

Press Release
**National Bank of the Kyrgyz Republic keeps
its policy rate unchanged at 5.0 percent**

On November 27, 2017, the Board of the National Bank of the Kyrgyz Republic decided to keep the policy rate unchanged at 5.0 percent. The decision becomes effective as of November 28, 2017.

Inflation in the Kyrgyz Republic remains moderate. The monetary policy aims to keep the inflation rate not higher than 5-7 percent in the medium term period. Annual inflation (as of November 17, 2017) made up 3.3 percent that corresponds to the expectations of the National Bank. The actual inflation is largely conditioned relatively low imported food prices and subdued demand for non-food items.

Positive trends continue in the economy of the Kyrgyz Republic. In January-October 2017, real GDP growth made 3.9 percent, excluding the data of the “Kumtor” gold-mining enterprises¹ – 3.5 percent. The economy growth is supported by a sustained dynamics in the inflow of remittances. Preliminary figures indicate that the net inflow of remittances increased by 25.6 percent in January-October 2017.

The domestic foreign exchange market remains stable in whole. Starting from the end of October, 2017 a foreign currency demand exceeded over its supply in the domestic foreign exchange market that resulted in some exchange rate volatility. The National Bank intervened on the foreign exchange market by selling foreign currency in order to smooth sharp fluctuations of the exchange rate.

Current monetary conditions create the necessary prerequisites for supporting measures to stimulate the real sector of the economy. Market interest rates on loans in the banking sector continue to decrease both in the national and foreign currency, herewith, a growth of lending is being observed. Short-term money market rates in the national currency continue to fluctuate within the interest rate corridor set by the National Bank.

According to the current external and internal economic conditions, the inflation rate will be close to the medium-term target range of 5-7 percent. Taking into account the existing risks in external economic environment, this level of the policy rate of the National Bank will support measures to stimulate the economy. The National Bank allows the possibility to adhere to the current direction of the monetary policy in the upcoming period in the absence of any additional external and internal inflationary shocks.

The National Bank on a regular basis assesses external and internal factors influencing inflation and depending on the economic situation will take relevant and timely monetary policy measures.

Briefing:

The next meeting of the Board of the National Bank of the Kyrgyz Republic on the monetary policy rate is scheduled for December 25, 2017.

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