

# Peru Economic Outlook

2Q20

Closing date: April 20

April 2020

# Key messages (I)



- The global outbreak and spread of COVID-19, together with the measures that have been taken to contain it, are having significant economic impacts on the world and are leading us to make major changes in our macroeconomic projections.
- The main measure at the global level to contain the spread of the virus and support the health care systems is confinement. Of course, this is slowing down activity, as suggested by various indicators.



- In this context, economic authorities around the world have been implementing monetary, fiscal, and regulatory policies that seek to moderate the impacts of actions aimed at containing the spread of the virus.
- The health care emergency has led to a rapid increase in the global perception of risk, although in recent weeks there have been signs of moderation following the actions of the central bank.
- This environment has weakened the price of raw materials and currencies in the region, including Peru.

## Key messages (II)



- Locally, with the beginning of mandatory social isolation in the second half of March, the impact on activity has been significant according to several indicators.
- Our revised baseline scenario incorporates the macroeconomic impacts of the measures to contain the spread of COVID-19.



- On the external side, it considers that global activity will suffer a strong negative shock in the first half of the year, with a subsequent recovery - that will be more evident in 2021 - supported by significant economic stimulus. This will support the appetite for emerging-economy assets in the second half of 2020.



- On the local side, the new baseline scenario considers that between 50% and 60% of the economy will be "shutdown" until the end of April (due to the quarantine). After that, the supply-side "exit" will be gradual, depending on the ease of each activity to implement health protection measures, the potential infection rate in each one of them, and the added value they generate. Some activities will not return to their previous state.

## Key messages (III)



- On the demand side, the baseline scenario considers that the fear of infection and the aftermath of the quarantine (in employment, for example) will have prolonged negative impacts on the private sector expenditure. The economic stimuli that have been implemented will help households and businesses to cope with the quarantine period, moderate the fallout that it causes, and support a subsequent recovery in activity.



- In this environment, we expect GDP to contract between -8.0% and -5.0% in 2020. The bias of the projection is downward. If mandatory social isolation extends beyond April, each additional week will mean at least one percentage point lower of growth in the year. On the expenditure side, only public sector demand will advance this year, although this will not be sufficient to prevent the decline in aggregate demand and non-primary GDP. In 2021, there will be a major rebound in activity.



- On the external side, the most relevant risk factor on these forecasts is that containment of the pandemic will take more time and the costs to achieve it will be higher. Meanwhile, on the local side, the main risks are that quarantine will be extended, government support for households and businesses will not be adequate and timely, and that there will be more outbreaks of the virus in the coming months.

## Key messages (IV)



- **External accounts show strength:** international liquidity is high, and the country has sources to finance its low current account deficit of the balance of payments and its short-term foreign liabilities. Coupled with a renewed appetite for emerging-economy assets in the second half of the year, the exchange rate will be between 3.35 and 3.40 soles per USD at the end of 2020.



- **Fiscal accounts will be weakened by stimulus measures, which will result in the government deficit in 2020 being the highest in the century.** In the next few years, it will tend to decrease because these support measures are mainly of transitory nature, but this will not prevent gross public debt from exceeding the limit set in macro-fiscal rules (30% of GDP), although it is not anticipated that it will continue on an upward trend. Eventual downgrade of the sovereign credit rating?



- The Central Bank brought the policy rate to 0.25% in early April (all-time low). **We expect it to remain at that level at least until the end of 2021.** It also has injected liquidity so that credit conditions do not deteriorate and will later favor recovery.

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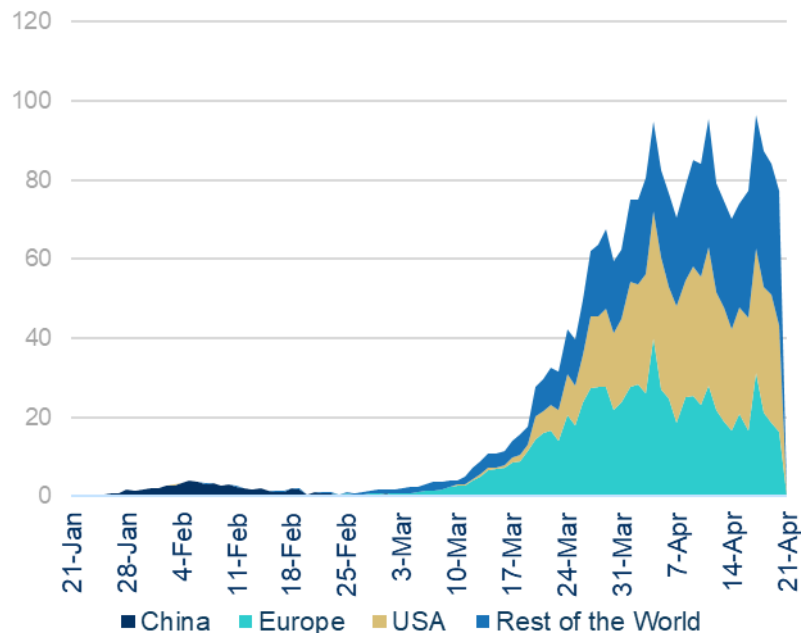
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  - A. GDP and economic activity
  - B. Foreign sector: trade balance, current account and exchange rate
  - C. Fiscal result and public debt
  - D. Inflation and monetary policy
- 03 Summary of macroeconomic forecasts

# 01

## Overall situation of COVID-19 and its impact on economies and markets

# COVID-19 originated in China and then spread from east to west, costing human lives

**DAILY CASES OF COVID-19 (\*)**  
(THOUSANDS OF PEOPLE)



- COVID-19 has directly affected more than 2.5 million people in the world since its outbreak in China in mid-January.
- In Asia, the initial spread is currently under control.
- In Europe, it has progressed with intensity and is currently in the remission phase.
- The Americas are the focal point today, especially the USA, where the outbreak seems to be reaching a peak.

(\*) Europe includes Italy, Spain, Germany, France and the United Kingdom.

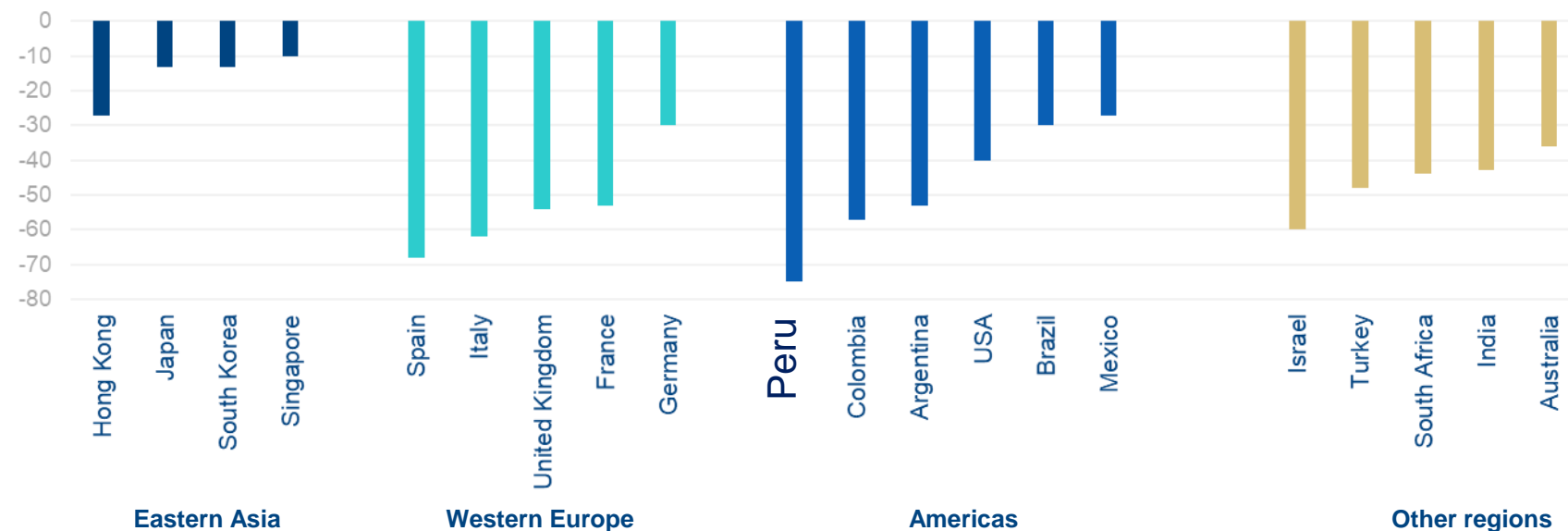
Source: BBVA Research based on data from Johns Hopkins University



# Confinement measures are helping to control the epidemic, but they logically slow down economic activity

## WORKPLACE DISPLACEMENT INDICATOR

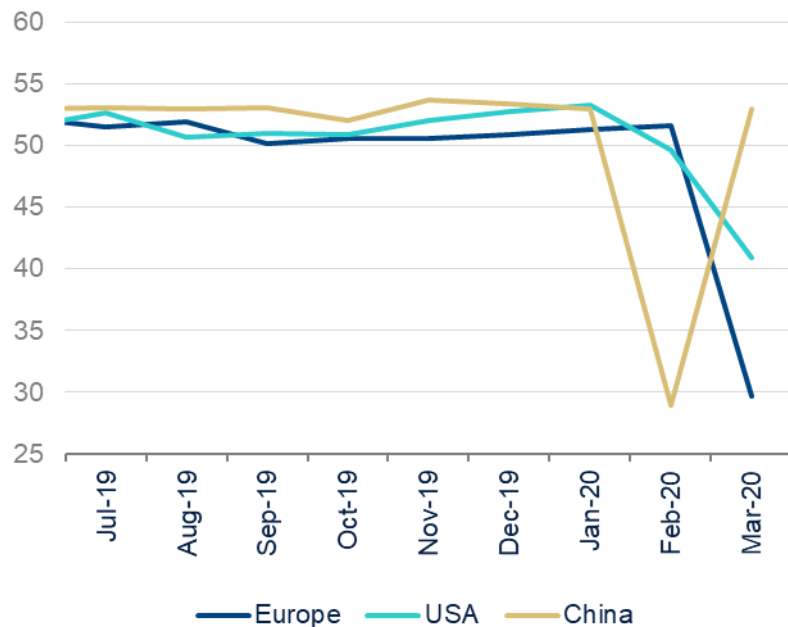
(% CHANGE BETWEEN APRIL 5 AND THE PERIOD FROM JANUARY 3 TO FEBRUARY 6)



# Activity indicators already show the highly contractionary effects of COVID-19 on major geographies

## PMI INDICATORS

(MORE THAN 50: EXPANSION; LESS THAN 50: CONTRACTION)



- The supply shock due to confinement is the main impact channel in the very short term
- Other channels:
  - Demand (confidence, social consumer goods)
  - Financial (cost of financing, loss of financial wealth)
  - Other supply shocks (global value chains)
- In China, where the pandemic started, activity contracted 6.8% year-on-year in the first quarter
- Confidence and employment indicators show a very severe impact on 2Q20
- In China, there are signs of recovery of activity in the second quarter

# Monetary, fiscal, and regulatory policies around the world seek to moderate the impact of actions aimed at containing the spread of the virus



## Monetary policy

- Interest rate cuts
- Increased liquidity
- Other programs to moderate the deterioration of credit conditions



## Fiscal policy

- Direct support for vulnerable families
- Postponement of public service payments and taxes
- Business support (e.g., reducing social security expenses, direct loans with state guarantee)
- Measures to make the employer/worker relationship more flexible and thus avoid layoffs



## Banking sector

- Moratorium on mortgage payments and other loans

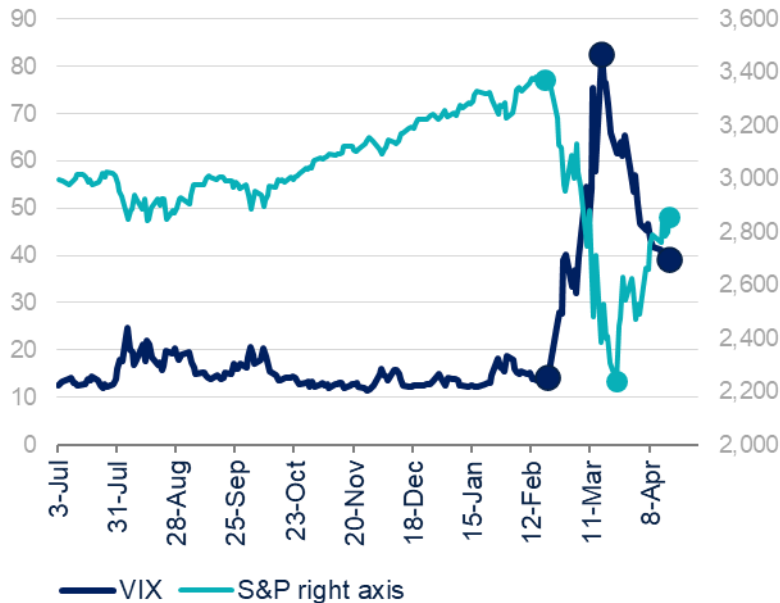


## Regulation/Supervision

- Relaxation of liquidity and capital requirements
- Postponement of stress tests, operational flexibility
- Ban on short sales
- Flexibility in the implementation of IFRS 9 (Europe)

# Global perception of risk rallied rapidly, but moderated after actions by the central banks

## PERCEPTION OF RISK AND STOCK VALUE (IN POINTS)



### ■ Marked and generalized increase in the perception of risk:

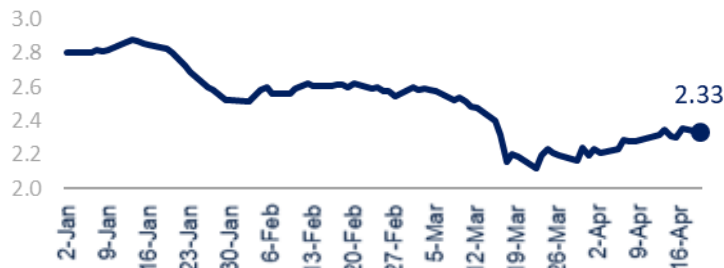
- Stock crashes from very high levels
- Volatility at record levels
- Shortage of dollars
- Rally of corporate risk (especially speculative grade debt)
- EMs: currency depreciations, recovery of risk premiums, capital outflows

### ■ This time, unlike the 2008-09 crisis, the banking system has not been a source of specific concerns

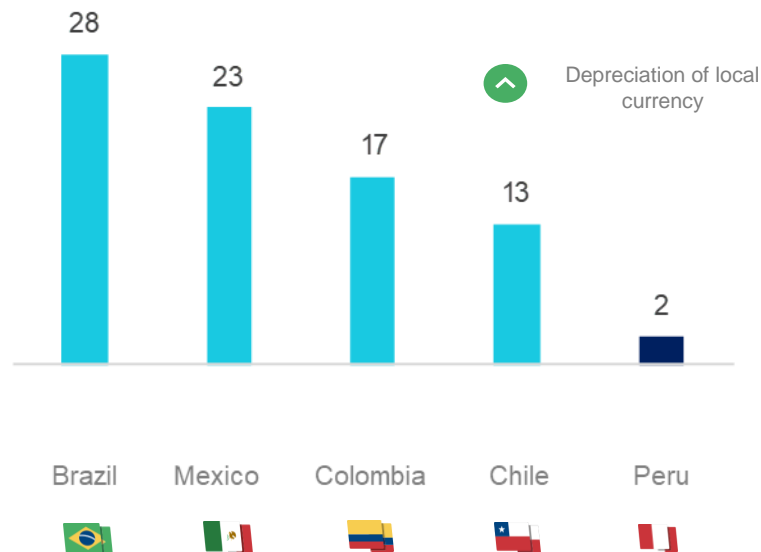
### ■ The rapid and robust action of central banks has limited the financial impairment

# In this environment, the prices of raw materials and currencies in the region have weakened, including Peru

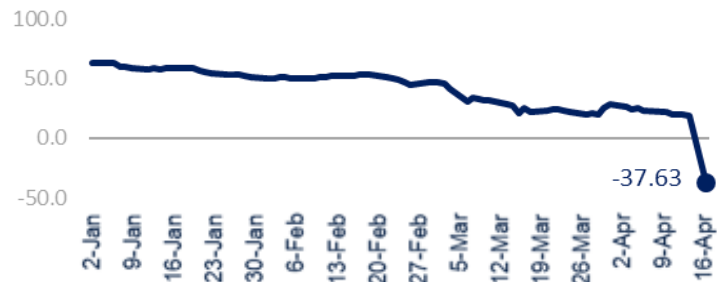
## PRICE OF COPPER IN 2020 (USD/GBP)



## % CHANGE OF EXCHANGE RATE (LOCAL CURRENCY UNITS PER DOLLAR, CURRENT LEVEL VS DECEMBER 31, 2019)



## PRICE OF WTI OIL IN 2020 (USD PER BARREL)



# 02

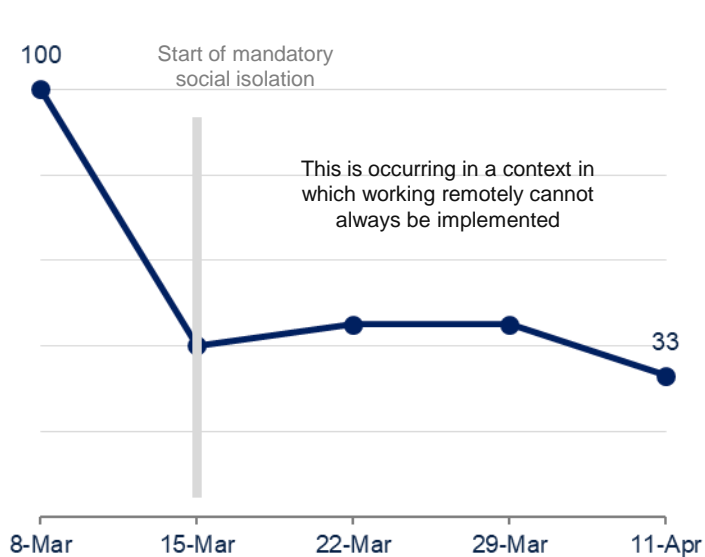
## Quarterly review of macroeconomic forecasts

# 02

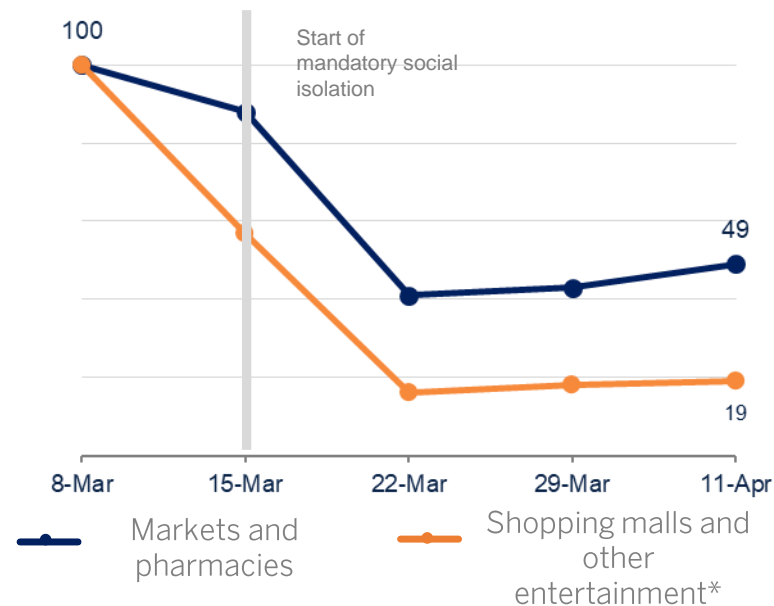
## A. GDP and economic activity

# Indicators suggest that mandatory social isolation had a strong impact on activity since March

## WORKPLACE DISPLACEMENT INDICATOR (INDEX, WEEK BEFORE START OF QUARANTINE = 100)



## SHOPPING CENTER DISPLACEMENT INDICATOR (INDEX, WEEK BEFORE START OF QUARANTINE = 100)



\* Includes restaurants, cafes, theme parks, museums, libraries and movie theaters.

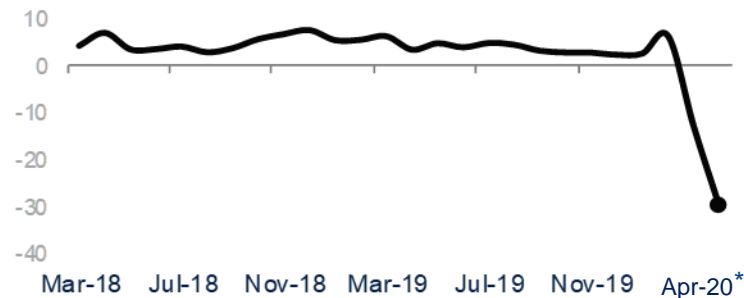
Source: Google COVID-19 Community Mobility Reports



# Indicators suggest that mandatory social isolation had a strong impact on activity since March

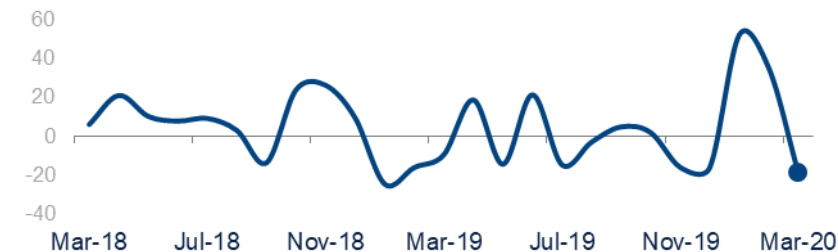
## ELECTRICITY PRODUCTION

(YoY % CHANGE)



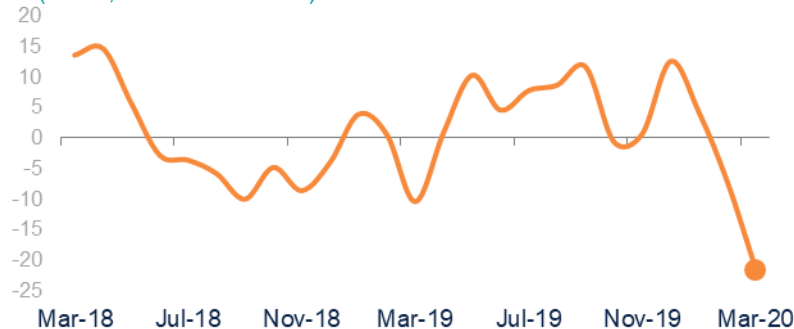
## PUBLIC INVESTMENT

(GOV. GENERAL, ACTUAL, YoY % CHANGE)



## IMPORTS OF CAPITAL GOODS

(REAL, % YOY CHANGE)



## BUSINESS CONFIDENCE

(POINTS)



\* As of April 20

Source: COES, BCRP and BBVA Research

# The baseline scenario for 2020 and 2021 includes...

01

**Strong** (but temporary) **negative impact on worldwide growth** of the measures to contain COVID-19. Uncertainty is high

02

**Unprecedented monetary and fiscal stimuli** to moderate those impacts and support the subsequent recovery of activity

03

**Global perception of risk in the second semester of the year will decrease**, favoring the flow of capital toward emerging markets

04

**Prices of raw materials will trend toward recovery**, though they will remain at relatively low levels

05

The baseline scenario implies that the **local quarantine will end in April**. Until then, between 50% and 60% of the economy will remain "shutdown"

06

**After that, the "exit" on the supply side will be gradual**: activities will normalize, in accordance with the rate of infection and the generation of added value. Some will not return to their previous state

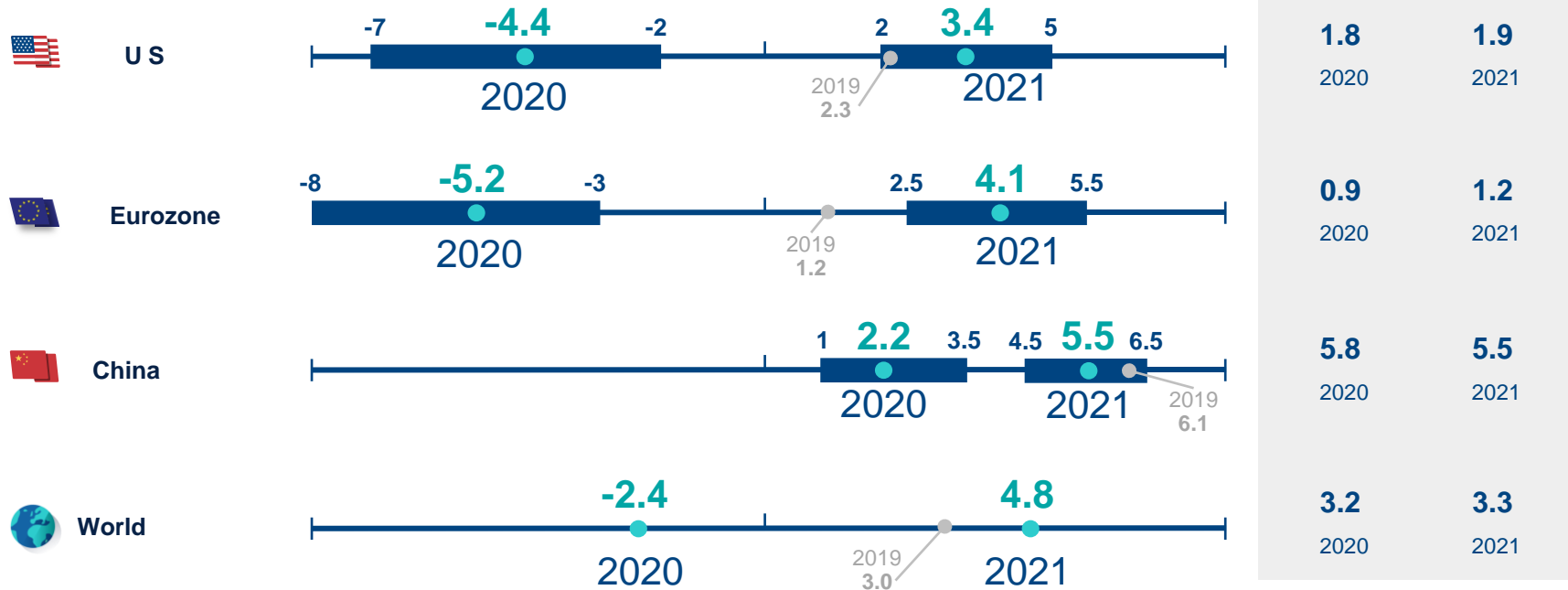
07

**Fear of infection and the quarantine itself will have prolonged effects on private spending**. Business confidence will remain pessimistic

08

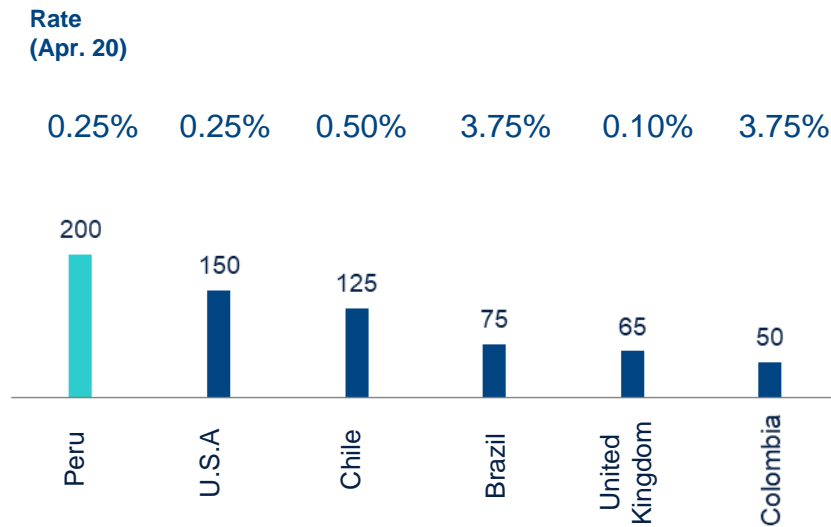
**Strong fiscal and monetary stimuli**

# Strong (but temporary) negative impact on worldwide growth from the measures to contain the spread of COVID-19



# Unprecedented monetary and fiscal stimuli to moderate those impacts and support the subsequent recovery of activity

## INTEREST RATE CUTS OF SOME CENTRAL BANKS STARTING DECEMBER 2019 (BASIS POINTS)

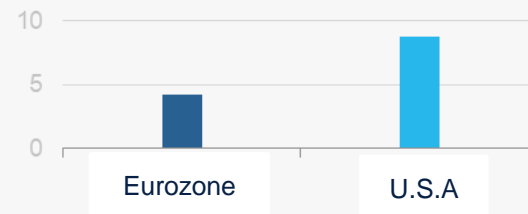


## ASSETS OF THE FED



Increase of at least  
**USD 2.3 billion**  
(11.5% of GDP) in 2020

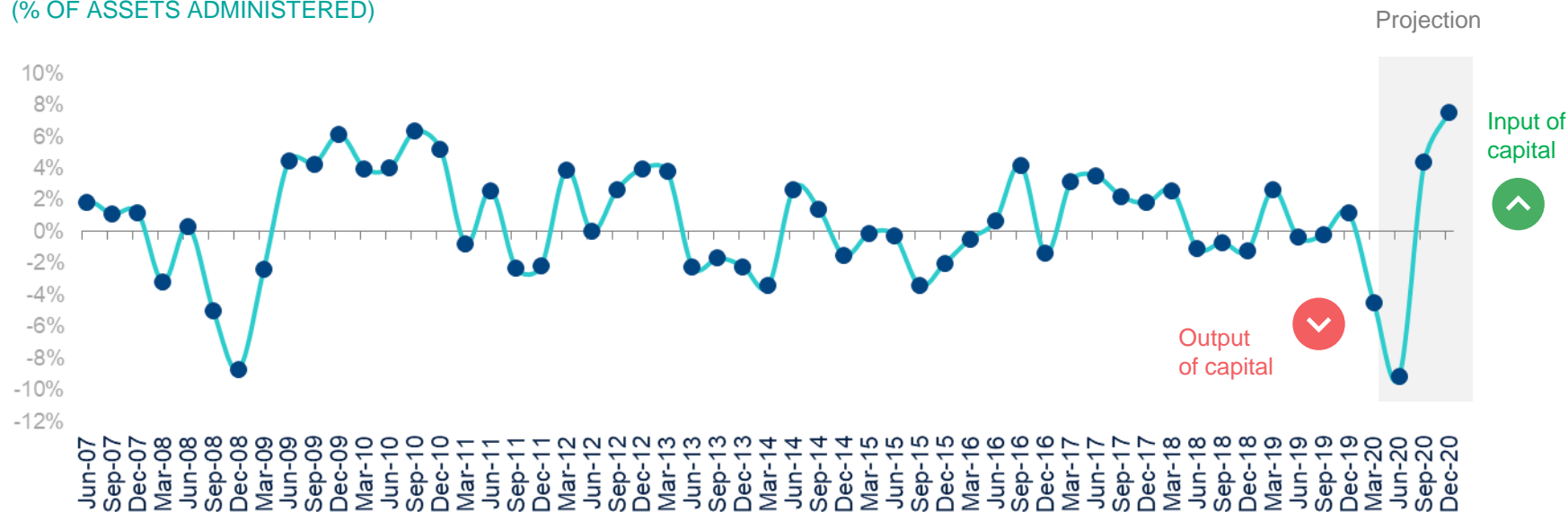
## TAX STIMULUS MEASURES, LOAN GUARANTEE FUNDS AND OTHER MEASURES (% OF THE GDP)



# Global perception of risk in the second semester of the year will decrease, favoring the flow of capital toward emerging markets

## CAPITAL FLOWS TOWARD EMERGING MARKETS

(% OF ASSETS ADMINISTERED)



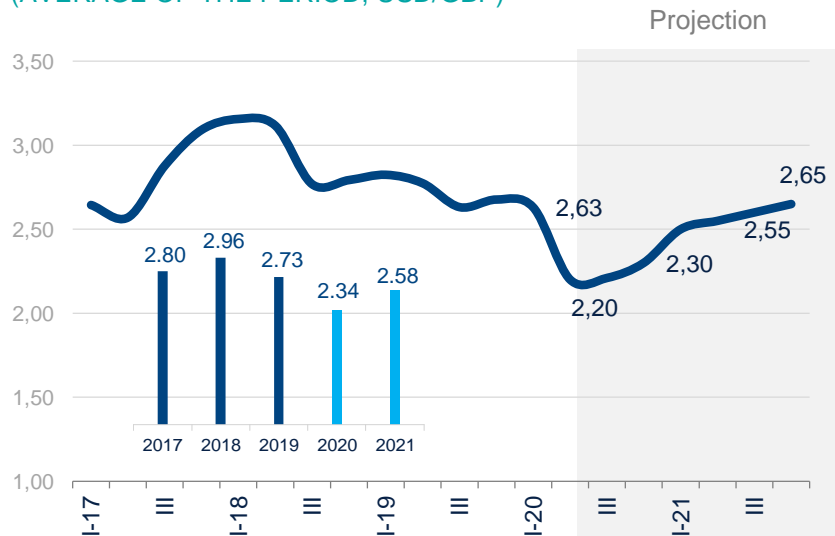
Source: BBVA Research

Capital flows to emerging economies will be favored as containment measures at the global level dissipate, the effects of stimulus measures materialize, and economic activity improves

## Prices of raw materials will trend toward recovery, though they will remain at relatively low levels

### COPPER PRICE

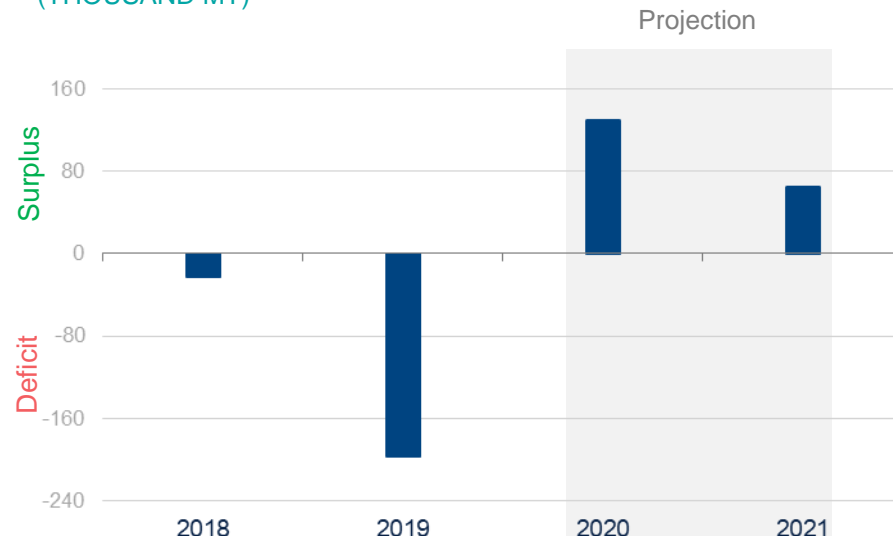
(AVERAGE OF THE PERIOD, USD/GBP)



Source: Reuters, Cochilco and BBVA Research

### WORLD COPPER BALANCE\*

(THOUSAND MT)



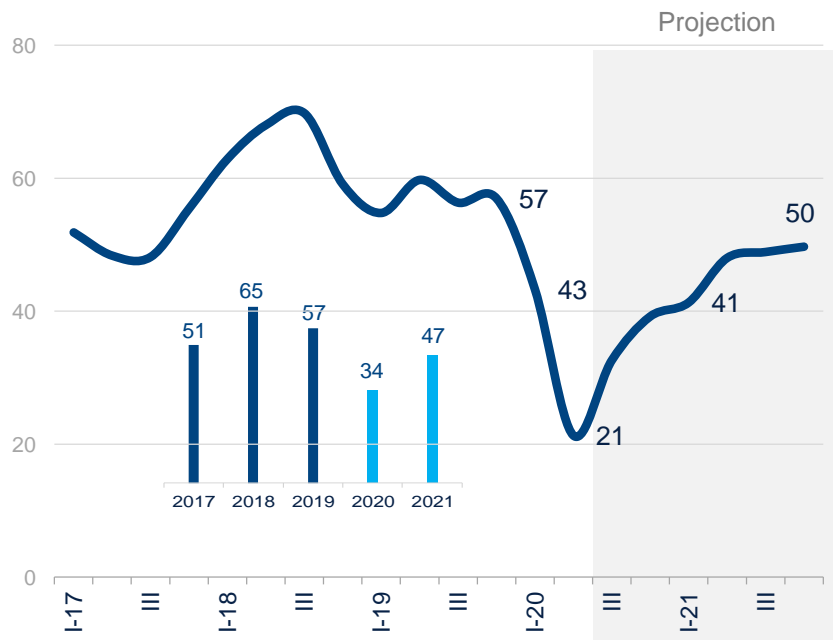
\*Posted on April 3 (Cochilco)

Global economic activity will demonstrate better performance starting in the second half, including China, which demands about 50% of global copper production, and this will support the price of this metal. In any case, the forecast for the price of copper has a downward bias

## Prices of raw materials will trend toward recovery, though they will remain at relatively low levels

### OIL PRICE

(AVERAGE FOR PERIOD, USD/WTI BARREL)



- Concerns about oversupply persist despite the recent OPEC + agreement to reduce production
- Russia and Saudi Arabia ended the price war by supporting an OPEC + agreement to reduce global supply by about 10% in May and June (8% in 2H20 and 6% from January 21 to April 22)
- The average price is estimated to be USD 34 in 2020, reflecting a significant market imbalance, reaching USD 47 in 2021 as global growth accelerates and crude oil supply stabilizes

**The baseline scenario assumes that local quarantine will end in April. Until then, between 50% and 60% of the economy will remain "shutdown"**

	Weight (%)	Operability during quarantine
<b>Primary GDP</b>	<b>25.2</b>	
Farming	6.0	High operability (above 66%)
Fisheries	0.7	High operability (above 66%)
Metal mining	12.1	Low operability (below 33%)
Hydrocarbons	2.2	High operability (above 66%)
Primary manufacturing	4.1	High operability (above 66%)
<b>Non-primary GDP*</b>	<b>74.8</b>	
Non-primary manufacturing	12.4	Low operability (below 33%)
Electricity	1.7	Intermediate operability
Construction	5.1	Low operability (below 33%)
Commerce	10.2	Intermediate operability
Services	45.4	
Transportation	5.0	Low operability (below 33%)
Hotels and restaurants	2.9	Low operability (below 33%)
Telecommunications	2.7	High operability (above 66%)
Financial services	3.2	Intermediate operability
Other	31.7	Intermediate operability
<b>Total GDP</b>	<b>100.0</b>	

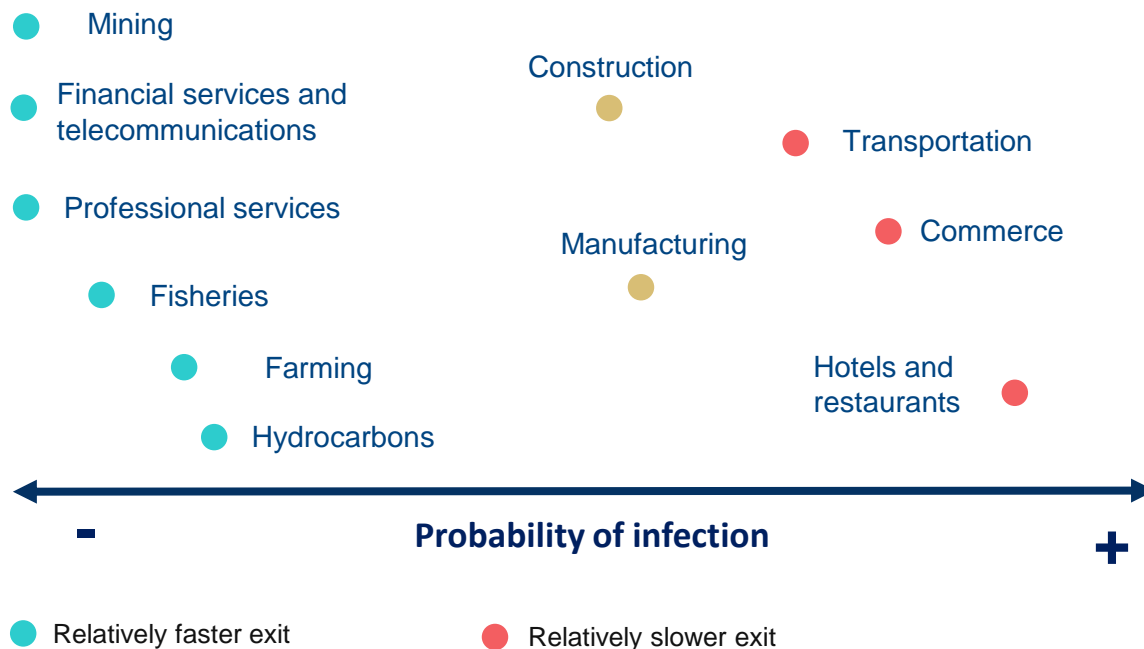
High operability  
(above 66%)

Intermediate operability

Low operability  
(below 33%)



## After that, the "exit" on the supply side will be gradual: activities will normalize, in accordance with the rate of infection and value added



The "exit" takes into consideration:

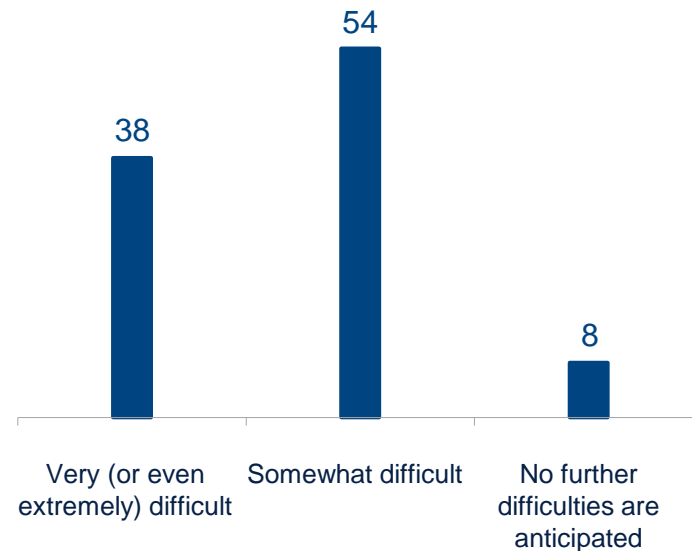
- The ease of working remotely
- How scattered workers are (or how scattered they could be) in their work centers
- How easy and feasible it is to implement health protection measures
- How labor intensive the activity is
- The value added they generate

## Fear of infection and the quarantine will have a prolonged impact on private spending: business confidence will continue on a pessimistic trend

### BUSINESS CONFIDENCE (POINTS)



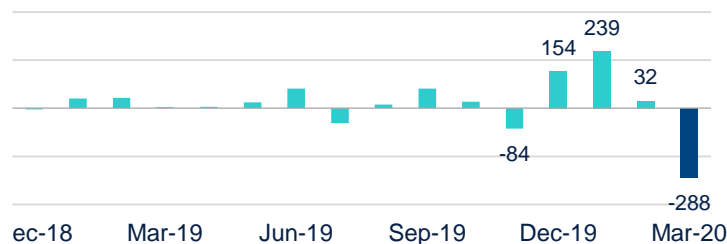
### HOW DIFFICULT DO YOU THINK IT WILL BE TO SUSTAIN BUSINESS CONTINUITY IN THE NEXT SIX MONTHS? (% OF EXECUTIVES SURVEYED)



# Fear of infection and the quarantine will have a prolonged impact on private spending: employment will be recovered very gradually

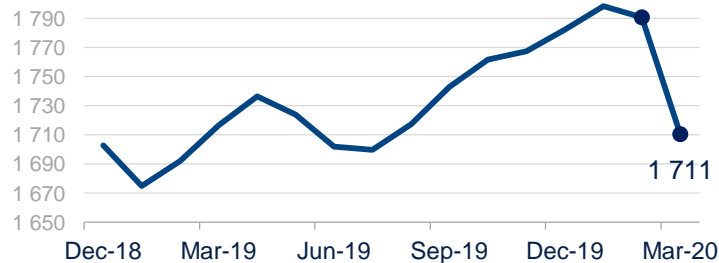
## EMPLOYED EAP IN METROPOLITAN LIMA\*

(MONTH VERSUS MONTH VARIATION SIMILAR TO THE PREVIOUS YEAR, THOUSANDS OF PEOPLE)



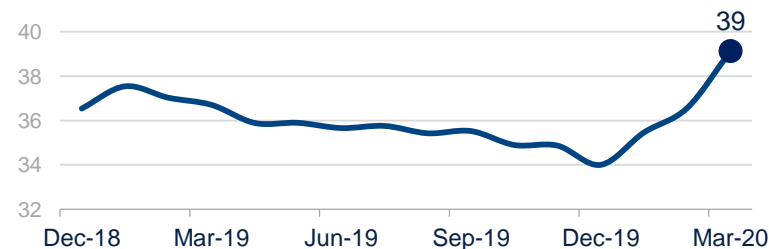
## MONTHLY WAGE INCOME IN METROPOLITAN LIMA\*\*

(SOLES)

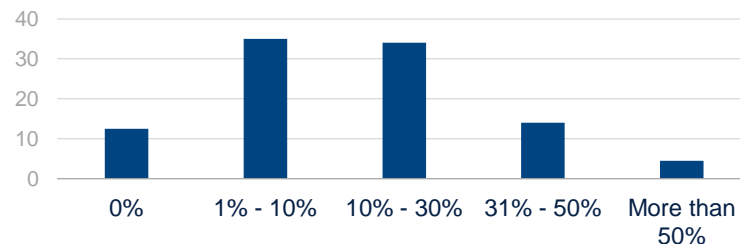


## SUB-EMPLOYMENT RATE IN METROPOLITAN LIMA\*\*

(% OF THE EMPLOYED EAP)



## WHAT PERCENTAGE OF YOUR PAYROLL EXPENSE DO YOU THINK YOU WILL NEED TO REDUCE IN THE NEXT THREE MONTHS? (% OF EXECUTIVES SURVEYED)



\* BBVA Research estimate

\*\* Moving quarter information

Source: INEI, Apoyo Consultoría and BBVA Research

## Strong economic stimulus

### Companies

#### Implementation

- 35% payroll subsidy (for workers with salaries up to 1 500 soles)
- Tax relief and payment of obligations to the financial system
- Corporate Support Fund for MSEs
- State guarantee for new loans for working capital (per 30 billion soles)
- Flexible working relationship (total labor suspension)

### Families

- Bi-weekly bond for 3.5 million vulnerable households (380 soles)
- Monthly allowance for MSEs workers in total labor suspension (760 soles)
- Contribution made by the State to Essalud and ONP (Department of Social Security, Peru) of workers in total labor suspension
- Release of Forced Savings: CTS (severance indemnity) and AFP (pension fund companies)
- Tax relief and payment of obligations to the financial system, and payment of public services

Overall, the measures already being implemented are equivalent to 7% of GDP, according to our estimates

#### Measures that could be implemented

✓ Sectoral supports (hotels, restaurants, etc.)

✓ Increased tax benefits

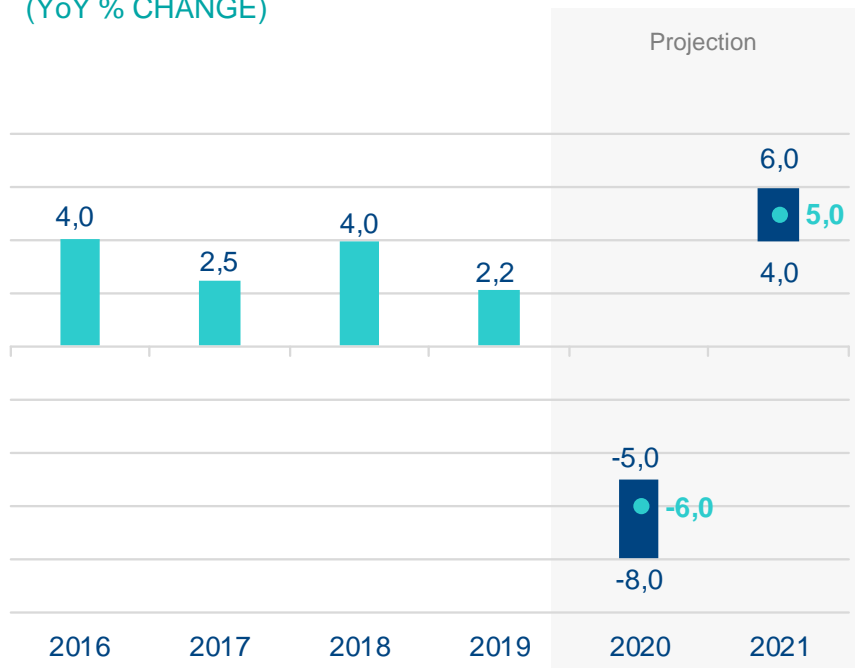
✓ Subsidies for the acquisition of social housing

✓ Review of regulatory quality

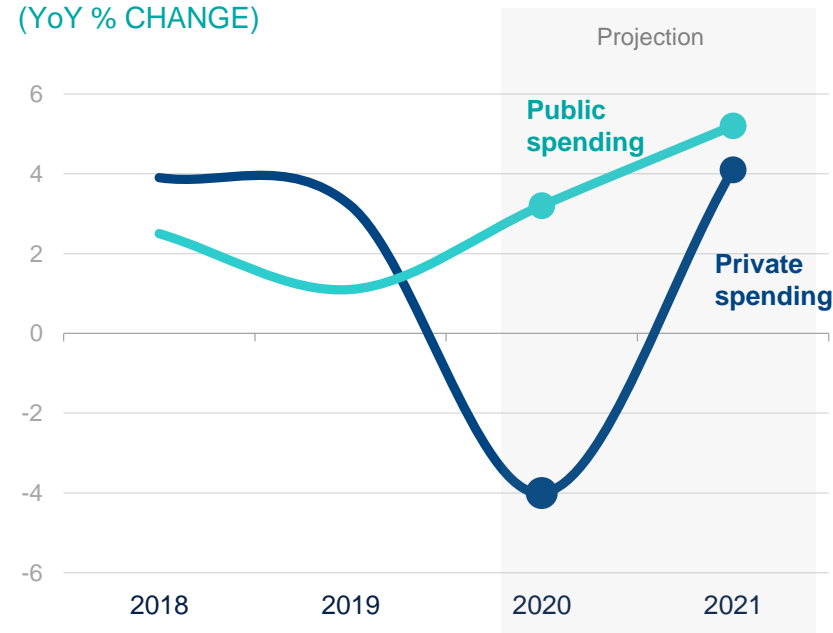
✓ Increased public investment

**In this context, GDP will shrink between –8% and –5% in 2020, but there will be a major rebound in 2021**

**GDP**  
(YoY % CHANGE)



**PUBLIC AND PRIVATE SPENDING\***  
(YoY % CHANGE)

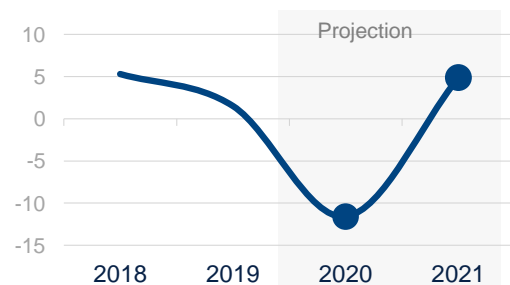


\*Private spending does not include inventory variation

# On the sectoral side, construction will be the most affected sector this year, while primary GDP will lead growth in 2021

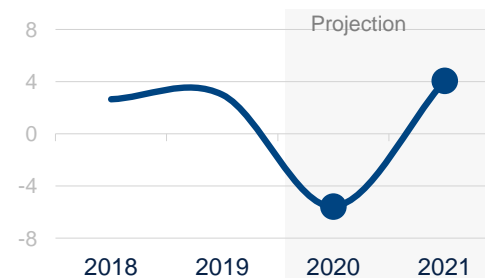
## CONSTRUCTION

(YoY % CHANGE)



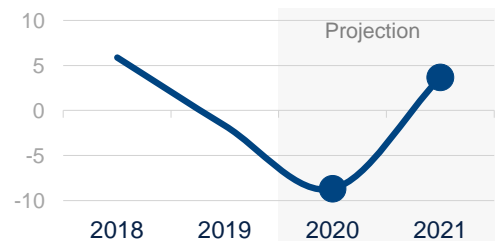
## COMMERCE

(YoY % CHANGE)



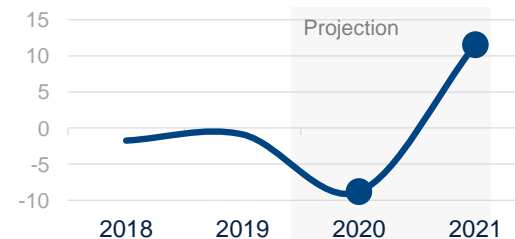
## MANUFACTURING

(YoY % CHANGE)



## MINING\*

(YoY % CHANGE)



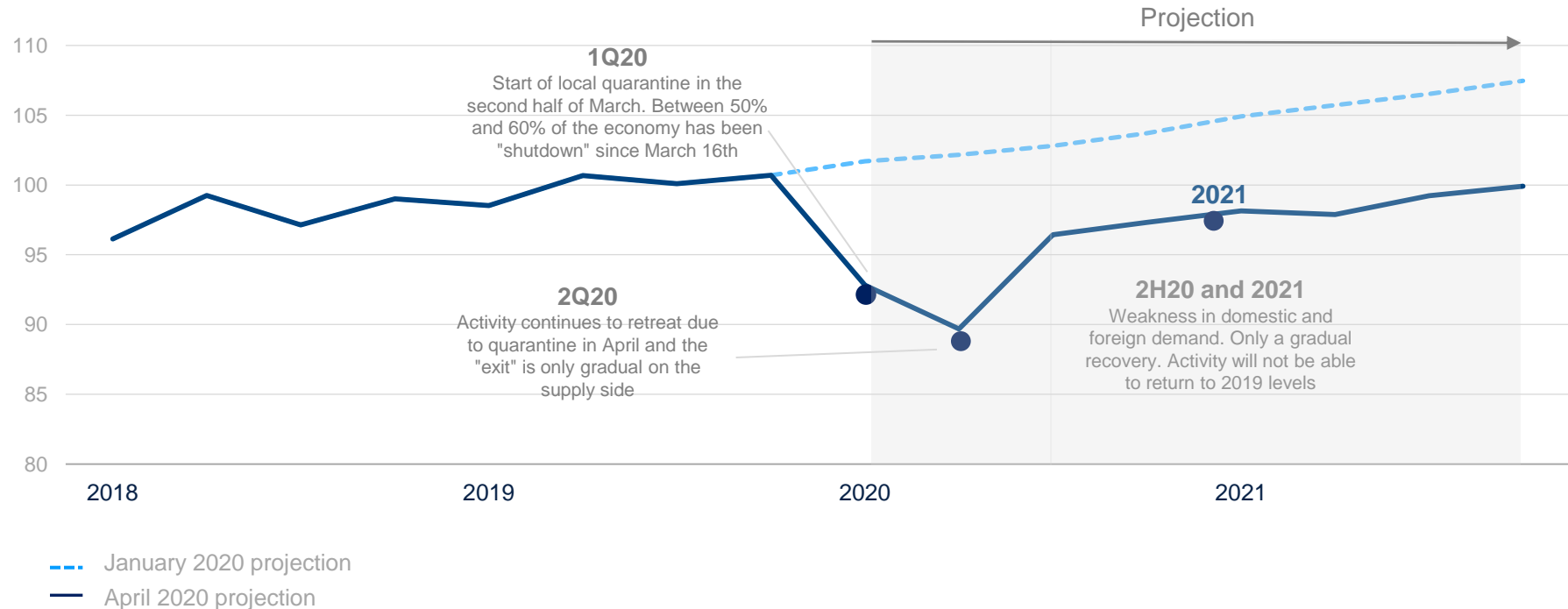
\*Metal mining

Source: INEI, BCRP and BBVA Research

# These forecasts are consistent with a strong downturn of activity in the first half of 2020 and subsequent gradual recovery

## LEVEL OF ECONOMIC ACTIVITY

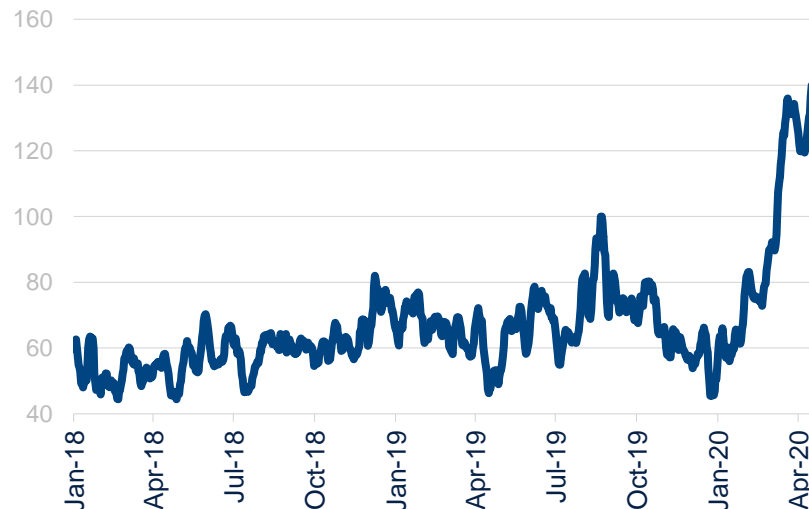
(SEASONALLY ADJUSTED GDP RATIO, 4Q2019 = 100)



# Risks to the forecast baseline scenario

## ECONOMIC UNCERTAINTY INDEX (\*)

(AUGUST 21, 2019 = 100)



(\*) Weighted average tone of news in the media where the topics of the "economy" and "uncertainty" appear as associated, and it is weighted by the coverage of such news.

Source: BBVA Research based on data from GDELT



### Epidemiological uncertainty:

- Pandemic control deadlines
- Speed of the "opening" process
- Possible new waves of infection
- Availability of a vaccine or treatment



### Economic uncertainty:

- Effectiveness of stimuluses
- Effect on public and private debt levels



### Financial uncertainty

- Resurgence of financial stress
- Risk of systemic crisis



The pandemic raises many questions about the long term



## Risks to the forecast baseline scenario



Extension of the quarantine period (beyond April)



Possible resurgences of COVID-19



Uncertainty about the gradual "exit" on the supply side



Government support for families and businesses does not reach those who need it and in a timely manner



Increased unrest and social conflict

Each additional week of mandatory social isolation implies at least **one percentage point** of lower growth in 2020

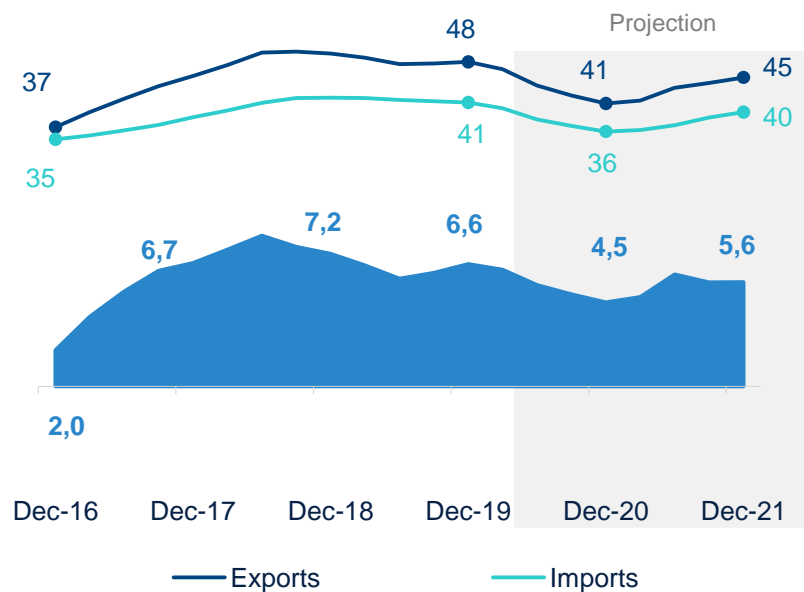
The balance of risks is bearish

# 02

## B. Foreign sector: trade balance, current account, and exchange rate

# While lower than in previous years, the trade surplus will remain significant in 2020...

**TRADE BALANCE** (USD BILLION, ACCUMULATED OVER THE LAST FOUR QUARTERS)



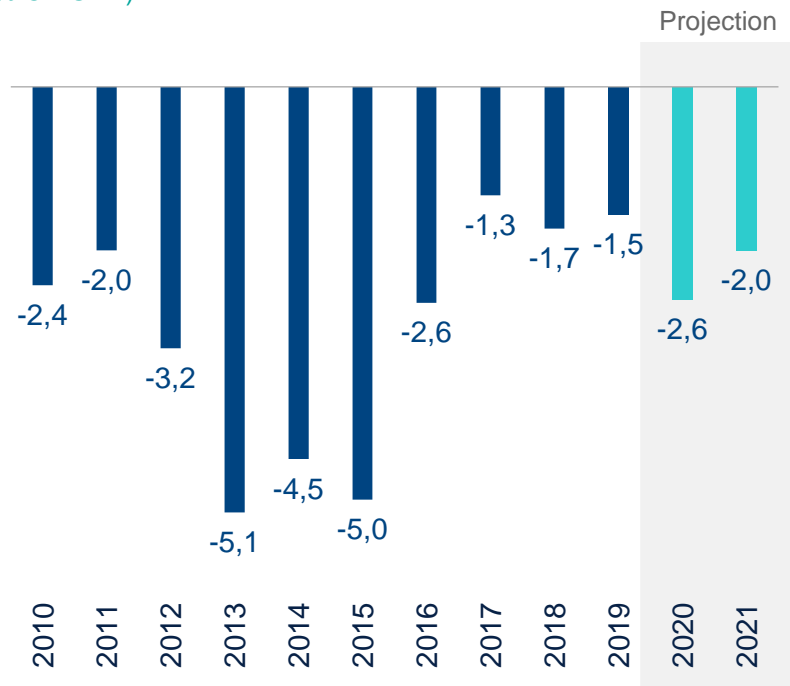
Trade surplus of around USD 4.5 billion this year, affected by:

- Downward correction in metal prices
- Quarantine (negatively impacts the exportable supply of metals, for example)
- Weak domestic demand (affects imported volumes)
- Downward correction on the price of oil

## ... so foreign financing requirements will remain at manageable levels

### BALANCE OF PAYMENTS: CURRENT ACCOUNT

(% OF GDP)



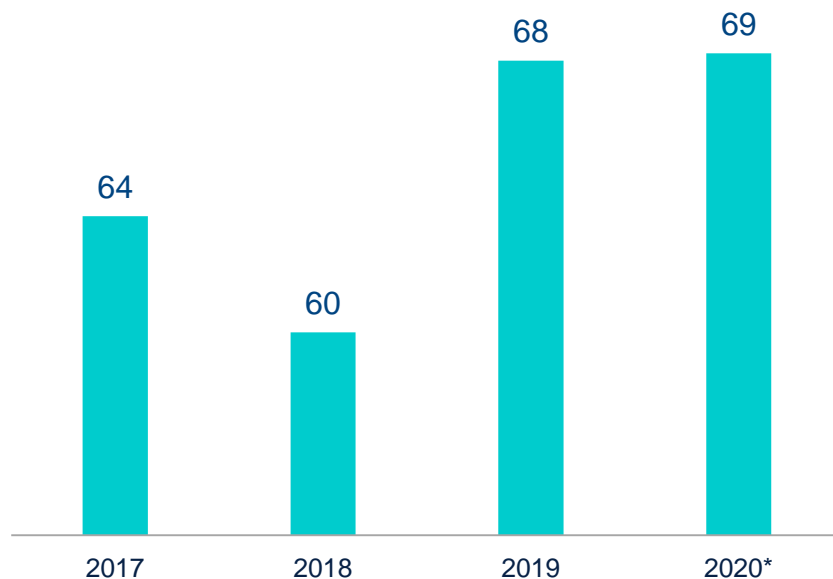
On the financial side, the baseline scenario considers capital inflows from:

- Liquidation of foreign investments by the AFPs (pension fund administrators) to meet withdrawals for contributors to the fund (the maximum amount to be repatriated may be between USD 7 billion and USD 9 billion, equivalent to 3% to 4% of GDP)
- Direct foreign investment (e.g. in mining) about 2% of GDP
- Starting in the second half, capital inflows will aim for profitability in a context of low interest rates in developed economies
- The fiscal stimulus announced by the Government will be financed in part by foreign resources

# Moreover, during this current crisis, Peru has high international liquidity

## NET INTERNATIONAL RESERVES

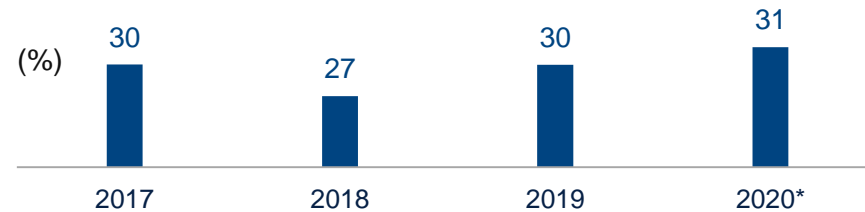
(USD BILLIONS)



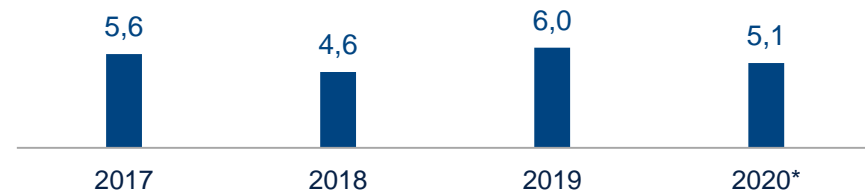
## NET INTERNATIONAL RESERVES

(COVERAGE INDICATORS)

NIR/GDP



NIR/Short-term foreign debt plus foreign deficit (number of times)



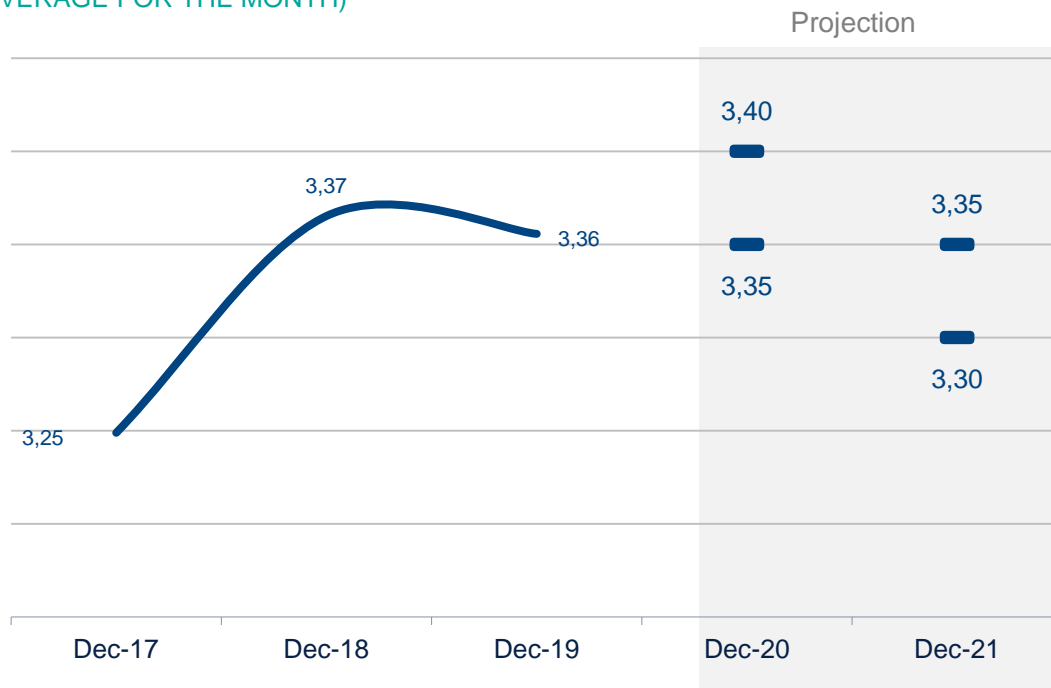
\* Forecast.

Source: BCRP and BBVA Research

# In that scenario, the exchange rate will close the year slightly below 3.40, but the PEN will strengthen some more after the election

## EXCHANGE RATE

(USD/PEN, AVERAGE FOR THE MONTH)

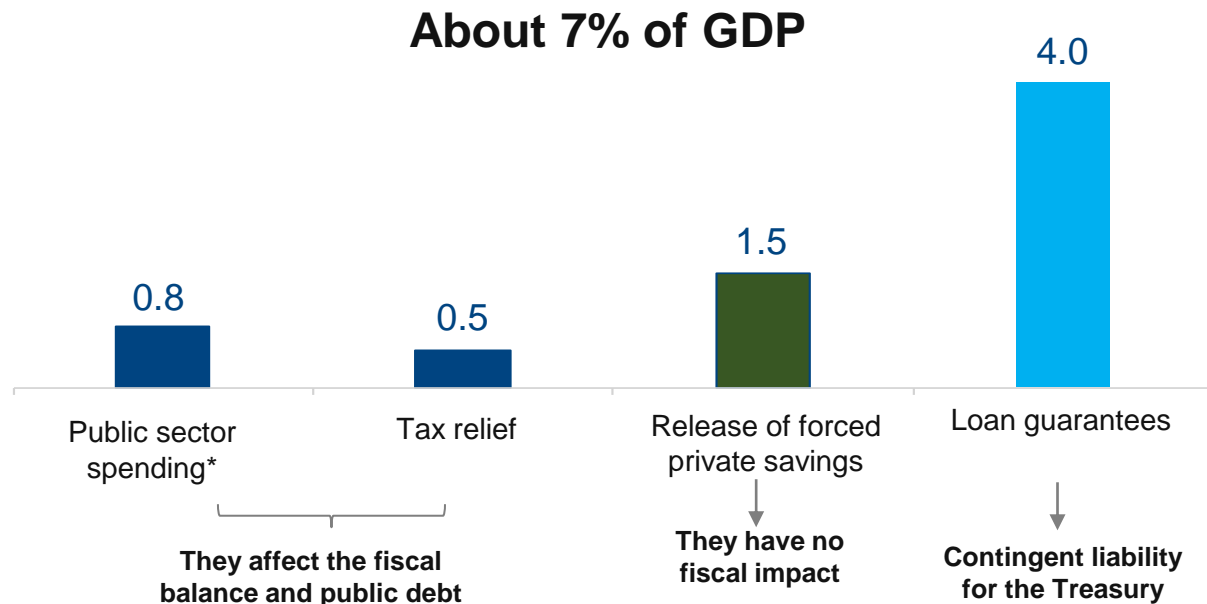


**Episodes of volatility are not ruled out**, mainly due to external factors.

## C. Fiscal result and public debt

# Stimulus measures will lead to a deterioration of the fiscal deficit in 2020...

## ECONOMIC STIMULUS MEASURES BEING IMPLEMENTED (% OF GDP)



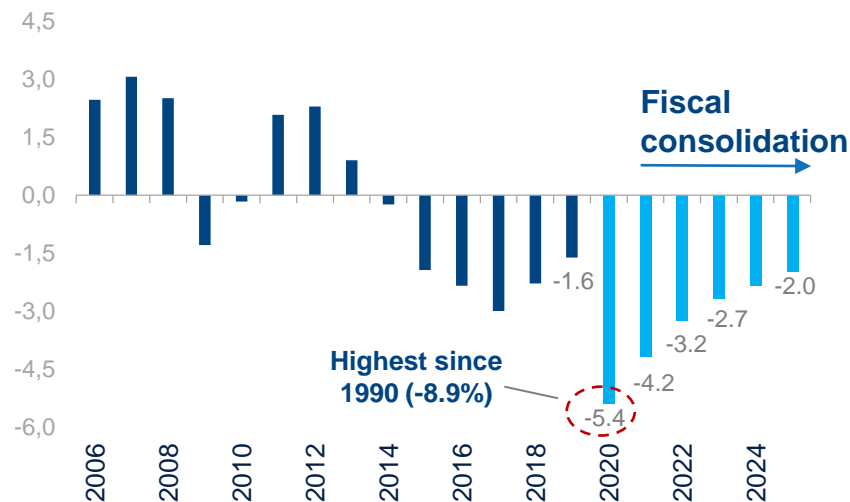
\*Includes the Bono 380 (380 Bonus), payroll subsidy, strengthening of health services, among others

Source: BBVA Research



# ... a deficit that will be the highest so far this century, but that will tend to decrease in the future

## FISCAL RESULT\* (% OF GDP)



The nature of fiscal stimulus (2020) is temporary

## 2020

- Lower activity and lower price of metals
- Lower tax revenues
- Transfers and reactivation plan, mainly in the last part of the year
- Higher spending

**Moving forward, public spending will moderate, particularly current expenses**

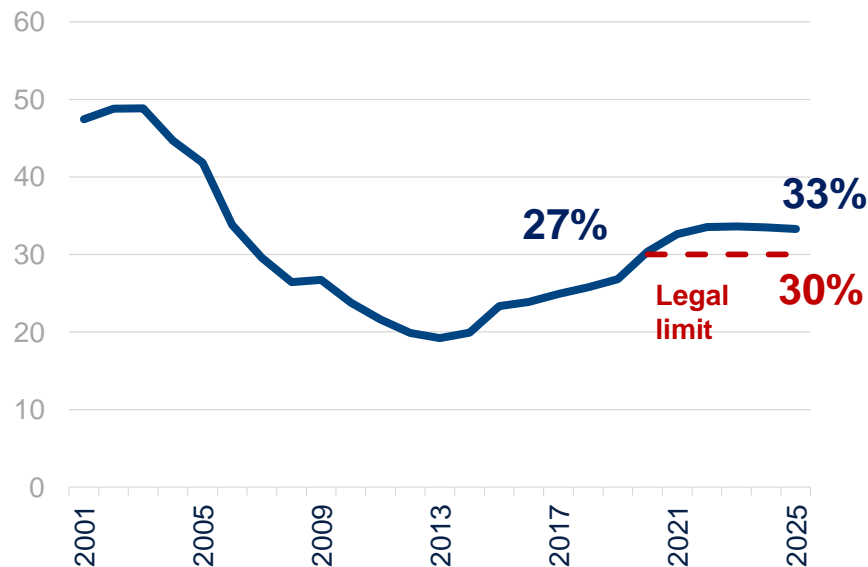
The Government approved the temporary suspension of fiscal rules for 2020 and 2021 (fiscal balance and 30% of GDP limit for gross public debt)

\* Non-financial public sector.

Source: BCRP and BBVA Research

## Estimated deficits imply that gross public debt will increase, but that it will, in spite of this, stabilize at a level below 35% of GDP

### GROSS PUBLIC DEBT\* (% OF GDP)



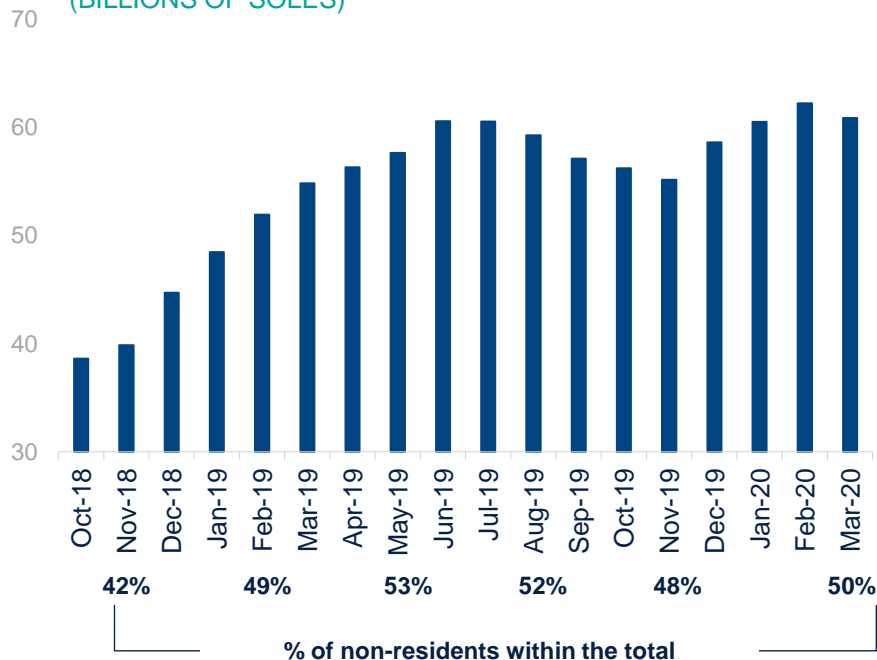
\*Non-financial public sector

Source: BBVA Research

- We estimate that gross public debt will stabilize at around a level equivalent to 33% of GDP
- The projection considers the use of assets, including FEF (2.5% of GDP), and higher indebtedness
- A gross public debt level equivalent to 33% of GDP compares well with that of countries with similar credit ratings even before the current crisis
- Sovereign credit rating review?

# In this context, market confidence in the management of Peruvian public finances remains strong

## HOLDINGS OF SOVEREIGN BONDS BY FOREIGNERS (BILLIONS OF SOLES)



- Despite volatility in the international financial markets, Peru recently issued global bonds

**USD  
3 billion**

Offer (and placement)



2026 Global Bond (rate: 2.39%)  
2031 Global Bond (rate: 2.78%)

**USD  
25 billion**

Demand

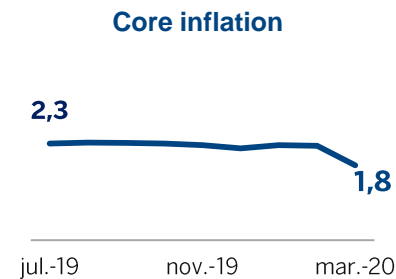
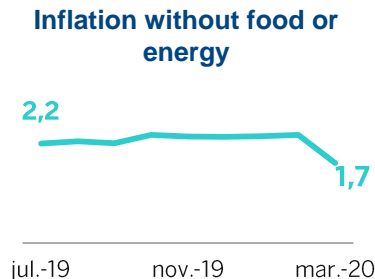
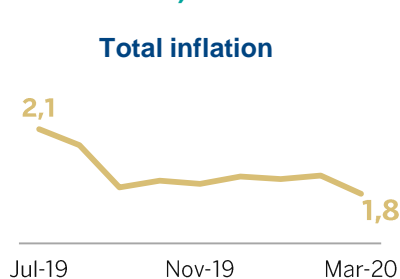
**Lowest historical  
rates**

- It should be added that a few weeks ago, Fitch and S&P kept the credit rating and *outlook* stable for Peruvian public debt

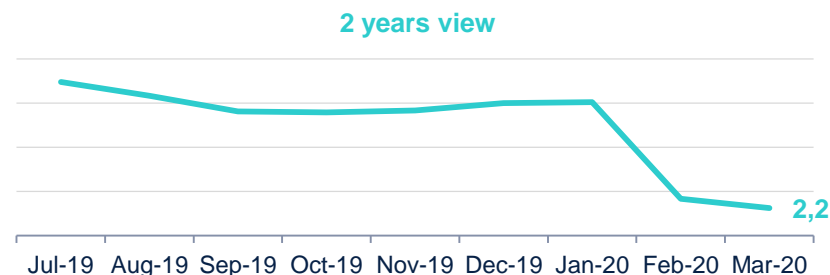
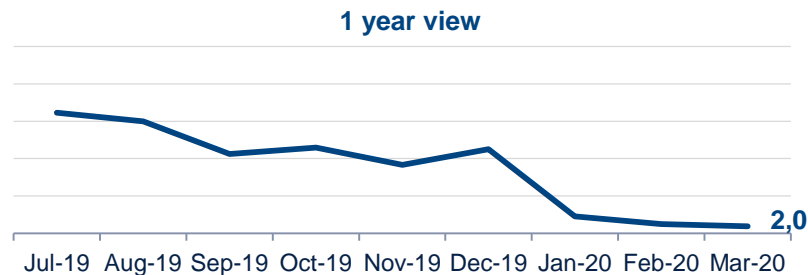
## D. Inflation and monetary policy

# Inflation is currently at 1.8%, but its trend component dropped significantly in March, due to the impact of quarantine

## INFLATION MEASURES (YOY % CHGE.)

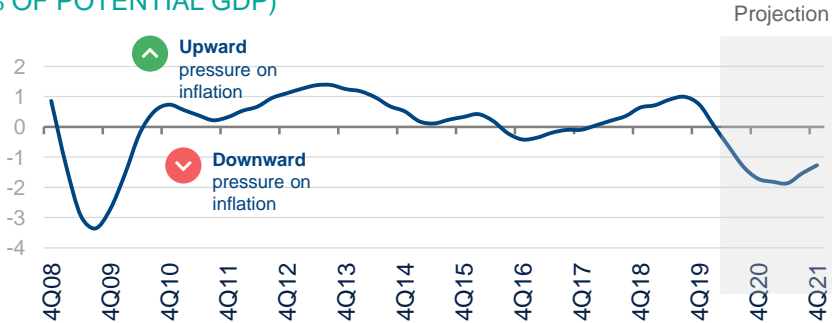


## INFLATION FORECASTS (%)

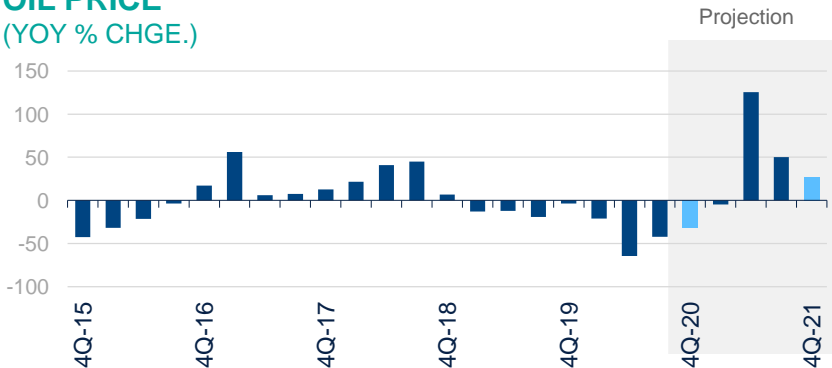


# Moving forward, as a result of the local and global negative shock, inflation will likely fade

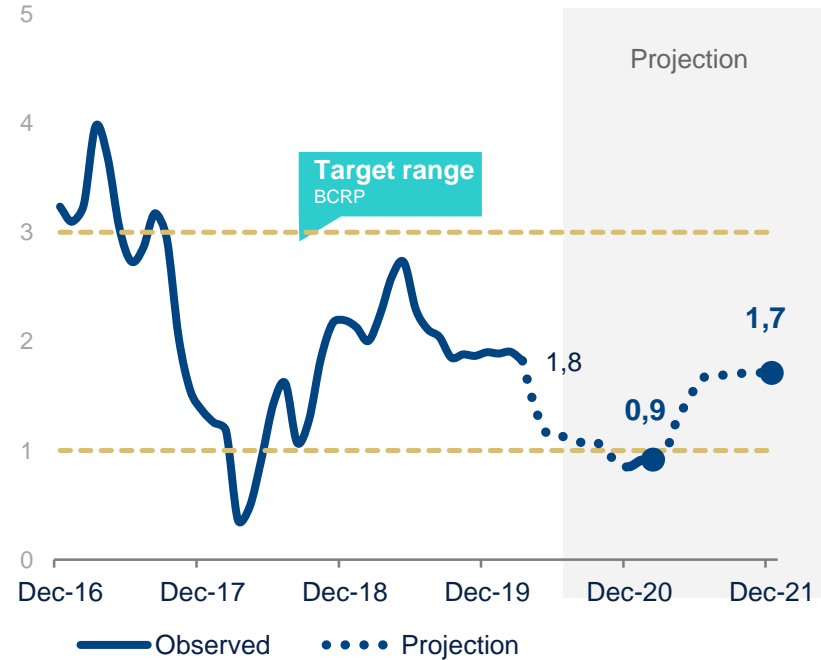
## OUTPUT GAP (% OF POTENTIAL GDP)



## OIL PRICE (YOY % CHGE.)



## INFLATION (YOY % CHGE. OF THE CPI)



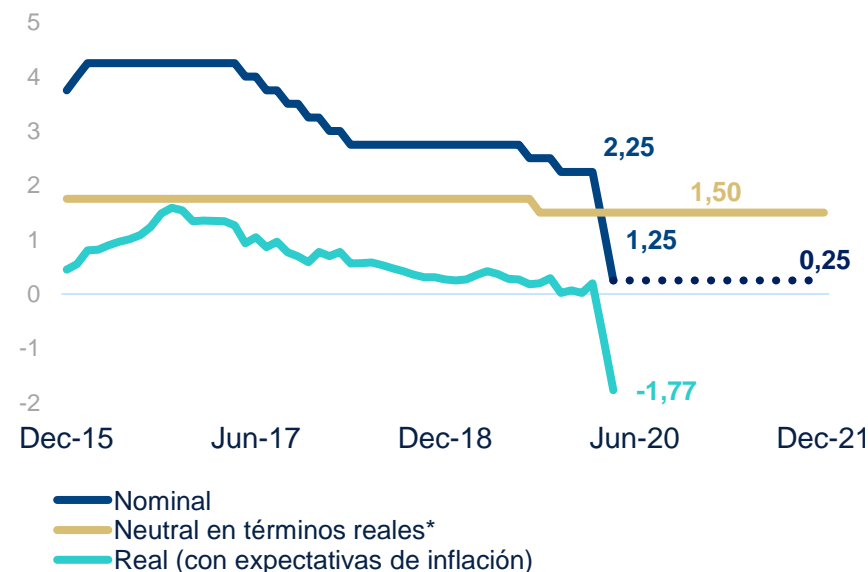
Source: INEI, BCRP and BBVA Research

Source: INEI, BCRP and BBVA Research

# In this context of weak activity and absence of inflationary pressures, the Central Bank cut the reference rate to its all-time low

## REFERENCE INTEREST RATE

(%)



## Information note (April 2020)

- Inflation is projected near the lower limit of the target range due to **significant weakening of domestic demand**
- **Economy severely affected** by supply and demand shocks
- Possible **global economic downturn** in the first half of the year
- BCRP injecting liquidity to sustain the payment chain
- Monetary stimulus will continue to be expanded **under different modalities**

## BBVA Research projection:

We expect the monetary policy rate to remain at its current level (0.25%) for the remainder of 2020 and 2021

\* The neutral rate was re-estimated in the September 2019 Inflation Report, from 1.75% to 1.50%. Own estimates point to a value of close to 1.25%, providing less in the way of monetary stimulus.

**Moreover, it has injected liquidity to ensure that credit conditions do not deteriorate and, subsequently, favor the recovery of GDP**

## **LIQUIDITY INJECTION MEASURES**

### **Implemented:**

- Liquidity injection (repos) using CDBCRP and foreign currency deposits in the BCRP itself as collateral, at longer terms.
- Reduction in reserve ratio: 5 to 4 percent for domestic and 50 to 9 percent for foreign currency.
- Flexible requirements to access the repos collateralized with loan portfolio.

### **To be implemented:**

- Liquidity injection (repos) for 30 billion soles (4% of GDP) taking as guarantee the new loans for government-backed working capital (Peru Reactive Program). These repos would have lower rates.

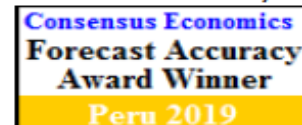


# 03

## Summary of macroeconomic forecasts

# Macroeconomic forecasts

BBVA Research Peru 1



	2018	2019	2020 (f)	2021 (f)
<b>GDP (% chg.)</b>	4.0	2.2	-8.0 and -5.0	4.0 – 6.0
<b>Domestic demand (excludes inv., % chg.)</b>	3.7	2.9	-2.9	4.3
<b>Private spending (% chg.)</b>	3.9	3.2	-4.0	4.1
Private consumption (% chg.)	3.8	3.0	-1.5	3.8
Private investment (% chg.)	4.2	4.0	-13.0	5.3
<b>Public spending (% chg.)</b>	2.5	1.1	3.2	5.2
Public consumption (% chg.)	0.8	2.4	5.8	2.6
Public investment (% chg.)	6.8	-2.1	-3.5	12.5
<b>Exchange rate (vs. USD, EOP)</b>	3.37	3.36	3.38	3.33
<b>Inflation (% YoY, eop)</b>	2.2	1.9	0.9	1.7
<b>Monetary policy interest rate (% eop)</b>	2.75	2.25	0.25	0.25
<b>Fiscal balance (% GDP)</b>	-2.3	-1.6	-5.4	-4.2
<b>Current account (% GDP)</b>	-1.6	-1.5	-2.6	-2.0
Exports (billions of USD)	49.0	47.7	41.0	45.2
Imports (billions of USD)	41.9	41.1	36.3	39.5

(e) Estimate. (f) Forecast.

Forecast closing date: April 20, 2020.

Source: BCRP and BBVA Research Peru

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# Peru Economic Outlook

2Q20

Closing date: April 20

April 2020