



PERÚ

Ministerio  
de Economía y Finanzas



# PERU MACROECONOMIC OVERVIEW

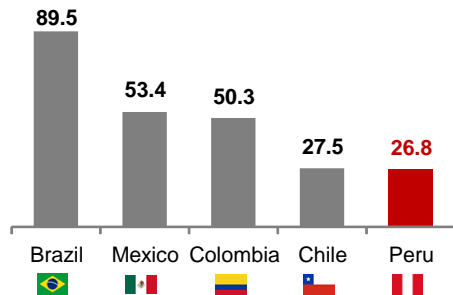
January 2021

# Peru's macroeconomic strengths have been fundamental in tackling COVID-19

1

### Public Debt

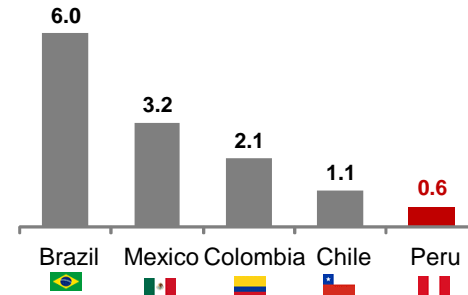
(% of GDP, 2019)



2

### Fiscal Deficit

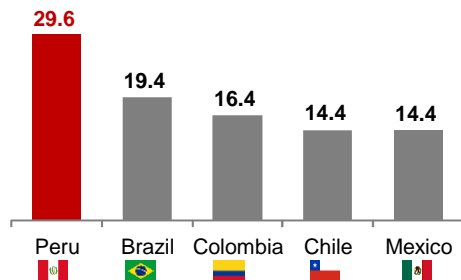
(% of GDP, Average 2010-2019)



3

### International Reserves

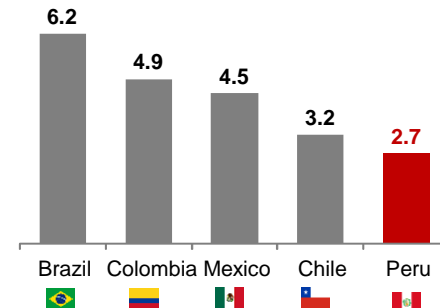
(% of GDP, 2019)



4

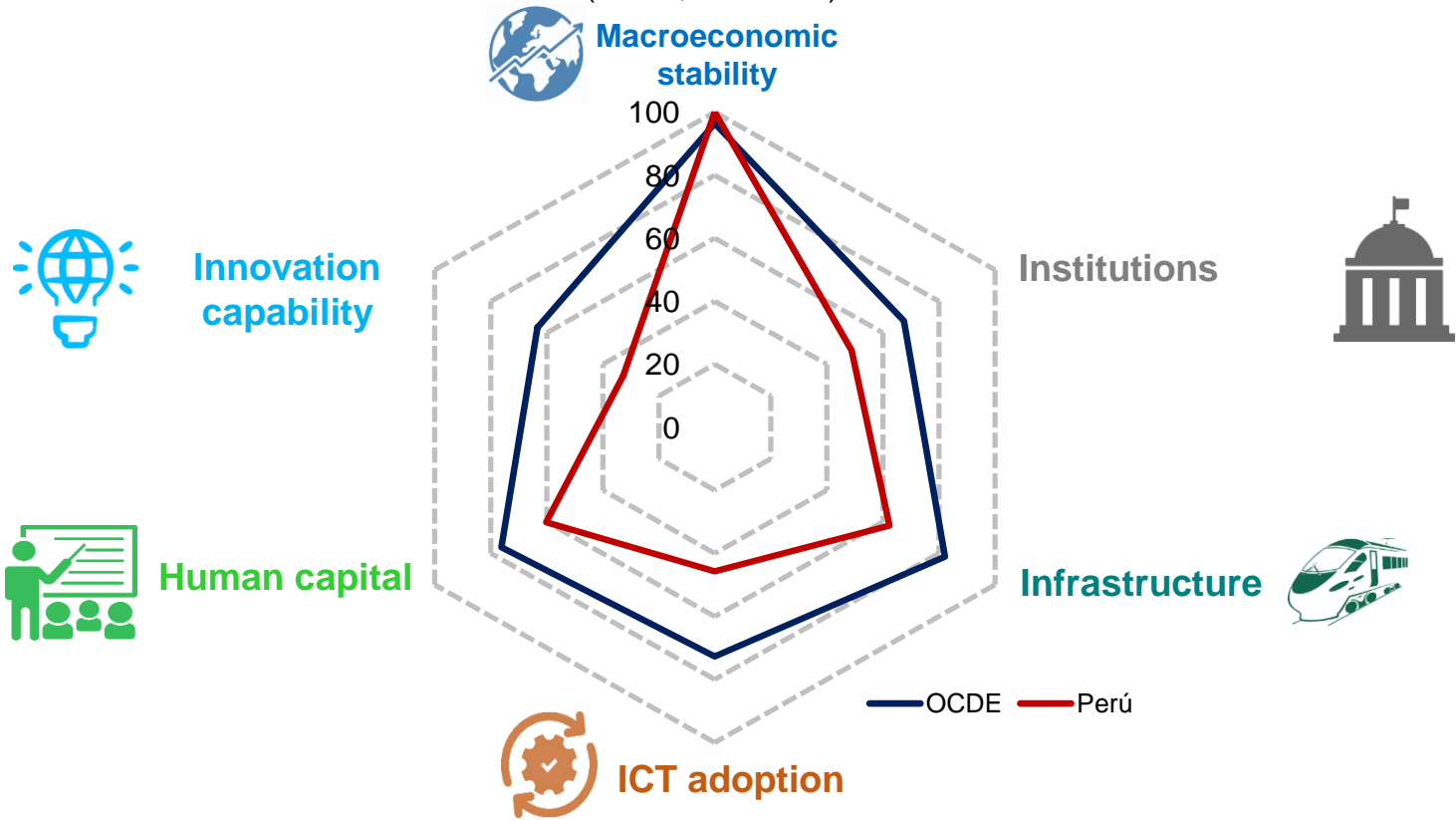
### Inflation

(%, Average 2000-2019)



# Peru began the battle against the COVID-19 with Macroeconomic strengths, but also with important weaknesses in microeconomic aspects

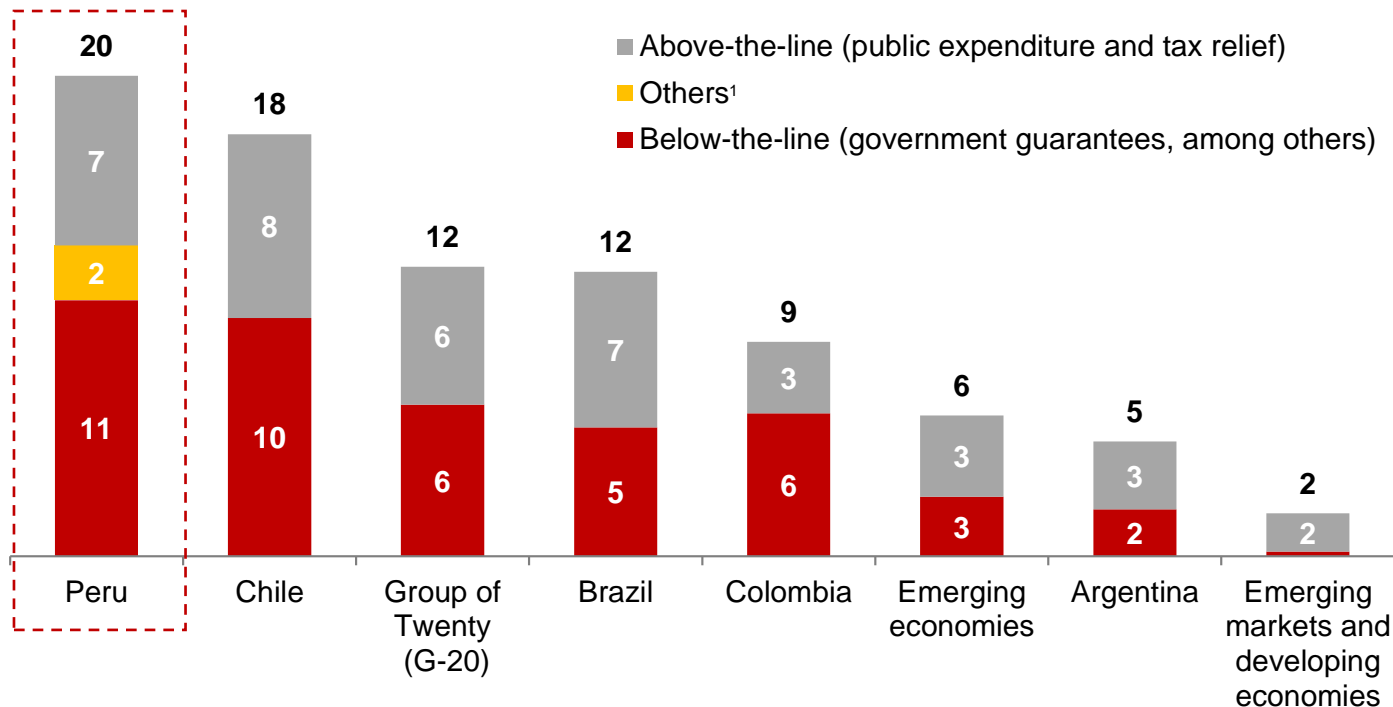
Pillar of the Global Competitiveness Index, 2019  
(Score; 100=best)



Source: WEF (2019).

# Fiscal strategy: Peru's fiscal strengths allows to implement one of the most important economic plans in the region (20% of GDP)

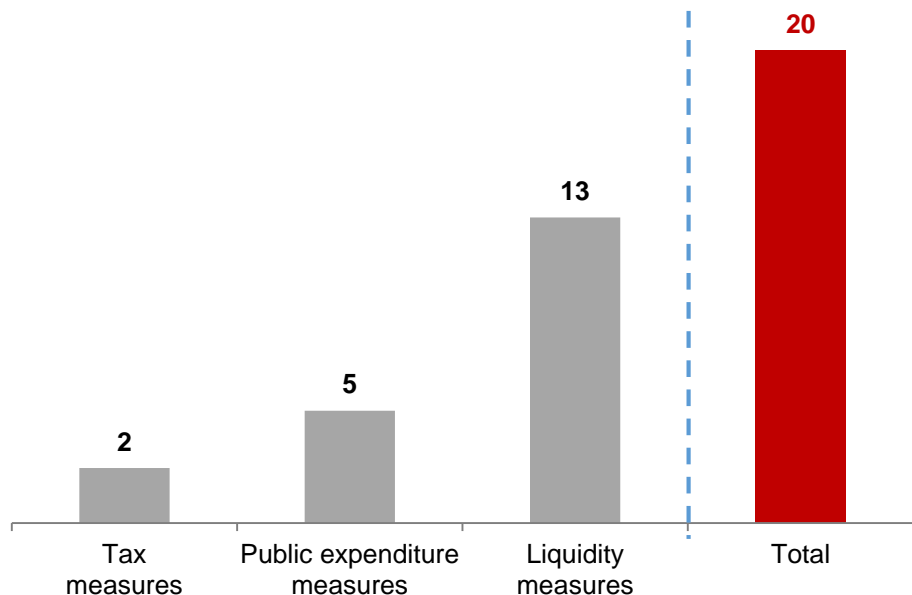
## Economic measures against COVID-19 (% of GDP)



<sup>1/</sup> In the case of Peru, the Plan considers measures to release private savings of citizens, such as those associated with CTS and AFP.  
Source: IMF, Cepal, MEF.

# The government has so far approved economic measures of 20% of GDP

## Economic Plan against COVID-19 (% of GDP)



## Policy tools of the Economic Plan against COVID-19

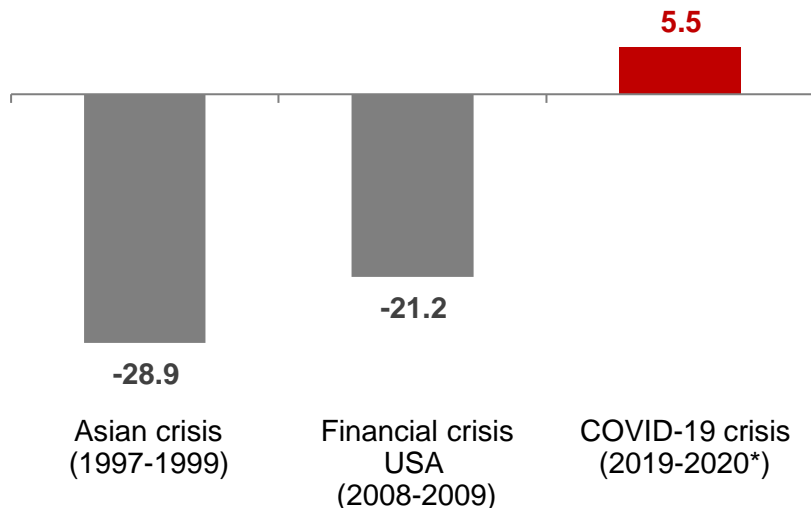
Tax measures	Expenditure measures	Liquidity measures
<ul style="list-style-type: none"><li>• Tax deferrals for individuals and companies</li><li>• Early release of VAT deductions system's funds</li><li>• The validity of the RERA<sup>1</sup> of the VAT was extended until 2023<sup>2</sup></li></ul>	<ul style="list-style-type: none"><li>• Resources for strengthening health services</li><li>• S/ 760 bonus for vulnerable families</li><li>• Payroll subsidy</li><li>• "Arranca Peru" and "Compras Mypes"</li></ul>	<ul style="list-style-type: none"><li>• "Reactiva Peru"</li><li>• "FAE MYPE" (includes "FAE turismo" and "FAE agro")</li><li>• Release of CTS and AFP</li><li>• Guarantee program for the credit portfolio of financial institutions</li></ul>

1/ Special regime of anticipated recovery of the VAT. 2/ The coverage to the micro enterprises and SMEs was exceptionally extended until 2021.  
Source: MEF.

# Reactiva Peru avoided a credit collapse, as happened in other crisis episodes

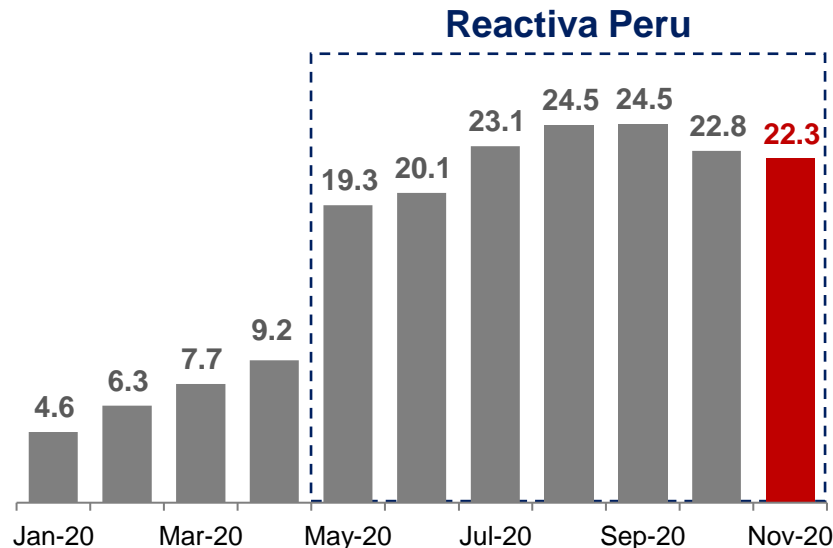
## Credit to the private sector in crisis episodes<sup>1</sup>

(Difference in p.p. from variation rates)



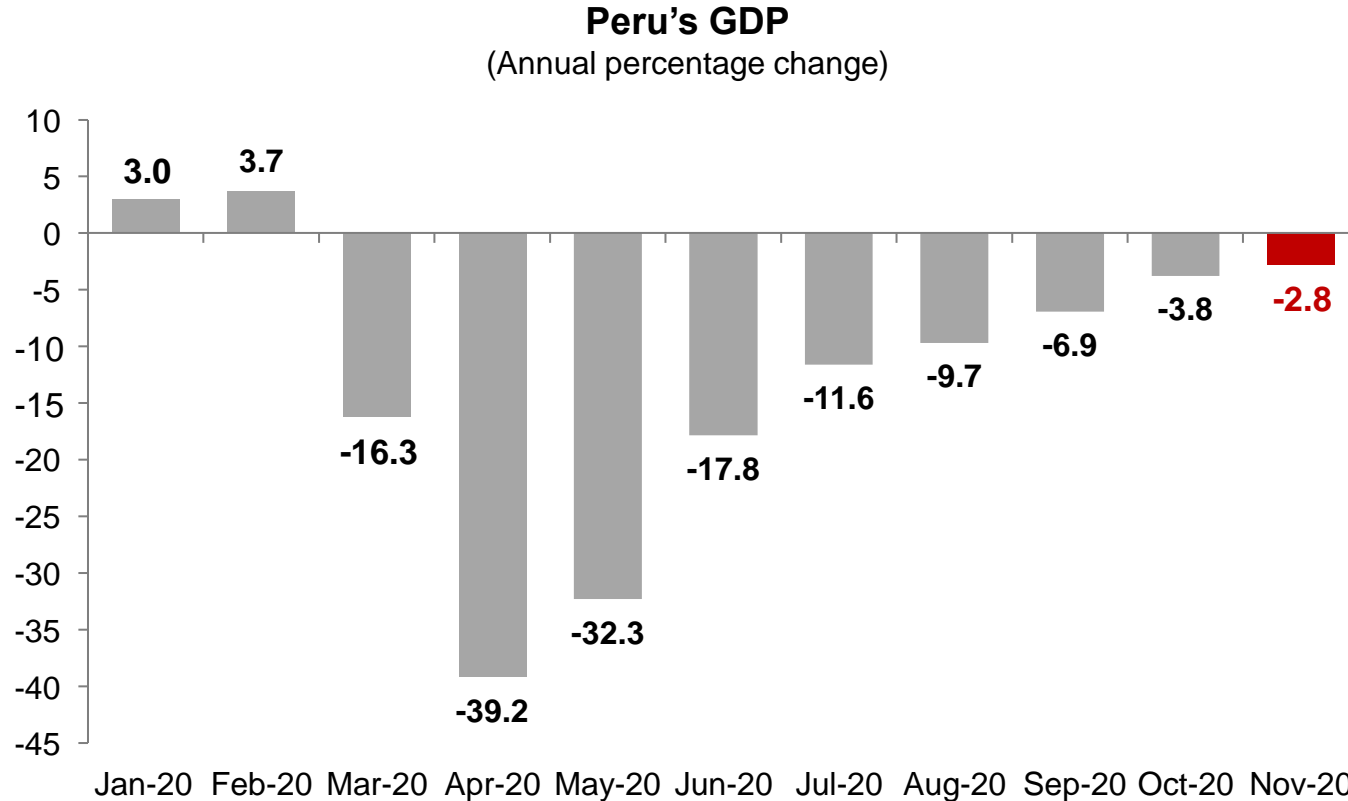
## Business credit to the private sector, 2020<sup>1</sup>

(Annual percentage change)



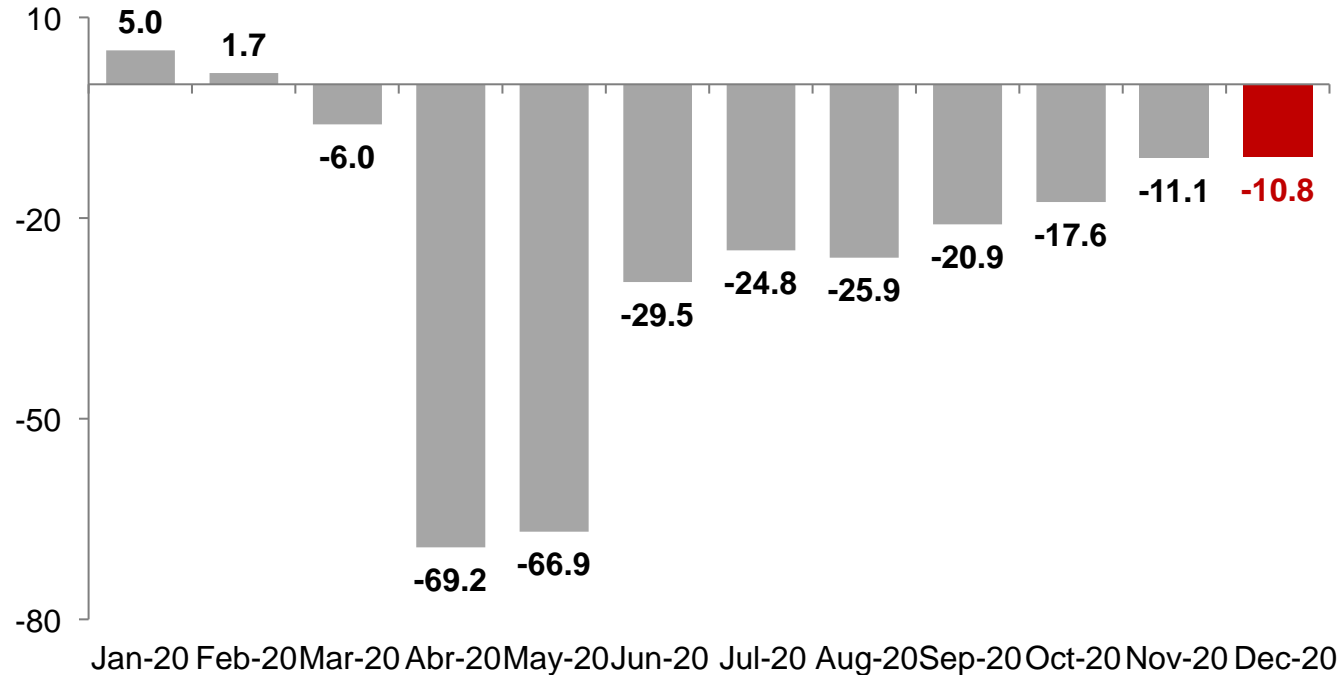
<sup>1</sup> Of the deposit societies. For credits in foreign currency, a constant exchange rate is considered. It does not include credits from foreign bank branches. (\*) As of November 2020.  
Source: Central Bank of Peru

# Peruvian economy experienced a rapid "rebound" after having registered historic declines due to the COVID-19



# Favorable economic growth is helping employment recovery

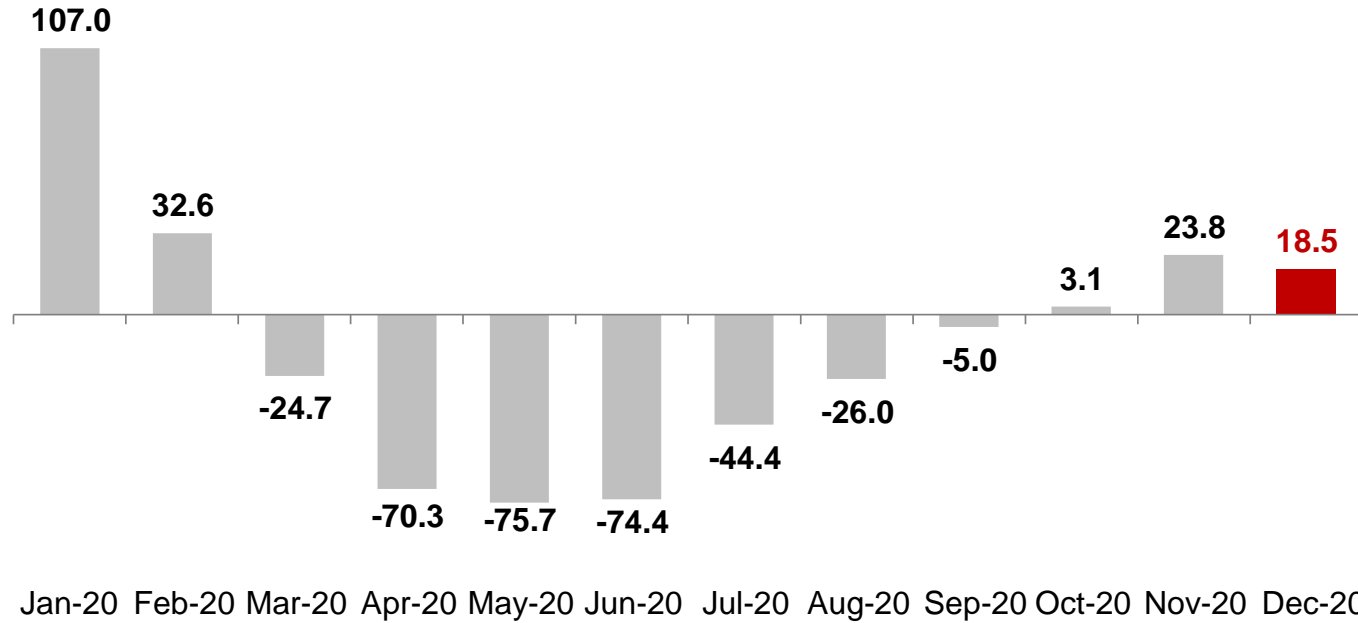
## Employment in Lima Metropolitan (Annual percentage change)



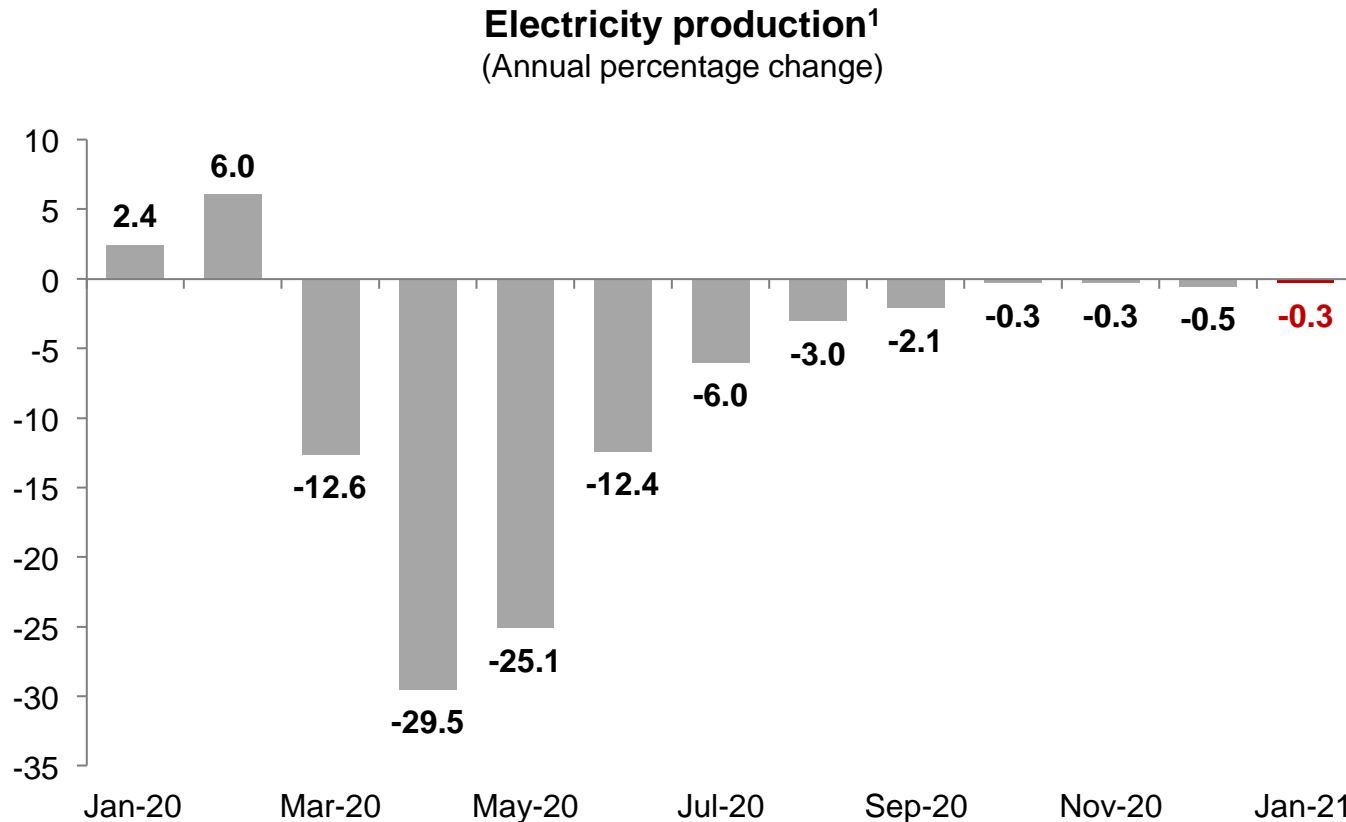


# Public investment recovered in the fourth quarter

## General Government Investment (Annual percentage change)



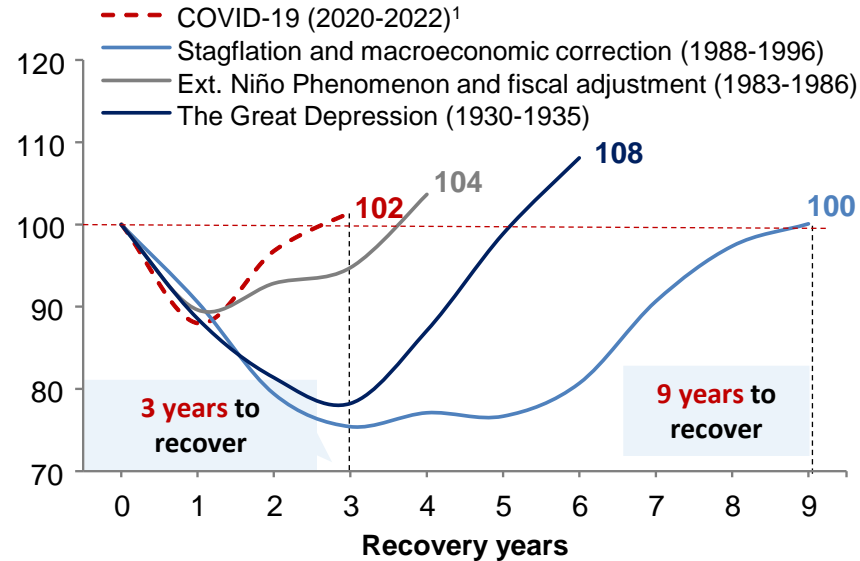
# Leading indicators show that economy recovery will continue in the next months



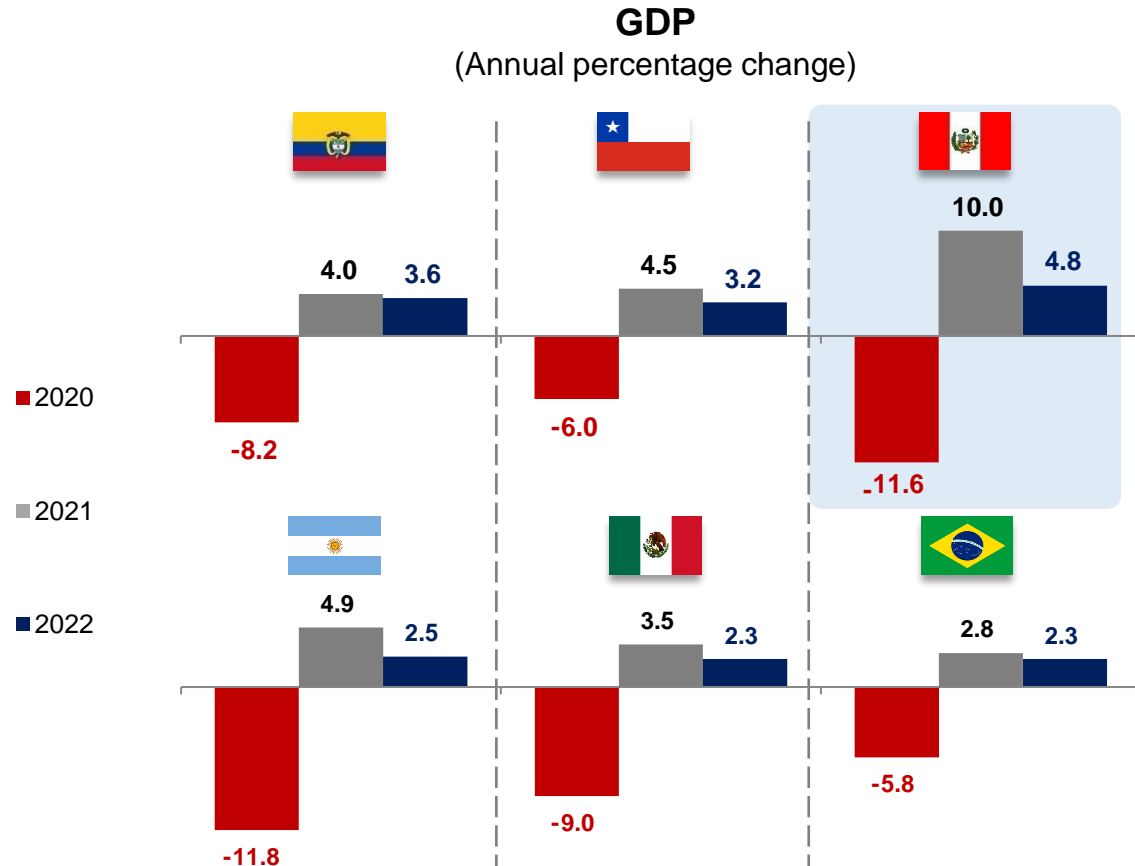
<sup>1</sup>/ January 2021 includes information up to the 26th.  
Source: INEI, COES

# In the short term the economy needs to recover pre-pandemic levels

## The economic crises of Peru's history<sup>1</sup> (Pre-recession GDP = 100)



# Peru will continue to lead the economic growth in the region in the coming years



Source: IMF, MEF Forecast.



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