



КЫРГЫЗ БАНКЫ

168 Chuy Avenue, Bishkek, Kyrgyz Republic

E-mail: mail@nbkr.kg

www.nbkr.kg

Press Release

National Bank of the Kyrgyz Republic keeps its policy rate unchanged at 4.25 percent

On November 25, 2019, the Board of the National Bank of the Kyrgyz Republic decided to keep the policy rate (key rate) unchanged at 4.25 percent. The decision becomes effective as of November 26, 2019.

In the Kyrgyz Republic there is a moderate recovery of overall price level mainly due to food prices. In November (as of November 15) annual inflation was 2.5 percent.

Current inflationary dynamics is in line with the expectations of the National Bank. The previous inflation forecasts remained: by the end of 2019, inflation is expected to be around 3.5 percent (December 2019/December 2018), average annual inflation – no higher than 1.5 percent. The National Bank expects that inflation will gradually be closer to the medium-term target of 5-7 in the absence of internal and external shocks.

Economic activity in the real sector of economy is continued. In January-October 2019, real GDP growth was 5.7 percent, excluding the data of the “Kumtor” gold-mining enterprises¹, real GDP increased by 3.3 percent. An increase in output is observed in all major sectors of the economy, the industry sector made the most significant contribution. Domestic demand is showing restrained dynamics, the downward trend of inflow of remittances determines the conditions for its weakening.

Maintaining easy monetary policy conditions contributed to further increase of lending of economy and gradual decrease of cost of credits for borrowers. The expansion of commercial banks' deposit base continues. The interbank credit market remains quite active. Money market demonstrates the formation of short-term interest rates near the policy rate. The National Bank continues conducting operations to sterilize excess liquidity; there is a gradual downward trend of excess liquidity of the banking system. The situation in the domestic foreign exchange market is stable.

Assumptions on upward trend in the economies of trading partners of the Kyrgyz Republic in 2020-2021, relatively stable prices in the world commodity markets in the medium term and assessments of the internal conditions allow expecting inflation in the Kyrgyz Republic within the monetary policy target of 5-7 percent in the medium term. Under these conditions the policy rate was kept unchanged. In case of risks in the internal and external environment, the National Bank may consider the possibility of making adjustment in the current monetary policy.

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

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

Briefing:

The next meeting of the Board of the National Bank of the Kyrgyz Republic on the monetary policy is scheduled for December 23, 2019.

Chart 1. Overall inflation in the Kyrgyz Republic

(%, month to the corresponding month of the previous year)

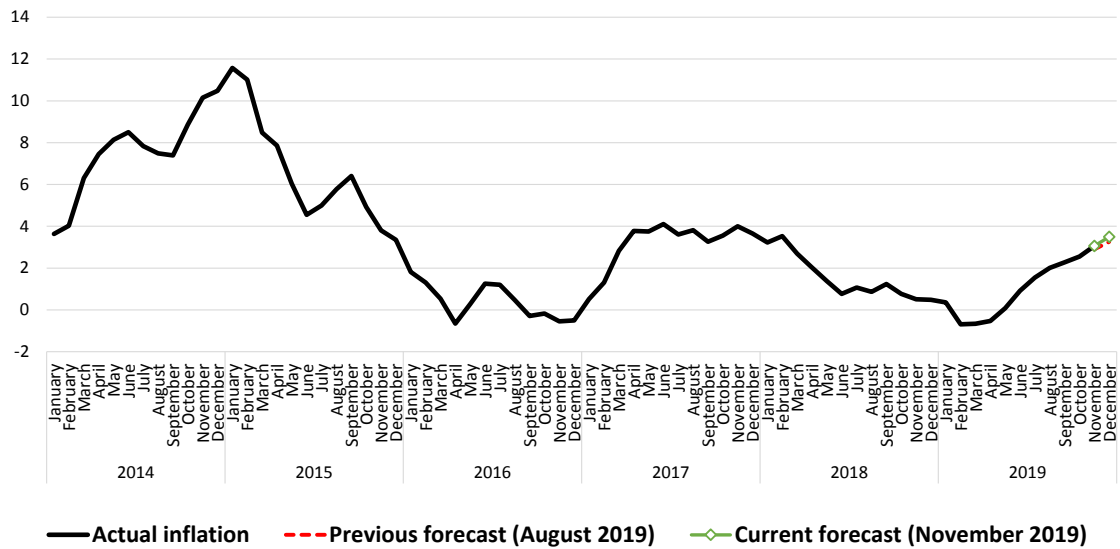


Chart 2. Inflation in the Kyrgyz Republic in regions

(%, month to the corresponding month of the previous year)

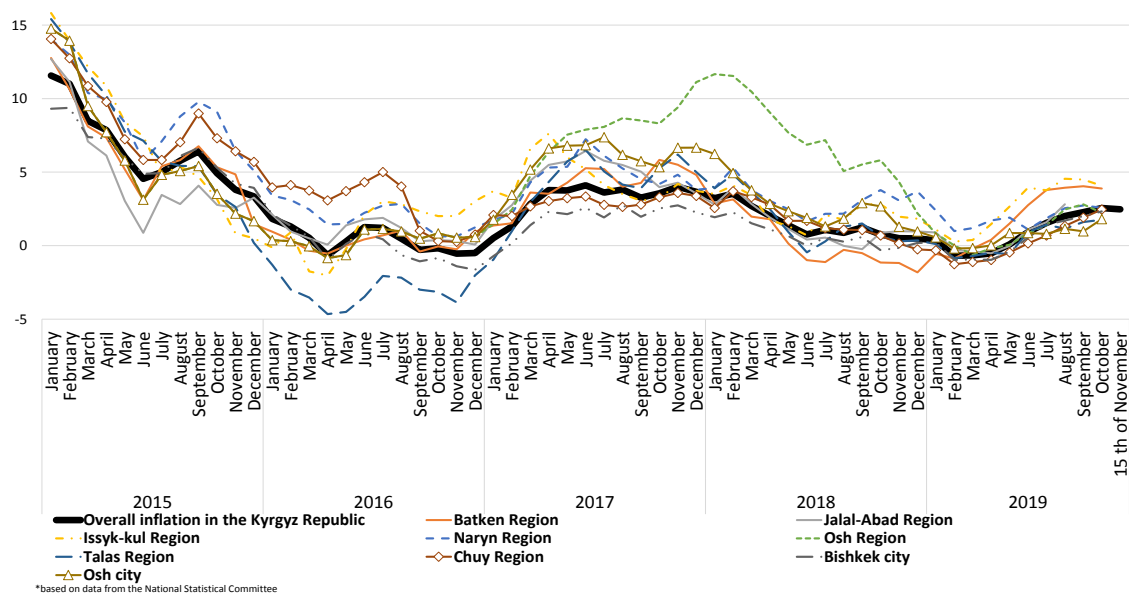


Chart 3. Policy rate of the National Bank of the Kyrgyz Republic

(percent)

