

## Peru

### Financial Outlook

2013 was not without its difficulties for Peru's economy, with lower market prices and turbulence in global markets taking their toll on GDP growth and pushing up inflation. The 6.5% GDP growth recorded for 2012 fell to around 5% in 2013. However, Peru's central bank relaxed monetary policy, and fiscal policy generally provided a sufficient stimulus to retain reasonable growth, which is expected to continue through 2014. Exports and business confidence are expected to strengthen in 2014, helped by the stimulus effect of large infrastructure and mining projects that are coming on stream. Headline inflation rose slightly above the target band of 1% to 3%. Peru's credit rating was recently upgraded by two of the major ratings agencies, Standard & Poor's and Fitch, to BBB+ in recognition of the country's strong fundamentals and large reserve buffers. Peru's 2014 budget, approved in August 2013, represents an increase of 9.7% on the previous year's budget. Both social inclusion programs and defense were big winners from the budget, with the latter getting a 40% budget increase and social inclusion programs getting a 30% uplift.

### More Info

#### Websites:

- Central Bank of Peru; comprehensive range of statistics and reports on the economy: [www.bcrp.gob.pe/home.html](http://www.bcrp.gob.pe/home.html)
- PROINVERSIÓN, the Peruvian Investment Promotion Agency: [tinyurl.com/3hmngr3](http://tinyurl.com/3hmngr3)
- PROINVERSIÓN tax exemption information: [tinyurl.com/3wmmqu8](http://tinyurl.com/3wmmqu8)
- IMF report on Peru, April 2010: [www.imf.org/external/pubs/ft/scr/2010/cr1098.pdf](http://www.imf.org/external/pubs/ft/scr/2010/cr1098.pdf)

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