



PRESS RELEASE

MONETARY POLICY STATEMENT SEPTEMBER 2024 BCRP REDUCED THE REFERENCE RATE TO 5.25%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) agreed to reduce the reference rate by 25 basis points to 5.25 percent. This decision does not necessarily imply successive interest rate cuts. 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 August, monthly inflation was 0.28 percent and core inflation was 0.01 percent. Between July and August, year-on-year inflation decreased from 2.1 to 2.0 percent, reaching the midpoint of the target range, while year-on-year core inflation declined from 3.0 percent to 2.8 percent, moving into the target range.
 - ii. Following a significant reduction in global inflation from the second quarter of 2022 to the end of 2023, some economies have experienced a slight persistence in year-on-year rates. However, global inflation is expected to continue decreasing gradually over the remainder of the year.
 - iii. One-year-ahead expected inflation decreased from 2.49 percent in July to 2.44 percent in August, within the inflation target range.
 - iv. Year-on-year inflation is projected to stay within the target range over the forecast horizon, and core inflation is expected to follow a decreasing trend.
 - v. In August, all coincident and expectation indicators improved, most of them remaining in the optimistic territory for the fourth consecutive month.
 - vi. The outlook for global economic activity points towards moderate growth in the context of lower inflationary pressures. However, financial market volatility has increased, and international financial conditions remain restrictive. Additionally, risks stemming from international conflicts persist.
3. The Board is particularly attentive to new information on inflation and its determinants, including the evolution of core inflation, 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 maintain inflation within the target range.
4. The Board also decided the following interest rates on its window facility operations in domestic currency with financial entities:
 - i. Overnight deposits: 3.25 percent per year.
 - ii. Direct security/currency repo and rediscount operations: i) 5.75 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 October 10, 2024.

Lima, September 12, 2024.