



PRESS RELEASE

MONETARY POLICY STATEMENT APRIL 2024 BCRP REDUCED THE REFERENCE RATE TO 6.0%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) agreed to reduce the reference rate by 25 pbs to 6.0 percent. Future reference rate adjustments will be conditional on new information about inflation and its determinants.
2. The decision to reduce the reference rate considered the following information and projections:
 - i. In March, monthly inflation was 1.01 percent and core inflation was 0.88 percent. This result is considered transitory and is primarily explained by increases in the price of certain foods and beverages, and by the seasonal rise in education and transportation costs. Year-on-year inflation decreased from 3.3 percent in February to 3.0 percent in March, and year-on-year core inflation remained at 3.1 percent between February and March.
 - ii. Following a significant reduction in global inflation between the second quarter of 2022 and the end of 2023, there has been a slight persistence in year-on-year rates in recent months. However, inflation is expected to continue its downward trend over the course of the year.
 - iii. One-year-ahead expected inflation decreased from 2.65 percent to 2.56 percent between February and March, marking the fourth consecutive month it has remained within the inflation target range.
 - iv. Year-on-year inflation is projected to continue its downward trend and gradually converge towards the center of the target range in the coming months.
 - v. In March, all expectation indicators were in the optimistic range. However, the 12-month expectation indicators showed a slight deterioration.
 - vi. The outlook for global economic activity points towards moderate growth in a context of lower inflationary pressures. However, volatility in financial markets persists, primarily driven by uncertainties regarding the initiation of monetary policy easing in advanced economies. Additionally, there are potential risks to fuel and freight price stability stemming from international conflicts.
3. 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, additional 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.
4. The Board also decided the following interest rates on its window facility operations in domestic currency with financial entities:
 - i. Overnight deposits: 3.75 percent per year.
 - ii. Direct security/currency repo and rediscount operations: i) 6.50 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.
5. The BCRP Board's next monetary policy session will take place on May 9, 2024.

Lima, April 11, 2024.