



PRESS RELEASE

MONETARY POLICY STATEMENT FEBRUARY 2024 BCRP REDUCED THE REFERENCE RATE TO 6.25%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) agreed to reduce the reference rate by 25 bps to 6.25 percent. This decision does not necessarily imply a sequence of interest rate reductions. Future reference rate adjustments will be conditional on new information about inflation and its determinants.
2. The decision to reduce the reference rate considered the following information and projections:
 - i. In January, month-on-month inflation was 0.02 percent and year-on-year inflation fell from 3.2 percent in December to 3.0 percent, at the upper limit of the target range. Month-on-month core inflation was 0.01 percent, while the year-on-year rate decreased from 3.1 percent in November to 2.9 percent, within the target range.
 - ii. Following a surge in global inflation since the latter half of 2021, inflation in most countries has shown a decreasing trend. In Peru, the decline has been more marked since June 2023, as some of the transitory effects caused by restrictions in the supply of certain food items have receded.
 - iii. One-year-ahead expected inflation fell from 2.83 percent to 2.64 percent between December and January and remained within the inflation target range in two consecutive months.
 - iv. Year-on-year inflation is projected to continue its downward trend in the forecast horizon. Climate risks, mainly associated to El Niño phenomenon, have decreased.
 - v. In January, the leading indicators of economic activity showed mixed results while expectations indicators reflected a recovery. However, most of the indicators remain in pessimistic territory.
 - vi. The outlook for global economic activity points towards a moderate growth in a context of lower inflationary pressures. However, risks associated with international conflicts remain, with adverse effects on fuel and freight prices.
3. The Board is particularly attentive to new information on inflation and its determinants, including the evolution of inflation expectations and economic activity, to consider, if necessary, additional changes in the monetary stance. The Board reaffirms its commitment to adopt the necessary actions to consolidate the return of inflation to the target range over the forecast horizon.
4. The Board also decided the following interest rates on its window facility operations in domestic currency with financial entities:
 - i. Overnight deposits: 3.75 percent per year.
 - ii. Direct security/currency repo and rediscount operations: i) 6.75 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.
5. The BCRP Board's next monetary policy session will take place on March 7, 2024.

Lima, February 8, 2024.