

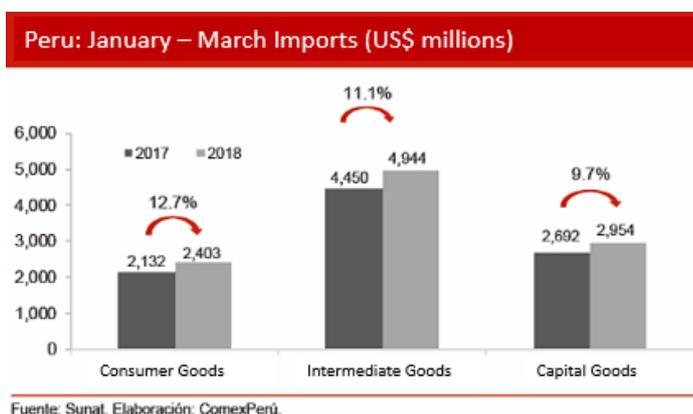
Economic & Commercial Report for the week ending 1st June 2018

1. Analysis of Trade Data (Peru)

Imports from January to March

According to figures from Sunat, in the first three months of the year, Peruvian imports reached a value of US \$ 10,309 billion, 11.1% higher than the same period of the previous year. The rise was mainly due to purchases from China, which registered an increase of 19%, from US \$ 2.017 billion in the period January-March 2017 to US \$ 2.401 billion for the same period of 2018, and represented 23% of total imports. Also, in the second place of the import ranking was the US, with US\$ 2,160 billion, which represented an increase of 2.6% with respect to the first three months of 2017 (US\$ 2,105 billion) and 21% of the total imports. In March, imports totaled US \$ 3,624 billion, with an increase of 11% compared to the same month in 2017. Likewise, China was the main supplier, with US\$ 810 million (+ 20.6%), followed by the US, with US\$ 660 million (+ 9.1%).

As shown in the following graph, in the period January-March of this year, intermediate goods reached a value of US\$ 4.944 billion (+ 11.1% with respect to the same period of the previous year); capital goods, US\$ 2,954 billion (+ 9.7%), and consumer goods, US\$ 2,403 billion (+ 12.7%). Likewise, with regard to imports in March, these were also led by intermediate goods, with US\$ 1,683 billion (46.4% of the total, + 7.3%), followed by capital, with US\$ 1,061 billion (29.3%; + 17.1%), and consumption, with US \$ 879 million (24.3%; + 11%).



In the first three months of 2018, among the imports of intermediate goods stood out the raw materials for the industry, which represented 59% of the total of the item, with a value of US \$ 2.939 billion (+ 5.7%). Likewise, among the main imported products of this type are crude oils of petroleum or bituminous minerals, with a value of US \$ 721 million (+ 17.6%), as well as diesel with a sulfur content less than or equal to 50 ppm, with a value of US\$ 369 million (+ 4.4%). On the other hand, consumer goods stood out for non-durable goods, which represented 55% of the total of the item, with a value of US \$ 1,322 billion (+ 9%). The most imported products of this type were the vehicles of between 1,500 cm³ and 3,000 cm³, with a value of US \$ 176 million (-1.2%). Capital goods stood out among those directed to the industry, which represented 63% of the total of the item, with a value of US \$ 1,871 billion (+ 4.1%). The most imported products were cell phones, with a value of US \$ 253 million (+ 5.1%).

On the other hand, La Pampilla refinery led the ranking of importing companies in the January-March period of this year, since their demand represented 7.8% of the total, amounting to US \$ 803 million, with a growth of 20.3%. They were followed by Petroperú (US \$ 665 million; + 1.1%) and Ferreyros (US \$ 153 million; + 34.1%).

Source: ComexPeru

2. News analysis related to Trade

Peru:

i. SNMPE: Peru has 5% of the world's gold reserves (*Gestion: 28/05/2018*) - During the 13th Symposium of Gold and Silver held by the National Society of Mining, Petroleum and Energy (SNMPE), Manuel Fumagallo, president of the Organizing Committee, announced that Peru has 5% of the world's gold reserves and the 24% of the world's silver reserves. "The great challenge is to value the enormous reserves of gold and silver available in our country", he recalled "Peru is the sixth world producer of gold and second producer of silver, and gold is the second product of national export after copper". In this context, Fumagallo stressed that both the private sector and the government have taken up the interest to work together in the promotion of investment in the mining sector.

ii. BCR: trade balance registers surplus in first quarter (*La Republica: 28/05/2018*) - The trade balance registered a surplus of US\$ 1,723 billion in the first quarter of this year, a level higher than that registered in the first quarter of 2017 when it registered some US\$ 1,172 billion, according to the Central Reserve Bank (BCR). This trade surplus is mainly explained by higher export volumes and higher commodity prices. With this, the trade balance accumulates seven consecutive quarters of surplus adding US\$ 6.8 billion in the last four quarters. In the first quarter of this year, exports totaled US\$ 11,749 million and imports totaled US\$ 10,026 million, an increase of 11.5% compared to the same period last year.

iii. IDB sees improvement in exports after slowdown in summer (*Gestion: 28/05/2018*) - In the first quarter of the year, Peruvian exports grew by 10.4%, this advance was half of the average expansion rate of 21.5% in 2017, the IDB said. This was due to a drop of 2.4% in shipments of metals to China, one of the main buyers that our country has. In addition, the volumes exported by Peru fell 4% year-on-year in January-February due to delays in copper shipments after the 8% increase last year, reported IBD. "But the figures tend to improve, it is possible to expect a relative improvement, since the latest data reflect logistical obstacles in shipments of minerals that have been overcome. However, the external scenario presents strong volatility features, particularly in the basic products markets" they stressed.

iv. Peru has 11 gold and silver projects for US\$ 7,806 billion (*El Peruano: 30/05/2018*) - The president of the CONFIEP, Roque Benavides, informed that Peru has a portfolio of 11 gold and silver mining projects that total an investment of US\$ 7.806 billion dollars. "All these projects face problems, like any economic activity that we must attend with firmness and transparency, in addition we have to demonstrate to the communities that we contribute to their development," he said. In addition, during the 13th International Gold and Silver Symposium, Benavides said that the prices of gold and silver are stable, which is good news for the country.

Bolivia:

v. BCB ensures that Bolivia will grow 4.7% this year (*Los Tiempos: 01/06/2018*) - The President of the Central Bank of Bolivia (BCB), Pablo Ramos, assured on 31st May that the country has the best conditions to guarantee a growth rate of the Gross Domestic Product (GDP) of 4.7 percent this year, "one of the highest in the region." Ramos said that the agriculture sector, financial services, administration and industry are at a good level, as can be seen in the growth rates in the first four months of 2018, which also help to boost the country's economy. He also said that the extractive sectors, particularly the hydrocarbon and mining sectors, have good prospects (in terms of prices) because the Latin American markets show a very favorable situation.

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May 25, 2018

