

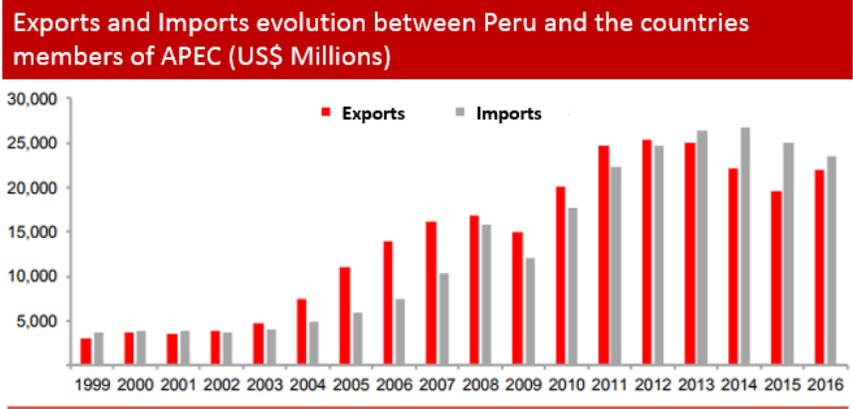
**Economic & Commercial Report for the week ending 20<sup>th</sup> October 2017**

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

**APEC: Peru's engagement**

The Asia-Pacific Economic Cooperation Forum (APEC) was established in 1989 to consolidate the growth of Asia-Pacific economies, including goods, services, and investments and for movement of natural persons. Peru has been a member of the bloc since November 1998. Peru's export to the bloc in 2016 accounted for 60.3% of its total exports; while of the total Peru imports, 64.7% came from the APEC economies. The evolution of trade between Peru and the other 20 members of APEC since its entrance in the block is shown in the graph below.

On the export side, there was an accumulated growth of 614.6% for the period 1999-2016, with a maximum export value of US \$ 25,291 million, reached in 2012. This result is due to the dynamism of mining and agricultural exports, which registered an average annual growth of 15% and 15.8% respectively. In the latter sector, the increase in the share of non-traditional exports is remarkable, rising from 17.9% in 1999 to 43.9% in 2016. Likewise, although a downward trend has been observed since 2013, the figures for 2016 reversed, growing by 12% over 2015.



Source: Sunat

As for imports, these recorded accumulative growth of 525.2% from entry of Peru to APEC, 2014 having reached the highest value imported, with \$ 26,783,000. In terms of imports of capital goods, these registered an average annual growth of 10.6%, while consumer goods and intermediate goods reached 11.2% and 12.2%, respectively. It should be noted that imports of intermediate goods were the ones that registered the highest average annual growth rate in the analysed period, with 24.3%.

**How is Peru doing this year?**

For the period January-August this year, exports to APEC member countries grew 25% over the same period in 2016. This result was driven mainly by copper exports (US \$ 5.89 billion, + 41.3%); flour and fish powder (US \$ 1,340 million, + 100.2%), and zinc (US \$ 723.2 million, + 81.3%). However, by August of this year, gold exports decreased by 15.3%, amounting to US \$ 1,805 million, which could slow down this rebound in exports.

On the other hand, so far this year, imports grew by 6% over the same period in 2016. This performance was due to the result of imports of petroleum oils with a sulphur content of less than or equal to 50 ppm (US \$ 879 million, + 8.2%), yellow hard corn (US \$ 459 million, + 13.7%) and vehicles with a displacement between 1,000 cc and 1,500 cc (US \$ 262.8 million, + 10.4%). Therefore, this year is expected to be the beginning of a new upward trend.

Source: Comex Peru

**2. News analysis related to Trade**

**Peru:**

i. **Peru: Construction sector up 8.94% in September 2017** (*Andina* : 16/10/2017) - National Institute of Statistics and Informatics' (INEI) preliminary figures show that construction sector expanded 8.94% last September, from the same month in 2016, INEI head Anibal Sanchez informed. In this sense, September marks the fourth month of

continuous growth for said sector. According to Sanchez, the rise was mainly supported by a dynamic progress in public works (+23.75%) and an increase in domestic cement consumption (+4.19%).

**ii. Trustworthiness and confidence in Peru's financial market stand out** (*Andina* : 12/10/2017) - Peru ranks 21st in trustworthiness and confidence rankings in the financial market, as part of the World Economic Forum's Global Competitiveness Report 2017-2018, Peruvian Bank Association (Asbanc) informed. The observation was made in the latest weekly report prepared by Asbanc's Economic Studies Department. According to said document, Peru ranked 72nd in global competitiveness, thus remaining in positive territory. For instance, the Inca nation's macroeconomic environment comes in 3rd place at the Latin American level. The report also indicates Peru's strengths include its low level of government debt and credit rating. "With respect to financial market development, we are in 35th place, the best position among the assessed pillars [12]," Asbanc highlighted. Access to financing and availability of financial services stood out as well.

**iii. Peru: Private investment sees rebound in 3Q 2017** (*Andina* : 17/10/2017) - Peru's private investment has entered a recovery phase and is estimated to have grown more than 4% in the third quarter of 2017, following 14 quarters of consecutive falls, Economy and Finance Ministry (MEF) reported. Peru's economic recovery was boosted by such rebound and higher public investment in August 2017. Plus, non-primary GDP increased 2.6%, one of the highest rates under the current government. According to the National Institute of Statistics and Informatics (INEI), Peru's GDP saw a 2.28% rise last August, up 1.6% over July's reading, thus marking 97 months of consecutive growth. Peruvian economy expanded 2.20% in the Jan-Aug period this year and 2.60% over the past 12 months (Sep 2016-Aug 2017). Said figures are in line with MEF's projections for 2017 (2.8%).

**iv. BCR expects annual inflation to reach 2.3% at year-end** (*Gestión* : 13/10/2017) - The Central Reserve Bank (BCR) sees clear signs of lower inflation in the coming months and says that it will reach a level of 2.3% by the end of the year, said Paul Castillo, BCR's Monetary Policy manager. "Our projection is that inflation will continue to decline. It's now at 2.94%. It is going to fall by the end of the year to 2.3%.

**v. Fishing Guild plans to capture up to 5 million tonnes of anchovy this year** (*Gestión* : 18/10/2017) - Fishing companies forecast anchovy catches of up to 5 million tons, considering the current environmental conditions, Peru's private-run National Fisheries Society (SNP) Chairwoman Elena Conterno affirmed. As is known, anchovy fishing totaled 2.7 million in 2016, well below the average annual catch (5 to 6 million). "Nevertheless, we have started on the right foot this year thanks to better climate conditions," she expressed, adding this has led to projecting total catches between 4.7 and 5 million by year-end. It is worth noting that the first anchovy fishing season —set for April 22 and August 1 2017— saw 2.37 million tons, thus accounting for 84.5% of the total quota (2.8 million tons).

**vi. Expo Expotextil Peru 2017 projects sales for about US \$ 120 million** (*Gestión* : 16/10/2017) - The XI edition of the Expotextil Peru 2017 Fair opened its doors on October 18th. Organizers estimate sales of about US \$ 120 million in the four days of the fair. In this edition, participation of 250 exhibitors from 17 countries and the visit of 26,000 people is expected. Luisa Mesones, Expotextil Director and President of the Association of Fairs of Peru, said that the fair will see the participation of foreign manufacturers of textiles, Peruvian designers, renowned trademarks, and domestic buyers, among others.

Arup Kumar Saha  
Commercial Representative  
October 20, 2017