



CENTRAL RESERVE BANK OF PERU

Monetary Policy Statement August 2021

August 13, 2021

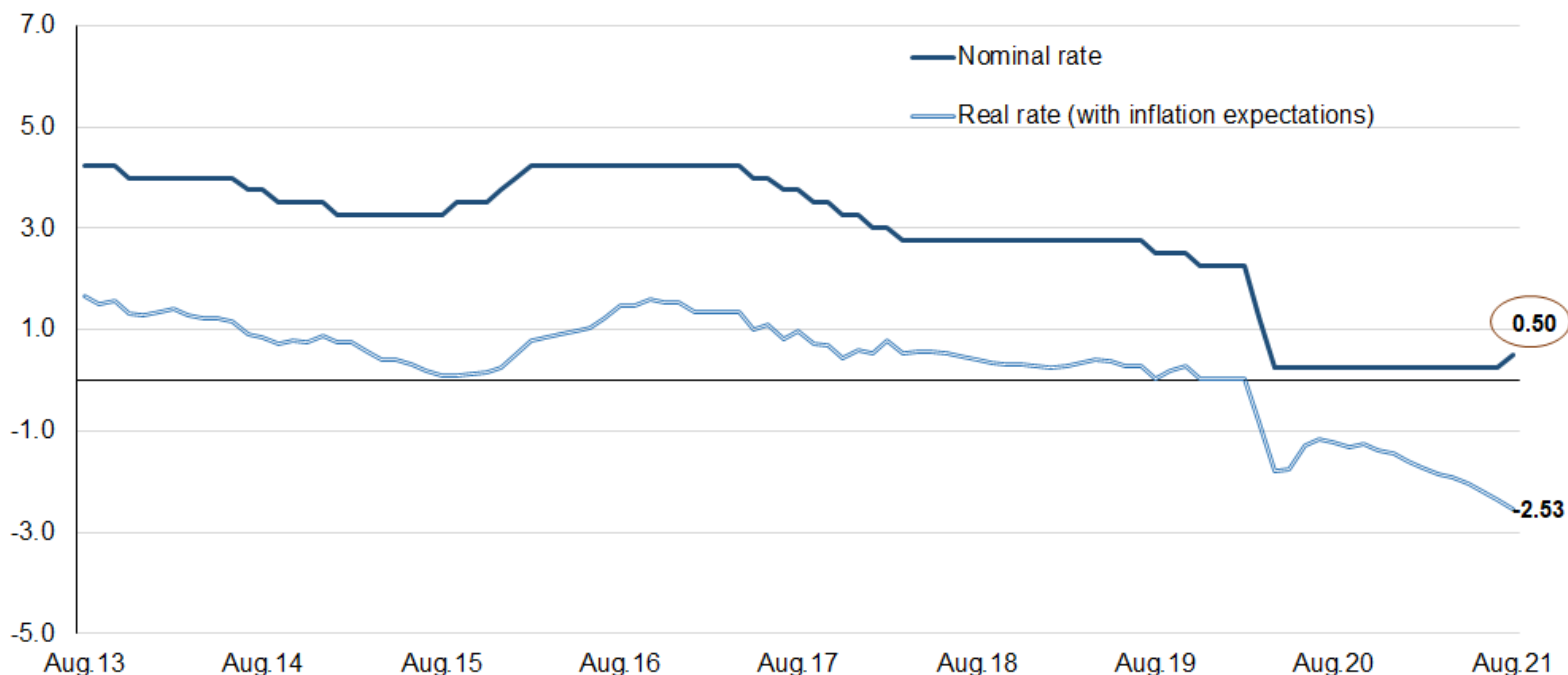


CENTRAL RESERVE BANK OF PERU

The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to continue with an expansionary monetary policy, setting the reference interest rate at 0.50 percent. Thus, the real interest rate of monetary policy is maintained at negative levels and historical lows.

Policy interest rate

(%)

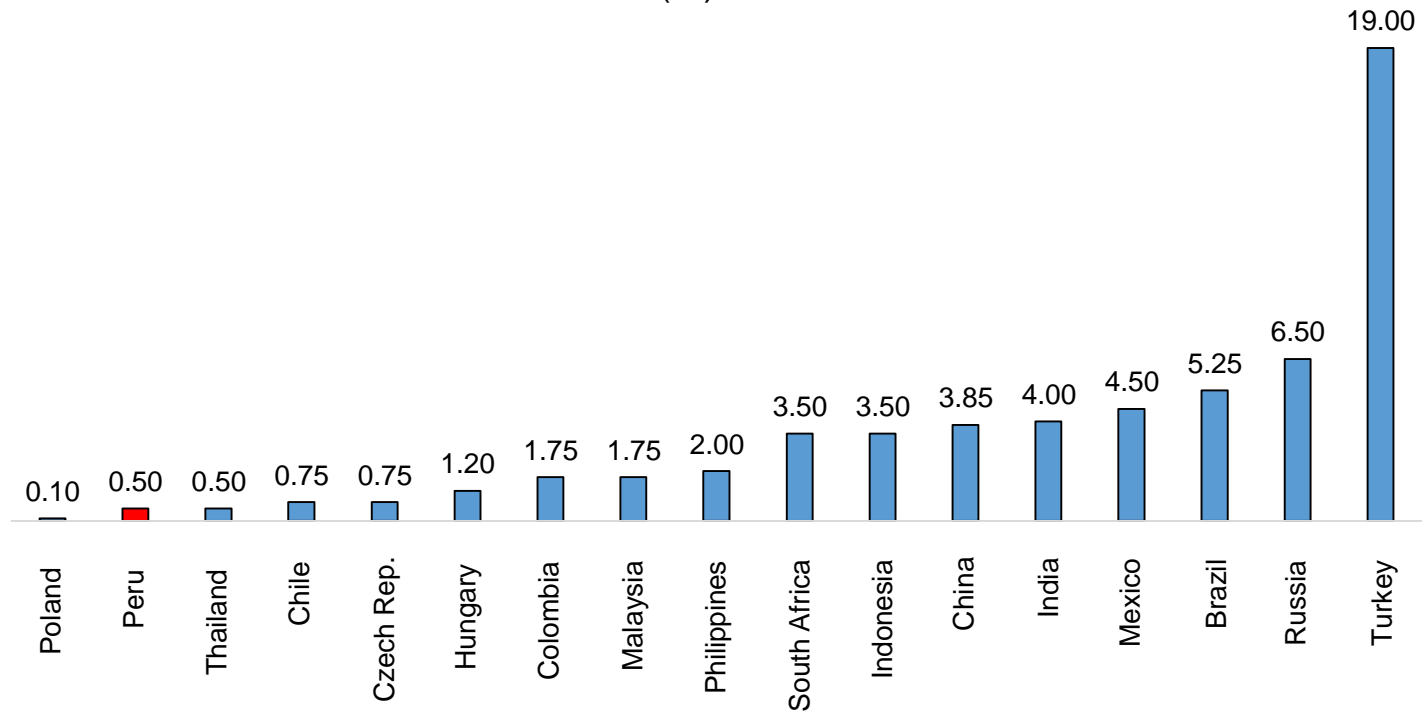


	Apr.20	May.20	Jun.20	Jul.20	Aug.20	Sep.20	Oct.20	Nov.20	Dec.20	Jan.21	Feb.21	Mar.21	Apr.21	May.21	Jun.21	Jul.21	Aug.21
(I) Nominal rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50
(II) Inflation expectations	2.03	2.02	1.52	1.40	1.46	1.57	1.51	1.62	1.68	1.85	1.98	2.11	2.17	2.30	2.43	2.60	3.03
(III) Real rate: (I)-(II)	-1.78	-1.77	-1.27	-1.15	-1.21	-1.32	-1.26	-1.37	-1.43	-1.60	-1.73	-1.86	-1.92	-2.05	-2.18	-2.35	-2.53



The interest rate of Monetary Policy in Peru is one of the lowest internationally.

Monetary Policy Interest Rates in Emerging Economies: August 2021 (%)

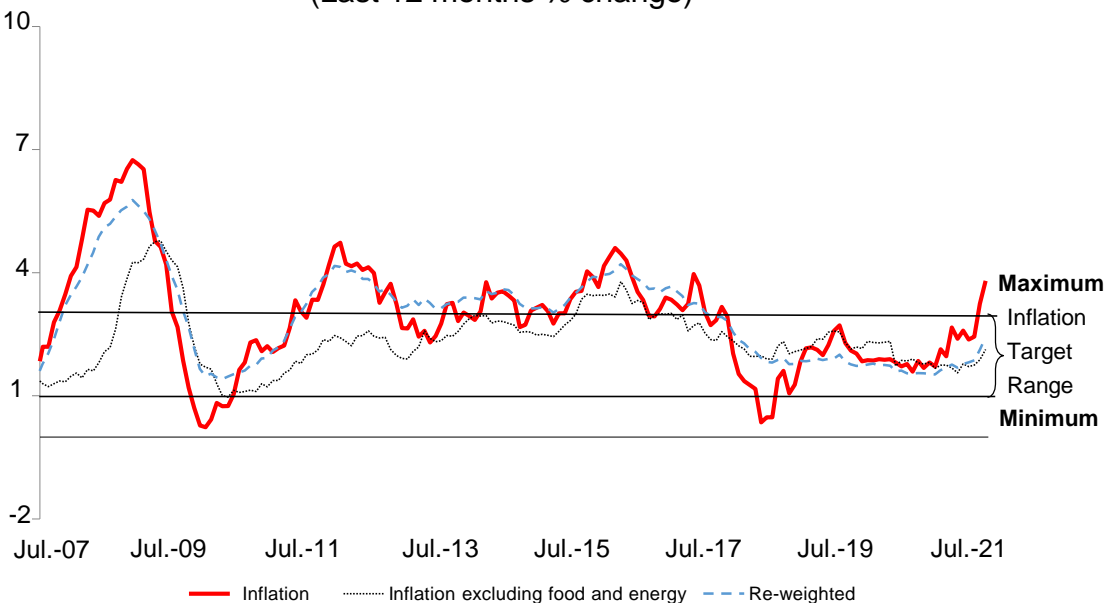


Source: Central Banks.



The year-on-year inflation rate increased from 3.25 percent in June to 3.81 percent in July being temporarily above the target range due to factors such as the increase in international prices of food and fuel, as well as the exchange rate. Trend inflation remains around the center of the target range. Year-on-year core inflation was 2.14 percent in July.

INFLATION (Last 12 months % change)



	Annual average	Annual % change	
	2001-2020	Jun.21	Jul.21
CPI	2.6	3.25	3.81
CPI excluding food and energy	2.1	1.89	2.14

<u>Trend indicators</u>			
Bounded mean	2.5	1.98	2.46
Percentile 63	2.4	1.72	2.07
Re-weighted	2.5	2.13	2.43

Bounded mean: Weighted average of the percentage change of prices between the 34th and 84th percentiles.

Percentile 63: Corresponds to the percentage changes of the item located in the 63th percentile.

Re-weighted: Reduces the weight of items with greater volatility, considers the original weights of each item between the standard deviation of their monthly percentage changes.

Source: BCRP



A common factor behind the inflation increase in the world has been the significant rise in international commodity prices, particularly in oil (43 percent so far this year) and in some foods such as wheat (54 percent since December 2019), maize (62 percent since December 2019) and in soybean oil (96 percent since December 2019).

International Food and Fuel Quotes (US\$ per unit of measure)

		Spot			% change:	
		Dec.19	Dec.20	Aug 11, 21	Aug.21/Dec.20	Aug.21/Dec.19
WTI Oil	(US\$ per barrel)	61.1	48.5	69.3	42.7	13.4
LPG*	(US\$ per barrel)	23.9	31.4	48.3	54.0	102.1
Gasoline*	(US\$ per barrel)	73.8	57.8	84.9	47.0	15.1
Wheat	(US\$ per ton)	177.8	231.1	273.7	18.4	53.9
Maize	(US\$ per ton)	148.4	186.6	239.8	28.5	61.5
Soybean	(US\$ per ton)	756	977	1,481	51.6	95.8
Exchange rate	S/ per US\$	3.315	3.620	4.094	13.1	23.5

* International reference prices as of August 9 published by OSINERGMIN.

Source: Reuters and OSINERGMIN



These rises in international prices produced an inflation increase through higher production costs of basic foodstuffs in the family basket such as bread and noodles (due to wheat is its main input), chicken meat (because of maize and soy cake are its main inputs), and vegetable oil (caused by soybean oil. which is its main input). Additionally, the increase in oil prices have had a direct and indirect impact on inflation through higher transportation costs, as well as by the significant increase in the exchange rate (13.1 percent since December 2020).

INFLATION

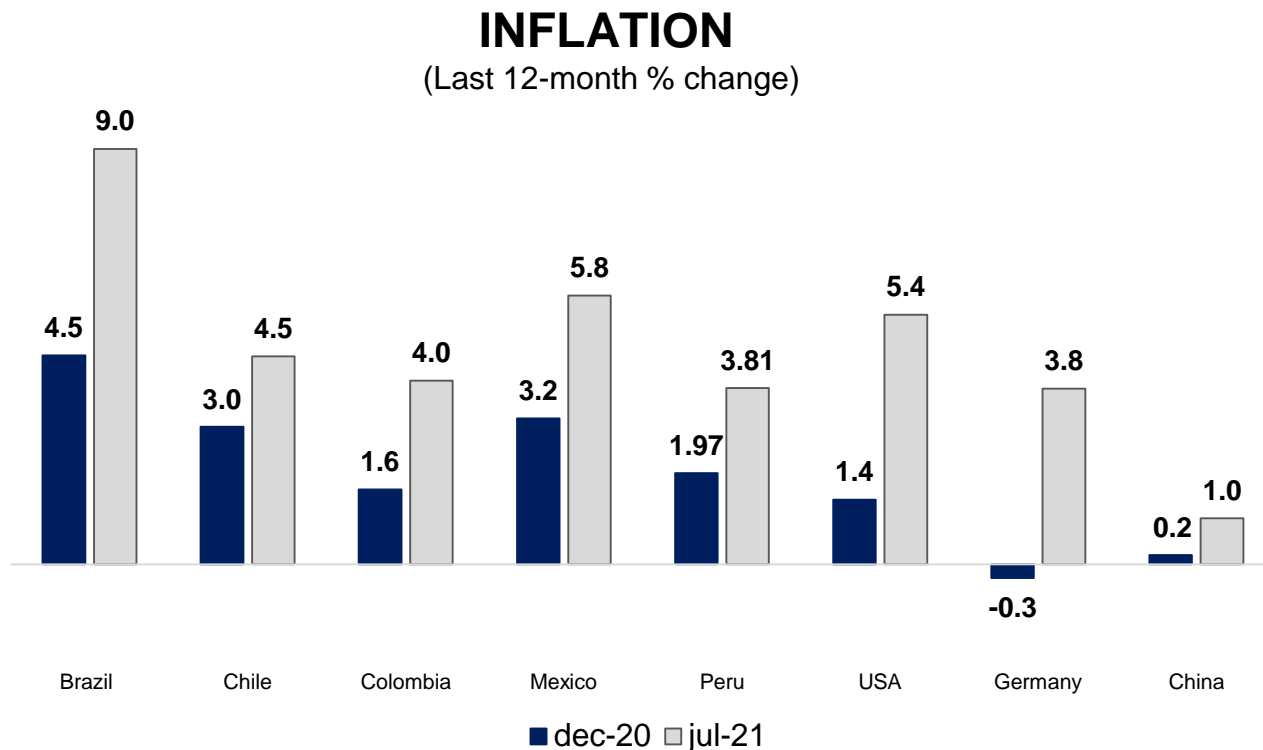
Annual % change

	Weight	2019	2020	July 2021 Interannual Change
CPI	<u>100.0</u>	<u>1.9</u>	<u>2.0</u>	<u>3.8</u>
1. CPI excluding food and energy	<u>56.4</u>	<u>2.3</u>	<u>1.8</u>	<u>2.1</u>
2. Food and energy	<u>43.6</u>	<u>1.4</u>	<u>2.2</u>	<u>5.8</u>
a. Food and beverages	37.8	1.0	2.2	4.2
<i>Of Which</i>				
Chicken meat	3.0	-7.3	6.6	9.0
Bread	1.9	0.9	0.3	8.8
Noodles	0.5	2.4	5.6	7.1
Oils	0.5	-2.3	4.1	44.0
Eggs	0.6	14.8	0.0	11.3
b. Fuels and electricity	5.7	4.3	2.1	16.5
Fuels	2.8	-0.4	-4.2	33.5
Gasoline and lubricants	1.3	0.6	-11.2	35.4
Gas	1.4	-1.7	2.0	34.7
Electricity	2.9	8.0	6.7	5.1

Source: INEI.



Inflation in Peru remains as one of the lowest in the region (3.8 percent as of July), while in the United States inflation rose to 5.4 percent in July 2021, the highest rate in 13 years. For its part, Germany recorded from negative levels in December 2020 (-0.3 percent) to 3.8 percent in July 2021, showing an inflation rate higher than the inflation target of 2 percent for the Eurozone.

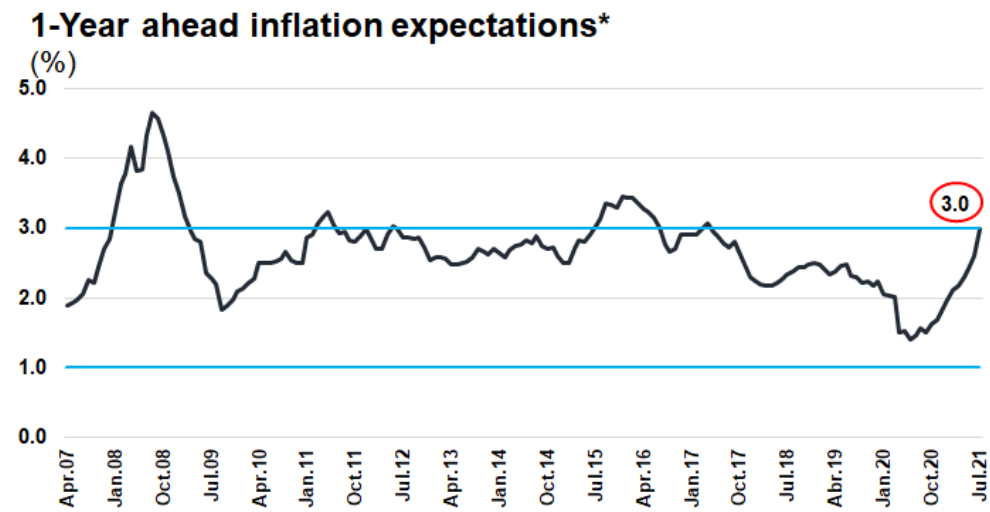


Source: Central Banks and Statistical Institutes.



One-year-ahead expected inflation increased from 2.6 percent in June to 3.0 in July, upper limit of the inflation target range.

Survey of Macroeconomic Expectations: Inflation (%)



* Corresponds to the average on expectations of financial entities and economic analysts.

Source: BCRP

	<u>Survey date:</u>		
	May 31.	Jun 30.	Jul 31.
Economic analysts¹			
2021	2.50	2.70	3.10
2022	2.45	2.30	2.80
2023	2.45	2.30	2.80
Financial entities²			
2021	2.50	2.75	3.30
2022	2.20	2.65	3.00
2023	2.00	2.50	3.00
Non-financial firms³			
2021	2.39	2.50	2.70
2022	2.30	2.50	2.50
2023	2.30	2.50	2.50

¹ 13 analysts in May, 14 in June and 14 in July 2021.
² 15 financial entities in May, 14 in June and 9 in July 2021.
³ 315 non financial firms in May, 274 in June and 291 in July 2021.



Economic activity is close to the pre-pandemic level, although the sectors most intensive in human contact are those most affected by Covid-19.

Gross Domestic Product

(% change respect to the same period of the previous year)

	Weight 2020 ^{1/}	2021/2020					2021/2019				
		Jan.	Feb.	Mar.	Apr.	May.	Jan.	Feb.	Mar.	Apr.	May.
Primary GDP	23.1	-0.1	-2.8	11.6	27.9	34.7	2.4	3.5	-6.5	-6.1	-3.5
Agriculture and Livestock	6.4	1.7	0.2	-1.9	-5.0	-4.0	6.5	5.9	-0.8	-2.6	0.8
Fishing	0.5	70.6	6.8	35.7	141.1	97.6	15.8	16.8	10.0	12.1	8.6
Mining	8.8	-7.1	-1.1	20.5	76.6	82.5	-4.6	0.9	-7.6	-6.9	-8.5
Fuel	1.5	-15.6	-20.8	-10.1	-8.1	6.7	-9.3	-13.7	-23.4	-20.4	-15.4
Primary industries	3.6	26.4	-2.7	23.1	29.0	50.0	27.7	20.5	-3.2	-5.0	4.9
Non-primary GDP	76.9	-1.3	-4.1	20.1	69.9	52.7	1.9	-0.9	-0.2	-2.7	0.7
Non-primary industries	8.4	-0.4	2.0	62.1	175.2	108.2	1.9	2.8	1.2	2.5	1.5
Electricity and water	2.0	-0.2	-4.6	14.0	33.6	28.2	1.4	0.3	0.6	-0.5	0.4
Construction	5.6	16.0	14.5	133.1	987.4	257.0	22.8	21.1	28.4	7.0	19.9
Commerce	10.2	-0.8	-5.7	6.8	158.3	104.1	1.9	-3.3	-20.1	-5.9	2.9
Total Services	50.7	-3.3	-6.7	10.3	37.6	30.3	-0.1	-3.3	0.7	-4.1	-1.9
Transportation	4.4	-19.4	-25.4	8.2	106.5	90.5	-17.2	-21.6	-18.4	-22.6	-14.9
Lodging and restaurants	1.8	-26.6	-56.2	10.2	889.1	480.5	-23.6	-54.1	-38.4	-44.8	-45.3
Telecommunications	5.9	7.0	5.8	10.3	10.5	8.0	10.1	6.9	12.1	11.5	13.3
Financial and insurance	7.4	18.7	17.3	18.1	19.2	12.7	22.9	20.6	22.8	24.7	23.0
Business services	4.1	-9.0	-12.0	5.9	98.8	64.1	-6.5	-10.1	-5.4	-13.2	-2.9
Public administration	5.6	4.8	4.9	4.7	5.2	5.3	10.5	10.2	8.6	9.0	9.1
Other services	14.3	-5.1	-7.3	0.7	21.7	17.6	-1.6	-3.5	1.2	-9.9	-8.9
Gross Domestic Product	100.0	-1.0	-3.8	18.2	58.5	47.8	2.0	0.0	-1.6	-3.5	-0.4

^{1/} Implicit weighting for 2020 at 2007 prices.

Source: INEI and BCRP



As of May, the Peruvian economy is one of the closest to its previous level in 2019.

Economic Activity Latam (Annual % change)

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Argentina	-20.0	-11.6	-12.7	-11.4	-6.1	-6.9	-3.4	-2.4	-2.0	-2.3	11.9	29.4	13.6
Brazil	-14.0	-6.6	-5.0	-4.4	-0.8	-2.1	-0.5	1.4	-1.1	0.1	5.3	16.4	14.2
Chile	-15.3	-13.6	-11.2	-10.9	-4.8	-0.9	1.0	-0.1	-2.9	-2.1	5.8	14.1	18.1
Colombia	-16.3	-10.7	-9.1	-9.8	-6.3	-4.5	-3.8	-2.9	-4.2	-3.6	11.9	29.0	13.6
Mexico	-22.6	-13.4	-10.1	-9.4	-5.5	-5.4	-4.4	-2.9	-5.5	-5.1	0.8	22.3	25.1
Peru	-32.6	-18.4	-11.3	-9.3	-6.2	-3.3	-2.5	0.6	-1.0	-3.8	18.2	58.5	47.8

(Var. % 24 months)

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Argentina	-17.7	-11.8	-12.2	-14.7	-8.1	-7.8	-5.4	-2.8	-3.7	-4.2	-0.3	-3.4	-9.2
Brazil	-9.4	-7.9	-3.6	-5.5	0.9	0.0	0.4	2.3	-1.0	0.8	3.6	-0.5	-1.8
Chile	-13.7	-12.7	-8.6	-7.5	-1.5	-4.4	-3.0	1.4	-1.7	1.1	2.0	-1.7	0.0
Colombia	-12.8	-8.6	-5.2	-7.3	-4.3	-1.4	-1.2	0.3	-0.3	1.3	3.7	2.2	-4.9
Mexico	-22.9	-14.5	-9.6	-10.2	-5.4	-5.9	-5.6	-2.7	-6.1	-5.6	-1.4	-2.2	-3.1
Peru	-32.1	-16.1	-7.9	-6.0	-4.1	-1.0	-0.6	1.7	2.0	0.0	-1.6	-3.5	-0.4

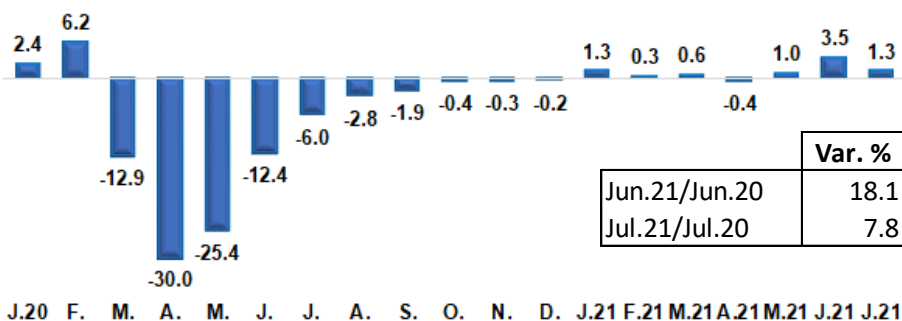
Source: Central Banks and Statistical Institutes.



Leading indicators for June and July show that economic activity would remain slightly below its pre-pandemic level.

Average electricity production (GWh)

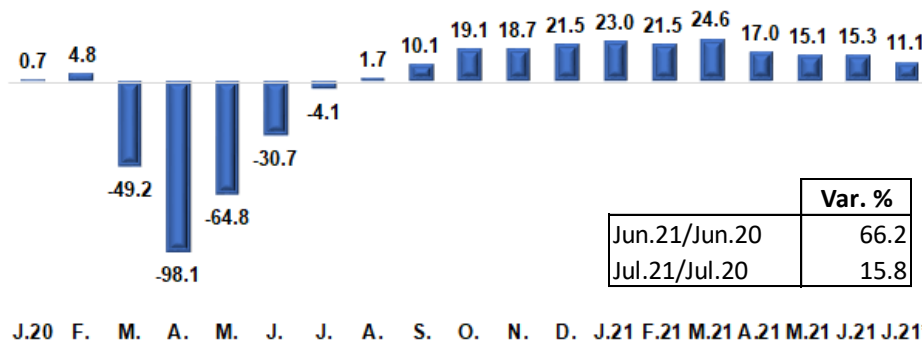
(% change respect to the same period in 2019)



Source: COES.

Domestic consumption of cement

(% change respect to the same period in 2019)



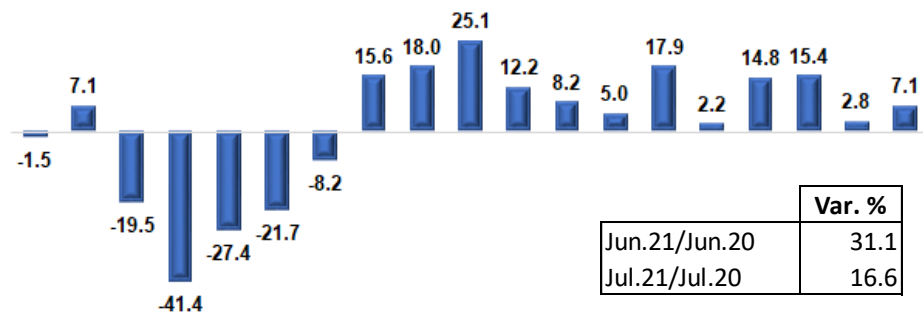
J.20 F. M. A. M. J. J. A. S. O. N. D. J.21 F.21 M.21 A.21 M.21 J.21 J.21*

* Data for July represents a forecast.

Source: Cement companies.

Non traditional exports

(% change respect to the same period in 2019)

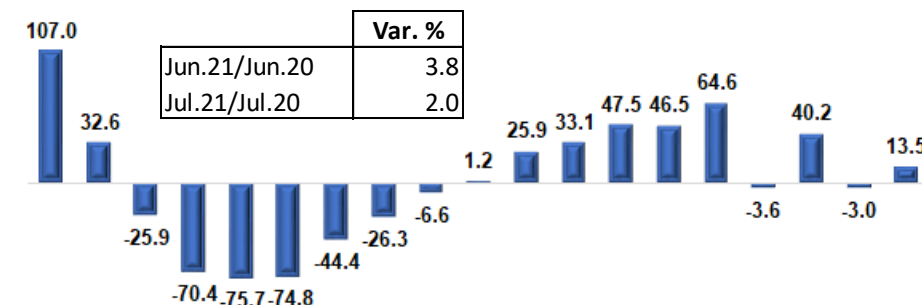


* Data for July represents a forecast.

Source: Sunat.

Real Investment of the General Government

(% change respect to the same period in 2019)



J.20 F. M. A. M. J. J. A. S. O. N. D. J.21 F.21 M.21 A.21 M.21 J.21 J.21*

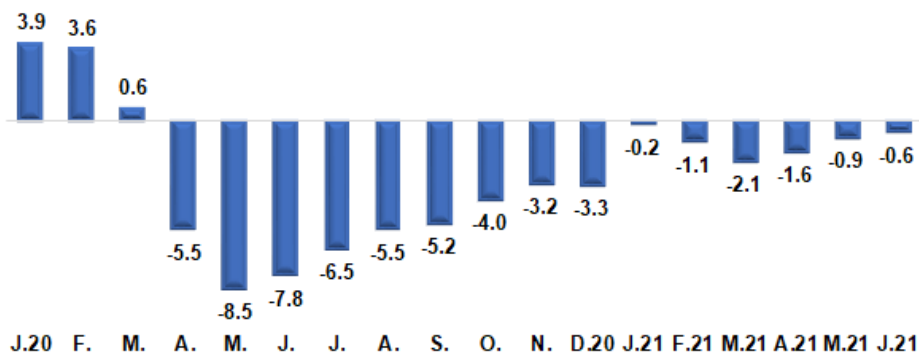
Source: MEF.



Compared to the same period in 2019, formal jobs (including the private and public sector) fell 0.6 percent in June, while the formal wage bill increased 5.8 percent.

Formal jobs in the private sector - Electronic Payroll

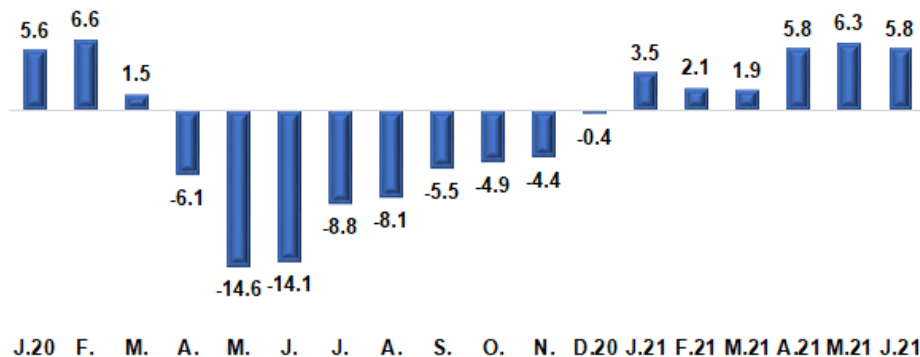
(% change respect to the same period in 2019)



Source: SUNAT.

Formal nominal wage bill

(% change respect to the same period in 2019)



Source: SUNAT.



In June, 290 thousand formal jobs have increased in the private sector compared to June 2020; albeit it remains below the pre-pandemic level.

Formal jobs in the Private Sector - Electronic Payroll

(Thousands of positions)

	June							Jan - Jun	
	2019	2020	2021	Change 2021 / 2020		Change 2021 / 2019		% Chg.	% Chg.
				Thousands	%	Thousands	%	21/20	21/19
Total	3,684	3,277	3,566	290	8.8	-117	-3.2	0.0	-4.5
Agriculture and Livestock ^{1/}	351	383	364	-19	-5.0	13	3.8	-1.2	-0.6
Fishing	20	20	20	1	2.8	0	1.3	6.3	-0.1
Mining	106	97	111	15	15.1	5	5.0	3.8	1.3
Manufacturing	469	420	450	31	7.3	-18	-3.9	0.3	-5.4
Electricity	16	14	15	2	11.3	0	-1.5	-1.8	-2.9
Construction	222	136	235	99	72.9	13	5.9	30.2	8.8
Commerce	619	574	608	34	5.9	-11	-1.8	-0.5	-3.0
Services	1,872	1,620	1,718	98	6.0	-154	-8.2	-3.9	-8.8

1/ Includes processing and preservation of fruits and vegetables.

Source: SUNAT.



In July, most indicators of expectations about the economy remain in the pessimistic tranche.

Macroeconomic Expectations: Survey Results

		Dec.2019	Mar.2020	May.2021	Jun.2021			Jul.2021			Correlation with GDP ^{1/}
EXPECTATION:											
ECONOMIC SITUATION:	IN 3 MONTHS	50.8	21.8	44.8	39.5	↓	<	42.9	↑	<	0.63
	IN 12 MONTHS	61.5	41.5	55.0	47.0	↓	<	48.0	↑	<	0.42
SECTOR:	IN 3 MONTHS	51.5	28.5	48.9	43.0	↓	<	45.4	↑	<	0.67
	IN 12 MONTHS	61.5	43.4	57.5	51.0	↓	>	50.9	↓	>	0.33
COMPANY'S SITUATION:	IN 3 MONTHS	56.1	28.3	51.3	43.8	↓	<	48.0	↑	<	0.66
	IN 12 MONTHS	66.6	46.4	60.5	52.2	↓	>	52.8	↑	>	0.66
ABOUT DEMAND:	IN 3 MONTHS	55.1	30.7	53.1	47.5	↓	<	51.4	↑	>	0.66
	IN 12 MONTHS	68.0	47.4	60.8	55.8	↓	>	56.6	↑	>	0.66
NEW PERSONNEL HIRED:	IN 3 MONTHS	48.6	35.9	48.2	46.8	↓	<	47.7	↑	<	0.66
	IN 12 MONTHS	54.0	39.6	52.4	49.8	↓	<	49.3	↓	<	0.58
COMPANY'S INVESTMENT:	IN 3 MONTHS ^{2/}	51.3	29.9	44.6	41.7	↓	<	42.6	↑	<	0.65
	IN 12 MONTHS ^{2/}	59.3	40.0	50.3	46.6	↓	<	47.2	↑	<	0.65

Memo: Greater than 50 points (neutral) means that confidence is on the optimistic tranche and less than 50 points in the pessimistic tranche.

1/ Correlations from December 2007 to December 2019, respectively. For the indicators of current situation and finances, the contemporary correlation is shown, while for the rest of expectations the correlation with three-period advanced GDP is presented.

2/ Correlation with Private Investment since September 2017.



Source: BCRP



A more pronounced recovery in world economic activity is expected in the coming quarters as the vaccination process remains in the world and the significant fiscal stimulus programs in developed countries continue.

Global GDP Growth

(Annual % change)

	PPP*	2020	2021	2022
			IR Jun	IR Jun
Developed economies	42.5	-4.7	5.4	3.9
Of which				
1. USA	16.0	-3.5	6.7	4.2
2. Europe	12.0	-6.6	4.7	4.3
3. Japan	4.0	-4.8	3.0	2.5
4. United Kingdom	2.3	-9.9	6.0	4.9
5. Canada	1.4	-5.4	6.1	4.1
6. Other	6.8	-4.1	4.9	3.2
Developing economies	57.5	-2.2	6.2	4.5
Of which				
1. China	18.6	2.3	8.7	5.7
2. India	6.7	-8.0	10.5	6.5
3. Russia	3.1	-3.1	3.4	2.7
4. Latin America and the Caribbean	7.3	-6.9	4.3	2.8
Argentina	0.6	-9.9	5.1	2.2
Brazil	2.4	-4.1	3.5	2.1
Chile	0.4	-5.8	5.4	3.5
Colombia	0.6	-6.8	4.9	3.7
Mexico	1.9	-8.2	4.5	3.3
Peru	0.3	-11.1	10.7	4.5
5. Other	17.9	-4.0	4.9	4.5
World Economy	100.0	-3.3	5.9	4.2

* in terms of 2020

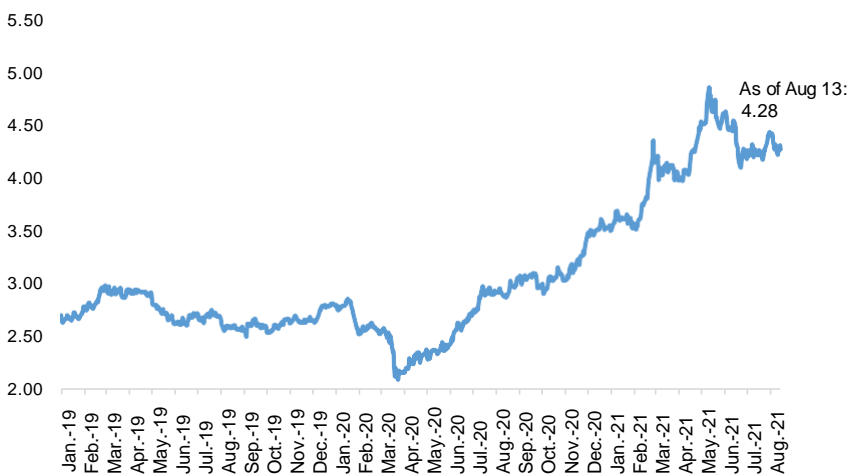
Source: IMF, Consensus Forecast and BCRP



CENTRAL RESERVE BANK OF PERU

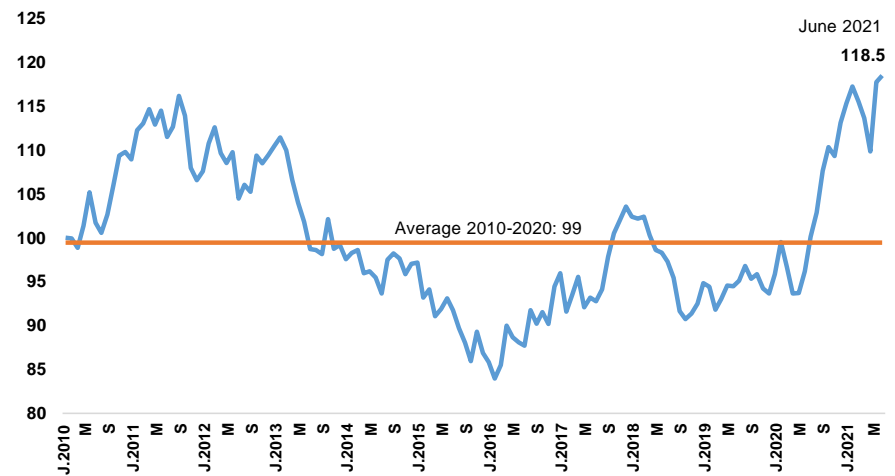
A strong increase in the international price of minerals remains. and especially in copper, gold and zinc. In this regard, the terms of trade would have reached a record level.

International Copper Price (cUS\$/pound)



Source: Reuters

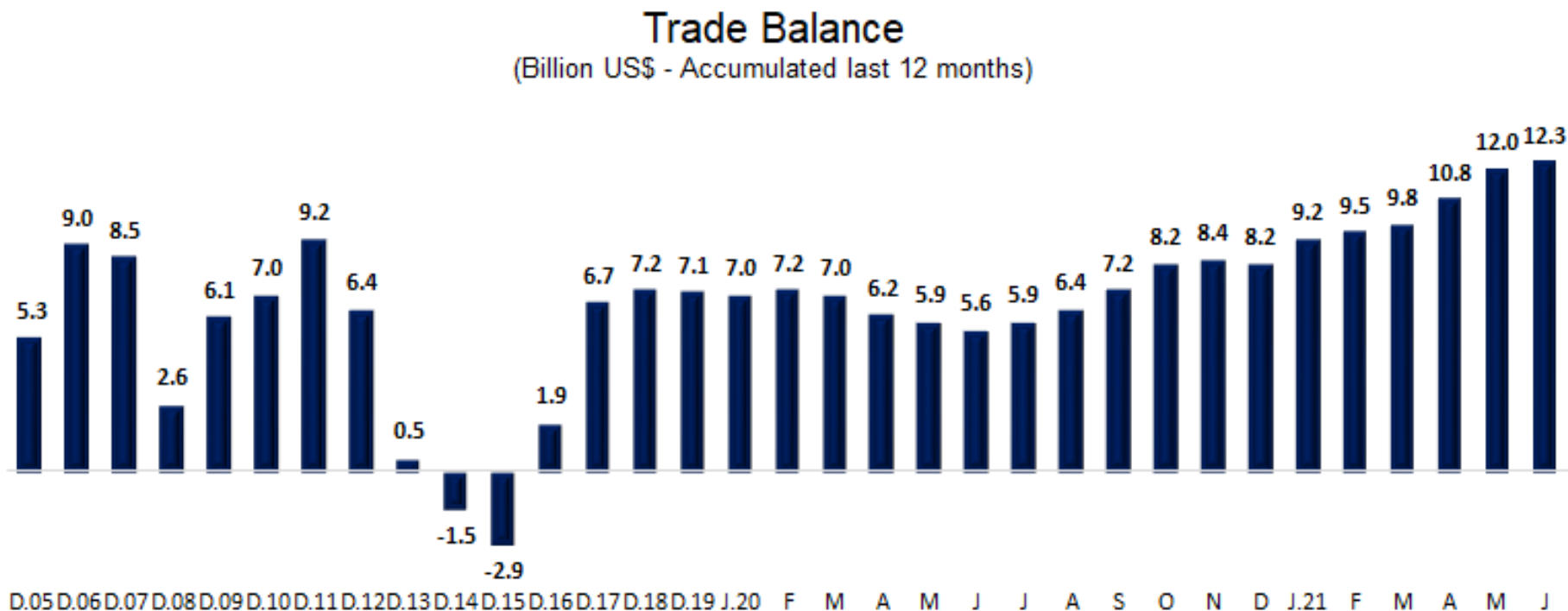
Terms of Trade: 2010-2021 (2007=100)





CENTRAL RESERVE BANK OF PERU

The trade balance surplus for the last 12 months at the end of June 2021 is the historical maximum.



Source: BCRP



Financial markets showed higher volatility in a context of uncertainty and the BCRP's actions were intended to mitigate it. As of August 11, the exchange rate was S/ 4.094 per dollar, recording a depreciation of 0.6 percent compared to July 30 (S/ 4.070).

Exchange Rate (currency units per dollar)

		End of period					Accumulated change (%)*		
		Dec.19	Dec.20	Jul.21	Aug 04, 21	Aug 11, 21	Aug.21	Dec.20	Dec.19
Dollar Index	Spot	96.39	89.94	92.17	92.27	92.89	0.8	3.3	-3.6
Eurozone	US\$ per Euro	1.121	1.221	1.187	1.184	1.174	-1.1	-3.9	4.7
United Kingdom	US\$ per Pound	1.326	1.367	1.390	1.389	1.387	-0.2	1.4	4.6
Japan	Yen	108.61	103.24	109.70	109.47	110.41	0.6	6.9	1.7
Brazil	Real	4.019	5.194	5.212	5.169	5.213	0.0	0.4	29.7
Colombia	Peso	3,285	3,415	3,874	3,899	3,942	1.8	15.4	20.0
Chile	Peso	752	710	756	774	773	2.2	8.9	2.9
Mexico	Peso	18.93	19.87	19.86	19.98	19.91	0.3	0.2	5.2
Argentina	Peso	59.86	84.08	96.68	96.83	97.04	0.4	15.4	62.1
Peru	Sol	3.314	3.620	4.070	4.085	4.094	0.6	13.1	23.5

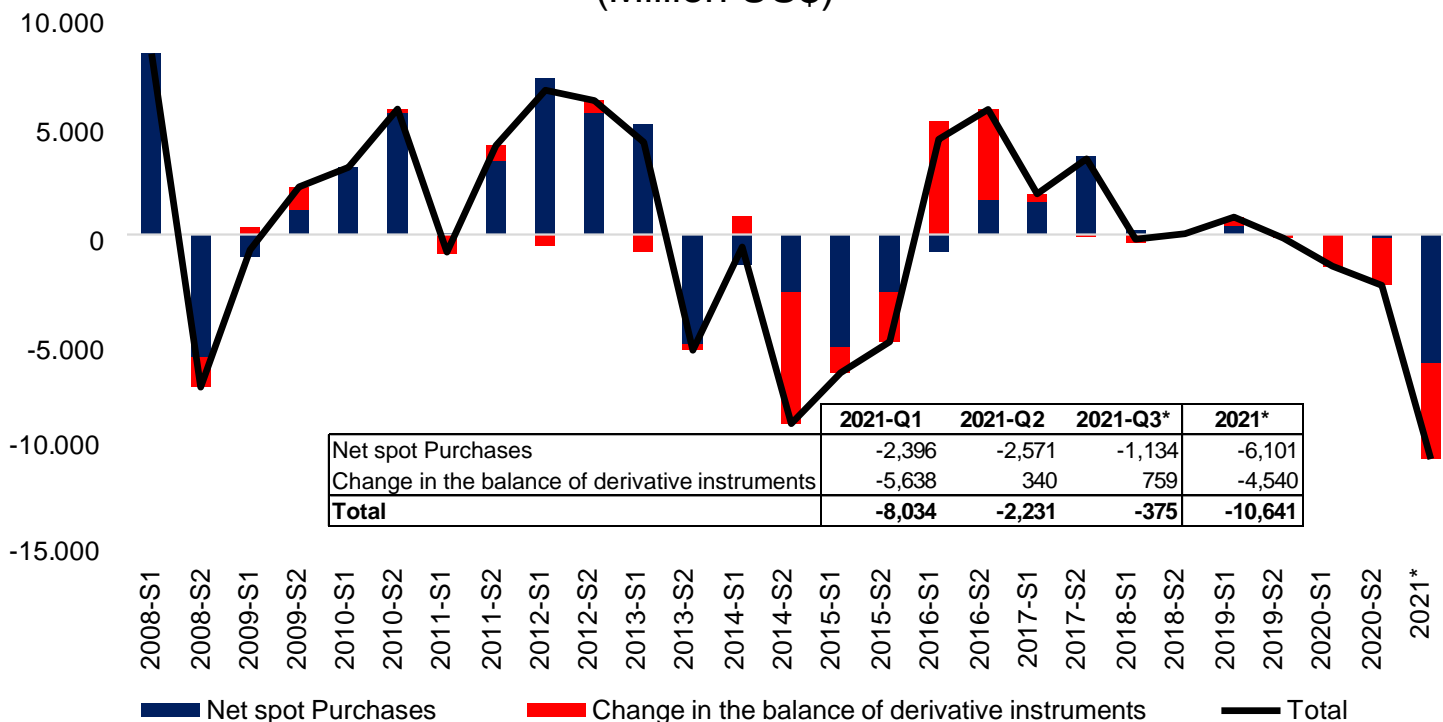
* An increase in the index implies an appreciation of the dollar, except in the euro and the pound.

Source: Reuters



So far this year, the BCRP has offered US\$ 10.7 billion in the foreign exchange market through sales in the spot market (US\$ 6.1 billion) and net placement of exchange derivatives (US\$ 4.5 billion).

FX Intervention of the BCRP by semesters (Million US\$)



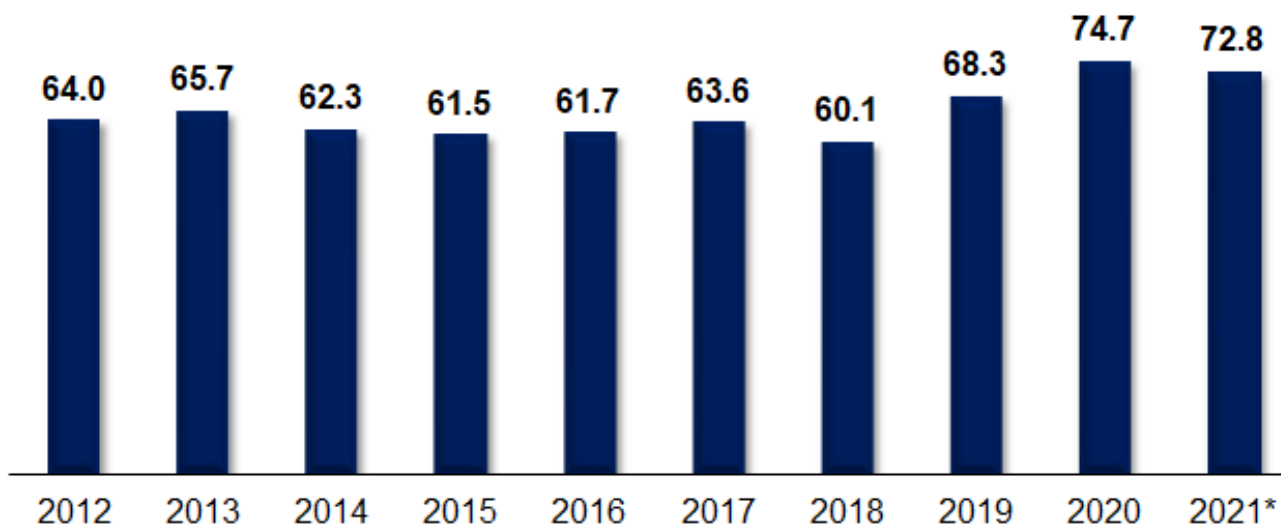
* Accumulated as of August 11, 2021.
Source: BCRP.



The BCRP has a solid external position, reflected in the adequate level of International Reserves, which allows the economy to have a high reaction capacity to continue facing adverse contingencies. Likewise, the NIR level is higher than the one recorded prior to the pandemic (US\$ 67.6 billion as of February 2020). In addition, it is counted since May 2020 with an automatic freely available credit line from the IMF for approximately US\$ 11.5 billion.

Net International Reserves

(Billion US\$)



* As of August 11.
Source: BCRP.



So far this year, the long-term interest rates have recovered worldwide due to hopeful expectations of global growth while in some countries of the region they have recently risen due to idiosyncratic reasons. Despite this, Peru's sovereign bond rates continue to be one of the lowest in the region.

10-year Sovereign Bond Yield

(%)

	End of Period				Accumulated change as of August 11 (bps)	
	Dec.19	Dec.20	Jul.21	As of August 11, 2021	Jul.21	Dec.20
United States	1.92	0.92	1.22	1.34	11	42
Germany	-0.19	-0.57	-0.46	-0.47	0	11
France	0.12	-0.34	-0.11	-0.13	-2	22
Italy	1.41	0.54	0.62	0.57	-5	2
Spain	0.46	0.04	0.27	0.24	-3	19
Greece	1.43	0.62	0.60	0.54	-5	-8
United Kingdom	0.82	0.19	0.56	0.57	1	38
Japan	-0.02	0.02	0.02	0.03	2	1
Brazil	6.79	6.90	9.54	10.04	50	314
Chile	3.17	2.65	4.44	4.72	28	207
Colombia	6.34	5.39	6.92	7.07	15	168
Mexico	6.89	5.53	6.88	7.02	14	149
Peru	4.64	3.50	6.45	6.40	-5	290

Source: Reuters



Interest rates in soles remain at minimum levels. The Central Bank will continue to carry out all the necessary actions to sustain the payment system and the flow of credits in the economy.

Interest rate in domestic currency (%)

	Dec.18	Dec.19	Mar.20	Apr.20	Dec.20	Jan.21	Feb.21	Mar.21	Apr.21	May.21	Jun.21	Jul.21	Aug.21 ^{1/}	Historical average ^{2/}
Reference	2.75	2.25	1.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	3.2
TAMN ^{3/}	14.37	14.35	13.7	13.1	12.1	11.9	12.2	11.2	10.9	10.7	10.7	10.7	10.7	16.1
90-day corporate prime	4.5	3.3	2.8	1.5	0.7	0.6	0.5	0.6	0.6	0.8	0.9	0.8	0.8	4.0
Corporates ^{4/}	4.9	3.8	3.6	4.0	2.5	2.4	2.2	2.2	1.8	1.5	1.4	2.2	2.4	4.9
Large companies ^{4/}	6.4	6.0	5.9	5.6	4.6	4.3	4.4	3.9	3.8	2.5	3.7	3.4	3.3	6.5
Medium-sized enterprises ^{4/}	9.8	9.3	8.9	8.1	6.1	8.1	8.5	8.0	8.0	4.8	7.3	5.2	4.4	9.8
Small business ^{4/}	18.5	18.0	18.1	18.2	17.2	18.6	18.2	18.2	18.0	17.4	17.6	17.6	17.6	20.1
Micro business ^{4/}	32.7	31.3	32.6	33.1	30.1	31.9	32.4	32.8	31.6	31.6	32.4	32.4	32.4	32.2
Consumer ^{4/}	44.9	40.9	39.3	41.4	39.5	39.8	38.5	38.6	38.4	38.7	38.7	39.5	39.9	41.4
Mortgage ^{4/}	7.6	7.0	6.7	6.8	6.4	6.3	6.0	5.9	5.9	5.9	5.9	5.9	5.9	8.3
10-year sovereign bond	5.7	4.6	5.3	4.8	3.5	3.7	4.2	5.0	5.4	4.8	5.4	6.5	6.4	5.4
TIPMN ^{5/}	2.5	2.3	2.1	1.9	1.0	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	2.2

1/ Information as of August 11, 2021.

2/ Average since September 2010.

3/ Annual average lending rate in domestic currency.

4/ Annual rates for operations in the last 30 working days.

5/ Annual average deposit rate in domestic currency.

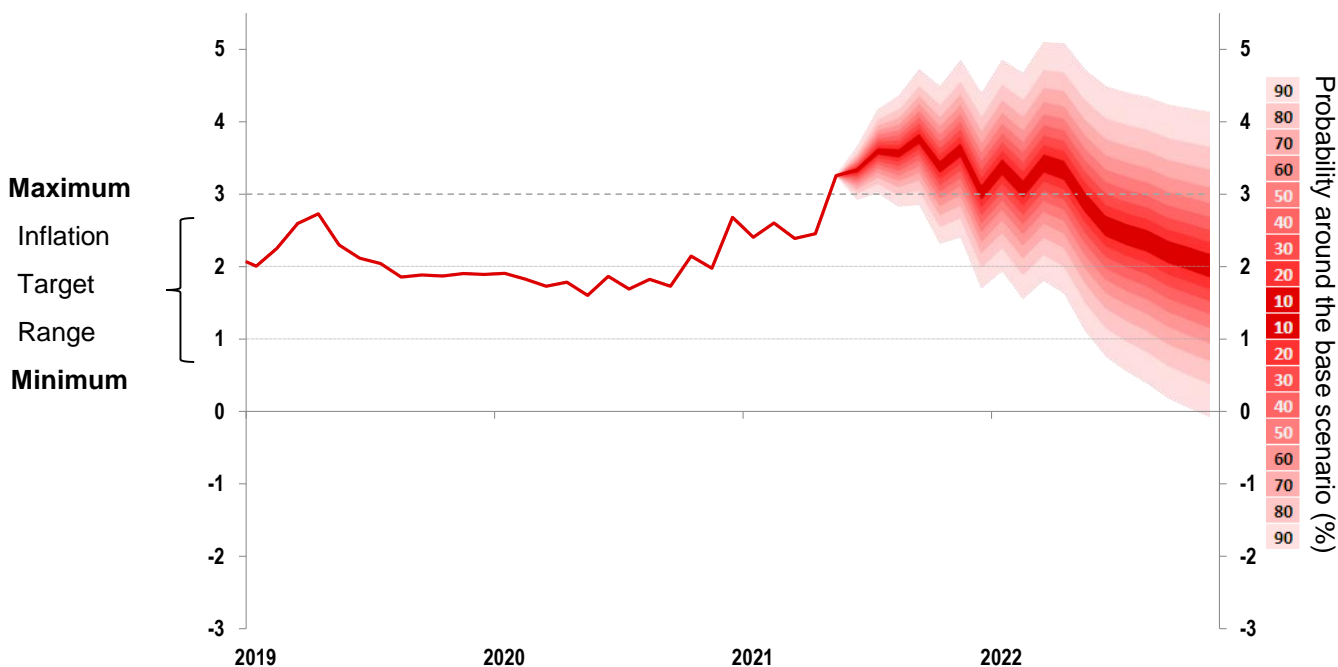
Source: BCRP and SBS.



Inflation is expected to return to the target range in the next twelve months and remain within that range in 2022, due to the reversal of the effect of transitory factors on the inflation rate (like the exchange rate, and the fuel and grain prices in international markets), since economic activity will remain still below its potential level. In addition, the Board considers it appropriate to maintain an expansionary stance as long as the negative effects of the pandemic on inflation and its determinants persist; and is especially attentive to new information regarding the inflation expectations and the evolution of the economic activity to consider, if it is required, changes in the monetary policy stance.

Inflation Forecast: 2021 – 2022

(Last 12-month % change)





CENTRAL RESERVE BANK OF PERU

Monetary Policy Statement August 2021

August 13, 2021