



CENTRAL RESERVE BANK OF PERU

Monetary Policy Statement

April 2022

April 08, 2022

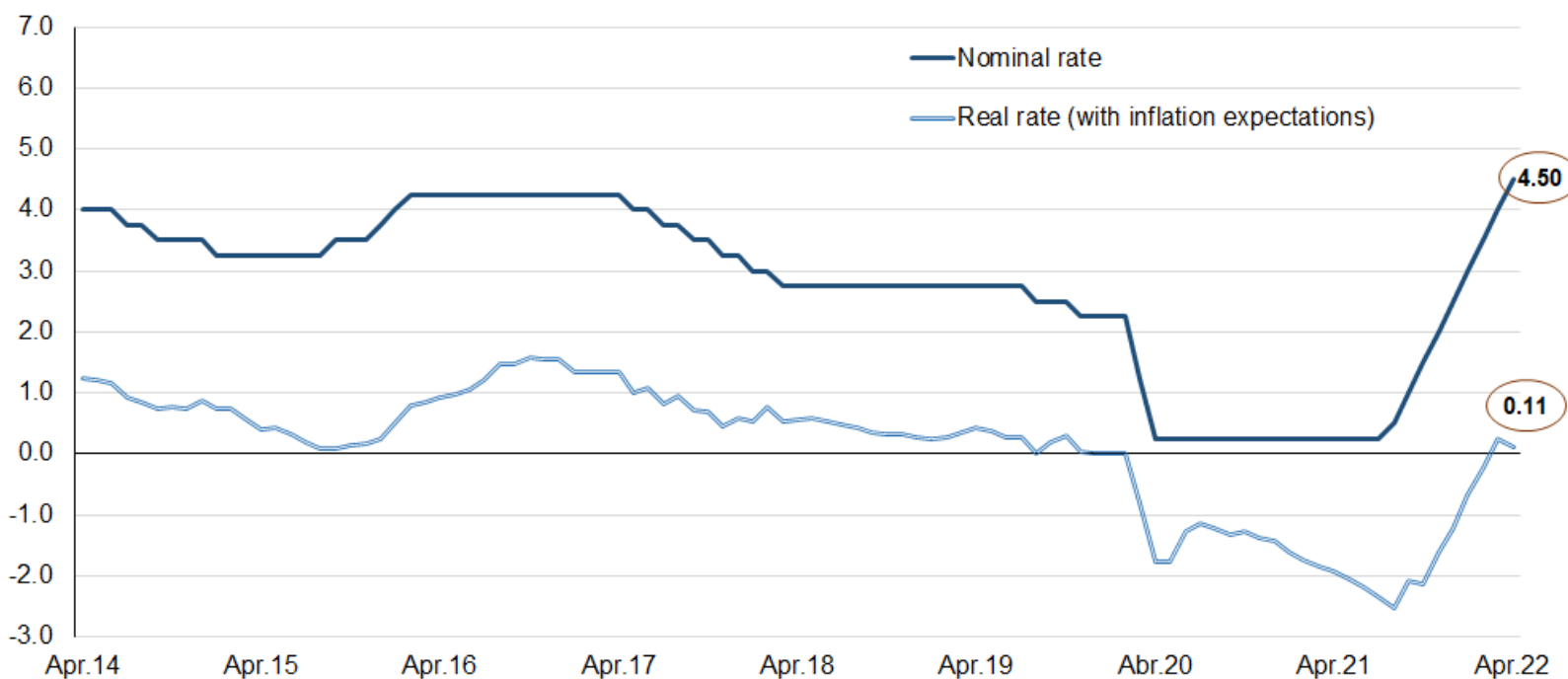


CENTRAL RESERVE BANK OF PERU

The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to raise the reference interest rate by 50 bps to 4.5 percent, thus continuing to normalize its monetary policy stance.

Policy interest rate

(%)



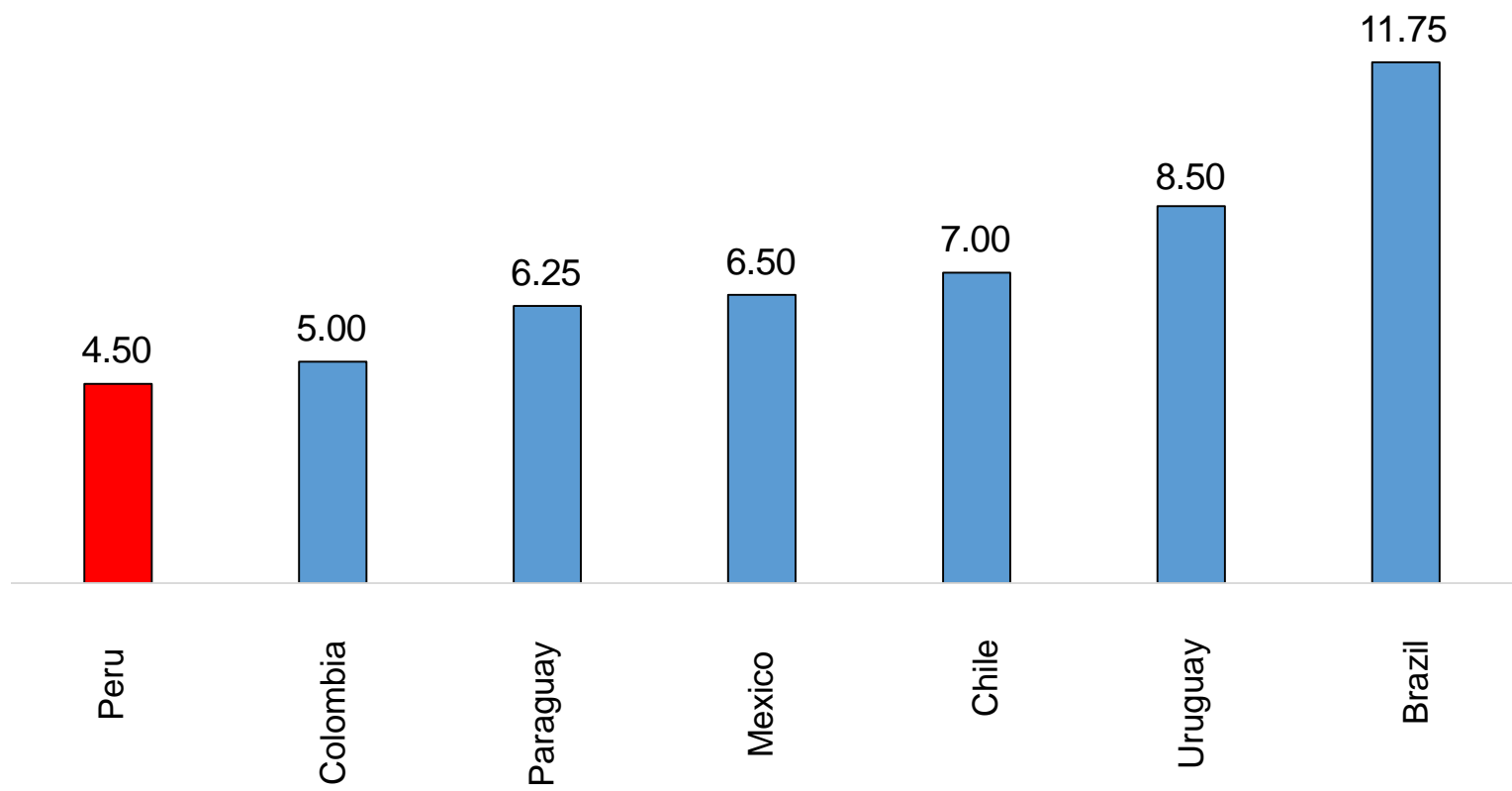
	Oct.20	Nov.20	Dec.20	Jan.21	Feb.21	Mar.21	Apr.21	May.21	Jun.21	Jul.21	Aug.21	Sep.21	Oct.21	Nov.21	Dec.21	Jan.22	Feb.22	Mar.22	Apr.22
(I) Nominal rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50
(II) Inflation expectations	1.51	1.62	1.68	1.85	1.98	2.11	2.17	2.30	2.43	2.60	3.03	3.07	3.64	3.61	3.71	3.68	3.73	3.75	4.39
(III) Real rate: (I)-(II)	-1.26	-1.37	-1.43	-1.60	-1.73	-1.86	-1.92	-2.05	-2.18	-2.35	-2.53	-2.07	-2.14	-1.61	-1.21	-0.68	-0.23	0.25	0.11

Source: BCRP



Peru's monetary policy interest rate of 4.5 percent remains as one of the lowest in the region.

Monetary Policy Interest Rates in Emerging Economies: April 2022 (%)



Source: Central Banks.



After the start of the monetary stimulus withdrawal last year, central banks of the region have begun to record positive real interest rates in recent months.

Ex ante Real Monetary Policy Interest Rates in Latin America*

(%)

	MPIR	1-Year ahead inflation expectations**	Ex ante Real Rate
Brazil	11.75	6.11	5.64
Chile	7.00	5.35	1.65
Colombia	5.00	4.55	0.45
Mexico	6.50	5.39	1.11
Peru	4.50	4.39	0.11

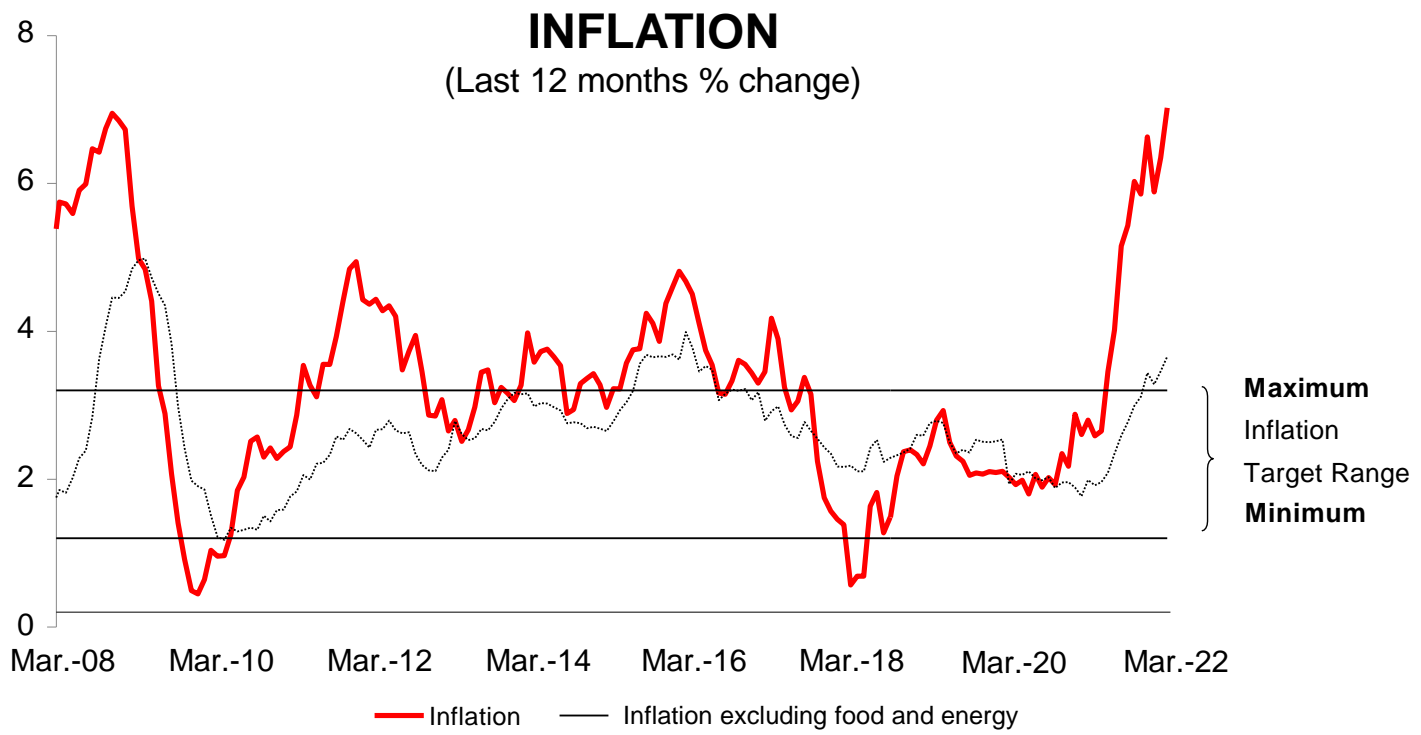
* Policy rates as of March 2022 (except Peru as of April 2022), while inflation expectations as of March 2022.

** Obtained by interpolation based on expectations to December 2022 and 2023, and published by the central banks (Colombia and Peru publish the 12-month expectation).



CENTRAL RESERVE BANK OF PERU

Year-on-year inflation increased from 6.15 percent in February to 6.82 percent in March, above the target range, due to the upsurge of significant increase in international food and fuel prices.



Last 12 months % change	Jan. 21	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22
Inflation	2.68	2.40	2.60	2.38	2.45	3.25	3.81	4.95	5.23	5.83	5.66	6.43	5.68	6.15	6.82
Inflation excluding food and energy	1.69	1.57	1.79	1.72	1.76	1.89	2.14	2.39	2.57	2.79	2.91	3.24	3.08	3.26	3.46

Source: BCRP



Year-on-year core inflation also rose, although to a lesser extent, from 3.26 percent in February to 3.46 percent in March, above the upper limit of the inflation target range.

Inflation and Trend Indicators

(Annual % change)

	Annual average	Annual % change				
	2001-2020	Nov.21	Dec.21	Jan.22	Feb.22	Mar.22
CPI	2.6	5.66	6.43	5.68	6.15	6.82
CPI excluding food and energy	2.1	2.91	3.24	3.08	3.26	3.46
<u>Trend indicators</u>						
Bounded mean	2.5	4.06	4.53	4.85	5.21	5.63
Percentile 63	2.4	3.73	4.23	4.61	5.05	5.57
Re-weighted	2.5	3.80	4.25	4.34	4.78	5.24

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 over the standard deviation of their monthly percentage changes.



The price increase in 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

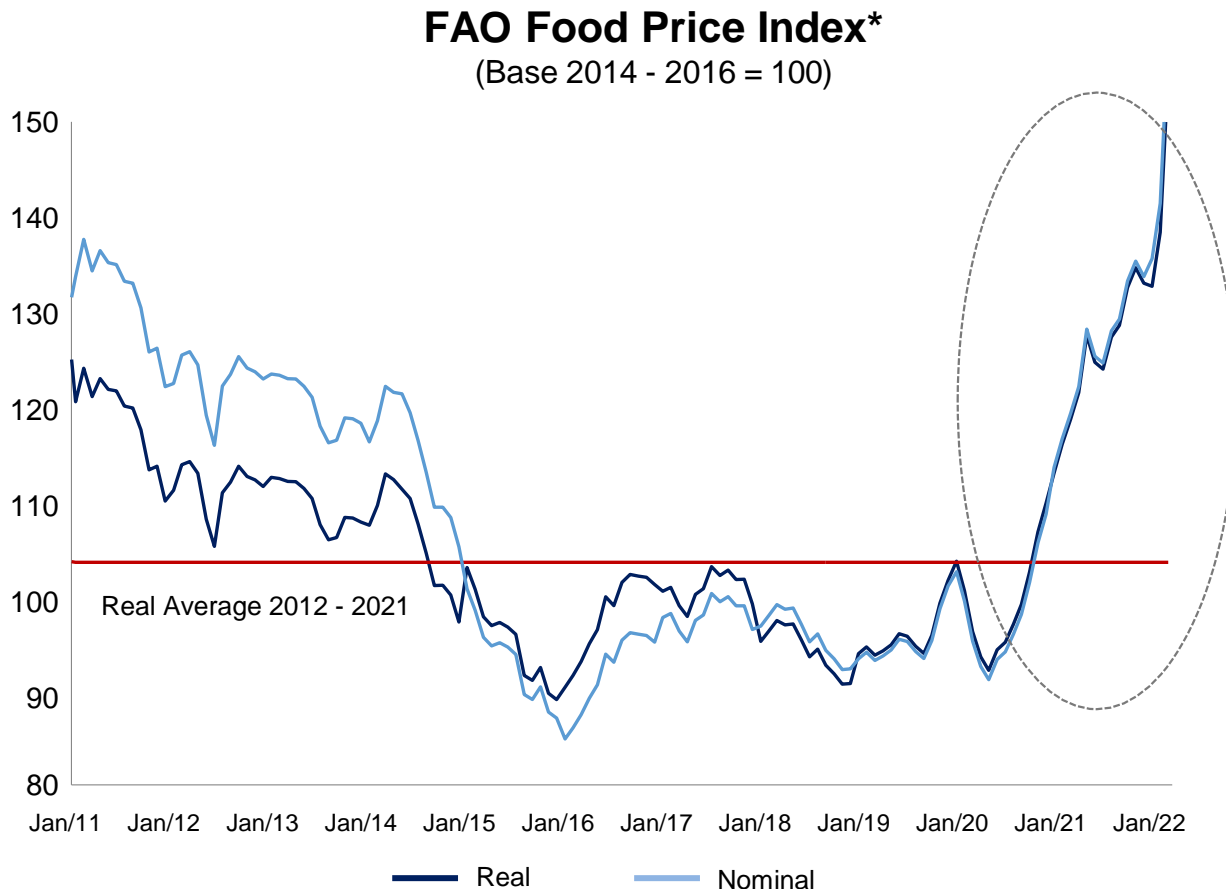
Item	% Change	
	Mar. 22 / Mar. 21	Mar. 22 / Mar. 19
Industrial inputs	27.1	39.6
Plastics	24.7	41.4
Iron and Steel	39.3	45.5
Textiles	23.4	9.2
Papers	36.2	13.8
Chemical goods	16.5	29.9
Organic chemicals	18.9	33.5
Rest	27.7	47.3
Of Which:		
Fertilizers	169.8	151.6

Source: Sunat.

Elaboration: BCRP.



The FAO Food Price Index registered an average of 159.3 points in March 2022, a figure 12.6 percent higher than that registered in February 2022. This increase took the index to its highest level since its creation in 1990.



- The real price index is the nominal price index deflated by the World Bank manufacturing unit value index.

Source: FAO



The significant increase in international energy and food prices since the second half of last year, recently accentuated by international conflicts

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

		Spot						% change ^{1/}	
		Dec.19	Dec.20	Dec.21	Feb.22	Mar.22	Apr 5, 22	Dec.21/Dec.20	Apr.22/Dec.21
WTI Oil	(US\$ per barrel)	61.1	48.5	77.0	95.7	100.3	102.0	58.7	32.4
LPG*	(US\$ per barrel)	23.9	31.4	46.5	58.2	61.1	63.1	48.3	35.5
Gasoline*	(US\$ per barrel)	73.8	57.8	82.2	103.8	124.6	125.0	42.3	52.0
Wheat	(US\$ per ton)	177.8	231.1	294.5	350.2	378.0	397.8	27.4	35.1
Maize	(US\$ per ton)	148.4	186.6	227.9	268.1	295.0	299.1	22.2	31.2
Soybean	(US\$ per ton)	756	977	1,434	1,599	1,542	1,596	46.7	11.3
Baltic Index	(US\$ Index)	1,090	1,366	2,217	2,040	2,358	2,213	62.3	-0.2
Exchange rate	S/ per US\$	3.314	3.620	3.991	3.782	3.680	3.699	10.2	-7.3

1/ Comparison as of April 22 is with respect to April 5.

* International reference prices published by OSINERGMIN as of April 4, 2022.

Source: Reuters, USDA and OSINERGMIN.



.... has led to sharp increases in global inflation rates in magnitudes not seen in many years both in advanced and other economies in the region.

Inflation of March 2022: Executed Data as of April 8 (12 months % change)

COUNTRY	Dec-20	Jun-21	Sep. 21	Dec. 21	Jan.22	Feb.22	Mar 22	Target	Maximum from:
							Date		
America									
USA	1.4	5.4	5.4	7.0	7.5	7.9	Apr. 12	2%	Jan-82
Canada	0.7	3.6	4.4	4.8	5.1	5.7	Apr.20	2.0+/-1.0	Aug-91
Uruguay	9.4	7.3	7.4	8.0	8.2	8.9	9.4	3.0-7.00	Dec-20
Colombia	1.6	3.6	4.5	5.6	6.9	8.0	8.5	3.0+/-1.0	Jul-16
Chile	3.0	3.8	5.3	7.2	7.7	7.8	9.4	3.0+/-1.0	Nov-08
Mexico	3.2	5.9	6.0	7.4	7.1	7.3	7.5	3.0+/-1.0	Jan-01
Brazil	4.5	8.3	10.3	10.1	10.4	10.5	11.3	3.75+/-1.5	Oct-03
Peru	2.0	3.3	5.2	6.4	5.7	6.2	6.8	1.0-3.0	Aug-98
Asia									
Indonesia	1.7	1.3	1.6	1.9	2.2	2.1	2.6	3.0+/-1.0	Apr-20
India	4.6	6.3	4.4	4.9	6.0	6.1	--	4.0+/-2.0	Jun-21
Philippines	3.3	3.7	4.2	3.2	3.0	3.0	4.0	3.0+/-1.0	Oct-21
Korea	0.5	2.4	2.5	3.7	3.6	3.7	4.1	2%	2011
Thailand	-0.3	1.2	1.7	2.2	3.2	5.3	5.7	2.5+/-1.5	Sep-08
Israel	-0.7	1.7	2.5	2.8	3.1	3.1	--	1.0-3.0	Aug-11
Europe									
Eurozone	-0.3	1.9	3.4	5.0	5.1	5.8	7.5	2%	record
Germany	-0.3	2.3	4.1	5.3	4.9	5.1	7.3	2%	1981
France	0.0	1.5	2.2	2.8	2.9	3.6	4.5	2%	Dec-85
Italy	-0.2	1.3	2.5	3.9	4.8	5.7	6.7	2%	Nov-90
Spain	-0.5	2.7	4.0	6.7	6.0	7.6	9.8	2%	May-85
Serbia	1.3	3.3	5.7	7.9	8.2	8.8	--	3.0+/-1.5	Jun-13
Hungary	2.7	5.3	5.5	7.4	7.9	8.3	8.5	3.0+/-1.0	May-07
Norway	1.4	2.9	4.1	5.3	3.2	3.7	--	2.5	--
Czech Republic	2.3	2.8	4.9	6.6	9.9	11.1	--	2.0+/-1.0	Jun-98
United Kingdom	0.6	2.5	3.1	5.4	5.5	6.2	--	2%	Mar-92
Russia	4.9	6.5	7.4	8.4	8.7	9.2	--	4%	Jan-16
Poland	2.4	4.4	5.9	8.6	9.2	8.5	10.9	2.5+/-1.0	Jul-00
Iceland	3.6	4.3	4.4	5.1	5.7	6.2	6.7	2.5	Mar-10
Sweden	0.5	1.3	2.5	3.9	3.7	4.3	--	2%	Sep-08
Turkey	14.6	17.5	19.6	36.1	48.7	54.4	61.1	5.0+/-2.0	Mar-02
Romania	2.1	3.9	6.3	8.2	8.4	8.5	--	2.5+/-1.0	Jul-08
Switzerland	-0.8	0.6	0.9	1.5	1.6	2.2	2.4	<2.0	Oct-08
Africa									
South Africa	3.1	4.6	5.0	5.9	5.7	5.7	--	3.0-6.0	Mar-17
Ghana	10.4	7.8	10.6	12.6	13.9	15.7	--	8.0 +/-2.0	Oct-16
Oceania									
Australia *	0.9	3.8	3.0	3.5	n.d	n.d	--	2.0-3.0	Q1 2009
New Zealand *	1.4	3.3	4.9	5.9	n.d	n.d	--	2.0+/-1.0	Q2 1990

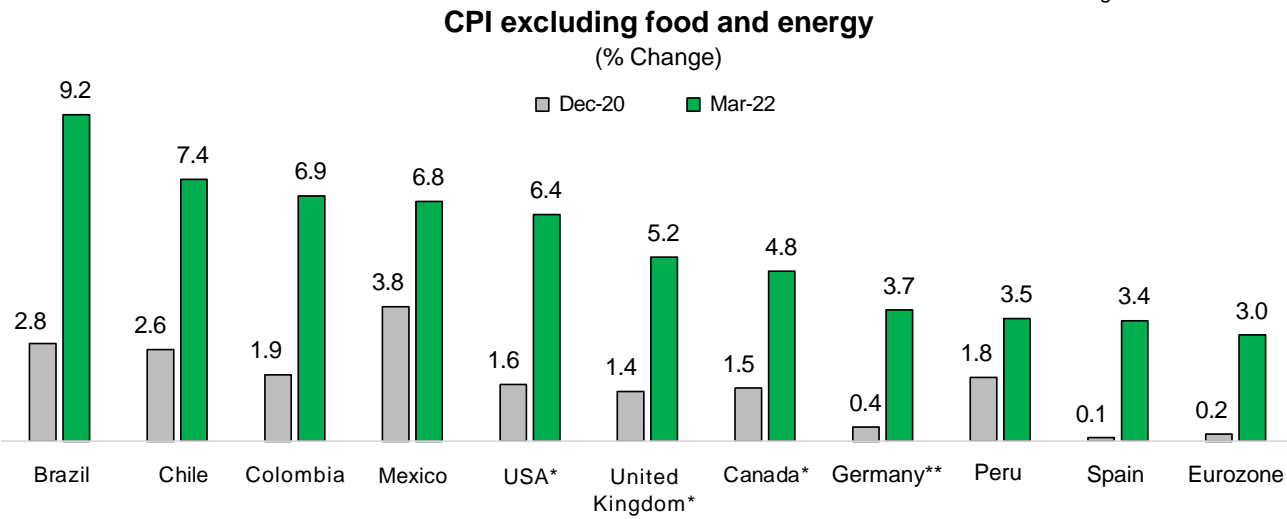
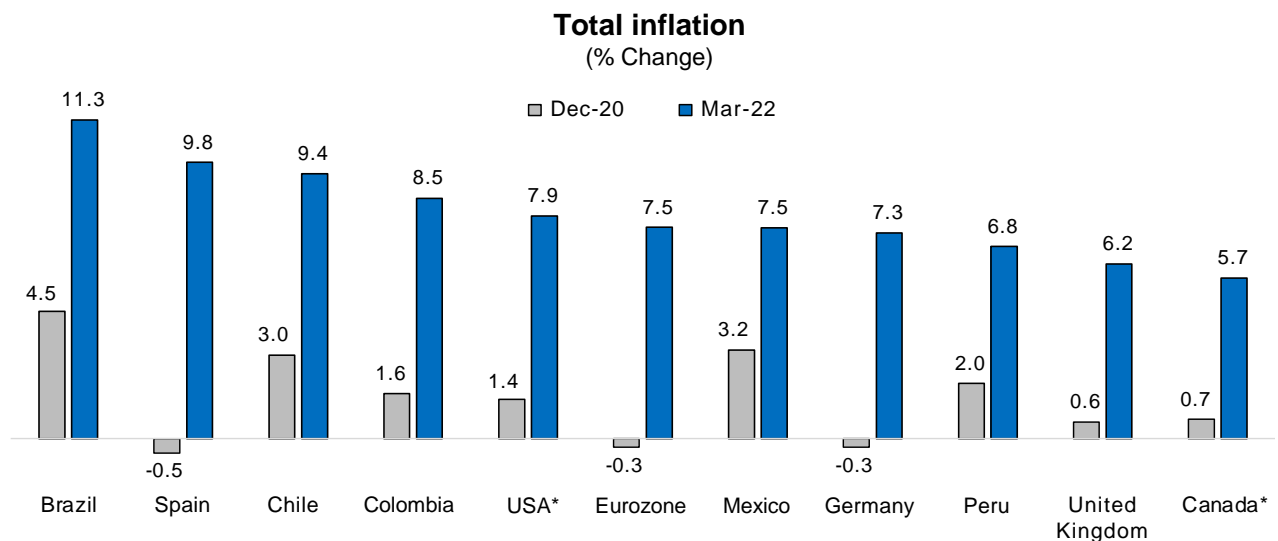
* Australia and New Zealand publish their data on a quarterly basis. The next data will be for the month of March.

** Trading Economics Forecasts.

Source: Central Banks and Statistical Institutes.



Total inflation and core inflation in Peru were among the lowest at the regional level.

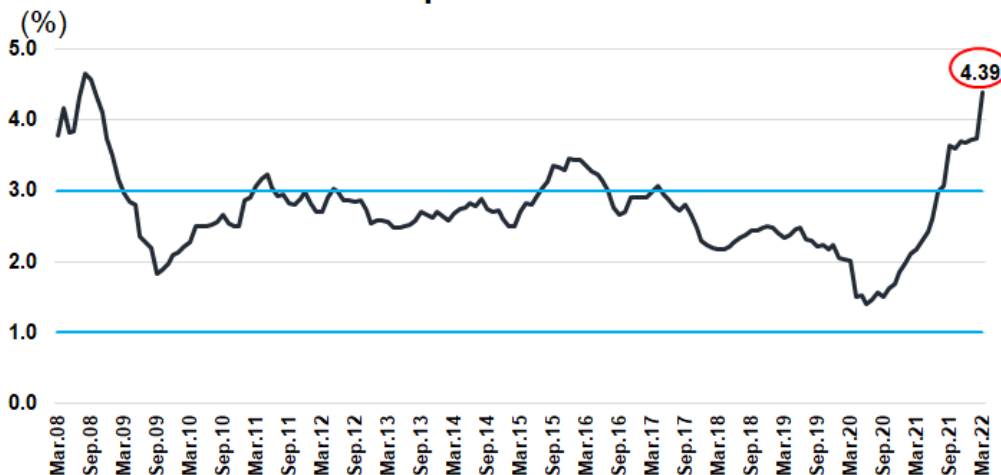


*As of February 2022. Source: Statistical Institutes and Central Banks.



One-year-ahead expected inflation increased from 3.75 percent to 4.39 percent, above the upper limit of the inflation target range.

1-Year ahead inflation expectations*



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

Source: BCRP

Survey of Macroeconomic Expectations: Inflation (%)

	Survey date:			
	Jan 31.	Feb 28.	Mar 31.	
Economic analysts¹				
2022	3.85	4.00	5.00	↑
2023	2.85	3.00	3.10	↑
2024		3.00	3.00	
Financial entities²				
2022	3.75	3.80	4.50	↑
2023	3.00	3.00	3.50	↑
2024		3.00	3.00	
Non-financial firms³				
2022	3.50	4.00	4.20	↑
2023	3.00	3.20	3.50	↑
2024		3.00	3.20	

¹ 16 analysts in January, 19 in February and 21 in March 2022.

² 16 financial entities in January, 13 in February and 15 in March 2022.

³ 306 non financial firms in January, 303 in February and 295 in March 2022.

Source: BCRP



In January 2022, economic activity continued to be above the pre-pandemic level. The most intensive sectors in human contact have been recovering with advances in mass vaccination.

GROSS DOMESTIC PRODUCT

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

	Weight	2020		21/20		22/21		21/19		22/20
	2021 ^{1/}	Year	Q.4	Dec.	Year	Jan.	Q.4	Dec.	Year	Jan.
Primary GDP	21.5	-7.8	-3.1	-4.5	5.5	1.7	-3.0	0.4	-2.7	1.5
Agriculture and Livestock	5.8	1.0	5.6	9.2	3.8	5.0	5.9	6.5	4.9	6.5
Fishing	0.5	4.2	-7.4	-12.6	2.8	-30.3	28.3	86.7	7.1	19.0
Mining	8.5	-13.8	-4.2	-7.1	9.7	3.6	-6.5	-9.7	-5.5	-3.7
Fuel	1.2	-11.0	2.0	0.6	-4.6	9.8	-10.7	-10.3	-15.2	-7.3
Primary industries	3.2	-2.0	-13.1	-13.3	1.9	-6.8	-4.2	22.5	-0.1	17.6
Non-primary GDP	78.5	-11.9	5.0	3.5	15.6	3.2	3.2	3.5	1.8	2.2
Non-primary industries	9.4	-16.4	7.3	9.1	24.6	0.5	6.1	7.6	4.2	2.1
Electricity and water	1.9	-6.1	3.0	2.5	8.6	3.1	2.7	2.2	1.9	3.0
Construction	6.7	-13.5	-5.8	-8.9	34.7	-0.6	13.1	14.8	16.7	15.6
Commerce	10.6	-16.0	3.9	2.7	17.8	2.3	1.1	1.0	-1.0	2.1
Total Services	50.0	-10.3	6.7	5.0	11.8	4.3	1.8	1.7	0.3	0.8
<u>GDP</u>	<u>100.0</u>	<u>-11.0</u>	<u>3.2</u>	<u>1.7</u>	<u>13.3</u>	<u>2.9</u>	<u>1.8</u>	<u>2.8</u>	<u>0.8</u>	<u>2.0</u>

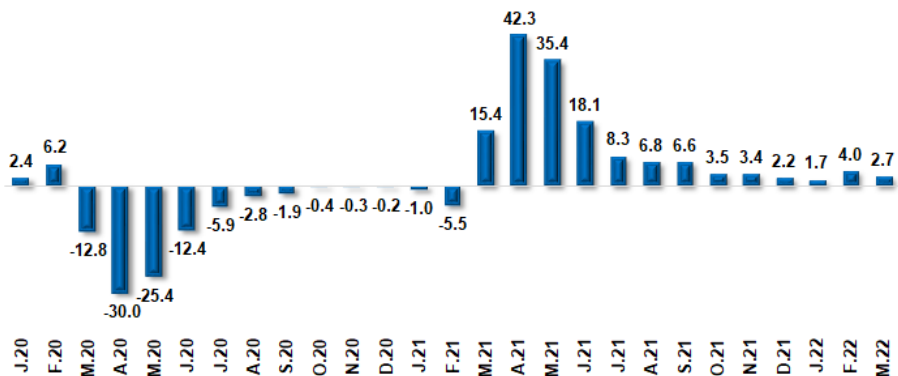
1/ Implicit weighting for 2021 at 2007 prices.

Source: INEI and BCRP



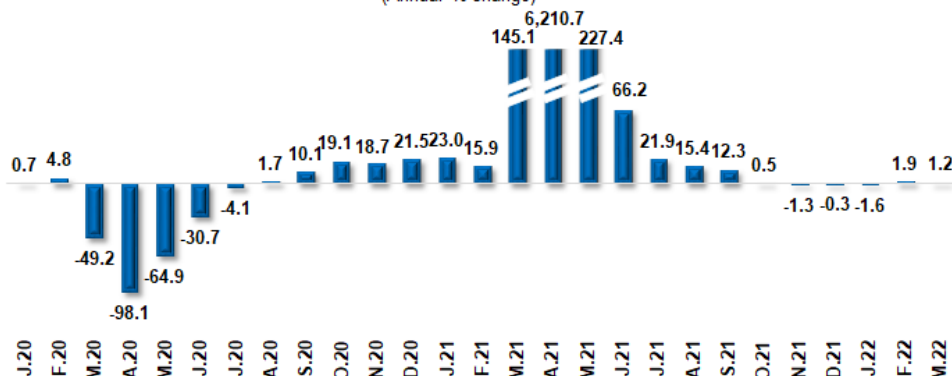
The indicators for March show that the recovery in private consumption remains.

Average monthly electricity production (GWh)
(Annual % change)



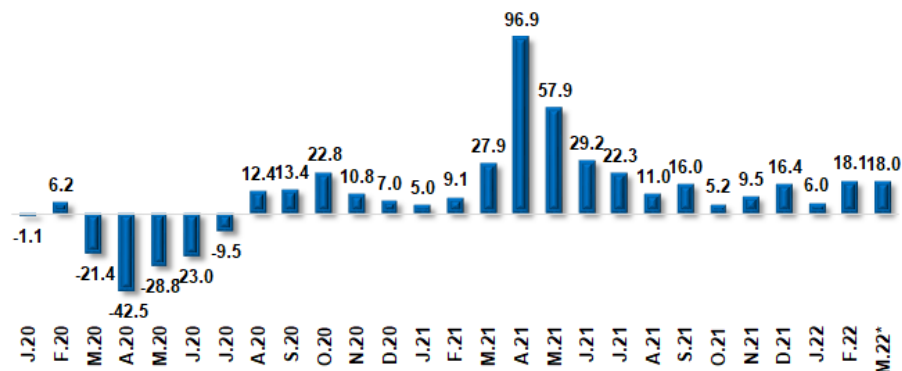
Source: COES.

Domestic consumption of cement
(Annual % change)



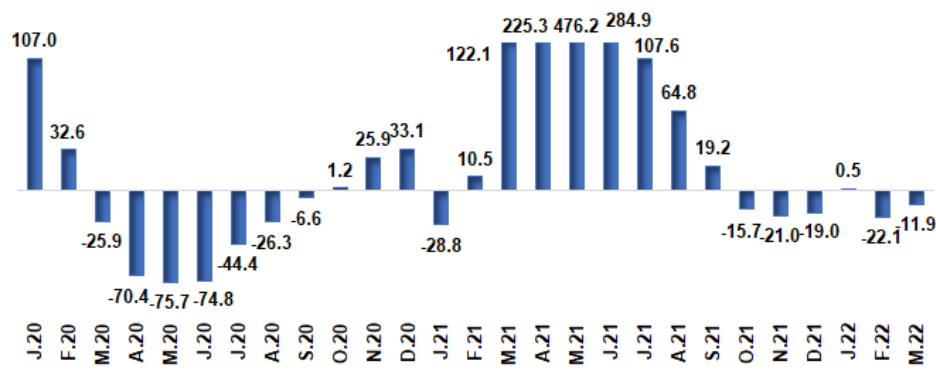
Source: Cement companies.

Non traditional exports
(Annual % change)



Source: Sunat – * Forecast for March.

Real Investment of the General Government
(Annual % change)



Source: MEF. * Change of investment in real terms.

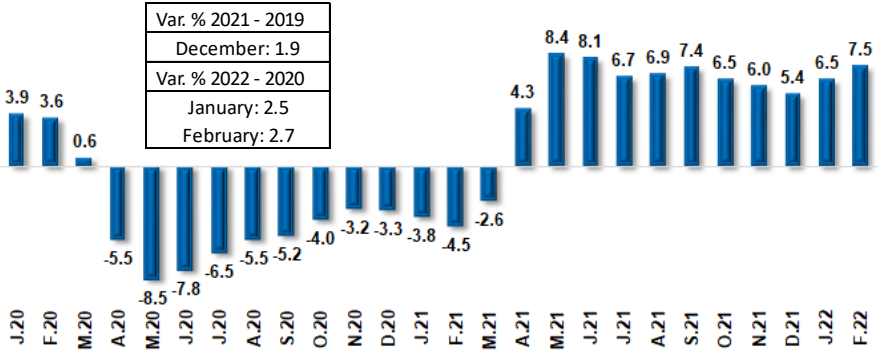


CENTRAL RESERVE BANK OF PERU

In February, total formal employment at the national level increased 7.5 percent compared to February 2021, mainly due to the growth of employment in the private sector. For its part, the total wage bill increased by 13.6 percent, due to the increase in formal jobs and in the average income.

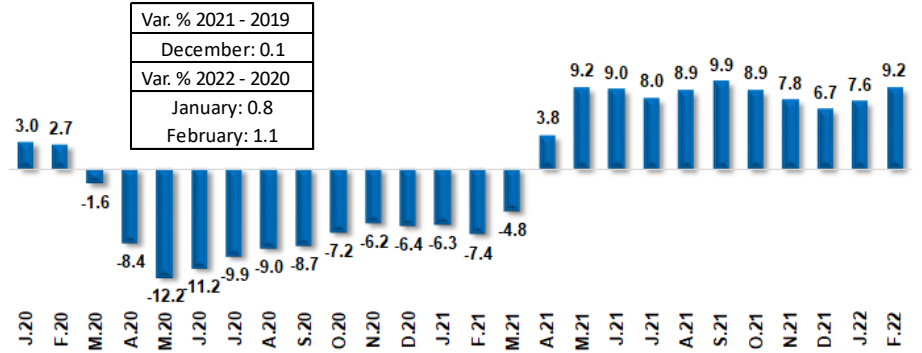
Formal employment - Electronic Payroll

(Annual % change)



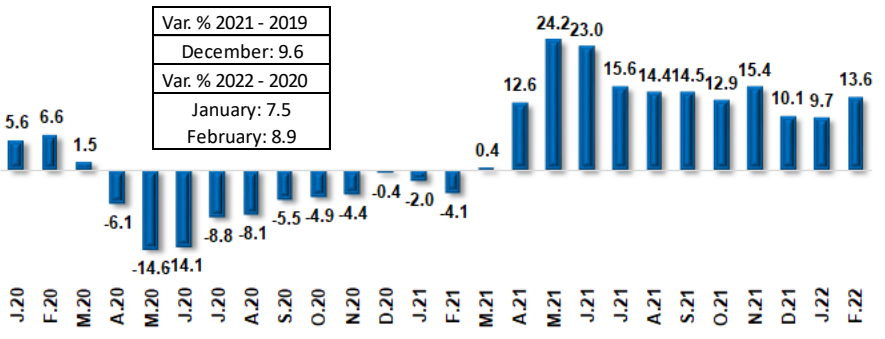
Private sector formal employment - Electronic Payroll

(Annual % change)



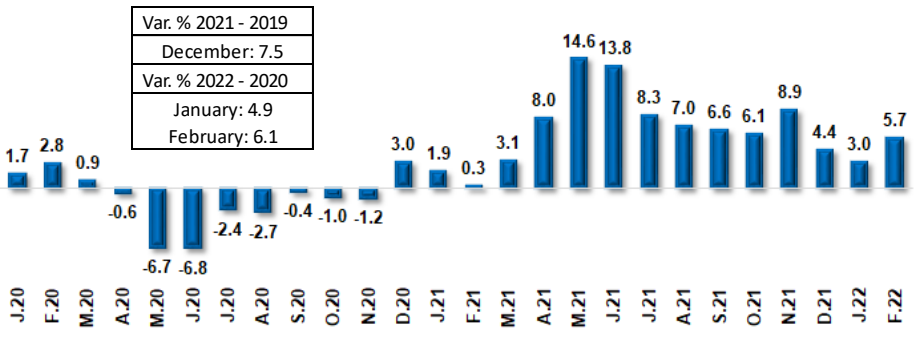
Total formal wage bill - Electronic Payroll

(Annual % change)



Formal Average Income - Electronic Payroll

(Annual % change)



Source: SUNAT - Monthly Payment Form.



The increase in employment occurred in the public and private sectors and both inside and outside of Lima. In February, formal private sector jobs increased 9.2 percent, mainly in the agricultural sector (11.0 percent), services (10.8 percent) and mining (8.7 percent).

Formal jobs - Electronic Payroll

(Thousands of positions)

	February						Jan - Feb		
	2020	2021	2022	Chg. 2022/2021		Chg. 2022/2020		% Chg. 22/21	% Chg. 22/20
				Thousands	%	Thousands	%		
Total 1/	5,212	4,979	5,353	374	7.5	141	2.7	7.0	2.6
Private	3,718	3,442	3,759	317	9.2	41	1.1	8.4	0.9
Public	1,494	1,537	1,594	56	3.7	100	6.7	3.8	6.7
Lima	3,190	2,973	3,172	199	6.7	-19	-0.6	6.2	-0.7
Rest of Peru	2,005	1,987	2,132	145	7.3	128	6.4	6.8	6.3

1/ The sum of employment by area does not give the total due to the number of jobs that cannot be classified.

Source: SUNAT - Monthly Payment Form.

Formal jobs in the Private Sector - Electronic Payroll

(Thousands of positions)

	December							Jan - Feb	
	2020	2021	2022	Change 2022 / 2021		Change 2022 / 2020		% Chg. 22/21	% Chg. 22/20
				Thousands	%	Thousands	%		
Total	3,718	3,442	3,759	317	9.2	41	1.1	8.4	0.9
Agriculture and Livestock ^{1/}	441	430	477	47	11.0	36	8.1	9.3	8.8
Fishing	20	20	20	0	-1.0	0	0.6	-1.4	-0.9
Mining	103	103	112	9	8.7	9	9.1	8.7	8.8
Manufacturing	471	447	467	20	4.5	-4	-0.8	4.5	-0.8
Electricity	14	14	15	1	8.0	1	7.1	8.6	7.8
Construction	227	228	230	2	0.7	3	1.3	0.3	0.3
Commerce	630	596	635	39	6.5	5	0.8	5.8	0.7
Services	1,810	1,598	1,770	172	10.8	-40	-2.2	9.9	-2.5
Not specified	2	5	32	27	n.a.	30	n.a.	n.a.	n.a.

1/ Includes processing and preservation of fruits and vegetables.

Source: SUNAT - Monthly Payment Form.



Most indicators of expectations for economic activity deteriorated in March.

Macroeconomic Expectations: Survey Results

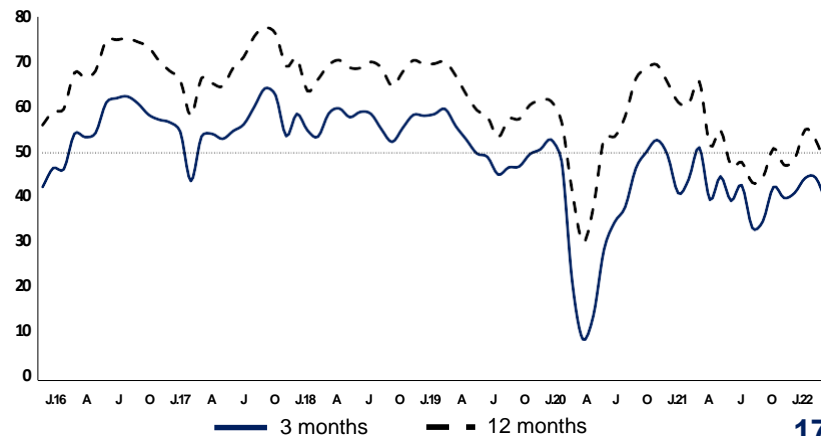
		Dec.2019	Mar.2020	Jan.2022	Feb.2022			Mar.2022			Correlation with GDP ^{1/}
EXPECTATION:											
ECONOMIC SITUATION:	IN 3 MONTHS	50.8	21.8	44.5	44.5	--	<	39.0	↓	<	0.63
	IN 12 MONTHS	61.5	41.5	55.1	52.7	↓	>	46.7	↓	<	0.42
SECTOR:	IN 3 MONTHS	51.5	28.5	48.8	49.5	↑	<	49.0	↓	<	0.67
	IN 12 MONTHS	61.5	43.4	59.2	57.2	↓	>	55.1	↓	>	0.33
COMPANY'S SITUATION:	IN 3 MONTHS	56.1	28.3	49.8	51.7	↑	>	50.7	↓	>	0.66
	IN 12 MONTHS	66.6	46.4	61.7	60.0	↓	>	57.5	↓	>	0.66
ABOUT DEMAND:	IN 3 MONTHS	55.1	30.7	50.5	52.6	↑	>	54.3	↑	>	0.66
	IN 12 MONTHS	68.0	47.4	62.5	61.9	↓	>	60.9	↓	>	0.66
NEW PERSONNEL HIRED:	IN 3 MONTHS	48.6	35.9	48.0	49.5	↑	<	50.2	↑	>	0.66
	IN 12 MONTHS	54.0	39.6	56.0	55.7	↓	>	53.6	↓	>	0.58
COMPANY'S INVESTMENT:	IN 3 MONTHS ^{2/}	51.3	29.9	45.1	49.1	↑	<	48.6	↓	<	0.65
	IN 12 MONTHS ^{2/}	59.3	40.0	54.1	53.9	↓	>	53.5	↓	>	0.65
EXPECTATION OF THE AVERAGE PRICE:											
SUPPLIES IN 3 MONTHS		51.5	52.9	66.0	64.4	↓	>	72.4	↑	>	0.63
SALE IN 3 MONTHS		56.4	49.7	63.9	63.1	↓	>	65.5	↑	>	0.59

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 to December 2019

Expectations about the economic situation at 3 and 12 months



Source: BCRP.



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. However, recent international conflicts have increased uncertainty in the recovery of the world economy and in the magnitude of upward pressures on commodity prices.

Global GDP Growth

(Annual % change)

	PPP*	2020	IR March		
			2021	2022	2023
Developed economies	42.2	-4.7	5.1	3.4	2.2
Of which					
1. USA	15.9	-3.4	5.7	3.2	2.4
2. Eurozone	12.0	-6.4	5.3	3.7	1.9
3. Japan	3.9	-4.5	1.7	2.8	1.7
4. United Kingdom	2.3	-9.4	7.5	4.4	1.0
5. Canada	1.4	-5.4	4.8	4.0	2.8
6. Other	6.8	-4.1	4.8	3.1	2.6
Developing economies	57.5	-2.2	6.2	4.1	4.0
Of which					
1. China	18.7	2.2	8.1	5.0	5.2
2. India	7.0	-6.6	8.3	8.0	6.3
3. Russia	3.1	-2.7	4.2	-5.0	-0.3
4. Latin America and the Caribbean	7.3	-7.0	4.5	1.9	2.3
Argentina	0.7	-9.9	10.0	2.3	1.8
Brazil	2.4	-3.9	4.6	0.5	2.0
Chile	0.4	-5.8	12.0	2.5	1.5
Colombia	0.6	-7.0	10.6	4.0	3.1
Mexico	1.9	-8.2	4.8	2.5	2.0
Peru	0.3	-11.0	13.3	3.4	3.2
5. Other	17.9	-4.0	5.0	4.6	4.3
Sub-Saharan Africa	3.1	-1.9	3.6	3.4	3.6
World Economy	100.0	-3.3	5.7	3.8	3.2

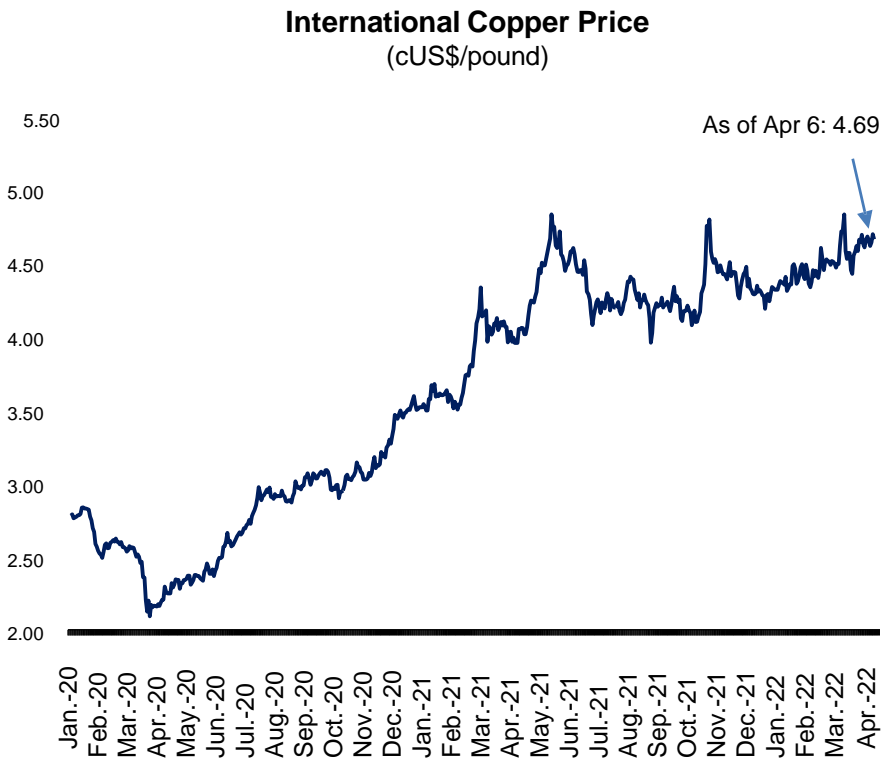
* Base 2021.

Source: IMF, Consensus Forecast.

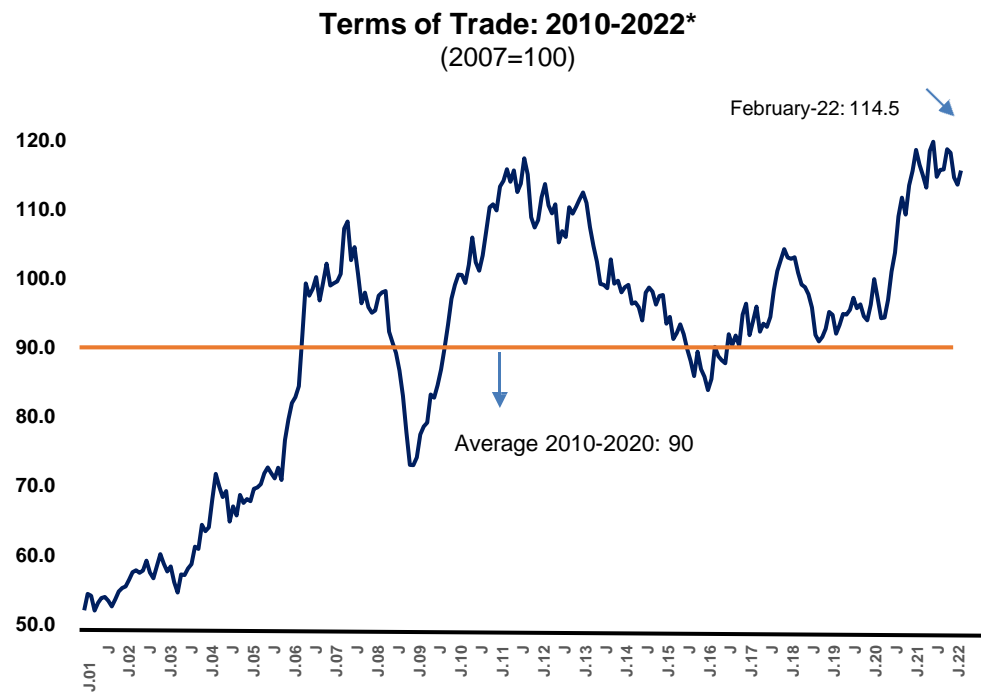


CENTRAL RESERVE BANK OF PERU

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



Source: Reuters



* As of February 2022.

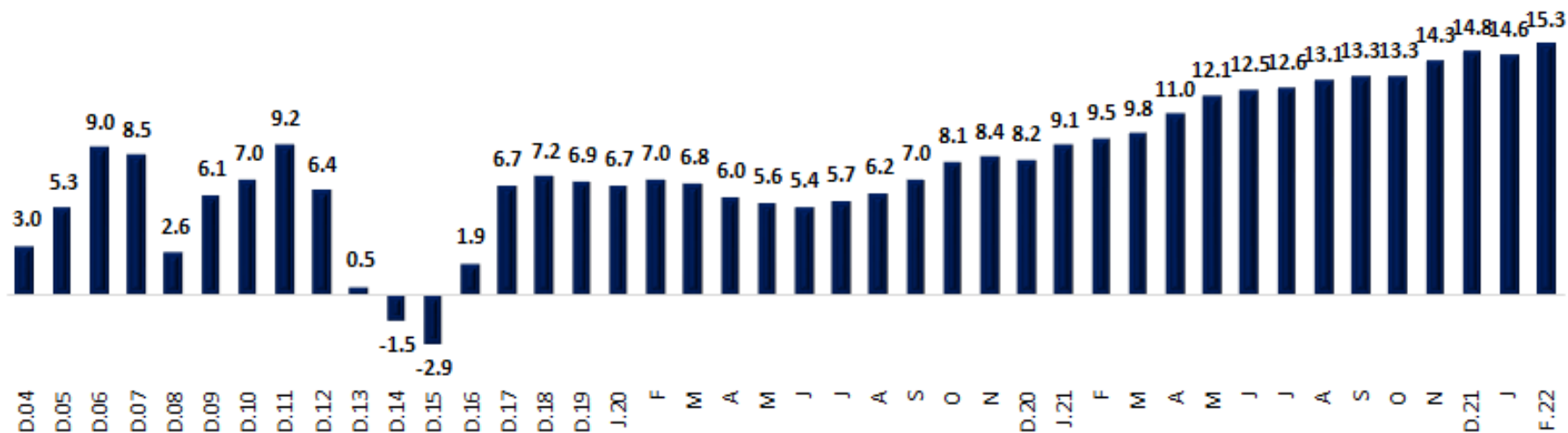
Source: BCRP



CENTRAL RESERVE BANK OF PERU

In February, the trade balance surplus totaled US\$ 1,651 million, US\$ 686 million higher than in February 2021. In 12-month accumulated terms, the trade surplus amounted to US\$ 15.3 billion, higher than the month registered previously (US\$ 14.6 billion).

Trade Balance
(Billion US\$ - Accumulated last 12 months)



Source: SUNAT - Monthly Payment Form.



CENTRAL RESERVE BANK OF PERU

As of April 7, the exchange rate stands at S/ 3.707 per dollar, recording an appreciation of 7.1 percent compared to December 31, 2021 (S/ 3.991) and a depreciation of 2.4 percent compared to December 31, 2020 (S/ 3.620).

Exchange Rate

(currency units per dollar)

		End of period							Accumulated change (%)*				
		Dec.19	Dec.20	Dec.21	Feb.22	Mar.22	As of Mar 31. 2022	As of Apr 07. 2022	Week	Mar.22	Dec.21	Dec.20	Dec.19
Dollar Index	Spot	96.39	89.94	95.97	96.71	98.31	98.31	99.74	1.4	1.4	4.2	10.9	3.5
Eurozone	US\$ per Euro	1.121	1.222	1.137	1.122	1.107	1.107	1.088	-1.7	-1.7	-4.3	-10.9	-2.9
United Kingdom	US\$ per Pound	1.326	1.367	1.353	1.342	1.314	1.314	1.307	-0.5	-0.5	-3.4	-4.4	-1.4
Japan	Yen	108.61	103.25	115.08	115.00	121.70	121.70	123.99	1.9	1.9	7.7	20.1	14.2
Australia	US\$ per AUD	0.702	0.769	0.726	0.726	0.748	0.748	0.748	-0.1	-0.1	2.9	-2.8	6.5
Canada	CAD	1.299	1.273	1.264	1.268	1.251	1.251	1.259	0.6	0.6	-0.4	-1.1	-3.1
Brazil	Real	4.025	5.194	5.571	5.153	4.741	4.741	4.757	0.3	0.3	-14.6	-8.4	18.2
Colombia	Peso	3,287	3,428	4,065	3,934	3,764	3,764	3,767	0.1	0.1	-7.3	9.9	14.6
Chile	Peso	753	711	852	799	786	786	806	2.5	2.5	-5.4	13.4	7.0
Mexico	Peso	18.93	19.91	20.53	20.47	19.87	19.87	20.12	1.2	1.2	-2.0	1.0	6.3
Argentina	Peso	59.87	84.15	102.74	107.44	111.01	111.01	111.98	0.9	0.9	9.0	33.1	87.0
Peru	Sol	3.314	3.619	3.991	3.782	3.680	3.680	3.707	0.7	0.7	-7.1	2.4	11.9

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

** Comparison of 2022 is with respect to April 07.

Source: Reuters



Since last year, long-term interest rates have recovered worldwide due to expectations of global growth, the increase in inflation and by the higher risk aversion due to fears of the escalation of the conflict in Ukraine. Peru's sovereign bond yield continues to be one of the lowest in the region.

10-year Sovereign Bond Yield

(%)

	End of Period					Accumulated change as of Apr 7, 2022 (bps)	
	Dec.19	Dec.20	Dec.21	Mar. 22	Apr. 22	Mar. 22	Dec.21
United States	1.92	0.92	1.51	2.34	2.65	30	113
Germany	-0.19	-0.57	-0.18	0.55	0.68	13	86
France	0.12	-0.34	0.20	0.98	1.23	25	103
Italy	1.41	0.54	1.17	2.04	2.33	30	116
Spain	0.46	0.04	0.56	1.43	1.66	23	110
Greece	1.43	0.62	1.32	2.65	2.80	15	149
United Kingdom	0.82	0.19	0.97	1.61	1.73	12	76
Japan	-0.02	0.02	0.07	0.21	0.23	2	16
Brazil	6.79	6.90	10.84	11.62	11.56	-6	72
Chile	3.17	2.65	5.68	6.24	6.23	-1	54
Colombia	6.34	5.39	8.22	9.69	9.22	-47	100
Mexico	6.89	5.53	7.56	8.25	8.60	35	105
Peru	4.23	3.50	5.87	6.55	6.96	41	109

*With information as of April 7.

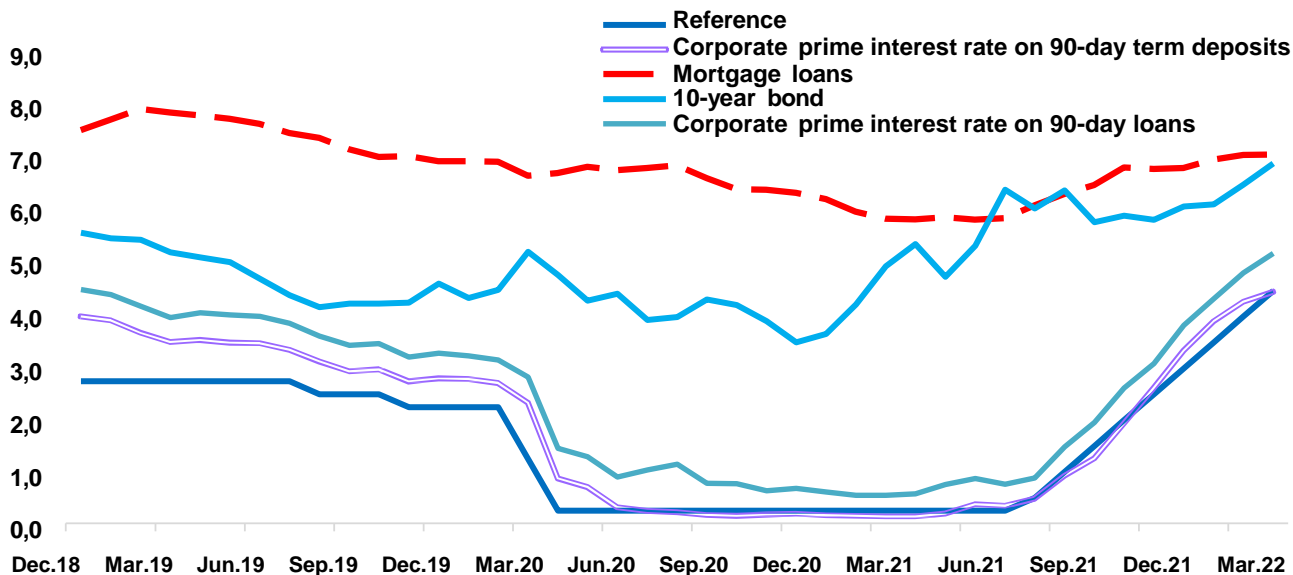
Source: Reuters



In line with the increase in the reference rate, interest rates have been increasing, mainly those with lower credit risk and shorter terms.

Domestic Currency Interest Rates

(%)



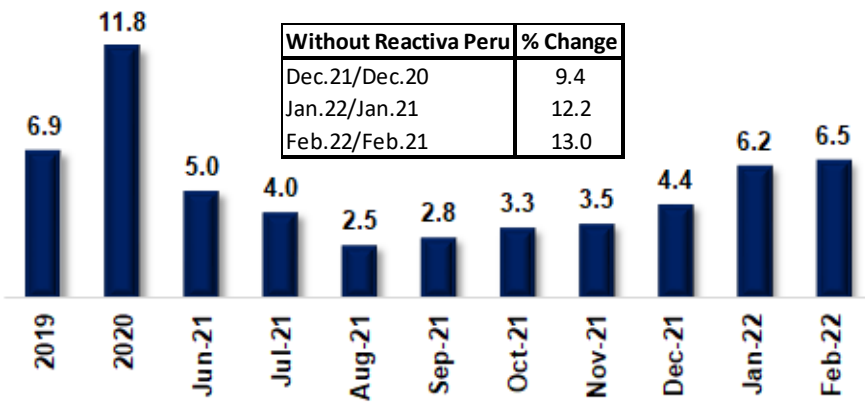
	Dec.20	Dec.21	Apr.22
Reference	0.25	2.50	4.50
90-day term deposits	0.19	2.63	4.48
90-day loans	0.68	3.09	5.22
Mortgage loans	6.39	6.85	7.13
10-year bond	3.50	5.87	6.96

Source: BCRP, MEF and SBS.

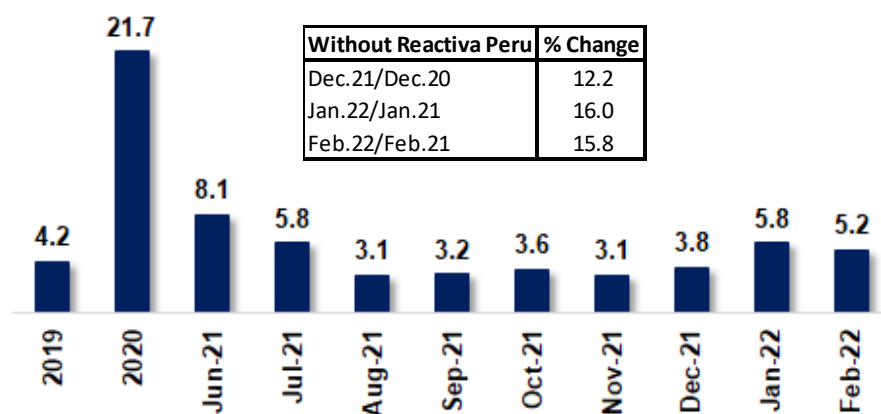


In recent months, the credit growth rate has been recovering.

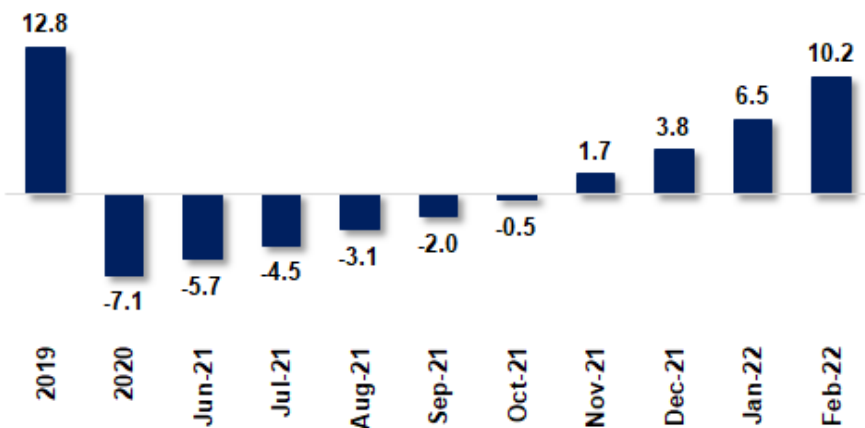
Credit to the private sector
(12-month % change)



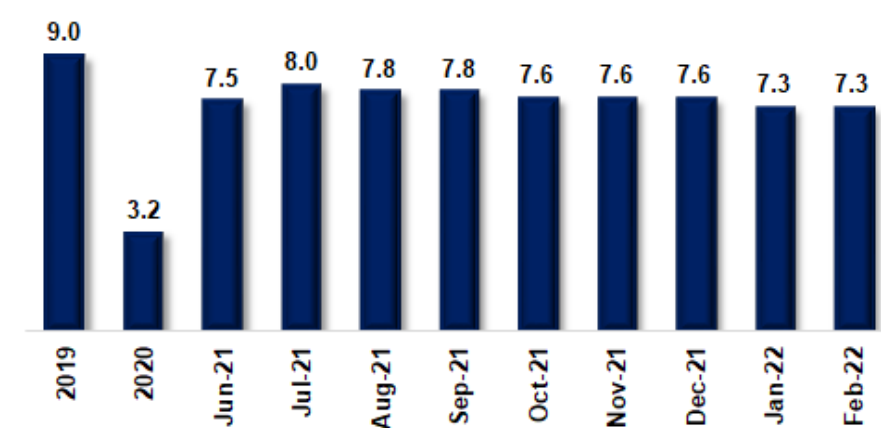
Credit to firms
(12-month % change)



Consumer credit
(12-month % change)



Mortgage credit
(12-month % change)



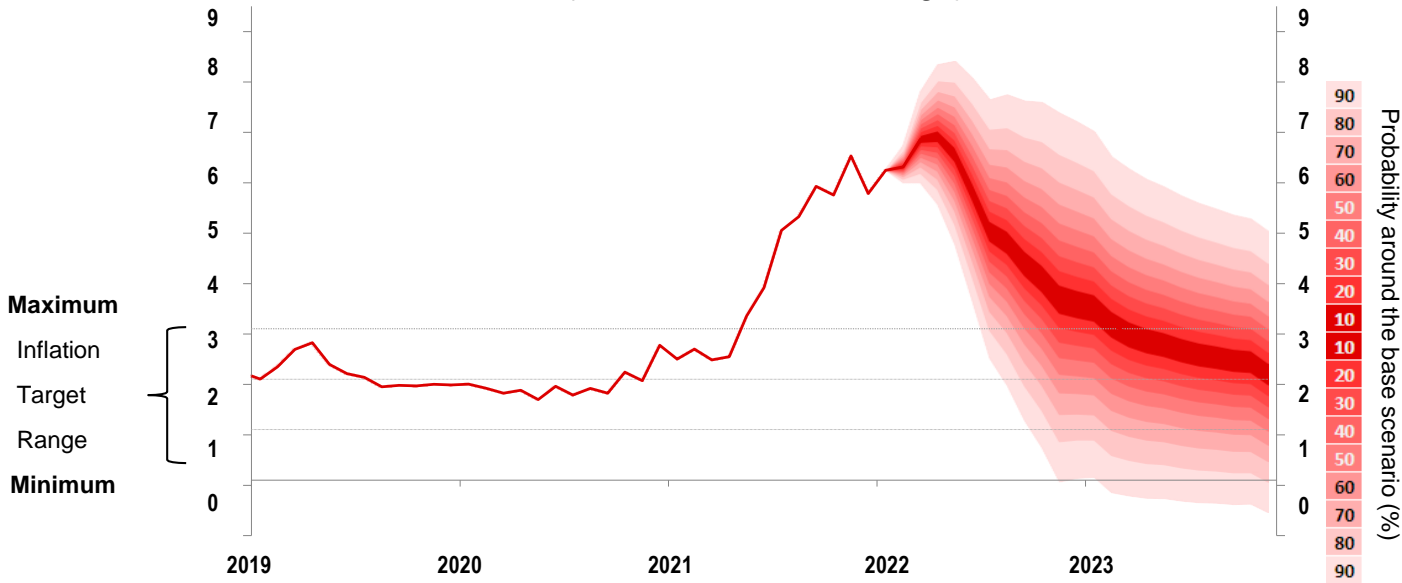


Inflation is expected to return to the target range between the second and the third quarter of next year. The downward path of year-on-year inflation would begin in next July, as transitory pressures (exchange rate and international fuel and grain prices) begin to recede, with the economic activity still below its potential level.

The Board is particularly attentive to new information on inflation and its determinants, including the evolution of inflation expectations and economic activity, with an aim to consider changes in the monetary stance so that inflation returns to the target range over the forecast horizon.

Inflation Forecast: 2022 – 2023

(Last 12-month % change)



Source: BCRP - IR March 2022



CENTRAL RESERVE BANK OF PERU

Monetary Policy Statement

April 2022

April 08, 2022