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Press Release

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

On July 31, 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 August 1, 2023.

The prospects for economic development in the Kyrgyz Republic are still influenced by external conditions that remain volatile, mainly in the region, and are characterized by more conservative expectations of economic improvement in the short term due to high rates of stable global inflation and uncertainty prevailing in the global financial markets.

At the end of the first half of 2023, the economy of the Kyrgyz Republic demonstrated growth by 3.9 percent due to the largest contribution provided by the services sector. Economic activity is also supported by expansion of domestic demand.

The downward price movement in the world food markets is reflected in the dynamics of domestic prices. In July 2023 (as of July 21, 2023), the annual inflation rate was 10.3 percent, while in its structure, rise in prices for food products decreased from 15.8 percent in December 2022 down to 6.9 percent in annual terms. The effect of increase in a number of administrative prices (tariffs) and sustainable expansion of domestic demand condition slower decline in the general price level in the country. At the same time, accumulated effect from measures previously taken in the monetary policy area contributes to mitigating the potential risks of inflation.

The current monetary policy stance is still focused on decreasing the inflation rate down to 5-7 percent in the medium term. Generally, assessment of the current inflation dynamics remains within the framework of the National Bank's expectations, meanwhile, pro-inflationary factors in the country's economy require coordinated measures to provide further implementation of the monetary and fiscal policies.

Considering the current conditions, the National Bank decided to keep its policy rate unchanged at 13.00 percent. In case of any risks, the National Bank does not exclude the possibility of making additional adjustments to the current monetary policy.

The National Bank regularly monitors the current situation and, if necessary, will take appropriate monetary policy measures to ensure price stability.

The next regular meeting of the Board of the National Bank of the Kyrgyz Republic on the policy rate is scheduled for August 28, 2023.