



## **PRESS RELEASE**

### **MONETARY POLICY STATEMENT JULY 2024 BCRP MAINTAINED THE REFERENCE RATE AT 5.75%**

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) agreed to maintain the reference rate at 5.75 percent. Future reference rate adjustments will be conditional on new information about inflation and its determinants.
2. The decision to maintain the reference rate considered the following information and projections:
  - i. In June, monthly inflation was 0.12 percent and core inflation was 0.16 percent. Between May and June, year-on-year inflation increased from 2.0 to 2.3 percent, within the target range, while year-on-year core inflation remained at 3.1 percent, above the upper limit of the target range. Core inflation continued to show some persistence derived from certain service components.
  - 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 course of the year.
  - iii. One-year-ahead expected inflation decreased from 2.56 percent in May to 2.53 percent in June, within the inflation target range.
  - iv. Year-on-year inflation is projected to stay around the center of the target range over the forecast horizon.
  - v. In June, most coincident and expectations indicators were in optimistic territory for the second consecutive month. Coincident indicators deteriorated, while expectations indicators recovered.
  - vi. The outlook for global economic activity points towards moderate growth in a context of lower inflationary pressures and still restrictive international financial conditions. However, uncertainty remains regarding the rhythm of interest rate reductions in advanced economies. 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: 3.50 percent per year.
  - ii. Direct security/currency repo and rediscount operations: i) 6.25 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.
5. The BCRP Board's next monetary policy session will take place on August 8, 2024.

Lima, July 11, 2024.