

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

On June 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 June 28, 2017.

Current inflation continues to be within the values expected by the National Bank, which tends to the lower boundary of the target range of 5-7 percent in the medium term. Annual inflation (as of June 16) made up 4.4 percent. Gradual recovery of domestic demand keeps affecting the inflation in the country. Year-on-year rate of increase in price of food and services provided the largest contribution to inflation formation.

Positive trends are observed in the economy of the Kyrgyz Republic. In January-May 2017, the economic growth was 6.8 percent. Excluding the data of the “Kumtor”<sup>1</sup> gold-mining enterprises real GDP growth made 2.9 percent. Domestic consumption is being recovered. Growth in production is also observed in the main sectors of the economy. One of the factors of production capacity improvement is an increase in credit to the economy in national currency as well as lowering in interest rates on loans both in national and foreign currencies.

The domestic foreign exchange market remains stable. From the beginning of 2017 (as of June 22) Som has appreciated by 0.9 percent. In June 2017, the National Bank did not participate in the domestic foreign exchange market.

Easing monetary conditions aimed at supporting measures to stimulate the real sector of the economy, causing a drop in interest rates on loans for the end borrowers and expanding lending. In general, the interbank monetary market is characterized by a sufficient level of free liquidity. It determines the current dynamics of the monetary market rates in national currency moving within the range of interest rate corridor set by the National Bank.

According to the current forecasts of the National Bank, in the forthcoming period inflation by the end of 2017 will enter the target range of 5-7 percent in the medium-term. Under these conditions and given the absence of external and internal inflationary risks, the decision to keep the National Bank’s policy rate at the current level will support the measures to stimulate the economy.

The National Bank on a regular basis assesses external and internal factors influencing inflation and will continue to take relevant and timely monetary policy measures. The National Bank intends to adhere to the current direction of the monetary policy in the upcoming period in the absence of external shocks.

*Briefing:*

The next meeting of the Board of the National Bank of the Kyrgyz Republic on the monetary policy rate is scheduled for August 28, 2017.

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