



PRESS RELEASE

MONETARY POLICY STATEMENT NOVEMBER 2024 BCRP REDUCED THE REFERENCE RATE TO 5.00%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) agreed to reduce the reference rate by 25 basis points to 5.00 percent. As a result, the real interest rate is approaching the level estimated as neutral. This decision does not necessarily imply successive reductions in the interest rate. 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 October, monthly inflation was -0.09 percent and core inflation was 0.08 percent. Between September and October, year-on-year inflation increased from 1.8 to 2.0 percent. Year-on-year core inflation declined from 2.6 percent to 2.5 percent.
 - ii. Global inflation continued to decline, nearing the targets of most central banks, with some countries already reaching their targets.
 - iii. One-year-ahead inflation expectations remained slightly below 2.50 percent in October, within the target range.
 - iv. Year-on-year inflation and core inflation are expected to remain within the target range over the forecast horizon. However, a slight temporary rise in year-on-year inflation is anticipated in the final two months of this year due to base effects.
 - v. In October, the majority of the coincident and expectation indicators were at the optimistic territory, as was the case in the previous month.
 - vi. The outlook for global economic activity indicates moderate growth in the context of the normalization of monetary policy in most advanced economies due to lower inflationary pressures. However, volatility in international financial markets has increased. Additionally, risks stemming from international conflicts and their potential impact on international fuel prices persist, along with uncertainty about China's growth.
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 on the following interest rates on its window facility operations in domestic currency with financial entities:
 - i. Overnight deposits: 3.00 percent per year.
 - ii. Direct security/currency repo and rediscount operations: i) 5.50 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 December 12, 2024.

Lima, November 7, 2024.