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Press Release

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

On October 30, 2023, 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 October 31, 2023.

Changes in external environment both in the global economy as a whole and in the region still affect price dynamics in the country due to open character of the economy in the Kyrgyz Republic. Resumed global economic growth is slow and uneven. Dynamics of the global inflation remains high, and therefore, the central banks of the leading countries continue monetary policy tightening. At the same time, the geopolitical situation worldwide is a significant factor for ambiguous external conditions and, as a result, for further direction of the global inflation.

Economic activity in the Kyrgyz Republic is expanding mainly due to consumer activity in the services sector. In January-September 2023, the real GDP increased by 4.2 percent (excluding “Kumtor” gold-mining enterprises – 5.9 percent). Stable domestic demand is supported, among other things, by fiscal policy measures and growth of consumer lending in the banking sector.

The annual inflation rate in the Kyrgyz Republic demonstrates slowdown: in October 2023 (as of October 20), the annual inflation rate was 9.2 percent. At the same time, the general price level in the country increased by 6.7 percent year-to-date. The food component of inflation demonstrates slowdown in price growth. However, prices for services and non-food products are steady reflecting the impact of previously established and emerging factors of inflation (as well as due to an increase in administered prices and tariffs).

Conducted monetary policy provides conditions to expand the resource base of the commercial banks, which supports lending to the real sector of the economy. Measures taken by the National Bank limiting strengthened inflation monetary factors keep the situation in the interbank money and domestic foreign exchange markets relatively stable.

Slowdown in growth of the world prices may last longer due to stable high uncertainty worldwide and uneven global economic recovery. At the same time, internal factors in the form of tariff policy indexation keep inflation expectations stable. In this context, the decision of the National Bank to keep its policy rate at 13.00 percent will have further restraining effect on the current inflation risks and contribute to return of the inflation rate to the targets of 5-7 percent in the medium term.

The National Bank regularly monitors the current situation in the external environment and in the domestic economy. In case of any additional 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 November 27, 2023.