

Press release
**The National Bank of the Kyrgyz Republic keeps
the monetary policy rate at 10 percent**

On February 29, 2016, the Board of the National Bank of the Kyrgyz Republic decided to keep the monetary policy rate at 10.00 percent.

The dynamics of inflation demonstrated downward trend due to a drop in domestic prices for food and petroleum products. In February 2016 (as of 19) the index of prices decreased by 0.17 percent, the annual inflation rate amounted to 1.4 percent.

Maintenance of low world prices for oil led to decrease in economic activity in the Kyrgyz Republic's main trading partners. Economic developments in these countries continue to affect the domestic economy through trade and remittances.

Alongside with this, slowdown of domestic economy is currently taking place mainly due to the decline in production of the "Kumtor" gold-mining company (in January 2016 real GDP decreased by 10.7 percent). Real GDP without "Kumtor" fell by 1.5 percent (in 2015 the real growth was 3.5 percent, without "Kumtor" – 4.5 percent). The meaning of real growth without "Kumtor" is most relevant for monetary policy.

The National Bank continues to identify further risks to the inflation outlook. Inflation expectations and the impact of uncertain dynamics of foreign trade relations within the EEU on import prices pose uncertainty for the inflation outlook. Acceleration of inflationary processes is also possible due to price volatility in food prices.

Under the current projections of economic development and external economic trends the National Bank expects a moderate increase in prices in 2016. Keeping the current monetary policy rate unchanged is appropriate to sustain the inflation at the level of 5-7 percent over the medium term, as determined by the NBKR's main monetary policy guidelines.

The National Bank intends to maintain the current policy stance for the foreseeable future and depending on the economic situation in the future will take appropriate measures at monetary policy.

Information note:

The next meeting of the Board of the National Bank of the Kyrgyz Republic on the monetary policy rate is scheduled for March 28, 2016.