



MONETARY PROGRAM FOR MARCH 2019

BCRP MAINTAINED THE POLICY INTEREST RATE AT 2.75%

1. The Board of the Central Reserve Bank of Peru approved to maintain the monetary policy interest rate at 2.75 percent. This decision takes into account the following factors:
 - i. In February, the YoY inflation rate and trend inflation indicators showed levels within the inflation target range;
 - ii. The expected YoY rate of inflation decreased to 2.40 percent in February;
 - iii. Indicators of non-primary economic activity continue showing signs of dynamism, even though the output level remains below its potential, and
 - iv. There are still risks in terms of global economic activity, although lower volatility has been observed in international financial markets.
2. The YoY inflation rate is expected to remain around 2.0 percent, within the target range. The Board considers that it is appropriate to maintain an expansionary policy stance while inflation expectations remain anchored in a context in which the level of economic activity is below its potential level.
3. Recent indicators of inflation and activity reflect the following:
 - i. Inflation in February showed a rate of 0.13 percent, as a result of which the YoY inflation rate decreased to 2.0 percent in February 2019. Moreover, inflation excluding food and energy prices recorded a rate of 0.12 percent, as a result of which the YoY rate was 2.4 percent in February.
 - ii. Indicators of business expectations remain on the optimistic side. Furthermore, indicators of non-primary economic activity continue pointing to a gradual closure of the output gap.
4. The Board of the Central Bank also approved to maintain the annual interest rates on lending and deposit operations in domestic currency (not included in auctions) between BCRP and the financial system, as specified below:
 - i. Overnight deposits: 1.50 percent.
 - ii. Direct security and currency repos and rediscount operations: i) 3.30 percent for the first 10 operations carried out by a financial institution in the last 12 months, and ii) the interest rate set by the Committee of Monetary and Foreign Exchange Operations for additional operations to the 10 first operations carried out in the last 12 months.
 - iii. Swaps: a commission equivalent to a minimum annual effective cost of 3.30 percent.
5. The Monetary Program for the month of April will be approved on the Board meeting to be held on April 11, 2019.

Lima, March 7, 2019