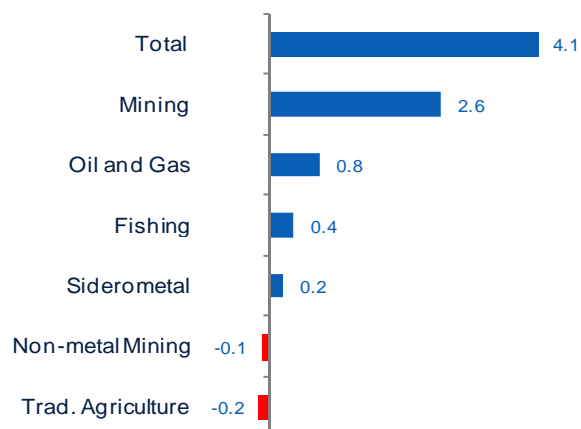


5 External sector: the current account deficit will remain low and stable

We project a noteworthy improvement in the trade balance this year, due, mainly, to the strong performance of the value of exports, through higher prices for Peru's commodity exports. This progress will be reflected particularly in traditional exports, particularly mining and hydrocarbons (see Figure 5.1). Likewise, shipments from the fisheries sector will expand due to increased catches of anchovies. We expect a recovery in non-traditional exports, although this will be somewhat weaker due to the slowdown in countries in the region (the main markets). This strong performance on the trade side will result in a current account deficit on the balance of payments equivalent to 2% of GDP (see Figure 5.2).

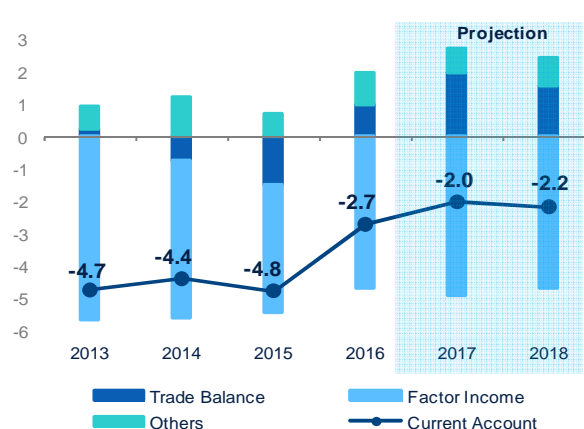
This deficit will remain similar to 2017 levels going forward. This will result in external liabilities stabilising at around current levels (as a percentage of GDP). The low current account deficit also implies that needs for external funding will be relatively limited, strengthening the position of Peru's economy in the face of any volatility that might arise from abroad.

Figure 5.1 Projected export flow in 2017
(US\$ billion, 2017 vs. 2016)



Source: Central Reserve Bank of Peru and Peruvian Revenue and Customs Office (SUNAT)

Figure 5.2 Balance of payments, current account
(% of GDP)



Source: Central Reserve Bank of Peru and BBVA Research.

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