



PRESS RELEASE

MONETARY POLICY STATEMENT MARCH 2021 BCRP MAINTAINED REFERENCE RATE AT 0.25%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to continue its expansionary policy stance, maintaining the reference rate at 0.25 percent and implementing further liquidity injection operations, in light of the following developments:
 - i. Year-on-year inflation decreased from 2.7 percent in January to 2.4 percent in February due to supply factors that led to higher prices of some goods. Trend inflation remains in the lower part of the target range. Thus, year-on-year core inflation was 1.6 percent in February.
 - ii. Inflation is expected to remain within the target range throughout 2021 and 2022; and to lie at the lower part of the range by the end of 2022, as economic activity will remain below its potential level.
 - iii. One-year ahead expected inflation was 2.1 percent in February.
 - iv. Leading indicators and firms' growth expectations improved in February while most remain in the pessimistic territory.
 - v. Global economic activity is expected to be more pronounced in next quarters as vaccination process continues around the world and significant stimulus packages are issued in United States.

2. The Board considers it appropriate to maintain a strong expansionary monetary stance for as long as the negative effects of the pandemic on inflation and its determinants persist. The BCRP will continue to take the necessary steps to sustain the payments system and credit flows, and stands ready to expand monetary stimulus using a range of instruments. As of March 10, BCRP injection operations totaled S/ 63,724 million, of which S/ 50,122 million were associated with government-backed repos, S/ 1,272 million with repos conditioned to credits rescheduling, and S/ 245 million with repos conditioned to the expansion of long-term credit.

3. The Board also decided to maintain the following interest rates on its window facility operations in domestic currency with financial entities:
 - i. Overnight deposits: 0.15 percent per year.
 - ii. Direct security/currency repo and rediscount operations: 0.50 percent per year.

4. The BCRP Board's next monetary policy session will take place on April 8, 2021.

Lima, March 11, 2021