

Peru: A star in a cloudy environment

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Peru: One of the best alternatives to invest in

Sustainable growth: this period happens along with: (i) low inflation, (ii) fiscal surplus, and (iii) external surplus

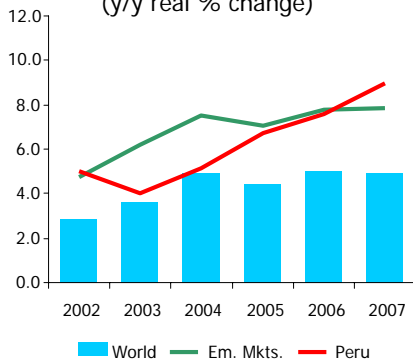
Diversified growth: all sectors have been growing during the last 3 years. Activities related to domestic demand with higher growth rates.

Growth is less vulnerable to external shocks: (i) domestic demand is the main driver (ii) vulnerability indicators in record levels.

Non-centered growth (in Lima). In fact, employment is very dynamic in other major cities like Arequipa (south), Trujillo and Piura (north).

Peru: Strong growth in the last years, even faster than emerging markets average

Economic Growth: World & Peru
(y/y real % change)



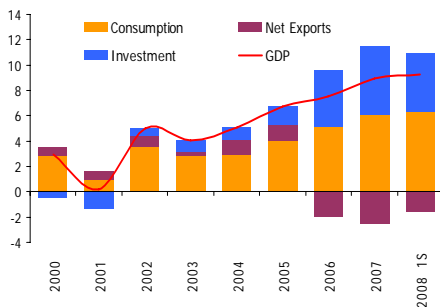
Peru: forecasts for 2008 - 2009

	2007	2008	2009
GDP (%)	8.9	8.9	6.4
Private Investment (%)	23.4	15.0	12.0
Inflation (%)	3.9	6.5	3.5
Interest Rate (%)	5.00	6.75	6.75
Exchange Rate (S/. per US\$)	2.98	2.80	2.95
Trade Balance (US\$ millions)	8 356	4 300	2 000
Fiscal Balance (% GDP)	3.1	2.5	2.0

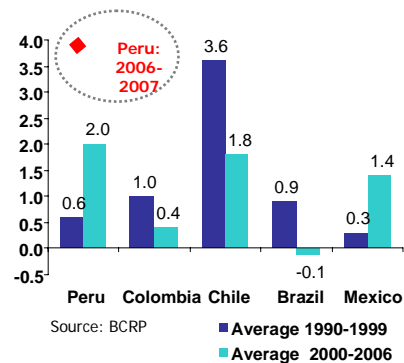
The Peruvian economy is growing far more than the world average, favoured by private investment, which has expanded at 15% in the last five years.

Peru: Economic activity is boosted by investment and productivity growth...

Growth Accounting
(Percentage Points)



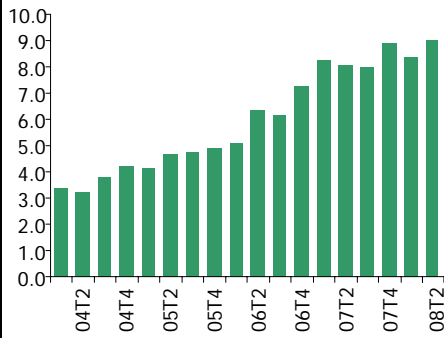
Labor Productivity
(Annual % change)



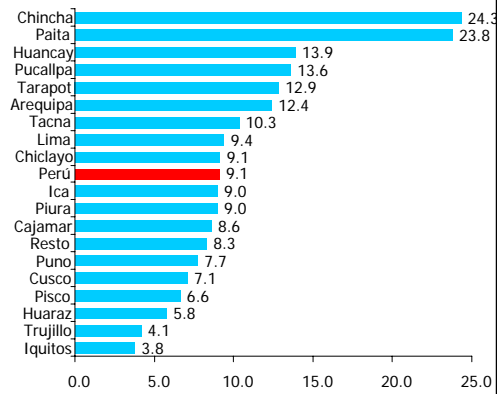
Investment accounts for almost half of the economic growth in last years. In this context, labor productivity growth has growth at a 4%, surpassing even Chile and Brazil.

Peru: Investment brought an increase in consumption and employment levels

Private Consumption
(Annual % change)

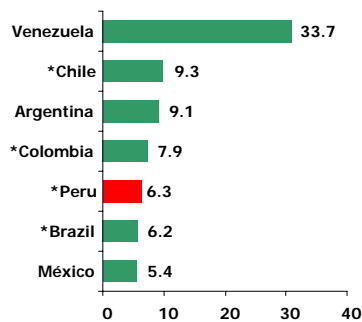


Urban employment in +10 workers companies, 2008
(Annual % change)



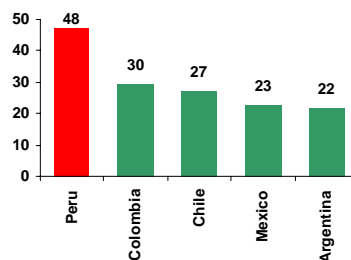
Peru: In an environment of low inflation notwithstanding the high weight of food in the index

Inflation in Latin America
(YoY % change – July 2008)



* August data

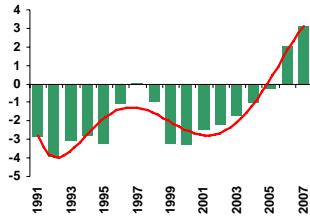
Weight of Food & Beverages in CPI basket (%)



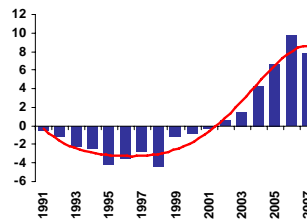
Inflation in Peru is one of the lowest in Latin America, even with the highest weight of food, the consumption group with higher inflation. This should bode well for the future

Peru: Strong Fundamentals, and healthy fiscal and external accounts

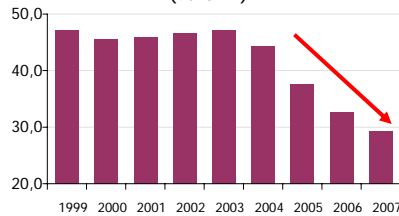
Fiscal balance
(% GDP)



Trade balance
(% GDP)



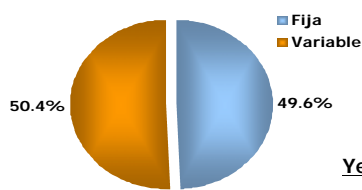
Public debt
(% GDP)



The Peruvian government has been able to reduce public debt, from 47% to 28% of GDP, also improving its external accounts.

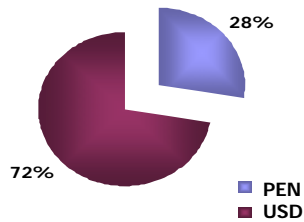
Peru: Better Public Debt Structure

Public debt structure by type of rate

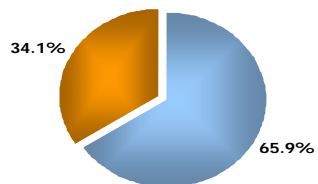


Year 2005

Public debt structure by currency

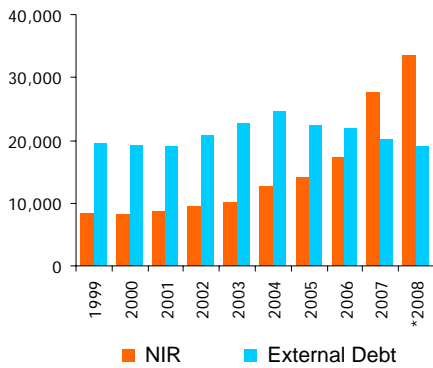


Year 2008-Q1

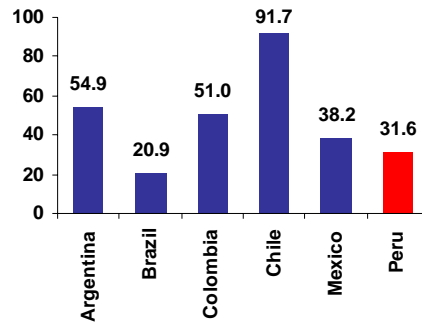


Peru: Less External Vulnerability

Net international reserves (NIR) and Public external debt
(US\$ Million)



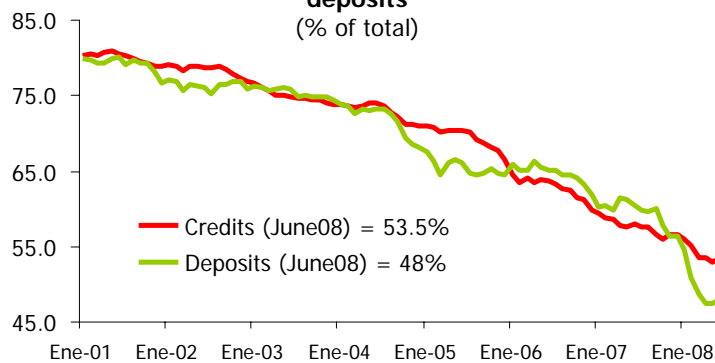
External Short Term Liabilities as % NIR



Source: BCRP and MEF

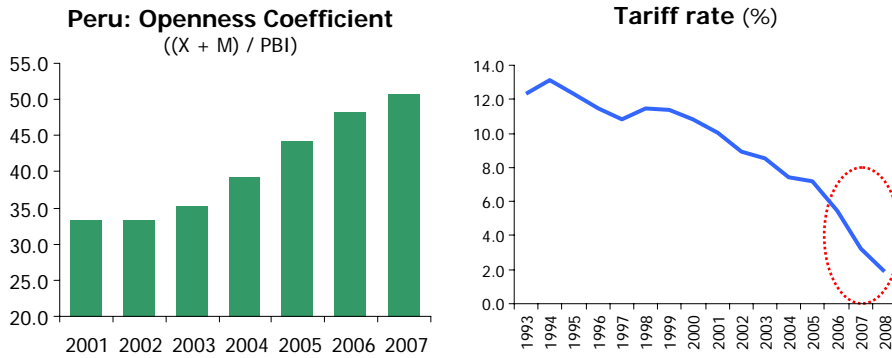
Peru: Reduction of Exchange Rate Risk

Dollarization of loans and deposits
(% of total)

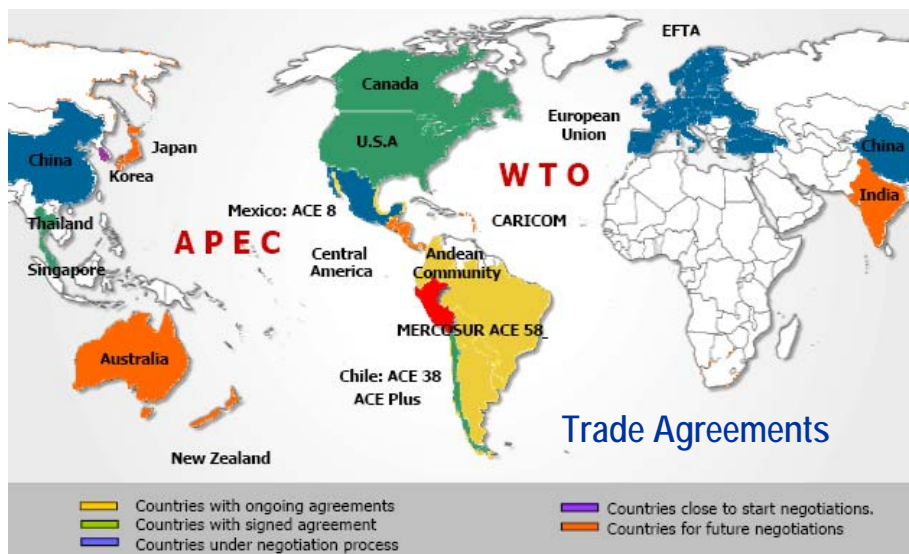


Source: Central Reserve Bank

Peru: Economy committed to the commercial integration process

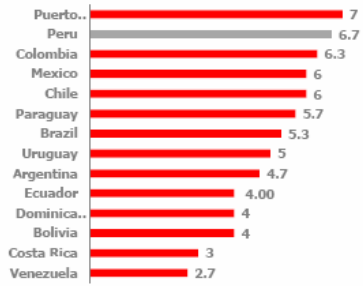


Peru: Economy committed to global trade integration



Peru: Leader in Latin America in readiness for private investment

Protecting Investor Index



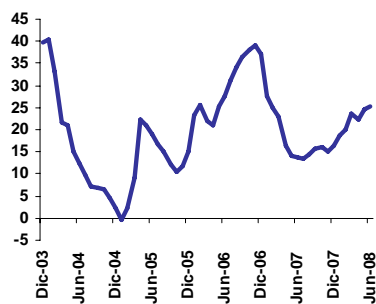
Government readiness for private investment

Position	Country	Points
1	Peru	5.8
2	Colombia	5.6
3	Chile	5.5
4	Uruguay	4.8
5	El Salvador	4.6
6	Bolivia	4.5
7	Brazil	4.2
8	Dominican Republic	4.2
9	Mexico	4.1
10	Guatemala	4.0
11	Venezuela	3.2
12	Argentina	3.1

Peru stands second in Latin America and 15th in the world in the protecting investors ranking of *Doing Business*. First in readiness of private investment.

Peru: High return over equity, and high growth of profits

Corporate Profits (y/y % change)

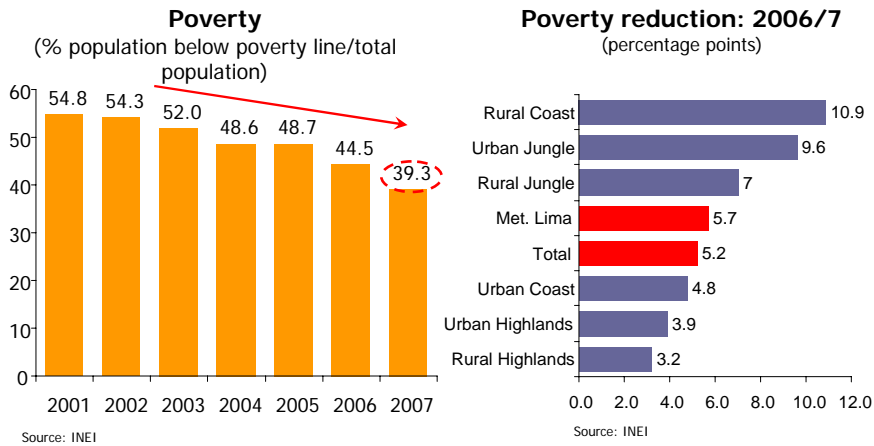


Profit Ratios (2006 sample - %)

	ROE (%)	ROA (%)
Agriculture	12.2	7.5
Fishing	6.9	2.8
Mining and Fuels	52.7	35.1
Manufacturing	12.9	7.1
Construction	31.3	13.2
Electricity and Water	7.0	4.0
Commerce	19.5	6.6
Services	4.9	3.2

Profits grow at a pace of 20% YoY in the last three years. Most profitable activities include Mining and Fuels, and Construction.

Peru: Reduction of poverty, although remains high

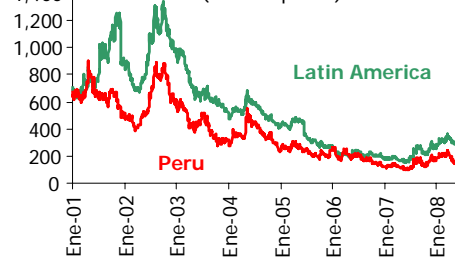


Peru: Achievement of Investment Grade by two of the three biggest agencies

Peru: Credit Ratings in Foreign Currency

	S&P / Fitch	Moody's
Grado de Inversión	AAA	Aaa
	AA+	Aa1
	AA	Aa2
	AA-	Aa3
	A+	A1
	A	A2
	A-	A3
	BBB+	Baa1
	BBB	Baa2
	BBB-	Baa3
BB+	Ba1	
BB	Ba2	
BB-	Ba3	
B+	B1	
B	B2	
B-	B3	
CCC+	Caa1	
CCC	Caa2	
CCC-	Caa3	
CC		
C		
D	Ca	

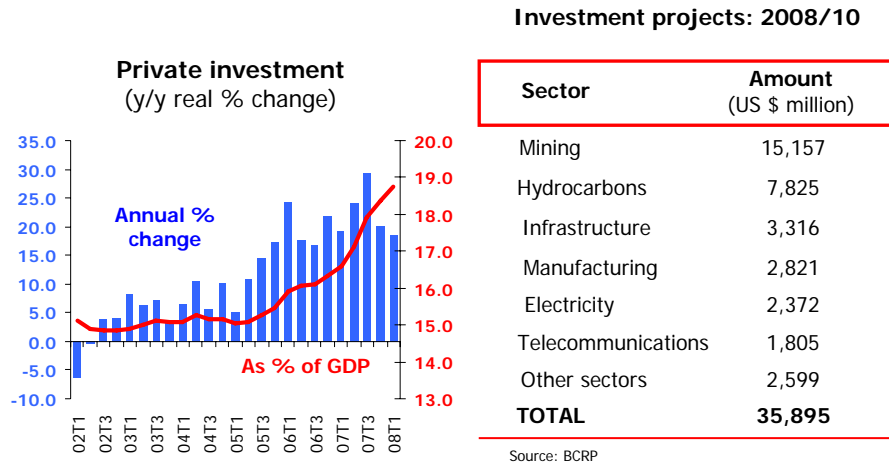
EMBI + Peru and Latin America (in basis points)



Why Investment Grade?:

- Sound macroeconomic policies
- Lower fiscal and external vulnerabilities
- Diversified exports

We expect rapid investment to continue at least in the next three years



Large investment projects imply more than US\$ 35 billion in the next three years (25% of GDP), especially in sectors like Mining and Hydrocarbons.

Conclusions

Peruvian economy has shown a sustainable and diversified **growth**, along with: (i) low inflation, (ii) fiscal surplus, and (iii) external surplus.

Growth is less vulnerable to external shocks given that adequate macro and micro economic conditions has boosted **private investment**, which explains nearly half of economic growth.

This remarkable performance has been recognized by the market, giving an **Investment Grade** to Peru, even in a period of financial turbulence.

In sum, Peru is clearly a star in the current cloudy environment!

Investment opportunities are there!

**Thank you
for your attention**