

**Economic & Commercial Report for the week ending 21<sup>st</sup> April 2017**

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

**Commercial activity in Peru is at its lowest level in 89 months** (Source: Gestión 20/04/2017)

Peru's GDP in February had its lowest growth rate since November 2014 when it barely expanded 0.3% as compared to February last year. It contracted by 0.33% compared to January 2017.

Trade was one of the sectors that had one of the lowest growth rates (0.17%). It was the lowest since September 2009 when it reported a fall of 0.07%, affected by the international crisis of that time. Retail trade recorded a fall of 0.15%, which was offset by a 0.21% increase in vehicle sales and a 0.11% increase in wholesale trade.

The economy grew only 0.74% in February, its lowest rate in two years and three months. The

Evolution of the Monthly National Production Index: February 2017 (Base Year: 2007)				
Sector	Weighting 1/	Percentage Change		
		2017 / 2016		March 16 - Feb 17/
		February	Jan - Feb	March 15 - Feb 16
Total economy	100	0.74	2.75	3.57
Other taxes on products	8.29	1.52	3.62	2.54
Total production	91.71	0.67	2.67	3.67
Agricultural sector	5.97	-0.21	0.82	1.56
Fishing	0.74	30.59	38.13	-6.27
Mining and hydrocarbon	14.36	1.43	7.92	15.01
Manufacturing	16.52	-3.03	1.18	-1.18
Electricity, gas and water	1.72	-2.28	1.79	5.73
Construction	5.1	-6.89	-6.11	-4.18
Commerce	10.18	0.17	0.54	1.44
Transport, Storage, Mail and Messaging	4.97	1.64	3.04	3.29
Hotels and restaurants	2.86	1.37	1.7	2.38
Telecommunications and other information services	2.66	8.8	9.25	8.26
finance and insurance	3.22	-1.23	-0.28	3.8
Business services	4.24	0.89	0.98	1.8
Public administration, defense and others	4.29	4.05	4.19	4.46
Other services 2/	14.89	3.51	3.53	4.01
Source: INEI		1/ Corresponds to the base year 2007 GDP structure.		
		2/Includes real estate services and personal services.		

Figures and Data
<b>Physical progress in construction</b> Decreases 19.66% in February.
<b>Tranportation</b> Had the lowest performance in nine months
<b>Restaurants</b> Grew by 1.42% but the beverage service contracted by 1.12% in the sector.

Source: INEI

result was below what the market expected: around 2%. Mining, which has been the sector that has sustained growth in the last two years, this time barely expanded by 1.47%. Other sectors that continued their downward trend were manufacturing and construction, the latter contracting by 6.89%, its sixth consecutive month of decline.

**2. New analysis related to Trade**

**i. BBVA Research reduced its forecast for economic growth of 2.5% Peru 2017** (Gestión : 20/04/2017)

- The Peruvian economy will grow 2.5% in 2017, which means a decrease from the previous forecast of 3.5%. The prolongation of climatological anomalies, the delay in the construction of infrastructure projects and the deterioration of business confidence, which is now in the pessimistic stage, explains the cut of one percentage point in our forecasts," explained the chief economist of BBVA Research Peru, Hugo Perea.

**ii. GDP grew only 0.74% in February** (Peru21 : 16/04/2017) - This figure, which was lower than expected

by analysts (1.5%), was explained by the good performance of external demand reflected in the increase in the volume of exports by 32.4%, both traditional (43.0%) and non-traditional (4.3%). Shipments of copper, gold, zinc, tin, petroleum and natural gas derivatives, fishmeal and fish oil, metallurgical and metallurgical industries performed better. With this, so far this year, national production registers an accumulated growth of 2.75% and in the last twelve months (from March 2016 to February 2017), production grew 3.57%.

iii. **Adex: Exports would exceed US \$ 40 billion this year** (*La Republica* : 16/04/2017) - This result would represent a growth of more than 10%, compared to the results recorded in 2016, when total exports totaled US \$ 36,055 million. On the other hand, Juan Varillas president of the Association of Exporters (Adex), said that 25% of this year's foreign trade operations, which would add US \$ 10 billion, would be achieved by non-traditional products.

iv. **Ministry of Economy and Finance (MEF): Economy will recover in 2018 and 2019 after reconstruction** (*El Comercio* : 19/04/2017) - The economy will recover from the planned reconstruction investment following the recent natural disasters and will grow 4.5 percent in 2018 and 5 percent in 2019. "The shock will be transitory," said Alfredo Thorne, head of the MEF, to businessmen during his presentation at the Economic Forum Quo Vadis Peru at Lima Chamber of Commerce (CCL)

***Bolivia:***

v. **IMF (International Monetary Fund) forecasts Bolivia's economic growth of 4% in 2017 and a decrease to 3.7% in 2018** (*La Razon* : 18/04/2017) - The recovery in commodity prices will support the slight upturn in Colombia, Bolivia and Peru this year, while Ecuador and especially Venezuela will continue in recession. The Fund projected a decline in the growth rate for 2018 of 3.7%, which will be affected by the increase in inflation from 4% to 5%.

vi. **INE: Bolivian economy grew 4.3% in 2016** (*La Prensa* : 14/04/2017) - Bolivia's gross domestic product (GDP) grew by 4.3 percent last year, boosted by all economic activities except oil and gas, which declined by 4.4 percent, the National Institute of Statistics (INE). The economic growth registered in 2016 is lower than in 2015, when the Bolivian economy reached 4.9 percent, and is the lowest in the last five years, in which the percentage was above 5 percent, according to a report by the INE.

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