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Latam Daily: BCRP Holds

Peru: BCRP maintains policy rate at 4.25%

The Board of the Central Reserve Bank of Peru (BCRP) has decided to keep its benchmark interest rate unchanged at 4.25% in November, marking the second consecutive month without changes. This decision was in line with market consensus (as reflected in the Bloomberg median) and our expectations. The interest rate differential between the BCRP and the U.S. Federal Reserve is negative by 25 bps and could continue to widen in the coming months, given expectations that the Federal Reserve will implement cuts in its next four meetings.

The November statement underscores the following key points:

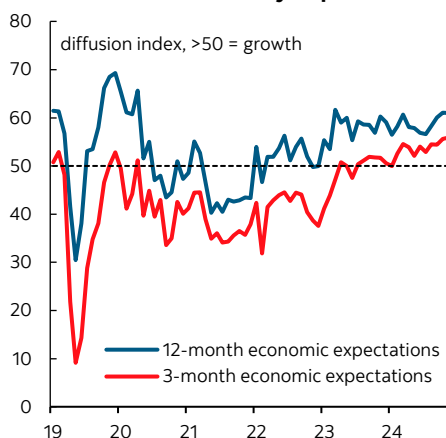
- October's monthly headline inflation was negative (-0.10%), driven by temporary factors in food, electricity, and fuel.
- Annual headline inflation is expected to converge toward the midpoint of the target range (1%–3%) in the coming months, while core inflation is projected to remain around 2.0% through 2026.
- Inflation expectations have remained stable at 2.2%.
- Economic activity expectations and the current situation remain in the optimistic range (chart 1) and they have improved compared to the previous month, in a context where economic activity is hovering around its potential level.
- The global economic outlook continues to be affected by restrictive measures on international trade.

Price stability, strong domestic demand and robust economic activity expectation, despite the upcoming presidential elections, reinforce the perception that the BCRP will keep its policy rate unchanged for the time being. Notably, twelve-month economic expectations have trended upward over the past five months, while three-month expectations remain at their highest level in six and a half years. We anticipate the benchmark rate will remain unchanged through year-end and we expect a 25 bps cut at the beginning of the year.

We preliminarily estimate that headline monthly inflation for November will be positive, reaching approximately +0.2%, driven by an increase in the food category. As a result, twelve-month inflation is likely to rise from 1.4% in October to 1.5% in November.

Chart 1

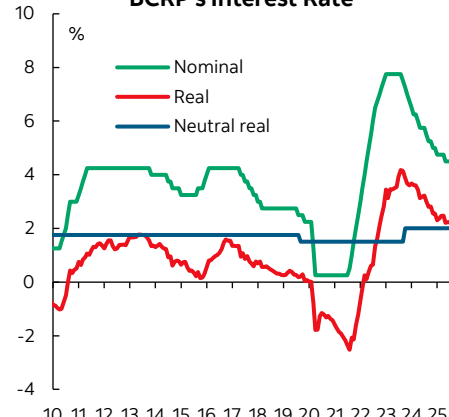
Peru: Economic Activity Expectations



Sources: Scotiabank Economics, BCRP.

Chart 2

Peru: Nominal, Real and Neutral BCRP's Interest Rate



Sources: Scotiabank Economics, BCRP.

November 14, 2025

Twelve-month inflation expectations have edged down slightly, from an average of 2.16% in September to 2.19% in October. For this reason, the real interest rate declined slightly from 2.09% to 2.06% (chart 2), very close to the neutral rate (2.0%). By year-end, economic agents anticipate an inflation range between 1.9% and 2.0%, and for 2026, between 2.2% and 2.3%, according to the latest Macroeconomic Expectations Survey by the BCRP published on November 6th. On our part, we expect inflation to close at approximately 1.7% in 2025 and around 2.2% in 2026.

—Ricardo Avila

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