

# ANNUAL REPORT 2018



# CENTRAL RESERVE BANK OF PERÚ

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As of December 31, 2018

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# CENTRAL RESERVE BANK OF PERÚ

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Shoschana Zusman Tinman  
*Consultant Attorney*

Dehera Bruce Mitrani  
*General Secretary*







# ECONOMIC ACTIVITY

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**Pancho Fierro (1809-1879)**

*Los Rurales. S. XIX*

Watercolor, 0.24 x 0.31 m.



**Pancho Fierro (1809-1879)**  
*Militar de perfil. S. XIX*  
Watercolor, 0.31 x 0.24 m.

# INTRODUCTION

In 2018, Peru's gross domestic product (GDP) grew 4.0 percent after the economy recovered from the adverse shocks caused in 2017 by El Niño Costero event and the Lava Jato corruption case. The recovery was mainly driven by domestic demand, which registered a growth rate of 4.3 percent, a higher rate than those observed between 2014 and 2017. It is worth pointing out that private consumption grew 3.8 percent and private investment grew 4.4 percent (versus 2.6 and 0.2 percent in 2017, respectively) and that all the sectors grew more in 2018 than in 2017, with the exception of mining.

During 2018 the international environment was characterized by lower global growth, a drop in the terms of trade, global trade tensions, and higher international interest rates. The pace of growth of global activity fell from 3.8 percent in 2017 to 3.6 percent in 2018, a slowdown being observed in the Eurozone, Japan, China, and other emerging economies in Latin America, all of which were affected by fears about the impact of growing commercial tensions between the United States and its partners, particularly China, as well as by uncertainty regarding the form of the United Kingdom's withdrawal from the European Union. In addition, tighter external financing conditions associated with the rise in the Federal Reserve interest rate were also observed.

The current account deficit of the balance of payments rose from 1.2 percent of GDP in 2017 – extraordinary income being recorded in the year – to 1.6 percent in 2018, in a context of recovery of domestic demand and lower mining production. The trade balance surplus (3.2 percent of GDP) increased slightly compared to 2017 (3.1 percent of GDP) despite the slowdown of global growth and trade tensions. The total external debt was equivalent to 34.5 percent of GDP and external financing continued to be the main source of foreign direct investment (47.2 percent of GDP).

The fiscal deficit decreased from 3.0 to 2.3 percent of GDP between 2017 and 2018 as a result of a considerable increase in the revenues of the general government, with public investment reversing its downward trend because of higher disbursements associated with road infrastructure works and infrastructure projects for the 2019 Pan American Games that will take place in Lima. Moreover, representing 25.8 percent of the country's GDP at the end of 2018, Peru's public debt continued to be one of the lowest debt levels in the region.



After reducing its monetary policy rate by 25 basis points in January and in March to 2.75 percent, BCRP maintained it at this level throughout the rest of the year, reflecting an expansionary stance in a context of inflation expectations anchored and a pace of economic activity still below its potential. In this scenario, inflation remained within the target range (between 1 and 3 percent) throughout the year and showed a rate of 2.2 percent in 2018. Inflation excluding food and energy remained relatively stable at 2.2 percent. Moreover, inflation expectations remained anchored within the target range, with an expected rate of 2.5 percent in December 2018.

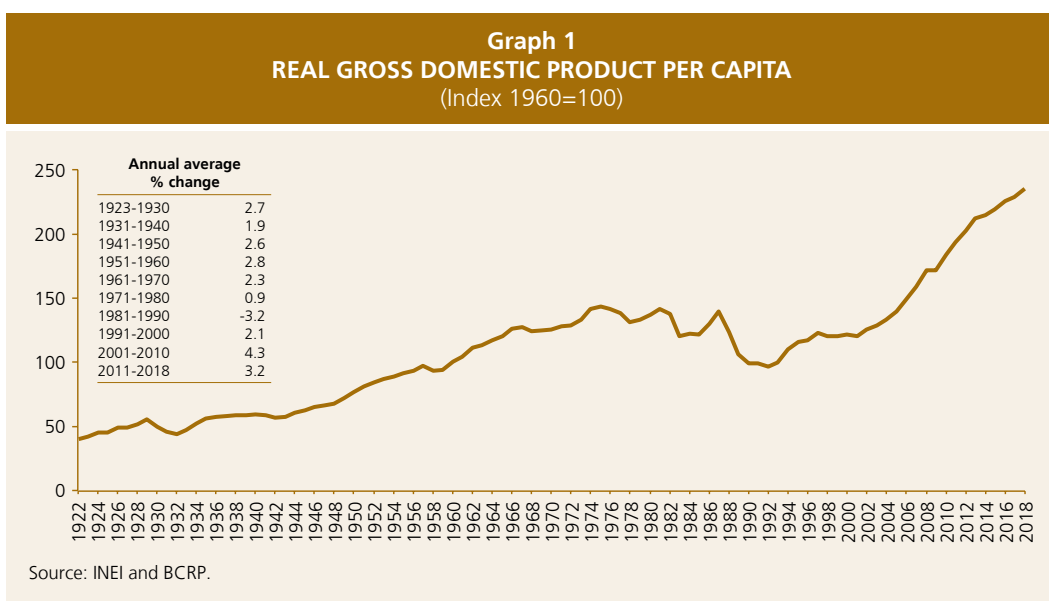
Credit to the private sector accompanied the recovery of economic activity and accelerated from a rate of 6.7 percent in December 2017 to 8.7 percent in December 2018 due to a better performance in corporate and personal loans, in line with the recovery of domestic demand and with the expansionary monetary stance.

# PRODUCTION AND EMPLOYMENT

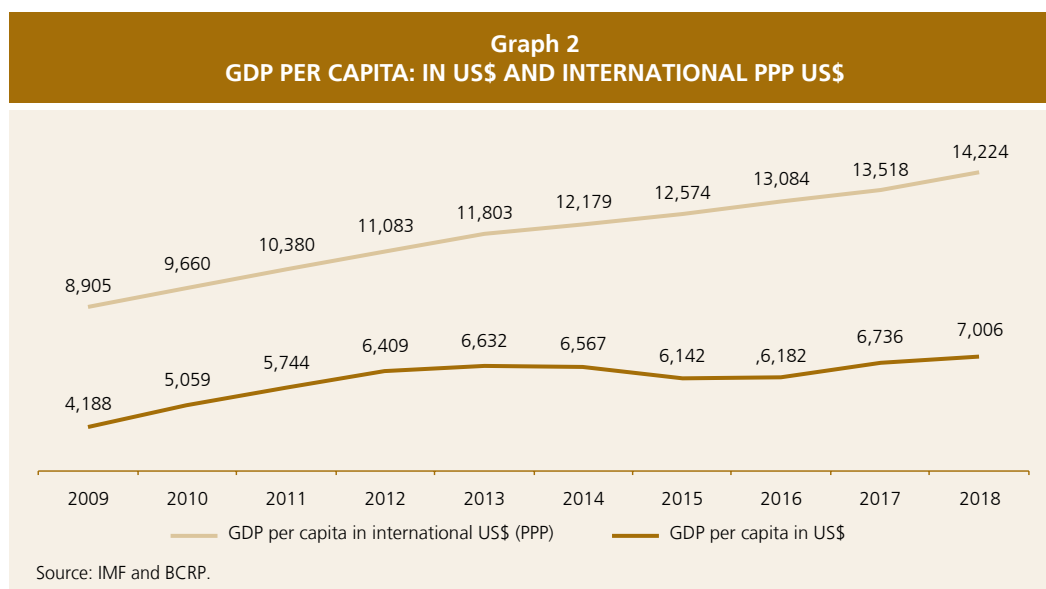
Peru's GDP grew 4.0 percent in 2018 after having grown at a rate of 2.5 percent in 2017 due to the negative impact caused by El Niño Costero effects in the northern areas of the country and by the confidence crisis and the disruption of projects generated by the Lava Jato case. With the growth rate achieved in 2018, the Peruvian economy accumulates 20 years of continuous expansion with an average growth rate of 4.7 percent.

Economic activity was mostly boosted by the recovery of domestic demand, which showed a growth rate of 4.3 percent after having grown 1.4 percent in the previous year. The evolution of private consumption stands out, reflecting the recovery of employment and the faster pace of growth of credit. On the other hand, private investment was driven by the implementation of mining projects, particularly copper and iron mining projects, while public investment resumed its growth trend due to the implementation of road and sanitation infrastructure works, as well as due to the implementation of works for the Pan American Games and for the reconstruction of the north of the country.

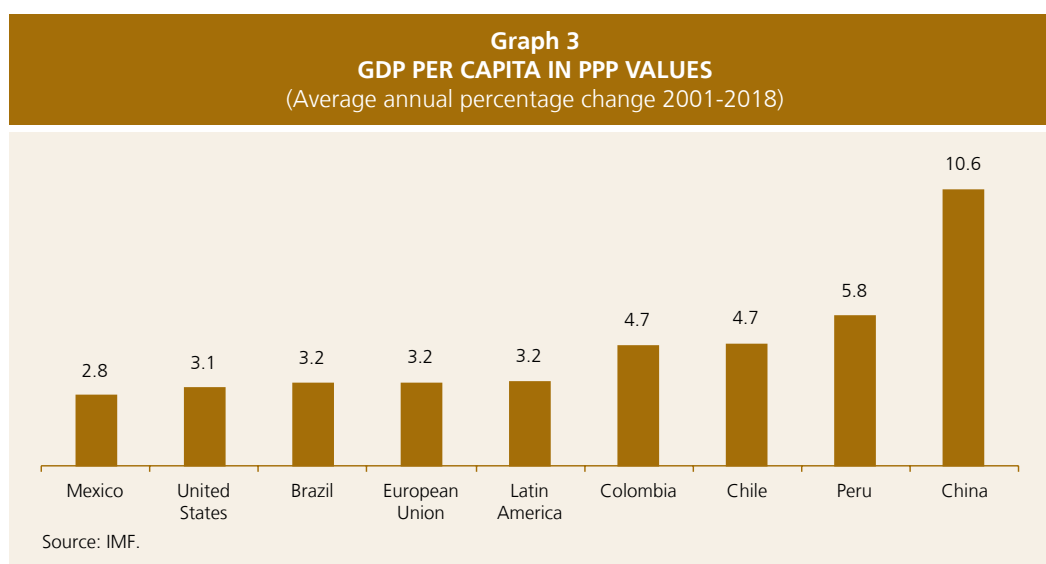
As a result of this, the GDP per capita increased 2.9 percent in 2018, a slightly lower rate than the average rate observed over the last eight years (3.2 percent).



In 2018, the GDP per capita in dollars was US\$ 7,006, which represented an increase of 4.0 percent. Moreover, in terms of its purchasing power parity (PPP) –indicator based on the same basket of goods that is used to make international comparisons–, the GDP increased by 5.2 percent to 14,224 PPP dollars.



In the group of countries with high GDP per capita increases, including China, the United States, the European Union, and the five largest countries in the Latin American region, Peru ranks second showing the highest average increase in GDP per capita in PPP values since 2001 (5.8 percent) after China (10.6 percent).



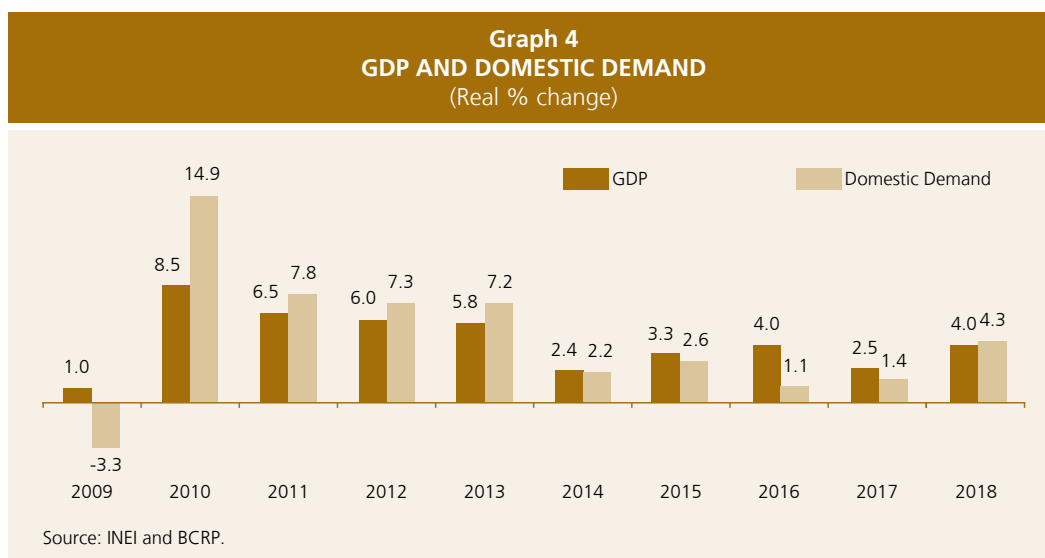
## 1. Domestic Demand

The negative impact of El Niño Costero and the paralyzation of infrastructure works associated with the Lava Jato case affected domestic demand in 2017, its growth rate decreasing to 1.4 percent in

that year. In 2018, on the other hand, with normal weather conditions and with the recovery of confidence in the private sector, domestic demand grew 4.3 percent, driven by the recovery observed in private expenditure since the end of 2017 and by an increase in public expenditure during most part of 2018.

Table 1 GROSS DOMESTIC PRODUCT BY TYPE OF EXPENDITURE (Real % change)				
	2016	2017	2018	Average 2009-2018
<b>Domestic Demand</b>	<b>1.1</b>	<b>1.4</b>	<b>4.3</b>	<b>4.4</b>
a. Private consumption	3.7	2.6	3.8	5.0
b. Public consumption	0.3	0.5	2.0	5.6
c. Gross fixed investment	-4.3	-0.2	4.9	4.2
- Private	-5.4	0.2	4.4	3.9
- Public	0.3	-1.8	6.8	5.6
Change in inventories (% nominal GDP)	-0.2	-0.3	0.3	-0.3
Exports	9.1	7.6	2.5	3.5
Minus: Imports	-2.3	4.0	3.4	3.7
<b>GDP</b>	<b>4.0</b>	<b>2.5</b>	<b>4.0</b>	<b>4.4</b>
Memo: Total public expenditure	0.3	-0.1	3.4	5.6

Source: INEI and BCRP.



## 1.1 Private Consumption

After the normalization of the weather conditions that affected the economy in 2017, most consumption indicators began to show a favorable evolution. The growth of consumer loans accelerated from 7.3 to 10.1 percent in real terms; the rate of formal employment in the private

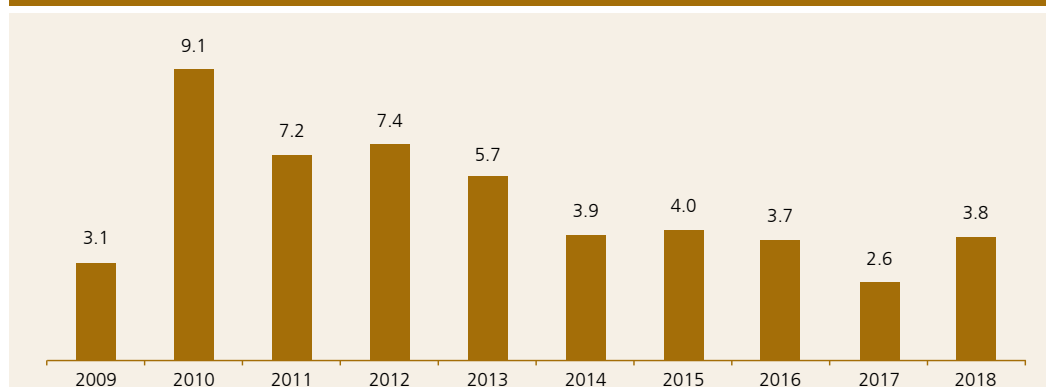
sector –measured by the electronic payroll system– grew by 4.4 percent, 1.9 percentage points more than in 2017, while the wage bill increased by 6.2 percent (versus only 1.0 percent in the previous year). As a result of these factors, private consumption reached a growth rate of 3.8 percent in 2018 (2.6 percent in the previous year).

**Table 2**  
**INDICATORS OF PRIVATE CONSUMPTION**  
(% change)

	2016	2017	2018
Urban unemployment rate	5.2	5.0	4.8
National employment (private sector)	1.4	2.5	4.4
Real payroll (private sector)	0.2	1.0	6.2
Real consumer loans	5.3	7.3	10.1
Sale of poultry (tons, daily average)	-2.1	1.1	8.8
Retail sales	2.1	0.6	2.7
Volume of imports of consumer goods	-3.3	5.0	1.0
Non-durable goods, excluding food	-4.2	4.5	4.5
Durable goods	-3.1	2.3	0.0

Source: BCRP, INEI, and Sunat.

**Graph 5**  
**PRIVATE CONSUMPTION**  
(Real % change)



Source: INEI and BCRP.

## 1.2 Private Investment

The improvement of confidence indices, together with the normalization of the activities that had been affected by El Niño Costero, and a price scenario that remained above the average level of the previous year –despite the price correction observed during the year– led private investment to expand 4.4 percent during 2018. Although growth was mostly driven by mining activity, which registered a growth rate of 22.9 percent due to the investments made by Southern, Anglo American, and Shougang Peru, non-mining investment also showed a positive result with a growth rate of 2.2 percent after having fallen -1.1 percent in 2017.

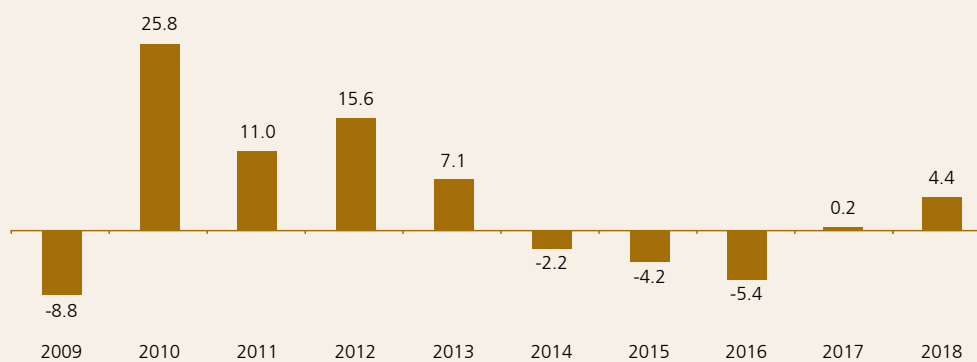


**Table 3**  
**MINING AND NON-MINING INVESTMENT**  
(Real % change)

	2016	2017	2018
Total private investment	-5.4	0.2	4.4
Mining investment	-50.8	12.4	22.9
Non-mining investment	4.7	-1.1	2.2

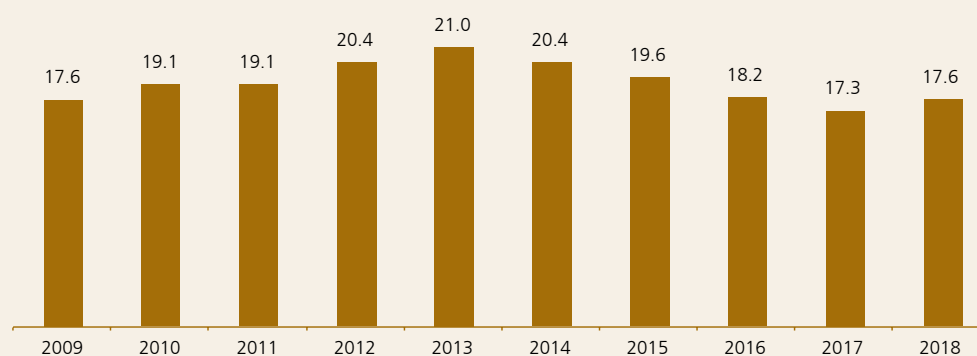
Source: MINEM and BCRP.

**Graph 6**  
**GROSS PRIVATE FIXED INVESTMENT**  
(Real % change)



Source: INEI and BCRP.

**Graph 7**  
**GROSS PRIVATE FIXED INVESTMENT**  
(% GDP)



Source: INEI and BCRP.

Increased investment was observed in 2018 in sectors such as mining, hydrocarbons, manufacturing, and energy. Some investment projects are mentioned below.



Investment in the **mining sector** in 2018 amounted to US\$ 4.9 billion, which in dollar terms represented an increase of 26 percent compared to 2017. Southern Peru's investment of US\$ 615 million stands out at the company level. Southern's investment was earmarked for the completion of expansion works of its Toquepala copper mine in Tacna –resources were allocated to implement a new concentrator and high-pressure crusher roller systems– and for additional projects in Moquegua, such as the replacement of tailing thickeners in the Cuajone concentrator plant and for the disposal of tailings in Quebrada Honda. The second largest investment was that made by Anglo American, which invested US\$ 510 million in 2018 in its Quellaveco project in Moquegua. Finally, Shougang Hierro Peru invested US\$ 509 million, most of which was allocated to the expansion of its Marcona project (US\$ 343 million) and also to purchase equipment, mine development, the optimization of production processes, and infrastructure improvement projects.

In the **hydrocarbons sector**, Repsol invested US\$ 154 million, of which US\$ 104 million was allocated to the project “Adaptation to the New Fuel Specifications of La Pampilla Refinery” (RLP-21).

In the **energy sector**, Luz del Sur executed projects for US\$ 126 million, mainly with the purpose of expanding the capacity and improving the electric power network. On the other hand, Enel invested US\$ 68 million in energy distribution networks, with US\$ 24 million being allocated to the expansion and reinforcement of the energy grids to meet the requirements of residential, commercial, and industrial users. Enel also invested US\$ 47 million in enhancing sub-transmission (expansion and security of substations and transmission lines), US\$ 2.6 million in electrification services in human settlements, and US\$ 2.6 million in the expansion of the public lighting system.

In the **manufacturing sector**, Union de Cervecerías Peruanas Backus y Johnston allocated close to US\$ 62 million to expand the capacity of its breweries, distribution centers, its plants of plastic box and glass containers, as well as its transport units. Aceros Arequipa invested US\$ 42 million in the acquisition of land, in its pipe plant and in improving its Pisco plant, while Corporación Lindley made investments in cold equipment to guarantee the supply of its products and to comply with the quality standards required by the regulatory entities. It also started operations at its mega warehouse in Villa El Salvador, which implied an investment of about US\$ 20 million. Finally, Unión Andina de Cementos invested US\$ 18 million in various projects, but mainly in the Atocongo Thermal Plant and in the de-oiling system of coolers for kilns 2 and 3 of its Condorcocha Plant.

### 1.3 Public Expenditure

Government spending rose 3.4 percent in 2018, this figure reflecting a clear recovery from the result recorded in 2017 (-0.1 percent).

Moreover, showing a much higher result than in 2017 (-1.8 percent), public investment increased 6.8 percent due to higher spending in road infrastructure, in the improvement and expansion works of both potable water and sewerage systems, and in penitentiary facilities, as well as in the works developed within the framework of the Integral Plan of Reconstruction with Changes and in the sports complexes for the Pan-American Games.

On the other hand, public consumption increased by 2.0 percent, mainly as a result of increased employment in the public sectors of interior, health, and defense at the level of the

national government as well as of increased spending in goods and services at the level of local governments.

## 2. Exports and Imports

Exports of goods and services grew 2.5 percent in 2018, less than in the previous year (7.6 percent). This result is explained by a decrease in exports of mining products, especially gold and zinc, due to the lower production of Barrick and Buenaventura. Another factor that contributed to this decline was the reduction registered in exports of oil and natural gas derivatives due to the rupture of the pipeline of Transportadora de Gas del Peru and to the maintenance of the Las Malvinas separation plant in Camisea. In contrast, on the other hand, exports of non-traditional products grew at a higher rate than in 2017 (11.0 percent versus 5.8 percent) due to greater shipments of agricultural products (fresh grapes and avocados, blueberries, and asparagus), fish products (frozen and canned squid), textiles, and chemical products.

Imports of goods and services increased by 3.4 percent, showing a lower rate than in 2017 (4.0 percent) due to the reduction of imported volumes of oil and derivatives, food products, and durable and non-durable consumer goods. However, import of services increased, with the computer services hired by mining companies and the trips of Peruvians to other countries standing out.

## 3. Production Sectors

The recovery of the GDP in 2018 is explained by the non-primary sectors, which grew by 4.2 percent (versus 2.3 percent in 2017), this result being associated mainly with the recovery of domestic demand. On the other hand, output in the primary sectors grew at a slightly higher rate than in the previous year (3.3 percent versus 3.1 percent in 2017). The strong momentum of fishing stands out in this result as it offset the fall of mining production. It is worth mentioning that all of the production sectors grew in 2018, except mining whose production decreased by 1.5 percent.

**Table 4**  
**GROSS DOMESTIC PRODUCT BY ECONOMIC SECTORS**  
(Real % change)

	2016	2017	2018	Average 2009-2018	% contribution to growth in 2018
<b>Primary GDP</b>	<b>10.0</b>	<b>3.1</b>	<b>3.3</b>	<b>3.1</b>	<b>0.7</b>
Agriculture and livestock 2/	2.7	2.6	7.5	3.6	0.4
Fishing	-10.1	4.7	39.7	1.0	0.1
Metallic mining	21.2	4.5	-1.5	3.5	-0.1
Hydrocarbons	-5.1	-2.4	0.0	2.7	0.0
Manufacturing based on raw materials	-0.6	1.9	13.2	0.7	0.4
<b>Non-primary GDP</b>	<b>2.5</b>	<b>2.3</b>	<b>4.2</b>	<b>4.8</b>	<b>3.3</b>
Non-primary manufacturing	-1.6	-0.9	3.7	2.0	0.4
Electricity and water	7.3	1.1	4.4	5.1	0.1
Construction	-3.2	2.1	5.4	5.1	0.3
Commerce	1.8	1.0	2.6	4.7	0.3
Services	4.0	3.3	4.4	3.4	2.2
<b>GDP</b>	<b>4.0</b>	<b>2.5</b>	<b>4.0</b>	<b>4.4</b>	<b>4.0</b>

Source: INEI and BCRP.

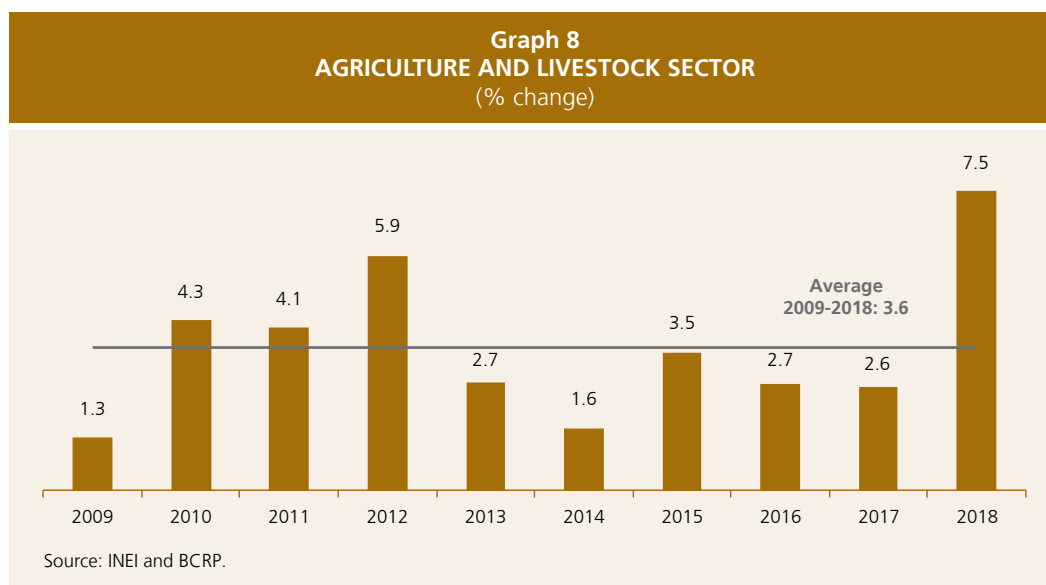
The growth of the **non-primary sectors** is explained by the reversal of the effects of El Niño Costero, in line with the recovery of domestic demand. After four consecutive years of contraction, non-primary manufacturing grew 3.7 percent, buoyed by the production of goods associated with private investment. The higher growth of private investment in 2018 also had a positive influence on the sectors of construction and services.

The growth rate of the agricultural sector stands out in the **primary sectors** since this sector recorded its highest growth rate in the last decade due to a greater production oriented to agro-exports. Another sector standing out is the fishing sector, due to an increased catch of anchovy thanks to the recovery of the biomass of this species. On the other hand, output in the mining sector dropped due to a lower extraction of copper and gold.

The sectors that contributed most to this increase of 1.5 percentage points between the GDP growth rates of 2017 (2.5 percent) and 2018 (4.0 percent) include the sectors of services (0.6 percentage points), non-primary manufacturing (0.5 percentage points), fishing and associated primary manufacturing (which together contributed with 0.4 percentage points), and agriculture (0.3 percentage points).

### 3.1 Agriculture Sector

In 2018, the agricultural sector grew 7.5 percent, showing the highest growth rate over the last ten years as well as historical production levels in goods oriented to both the domestic market (potatoes, rice, bananas, cassava, tangerines, lemons, pineapples, corn, and garlic) and external markets (coffee, olives, cocoa, avocados, and blueberries), as well as in the livestock subsector (poultry and eggs). With this rate, the sector accumulates fourteen years of continued growth.



This prolonged growth of the sector is based on the sustained dynamism of agro-exports as a result of a diversified supply of agricultural goods, as well as of activity in the poultry subsector where

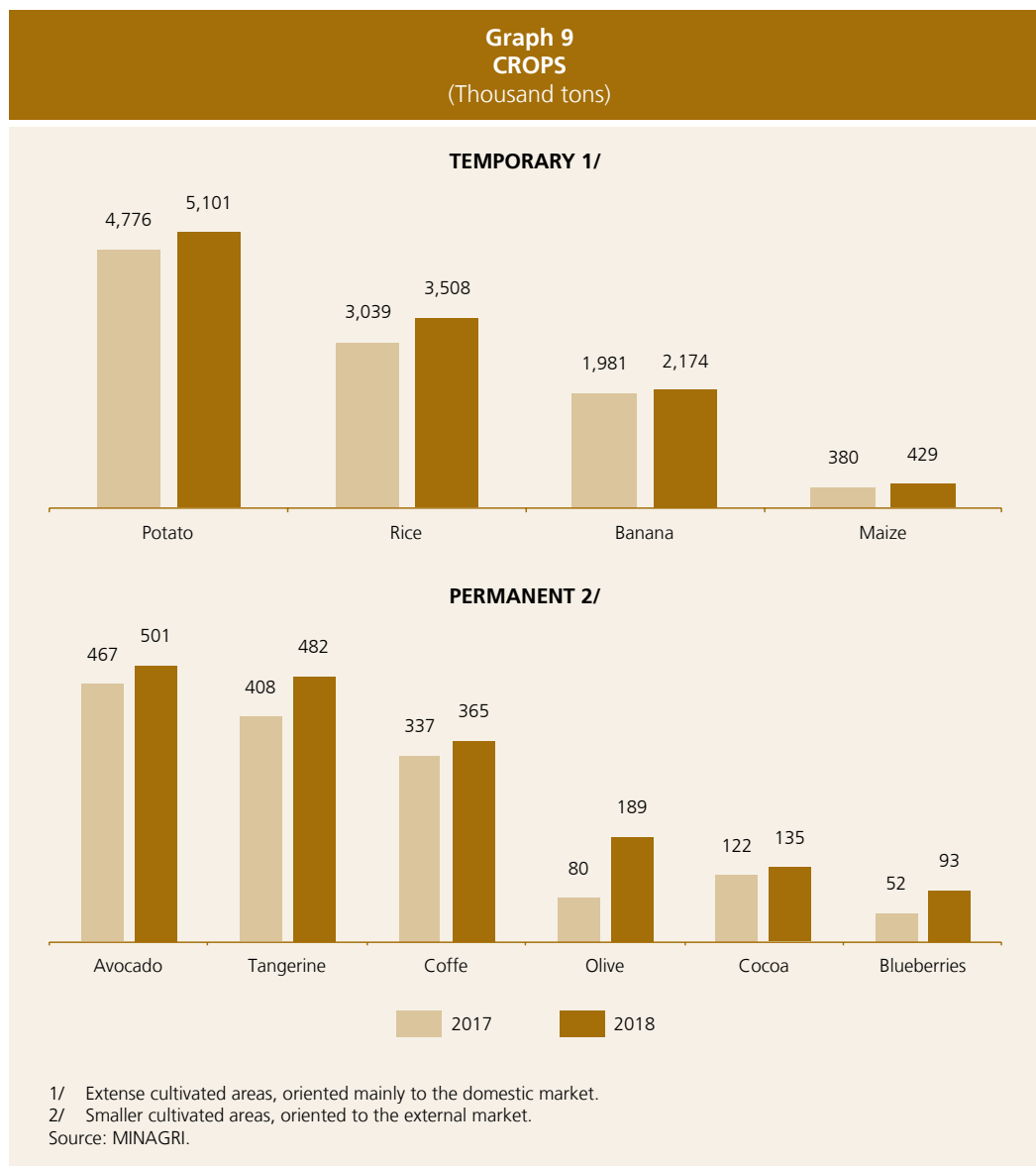
permanent improvement in terms of its productive processes led Peru to be the nineteenth largest chicken meat producer in the world in 2017<sup>1</sup>.

**Table 5**  
**AGRICULTURE AND LIVESTOCK PRODUCTION**  
(Real % change)

	2016	2017	2018	Average 2009-2018
<b>A. Agricultural production</b>	<b>1.8</b>	<b>2.5</b>	<b>9.0</b>	<b>3.2</b>
<u>For the domestic market</u>	<u>-1.9</u>	<u>-0.4</u>	<u>7.1</u>	<u>2.6</u>
Potato	-4.3	5.8	6.8	3.6
Rice	0.5	-4.0	15.4	2.3
Tangerine	12.8	1.0	18.0	9.9
Tomato	-1.4	-5.3	14.3	1.8
Banana	0.9	-4.5	9.7	1.9
Cassava	-4.0	1.3	3.3	0.5
Amilaceous maize	-9.9	-1.3	10.9	2.0
Garlic	-12.9	21.3	9.9	4.4
Lemon	0.9	-37.9	58.7	1.8
Maize	0.6	-4.7	13.0	1.4
Other	2.4	7.2	11.1	8.5
<u>For industry</u>	<u>-10.6</u>	<u>-2.1</u>	<u>7.6</u>	<u>-0.2</u>
Yellow hard maize	-14.3	1.4	1.0	0.2
Cotton	-35.3	-48.6	82.5	-12.8
Oil palm	7.6	14.5	6.3	13.8
Sugar cane	-3.7	-4.4	10.0	1.0
<u>For export</u>	<u>15.4</u>	<u>9.8</u>	<u>12.8</u>	<u>5.7</u>
Coffee	11.5	20.1	8.1	2.9
Asparagus	2.0	1.3	-5.9	0.9
Grapes	15.4	-6.5	-0.9	11.1
Avocado	20.9	2.5	7.3	13.9
Mango	8.0	3.6	-2.3	1.6
Cocoa	16.6	12.9	11.0	14.8
Blueberry	164.4	84.4	78.2	n.a.
Olive	46.1	43.1	135.7	5.2
<b>B. Livestock production</b>	<b>3.7</b>	<b>2.8</b>	<b>5.4</b>	<b>4.7</b>
Poultry	5.6	4.3	7.5	6.8
Eggs	3.8	3.6	8.9	5.4
Pork	4.5	5.6	1.5	3.3
Milk	2.7	3.0	2.6	2.8
<b>C. Total 2/</b>	<b>2.7</b>	<b>2.6</b>	<b>7.5</b>	<b>3.6</b>

Source: INEI and MINAGRI.

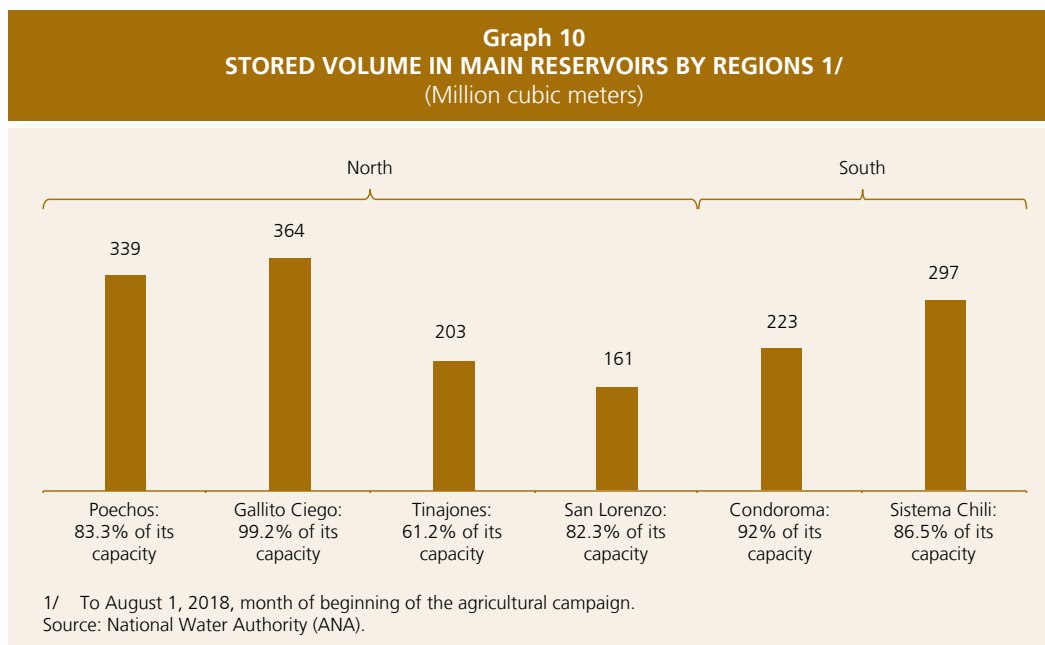
1 According to FAO, <http://www.fao.org/faostat/es/#data/QL>



Agricultural production oriented to the domestic market grew due to the recovery of the crops grown in the North Coast (rice, bananas, tomatoes, and lemons) after the impact of El Niño Costero 2017, to greater harvests in the Sierra (potatoes, starch corn, and corn) and Selva regions (pineapples), and on the coast of Lima and Ica (tangerines).

Farming activity was favored by a high availability of water resources after the 2017 El Niño Costero and by the normalization of weather conditions, these factors enabling an increased cultivation and an adequate development of short-growing crops (up 2.7 percent compared to the previous same period) and fruit crops<sup>2</sup>. As a result, crops showed a generalized contribution to the growth of the sector, with the exception of asparagus and onions (due to the life cycle of the crop, in the case of the former, and due to lower cultivation following the fall in farm prices (- 8.0 percent), in the case of the latter).

<sup>2</sup> Over the last four years, areas cultivated with blueberries have grown 142.7 percent on average, while areas cultivated with avocados, grapes, and olives have grown by 12.5 percent, 8.0 percent, and 6.5 percent, respectively.



At the regional level, the departments that showed the highest growth rates were Tacna (37.8 percent), which led olive production; La Libertad (14.8 percent), because of its production of cranberries and rice, as well as an outstanding production of avocados; Ayacucho (13.4 percent), which became the largest producer of potatoes and quinoa of the year; Ica (12.2 percent), which led the production of avocados, tangerines, and grapes; and Lambayeque (11.6 percent), which also recorded a considerable contribution to the production of blueberries, avocados, rice, and grapes.

The cultivation of sugarcane in the sugar mills of Agro Olmos and Caña Brava, in Lambayeque and Piura, which began operations in May 2017 and 2018, respectively, stand out in terms of agro-industrial production.

Moreover, fruit production not only registered historical records in exports of grapes, avocados, and blueberries, but also held important positions in the world ranking of exports of these crops. The cultivation of **grapes** in Peru is oriented both to exports and to the domestic market, and for both direct and industrial consumption (production of pisco and wines) in the latter. In 2018, the volume exported grew 26.8 percent to 341 thousand tons, reflecting the outstanding growth of these crops in Ica (11 percent), offset by lower activity (-0.9 percent) in other areas (Piura and Lima) due to lower yields.

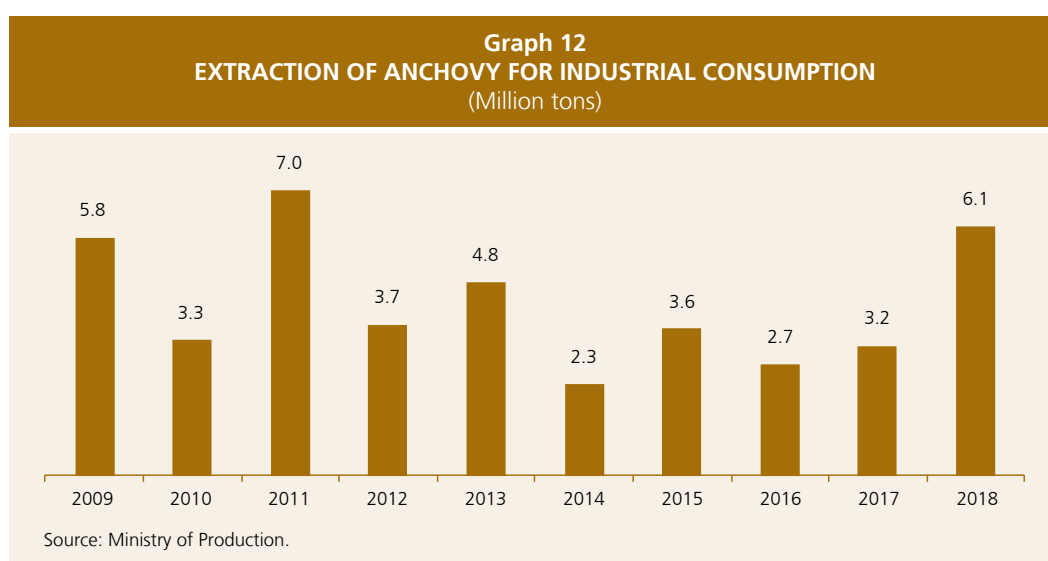
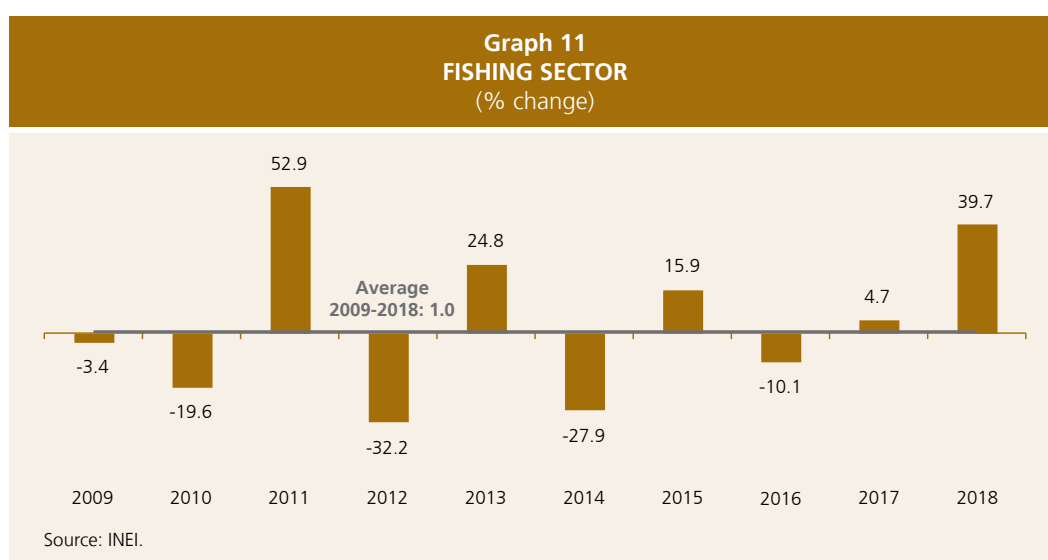
The production of **avocados** grew 7.3 percent and 71 percent of this amount was exported. As a result of this, the volume exported grew 44.5 percent. Most of the volume exported comes from the coast and a lesser proportion comes from the Sierra, which allows extending the period of sales to external markets. The leading production area is La Libertad (which accounts for 40.8 percent of the total production). Along with the production of other coastal areas such as Lima and Ica, it represents 78 percent of total production. On the other hand, the Sierra region (departments such as Arequipa, Ayacucho, and Cusco) accounts for 10 percent.

**Cranberry** crops grew 78.2 percent in 2018 and 80 percent of the production was sold abroad, leading the volume of exports to increase by 71.4 percent. La Libertad is the leading producing area of this crop (78.8 percent of the national total production), followed by the valleys of Lambayeque, Ica, Lima, and Ancash.

The departments with the greatest contribution to exports in terms of value were Piura, Ica, La Libertad, Lambayeque, Ancash, Tacna, and San Martin. This growth of agricultural exports has allowed the country to become one of the main agro-exporters of grapes, avocados, blueberries, asparagus, mangoes, onions, cocoa, olives, and organic bananas, in the region.

### 3.2 Fishing Sector

In 2018 the fishing sector grew 39.7 percent, its highest growth rate since 2011. This result is mainly explained by two good anchovy fishing seasons (April-June and November-January) with high rates of anchovy catch due to the absence of weather anomalies, which favored an adequate level of biomass of this species. Thus, 6.1 million metric tons of anchovy were caught in the year, this result being the second best result observed since the fishing ordinance established maximum catch limits per vessel.



Another factor that influenced the high level of catch recorded is that part of the second fishing season of 2017 was postponed to January and February of 2018 due to the dispersion of the anchovy



biomass observed in the second half of 2017. Both the fishing quotas and the catch percentages assigned were higher than in the two fishing seasons of 2017. In percentage terms, the performance of the sector in 2018 was 91 percent higher than in the previous year. It is worth mentioning that this recovery of the fishing sector after El Niño Costero was also observed in the years following El Niño events of 1983 and 1998, when the sector grew 46.4 and 32.7 percent, respectively.

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

Year	Season	Biomass (Million tons)	Maximum limit of the total allowable catch (Million tons)	Extraction (%)	Catch (Million tons)
2013	First	10.8	2.1	98	2.0
	Second	10.3	2.3	99	2.3
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

Source: IMARPE and PRODUCE.

Fishing for direct human consumption grew 6.4 percent due to increased fish catch for the production of canned and frozen fish products. The increase registered in the catch of tuna, anchovy, horse mackerel, and machete is worth pointing out in the case of fishing for the production of canned products, while the higher extraction of horse mackerel, anchovy, scallops, tuna, mullet, and sea urchin is worth pointing out in the case of the production of frozen products.

**Table 7**  
**FISH CATCH BY MAIN SPECIES**  
(% change)

Species	2016	2017	2018	Average 2009-2018
Anchovy 1/	-24.4	15.8	91.2	-0.2
Jack mackerel 2/	-28.9	-44.8	99.1	-16.2
Prawns 3/	9.3	32.5	20.0	13.8
Giant Squid 3/	-42.4	2.6	10.9	-5.3
Mackerel 4/	276.6	-59.7	-0.2	-6.9
Tuna 4/	-1.8	8.4	38.6	17.4
Scallops 3/	-32.0	-54.4	266.6	-1.1

1/ Fish catch for industrial consumption.

2/ Fresh fish.

3/ Fish catch for frozen products.

4/ Fish catch for canned products.

Source: Ministry of Production.

### 3.3 Mining and Hydrocarbons Sector

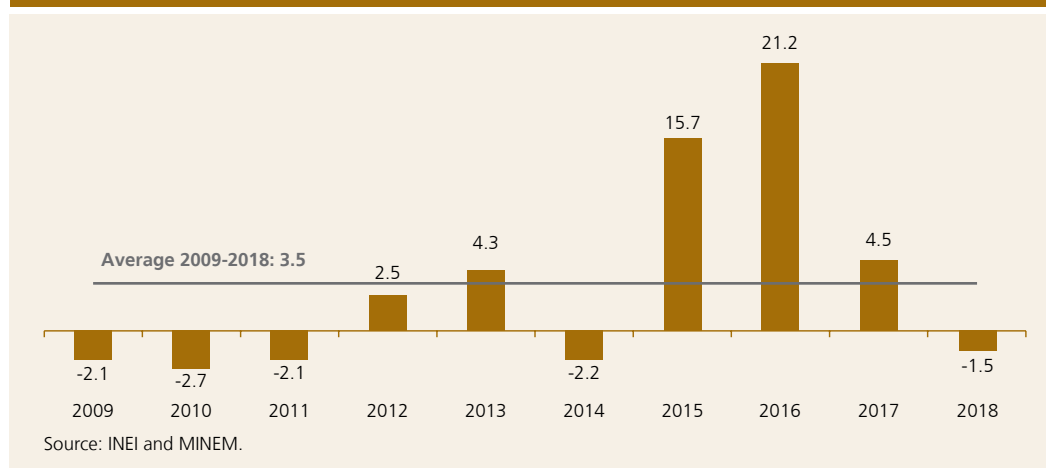
Output in the **mining and hydrocarbons sector** fell 1.3 percent in 2018 due to lower activity in the metal mining subsector (-1.5 percent). This result is explained by a decrease in the production of gold, copper, silver, lead, and molybdenum, and also by a decline in the generation of gas and natural gas liquids due to the maintenance of Las Malvinas separation plant.

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

	2016	2017	2018	Average 2009-2018
<b>Metal mining</b>	<b>21.2</b>	<b>4.5</b>	<b>-1.5</b>	<b>3.5</b>
Gold	4.2	-0.7	-6.1	-2.3
Copper	40.1	4.5	-0.5	7.9
Zinc	-5.9	10.2	0.1	-0.8
Silver	6.7	1.0	-5.8	1.2
Lead	-0.4	-2.4	-5.7	-1.8
Tin	-3.7	-5.3	4.6	-7.1
Iron	4.7	14.9	8.3	6.3
Molybdenum	27.8	9.3	-0.4	5.3
<b>Hydrocarbons</b>	<b>-5.1</b>	<b>-2.4</b>	<b>0.0</b>	<b>2.7</b>
Oil	-30.1	7.8	12.1	-4.4
Natural gas liquids	3.9	-4.4	-5.8	7.0
Natural gas	12.0	-7.7	-1.7	13.9
<b>TOTAL 1/</b>	<b>16.3</b>	<b>3.4</b>	<b>-1.3</b>	<b>3.6</b>

1/ Includes non-metallic mining and secondary production.  
Source: MINEM.

**Graph 13**  
**PRODUCTION OF THE METAL MINING SUB SECTOR**  
(% change)



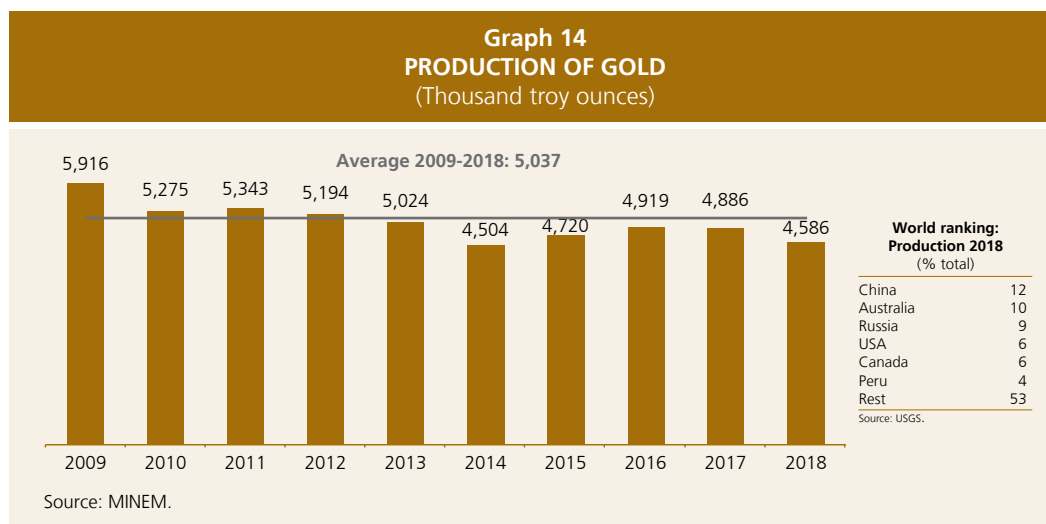
**Table 9**  
**VOLUME OF MINING PRODUCTION**

	2016	2017	2018
<b>GOLD (Thousand troy ounces)</b>	<b>4,919</b>	<b>4,886</b>	<b>4,586</b>
<i>Of which:</i>			
Minera Yanacocha	668	535	515
Minera Barrick Misquichilca	547	509	332
Tantahuatay - Buenaventura	149	152	173
La Arena - Pan American	204	189	153
Anama - Aruntani	85	91	115
Compañía de Minas Buenaventura	190	189	110
Pucamarca - Minsur	106	100	103
Inmaculada	163	165	96
Shahuindo - Pan American	48	76	90
La Zanja - Buenaventura	140	128	72
<b>COPPER (Thousand fine metric tons)</b>	<b>2,280</b>	<b>2,383</b>	<b>2,371</b>
<i>Of which:</i>			
Compañía Minera Antamina	444	439	460
Sociedad Minera Cerro Verde	473	465	455
Las Bambas - MMG	329	453	385
Southern Peru Copper Corporation	288	281	304
Toromocho - Chinalco	168	195	208
Antapaccay	221	206	205
Constancia - Hudbay	133	122	122
<b>ZINC (Thousand fine metric tons)</b>	<b>1,337</b>	<b>1,473</b>	<b>1,475</b>
<i>Of which:</i>			
Compañía Minera Antamina	261	442	476
Nexa Resources	245	211	196
Volcan Compañía Minera	169	150	151
Sociedad Minera El Brocal	59	54	48
Empresa Minera Los Quenuales	29	25	26
<b>SILVER (Million fine troy ounces)</b>	<b>141</b>	<b>142</b>	<b>134</b>
<i>Of which:</i>			
Compañía de Minas Buenaventura	22	23	21
Compañía Minera Antamina	21	21	17
Volcan Compañía Minera	11	8	8
Compañía Minera Ares	9	10	7
<b>LEAD (Thousand fine metric tons)</b>	<b>314</b>	<b>307</b>	<b>289</b>
<i>Of which:</i>			
Volcan Compañía Minera	54	50	46
Nexa Resources	37	34	33
Sociedad Minera El Brocal	16	24	24
Empresa Minera Los Quenuales	9	8	8
Antamina	13	17	7

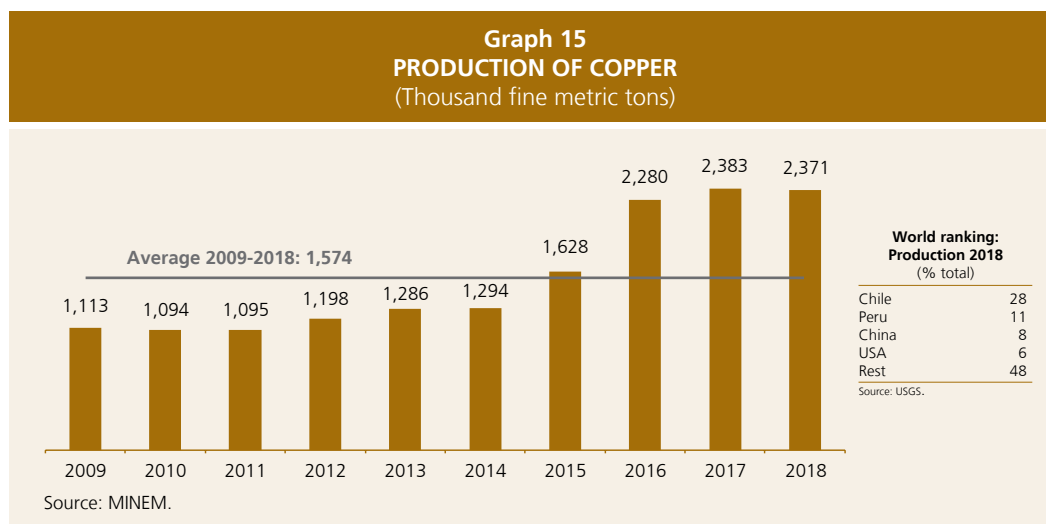
Source: MINEM.

In 2018, the production of **gold** was 300 thousand ounces lower than in 2017, which represented a fall of 6.1 percent. This was mainly due to the lower extraction in Barrick and Buenaventura's mines and also to the greater bans imposed on artisanal producers in Madre de Dios. In the case of Barrick mines, the Pierina's unit is in its closing stage, while Lagunas Norte faces depletion of the ore in the

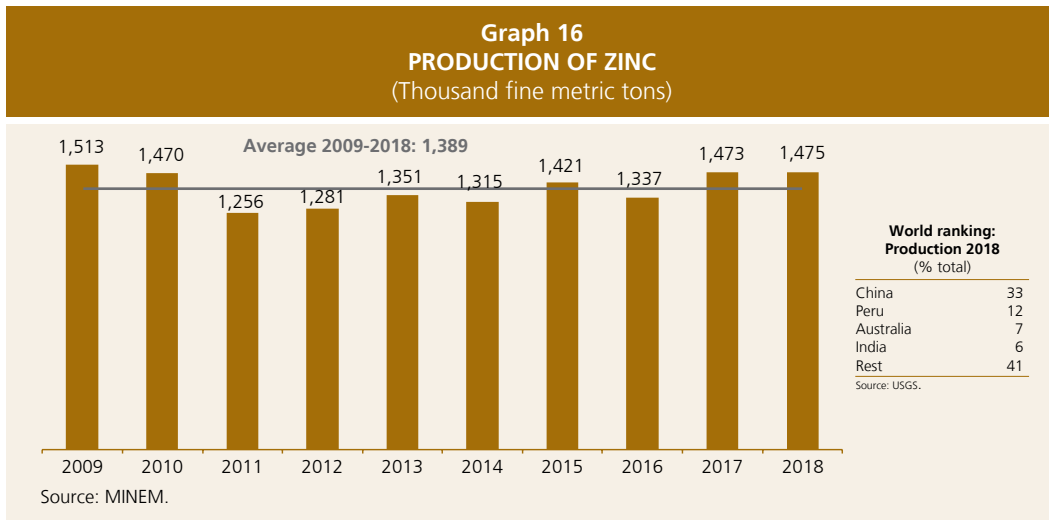
pit, so it is expected to stop being profitable by 2020. On the other hand, the fall in Buenaventura's production was due to an internal program of resource reallocation to resolve bottlenecks in internal processes in the Yanacochoa, Orcopampa and La Zanja units.



In 2018, **copper production** in the country totaled 2,371 thousand metric tons, 0.5 percent less than in 2017, due mostly to the lower production of Las Bambas caused by the geotechnical instability of one of the walls of the Ferrobamba pit during the third quarter of 2018. However, this drop was offset by the higher production of Antamina (4.6 percent) and Southern (8.3 percent), with higher production in the latter being explained in part by the onset of operations at the Toquepala expansion in the last quarter of the year.



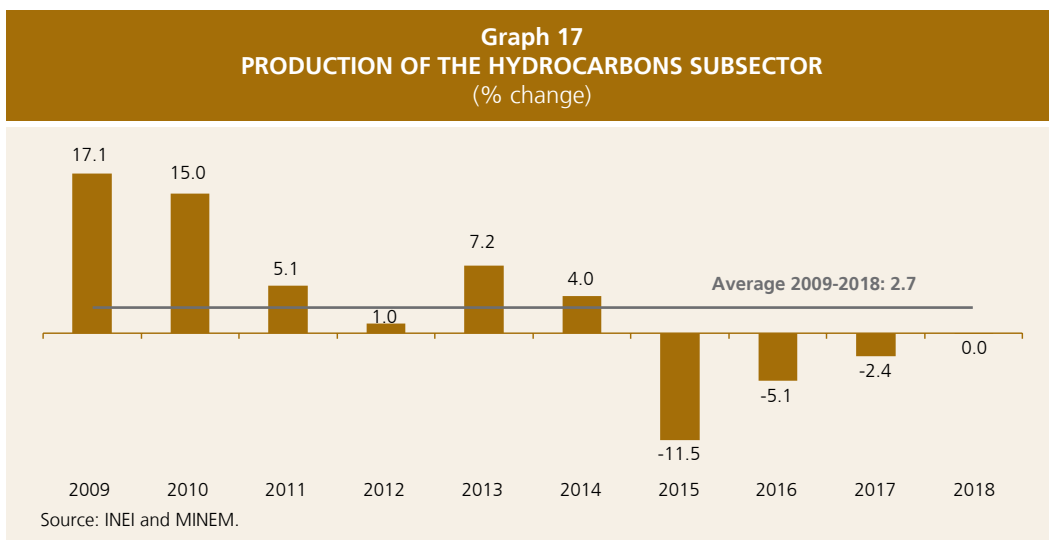
**Zinc production** grew 0.1 percent during 2018. This is mainly explained by the fact that the greater extraction of zinc in Antamina was offset by a lower output in several companies, among which Nexa stands out. Although Antamina produced 34,000 FMT more than in 2017 –which represents a variation of 7.5 percent–, in line with the company's projection of exploiting a section of the mine with higher grades, Nexa reduced its production by 7.1 percent due to the resource reallocation projects it undertook since the second quarter.



**Iron production** grew 8.3 percent due to Shougang’s higher production. Although the company slowed its extraction rate during the last quarter of 2018 after it decided to allocate more resources to the expansion of its Marcona unit, it maintained a positive growth rate compared to the same period of 2017 because in that year it faced a workers’ strike that lasted from the beginning of October until the middle of November.

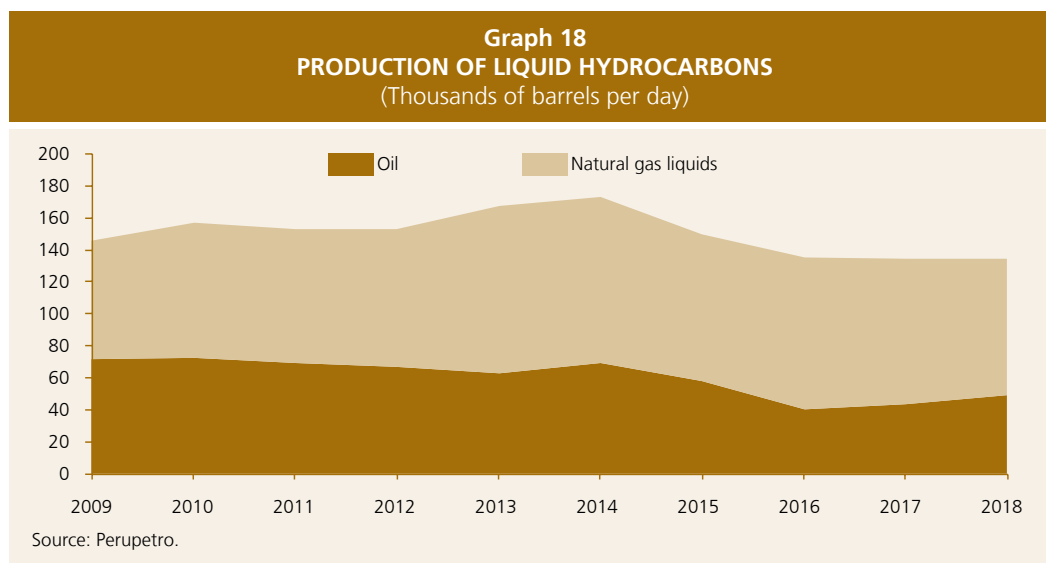
Finally, it is worth mentioning that in 2018 there was a lower production of silver (-5.8 percent), lead (-5.7 percent), and molybdenum (-0.4 percent), and a higher production of tin (4.6 percent).

The **hydrocarbons subsector** showed zero growth during 2018. Although oil production grew 12.1 percent, the production of gas and natural gas liquids was lower than in 2017.

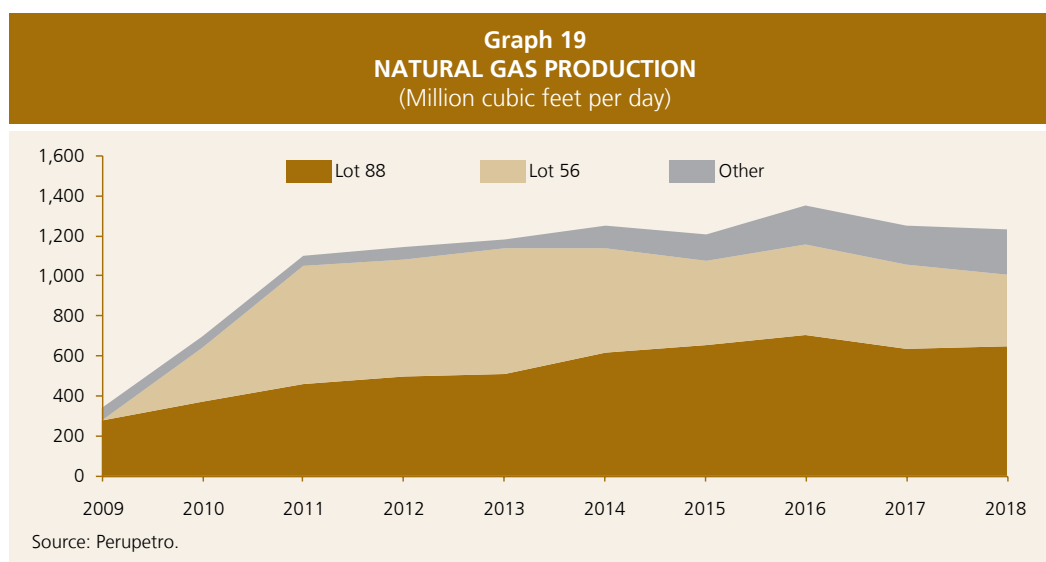


The growth of oil production was mainly due to higher extraction in Lot X and Lot 192. Production in the former lot increased from 11.2 to 13.2 thousand barrels per day due to the presence of larger wells in operation, while production in the latter recovered given that the Norperuano Pipeline restarted its activity in February 2017 after a year of standstill and thus, in September 2018 it came

to operate at levels unobserved since 2014 (around 12.5 thousand barrels per day). The pipeline was sabotaged again in December 2018.



The reduction in the production of gas (1.7 percent) and natural gas liquids (5.8 percent) was due to the rupture of the pipeline of Transportadora de Gas del Peru in February and to maintenance of Las Malvinas separation plant in Camisea during the month of August, which affected the production of lots 56 and 57. However, this fall was in part offset by higher extraction at Lot 88, in response to an increase in gas demand by thermal companies in the electricity sector.



### 3.4 Manufacturing Sector

After four years of consecutive falls, the **manufacturing industry** grew 6.2 percent in 2018, with greater activity in both primary manufacturing (up 13.2 percent) and non-primary manufacturing (up

3.7 percent) accounting for this growth rate due mainly to the recovery of the production oriented to investment and inputs.

The greater growth observed in the subsector of **manufacturing based on raw materials** reflected the increase of activity in the fishing industry, especially in the fishmeal and fish oil industries, as a result of the high availability of anchovy. It is also worth pointing out the increase seen in the production of husked rice and sugar due to better farming conditions and to a greater availability of sugarcane after these crops recovering from the effects caused by El Niño Costero in 2017. Likewise, the refining of non-ferrous metals output increased in line with Cerro Verde's higher production of copper cathodes.

In contrast, oil refining declined. This was the case in the production of La Pampilla refinery, where the generation of industrial and diesel oil decreased, as well as in Pluspetrol where the production of diesel and natural gasoline fell.

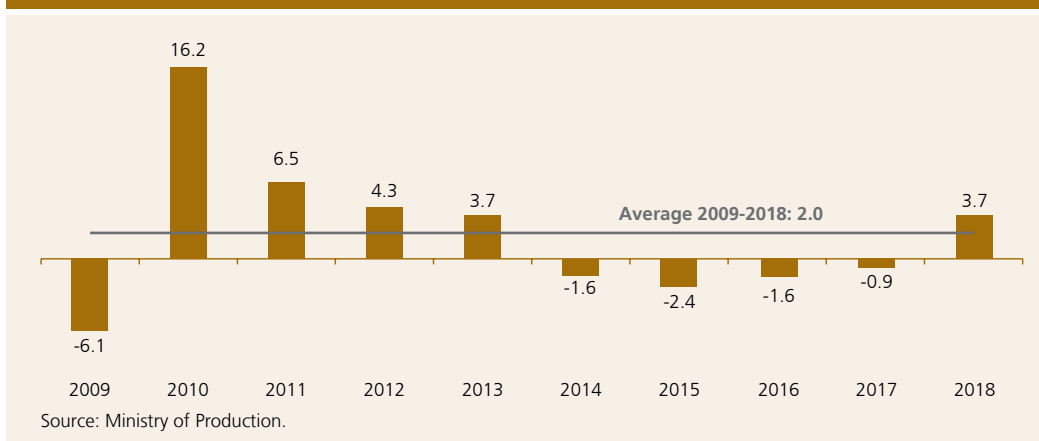
**Table 10**  
**MANUFACTURING BASED ON RAW MATERIALS**  
(% change, YoY)

	2016	2017	2018	Average 2009-2018
<b>MANUFACTURING BASED ON RAW MATERIALS</b>	<b>-0.6</b>	<b>1.9</b>	<b>13.2</b>	<b>0.7</b>
Rice	0.5	-3.7	15.4	2.3
Sugar	5.1	-5.5	9.4	1.6
Meat products	4.4	2.9	6.3	4.6
Fishmeal and fish oil	-19.3	15.7	85.8	-0.3
Canned and frozen fish products	-6.1	0.2	10.0	-0.8
Refining of non-ferrous metals	1.3	-2.7	2.4	-2.4
Refining of crude	5.3	8.3	-6.4	3.6

Source: Ministry of Production.

In 2018, **non-primary manufacturing** reversed the fall it had recorded over the last four years and grew 3.7 percent, showing the same rate as that observed in 2013 and a higher rate than the average rate of the last 10 years (2.0 percent).

**Graph 20**  
**NON-PRIMARY MANUFACTURING**  
(Real % change)



This recovery of non-primary manufacturing may be associated with three factors. First, a recovery was observed in private investment, especially in mining investment, which is linked to the branches of metal structures, electrical machinery, industrial services, and explosives. Second, there was also an increase in non-traditional exports in segments that had been affected by greater competition in external markets, such as clothing, processed wood, and in the segment of miscellaneous manufactures. Third, there was an increase in domestic demand linked to consumption, which reflects in the growth of the branches of furniture, medicines, and in part of the segment of miscellaneous manufactures.

In the first half of 2018, industry showed a recovery after having been affected by El Niño Costero in the same period of the previous year. Not only did El Niño Costero cause problems in transportation and in the supply of inputs, but it also caused labor shortages due to the closing of roads and bridges as well as damage to the factory infrastructure and to machinery. In the second half of the year, the industries that showed the greatest reactivation were those oriented to investment and inputs.

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

	2016	2017	2018	Average 2009-2018
<b>Mass consumption goods</b>	<b>1.5</b>	<b>0.2</b>	<b>1.2</b>	<b>2.3</b>
Dairy products	-4.6	-4.9	0.9	1.9
Bread and pastry	-4.6	3.5	-1.1	1.3
Oils and fats	2.3	6.5	2.3	5.0
Miscellaneous food products	-6.2	14.7	1.9	3.9
Beer and malt	-0.8	0.0	-0.1	1.1
Soft drinks	7.2	-3.9	-10.7	3.4
Garments	-4.2	-4.3	7.4	-1.3
Footwear	4.1	16.2	-31.2	1.9
Furniture	5.7	-5.1	8.1	5.7
Other paper and cardboard items	1.6	12.7	-4.6	3.2
Toiletries and cleaning products	9.8	-14.9	4.0	1.8
Pharmaceutical products	10.1	-8.0	4.2	-2.9
Miscellaneous items	-9.9	15.0	25.1	1.8
<b>Inputs</b>	<b>-0.7</b>	<b>-3.2</b>	<b>3.6</b>	<b>1.3</b>
Wheat flour	-4.4	0.6	3.4	1.4
Other textile items	-1.0	8.9	-2.9	-0.8
Processed wood	-4.4	-32.0	7.2	-7.8
Paper and cardboard	-5.5	-7.3	12.2	0.3
Paper and cardboard containers	7.4	7.9	19.3	6.5
Publishing and printing	2.5	-16.6	-5.0	-1.7
Basic chemicals	-6.4	5.3	-0.9	1.1
Explosives, chemical and natural scents	3.9	-3.7	9.7	8.1
Rubber	-10.5	6.6	-9.9	-2.7
Plastic	-0.8	1.3	4.3	4.5
Glass	9.5	2.3	3.1	6.3
<b>Capital goods</b>	<b>-5.1</b>	<b>-0.5</b>	<b>6.5</b>	<b>4.0</b>
Iron and steel industry	2.2	4.7	1.4	-0.1
Metal products	-10.2	-3.8	11.6	5.7
Machinery and equipment	-9.2	22.8	-4.8	1.9
Electric machinery	15.6	-5.2	23.8	1.1
Transport equipment	-16.2	3.5	14.3	5.5
Paints, varnishes, and lacquers	-9.1	5.3	3.1	3.1
Cement	1.5	-0.5	0.9	4.4
Construction materials	-5.4	-3.0	4.6	2.7
Industrial services	-2.6	-3.1	6.0	7.6
<b>Goods for external markets</b>	<b>-4.2</b>	<b>-1.6</b>	<b>0.2</b>	<b>-1.3</b>
Canned food	4.1	-1.6	0.7	1.2
Synthetic fibers	-4.0	0.9	7.9	-2.0
Yarns, fabrics and finished garments	-7.7	-1.6	-5.7	-2.7
Knitted garments	-10.2	4.1	-3.9	-1.8
Clothing items	-4.2	-4.3	7.4	-1.3
<b>Total non-primary manufacturing</b>	<b>-1.6</b>	<b>-0.9</b>	<b>3.7</b>	<b>2.0</b>

Source: Ministry of Production.



The branches oriented to **investment** grew 6.5 percent, the higher production of metal products standing out due to the greater demand for metal structures and structured profiles for the construction of shopping centers and supermarkets. Other branches that showed noteworthy growth rates included the branches manufacturing transport material, due to the increased production of ships and the high demand for spare parts for motor vehicles observed, as well as electrical machinery, due to the recovery seen in the demand for transformers, electrical panels, and electrical wires and cables.

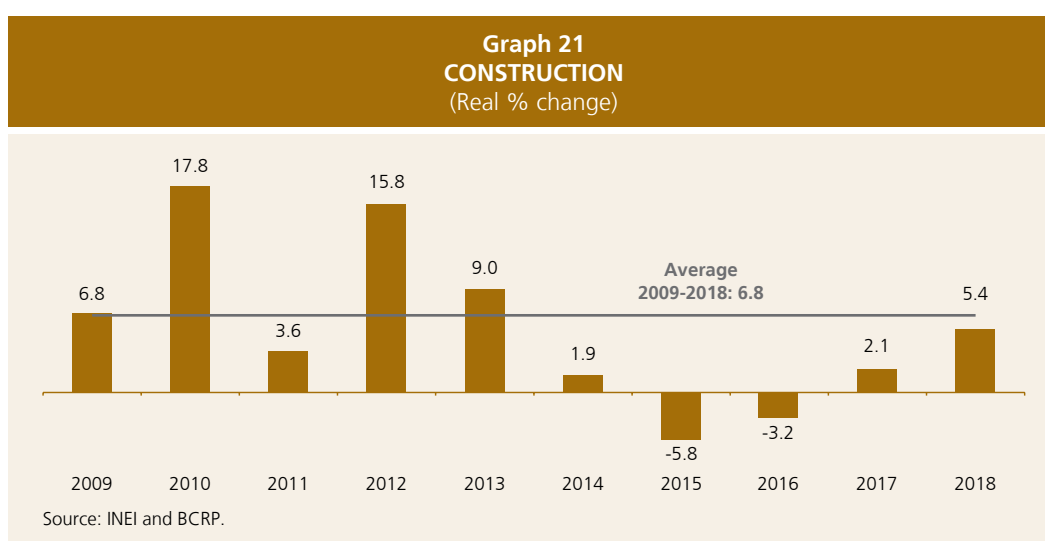
The branches producing **inputs** grew 3.6 percent due to the reactivation of activity in branches such as the wood industry, which had been affected by El Niño Costero; the production of paper and cardboard packaging, due to a higher demand for cardboard and corrugated paper boxes for agricultural exports; explosives, due to the growth of internal and external demand of explosives for mining, and plastics, due to a higher external demand for PET containers for beverages.

The branches linked to the production of **mass consumption goods** grew 1.2 percent. Growth was noteworthy in the category of miscellaneous manufactures, due to the introduction of new products; in jewelry, due to greater external demand; furniture (mattresses); various food products, and other paper and cardboard items. On the other hand, the production of footwear decreased, due to a lower demand for tennis shoes and sandals as a result of the greater competition of imported products. A decline was also observed in the production of soft drinks, due to a lower demand for soft drinks and table water after the excise tax on these goods was increased and also due to the weather conditions of the previous year due to the effects of El Niño Costero. Likewise, the production of other paper and cardboard items decreased due to a lower demand for diapers associated with greater competition from imported goods.

The branches oriented to **exports** grew 0.2 percent as a result of a higher manufacturing of garments due to increased external demand and also as a result of the recovery of the production of canned food products in the first half of the year. On the other hand, the manufacture of yarns, fabrics, and finishes and the manufacture of knits and knitwear registered a decrease due to a lower demand for these products.

### 3.5 Construction Sector

In 2018, the construction sector grew 5.4 percent as a result of the physical progress of public works (which increased by 9.6 percent) and of the development of real estate projects and commercial and business centers.



As regards the residential real estate market, the Survey of Construction Projects in Metropolitan Lima and Callao published by the Peruvian Chamber of Construction (CAPECO) reported that 27,5



thousand housing units (26,7 thousand apartments) were offered in 2018, 7.9 percent more than in the previous year. Moreover, 58 percent of the housing supply was concentrated in the intermediate price range (between S/ 80 and S/ 400 thousand), mainly in Modern Lima, downtown Lima and East Lima, while 40 percent of this supply was high price homes (with a cost of over S/ 400 thousand). The area called Lima Top stands out in this group, where 78 percent of the units are offered at prices of over S/ 600 thousand, followed by Modern Lima where 84 percent of the units are offered at prices ranging between S/ 400 and S/ 600 thousand.

A total of 15.2 thousand housing units were sold in 2018, of which 67.8 percent were in the process of being constructed, which reflects that housing units are being sold in advance as construction projects or during the execution of the production process. Moreover, 54 percent of the homes sold were in the intermediate price range (between S/ 80 thousand and S/ 400 thousand) and 45 percent showed a high price range (more than S/ 400 thousand).

The average price of an apartment per square meter in Lima and Callao was S/ 5,550 in 2018, 10.6 percent higher than in 2017. San Isidro is the district with the highest average price per square meter (S/ 8,475), followed by Barranco (S/ 8,166), Miraflores (S/ 8,140), and San Borja (S/ 7,593). Moreover, showing a downward trend in all of the districts of Lima and Callao, the average area of an apartment decreased from 77.9 to 77.6 square meters between 2017 and 2018.

**Table 12**  
**REAL ESTATE SECTOR: EVOLUTION OF MAIN VARIABLES**

Indicator	2016	2017	2018	Difference 2018-2017
New apartments sold - CAPECO 1/ % change	10,643 -2.3	13,354 25.5	14,851 11.2	1,497
New apartments sold- TINSA % change	10,865 -15.8	13,025 19.9	12,069 -7.3	-956
New mortgage loans 2/ % change	28,088 -7.5	30,656 9.1	36,305 18.4	5,649
Of which: New loans Mivivienda 3/ % change	7,872 -4.3	6,683 -15.1	7,941 18.8	1,258
Number of loans of current mortgage 2/ % change	212,084 1.2	219,342 3.4	227,467 3.7	8,125
Mortgage loans in million soles 2/ % change	7,437 -10.5	8,583 15.4	11,243 31.0	2,660
Mortgage loans in million US\$ 2/ % change	460 43.7	593 29.0	361 -39.2	-233
Average interest rate on mortgage loans in S/ 2/	8.9	8.7	8.2	-0.2
Average interest rate on mortgage loans in US\$ 2/	7.8	7.5	7.1	-0.3
PER Ratio 4/	17.6	17.1	17.6	0.4

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 (PER).

Source: Mivivienda, SBS, and TINSA PERU SAC.

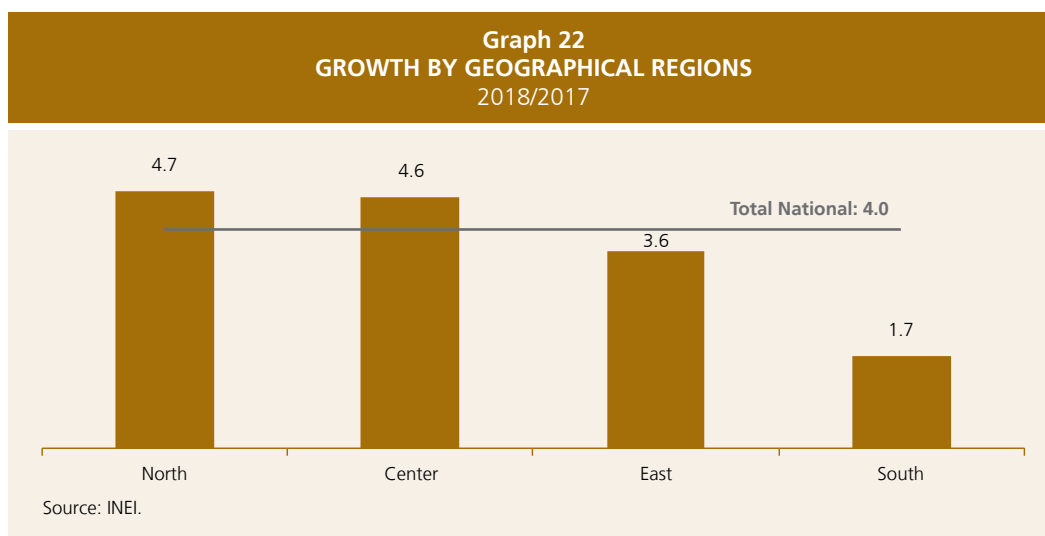
In addition, new mortgage loans registered an increase of 18.4 percent while Mivivienda's new loans increased 18.8 percent. On the other hand, in terms of constant soles, housing sale prices per square meter in Metropolitan Lima showed a stable behavior.

As for the market of prime offices, according to information provided by Colliers International, 5 new prime buildings with 105 thousand square meters entered the Lima office market in 2018. Continuing with the declining trend observed since 2017, this new offer was lower than in 2017, when it exceeded 226 thousand square meters. On the other hand, the net absorption of offices, which reached 145 thousand square meters in 2018, exceeded the new offer, a ratio not observed since 2012. As a result of this, the vacancy rate decreased to 22.9 percent at the end of 2018 (versus 28.2 percent in 2017).

#### 4. Growth by Regions

In 2018 the national GDP grew to a greater extent (4.0 percent) in the departments of the north coast, Lima, Ancash and Loreto, whereas in Apurímac, Moquegua and Madre de Dios, it declined.

When dividing the country into geographical regions (center, north, south and east)<sup>3</sup>, excluding Lima, the area that contributed most to the growth of the output was the north of the country. The **North region** grew 4.7 percent due to the good performance of fishing and to agriculture's recovery from the effects of El Niño Costero 2017. The **Central region** grew 4.6 percent, with growth rates being particularly noteworthy in Ancash and Huancavelica as a result of increased fishing and increased mining, respectively. The growth of the output in the **East region** was driven by the recovery of oil production in Loreto, which was offset by a lower extraction of gold in Madre de Dios, while the **southern region** recorded the lowest growth rates (1.7 percent), mainly as a result of lower mining activity.

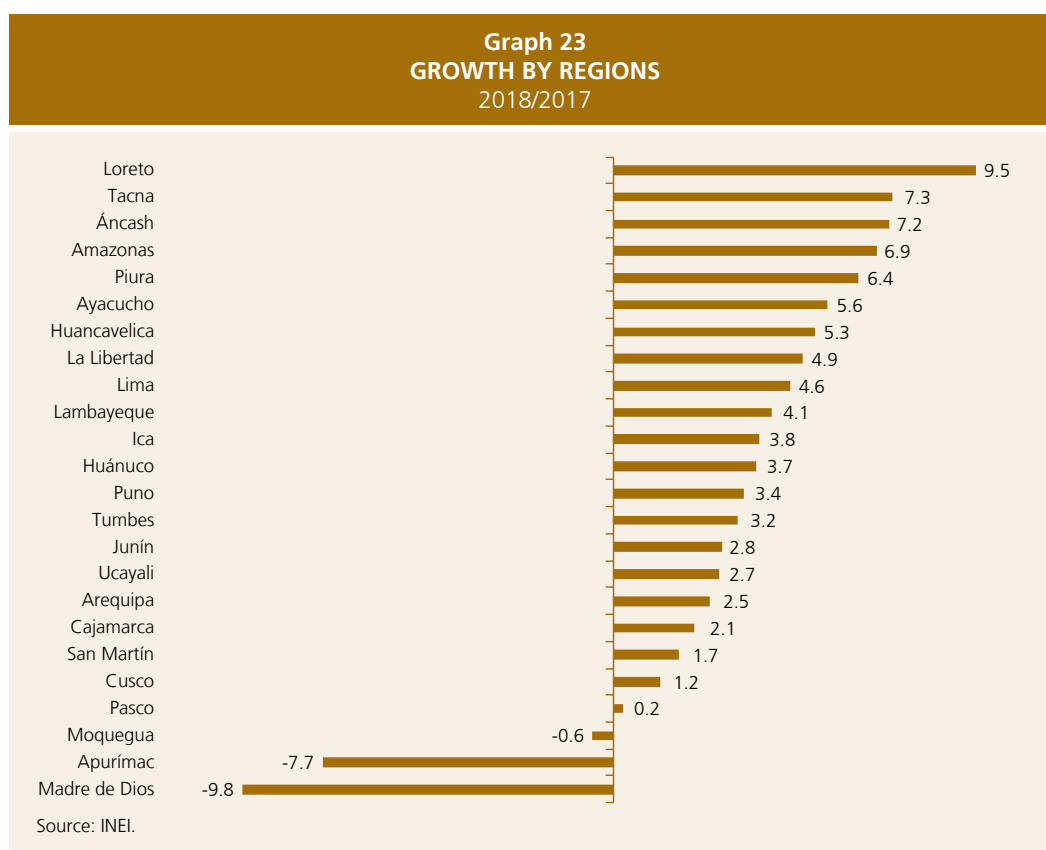


The departments with the higher contribution rates to growth included the following:

- **Lima**, where production grew 4.6 percent, contributed with 2.2 percentage points (pp) to the growth of the country's output. This contribution is explained by the growth of construction associated with the public works for the PanAmerican Games, as well as by higher outputs in the processing of poultry, the production of fishmeal and fish oil, and greater dynamism in trade and services.
- Output in **Ancash** grew 7.2 percent (contribution of 0.3 pp) due to a greater anchovy catch and an increased production of fishmeal and fish oil.

<sup>3</sup> North Region: Tumbes, Piura, Lambayeque, Cajamarca, La Libertad, Amazonas; Central Region: Áncash, Huánuco, Pasco, Junín, Huancavelica, Ica; South Region: Ayacucho, Arequipa, Apurímac, Cusco, Moquegua, Puno, Tacna; East Region: Loreto, San Martín, Ucayali, Madre de Dios.

- **Piura's** production grew 6.4 percent (contribution of 0.3 pp) as a result of increased activity in the construction sector associated with the investment made by the program Reconstrucción Con Cambios, with works such as the consolidation of the Poechos reservoir, road rehabilitation and road improvement works, and water and sanitation projects standing out. The recovery of the agriculture sector and the main crops –lemons, bananas, rice–, particularly in the areas affected by El Niño Costero in 2017 was also noteworthy.
- **La Libertad's** output grew 4.9 percent (contribution of 0.2 pp) due to greater activity in the agricultural sector, with the production of blueberries, husked rice and sugarcane standing out, and due to increased production in the fishing sector and related manufacturing industry due to a greater catch of anchovy.
- Activity in **Arequipa** grew 2.5 percent (contribution of 0.2 pp) due to the construction sector, which was driven by greater investment in road infrastructure projects such as the improvement of the road interconnection between some main avenues of the city of Arequipa and the improvement of departmental highways. Increased agricultural production was also noteworthy, especially in crops such as olives, paprika, artichokes, and garlic.
- **Loreto** was the region with the highest growth rate in the country, 9.5 percent (contribution of 0.2 pp), due to the growth of the hydrocarbons subsector as a result of the greater output of crude oil obtained by Pacific Stratus in Lot 192 after the partial regularization of operations of the Norperuano Pipeline.



On the other hand, the regions in which growth declined were the following:

- Production in **Madre de Dios** shrank 9.8 percent (contribution of -0.1 pp) due to the lower volumes of gold reported by artisanal producers as a result of interdiction operations against illegal mining in the area.

- Likewise, output in **Apurímac** dropped 7.7 percent (contribution of -0.13 pp), influenced by lower copper production at Las Bambas.
- **Moquegua's** output decreased slightly (0.6 percent), reflecting the deterioration of mining activity observed mainly in the production of gold, molybdenum, and silver, in Aruntani and Southern, although this was offset by Southern's higher production of copper. Moreover, electricity generation decreased due to lower activity at Ilo 2 Plant and at Ilo Plant.

#### 4.1 Production Structure

In the last 10 years, the regions with greater activity have been those related to mining activity. The average growth rate of Apurímac (15.5 percent between 2009 and 2019), the highest rate in the country, is directly linked to the onset of operations at Las Bambas mine. Its average increase in the last 5 years has been 24.9 percent. Moreover, similar trends are observed in the cases of Cusco, Huánuco, Ayacucho, and Arequipa, growth in these regions having been favored the development of mines Antapaccay, Raura, and Inmaculada, and by the expansion of Cerro Verde, respectively. On the other hand, the growth trend observed in San Martín (5.3 percent) has been associated with the development of agriculture (rice, cocoa, oil palm and coffee) and trade.

**Table 13**  
**AVERAGE GROWTH - REGIONAL GDP**  
(% change)

	2009-2013	2014-2018	2009-2018
Apurímac	6.8	24.9	15.5
Cusco	12.2	1.1	6.5
Huánuco	6.0	5.4	5.7
Ayacucho	7.6	3.2	5.4
San Martín	6.0	4.6	5.3
Arequipa	3.7	6.8	5.2
Amazonas	6.8	3.2	5.0
Ica	6.7	3.2	4.9
Lima	6.2	3.3	4.7
Lambayeque	6.2	3.1	4.6
Puno	5.6	3.3	4.4
Junín	2.1	6.7	4.3
Piura	5.5	2.2	3.8
Tacna	2.9	4.1	3.5
Tumbes	5.5	1.3	3.4
La Libertad	4.5	2.2	3.4
Ucayali	4.2	2.1	3.1
Huancavelica	4.0	2.2	3.1
Áncash	1.9	2.3	2.1
Loreto	3.0	0.6	1.8
Cajamarca	3.5	0.0	1.8
Madre De Dios	3.3	-0.4	1.3
Moquegua	-0.1	0.0	-0.1
Pasco	-2.0	1.8	-0.2
<b>Total</b>	<b>5.8</b>	<b>3.2</b>	<b>4.4</b>

Source: INEI.

On the other hand, the regions in which growth fell in this period were Pasco and Moquegua (-0.2 and -0.1 percent on average, respectively), the decline in these regions being also related to mining. In Pasco, production was affected by the decrease of operations of mining company El Brocal, while in Moquegua, mining company Aruntani reduced its gold mining operations.

## 5. Labor

Superintendencia Nacional de Aduanas y de Administración Tributaria (SUNAT) –the National Superintendency of Customs and Tax Administration– collects monthly information on jobs and remunerations of the universe of formal companies and public and private institutions through its Electronic Payroll system, which is therefore the best source of data on formal employment.

According to information of this electronic record system, the number of formal jobs<sup>4</sup> in the country increased 3.9 percent in 2018. At the sector level, the largest increase was observed in the private sector (4.4 percent), while in terms of geographical area, greater growth was observed in the rest of the country (6.6 percent) than in Lima (2.2 percent).

<b>Table 14</b>					
<b>FORMAL JOBS - ELECTRONIC PAYROLL</b>					
<i>(Thousand jobs)</i>					
	<b>Levels</b>			<b>Change 2018/2017</b>	
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>In thousand</b>	<b>In %</b>
<b>Total 1/</b>	<b>4,831</b>	<b>4,929</b>	<b>5,123</b>	<b>194</b>	<b>3.9</b>
Private sector	3,424	3,509	3,663	154	4.4
Public sector	1,407	1,420	1,460	40	2.8
Lima	2,936	2,964	3,029	65	2.2
Rest of Peru	1,709	1,774	1,891	116	6.6

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 expansion of employment in the private sector (4.4 percent) was driven mainly by increased jobs in the agricultural sector (68 thousand jobs) and in the sector of services (51 thousand jobs).

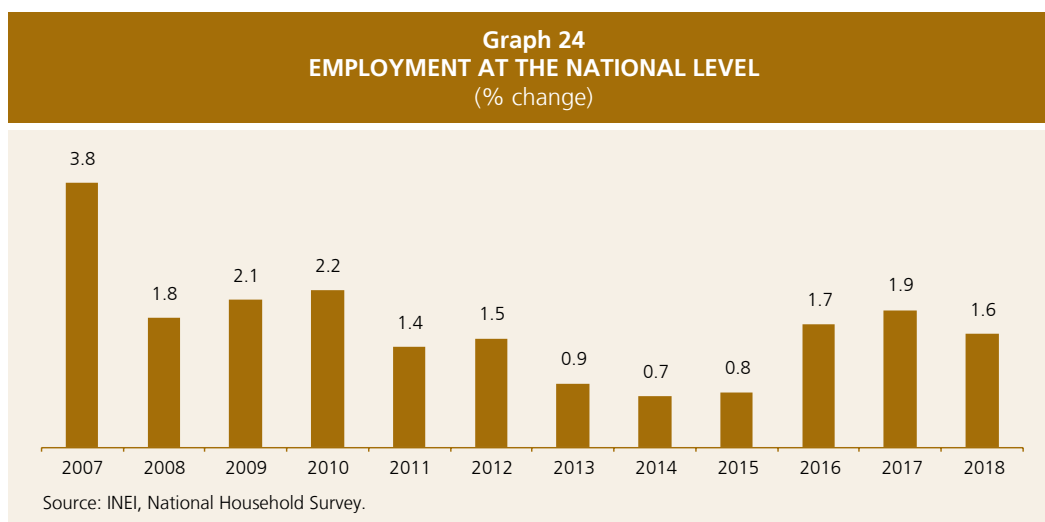
<b>Table 15</b>					
<b>FORMAL JOBS IN THE PRIVATE SECTOR - ELECTRONIC PAYROLL</b>					
<i>(Thousand jobs)</i>					
	<b>Levels</b>			<b>Change 2018/2017</b>	
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>In thousand</b>	<b>In %</b>
<b>Total</b>	<b>3,424</b>	<b>3,509</b>	<b>3,663</b>	<b>154</b>	<b>4.4</b>
Agriculture and Livestock 1/	312	350	418	68	19.3
Fishing	21	22	22	0	-1.9
Mining	95	99	102	3	3.0
Manufacture	435	434	439	5	1.2
Electricity	11	11	12	0	1.1
Construction	198	192	200	7	3.8
Commerce	530	542	557	14	2.6
Services	1,637	1,674	1,725	51	3.1
Unspecified	186	183	189	6	3.1
<i>Memo:</i>					
Total excl. the agriculture and livestock sector	3,113	3,158	3,245	86	2.7

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 single person can have more than one job.

## 5.1 National Employment

According to data from the National Household Survey (ENAHO), employment at the national level grew 1.6 percent in 2018, slightly less than in 2017. With this growth rate, employment registered for the third consecutive year a pace of growth of more than 1.5 percent, recovering the pace observed at the beginning of the decade.



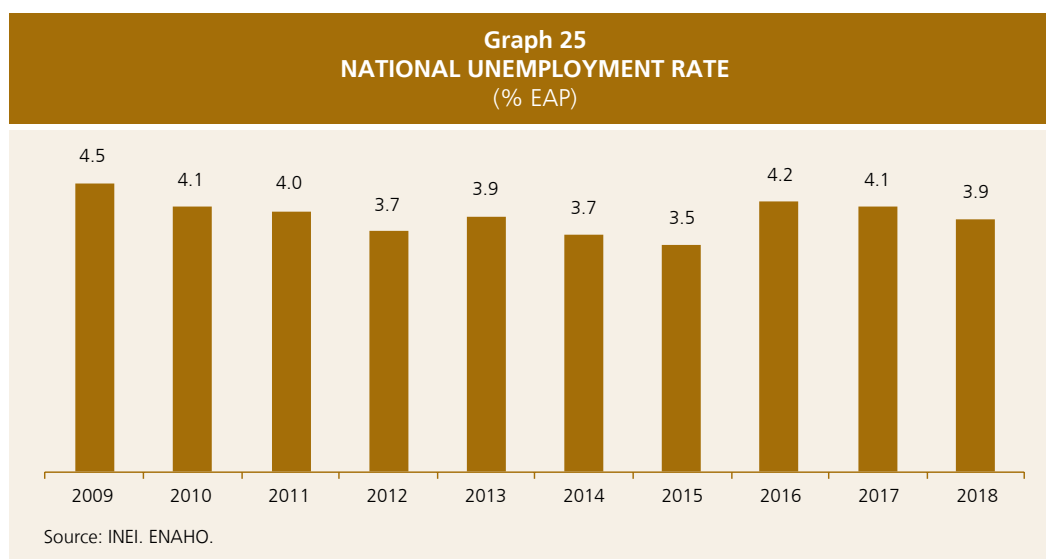
By production sectors, construction showed the highest growth rate (4.8 percent), followed by the sector of services (2.1 percent), whereas, on the other hand, employment in the manufacturing sector declined (-3.0 percent).

**Table 16**  
**NATIONAL EMPLOYMENT**  
(Thousand people)

	Levels			Annual % change 2018	
	2016	2017	2018	In thousand	In %
<b>I. ECONOMICALLY ACTIVE POPULATION (EAP):</b>	<b>16,904</b>	<b>17,216</b>	<b>17,463</b>	<b>247</b>	<b>1.4</b>
<b>1. EMPLOYED</b>	<b>16,197</b>	<b>16,511</b>	<b>16,777</b>	<b>266</b>	<b>1.6</b>
<u>By economic activity</u>					
Agriculture and livestock/Fishing/ Mining	4,293	4,267	4,341	74	1.7
Manufacture	1,542	1,552	1,505	-47	-3.0
Construction	997	957	1,003	46	4.8
Commerce	2,965	3,110	3,162	52	1.7
Services	6,400	6,626	6,766	140	2.1
<u>By size of business</u>					
From 1 to 10 workers	11,575	11,916	12,149	233	2.0
From 11 to 50 workers	1,169	1,210	1,247	37	3.1
More than 50 workers	3,441	3,371	3,372	1	0.0
<b>2. UNEMPLOYED</b>	<b>707</b>	<b>705</b>	<b>686</b>	<b>-19</b>	<b>-2.6</b>
<b>II. INACTIVE POPULATION</b>	<b>6,498</b>	<b>6,556</b>	<b>6,680</b>	<b>124</b>	<b>1.9</b>
<b>III. WORKING-AGE POPULATION (PWA)</b>	<b>23,402</b>	<b>23,772</b>	<b>24,142</b>	<b>371</b>	<b>1.6</b>
<b>RATES (%)</b>					
Activity rate (EAP/PWA)	72.2	72.4	72.3		
Employment/population (Employed EAP/PWA)	69.2	69.5	69.5		
Unemployment rate (Unemployed EAP/EAP)	4.2	4.1	3.9		

Source: INEI, ENAHO.

Moreover, unemployment registered a rate of 3.9 percent at the national level, which represents a 0.2 percentage point decrease in comparison with the previous year.



## 6. Macroeconomic Impact of Venezuelan Immigration to Peru

In 2018, Superintendencia Nacional de Migraciones (SNM) reported that the accumulated migratory flow –the difference between the number of foreigners entering or leaving the country– from January to September 2018 was 426 thousand immigrants, of which 78 percent was Venezuelan citizens (331 thousand).

The empirical literature on the economic impacts of migration focuses on short and long-term effects. A recent relevant case illustrating the former is the migration of Syrians to Turkey. By the end of 2015, about 2.5 million Syrians who fled the war turned Turkey into the nation with the largest refugee population in the world. Del Carpio & Wagner (2015) find that Syrian refugees displaced native workers in the informal market and increased formal employment for Turks. Recently, the Organization for Economic Cooperation and Development (OECD) and the International Labor Organization (ILO)<sup>5</sup> published a report on the impact of immigration on both employment and wages in 10 developing countries.<sup>6</sup> Based on data at the national level in these countries, the report finds that only in four cases does the employment/local population ratio decrease, although in no case does the unemployment rate increase.

Preliminary calculations suggest that an increase in immigration reduces, in certain groups of workers, the probability of maintaining a job and the income obtained from the main occupation in Lima and Callao. The most sensitive group to these effects of immigration is the group of workers with less than 39 years of age and with low education levels, this group representing 7 percent of the working population in Lima and Callao.

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

6 A list of developing countries that received immigration flows is provided below, together with the countries from where these groups of migrants left (in parentheses in order of importance in each case): Argentina (Paraguay, Bolivia, Peru, and Chile), Costa Rica (Nicaragua), Cote d'Ivoire (Burkina Faso and Mali), Dominican Republic (Haiti), Ghana (Togo, Burkina Faso, Nigeria, and Cote d'Ivoire), Kyrgyzstan (Russia and Ukraine), Nepal (India and Bhutan), Rwanda (Democratic Republic of the Congo, Uganda, Burundi, and Tanzania), South Africa (Zimbabwe, Mozambique, Lesotho, and United Kingdom) and Thailand (Myanmar, Lao PDR, and Cambodia).



About 45 percent of this group of workers works in the service sector and, coincidentally, Venezuelan immigrants would be working mainly in the service sector. According to figures from the International Organization for Migration (IOM), 62 percent of Venezuelan immigrants would be working in the commerce and services sectors. Moreover, according to figures from the Peruvian Ministry of Labor, as of August 2018, 60 percent of the Venezuelan formal workers (17,410) worked in the service sector.

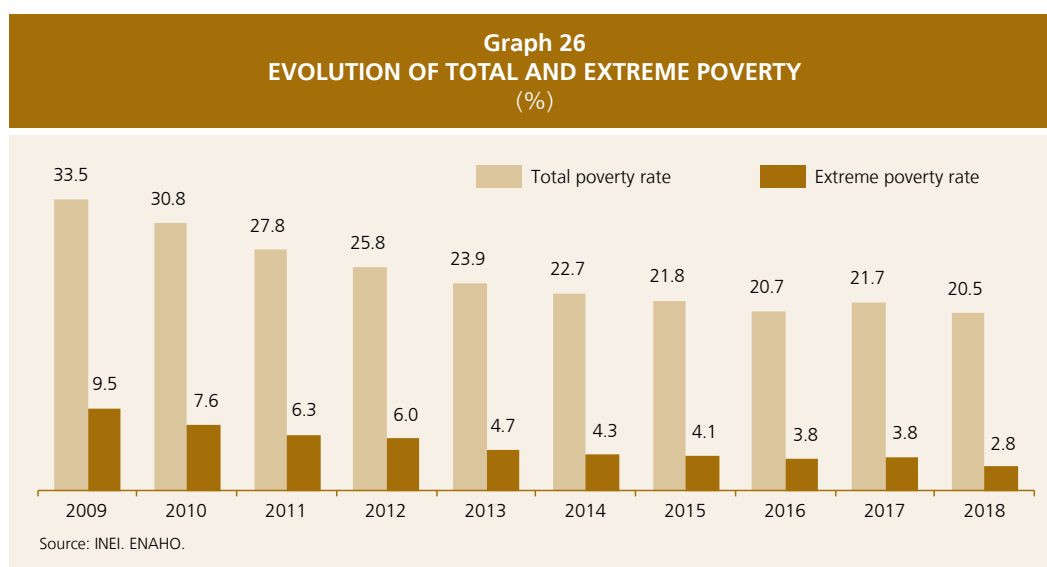
This expansion of the labor supply would reduce the wage costs and potentially the prices of activities in this sector. For example, contrasting with what happened in previous years, a lower price growth has been reported in the case of meals consumed out-of-home in the case of Lima (3.9 percent and 2.5 percent in 2017 and 2018, respectively) in comparison with the prices reported in the other regions (4.8 percent and 3.4 percent in the same years).

On the demand side, based on the IOM information about the percentage of immigrants that live in Lima, that are employed, and about their average income and other additional assumptions, it may be said that Venezuelan immigrants' spending in Lima and Callao would have contributed, through private consumption, with 0.33 percentage points to the 4 percent GDP growth rate recorded in 2018.

## 7. Monetary Poverty

In 2018, monetary poverty<sup>7</sup> fell by 1.2 percentage points, from 21.7 percent in 2017 to 20.5 percent. Resuming the declining path, although at a lower rate, this figure implies a reversal of the increase observed in 2017. At the aggregate level, the growth of the average per capita real monthly income influenced these results. As a result, the number of people living in poverty conditions dropped by approximately 313 thousand people in 2018.

On the other hand, the rate of extreme poverty was 2.8 percent, one percentage point below the rate registered in 2017 (3.8 percent) which in absolute terms, is equal to 900 thousand people in this situation. In comparison to 2007, total poverty and extreme poverty rates fell by 21.9 and 8.4 percentage points, respectively.



<sup>7</sup> The poor are defined as those living in households whose per capita expenditure is insufficient to acquire a basic basket of food and non-food goods (total poverty line in 2018 = S/ 344). The extremely poor are those whose per capita spending is below the cost of the basic food basket (extreme poverty line in 2018 = S/ 183) (INEI, 2019).

## 7.1 Poverty by Geographic Areas

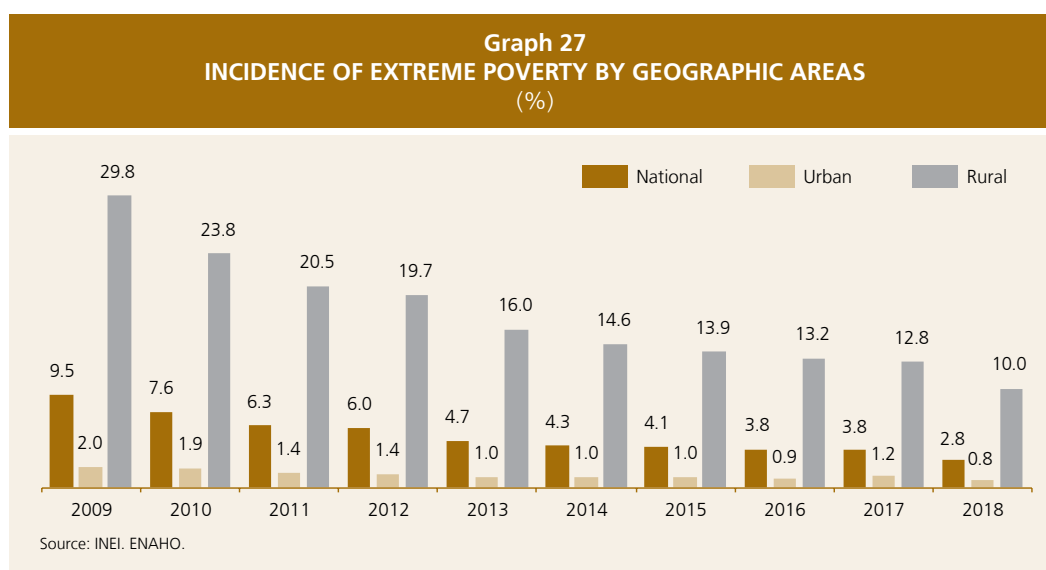
In comparison to 2017, statistically significant declines<sup>8</sup> in poverty levels were observed in 2018 in rural areas (-2.3 percentage points), in the urban coast areas (-2.3 points), in the rural highlands (-2.6 points), and in the rural jungle areas (-3.1 points).

**Table 17**  
**INCIDENCE OF POVERTY ACCORDING TO GEOGRAPHIC AND TERRITORY AREAS**  
(in %)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Differences 1/	
											2018-2017	2018-2009
<b>National</b>	<b>33.5</b>	<b>30.8</b>	<b>27.8</b>	<b>25.8</b>	<b>23.9</b>	<b>22.7</b>	<b>21.8</b>	<b>20.7</b>	<b>21.7</b>	<b>20.5</b>	<b>-1.2</b>	<b>-13.0</b>
Urban	21.3	20.0	18.0	16.6	16.1	15.3	14.5	13.9	15.1	14.4	-0.7	-6.9
Rural	66.7	61.0	56.1	53.0	48.0	46.0	45.2	43.8	44.4	42.1	-2.3	-24.6
<b>Territory</b>												
Urban coast	23.7	23.0	18.2	17.5	18.4	16.3	16.1	13.7	15.0	12.7	-2.3	-11.0
Rural coast	46.5	38.3	37.1	31.6	29.0	29.2	30.6	28.9	24.6	25.1	0.5	-21.4
Urban highlands	23.2	21.0	18.7	17.0	16.2	17.5	16.6	16.9	16.3	16.7	0.4	-6.5
Rural highlands	71.0	66.7	62.3	58.8	52.9	50.4	49.0	47.8	48.7	46.1	-2.6	-24.9
Urban jungle	32.7	27.2	26.0	22.4	22.9	22.6	20.7	19.6	20.5	19.3	-1.2	-13.4
Rural jungle	64.4	55.5	47.0	46.1	42.6	41.5	41.1	39.3	41.4	38.3	-3.1	-26.1
Metropolitan Lima	16.1	15.8	15.6	14.5	12.8	11.8	11.0	11.0	13.3	13.1	-0.2	-3.0

1/ Percentage points.  
Source: INEI. ENAHO.

In 2018, the incidence of extreme poverty in urban areas was 0.8 percent and 10 percent in rural areas, with statistically significant reductions of 0.4 and 2.8 points, respectively, being observed in comparison to 2017. In 2009-2018, extreme poverty declined by 1.2 points in urban areas and 19.8 points in rural areas.



<sup>8</sup> The estimated results from the ENAHO survey should be interpreted considering the associated sampling errors, which allow to see the robustness of the estimations.

## 7.2 Poverty by Regions

Since greater statistical accuracy is required due to the size of the sample and the diverse characteristics of each region, the INEI organizes the data of different departments by ranges of poverty levels. The poorest regions are in Group 1, while the ones with the lower levels of poverty are found in Group 5. In 2018 Group 1 was integrated by Cajamarca, the poorest region of the country (like in 2017), while Ica and Madre de Dios were in Group 5 as the least poor regions (like in the previous year). All the groups have reduced their poverty ranges since 2009: the upper interval of 77.7 percent and the lower interval of 3.5 percent observed in 2009 have decreased to 46.3 and 1.8 percent, respectively, in 2018.

Table 18 PERU: REGIONS WITH POVERTY STATISTICALLY SIMILAR				
Year	Group	Regions	95 % confidence intervals	
			Lower	Upper
2009	Group 1	Apurímac, Huancavelica	70.0	77.7
	Group 2	Amazonas, Ayacucho, Cajamarca, Huánuco, Loreto, Pasco, Puno, San Martín	53.0	57.4
	Group 3	Cusco, Piura	37.3	45.9
	Group 4	Áncash, Junín, La Libertad, Lambayeque, Ucayali	30.7	36.3
	Group 5	Arequipa, Ica, Lima 1/, Moquegua, Tacna, Tumbes	15.2	18.6
	Group 6	Madre de Dios	3.5	8.8
2017	Group 1	Cajamarca	43.1	52.0
	Group 2	Amazonas, Apurímac, Ayacucho, Huancavelica, Huánuco, Loreto, Pasco, Puno	33.3	36.8
	Group 3	Áncash, Cusco, Junín, La Libertad, Piura, San Martín	23.0	26.2
	Group 4	Arequipa, Lambayeque, Moquegua, Provincia Callao, Provincia Lima, Región Lima, Tacna, Tumbes, Ucayali	12.1	14.6
	Group 5	Ica, Madre de Dios	2.1	4.8
2018	Group 1	Cajamarca	37.4	46.3
	Group 2	Amazonas, Apurímac, Ayacucho, Huancavelica, Huánuco, Loreto, Pasco, Puno	32.9	36.2
	Group 3	Áncash, Cusco, Junín, La Libertad, Piura, San Martín	21.6	24.6
	Group 4	Arequipa, Lambayeque, Moquegua, Provincia Callao, Provincia Lima, Región Lima, Tacna, Tumbes, Ucayali	11.3	13.8
	Group 5	Ica, Madre de Dios	1.8	4.4

1/ Includes Callao.  
Memo: The interval values correspond to the lower and upper limits of each group.  
Source: INEI, ENAHO.

The only regions that show a statistically significant decrease in poverty incidence between 2017 and 2018 are La Libertad (-2.7 points), Ucayali (-3.3 points), Apurímac (-4.1 points), Cajamarca (-5.6 points), and Lambayeque (-6.5 points). In contrast, Puno showed an increase in poverty of 4.3 points. This region also registers levels in some living conditions indicators below the country's average: it has the highest incidence in child anemia (67.7 percent) and the lowest proportion of children under 12 months of age in the country that are protected with vaccines against pneumococcus and rotavirus<sup>9</sup> (71.1 and 69.5 percent, respectively).

## 7.3 Total Poverty Gap and Poverty Severity

The poverty gap is an indicator that helps explain how close or how far away the poor are from reaching the total basket of goods or the food basket. This indicator measures the difference

9 Bacteria causing diarrhea and pneumonia.

(expressed as a proportion of the poverty line) between the per capita expenditure of the poor and the extreme poverty or total poverty lines.

In 2018, the poverty gap was 4.6 percent, 9.6 points lower than in 2007 and 0.6 points lower than in 2017 (statistically significant). In the urban and rural areas, the reduction –statistically significant– was 0.3 and 1.7 points between 2017 and 2018, respectively.

On the other hand, poverty severity<sup>10</sup> measures the dispersion of spending among the poor according to its distribution, in per capita terms, in relation to the poverty threshold. It is considered a useful indicator to measure inequality among the poor. The higher the severity of poverty, the greater the dispersion in the spending of the poor, which increases the risk of remaining under the poverty line. On the contrary, a lower index indicates a lower intensity of poverty.

Showing a significant decline compared to 2017 (-0.4 points), poverty severity reached 1.5 percent of the population in 2018. The decrease in poverty severity was greater in rural areas (-0.9 points) than in urban areas (-0.1 points).

Between 2009 and 2018, the poverty gap and poverty severity decreased by 5.8 and 3.1 points, respectively.

<b>Table 19</b>												
<b>TOTAL POVERTY GAP AND POVERTY SEVERITY</b>												
<b>(In %)</b>												
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Change 1/</b>	
											<b>2018-2017</b>	<b>2018-2009</b>
<b>Poverty gap</b>												
<b>National</b>	<b>10.4</b>	<b>9.0</b>	<b>7.8</b>	<b>7.1</b>	<b>6.2</b>	<b>5.8</b>	<b>5.4</b>	<b>5.0</b>	<b>5.2</b>	<b>4.6</b>	<b>-0.6</b>	<b>-5.8</b>
Urban	5.1	4.5	4.0	3.7	3.3	3.3	3.1	2.8	3.1	2.8	-0.3	-2.3
Rural	24.9	21.3	18.7	17.3	14.8	13.7	13.1	12.3	12.5	10.8	-1.7	-14.1
<b>Poverty severity</b>												
<b>National</b>	<b>4.6</b>	<b>3.8</b>	<b>3.2</b>	<b>2.8</b>	<b>2.4</b>	<b>2.2</b>	<b>2.0</b>	<b>1.8</b>	<b>1.9</b>	<b>1.5</b>	<b>-0.4</b>	<b>-3.1</b>
Urban	1.8	1.6	1.4	1.2	1.1	1.1	1.0	0.9	1.0	0.9	-0.1	-0.9
Rural	12.1	9.8	8.4	7.6	6.4	5.7	5.2	4.8	4.9	4.0	-0.9	-8.1

1/ In % points.  
Source: INEI, ENAHO.

## 7.4 Evolution of Real Spending and Real Income

In 2018, the average real per capita monthly expenditure was S/ 758, 1.7 percent higher than in 2017. The real per capita monthly expenditure increased in all of the population strata, the first decile showing the higher increase (6.1 percent), followed by the second decile (with an increase of 2.8 percent).

The average monthly real income per person was S/ 999 in 2018, 2.2 percent higher than in 2017. The real per capita monthly income increased in all of the income deciles (except in decile 10 of the higher income groups, which practically showed no variation), the first and the second decile recording the higher increases (9.8 and 6.5 percent, respectively).

10 Calculated on the basis of the sum of the squares of the poverty gap. The quadratic factor tries to show that inequality among the poorest individuals (those who are far below the poverty line) is not the same as that experienced by those with higher incomes (even though they are still poor).

**Table 20**  
**AVERAGE REAL PER CAPITA MONTHLY EXPENDITURE AND INCOME BY DECILES**  
 (Soles base = 2018, at prices in Metropolitan Lima)

	Expenditure		% change	Income		% change
	2017	2018		2017	2018	
<b>National</b>	<b>746</b>	<b>758</b>	<b>1.7</b>	<b>978</b>	<b>999</b>	<b>2.2</b>
Decile 1	213	226	6.1	174	191	9.8
Decile 2	323	332	2.8	308	328	6.5
Decile 3	405	412	1.7	420	441	5.0
Decile 4	481	490	1.7	529	551	4.2
Decile 5	562	569	1.2	650	666	2.5
Decile 6	652	661	1.3	787	803	2.0
Decile 7	760	770	1.2	957	982	2.6
Decile 8	909	923	1.6	1,189	1,225	3.0
Decile 9	1,144	1,169	2.2	1,580	1,627	3.0
Decile 10	2,008	2,034	1.3	3,182	3,181	0.0
Gini 1/	0.347	0.345		0.433	0.424	

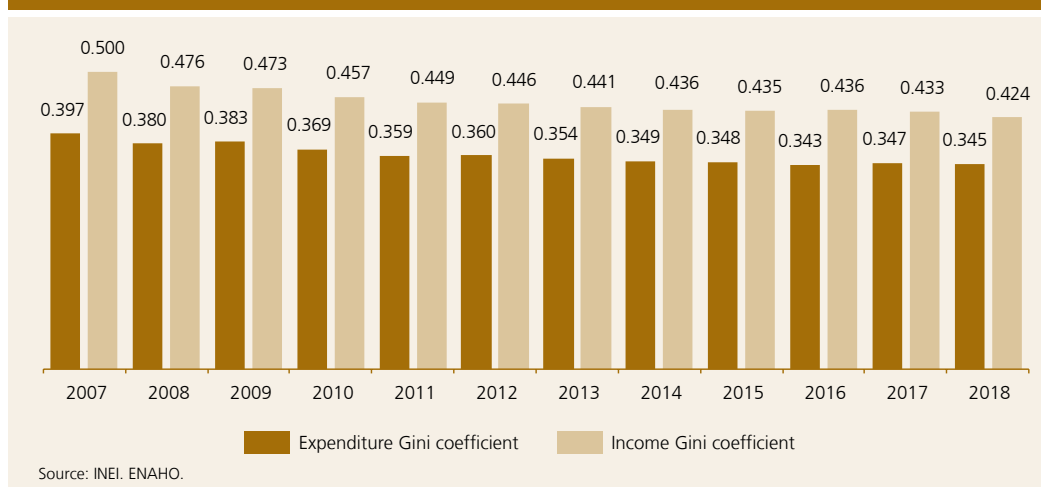
1/ Ratio Gini between 0 and 1. Value 1 means perfect equality and value 0, perfect inequality.  
 Source: INEI.

## 7.5 Evolution of Inequality

The favorable evolution of expenditure and income allows us to assess whether monetary inequality decreased in the period of analysis. The following graph shows the evolution of the Gini inequality coefficient<sup>11</sup>, both for the level of income and per capita expenditure. The following findings are worth pointing out:

- In 2018, the Gini coefficient of expenditure was 0.345 at the national level, which indicates a slight reduction (to the third decimal place) with respect to 2017. In the case of income, the degree of inequality showed a clearer reduction, as it fell from 0.433 in 2017 to 0.424 in 2018.
- The degree of income inequality is systematically greater than that observed in per capita expenditure.

**Graph 28**  
**EVOLUTION OF THE GINI COEFFICIENTS OF INCOME AND EXPENDITURE**



<sup>11</sup> The Gini coefficient value is between 0 and 1. When it has the value of 1, it means that there is perfect inequality and when it has the value of 0, it means that there is perfect equality.

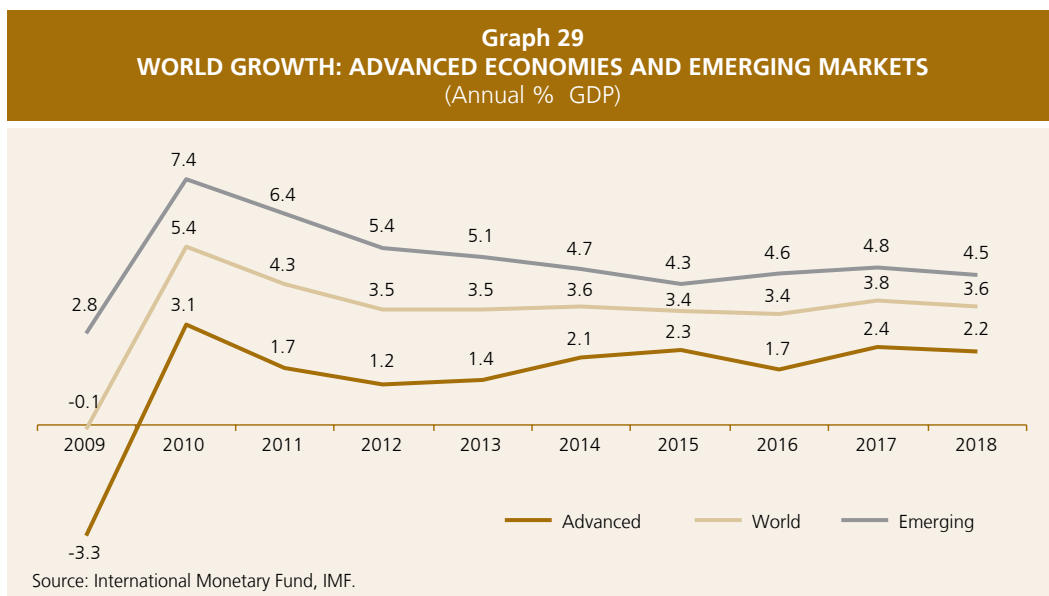


**Pancho Fierro (1809-1879)**  
*La lechera. S. XIX*  
Watercolor, 0.31 x 0.24 m.

# EXTERNAL SECTOR

## 1. International Environment

In 2018 the pace of growth of global activity slowed down from 3.8 percent in 2017 to 3.6 percent. In contrast with what happened in 2017, when a synchronized recovery was observed in most developed economies and in some emerging economies, growth in the Eurozone, Japan, China, and other emerging economies (e.g. Latin America) registered a slowdown, affected by fears about the impact of increased trade tensions between the United States and its partners, particularly China, as well as by uncertainty regarding the withdrawal of the United Kingdom from the European Union (Brexit). On the other hand, the United States showed a faster pace of growth, driven by a sustained improvement in its labor market and by the tax cuts implemented at the beginning of the year. As a result, its economic growth rate increased from 2.2 percent in 2017 to 2.9 percent in 2018.



Moreover, tighter external financing conditions added onto the slowdown in global economic activity, in line with the rise in the Federal Reserve interest rate given the greater growth of the U.S. economy.

**Table 21**  
**GLOBAL GROWTH**  
(Annual % change)

	PPP % 1/	% Peru's trading 1/	2016	2017	2018	Average 2009-2018
<b>Developed countries</b>	<b>40.8</b>	<b>42.9</b>	<b>1.7</b>	<b>2.4</b>	<b>2.2</b>	<b>1.5</b>
<i>Of which</i>						
1. USA	15.1	20.2	1.6	2.2	2.9	1.8
2. Eurozone	11.4	12.8	2.0	2.4	1.8	0.7
Germany	3.2	2.7	2.2	2.5	1.5	1.3
France	2.2	0.8	1.2	2.2	1.5	0.9
Italy	1.8	1.8	1.1	1.6	0.9	-0.4
Spain	1.4	4.0	3.2	3.0	2.5	0.4
3. Japan	4.1	4.0	0.6	1.9	0.8	0.7
4. United Kingdom	2.2	1.3	1.8	1.8	1.4	1.3
5. Canada	1.4	2.6	1.1	3.0	1.8	1.7
<b>Developing countries</b>	<b>59.2</b>	<b>57.1</b>	<b>4.6</b>	<b>4.8</b>	<b>4.5</b>	<b>5.0</b>
<i>Of which</i>						
1. Developing Asia	33.2	34.9	6.7	6.6	6.4	7.2
China	18.7	27.9	6.7	6.8	6.6	7.9
India	7.8	3.8	8.2	7.2	7.1	7.4
2. Commonwealth of Independent States	4.4	0.5	0.8	2.4	2.8	1.3
Russia	3.1	0.5	0.3	1.6	2.3	0.8
3. Latin America and the Caribbean	7.5	21.6	-0.6	1.2	1.0	1.8
Brazil	2.5	5.4	-3.3	1.1	1.1	1.2
Chile	0.4	3.3	1.7	1.3	4.0	3.0
Colombia	0.6	2.9	2.1	1.4	2.7	3.5
Mexico	1.9	3.0	2.9	2.1	2.0	2.1
Argentina	0.7	1.5	-2.1	2.7	-2.5	0.9
Peru	0.3	-	4.0	2.5	4.0	4.4
<b>World Economy</b>	<b>100.0</b>	<b>100.0</b>	<b>3.4</b>	<b>3.8</b>	<b>3.6</b>	<b>3.4</b>
<b>Memo:</b>						
Trading partners 1/	64.9		3.0	3.7	3.7	3.7

1/ Weights correspond to 2008. World GDP is sized in Purchasing Power Parity by IMF. Peru's 20 main trading partners.  
Source: Bloomberg, IMF, and Consensus Forecast.

This slowdown in global activity was accompanied by lower inflationary pressures associated, in part, with the decrease in energy prices, which reflected in turn the drop observed in oil prices.

**Table 22**  
**INFLATION**  
(% change last 12 months, end of period)

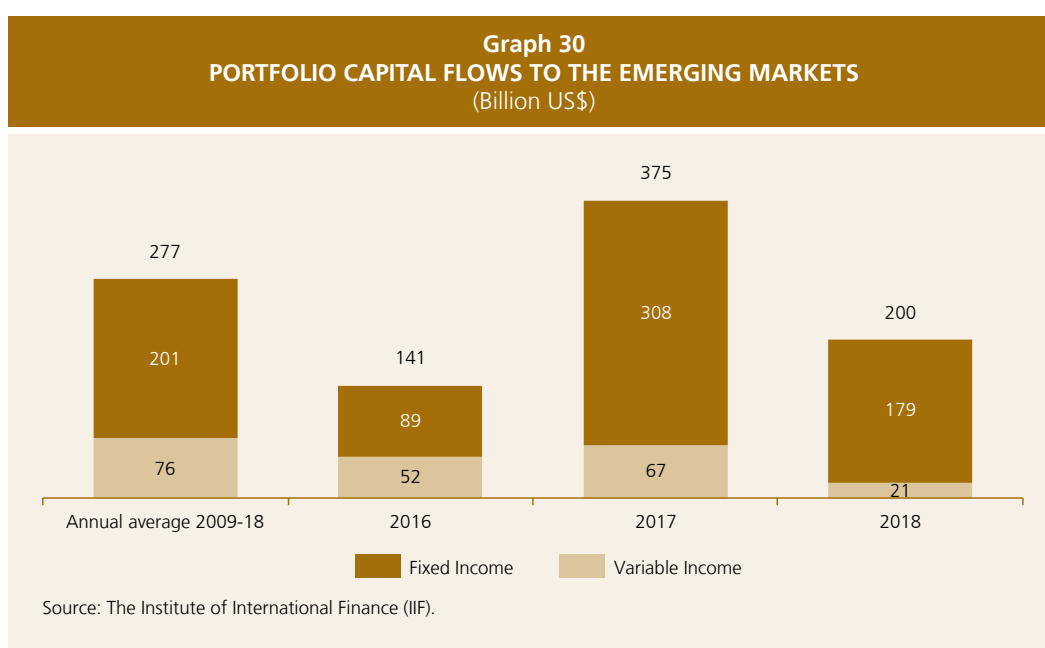
	2016	2017	2018
<b>Developed countries</b>	<b>1.5</b>	<b>1.7</b>	<b>1.6</b>
<i>Of which</i>			
1. USA	2.1	2.1	1.9
2. Germany	1.7	1.7	1.7
3. Japan	0.3	1.1	0.3
<b>Developing countries</b>	<b>4.6</b>	<b>3.1</b>	<b>3.2</b>
<i>Of which</i>			
1. China	2.0	1.9	1.9
2. India	3.4	5.2	2.1
3. Brazil	6.3	2.9	3.7
<b>World economy</b>	<b>3.4</b>	<b>2.6</b>	<b>2.5</b>

Source: Bloomberg and IMF.



In this context, most stock exchanges reversed the positive trend of the previous year, currencies depreciated against the dollar, and the main prices of commodities, especially the prices of basic metals, experienced a significant correction on the downside. As a result of this, some emerging economies showed a contraction in their level of activity in a context marked by lower capital flows and greater external vulnerability, the cases of Argentina and Turkey being noteworthy.

By the end of the year, lower inflationary pressures and a greater economic slowdown led to a significant reduction in expectations of monetary policy adjustments in the main developed economies. In this context, capital inflows to emerging economies and a depreciation of the dollar were observed in the last months of the year, reversing in part the trend that had been observed in previous months, particularly between April and October.

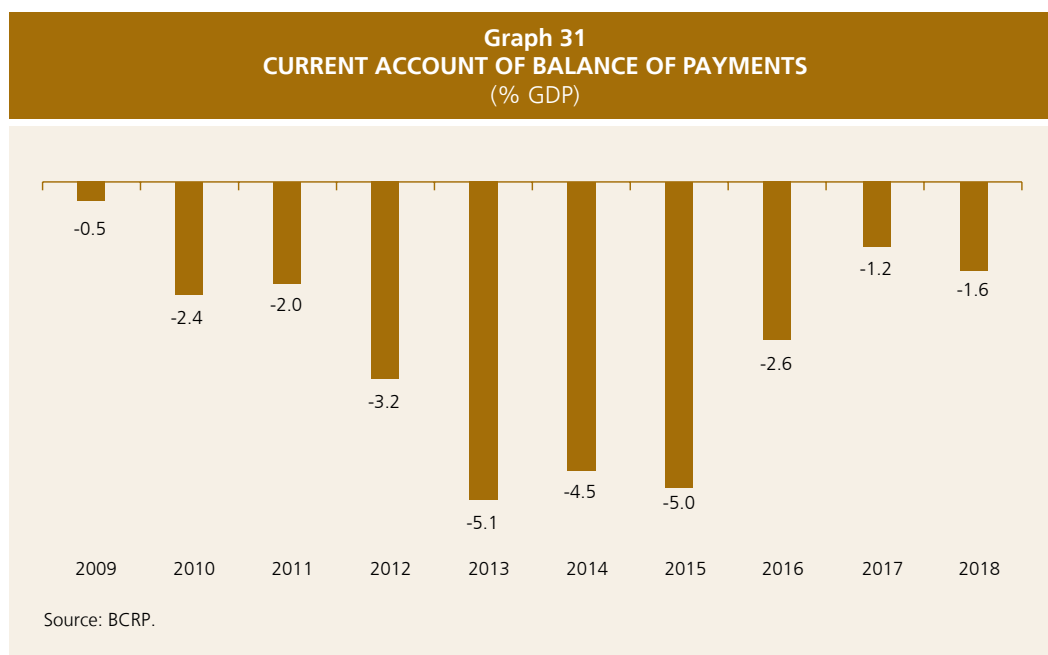


## 2. Balance of Payments

During 2018, Peru's external accounts reflected the greater dynamism of domestic demand –and the absence of extraordinary revenues received in 2017–, in a context of lower global growth and greater volatility in international financial markets and commodity markets.

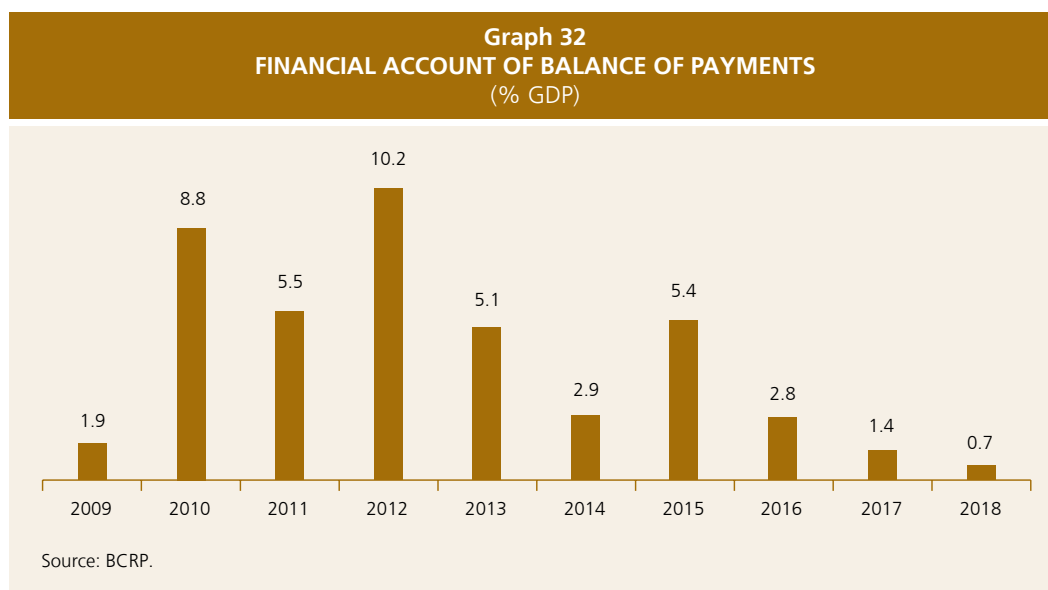
In this scenario, the **current account** deficit increased slightly, rising from 1.2 percent of GDP in 2017 to 1.6 percent of GDP in 2018. The trade balance registered its third consecutive year of surpluses, favored by the terms of trade (despite the correction observed since the second half of the year) and the higher volumes of non-traditional exports.

Furthermore, higher outflows of Peruvian travelers abroad and other services (IT, information and financial services) required by various companies, particularly mining companies, were observed on the side of non-financial services. Additionally, no extraordinary income was recorded, in contrast with what happened in 2017 due to insurance payments associated with El Niño Costero event and with the guarantees of the Gasoducto del Sur Peruano project.



The **financial account** had a positive flow of US\$ 1.54 billion, a sum equivalent to 0.7 percent of GDP and to half of the previous year's flow, mainly due to the lower financing operations carried out by the public sector in comparison to those carried out in 2017. Extraordinary income was registered in 2017 from non-resident investors who acquired sovereign bonds issued to finance a debt management operation. In addition, Petroperú and Fondo Mivivienda placed bonds abroad for approximately US\$ 2.60 billion. In contrast, in 2018 non-residents' purchases of sovereign bonds were lower (US\$ 1.82 billion compared to US\$ 4.55 billion in 2017) and the outlay to Petroperú amounted to around US\$ 1.20 billion.

Between 2017 and 2018, the net inflow of long-term capital from the private sector remained at 0.4 percent of GDP, the increased buybacks of bonds issued in previous years standing out.



**Table 23**  
**BALANCE OF PAYMENTS**  
(Million US\$)

	Million US\$			% GDP	
	2016	2017	2018	2017	2018
<b>I. CURRENT ACCOUNT BALANCE</b>	<b>-5,064</b>	<b>-2,669</b>	<b>-3,594</b>	<b>-1.2</b>	<b>-1.6</b>
1. Trade Balance	1,953	6,700	7,197	3.1	3.2
a. FOB Exports	37,082	45,422	49,066	21.2	21.8
b. FOB Imports	-35,128	-38,722	-41,870	-18.1	-18.6
2. Services	-2,002	-1,434	-2,532	-0.7	-1.1
a. Exports	6,353	7,394	7,365	3.4	3.3
b. Imports	-8,355	-8,828	-9,897	-4.1	-4.4
3. Investment Income	-8,982	-11,523	-11,814	-5.4	-5.2
a. Private	-8,120	-10,571	-10,694	-4.9	-4.7
b. Public	-862	-953	-1,120	-0.4	-0.5
4. Current transfers	3,967	3,589	3,556	1.7	1.6
Of which: Remittances	2,884	3,051	3,225	1.4	1.4
<b>II. FINANCIAL ACCOUNT</b>	<b>5,533</b>	<b>2,982</b>	<b>1,537</b>	<b>1.4</b>	<b>0.7</b>
1. Private sector	2,175	884	917	0.4	0.4
a. Assets	-2,304	-3,564	-3,558	-1.7	-1.6
b. Liabilities	4,479	4,448	4,476	2.1	2.0
2. Public sector	2,650	3,249	2,122	1.5	0.9
a. Assets	-189	601	-201	0.3	-0.1
b. Liabilities 1/	2,839	2,648	2,323	1.2	1.0
3. Short-term capital	708	-1,152	-1,503	-0.5	-0.7
a. Assets	208	-1,876	-2,323	-0.9	-1.0
b. Liabilities	500	724	820	0.3	0.4
<b>III. EXCEPTIONAL FINANCING</b>	<b>-300</b>	<b>1,316</b>	<b>-1,573</b>	<b>0.6</b>	<b>-0.7</b>
<b>IV. BALANCE OF PAYMENT RESULT</b> <b>(IV = I + II + III) = (1-2)</b>	<b>168</b>	<b>1,629</b>	<b>-3,629</b>	<b>0.8</b>	<b>-1.6</b>
1. Change in the balance of NIRs	201	1,936	-3,500	0.9	-1.6
2. Valuation effect	32	307	130	0.1	0.1

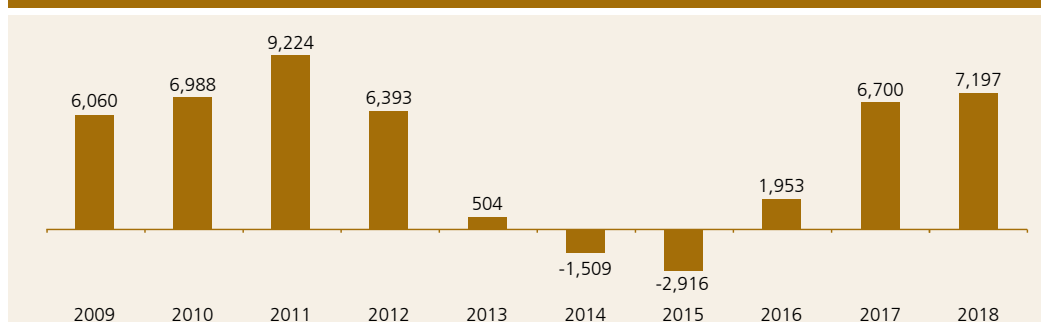
1/ Government bonds issued abroad and held by residents are excluded from the external liabilities of the public sector, and government bonds issued in the domestic market and held by non-residents are included in the external liabilities of the public sector.

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

## 2.1 Trade Balance

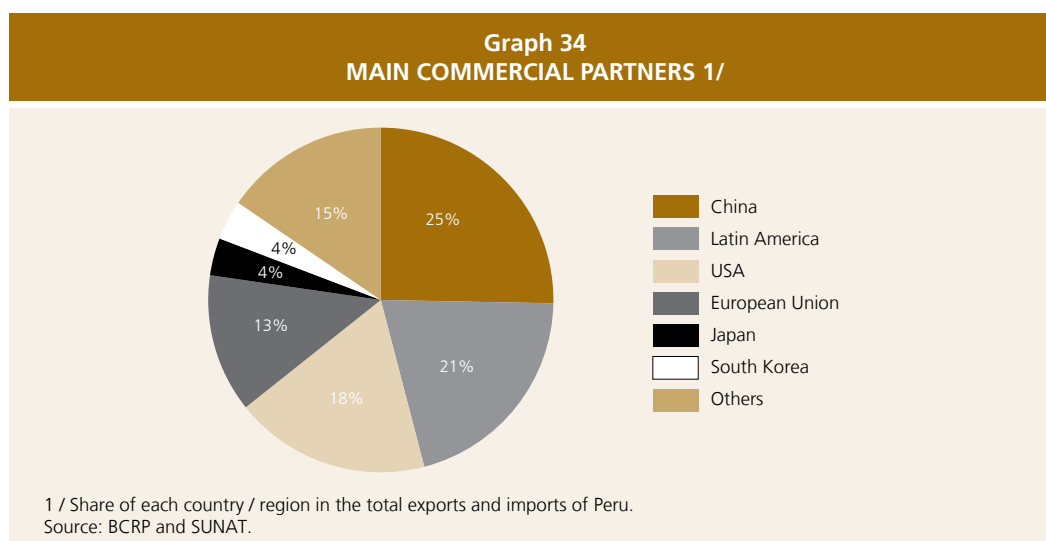
The surplus in the trade balance rose for the third consecutive year, increasing from US\$ 6.70 billion in 2017 to US\$ 7.20 billion in 2018. The prices of exports and imports increased by 6.3 and 6.5 percent, respectively, despite the downward correction registered in commodity markets in the second half of the year, while the volumes of both exports and imports grew at similar rates (1.6 percent). As a result, the surplus recorded in 2018 was the second highest surplus observed in this decade.

**Graph 33**  
**TRADE BALANCE**  
(Million US\$)



Source: BCRP and SUNAT.

China and the United States continued to be Peru's two major trading partners, the transactions with these countries representing 43.7 percent of the total trade carried out in 2018 (41.5 percent in 2017).



**Table 24**  
**TRADE BY MAIN COUNTRIES AND REGIONS 1/**  
(Million US\$)

	Exports 2/			Imports 3/			X + M		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
China	8,487	11,627	13,238	7,880	8,576	9,775	16,367	20,203	23,013
USA	6,233	6,985	7,939	6,741	7,697	8,757	12,974	14,682	16,696
Brazil	1,205	1,597	1,720	2,034	2,347	2,304	3,239	3,945	4,023
Mexico	465	418	440	1,647	1,729	1,899	2,112	2,146	2,339
Ecuador	652	814	858	1,067	1,545	1,889	1,719	2,358	2,748
Colombia	711	674	761	1,143	1,447	1,549	1,855	2,120	2,309
Chile	1,010	1,044	1,227	1,155	1,328	1,457	2,166	2,372	2,684
Germany	891	935	1,126	1,080	1,031	1,057	1,970	1,967	2,183
Japan	1,264	1,881	2,178	982	985	1,011	2,245	2,866	3,188
South Korea	1,393	2,153	2,462	1,212	974	928	2,605	3,127	3,390
Spain	1,220	1,854	1,804	612	1,012	906	1,832	2,866	2,711
Canada	1,686	1,201	923	623	652	652	2,309	1,853	1,576
Bolivia	1,337	1,668	1,837	385	365	428	1,723	2,033	2,265
Switzerland	2,572	2,349	2,086	151	141	140	2,723	2,491	2,227
Rest	7,956	10,222	10,467	8,420	8,892	9,118	16,376	19,114	19,585
<b>TOTAL</b>	<b>37,082</b>	<b>45,422</b>	<b>49,066</b>	<b>35,128</b>	<b>38,722</b>	<b>41,870</b>	<b>72,210</b>	<b>84,144</b>	<b>90,936</b>
China	8,487	11,627	13,238	7,880	8,576	9,775	16,367	20,203	23,013
Latin America	6,432	7,643	7,655	8,783	10,409	11,107	15,215	18,052	18,762
USA	6,233	6,985	7,939	6,741	7,697	8,757	12,974	14,682	16,696
Asia (less China)	5,047	7,946	8,736	5,297	5,118	5,242	10,343	13,065	13,978
European Union	5,577	6,530	7,249	4,176	4,719	4,572	9,753	11,249	11,821
Others	5,306	4,691	4,249	2,251	2,202	2,418	7,557	6,893	6,667

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 repairs of domestic ships and aircrafts abroad.  
Source: SUNAT.

## Exports

Exports in 2018 totaled US\$ 49.07 billion, a balance US\$ 3.65 billion higher than that recorded in the previous year. This improvement is explained, on the one hand, by the higher average prices obtained during the year by our traditional exports (7.8 percent) and, on the other, by the higher volumes of non-traditional exports (11.0 percent), especially agricultural, fishing, and chemical products.

## Classification of Exports by Groups of Economic Activity

Peru's exports of agricultural products amounted to US\$ 5.91 billion in 2018, while fishing exports totaled US\$ 3.30 billion, mining and hydrocarbons exports amounted to US\$ 33.85 billion, and manufacturing exports amounted to US\$ 6.01 billion.

Exports of canned fruits, legumes, and vegetables (US\$ 837 million), grapes (US\$ 820 million), avocados (US\$ 723 million), and coffee (US\$ 682 million) stand out in the group of agricultural products, while exports of fishmeal (US\$ 1.56 billion), squid (US\$ 640 million), and fish oil (US\$ 375 million) stand out in the group of fishing exports. In addition, exports of copper (US\$ 14.94 billion), gold (US\$ 8.26 billion), and crude oil and oil derivatives (US\$ 2.30 billion) were noteworthy in the sector of mining and hydrocarbons, and exports of paper products, chemicals, and textiles, which amounted to US\$ 3.18 billion, stand out in the group of non-primary manufacturing exports.

**Table 25**  
**EXPORTS BY GROUP OF ECONOMIC ACTIVITY**  
(Million US\$)

Sector	2016	2017	2018	Part. % 2018	% chg. 2018/2017
<b>1. Agricultural</b>	<b>4,958</b>	<b>5,251</b>	<b>5,907</b>	<b>12.0</b>	<b>12.5</b>
Fruit, legumes, and canned vegetables	735	754	837	1.7	11.0
Grapes	660	648	820	1.7	26.4
Avocados	397	588	723	1.5	23.0
Coffee	763	714	682	1.4	-4.4
Blueberries	241	372	548	1.1	47.4
Fresh asparagus	422	410	384	0.8	-6.3
Cereals, leguminous, and oil seed	253	261	285	0.6	9.1
Mangos	199	192	258	0.5	34.8
Others	1,287	1,312	1,369	2.8	4.4
<b>2. Fishing</b>	<b>2,196</b>	<b>2,865</b>	<b>3,296</b>	<b>6.7</b>	<b>15.0</b>
Fishmeal	999	1,459	1,564	3.2	7.2
Giant Squid	341	413	640	1.3	55.1
Fish oil	270	330	375	0.8	13.6
Canned or frozen products	206	237	233	0.5	-1.7
Prawns	125	165	146	0.3	-11.8
Others	254	262	339	0.7	29.4
<b>3. Mining</b>	<b>22,670</b>	<b>28,437</b>	<b>29,814</b>	<b>60.8</b>	<b>4.8</b>
Copper	10,171	13,845	14,939	30.4	7.9
Gold	7,426	8,270	8,259	16.8	-0.1
Zinc	1,469	2,399	2,574	5.2	7.3
Lead	1,658	1,726	1,545	3.1	-10.5
Molybdenum	273	368	612	1.2	66.5
Iron	344	434	484	1.0	11.5
Zinc products	284	403	422	0.9	4.7
Tin	344	370	352	0.7	-5.1
Calcium phosphates	300	207	231	0.5	11.8
Silver refined	120	118	123	0.3	3.9
Rest	283	296	273	0.6	-7.9
<b>4. Hydrocarbons</b>	<b>2,217</b>	<b>3,369</b>	<b>4,039</b>	<b>8.2</b>	<b>19.9</b>
Oil and oil products	1,693	2,597	2,997	6.1	15.4
Natural gas	523	772	1,042	2.1	34.9
<b>5. Manufacturing</b>	<b>5,042</b>	<b>5,499</b>	<b>6,011</b>	<b>12.3</b>	<b>9.3</b>
Papel and chemicals	1,537	1,607	1,777	3.6	10.6
Textiles	1,196	1,272	1,402	2.9	10.2
Copper products	277	335	355	0.7	5.9
Prepared animal food	182	244	253	0.5	3.9
Milling and Bakery	189	190	196	0.4	3.4
Iron products	139	151	181	0.4	19.7
Jewelry	94	123	129	0.3	5.4
Dairy products	103	106	121	0.2	14.7
Tile floors	0	101	113	0.2	11.1
Manufacturing and metals	88	105	97	0.2	-7.6
Glasses and glass products	115	119	91	0.2	-23.3
Rest	1,121	1,146	1,295	2.6	13.0
<b>Total</b>	<b>37,082</b>	<b>45,422</b>	<b>49,066</b>	<b>100.0</b>	<b>8.0</b>

Source: BCRP and SUNAT.

## Traditional Exports

Traditional exports amounted to US\$ 35.64 billion, a sum 6.2 percent higher than in 2017 (US\$ 33.57 billion), due mainly to the higher prices of these products which increased by 7.8 percent on average during the year. On the other hand, the volume of these exports fell 1.5 percent as a result of the occurrence of critical events in some companies that temporarily affected the production of copper, gold, gas, and natural gas liquids.

Table 26 EXPORTS (Million US\$)						
	2016	2017	2018	% change		
				2016	2017	2018
<b>1. Traditional exports</b>	<b>26,183</b>	<b>33,566</b>	<b>35,638</b>	<b>11.7</b>	<b>28.2</b>	<b>6.2</b>
Fishing	1,269	1,789	1,938	-12.9	40.9	8.4
Agricultural	878	827	762	21.5	-5.8	-7.8
Mining	21,819	27,582	28,899	15.1	26.4	4.8
Oil and natural gas	2,217	3,369	4,039	-3.7	52.0	19.9
<b>2. Non-Traditional exports</b>	<b>10,798</b>	<b>11,725</b>	<b>13,240</b>	<b>-0.9</b>	<b>8.6</b>	<b>12.9</b>
Agricultural products	4,702	5,146	5,913	6.7	9.4	14.9
Fishing products	910	1,046	1,329	-2.4	14.9	27.0
Textiles	1,196	1,272	1,402	-10.2	6.4	10.2
Wood and paper	322	344	339	-8.7	6.7	-1.4
Chemicals	1,344	1,385	1,562	-4.4	3.0	12.8
Non-metallic minerals	642	588	629	-8.1	-8.5	7.1
Iron & steel, and jewelry	1,085	1,273	1,325	0.4	17.2	4.1
Metal mechanic products	450	520	591	-15.6	15.6	13.5
Others 1/	146	152	150	-3.2	4.0	-1.1
<b>3. Others 2/</b>	<b>101</b>	<b>130</b>	<b>189</b>	<b>14.8</b>	<b>29.8</b>	<b>44.6</b>
<b>4. TOTAL</b>	<b>37,082</b>	<b>45,422</b>	<b>49,066</b>	<b>7.8</b>	<b>22.5</b>	<b>8.0</b>

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

Table 27 EXPORTS (% change)						
	Volume			Price		
	2016	2017	2018	2016	2017	2018
<b>Traditional exports</b>	<b>16.6</b>	<b>8.8</b>	<b>-1.5</b>	<b>-4.2</b>	<b>17.8</b>	<b>7.8</b>
<i>Of which:</i>						
Fishmeal	-4.7	64.9	1.0	-9.5	-11.4	6.1
Coffe	44.5	-1.2	4.4	-14.0	-5.3	-8.5
Copper	43.4	5.0	1.1	-13.2	29.6	6.8
Gold	3.6	10.8	-1.1	7.8	0.5	1.0
Zinc	-5.7	10.6	-2.5	3.3	47.6	10.0
Crude oil	16.5	24.5	-14.2	-17.3	23.7	29.6
Natural gas	24.6	-5.6	-12.2	-6.4	56.3	53.6
<b>Non-Traditional exports</b>	<b>0.4</b>	<b>5.8</b>	<b>11.0</b>	<b>-1.3</b>	<b>2.7</b>	<b>1.8</b>
<i>Of which:</i>						
Agricultural	7.6	10.3	18.4	-0.9	-0.8	-3.0
Textiles	-7.8	4.1	2.9	-2.6	2.2	7.1
Fishing	-17.1	1.6	15.2	17.7	13.0	10.2
Chemicals	1.3	2.0	8.1	-5.6	1.1	4.4
Iron & steel, and jewelry	7.2	-4.1	-0.9	-6.3	22.3	5.1
<b>TOTAL</b>	<b>11.3</b>	<b>8.0</b>	<b>1.6</b>	<b>-3.2</b>	<b>13.4</b>	<b>6.3</b>

Source: BCRP and SUNAT.

Mining exports registered a new historical record reaching a total of US\$ 28.90 billion, a figure 4.8 percent higher than the one recorded in 2017. It is worth highlighting that the price of zinc exports increased 10.0 percent, while the price of copper exports increased 6.8 percent. Furthermore, in terms of volume, copper exports reached 2,488 thousand metric tons, gold exports totaled 6,513 thousand ounces, and zinc exports reached 1,208 thousand metric tons. With these results, Peru continues to have a leading position in global mining production, especially in the case of copper and zinc.

**Table 28**  
**MINING PRODUCTION 2018**

Product	World ranking
Copper	2
Silver	2
Zinc	2
Lead	3
Molybdenum	4
Tin	6
Gold	6

Source: Mineral Commodity Summaries 2019 - US Geological Survey.

Sales of crude oil and natural gas to other countries amounted to US\$ 4.04 billion, which represents an increase of 19.9 percent compared to 2017. This result reflects the higher prices of exports of crude oil and oil derivatives (34.4 and 29.6 percent, respectively) and natural gas (53.6 percent).

The value of fishing exports in 2018 amounted to US\$ 1.94 billion, a sum 8.4 percent higher than in the previous year, mainly as a result of the higher average prices of fishmeal exports.

### Non-Traditional Exports

Non-traditional exports amounted to US\$ 13.24 billion, a sum 12.9 percent higher than in 2017, the increased volume of these exports (11.0 percent) being noteworthy. This generalized improvement was observed both in terms of sectors and in terms of the different destination markets, with exports of agricultural and fishing products showing the greater dynamism (18.4 and 15.2 percent, respectively).

The main markets of destination of our non-traditional products were the United States, with US\$ 3.66 billion, followed by the Netherlands and Ecuador, with US\$ 1.10 billion and US\$ 768 million, respectively. By economic blocs, exports to Asian countries increased 20.3 percent in a context marked by China's higher demand. Exports of agricultural products also increased, especially exports of farming products to the United States and the Netherlands. Moreover, exports of fishing products to Spain and the United States increased as well, these markets accounting for 19.0 and 18.3 percent of Peru's total exports of fishing products.

The most important exports to the United States continued to be exports of agricultural products and textiles, which represented 70 percent of total non-traditional exports to the US market in 2018. Top sellers included fresh grapes (US\$ 304 million), blueberries (US\$ 282 million), knit T-shirts (US\$ 284 million), fresh asparagus (US\$ 232 million), fresh avocados (US\$ 176 million), and canned artichokes (US\$ 66 million).

**Table 29**  
**MAIN DESTINATION: NON-TRADITIONAL EXPORTS**  
(Million US\$)

	2016	2017	2018	% chg. 2018/2017
USA	3,087	3,364	3,662	8.8
Netherlands	820	885	1,101	24.4
Ecuador	581	712	768	8.0
Chile	622	653	743	13.8
Spain	539	590	708	19.9
Colombia	606	589	658	11.7
Bolivia	515	551	567	2.9
China	264	403	471	16.9
United Kingdom	312	337	408	21.0
Brazil	359	357	399	11.9
Mexico	240	264	304	15.3
Germany	225	227	281	23.5
Italy	151	183	223	22.1
France	186	179	180	0.7
Venezuela	77	46	25	-44.8
Rest	2,216	2,387	2,743	14.9
<b>Total</b>	<b>10,798</b>	<b>11,725</b>	<b>13,240</b>	<b>12.9</b>
<b>Memo:</b>				
Latin America	3,462	3,659	3,991	9.1
USA	3,087	3,364	3,662	8.8
European Union	2,549	2,732	3,318	21.4
Asia (less China)	735	814	993	21.9
China	264	403	471	16.9
Others	701	753	805	6.9

1/ Bolivia, Chile, Colombia, Ecuador and Venezuela.  
2/ Argentina, Brazil, Paraguay and Uruguay.  
Source: BCRP and SUNAT.

Exports of **agricultural products** totaled US\$ 5.91 billion, with shipments of fresh grapes, fresh avocados, blueberries, and asparagus standing out. Greater dynamism was observed in the demand of different countries of destination of Peru's export products, including the United States, the Netherlands, Spain, and the United Kingdom.

**Table 30**  
**MAIN NON-TRADITIONAL AGRICULTURAL PRODUCTS**  
(Million US\$)

Most popular products	2009	2018	Average % chg. 2009-2018
Fresh grapes	136	820	25.7
Fresh avocados	68	723	25.8
Blueberries	0	548	n.a.
Fresh asparagus	251	384	5.3
Fresh mangoes	70	258	15.1
Shrimp and prawn feed	58	234	15.7
Fresh tangerines	24	169	21.3
Organic bananas	51	167	13.9
Cocoa	20	139	22.8
Quinoa	7	125	37.8
Canned artichokes	75	110	2.8
Evaporated milk	59	105	1.6
Asparagus prepared	114	97	-6.3
Fresh onions	28	74	13.3
Paprika	91	65	-6.4
Subtotal	1,051	4,018	13.8
<b>Total</b>	<b>1,828</b>	<b>5,913</b>	<b>11.9</b>

Source: BCRP and SUNAT.

In addition to the best-known agricultural exports (grapes, avocados, asparagus, mangoes, etc.), other products have been showing outstanding growth in recent years, although the amounts exported still remain moderate. The following table shows the products whose export was less than US\$ 1 million in 2014 and which have shown significant growth rates between 2015 and 2018. These



exports, which could be classified as “new”, have grown more than 90 percent on average in annual terms between 2015 and 2018, with exports of the following products standing out: cocoa products, e.g. butter and roasted cocoa; fresh products, e.g. strawberries, grapefruit, and watermelons; and preserved fruits, e.g. tangerines and canned peaches.

<b>Table 31</b>			
<b>EXPORTS OF AGRICULTURAL PRODUCTS WITH HIGH GROWTH 1/</b>			
<b>(Thousand US\$)</b>			
<b>Products with export value less than US\$ 1 million in 2014</b>	<b>2014</b>	<b>2018</b>	<b>Average % chg. 2015-2018</b>
Cocoa butter with high acidity	120	20,796	262.9
Cocoa roasted	953	20,160	114.5
Cocoa butter with Low acidity	794	15,932	111.6
Seed of Sacha Inchi	545	12,898	120.6
Canned and prepared tangerines	0	9,437	-.-
Palm almond oil	189	5,357	130.8
Dried figs	319	5,019	99.2
Peach in fruit juice	32	3,987	235.0
Other wine (grape distillates)	33	3,960	230.8
Andean legume	996	3,788	39.7
Watermelons	978	3,592	38.4
Dehydrated mushrooms	160	2,180	92.0
Peanuts without peel	247	1,821	64.7
Pepper without crushing or pulverizing	1	1,526	476.1
Grapefruit	799	1,491	16.9
Strawberries	508	1,451	30.0
Fresh cheese	57	1,430	123.9
Dried bananas	102	1,302	88.8
Frozen beans and beans	105	1,050	77.8
Rest	3,151	19,734	58.2
<b>Total</b>	<b>10,089</b>	<b>136,912</b>	<b>91.9</b>

1/ Those products with an average annual change greater than 10 percent were selected.  
Source: BCRP and SUNAT.

Moreover, the table below shows the products whose export amount was between US\$ 1 million and US\$ 5 million in 2014, and which have increased significantly in recent years. In 2015-2018, the exports of products such as fresh garlic, canned quinoa, cocoa paste, peppers, *Criollo* and Tahiti lemons, fresh fruits (oranges, *granadillas*, pomegranates, and passion fruits) have grown, on average, 25 percent per year.

<b>Table 32</b>			
<b>EXPORTS OF AGRICULTURAL PRODUCTS WITH HIGH GROWTH 1/</b>			
<b>(Thousand US\$)</b>			
<b>Products with exported value between US\$ 1 million and US\$ 5 million in 2014</b>	<b>2014</b>	<b>2018</b>	<b>Average % chg. 2015-2018</b>
Fresh garlic	1,269	14,235	83.0
Other products based on cereals (eg. canned quinoa)	2,270	10,087	45.2
Amaryllis bulbs	4,747	8,701	16.4
Other beans (eg caballero and panamito)	2,405	7,739	33.9
Sweet maize	4,965	7,379	10.4
Fresh oranges	3,810	7,240	17.4
Prepared or canned Palmitos	4,194	6,534	11.7
Lemon Tahiti	2,237	5,918	27.5
Other nuts (eg dehydrated aguaymanto)	1,377	5,547	41.7
Cocoa paste without defatting	1,551	4,453	30.2
Sowing maize	2,094	4,070	18.1
Lemon criollo	2,109	3,540	13.8
Turmeric	1,496	3,227	21.2
Grains maize	1,967	3,009	11.2
Other flours (eg camu camu flour)	1,878	2,911	11.6
Prepared or canned potatoes	1,358	2,761	19.4
Granadilla, passion fruit, pomegranate and other fruits of passion	1,751	2,714	11.6
Frozen beans	1,190	2,529	20.7
Fruits of Capsicum or Pimenta	1,025	2,164	20.6
Rest	13,394	35,250	27.4
<b>Total</b>	<b>57,087</b>	<b>140,010</b>	<b>25.1</b>

1/ Products with an average annual change greater than 10 percent were selected.  
Source: BCRP and SUNAT.



At the block level, the main destinations of our products were the European Union (avocados, asparagus, mangos, grapes, blackberries, organic bananas and cocoa), North America (grapes, asparagus, blackberries, avocados, and tangerines), and the Andean countries (food for shrimps, avocados, noodles, biscuits, and palm oil).

In the last ten years, exports of agricultural products have grown at an average annual rate of 11.9 percent. Thus, the value exported in 2018 was more than three times the value of exports in 2009.

Exports of **fishing products** totaled US\$ 1.33 billion, a sum 27.0 percent higher than that recorded in 2017, which reflected increased exports of frozen and canned squid and prawn tails. In terms of volume, fishing exports have grown 15.2 percent, while in terms of average prices, they have grown 10.2 percent. Moreover, the main markets of destination for these products were Spain, the United States, South Korea, and China. It should be pointed out that exports of fishing products to South Korea have grown 75.4 percent in the last period. Finally, it is also worth mentioning that fishing exports have grown at an average annual rate of 7.9 percent over the past ten years.

**Textile exports** amounted to US\$ 1.40 billion, a sum 10.2 percent higher than in the previous year. The volume and price of these exports increased by 2.9 and 7.1 percent, respectively. The U.S. market was the destination of nearly half of the textile exports, the increase observed in shipments to Brazil and Italy being also worth pointing out (23.2 and 32.7 percent, respectively).

Exports of **chemical products** totaled US\$ 1.56 billion in 2018, 12.8 percent more than in 2017. Higher market prices for these products were observed in the year (up 4.4 percent), together with higher volumes (up 8.1 percent). The main markets of destination for Peru's exports of chemical products were Chile, Ecuador, Bolivia, and Colombia, which together with the United States accounted for 55.0 percent of total exports of chemical products.

## Imports

Imports amounted to US\$ 41.87 billion, a figure US\$ 3.15 billion higher than in 2017, the increase in the value of imported inputs (14.6 percent) standing out as a result of the higher international prices of crude. It is worth highlighting that the volume of imports increased by 1.6 percent, with the increase seen in imports of non-durable consumer goods and industrial inputs being noteworthy. These results reflect the recovery of private consumption and the dynamism of non-primary manufacturing, respectively.

In contrast, excluding imports of construction materials, the volume of imports of capital goods decreased (0.5 percent), although at a lower rate than in the previous year (1.6 percent).

In 2018, the average price of imports increased 6.5 percent compared to the previous year. The higher prices of some inputs, such as crude oil and oil derivatives (27.6 percent), iron and steel (17.9 percent), and plastics (12.7 percent) standing out in terms of products.

**Table 33**  
**FOB IMPORTS BY USE OR DESTINATION**

	Million US\$			% change		
	2016	2017	2018	2016	2017	2018
<b>1. CONSUMER GOODS</b>	<b>8,608</b>	<b>9,339</b>	<b>9,591</b>	<b>-1.7</b>	<b>8.5</b>	<b>2.7</b>
Non-durable goods	4,635	5,156	5,305	-2.0	11.2	2.9
Main food products	480	676	518	1.5	40.7	-23.3
Rest	4,154	4,480	4,786	-2.4	7.8	6.8
Durable goods	3,973	4,183	4,286	-1.2	5.3	2.5
<b>2. INPUTS</b>	<b>15,022</b>	<b>17,902</b>	<b>20,516</b>	<b>-5.6</b>	<b>19.2</b>	<b>14.6</b>
Fuel, oils, and related	3,820	5,390	6,593	4.1	41.1	22.3
Raw materials for agriculture	1,214	1,469	1,459	-1.9	21.0	-0.7
Raw materials for industry	9,989	11,044	12,463	-9.2	10.6	12.9
<b>3. CAPITAL GOODS</b>	<b>11,232</b>	<b>11,316</b>	<b>11,641</b>	<b>-6.4</b>	<b>0.8</b>	<b>2.9</b>
Construction materials	1,112	1,061	1,193	-21.7	-4.6	12.4
For agriculture	144	143	150	-10.1	-1.1	4.9
For industry	7,391	7,399	7,373	-5.7	0.1	-0.3
Transportation equipment	2,584	2,714	2,926	0.2	5.0	7.8
<b>4. OTHERS GOODS</b>	<b>267</b>	<b>164</b>	<b>123</b>	<b>-59.8</b>	<b>-38.5</b>	<b>-25.2</b>
<b>5. TOTAL IMPORTS</b>	<b>35,128</b>	<b>38,722</b>	<b>41,870</b>	<b>-5.9</b>	<b>10.2</b>	<b>8.1</b>
Memo:						
<b>Main food products</b>	<b>2,166</b>	<b>2,553</b>	<b>2,542</b>	<b>-3.1</b>	<b>17.9</b>	<b>-0.4</b>
Wheat	391	479	489	-19.6	22.5	2.2
Maize and/or sorghum	524	553	600	7.9	5.6	8.5
Rice	152	211	144	13.7	39.1	-31.7
Sugar	163	258	113	15.8	57.8	-56.2
Dairy products	108	141	186	-13.6	31.1	32.0
Soybean	771	845	935	-2.5	9.6	10.6
Meat	58	66	75	-22.3	14.5	13.4

Memo: Classification used in CUODE.

Source: SUNAT, Tacna Free Trade Zone, and Banco de la Nación.

**Table 34**  
**IMPORTS**  
(% change)

	Volume			Price		
	2016	2017	2018	2016	2017	2018
<b>CONSUMER GOODS</b>	<b>-3.3</b>	<b>5.1</b>	<b>0.9</b>	<b>1.6</b>	<b>3.2</b>	<b>1.7</b>
Non-durable goods	-3.4	7.5	1.7	1.4	3.5	1.2
Durable goods	-3.1	2.3	0.0	1.9	3.0	2.4
<b>INPUTS</b>	<b>3.9</b>	<b>9.8</b>	<b>2.8</b>	<b>-9.2</b>	<b>8.5</b>	<b>11.5</b>
Main food products	3.7	12.2	4.6	-7.8	-0.7	3.1
Fuel, oils, and related	22.2	14.3	-7.4	-18.2	21.7	27.6
Raw materials for industry	-1.4	7.5	7.9	-6.4	5.3	5.8
<i>Of which</i>						
Plastics	3.2	0.3	7.8	-14.8	7.2	12.7
Iron and steel	13.0	-10.3	17.6	-19.3	25.9	17.9
Textiles	-0.1	5.2	4.4	-5.9	2.9	6.8
Paper	5.1	-3.8	14.6	-8.0	-1.4	10.3
Chemical products	18.9	5.5	-0.1	-13.2	1.4	-2.0
Organic chemicals	6.2	2.9	5.9	-11.9	7.9	6.3
Rest	-8.6	15.5	7.6	-0.5	2.9	3.0
<b>CAPITAL GOODS</b>	<b>-8.1</b>	<b>-2.1</b>	<b>0.4</b>	<b>1.9</b>	<b>3.0</b>	<b>2.4</b>
Construction materials	-23.2	-7.4	9.8	1.9	3.0	2.4
Rest 1/	-6.1	-1.6	-0.5	1.9	3.0	2.4
<b>Total</b>	<b>-3.0</b>	<b>4.5</b>	<b>1.6</b>	<b>-3.0</b>	<b>5.4</b>	<b>6.5</b>

1/ Capital goods without construction materials.

Source: BCRP and SUNAT.

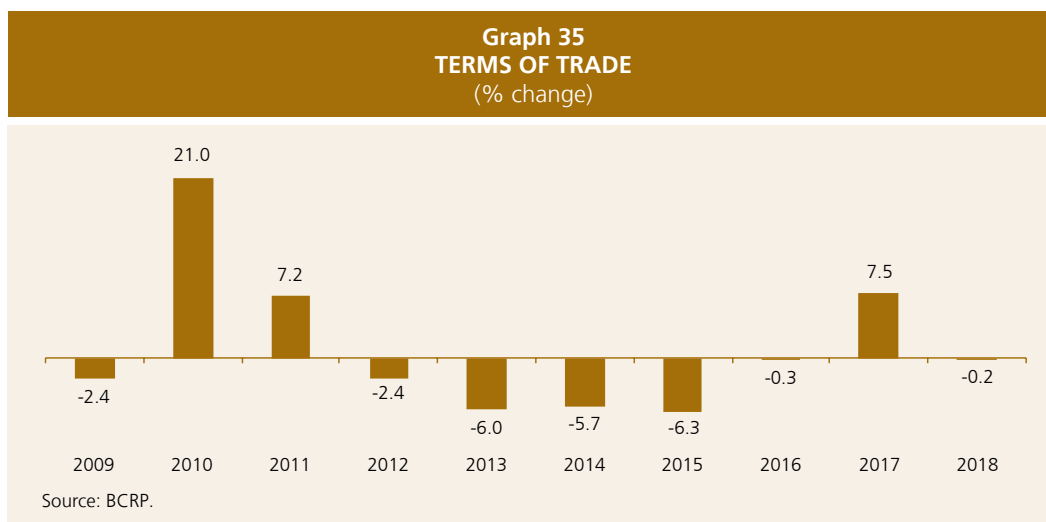
In 2018, the value of imports of **consumer goods** was US\$ 9.59 billion, US\$ 251 million higher than in 2017, as a result of which the pace of growth of these imports declined from 8.5 percent to 2.7 percent between these two years. Imports of durable consumer goods grew 2.5 percent, with imports of television sets, games and slots, and articles made of plastic standing out, in contrast with the decline observed in automobile acquisitions (12.5 percent). On the other hand, the increase in imports of non-durable consumer goods (2.9 percent) was associated with purchases of garments, medicines for human use, and footwear, in line with the recovery of private consumption.

On the other hand, imports of **inputs** amounted to US\$ 20.52 billion in 2018, which represented an increase of US\$ 2.61 billion compared to 2017. This increase is explained mostly by the higher prices associated with the prices of crude oil and oil derivatives (27.6 percent). Moreover, in terms of volume, the increase in imports of **industrial inputs** stands out (7.9 percent) in the year due to the higher imports of iron and steel and paper and plastics observed, which reflected the recovery of non-primary manufacturing activity.

The value of imports of **capital goods** grew 2.9 percent due mainly to increased purchases of transport equipment, which amounted to US\$ 2.93 billion and represented an increase of 7.8 percent, in line with the evolution of mining investment in the year. In addition, imports of construction materials grew 9.8 percent, in line with the development of both public and private real estate and infrastructure projects.

## 2.2 Terms of Trade

The increase in trade tensions between the United States and its trading partners since March, together with the appreciation of the dollar and fears of a global economic slowdown affected the upward trend that the prices of our main commodities had been showing over the last two years. As a result, in 2018 the terms of trade showed a slight drop of 0.2 percent.

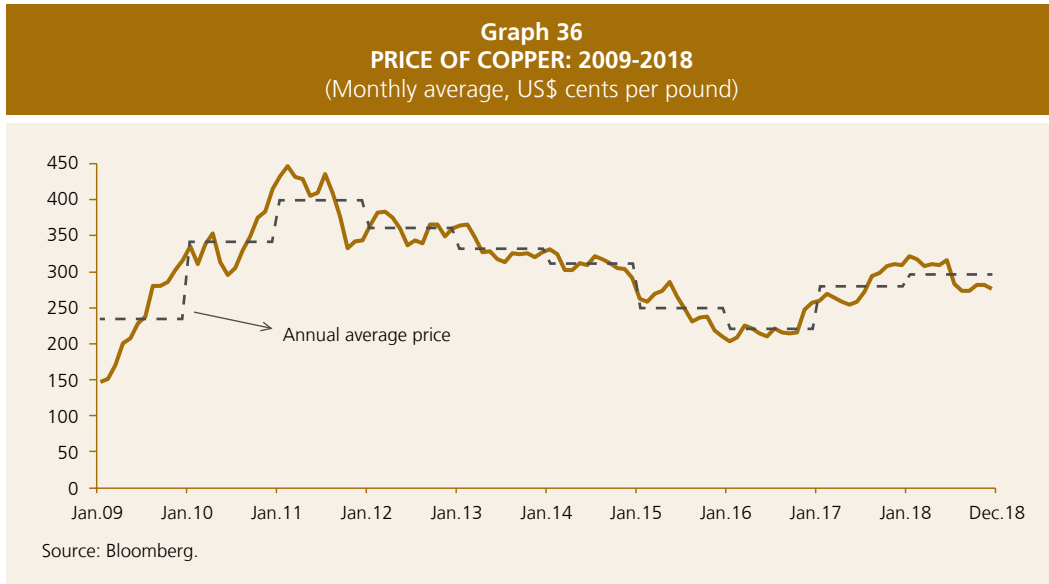


**Table 35**  
**TERMS OF TRADE**  
(Annual % change)

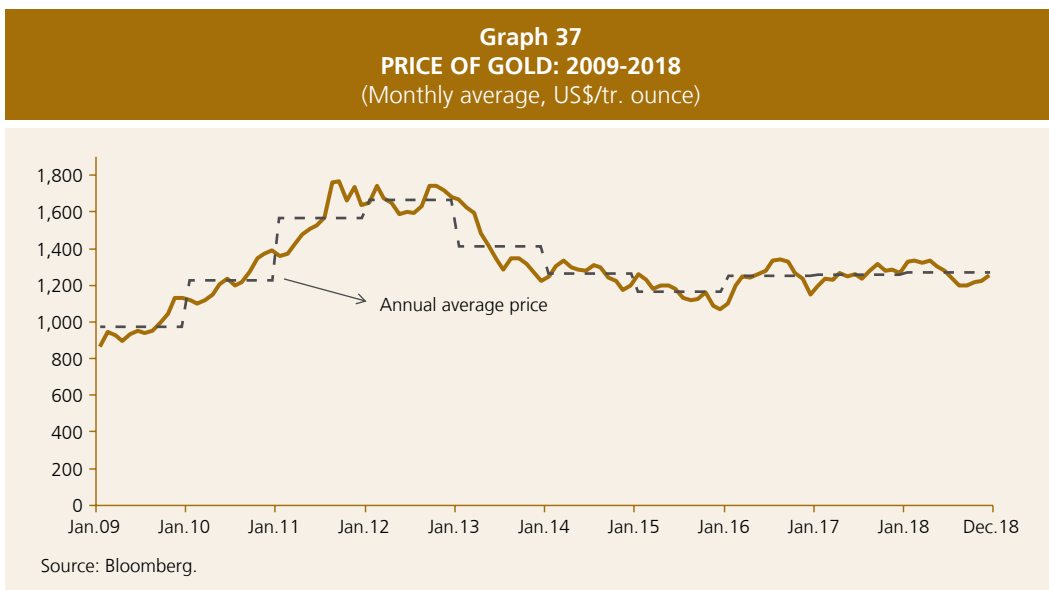
Years	Price of exports	Price of imports	Terms of trade
2016	-3.2	-3.0	-0.3
2017	13.4	5.4	7.5
2018	6.3	6.5	-0.2

Source: BCRP.

The average price of **copper** increased by 6 percent in 2018 (from US\$ 2.80 to US\$ 2.96 a pound). The pound of copper reached a maximum level of US\$ 3.21 in January, but was affected thereafter by the worsening of trade tensions and fears of a slowdown. In December, it registered US\$ 2.76, which represented a reduction of 11 percent. It should be pointed out that there was also a settlement of non-commercial positions that, for the first time since December 2016, registered a net sale position.

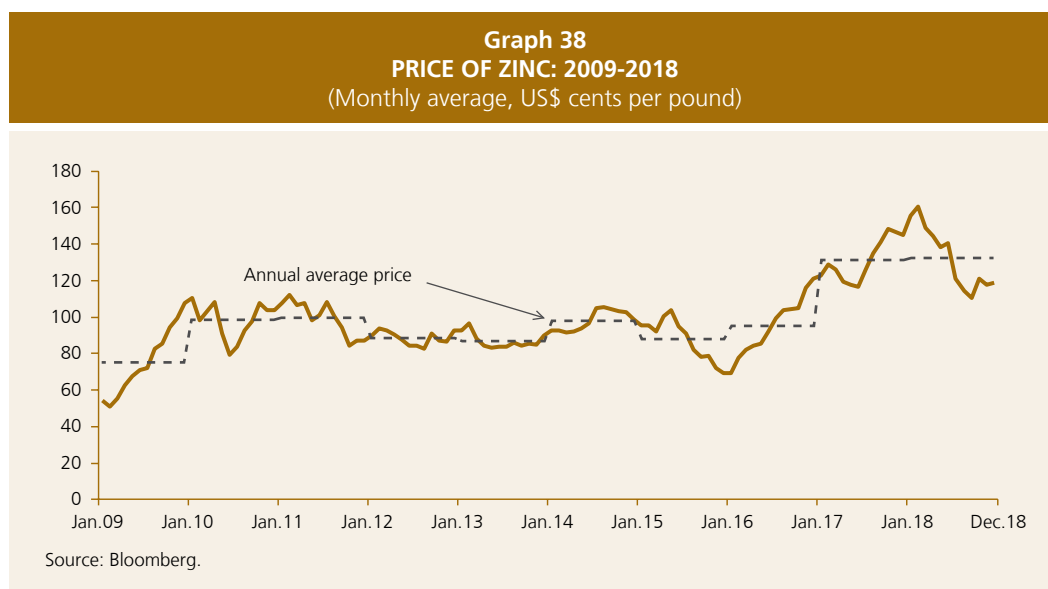


The average price of **gold** increased 1.0 percent, bringing its average price to US\$ 1,269 per troy ounce in 2018. The price of this precious metal was affected by an external scenario marked by greater risk aversion, but at the same time by higher expectations of a rise in the Fed interest rate, which offset the upward pressures of this metal. As a result, the price of gold at December 2018 was 1 percent lower than in December 2017.

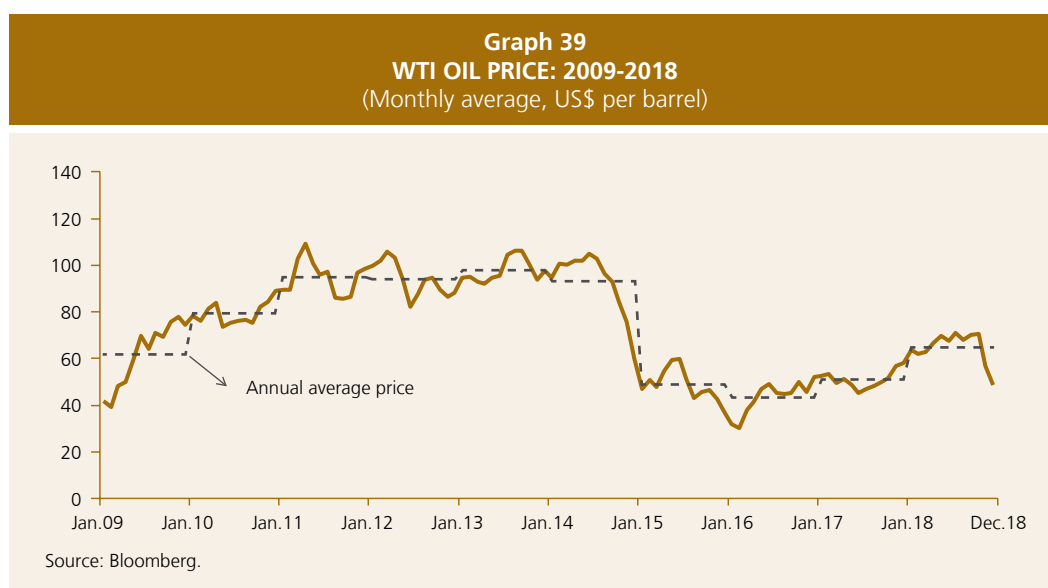


The average price of **zinc** increased 1.2 percent in 2018 (from US\$ 1,312 to US\$ 1,327 a pound) and showed similar levels to those recorded in mid-2017 (US\$ 1,190 per pound) at the end of

the year. The higher prices observed at the beginning of 2018 were due, in part, to China's lower production of refined zinc. Then, as in the case of copper, the price of zinc was negatively affected by lower global demand, the commercial tensions between the US and China, and by the monetary policy of the Fed. Subsequently, the price recovery seen in recent months was associated with signs of a tighter global market. Supply constraints (environmental regulations) also offset the price fall.



The average price of **WTI oil** increased 27 percent in 2018, as a result of which its average price reached US\$ 65 per barrel in the year. In the first 10 months, it showed an upward trend associated with growing demand and supply constraints due to the fulfillment of the OPEC's agreement and the lower production of some countries (Venezuela and Iran). However, in the last two months of the year, the price of oil registered a sharp reduction due to the global slowdown, to higher production in the USA, Russia, and some OPEC countries not subject to quota restrictions (Libya). Thus, after reaching a maximum price of US\$ 71 the barrel (in July and October), the price of oil closed the year at US\$ 48 the barrel, which represents a reduction of 16 percent compared to the price recorded in December 2017.



## 2.3 Services

The trade deficit in services amounted to US\$ 2.53 billion, a figure US\$ 1.10 billion higher than in 2017. Three reasons explain this increase in the deficit. First of all, no extraordinary income was paid by international insurance in the year due to coverage for El Niño Costero (approximately US\$ 350 million). Second, there was a greater outflow due to increased travel abroad and, finally, there was a greater demand for IT and information services as well as for financial services.

<b>Table 36</b>					
<b>SERVICES</b>					
(Million US\$)					
	Million US\$			% change	
	2016	2017	2018	2017	2018
<b>I. TRANSPORTATION</b>	<b>-1,240</b>	<b>-1,280</b>	<b>-1,300</b>		
1. Credit	1,335	1,483	1,611	11.1	8.6
2. Debit	-2,575	-2,763	-2,911	7.3	5.4
<b>II. TRAVEL</b>	<b>1,444</b>	<b>1,496</b>	<b>1,278</b>		
1. Credit	3,486	3,710	3,947	6.4	6.4
2. Debit	-2,042	-2,214	-2,669	8.5	20.5
<b>III. COMMUNICATIONS</b>	<b>-249</b>	<b>-225</b>	<b>-209</b>		
1. Credit	92	103	110	12.4	6.4
2. Debit	-341	-328	-319	-3.9	-2.8
<b>IV. INSURANCE AND REINSURANCE</b>	<b>-406</b>	<b>210</b>	<b>-371</b>		
1. Credit	568	1,201	681	111.4	-43.3
2. Debit	-975	-991	-1,052	1.7	6.1
<b>V. OTHERS 1/</b>	<b>-1,550</b>	<b>-1,634</b>	<b>-1,930</b>		
1. Credit	872	897	1,016	2.9	13.2
2. Debit	-2,422	-2,532	-2,946	4.5	16.4
<b>VI. TOTAL SERVICES</b>	<b>-2,002</b>	<b>-1,434</b>	<b>-2,532</b>		
1. Credit	6,353	7,394	7,365	16.4	-0.4
2. Debit	-8,355	-8,828	-9,897	5.7	12.1

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.

The deficit for transport services was US\$ 1.30 billion, slightly higher than in 2017 (US\$ 20 million higher). Revenues increased by US\$ 128 million (8.6 percent) as a result of the increase of domestic airlines' sale of airfares abroad (9.8 percent) and higher revenues from services purchased by non-resident international transport companies (5.4 percent). Likewise, expenditures increased by US\$ 149 million due to the increase of payments for freight services (5.6 percent) and to higher sales of international airfares by foreign airlines in the country (6.7 percent)

In the case of travel, the surplus was lower by US\$ 218 million, mainly due to higher outflows resulting from the greater number of Peruvians who traveled abroad (20.5 percent), especially during the weeks of the Soccer World Cup. Moreover, revenues increased 6.4 percent due to the increase in the number of non-resident travelers.

Contrasting with the US\$ 210 million surplus recorded in 2017, insurance and reinsurance services registered a deficit of US\$ 371 million in 2018. Revenues decreased by US\$ 520 million, most of which was associated with the lower income from coverage for fire, earthquakes, and other disasters, in contrast with the revenues received in the previous year due to the events caused by El Niño Costero. On the other hand, expenditure increased by US\$ 61 million due to the higher premiums paid for risk reinsurance abroad.

The category of other services registered a deficit of US\$ 1.93 billion. Revenues increased by 13.2 percent while expenditures increased 16.4 percent, mainly due to computer and information services and financial services requested by resident companies in a context of greater dynamism of economic activity.

## 2.4 Factor Income

Factor income showed a deficit of US\$ 11.81 billion in 2018, US\$ 291 million higher than the one recorded in the previous year. Non-resident investors' greater participation in the domestic market of sovereign bonds led to an increase in the payment of public sector interests. In the case of the private sector, this was associated with the increase registered in international interest rates. Overall, public and private interest payments rose by US\$ 425 million from the previous year. This was offset in part by the higher yields and interests received from the placement of assets abroad (US\$ 381 million).

The profits associated with direct investment amounted to US\$ 9.86 billion, a figure US\$ 247 million higher than in 2017. The profits of the mining sector, which were lower by US\$ 457 million, were more than compensated with the profits obtained in the rest of sectors. It is worth mentioning that the profits of the mining sector reflected the evolution of the prices of our main commodities: they rose during the first half of the year but then fell during the second half of the year.

**Table 37**  
**FACTOR INCOME**

	Million US\$			% change	
	2016	2017	2018	2017	2018
<b>I. REVENUE</b>	<b>1,123</b>	<b>1,618</b>	<b>1,999</b>	<b>44.0</b>	<b>23.6</b>
1. Private	660	934	1,221	41.5	30.7
2. Public	463	684	778	47.6	13.8
<b>II. EXPENDITURE</b>	<b>10,105</b>	<b>13,141</b>	<b>13,813</b>	<b>30.0</b>	<b>5.1</b>
1. Private	8,780	11,505	11,915	31.0	3.6
Profits 1/	7,116	9,612	9,859	35.1	2.6
Interests	1,664	1,893	2,056	13.7	8.6
- Long-term loans	939	1,087	1,117	15.7	2.8
- Bonds	567	597	647	5.3	8.4
- Short-term loans 2/	158	209	292	32.4	39.6
2. Public	1,325	1,636	1,898	23.4	16.0
Interests on long-term loans	224	239	256	6.6	7.0
Interests on bonds	1,101	1,397	1,641	26.8	17.5
Interests on BCRP liabilities 3/	0	0	1	429.2	68.2
<b>III. BALANCE (I-II)</b>	<b>-8,982</b>	<b>-11,523</b>	<b>-11,814</b>		
1. Private	-8,120	-10,571	-10,694	30.2	1.2
2. Public	-862	-953	-1,120	10.5	17.5

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.

## 2.5 Current Transfers

During 2018 current transfers amounted to US\$ 3.56 billion, which represented a decline of US\$ 33 million from 2017. Revenue from remittances from other countries amounted to US\$ 3.23 billion, which represented an increase of US\$ 174 million (5.7 percent) in comparison to the amount of remittances in the previous year. On the other hand, remittances from Peru to other countries, mainly to Venezuela, totaled US\$ 284 million, which represented an increase of 132 percent in comparison with the previous year.



## 2.6 Private Sector Financial Account

In 2018, the balance of the private sector financial account was US\$ 917 million, US\$ 33 million higher than in 2017. The reduction in the amounts of amortization in relation to 2017 more than offset the lower flow of foreign direct investment under the form of capital contributions and the lower flow of portfolio investment due to prepayments of bonds issued in previous years.

**Table 38**  
**PRIVATE SECTOR FINANCIAL ACCOUNT**

	Million US\$			% change	
	2016	2017	2018	2017	2018
<b>1. ASSETS</b>	<b>-2,304</b>	<b>-3,564</b>	<b>-3,558</b>	<b>-1,259</b>	<b>5</b>
Direct investment abroad	-1,156	-500	-19	656	481
Portfolio investment 1/	-1,148	-3,064	-3,539	-1,915	-475
<b>2. LIABILITIES</b>	<b>4,479</b>	<b>4,448</b>	<b>4,476</b>	<b>-32</b>	<b>28</b>
Foreign direct investment	6,739	6,860	6,488	121	-373
a. Reinvestment	3,606	5,627	5,576	2,021	-51
b. Equity capital	2,574	1,944	681	-630	-1,263
c. Net liabilities to affiliated enterprises	560	-710	231	-1,270	941
Portfolio investment	-533	1,290	-411	1,823	-1,701
a. Equity securities 2/	-307	-172	-442	134	-270
b. Fixed-rate income 3/	-226	1,462	31	1,688	-1,431
Long-term loans	-1,726	-3,703	-1,601	-1,976	2,101
a. Disbursements	3,187	4,127	4,014	940	-112
b. Amortization	-4,914	-7,829	-5,616	-2,916	2,214
<b>3. TOTAL</b>	<b>2,175</b>	<b>884</b>	<b>917</b>	<b>-1,291</b>	<b>33</b>
Memo:					
Net direct investment	5,583	6,360	6,469	777	108

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.

Direct foreign investment totaled US\$ 6.45 billion, US\$ 373 million less than in 2017. This balance is mainly explained by lower capital contributions (US\$ 1.26 billion) and also, but to a lesser extent, by lower reinvestment amounts (US\$ 51 million), while, on the other hand, there were larger loans from parent companies (US\$ 941 million). At the sector level, foreign direct investment was concentrated mainly in the sectors of mining (US\$ 2.50 billion) and services (US\$ 2.43 billion).

**Table 39**  
**FOREIGN DIRECT INVESTMENT IN COUNTRY BY DESTINATION SECTOR \***  
(Million US\$)

	2016	2017	2018
Mining	1,051	1,824	2,502
Non-financial services	3,757	3,292	2,434
Manufacturing	434	771	1,128
Energy and others	471	752	371
Financial sector	861	-253	27
Hydrocarbons	164	474	26
<b>TOTAL</b>	<b>6,739</b>	<b>6,860</b>	<b>6,488</b>

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

On the side of portfolio investment, the smaller amounts were mainly associated with the higher amounts of bonds repurchased by some companies with the purpose of re-profiling their long-term obligations. Among other companies, this included Unión Andina de Cementos, Compañía Minera Ares, Cementos Pacasmayo, Andino Investment Holding, Inretail Shopping Mall, and Inretail Consumer.

## 2.7 Short-Term Capital Flows

In 2018, short-term capital showed a net negative flow of US\$ 1.50 billion (versus US\$ 1.15 billion in 2017). The flow was concentrated in an increase of external assets (US\$ 2.43 billion), mainly as a result of deposits of a loan to Petroperú (US\$ 1.18 billion) at the end of the year. This effect was in part offset by non-residents' higher deposits in soles (US\$ 606 million), typically associated with sovereign bonds transactions, and with the debt with foreign banks (US\$ 288 million).

## 2.8 Public Sector Financial Account

In 2018 the public sector financial account showed a positive balance of US\$ 2.12 billion (US\$ 1.13 billion lower than in 2017). This balance is explained mainly by a slower pace of growth in non-residents' holdings of sovereign bonds (US\$ 1.82 billion versus US\$ 4.55 billion in 2017) in a context of lower capital inflows to the emerging economies. In addition, external funding to Petroperú for the construction of the Talara Refinery were lower in 2018. Moreover, in 2017 Fondo Mivivienda placed bonds abroad for a total of US\$ 610 million.

**Table 40**  
**PUBLIC SECTOR FINANCIAL ACCOUNT 1/**

	Million US\$			% change	
	2016	2017	2018	2017	2018
<b>I. DISBURSEMENTS</b>	<b>2 108</b>	<b>3 045</b>	<b>1 800</b>	<b>937</b>	<b>-1 245</b>
Investment projects	958	435	1 800	-523	1 365
Central government	805	366	473	-439	108
Public enterprises	153	69	1 327	-83	1 257
- Financial	109	1	44	-108	43
- Non-financial	44	68	1 283	25	1 214
Bonds	1 150	2 610	0	1 460	-2 610
- Global 2/	1 150	0	0	-1 150	0
- Financial public enterprises	0	610	0	610	-610
- Non-financial public enterprises	0	2 000	0	2 000	-2 000
<b>II. AMORTIZATION</b>	<b>-1 957</b>	<b>-4 505</b>	<b>-1 614</b>	<b>-2 548</b>	<b>2 891</b>
<b>III. NET EXTERNAL ASSETS</b>	<b>-189</b>	<b>601</b>	<b>-201</b>	<b>790</b>	<b>-803</b>
<b>IV. OTHER OPERATIONS WITH DEBT SECURITIES (a-b)</b>	<b>2 688</b>	<b>4 108</b>	<b>2 137</b>	<b>1 420</b>	<b>-1 971</b>
a. Securities in domestic market purchased by non-residents	1 959	4 554	1 822	2 594	-2 732
b. Securities in foreign market purchased by residents	-728	446	-315	1 174	-761
<b>V. TOTAL</b>	<b>2 650</b>	<b>3 249</b>	<b>2 122</b>	<b>599</b>	<b>-1 127</b>

1/ Medium- and long-term accounts.

2/ Bonds are classified according to the market where they are issued. Global 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

The international assets at December 2018 totaled US\$ 121.21 billion, a figure slightly lower than that recorded at end 2017. The Central Bank's reserve assets decreased due to banks' withdrawal of the deposits they had at BCRP to meet their customers' greater demand for local funds in a context

of expectations of higher rates of return on external assets. Lower Treasury deposits in foreign currency were also recorded at the Central Bank due to withdrawals from the Fiscal Stabilization Fund (FSF) and other accounts that were used to finance government operations. Despite this, the foreign exchange position of BCRP for the year increased from US\$ 37.49 billion to US\$ 39.55 billion, which represented an increase of US\$ 2.06 billion, which is basically explained by the BCRP purchases of foreign currency from the public sector (US\$ 1.38 billion) and, to a lesser extent, by net purchases of foreign currency (US\$ 184 million) to reduce foreign exchange volatility.

Despite the reduction observed, the BCRP reserve assets showed a balance equivalent to 27 percent of GDP. This amount provides a coverage of more than 4 times the amount of short term external debt (including the amortization of medium and long term loans in a year), which is an indicator of the soundness of the Peruvian economy.

On the side of liabilities, in GDP terms, direct investment continued to be the main source of external financing (47.2 percent). The medium and long-term debt decreased to 30.4 percent due to the private sector debt, while the public sector debt now represents 15.5 percent.

**Table 41**  
**NET INTERNATIONAL INVESTMENT POSITION**  
(End-of-period levels)

	Million US\$			% GDP	
	2016	2017	2018	2017	2018
<b>I. ASSETS</b>	<b>110,358</b>	<b>121,281</b>	<b>121,205</b>	<b>56.6</b>	<b>53.8</b>
1. BCRP reserve assets	61,746	63,731	60,288	29.7	26.8
2. Assets of financial sector (excluding BCRP)	1/28,257	34,417	34,902	16.1	15.5
3. Others assets	20,355	23,132	26,015	10.8	11.5
<b>II. LIABILITIES</b>	<b>186,303</b>	<b>200,386</b>	<b>204,678</b>	<b>93.5</b>	<b>90.8</b>
<b>1. Bonds and total private and public external debt 2/</b>	<b>74,571</b>	<b>76,499</b>	<b>77,787</b>	<b>35.7</b>	<b>34.5</b>
a. Medium and long term debt	66,865	68,019	68,430	31.7	30.4
Private sector 2/	37,248	35,067	33,518	16.4	14.9
Public sector (i - ii + iii) 3/	29,617	32,953	34,912	15.4	15.5
i. External public debt	23,762	22,710	22,977	10.6	10.2
ii. Public debt issued abroad					
purchased by residents	1,223	1,668	1,353	0.8	0.6
iii. Public debt issued locally					
purchased by non-residents	7,078	11,911	13,288	5.6	5.9
b. Short-term debt	7,706	8,480	9,356	4.0	4.2
Financial sector (excluding BCRP) 2/	2,495	3,430	4,375	1.6	1.9
BCRP	60	110	167	0.1	0.1
Others 4/	5,151	4,939	4,815	2.3	2.1
<b>2. Direct investment</b>	<b>93,090</b>	<b>99,950</b>	<b>106,438</b>	<b>46.6</b>	<b>47.2</b>
<b>3. Capital participation</b>	<b>18,642</b>	<b>23,936</b>	<b>20,453</b>	<b>11.2</b>	<b>9.1</b>

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.

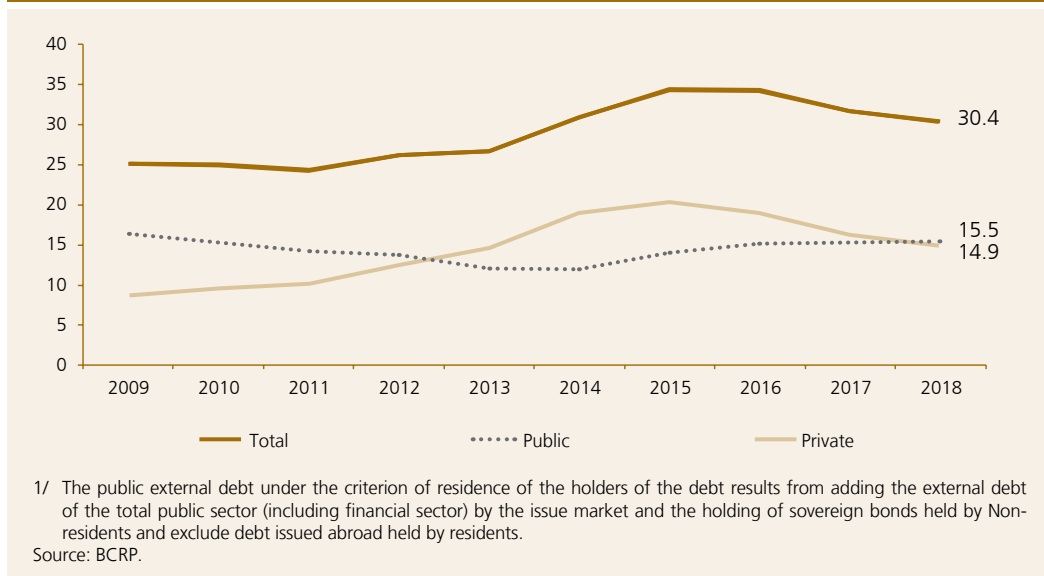
Source: BCRP, MEF, Cavali SA ICLV, Proinversión, BIS, and businesses.

**Table 42**  
**NIR INDICATORS**

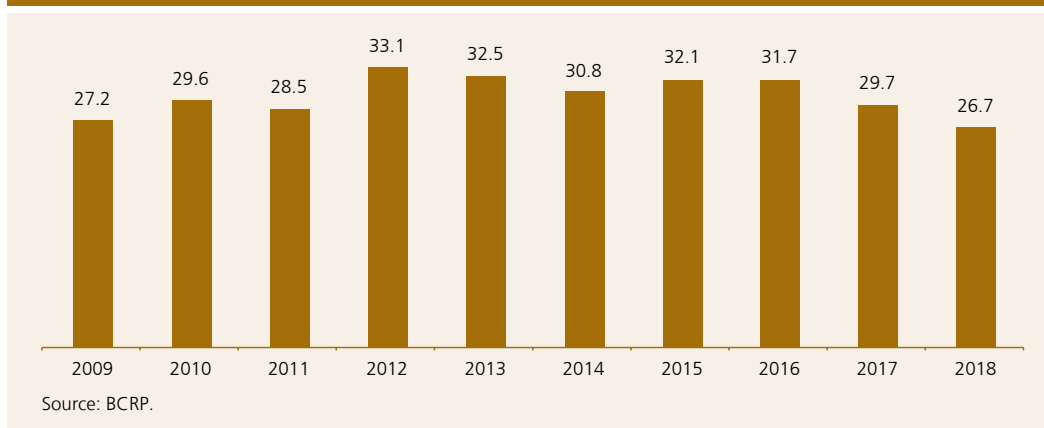
As a % of:	2008	2013	2018
a. GDP	25.6	32.5	26.7
b. Short-term external debt 1/	336	538	422
c. Short-term external debt plus current account deficit	214	291	337

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

**Graph 40**  
**BALANCE OF MEDIUM AND LONG TERM EXTERNAL DEBT 1/**  
(% GDP)



**Graph 41**  
**INTERNATIONAL RESERVES**  
(% GDP)



## 2.10 Management of International Reserves

At the end of 2018, 71 percent of the investment portfolio was invested in liquid high credit quality securities, 26 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 generated a yield of S/ 3.55 billion in fiscal year 2018, this return being 72.4 percent higher than in the previous year.

**Table 43**  
**INTERNATIONAL RESERVE ASSETS**  
(% structure)

	December 2017	December 2018
Deposits abroad	37	26
Securities	60	71
Gold	3	3
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BCRP.

**Table 44**  
**COMPOSITION OF LIQUID INTERNATIONAL ASSETS**  
(% structure)

	December 2017	December 2018
<b>By maturity term</b>	<b>100</b>	<b>100</b>
0-3 months	57	49
3-12 months	12	17
> 1 year	31	34
<b>By long-term rating</b>	<b>100</b>	<b>100</b>
AAA	48	53
AA+/AA/AA-	24	19
A+/A/A-	28	28

Source: BCRP.

As for the quality of the portfolio, 53 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 45**  
**INTERNATIONAL POSITION: EFFECTIVE EXPOSURE**  
(% structure)

	December 2017	December 2018
US\$	91	85
Other currencies	5	11
Gold	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BCRP.



**Pancho Fierro (1809-1879)**  
*El montonero. S. XIX*  
Watercolor, 0.31 x 0.24 m.

# PUBLICS FINANCES

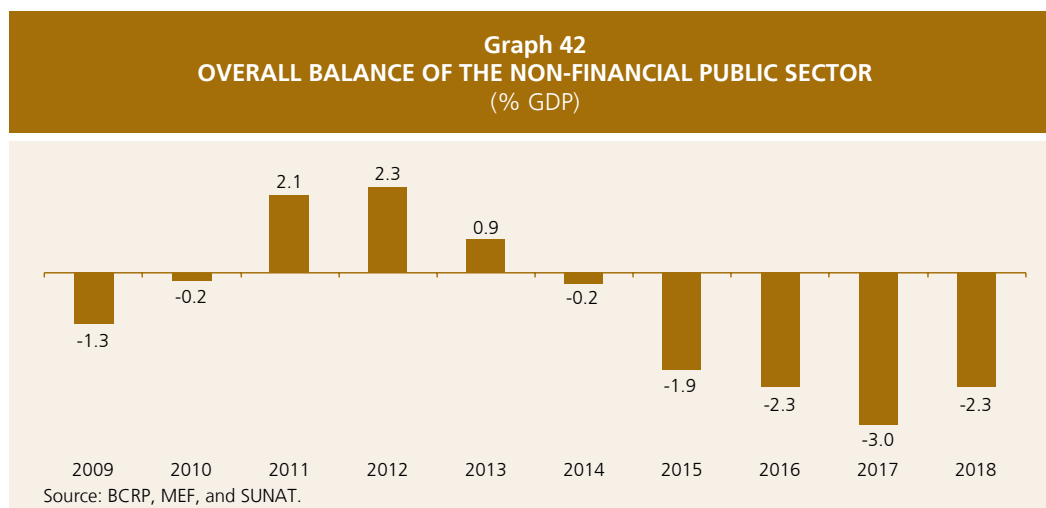
The deficit of 2.3 percent of GDP registered by the non-financial public sector in 2018 was 0.7 percentage points lower than the deficit in 2017. The improvement in public finances is explained by the higher current revenue of the general government (up 1.2 percentage points of GDP) –mainly tax revenues–, which reflects the recovery of economic activity and domestic demand, the favorable prices of minerals, as well as by the measures taken to strengthen the tax base and control.

**Table 46**  
**OVERALL BALANCE OF THE NON-FINANCIAL PUBLIC SECTOR**

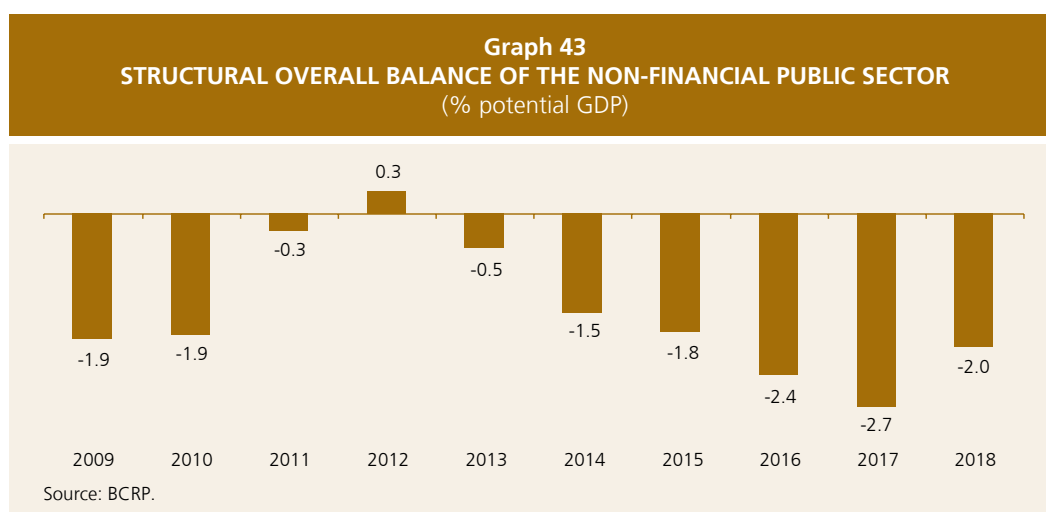
	Million soles			% GDP		
	2016	2017	2018	2016	2017	2018
<b>1. Current revenues of the General Government</b>	<b>122,654</b>	<b>126,583</b>	<b>142,627</b>	<b>18.7</b>	<b>18.1</b>	<b>19.3</b>
a. Tax revenue	92,153	93,400	107,358	14.0	13.4	14.5
b. Non-tax revenue	30,501	33,183	35,268	4.6	4.8	4.8
<b>2. General Government non-financial expenditure</b>	<b>130,755</b>	<b>139,894</b>	<b>149,364</b>	<b>19.9</b>	<b>20.0</b>	<b>20.2</b>
a. Current	100,085	106,847	113,145	15.3	15.3	15.3
b. Capital	30,669	33,047	36,219	4.7	4.7	4.9
- Gross capital formation	27,343	28,439	31,916	4.2	4.1	4.3
- Others	3,326	4,608	4,303	0.5	0.7	0.6
<b>3. Others</b>	<b>-118</b>	<b>682</b>	<b>-186</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>
<b>4. Primary Balance (1-2+3)</b>	<b>-8,218</b>	<b>-12,629</b>	<b>-6,923</b>	<b>-1.3</b>	<b>-1.8</b>	<b>-0.9</b>
<b>5. Interests</b>	<b>7,182</b>	<b>8,340</b>	<b>10,015</b>	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>
a. External debt	3,005	3,181	3,499	0.5	0.5	0.5
b. Domestic debt	4,177	5,158	6,515	0.6	0.7	0.9
<b>6. Overall Balance</b>	<b>-15,400</b>	<b>-20,969</b>	<b>-16,938</b>	<b>-2.3</b>	<b>-3.0</b>	<b>-2.3</b>
<b>7. Net financing</b>	<b>15,400</b>	<b>20,969</b>	<b>16,938</b>	<b>2.3</b>	<b>3.0</b>	<b>2.3</b>
1. External	4,304	-10,363	-598	0.7	-1.5	-0.1
(Million US\$) (a-b+c)	\$1,257	-\$3,194	-\$,169			
a. Disbursements	\$1,999	\$2,434	\$1,756	1.0	1.1	0.8
b. Amortization	\$1,672	\$4,175	\$1,265	0.9	1.9	0.6
c. Others 1/	\$,930	-\$1,453	-\$,660	0.5	-0.7	-0.3
2. Domestic	8,110	31,281	17,481	1.2	4.5	2.4
3. Privatization	2,987	51	54	0.5	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 that shows the effect of fiscal policy decisions isolating the effects of factors that are beyond government control, such as export prices or the economy's position in the business cycle and the effects they may have on tax revenues. In 2018 the structural economic balance showed a deficit of 2.0 percent of GDP, a deficit 0.7 percent lower than the one recorded in 2017.



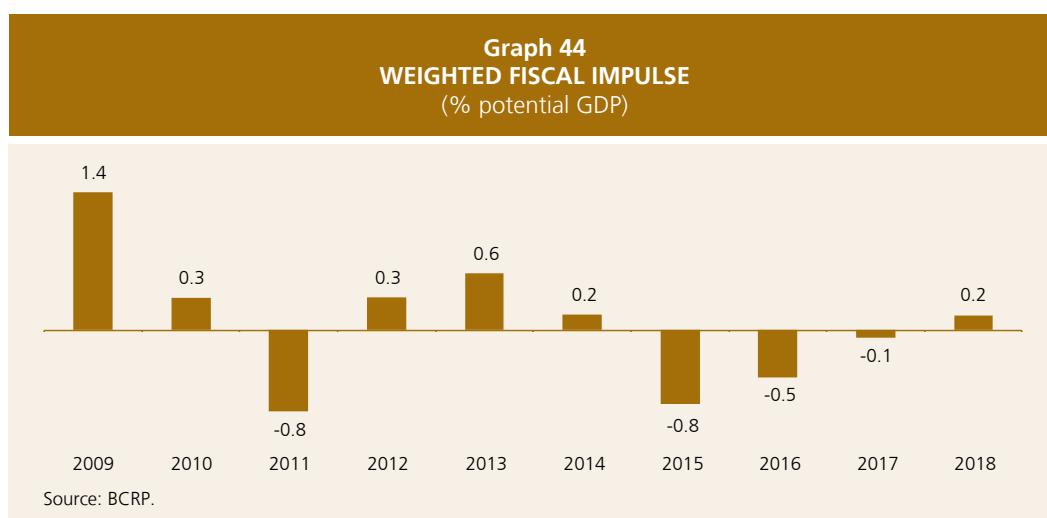
The **weighted fiscal impulse**, indicator that reflects more accurately the fiscal position, considers the differentiated multiplier effect of the changes observed in government income and expenditure. In contrast with the previous years, in 2018 the weighted fiscal impulse was expansionary and registered a value of 0.2 percent.

**Table 47**  
**WEIGHTED FISCAL IMPULSE**  
(% potential GDP)

	2016	2017	2018
1. Structural overall balance	-2.4	-2.7	-2.0
2. Fiscal impulse (flow 1)	1.0	0.1	-0.7
3. Weighted effects	-1.5	-0.2	0.9
4. Weighted impulse (2+3)	-0.5	-0.1	0.2

Source: BCRP.





Furthermore, **financial requirements**, an indicator that quantifies the resources needed by the non-financial public sector to cover the economic balance and meet the amortization of the domestic and the external debts, amounted to S/ 28.43 billion, a figure equivalent to 3.8 percent of GDP. This ratio is 1.7 percentage points of GDP lower than in 2017.

Factors contributing to this decline in financial requirements included the lower debt amortization (0.9 percentage points of GDP), due to the lower volume of debt management operations in comparison with 2017, and the reduction of the fiscal deficit. As in 2017, the financial requirements were mainly covered by external loans and placements of domestic bonds.

**Table 48**  
**FINANCING OF THE NON-FINANCIAL PUBLIC SECTOR**

	Million soles			% GDP		
	2016	2017	2018	2016	2017	2018
<b>1. Overall Balance</b>	<b>-15,400</b>	<b>-20,969</b>	<b>-16,938</b>	<b>-2.3</b>	<b>-3.0</b>	<b>-2.3</b>
<b>2. Amortization</b>	<b>14,831</b>	<b>17,695</b>	<b>11,488</b>	<b>2.3</b>	<b>2.5</b>	<b>1.6</b>
Redemption of recognition bonds	629	818	1,171	0.1	0.1	0.2
Domestic debt	8,566	3,312	6,095	1.3	0.5	0.8
External debt 1/	5,637	13,566	4,222	0.9	1.9	0.6
<b>3. Financial requirements (= -1+2)</b>	<b>30,232</b>	<b>38,664</b>	<b>28,425</b>	<b>4.6</b>	<b>5.5</b>	<b>3.8</b>
External disbursements	6,804	7,952	5,896	1.0	1.1	0.8
Freely disposable funds	3,922	0	0	0.6	0.0	0.0
Investment projects	2,882	7,952	5,896	0.4	1.1	0.8
Domestic bonds 1/	22,431	23,951	19,734	3.4	3.4	2.7
Privatization 2/	2,987	51	54	0.5	0.0	0.0
Others 3/	-1,990	6,710	2,741	-0.3	1.0	0.4

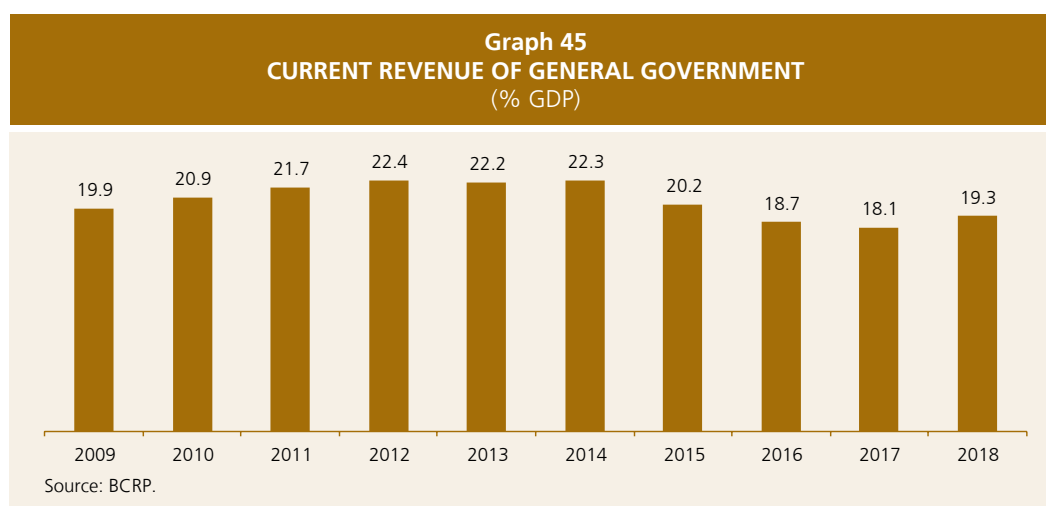
1/ Amounts include operations of managing of approved debt.  
2/ Includes concessions in three blocks on Nationwide 698-806 MHz band in 2016.  
3/ Includes change on deposits and floating, among other concepts.  
Source: MEF, Banco de la Nación, BCRP, SUNAT, EsSalud, local governments, state enterprises, and public institutions.

## 1. Revenue of the General Government

Reversing the reduction observed for three consecutive years, in 2018 **the current revenue of the general government** was equivalent to 19.3 percent of GDP, 1.2 percentage points of GDP higher

than in 2017. The two major sources of the increase seen in tax revenues were the VAT and the income tax. Revenue from the VAT grew due to the recovery of domestic demand and to increased imports, especially of fuel, as well as due to the measures adopted to strengthen the tax base (tax withholding rates were raised) and control measures.

On the other hand, revenue from the income tax grew due to the higher corporate profits obtained in FY 2017, which resulted in an increase in the amount of tax regularization payments in the months of March and April of 2018, as well as in higher ratios of payments to the account of this tax during the course of the year. It should be pointed out that the rise of mineral prices and the greater dynamism of the economy during 2018 contributed to this.



**Table 49**  
**GENERAL GOVERNMENT REVENUES**

	Million soles			Real % change		% GDP		
	2016	2017	2018	2017	2018	2016	2017	2018
<b>I. TAX REVENUE</b>	<b>92,153</b>	<b>93,400</b>	<b>107,358</b>	<b>-1.4</b>	<b>13.5</b>	<b>14.0</b>	<b>13.4</b>	<b>14.5</b>
1. Income tax	37,214	36,755	41,598	-4.0	11.8	5.7	5.3	5.6
- Individuals	11,159	11,450	12,474	-0.3	7.6	1.7	1.6	1.7
- Legal entities	22,250	20,421	22,756	-10.7	10.0	3.4	2.9	3.1
- Tax regularization	3,805	4,884	6,368	24.0	29.5	0.6	0.7	0.9
2. Import duties	1,606	1,448	1,455	-12.3	-0.9	0.2	0.2	0.2
3. Value-added tax (VAT)	52,692	54,643	60,666	0.9	9.6	8.0	7.8	8.2
- Domestic VAT	31,040	32,114	35,125	0.6	7.9	4.7	4.6	4.7
- VAT on imports	21,652	22,529	25,541	1.2	11.9	3.3	3.2	3.4
4. Excise tax	5,902	6,315	6,860	4.1	7.2	0.9	0.9	0.9
- Fuels	2,423	2,604	2,565	4.5	-2.8	0.4	0.4	0.3
- Others	3,479	3,711	4,295	3.8	14.2	0.5	0.5	0.6
5. Other income tax	11,096	11,448	13,363	0.4	15.2	1.7	1.6	1.8
- National government	8,240	8,686	10,522	2.6	19.5	1.3	1.2	1.4
- Local government	2,855	2,762	2,841	-5.9	1.6	0.4	0.4	0.4
6. Tax returns	-16,356	-17,209	-16,583	2.3	-4.9	-2.5	-2.5	-2.2
<b>II. NON-TAX REVENUE</b>	<b>30,501</b>	<b>33,183</b>	<b>35,268</b>	<b>5.9</b>	<b>4.9</b>	<b>4.6</b>	<b>4.8</b>	<b>4.8</b>
1. Contributions to Essalud and ONP	14,487	14,737	16,247	-1.0	8.8	2.2	2.1	2.2
2. Oil, gas and mining royalty	1,737	2,486	3,035	39.5	20.5	0.3	0.4	0.4
3. Oil and gas canon	1,291	1,533	2,090	15.6	34.5	0.2	0.2	0.3
4. Others 1/	12,986	14,428	13,896	8.1	-4.9	2.0	2.1	1.9
<b>III. TOTAL (I+II)</b>	<b>122,654</b>	<b>126,583</b>	<b>142,627</b>	<b>0.4</b>	<b>11.2</b>	<b>18.7</b>	<b>18.1</b>	<b>19.3</b>

1/ Includes own resources, transfers from public entities, interests, income from regulatory entities, supervisors and registers, among others.  
Source: MEF, Banco de la Nación, BCRP, INEI, SUNAT, EsSalud, ONP, charity societies, regulatory agencies and registry offices.

Revenue from the **income tax** grew 11.8 percent in real terms and thus went from representing 5.3 percent of GDP in 2017 to 5.6 percent of GDP in 2018. This increase is explained mainly by higher payments for regularization of legal entities' annual income tax (56.6 percent) as a result of the higher profits obtained in 2017, as well as by legal entities' higher payments on account of this tax (10.0 percent).

**Table 50**  
**INCOME TAX BY CATEGORY**  
(Million soles)

	2016	2017	2018	Real % change	
				2017	2018
First category	504	532	580	2.7	7.6
Second category	1,536	1,581	1,772	0.0	10.8
Third category	16,496	15,499	17,268	-8.6	9.9
Fourth category	871	894	960	-0.2	6.0
Fifth category	8,248	8,444	9,162	-0.5	7.2
Non-domiciled	5,205	3,462	3,560	-35.1	1.4
Regularization	3,805	4,884	6,368	24.0	29.5
<i>Individuals</i>	601	1,558	1,125	150.5	-28.3
<i>Legal entities</i>	3,204	3,327	5,244	0.3	56.6
Others	550	1,460	1,928	158.1	30.5
<i>Of which:</i>					
<i>regime for micro and small businesses (MYPE)</i>	-	904	1,334	-	45.7
<b>Total</b>	<b>37,214</b>	<b>36,755</b>	<b>41,598</b>	<b>-4.0</b>	<b>11.8</b>

Source: SUNAT.

The effect of the higher prices of our export products was mainly observed in mining companies' tax payments on account of the income tax, whose ratio in terms of the income tax of legal entities rose from 11 percent in 2017 to 15 percent in 2018. In addition to this, revenue from the income tax of financial intermediation and hydrocarbon companies increased as well, in line with the higher profits they also obtained in 2017 –which generated an increase in the payment ratios of 2018– and with the recovery of economic activity.

Furthermore, higher revenues were recorded as a result of the Tax regime for micro- and small enterprises (45.7 percent), due to the increase in the number of taxpayers included in this regime (22 percent in the year), part of which were previously in the general tax regime.

**Table 51**  
**REVENUES FROM CORPORATE TAX BY SECTORS: PAYMENTS ON ACCOUNT**  
(Million soles)

	2016	2017	2018	Real % change	
				2017	2018
Commerce	3,316	3,065	3,058	-10.1	-1.5
Mining	770	1,727	2,585	117.9	47.9
Other services 1/	3,277	2,493	2,562	-26.0	1.3
Manufacturing	2,388	2,559	2,504	4.2	-3.4
Financial intermediation	2,308	1,717	2,184	-27.7	25.4
Electricity and water	1,339	1,191	1,247	-13.5	3.4
Transport	1,268	987	1,042	-24.3	4.1
Hydrocarbons	394	723	1,022	78.5	39.5
Construction	1,334	949	987	-30.8	2.6
Fishing	53	56	40	2.3	-30.6
Agriculture and livestock	48	32	37	-35.4	13.1
<b>Total</b>	<b>16,496</b>	<b>15,499</b>	<b>17,268</b>	<b>-8.6</b>	<b>9.9</b>

1/ Includes activities in real estate, business, leasing, telecommunications, financial intermediation, health, social services, tourism and hotels, electric generation, and water services.

Source: SUNAT.

Finally, the increase in revenue from individuals' fifth category income tax (7.2 percent) was associated with the growth of formal employment (3.9 percent).

It is worth mentioning that the increase in these revenues more than compensated the fact that the Temporary and Substitute Income Tax Regime for the Declaration, Repatriation and Investment of Unrecognized Revenues was in force in 2017. A total of S/ 996 million was collected through this regime in 2017, while S/ 141 million was collected in January 2018.

Revenue from the **value added tax** (VAT) increased by 9.6 percent in real terms and went from representing 7.8 percent of GDP in 2017 to 8.2 percent of GDP in 2018. This improvement is associated with the growth of domestic demand, which also translated into an increase in imports, and with the increase in tax withholding rates (*detracción*) in April 2018. The recovery of the VAT also reflected the reversal of the transitory effects on tax revenue of the impact of El Niño Costero in the first months of 2017 and the implementation of the Fair VAT in the same year.

At the sector level, the sectors of commerce and other services were the main contributors to the growth of revenue from the domestic VAT, in line with the greater dynamism of economic activity, followed by the hydrocarbons sector, in line with the higher fuel prices observed.

	2016	2017	2018	Real % change	
				2017	2018
Other services 1/	9,586	9,498	10,643	-3.6	10.6
Commerce	6,442	6,334	6,879	-4.4	7.2
Manufacturing	4,771	4,954	4,870	1.1	-3.0
Transport	2,348	2,667	2,922	10.5	8.1
Construction	2,729	2,428	2,486	-13.5	1.0
Financial intermediation	1,495	2,005	2,176	30.5	7.2
Electricity and water	1,274	1,421	1,752	8.6	21.7
Mining	1,050	1,302	1,368	20.7	3.8
Hydrocarbons	727	851	1,291	14.0	49.5
Agriculture and livestock	511	519	616	-1.2	17.0
Fishing	108	133	122	20.3	-10.2
<b>Total</b>	<b>31,040</b>	<b>32,114</b>	<b>35,125</b>	<b>0.6</b>	<b>7.9</b>

1/ Includes activities in real estate, business, leasing, telecommunications, financial intermediation, health, social services, tourism and hotels, electric generation, and water services.  
Source: SUNAT.

Revenue from the **excise tax** increased by 7.2 percent in real terms, maintaining its ratio of 0.9 percent in GDP terms. Revenue from the excise tax on products other than fuels increased by 0.1 percentage points of GDP, which is explained by the fact that the rates of this tax were raised in May 2018. This increase was offset by lower revenue on the excise tax on fuel given that the main fuel production and distribution companies used credit covered by guarantees to import fuel.

On the other hand, revenue from **import duties** decreased by 0.9 percent in real terms, as a result of which their ratio in GDP terms remained at 0.2 percent of GDP. This is explained by a lower effective tariff as a result of the trade agreements signed by Peru in previous years, on the one hand, and also by the fact that a higher income was observed due to the price band mechanism applied to rice, on the other hand.

Revenue from **other tax revenues** grew by 15.2 percent in real terms, with which its ratio rose from 1.6 percent to 1.8 percent of GDP between 2017 and 2018. This result is mainly explained by

higher revenues for fines (100.2 percent), associated with the control actions of SUNAT, by increased revenues from the Temporary Tax on Net Assets - ITAN (6.6 percent), and by tax withholdings (64.8 percent).

**Tax refunds** went from representing 2.5 percent of GDP in 2017 to 2.2 percent of GDP in 2018, which is mainly explained by the lower refunds for exports (18.2 percent). This was in part offset by the higher refunds for excess and undue payments (26.3 percent), drawbacks (15.7 percent), and other regimes (34.7 percent), such as the early refund of the VAT and refunds of VAT withholdings.

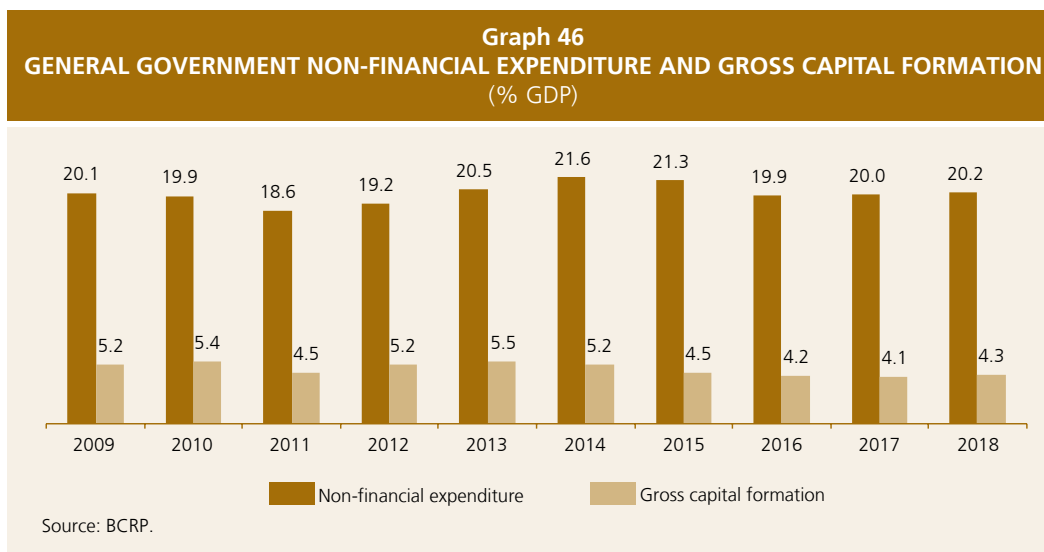
Non-tax revenues increased by 4.9 percent in real terms, and their relative share in GDP remained at 4.8 percent in 2018. This result reflects higher payments of social contributions (8.8 percent) associated with the increase in formal and incomes, and, to a lesser extent, the improvement in revenues from oil and gas *canon* (34.5 percent), and from mining, oil, and gas royalties (20.5 percent).

## 2. General Government Expenditure

**The non-financial expenditure of the general government**, which represented 20.2 percent of GDP in 2018, was higher by 0.2 percentage points of GDP than in 2017. By government levels, this increase is explained mostly by the subnational governments, especially the local governments. On the other hand, by expenditure categories, the increase is explained mainly by gross capital formation.

<b>Table 53</b>									
<b>GENERAL GOVERNMENT NON-FINANCIAL EXPENDITURE 1/</b>									
	Million soles			Real % change		% GDP			
	2016	2017	2018	2017	2018	2016	2017	2018	
<b>I. CURRENT EXPENDITURE</b>	<b>100,085</b>	<b>106,847</b>	<b>113,145</b>	<b>3.9</b>	<b>4.5</b>	<b>15.3</b>	<b>15.3</b>	<b>15.3</b>	
<b>a. Wages and salaries</b>	<b>39,051</b>	<b>42,667</b>	<b>46,186</b>	<b>6.3</b>	<b>6.8</b>	<b>6.0</b>	<b>6.1</b>	<b>6.2</b>	
National government	23,967	25,578	26,935	3.9	3.9	3.7	3.7	3.6	
Regional governments	12,935	14,924	16,887	12.3	11.7	2.0	2.1	2.3	
Local government	2,150	2,166	2,365	-2.0	7.7	0.3	0.3	0.3	
<b>b. Goods and services</b>	<b>40,341</b>	<b>41,664</b>	<b>42,297</b>	<b>0.6</b>	<b>0.1</b>	<b>6.1</b>	<b>6.0</b>	<b>5.7</b>	
National government	27,752	28,275	28,502	-0.8	-0.6	4.2	4.0	3.8	
Regional governments	4,883	5,266	5,220	5.1	-2.3	0.7	0.8	0.7	
Local government	7,706	8,124	8,574	2.6	4.1	1.2	1.2	1.2	
<b>c. Transfers</b>	<b>20,692</b>	<b>22,515</b>	<b>24,662</b>	<b>5.9</b>	<b>8.1</b>	<b>3.2</b>	<b>3.2</b>	<b>3.3</b>	
National government	17,089	18,880	20,919	7.5	9.3	2.6	2.7	2.8	
Regional governments	2,458	2,672	2,849	5.8	5.2	0.4	0.4	0.4	
Local government	1,145	963	894	-18.1	-8.3	0.2	0.1	0.1	
<b>II. CAPITAL EXPENDITURE</b>	<b>30,669</b>	<b>33,047</b>	<b>36,219</b>	<b>5.0</b>	<b>8.0</b>	<b>4.7</b>	<b>4.7</b>	<b>4.9</b>	
<b>a. Gross capital formation</b>	<b>27,343</b>	<b>28,439</b>	<b>31,916</b>	<b>1.4</b>	<b>10.6</b>	<b>4.2</b>	<b>4.1</b>	<b>4.3</b>	
National government	9,993	10,132	11,445	-1.2	11.3	1.5	1.5	1.5	
Regional governments	5,669	5,827	6,375	0.2	7.8	0.9	0.8	0.9	
Local government	11,681	12,480	14,095	4.2	11.3	1.8	1.8	1.9	
<b>b. Other capital expenditure</b>	<b>3,326</b>	<b>4,608</b>	<b>4,303</b>	<b>34.9</b>	<b>-8.1</b>	<b>0.5</b>	<b>0.7</b>	<b>0.6</b>	
National government	3,189	4,407	3,416	34.5	-23.9	0.5	0.6	0.5	
Regional governments	18	11	21	-40.9	90.2	0.0	0.0	0.0	
Local government	119	191	866	56.1	349.9	0.0	0.0	0.1	
<b>III. NON FINANCIAL EXPENDITURE (I + II)</b>	<b>130,755</b>	<b>139,894</b>	<b>149,364</b>	<b>4.2</b>	<b>5.3</b>	<b>19.9</b>	<b>20.0</b>	<b>20.2</b>	
National government	81,990	87,271	91,218	3.6	3.1	12.5	12.5	12.3	
Regional governments	25,964	28,699	31,352	7.7	7.7	4.0	4.1	4.2	
Local government	22,800	23,923	26,793	2.2	10.5	3.5	3.4	3.6	

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



## National Government

The **non-financial expenditures of the national government** represented 12.3 percent of GDP, a ratio 0.2 percentage points of GDP lower than in 2017. Lower expenditure as a percentage of GDP was observed in the categories of wages and salaries, goods and services, and other capital expenditure, offset in part by higher spending in current transfers and gross capital formation.

Expenditure in **wages and salaries** increased by 3.9 percent in real terms, mainly due to wage increases in the sectors of education and health.

In 2018, spending in **goods and services** fell by 0.6 percent in real terms due to the lower resources allocated to the acquisition of teaching materials, vaccines, vehicles, equipment, and furniture for the defense sector. In addition, a reduction was also observed in spending associated with the Program *Reducción de Vulnerabilidad y Atención de Emergencias por Desastres*, a category that showed a high level of expenditure in 2017 due to the damage caused by El Niño Costero.

Another factor that also contributed to lower expenditure on goods and services in 2018 was Emergency Decree **N° 005-2018**, enacted in May, which established austerity standards on government expenditure. Thus, at the level of the national government, spending on goods and services was reduced in all the financing source lines and a cap was established for specific items. As a result, lower expenditure was observed, for example, in terms of advertising, printing, information and institutional image services, as well as in travel and celebration services.

In 2018, spending on **current transfers** increased by 9.3 percent in real terms, reflecting larger transfers to international organizations for the development of the XVIIIth PanAmerican Games and the Lima 2019 VIth ParapanAmerican Games, as well as transfers to the Fuel Price Stabilization Fund, to the court system to meet the payment of court rulings, to the payment of pensions, and to social programs such as *Qali Warma* and *Apoyo al Hábitat Rural*, among other programs.

The national government expenditure in **gross capital formation** increased by 11.3 percent in real terms, with the main sports infrastructure projects being developed for the Pan American Games standing out. Moreover, projects such as the construction of the National Sports Village (Videna), the Pan American Village, the Andrés A. Cáceres sports complex, and the Yahuar Huaca zonal park registered a budget execution of 94 percent of the allocated budget.

**Table 54**  
**MAIN INVESTMENT PROJECTS OF THE NATIONAL GOVERNMENT: 2018**  
(Million soles)

PROJECTS	Amount
<b>ROAD INFRASTRUCTURE 1/</b>	<b>5,161</b>
Line 2, Metropolitan Lima and Callao	370
Juanjui - Tocache highway, San Martín	190
Bellavista - El Estrecho highway, Loreto	180
Puerto Bermúdez - San Alejandro, Huánuco - Pasco - Ucayali highway	171
Mazamari - Pangoa - Cubantía highway, Junín	128
Patahuasi - Yauri - Sicuani highway, Cusco	118
Oyón - Ambo, Huánuco - Lima - Pasco highway	111
Line 1, Metropolitan Lima and Callao	103
Huánuco - Conococha highway, Huánuco	102
Rest	3,689
<b>EDUCATION</b>	<b>1,570</b>
Improvement and maintenance of schools with adequate operating conditions	151
Improvement and maintenance of schools with infrastructure and equipment	89
Rest	1,329
<b>PAN-AMERICAN GAMES</b>	<b>927</b>
National Sports Village, San Luis	369
Pan American Village, Villa El Salvador	158
Andrés Avelino Cáceres Sports Complex, Villa María del Triunfo	157
Park Yahuar Huaca, Callao	141
Gymnastics sports center, Villa El Salvador	77
Rest	25
<b>SANITATION 1/</b>	<b>871</b>
Water and sanitation systems in Nueva Ciudad de Olmos, Lambayeque	73
Wastewater Treatment Plant for the city of, Piura	61
Water and sanitation systems in Bayóvar, San Juan de Lurigancho	51
Water and sanitation systems in Chorrillos, Lima	43
Water and sanitation systems in Rímac, Lima	42
Wastewater Treatment Plant for the city of Calana, Tacna	35
Rest	565
1/ Excluding deferred expenses of culminated works and other expenses that do not increase the production capacity (e.g. expropriation of lands).	
Source: MEF and BCRP.	

The increase registered in gross capital formation in the year is explained by higher accrued expenditure in road, hospital, and rural electricity infrastructure; in the improvement and expansion of drinking water and sewerage systems; in the improvement and expansion of sports complexes, and in the improvement and expansion of prison facilities in different regions of the country. On the other hand, the expenditure accrued in the sectors of education and agriculture decreased.

Moreover, the budget allocated in 2018 to the implementation of the projects included in the Reconstruction with Changes program carried out by the national government was S/ 637 million, of which 35 percent was executed. Between 2017 and 2018, the budgetary framework for national government projects amounted to S/ 734 million, of which 31 percent has been accrued.

**Other capital expenditures** of the national government decreased by 23.9 percent in real terms. This reduction, explained mainly by lower transfers to the Urban Sanitation Program and to rural electrification projects, was in part offset by larger transfers to the housing program *Bono Familiar Habitacional*.

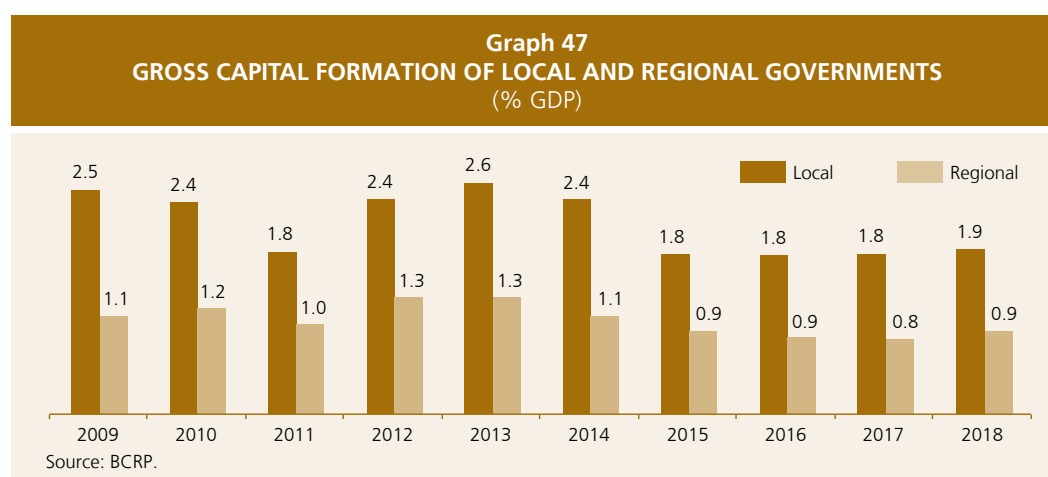
### Regional Governments

In 2018, the non-financial expenditure of regional governments increased by 7.7 percent in real terms. This result is basically explained by higher expenditure in wages and salaries (11.7 percent in real terms), essentially in the education and health sectors, as well as in current transfers (5.2 percent)

and in gross capital formation (7.8 percent). This was partially offset by lower spending on goods and services (-2.3 percent).

### Local Governments

The non-financial expenditure of local governments increased by 10.5 percent in real terms in 2018. This outcome reflects the increase in gross capital formation (11.3 percent in real terms), mainly due to the greater execution of transport, sanitation, and agriculture projects, as well as the improvement of cultural and sport services (sports complexes).



### 3. State-Owned Enterprises

In 2018, the State-owned enterprises showed a deficit of S/ 2.16 billion, a higher deficit than in the previous year (S/ 1.14 billion), with Petroperú's increased deficit accounting mainly for this result.

**Table 55**  
**OVERALL BALANCE OF STATE-OWNED ENTERPRISES**

	Million soles			% GDP		
	2016	2017	2018	2016	2017	2018
Petroperú	-2,399	-1,465	-3,083	-0.4	-0.2	-0.4
Electroperú	-3	131	168	0.0	0.0	0.0
Regional Electricity Companies	716	597	624	0.1	0.1	0.1
Sedapal	-45	25	77	0.0	0.0	0.0
Others	399	-426	55	0.1	-0.1	0.0
<b>TOTAL</b>	<b>-1,331</b>	<b>-1,137</b>	<b>-2,160</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.3</b>

Source: State enterprises, FONAFE, and MEF.

**Petroperú's** deficit in 2018 (S/ 3.08 billion) was higher than in 2017 mainly as a result of its higher current expenditures (S/ 4.97 billion), especially in goods and services. Another factor that contributed to this higher deficit was that, in contrast with 2017 when capital transfers from the Treasury to Petroperú amounted to S/ 1.06 billion, this public enterprise did not register any capital transfers from the Treasury in 2018. However, these factors were partially offset by increased income from sales (S/ 3.74 billion), lower gross capital formation in the modernization of the Talara refinery, and the increase observed in other revenues. The latter included higher tax refunds (S/ 936 million) for balances in favor of the exporter, the early recovery of the VAT due to the investment made in the Talara refinery, and the refund of undue payments for the VAT and the excise tax applied to the Turbo A1.



**Electroperú** showed a surplus of S/ 168 million, higher than in 2017, due to the higher revenues (S/ 150 million) resulting mainly from the higher volumes of energy sold in both the free market and the spot market. This was in part offset by higher current expenses (S/ 133 million), particularly in goods and services, as well as in taxes and other expenses (transfers to Fondo de Inclusión Social Energético - FISE and Oficina de Normalización Previsional - ONP).

The **regional electricity companies** showed a joint surplus of S/ 624 million, a higher balance than in the previous year. This higher surplus is explained by higher revenues from energy sales (S/ 206 million), especially among the distribution companies due to the increase in rates, the higher demand, and the increase in the number of clients and other income. This was offset by the increase in current expenses (S/ 166 million), mainly in goods and services and tax payments, as well as by the reduction in capital revenues due to lower transfers from the Public Treasury.

**Sedapal's** surplus of S/ 77 million was higher than that recorded in the previous year. The company showed higher revenues (S/ 292 million) due to the increase in its volume of sales and to the rate increase implemented in August 2017, as well as due to the higher revenues it obtained from monitoring groundwater and from the collection of collateral services. This was offset by higher current expenses (S/ 152 million), associated mainly with the regularization of the income tax of FY 2017, as well as by greater gross capital formation spending in the expansion and improvement of the drinking water and sewerage systems.

The **other State-owned companies**<sup>12</sup> showed a surplus of S/ 55 million. This result is mainly due to the lower transfer of profits of Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado – FONAFE to the Public Treasury (S/ 700 million in 2017 versus S/ 300 million in 2018) and to the decrease recorded in “other capital expenses” (S/ 129 million) due to FONAFE’s lower capital contributions to financial companies (COFIDE and Agrobanco). On the other hand, there was a lower capital income (S/ 84 million) due to the Public Treasury’s lower transfers to the municipal companies, which was partially offset by higher capital contributions to Enapu, Corpac and Activos Mineros.

#### 4. Promotion of Private Investment

Investment projects amounting to a total of US\$ 2.74 billion were awarded in concession during 2018. The two most important were the Michiquillay copper project, with an investment of US\$ 1.95 billion, which was granted in concession to Southern Peru Copper Corporation in February, and the Salaverry Port Terminal, involving an investment of US\$ 229 million, which was awarded in concession to Consorcio Transportadora Salaverry –integrated by companies Tramarsa and Naviera Tramarsa– in May.

**Table 56**  
**PRIVATIZATIONS AND CONCESSIONS: 2018**  
(Million US\$)

Concessions and projects	Date	Awarded to	Investment
Michiquillay Copper Mining Project	February 20	Southern Perú Copper Corporation	1,950
Upgrading and Development of Salaverry Multipurpose Port Terminal	May 31	Consorcio Transportadora Salaverry (Tramarsa; Naviera Tramarsa)	229
Broadband for Comprehensive Connectivity and Social Development for: La Libertad	December 27	Consorcio YOFC NETWORK (Yangtze Optical Fibre and Cable Company (Hong Kong) Limited; Yachay Telecomunicaciones S.A.C.).	129
Ancash			122
Arequipa			93
San Martín			68
Broadband for Comprehensive Connectivity and Social Development for Huánuco	December 27	Consorcio BANDTEL (Telkom S.R.LTDA; Consorcio DHMONT & CG & M S.A.C.; DHMONT S.A.C. Contratistas Generales; Bandel S.A.C.).	83
Pasco			65
<b>Total</b>			<b>2,739</b>

Source: Proinversión.

<sup>12</sup> 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.



Moreover, concession contracts were granted to six Broadband projects involving investments for a total of US\$ 560 million in December. Four concession contracts for the installation of wideband services in the regions of La Libertad, Ancash, Arequipa and San Martín, were awarded to Consorcio YOFC Network (with a total investment of US\$ 412 million) and the other two projects, for the installation of wide band services in the regions of Huánuco and Pasco, were awarded to Consorcio BANDTEL (for a total of US\$ 148 million).

## 5. Debt of the Non-Financial Public Sector

At end 2018 the **debt of the Non-Financial Public Sector** totaled S/ 190.7 billion. This debt amount, equivalent to 25.8 percent of GDP, represents an increase of 0.9 percentage points of GDP in the debt ratio in comparison to 2017 due to the higher domestic debt resulting from increased placements of sovereign bonds, both in the modality of market makers and within the framework of two debt management operations carried out in November.

Table 57 DEBT BALANCE OF THE NON-FINANCIAL PUBLIC SECTOR 1/						
	Million soles			% GDP		
	2016	2017	2018	2016	2017	2018
<b>PUBLIC DEBT (I+II)</b>	<b>156,663</b>	<b>173,976</b>	<b>190,741</b>	<b>23.9</b>	<b>24.9</b>	<b>25.8</b>
<b>I. EXTERNAL PUBLIC DEBT</b>	<b>68,057</b>	<b>61,163</b>	<b>65,505</b>	<b>10.4</b>	<b>8.8</b>	<b>8.8</b>
Loans	28,944	15,987	19,260	4.4	2.3	2.6
International organizations	22,591	12,510	11,525	3.4	1.8	1.6
Paris Club	4,914	3,451	3,550	0.7	0.5	0.5
Suppliers	39	26	16	0.0	0.0	0.0
International banks	1,400	0	4,168	0.2	0.0	0.6
Bonds	39,113	45,176	46,246	6.0	6.5	6.2
Global bonds	39,113	38,696	39,506	6.0	5.5	5.3
Non financial public enterprise bonds	0	6,480	6,740	0.0	0.9	0.9
<b>II. DOMESTIC PUBLIC DEBT</b>	<b>88,606</b>	<b>112,813</b>	<b>125,236</b>	<b>13.5</b>	<b>16.2</b>	<b>16.9</b>
<b>1. LONG TERM DEBT</b>	<b>77,743</b>	<b>98,530</b>	<b>112,209</b>	<b>11.8</b>	<b>14.1</b>	<b>15.2</b>
Bank loans	5,379	3,640	3,902	0.8	0.5	0.5
Treasury bonds	72,365	94,890	108,307	11.0	13.6	14.6
1. Bonds (BCRP)	704	645	645	0.1	0.1	0.1
2. Debt swap bonds	1,020	770	543	0.2	0.1	0.1
3. Sovereign bonds	64,116	87,506	102,009	9.8	12.5	13.8
4. Recognition bonds	6,525	5,970	5,109	1.0	0.9	0.7
<b>2. SHORT TERM DEBT</b>	<b>10,862</b>	<b>14,283</b>	<b>13,027</b>	<b>1.7</b>	<b>2.0</b>	<b>1.8</b>
Memo:						
Liabilities of Private-Public Partnerships 2/	4,049	3,549	3,278	0.6	0.5	0.4
FEPs	93	441	270	0.0	0.1	0.0
External debt from COFIDE and Mivivienda Fund	11,782	12,419	11,927	1.8	1.8	1.6
<b>Bond holdings</b>	<b>103 228</b>	<b>126 201</b>	<b>141 515</b>	<b>15.7</b>	<b>18.1</b>	<b>19.1</b>
Residents	44 471	54 315	61 789	6.8	7.8	8.3
Non-residents	58 758	71 886	79 726	9.0	10.3	10.8
<b>Sovereign bonds</b>	<b>64 116</b>	<b>87 506</b>	<b>102 009</b>	<b>9.8</b>	<b>12.5</b>	<b>13.8</b>
Residents	40 363	48 910	57 229	6.2	7.0	7.7
Non-residents	23 753	38 596	44 780	3.6	5.5	6.0
<b>Global bonds</b>	<b>39 113</b>	<b>38 696</b>	<b>39 506</b>	<b>6.0</b>	<b>5.5</b>	<b>5.3</b>
Residents	4 108	5 406	4 560	0.6	0.8	0.6
Non-residents	35 005	33 290	34 946	5.3	4.8	4.7
1/ Includes the debt of the national government, the regional and locals governments, and public enterprises. Excludes the debt of COFIDE, Banco de la Nación, BCRP, and MiVivienda Fund.						
2/ Estimation. Nominal value of the CRPAO issued between May 2006 and March 2012, net of the amortizations made.						
Source: MEF, BCRP, Banco de la Nación, MTC, ONP, COFIDE and Petroperú.						

The purpose of the first debt management operation was to repurchase Global Bond 30MAR2019, financed with the issuance of sovereign bonds under the form of market makers, while the second operation was an operation aimed to repurchase the balance of Global Bond 30MAR2019, which was not repurchased in the first operation, and Sovereign Bonds 12AUG2020 and 12FEB2029, financed with the new issuance of Sovereign Bond 12FEB2029E. The balance of bonds issued in the latter was used both to prepay loans from international organizations in December and to pre-finance public sector operations in 2019.

### 5.1 External Public Debt

At the end of 2018, the external debt of the non-financial public sector –defined as external loans and net placements abroad– amounted to S/ 65.5 billion, which represents 34.3 percent of the total debt.

A debt management operation aimed to repurchase global bond BG30MAR2019 (US\$ 265 million) was carried out in November. In addition to this, a loan guaranteed by the Spanish Export Credit Insurance Company –*Compañía Española de Seguros de Crédito a la Exportación*, CESCE– (US\$ 1.27 billion) was made to Petroperú in the same month.

Additionally, a credit prepayment operation was carried out in December to prepay the debt with some international organizations (US\$ 543 million): the World Bank (US\$ 213 million), the Inter-American Development Bank (US\$ 80 million), and the Andean Development Corporation (US\$ 250 million).

### 5.2 Domestic Debt

At the end of 2018, the balance of the domestic debt of the non-financial public sector was S/ 125.2 billion, which implied an increase of S/ 12.4 billion with respect to the balance at the end of 2017. This increase is explained mostly by greater placements of sovereign bonds, the balance of which reached S/ 102 billion. Moreover, 43.9 percent of this balance is debt with non-residents.

The first debt management operation aimed at repurchasing global bond BG30MAR2019 was financed through the placement of sovereign bonds in the form of market makers (S/ 822 million), while the second one, carried out with the aim of repurchasing the balances of global bond BG30MAR2019 and sovereign bonds BS12AGO2020 and BS12FEB2029, was financed through the issuance of a new sovereign bond BS12FEB2029E on the Euroclear platform (S/ 10.35 billion).

### 5.3 Net Debt<sup>13</sup>

The net debt of the non-financial public sector increased from S/ 66.6 billion in 2017 to S/ 83.6 billion in 2018, representing 11.3 percent of GDP at the end of the year. This result is explained by an increase of 0.9 percentage points of GDP in the gross debt and by a reduction of 0.9 percentage points of GDP in the non-financial public sector assets.

<sup>13</sup> 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).

**Table 58**  
**NET DEBT OF THE NON-FINANCIAL PUBLIC SECTOR**

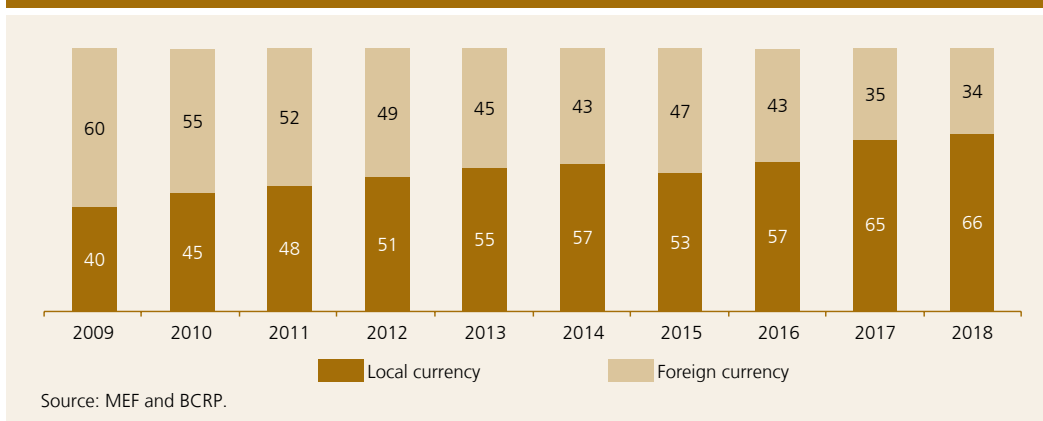
Years	Million soles			% GDP		
	Assets	Liabilities	Net debt	Assets	Liabilities	Net debt
2009	49 189	97 813	48 624	13.4	26.7	13.3
2010	52 734	100 157	47 422	12.5	23.8	11.3
2011	65 824	101 737	35 914	14.0	21.6	7.6
2012	81 130	101 225	20 094	15.9	19.9	4.0
2013	90 041	105 087	15 046	16.5	19.2	2.8
2014	96 994	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	107 414	173 976	66 561	15.4	24.9	9.5
2018	107 185	190 741	83 556	14.5	25.8	11.3

Source: BCRP and MEF.

#### 5.4 Debt by Currencies

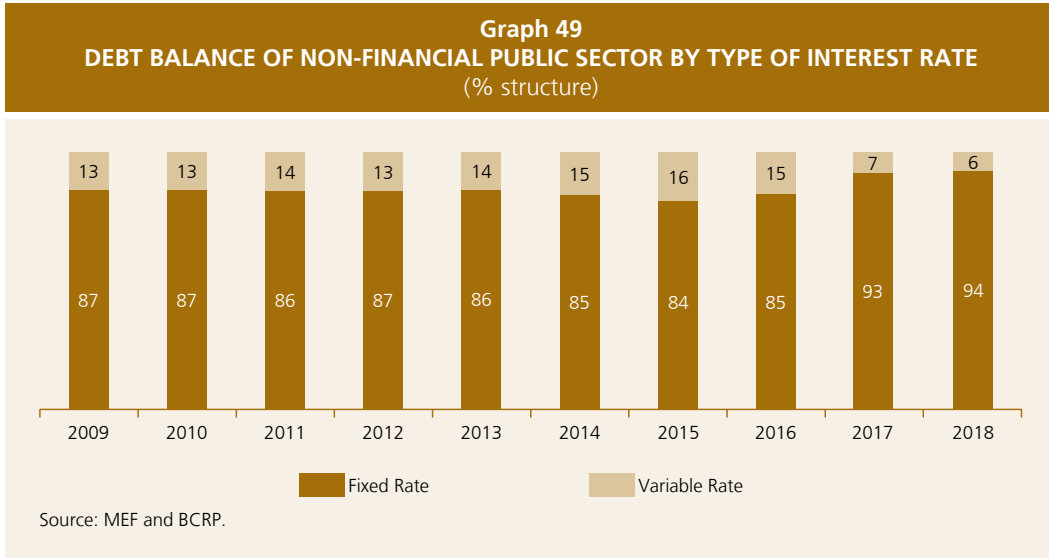
In comparison to 2017, the ratio of the debt in foreign currency has decreased by 1 percentage point, from 35 to 34 percent, as a result of the debt management operations carried out to repurchase part of a global bond and to prepay loans with international agencies. However, the effect of these operations was offset by a loan made to Petroperú and guaranteed by CESCE and also by the effect of the depreciation of the sol on the value of the debt in foreign currency.

**Graph 48**  
**DEBT BALANCE OF NON-FINANCIAL PUBLIC SECTOR BY CURRENCY**  
(% structure)



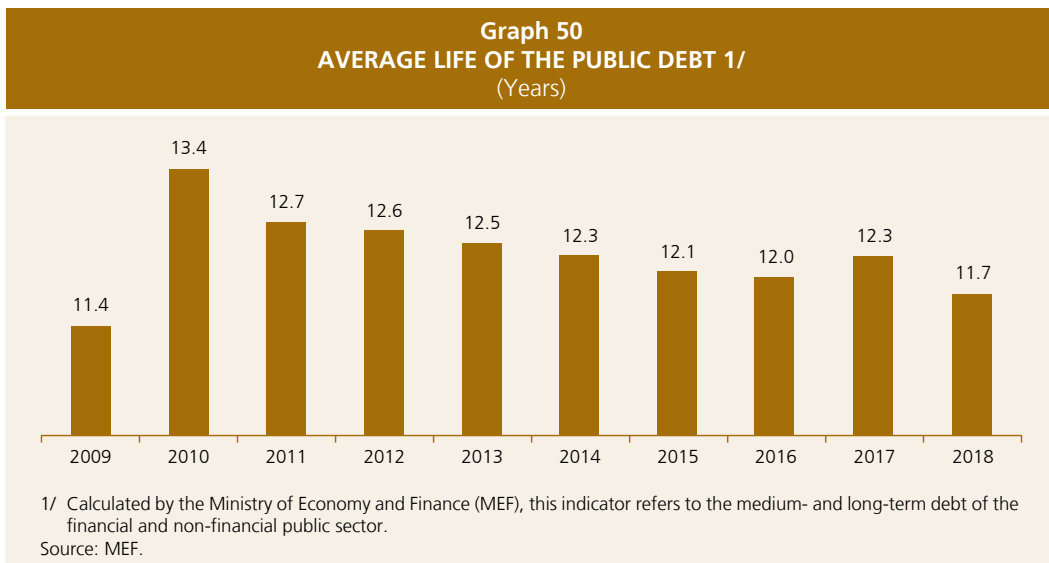
#### 5.5 Debt by Type of Interest Rates

The percentage of fixed-rate debt rose from 93 percent in 2017 to 94 percent in 2018. Moreover, the ratio of fixed-rate debt has increased by 7 percentage points over the past ten years.



### 5.6 Average Life of the Debt

At the end of 2018, the average life of the medium- and long-term total public debt was 11.7 years, lower than at the end of 2017 (12.3 years). At a disaggregate level, the external public debt has a slightly longer average life (11.9 years) than the domestic public debt (11.5 years).



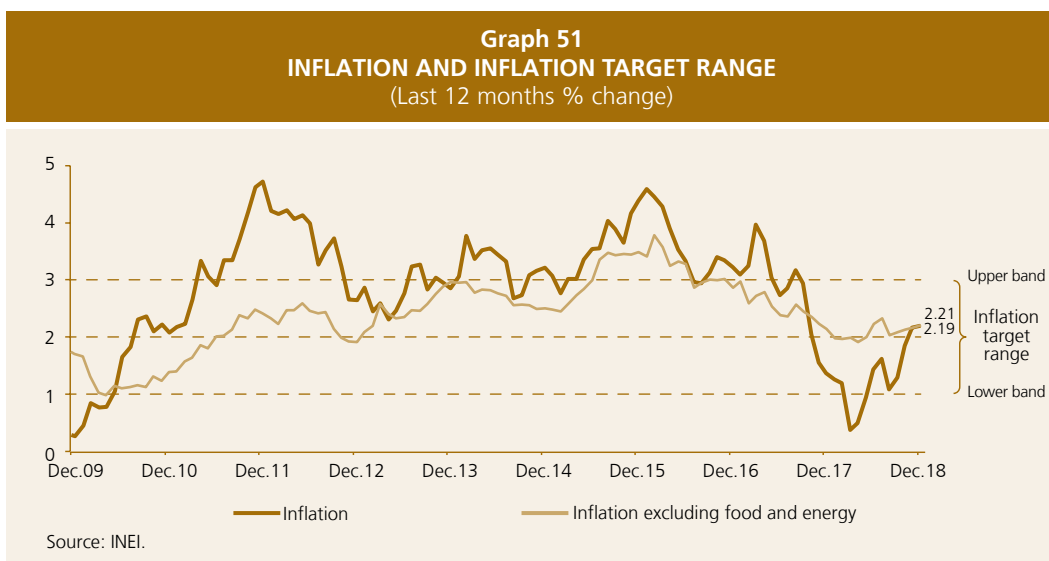


**Pancho Fierro (1809-1879)**  
*Militar de espaldas. S. XIX*  
Watercolor, 0.33 x 0.26 m.

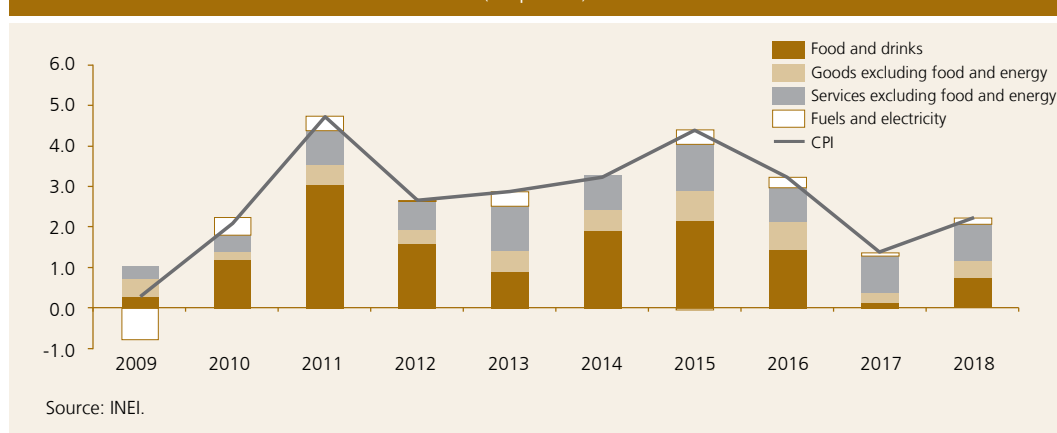
# INFLATION IV

In 2018, annual inflation, measured by the variation in the consumer price index (CPI) of Metropolitan Lima, was 2.19 percent. This value was close to the midpoint of the target range (1 - 3 percent) in a context in which economic activity remained below its potential and inflation expectations were anchored within the inflation target range.

Inflation remained within the target range during most of the year. However, it was temporarily below the lower level of the target range between the months of March and May of 2018 as a result of a base effect associated with the impact of El Niño Costero event of 2017. This fact was observed basically due to the evolution of food prices, which went from showing an increase of 0.3 percent in December 2017 to showing a decline of 2.6 percent in March, increasing thereafter to 2.0 percent in December 2018. The inflation indicator excluding these components is therefore a better indicator of the inflationary trend. This indicator continued to remain around the center of the target, growing slightly from 2.15 percent in 2017 to 2.21 percent in 2018.



**Graph 52**  
**CONTRIBUTIONS TO ANNUAL CPI VARIATION**  
(% points)



**Table 59**  
**INFLATION**  
(% change)

	Weight	2016	2017	2018	Average % chg. 2002-2018 1/
<b>CPI</b>	<b>100.0</b>	<b>3.23</b>	<b>1.36</b>	<b>2.19</b>	<b>2.79</b>
<b>1. CPI excluding food and energy</b>	<b>56.4</b>	<b>2.87</b>	<b>2.15</b>	<b>2.21</b>	<b>2.17</b>
<b>a. Goods</b>	<b>21.7</b>	<b>3.41</b>	<b>1.24</b>	<b>2.25</b>	<b>1.83</b>
Textiles and footwear	5.5	1.71	1.53	0.92	2.16
Domestic appliances	1.3	0.54	0.89	1.32	-0.34
Other industrial products	14.9	4.29	1.16	2.83	1.80
<b>b. Services</b>	<b>34.8</b>	<b>2.54</b>	<b>2.70</b>	<b>2.19</b>	<b>2.44</b>
<i>Of which:</i>					
Education	9.1	4.96	4.58	4.73	4.08
Rent	2.4	1.79	0.38	1.27	0.59
Health	1.1	5.00	1.83	1.76	2.90
Transportation	8.9	1.67	1.38	1.09	2.58
Water rates	1.6	0.00	13.04	0.00	4.71
<b>2. Food and energy</b>	<b>43.6</b>	<b>3.66</b>	<b>0.46</b>	<b>2.17</b>	<b>3.42</b>
<b>a. Food and beverages</b>	<b>37.8</b>	<b>3.54</b>	<b>0.31</b>	<b>1.95</b>	<b>3.39</b>
<i>Of which:</i>					
Chicken meat	3.0	3.17	-4.83	-1.32	1.94
Bread	1.9	0.76	0.87	0.94	3.68
Rice	1.9	1.62	2.11	-0.23	1.67
Sugar	0.5	10.03	-3.67	-11.45	2.00
Noodles	0.5	1.28	0.71	2.54	2.44
Oils	0.5	2.24	4.84	-2.10	3.28
Potatoes	0.9	1.75	-38.99	27.16	4.52
Fresh and frozen fish	0.7	9.92	-7.23	-5.95	2.76
Meals outside the home	11.7	4.61	3.65	2.19	3.77
<b>b. Fuels and electricity</b>	<b>5.7</b>	<b>4.48</b>	<b>1.55</b>	<b>3.67</b>	<b>3.63</b>
<b>Fuels</b>	<b>2.8</b>	<b>0.61</b>	<b>3.95</b>	<b>5.35</b>	<b>3.45</b>
Gasoline and lubricants	1.3	-1.13	5.05	7.75	2.91
Gas	1.4	1.64	3.08	3.28	2.18
<b>Electricity</b>	<b>2.9</b>	<b>7.53</b>	<b>-0.21</b>	<b>2.39</b>	<b>3.11</b>

1/ Inflation Targeting since 2002.  
Source: INEI.

The item that had the highest incidence in year-on-year inflation was tuition and education fees (0.49 percentage points) since these prices were adjusted in private schools, private universities,



and higher education institutes at the beginning of the school year. The item that ranked second in terms of its contribution to inflation was meals outside the home, with 0.3 percentage points. It should be pointed out, however, that the price increase in this item category has been the lowest seen in the last 10 years. On the other hand, the high contribution to annual inflation of items such as vehicles, soft drinks, and cigarettes, reflected the increase in the excise tax, whereas in the cases of other goods, such as potatoes and onions, it was explained by lower cultivation. These increases were offset in part by the drop in the prices of eggs, sugar, telephone rates, fish, and chicken.

**Table 60**  
**ITEMS WITH THE HIGHEST WEIGHTED CONTRIBUTION TO INFLATION: 2018**

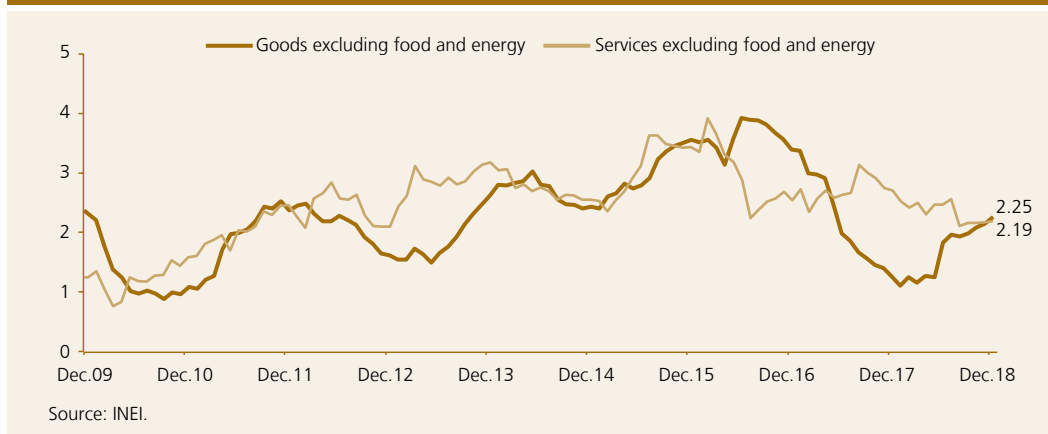
Positive contribution	Weight	% chg.	Contribution	Negative contribution	Weight	% chg.	Contribution
Education costs (tuition and fees)	8.8	4.9	0.49	Eggs	0.6	-18.9	-0.10
Meals outside the home	11.7	2.2	0.30	Sugar	0.5	-11.4	-0.07
Potatoes	0.9	27.2	0.21	Telephone rates	2.9	-2.9	-0.05
Car prices	1.6	12.2	0.19	Fresh and frozen fish	0.7	-6.0	-0.04
Onions	0.4	54.3	0.17	Poultry meat	3.0	-1.3	-0.04
Gasoline and lubricants	1.3	7.7	0.09	Bananas	0.3	-7.8	-0.03
Urban fares	8.5	1.0	0.08	Other beans	0.2	-7.8	-0.02
Electricity rates	2.9	2.4	0.08	Tangerines	0.2	-5.8	-0.01
Carbonated beverages	1.3	5.1	0.07	Other dairy products	0.4	-3.1	-0.01
Cigarettes	0.1	21.3	0.05	Beans	0.1	-6.9	-0.01
<b>Total</b>			<b>1.73</b>	<b>Total</b>			<b>-0.38</b>

Source: INEI.

## 1. Inflation Excluding Food and Energy

Inflation excluding food and energy, indicator reflecting trend inflation, was within the target range in 2018. The goods component rose from 1.2 percent in 2017 to 2.3 percent in 2018 due mostly to the increase in the prices of vehicles. On the other hand, the services component showed a lower growth rate, declining from 2.7 percent in 2017 to 2.2 percent in 2018, this result being mainly explained by the reduction of telephone rates.

**Graph 53**  
**PRICE CHANGE OF GOODS AND SERVICES EXCLUDING FOOD AND ENERGY PRICES**  
(Last 12 months % change)



Source: INEI.



## Goods

The highest price increases registered in the goods component were observed in cigarettes (21.3 percent) and vehicles (12.2 percent), these increases being associated with the rise in the excise tax and the increase of the exchange rate in the year (3.6 percent).

The excise tax on blond and black tobacco cigarettes was raised in May from S/ 0.18 to S/ 0.27 soles, while the excise tax on gasoline-powered cars was raised from 0 to 10 percent and the excise car on oil-powered cars from 30 to 40 percent.

## Services

The reduction in **telephone service rates** (-2.9 percent) stands out in 2018. This reduction was due to the price regulation by productivity factor regime that was applied to fixed telephony services in June, as well as to other measures, such as the reduction of the rates for calls from land lines to mobile phones, approved by Osiptel, the regulating body, in March.

**Urban fares**, which includes the prices charged for transport services provided by buses, minibuses, taxis and motor taxis, showed an increase of 1.0 percent. This lower increase than those observed in previous years (1.4 percent in 2017, 1.9 percent in 2016, and 2.9 percent in 2015) is explained by the strong competition existing in this sector.

The price of **education –tuition and education fees–** increased 4.9 percent, showing a slightly higher increase than in 2017 (4.7 percent). Price increases were observed at the beginning of the school year in private schools (7.2 percent), private universities (3.6 percent), and higher education institutes (1.9 percent).

## 2. Food and Energy Prices

The prices of food and energy, whose variations are mainly associated with supply factors, showed a volatile behavior during 2018. On the one hand, the increase in the prices of potatoes and onions was noteworthy due to lower cultivation in the supplier regions and, on the other hand, the prices of chicken, sugar, eggs, and fish decreased due to a greater supply. In addition to this, electricity rates and fuel prices were raised. As a result, food and energy inflation rose from 0.46 percent in 2017 to 2.17 percent in 2018.

### Foodstuffs

**Potatoes** and **onions** were among the products with the highest weighted contribution to inflation in 2018.

The price of **potatoes** increased 27.2 percent, mainly due to the lower supply of potatoes from Huánuco to Metropolitan Lima. Cultivation in that region –one of the main suppliers of potatoes– decreased 9 percent in the August 2017-July 2018 crop year compared to the previous year. On the other hand, the price of **onions** increased 54.3 percent because plantings in Arequipa –the largest onion-producing region– decreased 12 percent in the same period. It is worth mentioning that the lower prices registered in the previous crop year influenced decisions of lower cultivation of these two crops.

These increases were partially offset by the lower prices of **eggs, sugar and chicken meat** given the greater supply of these goods. Egg production grew 8 percent compared to 2017, while sugar production grew 9.5 percent in the same period. As for chicken meat, placements of baby chicken in 2018 grew 8.1 percent with respect to the previous year.

## Energy

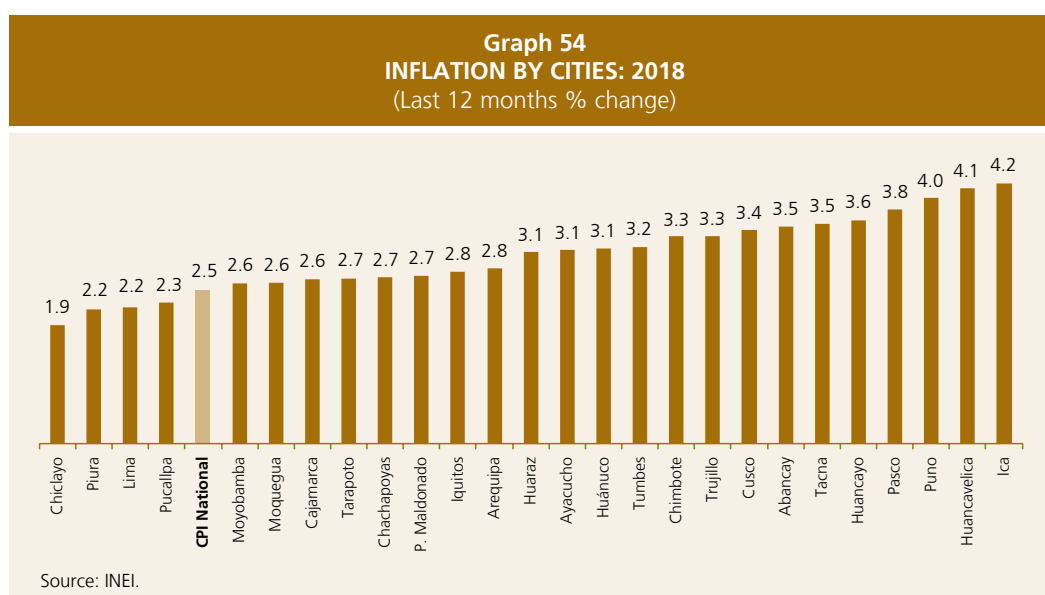
The increases in **electricity rates** are mainly explained by the updating of the costs of the generation and distribution components, which were affected by variables such as the exchange rate and the wholesale price index, as well as by the review of tolls and unit charges included in transmission costs and the costs of the commercial start-up of transmission lines.

The rise in the prices of **gasoline and lubricants** reflected the higher margins of local refineries and retail distribution. Another factor that also contributed to this was the increase of the excise tax on fuels in the month of May, which burdened the prices of the most polluting fuels (diesel and low octane gasoline).

### 3. Domestic Inflation

In 2018, domestic inflation showed a rate of 2.48 percent, a higher rate than in 2017 (when inflation registered 1.50 percent, the lowest inflation rate observed since 2009). This strong difference is mainly explained by the fact that the prices of some agricultural foodstuffs decreased in 2017 due to the reversal of the supply shocks originated mainly by weather alterations in 2016. Moreover, inflation excluding food and energy at the national level registered 2.4 percent in 2018, a similar rate to that recorded in 2017. With these results, inflation at the national level continues to come close to the inflation level of Lima.

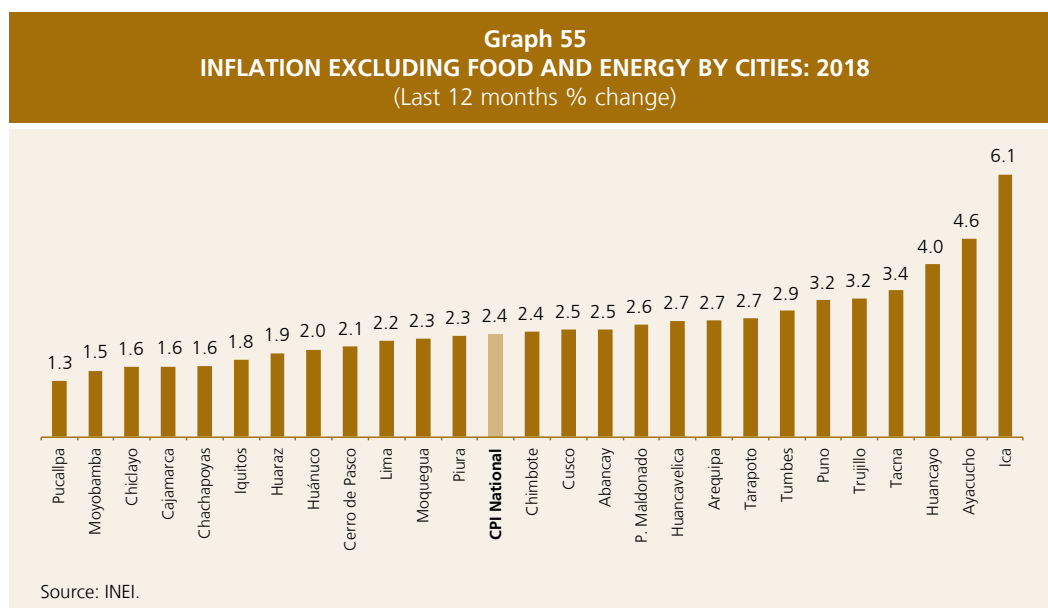
Domestic inflation is calculated as the average inflation rate of the 26 major cities in the country. In 2018, 23 cities showed higher inflation rates than Lima, while two cities showed lower rates.



The cities that showed the higher inflation rates in 2018 were Ica (4.2 percent), Huancavelica (4.1 percent), Puno (4.0 percent), and Cerro de Pasco (3.8 percent).

Meals consumed outside the home are one of the items with a higher contribution to inflation in these four cities. In Ica and Huancavelica, the rise in urban transport fares had an impact on the CPI, while tuition and education fees was another of the items that recorded the higher contribution to inflation in Ica, Huancavelica, and Cerro de Pasco. Moreover, the increase in the prices of soft drinks due to the rise of the excise tax was also relevant in Puno and Cerro de Pasco.

As regards variations in the CPI excluding food and energy, 16 cities showed higher inflation rates than Lima, whereas 9 cities registered lower inflation rates.



Ica, Ayacucho, Huancayo, and Tacna are the cities with the highest rates of inflation excluding food and energy, with urban fares and tuition and education fees being the items with the higher contributions to this indicator. In addition, affected by the rise in the excise tax and by the exchange rate, vehicle prices are another of the items that show the higher weighted contribution to inflation excluding food and energy in the departments of Huancayo and Tacna.



**Pancho Fierro (1809-1879)**  
*Vendedora de pescado en burro. S. XIX*  
Watercolor, 0.31 x 0.24 m.

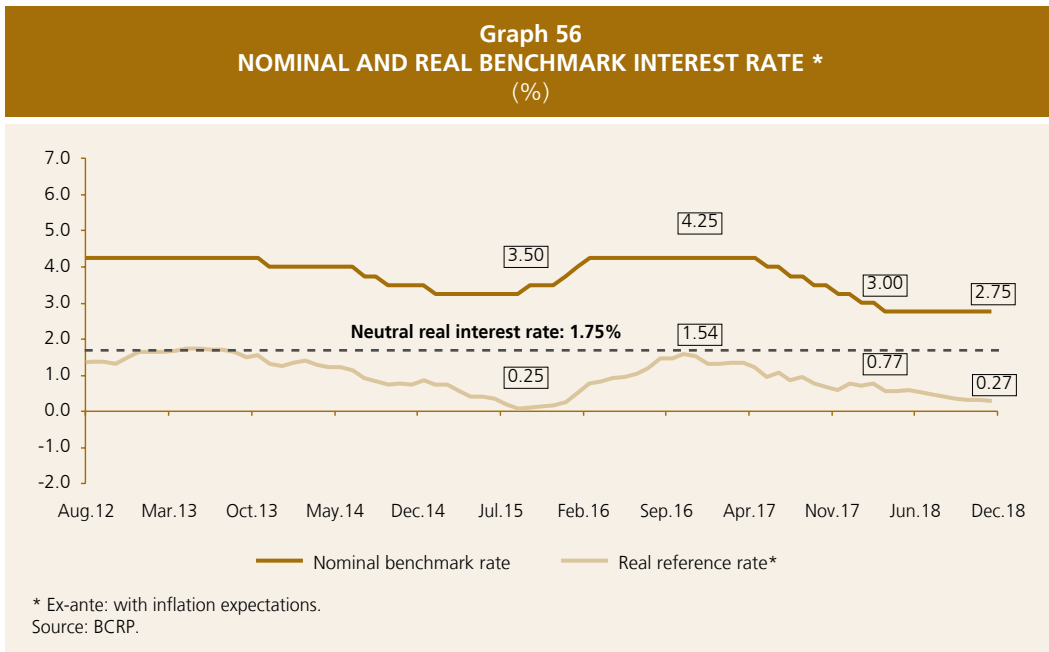
# V LIQUIDITY AND CREDIT

## 1. Monetary Policy

In 2018, BCRP maintained an expansionary monetary policy stance to ensure that inflation and inflation expectations remain within the target range, in a context in which economic activity was below its potential, affected by external uncertainty. This expansionary monetary policy stance was reflected in the benchmark interest rate, which remained below the real neutral interest rate (1.75 percent) throughout the year. The Central Bank's decision of maintaining this monetary policy stance was based on the following factors:

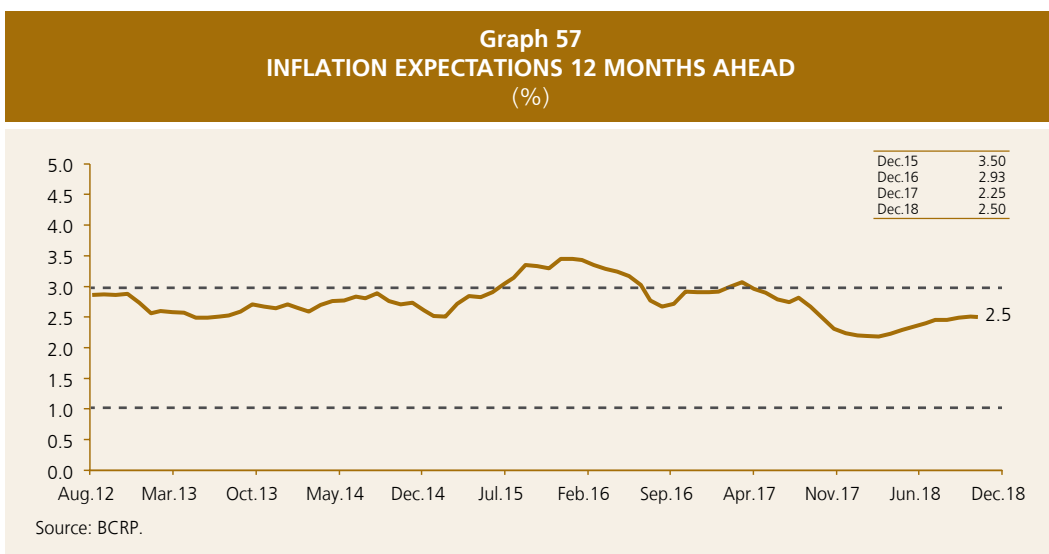
- i. The **YoY inflation** rate and trend inflation indicators showed levels within the inflation target range throughout most of the year, although total inflation was temporarily below the lower band of the target range in the first months of the year as a result of the base effect associated with the 2017 El Niño Costero event. On the other hand, inflation excluding food and energy prices showed levels within the target range.
- ii. **Inflation expectations** were within the target range.
- iii. **Indicators of economic activity** showed signs of recovery in the year, although the level of economic activity remained below its potential. In this context, the output gap estimated for 2018 was still negative, which indicated that no inflationary pressures were foreseen on the side of demand.
- iv. There was higher risk in terms of **global economic activity** and greater financial volatility, associated with the trade tensions observed during the year and uncertainty in international financial markets.

Thus, BCRP reduced the benchmark rate by 25 basis points on two occasions, in January and in March, from 3.25 to 2.75 percent, where it remained for the rest of the year. The Board of the Central Bank reiterated in its policy statements that the Board "*considers appropriate to maintain an expansionary policy stance while inflation expectations remain anchored, in a context in which the level of economic activity is below its potential level*". As a result of these monetary policy actions, inflation and inflation expectation showed levels within the inflation target range (1 – 3 percent) at the end of the year.



A faster pace of growth was observed in credit in soles as a result of the recovery of economic activity. In addition to this, in order to ease domestic financial conditions while maintaining its expansionary monetary position in a context of rising international interest rates associated with the normalization of monetary policy in the advanced economies, the Central Reserve Bank of Peru maintained the rate of reserve requirements in soles at 5.0 percent and lowered both the rate of marginal reserves in dollars and the cap on the average reserve rate from 40 percent to 35 percent in the first half of the year. In line with this, in November the Board of Directors of BCRP approved to modify the rate of remuneration of reserves in foreign currency to the 1-month LIBOR minus 50 basis points since this remuneration rate had been 25 percent of the 1-month LIBOR since February 2013.

These measures contributed to offset the impact of the rise in international interest rates on interest rates in dollars in the local market and to strengthen, at the same time, the transmission of monetary policy.



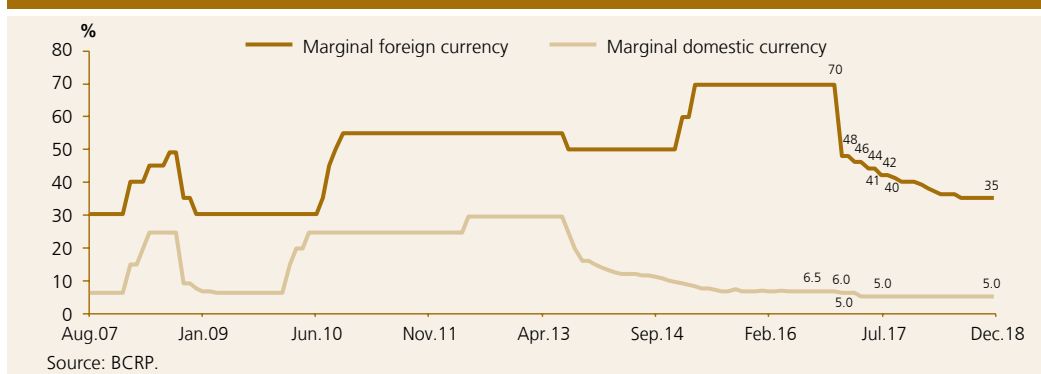
**Table 61**  
**RESERVE REQUIREMENTS**  
(%)

	Domestic currency			Foreign currency General regime	
	Reserve requirements	Deposits in current account	Minimum legal reserve requirement	Marginal reserve requirements for deposits	Limit in mean reserve requirements
Jan.16	6.7	0.75	6.5	70	60
Feb.16	6.6	0.75	6.5	70	60
Mar.16	6.5	1.00	6.5	70	60
Apr.16	6.7	1.00	6.5	70	60
May.16	6.5	1.00	6.5	70	60
Jun.16	6.6	1.00	6.5	70	60
Jul.16	6.5	1.00	6.5	70	60
Aug.16	6.5	1.00	6.5	70	60
Sep.16	6.5	1.00	6.5	70	60
Oct.16	6.5	1.00	6.5	70	60
Nov.16	6.5	1.00	6.5	70	60
Dec.16	6.6	1.00	6.5	70	60
Jan.17	6.0	1.00	6.0	48	48
Feb.17	6.0	1.00	6.0	48	48
Mar.17	6.0	1.00	6.0	46	46
Apr.17	5.3	1.00	5.0	46	46
May.17	5.2	1.00	5.0	44	44
Jun.17	5.1	1.00	5.0	44	44
Jul.17	5.0	1.00	5.0	42	42
Aug.17	5.0	1.00	5.0	42	42
Sep.17	5.0	1.00	5.0	41	41
Oct.17	5.0	1.00	5.0	40	40
Nov.17	5.0	1.00	5.0	40	40
Dec.17	5.0	1.00	5.0	40	40
Jan.18	5.0	1.00	5.0	39	39
Feb.18	5.0	1.00	5.0	38	38
Mar.18	5.0	1.00	5.0	37	37
Apr.18	5.0	1.00	5.0	36	36
May.18	5.0	1.00	5.0	36	36
Jun.18	5.0	1.00	5.0	36	36
Jul.18	5.0	1.00	5.0	35	35
Aug.18	5.0	1.00	5.0	35	35
Sep.18	5.0	1.00	5.0	35	35
Oct.18	5.0	1.00	5.0	35	35
Nov.18	5.0	1.00	5.0	35	35
Dec.18	5.0	1.00	5.0	35	35

Source: BCRP.



**Graph 58**  
**RESERVE REQUIREMENTS IN DOMESTIC AND FOREIGN CURRENCY**  
 (As % of banks' liabilities)



## 2. Interest Rates

As a result of the reduction of 50 basis points in the BCRP benchmark interest rate during 2018, the interbank rate decreased from 3.26 percent in December 2017 to 2.75 percent in December 2018. Furthermore, the interest rates on credit and deposits also showed a downward trend in the first half of the year, after which they registered an upward trend in the rest of the year. The latter trend was associated with banks' greater liquidity needs to meet the demand for loans in soles, which encouraged greater competition to raise funds. In this context, BCRP met the greater demand for liquidity in domestic currency carrying out currency and security repos.

**Table 62**  
**INTEREST RATES ON OPERATIONS IN SOLES**  
 (%)

	2016	2017	2018	Change 2018/2017
Interbank rate	4.4	3.3	2.8	-0.5
90-day prime rate on deposits	4.9	3.4	4.0	0.6
Deposits up to 30 days 1/	4.3	3.1	3.3	0.2
31-day to 360-day term deposits 1/	4.9	4.0	3.8	-0.3
More than 360-day term deposits 1/	5.3	5.1	4.5	-0.6
Loans to large companies	7.1	6.2	6.4	0.2
Loans to medium-sized enterprises	10.4	9.7	9.8	0.2
Loans to small businesses	21.7	19.8	18.5	-1.3
Loans to microbusinesses	37.2	36.3	32.7	-3.6
Mortgage loans	8.5	7.7	7.6	-0.1
90-day corporate prime rate	5.4	3.6	4.5	0.9
FTAMN 2/	21.2	21.8	21.0	-0.9

1/ Interest rates on deposits correspond to personal loans.

2/ Average market lending rate of the operations carried out in the last 30 business days.

Source: BCRP and SBS.

In the case of interest rates in dollars, the rise of 100 basis points in the policy rate of the U.S. Federal Reserve caused the interbank rate and the 90-day corporate prime rate to increase, although they increased to a lesser extent than the rates of the international money market given that monetary conditions in dollars in the domestic market were eased when BCRP reduced the rate of marginal reserves from 40 to 35 percent. Moreover, the interest rates for the credit sector increased moderately in the segments of credit for large companies, medium-sized companies, small businesses, and mortgages. On the other hand, the rates on deposits increased by 65 basis points on average.

**Table 63**  
**INTEREST RATES ON OPERATIONS IN US DOLLARS**  
(%)

	2016	2017	2018	Change 2018/2017
3-month libor rate	1.0	1.7	2.8	1.1
Interbank rate	0.6	1.3	2.3	0.9
90-day prime rate on deposits	0.7	1.4	2.5	1.0
Deposits up to 30 days 1/	0.3	1.1	1.9	0.8
31-day to 360-day term deposits 1/	0.6	1.1	1.6	0.5
More than 360-day term deposits 1/	1.1	1.1	1.7	0.6
Loans to large companies	5.0	5.3	5.5	0.3
Loans to medium-sized enterprises	6.9	6.4	6.9	0.5
Loans to small businesses	10.7	7.3	9.9	2.6
Loans to microbusinesses	15.4	14.6	7.1	-7.5
Mortgage loans	6.1	5.9	6.1	0.2
90-day corporate prime rate	1.2	2.3	3.6	1.3
FTAMEX 2/	7.8	7.3	8.0	0.7

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

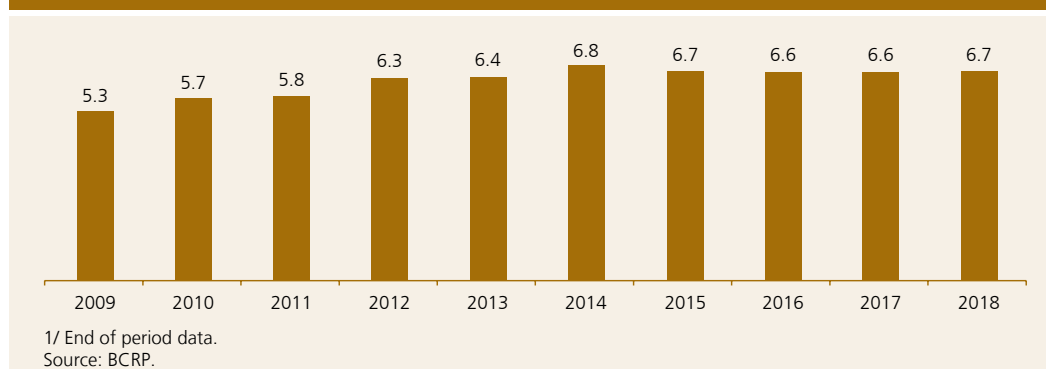
The annual growth rates of liquidity and credit in domestic currency showed a faster pace in 2018. Liquidity in domestic currency grew at an annual rate of 12.1 percent while liquidity in foreign currency grew at a rate of 0.1 percent. Thus, the dollarization ratio of liquidity fell from 33.2 percent in December 2017 to 30.8 percent in December 2018.

Total credit to the private sector grew 8.7 percent (versus 6.7 percent in 2017). Credit in domestic currency grew 11.6 percent while credit in foreign currency grew 1.9 percent. The ratio of dollarization of credit decreased from 30.1 percent in December 2017 to 28.2 percent in December 2018.

#### 3.1 Currency in Circulation

The balance of currency held by the public in December 2018 was S/. 49.83 billion, which represented 6.7 percent of GDP and an increase of S/ 3.65 billion (7.9 percent) compared to December 2017.

**Graph 59**  
**CURRENCY 1/**  
(% GDP)



Moreover, the participation of banknotes in the denomination of S/ 100 stands out both in terms of value and in terms of units, while the participation of 10 cent and 1 sol coins registers the highest volume of circulation, reflecting the public's use of these coins to pay public transport fares and retail business transactions.

**Table 64**  
**STRUCTURE OF CURRENCY IN CIRCULATION BY DENOMINATION:**  
**DECEMBER 2018**

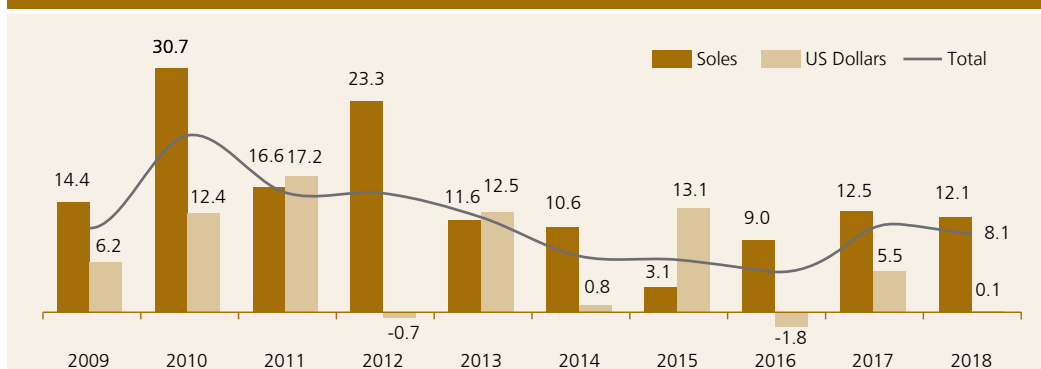
Banknotes	Million units	Unit (% distrib.)	Value (Million S/)	Value (% distrib.)
10	122	14.2	1,220	2.2
20	156	18.2	3,122	5.5
50	155	18.0	7,726	13.7
100	405	47.2	40,498	71.6
200	20	2.3	4,022	7.1
<b>TOTAL</b>	<b>858</b>	<b>100.0</b>	<b>56,588</b>	<b>100.0</b>
Coins	Million units	Unit (% distrib.)	Value (Million S/)	Value (% distrib.)
0.05	505	11.7	25	1.0
0.10	1,577	36.5	158	6.0
0.20	451	10.4	90	3.4
0.50	499	11.6	250	9.4
1.00	941	21.8	941	35.5
2.00	181	4.2	363	13.7
5.00	165	3.8	824	31.1
<b>TOTAL</b>	<b>4,319</b>	<b>100.0</b>	<b>2,651</b>	<b>100.0</b>

Source: BCRP.

### 3.2 Liquidity

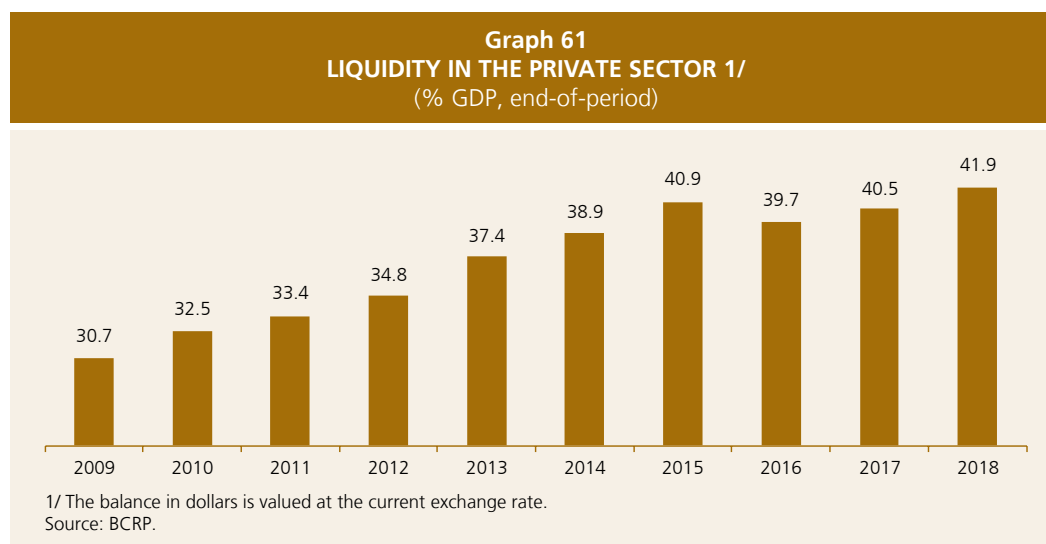
During 2018, liquidity grew 8.1 percent, which reflected the greater increase observed in deposits in soles (13.8 percent in 2018), while deposits in dollars fell 0.2 percent. As a result, the dollarization ratio of deposits was 37.3 percent, lower than in 2017 (40.4 percent).

**Graph 60**  
**LIQUIDITY IN THE PRIVATE SECTOR 1/**  
(Annual % change, end-of-period)



1/ The balance in dollars is valued at the constant exchange rate in December 2018.  
Source: BCRP.

The dynamism of liquidity 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 40.5 percent in 2017 to 41.9 percent in 2018.



**Table 65**  
**MAIN MONETARY AGGREGATES 1/**

	Balance in million soles			Growth rates (%)	
	2016	2017	2018	2017	2018
Currency	43,295	46,178	49,827	6.7	7.9
Money	73,805	81,713	92,248	10.7	12.9
<b>Deposits</b>	<b>212,515</b>	<b>235,693</b>	<b>254,929</b>	<b>10.9</b>	<b>8.2</b>
In soles	<u>122,284</u>	<u>140,362</u>	<u>159,748</u>	<u>14.8</u>	<u>13.8</u>
Demand deposits	30,509	35,535	42,422	16.5	19.4
Savings deposits	40,696	45,692	53,725	12.3	17.6
Term deposits	51,078	59,135	63,601	15.8	7.6
In dollars (Million US\$)	<u>26,775</u>	<u>28,288</u>	<u>28,244</u>	<u>5.7</u>	<u>-0.2</u>
Demand deposits	9,922	9,752	10,024	-1.7	2.8
Savings deposits	8,344	9,142	8,953	9.6	-2.1
Term deposits	8,509	9,394	9,267	10.4	-1.3
<b>Liquidity</b>	<b>260,654</b>	<b>286,878</b>	<b>310,061</b>	<b>10.1</b>	<b>8.1</b>
In soles	170,211	191,498	214,598	12.5	12.1
In dollars (Million US\$)	26,838	28,302	28,327	5.5	0.1

1/ The balance in dollars is valued at the constant exchange rate in December 2018.  
Source: BCRP.

In 2018, the growth of liquidity in soles was mainly associated with the growth of demand deposits (19.4 percent) and savings deposits (17.6 percent). Term deposits grew at a lower rate (7.6 percent), while liquidity in foreign currency showed a growth rate of 0.1 percent in 2018 after having grown 5.5 percent in the previous year. The only segment that showed a positive growth rate demand deposits in dollars, which grew 2.8 percent.

It is worth mentioning that while non-financial private sector agents increased their deposits in soles and reduced their deposits in dollars, the main institutional investors, such as AFPs and mutual funds, reduced both types of deposits.

By type of depositors, the deposits of individuals (natural persons) and non-profit organizations grew 8.6 percent during the year, while the deposits of businesses grew 7.3 percent. Growth in both segments was led by deposits in domestic currency (13.8 percent in the case of natural persons and 13.9 percent in the case of businesses). Moreover, the deposits of companies in foreign currency grew marginally (0.7 percent), but decreased 0.8 percent in the case of the deposits of natural persons.

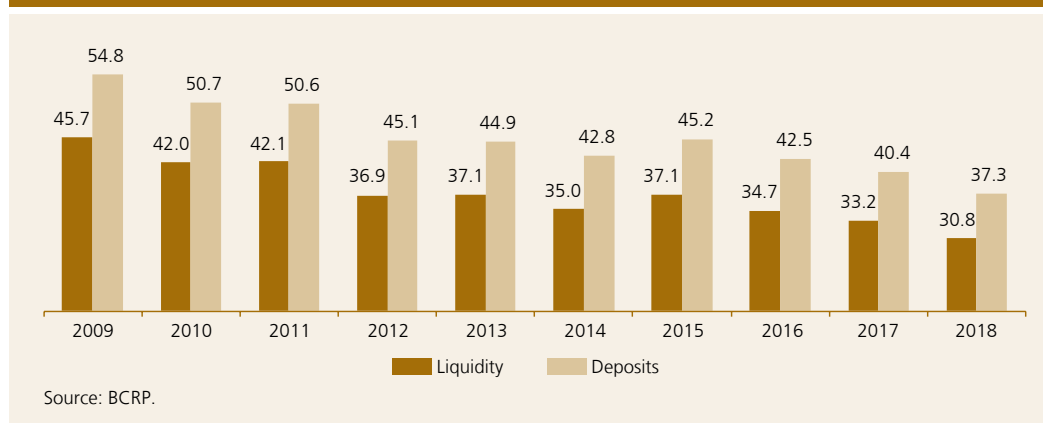
**Table 66**  
**DEPOSITS BY TYPE OF DEPOSITOR 1/**

	Balance in million soles			Growth rates (%)	
	2016	2017	2018	2017	2018
<b>Individuals 1/</b>	<b>141,064</b>	<b>157,352</b>	<b>170,906</b>	<b>11.5</b>	<b>8.6</b>
In soles	89,700	101,577	115,564	13.2	13.8
In US dollars (Million US\$)	15,242	16,551	16,422	8.6	-0.8
<b>Legal entities</b>	<b>71,451</b>	<b>78,341</b>	<b>84,023</b>	<b>9.6</b>	<b>7.3</b>
In soles	32,584	38,785	44,184	19.0	13.9
In US dollars (Million US\$)	11,533	11,738	11,822	1.8	0.7
<b>Total</b>	<b>212,515</b>	<b>235,693</b>	<b>254,929</b>	<b>10.9</b>	<b>8.2</b>
In soles	122,284	140,362	159,748	14.8	13.8
In US dollars (Million US\$)	26,775	28,288	28,244	5.7	-0.2

1/ The balance in dollars is valued at the constant exchange rate in December 2018.  
Source: BCRP.

The dollarization ratio of liquidity fell by 2.4 percentage points over the year (from 33.2 to 30.8 percent). Moreover, the dollarization ratio of deposits fell from 40.4 percent in December 2017 to 37.3 percent in December 2018.

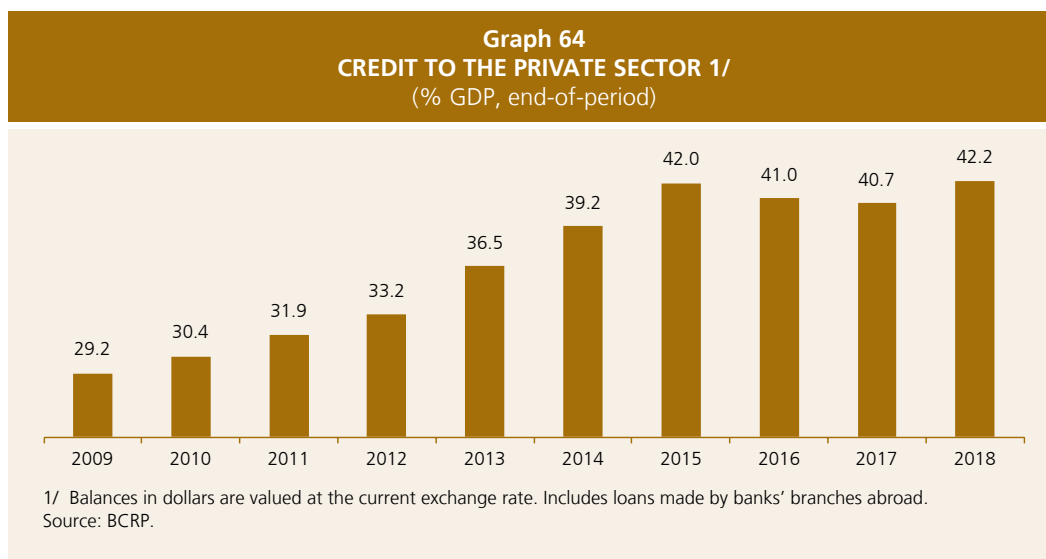
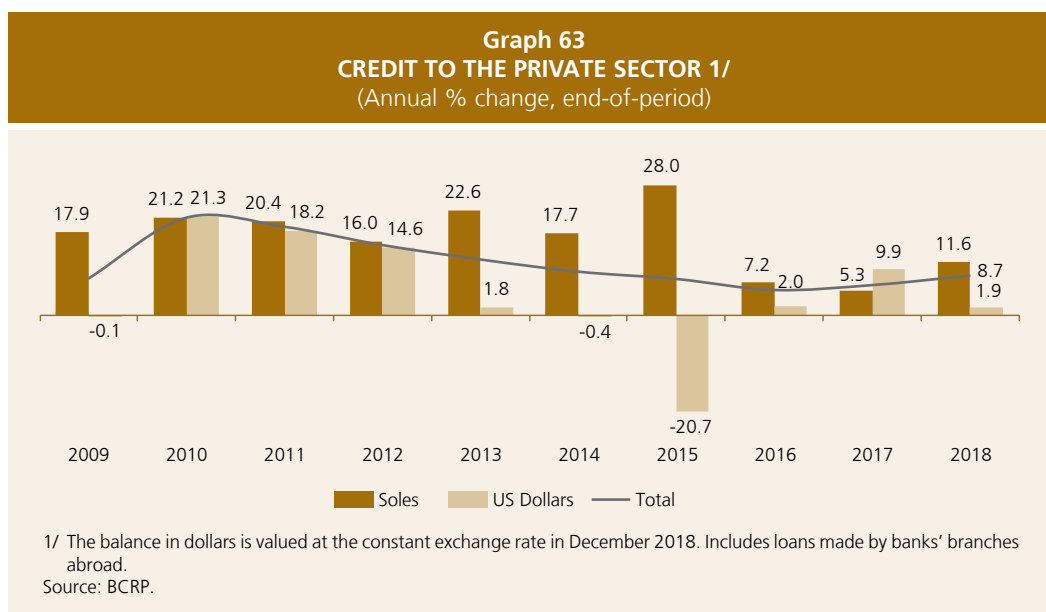
**Graph 62**  
**DOLLARIZATION OF LIQUIDITY AND DEPOSITS**  
(%)



### 3.3 Credit to the Private Sector

The growth rate of total credit to the private sector increased from 6.7 percent in 2017 to 8.7 percent in 2018. In GDP terms, the balance of credit to the private sector represented 42.2 percent, a higher level than that observed in the previous year (40.7 percent).

Influenced by the context of uncertainty in international financial markets and by the strengthening of the dollar, the pace of growth of credit in foreign currency slowed down from 9.9 percent in 2017 to 1.9 percent in 2018, while the pace of growth of credit in domestic currency accelerated from 5.3 percent in 2017 to 11.6 percent in 2018. As a result, the ratio of dollarization of credit to the private sector, measured at a constant exchange rate, decreased from 30.1 percent to 28.2 percent in the same period.



By type of segments, credit to the corporate segment increased its rate from 5.5 percent in 2017 to 7.1 percent in 2018, this increase reflecting the greater expansion of corporate loans and loans to large businesses, whose growth rate increased from 6.2 to 9.1 percent. Similarly, credit in the segment of medium-sized enterprises showed a faster pace, rising from 0.6 percent in 2017 to 3.8 percent in 2018. Finally, credit in the segment of small and micro businesses grew 5.8 percent (versus 9.5 percent in 2017).

In the case of households, credit showed an expansion of 11.4 percent during 2018, showing a significant recovery in consumer loans whose growth rate increased from 8.8 percent in 2017 to

13.1 percent in 2018. Mortgage loans, on the other hand, grew from a rate of 8.5 percent in 2017 to 9.0 percent in 2018.

Table 67 TOTAL CREDIT TO THE PRIVATE SECTOR 1/					
	Balance in million soles			Growth rates (%)	
	2016	2017	2018	2017	2018
<b>Businesses</b>	<b>170 608</b>	<b>180 006</b>	<b>192 740</b>	<b>5.5</b>	<b>7.1</b>
Corporate and large companies	89 721	95 275	103 952	6.2	9.1
Medium-sized enterprises	43 301	43 561	45 213	0.6	3.8
Small businesses and microbusinesses	37 586	41 170	43 574	9.5	5.8
<b>Individuals</b>	<b>98 750</b>	<b>107 286</b>	<b>119 544</b>	<b>8.6</b>	<b>11.4</b>
<b>Consumer loans</b>	<b>58 084</b>	<b>63 173</b>	<b>71 473</b>	<b>8.8</b>	<b>13.1</b>
Car loans	2 292	2 191	2 111	-4.4	-3.7
Credit cards	20 674	21 291	23 821	3.0	11.9
Rest	35 118	39 691	45 541	13.0	14.7
<b>Mortgage loans</b>	<b>40 666</b>	<b>44 113</b>	<b>48 071</b>	<b>8.5</b>	<b>9.0</b>
<b>TOTAL</b>	<b>269 358</b>	<b>287 292</b>	<b>312 283</b>	<b>6.7</b>	<b>8.7</b>

1/ The balance in dollars is valued at the exchange rate in December 2018. Includes loans made by banks' branches abroad.  
Source: BCRP.

Credit to the private sector in domestic currency grew 11.6 percent during 2018. Credit to the corporate sector grew 9.8 percent, with lending to corporations and large companies being the most dynamic segment with an annual growth rate of 15.4 percent. Similarly, credit to small and micro enterprises increased 6.6 percent while credit to medium-sized businesses grew 5.3 percent. Finally, credit in domestic currency to households grew 13.7 percent, with both the segments of consumer loans and mortgages showing increases (13.8 percent and 13.5 percent, respectively).

Table 68 CREDIT TO THE PRIVATE SECTOR IN DOMESTIC CURRENCY					
	Balance in million soles			Growth rates (%)	
	2016	2017	2018	2017	2018
<b>Businesses</b>	<b>105,150</b>	<b>106,793</b>	<b>117,295</b>	<b>1.6</b>	<b>9.8</b>
Corporate and large companies	45,506	42,973	49,595	-5.6	15.4
Medium-sized enterprises	24,691	25,505	26,859	3.3	5.3
Small businesses and microbusinesses	34,952	38,314	40,841	9.6	6.6
<b>Individuals</b>	<b>85,600</b>	<b>94,084</b>	<b>106,964</b>	<b>9.9</b>	<b>13.7</b>
<b>Consumer loans</b>	<b>54,065</b>	<b>58,743</b>	<b>66,856</b>	<b>8.7</b>	<b>13.8</b>
Car loans	1,675	1,735	1,812	3.6	4.4
Credit cards	19,346	19,775	22,090	2.2	11.7
Rest	33,044	37,233	42,954	12.7	15.4
<b>Mortgage loans</b>	<b>31,536</b>	<b>35,341</b>	<b>40,108</b>	<b>12.1</b>	<b>13.5</b>
<b>TOTAL</b>	<b>190,750</b>	<b>200,877</b>	<b>224,258</b>	<b>5.3</b>	<b>11.6</b>

Source: BCRP.

On the other hand, credit to the private sector in foreign currency grew 1.9 percent during 2018. Lending to businesses grew 3.0 percent, with lending to corporations and large companies being the

most dynamic segment with a growth rate of 3.9 percent. In contrast, credit in dollars to small and micro enterprises decreased by 4.3 percent.

Furthermore, credit to households in dollars fell by 4.7 percent due to lower loans in the segment of mortgage loans (-9.2 percent), offset in part by higher consumer loans (4.2 percent).

<b>Table 69</b>					
<b>CREDIT TO THE PRIVATE SECTOR IN FOREIGN CURRENCY 1/</b>					
	<b>Balance in million US\$</b>			<b>Growth rates (%)</b>	
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
<b>Businesses</b>	<b>19,424</b>	<b>21,725</b>	<b>22,387</b>	<b>11.8</b>	<b>3.0</b>
Corporate and large companies	13,120	15,520	16,130	18.3	3.9
Medium-sized enterprises	5,522	5,358	5,446	-3.0	1.7
Small businesses and microbusinesses	782	847	811	8.4	-4.3
<b>Individuals</b>	<b>3,902</b>	<b>3,918</b>	<b>3,733</b>	<b>0.4</b>	<b>-4.7</b>
<b>Consumer loans</b>	<b>1,193</b>	<b>1,315</b>	<b>1,370</b>	<b>10.2</b>	<b>4.2</b>
Car loans	183	135	89	-26.1	-34.4
Credit cards	394	450	514	14.1	14.2
Rest	616	730	768	18.5	5.2
<b>Mortgage loans</b>	<b>2,709</b>	<b>2,603</b>	<b>2,363</b>	<b>-3.9</b>	<b>-9.2</b>
<b>TOTAL</b>	<b>23,326</b>	<b>25,643</b>	<b>26,120</b>	<b>9.9</b>	<b>1.9</b>

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

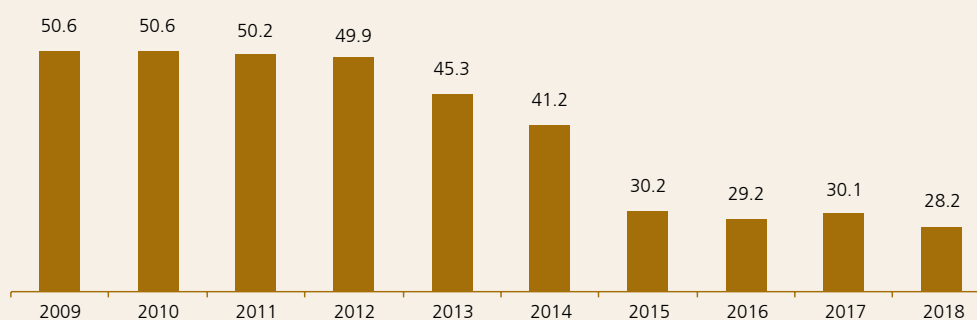
In 2018, the dollarization ratio of credit to business, measured at the current exchange rate, was 39.1 percent, lower than in 2017 (40.7 percent). This reduction reflects both the lower dollarization of credit to large companies and corporations, which declined from 54.9 to 52.3 percent, as well as the lower dollarization ratio of credit to small and micro businesses, which fell from 6.9 to 6.3 percent. Likewise, the dollarization ratio of personal loans fell from 12.3 to 10.5 percent. The ratio of dollarization in this group continued to decline in the segments of mortgage and car loans, where it fell to 16.6 and 14.2 percent, respectively, in the year.

<b>Table 70</b>			
<b>DOLLARIZATION RATIO OF CREDIT TO THE PRIVATE SECTOR 1/</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Businesses</b>	<b>38.4</b>	<b>40.7</b>	<b>39.1</b>
Corporate and large companies	49.3	54.9	52.3
Medium-sized enterprises	43.0	41.4	40.6
Small businesses and microbusinesses	7.0	6.9	6.3
<b>Individuals</b>	<b>13.3</b>	<b>12.3</b>	<b>10.5</b>
<b>Consumer loans</b>	<b>6.9</b>	<b>7.0</b>	<b>6.5</b>
Vehicular	26.9	20.8	14.2
Credit cards	6.4	7.1	7.3
Rest	5.9	6.2	5.7
<b>Mortgage loans</b>	<b>22.5</b>	<b>19.9</b>	<b>16.6</b>
<b>TOTAL</b>	<b>29.2</b>	<b>30.1</b>	<b>28.2</b>
<b>Memo:</b>			
<i>Dollarization of credit at current exchange rate</i>	29.1	29.3	28.2

1/ The balance in dollars is valued at the exchange rate in December 2018. Includes loans made by banks' branches abroad.  
Source: BCRP.



**Graph 65**  
**DOLLARIZATION RATIO OF CREDIT TO THE PRIVATE SECTOR 1/**  
(%)



1/ The balances in dollars are valued at the exchange rate of December 2018. Includes loans made by banks' branches abroad.  
Source: BCRP.

#### 4. Total Funding to the Private Sector

Total funding to the private sector grew 4.7 percent in 2018 (versus 4.0 percent in 2017). The concept of total funding to the private sector includes not only the credit provided by depository institutions, but also the resources provided by other financial institutions such as mutual funds, insurance companies, and private pension funds, as well as direct external loans to businesses.

**Table 71**  
**FINANCING TO THE PRIVATE SECTOR 1/**

	Balance in million soles			Growth rates (%)	
	2016	2017	2018	2017	2018
<b>I. CREDIT OF DEPOSITORY CORPORATIONS</b>	<b>269 358</b>	<b>287 292</b>	<b>312 283</b>	<b>6.7</b>	<b>8.7</b>
Domestic currency	190 750	200 877	224 258	5.3	11.6
Foreign currency (Million US\$)	23 326	25 643	26 120	9.9	1.9
Dollarization (%)	29.2	30.1	28.2		
<b>II. CREDIT OF OTHER FINANCIAL CORPORATIONS 2/</b>	<b>35 784</b>	<b>39 488</b>	<b>39 588</b>	<b>10.3</b>	<b>0.3</b>
Domestic currency	18 653	21 691	23 169	16.3	6.8
Foreign currency (Million US\$)	5 083	5 281	4 872	3.9	-7.7
Dollarization (%)	47.9	45.1	41.5		
Of which:					
AFP's loans	19 609	19 895	18 412	1.5	-7.4
Loans of mutual funds	882	818	1 859	-7.3	127.3
Loans of insurance companies	10 434	10 440	12 263	0.1	17.5
<b>III. EXTERNAL PRIVATE INDEBTEDNESS (Million US\$)</b>	<b>103 374</b>	<b>98 248</b>	<b>93 133</b>	<b>-5.0</b>	<b>-5.2</b>
Short-term (Million US\$)	4 264	4 213	4 079	-1.2	-3.2
Medium- and long-term (Million US\$)	26 411	24 941	23 557	-5.6	-5.5
Domestic currency	770	770	1 469	-	90.8
Foreign currency (Million US\$)	26 181	24 712	23 120	-5.6	-6.4
<b>IV. TOTAL</b>	<b>408 516</b>	<b>425 028</b>	<b>445 004</b>	<b>4.0</b>	<b>4.7</b>
Domestic currency	209 404	222 568	247 427	6.3	11.2
Foreign currency (Million US\$)	59 084	60 077	58 628	1.7	-2.4
Dolarization (%)	48.7	47.6	44.4		

1/ The balance in dollars is valued at the exchange rate in December 2018.

2/ Includes the loans and investment in fixed income securities of institutional investors.  
Source: BCRP.

The major component of this global financing was the credit granted by depository institutions, whose balance was S/ 312.28 billion in December 2018. The second largest component was the direct funding obtained abroad by companies, whose balance in December was US\$ 27.64 billion (S/93.13 billion), which is equivalent to approximately 20.9 percent of total extended financing.

The third component was the direct financing obtained by companies through the issuance of bonds in the domestic capital market. The bonds were acquired mostly by institutional investors, such as AFPs, mutual funds, and local insurance companies.

The evolution of these last two modalities contributed to the fact that the growth rate of the total extended financing was lower than that of credit in depository institutions.

## 5. Financial Indicators

In 2018, banks maintained a stable position. They increased their profitability indicators due to the recovery of their loan placements, which had a favorable affected on its indicators of return on equity (ROE) and return on assets (ROA). Although the banking companies increased their equity base through the capitalization of profits and the issuance of subordinated bonds, their ratio of global capital decreased during the year.

Moreover, the indicators of the quality of assets remained relatively stable. The ratio of past-due loans remained at 3.0 percent, while the coverage level of the high-risk portfolio with provisions decreased from 105.7 percent to 102.0 percent.

<b>Table 72</b>			
<b>FINANCIAL INDICATORS OF COMMERCIAL BANKS</b>			
(%)			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Global capital ratio	15.0	15.2	14.7
Delinquency ratio 1/	2.8	3.0	3.0
High risk portfolio ratio 2/	4.0	4.4	4.4
Allowance for loans / high-risk portfolio	111.6	105.7	102.0
Return on equity (ROE)	19.9	18.3	18.4
Return on assets (ROA)	2.0	2.1	2.2

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

It should be pointed out that the ratio of corporate and consumer non-performing loans showed a favorable trend in the year, whereas a deterioration was observed in the quality of the portfolio of loans to large companies (from 1.0 to 1.3 percent), medium-sized companies (from 7.1 to 7.4 percent), and micro enterprises (from 3.2 to 3.5 percent), as well as in mortgage loans (from 2.8 to 3.0 percent).

The deterioration observed in loans to large and medium-sized companies was due to arrears from companies operating in the construction and manufacturing sectors. As for mortgage loans, the highest delinquency was observed mainly in the loans financed by Fondo Mivivienda.

**Table 73**  
**BANKS: DELINQUENCY RATES BY TYPE AND SIZE OF DEBTOR**  
(%)

	2016	2017	2018
Loans to corporate	0.0	0.0	0.0
Loans to large companies	0.9	1.0	1.3
Loans to medium-sized enterprises	6.1	7.1	7.4
Loans to small businesses	9.0	9.0	8.8
Loans to microbusinesses	3.1	3.2	3.5
Consumer loans	3.6	3.6	2.9
Mortgage loans	2.3	2.8	3.0
<b>Total</b>	<b>2.8</b>	<b>3.0</b>	<b>3.0</b>

Source: SBS.

In the case of non-banking entities, the increase of overdue loans in municipal and rural savings banks 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 municipal savings banks, whereas the return on equity (ROE) increased in the other entities due to a better control of operating expenses, lower financial expenses, and the growth of loans.

**Table 74**  
**FINANCIAL INDICATORS OF NON-BANK COMPANIES**  
(%)

	2016	2017	2018
<b>Delinquency ratio / gross placements 1/</b>			
Financial firms	5.5	5.5	5.4
Municipal savings banks	5.5	5.4	6.5
Rural savings banks	5.1	4.3	6.9
Edpymes	3.9	4.0	4.3
<b>Provision for loans / high-risk portfolio 2/</b>			
Financial firms	116.2	109.2	112.6
Municipal savings banks	104.9	98.1	95.8
Rural savings banks	97.1	86.9	76.7
Edpymes	137.9	140.9	136.5
<b>Ratio on equity (ROE)</b>			
Financial firms	14.9	14.4	18.1
Municipal savings banks	14.4	13.0	11.2
Rural savings banks	-3.2	-2.0	2.5
Edpymes	0.3	2.4	15.6

1/ Overdue loans and loans in judicial collection processes.

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

Source: SBS.

## 6. Exchange Rate

In 2018, the PEN depreciated 4.0 percent against the dollar in nominal terms (from S/ 3.24 to S/ 3.37 per dollar). The second half of the year was characterized by high volatility in international financial markets, associated mainly with two factors: (i) the process of hikes in the Federal Reserve's interest rates; and (ii) commercial tensions between the United States and China. The resulting negative global environment affected to a greater extent the assets and currencies of the emerging economies. In

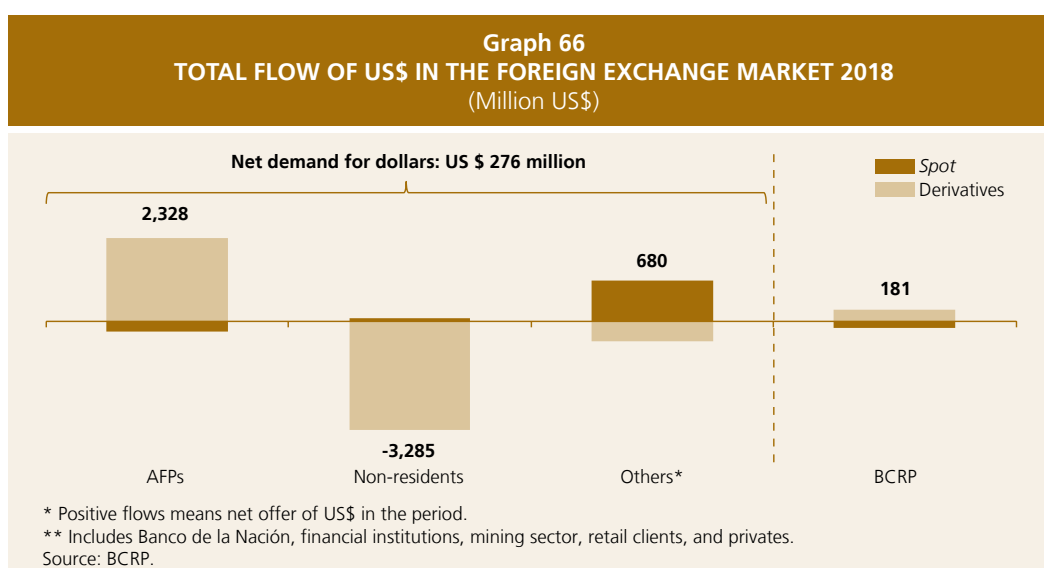
this context, it is worth highlighting that the PEN showed one of the lower depreciations among the emerging market currencies.

**Table 75**  
**EXCHANGE RATE AND PRICE OF COMMODITIES 1/**

		Dec.15	Dec.16	Dec.17	Dec.18	% change Dec.18 respect to:		
						Dec.17	Dec.16	Dec.15
<b>FED Index</b>	<b>C.U. per US\$</b>	<b>122.58</b>	<b>128.00</b>	<b>119.05</b>	<b>127.95</b>	<b>7.5</b>	<b>0.0</b>	<b>4.4</b>
<b>Euro</b>	US\$ per Euro	1.086	1.052	1.201	1.147	-4.5	9.0	5.6
<b>Japan</b>	Yen	120.06	117.00	112.69	109.70	-2.7	-6.2	-8.6
<b>Brazil</b>	Real	3.961	3.255	3.312	3.881	17.2	19.2	-2.0
<b>Chile</b>	Peso	709	671	615	694	12.8	3.5	-2.1
<b>Colombia</b>	Peso	3,175	3,001	2,984	3,248	8.9	8.2	2.3
<b>Mexico</b>	Peso	17.20	20.73	19.65	19.65	0.0	-5.2	14.3
<b>Peru</b>	Sol	3.414	3.357	3.238	3.369	4.0	0.4	-1.3
<b>Copper</b>	US\$/pound	213.5	250.6	330.1	263.1	-20.3	5.0	23.2
<b>Gold</b>	US\$/troy ounce	1,061	1,148	1,303	1,282	-1.6	11.8	20.9
<b>Oil</b>	US\$/barrel	51.7	56.1	56.5	46.5	-17.7	-17.1	-10.1

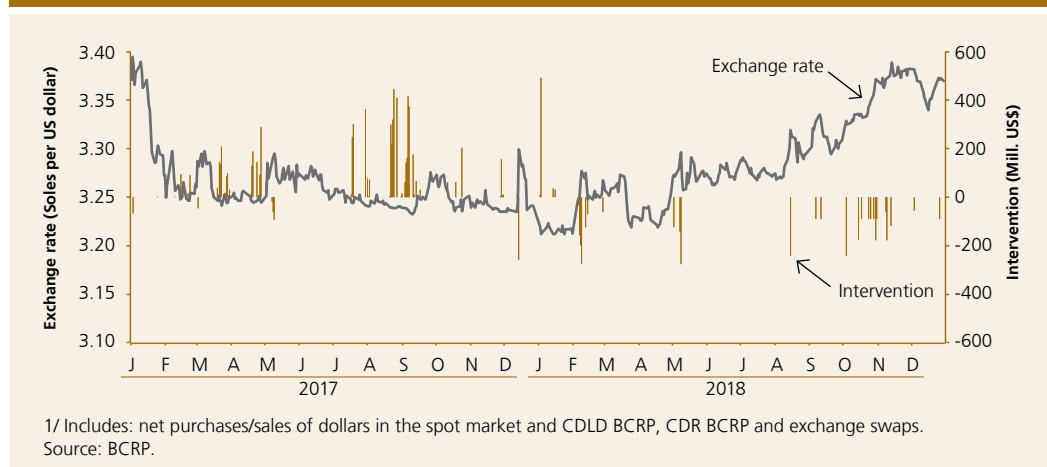
1/ End-of-period.  
Source: Bloomberg.

In this context, in 2018 the local foreign exchange market showed a slight net demand for dollars (US\$ 276 million), mainly from non-resident investors (US\$ 3.29 billion) due to a greater search for foreign exchange hedge. The supply, on the other hand, came mainly from the AFPs (US\$ 2.33 billion) and, to a lesser extent, from the non-financial private sector. BCRP's net intervention in the foreign exchange market accounted for an offer of US\$ 181 million.



It is worth mentioning that the intervention of BCRP in the foreign exchange market decreased in comparison to previous years given the lower volatility of the exchange rate and the reduction of the dollarization ratio in the financial system.

**Graph 67**  
**EXCHANGE RATE AND BCRP INTERVENTIONS IN THE FOREIGN EXCHANGE MARKET 1/**



**Table 76**

	Number of trading days in the market	Number of FX intervention days				Standard deviation of the Exchange Rate	
		Spot Market	Placement of derivatives and indexed instruments	Total (spot and/or placement)	Percentage of days with intervention		(Annualized by % chg.)
					Spot	Instruments	
<b>2016</b>	250	50	119	134	20%	48%	7.3%
<b>2017</b>	249	55	23	63	22%	10%	4.5%
<b>2018</b>	245	4	27	30	2%	11%	3.4%

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 2018, the balance of financial savings increased 12.6 percent and was equivalent to 53.2 percent of GDP.

**Table 77**  
**FINANCIAL SAVINGS**  
(Average balance in the period, as % GDP)

	Domestic currency	Foreign currency	Total
<b>2009</b>	22.0	14.8	36.8
<b>2010</b>	25.2	13.3	38.5
<b>2011</b>	28.8	13.0	41.8
<b>2012</b>	27.1	13.0	40.1
<b>2013</b>	31.5	11.5	43.1
<b>2014</b>	32.3	13.1	45.4
<b>2015</b>	33.9	13.4	47.3
<b>2016</b>	33.2	16.2	49.4
<b>2017</b>	34.9	15.2	50.1
<b>2018</b>	37.8	15.4	53.2

Source: BCRP.



By currencies, financial savings in soles grew 14.8 percent in 2018 (versus 11.8 percent in 2017), 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 3.5 percent (versus 0.2 percent in 2017). The ratio of financial savings in soles in GDP terms increased from 34.9 to 37.8 percent, while the ratio of savings in dollars increased from 15.2 to 15.4 percent.

## 7.1 Fixed-Income Market

At the end of 2018, the balance of fixed-income securities issued through public offering in the local market amounted to S/ 30.10 billion, this balance being 3.7 percent higher 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 the previous year (S/ 7.21 billion). In addition to this, Peruvian companies placed securities in the international market for a total of US\$ 2.27 billion, this amount being lower than that observed in 2017 (US\$ 3.89 billion).

Table 78 FIXED-INCOME SECURITIES ISSUED BY PRIVATE COMPANIES					
	Amounts			Growth rates (%)	
	2016	2017	2018	2017	2018
<b>Balance at the end of period (Million soles)</b>	<b>26,251</b>	<b>29,010</b>	<b>30,096</b>	<b>10.5</b>	<b>3.7</b>
Non-financial sector	15,892	17,251	18,340	8.6	6.3
Financial sector 1/	10,359	11,759	11,755	13.5	0.0
<b>Composition by currency (%)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		
Soles	71.0	75.2	79.9		
Fixed rate	62.7	68.4	73.2		
VAC	8.2	6.8	6.6		
US dollars	29.0	24.8	20.1		
Structured	0.2	0.0	0.0		
<b>Balance as % GDP</b>	<b>4.0</b>	<b>4.2</b>	<b>4.1</b>		

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/ 1.09 billion (S/ 1.36 billion in 2017) through public offerings and the balance of current bonds increased 6.3 percent compared to the previous year (8.6 percent in 2017). On the other hand, financial entities<sup>14</sup> withdrew securities for a total of S/ 3 million –in 2017 they placed bonds for a total of S/ 1.40 billion– and their balance decreased by 0.02 percent (after increasing 13.5 percent in 2017). The largest bond issuer in the year was Banco Continental, which recorded four bond issuances that totaled S/ 445 million. Other important bond issuers were Alicorp (S/ 370 million), Patrimonio de Titulización Plaza Norte (S/ 350 million), Corporación Primax (S/ 348 million), Financiera Oh! (S/ 325 million), Telefónica del Perú (S/ 315 million), and Yura (S/ 300 million).

<sup>14</sup> Including the bonds issued by public financial organizations such as Banco de la Nación, Banco Agropecuario, COFIDE, and Fondo Mivienda.

The average maturity term of domestic bonds issued in soles, weighed by the amount placed, was 7.1 years, while the average maturity term of bonds issued in dollars was 2.2 years. The longer maturity term for bonds issuances in soles was 20 years in the bonds issued by Patrimonio de Titulización Plaza Norte.

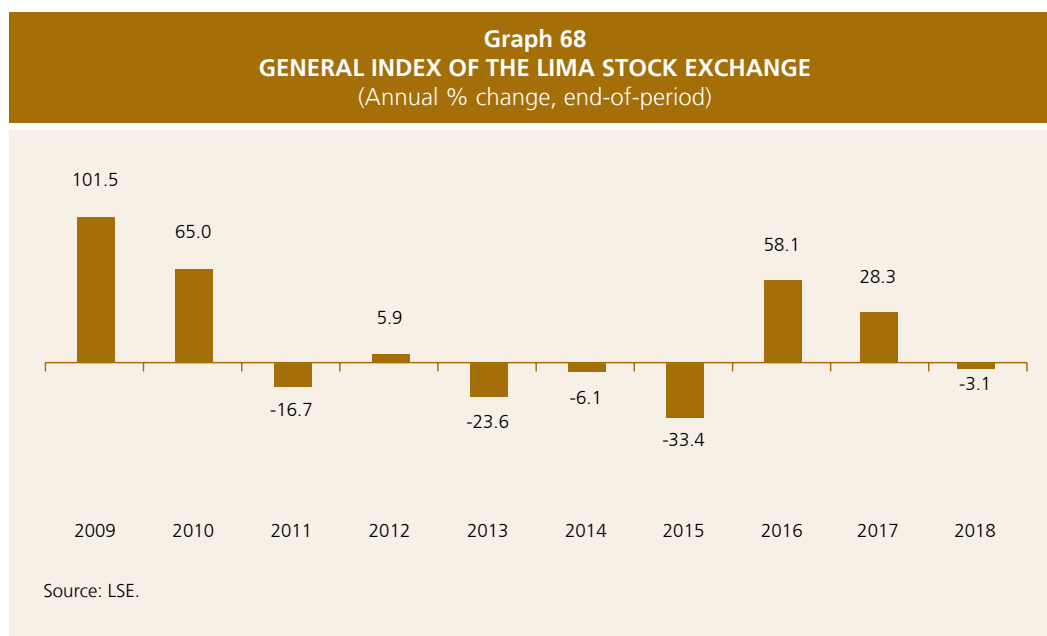
By currencies, bonds issued in soles represented 79.9 percent of the balance of current securities (75.2 percent at end 2017), while bonds issued in dollars represented 20.1 percent (24.8 percent in 2017). Moreover, bonds in soles at a fixed-rate represented 73.2 percent of the balance (versus 68.4 percent in 2017), while inflation-indexed bonds (VAC) represented 6.6 percent (versus 6.8 percent in 2017).

## 7.2 Stock Exchange

During the year, the Lima Stock Exchange –Bolsa de Valores de Lima (BVL)– showed a negative return of 3.1 percent in its General Index (SP/BVL PERU GENERAL index) and a negative 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.

The main factor that affected the performance of the LSE was the unfavorable evolution of metal prices due to the possible slowdown in the world economy and particularly in China.

The LSE showed mostly positive returns between February and April due to the good performance of some companies and the relative stability of the prices of metals. However, from April to November the evolution was negative, in line with the fall in the international prices of the main metals (i.e. copper, lead, and zinc).



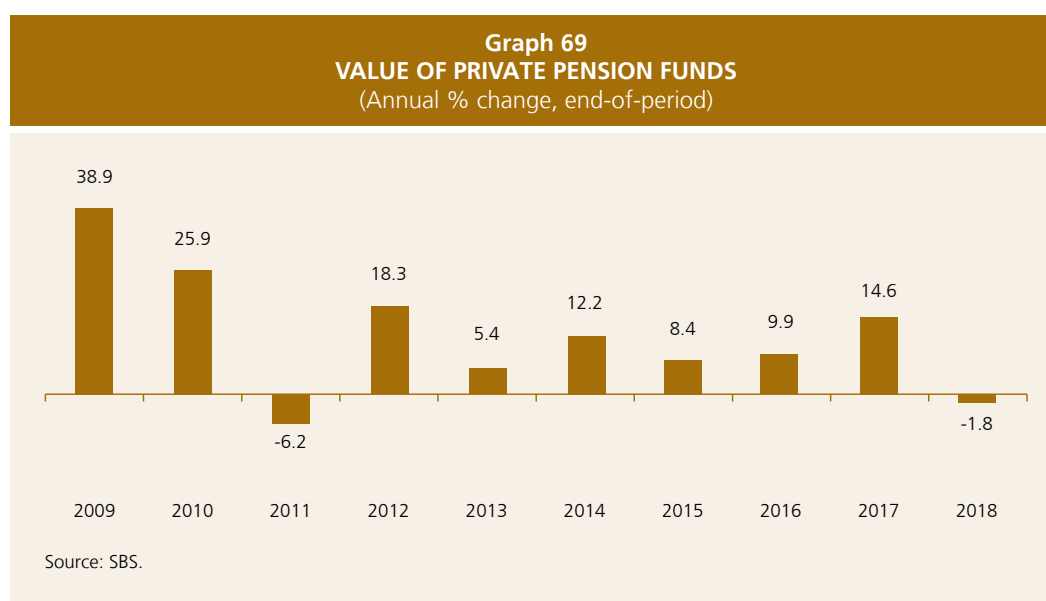
Significant differences were observed at the sector level. The indices in the segments of consumption and financial companies showed positive returns (11.5 percent and 12.2 percent, respectively), whereas the indices of mining, utilities, and industrial shares dropped by 19.9 percent, 4.6 percent, and 3.8 percent, respectively. The index of junior shares showed the strongest decline (down 32.8 percent).

The total volume of shares traded, which dropped 41.5 percent compared to 2017, amounted to S/ 13.32 billion. On the other hand, the volume of bonds traded increased by 8.8 percent. The market capitalization amount at the end of the year was S/ 479.30 billion, 8.9 percent lower than at the end of 2017 (S/ 526.35 billion).

Moreover, the amount of dematerialized shares at year end –i.e. the amount of shares recorded electronically at CAVALI– was S/ 223.74 billion, which was equivalent to 46.7 percent of the value of market capitalization (42.4 percent in 2017). The ratio of dematerialized stocks held by non-resident investors in terms of the total dematerialized stocks decreased from 37.4 percent in December 2017 to 34.6 percent in December 2018.

### 7.3 Private Pension System

The net worth of private pension funds fell 1.8 percent during 2018 and amounted to S/ 152.07 billion in December, which represents 20.5 percent of GDP. The number of participants in the private pension system grew 6.3 percent and for the first time exceeded 7 million members.



After recording a positive profitability of 10.4 percent in 2017, private pension funds showed a negative annual profitability of 3.4 percent in real terms (for fund type 2) in 2018. It is worth mentioning that the last time when private pension funds showed a real negative profitability was in 2013 (-2.8 percent)

The ratio of investments abroad increased from 43.4 percent to 44.5 percent during 2018 and thus remained only 5.5 points below the maximum limit authorized for investments abroad at the end of the year (50 percent). As for domestic investments, the weight of fixed-income financial instruments rose from 33.8 to 35.2 percent, while the weight of deposits fell from 5.7 percent to 2.5 percent. Moreover, the ratio of deposits in dollars declined from 3.3 to 2.4 percent and the ratio of deposits in dollars dropped from 2.5 to 0.2 percent, while the ratio of shares and variable-income assets decreased from 17.5 to 17.1 percent.



**Table 79**  
**COMPOSITION OF THE PRIVATE PENSION SYSTEM PORTFOLIO**  
 (%)

	2016 1/	2017 1/	2018 1/
<b>I. DOMESTIC INVESTMENTS</b>	<b>61.9</b>	<b>56.7</b>	<b>55.5</b>
<u>Deposits</u>	<u>5.9</u>	<u>5.7</u>	<u>2.5</u>
In soles	2.4	3.3	2.4
In US dollars	3.5	2.5	0.2
<u>Bonds and fixed income securities</u>	<u>35.5</u>	<u>33.8</u>	<u>35.2</u>
Central Bank securities	0.4	0.1	0.0
Sovereign bonds	21.5	21.6	23.3
Securities issued by the private sector	13.6	12.0	11.9
<u>Stocks and variable income securities</u>	<u>19.5</u>	<u>17.5</u>	<u>17.1</u>
Shares	10.3	10.5	11.1
Investment funds	9.2	7.0	6.0
<u>Others</u>	<u>1.0</u>	<u>-0.3</u>	<u>0.6</u>
<b>II. FOREIGN INVESTMENTS</b>	<b>38.1</b>	<b>43.4</b>	<b>44.5</b>
<b>III. TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Million soles	135,158	154,887	152,071
As % GDP	20.6	22.2	20.5

1/ Operations in transit investment were registered in these years.  
 Source: SBS.

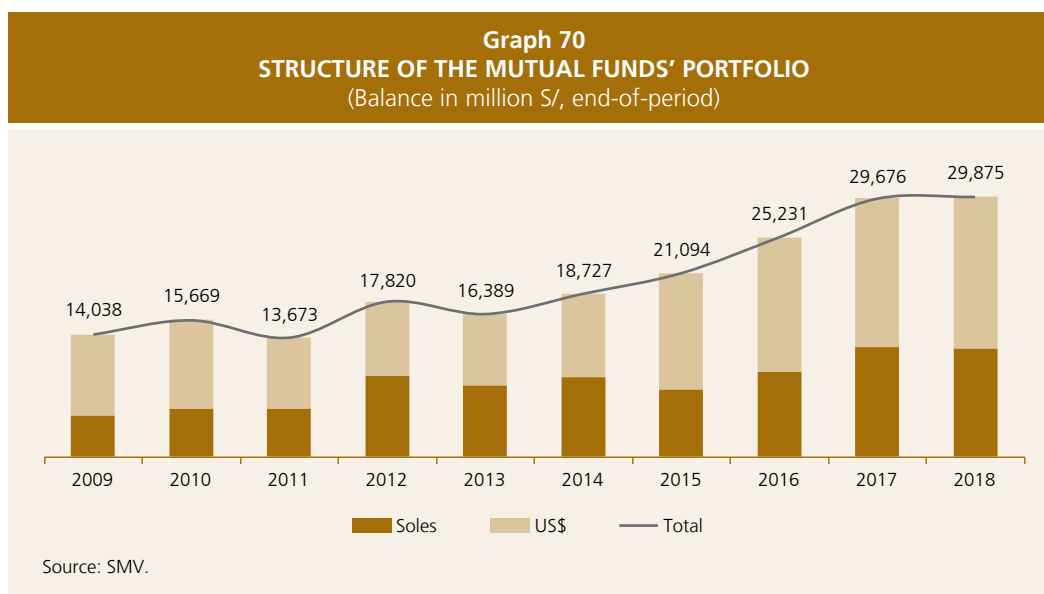
By type of funds, Fund type 2 or mixed fund (which has a maximum investment of 45 percent in variable-income securities) represented 74.0 percent of the total value of pension funds and had a real annual return of -1.6 percent. Fund type 3 (or capital appreciation fund, which has a maximum investment of 80 percent in variable-income securities) represented 14.0 percent of the value of the funds and had a real profitability of - 5.9 percent annually, 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 profitability of -1.6 percent. Finally, Fund type zero, which invests only in fixed-income securities, had a participation of 1.5 percent and was the only fund that had a real positive profitability: 1.5 percent.

Voluntary contributions, which amounted to S/ 2.06 billion (S/ 1.76 billion in 2017), represented 1.4 percent of the total value of pension funds. Most of these contributions were for non-pension purposes (S/ 1.81 billion).

#### 7.4 Mutual Funds

Mutual funds' joint net worth increased 0.7 percent compared to the previous year, with a balance of S/ 29.88 billion (4.0 percent of GDP) at the end of 2018. The number of participants decreased by 1 percent to 439 thousand people at the end of the year (443 thousand in 2017) while the number of operating funds increased from 154 to 167.

By currencies, the participation of mutual funds in soles decreased from 42.6 percent to 41.8 percent, whereas the participation of mutual funds in dollars rose from 57.4 percent to 58.2 percent.



As in the case of pension funds, the ratio of mutual funds' investments abroad rose from 39.1 percent to 43.9 percent during 2018. As regards domestic investments, the ratio of deposits decreased (from 49.5 percent to 40.9 percent), while the ratio of bonds and fixed-income debt instruments increased (from 6.4 to 10.7 percent) and the ratio of domestic shares increased from 1.8 percent to 2.7 percent.

**Table 80**  
**COMPOSITION OF MUTUAL FUNDS' INVESTMENT**  
(%)

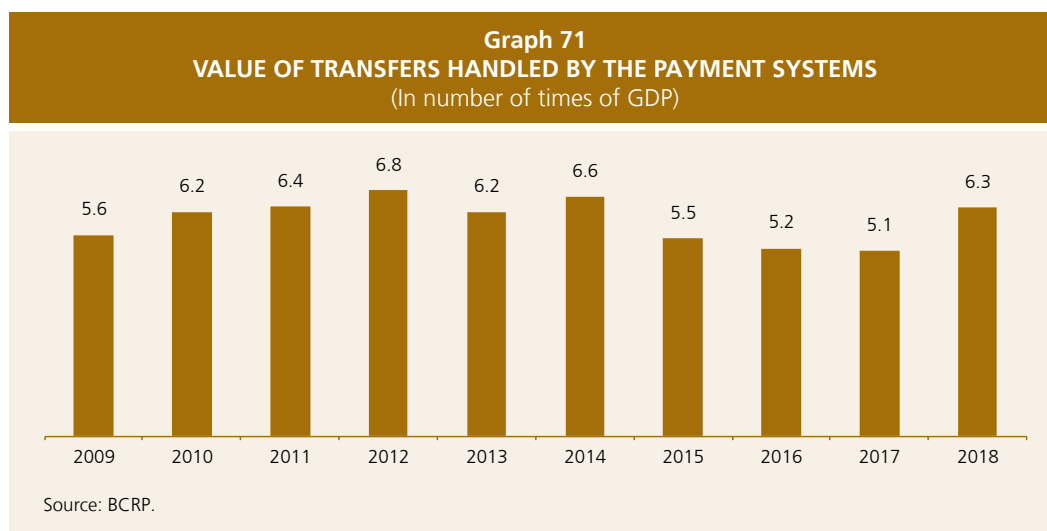
	2016	2017	2018
<b>I. DOMESTIC INVESTMENTS</b>	<b>64.1</b>	<b>60.9</b>	<b>56.1</b>
<u>Deposits</u>	<u>53.1</u>	<u>49.5</u>	<u>40.9</u>
In soles	30.7	33.2	28.8
In US dollars	22.4	16.2	12.1
<u>Bonds and fixed income</u>	<u>7.1</u>	<u>6.4</u>	<u>10.7</u>
Central Bank securities	1.4	1.5	0.5
Sovereign bonds	0.7	0.9	0.9
Securities issued by the private sector	5.0	4.0	9.3
<u>Stocks and variable income</u>	<u>1.8</u>	<u>1.8</u>	<u>2.7</u>
Shares	1.7	1.7	0.7
Investment funds	0.1	0.1	2.0
<u>Others</u>	<u>2.0</u>	<u>3.2</u>	<u>1.8</u>
<b>II. FOREIGN INVESTMENTS</b>	<b>35.9</b>	<b>39.1</b>	<b>43.9</b>
<b>III. TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Million soles	25,231	29,676	29,875
As % GDP	3.8	4.2	4.0

Source: SMV.

## 7.5 Payment Systems

In 2018, fund transfers handled through the payment systems in Peru grew significantly in a context of safety and efficiency supported by the Central Bank's oversight and regulation roles. Furthermore, BCRP has also continued promoting the use of transfers and digital payments in the Peruvian economy, while assessing at the same time the implementation of innovating services.

During this year, payment systems registered an increase of 30.1 percent in the average monthly value of fund transfers, the highest increase observed since 2008, and now represents 6.3 times the value of GDP.



**Table 81**  
**PAYMENT SYSTEMS**  
Monthly average, value in million soles, number of operations (in thousands)

	2017		2018		% chg.	
	Value	Number	Value	Number	Value	Number
<b>Real Time Gross Settlement System (RTGS System)</b>	<b>273,391</b>	<b>71</b>	<b>362,235</b>	<b>80</b>	<b>32.5</b>	<b>12.5</b>
<b>Multibank Securities Settlement System (MSSS)</b>	<b>6,490</b>	<b>14</b>	<b>6,486</b>	<b>10</b>	<b>-0.1</b>	<b>-26.6</b>
- Stock Exchange	2,252	13	1,820	9	-19.2	-29.3
- Government securities	4,238	1	4,666	1	10.1	4.9
<b>Electronic Clearing House (Cámara de Compensación Electrónica - CCE)</b>	<b>20,537</b>	<b>2,075</b>	<b>22,146</b>	<b>2,519</b>	<b>7.8</b>	<b>21.4</b>
- Checks	9,427	418	8,866	355	-6.0	-15.0
- Credit transfers	10,863	1,554	12,802	1,943	17.8	25.0
- Instant transfers	247	103	479	221	93.6	114.9
<b>TOTAL</b>	<b>300,418</b>	<b>2,159</b>	<b>390,867</b>	<b>2,609</b>	<b>30.1</b>	<b>20.8</b>

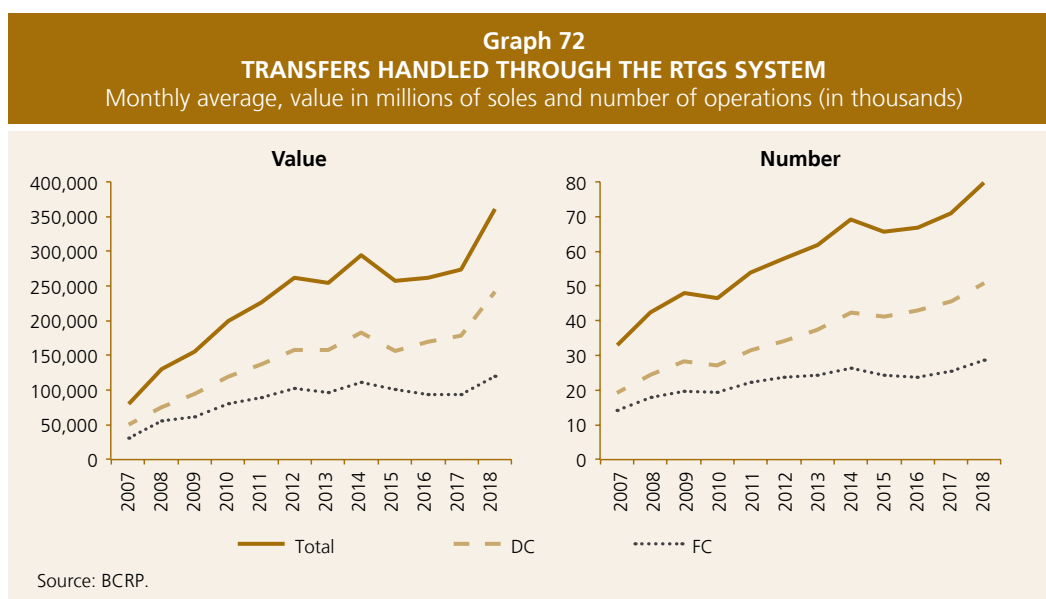
Source: BCRP.

### Real Time Gross Settlement System (RTGS System)

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 93

percent of the total value transferred through payment systems. Managed by BCRP, 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 2018, the average monthly value of transfers handled through this system increased 32.5 percent, mainly as a result of the increase seen in the operations of financial entities due to the greater dynamism observed in their operations of purchase and sale of foreign currency. 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 66.8 percent of total operations handled through this system (versus 65.6 percent in 2017).

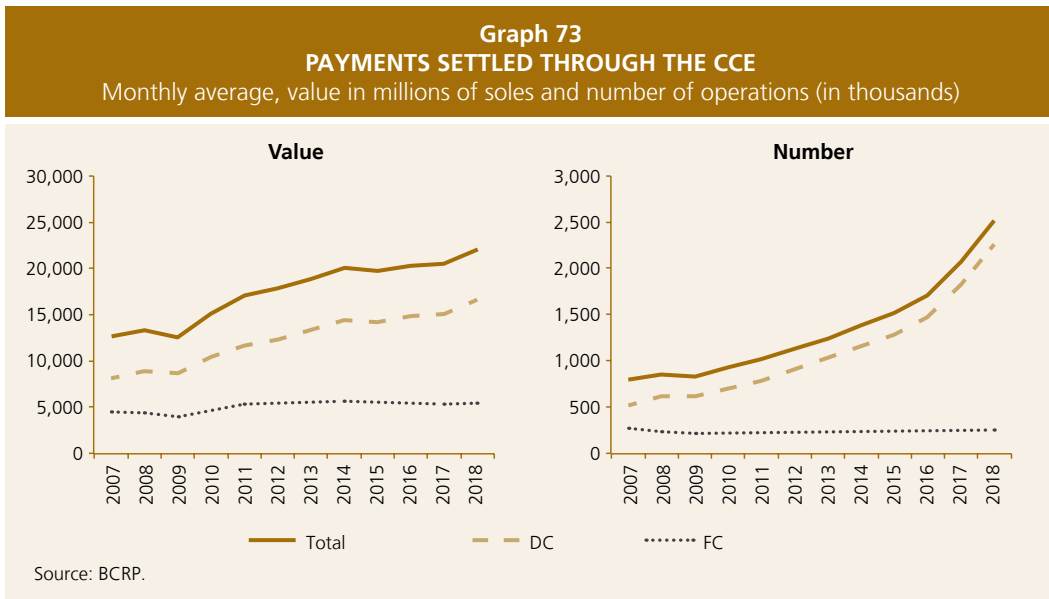


The Central Bank continued promoting the electronic access of micro finance entities (i.e. municipal and rural savings banks and non-bank financial entities) to the RTGS system. In 2018, Caja Municipal de Ahorro y Crédito de Huancayo was electronically connected with this system, which has implied greater efficiency and safety in the transfers carried out by this entity.

### 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 96.6 percent of the total number of transactions in the Payment Systems.

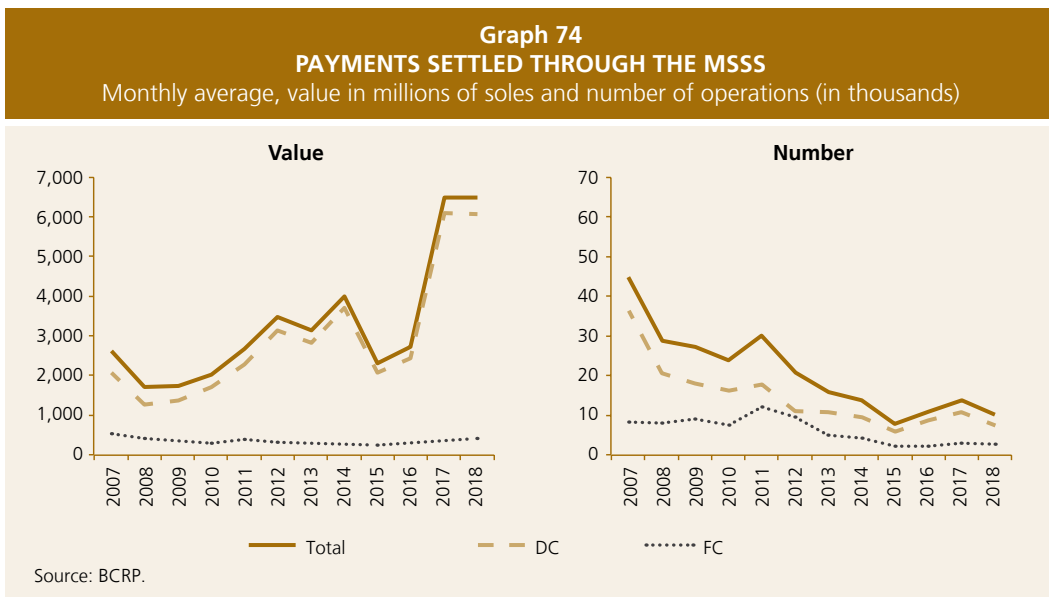
During 2018, the number of operations handled through the CCE continued to show a rising trend, the value of these transactions increasing by 7.8 percent and the number of transactions increasing by 21.4 percent. It is worth mentioning that both the number of credit transfers and the number of immediate 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 6 percent in terms of value and 15 percent in terms of the number of operations) and now represent only 14 percent of the number of operations processed through the CCE (versus 20 percent in 2017).



In addition to this, immediate transfers continued to grow and reached a monthly average number of 221 thousand operations in 2018, which represents 9 percent of the total number of operations handled by the CCE.

**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 2018, the monthly average value of payments in this system fell by 0.1 percent and the daily average number of transactions decreased by 26.6 percent, reflecting the lower volume of transactions in the stock exchange market<sup>15</sup>.



<sup>15</sup> In the last quarter of 2017, the value and number of transactions at the Lima Stock Exchange (LSE) increased significantly as a result of the purchase of Enel Perú SAC shares and a public offer to acquire the capital stock of Volcan Compañía Minera SAA.

### Other Transfers and Non-Cash Instruments

Transfers and retail electronic payments carried outside the payment systems have grown significantly in 2018. The growth of intra-bank transfers –i.e. electronic movement of funds between accounts in a same bank– stands out both in terms of value and in terms of the number of operations carried out, followed by the growth of the use of credit cards in terms of value and by the growth of debit cards in terms of the number of operations.

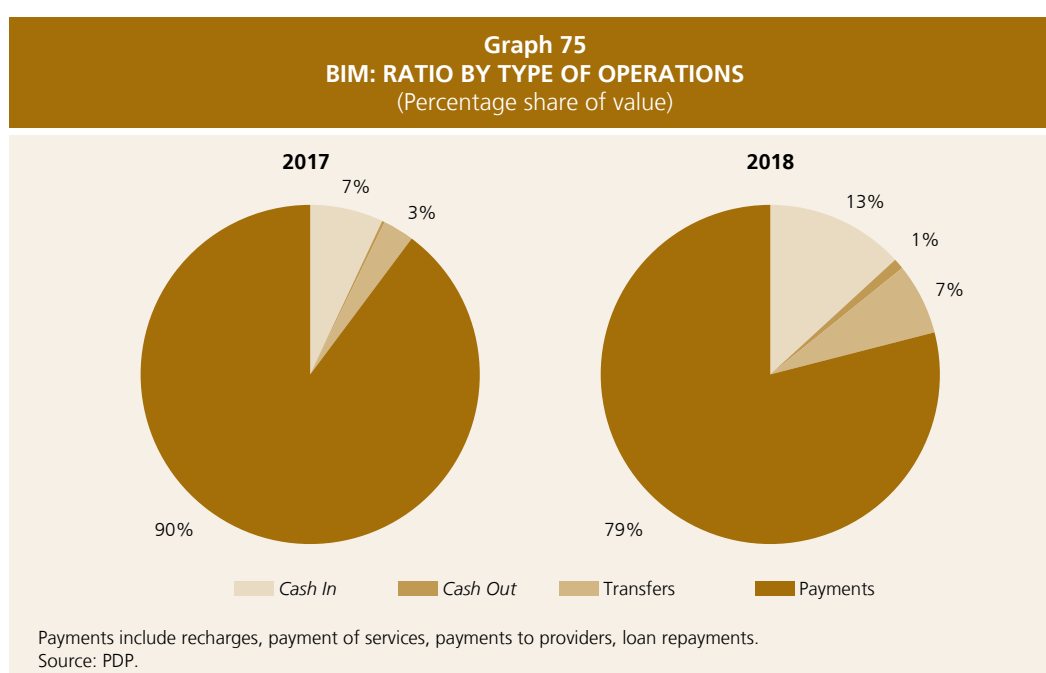
**Table 82**  
**OTHER TRANSFERS AND RETAIL PAYMENTS**  
Monthly average, value in million soles, and number of operations (in thousands)

	2017		2018		% change	
	Value	Number	Value	Number	Value	Number
Bim	1	183	11	364	733	99
Credit transfers	80,358	18,670	116,588	23,276	45	25
Credit cards	3,961	13,992	4,546	16,277	15	16
Debit cards	1,501	16,565	1,839	21,084	22	27
<b>TOTAL</b>	<b>85,821</b>	<b>49,410</b>	<b>122,984</b>	<b>61,001</b>	<b>43</b>	<b>23</b>

Source: BCRP.

Moreover, the operations carried out within the framework of the Electronic Money Payment Agreement denominated BIM (for *billettera móvil*, or *e-wallet*), which is managed by the company Pagos Digitales Peruanos (PDP), continued to grow, but still at a very low scale. As of December 2018, the 600 thousand active BIM accounts showed a total balance of one million soles. Compared to 2017, the value and number of operations grew on average 733 and 99 percent, respectively.

This pace of growth reflects the expansion of its *cash-in* and/or *cash-out* services provided through the network of agents and ATMs, the connection of deposit accounts with the electronic money accounts of some banks that allows users to carry out *cash-in* operations, as well as its use for the recovery of collective credits granted by microfinance institutions and the incorporation of Facebook Messenger as a registration, activation, and payment channel.



Transfers between individuals were the most important transactions in terms of value, while payments (recharge of mobile phones, payments of utilities, taxes, and purchases) were the most important transactions in terms of number.

### **Oversight**

In 2018 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, and in addition to annual self-evaluations and inspection visits to the CCE and CAVALI, a satisfaction survey was carried out with the participants of the payment systems. Furthermore, the RTGS system is certified each year under the technical standard of Information Security.







# INSTITUTIONAL ACTIVITIES

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**Pancho Fierro (1809-1879)**  
*El soldado y la rabona. S. XIX*  
Watercolor. 0.33 x 0.25 m.



**Pancho Fierro (1809-1879)**  
*El notario público. S. XIX*  
Watercolor. 0.31 x 0.24 m.

# INSTITUTIONAL ACTIVITIES

## 1. Board of Directors

On December 31, 2018, 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.

In 2018 the Board held 57 meetings.

## 2. Transparency and Social Responsibility

Transparency and efficiency characterize the Central Reserve Bank of Peru (BCRP) in all of its monetary policy actions. 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 Program Communiqués** released each month. These communiqués are published on the BCRP website and its social media sites, disseminated through press releases, and emailed to subscribers. Teleconferences are also held with the media to inform the public about these decisions.

In 2018, the **Inflation Report** was published in the months of March, June, 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 each quarter of the year. 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 2018, Governor Julio Velarde was invited to speak before the Congressional Committee of Budget and General Account on September 12 to explain the "Macroeconomic Assumptions of the Public Sector Budget Proposed for 2018".

Moreover, in compliance with the Transparency and Access to Public Information Act, in 2018 the BCRP answered 63 information requests submitted by different citizens, and published indicators of the BCRP administrative and budget management as well as the BCRP Financial Statements, audited by internationally renowned auditing firms, in the Transparency section of its website.



## 2.2 Dissemination of Economic Information

BCRP continued informing the public about national finances through the publication and dissemination of macroeconomic statistical data and 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 *Síntesis de Actividad Económica*, the latter of which is prepared by the Branch Offices of BCRP. 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.

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

Furthermore, in 2018 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 this year, BCRP continued to actively publish information through Facebook, Twitter, and YouTube. As a result of this, BCRP has become one of the most popular public institutions in the social media.

## 2.3 Social Responsibility

The Central Reserve Bank of Peru also 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 and services. The following courses and events are worth highlighting:

### Courses

- **Advanced Economics Extension Course**  
Thirty-five students of economics from various public and private universities of Lima and other cities of the country participated in the LXV Extension Course of Advanced Economics offered this year. The best students of the course were invited to join the Bank's technical staff.
- **Advanced Finances Extension Course**  
Thirty students from different universities who are interested in specializing in financial themes were selected to participate in the Bank's XI Extension Course of Advanced Finances. The students with the best grades were also invited to join the BCRP staff.
- **Refresher Course in Economics**  
Thirty-two students of economics from different universities of the country learned about the latest trends in the fields of macroeconomics, microeconomics, econometrics, and quantitative methods in August 2018. The best students were invited to participate in the LXVI Extension Course of Advanced Economics 2019.
- **Refresher Course for Economics Faculty**  
Twenty-three professors from different universities of the interior of the country and two professors from universities located in Lima participated in this course in 2018. 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 the 2018 BCRP Award for Research in Economics and Finances was Frida Infante (UP) for her research paper "*Desdolarización del crédito en el Perú con políticas monetarias poco convencionales entre 2013 - 2017 ¿Funcionó?*". The second prize was awarded to Jennifer de la Cruz (PUCP) for her research entitled "*Análisis del papel del desarrollo financiero en el crecimiento económico*", and the third prize was awarded to Roberto Vilchez (UPC) for his article "*Análisis del impacto del desarrollo de los sistemas financieros en el crecimiento económico en los países miembros del MILA durante el periodo 2000-2014*".

- **BCRP Video Contest for School Students 2018**

In the thirteenth edition of this contest, the participant teams submitted educational videos about “The Role of BCRP in the Economy”. The first prize was awarded to the schoolgirls of Colegio Vallesol, Piura, for their video “El BCRP y su importancia en el país”. The second prize was for “Allin illay aypunakuy” (Regulating the Economy), carried out by students of Institución Educativa Zárate, Huancayo, and the third prize was for the group of students of school José María García García, of Cusco, for their video entitled “Banco Central de Reserva en la Economía del País”.

- **Annual Short Novel Contest “Julio Ramón Ribeyro”**

The winner of the 2018 Short Novel Contest was Luis Alejandro Vinatea Arana for his novel “Oreja de perro”. The novel was presented in Lima’s Feria Internacional del Libro in July 2018. The panel of judges was chaired by Abelardo Oquendo and integrated by Alonso Cueto, Francesca Denegri, Mirko Lauer, and Marcel Velásquez.

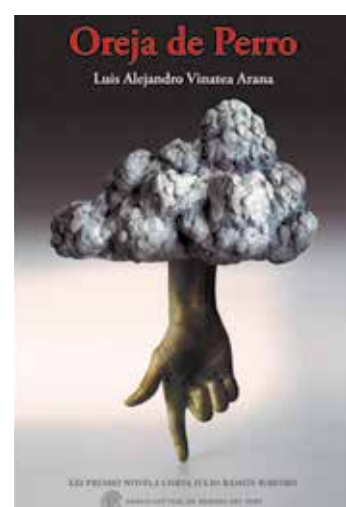
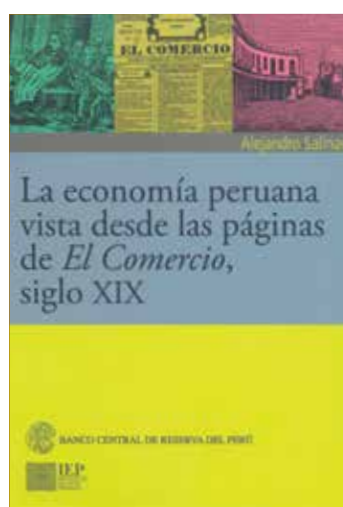
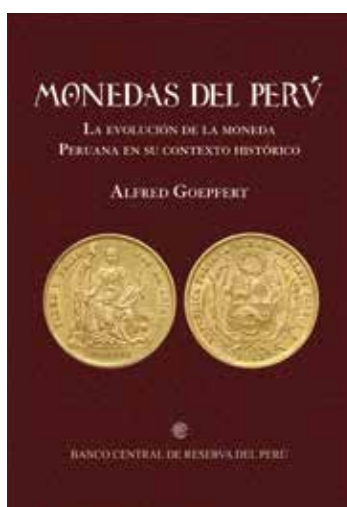
- **2018 National Painting Contest**

The first prize of the tenth edition of the National Painting Contest was awarded to artist Alice Wagner for “Untitled”, a mixed technique piece in ceramics. The second prize was awarded to Valeria Ghezzi for her painting “El rebalse de las entrañas del Perú originario / La otra posibilidad”. An exhibition with the winning artworks and the finalist works of the contest was held at the Museum of BCRP – Museo Central (MUCEN) - from November 16, 2018 to February 3, 2019. The panel of judges included Moico Yaker, Claudia Coca, Natalia Majluf, Ángela Delgado, and Augusto del Valle.

### **Book Publications**

In 2018, the Central Reserve Bank of Peru published the book “Monedas del Perú”, a posthumous work of Alfred Goepfert Freimann. In addition, BCRP and Instituto de Estudios Peruanos (IEP) co-published the book “La economía vista desde las páginas de El Comercio, siglo XIX”, by Alejandro Salinas. This book obtained the first place in the survey “Los más importantantes (o populares) libros de Historia del Perú in 2018”, in the category of historical sources and bibliography.

Moreover, two other publications linked to the museum were released: on the one hand, the catalog of the temporary exhibition “Media cajetilla de cigarrillos y una de fósforos” of artist Miguel Aguirre, winner of the 2016 Painting Contest and, on the other hand, “CONEXIONES”, the catalog of the art collections of Museo Central (MUCEN), which includes interpretations and research about more than 64 works of the four types of art collections of MUCEN and which show the relationships, continuities, and transformations of Peruvian art. On the other hand, BCRP also published the novel “Oreja de perro”, authored by Luis Alejandro Vinatea Arana, who won the first prize in the 2018 Short Novel Contest Julio Ramón Ribeyro.



In addition, the Bank participated in the Ricardo Palma Book Fair and in the Lima International Book Fair.



## Museum

During 2018, the network of BCRP museums, integrated by the MUCEN in Lima, the Numismatic Museum, and the MUCENs in the cities of Arequipa, Piura, and Trujillo, were visited by a total of 163 thousand people.

The **MUCEN** is committed to building an inclusive, dynamic space that contributes to strengthening citizenship. Because of this, the pedagogical approach is present in all of its actions including the work of the “dialoguers” (mediators), the design of dissemination and educational materials, and temporary exhibitions.

During the year, MUCEN held 13 events with curators and artists within the framework of the **#DialogArte** program, in addition to the regular activities in the fields of dance, music, theater, and performances carried out by the programs **#ContArte**, Theater for Children, the workshops related to the temporary exhibitions, and **MUCEN Abre de noche**, all of which contribute to motivate the public to bond with art collections and with the Peruvian culture. As a result, 26 artistic groups offered 57 scenic performances to the community free of charge.

MUCEN also showed more than 50 films in collaboration with Filмотeca de la Pontificia Universidad Católica del Perú and also participated as one of the venues of four film festivals: the 9th Central and Eastern European Film Festival, the 22nd Lima Film Festival of PUCP, the 10th Festival of Environmental Films “Sembrando Cine” and the 30th European Film Festival in Lima.

Education activities included the activities carried out by about 22,170 schoolchildren in the **#ConversArte** programs at Museo Central Museum and those carried out by 12,484 schoolchildren at the Numismatic Museum. Throughout their tours, the students learned about their heritage through an interactive, participatory methodology designed especially according to thematic topics and according to the age of participants. In addition, they participated in the elaboration of the Map of Experiences of the Numismatic Museum, which allows each student to visit the most important pieces of the museum linking them with his or her own experience.

On the other hand, since August MUCEN started carrying out special tours of the museum guided by a sign language interpreter. The aim of these tours, held twice a month, is to bring the MUCEN experience to the deaf community of Lima and to contribute to promoting inclusion by developing an inclusive gathering space.

MUCEN hosted three temporary exhibitions during the year: “Media cajetilla de cigarrillos y una de fósforos”, the individual exhibition of the winning artist of the VIII National Painting Contest of the BCRP in the month of February; the exhibition **“CONEXIONES”**, inspired by the catalog that has the same name, since May, and the collective exhibition of the winners and finalists of the X National Painting Competition in November.

Furthermore, the Museum’s collection management was improved through the development of the Digital Collections System, which allows access to images and information about the museum’s heritage. In addition, MUCEN added the two contemporary artworks that won the first and second prize of the X National Painting Contest to its assets. Finally, a loan agreement was signed for the 460 medals of the Alfred Goepfert Collection that are exhibited in the Numismatic Museum and the commodatum agreement of the Macera Carnero Traditional Art Collection was renewed.



MUCEN opens in the evening, #EstamosEnTuCentro, July 2018 Photo: Rodrigo Rodrich



MUCEN of experiences, #MuseoDeExperiencias, May 2018



MUCEN invitation for its educational program  
#ConversArte

### **BCRP Library**

The Library continued to increase its digital format services to the public during 2018. Users requested a total of 13,963 specialized articles and the Library managed 3,467 reading requests in its facilities and lent a total of 94,202 documents, including books and periodic publications. Moreover, 38,072 digital publications were sent by email.

On the other hand, the Library acquired 2,767 new documents on monetary and economic policy issues, international finance, the banking system, and economic theory, among other subjects through the purchase, exchange, and donations of publications.

### **3. Main Meetings and Events**

In 2018 the BCRP authorities and officials participated in various international and national meetings. The main events included 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 7 to 8.
- Annual Meeting of Emerging Market Deputy Governors, organized by the BIS, Basel, Switzerland, February 8 - 9.
- "Peru Day" Convention and Meeting of the Prospectors and Developers Association of Canada 2018, organized by the Peruvian Canadian Chamber of Commerce, held in Toronto, Canada, March 4 to 6.
- Bimonthly Meeting of BIS Governors and 2018 IIF G20 Conference, organized by Instituto de Finanzas Internacionales and held in Buenos Aires, Argentina, and One on One Seminar, organized by Estudio Larrain Vial, held in Santiago de Chile, Chile, from March 17 to 21.
- LXXXIX Ordinary Meeting of the Board of Fondo Latinoamericano de Reservas (FLAR), organized by this entity in Bogotá, Colombia, on April 2.
- Meetings of the International Monetary Fund (IMF) and the World Bank (WB), held in Washington D.C., USA, from April 17 to 22, and Third Annual Central Bankers Roundtable, organized by Columbia University, New York, USA, on April 23.



- XXXIV Meeting of Governors of Central Banks of South America, organized by the Central Bank of Ecuador and held in Quito, Ecuador, on April 26 - 27.
- Bimonthly Meeting of BIS Governors, held in Basel, Switzerland, and 8th High-Level Conference on the International Monetary System, organized by the IMF and the Swiss National Bank, Zürich, Switzerland, May 6 - 8.
- BIS meeting to share information and experiences on the challenges for Central Banks' operations, recent market developments, and other topics of interest for Central Banks in Latin America, held in Toronto, Canada, May 23 - 24.
- CV Meeting of Central Bank Governors, organized by Centro de Estudios Monetarios Latinoamericano (CEMLA), carried out in Asunción, Paraguay, June 4 - 6.
- 17th BIS Annual Conference, organized by the BIS, the IMF and the Swiss National Bank, held in Zurich, and 88th BIS General Annual Meeting, organized by the BIS, held in Basel, Switzerland, June 21 - 24.
- XIII Lecture on de Estudios Económicos "Retos y Prioridades de Política Económica, una década después de la crisis financiera y global: Perspectivas para América Latina", and XC Extraordinary Meeting of the Board of FLAR, organized by FLAR, held in Cartagena de Indias, Colombia, July 9 - 10.
- XLII Economic Policy Symposium "Changing Market Structure and Implications for Monetary Policy", organized by the Federal Reserve of Kansas City, held in Jackson Hole, USA, August 23 to 25.
- Bimonthly Meeting of BIS Governors, organized by the Bank for International Settlements (BIS) and held in Basel, Switzerland, September 9 - 10.
- XIV Road Show New York 2018, organized by *InPeru*, held in New York, USA, September 13 - 14.
- Meeting of the Board of Fondo Latinoamericano de Reservas (FLAR), held in Bogotá, Colombia, on September 24.
- Sixth Annual Conference of the "Bilateral Assistance and Capacity Building for Central Bank (BCC) Program", organized by the Graduate Institute of International and Development Studies, held in Geneva, Switzerland, September 27 - 28.
- Annual Meetings of the IMF, the World Bank, and associated meetings such as the G-24 Meeting and the CEMLA meeting, carried out in Indonesia, October 8 to 15.
- XXXV Meeting of Governors of Central Banks of South America, organized by MERCOSUR, held in Buenos Aires, Argentina, October 28 to 29.
- Bimonthly Meeting of BIS Governors, organized by the BIS and held in Basel, Switzerland, November 11 - 12.

### 3.2. National Meetings

- Lecture on "Experimentación colectiva en estudio de laboratorio", by César Martinelli, professor of Economics at George Mason University, on January 19.
- Lecture on "Estimación de la curva de rendimientos soberana para Perú: El rol de Factores Macroeconómicos y Latentes", by Gabriel Rodríguez, professor of Economics at Pontificia Universidad Católica del Perú, on January 26.
- Lecture on "Los Efectos Desprotectores de la Protección del Empleo", by Miguel Jaramillo, researcher at Grade, on February 9.



- Course on the use of Bayesian VAR models and the BEAR toolbox. Lecturer: Björn van Roye, Chief Economist of the European Central Bank, from February 15 to 17.
- Lecture on “Riesgo de Crédito”, by Professor David Trillo, Departamento de Economía Aplicada III, Universidad Rey Juan Carlos de Madrid, on March 2.
- Lecture on “Financial Frictions”, by Lawrence Christiano, Senior Professor, Northwestern University, March 16.
- Presentation of the IMF Regional Economic Outlook “Aprovechando el impulso: Perspectivas y Desafíos para América Latina y el Caribe”, by Krishna Srinivasan, Deputy Director of the IMF’s Western Hemisphere Department and Hamid Faruquee, Head of the Regional Studies Unit of the IMF’s Western Hemisphere Department, held on May 11.
- Presentation of the Analytical Work in financial and inequality issues, carried out by the team of the Mission of the International Monetary Fund, May 18.
- XIVth Meeting of Monetary Policy Advisors, organized by Centro de Estudios Monetarios Latinoamericanos (CEMLA) and the Banco Central de Reserva del Perú, May 21 and 22.
- Primer Foro para el Diseño de una Estrategia Nacional para el Desarrollo de Mercados de Capitales, organized by BCRP, held on June 6.
- Tenth meeting of Grupo Técnico Temático de Pagos (GTT de Pagos) as a member of the National Strategy for Financial Inclusion, organized by BCRP and held on June 20.
- Presentation of the book “Monedas del Perú: La Evolución de la Moneda Peruana en su Contexto Histórico” authored by Alfred Goepfert, on July 18.
- Seminar on “The New Phase of Monetary Policy: Money, Finance, and Capital for the Next Decade”, organized by the Reinventing Bretton Woods Committee and BCRP, July 23 to 25.
- Course on Análisis y Pronóstico de la Política Monetaria basada en Modelos, co-organized by the IMF and BCRP, September 10 to 14.
- Eleventh meeting of Grupo Técnico Temático de Pagos (GTT de Pagos) as a member of the National Strategy for Financial Inclusion, organized by BCRP and carried out on September 28.
- Seminar on “Monedas digitales y el rol de los Bancos Centrales”, co-organized by the BIS, CEMLA and BCRP, October 15 - 16.
- Presentation of the IMF World Economic Outlook Report, by Mr. Francesco Grigoli, October 22.
- XIVth Meeting of Central Bank Treasurers, co-organized by CEMLA and BCRP, October 23 to 24.
- VIth Meeting of Experts on Currency Anti-Counterfeiting Measures, co-organized by CEMLA and BCRP, October 25 - 26.
- XXXVIth Encuentro de Economistas del Banco Central de Reserva del Perú, October 30 - 31.
- Seminar on “Nuevos Retos Legales para la Banca Central Moderna”, organized by BCRP, November 7 to 9.
- Regional Seminar on Stress Testing and Financial Stability, co-organized by the Financial Stability Institute (FSI) and CEMLA, November 27 to 29.
- Hackathon BCRP 2018 “Chequea tus Billetes y Monedas”, organized by BCRP, December 1 - 2.



- Vllth Course on Payment Systems in Perú: “Infraestructura de comunicaciones y desarrollo de los pagos digitales”, organized by BCRP, December 12.
- High-level meeting with panel of mining experts, organized by BCRP, December 17.

#### 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 first BCRP decentralized office was the BCRP Branch of Piura, which started operations in 1970. Each of the Central Bank's Branch Offices has a Department of Economic Studies and an Operations Department.

The main role of the BCRP branches is to ensure that each region has the appropriate quantity and quality of banknotes and coins required by the financial system, oversee the operations of the custody vaults, and develop and disseminate studies and reports on the economy of the country's departments.

A report entitled *Síntesis de la Actividad Económica Regional* is published each month on the BCRP website. This document provides information about economic and financial developments in each region, analyzing statistical data on production, prices, employment, credit and bank deposits, foreign trade operations, and the execution of the public budget at regional level.

During 2018, BCRP organized presentations of “Inflation Report: Recent Trends and Macroeconomic Forecasts 2018-2019” as well as presentations of the document “Síntesis de la Actividad Económica Regional”, which is prepared by the Department of Economic Studies of the BCRP Branch Offices. Presentations were offered to representatives of business and academia in the cities of Arequipa, Moquegua, Tacna, Jaén, Huaraz, Iquitos, Pucallpa, Moyobamba, Tarapoto, Huancayo, Ica, Piura, Tumbes, Lambayeque, Bagua Grande, Chachapoyas, Sullana, Cusco, Puerto Maldonado, Puno, Juliaca, and Trujillo.

On the other hand, the Xth Annual Meeting denominated “Money Finance and Capital for the Next Decade” organized by BCRP and The Reinventing Bretton Woods Committee was carried out at El Valle Sagrado in Cusco on July 24-25. This meeting brought together central bank officials of different countries of the Americas and the world.

In addition to this, the BCRP also organized lectures and seminars. The following events are worth highlighting: in Arequipa: “Entorno internacional y cuentas externas”, “Regla óptima de política monetaria del BCRP”, “Cómo operan los bancos centrales y cómo afecta la política monetaria en la economía”, “El rol del comercio en el crecimiento económico del Perú”; in Cusco: “Análisis de los principales sectores económicos de la Macro Región Sur Este”; in Huancayo: “Entorno económico internacional y su impacto en la economía peruana”, “Incidencia del Banco Central de Reserva del Perú en la actividad empresarial”, “Indicadores económicos de la región Junín”; in Iquitos: “Manejo de la base de datos del censo 2017 usando el REDATAM”, in Piura: “Proyecto de modernización de la Refinería de Talara”, “Impacto de la innovación en la productividad de las empresas manufactureras”, “Taller de Econometría Financiera y Gestión de Riesgos”; in Puno: “IV Foro de Desarrollo Económico Regional Puno”; in Trujillo: “Potencialidades Económicas y Desafíos de la Zona Nor Oriente del Perú”, “Potencialidades y Desafíos Económicos y Sociales de La Libertad” and “Potencialidades Productivas de La Libertad”.

Furthermore, in addition to the monthly economic reports, in 2018 the BCRP Branch Offices also prepared the following documents: in Arequipa, “Informe económico social de la Región Tacna” and “Informe económico y social de la Región Moquegua”; in Cusco, “Informe económico y social de la Región Cusco”, “Informe económico y social de la Región Madre de Dios”, “Informe económico y social de la Región Apurímac”; in Huancayo, “Informe económico y social de la Región Junín”, “Informe económico y social de la Región Pasco”, “Informe económico y social de la Región Ica”; in Iquitos, “Informe económico y social de la Región Ucayali”, “Informe económico y social de la Región Loreto”; in Piura, “Informe económico y social de la Región Tumbes”, “Informe económico y social de Región Lambayeque” and “Informe económico y social de la Región Amazonas”; in Puno, “Informe económico y social de la Región

Puno”, and in Trujillo: “Informe económico social de la Región La Libertad”, “Informe económico social de Región Ancash”, and “Informe económico social de la Región Cajamarca”.

The BCRP Branches also organized talks on the mission and role of BCRP for students of secondary schools, public and private universities, higher education institutes, and business members in these regions. The presentations that the Departments of Economic Studies of Cusco and Puno carried out this year in these regions in the Quechua and Aymara languages should be highlighted. In addition, training continued to be provided to the personnel of financial entities and the general public on the security features of banknotes and coins, with the talks given Quechua and Aymara in the departments of Cusco, Apurimac and Puno standing out. A total of 24,914 people participated in the 687 talks delivered over the year.

The museums of the branch offices of Trujillo, Arequipa, and Piura were visited by 34,453 visitors; that is, by 33 percent more people than in the previous year. It should be pointed out that the number of people who visited the museum of our Branch Office in Trujillo represents 62 percent of the total number of people that visited our museums.

**5. Currency Management**

In 2018, BCRP continued issuing coins of the numismatic series called “Endangered Wildlife of Peru”, composed of 10 coins. This series, which seeks to raise awareness about the importance of preserving the wildlife species that are found in Peru and the importance of preserving the environment while also contributing to promote a numismatic culture in the country, has included endangered wildlife species such as the Andean Tapir, the White-winged Guan, the Jaguar, and the Suri into the designs of our coins. Four coins featuring these species were put into circulation in 2018.



Andean Tapir

White-winged Guan

Jaguar

Suri

Two commemorative silver coins were also released in 2018: the coin commemorating the “Centenario de la Escuela Nacional Superior Autónoma de Bellas Artes del Perú” was issued in July and the coin celebrating the “450th Anniversary of the First Coin coined in the Lima Mint” was issued in November.



100th Anniversary of the creation of Escuela Nacional Superior Autónoma de Bellas Artes del Perú



450th Anniversary of the First Coin minted in the Lima Mint

Banco Central de Reserva del Perú also decided to withdraw the coins of 5 cents from circulation as of January 2019. These coins may be exchanged at banks and at the offices of BCRP for their face value for an unlimited period of time. The withdrawal of this coin denomination from circulation does not affect the use of a cent of a sol and its multiples as a unit of account nor its use to pay transactions with means other than cash.

Moreover, BCRP published the new Regulation for the Exchange of Banknotes and Coins through Circular No. 0016-2018-BCRP of May 2018, establishing that banknotes that do not have a watermark, color changing ink, or the security thread will be retained by the financial entities.

The deadline for the exchange of banknotes without any of the security features was subsequently extended until March 19, 2019, by means of Circular No. 0035-2018-BCRP of November 2018, so that the entities of the financial system would have more time to make the technical adjustments to update the equipment they use to work with banknotes.

Information campaigns about the security features of banknotes and coins were also carried out through television and radio interviews and through the written press, as well as through newspaper ads nationwide, especially in periods where regional festivities are celebrated and large amounts of cash are moved. More than 1.6 million posters and flyers were distributed, and the information campaign was also carried out through social networks such as Twitter and Facebook.

In 2018, the talks on the security features of banknotes and coins given in different cities of the country had a total attendance of 40,591 people. It is worth mentioning that this figure is 27 percent higher than total attendance to these talks in 2017 (32,043 people).

## 5.1 Banknotes and Coins in Circulation

In 2018, both the number of units and the value of banknotes in circulation was higher than in 2017. In December 2018, the value of banknotes in circulation was S/ 56.59 billion (7.2 percent higher than in December 2017), while the number of units of banknotes in circulation (858 million) was 5.1 percent higher than that observed at the end of 2017.

BANKNOTES IN CIRCULATION (Million units)							
Period	10	20	50	100	200	Total	Value (Million S/)
Jan.18	116.8	140.3	133.8	364.8	17.3	773.0	50,606.8
Feb.18	117.5	139.7	135.3	364.9	17.4	774.8	50,703.7
Mar.18	117.3	142.9	137.6	370.7	17.6	786.1	51,499.8
Apr.18	116.1	141.1	133.2	365.5	17.8	773.7	50,748.0
May.18	114.1	139.2	131.0	363.2	18.0	765.4	50,385.9
Jun.18	117.0	142.6	135.6	368.9	18.4	782.5	51,370.9
Jul.18	117.8	147.2	140.2	378.2	18.8	802.3	52,716.2
Aug.18	120.0	149.1	141.6	377.5	19.0	807.1	52,808.4
Sep.18	116.0	144.0	137.3	372.7	19.0	789.0	51,978.4
Oct.18	117.3	146.4	140.1	379.7	19.2	802.8	52,930.5
Nov.18	117.2	144.9	139.1	378.1	19.4	798.6	52,712.3
Dec.18	122.0	156.1	154.5	405.0	20.1	857.7	56,588.5

Source: BCRP.

Similarly, the number of units and the value of coins in circulation in 2018 was higher than in 2017. The value of coins in circulation was S/ 2.65 billion, 7.8 percent higher than in December 2017, while the number of units (4,320 million coins) was 7.1 percent higher than that registered at the end of 2017.

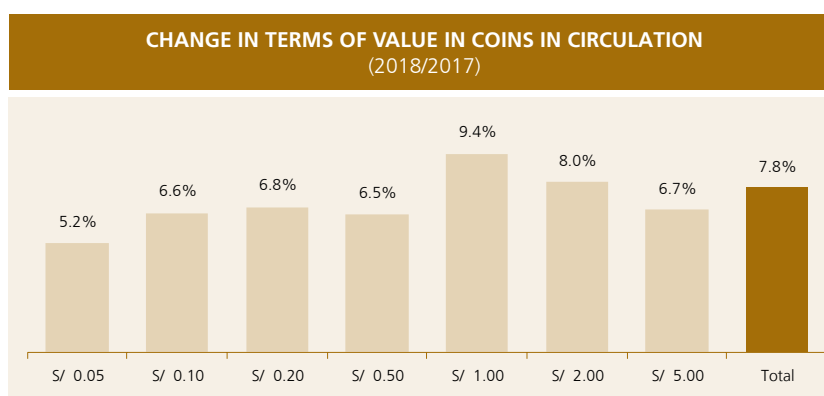
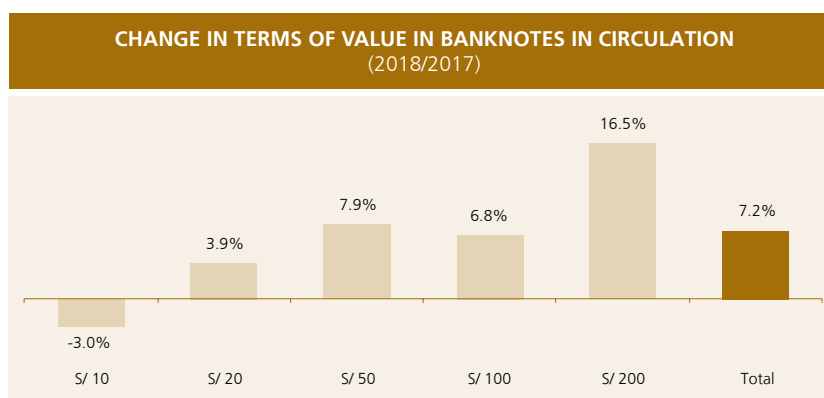
COINS IN CIRCULATION (Million units)									
Period	0,05	0,10	0,20	0,50	1,00	2,00	5,00	Total	Value (Million S/)
Jan.18	482.7	1,486.2	424.0	470.3	868.4	169.4	155.2	4,056.4	2,476.0
Feb.18	483.8	1,491.0	425.9	472.6	876.0	171.2	156.1	4,076.6	2,493.8
Mar.18	486.2	1,499.3	428.0	475.4	883.3	172.9	157.5	4,102.6	2,514.3
Apr.18	488.6	1,507.3	431.2	479.4	889.7	170.6	155.8	4,122.6	2,510.9
May.18	491.9	1,516.3	434.6	482.5	885.8	171.5	156.4	4,139.1	2,515.2
Jun.18	493.6	1,525.6	436.4	484.0	895.5	173.1	157.5	4,165.8	2,535.9
Jul.18	496.1	1,533.2	438.2	486.3	895.0	173.3	158.3	4,180.4	2,542.0
Aug.18	497.9	1,540.7	440.0	488.6	900.3	175.4	159.3	4,202.3	2,559.1
Sep.18	500.2	1,548.3	441.4	490.0	906.6	175.9	160.0	4,222.5	2,571.6
Oct.18	502.7	1,559.1	444.8	492.4	919.6	179.0	162.2	4,259.9	2,604.9
Nov.18	504.5	1,566.1	447.9	494.8	928.0	180.9	163.3	4,285.6	2,625.3
Dec.18	505.1	1,577.2	451.3	499.1	940.9	181.3	164.8	4,319.7	2,650.3

Source: BCRP.

By denominations, the banknotes that showed a higher increase in their use compared to 2017 were the 200 soles banknotes (16.5 percent), while the coins that showed a higher increase in their use were the 1 sol coins (9.4 percent).

Reflecting the greater preference that people and banks have for this denomination, both in terms of value and in terms of units, the most used banknote in 2018 was the 100 soles bill.

As for coins, the denominations of greater use were the 10 cent coin and the 1 sol coin, which are mainly used to pay public transport fares and for retail transactions.





## 5.2 Coin Minting

Casa Nacional de Moneda (Peru's National Mint) produced 270 million coins in 2018, 8.0 percent more than in 2017. The largest volumes of coins produced were coins in the denominations of 10 cents and 1 Sol, which together represented 62 percent of the total number of coins produced in the year (a similar percentage to that recorded in 2017).

PRODUCTION OF COINS - 2018			
Denomination	Alloy	Quantity (Million units)	Monetary value (Million soles)
S/ 0.05	Aluminum	20.75	1.0
S/ 0.10	Brass	106.0	10.6
S/ 0.20	Brass	32.0	6.4
S/ 0.50	Nickel-silver	32.0	16.0
S/ 1.00	Nickel-silver	60.3	60.3
S/ 2.00	Bi-metal	9.0	18.0
S/ 5.00	Bi-metal	10.0	50.0
<b>Total</b>		<b>270.0</b>	<b>162.3</b>

Source: BCRP.

## 5.3 Destruction of Banknotes and Coins

A total of 300 million banknotes with a monetary value equivalent to S/ 12.61 billion was destroyed in 2018. Moreover, 61 percent of the banknotes destroyed was banknotes in the denominations of 10 soles and 20 soles. No coins withdrawn from circulation were melted in the year.

DESTRUCTION OF BANKNOTES - 2018		
Denomination	Quantity (Million units)	Monetary value (Million soles)
S/ 10	91.9	918.7
S/ 20	89.7	1,793.0
S/ 50	45.2	2,258.3
S/ 100	70.2	7,022.1
S/ 200	3.1	621.3
<b>Total</b>	<b>300.0</b>	<b>12,613.5</b>

Source: BCRP.

## 6. Circulars

In 2018, BCRP issued 40 circulars: 6 circulars were about regulations on reserve requirements, 2 about monetary instruments, 10 about banknotes and coins, 1 about information and reports, 4 about the investment limits for the Administrators of Private Pension Funds, 5 about first-class banks, and 12 about the daily adjustment index.. The circulars issued in 2018 were the following:

- **Reserve Requirements**

- In Domestic Currency**

- Circular 023-2018-BCRP (29/06/2018)

- In Foreign Currency**

- Circular 004-2018-BCRP (26/01/2018)
    - Circular 007-2018-BCRP (21/02/2018)
    - Circular 011-2018-BCRP (23/03/2018)
    - Circular 014-2018-BCRP (24/04/2018)
    - Circular 024-2018-BCRP (29/06/2018)

- **Monetary Instruments**

- Circular 005-2018-BCRP (26/01/2018)
  - Circular 019-2018-BCRP (12/06/2018)

- **Banknotes and Coins**

- Circular 009-2018-BCRP (14/03/2018)
  - Circular 016-2018-BCRP (20/05/2018)
  - Circular 020-2018-BCRP (14/06/2018)
  - Circular 021-2018-BCRP (17/06/2018)
  - Circular 026-2018-BCRP (04/07/2018)
  - Circular 032-2018-BCRP (23/10/2018)
  - Circular 033-2018-BCRP (31/10/2018)
  - Circular 035-2018-BCRP (16/11/2018)
  - Circular 036-2018-BCRP (19/11/2018)
  - Circular 038-2018-BCRP (17/12/2018)



- **Information and Reports**

- Circular 040-2018-BCRP (31/12/2018)

- **Investment Limits for Administrators of Pension Funds**

- Circular 003-2018-BCRP (25/01/2018)
- Circular 012-2018-BCRP (23/03/2018)
- Circular 017-2018-BCRP (28/05/2018)
- Circular 027-2018-BCRP (29/07/2018)

- **First-Class Banks**

- Circular 002-2018-BCRP (04/01/2018)
- Circular 010-2018-BCRP (21/03/2018)
- Circular 022-2018-BCRP (29/06/2018)
- Circular 030-2018-BCRP (25/09/2018)
- Circular 039-2018-BCRP (28/12/2018)

- **Daily Adjustment Index**

- Circular 001-2018-BCRP (January)
- Circular 006-2018-BCRP (February)
- Circular 008-2018-BCRP (March)
- Circular 013-2018-BCRP (April)
- Circular 015-2018-BCRP (May)
- Circular 018-2018-BCRP (June)
- Circular 025-2018-BCRP (July)



- Circular 028-2018-BCRP (August)
- Circular 029-2018-BCRP (September)
- Circular 031-2018-BCRP (October)
- Circular 034-2018-BCRP (November)
- Circular 037-2018-BCRP (December)





# FINANCIAL STATEMENTS

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**Pancho Fierro (1809-1879)**

*Tapada y escribano. S. XIX*

Watercolor. 0.35 x 0.26 m.



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## Independent Auditors' Report

To the Directors  
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, 2018, the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year 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 accounting standards described in note 2 to the accompanying financial statements, and for such internal control as management determines is necessary to enable the preparation of 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 audit. We conducted our audit in accordance with International Standards on Auditing approved for their 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 the auditors' 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, the auditor considers 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 audit 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with accounting policies described in note 2 to the financial statements.

**Other Matter**

Banco Central de Reserva del Perú's financial statements for the year ended December 31, 2017 were audited by other independent auditors, whose report dated February 21, 2018, expressed an unqualified opinion on those statements.

Lima, Peru  
February 27, 2019

Countersigned by:

Eduardo Alejos (Partner)  
Peruvian CPA Registration  
Number 01-29180

**STATEMENT OF FINANCIAL POSITION**

As of December 31, 2018 and 2017

	<b><u>Note</u></b>	<b><u>2018</u></b> (S/ 000)	<b><u>2017</u></b> (S/ 000)
<b>ASSETS</b>			
<b>Gross international reserves</b>			
Cash in foreign currency		168,834	162,273
Deposits with foreign banks	<b>3</b>	51,521,500	73,747,067
Deposits with foreign institutions	<b>4</b>	2,522,915	2,479,371
Securities from international institutions	<b>5</b>	140,937,963	122,620,805
Gold	<b>6</b>	4,809,657	4,700,546
Contributions to international institutions	<b>7</b>	2,801,861	2,538,742
Other available assets		<u>346,813</u>	<u>113,551</u>
		<u>203,109,543</u>	<u>206,362,355</u>
<b>Other foreign assets</b>			
Contributions in domestic currency to IMF	<b>7</b>	5,449,316	5,530,281
Other foreign assets	<b>11(b)</b>	<u>67,380</u>	<u>64,760</u>
		<u>5,516,696</u>	<u>5,595,041</u>
<b>Domestic credit</b>			
	<b>8</b>		
To banks		13,111,323	21,974,975
To the public sector		2,678,213	3,095,850
To financial institutions		3,509	-
To other institutions and funds		<u>14,527</u>	<u>120,207</u>
		<u>15,807,572</u>	<u>25,191,032</u>
Property, furniture and equipment, net	<b>9</b>	<u>165,126</u>	<u>161,057</u>
Other assets	<b>10</b>	<u>288,514</u>	<u>291,868</u>
<b>TOTAL ASSETS</b>		<b><u>224,887,451</u></b>	<b><u>237,601,353</u></b>
<b>Off-balance sheet accounts</b>	<b>20</b>	<b><u>139,157,713</u></b>	<b><u>90,599,179</u></b>

The accompanying notes are an integral part of these statements.

	<u>Note</u>	<u>2018</u> (S/ 000)	<u>2017</u> (S/ 000)
<b>LIABILITIES</b>			
Reserves liabilities		560,989	357,402
<b>Other foreign liabilities</b>			
Equivalent of the contribution in domestic currency to IMF	<b>7</b>	5,449,316	5,530,281
Other foreign liabilities	<b>11</b>	2,922,503	2,880,321
		<u>8,371,819</u>	<u>8,410,602</u>
<b>Sterilized stock</b>			
Issued securities in circulation	<b>12</b>	26,777,829	31,614,454
Deposits in domestic currency	<b>13</b>	41,813,456	44,080,794
		<u>68,591,285</u>	<u>75,695,248</u>
<b>Monetary base</b>			
Currency in circulation		59,244,028	55,270,665
Deposits in domestic currency		2,123,039	1,936,709
		<u>61,367,067</u>	<u>57,207,374</u>
Deposits in foreign currency	<b>15</b>	63,458,373	69,735,741
Other liabilities	<b>16</b>	8,427,555	17,553,334
<b>TOTAL LIABILITIES</b>		<u><b>210,777,088</b></u>	<u><b>228,959,701</b></u>
<b>Net equity</b>			
Capital	<b>17</b>	1,182,750	1,182,750
Legal reserves		804,934	870,911
Fair value reserve		(526,871)	(730,643)
Profit or loss for the year		1,091,049	(65,977)
		<u>2,551,862</u>	<u>1,257,041</u>
<b>Capital, reserves and results</b>		2,551,862	1,257,041
Adjustment for valuation article 89 - Organic Act	<b>17.E</b>	11,558,501	7,384,611
<b>Total net equity</b>		<u><b>14,110,363</b></u>	<u><b>8,641,652</b></u>
<b>TOTAL LIABILITIES AND NET EQUITY</b>		<u><b>224,887,451</b></u>	<u><b>237,601,353</b></u>
<b>Off-balance sheet accounts</b>	<b>20</b>	<u>139,157,713</u>	<u>90,599,179</u>

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the years ended December 31, 2018 and 2017

	<u>Note</u>	<u>2018</u> (S/ 000)	<u>2017</u> (S/ 000)
<b>FINANCIAL INCOME</b>			
Interest on deposits with foreign banks	<b>3(ii)</b>	939,541	805,223
Net yield on securities	<b>5</b>	1,905,579	932,066
Yield from transactions with derivative instruments	<b>2.B(f)</b>	651,124	277,981
Interest on international agreements and deposits with the IMF		28,459	12,847
Profits and dividends received from international institutions		25,255	31,178
Yield on gross international reserves		<u>3,549,958</u>	<u>2,059,295</u>
Interest and commissions on domestic credit transactions	<b>8(d)</b>	526,359	1,067,413
Other financial income	<b>20(e)</b>	42,011	6,549
<b>Total financial income</b>		<b><u>4,118,328</u></b>	<b><u>3,133,257</u></b>
Non-financial income		29,266	4,557
<b>TOTAL INCOME</b>		<b><u>4,147,594</u></b>	<b><u>3,137,814</u></b>
<b>FINANCIAL EXPENSES</b>			
Interest on foreign liabilities abroad	<b>11(c)</b>	(26,468)	(14,552)
Interest on securities issued in circulation	<b>12</b>	(844,724)	(1,236,384)
Interest on domestic currency deposits	<b>13</b>	(933,768)	(1,020,996)
Interest on foreign currency deposits	<b>15(b)</b>	(864,558)	(573,010)
Other financial expenses	<b>20(e)</b>	(26,682)	(8,477)
<b>Total financial expenses</b>		<u>(2,696,200)</u>	<u>(2,853,419)</u>
Operational expenses	<b>21</b>	(274,180)	(267,590)
Issuance expenses and costs	<b>22</b>	(86,165)	(82,782)
<b>TOTAL EXPENSES</b>		<b><u>(3,056,545)</u></b>	<b><u>(3,203,791)</u></b>
<b>Net profits (loss)</b>		1,091,049	(65,977)
Other comprehensive income	<b>5 and 8(b)</b>	203,772	158,421
<b>Total comprehensive income</b>		<b><u>1,294,821</u></b>	<b><u>92,444</u></b>

The accompanying notes are an integral part of these statements.



**STATEMENT OF CHANGES IN EQUITY**

For the years ended December 31, 2018 and 2017

	Capital stock	Legal reserves	Fair value reserve	Accumulated results	Total capital, reserves and results	Adjustment for valuation article 89 of Organic Act	Total net equity
Note	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)
<b>Balance as of January 1, 2017</b>	1,182,750	686,917	(889,064)	245,325	1,225,928	9,639,400	10,865,328
Net loss	-	-	-	(65,977)	(65,977)	-	(65,977)
Other comprehensive income	-	-	158,421	-	158,421	-	158,421
<b>Total comprehensive income</b>	-	-	<b>158,421</b>	<b>(65,977)</b>	<b>92,444</b>	-	<b>92,444</b>
Transfer to legal reserves	-	183,994	-	(183,994)	-	-	-
Transfer of profits to the Public Treasury	-	-	-	(61,331)	(61,331)	-	(61,331)
Adjustment for valuation of the year	-	-	-	-	-	(2,254,789)	(2,254,789)
<b>Balance as of December 31, 2017</b>	<b>1,182,750</b>	<b>870,911</b>	<b>(730,643)</b>	<b>(65,977)</b>	<b>1,257,041</b>	<b>7,384,611</b>	<b>8,641,652</b>
<b>Balance as of January 1, 2018</b>	<b>1,182,750</b>	<b>870,911</b>	<b>(730,643)</b>	<b>(65,977)</b>	<b>1,257,041</b>	<b>7,384,611</b>	<b>8,641,652</b>
Net profits	-	-	-	1,091,049	1,091,049	-	1,091,049
Other comprehensive income	-	-	203,772	-	203,772	-	203,772
<b>Total comprehensive income</b>	-	-	<b>203,772</b>	<b>1,091,049</b>	<b>1,294,821</b>	-	<b>1,294,821</b>
Compensation of losses to legal reserves	-	(65,977)	-	65,977	-	-	-
Adjustment for valuation article 89 – Organic Act	-	-	-	-	-	4,173,890	4,173,890
<b>Balance as of December 31, 2018</b>	<b>1,182,750</b>	<b>804,934</b>	<b>(526,871)</b>	<b>1,091,049</b>	<b>2,551,862</b>	<b>11,558,501</b>	<b>14,110,363</b>

The accompanying notes are an integral part of these statements.

**STATEMENT OF CASH FLOWS**

December 31, 2018 and 2017

	<u>Note</u>	<u>2018</u> (S/ 000)	<u>2017</u> (S/ 000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profits (loss)		1,091,049	(65,977)
<b>Adjustments to reconcile net profits (loss) to cash and cash equivalents from operating activities</b>			
Depreciation of property, furniture and equipment	<b>9</b>	12,792	12,135
Amortization of intangible assets		2,220	2,407
Fixed asset write off		473	933
<b>Net changes in assets, liabilities and equity accounts</b>			
Decrease in domestic credit		9,383,460	6,793,873
Decrease in other foreign assets		78,345	348,658
Decrease (increase) in other assets		1,134	(10,794)
Increase in reserves liabilities		203,588	154,856
Decrease in other foreign liabilities		(38,783)	(285,377)
(Increase) decrease in issued securities in circulation		(4,836,625)	8,530,731
(Increase) decrease in deposits in domestic currency		(2,267,338)	13,224,748
Increase (decrease) in deposits of banks, financial institutions and others (monetary base)		186,331	(381,680)
Decrease in deposits in foreign currency		(6,277,368)	(20,096,191)
Decrease in other liabilities		(9,125,780)	(10,887,492)
Increase in fair value reserve		203,772	158,421
Increase (decrease) in adjustment for valuation article 89 - Organic Act		4,173,890	(2,254,788)
Transfer of profits to the Public Treasury	<b>17.D</b>	-	(61,331)
<b>Cash and cash equivalents used in operating activities</b>		<b>(7,208,841)</b>	<b>(4,816,868)</b>
<b>Cash flows from investing activities</b>			
Additions to property, furniture and equipment	<b>9</b>	(17,334)	(7,538)
<b>Cash and cash equivalents used in investing activities</b>		<b>(17,334)</b>	<b>(7,538)</b>
Net decrease in cash and cash equivalents		(7,226,175)	(4,824,406)
Cash and cash equivalents at the beginning of the year		151,091,690	155,916,096
<b>Cash and cash equivalents at the end of the year</b>	<b>2.B(p)</b>	<b>143,865,515</b>	<b>151,091,690</b>

The accompanying notes are an integral part of these statements.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**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 Peruvian Constitution, dated December 29, 1993, and by its Organic Act approved by Decree-Law 26123 of December 24, 1992 (hereinafter the "Organic Act"). The Organic Act establishes that the Central Bank's functions are to regulate the amount of money, manage international reserves, issue currency, as well as report on the finances of Peru.

The Central Bank has its legal address and headquarters at Jr. Santa Rosa 441-445 (previously named Antonio Miró Quesada), Lima, and has branches in seven cities of the country. As of December 31, 2018 and 2017, the number of employees hired to develop its activities is 975 and 977, respectively. Said amount includes bank workers, temporary workers, and workers on leave without pay or on temporary assignment (without pay).

The Central Bank represents Peru for the purposes set forth in the articles of the agreements of the International Monetary Fund (hereinafter the "IMF") and the Latin American Reserve Fund (hereinafter the "FLAR", for its Spanish acronym) and is responsible for all transactions, operations and official relations with these institutions. The Central Bank may also act as a Peruvian Government agent in its relations with multilateral credit organizations and financial agencies of foreign governments. The Central Bank has subscribed shares of the Bank for International Settlements (hereinafter the "BIS"), which is the institution responsible for promoting international financial and monetary cooperation, and is a bank for central banks.

As established in its Organic Act, the Bank is not allowed to:

- Grant funding to the Public Treasury, except in the form of acquisitions of securities issued by the Public Treasury in the secondary market in which case the holding of such securities may not exceed at any moment, valued at their acquisition cost, 5% of the monetary base balance at previous year end.
- Grant credits or any other form of funding to financial institutions that have outstanding and past due obligations. Moreover, the Central Bank is not allowed to grant loans or advanced payments to its Directors.
- Extend guarantees, letters of guarantee or any others guarantee, or use any form of indirect funding, or grant insurance of any type. However, the operations conducted by the Central Bank in implementing payment and reciprocal credit agreements are not subject to the aforementioned prohibition.
- Allocate resources for the creation of special funds aimed at granting credits or making investments to promote nonfinancial economic activities.
- Issue securities, bonds or contribution certificates of mandatory acquisition.
- Impose sector or regional coefficients in the composition of the loan portfolio of financial institutions.
- Establish multiple exchange rate regimes.



- Purchase shares, except for those issued by international financial institutions or those needed to be acquired to strengthen banks or financial institutions; participate, directly or indirectly, in the capital of commercial, industrial or any other institutions.
- Own more real estate properties than those required for its activities and those that were transferred in payment of debts. The latter must be sold in a term no longer than one year after their acquisition.

The financial statements as of and for the year ended December 31, 2018, prepared in accordance with accounting principles described in note 2, were approved for issuance by the Central Bank's management on January 17, 2019, and will be submitted for approval of the Board of Directors within the period established by the Organic Act. In management's opinion, such financial statements will be approved without amendments. The financial statements as of and for the year ended December 31, 2017, were approved by the Board of Directors at their meeting held on March 15, 2018.

### **Net equity**

According to Article 93 of the Organic Act, in case the Central Bank incurs in losses, these losses shall be covered by the accounting reserve from previous year profits. If the accounting reserve isn't enough to cover the losses, the Public Treasury, within thirty days of the financial statement approval, issues and grants to the Central Bank negotiable debt securities that been interests for the non-covered amount.

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

On May 19, 2017, 25% of the 2016 net profits was used to repay the principal of these bonds and the corresponding accrued interest for the amounts of S/ 59 million and S/ 2 million, respectively (note 17(d)).

As of December 31, 2017, the recorded loss is associated to the increase in the interest expense for deposits in foreign currency, which mainly comprises special deposits of the MEF, and the increase in the operational expenses for sterilization, related to the increase of CDBCRP issuance, in order to withdraw the banking liquidity surplus, which is associated to the purchase of U.S. dollars by the Central Bank (especially during the third quarter of 2017). These measures were implemented to reduce exchange rate volatility, in a context of increased capital inflows, mainly towards fixed rate markets in domestic currency. On March 26, 2018, the 2017 loss was covered with part of the legal reserves according to article 93 of the Organic Act.

Profits recorded as of December 31, 2018, are associated with the highest income generated from the International Gross Reserves investment, which shows the increase in the international interest rate due to reversing monetary stimulus of FED, and the lower operational cost on sterilization, associated with the decrease in the BCRP reference 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 PRINCIPLES**

### **A. Central Bank criteria**

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

- (a) The criteria approved by the Board of Directors based on the Board's power and authority (article 88 of the Organic Act), and
- (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), formalized through Resolutions issued by the Peruvian Accounting Council (hereinafter the "CNC", for its Spanish acronym) and current as of December 31, 2018 and 2017, accordingly, as applicable for the Central Bank and the standards established by the Superintendency of Banking and Insurance (SBS, for its Spanish acronym). As of the date of these financial statements, the CNC has formalized the application of the 2018 versions of IFRS 1 to 17, IAS 1 to 41, SIC 7 to 32 and IFRIC 1 to 23.

The accounting principles established by the Central Bank's Board of Directors that differ from generally accepted accounting principles in Peru are mainly:

**i. Recognition of changes in exchange rate differences**

The Central Bank records adjustments for price valuation and exchange rates, of the assets and liabilities in gold, silver, currencies, SDR or other monetary units of international use in 'Adjustment for valuation article 89 – Organic Act' in the net equity. In accordance with Peruvian GAAP, the results of the aforementioned valuations shall be included in the profit or loss of the year in which they were generated. In 2018 and 2017, this adjustment amounted to an increase of S/ 4,174 million and a decrease of S/ 2,255 million (paragraph 2.2(e) below and note 17.E).

**ii. Recording of embedded derivatives**

As of December 31, 2018 and 2017, indexed certificates of deposit (CDRBCRP, for its Spanish acronym), are recorded at its face value, recognizing the changes in exchange rate differences in 'Adjustments for valuation article 89 - Organic Act' in the statement of changes in net equity (paragraph (vi) below).

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

**iii. Valuation of financial instruments classified as available-for-sale investments**

The Central Bank calculates the fair value of its financial instruments classified as investments based on market prices. For instruments classified as available-for-sale investments recorded in 'Securities from international institutions' acquired until December 31, 2013 (note 2.B(c.i)), as well as securities issued by the MEF in foreign currency recorded in 'Domestic credit' until December 31, 2015 (note 2.B (c.ii)), the Central Bank calculates their higher or lower value by comparing carrying amount (acquisition cost) with fair value. The latter without determining the amortized cost of those investments, and record changes in net equity until investments are sold or realized. Additionally, premiums or discounts generated in their acquisition are recorded as income or expense when settled.

As of December 31, 2018, all 'Securities from international institutions' acquired as of December 31, 2013, matured.

According to Peruvian GAAP, to calculate the higher or lower value of debt instruments classified as available-for-sale investments, fair value is compared to amortized cost, which is calculated by applying the effective interest rate method.



As of January 1, 2016, in order to determine the higher or lower value of the instruments classified as available-for-sale investments recorded in 'Securities from international institutions' acquired since January 1, 2014, and securities issued by MEF in foreign currency which are part of 'Domestic credit', the fair value is compared to the amortized cost. The amortized cost is determined using the effective interest rate method.

**iv. Statement of cash flows**

The preparation of the statement of cash flow is carried out by the Central Bank considering as cash and cash equivalents the captions indicated in paragraph (2.B(p)) 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.

**v. Disclosure of financial instruments**

As of December 31, 2018 and 2017, the Central Bank is not fully applying the requirements of IFRS 7 Financial Instruments: Disclosures and certain disclosures required by IFRS 9 Financial Instruments. The objective of these standards is to provide disclosures in the financial statements that enable users to evaluate the significance of financial instruments for the Central Bank's financial position and yield. 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 Central Bank applies to manage the risks arising from said instruments.

**vi. Valuation of instruments related to exchange rate**

The Central Bank has instruments related with the exchange rate such as: transactions with held-for-trading instruments (note 2.B(f.i)), CDRBCRP transactions (note 2.2(l)) and foreign exchange swap transactions (note 2.B(t)).

Gains and losses from changes in fair value and from exchange rates are recorded in 'Adjustment for valuation 89 - Organic Act' in net 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 profit or loss in the statement of profit or loss and other comprehensive income.

**vii. 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 (note 1 and 17(d)), which are recorded as a financial asset 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).

**B. Accounting criteria**

The main accounting principles and practices used in the preparation of the accompanying financial statements are as follows:

**(a) Basis for preparation and use of estimates**

The accompanying financial statements have been prepared in soles from the Central Bank's accounting records in accordance with the accounting principles 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, income and expenses, and 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 available-for-sale investments, actuarial provision 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 Central Bank's policies, securities issued by the MEF are considered as financial assets and their recognition and measurement is performed according to what is explained in notes 2.A(vii) and 2.B(s).

The other financial instruments are classified as assets, liabilities or equity according to the substance of the contractual agreement that originated them. Interest, dividends, gains and losses generated by financial instruments classified as assets or liabilities are recorded as income or expense. Financial instruments are offset when the Central Bank has a legal enforceable right to offset them and management intends to settle them 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', excluding those detailed as non-financial assets (note 10); and financial liabilities correspond to liabilities in general, except for those detailed as non-financial liabilities in 'Other liabilities' (note 16). The accounting policies on recognition and measurement of these captions are disclosed in the accounting policies described in this note.

#### **(c) Available-for-sale and held-to-maturity investments**

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

The initial recognition and the subsequently measurement of the investments are carried out in accordance with the following criteria:

##### ***Classification***

- **Available-for-sale investments**

Instruments that are held for an indefinite time 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**

Financial assets that 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, 2018 and 2017, the Central Bank does not hold financial instruments classified in this category.

##### ***Initial recognition***

Initial recognition of available-for-sale investments is performed at fair value, plus the transaction costs that are directly attributable to the acquisition of said investments.



### **Valuation of available-for-sale investments**

**i. For securities from international institutions acquired until December 31, 2013**

Upon initial recognition, available-for-sale investments are measured at fair value, and unrealized profit or loss is recorded in 'Fair value reserve' in net equity. Unrealized profit or loss result from the 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 sale or maturity of the instruments.

**ii. For securities from international institutions acquired since January 1, 2014**

After initial recognition, these instruments are reassured at fair value and the 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. The difference between fair value and amortized cost (unrealized profit or loss) is recorded in 'Fair value reserve' in the statement of changes in net equity.

**iii. For securities 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.

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

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 (e) below. If the decrease in the market value of investments is permanent or there is credit impairment, respective provisions affecting the profit or loss for the year are recorded.

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.

**(d) Recognition of income and expenses**

Interest income and expense are calculated using the effective interest rate method (amortized cost) and are recognized in the profit or loss of the year when they are accrued according to the time of validity of the operations that generate them and the agreed interest rates, except for interests related to investments, which are recognized as indicated in paragraph (c) 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 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.

**(e) Transactions in foreign currency**

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 SBS for transactions in U.S. dollars. Balances in other currencies are expressed according to the exchange rates provided by Bloomberg (note 25(iii)).

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

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

**(f) Derivative financial instruments**

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

**(i) Held-for-trading derivative instruments**

The reference value (committed face value) of forward and future operations is recorded in 'off-balance sheet accounts' (notes 20(d) and 20(e)), which are subsequently measured at their fair value. Fair values are estimated based on the exchange rates, interest rates and market prices. The Central Bank has forward price transactions whose underlying assets are investments in international securities and forward exchange operations.

Board of Directors Meeting held May 25, 2017, approved that, since 2017, interest on underlying investment plus the higher amount received in the foreign currency in which forex-swaps are invested (simultaneous buy and sell of foreign currency transactions, one using the spot exchange rate and the other using 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 or loss and other comprehensive income. Thus, the effect recorded in 'Adjustment for valuation article 89 – Organic Act' from net equity, corresponds to the valuation of the underlying asset during the life of the forex-swap plus (less) the exchange effect from changes in the foreign currency with respect to the domestic currency. The Central Bank has decided to apply this change prospectively, without affecting prior financial statements.

Gains and losses from changes in fair value of future and forward exchange rate operations are recorded on 'Yield from transactions with derivatives' from the statement of profit or loss and other comprehensive income, and in 'Adjustment for valuation article 89 – Organic Act' from net equity, respectively, recognizing either an asset or a 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 splitting the embedded

derivative, 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, 2018, and of 2017, the Central Bank does not have instruments with embedded derivatives.

**(g) 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 – Organic Act' in net equity.

**(h) Contributions to international institutions**

Contributions made by the Central Bank to the IMF, FLAR and BIS, which are recorded at the face value of the contribution, which represents their acquisition cost, because 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 institutions. These contributions cannot be negotiated with third parties.

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

**(i) Collections**

Collections mainly correspond to artwork (archeological objects, paintings, sculptures, among others) and collectible coins that have been purchased and/or received as donation, and 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 do not depreciate and are recorded in 'Other assets' in the statement of financial position (note 10). The acquisition cost of donations 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.

**(j) Property, furniture and equipment and depreciation**

Property, furniture and equipment are recorded at their acquisition cost, less accumulated depreciation and accumulated amount of impairment loss, 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 will flow from the renewal or improvement; and ii) their cost can be measured reliable. The cost and corresponding accumulated depreciation of an asset sold or retired are eliminated from the corresponding accounts and the related profit or loss is included in profit or loss for the year.

Units in transit are recorded at their acquisition cost and are not depreciated until they are placed into service.

Land is not depreciated. Depreciation at these assets is computed on a straight-line basis over the following estimated useful lives:

	<b>Years of useful life</b>
Buildings and other constructions	100
Machinery and equipment	10
Vehicles	5
IT equipment	3

**(k) Impairment of long-lived assets**

When changes or certain events indicate that the value 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 the tangible asset exceeds its recoverable value, a loss for impairment is recognized in the statement of profit or loss and other comprehensive income. The recoverable value is the highest between the net sale price and its value in use. The net sale price is the amount that can be obtained from the sale of a tangible asset in a free market, while the 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. The 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.

**(l) 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 part of the reserve requirements. The sterilized stock is the result from Central Banks' monetary operations to take out 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 are adjusted for changes in the sol/U.S. dollar exchange rate. Those changes are recorded in 'Adjustment for valuation article 89 - Organic Act' in net equity.

**(m) 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.

**(n) Employee benefits**

According to article 58 of the Bylaw, the Central Bank transfers annually financial resources to the Fund for Diseases, Insurance and Pensions of the Central Bank's Employees (hereinafter the "Fund") to pay the benefits to its personnel. The total amount of the transfers from the Central Bank to the Fund is approved by the Board of Directors every year.

The Central Bank has the following defined benefits plans:

- Supplementing retirement, widow and burial benefits.

- Other supplementing retirement benefits, related to health care benefits granted by the Central Bank.

The cost of granting benefits through defined benefits plans is determined separately for each plan, by means of the projected credit unit method. Actuarial gains and losses of both defined benefits plans are fully recognized in the profit or loss of the year when 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 negotiable obligations (note 16(b)), less costs for past services and fair value of the plan assets that will be used to settle said obligations. The plan assets are managed by long-term benefits fund for the personnel. The 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 reserves liabilities, are made up by the value of deposits and loans, net of obligations.

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

#### **(o) Operational expenses and issuance costs of currency**

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

Cost of minting coins and coin blanks includes the cost of raw materials, labor and manufacturing overhead.

Expenses for printing banknotes and cost of minting coins are initially recognized in 'Other assets' in the statement of financial position (note 10(b) and (d)), and subsequently are recognized in profit or loss of the year in which currency is set available to be in circulation for the first time.

#### **(p) 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:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Gross international reserves	203,109,543	206,362,355
<b>Less:</b>		
Currency in circulation	<u>(59,244,028)</u>	<u>(55,270,665)</u>
<b>Cash and cash equivalents</b>	<b><u>143,865,515</u></b>	<b><u>151,091,690</u></b>

The difference between total gross international reserves and reserves liabilities (consisting of obligations with international institutions), represents net international reserves. These gross international reserves show the international liquidity of the country and its financial capacity in relation to other countries, and are the resources available to the Central Bank to meet its obligations in foreign currency.

**(q) Provisions**

Provisions are only recognized when the Central Bank has a present (implicit or legal) obligation as a result of past events, it is probable that an outflow of resources will be required to settle such obligation, and their amount can be reliably estimated. Provisions are reviewed in each year and are adjusted to reflect the best estimate as of the date of the statement of financial position. When the effect of time value of money is significant, the amount of the provision is the present value of future payments required to settle the obligation.

The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income, net of any related refund.

**(r) Contingencies**

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

**(s) Domestic credit**

Domestic credit comprises the following:

- Securities issued by the MEF, which are recorded and classified as available for-sale investments. Initial recognition and subsequent measurement of such investments are made in accordance with the criteria described in paragraph (c) above.
- Securities received from the MEF to cover losses according to the provisions of article 93 of the Organic Act (notes 1 and 17(D)), which are recorded at their face value and accrue interest at the agreed interest rate (coupon rate).
- Security repurchase agreements (repos) used to inject liquidity in domestic currency to financial institutions. This transaction consists of the purchase of securities at the beginning of the transaction, when financial institutions transfer the ownership of securities to the Central Bank, and at the maturity date of the repo transaction, the financial institutions repurchase the same securities and the Central Bank transfers the ownership to them. 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, which are transactions where the participating institutions sell domestic or foreign currency to the Central Bank in exchange for foreign or domestic currency, and are committed to re-purchase the sold currency at a later date at current market exchange rates under the same agreement. These transaction 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.

**(t) Foreign exchange swaps**

Foreign exchange swaps, whose notional value is recorded in off-balance sheet accounts (see note 20(e)), correspond to transactions in which one party agrees to pay 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 pay the exchange valuation 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 when they accrue, under 'Other financial income' 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 differences on the notional amount committed in U.S. dollars in 'Adjustment for valuation article 89 -Organic Act' in net equity, with a counterpart amount in the asset and liability captions mentioned above, as appropriate.

Transaction settlement is made at maturity, in soles, using prevailing market exchange rates.

#### **(u) Subsequent events**

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

#### **(v) New standards and interpretations**

##### **i. IFRS issued and effective in Peru as of December 31, 2018**

During 2018, the CNC issued the following resolutions, by which were made official the following standards:

- Resolution 001-2018 - EF/30 issued April 24, 2018, formalized amendments to IFRS 9 Financial Instruments, IAS 28 Investments in Associates and Joint Ventures and Annual improvements to IFRS Standards 2015-2017 Cycle.
- Resolution 002-2018-EF/30 issued August 23, 2018, formalized 2018 IFRS version containing amendments to IAS 19 Employee Benefits and Conceptual Framework for Financial Reporting.

The resolutions application is according to the effective date of each specific standard, except for IFRS 15, whose effective date was postponed by the CNC until January 1, 2019, through Resolution 005-2017 EF/30.

##### **ii. IFRS internationally issued, but not effective as of December 31, 2018**

- IFRS 17 Insurance Contracts, effective for annual periods beginning on or after January 1, 2021.
- Amendments to IAS 28 Investments in Associates and Joint Ventures, effective for annual periods beginning on or after January 1, 2019.
- Amendments to IFRS 9 Financial Instruments, effective for annual periods beginning on or after January 1, 2019.
- IFRIC 23 Uncertainty over Income Tax Treatments, effective for annual periods beginning on or after January 1, 2019.

- IFRS 16 Leases, effective for annual periods beginning on or after January 1, 2019.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in relation to the sale or contribution of assets between an investor and its associates and joint ventures, whose effective application was postponed indefinitely by the IASB in December 2015.
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards, effective for annual periods beginning on or after January 1, 2019.
- Amendments to References to the Conceptual Framework in IFRS Standards, effective for annual periods beginning on or after January 1, 2020.

Because standards detailed in paragraph (v) solely apply in a supplementary manner with those developed by the Organic Act and the standards issued by the Central Bank's Board of Directors, they will not have a significant effect in the preparation of the accompanying financial statements. The Central Bank has not estimated the effect of the adoption of the above mentioned standards on its financial statements, if adopted.

### 3. DEPOSITS WITH FOREIGN BANKS

As of December 31, this caption comprises the following:

	<u>Note</u>	<u>2018</u> (S/ 000)	<u>2017</u> (S/ 000)
Time deposits (a)		51,436,775	73,689,434
Outstanding interest from time deposits (b)		<u>74,237</u>	<u>46,909</u>
		51,511,012	73,736,343
Demand deposits		9,770	9,596
Outstanding interest from gold deposits	<b>6(b)</b>	<u>718</u>	<u>1,128</u>
<b>Total</b>		<b><u>51,521,500</u></b>	<b><u>73,747,067</u></b>

- (a) As of December 31, 2018 and 2017, time deposits are held in tier 1 foreign banks, accrue interest in accordance with international market rates and are mainly denominated in U.S. dollars, amounting to US\$ 9,727 million and US\$ 20,169 million, respectively.

As of December 31, 2018, deposits with foreign banks accrued an average annual interest rate of 1.68% (2017: 1.42%).

- (b) As of December 31, 2018 and 2017, the Central Bank recognized income interest on deposits with foreign banks for S/ 940 million and S/ 805 million, respectively, which is recorded in 'Financial income' in the statement of profit or loss and other comprehensive income.

### 4. DEPOSITS WITH FOREIGN INSTITUTIONS

As of December 31, 2018 and 2017, it corresponds to deposits with the IMF, stated in SDR, which accrue interest at average annual rates of 1.09% and 0.74%, respectively, and are not unrestricted, except for certain situations such as the presence of effective or potential balance of payments needs that require assistance from the IMF, or in case of a request of withdrawal from the membership of this international institution.

## 5. SECURITIES FROM INTERNATIONAL INSTITUTIONS

As of December 31, this caption comprises the following:

	2018				2017			
	Cost (i)	Unrealized gross amount		Carrying amount (iii)	Cost (i)	Unrealized gross amount		Carrying amount (iii)
		Increase	Decrease (ii)			Increase	Decrease (ii)	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Available- for-sale investments</b>								
Outstanding issued securities	18,620,241	-	-	18,620,241	12,571,152	-	-	12,571,152
Short-term sovereign securities (iv)	53,544,404	131	(229,267)	53,315,268	49,450,220	8,601	(187,907)	49,270,914
Short-term supranational securities (v)	3,979,052	449	(19,718)	3,959,783	901,417	-	(549)	900,868
Long-term sovereign securities (iv)	56,211,465	132,443	(308,523)	56,035,385	58,931,749	6,134	(491,529)	58,446,354
Long-term supranational securities (v)	8,474,593	105,360	(42,669)	8,537,284	1,109,087	24,394	(3,021)	1,130,460
	<u>140,829,755</u>	<u>238,383</u>	<u>(600,177)</u>	<u>140,467,961</u>	<u>122,963,625</u>	<u>39,129</u>	<u>(683,006)</u>	<u>122,319,748</u>
<b>Accrued interest</b>				<u>470,002</u>				<u>301,057</u>
				<b><u>140,937,963</u></b>				<b><u>122,620,805</u></b>

(i) The cost of available for sale investment corresponds to the acquisition cost for securities acquired until December 31, 2013, and to the amortized cost for securities acquired since January 1, 2014.

(ii) As of December 31, 2018 and 2017, the decrease in the amount of the fair value reserve mainly corresponds to premiums paid at the acquisition date of available-for-sale investments acquired until December 31, 2013, which are recognized in the statement of profit or loss and other comprehensive income at maturity of the instrument, as indicated in note 2.B(c.i).

(iii) The carrying amount corresponds to the estimated market value for available-for-sale investments.

(iv) It corresponds to securities issued by central governments. As of December 31, 2018 and 2017, the Central Bank's portfolio was mainly invested in sovereign bonds issued by the U.S. Treasury.

(v) As of December 31, 2018 and 2017, it corresponds to securities issued by supranational institutions, such as the Andean Development Corporation (CAF, for its Spanish acronym), European Investment Bank (EIB), World Bank, International Bank for Reconstruction and Development (IBRD), BIS, among others.



As of December 31, maturities and nominal annual interest rates on investments are as follows:

	Maturity		Nominal interest rate (i)							
	2018		2017		2018		2017			
	2018	2019	2018	2019	US\$	Other currencies	US\$	Other currencies		
				Min. %	Max. %	Min. %	Max. %	Min. %	Max. %	
<b>Available- for-sale investments</b>										
Certificates of deposit	Jan.2019 / Feb.2019	Jan.2018 / Mar.2018	2.46	3.13	(0.45)	(0.35)	1.51	1.92	(0.43)	(0.40)
Bank acceptances	Jan.2019 / Mar.2019		-	-	2.01	2.22	-	-	-	-
Short-term sovereign securities	Jan.2019 / Dec.2019	Jan.2018 / Dec.2018	0.75	2.81	(0.32)	4.50	0.13	4.50	(0.21)	3.53
Short-term supranational securities	Jan.2019 / Dec.2019	Jan.2018 / Jul.2018	0.88	2.81	1.50	1.50	1.35	1.37	3.25	3.25
Long-term sovereign securities	Jan.2020 / Augu.2023	Jan.2019 / Augu.2022	1.13	3.13	0.38	6.50	0.75	2.88	0.38	4.75
Long-term supranational securities	Jan.2020 / Dec.2021	Feb.2019	1.63	3.05	0.63	6.00	1.25	1.88	0.63	1.50

(i) The nominal rate corresponds to the coupon rate for investments in bonds, and to the discount rate for certificates of deposit, commercial papers, and other fixed income instruments, excluding the premiums or discounts obtained at the acquisition date of the instruments detailed above.

As of December 31, 2018 and 2017, 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 credit rating agencies Moody's and Standard & Poor's. Certificates of deposit have a minimum rating of A according to Fitch, Standard & Poor's and Moody's credit rating agencies. These securities accrue interest at international market rates and are kept in tier 1 foreign banks.

As of December 31, balance due on available-for-sale investments, excluding interest, is as follows:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Up to 3 months	41,497,513	38,376,642
From 3 months to 1 year	34,397,779	24,366,290
From 1 to 3 years	61,960,275	58,414,316
From 3 to 5 years	820,939	685,124
Over 5 years	1,791,455	477,376
<b>Total</b>	<b>140,467,961</b>	<b>122,319,748</b>

As of December 31, 2018 and 2017, the Central Bank recognized income on net yield of securities for S/ 1.906 billion and S/ 932 million, respectively, which are recorded in 'Financial income' in the statement of profit or loss and other comprehensive income. Likewise, it was recognized an increase of S/ 282 million and S/ 23 million, respectively, in 'Fair value reserve' in net equity (notes 2.B(c) and 17.C).

## 6. GOLD

As of December 31, this caption comprises the following:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
<b>In the country</b>		
Gold coins (a)	2,383,215	2,329,125
Provision for cost of converting gold coins into high purity or good delivery gold bars	(2,300)	(2,211)
	2,380,915	2,326,914
<b>Abroad</b>		
Gold bars (b)	2,428,742	2,373,632
<b>Total</b>	<b>4,809,657</b>	<b>4,700,546</b>

(a) As of December 31, 2018 and 2017, it corresponds to 552,101 and 552,191 gold troy ounces, respectively, in commemorative coins deposited with the Central Bank, which are valued at quotation value per-troy ounce as of the aforementioned dates.

(b) As of December 2018 and 2017, it corresponds to 562,647 and 562,651 gold troy ounces, respectively, in high purity or good delivery deposited in tier 1 foreign banks. During 2018 and 2017, 562,647 gold troy ounces are under time deposits (2017: 249,702 gold troy ounces are under custody and 312,949 gold troy ounces are under time deposits). As of December 31, 2018, these term deposits accrued interest at an annual rate between 0.10% and 0.23% and have a 88- and 94-day term since the

date of its constitution (2017: accrued interest at an annual rate of 0.26% and had a 180-day term since the date of its constitution). The accrued interests as of December 31, 2018 and 2017, were recorded in 'Deposits in foreign banks' in the statement of financial position (note 3).

## 7. CONTRIBUTIONS TO INTERNATIONAL INSTITUTIONS

As of December 31, this caption comprises the following:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Contributions to the FLAR (a)	1,700,108	1,612,153
Contributions to the IMF (b)	793,855	623,569
Contributions to the BIS (c)	<u>307,898</u>	<u>303,020</u>
	<b><u>2,801,861</u></b>	<b><u>2,538,742</u></b>

(a) This contribution grants Peru access to financing facilities from the FLAR. As of December 31, 2018, paid contributions to FLAR amounts to US\$ 505 million, equivalent to S/ 1.700 billion (2017: US\$ 490 million equivalent to S/ 1,612 million). As of December 31, 2018 and 2017, Peru's participation in FLAR accounts for 17% of its subscribed capital. Also, as of December 31, 2018, the Central Bank holds contributions pending of capitalization for US\$ 159 million, equivalent to S/ 535 million (2017: US\$ 166 million equivalent to S/ 536 million), which were recorded as outstanding accounts and accounts payable, and are recorded, net, in the statement of financial position (note 2.B(h)).

(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, 2018 and 2017, amounts to SDR 1,335 million; made up by contributions in SDR and in soles. As of December 31, 2018 and 2017, Peru's participation in the total shares held by the IMF's member countries is 0.28% and comprises the following:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
<b>Contribution in SDR:</b>		
Contribution to the IMF in SDR (i)	<u>793,855</u>	<u>623,569</u>
<b>Contribution in domestic currency</b>		
Contribution to the IMF, equivalent in domestic currency (ii)	5,380,115	5,554,846
Revaluations to be settled- contribution to the IMF in domestic currency (iii)	<u>69,201</u>	<u>(24,565)</u>
	<u>5,449,316</u>	<u>5,530,281</u>
<b>Total contribution to the IMF</b>	<b><u>6,243,171</u></b>	<b><u>6,153,850</u></b>

(i) As of December 31, 2018 and 2017, it corresponds to contributions granted by Peru to the IMF for SDR 169 million and SDR 135 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 above mentioned 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.

- (ii) 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) Since 2011, the Central Bank participates as a member of that international institution. 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, 2018 and 2017, 25% of market value of such shares has been paid, corresponding to SDR 66 million, equivalent to S/ 308 million (2017: S/ 303 million). The 75% of the market value of said shares, corresponding to SDR 197 million, equivalent to S/ 924 million as of December 31, 2018 (2017: S/ 909 million), were recorded as outstanding accounts and accounts payable, and are recorded, net, in the statement of financial position (note 2.B(h)).

## 8. DOMESTIC CREDIT

As of December 31, this caption comprises the following:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
<b>To banks (a)</b>		
Currency repo transactions	7,278,000	16,146,400
Security repo transactions	5,816,908	5,249,690
Outstanding commissions from currency repo transactions	16,415	578,885
	<b>13,111,323</b>	<b>21,974,975</b>
<b>To the public sector (b)</b>		
Bonds issued by the MEF in foreign currency	1,892,585	1,941,973
Securities issued by the MEF in domestic currency	645,231	645,231
Currency repo transactions	62,000	442,600
Outstanding interest	78,381	63,015
Outstanding commissions from currency repo transactions	16	3,031
	<b>2,678,213</b>	<b>3,095,850</b>
<b>To other institutions and funds</b>		
Currency repo transactions	14,500	91,100
Security repo transactions	-	28,495
Outstanding commissions from currency repo transactions	27	612
	<b>14,527</b>	<b>120,207</b>
<b>Deposits of financial institutions</b>		
Currency repo transactions	3,500	-
Outstanding commissions from currency repo transactions	9	-
	<b>3,509</b>	-
<b>Total</b>	<b>15,807,572</b>	<b>25,192,032</b>

- (a) As of December 31, 2018 and 2017, the Central Bank carried out currency repo transactions with financial 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, 2018, these transactions had interest rates ranging from 0.65% to 3.40%, with settlement dates between January 2019 and October 2020 (2017: interest rates from 1.69% to 5.89%, with settlement dates between January 2018 and October 2020).

Also, as of December 31, 2018, BCRP had current purchase transactions with repurchase commitment of certificates of deposit or treasury bonds (security repos) with banks at an average annual interest rate of 3.95%, with settlement dates between January 2019 and July 2020 (2017: average annual interest rate of 3.8%, with settlement dates between January 2018 and July 2020).

- (b) As of December 31, 2018 and 2017, 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 at rates ranging from 7.35% to 8.75%, respectively. Such instruments are classified and valued as available-for-sale investments. As of December 31, 2018, a decrease of S/ 78 million (2017: increase of S/ 135 million) in fair value 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 2017 and 2016, (note 17.D)), intended to cover 2014 losses. These securities were issued with a 20-year term at an annual interest rate of 2.20%, which shall be settled at maturity or when the call option is exercised. Such call and amortization of interest, fees and other expenses incurred by these bonds shall be debited to the Central Bank's profits (note 1).

Also, as of December 31, 2018 and 2017, 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, 2018, these transactions had interest rates ranging from 1.40% to 1.48%, with settlement dates in June 2019 (2017: interest rates from 2.53% to 4.83%, with settlement dates between March 2018 and June 2019).

In 2018 and 2017, the Central Bank recognized interest income and commissions from domestic credit transactions for S/ 526 million and S/ 1,067 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 this caption for the years 2018 and 2017, and the accumulated depreciation are as follows:

Description	Land	Buildings and other constructions	Furniture and office equipment	Vehicles	Miscellaneous equipment	Units in transit	Total
	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)	(S/ 000)
<b>Cost</b>							
<b>Balance as of January 1, 2017</b>	24,056	164,921	7,004	3,569	103,317	1,671	304,538
Additions	-	1,750	204	70	5,282	232	7,538
Transfers	-	1,218	23	-	(4)	(1,237)	-
Disposals and others	-	(1,556)	(309)	-	(8,468)	(9)	(10,342)
<b>Balance as of December 31, 2017</b>	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)
<b>Balance as of December 31, 2018</b>	<b>28,419</b>	<b>172,368</b>	<b>7,102</b>	<b>3,758</b>	<b>106,426</b>	<b>152</b>	<b>318,225</b>
<b>Accumulated depreciation</b>							
<b>Balance as of January 1, 2017</b>	-	66,702	4,145	2,692	64,412	-	137,951
Depreciation for the year	-	3,424	355	384	7,972	-	12,135
Disposals and others	-	(647)	(308)	-	(8,454)	-	(9,409)
<b>Balance as of December 31, 2017</b>	-	69,479	4,192	3,076	63,930	-	140,677
Depreciation for the year	-	3,652	384	268	8,488	-	12,792
Disposals and others	-	(370)	-	-	-	-	(370)
<b>Balance as of December 31, 2018</b>	-	<b>72,761</b>	<b>4,576</b>	<b>3,344</b>	<b>72,418</b>	-	<b>153,099</b>
<b>Net carrying amount</b>							
<b>As of December 31, 2017</b>	<b>24,056</b>	<b>96,854</b>	<b>2,730</b>	<b>563</b>	<b>36,197</b>	<b>657</b>	<b>161,057</b>
<b>As of December 31, 2018</b>	<b>28,419</b>	<b>99,607</b>	<b>2,526</b>	<b>414</b>	<b>34,008</b>	<b>152</b>	<b>165,126</b>

As of December 31, 2018 and 2017, the Central Bank has fully depreciated property, furniture and equipment, which are still in use for S/ 52 million and S/ 45 million, respectively.

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

In 2018 and 2017, depreciation of property, furniture and equipment amounted to S/ 13 million and S/ 12 million, respectively, and is included in 'Operational expenses' and 'Issuance expenses and costs' for S/ 10 million and S/ 3 million, and S/ 9 million and S/ 3 million, respectively (notes 21 and 22).

Management annually reviews 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, 2018 and 2017.

As of December 31, 2018 and 2017, no Central Bank's asset was granted as guarantee.

## 10. OTHER ASSETS

As of December 31, this caption comprises the following:

	<u>2018</u> (S/ 000)	<u>2017</u> (S/ 000)
<b>Financial instruments</b>		
Outstanding interest	5,088	-
Outstanding accounts from personnel	933	923
	<u>6,021</u>	<u>923</u>
<b>Non-financial instruments</b>		
Raw material, semi-finished and finished goods (a)	91,021	98,151
Collections (b)	81,818	94,786
Deferred charges (c)	87,294	71,234
Advance payments to suppliers	9,989	14,521
Intangible assets	8,699	6,944
Silver	2,161	2,287
Others	1,511	3,022
	<u>282,493</u>	<u>290,945</u>
<b>Total</b>	<u><u>288,514</u></u>	<u><u>291,868</u></u>

- (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 are set available for circulation for the first time.

## 11. OTHER FOREIGN LIABILITIES

As of December 31, this caption comprises the following:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
SDR allocations and revaluations to be settled (a)	2,852,607	2,812,433
Allocation in Andean pesos (b)	67,380	64,760
Others	<u>2,516</u>	<u>3,128</u>
<b>Total</b>	<b><u>2,922,503</u></b>	<b><u>2,880,321</u></b>

- (a) As of December 31, 2018 and 2017, 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 (June 20 and December 20, for the years 2018 and 2017, respectively) until December 31 of each year, whose amounts to S/ 36 million and S/ 12 million (negative revaluation).

SDR allocations accrue interest according to the conditions of the Articles of Agreement. As of December 31, 2018 and 2017, annual interest rate was 1.10% and 0.74%, respectively.

- (b) The allocation in Andean pesos corresponds to those delivered by the FLAR for 20 million Andean pesos equivalent to S/ 67 million and S/ 65 million as of December 31, 2018 and 2017, respectively. Said allocation neither accrues interest nor has a defined maturity for its cancellation. The counterpart amount is an outstanding account recorded in 'Other foreign assets' in the statement of financial position.

In 2018 and 2017, the Central Bank recognized interest for approximately S/ 26 million and S/ 15 million, respectively, corresponding to its foreign liabilities, mainly for the obligations for SDR allocations, which is recorded in 'Financial expenses' in the statement of profit or loss and other comprehensive income.

## 12. ISSUED SECURITIES IN CIRCULATION

As of December 31, this caption comprises the following:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Certificates of deposit (CDBCRP)	27,060,900	30,747,100
Indexed certificates of deposit (CDRBCRP)	-	829,039
Certificates of deposit settled in U.S. dollars (CDLDBCRP)	-	400,000
CDRBCRP sale's premium	-	1,360
Discounts on sale of CDBCRP, CDRBCRP and CDLDBCRP	<u>(283,071)</u>	<u>(363,045)</u>
	<b><u>26,777,829</u></b>	<b><u>31,614,454</u></b>

As of December 31, 2018 and 2017, 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, 2018, S/ 3.596 billion of certificates of deposit guarantee repo transactions with securities (2017: S/ 4.127 billion in guarantee)



In 2018 and 2017, the Central Bank recognized interest expense for issued securities in circulation for S/ 845 million and S/ 1.236 billion, respectively, which is recorded in 'Financial expenses' in the statement of profit or loss and other comprehensive income.

As of December 31, 2018 and 2017, certificates of deposit issued by the Central Bank were acquired by:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Banks	21,236,100	26,807,382
Deposit Insurance Fund	2,259,100	1,912,400
Banco de la Nación	2,537,600	1,747,300
Mutual funds and pension fund management companies' funds	162,800	655,420
Financial institutions	428,400	435,700
Other institutions	436,900	417,937
	<u>27,060,900</u>	<u>31,976,139</u>
Discounts on sale of CDBCRP, CDRBCRP and CDLDBCRP	(283,071)	(363,045)
CDRBCRP sale's premium	-	1,360
<b>Total</b>	<b><u>26,777,829</u></b>	<b><u>31,614,454</u></b>

As of December 31, 2018, certificates of deposits issued by the Central Bank mature between January 2019 and June 2020, and accrue interest at discount rates between 2.47% and 3.80% (2017: mature between January 2018 and June 2019, and accrue interest between 1.30% and 4.78%).

### 13. DEPOSITS IN DOMESTIC CURRENCY

As of December 31, this caption comprises the following:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Public sector	33,236,837	35,570,093
Banco de la Nación	6,302,707	6,598,876
Banks	217,000	869,060
Municipal credit and savings institutions	1,163,000	364,400
Financial institutions	389,500	349,900
Deposit Insurance Fund	465,104	319,375
Rural credit and savings institutions	32,600	8,750
Other institutions and funds	6,708	340
	<u>41,813,456</u>	<u>44,080,794</u>

As of December 31, 2018 and 2017, deposits in domestic currency are classified per type of transaction as follows:

Type	Interest rate %	Maturity	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Checking accounts	Between 0 and 1.55	Without maturity	5,534,838	3,996,976
Time deposits	Between 1.90 and 2.50	January to December 2019	28,163,511	31,866,882
<i>Special deposits (overnight)</i>	Between 1.50 and 1.55	2 days	8,115,107	8,216,936
			<b><u>41,813,456</u></b>	<b><u>44,080,794</u></b>

In 2018 and 2017, the Central Bank recognized interest on deposits in domestic currency for S/ 934 million and S/ 1.021 billion, 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:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
<b>Currency in circulation (a)</b>	59,244,028	55,270,665
<b>Deposits in domestic currency (b)</b>		
Banks	1,156,006	1,184,050
Municipal credit and savings institutions	409,956	325,183
Banco de la Nación	250,000	250,000
Financial institutions	209,527	113,188
Rural credit and savings institutions	97,516	64,263
Others	34	25
	<u>2,123,039</u>	<u>1,936,709</u>
	<b><u>61,367,067</u></b>	<b><u>57,207,374</u></b>

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

	<b>2018</b>		<b>2017</b>	
	Unidades	S/ (000)	Unidades	S/ (000)
<b>Banknotes</b>				
Denomination S/ 10	122,030,357	1,220,303	125,823,850	1,258,239
Denomination S/ 20	156,085,303	3,121,706	150,297,696	3,005,954
Denomination S/ 50	154,518,313	7,725,916	143,216,649	7,160,832
Denomination S/ 100	404,983,920	40,498,392	379,277,962	37,927,796
Denomination S/ 200	20,110,759	4,022,152	17,269,153	3,453,831
		<u>56,588,469</u>		<u>52,806,652</u>
<b>Coins</b>				
Denomination S/ 0.01	348,299,850	3,483	348,413,882	3,484
Denomination S/ 0.05	505,101,884	25,255	480,288,189	24,014
Denomination S/ 0.10	1,577,194,631	157,719	1,480,203,027	148,020
Denomination S/ 0.20	451,273,728	90,255	422,402,536	84,481
Denomination S/ 0.50	499,117,550	249,559	468,734,451	234,367
Denomination S/ 1.00	940,019,580	940,920	860,345,159	860,345
Denomination S/ 2.00	181,338,570	362,677	167,851,070	335,702
Denomination S/ 5.00	164,785,794	823,929	154,369,493	771,847
		<u>2,653,797</u>		<u>2,462,260</u>
Commemorative coins		1,762		1,753
		<u>59,244,028</u>		<u>55,270,665</u>

- (b) As of December 31, 2018 and 2017, it corresponds to deposits in domestic currency of financial institutions subject to reserve requirements in the domestic financial system. Such funds are intended to cover 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 covered with cash in domestic and foreign currency (note 15(a)) and with cash of the institution 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, 2018 and 2017, 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, 2018 and 2017, only additional reserve requirements in domestic currency are required for those institutions exceeding the limits of foreign currency sale transactions through forwards and swaps, as well as those that have obligations subject to the special regime. As of December 31, 2018, the reserve requirements' 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 rate of remuneration of deposits in domestic currency was zero. This rate of remuneration is equivalent to the rate of remuneration of overnight deposits in domestic currency with the Central Bank (2018: 1.50%) less 195 bps (2017: 0.05%).

On June 29, 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 obligation of special regime of reserve requirements, and the limits are amended for the weekly and monthly agreed transactions for selling foreign currency in exchange for domestic currency through forwards and swaps.

On May 12, 2017, the Central Bank issued Circular 0018-2017-BCRP, referred to the provisions of reserve requirements in domestic currency, which states that starting on the publication date, the limits are expanded for the weekly and monthly agreed transactions for selling foreign currency in exchange for domestic currency through forwards and swaps. Through Circulars issued in the same year, it was decided to reduce from 6.0% to 5.0% the minimum legal reserve requirements rate and the reserve requirements rate applied to obligations under the general regime, as well as to reduce the reserve requirements rate for indexed obligations from 48% to 44%. These measures were implemented to provide the necessary liquidity to enable the orderly evolution of credit. Circular 0018-2017-BCRP became effective as of December 31, 2017.

## 15. DEPOSITS IN FOREIGN CURRENCY

As of December 31, this caption comprises the following:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Banks (a)	34,622,246	37,750,375
Public sector (b)	27,463,400	30,271,313
Other financial institutions (a)	910,159	603,187
Banco de La Nación (a)	170,250	507,746
Financial institutions (a)	292,316	342,460
Other institutions and funds	1	260,660
	<b><u>63,458,372</u></b>	<b><u>69,735,741</u></b>

- (a) As of December 31, 2018 and 2017, it corresponds to deposits in foreign currency of institutions subject to reserve requirements in the domestic financial system. Such funds are intended to cover 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, 2018 and 2017, 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, 2018, the additional reserve requirements rate in foreign currency for banks ranged between 26.0% and 29.4% (2017: 16.6% and 35.7%).

As of December 31, 2018, 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 1.9542% equivalent to the one-month LIBOR less 50 bps (2017: 0.3729% equivalent to 25% of the one-month LIBOR).

On June 29, 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%.

On December 22, 2017, the Central Bank issued Circular 0037-2017-BCRP, referred to the provisions of legal 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 40% to 39%. These measures seek to maintain stable credit conditions in a context of credit slowdown and higher international interest rates. The latter became effective as of December 31, 2017.

- (b) As of December 31, 2018 and 2017, 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, 2018, such deposits correspond to demand and time deposits, which accrued interest at an effective annual rate between 1.14% and 2.83% (2017: 0.33% and 1.63%). Time deposits have maturities between January and March 2019 (2017: between January and March 2018).

In 2018 and 2017, the Central Bank recognized interest on deposits in foreign currency amounting to S/ 865 million and S/ 573 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>2018</u> (S/ 000)	<u>2017</u> (S/ 000)
<b>Financial liabilities</b>			
Reverse repurchase agreement of foreign currency	<b>8(b)</b>	7,627,182	16,774,557
Interest and commissions payable		574,915	545,771
Deposit Insurance Fund		35,211	18,640
Accounts payable		5,116	4,623
Fund for diseases, insurance and pensions of Central Bank's employees		685	491
		<u>8,243,109</u>	<u>17,344,082</u>
<b>Non-financial liabilities</b>			
Actuarial liabilities (a)		142,631	163,694
Other provisions		36,075	39,591
Others		5,740	5,967
		<u>184,446</u>	<u>209,252</u>
		<u><b>8,427,555</b></u>	<u><b>17,553,334</b></u>

- (a) As of December 31, 2018 and 2017, 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(n)).

The Fund is a private institution incorporated by Decree-Law N° 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, 2018 and 2017, 5.0% and 3.2% of the Fund's assets, respectively, are deposited with the Central Bank, which accrue interest at an effective annual rate of 4.18% and 4.37%, respectively. The difference has been granted as loans to the Central Bank's employees, which are directly discounted from 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:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Changes in net assets of the Employees' Fund	2,975	(500)
Changes in reserves calculated by the actuary	<u>(12,760)</u>	<u>10,901</u>
	<b><u>(9,785)</u></b>	<b><u>10,401</u></b>

As of December 31, 2018 and 2017, the movement of the obligation for employee benefits and the fair value of the benefit's asset are the following:

	<b>Note</b>	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
<b>Balance at the beginning of the year</b>		163,694	163,995
Transfers to the Fund during the year (i)		(11,278)	(10,702)
Provision (recovery) for employee benefits	<b>21</b>	<u>(9,785)</u>	<u>10,401</u>
		<b><u>142,631</u></b>	<b><u>163,694</u></b>

- (b) In January 2018 and 2017, 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/ 45.0 million and S/ 39.7 million, respectively. In 2018, from the aforementioned amount, S/ 11.3 million were used to pay pensions of retired personnel, which decreased the actuarial liability by the same amount (2017: S/ 10.7 million) and S/ 32.1 million were transferred to the Fund for health expenses of active personnel, which increased the balance of 'Operational expenses' (2017: S/ 27.7 million) (note 21), and S/ 1.6 million were transferred to health expenses of National Mint (CNM) personnel, which were recognized in cost of issued coins (2017: S/ 1.3 million).

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

	<b>2018</b>		<b>2017</b>	
	S/ (000)	%	S/ (000)	%
Deposits with the Central Bank	685	5.0	508	3.2
Outstanding accounts from employees	<u>12,954</u>	<u>95.0</u>	<u>15,023</u>	<u>96.8</u>
<b>Total</b>	<b><u>13,639</u></b>	<b><u>100.0</u></b>	<b><u>15,531</u></b>	<b><u>100.0</u></b>

The main hypotheses used when determining the actuarial liability for employee benefits established as of December 31 are the following:

	<b>2018</b>	<b>2017</b>
Discount rate	6.00%	6.00%
(Decrease) increase in pensions	(16.6)%	0.80%
Average period of amortization of pensions	8.86	9.55
<b>Primary beneficiaries as of the statement of financial position date:</b>		
Men	968	957
Women	558	562
<b>Mortality tables:</b>		
Men	SP 2005 H	SP 2005 H
Women	SP 2005 M	SP 2005 M

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

Año	Increase/decrease in discount rate	Effects on reserve for the year in thousands of soles
		S/ 000
2018	+50 pbs	(6,765)
	-50 pbs	7,339
2017	+50 pbs	(7,911)
	-50 pbs	8,591

Año	Increase/decrease in life expectancy	Effects on reserve for the year in thousands of soles
	Años	S/ 000
2018	+1	2,421
	-1	(2,257)
2017	+1	152
	-1	(475)

## 17. NET EQUITY

### A. Capital

As of December 31, 2018 and 2017, the authorized, subscribed and paid-in capital by the Peruvian Government in accordance with regulations amounts to S/ 1.183 billion.

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. In 2018 and 2017, the Central Bank has made no capitalization of reserves.

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

Board of Directors' Meeting held March 9, 2017, agreed to establish the legal reserves, corresponding to 75% of the 2016 profit or loss, for approximately S/ 184 million.

#### *Special legal reserves*

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

### C. Fair value reserve

The movement of this caption during years 2018 and 2017 is as follows:

	<b>Securities from international institutions</b> S/ (000)	<b>Bonds issued by the MEF</b> S/ (000)	<b>Total</b> S/ (000)
<b>Balance as of January 1, 2017</b>	<b>(666,762)</b>	<b>(222,302)</b>	<b>(889,064)</b>
Foreign exchange gain	24,471	135,536	160,007
Foreign exchange loss	(1,586)	-	(1,586)
<b>Balance as of December 31, 2017</b>	<b>(643,877)</b>	<b>(86,766)</b>	<b>(730,643)</b>
Foreign exchange gain	296,080	-	296,080
Foreign exchange loss	(13,997)	(78,311)	(92,308)
<b>Balance as of December 31, 2018</b>	<b>(361,794)</b>	<b>(165,077)</b>	<b>(526,871)</b>

#### 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 non-covered amount, negotiable debt securities that shall accrue interest.

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

In this sense, the 2014 loss was covered by bonds and a promissory note issued by the MEF in August 2015, as described in note 1. Subsequently, Board of Directors' Meeting held March 9, 2017, approved to transfer to the Public Treasury approximately S/ 61 million, corresponding to 25% of the 2016 profit or loss, which were used to amortize the balance of bonds received from the Public Treasury, as described in note 1.

#### 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 (e)).

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

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
<b>Balance at the beginning of the year</b>	<b>7,384,611</b>	<b>9,639,400</b>
Plus (less):		
Valuation of derivative instruments transactions and others related to exchange rate	631,671	(1,243,931)
Valuation of metals (gold)	109,150	400,449
Valuation of the IMF's contribution and obligations	(40,319)	(62,757)
Valuation of U.S. dollars	3,356,532	(1,944,543)
Valuation of other currencies	116,856	595,993
<b>Balance at the end of the year</b>	<b>11,558,501</b>	<b>7,384,611</b>

## 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 the self-employment income and regular employment income, and to social contributions.



The Tax Authorities are entitled to review and, if necessary, amend the taxes calculated by the Central Bank within the four years following the year of tax return filing. The tax and contribution returns for the years 2014 through 2018, inclusive, are open for review by the Tax Authorities. Since discrepancies may arise over the interpretation by the Tax Authorities of the regulations applicable to the Central Bank, to date it is not possible to determine whether any additional liabilities will arise as a result of eventual reviews of the financial statements. Therefore, any additional taxes, fines and interest arising from such reviews shall be recognized in profit or loss in the year in which the disagreement with Tax Authorities is resolved. In management's opinion, any possible additional settlement of taxes would not be significant for the Central Bank's financial statements as of December 31, 2018 and 2017.

## 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, 2018 and 2017, 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 is made up as follows:

	<u>Note</u>	<u>2018</u> (\$/ 000)	<u>2017</u> (\$/ 000)
Currency in circulation (a)		51,029,138	44,453,379
Forward operations (b)		77,783,541	39,237,049
Securities held in custody (c)		3,789,388	4,380,486
Future transactions (d)		137,563	948,766
Foreign exchange swap (e)	<b>2.B(t)</b>	3,376,960	-
Others		3,041,123	1,579,499
<b>Total</b>		<b><u>139,157,713</u></b>	<b><u>90,599,179</u></b>

(a) As of December 31, it corresponds to the currency not in circulation that the Central Bank holds in its vaults. This caption comprises the following:

	<u>2018</u> (\$/ 000)	<u>2017</u> (\$/ 000)
New	45,598,690	41,101,190
Available	3,281,731	2,628,232
To be classified	1,766,565	540,374
To be destroyed	354,740	182,163
In transit	27,412	1,420
<b>Total</b>	<b><u>51,029,138</u></b>	<b><u>44,453,379</u></b>

The movement of 'Currency in circulation' as of December 31, is as follows:

	<u>2018</u> (\$/ 000)	<u>2017</u> (\$/ 000)
<b>Balance at the beginning of the year</b>	<b>44,453,379</b>	<b>38,271,706</b>
Acquisition of currency	23,162,598	23,132,217
Destruction of currency	(12,613,477)	(12,736,264)
Removal of circulation, net of income	(3,973,362)	(4,214,280)
<b>Balance at the end of the year</b>	<b><u>51,029,138</u></b>	<b><u>44,453,379</u></b>



- (b) As of December 31, 2018 and 2017, it corresponds to the reference value (committed face value) of the Central Bank's forward operations of foreign currency, classified as held-for-trading instruments. As of December 31, 2018, the Central Bank has 87 forward operations with maturities between January and November 2019 (2017: 48 forward operations with maturities between January and February 2018). Likewise, as of December 31, 2018, the valuation of said instruments generated an asset of S/ 133 million (2017: S/ 32 million), which was recorded in 'Other available assets', and a liability of S/ 461 million (2017: S/ 247 million), which was recorded in 'Reserves liabilities'. Said valuation was recorded in 'Adjustment for valuation article 89 - Organic Act' in the net equity.

As of December 31, 2018 and 2017, face value of forward operations according to the currency is as follows:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Buy of U.S. dollar/sell of other currencies other than sol	38,147,951	19,296,977
Sell of Japanese yen/buy of other currencies other than sol	13,425,183	10,202,298
Sell of Euro/buy of other currencies other than sol	17,401,037	7,218,588
Sell of Swedish krona/buy of other currencies other than sol	-	2,258,796
Buy of Pound sterling/sell of other currencies other than sol	76,630	260,390
Sell of Pound sterling/buy of other currencies other than sol	3,649,240	-
Sell of Canadian dollar/buy of other currencies other than sol	4,441,616	-
Buy of Australian dollar/sell of other currencies other than sol	641,884	-
<b>Total</b>	<b><u>77,783,541</u></b>	<b><u>39,237,049</u></b>

- (c) As of December 31, 2018 and 2017, securities held in custody mainly comprise promissory notes in guarantee for transactions with the IMF.
- (d) As of December 31, 2018 and 2017, it corresponds to the reference value (committed face value) of the Central Bank's future 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 and 2017, the Central Bank has 352 and 631 agreements of forward price transactions, respectively, whose underlying assets are bonds of the U. S. Treasury issued in U.S. dollars, and whose maturities are in March 2019 (2017: between March 2018 and December 2019). Likewise, the estimated market value, provided by the BIS, generated an asset for S/ 1,282,000 and a liability for S/ 86,000 (2017: asset for S/ 582,000 and liability for S/ 522,000), which were recorded in 'Other available assets' and 'Reserves liabilities', respectively, in the statement of financial position and 'Net yield on securities' in the statement of profit or loss and other comprehensive income.
- (e) As of December 31, 2018, the Central Bank has 46 transactions, called "foreign exchange swaps", with banks in which the notional amount in soles in favor of the Central Bank is S/ 1.690 billion and the counterpart amount in favor of banks is US\$ 501 million. The maturity of these transactions is between January and February 2019 and the interest rate on the notional amount in soles equals the capitalization of the Cumulative Overnight Interbank Transactions Index calculated and published by the Central Bank, which as of December 31, 2018, was 3.38%. On the aforementioned date, the average interest rate in U.S. dollars, determined by auction, amounted to 1.88%.

In 2018, the Central Bank recognized interest income and expense paid and received on foreign exchange swaps for S/ 38 and S/ 19 million, which are recorded in 'Other financial income' and 'Other financial expenses' in the statement of profit or loss and other comprehensive income, respectively. Also, 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 - Organic Act' in the net equity for S/ 12 million, corresponding to financial institutions.

## 21. OPERATIONAL EXPENSES

This caption comprises the following:

	<b>Note</b>	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Remunerations and social benefits	<b>23</b>	157,170	155,602
Administrative expenses (a)		54,626	54,618
Health expenses of active personnel	<b>16(a)(i)</b>	32,111	27,660
Expenses for actuarial provision (b)	<b>16(a)</b>	-	10,401
Depreciation	<b>9(d)</b>	9,567	8,712
Amortization		2,220	2,407
Others		18,486	8,190
<b>Total</b>		<b>274,180</b>	<b>267,590</b>

- (a) As of December 31, 2018 and 2017, administrative expenses mainly correspond to the expenses for public services, maintenance, vigilance, advisories, data supplies, and others.
- (b) In 2017, expenses for actuarial provision amounted to S/ 10 million. In 2018, the Central Bank recorded a provision recovery for S/ 9.7 million in 'Non-financial income' in the statement of profit or loss.

## 22. ISSUANCE EXPENSES AND COSTS

This caption comprises the following:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Cost of minting issued coins	45,497	45,524
Expenses for printing issued banknotes	36,860	34,854
Expenses for transporting currency	3,808	2,404
	<b>86,165</b>	<b>82,782</b>

## 23. REMUNERATIONS AND SOCIAL BENEFITS

This caption comprises the following:

	<b>2018</b> (S/ 000)	<b>2017</b> (S/ 000)
Salaries	85,863	86,396
Legal bonuses and vacations	28,728	26,743
Bonuses and allocations	17,375	16,890
Retirement compensation arrangement	9,477	9,493
Social security	8,971	9,015
Training	3,057	2,630
Others	3,699	4,435
	<b>157,170</b>	<b>155,602</b>

## 24. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The amounts of financial assets and financial liabilities of captions in the statement of financial position classified per category in accordance with IAS 39 are the following:

Note	As of December 31, 2018				As of December 31, 2017			
	Outstanding accounts (S/000)	Available-for-sale investments (S/000)	Financial liabilities at amortized cost (S/000)	Total (S/000)	Outstanding accounts (S/000)	Available-for-sale investments (S/000)	Financial liabilities at amortized cost (S/000)	Total (S/000)
<b>Financial assets</b>								
	168,834	-	-	168,834	162,273	-	-	162,273
	51,521,500	-	-	51,521,500	73,747,067	-	-	73,747,067
	2,522,915	-	-	2,522,915	2,479,371	-	-	2,479,371
	-	140,937,963	-	140,937,963	-	122,620,805	-	122,620,805
	4,809,657	-	-	4,809,657	4,700,546	-	-	4,700,546
	2,801,861	-	-	2,801,861	2,538,742	-	-	2,538,742
	346,813	-	-	346,813	113,551	-	-	113,551
	67,380	-	-	67,380	64,760	-	-	64,760
	13,814,868	1,992,704	-	15,807,572	23,220,112	1,970,920	-	25,191,032
<b>10</b>	6,021	-	-	6,021	923	-	-	923
	<b>76,059,849</b>	<b>142,930,667</b>	-	<b>218,990,516</b>	<b>107,027,345</b>	<b>124,591,725</b>	-	<b>231,619,070</b>
<b>Financial liabilities</b>								
	-	-	560,989	560,989	-	-	357,402	357,402
	-	-	8,371,819	8,371,819	-	-	8,410,602	8,410,602
	-	-	68,591,285	68,591,285	-	-	75,695,248	75,695,248
	-	-	61,367,067	61,367,067	-	-	57,207,374	57,207,374
	-	-	63,458,373	63,458,373	-	-	69,735,741	69,735,741
<b>16</b>	-	-	8,243,109	8,243,109	-	-	17,344,082	17,344,082
	-	-	<b>210,592,642</b>	<b>210,592,642</b>	-	-	<b>228,750,449</b>	<b>228,750,449</b>

## 25. RISK ASSESSMENT

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

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 (represent 90.3% and 86.8% as of December 31, 2018 and 2017, 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 foreign 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 helps the foreign investment growth in the country.

Financial risks management mainly focuses on foreign liquid reserves assets, which are traded in international markets. These assets comprise deposits with foreign institutions, securities from international institutions, foreign holding of golds and SDR holdings in the IMF.

Risk management is carried out taking into account the following criteria:

- The Central Bank's reserve management policy prioritizes the preservation of capital and guaranteeing 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. The Central Bank seeks to minimize in this way 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 and interest rate risks.

The Central Bank's management is well aware of the existing market conditions and, on the basis of 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:

## A. Liquidity risk

It refers to 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 to the percentage acquired in each issuance. Instruments liquidity 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 liquid foreign reserves assets as shown below:

	<u>2018</u> (%)	<u>2017</u> (%)
<b>Maturity</b>		
Between 0 and 3 months	49	56
Between 3 and 12 months	17	12
More than one year	34	32
	<u>100</u>	<u>100</u>

The Central Bank's undiscounted cash flows payable according to contractual terms are as follows:

## As of December 31, 2018

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Without maturity	Total
	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)
<b>Financial liabilities per type (i)</b>							
Sterilized stock							
Certificates of deposit	3,184,008	8,820,660	13,581,329	1,191,832	-	-	26,777,829
Deposits in domestic currency	23,149,944	5,766,341	12,897,171	-	-	-	41,813,456
Monetary base	-	-	-	-	-	61,367,067	61,367,067
Deposits in foreign currency	55,642,292	7,816,080	-	-	-	-	63,458,372
Other financial liabilities	613,115	4,180,652	2,547,117	916,200	8,457,592	-	16,714,676
<b>Total non-derivative financial liabilities (ii)</b>	<b>82,589,359</b>	<b>26,583,733</b>	<b>29,025,617</b>	<b>2,108,032</b>	<b>8,457,592</b>	<b>61,367,067</b>	<b>210,131,400</b>
Accounts payable on derivative instruments	378,008	29,078	54,155	-	-	-	461,241
	<b>82,967,367</b>	<b>26,612,811</b>	<b>29,079,772</b>	<b>2,108,032</b>	<b>8,457,592</b>	<b>61,367,067</b>	<b>210,592,641</b>

## As of December 31, 2017

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Without maturity	Total
	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)	(\$/ 000)
<b>Financial liabilities per type (i)</b>							
Sterilized stock							
Certificates of deposit	4,057,243	12,895,420	13,911,046	750,745	-	-	31,614,454
Deposits in domestic currency	23,116,936	7,487,800	9,479,082	-	-	3,996,976	44,080,794
Monetary base	-	-	-	-	-	57,207,374	57,207,374
Deposits in foreign currency	22,165,460	11,912,782	-	-	-	35,657,499	69,735,741
Other financial liabilities	1,087,890	1,725,413	11,014,721	3,628,821	8,407,474	-	25,864,319
<b>Total non-derivative financial liabilities (ii)</b>	<b>50,427,529</b>	<b>34,021,415</b>	<b>34,404,849</b>	<b>4,379,566</b>	<b>8,407,474</b>	<b>96,861,849</b>	<b>228,502,682</b>
Accounts payable on derivative instruments	247,245	522	-	-	-	-	247,767
	<b>50,674,774</b>	<b>34,021,937</b>	<b>34,404,849</b>	<b>4,379,566</b>	<b>8,407,474</b>	<b>96,861,849</b>	<b>228,750,449</b>

(i) As of December 31, 2018 and 2017, financial liabilities do not include future interest.

(ii) As of December 31, 2018 and 2017, it corresponds to the valuation of held-for-trading instruments.

## B. Credit risk

Credit risk refers to the possibility that a counterpart is 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 institutions or foreign public institutions. As of December 31, 2018 and 2017, these securities shall be long-term bonds assigned with 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 liquid reserves assets as of December 31:

	<u>2018</u> (%)	<u>2017</u> (%)
<b>Long-term rating</b>		
AAA	53	50
AA+/AA/AA-	19	23
A+/A/A-	28	27
	<u>100</u>	<u>100</u>

Based on the obtained risk ratings and management's analysis, as of December 31, 2018 and 2017, 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.

## C. 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 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 business day.

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 made at the free market exchange rates.

As of December 31, 2018, the free market buying rate published by SBS for transactions in U.S. dollars was S/ 3.369 (2017: S/ 3.238). 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, the Central Bank's assets and liabilities in foreign currency are as follows:

	2018		2017	
	U.S. dollars (US\$ 000)	Other currencies (US\$ 000)	U.S. dollars (US\$ 000)	Other currencies (US\$ 000)
				<b>Total</b>
				(US\$ 000)
<b>Monetary assets</b>				
Cash in foreign currency	50,114	-	50,115	-
Deposits with foreign banks	9,743,799	5,549,018	20,184,523	2,590,976
Deposits with foreign institutions	-	748,862	-	765,711
Securities from international institutions	32,646,207	9,187,561	33,625,849	4,243,455
Gold	-	1,427,621	-	1,451,682
Contributions to international institutions	504,633	327,026	497,885	286,161
Other available assets	101,439	1,503	33,581	1,487
Other foreign assets	-	20,000	-	20,000
Domestic credit	570,705	-	608,685	-
Other assets	3,013	717	4,804	706
	<b>43,619,910</b>	<b>17,262,308</b>	<b>55,005,442</b>	<b>9,360,178</b>
				<b>64,365,620</b>
<b>Monetary liabilities</b>				
Reserves liabilities	156,417	10,098	107,281	3,096
Other foreign liabilities	-	20,000	-	20,000
Deposits in foreign currency	18,835,967	-	21,536,671	-
Other liabilities	2,310,659	257	5,205,198	281
	<b>21,303,043</b>	<b>30,355</b>	<b>26,849,150</b>	<b>23,377</b>
<b>Subtotal</b>	<b>22,316,867</b>	<b>17,231,953</b>	<b>28,156,292</b>	<b>9,336,801</b>
				<b>37,493,093</b>
<b>Derivative instruments</b>				
Forwards position, net	11,323,226	(11,338,249)	5,959,536	(5,997,310)
	<b>33,640,093</b>	<b>5,893,704</b>	<b>34,115,828</b>	<b>3,339,491</b>
				<b>37,455,319</b>

In addition, the Central Bank has issued indexed certificates of deposit (CDRBCRP) in domestic currency, which are adjusted for changes in the sol/U.S. dollar exchange rate and are settled at maturity in soles. As of December 31, 2018, the Central Bank has not issued CDRBCRP (2017: balance was S/ 829 million, representing US\$ 256 million) (note 12).

- (b) Balances in foreign currency, SDR and precious metals as of December 31, excluding derivative instruments, stated in thousands of U.S. dollars, are summarized as follows:

	<b>2018</b> (US\$ '000)	<b>2017</b> (US\$ '000)
<b>Assets</b>		
U.S. dollar	43,619,225	55,004,687
Japanese yen (i)	3,985,844	3,150,963
Euro	5,168,305	2,231,877
Gold	1,428,360	1,452,437
SDR (ii)	1,075,889	1,051,872
Pound sterling	1,525,147	402,787
Other currencies	4,079,448	1,070,997
	<u>60,882,218</u>	<u>64,365,620</u>
<b>Liabilities</b>		
U.S. dollar	21,303,043	26,849,149
SDR (ii)	1,522	1,039
Other currencies	28,833	22,339
	<u>21,333,398</u>	<u>26,872,527</u>
<b>Net assets</b>	<b><u>39,548,820</u></b>	<b><u>37,493,093</u></b>

- (i) As of December 31, 2018 and 2017, there is no exposure to this currency, since it is fully covered by forward operations (note 20 (c)).
- (ii) The SDR is a foreign reserves asset created by the IMF and allocated to its member countries in proportion to its share of membership 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, are the following:

	<b>2018</b>	<b>2017</b>
Gold troy ounce	1 281.280000	1 302.86000
Pound sterling	1.275200	1.351700
SDR	1.390790	1.424130
Euro	1.145700	1.201000
Japanese yen	0.009124	0.008878

According to article 89 of the Organic Act, as of December 31, 2018, the Central Bank registered a net positive adjustment on valuation of foreign currency of S/ 4,174 million

(2017: net negative adjustment of S/ 2,255 million) in 'Adjustment for valuation article 89 - Organic Act' in the net 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, 2018 and 2017. The analysis determines the effect of devaluation or revaluation of a reasonably possible change in the exchange rate of sol against foreign currencies, considering constant the other variables in the statement of profit or loss and other comprehensive income. A negative amount reflects a net potential decrease in net equity, while a positive amount reflects a net potential increase. In both cases, these changes do not affect the Central Bank's profits because both are recorded as exchange differences in net equity.

<b>Sensitivity analysis</b>	<b>Changes in exchange rates</b> (%)	<b>2018</b> (S/000)	<b>2017</b> (S/000)
<b>Devaluation</b>			
U.S. dollar	5	6,661,999	6,070,132
U.S. dollar	10	13,323,997	12,140,264
Pound sterling	5	256,909	65,211
Pound sterling	10	513,819	130,422
Japanese yen	5	671,421	510,124
Japanese yen	10	1,342,841	1,020,248
Euro	5	870,172	361,341
Euro	10	1,740,343	722,682
<b>Revaluation</b>			
U.S. dollar	5	(6,661,999)	(6,070,132)
U.S. dollar	10	(13,323,997)	(12,140,264)
Pound sterling	5	(256,909)	(65,211)
Pound sterling	10	(513,819)	(130,422)
Japanese yen	5	(671,421)	(510,124)
Japanese yen	10	(1,342,841)	(1,020,248)
Euro	5	(870,172)	(361,341)
Euro	10	(1,740,343)	(722,682)

#### **D. 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 measure 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, inline with the desired market risk profile for each portfolio instrument.



As of December 31, 2018 and 2017, 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 and 0.60 years, respectively.

#### **E. Operational risk**

It refers to the effect on 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 processes and controls 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 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 applicable 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.

## **26. INFORMATION ABOUT 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 there is no fixed price in the market, or it cannot be an indicative of the fair value of the instrument to determine said fair value, one can use either the market value of a similar instrument, the analysis of discounted flows or other applicable techniques, which may be significantly affected by the assumptions made. Management has used its best judgment in the fair value measurement of its financial instruments. Fair value may not be an indicative of the net realizable value or the liquidation value of said instruments.

The methodologies and assumptions applied to determine the estimated market values as of December 31, 2018 and 2017, in all cases applicable according to the Central Bank's policies, depend on the terms and risk characteristics of the diverse financial instruments, as detailed below:

- Cash in foreign currency and deposits with foreign banks represent cash and term deposits with banks with up to 90 days, respectively, which do not represent significant credit risks or interest rate risks.
- The carrying amount of securities issued by international institutions classified as available-for-sale investments 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 its 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, 2018 and 2017, the Central Bank's management considers that the estimated fair value of the Central Bank's financial instruments does not differ significantly from its carrying amount.

## **27. SUBSEQUENT EVENTS**

From December 31, 2018, as of the date of the independent auditors' report, there have not been any material events that may affect the financial statements.



# APPENDICES

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**Pancho Fierro (1809-1879)**  
*Hermana de caridad. S. XIX*  
Watercolor, 0.31 x 0.24 m.



**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/ (C)	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	-4.5	69	33	36	
1931	17,539	5,500	3,189	-5.8	1.6	-3.8	55	23	32	
1932	17,155	5,591	3,069	-2.2	1.6	-4.4	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	16	39	
1935	22,871	5,875	3,893	8.9	1.7	7.1	74	32	39	
1936	24,029	5,975	4,022	5.1	1.7	3.3	84	35	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	41	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	55	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	155	134	21	
1950	40,920	7,632	5,361	8.5	1.9	6.3	198	149	49	
1951	44,711	7,826	5,713	9.3	2.5	6.6	259	223	36	
1952	47,347	8,026	5,899	5.9	2.5	3.3	246	257	36	
1953	50,085	8,232	6,084	5.8	2.6	3.1	228	257	-29	
1954	52,762	8,447	6,246	5.3	2.6	2.7	254	225	29	
1955	55,858	8,672	6,442	5.9	2.7	3.1	281	295	-13	
1956	58,484	8,905	6,568	4.7	2.7	2.0	320	342	-22	
1957	62,371	9,146	6,819	6.6	2.7	3.8	331	402	-71	
1958	61,706	9,397	6,567	-1.1	2.7	-3.7	292	345	-53	
1959	63,653	9,658	6,591	3.2	2.8	0.4	323	345	42	
1960	69,946	9,931	7,043	9.9	2.8	6.9	444	281	103	
1961	75,085	10,217	7,349	7.3	2.9	4.3	510	429	82	
1962	82,620	10,516	7,856	10.0	2.9	6.9	49	478	78	
1963	86,196	10,826	7,962	4.3	2.9	1.3	555	518	37	
1964	91,840	11,143	8,242	6.5	2.9	3.5	555	518	37	
1965	97,003	11,467	8,459	5.6	2.9	2.6	685	660	167	
1966	104,995	11,796	8,901	8.2	2.9	5.2	789	811	25	
1967	109,040	12,132	8,988	3.9	2.8	1.0	742	810	-68	
1968	109,206	12,476	8,753	0.2	2.8	-2.6	840	673	167	
1969	113,044	12,829	8,812	3.5	2.8	0.7	880	659	221	
1970	116,849	13,193	8,857	3.4	2.8	0.5	1,034	700	335	
1971	122,213	13,568	9,008	4.6	2.8	1.7	889	730	159	
1972	126,463	13,953	9,063	3.5	2.8	0.6	945	812	133	
1973	134,401	14,348	9,367	6.3	2.8	3.4	1,112	1,033	79	
1974	147,017	14,751	9,967	9.4	2.8	6.4	1,513	1,908	-395	
1975	153,340	15,161	10,114	4.3	2.8	1.5	1,335	2,427	-1,092	



**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/ (C)	Exports of goods 4/ (Million US\$)	Imports of goods 4/ (Million US\$)	Trade Balance (Million US\$)
				(A)	(B)				
1976	155,559	15,581	9,984	1.4	2.8	44.6	1,344	2,016	-672
1977	156,102	16,011	9,750	0.3	2.8	32.6	1,730	2,148	-418
1978	151,977	16,447	9,240	-2.6	2.7	37.0	2,038	1,668	370
1979	158,194	16,886	9,368	4.1	2.7	66.7	3,719	1,954	1,765
1980	167,596	17,324	9,674	5.9	2.6	60.1	3,951	3,090	861
1981	176,901	17,760	9,961	5.6	2.5	72.7	3,328	3,802	-474
1982	176,507	18,197	9,700	-0.2	2.5	72.9	3,343	3,721	-377
1983	158,136	18,636	8,486	-10.4	2.4	125.1	3,036	2,722	314
1984	163,842	19,076	8,589	3.6	2.4	111.5	3,193	2,166	1,027
1985	167,219	19,519	8,567	2.1	2.3	158.3	3,021	1,823	1,199
1986	182,981	19,966	9,165	9.4	2.3	62.9	2,573	2,649	-77
1987	200,778	20,417	9,834	9.7	2.3	114.5	2,713	3,215	-502
1988	181,822	20,870	8,712	-9.4	2.2	114.3	2,720	2,865	-145
1989	159,436	21,320	7,478	-12.3	2.2	1,775.3	3,503	2,287	1,217
1990	151,492	21,765	6,961	-5.0	2.1	7,649.6	3,280	2,922	358
1991	154,854	22,204	6,974	2.2	2.0	139.2	3,393	3,595	-202
1992	154,017	22,640	6,803	-0.5	2.0	56.7	3,578	4,001	-423
1993	162,093	23,073	7,025	5.2	1.9	39.5	3,385	4,160	-776
1994	182,044	23,502	7,746	12.3	1.9	15.4	4,424	5,499	-1,075
1995	195,536	23,926	8,172	7.4	1.8	10.2	5,491	7,733	-2,241
1996	201,009	24,348	8,256	2.8	1.8	11.8	5,878	7,864	-1,987
1997	214,028	24,768	8,641	6.5	1.7	6.5	6,875	8,536	-1,711
1998	213,190	25,182	8,466	-0.4	1.7	6.0	5,757	8,219	-2,462
1999	216,377	25,589	8,456	1.5	1.6	6.0	6,088	6,710	-623
2000	222,207	25,984	8,552	2.7	1.5	3.7	6,955	7,358	-403
2001	223,580	26,367	8,480	0.6	1.5	-0.1	7,026	7,204	-179
2002	235,773	26,739	8,817	5.5	1.4	1.5	7,714	7,393	321
2003	245,593	27,103	9,061	4.2	1.4	2.0	9,091	8,205	886
2004	257,770	27,460	9,387	5.0	1.3	3.5	12,809	9,804	3,004
2005	273,971	27,811	9,851	6.3	1.3	4.9	17,368	12,082	5,286
2006	294,598	28,151	10,465	7.5	1.2	1.1	23,830	14,844	8,986
2007	319,693	28,482	11,224	8.5	1.2	3.9	28,094	19,591	8,503
2008	348,923	28,807	12,112	9.1	1.1	6.7	31,018	28,449	2,569
2009	352,584	29,132	12,103	1.0	1.1	0.2	27,071	21,011	6,060
2010	382,380	29,462	12,979	8.5	1.1	2.1	35,803	28,815	6,988
2011	407,052	29,798	13,661	6.5	1.1	4.7	46,376	37,152	9,224
2012	431,273	30,136	14,311	6.0	1.1	2.6	47,411	41,018	6,393
2013	456,449	30,475	14,978	5.8	1.1	2.9	43,861	42,356	1,504
2014	467,376	30,814	15,168	2.4	1.1	3.2	39,533	41,042	-1,509
2015	482,676	31,152	15,494	3.3	1.1	4.4	34,414	37,331	-2,916
2016 5/	502,191	31,489	15,948	4.0	1.1	3.2	37,082	35,128	1,953
2017 5/	514,618	31,826	16,170	2.5	1.1	1.4	45,422	38,722	6,700
2018 5/	535,171	32,162	16,640	4.0	1.1	2.2	49,066	41,870	7,197

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 average of 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agriculture and Livestock 2/	1.3	4.3	4.1	5.9	2.7	1.6	3.5	2.7	2.6	7.5
- Agriculture	0.0	2.6	4.0	8.7	1.0	0.8	2.3	1.8	2.5	9.0
- Livestock	5.8	4.2	5.8	5.6	2.5	5.8	5.2	3.7	2.8	5.4
Fishing	-3.4	-19.6	52.9	-32.2	24.8	-27.9	15.9	-10.1	4.7	39.7
Mining and Hydrocarbons 3/	1.0	1.3	0.6	2.8	4.9	-0.9	9.5	16.3	3.4	-1.3
- Metallic mining	-2.1	-2.7	-2.1	2.5	4.3	-2.2	15.7	21.2	4.5	-1.5
- Hydrocarbons	17.1	15.0	5.1	1.0	7.2	4.0	-11.5	-5.1	-2.4	0.0
Manufacture	-6.7	10.8	8.6	1.5	5.0	-3.6	-1.5	-1.4	-0.2	6.2
- Based on raw materials	-8.4	-4.8	16.0	-7.8	8.6	-9.3	1.8	-0.6	1.9	13.2
- Non-primary industries	-6.1	16.2	6.5	4.3	3.7	-1.6	-2.4	-1.6	-0.9	3.7
Electricity and water	1.1	8.1	7.6	5.8	5.4	4.9	5.9	7.3	1.1	4.4
Construction	6.8	17.8	3.6	15.8	9.0	1.9	-5.8	-3.2	2.1	5.4
Commerce	-0.5	12.5	8.9	7.2	5.9	4.4	3.9	1.8	1.0	2.6
Other services 4/	3.6	8.8	7.0	7.3	6.1	5.1	4.1	4.0	3.3	4.4
<b>GDP</b>	<b>1.0</b>	<b>8.5</b>	<b>6.5</b>	<b>6.0</b>	<b>5.8</b>	<b>2.4</b>	<b>3.3</b>	<b>4.0</b>	<b>2.5</b>	<b>4.0</b>
Primary	-0.7	0.5	4.9	0.7	5.3	-2.3	6.9	10.0	3.1	3.3
Non-primary	1.6	11.1	6.9	7.5	6.0	3.7	2.3	2.5	2.3	4.2

1/ Preliminary data.

2/ Includes the forestry sector.

3/ Includes non-metallic mining.

4/ 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agriculture and Livestock 2/	20,873	21,766	22,658	23,992	24,640	25,028	25,894	26,584	27,277	29,335
- Agriculture	12,738	13,075	13,596	14,773	14,926	15,044	15,397	15,668	16,055	17,493
- Livestock	5,228	5,447	5,761	6,086	6,239	6,604	6,950	7,208	7,409	7,810
Fishing	2,352	1,891	2,892	1,960	2,445	1,762	2,042	1,836	1,921	2,685
Mining and Hydrocarbons 3/	50,076	50,714	51,043	52,473	55,034	54,553	59,715	69,445	71,823	70,892
- Metallic mining	34,878	33,929	33,210	34,044	35,494	34,703	40,155	48,662	50,840	50,075
- Hydrocarbons	6,808	7,828	8,225	8,310	8,909	9,261	8,199	7,781	7,591	7,588
Manufacture 4/	53,502	59,255	64,330	65,265	68,508	66,047	65,079	64,187	64,033	67,976
- Based on raw materials	13,802	13,143	15,243	14,048	15,254	13,828	14,077	13,998	14,268	16,145
- Non-primary industries	39,700	46,112	49,087	51,217	53,094	52,219	50,953	50,114	49,655	51,515
Electricity and water	6,013	6,501	6,994	7,401	7,804	8,185	8,671	9,306	9,412	9,826
Construction	20,360	23,993	24,848	28,779	31,356	31,960	30,101	29,135	29,748	31,369
Commerce	35,936	40,420	44,034	47,218	49,984	52,193	54,217	55,199	55,767	57,243
Other services 5/	163,472	177,840	190,253	204,185	216,677	227,648	236,958	246,499	254,636	265,844
<b>GDP</b>	<b>352,584</b>	<b>382,380</b>	<b>407,052</b>	<b>431,273</b>	<b>456,449</b>	<b>467,376</b>	<b>482,676</b>	<b>502,191</b>	<b>514,618</b>	<b>535,171</b>
Primary 3/	87,103	87,514	91,836	92,472	97,374	95,172	101,728	111,863	115,289	119,057
Non-primary 3/	265,481	294,866	315,216	338,801	359,075	372,205	380,949	390,328	399,329	416,114

1/ Preliminary data.

2/ Includes the forestry sector.

3/ Includes non-metallic mining.

4/ Includes related services

5/ Includes taxes on products and import duties.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.



**Appendix 4**  
**AGRICULTURE AND LIVESTOCK BY MAIN PRODUCTS**  
(% change)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Agriculture</b>	<b>0.0</b>	<b>2.6</b>	<b>4.0</b>	<b>8.7</b>	<b>1.0</b>	<b>0.8</b>	<b>2.3</b>	<b>1.8</b>	<b>2.5</b>	<b>9.0</b>
<b>Domestic market</b>	<b>5.8</b>	<b>-0.7</b>	<b>-0.9</b>	<b>12.6</b>	<b>3.0</b>	<b>-0.8</b>	<b>3.2</b>	<b>-1.9</b>	<b>-0.4</b>	<b>7.1</b>
Rice	7.1	-5.3	-7.3	16.0	0.1	-4.9	8.8	0.5	-4.0	15.4
Potato	4.7	1.1	7.0	9.9	2.3	2.8	0.2	-4.3	5.8	6.8
Alfalfa	5.0	2.1	2.5	4.7	4.1	-5.3	3.3	-2.7	-2.3	0.4
Banana	4.1	7.5	-2.0	5.8	1.4	0.7	-3.3	0.9	-4.5	9.7
Cassava	-0.5	6.4	-10.0	0.3	6.0	0.9	2.9	-4.0	1.3	3.3
Onion	-6.4	24.6	0.4	3.4	-0.6	1.4	0.3	-7.2	2.4	-11.1
Amylaceous maize	14.6	-9.9	-0.7	9.9	9.6	-1.9	1.9	-9.9	-1.3	10.9
Tangerine	-11.3	33.3	6.8	19.0	11.7	8.2	5.4	12.8	1.0	18.0
Orange	-0.6	4.5	6.1	2.4	2.3	2.7	1.3	7.6	1.5	0.8
Tomato	5.2	1.5	-17.3	23.3	9.9	5.5	-11.2	-1.4	-5.3	14.3
Lemon	-11.6	12.6	-3.6	3.5	3.0	15.5	1.6	0.9	-37.9	58.7
<b>Agricultural for industry</b>	<b>-6.2</b>	<b>-4.2</b>	<b>9.3</b>	<b>7.5</b>	<b>-2.0</b>	<b>-1.3</b>	<b>1.7</b>	<b>-10.6</b>	<b>-2.1</b>	<b>7.6</b>
Hard yellow maize	3.4	0.8	-1.8	10.5	-2.0	-10.1	17.2	-14.3	1.4	1.0
Sugarcane	5.8	-0.8	0.3	4.9	6.0	3.6	-10.3	-3.7	-4.4	10.0
Oil palm	8.9	8.8	23.3	44.0	9.2	9.2	10.8	7.6	14.5	6.3
Cotton	-42.7	-33.6	91.4	-9.1	-25.5	11.9	-24.1	-35.3	-48.6	82.5
<b>Agricultural export</b>	<b>-11.4</b>	<b>15.6</b>	<b>14.1</b>	<b>0.6</b>	<b>-2.4</b>	<b>5.7</b>	<b>0.6</b>	<b>15.4</b>	<b>9.8</b>	<b>12.8</b>
Coffee	-11.1	14.7	18.7	-3.4	-20.1	-13.2	13.5	11.5	20.1	8.1
Asparagus	-4.4	6.8	17.0	-4.2	2.2	-1.7	-1.8	2.0	1.3	-5.9
Grape	18.4	6.1	5.9	21.9	21.3	15.6	17.9	15.4	-6.5	-0.9
Avocado	15.5	17.1	15.9	25.7	7.6	20.9	7.8	20.9	2.5	7.3
Cocoa	8.2	26.7	21.2	10.6	14.4	14.2	13.4	16.6	12.9	11.0
Blueberry	n.a.	n.a.	n.a.	n.a.	1,502.2	47.0	317.7	164.4	84.4	78.2
Mango	-48.3	172.0	-22.5	-47.4	147.7	-18.0	-8.0	8.0	3.6	-2.3
Olive	-93.7	946.5	-2.6	26.6	-37.6	163.0	-74.7	46.1	43.1	135.7
Quinoa	31.9	4.3	0.3	7.4	15.8	124.0	-7.9	-25.0	-0.8	9.2
<b>Livestock GDP</b>	<b>5.8</b>	<b>4.2</b>	<b>5.8</b>	<b>5.6</b>	<b>2.5</b>	<b>5.8</b>	<b>5.2</b>	<b>3.7</b>	<b>2.8</b>	<b>5.4</b>
Poultry	9.9	5.8	6.4	8.0	2.7	9.5	8.1	5.6	4.3	7.5
Milk	5.5	1.6	4.0	2.7	0.9	1.7	3.4	2.7	3.0	2.6
Beef	0.8	4.4	3.9	4.7	1.9	3.0	-0.1	-3.0	-0.8	0.9
Eggs	0.8	6.1	11.4	-1.1	11.4	2.5	7.7	3.8	3.6	8.9
Pork	-0.4	0.9	1.4	7.5	1.8	5.3	5.6	4.5	5.6	1.5
<b>Agriculture and Livestock GDP</b>	<b>1.3</b>	<b>4.3</b>	<b>4.1</b>	<b>5.9</b>	<b>2.7</b>	<b>1.6</b>	<b>3.5</b>	<b>2.7</b>	<b>2.6</b>	<b>7.5</b>

1/ Preliminary data.

Source: MINAGRI.

Elaborated by the Department of Economic Studies. BCRP.

**Appendix 5**  
**AGRICULTURE AND LIVESTOCK BY MAIN PRODUCTS**  
(Thousand tons)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Agriculture</b>										
<b>Domestic market</b>										
Rice	2,991	2,831	2,624	3,043	3,045	2,897	3,151	3,166	3,039	3,508
Potato	3,765	3,805	4,072	4,475	4,577	4,705	4,716	4,514	4,776	5,101
Alfalfa	6,113	6,241	6,398	6,696	6,974	6,605	6,822	6,637	6,487	6,515
Banana	1,867	2,007	1,968	2,082	2,111	2,126	2,056	2,074	1,981	2,174
Cassava	1,166	1,240	1,116	1,118	1,185	1,196	1,230	1,181	1,196	1,236
Onion	581	724	727	752	748	758	760	766	722	643
Amylaceous maize	286	258	256	281	308	302	308	277	274	304
Tangerine	166	221	236	281	314	340	358	404	408	482
Orange	378	395	419	429	439	450	456	491	498	502
Tomato	222	225	186	229	252	266	236	233	221	252
Lemon	197	222	214	222	228	264	268	270	168	266
<b>Agricultural for industry</b>										
Hard yellow maize	1,274	1,284	1,260	1,393	1,365	1,228	1,439	1,232	1,250	1,262
Sugarcane	9,937	9,858	9,885	10,369	10,992	11,390	10,212	9,833	9,400	10,343
Oil palm	268	292	360	518	566	618	684	736	843	896
Cotton	96	64	122	111	83	92	70	45	23	43
<b>Agricultural export</b>										
Coffee	243	279	332	320	256	222	252	281	337	365
Asparagus	314	335	392	376	384	378	371	378	383	361
Grape	264	280	297	362	439	507	598	690	645	639
Avocado	157	184	214	269	289	349	377	455	467	501
Cocoa	37	47	56	62	71	82	93	108	122	135
Blueberry	0	0	0	0	2	3	11	28	52	93
Mango	167	454	352	185	459	376	346	374	387	378
Olive	7	75	73	93	58	152	38	56	80	189
Quinoa	39	41	41	44	51	115	106	79	79	86
<b>Livestock GDP</b>										
Poultry	1,176	1,244	1,323	1,429	1,467	1,607	1,736	1,834	1,914	2,058
Milk	1,652	1,678	1,746	1,793	1,810	1,840	1,903	1,954	2,014	2,066
Beef	323	337	350	367	374	385	384	373	370	374
Eggs	269	285	318	314	350	359	386	401	415	452
Pork	153	154	156	168	171	181	191	199	210	214

1/ Preliminary data.

Source: MINAGRI.

Elaborated by the Department of Economic Studies. BCRP.



**Appendix 6**  
**FISHING PRODUCTION BY DESTINATION AND MAIN SPECIES**  
(% change)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Industrial consumption</b>	<b>-5.4</b>	<b>-42.9</b>	<b>110.3</b>	<b>-47.2</b>	<b>28.9</b>	<b>-52.7</b>	<b>60.3</b>	<b>-24.4</b>	<b>15.9</b>	<b>91.2</b>
Anchovy	-5.4	-42.9	110.2	-47.2	28.7	-52.6	60.3	-24.4	15.8	91.2
<b>Human consumption</b>	<b>-1.9</b>	<b>4.4</b>	<b>26.4</b>	<b>-14.1</b>	<b>19.9</b>	<b>0.8</b>	<b>-4.4</b>	<b>-0.5</b>	<b>-1.5</b>	<b>6.4</b>
Frozen										
Scallop	31.1	143.6	53.4	-57.7	129.3	-41.5	-71.6	-32.0	-54.4	266.6
Shrimp	-7.3	21.9	61.5	-2.9	-15.8	13.9	23.0	9.3	32.5	20.0
Hake	39.6	-30.3	11.3	-26.2	48.1	-1.3	-16.7	0.6	44.0	-6.4
Giant Squid	-26.7	-7.8	13.9	22.5	-10.1	13.2	-8.2	-42.4	2.6	10.9
Canned										
Tuna	-38.6	355.3	-28.3	-83.1	540.0	-33.7	134.1	-1.8	8.4	38.6
Chub mackerel	7.7	-81.1	110.5	-51.3	166.6	11.2	-48.2	276.6	-59.7	-0.2
Yellow mackerel	-75.7	-59.6	1,342.2	-47.5	-83.5	23.4	-68.8	-85.1	155.5	1,362.2
Fresh										
Scallop	122.5	53.3	-69.1	-14.7	192.8	-72.1	1.3	-5.9	-35.5	89.3
Yellow mackerel	-41.2	-77.9	601.2	0.0	-25.3	-14.9	-62.2	-28.9	-44.8	99.1
Lists	19.3	-43.9	24.9	41.5	-27.0	-2.3	1.8	26.4	84.4	-19.7
Dogfish	38.3	23.1	13.9	-25.5	-6.8	32.0	48.2	22.5	-29.2	-46.5
<b>Fishing GDP</b>	<b>-3.4</b>	<b>-19.6</b>	<b>52.9</b>	<b>-32.2</b>	<b>24.8</b>	<b>-27.9</b>	<b>15.9</b>	<b>-10.1</b>	<b>4.7</b>	<b>39.7</b>

1/ Preliminary data.

Source: PRODUCE.

Elaborated by the Department of Economic Studies, BCRP.

Appendix 7 FISHING PRODUCTION BY DESTINATION AND MAIN SPECIES (Thousand tons)											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
								1/	1/	1/	
<b>Industrial consumption</b>											
Anchovy	5,829	3,330	7,000	3,694	4,754	2,255	3,616	2,733	3,165	6,054	
<b>Human consumption</b>											
<b>Frozen</b>											
Scallop	25	60	92	39	89	52	15	10	5	17	
Shrimp	12	14	23	23	19	22	27	29	39	47	
Hake	37	26	29	21	31	31	26	26	37	35	
Giant Squid	355	328	373	457	411	465	427	246	252	280	
<b>Canned</b>											
Tuna	2	9	7	1	7	5	11	11	12	16	
Chub mackerel	51	10	20	10	27	30	15	58	23	23	
Yellow mackerel	14	6	83	44	7	9	3	0	1	15	
<b>Fresh</b>											
Scallop	2	3	1	1	2	1	1	1	0	1	
Yellow mackerel	47	10	73	73	54	46	18	12	7	14	
Lists	17	10	12	17	13	12	12	16	29	23	
Dogfish	4	5	6	4	4	5	8	9	7	4	

1/ Preliminary data.

Source: PRODUCE.

Elaborated by the Department of Economic Studies. BCRP.



**Appendix 8**  
**MINING AND HYDROCARBONS PRODUCTION BY MAIN PRODUCTS**  
(% change)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Metallic mining</b>	<b>-2.1</b>	<b>-2.7</b>	<b>-2.1</b>	<b>2.5</b>	<b>4.3</b>	<b>-2.2</b>	<b>15.7</b>	<b>21.2</b>	<b>4.5</b>	<b>-1.5</b>
Copper	0.5	-1.7	0.1	9.4	7.4	0.6	25.8	40.1	4.5	-0.5
Tin	-3.9	-9.7	-14.7	-9.6	-9.3	-2.4	-15.6	-3.7	-5.3	4.6
Iron	-14.4	36.7	16.0	-4.7	-0.1	7.7	1.8	4.7	14.9	8.3
Gold	2.3	-10.8	1.3	-2.8	-3.3	-10.3	4.8	4.2	-0.7	-6.1
Silver	6.4	-7.2	-6.1	1.8	5.6	2.5	8.9	6.7	1.0	-5.8
Lead	-12.4	-13.4	-12.1	8.3	6.9	4.1	13.8	-0.4	-2.4	-5.7
Zinc	-5.6	-2.8	-14.6	2.0	5.4	-2.6	8.0	-5.9	10.2	0.1
Molybdenum	-26.5	37.9	12.8	-12.3	8.0	-6.2	18.4	27.8	9.3	-0.4
<b>Hydrocarbons</b>	<b>17.1</b>	<b>15.0</b>	<b>5.1</b>	<b>1.0</b>	<b>7.2</b>	<b>4.0</b>	<b>-11.5</b>	<b>-5.1</b>	<b>-2.4</b>	<b>0.0</b>
Crude oil	-6.8	1.5	-4.3	-3.9	-5.9	10.2	-16.3	-30.1	7.8	12.1
Natural gas liquid	69.1	14.6	-1.5	4.1	20.9	-1.1	-11.6	3.9	-4.4	-5.8
Natural gas	2.5	104.0	56.9	4.4	2.8	6.0	-3.3	12.0	-7.7	-1.7
<b>Mining and Hydrocarbons GDP 2/</b>	<b>1.0</b>	<b>1.3</b>	<b>0.6</b>	<b>2.8</b>	<b>4.9</b>	<b>-0.9</b>	<b>9.5</b>	<b>16.3</b>	<b>3.4</b>	<b>-1.3</b>

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Metallic mining</b>										
Copper (tons)	1,042	1,024	1,025	1,121	1,204	1,211	1,523	2,134	2,230	2,219
Tin (tons)	33	29	25	23	21	20	17	16	15	16
Iron (tons)	4,489	6,139	7,123	6,791	6,788	7,308	7,438	7,786	8,947	9,686
Gold (kilos)	179	159	161	157	152	136	143	149	148	139
Silver (kilos)	3,691	3,425	3,217	3,275	3,460	3,545	3,860	4,117	4,157	3,917
Lead (tons)	281	244	214	232	248	258	293	292	285	269
Zinc (tons)	1,291	1,254	1,072	1,093	1,153	1,122	1,212	1,141	1,257	1,258
Molybdenum (tons)	12	16	18	16	17	16	19	25	27	27
<b>Hydrocarbons</b>										
Crude oil (barrels)	26,130	26,531	25,387	24,396	22,956	25,296	21,173	14,804	15,952	17,890
Natural gas liquid (barrels)	26,897	30,832	30,354	31,596	38,187	37,751	33,359	34,670	33,133	31,197
Natural gas (cubic feet) 2/	125,300	255,609	401,169	418,795	430,559	456,407	441,239	494,312	456,262	448,371

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Based on raw materials</b>	<b>-8.4</b>	<b>-4.8</b>	<b>16.0</b>	<b>-7.8</b>	<b>8.6</b>	<b>-9.3</b>	<b>1.8</b>	<b>-0.6</b>	<b>1.9</b>	<b>13.2</b>
Rice	7.1	-5.3	-7.3	16.0	0.1	-4.9	8.8	0.5	-3.7	15.4
Sugar	5.7	-2.4	3.5	2.8	6.2	2.5	-9.6	5.1	-5.5	9.4
Meat products	-2.7	4.9	11.9	3.6	2.2	7.2	5.8	4.4	2.9	6.3
Fishmeal and fish oil	-4.3	-41.3	106.4	-47.2	24.3	-52.0	53.0	-19.3	15.7	85.8
Canned and frozen fish products	-17.7	-12.1	56.4	-3.0	-3.9	1.9	-17.4	-6.1	0.2	10.0
Refining of non-ferrous metals	-21.1	-6.7	8.2	-3.3	12.8	-5.1	-5.5	1.3	-2.7	2.4
Refining of oil	21.9	15.9	-1.5	-4.7	-2.8	3.3	0.4	5.3	8.3	-6.4
<b>Non-primary manufacturing</b>	<b>-6.1</b>	<b>16.2</b>	<b>6.5</b>	<b>4.3</b>	<b>3.7</b>	<b>-1.6</b>	<b>-2.4</b>	<b>-1.6</b>	<b>-0.9</b>	<b>3.7</b>
Food, beverages, and tobacco	1.3	9.1	5.1	5.1	1.0	1.8	0.0	-0.1	1.5	1.2
Textiles, leather, and footwear	-13.7	28.5	-12.6	-9.3	-2.8	18.9	-5.7	-4.4	2.8	-3.9
Wood and furniture	-8.6	13.2	5.5	7.8	1.4	-7.4	1.8	2.9	-12.1	7.9
Paper and print industry	-10.3	17.7	7.7	4.5	0.6	2.3	-5.9	2.6	-2.0	-0.7
Chemical, rubber and plastic products	-4.4	9.2	6.8	2.0	9.0	1.5	-1.6	0.3	-3.0	3.3
Non-metallic minerals	3.0	18.0	4.4	14.3	2.8	-0.3	-2.1	-0.1	-1.1	2.7
Iron and steel industry	-21.9	3.3	-2.1	6.2	7.3	5.5	-3.6	2.2	4.7	1.4
Metallic products, machinery and equipment	-13.2	31.7	12.8	12.4	18.9	-4.9	-3.9	-9.2	-0.8	12.0
Miscellaneous industries	-4.3	-1.1	-0.4	-1.7	14.7	-7.2	-6.0	-9.9	15.0	25.1
Industrial services	7.1	15.6	15.1	6.8	54.4	-4.6	-7.0	-2.6	-3.1	6.0
<b>Manufacturing GDP 2/</b>	<b>-6.7</b>	<b>10.8</b>	<b>8.6</b>	<b>1.5</b>	<b>5.0</b>	<b>-3.6</b>	<b>-1.5</b>	<b>-1.4</b>	<b>-0.2</b>	<b>6.2</b>

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Based on raw materials 2/</b>	<b>13,802</b>	<b>13,143</b>	<b>15,243</b>	<b>14,048</b>	<b>15,254</b>	<b>13,828</b>	<b>14,077</b>	<b>13,998</b>	<b>14,268</b>	<b>16,145</b>
Sugar	589	575	595	612	650	666	602	633	598	655
Meat products	1,546	1,622	1,816	1,881	1,923	2,061	2,180	2,275	2,341	2,489
Fishmeal and fish oil	2,032	1,192	2,462	1,300	1,616	775	1,186	958	1,108	2,059
Canned and frozen fish products	654	575	899	872	838	854	705	662	664	730
Refining of non-ferrous metals	5,263	4,910	5,310	5,137	5,797	5,501	5,200	5,266	5,126	5,248
Refining of oil	3,040	3,525	3,472	3,307	3,216	3,321	3,333	3,510	3,803	3,561
<b>Non-primary manufacturing 3/</b>	<b>39,700</b>	<b>46,112</b>	<b>49,087</b>	<b>51,217</b>	<b>53,094</b>	<b>52,219</b>	<b>50,953</b>	<b>50,114</b>	<b>49,655</b>	<b>51,515</b>
Food, beverages, and tobacco	8,924	9,737	10,232	10,750	10,856	11,053	11,058	11,044	11,209	11,347
Textiles, leather, and footwear	6,660	8,556	7,477	6,782	6,589	7,832	7,389	7,060	7,258	6,977
Wood and furniture	3,251	3,678	3,879	4,182	4,240	3,927	3,996	4,111	3,614	3,900
Paper and print industry	3,403	4,004	4,313	4,506	4,532	4,634	4,362	4,476	4,385	4,356
Chemical, rubber and plastic products	6,896	7,532	8,045	8,207	8,944	9,076	8,927	8,957	8,691	8,980
Non-metallic minerals	4,403	5,196	5,426	6,199	6,373	6,355	6,221	6,216	6,148	6,311
Iron and steel industry	861	889	870	924	991	1,045	1,007	1,029	1,077	1,092
Metallic products, machinery and equipment	3,474	4,576	5,162	5,800	6,893	6,552	6,296	5,718	5,672	6,354
Miscellaneous industries	1,021	1,009	1,005	987	1,132	1,051	988	890	1,023	1,280
<b>GDP Manufacture TOTAL 4/</b>	<b>53,502</b>	<b>59,255</b>	<b>64,330</b>	<b>65,265</b>	<b>68,508</b>	<b>66,047</b>	<b>65,079</b>	<b>64,187</b>	<b>64,033</b>	<b>67,976</b>

1/ Preliminary data.

2/ Includes secondary production.

3 / Includes industrial services and others

4 / Includes related services

Source: INEI and PRODUCE.

Elaborated by the Department of Economic Studies. BCRP.



**Appendix 12**  
**GROSS DOMESTIC PRODUCT BY EXPENDITURE**  
(Real % change)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. Domestic demand</b>	<b>-3.3</b>	<b>14.9</b>	<b>7.8</b>	<b>7.3</b>	<b>7.2</b>	<b>2.2</b>	<b>2.6</b>	<b>1.1</b>	<b>1.4</b>	<b>4.3</b>
a. Private consumption	3.1	9.1	7.2	7.4	5.7	3.9	4.0	3.7	2.6	3.8
b. Public consumption	13.0	5.6	4.8	8.1	6.7	6.0	9.8	0.3	0.5	2.0
c. Gross domestic investment	-24.3	38.3	10.7	6.6	10.9	-3.1	-3.9	-5.4	-1.6	6.8
Gross fixed investment	-1.4	23.1	6.0	16.3	7.9	-2.3	-4.7	-4.3	-0.2	4.9
i. Private	-8.8	25.8	11.0	15.6	7.1	-2.2	-4.2	-5.4	0.2	4.4
ii. Public	33.2	14.9	-11.2	19.5	11.1	-2.7	-6.9	0.3	-1.8	6.8
Variation of inventories (Contribution to GDP)	-6.1	2.3	1.1	-2.5	0.6	-0.2	0.3	-0.2	-0.3	0.3
<b>II. Exports of goods and non-financial services</b>	<b>-0.6</b>	<b>1.3</b>	<b>6.1</b>	<b>6.5</b>	<b>-0.7</b>	<b>-0.8</b>	<b>4.7</b>	<b>9.1</b>	<b>7.6</b>	<b>2.5</b>
Minus:										
<b>III. Imports of goods and non-financial services</b>	<b>-16.7</b>	<b>25.9</b>	<b>11.4</b>	<b>11.4</b>	<b>4.2</b>	<b>-1.3</b>	<b>2.2</b>	<b>-2.3</b>	<b>4.0</b>	<b>3.4</b>
<b>IV. GDP</b>	<b>1.0</b>	<b>8.5</b>	<b>6.5</b>	<b>6.0</b>	<b>5.8</b>	<b>2.4</b>	<b>3.3</b>	<b>4.0</b>	<b>2.5</b>	<b>4.0</b>
Memo:										
Domestic demand excluding inventories	3.0	12.0	6.6	9.8	6.4	2.4	2.3	1.3	1.7	3.9

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. Domestic demand</b>	<b>324,975</b>	<b>373,368</b>	<b>402,671</b>	<b>432,005</b>	<b>462,999</b>	<b>473,343</b>	<b>485,786</b>	<b>491,166</b>	<b>498,198</b>	<b>519,507</b>
a. Private consumption	215,885	235,492	252,507	271,305	286,857	298,045	309,917	321,383	329,870	342,541
b. Public consumption	39,811	42,036	44,063	47,634	50,802	53,845	59,148	59,341	59,660	60,872
c. Gross domestic investment	69,279	95,840	106,101	113,066	125,340	121,453	116,721	110,442	108,667	116,093
Gross fixed investment	79,688	98,132	104,027	121,028	130,548	127,530	121,515	116,277	116,060	121,734
i. Private	60,566	76,167	84,518	97,722	104,660	102,337	98,062	92,762	92,960	97,059
ii. Public	19,122	21,965	19,509	23,307	25,887	25,192	23,452	23,515	23,100	24,675
Variation of inventories	-10,409	-2,292	2,075	-7,962	-5,208	-6,077	-4,794	-5,835	-7,392	-5,641
<b>II. Exports of goods and non-financial services</b>	<b>104,812</b>	<b>106,217</b>	<b>112,676</b>	<b>119,948</b>	<b>119,167</b>	<b>118,174</b>	<b>123,730</b>	<b>134,957</b>	<b>145,268</b>	<b>148,884</b>
Minus:										
<b>III. Imports of goods and non-financial services</b>	<b>77,204</b>	<b>97,205</b>	<b>108,296</b>	<b>120,680</b>	<b>125,718</b>	<b>124,141</b>	<b>126,839</b>	<b>123,933</b>	<b>128,848</b>	<b>133,219</b>
<b>IV. GDP</b>	<b>352,584</b>	<b>382,380</b>	<b>407,052</b>	<b>431,273</b>	<b>456,449</b>	<b>467,376</b>	<b>482,676</b>	<b>502,191</b>	<b>514,618</b>	<b>535,171</b>

1/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies. BCRP.



**Appendix 14**  
**GROSS DOMESTIC PRODUCT BY EXPENDITURE**  
(Million soles)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. Domestic demand</b>	<b>351,516</b>	<b>407,697</b>	<b>451,805</b>	<b>498,838</b>	<b>550,537</b>	<b>584,408</b>	<b>625,148</b>	<b>656,550</b>	<b>683,093</b>	<b>725,315</b>
a. Private consumption	235,082	260,420	288,646	321,457	349,438	374,811	403,631	433,542	457,462	481,279
b. Public consumption	42,117	44,531	48,111	55,002	61,210	67,800	77,205	79,379	82,395	85,339
c. Gross domestic investment	74,317	102,745	115,048	122,379	139,889	141,796	144,312	143,629	143,237	158,697
Gross fixed investment	85,201	105,238	112,708	131,350	146,160	149,023	150,536	151,148	152,889	166,380
i. Private	64,353	80,510	90,046	103,811	114,550	117,104	119,721	119,114	120,650	130,570
ii. Public	20,848	24,728	22,663	27,539	31,610	31,919	30,815	32,034	32,239	35,811
Variation of inventories	-10,883	-2,492	2,339	-8,971	-6,270	-7,227	-6,224	-7,520	-9,652	-7,683
<b>II. Exports of goods and non-financial services</b>	<b>91,915</b>	<b>111,470</b>	<b>139,337</b>	<b>137,956</b>	<b>131,632</b>	<b>129,161</b>	<b>129,866</b>	<b>146,428</b>	<b>170,001</b>	<b>185,416</b>
Minus:										
<b>III. Imports of goods and non-financial services</b>	<b>77,579</b>	<b>98,429</b>	<b>120,219</b>	<b>128,077</b>	<b>136,045</b>	<b>139,267</b>	<b>145,650</b>	<b>146,840</b>	<b>154,682</b>	<b>170,232</b>
<b>IV. GDP</b>	<b>365,852</b>	<b>420,738</b>	<b>470,923</b>	<b>508,717</b>	<b>546,124</b>	<b>574,302</b>	<b>609,365</b>	<b>656,138</b>	<b>698,412</b>	<b>740,499</b>
Memo:										
Nominal GDP (Million US\$)	121,993	149,036	171,146	193,130	202,107	202,342	191,323	194,653	214,383	225,329

1/ Preliminary data.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies, BCRP.

**Appendix 15**  
**GROSS DOMESTIC PRODUCT BY EXPENDITURE**  
(% structure)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. Domestic demand</b>	<b>96.1</b>	<b>96.9</b>	<b>95.9</b>	<b>98.1</b>	<b>100.8</b>	<b>101.8</b>	<b>102.6</b>	<b>100.1</b>	<b>97.8</b>	<b>97.9</b>
a. Private consumption	64.3	61.9	61.3	63.2	64.0	65.3	66.2	66.1	65.5	65.0
b. Public consumption	11.5	10.6	10.2	10.8	11.2	11.8	12.7	12.1	11.8	11.5
c. Gross domestic investment	20.3	24.4	24.4	24.1	25.6	24.7	23.7	21.9	20.5	21.4
Gross fixed investment	23.3	25.0	23.9	25.8	26.8	25.9	24.7	23.0	21.9	22.5
i. Private	17.6	19.1	19.1	20.4	21.0	20.4	19.6	18.2	17.3	17.6
ii. Public	5.7	5.9	4.8	5.4	5.8	5.6	5.1	4.9	4.6	4.8
Variation of inventories	-3.0	-0.6	0.5	-1.8	-1.1	-1.3	-1.0	-1.1	-1.4	-1.0
<b>II. Exports of goods and non-financial services</b>	<b>25.1</b>	<b>26.5</b>	<b>29.6</b>	<b>27.1</b>	<b>24.1</b>	<b>22.5</b>	<b>21.3</b>	<b>22.3</b>	<b>24.3</b>	<b>25.0</b>
Minus:										
<b>III. Imports of goods and non-financial services</b>	<b>21.2</b>	<b>23.4</b>	<b>25.5</b>	<b>25.2</b>	<b>24.9</b>	<b>24.2</b>	<b>23.9</b>	<b>22.4</b>	<b>22.1</b>	<b>23.0</b>
<b>IV. GDP</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

1/ Preliminary data.  
Source: INEI and BCRP.  
Elaborated by the Department of Economic Studies, BCRP.



Appendix 16 NATIONAL DISPOSABLE INCOME (Real % change)												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
								1/	1/	1/		1/
<b>GDP</b>	<b>1.0</b>	<b>8.5</b>	<b>6.5</b>	<b>6.0</b>	<b>5.8</b>	<b>2.4</b>	<b>3.3</b>	<b>4.0</b>	<b>2.5</b>	<b>4.0</b>		<b>4.0</b>
+ Investment income	3.9	-25.3	-15.0	9.7	9.0	17.0	14.4	-16.3	-20.9	-1.4		-1.4
Gross national product	1.4	7.3	5.8	7.3	7.0	3.6	4.2	3.5	1.6	4.1		4.1
Gross national income	0.9	13.7	8.2	6.4	4.8	2.2	2.2	3.4	3.6	4.1		4.1
+ Current transfers	-1.6	-2.4	0.4	-3.8	0.7	32.1	-17.9	21.5	-14.8	-1.9		-1.9
National disposable income	0.8	13.3	8.1	6.1	4.8	2.7	1.7	3.7	3.2	4.0		4.0

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GDP</b>	<b>352,584</b>	<b>382,380</b>	<b>407,052</b>	<b>431,273</b>	<b>456,449</b>	<b>467,376</b>	<b>482,676</b>	<b>502,191</b>	<b>514,618</b>	<b>535,171</b>
+ Investment income	-23,170	-29,034	-33,387	-30,156	-27,431	-22,766	-19,495	-22,680	-27,422	-27,812
Gross national product	329,414	353,346	373,665	401,117	429,018	444,611	463,182	479,510	487,196	507,359
+ Terms of trade 2/	-15,153	4,062	13,185	10,303	2,301	-3,750	-12,687	-13,596	-4,717	-5,104
Gross national income	314,261	357,407	386,851	411,420	431,319	440,861	450,495	465,914	482,479	502,255
+ Current transfers	8,025	7,830	7,860	7,560	7,613	10,059	8,254	10,028	8,542	8,377
<b>National disposable income</b>	<b>322,287</b>	<b>365,237</b>	<b>394,711</b>	<b>418,980</b>	<b>438,932</b>	<b>450,920</b>	<b>458,749</b>	<b>475,942</b>	<b>491,021</b>	<b>510,632</b>

1/ Preliminary data.

2/ Calculated as the effect of the terms of trade on the volume of exports.

Source: INEI and BCRP.

Elaborated by the Department of Economic Studies. BCRP.


 Appendix 18  
 MACROECONOMIC FLOWS  
 (% GDP)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. SAVINGS-INVESTMENT</b>										
<b>1. Domestic savings</b>	<b>19.8</b>	<b>22.0</b>	<b>22.5</b>	<b>20.9</b>	<b>20.5</b>	<b>20.2</b>	<b>18.7</b>	<b>19.3</b>	<b>19.3</b>	<b>19.8</b>
a. Public sector	4.9	6.3	7.5	8.1	7.1	6.0	3.9	2.8	1.9	2.9
b. Private sector	14.9	15.7	15.0	12.8	13.4	14.2	14.8	16.4	17.3	16.9
<b>2. External savings</b>	<b>0.5</b>	<b>2.4</b>	<b>2.0</b>	<b>3.2</b>	<b>5.1</b>	<b>4.5</b>	<b>5.0</b>	<b>2.6</b>	<b>1.2</b>	<b>1.6</b>
<b>3. Investment</b>	<b>20.3</b>	<b>24.4</b>	<b>24.4</b>	<b>24.1</b>	<b>25.6</b>	<b>24.7</b>	<b>23.7</b>	<b>21.9</b>	<b>20.5</b>	<b>21.4</b>
a. Public sector	5.7	5.9	4.8	5.4	5.8	5.6	5.1	4.9	4.6	4.8
b. Private sector	14.6	18.5	19.6	18.6	19.8	19.1	18.6	17.0	15.9	16.6
<b>II. BALANCE OF PAYMENT</b>										
<b>1. Current account balance</b>	<b>-0.5</b>	<b>-2.4</b>	<b>-2.0</b>	<b>-3.2</b>	<b>-5.1</b>	<b>-4.5</b>	<b>-5.0</b>	<b>-2.6</b>	<b>-1.2</b>	<b>-1.6</b>
a. Trade balance	5.0	4.7	5.4	3.3	0.2	-0.7	-1.5	1.0	3.1	3.2
b. Services	-1.0	-1.6	-1.3	-1.4	-1.1	-1.0	-1.1	-1.0	-0.7	-1.1
c. Investment income	-6.9	-7.5	-7.9	-6.8	-6.0	-4.9	-4.1	-4.6	-5.4	-5.2
d. Current transfers	2.4	2.0	1.9	1.7	1.7	2.2	1.7	2.0	1.7	1.6
<b>2. Financial account</b>	<b>1.9</b>	<b>8.8</b>	<b>5.5</b>	<b>10.2</b>	<b>5.1</b>	<b>2.9</b>	<b>5.4</b>	<b>2.8</b>	<b>1.4</b>	<b>0.7</b>
a. Private sector	3.4	7.3	5.3	8.4	7.1	3.6	4.6	1.1	0.4	0.4
b. Public sector	0.2	1.6	0.4	0.8	-0.9	0.0	1.6	1.4	1.5	0.9
c. Short-term capital	-1.7	-0.2	-0.2	1.0	-1.1	-0.7	-0.8	0.4	-0.5	-0.7
<b>3. Exceptional financing</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>4. Flow of BCRP net reserves (-)</b>	<b>0.9</b>	<b>7.5</b>	<b>2.7</b>	<b>7.7</b>	<b>1.4</b>	<b>-1.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.8</b>	<b>-1.6</b>
<b>5. Net errors and omissions</b>	<b>-0.6</b>	<b>1.1</b>	<b>-0.8</b>	<b>0.7</b>	<b>1.5</b>	<b>0.5</b>	<b>-0.4</b>	<b>-0.2</b>	<b>0.6</b>	<b>-0.7</b>
<b>III. NON-FINANCIAL PUBLIC SECTOR</b>										
<b>1. Current account savings</b>	<b>4.9</b>	<b>6.3</b>	<b>7.5</b>	<b>8.1</b>	<b>7.1</b>	<b>6.0</b>	<b>3.9</b>	<b>2.8</b>	<b>1.9</b>	<b>2.9</b>
<b>2. Capital revenue</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>
<b>3. Capital expenditure</b>	<b>6.3</b>	<b>6.6</b>	<b>5.5</b>	<b>5.9</b>	<b>6.3</b>	<b>6.4</b>	<b>5.9</b>	<b>5.3</b>	<b>5.1</b>	<b>5.4</b>
a. Public investment	5.7	5.9	4.8	5.4	5.8	5.6	5.1	4.9	4.6	4.8
b. Others Capital expenditure	0.6	0.7	0.7	0.5	0.5	0.9	0.8	0.4	0.5	0.5
<b>4. Overall balance</b>	<b>-1.3</b>	<b>-0.2</b>	<b>2.1</b>	<b>2.3</b>	<b>0.9</b>	<b>-0.2</b>	<b>-1.9</b>	<b>-2.3</b>	<b>-3.0</b>	<b>-2.3</b>
<b>5. Financing</b>	<b>1.3</b>	<b>0.2</b>	<b>-2.1</b>	<b>-2.3</b>	<b>-0.9</b>	<b>0.2</b>	<b>1.9</b>	<b>2.3</b>	<b>3.0</b>	<b>2.3</b>
a. External financing	1.1	-0.5	0.2	-0.3	-0.8	-0.1	1.6	0.7	-1.5	-0.1
b. Financing Domestic	0.2	0.6	-2.2	-2.0	-0.3	0.4	0.3	1.2	4.5	2.4
c. Privatization	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.5	0.0	0.0

1/ Preliminary data.

Source: BCRP.

Elaborated by the Department of Economic Studies, BCRP.

**Appendix 19**  
**BALANCE OF PAYMENT**  
(Million US\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. Current account balance</b>										
1. Trade balance	-635	-3,564	-3,374	-6,091	-10,380	-9,086	-9,526	-5,064	-2,669	-3,594
a. Exports FOB	6,060	6,988	9,224	6,393	504	-1,509	-2,916	1,953	6,700	7,197
b. Imports FOB	27,071	35,803	46,376	47,411	42,861	39,533	34,414	37,082	45,422	49,066
2. Services	-21,011	-28,815	-37,152	-41,018	-42,356	-41,042	-37,331	-35,128	-38,722	-41,870
a. Exports	-1,176	-2,353	-2,244	-2,631	-2,157	-2,041	-2,056	-2,002	-1,434	-2,532
b. Imports	3,636	3,693	4,264	4,928	5,815	5,984	6,324	6,353	7,394	7,365
3. Investment income	-4,812	-6,046	-6,508	-7,559	-7,973	-8,025	-8,380	-8,355	-8,828	-9,897
a. Private	-8,407	-11,225	-13,555	-13,159	-12,073	-9,907	-7,884	-8,982	-11,523	-11,814
b. Public	-8,450	-10,971	-13,017	-12,429	-11,214	-9,197	-7,153	-8,120	-10,571	-10,694
4. Current transfers	43	-254	-538	-731	-859	-710	-731	-862	-953	-1,120
of which: Remittances	2,887	3,026	3,201	3,307	3,346	4,372	3,331	3,967	3,589	3,556
	2,409	2,534	2,697	2,788	2,707	2,637	2,725	2,884	3,051	3,225
<b>II. Financial account</b>										
1. Private sector	2,354	13,053	9,360	19,623	10,341	5,895	10,427	5,533	2,982	1,537
a. Assets	4,200	10,939	9,060	16,170	14,434	7,279	8,817	2,175	884	917
b. Liabilities	-3,586	-1,490	-1,793	-4,076	-1,625	-5,563	19	-2,304	-3,564	-3,558
2. Public sector	7,786	12,429	10,852	20,246	16,059	12,843	8,798	4,479	4,448	4,476
a. Assets	239	2,372	682	1,466	-1,803	-67	3,110	2,650	3,249	2,122
b. Liabilities 2/	-252	-94	-253	-440	-347	-670	-473	-189	601	-201
3. Short-term capital	492	2,466	935	1,906	-1,456	603	3,583	2,839	2,648	2,323
a. Assets	-2,085	-258	-381	1,987	-2,291	-1,318	-1,500	708	-1,152	-1,503
b. Liabilities	-601	-1,844	-423	-452	-423	-1,060	-2,021	208	-1,876	-2,323
	-1,484	1,587	42	2,439	-1,867	-258	521	500	724	820
<b>III. Exceptional financing</b>	36	19	33	19	5	10	0	0	0	0
<b>IV. Net errors and omissions</b>	-712	1,684	-1,333	1,256	2,941	1,003	-829	-300	1,316	-1,573
<b>V. Result of the Balance of Payments (V = I + II + III + IV) = (1-2)</b>	1,043	11,192	4,686	14,806	2,907	-2,178	73	168	1,629	-3,629
1. Change in the balance of NIRS	1,939	10,970	4,711	15,176	1,672	-3,355	-823	201	1,936	-3,500
2. Valuation effect	896	-222	25	369	-1,235	-1,177	-896	32	307	130

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 Elaborated by the Department of Economic Studies. BCRP.



Appendix 20  
BALANCE OF PAYMENT  
(% GDP)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. Current account balance</b>	<b>-0.5</b>	<b>-2.4</b>	<b>-2.0</b>	<b>-3.2</b>	<b>-5.1</b>	<b>-4.5</b>	<b>-5.0</b>	<b>-2.6</b>	<b>-1.2</b>	<b>-1.6</b>
1. Trade balance	5.0	4.7	5.4	3.3	0.2	-0.7	-1.5	1.0	3.1	3.2
a. Exports FOB	22.2	24.0	27.1	24.5	21.2	19.5	18.0	19.1	21.2	21.8
b. Imports FOB	-17.2	-19.3	-21.7	-21.2	-21.0	-20.3	-19.5	-18.0	-18.1	-18.6
2. Services	-1.0	-1.6	-1.3	-1.4	-1.1	-1.0	-1.1	-1.0	-0.7	-1.1
a. Exports	3.0	2.5	2.5	2.6	2.9	3.0	3.3	3.3	3.4	3.3
b. Imports	-3.9	-4.1	-3.8	-3.9	-3.9	-4.0	-4.4	-4.3	-4.1	-4.4
3. Investment income	-6.9	-7.5	-7.9	-6.8	-6.0	-4.9	-4.1	-4.6	-5.4	-5.2
a. Private	-6.9	-7.4	-7.6	-6.4	-5.5	-4.5	-3.7	-4.2	-4.9	-4.7
b. Public	0.0	-0.2	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5
4. Current transfers	2.4	2.0	1.9	1.7	1.7	2.2	1.7	2.0	1.7	1.6
of which: Remittances	2.0	1.7	1.6	1.4	1.3	1.3	1.4	1.5	1.4	1.4
<b>II. Financial account</b>	<b>1.9</b>	<b>8.8</b>	<b>5.5</b>	<b>10.2</b>	<b>5.1</b>	<b>2.9</b>	<b>5.4</b>	<b>2.8</b>	<b>1.4</b>	<b>0.7</b>
1. Private sector	3.4	7.3	5.3	8.4	7.1	3.6	4.6	1.1	0.4	0.4
a. Assets	-2.9	-1.0	-1.0	-2.1	-0.8	-2.7	0.0	-1.2	-1.7	-1.6
b. Liabilities	6.4	8.3	6.3	10.5	7.9	6.3	4.6	2.3	2.1	2.0
2. Public sector	0.2	1.6	0.4	0.8	-0.9	0.0	1.6	1.4	1.5	0.9
a. Assets	-0.2	-0.1	-0.1	-0.2	-0.2	-0.3	-0.2	-0.1	0.3	-0.1
b. Liabilities 2/	0.4	1.7	0.5	1.0	-0.7	0.3	1.9	1.5	1.2	1.0
3. Short-term capital	-1.7	-0.2	-0.2	1.0	-1.1	-0.7	-0.8	0.4	-0.5	-0.7
a. Assets	-0.5	-1.2	-0.2	-0.2	-0.2	-0.5	-1.1	0.1	-0.9	-1.0
b. Liabilities	-1.2	1.1	0.0	1.3	-0.9	-0.1	0.3	0.3	0.3	0.4
<b>III. Exceptional financing</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>IV. Net errors and omissions</b>	<b>-0.6</b>	<b>1.1</b>	<b>-0.8</b>	<b>0.7</b>	<b>1.5</b>	<b>0.5</b>	<b>-0.4</b>	<b>-0.2</b>	<b>0.6</b>	<b>-0.7</b>
<b>V. Result of the Balance of Payments</b> <b>(V = I + II + III + IV) = (1-2)</b>	<b>0.9</b>	<b>7.5</b>	<b>2.7</b>	<b>7.7</b>	<b>1.4</b>	<b>-1.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.8</b>	<b>-1.6</b>
1. Change in the balance of NIRS	1.6	7.4	2.8	7.9	0.8	-1.7	-0.4	0.1	0.9	-1.6
2. Valuation effect	0.7	-0.1	0.0	0.2	-0.6	-0.6	-0.5	0.0	0.1	0.1
Memo:										
GDP (Million US\$)	121,993	149,036	171,146	193,130	202,107	202,342	191,323	194,653	214,383	225,329

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\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>1. Exports</b>	<b>27,071</b>	<b>35,803</b>	<b>46,376</b>	<b>47,411</b>	<b>42,861</b>	<b>39,533</b>	<b>34,414</b>	<b>37,082</b>	<b>45,422</b>	<b>49,066</b>
Traditional products	20,720	27,850	35,896	35,869	31,553	27,686	23,432	26,183	33,566	35,638
Non-traditional products	6,196	7,699	10,176	11,197	11,069	11,677	10,895	10,798	11,725	13,240
Others	154	254	304	345	238	171	88	101	130	189
<b>2. Imports</b>	<b>21,011</b>	<b>28,815</b>	<b>37,152</b>	<b>41,018</b>	<b>42,356</b>	<b>41,042</b>	<b>37,331</b>	<b>35,128</b>	<b>38,722</b>	<b>41,870</b>
Consumer goods	3,962	5,489	6,734	8,252	8,843	8,899	8,754	8,608	9,339	9,591
Inputs	10,076	14,023	18,332	19,273	19,528	18,797	15,911	15,022	17,902	20,516
Capital goods	6,850	9,074	11,730	13,347	13,664	12,911	12,002	11,232	11,316	11,641
Others	122	229	356	145	321	435	664	267	164	123
<b>3. Trade balance</b>	<b>6,060</b>	<b>6,988</b>	<b>9,224</b>	<b>6,393</b>	<b>504</b>	<b>-1,509</b>	<b>-2,916</b>	<b>1,953</b>	<b>6,700</b>	<b>7,197</b>
Memo:										
<b>% change: 2/</b>										
Terms of trade	-2.7	21.0	7.9	-2.9	-6.0	-5.4	-6.9	-0.3	7.5	-0.2
Index of X prices	-12.9	30.5	22.6	-2.8	-6.4	-6.8	-15.5	-3.2	13.4	6.3
Index of M prices	-10.5	7.8	13.6	0.0	-0.5	-1.5	-9.2	-3.0	5.4	6.5
Index of X volume	0.2	1.4	5.7	5.2	-3.4	-1.0	3.0	11.3	8.0	1.6
Index of M volume	-17.5	27.2	13.5	10.4	3.8	-1.6	0.2	-3.0	4.5	1.6
Value of X	-12.7	32.3	29.5	2.2	-9.6	-7.8	-12.9	7.8	22.5	8.0
Value of M	-26.1	37.1	28.9	10.4	3.3	-3.1	-9.0	-5.9	10.2	8.1

1/ Preliminary data.

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**  
(Million US\$)

	2009	2010	2011	2012	2013	2014	2015	2016 <sup>1/</sup>	2017 <sup>1/</sup>	2018 <sup>1/</sup>
<b>AGRICULTURE AND LIVESTOCK</b>	<b>1,828</b>	<b>2,203</b>	<b>2,836</b>	<b>3,083</b>	<b>3,444</b>	<b>4,231</b>	<b>4,409</b>	<b>4,702</b>	<b>5,146</b>	<b>5,913</b>
Vegetables	739	866	995	1,044	1,112	1,114	1,143	1,154	1,130	1,114
Fruits	463	594	888	969	1,180	1,628	1,902	2,140	2,527	3,208
Various plant products	173	225	282	350	390	444	374	413	519	572
Cereals and its preparations	124	127	172	199	253	355	296	286	303	313
Tea, coffee, cocoa, and essences	185	196	264	239	251	355	393	416	371	398
Rest	144	195	235	282	288	337	302	293	295	309
<b>FISHING</b>	<b>518</b>	<b>644</b>	<b>1,049</b>	<b>1,017</b>	<b>1,030</b>	<b>1,155</b>	<b>933</b>	<b>910</b>	<b>1,046</b>	<b>1,329</b>
Frozen crustaceans and molluscs	231	354	479	423	566	588	439	454	526	686
Frozen fish	127	109	127	213	263	172	174	209	228	219
Preparations and canned products	122	141	310	269	242	326	249	194	240	367
Dried fish	22	26	31	31	30	35	40	37	34	39
Rest	16	13	16	31	20	23	31	16	18	18
<b>TEXTILES</b>	<b>1,495</b>	<b>1,561</b>	<b>1,990</b>	<b>2,177</b>	<b>1,928</b>	<b>1,800</b>	<b>1,331</b>	<b>1,196</b>	<b>1,272</b>	<b>1,402</b>
Clothes and other garments	1,174	1,202	1,543	1,641	1,417	1,218	928	872	903	991
Fabrics	174	145	204	312	273	296	182	149	155	167
Textile fibers	69	100	106	85	88	126	95	71	117	134
Yarns	78	114	136	139	151	160	126	104	98	109
<b>WOOD AND ITS MANUFACTURING</b>	<b>158</b>	<b>172</b>	<b>169</b>	<b>166</b>	<b>160</b>	<b>170</b>	<b>151</b>	<b>130</b>	<b>122</b>	<b>125</b>
Timber	126	138	127	124	117	132	120	102	99	102
Manufacturing of wood products	24	27	33	35	35	30	25	18	19	18
Wooden furnitures	8	7	8	7	8	7	6	4	4	5
<b>PAPER AND ITS MANUFACTURING</b>	<b>178</b>	<b>187</b>	<b>232</b>	<b>272</b>	<b>267</b>	<b>246</b>	<b>202</b>	<b>193</b>	<b>222</b>	<b>214</b>
Manufacturing of paper and cardboard products	101	119	145	173	180	174	144	132	162	157
Printed materials	75	66	82	97	83	66	56	55	54	52
Rest	1	3	6	2	5	6	2	5	6	5
<b>CHEMICALS</b>	<b>838</b>	<b>1,228</b>	<b>1,655</b>	<b>1,636</b>	<b>1,510</b>	<b>1,515</b>	<b>1,406</b>	<b>1,344</b>	<b>1,385</b>	<b>1,562</b>
Organic and inorganic chemicals	218	288	490	492	414	349	346	345	363	468
Plastic manufacturing	103	131	162	194	193	186	154	146	148	166
Dyeing, tanning and coloring products	77	252	280	134	134	115	128	162	165	164
Rubber manufacturing	41	63	93	91	98	93	77	70	74	77
Essential oils and toiletries	107	120	139	208	195	193	178	149	140	124
Rest	292	375	492	518	512	580	523	472	496	564
<b>NON-METALLIC MINERALS</b>	<b>148</b>	<b>252</b>	<b>492</b>	<b>722</b>	<b>722</b>	<b>664</b>	<b>698</b>	<b>642</b>	<b>588</b>	<b>629</b>
Cement and construction materials	65	89	106	123	149	167	178	159	167	182
Fertilizers and raw minerals	32	93	284	481	467	375	398	337	251	285
Glass and manufactures	27	33	57	60	62	74	77	115	119	91
Ceramic products	6	5	4	7	4	4	4	4	4	4
Rest	18	31	42	52	37	43	41	27	45	68
<b>IRON-METALLIC AND JEWELRY</b>	<b>571</b>	<b>949</b>	<b>1,130</b>	<b>1,301</b>	<b>1,320</b>	<b>1,149</b>	<b>1,081</b>	<b>1,085</b>	<b>1,273</b>	<b>1,325</b>
Copper products	205	391	461	451	438	456	360	277	335	355
Zinc products	103	171	284	238	242	268	236	284	403	422
Iron products	123	126	139	177	156	158	143	139	151	181
Common manufacturing metals	43	73	83	88	119	92	86	88	105	97
Non-ferrous waste	5	10	12	11	9	12	11	13	18	17
Lead products	8	11	12	11	12	10	10	14	14	11
Silver products	8	69	22	207	204	19	126	161	95	78
Jewelry	64	72	79	84	101	95	83	94	123	129
Rest	13	26	38	35	39	38	26	23	29	35
<b>METAL-MECHANIC</b>	<b>369</b>	<b>393</b>	<b>476</b>	<b>545</b>	<b>544</b>	<b>581</b>	<b>533</b>	<b>450</b>	<b>520</b>	<b>591</b>
Highway vehicles	9	21	29	29	67	52	50	44	44	98
Industrial machinery, equipment, and parts	77	77	57	67	77	77	82	87	87	98
Electrical appliances, machinery, and parts	47	94	53	55	55	45	43	44	51	55
Iron and steel manufactured article	25	32	29	34	27	31	28	24	28	31
Office machines and data processing	9	9	19	17	14	14	11	13	10	13
Domestic equipment	7	6	7	2	1	2	2	1	2	2
Machinery and equipment for civil engineering	39	54	56	61	76	105	86	66	90	100
Force generating machinery and equipment	31	54	51	44	55	60	64	36	42	40
Common metal household items	10	10	15	13	10	9	9	6	0	0
Rest	112	110	160	216	181	188	156	136	157	158
<b>Others 2/</b>	<b>94</b>	<b>110</b>	<b>147</b>	<b>277</b>	<b>143</b>	<b>165</b>	<b>151</b>	<b>146</b>	<b>152</b>	<b>150</b>
<b>Non-traditional products</b>	<b>6,196</b>	<b>7,699</b>	<b>10,176</b>	<b>11,197</b>	<b>11,069</b>	<b>11,677</b>	<b>10,895</b>	<b>10,798</b>	<b>11,725</b>	<b>13,240</b>

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\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>1. Traditional products</b>	<b>20,720</b>	<b>27,850</b>	<b>35,896</b>	<b>35,869</b>	<b>31,553</b>	<b>27,686</b>	<b>23,432</b>	<b>26,183</b>	<b>33,566</b>	<b>35,638</b>
Fishing	1,683	1,884	2,114	2,312	1,707	1,731	1,457	1,269	1,789	1,938
Agriculture	634	975	1,689	1,095	786	847	723	878	827	762
Mining	16,482	21,903	27,526	27,467	23,789	20,545	18,950	21,819	27,582	28,899
Oil and natural gas	1,921	3,088	4,568	4,996	5,271	4,562	2,302	2,217	3,369	4,039
<b>2. Non-traditional products</b>	<b>6,196</b>	<b>7,699</b>	<b>10,176</b>	<b>11,197</b>	<b>11,069</b>	<b>11,677</b>	<b>10,895</b>	<b>10,798</b>	<b>11,725</b>	<b>13,240</b>
Agriculture and Livestocks	1,828	2,203	2,836	3,083	3,444	4,231	4,409	4,702	5,146	5,913
Fishing	518	644	1,049	1,017	1,030	1,155	933	910	1,046	1,329
Textiles	1,495	1,561	1,990	2,177	1,928	1,800	1,331	1,196	1,272	1,402
Woods	158	172	169	166	160	170	151	130	122	125
Papers	178	187	232	272	267	246	202	193	222	214
Chemicals	838	1,228	1,655	1,636	1,510	1,515	1,406	1,344	1,385	1,562
Non-metallic minerals	148	252	492	722	722	664	698	642	588	629
Basic metal industries and jewelry	571	949	1,130	1,301	1,320	1,149	1,081	1,085	1,273	1,325
Metal-mechanic	369	393	476	545	544	581	533	450	520	591
Others 2/	94	110	147	277	143	165	151	146	152	150
<b>3. Others 3/</b>	<b>154</b>	<b>254</b>	<b>304</b>	<b>345</b>	<b>238</b>	<b>171</b>	<b>88</b>	<b>101</b>	<b>130</b>	<b>189</b>
<b>4. Total exports</b>	<b>27,071</b>	<b>35,803</b>	<b>46,376</b>	<b>47,411</b>	<b>42,861</b>	<b>39,533</b>	<b>34,414</b>	<b>37,082</b>	<b>45,422</b>	<b>49,066</b>
Memo:										
<b>Percentage structure (%)</b>										
Traditional	76.5	77.8	77.4	75.7	73.6	70.0	68.1	70.6	73.9	72.6
Fishing	6.2	5.3	4.6	4.9	4.0	4.4	4.2	3.4	3.9	3.9
Agriculture	2.3	2.7	3.6	2.3	1.8	2.1	2.1	2.4	1.8	1.6
Mining	60.9	61.2	59.4	57.9	55.5	52.0	55.1	58.8	60.7	58.9
Oil and natural gas	7.1	8.6	9.8	10.5	12.3	11.5	6.7	6.0	7.4	8.2
Non-traditional	22.9	21.5	21.9	23.6	25.8	29.5	31.7	29.1	25.8	27.0
Others 3/	0.6	0.7	0.7	0.7	0.6	0.4	0.3	0.3	0.3	0.4
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

1/ Preliminary data.

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\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Agriculture</b>	<b>634</b>	<b>975</b>	<b>1,689</b>	<b>1,095</b>	<b>786</b>	<b>847</b>	<b>723</b>	<b>878</b>	<b>827</b>	<b>762</b>
Cotton	2.7	1.1	7.8	4.4	1.7	3.7	3.2	1.5	1.2	1.8
Volume (Thousand MT)	1.6	0.5	2.1	1.9	0.8	1.6	1.3	0.8	0.6	0.7
Price (US\$/MT)	1,722	2,418	3,762	2,358	2,142	2,371	2,415	1,889	1,911	2,442
Sugar	35	65	48	6	14	37	18	28	18	14
Volume (Thousand MT)	81	112	63	8	27	69	35	49	34	33
Price (US\$/MT)	429	578	760	691	525	575	532	532	532	432
Coffee	585	889	1,597	696	696	734	614	763	714	682
Volume (Thousand MT)	198	230	296	266	230	182	185	241	247	261
Price (US\$/MT)	2,957	3,863	5,388	3,842	2,930	4,028	3,319	3,160	2,887	2,610
Other agriculture products 2/	12	21	37	61	75	72	87	86	94	64
<b>Fishing</b>	<b>1,683</b>	<b>1,884</b>	<b>2,114</b>	<b>2,312</b>	<b>1,707</b>	<b>1,731</b>	<b>1,457</b>	<b>1,269</b>	<b>1,789</b>	<b>1,938</b>
Fishmeal	1,426	1,610	1,780	1,770	1,364	1,335	1,158	999	1,459	1,564
Volume (Thousand MT)	1,540	1,083	1,301	1,333	851	856	698	634	1,031	1,027
Price (US\$/MT)	926	1,486	1,368	1,328	1,602	1,560	1,658	1,576	1,415	1,523
Fishoil	258	274	333	542	343	395	299	270	330	375
Volume (Thousand MT)	304	254	235	312	126	163	119	95	176	196
Price (US\$/MT)	847	1,079	1,419	1,737	2,718	2,419	2,518	2,844	1,928	1,911
<b>Mining</b>	<b>16,482</b>	<b>21,903</b>	<b>27,526</b>	<b>27,467</b>	<b>23,789</b>	<b>20,545</b>	<b>18,950</b>	<b>21,819</b>	<b>27,582</b>	<b>28,899</b>
Copper	5,935	8,879	10,721	10,731	9,821	8,875	8,168	10,171	13,845	14,939
Volume (Thousand MT)	1,175	1,182	1,141	1,277	1,325	1,320	1,644	2,317	2,438	2,488
Price (US\$/pd.)	229	341	426	381	336	305	225	199	258	272
Tin	591	842	776	558	528	540	342	344	370	352
Volume (Thousand MT)	39.5	34.2	34.2	25.5	23.4	23.9	20.8	18.9	18.1	17.1
Price (US\$/pd.)	679.6	977.9	1,029.7	991.2	1,021.9	1,024.6	744.7	825.5	928.0	935.5
Iron	298	523	1,030	845	857	647	350	344	434	484
Volume (Million MT)	6.8	8.0	9.3	9.8	10.4	11.4	11.6	11.7	11.7	14.7
Price (US\$/MT)	43.9	65.7	111.3	86.3	82.6	56.9	30.1	31.0	37.1	33.0
Gold	6,791	7,745	10,235	10,746	8,536	6,729	6,651	7,426	8,270	8,259
Volume (thousand troy ounce)	6,972	6,335	6,492	6,427	6,047	5,323	5,744	5,937	6,564	6,513
Price (US\$/troy ounce)	974.0	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
Refined Silver	214	118	219	210	479	331	138	120	118	123
Volume (milliones oz tr)	16	6	7	7	21	17	9	120	117	8
Price (US\$/troy ounce)	13.2	19.2	33.7	30.2	22.6	19.3	15.5	16.8	17.0	15.7
Lead 3/	1,116	1,579	2,427	2,575	1,776	1,523	1,548	1,658	1,726	1,545
Volume (Thousand MT)	682	770	988	1,170	855	771	938	942	866	794
Price (US\$/pd.)	74.3	93.0	111.4	99.9	94.2	89.5	74.8	79.8	90.5	88.3
Zinc	1,233	1,696	1,523	1,352	1,414	1,504	1,508	1,469	2,399	2,574
Volume (Thousand MT)	1,339	1,282	990	995	1,059	1,124	1,190	1,103	1,237	1,208
Price (US\$/pd.)	41.8	60.0	69.8	61.7	60.5	60.7	57.5	60.4	88.0	96.6
Molybdenum	276	492	564	428	356	360	220	273	368	612
Volume (Thousand MT)	12	16.4	18.9	17.3	18	16.5	17.8	24.5	27.2	27.2
Price (US\$/pd.)	1,026.2	1,357.4	1,354.4	1,121.8	889.5	990.4	560.8	504.8	656.3	1,022.5
Other mining products 4/	27	29	31	22	23	38	27	15	51	11
<b>Oil and natural gas</b>	<b>1,921</b>	<b>3,088</b>	<b>4,568</b>	<b>4,996</b>	<b>5,271</b>	<b>4,562</b>	<b>2,302</b>	<b>2,217</b>	<b>3,369</b>	<b>4,039</b>
Crude oil and derivatives	1,921	2,805	3,284	3,665	3,899	3,776	1,853	1,693	2,597	2,997
Volume (Millions bis.)	33.5	36.8	32.3	35.6	39.4	41.0	37.1	40.6	50.1	44.8
Price (US\$/bis.)	57.4	76.2	101.8	102.9	98.9	92.2	50.0	41.7	51.8	66.9
Natural gas	0	284	1,284	1,331	1,372	786	449	523	772	1,042
Volume (Thousand m <sup>3</sup> )	0	3,605	8,069	8,737	9,562	9,227	8,092	9,589	9,222	8,455
Price (US\$/m <sup>3</sup> )	n.a	78.6	143.1	152.3	143.5	83.2	55.3	54.6	83.7	123.2
<b>Traditional products</b>	<b>20,720</b>	<b>27,850</b>	<b>35,896</b>	<b>35,869</b>	<b>31,553</b>	<b>27,686</b>	<b>23,432</b>	<b>26,183</b>	<b>33,566</b>	<b>35,638</b>

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\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Consumer goods</b>	<b>3,962</b>	<b>5,489</b>	<b>6,734</b>	<b>8,252</b>	<b>8,843</b>	<b>8,899</b>	<b>8,754</b>	<b>8,608</b>	<b>9,339</b>	<b>9,591</b>
Non-durable	2,137	2,809	3,489	4,082	4,502	4,657	4,731	4,635	5,156	5,305
Main foods	177	306	409	568	381	479	473	480	676	518
Rest	1,960	2,503	3,080	3,514	4,120	4,178	4,258	4,154	4,480	4,786
Durable	1,825	2,680	3,245	4,170	4,342	4,243	4,023	3,973	4,183	4,286
<b>Inputs</b>	<b>10,076</b>	<b>14,023</b>	<b>18,332</b>	<b>19,273</b>	<b>19,528</b>	<b>18,797</b>	<b>15,911</b>	<b>15,022</b>	<b>17,902</b>	<b>20,516</b>
Fuel, lubricants and related	2,929	4,063	5,752	5,885	6,454	5,754	3,671	3,820	5,390	6,593
Raw materials for agriculture	773	868	1,092	1,292	1,244	1,339	1,236	1,214	1,469	1,459
Raw materials for industry	6,374	9,093	11,488	12,096	11,830	11,704	11,003	9,989	11,044	12,463
<b>Capital goods</b>	<b>6,850</b>	<b>9,074</b>	<b>11,730</b>	<b>13,347</b>	<b>13,664</b>	<b>12,911</b>	<b>12,002</b>	<b>11,232</b>	<b>11,316</b>	<b>11,641</b>
Materials for construction	854	1,087	1,449	1,488	1,443	1,422	1,421	1,112	1,061	1,193
For agriculture	72	80	111	137	131	141	160	144	143	150
For industry	4,498	5,539	7,345	8,168	8,327	8,689	7,842	7,391	7,399	7,373
Transport equipments	1,426	2,369	2,825	3,554	3,762	2,660	2,579	2,584	2,714	2,926
<b>Others goods 2/</b>	<b>122</b>	<b>229</b>	<b>356</b>	<b>145</b>	<b>321</b>	<b>435</b>	<b>664</b>	<b>267</b>	<b>164</b>	<b>123</b>
<b>Total imports</b>	<b>21,011</b>	<b>28,815</b>	<b>37,152</b>	<b>41,018</b>	<b>42,356</b>	<b>41,042</b>	<b>37,331</b>	<b>35,128</b>	<b>38,722</b>	<b>41,870</b>
Memo:										
Temporary admission	196	420	698	734	648	326	364	216	387	312
Free zone 3/	110	131	136	140	238	217	207	212	212	212
<b>Foodstuffs 4/</b>	<b>1,349</b>	<b>1,725</b>	<b>2,304</b>	<b>2,528</b>	<b>2,372</b>	<b>2,459</b>	<b>2,236</b>	<b>2,166</b>	<b>2,553</b>	<b>2,542</b>
Wheat	346	368	536	516	568	555	486	391	479	489
Corn and/or sorghum	266	372	564	507	502	479	485	524	553	600
Rice	49	55	118	149	110	127	134	152	211	144
Sugar 5/	57	121	138	188	78	80	141	163	258	113
Dairy products	37	81	98	167	127	204	124	108	141	186
Soybean	561	679	795	936	920	946	791	771	845	935
Meat	34	49	55	64	66	68	74	58	66	75

1/ Preliminary data.

2/ Includes donations fuel and food bought by Peruvian ships and aircrafts, repairs of capital goods and other good, and 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			
	Nominal Prices Index	% chg.	Volume Index	Nominal Prices Index	% chg.	Volume Index	Index	% chg.	Index	% chg.
<b>2009</b>	89	-12.9	108	104	-10.5	103	86	-17.5	86	-2.7
<b>2010</b>	117	30.5	109	112	7.8	131	104	27.2	104	21.0
<b>2011</b>	143	22.6	115	128	13.6	148	112	13.5	112	7.9
<b>2012</b>	139	-2.8	121	128	0.0	164	109	10.4	109	-2.9
<b>2013</b>	130	-6.4	117	127	-0.5	170	102	3.8	102	-6.0
<b>2014</b>	121	-6.8	116	125	-1.5	167	97	-1.6	97	-5.4
<b>2015</b>	102	-15.5	120	114	-9.2	168	90	0.2	90	-6.9
<b>2016</b>	99	-3.2	133	110	-3.0	163	90	-3.0	90	-0.3
<b>2017</b>	112	13.4	144	116	5.4	170	97	4.5	97	7.5
<b>2018</b>	120	6.3	146	124	6.5	173	96	1.6	96	-0.2

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	Rice
	LME €US\$/pd.	LME US\$/tr.oz.	LME €US\$/pd.	H.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	Thailand US\$/MT
<b>2009</b>	233.6	973.6	75.1	14.7	77.9	615.8	61.7	1,130	3,129	541	193	139	729	561
<b>2010</b>	342.3	1,225.3	98.2	20.2	97.6	926.6	79.4	1,597	4,301	793	195	157	859	503
<b>2011</b>	400.2	1,569.5	99.5	35.2	109.0	1,184.0	95.0	1,443	6,026	839	280	262	1,191	552
<b>2012</b>	360.6	1,669.9	88.3	31.2	93.5	958.1	94.1	1,564	4,134	636	276	273	1,125	567
<b>2013</b>	332.3	1,411.0	86.7	23.9	97.2	1,012.2	97.9	1,644	3,108	450	266	235	992	490
<b>2014</b>	311.2	1,266.2	98.1	19.1	95.1	994.0	93.1	1,753	4,467	531	243	155	812	427
<b>2015</b>	249.4	1,161.1	87.6	15.7	81.1	729.0	48.7	1,725	3,538	547	186	141	666	395
<b>2016</b>	220.6	1,248.0	94.8	17.1	84.8	815.7	43.2	1,569	3,625	606	143	135	696	406
<b>2017</b>	279.6	1,257.2	131.2	17.1	105.1	911.7	50.9	1,352	3,361	615	145	131	707	414
<b>2018</b>	295.9	1,269.4	132.7	15.7	101.8	914.7	64.8	1,514	3,017	557	186	132	637	444

Source: Reuters and Bloomberg.  
Elaborated by the Department of Economic Studies. BCRP.



**Appendix 28**  
**SERVICES**  
(Million US\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. TRANSPORT</b>										
1. Credit	-979	-1,599	-1,531	-1,628	-1,367	-1,440	-1,404	-1,240	-1,280	-1,300
2. Debit	1,737	854	994	1,223	1,524	1,380	1,376	1,335	1,483	1,611
a. Freight	-1,737	-2,453	-2,524	-2,850	-2,891	-2,819	-2,780	-2,575	-2,763	-2,911
Credit	-1,266	-1,882	-1,964	-2,227	-2,227	-2,143	-1,964	-1,768	-1,868	-1,968
Debit	32	37	49	46	39	37	31	18	40	52
b. Passengers	-1,298	-1,919	-2,013	-2,273	-2,267	-2,180	-1,995	-1,786	-1,908	-2,014
Credit	110	95	140	170	403	301	171	143	161	199
Debit	426	467	552	631	916	830	831	802	863	947
c. Others 2/	-316	-372	-412	-461	-513	-529	-660	-658	-702	-749
Credit	177	188	293	430	457	403	390	384	426	463
Debit	300	350	393	546	569	513	514	515	580	611
	-124	-162	-99	-116	-111	-110	-124	-131	-153	-149
<b>II. TRAVEL</b>										
1. Credit	926	732	906	1,004	1,408	1,488	1,430	1,444	1,496	1,278
2. Debit	2,014	2,008	2,262	2,443	3,000	3,077	3,309	3,486	3,710	3,947
	-1,088	-1,276	-1,356	-1,439	-1,592	-1,589	-1,879	-2,042	-2,214	-2,669
<b>III. COMMUNICATIONS</b>										
1. Credit	-69	-78	-47	-74	-146	-146	-246	-249	-225	-209
2. Debit	91	102	132	147	131	149	101	92	103	110
	-161	-180	-179	-221	-278	-295	-348	-341	-328	-319
<b>IV. INSURANCE AND REINSURANCE</b>										
1. Credit	-176	-325	-359	-366	-404	-376	-392	-406	210	-371
2. Debit	271	166	230	361	400	539	636	568	1,201	681
	-447	-491	-588	-728	-803	-915	-1,028	-975	-991	-1,052
<b>V. OTHERS 3/</b>										
1. Credit	-878	-1,083	-1,214	-1,566	-1,649	-1,568	-1,444	-1,550	-1,634	-1,930
2. Debit	501	562	646	755	760	838	902	872	897	1,016
	-1,379	-1,645	-1,861	-2,321	-2,409	-2,406	-2,346	-2,422	-2,532	-2,946
<b>VI. TOTAL SERVICES</b>										
1. Credit	-1,176	-2,353	-2,244	-2,631	-2,157	-2,041	-2,056	-2,002	-1,434	-2,532
2. Debit	3,636	3,693	4,264	4,928	5,815	5,984	6,324	6,353	7,394	7,365
	-4,812	-6,046	-6,508	-7,559	-7,973	-8,025	-8,380	-8,355	-8,828	-9,897

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\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. CREDITS</b>	<b>1,400</b>	<b>1,145</b>	<b>1,089</b>	<b>1,095</b>	<b>1,147</b>	<b>1,153</b>	<b>1,027</b>	<b>1,123</b>	<b>1,618</b>	<b>1,999</b>
1. Private	294	278	317	353	385	448	556	660	934	1,221
2. Public	1,105	867	772	742	762	704	471	463	684	778
<b>II. DEBITS</b>	<b>9,807</b>	<b>12,370</b>	<b>14,644</b>	<b>14,255</b>	<b>13,220</b>	<b>11,060</b>	<b>8,911</b>	<b>10,105</b>	<b>13,141</b>	<b>13,813</b>
1. Private	8,744	11,249	13,334	12,782	11,599	9,646	7,709	8,780	11,505	11,915
Profits 2/	8,172	10,714	12,697	12,108	10,666	8,492	6,157	7,116	9,612	9,859
Interests	573	534	637	674	933	1,154	1,552	1,664	1,893	2,056
- Interests on long-term loans	383	363	455	420	439	490	823	939	1,087	1,117
- Interests on bonds	43	46	44	139	371	568	608	567	597	647
- Interests on short-term loans 3/	147	125	137	115	122	96	121	158	209	292
2. Public	1,062	1,121	1,309	1,473	1,621	1,414	1,202	1,325	1,636	1,898
Interests on long-term loans	448	337	289	286	421	209	200	224	239	256
Interests on bonds	604	781	1,020	1,187	1,200	1,204	1,002	1,101	1,397	1,641
Interests on BCRP liabilities 4/	10	3	0	0	0	0	0	0	0	1
<b>III. TOTAL (I-II)</b>	<b>-8,407</b>	<b>-11,225</b>	<b>-13,555</b>	<b>-13,159</b>	<b>-12,073</b>	<b>-9,907</b>	<b>-7,884</b>	<b>-8,982</b>	<b>-11,523</b>	<b>-11,814</b>
1. Private	-8,450	-10,971	-13,017	-12,429	-11,214	-9,197	-7,153	-8,120	-10,571	-10,694
2. Public	43	-254	-538	-731	-859	-710	-731	-862	-953	-1,120

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\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>1. ASSETS</b>										
Direct investment abroad	-3,586	-1,490	-1,793	-4,076	-1,625	-5,563	19	-2,304	-3,564	-3,558
Portfolio investment abroad 2/	-411	-436	-343	-1,756	-492	-1,107	-189	-1,156	-500	-19
	-3,176	-1,054	-1,450	-2,320	-1,133	-4,457	208	-1,148	-3,064	-3,539
<b>2. LIABILITIES</b>										
Foreign direct investment	7,786	12,429	10,852	20,246	16,059	12,843	8,798	4,479	4,448	4,476
a. <i>Reinvestment</i>	6,431	8,455	7,682	13,622	9,826	3,930	8,314	6,739	6,860	6,488
b. <i>Contributions and other capital operations</i>	5,385	5,317	4,670	7,337	4,258	3,589	2,983	3,606	5,627	5,576
c. <i>Net loans with parent companies</i>	1,828	2,445	896	5,387	3,013	-1,139	4,060	2,574	1,944	681
Portfolio investment in the country	-782	693	2,117	899	2,555	1,479	1,271	560	-710	231
a. <i>Capital participations 3/</i>	347	36	185	2,524	5,564	3,189	-976	-533	1,290	-411
b. <i>Other liabilities 4/</i>	47	87	147	-142	585	-79	-60	-307	-172	-442
Long term loans	301	-51	38	2,666	4,980	3,268	-916	-226	1,462	31
a. <i>Disbursements</i>	1,008	3,939	2,985	4,099	669	5,724	1,460	-1,726	-3,703	-1,601
b. <i>Amortization</i>	2,167	5,254	4,503	6,779	4,870	9,418	6,053	3,187	4,127	4,014
	-1,158	-1,315	-1,517	-2,679	-4,201	-3,694	-4,593	-4,914	-7,829	-5,616
<b>3. TOTAL</b>	<b>4,200</b>	<b>10,939</b>	<b>9,060</b>	<b>16,170</b>	<b>14,434</b>	<b>7,279</b>	<b>8,817</b>	<b>2,175</b>	<b>884</b>	<b>917</b>
Memo:										
Net Foreign Direct Investment	6,020	8,018	7,340	11,867	9,334	2,823	8,125	5,583	6,360	6,469

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\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. DISBURSEMENTS</b>	<b>3,229</b>	<b>4,261</b>	<b>990</b>	<b>1,449</b>	<b>1,277</b>	<b>2,922</b>	<b>5,190</b>	<b>2,108</b>	<b>3,045</b>	<b>1,800</b>
<b>Investments projects</b>	<b>616</b>	<b>722</b>	<b>679</b>	<b>334</b>	<b>652</b>	<b>988</b>	<b>349</b>	<b>958</b>	<b>435</b>	<b>1,800</b>
National government	521	509	616	317	195	133	289	805	366	473
Public enterprises	95	213	63	18	457	855	60	153	69	1,327
- Financial	4	0	0	0	430	304	36	109	1	44
- Non-financial	91	213	63	18	27	551	23	44	68	1,283
Freely disposable funds	580	875	311	115	125	244	985	0	0	0
Bonds	2,033	2,664	0	1,000	500	1,690	3,856	1,150	2,610	0
Global bonds 3/	2,033	2,664	0	500	0	500	3,056	1,150	0	0
Financial public enterprises	0	0	0	500	500	1,190	800	0	610	0
Non-financial public enterprises	0	0	0	0	0	0	0	0	2,000	0
<b>II. AMORTIZATION</b>	<b>-1,879</b>	<b>-5,268</b>	<b>-868</b>	<b>-1,215</b>	<b>-2,618</b>	<b>-1,592</b>	<b>-1,233</b>	<b>-1,957</b>	<b>-4,505</b>	<b>-1,614</b>
<b>III. NET EXTERNAL ASSETS</b>	<b>-252</b>	<b>-94</b>	<b>-253</b>	<b>-440</b>	<b>-347</b>	<b>-670</b>	<b>-473</b>	<b>-189</b>	<b>601</b>	<b>-201</b>
<b>IV. OTHER OPERATIONS WITH DEBT SECURITIES (a-b)</b>	<b>-858</b>	<b>3,474</b>	<b>813</b>	<b>1,671</b>	<b>-115</b>	<b>-727</b>	<b>-374</b>	<b>2,688</b>	<b>4,108</b>	<b>2,137</b>
a. Sovereign bonds held by non residents	-368	2,866	360	1,797	219	-657	216	1,959	4,554	1,822
b. Global bonds held by residents	490	-608	-452	126	333	70	591	-728	446	-315
<b>V. TOTAL</b>	<b>239</b>	<b>2,372</b>	<b>682</b>	<b>1,466</b>	<b>-1,803</b>	<b>-67</b>	<b>3,110</b>	<b>2,650</b>	<b>3,249</b>	<b>2,122</b>

1/ Medium- and long-term accounts.

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**  
**FINANCIAL ACCOUNT OF SHORT-TERM CAPITAL**  
(Million US\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>1. COMMERCIAL BANKS</b>										
Assets 2/	-87	855	-912	2,028	-2,359	9	643	-519	177	981
Liabilities 3/	224	-194	-180	-72	-423	-445	283	-123	-601	109
	-311	1,049	-732	2,100	-1,936	454	359	-396	777	872
<b>2. BCRP 4/</b>										
	-583	-80	0	0	0	0	0	0	0	0
<b>3. BANCO DE LA NACIÓN</b>										
Assets 2/	-30	-11	-4	-51	66	-100	93	-1	-35	49
Liabilities 3/	-30	-11	-4	-51	66	-100	93	-1	-35	49
	0	0	0	1	-0	-0	-0	0	0	0
<b>4. NON-BANK FINANCIAL COMPANIES</b>										
Assets 2/	-45	42	9	50	-53	60	-329	346	11	23
Liabilities 3/	-20	3	2	-16	-46	29	-426	409	-147	-49
	-25	39	7	67	-7	31	97	-64	158	72
<b>5. NON-FINANCIAL SECTOR 5/</b>										
Assets 2/	-1,340	-1,063	525	-40	56	-1,287	-1,907	882	-1,305	-2,556
Liabilities 3/	-774	-1,642	-241	-311	-20	-544	-1,972	-77	-1,093	-2,432
	-565	579	767	271	76	-744	65	960	-211	-124
<b>6. TOTAL SHORT-TERM CAPITAL</b>										
Assets 2/	-2,085	-258	-381	1,987	-2,291	-1,318	-1,500	708	-1,152	-1,503
Liabilities 3/	-601	-1,844	-423	-452	-423	-1,060	-2,021	208	-1,876	-2,323
	-1,484	1,587	42	2,439	-1,867	-258	521	500	724	820

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 net assets.

Source: BCRP, Bank for International Settlements (BIS) and companies.

Elaborated by the Department of Economic Studies. BCRP.



**Appendix 33**  
**EXTERNAL INVESTMENT POSITION**  
(End-of-period levels in million US\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. ASSETS</b>	<b>55,651</b>	<b>71,956</b>	<b>79,046</b>	<b>100,525</b>	<b>103,502</b>	<b>106,154</b>	<b>106,616</b>	<b>110,358</b>	<b>121,281</b>	<b>121,205</b>
1. BCRP reserve assets	33,175	44,150	48,859	64,049	65,710	62,353	61,537	61,746	63,731	60,288
2. Financial system assets (excluding BCRP) 2/	14,006	16,606	18,757	22,834	23,866	27,706	27,159	28,257	34,417	34,902
3. Others assets	8,470	11,199	11,430	13,643	13,926	16,095	17,920	20,355	23,132	26,015
<b>II. LIABILITIES</b>	<b>89,312</b>	<b>114,483</b>	<b>120,129</b>	<b>147,561</b>	<b>156,686</b>	<b>166,527</b>	<b>172,419</b>	<b>186,303</b>	<b>200,386</b>	<b>204,678</b>
<b>1. Bonds and private and public external debt</b>	<b>35,157</b>	<b>43,247</b>	<b>47,630</b>	<b>59,131</b>	<b>60,559</b>	<b>69,271</b>	<b>73,129</b>	<b>74,571</b>	<b>76,499</b>	<b>77,787</b>
a. Medium - and long - term debt	30,431	36,932	41,276	50,324	53,629	62,602	65,931	66,865	68,019	68,430
Private sector 3/	10,314	13,997	17,044	23,871	29,589	38,651	39,221	37,248	35,067	33,518
Public sector (i - ii + iii) 4/	20,117	22,934	24,232	26,452	24,039	23,951	26,710	29,617	32,953	34,912
i. External public debt	20,600	19,905	20,204	20,402	18,778	19,764	23,630	23,762	22,710	22,977
ii. External debt securities held by residents	1,891	1,283	831	957	1,290	1,360	1,951	1,223	1,668	1,353
iii. Domestic debt securities held by non-residents	1,408	4,313	4,859	7,008	6,552	5,547	5,031	7,078	11,911	13,288
b. Short - term debt	4,726	6,315	6,354	8,808	6,930	6,669	7,198	7,706	8,480	9,356
Financial system (sin BCRP) 3/	1,425	2,514	1,789	3,956	2,012	2,498	2,955	2,495	3,430	4,375
BCRP 5/	124	45	43	57	47	45	52	60	110	167
Others 6/	3,177	3,756	4,523	4,794	4,870	4,126	4,191	5,151	4,939	4,815
<b>2. Direct investment</b>	<b>34,521</b>	<b>42,976</b>	<b>50,658</b>	<b>64,281</b>	<b>74,107</b>	<b>78,037</b>	<b>86,351</b>	<b>93,090</b>	<b>99,950</b>	<b>106,438</b>
<b>3. Capital participation</b>	<b>19,634</b>	<b>28,260</b>	<b>21,840</b>	<b>24,149</b>	<b>22,021</b>	<b>19,219</b>	<b>12,940</b>	<b>18,642</b>	<b>23,936</b>	<b>20,453</b>

1/ Preliminary data.

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

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

4/ It comprises the external debt of the total public sector (including the financial sector). Nevertheless, excludes government bonds issued abroad held by residents. On the other hand, government bonds issued locally held by non-residents are included.

5/ Includes Certificate Deposits issued by BCRP

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

Source: BCRP, MEF, Cavalli S.A. ICLV, Proinversión, BIS and enterprises.

Elaborated by the Department of Economic Studies. BCRP.



**Appendix 34**  
**EXTERNAL INVESTMENT POSITION**  
(% GDP)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. ASSETS</b>										
1. BCRP reserve assets	45.6	48.3	46.2	52.1	51.2	52.5	55.7	56.7	56.6	53.8
2. Financial system assets (excluding BCRP) 2/	27.2	29.6	28.5	33.2	32.5	30.8	32.2	31.7	29.7	26.8
3. Others assets	11.5	11.1	11.0	11.8	11.8	13.7	14.2	14.5	16.1	15.5
	6.9	7.5	6.7	7.1	6.9	8.0	9.4	10.5	10.8	11.5
<b>II. LIABILITIES</b>										
<b>1. Bonds and private and public external debt</b>										
a. Medium - and long - term debt	24.9	24.8	24.1	26.1	26.5	30.9	34.5	34.4	31.7	30.4
Private sector 3/	8.5	9.4	10.0	12.4	14.6	19.1	20.5	19.1	16.4	14.9
Public sector (i - ii + iii) 4/	16.5	15.4	14.2	13.7	11.9	11.8	14.0	15.2	15.4	15.5
i. External public debt	16.9	13.4	11.8	10.6	9.3	9.8	12.4	12.2	10.6	10.2
ii. External debt securities held by residents	1.6	0.9	0.5	0.5	0.6	0.7	1.0	0.6	0.8	0.6
iii. Domestic debt securities held by non-residents	1.2	2.9	2.8	3.6	3.2	2.7	2.6	3.6	5.6	5.9
b. Short - term debt	3.9	4.2	3.7	4.6	3.4	3.3	3.8	4.0	4.0	4.2
Financial system (sin BCRP) 3/	1.2	1.7	1.0	2.0	1.0	1.2	1.5	1.3	1.6	1.9
BCRP 5/	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Others 6/	2.6	2.5	2.6	2.5	2.4	2.0	2.2	2.6	2.3	2.1
<b>2. Direct investment</b>	<b>28.3</b>	<b>28.8</b>	<b>29.6</b>	<b>33.3</b>	<b>36.7</b>	<b>38.6</b>	<b>45.1</b>	<b>47.8</b>	<b>46.6</b>	<b>47.2</b>
<b>3. Capital participation</b>	<b>16.1</b>	<b>19.0</b>	<b>12.8</b>	<b>12.5</b>	<b>10.9</b>	<b>9.5</b>	<b>6.8</b>	<b>9.6</b>	<b>11.2</b>	<b>9.1</b>

1/ Preliminary data.

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

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

4/ It comprises the external debt of the total public sector (including the financial sector). Nevertheless, excludes government bonds issued abroad held by residents. On the other hand, government bonds issued locally held by non-residents are included.

5/ Includes Certificate Deposits issued by BCRP

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

Source: BCRP, MEF, Cavalí S.A. ICLV, Proinversión, BIS and enterprises.

Elaborated by the Department of Economic Studies, BCRP.

**Appendix 35**  
**OPERATIONS OF THE NON-FINANCIAL PUBLIC SECTOR**  
(Million soles)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>1. General government current revenues</b>	<b>72,702</b>	<b>87,769</b>	<b>102,412</b>	<b>113,733</b>	<b>121,013</b>	<b>128,170</b>	<b>123,111</b>	<b>122,654</b>	<b>126,583</b>	<b>142,627</b>
a. Tax revenue	53,891	65,961	77,266	86,097	91,620	97,654	92,791	92,153	93,400	107,358
b. Non-tax revenue	18,811	21,809	25,146	27,636	29,392	30,515	30,321	30,501	33,183	35,268
<b>2. General government non-financial expenditure</b>	<b>73,636</b>	<b>83,573</b>	<b>87,594</b>	<b>97,896</b>	<b>111,784</b>	<b>123,792</b>	<b>129,863</b>	<b>130,755</b>	<b>139,894</b>	<b>149,364</b>
a. Current expenditure	52,161	57,507	63,244	69,023	78,344	89,381	96,672	100,085	106,847	113,145
b. Capital expenditure	21,475	26,066	24,350	28,873	33,440	34,411	33,191	30,669	33,047	36,219
- Gross capital formation	19,035	22,927	21,116	26,428	29,784	29,742	27,246	27,343	28,439	31,916
- Others	2,440	3,139	3,234	2,445	3,656	4,669	5,945	3,326	4,608	4,303
<b>3. Others</b>	<b>1,205</b>	<b>198</b>	<b>512</b>	<b>1,378</b>	<b>1,771</b>	<b>444</b>	<b>1,322</b>	<b>-118</b>	<b>682</b>	<b>-186</b>
<b>4. Primary balance (1-2+3)</b>	<b>272</b>	<b>4,395</b>	<b>15,329</b>	<b>17,215</b>	<b>11,000</b>	<b>4,822</b>	<b>-5,430</b>	<b>-8,218</b>	<b>-12,629</b>	<b>-6,923</b>
<b>5. Interests</b>	<b>5,006</b>	<b>5,083</b>	<b>5,541</b>	<b>5,568</b>	<b>6,091</b>	<b>6,207</b>	<b>6,388</b>	<b>7,182</b>	<b>8,340</b>	<b>10,015</b>
a. External debt	3,101	2,927	2,655	2,755	3,065	2,909	2,664	3,005	3,181	3,499
b. Domestic debt	1,905	2,156	2,886	2,813	3,026	3,298	3,724	4,177	5,158	6,515
<b>6. Overall balance</b>	<b>-4,734</b>	<b>-688</b>	<b>9,788</b>	<b>11,647</b>	<b>4,908</b>	<b>-1,386</b>	<b>-11,818</b>	<b>-15,400</b>	<b>-20,969</b>	<b>-16,938</b>
<b>7. Net financing</b>	<b>4,734</b>	<b>688</b>	<b>-9,788</b>	<b>-11,647</b>	<b>-4,908</b>	<b>1,386</b>	<b>11,818</b>	<b>15,400</b>	<b>20,969</b>	<b>16,938</b>
1. Foreign	4,069	-2,077	748	-1,388	-4,388	-841	9,815	4,304	-10,363	-598
(Million US\$) (a-b+c)	\$ 1,317	-\$ 728	\$ 277	-\$ 531	-\$ 1,689	-\$ 284	\$ 2,974	\$ 1,257	-\$ 3,194	-\$ 169
a. Disbursements	\$ 3,225	\$ 4,261	\$ 990	\$ 948	\$ 3,348	\$ 1,428	\$ 4,354	\$ 1,999	\$ 2,434	\$ 1,756
b. Amortization	\$ 1,843	\$ 5,184	\$ 831	\$ 1,175	\$ 2,367	\$ 1,456	\$ 1,230	\$ 1,672	\$ 4,175	\$ 1,265
c. Others 2/	-\$ 65	\$ 195	\$ 118	-\$ 304	\$ 330	-\$ 256	-\$ 150	\$ 930	-\$ 1,453	-\$ 660
2. Domestic	564	2,347	-10,671	-10,284	-1,258	2,193	1,909	8,110	31,281	17,481
3. Privatization	102	419	135	26	737	34	94	2,987	51	54

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>1. General government current revenues</b>	<b>19.9</b>	<b>20.9</b>	<b>21.7</b>	<b>22.4</b>	<b>22.2</b>	<b>22.3</b>	<b>20.2</b>	<b>18.7</b>	<b>18.1</b>	<b>19.3</b>
a. Tax revenue	14.7	15.7	16.4	16.9	16.8	17.0	15.2	14.0	13.4	14.5
b. Non-tax revenue	5.1	5.2	5.3	5.4	5.4	5.3	5.0	4.6	4.8	4.8
<b>2. General government non-financial expenditure</b>	<b>20.1</b>	<b>19.9</b>	<b>18.6</b>	<b>19.2</b>	<b>20.5</b>	<b>21.6</b>	<b>21.3</b>	<b>19.9</b>	<b>20.0</b>	<b>20.2</b>
a. Current expenditure	14.3	13.7	13.4	13.6	14.3	15.6	15.9	15.3	15.3	15.3
b. Capital expenditure	5.9	6.2	5.2	5.7	6.1	6.0	5.4	4.7	4.7	4.9
- Gross capital formation	5.2	5.4	4.5	5.2	5.5	5.2	4.5	4.2	4.1	4.3
- Others	0.7	0.7	0.7	0.5	0.7	0.8	1.0	0.5	0.7	0.6
<b>3. Others</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>
<b>4. Primary balance (1-2+3)</b>	<b>0.1</b>	<b>1.0</b>	<b>3.3</b>	<b>3.4</b>	<b>2.0</b>	<b>0.8</b>	<b>-0.9</b>	<b>-1.3</b>	<b>-1.8</b>	<b>-0.9</b>
<b>5. Interests</b>	<b>1.4</b>	<b>1.2</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>
a. External debt	0.8	0.7	0.6	0.5	0.6	0.5	0.4	0.5	0.5	0.5
b. Domestic debt	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.9
<b>6. Overall balance</b>	<b>-1.3</b>	<b>-0.2</b>	<b>2.1</b>	<b>2.3</b>	<b>0.9</b>	<b>-0.2</b>	<b>-1.9</b>	<b>-2.3</b>	<b>-3.0</b>	<b>-2.3</b>
<b>7. Net financing</b>	<b>1.3</b>	<b>0.2</b>	<b>-2.1</b>	<b>-2.3</b>	<b>-0.9</b>	<b>0.2</b>	<b>1.9</b>	<b>2.3</b>	<b>3.0</b>	<b>2.3</b>
1. Foreign (a-b+c)	1.1	-0.5	0.2	-0.3	-0.8	-0.1	1.6	0.7	-1.5	-0.1
a. Disbursements	2.7	2.9	0.6	0.5	0.2	0.7	2.3	1.0	1.1	0.8
b. Amortization	1.5	3.5	0.5	0.6	1.1	0.7	0.6	0.9	1.9	0.6
c. Others 2/	-0.1	0.1	0.1	-0.2	0.2	-0.1	-0.1	0.5	-0.7	-0.3
2. Domestic	0.2	0.6	-2.3	-2.0	-0.2	0.4	0.3	1.2	4.5	2.4
3. Privatization	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.5	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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. TAX REVENUE</b>	<b>53,891</b>	<b>65,961</b>	<b>77,266</b>	<b>86,097</b>	<b>91,620</b>	<b>97,654</b>	<b>92,791</b>	<b>92,153</b>	<b>93,400</b>	<b>107,358</b>
1. Income tax	20,346	25,802	33,628	37,278	36,512	40,157	34,745	37,214	36,755	41,598
- Individuals	5,608	6,285	7,931	9,070	10,149	10,894	10,557	11,159	11,450	12,474
- Corporate	12,269	16,428	21,432	23,429	22,914	25,031	20,542	22,250	20,421	22,756
- Clearing	2,470	3,089	4,265	4,779	3,450	4,232	3,646	3,805	4,884	6,368
2. Import tax	1,493	1,803	1,380	1,526	1,706	1,790	1,775	1,606	1,448	1,455
3. Value-added tax (VAT)	29,520	35,536	40,424	44,042	47,819	50,352	51,668	52,692	54,643	60,666
- Domestic	17,322	19,629	22,029	24,543	27,164	28,732	30,410	31,040	32,114	35,125
- Imports	12,198	15,908	18,395	19,499	20,655	21,620	21,258	21,652	22,529	25,541
4. Excise tax	4,145	4,668	4,718	4,918	5,478	5,135	5,495	5,902	6,315	6,860
- Fuel	2,255	2,410	2,231	2,149	2,501	2,041	2,210	2,423	2,604	2,565
- Others	1,890	2,258	2,487	2,769	2,977	3,094	3,284	3,479	3,711	4,295
5. Others tax revenue	5,725	6,098	6,818	8,920	11,363	10,924	10,785	11,096	11,448	13,363
- ITAN	1,722	1,788	2,293	2,439	2,776	3,513	3,697	4,300	4,585	4,953
- ITF	968	944	395	126	134	153	161	168	175	200
- Installment payment plan	735	714	709	857	893	814	922	1,068	1,109	1,320
- Special tax to the mining	0	0	59	442	337	372	208	236	638	770
- Others	2,300	2,652	3,362	5,056	7,223	6,071	5,797	5,323	4,941	6,120
6. Tax refunds	-7,337	-7,947	-9,703	-10,586	-11,258	-10,702	-11,677	-16,356	-17,209	-16,583
<b>II. NON-TAX REVENUE</b>	<b>18,811</b>	<b>21,809</b>	<b>25,146</b>	<b>27,636</b>	<b>29,392</b>	<b>30,515</b>	<b>30,321</b>	<b>30,501</b>	<b>33,183</b>	<b>35,268</b>
1. Contributions to Essalud and ONP	7,218	7,967	9,071	10,281	11,493	12,513	13,873	14,487	14,737	16,247
2. Royalties: oil, gas, and mining	1,597	2,523	3,756	2,850	2,875	2,696	1,663	1,737	2,486	3,035
3. Oil canon	1,241	1,840	2,673	2,910	3,005	2,895	1,622	1,291	1,533	2,090
4. Other revenues 2/	8,755	9,480	9,647	11,596	12,019	12,412	13,162	12,986	14,428	13,896
<b>III. TOTAL (I+II)</b>	<b>72,702</b>	<b>87,769</b>	<b>102,412</b>	<b>113,733</b>	<b>121,013</b>	<b>128,170</b>	<b>123,111</b>	<b>122,654</b>	<b>126,583</b>	<b>142,627</b>

1/ Preliminary data.

2/ Includes equity and current transfers, interest and earnings transfer of the Banco de la Nación and BCRP.

Source: SUNAT, MEF, Banco de la Nación, BCRP, Essalud, ONP, national regulators, registry offices and public welfare agencies. Elaborated by the Department of Economic Studies. BCRP.



**Appendix 38**  
**GENERAL GOVERNMENT CURRENT REVENUES**  
(% GDP)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. TAX REVENUE</b>	<b>14.7</b>	<b>15.7</b>	<b>16.4</b>	<b>16.9</b>	<b>16.8</b>	<b>17.0</b>	<b>15.2</b>	<b>14.0</b>	<b>13.4</b>	<b>14.5</b>
1. Income tax	5.6	6.1	7.1	7.3	6.7	7.0	5.7	5.7	5.3	5.6
- <i>Individuals</i>	1.5	1.5	1.7	1.8	1.9	1.9	1.7	1.7	1.6	1.7
- <i>Corporate</i>	3.4	3.9	4.6	4.6	4.2	4.4	3.4	3.4	2.9	3.1
- <i>Clearing</i>	0.7	0.7	0.9	0.9	0.6	0.7	0.6	0.6	0.7	0.9
2. Import tax	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
3. Value-added tax (VAT)	8.1	8.4	8.6	8.7	8.8	8.8	8.5	8.0	7.8	8.2
- <i>Domestic</i>	4.7	4.7	4.7	4.8	5.0	5.0	5.0	4.7	4.6	4.7
- <i>Imports</i>	3.3	3.8	3.9	3.8	3.8	3.8	3.5	3.3	3.2	3.4
4. Excise tax	1.1	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9
- <i>Fuel</i>	0.6	0.6	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.3
- <i>Others</i>	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6
5. Others Tax revenue	1.6	1.4	1.4	1.8	2.1	1.9	1.8	1.7	1.6	1.8
- <i>ITAN</i>	0.5	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7
- <i>ITF</i>	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- <i>Installment payment plan</i>	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2
- <i>Special tax to the mining</i>	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.1	0.1
- <i>Others</i>	0.6	0.6	0.7	1.0	1.3	1.1	1.0	0.8	0.7	0.8
6. Tax refunds	-2.0	-1.9	-2.1	-2.1	-2.1	-1.9	-1.9	-2.5	-2.5	-2.2
<b>II. NON-TAX REVENUE</b>	<b>5.1</b>	<b>5.2</b>	<b>5.3</b>	<b>5.4</b>	<b>5.4</b>	<b>5.3</b>	<b>5.0</b>	<b>4.6</b>	<b>4.8</b>	<b>4.8</b>
1. Contributions to Essalud and ONP	2.0	1.9	1.9	2.0	2.1	2.2	2.3	2.2	2.1	2.2
2. Royalties: oil, gas, and mining	0.4	0.6	0.8	0.6	0.5	0.5	0.3	0.3	0.4	0.4
3. Oil canon	0.3	0.4	0.6	0.6	0.6	0.5	0.3	0.2	0.2	0.3
4. Other revenues 2/	2.4	2.3	2.0	2.3	2.2	2.2	2.2	2.0	2.1	1.9
<b>III. TOTAL (I+II)</b>	<b>19.9</b>	<b>20.9</b>	<b>21.7</b>	<b>22.4</b>	<b>22.2</b>	<b>22.3</b>	<b>20.2</b>	<b>18.7</b>	<b>18.1</b>	<b>19.3</b>

1/ Preliminary data.

2/ Includes equity and current transfers, interest and earnings transfer of the Banco de la Nación and BCRP.

Source: SUNAT, MEF, Banco de la Nación, BCRP, EsSalud, ONP, national regulators, registry offices and public welfare agencies. Elaborated by the Department of Economic Studies, BCRP.

<b>Appendix 39</b>											
<b>GENERAL GOVERNMENT EXPENDITURE</b>											
(Million soles)											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
<b>I. NON FINANCIAL EXPENDITURE</b>	<b>73,636</b>	<b>83,573</b>	<b>87,594</b>	<b>97,896</b>	<b>111,784</b>	<b>123,792</b>	<b>129,863</b>	<b>130,755</b>	<b>139,894</b>	<b>149,364</b>	
<b>1. Current expenditure</b>	<b>52,161</b>	<b>57,507</b>	<b>63,244</b>	<b>69,023</b>	<b>78,344</b>	<b>89,381</b>	<b>96,672</b>	<b>100,085</b>	<b>106,847</b>	<b>113,145</b>	
a. Wages and salaries	19,614	20,800	22,842	25,254	29,361	34,072	35,449	39,051	42,667	46,186	
b. Goods and services	19,367	22,701	23,936	28,508	31,438	34,985	40,409	40,341	41,664	42,297	
c. Transfers	13,180	14,006	16,466	15,261	17,545	20,323	20,813	20,692	22,515	24,662	
<b>2. Capital expenditure</b>	<b>21,475</b>	<b>26,066</b>	<b>24,350</b>	<b>28,873</b>	<b>33,440</b>	<b>34,411</b>	<b>33,191</b>	<b>30,669</b>	<b>33,047</b>	<b>36,219</b>	
a. Gross capital formation	19,035	22,927	21,116	26,428	29,784	29,742	27,246	27,343	28,439	31,916	
b. Others	2,440	3,139	3,234	2,445	3,656	4,669	5,945	3,326	4,608	4,303	
<b>II. INTERESTS</b>	<b>4,897</b>	<b>4,990</b>	<b>5,428</b>	<b>5,458</b>	<b>5,960</b>	<b>6,051</b>	<b>6,185</b>	<b>6,910</b>	<b>7,808</b>	<b>9,199</b>	
1. Domestic debt	1,831	2,099	2,818	2,749	2,942	3,197	3,598	3,988	4,862	6,318	
2. External debt	3,066	2,891	2,609	2,709	3,018	2,853	2,587	2,921	2,946	2,880	
<b>III. TOTAL (I+II)</b>	<b>78,533</b>	<b>88,562</b>	<b>93,021</b>	<b>103,354</b>	<b>117,744</b>	<b>129,843</b>	<b>136,048</b>	<b>137,664</b>	<b>147,702</b>	<b>158,562</b>	

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)											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
<b>I. NON FINANCIAL EXPENDITURE</b>											
<b>1. Current expenditure</b>	<b>20.1</b>	<b>19.9</b>	<b>18.6</b>	<b>19.2</b>	<b>20.5</b>	<b>21.6</b>	<b>21.3</b>	<b>19.9</b>	<b>20.0</b>	<b>20.2</b>	
a. Wages and salaries	14.3	13.7	13.4	13.6	14.3	15.6	15.9	15.3	15.3	15.3	
b. Goods and services	5.4	4.9	4.9	5.0	5.4	5.9	5.8	6.0	6.1	6.2	
c. Transfers	5.3	5.4	5.1	5.6	5.8	6.1	6.6	6.1	6.0	5.7	
	3.6	3.3	3.5	3.0	3.2	3.5	3.4	3.2	3.2	3.3	
<b>2. Capital expenditure</b>	<b>5.9</b>	<b>6.2</b>	<b>5.2</b>	<b>5.7</b>	<b>6.1</b>	<b>6.0</b>	<b>5.4</b>	<b>4.7</b>	<b>4.7</b>	<b>4.9</b>	
a. Gross capital formation	5.2	5.4	4.5	5.2	5.5	5.2	4.5	4.2	4.1	4.3	
b. Others	0.7	0.7	0.7	0.5	0.7	0.8	1.0	0.5	0.7	0.6	
<b>II. INTERESTS</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>	<b>1.2</b>	
1. Domestic debt	0.5	0.5	0.6	0.5	0.5	0.6	0.6	0.6	0.7	0.9	
2. External debt	0.8	0.7	0.6	0.5	0.6	0.5	0.4	0.4	0.4	0.4	
<b>III. TOTAL (I+II)</b>	<b>21.5</b>	<b>21.0</b>	<b>19.8</b>	<b>20.3</b>	<b>21.6</b>	<b>22.6</b>	<b>22.3</b>	<b>21.0</b>	<b>21.1</b>	<b>21.4</b>	

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. CURRENT REVENUE</b>	12,439	12,730	15,025	16,012	18,026	20,272	20,959	22,169	25,488	27,825
<b>II. NON FINANCIAL EXPENDITURE</b>	14,703	16,197	17,259	20,723	22,810	23,816	24,510	26,017	28,803	31,442
1. Current expenditure	10,292	10,776	11,920	13,661	15,278	17,353	18,484	20,277	22,861	24,956
2. Capital expenditure	4,411	5,420	5,339	7,062	7,531	6,463	6,026	5,741	5,942	6,486
<b>III. CAPITAL REVENUE</b>	1,981	2,934	2,434	3,801	4,465	4,747	4,543	4,821	5,221	4,886
<b>IV. PRIMARY BALANCE (I-II+III)</b>	-283	-533	200	-910	-318	1,203	992	973	1,906	1,269
<b>V. INTERESTS</b>	0	0	0	0	0	0	0	0	0	0
<b>VI. OVERALL BALANCE (IV-V)</b>	-283	-533	200	-910	-318	1,203	992	973	1,906	1,269

1/ Preliminary data.

Source: MEF.

Elaborated by the Department of Economic Studies, BCRP.



**Appendix 42**  
**REGIONAL GOVERNMENT OPERATIONS**  
(% GDP)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. CURRENT REVENUE</b>	3.4	3.0	3.2	3.1	3.3	3.5	3.4	3.4	3.6	3.8
<b>II. NON FINANCIAL EXPENDITURE</b>	4.0	3.9	3.7	4.1	4.2	4.1	4.0	4.0	4.1	4.2
1. Current expenditure	2.8	2.6	2.5	2.7	2.8	3.0	3.0	3.1	3.3	3.4
2. Capital expenditure	1.2	1.3	1.1	1.4	1.4	1.1	1.0	0.9	0.9	0.9
<b>III. CAPITAL REVENUE</b>	0.5	0.7	0.5	0.7	0.8	0.8	0.7	0.7	0.7	0.7
<b>IV. PRIMARY BALANCE (I-II+III)</b>	-0.1	-0.1	0.0	-0.2	-0.1	0.2	0.2	0.1	0.3	0.2
<b>V. INTERESTS</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>VI. OVERALL BALANCE (IV-V)</b>	-0.1	-0.1	0.0	-0.2	-0.1	0.2	0.2	0.1	0.3	0.2

1/ Preliminary data.

Source: MEF.

Elaborated by the Department of Economic Studies, BCRP.

**Appendix 43**  
**LOCAL GOVERNMENT OPERATIONS**  
(Million soles)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. CURRENT REVENUE</b>	11,586	12,482	15,028	16,817	16,716	16,700	15,774	15,184	16,337	19,022
<b>II. NON FINANCIAL EXPENDITURE</b>	15,569	17,396	16,670	21,998	24,362	24,412	21,024	22,800	23,923	26,793
1. Current expenditure	6,274	7,284	7,946	9,590	10,058	10,440	10,231	11,000	11,253	11,832
2. Capital expenditure	9,296	10,111	8,724	12,408	14,304	13,972	10,793	11,800	12,671	14,961
<b>III. CAPITAL REVENUE</b>	2,875	3,539	4,872	6,196	6,953	7,339	6,610	6,919	9,102	7,181
<b>IV. PRIMARY BALANCE (I-II+III)</b>	-1,108	-1,375	3,230	1,015	-693	-374	1,360	-697	1,515	-591
<b>V. INTERESTS</b>	34	36	26	26	26	41	30	28	36	68
<b>VI. OVERALL BALANCE (IV-V)</b>	-1,142	-1,411	3,204	989	-720	-415	1,331	-725	1,480	-659

1/ Preliminary data.

Source: MEF

Elaborated by the Department of Economic Studies, BCRP.



Appendix 44 LOCAL GOVERNMENT OPERATIONS (% GDP)												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
								1/	1/	1/		1/
<b>I. CURRENT REVENUE</b>	3.2	3.0	3.2	3.3	3.1	2.9	2.6	2.3	2.3	2.6		2.6
<b>II. NON FINANCIAL EXPENDITURE</b>	4.3	4.1	3.5	4.3	4.5	4.3	3.5	3.5	3.4	3.6		3.6
1. Current expenditure	1.7	1.7	1.7	1.9	1.8	1.8	1.7	1.7	1.6	1.6		1.6
2. Capital expenditure	2.5	2.4	1.9	2.4	2.6	2.4	1.8	1.8	1.8	2.0		2.0
<b>III. CAPITAL REVENUE</b>	0.8	0.8	1.0	1.2	1.3	1.3	1.1	1.1	1.3	1.0		1.0
<b>IV. PRIMARY BALANCE (I-II+III)</b>	-0.3	-0.3	0.7	0.2	-0.1	-0.1	0.2	-0.1	0.2	-0.1		-0.1
<b>V. INTERESTS</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
<b>VI. OVERALL BALANCE (IV-V)</b>	-0.3	-0.3	0.7	0.2	-0.1	-0.1	0.2	-0.1	0.2	-0.1		-0.1

1/ Preliminary data.

Source: MEF.

Elaborated by the Department of Economic Studies, BCRP.

**Appendix 45**  
**OPERATION OF NON-FINANCIAL STATE ENTERPRISES**  
(Million soles)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. CURRENT REVENUE</b>	<b>19,068</b>	<b>21,700</b>	<b>26,158</b>	<b>26,544</b>	<b>30,068</b>	<b>30,969</b>	<b>29,289</b>	<b>29,695</b>	<b>32,279</b>	<b>37,657</b>
1. Petroperú	10,609	13,306	17,349	17,117	19,290	19,261	15,987	15,296	17,711	22,207
2. Electroperú	1,486	1,112	1,067	1,371	1,345	1,251	1,334	1,926	2,373	2,523
3. Regional electricity enterprises	2,846	2,798	3,207	3,733	3,971	4,836	5,552	6,144	5,847	6,174
4. Sedapal	1,112	1,099	1,275	1,371	1,557	1,581	1,785	1,767	1,916	2,207
5. Others	3,016	3,385	3,260	2,951	3,905	4,040	4,631	4,561	4,433	4,547
<b>II. NON-FINANCIAL CURRENT EXPENDITURE</b>	<b>16,698</b>	<b>20,402</b>	<b>24,557</b>	<b>24,482</b>	<b>28,137</b>	<b>28,894</b>	<b>25,765</b>	<b>26,442</b>	<b>30,239</b>	<b>35,414</b>
1. Petroperú	10,083	13,387	17,312	16,786	19,513	19,280	14,794	14,543	17,279	22,249
2. Electroperú	1,213	1,134	941	1,163	1,006	1,189	1,189	1,862	2,195	2,327
3. Regional electricity enterprises	2,377	2,379	2,688	3,140	3,449	4,070	4,571	5,002	4,949	5,115
4. Sedapal	696	701	798	907	1,088	1,211	1,218	1,386	1,330	1,482
5. Others	2,329	2,802	2,818	2,486	3,082	3,276	3,993	3,649	4,486	4,241
<b>III. CAPITAL EXPENDITURE</b>	<b>2,022</b>	<b>2,180</b>	<b>1,597</b>	<b>1,414</b>	<b>1,996</b>	<b>3,173</b>	<b>3,314</b>	<b>4,509</b>	<b>4,347</b>	<b>4,001</b>
1. Petroperú	90	165	201	223	361	1,361	1,860	2,999	2,541	2,364
2. Electroperú	202	369	26	22	43	58	49	67	47	28
3. Regional electricity enterprises	686	590	399	347	588	689	644	432	522	526
4. Sedapal	664	567	447	271	431	463	255	387	496	553
5. Others	381	489	523	551	573	600	506	624	740	530
<b>IV. CAPITAL REVENUE</b>	<b>449</b>	<b>293</b>	<b>243</b>	<b>481</b>	<b>912</b>	<b>890</b>	<b>515</b>	<b>197</b>	<b>1,701</b>	<b>414</b>
<b>V. PRIMARY BALANCE (I-II-III+IV)</b>	<b>797</b>	<b>-590</b>	<b>247</b>	<b>1,129</b>	<b>847</b>	<b>-208</b>	<b>725</b>	<b>-1,059</b>	<b>-605</b>	<b>-1,344</b>
1. Petroperú	435	-245	-164	108	-583	-1,380	-668	-2,246	-1,054	-2,406
2. Electroperú	71	-391	99	186	297	135	97	-3	131	168
3. Regional electricity enterprises	228	47	188	306	133	239	542	754	632	652
4. Sedapal	-192	-169	87	424	444	470	509	24	99	173
5. Others	255	169	37	104	556	328	245	412	-414	70
<b>VI. INTERESTS</b>	<b>109</b>	<b>93</b>	<b>114</b>	<b>110</b>	<b>132</b>	<b>157</b>	<b>203</b>	<b>272</b>	<b>531</b>	<b>816</b>
<b>VII. OVERALL BALANCE 2/</b>	<b>688</b>	<b>-683</b>	<b>134</b>	<b>1,018</b>	<b>715</b>	<b>-365</b>	<b>522</b>	<b>-1,331</b>	<b>-1,137</b>	<b>-2,160</b>
1. Petroperú	401	-255	-174	96	-615	-1,450	-761	-2,399	-1,465	-3,083
2. Electroperú	71	-391	99	186	297	135	97	-3	131	168
3. Regional electricity enterprises	194	34	165	288	110	213	511	716	597	624
4. Sedapal	-228	-233	13	349	374	413	443	-45	25	77
5. Others	249	163	31	100	550	323	233	399	-426	55

1/ Preliminary data.

2/ The difference between revenue and payments in cash is reflected in the cash flow; for 2018, in the case of the Business Treatment Enterprises (ETES), which comprise the "Other" group, the information corresponds to the accrual basis. "Profits" refers to the difference between revenue and expenses recorded as accrual and included in the Income Statement.

Source: State-owned companies, FONAFE, and MEF.

Elaborated by the Department of Economic Studies. BCRP.



**Appendix 46**  
**OPERATION OF NON-FINANCIAL STATE ENTERPRISES**  
(% GDP)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. CURRENT REVENUE</b>	<b>5.2</b>	<b>5.2</b>	<b>5.6</b>	<b>5.2</b>	<b>5.5</b>	<b>5.4</b>	<b>4.8</b>	<b>4.5</b>	<b>4.6</b>	<b>5.1</b>
1. Petroperú	2.9	3.2	3.7	3.4	3.5	3.4	2.6	2.3	2.5	3.0
2. Electroperú	0.4	0.3	0.2	0.3	0.2	0.2	0.2	0.3	0.3	0.3
3. Regional electricity enterprises	0.8	0.7	0.7	0.7	0.7	0.8	0.9	0.9	0.8	0.8
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	0.8	0.7	0.6	0.7	0.7	0.8	0.7	0.6	0.6
<b>II. NON-FINANCIAL CURRENT EXPENDITURE</b>	<b>4.6</b>	<b>4.8</b>	<b>5.2</b>	<b>4.8</b>	<b>5.2</b>	<b>5.0</b>	<b>4.2</b>	<b>4.0</b>	<b>4.3</b>	<b>4.8</b>
1. Petroperú	2.8	3.2	3.7	3.3	3.6	3.4	2.4	2.2	2.5	3.0
2. Electroperú	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3
3. Regional electricity enterprises	0.6	0.6	0.6	0.6	0.6	0.7	0.8	0.8	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	0.6	0.7	0.6	0.5	0.6	0.6	0.7	0.6	0.6	0.6
<b>III. CAPITAL EXPENDITURE</b>	<b>0.6</b>	<b>0.5</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.6</b>	<b>0.5</b>	<b>0.7</b>	<b>0.6</b>	<b>0.5</b>
1. Petroperú	0.0	0.0	0.0	0.0	0.1	0.2	0.3	0.5	0.4	0.3
2. Electroperú	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Regional electricity enterprises	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
4. Sedapal	0.2	0.1	0.1	0.1	0.1	0.1	0.0	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
<b>IV. CAPITAL REVENUE</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>
<b>V. PRIMARY BALANCE (I-II-III+IV)</b>	<b>0.2</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.2</b>
1. Petroperú	0.1	-0.1	0.0	0.0	-0.1	-0.2	-0.1	-0.3	-0.2	-0.3
2. Electroperú	0.0	-0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
3. Regional electricity enterprises	0.1	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1
4. Sedapal	-0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0
5. Others	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.1	-0.1	0.0
<b>VI. INTERESTS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
<b>VII. OVERALL BALANCE 2/</b>	<b>0.2</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.3</b>
1. Petroperú	0.1	-0.1	0.0	0.0	-0.1	-0.3	-0.1	-0.4	-0.2	-0.4
2. Electroperú	0.0	-0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
3. Regional electricity enterprises	0.1	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1
4. Sedapal	-0.1	-0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0
5. Others	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.1	-0.1	0.0

1/ Preliminary data.

2/ The difference between revenue and payments in cash is reflected in the cash flow; for 2018, in the case of the Business Treatment Enterprises (ETES), which comprise the "Other" group, the information corresponds to the accrual basis. "Profits" refers to the difference between revenue and expenses recorded as accrual and included in the Income Statement.

Source: State-owned companies, FONAFE, and MEF.

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
<b>2009</b>	49,189	97,813	48,624	13.4	26.7	13.3
<b>2010</b>	52,734	100,157	47,422	12.5	23.8	11.3
<b>2011</b>	65,824	101,737	35,914	14.0	21.6	7.6
<b>2012</b>	81,130	101,225	20,094	15.9	19.9	4.0
<b>2013</b>	90,041	105,087	15,046	16.5	19.2	2.8
<b>2014</b>	96,994	114,432	17,438	16.9	19.9	3.0
<b>2015</b>	109,033	142,241	33,208	17.9	23.3	5.4
<b>2016 1/</b>	111,649	156,663	45,014	17.0	23.9	6.9
<b>2017 1/</b>	107,414	173,976	66,561	15.4	24.9	9.5
<b>2018 1/</b>	107,185	190,741	83,556	14.5	25.8	11.3

1/ Preliminary data.  
Source: MEF, BCRP, Banco de la Nación, ONP, EsSalud and Petroperú.  
Elaborated by the Department of Economic Studies, BCRP.



Appendix 48  
INFLATION: 2009 - 2018  
(% change)

	Weight	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>CPI</b>	<b>100.0</b>	<b>0.25</b>	<b>2.08</b>	<b>4.74</b>	<b>2.65</b>	<b>2.86</b>	<b>3.22</b>	<b>4.40</b>	<b>3.23</b>	<b>1.36</b>	<b>2.19</b>
<b>1. CPI excluding food and energy</b>	<b>56.4</b>	<b>1.71</b>	<b>1.38</b>	<b>2.42</b>	<b>1.91</b>	<b>2.97</b>	<b>2.51</b>	<b>3.49</b>	<b>2.87</b>	<b>2.15</b>	<b>2.21</b>
a. Goods	21.7	2.31	1.07	2.37	1.60	2.62	2.43	3.57	3.41	1.24	2.25
b. Services	34.8	1.24	1.58	2.45	2.10	3.18	2.55	3.44	2.54	2.70	2.19
<b>2. Food and energy</b>	<b>43.6</b>	<b>-0.86</b>	<b>2.98</b>	<b>7.70</b>	<b>3.55</b>	<b>2.73</b>	<b>4.08</b>	<b>5.47</b>	<b>3.66</b>	<b>0.46</b>	<b>2.17</b>
a. Food	37.8	0.57	2.41	7.97	4.06	2.24	4.83	5.37	3.54	0.31	1.95
b. Energy	5.7	-10.40	6.80	6.01	0.22	6.09	-0.85	6.20	4.48	1.55	3.67
Fuel	2.8	-12.66	12.21	7.54	-1.48	5.95	-5.59	-6.33	0.61	3.95	5.35
Electricity	2.9	-4.56	1.36	4.30	2.19	6.23	4.37	18.71	7.53	-0.21	2.39

Source: INEI.  
Elaborated by the Department of Economic Studies, BCRP.



**Appendix 49**  
**CONSUMER PRICE INDEX: 2009-2018**  
(% change)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018										
	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										
<b>January</b>	0.11	6.53	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
<b>February</b>	-0.07	5.49	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
<b>March</b>	0.36	4.78	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
<b>April</b>	0.02	4.64	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
<b>May</b>	-0.04	4.21	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
<b>June</b>	-0.34	3.06	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
<b>July</b>	0.19	2.68	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
<b>August</b>	-0.21	1.87	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
<b>September</b>	-0.09	1.20	-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
<b>October</b>	0.12	0.71	-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
<b>November</b>	-0.11	0.29	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
<b>December</b>	0.32	0.25	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
Memo:																				
<b>Annual average</b>	<b>2.94</b>	<b>1.53</b>	<b>3.37</b>	<b>3.66</b>	<b>2.81</b>	<b>3.25</b>	<b>3.55</b>	<b>2.80</b>	<b>3.59</b>	<b>1.32</b>										

Source: INEI.  
Elaborated by the Department of Economic Studies. BCRP.



**Appendix 50**  
**INFLATION WITHOUT FOOD AND ENERGY: 2009-2018**  
(% change)

	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018		
	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	
<b>January</b>	-0.01	4.34	-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	
<b>February</b>	0.35	4.65	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	
<b>March</b>	0.56	4.76	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	
<b>April</b>	0.13	4.78	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	
<b>May</b>	0.01	4.53	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	
<b>June</b>	0.10	4.31	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	
<b>July</b>	0.17	4.15	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	
<b>August</b>	0.00	3.64	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	
<b>September</b>	0.04	2.78	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	
<b>October</b>	-0.03	2.22	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	
<b>November</b>	0.07	1.78	-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	
<b>December</b>	0.32	1.71	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	
Memo:																					
<b>Annual average</b>	<b>3.62</b>	<b>1.21</b>	<b>2.00</b>	<b>2.28</b>	<b>2.51</b>	<b>2.71</b>	<b>3.07</b>	<b>3.20</b>	<b>2.51</b>	<b>2.71</b>	<b>3.07</b>	<b>3.20</b>	<b>2.51</b>	<b>2.71</b>	<b>3.07</b>	<b>3.20</b>	<b>2.51</b>	<b>2.71</b>	<b>3.07</b>	<b>3.20</b>	<b>2.08</b>

Source: INEI.  
Elaborated by the Department of Economic Studies. BCRP.

**Appendix 51**  
**CPI FOOD AND ENERGY: 2009-2018**  
(% change)

	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018		
	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	
<b>January</b>	0.23	8.27	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	
<b>February</b>	-0.40	6.19	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	
<b>March</b>	0.19	4.79	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	
<b>April</b>	-0.06	4.51	-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	
<b>May</b>	-0.10	3.97	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	
<b>June</b>	-0.68	2.11	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	
<b>July</b>	0.20	1.57	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	
<b>August</b>	-0.37	0.52	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	
<b>September</b>	-0.19	0.03	-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	
<b>October</b>	0.25	-0.43	-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	
<b>November</b>	-0.25	-0.82	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	
<b>December</b>	0.32	-0.86	-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	
Memo:																					
<b>Annual average</b>		<b>2.42</b>		<b>2.21</b>		<b>5.11</b>		<b>5.36</b>		<b>3.16</b>		<b>3.88</b>		<b>4.11</b>		<b>4.06</b>		<b>3.15</b>		<b>0.43</b>	

Source: INEI.  
Elaborated by the Department of Economic Studies. BCRP.



**Appendix 52**  
**NOMINAL EXCHANGE RATE - END OF PERIOD 1/**  
(% change)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018										
	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										
<b>January</b>	1.0	8.2	-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
<b>February</b>	2.4	12.6	-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
<b>March</b>	-2.8	15.1	-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
<b>April</b>	-5.3	5.1	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
<b>May</b>	0.0	5.3	-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
<b>June</b>	0.5	1.5	-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
<b>July</b>	-0.8	6.1	-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
<b>August</b>	-1.3	-0.2	-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
<b>September</b>	-2.1	-3.1	-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
<b>October</b>	0.7	-6.0	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
<b>November</b>	-0.9	-6.9	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
<b>December</b>	0.3	-8.0	-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
<b>Annual average</b>	<b>2.2</b>	<b>-6.0</b>	<b>-2.6</b>	<b>-4.3</b>	<b>3.3</b>	<b>4.6</b>	<b>12.5</b>	<b>5.5</b>	<b>-3.7</b>	<b>1.2</b>										

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/<sup>1/</sup>**  
 (% change)

	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	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
<b>January</b>	1.2	6.8	-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
<b>February</b>	2.7	11.4	-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
<b>March</b>	-1.9	12.9	-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
<b>April</b>	-2.8	12.2	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
<b>May</b>	-3.0	6.7	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
<b>June</b>	-0.1	3.4	-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
<b>July</b>	0.7	5.8	-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
<b>August</b>	-2.1	2.0	-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
<b>September</b>	-1.4	-1.9	-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
<b>October</b>	-1.3	-6.6	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
<b>November</b>	0.5	-6.7	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
<b>December</b>	-0.3	-7.6	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
<b>Annual average</b>	<b>2.9</b>	<b>-6.2</b>	<b>-2.5</b>	<b>-4.2</b>	<b>2.4</b>	<b>5.1</b>	<b>12.2</b>	<b>6.0</b>	<b>-3.4</b>	<b>0.8</b>	<b>5.1</b>	<b>12.2</b>	<b>6.0</b>	<b>-3.4</b>	<b>0.8</b>	<b>5.1</b>	<b>12.2</b>	<b>6.0</b>	<b>-3.4</b>	<b>0.8</b>

<sup>1/</sup>Corresponds to bank selling exchange rate.

Source: SBS.

Elaborated by the Department of Economic Studies. BCRP.



**Appendix 54**  
**REAL MULTILATERAL EXCHANGE RATE**  
(% change)

	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	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
<b>January</b>	1.4	-3.0	-0.7	-2.4	-0.2	0.6	1.0	-4.1	0.0	-5.7	0.6	7.2	0.6	0.2	2.6	-0.8	-3.5	1.2	2.5	
<b>February</b>	1.7	-0.7	-1.0	-5.0	0.2	1.9	0.9	-3.4	1.7	-5.0	-0.3	5.1	2.0	2.5	3.6	-1.7	-7.8	2.2	6.5	
<b>March</b>	-2.5	-0.9	-0.3	-2.8	0.6	2.7	-1.4	-5.2	-1.0	-4.6	-0.2	5.9	-1.8	0.9	3.5	-1.2	-7.1	-0.7	7.0	
<b>April</b>	-1.0	-0.5	0.4	-1.4	2.3	4.6	-1.2	-8.4	0.0	-3.4	-0.1	5.7	1.2	2.2	0.5	0.4	-5.1	-0.5	6.0	
<b>May</b>	-1.0	-2.9	-1.6	-1.9	-1.0	5.2	-0.9	-8.3	1.3	-1.2	-0.1	4.2	1.2	3.6	0.4	-0.3	1.4	-4.1	-0.5	4.1
<b>June</b>	1.4	-4.5	-1.1	-4.4	0.0	6.4	-1.0	-9.1	3.2	2.9	0.1	1.0	-0.4	3.1	-0.7	-0.6	0.5	-2.9	-1.4	2.1
<b>July</b>	0.9	-2.4	0.6	-4.7	-0.9	4.8	-1.2	-9.4	0.2	4.3	-0.8	0.1	0.1	-0.7	-0.6	0.0	-2.4	-1.3	0.8	
<b>August</b>	-0.9	-2.9	-0.1	-3.9	0.0	4.9	-0.5	-9.8	0.5	5.4	0.6	0.2	-0.5	2.0	1.4	0.5	-3.3	-0.4	-0.2	
<b>September</b>	-0.5	-3.2	0.8	-2.6	-1.8	2.2	0.2	-8.0	-0.2	5.0	0.9	1.3	-1.5	-0.4	1.3	4.2	1.3	-3.3	0.4	-1.0
<b>October</b>	-0.3	-2.1	2.5	0.1	-1.4	-1.8	0.1	-6.6	0.6	5.5	0.2	0.9	1.4	0.7	-0.8	2.0	-0.2	-2.6	0.5	-0.4
<b>November</b>	1.2	1.1	0.5	-0.6	-1.6	-3.8	0.1	-5.0	0.6	6.1	-0.5	-0.2	1.5	2.7	-1.3	-0.8	-0.3	-1.6	0.5	0.3
<b>December</b>	-0.6	-0.3	0.1	0.1	-1.3	-5.2	-1.0	-4.7	-0.5	6.6	-0.1	0.2	0.2	3.0	-1.6	-2.6	0.5	0.5	-0.5	-0.7
<b>Annual average</b>	<b>-1.9</b>	<b>-2.5</b>	<b>1.8</b>	<b>-6.9</b>	<b>1.2</b>	<b>2.6</b>	<b>2.0</b>	<b>1.1</b>	<b>-3.6</b>	<b>2.2</b>	<b>1.1</b>	<b>2.0</b>	<b>2.0</b>	<b>1.1</b>	<b>1.1</b>	<b>2.2</b>	<b>2.0</b>	<b>1.1</b>	<b>2.2</b>	<b>2.2</b>

Source: SBS.  
Elaborated by the Department of Economic Studies. BCRP.

**Appendix 55**  
**REAL EXCHANGE RATE**  
(Period average data)

	NOMINAL EXCHANGE RATE INDEX (S/ x US\$) Base: 2009=100		US INFLATION Base: 2009=100		REAL BILATERAL EXCHANGE RATE INDEX 1/ Base: 2009=100		NOMINAL EXCHANGE RATE INDEX (S/ x BASKET) 2/ Base: 2009=100		MULTILATERAL EXTERNAL INFLATION 3/ Base: 2009=100		REAL MULTILATERAL EXCHANGE RATE INDEX 2/ 3/ Base: 2009=100	
	Bid	Ask	Average		Bid	Ask	Average					
<b>2009</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
2010	93.8	93.8	93.8	101.6	93.9	93.9	93.9	96.3	102.8	102.8	97.5	97.5
2011	91.5	91.5	91.5	104.8	91.4	91.4	91.4	97.4	107.0	107.0	99.3	99.3
2012	87.6	87.6	87.6	107.0	86.2	86.2	86.2	91.5	110.0	110.0	92.5	92.5
2013	89.7	89.7	89.7	108.6	87.1	87.1	87.1	92.9	112.7	112.7	93.6	93.6
2014	94.2	94.3	94.3	110.3	90.1	90.1	90.1	96.2	115.3	115.3	96.0	96.0
2015	105.7	105.8	105.8	110.5	97.7	97.7	97.7	99.9	117.2	117.2	97.9	97.9
2016	112.0	112.1	112.1	111.9	101.2	101.3	101.3	102.4	119.7	119.7	99.0	99.0
<b>2017</b>	<b>108.2</b>	<b>108.3</b>	<b>108.3</b>	<b>114.3</b>	<b>97.1</b>	<b>97.2</b>	<b>97.2</b>	<b>99.5</b>	<b>122.1</b>	<b>122.1</b>	<b>95.4</b>	<b>95.4</b>
January	110.9	110.9	110.9	113.2	99.6	99.7	99.7	99.5	121.3	121.3	95.8	95.8
February	108.2	108.3	108.2	113.5	97.2	97.3	97.3	98.0	121.4	121.4	94.2	94.2
March	108.3	108.4	108.4	113.6	96.2	96.2	96.2	98.1	121.5	121.5	93.1	93.1
April	107.8	107.9	107.8	114.0	96.2	96.3	96.2	98.1	121.7	121.7	93.5	93.5
May	108.6	108.6	108.6	114.1	97.5	97.5	97.5	99.0	121.8	121.8	94.8	94.8
June	108.5	108.5	108.5	114.1	97.6	97.6	97.6	99.4	121.7	121.7	95.3	95.3
July	107.9	107.9	107.9	114.1	96.8	96.8	96.8	99.5	121.8	121.8	95.3	95.3
August	107.6	107.7	107.6	114.1	96.2	96.2	96.2	100.3	122.2	122.2	95.7	95.7
September	107.8	107.8	107.8	115.0	96.8	96.9	96.9	101.3	122.6	122.6	97.0	97.0
October	107.9	108.0	108.0	115.0	97.4	97.4	97.4	100.5	122.8	122.8	96.8	96.8
November	107.6	107.6	107.6	115.0	97.3	97.3	97.3	100.0	122.9	122.9	96.6	96.6
December	107.7	107.8	107.8	114.9	97.2	97.3	97.2	100.5	123.1	123.1	97.0	97.0
<b>2018</b>	<b>109.1</b>	<b>109.2</b>	<b>109.1</b>	<b>117.0</b>	<b>99.0</b>	<b>99.1</b>	<b>99.0</b>	<b>100.8</b>	<b>124.8</b>	<b>124.8</b>	<b>97.5</b>	<b>97.5</b>
January	106.7	106.8	106.8	115.5	96.7	96.7	96.7	101.4	123.6	123.6	98.2	98.2
February	107.9	107.9	107.9	116.1	97.9	97.9	97.9	103.3	124.3	124.3	100.3	100.3
March	108.0	108.0	108.0	116.3	97.7	97.8	97.8	103.3	124.0	124.0	99.6	99.6
April	107.3	107.3	107.3	116.8	97.6	97.6	97.6	102.5	124.1	124.1	99.1	99.1
May	108.7	108.7	108.7	117.3	99.3	99.3	99.3	101.8	124.3	124.3	98.6	98.6
June	108.6	108.6	108.6	117.3	99.1	99.1	99.1	100.6	124.5	124.5	97.2	97.2
July	108.8	108.8	108.8	117.5	98.8	98.9	98.9	99.5	124.8	124.8	96.0	96.0
August	109.2	109.2	109.2	117.5	99.1	99.1	99.1	98.8	125.2	125.2	95.6	95.6
September	109.9	110.0	110.0	117.7	99.7	99.8	99.8	99.1	125.6	125.6	96.0	96.0
October	110.7	110.7	110.7	117.9	100.5	100.5	100.5	99.5	125.9	125.9	96.4	96.4
November	112.0	112.1	112.1	117.5	101.3	101.3	101.3	100.3	125.6	125.6	96.9	96.9
December	111.7	111.8	111.7	117.1	100.4	100.5	100.5	100.1	125.4	125.4	96.4	96.4

1/ Using the United States Consumer Price Index (CPI).

2/ Corresponds to 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 Base: 2009=100		US INFLATION Base: 2009=100		REAL BILATERAL EXCHANGE RATE INDEX 2/ Base: 2009=100		NOMINAL EXCHANGE RATE INDEX (S/ x BASKET) 3/ Base: 2009=100		MULTILATERAL EXTERNAL INFLATION 4/ Base: 2009=100		REAL MULTILATERAL EXCHANGE RATE INDEX 3/ 4/ Base: 2009=100	
	Bid	Ask	Average		Bid	Ask	Average					
<b>2009</b>	<b>3.0</b>	<b>2.9</b>	<b>3.0</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>	<b>0.1</b>	<b>1.0</b>	<b>-1.9</b>		
January	-6.2	-6.2	-6.2	1.6	-6.1	-6.1	-6.1	-3.7	2.8	-2.5		
February	-2.5	-2.5	-2.5	3.2	-2.7	-2.7	-2.7	1.1	4.1	1.8		
March	-4.2	-4.2	-4.2	2.1	-5.7	-5.7	-5.7	-6.1	2.8	-6.9		
April	2.4	2.4	2.4	1.5	1.1	1.1	1.1	1.6	2.4	1.2		
May	5.0	5.1	5.1	1.6	3.4	3.4	3.4	3.5	2.3	2.6		
June	12.2	12.2	12.2	0.1	8.4	8.5	8.5	2.5	1.7	2.0		
July	6.0	6.0	6.0	1.3	3.6	3.6	3.6	2.1	2.1	1.1		
<b>2017</b>	<b>-3.4</b>	<b>-3.4</b>	<b>-3.4</b>	<b>2.1</b>	<b>-4.0</b>	<b>-4.0</b>	<b>-4.0</b>	<b>-2.9</b>	<b>2.0</b>	<b>-3.6</b>		
January	-1.6	-1.6	-1.6	0.6	-1.3	-1.3	-1.3	-1.2	0.6	-0.8		
February	-2.4	-2.4	-2.4	0.3	-2.4	-2.4	-2.4	-1.5	0.1	-1.7		
March	0.1	0.1	0.1	0.1	-1.1	-1.1	-1.1	0.1	0.0	-1.2		
April	-0.5	-0.5	-0.5	0.3	0.0	0.0	0.0	0.0	0.2	0.4		
May	0.8	0.8	0.8	0.1	1.3	1.3	1.3	0.9	0.1	1.4		
June	-0.2	-0.2	-0.2	0.1	0.1	0.1	0.1	0.4	-0.1	0.5		
July	-0.6	-0.6	-0.6	-0.1	-0.8	-0.8	-0.8	0.1	-0.1	0.0		
August	-0.2	-0.2	-0.2	0.3	-0.6	-0.6	-0.6	0.9	0.3	0.5		
September	0.1	0.1	0.1	0.5	0.7	0.7	0.7	0.7	0.1	1.3		
October	0.2	0.2	0.2	-0.1	0.6	0.6	0.6	-0.7	0.1	0.5		
November	-0.3	-0.3	-0.3	-0.0	-0.1	-0.1	-0.1	-0.7	0.1	-0.2		
December	0.2	0.2	0.2	-0.1	-0.1	-0.1	-0.1	0.5	0.1	0.5		
<b>2018</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>2.4</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.3</b>	<b>2.2</b>	<b>2.2</b>		
January	-0.9	-0.9	-0.9	0.5	-0.6	-0.6	-0.6	0.9	0.4	1.2		
February	1.0	1.0	1.0	0.2	1.2	1.2	1.2	1.8	0.6	2.2		
March	0.1	0.1	0.1	0.4	-0.1	-0.1	-0.1	0.0	-0.2	-0.7		
April	-0.6	-0.6	-0.6	0.4	-0.1	-0.1	-0.1	-0.8	0.1	-0.5		
May	1.3	1.3	1.3	0.4	1.7	1.7	1.7	-0.6	0.2	-0.5		
June	-0.1	-0.1	-0.1	0.2	-0.3	-0.3	-0.3	-1.1	0.1	-1.4		
July	0.2	0.2	0.2	0.0	-0.2	-0.2	-0.2	-1.1	0.2	-1.3		
August	0.4	0.4	0.4	0.1	-0.3	-0.3	-0.3	-0.6	0.3	-0.4		
September	0.7	0.7	0.7	0.1	0.6	0.6	0.6	0.3	0.3	0.4		
October	0.7	0.7	0.7	0.2	0.8	0.8	0.8	0.4	0.2	0.5		
November	1.2	1.2	1.2	-0.3	0.8	0.8	0.8	0.8	-0.2	0.5		
December	-0.3	-0.3	-0.3	-0.3	-0.8	-0.8	-0.8	-0.2	-0.1	-0.5		

1/ For monthly data, change is respect to the previous month.

2/ Using the United States Consumer Price Index (CPI)

3/ Corresponds to 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/
<b>2009</b>	0.698	92.915	0.619	1.74	507	13.06	2,043	3.80	1.568
<b>2010</b>	0.747	81.175	0.641	1.66	468	12.36	1,920	3.97	1.540
<b>2011</b>	0.773	76.960	0.644	1.86	520	13.95	1,939	4.30	1.535
<b>2012</b>	0.758	86.745	0.615	2.05	479	12.87	1,767	4.92	1.537
<b>2013</b>	0.725	105.315	0.604	2.36	525	13.04	1,930	6.52	1.540
<b>2014</b>	0.824	119.695	0.642	2.66	607	14.75	2,389	8.55	1.449
<b>2015</b>	0.919	120.320	0.678	3.96	709	17.18	3,175	12.94	1.386
<b>2016</b>	0.949	116.895	0.951	3.25	670	20.73	3,002	15.87	1.344
<b>2017</b>	0.834	112.685	0.833	3.31	615	19.65	2,985	18.61	1.424
<b>2018</b>	0.847	109.95	0.874	3.88	694	19.65	3,248	37.66	1.391

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 1/**  
(% 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/
<b>2009</b>	5.3	9.1	8.8	17.9	12.9	30.7	15.6	13.7	29.2
<b>2010</b>	5.7	10.1	10.2	20.3	12.2	32.5	16.4	14.0	30.4
<b>2011</b>	5.8	10.4	10.8	21.1	12.3	33.4	17.6	14.2	31.9
<b>2012</b>	6.3	11.3	12.9	24.1	10.7	34.8	18.9	14.3	33.2
<b>2013</b>	6.4	11.4	13.7	25.1	12.3	37.4	21.6	14.8	36.5
<b>2014</b>	6.8	11.9	14.5	26.4	12.5	38.9	24.2	15.0	39.2
<b>2015</b>	6.7	11.7	13.9	25.6	15.3	40.9	29.2	12.8	42.0
<b>2016</b>	6.6	11.2	14.7	25.9	13.7	39.7	29.1	11.9	41.0
<b>2017</b>	6.6	11.7	15.7	27.4	13.1	40.5	28.8	11.9	40.7
<b>2018</b>	6.7	12.5	16.6	29.0	12.9	41.9	30.3	11.9	42.2

1/ Data at the end of period  
2/ Calculated 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 2/ 3/	Total credit to the private sector 2/
<b>2009</b>	11.0	14.6	14.3	14.4	6.2	10.5	17.9	-0.1	8.0
<b>2010</b>	25.4	28.7	32.7	30.7	12.4	22.3	21.2	21.3	21.2
<b>2011</b>	13.0	14.3	18.8	16.6	17.2	16.8	20.4	18.2	19.3
<b>2012</b>	18.3	17.4	29.0	23.3	-0.7	13.2	16.0	14.6	15.3
<b>2013</b>	9.0	8.7	14.1	11.6	12.5	11.9	22.6	1.8	12.2
<b>2014</b>	11.5	9.9	11.3	10.6	0.8	6.9	17.7	-0.4	9.6
<b>2015</b>	3.8	4.3	2.0	3.1	13.1	6.6	28.0	-20.7	8.0
<b>2016</b>	6.5	3.5	13.6	9.0	-1.8	5.0	7.2	2.0	5.6
<b>2017</b>	6.7	10.7	13.9	12.5	5.5	10.1	5.3	9.9	6.7
<b>2018</b>	7.9	12.9	11.4	12.1	0.1	8.1	11.6	1.9	8.7

1/ Data at the end of period

2/ Calculated at the December 2018 exchange rate.

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. SHORT TERM EXTERNAL ASSETS</b>	<b>96,516</b>	<b>126,018</b>	<b>132,815</b>	<b>159,157</b>	<b>185,919</b>	<b>188,237</b>	<b>209,960</b>	<b>209,538</b>	<b>208,196</b>	<b>203,324</b>
(Million US\$) 2/	33,397	44,846	49,191	62,414	66,399	63,167	61,572	62,363	64,258	60,334
A. Assets	100,126	128,771	136,939	168,382	190,541	194,409	218,395	216,358	217,079	213,651
B. Liabilities	3,609	2,753	4,124	9,226	4,623	6,172	8,435	6,819	8,882	10,326
<b>II. OTHER NET OPERATIONS ABROAD</b>	<b>-9,631</b>	<b>-18,071</b>	<b>-21,575</b>	<b>-27,378</b>	<b>-33,650</b>	<b>-36,678</b>	<b>-37,975</b>	<b>-33,971</b>	<b>-30,575</b>	<b>-30,965</b>
(Million US\$) 2/	-2,817	-5,916	-7,398	-9,909	-11,202	-11,647	-10,805	-10,110	-9,437	-9,188
A. Credits	5,377	4,979	5,008	5,096	5,498	5,508	6,349	8,833	8,394	10,662
B. Liabilities	15,008	23,050	26,583	32,474	39,148	42,186	44,324	42,803	38,969	41,627
<b>III. DOMESTIC CREDIT (A+B+C+D)</b>	<b>25,536</b>	<b>28,885</b>	<b>46,219</b>	<b>45,312</b>	<b>51,870</b>	<b>71,947</b>	<b>77,416</b>	<b>84,818</b>	<b>105,577</b>	<b>137,702</b>
<b>A. Public sector</b>	<b>-34,740</b>	<b>-41,179</b>	<b>-53,115</b>	<b>-68,827</b>	<b>-72,568</b>	<b>-73,327</b>	<b>-78,013</b>	<b>-78,200</b>	<b>-62,827</b>	<b>-57,396</b>
1. Credits	10,642	8,090	8,916	8,349	12,446	16,571	21,430	22,595	29,882	32,402
- Central government	10,050	7,583	8,185	7,893	11,352	14,664	18,665	18,995	25,020	27,283
- Rest of the public sector	592	507	730	456	1,094	1,906	2,765	3,600	4,862	5,119
2. Deposits	45,382	49,269	62,031	77,177	85,014	89,898	99,443	100,795	92,709	89,799
- Central government	31,897	36,068	47,988	59,679	66,184	71,041	79,953	81,660	73,681	70,440
- Rest of the public sector	13,484	13,201	14,042	17,498	18,830	18,857	19,490	19,135	19,027	19,359
<b>B. Private sector</b>	<b>104,189</b>	<b>121,587</b>	<b>147,861</b>	<b>167,524</b>	<b>198,252</b>	<b>224,376</b>	<b>255,471</b>	<b>268,562</b>	<b>282,293</b>	<b>311,469</b>
Domestic currency	56,925	68,981	83,034	96,321	118,063	139,013	177,988	190,750	200,877	224,258
Foreign currency	47,263	52,606	64,828	71,203	80,189	85,363	77,483	77,812	81,416	87,288
(Million US\$)	16,354	18,721	24,010	27,923	28,639	28,645	22,722	23,158	25,128	25,878
<b>C. Capital, reserves, provisions, and balances</b>	<b>38,815</b>	<b>42,864</b>	<b>45,684</b>	<b>49,389</b>	<b>52,096</b>	<b>55,844</b>	<b>64,614</b>	<b>76,980</b>	<b>84,485</b>	<b>92,239</b>
<b>D. Others Assets and Liabilities (Net)</b>	<b>-5,097</b>	<b>-8,659</b>	<b>-2,844</b>	<b>-3,996</b>	<b>-2,171</b>	<b>-23,258</b>	<b>-35,428</b>	<b>-28,564</b>	<b>-29,404</b>	<b>-24,131</b>
<b>IV. MONETARY LIABILITIES</b>	<b>112,422</b>	<b>136,832</b>	<b>157,459</b>	<b>177,091</b>	<b>204,139</b>	<b>223,505</b>	<b>249,401</b>	<b>260,386</b>	<b>283,198</b>	<b>310,061</b>
<b>WITH THE PRIVATE SECTOR (I+II+III)</b>	<b>65,324</b>	<b>85,366</b>	<b>99,520</b>	<b>122,734</b>	<b>136,976</b>	<b>151,445</b>	<b>156,170</b>	<b>170,211</b>	<b>191,498</b>	<b>214,598</b>
<b>A. Domestic currency</b>	<b>33,147</b>	<b>42,651</b>	<b>48,766</b>	<b>57,247</b>	<b>62,229</b>	<b>68,278</b>	<b>71,324</b>	<b>73,805</b>	<b>81,713</b>	<b>92,248</b>
<b>1. Money</b>	19,241	24,131	27,261	32,244	35,144	39,173	40,643	43,295	46,178	49,827
Notes and coins held by the public	13,905	18,519	21,505	25,002	27,084	29,105	30,681	30,509	35,535	42,422
Demand deposits in domestic currency	32,178	42,715	50,754	65,488	74,747	83,167	84,846	96,406	109,785	122,349
<b>2. Quasi money</b>	13,808	18,084	22,409	26,978	31,061	35,591	36,751	40,696	45,692	53,725
Saving deposits	17,668	23,250	26,551	35,260	40,870	43,691	43,890	51,078	59,135	63,601
Term deposits	703	1,381	1,794	3,250	2,816	3,885	4,204	4,843	5,005	5,305
Other securities	47,097	51,467	57,939	54,357	67,163	72,060	93,231	90,175	91,700	95,549
<b>B. Quasi money in foreign currency</b>	16,297	18,316	21,459	21,316	23,987	24,181	27,340	26,838	28,302	28,327
(Million US\$)										

1/ Foreign currency is valued at the average bid-ask exchange rate at the end of period.

2/ Balance of operations in foreign currency.

Source: Depository institutions.

Elaborated by the Department of Economic Studies. BCRP.

**Appendix 61**  
**MONETARY ACCOUNTS OF THE DEPOSITORY INSTITUTIONS 1/**  
(Million soles)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. SHORT TERM EXTERNAL ASSETS</b>										
(Million US\$)										
Assets	-134	1 444	517	-4 588	1 539	1 678	64	2 043	1 728	532
Liabilities	-46	514	191	-1 799	550	563	19	608	533	158
	1 373	1 613	1 743	1 808	2 167	2 607	2 441	2 577	3 164	3 056
	1 419	1 099	1 552	3 607	1 618	2 044	2 422	1 969	2 631	2 898
<b>II. OTHER NET OPERATIONS ABROAD</b>										
(Million US\$) 2/										
Credits	-6 022	-16 496	-20 839	-26 087	-31 921	-35 247	-37 060	-32 533	-29 630	-30 476
Liabilities	-1 833	-5 526	-7 354	-9 662	-10 918	-11 474	-10 696	-9 290	-8 251	-7 570
	5 059	2 880	2 371	3 148	3 463	3 295	3 760	2 728	2 094	4 074
	11 081	19 376	23 210	29 235	35 384	38 542	40 820	35 262	31 724	34 550
<b>III. DOMESTIC CREDIT (A+B+C+D)</b>										
<b>A. Public sector (neto)</b>										
1. Central government	98 508	128 833	143 276	166 007	194 578	202 412	237 880	231 971	246 579	259 004
Credits	-9 396	-7 810	-8 062	-13 132	-13 051	-13 711	-15 060	-15 055	-10 180	-11 494
Liabilities	1 308	2 383	3 044	2 069	3 226	5 330	4 061	4 636	9 011	8 749
	2 617	3 089	3 712	2 583	4 158	6 501	7 427	7 827	11 227	13 961
2. Rest of the public sector	1 309	706	668	514	931	1 171	3 366	3 191	2 215	5 212
Credits	-10 704	-10 193	-11 106	-15 201	-16 277	-19 042	-19 121	-19 691	-19 191	-20 243
Liabilities	804	1 022	1 308	789	2 112	2 429	3 652	4 277	6 004	6 200
	11 509	11 214	12 415	15 989	18 389	21 471	22 773	23 968	25 195	26 443
<b>B. Private sector</b>	91 349	104 167	124 841	140 255	167 855	191 168	220 650	229 793	237 469	261 428
1. Domestic currency	43 927	52 207	62 529	71 783	90 281	108 271	146 660	155 475	159 787	178 437
2. Foreign currency	47 422	51 960	62 312	68 472	77 574	82 897	73 990	74 318	77 682	82 991
<b>(Million US\$)</b>	16 409	18 491	23 079	26 852	27 705	27 818	21 698	22 119	23 976	24 626
<b>C. Inter-bank Transactions</b>	30 803	49 683	44 095	59 253	64 729	56 787	69 220	60 023	67 579	58 322
1. BCRP	31 112	49 751	44 144	59 287	64 744	56 772	69 893	60 025	67 545	58 306
Vault cash	2 471	3 041	3 955	4 094	5 906	6 513	5 906	5 501	6 296	6 749
Deposits and securities	28 642	46 710	40 188	55 193	59 788	59 638	93 704	82 733	82 786	64 785
Liabilities	0	0	0	0	950	9 379	29 717	28 210	21 538	13 228
2. Banco de la Nación	-291	-58	-49	-34	-15	16	-674	-1	34	16
Credits and Deposits	25	36	43	64	31	21	18	30	62	38
Liabilities	315	94	92	98	46	5	692	31	28	22
3. Banca de Fomento (net)	-18	-10	0	0	0	0	0	0	0	0
<b>D. Other Net Accounts</b>	-14 249	-17 207	-17 598	-20 369	-24 956	-31 832	-36 931	-42 791	-48 289	-49 252
<b>IV. MONETARY LIABILITIES</b>										
<b>WITH THE PRIVATE SECTOR (A+B)</b>										
<b>A. Domestic currency</b>	92 352	113 781	122 954	135 332	164 196	168 842	200 885	201 480	218 676	229 060
1. Demand Liabilities	40 297	57 334	61 911	75 982	81 913	86 811	91 247	104 360	121 652	133 063
2. Saving Liabilities	12 114	16 433	18 871	21 960	22 814	23 889	24 772	25 010	31 122	37 482
3. Term Liabilities	10 281	13 429	16 149	19 971	22 889	25 345	26 186	28 951	32 572	38 904
4. Other securities	15 314	24 694	23 847	29 753	32 166	33 384	35 104	44 239	52 050	50 823
Liabilities	2 588	2 778	3 044	4 298	4 043	4 193	5 186	6 160	5 908	5 854
<b>B. Foreign currency</b>	52 054	56 447	61 043	59 350	82 284	82 031	109 637	97 119	97 024	95 997
(Million US\$)	18 012	20 088	22 608	23 275	29 387	27 527	32 152	28 905	29 946	28 486

1/ Foreign currency is valued at the average bid and ask exchange rate at the end of period.

2/ Includes only operations in foreign currency.

Source: Commercial banks.

Elaborated by the Department of Economic Studies, BCRP.



**Appendix 62**  
**MONETARY ACCOUNTS OF CENTRAL RESERVE BANK OF PERU 1/**  
(Million soles)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. NET INTERNATIONAL RESERVES</b>	<b>95,760</b>	<b>123,935</b>	<b>131,803</b>	<b>163,178</b>	<b>183,857</b>	<b>185,678</b>	<b>209,663</b>	<b>207,263</b>	<b>206,132</b>	<b>202,609</b>
<b>A. Domestic currency</b>	<b>33,135</b>	<b>44,105</b>	<b>48,816</b>	<b>63,991</b>	<b>65,663</b>	<b>62,308</b>	<b>61,485</b>	<b>61,686</b>	<b>63,621</b>	<b>60,121</b>
A. Assets	95,877	124,063	131,918	163,325	183,989	185,811	209,841	207,466	206,490	203,170
B. Liabilities	117	127	115	146	132	133	178	203	358	561
<b>II. OTHER NET LIABILITIES ABROAD</b>	<b>-168</b>	<b>73</b>	<b>55</b>	<b>50</b>	<b>54</b>	<b>58</b>	<b>67</b>	<b>63</b>	<b>62</b>	<b>65</b>
<b>(Million US\$) 2/</b>	<b>27</b>	<b>26</b>	<b>21</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
A. Credits	2,405	2,307	1,870	1,727	1,797	1,783	2,138	5,944	5,595	5,517
B. Liabilities	2,573	2,234	1,815	1,678	1,743	1,724	2,071	5,881	5,533	5,452
<b>III. DOMESTIC CREDIT (A+B+C-D+E)</b>	<b>-41,831</b>	<b>-45,590</b>	<b>-53,586</b>	<b>-57,994</b>	<b>-70,426</b>	<b>-71,175</b>	<b>-61,801</b>	<b>-66,877</b>	<b>-61,413</b>	<b>-71,516</b>
<b>A. Public sector</b>	<b>-25,318</b>	<b>-30,327</b>	<b>-41,681</b>	<b>-52,917</b>	<b>-57,756</b>	<b>-62,614</b>	<b>-67,334</b>	<b>-71,043</b>	<b>-63,272</b>	<b>-58,177</b>
1. Credits 3/	0	0	0	817	1,569	1,998	2,813	2,638	2,588	2,538
2. Liabilities	25,318	30,327	41,681	53,734	59,325	64,612	70,147	73,681	65,860	60,715
2.1 Central government	24,674	28,083	40,506	52,560	57,322	64,231	70,070	73,271	65,464	60,520
2.2 Rest of the public sector 4/	644	2,244	1,175	1,174	2,003	380	77	409	396	195
<b>B. Private sector</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C. Banking System</b>	<b>-9,547</b>	<b>-10,123</b>	<b>-11,225</b>	<b>-10,832</b>	<b>-10,422</b>	<b>-2,651</b>	<b>18,983</b>	<b>17,556</b>	<b>13,246</b>	<b>4,297</b>
1. Banco de la Nación	-9,547	-10,123	-11,225	-10,832	-11,372	-12,551	-11,121	-11,172	-8,854	-9,011
2. Banks	0	0	0	0	950	9,379	29,717	28,210	21,538	13,228
3. Other financial entities	0	0	0	0	0	521	388	519	562	80
<b>D. Capital, reserves, provisions, and balances</b>	<b>4,167</b>	<b>3,609</b>	<b>3,078</b>	<b>1,851</b>	<b>-450</b>	<b>-592</b>	<b>738</b>	<b>1,431</b>	<b>1,460</b>	<b>2,731</b>
<b>E. Others Assets and Liabilities (Net)</b>	<b>-2,799</b>	<b>-1,531</b>	<b>2,397</b>	<b>7,605</b>	<b>-2,699</b>	<b>-6,501</b>	<b>-12,713</b>	<b>-11,960</b>	<b>-9,926</b>	<b>-14,906</b>
<b>IV. MONETARY LIABILITIES WITH THE PRIVATE SECTOR (I+II+III)</b>	<b>53,762</b>	<b>78,418</b>	<b>78,271</b>	<b>105,234</b>	<b>113,484</b>	<b>114,562</b>	<b>147,929</b>	<b>140,449</b>	<b>144,781</b>	<b>131,158</b>
<b>A. Domestic currency</b>	<b>37,717</b>	<b>59,362</b>	<b>56,332</b>	<b>80,198</b>	<b>73,471</b>	<b>68,359</b>	<b>71,280</b>	<b>74,730</b>	<b>89,028</b>	<b>87,692</b>
1. Domestic currency	23,548	34,208	39,967	52,735	51,937	53,865	51,291	53,375	57,207	61,367
1.1. Notes and coins issued	22,539	28,077	32,300	37,824	42,530	47,543	48,890	51,056	55,271	59,244
- In vault	3,298	3,946	5,040	5,579	7,386	8,370	8,247	7,761	9,092	9,417
- In circulation	19,241	24,131	27,261	32,244	35,144	39,173	40,643	43,295	46,178	49,827
1.2. Deposits	1,009	6,131	7,667	14,911	9,406	6,322	2,401	2,318	1,937	2,123
- Banks	503	3,687	4,911	10,274	4,678	3,856	1,402	1,280	1,184	1,156
- Banco de la Nación 5/	330	1,700	1,370	2,350	2,600	1,250	350	350	250	250
- Other financial entities	176	744	1,386	2,287	2,129	1,215	649	688	503	717
2. Other deposits 6/	842	2,1467	3,757	9,743	3,097	1,016	1,115	2,097	1,592	1,802
3. Securities issued 7/	13,327	3,687	12,608	17,720	18,437	13,478	18,873	19,258	30,229	24,523
<b>B. Foreign currency</b>	<b>16,045</b>	<b>19,056</b>	<b>21,939</b>	<b>25,036</b>	<b>40,014</b>	<b>46,202</b>	<b>76,649</b>	<b>65,719</b>	<b>55,753</b>	<b>43,465</b>
<b>(Million US\$)</b>	<b>5,552</b>	<b>6,782</b>	<b>8,125</b>	<b>9,818</b>	<b>14,291</b>	<b>15,504</b>	<b>22,478</b>	<b>19,559</b>	<b>17,208</b>	<b>12,898</b>
1. Deposits	16,044	19,055	21,937	25,034	40,013	46,202	76,648	65,718	55,752	43,465
1.1. Banks	15,787	18,701	21,567	24,603	39,182	44,345	74,363	63,513	53,978	42,176
1.2. Other financial entities	257	354	370	431	831	1,857	2,285	2,206	1,774	1,288
2. Certificates	1	1	1	1	1	1	1	1	1	1

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 acquired 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 are 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. FOREIGN EXCHANGE TRANSACTIONS</b>										
(Million US\$)										
1. Over the Counter Transactions	108	8,963	3,537	13,179	5	-4,208	-8,064	786	5,246	184
2. Public sector	-261	-50	-3,039	-1,353	-4,298	-955	657	-321	4,152	1,380
3. Others	105	96	-169	11	24	35	-1,511	463	207	-112
<b>II. DOMESTIC NET ASSET</b>	<b>2,468</b>	<b>-20,472</b>	<b>2,461</b>	<b>-26,188</b>	<b>15,581</b>	<b>18,850</b>	<b>29,570</b>	<b>-131</b>	<b>-28,228</b>	<b>-1,135</b>
1. Deposits Publics	2,561	-5,720	-5,214	-7,999	3,293	158	5,793	2,227	-13,702	2,623
2. Reserve repos	-5,412	0	0	0	950	350	1,200	-401	3,321	530
3. Foreign exchange swaps	0	0	0	0	0	8,600	19,005	-975	-9,950	-9,322
4. BCRP Certificates of Deposit (CDBCRP)	-6,399	14,091	-13,550	-7,225	1,812	3,417	195	-7,584	-7,783	3,686
5. BCRP Indexed Certificates of Deposit (CDR)	4,425	11	-11	0	-3,111	521	-4,469	6,254	-30	835
6. BCRP Certificates of Deposit with restricted negotiation (CDBCRP-NR)	6,483	0	0	0	0	0	0	0	0	0
7. BCRP Certificates of Deposit payable in dollars (CDLD BCRP)	0	-450	450	0	0	0	0	0	-400	400
8. BCRP Certificates of Deposit with a variable rate (CDV BCRP)	0	-3,207	3,207	0	0	0	-161	161	0	0
9. Term Deposits	0	-20,788	17,151	-5,611	9,248	0	-840	840	0	0
10. Overnight Deposits	-819	163	559	-375	-2,602	2,080	741	-1,822	505	-210
11. Reserve requirement in domestic currency	668	-5,770	-2,630	-7,784	3,698	2,100	4,044	569	-950	-511
12. Rest	961	1,198	2,499	2,805	2,292	1,623	4,062	600	760	834
<b>III. CURRENCY</b>	<b>1,906</b>	<b>4,890</b>	<b>3,130</b>	<b>4,983</b>	<b>2,900</b>	<b>4,028</b>	<b>1,470</b>	<b>2,653</b>	<b>2,883</b>	<b>3,648</b>
Memo: At the end of period										
- Currency	19,241	24,131	27,261	32,244	35,144	39,173	40,643	43,295	46,178	49,827
- CD BCRP	14,121	30	13,580	20,805	18,992	15,575	15,380	22,964	30,747	27,061
- CDR BCRP 2/	0	0	0	0	3,111	2,627	7,249	792	829	0
- CDBCRP with restricted negotiation	0	0	0	0	0	0	0	0	0	0
- CDLD BCRP	0	450	0	0	0	0	0	0	400	0
- CDV BCRP 1/	0	3,207	0	0	0	0	161	0	0	0
- Term Deposits (DP BCRP)	0	20,788	3,637	9,248	0	0	840	0	0	0
- Deposits of the Public Sector	21,006	26,726	31,940	39,939	36,646	36,488	30,694	28,467	42,169	39,546

1/ Includes the readjustment of the balance due to variations in the BCRP Policy interest rate.  
2/ Includes adjustment by indexing.

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\$)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. FOREIGN EXCHANGE TRANSACTIONS</b>	<b>-48</b>	<b>9,010</b>	<b>329</b>	<b>11,837</b>	<b>-4,270</b>	<b>-5,128</b>	<b>-8,918</b>	<b>928</b>	<b>9,604</b>	<b>1,452</b>
1. Over the Counter operations	108	8,963	3,537	13,179	5	-4,208	-8,064	786	5,246	184
a. Purchases	1,256	8,963	4,733	13,855	5,210	20	0	2,090	5,246	184
b. Sales	-1,149	0	-1,196	-676	-5,205	-4,228	-8,064	-1,304	0	0
2. Net purchases to the public sector	-261	-50	-3,039	-1,353	-4,298	-955	657	-321	4,152	1,380
3. Other transactions (net)	105	96	-169	11	24	35	-1,511	463	207	-112
<b>II. DEPOSITS OF THE FINANCIAL SYSTEM</b>	<b>-728</b>	<b>1,472</b>	<b>1,473</b>	<b>1,269</b>	<b>4,315</b>	<b>1,265</b>	<b>6,911</b>	<b>-2,623</b>	<b>-2,591</b>	<b>-4,397</b>
<b>III. PUBLIC SECTOR DEPOSITS</b>	<b>1,030</b>	<b>36</b>	<b>2,392</b>	<b>1,467</b>	<b>2,561</b>	<b>1,161</b>	<b>1,681</b>	<b>1,465</b>	<b>-5,716</b>	<b>-1,197</b>
<b>IV. NET INTERESTS</b>	<b>828</b>	<b>670</b>	<b>579</b>	<b>573</b>	<b>649</b>	<b>550</b>	<b>388</b>	<b>381</b>	<b>538</b>	<b>717</b>
<b>V. OTHERS</b>	<b>857</b>	<b>-217</b>	<b>-62</b>	<b>30</b>	<b>-1,583</b>	<b>-1,203</b>	<b>-885</b>	<b>50</b>	<b>100</b>	<b>-75</b>
<b>VI. TOTAL</b>	<b>1,939</b>	<b>10,970</b>	<b>4,711</b>	<b>15,176</b>	<b>1,672</b>	<b>-3,355</b>	<b>-823</b>	<b>201</b>	<b>1,936</b>	<b>-3,500</b>

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						Libor US\$ 3 months (%)							
	Average Lending (TAMN)		Corporate Prime 90 dias 1/		Average Deposits (TIPMIN)		Average Lending (TAMEX)		Average Deposits (TIPMEX)		Savings			Interbank						
	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 2/	Nominal	Real 3/	Nominal	Real 3/	Nominal	Real 3/		Nominal	Real 3/	Nominal	Real 3/			
<b>2009</b>	19.9	19.7	1.7	1.5	1.6	1.3	0.7	0.5	1.2	1.0	8.6	-0.2	0.9	-7.3	0.4	-7.8	0.2	-8.0	0.25	-7.9
<b>2010</b>	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
<b>2011</b>	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
<b>2012</b>	19.1	16.0	5.0	2.3	2.4	-0.3	0.6	-2.0	4.2	1.6	8.2	-0.3	0.9	-7.0	0.3	-7.6	1.2	-6.8	0.31	-7.5
<b>2013</b>	15.9	12.7	4.5	1.6	2.3	-0.6	0.5	-2.3	4.1	1.2	8.0	15.2	0.4	7.1	0.3	6.9	0.2	6.8	0.25	6.9
<b>2014</b>	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
<b>2015</b>	16.1	11.2	4.9	0.5	2.4	-1.9	0.5	-3.7	3.8	-0.6	7.9	18.4	0.3	10.1	0.2	9.9	0.2	9.9	0.61	10.4
<b>2016</b>	17.2	13.5	5.4	2.1	2.6	-0.6	0.5	-2.6	4.4	1.1	7.6	2.5	0.3	-4.4	0.2	-4.6	0.6	-4.2	1.00	-3.8
<b>2017</b>	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	-4.3	0.2	-4.7	1.3	-3.6	1.69	-3.2
<b>2018</b>	14.3	11.8	4.5	2.3	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	4.7

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**  
(%)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>1. SOLVENCY</b>										
Global Leverage 1/	13.7	13.7	13.5	13.6	13.7	14.4	14.2	15.0	15.2	14.7
<b>2. PORTFOLIO QUALITY</b>										
Non-performing loans / Direct loans	1.6	1.5	1.5	1.8	2.1	2.5	2.5	2.8	3.0	3.0
Non-performing loans in domestic currency / Direct loans in domestic currency	2.0	1.9	2.0	2.4	2.8	2.8	2.5	2.8	3.3	3.2
Non-performing loans in foreign currency / Direct loans in foreign currency	1.2	1.1	1.0	1.1	1.4	2.0	2.7	2.7	2.5	2.4
Refinanced and restructured loans / Direct loans	1.2	1.1	1.0	1.0	0.9	1.0	1.1	1.2	1.4	1.5
Provisions / Non-performing loans	242.2	245.6	251.1	223.6	188.1	165.0	166.6	160.6	152.6	153.6
Provisions / Non-performing loans + refinanced and restructured loans	139.4	141.9	149.5	142.3	131.5	116.4	117.5	111.6	105.7	102.0
<b>3. MANAGEMENT</b>										
Operative expenses / Total financial margin	44.3	44.2	47.1	46.7	47.1	45.3	43.0	43.0	42.5	42.2
<b>4. PROFITABILITY</b>										
Net profit / Average equity (ROE)	24.5	24.2	24.5	22.4	21.2	19.7	22.1	19.9	18.3	18.4
Net profit / Average asset (ROA)	2.3	2.4	2.3	2.2	2.0	1.9	2.1	2.0	2.1	2.2
<b>5. LIQUIDITY 2/</b>										
Liquidity ratio in domestic currency	38.8	54.6	39.2	46.3	30.8	24.4	26.5	27.4	34.3	27.0
Liquidity ratio in foreign currency	41.7	41.1	45.0	46.2	56.1	54.7	46.6	43.9	44.9	44.5

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. BONDS ISSUED BY THE PRIVATE SECTOR 1/</b>	<b>18,553</b>	<b>18,255</b>	<b>17,393</b>	<b>17,475</b>	<b>18,174</b>	<b>18,280</b>	<b>21,650</b>	<b>23,387</b>	<b>24,728</b>	<b>25,776</b>
<b>BALANCE BY TYPE OF BOND</b>										
Leasing bonds	1,400	1,344	827	718	581	739	845	871	995	890
Subordinate bonds	1,504	1,490	1,632	1,736	2,225	2,548	2,783	2,558	2,614	2,665
Mortgage bonds	204	177	40	20	9	3	-	-	-	-
Securitization bonds	1,714	1,351	1,130	985	2,702	2,875	3,513	3,399	3,317	3,378
Corporate	13,730	13,892	13,765	14,016	12,657	12,115	14,509	16,558	17,802	18,843
<b>BALANCE BY MATURITY</b>										
Up to 3 years	2,274	2,352	1,731	1,164	1,122	1,290	1,410	2,436	2,715	3,115
More than 3 years, up to 5 years	4,453	3,613	3,205	3,227	3,000	2,203	2,934	2,474	2,307	2,184
More than 5 years	11,826	12,290	12,457	13,084	14,052	14,788	17,306	18,477	19,706	20,476
<b>% PARTICIPATION BY CURRENCIES</b>										
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	43.4	44.0	45.5	52.1	48.9	50.2	50.6	59.2	63.6	69.0
US dollars	9.1	9.1	9.9	11.4	11.4	11.1	9.6	9.2	7.9	7.8
Other	47.5	46.9	44.6	36.4	38.8	37.8	39.4	31.5	28.4	23.2
	-	-	-	-	1.0	1.0	0.4	0.2	-	-
<b>II. TREASURY BONDS 2/</b>										
<b>1. BALANCE OF FIXED-INCOME BONDS</b>	<b>18,905</b>	<b>26,008</b>	<b>26,694</b>	<b>29,632</b>	<b>32,961</b>	<b>40,379</b>	<b>44,808</b>	<b>59,431</b>	<b>82,659</b>	<b>97,943</b>
Up to 3 years	742	459	577	2,262	1,687	3,070	2,299	618	4,401	1,574
More than 3 years, up to 5 years	-	1,587	1,687	1,212	1,578	-	6,069	4,401	-	5,739
More than 5 years, up to 10 years	4,258	10,121	10,043	9,047	11,990	17,692	12,178	19,701	26,313	37,916
More than 10 years	13,905	13,842	14,387	17,110	17,707	19,617	24,262	34,711	51,945	52,714
<b>2. BALANCE OF VARIABLE-INCOME BONDS</b>	<b>2,113</b>	<b>2,153</b>	<b>2,091</b>	<b>2,091</b>	<b>2,287</b>	<b>2,639</b>	<b>2,815</b>	<b>3,599</b>	<b>3,681</b>	<b>2,921</b>
Up to 10 years	272	247	185	185	288	1,108	1,110	1,658	1,658	898
More than 10 years, up to 20 years	795	795	795	795	795	28	969	988	988	988
More than 20 years, up to 30 years	911	911	911	911	911	934	41	652	652	652
More than 30 years	135	200	200	200	293	569	696	301	383	383
<b>TOTAL BALANCE: (1)+(2)</b>	<b>21,018</b>	<b>28,161</b>	<b>28,785</b>	<b>31,723</b>	<b>35,248</b>	<b>43,018</b>	<b>47,623</b>	<b>63,030</b>	<b>86,339</b>	<b>100,864</b>
<b>Memo:</b>										
<b>Private sector bonds (% GDP)</b>	<b>5.1</b>	<b>4.3</b>	<b>3.7</b>	<b>3.4</b>	<b>3.3</b>	<b>3.2</b>	<b>3.6</b>	<b>3.6</b>	<b>3.5</b>	<b>3.5</b>
<b>Sovereign bonds (% GDP)</b>	<b>5.7</b>	<b>6.7</b>	<b>6.1</b>	<b>6.2</b>	<b>6.5</b>	<b>7.5</b>	<b>7.8</b>	<b>9.6</b>	<b>12.4</b>	<b>13.6</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. FUND VALUE</b>										
Million soles	68,595	86,391	81,052	95,907	101,113	113,467	123,006	135,158	154,887	152,071
Annual % growth	38.9	25.9	-6.2	18.3	5.4	12.2	8.4	9.9	14.6	-1.8
% GDP	18.7	20.5	17.2	18.9	18.5	19.8	20.2	20.6	22.2	20.5
<b>II. NUMBER OF MEMBERS</b>										
In thousands	4,458	4,642	4,928	5,268	5,482	5,728	5,963	6,264	6,605	7,019
Annual % growth	3.8	4.1	6.2	6.9	4.0	4.5	4.1	5.0	5.4	6.3
<b>III. ANNUAL YIELD 1/</b>										
Nominal	33.2	18.4	-7.1	11.8	0.0	8.9	5.7	9.9	11.9	-1.3
Real	32.9	16.0	-11.3	8.9	-2.8	5.5	1.2	6.5	10.4	-3.4
<b>IV. PORTFOLIO</b>										
In %										
<b>Government securities</b>	20.1	16.1	17.0	17.5	13.5	17.7	17.8	21.9	21.7	23.3
Central government securities	19.6	16.1	15.9	14.6	11.3	17.3	17.8	21.5	21.6	23.3
Central bank securities	0.5	0.0	1.1	2.9	2.1	0.4	0.0	0.4	0.1	0.0
<b>Financial institutions</b>	11.8	15.4	14.4	14.7	25.0	18.2	23.2	20.0	16.5	14.6
Deposits in domestic currency	1.8	5.0	3.8	2.2	2.2	0.8	0.8	2.4	3.3	2.4
Deposits in foreign currency 2/	0.7	1.2	0.7	1.9	10.7	5.8	10.6	3.5	2.5	0.2
Shares	2.7	2.5	1.9	2.1	1.5	1.2	0.9	1.9	1.9	2.9
Bonds	3.4	3.4	4.1	4.6	6.3	5.7	6.6	6.9	5.5	5.1
Others 3/	3.1	3.3	3.9	3.9	4.2	4.7	4.4	5.4	3.4	4.0
<b>Non-financial institutions</b>	47.2	42.2	40.1	38.3	26.4	23.4	18.8	20.0	18.5	17.6
Common and investment stocks	29.3	29.2	25.5	23.9	14.7	11.4	6.6	8.4	8.6	8.2
Corporate bonds	14.2	9.5	9.9	9.2	6.3	6.9	6.7	6.7	6.5	6.8
Others 4/	3.6	3.5	4.7	5.3	5.4	5.1	5.5	4.8	3.3	2.6
<b>Investment abroad</b>	21.0	26.3	28.5	29.4	35.2	40.6	40.2	38.1	43.4	44.5
Other countries' debt bonds	1.2	2.5	1.2	1.8	1.3	0.6	0.1	0.5	0.6	1.0
Foreign mutual funds	5.8	7.4	14.1	18.5	24.6	0.5	0.4	0.6	0.4	0.2
Foreign shares	5.4	5.9	5.1	3.9	4.3	35.6	37.8	35.0	40.7	42.2
American Depository Shares (ADS)	5.1	5.0	2.8	0.2	0.8	0.9	0.3	0.2	0.1	0.0
Others	3.4	5.6	5.4	5.1	4.2	3.1	1.7	1.8	1.6	1.0

1/ Since December 2005, annual yields correspond to the yield of Type 2 Fund.

2/ Includes current account and certificates in foreign currency.

3/ Includes mortgage bonds and guaranteed promissory notes.

4/ Includes commercial bonds, repos, and promissory notes.

Source: SBS.

Elaborated by the Department of Economic Studies. BCRP.

**Appendix 69**  
**LIMA STOCK EXCHANGE**  
(Million soles)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. STOCK EXCHANGE INDICES 1/</b> (Base: 31/12/91 = 100)										
SP/BVL Peru General	14,167.2	23,374.6	19,473.7	20,629.4	15,753.7	14,794.3	9,848.6	15,567.0	19,974.4	19,350.4
SP/BVL LIMA 25	22,434.1	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
<b>II. ANNUAL TRADING VOLUME</b> (Million soles)										
Variable-income instruments	13,706	16,873	19,764	18,534	13,511	13,344	7,728	10,458	22,769	13,319
Fixed-income instruments	3,239	2,142	1,824	1,417	2,619	3,093	3,411	4,923	6,478	7,049
<b>Total</b>	<b>16,946</b>	<b>19,015</b>	<b>21,588</b>	<b>19,951</b>	<b>16,130</b>	<b>16,436</b>	<b>11,139</b>	<b>15,381</b>	<b>29,247</b>	<b>20,369</b>
<b>III. MARKET CAPITALIZATION</b> (Million soles)										
Million soles	310,116	451,796	327,823	391,181	337,226	360,840	309,004	416,167	526,354	479,301
(Million US\$)	107,325	160,867	121,596	153,404	120,438	121,087	90,617	123,859	162,455	142,374
% GDP	84.8	107.4	69.6	76.9	61.7	62.8	50.7	63.4	75.4	64.7
<b>IV. DEMATERIALIZED HOLDINGS 2/</b> (Million soles)										
Variable-income instruments	121,468	187,112	153,325	144,300	155,736	157,192	145,341	194,927	223,035	223,744
Fixed-income instruments	51,022	54,170	52,685	53,190	64,660	75,835	82,167	105,450	132,143	149,190
<b>Total</b>	<b>172,491</b>	<b>241,282</b>	<b>206,010</b>	<b>197,490</b>	<b>220,396</b>	<b>233,027</b>	<b>227,508</b>	<b>300,377</b>	<b>355,179</b>	<b>372,934</b>
% GDP	47.1	57.3	43.7	38.8	40.4	40.6	37.3	45.8	50.9	50.4
<b>V. NON-RESIDENTS SHARE 3/</b> (%)										
Variable-income instruments	51.0	45.2	41.6	45.9	42.8	39.9	34.6	35.2	37.4	34.6
Fixed-income instruments	9.2	22.4	24.1	30.6	29.9	24.0	20.9	23.7	28.3	28.8
<b>Total</b>	<b>38.6</b>	<b>40.0</b>	<b>37.1</b>	<b>41.8</b>	<b>39.1</b>	<b>34.7</b>	<b>29.7</b>	<b>31.2</b>	<b>34.0</b>	<b>32.3</b>

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/ Dematerialized holdings listed at CAVALI.

3/ 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>I. FUND VALUE</b>	<b>14,038</b>	<b>15,669</b>	<b>13,673</b>	<b>17,820</b>	<b>16,389</b>	<b>18,727</b>	<b>21,094</b>	<b>25,231</b>	<b>29,676</b>	<b>29,875</b>
<b>BALANCE BY CURRENCIES</b>										
Domestic currency	4,715	5,588	5,509	9,235	8,161	9,074	7,793	9,708	12,637	12,488
Foreign currency	9,323	10,080	8,163	8,585	8,228	9,653	13,301	15,523	17,038	17,387
(Million US\$)	3,226	3,589	3,028	3,366	2,943	3,240	3,898	4,625	5,258	5,151
<b>II. NUMBER OF PARTICIPANTS</b>										
In thousands	246	279	263	315	313	352	385	419	443	439
<b>III. COMPOSITION OF THE INVESTMENT PORTFOLIO</b>										
In %										
Deposits	45.5	57.2	50.2	53.2	63.3	63.1	54.8	53.1	49.5	40.9
Fixed-income instruments	44.5	32.9	37.6	33.6	23.6	11.9	8.6	7.1	6.4	10.7
Sovereign bonds	12.9	9.9	11.4	7.4	5.5	2.6	0.9	0.7	0.9	0.9
BCRP securities	8.4	2.7	6.3	11.4	6.4	1.1	0.5	1.4	1.5	0.5
Others	23.3	20.4	19.9	14.8	11.7	8.2	7.1	5.0	4.0	9.3
Variable income instruments	5.3	6.3	7.0	4.7	3.9	2.6	1.5	1.8	1.8	2.7
Investment abroad	4.5	3.1	5.1	7.7	9.0	22.4	33.6	35.9	39.1	43.9
Repos and derivatives	0.2	0.4	0.1	0.8	0.3	0.0	1.5	2.0	3.2	1.8

Source: SMV.  
Elaborated by the Department of Economic Studies, BCRP.



**Pancho Fierro (1809-1879)**  
*El hacendado. S. XIX*  
Watercolor, 0.31 x 0.24 m.

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