



PRESS RELEASE

MONETARY POLICY STATEMENT JANUARY 2023 BCRP RAISES THE REFERENCE RATE TO 7.75%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) decided to raise the reference interest rate by 25 bps to 7.75 percent, thus continuing to adjust its monetary policy stance. This decision takes into account the following developments:
 - i. Year-on-year inflation increased from 8.45 percent in November to 8.46 percent in December, due to higher prices for locally produced food, while core inflation decreased from 5.71 percent in November to 5.59 percent in December, both above the upper limit of the inflation target range.
 - ii. The significant increase in international food and fuel prices since the second half of 2021, accentuated by international conflicts, has led to a sharp increase in global inflation in magnitudes not seen in many years and towards levels significantly higher than the inflation targets of central banks, both in advanced and other economies in the region.
 - iii. A downward trend in year-on-year inflation is forecast since March, with a return to the target range in the fourth quarter of this year, due to a moderation of the impact of international food and fuel prices, and to a reduction in inflation expectations.
 - iv. One-year-ahead expected inflation decreased from 4.68 percent in November to 4.30 percent in December, above the upper limit of the inflation target range.
 - v. Most leading and expectations indicators for economic activity recovered in December, but remain in pessimistic territory.
 - vi. The outlook for global economic activity has deteriorated due to monetary tightening in advanced economies, the impact of inflation on consumption, and international conflicts.
2. The Board is particularly attentive to new information on inflation and its determinants, including the evolution of inflation expectations and economic activity, to consider changes in the monetary stance. The Board reaffirms its commitment to adopt the necessary actions to ensure the return of inflation to the target range over the forecast horizon.
3. The Board also decided the following interest rates on its window facility operations in domestic currency with financial entities:
 - i. Overnight deposits: 5.25 percent per year.
 - ii. Direct security/currency repo and rediscount operations: i) 8.25 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.
4. The BCRP Board's next monetary policy session will take place on February 9, 2023.

Lima, January 12, 2023