



PRESS RELEASE

SPECIAL MONETARY POLICY STATEMENT - MARCH 2020 BCRP LOWERS REFERENCE RATE TO 1.25%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to lower the reference interest rate by 100 basis points, from 2.25 to 1.25 percent, in light of the following developments:
 - i. Economic activity is being temporarily affected by a supply shock and a slowdown in domestic demand caused by the coronavirus pandemic.
 - ii. The risks to global and domestic economic activity have increased in recent days, including the possibility of a global recession in the first half of the year.
2. The BCRP will continue to take the necessary steps to support the payments system and the credit channel. In March the BCRP has implemented liquidity easing via one-day repos (S/ 1,400 million per day on average) and 6 month- and one-year repos (S/ 1,400 and S/ 1,500 million, respectively). Other liquidity injection instruments available to the BCRP are repos using reserve requirements as collateral, currency substitution repos, repos using loans as collateral, and foreign exchange repos. The BCRP is also assessing new liquidity instruments to be used if necessary.
3. The Board pays close attention to new information on inflation and its determinants to continue expanding monetary stimulus.
4. The BCRP, in close coordination with the Ministry of Economy and Finance and with the Superintendence of Banking and Insurance, will take the necessary measures to preserve macrofinancial stability, economic activity, and employment.
5. In the same meeting the Board also decided to maintain the following interest rates on BCRP discount window operations in domestic currency:
 - i. Overnight deposits: 0.25 percent per year.
 - ii. Direct security/currency repo and rediscount operations: 1.80 percent per year.
6. The BCRP Board's next monetary policy meeting will take place on April 16, 2020.

Lima, March 19, 2020.