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Press Release

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

On January 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 January 31, 2023.

Maintenance of the policy rate meets macroeconomic conditions of the country and reflects the policy of the National Bank of the Kyrgyz Republic in relation to the current risks in the economy. The current course of the monetary policy is aimed at limiting pro-inflationary factors in the economy of the Kyrgyz Republic.

At the end of 2022, the annual inflation rate was 14.7 percent. As of January 20, 2023, the prices increased by 1.2 percent. Generally, the dynamics of inflation is formed within the medium-term forecast, which determines no need to change the trajectory of the policy rate. Stabilization of the situation in the global energy and food markets is expected to influence the slowdown of inflation rate in the second half of 2023. Announced increase in the cost of a number of administered prices (tariffs) serves as an additional internal source of pro-inflationary risks.

Post-pandemic economic recovery in the Kyrgyz Republic contributed to stable economic activity at a high level. According to the preliminary data, the real GDP growth was 7.0 percent at the end of 2022. This is largely due to the growth of production volumes in the sectors of services, industry, agriculture and increased domestic demand. The domestic demand is also supported by the expansion of lending to the economy: according to the preliminary data, the bank loan portfolio increased by approximately 12 percent at the end of 2022.

The situation in the monetary and foreign exchange markets remains relatively stable due to timely measures taken by the National Bank. Tactical monetary policy decisions are made amid significant growth of excess liquidity in the banking sector.

Economic growth prospects in the Kyrgyz Republic still largely depend on external economic factors with high uncertainty prevailing in their dynamics. Pro-inflationary risks remain in these conditions. The accumulated effect of the previous monetary policy measures will contribute to mitigating potential risks of inflation. The monetary policy will be further formed taking into account the impact of the above-mentioned factors and risks on economic processes in the country.

The National Bank regularly monitors the current situation and, if necessary, will use additional tools and take appropriate measures to achieve the goal of price stability in the medium term.

The next meeting of the Board of the National Bank of the Kyrgyz Republic on the policy rate is scheduled for February 27, 2023.