

**Press-release**  
**The National Bank of the Kyrgyz Republic**  
**decreased the policy rate to 6 percent**

On May 30, 2016, the Board of the National Bank of the Kyrgyz Republic decided to decrease the policy rate by 200 basis points to 6,00 percent. The decision becomes effective on May 31, 2016.

Results of previously taken monetary policy measures are seen in decreasing inflation in the country. Decline in food prices and weakening of domestic demand supported this decrease in prices. Annual inflation rate in May, 2016 (as of May 20) was 0.2 percent and declined from 3.4 percent as of the beginning of the year.

The influence of external environment on the economy of Kyrgyzstan remains ambiguous. On the one hand, relatively stable and low prices for food and raw materials on external markets have restrained influence on domestic food prices. On the other hand, difficult economic situation in the main trading partners leads to the reduction of external demand on domestic production.

Reduction in domestic consumption and investment along with weakening of external demand and declining production volumes at the largest gold-mining company “Kumtor” led to economic decrease of 4.9 percent in January-April 2016. Excluding “Kumtor” there was a zero growth rate. For the monetary policy formulation and analysis, real GDP without “Kumtor” is more relevant indicator for the National Bank.

In the conditions of low inflationary pressure, weak indicators on economic development, taking into account the forecast of the inflation dynamics in the medium term, the National Bank decided to continue decreasing the policy rate. This decision allows supporting measures to stimulate the real economy while maintaining low inflationary risks.

Relatively weak demand and stable price dynamics for food in the world market will contribute to the slowdown of growth rates of consumer prices. Maintenance of the positive growth rates in domestic agricultural production will also support these factors.

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 June 27, 2016.