



## **PRESS RELEASE**

### **MONETARY POLICY STATEMENT MARCH 2020 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 downside bias due to a lower increase in domestic demand.
  - ii. Monthly inflation was 0.14 percent in February, consequently, year-on-year inflation remained at 1.9 percent in February 2020. With monthly inflation excluding food and energy at 0.15 percent in February, the year-on-year figure remained at 2.3 percent.
  - iii. One-year ahead expected inflation as of February decreased from 2.1 to 2.0 percent.
  - iv. In the first two months of the year public investment rose and economic activity indicators show a modest recovery. However, business expectations deteriorated in February.
  - v. The risks regarding global and local economic activity have been accentuated by the impact of COVID-19, and volatility in international financial markets has increased significantly.
2. The BCRP Board pays close attention to new information on inflation and its determinants to expand the monetary stimulus when appropriate.
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 BCRP Board's next monetary policy session will take place on April 16, 2020.

Lima, March 12, 2020.