



## **PRESS RELEASE**

### **MONETARY POLICY STATEMENT JANUARY 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 0.21 percent in December, consequently, year-on-year inflation remained at 1.9 percent in December 2019. With monthly inflation excluding food and energy at 0.34 percent in December, the year-on-year figure also remained at 2.3 percent.
  - iii. One-year ahead expected inflation as of December remained at 2.2 percent.
  - iv. The weak performance of primary industries and General Government investment in 2019 was attenuated by the activity in non-primary industries. Business conditions expectations as of December remained stable with respect to November, while economic activity indicators point to a gradual closure of the output gap.
  - v. Global growth risks from trade tensions have attenuated, although the impact of the recent geopolitical events on international energy prices 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 February 13, 2020.

Lima, January 9, 2020.