



PRESS RELEASE

MONETARY POLICY STATEMENT FEBRUARY 2023 BCRP MAINTAINED THE REFERENCE RATE AT 7.75%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to maintain the reference rate at 7.75 percent. This pause does not necessarily imply an end to the BCRP's monetary tightening cycle. Future reference rate adjustments will be conditional on new information about inflation and its determinants, including the macroeconomic effects of the recent political unrest.
 - i. In January, month-on-month inflation was 0.23 percent and core inflation was 0.05 percent. Year-on-year inflation increased from 8.46 percent in December to 8.66 percent in January, due to higher prices for locally produced food, while core inflation increased from 5.59 percent in December to 5.80 percent in January, both above the upper limit of the inflation target range.
 - ii. The significant increase in international food and fuel prices since the second half of 2021, accentuated by international conflicts, has led to a sharp increase in global inflation in magnitudes not seen in many years and towards levels significantly higher than the inflation targets of central banks, both in advanced and other economies in the region. In the case of domestic inflation, it has been exacerbated by the political unrest since December.
 - iii. A downward trend in year-on-year inflation is forecast since March, with a return to the target range in the fourth quarter of this year, due to a moderation of the impact of international food and fuel prices, a reversal of agricultural supply shocks, and declining inflation expectations in the rest of the year.
 - iv. One-year-ahead expected inflation increased from 4.30 percent in December to 4.62 percent in January, above the upper limit of the inflation target range.
 - v. Most leading and expectations indicators for economic activity deteriorated in January, and remain in pessimistic territory.
 - vi. The outlook for global economic activity has improved slightly; however, global risks remain due to monetary tightening in advanced economies, the impact of inflation on consumption, and international conflicts.
2. The Board is particularly attentive to new information on inflation and its determinants, including the evolution of inflation expectations and economic activity, to consider, if necessary, changes in the monetary stance. The Board reaffirms its commitment to adopt the necessary actions to ensure the return of inflation to the target range over the forecast horizon.
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: 5.25 percent per year.
 - ii. Direct security/currency repo and rediscount operations: i) 8.25 percent per year for the first 10 operations in the last 3 months and ii) the interest rate set by the Monetary and Exchange Operations Committee for operations in addition to these 10 operations in the last 3 months. In addition, the Monetary and Exchange Operations Committee may establish higher rates based on the amount of the operations.
4. The BCRP Board's next monetary policy session will take place on March 9, 2023.

Lima, February 9, 2023