



PRESS RELEASE

MONETARY POLICY STATEMENT JANUARY 2022 BCRP RAISES THE REFERENCE RATE TO 3.0%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to raise the reference interest rate by 50 bps to 3.00 percent, continuing the normalization of the stance of monetary policy. This decision takes into account the following developments:
 - i. Year-on-year inflation increased from 5.66 percent in November to 6.43 percent in December, 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 3.24 percent in December, 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.
 - iii. One-year-ahead expected inflation for 2022 increased from 3.5 percent to 3.7 percent, above the upper limit of the inflation target range.
 - iv. Most indicators of expectations for economic activity remain in pessimistic territory in December.
 - v. Global economic activity is improving, although at a slower pace due to new COVID-19 outbreaks, the emergence of new variants, and bottlenecks in global supply of goods and services. This recovery is expected to continue into the next quarters, as the vaccination rollout continues around the world and significant stimulus packages are implemented in developed countries.
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. Based on the available information, the Board sees the convenience of continuing the normalization of monetary policy in the next months. 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: 1.85 percent per year.
 - ii. Direct security/currency repo and rediscount operations: 3.50 percent per year.
4. The BCRP Board's next monetary policy session will take place on February 10, 2022.

Lima, January 6, 2022