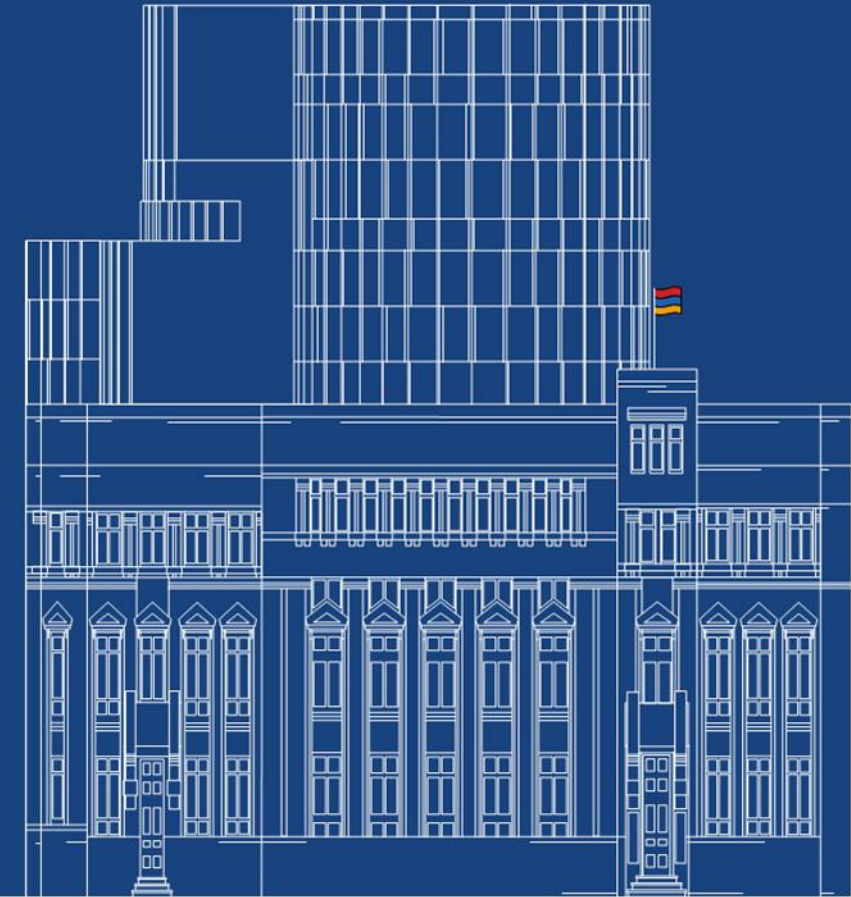




The Central Bank of Armenia

MONETARY POLICY DECISION

14. 03. 2023



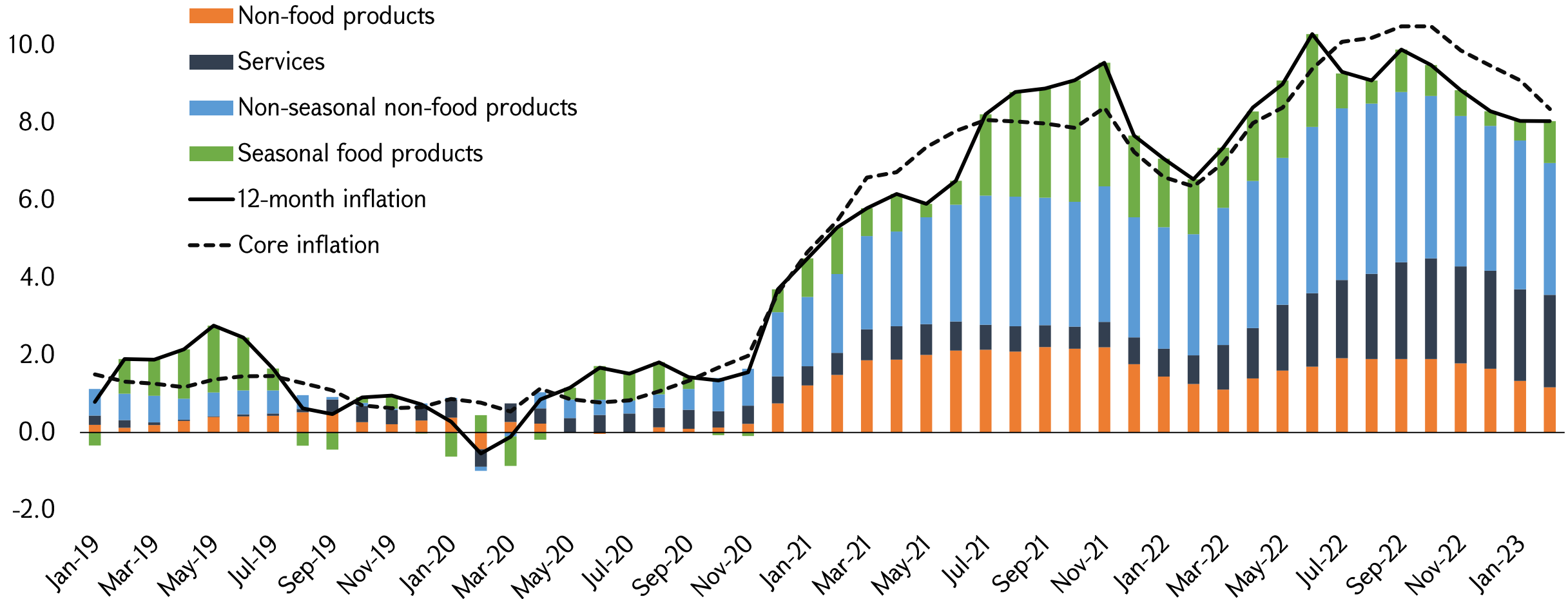
At today's meeting, the CBA Board decided
to leave the refinancing rate unchanged,
at 10.75%

The Lombard repo facility rate at 12.25%

The deposit facility rate at 9.25%

In February 2023, the 12-month inflation continued to decrease to 8.1% at the end of the month. The 12-month core inflation reduced as well, reaching 8.4%

Contribution to inflation (percentage point)

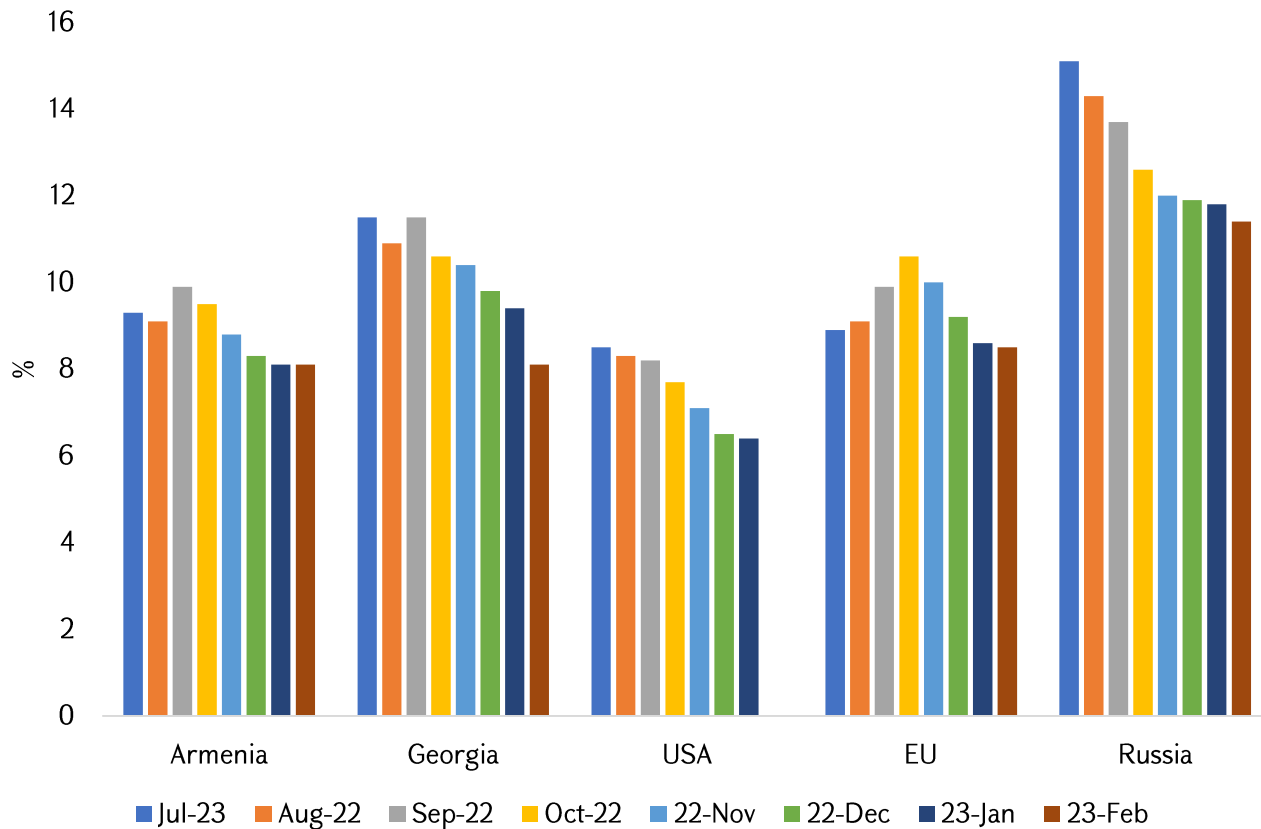


The inflationary effects of the global economy on the Armenian economy continue to weaken

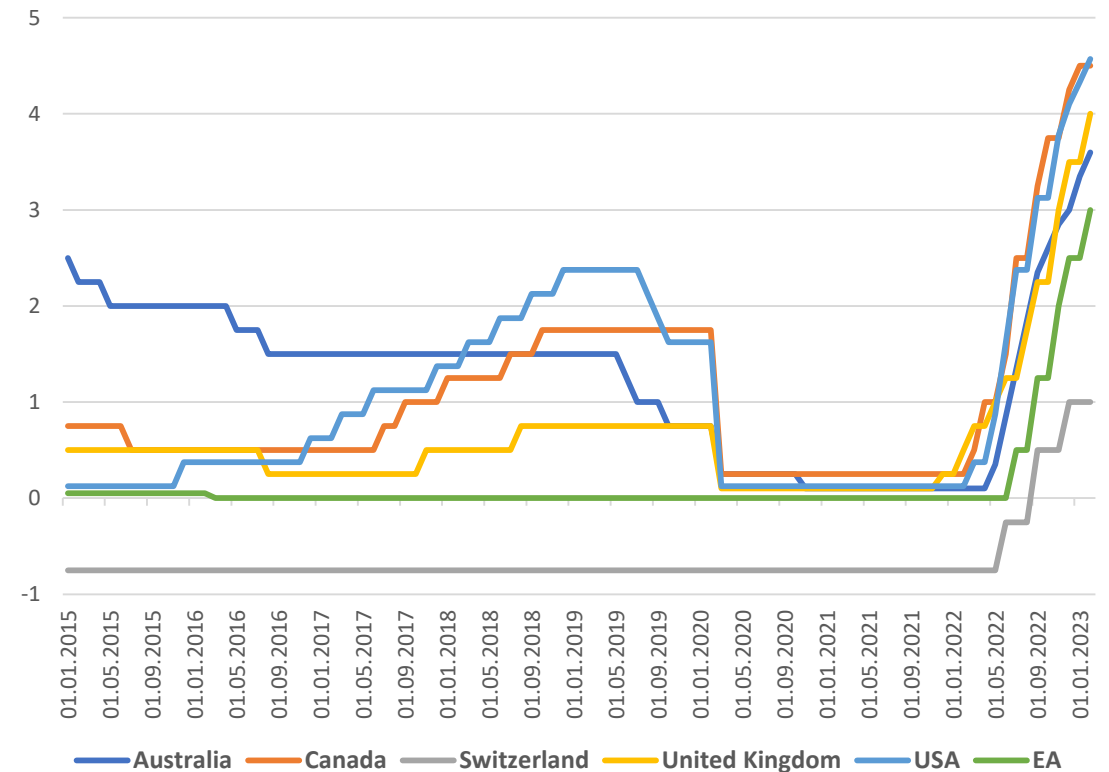
In the first quarter of 2023, the economic growth and the 12-month inflation in the world and main partner countries of Armenia are slowing down. However, the overall inflationary environment continues to remain elevated driven by still high demand and pressures coming from the labor market.

Central banks of developed countries will continue to tighten monetary conditions.

Inflation in partner Economies, YoY growth, %



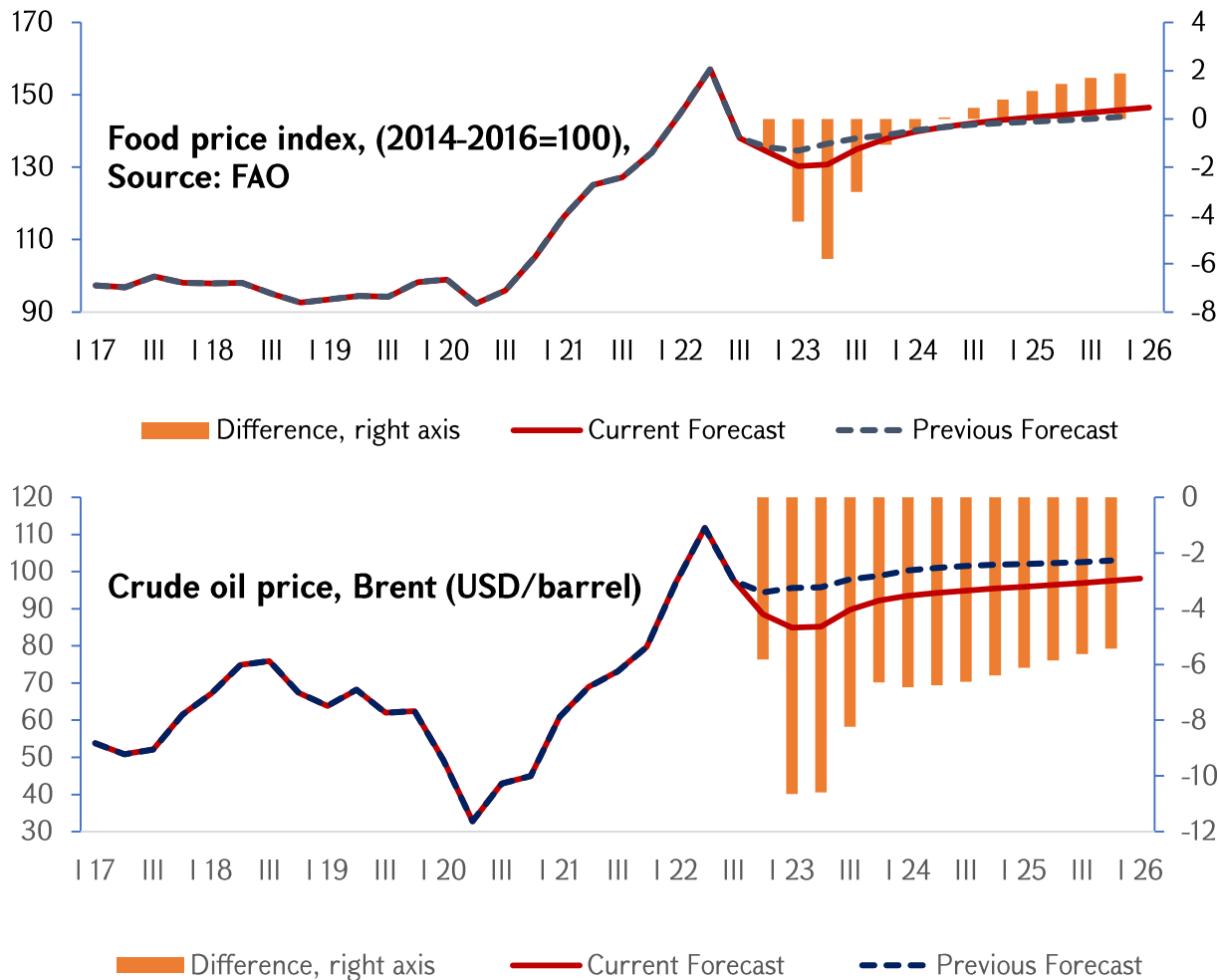
Policy rates in some developed economies, %



Source - BIS, Central banks of corresponding countries

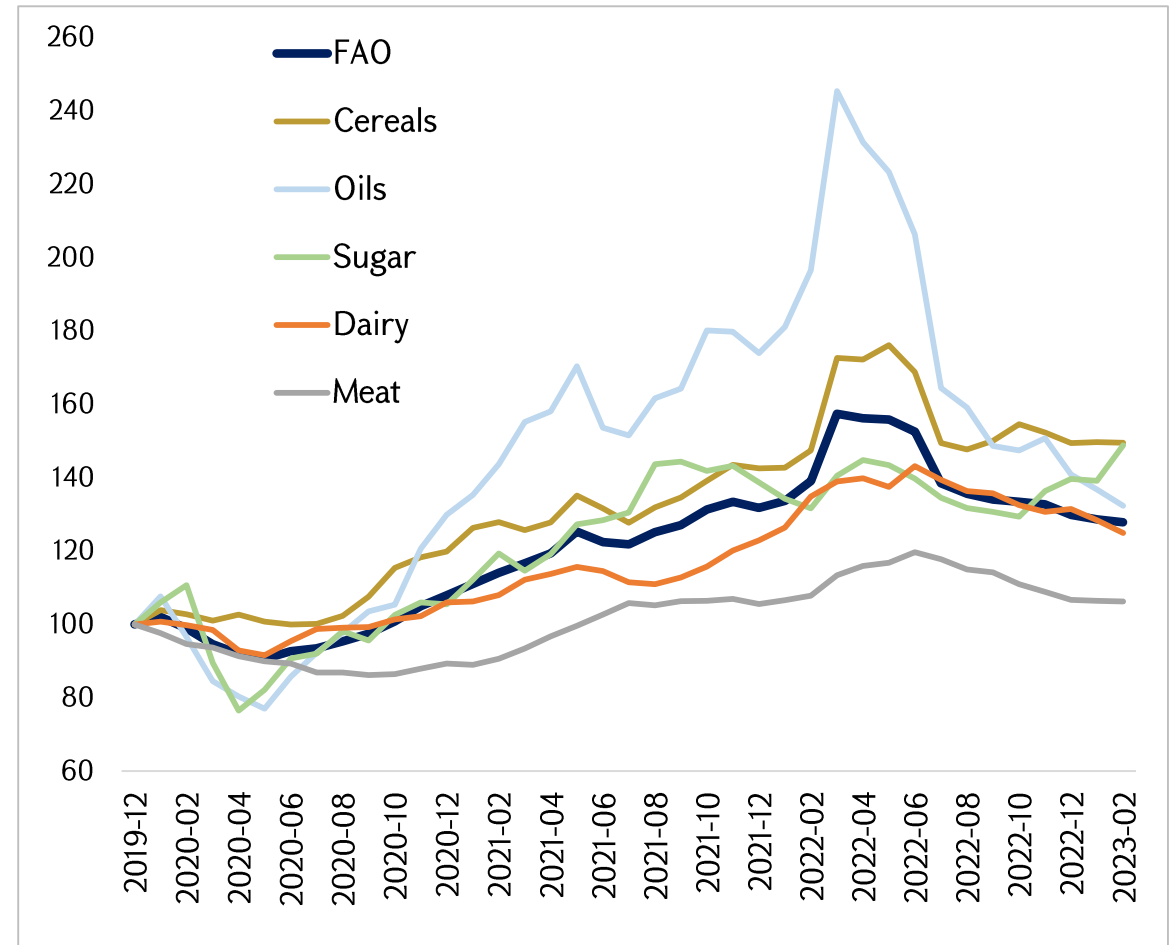
The inflationary effects of the global economy on the Armenian economy continue to weaken

Consistent tightening of monetary conditions in advanced economies will lead to a weakening of global demand and contribute to a certain drop in prices in international commodity markets.



Source: CBA Forecasts

International food price index, FAO (2019/12 = 100)

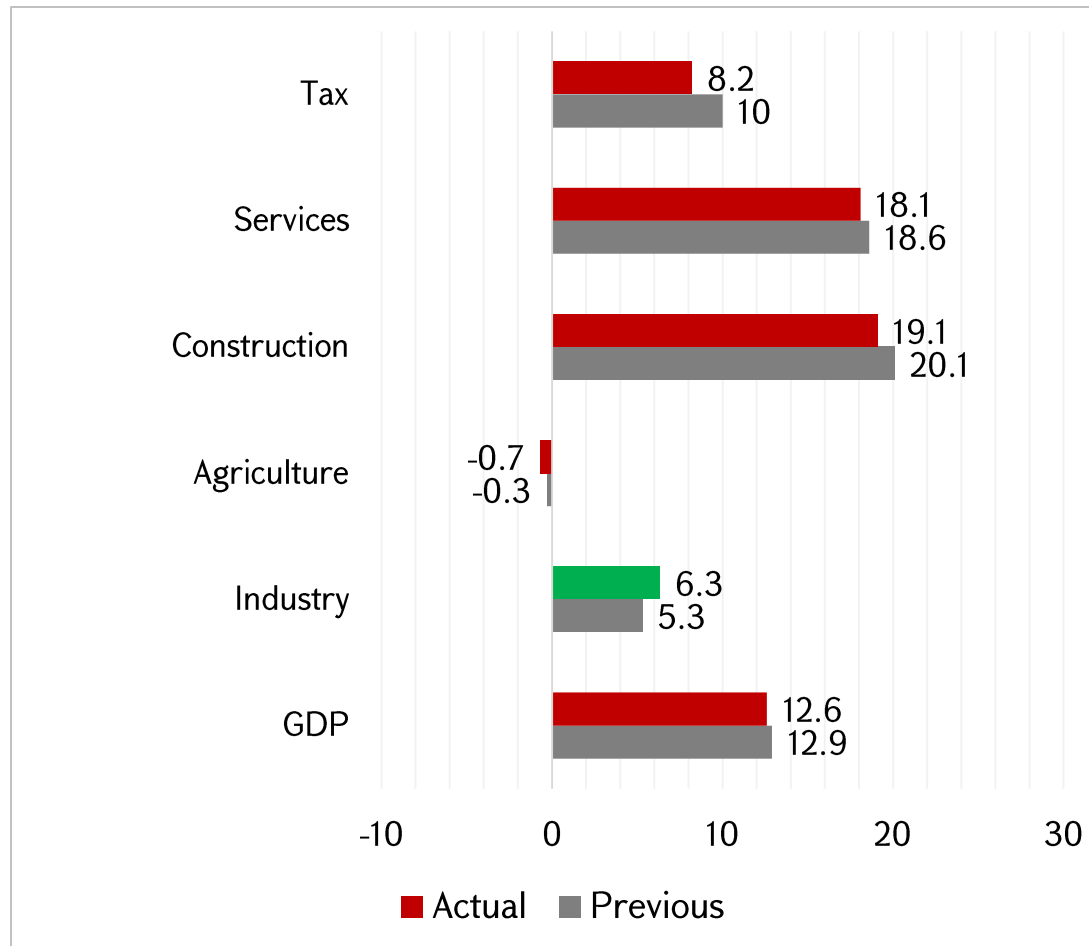


Source: www.fao.org

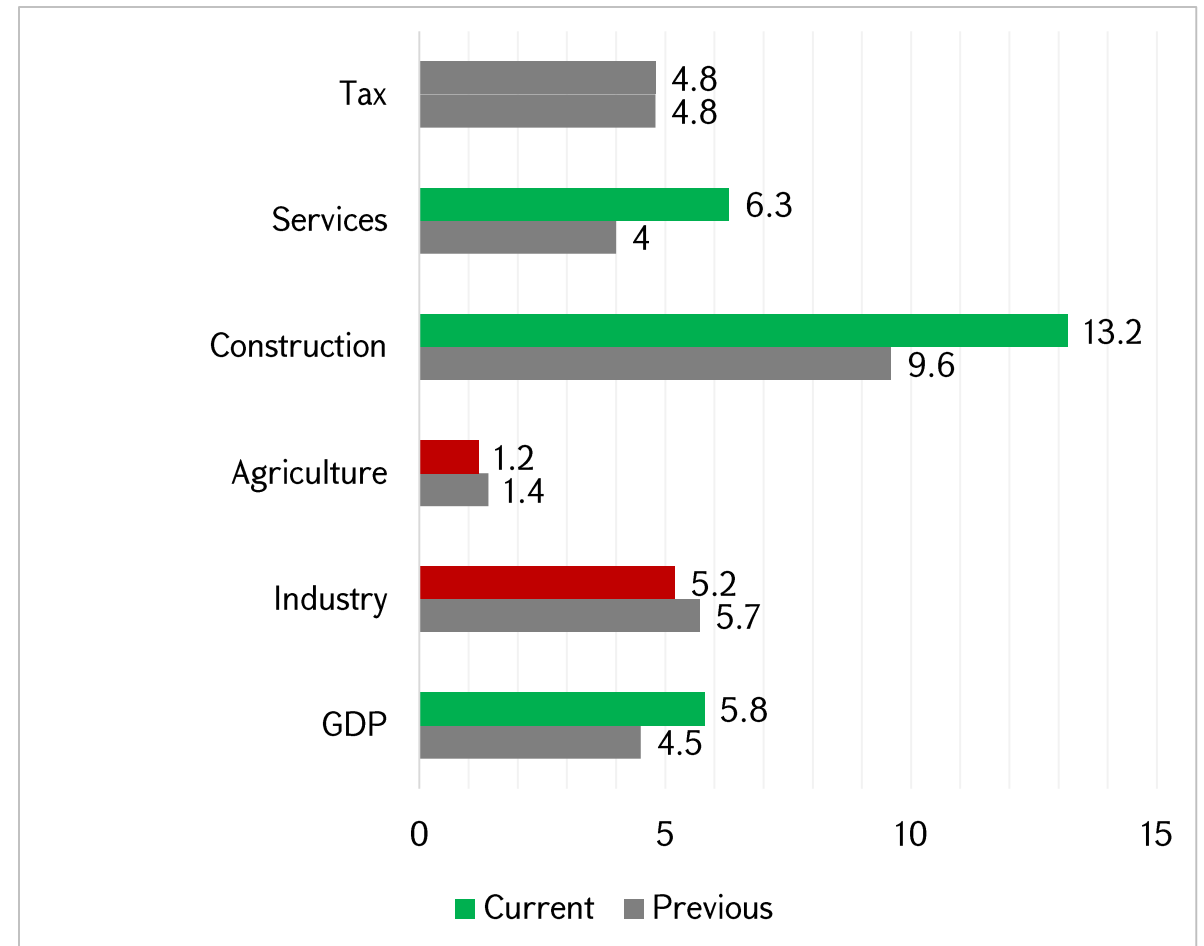
High activity in the domestic economy of Armenia in early 2023 is persisting

It continues to be driven by strong growth recorded in services and construction sectors. High activity is accompanied by increased export and GDP potential observable in industry and service sectors

GDP annual growth rate (2022)



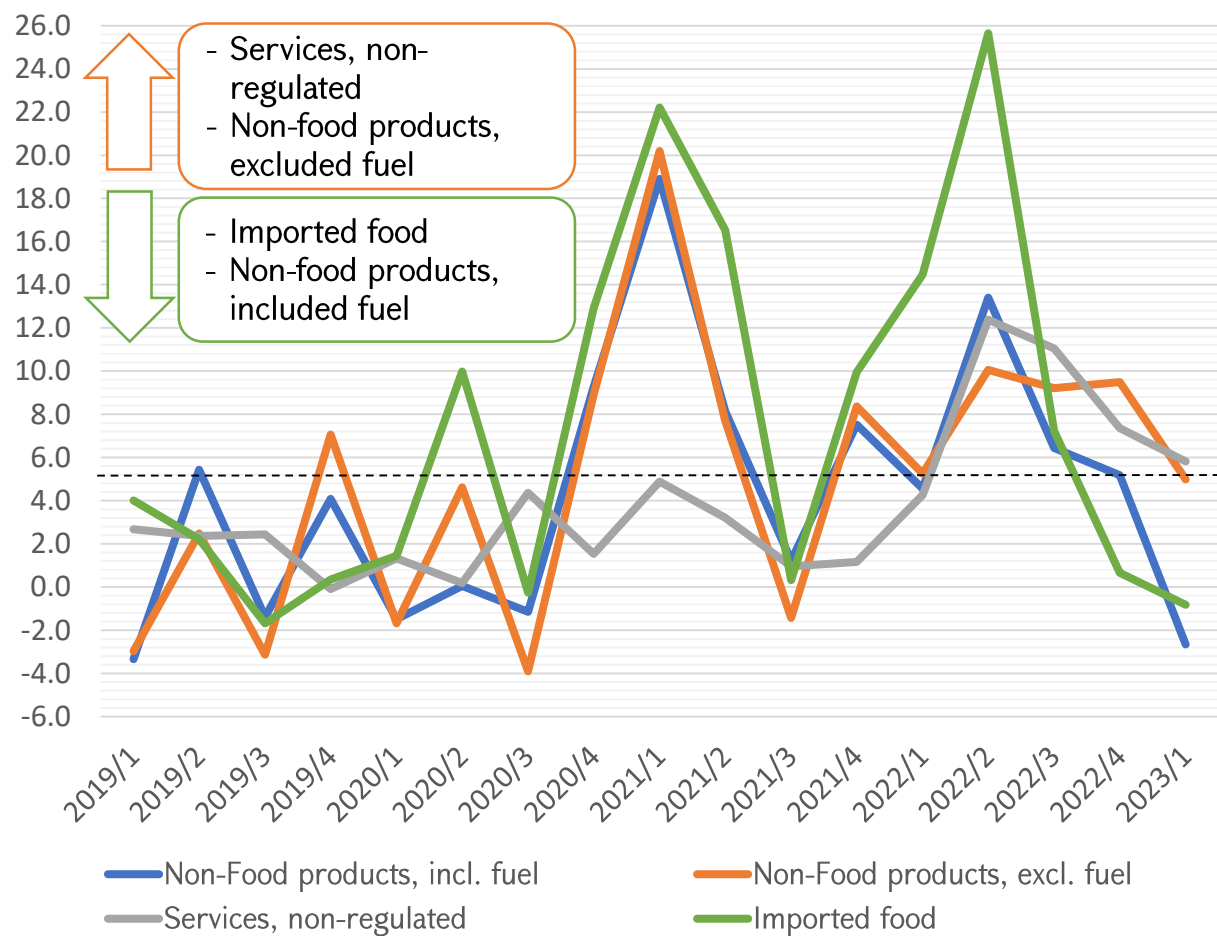
GDP annual growth rate (2023)



High demand and inflation expectations are still driving up wages and prices of certain goods and services

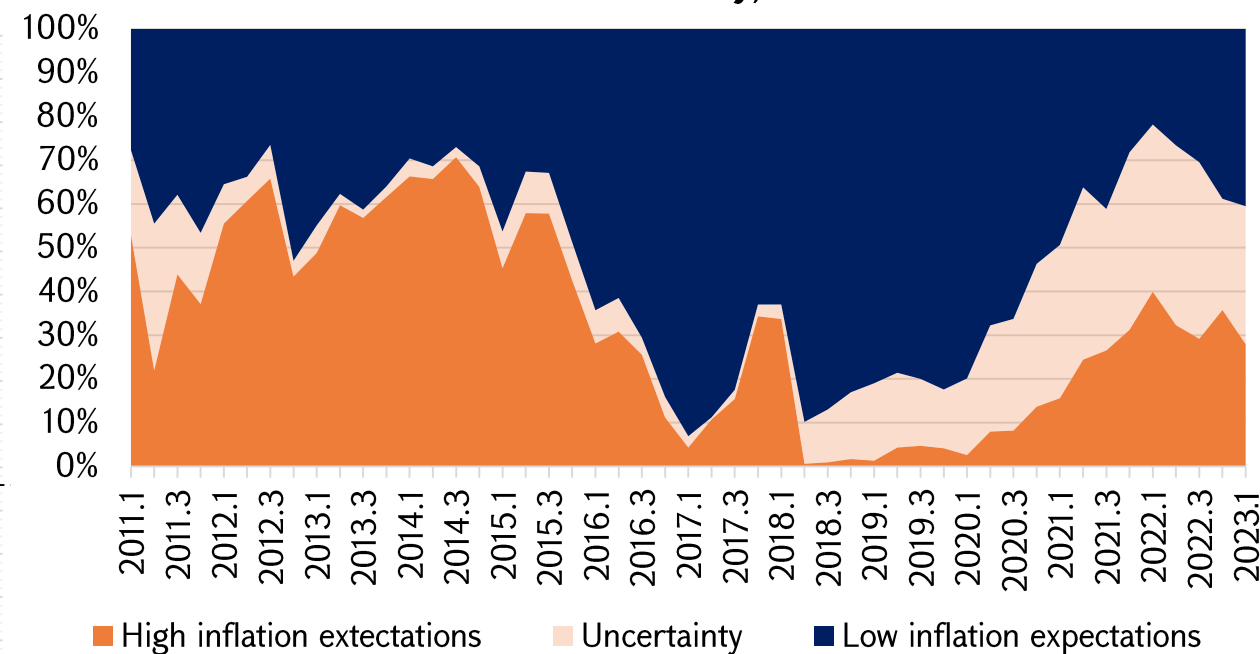
As a result of the implemented contractionary monetary policy, appreciation of the dram and weakened inflationary effects from the external sector, the overall inflationary environment in Armenia continues to mitigate

Some components of consumption basket, QoQ annualized



Source: Statistical Committee of RA

Share of high inflation expectations and uncertainty (Central Bank survey)



	2021.1	2021.2	2021.3	2021.4	2022.1	2022.2	2022.3	2022.4	2023.1
High inflation expectations	15.6	24.4	26.5	31.2	39.9	32.3	29.2	35.7	27.9
Uncertainty	35.0	39.4	32.4	40.6	38.2	41.1	40.4	25.4	31.6
Low inflation expectations	49.4	36.2	41.1	28.2	21.9	26.6	30.5	38.8	40.5

Source: Statistical Committee of RA

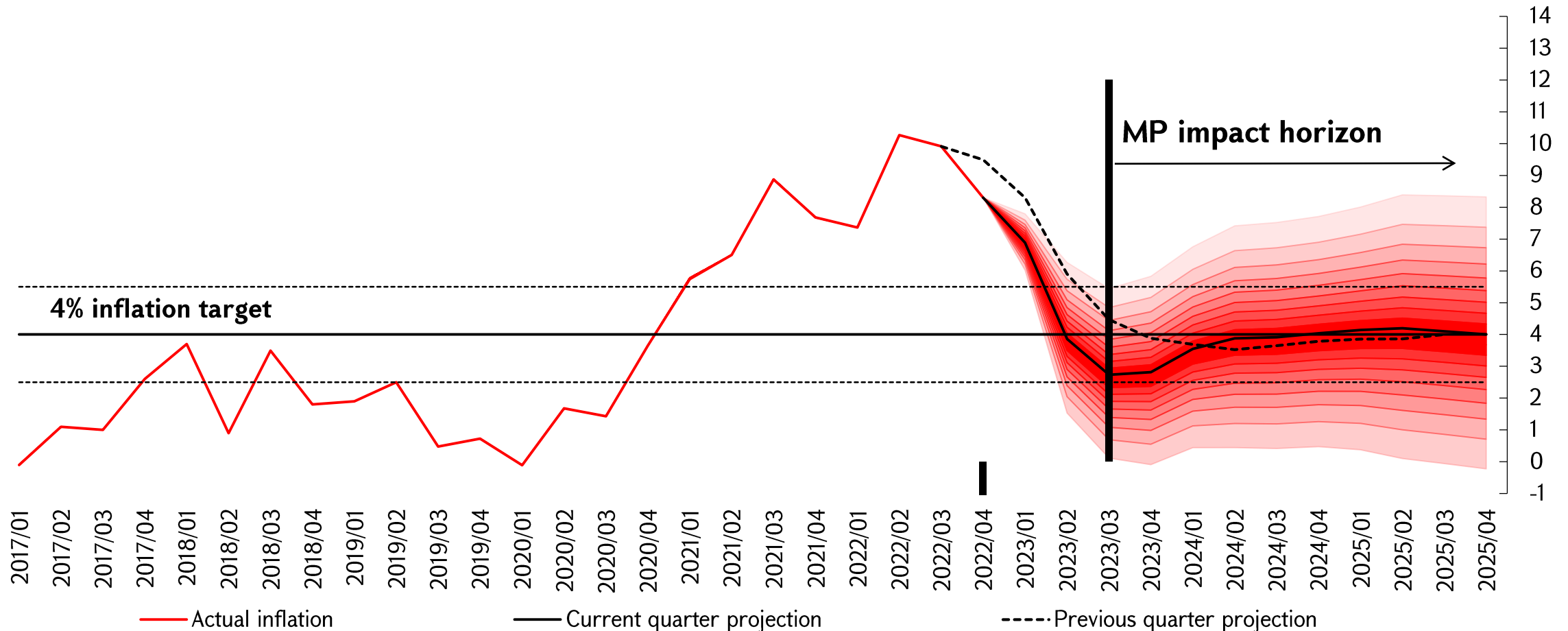
CBA BOARD

... finds it reasonable to leave the policy rate unchanged

The Board of the CBA will be committed to taking adequate actions to stabilize inflation and offset any risk of deanchoring inflation expectations.

According to the outlined monetary policy scenario, the 12-month inflation will gradually decrease and, from the second half of 2023, will stabilize around the 4% target

The Board of the CBA estimates that the risks of inflation deviation from the projected path are mainly balanced; should the risks materialize in any direction, the Board stands ready to respond accordingly in fulfilment of the price stability objective



Source: CBA forecasts



THANK YOU FOR ATTENTION

Detailed information on the basis for determining the interest rate can be found in the Inflation report (Monetary policy program, 2023 first quarter) to be published by March 28, 2023.

