



PRESS RELEASE

MONETARY POLICY STATEMENT MAY 2025 BCRP REDUCED THE REFERENCE RATE TO 4.50%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) agreed to reduce the reference rate by 25 basis points to 4.50 percent. As a result, the interest rate is approaching the level estimated as neutral. 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 April, monthly headline inflation rate was 0.32 percent, and core inflation was 0.14 percent. Between March and April, year-on-year inflation increased from 1.3 to 1.7 percent, in line with expectations. This monthly inflation result is mainly explained by an increase in the prices of certain food items. Year-on-year core inflation remained at 1.9 percent in April, close to the midpoint of the target range.
 - ii. Inflation expectations have increased in several major economies, particularly in the United States of America, influenced by rising trade tensions. In this context, the projected convergence of inflation toward its target may be slower than expected.
 - iii. One-year-ahead inflation expectations remained at 2.3 percent in April, within the inflation target range.
 - iv. Year-on-year inflation is expected to return in the coming months to levels close to the center of the target range. Likewise, core inflation is expected to remain around 2 percent in the projection horizon.
 - v. In April, the current situation and economic activity expectations indicators showed a slight deterioration in relation to the previous month. However, most of the indicators remained in the optimistic territory, in a context where economic activity is around its potential level.
 - vi. The outlook for global economic activity has deteriorated due the restrictive measures on international trade, with a downward bias given the high uncertainty about its effects on the global economy. In this context, financial market volatility is still prevailing.
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, 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 on the following interest rates on its window facility operations in domestic currency with financial entities:
 - i. Overnight deposits: 2.50 percent per year.
 - ii. Direct security/currency repo and rediscount operations: i) 5.00 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 10, 2025.

Lima, May 8, 2025