

Economic & Commercial Report for the week ending 11th August 2017

1. Analysis of Trade Data (Peru)

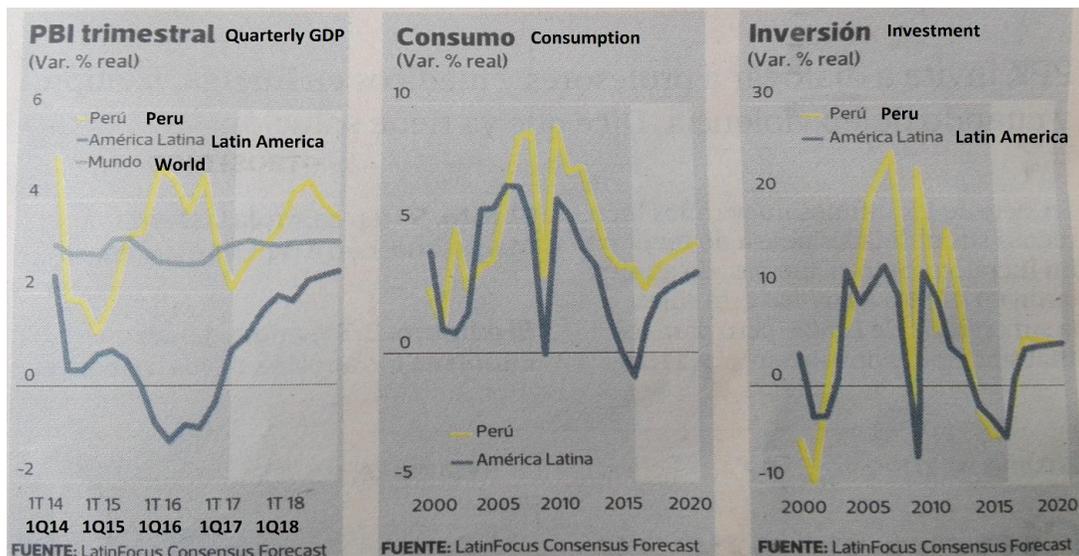
Peru's GDP growth estimation for 2017

According to last report of LatinFocus, the GDP's growth of 2017 is predicted to be 2.7%. In spite of a boost in public investment and mining projects, a deceleration of economic growth is envisaged. Inflation rate has also increased from 2.7% in June to 2.9% in July.

Economic indicators (quarters)	2017				2018							
	3Q		4Q		1Q		2Q		3Q		4Q	
	Jul.*	Aug.*	Jul.*	Aug.*	Jul.*	Aug.*	Jul.*	Aug.*	Jul.*	Aug.*	Jul.*	Aug.*
Economic growth (GDP, var.%)	3.0	3.0	3.4	3.3	4.3	4.2	4.4	4.4	3.7	3.9	3.9	3.6
Private consumption (var.%)	2.8	2.8	2.9	2.9	3.0	3.0	3.2	3.2	3.5	3.5	3.6	3.6
Public consumption (var.%)	7.5	6.6	11.0	7.7	7.8	7.9	2.9	2.9	2.4	2.4	2.1	2.1
Fixed investment (var.%)	2.9	1.9	5.1	4.1	5.2	5.8	5.4	5.4	4.5	4.5	3.9	3.9
Manufacturing (var.%)	-0.6	-0.1	0.6	1.7	1.9	2.3	3.4	2.8	1.8	2.4	3.3	2.2
Trade (var.%)	1.5	1.5	2.0	2.0	2.4	2.4	3.1	3.1	2.1	2.1	2.8	2.8
Unemployment (% EAP)	6.5	6.6	6.1	6.5	7.4	6.7	6.5	6.5	6.4	6.4	6.0	6.2
Inflation	3.1	2.6	2.8	2.7	1.7	2.5	2.6	2.6	2.7	2.7	2.7	2.7
Trade balance (US\$ billion)	1.0	0.9	1.2	1.1	0.5	0.5	0.1	0.1	0.9	0.9	1.4	1.4
Exports (US\$ billion)	10.4	10.5	10.5	10.5	9.8	9.8	9.9	10.0	10.9	10.9	11.2	11.1
Imports (US\$ billion)	9.5	9.6	9.4	9.4	9.3	9.3	9.3	9.8	9.8	10.0	9.9	9.8

Source: LatinFocus Consensus Forecast (*) Estimations made in August 2017

The evolution of the GDP, consumption and investment during the last years is shown in the charts below. Although Peru's GDP is showing a downward trend, it is maintaining an average growth greater than the world's and Latin American average growth. Regarding to Peru's consumption and investment, Peru is showing an upward trend for 2020.



According to INEI (Peruvian Institute of Statistics), the Peruvian economy has grown 1.96% during the period from January to May 2017.

2. News analysis related to Trade

i. **ECLAC: Peru foreign direct investment up 61% in 1Q 2017** (*Andina* : 10/08/2017) - Peru posted a 61% rise in foreign direct investment (FDI) in the first three months of 2017 and is expected to see further increase with measures implemented by the government. ECLAC Executive Secretary, Alicia Barcena, said that this result "was driven by greater reinvested earnings rather than by new incoming capitals." The senior UN official underlined Peru's positive alternatives to attract investments in renewable energies given the potential of southern areas, as well as port and infrastructure development opportunities.

ii. **TPP: Meeting in Australia will test the support to the trade agreement** (*Gestión* : 11/08/2017) - TPP countries are preparing for a 10-day meeting later this month that will test the support for efforts to revitalize the trade agreement after the exit of the United States in January. Analysts said to Bloomberg BNA that there is no doubt that Japan, Australia and New Zealand want to activate the TPP. But there is uncertainty about the degree of enthusiasm and commitment of other members. Australian Trade Minister Steven Ciobo's office confirmed Thursday in an e-mail to Bloomberg BNA that trade representatives from the 11 remaining TPP countries are meeting in Sydney from 20th to 30th August to discuss prospects for activating the agreement.

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