



## **PRESS RELEASE**

### **MONETARY POLICY STATEMENT JUNE 2024 BCRP MAINTAINED THE REFERENCE RATE AT 5.75%**

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) agreed to maintain the reference rate at 5.75 percent. Future reference rate adjustments will be conditional on new information about inflation and its determinants.
2. The decision to maintain the reference rate considered the following information and projections:
  - i. In May, monthly inflation was -0.09 percent and core inflation was 0.16 percent. This result is primarily explained by the reversal of the supply shock effects on certain foods. Between April and May, year-on-year inflation decreased from 2.4 to 2.0 percent, at the center of the target range, while year-on-year core inflation increased from 3.0 to 3.1 percent, above the upper limit of the target range. The core inflation shows some persistence derived from some service components.
  - ii. Following a significant reduction in global inflation from the second quarter of 2022 to the end of 2023, some economies have experienced a slight persistence in year-on-year rates. However, inflation is expected to continue decreasing gradually over the course of the year.
  - iii. One-year-ahead expected inflation decreased from 2.62 percent in April to 2.56 percent in May, within the inflation target range.
  - iv. Year-on-year inflation is projected to stay around the center of the target range over the forecast horizon.
  - v. In May, most coincident indicators recovered, while expectations indicators showed mixed results. Most expectations indicators for the economic activity are in optimistic territory.
  - 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 rhythm of interest rate reduction in advanced economies. Additionally, there are potential risks stemming from international conflicts.
3. The Board is particularly attentive to new information on inflation and its determinants, including the evolution of core inflation, 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 maintain inflation within the target range.
4. The Board also decided the following interest rates on its window facility operations in domestic currency with financial entities:
  - i. Overnight deposits: 3.50 percent per year.
  - ii. Direct security/currency repo and rediscount operations: i) 6.25 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.
5. The BCRP Board's next monetary policy session will take place on July 11, 2024.

Lima, June 13, 2024.