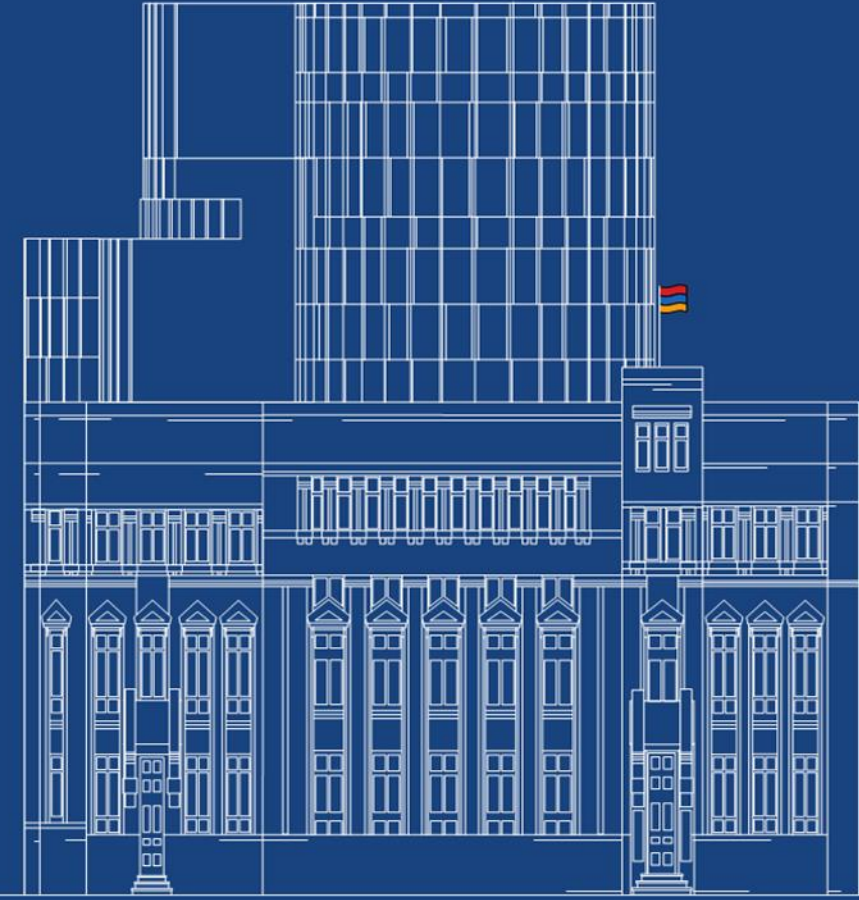




Central Bank of  
Armenia

# MONETARY POLICY DECISION

12. 09. 2023



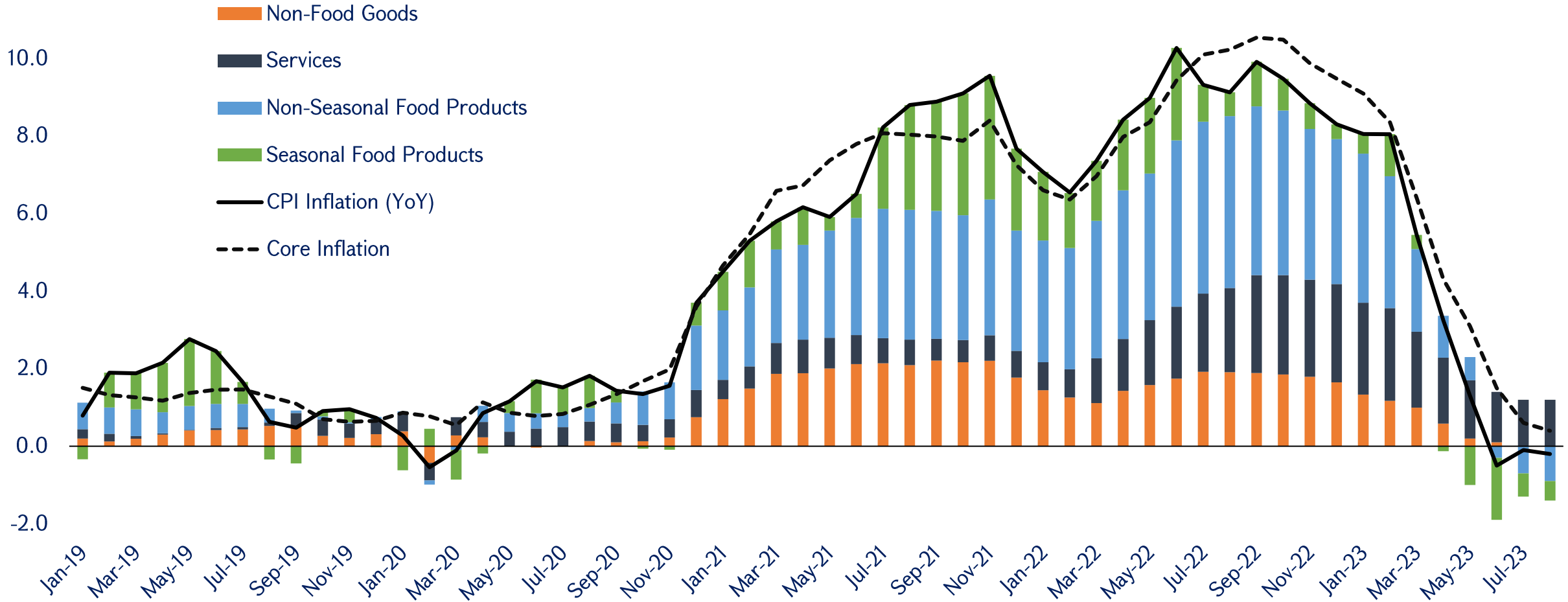
At today's meeting, the CBA Board decided  
to reduce the refinancing rate by 0.5  
percentage points to 9.75%

Lombard Repo Facility Rate: **11.25 %**

Deposit Facility Rate: **8.25 %**

In August 2023, YoY Inflation has Remained almost Unchanged, at -0.2%.  
Core Inflation has Continued to Decrease and Stands at 0.4% YoY.

### Contributions to Inflation (Percentage Point)



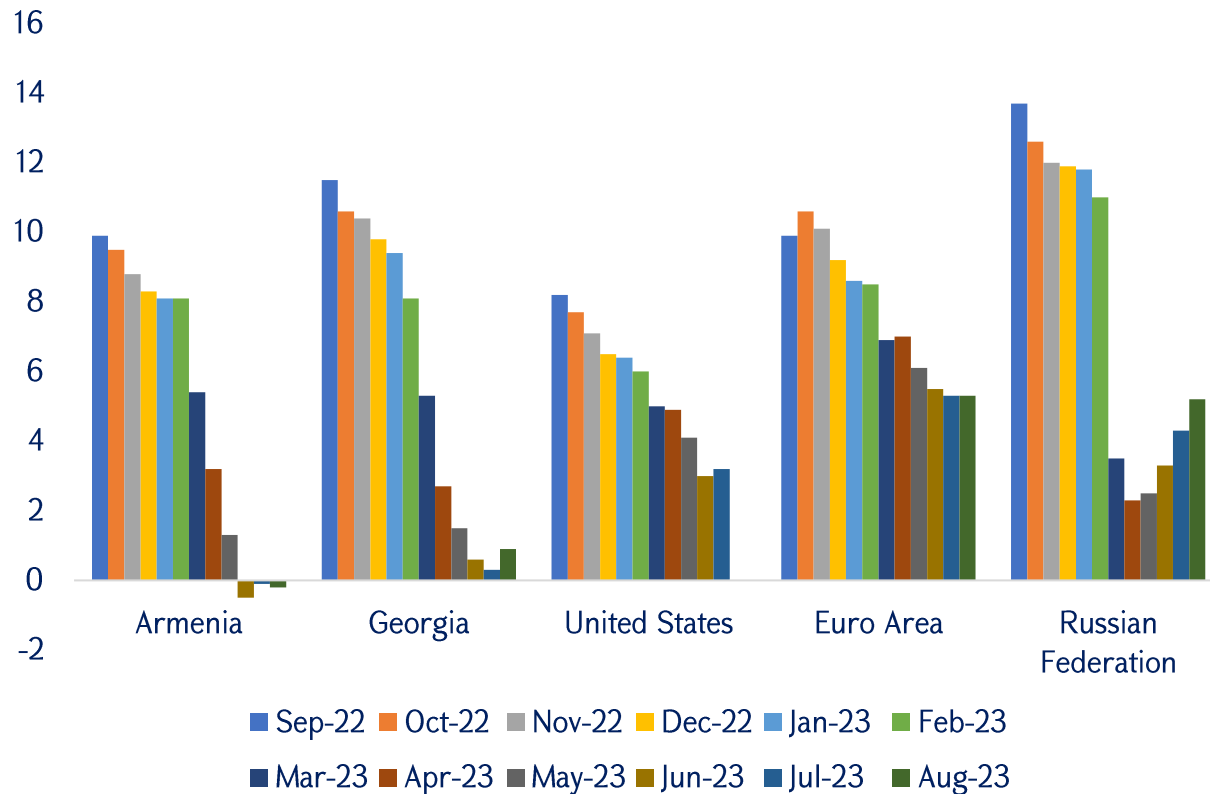
Source: Statistical Committee of the Republic of Armenia; Central Bank of Armenia

# Inflationary Effects from Global Economy on the Armenian Economy are Likely to Continue to Weaken

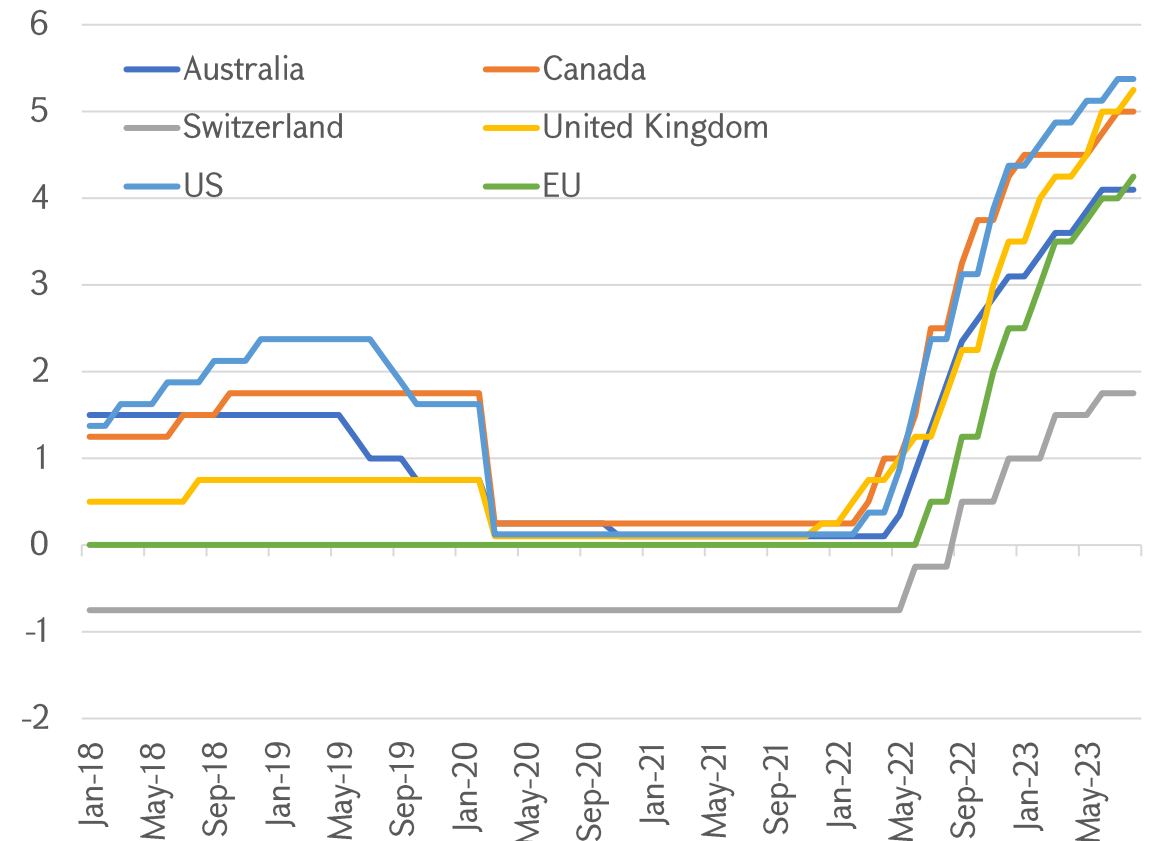
Risks for slowing global economic activity have meaningfully increased. In Armenia's key trading partner economies, year-over-year inflation continues to decline, though sticky prices and service inflation continue to remain elevated.

Advanced economy central banks are expected to continue to maintain relatively tight monetary policy

### Inflation in Key Trading Partner Economies, YoY Growth, %



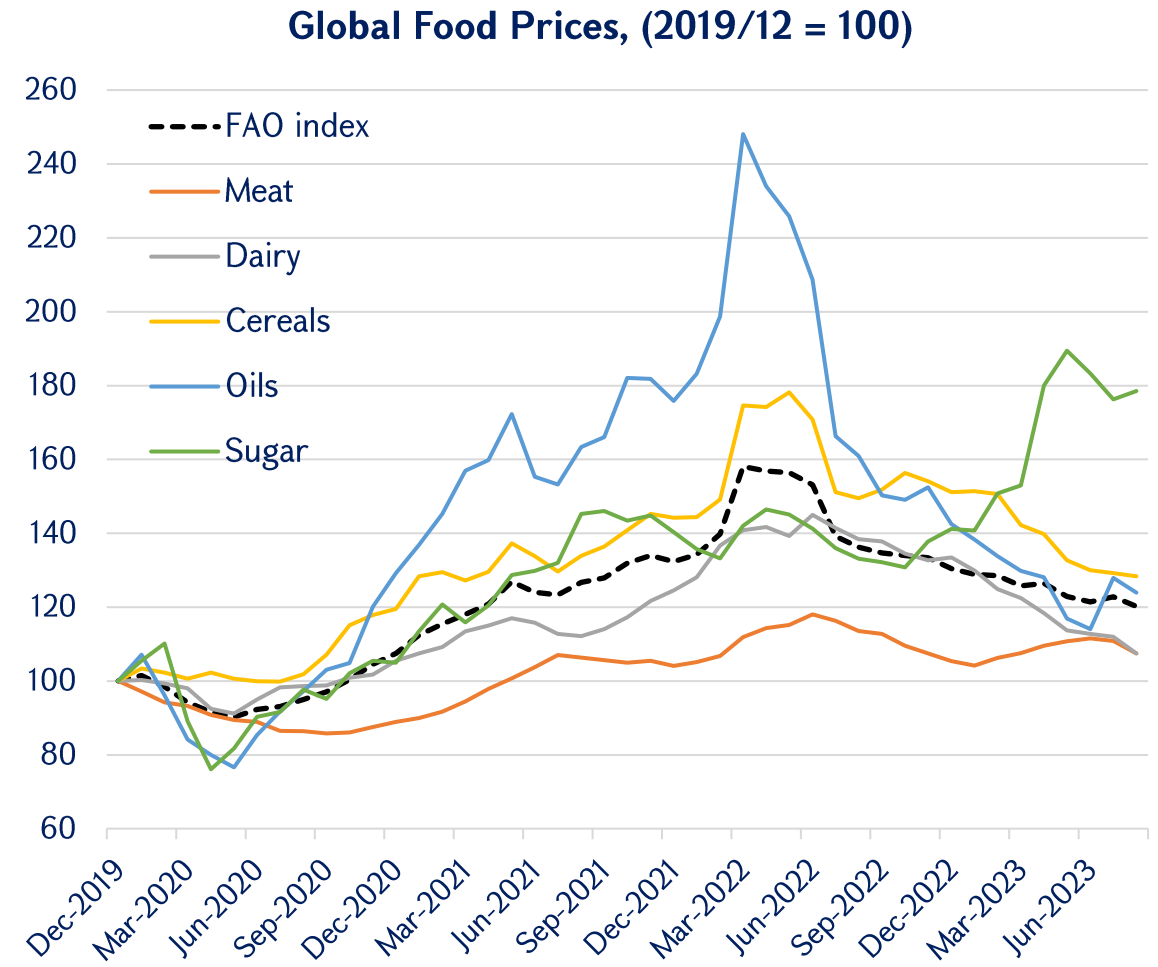
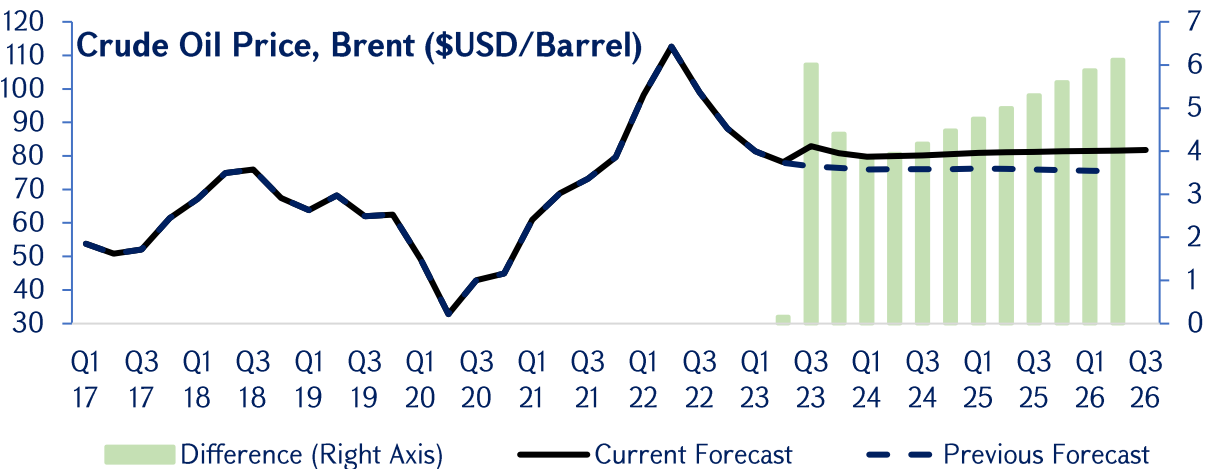
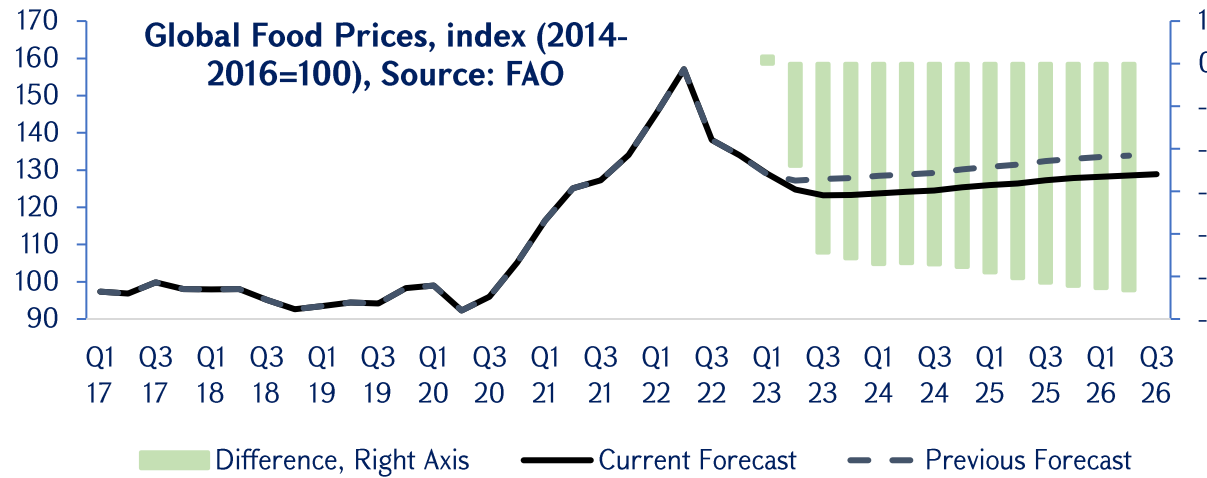
### Key Monetary Policy Rate in Advanced Economies, %



Source: BIS; Country central banks

# Inflationary Effects from Global Economy on the Armenian Economy are Likely to Continue to Weaken

Given tight financial conditions and slowdown in global economic activity, prices in global commodity markets will continue to remain at relatively low levels



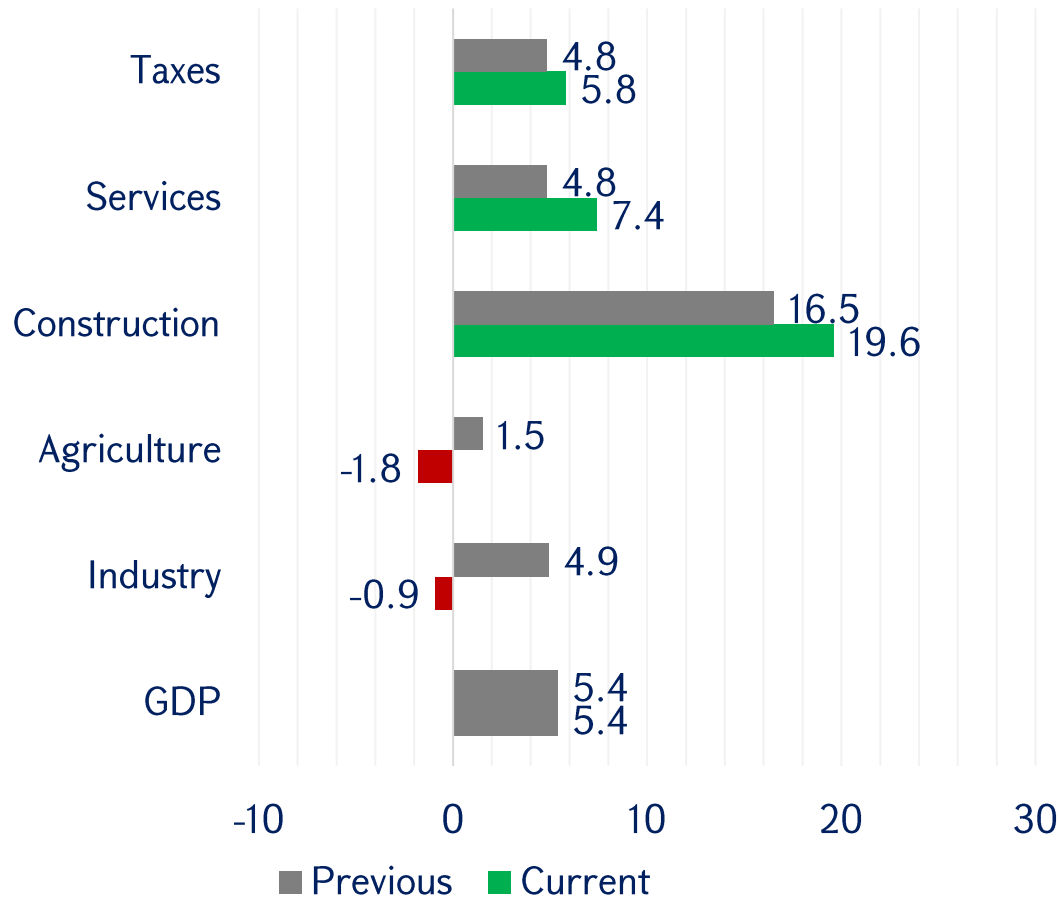
Source: CBA Forecasts

Source: UN FAO

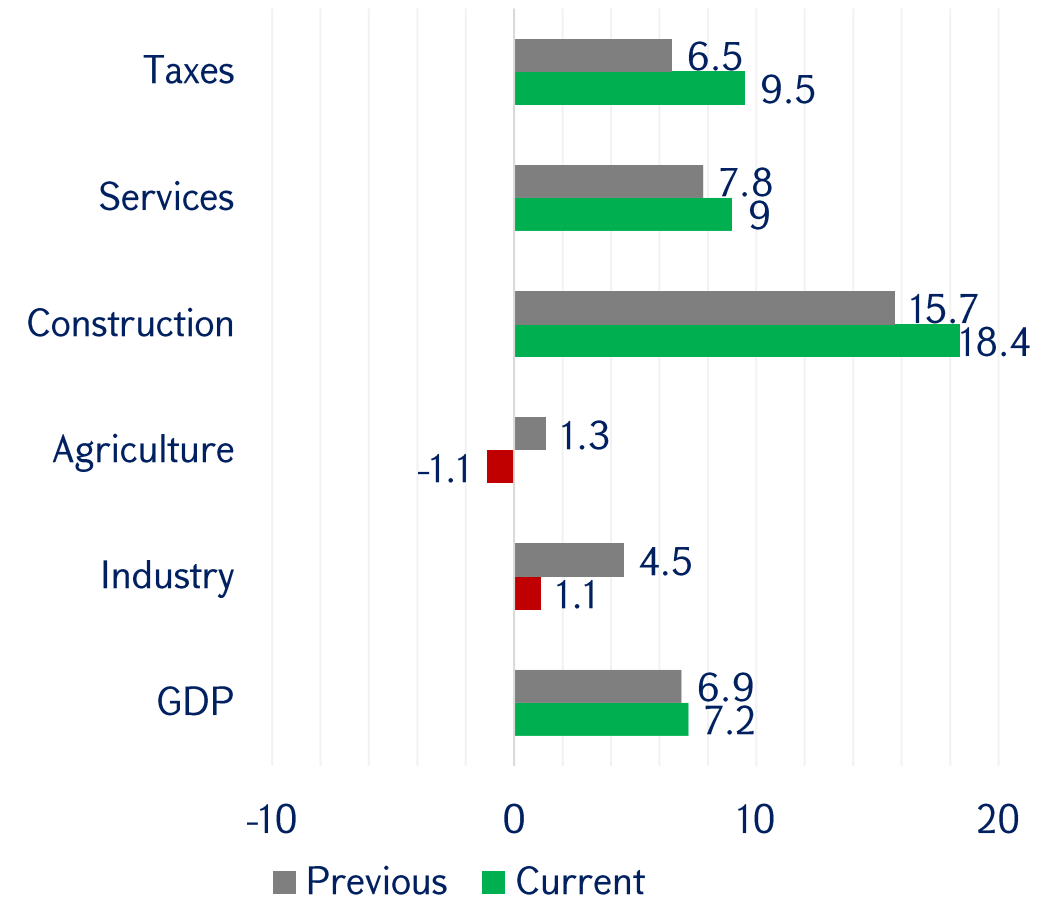
# Robust Economic Growth in Armenia has Somewhat Moderated in Q3, but Remains at Elevated Levels

Economic growth continues to be driven by high growth in construction and service sectors

## GDP Annual Growth Rate (2023Q3)



## GDP Annual Growth Rate (2023Q3)

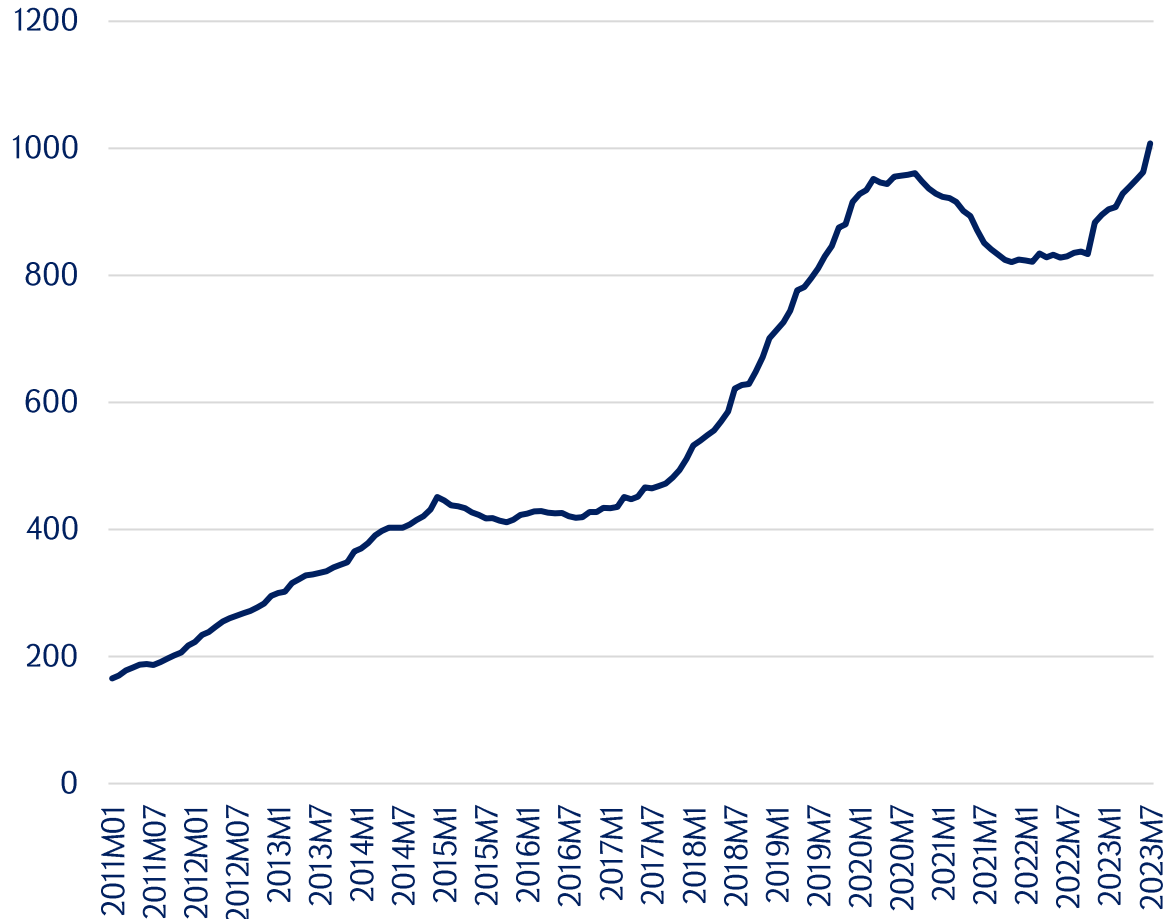


Source: Statistical Committee of the Republic of Armenia; Central Bank of Armenia

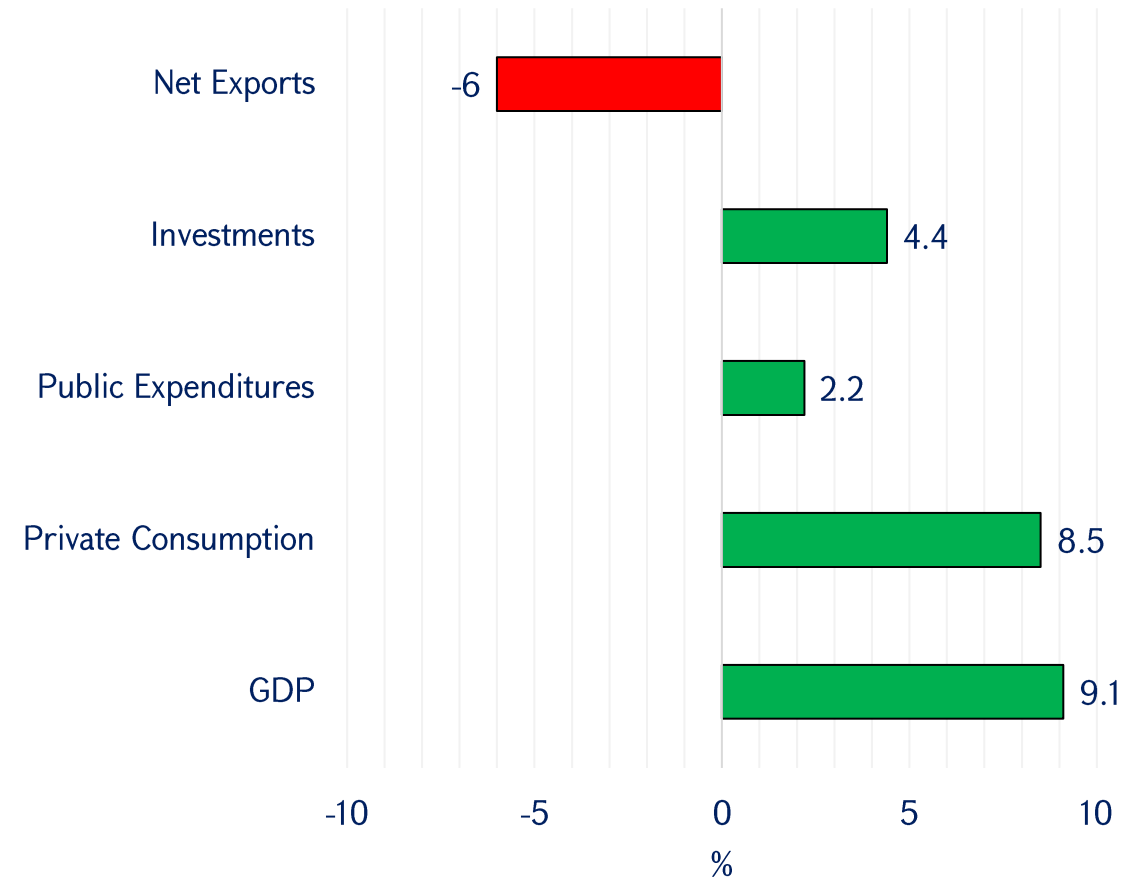
# Robust Economic Growth in Armenia has Somewhat Moderated in Q3, but Remains at Elevated Levels

High growth in construction and services bear the effects of strong domestic and external demand in the economy

### Consumer Loans, Billion AMD



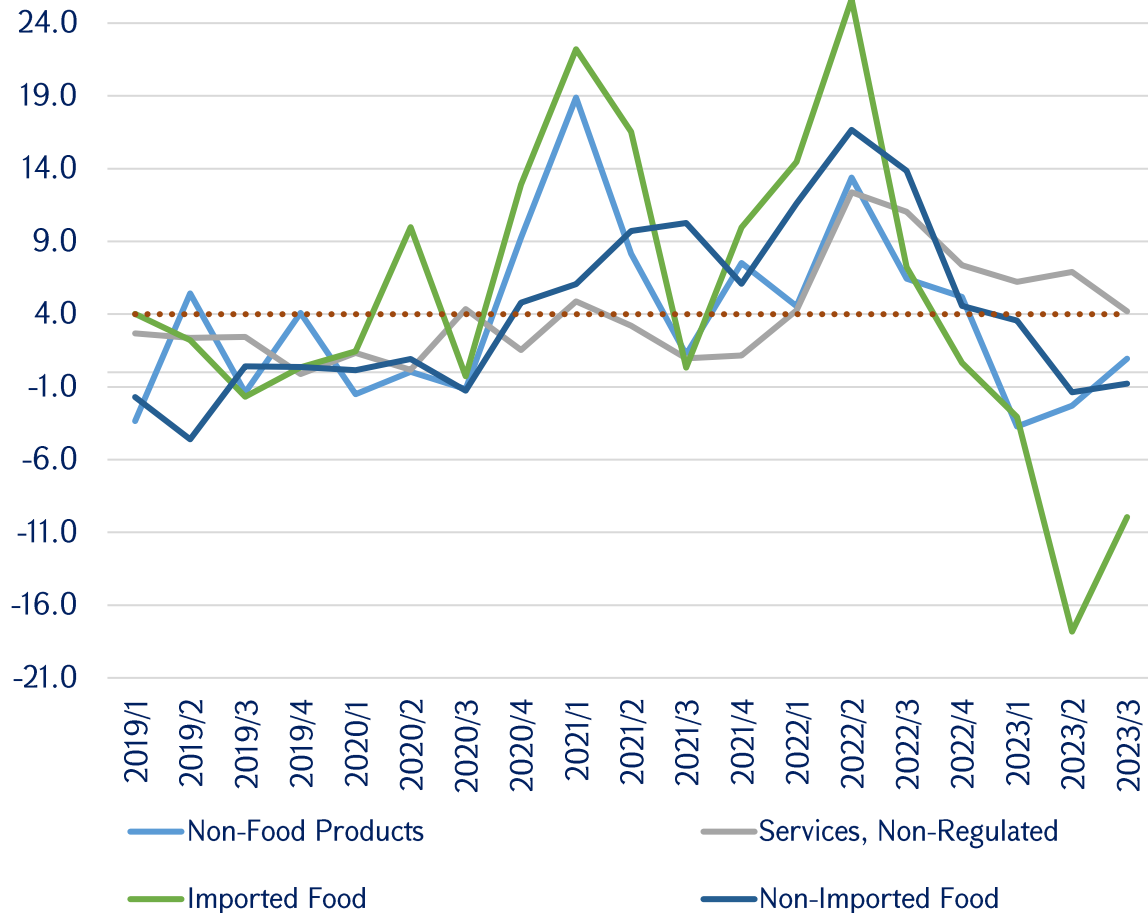
### Expenditure Contributions to GDP Growth, 2023Q2



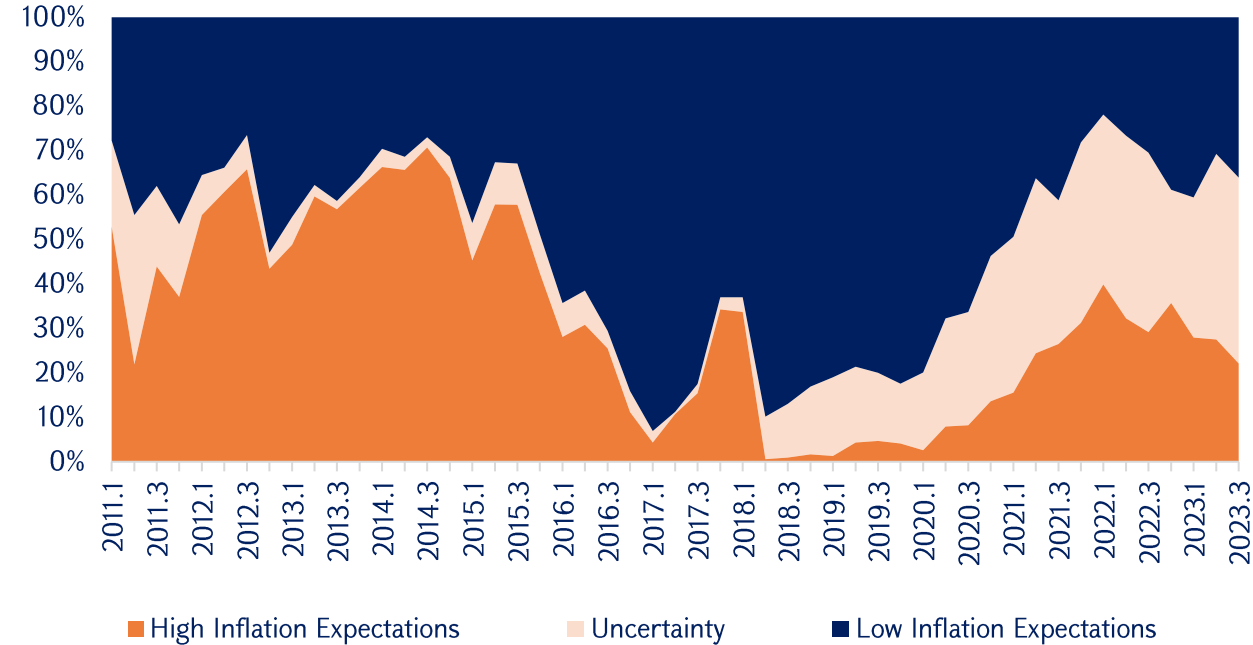
# High Demand Contributing to Inflation and Inflation Expectations Have Both Somewhat Decreased, Given Deflationary Effects from the External Sector, the Contractionary Monetary Policy Implemented to Date, and the Appreciation of the Dram

However, inflation in services and some goods is adjusting relatively slowly.

### Primary Components of Consumption Basket, QoQ Annualized



### Survey of Inflation Expectations (CBA Survey)



	2021.3	2021.4	2022.1	2022.2	2022.3	2022.4	2023.1	2023.2	2023.3
High Inflation Expectations	26.5	31.2	39.9	32.3	29.2	35.7	27.9	27.5	22.1
Uncertainty	32.4	40.6	38.2	41.1	40.4	25.4	31.6	41.8	41.8
Low Inflation Expectations	41.1	28.2	21.9	26.6	30.5	38.8	40.5	30.8	36.1

Source: Statistical Committee of the Republic of Armenia; Central Bank of Armenia

Source: CBA



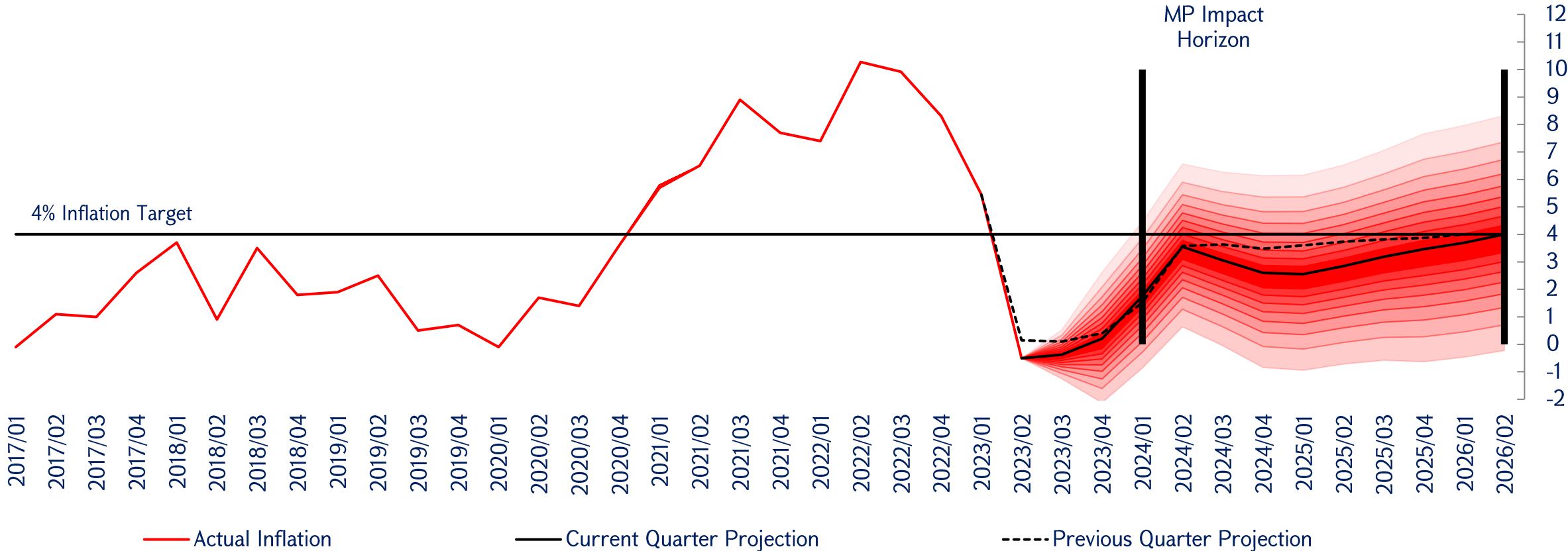
# THE CBA BOARD

**... finds it appropriate to reduce the  
policy rate**

The Board of the CBA will continue to be prudent in taking appropriate action to handle demand and stabilize inflation expectations.

# According to the Outlined Monetary Policy Scenario, YoY Inflation will Remain below Target Levels, and Gradually Begin to Increase, Stabilizing around the Target of 4% in the Medium Term

The Board of the CBA assesses that the risks of inflation deviating from the projected path are mainly balanced; should risks materialize in any direction, the Board stands committed to responding accordingly to fulfill its price stability objective.



Source: CBA Forecasts



Central Bank of  
Armenia

# THANK YOU FOR YOUR ATTENTION

Detailed information on the basis for determining the interest rate can be found in the Inflation Report (Monetary Policy Program, 2023 Third Quarter), to be published by September 27, 2023.

