

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

On May 29, 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 May 30, 2017.

Inflation continues to be within the values expected by the National Bank and does not exceed the target range of 5-7 percent in the medium term. Annual inflation (as of May 19) made up 3.7 percent. The recovery trend of domestic consumption supported by growing inflow of remittances as well as an increase in external demand keeps affecting the current inflationary dynamics. The positive dynamics in price of food and services strongly contributed to inflation formation.

The economy of the Kyrgyz Republic demonstrates positive growth rates. In January-April 2017, the economic growth was 7.7 percent. Excluding the data of the “Kumtor”<sup>1</sup> gold-mining enterprises real GDP growth reached 4.0 percent. Positive economic dynamics is supported by revival of internal and external demand. On the supply side positive trends are also noted, one of the factors of which is an increase in lending in national currency to the main sectors of the economy and decrease its interest rates.

The situation in the domestic foreign exchange market remains stable. The national currency continues to strengthen. From the beginning of 2017 (as of May 26), Som has appreciated by 1.9 percent. In May 2017, the National Bank did not participate in the domestic foreign exchange market.

The effect of earlier undertaken measures to ease monetary conditions observed in the reduction of short-term money market rates in the national currency, thus causing a current drop in interest rates on loans. The latter is also facilitated by the monetary policy of the National Bank aimed at expanding lending to the real sector so as to support positive economic growth.

According to the forecasts of the National Bank, taking into account the current development of the external economic environment and internal conditions in the forthcoming period inflation will be moderate and will be close to the target range of 5-7 percent in 2017. Under these conditions and given low inflationary risks, the decision to keep the National Bank’ policy rate at the current level will support further economic recovery.

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 June 26, 2017.

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