



PRESS RELEASE

MONETARY POLICY STATEMENT MAY2024 BCRP REDUCED THE REFERENCE RATE TO 5.75%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) agreed to reduce the reference rate by 25 basis points to 5.75 percent. Future reference rate adjustments will be conditional on new information about the inflation and its determinants.
2. The decision to reduce the reference rate considered the following information and projections:
 - i. In April, monthly inflation was -0.05 percent and core inflation was 0.11 percent. This result is primarily explained by the reversion of the supply shock effects on certain foods. Year-on-year inflation decreased from 3.0 percent in March to 2.4 percent in April, within the target range, while year-on-year core inflation decreased slightly from 3.1 to 3.0 percent between March and April, at the upper limit of the target range.
 - ii. Following the significant reduction in the inflation in the rest of the globe, between the second quarter of 2022 and the end of 2023, there has been a slight persistence in the year-on-year rates in recent months. However, inflation is expected to continue decreasing gradually over the course of the year.
 - iii. One-year-ahead expected inflation remained at 2.6 percent in April, marking the fifth consecutive month it has remained within the inflation target range.
 - iv. Year-on-year inflation is projected to continue decreasing and to stay around the center of the target range in the coming months.
 - v. In April, most of the expectation indicators showed a slight deterioration, while the leading indicators show a recovery in this year.
 - 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 price stability stemming from international conflicts.
3. The Board is particularly attentive to new information on inflation and its determinants, including the evolution of the core inflation, the 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 the 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 June 13, 2024.

Lima, May 9, 2024.