



PRESS RELEASE

MONETARY POLICY STATEMENT JANUARY 2025 BCRP REDUCED THE REFERENCE RATE TO 4.75%

1. The Board of Directors of the Central Reserve Bank of Peru (BCRP) agreed to reduce the reference rate by 25 basis points to 4.75 percent. As a result, the interest rate is approaching the level estimated as neutral. 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 December, monthly inflation was 0.11 percent and core inflation was 0.40 percent. Between November and December, year-on-year inflation decreased from 2.3 to 2.0 percent, at the midpoint of the target range. The year-on-year core inflation remained at 2.6 percent.
 - ii. Global inflation is expected to decrease, with most central banks nearing their targets, and in the case of some countries, these targets have already been reached.
 - iii. One-year-ahead inflation expectations remained slightly below 2.5 percent in December, within the target range.
 - iv. Year-on-year inflation and core inflation are expected to remain within the target range over the forecast horizon.
 - v. In December, the majority of indicators of economic activity expectations deteriorated, although they remain at the optimistic territory, as was the case in the previous months, with economic activity around its potential level.
 - vi. The outlook for global economic activity points to moderate growth as monetary policy normalization continues in most advanced economies. Risks related to international conflicts and their potential impact on international fuel prices persist, along with uncertainty about the trade policies.
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: 2.75 percent per year.
 - ii. Direct security/currency repo and rediscount operations: i) 5.25 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 February 13, 2025.

Lima, January 9, 2025