



**BANGKO SENTRAL NG PILIPINAS**

## NEWS RELEASE

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### **BSP TAKES PART IN INTERNATIONAL DISCUSSIONS ON EXIT STRATEGIES**

The Bangko Sentral ng Pilipinas (BSP) actively takes part in international discussions that tackle central banks' policy interventions and exit strategies in the post-pandemic period.

"We participate in international fora on COVID-19 exit strategies because alongside a well-coordinated national policy, joint measures at the global level can help bring about a stronger and more sustained economic recovery," said BSP Governor Benjamin E. Diokno.

"Like many central banks, the BSP recognizes the need for a carefully-formulated exit strategy from the liquidity-enhancing policy measures against the effects of COVID-19. Such an exit strategy serves as a framework to guide the actions of the central bank and anchor public expectations," the Governor added.

In the fora, the BSP noted that central banks' blueprints for exit strategies tend to be grounded mainly on domestic macroeconomic conditions and institutional characteristics.

For the BSP, monetary policy settings continue to serve as a complement to fiscal measures, which remain a cornerstone of the economic recovery, by ensuring that the financial system remains adequately liquid and fully functioning.

When the economy reaches full recovery, the BSP will aim to implement a preplanned strategy for the withdrawal of policy stimulus, taking care to avoid unwinding policy measures either too early or too late. This is to ensure the sustainability of the economic recovery while also

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guarding against any emerging threats to the BSP's price and financial stability objectives.

Consistent with the BSP's data-driven approach to policymaking, the timing of exit of monetary policy measures will primarily depend on the evolution of domestic factors, particularly the outlook for inflation and economic growth.

At present, amid a manageable inflation environment, subdued demand pressures, and within-target inflation expectations, the BSP has scope to preserve monetary policy support to the economy to help strengthen overall demand and shore up market confidence.

The recent inflation uptrend observed in recent months is expected to be largely transitory, reflecting the impact of weather-related disturbances, as well as higher global oil prices.

Nevertheless, the BSP remains vigilant and stands ready to respond accordingly against the emergence of second-round effects such as increased calls for wage and transport fare hikes, or elevated inflation expectations.

The BSP likewise continues to pay close attention to demand-driven inflation as recovery becomes self-sustaining.

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