Twitter Thread by CNN Philippines

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BREAKING: Bangko Sentral maintains key interest rate at 2%. | @meltlopez



BSP Governor Benjamin Diokno: The inflation environment remains benign. Latest trends show an increase in food prices, but this is transitory.

BSP: A resurgence of COVID-19 cases globally tempered economic activity. Optimism on vaccines has lifted market confidence, improved prospects for global growth.

BSP: further easing of quarantine measures should facilitate economic recovery in PH in the next few months.

BSP: Accommodative policy rates together with fiscal support will quicken PH recovery.

BSP's new inflation forecasts:
2020: 2.6% (from 2.4%)
2021: 3.2% (from 2.7%)
2022: 2.9%

BSP: The higher estimates are due to global oil prices, rising food costs.

BSP: The outlook can be described as continuing to be benign.

Will BSP scale down regulatory relief given low takeup of loans? Deputy Governor Francis Dakila: There are green shoots that we are seeing that show increasing demand.

BSP on regulatory relief measures for bank: As the recovery remain tentative, domestic demand's trajectory remains on the downside. Given this, this emphasizes the need for continued policy support from the BSP.

BSP says such policy support shall continue to be in place until economic recovery comes underway.

BSP: The decision to withdraw monetary policy support will be considered 'very carefully'.

BSP: While monetary policy can be most effective in the crisis's first phase, gov't spending and structural measures have a much greater role in ensuring sustainable recovery, restoring the economy's potential growth output.

BSP: It can be emphasized that liquidity remains ample.

BSP on banks' reserve requirements: Any action will be data-dependent.

BSP: We have been looking at indicators of financial market activity, and market liquidity remains ample.

BSP: Liquidity-easing measures have so far released P1.9T to the financial system. That's almost 10% of the country's GDP. https://t.co/4w2ggBwlgF

BSP: We believe our policy actions are appropriate to underpin increased credit activity but uncertainty surrounding the pandemic has limited usual transmission of policy.

BSP: While financial market confidence remains fragile, business and consumer confidence is rising as COVID-19 vaccines are being delivered globally.

The Philippines still does not have vaccines ready for inoculation 9 months into local quarantine.

BSP: The uptick in inflation could probably be felt until the first half of 2021. Going further, we expect inflation to temper.

BSP: The inflation trajectory indicates a temporary shock.

Food prices, especially for vegetables, have been rising in recent weeks.

BSP: The key difference in today's episode is it's taking place when demand is muted, key structural reforms are already in place like liberalization of rice imports.

BSP: We would welcome greater circulation of liquidity in the economy, away from deposits in the various instruments of the BSP.