

**Press Release**  
**National Bank of the Kyrgyz Republic keeps  
its policy rate unchanged at 5.0 percent**

On September 25, 2017, the Board of the National Bank of the Kyrgyz Republic decided to keep the policy rate unchanged at 5.0 percent. The decision becomes effective as of September 26, 2017.

Inflation in the Kyrgyz Republic continues to demonstrate moderate dynamics within the values expected by the National Bank, which tends to the lower boundary of the target range of 5-7 percent in the medium term. Annual inflation (as of September 15, 2017) made up 3.2 percent, having decreased from 3.8 percent in August. Gradual recovery of domestic demand and dynamics in imported food prices keep being the main factors of inflation.

Positive trends continue in the economy of the Kyrgyz Republic due to the improvement of the external and internal conditions. In January-August 2017, the economic growth was 6.0 percent. Excluding the data of the “Kumtor”<sup>1</sup> gold-mining enterprises real GDP growth made 3.6 percent. The main sectors of economy show the output growth. The economy growth is also supported by an increase in the inflow of remittances. The net inflow of remittances increased by 28.8 percent in January-July 2017.

The domestic foreign exchange market remains stable. From the beginning of 2017 (as of September 21) the national currency has appreciated by 1.1 percent. In September 2017, the National Bank did not participate in the domestic foreign exchange market.

Monetary conditions continue to support measures to stimulate the real sector of the economy. The country’s banking system has a sufficient level of excess liquidity in the national currency. Short-term money market rates in the national currency continue to fluctuate within the interest rate corridor set by the National Bank. Decrease in interest rates on loans for the end borrowers and expansion of lending are being observed.

According to the current forecasts of the National Bank, taking into account the ongoing recovery of domestic demand, balanced forecasts for agriculture production in the country and price dynamics in the international commodities markets, the inflation rate in the upcoming period will be close to the medium-term target range of 5-7 percent. Under these conditions, as well as in the absence of external and internal inflationary risks, this level of the policy rate of the National Bank will allow supporting the measures to stimulate the economy.

The National Bank on a regular basis assesses external and internal factors influencing inflation and depending on the economic situation will take relevant and timely monetary policy measures.

*Briefing:*

The next meeting of the Board of the National Bank of the Kyrgyz Republic on the monetary policy rate is scheduled for November 27, 2017.

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<sup>1</sup> The real GDP value without Kumtor enterprises is more indicative for the monetary policy purposes.