

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

On December 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 December 26, 2017.

In December 2017, the inflation remained at a moderate level in line with the medium-term targets and made up 3.7 percent y-o-y (as of December 15). Taking into account price recoveries in the international commodity markets and the growing aggregate demand, inflation will be within the monetary policy target.

Economic activity in the country continues to show recovery. In January-November 2017, real GDP growth rate made 4.0 percent, excluding the data on the “Kumtor” gold-mining enterprises¹ – 3.9 percent. The main sectors of economy showed the output growth, primarily in industry (+12.8 percent). The steady dynamics in the inflow of remittances continues to contribute to the economic growth.

The domestic foreign exchange market remains stable. In the first decade of December 2017, the National Bank intervened on the foreign exchange market in order to smooth sharp fluctuations of the exchange rate.

Monetary conditions continue supporting stimulating measures to the real economy and the money market development. Banking sector of the country shows a decrease in market interest rates on loans and an increase in lending to the economy. The growth trend of interbank market activity has continued. Short-term money market rates in the national currency continue to fluctuate within the interest rate corridor set by the National Bank.

Future development of the external economic environment as well as recovery of domestic aggregate demand will bring the inflation rate closer to the medium-term target, which does not exceed 5-7 percent. Under these conditions, and in the absence of any additional external and internal inflationary shocks in the upcoming period, this level of the policy rate will support measures to stimulate the real sector of economy. The current direction of monetary policy is possible to continue in the forthcoming period on the assumption of maintaining favorable conditions for the economy development.

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 February 26, 2018.

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