



## **PRESS RELEASE**

### **MONETARY POLICY STATEMENT MAY 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 2.6 percent in March to 2.4 percent in April due to lower supply-side pressures. Trend inflation remains at the lower part of the target range. Year-on-year core inflation was 1.7 percent in April.
  - ii. Inflation is expected to remain within the target range throughout 2021 and 2022; and to lie at the lower part of the range during 2022, as economic activity will remain below its potential level.
  - iii. One-year-ahead expected inflation was 2.3 percent in April.
  - iv. Leading indicators moderated in April, and most indicators of firms' growth expectations deteriorated relative to the previous month.
  - v. Global economic recovery is expected to be more pronounced in the next quarters, as the vaccination process continues around the world, and significant stimulus packages are implemented in developed countries.
2. The Board considers it appropriate to maintain a strong expansionary monetary stance 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 May 12, BCRP injection operations totaled S/ 56,005 million, of which S/ 49,409 million were associated with government-backed repos.
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 June 10, 2021.

Lima, May 13, 2021