

## PERU

### 1. General trends

In 2017, the growth rate of the Peruvian economy slowed to 2.5% from the previous year's 4.0%, as consumption cooled, export growth slackened and imports gathered pace. This pattern was reflected in a general deceleration in all sectors of economic activity, with a few exceptions (such as construction); and a particularly acute slowdown in the key mining sector, as the cycle of new mining operations in 2016 reached maturity (Las Bambas and Cerro Verde).

Despite a strengthening of external demand globally, which pushed up commodity prices (especially among metals), the activity slowdown was exacerbated by the coastal effects of the El Niño phenomenon and by the impact of the corruption cases involving Brazilian construction companies, which hampered the revival of public investment and generated political noise.

In this scenario, in the second half of the year the government activated a fiscal reconstruction and stimulus plan based on public investment, while the central bank loosened monetary policy.

The activity slowdown eroded tax revenues, while non-financial public-sector current expenditure edged up on the back of higher payroll expenses. These two factors fuelled the public deficit, which widened from 2.6% of GDP in 2016 to 3.1% in 2017.

An improvement in the terms of trade managed to reduce the current account deficit, despite growth in import volumes, and the gap narrowed from 2.7% of GDP in 2016 to 1.3% in 2017. The deficit continued to be financed mainly by foreign direct investment (FDI) and other long-term financial flows, while reserves accumulated. Nonetheless, the economy's net debtor position increased and the external debt grew to 24.7% of GDP (up from 23.6% in 2016).

In contrast, price pressure was dampened by a negative output gap, and inflation eased during the year to reach a rate of 1.4% in December. In keeping with the activity slowdown, quality employment contracted, while unemployment and underemployment both increased.

The first quarter of 2018 saw some recovery in activity, backdropped by a relatively calm and swift handover of power to the new President; and the Economic Commission for Latin America and the Caribbean (ECLAC) projects economic growth of 3.6% for the year. This estimate is based on a fiscal stimulus involving expenditure on public works (reconstruction in the north of the country and for the Pan-American Games; renovation of the Talara Refinery and expansion of the Lima Metro, among other projects), although these are not immune to risks of under-execution. Private investment is also set to rebound, driven by external demand and the rising trend in export commodity prices. Moreover, monetary policy is expected to remain expansionary, thereby neutralizing the hike in international interest rates and fuelling credit growth to foster private investment and consumption.

## 2. Economic policy

### (a) Fiscal policy

With the pace of economic activity faltering, the non-financial public sector deficit widened to 3.1% of GDP in 2017 (compared to the year-earlier 2.6%), due mainly to the reduction in current income, which slipped from 18.5% of GDP in 2016 to 18% in 2017 as the economy lost momentum. There were also record tax refunds to exporters (following the step-increase in exports registered in 2016), and changes in a number of tax regimes that allowed tax payments to be deferred in disaster areas and gave tax breaks to micro and small enterprises (MSEs) (*IGV Justo* and the new MSE Regime).

Fiscal income declined as a result of lower tax revenue, while non-tax income remained stable relative to GDP. Specifically, income tax revenue dropped by 0.4 percentage points of GDP following the cooling of domestic demand and application of the new MSE tax regime. This was partially offset by a regularization of taxes levied on capital repatriation, which, however, failed to bring in the expected revenue. Income from value added tax (VAT) also decreased (by 0.2 percentage points of GDP) in the wake of slackening domestic demand and the application of *IGV Justo*, which grants a number of concessions to MSEs.

Non-financial public expenditure rose by 0.1 percentage points of GDP, from 19.9% in 2016 to 20.0% in 2017, as a result of an increase in current expenses, mainly higher wages. Capital expenditure, meanwhile, maintained its share of GDP, although it increased in absolute terms thanks to a slight improvement in works execution.

As a result, the primary deficit of the non-financial public sector widened from 1.4% to 1.9% of GDP, while interest payments rose from 1.1% to 1.2% of GDP.

Although the weighted fiscal stimulus was estimated at zero in 2017,<sup>1</sup> the increase in the non-financial public sector fiscal deficit added to the gross debt, which rose from 23.7% of GDP in 2016 to 24.8% in 2017.

In 2018, current income grew by a cumulative 15.7% in real terms up to May (driven by tax revenues from higher incomes and sales) in keeping with the recovery of activity and the unwinding of tax deferrals granted in 2017). The selective consumption tax was also hiked in May (affecting fuels, sugary drinks, alcoholic beverages, cigarettes and vehicles), so additional revenue equivalent to 0.3% of GDP is expected. Non-financial expenses also grew in real terms (6.3%), driven by current spending and, to a lesser extent, capital expenditures. If these circumstances persist, the primary balance of the non-financial public sector could improve by the end of the year, although at the expense of capital expenditure owing to the difficulty of executing a number of infrastructure projects, and provided that domestic demand and the prices of export commodities continue to strengthen.

### (b) Monetary policy

Monetary policy remained accommodating in 2017 against a backdrop of controlled inflation and lacklustre domestic demand. The policy interest rate was lowered in four steps from 4.25% to 3.25%. In addition, the central bank took steps to increase the monetary multiplier, by lowering the reserve ratio in national currency and the marginal reserve ratio in dollars, with a view to mitigating the domestic impact

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<sup>1</sup> The effects are weighted by the expenditure and income multipliers, controlling for cyclical factors.

of international interest-rate hikes. This expansionary stance was maintained until June 2018, with the policy rate being cut twice more, to 2.75%, as a response to inflation falling to minimum levels and the persistence of the output gap. The central bank maintained a neutral discourse on future rate variations while it awaited changes following the growing uncertainty that arose in the financial and foreign exchange markets in May 2018.

In line with the reduction in the central bank's policy interest rate, commercial bank lending rates fell across the board, and the average lending rate in domestic currency stood at 18.5% a year in December 2017, compared with 19.1% in a year earlier (the trend was similar for rates on loans in foreign currency: from 8.8% to 7.6%). These reductions were passed on most to the corporate and large-firm segments, and to a lesser extent to medium-sized firms and mortgage loans; consumer credit was also adversely affected. The decline in rates continued in 2018 and in May the average lending rate was around 17.2% (in contrast, rates in foreign currency rose in the wake of international rate hikes).

This drop in interest rates, together with expectations of a moderate improvement in the economy for consumers and business people, sustained the expansion of credit to the private sector throughout the year, which increased from 5.6% in 2016 to 6.6% in 2017, and thus counteracted the weakness of private consumption and investment. The same trends continued through to April 2018, with credit growing at an annual rate of 7.5%.<sup>2</sup> Up to that date, and as occurred in 2017, the personal credit segment, both for consumption and for mortgages, outperformed corporate lending.

### **(c) Exchange-rate policy**

In 2017, the central bank intervened systematically on the foreign-exchange market to reduce exchange-rate volatility, since it maintains a managed floating regime. Given the context of dollar weakening during the year, together with the rise in metals prices and consequent improvement in external accounts, and the inflow of foreign capital in search of higher yields, the sol's real effective exchange rate appreciated by an average of 2.9% in 2017. The central bank intervened on the foreign-exchange market throughout the year, accumulating nearly US\$ 2 billion in new reserves, which grew to almost US\$ 64 billion (29.6% of GDP).

In the first few months of 2018, however, the price of the sol was hit by the rise in interest rates in the United States, compounded by heightened risk aversion on international markets, which generated market volatility and contributed to a 0.9% depreciation of the real effective exchange rate in the first three months of the year relative to the last quarter of 2017. This trend, which was repeated in May, led the central bank to sell dollars on the foreign-exchange market, and reserve stock shrank by twice the amount accumulated during the previous year.

## **3. The main variables**

### **(a) The external sector**

The current account deficit narrowed from US\$ 5.303 billion in 2016 to US\$ 2.720 billion in 2017 (equivalent to 2.7% and 1.3% of GDP, respectively). This was due mainly to a marked improvement in the trade balance (where the surplus grew from US\$ 1.888 billion in 2016 to US\$ 6.266 billion in 2017) — thanks to an increase in goods exports (especially traditional ones), which far outweighed the increase in goods imports and deterioration in the income account balance. The growth of exports (21.3%

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<sup>2</sup> Annual rate at 15 April 2018.

in value terms) combined a 13.1% rise in prices (strongly influenced by metals such as copper and zinc), and a smaller increase in volumes (7.3%).

On the other side of the equation, imports grew by 10.0% in value terms, as a result of a 5.4% increase in prices and a 4.4% increase in volume —mainly inputs (fuels and raw materials) and to a lesser extent consumer goods (especially non-durables).

The trend of export and import prices improved the terms of trade by 7.3% in 2017, following the 0.7% deterioration recorded in 2016.

The positive terms of trade shock, together with the increase in financial liabilities, fuelled net outflows on the income account (which grew from US\$ 9.184 billion in 2016 to US\$ 11.263 billion in 2017), reflecting larger interest payments and higher profits among foreign mining companies. These could not be fully offset by the larger inflows received by Peruvian firms resident abroad.

The current account deficit was financed chiefly by foreign direct investment (FDI) flows (US\$ 6.507 billion), which broadly maintained the 2016 levels, reflecting the reinvestment of profits and attractive metals prices.

With regard to the other items on the financial account, Peru's debtor net international investment position (NIIP) continued to grow, for the private and public sector alike. The increase was smaller than in the previous year, since there were larger amortizations of long-term loans and higher investments by pension fund managers (AFPs) abroad. These counteracted the effect of larger bond issues by private firms on international markets (taking advantage of the favourable conjuncture on these markets).

This led to an increase in the economy's debtor NIIP (from 23.7% of GDP in 2016 to 24.8% of GDP in 2017). As a result, the central bank continued to accumulate reserves and strengthened its position to face potential negative external events.

In the first quarter of 2018, exports grew by 15.6% relative to the year-earlier period, which is explained chiefly by higher prices (12.8%) and, to a lesser extent, by larger volumes (2.5%). The main increases were in mining, petroleum and agricultural products. Imports also continued to grow (11.5%), as a result of a balanced increase in prices (5.9%) and volumes (5.3%). While this affected all areas, the most vigorous growth occurred in consumer durables, fuels and transport equipment. Nonetheless, this larger trade surplus was offset by wider deficits in the services and income accounts and a smaller surplus in transfers. The financial account received less financing from abroad, given the reduction in foreign nationals' long-term holdings of sovereign bonds and increased portfolio investment abroad by the domestic private sector.

#### **(b) Economic activity**

In 2017, growth in the Peruvian economy slowed to 2.5% (compared to the previous year's 4.0%), as private consumption cooled and exports slackened.

Private consumption, which had been slowing steadily in recent years, maintained its trend, owing to the weakness of the labour market, the stagnation of average family incomes and capital losses caused by the coastal impact of the El Niño phenomenon (the contribution of private consumption to GDP growth was 1.6 percentage points in 2017 against 2.1 percentage points a year earlier).

During the first half of the year, public consumption felt the impact of the previous year's fiscal over-tightening, which depressed spending; and, although the latter accelerated in the last quarter of the year as a result of the government's fiscal stimulus plan, it was impossible to reverse the trend for the year as a whole (0.6 percentage points in 2016 and 0.5 in 2017).

Investment, both public and private, made a weak contribution to economic growth (0.3 percentage points in 2017, although better than the previous year's -1.1), as a result of works being halted in the wake of corruption cases associated with Brazilian construction companies. This hindered public investment (a contribution of -0.2 percentage points in 2017 vs. zero in 2016) and generated political uncertainty. In the second half of the year, the fiscal stimulus programme focused on unblocking public projects (reconstruction plan, works for the 2019 Pan American Games); and the positive impact of the terms of trade on metal prices revived private investment (0.4 percentage points in 2017 compared to -1.1 in the previous year). After 14 negative quarters, the latter returned to positive rates as from the third quarter, boosted by construction and mining exploration.

Exports continued to be Peru's main growth driver (contributing 1.9 percentage points to GDP growth in 2017 and 2.8 points in 2016), although in 2017 export growth moderated as several of the new mining operations (Cerro Verde and Las Bambas) consolidated their optimum output level.

Imports gathered pace and detracted 1.7 percentage points from GDP growth (compared to 0.4 points in 2016), owing mainly to increased purchases of oil from abroad.

These changes rebalanced the contribution to economic growth made by demand —both domestic, which became the main driver (contributing 2.3% in 2017 compared to 1.6% in the previous year), and external, where the growth contribution decreased (1.9% in 2017 compared to the previous year's 2.8%).

The activity slowdown generated weaker growth rates in most sectors. The chief exception was the construction sector, which posted positive growth following two years of consecutive declines (+0.13 percentage points in 2017 against -0.15 points a year earlier), thanks to the reactivation of public works and investment in metal mining. Manufacturing was the worst-performing sector and once again detracted from GDP growth (-0.03 percentage points in 2017 and -0.08 points in 2016).

The sectors that contributed the most to GDP growth were other services (0.52 percentage points), mining and hydrocarbons (0.42 points) and telecommunications (0.33 points), although the absolute growth rates fell in all cases.

In the first quarter of 2018, GDP grew by 3.2%, boosted by public consumption (7.0%) and investment (5.9%), while imports (8.0%) outpaced exports (6.3%). Although there was slight expansion of 0.6% in the mining and hydrocarbon sector, the growth recovery came mainly from non-primary sectors (3.6%), such as construction (5.1%) and services (4.2%). The agriculture and fishing sectors also staged a recovery, posting growth rates of 5.7% and 6.2%, respectively.

### **(c) Prices, wages and employment**

Inflation rate dropped sharply during 2017, from 3.2% in December 2016 to 1.4% a year later, following the reversal of supply shocks caused by weather events (the coastal impact of the El Niño phenomenon, higher lemon prices), against a backdrop of exchange-rate appreciation, a negative output gap and the absence of new shocks. This context persisted until May 2018, when 12-month cumulative

inflation stood at 0.9%, below the central bank's target range of  $2\% \pm 1\%$ ). Inflation is expected to return to the target range during the second half of the year, however.

On the employment front, the economic slowdown reduced quality employment by an average of 0.1% in the 2017;<sup>3</sup> and the reduction persisted through the first three months of 2018, when there was a further decline of 0.3%. In consonance, the average unemployment rate in Metropolitan Lima rose to an average of 6.9% in 2017 compared to 6.7% in the previous year, while informal employment and underemployment both increased, to the detriment of adequate employment. In the first quarter of 2018, the rate deteriorated to 8.1% on average, compared to 7.7% in the year-earlier period.

The employment context has influenced pay trends, measured as average income from wage-earning employment in Metropolitan Lima. Wages fell by 0.2% in real terms in 2017, following a 2.0% rise in the previous year. As an average for the first quarter of 2018, rates of pay rose edged up by 1.3%, relative to the year-earlier period.

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<sup>3</sup> Quality employment is considered to be formal employment in private firms with ten or more workers, in urban Peru.

Table 1  
PERU: MAIN ECONOMIC INDICATORS

	2009	2010	2011	2012	2013	2014	2015	2016	2017 a/
	<b>Annual growth rates b/</b>								
Gross domestic product	1.1	8.3	6.3	6.1	5.9	2.4	3.3	4.0	2.5
Per capita gross domestic product	-0.1	7.0	4.9	4.7	4.4	1.0	1.9	2.7	1.3
Gross domestic product, by sector									
Agriculture, livestock, hunting, forestry and fishing	0.3	1.0	8.1	1.8	2.6	-1.1	4.0	1.7	2.7
Mining and quarrying	0.6	1.4	0.3	1.8	5.1	-1.6	8.4	12.6	3.2
Manufacturing	-6.5	10.1	8.3	1.3	5.2	-1.1	-0.9	-0.6	-0.3
Electricity, gas and water	1.0	8.7	8.2	5.9	3.4	5.2	6.6	7.7	1.1
Construction	6.5	17.0	3.6	15.9	9.4	1.8	-5.3	-2.5	2.2
Wholesale and retail commerce, restaurants and hotels	-0.5	10.9	9.2	9.0	5.3	2.7	3.1	2.8	1.2
Transport, storage and communications	2.4	12.0	11.4	9.0	7.4	4.9	6.2	5.9	5.1
Financial institutions, insurance, real estate and business services	4.8	10.9	9.9	8.2	8.3	8.2	6.8	3.9	1.1
Community, social and personal services	6.3	4.7	4.0	5.6	4.3	4.5	4.2	4.2	3.8
Gross domestic product, by type of expenditure									
Final consumption expenditure	4.4	8.3	7.2	7.6	6.0	4.6	4.6	3.6	2.8
Government consumption	12.1	3.9	7.4	8.3	7.5	8.8	7.9	5.2	4.4
Private consumption	3.1	9.1	7.2	7.4	5.7	3.9	4.0	3.3	2.5
Gross capital formation	-20.2	35.8	12.2	9.5	8.5	-1.2	-3.5	-4.4	0.6
Exports (goods and services)	-3.3	3.2	5.5	3.1	-0.6	-3.8	4.3	11.4	7.2
Imports (goods and services)	-15.9	26.6	13.6	10.0	2.9	-1.0	1.0	1.5	6.2
Investment and saving c/	<b>Percentajes of GDP</b>								
Gross capital formation	20.0	23.8	24.2	24.6	25.6	24.6	24.2	22.1	20.9
National saving	19.5	21.3	22.5	21.8	20.9	20.2	19.4	19.3	19.6
External saving	0.5	2.4	1.7	2.8	4.7	4.4	4.8	2.8	1.3
Balance of payments	<b>Millions of dollars</b>								
Current account balance	-614	-3 569	-2 990	-5 388	-9 387	-8 925	-9 169	-5 303	-2 720
Goods balance	6 060	6 988	9 224	6 393	504	-1 509	-2 916	1 888	6 266
Exports, f.o.b.	27 071	35 803	46 376	47 411	42 861	39 533	34 414	37 020	44 918
Imports, f.o.b.	21 011	28 815	37 152	41 018	42 356	41 042	37 331	35 132	38 652
Services trade balance	-1 163	-2 410	-2 815	-3 147	-2 919	-2 022	-2 336	-2 050	-2 516
Income balance	-8 385	-11 230	-13 171	-12 592	-11 215	-9 893	-7 544	-9 184	-11 263
Net current transfers	2 887	3 026	3 201	3 307	3 346	4 372	3 331	3 967	3 712
Capital and financial balance d/	1 621	14 742	7 643	20 176	12 289	6 737	9 242	5 472	4 348
Net foreign direct investment	6 020	8 189	7 194	11 710	9 663	3 640	8 144	6 560	6 507
Other capital movements	-4 399	6 553	449	8 465	2 627	3 097	1 098	-1 088	-2 159
Overall balance	1 007	11 173	4 653	14 788	2 902	-2 188	73	168	1 629
Variation in reserve assets e/	-1 043	-11 192	-4 686	-14 806	-2 907	2 178	-73	-168	-1 629
Other financing	36	19	33	19	5	10	0	0	0
Other external-sector indicators									
Real effective exchange rate (index: 2005=100) f/	97.8	94.4	96.6	90.1	90.5	93.1	94.9	96.4	93.6
Terms of trade for goods (index: 2010=100)	82.7	100.0	107.0	104.6	99.1	93.8	87.8	87.2	93.5
Net resource transfer (millions of dollars)	-6 728	3 531	-5 495	7 602	1 079	-3 146	1 698	-3 712	-6 915
Total gross external debt (millions of dollars)	35 157	43 674	47 977	59 376	60 823	69 215	73 274	74 645	76 894
Employment	<b>Average annual rates</b>								
Labour force participation rate	68.4	70.0	73.9	73.6	73.2	72.3	71.6	72.2	72.4
Open unemployment rate g/	5.9	5.3	5.1	4.7	4.8	4.5	4.4	5.2	5.0
Visible underemployment rate	15.4	14.5	12.4	12.0	11.6	11.3	10.4	11.3	11.5

Table 1 (concluded)

	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Prices</b>	<b>Annual percentages</b>								
Variation in consumer prices (December-December)	0.2	2.1	4.7	2.6	2.9	3.2	4.4	3.2	1.4
Variation in producer prices (December-December)	-5.1	4.6	6.3	-0.6	1.6	1.5	2.6	1.9	-0.6
Variation in nominal exchange rate (annual average)	2.9	-6.2	-2.5	-4.2	2.5	5.0	12.2	6.0	-3.4
Variation in average real wage	3.1	-3.0	8.4	2.4	3.3	2.8	-0.3	-1.4	-0.3
Nominal deposit rate h/	2.8	1.5	2.3	2.5	2.3	2.3	2.3	2.6	2.7
Nominal lending rate h/	21.0	19.0	18.7	19.2	18.1	15.7	16.1	16.5	16.8
<b>Central government</b>	<b>Percentajes of GDP</b>								
Total revenue	20.0	21.1	21.7	22.4	22.4	22.5	20.4	19.1	18.6
Tax revenue	16.8	17.7	18.3	19.0	19.0	19.3	17.6	16.5	15.7
Total expenditure	21.5	21.2	19.7	20.3	21.7	22.8	22.6	21.4	21.6
Current expenditure	15.6	14.9	14.5	14.6	15.5	16.7	17.1	16.6	16.8
Interest	1.3	1.2	1.1	1.1	1.1	1.1	1.0	1.1	1.1
Capital expenditure	5.9	6.3	5.1	5.7	6.2	6.0	5.5	4.7	4.8
Primary balance	-0.2	1.2	3.2	3.2	1.8	0.8	-1.1	-1.2	-1.8
Overall balance	-1.5	0.0	2.0	2.1	0.7	-0.2	-2.1	-2.3	-3.0
Central government public debt	22.8	20.7	18.4	18.2	17.2	18.0	19.7	21.6	21.2
Domestic	8.8	9.5	8.9	8.4	8.4	8.5	9.0	11.2	13.4
External	14.0	11.2	9.5	9.8	8.7	9.5	10.7	10.4	7.8
<b>Money and credit</b>	<b>Percentages of GDP, end-of-year stocks</b>								
Domestic credit	21.4	22.7	21.7	22.7	22.3	25.6	26.2	27.5	30.3
To the public sector	-4.4	-5.4	-7.7	-10.1	-10.5	-8.7	-8.6	-6.9	-3.4
To the private sector	37.6	39.5	39.6	42.0	44.3	47.3	50.1	49.9	49.4
Others	-11.9	-11.4	-10.3	-9.3	-11.5	-13.1	-15.4	-15.4	-15.7
Monetary base	6.5	8.2	8.4	10.4	0.1	9.4	8.5	8.3	8.3
Money (M1)	9.4	10.7	10.8	12.0	12.2	12.5	12.2	11.7	12.3
M2	18.3	21.4	21.4	24.8	24.9	25.5	24.5	25.6	27.1
Foreign-currency deposits	14.4	13.6	13.1	11.9	15.4	15.0	18.6	15.5	14.4

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

a/ Preliminary figures.

b/ Based on figures in local currency at constant 2007 prices.

c/ Based on values calculated in national currency and expressed in current dollars.

d/ Includes errors and omissions.

e/ A minus sign (-) indicates an increase in reserve assets.

f/ Annual average, weighted by the value of goods exports and imports.

g/ Urban total.

h/ Market rate, average for transactions conducted in the last 30 business days.

Table 2  
PERU: MAIN QUARTERLY INDICATORS

	2016				2017				2018	
	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2 a/
Gross domestic product (variation from same quarter of preceding year) b/	4.5	4.0	4.4	3.0	2.3	2.6	2.9	2.2	3.2	...
Gross international reserves (millions of dollars)	60 587	60 575	61 536	61 750	62 561	63 153	63 273	63 461	62 904	59 816
Real effective exchange rate (index: 2005=100) c/	97.4	95.9	96.3	95.8	92.1	92.6	94.2	95.4	96.2	94.9
Open unemployment rate d/	7.2	7.0	6.5	6.2	7.7	6.9	6.4	6.5	8.1	...
Employment rate e/	69.0	68.6	69.5	69.1	69.1	68.2	70.4	69.8	69.0	...
Consumer prices (12-month percentage variation)	4.3	3.3	3.1	3.2	4.0	2.7	2.9	1.4	0.4	1.4
Wholesale prices (12-month percentage variation)	1.8	1.0	1.5	1.92	1.8	1.4	0.8	-0.59	0.3	1.7
Average nominal exchange rate (soles per dollar)	3.4	3.3	3.3	3.4	3.3	3.3	3.2	3.2	3.2	3.3
Nominal interest rates (average annualized percentages)										
Deposit rate f/	2.6	2.7	2.7	2.7	2.7	2.7	2.6	2.5	2.4	2.2
Lending rate f/	16.1	16.1	16.6	17.1	17.3	16.9	16.9	16.1	15.6	14.2
Interbank rate	4.5	4.4	4.2	4.3	4.2	4.1	3.7	3.4	3.0	2.8
Monetary policy rates	4.2	4.3	4.3	4.3	4.3	4.1	3.7	3.3	2.9	2.8
Sovereign bond spread, Embi + (basis points to end of period) g/	231	203	160	175	136	138	115	111	132	141
Risk premiia on five-year credit default swap (basis points to end of period)	163	139	103	108	102	86	83	72	82	89
International bond issues (millions of dollars)	1 110	550	-	300	605	2 550	4 390	1 517	1 694	1 120
Stock price index (national index to end of period, 31 December 2005 = 100)	251	289	319	324	328	336	386	416	428	412
Domestic credit (variation from same quarter of preceding year)	12.3	13.5	12.1	12.0	9.3	6.1	11.2	18.0	23.2	23.6 h/
Non-performing loans as a percentage of total credit	2.7	2.8	2.9	2.9	3.0	3.1	3.1	3.1	3.1	3.1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

a/ Preliminary figures.

b/ Based on figures in local currency at constant 2007 prices.

c/ Quarterly average, weighted by the value of goods exports and imports.

d/ Metropolitan Lima.

e/ Nationwide total.

f/ Market rate, average for transactions conducted in the last 30 business days

g/ Measured by J.P. Morgan.

h/ Figures as of May.