



CENTRAL RESERVE BANK OF PERU

Monetary Policy Statement

September 2021

September 10, 2021

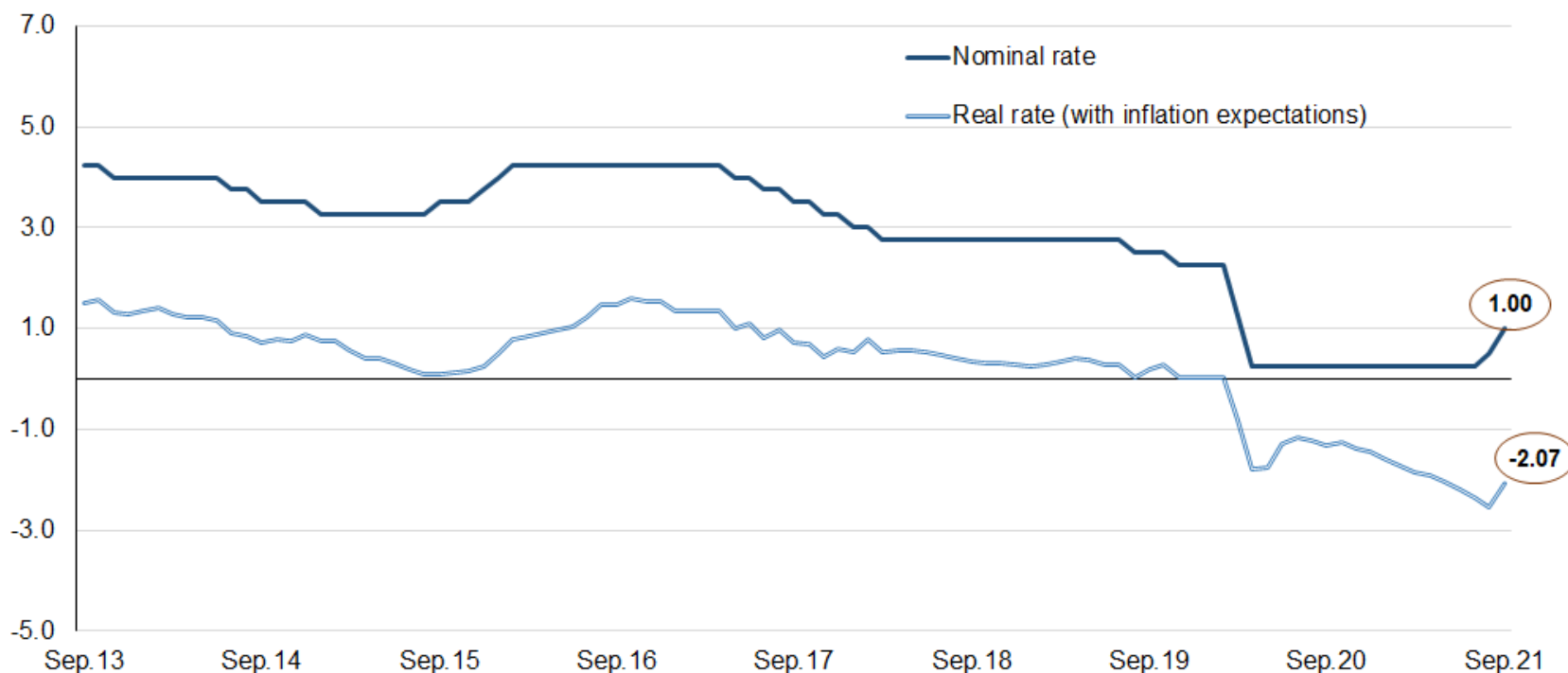


CENTRAL RESERVE BANK OF PERU

The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to raise the reference interest rate by 50 bps to 1.0 percent. Monetary policy is still expansionary with a historically low reference interest rate. The current decision does not necessarily imply a cycle of successive increases in the reference rate.

Policy interest rate

(%)

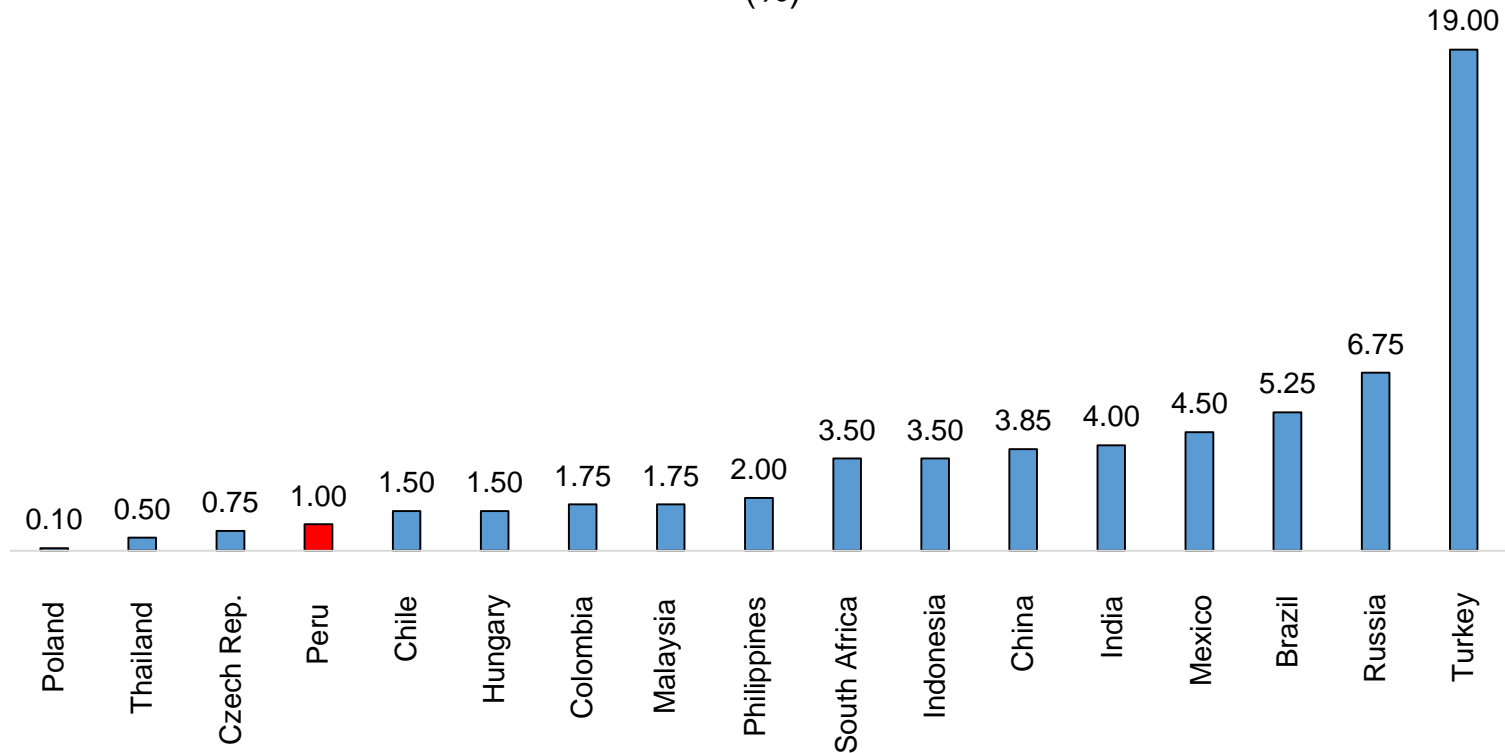


	May.20	Jun.20	Jul.20	Aug.20	Sep.20	Oct.20	Nov.20	Dec.20	Jan.21	Feb.21	Mar.21	Apr.21	May.21	Jun.21	Jul.21	Aug.21	Sep.21
(I) Nominal rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	1.00
(II) Inflation expectations	2.02	1.52	1.40	1.46	1.57	1.51	1.62	1.68	1.85	1.98	2.11	2.17	2.30	2.43	2.60	3.03	3.07
(III) Real rate: (I)-(II)	-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	-2.07



Peru's monetary policy interest rate of 1.0 percent is one of the lowest at the international level, amid a context in which since August various central banks around the world have raised their policy rates (Brazil, Mexico, Czech Republic, Chile, Hungary, Russia, etc.).

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



Source: Central Banks.

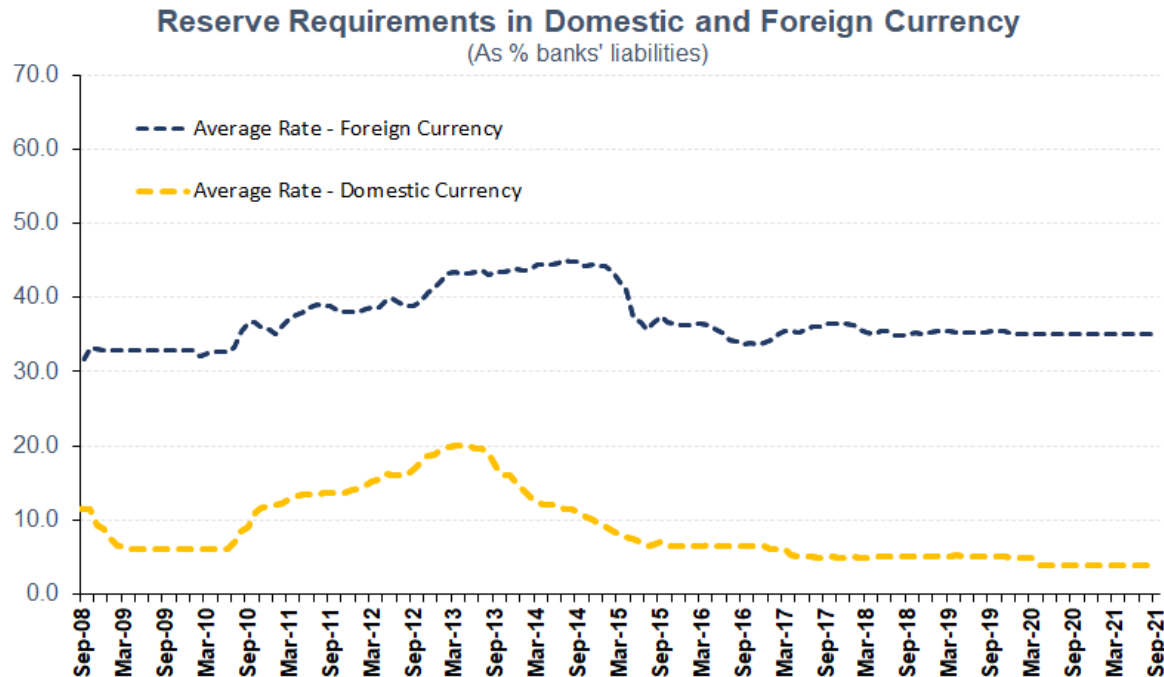


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For its part, at the end of August 2021, the BCRP ordered the increase of reserve requirements as of September 2021, in order to complement the recent rise of the monetary policy reference interest rate and thus have a better monetary and liquidity control in soles. The rate of reserve requirements in local currency will be the greater of:

- (i) the rate resulting from a marginal reserve requirement rate of 25.0 percent on the increase in total obligations subject to reserve requirements (TOSE) with respect to July 2021, and
- (ii) the rate resulting from applying the minimum average reserve requirement rate of 4.0 percent in September, 4.25 percent in October, and 4.50 percent as from November 2021.

Moreover, the minimum current account requirement will be raised from 0.75 percent to 1.0 percent of the TOSE since October 2021.

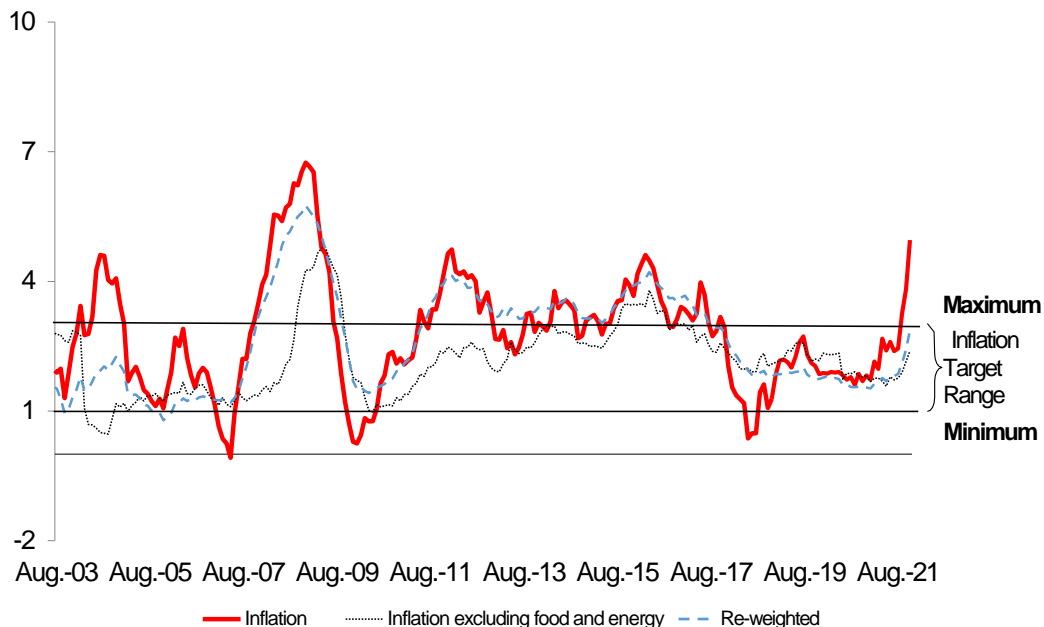




The year-on-year inflation rate increased from 3.81 percent in July to 4.95 percent in August being temporarily above the target range due to factors such as the increase in international prices of food and fuel, as well as the exchange rate. Trend inflation remains around the center of the target range. Year-on-year core inflation was 2.39 percent in August.

INFLATION

(Last 12 months % change)



	Annual average	Annual % change	
	2001-2020	Jul.21	Jul.21
CPI	2.6	3.81	4.95
CPI excluding food and energy	2.1	2.14	2.39
Trend indicators			
Bounded mean	2.5	2.46	3.08
Percentile 63	2.4	2.07	2.64
Re-weighted	2.5	2.43	2.89

Maximum } Inflation
Target } Range
Minimum }

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 (51 percent since December 2019), maize (34 percent since December 2019) and in soybean oil (100 percent since December 2019).

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

		Spot				% change ^{1/}		
		Dec.19	Dec.20	Aug.21	Sep 8, 21	Sep.21/Dec.20	Sep.21/Aug.21	Sep.21/Dec.19
WTI Oil	(US\$ per barrel)	61.1	48.5	68.5	69.3	42.8	1.2	13.5
LPG*	(US\$ per barrel)	23.9	31.4	49.6	50.7	61.6	2.3	112.1
Gasoline*	(US\$ per barrel)	73.8	57.8	80.6	84.7	46.6	5.1	14.8
Wheat**	(US\$ per ton)	177.8	231.1	269.8	268.6	16.2	-0.4	51.0
Maize**	(US\$ per ton)	148.4	186.6	220.1	198.4	6.3	-9.8	33.7
Soybean**	(US\$ per ton)	756	977	1,535	1,515	55.0	-1.3	100.3
Baltic Index	(US\$ Index)	1,090	1,366	4,132	3,619	164.9	-12.4	232.0
Exchange rate	S/ per US\$	3.314	3.620	4.089	4.095	13.1	0.1	23.6

1/ As of September 8.

* International reference prices published by OSINERGMIN as of September 6, 2021.

** Data as of September 8, 2021.

Source: Reuters, USDA and OSINERGMIN.



The forward prices of the mentioned commodities indicate a moderation, with the exception of maize.

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

		Spot		Forward ^{1/}		% change ^{2/}			
		Dec.19	Dec.20	Aug.21	Sep 8, 21	Dec.21	Sep.21/Dec.20	Sep.21/Dec.19	Dec.21/Sep.21
WTI Oil	(US\$ per barrel)	61.1	48.5	68.5	69.3	68.7	42.8	13.5	-0.9
Wheat*	(US\$ per ton)	177.8	231.1	269.8	268.6	259.0	16.2	51.0	-3.6
Maize*	(US\$ per ton)	148.4	186.6	220.1	198.4	200.9	6.3	33.7	1.2
Soybean*	(US\$ per ton)	756.4	977.3	1,535.1	1,515.0	1,267.4	55.0	100.3	-16.3

1/ United States Goods Exchange.

2/ As of September 8.

* Data as of September 8, 2021.

Source: Reuters and USDA



The price increase in food, oil and other fuels, as well as the restrictions of the COVID-19 pandemic that limit access to other basic inputs, would have affected the cost of industrial products. It is worth highlighting that the increase in the price of fertilizers and manures puts additional pressure on food inflation as it affects the production costs of perishable agricultural crops.

Import Prices

	% Change	
	Aug.21 / Dec.20	Aug.21 / Dec.19
Industrial inputs	26.9	31.7
Of Which:		
Plastics	47.0	56.4
Iron and Steel	41.9	46.5
Textiles	12.7	4.9
Papers	22.9	12.0
Chemical goods	12.7	17.6
Organic chemicals	32.6	37.4
Fertilizers	45.9	29.7

Source: Sunat.

Elaboration: BCRP.



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

(% Change)

	Weight	2019	2020	August 2021 % Change 12 months
CPI	100.0	1.90	1.97	4.95
1. CPI excluding food and energy	56.4	2.30	1.76	2.39
2. Food and energy	43.6	1.43	2.22	7.98
i. Food	37.8	1.00	2.24	6.10
<i>Of Which</i>				
Chicken meat	3.0	-7.27	6.63	16.41
Bread	1.9	0.92	0.25	10.27
Noodles	0.5	2.39	5.60	7.30
Oils	0.5	-2.28	4.09	59.75
Eggs	0.6	14.81	0.00	12.21
ii. Energy	5.7	4.32	2.13	20.45
Fuels	2.8	-0.39	-4.20	39.69
Gasoline and lubricants	1.3	0.64	-11.16	40.69
Gas	1.4	-1.65	1.97	42.02
Electricity	2.9	8.04	6.73	7.76



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The items most linked to the exchange rate, international prices and the Wholesale Price Index (WPI) explain 57 percent of the inflation rate at twelve months of August (4.95 percent).

INFLATION (% Change)

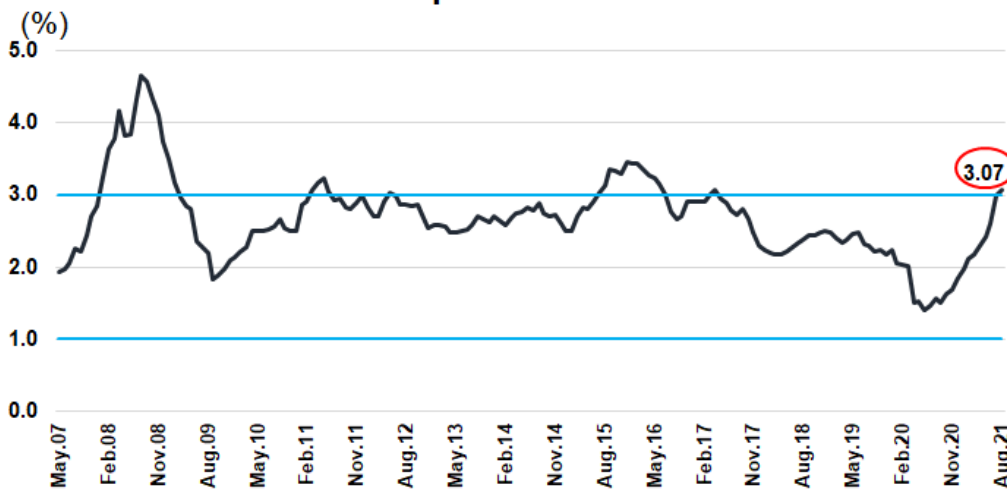
Item	Weight	December 2020 % Change 12 months	Weighted Contribution	August 2021 % Change 12 months	Weighted contribution
CPI	100.0	1.97	1.97	4.95	4.95
I. Items related to the exchange rate, WPI and prices	28.5	2.58	0.70	10.45	2.84
I.1 Items linked to the exchange rate	14.1	1.66	0.21	3.18	0.41
Vehicle purchase	1.6	3.34	0.06	8.95	0.16
Plane tickets	0.4	-3.32	-0.01	25.42	0.08
Medicinal products	2.1	5.53	0.11	2.42	0.05
Personal care items	4.9	0.75	0.03	0.85	0.04
Rentals	2.4	0.50	0.01	1.49	0.03
Appliances	1.3	-0.42	0.00	1.94	0.02
Cleaning articles	0.9	0.74	0.01	1.94	0.02
Spare parts and care wash	0.2	2.15	0.00	6.06	0.01
Vehicle repair	0.2	2.04	0.00	4.94	0.01
I.2 Items linked to international prices and exchange rate	9.8		0.19		1.95
I.2.a Linked to food commodities	7.0	4.83	0.30	15.62	1.01
Chicken meat	3.0	6.63	0.17	16.41	0.44
Oils	0.5	4.09	0.02	59.75	0.27
Bread	1.9	0.25	0.00	10.27	0.17
Eggs	0.6	0.00	0.00	12.21	0.07
Noodles	0.5	5.60	0.03	7.30	0.04
Sugar	0.5	16.41	0.08	3.65	0.02
I.2.b Fuels	2.8	-4.20	-0.11	39.69	0.94
Gas	1.4	1.97	0.02	42.02	0.51
Gasoline and lubricants	1.3	-11.16	-0.14	40.69	0.42
Other fuels	0.1	3.02	0.00	5.09	0.01
Consumption of natural gas for home	0.0	-5.26	0.00	9.25	0.00
I.3 Items related to WPI	1.6		0.06		0.20
Water consumption	1.6	3.03	0.06	10.41	0.20
I.4 Items related to the exchange rate, WPI and prices	2.9		0.24		0.28
Electricity	2.9	6.73	0.24	7.76	0.28
II. Rest	71.5	1.75	1.27	2.90	2.12



One-year-ahead expected inflation increased from 3.03 percent in July to 3.07 in August, being slightly above the upper limit of the inflation target range.

Survey of Macroeconomic Expectations: Inflation (%)

1-Year ahead inflation expectations*



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

	Survey date:			
	Jun 30.	Jul 31.	Aug 31.	
Economic analysts¹				
2021	2.70	3.10	3.74	↑
2022	2.30	2.80	2.55	↓
2023	2.30	2.80	2.80	
Financial entities²				
2021	2.75	3.30	3.60	↑
2022	2.65	3.00	3.00	=
2023	2.50	3.00	3.00	
Non-financial firms³				
2021	2.50	2.70	3.20	↑
2022	2.50	2.50	3.00	↑
2023	2.50	2.50	3.00	

¹ 14 analysts in June, 14 in July and 17 in August 2021.

² 14 financial entities in June, 9 in July and 15 in August 2021.

³ 274 non financial firms in June, 291 in July and 298 in August 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/}	2020	21/20		21/19	
		Year	I Sem.	Jun.	I Sem.	Jun.
Primary GDP	23.1	-7.7	11.4	2.7	-2.3	-2.5
Agriculture and Livestock	6.4	1.4	-0.1	8.9	2.8	7.6
Fishing	0.5	4.2	27.3	-37.7	7.9	-7.6
Mining	8.8	-13.8	21.3	7.1	-5.9	-7.5
Fuel	1.5	-11.0	-7.3	11.9	-15.4	-10.1
Primary industries	3.6	-2.0	16.2	-11.1	5.7	-2.4
Non-primary GDP	76.9	-12.0	24.0	31.7	0.6	2.2
Non-primary industries	8.5	-16.4	45.4	39.7	3.6	8.0
Electricity and water	2.0	-6.1	12.9	15.2	0.9	2.9
Construction	5.6	-13.9	100.2	90.7	17.9	8.8
Commerce	10.2	-16.0	33.4	38.1	-3.4	-0.4
Total Services	50.6	-10.3	14.1	24.7	-1.0	1.0
Transportation	4.3	-26.7	15.9	62.5	-17.4	-10.0
Lodging and restaurants	1.7	-50.5	17.4	225.9	-43.1	-46.8
Telecommunications	5.7	4.8	8.6	5.9	11.4	12.2
Financial and insurance	7.2	13.7	15.1	6.2	22.8	22.6
Business services	4.0	-19.7	22.6	48.4	-7.7	-6.7
Public administration	5.5	4.1	5.1	5.4	9.4	9.3
Other services	14.0	-10.0	8.9	18.7	-2.5	-3.1
Taxes	8.1	-12.9	28.1	42.3	3.0	9.8
Gross Domestic Product	100.0	-11.0	20.9	23.4	-0.1	1.1

1/ Implicit weighting for 2020 at 2007 prices.

Source: INEI and BCRP



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

Real GDP*

	2020				2021			
	Annual % Change				Annual % Change		% Chg. respect to 2019	
	1Q	2Q	3Q	4Q	1Q	2Q	1Q	2Q
Germany	-1.9	-11.3	-3.7	-2.9	-3.1	9.4	-4.9	-3.0
France	-5.4	-18.6	-3.6	-4.3	1.5	18.7	-4.0	-3.4
Italy	-5.8	-18.2	-5.2	-6.5	-0.7	17.3	-6.5	-4.0
Spain	-4.3	-21.6	-8.6	-8.9	-4.2	19.8	-8.3	-6.1
Netherlands	-0.2	-9.2	-2.6	-2.9	-2.4	9.7	-2.6	-0.4
United Kingdom	-2.2	-21.4	-8.5	-7.3	-6.1	22.2	-8.2	-4.0
United States	0.6	-9.1	-2.9	-2.3	0.5	12.2	1.1	2.0
Argentina**	-5.2	-19.0	-10.1	-4.3	2.5	18.9	-2.8	-3.7
Brazil	-0.3	-10.9	-3.9	-1.1	1.0	12.4	0.7	0.1
Chile	0.2	-14.2	-9.0	0.0	0.5	18.1	0.7	1.3
Colombia	0.7	-15.8	-8.5	-3.6	1.1	17.6	1.8	-1.0
Mexico	-1.3	-18.7	-8.7	-4.5	-3.6	19.6	-4.9	-2.8
Peru	-3.9	-29.9	-8.8	-1.4	4.5	41.9	0.4	-0.6

* Q: Quarter

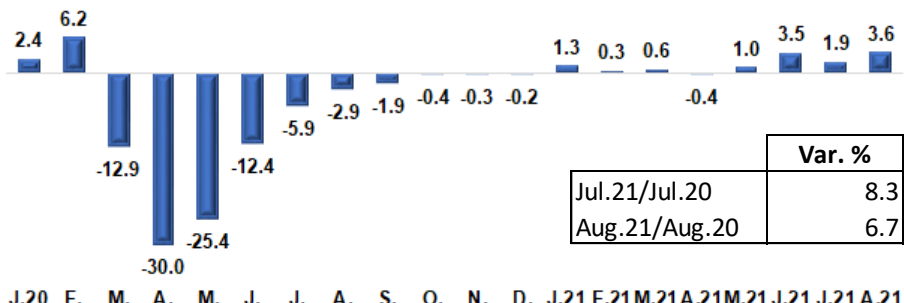
** Annual percentage change for the second quarter of 2021 were estimated using monthly series as of June 2021.

Source: Statistical Institutes and Central Banks.



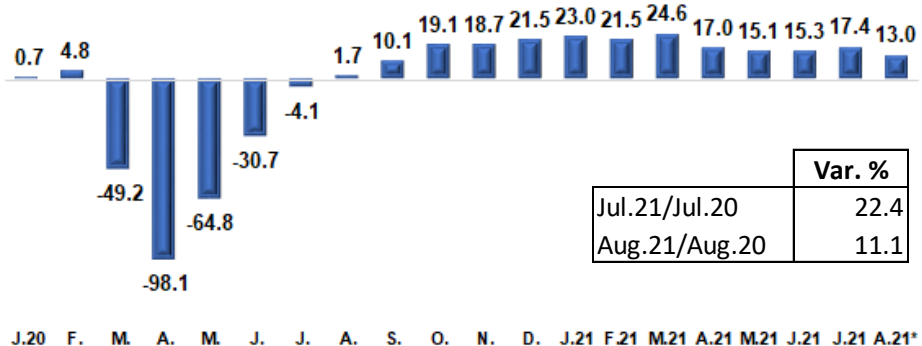
Indicators for July and August show that economic activity would remain slightly below its pre-pandemic level.

Average monthly electricity production (GWh)
(% change compared to the same period in 2019)



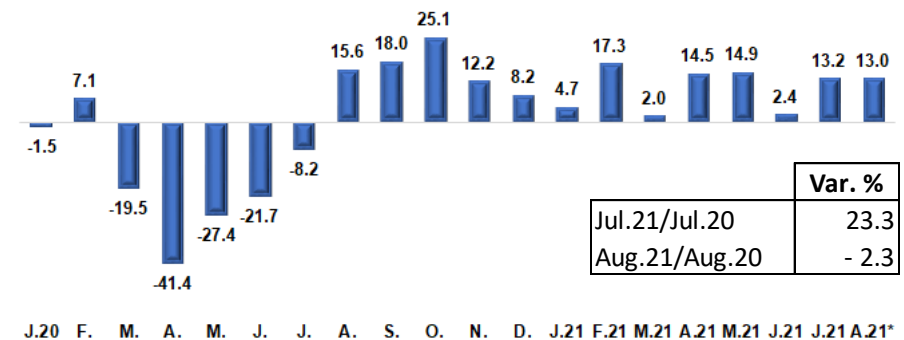
Source: COES.

Domestic consumption of cement
(% change respect to the same period in 2019)



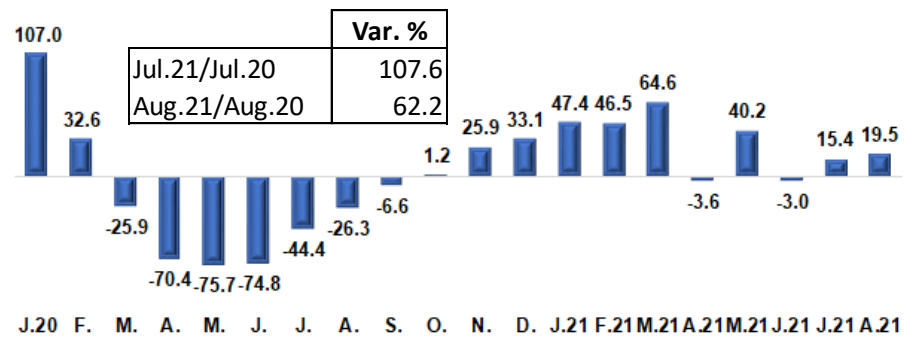
* Data for August represents a forecast.
Source: Cement companies.

Non traditional exports
(% change respect to the same period in 2019)



* Data for August represents a forecast.
Source: Sunat.

Real Investment of the General Government
(% change respect to the same period in 2019)



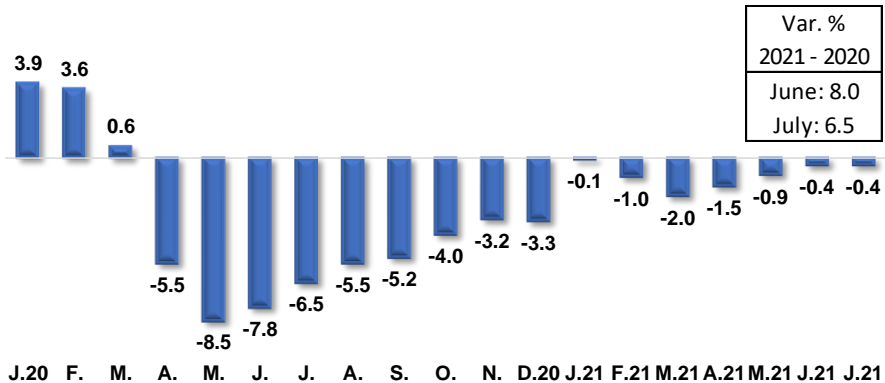
Source: MEF.



Respect to the same period in 2019, formal jobs (including the private and public sector) fell 0.4 percent in July, while the formal wage bill increased 5.6 percent.

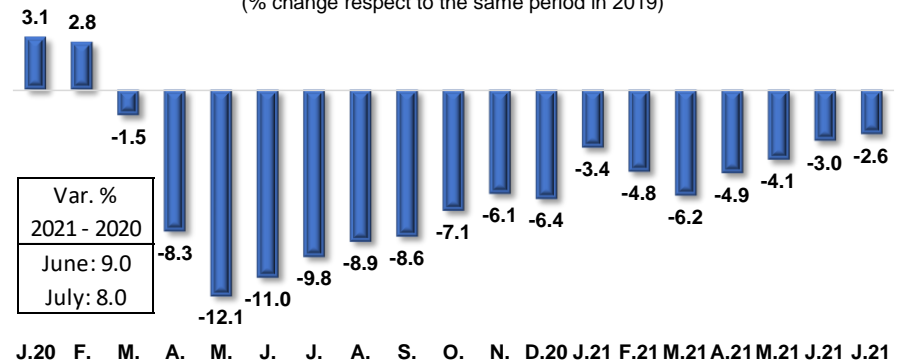
Formal employment - Electronic Payroll

(% change respect to the same period in 2019)



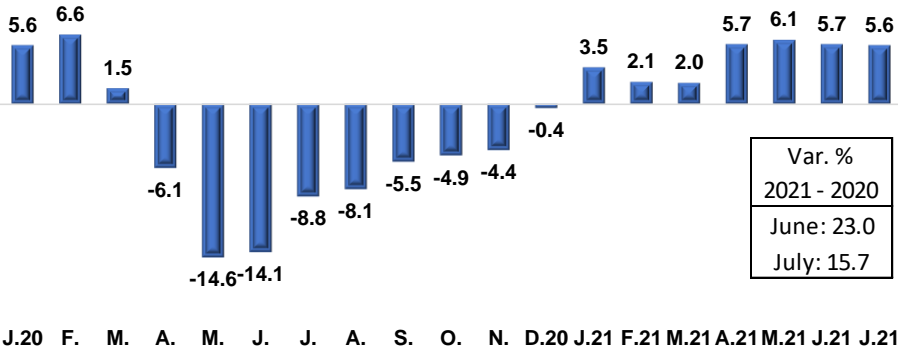
Private sector formal employment - Electronic Payroll

(% change respect to the same period in 2019)



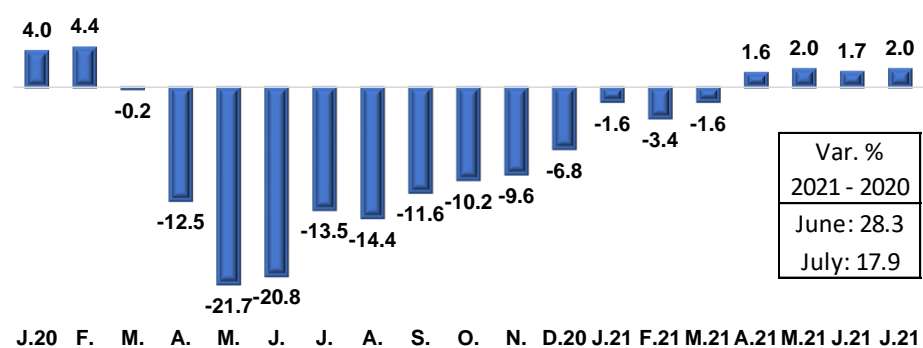
Total formal wage bill - Electronic Payroll

(% change respect to the same period in 2019)



Private sector formal wage bill - Electronic Payroll

(% change respect to the same period in 2019)





In July, 267 thousand formal jobs have increased in the private sector compared to July 2020; albeit it remains below the pre-pandemic level.

Formal jobs in the Private Sector - Electronic Payroll

(Thousands of positions)

	July							Jan - Jul	
	2019	2020	2021	Change 2021 / 2020		Change 2021 / 2019		% Chg.	% Chg.
				Thousands	%	Thousands	%	21/20	21/19
Total	3,727	3,361	3,629	267	8.0	-98	-2.6	1.1	-4.2
Agriculture and Livestock ^{1/}	378	420	404	-16	-3.7	27	7.0	-1.5	0.4
Fishing	21	21	21	0	0.8	0	-0.3	4.9	-0.1
Mining	107	96	111	15	15.5	4	4.1	5.3	1.6
Manufacturing	470	426	451	25	5.8	-20	-4.2	1.2	-5.1
Electricity	16	14	15	1	10.3	0	-2.3	-0.2	-2.9
Construction	226	159	236	77	48.7	11	4.7	32.7	8.2
Commerce	622	579	612	32	5.5	-10	-1.7	0.3	-2.8
Services	1,877	1,631	1,727	96	5.9	-150	-8.0	-2.6	-8.7

1/ Includes processing and preservation of fruits and vegetables.

Source: SUNAT.



Most leading indicators and expectations about the economy deteriorated in August and remain in the pessimistic tranche.

Macroeconomic Expectations: Survey Results

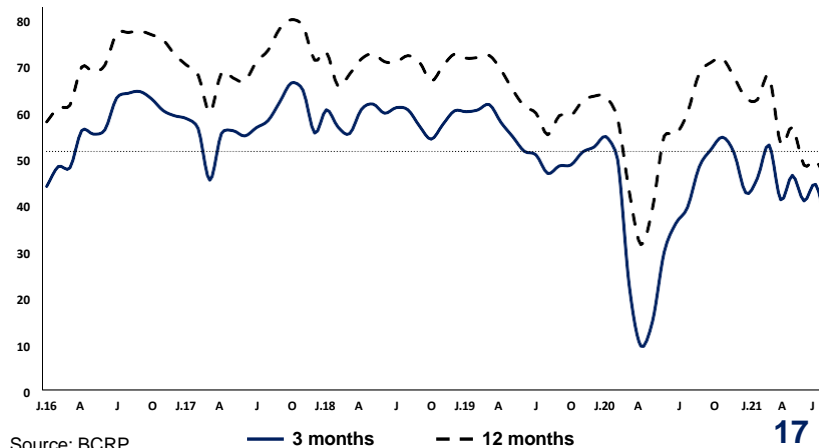
		Dec.2019	Mar.2020	Jun.2021	Jul.2021			Aug.2021			Correlation with GDP ^{1/}
EXPECTATION:											
ECONOMIC SITUATION:	IN 3 MONTHS	50.8	21.8	39.5	42.9	↑	<	33.6	↓	<	0.63
	IN 12 MONTHS	61.5	41.5	47.0	48.0	↑	<	43.5	↓	<	0.42
SECTOR:	IN 3 MONTHS	51.5	28.5	43.0	45.4	↑	<	42.4	↓	<	0.67
	IN 12 MONTHS	61.5	43.4	51.0	50.9	↓	>	49.8	↓	<	0.33
COMPANY'S SITUATION:	IN 3 MONTHS	56.1	28.3	43.8	48.0	↑	<	46.2	↓	<	0.66
	IN 12 MONTHS	66.6	46.4	52.2	52.8	↑	>	51.8	↓	>	0.66
ABOUT DEMAND:	IN 3 MONTHS	55.1	30.7	47.5	51.4	↑	>	48.1	↓	<	0.66
	IN 12 MONTHS	68.0	47.4	55.8	56.6	↑	>	54.4	↓	>	0.66
NEW PERSONNEL HIRED:	IN 3 MONTHS	48.6	35.9	46.8	47.7	↑	<	44.1	↓	<	0.66
	IN 12 MONTHS	54.0	39.6	49.8	49.3	↓	<	48.6	↓	<	0.58
COMPANY'S INVESTMENT:	IN 3 MONTHS ^{2/}	51.3	29.9	41.7	42.6	↑	<	39.4	↓	<	0.65
	IN 12 MONTHS ^{2/}	59.3	40.0	46.6	47.2	↑	<	46.3	↓	<	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.

Expectations about the economic situation at 3 and 12 months





Global economic activity has been recovering and this process is expected to remain in the coming quarters as the vaccination process continue to advance in the world as well as the significant fiscal stimulus programs in developed countries.

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
Sub-Saharan Africa	3.1	-1.9	3.3	3.8
World Economy	100.0	-3.3	5.9	4.2

* in terms of 2020

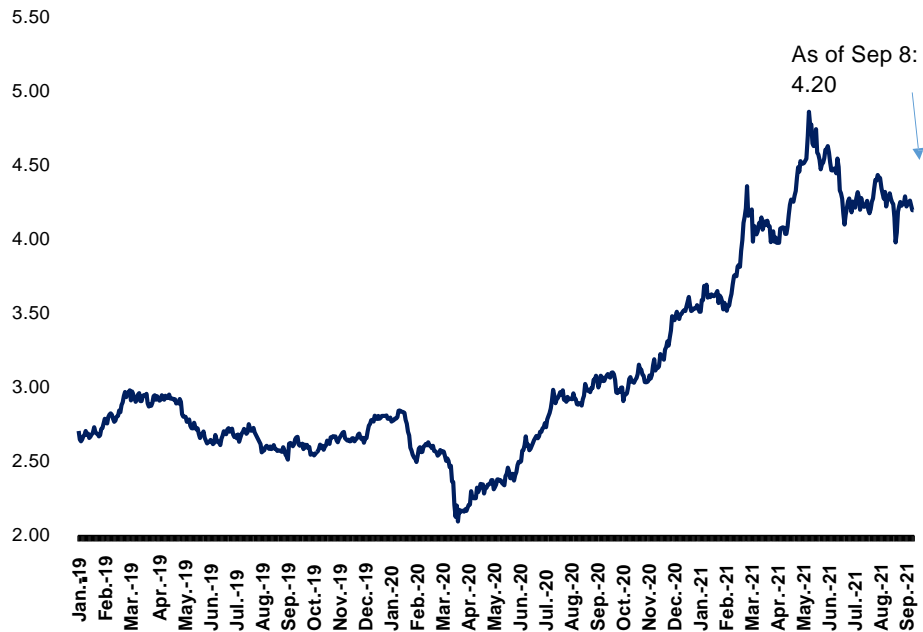
Source: IMF, Consensus Forecast and BCRP



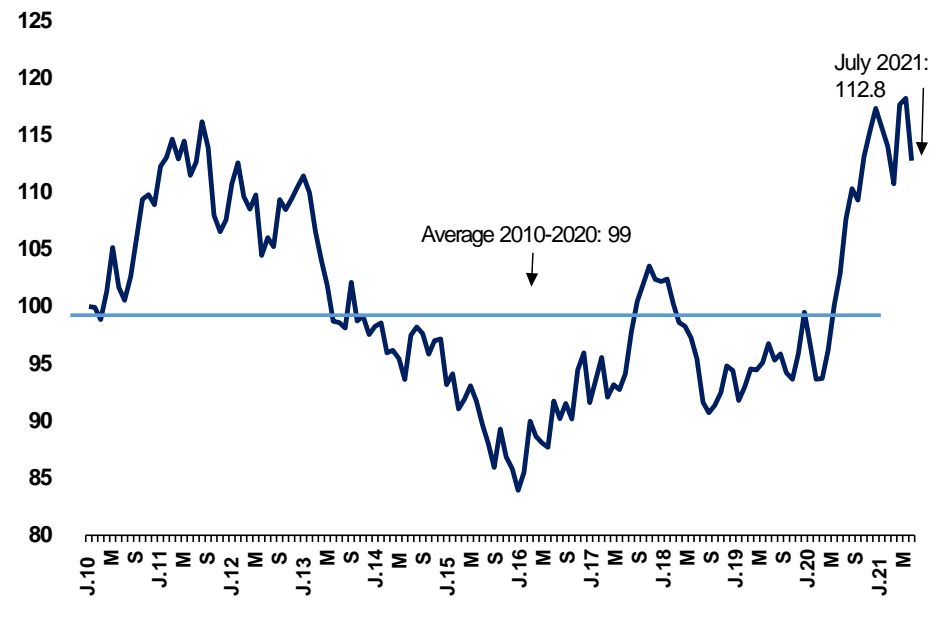
CENTRAL RESERVE BANK OF PERU

A strong increase in the international price of minerals remains, and especially in copper, gold and zinc. In this regard, the terms of trade continue at a historically high level.

International Copper Price (cUS\$/pound)



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



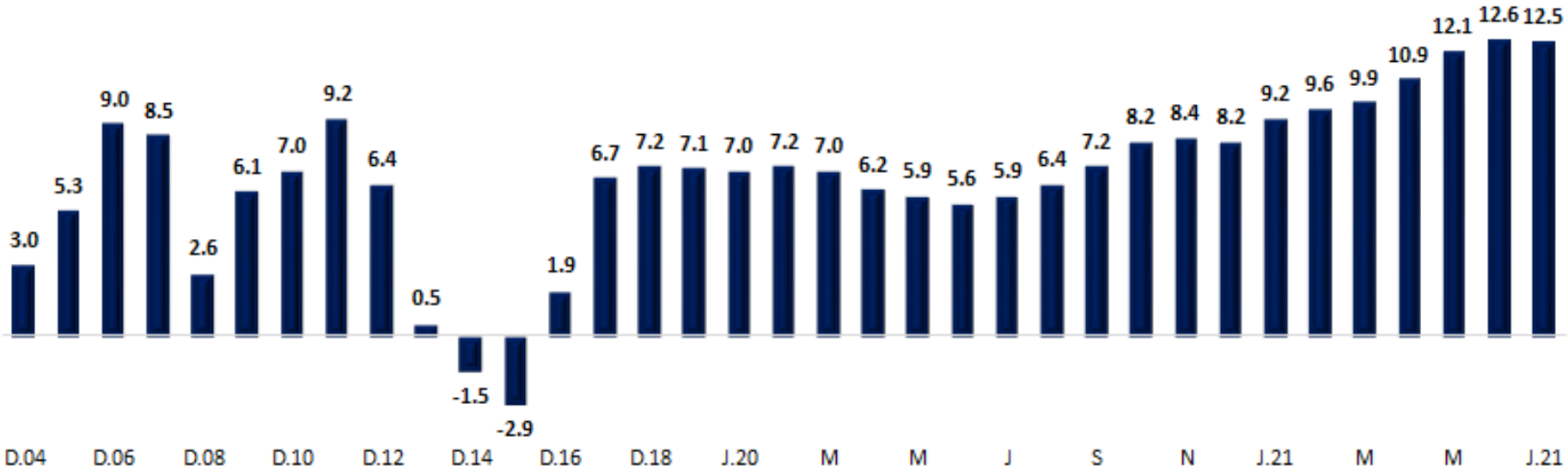
Source: Reuters



The trade balance surplus for the last 12 months at the end of July 2021 is at all-time highs.

Trade Balance

(Billion US\$ - Accumulated last 12 months)



Source: BCRP.



CENTRAL RESERVE BANK OF PERU

Financial markets were highly volatile in a context of uncertainty and the BCRP's actions were intended to mitigate this volatility. As of September 9, the exchange rate was S/ 4.101 per dollar, recording a depreciation of 0.8 percent respect to July 30 (S/ 4.070) and 13.3 percent respect to December 31, 2020 (S/ 3.620).

Exchange Rate (currency units per dollar)

		End of period					Accumulated change (%)*			
		Dec.19	Dec.20	Jul.21	Aug.21	Sep 09, 21	Aug.21	Jul.21	Dec.20	Dec.19
Dollar Index	Spot	96.39	89.94	92.17	92.63	92.48	-0.2	0.3	2.8	-4.1
Eurozone	US\$ per Euro	1.121	1.221	1.187	1.181	1.183	0.2	-0.3	-3.1	5.5
United Kingdom	US\$ per Pound	1.326	1.367	1.390	1.375	1.384	0.7	-0.4	1.3	4.4
Japan	Yen	108.61	103.24	109.70	110.02	109.70	-0.3	0.0	6.3	1.0
Brazil	Real	4.019	5.194	5.212	5.149	5.198	1.0	-0.3	0.1	29.3
Colombia	Peso	3,285	3,415	3,874	3,767	3,841	2.0	-0.9	12.5	16.9
Chile	Peso	752	710	756	773	793	2.6	4.9	11.7	5.5
Mexico	Peso	18.93	19.87	19.86	20.06	19.92	-0.7	0.3	0.2	5.2
Argentina	Peso	59.86	84.08	96.68	97.74	97.85	0.1	1.2	16.4	63.5
Peru	Sol	3.314	3.620	4.070	4.089	4.101	0.3	0.8	13.3	23.7

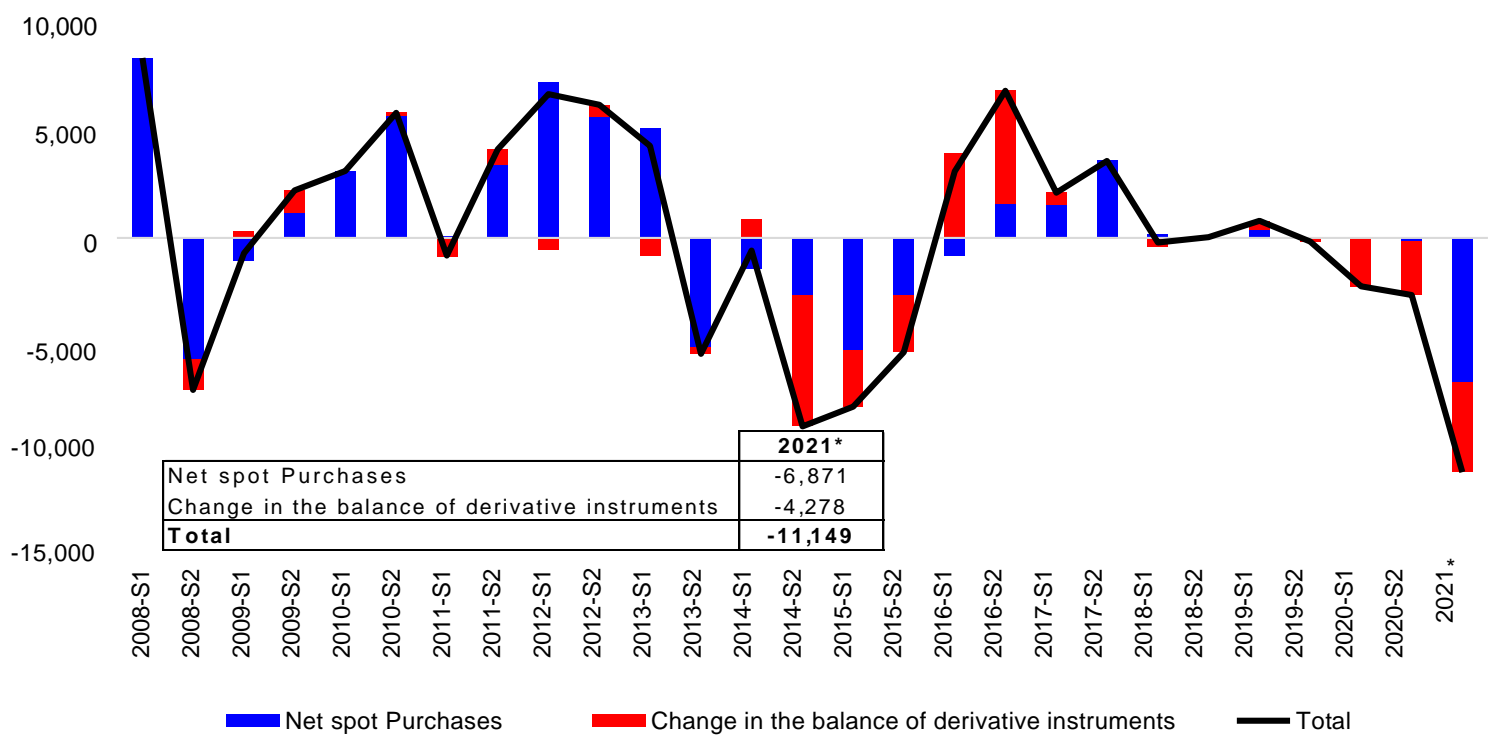
* An increase in the index implies an appreciation of the dollar, except in the euro and the pound.

Source: Reuters



So far this year, the BCRP has offered US\$ 11.1 billion in the foreign exchange market through sales in the spot market (US\$ 6.8 billion) and net placement of exchange derivatives (US\$ 4.3 billion).

FX Intervention of the BCRP (Million US\$)



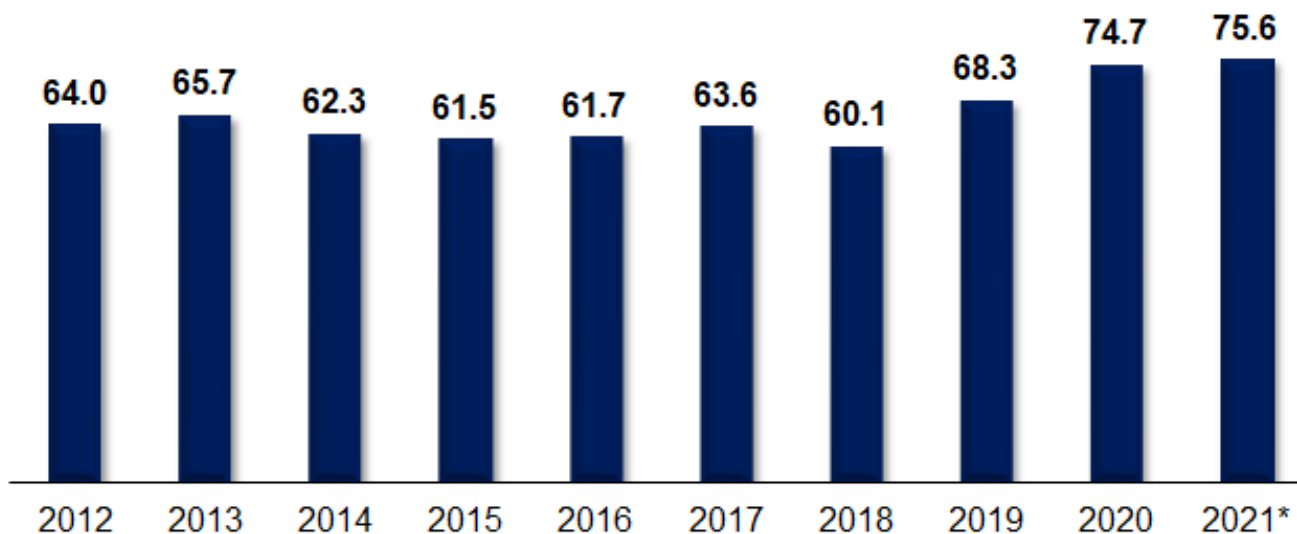
* Accumulated as of September 9, 2021.
Source: BCRP.



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 September 7.
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 September 8 (bps)	
	Dec.19	Dec.20	Aug.21	As of September 8, 2021	Aug.21	Dec.20
United States	1.92	0.92	1.31	1.34	3	42
Germany	-0.19	-0.57	-0.39	-0.32	6	25
France	0.12	-0.34	-0.03	0.02	5	36
Italy	1.41	0.54	0.71	0.75	4	21
Spain	0.46	0.04	0.34	0.37	3	32
Greece	1.43	0.62	0.76	0.86	10	24
United Kingdom	0.82	0.19	0.71	0.74	3	55
Japan	-0.02	0.02	0.02	0.04	2	2
Brazil	6.79	6.90	10.50	11.10	60	421
Chile	3.17	2.65	4.74	5.27	53	262
Colombia	6.34	5.39	6.92	6.98	6	159
Mexico	6.89	5.53	6.97	6.98	1	145
Peru	4.64	3.50	6.09	6.41	32	291

Source: Reuters



Interest rates in soles increased respect to the previous month. In this regard, the BCRP will continue to take the necessary steps to sustain the payment system and credit flows.

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	Sep.21	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	0.50	1.00	3.2
TAMN ^{3/}	14.37	14.35	13.7	13.1	12.1	18.5	17.9	18.0	17.6	12.9	14.7	14.7	15.0	15.9	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	0.9	1.0	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	1.9	2.0	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	3.4	3.7	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	4.8	5.6	9.7
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	17.5	17.5	20.0
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	31.6	31.5	32.2
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	6.2	6.2	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	6.1	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	0.8	2.2

1/ Information as of September 8, except for the reference rate, which is as of September 9.

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.

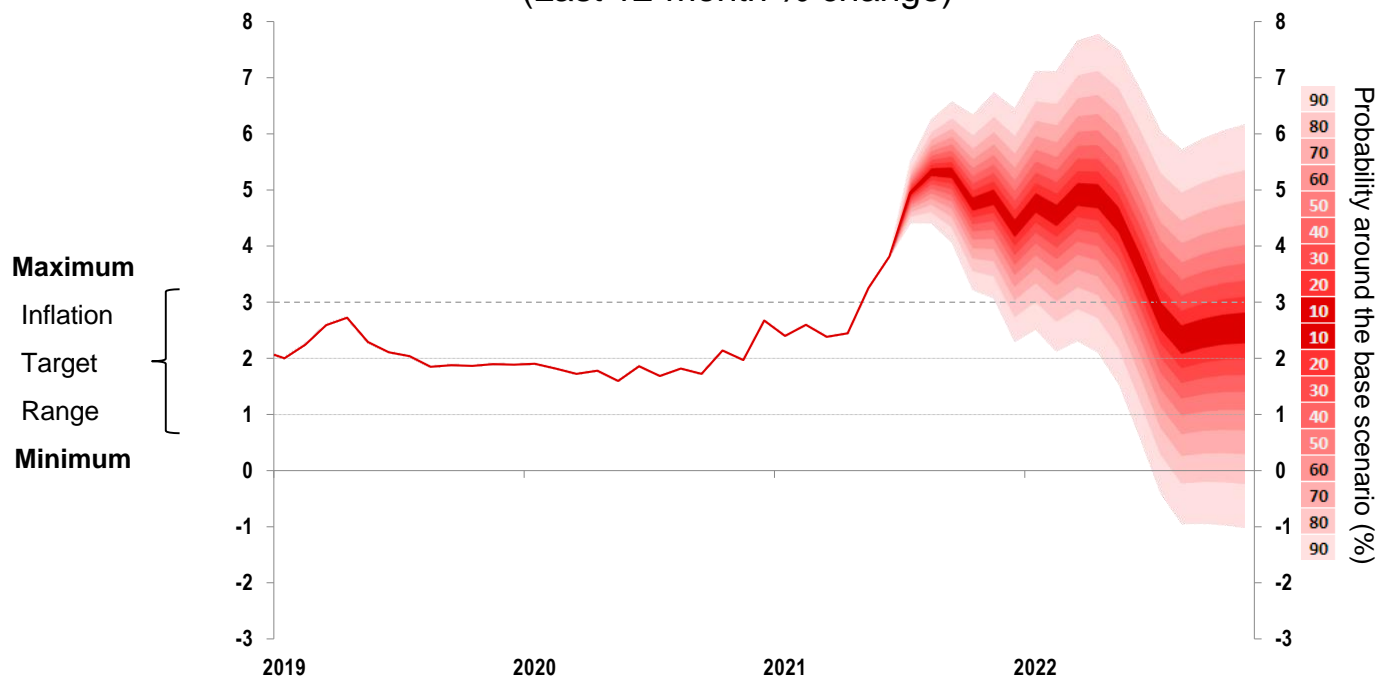
Source: BCRP and SBS.



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. The Board is especially attentive to new information referring to inflation expectations and the evolution of economic activity to consider, if necessary, changes in the monetary policy position.

Inflation Forecast: 2021 – 2022

(Last 12-month % change)



Source: BCRP



CENTRAL RESERVE BANK OF PERU

Monetary Policy Statement September 2021

September 10, 2021