



Indicators

- ➡ Corporate prime rate down to 4.62 percent
 - ➡ Exchange rate: S/. 2.78 per dollar
 - ➡ GDP grew 1.8 percent in May
 - ➡ Country risk at 148 bps

Content

- | | |
|--|------|
| Corporate prime rate in Nuevos Soles at 4.62 percent | x |
| Exchange rate: S/. 2.78 per US dollar | x |
| International reserves amount to US\$ 65.99 billion at July 15 | xi |
| Gross domestic product: May 2014 | xi |
| Country risk at 148 basis points | xiii |

Monetary and Foreign Exchange Operations

The BCRP monetary and foreign exchange operations at July 15 included the following:

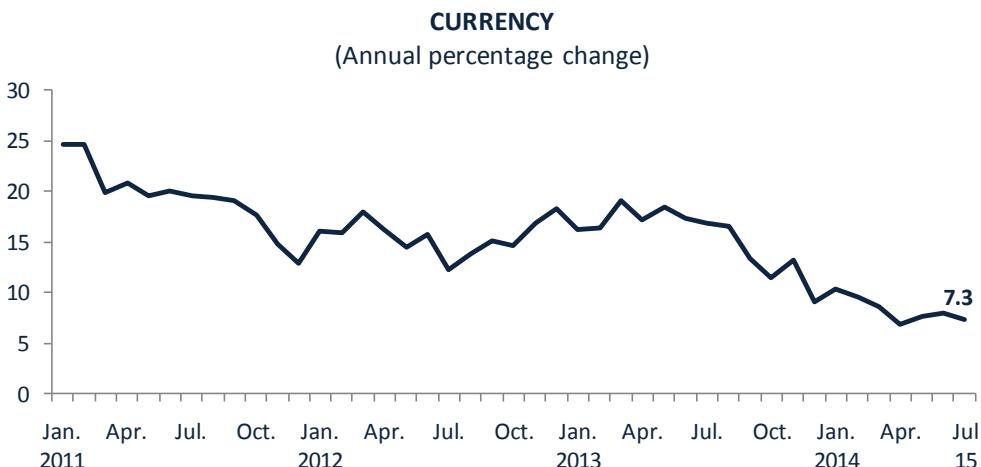
1. BCRP-CDs with an average interest of 3.80 percent showed a balance of S/. 14.69 billion at July 15. Moreover, BCRP-CDs with 6-to-18 month maturities for a total of S/. 1.3 billion were placed at an average rate of 3.64 percent. The maturities of BCRP-CDs in this period amounted to S/. 2.95 billion.
 2. Term deposits maturing overnight showed a balance of S/. 1.5 billion with an interest rate of 3.51 percent. A total of S/. 5.0 billion was placed as deposits with an overnight maturity in the month.
 3. No balance of overnight deposits was registered at July 15.
 4. Repos showed a balance of S/. 1 billion with an average interest rate of 4.24 percent at July 15. Overnight repos at an average rate of 4.14 percent were placed for a total of S/. 7.8 billion and one week to 3 month-repos at an average rate of 4.24 percent were placed for a total of S/. 1.4 billion. Repos maturities amounted to S/. 7.8 billion.
 5. FX swaps: The balance of these operations at July 15 was S/. 3.2 billion, with an average interest rate of 4.27 percent. A total of S/. 700 million was placed at an average interest rate of 3.78 percent.
 6. CDR-BCRP showed a balance of S/. 400 million at July 15, with an interest rate of 0.10 percent. Maturities amounted to S/. 300 million. The last placement of CDR-BCRP was carried out on May 21.
 7. The BCRP has not intervened in the spot foreign exchange market since May 29, 2014.

MONETARY AND FOREIGN EXCHANGE OPERATIONS

(Million nuevos soles)

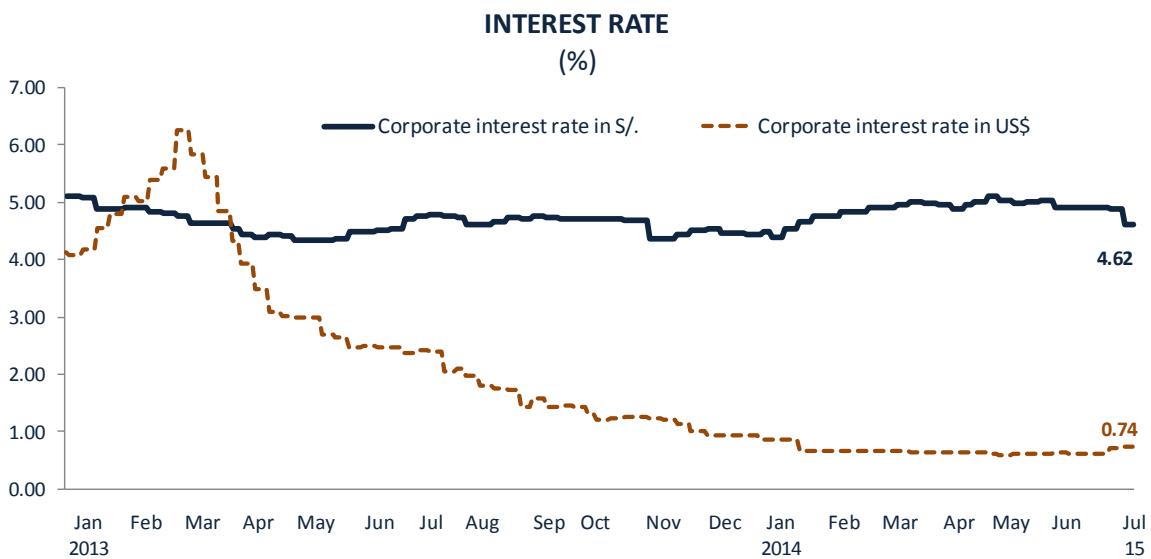
resumen informativo

Currency in circulation at July 15, 2014, showed a balance of S/. 34.22 billion and a growth rate of 7.3 percent in the last 12 months.



Corporate prime rate in Nuevos Soles at 4.62 percent

On July 15, the **corporate prime rate** –the interest rate charged by commercial banks to lower risk businesses– in soles recorded a daily average rate of 4.62 percent. The corporate prime rate in soles is the closest in level to the rate of the Central Bank's reference interest rate and tends to be the first to respond to the movements of and expectations about the monetary policy rate.

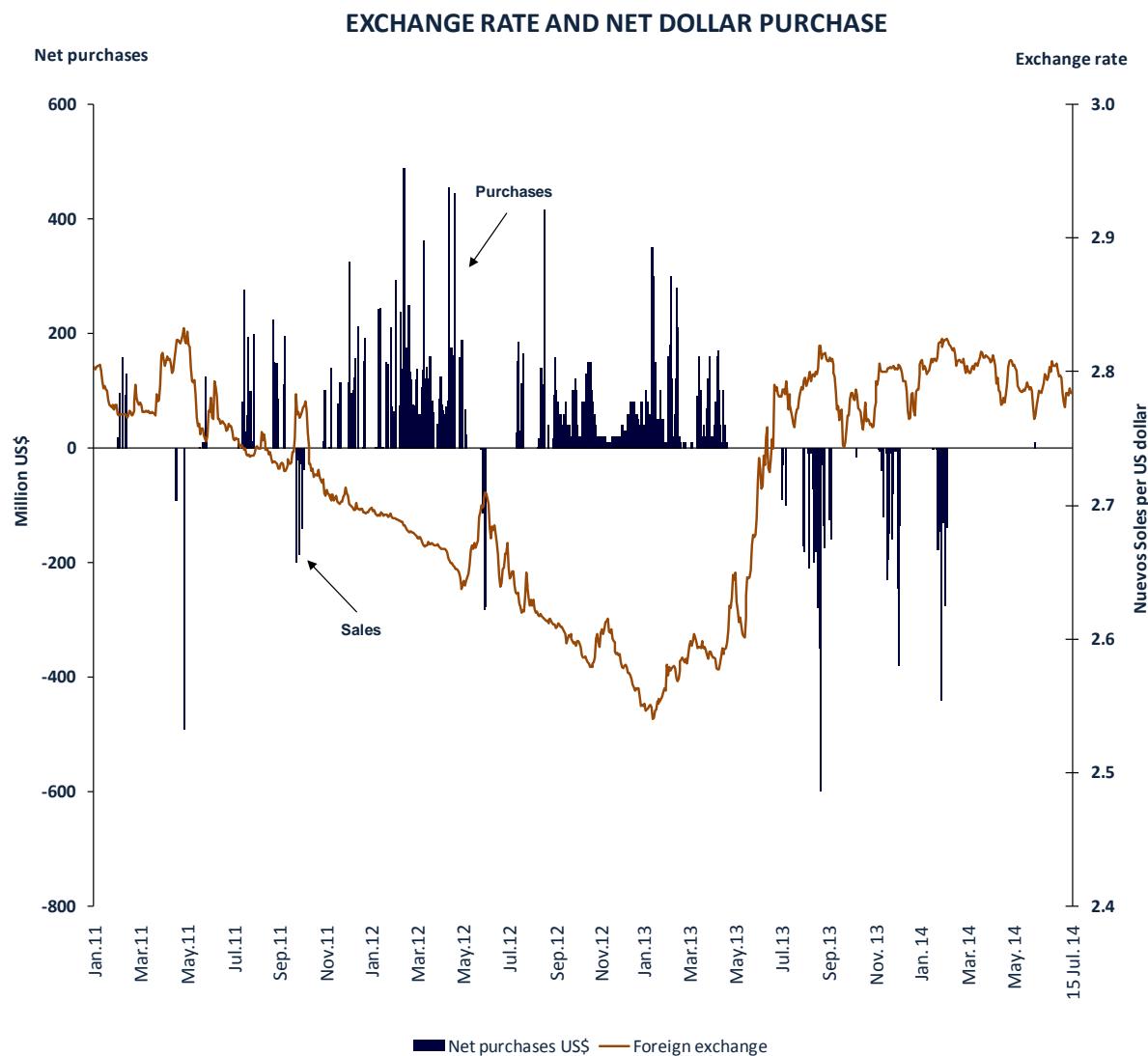


The corporate prime rate in US dollars showed a daily average rate of 0.74 percent in the same period.

Exchange rate: S/. 2.78 per US dollar

On July 15, the average selling price of the dollar in the interbank market was S/. 2.78 per dollar.

Since 2012, the Central Bank has purchased foreign currency for a total of US\$ 19.08 billion and sold foreign currency for a total of US\$ 7.35 billion. In net terms, purchases of foreign currency are higher than sales by US\$ 11.72 billion.



International reserves amount to US\$ 65.99 billion at July 15

International reserves at July 15, 2014, amounted to US\$ 65.99 billion and the foreign exchange position of the BCRP was US\$ 40.72 billion.

Gross domestic product: May 2014

GDP showed a growth rate of 1.8 percent in May and accumulated a growth rate of 3.6 percent in the period January-May. The slowdown observed in the GDP growth rate is associated with lower activity in the primary sectors.

The output in the **agriculture sector** grew 0.3 percent in May and thus accumulated a growth rate of 1.3 percent in the first five months of the year. This output reflects a low production of rice due to a delay in the period of rain, as well as a low production of coffee due to the effect of the coffee rust plague on crops.

Activity in the **fishing sector** dropped 9.3 percent and thus accumulated a growth rate of 7.4 percent in January-June. The output in the month reflected the lower catch of anchovy for industrial consumption compared to the same period in 2013.

GROSS DOMESTIC PRODUCT
 (Real percentage change respect to the same period of previous year)

% structure of GDP 2013 1/	2013		2014			
	Year		May		January - May	
	% Chg.	% Chg.	Contribution	% Chg.	Contribution	
Agriculture and Livestock 2/	5.3	1.4	0.3	0.0	1.3	0.1
Agriculture	3.6	1.0	-0.6	0.0	0.4	0.0
Livestock	1.5	2.5	2.7	0.0	2.9	0.0
Fishing	0.5	18.1	-9.3	0.0	7.4	0.0
Mining and Fuel 3/	12.1	4.9	-4.5	-0.5	0.5	0.1
Metallic mining	7.8	4.2	-6.1	-0.5	-0.3	0.0
Hydrocarbons	2.0	7.2	0.9	0.0	3.1	0.1
Manufacture	15.1	5.7	-2.5	-0.4	1.2	0.2
Based on raw materials	3.2	9.8	-7.8	-0.2	7.7	0.2
Non-primary industries	11.9	4.4	-0.2	0.0	-0.7	-0.1
Electricity and water	1.7	5.5	5.1	0.1	5.4	0.1
Construction	6.9	8.9	4.7	0.3	1.9	0.1
Commerce	11.0	5.9	3.4	0.4	4.5	0.5
Services	38.7	6.4	5.3	2.0	6.1	2.3
Import duties and other taxes	8.8	4.8	0.9	0.1	1.8	0.2
GDP Global	100.0	5.8	1.8	1.8	3.6	3.6
Primary	21.1	5.0	-3.6	-0.8	1.9	0.4
Non-primary	78.9	6.1	3.5	2.8	4.0	3.2

1/ At 2007 prices.

2/ Includes silviculture.

3/ Includes non-metallic mining.

Source: INEI.

Production in the **mining and hydrocarbons sector** showed a decline of 4.5 percent, as a result of which this sector accumulated a growth rate of 0.5 percent in January-May. A lower production of gold, zinc, and copper was observed in the month.

Production in the **manufacturing sector** declined 2.5 percent and thus this sector accumulated a growth rate of 1.2 percent in the first five months of the year. The lower industrial activity observed in the month was associated with the low outputs registered in the primary sectors of fishing and mining which affected their supply of inputs for fishing industries (fishmeal and fish oil, and frozen squid) and for the refining of non-ferrous metals (refined zinc and lead, and copper anodes).

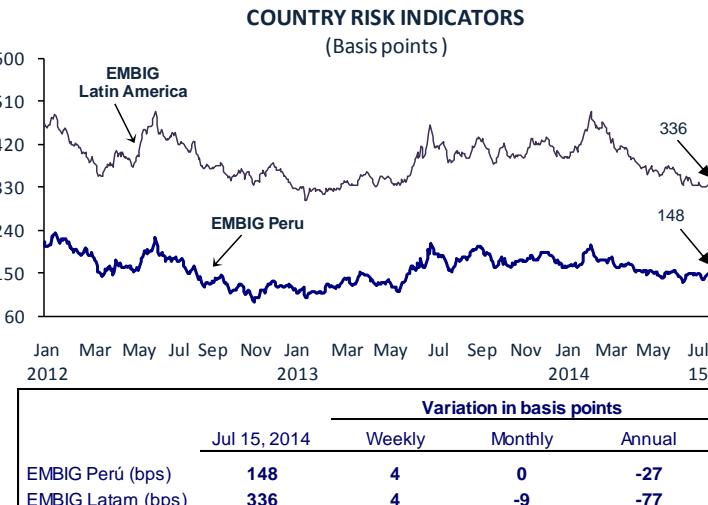
Activity in the **construction sector** grew 4.7 percent in the month and 1.9 percent in the period January-May. The dynamism of construction in the month is associated with the continuity of construction works in terms of houses, malls, and road infrastructure, as well as with the implementation of public works which grew 9.8 percent.

International Markets

Country risk at 148 basis points

In July 8-15, the country risk indicator, measured by the **EMBIG Peru** spread, rose from 144 to 148 basis points.

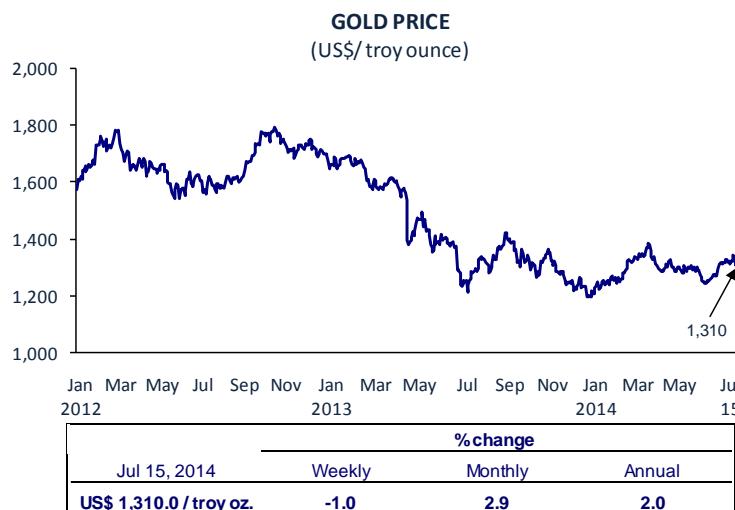
On the other hand, the **EMBIG Latin America** spread rose 4 basis points amid concerns over the financial stability of Portuguese Banco Espírito Santo (BES) and its possible effects on European Banks. Concerns have been declining over the past few days.



Price of gold at US\$ 1,310.0 per troy ounce

In the same period, the price of **gold** fell 1.0 percent to US\$ 1,310.0 per troy ounce.

The price of gold was influenced by signals of a lower physical demand from China following the fall registered in the Shanghai gold exchange market and by the Indian government's unexpected decision to maintain tariffs on gold and silver imports at 10 percent.



In July 8-15, the price of **copper** fell 0.7 percent to US\$ 3.22 per pound.

The fall in the price of copper was associated with the increase of copper inventories at the Shanghai Exchange Market where it reached its highest level in nearly a month, as well as with the increase of inventories at the London Metal Exchange, where they nearly showed a record level since mid-June.



resumen informativo

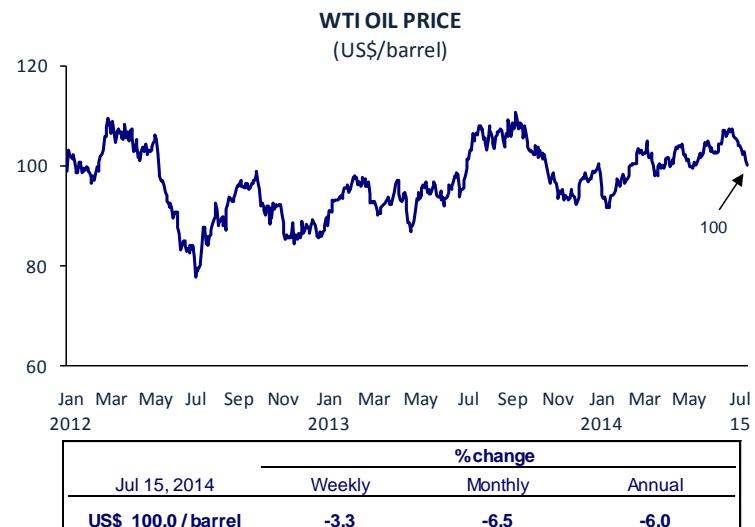
In the same period, the price of **zinc** fell 0.3 percent to US\$ 1.04 per pound.

Zinc prices declined as a result of the increase of inventories in the major global metal exchange markets, although the decline was in part offset by optimism associated with China's demand for industrial metals.



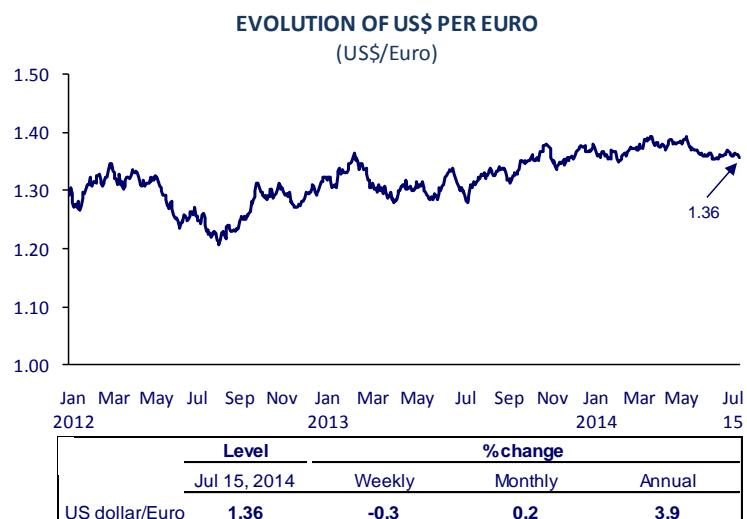
The price of **WTI oil** dropped 3.3 percent to US\$ 100.0 in July 8-15.

Oil prices dropped after worries about shortages in Iraq and Libya's supply of crude declined and crude oil inventories at Cushing warehouses in Oklahoma showed an unexpected increase.



US dollar appreciated 0.3 percent against the euro

In the week of July 8-15, the **dollar** appreciated 0.3 percent against the **euro**, supported by the Fed's optimism regarding economic recovery, as reflected in the minutes of the Fed's latest meeting.



resumen informativo

Yield on 10-year U.S. Treasuries at 2.55 percent

The **3-month Libor** rate remained at 0.23 percent in the week of July 8-15.

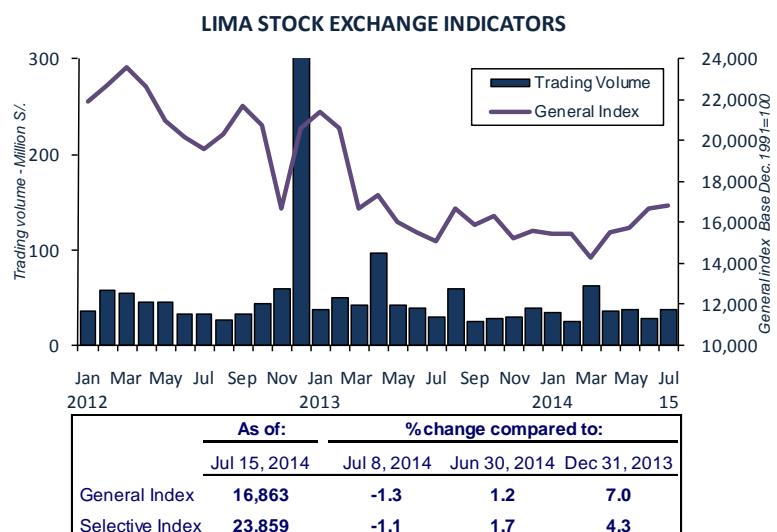
The yield on the **10-year US Treasury bonds** fell 1 bps to 2.55 percent, amid uncertainty about the financial stability of Portuguese Banco Espírito Santo (BES) and its effects on European banks.



Lima Stock Exchange

So far this month (at July 15), the **General Index** of the Lima Stock Exchange (LSE) has risen 1.2 percent and the **Selective Index** has risen 1.7 percent.

During the week of July 8 to July 15, the indices of the LSE fell 1.3 and 1.1 percent, respectively, due to the decline in the prices of commodities and to investors' increased caution regarding the financial outcomes of the second quarter.



Year-to-date, the General Index of the LSE has grown 7.0 percent and the Selective Index has grown 4.3 percent.

