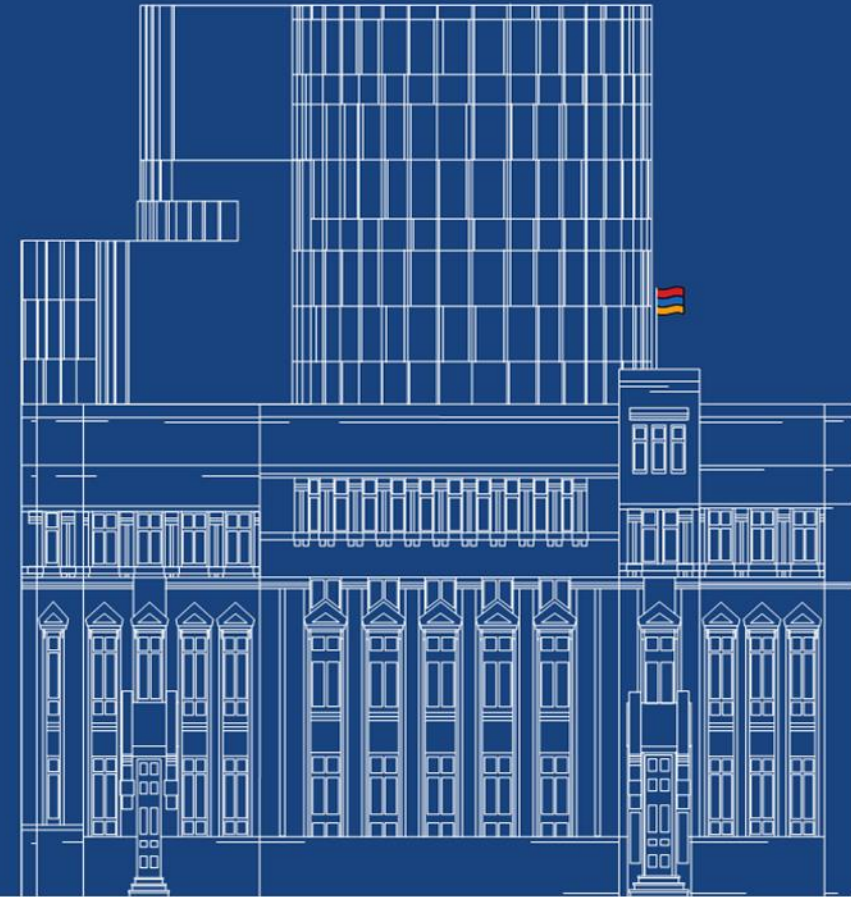




Հայաստանի  
Հանրապետության  
Կենտրոնական բանկ

# MONETARY POLICY DESICION

02.05.23





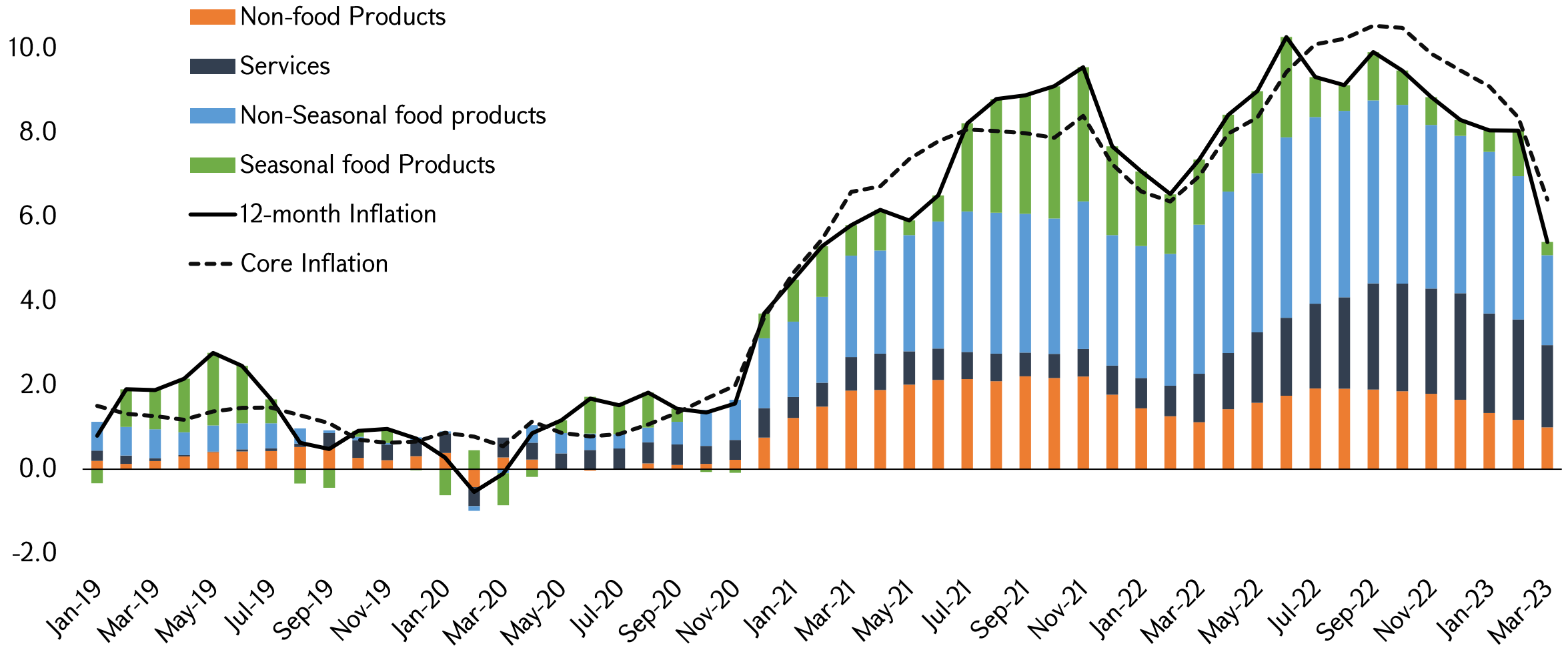
At today's meeting, the CBA Board decided  
to leave the refinancing rate unchanged,  
at **10.75%**

The Lombard repo facility rate at 12.25%

The deposit facility rate at 9.25%

In March 2023, the 12-month inflation decreased sharply to 5.4% at the end of the month. The 12-month core inflation has also decreased considerably, reaching 6.4%

Contribution to inflation (percentage point)

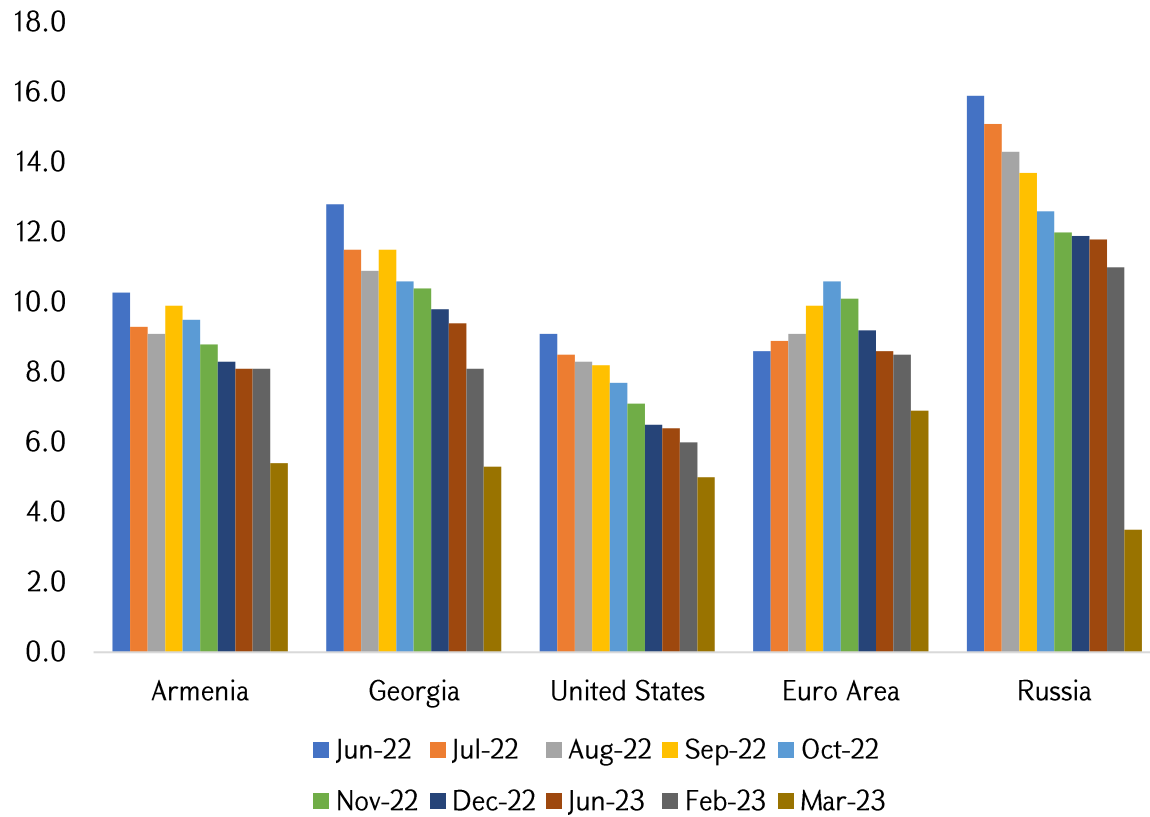


# The inflationary effects of the global economy on the Armenian economy continue weakening

In the first quarter of 2023, slow economic growth rates around the world and in the main partner countries of Armenia persisted. The 12-month inflation continues to decrease in Armenia's partner countries, yet the overall inflation environment remains elevated due to sustained high demand and the pressures from the labor market.

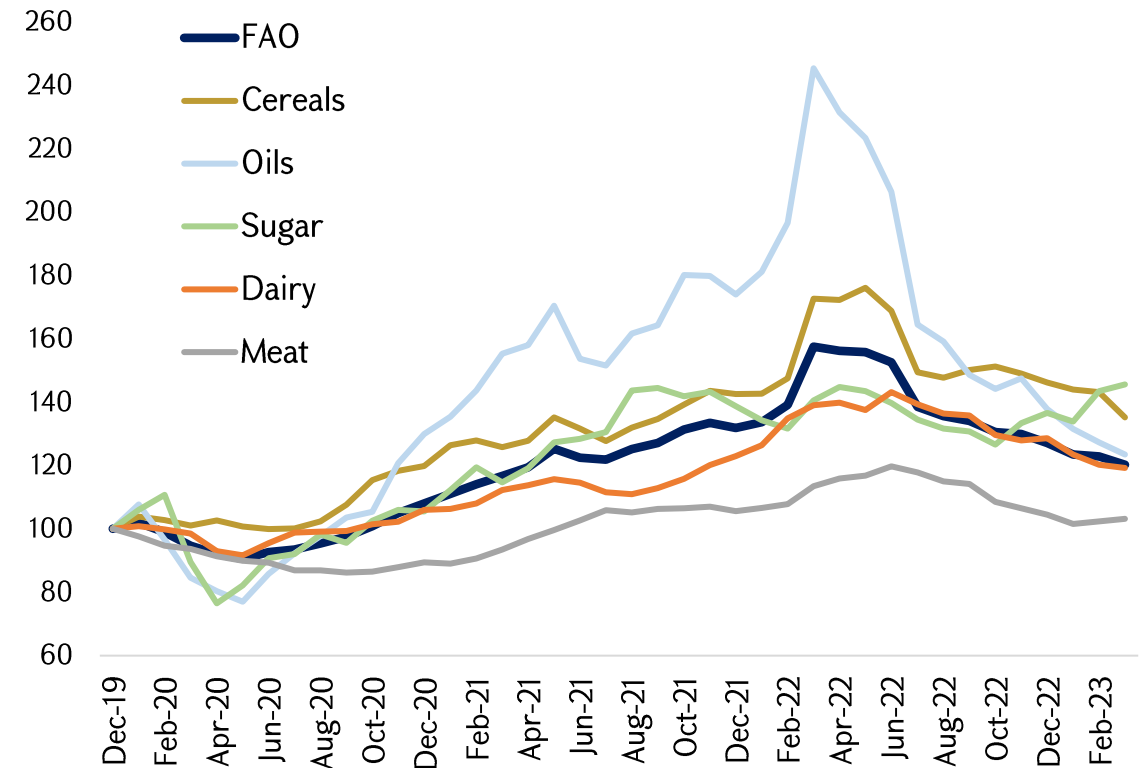
The central banks of partner countries will, therefore, continue to tighten monetary conditions in the near future. Tight international financial conditions are contributing to lower prices in commodity markets.

### Inflation in partner Economies, YoY growth, %



Source: CBA Forecasts

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



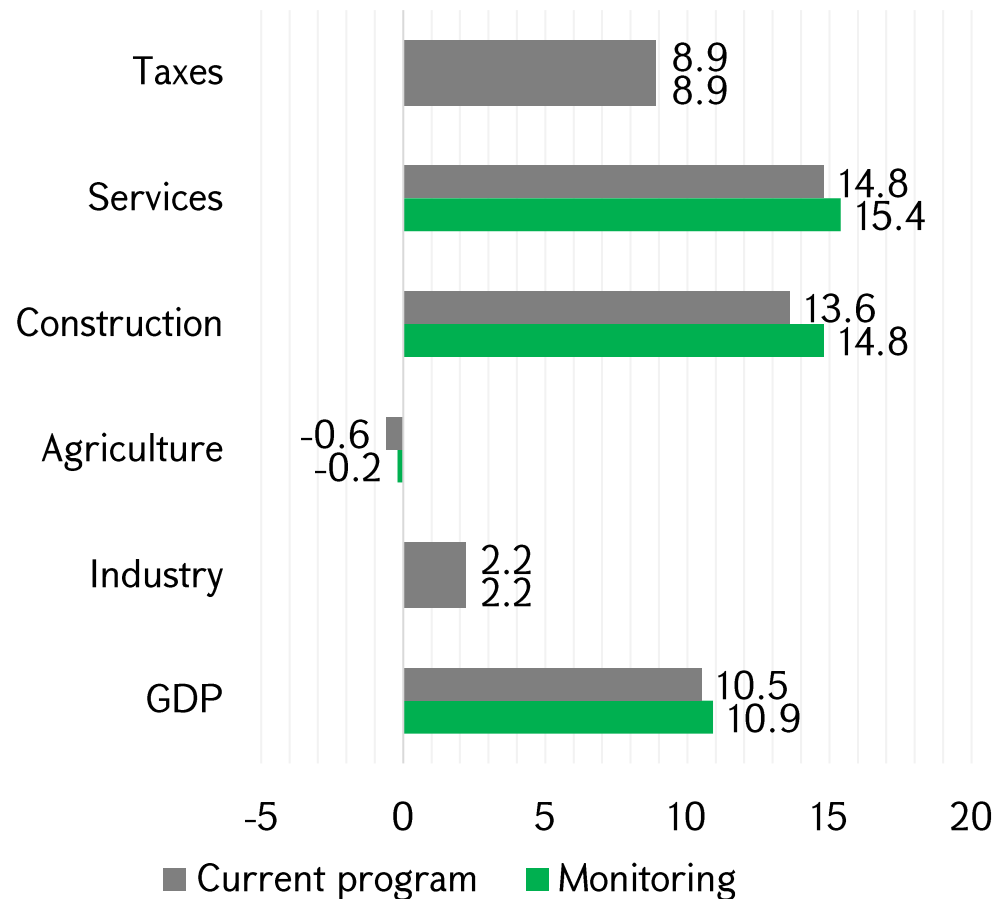
Source: www.fao.org

# Strong economic activity in Armenia persisted in early 2023

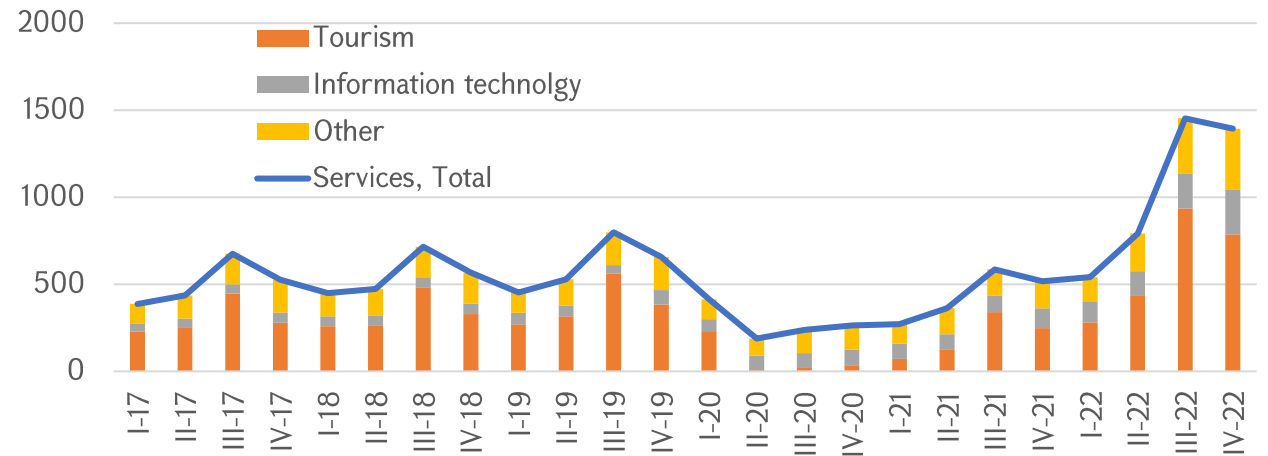
... which was driven by services and construction sectors

Aggregate demand remains high amid continued large inflows of capital and labor, strong recovery of tourism, and increased income in the Armenian economy.

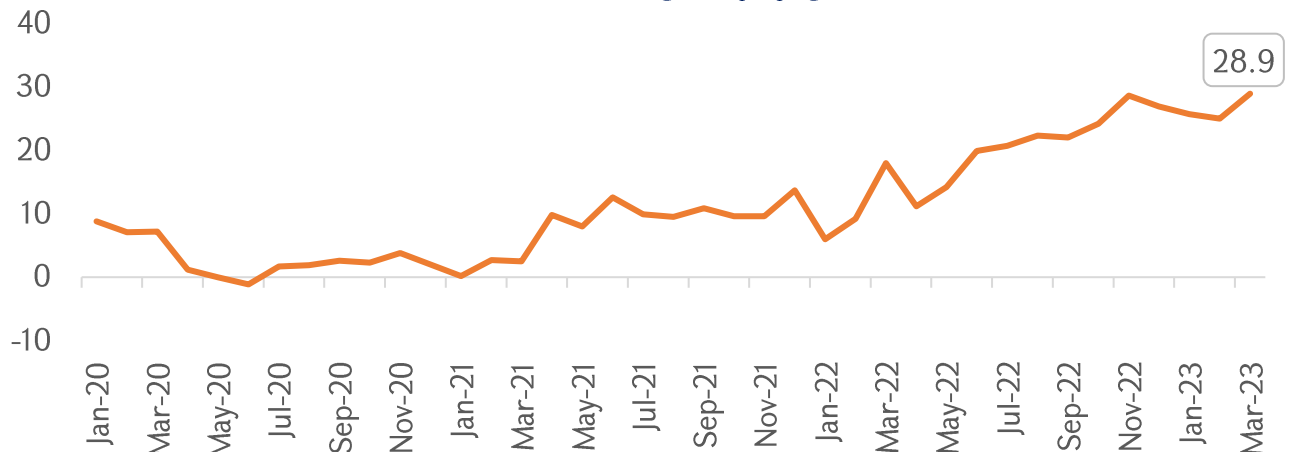
### GDP components, y/y growth rates (2023Q1)



### Services export, mln USD



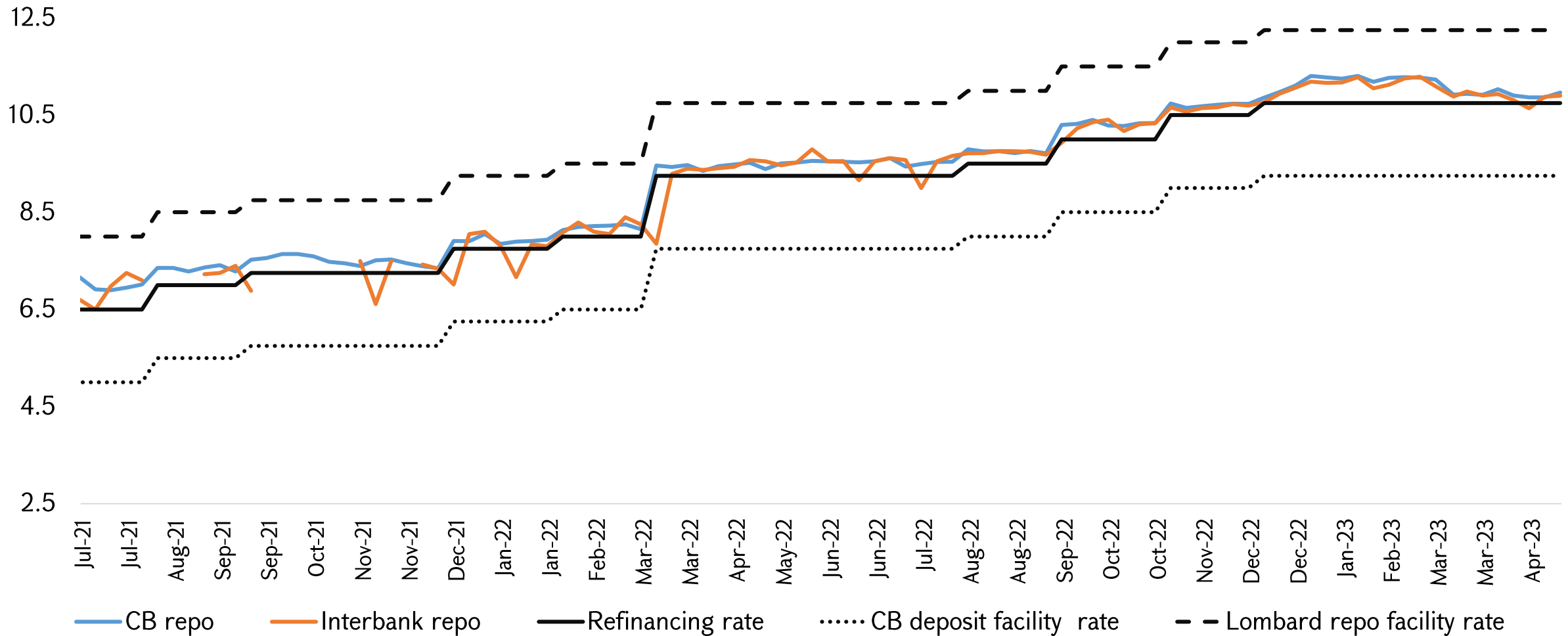
### Private nominal wages, y/y growth rate



Source: Statistical Committee of the RA, Central bank of Armenia

# Contractionary monetary policy, appreciation of the dram and weakened inflationary effects from the external sector resulted in the decreasing 12-month inflation in Armenia

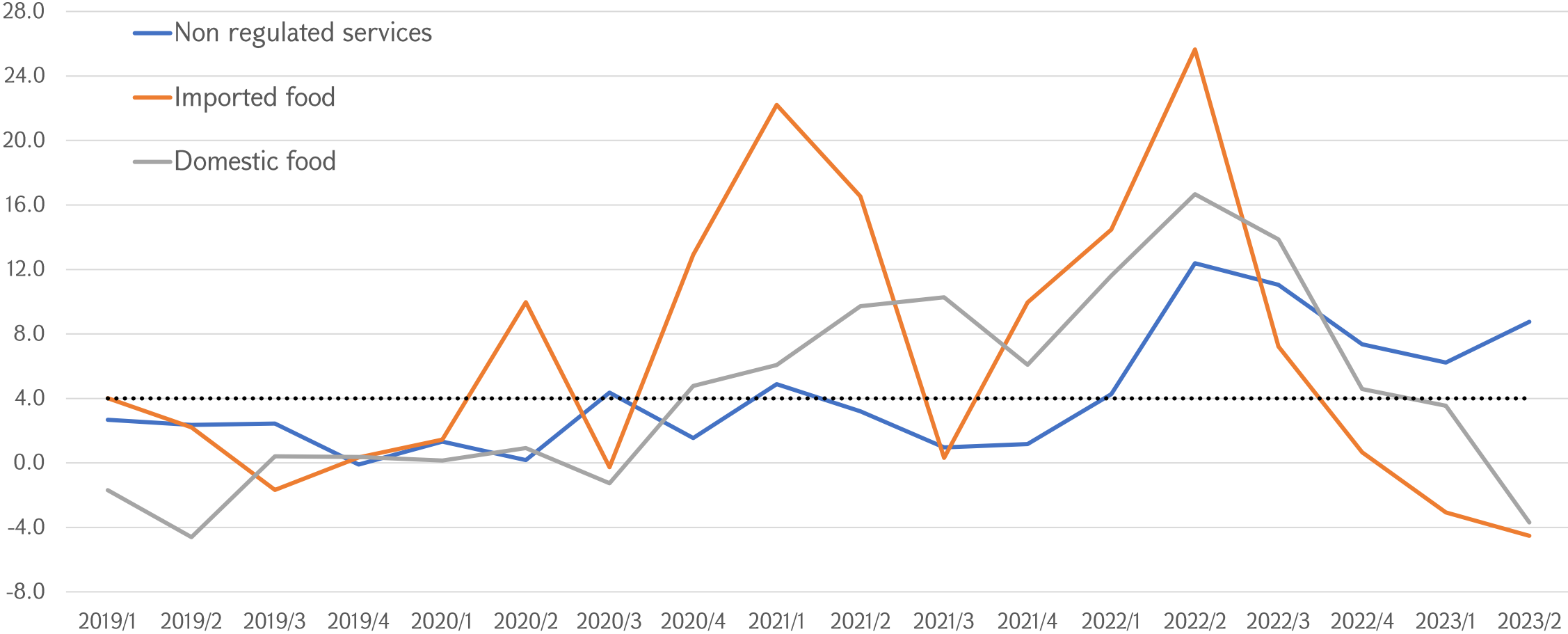
## Policy and market short-term rates, %



Source: CB of RA

Strong demand and inflation expectations are still contributing to high inflation of wages and of certain product groups and services.

Some components of consumption basket, QoQ annualized, %



# CBA BOARD

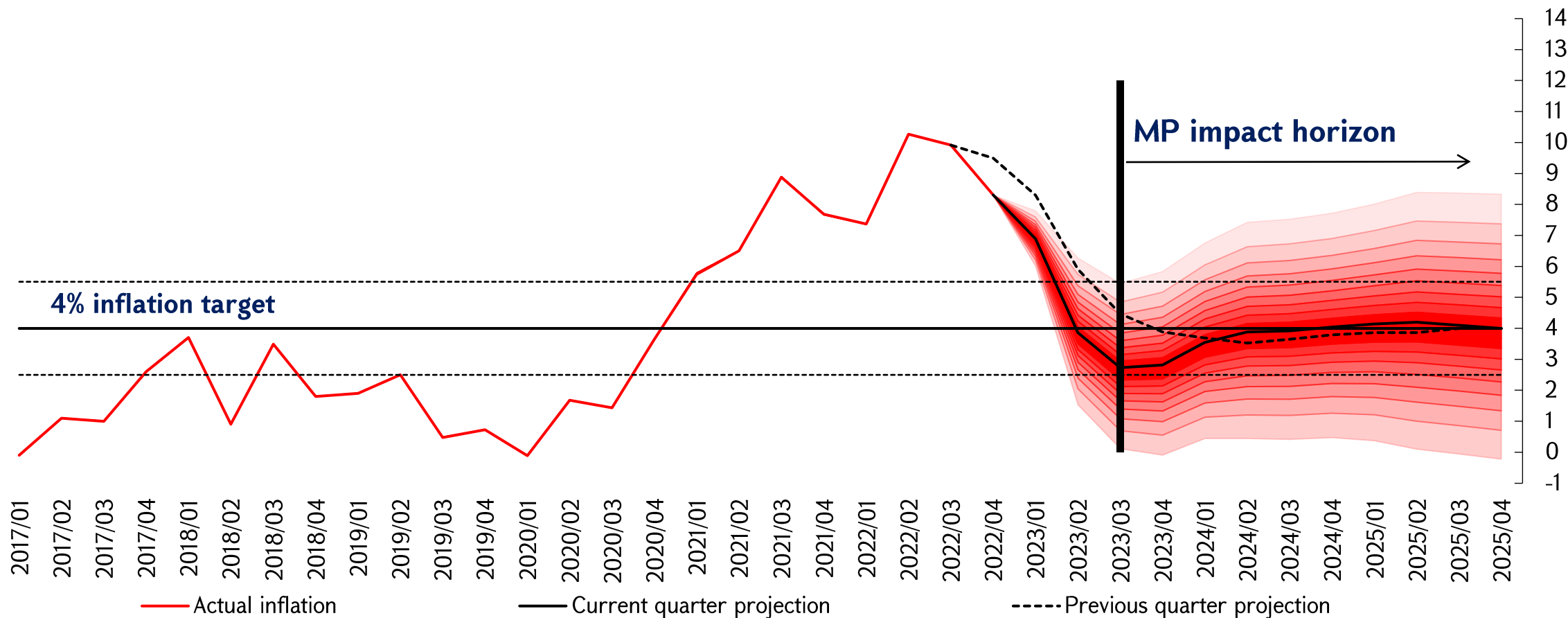
**... decided to leave the policy rate unchanged**

The Board will be committed to stabilize demand and inflation expectations



# According to the outlined monetary policy scenario, the 12-month inflation will decrease rapidly below the target in the near term and will stabilize around the 4% target in the medium term

The Board of the Central Bank of Armenia estimates that the risks of inflation deviation from the projected path are mostly balanced; in the event these risks materialize in any direction, the Board stands ready to respond accordingly in fulfilment of the price stability objective



Source: Central Bank of Armenia

# THANK YOU FOR ATTENTION

*Detailed information on the basis for determining the interest rate  
can be found in Press Release (Minutes on Interest Rate) to be published  
by May 17, 2023*



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