



PRESS RELEASE

MONETARY POLICY STATEMENT FEBRUARY 2020 BCRP MAINTAINED REFERENCE RATE AT 2.25%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to maintain the reference at 2.25 percent, in light of the following developments:
 - i. Year-on-year inflation is expected to be around 2.0 percent over the forecast horizon, with a moderate downside bias due to the possibility of a lower-than expected increase in domestic demand.
 - ii. Monthly inflation was 0.05 percent in January, consequently, year-on-year inflation remained at 1.9 percent in January 2020. With monthly inflation excluding food and energy at 0.07 percent in January, the year-on-year figure also remained at 2.3 percent.
 - iii. One-year ahead expected inflation as of January decreased from 2.23 to 2.05 percent. The weak performance of primary industries and public investment in 2019 was attenuated by the activity in non-primary industries. Public investment improved in January and economic activity indicators point to a gradual closure of the output gap, while business conditions expectations improved respect to December.
 - iv. Global growth risks from trade tensions have attenuated, although the impact of the coronavirus is still uncertain.
2. The BCRP Board pays close attention to new information on inflation and its determinants in assessing future changes in the monetary policy stance.
3. The Board also decided to maintain the interest rates on BCRP off-auction credit and deposit operations in domestic currency with financial entities.
 - i. Overnight deposits: 1.00 percent per year.
 - ii. Direct security/currency repo and rediscount operations: i) 2.80 percent per year for financial entities' first 10 operations over the last 12 months; and ii) the rate fixed by the BCRP Monetary and Foreign Exchange Operations Committee for operations other than financial entities' first 10 operations over the last 12 months.
 - iii. Dollar swaps: a fee equal to a minimum annual effective cost of 2.80 percent.
4. The BCRP Board's next monetary policy session will take place on March 12, 2020.

Lima, February 13, 2020.