

**Economic & Commercial Report for the week ending 11<sup>th</sup> May 2018**

**1. Analysis of Trade Data (Peru)**

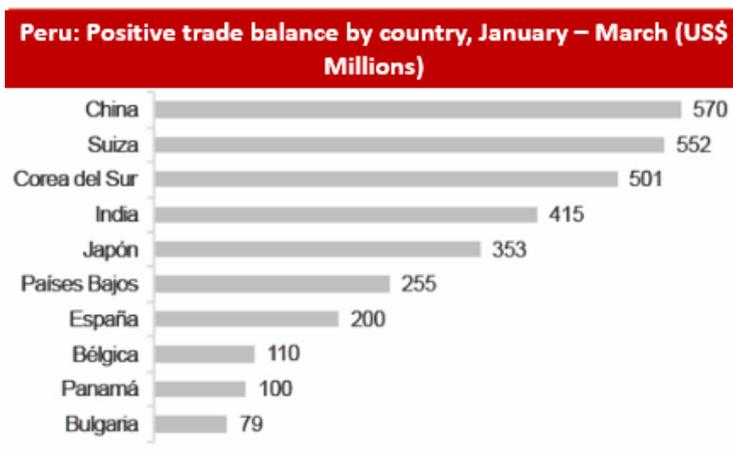
**Commercial balance for the first quarter**

In the first quarter of the year, Peru's trade balance managed to remain in the positive terrain (situation registered since January 2017). In the accumulation, exports exceeded US \$ 1,251 billion to imports. In March, they exceeded by US \$ 407 million.

**PARTNERS IN POSITIVE: China, Switzerland and South Korea**

China, Switzerland and South Korea are usually in the ranking of major partners with whom Peru maintains a positive trade balance, that is, countries to which Peru exports more products than it imports.

To China, for example, Peru exported a total of US \$ 2,970 billion in the first quarter of the year, and imported US \$ 2,401 billion, contrary to what many people tend to believe. This positive result also occurred in the first quarter of 2017 (although the difference was greater) and, in both cases, it was due to the greater Peruvian copper exports to the Asian giant - the main export product to that country - and to the best price of this metal, unlike previous years. It should be noted that imports from China are mainly products such as cell phones, laptops and parts of industrial machines.



Fuente: Sunat. Elaboración: ComexPerú.

Switzerland, for its part, is a country with which Peru maintains a positive trade balance because there are not many imports from that country. Between January and March of 2018, exports to this partner reached US \$ 581 million and imports, just US \$ 29.3 million. 99.4% of shipments were gold, which is the main product that Switzerland demands and of which Peru is the seventh supplier in the world and the first in Latin America, according to figures from the International Trade Center. From that country Peru basically import smart cards, medicines for human use (including those for cancer treatment and HIV) and wristwatches.

In the case of South Korea, Peru's exports amounted to US \$ 730.4 million in the first quarter of 2018, while its imports totaled US \$ 229.7 million. Peru's export to this market has been remarkable, because they reached a value twice what was registered in the first quarter of 2017, thanks to the increase in the export of copper, zinc and natural gas, mainly, but also thanks to the largest shipments of mollusks (+ 50%), nuts (+ 469%) and grapes (+ 35%), products that have a wide margin to continue growing in the rest of the year.

Source: ComexPeru

**2. News analysis related to Trade**

**Peru:**

**i. Peru: Traditional exports up 28% in March 2018 (Andina: 13/05/2018)** - Peru's traditional exports totaled US\$3.084 billion in March 2018, up by 28% compared to the same month last year, Central

Reserve Bank (BCR) reported. Said result was mainly due to higher sales of copper, gold, zinc, crude oil and derivatives. In the analyzed month, the shipped volume of traditional products grew 15.4%, mostly explained by higher sales of copper (+22.3%), zinc (+9.6%), gold (+7.8%), as well as crude oil and derivatives (+13.2%).

**ii. Peru: Business expectations rebounded significantly in April 2018** (*Andina: 08/05/2018*)

Business expectations regarding Peru's economic performance experienced recovery last April, Central Reserve Bank's (BCR) latest monthly survey revealed. According to this study, nearly all indicators scaled up in the fourth month of the current year. Within this framework, confidence among entrepreneurs concerning Peruvian economy for the next three months increased from 53.5 points (March) to 58.6 points (April). Similarly, companies' 12-month ahead expectations for the economic situation went up from 66.1 points (March) to 69.2 points (April).

**iii. INEI: Peru registers a trade surplus of US \$ 588.5 million in March** (*Gestion: 10/05/2018*)

- The trade balance has been recording surplus for 21 consecutive months. The INEI highlights that the indexes of export and import prices increased by 9.3% and 4.9%, respectively, in relation to the same month of the previous year. Exports increased 24.5% to US \$ 4,028.9 billion compared to US \$ 3,200 billion in the same month of the previous year. This was driven by the rise in the prices of fishery and mineral products such as copper and gold.

**iv. MEF: GDP would have grown by about 5% in March and nearly 6% in April** (*El Comercio: 14/05/2018*)

- "It is almost certain that the growth [of March] that the INEI is going to announce is going to be close to 5%, a figure that was not seen for quite some time," said Economy Minister David Tuesta on 13<sup>th</sup> May. In addition, the head of the MEF explained that in April GDP growth "is most likely close to 6%." For Tuesta this news would be the result of concrete decisions that the Executive Power has taken and that will allow to inject almost S / 60,000 billions to the production of Peru, which represent 8% of the GDP.

**Bolivia:**

**v. IBCE confirms trade deficit of US\$ 162 million in first quarter** (*El Diario: 13/05/2018*)

- The Bolivian Institute of Foreign Trade (IBCE) confirmed on 12 May the trade deficit registered by the country in the first quarter of the year with a figure of US\$ 162 million. An IBCE report, released last week, established that during the first quarter of 2018, Bolivia exported 2.078 billion dollars, 22% more than in the same quarter of 2017, but imports were higher and reached 2.239 billion dollars.

Arup Kumar Saha  
Commercial Representative  
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