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## Press Release

### **National Bank of the Kyrgyz Republic keeps its policy rate unchanged at 13.00 percent**

On February 26, 2024, the Board of the National Bank of the Kyrgyz Republic decided to keep the policy rate (key rate) unchanged at 13.00 percent. The decision becomes effective as of February 27, 2024.

In February<sup>1</sup> 2024, the annual inflation rate in the Kyrgyz Republic was 5.0 percent, having decreased from 7.3 percent in December 2023. Growth of prices for food products continues to slow down faster, meanwhile prices for non-food group of goods and services show more restrained downward trend. Stable and strong domestic demand, as well as the impact of tariff policy revision, in particular for public transport services, were the main factors to form actual inflation.

In general, external economic environment for the economy of the Kyrgyz Republic is characterized by stable and high uncertainty due to geopolitical situation worldwide and volatility of prices in the world commodity markets. There is gradual slowdown in global inflation as a result of tightening monetary policies by the leading countries.

Economic activity in the Kyrgyz Republic shows stable upward trend. In January 2024, the real GDP increased by 7.4 percent due to the most significant input of the sectors of industry, services and construction. An increase in real wages of the public and private sectors, growth in consumer lending and rise in net inflows of remittances into the country support domestic consumption. Implementation of the fiscal consolidation policy has a restraining effect on price movement in the country.

The banking sector remains stable and demonstrates growth of the main indicators. The resource base of the commercial banks is expanding to demonstrate strengthening of the population's savings behavior. Interbank money and domestic foreign exchange markets remain stable. In general, the banking system demonstrates high level of excess liquidity in the national currency.

In the short term, the trajectory of the general inflation rate in the country is expected to be within the medium-term inflation target of 5-7 percent. Measures of the National Bank will be focused on further reducing the growth rates of prices for non-food group of goods and services and, in general, the level of core inflation, which, currently, still remain above the inflation target.

Taking into account the current conditions and trends for development of internal and external environment, the National Bank decided to keep the policy rate unchanged at

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<sup>1</sup> As of February 16, 2024

13.00 percent. This decision contributes to limiting pro-inflationary factors and keeping the inflation rate within the target values of 5-7 percent in the medium term. Maintaining the current monetary conditions will reduce the level of inflation expectations of the population and economic entities.

The National Bank continues to monitor the current situation in the external environment and in the domestic economy. In case of any risks, the National Bank does not exclude the possibility of making necessary adjustments to the current monetary policy.

The next regular meeting of the Board of the National Bank of the Kyrgyz Republic on the policy rate is scheduled for April 29, 2024.