



# GDP Observatory

January 15<sup>th</sup>, 2010

## The recovery consolidates, with GDP growth of 4.2% in November

- This result (the biggest year-on-year increase since December 2008) is the latest in four consecutive months of growth.
- The biggest boost came from the Construction and Government Services sectors. Seasonally adjusted GDP remained relatively stable compared with the previous month.
- Advance indicators for December show that year-on-year growth for the month was also significant.

The Government Services category grew by 25.9% and contributed 1.5 percentage points to the month's results. This reflects increased government spending on goods and services. Construction speeded up expansion to 13.8% and contributed 0.8 pp. These figures are linked to increased public and private investment for infrastructure and real estate projects.

Year-on-year GDP growth in November was also helped by the comparison base effect, as the summit of APEC leaders was held in Peru in November 2008, and this cut the number of working days in the metropolitan area of Lima by two.

### Appraisal

The November figures suggest economic recovery is consolidating. The advance indicators for December show that year-on-year growth for the month was also significant. Energy production increased by 6.8% y/y (the highest figure for the year), while local cement dispatches (related to the performance of the Construction sector) grew by 12.3% y/y. In addition, initial figures suggest that public spending expanded significantly in December. This means that the trend of economic activity in the last two months of the year is compatible with forecasts for economic growth of more than 4% for 2010.

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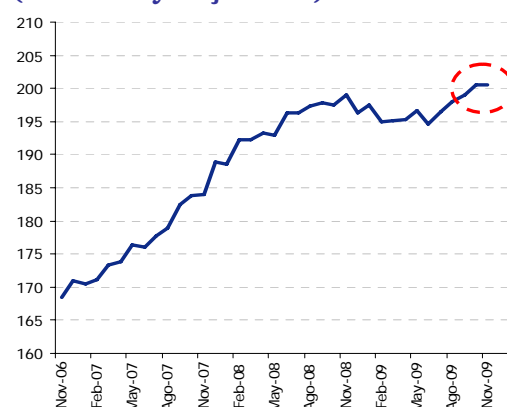
**Table 1: Gross Domestic Product**  
(% change year-on-year)

Sectors	Weight	November
<b>Agriculture and Livestock</b>	<b>7.6</b>	<b>2.3</b>
Agriculture	4.4	2.5
Livestock	3.2	2.1
<b>Fishing</b>	<b>0.7</b>	<b>-5.7</b>
<b>Mining and Fuels</b>	<b>4.7</b>	<b>-1.1</b>
Metals	3.7	-1.6
Fuels	1.0	2.6
<b>Manufacturing</b>	<b>16.0</b>	<b>-2.5</b>
Based on raw materials	3.7	-3.4
Non-Primary	12.3	-2.3
<b>Electricity and Water</b>	<b>1.9</b>	<b>5.1</b>
<b>Construction</b>	<b>5.6</b>	<b>13.8</b>
<b>Commerce</b>	<b>14.6</b>	<b>2.7</b>
<b>Services</b>	<b>39.3</b>	<b>8.7</b>
<i>Government Services</i>	<i>6.3</i>	<i>25.9</i>
<b>Taxes</b>	<b>9.7</b>	<b>2.7</b>
<b>GDP</b>	<b>100.0</b>	<b>4.2</b>

Source: INEI

Prepared by BBVA Banco Continental ERD

**Chart 1: Gross Domestic Product**  
(seasonally adjusted\*)



Source: INEI

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(\*) Seasonally adjusted using the TRAMO/SEATS program, and adjusted for non-working days.