



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 9.00 percent

On November 25, 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 November 26, 2024.

Inflationary environment in the Kyrgyz Republic remains stable due to the monetary policy conducted by the National Bank. The annual inflation rate is within the medium-term target – in November¹ 2024, its value was 5.2 percent, having decreased from 7.3 percent as of the beginning of the year. The structure of inflation was not changed significantly – the growth rates of prices for food and non-food products still show slowdown and remain moderate. Increased domestic demand and the impact of adopted tariff policy measures are still the main factors of the general price level in the country.

Economic activity remains high in the Kyrgyz Republic due to dynamic development of the construction and the services sectors. According to the results of 10 months of 2024, the real GDP of the country increased by 9.6 percent. The economy of the country demonstrates an increase in domestic consumption due to growth of population incomes, being still affected by rise in real wages and positive dynamics of individuals' remittances inflow to the country. There is also an increase in the volume of capital investments mainly from the domestic sources of financing.

The situation in the domestic foreign exchange market remains stable. The current dynamics of the exchange rate is conditioned by seasonal factors and market formation of the balance of demand and supply of foreign currency among the market participants. The National Bank conducts foreign exchange interventions only to prevent sharp fluctuations in the exchange rate. Since the beginning of 2024, the volume of net sale of foreign currency by the National Bank amounted to USD 20.75 million.

Tactical monetary policy measures taken by the National Bank contributed to reducing excess liquidity in the banking system in October-November of the current year compared to the previous periods. At the same time, the banking sector is still provided with sufficient funds in the national currency, being among the factors of further growth of lending to the economy. The short-term interest rates of the interbank money market are still fluctuating near the lower rate of the interest rate corridor set by the National Bank.

¹ As of November 15, 2024

In general, the indicators of the banking sector development are stable: at the end of 10 months of 2024, the volume of the banks' credit portfolio increased by 22.0 percent² and the deposit base grew by 31.7 percent². However, the indicators of dollarized economy are gradually decreasing: at the end of 9 months of 2024, dollarization of deposits constituted 43.9 percent (-1.8 p.p. year-to-date), dollarization of credits totaled 19.9 percent (-2.1 p.p. year-to-date).

The external economic environment is characterized by long-lasting high uncertainty due to intensification of geopolitical factors. As a result of world trade fragmentation, price situation in the global food and raw materials markets remains volatile. Although the downward trends of the global inflation rate were observed in the middle of the current year, the economic situation in the region still remains ambiguous due to increased inflationary pressure in the countries-trading partners of the Kyrgyz Republic.

Foreign economic (both global and regional) development will be a predetermining factor of further economic processes in the Kyrgyz Republic, including the dynamics of inflation. Analyzed trends of the external and internal economic factors reflect formation of the annual inflation rate in the medium term within the target of 5-7 percent.

The decision to keep the key rate of the monetary policy unchanged at 9.00 percent meets the current macroeconomic conditions of the country and reflects the policy conducted by the National Bank with regard to existing external risks. The adopted decision will contribute to maintaining price stability in the country and creating conditions to provide macroeconomic sustainability.

The National Bank will continue to assess the emerging external and internal economic environment and will adhere to a balanced approach in conducting monetary policy. In case of any risks to price stability, 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 January 27, 2025.

² According to preliminary data