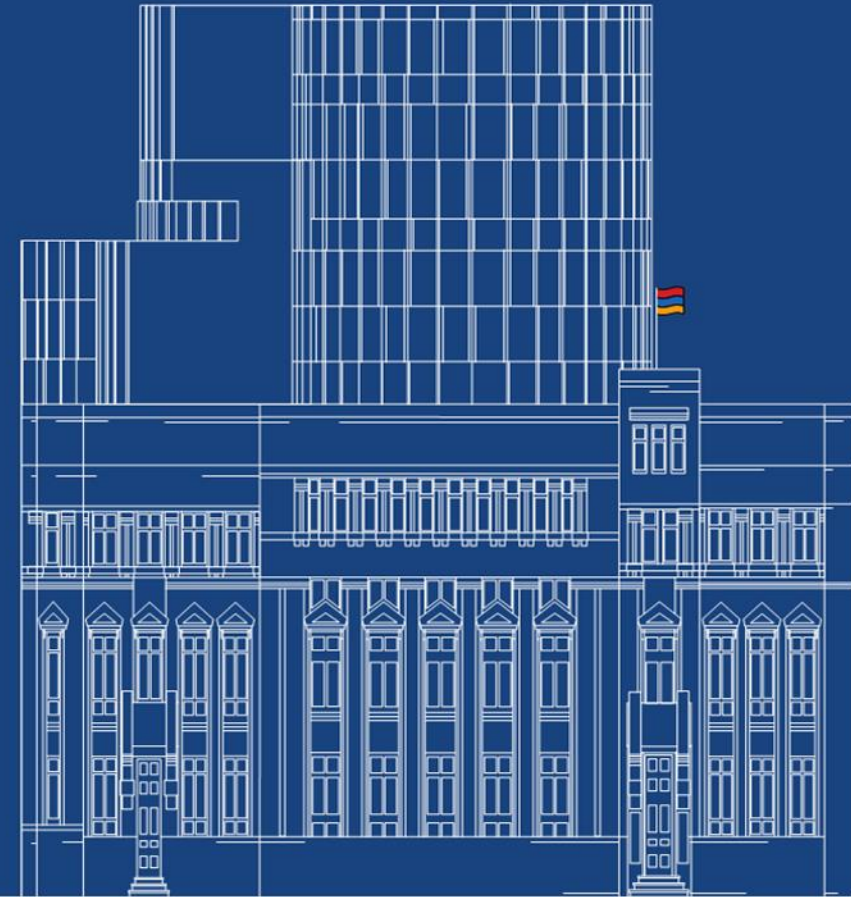




Central Bank of
Armenia

MONETARY POLICY DECISION

12.12.2023



At today's meeting, the CBA Board decided

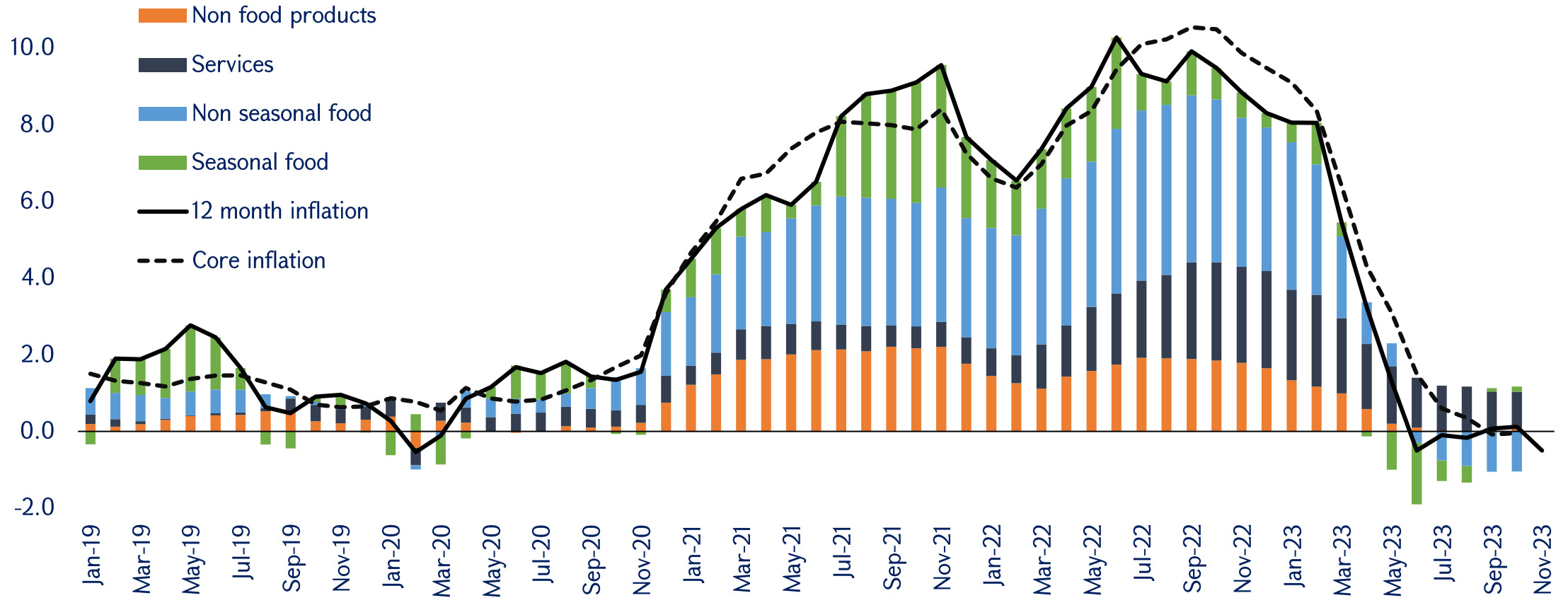
to reduce the refinancing rate by 0.25
percentage points to 9.25%.

Lombard Repo Facility Rate: **10.75%**

Deposit Facility Rate: **7.75%**

In November 2023, the 12-month inflation decreased, amounting to -0.5% at the end of the month. The 12-month core inflation in October stood at 0.0%.

Contributions to Inflation (Percentage Point)



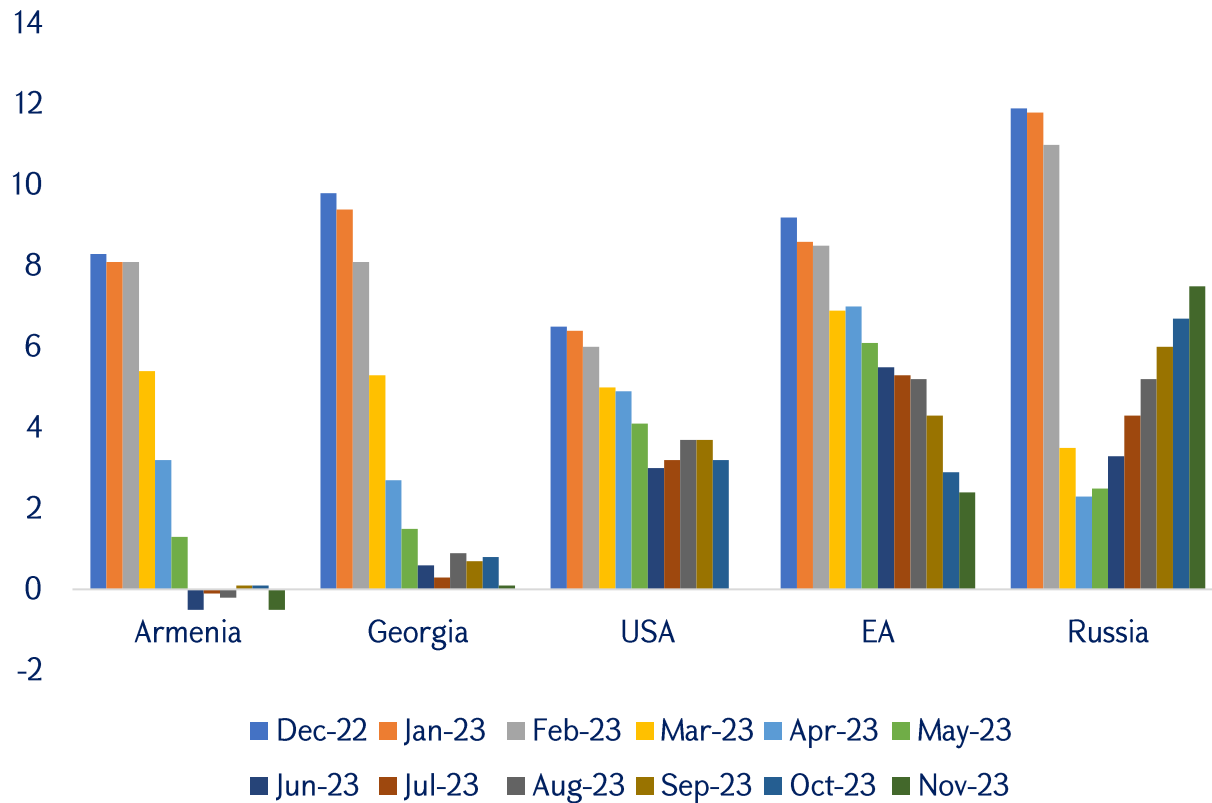
Source: Statistical Committee of the Republic of Armenia; Central Bank of Armenia

The effects on the Armenian economy from the external sector are expected to be deflationary.

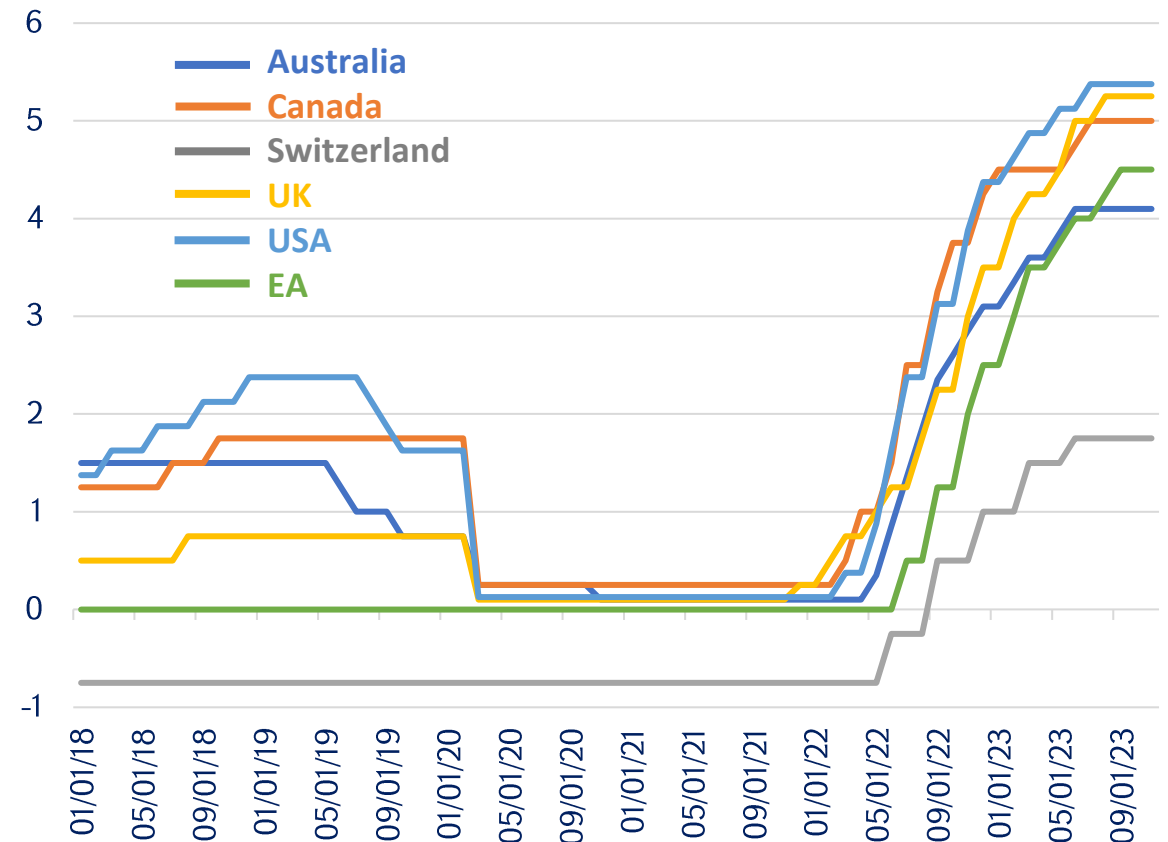
In the fourth quarter, economic activity globally and in the main trading partner countries of the Republic of Armenia continues to slow. This is reflected in declining international commodity prices and softening global inflation rates.

In this context, the central banks of trading partner countries will maintain relatively contractionary monetary conditions in the near future.

Inflation in Key Trading Partner Economies, YoY Growth, %



Key Monetary Policy Rate in Advanced Economies, %



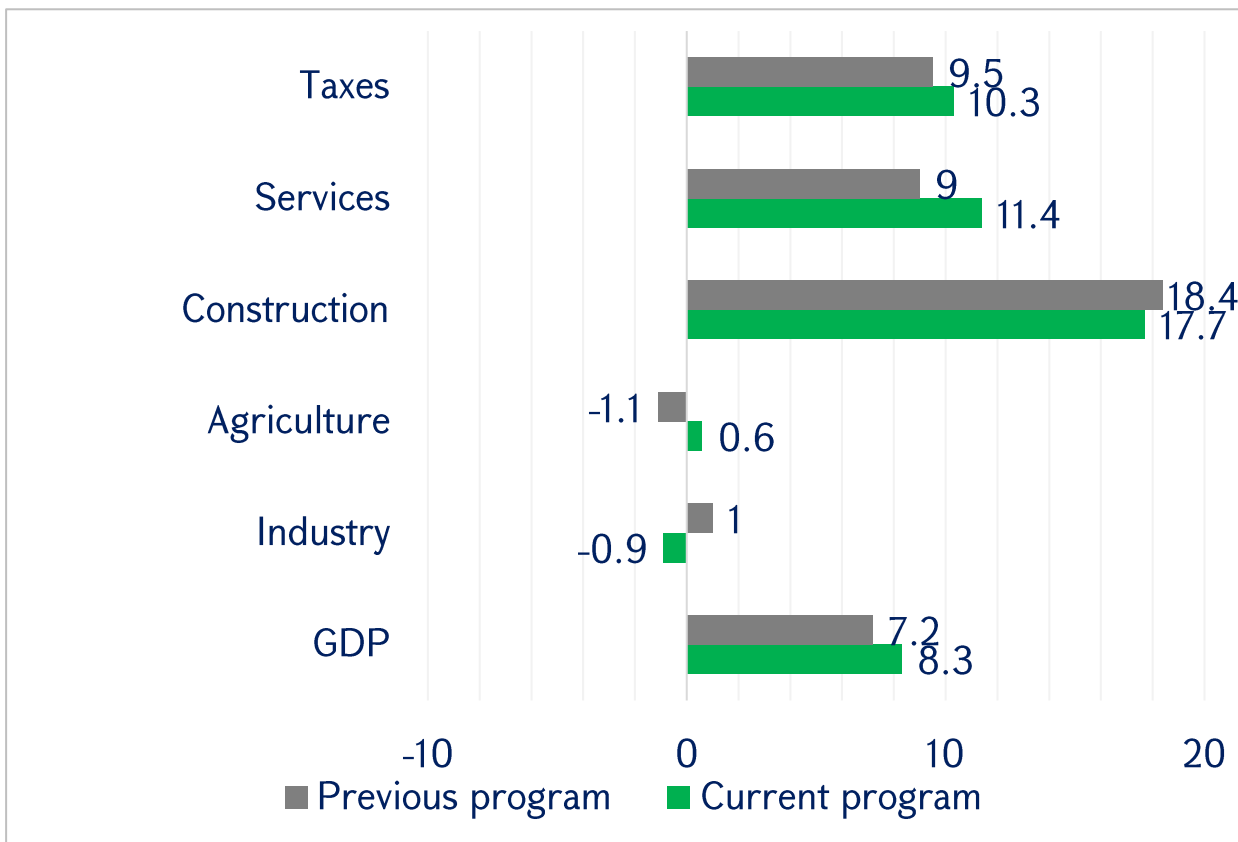
Source: BIS; Country central banks

Economic activity in the Republic of Armenia remains strong in the fourth quarter.

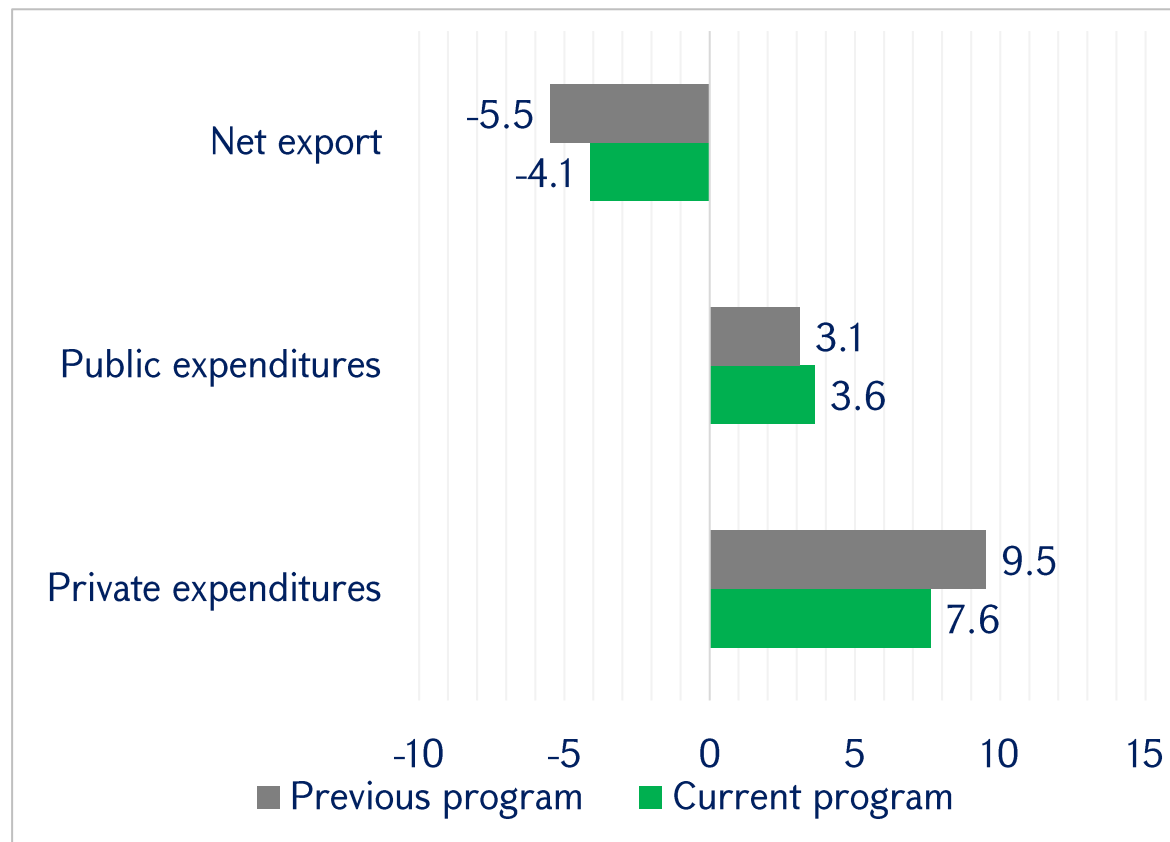
driven by high growth in the construction and services sectors.

While external demand is slowing, domestic demand continues to remain robust, driven by strong growth in private consumption.

GDP Annual Growth Rate (2023)

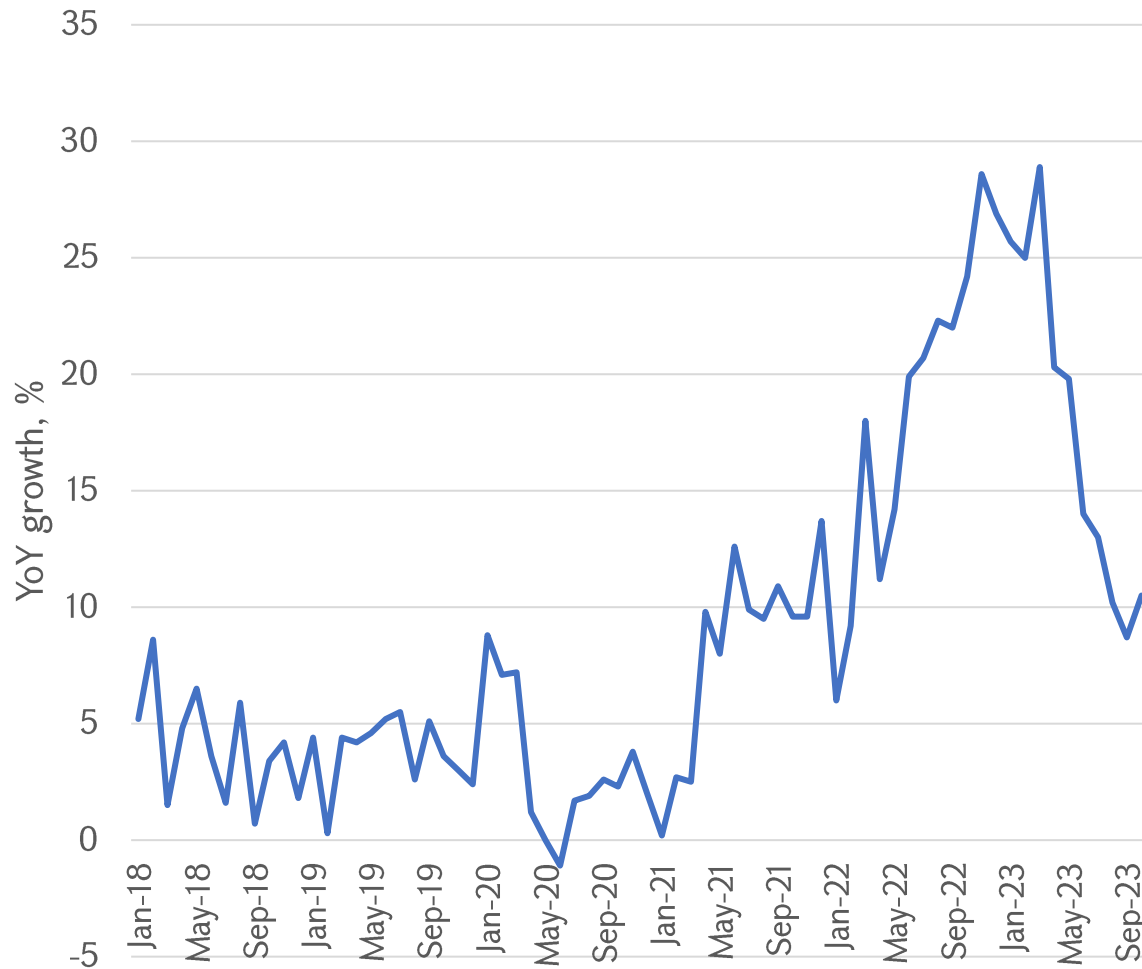


GDP Annual Growth Rate (2023)



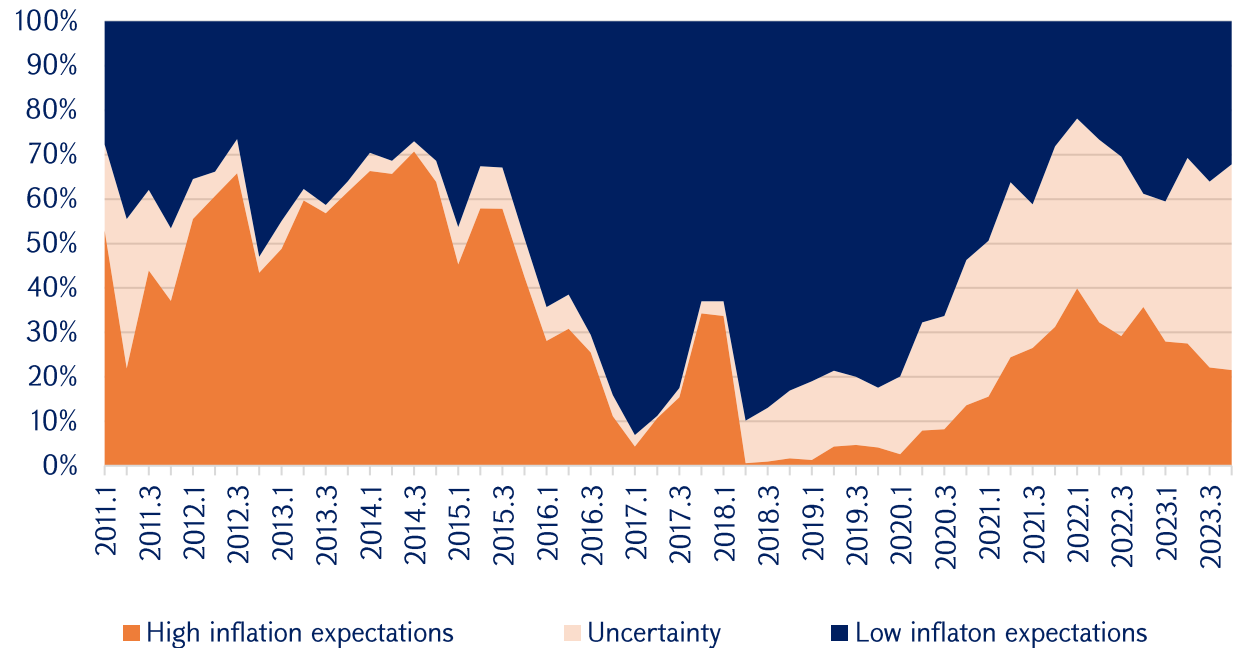
Given weak deflationary pressures from the external sector as well as the implemented contractionary monetary policy stance, the inflationary environment remains low, which is also reflected in a somewhat slower pace of wage growth as well as somewhat lower inflation expectations.

Private nominal wage growth



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

Share of inflation expectations and uncertainty (CBA survey)



	2021.4	2022.1	2022.2	2022.3	2022.4	2023.1	2023.2	2023.3	2023.4
High Inflation expectations	31.2	39.9	32.3	29.2	35.7	27.9	27.5	22.1	21.5
Uncertainty	40.6	38.2	41.1	40.4	25.4	31.6	41.8	41.8	46.3
Low inflation expectations	28.2	21.9	26.6	30.5	38.8	40.5	30.8	36.1	32.2

Source: Central Bank of Armenia

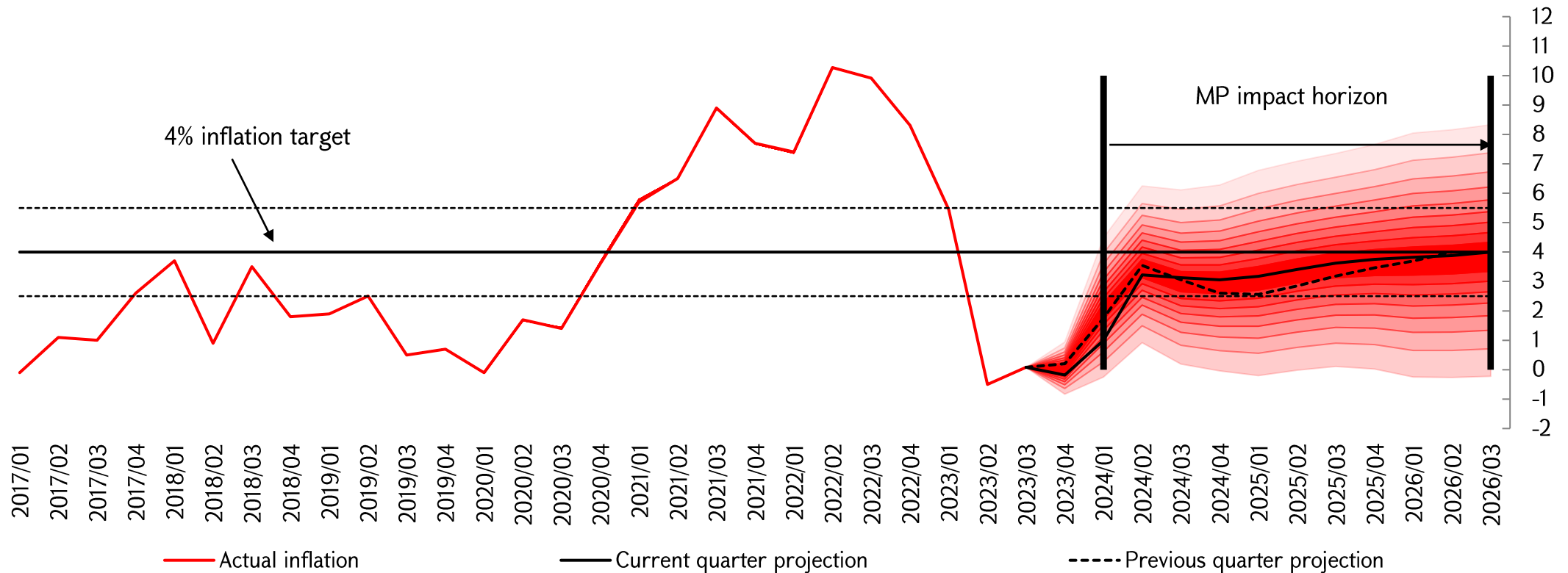
THE CBA BOARD

**... 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.

As outlined in the monetary policy scenario, the 12-month inflation will remain below the target level in the near term, and then gradually increase and stabilize around the 4% target in the medium term.

The Board estimates that the risks to inflation deviating from the projected path are mostly balanced. In the event these risks materialize in either direction, the Board will respond accordingly and ensure that the price stability objective is met.





Central Bank of
Armenia

THANK YOU FOR YOUR ATTENTION

Detailed information underlying the setting of interest rate can be found in the Inflation Report (Monetary Policy Program, for the fourth quarter of 2023), to be published by December 26, 2023.

