

Press-release of the meeting of the Board of the National Bank of the Kyrgyz Republic on the size of the discount rate

During the discussion of the current macroeconomic situation, it was noted that the assumption of divergent tendencies put in the baseline forecast of inflation by the end of 2016 will persist. In the near future a slowdown in economic growth in the countries - major trading partners is expected, which may have an impact on reducing external demand and remittances. Increase in tariffs for housing and utility services, adverse climate conditions this year, acceleration of growth in prices for petroleum and diesel in the domestic market may affect the dynamics of inflation. As a result, this may have an impact on the acceleration of inflation processes by the end of the year. The National Bank of the Kyrgyz Republic will take necessary measures to achieve and maintain the inflation in the medium-term perspective within the quantitative targets of monetary policy.

Thus, taking into account the ratio of inflation risks and risks of reduction in external demand, it was decided to raise discount rate of the National Bank by 50 basis points to 6.5 per cent per annum from July 31, 2014.