



## **PRESS RELEASE**

### **MONETARY POLICY STATEMENT FEBRUARY 2021 BCRP MAINTAINED REFERENCE RATE AT 0.25%**

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to continue its expansionary policy stance, maintaining the reference rate at 0.25 percent and implementing further liquidity injection operations, in light of the following developments:
  - i. Year-on-year inflation increased from 2.0 percent in December to 2.7 percent in January due to specific supply factors that led to higher prices of some goods and energy. Trend inflation remains in the lower part of the target range. Thus, year-on-year core inflation was 1.7 percent in January at the center of the target.
  - ii. Inflation is expected to remain within the target range throughout 2021 and 2022; and to lie at the lower part of the range by the end of the year, as economic activity will remain below its potential level over the forecast horizon (2021-2022).
  - iii. One-year ahead expected inflation was 2.0 percent in January.
  - iv. The recovery of leading indicators moderated in January. Firms' growth expectations deteriorated in January, considering the intensified impact of the pandemic on the economy due to the beginning of a second wave of contagions and the new restriction measures.
  - v. Global economic activity has been improving, but at a more moderate pace due to social confinement measures in the face of the new pandemic outbreak.
  
2. The Board considers it appropriate to maintain a strong expansionary monetary stance for as long as the negative effects of the pandemic on inflation and its determinants persist. The BCRP will continue to take the necessary steps to sustain the payments system and credit flows, and stands ready to expand monetary stimulus using a range of instruments. As of February 10, BCRP injection operations totaled S/ 64,566 million, of which S/ 50,364 million were associated with government-backed repos, S/ 1,097 million with repos conditioned to credits rescheduling, and S/ 245 million with repos conditioned to the expansion of long-term credit.
  
3. The Board also decided to maintain the following interest rates on its window facility operations in domestic currency with financial entities:
  - i. Overnight deposits: 0.15 percent per year.
  - ii. Direct security/currency repo and rediscount operations: 0.50 percent per year.
  
4. The BCRP Board's next monetary policy session will take place on March 11, 2021.

Lima, February 11, 2021