

Press-release
**The National Bank of the Kyrgyz Republic keeps
its policy rate unchanged at 5 percent**

On March 27, 2017, the Board of the National Bank of the Kyrgyz Republic decided to keep the policy rate unchanged at 5.00 percent. The decision becomes effective as of March 28, 2017.

Inflation in the Kyrgyz Republic continues to demonstrate moderate upward dynamics within the expected values. Annual inflation (as of March 17) made up 2.6 percent. The positive dynamics in food prices along with increase of excises for tobacco goods contributed to inflation formation.

Economic activity in the country is supported by gradual revival of domestic consumption. In January-February 2017, the economic growth 5.4 percent. Excluding the data of the “Kumtor” gold-mining enterprises, real GDP growth, which is more relevant for monetary policy purposes, reached 3.6 percent. Positive trends of production growth in the main economic sectors remain.

Domestic foreign exchange market is characterized as a stable one. From the beginning of 2017 (as of March 25) the national currency has appreciated by 0.5 percent. In March 2017, the National Bank did not participate in the domestic foreign exchange market.

Measures (previously taken by the National Bank) on easing monetary conditions had an impact on reduction of money market short-term rates in national currency, which allows to continue support the real economy. Currently these rates are fluctuating within the interest rate corridor set by the National Bank.

According to the forecasts of the National Bank, based on current assessments on external economic environment and domestic economy developments the moderate inflation dynamics is expected in the upcoming period. At the end of 2017 inflation will be close to the target range of 5-7 percent. Under these conditions and in the absence of external and internal inflationary risks decision to keep the current policy rate will allow supporting the economic growth.

National Bank regularly assesses external and internal factors influencing inflation and will continue to take relevant and timely monetary policy measures.

Information note:

The next meeting of the Board of the National Bank of the Kyrgyz Republic on the monetary policy rate is scheduled for May 29, 2017.