



Weekly Economic Report

September 30, 2021

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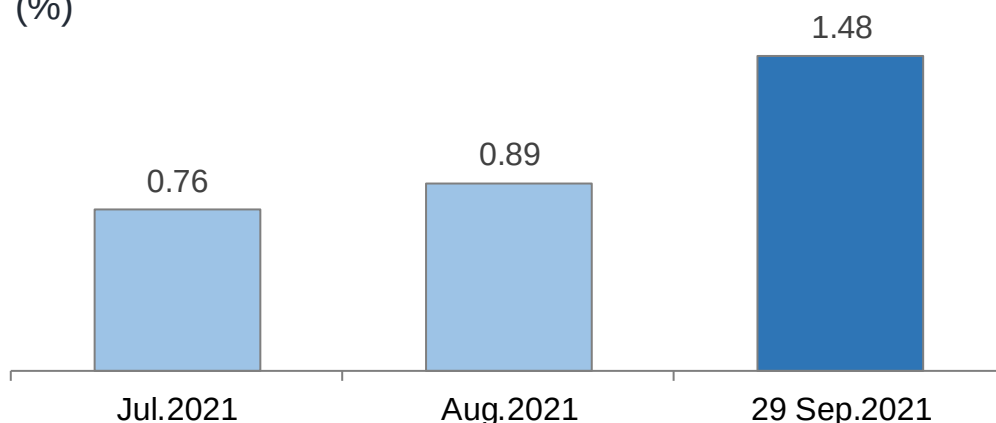
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INTERBANK INTEREST RATE IN SOLES AT 1.0 PERCENT ON SEPTEMBER 29

On September 29, the **interbank interest rate** in soles showed an annual average rate of 1.0 percent, in line with the new monetary policy benchmark rate, while the annual rate in dollars was 0.25 percent.

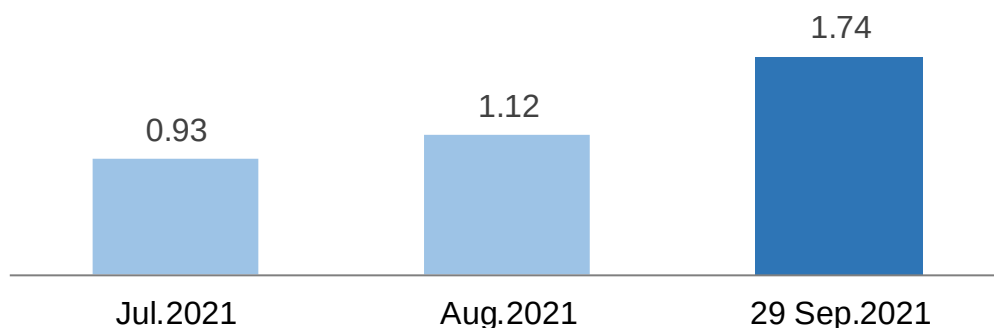
On the same date, the average **90-day corporate prime rate** —the interest rate charged by commercial banks to lower risk businesses— in soles was 1.48 percent and the prime rate in dollars was 0.99 percent.

90-day corporate prime rate in soles (%)



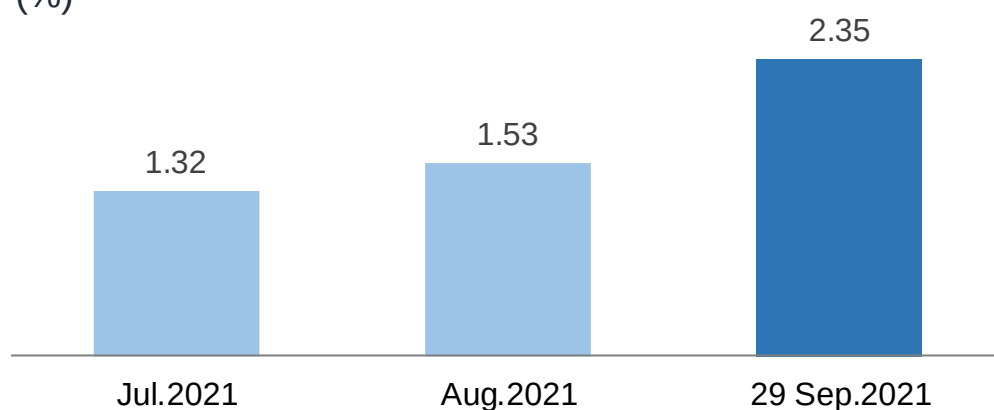
The **corporate prime rate on 180-day loans** in soles was 1.74 percent per year and this rate in dollars was 1.22 percent per year.

180-day corporate prime rate in soles (%)



On the same day, the **prime interest rate on 360-day loans** in soles was 2.35 percent per year and this rate in dollars was 1.55 percent per year.

360-day corporate prime rate in soles (%)



BCRP MONETARY OPERATIONS

BCRP **monetary operations** between September 22 and September 29 include the following:

- Liquidity **injection** operations in domestic currency and in foreign currency:
 - Currency repos: As of September 29, the balance of regular currency repos was S/ 1,842 million, with an average interest rate of 1.8 percent. On September 22, currency repos showed a balance of S/ 1,872 million, with the same average interest rate.

- Security repos: The balance of security repos on September 29 was S/ 5,490 million with an average interest rate of 0.8 percent. On September 22, security repos registered a balance of S/ 6,066 million with an average interest rate of 0.7 percent. Foreign currency repo auctions were also held with securities to provide foreign currency for a total of US\$ 400 million at an average rate of 0.3 percent, for terms of two weeks. The balance of these operations on September 29 was US\$ 595 million, an amount which was identical to the balance on September 22.
 - Loan portfolio repos: The balance of this instrument on September 29 was S/ 3,964 million, with an average interest rate of 0.7 percent. The balance on September 22 was S/ 3,485 million with an average interest rate of 0.6 percent. It is worth mentioning that these operations correspond mainly to the modality of rescheduling and expansion of long-term loans in soles in the financial system.
 - Government secured repos (including rescheduled loans): On September 29, the balance of this instrument was S/ 43,774 million and on September 22, the balance was S/ 44,179 million. In both cases, these balances were earmarked for loans with an average interest rate of 1.4 percent under the Program of Government secured loans.
 - Auctions of Public Treasury Deposits: On September 29, the balance of this instrument was S/ 4,512 million with an average interest rate of 0.5 percent. On September 22, the balance of this instrument was the same.
- Liquidity **sterilization** operations:
 - CD BCRP: The balance of BCRP certificates of deposit on September 29 was S/ 19,987 million, with an average interest rate of 0.6 percent, while this balance on September 22 was S/ 23,870 million, with an average interest rate of 0.5 percent. Placements of CD BCRP in the period of September 22 to September 29 amounted to S/ 173 million, with an average interest rate of 1.0 percent.
 - CDV BCRP: On September 29, the balance of BCRP variable rate certificates of deposit (CDV BCRP) was S/ 8,385 million, while the balance on September 22 was S/ 7,275 million. These certificates have a floating interest rate, linked to the Interbank Overnight Index (ION). The spread awarded in auctions of BCRP has been almost zero on average.
 - Overnight deposits: The balance of this instrument on September 29 was S/ 2,924 million, with an average interest rate of 0.9 percent. The balance on September 22 was S/ 2,887 million, with the same average interest rate.

- Time deposits: On September 29, the balance of time deposits was S/ 22,077 million with an average interest rate of 1.0 percent. The balance on September 22 was S/ 20,099 million with the same average interest rate.
- Other monetary operations:
 - Interest rate swaps: On September 29, the balance of interest rate swaps was S/ 16,450 million with an average interest rate of 1.4 percent. On September 22, this instrument showed a balance of S/ 12,450 million with an average interest rate of 1.3 percent. It is worth mentioning that these operations were carried out for maturity terms of 3, 6 and 9 months, and that BCRP receives a fixed interest rate and pays a floating rate given by the Interbank Overnight Index (ION).

Between September 23 and September 30, BCRP sold US\$ 1,295 million in the spot market as part of its **foreign exchange operations**. In addition, US\$ 1,051 million of foreign exchange swaps-sell were placed and US\$ 68 million matured. Moreover, US\$ 270 million of BCRP CDRs matured.

- i. Foreign exchange intervention: BCRP sold US\$ 1,051 million in the spot market. These operations included the sale of US\$ 55 million on September 23, US\$ 94 million on September 24, US\$ 183 million on September 27, US\$ 284 million on September 28, US\$ 190 million on September 29 and US\$ 489 million on September 30.
- ii. FX Swaps-sell: The balance of this instrument on September 30 was S/ 29,416 million (US\$ 7,677 million), with an average interest rate of 0.35 percent. The balance of this instrument on September 22 was S/ 25,359 million (US\$ 6,694 million), with an average interest rate of 0.33 percent.
- iii. CDR BCRP: The balance of this instrument on September 30 was S/ 3,886 million (US\$ 961 million), with an average interest rate of 0.52 percent. On September 22, this instrument showed a balance of S/ 4,956 million (US\$ 1,231 million), with an average interest rate of 0.46 percent.

As of September 29, the **monetary base** has decreased by S/ 700 million compared to September 22 and public sector deposits in soles have increased by S/ 2,127 million. During the week, the public sector sold foreign currency to the BCRP for US\$ 950 million (S/ 3,915 million), coming from disbursements from multilateral organizations.

The BCRP operations that implied liquidity sterilization were the sales of foreign currency in the spot market for US\$ 806 million (S/ 3,324 million), the net placement of time deposits and overnight deposits (S/ 2,015 million), the placement of Certificates of Deposits at a variable rate or CDV BCRP (S/ 1,110 million), the net maturity of Securities Repos (S/ 576 million), the amortization of Government Secured Portfolio Repos (S/ 405 million) and the maturity of Currency Repos (S/ 30 million). These operations were in part offset by the net maturity of CD BCRP (S/ 3,734 million), the

maturity of CDR BCRP (S/ 690 million) and the net settlement of Portfolio Repos (S/ 479 million).

In the last 12 months, the primary issue increased by 18.1 percent, mainly as a consequence of a 19.0 percent increase in the demand for banknotes and coins.

Monetary balance of the Central Reserve Bank of Peru

(Million S/)

	Balance				Flows	
	2019	2020	2021		Year	Week ^{1/}
	Dec. 31	Dec. 31	Sep.22	Sep.29	2021	
I. NET INTERNATIONAL RESERVES	226,126	270,439	312,690	314,975	5,766	762
(Millions US\$)	68,316	74,707	76,080	76,265	1,558	185
1. Foreign Exchange Position	42,619	58,258	56,331	56,377	-1,880	47
2. Deposits of the Commercial Banks	17,096	13,184	15,612	15,845	2,661	233
3. Deposits of the Public Sector	9,188	3,746	2,622	2,531	-1,216	-91
4. Others ^{2/}	-588	-482	1,515	1,512	1,993	-3
II. NET DOMESTIC ASSETS	-161,561	-184,452	-219,720	-222,705	518	-1,462
1. Credit to the financial sector in soles	-7,114	-23,826	-196	571	24,397	768
a. Security repos	6,350	6,309	6,066	5,490	-818	-576
b. Currency repos	11,050	5,970	1,872	1,842	-4,128	-30
c. Temporary Purchase of Portfolio	0	464	3,485	3,964	3,501	479
d. Temporary Purchase of Portfolio with State Guarantee	0	50,729	44,179	43,774	-6,956	-405
e. Securities issued	-22,398	-43,239	-32,653	-29,339	13,900	3,314
i. CDBCRP	-22,398	-36,847	-20,422	-16,689	20,159	3,734
ii. CDRBCRP	0	-6,392	-4,956	-4,266	2,126	690
iii. CDVBCRP	0	0	-7,275	-8,385	-8,385	-1,110
f. Other deposits in soles	-2,115	-44,058	-23,145	-25,160	18,898	-2,015
2. Net assets public sector in soles ^{3/}	-51,266	-64,015	-79,461	-81,588	-17,572	-2,127
3. Credit to the financial sector in dollars	-56,587	-47,803	-61,757	-63,019	-7,645	-960
(Millions US\$)	-17,096	-13,184	-15,017	-15,250	-2,066	-233
4. Net assets public sector in dollars	-28,422	-11,770	-8,379	-8,077	4,794	342
(Millions US\$)	-8,587	-3,251	-2,039	-1,956	1,296	83
5. Other Net Accounts	-18,172	-37,038	-69,927	-70,593	-3,457	515
III. MONETARY BASE (I+II)	64,565	85,987	92,970	92,270	6,283	-700
(% change 12 months)	5.2%	33.2%	18.8%	18.1%		

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

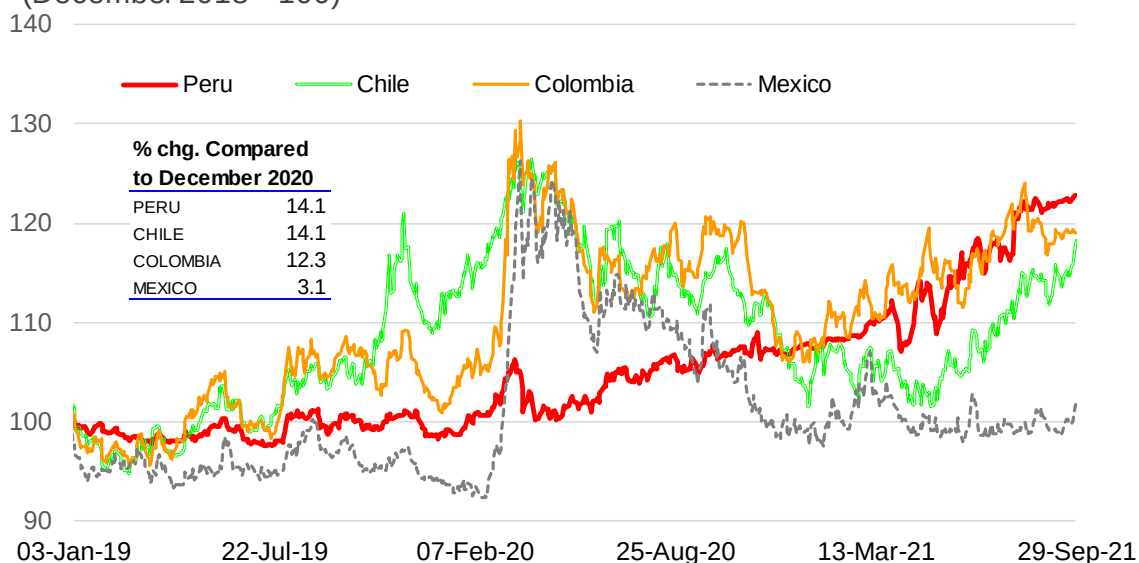
2/ Includes Global Public Treasury Bonds and currency repos to provide foreign currency.

3/ Includes bonds issued by the Public Treasury, which the BCRP acquires in the secondary market in accordance with Article 61 of the Organic Law of the BCRP.

The interbank selling **price of the dollar** closed at S/ 4.13 per dollar on September 30 – a rate 0.55 percent higher than the price on September 22 – and thus accumulates an increase of 14.2 percent with respect to the end of last year. So far this year, BCRP has made spot sales amounting to US\$ 9,246 million and has auctioned foreign exchange instruments (FX Swaps-Sell and CDR), as a result of which the balance of these operations has increased by US\$ 4,140 million.

Nominal Exchange Rate Index

(December 2018 = 100)

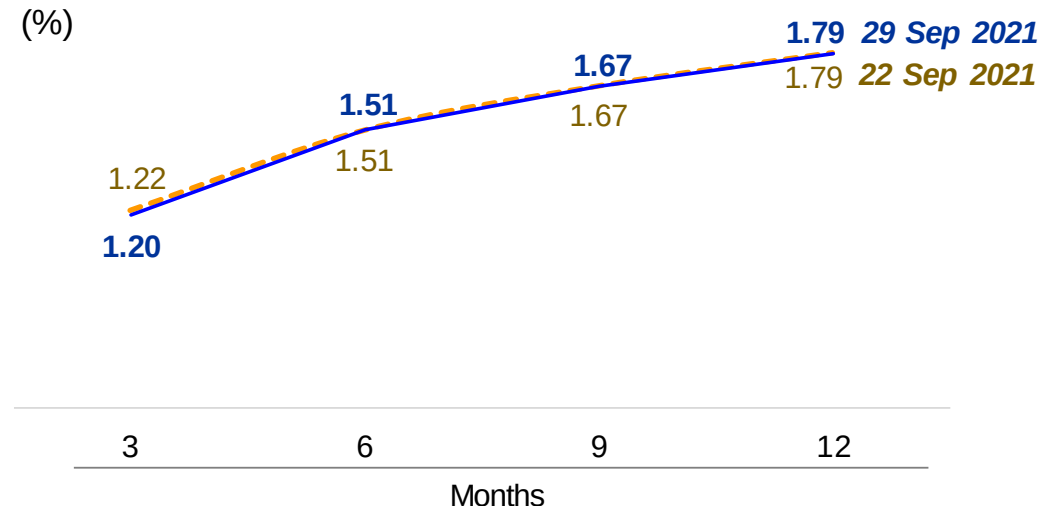


SHORT-TERM YIELD CURVES

On September 29, the yield curve of BCRP CD showed the same rates for all maturity terms compared to that of September 22, but except for the 3-months term which was slightly lower. BCRP Certificates of Deposit are a monetary sterilization instrument that can be traded in the market or used in interbank repos and repos with the BCRP. The shape of this yield curve is influenced by expectations of future monetary policy rates and liquidity conditions in the market.

Yield curve of CDBCRP

(%)

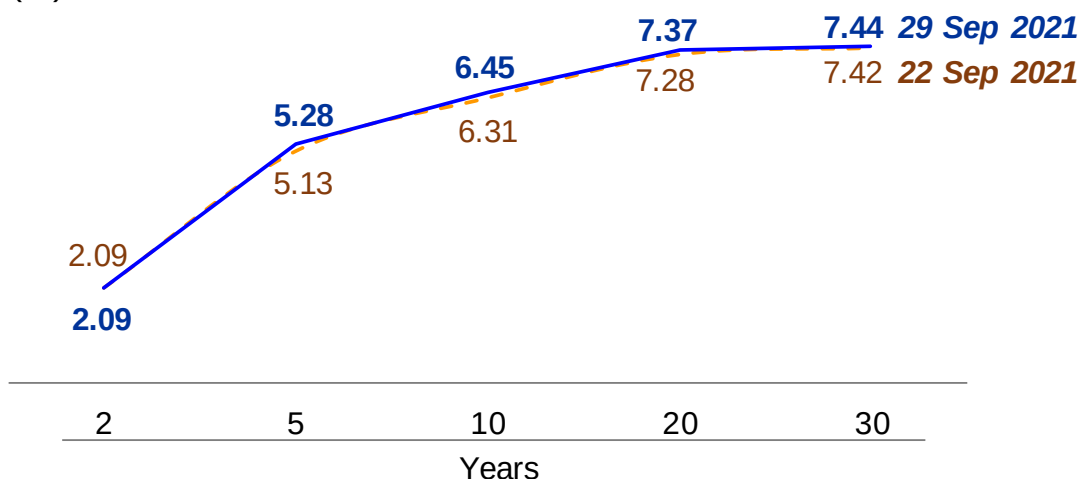


PUBLIC TREASURY BONDS

Markets use the yield on the Public Treasury bonds as reference for terms of 2 years or more. On September 29, 2021, the yield curve of sovereign bonds showed higher values in almost all of the bond's terms, than those observed as of September 22, but except to the 2-year bonds which was similar.

Yield curve of BTP

(%)

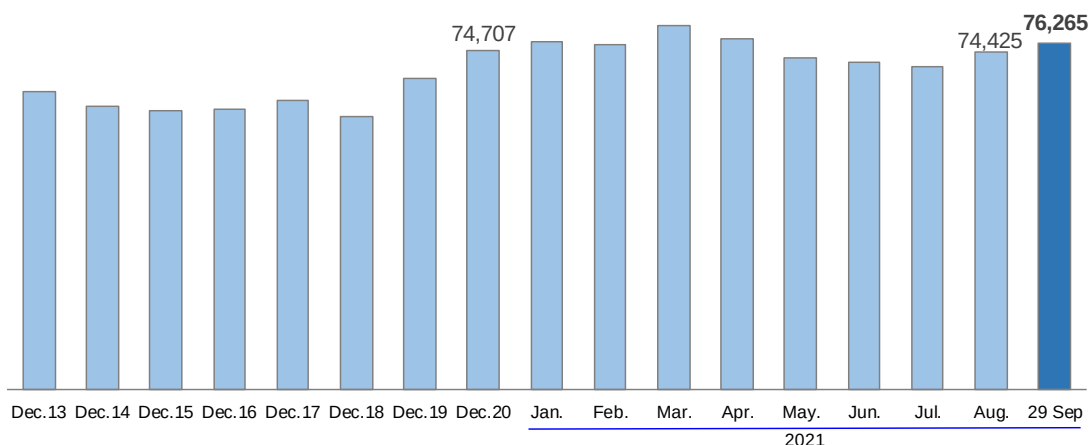


INTERNATIONAL RESERVES AT US\$ 76,265 MILLION ON SEPTEMBER 29

As of September 29, 2021, Peru's **net international reserves** – made up of liquid international assets– totaled US\$ 76,265 million, a balance US\$ 1,840 million higher than that recorded at the end of August. The current level of the country's International reserves is equivalent to 34 percent of GDP.

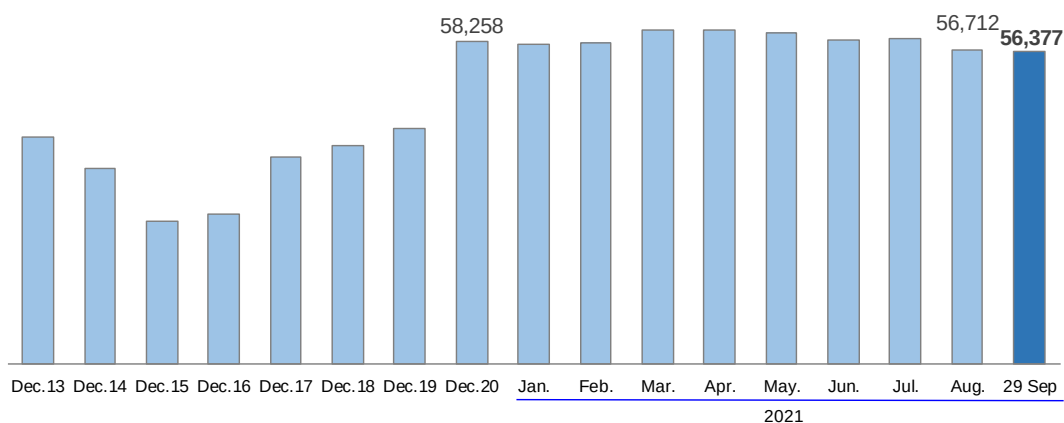
Net International Reserves

(Million US\$)



The **foreign exchange position** of BCRP on September 29 was US\$ 56,377 million, US\$ 334 million lower than the amount recorded at the end of August.

Exchange Position (Million US\$)



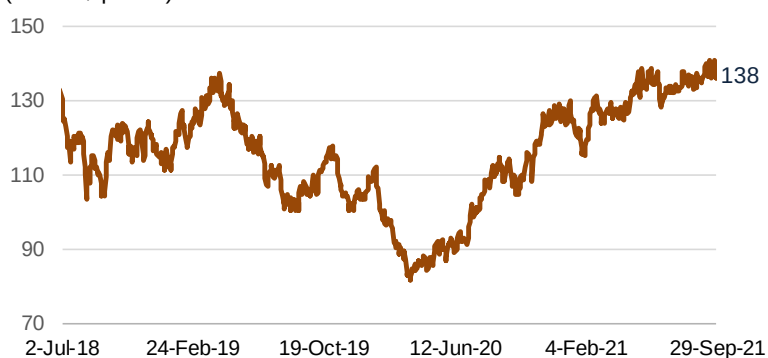
INTERNATIONAL MARKETS

Price of zinc rose in international markets

Between September 22 and September 29, the price of **zinc** climbed 0.9 percent to US\$ 1.38 the pound.

The price increase was associated with the drop in inventories on the London Metal Exchange.

Zinc Price (ctv. US\$/pound)



% change			
29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
US\$ 1.38 / pound	0.9	1.7	11.9

From September 22 to September 29, the price of **copper** dropped 0.3 percent to US\$ 4.19 the pound. The price fall was affected by fears of lower demand for metals in China because of the energy supply difficulties, while economic growth projections in that country are revised downwards.

Copper Price (cUS\$/pound)



% change			
29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
US\$ 4.19 / pound	-0.3	-2.5	19.2

In the same period, the price of **gold** fell 2.0 percent to US\$ 1,737.2 the troy ounce.

The price decline took place in a context of increase in the yield on US Treasury bonds.

Gold Price (US\$/tr. ounce)



% change			
29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
US\$ 1,737.2 / tr. ounce	-2.0	-4.3	-8.1

From September 22 to September 29, the price of **WTI oil** rose 3.7 percent to US\$ 75.1 the barrel.

The price rise was explained by the gas shortage in Europe, as well as the supply restriction in the Gulf of Mexico due to the last two hurricanes.

WTI Oil Price (US\$/barrel)



% change			
29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
US\$ 75.1 / barrel	3.7	9.7	55.2

Prices of cereals rose in international markets

In the same period of analysis, the price of **soybean oil** rose 11.9 percent to US\$ 1,512.7 the ton.

The price rise is associated with the advance in the oil price, as well as by the lower world supply of inputs to make oils according to the published by the United States Department of Agriculture.

Soybean oil Price
(US\$/ton)



% change			
29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
US\$ 1512,7 / ton	11.9	-1.5	54.8

Between September 22 and 29, the price of **wheat** increased 1.3 percent to US\$ 298.3 the ton.

The price rise was explained by the projection of a lower volume of the US wheat harvest, as well as by the complications that limit Russian exports caused by the adverse weather conditions.

Wheat Price
(US\$/ton)



% change			
29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
US\$ 298.3 / ton	1.3	0.2	16.2

From September 22 to September 29, the price of **maize** rose 2.0 percent to US\$ 197.4 the ton.

The price rise was explained by the advance in oil prices, due to its use in the ethanol production.

Maize Price
(US\$/ton)



% change			
29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
US\$ 197.4 / ton	2.0	-10.3	5.9

US Dollar appreciated in international markets

Between September 22 and September 29, the index of the **US dollar** value rose 0.9 percent against a basket of major currencies.

This appreciation came after announcements by the members of the Federal Reserve about the eventual start of the withdrawal of monetary stimulus in November 2021.

DXY Index ^{1/}
(March 1973=100)



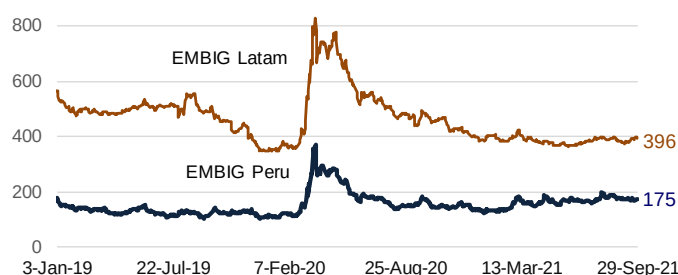
1/ Index of the value of the US dollar in relation to a basket of main currencies (euro, yen, pound, Canadian dollar, Swiss franc and Swedish krona).

Variation %			
29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
94.3	0.9	1.8	4.9

Country risk at 175 basis points

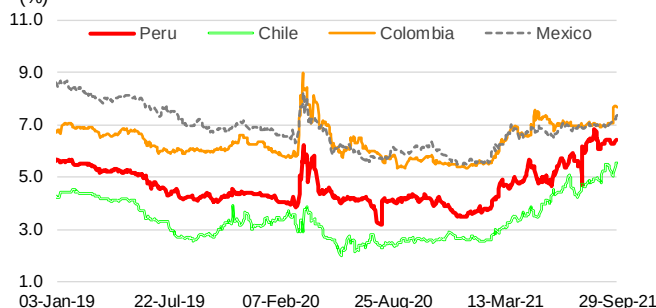
Between September 22 and September 29, the **EMBIG Peru** spread stood at 175 bps, while the **EMBIG Latin America** spread climbed by 2 bps to 396 bps in a context of higher risk global aversion.

Country Risk Indicator
(Bps)



	Variation in basis points			
	29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
EMBIG Peru (bps)	175	0	0	43
EMBIG Latam (bps)	396	2	15	10

Yield of the 10-year Sovereign Bonds
(%)



	Variation in basis points			
	29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
Peru	6.4	15	35	291
Chile	5.5	51	64	290
Colombia	7.7	62	75	229
México	7.4	24	39	183

The yield on **Peruvian 10-year sovereign bonds** remain as one of the lowest in the region.

Yield on US Treasuries stood at 1.52 percent

In the period under analysis, the yield on **US Treasury bonds** rose 22 bps to 1.52 percent.

10-Year US Treasury rate (%)

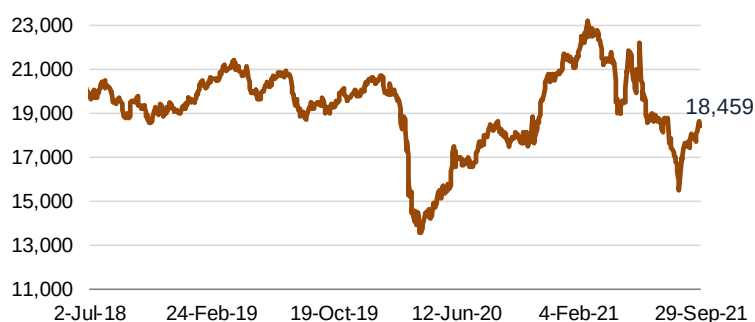


Variation in basis points			
29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
1.52%	22	21	60

INDICES OF THE LIMA STOCK EXCHANGE INCREASE

Between September 22 and September 29, the **General Index** of the Lima Stock Exchange (IGBVL-Peru General) increased by 2.0 percent and the **Selective Index** (ISBVL-Lima 25) rose by 1.6 percent, driven by the construction and industrial sectors.

Peru General index of the LSE
(Base Dec.1991=100)



	As of:	% change compared to:		
	29 Sep.2021	22 Sep.2021	31 Aug.2021	31 Dec.2020
Peru General	18,459	2.0	4.6	-11.4
Lima 25	25,079	1.6	6.4	-0.5

2021-09-30