



PRESS RELEASE

MONETARY POLICY STATEMENT MARCH 2024 BCRP MAINTAINED THE REFERENCE RATE AT 6.25%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) agreed to maintain the reference rate at 6.25 percent. Future reference rate adjustments will be conditional on new information about inflation and its determinants. Furthermore, the Board agreed to reduce the reserve requirement rate in domestic currency from 6.0 to 5.50 percent starting in April, with the purpose of complementing the monetary easing initiated in September 2023.
2. The decision to reduce the reference rate considered the following information and projections:
 - i. In February, month-on-month inflation was 0.56 percent and core inflation was 0.51 percent. This increase in monthly inflation is considered transitory and is primarily explained by increases in the price of certain foods and beverages, as well as in water rates. Year-on-year inflation increased from 3.0 percent in January to 3.3 percent in February, and year-on-year core inflation rose from 2.9 percent in January to 3.1 percent in February.
 - ii. Following a surge in global inflation since the latter half of 2021, inflation in most countries showed a decreasing trend. In Peru, the decline has been more marked between June 2023 and January 2024, as some of the transitory effects caused by restrictions in the supply of certain food items have receded.
 - iii. One-year-ahead expected inflation increased from 2.64 percent to 2.65 percent between January and February, marking the third consecutive month it has remained within the inflation target range.
 - iv. Year-on-year inflation is projected to continue its downward trend in the forecast horizon and will be within the target range in the coming months. Climate risks mainly associated with the El Niño phenomenon have decreased compared to the beginning of the year.
 - v. In February, a recovery was recorded in most leading indicators of economic activity and expectations. However, most indicators remain in pessimistic territory.
 - vi. The outlook for global economic activity points towards 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 ensure 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 April 11, 2024.

Lima, March 7, 2024.