MNI Peru Central Bank Preview – November 2025

Monetary policy decision and statement press release: 2300GMT/1800ET - Thursday, November 13, 2025.

MNI POV: Hold Seen, Risk Of Dovish Tilt

With the policy rate already very close to neutral and growth around its potential rate, the BCRP is widely expected to remain on hold at 4.25% this week. Previously, Governor Velarde has also said that there is no need to be aggressive with rate cuts. However, recent softer-than-expected CPI inflation data and mounting concerns about the impact of the continued appreciation of the Peruvian sol on the domestic economy keep the door open to a further cut in the coming meetings.

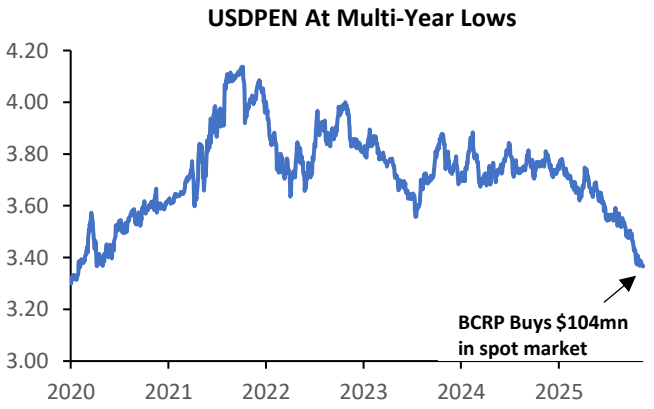
Little Urgency to Cut, With Policy Rate Already Near Neutral

After remaining on hold last month, the Board of the BCRP maintained a data dependent stance, continuing to emphasise the importance of inflation, particularly core, inflation expectations and economic activity. With one-year ahead inflation expectations remaining relatively stable just above 2%, this left the ex-ante real interest rate very close to the 2.0% neutral estimate, a point the BCRP has emphasised. Since then, CPI inflation surprised to the downside in October, with the headline rate holding just above the bottom of the central bank's 1-3% target range. However, economic growth has remained around its potential rate, giving the Board little urgency to cut again at this juncture.

In October, headline consumer prices surprisingly fell by 0.1% m/m, against consensus for a 0.08% m/m increase. This left the annual rate of inflation broadly unchanged at 1.35% y/y, below the 1.51% consensus, marking an 11th consecutive month below the BCRP's 2% target. The downside surprise came on the back of a decline in food prices, which subtracted 10bp from the headline rate. Excluding food and energy, however, core inflation also remained well contained, with prices there rising by just 0.04% m/m. On an annual basis, core inflation held steady at 1.77% y/y, keeping it below 2% for an eighth month running. Meanwhile, inflation expectations remain well anchored, with analysts' one-year ahead expectations edging up to 2.19%, from a four-year low of 2.16% in September.

…But BCRP Intervention Signals Concerns About FX Strength

Going forward, inflation is expected to rise gradually on the back of unfavourable base effects and a normalisation of food inflation. However, it will end this year below the 2% target, while the central bank expects core to remain around 2% in the projected horizon. Meanwhile, the continued appreciation of the Peruvian sol, which has rallied to fresh 5½-year highs against the dollar recently, presents a downside risk to the inflation outlook. This move appears to have become a source of concern for the central bank, which has bought US dollars in the spot market twice in the last two weeks, the first such interventions since April 2020.



Source: MNI/Bloomberg Finance L.P.

In particular, the purchase of $77mn into the market close on Tuesday, as USDPEN was tracking at fresh cycle lows, sent a strong signal that policymakers are uncomfortable with further FX strength. Concerns that this may weigh further on inflation could prompt the Board to adopt a more dovish stance this week, although it is still likely to lean towards remaining on hold given the resilience of domestic activity. In August, economic activity rose by 0.3% m/m, leaving the annual rate of growth at a slightly stronger-than-expected 3.2% y/y. September activity data will be released shortly after the BCRP meeting this week, but consensus forecasts point to growth remaining steady around 3.4% y/y. From the data released so far, Q3 GDP growth looks to be tracking at around +0.8% q/q, up from +0.1% in Q2, keeping the economy on course to grow by around 3.2% this year. Fiscal pressures remain a risk, although the government recently announced austerity measures to ensure compliance with the fiscal rule, which sets a 2.2% of GDP ceiling on the fiscal deficit this year.

Analyst Views (Alphabetical Order)

Most analysts in the latest Bloomberg survey (12/13) expect the BCRP to remain on hold this week. The remaining analyst expects a 25bp cut to 4.00%, while in the sample below BNY Mellon also sees scope for a 25bp reduction.

BBVA: Expected to Stay on Hold, with Bias to Potentially Add Some Cuts

- The steady PEN strength prompted the central bank to step into the currency market and buy dollars last week, for the first time in five years, after the PEN reached new five-year highs. The bank bought $27mn in the spot market on Wednesday, a small amount in the grand scheme of things but an indication that the BCRP is uncomfortable with the strength of the PEN, particularly given the low inflation readings in Peru.
- The bank meets this week and is expected to leave rates unchanged at 4.25%, with a bias to potentially add some cuts. The BCRP cut rates in September and paused last month, when it signalled that rates were near the neutral rate (2.0% in real terms).
- The closing output gap also limits the BCRP's hunger for further easing, with the possibility it may choose to accumulate more reserves or let some FX swaps expire before a potential reversal in trend as we near next year's elections.

BNY Mellon: See Room for 25bp Cut to 4.00%

- BNY Mellon believes that the BCRP has room to cut rates to 4.0% at its upcoming meeting, as inflation fell sequentially October. Narrowing the rate differential with the Fed is a challenge for most Latin American central banks. However, BNY believes that Peru still has a strong real rate anchor for now, while domestic activity also remains manageable.
- On a quarterly basis, Peruvian bonds have been among the strongest-performing markets in iFlow. Some profit-taking has emerged, suggesting that duration gains from anticipated BCRP easing have been front-loaded.

Goldman Sachs: BCRP to Remain on Hold, with High Hurdle for Further Cuts

- Goldman Sachs anticipates that the MPC will keep the policy rate at 4.25% this week, reiterating a data-dependent approach with no hints about the next policy move. The MPC is likely to maintain its benign assessment of the domestic inflation outlook and the neutral balance of risks for inflation. GS sees the MPC assessing that domestic activity continues to track around its potential level.
- At the October meeting, the MPC kept the policy rate unchanged at 4.25%, leaving the ex-ante real rate at 2.1%, only slightly above the estimated 2.0% neutral rate. At the margin, the MPC's characterisation of domestic activity improved relative to the last meeting, given slowly improving business sentiment and a moderation in its assessment of the downside risks to global growth from current restrictive trade policies.
- With a closed output gap and well-anchored inflation expectations, there is no urgency to change the policy rate. The modest upside bias to GS' growth forecast of 3.1% sets a relatively high hurdle for further cuts.

Itaú (Nov 3): Limited Urgency to Move this Week, But Anticipate 25bp Cut in December

- Itaú expects headline inflation to rise moderately in the coming months, partly due to base effects, reaching 1.8% by year-end. The balance of risks remains tilted to the downside, particularly if favourable exchange rate dynamics and low oil prices persist.
- Given the benign inflation outlook, Itaú anticipates an additional 25bp rate cut this year, bringing the policy rate to 4%. With the output gap largely closed and the policy stance only slightly restrictive, there is limited urgency to continue easing at this week's meeting.

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JP Morgan: On Hold, With Policy Rate Just Above Neutral, Despite Subdued Inflation

- Despite subdued inflation, with the output gap now closed JP Morgan anticipates that the Board will maintain the policy rate at 4.25%, just 25bp above the neutral level.

Scotiabank: Little Need to Cut Further at this Juncture

- Scotiabank still thinks that the BCRP will opt for a rate hold on Thursday, with the country's real interest rate at 2.09% sitting close to the estimated 2% neutral rate, while firm economic conditions reflect little need for the BCRP to loosen policy further (at least for the time being).
- Still, it wouldn't be unlike the BCRP to surprise some economists by opting for another rate cut, although Scotia don't think one is justified at the moment.

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