Rating Report

Report Date:
February 27, 2012

Previous Report:
January 4, 2011

Republic of Peru

Analysts

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Ratings

Issuer	Debt Rated	Rating	Trend
Peru, Republic of	Long-Term Foreign Currency Debt – Issuer Rating	BBB (low)	Positive
Peru, Republic of	Long-Term Local Currency Debt – Issuer Rating	BBB (low)	Positive

Rating Update

On February 23, 2012, DBRS, Inc. (DBRS) confirmed its ratings on the Republic of Peru's long-term foreign and local currency securities at BBB (low), and changed the trends from Stable to Positive. The ratings balance the comparatively low level of public debt and a credible macroeconomic policy framework with the government's weak institutional capacity and the economy's exposure to the commodity price cycle. The Positive trends reflect macroeconomic policy continuity with greater policy space to face adverse shocks and favorable medium-term growth prospects.

In June 2011, Ollanta Humala won the second round of the presidential elections, and President Humala's administration has maintained the sound and prudent fiscal and monetary policy framework that has been one of the hallmarks of Peru's economic performance, while pledging to respect the rule of law and to improve social inclusion. DBRS views the presence of a prudent and credible macroeconomic policy framework as key for the ratings, as it underpins the economy's resilience in the face of adverse shocks.

Peru's rules-based fiscal framework, good track record of controlling inflation and well-regulated financial system enabled the government and the Central Bank (BCRP) to pursue a strong policy response to help cushion the effects of the 2009 crisis. In spite of these aggressive counter-cyclical measures, growth fell sharply in 2009 as Peru's terms of trade deteriorated, driven by the fall in prices of some of its main mining export products. Nevertheless, the economy rebounded briskly, with GDP growth of 8.8% in 2010 and an estimated 6.9% for 2011. This positive economic performance has been helped in part by favorable terms of trade, as the price of copper and gold have recovered. (Continued on page 2)

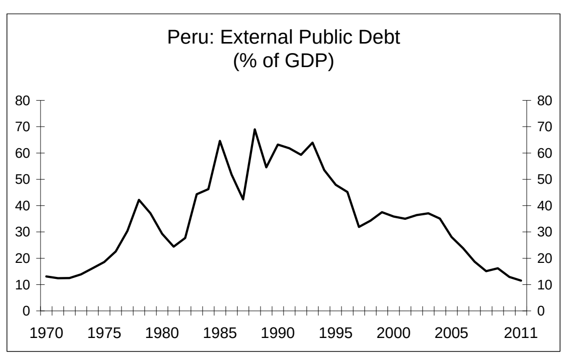
Rating Considerations

Strengths
(1) Sound macroeconomic management
(2) Low debt burden
(3) Solid economic growth potential
(4) Strong liquidity position

Challenges
(1) Weak institutional capacity
(2) Exposure to commodity price cycle
(3) Potential return to populist policies
(4) Financial dollarization
(5) Large informal sector

Summary Statistics

For the year ended December 31	2009	2010	2011	2012E
Nominal GDP (US$ billion)	127	154	176	194
GDP per capita (US$)	4,353	5,221	5,916	6,436
Real GDP growth (% change yoy)	0.9%	8.8%	6.9%	5.0%
Inflation (CPI % change yoy)	0.3%	2.1%	4.8%	2.9%
Interest rate (yearend, target rate)	1.25%	3.00%	4.25%	4.25%
Exchange rate (PEN/USD, average)	3.01	2.83	2.76	2.7
Current account balance (% GDP)	0.2%	-1.5%	-1.4%	-2.6%
Public sector balance (% GDP)	-1.3%	-0.3%	1.8%	0.5%
Public debt (% GDP)	27.2%	23.5%	21.7%	21.0%
Public external debt (% GDP)	16.2%	12.9%	11.5%	11.1%



Rating Update (Continued from page 1.)

As an economy that is well integrated into the world economy through commodity exports and financial links, it is exposed to global economic conditions. The presence of downside risks arising from continuing concerns over sovereign debt and bank balance sheets in some advanced economies – in particular, the Euro area – or a slowdown of growth in China, could have negative impacts on Peru's economy through financial or terms of trade channels. Nevertheless, the presence of a credible macroeconomic policy framework, combined with a low level of public debt at 20.1% of GDP, a Fiscal Stabilization Fund of 3.2% of GDP and high external liquidity with international reserves of US$53 billion, or 30% of GDP (up from US$35.5 billion in August 2008), provide room for policies to mitigate these risks.

Due to prudent fiscal management and robust economic growth, gross public debt declined from 47.1% of GDP in 2003 to an estimated 20.1% of GDP in 2011, among the lowest in Latin America. Debt reduction has been accompanied by a gradual shift to domestic currency financing and fixed-rate debt. As a result, exchange rate and interest rate risks for the sovereign have fallen, strengthening the government's capacity to face adverse shocks. Furthermore, the Central Bank has accumulated large foreign currency reserves, enabling it to provide dollar liquidity as needed. This is especially relevant given the high level of financial dollarization that characterizes the Peruvian economy, with resident dollar-denominated deposits accounting for 41% of total deposits.

The Peruvian economy faces several long-term structural challenges that could constrain the country's economic and social development. First, the public sector often lacks the institutional capacity to allocate its limited resources in an effective manner. As incomes grow it is likely that the demands on the State will intensify with respect to social needs, infrastructure provision, and regulatory and supervisory capacity. Second, as a country richly endowed with natural resources, its economy remains vulnerable to volatility in commodity prices. Third, dollarization across the economy creates currency mismatches and balance sheet vulnerabilities that carry exchange rate risk. Fourth, a large and low-productivity informal sector endures.

Peru's macroeconomic policy framework has provided economic stability and the foundation for economic growth and social development. DBRS views the presence of a prudent and credible macroeconomic policy framework as key for the ratings. A change in policy that weakens the economy's resilience to face adverse shocks could bring the trends to Stable. Continuing prudent fiscal management alongside solid growth prospects and improvements in the State's institutional capacity to deliver goods, services, and infrastructure investment could place upward pressure on the ratings.

Local and Foreign Currency Ratings

The local and foreign currency ratings are set at the same level. This is due to several factors, mainly that the depth of the domestic financial market remains limited, and that the presence of an independent central bank that is restricted in the amounts of government securities it can purchase reduces the flexibility to favor domestic debt. Furthermore, the country's foreign currency liquidity is strong, underpinned by a large stock of foreign currency reserves that exceeds the low level of public foreign currency debt, which helps the capacity to service foreign currency debt. For these reasons, the greater capacity to tax in domestic currency is not sufficient, in our view, to differentiate the local and foreign currency ratings.

Rating Considerations Details

Strengths

(1) Sound macroeconomic policy framework. Strong rules-based fiscal and monetary policies define Peru's macroeconomic policy framework. The Fiscal Responsibility and Transparency Law reinforces fiscal discipline with expenditure and deficit limits, and the inflation-targeting monetary regime has guided price stability.

(2) Low debt burden. Peru's gross public debt is one of the lowest in Latin America at an estimated 20.1% of GDP in 2011. Furthermore, the composition of the debt profile has steadily improved, even during the recent financial crisis, due to prudent liability management.

(3) Strong liquidity position. Peru is well positioned to weather a resurgence in external volatility. With low external debt and reserves of US$53 billion, the Central Bank can provide foreign currency liquidity as needed. The government's Fiscal Stabilization Fund has accumulated US$5.6 billion, which may be used to stabilize the economy.

(4) Solid economic growth potential. Macroeconomic stability, greater openness to trade, and investment and productivity-enhancing structural reforms have raised Peru's economic growth potential. Given Peru's vast natural resources and recent initiatives to develop the country's infrastructure, Peru is well positioned to experience sustained economic growth if it sustains private investment in these key sectors.

Challenges

(1) Weak institutional capacity. Government institutions, particularly at the sub-national level, often lack the capacity to allocate public resources efficiently, develop infrastructure and address the country's deep social development needs. Reforms have supplied sub-national governments with additional assistance, streamlined public investment procedures and provided incentives to improve performance, but DBRS remains concerned about the quality of public spending.

(2) Exposure to the commodity-price cycle. Peru exports a well-diversified group of primary products, and non-traditional exports are growing. While these factors, combined with prudent fiscal policy and abundant foreign currency liquidity, mitigate exposure to commodity-price volatility, commodities are important to economic growth, the balance of payments and government revenues. Mining and energy products accounted for 68% of exports on average from 2005 through 2011.

(3) Potential return to populist policies. The political implications of regional inequality and social conflict, as well as the fragmented nature of the political party system, present the single greatest risk to macroeconomic stability. Although the poverty rate has declined significantly since 2002, there remains a risk that a populist politician could come to power and undermine Peru's prudent macroeconomic policy framework. Peru experienced high economic volatility with unorthodox economic policies in the 1980s.

(4) Financial dollarization. Dollarization creates currency mismatches and balance sheet vulnerabilities throughout the economy that carry exchange rate and liquidity risks. Steps taken by the BCRP have succeeded in gradually reducing dollarization, but the share of dollarized credit and deposits remains high at 45% and 41%, respectively.

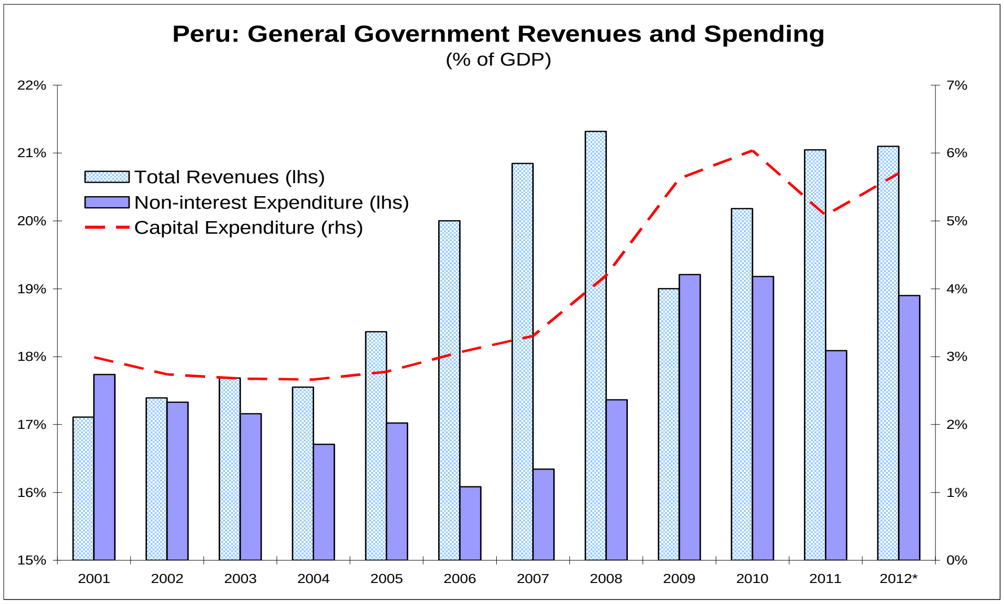
(5) Informality. Peru has a large informal sector; it is inefficient, reduces the tax base and contributes to poor working conditions. Over two-thirds of the workforce is in the informal sector and high non-wage costs hinder formal job creation.

Fiscal Management and Policy

Peru's rules-based fiscal policy has been a pillar of macroeconomic stability. The Fiscal Responsibility and Transparency Law, enacted in 2003, reinforces fiscal discipline through expenditure and deficit limits, multi-year fiscal planning and budgetary accounting that is largely in line with international best practice standards. The public sector ran primary surpluses from 2003 to 2011, except in 2009, and overall surpluses from 2006 to 2008 and in 2011. An exemption from the fiscal rule was approved for 2009 and 2010 as the government sought to counteract the effects of the global crisis with a large countercyclical policy response.

The low level of government debt, the fiscal performance and the prudent fiscal policy framework provide fiscal space to mitigate the negative impacts in case adverse external shocks were to materialize. Among the instruments available to the government is the Fiscal Stabilization Fund which has accumulated US$5.6 billion or approximately 3.2% of GDP some of which could potentially be used for a countercyclical response. Nevertheless, achieving the appropriate timing in delivering fiscal stimulus beyond the effect of automatic stabilizers, particularly when public sector project execution speed is low, can be difficult.

The government used some of its fiscal space to mitigate the effects of the 2009 sharp global slowdown. Due to stimulus spending and lower revenues, the public sector fiscal balance shifted from a surplus of 2.4% of GDP in 2008 to a deficit of 1.3% in 2009 an 0.3% in 2010. Central government tax revenues fell from 15.6% of GDP in 2007 and 2008 to 13.8% in 2009. About 58% of the fall in tax revenues is explained by a reduction in mining tax revenues which declined from 2.75% of GDP in 2007, a record level, to 1.93% in 2008 and 0.88% in 2009. The fiscal rule helped reduce the effects of commodity price volatility on government spending. In the span of five years, mining tax revenues rose from a low 2.4% of tax revenues to 13.2% in 2007, before falling to 4.7% in 2009.



Source: BCRP, MEF, DBRS.

Preliminary estimate of the 2011 fiscal surplus amounts to 1.7% of GDP, higher than the government's mid-year projection of 0.8% of GDP. After the fall in revenues in 2009, general government real revenues grew by 18.4% in 2010 as the economic recovery took hold. In 2011, general government revenues are estimated to have grown at a real rate of 13.9%, significantly above GDP growth. Furthermore, with the change of political authorities at the national and sub-national level, real spending is estimated to have grown at 2%, well below GDP growth. These factors account for the larger-than-expected fiscal surplus. For 2012 it is likely that public spending will show greater dynamism.

The government's efforts to increase public investment and improve social services have been constrained by relatively low tax revenues, limited institutional capacity at the national and sub-national government levels, and an inequitable transfer system. The government aims to increase tax revenues to 18% of GDP by 2016, or by approximately 2.2% of GDP, of which perhaps 0.6% of GDP may be achieved by the new mining tax regime. Additional announcements to date to increase tax revenues have been confined to improving tax collection.

Peru's Canon Law returns half of the revenues from natural resources to the producing regions, and stipulates that Canon funds can only be used on approved capital expenditure in order to ensure that these resources are used to create assets. However, regional and local governments often do not have the technical capacity to design and execute investment projects. The ambitious goal set in the government's multiannual macroeconomic framework is to raise public investment above 6% of GDP in the coming years. This will require greater institutional capacity if these resources are to be spent effectively.

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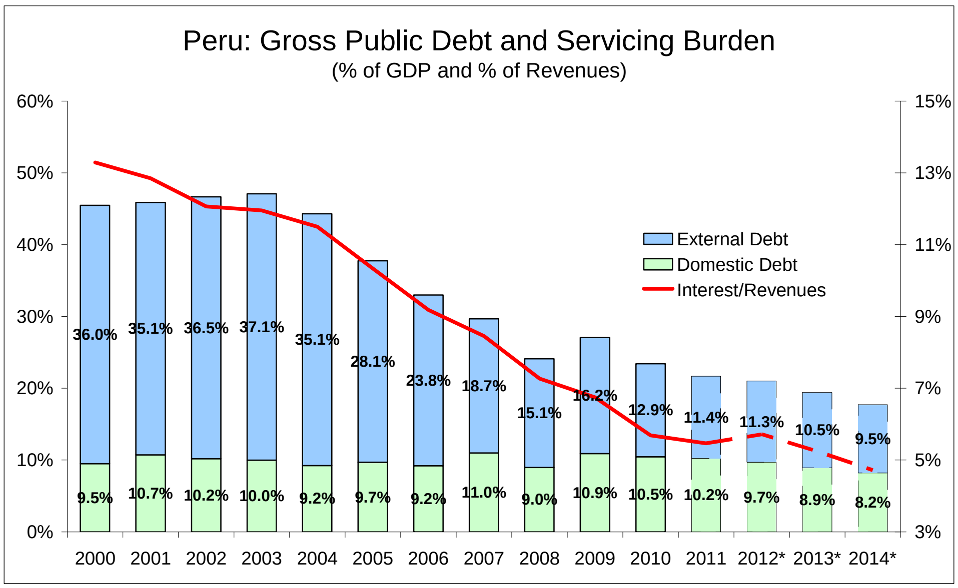
Debt and Liquidity

The level and composition of Peru's public debt has significantly improved over the last seven years due to strong economic growth, high primary surpluses and prudent debt management. Gross public debt declined from 47.1% of GDP in 2003 to an estimated 20.1% in 2011. As fiscal policy tried to cushion the effects of the crisis, debt rose temporarily to 26.6% of GDP in 2009, but has returned to its downward path in 2010 and 2011. Furthermore, government financial assets, including the assets of the Fiscal Stabilization Fund, are significant at an estimated 10.7% of GDP in 2011. Netting these assets delivers a low net public debt of approximately 11% of GDP.



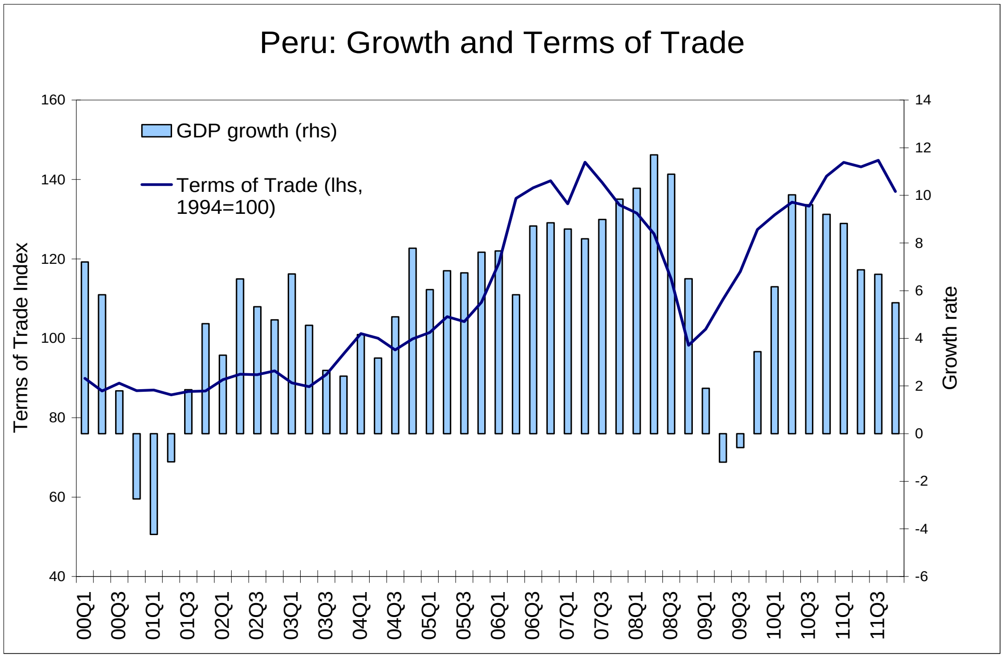
Source: MEF, BCRP, DBRS.
Note: Projections are based on MEF's revised Multiannual Macroeconomic Framework 2012-2014 and BCRP.

Creditworthiness has been strengthened by a shift from external to internal financing. Domestic debt increased from 21% of total public debt in 2003 to approximately 46% in 2011. Greater reliance on domestic bond issuances has reduced exchange rate risk and facilitated the development of local capital markets. Moreover, the expansion of Peru's institutional investor base, particularly pension funds, within a stable macroeconomic environment has increased the demand for long-term local-currency debt. The domestic fixed-rate yield curve extends to 2042.

In November 2010, Peru placed a $1 billion 2050 global bond, the second longest maturity in Latin America, with a yield of 5.875%, continuing its program to extend the average maturity of its debt. The long average life, at 12.9 years, with fixed-rate debt accounting for 77.4% of the total, reduces interest rate and rollover risks. In the medium-term, the amortization schedule is well distributed, and only in 2020 is there a larger amortization (a PEN 8.8 billion bond, or approximately 1.8% of 2011 GDP).

Economic Structure and Performance

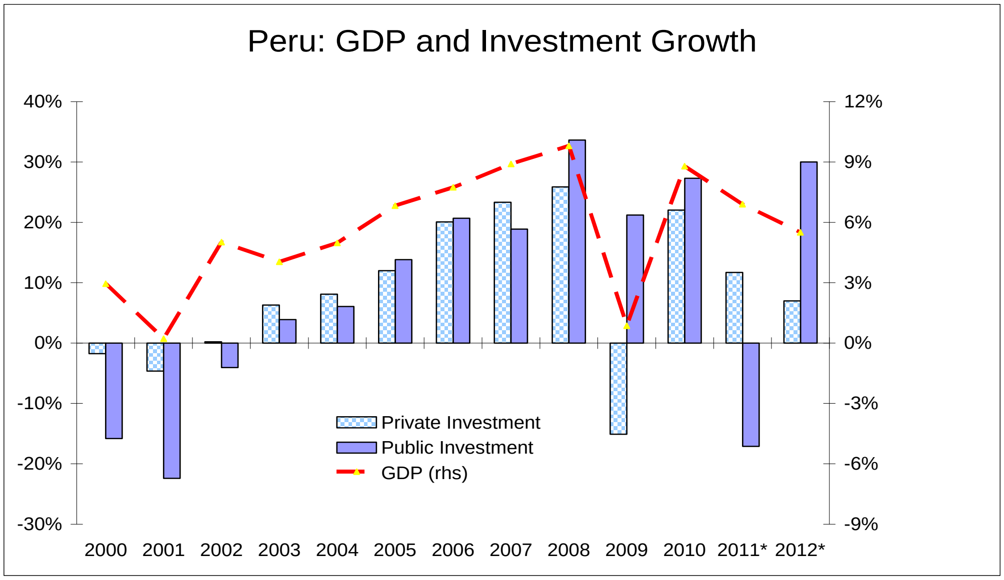
From 2002 to 2008, Peru was one of the fastest growing economies in the world, expanding at an average annual rate of 6.9%. Peru's strong economic performance is primarily the result of sound and predictable economic policies and productivity-enhancing structural reforms, all of which indicate that the economy's higher rate of growth is durable. This stability has generated increased private sector investment, including investments to exploit the country's vast wealth in natural resources. As a result, economic activity has become more closely linked with commodity prices. Efforts to develop public infrastructure and increase social spending will continue to support the economy's transformation. Nevertheless, significant structural challenges remain, including Peru's large informal economy, inadequate infrastructure, high levels of poverty, weak public institutions and poor educational system.



Source: BCRP, DBRS.

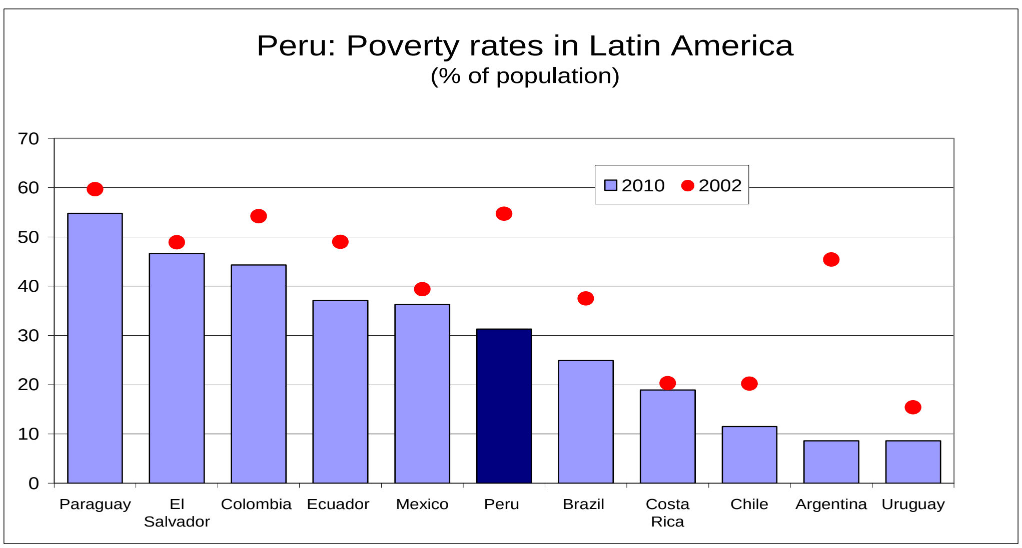
It appears that on the back of the strong recovery of 2010 and 2011, the output gap generated by the 2009 sharp economic slowdown has been closed. The rebound in commodity prices is contributing to the economy's recovery, with growth of 8.8% in 2010 and an estimated 6.9% in 2011. Over the past decade high and consistent growth has helped fuel higher investment which, in turn, has helped sustain economic activity. Total private investment increased from 15.6% of GDP in 2002 to its peak of 22.5% in 2008. After the slowdown in 2009 total private investment recovered in 2010 and 2011, averaging 20% of GDP. These levels likely reflect private sector expectations of continuing strong economic performance. Peru has also benefited from an ambitious set of pro-business measures, and it ranked 41st out of 183 economies in the 2012 World Bank's Ease of Doing Business Report, alongside Chile (39th) and Colombia (42nd), the region's leaders.

Macroeconomic stability, trade and FDI liberalization, and a better business climate have created the conditions for investment-led growth, significant poverty reduction and improvements in income distribution. The current administration is encouraging domestic and foreign private investment in key sectors, including mining. Nevertheless, despite robust private investment in 2011, business confidence indicators, although still optimistic, have not recovered their pre-presidential election peaks. This suggests that some doubts may persist as to the economic outlook and conduct of economic policies. In particular, there are concerns over the recently approved consultation law and how its implementation will work in practice. Some fear that it could increase uncertainty over the approval process for large investment projects, potentially deterring private investment.



Source: BCRP, DBRS

Peru faces major structural concerns that, if left unaddressed, could hinder growth potential. Costly business regulations, low quality of public services and relatively high non-wage costs contribute to a large, untaxed and inefficient informal economy. Efforts to lessen the costs of business regulations, to reduce non-wage costs and encourage small- and medium-sized firms to enter the formal market are welcomed. However, with more than two-thirds of the workforce in the informal sector, formalization of the economy will demand more reform and political attention.



Source: ECLAC, DBRS.
Note: Brazil: 2001 and 2009, Chile: 2000 and 2009, Costa Rica: 2009, El Salvador, Paraguay and Peru: 2001.

Strong economic growth has translated into a sharp decline in poverty. According to ECLAC figures, the poverty rate fell from 54.7% in 2001 to 31.3% in 2010. Nevertheless, poverty remains widespread and is especially severe in rural areas, where 54.2% of the population still lives below the poverty line. Rural communities lack basic social services and suffer from high rates of malnutrition. The Humala administration has increased by 20% the budget allocated for social spending and there is a revamped institutional response with the creation of a Ministry for Development and Social Inclusion. Expanded coverage of poverty reduction programs, better targeting within existing programs and strengthened state capacity to deliver social services could consolidate recent gains in poverty alleviation and income distribution.

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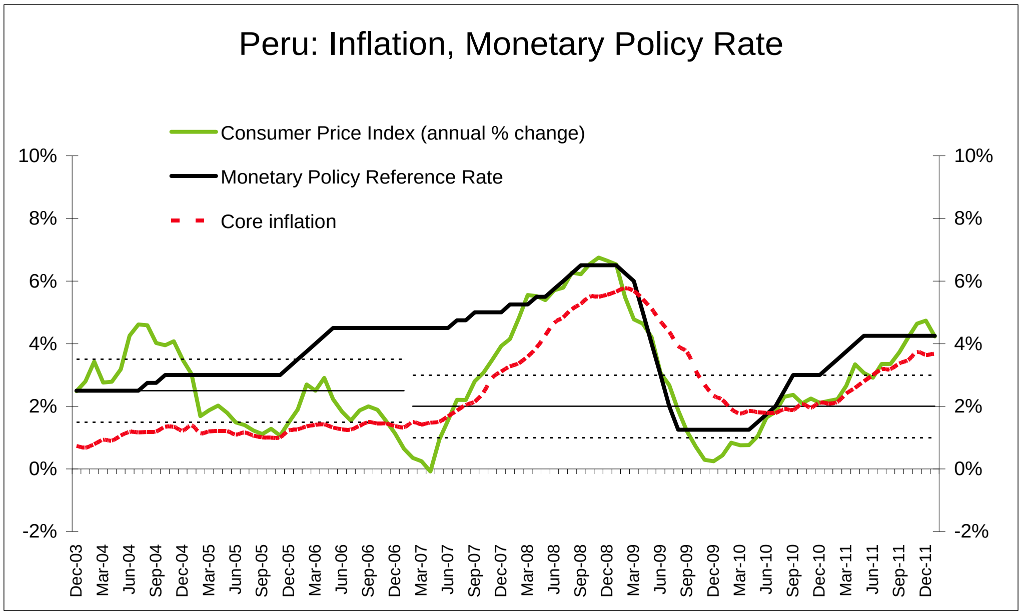
Monetary Policy and Financial Stability

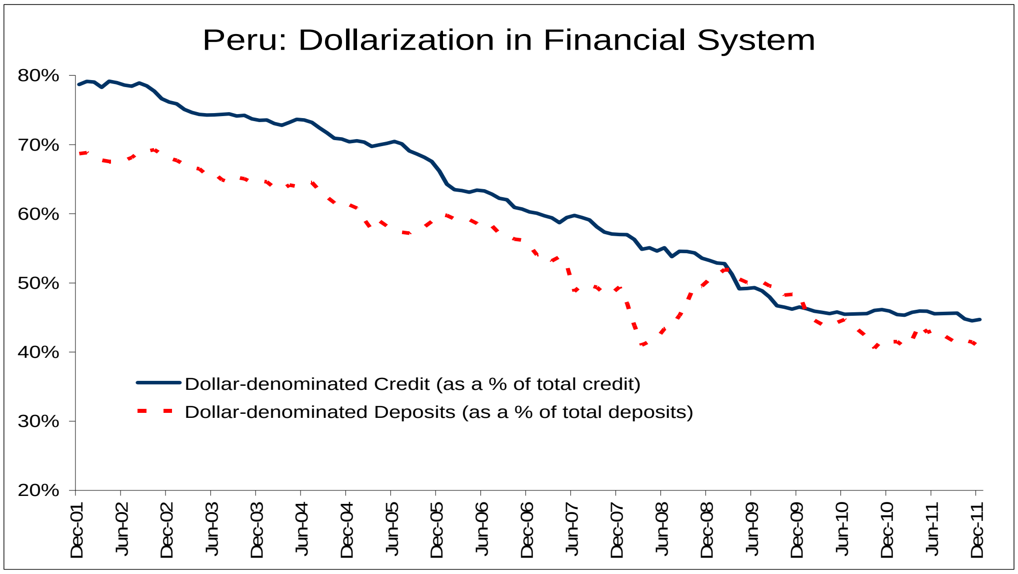
Although rising commodity prices pushed headline inflation well above the target range in 2008, Peru's inflation-targeting regime has proven effective in guiding price stability and anchoring inflation expectations. From 2002 to 2011, average annual inflation was 2.5%, the lowest in South America. In 2009, weak domestic and external demand, and lower food prices led to a sharp fall in inflation. Twelve-month inflation declined from 6.8% in November 2008 to 0.3% one year later. Inflation remained below the band in the second half of 2009 and the first quarter of 2010. However, with the strong recovery inflation rose and now exceeds the upper band, prompting the Central Bank to raise its reference rate from its historical low of 1.25% to 4.25% in a span of 13 months.



Source: BCRP, DBRS
Note: Target rate lowered from 2.5% to 2.0% in February 2007.

Sound regulation, limited reliance on external funding and strong BCRP support protected Peru's financial sector during the crisis. The banking system has remained well-capitalized, with adequate provisions and low levels of non-performing loans. Credit is beginning to grow again, which has helped sustain a robust recovery.

One of the weaknesses in the Peruvian financial system is the elevated levels of dollarization – a legacy of high inflation in the 1970s and 1980s. Currency mismatches create balance sheet vulnerabilities throughout the economy, which carry significant exchange rate and liquidity risks. The BCRP maintains high international reserves to manage these risks, but it is also taking steps to reduce dollarization. These include higher reserve requirements on foreign currency bank deposits, the development of local capital markets, including a local currency mortgage market, and, most importantly, strict price stability within a credible inflation-targeting framework.



Source: Banking, Insurance and Pension Supervisor (SBS), DBRS

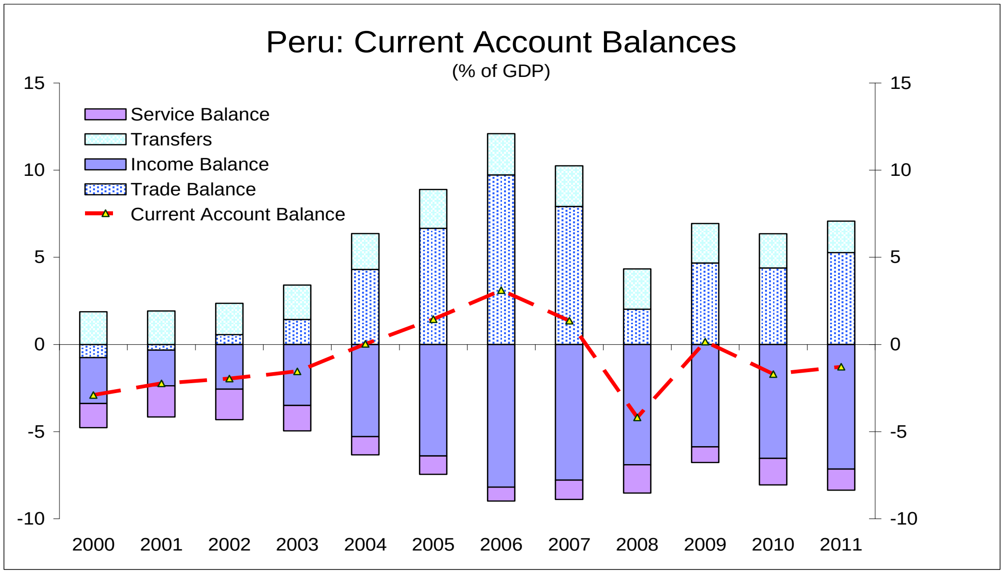
These measures and the steady appreciation of the local currency have succeeded in reducing dollarization levels. The share of dollarized credit has steadily declined from 79% in 2001 to 44.7% in December 2011. Dollar deposits have declined from 69% to 41% over the same period. There was a rebound in dollar deposits from December 2007 to March 2009, and credit de-dollarization appears to have moderated its progress, with dollar banking credit expanding rapidly.

Balance of Payments

The international financial crisis had an adverse effect on Peru's terms of trade and led to a sharp deceleration in economic growth. However, this effect has proven short-lived as the price of copper has recovered and the price of gold has continued to rise, driving a marked improvement in Peru's terms of trade and helping fuel the economy's brisk growth these past two years. It is expected that the current account will remain at a level that is sustainable. The positive trade balance associated with the export commodity boom will continue to generate income repatriation, as can be seen from the negative income balance. The significant and stable transfers Peru receives from remittances, at about 2% of GDP each year, gives its balance of payments an additional cushion.

Annual FDI net inflows averaged 3.77% of GDP from 2004 to 2009, and continued with US$7.1 billion in net FDI inflows in 2010 and an estimated US$7.3 billion in 2011. Barring deterioration in the political environment or another external shock, a long list of large investment projects, principally in the mining and hydrocarbon industries, will attract significant financing in the coming years.

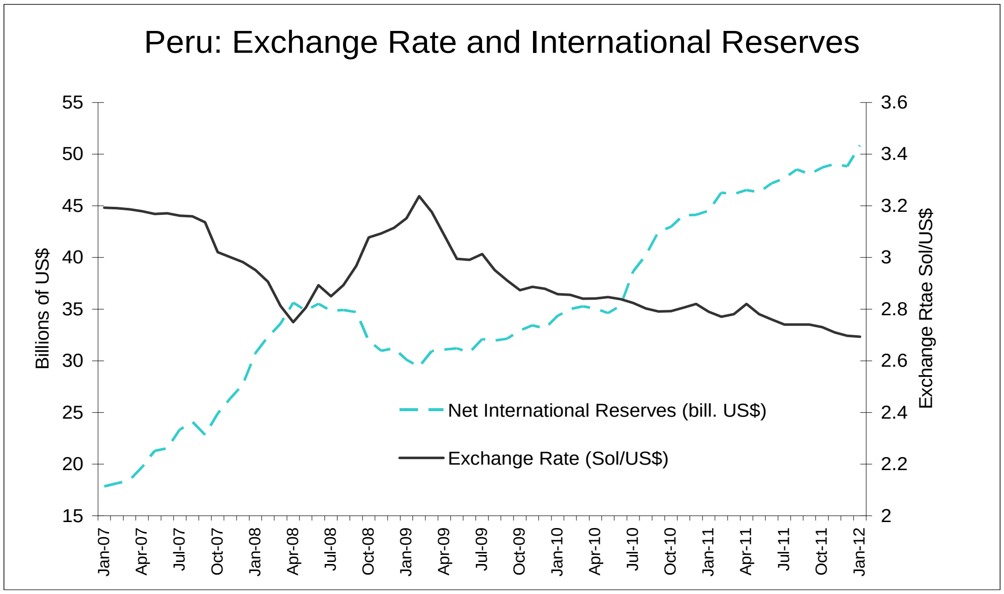
Peru's economy is highly dependent on commodity prices. Mining and hydrocarbon products accounted for 68% of Peru's exports from 2005 to 2011, with record levels achieved in 2011. Mining exports reached US$27.3 billion, or 15.6% of GDP, and overall exports hit the US$46.2 billion mark, or 26.4% of GDP. Non-traditional exports have also expanded at a rapid pace, from $2.6 billion in 2003 to $10.1 billion in 2011, with strong growth in the agro-industry and chemical sectors, but traditional exports have grown faster. Commodities as a share of overall exports will remain high due to increased production, strong demand from Asia and high international prices. Peru's success with commodity exports exposes it to the volatility of the commodity price cycle. High levels of foreign currency reserves, low levels of public sector debt, and a credible fiscal rule form the basis of a policy framework to mitigate the effects of this cycle. Export diversification can also help but is likely to have a limited impact, given the difficulty of matching the success of Peru's commodity export sector.



Source: BCRP, DBRS.

Peru has sought to develop and diversify its export sector and attract foreign investment through bilateral trade agreements. The United States-Peru Trade Promotion Agreement, which came into effect in early 2009, institutionalized Peru's trade and investment links with its largest trading partner. Peru has free trade or investment agreements with every major economy in the Western Hemisphere, except Venezuela, and is now seeking to strengthen its commercial relationships in Asia and Europe. Free trade agreements with China, Peru's second largest trading partner, and with South Korea have been approved, and negotiations with Japan and the European Union have concluded successfully, although the agreements await ratification.

The prospect of further appreciation of the domestic currency, with more attractive yields obtained in the domestic capital markets as growth has resumed, may generate capital inflows and fuel a stronger appreciation of the currency. A host of measures have been adopted by the Central Bank to try to deter capital inflows, especially of shorter maturity. These include raising the reserve requirement from 35% to 120% for non-resident deposits in domestic currency and increasing reserve requirement to 75% for external credit with a maturity of less than two years. As the BCRP seeks to reduce the volatility of the exchange rate, and to limit the appreciation of the sol, it has continued to accumulate reserves through sterilized interventions in 2010. Since December 2009, international reserves have risen by US$19.8 billion, or 11.3% of 2011 GDP. This strong international reserve position is not without costs, however, as reserves earn less than more-expensive domestic public debt.



Source: BCRP, DBRS.

Political Environment

Last election:	April 2011 (presidential and congressional)
Next election:	April 2016 (presidential and congressional)
Party in power:	Gana Peru
Legislature (unicameral):	Gana Peru holds 47 out of 130 seats

In the 2011 presidential elections, Ollanta Humala rose in the polls as the campaign progressed, going on to win the first round and then defeating Keiko Fujimori in the second round. During the campaign Ollanta Humala pledged to respect the rule of law and to improve social inclusion. The appointment of Luis Miguel Castilla, who was Deputy Finance Minister under President Garcia's administration, as Minister of Finance, and the confirmation of Julio Velarde as President of the Central Bank by President Humala signalled continuity with the macroeconomic policy framework. The extensive cabinet reshuffle in December 2011 did not alter this and appears to have pursued greater coherence, as the Cabinet had seemed divided over how to handle the social and political opposition against the large Conga mining project.

The fragmented nature of Peru's party system, combined with widespread poverty, especially in the Andean and Amazonian regions, and a sense of social exclusion, create an unpredictable political environment in which relatively unknown, often anti-system candidates, can quickly rise to national prominence. This presents the single greatest risk to Peru's political and economic stability.

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Selected Indicators

For the year ended December 31

(US$ billions unless otherwise noted)	2006	2007	2008	2009	2010	2011
Public Debt						
Public Sector	30.5	31.9	30.6	34.5	36.0	38.3
% GDP	33.0%	29.7%	24.1%	27.1%	23.4%	21.7%
Domestic Debt						
Public Sector	8.5	11.8	11.4	13.9	16.1	18.1
% GDP	9.2%	11.0%	9.0%	10.9%	10.5%	10.3%
External Debt						
Public Sector	22.0	20.1	19.2	20.6	19.9	20.2
% GDP	23.8%	18.7%	15.1%	16.2%	12.9%	11.5%
% of Exports	83%	64%	55%	67%	50%	44%
Gross External	28.9	32.9	34.8	35.7	40.6	43.5
% GDP	31.3%	30.6%	27.4%	28.1%	26.4%	24.7%
Net External	11.6	5.2	3.6	2.6	-3.6	-5.4
% GDP	12.5%	4.8%	2.8%	2.0%	-2.3%	-3.0%
Fiscal Balances (% GDP)						
General Government Primary Balance	3.9%	4.5%	4.0%	-0.2%	1.0%	3.0%
Revenues	20.0%	20.8%	21.3%	19.0%	20.2%	21.0%
Expenditures	16.1%	16.3%	17.4%	19.2%	19.2%	18.1%
Interest Payments	1.8%	1.8%	1.5%	1.3%	1.1%	1.1%
Interest Payments (% Revenues)	9.2%	8.5%	7.3%	6.7%	5.7%	5.2%
General Government Balance	2.1%	2.7%	2.4%	-1.5%	-0.2%	1.8%
Public Sector Balance	2.3%	2.9%	2.4%	-1.3%	-0.3%	1.8%
Balance of Payments & Liquidity						
Current Account Balance	2.9	1.5	-5.3	0.2	-2.6	-2.3
% GDP	3.1%	1.4%	-4.2%	0.2%	-1.7%	-1.3%
Trade Balance	9.0	8.5	2.6	6.0	6.7	9.3
Net Foreign Direct Investment (% GDP)	3.8%	5.1%	4.9%	4.1%	4.6%	4.3%
International Reserves	17.3	27.7	31.2	33.2	44.2	48.9
International Reserves (% Amortizations + ST Debt)	293%	208%	306%	430%	348%	
External Liquidity Ratio (%)	144%	134%	129%	161%	150%	
International Investment Position	-25.7	-31.2	-30.2	-32.2	-37.8	-38.4
External Assets	32.8	47.6	48.3	57.7	72.9	80.2
External Liabilities	58.4	78.8	78.5	89.9	110.7	118.6

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Ratings History

Issuer	Debt Rated	Current	2011	2010	2009
Peru, Republic of	Long-Term Foreign Currency Debt – Issuer Rating	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Peru, Republic of	Long-Term Local Currency Debt – Issuer Rating	BBB (low)	BBB (low)	BBB (low)	BBB (low)

Notes:
All figures are in US Dollars unless otherwise noted.