



КЫРГЫЗ БАНКЫ

168 Chuy Avenue, Bishkek, Kyrgyz Republic

E-mail: mail@nbkr.kg

www.nbkr.kg

Press Release

National Bank of the Kyrgyz Republic keeps its policy rate at 4.25 percent

On September 30, 2019, the Board of the National Bank of the Kyrgyz Republic decided to keep the policy rate (key rate) unchanged at 4.25 percent. The decision becomes effective as of October 1, 2019.

Inflation in the Kyrgyz Republic remains moderately low. In September 2019 (as of September 20), annual inflation was 2.2 percent increasing from 0.4 percent in January of the current year. As before, current inflation was caused by a stable price dynamics in the world food markets and restrained domestic demand.

The National Bank expects the low inflationary dynamics until the end of the current year – no higher than 4.0 percent (December 2019/December 2018), and its average annual value will be at 1.2 percent in the absence of internal and external shocks.

Economy of the country demonstrates moderate growth. In January-August 2019, real GDP growth was 6.2 percent, excluding the data of the “Kumtor” gold-mining enterprises¹ – by 3.0 percent. Industry, construction and services still provide the main contribution to economic growth. In January-July 2019, net inflow of remittances decreased by 13.4 percent and amounted to USD 1.1 billion. At the same time, the upward trend is still observed in real wages, according to the results of January-July 2019, showing growth at 4.6 percent.

The situation is stable in the monetary sector. Money market short-term interest rates are within the interest rate corridor set by the National Bank. Interbank credit market still demonstrates increase of activity. Easy monetary policy contributes to an increase in lending of economy and a gradual decrease in cost of credits for borrowers. Deposit base of the commercial banks is still expanding. The level of excess liquidity of the banking system demonstrates a downward trend which accordingly conditioned a reduction in sterilization operations by the National Bank. The domestic foreign exchange market remains stable.

In general the current macroeconomic situation and external environment trends are consistent with the expectations of the National Bank. Assessments of the external environment and internal conditions development indicate that inflation in the Kyrgyz Republic will be within monetary policy target of 5-7 percent in the medium term. Under these circumstances, the policy rate was kept unchanged. The National Bank will provide appropriate monetary policy measures depending on the economic situation. If the risks will occur in the internal and external

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

environment, the National Bank may consider the possibility of making adjustments in the current monetary policy.

Briefing:

The next meeting of the Board of the National Bank of the Kyrgyz Republic on the policy rate is scheduled for November 25, 2019.

Chart 1. Overall inflation in the Kyrgyz Republic
(%, month to the corresponding month of the previous year)

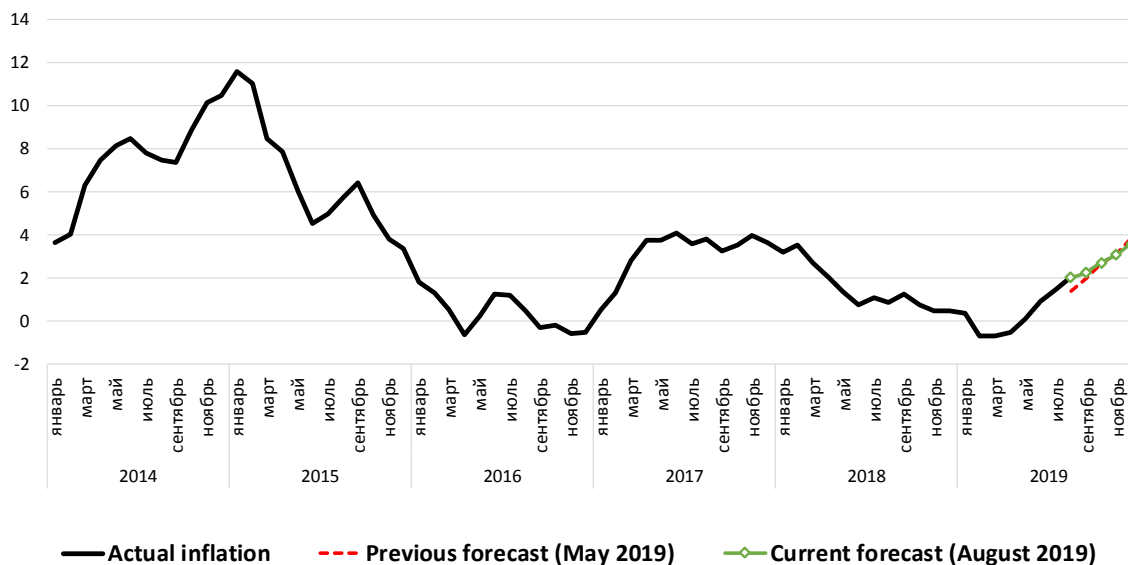
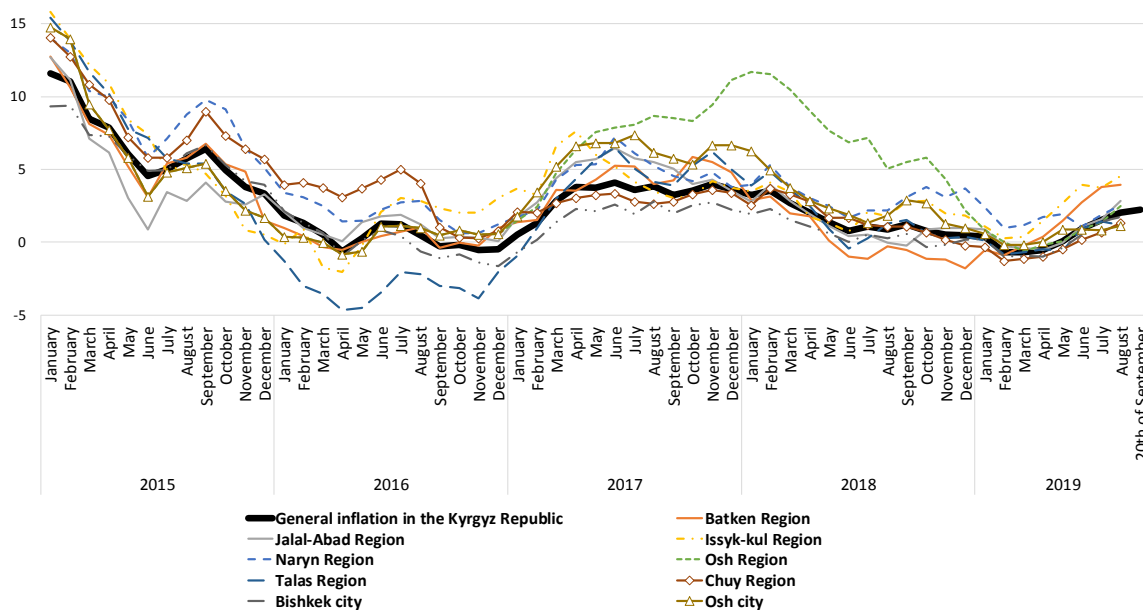


Chart 2. Inflation in the Kyrgyz Republic in regions
(%, month to the corresponding month of the previous year)



*on the basis of the data provided by the National Statistics Committee

Chart 3. Policy rate of the National Bank of the Kyrgyz Republic
(percent)

