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## Press Release

### **National Bank of the Kyrgyz Republic keeps its policy rate unchanged at 9.00 percent**

On October 28, 2024, the Board of the National Bank of the Kyrgyz Republic decided to keep the policy rate (key rate) unchanged at 9.00 percent. The decision becomes effective as of October 29, 2024.

The inflation rate in the Kyrgyz Republic remains below the medium-term target of 5-7 percent. In October 2024, the annual inflation rate was 4.6 percent<sup>1</sup>, having decreased from 7.3 percent in December 2023. In general, the inflation rate was kept moderate primarily due to the monetary policy measures taken before. In the structure of inflation, the annual growth rates of prices for food products were formed at 2.4 percent, for non-food products – at 4.1 percent, and for services – at 8.4 percent. Growth of prices for non-food group of goods shows slowdown, however, in recent months, there was slight acceleration of prices for paid services.

The economy of the Kyrgyz Republic demonstrates regular high growth rates due to expansion of the economic entities' investment and consumer demand. In January – September 2024, the real GDP growth increased by 8.4 percent. The sectors of services and construction still make a significant input in the economic activity of the country amid growth in trade and capital investment. Domestic demand remains stable as a result of positive growth rates of lending, net inflow of remittances and rise of real wages.

The monetary environment remains stable. The short-term segment of the money market demonstrated a decrease in the interest rates. The dynamics of short-term borrowing rates in the interbank credit market was within the interest rate corridor set by the National Bank.

The banking sector is characterized by stable indicators and has sufficient liquidity. Lending demonstrated sustainable, progressive growth, including for population's consumer purposes and financing of trade and agriculture. The domestic foreign exchange market is relatively stable: the exchange rate remains flexible due to market formation of demand and supply of foreign currency. In certain periods, the National Bank conducts foreign exchange interventions in the interbank foreign exchange market to smooth sharp changes in the exchange rate.

The external conditions are ambiguous and still depend on the nature of the geopolitical situation and the price environment in the global food and commodity markets. After long-

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<sup>1</sup> As of October 18, 2024

lasting decline, world prices in the food markets demonstrate gradual growth during recent months. Inflationary developments still show relatively high upward trend in some countries - trading partners of the Kyrgyz Republic.

Pro-inflationary risks remain unchanged in the short-term perspective despite regular deceleration of the domestic inflation rate. Assessment of the external and internal factors of inflation indicates formation of the annual inflation rate within the medium-term target of 5-7 percent by the end of the current year.

Under these conditions, taking into account assessment of the inflation factors in the short and medium term, it seems necessary to keep the policy rate unchanged at 9.00 percent. This decision will contribute to maintaining price stability in the country and creating conditions to ensure macroeconomic sustainability.

The National Bank continues to monitor the current external and internal economic conditions and, taking into account long-lasting risks in the external environment, adheres to a balanced approach in conducting monetary policy. In case of any risks, the National Bank does not exclude the possibility of making necessary 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 November 25, 2024.