Press-release
National Bank of the Kyrgyz Republic made a decision to increase the policy rate up to 10 percent

Taking into account the inflationary pressure caused by both external and internal factors, the National Bank of the Kyrgyz Republic decided to increase the policy rate by 100 basis points up to 10 percent.

Information received since the Board of the National Bank of the Kyrgyz Republic met to address the issue on the size of the discount rate (October 27, 2014) is the evidence of continued high inflationary background resulted from both external and internal factors. As of the middle of November the inflation rate accumulated since the beginning of the year was 8.4 percent, in annual terms (November, 2014 against November, 2013) – 9.7 percent.

Statistical data as of the end of October, 2014 indicates that economic growth in the Kyrgyz Republic and in the countries-main trade partners of the Kyrgyz Republic continues to slow down. The real GDP growth in the Kyrgyz Republic for ten months was 3.7 percent. Reduction in the volume of the foreign trade operations, mainly, due to decrease in import is observed; however, export of domestic goods (excluding gold) also tends to decrease. Slowdown in the rates of growth of remittances is evident, though their overall volume continues to increase. High uncertainty in development of external environment remains. The above factors are among the reasons of increase of pressure on domestic foreign exchange market of our country and, respectively, on the inflation rate.

Consistent with the statutory mandate, the National Bank of the Kyrgyz Republic will continue to monitor the situation in the national economy and will take the appropriate measures of the monetary policy focused on achievement and maintenance of inflation in the medium term at the level of about 7 percent, determined by the NBKR main monetary policy guidelines for 2014-2017.

The next meeting of the Board of the National Bank of the Kyrgyz Republic, which will address the size of the policy rate is scheduled for December 29, 2014.