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Press Release

National Bank of the Kyrgyz Republic increased its policy rate up to 9.25 percent

On July 28, 2025, the Board of the National Bank of the Kyrgyz Republic decided to increase the policy rate (key rate) by 25 basis points, up to 9.25 percent. The decision becomes effective as of July 29, 2025.

Inflation in the Kyrgyz Republic remains moderate. Since the beginning of 2025¹, the inflation rate was 4.6 percent, and in annual terms² – 8.7 percent. The current price dynamics is conditioned by temporary and seasonal factors, including the effect of the low statistical base for the corresponding period of the last year. The food commodity group demonstrated the most significant increase in prices in the structure of inflation due to seasonal and temporary factors, as well as amid relatively high inflation rate in the trading partner countries of the Kyrgyz Republic. Adjustment of prices for electricity as part of planned increase in tariffs made the main contribution in the non-food part of inflation.

Economic conditions in the Kyrgyz Republic have not changed significantly. The country shows long-lasting high economic activity; meanwhile domestic demand is still expanding amid rising household incomes. At the same time, there is an increase in capital investment financed from the private and fiscal channels' funds. In January-June 2025, real GDP increased by 11.7 percent (compared to the same period in 2024) mainly due to growth in the services, construction and manufacturing sectors.

Monetary conditions are aimed at ensuring price stability in the Kyrgyz Republic within set target of 5-7 percent in the medium term. The monetary policy measures contribute to stability maintaining in the interbank money market. The country's banking system sustains a high level of liquidity in national currency.. In these conditions, the National Bank conducts monetary operations to ensure a balanced level of money supply in the economy.

The situation in the foreign exchange market is stable, meanwhile the exchange rate remains flexible as the market balances supply and demand for foreign currency.

In the current year, the uncertainty level in the external economic environment increased significantly against the backdrop of increased geopolitical factors and changes in the global trade policy to condition external inflationary factors and price volatility in the global food and commodity markets. In regional terms, the inflation rate is still relatively high in the trading partner countries. In these conditions, taking into account the analysis of inflationary factors in

^{1,2} As of July 18.

the short and medium term, and considering that the National Bank's monetary policy is forward-looking, it is currently considered appropriate to increase the policy rate by 25 basis points, up to 9.25 percent in order to maintain price stability in the country in the medium term.

The National Bank adheres to a balanced approach to conducting monetary policy and will continue to assess the emerging external and internal factors of inflation. In case of any risks to price stability, the National Bank does not exclude the possibility of making adjustments to the current monetary policy.

The next regular meeting of the Board of the National Bank of the Kyrgyz Republic on the policy rate is scheduled for August 25, 2025.