34.4	18.6
Credit cards	450	514	576	14.2	12.1
Others	730	768	772	5.2	0.6
Mortgage	2,603	2,363	2,103	-9.2	-11.0
TOTAL	25,643	26,119	26,014	1.9	-0.4

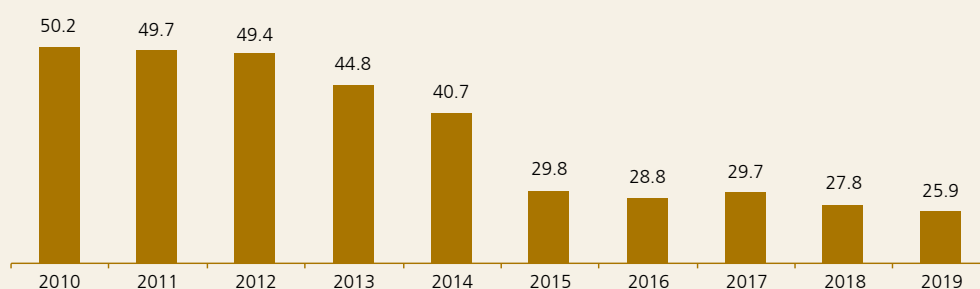
1/ Includes loans made by banks' branches abroad.
Source: BCRP.

The dollarization ratio of credit to business in 2019, measured at the constant exchange rate, was 37.3 percent, lower than in 2018 (38.7 percent). This reduction reflects both the lower dollarization of credit to large companies and corporations, which declined from 51.9 to 50.5 percent, as well as the lower dollarization ratio of credit to small and micro businesses, which fell from 6.2 to 5.7 percent. Likewise, the dollarization ratio of personal loans fell from 10.4 to 8.9 percent. The ratio of dollarization in this group continued to decline in the segments of consumer loans and mortgage loans, where it fell to 6.0 and 13.3 percent, respectively, in the year.

	2017	2018	2019
Businesses	40.2	38.7	37.3
Corporate and large companies	54.5	51.9	50.5
Medium-sized enterprises	41.0	40.1	38.5
Small businesses and microbusinesses	6.8	6.2	5.7
Individuals	12.1	10.4	8.9
Consumer	6.9	6.4	6.0
Vehicular	20.5	13.9	14.8
Credit cards	7.0	7.1	7.1
Others	6.1	5.6	5.0
Mortgage	19.6	16.3	13.3
TOTAL	29.7	27.8	25.9

1/ The balance in dollars is valued at the exchange rate in December 2019. Includes loans made by banks' branches abroad.
Source: BCRP.

Graph 60
DOLLARIZATION RATIO OF CREDIT TO THE PRIVATE SECTOR 1/
(%)



1 / It includes the credits of the branches abroad the local banks.
Source: BCRP.

4. Global Funding to the Private Sector

During the year, overall financing to the private sector grew by 5.8 percent, a higher rate than in 2018 (4.7 percent). It is worth pointing out that the concept of total funding to the private sector includes not only the credit provided by depository institutions to the private sector, but also the resources obtained through the capital market via mutual funds, insurance companies, and private pension funds, as well as direct external loans to businesses.

Table 65
FINANCING TO THE PRIVATE SECTOR 1/

	Balance in million soles			Growth rates (%)	
	2017	2018	2019	2018	2019
I. CREDIT OF DEPOSITORY CORPORATIONS	285,754	310,616	332,195	8.7	6.9
Domestic currency	200,877	224,163	246,090	11.6	9.8
Foreign currency (Million US\$)	25,643	26,119	26,014	1.9	-0.4
Dolarization (%)	29.3	28.2	25.9		
II. CREDIT OF OTHER FINANCIAL CORPORATIONS 2/	39,171	39,295	43,079	0.3	9.6
Domestic currency	21,691	23,169	27,206	6.8	17.4
Foreign currency (Million US\$)	5,281	4,872	4,795	-7.7	-1.6
Dolarization (%)	44.1	41.5	36.8		
Of which:					
AFP's loans	19,719	18,262	20,215	-7.4	10.7
Loans of mutual funds	812	1,839	2,358	126.5	28.3
Loans of insurances	10,378	12,197	13,623	17.5	11.7
III. EXTERNAL PRIVATE INDEBTNESS (Million US\$)	96,499	91,501	91,750	-5.2	0.3
Short-term (Million US\$)	4,213	4,079	3,948	-3.2	-3.2
Medium- and long-term (Million US\$)	24,941	23,565	23,771	-5.5	0.9
Domestic currency	-	1,469	5,109	-	247.7
Foreign currency (Million US\$)	24,941	23,121	22,228	-7.3	-3.9
IV. TOTAL	421,423	441,412	467,024	4.7	5.8
Domestic currency	222,568	247,332	273,296	11.1	10.5
Foreign currency (Million US\$)	60,077	58,634	58,528	-2.4	-0.2
Dolarization (%)	46.7	44.4	41.5		

1/ The balance in dollars is valued at the exchange rate in December 2019.

2/ Includes loans and investment in fixed income from institutional investors.

Source: BCRP.

The largest component of this overall financing was the credit granted by deposit-makers, the balance of which was S/ 332.20 billion in December 2019. The second largest component was direct financing from companies abroad, whose balance in December was US\$ 27.72 billion (S/ 91.75 billion), equivalent to 20.9 percent of total extended financing.

The third component was the direct financing obtained by companies through the domestic capital market (bond issuances) via institutional investors such as AFPs, mutual funds, and local insurance companies. This type of financing showed a recovery after growing almost zero in the previous year.

5. Financial Indicators

In 2019, banks maintained a stable position. They increased their profitability indicators due to the growth of their loan placements. As a result, their ratio of global capital decreased slightly during the year. Financial entities continued increasing their equity base through the capitalization of profits and the issuance of subordinated bonds.

Moreover, some indicators of the quality of assets increased slightly. The high-risk portfolio increased from 4.4 to 4.5 percent of the overall portfolio, while the coverage level of the high-risk portfolio with provisions increased from 102.0 percent to 103.0 percent.

Table 66 FINANCIAL INDICATORS ON COMMERCIAL BANKS (%)			
	2017	2018	2019
Ratio global capital 1/	15.2	14.7	14.6
Overdue loans / gross placements 2/	3.0	3.0	3.0
High risk portfolio / gross placements 3/	4.4	4.4	4.5
Allowance for loans / high-risk portfolio	105.7	102.0	103.0
Return on equity (ROE)	18.3	18.4	18.3
Return on assets (ROA)	2.1	2.2	2.2

1/ Data as of November 2019.
2/ Credits due and in judicial collection processes.
3/ The high-risk portfolio is equal to the most backward refinanced and restructured portfolio.
Source: SBS.

The higher delinquency rate observed in 2019 came from medium-sized companies (the ratio of delinquent loans for these companies increased from 7.4 percent to 8.0 percent), and to a lesser extent, from consumer loans (the delinquency ratio increased from 2.9 percent to 3.0 percent). On the other hand, the deterioration observed in the segment of medium-sized enterprises was due to arrears from companies operating in the sectors of construction and real estate, as well as in the sectors of transport and agriculture.

It should be pointed out that the ratio of arrears for loans to micro and small enterprises had a positive evolution during the year, while delinquency rates remained stable in mortgage loans and loans to corporations and large enterprises.

Table 67
BANKS: DELINQUENCY RATES BY TYPE AND SIZE OF DEBTOR
(%)

	2017	2018	2019
Corporate loans	0.0	0.0	0.0
Loans to large companies	1.0	1.3	1.3
Loans to medium-sized companies	7.1	7.4	8.0
Loans to small companies	9.0	8.8	8.2
Loans to microbusinesses	3.2	3.5	3.4
Consumer loans	3.6	2.9	3.0
Mortgage loans	2.8	3.0	3.0
TOTAL	3.0	3.0	3.0

Source: SBS.

In the case of non-banking entities, the increase of overdue loans in municipal and rural savings banks was concentrated in a group of entities that operated with a poor credit model in previous years, but that are currently implementing corrective measures in their credit policies. Greater delinquency affected the generation of profits in rural savings banks, whereas the return on equity (ROE) in municipal savings banks and other financial entities increased due to a better control of operating expenses and lower financial expenses associated with the reduction of interest rates on time deposits.

Table 68
FINANCIAL INDICATORS OF NON-BANK COMPANIES
(%)

	2017	2018	2019
Overdue loans / gross placements 1/			
Financial Firms	5.5	5.4	4.6
Municipal savings banks	5.4	6.5	6.9
Rural savings banks 2/	4.3	6.9	7.8
Edpymes	4.0	4.3	4.1
Provision for loans / high-risk portfolio 3/			
Financial Firms	109.2	112.6	116.4
Municipal savings banks	98.1	95.8	98.7
Rural savings banks 2/	86.9	76.7	100.1
Edpymes	140.9	136.5	103.8
Ratio on equity (ROE)			
Financial Firms	14.4	18.1	19.4
Municipal savings banks	13.0	11.2	12.2
Rural savings banks 2/	-2.0	2.5	-0.2
Edpymes	2.7	15.6	13.9

1/ Overdue loans and loans in judicial collection processes.

2/ As of 2019, it includes CAT Peru that previously operated as Banco Cencosud.

3/ The high-risk portfolio is equal to the non performing loans plus the refinanced and restructured portfolio.

Source: SBS.

6. Exchange Rate

In 2019 the PEN appreciated 1.6 percent in nominal terms (from S/ 3.37 to S/ 3.31 per dollar), showing one of the best performances of currencies in the region. Moreover, the sol registered higher annual volatility than in 2018 as a result of greater uncertainty in external financial markets due to the trade tensions between the United States and China, while uncertainty in the local market generated an increase in very short-term volatility.

Table 69
EXCHANGE RATE AND PRICE OF COMMODITIES 1/

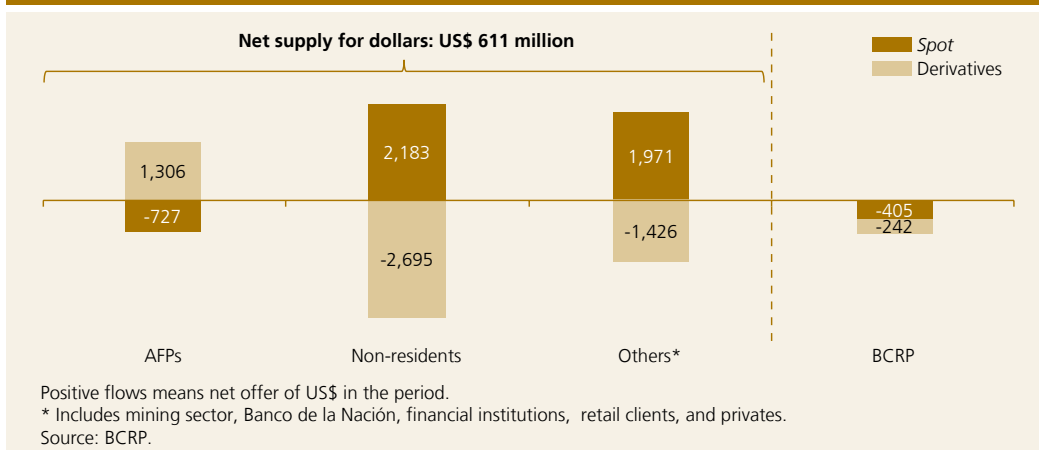
		Dec.16	Dec.17	Dec.18	Dec.19	% change Dec.19 respect to:		
						Dec.18	Dec.17	Dec.16
FED Index	C.U. per US\$	128	119	128	128	0.0	7.5	0.0
Eurozone	US\$ per Euro *	1.052	1.201	1.147	1.121	-2.2	-6.6	6.6
Japan	Yen	117.0	112.7	109.7	108.6	-1.0	-3.6	-7.2
Brazil	Real	3.26	3.31	3.88	4.02	3.7	21.5	23.7
Chile	Peso	671	615	694	753	8.5	22.3	12.3
Colombia	Peso	3,001	2,984	3,248	3,287	1.2	10.2	9.5
Mexico	Peso	20.73	19.65	19.65	18.93	-3.7	-3.7	-8.7
Peru	Sol	3.36	3.24	3.37	3.31	-1.6	2.3	-1.3
Copper	US\$/pound	251	330	263	280	6.3	-15.3	11.6
Gold	US\$/troy ounce	1,152	1,303	1,282	1,517	18.3	16.4	31.7
Oil	US\$/barrel	53.7	60.4	45.4	61.1	34.5	1.1	13.7

1/ End-of-period.

* In all cases, a positive percentage change implies appreciation of the dollar, except for the euro and the pound.

In this context, the local foreign exchange market showed a net supply of dollars (US\$ 611 million) provided mainly from non-resident investors and mining companies in the spot market. The demand, on the other hand, came mainly from non-resident investors in the derivatives market (US\$ 2.66 billion). BCRP's net intervention in the foreign exchange market was a net purchase of dollars (US\$ 647 million), carried out mainly through transactions at the trading desk in the first quarter of 2019.

Graph 61
TOTAL FLOWS OF THE FOREIGN EXCHANGE MARKET 2019
(Million US\$)



Despite episodes of increased risk aversion in 2019, non-resident investors did not massively liquidate their assets in soles. On the contrary, a dollar supply of US\$ 2.18 billion was seen on the spot market, while on the other hand, they demanded contracts in the derivatives market to hedge their investments. Thus, they increased their holdings of BTPs by S/ 13.37 billion (US\$ 3.99 billion) and their holdings of securities in domestic currency by S/ 43 million (US\$ 13 million), and reduced their holdings of securities in foreign currency by US\$ 11 million.

The BCRP intervention in the foreign exchange market was lower than in previous years both in terms of frequency and amounts, while the volatility of the exchange rate was higher in 2019. A total of US\$ 1.06 billion in FX swaps-sell matured during the year. As of December 31, there are only FX swaps-sell as foreign exchange instruments and the balance amounts to S/ 900 million (0.1 percent of GDP). Moreover, the number of intervention days in 2019 was the lowest since 1992. It is worth mentioning that the 2 percent ratio of interventions in the spot market represents the minimum percentage since 2005 and that this percentage is also the lowest through derivative instruments since 2012.

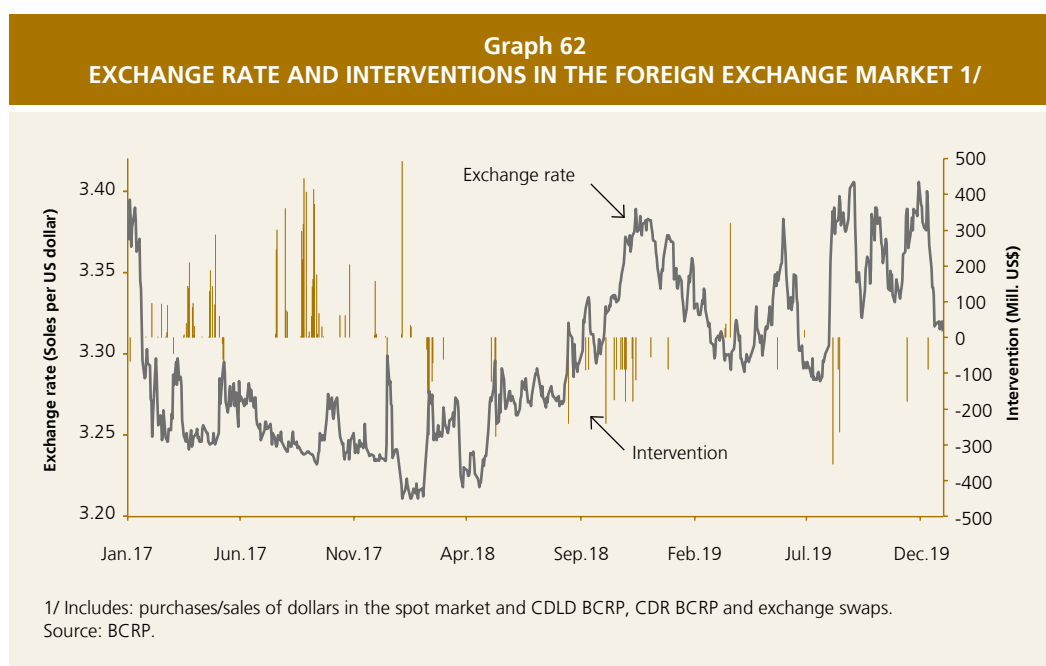


Table 70
FOREIGN EXCHANGE INTERVENTION

	Trading days	Number of intervention days				% of days with intervention		SD of the Exchange rate (Annual % chg.)
		Spot Market	Placement of derivatives and indexed instruments	Total (spot and/or placement)	Spot	Instruments		
2017	249	55	23	63	22%	10%	4.5%	
2018	245	4	27	30	2%	11%	3.4%	
2019	249	4	6	10	2%	2%	4.4%	

Source: BCRP.

7. Financial Savings and Capital Markets

Financial savings include the total amount of assets that businesses and households have in the financial system in the form of savings deposits, term deposits, securities, and holdings of mutual funds, life insurance policies, and contributions to private pension funds. During 2019, the average balance of financial savings increased by 6.2 percent and was equivalent to 55.4 percent of GDP.

Table 71
FINANCIAL SAVINGS
(Average balance in the period, as % GDP)

	Domestic currency	Foreign currency	Total
2010	27.5	13.7	43.6
2011	28.3	13.7	44.8
2012	30.5	12.7	46.4
2013	32.8	12.7	48.2
2014	33.7	13.7	49.7
2015	34.5	15.6	50.7
2016	34.9	16.4	51.0
2017	36.9	15.1	52.2
2018	38.6	15.2	54.0
2019	39.9	15.7	55.4

Source: BCRP.

By currencies, financial savings in soles grew 7.4 percent in 2019 (versus 11.0 percent in 2018), both as a result of the higher growth of private sector deposits in soles and the inclusion of the pension funds of AFP members in the accounts. Financial savings in dollars (valued in soles) grew 3.2 percent (versus 10.6 percent in 2018). The ratio of financial savings in soles in GDP terms increased from 38.6 to 39.9 percent, while the ratio of savings in dollars increased from 15.2 to 15.7 percent.

7.1 Fixed-Income Market

At the end of 2019, the balance of fixed-income securities issued through public offering in the local market amounted to S/ 28.80 billion, this balance being 2.4 percent lower than the balance in the previous year. It should be pointed out that this figure does not include the sovereign bonds issued regularly by the Treasury.

The flow of fixed-income securities placed through public offerings in the domestic market during the year amounted to S/ 4.80 billion, a lower flow than the one placed in 2018 (S/ 7.21 billion). In addition to this, Peruvian companies placed securities in the international market for a total equivalent to US\$ 12.49 billion, this amount being higher than that recorded in 2018 (US\$ 7.54 billion).

Table 72
FIXED-INCOME SECURITIES ISSUED BY PRIVATE COMPANIES

	Amounts			Growth rate (%)	
	2017	2018	2019	2018	2019
Balance at the end of period (Million soles)	29,165	29,494	28,799	1.1	-2.4
Non-financial sector	17,371	17,817	16,023	2.6	-10.1
Financial sector 1/	11,794	11,676	12,776	-1.0	9.4
Composition by currency (%)	100.0	100.0	100.0		
Soles	74.8	80.2	86.7		
Fixed rate	68.1	73.7	82.2		
VAC	6.7	6.5	4.5		
US dollars	24.6	20.1	13.3		
Structured	0.6	-0.4	-		
Balance as % GDP	4.2	4.0	3.7		

1/ Securities issued or originated by a financial organization. Including Banco de la Nación, COFIDE, and MiVivienda.
Source: SMV.



By type of issuers, private non-financial companies placed bonds for a total equivalent to S/ 1.57 billion (S/ 2.76 billion in 2018) through public offerings, which represents a decrease of 10.1 percent compared to the previous year. The largest bond issuer was Banco BBVA, which made five bond issuances for a total of S/ 582 million during the year. Other important issuers were Cementos Pacasmayo (S/ 570 million), COFIDE (S/ 478 million), Banco Ripley (S/ 448 million), Banbif (S/ 415 million), Gas Natural de Lima y Callao (S/ 342 million), and Financiera Oh! (S/ 327 million).

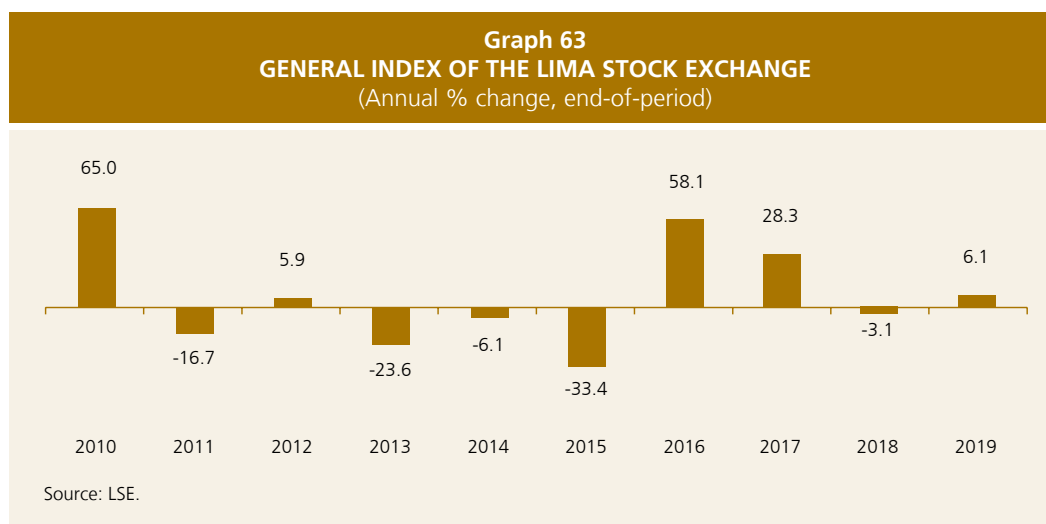
The average maturity term of domestic bonds in soles, weighted by the amount placed, was 5.9 years, while the average maturity term of the bonds issued in dollars was 7.9 years. The domestic placements in soles with the longer maturity terms were the bonds issued by Cementos Pacasmayo (S/ 310 million), Luz del Sur (S/ 168 million), and Colegios Peruanos (S/ 230 million), all of which had maturity terms of 15 years.

By currencies, bonds issued in soles represented 86.7 percent of the balance of current securities (80.2 percent at end 2018), while bonds issued in dollars represented 13.3 percent (20.1 percent in 2018). Moreover, bonds in soles at a fixed-rate represented 82.2 percent of the balance (versus 73.7 percent in 2018), while inflation-indexed bonds (VAC) represented 4.5 percent (versus 6.5 percent in 2018).

7.2 Stock Exchange

During the year, the Lima Stock Exchange (LSE) –Bolsa de Valores de Lima (BVL)– showed a positive return of 6.1 percent in its General Index (SP/BVL PERU GENERAL index) and a positive return of 13.8 percent in its Selective Index (SP/BVL LIMA 25). The BVL also recorded a decrease in terms of the volume traded in comparison with 2017. On the other hand, at the international level, the Dow Jones rose 22.3 percent, the Bovespa index of Sao Paulo rose 31.6 percent, and the Merval index of Buenos Aires rose 37.6 percent.

The main factor that affected the performance of the LSE was fear of a global slowdown due to lower economic growth in China and due to the effects of trade tensions with the United States. Expectations during the first quarter of the year were mostly positive, both in the developed countries and in the emerging countries. However, there was a strong period of uncertainty between April and August, with ups and downs according to the evolution of trade negotiations between China and USA. The domestic arena was also influenced by political confrontations between the Executive and the Congress, which became a factor that disconnected the results accumulated in the BVL from the ones observed in the rest of developed countries. However, in the last quarter of the year, the indices of BVL registered a moderately upward period associated with the two rate cuts in the benchmark interest rate of the Federal Reserve and with the progress obtained in the US-China trade negotiations.



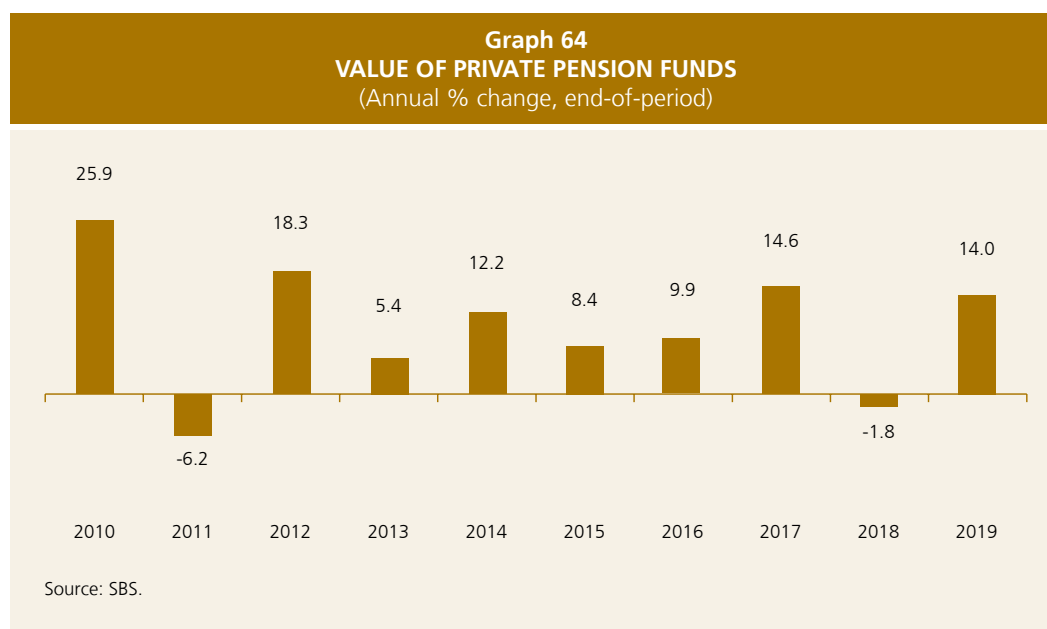
The LSE results were positive, although differences were observed at the sector level. The indices in the segments of consumption and services showed positive returns (13.4 percent and 12.2 percent, respectively), followed by the indices of the mining sector which had an annual return of 7.0 percent. On the other hand, however, influenced by domestic conditions, the indices of construction, manufacturing, and finances showed negative results (19.9 percent, 4.6 percent, and 3.8 percent, respectively). The index of junior shares (of mining exploration companies) showed the strongest decline as a result of greater uncertainty and registered a loss of 32.8 percent.

The total volume of stocks traded, which increased by 4.0 percent compared to 2018, amounted to S/ 13.85 billion. On the other hand, the volume of bonds traded dropped 37.7 percent to S/ 4.39 billion. The market capitalization amount at the end of the year was S/ 537.31 billion, 12.1 percent lower than at the end of 2018 (S/ 479.30 billion).

Moreover, the amount of dematerialized shares at year end –i.e. the amount of shares recorded electronically at CAVALI– was S/ 228.72 billion, which was equivalent to 42.6 percent of the value of market capitalization (46.7 percent in 2018). The ratio of dematerialized stocks held by non-resident investors in terms of the total dematerialized stocks decreased from 34.6 percent in December 2018 to 34.2 percent in December 2019.

7.3 Private Pension System

The net worth of private pension funds increased by 14.0 percent compared to 2018 and amounted to S/ 173.33 billion in December 2019, which is equivalent to 22.5 percent of GDP. The number of participants in the private pension system grew 5.8 percent, exceeding 7,4 million members.



The AFPs' investment portfolio amounted to S/ 174.82 billion, which includes the workers' pension funds plus the legal reserve provided by the administrators themselves. The percentage of these funds that AFPs can invest abroad increased from 44.6 percent to 44.9 percent during 2019, 5.1 points below the maximum authorized limit of 50 percent. Among their domestic investments, the

weight of fixed income financial instruments (bonds and securities) increased from 35.2 to 35.4 percent, while the weight of deposits decreased from 2.5 to 2.2 percent. On the other hand, the share of their deposits in dollars decreased from 2.4 to 1.6 percent while the share of their deposits in dollars increased from 0.2 to 0.6 percent. Finally, the share of their investment in variable income stocks and assets decreased slightly, from 17.1 to 16.9 percent, despite positive returns.

By type of funds, Fund Type 2 or mixed fund (which has a maximum investment of 45 percent in variable-income securities) accounted for 74.0 percent of the total fund value and had an actual return of 10.8 percent per year. Fund Type 3 (or capital appreciation fund, which has a maximum investment in 80 percent in equity securities) represented 14.0 percent and had a real return of 5.8 percent per year, while Fund Type 1 (or capital preservation fund, whose maximum investment in variable income securities is 10 percent) represented 10.6 percent and had a real return of 11.7 percent. Finally, Fund Type zero, which invests only in fixed income, had a participation of 1.5 percent and a return of 1.5 percent as well.

Voluntary contributions, which amounted to S/ 2.29 billion (S/ 2.06 billion in 2018), represented 1.4 percent of the total value of pension funds. Most of these contributions were destined to non-pension purposes (S/ 2.08 billion).

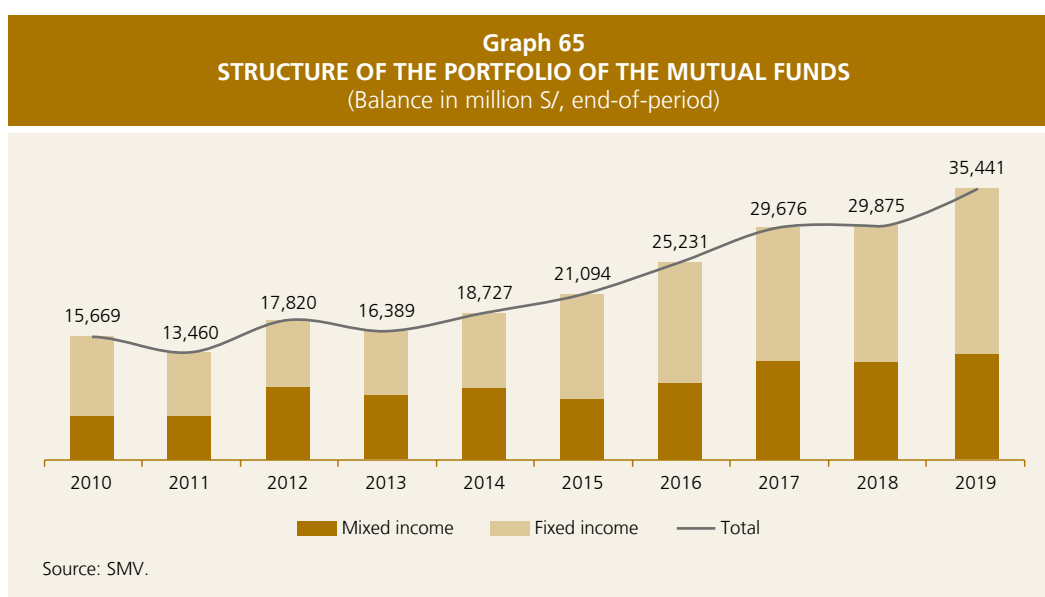
Table 73
COMPOSITION OF THE PRIVATE PENSION SYSTEM PORTFOLIO
(% structural)

	2017	2018	2019
I. DOMESTIC INVESTMENTS	57.0	54.8	54.5
<u>Deposits</u>	<u>5.7</u>	<u>2.5</u>	<u>2.2</u>
In soles	3.3	2.4	1.6
In dollars	2.5	0.2	0.6
<u>Bonds and fixed income</u>	<u>33.8</u>	<u>35.2</u>	<u>35.4</u>
Central Bank securities	0.1	-	-
Sovereign bonds	21.6	23.2	23.1
Values issued by the private sector	12.0	11.9	12.3
<u>Stocks and variable income</u>	<u>17.5</u>	<u>17.1</u>	<u>16.9</u>
Shares	10.5	11.1	11.5
Investment funds	7.0	6.0	5.4
II. FOREIGN INVESTMENTS	43.3	44.6	44.9
III. OPERATIONS IN TRANSIT	-0.3	0.6	0.6
IV. TOTAL	100.0	100.0	100.0
Million soles	156,247	153,414	174,823
As % GDP	22.4	20.7	22.7

Source: SBS.

7.4 Mutual Funds

Mutual funds' joint net worth increased by 18.6 percent compared to the previous year, reaching a balance of S/ 35.44 billion (4.6 percent of GDP) at the end of 2019. The number of participants decreased by 0.7 percent to 435,847 people at the end of the year (438,817 participants in 2018) while the number of operating funds increased from 167 to 179.



By currencies, the participation of mutual funds in soles decreased from 41.8 percent to 37.2 percent, while the participation of mutual funds in dollars rose from 58.1 percent to 62.8 percent.

The ratio of mutual funds' investments abroad declined from 44.0 percent to 43.8 percent over the year. As regards domestic investments, the ratio of deposits decreased (from 41.0 percent to 40.8 percent) together with the ratio of fixed-income instruments (from 10.7 to 8.7 percent), whereas the ratio of domestic variable-income securities increased from 2.7 percent to 3.4 percent.

Table 74
COMPOSITION OF MUTUAL FUNDS' INVESTMENT
(% structural)

	2017	2018	2019
I. DOMESTIC INVESTMENTS	60.4	56.0	56.2
<u>Deposits</u>	<u>50.0</u>	<u>41.0</u>	<u>40.8</u>
In soles	33.6	28.9	24.1
In dollars	16.4	12.2	16.7
<u>Bonds and fixed income</u>	<u>6.5</u>	<u>10.7</u>	<u>8.7</u>
Central Bank securities	1.5	0.5	0.1
Sovereign bonds	0.9	0.9	0.7
Values issued by the private sector	4.1	9.3	8.0
<u>Stocks and variable income</u>	<u>1.8</u>	<u>2.7</u>	<u>3.4</u>
<u>Others</u>	<u>2.1</u>	<u>1.6</u>	<u>3.3</u>
II. FOREIGN INVESTMENTS	39.6	44.0	43.8
III. TOTAL	100.0	100.0	100.0
Million soles	29,676	29,875	35,441
As % GDP	4.2	4.0	4.6

Source: SMV.

7.5 Payments System

In 2019, fund transfers handled through the payments system in Peru grew significantly supported by the Central Bank's oversight and regulation to ensure safety and efficiency in its operations. BCRP has also continued promoting the use of transfers and digital payments in the Peruvian economy, as well as the implementation of innovating payment services.

During this year, payment systems registered an increase of 3.9 percent in the average monthly value of fund transfers, which came to represent 6.4 times the value of GDP.

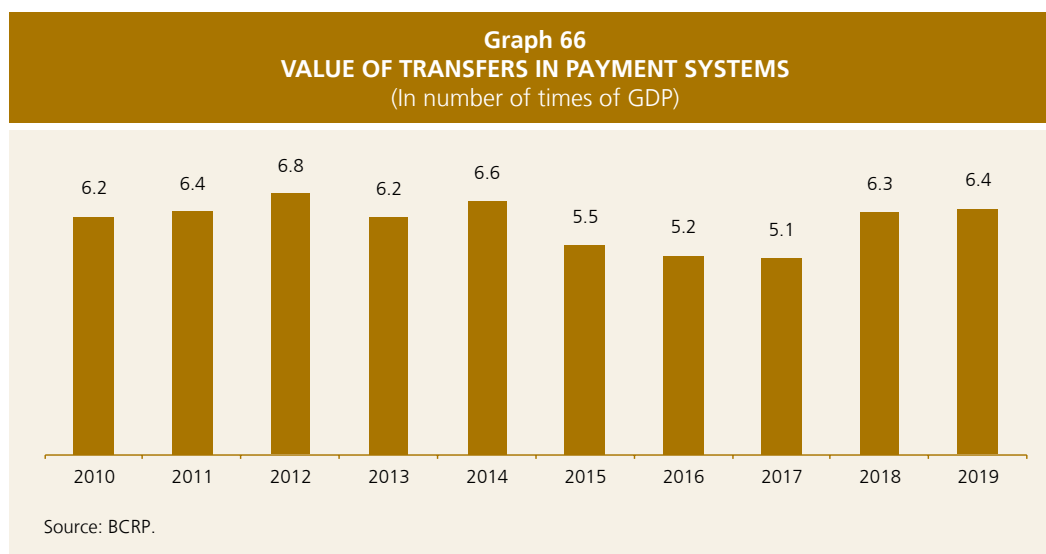


Table 75
PAYMENT SYSTEMS
(Monthly average, value in million soles, number of operations in thousands)

	2018		2019		% chg.	
	Value	Number	Value	Number	Value	Number
Real Time Gross Settlement System (RTGS System)	362,235	80	373,434	82	3.1	2.4
Multibank Securities Settlement System (MSSS)	6,486	10	7,537	8	16.2	-17.6
- Stock Exchange	1,820	9	1,381	7	-24.1	-23.1
- Government securities	4,666	1	6,156	1	31.9	24.6
Electronic Clearing House (Cámara de Compensación Electrónica - CCE)	22,146	2,519	25,059	3,220	13.2	27.8
- Checks	8,866	355	9,886	310	11.5	-12.5
- Credit transfers	12,802	1,943	14,400	2,489	12.5	28.1
- Instant transfers	479	221	773	421	61.5	89.9
TOTAL	390,866	2,609	406,031	3,310	3.9	26.8

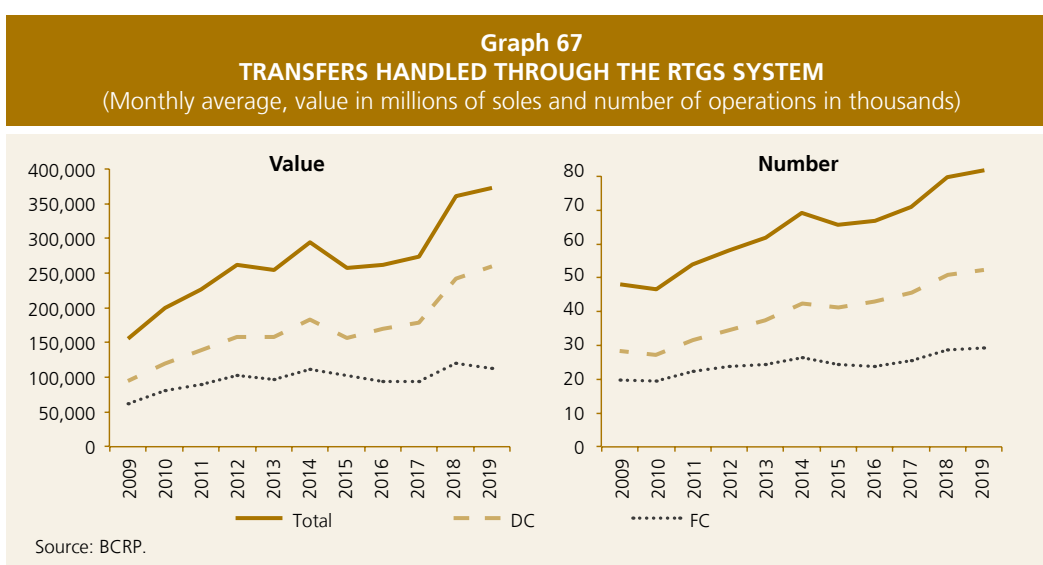
Source: BCRP.

Real Time Gross Settlement System (RTGS System)

Managed by BCRP, the RTGS system is the main payment system used in Peru to make high-value transfers among the entities of the financial system and to make transfers on behalf of their clients.

It represents 92 percent of the total value transferred through payment systems. It is also used to settle the Central Bank's monetary policy operations with entities in the financial system, as well as the operations handled by the other systems (the Electronic Clearing House and the Multibank Securities Settlement System) and the Electronic Money Payment Agreement.

In 2019, the average monthly value of fund transfers handled through this system increased by 3.1 percent, mainly as a result of the increase seen in the operations of financial entities' customers. It is worth highlighting that the value of transfers in domestic currency grew at a faster pace than that of transfers in foreign currency, the ratio of the former rising to 69.7 percent of total operations handled through this system (versus 66.9 percent in 2018).



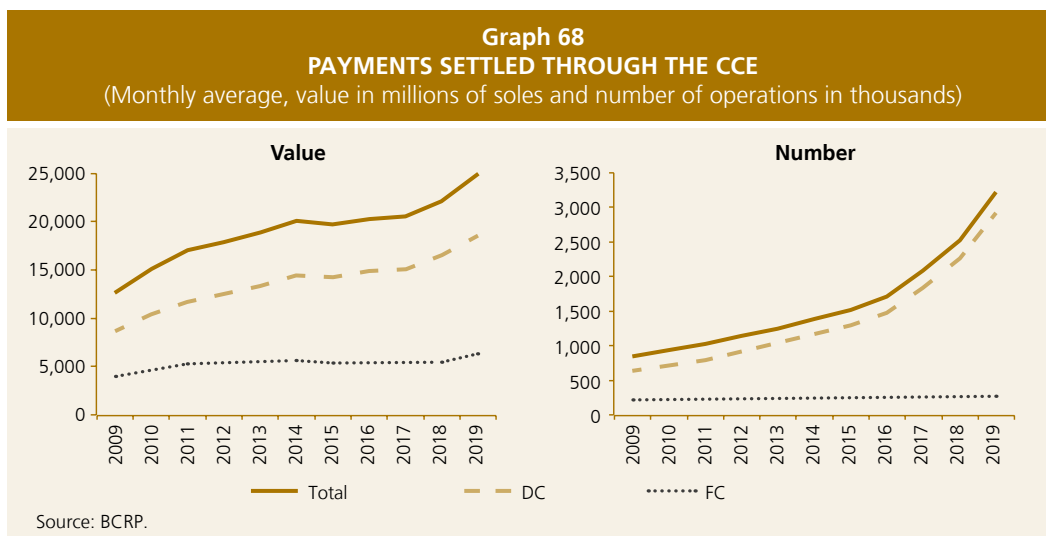
The Central Bank continued to promote the electronic access of micro finance entities (i.e. municipal and rural savings banks and non-bank financial entities) to the RTGS system. In 2019, Financiera Compartamos and Financiera OH were electronically connected with this system, which has implied greater efficiency and safety in the transfers carried out by these entities.

Electronic Clearing House (Cámara de Compensación Electrónica - CCE)

The CCE administers services such as the settlement of checks, credit transfers, and immediate transfers between the customers of the different financial system entities. Moreover, because of the great number of low value operations it handles, transfers in this system represent 97.3 percent of the total number of transactions in the Payments System.

During 2019, the number of operations handled through the CCE continued to show a rising trend. The value of these transactions increased by 13.2 percent and the number of transactions increased by 27.8 percent. It is worth mentioning that both the number of credit transfers and the number of immediate transfers increased, in line with people's greater acceptance of electronic payments. In contrast, the use of checks continued to show a declining trend (down by 12.5 percent) and now represents only 9.6 percent of the number of operations processed through the CCE (14.1 percent in 2018).

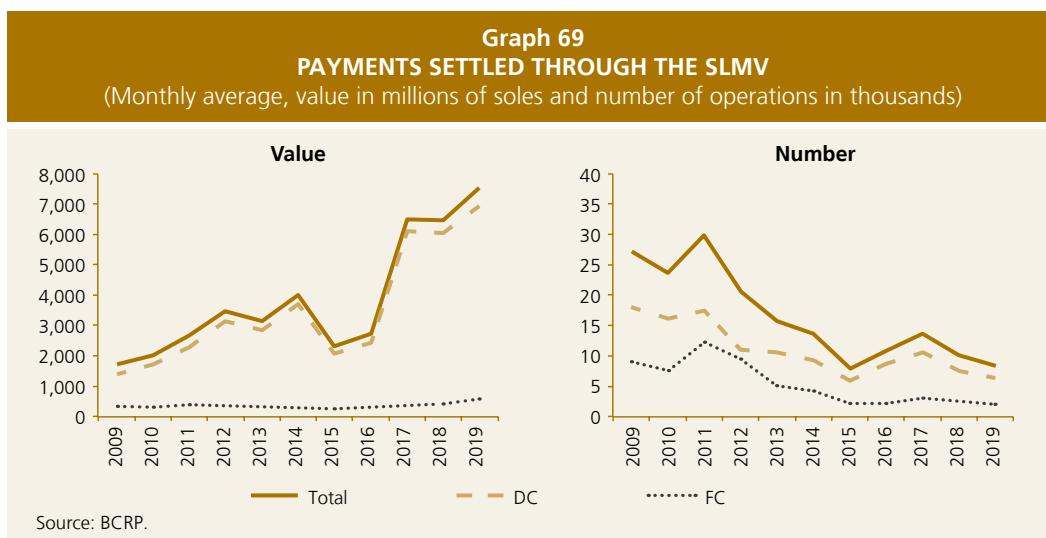
In 2019, the number of immediate transfers continued to increase and reached a monthly average number of 421 thousand operations, which represented 13.1 percent of the total number of operations handled by the CCE.



On the other hand, in December 2019, the Central Bank issued a new General Regulation for Exchange and Clearing Services (Circular N° 029-2019-BCRP) that regulates the organization and operation of an Exchange and Clearing Services Company and establishes the general rules applicable to the services it provides. The regulation establishes that non-banking financial companies, authorized to issue cashier's checks, have access to the services of check exchange and settlement provided that they comply with the conditions established by the Central Bank.

Multibank Securities Settlement System (MSSS)

The MSS System, which is managed by CAVALI, handles payments for transfers of stock exchange securities and Treasury bonds. In 2019, the monthly average value of payments in this system increased by 16.2 percent as a result of the greater number of operations with Government Securities¹⁴. On the other hand, the daily average number of transactions decreased by 17.6 percent reflecting the lower volume of transactions in the stock exchange market¹⁵.



¹⁴ Operations with Government Securities showed significant growth, both in terms of value and in terms of number, mainly due to increased trading of Sovereign Bonds by non-residents.

¹⁵ The operations traded at the LSE fell in 2019 in terms of value and in terms of the number of operations mainly due to the lower number of transactions in the secondary market of shares.

Other Transfers and Retail Payments

Electronic transfers and retail payments continued to show their growing trend in 2019. This increase has been accompanied by a greater use of online channels, such as internet banking and mobile banking.

Instruments / Channels	2018		2019		% chg.	
	Value	Number	Value	Number	Value	Number
Intra-bank transfers	116,588	23,276	149,957	31,986	29	37
Offline channel	95,658	18,306	133,998	29,162	40	59
In-person channel	20,930	4,969	15,959	2,824	-24	-43
Debit cards	1,839	21,084	2,181	26,360	19	25
Offline channel	147	2,450	253	4,235	72	73
In-person channel	1,692	18,633	1,927	22,125	14	19
Credit cards	4,556	16,338	5,164	18,685	13	14
Offline channel	694	2,364	860	3,289	24	39
In-person channel	3,862	13,974	4,304	15,397	11	10
Bim	11	364	75	577	585	59
Offline channel	11	364	75	577	585	59
Total	122,994	61,062	157,377	77,609	28	27
Offline channel	96,510	23,485	135,186	37,263	40	59
In-person channel	26,484	37,577	22,191	40,346	-16	7

Note: In-person channels are: Window, ATM and Point of Sale (POS)
* Value in million soles, and number of operations in thousands.
Source: BCRP.

The importance of intrabank transfers stands out in terms of value and number of operations as they represent more than 41% of the number of transfers and payments outside Payment Systems as well as 95% of the value of these operations. Intrabank transfers are mainly made through non-presential channels that concentrate 91% of the number of transfers, the most important channels being mobile banking (39%) and internet banking (25%).

Debit and credit card payments represent 34% and 24% of the total number of transactions carried out with digital payment instruments outside Payment Systems. However, the face-to-face or physical channel, mainly point-of-sale (POS) terminals located in shops, concentrate 84% of debit card payments and 82% of credit card payments.

The value and number of intrabank transfers largely exceeds the transfer orders made via the ECH as they represent 91% of the value and 92% of the total number of transfers.

Changes in the Market of Payment Cards

Changes in the structure of the market of payment cards based on the provision of value-added services offered to affiliate business members involve greater competition between the card companies that affiliate businesses and process their card transactions. The table below shows the main changes in the card market between 2016 and 2019/2020.

Table 77
MAIN CHANGES IN THE CARD MARKET

2016	2019/2020
There was no POS inter-operability.	Inter-operable POS is offered to merchants.
Exclusive acquirers (Visanet-VISA and PMP-MasterCard)	Multi-brand acquirers (Visanet and PMP are acquirers of VISA and MasterCard). Visanet started the process of changing its name to Niubiz and PMP changed its name to Izipay.
Delay in settlement of funds to merchants (two working days)	In the small business segment, a Facilitator settles the funds within 24 hours.
Inter-exchange rate as a percentage of the discount rate applied to the business by the acquirers.	Inter-exchange rate determined by card brands.

Innovations

After conducting an evaluation and consultation process with market agents in 2019, the Central Bank published Circular No. 003-2020-BCRP approving the Regulation of the Payment Service with Quick Response Codes (QR) on February 2, 2020. The regulation sets the legal framework for the service, applicable to QR code providers, wallet providers, and payment networks.

Oversight

In 2019 BCRP verified the compliance of payment systems with the regulations and current standards of safety, efficiency, and adequate risk management. In this line, the following supervisory activities were carried out during the year: monitoring of information on operations and incidents; a satisfaction survey was conducted with the participants of the payment systems, and annual self-evaluations and inspection visits to the CCE and CAVALI.

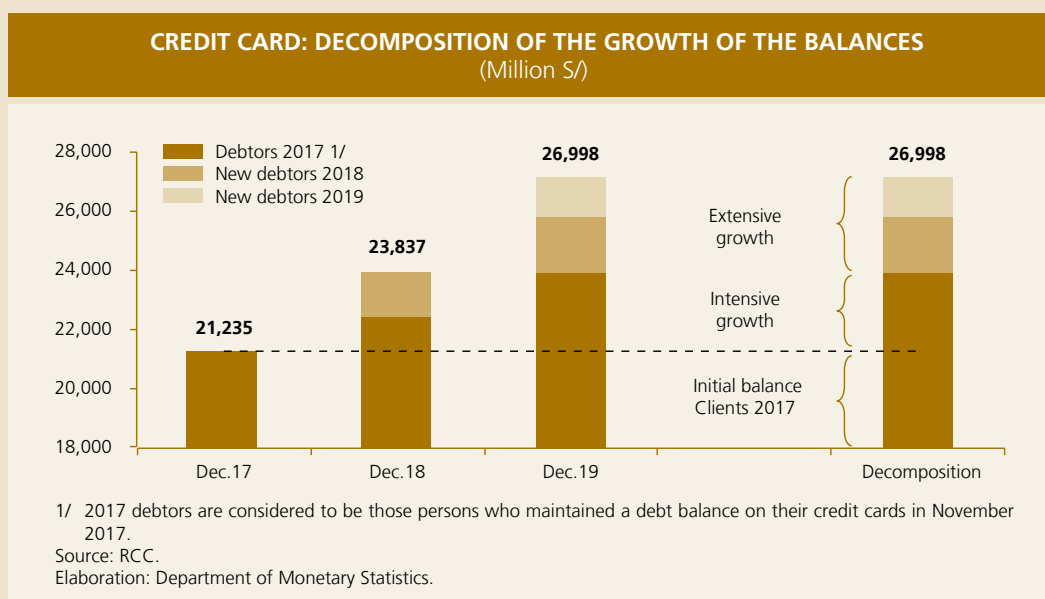
Box 4 CREDIT CARD-RELATED GROWTH OF CREDIT

The recent growth of credit associated with the increased usage of credit cards –the most dynamic component within consumer credit– is analyzed in this box. Data reflecting this significant growth include, for example, that the annual growth rate of the aggregate balance increased from 2.8 percent in 2017 to 13.4 percent in December 2019, while the number of card debtors increased from 2,925,000 in December 2017 to 3,273,000 in December 2019 (11.9 percent).

The Consolidated Credit Registry (CCR) is used to analyze the characteristics of this important growth. The CCR contains monthly individual-level information on all credit card debt balances in the financial system. The last available CCR information (December 2019) was used as reference in this box.

Source of Debt Balance Growth

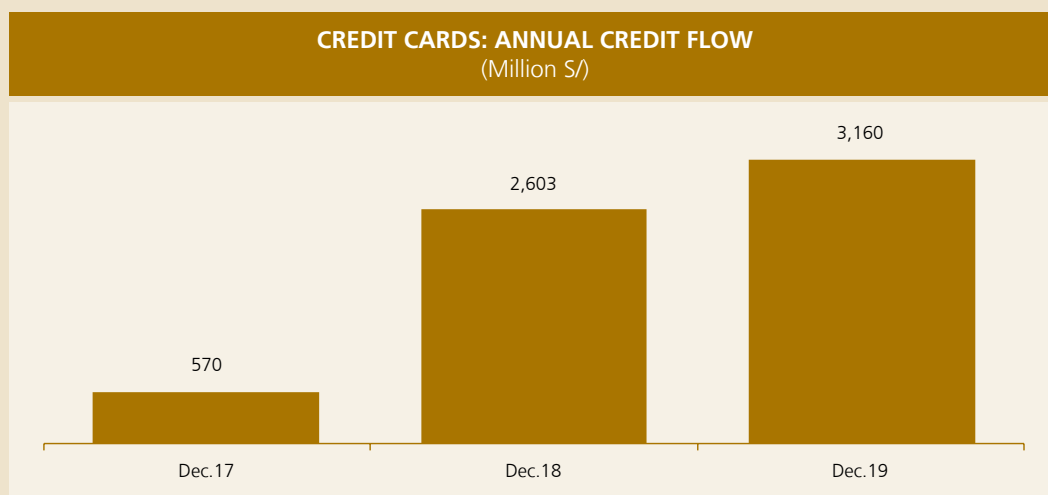
The total balance¹⁶ of credit card debt increased from S/ 21.24 billion in December 2017 to S/ 26.99 billion in December 2019, which represents a growth rate of 27.1 percent in that period. Two components account for this growth rate: the first is the increase in the debt amount of debtors that were already in the register in December 2017, which is called **intensive growth**, while the second is the balance of new debtors included in the register after this date, which is called **extensive growth**. Considering this distinction, the total growth of credit granted via credit cards (27.1 percent) is explained to a greater extent by an extensive growth, that is, by the generation of credit as a result of the inclusion of new debtors (14.8 percent) and, to a lesser degree, by intensive growth (12.3 percent).



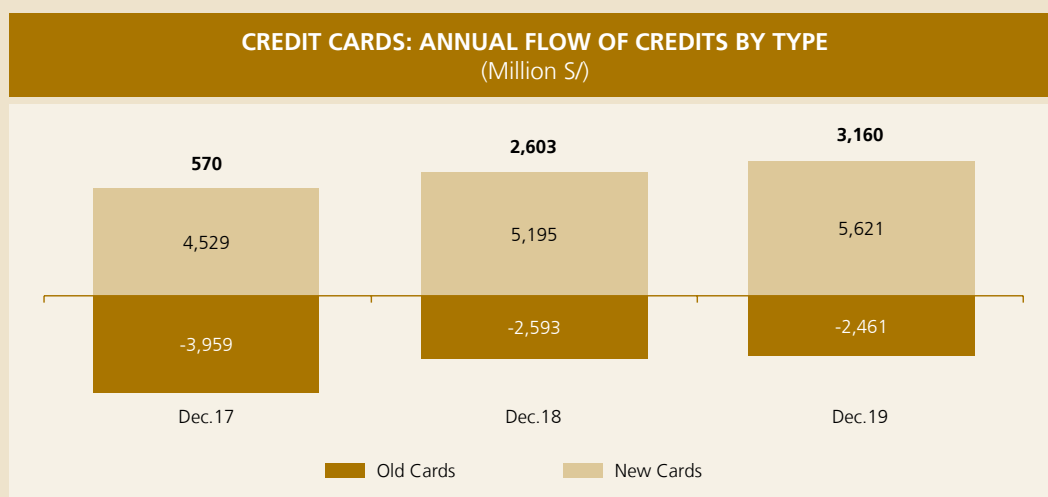
Breakdown of Credit Growth

Between December 2018 and December 2019, the balance of credit card debt amounted to S/ 3.16 billion, a figure reflecting a strong increase compared to the two previous years (S/ 2.60 billion in December 2018 and S/ 570 million in December 2017), which showed the high dynamism of credit card-related debt observed in the last two years.

¹⁶ The total debt balance is reported in the CCR, which registers the debt in dollars at the current exchange rate.



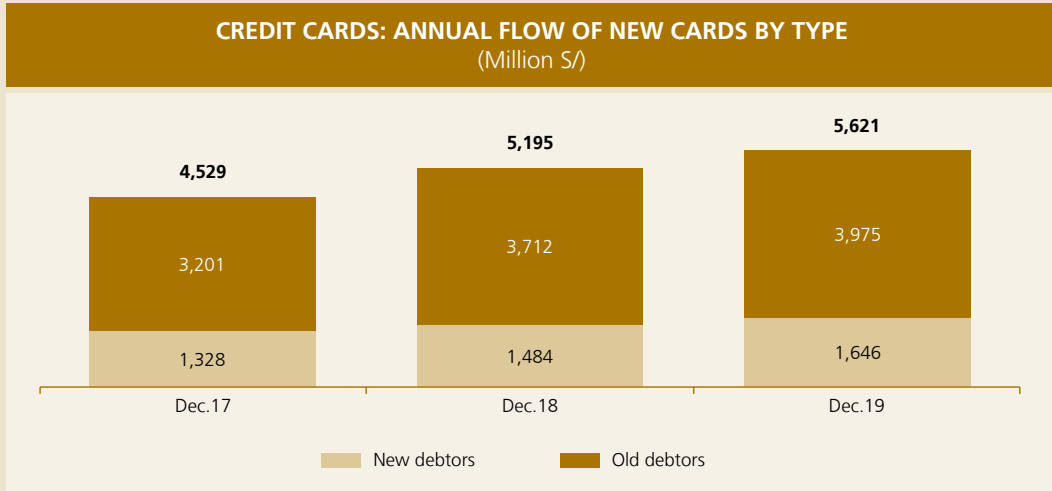
This growth is explained both by the increase in the debt balance of new credit cards (the **new cards**, which had no debt balance in the initial month, but did have a debt balance a year later) and also by the debt balance of existing cards (the **old cards**¹⁷ that already had a debt balance). Between December 2018 and December 2019, the debt in the new cards amounted to S/ 5.62 billion, whereas the debt in the old cards decreased by S/ 2.46 billion. In net terms, this explains the increase of S/ 3.16 billion in the credit balance in December 2019, which represents an annual growth rate of 13.4 percent. The same dynamics was observed in the conduct of credit card-related debt in previous years: decreases in the balance of old cards were more than offset by the creation of debt in the new cards.



On the other hand, the flow of debt on new cards can be broken down according to the type of debtor. A *new debtor* is defined as a debtor who did not have any card credit in the previous year, while an *old debtor* is one who did have a card debt at some entity. It should be pointed out that *old debtors* produce *new cards* by generating debt at entities in which they had no debt balance in the previous year. Between December 2018 and December 2019, *old debtors* represented 70.7 percent of the total flow of new credit.

17 The term "Card" refers to a credit card account at a given financial institution. A "card" is defined as new if it had no debt balance in the previous period, either because it did not exist or because it had not been used.

In short, it may be said that *old debtors* (in each period) reduce the debts on the cards they already had at least a year earlier, while at the same time, they generate new debt using cards from other entities. The net effect for these individuals is an increase in the overall balance of their credit card debt. Because of this, it may be said that it is plausible that there is a credit card substitution or rollover here.







INSTITUTIONAL ACTIVITY

Francisco Laso
La Pascana



Carlos Baca Flor
Perfil de niño

INSTITUTIONAL ACTIVITY

1. Board of Directors

On December 31, 2019, the Board of Directors of BCRP was integrated by Julio Velarde Flores (Governor), Miguel Palomino Bonilla (Deputy Governor), José Chlimper Ackerman, Elmer Cuba Bustinza, Javier Escobal D'Angelo, Rafael Rey Rey, and Gustavo Yamada Fukusaki.

During 2019 the Board held 58 meetings.

2. Transparency and Social Responsibility

Efficiency and transparency characterize the actions of the Central Reserve Bank of Peru (BCRP). Monetary policy decisions are taken in accordance with the BCRP independence and informed to the public through various communication channels.

2.1 Transparency

The Board of BCRP informs the public about monetary policy decisions through the **Monetary Policy Statements**. Each month, these communiqués are published on the BCRP website and its social media sites, disseminated through press releases, and e-mailed to subscribers. Teleconferences are also held with the media to inform the public about these decisions.

In 2019, the **Inflation Report** was published in the months of March, July, September, and December. This report contains the BCRP analysis of economic developments, explains monetary policy actions, discusses the evolution of prices, and provides forecasts on inflation and the main macroeconomic variables. The Inflation Report is published on the BCRP website and discussed in presentations to representatives of the financial system, economic analysts, the media, authorities, and business and academia representatives, both in Lima and in several cities of the country.

In 2019, Governor Julio Velarde was invited to speak before the Congressional Committee of Budget and General Account on September 16 to explain the macroeconomic assumptions of the Public Sector Budget proposed for 2020.

In the Transparency section of its website, BCRP publishes indicators of the BCRP administrative and budget management as well as the BCRP Financial Statements, audited by internationally renowned auditing firms. In addition to this, in compliance with the Transparency and Access to Public Information Act, in 2019 the BCRP answered 77 information requests submitted by different citizens.



2.2 Dissemination of Economic Information

During 2019, BCRP continued informing the public about national finances through the publication and dissemination of macroeconomic statistical data and macroeconomic analysis reports such as the *Inflation Report*, the *Weekly Report*, the *Annual Report*, the *Financial Stability Report*, the journals *Estudios Económicos* and *Moneda*, the *Weekly Economic Report*, *Notas de Estudios*, *Documentos de Trabajo*, and the reports prepared by the Branch Offices called *Síntesis de Actividad Económica*. In addition, Informative Notes on the decisions of the Board of BCRP about the benchmark interest rate, the main institutional events, and the evolution of the main economic variables were also published on the media and social media.

BCRP also organized presentations on the mission and roles of the Central Bank and on the security features of banknotes and coins, as well as institutional and academic events to discuss economic issues of interest, both in Lima and in other cities of the country.

In 2019, BCRP intensified its use of social networks to publish reports containing economic data and institutional information, as well as to provide information about the security features of banknotes and coins. During the year, BCRP continued to actively publish information through social networks such as Facebook, Twitter, LinkedIn, YouTube, and Instagram, becoming in this way one of the most popular public institutions in the social media.

2.3 Social Responsibility

BCRP continued contributing to education and culture in our country by offering courses, organizing contests, and providing free access to its museums and library, among other activities.

Courses

- **Advanced Economics Extension Course**
Thirty-six students of economics from various public and private universities of Lima and other cities of the country participated in the LXVI Extension Course of Advanced Economics offered this year. The 8 best students of the course were invited to join the Bank's staff.
- **Advanced Finances Extension Course**
Thirty students from different universities were selected to participate in the Bank's XII Extension Course of Advanced Finances. The 8 students with the best grades were also invited to join the BCRP staff.
- **Refresher Course in Economics**
In August 2019, a group of 30 students of economics from different universities of the country were selected to refresh their knowledge in the fields of macroeconomics, microeconomics, econometrics, and quantitative methods. The best students were invited to participate in the LXVII Extension Course of Advanced Economics 2020.
- **Refresher Course for Economics Faculty**
Twenty-three professors from different universities of the country participated in this course in 2019. The participants were trained in different aspects of macroeconomics, microeconomics, econometrics, and project evaluation.

Contests

- **BCRP Award for Research in Economics and Finances**
The winner of this award in 2019 was Yuliño Clever Anastasio Clemente (PUCP) for his paper "*Los determinantes del déficit fiscal. Perú: 1995-2018*". The second prize was awarded to Juan Andrés Castro Cabrera and Rodrigo Alejandro Murrieta Noly (UP) for their research paper entitled "*Intermediación Bancaria y Transmisión de Política Monetaria: Modelo DSGE con Competencia Monopolística para el Caso Peruano*" and the third prize was awarded to José Luis Vásquez Pérez (UNMSM) for his paper "*Tipo de cambio y desempeño económico peruano ¿Depreciaciones recesivas en el Perú? 1995-2015*".

- BCRP Video Contest for School Students 2019**
 On this occasion, the videos had to address the topic of *"The security features of banknotes"*. The first prize was awarded to the schoolgirls of I.E. Sagrado Corazón de Jesús, of San Ramón, Chanchamayo, Junín, for their video *"Billetes seguros"*. The students of I.E. Miguel de Cervantes, of Puente Piedra, got the second prize for *"Toque, mire y gire antes de aceptar"*, and the students of I.E. Mi Universo Infantil, of Tarapoto, obtained the third prize for their video *"Vendedora de comida"*.
- Annual Short Novel Contest "Julio Ramón Ribeyro"**
 The winner of this contest in 2019 was Alfonso Torres Valdivia for his novel *"La rumba del Varig"*, which was presented in Lima's 24th Feria Internacional del Libro in July 2019. The panel of judges was integrated by Alonso Cueto, Francesca Denegri, Mirko Lauer, Karina Pacheco, and Marcel Velásquez.
- 2019 National Painting Contest**
 Artist Nancy La Rosa was awarded the second prize of the XI Concurso Nacional de Pintura del BCRP for *"Kiqllu (V)"* after the judges decided not to award a first prize in this 2019 contest. The panel of judges, integrated by Moico Yaker, Claudia Coca, Natalia Majluf, Ángela Delgado, and Augusto del Valle, also decided to award honorable mentions to artists Astucuri Guillén and Rafael Mayu Nolte. An exhibition with the winning and the finalist artistic creations that participated in the contest was held at the Museum of BCRP (MUCEN) from December 10, 2019 to February 8, 2020.

Book Publications

In 2019, Banco Central de Reserva del Perú and Instituto de Estudios Peruanos (IEP) co-published four books: i) *"Historia económica del antiguo Perú"*, authored by Peter Kaulicke, Hugo Ikehara, Rafael Segura Llanos, and Rafael Vega-Centeno; ii) *"Historia económica del sur peruano"*, edited by Martín Monsalve; iii) *"Estudios sobre la independencia económica del Perú (1876)"*, by Juan Copello and Luis Petriconi, and edited by Giovanni Bonfiglio, and iv) *"El Perú tal como es"*, by Archibald Smith. There is free access to the latter two books, published only in digital format, on the BCRP website.



First prize winning novel in the Julio Ramón Ribeyro Short Novel Contest 2019, *"La rumba del Varig"* by Alfonso Torres Valdivia, was published in 2019. Within the framework of the presentation of the silver coin issued commemorating the 100th anniversary of the death of Peruvian writer Ricardo Palma, BCRP also published in digital format the academic article *"Ricardo Palma: La tradición criollo-popular y la nación peruana"* by Marcel Velásquez Castro.

In 1919 Banco Central de Reserva del Perú participated in the Ricardo Palma Book Fair and in the Lima International Book Fair, organizing the presentations of three books published by BCRP in these events. In addition to this, in September it held a round-table discussion on *"Economía del Antiguo Perú"* with the authors and editors of this book.

Museum

During 2019, the network of BCRP museums¹ was visited by a total of 168 thousand people. MUCEN also published the document “*Experiencia MUCEN 2018*”, which, through statistical data and a qualitative analysis of results and future opportunities, analyzes the impact of generating an inclusive, dynamic space in the community.

The different activities organized by the Central Museum and the NUMISMIC MUCEN through their #ConversArte educational programs were attended by 24 thousand schoolchildren and 20 tours guided by a sign language interpreter were also carried out in these facilities. Other activities included 16 events held with the presence of curators and artists within the framework of the #DialogArte program, and the theater shows for children staged by 26 artistic groups that were held on Saturdays as part of #ContArte children’s theater programs. Finally, MUCEN continued opening its facilities in the evening of the last Friday of each month in the framework of its program “*MUCEN Abre de noche*”.

MUCEN also showed more than 50 films in collaboration with Filmoteca de la Pontificia Universidad Católica del Perú and participated as one of the venues of the 23rd Lima Film Festival of PUCP, the X Festival de Cine al Este, the 31st European Film Festival in Lima, and the I Festival de Cine Americano “*América Nuestra*”.

It also took part in the inter-institutional program World Savings Week, offering guided tours, talks, workshops, and family theater shows related to the importance of saving. In addition, it participated for the first time in Art Lima, one of the most important contemporary art events in the country. In July and August, MUCEN carried out workshops and theater shows at Culturaymi, the cultural program of the Lima 2019 Pan American and Parapan American Games. Finally, the Museum signed an agreement with the Ministry of Culture that allowed the implementation of the #EmocionArte educational program, designed at MUCEN, in seven of its museums nationwide with the aim of offering an interactive experience to visitors.

MUCEN hosted 4 temporary exhibitions over the year. The winning and finalist paintings of the X National Painting Contest were exhibited In January and “*Huaquero de Museos*”, an exhibition of the artworks of artist Marco Pando was held in February. In June, MUCEN hosted “*Diálogos desde lo contemporáneo. 10 años del Concurso Nacional de Pintura*”, an exhibition of 20 contest winning artistic creations that have been incorporated to the BCRP art collection over the last decade. Finally, the winning and finalist paintings of the XI National Painting Contest were exhibited In November. On the other hand, the Numismatic MUCEN opened its World Numismatics Section. This permanent exhibition contains coins from the Greco-Roman era to the present day, in addition to banknotes and coin specimens of various countries, grouped by continents.



Inclusive MUCEN



Lima 2019



World Numismatic Hall

Other activities in 2019 worth highlighting include the loan of 20 pre-Columbian art pieces to China for the traveling exhibition “*Antigua Civilización de los Andes. Iluminando los Orígenes del Imperio Incaico*”, as well as the loan of “*Portrait of Lorenzo del Valle y García*”, by artist José Gil de Castro,

¹ Museo Central (Lima), MUCEN Numismático, MUCEN Arequipa, MUCEN Piura, and MUCEN Trujillo.

to the National Museum of Colombia for the exhibition “*Pintores en tiempos de la Independencia. Figueroa, Espinosa, Gil de Castro*” for the activities organized in that country commemorating the Bicentennial of the Independence of Colombia.

In addition, during 2019, the MUCEN continued with its conservation activities and contributed to the investigation of 22 art researchers interested in its art collection.

BCRP Library

Since January 2019, the BCRP Library operates in a new facility located at Jirón Carabaya 698, Cercado de Lima. During the year, the Library managed a total of 3,391 requests at its reading rooms as well as 72,788 requests of specialized books and journals, of which 87 percent were in digital format (39,150 requests were managed by e-mail and 24,325 via online readings).

On the other hand, through purchases, exchanges, and donations, the Library acquired 3,749 books and periodicals related to the fields of monetary and economic policy, international finance, trade and the external sector, public finance, and economic theory, among other subjects.



New premises of the BCRP Library

3. Main Meetings and Events

In 2019 the BCRP authorities and officials participated in various international and national meetings, including the following:

3.1 International Meetings

- Bimonthly Meeting of BIS Governors, organized by the Bank for International Settlements (BIS) and held in Basel, Switzerland, January 13 to 14.
- Meeting with Mexico's Senate, organized by Centro de Estudios Internacionales Gilberto Bosques and Senado de la República Mexicana, carried out in Mexico City, Mexico, on February 14.
- XVI Road Show Europe 2019, organized by InPerú, held in London, England, and Madrid, Spain, February 25 to 28.
- “Peru Day” Convention and Meeting of the Prospectors & Developers Association of Canada, organized by the Peruvian Canadian Chamber of Commerce, carried out in Toronto, Canada, March 4 and 5.



- Bimonthly Meeting of BIS Governors, organized by the BIS and held in Basel, Switzerland, March 10 – 11.
- XCII Meeting of the Board of Fondo Latinoamericano de Reservas (FLAR), held in Bogotá, Colombia, on March 18.
- Meetings of the International Monetary Fund (IMF) and the World Bank (WB), and related meetings, including the XLIX Meeting of the Latin American Network of Central Banks and Ministries of Finance of the InterAmerican Development Bank (IDB), the G-24 Meeting, and the Plenary Meeting of the IMF International Monetary and Financial Committee (IMFC), held in Washington D.C., USA, from April 9 to April 22.
- Fourth Annual Central Bankers Roundtable, organized by Columbia University, held in New York, USA, on April 15.
- CVII Meeting of Central Bank Governors, CEMLA Assembly, and XXXVI Meeting of Governors of Central Banks of South America, organized by Centro de Estudios Monetarios Latinoamericano (CEMLA) and held in Cartagena de Indias, Colombia, April 28 to 30.
- Bimonthly Meeting of BIS Governors, organized by the Bank for International Settlements (BIS) and held in Basel, Switzerland, May 10.
- High-Level Conference on the International Monetary System, organized by the IMF and the Swiss National Bank, Zürich, Switzerland, May 14.
- XIV Conferencia de Estudios Económicos del FLAR, held in Cartagena de Indias, Colombia, June 6 – 7.
- 25th Economic Conference of Dubrovnik, organized by the Croatian National Bank, held in Dubrovnik, Croatia, from June 14 to 17.
- “2019 and Beyond: Prospects for the World Economy”, organized by the Adam Smith Institute, Paris, France, from June 25 to 26.
- 17th BIS Annual Conference, organized by the BIS and held in Zurich, and Bimonthly Meeting of BIS Governors, organized by the BIS, held in Basel, Switzerland, June 25 – 26.
- XLIII Economic Policy Symposium, organized by the Federal Reserve of Kansas City, held in Jackson Hole, USA, August 22 to 24.
- Bimonthly Meeting of BIS Governors, held in Basel, Switzerland, September 8 – 9.
- Symposium on “Desequilibrios globales y flujos de capital en la era de las nuevas tecnologías”, organized by the Bank of Spain and the Reinventing Bretton Woods Committee, held in Madrid, Spain, September 10 – 11.
- Ordinary Meeting of the Board of Fondo Latinoamericano de Reservas (FLAR), held in Bogotá, Colombia, on September 23 – 24.
- XXXVII Meeting of Governors of Central Banks of South America, organized by the Central Bank of Chile, held in Santiago de Chile, Chile, October 3 – 4.
- Annual Meetings of the IMF, the World Bank, the G-24 Meeting and the CEMLA meeting, held in Washington DC, USA, October 14 to 20.
- Bimonthly Meeting of BIS Governors, held in Basel, Switzerland, November 10 – 11.
- High-Level Conference on the Euro System and the Latin American Central Banks, organized by the European Central Bank, the Bank of Spain, and Banco de la Republica de Colombia, held in Cartagena de Indias, Colombia, November 28 – 29.

3.2 National Meetings

- Lecture on “Brasil: Hora del crowding in”, by Gino Olivares, economist of Pontificia Universidad Católica del Perú and professor of Instituto Insper of Brazil, on January 9.
- “Taper Tantrums: QE, its aftermath and Emerging Market Capital Flows”, lecture by Christian Lundblad, professor of the Kenan-Flagler Business School, February 8.
- Symposium on “Intermediación Financiera, Crédito y Política Monetaria”, co-organized by CEMLA, the European Central Bank, the Federal Reserve of New York, and BCRP, carried out on February 19 – 20.
- Presentation on “Reflexiones sobre los riesgos de los modelos de riesgo”, by Angel Vilariño, Ph.D. in Economics, Universidad Complutense de Madrid, February 22.
- Lecture on “Impact of Juntos conditional cash transfer program on nutritional and cognitive outcomes in Peru: Comparison between younger and older initial exposure”, by Alan Sánchez, Ph.D. in Economics, Oxford University, March 8.
- “Frictions in Macroeconomics”, lecture by Lawrence Christiano, professor of Northwestern University, March 15.
- Meeting of the G-24 Technical Group, March 14 – 15.
- “Is Credit Easing Viable in Emerging and Developing Economies? An Empirical Approach” lecture by Luis Jacome, Ph.D. in Economics, Boston University, March 22.
- Vth meeting of Foro de Información Financiera de Bancos Centrales de América Latina y el Caribe, May 28 – 29.
- Encuentro Económico: Región Cajamarca, June 3 and 4.
- Seminar on “The changing nature and geography of global finance”, co-organized by the Reinventing Bretton Woods Committee and BCRP, July 18 – 19.
- Seminar on “Exchange Rates Monetary Policy and Frictions”, co-organized by Northwestern University, the Federal Reserve of Atlanta, the Bank of Canada, and BCRP, August 19 – 20.
- Primer Encuentro con el Sector Agroexportador, September 2.
- XIII Meeting on International Reserve Management, co-organized by CEMLA and BCRP, September 11 – 13.
- Sixth Annual Meeting of the Advisory Group of CGD Financial Stability Directors (CGDFS), organized by the BIS and BCRP, held from September 26 to 27.
- 23rd BIS Workgroup on Monetary Policy in Latin America, organized by the BIS and BCRP, September 30 to October 1.
- XXXVII Encuentro de Economistas del Banco Central de Reserva del Perú, October 29 and 30.
- Presentation of the “Latin American Economic Outlook 2019 – LEO”, November 5.
- “La economía global hacia el 2020, análisis de los riesgos globales”, lecture by Carmen Reinhart, professor of the John F. Kennedy School of Government, Universidad of Harvard, November 6.



- VIIIth Course on Payment Systems: Digital Wallets, organized by BCRP, December 10.

4. Branch Offices

Banco Central de Reserva del Peru has branches in seven cities of the country: Arequipa, Cusco, Huancayo, Iquitos, Piura, Puno, and Trujillo. These Branch Offices have jurisdiction in 23 departments of the country, except in Lima. The BCRP Branch of Piura, which started operations in 1970, was the first BCRP decentralized office in the country. Each of the Central Bank's Branch Offices has a Department of Economic Studies and an Operations Department.

In addition to this, the museums of the BCRP offices of Arequipa, Trujillo, and Piura have exhibitions of their art and numismatic collections that are open to the general public.

The main role of the BCRP branches is to carry out studies and reports on the development of economic activity in the country's departments; ensure that each region has the appropriate supply of banknotes and coins required by the financial system; oversee the custody operations of the vaults, and monitor compliance with the regulations regarding the circulation of our currency.

Each month the BCRP branches publish the document "Síntesis de la Actividad Económica Regional" on the BCRP web page, providing an analysis and statistical data on production, prices, employment, credit and bank deposits, foreign trade operations, and the execution of the public budget at the regional level. The documents also provide information on the main economic features of each region, as well as a list of some of the region's main attractions for tourists.

During 2019, BCRP officials made quarterly presentations of the "Inflation Report: Current Outlook and Macroeconomic Forecasts 2019-2020" and the "Synthesis of Regional Economic Activity" report, prepared by the Economic Studies Department of the branches, to the academic and business communities in the cities of Arequipa, Moquegua, Ilo, Tacna, Iquitos, Pucallpa, Tarapoto, Huancayo, Huánuco, Huancavelica, Ayacucho, Jauja, Piura, Tumbes, Chiclayo, Chachapoyas, Cusco, Puno, Juliaca, Trujillo, Cajamarca, and Jaén.

Staff of the Economic Studies Department, together with officials of the Branch Offices, also organized talks about the role and functions of the BCRP addressed to high school students and students of public and private universities and higher education institutes.

An international event worth highlighting was the XIth Annual Meeting organized by the BCRP and The Reinventing Bretton Woods Committee called "The Changing Nature and Geography of Global Finance", which brought together central bank authorities of different countries of the Americas and the world in Cusco on July 18 and 19. In addition to this, BCRP, the Northwestern University and the Bank of Canada co-organized the event "Exchange rate, monetary policy and frictions" on August 19 and 20.

Among the main lectures and seminars organized by the branches, the following are worth mentioning: "Principales indicadores de la coyuntura macroeconómica nacional, el entorno internacional y las cuentas externas", "El régimen cambiario en una economía con dolarización financiera y con un esquema de metas de inflación", and "Innovación en la región Arequipa: casos de éxito empresarial" in Arequipa; "El Banco Central y la actividad económica" and "Tipo de cambio y el rol del BCRP" in Cusco; "Riesgo país: Incidencia en la economía Peruana" and "Foro de desarrollo económico regional" in Huancayo; "Seguimiento de la reconstrucción con cambios en Piura", in Piura, and "Sector cuero y calzado: innovación para una industria sostenible" and "Turismo sostenible para el desarrollo inclusivo: oportunidades y desafíos de La Libertad" in Trujillo.

In 2019, the branches also published their "Economic and Social Report" with indicators of economic activity in Amazonas, Ancash, Apurímac, Cajamarca, Cusco, Ica, Junín, Lambayeque, La Libertad, Loreto, Madre de Dios, Moquegua, Pasco, Puno, Tacna, Tumbes, and Ucayali.

In addition, they continued to provide training to the personnel of financial entities and the general public on the security features of banknotes and coins. It should be pointed out that the talk given

in Quechua in the town of Uripa, in the department of Apurimac, had an audience of 450 people. A total of 21,575 people attended the 621 talks delivered over the year.

The museums of the branch offices of Trujillo, Arequipa, and Piura were visited by 39,862 visitors; that is, by 15.7 percent more visitors than in the previous year. It is worth pointing out that the number of visitors to the museum of Trujillo represents 60.4 percent of the total number of people who visited our museums.

5. Currency Management

The coin series called “Endangered Wild Fauna of Peru” concluded in 2019 with the issuance of the last three coins of this series: the 1 sol coins featuring the Yellow-tailed Choro Monkey, the Andean Cat, and the Giant Frog of Lake Titicaca. This series, made up of 10 coins, is intended to contribute to raise awareness of the importance of preserving the wildlife species whose habitat is located in the country as well as the importance of preserving the environment through a means of payment of massive use, while promoting numismatic culture in our country.



Yellow-tailed Choro Monkey



Andean Cat



Giant Frog of Titicaca

Three commemorative silver coins were also released during the year: the coin commemorating the 100th anniversary of the Peruvian Air Force was issued in January; the coin celebrating the 250th anniversary of the birth of Alexander von Humboldt was issued in September, and the coin issued commemorating Ricardo Palma on the 100th anniversary of his death was issued in October.



100th Anniversary of the Peruvian Air Force



250th Anniversary of the birth of Alexander von Humboldt



Centennial of the death of Ricardo Palma

The Central Bank of Peru ordered to withdraw from circulation the coins of 5 cents as of January 2019. These coins, which can no longer be used as a means of payment, can only be exchanged at their face value in multiples of 10 cents for an unlimited period of time at banks or at the BCRP offices.

In addition, through Circular No. 007-2019-BCRP dated March 2019, BCRP replaced the Second Transitory and Final Provision of the Regulation for the Exchange of Banknotes and Coins, approved through Circular No. 016-2018-BCRP and modified through Circular No. 035-2018-BCRP, by the following provision:

“This Regulation is effective as of June 19, 2018, except in the following cases that will apply as from January 1, 2020:

- In order to be exchanged, whole banknotes must necessarily contain the security thread.
- The financial entities are obliged to withhold, without exchange, any whole banknotes received in their daily window operations when they lack the security thread, including those to be used to exchange banknotes to the public.”

An information campaign explaining the scope of this Regulation was carried out through television and radio as well as through the written media. The financial entities were also required to give BCRP monthly reports about whole banknotes considered deteriorated because they lack the security thread.

A total of 836 talks on the security features of banknotes and coins and on the Regulations for the Exchange of Banknotes and Coins (Circular No. 016-2018-BCRP) were given to the general public, business representatives, and the window staff of financial entities in different cities of the country, with total attendance reaching a figure of over 33 thousand people.

BCRP also distributed thousands of brochures with information in Spanish and English on the security features of our banknotes at museums and airports nationwide, as well as at the venues of the 2019 Pan American and Parapan American Games held in Lima.

In 2019, it also continued developing the information campaign on the security features of banknotes and coins through the Bank’s social networks in Twitter, YouTube, and Facebook.

5.1 Banknotes and Coins in Circulation

In 2019, both the number of units and the value of banknotes in circulation was higher than in 2018. In December 2019, the value of banknotes in circulation was S/ 59.28 billion (4.7 percent higher than in December 2018), while the number of units of banknotes in circulation (885 million) was 3.2 percent higher than that observed at the end of 2018.

BANKNOTES IN CIRCULATION (Millions of units)							
Period	10	20	50	100	200	Total	Value (Million S/)
Jan. 19	116.4	146.1	143.8	389.2	19.9	815.4	54,179.6
Feb. 19	114.7	144.5	140.8	383.7	20.0	803.7	53,439.7
Mar. 19	116.6	144.4	141.4	382.8	20.2	805.3	53,437.6
Apr. 19	115.7	145.2	142.0	382.9	20.4	806.2	53,535.1
May. 19	114.8	142.5	139.9	378.5	20.7	796.3	52,973.3
Jun. 19	115.2	143.8	142.3	382.3	21.0	804.7	53,577.8
Jul. 19	118.7	152.0	149.8	398.1	21.4	840.0	55,812.6
Aug. 19	118.9	150.2	149.9	398.1	21.7	838.7	55,831.4
Sep. 19	115.9	146.1	143.0	390.2	21.8	817.0	54,606.8
Oct. 19	118.4	149.0	145.8	395.3	22.1	830.6	55,398.3
Nov. 19	117.5	150.5	147.2	400.4	22.5	838.1	56,083.7
Dec. 19	122.4	159.1	157.5	422.7	23.6	885.3	59,276.0

Source: BCRP.

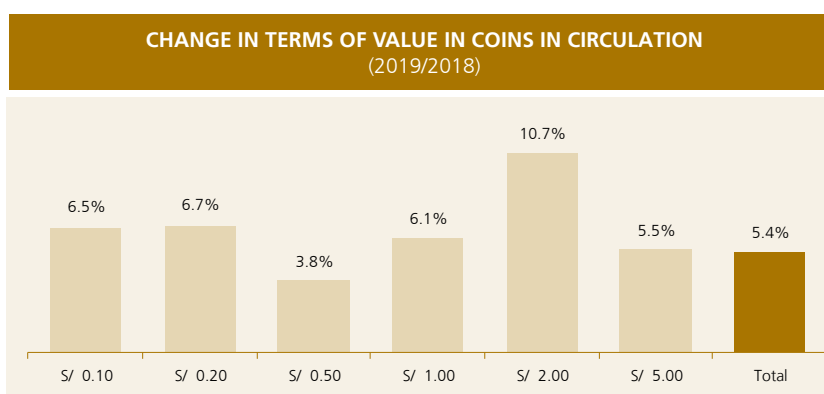
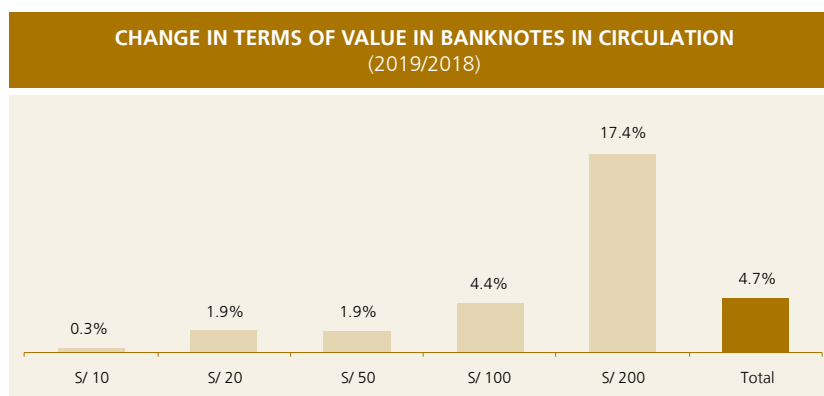
Similarly, the number of units and the value of coins in circulation in 2019 was higher than in 2018. The value of coins in circulation was S/ 2.79 billion, 6.4 percent higher than in December 2018,

while the number of units (4 053,4 million coins) was 6.3 percent higher than that registered at the end of 2018.

COINS IN CIRCULATION (Millions of units)								
Period	0.10	0.20	0.50	1.00	2.00	5.00	Total	Value (Million S/)
Jan.19	1,585.5	452.1	499.2	942.6	183.6	165.6	3,828.6	2,636.1
Feb.19	1,594.3	453.8	499.3	945.2	185.5	166.7	3,844.8	2,649.5
Mar.19	1,604.9	456.0	502.4	957.1	188.3	167.0	3,875.8	2,671.9
Apr.19	1,615.9	459.5	506.6	969.4	187.4	168.8	3,907.7	2,695.1
May.19	1,624.1	462.7	507.4	971.1	187.8	168.5	3,921.6	2,697.7
Jun.19	1,631.8	465.5	510.2	976.2	190.0	170.1	3,943.7	2,718.1
Jul.19	1,639.4	468.9	511.5	981.8	192.0	171.6	3,965.2	2,737.3
Aug.19	1,648.6	473.2	515.2	987.0	193.6	170.4	3,988.0	2,743.3
Sep.19	1,657.8	476.8	515.7	982.3	193.9	171.6	3,998.1	2,746.9
Oct.19	1,658.5	474.0	515.6	985.5	195.7	172.1	4,001.4	2,755.7
Nov.19	1,668.7	478.0	515.4	986.3	196.5	172.5	4,017.4	2,762.0
Dec.19	1,680.4	481.7	518.1	998.6	200.7	173.9	4,053.4	2,792.8

Source: BCRP.

By denominations, the banknotes that showed a higher increase in their use compared to 2018 were the 200 soles banknotes (17.4 percent), while the coins that showed a higher increase in their use were the 2 soles coins (10.7 percent).



On the other hand, it is worth pointing out that the participation of the 100 soles banknote stands out both in terms of value and in terms of units in the use of banknotes in 2019, reflecting people and banks' preference for this denomination.

In the case of coins, the participation of the denominations of 1 sol and 5 soles stand out in terms of value, mainly due to their use to pay public transportation fares, while the use of the 10 cent coins stands out in terms of volume due to their use in low value payments.

STRUCTURE OF CURRENT IN CIRCULATION EMITTED BY DENOMINATION: DICIEMBRE 2019					
Banknotes	Unit (Million)	Unit (% allocation)	Value (Million S/)	Value (% allocation)	Average lifespan
10	122	14.3	1,224	2.1	13 months
20	159	18.5	3,182	5.4	16 months
50	157	18.4	7,873	13.3	25 months
100	423	49.3	42,274	71.3	38 months
200	24	2.8	4,723	8.0	40 months
TOTAL	885	100.0	59,276	100.0	
Coins	Unit (Million)	Unit (% allocation)	Value (Million S/)	Value (% allocation)	Average lifespan
0.10	1,680	38.9	168	6.0	15 years
0.20	482	11.2	96	3.4	15 years
0.50	518	12.0	259	9.3	20 years
1.00	999	23.1	999	35.8	20 years
2.00	201	4.6	401	14.4	15 years
5.00	174	4.0	869	31.1	15 years
TOTAL	4,053	100.0	2 793	100.0	

Source: BCRP.

5.2 Coin Minting

In 2019, Casa Nacional de Moneda (Peru's National Mint) produced 300 million coins, 11 percent more than in 2018. The largest volumes of coins produced were coins in the denominations of 10 cents and 1 Sol, which together represented 71 percent of the total of coins produced in the year.

PRODUCTION OF COINS - 2019			
Denomination	Alloy	Quantity (Million units)	Monetary value (Million soles)
S/ 0.10	Brass	117.0	11.7
S/ 0.20	Brass	28.0	5.6
S/ 0.50	Nickel-silver	26.0	13.0
S/ 1.00	Nickel-silver	95.0	95.0
S/ 2.00	Bi-metal	21.0	42.0
S/ 5.00	Bi-metal	13.0	65.0
Total		300.0	232.3

Source: BCRP.

5.3 Destruction of Banknotes and Coins

A total of 390 million banknotes worth S/ 18.14 billion were withdrawn from circulation and destroyed in 2019. It is worth mentioning that banknotes in the denominations of 10 soles, 20 soles, and 100 soles represented 81 percent of the volume of banknotes destroyed.

DESTRUCTION OF BANKNOTES - 2019		
Denomination	Quantity (Million units)	Monetary value (Million soles)
S/ 10	94.4	944.4
S/ 20	114.8	2,296.5
S/ 50	70.4	3,519.9
S/ 100	107.1	10,713.6
S/ 200	3.3	662.5
Total	390.1	18,137.0

Source: BCRP.

In addition to this, 15.3 million units of coins worth S/ 5.4 million were also melted during the year.

MELTING OF COINS - 2019		
Denomination	Quantity (Million units)	Monetary value (Million soles)
S/ 0,05	0.8	0.0
S/ 0.10	5.1	0.5
S/ 0.20	3.9	0.8
S/ 0.50	3.0	1.5
S/ 1.00	2.6	2.6
S/ 2.00	-.-	-.-
S/ 5.00	-.-	-.-
Total	15.3	5.4

Source: BCRP.

6. Circulars

In 2019, BCRP issued 32 circulars: 5 circulars were about regulations on reserve requirements, 1 about monetary instruments, 2 about interest rates, 8 about banknotes and coins, 4 about first-class banks, and 12 about the daily adjustment index. The circulars issued in 2019 were the following:

- **Reserve Requirements**
 - In Domestic Currency**
 - Circular 004-2019-BCRP (22/02/2019)
 - Circular 011-2019-BCRP (26/04/2019)
 - Circular 030-2019-BCRP (26/12/2019)
 - In Foreign Currency**
 - Circular 005-2019-BCRP (22/02/2019)
 - Circular 031-2019-BCRP (26/12/2019)
- **Monetary Instruments**
 - Circular 019-2019-BCRP (28/08/2019)



- **Interest Rates**
 - Circular 018-2019-BCRP (16/08/2019)
 - Circular 020-2019-BCRP (28/08/2019)
- **Banknotes and Coins**
 - Circular 002-2019-BCRP (29/01/2019)
 - Circular 007-2019-BCRP (14/03/2019)
 - Circular 008-2019-BCRP (27/03/2019)
 - Circular 015-2019-BCRP (03/07/2019)
 - Circular 023-2019-BCRP (25/09/2019)
 - Circular 025-2019-BCRP (09/10/2019)
 - Circular 026-2019-BCRP (30/10/2019)
 - Circular 029-2019-BCRP (27/12/2019)
- **First-Class Banks**
 - Circular 010-2019-BCRP (08/04/2019)
 - Circular 016-2019-BCRP (09/07/2019)
 - Circular 022-2019-BCRP (17/09/2019)
 - Circular 032-2019-BCRP (31/12/2019)
- **Daily Adjustment Index**
 - Circular 001-2019-BCRP (03/01/2019): January
 - Circular 003-2019-BCRP (04/02/2019): February
 - Circular 006-2019-BCRP (02/03/2019): March
 - Circular 009-2019-BCRP (02/04/2019): April
 - Circular 012-2019-BCRP (02/05/2019): May
 - Circular 013-2019-BCRP (03/06/2019): June
 - Circular 014-2019-BCRP (01/07/2019): July
 - Circular 017-2019-BCRP (01/08/2019): August

- Circular 021-2019-BCRP (02/09/2019): September
- Circular 024-2019-BCRP (02/10/2019): October
- Circular 027-2019-BCRP (04/11/2019): November
- Circular 028-2019-BCRP (02/12/2019): December





FINANCIAL STATEMENTS

Daniel Hernández
Saludo al Presidente Leguía



KPMG en Perú
Torre KPMG. Av. Javier Prado Este 444, Piso 27
San Isidro. Lima 27, Perú

Teléfono 51 (1) 611 3000
Internet www.kpmg.com/pe

Independent auditors' report

To the Directors of
Banco Central de Reserva del Perú

We have audited the accompanying financial statements of Banco Central de Reserva del Perú, which comprise the statement of financial position as of December 31, 2019 and 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies described in note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the International Standards on Auditing approved for its application in Peru by the Dean's Council of the Peruvian Professional Associations of Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Central Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Central Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco Central de Reserva del Perú as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended, in accordance with the accounting policies described in note 2 to the financial statements.

Lima, Peru
February 28, 2020

Countersigned by:

A handwritten signature in black ink that reads "Caipo y Asociados". The signature is written in a cursive style and is underlined with a horizontal line.

A handwritten signature in black ink, appearing to be "Eduardo Alejos P.", written in a cursive style.

Eduardo Alejos P. (Partner)
Peruvian CPA Registration 01-29180

STATEMENT OF FINANCIAL POSITION

As of December 31, 2019 and 2018

	<u>Note</u>	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
ASSETS			
Gross international reserves			
Cash in foreign currency		165,913	168,834
Deposits at foreign banks	3	62,320,212	51,521,500
Deposits at foreign organizations	4	2,468,937	2,522,915
Securities from international institutions	5	152,435,590	140,937,963
Gold	6	5,607,843	4,809,657
Contributions to international organizations	7	3,210,933	2,801,861
Other available assets		163,162	346,813
		<u>226,372,590</u>	<u>203,109,543</u>
Other foreign assets			
Contributions in domestic currency to the IMF	7	4,926,721	5,449,316
Other foreign assets	11(b)	66,220	67,380
		<u>4,992,941</u>	<u>5,516,696</u>
Domestic credit			
	8		
To banks		17,077,791	13,111,323
To public sector		2,659,746	2,678,213
To financial institutions		42,042	3,509
To other institutions and funds		130,465	14,527
		<u>19,910,044</u>	<u>15,807,572</u>
Property, furniture and equipment, Net	9	164,804	165,126
Other assets	10	273,356	288,514
TOTAL ASSETS		<u>251,713,735</u>	<u>224,887,451</u>
Off balance sheet accounts	20	<u>118,579,709</u>	<u>139,157,713</u>

The accompanying notes are an integral part of these financial statements.

	<u>Note</u>	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
LIABILITIES			
Reserves liabilities		178,663	560,989
Other foreign liabilities			
Equivalent of the contribution in domestic currency to IMF	7(b)	4,926,721	5,449,316
Other foreign liabilities	11	2,863,205	2,922,503
		<u>7,789,926</u>	<u>8,371,819</u>
Sterilized stock			
Issued securities in circulation	12	27,984,849	26,777,829
Deposits in domestic currency	13	47,810,167	41,813,456
		<u>75,795,016</u>	<u>68,591,285</u>
Monetary base			
	14		
Currency in circulation		62,099,221	59,244,028
Deposits in domestic currency		2,465,469	2,123,039
		<u>64,564,690</u>	<u>61,367,067</u>
Deposits in foreign currency	15	76,000,499	63,458,373
Other liabilities	16	11,585,648	8,427,555
TOTAL LIABILITIES		<u>235,914,442</u>	<u>210,777,088</u>
Net equity			
	17		
Capital		1,182,750	1,182,750
Legal reserve		1,182,750	804,934
Special statutory reserve		440,470	-
Fair value reserve		808,304	(526,871)
Profit or loss for the period		1,856,308	1,091,049
Capital, reserves and results		<u>5,470,582</u>	<u>2,551,862</u>
Adjustment for valuation – Article 89 of Organic Act	17.E	10,328,711	11,558,501
Total equity		<u>15,799,293</u>	<u>14,110,363</u>
TOTAL LIABILITIES AND NET EQUITY		<u>251,713,735</u>	<u>224,887,451</u>
Off balance sheet accounts	20	<u>118,579,709</u>	<u>139,157,713</u>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

	<u>Note</u>	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
FINANCIAL INCOME			
Interest on deposits at foreign banks	3(b)	1,283,334	939,541
Net return on securities	5	2,732,147	1,905,579
Return on operations with derivative instruments	20(b)	772,107	651,124
Interest on international agreements and deposits with the International Monetary Fund		33,113	28,459
Profits and dividends from international institutions		54,426	25,255
Return on gross international reserves		4,875,127	3,549,958
Interest and commissions on domestic credit operations	8(c)	424,823	526,359
Other financial income	20(e)	19,633	42,011
Total financial income		5,319,583	4,118,328
Non-financial income		12,147	29,266
TOTAL INCOME		5,331,730	4,147,594
FINANCIAL EXPENSES			
Interest on other abroad liabilities	11(c)	(27,969)	(26,468)
Interest on securities in circulation	12	(736,767)	(844,724)
Interest on domestic currency deposits	13	(921,595)	(933,768)
Interest on foreign currency deposits	15	(1,395,887)	(864,558)
Other financial expenses	20(e)	(15,288)	(26,682)
Total financial expenses		(3,097,506)	(2,696,200)
Operational expenses	21	(276,631)	(274,180)
Issuance expenses and costs	22	(101,285)	(86,165)
TOTAL EXPENSES		(3,475,422)	(3,056,545)
Net profit (loss)		1,856,308	1,091,049
Other comprehensive income	5 and 8(b)	1,335,175	203,772
TOTAL COMPREHENSIVE INCOME		3,191,483	1,294,821

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

As of December 31, 2019 and 2018

Note	Capital stock (\$/000)	Legal reserve (\$/000)	Special statutory reserve (\$/000)	Fair value reserve (\$/000)	Accumulated results (\$/000)	Total capital, reserves and results (\$/000)	Adjustment for valuation - Article 89 of Organic Law (\$/000)	Total equity (\$/000)
Balance as of January 1, 2018	1,182,750	870,911	-	(730,643)	(65,977)	1,257,041	7,384,611	8,641,652
Net profits	-	-	-	-	1,091,049	1,091,049	-	1,091,049
Other comprehensive income	-	-	-	203,772	-	203,772	-	203,772
17.C								
Total comprehensive income	-	-	-	203,772	1,091,049	1,294,821	-	1,294,821
Offsetting losses on legal reserve	-	(65,977)	-	-	65,977	-	-	-
Adjustment for valuation - Article 89 of Organic Act	-	-	-	-	-	-	4,173,890	4,173,890
17.E								
Balance as of December 31, 2018	1,182,750	804,934	-	(526,871)	1,091,049	2,551,862	11,558,501	14,110,363
Balance as of January 1, 2019	1,182,750	804,934	-	(526,871)	1,091,049	2,551,862	11,558,501	14,110,363
Net profits	-	-	-	-	1,856,308	1,856,308	-	1,856,308
Other comprehensive income	-	-	-	1,335,175	-	1,335,175	-	1,335,175
17.C								
Total other comprehensive income	-	-	-	1,335,175	1,856,308	3,191,483	-	3,191,483
Transfer to legal reserve	-	377,816	-	-	(377,816)	-	-	-
Transfer to special statutory reserve	-	-	440,470	-	(440,470)	-	-	-
Transfer of profits to Public Treasury	-	-	-	-	(272,763)	(272,763)	-	(272,763)
Adjustment for valuation - Article 89 of Organic Act	-	-	-	-	-	-	(1,229,790)	(1,229,790)
17.E								
Balance as of December 31, 2019	1,182,750	1,182,750	440,470	808,304	1,856,308	5,470,582	10,328,711	15,799,293

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

As of December 31, 2019 and 2018

	<u>Note</u>	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Cash flows from operating activities			
Net profits		1,856,308	1,091,049
Adjustments to reconcile the profits to the cash from operating activities			
Depreciation of property, furniture and equipment	9	12,031	12,792
Amortization of intangible assets		1,849	2,220
Fixed assets writte-off		891	473
Net changes in assets, liabilities and equity			
Domestic credit		(4,102,472)	9,383,460
Other foreign assets		523,755	78,345
Other assets		13,309	1,134
Reserves liabilities		(382,326)	203,588
Other foreign liabilities		(581,893)	(38,783)
Securities in circulation		1,207,020	(4,836,625)
Deposits in domestic currency		5,996,711	(2,267,338)
Deposits of banks, financial institutions and others (monetary base)		342,430	186,331
Deposits in foreign currency		12,542,126	(6,277,368)
Other liabilities		3,158,093	(9,125,780)
Fair value reserve		1,335,175	203,772
Adjustment for valuation - Article 89 of Organic Act		(1,229,790)	4,173,890
Transfer of profits to Public Treasury	17.D	(272,763)	-
Cash and cash equivalent from (used in) operating activities		20,420,454	(7,208,841)
Cash flows from investing activities			
Additions to property, furniture and equipment	9	(12,600)	(17,334)
Cash flows used in investing activities		(12,600)	(17,334)
Net increase (decrease) in cash and cash equivalents		20,407,854	(7,226,175)
Cash and cash equivalents at the beginning of the year		143,865,515	151,091,690
Cash and cash equivalents at the end of the year	2.B(o)	164,273,369	143,865,515

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

1. OPERATIONS

Banco Central de Reserva del Perú (hereinafter the “Central Bank”) is an autonomous legal institution of public law incorporated on March 9, 1922, intended to preserve monetary stability in Peru. Its activities are currently governed by Article 84 of the Political Constitution of Peru, dated December 29, 1993, and by the Organic Act approved by Decree-Law 26123, dated December 24, 1992 (hereinafter the “Organic Act”). According to the Organic Act, the Central Bank’s functions are to regulate the money supply, manage international reserves, issue currency, and report on domestic finance.

The Central Bank’s legal address and main office are located at Jr. Santa Rosa No. 441-445 (former Antonio Miró Quesada), Lima. It also has branches in seven cities of Peru. As of December 31, 2019 and 2018, the Central Bank has 974 and 975 employees, respectively. They include bank workers, temporary workers, and workers with unpaid leave or unpaid temporary assignment.

The Central Bank represents Peru for the purposes specified in the articles of the agreements of the International Monetary Fund (IMF) and the Latin American Reserve Fund (FLAR, for its Spanish acronym) and is responsible for all operations and formal relationships with these organizations. The Central Bank may also act as a Peruvian Government agent in its relationships with multilateral credit organizations and financial agencies of foreign governments. The Central Bank has subscribed shares of the Bank for International Settlements (BIS), which is an organization responsible for promoting international financial and economic cooperation and serves as a bank for central banks.

According to the Organic Act, the Bank is not permitted to:

- Grant funds to the Public Treasury, except for acquisitions of securities issued by the Public Treasury in the secondary market in which case the annual increase in such security holding may not exceed at any moment, measured at acquisition cost, 5% of the monetary base at the end of the prior year;
- Grant credits or any other form of financing to financial institutions that have outstanding and past due obligations, as well as grant loans or advanced payments to its Directors;
- Provide guarantees, letters of guarantee or any other guarantee, use any form of indirect financing, or grant any type of insurance, except for operations entered into by the Central Bank in implementing reciprocal payment and credit agreements;
- Provide resources to create special funds aimed at granting credits or making investments to promote non-financial economic activities;
- Issue securities, bonds or contribution certificates of mandatory acquisition;
- Set sector or regional percentages in the composition of the loan portfolio of financial institutions;
- Establish multiple exchange rates regimes;



- Purchase shares, except for those issued by international financial organizations or those needed to be acquired to strengthen banks or financial institutions; hold, directly or indirectly, shares in the capital of commercial, industrial or any other institution; and
- Own properties additional to those needed for its activities and those transferred in payment of debts (sold within a term of less than one year after their acquisition).

The financial statements as of and for the year ended December 31, 2019, prepared in accordance with the accounting policies described in note 2, have been issued with management approval on January 16, 2020, and will be submitted for corresponding approval of the Board of Directors Meeting that will be held within the terms established by the Organic Act. In management's opinion, the accompanying financial statements will be approved without amendments. The Board of Directors Meeting, held March 14, 2019, approved the Company's financial statements as of and for the year ended December 31, 2018.

Equity

According to Article 93 of the Organic Act, if the Central Bank incurs losses, they shall be hedged by the reserve from prior year profits. If the accounting reserve is not enough, the Public Treasury, within thirty days of the approval of the financial statement, issues and grants to the Central Bank negotiable debt securities that bear interest for the non-covered amount.

In order to hedge the 2014 losses, on August 7, 2015, the Central Bank received from the Ministry of Economy and Finance (MEF) sovereign bonds and a promissory note for S/ 716 million, which mature in 20 years at an annual rate of 2.20%, and are payable at maturity or when the call option is exercised. The call option and amortization of interest, commissions and other expenses incurred are charged to the Central Bank's profits corresponding to the Public Treasury, according to Article 92 of the Organic Act.

On June 14, 2019, 25% of the 2018 net profits was used to repay the principal and interest of these bonds for S/ 252 million and S/ 21 million, respectively (note 17.D).

Profits recorded as of December 31, 2019 and 2018 are associated with the highest revenues from International Gross Reserves investment, which reflect an increase in the international interest rate due to thereversal of the Fed' monetary stimulus and the lower operational cost of sterilization, associated with the decrease in the BCRP reference interest rate, consistent with a monetary stimulus policy in the context of a negative product gap and inflation expectations close to the midpoint of the inflation target range.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Central Bank criteria

According to Article 88 of the Organic Act and the criteria approved by the Board of Directors, the accounting policies used by the Central Bank are:

- (a) The criteria approved by the Board of Directors based on its faculties (Article 88 of the Organic Act).
- (b) Peruvian Generally Accepted Accounting Principles (Peruvian GAAP) which comprise the International Financial Reporting Standards (IFRS) issued and adopted by the International Accounting Standards Board (IASB), made official through resolutions issued by the

Peruvian Accounting Board (CNC, for its Spanish acronym), effective from December 31, 2019 and 2018, as applicable for the Central Bank, and the standards established by the Superintendency of Banking, Insurance and Pension Fund Administrators (Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones – SBS). As of the reporting date, the CNC made official the application of the 2019 edition of IFRSs from 1 to 17, IASs from 1 to 41, SICs from 7 to 32 and IFRICs from 1 to 23.

The accounting policies established by the Central Bank's Board of Directors that differ from the Peruvian GAAP are mainly:

i. Recognition of changes in exchange rates differences

The Central Bank records adjustments for price valuation and exchange rates of assets and liabilities in gold, silver, currencies, Special Drawing Right (SDR) or other monetary units of international use in 'Adjustment for valuation – Article 89 of Organic Law' in the net equity. In accordance with Peruvian GAAP, the results of the aforementioned valuations shall be included in profit or loss of the year in which they were generated. In 2019 and 2018, this adjustment amounted to a decrease of S/ 1,230 million and an increase of S/ 4,174 million, respectively (note 2.B(e) and 17.E).

ii. Recording of embedded derivatives

As of December 31, 2019 and 2018, BCRP indexed certificates of deposit (CDR BCRP, for its Spanish acronym), are recorded at its face value, recognizing the changes in exchange rate differences in 'Adjustments for valuation – Article 89 of Organic Act' in the statement of changes in equity (see paragraph (v) below).

In accordance with Peruvian GAAP, the embedded derivatives of a main (or host) agreement must be treated like separated derivative instruments and recorded at their fair value if the economic risks and characteristics are not closely related to those of the main agreement.

iii. Statement of cash flows

The preparation of the statement of cash flows is carry out by the Central Bank considering as cash and cash equivalents the captions indicated in paragraph (2.B(o)) below; consequently, the format and content of the above mentioned statements adjust to said definition. This accounting practice differs from provisions of the Peruvian GAAP.

iv. Disclosure of financial instruments

As of December 31, 2019 and 2018, the Central Bank is not fully applying the requirements of IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 *Financial Instruments*. IFRS 7 requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance. The latter through the understanding of the nature and extent of the financial instruments to which the Central Bank is exposed; as well as the methods the entity applies to manage the risks arising from said instruments.

v. Measurement of foreign exchange instruments

The Central Bank has foreign exchange instruments such as: transactions with held-for-trading instruments (note 2.B(e.i)), transactions with CDR BCRP (note 2.B(k)) and transactions with foreign exchange swaps (note 2.B(s)).



Gains and losses from changes in fair valued and from exchange rates are recorded in 'valuation – Article 89 of Organic Act' in equity, and profit or loss for the year is not affected in any case.

According to Peruvian GAAP, the aforementioned valuations shall be recorded as a gain or loss in the statement of profit or loss and other comprehensive income.

vi. Securities issued by the MEF

- The Central Bank receives bonds from the MEF to cover losses, in compliance with article 93 of the Organic Act (notes 1 and 17.D), which are recorded as a financial assets at its face value in 'Domestic Credit' in the statement of financial position.

According to Peruvian GAAP, such bonds do not qualify as financial assets since their collection is through dividends paid by the institution to the Government (note 1).

- The Central Bank classifies the financial instruments in foreign currency issued by the MEF as investments at FVOCI measured at fair value through other comprehensive income (FVOCI). They are recorded in 'Domestic Credit' in the statement of financial position. The fair value of these financial instruments is calculated based on market prices.

Changes in the fair value of these financial instruments acquired before December 31, 2015 are determined by comparing the carrying amount (acquisition cost) with the fair value, excluding the amortized cost. They are recorded in equity until the financial instrument is sold or realized. Premiums or discounts arising on the acquisition of the instrument are recorded as revenues or expense when such instrument is settled.

Changes in the fair value of these financial instruments acquired from January 1, 2016 are determined by comparing the fair value with the amortized cost, which is calculated using the effective interest method.

vii. Changes in accounting policies

In preparing the financial statements, the Central Bank used accounting policies that are consistent with those used in previous years, except for new accounting policies approved by the Board of Directors based on its faculties, which are applicable from January 1, 2019.

The new accounting policies adopted by the Central Bank since January 1, 2019 are the following:

Financial instruments

Policy applicable before December 31, 2018

(a) Initial recognition and measurement

At initial recognition, held-for-trading, available-for-sale and held-to-maturity investments are measured at fair value, plus transaction costs that are directly attributable to the acquisition of these instruments.

(b) Classification

Securities from international institutions are classified as available-for-sale or held-to-maturity investments. The Central Bank does not use the category of financial assets at fair value through profit or loss (FVTPL).

Such investments are initially recognized and subsequently measured in accordance with the following criteria:

Available-for-sale investments

A financial instrument is classified as available-for-sale when such instrument is held for an indefinite period and can be sold due to needs for liquidity or changes in interest rates, exchange rates or market prices; or because they do not qualify to be recorded as held-to-maturity.

Held-to-maturity investments

A financial instrument is classified as a held-to-maturity when such instrument may or may not include embedded derivative financial instruments; whose recovery values are fixed or determinable amounts and with definite maturity terms, and for which the Central Bank has the intention and the ability to hold them up to their maturity. As of December 31, 2019 and 2018, the Central Bank does not hold financial instruments classified in this category.

Held-for-trading investments

A financial instrument is classified as held-for-trading when it is measured at fair value through profit or loss (FVTPL); and it is acquired mainly with the purpose of selling it or repurchasing it in the short term. Derivatives are also included in this category, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

(c) Subsequent measurement and gains and losses***Available-for-sale investments*****i. Securities from international institutions acquired before December 31, 2013**

Upon initial recognition, available-for-sale investments are measured at fair value, and any unrealized profit or loss is recorded in 'fair value reserve' in net equity. Unrealized profit or loss result from comparison between the acquisition cost, which includes premiums paid or discounts obtained, and market value. Premiums and discounts included in the acquisition cost are recognized in the statement of profit or loss and other comprehensive income at the date of disposal or maturity of the instruments.

ii. Securities from international institutions acquired from January 1, 2014

After initial recognition, these instruments are measured at fair value, and interest is recorded through the determination of amortized cost,



including any premium or discount in the profit or loss for the year, based on the effective interest rate method. The difference between the fair value and the amortized cost (unrealized profit or loss) is recorded in 'Fair value reserve' in the statement of changes in equity.

iii. Investments Investments in instruments issued by the MEF

At the Board of Directors Meeting held June 2, 2016, it was approved that, since 2016, the measurement of all bonds issued by the MEF in foreign currency would be at fair value, first applying the determination of the amortized cost and recording the difference between these two in the statement of changes in net equity.

When the investment is sold or realized, gains or losses previously recognized as part of equity are transferred to the profit or loss for the year, excluding the effects of the exchange rate differences, which are recorded as stated in paragraph (c) below. If the decrease in the market value of investments is permanent or due to credit impairment, the Central Bank records provisions that affect the profit or loss for the year.

Held-to-maturity investments

A held-to-maturity investment is measured at amortized cost in order to amortize the premiums or discounts on such investment, since its acquisition date until its maturity date using the effective interest rate. Amortization is calculated by increasing or decreasing the carrying amount of the instrument with counterpart on profit or loss for the period.

Instruments acquired at face value are not amortized.

Held-for-trading investments

After initial recognition, held-for-trading investments, including those derivatives classified as assets, are measured at fair value through profit or loss (FVTPL), without deducting the transaction costs incurred in relation to the disposal of the instrument.

Interest earned is calculated and recorded using the nominal interest rate (coupon rate) on the face value of the investment. It is recorded in 'Net yield on securities' in the statement of profit or loss and other comprehensive income.

Policy applicable from January 1, 2019

(a) Initial recognition and measurement

At initial recognition, financial instruments are measured at fair value, plus transaction costs that are directly attributable to the acquisition of these instruments.

(b) Classification

Securities from international institutions are classified as amortized cost investments, and fair value through other comprehensive income (FVOCI)

investments. The Central Bank does not use the category of financial assets at fair value through profit or loss (FVTPL).

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount.

Financial assets measured at FVOCI

A financial asset is measured at FVOCI if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount.

(c) Subsequent measurement and gains and losses

Financial instruments measured at amortized cost

A financial instrument is measured at amortized cost in order to amortize the premiums or discounts on such instrument since its acquisition date until its maturity date using the effective interest rate. The amortization calculated is recorded by increasing or decreasing the carrying amount of the instrument with counterpart on profit or loss for the period. Financial instruments acquired at face value are not amortized.

Financial instruments measured at FVOCI

For securities from international institutions and securities issued by the Public Treasury:

- Firstly a financial instrument is measured at amortized cost in order to amortize the premiums or discounts on such instrument since its acquisition date to its maturity date using the effective interest rate. The amortization calculated is recorded by increasing or decreasing the carrying amount of the instrument with counterpart on profit or loss for the period. Financial instruments acquired at face value are not amortized.
- In addition, instruments classified as measured at fair value through other comprehensive income (FVOCI) are also measured at market value on a daily basis, comparing them with the instrument's last amortized cost or

acquisition cost (if it has been recently acquired). Adjustments to market values are recorded by increasing or decreasing the carrying amount of the instrument with a balancing entry on the equity account 'Fair value reserve'.

Fair value is the market price provided on a daily basis by Bloomberg. In management's opinion, such information reflects reasonably the fair value of investments in international securities, considering the market data and accounting policies established by the Central Bank's Board of Directors.

When the investment is sold or realized, gains or losses previously recognized in equity are transferred to profit or loss for the year, excluding the effects of exchange differences, which are recorded as stated in paragraph (c) below. If the decrease in the market value of investments is permanent or due to an impairment, the Central Bank recognizes a provision that affects profit or loss for the period.

Interest earned is calculated and recorded using the nominal interest rate (coupon rate) on the face value of the investment, and is recorded in 'net yield on securities' in the statement of profit or loss and other comprehensive income.

Effects of changes in accounting policies

The Central Bank modified its financial instruments accounting policy, which was approved at the Board of Directors Meeting held on January 9, 2020. It is effective from January 1st, 2019.

As of January 1st, 2019, effects of changes in accounting policies on the carrying amount of securities from international institutions are solely related to a change in the classification and have not had an effect on retained earnings because they have been recognized and measured according to the same criteria.

The following table shows the original classification under the policy applicable before December 31, 2018 and the new classification under the policy applicable from January 1st, 2019 for securities from international institutions.

	<u>Note</u>	Original classification under policy applicable before December 31, 2018	New classification under policy applicable from January 1, 2019	Original carrying amount under policy applicable before December 31, 2018	New carrying amount under policy applicable from January 1, 2019
Financial assets					
Securities from international institutions		Available-for-sale investments	FVOCI	118,616,565	118,616,565
		Held-to-maturity investments	Amortized cost	22,321,398	22,321,398
	5			<u>140,937,963</u>	<u>140,937,963</u>

Leases

Policy applicable from January 1st, 2019

The Central Bank as lessee

The Central Bank recognizes a lease when the value of each underlying asset is higher than four tax units (4 UIT) and the lease term is more than 12 months.

Leases for which the underlying asset value is lower than that value, and leases with variable lease payments, or leases with a lease term of less than 12 months, are recognized in the financial statements on an accrual basis.

The initial measurement of a right-of-use asset and a lease liability, when the value of each underlying asset is higher than 4 UIT and the lease term is more than 12 months, is as follows:

- The interest rate implicit in the lease is determined as the internal rate of return that makes equal the present value of the underlying asset plus any initial cost charged by the lessor, to the lease payments and the possible unguaranteed residual value.
- If the interest rate implicit in the lease cannot be readily determined, the Central Bank shall use as reference interest rate the average rate of certificates of deposit effective at the initial date of the lease, considering the certificates whose maturity date does not exceed the lease term.
- After determining the interest rate, the Central Bank shall calculate the present value of future lease payments, this amount corresponds to the initial direct costs associated to the right-of-use asset and the lease liability.
- The right-of-use asset is measured at cost model and its useful life is the lease term.
- The lease liability is monthly reduced by the lease payments made, and increased by interest accrued considering the interest rate calculated at the commencement date.

Effects of new accounting policies

Through Board of Directors Meeting, held on January 9, 2020, the Central Bank approved the incorporation of the new accounting policy of Leases, effective from January 1st, 2019.

As of January 1st, 2019, changes in accounting policies on the carrying amount of operating leases have not had an effect on the recognition of assets and liabilities, since the Central Bank only has leases of low value assets and with variable lease payments, thus leases contracts are recognized on an accrual basis.

B. Accounting principles

The main accounting principles and practices used in preparing these financial statements are the following:

(a) Basis of preparation and use of estimates

The financial statements have been prepared in soles from the accounting records held by the Central Bank, in accordance with the accounting policies approved by the Central Bank's Board of Directors.

The preparation of the accompanying financial statements requires management to formulate estimates that affect the reported amounts related to assets, liabilities, incomes and expenses, and the disclosure of significant events in notes to the financial statements. Actual results may differ from those estimates. Estimates are continually evaluated and are based on historical experience and other factors. The most significant estimates related to financial statements correspond to the valuation of securities from international institutions, which include investments at fair value through other comprehensive income (FVOCI), actuarial reserves for supplementing retirement, widow, health care and burial benefits, whose accounting principles are described in the notes to the financial statements.

(b) Financial instruments

According to the Central Bank's policies, securities issued by the MEF are considered as financial assets and their recognition and measurement is performed as indicated in notes 2.A(vi) and 2.B(r).

A financial instrument is classified as asset, liability, or equity according to the contract that give rise to the financial instrument. Interest, dividends, gains and losses generated by a financial instrument classified as an asset or a liability are recorded as incomes or expenses. Financial instruments are offset when the Central Bank has a legally enforceable right to set off the amounts, and management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets recorded in the statement of financial position correspond to gross international reserves, other foreign assets, domestic credit, assets recorded in 'other assets,' except for those classified as non-financial assets (note 10). Financial liabilities correspond to liabilities in general, except for those classified as non-financial liabilities in 'other liabilities' (note 16). Recognition and measurement policies of these items are disclosed in the accounting policies described in this note.

(c) Cost and expense recognition

Interest income and expense are calculated using the effective interest rate method (amortized cost) and are recognized in profit or loss of the year when they are accrued according to the time of validity of the operations that generated them and the agreed interest rates, except for interests related to investments which are recognized as indicated in paragraph (b) above. Interest income includes the yields of investments on securities issued by international institutions

Gains and losses generated by embedded derivatives not related to exchange rate of investments are recognized in the profit or loss for the year as of the date of their maturity.

Other income and expenses are recognized as earned or incurred in the year when they are accrued.

When there is reasonable doubt regarding the collectability of the principal of any financial instrument, interest is recognized as income to the extent that there is reasonable certainty of collection.

(d) Foreign exchange operations

The Central Bank prepares and presents its financial statements in soles, which is its functional and presentation currency.

Assets and liabilities in foreign currency are recorded at the exchange rate of the date when transactions are performed and are stated in soles every day using the buying rate established by the SBS for transactions in U.S. dollars. Balances in other currencies are expressed according to the exchange rates provided by Bloomberg (note 24.B(iii)).

To pay Bank's suppliers for foreign currency liabilities, and to record the tax withholding, as applicable, the Central Bank uses the average of the U.S. dollar selling rate related to sol published by the SBS.

The Central Bank records the exchange rate adjustment in 'Adjustment for valuation – Article 89 - Organic Act' in net equity.

(e) Derivative financial instruments

The Central Bank holds held-for-trading instruments and embedded derivatives.

i. Held-for-trading instruments

The reference value (committed face value) of forward and future operations is recorded in 'off-balance sheet accounts' (notes 20(b) and 20(d)), which are subsequently measured at fair value. Fair values are estimated based on exchange rates, interest rates and market prices. As of December 31, 2019, the Central Bank does not have future operations. As of December 31, 2018, the Central Bank had future operations whose underlying assets were investments in international securities and forward operations in foreign currency.

Interest on investment of the underlying asset plus the higher amount received in the foreign currency in which foreign exchange swaps are invested (using the spot exchange rate and the forward exchange rate), which corresponds to the foreign currency increase generated by forward points negotiated. The latter is registered in the statement of profit and loss and other comprehensive income. Thus, the effect recorded in 'Adjustment for valuation – Article 89 of Organic Act' from net equity, corresponds to the valuation of the underlying asset during the life of the forex-swap plus (less) the exchange rate effect from changes in the foreign currency with respect to the local currency.

Gains and losses from changes in the fair value of future and forward exchange rate operations are recorded in 'Yield from transactions with derivative instruments' from the statement of profit or loss and other

comprehensive income and in 'Adjustment for valuation – Article 89 of Organic Act' from net equity, respectively, recognizing either an asset or and liability in the statement of financial position, as applicable.

ii. *Embedded derivatives*

The Central Bank records the measurement of instruments with embedded derivatives at the date of the financial statements presentation, affecting the 'fair value reserve' from net equity. Instruments measurement, without separating the embedded derivative from its host contract, is obtained from Bloomberg information service. The effect of instruments measurement is recorded at instrument maturity in 'Net yield on securities' from the statement of profit or loss and other comprehensive income. As of December 31, 2019 and 2018, the Central Bank does not have instruments containing embedded derivatives.

(f) *Gold*

Gold holdings are valued using the New York market price provided daily by Bloomberg. The results of such valuation are recorded in 'Adjustment for valuation – Article 89 of Organic Act' from net equity.

(g) *Contributions to international organizations*

Correspond to contributions made by the Central Bank to the IMF, FLAR and BIS, which are recorded at face value of the contribution, which represents their acquisition cost, since this amount corresponds to the value that the Central Bank would have the right to receive in case it withdrew its membership in some of said organizations. These contributions cannot be negotiated with third parties.

Yields from these contributions are recognized when accrued and dividends when declared.

(h) *Collections*

Collections mainly correspond to artwork (archeological objects, paintings, sculptures, among others) and collectible coins that have been purchased or received as donation. They are recorded at their acquisition cost or face value. Due to their nature, these assets are considered to have an indefinite useful life. Therefore, they are not depreciated and are recorded in 'Other assets' in the statement of financial position (note 10(b)). The acquisition cost of donated assets is recorded in 'Other income' in the statement of profit or loss and other comprehensive income and is calculated based on the fair value estimated by specialists at the moment they are received.

(i) *Property, furniture and equipment*

Recognition and measurement

An item of property, furniture and equipment is recorded at its acquisition cost, less accumulated depreciation and accumulated amount of impairment losses, if applicable. Repair and maintenance costs are charged to profit or loss, and significant renewals and improvements are capitalized when: i) it is probable that

future economic benefits associated with the asset will flow from the renewal or improvement; and ii) the cost can be measured reliable. The cost and corresponding accumulated depreciation of disposed of or sold assets are removed from their accounts, and any resulting gain or loss is recorded in profit or loss for the year.

Work-in-progress and in transit are measured at acquisition cost and are not depreciated until they are in working condition.

Depreciation

Land is not depreciated. Depreciation of these assets is calculated on a straight-line basis using the following estimated useful lives:

	Years
Buildings and other constructions	100
Machinery and equipment	10
Vehicles	5
IT equipment	3

(j) Impairment of long-lived assets

Whenever events or changes in the economic environment indicate that the carrying amount of a long-lived tangible asset may not be recovered, the Central Bank reviews the carrying amount of its assets in order to verify if there is no permanent impairment in their values.

When the carrying amount of a tangible asset exceeds its recoverable value, an impairment loss is recognized in the statement of profit or loss and other comprehensive income. The recoverable value is the higher between the asset's net selling price and its value in use. Net selling price is the amount that would be received from the sale of a tangible asset in a free market. Value in use is the present value of the estimated future cash flows provided by the continuous use of an asset and its disposal at the end of its useful life. Recoverable amounts are estimated for each asset or, if not possible, for each cash-generating unit.

Management performs an annual assessment of whether the carrying amount exceeds the recoverable amount of its long-lived tangible assets based on available market data.

(k) Sterilized stock

Sterilized stock is the liability in domestic currency comprised by issued securities in circulation and deposits in domestic currency from the public sector and financial institutions which are not included in reserve requirements. The sterilized stock is the result from Central Banks' monetary operations to withdraw liquidity from the financial system and deposits of financial institutions, which, in case of reversal, would imply an increase in the monetary base.

Issued securities in circulation are measured at face value, recognizing the interest accrued in profit or loss for the year. Discounts granted at their placing date are deferred and amortized during the term of validity of the instrument using the effective interest rate method.



Indexed certificates of deposits -CDR BCRP- are adjusted for changes in the exchange rate of the U.S. dollar with respect to the sol. Those changes are recognized in the 'Adjustment for valuation – Article 89 of Organic Act' from net equity.

(l) ***Currency in circulation***

It includes banknotes and coins in legal tender issued by the Central Bank, which are held by the public and are recorded as liabilities in the statement of financial position at their face value in 'Monetary base'.

Currency not in circulation and kept in the Central Bank's vaults are recorded at their face value in off-balance sheet accounts.

(m) ***Employee benefits***

According to Article 58 of the Bylaws, the Central Bank annually transfers resources to the Fund for Diseases, Insurance and Pensions of the Central Bank's Employees (hereinafter the Fund) to meet the payment of obligations to its employees. The amount of transfers from the Central Bank to the Fund is approved on an annual basis by the Board of Directors.

The Central Bank has the following defined benefits plans:

- Supplementing retirement, widow, and burial benefits; and
- Other supplementing retirement benefits, related to health care benefits granted by the Central Bank.

The cost to the Central Bank of granting the benefits included in defined benefits plans is estimated separately for each plan using the projected unit credit method. Actuarial gains and losses of the defined benefits plans are fully recognized in profit or loss of the year in which they occur.

Assets or liabilities for defined benefits include the present value of the obligation, which is determined using mortality tables and a discount rate based on high quality corporate bonds (note 16), less costs for past services and fair value of the plan assets that will be used to settle said obligations. Plan assets are managed by long-term benefits fund for the personnel. Plan assets are neither available for creditors of the Central Bank nor can be directly paid to the Central Bank. The fair value of these assets is based on the information of market prices.

The Fund's net assets, which are considered by the Central Bank to reduce the actuarial reserve liabilities, are made up by the value of deposits and loans, net of obligations.

Supplementing retirement, widow, and burial benefits and other benefits less present value of the Fund's net assets, are recorded in 'Other liabilities' in the statement of financial position (note 16).

(n) ***Operational expenses and issuance costs of currency***

Operational expenses and expenses for transporting currency are recognized in profit or loss of the year in which they are incurred.

Cost of minting coins and coin blanks includes the cost of raw materials, labor costs and production overheads.

At initial recognition, printing costs of banknotes and costs of minting coins are recognized in 'other assets' in the statement of financial position (note 10(a) and (c)), and subsequently they are recognized in profit or loss of the period in which currency is set available for circulation for the first time.

(o) Cash and cash equivalents

Cash and cash equivalents comprises gross international reserves, net of currency in circulation recorded in 'Monetary base' in the statement of financial position, as follows:

	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Gross international reserves	226,372,590	203,109,543
Less:		
Currency in circulation	<u>(62,099,221)</u>	<u>(59,244,028)</u>
Cash and cash equivalents	<u>164,273,369</u>	<u>143,865,515</u>

The difference between total gross international reserves and reserves liabilities (consisting of obligations with international institutions) represents net international reserves. Such gross international reserves reflect the international liquidity of the country and its financial capacity in relation to other countries. They correspond to the Central Bank's available resources to meet its obligations in foreign currency.

(p) Provisions

A provision is only recognized when the Central Bank has a present (legal or implicit) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed each year, and are adjusted to reflect the best estimates as of the date of the statement of financial position. When the effect of the time value of money is material, the amount of a provision shall be the present value of future payments expected to be required to settle the obligation.

Expenses related to any provision are shown in the statement of profit or loss and other comprehensive income, net of any related refunds.

(q) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in notes to the financial statements, unless the possibility of an outflow of resources to cover a contingent liability is remote.

Contingent assets are not recognized in the financial statements. They are only disclosed in notes to the financial statements when an inflow of resources is probable.

(r) Domestic credit

Domestic credit comprises the following:



- Investments in securities issued by the MEF, which are recorded and classified as investments at FVOCI. They are initially recognized and subsequently measured in accordance with the criteria described in note 2.A(vi).
- Securities received from the MEF to hedge losses according to Article 93 of the Organic Act (note 1), which are recorded at their face value and accrue interest at agreed interest rates (coupon rate).
- Security repurchase agreements (Repo transactions) used to inject liquidity in domestic currency into financial institutions. This operation involves the purchase of securities at the commencement date of the operation, when financial institutions transfer the ownership of securities to the Central Bank, and at the maturity date of the operation, financial institutions repurchase the same securities and the Central Bank transfers the ownership of such securities. These transactions are recognized as assets in the statement of financial position with the counterpart amount in the deposit account of financial institutions.
- Currency repo transactions involve operations in which a market participant sells domestic or foreign currency to the Central Bank in exchange for a foreign or domestic currency, and agrees to re-purchase the sold currency at current market exchange rates. These transactions are recognized as assets in the statement of financial position with the counterpart amount in the deposit account of financial institutions in the currency lend.

(s) Foreign exchange swaps

Foreign exchange swaps, whose notional value is recorded in off-balance sheet accounts (note 20(e)), involves operations in which one counterparty pays a variable interest rate over a domestic currency notional amount in exchange that the counterparty pays a fixed interest rate over an equivalent notional amount in U.S. dollars, and also pays the exchange difference on the notional value in U.S. dollars.

The Central Bank calculates outstanding interest and interest payable, which are recognized in the statement of profit and loss and other comprehensive income in the year in which they are accrued, and are recorded into 'other financial incomes' and 'other financial expenses' with a counterpart amount in 'Other assets' and 'Other liabilities' in the statement of financial position, respectively. Similarly, the Central Bank recognizes the changes in the exchange difference on the notional amount in U.S. dollars in 'Adjustment for valuation – Article 89 of Organic Act' in equity, with a counterpart amount to 'assets' and 'liabilities,' mentioned above, as appropriate.

Upon maturity date, the Central Bank settles the operation in soles using prevailing market exchange rates.

(t) Subsequent events

Events after the end of the reporting period that provide additional information about the financial situation of the Central Bank at the date of the statement of financial position (adjusting events) are included in the financial statements. Significant subsequent events that are not adjusting events are disclosed in notes to the financial statements.

C. New accounting pronouncements

The following modifications, amendments and interpretations have been issued by the IASB and are effective for annual periods beginning on or after January 1, 2020.

IFRSs, amendments and interpretations	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	Annual periods beginning on or after January 1, 2020.
Definition of a Business (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2020.
Definition of Material (Amendments to IAS 1 and IAS 8)	Annual periods beginning on or after January 1, 2020.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely.

Since the standards indicated in paragraph (C) solely adopted in addition to those established by the Organic Act and those issued by the Central Bank's Board of Directors, they will not have a significant effect in the preparation of the financial statements. The Central Bank has not measured the effects of adopting such standards on its financial statements, if adopted.

3. DEPOSITS AT FOREIGN BANKS

As of December 31, this caption comprises the following:

	<u>Note</u>	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Term deposits (a)		62,237,563	51,436,775
Outstanding interest on term deposits (b)		<u>79,544</u>	<u>74,237</u>
		62,317,107	51,511,012
Demand deposits		3,028	9,770
Outstanding interest on gold deposits	6(b)	<u>77</u>	<u>718</u>
Total		<u>62,320,212</u>	<u>51,521,500</u>

- (a) As of December 31, 2019 and 2018, term deposits are held at tier 1 foreign banks, accrue interest at international market rates and are mainly stated in U.S. dollars for US\$ 16,082 million and US\$ 9,727 million, respectively.

As of December 31, 2019, deposits at foreign banks accrued interest at an annual interest rate of 1.66% (2018: 1.68%).

- (b) As of December 31, 2019 and 2018, the Central Bank recognized revenues from interest on deposits at foreign banks for S/ 1,283 million and S/ 940 million, respectively. They are recorded in 'financial revenues' in the statement of profit or loss and other comprehensive income.

4. DEPOSITS AT FOREIGN ORGANIZATIONS

As of December 31, 2019 and 2018, this caption corresponds to deposits at the IMF stated in SDR, which accrue interest at annual interest rates of 0.74% and 1.09%, respectively, and are not unrestricted, except when there are actual or potential balance of payments problems that require assistance from the IMF, or when there is a request of withdrawal from the membership of this international organization.



5. SECURITIES FROM INTERNATIONAL INSTITUTIONS

As of December 31, this caption comprises the following:

	2019			2018		
	Cost (i)	Unrealized gains and losses		Cost (i)	Unrealized gains and losses	
		Increase	Decrease (ii)		Increase	Decrease (ii)
	(\$/000)	(\$/000)	(\$/000)	(\$/000)	(\$/000)	(\$/000)
Financial assets measured at FVOCI						
Short-term foreign currency certificates of deposit (vi)	19,106,376	-	-	18,620,241	-	18,620,241
Short-term sovereign securities (iv)	50,007,545	22,428	(7,198)	53,544,404	131	53,315,268
Short-term supranational securities (v)	4,296,772	8,157	(649)	3,979,052	449	3,959,783
Long-term sovereign securities (iv)	73,512,645	625,472	(44,531)	56,211,465	132,443	56,035,385
Long-term supranational securities (v)	4,171,954	169,221	(114)	8,474,593	105,360	8,537,284
	151,095,292	825,278	(52,492)	140,829,755	238,383	140,467,961
Accrued interest	-	-	-	-	-	470,002
						140,937,963

(i) The cost of financial assets measured at FVOCI is the amortized cost.

(ii) As of December 31, 2019 and 2018, the decrease in the fair value reserve corresponds to the temporary decrease in the market price of investments.

(iii) The carrying amount corresponds to the estimated market price for financial assets measured at FVOCI.

(iv) As of December 31, 2019 and 2018, it corresponds to securities issued by central governments. The Central Bank's portfolio was mainly invested in sovereign bonds issued by the U.S. Government.

(v) As of December 31, 2019 and 2018, it corresponds to securities issued by supranational entities, such as the Andean Development Corporation (CAF, for its Spanish acronym), European Investment Bank (EIB), International Bank for Reconstruction and Development (IBRD), BIS, Asian Development Bank, among others.

(vi) As of December 31, 2019 and 2018, it mainly includes certificates of deposit.

As of December 31, 2019 and 2018, maturities and nominal interest rates of investments are as follows:

	Maturity		Nominal interest rate (i)							
	2019		2018		2019		2018			
	2019	2018	US\$	Other currencies	US\$	Other currencies	US\$	Other currencies		
			Min.%	Max.%	Min.%	Max.%	Min.%	Max.%		
Financial assets measured at FVOCI										
Short-term foreign currency certificates of deposit	Jan.2020 / Feb.2020	Jan.2019 / Mar.2019	2.08	2.30	(0.45)	1.96	2.46	3.13	(0.45)	2.22
Short-term sovereign securities	Jan.2020 / Dec.2020	Jan.2019 / Dec.2019	1.25	2.75	(0.49)	4.75	0.75	2.81	(0.32)	4.50
Short-term supranational securities	Jan.2020 / Nov.2020	Jan.2019 / Dec.2019	1.63	3.00	0.63	5.75	0.88	2.81	1.50	1.50
Long-term sovereign securities	Jan.2021 / May.2023	Jan.2020 / Aug.2023	1.13	3.13	0.50	6.50	1.13	3.13	0.38	6.50
Long-term supranational securities	Jan.2021 / Sep.2022	Jan.2020 / Dec.2021	1.63	3.00	1.70	6.00	1.63	3.05	0.63	6.00

(i) It corresponds to the coupon rate for investments in bonds, and the discount rate for certificates of deposit, bankers' acceptance, commercial papers, and other fixed income securities, excluding premiums or discounts obtained on the acquisition date of the instruments at coupon rate.

As of December 31, 2019 and 2018, securities from international institutions are tier 1 and low-risk financial instruments. Securities issued by international institutions or foreign public institutions have risk ratings of at least A+, according to the credit rating agencies: Moody's and Standard & Poor's. Certificates of deposit and Bankers' acceptances have a minimum rating of A, according to Fitch, Standard & Poor's and Moody's. These securities accrue interest at international market rates and are held at tier 1 foreign banks.

The following table shows the maturities of financial assets measured at FVOCI, excluding interest:

	2019 (S/ 000)	2018 (S/ 000)
Up to 3 months	56,744,358	41,497,513
3-12 months	16,689,073	34,397,779
1-3 years	75,586,328	61,960,275
3-5 years	1,047,665	820,939
More than 5 years	<u>1,800,654</u>	<u>1,791,455</u>
Total	<u>151,868,078</u>	<u>140,467,961</u>

As of December 31, 2019 and 2018, the Central Bank recognized income from net yield of securities for S/ 2,732 million and S/ 1,906 million, respectively. They are recorded in 'financial revenues' in the statement of profit or loss and other comprehensive income. Likewise, in 2019 and 2018, it was recognized an increase of S/ 1,135 million and S/ 282 million, respectively, in 'Fair value reserve' in equity (note 17.C).

6. GOLD

As of December 31, this caption comprises the following:

	2019 (S/ 000)	2018 (S/ 000)
In Peru		
Gold coins (a)	2,778,514	2,383,215
Provision for costs of converting gold into high purity or good delivery gold bars	<u>(2,261)</u>	<u>(2,300)</u>
	<u>2,776,253</u>	<u>2,380,915</u>
Abroad		
Gold bars (b)	<u>2,831,590</u>	<u>2,428,742</u>
Total	<u>5,607,843</u>	<u>4,809,657</u>

(a) As of December 31, 2019 and 2018, it corresponds to 552,101 gold troy ounces in commemorative coins deposited in the vaults of the Central Bank, which are valued at quotation value per troy ounce as of the aforementioned dates.

(b) As of December 31, 2019 and 2018, it corresponds to 562,647 gold troy ounces in high purity or good delivery gold bars deposited in tier 1 foreign banks under term deposits. As of December 31, 2019, these term deposits accrue interest at an annual rate between 0.01% and 0.03% and have a term between 88 and 153 days since the date of their

constitution (2018: accrued interest at an annual rate between 0.10% and 0.23% and had a term between 88 and 94 days since the date of their constitution). The accrued interest as of December 31, 2019 and 2018, was recorded in 'Deposits at foreign banks' in the statement of financial position (note 3).

7. CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

As of December 31, this caption comprises the following:

	2019 (S/ 000)	2018 (S/ 000)
Contributions to the FLAR (a)	1,722,275	1,700,108
Contributions to the IMF (b)	1,187,792	793,855
Contributions to the BIS (c)	300,866	307,898
	<u>3,210,933</u>	<u>2,801,861</u>

(a) This contribution grants Peru access to financing facilities from the FLAR. As of December 31, 2019, paid contributions to FLAR amount to US\$ 520 million, equivalent to S/ 1,722 million (2018: US\$ 505 million equivalent to S/ 1,700 million). As of December 31, 2019 and 2018, Peru's participation in FLAR accounts for 17% of its subscribed capital. Likewise, as of December 31, 2019, the Central Bank holds contributions pending of capitalization for US\$ 143 million, equivalent to S/ 475 million (2018: US\$ 159 million equivalent to S/ 535 million), which were recorded as outstanding accounts and accounts payable, and are recorded, net, in the statement of financial position (note 2.B(g)).

(b) Contribution to IMF grants Peru access to IMF's financing facilities. The IMF determines Peru's contribution as a participating country, which, as of December 31, 2019 and 2018, amounts to SDR 1,335 million; made up by contributions in SDR and in soles. As of December 31, 2019 and 2018, Peru's participation in the total shares held by the IMF's member countries is 0.28% and comprises the following:

	2019 (S/ 000)	2018 (S/ 000)
Contribution in SDR		
Contribution to the IMF in SDR (i)	1,187,792	793,855
Contribution in domestic currency		
Contribution to the IMF, equivalent in domestic currency (ii)	4,945,577	5,380,115
Revaluations to be settled – contribution to the IMF in domestic currency (iii)	(18,856)	69,201
	<u>4,926,721</u>	<u>5,449,316</u>
Total contribution to IMF	<u>6,114,513</u>	<u>6,243,171</u>

(i) As of December 31, 2019 and 2018, it corresponds to contributions granted by Peru to the IMF for SDR 259 million and SDR 169 million, respectively.

(ii) For contributions in soles, the Central Bank did not disburse any funds but constituted promissory notes in favor of the IMF, through which said institutions can arrange the cashing of the aforementioned contributions at any moment. Therefore, said counterpart account is recorded as a liability with the IMF in 'other foreign liabilities'

in the statement of financial position. This obligation does not accrue interest and can be requested at any moment.

- (iii) It corresponds to the exchange rate difference generated by the remeasurements of the contribution in domestic currency between April 30 and December 31 of each year. These remeasurements are settled at the closing of IMF's financial year, which takes place on April 30 every year.

Through Law N° 29823, published on December 29, 2011, the Congress of the Republic approved the increase in the Peru's quota in the IMF from SDR 638 million to SDR 1,335 billion.

- (c) The Central Bank participates as a member of that international institution since 2011. The BIS determines the percentage of participation of member countries, and in the case of Peru, its participation amounts to 3,000 shares. As of December 31, 2019 and 2018, 25% of the market value of such shares has been paid, corresponding to SDR 66 million, equivalent to S/ 301 million (2018: S/ 308 million). The 75% of the market value of said shares, corresponding to SDR 197 million, equivalent to S/ 903 million as of December 31, 2019 (2018: S/ 924 million), were recorded as outstanding accounts and accounts payable, which are recorded, net, in the statement of financial position (note 2.B(g)).

8. DOMESTIC CREDIT

As of December 31, this caption comprises the following:

	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
To banks (a)		
Currency repo transactions	10,687,500	7,278,000
Security repo transactions	6,284,135	5,816,908
Outstanding commissions from currency repo transactions	106,156	16,415
	<u>17,077,791</u>	<u>13,111,323</u>
To the public sector (b)		
Bonds issued by the MEF in foreign currency	2,004,696	1,892,585
Securities issued by the MEF in domestic currency	393,740	645,231
Currency repo transaction	191,900	62,000
Outstanding interest	67,713	78,381
Outstanding commissions from currency repo transactions	1,697	16
	<u>2,659,746</u>	<u>2,678,213</u>
To other entities and funds		
Currency repo transactions	129,000	14,500
Outstanding commissions from Currency repo transactions	1,465	27
	<u>130,465</u>	<u>14,527</u>
To financial institutions		
Currency repo transactions	41,700	3,500
Outstanding commissions from currency repo transactions	342	9
	<u>42,042</u>	<u>3,509</u>
Total	<u><u>19,910,044</u></u>	<u><u>15,807,572</u></u>

- (a) As of December 31, 2019 and 2018, the Central Bank carried out Currency repo transactions with financial institutions, whereby such institutions sold foreign or domestic currency to the Central Bank in exchange for domestic or foreign currency and, simultaneously, agreed to repurchase the sold currency at a later date at the exchange rate current at the repurchase date. The Central Bank charges a commission equivalent to the interest rate offered by each financial institution in auctions, less a discount established in the respective auction. As of December 31, 2019, these operations had interest rates ranging from 1.03% to 3.46%, with settlement dates between February 2020 and October 2020 (2018: interest rates from 0.65% to 3.40%, with settlement dates between January 2019 and October 2020).

Also, as of December 31, 2019, the Central Bank had current repurchase agreements of certificates of deposit and treasury bonds (security repos) with banks at an average annual interest rate of 3.78%, with settlement dates between January 2020 and November 2020 (2018: average annual interest rate of 3.95%, with settlement dates between January 2019 and July 2020).

- (b) As of December 31, 2019 and 2018, the Central Bank holds MEF's bonds issued in U.S. dollars acquired in the secondary market, which mature between July 2025 and November 2033, and accrue interest rates ranging from 7.35% to 8.75%, respectively. Such instruments are classified and valued as financial assets measured at FVOCI. As of December 31, 2019, an increase in fair value for S/ 201 million (2018: decrease of S/ 78 million) was recorded in 'fair value reserve' in the statement of financial position (note 17.C).

On the other hand, the Central Bank holds securities issued by the MEF that were received in August 2015 (after amortizations made during 2019, 2017 and 2016), which are intended to hedge 2014 losses. These securities were issued with a 20-year term at an annual interest rate of 2.20%, and shall be settled at maturity or when the call option is exercised. Such call option and amortization of interest, commissions and other expenses incurred by these bonds shall be debited to the Central Bank's profits (note 1).

Likewise, as of December 31, 2019 and 2018, the Central Bank carried out currency repo transactions with public institutions, whereby the institutions sold foreign or domestic currency to the Central Bank in exchange for domestic or foreign currency and, simultaneously, agreed to repurchase the sold currency at a later date at the exchange rate current at the repurchase date. The Central Bank charges a commission equivalent to the interest rate offered by each financial institution in auctions, less a discount established in the respective auction. As of December 31, 2019, these operations had interest rates ranging from 1.24% to 1.69%, with settlement dates in July 2020 (2018: interest rates from 1.40% to 1.48%, with settlement dates in June 2019).

- (c) In 2019 and 2018, the Central Bank recognized interest income and commissions from domestic credit transactions for S/ 425 million and S/ 526 million, respectively, which are recorded in 'Financial income' in the statement of profit or loss and other comprehensive income.

**9. PROPERTY, FURNITURE AND EQUIPMENT, NET**

The movement of property, furniture and equipment for the years 2019 and 2018, and the accumulated depreciation are as follows:

	Land	Building and other constructions	Furniture and office equipment	Vehicles	Various equipment	Units in transit	Total
	(S/000)	(S/000)	(S/000)	(S/000)	(S/000)	(S/000)	(S/000)
Cost							
Balance as of January 1, 2018	24,056	166,333	6,922	3,639	100,127	657	301,734
Additions	4,363	6,650	180	119	5,870	152	17,334
Transfers	-	120	-	-	429	(549)	-
Disposals and others	-	(735)	-	-	-	(108)	(843)
Balance as of December 31, 2018	28,419	172,368	7,102	3,758	106,426	152	318,225
Additions	-	1,751	180	222	9,926	521	12,600
Transfers	-	-	-	-	152	(152)	-
Disposals and others	-	(1,868)	-	-	-	-	(1,868)
Balance as of December 31, 2019	28,419	172,251	7,282	3,980	116,504	521	328,957
Accumulated depreciation							
Balance as of January 1, 2018	-	69,479	4,192	3,076	63,930	-	140,677
Depreciation	-	3,652	384	268	8,488	-	12,792
Disposals and others	-	(370)	-	-	-	-	(370)
Balance as of December 31, 2018	-	72,761	4,576	3,344	72,418	-	153,099
Additions	-	3,688	374	183	7,786	-	12,031
Disposals and others	-	(977)	-	-	-	-	(977)
Balance as of December 31, 2019	-	75,472	4,950	3,527	80,204	-	164,153
Carrying amount							
As of January 1, 2018	24,056	96,854	2,730	563	36,197	657	161,057
As of December 31, 2018	28,419	99,607	2,526	414	34,008	152	165,126
As of December 31, 2019	28,419	96,779	2,332	453	36,300	521	164,804

As of December 31, 2019 and 2018, the Central Bank has fully depreciated items of property, furniture and equipment, which are still in use for S/ 61 million and S/ 52 million, respectively.

The Central Bank has insurances on its main assets, according to policies established by management and the Board of Directors.

In 2019 and 2018, depreciation of property, furniture and equipment amounted to S/ 12 million and S/ 13 million, respectively, and is included in 'Operational expenses' and 'Issuance expenses and costs' for S/ 9 million and S/ 3 million, and S/ 10 million and S/ 3 million, respectively (notes 21 and 22).

Management annually performs an assessment to determine whether the carrying amount exceeds the recoverable value of its long-lived assets based on available market data. In management's opinion, there is no evidence of impairment of the long-lived assets held by the Central Bank as of December 31, 2019 and 2018.

As of December 31, 2019 and 2018, the Central Bank did not grant any asset as guarantee.

10. OTHER ASSETS

As of December 31, this caption comprises the following:

	2019 (S/ 000)	2018 (S/ 000)
Financial instruments		
Outstanding interest	20,677	5,088
Outstanding accounts from personnel	2,989	933
	23,666	6,021
Non-financial instruments		
Raw material, semi-finished and finished goods (a)	92,897	91,021
Collections (b)	79,543	81,818
Deferred charges (c)	46,611	87,294
Advance payments to suppliers	14,236	9,989
Intangible assets	9,157	8,699
Outstanding accounts (d)	4,573	-
Silver	1,076	2,161
Others	1,597	1,511
	249,690	282,493
Total	273,356	288,514

(a) Raw material comprises supplies acquired by the Central Bank for coin minting and is valued at average cost. The value of semi-finished and finished goods comprises cost of raw material, direct labor and manufacturing overhead.

(b) Collections comprise paintings, archaeological pieces, sculptures, collections of coins and banknotes, and other objects acquired by or donated to the Central Bank and maintained for display.

(c) Deferred charges mainly comprise cost of printing banknotes, which is charged to expenses when such banknotes enter circulation for the first time.

- (d) It mainly corresponds to the mortgage guarantee in favor of the Central Bank arising from lawsuits with third parties.

11. OTHER FOREIGN LIABILITIES

As of December 31, this caption comprises the following:

	2019 (S/ 000)	2018 (S/ 000)
SDR allocations and revaluations to be settled (a)	2,794,944	2,852,607
Allocation in Andean pesos (b)	66,220	67,380
Others	<u>2,041</u>	<u>2,516</u>
Total	<u>2,863,205</u>	<u>2,922,503</u>

- (a) As of December 31, 2019 and 2018, the account's balance is equivalent to SDR 610 million and corresponds to the distribution that the IMF made to Peru in proportion to its quota, according to the provisions of the IMF's Articles of Agreement. The balance at the aforementioned dates comprises exchange difference generated by revaluation of SDR allocation received from the IMF from the date of the account's last movement (December 26 and June 20, for years 2019 and 2018, respectively) until December 31 of each year, which amounts to S/ 11 million and S/ 36 million (negative revaluation).

SDR allocations accrue interest according to the conditions of the Articles of Agreement. As of December 31, 2019 and 2018, the annual interest rate was 0.74% and 1.10%, respectively.

- (b) The allocation in Andean pesos corresponds to those delivered by the FLAR for 20 million Andean pesos, equivalent to S/ 66 million and S/ 67 million as of December 31, 2019 and 2018, respectively. Said allocation neither accrues interest nor has a defined maturity for its cancellation. The counterpart account is an outstanding account recorded in 'Other foreign assets' in the statement of financial position.

In 2019 and 2018, the Central Bank recognized interest for approximately S/ 28 million and S/ 26 million, respectively, corresponding to its foreign liabilities, mainly for the obligations for SDR allocations, which are recorded in 'financial expenses' in the statement of profit or loss and other comprehensive income.

12. SECURITIES IN CIRCULATION

As of December 31, this caption comprises the following:

	2019 (S/ 000)	2018 (S/ 000)
Certificates of deposit (CDBCRP)	28,364,500	27,060,900
Discounts on sale	<u>(379,651)</u>	<u>(283,071)</u>
	<u>27,984,849</u>	<u>26,777,829</u>

As of December 31, 2019 and 2018, issued securities in circulation mainly comprise certificates of deposit in domestic currency, which are placed by the auction mechanism or by direct placement to withdraw liquidity surpluses from the financial system.

As of December 31, 2019, S/ 4,147 billion of certificates of deposit guarantee security repo transaction (2018: S/ 3,596 billion in guarantee).

In 2019 and 2018, the Central Bank recognized interest expense for issued securities in circulation for S/ 737 million and S/ 845 million, respectively, which is recorded in 'financial expenses' in the statement of profit or loss and other comprehensive income.

As of December 31, certificates of deposit issued by the Central Bank were acquired by:

	2019 (S/ 000)	2018 (S/ 000)
Banks	21,066,304	21,236,100
Deposit Insurance Fund	3,216,300	2,259,100
Banco de la Nación	2,750,000	2,537,600
Mutual funds and funds of administrators of pension funds	47,700	162,800
Financial institutions	524,196	428,400
Other institutions	760,000	436,900
	28,364,500	27,060,900
Discounts on sale	(379,651)	(283,071)
Total	27,984,849	26,777,829

As of December 31, 2019, certificates of deposit issued by the Central Bank mature between January 2020 and August 2021, and accrue interest at discount rates between 2.02% and 3.12% (2018: mature between January 2019 and June 2020, and accrued interest between 2.47% and 3.80%).

13. DEPOSITS IN DOMESTIC CURRENCY

As of December 31, this caption comprises the following:

	2019 (S/ 000)	2018 (S/ 000)
Public sector	34,624,447	33,236,837
Banco de la Nación	11,038,351	6,302,707
Banks	1,130,000	217,000
Municipal savings and credit institutions	603,600	1,163,000
Financial institutions	334,300	389,500
Deposit Insurance Fund	24,997	465,104
Rural savings and credit institutions	47,500	32,600
Other institutions and funds	6,972	6,708
	47,810,167	41,813,456

As of December 31, deposits in domestic currency, per type of transaction, are classified as follows:

Type	Interest rate %	Maturity	2019 (S/ 000)	2018 (S/ 000)
Checking accounts	0 to 1.75	Without maturity	5,056,415	5,534,838
Term deposits	1.85 to 2.20	Jan. to Dec. 2020	35,600,000	28,163,511
Special deposits (overnight)	1.00 to 1.75	3 days	7,153,752	8,115,107
			47,810,167	41,813,456

In 2019 and 2018, the Central Bank recognized interest on deposits in domestic currency for S/ 922 million and S/ 934 million, respectively, which is recorded in 'financial expenses' in the statement of profit or loss and other comprehensive income.

14. MONETARY BASE

As of December 31, this caption comprises the following:

	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Currency in circulation (a)	62,099,221	59,244,028
Deposits in domestic currency (b)		
Banks	1,331,858	1,156,006
Municipal savings and credit institutions	465,257	409,956
Financial institutions	289,715	209,527
Banco de la Nación	280,000	250,000
Rural savings and credit institutions	98,636	97,516
Others	3	34
	<u>2,465,469</u>	<u>2,123,039</u>
	<u>64,564,690</u>	<u>61,367,067</u>

(a) Denomination of currency in circulation is as follows:

	<u>2019</u>		<u>2018</u>	
	Units	S/ (000)	Units	S/ (000)
Banknotes				
Denomination S/ 10	122,434,297	1,224,343	122,030,357	1,220,303
Denomination S/ 20	159,078,805	3,181,576	156,085,303	3,121,706
Denomination S/ 50	157,463,575	7,873,179	154,518,313	7,725,916
Denomination S/ 100	422,741,940	42,274,194	404,983,920	40,498,392
Denomination S/ 200	23,613,450	4,722,690	20,110,759	4,022,152
	-	<u>59,275,982</u>	-	<u>56,588,469</u>
Coins				
Denomination S/ 0.01	347,783,003	3,478	348,299,850	3,483
Denomination S/ 0.05	503,823,268	25,191	505,101,884	25,255
Denomination S/ 0.10	1,680,412,491	168,041	1,577,194,631	157,719
Denomination S/ 0.20	481,713,078	96,343	451,273,728	90,255
Denomination S/ 0.50	518,062,042	259,031	499,117,550	249,559
Denomination S/ 1.00	998,615,722	998,616	940,019,580	940,920
Denomination S/ 2.00	200,744,382	401,489	181,338,570	362,677
Denomination S/ 5.00	173,855,691	869,278	164,785,794	823,929
	-	<u>2,821,467</u>	-	<u>2,653,797</u>
Commemorative coins	-	1,772	-	1,762
		<u>62,099,221</u>		<u>59,244,028</u>

(b) As of December 31, 2019 and 2018, it corresponds to deposits in domestic currency of financial institutions subject to reserve requirements in the domestic financial system. Such funds are intended to hedge the amount of legal reserves required by the Central Bank for obligations subject to reserve requirements in domestic currency, which do not have maturity. Additionally, the amount of legal reserve requirements may be hedged with cash in domestic currency from institutions subject to reserve requirements.

Legal reserve requirements comprise minimum legal reserves and additional reserve requirements, which are defined as the part of the legal reserve requirements that exceeds the minimum legal reserves. As of December 31, 2019 and 2018, the minimum legal reserves had a rate of 5.0% for obligations subject to reserve requirements in domestic currency. Also, the obligations subject to reserve requirements are classified into two regimes: general and special.

As of December 31, 2019 and 2018, only additional reserve requirements in domestic currency are required for those institutions exceeding the limits of foreign currency sale transactions through forward contracts and swaps, as well as those entities that have obligations subject to the special regime. As of December 31, 2019, reserve requirement funds corresponding to the additional reserve requirements of the general and special regime in soles, which are deposited with the Central Bank, did not accrue interest, since the remuneration rate of deposits in domestic currency was zero. Such rate is equivalent to the remuneration rate of overnight deposits in domestic currency with the Central Bank (2019: 1.00%) less 195 bps (2018: remuneration rate of deposits in domestic currency was 0.00%).

On December 26, 2019, the Central Bank issued Circular 0018-2017-BCRP, referred to the provisions of reserve requirements in domestic currency, which amended the limits for the weekly and monthly agreed transactions for selling foreign currency in exchange for domestic currency through forward contracts and swaps.

On June 28, 2018, the Central Bank issued Circular 0023-2018-BCRP referred to the provisions of reserve requirements in domestic currency, which states that the reserve requirements rate shall be reduced from 36% to 35% for indexed obligations of the special regime of reserve requirements, and amends the limits for the weekly and monthly agreed transactions for selling foreign currency in exchange for domestic currency through forward contracts and swaps.

15. DEPOSITS IN FOREIGN CURRENCY

As of December 31, this caption comprises the following:

	2019 (S/ 000)	2018 (S/ 000)
Banks (a)	44,432,869	34,622,246
Public sector (b)	28,561,028	27,463,400
Other financial institutions (a)	788,018	910,160
Banco de la Nación (a)	1,861,377	170,250
Financial institutions (a)	357,204	292,316
Other institutions and funds	<u>3</u>	<u>1</u>
	<u>76,000,499</u>	<u>63,458,373</u>

- (a) As of December 31, 2019 and 2018, it corresponds to deposits in foreign currency of institutions subject to reserve requirements in the domestic financial system. Such funds are intended to hedge the amount of legal reserve required by the Central Bank for obligations subject to reserve requirements in foreign currency which do not have maturity.

Legal reserve requirements comprise minimum legal reserves, which, as of December 31, 2019 and 2018, had a rate of 9% for obligations subject to reserve requirements in foreign currency, and additional reserve requirements, which are defined as the part of the legal reserve requirements that exceeds the minimum legal reserves. As of December 31, 2019, the rate of the additional reserve requirements in foreign currency for banks was in average 26.5% (2018: 26.2%)

As of December 31, 2019, the reserve requirements funds corresponding to the additional reserve requirements of the general and special regime, which are deposited with the Central Bank, accrued interest at an annual rate of 1.2534% equivalent to the one-month LIBOR less 50 bps (2018: 1.9542%)

On December 26, 2019, the Central Bank issued Circular 0031-2019-BCRP, referred to the provisions of reserve requirements in foreign currency, which amended one of the limits to determine the additional reserve requirements according to the evolution of credit in foreign currency.

On June 28, 2018, the Central Bank issued Circular 0024-2018-BCRP, referred to the provisions of reserve requirements in foreign currency, which states that the upper limit for the average reserve requirements rate and the marginal reserve requirements rate for obligations subject to the general regime shall be reduced from 36% to 35%.

- (b) As of December 31, 2019 and 2018, deposits in foreign currency of public institutions are stated in U.S. dollars and mainly comprise agreements entered into with the General Directorate of Public Treasury of the MEF, which establish the conditions for deposit-taking activities from said institution. As of December 31, 2019, such deposits correspond to demand and term deposits, which accrued interest at an effective annual rate between 0.30% and 2.02% (2018: between 1.14% and 2.83%). Time deposits have maturities between January and March 2020 (2018: between January and March 2019).

In 2019 and 2018, the Central Bank recognized interest on deposits in foreign currency amounting to S/ 1,396 million and S/ 865 million, respectively, which is recorded in 'financial expenses' in the statement of profit or loss and other comprehensive income.

16. OTHER LIABILITIES

As of December 31, this caption comprises the following:

	<u>Note</u>	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Financial liabilities			
Reverse repurchase agreements of foreign currencies	8(a)/(b)	11,026,680	7,627,182
Interest and commissions payable		355,224	574,915
Deposit Insurance Fund		12,621	35,211
Accounts payable		8,028	5,116
Fund for diseases, insurance and pensions of Central Bank's employees		1,798	685
		<u>11,404,351</u>	<u>8,243,109</u>
Non-financial liabilities			
Actuarial liabilities		140,784	142,631
Other provisions		35,450	36,075
Others		5,063	5,740
		<u>181,297</u>	<u>184,446</u>
		<u>11,585,648</u>	<u>8,427,555</u>

As of December 31, 2019 and 2018, it comprises a provision for actuarial liabilities corresponding to an allowance for supplementing retirement, widow and burial benefits, and a reserve of current risks of health care services calculated by an actuary, less the value of the Fund's net assets (note 2.B(m)).

The Fund is a private institution incorporated by Decree-Law 7137, which is intended to provide assistance to the Central Bank's active and retired employees, as well as to their spouses, children and parents, in accordance with its regulations. This assistance is additional to social security benefits and other social benefits granted by Law (EsSalud, National Pension System - Decree-Law 19990, and Private Pension System). According to IAS 19 Employee Benefits, the aforementioned assistance corresponds to a defined benefits plan.

As of December 31, 2019 and 2018, 12.7% and 5.0% of the Fund's assets, respectively, are deposited with the Central Bank, and they mainly comprise deposits in domestic currency which accrue interest at an effective annual rate between 4.02% and 4.18%, respectively, and loans to employees of the Central Bank, which are directly discounted on the payroll.

Provision recovery and/or net expense recognized in the statement of profit or loss and other comprehensive income for employee benefits (note 21) comprises the following:

	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Changes in net assets of the Employees' Fund	8,216	2,975
Changes in reserves calculated by the actuary	521	(12,760)
	<u>8,737</u>	<u>(9,785)</u>

As of December 31, 2019 and 2018, the movement of the obligation for employee benefits and the fair value of the benefits' assets are the following:

	<u>Note</u>	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Balance at the beginning of the year		142,631	163,694
Transfers to the Fund during the year		(10,584)	(11,278)
Provision (recovery) for employee benefits	21	8,737	(9,785)
		<u>140,784</u>	<u>142,631</u>

In January 2019 and 2018, the Central Bank's Board of Directors authorized the transfer to the Fund for Diseases, Insurance and Pensions of Central Bank's Employees of S/ 49 million and S/ 45 million, respectively. In 2019, from the aforementioned amount, S/ 10.6 million were used to pay pensions of retired personnel, which decreased the actuarial liability by the same amount (2018: S/ 11.3 million) and S/ 35.9 million were transferred to the Fund for health expenses of active personnel, which increased the balance of 'operational expenses' (2018: S/ 32.1 million) (note 21), and S/ 2.5 million were transferred to health expenses of National Mint (CNM) personnel, which were recognized in cost of issued coins (2018: S/ 1.6 million).

The main categories of the Fund's assets as a percentage of the fair value of total liquid assets are the following:

	2019		2018	
	S/ (000)	%	S/ (000)	%
Deposits with the Central Bank	1,802	13.0	685	5.0
Outstanding accounts from personnel	12,064	87.0	12,954	95.0
Total	13,866	100.0	13,639	100.0

The main hypotheses used when determining the actuarial liability for employee benefits are the following:

	2019	2018
Discount rate	6.00%	6.00%
(Decrease) increase in pensions	(4.6)%	(16.6)%
Average period for amortization of pensions	9.40	8.86
Active and retired personnel as of the date of the statement of financial position		
Males	1,018	968
Females	598	558
Mortality tables		
Males	SP-2005-H	SP-2005-H
Females	SP-2005-M	SP-2005-M

The sensibility of the actuarial assumptions in the Central Bank's profit or loss is as follows:

Year	Increase/decrease in discount rate	Effects on reserve for the year
		S/ 000
2019	+50 pbs	(6,295)
	(50 pbs)	6,835
2018	+50 pbs	(6,765)
	(50 pbs)	7,339
Year	Increase/decrease in life expectancy	Effects on reserve for the year
	Years	S/ 000
2019	+1	1,900
	(1)	2,712
2018	+1	2,421
	(1)	(2,257)

17. EQUITY

A. Capital

As of December 31, 2019 and 2018, the authorized, subscribed and paid-in capital by the Peruvian Government in accordance with regulations amounts to S/ 1,183 million.

The capital is not represented by shares and its value is only disclosed in 'capital' in the statement of financial position. Likewise, through a Supreme Decree countersigned by the MEF, the Central Bank's authorized capital may be adjusted.

B. Reserves***Legal reserve***

According to Article 92 of its Organic Act, the Central Bank shall distribute its net profits annually as follows: (i) 25% for the Public Treasury and (ii) 75% for the constitution and increase up to 100% of its capital of a reserve which, preferably, shall be used for capitalization.

On March 14, 2019, after the approval of the 2018 financial statements, the constitution of the legal reserve was agreed for 75% of the profit or loss for year 2018, applying S/ 378 million and becoming equivalent to the capital.

On March 26, 2018, after the approval of the 2017 financial statements, a part of the legal reserve was applied to hedge the 2017 loss for approximately S/ 66 million.

Special statutory reserve

According to Article 63 of the Central Bank's Bylaws, the surplus generated by the application of Article 92 of the Organic Act shall be used for the constitution of a special reserve.

On March 14, 2019, after the approval of the 2018 financial statements, the constitution of a special reserve was agreed for S/ 440 million, for the surplus of 75% of the profits corresponding to the Central Bank, since the legal reserve was equivalent to 100% of the capital.

C. Fair value reserve

The movement of this caption for the years 2019 and 2018 is as follows:

	<u>Note</u>	Securities from international institutions S/ (000)	Bonds issued by the MEF S/ (000)	Total S/ (000)
Balance as of January 1, 2018		(643,877)	(86,766)	(730,643)
Gains from fluctuations	5 and 8 (b)	296,080	-	296,080
Loss from fluctuations	5 and 8 (b)	(13,997)	(78,311)	(92,308)
Balance as of December 31, 2018		(361,794)	(165,077)	(526,871)
Gains from fluctuations	5 and 8 (b)	1,139,968	200,595	1,340,563
Loss from fluctuations	5 and 8 (b)	(5,388)	-	(5,388)
Balance as of December 31, 2019		772,786	35,518	808,304

D. Accumulated results

Article 93 of the Organic Act states that in case of losses, the legal reserves shall be applied to offset them. If said amount is insufficient, within 30 days from the approval of the statement of financial position, the Public Treasury shall issue and deliver to the Central Bank, for the unhedged amount, negotiable debt securities that shall accrue interest.

On March 14, 2019, after the approval of the 2018 financial statements, the transfer of S/ 273 million to the Public Treasury was approved for amortizing the bonds received from the Public Treasury and the corresponding interest, as described in note 1.

On March 26, 2018, a part of the legal reserve was applied to hedge the 2017 loss for S/ 66 million.

E. Adjustment for valuation Article 89 – Organic Act

In accordance with the accounting policies approved by the Board of Directors based on Article 89 of the Organic Act, the exchange rate differences resulting from the valuation in domestic currency of the Central Bank's assets and liabilities in gold, silver, currencies, SDR or other monetary units of international use, are debited or credited in this account but not considered as gains or losses for the year (note 2.B (d)).

The movement of this caption as of December 31, 2019 and 2018 is as follows:

	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Balance at the beginning of the year	11,558,501	7,384,611
Plus (less)		
Valuation of derivative instruments transactions and others related to exchange rate	(539,917)	631,671
Valuation of metals (gold)	798,286	109,150
Valuation of IMF's contribution and obligations	55,143	(40,319)
Valuation of U.S. dollars	(1,270,716)	3,356,532
Valuation of other currencies	(272,586)	116,856
Balance at the end of the year	<u>10,328,711</u>	<u>11,558,501</u>

18. TAX MATTERS

In accordance with the Income Tax Law, Peruvian public institutions are not subject to income tax. The Central Bank, as a withholding agent, is only subject to self-employment income tax, regular employment income tax, and social contributions.

The Tax Authorities are entitled to review and, if applicable, to amend the taxes calculated by the Central Bank within the 4 years following the year of the tax return filing. The Central Bank's tax returns for the years 2015 through 2019 are open for review by the Tax Authorities. Since discrepancies may arise over the interpretation of the current laws by the Tax Authorities, it is not possible to determine, to date, whether a future tax assessment will result in liabilities for the Central Bank. Therefore, any additional taxes, moratory interest or fines that might arise from eventual tax assessments should be applied to profit or loss of the year in which they are determined. In management's opinion, any possible additional settlement of taxes would not be significant for the financial statements of the Central Bank as of December 31, 2019 and 2018.

19. CONTINGENCIES

Certain civil and labor lawsuits have been filed against the Central Bank, for which the pertinent legal instruments and actions have been submitted and conducted. Therefore, the Central Bank's management and its legal advisors consider that, as of December 31, 2019 and 2018, it is not necessary to record a provision for possible losses as a result of these legal contingencies.

20. OFF-BALANCE SHEET ACCOUNTS

As of December 31, this caption comprises the following:

	<u>Note</u>	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Currency in circulation (a)		30,863,904	51,029,138
Forward operations (b)		80,124,565	77,783,541
Securities held in custody (c)		3,436,741	3,789,388
Futures operations (d)		-	137,563
Foreign exchange swaps (e)	2.B(s)	1,781,354	3,376,960
Public Treasury securities with repurchase agreement (f)		2,006,622	2,621,723
Others		366,523	419,400
Total		<u>118,579,709</u>	<u>139,157,713</u>

- (a) As of December 31, 2019 and 2018, it corresponds to the currency not in circulation that the Central Bank holds in its vaults. It comprises the following:

	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
New	26,306,090	45,598,690
Available	3,894,303	3,281,731
To be classified	456,637	1,766,565
To be destroyed	195,603	354,740
In transit	11,271	27,412
Total	<u>30,863,904</u>	<u>51,029,138</u>

The movement of 'currency in circulation' as of December 31, 2019 and 2018, is as follows:

	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Balance at the beginning of the year	51,029,138	44,453,379
Acquisition of currency	832,309	23,162,598
Destruction of currency	(18,142,350)	(12,613,477)
Removal of circulation, net of revenues	(2,855,193)	(3,973,362)
Balance at the end of the year	<u>30,863,904</u>	<u>51,029,138</u>

- (b) As of December 31, 2019 and 2018, it corresponds to the reference value (committed face value) of the Central Bank's forward operations in foreign currency, classified as held-for-trading instruments. As of December 31, 2019, the Central Bank has 85 forward operations with maturities between January and March 2020 (2018: 87 forward operations with maturities between January and November 2019). Likewise, as of December 31, 2019, the valuation of said instruments generated an asset for S/ 32 million (2018: S/ 133 million), which was recorded in 'Other available assets', and a liability for S/ 172 million (2018: S/ 461 million), which was recorded in 'Reserves liabilities.' Said valuation was recorded in 'Adjustment for valuation Article 89 – Organic Act' in equity (note 17.E). During 2019, the Central Bank recognized revenues for the forward contracts traded for S/ 768 million, which are included in 'return on operations with derivative instruments' in the statement of profit or loss and other comprehensive income (2018: S/ 651 million).

As of December 31, 2019 and 2018, the face value of forward operations per type of currency is as follows:

	2019 (S/ 000)	2018 (S/ 000)
Purchase of U.S. dollar / sell of currencies other than sol	38,951,778	38,147,951
Sell of Japanese yen / purchase of currencies other than sol	31,968,117	13,425,183
Sell of euro / purchase of currencies other than sol	6,949,334	17,401,037
Purchase of Canadian dollar / sell of currencies other than sol	535,428	-
Purchase of pound sterling / sell of currencies other than sol	-	76,630
Sell of pound sterling / purchase of currencies other than sol	789,627	3,649,240
Sell of Canadian dollar / purchase of currencies other than sol	-	4,441,616
Sell of Swiss francs / purchase of currencies other than sol	342,055	-
Purchase of Australian dollar / sell of currencies other than sol	588,226	641,884
Total	<u>80,124,565</u>	<u>77,783,541</u>

- (c) As of December 31, 2019 and 2018, securities held in custody mainly comprise promissory notes in guarantee for operations with the IMF.
- (d) As of December 31, 2018, it corresponds to the reference value (committed face value) of the Central Bank's futures transactions classified as held-for-trading instruments, which are managed directly by the BIS, according to guidelines approved by the Central Bank. As of December 31, 2018 the Central Bank had 352 future contracts, whose underlying assets are bonds of the U.S. Treasury issued in U.S. dollars, and whose maturities are in March 2019. Likewise, the estimated market value, provided by the BIS, generated an asset for S/ 1,282 thousand and a liability for S/ 86 thousand, which were recorded in 'other assets' and 'reserves liabilities', respectively, in the statement of financial position and 'net yield on securities', respectively, in the statement of profit or loss and other comprehensive income. As of December 31, 2019, the Central Bank does not have futures operations.
- (e) As of December 31, 2019, the Central Bank has 13 operations with banks, which are called foreign exchange swaps, whereby the notional value in soles in favor of the Central Bank is S/ 900 million, and the counterpart account in favor of other banks is US\$ 266 million (2018: 46 operations, with a notional value in soles in favor of the Central Bank for S/ 1,690 million and a counterpart account in favor of other banks for US\$ 501 million). The maturity of such operations is between January and February 2020 (2018: between January and February 2019). The interest rate for the notional value in soles equals to the capitalization of the Cumulative Overnight Interbank Transactions Index calculated and published by the Central Bank, which, as of December 31, 2019, was 2.25% (2018: 3.38%). On the aforementioned date, the average interest rate in U.S. dollars, determined by auction, amounted to -0.03% (2018: 1.88%).

In 2019, the Central Bank recognized interest income and expense paid and received on foreign exchange swaps for S/ 17 million and S/ 7 million, which are recorded in 'Other financial income' and 'Other financial expense' in the statement of profit or loss and other comprehensive income, respectively (2018: S/ 38 million and S/ 19 million, respectively). Additionally, during said period, the Central Bank recognized the effect of changes in the exchange rate on the notional amount in U.S. dollars as a debit to 'Adjustment for valuation – Article 89 of Organic Act' in equity for S/ 57 million, corresponding to financial institutions (note 17.E.).

- (f) As of December 31, 2019, the Central Bank has effective repurchase agreements of treasury bonds with banks for S/ 2,007 million (2018: S/ 2,622 million).

21. OPERATIONAL EXPENSES

This caption comprises the following:

	<u>Note</u>	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Personnel expenses and social benefits	23	155,432	157,170
Administrative expense (a)		56,530	54,626
Health expenses of active personnel	16(a)(i)	35,915	32,111
Expenses for actuarial provision (b)	16(a)	8,737	-
Depreciation	9	8,966	9,567
Amortization		1,849	2,220
Others		9,202	18,486
Total		<u>276,631</u>	<u>274,180</u>

- (a) In 2019 and 2018, administrative expenses mainly correspond to expenses for surveillance, data supplies, public utilities, trainings, advisory, insurance, among others.
- (b) As of December 31, 2019, expenses for actuarial provision amounted to S/ 8,7 million. As of December 2018, the Central Bank recorded a provision recovery for S/ 9.7 million in 'non-financial income' in the statement of profit or loss and other comprehensive income.

22. ISSUANCE EXPENSES AND COSTS

This caption comprises the following:

	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Cost of minting issued coins	57,317	45,497
Expenses for printing issued banknotes	41,524	36,860
Expenses for transporting currency	2,444	3,808
	<u>101,285</u>	<u>86,165</u>

23. REMUNERATIONS AND SOCIAL BENEFITS

This caption comprises the following:

	<u>2019</u> (S/ 000)	<u>2018</u> (S/ 000)
Salaries	85,830	85,863
Legal bonuses and vacations	26,682	28,728
Bonuses and allocations	17,731	17,375
Retirement compensation arrangement	9,423	9,477
EsSalud	8,859	8,971
Training	2,942	3,057
Others	3,965	3,699
	<u>155,432</u>	<u>157,170</u>

24. FINANCIAL INSTRUMENTS
A. Accounting classifications and fair values

The following table shows the carrying amount and fair value of financial assets and financial liabilities held by the Central Bank, including their levels in the fair value hierarchy.

Note	As of December 31, 2019				Fair value			
	At amortized cost	At FVOCI	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)
Financial assets								
	165,913	-	-	165,913	-	-	-	-
3	62,320,212	-	-	62,320,212	-	-	-	-
4	2,468,937	-	-	2,468,937	-	-	-	-
5	19,109,291	133,326,299	-	152,435,590	133,326,299	-	-	133,326,299
7	3,210,933	-	-	3,210,933	-	-	-	-
	2,356	160,806	-	163,162	-	160,806	-	160,806
	66,220	-	-	66,220	-	-	-	-
8	17,875,748	2,034,296	-	19,910,044	2,034,296	-	-	2,034,296
10	2,989	20,677	-	23,666	-	20,677	-	20,677
	105,222,599	135,542,078	-	240,764,677	135,360,595	181,483	-	135,542,078
Financial liabilities								
	-	171,833	6,830	178,663	-	171,833	-	171,833
7 and 11	-	-	7,789,926	7,789,926	-	-	-	-
12 and 13	-	-	75,795,016	75,795,016	-	-	-	-
14	-	-	64,564,690	64,564,690	-	-	-	-
15	-	-	76,000,499	76,000,499	-	-	-	-
16	-	-	11,404,351	11,404,351	-	-	-	-
	-	171,833	235,561,312	235,733,145	-	171,833	-	171,833

Note	As of December 31, 2018				Fair value			
	At amortized cost	At FVOCI	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(\$/000)	(\$/000)	(\$/000)	(\$/000)	(\$/000)	(\$/000)	(\$/000)	(\$/000)
Financial assets								
	168,834	-	-	168,834	-	-	-	-
3	51,521,500	-	-	51,521,500	-	-	-	-
4	2,522,915	-	-	2,522,915	-	-	-	-
5	22,321,398	118,616,565	-	140,937,963	118,616,565	-	-	118,616,565
7	2,801,861	-	-	2,801,861	-	-	-	-
	3,860	342,953	-	346,813	-	342,953	-	342,953
	67,380	-	-	67,380	-	-	-	-
8	13,814,868	1,992,704	-	15,807,572	1,992,704	-	-	1,992,704
10	933	5,088	-	6,021	-	5,088	-	5,088
	93,223,549	120,957,310	-	214,180,859	120,609,269	348,041	-	120,957,310
Financial liabilities								
	-	461,155	99,834	560,989	-	461,155	-	461,155
7 and 11	-	-	8,371,819	8,371,819	-	-	-	-
12 and 13	-	-	68,591,285	68,591,285	-	-	-	-
14	-	-	61,367,067	61,367,067	-	-	-	-
15	-	-	63,458,373	63,458,373	-	-	-	-
16	-	3,635	8,243,109	8,246,744	-	3,635	-	3,635
	-	464,790	210,131,487	210,596,277	-	464,790	-	464,790

B. Financial risk management

Due to the nature of its activities, the Central Bank is exposed to liquidity risk, credit risk, exchange risk, interest rate risk and operational risk. The Central Bank's risk management aims to reduce the potential adverse effects on its financial performance.

The Central Bank's statement of financial position mainly comprises financial instruments, as described in note 2.B(b). Gross international reserves are a relevant component of such instruments (they represent 89.9% and 90.3% as of December 31, 2019 and 2018, respectively). Reserve management adheres to the principles of security, liquidity and profitability indicated in Article 71 of the Organic Act. International reserves contribute to the country's economic and financial stability, insofar as they guarantee availability of foreign currency in extraordinary situations, such as in the case of an eventual significant withdrawal of foreign currency deposits from the domestic financial system or temporary external shocks, which may cause imbalances on the real economy and feedback expectations. Likewise, a suitable availability of currency helps to reduce the country risk and improve Peru's credit ratings, which results in better conditions for private and public Peruvian companies to obtain foreign credits, and contributes to the foreign investment growth in the country.

Financial risk management mainly focuses on foreign liquid reserves assets, which are traded in international markets. These assets comprise deposits with foreign institutions and organizations, securities from international institutions, and foreign gold holdings.

Risk management is carried out considering the following criteria:

- The Central Bank's reserve management policy prioritizes the preservation of capital while ensuring the liquidity of reserves. Once these conditions are met, yield of foreign assets is maximized.
- Management of foreign assets is closely related to the origin and characteristics of sources of foreign currency resources—i.e. Central Bank's liabilities—regarding the amount, currency, term, and volatility. In this sense, the Central Bank seeks to minimize the financial risks that may affect the value and availability of the resources managed by the Central Bank.

Foreign assets managed by the Central Bank are exposed to liquidity, credit, exchange rate and interest rate risks.

The Central Bank's management is well aware of the current market conditions and, based on its knowledge and experience, controls the aforementioned risks following the policies approved by the Board of Directors. The most important aspects for risk management are the following:

i Liquidity risk

It arises from the impossibility of trading securities at the appropriate moment. To mitigate this risk, fixed income instruments' degree of liquidity is controlled by selecting values from deep markets, establishing minimum amounts with respect to the issuance size and a limit for the percentage acquired in each issuance. The liquidity of instruments is reflected in a low bid-ask spread in their market price.

The Central Bank also minimizes this risk by dividing the investment portfolio into tranches that reflect the required liquidity to manage withdrawals associated with the different nature of reserve sources. This portfolio is divided into:

- Immediate availability tranche: It includes very short-term investments mainly to face obligations with local banks and unexpected events.
- Intermediation and liquidity tranches: It corresponds to deposits in foreign currency of financial (mainly for reserve requirements) and public institutions with the Central Bank. These resources help to make investments, which mainly comprise bank deposits with staggered maturity and high-liquidity fixed income instruments in international financial markets.
- Investment and diversification tranches: It comprises Central Bank's resources (foreign exchange position) and is aimed for investments including securities with terms generally longer than one year (mainly bonds), which may generate higher yield and support risk diversification.

As of December 31, the distribution of investments into tranches is reflected in the percentage composition by term at maturity of the investment portfolio as follows:

	<u>2019</u> (%)	<u>2018</u> (%)
Maturity		
0–3 months	55	49
3–12 months	8	17
More than 1 year	37	34
	<u>100</u>	<u>100</u>

The table below presents the Central Bank's undiscounted cash flows payable according to agreed contractual terms:



As of December 31, 2019

	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)
Financial liabilities per type (i)							
Sterilized Stock							
Certificates of deposit	1,909,617	4,749,219	16,901,945	4,424,068	-	-	27,984,849
Deposits in domestic currency	13,353,751	10,000,000	19,400,000	-	-	5,056,416	47,810,167
Monetary base	-	-	-	-	-	64,564,690	64,564,690
Deposits in foreign currency	25,959,309	10,280,655	-	-	-	39,760,535	76,000,499
Other financial liabilities		6,830	11,404,352	2,041	7,787,884	-	19,201,107
Total non-derivative liabilities (ii)	41,222,677	25,036,704	47,706,297	4,426,109	7,787,884	109,381,641	235,561,312
Accounts payable on derivative instruments	146,306	25,526	-	-	-	-	171,832
	41,368,983	25,062,230	47,706,297	4,426,109	7,787,884	109,381,641	235,733,144

As of December 31, 2018

	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)
Financial liabilities per type (i)							
Sterilized stock							
Certificates of deposit	3,184,008	8,820,660	13,581,329	1,191,832	-	-	26,777,829
Deposits in domestic currency	17,615,106	5,766,341	12,897,171	-	-	5,534,838	41,813,456
Monetary base	-	-	-	-	-	61,367,067	61,367,067
Deposits in foreign currency	22,308,406	7,816,080	-	-	-	33,333,886	63,458,372
Other financial liabilities	613,115	4,180,652	2,547,117	916,200	8,457,592	-	16,714,676
Total non-derivative financial liabilities (ii)	43,720,635	26,583,733	29,025,617	2,108,032	8,457,592	100,235,791	210,131,400
Accounts payable on derivative instruments	378,008	29,078	54,155	-	-	-	461,241
	44,098,643	26,612,811	29,079,772	2,108,032	8,457,592	100,235,791	210,592,641

(i) As of December 31, 2019 and 2018, financial liabilities do not include non-accrued interest.

(ii) As of December 31, 2019 and 2018, it corresponds to the valuation of held-for-trading instruments.

ii Credit risk

Credit risk refers to the possibility that a counterparty may be unable to meet an obligation with the Central Bank on a timely basis. In order to face this risk, investments are diversified into:

- Deposits with tier one foreign banks, according to the capital involved and to short-term and long-term risk ratings assigned by the main international credit rating agencies, such as Standard & Poor's, Moody's and Fitch.
- Fixed income securities issued by international organizations or foreign public institutions. As of December 31, 2019 and 2018, these securities shall have a long-term rating assigned in one of the five highest ratings from the more than twenty long-term ratings assigned by credit rating agencies.
- Debt investments of private institutions are not allowed.

The magnitude and concentration of the Central Bank's exposure to credit risk can be observed directly from the statement of financial position, which describes the size and composition of the Central Bank's financial assets.

The following is a summary of the risk rating of the investment portfolio as of December 31:

	<u>2019</u> (%)	<u>2018</u> (%)
Long-term rating		
AAA	42	53
AA+/AA/AA-	25	19
A+/A/A-	33	28
	<u>100</u>	<u>100</u>

Based on the obtained risk ratings and management's analysis, as of December 31, 2019 and 2018, the Central Bank has no exposure in countries or institutions with debt issues that may pose a credit risk for its deposits with foreign banks and investments.

iii Exchange rate risk

It refers to the risk to which the Central Bank is exposed due to fluctuations in the value of financial assets and financial liabilities arising from changes in exchange rates. The magnitude of the risk depends on:

- The imbalance between the Central Bank's assets and liabilities in foreign currency.
- The exchange rate of foreign currency transactions pending at the end of the period.

The Central Bank's assets are mostly invested in U.S. dollars, which reflects both the denomination of liabilities in foreign currency (mainly bank reserve requirements and special resident deposits) and the currency used by the Central Bank for intervention in the domestic foreign exchange market.

Foreign currency transactions are carried out at the free-market exchange rates.

As of December 31, 2019, the free market buying rate published by the SBS for transactions in U.S. dollars was S/3.311 (2018: S/3.369). Balances in other currencies have been stated in U.S. dollars at the exchange rate provided daily by Bloomberg, as described in paragraph (c) below.



(a) As of December 31, 2019, the Central Bank's assets and liabilities in foreign currency are as follows:

	2019			2018		
	U.S. Dollar (US\$ 000)	Other currencies (US\$ 000)	Total (US\$ 000)	U.S. Dollar (US\$ 000)	Other currencies (US\$ 000)	Total (US\$ 000)
Monetary assets						
Cash in foreign currency	50,110	-	50,110	50,114	-	50,114
Deposits at foreign banks	16,103,241	2,718,931	18,822,172	9,743,799	5,549,018	15,292,817
Deposits at foreign organizations	-	745,677	745,677	-	748,862	748,862
Securities from international institutions	33,483,332	12,555,807	46,039,139	32,646,207	9,187,561	41,833,768
Gold	-	1,693,701	1,693,701	-	1,427,621	1,427,621
Contributions to international institutions	520,168	449,609	969,777	504,633	327,026	831,659
Other available assets	40,798	8,481	49,279	101,439	1,503	102,942
Other foreign assets	-	20,000	20,000	-	20,000	20,000
Domestic credit	614,405	-	614,405	570,705	-	570,705
Other assets	5,869	369	6,238	3,013	717	3,730
	50,817,923	18,192,575	69,010,498	43,619,910	17,262,308	60,882,218
Monetary liabilities						
Reserves liabilities	52,518	1,442	53,960	156,417	10,098	166,515
Other foreign liabilities	-	20,000	20,000	-	20,000	20,000
Deposits in foreign currency	22,953,941	-	22,953,941	18,835,967	-	18,835,967
Other liabilities	3,362,926	-	3,362,926	2,310,659	257	2,310,916
	26,369,385	21,442	26,390,827	21,303,043	30,355	21,333,398
Subtotal	24,448,538	18,171,133	42,619,671	22,316,867	17,231,953	39,548,820
Derivative Instruments						
Forwards position, net	11,764,355	(11,756,412)	7,943	11,323,226	(11,338,249)	(15,023)
Net monetary position	36,212,893	6,414,721	42,627,614	33,640,093	5,893,704	39,533,797

- (b) Balances in foreign currency, SDR and precious metals as of December 31, 2019 and 2018, excluding derivative instruments, stated in their equivalence to thousands of U.S. dollars, are summarized as follows:

	2019 (US\$ 000)	2018 (US\$ 000)
Assets		
U.S. dollar	50,817,241	43 619 225
Japanese yen (i)	9,656,088	3 985 844
Euro	2,099,303	5 168 305
Gold	1,694,427	1 428 360
SDR (ii)	1,195,287	1 075 889
Pound sterling	724,283	1 525 147
Other currencies	2,823,869	4 079 448
	69,010,498	60 882 218
Liabilities		
U.S. dollar	26,369,385	21 303 043
SDR (ii)	1,096	1 522
Other currencies	20,346	28 833
	26,390,827	21 333 398
Net assets	42,619,671	39 548 820

- (i) As of December 31, 2019 and 2018, there is no exposure to this currency, since it is fully hedged by forward operations (note 20 (b)).
- (ii) The SDR is a foreign reserve asset created by the IMF and allocated to its member countries in proportion to their share as a country member. The SDR value is calculated daily by adding the U.S. dollar values (noon London quotation) of a basket of five currencies (U.S. dollar, Euro, Chinese yuan renminbi, Japanese yen and pound sterling). The amounts of each currency of the SDR basket are calculated according to agreed percentages.
- (c) The main foreign exchange rates used by the Central Bank in relation to the U.S. dollar as of December 31, 2019 and 2018 are the following:

	2019 (S/ 000)	2018 (S/ 000)
Gold troy ounce	1,519.970000	1,281.280000
Pound sterling	1.324000	1.275200
SDR	1.382830	1.390790
Euro	1.121700	1.145700
Japanese yen	0.009205	0.009124

According to Article 89 of the Organic Act, as of December 31, 2019, the Central Bank registered a net negative Adjustment for valuation of foreign currency for S/ 690 million (2018: net positive Adjustment for valuation for S/ 3,554 million) in 'Adjustment for valuation Article 89 – Organic Act' in equity (note 17.E.).

The following table shows the sensitivity analysis on changes in the price of the main currencies to which the Central Bank is exposed as of December 31, 2019 and 2018. The analysis determines the effect of devaluation or revaluation of a reasonably possible change in the exchange rate of soles against foreign currencies, and assumes that all other variables remain constant in the statement of profit or loss and other comprehensive income. A negative amount reflects a net potential decrease in equity, while a positive amount reflects a potential net increase. In both cases, these changes do not affect the Central Bank's profits because both are recorded as exchange differences in equity.

Sensitivity analysis	Change in exchange rates (%)	2019 (S/ 000)	2018 (S/ 000)
Devaluation			
U.S. dollar	5	7,055,687	6,661,999
U.S. dollar	10	14,111,373	13,323,997
Pound sterling	5	119,905	256,909
Pound sterling	10	239,810	513,819
Japanese yen	5	1,598,699	671,421
Japanese yen	10	3,197,399	1,342,841
Euro	5	66,800	870,172
Euro	10	133,599	1,740,343
Revaluation			
U.S. dollar	5	(7,055,687)	(6,661,999)
U.S. dollar	10	(14,111,373)	(13,323,997)
Pound sterling	5	(119,905)	(256,909)
Pound sterling	10	(239,810)	(513,819)
Japanese yen	5	(1,598,699)	(671,421)
Japanese yen	10	(3,197,399)	(1,342,841)
Euro	5	(66,800)	(870,172)
Euro	10	(133,599)	(1,740,343)

iv Interest rate risk

It is associated with unexpected changes in the market yield rates of the portfolio's fixed income assets, which could affect the market value of investments before their maturity. The longer the maturity period of investments, the greater the impact of changes in the yield on the market value of such investments. The measurement of such impact is reflected in the portfolio's duration, which reflects risk-return preferences of the Board of Directors.

The Central Bank faces this risk by considering the maturity structure of the liabilities for the maturity composition of its assets. This makes the total portfolio duration to be low, so the impact of changes in interest rates on the market value of the portfolio is limited. Likewise, maximum investment terms have been established, in line with the desired market risk profile for each portfolio instrument.

As of December 31, 2019 and 2018, the average duration of the investment portfolio (including internally managed foreign assets, deposits with foreign banks, investments in securities and gold holdings) was 0.73 years.

v. Operational risk

It refers to the effect of the uncertainty that the Bank faces on its ability to meet its strategic objectives and functions, safeguard its equity and protect its reputation, image and credibility. The latter as a result of internal process and control failures, human errors, information systems and supporting technology failures, breach of legal provisions and internal regulations, or occurrence of external events.

Operational risk management is part of all Central Bank's processes, involves all levels within the organization and is based on the application of a structured process under the "Three Lines of Defense" model, which guarantees a comprehensive operational risk management by promoting coordinated action among the different roles with a separation and independence level that maximizes their efficiency and effectiveness.

Risk Management and the Bank's managements perform operational risk assessments that include the following activities:

- Setting up framework and mapping of processes.
- Identifying risks to which processes are exposed, and controls applied to mitigate them.
- Performing risks analysis and assessment, as well as determining additional controls that need to be implemented in cases where assessment is above the Central Bank's tolerance level.

Once management has performed the risk assessment and determined the additional controls that shall be implemented, the Risk Management submits the assessments to the Risk Committee, which is the supervisory body in charge of approving policies and recommending actions regarding risk management and continuity of operations, as well as preventive actions and resolution of events that affect the Central Bank, and evaluating reports and proposals submitted by the Risk Management.

25. INFORMATION ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value or estimated market value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured under the assumptions that market participants would use to value the asset or liability, assuming that market participants act in their best economic interest.

When a financial instrument is traded in an active and liquid market, its fixed price in the market through real transactions offers the best evidence of its fair value. When a quoted market price is not available, or it cannot be an indicative of the fair value of the financial instrument, the fair value may be determined using the market value of another instrument that is substantially the same, the analysis of discounted cash flows or other valuation techniques, which may be significantly affected by the different assumptions made. Management has used its best judgment in the fair value measurement of its financial instruments. Fair value



estimates may not be an indicative of the net realizable value or the liquidation value of said instruments.

The methodologies and assumptions applied to determine estimated market values as of December 31, 2019 and 2018, in the applicable cases according to the policies of the Central Bank, depend on the terms and risk characteristics of the different financial instruments, as shown below:

- Cash in foreign currency and deposits with foreign banks represent cash and term deposits with banks, with terms up to 90 days, which do not represent significant credit risks or interest rate risks.
- The carrying amount of securities issued by international institutions classified as investments measured at FVOCI corresponds to their estimated market value.
- The carrying amount of gold corresponds to its market value.
- The value of the contributions to international institutions and of deposits with international institutions corresponds to their fair values, since they represent the amount the Central Bank would receive if it withdrew its membership from said institutions. Additionally, contributions to international institutions cannot be traded with third parties and accrue interest at interest rates based on their market risk.
- Issued securities in circulation accrue interest at fixed and variable rates according to the respective issuance.
- Deposits in domestic and foreign currency accrue interest at fixed and variable rates, which are fixed in periods under a year by the Central Bank.
- The carrying amount of currency held by the Central Bank recognized in 'Monetary base' corresponds to its market value, since it represents the currency in circulation in the Peruvian economy.

Consequently, as of December 31, 2019 and 2018, the Central Bank's management considers that the estimated fair values of its financial instruments does not differ significantly from their corresponding carrying amount.

26. SUBSEQUENT EVENTS

From December 31, 2019, to the date of the independent auditors' report, there have not been any material events that may affect the Central Bank's financial statements.



Daniel Hernández
Retrato de dama





APPENDICES

Daniel Hernández
Capitulación de Ayacucho



Appendix 1
GROSS DOMESTIC PRODUCT
(Million soles at 2007 prices)

Year	Gross Domestic Product 1/ (A)	Population 2/ (Thousand) (B)	GDP Per capita (Soles at 2007 prices) (C)	% change			Inflation 3/	Exports of goods 4/ (Million US\$)	Imports of goods 4/ (Million US\$)	Trade Balance (Million US\$)
				(A)	(B)	(C)				
1922	13,308	4,791	2,778	7.1	1.5	5.5	75	32	43	
1923	14,084	4,861	2,897	5.8	1.5	4.3	105	47	58	
1924	15,428	4,934	3,127	9.5	1.5	7.9	105	58	47	
1925	15,804	5,008	3,155	2.4	1.5	0.9	94	58	35	
1926	17,336	5,085	3,409	9.7	1.5	8.0	98	58	40	
1927	17,727	5,163	3,433	2.3	1.5	0.7	108	58	50	
1928	18,743	5,244	3,574	5.7	1.6	4.1	111	56	55	
1929	20,727	5,327	3,891	10.6	1.6	8.9	117	61	56	
1930	18,612	5,413	3,439	-10.2	1.6	-1.6	69	33	36	
1931	17,539	5,500	3,189	-5.8	1.6	-6.5	55	23	32	
1932	17,155	5,591	3,069	-2.2	1.6	-3.8	38	13	25	
1933	18,751	5,683	3,300	9.3	1.7	7.5	48	16	32	
1934	21,001	5,778	3,635	12.0	1.7	10.2	70	32	39	
1935	22,871	5,875	3,893	8.9	1.7	7.1	74	35	39	
1936	24,029	5,975	4,022	5.1	1.7	3.3	84	40	44	
1937	24,602	6,077	4,048	2.4	1.7	0.7	92	48	45	
1938	25,211	6,182	4,078	2.5	1.7	0.7	77	47	30	
1939	25,721	6,289	4,090	2.0	1.7	0.3	71	38	33	
1940	26,430	6,399	4,131	2.8	1.7	1.0	66	41	24	
1941	26,787	6,510	4,115	1.3	1.7	-0.4	76	44	32	
1942	26,231	6,623	3,961	-2.1	1.7	-3.7	76	42	34	
1943	26,937	6,738	3,998	2.7	1.7	0.9	71	55	16	
1944	29,142	6,856	4,250	8.2	1.8	6.3	84	63	21	
1945	30,539	6,978	4,376	4.8	1.8	3.0	104	68	36	
1946	32,495	7,102	4,576	6.4	1.8	4.5	151	99	53	
1947	33,554	7,228	4,642	3.3	1.8	1.5	154	134	20	
1948	34,838	7,358	4,735	3.8	1.8	2.0	162	134	28	
1949	37,699	7,492	5,032	8.2	1.8	6.3	187	149	21	
1950	40,520	7,777	5,261	8.5	3.8	4.9	198	155	43	
1951	44,711	7,979	5,604	10.3	3.8	6.5	259	223	36	
1952	47,347	8,187	5,783	5.9	2.6	3.2	246	257	-12	
1953	50,085	8,402	5,961	5.8	2.6	3.1	228	257	-29	
1954	52,762	8,625	6,117	5.3	2.7	2.6	254	225	-29	
1955	55,858	8,858	6,306	5.9	2.7	3.1	281	295	-13	
1956	58,484	9,099	6,428	4.7	2.7	1.9	320	342	-22	
1957	62,371	9,348	6,672	6.6	2.7	3.8	331	402	-71	
1958	61,706	9,606	6,424	-1.1	2.8	3.7	292	345	-53	
1959	63,653	9,874	6,446	3.2	2.8	0.4	323	381	-58	
1960	69,946	10,153	6,889	9.9	2.8	6.9	444	341	103	
1961	75,085	10,445	7,189	7.3	2.9	6.9	510	429	82	
1962	82,620	10,747	7,688	10.0	2.9	6.9	556	478	78	
1963	86,196	11,060	7,794	4.3	2.9	1.4	555	518	37	
1964	91,840	11,381	8,070	6.5	2.9	3.7	685	518	167	
1965	97,003	11,708	8,285	5.6	2.9	2.7	685	660	25	
1966	104,995	12,041	8,719	8.2	2.8	5.2	789	811	-23	
1967	109,040	12,382	8,806	3.9	2.8	1.0	742	810	-68	
1968	109,206	12,731	8,578	0.2	2.8	-2.6	840	673	167	
1969	113,044	13,088	8,637	3.5	2.8	0.7	880	659	221	
1970	116,849	13,454	8,685	3.4	2.8	0.6	1,034	700	335	
1971	122,213	13,835	8,837	4.6	2.8	1.7	885	730	159	
1972	126,463	14,215	8,897	3.5	2.8	0.7	945	812	133	
1973	134,401	14,608	9,200	6.3	2.8	3.4	1,112	1,033	79	
1974	147,017	15,009	9,795	9.4	2.7	6.5	1,513	1,908	-395	
1975	153,340	15,414	9,948	4.3	2.7	1.6	1,335	2,427	-1,092	
1976	155,559	15,826	9,829	1.4	2.7	-1.2	1,344	2,016	-672	

Appendix 1 GROSS DOMESTIC PRODUCT (Million soles at 2007 prices)

Year	Gross Domestic Product 1/ (A)	Population 2/ (Thousand) (B)	GDP Per capita (Soles at 2007 prices) (C)	% change			Inflation 3/ (Million US\$)	Exports of goods 4/ (Million US\$)	Imports of goods 4/ (Million US\$)	Trade Balance (Million US\$)
				(A)	(B)	(C)				
1977	156,102	16,245	9,609	0.3	2.6	-2.2	1,730	2,148	-418	
1978	151,977	16,670	9,117	-2.6	2.6	-5.1	2,038	1,668	370	
1979	158,194	17,100	9,251	4.1	2.6	1.5	3,719	1,954	1,765	
1980	167,596	17,532	9,559	5.9	2.5	3.3	3,951	3,080	871	
1981	176,001	17,968	9,845	5.6	2.5	3.0	3,328	3,802	-474	
1982	176,507	18,408	9,589	-0.2	2.5	-2.0	3,543	3,721	-177	
1983	158,136	18,852	8,388	-10.4	2.4	-12.5	3,036	3,722	-714	
1984	163,842	19,299	8,490	3.6	2.4	1.2	3,193	2,166	1,027	
1985	167,219	19,748	8,468	2.1	2.3	-0.3	3,021	1,823	1,199	
1986	182,981	20,201	9,058	9.4	2.3	7.0	2,573	2,649	-77	
1987	200,778	20,660	9,718	9.7	2.3	7.3	2,713	3,215	-502	
1988	181,822	21,120	8,609	-9.4	2.2	-11.4	2,720	2,865	-145	
1989	159,436	21,578	7,389	-12.3	2.1	-14.2	3,503	2,287	1,217	
1990	151,492	22,032	6,876	-5.0	2.1	-6.9	3,280	2,922	358	
1991	154,854	22,480	6,889	2.2	2.0	0.2	3,393	3,595	-202	
1992	154,017	22,924	6,719	-0.5	2.0	-0.2	3,578	4,001	-423	
1993	162,093	23,366	6,937	5.2	2.0	3.5	3,585	4,160	-576	
1994	182,044	23,806	7,647	12.3	1.9	5.3	4,424	5,499	-1,075	
1995	195,536	24,243	8,066	7.4	1.8	5.5	5,491	7,733	-2,241	
1996	201,009	24,689	8,142	2.8	1.8	0.9	5,878	7,864	-1,987	
1997	214,028	25,145	8,512	6.5	1.8	4.5	6,825	8,536	-1,711	
1998	213,190	25,593	8,330	-0.4	1.8	-2.1	5,757	8,219	-2,462	
1999	216,377	26,014	8,318	1.5	1.6	-0.1	6,088	6,710	-623	
2000	222,207	26,390	8,420	2.7	1.4	1.2	6,923	7,358	-403	
2001	223,580	26,715	8,369	0.6	1.2	-0.6	7,026	7,204	-179	
2002	235,773	26,999	8,733	5.5	1.1	4.3	7,174	7,393	-219	
2003	245,593	27,255	8,911	4.2	0.9	3.2	6,991	8,205	-1,214	
2004	257,770	27,492	9,376	5.0	0.9	4.1	7,091	8,205	-1,114	
2005	273,971	27,722	9,883	18.3	0.9	15.4	12,809	9,805	3,004	
2006	294,598	27,935	10,546	7.5	0.8	4.1	17,368	12,082	5,286	
2007	319,693	28,122	11,368	6.3	0.8	5.4	23,830	14,844	8,986	
2008	348,923	28,300	12,329	8.5	0.7	6.7	28,094	19,591	8,503	
2009	352,584	28,485	12,378	9.1	0.6	7.8	31,018	28,449	2,569	
2010	382,380	28,693	13,327	10.0	0.6	8.5	27,071	21,011	6,060	
2011	407,052	28,906	14,082	8.5	0.7	7.7	46,376	28,815	17,561	
2012	431,273	29,113	14,814	6.5	0.7	5.7	47,411	37,152	10,259	
2013	456,449	29,341	15,557	5.8	0.8	5.0	47,861	42,356	5,505	
2014	467,376	29,576	15,781	2.4	0.9	1.4	43,861	42,356	1,505	
2015	482,676	29,964	16,108	3.3	1.2	2.1	39,533	41,042	-1,509	
2016 5/	502,225	30,423	16,508	4.0	1.5	2.5	34,414	37,331	-2,916	
2017 5/	514,655	30,974	16,616	2.5	1.8	0.7	37,082	35,128	1,953	
2018 5/	535,083	31,562	16,953	4.0	1.9	2.0	45,422	38,722	6,700	
2019 5/	546,650	32,131	17,013	2.2	1.8	0.4	49,066	41,870	7,197	
							47,688	41,074	6,614	

1/ The values for 1922 - 1949 are based on Seminario and Beltrán: "Una estimación alternativa del GDP del siglo XX". For 1950 - 1989 are used GDP base 1979.

2/ Series provided by the INEI. The source of information for the period 1922 - 1949 is "Boletín de Análisis Demográfico, N° 01" ONEC, July 1964.

3/ Between 1922 and 1937, the value of inflation is the Poultryage inflation rate in the period.

4/ BCRP. Annual reports.

5/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 2
GROSS DOMESTIC PRODUCT BY PRODUCTION SECTOR
(Real % change)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture and Livestock 2/	4.3	4.1	5.9	2.7	1.6	3.5	2.7	2.8	7.8	3.2
- Agriculture	2.6	4.0	8.7	1.0	0.8	2.3	1.8	2.5	9.6	2.6
- Livestock	4.2	5.8	5.6	2.5	5.8	5.2	3.7	2.8	5.8	4.1
Fishing	-19.6	52.9	-32.2	24.8	-27.9	15.9	-10.1	4.7	47.7	-25.9
Mining and Hydrocarbons 3/	1.3	0.6	2.8	4.9	-0.9	9.5	16.3	3.4	-1.5	0.0
- Metallic mining	-2.7	-2.1	2.5	4.3	-2.2	15.7	21.2	4.5	-1.7	-0.8
- Hydrocarbons	15.0	5.1	1.0	7.2	4.0	-11.5	-5.1	-2.4	0.0	4.6
Manufacture 4/	10.8	8.6	2.5	4.9	-3.6	-1.5	-1.4	-0.2	5.9	-1.7
- Based on raw materials	-4.8	16.0	12.5	8.7	-9.4	1.6	-0.7	1.6	12.9	-8.8
- Non-primary industries	16.2	6.5	-0.5	3.6	-1.5	-2.5	-1.6	-0.9	3.4	1.2
Electricity and water	8.1	7.6	5.8	5.4	4.9	5.9	7.3	1.1	4.4	3.9
Construction	17.8	3.6	15.8	9.0	1.9	-5.8	-3.2	2.1	5.3	1.5
Commerce	12.5	8.9	7.2	5.9	4.4	3.9	1.8	1.0	2.6	3.0
Other services 5/	8.8	7.0	7.0	6.1	5.1	4.1	4.1	3.3	4.4	3.8
GDP	8.5	6.5	6.0	5.8	2.4	3.3	4.0	2.5	4.0	2.2
Primary	0.5	4.9	4.1	5.4	-2.5	6.7	9.6	3.0	3.6	-1.3
Non-primary	11.1	6.9	6.5	6.0	3.8	2.4	2.5	2.3	4.1	3.2

1/ Preliminary data.

2/ Includes the forestry sector.

3/ Includes non-metallic mining.

4/ Includes related services.

5/ Includes import duties and other taxes.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 3
GROSS DOMESTIC PRODUCT BY PRODUCTION SECTOR
(Million soles at 2007 prices)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
							1/	1/	1/	1/
Agriculture and Livestock 2/	21,766	22,658	23,992	24,640	25,028	25,894	26,584	27,328	29,461	30,395
- Agriculture	13,075	13,596	14,773	14,926	15,044	15,397	15,668	16,065	17,609	18,069
- Livestock	5,447	5,761	6,086	6,239	6,604	6,950	7,208	7,409	7,841	8,158
Fishing	1,891	2,892	1,960	2,445	1,762	2,042	1,836	1,921	2,837	2,103
Mining and Hydrocarbons 3/	50,714	51,043	52,473	55,034	54,553	59,715	69,445	71,823	70,749	70,714
- Metallic mining	33,929	33,210	34,044	35,494	34,703	40,155	48,662	50,840	49,957	49,537
- Hydrocarbons	7,828	8,225	8,310	8,909	9,261	8,199	7,781	7,591	7,588	7,937
Manufacture 4/	59,255	64,330	65,965	69,207	66,684	65,702	64,793	64,669	68,497	67,334
- Based on raw materials	13,143	15,243	17,145	18,641	16,890	17,154	17,027	17,302	19,531	17,813
- Non-primary industries	46,112	49,087	48,820	50,562	49,799	48,553	47,772	47,363	48,955	49,522
Electricity and water	6,501	6,994	7,401	7,804	8,185	8,671	9,306	9,412	9,826	10,211
Construction	23,993	24,848	28,779	31,356	31,960	30,101	29,135	29,748	31,334	31,812
Commerce	40,420	44,034	47,218	49,984	52,193	54,217	55,199	55,767	57,243	58,960
Other services 5/	177,840	190,253	203,486	215,978	227,011	236,335	245,927	253,986	265,135	275,122
GDP	382,380	407,052	431,273	456,449	467,376	482,676	502,225	514,655	535,083	546,650
Primary 3/	87,514	91,836	95,570	100,761	98,234	104,804	114,892	118,374	122,579	121,025
Non-primary 3/	294,866	315,216	335,703	355,688	369,143	377,872	387,333	396,281	412,504	425,625

1/ Preliminary data.

2/ Includes the forestry sector.

3/ Includes non-metallic mining.

4/ Includes related services.

5/ Includes import duties and other taxes.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 4
AGRICULTURE AND LIVESTOCK BY MAIN PRODUCTS
(% change)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture GDP	2.6	4.0	8.7	1.0	0.8	2.3	1.8	2.5	9.6	2.6
Domestic market	-0.7	-0.9	12.6	3.0	-0.8	3.2	-1.9	-0.3	8.4	-0.6
Rice	-5.3	-7.3	16.0	0.1	-4.9	8.8	0.5	-4.0	17.1	-10.4
Potato	1.1	7.0	9.9	2.3	2.8	0.2	-4.3	5.8	7.4	3.9
Alfalfa	2.1	2.5	4.7	4.1	-5.3	3.3	-2.7	-2.3	0.5	4.0
Banana	7.5	-2.0	5.8	1.4	0.7	-3.3	0.9	-4.5	10.8	3.9
Cassava	6.4	-10.0	0.3	6.0	0.9	-2.9	-4.0	1.3	3.6	3.7
Onion	24.6	0.4	3.4	-0.6	1.4	0.3	-7.2	2.4	-10.9	-1.9
Amylaceous maize	-9.9	-0.7	9.9	9.6	-1.9	1.9	-9.9	-1.3	14.3	-1.6
Tangerine	33.3	6.8	19.0	11.7	8.2	5.4	12.8	1.0	18.0	5.4
Orange	4.5	6.1	2.4	2.3	2.7	1.3	7.6	1.5	0.9	2.4
Tomato	1.5	-17.3	23.3	9.9	5.5	-11.2	-1.4	-5.3	14.9	-20.2
Lemon	12.6	-3.6	3.5	3.0	15.5	1.6	0.9	-37.9	53.9	12.0
Agricultural for industry	-4.2	9.3	7.5	-2.0	-1.3	1.7	-10.6	-2.1	8.5	3.9
Hard yellow maize	0.8	-1.8	10.5	-2.0	-10.1	17.2	-14.3	1.4	1.3	0.5
Sugarcane	-0.8	0.3	4.9	6.0	3.6	-10.3	-3.7	-4.4	10.0	5.7
Oil palm	8.8	23.3	44.0	9.2	9.2	10.8	7.6	14.5	9.2	-0.9
Cotton	-33.6	91.4	-9.1	-25.5	11.9	-24.1	-35.3	-48.6	89.4	31.9
Agricultural export	15.6	14.1	0.6	-2.4	5.7	0.6	15.4	9.8	12.2	8.1
Coffee	14.7	18.7	-3.4	-20.1	-13.2	13.5	11.5	20.1	9.6	-1.7
Asparagus	6.8	17.0	-4.2	2.2	-1.7	-1.8	2.0	1.3	-5.9	1.7
Grapes	6.1	5.9	21.9	21.3	15.6	17.9	15.4	-6.5	0.1	-1.1
Avocado	17.1	15.9	25.7	7.6	20.9	7.8	20.9	2.5	8.1	6.2
Cocoa	26.7	21.2	10.6	14.4	14.2	13.4	16.6	12.9	10.5	0.9
Blueberry	n.a.	n.a.	n.a.	1,502.2	47.0	317.7	164.4	84.4	62.1	71.8
Mango	172.0	-22.5	-47.4	147.7	-18.0	-8.0	8.0	3.6	-2.1	41.8
Olive	946.5	-2.6	26.6	-37.6	163.0	-74.7	46.1	43.1	135.2	1.1
Quinoa	4.3	0.3	7.4	15.8	124.0	-7.9	-25.0	-0.8	10.3	3.5
Livestock GDP	4.2	5.8	5.6	2.5	5.8	5.2	3.7	2.8	5.8	4.1
Poultry	5.8	6.4	8.0	2.7	9.5	8.1	5.6	4.3	7.5	4.5
Milk	1.6	4.0	2.7	0.9	1.7	3.4	2.7	3.0	2.7	3.0
Beef	4.4	3.9	4.7	1.9	3.0	-0.1	-3.0	-0.8	0.5	1.7
Eggs	6.1	11.4	-1.1	11.4	2.5	7.7	3.8	3.6	8.9	8.0
Pork	0.9	1.4	7.5	1.8	5.3	5.6	4.5	5.6	4.6	5.0
TOTAL	4.3	4.1	5.9	2.7	1.6	3.5	2.7	2.8	7.8	3.2

1/ Preliminary data.

Source: MINAGRI.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 5
AGRICULTURE AND LIVESTOCK BY MAIN PRODUCTS
(Thousand tons)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture GDP										
Domestic market										
Rice	2,831	2,624	3,043	3,045	2,897	3,151	3,166	3,039	3,558	3,188
Potato	3,805	4,072	4,475	4,577	4,705	4,716	4,514	4,776	5,132	5,331
Alfalfa	6,241	6,398	6,696	6,974	6,605	6,822	6,637	6,487	6,522	6,780
Banana	2,007	1,968	2,082	2,111	2,126	2,056	2,074	1,981	2,195	2,280
Cassava	1,240	1,116	1,118	1,185	1,196	1,230	1,181	1,196	1,240	1,286
Onion	724	727	752	748	758	760	706	722	644	632
Amylaceous maize	258	256	281	308	302	308	277	274	313	308
Tangerine	221	236	281	314	340	358	404	408	482	508
Orange	395	419	429	439	450	456	491	498	503	515
Tomato	225	186	229	252	266	236	233	221	253	202
Lemon	222	214	222	228	264	268	270	168	258	289
Agricultural for industry										
Hard yellow maize	1,284	1,260	1,393	1,365	1,228	1,439	1,232	1,250	1,266	1,272
Sugarcane	9,858	9,885	10,369	10,992	11,390	10,212	9,833	9,400	10,336	10,929
Oil palm	292	360	518	566	618	684	736	843	921	913
Cotton	64	122	111	83	92	70	45	23	44	58
Agricultural export										
Coffee	279	332	320	256	222	252	281	337	370	363
Asparagus	335	392	376	384	378	371	378	383	361	367
Grapes	280	297	362	439	507	598	690	645	646	638
Avocado	184	214	269	289	349	377	455	467	505	536
Cocoa	47	56	62	71	82	93	108	122	135	136
Blueberry	0	0	0	2	3	11	28	52	85	146
Mango	454	352	185	459	376	346	374	387	379	537
Olive	75	73	93	58	152	38	56	80	189	191
Quinoa	41	41	44	51	115	106	79	79	87	90
Livestock GDP										
Poultry	1,244	1,323	1,429	1,467	1,607	1,736	1,834	1,914	2,058	2,150
Milk	1,678	1,746	1,793	1,810	1,840	1,903	1,954	2,014	2,067	2,129
Beef	337	350	367	374	385	384	373	370	372	378
Eggs	285	318	314	350	359	386	401	415	452	488
Pork	154	156	168	171	181	191	199	210	220	231

1/ Preliminary data.

Source: MINAGRI.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 6
FISHING PRODUCTION BY DESTINATION AND MAIN SPECIES
(% change)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
							1/	1/	1/	1/
Industrial consumption	-42.9	110.3	-47.2	28.9	-52.7	60.3	-24.4	15.9	91.8	-44.4
Anchovy	-42.9	110.2	-47.2	28.7	-52.6	60.3	-24.4	15.8	91.8	-44.4
Human consumption	4.4	26.4	-14.1	19.9	0.8	-4.4	-0.5	-1.5	3.6	5.4
Frozen										
Scallop	143.6	53.4	-57.7	129.3	-41.5	-71.6	-32.0	-54.4	694.8	-45.5
Shrimp	21.9	61.5	-2.9	-15.8	13.9	23.0	9.3	32.5	-18.7	33.4
Hake	-30.3	11.3	-26.2	48.1	-1.3	-16.7	0.6	44.0	-6.1	-13.0
Giant Squid	-7.8	13.9	22.5	-10.1	13.2	-8.2	-42.4	2.6	26.4	41.5
Canned										
Tuna	355.3	-28.3	-83.1	540.0	-33.7	134.1	-1.8	8.4	53.7	21.4
Chub mackerel	-81.1	110.5	-51.3	166.6	11.2	-48.2	276.6	-59.7	5.9	-13.9
Yellow mackerel	-59.6	1,342.2	-47.5	-83.5	23.4	-68.8	-85.1	155.5	1,288.5	101.3
Fresh										
Scallop	53.3	-69.1	-14.7	192.8	-72.1	1.3	-5.9	-35.5	315.1	-45.6
Yellow mackerel	-77.9	601.2	0.0	-25.3	-14.9	-62.2	-28.9	-44.8	113.7	175.6
Lists	-43.9	24.9	41.5	-27.0	-2.3	1.8	26.4	84.4	-19.7	3.0
Dogfish	23.1	13.9	-25.5	-6.8	32.0	48.2	22.5	-29.2	-45.1	-88.4
Fishing GDP	-19.6	52.9	-32.2	24.8	-27.9	15.9	-10.1	4.7	47.7	-25.9

1/ Preliminary data.

Source: PRODUCE.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 7 FISHING PRODUCTION BY DESTINATION AND MAIN SPECIES (Thousand tons)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
							1/	1/	1/	1/	1/
Industrial consumption											
Anchovy	3,330	7,000	3,694	4,754	2,255	3,616	2,733	3,165	6,073	3,379	
Human consumption											
Frozen											
Scallop	60	92	39	89	52	15	10	5	37	20	
Shrimp	14	23	23	19	22	27	29	39	32	42	
Hake	26	29	21	31	31	26	26	37	35	30	
Giant Squid	328	373	457	411	465	427	246	252	319	452	
Canned											
Tuna	9	7	1	7	5	11	11	12	18	22	
Chub mackerel	10	20	10	27	30	15	58	23	25	21	
Yellow mackerel	6	83	44	7	9	3	0	1	15	29	
Fresh											
Scallop	3	1	1	2	1	1	1	0	2	1	
Yellow mackerel	10	73	73	54	46	18	12	7	15	41	
Lists	10	12	17	13	12	12	16	29	23	24	
Dogfish	5	6	4	4	5	8	9	7	4	0	

1/ Preliminary data.

Source: PRODUCE.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 8
MINING AND HYDROCARBONS PRODUCTION BY MAIN PRODUCTS
(% change)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Metallic mining	-2.7	-2.1	2.5	4.3	-2.2	15.7	21.2	4.5	-1.7	-0.8
Copper	-1.7	0.1	9.4	7.4	0.6	25.8	40.1	4.5	-0.5	0.8
Tin	-9.7	-14.7	-9.6	-9.3	-2.4	-15.6	-3.7	-5.3	4.6	6.7
Iron	36.7	16.0	-4.7	-0.1	7.7	1.8	4.7	14.9	8.3	6.1
Gold	-10.8	1.3	-2.8	-3.3	-10.3	4.8	4.2	-0.7	-7.7	-8.4
Silver	-7.2	-6.1	1.8	5.6	2.5	8.9	6.7	1.0	-5.8	-7.2
Lead	-13.4	-12.1	8.3	6.9	4.1	13.8	-0.4	-2.4	-5.8	6.6
Zinc	-2.8	-14.6	2.0	5.4	-2.6	8.0	-5.9	10.2	0.1	-4.7
Molybdenum	37.9	12.8	-12.3	8.0	-6.2	18.4	27.8	9.3	-0.4	8.6
Hydrocarbons	15.0	5.1	1.0	7.2	4.0	-11.5	-5.1	-2.4	0.0	4.6
Crude oil	1.5	-4.3	-3.9	-5.9	10.2	-16.3	-30.2	7.6	12.2	8.4
Natural gas liquid	14.6	-1.5	4.1	20.9	-1.1	-11.6	3.9	-4.5	-5.8	1.5
Natural gas	104.0	56.9	4.4	2.8	6.0	-3.3	12.1	-7.6	-1.7	5.6
Mining and hydrocarbons GDP 2/	1.3	0.6	2.8	4.9	-0.9	9.5	16.3	3.4	-1.5	0.0

1/ Preliminary data.

2/ Includes non-metallic mining.

Source: INEI and MINEM.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 9
MINING AND HYDROCARBONS PRODUCTION BY MAIN PRODUCTS
 (Thousand recoverable units)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Metallic mining										
Copper (tons)	1,024	1,025	1,121	1,204	1,211	1,523	2,134	2,230	2,219	2,236
Tin (tons)	29	25	23	21	20	17	16	15	16	17
Iron (tons)	6,139	7,123	6,791	6,788	7,308	7,438	7,786	8,947	9,686	10,282
Gold (kilos)	159	161	157	152	136	143	149	148	136	125
Silver (kilos)	3,423	3,214	3,273	3,457	3,542	3,856	4,114	4,154	3,911	3,629
Lead (tons)	244	214	232	248	258	293	292	285	269	286
Zinc (tons)	1,254	1,072	1,093	1,153	1,122	1,212	1,141	1,257	1,258	1,198
Molybdenum (tons)	16	18	16	17	16	19	25	27	27	29
Hydrocarbons										
Crude oil (barrels)	26,531	25,387	24,396	22,956	25,296	21,173	14,773	15,899	17,837	19,339
Natural gas liquid (barrels)	30,832	30,354	31,596	38,187	37,751	33,359	34,672	33,120	31,199	31,659
Natural gas (cubic feet) 2/	255,609	401,169	418,795	430,559	456,407	441,239	494,431	456,849	449,244	474,234

1/ Preliminary data.

2/ In thousand.

Source: INEI and MINEM.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 10
MANUFACTURING PRODUCTION BY MAIN INDUSTRIAL GROUPS
(% change)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Manufacturing based on raw materials	-4.8	16.0	12.5	8.7	-9.4	1.6	-0.7	1.6	12.9	-8.8
Rice	-5.3	-7.3	16.0	0.1	-4.9	8.2	1.0	-4.0	15.4	-8.6
Sugar	-2.4	3.5	6.1	6.1	2.5	-9.6	5.1	-5.5	9.5	1.3
Meat products	4.9	11.9	0.6	2.2	7.1	5.8	4.4	2.9	6.4	3.1
Fishmeal and fish oil	-41.3	106.4	-8.2	24.3	-52.0	53.0	-21.3	13.6	95.5	-44.1
Canned and frozen fish products	-12.1	56.4	13.5	-5.1	3.2	-17.4	-6.1	-0.1	10.4	44.0
Refining of non-ferrous metals	-6.7	8.2	42.9	13.0	-5.0	-5.2	1.2	-2.7	1.9	-2.4
Refining of oil	15.9	-1.5	-13.4	-2.8	3.2	0.4	5.1	8.6	-6.6	-8.0
Non-primary manufacturing	16.2	6.5	-0.5	3.6	-1.5	-2.5	-1.6	-0.9	3.4	1.2
Food, beverages, and tobacco	9.1	5.1	0.5	0.1	1.9	0.2	-0.2	1.6	2.0	6.9
Textiles, leather, and footwear	28.5	-12.6	9.9	-4.1	16.3	-5.8	-5.4	1.8	-2.5	-6.0
Wood and furniture	13.2	5.5	4.9	-7.2	-6.8	-0.6	1.2	-12.6	10.1	6.5
Paper and print industry	17.7	7.7	-10.6	-0.8	1.0	-4.7	2.4	-1.4	0.1	-7.2
Chemical, rubber and plastic products	9.2	6.8	2.6	8.2	1.9	-2.8	0.9	-3.2	3.2	0.9
Non-metallic minerals	18.0	4.4	-15.9	3.0	-0.2	-1.6	-0.9	-1.4	1.8	2.7
Iron and steel industry	3.3	-2.1	44.3	8.3	5.9	-3.5	1.9	5.5	1.8	1.4
Metallic products, machinery and equipment	31.7	12.8	-16.3	16.9	-7.1	-1.4	-7.2	-1.0	9.4	2.5
Miscellaneous industries	-1.1	-0.4	40.2	24.2	-6.1	-2.6	-12.8	12.2	22.2	-0.9
Industrial services	15.6	15.1	-20.3	39.8	0.9	-6.5	2.4	-4.4	11.2	9.1
Manufacturing GDP 2/	10.8	8.6	2.5	4.9	-3.6	-1.5	-1.4	-0.2	5.9	-1.7

1/ Preliminary data.

2/ Includes secondary production.

Source: INEI and PRODUCE.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 11
MANUFACTURING PRODUCTION BY MAIN INDUSTRIAL GROUPS
(Million soles at 2007 prices)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
							1/	1/	1/	1/
Manufacturing based on raw materials	13,143	15,243	17,145	18,641	16,890	17,154	17,027	17,302	19,531	17,813
Rice	756	701	813	814	774	837	846	812	937	857
Sugar	575	595	632	670	687	621	653	617	676	685
Meat products	1,622	1,816	1,826	1,866	2,000	2,115	2,208	2,272	2,418	2,493
Fishmeal and fish oil	1,192	2,462	2,260	2,809	1,347	2,061	1,622	1,842	3,601	2,013
Canned and frozen fish products	575	899	1,020	968	999	825	774	774	854	1,231
Refining of non-ferrous metals	4,910	5,310	7,586	8,572	8,146	7,719	7,812	7,598	7,743	7,561
Refining of oil	3,525	3,472	3,008	2,923	3,016	3,027	3,180	3,454	3,228	2,970
Non-primary manufacturing	46,112	49,087	48,820	50,562	49,799	48,553	47,772	47,363	48,955	49,522
Food, beverages, and tobacco	9,737	10,232	10,278	10,286	10,481	10,504	10,484	10,654	10,863	11,617
Textiles, leather, and footwear	8,556	7,477	8,221	7,883	9,170	8,638	8,170	8,320	8,114	7,630
Wood and furniture	3,678	3,879	4,068	3,774	3,516	3,495	3,538	3,091	3,404	3,626
Paper and print industry	4,004	4,313	3,856	3,823	3,861	3,679	3,767	3,715	3,718	3,450
Chemical, rubber and plastic products	7,532	8,045	8,256	8,930	9,100	8,844	8,920	8,633	8,911	8,994
Non-metallic minerals	5,196	5,426	4,565	4,704	4,692	4,615	4,574	4,509	4,590	4,715
Iron and steel industry	889	870	1,255	1,360	1,440	1,390	1,417	1,495	1,522	1,543
Metallic products, machinery and equipment	4,576	5,162	4,322	5,054	4,693	4,627	4,296	4,251	4,650	4,766
Miscellaneous industries	1,009	1,005	1,409	1,749	1,643	1,600	1,396	1,565	1,914	1,896
Industrial services	934	1,075	857	1,198	1,208	1,130	1,157	1,106	1,230	1,342
Manufacturing GDP 2/	59,255	64,330	65,965	69,207	66,684	65,702	64,793	64,669	68,497	67,334

1/ Preliminary data.

2/ Includes secondary production.

Source: INEI and PRODUCE.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 12 GROSS DOMESTIC PRODUCT BY EXPENDITURE (Real % change)												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
							1/	1/	1/	1/	1/	1/
I. Domestic demand	14.9	7.8	7.3	7.2	2.2	2.6	1.1	1.5	4.2	2.3		
a. Private consumption	9.1	7.2	7.4	5.7	3.9	4.0	3.7	2.6	3.8	3.0		
b. Public consumption	5.6	4.8	8.1	6.7	6.0	9.8	-0.4	0.6	0.1	2.1		
c. Gross domestic investment	38.3	10.7	6.6	10.9	-3.1	-3.9	-5.0	-1.4	7.6	0.5		
Gross fixed investment	23.1	6.0	16.3	7.9	-2.3	-4.7	-4.3	-0.2	4.7	2.9		
i. Private	25.8	11.0	15.6	7.1	-2.2	-4.2	-5.4	0.2	4.5	4.0		
ii. Public	14.9	-11.2	19.5	11.1	-2.7	-6.9	0.3	-1.8	5.6	-1.4		
Change on inventories (Contribution to the GDP)	2.3	1.1	-2.5	0.6	-0.2	0.3	-0.1	-0.3	0.5	-0.5		
II. Exports of goods and non-financial services	1.3	6.1	6.5	-0.7	-0.8	4.7	9.1	7.4	2.4	0.8		
Minus:												
III. Imports of goods and non-financial services	25.9	11.4	11.4	4.2	-1.3	2.2	-2.3	3.9	3.2	1.2		
IV. GDP	8.5	6.5	6.0	5.8	2.4	3.3	4.0	2.5	4.0	2.2		
Memo:												
Domestic demand excluding inventories	12.0	6.6	9.8	6.4	2.4	2.3	1.2	1.7	3.6	2.9		

1/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 13
GROSS DOMESTIC PRODUCT BY EXPENDITURE
(Million soles at 2007 prices)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Domestic demand	373,368	402,671	432,005	462,999	473,343	485,786	491,200	498,522	519,526	531,530
a. Private consumption	235,492	252,507	271,305	286,857	298,045	309,917	321,383	329,870	342,541	352,747
b. Public consumption	42,036	44,063	47,634	50,802	53,845	59,148	58,919	59,267	59,299	60,523
c. Gross domestic investment	95,840	106,101	113,066	125,340	121,453	116,721	110,898	109,384	117,686	118,261
Gross fixed investment	98,132	104,027	121,028	130,548	127,530	121,515	116,277	116,060	121,545	125,048
i. Private	76,167	84,518	97,722	104,660	102,337	98,062	92,762	92,960	97,149	101,002
ii. Public	21,965	19,509	23,307	25,887	25,192	23,452	23,515	23,100	24,396	24,046
Change on inventories	-2,292	2,075	-7,962	-5,208	-6,077	-4,794	-5,379	-6,675	-3,860	-6,787
II. Exports of goods and non-financial services	106,217	112,676	119,948	119,167	118,174	123,730	134,957	144,887	148,402	149,623
Minus:										
III. Imports of goods and non-financial services	97,205	108,296	120,680	125,718	124,141	126,839	123,933	128,754	132,845	134,504
IV. GDP	382,380	407,052	431,273	456,449	467,376	482,676	502,225	514,655	535,083	546,650

1/ Preliminary data.
Source: INEI and BCRP.
Elaborated by the Department of Economic Studies, BCRP.



Appendix 14
GROSS DOMESTIC PRODUCT BY EXPENDITURE
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
							1/	1/	1/	1/
I. Domestic demand	407,697	451,805	498,838	550,537	584,408	625,148	656,573	683,352	725,978	758,739
a. Private consumption	260,420	288,646	321,457	349,438	374,811	403,631	433,542	457,462	481,279	506,221
b. Public consumption	44,531	48,111	55,002	61,210	67,800	77,205	78,814	81,724	83,837	87,557
c. Gross domestic investment	102,745	115,048	122,379	139,889	141,796	144,312	144,217	144,166	160,863	164,961
Gross fixed investment	105,238	112,708	131,350	146,160	149,023	150,536	151,148	152,889	166,137	174,344
i. Private	80,510	90,046	103,811	114,550	117,104	119,721	119,114	120,650	130,731	138,830
ii. Public	24,728	22,663	27,539	31,610	31,919	30,815	32,034	32,239	35,406	35,514
Change on inventories	-2,492	2,339	-8,971	-6,270	-7,227	-6,224	-6,932	-8,723	-5,275	-9,383
II. Exports of goods and non-financial services	111,470	139,337	137,956	131,632	129,161	129,866	146,428	169,565	184,521	184,066
Minus:										
III. Imports of goods and non-financial services	98,429	120,219	128,077	136,045	139,267	145,650	146,840	154,606	170,080	172,942
IV. GDP	420,738	470,923	508,717	546,124	574,302	609,365	656,161	698,310	740,420	769,863

1/ Preliminary data.
Source: INEI and BCRP.
Elaborated by the Department of Economic Studies, BCRP.

Appendix 15
GROSS DOMESTIC PRODUCT BY EXPENDITURE
(% structure)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Domestic demand	96.9	95.9	98.1	100.8	101.8	102.6	100.1	97.9	98.0	98.6
a. Private consumption	61.9	61.3	63.2	64.0	65.3	66.2	66.1	65.5	65.0	65.8
b. Public consumption	10.6	10.2	10.8	11.2	11.8	12.7	12.0	11.7	11.3	11.4
c. Gross domestic investment	24.4	24.4	24.1	25.6	24.7	23.7	22.0	20.6	21.7	21.4
Gross fixed investment	25.0	23.9	25.8	26.8	25.9	24.7	23.0	21.9	22.4	22.6
i. Private	19.1	19.1	20.4	21.0	20.4	19.6	18.2	17.3	17.7	18.0
ii. Public	5.9	4.8	5.4	5.8	5.6	5.1	4.9	4.6	4.8	4.6
Change on inventories	-0.6	0.5	-1.8	-1.1	-1.3	-1.0	-1.1	-1.2	-0.7	-1.2
II. Exports of goods and non-financial services	26.5	29.6	27.1	24.1	22.5	21.3	22.3	24.3	24.9	23.9
Minus:										
III. Imports of goods and non-financial services	23.4	25.5	25.2	24.9	24.2	23.9	22.4	22.1	23.0	22.5
IV. GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Preliminary data.
Source: INEI and BCRP.
Elaborated by the Department of Economic Studies, BCRP.

Appendix 17 NATIONAL DISPOSABLE INCOME (Million soles at 2007 prices)												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
							1/	1/	1/	1/	1/	1/
GDP	382,380	407,052	431,273	456,449	467,376	482,676	502,225	514,655	535,083	546,650		
+ Investment income	-29,034	-33,387	-30,156	-27,431	-22,766	-19,495	-22,681	-27,430	-27,788	-25,155		
Gross national product	353,346	373,665	401,117	429,018	444,611	463,182	479,544	487,225	507,295	521,496		
+ Terms of trade	4,062	13,185	10,303	2,301	-3,750	-12,687	-13,596	-4,740	-5,734	-8,107		
Gross national income	357,407	386,851	411,420	431,319	440,861	450,495	465,947	482,485	501,561	513,389		
+ Current transfers	7,830	7,860	7,560	7,613	10,059	8,254	10,029	8,544	8,369	8,701		
National disposable income	365,237	394,711	418,980	438,932	450,920	458,749	475,976	491,029	509,930	522,090		

1/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 18
MACROECONOMIC FLOWS
(% GDP)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. SAVINGS-INVESTMENT										
1. Domestic savings	22.0	22.5	20.9	20.5	20.2	18.7	19.4	19.3	20.0	19.9
a. Public sector ^{2/}	5.7	6.9	7.7	6.7	5.3	3.1	2.5	1.6	2.5	3.0
b. Private sector	16.3	15.6	13.2	13.8	14.9	15.6	16.8	17.7	17.6	16.9
2. External savings	2.4	2.0	3.2	5.1	4.5	5.0	2.6	1.3	1.7	1.5
3. Investment	24.4	24.4	24.1	25.6	24.7	23.7	22.0	20.6	21.7	21.4
a. Public sector	5.9	4.8	5.4	5.8	5.6	5.1	4.9	4.6	4.8	4.6
b. Private sector	18.5	19.6	18.6	19.8	19.1	18.6	17.1	16.0	16.9	16.8
II. BALANCE OF PAYMENT										
1. Current account balance	-2.4	-2.0	-3.2	-5.1	-4.5	-5.0	-2.6	-1.3	-1.7	-1.5
a. Trade balance	4.7	5.4	3.3	0.2	-0.7	-1.5	1.0	3.1	3.2	2.9
b. Services	-1.6	-1.3	-1.4	-1.1	-1.0	-1.1	-1.0	-0.7	-1.2	-1.3
c. Investment income	-7.5	-7.9	-6.8	-6.0	-4.9	-4.1	-4.6	-5.4	-5.2	-4.7
d. Current transfers	2.0	1.9	1.7	1.7	2.2	2.0	2.0	1.7	1.6	1.6
2. Financial account	8.8	5.5	10.2	5.1	2.9	5.4	2.8	1.4	0.7	4.6
a. Private sector	7.3	5.3	8.4	7.1	3.6	4.6	1.1	0.4	0.4	2.4
b. Public sector	1.6	0.4	0.8	-0.9	0.0	1.6	1.4	1.5	0.9	1.9
c. Short-term capital	-0.2	-0.2	1.0	-1.1	-0.7	-0.8	0.4	-0.5	-0.7	0.3
3. Exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Flow of BCRP net reserves (-)	7.5	2.7	7.7	1.4	-1.1	0.0	0.1	0.8	-1.6	3.0
5. Net errors and omissions	1.1	-0.8	0.7	1.5	0.5	-0.4	-0.2	0.7	-0.6	0.0
III. NON-FINANCIAL PUBLIC SECTOR										
1. Current account savings	6.3	7.5	8.1	7.1	6.0	3.9	2.8	1.9	2.9	3.4
2. Capital revenue	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.2
3. Capital expenditure	6.6	5.5	5.9	6.3	6.4	5.9	5.3	5.1	5.4	5.2
a. Public investment	5.9	4.8	5.4	5.8	5.6	5.1	4.9	4.6	4.8	4.6
b. Other capital expenditure	0.7	0.7	0.5	0.5	0.9	0.8	0.4	0.5	0.6	0.6
4. Overall balance	-0.2	2.1	2.3	0.9	-0.2	-1.9	-2.3	-3.0	-2.3	-1.6
5. Financing	0.2	-2.1	-2.3	-0.9	0.2	1.9	2.3	3.0	2.3	1.6
a. External financing	-0.5	0.2	-0.3	-0.8	-0.1	1.6	0.7	-1.5	-0.1	0.6
b. Domestic financing	0.6	-2.3	-2.0	-0.2	0.4	0.3	1.2	4.5	2.4	1.0
c. Privatization	0.1	0.0	0.0	0.1	0.0	0.0	0.5	0.0	0.0	0.0

1/ Preliminary data.

2/ The public gap (difference between saving and investment) is defined as the economic result of the public sector (fiscal deficit), so that public saving is deducted after considering the level of public investment.

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 19
BALANCE OF PAYMENT
(Million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Current account balance	-3,564	-3,374	-6,091	-10,380	-9,086	-9,526	-5,064	-2,779	-3,821	-3,531
1. Trade balance	6,988	9,224	6,393	504	-1,509	-2,916	1,953	6,700	7,197	6,614
a. FOB Exports	35,803	46,376	47,411	42,861	39,533	34,414	37,082	45,422	49,066	47,688
b. FOB Imports	-28,815	-37,152	-41,018	-42,356	-41,042	-37,331	-35,128	-38,722	-41,870	-41,074
2. Services	-2,353	-2,244	-2,631	-2,157	-2,041	-2,056	-2,002	-1,544	-2,759	-3,114
a. Exports	3,693	4,264	4,928	5,815	5,984	6,324	6,353	7,260	7,090	7,604
b. Imports	-6,046	-6,508	-7,559	-7,973	-8,025	-8,380	-8,355	-8,805	-9,850	-10,718
3. Investment income	-11,225	-13,555	-13,159	-12,073	-9,907	-7,884	-8,982	-11,523	-11,814	-10,749
a. Private	-10,971	-13,017	-12,429	-11,214	-9,197	-7,153	-8,120	-10,571	-10,694	-9,883
b. Public	-254	-538	-731	-859	-710	-731	-862	-953	-1,120	-867
4. Current transfers	3,026	3,201	3,307	3,346	4,372	3,331	3,967	3,589	3,556	3,718
of which: Remittances	2,534	2,697	2,788	2,707	2,637	2,725	2,884	3,051	3,225	3,326
II. Financial account	13,053	9,360	19,623	10,341	5,895	10,427	5,533	2,982	1,537	10,548
1. Private sector	10,939	9,060	16,170	14,434	7,279	8,817	2,175	884	917	5,512
a. Assets	-1,490	-1,793	-4,076	-1,625	-5,563	19	-2,304	-3,564	-3,558	-2,424
b. Liabilities	12,429	10,852	20,246	16,059	12,843	8,798	4,479	4,448	4,476	7,936
2. Public sector	2,372	682	1,466	-1,803	-67	3,110	2,650	3,249	2,122	4,417
a. Assets	-94	-253	-440	-347	-670	-473	-189	601	-201	214
b. Liabilities 2/	2,466	935	1,906	-1,456	603	3,583	2,839	2,648	2,323	4,203
3. Short-term capital	-258	-381	1,987	-2,291	-1,318	-1,500	708	-1,152	-1,503	618
a. Assets	-1,844	-423	-452	-423	-1,060	-2,021	208	-1,876	-2,323	2,005
b. Liabilities	1,587	42	2,439	-1,867	-258	521	500	724	820	-1,386
III. Exceptional financing	19	33	19	5	10	0	0	0	0	0
IV. Net errors and omissions	1,684	-1,333	1,256	2,941	1,003	-829	-300	1,426	-1,345	-108
V. Result of the Balance of Payments	11,192	4,686	14,806	2,907	-2,178	73	168	1,629	-3,629	6,909
(V = I + II + III + IV) = (1-2)										
1. Change in the balance of NIRS	10,970	4,711	15,176	1,672	-3,355	-823	201	1,936	-3,500	8,195
2. Valuation effect	-222	25	369	-1,235	-1,177	-896	32	307	130	1,286

1/ Preliminary data.

2/ Government bonds issued abroad and in the hands of residents are excluded from foreign liabilities of the public sector. Government bonds issued locally, in the hands of non-residents, are included foreign liabilities of this sector.

Source: BCRP, MEF, SBS, SUNAT, Mincetur, Promperú, 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 companies
Elaborated by the Department of Economic Studies, BCRP.



Appendix 20
BALANCE OF PAYMENT
(% GDP)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Current account balance	-2.4	-2.0	-3.2	-5.1	-4.5	-5.0	-2.6	-1.3	-1.7	-1.5
1. Trade balance	4.7	5.4	3.3	0.2	-0.7	-1.5	1.0	3.1	3.2	2.9
a. FOB Exports	24.0	27.1	24.5	21.2	19.5	18.0	19.0	21.2	21.8	20.7
b. FOB Imports	-19.3	-21.7	-21.2	-21.0	-20.3	-19.5	-18.0	-18.1	-18.6	-17.8
2. Services	-1.6	-1.3	-1.4	-1.1	-1.0	-1.1	-1.0	-0.7	-1.2	-1.3
a. Exports	2.5	2.5	2.6	2.9	3.0	3.3	3.3	3.4	3.1	3.3
b. Imports	-4.1	-3.8	-3.9	-3.9	-4.0	-4.4	-4.3	-4.1	-4.4	-4.6
3. Investment income	-7.5	-7.9	-6.8	-6.0	-4.9	-4.1	-4.6	-5.4	-5.2	-4.7
a. Private	-7.4	-7.6	-6.4	-5.5	-4.5	-3.7	-4.2	-4.9	-4.7	-4.3
b. Public	-0.2	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-0.4
4. Current transfers	2.0	1.9	1.7	1.7	2.2	1.7	2.0	1.7	1.6	1.6
of which: Remittances	1.7	1.6	1.4	1.3	1.3	1.4	1.5	1.4	1.4	1.4
II. Financial account	8.8	5.5	10.2	5.1	2.9	5.4	2.8	1.4	0.7	4.6
1. Private sector	7.3	5.3	8.4	7.1	3.6	4.6	1.1	0.4	0.4	2.4
a. Assets	-1.0	-1.0	-2.1	-0.8	-2.7	0.0	-1.2	-1.7	-1.6	-1.1
b. Liabilities	8.3	6.3	10.5	7.9	6.3	4.6	2.3	2.1	2.0	3.4
2. Public sector	1.6	0.4	0.8	-0.9	-0.0	1.6	1.4	1.5	0.9	1.9
a. Assets	-0.1	-0.1	-0.2	-0.2	-0.3	-0.2	-0.1	0.3	-0.1	0.1
b. Liabilities 2/	1.7	0.5	1.0	-0.7	0.3	1.9	1.5	1.2	1.0	1.8
3. Short-term capital	-0.2	-0.2	1.0	-1.1	-0.7	-0.8	0.4	-0.5	-0.7	0.3
a. Assets	-1.2	-0.2	-0.2	-0.2	-0.5	-1.1	0.1	-0.9	-1.0	0.9
b. Liabilities	1.1	0.0	1.3	-0.9	-0.1	0.3	0.3	0.3	0.4	-0.6
III. Exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IV. Net errors and omissions	1.1	-0.8	0.7	1.5	0.5	-0.4	-0.2	0.7	-0.6	-0.0
V. Result of the Balance of Payments (V = I + II + III + IV) = (1-2)	7.5	2.7	7.7	1.4	-1.1	0.0	0.1	0.8	-1.6	3.0
1. Change in the balance of NIRS	7.4	2.8	7.9	0.8	-1.7	-0.4	0.1	0.9	-1.6	3.6
2. Valuation effect	-0.1	0.0	0.2	-0.6	-0.6	-0.5	0.0	0.1	0.1	0.6
Memo:										
GDP (Million US\$)	149,036	171,146	193,130	202,107	202,342	191,323	194,660	214,352	225,308	230,809

1/ Preliminary data.

2/ Government bonds issued abroad and in the hands of residents are excluded from foreign liabilities of the public sector. Government bonds issued locally, in the hands of non-residents, are included foreign liabilities of this sector.

Source: BCRP, MEF, SBS, SUNAT, Mincetur, Promperú, Ministry of Foreign Affairs, Cofide, ONP, FCR, Tacna Free Trade Zone, Banco de la Nación, Cavalí S.A. ICLV, Proinversión, Bank for International Settlements (BIS), and companies

Elaborated by the Department of Economic Studies, BCRP.

Appendix 21
TRADE BALANCE
(FOB values in million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Exports	35,803	46,376	47,411	42,861	39,533	34,414	37,082	45,422	49,066	47,688
Traditional products	27,850	35,896	35,869	31,553	27,686	23,432	26,183	33,566	35,638	33,751
Non-traditional products	7,699	10,176	11,197	11,069	11,677	10,895	10,798	11,725	13,240	13,783
Others	254	304	345	238	171	88	101	130	189	154
2. Imports	28,815	37,152	41,018	42,356	41,042	37,331	35,128	38,722	41,870	41,074
Consumer goods	5,489	6,734	8,252	8,843	8,899	8,754	8,608	9,339	9,591	9,576
Inputs	14,023	18,332	19,273	19,528	18,797	15,911	15,022	17,902	20,516	19,101
Capital goods	9,074	11,730	13,347	13,664	12,911	12,002	11,232	11,316	11,641	12,295
Others	229	356	145	321	435	664	267	164	123	102
3. Trade Balance	6,988	9,224	6,393	504	-1,509	-2,916	1,953	6,700	7,197	6,614
Memo:										
Annual % change: 2/										
Terms of trade	21.0	7.9	-2.9	-6.0	-5.4	-6.9	-0.3	7.5	-0.4	-1.8
Index of X prices	30.5	22.6	-2.8	-6.4	-6.8	-15.5	-3.2	13.4	6.3	-3.4
Index of M prices	7.8	13.6	0.0	-0.5	-1.5	-9.2	-3.0	5.5	6.7	-1.7
Index of X volume	1.4	5.7	5.2	-3.4	-1.0	3.0	11.3	8.0	1.6	0.7
Index of M volume	27.2	13.5	10.4	3.8	-1.6	0.2	-3.0	4.5	1.3	-0.2
Index of X value	32.3	29.5	2.2	-9.6	-7.8	-12.9	7.8	22.5	8.0	-2.8
Index of M value	37.1	28.9	10.4	3.3	-3.1	-9.0	-5.9	10.2	8.1	-1.9

1/ Preliminar

2/ X: Exports; M: Imports

Source: BCRP, SUNAT, Tacna Free Trade Zone, Banco de la Nación, and companies.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 22
EXPORTS OF NON-TRADITIONAL PRODUCTS
(FOB values in million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017 ^{1/}	2018 ^{1/}	2019 ^{1/}
Agriculture and Livestock	2,203	2,836	3,083	3,444	4,231	4,409	4,702	5,146	5,913	6,341
Vegetables	866	995	1,044	1,083	1,112	1,143	1,154	1,130	1,114	3,544
Fruits	594	888	1,180	1,477	1,628	1,902	2,140	2,527	3,208	1,153
Various plant products	225	282	350	444	444	374	413	519	572	362
Cereals and its preparations	127	172	199	253	355	296	286	303	313	362
Tea, coffee, cocoa, and essences	196	264	239	251	355	393	416	371	398	434
Rest	195	235	282	288	337	302	293	295	309	316
Fishing	644	1,049	1,017	1,030	1,155	933	910	1,046	1,329	1,564
Frozen crustaceans and molluscs	354	479	423	566	588	439	454	526	686	936
Frozen fish	109	213	263	172	183	174	209	228	209	200
Preparations and canned products	141	310	269	242	326	249	194	240	367	367
Dried fish	26	31	31	30	35	40	37	34	39	41
Rest	13	16	31	20	23	31	16	18	18	21
Textiles	1,561	1,990	2,177	1,928	1,800	1,331	1,196	1,272	1,402	1,354
Clothes and other garments	1,202	1,543	1,641	1,477	1,218	928	872	903	991	1,006
Fabrics	145	204	302	273	296	182	149	155	157	159
Textile fibers	100	106	85	88	126	95	117	117	134	90
Yarns	114	136	139	151	160	126	104	98	109	99
Wood, paper and its manufacturing	359	402	438	427	416	353	322	344	339	321
Timber	138	127	124	117	132	120	102	99	102	108
Printed materials	66	82	97	83	66	56	55	54	52	47
Manufacturing of paper and cardboard products	119	145	173	180	174	144	132	162	157	146
Manufacturing of wood products	27	33	35	35	30	25	23	19	18	13
Wooden furnitures	7	8	7	8	7	4	4	4	5	4
Rest	3	6	2	5	6	2	5	6	5	3
Chemicals	1,228	1,655	1,636	1,510	1,515	1,406	1,344	1,385	1,562	1,600
Organic and inorganic chemicals	490	490	492	414	346	346	345	363	468	497
Plastic manufacturing	131	162	194	193	186	154	146	148	166	183
Dyeing, tanning and coloring products	252	280	342	375	415	398	337	375	421	468
Rubber manufacturing	63	93	91	98	93	77	70	74	77	75
Essential oils and toiletries	120	139	208	195	193	178	149	140	124	137
Rest	375	492	518	512	580	523	472	496	564	572
Non-metallic minerals	252	492	722	722	664	698	642	588	629	604
Cement and construction materials	89	106	123	149	167	178	159	167	182	149
Fertilizers and raw minerals	93	284	481	467	375	398	337	251	285	290
Glass and manufactures	33	52	60	62	74	77	115	119	91	97
Ceramic products	5	8	7	6	5	4	4	6	4	4
Rest	31	42	52	37	43	41	27	45	68	64
Iron-metallic and jewelry	949	1,130	1,301	1,320	1,149	1,081	1,085	1,273	1,325	1,310
Copper products	391	461	451	438	452	360	277	333	352	320
Zinc products	171	284	238	242	268	230	274	403	422	315
Iron products	126	139	179	152	158	143	136	151	181	173
Common manufacturing metals	75	83	88	116	92	86	88	101	97	82
Non-ferrous waste	11	12	11	12	10	10	12	14	11	12
Lead products	11	12	11	12	10	10	12	14	11	12
Silver products	69	72	207	204	192	126	161	95	78	242
Jewelry	72	73	84	101	92	83	94	123	129	116
Rest	26	38	35	39	38	26	23	29	35	27
Metal-mechanic	393	476	545	544	581	533	450	520	591	558
Highway vehicles	21	39	29	67	53	50	37	44	98	67
Industrial machinery, equipment, and parts	63	57	67	60	77	82	87	87	85	92
Electrical appliances, machinery, and parts	34	53	66	55	45	43	44	51	55	57
Iron and steel manufactured article	32	29	34	27	31	28	24	28	31	32
Office machines and data processing	9	10	13	12	14	11	13	10	13	10
Domestic equipment	6	7	2	1	2	2	1	2	2	1
Machinery and equipment for civil engineering	54	56	61	76	105	86	66	90	100	102
Force generating machinery and equipment	54	51	44	55	60	64	36	42	40	46
Common metal household items	110	15	13	10	9	9	6	10	10	11
Rest	110	160	216	181	188	156	136	157	158	141
Other 2/	110	147	277	143	165	151	146	152	150	131
Non-traditional products	7,699	10,176	11,197	11,069	11,677	10,895	10,798	11,725	13,240	13,783

1/ Preliminary data.

2/ Includes mainly fur and leather and handicrafts.
Source: BCRP, SUNAT, Tacna Free Trade Zone, Banco de la Nación, and companies.
Elaborated by the Department of Economic Studies, BCRP.

Appendix 23
EXPORTS BY GROUP OF PRODUCTS
(FOB values in million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Traditional products	27,850	35,896	35,869	31,553	27,686	23,432	26,183	33,566	35,638	33,751
Fishing	1,884	2,114	2,312	1,707	1,731	1,457	1,269	1,789	1,938	1,929
Agriculture	975	1,689	1,095	786	847	723	878	827	762	774
Mining	21,903	27,526	27,467	23,789	20,545	18,950	21,819	27,582	28,899	28,074
Oil and Natural gas	3,088	4,568	4,996	5,271	4,562	2,302	2,217	3,369	4,039	2,974
2. Non-traditional products	7,699	10,176	11,197	11,069	11,677	10,895	10,798	11,725	13,240	13,783
Agriculture and Livestock	2,203	2,836	3,083	3,444	4,231	4,409	4,702	5,146	5,913	6,341
Fishing	644	1,049	1,017	1,030	1,155	933	910	1,046	1,329	1,564
Textiles	1,561	1,990	2,177	1,928	1,800	1,331	1,196	1,272	1,402	1,354
Woods and papers	359	402	438	427	416	353	322	344	339	321
Chemicals	1,228	1,655	1,636	1,510	1,515	1,406	1,344	1,385	1,562	1,600
Non-metallic minerals	252	492	722	722	664	698	642	588	629	604
Basic metal industries and jewelry	949	1,130	1,301	1,320	1,149	1,081	1,085	1,273	1,325	1,310
Metal-mechanic	393	476	545	544	581	533	450	520	591	558
Other 1/	110	147	277	143	165	151	146	152	150	131
3. Other 2/	254	304	345	238	171	88	101	130	189	154
4. Total exports	35,803	46,376	47,411	42,861	39,533	34,414	37,082	45,422	49,066	47,688
Memo:										
Percentage structure (%)										
Traditional	77.8	77.4	75.7	73.6	70.0	68.1	70.6	73.9	72.6	70.8
Fishing	5.3	4.6	4.9	4.0	4.4	4.2	3.4	3.9	3.9	4.0
Agriculture	2.7	3.6	2.3	1.8	2.1	2.1	2.4	1.8	1.6	1.6
Mining	61.2	59.4	57.9	55.5	52.0	55.1	58.8	60.7	58.9	58.9
Oil and Natural gas	8.6	9.8	10.5	12.3	11.5	6.7	6.0	7.4	8.2	6.2
Non-traditional	21.5	21.9	23.6	25.8	29.5	31.7	29.1	25.8	27.0	28.9
Other 3/	0.7	0.7	0.7	0.6	0.4	0.3	0.3	0.3	0.4	0.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Preliminar

2/ Includes mainly fur and leather and handicrafts.

3/ Fuel and food sold to foreign ships and aircrafts and repairs of capital goods.

Source: BCRP, SUNAT, Tacna Free Trade Zone, Banco de la Nación and companies.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 24
EXPORTS OF TRADITIONAL PRODUCTS
(FOB values in million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture	975	1,689	1,095	786	847	723	878	827	762	774
Cotton	1.1	7.8	4.4	1.7	3.7	3.2	1.5	1.2	1.8	1.6
Volume (Thousand MT)	0.5	2.1	1.9	0.8	1.6	1.3	0.3	0.6	0.7	0.7
Price (US\$/MT)	2,418	3,762	2,358	2,142	2,371	2,415	1,889	1,911	2,442	2,148
Sugar	65	48	6	14	37	18	28	18	14	41
Volume (Thousand MT)	172	63	8	27	69	35	49	34	33	95
Price (US\$/MT)	578	760	691	525	535	575	432	532	432	427
Coffee	889	1,597	1,024	696	734	614	763	714	682	637
Volume (Thousand MT)	230	296	266	237	182	185	241	247	261	233
Price (US\$/MT)	3,863	5,388	3,842	2,930	4,028	3,319	3,160	2,887	2,610	2,738
Other agriculture products 2/	21	37	61	75	72	87	86	94	64	95
Fishing	1,884	2,114	2,312	1,707	1,731	1,457	1,269	1,789	1,938	1,929
Fishmeal	1,610	1,780	1,770	1,364	1,335	1,158	999	1,459	1,564	1,509
Volume (Thousand MT)	1,083	1,301	1,333	851	856	698	634	1,031	1,027	1,052
Price (US\$/MT)	1,486	1,368	1,328	1,602	1,560	1,658	1,576	1,415	1,523	1,435
Fishoil	274	333	542	343	395	299	270	330	375	420
Volume (Thousand MT)	254	235	312	126	163	119	95	171	196	184
Price (US\$/MT)	1,079	1,419	1,737	2,718	2,419	2,518	2,844	1,928	1,911	2,284
Mining	21,903	27,526	27,467	23,789	20,545	18,950	21,819	27,582	28,899	28,074
Copper	8,879	10,721	10,731	9,821	8,875	8,168	10,171	13,845	14,939	13,893
Volume (Thousand MT)	1,382	1,141	1,277	1,325	1,320	1,644	2,317	2,438	2,488	2,536
Price (US\$/pd.)	341	426	381	336	305	225	199	258	272	249
Tin	842	776	558	528	540	342	344	370	352	371
Volume (Thousand MT)	39.0	34.2	25.5	23.4	23.9	20.8	18.9	18.1	17.1	19.3
Price (US\$/pd.)	977.9	1,029.7	991.2	1,021.9	1,024.6	744.7	825.5	928.0	932.5	870.7
Iron	523	1,030	845	857	647	350	344	434	484	979
Volume (Million MT)	8.0	9.3	9.8	10.4	11.4	11.6	11.1	11.7	14.7	15.8
Price (US\$/MT)	65.7	111.3	86.3	82.6	56.9	30.1	31.0	37.1	33.0	62.1
Gold	7,745	10,235	10,746	8,536	6,729	6,651	7,426	8,270	8,259	8,482
Volume (thousand troy ounce)	6,335	6,492	6,427	6,047	5,323	5,444	5,937	6,564	6,513	6,097
Price (US\$/troy ounce)	1,222.6	1,576.5	1,671.9	1,411.6	1,264.1	1,157.9	1,250.8	1,260.0	1,267.9	1,391.2
Refined silver	118	219	210	479	331	138	120	118	123	76
Volume (million troy ounce)	6	7	7	21	17	9	7	7	8	5
Price (US\$/troy ounce)	19.2	33.7	30.2	22.6	19.3	15.5	16.8	17.0	15.7	16.1
Lead 3/	1,579	2,427	2,575	1,776	1,523	1,548	1,658	1,726	1,545	1,530
Volume (Thousand MT)	770	988	1,170	855	771	938	942	866	794	816
Price (US\$/pd.)	93.0	111.4	99.9	94.2	89.5	74.8	79.8	90.5	88.3	83.0
Zinc	1,696	1,523	1,352	1,414	1,504	1,508	1,469	2,399	2,574	2,103
Volume (Thousand MT)	1,282	990	995	1,059	1,124	1,190	1,103	1,237	1,208	1,188
Price (US\$/pd.)	60.0	69.8	61.7	60.5	60.7	57.5	60.4	88.0	96.6	80.3
Molybdenum	492	564	428	356	360	220	273	368	612	638
Volume (Thousand MT)	16.4	18.9	17.3	18.1	16.5	17.8	24.5	25.4	27.2	29.3
Price (US\$/pd.)	1,357.4	1,354.4	1,121.8	889.5	990.4	560.8	504.8	656.3	1,022.5	987.2
Other mining products 4/	29	31	22	23	38	27	15	51	11	2
Oil and Natural gas	3,088	4,568	4,996	5,271	4,562	2,302	2,217	3,369	4,039	2,974
Crude oil and derivatives	2,805	3,284	3,665	3,899	3,776	1,853	1,693	2,597	2,997	2,351
Volume (Millions bls.)	36.8	32.3	39.4	37.1	41.0	37.1	40.6	50.1	44.8	38.1
Price (US\$/bls.)	76.2	101.8	102.9	98.9	92.2	50.0	41.7	51.8	66.9	61.7
Natural gas	284	1,284	1,331	1,372	786	449	523	772	1,042	623
Volume (Thousand m ³)	3,605	8,969	8,737	9,562	9,227	8,093	9,589	9,222	8,455	9,018
Price (US\$/m ³)	78.6	143.1	152.3	143.5	85.2	55.5	54.6	83.7	123.2	69.1
Traditional products	27,850	35,896	35,869	31,553	27,686	23,432	26,183	33,566	35,638	33,751

1/ Preliminary data.

2/ Comprises coca leaves and derivatives, molasses, wool and furs.

3/ Includes silver content.

4/ Includes mainly bismuth and tungsten.

Source: BCRP, SUNAT, Tacna Free Trade Zone, Banco de la Nación, and companies.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 25
IMPORTS BY USE OR ECONOMIC DESTINATION
(FOB values in million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Consumer goods	5,489	6,734	8,252	8,843	8,899	8,754	8,608	9,339	9,591	9,576
Non-durable	2,809	3,489	4,082	4,502	4,657	4,731	4,635	5,156	5,305	5,409
Main foods	306	409	568	381	479	473	480	676	518	450
Rest	2,503	3,080	3,514	4,120	4,178	4,258	4,154	4,480	4,786	4,959
Durable	2,680	3,245	4,170	4,342	4,243	4,023	3,973	4,183	4,286	4,167
Inputs	14,023	18,332	19,273	19,528	18,797	15,911	15,022	17,902	20,516	19,101
Fuel, lubricants and related	4,063	5,752	5,885	6,454	5,754	3,671	3,820	5,390	6,593	5,648
Raw materials for agriculture	868	1,092	1,292	1,244	1,339	1,236	1,214	1,469	1,459	1,449
Raw materials for industry	9,093	11,488	12,096	11,830	11,704	11,003	9,989	11,044	12,463	12,004
Capital goods	9,074	11,730	13,347	13,664	12,911	12,002	11,232	11,316	11,641	12,295
Materials for construction	1,087	1,449	1,488	1,443	1,422	1,421	1,112	1,061	1,193	1,304
For agriculture	80	111	137	131	141	160	144	143	150	152
For industry	5,539	7,345	8,168	8,327	8,689	7,842	7,391	7,399	7,373	7,803
Transport equipments	2,369	2,825	3,554	3,762	2,660	2,579	2,584	2,714	2,926	3,037
Other goods 2/	229	356	145	321	435	664	267	164	123	102
Total imports	28,815	37,152	41,018	42,356	41,042	37,331	35,128	38,722	41,870	41,074
Memo:										
Temporary admission	420	698	734	648	326	364	216	387	312	410
Free zone 3/	131	136	140	238	217	207	212	212	212	220
Foodstuffs 4/	1,725	2,304	2,528	2,372	2,459	2,236	2,166	2,553	2,542	2,447
Wheat	368	536	516	568	555	486	391	479	489	464
Corn and/or sorghum	372	564	507	502	479	485	524	553	600	659
Rice	55	118	149	110	127	134	152	211	144	149
Sugar 5/	121	138	188	78	80	141	163	258	113	82
Dairy products	81	98	167	127	204	124	108	141	186	144
Soybean	679	795	936	920	946	791	771	845	935	874
Meat	49	55	64	66	68	74	58	66	75	75

1/ Preliminar

2/ Includes donations, fuel and food bought by Peruvian ships and aircrafts, repairs of capital goods abroad, as well as other goods not considered in the classification used.

3/ Imports into the Tacna Free Trade Zone.

4/ Excludes food donations.

5/ Includes unrefined raw sugar cane, classified as raw material.

Source: BCRP, SUNAT, Tacna Free Trade Zone, Banco de la Nación, and companies

Elaborated by the Department of Economic Studies, BCRP.



Appendix 26
TERMS OF TRADE
(Year 2007 = 100)

	Exports 1/			Imports 1/			Terms of trade		
	Index	Nominal prices % chg.	Volume Index	Index	Nominal prices % chg.	Volume Index	Index	Volume % chg.	% chg.
2010	117	30.5	109	112	7.8	131	104	27.2	21.0
2011	143	22.6	115	128	13.6	148	112	13.5	7.9
2012	139	-2.8	121	128	0.0	164	109	10.4	-2.9
2013	130	-6.4	117	127	-0.5	170	102	3.8	-6.0
2014	121	-6.8	116	125	-1.5	167	97	-1.6	-5.4
2015	102	-15.5	120	114	-9.2	168	90	0.2	-6.9
2016	99	-3.2	133	110	-3.0	163	90	-3.0	-0.3
2017	112	13.4	144	116	5.5	170	97	4.5	7.5
2018	120	6.3	146	124	6.7	172	96	1.3	-0.4
2019	115	-3.4	147	122	-1.7	172	95	-0.2	-1.8

1/Weighted according to the structure of trade in the previous year. Laspeyres index.
Source: BCRP, SUNAT, Tacna Free Trade Zone, Banco de la Nación, and companies.
Elaborated by the Department of Economic Studies, BCRP.

Appendix 27
COMMODITY PRICES
(Average data)

	Copper	Gold	Zinc	Silver	Lead	Tin	Crude oil	Fishmeal	Coffee	Sugar	Wheat	Maize	Soybean oil
	LME €US\$/pd.	LME US\$/tr.oz.	LME €US\$/pd.	Hi.Harman US\$/tr.oz.	LME €US\$/pd.	LME €US\$/pd.	WTI US\$/bar.	Hamburg US\$/MT	Others S.Arab. US\$/MT	Cont.14 US\$/MT	USA US\$/MT	USA US\$/MT	USA US\$/MT
2010	342	1,224	97.3	20.2	97.5	862.5	79.4	1,596	4,298	792	207	156	857
2011	397	1,588	98.7	35.9	108.1	1,175.0	95.4	1,427	6,047	838	299	263	1,192
2012	361	1,668	88.4	31.2	93.6	958.2	94.1	1,565	4,137	636	301	272	1,118
2013	333	1,411	86.7	23.8	97.1	1,010.8	97.9	1,644	3,108	450	299	233	986
2014	311	1,266	98.0	19.1	95.0	993.1	93.2	1,753	4,466	531	285	152	830
2015	250	1,160	87.6	15.7	81.1	728.9	48.7	1,728	3,539	546	219	138	666
2016	221	1,248	94.8	17.1	84.6	813.9	43.2	1,570	3,625	609	167	132	703
2017	280	1,257	131.1	17.1	105.0	910.0	50.9	1,352	3,359	615	166	128	723
2018	296	1,269	132.5	15.7	101.6	913.6	64.8	1,515	3,027	559	217	129	652
2019	273	1,392	115.6	16.2	90.5	846.0	56.9	1,470	3,032	576	199	142	642

Source: Reuters.
Elaborated by the Department of Economic Studies, BCRP.



Appendix 28
SERVICES
(Million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Transport										
1. Credit	-1,599	-1,531	-1,628	-1,367	-1,440	-1,404	-1,240	-1,280	-1,300	-1,516
2. Debit	854	994	1,223	1,524	1,380	1,376	1,335	1,483	1,611	1,648
a. Freight	-2,453	-2,524	-2,850	-2,891	-2,819	-2,780	-2,575	-2,763	-2,911	-3,164
Credit	-1,882	-1,964	-2,227	-2,227	-2,143	-1,964	-1,768	-1,868	-1,962	-2,105
Debit	37	49	46	39	37	31	18	40	52	42
b. Passengers	-1,919	-2,013	-2,273	-2,267	-2,180	-1,995	-1,786	-1,908	-2,014	-2,147
Credit	95	140	170	403	301	171	143	161	199	112
Debit	467	552	631	916	830	831	802	863	947	965
c. Others 2/	-372	-412	-461	-513	-529	-660	-658	-702	-749	-853
Credit	188	293	430	457	403	390	384	426	463	476
Debit	350	393	546	569	513	514	515	580	611	640
	-162	-99	-116	-111	-110	-124	-131	-153	-149	-164
II. Travel										
1. Credit	732	906	1,004	1,408	1,488	1,430	1,444	1,385	954	1,001
2. Debit	2,008	2,262	2,443	3,000	3,077	3,309	3,486	3,576	3,557	3,819
	-1,276	-1,356	-1,439	-1,592	-1,589	-1,879	-2,042	-2,191	-2,604	-2,818
III. Communications										
1. Credit	-78	-47	-74	-146	-146	-246	-249	-225	-209	-221
2. Debit	102	132	147	131	149	101	92	103	110	114
	-180	-179	-221	-278	-295	-348	-341	-328	-319	-335
IV. Insurance and reinsurance										
1. Credit	-325	-359	-366	-404	-376	-392	-406	210	-274	-244
2. Debit	166	230	361	400	539	636	568	1,201	797	881
	-491	-588	-728	-803	-915	-1,028	-975	-991	-1,071	-1,125
V. Others 3/										
1. Credit	-1,083	-1,214	-1,566	-1,649	-1,568	-1,444	-1,550	-1,634	-1,930	-2,134
2. Debit	562	646	755	760	838	902	872	897	1,016	1,142
	-1,645	-1,861	-2,321	-2,409	-2,406	-2,346	-2,422	-2,532	-2,946	-3,276
VI. Total services										
1. Credit	-2,353	-2,244	-2,631	-2,157	-2,041	-2,056	-2,002	-1,544	-2,759	-3,114
2. Debit	3,693	4,264	4,928	5,815	5,984	6,324	6,353	7,260	7,090	7,604
	-6,046	-6,508	-7,559	-7,973	-8,025	-8,380	-8,355	-8,805	-9,850	-10,718

1/ Preliminary data.

2/ Includes ship and airship port expenses and transport fees.

3/ Includes government, financial, and IT services, as well as royalties, equipment leasing, and business services.

Source: BCRP, SUNAT. Ministry of Foreign Affairs, and companies.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 29
INVESTMENT INCOME
(Million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Credits										
1. Privates	1,145	1,089	1,095	1,147	1,153	1,027	1,123	1,618	1,999	2,405
2. Publics	278	317	353	385	448	556	660	934	1,221	1,129
	867	772	742	762	704	471	463	684	778	1,276
II. Debits										
1. Privates	12,370	14,644	14,255	13,220	11,060	8,911	10,105	13,141	13,813	13,154
Profits 2/	11,249	13,334	12,782	11,599	9,646	7,709	8,780	11,505	11,915	11,012
Interests	10,714	12,697	12,108	10,666	8,492	6,157	7,116	9,612	9,859	9,064
- Interests on long-term loans	534	637	674	933	1,154	1,552	1,664	1,893	2,056	1,948
- Interests on bonds	363	455	420	439	490	823	939	1,087	1,117	1,005
- Interests on short-term loans 3/	46	44	139	371	568	608	567	597	647	661
2. Publics	125	137	115	122	96	121	158	209	292	282
Interests on long-term loans	1,121	1,309	1,473	1,621	1,414	1,202	1,325	1,636	1,898	2,142
Interests on bonds	337	289	286	421	209	200	224	239	256	232
Interests on BCRP liabilities 4/	781	1,020	1,187	1,200	1,204	1,002	1,101	1,397	1,641	1,911
	3	0	0	0	0	0	0	0	1	0
III. Income balance (I-II)										
1. Privates	-11,225	-13,555	-13,159	-12,073	-9,907	-7,884	-8,982	-11,523	-11,814	-10,749
2. Publics	-10,971	-13,017	-12,429	-11,214	-9,197	-7,153	-8,120	-10,571	-10,694	-9,883
	-254	-538	-731	-859	-710	-731	-862	-953	-1,120	-867

1/ Preliminary data.
2/ Accrued profits and losses in the period, including profits and dividends transferred abroad and non-distributed profits.
3/ Includes interests of non-financial public institutions.
4/ Includes interests on short- and long-term debts.
Source: BCRP, MEF, Cofide, ONP and companies.
Elaborated by the Department of Economic Studies, BCRP.



Appendix 30
PRIVATE SECTOR FINANCIAL ACCOUNT
(Million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Assets										
Direct investment abroad	-1,490	-1,793	-4,076	-1,625	-5,563	19	-2,304	-3,564	-3,558	-2,424
Portfolio investment abroad 2/	-436	-343	-1,756	-492	-1,107	-189	-1,156	-500	-19	-896
	-1,054	-1,450	-2,320	-1,133	-4,457	208	-1,148	-3,064	-3,539	-1,527
2. Liabilities										
Foreign direct investment	12,429	10,852	20,246	16,059	12,843	8,798	4,479	4,448	4,476	7,936
a. Reinvestment	8,455	7,682	13,622	9,826	3,930	8,314	6,739	6,860	6,488	8,892
b. Contributions and other capital operations	5,317	4,670	7,337	4,258	3,589	2,983	3,606	5,627	5,576	3,057
c. Net loans with parent companies	2,445	896	5,387	3,013	-1,139	4,060	2,574	1,944	681	2,940
Portfolio investment in the country	693	2,117	899	2,555	1,479	1,271	560	-710	231	2,895
a. Capital participations 3/	36	185	2,524	5,564	3,189	-976	-533	1,290	-411	1,268
b. Other liabilities 4/	87	147	-142	585	-79	-60	-307	-172	-442	-511
Long-term loans	-51	38	2,666	4,980	3,268	-916	-226	1,462	31	1,779
a. Disbursements	3,939	2,985	4,099	669	5,724	1,460	-1,726	-3,703	-1,601	-2,224
b. Amortization	5,254	4,503	6,779	4,870	9,418	6,053	3,187	4,127	4,014	3,516
	-1,315	-1,517	-2,679	-4,201	-3,694	-4,593	-4,914	-7,829	-5,616	-5,740
3. Total	10,939	9,060	16,170	14,434	7,279	8,817	2,175	884	917	5,512
Memo:										
Net Foreign Direct Investment	8,018	7,340	11,867	9,334	2,823	8,125	5,583	6,360	6,469	7,996

1/ Preliminary data.

2/ Equity and other financial assets from other countries acquired by the financial and non-financial sectors. The negative sign implies an increase of assets.

3/ Considers non-residents' net purchases of financial assets listed at Cavalli (security settlement institution) through the LSE and placements of American Depositary Receipts (ADRs).

4/ Includes bonds, promissory notes, and securitization instruments expressed in net terms (issuance minus redemption).

Source: BCRP, Cavalli ICLV S.A., Proinversión, and companies.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 31
PUBLIC SECTOR FINANCIAL ACCOUNT 1/
(Million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Disbursements	4,261	990	1,449	1,277	2,922	5,190	2,108	3,045	1,800	1,863
Investment projects	722	679	334	652	988	349	958	435	1,800	1,113
National government	509	616	317	195	133	289	805	366	473	1,064
Public enterprises	213	63	18	457	855	60	153	69	1,327	49
- Financial	0	0	0	430	304	36	109	1	44	0
- Non-financial	213	63	18	27	551	23	44	68	1,283	49
Freely disposable funds	875	311	115	125	244	985	0	0	0	0
Bonds	2,664	0	1,000	500	1,690	3,856	1,150	2,610	0	750
Global bonds 3/	2,664	0	500	0	500	3,056	1,150	0	0	750
Financial public enterprises	0	0	500	500	1,190	800	0	610	0	0
Non-financial public enterprises	0	0	0	0	0	0	0	2,000	0	0
II. Amortization	-5,268	-868	-1,215	-2,618	-1,592	-1,233	-1,957	-4,505	-1,614	-2,205
III. Net external assets	-94	-253	-440	-347	-670	-473	-189	601	-201	214
IV. Other operations with debt securities (a-b)	3,474	813	1,671	-115	-727	-374	2,688	4,108	2,137	4,545
a. Sovereign bonds held by non-residents	2,866	360	1,797	219	-657	216	1,959	4,554	1,822	4,190
b. Global bonds held by residents	-608	-452	126	333	70	591	-728	446	-315	-355
V. Total	2,372	682	1,466	-1,803	-67	3,110	2,650	3,249	2,122	4,417

1/ Medium- and long-term debt.

2/ Preliminary data.

3/ Bonds are classified according to the market where they are issued. Global bonds, issued abroad, include those purchased by residents.

Source: MEF and BCRP.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 32
SHORT-TERM CAPITAL FINANCIAL ACCOUNT
(Million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Commercial banks	855	-912	2,028	-2,359	9	643	-519	177	981	-3
Assets 2/	-194	-180	-72	-423	-445	283	-123	-601	109	504
Liabilities 3/	1,049	-732	2,100	-1,936	454	359	-396	777	872	-507
2. BCRP 4/	-80	0	0	0	0	0	0	0	0	0
3. Banco de la Nación	-11	-4	-51	66	-100	93	-1	-35	49	-37
Assets 2/	-11	-4	-51	66	-100	93	-1	-35	49	-37
Liabilities 3/	0	0	1	-0	-0	-0	0	0	0	0
4. Non-bank financial companies	42	9	50	-53	60	-329	346	11	23	-33
Assets 2/	3	2	-16	-46	29	-426	409	-147	-49	1
Liabilities 3/	39	7	67	-7	31	97	-64	158	72	-33
5. Non-financial sector 5/	-1,063	525	-40	56	-1,287	-1,907	882	-1,305	-2,556	691
Assets 2/	-1,642	-241	-311	-20	-544	-1,972	-77	-1,093	-2,432	1,538
Liabilities 3/	579	767	271	76	-744	65	960	-211	-124	-847
6. Total short-term capital	-258	-381	1,987	-2,291	-1,318	-1,500	708	-1,152	-1,503	618
Assets 2/	-1,844	-423	-452	-423	-1,060	-2,021	208	-1,876	-2,323	2,005
Liabilities 3/	1,587	42	2,439	-1,867	-258	521	500	724	820	-1,386

1/ Preliminary data.

2/ Negative sign indicates increase of assets.

3/ Positive sign indicates increase of liabilities.

4/ Obligations in domestic currency with non-residents due to Certificates of Deposit issued by the BCRP.

5/ Corresponds to the flow of net assets abroad. Negative sign indicates increase of assets.

Source: BCRP, Bank for International Settlements (BIS) and companies.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 33
EXTERNAL INVESTMENT POSITION
(Level at the end-of-period in million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Assets	71,956	79,046	100,525	103,502	106,154	106,616	110,358	121,281	121,205	131,780
1. BCRP reserve assets	44,150	48,859	64,049	65,710	62,353	61,537	61,746	63,731	60,288	68,370
2. Financial system assets (excluding BCRP) 2/	16,606	18,757	22,834	23,866	27,706	27,159	28,257	34,417	34,902	38,466
3. Other assets	11,199	11,430	13,643	13,926	16,095	17,920	20,355	23,132	26,015	24,944
II. Liabilities	114,483	120,129	147,561	156,686	166,527	172,419	186,303	200,386	204,678	217,224
1. Bonds and private and public external debt	43,247	47,630	59,131	60,559	69,271	73,129	74,571	76,499	77,787	80,089
a. Medium- and long-term debt	36,932	41,276	50,324	53,629	62,602	65,931	66,865	68,019	68,430	72,232
Private sector 3/	13,997	17,044	23,871	29,589	38,651	39,221	37,248	35,067	33,518	32,952
Public sector (i - ii + iii) 4/	22,934	24,232	26,452	24,039	23,951	26,710	29,617	32,953	34,912	39,280
i. External public debt	19,905	20,204	20,402	18,778	19,764	23,630	23,762	22,710	22,977	22,554
ii. External debt securities held by residents	1,283	831	957	1,290	1,360	1,951	1,223	1,668	1,353	998
iii. Internal debt securities held by non residents	4,313	4,859	7,008	6,552	5,547	5,031	7,078	11,911	13,288	17,724
b. Short-term debt	6,315	6,354	8,808	6,930	6,669	7,198	7,706	8,480	9,356	7,857
Financial system (excluding BCRP) 3/	2,514	1,789	3,956	2,012	2,498	2,955	2,495	3,430	4,375	3,835
BCRP 5/	45	43	57	47	45	52	60	110	167	54
Others 6/	3,756	4,523	4,794	4,870	4,126	4,191	5,151	4,939	4,815	3,969
2. Direct investment	42,976	50,658	64,281	74,107	78,037	86,351	93,090	99,950	106,438	115,330
3. Capital participation	28,260	21,840	24,149	22,021	19,219	12,940	18,642	23,936	20,453	21,804

1/ Preliminary data.

2/ Includes assets in domestic currency against non-residents.

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

4/ Includes the external debt of the total public sector (including the financial sector). Also, government bonds issued abroad held by residents are excluded. Finally, domestic issued government bonds held by non-residents are included.

5/ Includes Certificate of Deposits issued by BCRP.

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

Source: BCRP, MEF, Cavalí ICLV S.A., Proinversión, BIS, and companies.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 34
EXTERNAL INVESTMENT POSITION
(% GDP)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Assets										
1. BCRP reserve assets	48.3	46.2	52.1	51.2	52.5	55.7	56.7	56.6	53.8	57.1
2. Financial system assets (excluding BCRP) 2/	29.6	28.5	33.2	32.5	30.8	32.2	31.7	29.7	26.8	29.6
3. Others assets	11.1	11.0	11.8	11.8	13.7	14.2	14.5	16.1	15.5	16.7
	7.5	6.7	7.1	6.9	8.0	9.4	10.5	10.8	11.5	10.8
II. Liabilities										
1. Bonds and private and public external debt										
a. Medium- and long-term debt	24.8	24.1	26.1	26.5	30.9	34.5	34.3	31.7	30.4	31.3
Private sector 3/	9.4	10.0	12.4	14.6	19.1	20.5	19.1	16.4	14.9	14.3
Public sector (i - ii + iii) 4/	15.4	14.2	13.7	11.9	11.8	14.0	15.2	15.4	15.5	17.0
i. External public debt	13.4	11.8	10.6	9.3	9.8	12.4	12.2	10.6	10.2	9.8
ii. External debt securities held by residents	0.9	0.5	0.5	0.6	0.7	1.0	0.6	0.8	0.6	0.4
iii. External debt securities held by residents	2.9	2.8	3.6	3.2	2.7	2.6	3.6	5.6	5.9	7.7
b. Short-term debt	4.2	3.7	4.6	3.4	3.3	3.8	4.0	4.0	4.2	3.4
Financial system (excluding BCRP) 3/	1.7	1.0	2.0	1.0	1.2	1.5	1.3	1.6	1.9	1.7
BCRP 5/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Others 6/	2.5	2.6	2.5	2.4	2.0	2.2	2.6	2.3	2.1	1.7
2. Direct investment	28.8	29.6	33.3	36.7	38.6	45.1	47.8	46.6	47.2	50.0
3. Capital participation	19.0	12.8	12.5	10.9	9.5	6.8	9.6	11.2	9.1	9.4

1/ Preliminary data.

2/ Includes assets in domestic currency against non-residents.

3/ Includes liabilities in domestic currency with non-residents

4/ Includes the external debt of the total public sector (including the financial sector). Also, government bonds issued abroad held by residents are excluded. Finally, domestic issued government bonds held by non-residents are included.

5/ Includes Certificate of Deposits issued by BCRP.

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

Source: BCRP, MEF, Cavalí ICLV S.A., Proinversión, BIS, and companies.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 35
OPERATIONS OF THE NON-FINANCIAL PUBLIC SECTOR
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. General government current revenues	87,769	102,412	113,733	121,013	128,170	123,111	122,654	126,583	142,627	151,923
a. Tax revenue	65,961	77,266	86,097	91,620	97,654	92,791	92,153	93,400	107,358	113,769
b. Non-tax revenue	21,809	25,146	27,636	29,392	30,515	30,321	30,501	33,183	35,268	38,154
2. General government non-financial expenditure	83,573	87,594	97,896	111,784	123,792	129,863	130,755	139,894	149,364	154,530
a. Current expenditure	57,507	63,244	69,023	78,344	89,381	96,672	100,085	106,847	113,145	119,382
b. Capital expenditure	26,066	24,350	28,873	33,440	34,411	33,191	30,669	33,047	36,219	35,148
- Gross Capital Formation	22,927	21,116	26,428	29,784	29,742	27,246	27,343	28,439	31,495	30,633
- Others	3,139	3,234	2,445	3,656	4,669	5,945	3,326	4,608	4,724	4,515
3. Others	198	512	1,378	1,771	444	1,322	-118	682	-328	738
4. Primary balance (1-2+3)	4,395	15,329	17,215	11,000	4,822	-5,430	-8,218	-12,629	-7,065	-1,869
5. Interests	5,083	5,541	5,568	6,091	6,207	6,388	7,182	8,340	10,013	10,662
a. External debt	2,927	2,655	2,755	3,065	2,909	2,664	3,005	3,181	3,499	3,404
b. Domestic debt	2,156	2,886	2,813	3,026	3,298	3,724	4,177	5,158	6,514	7,258
6. Overall balance	-688	9,788	11,647	4,908	-1,386	-11,818	-15,400	-20,969	-17,078	-12,531
7. Net financing	688	-9,788	-11,647	-4,908	1,386	11,818	15,400	20,969	17,078	12,531
1. Foreign	-2,077	748	-1,388	-4,388	-841	9,815	4,304	-10,363	-598	4,679
(Million US\$) (a-b+c)	-\$,728	\$,277	-\$,531	-\$,1,689	-\$,284	\$,2,974	\$,1,257	-\$,3,194	-\$,169	\$,1,399
a. Disbursements	\$,4,261	\$,990	\$,948	\$,348	\$,1,428	\$,4,354	\$,1,999	\$,2,434	\$,1,756	\$,1,863
b. Amortization	\$,5,184	\$,831	\$,1,175	\$,2,367	\$,1,456	\$,1,230	\$,1,672	\$,4,175	\$,1,265	\$,1,358
c. Others 2/	\$,195	\$,118	-\$,304	\$,330	-\$,256	-\$,150	\$,930	-\$,1,453	-\$,660	\$,893
2. Domestic	2,347	-10,671	-10,284	-1,258	2,193	1,909	8,110	31,281	17,622	7,784
3. Privatization	419	135	26	737	34	94	2,987	51	54	69

1/ Preliminary data.

2/ Includes exceptional and short-term financing

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, public welfare agencies, local governments, state-owned enterprises, and public institutions. Elaborated by the Department of Economic Studies, BCRP.



Appendix 36
OPERATIONS OF THE NON-FINANCIAL PUBLIC SECTOR
(% GDP)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. General government current revenues	20.9	21.7	22.4	22.2	22.3	20.2	18.7	18.1	19.3	19.7
a. Tax revenue	15.7	16.4	16.9	16.8	17.0	15.2	14.0	13.4	14.5	14.8
b. Non-tax revenue	5.2	5.3	5.4	5.4	5.3	5.0	4.6	4.8	4.8	5.0
2. General government non-financial expenditure	19.9	18.6	19.2	20.5	21.6	21.3	19.9	20.0	20.2	20.1
a. Current expenditure	13.7	13.4	13.6	14.3	15.6	15.9	15.3	15.3	15.3	15.5
b. Capital expenditure	6.2	5.2	5.7	6.1	6.0	5.4	4.7	4.7	4.9	4.6
- Gross Capital Formation	5.4	4.5	5.2	5.5	5.2	4.5	4.2	4.1	4.3	4.0
- Others	0.7	0.7	0.5	0.7	0.8	1.0	0.5	0.7	0.6	0.6
3. Others	0.0	0.1	0.3	0.3	0.1	0.2	0.0	0.1	0.0	0.1
4. Primary balance (1-2+3)	1.0	3.3	3.4	2.0	0.8	-0.9	-1.3	-1.8	-1.0	-0.2
5. Interests	1.2	1.2	1.1	1.1	1.1	1.0	1.1	1.2	1.4	1.4
a. External debt	0.7	0.6	0.5	0.6	0.5	0.4	0.5	0.5	0.5	0.4
b. Domestic debt	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.9	0.9
6. Overall balance	-0.2	2.1	2.3	0.9	-0.2	-1.9	-2.3	-3.0	-2.3	-1.6
7. Net financing	0.2	-2.1	-2.3	-0.9	0.2	1.9	2.3	3.0	2.3	1.6
1. Foreign (a-b+c)	-0.5	0.2	-0.3	-0.8	-0.1	1.6	0.7	-1.5	-0.1	0.6
a. Disbursements	2.9	0.6	0.5	0.2	0.7	2.3	1.0	1.1	0.8	0.8
b. Amortization	3.5	0.5	0.6	1.1	0.7	0.6	0.9	1.9	0.6	0.6
c. Others 2/	0.1	0.1	-0.2	0.2	-0.1	-0.1	0.5	-0.7	-0.3	0.4
2. Domestic	0.6	-2.3	-2.0	-0.2	0.4	0.3	1.2	4.5	2.4	1.0
3. Privatization	0.1	0.0	0.0	0.1	0.0	0.0	0.5	0.0	0.0	0.0

1/ Preliminary data.

2/ Includes exceptional and short-term financing.

Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, public welfare agencies, local governments, state-owned enterprises, and public institutions. Elaborated by the Department of Economic Studies, BCRP.

Appendix 37
GENERAL GOVERNMENT CURRENT REVENUES
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Tax revenue	65,961	77,266	86,097	91,620	97,654	92,791	92,153	93,400	107,358	113,769
1. Income tax	25,802	33,628	37,278	36,512	40,157	34,745	37,214	36,755	41,598	44,015
- Individuals	6,285	7,931	9,070	10,149	10,894	10,557	11,159	11,450	12,474	13,819
- Corporate	16,428	21,432	23,429	22,914	25,031	20,542	22,250	20,421	22,756	23,834
- Clearing	3,089	4,265	4,779	3,450	4,232	3,646	3,805	4,884	6,368	6,363
2. Import tax	1,803	1,380	1,526	1,706	1,790	1,775	1,606	1,448	1,455	1,424
3. Value-added tax (VAT)	35,536	40,424	44,042	47,819	50,352	51,668	52,692	54,643	60,666	63,504
- Domestic	19,629	22,029	24,543	27,164	28,732	30,410	31,040	32,114	35,125	37,892
- Imports	15,908	18,395	19,499	20,655	21,620	21,258	21,652	22,529	25,541	25,613
4. Excise tax	4,668	4,718	4,918	5,478	5,135	5,495	5,902	6,315	6,860	8,216
- Fuel	2,410	2,231	2,149	2,501	2,041	2,210	2,423	2,604	2,565	3,212
- Others	2,258	2,487	2,769	2,977	3,094	3,284	3,479	3,711	4,295	5,005
5. Others tax revenue	6,098	6,818	8,920	11,363	10,924	10,785	11,096	11,448	13,363	14,660
- ITAN	1,788	2,293	2,439	2,776	3,513	3,697	4,300	4,585	4,953	5,176
- ITF	944	395	126	134	153	161	168	175	200	224
- Installment payment plan	714	709	857	893	814	922	1,068	1,109	1,320	1,843
- Special tax to the mining	0	59	442	337	372	208	236	638	770	545
- Others	2,652	3,362	5,056	7,223	6,071	5,797	5,323	4,941	6,120	6,871
6. Tax refunds	-7,947	-9,703	-10,586	-11,258	-10,702	-11,677	-16,356	-17,209	-16,583	-18,051
II. Non-tax revenue	21,809	25,146	27,636	29,392	30,515	30,321	30,501	33,183	35,268	38,154
1. Contributions to Essalud and ONP	7,967	9,071	10,281	11,493	12,513	13,873	14,487	14,737	16,247	17,266
2. Royalties: oil, gas, and mining	2,523	3,756	2,850	2,875	2,696	1,663	1,737	2,486	3,035	2,741
3. Oil canon	1,840	2,673	2,910	3,005	2,895	1,622	1,291	1,533	2,090	1,687
4. Other revenues 2/	9,480	9,647	11,596	12,019	12,412	13,162	12,986	14,428	13,896	16,460
III. Total (I+ II)	87,769	102,412	113,733	121,013	128,170	123,111	122,654	126,583	142,627	151,923

1/ Preliminary data.

2/ Includes equity and current transfers, interest and earnings transfer of the Banco de la Nación and BCRP.

Source: MEF, Banco de la Nación, SBS, ONP, SUNAT, EsSalud, public welfare agencies, and state-owned enterprises. Elaborated by the Department of Economic Studies, BCRP.



Appendix 38
GENERAL GOVERNMENT CURRENT REVENUES
(% GDP)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Tax revenue	15.7	16.4	16.9	16.8	17.0	15.2	14.0	13.4	14.5	14.8
1. Income tax	6.1	7.1	7.3	6.7	7.0	5.7	5.7	5.3	5.6	5.7
- Individuals	1.5	1.7	1.8	1.9	1.9	1.7	1.7	1.6	1.7	1.8
- Corporate	3.9	4.6	4.6	4.2	4.4	3.4	3.4	2.9	3.1	3.1
- Clearing	0.7	0.9	0.9	0.6	0.7	0.6	0.6	0.7	0.9	0.8
2. Import tax	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
3. Value-added tax (VAT)	8.4	8.6	8.7	8.8	8.8	8.5	8.0	7.8	8.2	8.2
- Domestic	4.7	4.7	4.8	5.0	5.0	5.0	4.7	4.6	4.7	4.9
- Imports	3.8	3.9	3.8	3.8	3.8	3.5	3.3	3.2	3.4	3.3
4. Excise tax	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	1.1
- Fuel	0.6	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.4
- Others	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.7
5. Others tax revenue	1.4	1.4	1.8	2.1	1.9	1.8	1.7	1.6	1.8	1.9
- ITAN	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.7
- IFF	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Installment payment plan	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2
- Special tax to the mining	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1
- Others	0.6	0.7	1.0	1.3	1.1	1.0	0.8	0.7	0.8	0.9
6. Tax refunds	-1.9	-2.1	-2.1	-2.1	-1.9	-1.9	-2.5	-2.5	-2.2	-2.3
II. Non-tax revenue	5.2	5.3	5.4	5.4	5.3	5.0	4.6	4.8	4.8	5.0
1. Contributions to Essalud and ONP	1.9	1.9	2.0	2.1	2.2	2.3	2.2	2.1	2.2	2.2
2. Royalties: oil, gas, and mining	0.6	0.8	0.6	0.5	0.5	0.3	0.3	0.4	0.4	0.4
3. Oil canon	0.4	0.6	0.6	0.6	0.5	0.3	0.2	0.2	0.3	0.2
4. Other revenues 2/	2.3	2.0	2.3	2.2	2.2	2.2	2.0	2.1	1.9	2.1
III. Total (I+ II)	20.9	21.7	22.4	22.2	22.3	20.2	18.7	18.1	19.3	19.7

1/ Preliminary data.

2/ Includes equity and current transfers, interest and earnings transfer of the Banco de la Nación and BCRP.

Source: MEF, Banco de la Nación, SBS, ONP, SUNAT, EsSalud, public welfare agencies, and state-owned enterprises. Elaborated by the Department of Economic Studies, BCRP.

Appendix 39											
GENERAL GOVERNMENT EXPENDITURE											
(Million soles)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
											1/
I. Non financial expenditure	83,573	87,594	97,896	111,784	123,792	129,863	130,755	139,894	149,364	154,530	
1. Current expenditure	57,507	63,244	69,023	78,344	89,381	96,672	100,085	106,847	113,145	119,382	
a. Wages and salaries	20,800	22,842	25,254	29,361	34,072	35,449	39,051	42,667	46,186	49,165	
b. Goods and services	22,701	23,936	28,508	31,438	34,985	40,409	40,341	41,664	42,297	45,289	
c. Transfers	14,006	16,466	15,261	17,545	20,323	20,813	20,692	22,515	24,662	24,928	
2. Capital expenditure	26,066	24,350	28,873	33,440	34,411	33,191	30,669	33,047	36,219	35,148	
a. Gross Capital Formation	22,927	21,116	26,428	29,784	29,742	27,246	27,343	28,439	31,495	30,633	
b. Others	3,139	3,234	2,445	3,656	4,669	5,945	3,326	4,608	4,724	4,515	
II. Interests	4,990	5,428	5,458	5,960	6,051	6,185	6,910	7,808	9,199	9,867	
1. Domestic debt	2,099	2,818	2,749	2,942	3,197	3,598	3,988	4,862	6,318	6,992	
2. External debt	2,891	2,609	2,709	3,018	2,853	2,587	2,921	2,946	2,880	2,875	
III. Total (I+II)	88,562	93,021	103,354	117,744	129,843	136,048	137,664	147,702	158,562	164,397	

1/ Preliminary data.

Source: MEF, Banco de la Nación, and BCRP.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 40											
GENERAL GOVERNMENT EXPENDITURE											
(% GDP)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
											1/
I. Non financial expenditure	19.9	18.6	19.2	20.5	21.6	21.3	19.9	20.0	20.2	20.1	
1. Current expenditure	13.7	13.4	13.6	14.3	15.6	15.9	15.3	15.3	15.3	15.5	
a. Wages and salaries	4.9	4.9	5.0	5.4	5.9	5.8	6.0	6.1	6.2	6.4	
b. Goods and services	5.4	5.1	5.6	5.8	6.1	6.6	6.1	6.0	5.7	5.9	
c. Transfers	3.3	3.5	3.0	3.2	3.5	3.4	3.2	3.2	3.3	3.2	
2. Capital expenditure	6.2	5.2	5.7	6.1	6.0	5.4	4.7	4.7	4.9	4.6	
a. Gross Capital Formation	5.4	4.5	5.2	5.5	5.2	4.5	4.2	4.1	4.3	4.0	
b. Others	0.7	0.7	0.5	0.7	0.8	1.0	0.5	0.7	0.6	0.6	
II. Interests	1.2	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.2	1.3	
1. Domestic debt	0.5	0.6	0.5	0.5	0.6	0.6	0.6	0.7	0.9	0.9	
2. External debt	0.7	0.6	0.5	0.6	0.5	0.4	0.4	0.4	0.4	0.4	
III. Total (I+II)	21.0	19.8	20.3	21.6	22.6	22.3	21.0	21.2	21.4	21.4	

1/ Preliminary data.

Source: MEF, Banco de la Nación, and BCRP.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 41
REGIONAL GOVERNMENT OPERATIONS
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Current revenue	12,730	15,025	16,012	18,026	20,272	20,959	22,169	25,488	27,825	29,987
II. Non financial expenditure	16,197	17,259	20,723	22,810	23,816	24,510	26,017	28,803	31,442	33,366
1. Current expenditure	10,776	11,920	13,661	15,278	17,353	18,484	20,277	22,861	24,956	26,874
2. Capital expenditure	5,420	5,339	7,062	7,531	6,463	6,026	5,741	5,942	6,486	6,492
III. Capital revenue	2,934	2,434	3,801	4,465	4,747	4,543	4,821	5,221	4,886	5,657
IV. Primary balance (I-II+III)	-533	200	-910	-318	1,203	992	973	1,906	1,269	2,278
V. Interests	0	0	0	0	0	0	0	0	0	0
VI. Overall balance (IV-V)	-533	200	-910	-318	1,203	992	973	1,906	1,269	2,278

1/ Preliminary data.

Source: MEF.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 42
REGIONAL GOVERNMENT OPERATIONS
(% GDP)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Current revenue	3.0	3.2	3.1	3.3	3.5	3.4	3.4	3.6	3.8	3.9
II. Non financial expenditure	3.8	3.7	4.1	4.2	4.1	4.0	4.0	4.1	4.2	4.3
1. Current expenditure	2.6	2.5	2.7	2.8	3.0	3.0	3.1	3.3	3.4	3.5
2. Capital expenditure	1.3	1.1	1.4	1.4	1.1	1.0	0.9	0.9	0.9	0.8
III. Capital revenue	0.7	0.5	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.7
IV. Primary balance (I-II+III)	-0.1	0.0	-0.2	-0.1	0.2	0.2	0.1	0.3	0.2	0.3
V. Interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VI. Overall balance (IV-V)	-0.1	0.0	-0.2	-0.1	0.2	0.2	0.1	0.3	0.2	0.3

1/ Preliminary data.

Source: MEF.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 43											
LOCAL GOVERNMENT OPERATIONS											
(Million soles)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
I. Current revenue	12,482	15,028	16,817	16,716	16,700	15,774	15,184	16,337	19,022	19,415	1/
II. Non financial expenditure	17,396	16,670	21,998	24,362	24,412	21,024	22,800	23,923	26,793	24,385	
1. Current expenditure	7,284	7,946	9,590	10,058	10,440	10,231	11,000	11,253	11,832	12,017	
2. Capital expenditure	10,111	8,724	12,408	14,304	13,972	10,793	11,800	12,671	14,961	12,368	
III. Capital revenue	3,539	4,872	6,196	6,953	7,339	6,610	6,919	9,102	7,181	8,358	
IV. Primary balance (I-II+III)	-1,375	3,230	1,015	-693	-374	1,360	-697	1,515	-591	3,389	
V. Interests	36	26	26	26	41	30	28	36	68	55	
VI. Overall balance (IV-V)	-1,411	3,204	989	-720	-415	1,331	-725	1,480	-659	3,333	

1/ Preliminary data.

Source: MEF

Elaborated by the Department of Economic Studies, BCRP.



Appendix 44 LOCAL GOVERNMENT OPERATIONS (% GDP)												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
											1/	1/
I. Current revenue	3.0	3.2	3.3	3.1	2.9	2.6	2.3	2.3	2.6	2.5		
II. Non financial expenditure	4.1	3.5	4.3	4.5	4.3	3.5	3.5	3.4	3.6	3.2		
1. Current expenditure	1.7	1.7	1.9	1.8	1.8	1.7	1.7	1.6	1.6	1.6		
2. Capital expenditure	2.4	1.9	2.4	2.6	2.4	1.8	1.8	1.8	2.0	1.6		
III. Capital revenue	0.8	1.0	1.2	1.3	1.3	1.1	1.1	1.3	1.0	1.1		
IV. Primary balance (I-II+III)	-0.3	0.7	0.2	-0.1	-0.1	0.2	-0.1	0.2	-0.1	0.4		
V. Interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
VI. Overall balance (IV-V)	-0.3	0.7	0.2	-0.1	-0.1	0.2	-0.1	0.2	-0.1	0.4		

1/ Preliminary data.

Source: MEF.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 45
OPERATION OF NON-FINANCIAL STATE ENTERPRISES
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Current revenue	21,700	26,158	26,544	30,068	30,969	29,289	29,695	32,279	37,519	37,483
1. Petroperú	13,306	17,349	17,117	19,290	19,261	15,987	15,296	17,711	22,207	21,634
2. Electroperú	1,112	1,067	1,371	1,345	1,251	1,334	1,926	2,373	2,523	2,572
3. Regionales de Electricidad	2,798	3,207	3,733	3,971	4,836	5,552	6,144	5,847	6,174	6,592
4. Sedapal	1,099	1,275	1,371	1,557	1,581	1,785	1,767	1,916	2,207	2,266
5. Others	3,385	3,260	2,951	3,905	4,040	4,631	4,561	4,433	4,409	4,420
II. Non-financial current expenditure	20,402	24,557	24,482	28,137	28,894	25,765	26,442	30,239	35,457	33,421
1. Petroperú	13,387	17,312	16,786	19,513	19,280	14,794	14,543	17,279	22,249	19,313
2. Electroperú	1,134	941	1,163	1,006	1,058	1,189	1,862	2,195	2,327	2,707
3. Regionales de Electricidad	2,379	2,688	3,140	3,449	4,070	4,571	5,002	4,949	5,113	5,550
4. Sedapal	701	798	907	1,088	1,211	1,218	1,386	1,330	1,482	1,557
5. Others	2,802	2,818	2,486	3,082	3,276	3,993	3,649	4,486	4,286	4,295
III. Capital expenditure	2,180	1,597	1,414	1,996	3,173	3,314	4,509	4,347	3,962	5,232
1. Petroperú	165	201	223	361	1,361	1,860	2,999	2,541	2,365	3,566
2. Electroperú	369	26	22	43	58	49	67	47	28	49
3. Regionales de Electricidad	590	399	347	588	689	644	432	522	528	498
4. Sedapal	567	447	271	431	463	255	387	496	553	553
5. Others	489	523	551	573	600	506	624	740	488	566
IV. Capital revenue	293	243	481	912	890	515	197	1,701	414	259
V. Primary balance (I-II-III+IV)	-590	247	1,129	847	-208	725	-1,059	-605	-1,486	-882
1. Petroperú	-245	-164	108	-583	-1,380	-668	-2,246	-1,054	-2,408	-1,245
2. Electroperú	-391	99	186	297	135	97	-3	131	168	-184
3. Regionales de Electricidad	47	188	306	133	239	542	754	632	653	612
4. Sedapal	-169	87	424	444	470	509	24	99	172	155
5. Others	169	37	104	556	328	245	412	-414	-71	-221
VI. Interests	93	114	110	132	157	203	272	531	815	795
VII. Overall balance 2/	-683	134	1,018	715	-365	522	-1,331	-1,137	-2,301	-1,677
1. Petroperú	-255	-174	96	-615	-1,450	-761	-2,399	-1,465	-3,083	-1,876
2. Electroperú	-391	99	186	297	135	97	-3	131	168	-184
3. Regionales de Electricidad	34	165	288	110	213	511	716	597	624	579
4. Sedapal	-233	13	349	374	413	443	-45	25	77	36
5. Others	163	31	100	550	323	233	399	-426	-86	-232

1/ Preliminary data.

2/ The difference between revenue and payments in cash is reflected in the cash flow. However, since 2018, in the case of business treatment entities (ETES), included in other, the information recorded corresponds to the accrued basis.

Source: State-owned companies and FONAFE.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 46
OPERATION OF NON-FINANCIAL STATE ENTERPRISES
(% GDP)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
								1/	1/	1/
I. Current revenue	5.2	5.6	5.2	5.5	5.4	4.8	4.5	4.6	5.1	4.9
1. Petroperú	3.2	3.7	3.4	3.5	3.4	2.6	2.3	2.5	3.0	2.8
2. Electroperú	0.3	0.2	0.3	0.2	0.2	0.2	0.3	0.3	0.3	0.3
3. Regionales de Electricidad	0.7	0.7	0.7	0.7	0.8	0.9	0.9	0.8	0.8	0.9
4. Sedapal	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
5. Others	0.8	0.7	0.6	0.7	0.7	0.8	0.7	0.6	0.6	0.6
II. Non-financial current expenditure	4.8	5.2	4.8	5.2	5.0	4.2	4.0	4.3	4.8	4.3
1. Petroperú	3.2	3.7	3.3	3.6	3.4	2.4	2.2	2.5	3.0	2.5
2. Electroperú	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4
3. Regionales de Electricidad	0.6	0.6	0.6	0.6	0.7	0.8	0.8	0.7	0.7	0.7
4. Sedapal	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
5. Others	0.7	0.6	0.5	0.6	0.6	0.7	0.6	0.6	0.6	0.6
III. Capital expenditure	0.5	0.3	0.3	0.4	0.6	0.5	0.7	0.6	0.5	0.7
1. Petroperú	0.0	0.0	0.0	0.1	0.2	0.3	0.5	0.4	0.3	0.5
2. Electroperú	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Regionales de Electricidad	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
4. Sedapal	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1
5. Others	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
IV. Capital revenue	0.1	0.1	0.1	0.2	0.2	0.1	0.0	0.2	0.1	0.0
V. Primary balance (I-II-III+IV)	-0.1	0.1	0.2	0.2	0.0	0.1	-0.2	-0.1	-0.2	-0.1
1. Petroperú	-0.1	0.0	0.0	-0.1	-0.2	-0.1	-0.3	-0.2	-0.3	-0.2
2. Electroperú	-0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
3. Regionales de Electricidad	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1
4. Sedapal	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
5. Others	0.0	0.0	0.0	0.1	0.1	0.0	0.1	-0.1	0.0	0.0
VI. Interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
VII. Overall balance 2/	-0.2	0.0	0.2	0.1	-0.1	0.1	-0.2	-0.2	-0.3	-0.2
1. Petroperú	-0.1	0.0	0.0	-0.1	-0.3	-0.1	-0.4	-0.2	-0.4	-0.2
2. Electroperú	-0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
3. Regionales de Electricidad	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1
4. Sedapal	-0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
5. Others	0.0	0.0	0.0	0.1	0.1	0.0	0.1	-0.1	0.0	0.0

1/ Preliminary data.

2/ The difference between revenue and payments in cash is reflected in the cash flow. However, since 2018, in the case of business treatment entities (ETES), included in other, the information recorded corresponds to the accrued basis.

Source: State-owned companies and FONAFE.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 47
NET DEBT OF THE NON-FINANCIAL PUBLIC SECTOR

Years	Million soles			% GDP		
	Assets	Liabilities	Net debt	Assets	Liabilities	Net debt
2010	52,734	100,157	47,422	12.5	23.8	11.3
2011	65,824	101,737	35,914	14.0	21.6	7.6
2012	81,130	101,225	20,094	15.9	19.9	4.0
2013	90,041	105,087	15,046	16.5	19.2	2.8
2014	96,994	114,432	17,438	16.9	19.9	3.0
2015	109,033	142,241	33,208	17.9	23.3	5.4
2016	111,649	156,663	45,014	17.0	23.9	6.9
2017	107,407	173,976	66,569	15.4	24.9	9.5
2018	107,185	190,741	83,556	14.5	25.8	11.3
2019	106,019	206,411	100,392	13.8	26.8	13.0

Source: BCRP, MEF, Banco de la Nación, Petroperú, ONP, EsSalud, ElectroPerú and FONAFE.



Appendix 48
INFLATION: 2010-2019
(% change)

	Weight	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
CPI	100.0	2.08	4.74	2.65	2.86	3.22	4.40	3.23	1.36	2.19	1.90
1. CPI excluding food and energy	56.4	1.38	2.42	1.91	2.97	2.51	3.49	2.87	2.15	2.21	2.30
a. Goods	21.7	1.07	2.37	1.60	2.62	2.43	3.57	3.41	1.24	2.25	1.39
b. Services	34.8	1.58	2.45	2.10	3.18	2.55	3.44	2.54	2.70	2.19	2.86
2. Food and energy	43.6	2.98	7.70	3.55	2.73	4.08	5.47	3.66	0.46	2.17	1.43
a. Food	37.8	2.41	7.97	4.06	2.24	4.83	5.37	3.54	0.31	1.95	1.00
b. Energy	5.7	6.80	6.01	0.22	6.09	-0.85	6.20	4.48	1.55	3.67	4.32
Fuel	2.8	12.21	7.54	-1.48	5.95	-5.59	-6.33	0.61	3.95	5.35	-0.39
Electricity	2.9	1.36	4.30	2.19	6.23	4.37	18.71	7.53	-0.21	2.39	8.04

Source: INEI.
Elaborated by the Department of Economic Studies, BCRP.

Appendix 49
CONSUMER PRICE INDEX: 2010-2019
(% change)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019										
	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months										
January	0.30	0.44	0.39	2.17	-0.10	4.23	0.12	2.87	0.32	3.07	0.17	3.07	0.37	4.61	0.24	3.10	0.13	1.25	0.07	2.13
February	0.32	0.84	0.38	2.23	0.32	4.17	-0.09	2.45	0.60	3.78	0.30	2.77	0.17	4.47	0.32	3.25	0.25	1.18	0.13	2.00
March	0.28	0.76	0.70	2.66	0.77	4.23	0.91	2.59	0.52	3.38	0.76	3.02	0.60	4.30	1.30	3.97	0.49	0.36	0.73	2.25
April	0.03	0.76	0.68	3.34	0.53	4.08	0.25	2.31	0.39	3.52	0.39	3.02	0.01	3.91	-0.26	3.69	-0.14	0.48	0.20	2.59
May	0.24	1.04	-0.02	3.07	0.04	4.14	0.19	2.46	0.23	3.56	0.56	3.37	0.21	3.54	-0.42	3.04	0.02	0.93	0.15	2.73
June	0.25	1.64	0.10	2.91	-0.04	4.00	0.26	2.77	0.16	3.45	0.33	3.54	0.14	3.34	-0.16	2.73	0.33	1.43	-0.09	2.29
July	0.36	1.82	0.79	3.35	0.09	3.28	0.55	3.24	0.43	3.33	0.45	3.56	0.08	2.96	0.20	2.85	0.38	1.62	0.20	2.11
August	0.27	2.31	0.27	3.35	0.51	3.53	0.54	3.28	-0.09	2.69	0.38	4.04	0.36	2.94	0.67	3.17	0.13	1.07	0.06	2.04
September	-0.03	2.37	0.33	3.73	0.54	3.74	0.11	2.83	0.16	2.74	0.03	3.90	0.21	3.13	-0.02	2.94	0.19	1.28	0.01	1.85
October	-0.14	2.10	0.31	4.20	-0.16	3.25	0.04	3.04	0.38	3.09	0.14	3.66	0.41	3.41	-0.47	2.04	0.08	1.84	0.11	1.88
November	0.01	2.22	0.43	4.64	-0.14	2.66	-0.22	2.96	-0.15	3.16	0.34	4.17	0.29	3.35	-0.20	1.54	0.12	2.17	0.11	1.87
December	0.18	2.08	0.27	4.74	0.26	2.65	0.17	2.86	0.23	3.22	0.45	4.40	0.33	3.23	0.16	1.36	0.18	2.19	0.21	1.90
Memo:																				
Annual average	1.53	3.37	3.66	2.81	3.25	3.55	2.80	1.32	2.14	1.53	3.37	3.66	2.81	3.25	3.55	2.80	1.32	2.14	1.53	3.37

Source: INEI.
Elaborated by the Department of Economic Studies, BCRP.



Appendix 50
INFLATION WITHOUT FOOD AND ENERGY: 2010-2019
(% change)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019										
	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months										
January	-0.05	1.66	-0.05	1.39	-0.13	2.33	0.04	2.09	0.03	2.95	0.00	2.48	-0.07	3.42	0.04	2.98	-0.13	1.97	0.05	2.40
February	0.00	1.30	0.17	1.57	0.07	2.23	0.18	2.20	0.19	2.96	0.16	2.45	0.52	3.79	0.14	2.59	0.14	1.97	0.12	2.39
March	0.27	1.02	0.34	1.64	0.57	2.47	0.95	2.59	0.78	2.78	0.91	2.58	0.70	3.58	0.84	2.72	0.85	1.99	1.02	2.56
April	0.10	0.98	0.31	1.86	0.32	2.48	0.15	2.41	0.20	2.83	0.34	2.74	0.03	3.25	0.09	2.79	0.01	1.91	0.04	2.59
May	0.17	1.14	0.12	1.80	0.23	2.59	0.15	2.33	0.14	2.82	0.25	2.84	0.32	3.33	0.08	2.54	0.17	2.00	0.14	2.56
June	0.05	1.09	0.26	2.01	0.13	2.46	0.16	2.35	0.11	2.77	0.26	3.00	0.21	3.28	0.06	2.38	0.28	2.23	0.02	2.30
July	0.19	1.11	0.20	2.02	0.16	2.42	0.28	2.48	0.24	2.73	0.59	3.36	0.19	2.87	0.17	2.36	0.27	2.33	0.12	2.15
August	0.03	1.15	0.13	2.13	0.15	2.44	0.14	2.46	-0.03	2.56	0.09	3.48	0.17	2.96	0.38	2.57	0.09	2.04	0.14	2.20
September	0.01	1.12	0.25	2.38	-0.04	2.14	0.08	2.58	0.09	2.57	0.06	3.44	0.11	3.01	-0.01	2.45	0.04	2.09	0.01	2.16
October	0.15	1.31	0.11	2.33	-0.04	1.99	0.13	2.76	0.12	2.56	0.14	3.46	0.12	3.00	0.02	2.35	0.06	2.13	0.23	2.34
November	-0.01	1.23	0.14	2.48	0.07	1.92	0.19	2.89	0.13	2.50	0.12	3.46	0.15	3.02	0.03	2.23	0.07	2.16	0.04	2.31
December	0.47	1.38	0.41	2.42	0.40	1.91	0.48	2.97	0.49	2.51	0.53	3.49	0.38	2.87	0.29	2.15	0.34	2.21	0.34	2.30
Annual average	1.21	2.00	2.28	2.51	2.71	3.07	3.20	2.51	2.71	3.07	3.20	2.51	2.08	2.51	2.08	2.35	2.08	2.08	2.08	2.35

Memo:

Source: INEI.
Elaborated by the Department of Economic Studies, BCRP.

Appendix 51
CPI FOOD AND ENERGY: 2010-2019
(% change)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019										
	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months										
January	0.75	-0.34	0.95	3.18	-0.06	6.62	0.20	3.82	0.66	3.20	0.37	3.78	0.88	6.01	0.46	3.23	0.43	0.43	0.08	1.81
February	0.74	0.80	0.65	3.09	0.63	6.61	-0.40	2.75	1.09	4.76	0.48	3.14	-0.22	5.28	0.53	4.01	0.38	0.28	0.13	1.55
March	0.30	0.91	1.16	3.98	1.00	6.44	0.85	2.60	0.21	4.10	0.60	3.54	0.47	5.15	1.84	5.43	0.06	-1.47	0.38	1.88
April	-0.07	0.90	1.14	5.23	0.78	6.06	0.38	2.18	0.63	4.36	0.45	3.35	-0.01	4.68	-0.65	4.75	-0.31	-1.13	0.39	2.60
May	0.32	1.32	-0.20	4.69	-0.19	6.07	0.25	2.63	0.32	4.44	0.94	3.98	0.08	3.78	-1.00	3.62	-0.16	-0.30	0.15	2.92
June	0.51	2.53	-0.10	4.06	-0.24	5.92	0.39	3.27	0.22	4.26	0.42	4.19	0.06	3.41	-0.41	3.14	0.40	0.51	-0.21	2.28
July	0.59	2.93	1.53	5.03	0.01	4.33	0.87	4.17	0.67	4.05	0.29	3.80	-0.04	3.07	0.24	3.43	0.51	0.79	0.30	2.07
August	0.57	3.90	0.43	4.88	0.94	4.86	1.03	4.25	-0.15	2.84	0.72	4.70	0.58	2.93	1.01	3.87	0.18	-0.04	-0.03	1.85
September	-0.08	4.00	0.43	5.43	1.24	5.70	0.14	3.13	0.24	2.93	-0.01	4.44	0.32	3.26	-0.03	3.52	0.37	0.35	0.01	1.49
October	-0.51	3.21	0.57	6.58	-0.31	4.78	-0.07	3.37	0.68	3.71	0.15	3.89	0.75	3.88	-1.03	1.69	0.11	1.51	-0.03	1.35
November	0.03	3.50	0.79	7.39	-0.38	3.56	-0.70	3.04	-0.48	3.95	0.60	5.02	0.46	3.73	-0.46	0.76	0.19	2.17	0.19	1.35
December	-0.19	2.98	0.10	7.70	0.09	3.55	-0.21	2.73	-0.08	4.08	0.35	5.47	0.29	3.66	0.00	0.46	-0.01	2.17	0.07	1.43
Memo:																				
Annual average	2.21	5.11	5.36	3.16	3.88	4.11	4.06	3.15	0.43	1.88										

Source: INEI.
Elaborated by the Department of Economic Studies, BCRP.



Appendix 52
NOMINAL EXCHANGE RATE - END OF PERIOD 1/
(% change)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019										
	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months										
January	-1.2	-10.0	-1.3	-2.9	-0.2	-3.0	1.1	-4.2	0.9	9.5	2.3	8.4	1.7	13.5	-2.2	-5.3	-0.9	-2.1	-1.3	3.7
February	-0.3	-12.4	0.1	-2.6	-0.5	-3.5	0.3	-3.4	-0.7	8.3	1.2	10.5	1.6	14.0	-0.7	-7.5	1.4	-0.1	-0.9	1.3
March	-0.2	-10.1	1.1	-1.3	-0.4	-4.9	0.1	-3.0	0.3	8.5	0.1	10.3	-5.6	7.5	-0.4	-2.4	-1.0	-0.6	0.5	2.8
April	0.2	-4.9	0.6	-1.0	-1.0	-6.4	2.2	0.2	0.0	6.2	1.0	11.3	-1.6	4.7	-0.1	-0.9	0.7	0.1	-0.3	1.9
May	-0.1	-5.0	-1.9	-2.7	2.6	-2.1	3.3	0.9	-1.5	1.2	1.0	14.1	3.1	6.8	0.8	-3.0	0.7	0.1	1.8	2.9
June	-0.6	-6.1	-0.6	-2.7	-1.4	-2.9	1.8	4.2	1.0	0.5	0.7	13.7	-2.4	3.6	-0.5	-1.1	0.0	0.6	-2.4	0.5
July	-0.1	-5.5	-0.4	-3.0	-1.6	-4.0	0.4	6.3	0.0	0.1	0.4	14.1	2.1	5.3	-0.4	-3.5	0.0	1.0	0.6	1.1
August	-0.9	-5.1	-0.4	-2.5	-0.7	-4.3	0.5	7.6	1.7	1.3	1.4	13.8	1.0	4.9	0.0	-4.5	0.7	1.7	2.7	3.1
September	-0.4	-3.4	1.7	-0.5	-0.5	-6.3	-0.9	7.1	1.7	4.0	-0.4	11.4	0.2	5.6	0.8	-4.0	0.1	1.1	-0.4	2.5
October	0.4	-3.7	-2.3	-3.2	-0.2	-4.3	-0.4	6.9	1.1	5.5	2.0	12.5	-1.1	2.4	-0.5	-3.4	2.0	3.6	-1.1	-0.5
November	1.2	-1.7	-0.3	-4.7	-0.5	-4.5	1.2	8.6	-0.1	4.2	2.7	15.6	1.4	1.1	-0.5	-5.2	0.4	4.5	1.5	0.5
December	-0.8	-2.8	-0.1	-4.0	-1.1	-5.4	-0.2	9.6	2.4	6.9	1.1	14.2	-1.6	-1.6	0.3	-3.4	-0.1	4.1	-2.4	-1.8
Annual average	-6.0	-2.6	-4.3	3.3	4.6	12.5	5.5	-3.7	1.2	1.5										

1/ Corresponds to bank selling exchange rate.

Source: SBS.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 53
NOMINAL EXCHANGE RATE - AVERAGE OF PERIOD 1/^{1/}
(% change)

	2010		2011		2012		2013		2014		2015		2016		2017		2018		2019	
	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months
January	-0.7	-9.3	-1.0	-2.4	-0.1	-3.4	-0.6	-5.2	0.8	10.1	1.5	7.0	1.6	14.4	-1.6	-2.8	-1.0	-3.7	-0.6	4.0
February	-0.1	-11.8	-0.6	-2.9	-0.3	-3.1	1.0	-3.9	0.1	9.1	2.4	9.5	2.0	13.9	-2.4	-7.0	1.0	-0.4	-0.7	2.3
March	-0.5	-10.6	0.3	-2.1	-0.5	-3.9	0.6	-2.9	-0.2	8.2	0.4	10.2	-2.8	10.2	0.1	-4.2	0.1	-0.4	-0.5	1.6
April	0.0	-7.9	1.3	-0.9	-0.5	-5.6	0.1	-2.2	-0.4	7.6	0.9	11.7	-3.1	5.8	-0.5	-1.7	-0.7	-0.5	0.0	2.3
May	0.2	-5.0	-1.4	-2.5	0.5	-3.8	1.8	-0.9	-0.3	5.4	1.0	13.1	1.0	5.9	0.8	-1.8	1.3	0.0	0.9	1.8
June	-0.3	-5.1	-0.4	-2.6	0.0	-3.4	3.9	2.9	0.3	1.7	0.3	13.1	-0.5	4.9	-0.2	-1.5	-0.1	0.1	-0.2	1.7
July	-0.5	-6.3	-0.8	-2.9	-1.3	-3.9	1.1	5.4	-0.3	0.3	0.6	14.2	-0.5	3.7	-0.6	-1.5	0.2	0.9	-1.1	0.4
August	-0.7	-5.0	-0.1	-2.2	-0.7	-4.5	0.9	7.1	1.0	0.5	1.8	15.1	1.0	2.9	-0.2	-2.8	0.3	1.4	2.6	2.7
September	-0.4	-4.1	0.2	-1.7	-0.5	-5.1	-0.8	6.8	1.8	3.1	-0.6	12.4	1.5	5.1	0.1	-4.0	0.7	2.0	-0.6	1.4
October	0.0	-2.8	-0.4	-2.1	-0.6	-5.3	-0.3	7.0	1.5	4.9	0.9	11.8	0.1	4.2	0.2	-4.0	0.7	2.5	0.1	0.8
November	0.5	-2.8	-1.0	-3.6	0.4	-3.9	1.0	7.7	0.7	4.5	2.7	14.1	0.5	2.0	-0.3	-4.8	1.2	4.1	0.4	-0.1
December	0.4	-2.2	-0.3	-4.2	-1.2	-4.8	-0.5	8.5	1.3	6.4	1.4	14.2	-0.2	0.4	0.2	-4.4	-0.3	3.6	-0.5	-0.3
Annual average	-6.2	-6.2	-2.5	-4.2	2.4	5.1	12.2	6.0	-3.4	0.8	1.5	6.0	12.2	6.0	-3.4	0.8	0.8	1.5	1.5	1.5

^{1/}Corresponds to bank selling exchange rate.

Source: SBS.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 54
REAL MULTILATERAL EXCHANGE RATE
(% change)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019									
	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months	Monthly 12 months									
January	-0.7	-2.2	-0.1	0.9	1.1	-4.0	0.0	-5.6	0.5	7.1	0.5	0.1	2.2	-0.8	-3.5	1.3	2.7	0.7	-1.2
February	-1.0	-4.9	0.2	2.1	0.9	-3.3	1.7	-4.9	-0.3	5.0	1.9	2.4	3.4	-1.7	-7.9	2.3	6.8	0.1	-3.4
March	-0.2	-2.6	0.6	3.0	-1.4	-5.2	-1.0	-4.6	-0.3	5.7	-1.9	0.8	-1.9	-1.3	-7.3	-0.8	7.3	-1.3	-3.8
April	0.4	-1.2	2.3	4.8	-1.1	-8.3	0.1	-3.4	-0.1	5.5	1.3	2.2	-1.7	0.4	-5.3	-0.5	6.3	-0.1	-3.4
May	-1.6	-1.9	-1.0	5.5	-0.9	-8.2	1.4	-1.2	-0.1	4.0	1.2	3.6	0.3	1.4	-4.4	-0.5	4.3	-0.5	-3.4
June	-1.1	-4.3	-0.1	6.6	-1.0	-9.1	3.2	3.0	0.1	0.9	-0.4	3.0	-0.7	0.6	-3.1	-1.4	2.2	0.3	-1.7
July	0.6	-4.6	-0.8	5.1	-1.1	-9.4	0.2	4.3	-0.8	0.0	-0.7	3.0	-0.6	0.0	-2.4	-1.3	0.8	-0.7	-1.1
August	-0.1	-3.8	0.0	5.2	-0.5	-9.8	0.5	5.4	0.6	0.0	-0.6	1.8	1.4	0.5	-3.3	-0.4	-0.1	1.0	0.2
September	0.9	-2.5	-1.8	2.4	0.2	-8.0	-0.2	5.0	0.9	1.1	-1.5	-0.6	1.2	1.4	-3.2	0.4	-1.1	-0.8	-0.9
October	2.5	0.2	-1.5	-1.6	0.1	-6.5	0.6	5.6	0.2	0.7	1.4	0.5	-0.8	1.8	-2.5	0.5	-0.4	0.8	-0.7
November	0.6	-0.4	-1.6	-3.7	0.1	-5.0	0.6	6.1	-0.5	-0.3	1.4	2.4	-1.4	-1.0	-1.5	0.3	0.3	0.4	-0.7
December	0.1	0.3	-1.3	-5.1	-0.9	-4.6	-0.5	6.6	-0.1	0.1	0.1	2.7	-1.6	-2.7	0.5	-0.4	-0.6	-0.4	-0.7
Annual average	-2.3	2.0	-6.8	1.2	2.4	1.8	0.9	-3.7	2.3	-1.8	2.3	-1.8	0.9	-3.7	2.3	-1.8	2.3	-1.8	-1.8

Source: SBS.
Elaborated by the Department of Economic Studies, BCRP.

Appendix 55 BILATERAL AND MULTILATERAL REAL EXCHANGE RATE (Period average data)

	NOMINAL EXCHANGE RATE INDEX (S/ x US\$) Base: 2009=100		US INDEX Base: 2009=100	BILATERAL REAL EXCHANGE RATE INDEX Base: 2009=100		Average	NOMINAL EXCHANGE RATE INDEX (S/ x Basket) 2/ Base: 2009=100		MULTILATERAL EXTERNAL PRICE INDEX 3/ Base: 2009=100	MULTILATERAL REAL EXCHANGE RATE INDEX 2/ 3/ Base: 2009=100
	Bid	Ask		Bid	Ask		Average	Bid		
2010	93.8	93.8	101.6	93.9	93.9	93.9	96.5	102.7	97.7	
2011	91.5	91.5	104.8	91.4	91.4	97.8	97.8	106.9	99.7	
2012	87.6	87.6	107.0	86.2	86.2	86.2	92.0	109.8	92.9	
2013	89.7	89.7	108.6	87.1	87.1	87.1	93.5	112.5	94.0	
2014	94.2	94.3	110.3	90.1	90.1	90.1	96.7	115.0	96.3	
2015	105.7	105.8	110.5	97.7	97.7	97.7	100.3	116.9	98.1	
2016	112.0	112.1	111.9	101.2	101.3	101.3	102.6	119.4	98.9	
2017	108.2	108.3	114.3	97.1	97.2	97.2	99.7	121.7	95.3	
2018	109.1	109.2	117.0	99.0	99.0	99.0	101.1	124.4	97.5	
January	106.7	106.8	115.5	96.7	96.7	96.7	101.8	123.1	98.2	
February	107.9	107.9	116.1	97.9	97.9	97.9	103.7	123.9	100.4	
March	108.0	108.0	116.3	97.7	97.8	97.8	103.6	123.6	99.6	
April	107.3	107.3	116.8	97.6	97.6	97.6	102.8	123.8	99.1	
May	108.7	108.7	117.3	99.3	99.3	99.3	102.2	123.9	98.6	
June	108.6	108.6	117.5	99.1	99.1	99.1	100.9	124.1	97.2	
July	108.8	108.8	117.5	98.8	98.8	98.9	99.6	124.5	95.9	
August	109.2	109.2	117.5	99.1	99.1	99.1	99.1	124.9	95.6	
September	109.9	110.0	117.7	99.7	99.8	99.8	99.3	125.3	95.9	
October	110.7	110.7	117.9	100.5	100.6	100.5	99.7	125.6	96.4	
November	112.0	112.1	117.5	101.3	101.3	101.3	100.4	125.2	96.7	
December	111.7	111.8	117.1	100.4	100.5	100.5	100.3	125.1	96.4	
2019	110.8	110.8	119.2	100.2	100.3	100.2	99.2	127.3	95.8	
January	111.0	111.1	117.3	100.0	100.0	100.0	100.8	125.4	97.0	
February	110.3	110.3	117.8	99.6	99.6	99.6	100.4	126.1	97.0	
March	109.7	109.8	118.5	99.0	99.0	99.0	99.7	126.3	95.8	
April	109.7	109.7	119.1	99.2	99.3	99.3	99.4	126.8	95.7	
May	110.6	110.7	119.4	100.2	100.2	100.2	99.0	127.0	95.3	
June	110.4	110.5	119.4	100.1	100.1	100.1	99.2	126.9	95.5	
July	109.2	109.3	119.6	99.0	99.0	99.0	98.4	127.2	94.9	
August	112.1	112.2	119.6	101.5	101.6	101.6	99.2	127.6	95.8	
September	111.5	111.5	119.7	101.0	101.0	101.0	98.1	127.9	95.0	
October	111.5	111.6	120.0	101.2	101.2	101.2	98.5	128.6	95.7	
November	111.9	112.0	119.9	101.4	101.4	101.4	98.8	128.7	96.1	
December	111.4	111.5	119.8	100.6	100.6	100.6	98.5	128.9	95.7	

1/ Using the United States Consumer Price Index (CPI)

2/ Corresponds to the average bid-ask exchange rate.

3/ Using the Price Index of 20 main trading partners.

Source: SBS, IMF, INEI, and Reuters.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 56
REAL EXCHANGE RATE
(% change, period average data) 1/

	NOMINAL EXCHANGE RATE INDEX (S/ x US\$) Base: 2009=100		US INDEX Base: 2009=100	BILATERAL REAL EXCHANGE RATE INDEX 2/ Base: 2009=100		NOMINAL EXCHANGE RATE INDEX (S/ x Basket) 3/ Base: 2009=100	MULTILATERAL EXTERNAL PRICE INDEX 4/ Base: 2009=100	MULTILATERAL REAL EXCHANGE RATE INDEX 3/ 4/ Base: 2009=100
	Bid	Ask		Average	Bid			
2010	-6.2	-6.2	1.6	-6.1	-6.1	-3.5	2.7	-2.3
2011	-2.5	-2.5	3.2	-2.7	-2.7	1.3	4.1	2.0
2012	-4.2	-4.2	2.1	-5.7	-5.7	-6.0	2.7	-6.8
2013	2.4	2.4	1.5	1.1	1.1	1.7	2.4	1.2
2014	5.0	5.1	1.6	3.4	3.4	3.4	2.3	2.4
2015	12.2	12.2	0.1	8.4	8.5	3.7	1.7	1.8
2016	6.0	6.0	1.3	3.6	3.6	2.4	2.1	0.9
2017	-3.4	-3.4	2.1	-4.0	-4.0	-2.9	1.9	-3.7
2018	0.8	0.8	2.4	1.9	1.9	1.4	2.2	2.3
January	-0.9	-1.0	0.5	-0.6	-0.5	1.0	0.4	1.3
February	1.0	1.0	0.5	1.2	1.2	1.9	0.6	2.3
March	0.1	0.1	0.2	-0.2	-0.1	-0.1	-0.3	-0.8
April	-0.6	-0.7	0.4	-0.1	-0.1	-0.7	0.1	-0.5
May	1.3	1.3	0.4	1.7	1.7	-0.6	0.1	-0.5
June	-0.1	-0.1	0.2	-0.3	-0.3	-1.2	0.1	-1.4
July	0.2	0.2	0.0	-0.2	-0.2	-1.3	0.3	-1.3
August	0.4	0.3	0.1	0.3	0.3	-0.6	0.3	-0.4
September	0.7	0.7	0.1	0.6	0.6	0.2	0.3	0.4
October	0.7	0.7	0.2	0.8	0.8	0.4	0.2	0.5
November	1.2	1.2	-0.3	0.7	0.8	0.7	-0.3	0.3
December	-0.3	-0.3	-0.3	-0.8	-0.8	-0.1	-0.1	-0.4
2019	1.5	1.5	1.8	1.2	1.2	-1.9	2.3	-1.8
January	-0.6	-0.6	0.2	-0.5	-0.5	0.5	0.2	0.7
February	-0.7	-0.7	0.4	-0.4	-0.4	-0.4	0.5	0.1
March	-0.5	-0.5	0.6	-0.6	-0.6	-0.7	0.2	-1.3
April	0.0	0.0	0.5	0.3	0.3	-0.3	0.4	-0.1
May	0.9	0.9	0.2	0.9	0.9	-0.5	0.1	-0.5
June	-0.2	-0.2	0.0	-0.1	-0.1	0.2	0.0	0.3
July	-1.1	-1.1	0.2	-1.1	-1.1	-0.7	0.2	-0.7
August	2.7	2.6	0.0	2.6	2.6	0.8	0.3	1.0
September	-0.6	-0.6	0.1	-0.5	-0.5	-1.1	0.3	-0.8
October	0.1	0.1	0.1	0.2	0.2	0.4	0.5	0.8
November	0.3	0.4	-0.1	0.2	0.2	0.4	0.1	0.4
December	-0.5	-0.5	-0.1	-0.8	-0.8	-0.3	0.1	-0.4

1/ For monthly data, change is respect to the previous month.
2/ Using the United States Consumer Price Index (CPI)
3/ Corresponds to the average bid-ask exchange rate.
4/ Using the Price Index of 20 main trading partners.
Source: SBS, IMF, INEI, and Reuters.
Elaborated by the Department of Economic Studies, BCRP.

Appendix 57
EXCHANGE RATE OF THE MAIN CURRENCIES AGAINST THE US DOLLAR
 (Data at the end of period)

	Euro (€)	Yen (¥)	Pound (£)	Brazilian real (R)	Chilean peso (\$)	Mexican peso (\$)	Colombian peso (\$)	Argentinian peso (\$)	SDR 1/
2010	0.753	81.450	0.648	1.69	468	12.38	1,990	3.96	1.540
2011	0.773	77.720	0.647	1.86	521	13.98	1,943	4.28	1.535
2012	0.759	86.550	0.621	2.05	479	12.99	1,772	4.90	1.537
2013	0.726	105.300	0.607	2.35	524	13.07	1,923	6.50	1.540
2014	0.824	120.640	0.641	2.66	607	14.73	2,392	8.51	1.449
2015	0.919	120.500	0.675	3.90	707	17.25	3,149	13.10	1.386
2016	0.949	116.800	0.813	3.26	667	20.66	3,001	15.90	1.344
2017	0.834	112.900	0.740	3.31	615	19.66	2,972	18.60	1.424
2018	0.873	110.830	0.788	3.87	696	19.68	3,275	37.60	1.391
2019	0.894	109.12	0.762	4.03	745	18.87	3,294	59.79	1.383

1/ US dollars per SDR.
 Source: IMF and Bloomberg.
 Elaborated by the Department of Economic Studies, BCRP.



Appendix 58
EVOLUTION OF LIQUIDITY AND CREDIT TO THE PRIVATE SECTOR
(% GDP)

	Currency	Money	Quasi money	Broad money in domestic currency	Broad money in foreign currency 2/	Total broad money 2/	Credit to the private sector in domestic currency	Credit to the private sector in foreign currency 2/ 3/	Total credit to the private sector 2/
2010	5.7	10.1	10.2	20.3	12.3	32.5	16.4	14.0	30.4
2011	5.8	10.4	10.8	21.1	12.3	33.5	17.6	14.2	31.9
2012	6.3	11.3	12.9	24.1	10.7	34.8	18.9	14.3	33.2
2013	6.4	11.4	13.7	25.1	12.3	37.4	21.6	14.8	36.5
2014	6.8	11.9	14.5	26.4	12.6	38.9	24.2	15.0	39.2
2015	6.7	11.7	13.9	25.6	15.2	40.9	29.2	12.8	42.0
2016	6.6	11.2	14.7	25.9	13.7	39.6	29.1	11.9	41.0
2017	6.6	11.7	15.7	27.4	13.1	40.5	28.8	11.9	40.7
2018	6.7	12.5	16.6	29.0	12.9	41.9	30.3	11.9	42.2
2019	6.8	12.9	17.8	30.7	13.2	44.0	32.0	11.2	43.1

1 / Data at the end of period.
2 / Valued at the current exchange rate.
3 / Includes loans made by banks' branches abroad
Source: Depository institutions.
Elaborated by the Department of Economic Studies, BCRP.

Appendix 59
EVOLUTION OF LIQUIDITY AND CREDIT TO THE PRIVATE SECTOR 1/
(% change)

	Currency	Money	Quasi money	Broad money in domestic currency	Broad money in foreign currency 2/	Total broad money 2/	Credit to the private sector in domestic currency	Credit to the private sector in foreign currency 3/	Total credit to the private sector 2/
2010	25.4	28.7	32.7	30.7	12.4	22.4	21.2	21.3	21.2
2011	13.0	14.3	18.8	16.6	17.2	16.8	20.4	18.2	19.3
2012	18.3	17.4	29.0	23.3	-0.7	13.3	16.0	14.6	15.3
2013	9.0	8.7	14.1	11.6	12.5	11.9	22.6	1.8	12.3
2014	11.5	9.7	11.3	10.6	0.8	7.0	17.7	-0.4	9.6
2015	3.8	4.5	2.0	3.1	13.1	6.6	28.0	-20.7	8.2
2016	6.5	3.5	13.6	9.0	-1.8	5.0	7.2	2.0	5.6
2017	6.7	10.7	13.9	12.5	5.5	10.1	5.3	9.9	6.6
2018	7.8	12.8	11.8	12.2	0.1	8.2	11.6	1.9	8.7
2019	4.7	7.9	12.0	10.2	7.5	9.4	9.8	-0.4	6.9

1/ Data at the end of period.

2/ Valued at the exchange rate of December 2019.

3/ Includes loans made by banks' branches abroad

Source: Depository institutions.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 60
MONETARY ACCOUNTS OF THE DEPOSITORY INSTITUTIONS 1/
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 2/
I. Short-term external assets (Million US\$)	126,018	132,815	159,157	185,919	188,237	209,960	209,538	208,196	203,324	225,459
A. Assets	44,846	49,191	62,414	66,399	63,167	61,572	62,363	64,258	60,334	68,115
B. Liabilities	128,771	136,939	168,382	190,541	194,409	218,395	216,358	217,079	213,651	235,002
	2,753	4,124	9,226	4,623	6,172	8,435	6,819	8,882	10,326	9,543
II. Other net operations abroad (Million US\$) 3/	-18,071	-21,575	-27,378	-33,650	-36,678	-37,975	-33,971	-30,575	-30,910	-31,076
A. Credits	-6,431	-7,991	-10,736	-12,018	-12,308	-11,136	-10,110	-9,437	-9,180	-9,439
B. Liabilities	4,979	5,008	5,096	5,498	5,508	6,349	8,833	8,394	10,662	9,299
	23,050	26,583	32,474	39,148	42,186	44,324	42,803	38,969	41,598	40,575
III. Domestic credit (A+B-C+D)	28,885	46,219	45,312	51,870	71,947	77,416	84,818	105,577	137,992	143,363
A. Public sector	-41,179	-53,115	-68,827	-72,568	-73,327	-78,013	-78,200	-62,827	-57,302	-62,452
1. Credits	8,090	8,916	12,446	12,446	16,571	21,430	22,595	29,882	32,402	30,042
- Central government	7,583	8,185	7,893	11,352	14,664	18,665	18,995	25,020	27,283	25,667
- Rest of the public sector	507	730	456	1,094	1,906	2,765	3,600	4,862	5,119	4,375
2. Deposits	49,269	62,031	77,177	85,014	89,898	99,443	100,795	92,709	89,799	92,494
- Central government	36,068	47,988	59,679	66,184	71,041	79,953	81,660	73,681	70,440	74,709
- Rest of Public sector	13,201	14,042	17,498	18,830	18,857	19,490	19,135	19,027	19,359	17,786
B. Private sector	121,587	147,861	167,524	198,252	224,376	255,471	268,562	282,293	311,368	331,384
Domestic currency	68,981	83,034	96,321	118,063	139,013	177,988	190,750	200,877	224,163	246,090
Foreign currency	52,606	64,828	71,203	80,189	85,363	77,483	77,812	81,416	87,205	85,295
(Million US\$)	18,721	24,010	27,923	28,639	28,645	22,722	23,158	25,128	25,877	25,769
C. Capital, reserves, provisions, and balances	42,864	45,684	49,389	52,096	55,844	64,614	76,980	84,485	92,257	104,243
D. Others Assets and Liabilities (Net)	-8,659	-2,844	-3,996	-21,717	-23,258	-35,428	-28,564	-29,404	-23,816	-21,326
IV. Monetary liabilities										
With private sector (I+II+III)	136,832	157,459	177,091	204,139	223,505	249,401	260,386	283,198	310,407	337,747
A. Domestic currency	85,366	99,520	122,734	136,976	151,445	156,170	170,211	191,498	214,901	236,862
1. Money	42,651	48,766	57,247	62,229	68,278	71,324	73,805	81,713	92,198	99,448
Notes and coins held by the public	24,131	27,261	32,244	35,144	39,173	40,643	43,295	46,178	49,778	52,117
Demand deposits in domestic currency	18,519	21,505	25,002	27,084	29,105	30,681	30,509	35,535	42,420	47,332
2. Quasi money	42,715	50,754	65,488	74,747	83,167	84,846	96,406	109,785	122,704	137,413
Saving deposits	18,084	22,409	26,978	31,061	35,591	36,751	40,696	45,692	53,723	59,454
Term deposits	23,250	26,551	35,260	40,870	43,691	43,890	51,078	59,135	63,952	72,342
Other securities	1,515	1,864	3,303	2,868	4,234	4,394	4,843	5,070	5,320	5,617
B. Quasi money in foreign currency (Million US\$)	51,467	57,939	54,357	67,163	72,060	93,231	90,175	91,700	95,505	100,885
	18,316	21,459	21,316	23,987	24,181	27,340	26,838	28,302	28,340	30,479

1/ Foreign currency is valued at the average bid-ask exchange rate at the end of period.

2/ Preliminary data.

3/ Balance of operations in foreign currency.

Source: Depository institutions.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 61
MONETARY ACCOUNTS OF COMMERCIAL BANKS 1/
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 2/
I. Short-term external assets (Million US\$)	1,885	806	-4,345	1,890	2,078	64	2,043	1,728	532	-919
Assets	671	299	-1,704	675	697	19	608	533	158	-278
Liabilities	4,505	4,815	4,733	6,380	8,118	8,322	8,659	10,252	10,298	8,445
	2,620	4,009	9,078	4,491	6,039	8,258	6,616	8,525	9,765	9,364
II. Other net operations abroad (Million US\$) 3/	-17,293	-20,570	-26,302	-32,241	-35,594	-37,060	-32,533	-29,630	-30,476	-29,690
Credits	-6,154	-7,618	-10,314	-11,515	-11,944	-10,868	-9,683	-9,145	-9,043	-8,970
Liabilities	2,351	2,952	3,121	3,377	3,152	3,760	2,728	2,094	4,074	4,147
	19,644	23,522	29,423	35,618	38,747	40,820	35,262	31,724	34,550	33,837
III. Domestic credit (A+B+C+D)	108,443	126,082	146,423	164,930	178,324	203,100	200,453	212,549	231,128	250,727
A. Public sector (net)	-3,968	-5,537	-9,213	-8,345	-6,478	-8,276	-7,075	-780	-1,406	404
1. Credits	4,115	4,068	2,768	4,828	8,327	9,897	11,088	16,001	19,080	19,928
- Central government	3,723	3,704	2,576	4,078	6,421	7,427	7,827	11,227	13,961	15,630
- Rest of the public sector	344	411	192	750	1,906	2,470	3,262	4,774	5,119	4,298
2. Liabilities	8,035	9,652	11,981	13,173	14,805	18,173	18,164	16,781	20,486	19,524
- Central government	708	671	467	887	762	3,366	3,191	2,215	5,212	5,449
- Rest of the public sector	7,327	8,982	11,514	12,286	14,043	14,807	14,973	14,565	15,274	14,075
B. Private sector	100,416	122,539	138,411	165,612	187,736	218,504	227,199	234,815	258,461	273,779
1. Domestic currency	50,500	60,753	70,416	88,577	105,758	144,762	153,011	157,463	175,753	192,822
2. Foreign currency	49,916	61,787	67,995	77,035	81,978	73,742	74,188	77,352	82,708	80,957
(Million US\$)	17,764	22,884	26,665	27,512	27,510	21,625	22,080	23,874	24,543	24,458
C. Capital, reserves, provisions, and balances	29,204	31,608	34,942	39,523	44,980	53,929	59,773	65,912	70,915	77,792
D. Others Assets and Liabilities (Net)	41,199	40,688	52,168	47,186	42,046	46,801	40,102	44,426	44,988	54,336
IV. Monetary liabilities										
With private sector (A+B+C)										
A. Money	93,034	106,318	115,776	134,578	144,808	166,105	169,962	184,647	201,184	220,118
1. Demand deposits in domestic currency	15,841	18,332	21,023	22,151	23,105	24,006	24,293	29,513	35,947	40,105
B. Quasi money in domestic currency	29,059	33,533	43,777	49,503	54,393	55,414	62,331	69,955	76,469	85,545
1. Saving deposits	13,018	15,940	19,602	22,599	24,964	25,896	28,639	32,097	38,390	42,773
2. Term deposits	15,805	17,168	23,733	26,163	27,794	28,004	32,476	36,857	37,432	42,572
3. Other securities	236	425	442	742	1,635	1,514	1,217	1,001	647	200
C. Quasi money in foreign currency (Million US\$)	48,134	54,453	50,976	62,924	67,310	86,685	83,337	85,179	88,768	94,468
	17,130	20,168	19,991	22,473	22,587	25,421	24,803	26,290	26,341	28,540

1/ Foreign currency is valued at the average bid-ask exchange rate at the end of period.

2/ Preliminary data.

3/ Balance of operations in foreign currency.

Source: Depository institutions.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 62
MONETARY ACCOUNT OF CENTRAL RESERVE BANK OF PERU 1/
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Net International Reserves (Million US\$)	123,935	131,803	163,178	183,857	185,678	209,663	207,263	206,132	202,609	226,126
A. Assets	44,105	48,816	63,991	65,663	62,308	61,485	61,686	63,621	60,121	68,316
B. Liabilities	124,063	131,918	163,325	183,989	185,811	209,841	207,466	206,490	203,170	226,304
	127	115	146	132	133	178	203	358	561	179
II. Other net liabilities abroad (Million US\$) 2/	73	55	50	54	58	67	63	62	65	64
A. Credits	26	21	20	20	20	20	20	20	20	20
B. Liabilities	2,307	1,870	1,727	1,797	1,783	2,138	5,944	5,595	5,517	4,993
	2,234	1,815	1,678	1,743	1,724	2,071	5,881	5,533	5,452	4,929
III. Domestic credit (A+B+C-D+E)	-45,590	-53,586	-57,994	-70,426	-71,175	-61,801	-66,877	-61,413	-71,516	-77,308
A. Public sector	-30,327	-41,681	-52,917	-57,756	-62,614	-67,334	-71,043	-63,272	-58,177	-60,785
1. Credits 3/	0	0	817	1,569	1,998	2,813	2,638	2,588	2,538	2,398
2. Liabilities	30,327	41,681	53,734	59,325	64,612	70,147	73,681	65,860	60,715	63,183
2.1 Central government	28,083	40,506	52,560	57,322	64,231	70,070	73,271	65,464	60,520	62,903
2.2 Rest of the public sector 4/	2,244	1,175	1,174	2,003	380	77	409	396	195	280
B. Private sector	0	0	0	0	0	0	0	0	0	0
C. Banking system	-10,123	-11,225	-10,832	-10,422	-2,651	18,983	17,556	13,246	4,297	1,751
1. Banco de la Nación	-10,123	-11,225	-10,832	-11,372	-12,551	-11,121	-11,172	-8,854	-9,011	-15,649
2. Banks	0	0	0	950	9,379	29,717	28,210	21,538	13,228	17,038
3. Other financial entities	0	0	0	0	521	388	519	562	80	363
D. Capital, reserves, provisions, and balances	3,609	3,078	1,851	-450	-592	738	1,431	1,460	2,731	5,647
E. Others assets and liabilities (Net)	-1,531	2,397	7,605	-2,699	-6,501	-12,713	-11,960	-9,926	-14,906	-12,627
IV. Monetary liabilities with private sector (I+II+III)	78,418	78,271	105,234	113,484	114,562	147,929	140,449	144,781	131,158	148,882
A. Domestic currency	59,362	56,332	80,198	73,471	68,359	71,280	74,730	89,028	87,692	92,295
1. Monetary base	34,208	39,967	37,735	51,937	53,865	51,291	53,375	57,207	61,367	64,565
1.1. Notes and coins issued	28,077	32,300	37,824	42,530	47,543	48,890	51,056	55,271	59,244	62,099
- In vault	3,946	5,040	5,579	7,386	8,370	8,247	7,761	9,092	9,467	9,983
- In circulation	24,131	27,261	32,244	35,144	39,173	40,643	43,295	46,178	49,778	52,117
1.2. Deposits	6,131	7,667	14,911	9,406	6,322	2,401	2,318	1,937	2,123	2,465
- Banks	3,687	4,911	10,274	4,678	3,856	1,402	1,280	1,184	1,156	1,332
- Banco de la Nación 5/	1,700	1,370	2,350	2,600	1,250	350	350	250	250	280
- Other financial entities	744	1,386	2,287	2,129	1,215	649	688	503	717	854
2. Others deposits 6/	21,467	3,757	9,743	3,097	1,016	1,115	2,097	1,802	1,802	2,115
3. Securities issued 7/	3,687	12,608	17,720	18,437	13,478	18,873	19,258	30,229	24,523	25,615
B. Foreign currency	19,056	21,939	25,036	40,014	46,202	76,649	65,719	55,753	43,465	56,587
(Million US\$)	6,782	8,125	9,818	14,291	15,504	22,478	19,559	17,208	12,898	17,096
1. Deposits	19,055	21,937	25,034	40,013	46,202	76,648	65,718	55,752	43,465	56,587
1.1. Banking companies	18,701	21,567	24,603	39,182	44,345	74,363	63,513	53,978	42,176	54,981
1.2. Rest of the financial system	354	370	431	831	1,857	2,285	2,206	1,774	1,288	1,607
2. Certificates	1	1	1	1	1	1	1	1	1	0

1/ Balances in foreign currency is valued at the average bid-ask exchange rate at the end of period.

2/ Includes only operations in foreign currency.

3/ Includes bonds issued by Public Treasury purchased by BCRP in the secondary market, according to Article 61 Organic Law BCRP.

4/ Includes COFIDE.

5/ Since December 31, 2007, the broad money includes deposits in the current account from Banco de la Nación.

6/ Financial entities' sterilization deposits in domestic currency (overnight deposits and auctions of term deposits) are also included here.

7/ Includes BCRP securities purchased by banks and the private sector. The value of Indexed Certificates of Deposits is indexed to the exchange rate.

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 63
OPERATIONS OF THE CENTRAL RESERVE BANK OF PERU
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. FOREIGN EXCHANGE TRANSACTIONS	25,362	669	31,172	-12,681	-14,822	-28,100	2,783	31,111	4,784	4,439
(Million US\$)	9,010	329	11,837	-4,270	-5,128	-8,918	928	9,604	1,452	1,335
1. Over the Counter Transactions	8,963	3,537	13,179	5	-4,208	-8,064	786	5,246	184	405
2. Public sector	-50	-3,039	-1,353	-4,298	-955	657	-321	4,152	1,380	927
3. Others	96	-169	11	24	35	-1,511	463	207	-112	3
II. DOMESTIC NET ASSET	-20,472	2,461	-26,188	15,581	18,850	29,570	-131	-28,228	-1,185	-2,100
1. Public deposits	-5,720	-5,214	-7,999	3,293	158	5,793	2,227	-13,702	2,623	-6,122
2. Reserve repos	0	0	0	950	350	1,200	-401	3,321	530	400
3. Foreign exchange swaps	0	0	0	0	8,600	19,005	-975	-9,950	-9,322	3,692
4. BCRP Certificates of Deposit (CDBCRP)	14,091	-13,550	-7,225	1,812	3,417	195	-7,584	-7,783	3,686	-1,304
5. BCRP Indexed Certificates of Deposit (CDR)	11	-11	0	-3,111	521	-4,469	6,254	-30	835	0
6. BCRP Certificates of Deposit with restricted negotiation (CDBCRP-NR)	0	0	0	0	0	0	0	0	0	0
7. BCRP Certificates of Deposit payable in dollars (CDLD BCRP)	-450	450	0	0	0	0	0	-400	400	0
8. BCRP Certificates of Deposit with a variable rate (CDV BCRP)	-3,207	3,207	0	0	0	-161	161	0	0	0
9. Term Deposits	-20,788	17,151	-5,611	9,248	0	-840	840	0	0	0
10. Overnight Deposits	163	559	-375	-2,602	2,080	741	-1,822	505	-210	-313
11. Reserve requirement in domestic currency	-5,770	-2,630	-7,784	3,698	2,100	4,044	569	-950	-560	-858
12. Rest	1,198	2,499	2,805	2,292	1,623	4,062	600	760	834	2,406
III. CURRENCY	4,890	3,130	4,983	2,900	4,028	1,470	2,653	2,883	3,599	2,339
Memo: At the end of period										
- Currency	24,131	27,261	32,244	35,144	39,173	40,643	43,295	46,178	49,778	52,117
- CD BCRP	30	13,580	20,805	18,992	15,575	15,380	22,964	30,747	27,061	28,365
- CDR BCRP 1/	0	0	0	3,111	2,627	7,249	792	829	0	0
- CDBCRP with restricted negotiation	0	0	0	0	0	0	0	0	0	0
- CDLD BCRP	450	0	0	0	0	0	0	400	0	0
- CDV BCRP 2/	3,207	0	0	0	0	161	0	0	0	0
- Term Deposits (DP BCRP)	20,788	3,637	9,248	0	0	840	0	0	0	0
- Deposits of the Public Sector	26,726	31,940	39,939	36,646	36,488	30,694	28,467	42,169	39,546	45,669

1/ Includes adjustment by indexing.

2/ Includes the readjustment of the balance due to variations in the BCRP Policy interest rate.

Memo:

CD BCRP: Certificate of Deposit

CDR BCRP: Certificate of Deposit indexed to the exchange rate.

CDLD BCRP: Certificates of Deposit payable in dollars.

CDV BCRP: Certificate of Deposit indexed to the BCRP Policy interest rate.

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 64
FLOWS OF NET INTERNATIONAL RESERVES (NIR)
(Million US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Foreign exchange operations	9,010	329	11,837	-4,270	-5,128	-8,918	928	9,604	1,452	1,335
1. Over the Counter operations	8,963	3,537	13,179	5	-4,208	-8,064	786	5,246	184	405
a. Purchases	8,963	4,733	13,855	5,210	20	0	2,090	5,246	184	405
b. Sales	0	-1,196	-676	-5,205	-4,228	-8,064	-1,304	0	0	0
2. Net purchases to the public sector	-50	-3,039	-1,353	-4,298	-955	657	-321	4,152	1,380	927
3. Other operations (net)	96	-169	11	24	35	-1,511	463	207	-112	3
II. Deposits of the financial system	1,472	1,473	1,269	4,315	1,265	6,911	-2,623	-2,591	-4,397	4,710
III. Public sector deposits	36	2,392	1,467	2,561	1,161	1,681	1,465	-5,716	-1,197	474
IV. Net interest	670	579	573	649	550	388	381	538	717	923
V. Other	-217	-62	30	-1,583	-1,203	-885	50	100	-75	752
VI. Total	10,970	4,711	15,176	1,672	-3,355	-823	201	1,936	-3,500	8,195

Source: BCRP.
Elaborated by the Department of Economic Studies, BCRP.

Appendix 65
NOMINAL AND REAL INTEREST RATES IN DOMESTIC AND FOREIGN CURRENCY
 (Annual effective rate at end-of-period)

	Domestic currency						Foreign currency													
	Average Lending (TAMIN)		Lending Corporate Prime 90 days 1/		Average Deposits (TIPMIN)		Average Deposits (TIPMEX)		Average Lending (TAMEX)		Average Deposits (TIPMEX)									
	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 3/	Nominal	Real 3/	Nominal	Real 3/								
2010	18.7	16.3	3.6	1.5	1.8	-0.3	0.5	-1.5	3.0	0.9	8.5	3.4	0.8	-4.0	0.3	-4.4	1.1	-3.7	0.30	-4.5
2011	18.9	13.5	5.4	0.6	2.5	-2.2	0.6	-4.0	4.2	-0.5	7.8	-1.1	0.7	-7.7	0.3	-8.0	0.3	-8.0	0.58	-7.7
2012	19.1	16.0	5.0	2.3	2.4	-0.3	0.6	-2.0	4.2	1.6	8.2	-0.5	0.9	-7.2	0.3	-7.7	1.2	-6.9	0.31	-7.7
2013	15.9	12.7	4.5	1.6	2.3	-0.6	0.5	-2.3	4.1	1.2	8.0	15.3	0.4	7.2	0.3	7.0	0.2	6.9	0.25	7.0
2014	15.7	12.1	4.7	1.4	2.3	-0.9	0.5	-2.6	3.8	0.6	7.5	10.9	0.4	3.5	0.2	3.3	0.2	3.3	0.26	3.4
2015	16.1	11.2	4.9	0.5	2.4	-1.9	0.5	-3.7	3.8	-0.6	7.9	18.2	0.3	10.0	0.2	9.8	0.2	9.8	0.61	10.3
2016	17.2	13.5	5.2	1.9	2.6	-0.6	0.5	-2.6	4.4	1.1	7.6	2.7	0.3	-4.2	0.2	-4.4	0.6	-4.0	1.00	-3.6
2017	15.8	14.2	3.6	2.2	2.5	1.1	0.6	-0.7	3.3	1.9	6.7	1.5	0.5	-4.4	0.2	-4.7	1.3	-3.6	1.69	-3.3
2018	14.3	11.8	4.5	2.1	2.4	0.2	0.8	-1.3	2.8	0.5	7.9	9.8	0.8	2.6	0.2	2.0	2.3	4.1	2.81	4.6
2019	14.1	12.0	3.3	1.3	2.2	0.3	0.7	-1.2	2.3	0.3	7.5	3.6	0.8	-2.8	0.2	-3.4	1.8	-1.9	1.91	-1.8

1/ Since 2010, corresponds to corporate credits.

2/ Nominal interest rate minus last twelve months inflation.

3/ Nominal interest rate adjusted to last 12-month exchange rate variations minus last 12-months inflation.

Source: SBS and BCRP.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 66
COMMERCIAL BANKS: INDICATORS OF FINANCIAL SOUNDNESS
(%)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. SOLVENCY										
Global Leverage 1/	13.7	13.5	13.6	13.7	14.4	14.2	15.0	15.2	14.7	14.6
2. PORTFOLIO QUALITY										
Non-performing loans / Direct loans	1.5	1.5	1.8	2.1	2.5	2.5	2.8	3.0	3.0	3.0
Non-performing loans in domestic currency / Direct loans in domestic currency	1.9	2.0	2.4	2.8	2.8	2.5	2.8	3.3	3.2	3.3
Non-performing loans in foreign currency / Direct loans in foreign currency	1.1	1.0	1.1	1.4	2.0	2.7	2.7	2.5	2.4	2.3
Refinanced and restructured loans / Direct loans	1.1	1.0	1.0	0.9	1.0	1.1	1.2	1.4	1.5	1.4
Provisions / Non-performing loans	245.6	251.1	223.6	188.1	165.0	166.6	160.6	152.6	153.6	152.1
Provisions / (Non-performing loans + refinanced and restructured loans)	141.9	149.5	142.3	131.5	116.4	117.5	111.6	105.7	102.0	103.0
3. MANAGEMENT										
Operative expenses / Total financial margin	44.2	47.1	46.7	47.1	45.3	43.0	43.0	42.5	42.2	41.1
4. PROFITABILITY										
Net profit / Average equity (ROE)	24.2	24.5	22.4	21.2	19.7	22.1	19.9	18.3	18.4	18.3
Net profit / Average asset (ROA)	2.4	2.3	2.2	2.0	1.9	2.1	2.0	2.1	2.2	2.2
5. LIQUIDITY 2/										
Liquidity ratio in domestic currency	54.6	39.2	46.3	30.8	24.4	26.5	27.4	34.3	27.0	27.0
Liquidity ratio in foreign currency	41.1	45.0	46.2	56.1	54.7	46.6	43.9	44.9	44.5	49.6

1/ Equity as a percentage of the total risk-weighted assets and contingencies (credit risk, market risk and operational risk).

2/ Daily average of liquid assets divided by banks' short-term liabilities in domestic currency and foreign currency.

Source: SBS.

Elaborated by the Department of Financial Stability, BCRP.

Appendix 67
PRIMARY BOND MARKET
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. BONDS ISSUED BY THE PRIVATE SECTOR 1/	18,175	17,363	16,603	17,233	17,324	20,646	21,825	22,554	23,052	22,982
BALANCE BY TYPE OF BOND										
Leasing bonds	1,318	809	708	581	739	852	885	1,015	887	654
Subordinate bonds	1,459	1,621	1,762	2,225	2,560	2,795	2,570	2,586	2,567	2,436
Mortgage bonds	177	40	20	9	3	-	-	-	-	-
Securitization bonds	1,376	1,162	769	2,422	2,574	3,165	2,496	1,849	1,820	1,747
Corporate	13,845	13,731	13,345	11,995	11,448	13,834	15,874	17,104	17,778	18,145
BALANCE BY MATURITY										
Up to 3 years	2,349	1,623	1,062	1,051	1,290	1,410	2,436	2,715	3,140	2,678
More than 3 years, up to 5 years	3,657	3,295	3,317	3,071	2,203	2,941	2,484	2,303	2,121	1,909
More than 5 years	12,168	12,444	12,224	13,110	13,831	16,295	16,906	17,397	17,791	18,396
% PARTICIPATION BY CURRENCIES										
Fixed-income bonds in soles	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Variable-income bonds in soles	44.3	47.8	54.2	50.8	52.7	52.2	62.7	68.4	73.4	82.2
US dollars	8.4	8.9	10.5	10.7	10.2	9.1	8.2	6.8	6.5	4.5
Others	47.3	43.4	35.3	37.5	36.1	38.4	29.0	24.8	20.1	13.3
	-	-	-	1.0	1.0	0.3	0.2	0.0	-	-
II. TOTAL BALANCE OF TREASURY BONDS (1) + (2) 2/	28,161	28,785	31,723	35,248	43,018	47,623	63,030	86,339	100,864	120,669
a. BALANCE OF FIXED-INCOME BONDS	26,008	26,694	29,632	32,961	40,379	44,808	59,431	82,659	97,943	117,761
Up to 3 years	459	577	2,262	1,687	3,070	2,299	618	4,401	1,574	157
More than 3 years, up to 5 years	1,587	1,687	1,212	1,578	-	6,069	4,401	-	5,739	8,049
More than 5 years, up to 10 years	10,121	10,043	9,047	11,990	17,692	12,178	19,701	26,313	37,916	41,409
More than 10 years	13,842	14,387	17,110	17,707	19,617	24,262	34,711	51,945	52,714	68,147
b. BALANCE OF VARIABLE-INCOME BONDS	2,153	2,091	2,091	2,287	2,639	2,815	3,599	3,681	2,921	2,907
Up to 10 years	247	185	185	288	1,108	1,110	1,658	1,658	898	884
More than 10 years, up to 20 years	795	795	795	795	28	969	988	988	988	988
More than 20 years, up to 30 years	911	911	911	911	934	41	652	652	652	652
More than 30 years	200	200	200	293	569	696	301	383	383	383
Memo:										
Private sector bonds (% GDP)	4.3	3.7	3.3	3.2	3.0	3.4	3.3	3.2	3.1	3.0
Sovereign bonds (% GDP)	6.7	6.1	6.2	6.5	7.5	7.8	9.6	12.4	13.6	15.7

1/ Includes only bonds negotiated through auctions.

2/ Sovereign bonds are classified according to term maturity.

Source: Issuing companies, SMV and MEF.

Elaborated by the Department of Economic Studies, BCRP.



Appendix 68
PRIVATE PENSION SYSTEM

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. FUND VALUE										
Million soles	86,391	81,052	95,907	101,113	113,467	123,006	135,158	154,887	152,071	173,328
Annual % growth	25.9	-6.2	18.3	5.4	12.2	8.4	9.9	14.6	-1.8	14.0
% GDP 1/	20.5	17.2	18.9	18.5	19.8	20.2	20.6	22.2	20.5	22.5
Annuity Fund 0							1,208	1,782	2,266	2,832
Annuity Fund 1	6,886	7,988	10,645	12,084	13,981	16,332	15,757	16,612	16,072	20,031
Annuity Fund 2	60,117	56,553	66,021	69,025	77,738	85,674	96,671	113,184	112,497	129,890
Annuity Fund 3	19,388	16,511	19,240	20,004	21,748	21,000	21,522	23,310	21,236	20,575
II. NUMBER OF MEMBERS										
In thousands	4,642	4,928	5,268	5,482	5,728	5,963	6,264	6,605	7,019	7,427
Annual % growth	4.1	6.2	6.9	4.0	4.5	4.1	5.0	5.4	6.3	5.8
III. ANNUAL YIELD										
Nominal	18.4	-7.1	11.8	-0.0	8.9	5.7	9.9	11.9	-1.3	12.9
Real 2/	16.0	-11.3	8.9	-2.8	5.5	1.2	6.5	10.4	-3.4	10.8
IV. COMPOSITION OF INVESTMENT PORTFOLIO										
In %										
Government securities	16.1	17.0	17.5	13.5	17.7	17.8	21.9	21.7	23.2	23.1
Central government securities	16.1	15.9	14.6	11.3	17.3	17.8	21.5	21.6	23.2	23.1
Central bank securities	-	1.1	2.9	2.1	0.4	-	0.4	0.1	-	-
Financial institutions	15.4	14.4	14.7	25.0	18.2	23.2	19.0	16.5	14.0	13.8
Deposits in domestic currency	5.0	3.8	2.2	2.2	0.8	0.8	2.4	3.3	2.4	1.6
Deposits in foreign currency 3/	1.2	0.7	1.9	10.7	5.8	10.6	3.5	2.5	0.2	0.6
Shares	2.5	1.9	2.1	1.5	1.2	0.9	1.9	1.9	2.9	3.3
Bonds	3.4	4.1	4.6	6.3	5.7	6.6	6.9	5.5	5.1	5.3
Others 4/	3.3	3.9	3.9	4.2	4.7	4.4	4.4	3.4	3.4	3.1
Non-financial institutions	42.2	40.1	38.3	26.4	23.4	18.8	20.0	18.5	17.6	17.6
Common and investment stocks	29.2	25.5	23.9	14.7	11.4	6.6	8.4	8.6	8.2	8.2
Corporate bonds	9.5	9.9	9.2	6.3	6.9	6.7	6.7	6.5	6.8	7.0
Others 5/	3.5	4.7	5.3	5.4	5.1	5.5	4.8	3.3	2.6	2.3
Investment abroad	26.2	28.5	29.4	35.2	40.6	40.2	38.1	43.3	44.6	44.9
Other countries' debt bonds	2.5	1.2	1.8	1.3	0.6	0.1	0.5	0.6	1.0	2.6
Foreign mutual funds	1.0	0.7	0.3	0.4	0.5	0.4	0.6	0.4	0.2	0.3
Foreign shares	7.4	14.1	18.5	24.6	35.6	37.8	35.0	40.7	42.2	40.4
American Depository Shares (ADS)	10.9	7.9	4.1	5.1	1.2	0.3	0.3	0.2	0.0	1.6
Others	4.5	4.7	4.8	3.8	2.7	1.6	1.7	1.4	1.1	0.0
Operations in transit	0.1	1.1	2.9	2.1	0.4	-	1.4	0.1	0.6	0.6

1/ Preliminary the last 3 years
 2/ Since December 2005, annual yields correspond to the yield of Type 2 Fund.
 3/ Includes current account and certificates in foreign currency.
 4/ Includes mortgage bonds and guaranteed promissory notes.
 5/ Includes commercial bonds, repos, and promissory notes.
 Source: SBS.
 Elaborated by the Department of Economic Studies, BCRP.

Appendix 69
LIMA STOCK EXCHANGE
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. STOCK EXCHANGE INDICES 1/ (Base: 31/12/91 = 100)										
SP/BVL Peru General	23,374.6	19,473.7	20,629.4	15,753.7	51,319.0	9,848.6	15,567.0	19,974.4	19,350.4	20,526.1
SP/BVL LIMA 25	32,050.4	27,335.2	31,000.6	22,877.8	20,265.0	12,901.7	23,578.4	30,766.8	26,508.1	25,752.9
II. ANNUAL TRADING VOLUME (Million soles)										
Variable-income instruments	16,873	19,764	18,534	13,511	13,344	7,728	10,458	22,769	13,319	13,849
Fixed-income instruments	2,142	1,824	1,417	2,619	3,093	3,411	4,923	6,478	7,049	4,391
Total	19,015	21,588	19,951	16,130	16,436	11,139	15,381	29,247	20,369	18,240
III. MARKET CAPITALIZATION (Million soles)										
Variable-income instruments	451,796	327,823	391,181	337,226	360,840	309,004	416,167	526,354	479,301	537,308
Fixed-income instruments	160,782	121,416	153,404	120,438	121,087	90,617	123,859	162,455	142,374	162,329
Total	612,578	449,239	544,585	457,664	481,927	400,621	540,026	688,809	621,675	700,637
% GDP 2/	107.5	69.7	76.9	61.7	62.9	50.6	63.3	75.2	64.7	69.6
IV. DEMATERIALIZED HOLDINGS 3/ (Million soles)										
Variable-income instruments	187,112	153,325	144,300	155,736	157,192	145,341	194,927	223,035	223,744	228,718
Fixed-income instruments	54,170	52,685	53,190	64,660	75,835	82,167	105,450	132,143	149,190	170,975
Total	241,282	206,010	197,490	220,396	233,027	227,508	300,377	355,179	372,934	399,692
% GDP 2/	57.4	43.8	38.8	40.4	40.6	37.3	45.7	50.8	49.2	51.8
V. NON-RESIDENTS SHARE 4/ (%)										
Variable-income instruments	45.2	41.6	45.9	42.8	39.9	34.6	35.2	37.4	34.6	34.2
Fixed-income instruments	22.4	24.1	30.6	29.9	24.0	20.9	23.7	28.3	28.8	30.8
Total	40.0	37.1	41.8	39.1	34.7	29.7	31.2	34.0	32.3	32.7

1/ Since May 1, 2015, an agreement entered in force between the Lima Stock Exchange and S&P Dow Jones Indices for the calculation, commercialization, licensing and distribution of new indexes. These include the SP/BVL Peru General and the SP/BVL Peru 25, which replace the old general and selective indexes, and also include new sectoral indices.

2/ Preliminary the last 3 years

3/ Dematerialized holdings listed at CAVALI.

4/ Relative to securities listed at CAVALI.

Source: Lima Stock Exchange, CAVALI ICLV

Elaborated by the Department of Economic Studies, BCRP.



Appendix 70
INVESTMENT MUTUAL FUNDS
(Million soles)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Fund value	15,669	13,460	17,820	16,389	18,727	21,094	25,231	29,676	29,875	35,441
Balance by type of fund										
Fixed-income	14,066	11,977	16,169	15,039	17,400	18,390	19,526	21,142	15,733	20,648
Mixed-income	1,602	1,483	1,651	1,350	1,327	2,704	5,704	8,533	14,142	14,793
Balance by currencies										
Domestic currency	5,588	5,410	9,235	8,161	9,074	7,793	9,708	12,637	12,488	13,183
Foreign currency	10,080	8,050	8,585	8,228	9,653	13,301	15,523	17,038	17,387	22,258
(Million US\$)	3,589	2,982	3,366	2,943	3,240	3,898	4,625	5,258	5,151	6,720
II. Number of participants (in thousands)	284	263	316	313	352	385	419	443	439	436
Fixed-income	115	116	177	176	219	245	250	247	199	238
Mixed-income	169	147	139	137	134	139	169	197	240	198
III. Composition of the investment portfolio (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Deposits	57.2	50.2	53.2	63.3	63.1	54.8	53.3	50.0	41.0	40.8
Fixed-income instruments	32.9	37.6	33.6	23.6	11.9	8.6	7.2	6.5	10.7	8.7
Sovereign bonds	9.9	11.4	7.4	5.5	2.6	0.9	0.7	0.9	0.9	0.7
BCRP securities	2.7	6.3	11.4	6.4	1.1	0.5	1.4	1.5	0.5	0.1
Others	20.4	19.9	14.8	11.7	8.2	7.1	5.0	4.1	9.3	8.0
Variable income instruments	6.3	7.0	4.7	3.8	2.5	1.4	1.8	1.8	2.7	3.4
Investment abroad	3.1	5.1	7.7	9.0	22.4	33.6	36.0	39.6	44.0	43.8
Repos and derivatives	0.4	0.1	0.8	0.4	0.1	1.6	1.8	2.1	1.6	3.3

Source: SMV.
Elaborated by the Department of Economic Studies, BCRP.



Daniel Hernández
Apoteosis de Ayacucho



Carlos Baca Flor
La vocación natural

CONTENT

INTRODUCTION	9
I. PRODUCTION AND EMPLOYMENT	11
1. Domestic demand	12
1.1. Private consumption	13
1.2. Private investment	14
1.3. Public expenditure	16
2. Exports and imports	16
3. Production sectors.....	16
3.1. Agriculture sector	17
3.2. Fishing sector	21
3.3. Mining and hydrocarbons sector.....	23
3.4. Manufacturing sector	27
3.5. Construction sector	30
4. Labor	32
4.1. National employment	33
II. EXTERNAL SECTOR.....	40
1. International environment	40
2. Balance of payments	43
2.1. Trade balance.....	45
2.2. Terms of Trade	52
2.3. Services	55
2.4. Factor income.....	56
2.5. Current transfers	57
2.6. Private sector financial account.....	57
2.7. Short-term capital flows	58
2.8. Public sector financial account.....	59
2.9. International investment position.....	59
2.10. Management of international reserves.....	61
III. PUBLIC FINANCES.....	64
1. Revenue of the general government.....	67
2. General government expenditure	71
3. State-owned enterprises.....	77
4. Debt of the non-financial public sector.....	79
4.1. External public debt.....	80
4.2. Domestic debt.....	80
4.3. Net debt.....	81
4.4. Debt by currencies.....	81
4.5. Debt by type of interest rate	82
4.6. Average life of debt.....	82



IV. INFLATION	84
1. Inflation excluding food and energy	86
2. Food and energy prices	87
3. Domestic inflation	88
V. LIQUIDITY AND CREDIT	92
1. Monetary policy	92
2. Interest rates	94
3. Monetary and credit aggregates	95
3.1. Currency in circulation	96
3.2. Liquidity	96
3.3. Credit to the private sector	98
4. Total funding to the private sector	102
5. Financial indicators	103
6. Exchange rate	104
7. Financial savings and capital markets	106
7.1. Fixed income market	107
7.2. Stock exchange	108
7.3. Private pension system	109
7.4. Mutual funds	110
7.5. Payment systems	112
VI. INSTITUTIONAL ACTIVITIES	123
1. Board of directors	123
2. Transparency and social responsibility	123
2.1. Transparency	123
2.2. Dissemination of economic information	124
2.3. Social responsibility	124
3. Main meetings and events	127
3.1. International meetings	127
3.2. National meetings	129
4. Branch offices	130
5. Currency management	131
5.1. Banknotes and coins in circulation	132
5.2. Coin minting	134
5.3. Destruction of banknotes and coins	134
6. Circulars	135
FINANCIAL STATEMENTS	140
APPENDICES	198
CONTENT	271

INDICES OF TABLES, BOXES, GRAPHS AND APPENDICES

TABLES

1.	Gross domestic product by type of expenditure (Real % change)	12
2.	Indicators of private consumption (% change)	13
3.	IMining and non-mining investment (Real % change)	15
4.	Gross domestic product by economic sectors (Real % change).....	17
5.	Agriculture and livestock production (Real % change)	18
6.	Maximum limit of catch allowed and anchovy extraction (North-Central zone).....	22
7.	Fishing catch by main species (% change).....	23
8.	Production in the mining and hydrocarbons sector (Real % change)	23
9.	Volume of mining production.....	24
10.	Manufacturing based on raw materials (% change, YoY).....	27
11.	Growth of non-primary manufacturing by type of goods (Real % change).....	29
12.	Real estate sector: Evolution of main variables	31
13.	Formal jobs - Electronic payroll (Thousand jobs)	32
14.	Formal jobs in the private sector - Electronic payroll (Thousand jobs).....	32
15.	National employment (Thousand people).....	33
16.	Global growth (Annual % change)	41
17.	Inflation (% change last 12 months, average of period).....	42
18.	Balance of payments Million US\$).....	44
19.	Trade by main countries and regions (Million US\$).....	46
20.	Exports by group of economic activity (Million US\$)	47
21.	Exports (Million US\$)	48
22.	Exports (% change)	48
23.	Mining production 2019.....	49
24.	Main destination: non-traditional exports (Million US\$).....	50
25.	Main non-traditional agricultural products (Million US\$).	50
26.	FOB Imports by use or destination	51
27.	Imports (% change).....	52
28.	Terms of trade (Annual % change).....	53
29.	Services (Million US\$).....	55
30.	Factor income	56
31.	Private sector financial account.....	57
32.	Foreign direct investment in country by destination sector (Million US\$).....	58
33.	Public sector financial account.....	59
34.	Net international investment position (End-of-period levels).....	60
35.	NIR indicators	61
36.	International reserve assets (% structure).....	61
37.	Composition of liquid international assets (% structure)	62



38.	International position: effective exposure (% structure).....	62
39.	Overall balance of the non-financial public sector	65
40.	Weighted fiscal impulse (% of Potential GDP).....	66
41.	Financing of the non-financial public sector	67
42.	General government revenues	68
43.	Income tax by category (Million soles).....	68
44.	Revenues from corporate tax by sectors: payments on account (Million soles).....	69
45.	Domestic VAT by sectors (Million soles).....	70
46.	General government non-financial expenditure	72
47.	Gross Capital Formation of the general government (Million soles)	73
48.	Main investment projects of the national government: 2019 (Million soles).....	74
49.	Investment of regional governments (Million soles).....	75
50.	Investment of local governments (Million soles)	76
51.	Overall balance of state-owned enterprises.....	77
52.	Debt balance of the non-financial public sector	79
53.	Net debt of the non-financial public sector	81
54.	Indicadores tendenciales anuales de inflación (Variación porcentual 12 meses)	84
55.	Inflation (% change).....	85
56.	Items with the highest weighted contribution to inflation: 2019	86
57.	Interest rates on operations in soles (%)	95
58.	Interest rates on operations in US dollars (%).....	95
59.	Main monetary aggregates.....	97
60.	Deposits by type of depositor	98
61.	Total credit to the private sector	100
62.	Credit to the private sector in domestic currency	100
63.	Credit to the private sector in foreign currency	101
64.	Dollarization ratio of credit to the private sector	101
65.	Financing to the private sector.....	102
66.	Financial indicators of commercial banks (%).....	103
67.	Banks: delinquency rates by type and size of debtor (%).....	104
68.	Financial indicators of non-bank companies (%)	104
69.	Exchange rate and price of commodities.....	105
70.	Number of FX intervention of BCRP	106
71.	Financial savings (Average balance in the period, as % GDP)	107
72.	Fixed-income securities issued by private companies	107
73.	Composition of the private pension system portfolio (%).....	110
74.	Composition of mutual funds investment (%).....	111
75.	Payment systems (monthly average, value in million soles and number of operations in thousand).....	112
76.	Other transfers and retail payments (Monthly average)	115
77.	Main changes in the markets of cards.....	116

GRAPHS

1.	Real per capita gross domestic product (Index 1960 = 100	11
2.	Per capita GDP: In US\$ and international PPP US\$.....	12
3.	GDP and domestic demand (Real % change).....	13
4.	Private consumption (Real % change).....	14
5.	Gross private fixed investment (Real % change).....	14
6.	Gross private fixed investment (% GDP).....	15
7.	Agriculture and livestock sector (% change)	17
8.	Temporary crops (Thousand tons).....	19
9.	Permanent crops (Thousand tons).....	19
10.	Stored volume in main reservoirs by regions (Million cubic meters).....	20
11.	Fishing sector (% change).....	21
12.	Extraction of anchovy for industrial consumption (Million tons).....	22
13.	Production of gold (Thousand troy ounces).....	25
14.	Production of copper (Thousand fine metric tons).....	25
15.	Production of zinc (Thousand fine metric tons)	26
16.	Production of the hydrocarbons subsector (% change)	26
17.	Natural gas production (Million cubic feet per day)	27
18.	Non-primary manufacturing Real % change)	28
19.	Construction (Real % change).....	30
20.	Quarterly weighted median sale prices (Constant soles 2009 per m ² department).....	31
21.	Employment at the national level - ENAHO (% change)	33
22.	National unemployment rate - ENAHO (% EAP).....	34
23.	World growth: Advanced economies and emerging markets (Annual % GDP).....	40
24.	Stock exchange index and 10-year treasury bond of G7 countries.....	42
25.	Portfolio capital flows to the emerging markets (Billion US\$).....	43
26.	Current account of balance of payments (% GDP).....	43
27.	Financial account of balance of payments (% GDP)	44
28.	Trade balance (Million US\$)	45
29.	Main commercial partners 2019	45
30.	Terms of trade (% change).....	53
31.	Price of copper: 2010-2019 (Monthly average, US\$ cents per pound).....	53
32.	Price of gold: 2010-2019 (Monthly average, US\$/tr. ounce).....	54
33.	Price of zinc: 2010-2019 (Monthly average, US\$ cents per pound).....	54
34.	WTI oil price: 2010-2019 (Monthly average, US\$ per barrel)	55
35.	Balance of medium and long term external debt (% GDP)	60
36.	International reserves (% GDP)	61
37.	Overall balance of the non-financial public sector (% GDP).....	64
38.	Structural overall balance of the non-financial public sector (% potential GDP).....	65
39.	Weighted fiscal impulse (% potential GDP).....	66



40.	Current revenue of general government (% GDP).....	67
41.	General government non-financial expenditure and gross capital formation (% GDP).....	71
42.	Gross capital formation of local and regional governments (% GDP).....	77
43.	Debt balance of non-financial public sector by currency (% structure).....	81
44.	Debt balance of non-financial public sector by type of interest rate (% structure).....	82
45.	Average life of the public debt (Years).....	82
46.	Inflation (Last 12 month % change).....	85
47.	Contributions to annual CPI variation (% points).....	86
48.	Price change of goods and services excluding food and energy prices (Last 12 months % change).....	87
49.	Inflation by cities: 2019 (Last 12 months % change).....	89
50.	Inflation excluding food and energy by cities: 2019 (Last 12 months % change).....	89
51.	Nominal and real benchmark interest rate (%).....	93
52.	Inflation expectations 12 months ahead (%).....	93
53.	Reserve requirements in domestic and foreign currency (As % of banks' liabilities).....	94
54.	Currency (% GDP).....	96
55.	Liquidity in the private sector (Annual % change, end-of-period).....	96
56.	Liquidity in the private sector (% GDP, end-of-period).....	97
57.	Dollarization of liquidity and deposits (%).....	98
58.	Credit to the private sector (Annual % change, end-of-period).....	99
59.	Credit to the private sector (% GDP, end-of-period).....	99
60.	Dollarization ratio of credit to the private sector (%).....	102
61.	Total flow of US\$ in the foreign exchange market 2019 (Million US\$).....	105
62.	Exchange rate and BCRP interventions in the foreign exchange market.....	106
63.	General index of the Lima Stock Exchange (Annual % change, end-of-period).....	108
64.	Value of private pension funds (Annual % change, end-of-period).....	109
65.	Structure of the mutual funds' portfolio (Balance in million soles, end-of-period).....	111
66.	Value of transfers handled by the payment systems (In number of times of GDP).....	112
67.	Transfers handled through the RTGS system. Monthly average, value in millions of soles and number of operations (in thousands).....	113
68.	Payments settled through the CCE. Monthly average, value in millions of soles and number of operations (in thousands).....	114
69.	Payments settled through the MSSS. Monthly average, value in millions of soles and number of operations (in thousands).....	114

BOXES

1.	Population dynamics in Peru.....	35
2.	Venezuelan immigration to Peru.....	37
3.	Trend inflation indicators.....	90
4.	Credit card-related growth of credit.....	117

APPENDICES

1.	Gross domestic product (Million soles at 2007 prices)	198
2.	Gross domestic product by production sector (Real % change)	200
3.	Gross domestic product by production sector (Million soles at 2007 prices)	201
4.	Agriculture and livestock production by main products (% change)	202
5.	Agriculture and livestock production by main products (Thousand tons).....	203
6.	Fishing production by destination and main species (% change)	204
7.	Fishing production by destination and main species (Thousand tons).....	205
8.	Mining and hydrocarbons production by main products (% change).....	206
9.	Mining and hydrocarbons production by main products (Thousand recoverable units)	207
10.	Manufacturing production by main industrial groups (% change)	208
11.	Manufacturing production by main industrial groups (Million soles at 2007 prices)	209
12.	Gross domestic product by expenditure (Real % change).....	210
13.	Gross domestic product by expenditure (Million soles at 2007 prices).....	211
14.	Gross domestic product by expenditure (Million soles)	212
15.	Gross domestic product by expenditure (% structure).....	213
16.	National disposable income (Real % change)	214
17.	National disposable income (Million soles at 2007 prices)	215
18.	Macroeconomic flows (% GDP)	216
19.	Balance of payments (Million US\$)	217
20.	Balance of payments (% GDP)	218
21.	Trade balance (FOB values in million US\$)	219
22.	Exports of non-traditional products (Million US\$).....	220
23.	Exports by group of products (FOB values in million US\$).....	221
24.	Exports of traditional products (FOB values in million US\$).....	222
25.	Imports by use or economic destination (FOB values in million US\$)	223
26.	Terms of trade (Year 2007 = 100).....	224
27.	Commodity prices (Average data)	225
28.	Services (Million US\$)	226
29.	Investment income (Million US\$)	227
30.	Private sector financial account (Million US\$)	228
31.	Public sector financial account (Million US\$)	229
32.	Financial account of short-term capital (Million US\$).....	230
33.	External investment position (End-of-period levels in million US\$)	231
34.	External investment position (% GDP)	232
35.	Operations of the non-financial public sector (Million soles)	233
36.	Operations of the non-financial public sector (% GDP).....	234
37.	General government current revenues (Million soles)	235
38.	General government current revenues (% GDP)	236
39.	General government expenditure (Million soles)	237



40.	General government expenditure (% GDP)	238
41.	Regional government operations (Million soles)	239
42.	Regional government operations (% GDP)	240
43.	Local government operations (Million soles)	241
44.	Local government operations (% GDP)	242
45.	Operations of non-financial state enterprises (Million soles)	243
46.	Operations of non-financial state enterprises (% GDP)	244
47.	Net debt of the non-financial public sector	245
48.	Inflation: 2010-2019 (% change)	246
49.	Consumer price index: 2010-2019 (% change)	247
50.	Inflation without food and energy: 2010-2019 (% change)	248
51.	CPI food and energy: 2010-2019 (% change)	249
52.	Nominal exchange rate - end of period (% change)	250
53.	Nominal exchange rate - average of period (% change)	251
54.	Real multilateral exchange rate (% change)	252
55.	Real exchange rate (Period average data)	253
56.	Real exchange rate (% change, period average data)	254
57.	Exchange rate of the main currencies against the US Dollar (Data at the end of period)	255
58.	Evolution of liquidity and credit to the private sector (% GDP)	256
59.	Evolution of liquidity and credit to the private sector (% change)	257
60.	Monetary accounts of the depository institutions (Million soles)	258
61.	Monetary accounts of banks (Million soles)	259
62.	Monetary accounts of Central Reserve Bank of Peru (Million soles)	260
63.	Operations of the Central Reserve Bank of Peru (Million soles)	261
64.	Flows of net International reserves (NIR) Million US\$)	262
65.	Nominal and real interest rates in domestic and foreign currency (Annual effective rate at end-of-period)	263
66.	Commercial banks: Indicators of financial soundness (%)	264
67.	Primary bond market (Million soles)	265
68.	Private pension system	266
69.	Lima stock exchange (Million soles)	267
70.	Investment mutual funds (Million soles)	268

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