PRESS RELEASE

MONETARY POLICY STATEMENT DECEMBER 2019
BCRP MAINTAINED REFERENCE RATE AT 2.25%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to maintain the reference rate at 2.25 percent, in light of the following developments:

    i. Year-on-year inflation is expected to be around 2.0 percent over the forecast horizon, with a moderate downside bias due to the possibility of a lower-than-expected increase in domestic demand.
    ii. Monthly inflation was 0.11 percent in November, bringing year-on-year inflation down to 1.87 percent, from 1.88 percent in October. With monthly inflation excluding food and energy at 0.04 percent in November, the year-on-year figure decreased to 2.31 percent, from 2.34 percent in October.
    iii. One-year ahead expected inflation as of November was 2.2 percent.
    iv. The weak performance of primary industries and General Government investment in January-October was offset by a recovery in non-primary industries. Business conditions expectations improved slightly in November; and economic activity indicators point to a gradual closure of the output gap.
    v. Global growth risks from trade tensions have attenuated.

2. The BCRP Board pays close attention to new information on inflation and its determinants in assessing future changes in the monetary policy stance.

3. The Board also decided to maintain the interest rates on BCRP off-auction credit and deposit operations in domestic currency with financial entities.

    i. Overnight deposits: 1.00 percent per year.
    ii. Direct security/currency repo and rediscount operations: i) 2.80 percent per year for financial entities' first 10 operations over the last 12 months; and ii) the rate fixed by the BCRP Monetary and Foreign Exchange Operations Committee for operations other than financial entities' first 10 operations over the last 12 months.
    iii. Dollar swaps: a fee equal to a minimum annual effective cost of 2.80 percent.

4. The schedule of monetary policy meetings for the next twelve months is the following:

January 9	February 13	March 12
April 16	May 7	June 11
July 9	August 13	September 10
October 7	November 12	December 10

Lima, December 12, 2019