

Press-release
**The National Bank of the Kyrgyz Republic keeps
the monetary policy rate unchanged at 6 percent**

On June 27, 2016, the Board of the National Bank of the Kyrgyz Republic decided to keep the monetary policy rate unchanged at 6.00 percent. The decision becomes effective as of June 28, 2016.

Due to the previously taken monetary policy measures, the inflation in the Kyrgyz Republic remains at low rates. Annual inflation rate in June 2016 (as of June 10) was 1.5 percent. Decrease in inflation is also supported by low prices in the food and energy markets, and the deflationary influence of reducing domestic and external demand.

In January-May 2016, real GDP decreased by 4.0 percent, but in comparison with January-April 2016 economy slightly recovered. From the production side there is reduction in industrial output, mainly to the decline in production of the “Kumtor” gold-mining enterprises. Excluding data of these enterprises, the economy grew by 0.5 percent. For the monetary policy formulation and analysis, real GDP without “Kumtor” data is more relevant indicator for the National Bank.

The situation at the domestic foreign exchange market remains stable. Since the beginning of the year (as of June 27) the Kyrgyz Som has appreciated by 11.3 percent.

Decrease in interest rates (policy rates) of the National Bank in May 2016, aimed at stimulating the real economy, led to lowering of interest rates at the interbank credit market.

Taking into account the medium term inflation forecast, the National Bank decided to keep the policy rate unchanged. In the conditions of low inflationary risks, this decision will allow further maintaining the stimulation of the real economy.

National Bank will continue to assess external and internal factors influencing inflation and conduct proper monetary policy aimed at keeping inflation rate within the 5-7 percent band in the medium term, as determined in the Main monetary policy guidelines.

Information note:

The next meeting of the Board of the National Bank of the Kyrgyz Republic on the monetary policy rate is scheduled for August 29, 2016.