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Press Release

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

On November 27, 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 November 28, 2023.

Monetary policy measures taken by the National Bank contributed to the downward trend of inflation. The annual inflation rate demonstrates smooth decline – in November 2023¹ it was 8.0 percent, having decreased by 6.7 percentage points compared to the beginning of 2023.

In the structure of inflation, there was steady slowdown in the commodity group of food products, where the growth of prices, taking into account the temporary measures for state regulation of prices for some goods decreased from 15.8 percent at the beginning of 2023 down to 3.9 percent in November 2023 in annual terms. However, prices for non-food products and services remain at the same levels, reflecting the effect of tariff policy measures and the current increased domestic demand.

The economy of the Kyrgyz Republic demonstrates upward trend: in January-October 2023, the real GDP increased by 4.5 percent (excluding “Kumtor” gold-mining enterprises – 6.5 percent). The main contribution is provided by high activity in the services and manufacturing sectors. Growing domestic consumption is conditioned by stable increase in consumer lending and growth of real wages.

The monetary sector still shows the trends observed since the beginning of the current year continued. The short-term money market rates share the same direction with the dynamics of the key rate and continue to remain within the interest rate corridor set by the National Bank. The banking system has sufficient liquidity both in KGS and in foreign currency. The situation in the domestic foreign exchange market remains stable.

The current price reduction environment in the world food markets has a favorable impact on the domestic prices for some goods of the consumer basket. At the same time, the remaining high uncertainty and heterogeneity in the external environment due to geopolitical risks are still pro-inflationary factors for the economy of the Kyrgyz Republic.

¹ As of November 17, 2023

Measures of the monetary policy contribute to diminishing the negative impact of external and internal factors on inflation development in the country. Taking into account the current factors in the economy of the country, including inflation expectations and stable dynamics of the core inflation, the decision taken to keep the policy rate unchanged at 13.00 percent contributes to achieving the target values of the inflation rate within the range of 5-7 percent in the medium term.

The National Bank regularly monitors the current situation both in the external environment and in the domestic economy. In case of any risks, the National Bank does not exclude the possibility of making necessary adjustments to the current monetary policy.