



PRESS RELEASE

MONETARY POLICY STATEMENT - APRIL 2020 BCRP LOWERS REFERENCE RATE TO 0.25%

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 1.25 to 0.25 percent, in light of the following developments:
 - i. Annual inflation is expected to approach the lower bound of the target range over the forecast horizon due to a significant weakening in domestic demand.
 - ii. Monthly inflation was 0.65 percent in March; consequently, year-on-year inflation decreased from 1.9 percent in February to 1.8 percent in March. With monthly inflation excluding food and energy at 0.42 percent in February, the year-on-year figure decreased from 2.3 percent in February to 1.7 percent in March.
 - iii. One-year ahead expected inflation as of March was 2.0 percent.
 - iv. Economic activity is being severely affected by simultaneous temporary supply and demand shocks.
 - v. The risks to global economic activity have increased, 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 chain. In this context, the BCRP has implemented liquidity easing operations such as security and currency repos in March and so far in April. The BCRP has several additional liquidity injection instruments.
3. The Board pays close attention to new information on inflation and its determinants to continue expanding monetary stimulus under different modalities.
4. In the same meeting the Board also decided to reduce the following interest rates on BCRP discount window operations in domestic currency:
 - i. Overnight deposits: 0.15 percent per year.
 - ii. Direct security/currency repo and rediscount operations: 0.50 percent per year.
5. The BCRP Board's next monetary policy meeting will take place on May 7, 2020.

Lima, April 9, 2020.