

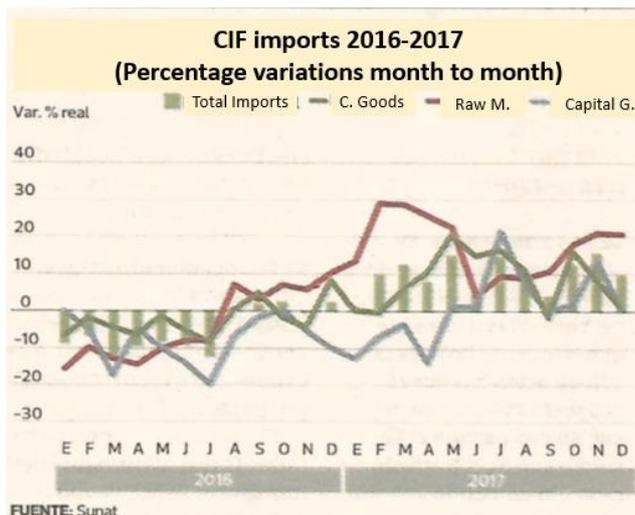
Economic & Commercial Report for the week ending 19th January 2018

1. Analysis of Trade Data (Peru)

Imports grow 9.8% in 2017, after falling for three consecutive years

After falling for three consecutive years, imports grew 9% in 2017, ie totaled US \$ 39.714 million (CIF value), the increase was mainly based on higher imports of raw materials and intermediate products, which grew 17.3% in 2017, according to Sunat. Considering that in the years 2014 (-2.5%), 2015 (-9.7%) and 2016 (-5.1%), imports registered setbacks.

In December last year, imports registered a CIF value of USD \$ 3.405 billion, 9.8% higher than the same month of 2016.



Consumer goods

Also, last month, the income of consumer goods was USD \$ 747 million, showing an increase of 1.4% comparing it with the same month in 2016. With this, imports of consumer goods totaled US \$ 9,410 billion in 2017, which meant an increase of 8.6%. Non-durable consumer goods grew 11.7% last year (US \$ 5,200 billion) due to increased demand for food such as polished rice, cane sugar, lentils, fresh apples and split peas.

Meanwhile, durable consumer goods had an increase of 5% (US \$ 4,210 billion), highlighting the purchase of vehicular transport vehicles and color TV sets, mainly.

Raw Materials

Last month, imports of raw materials increased by 20.8% (US \$ 1.674 billion), a result explained by higher revenues from agricultural raw materials, fuels and lubricants and raw materials for industry. Between January and December 2017, imports of raw materials rose 17.3% (US \$ 18,524 billion)

Capital goods

Imports of capital goods registered a growth of only 0.4% (US \$ 984 million) in December 2017. The items that had a favorable result were construction materials and transportation equipment. Capital goods for agriculture and capital goods for industry had a negative outcome. In 2017 the amount of capital goods grew by 0.6%, totaling US \$ 11.761 billion.

Key notes:

- Origin.** China and the United States were the countries that constituted themselves as the main suppliers of imported goods in 2017.
- Projections.** According to the BCR (Central Reserve Bank) imports would grow 4.3% this year.
- Trade balance.** This year would reach US \$ 7.136 billion.

2. News analysis related to Trade

Peru:

i. Peru, largest gold-producing country in LatAm (*Andina: 07/02/2018*) – Peru is the largest gold-producing nation in Latin America and the sixth in the world, yielding 151 tons in 2017, private-run National Society of Mining, Oil, and Energy (SNMPE) informed. According to SNMPE, La Libertad and Cajamarca regions accounted for 50% of the country's gold output, totaling 43 tons and 33 tons, respectively. Arequipa (20 tons) and Ayacucho (12 tons) also stood out as leading gold producers in 2017. Additionally, Peru is also the second largest producer of Silver on the region.

ii. World Bank issues US\$200 million Peru earthquake cat bond (*Andina: 06/02/2018*) - For the first time in history, Peru secured a catastrophe insurance protection that covers earthquake-induced damages, the Economy and Finance Ministry (MEF) reported. This way, the Inca country will be provided with financial protection of up to US\$200 million against losses from earthquakes. The insurance covers low frequency and high severity catastrophes, allows international capital markets to absorb the risks, and complements financial instruments within the national risk management policy. Issued by the World Bank on February 2, the said bond is part of a multi-country cat bond that covers the four member nations of the Pacific Alliance trade bloc. According to MEF, the transaction marks a milestone in the Pacific Alliance's integration agenda, and the increasing demand in capital markets indicates the huge potential for further integration.

iii. Peru achieves a trade surplus of US \$ 6,266 billion, its highest level in five years (*Gestion:08/02/2018*)- "This commercial result, which was US \$ 4,378 million higher than in 2016, was favored, mainly, by higher sales abroad of traditional products (26.7%)," the BCR said in a statement. In 2017, exports totaled US \$ 44,918 million, an amount higher by 21.3% compared to the previous year, thanks to an increase in traditional export volumes by 8%, mainly fishmeal, copper, gold, zinc and petroleum derivatives. Likewise, the volume of non-traditional exports registered an increase of 7%, due to higher shipments of agricultural, textile, fishing and iron and steel products.

iv. Cybersecurity market will move US \$ 160 million this 2018 in Peru (*Gestion: 08/02/2018*) - Investment in cybersecurity is becoming a much more latent concern in companies in Peru. The growth of cybersecurity will go to the rhythm of 18% this year, which will allow moving a total of US \$ 160 million, said Paolo Bisso, general manager of Bafing, a Peruvian company with more than 20 years of experience in computer security and electronic solutions. This dynamism will be mainly driven by medium-sized companies, characterized by having more than 100 employees under their belt.

Bolivia:

v. Steel, the main imported construction material (*Cambio: 03/02/2018*)- According to the data prepared by the Bolivian Institute of Foreign Trade (IBCE), the purchase of steel bars abroad reached the figure of 175 million dollars, which represents 39% of the total destined to the acquisition of materials for construction. In second place are steel structures and Portland cement, which reached the figure of 25 million dollars (6% for each material). By country of origin, Brazil brings 41% of the materials, for more than 183 million dollars, mainly steel bars. Then there is Peru, for 115 million dollars, which is 26%, followed by China for 66 million dollars, corresponding to 15%.

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