

Economic & Commercial Report for the week ending 25th August 2017

1. Analysis of Trade Data (Peru)

Peru exports data June 2017

As regards the Peruvian exports by economic sectors, the traditional sector reported a positive variation for the period from January to June 2017 comparing it to the same period the previous year, showing a total increase of 36.3% in value terms and, an increase of 15.8% on the quantity exported. The fishing sector demonstrated the greatest growth in terms of quantity within the traditional items, with a growth of 109.4%.

Exports by economic sectors	In Millions of US\$			Thousands of tons		
	Jan-June 2016	Jan-June 2017	Var.% 17/16	Jan-June 2016	Jan-June 2017	Var.% 17/16
Traditional	10,825	14,753	36.30%	15,843	18,347	15.8%
Mining	9,170	11,847	29.20%	11,116	12,126	9.10%
Oil, oil products and gas	855	1,571	83.6%	4,281	5,364	25.30%
Fishing	639	1,153	80.50%	364	763	109.40%
Agricultural	161	183	13.60%	82	95	15.90%
Non-Traditional	4,899	5,348	9.20%	5,311	5,380	1.3%
Farming	1,973	2,162	9.60%	1,161	1,277	9.90%
Textile	586	586	-0.10%	39	40	2.10%
Chemical	671	644	-4%	1,083	993	-8.30%
Fishing	417	641	53.70%	136	249	83.40%
Steel-metallurgical	465	547	17.70%	220	261	18.60%
Nonmetallic Mining	308	259	-15.90%	2,524	2,371	-6.10%

The non-traditional sector reported a positive variation for the period from January to June 2017 comparing it to the same period the previous year, showing a total increase of 9.2% in the value terms and, an increase of 1.3% on the quantity exported.

Top 10 non-traditional products with the highest growth

10 non-traditional products with the highest growth In Millions of US\$ - January to June 2016/2017						
RK. 17	Tariff Item	Main products imported	2016	2017	Balance US\$	Var % 17/16
1	30743	Frozen Pota (Type of Squid)	0	112	112.00	100.0%
2	80440	Avocados, fresh or dried	263	363	100.00	38.0%
3	16055	cuttlefish	36	104	68.00	186.5%
4	79011	Zinc crude	98	149	51.00	52.2%
5	69072	Zinc crude with superior water absorption 0.5%	0	46	46.00	100.0%
6	80610	fresh grapes	196	238	42.00	21.6%
7	23099	Other preparations for animal feed	68	107	38.00	56.2%
8	80521	Mandarin	0	31	31.00	100.0%
9	30354	Frozen mackerel	0	27	27.00	>1000%
10	30617	Prawns	47	75	27.00	57.30%

As for the top 10 non-traditional products exported with the highest growth, the Frozen Pota, which is a type of squid, showed 100 % growth rate exporting US\$ 112 million in the period from January to June 2017. The high demand of China is an important growth factor in the dispatches of Pota. That market went from importing US \$ 16.7 million in the first half of last year to US \$ 74.6 million in the same period of this year. It achieved a share of 24% of the total volume of trade in the product displacing Spain, who was the leader last year.

On the other hand, mandarins also had a 100% increase with an export of US\$ 31 million. In addition, this product is expected to reach India by late November.

Source: Sunat

2. News analysis related to Trade

Peru:

i. Moody's affirms Peru's A3 rating, maintains stable outlook (Gestión : 24/08/2017) - Moody's Investors Service has affirmed the Government of Peru's long-term foreign and local currency issuer rating, and senior unsecured debt rating at A3. Moody's decision to affirm Peru's sovereign ratings incorporates its record of macroeconomic stability, which it expects to be maintained following a combination of structural and transitory

shocks, including lower commodity prices, and more recently the Odebrecht corruption scandal and extensive flooding from Coastal El Niño weather phenomenon. Moody's forecasts that growth will reach 2.6% in 2017 and then accelerate to 3.9% in 2018 as the recovery firms and public investment picks up, underpinned by the reconstruction of damaged infrastructure from the climate shock.

ii. Central Bank: Peru economy to see strong growth in 4Q 2017 (*Andina : 22/08/2017*) - Peruvian economy will experience strong expansion during the fourth quarter of 2017, Central Reserve Bank (BCR) projected. As a result, the financial institution affirmed the Andean nation is on track to reach 2.8% growth by the end of the current year. BCR Governor Julio Velarde added that public investment and reconstruction spending will see sharp rebound in 2018, which will lead GDP to grow 4.2% next year. He also believes further GDP expansion will lead to an increase in formal employment.

iii. Peru: credit to private sector up by 5.3% in July 2017 (*Andina : 25/08/2017*) - Total credit to private sector—which includes loans granted by banks, financial institutions, municipal and rural saving entities—experienced expansion, going from 4.7% in June to 5.3% last July. The said increase saw positive figures in both currencies. Credit in domestic currency saw a 4% rise (3.5% in June), whereas credit in foreign currency expanded 8.4% (7.6% during the sixth month). It must be noted municipal saving banks continued to show greater dynamism in this sense.

iv. LCC: Peru has 3rd-lowest public debt per capita in LatAm (*El Comercio : 24/08/2017*) - Peru has the third lowest public debt per capita in Latin America, behind Paraguay and Bolivia, Lima Chamber of Commerce's (CCL) Foreign Trade Center (CCEX) reported. Peruvian public debt per capita stands at US\$1,600, whereas Paraguay's and Bolivia's reaches US\$990 and US\$1,346, respectively. "The efficient management of its public debt over the past decade placed Peru ahead of Ecuador, Venezuela, Colombia, Chile and Mexico, with the last three being Pacific Alliance member states," CCL Institute of Economics and Business Development (IEDEP) Executive-Director Cesar Peñaranda explained. Estimates show the country's public debt as at June this year reached US\$52.359 billion, up 4% compared to May (US\$50.359 billion).

Bolivia:

v. Growth is 3.3%, the lowest level in seven years (*Pagina Siete : 24/08/2017*) - In the first quarter of this year, the country's Gross Domestic Product (GDP) recorded growth of 3.34%, the lowest since 2011. The lower expansion was due to the drop in demand for natural gas in Brazil, reported yesterday. The Minister of Economy, Mario Guillen. The drop in the hydrocarbon (-14.1%) and mining (-1.6%) sectors influenced the low GDP growth. Despite the figures, the government hopes to reach the projected goal of 4.7% by the end of the year.

vi. India displaced the US as the third destination of Bolivian exports (*ANF: 25/08/2017*) - In the first half of 2017, India displaced the United States as the main destination for Bolivian exports. During the period 2012-2016 exports to India amounted to \$ 330 million, while imports were \$ 615 million. Starting in 2015, the trade balance with the Asian country became a surplus, according to a bulletin from the Bolivian Institute of Foreign Trade (IBCE) with data from INE and the International Monetary Fund. In the first half of 2016, imports from India amounted to \$ 50.2 million, while from USA it was \$ 542 million. In the same period, sales to India recorded 297 million while to USA was 276 million dollars. Bolivia exported mainly gold to India worth more than 296 million dollars. The country also exported borates of sodium, wood, beans and aluminum residues. The main products that the country bought from India were vehicles for \$ 22 million, medicines for 5 million, tyres for 2.7 million, motorcycles for 1.7 million and flatteners for 1.5 million.

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