

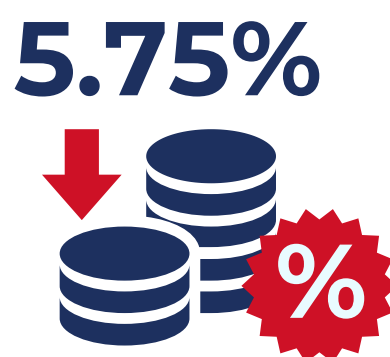
# MONETARY POLICY REPORT (MPR)

## MPR SNAPSHOTS

DECEMBER 2024

### MONETARY POLICY DECISION

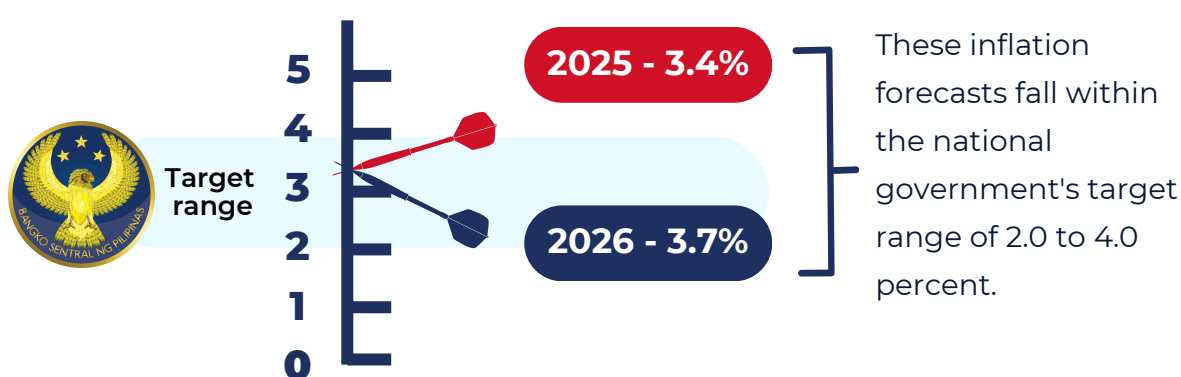
During its policy meeting on 19 December 2024, the Monetary Board decided to reduce the BSP's key monetary policy rate—the target reverse repurchase (RRP) rate—by **25 basis points** to 5.75 percent. This move is likely to encourage banks to lower their interest rates. Lower interest rates will make loans more affordable for individuals and businesses.



### RISK-ADJUSTED INFLATION FORECASTS

Risk-adjusted inflation forecasts consider how other less likely factors (e.g., supply chain issues, unexpected weather disturbances) could raise or bring down inflation in the next two years.

**The BSP's latest estimates suggest that inflation will likely settle at these levels after factoring in risks:**



**Risks that could cause higher inflation:**

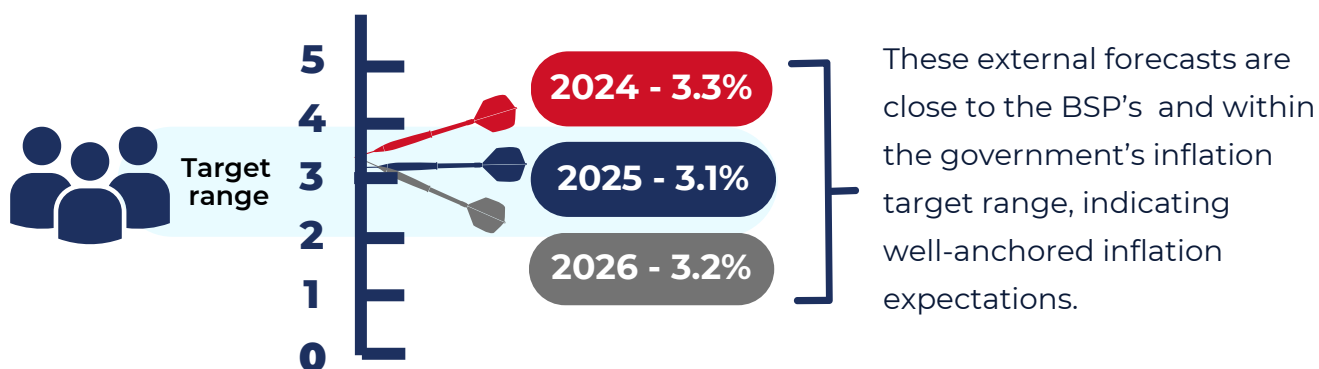
- higher electricity rates
- higher transport charges
- higher domestic food prices

**Risks that could cause inflation to be lower:**

- spillover from rice tariff reduction

### PRIVATE-SECTOR ECONOMISTS FORECASTS

**Private-sector economists project the following inflation rates:**



Inflation expectations that are well-anchored to the target mean that everyone shares a broadly similar view that inflation will be close to the midpoint of the target range, fostering better decision-making for individuals, businesses, and policymakers alike.

### ECONOMIC OUTLOOK

**The outlook for domestic economic growth remains firm but subdued.**

For 2025 and 2026, growth is projected to improve due to:

- drop in global oil prices
- monetary policy easing in August, October, and December 2024
- reduced reserve requirement ratio of banks