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Peru: Economic Notes

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Peru: Economic Notes

by John Neagle

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Inflation for 1989 is estimated at 7,000%. For the first 11 months of the year, monthly inflation averaged 25%. The legal minimum wage is about \$35 per month, based on the free exchange rate for intis versus US dollars. Meanwhile, official sources indicate that the minimum income for an average Peruvian household necessary to purchase subsistence goods and services in November was 3 million intis, or about US\$300. In the past three months, the greatest economic dynamism was seen in non-electrical machinery (104.3%), footwear and leather (84.3%), and basic iron and steel processing industries (65.5%). GDP was down 25% for the first nine months of the year compared to the same period in 1988. Average wages dropped 54.7% between August 1988 and August 1989. Despite a 55% price drop for coffee on the world market since December 1988, Peruvian coffee exports were up 33% in the first nine months of the year. (Basic data from Notimex, 12/01/89)

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