



## **PRESS RELEASE**

### **MONETARY POLICY STATEMENT FEBRUARY 2022 BCRP RAISES THE REFERENCE RATE TO 3.50%**

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to raise the reference interest rate by 50 bps to 3.50 percent, thus continuing to normalize its monetary policy stance. This decision takes into account the following developments:
  - i. Year-on-year inflation was 5.68 percent in January, temporarily above the target range due mainly to a surge in international food and fuel prices, as well as exchange rate depreciation. Year-on-year core inflation was 3.08 percent in January, above the upper limit of the target range.
  - ii. Inflation is expected to return to the target range in the fourth quarter of the year, as transitory pressures (exchange rate and international fuel and grain prices) recede, with economic activity below potential. However, the increase in international energy and food prices has been more persistent than expected.
  - iii. One-year-ahead expected inflation for 2022 increased from 3.68 percent to 3.73 percent, above the upper limit of the inflation target range.
  - iv. Most indicators of expectations for economic activity remained in pessimistic territory in January.
  - v. Global economic activity is improving, although at a slower pace due to the impact of COVID-19, persistent bottlenecks in the global supply of goods and services, and uncertainty in the pace of reversal of monetary stimulus in advanced economies.
2. The Board is particularly attentive to new information on inflation expectations and economic activity, with an aim to consider, if necessary, changes in the monetary stance so that inflation returns to the target range over the forecast horizon. In a context of uncertainty, financial volatility persists, with BCRP policies aiming at mitigating it.
3. The Board also decided the following interest rates on its window facility operations in domestic currency with financial entities:
  - i. Overnight deposits: 2.25 percent per year.
  - ii. Direct security/currency repo and rediscount operations: 4.00 percent per year.
4. The BCRP Board's next monetary policy session will take place on March 10, 2022.

Lima, February 10, 2022