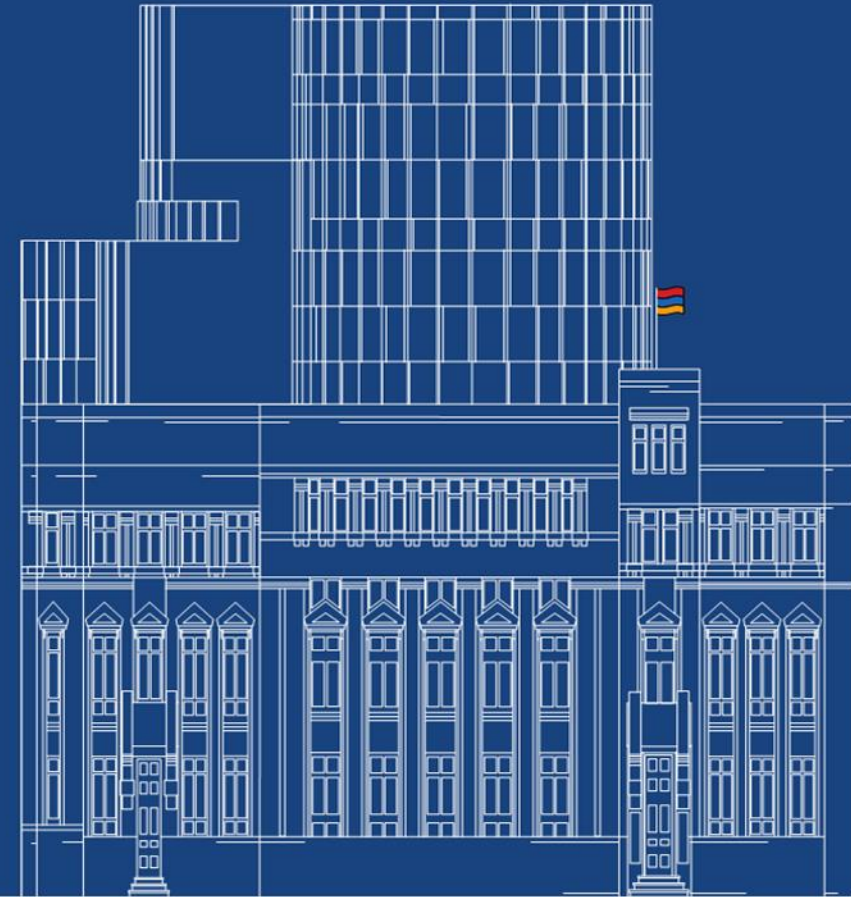


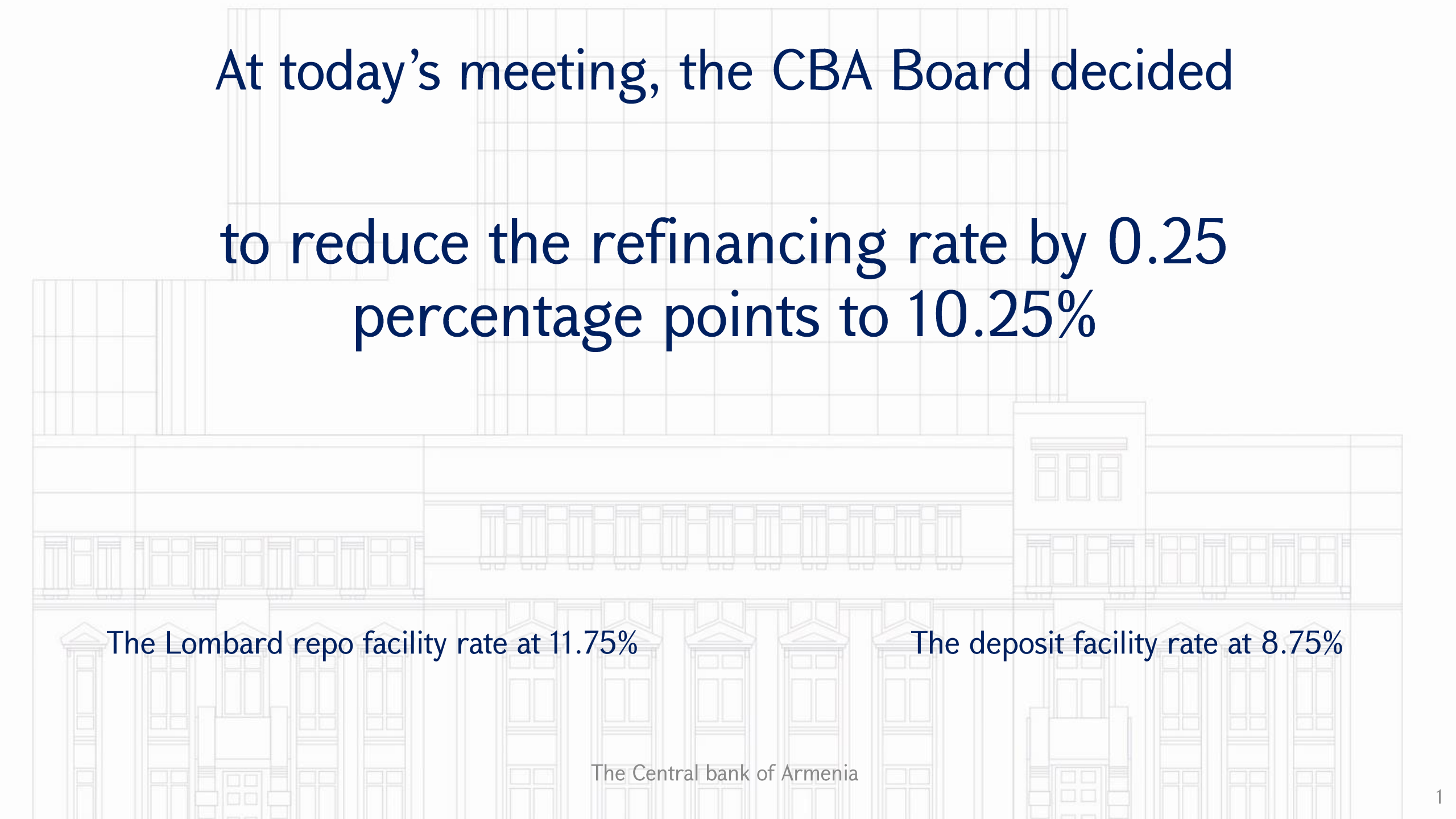
MONETARY POLICY DECISION

01.08.23



Հայաստանի
Հանրապետության
Կենտրոնական բանկ





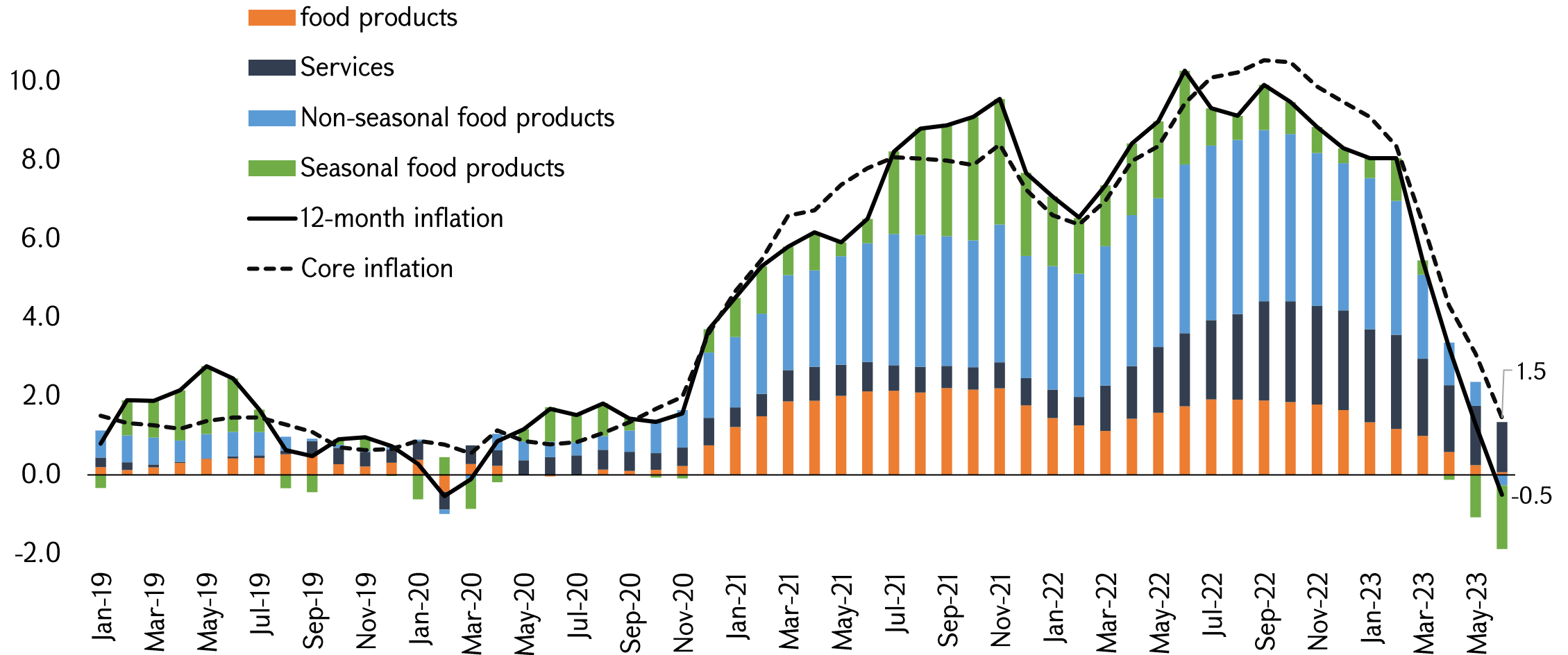
At today's meeting, the CBA Board decided
to reduce the refinancing rate by 0.25
percentage points to 10.25%

The Lombard repo facility rate at 11.75%

The deposit facility rate at 8.75%

In June 2023, the 12-month inflation continued to decrease at a rapid pace, reaching -0.5%.
The 12-month core inflation also declined significantly, amounting to 1.5%.

Contribution to inflation (percentage point)

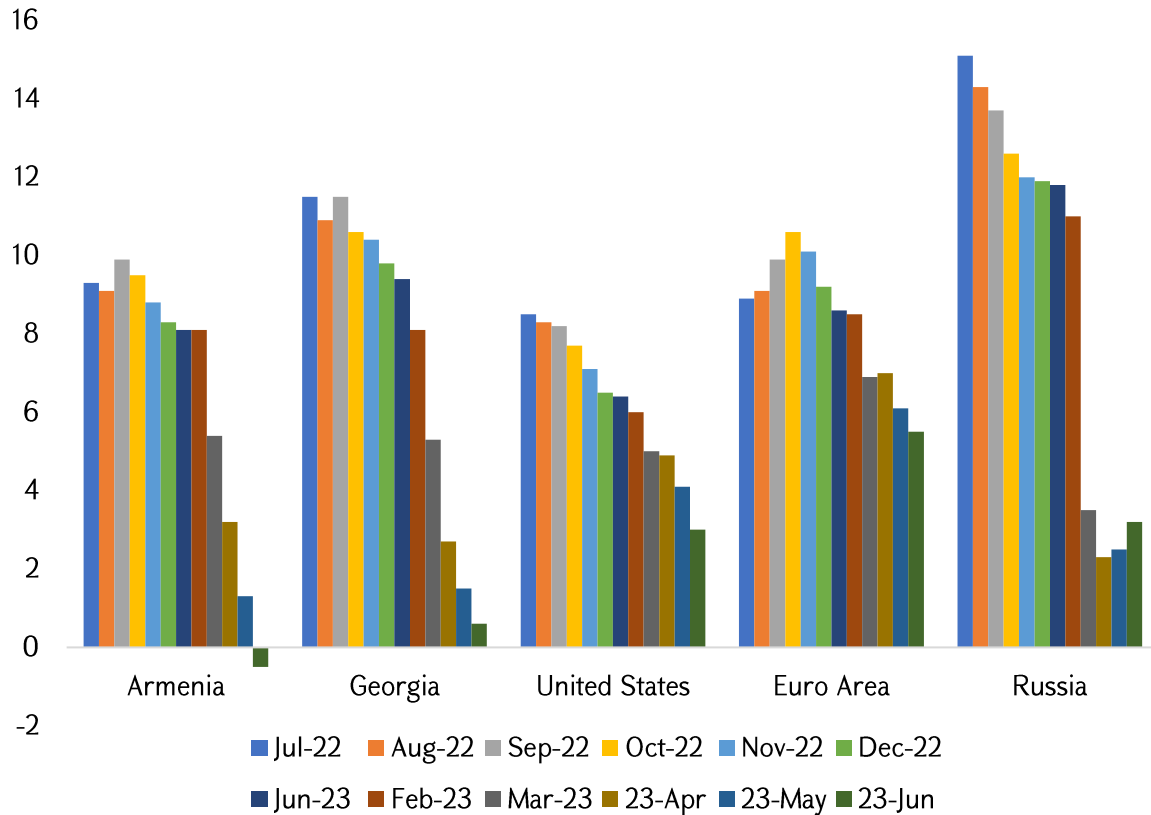


The inflationary effects of the global economy on the Armenian economy continue weakening

A higher-than-expected economic activity was observable in Armenia in the second quarter of 2023, again driven by strong growth reported in the construction and services sectors. Sustained high external demand and increased income in the domestic economy amid a large influx of capital, labor and tourism contributed to expanding demand.

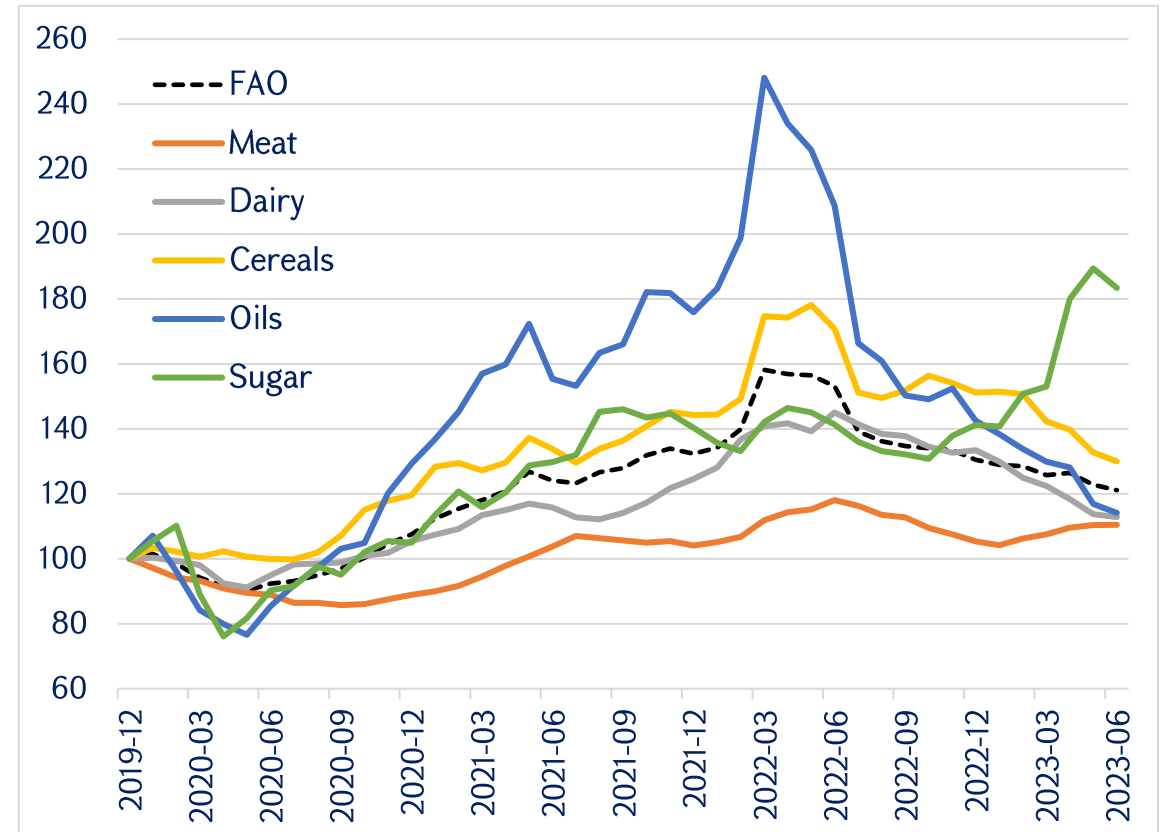
Central banks of partner countries will carry on conducting a contractionary monetary policy. Influenced by tight financial conditions, prices in international commodity markets are falling further. As a result, the inflationary effects on the Armenian economy from the external sector continue weakening.

Inflation in partner Economies, YoY growth, %



Source: CBA Forecasts

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



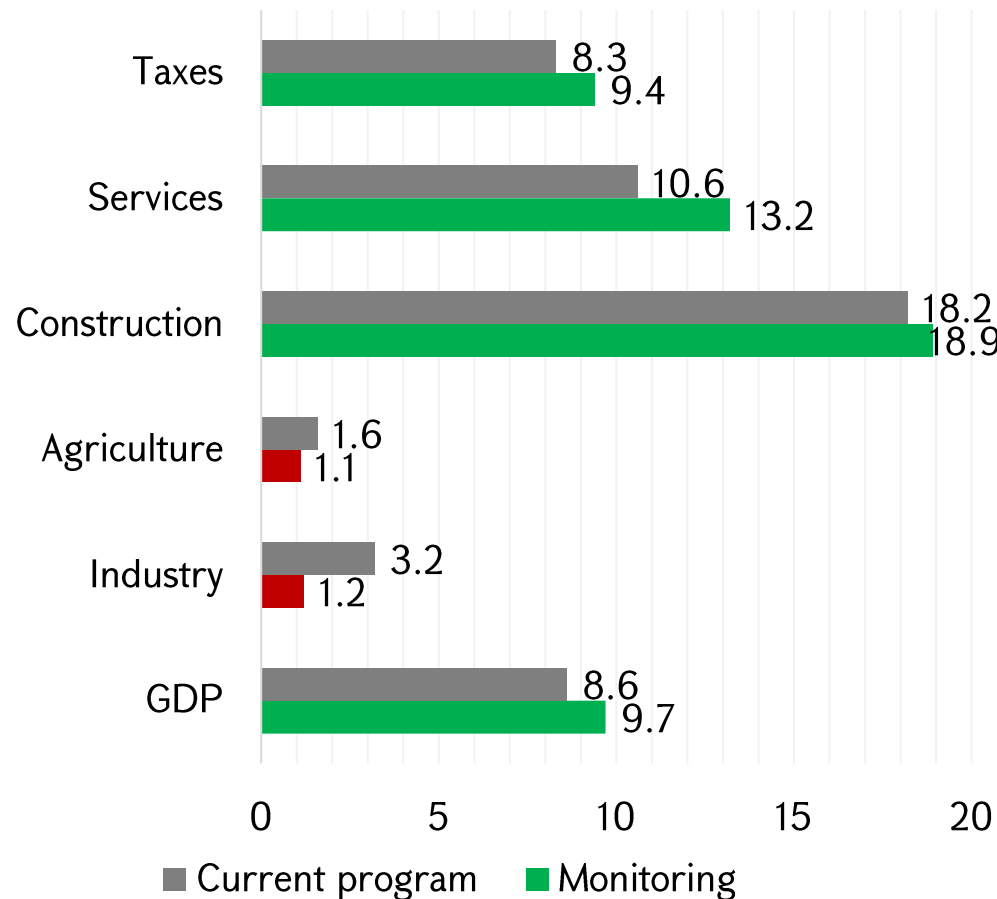
Source: www.fao.org

A higher-than-expected economic activity was observable in Armenia in the second quarter of 2023

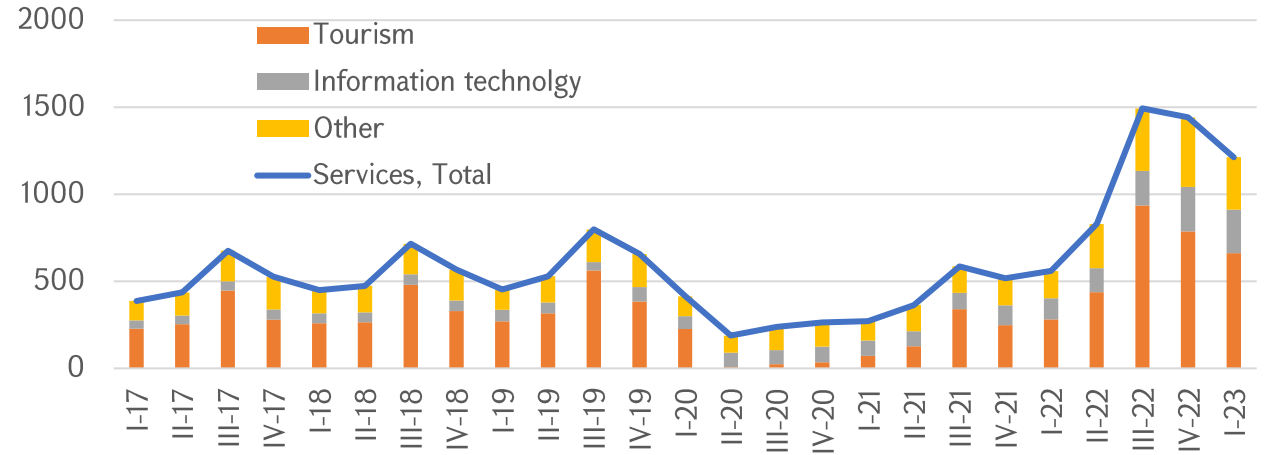
... again driven by strong growth reported in the construction and services sectors

Sustained high external demand and increased income in the domestic economy amid a large influx of capital, labor and tourism contributed to expanding demand.

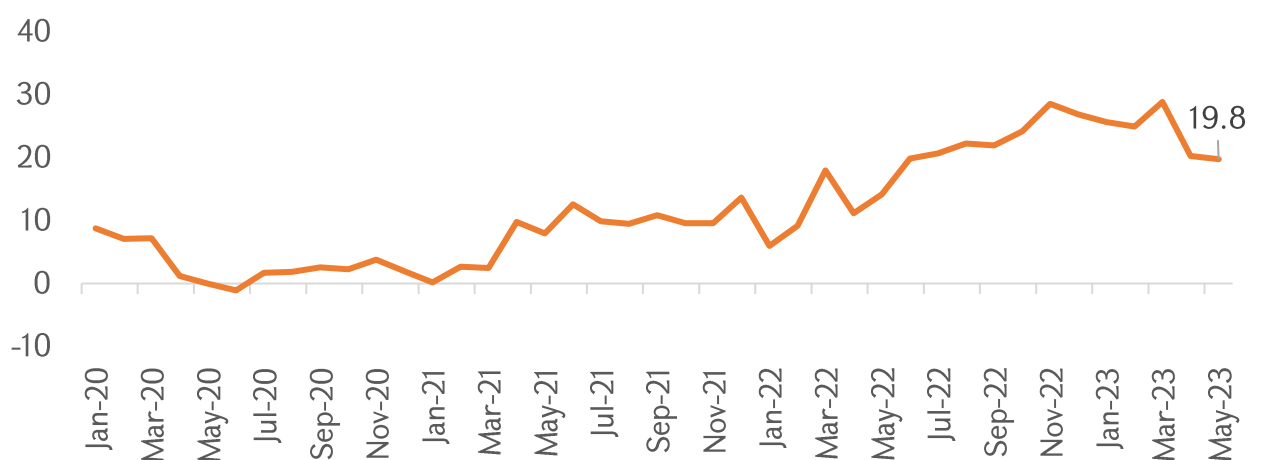
GDP components, y/y growth rates (2023Q2)



Services export, mln USD



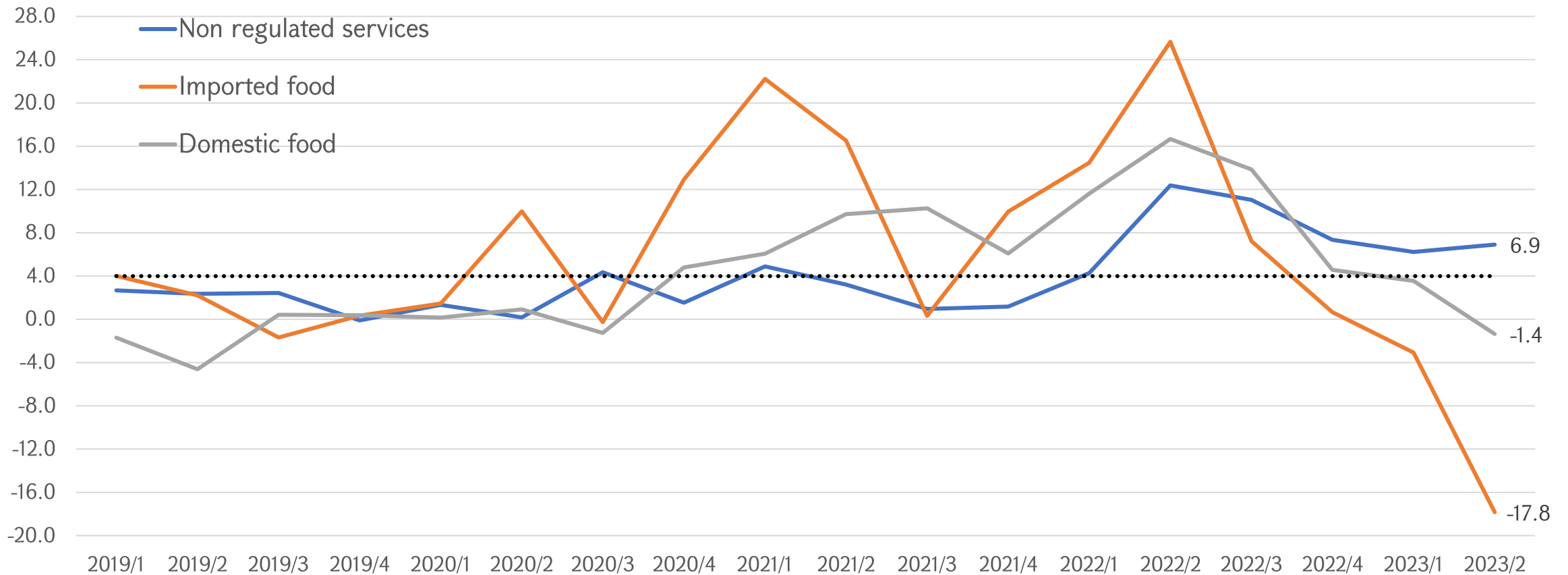
Private nominal wages, y/y growth rate



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

The inflation environment in Armenia continues to mitigate rapidly as a result of the notably weakened inflationary impact from the external sector, the implemented contractionary monetary policy and the appreciation of the dram. However, price inflation of services and some goods is being adjusted more slowly in the light of high demand and inflation expectations

Some components of consumption basket, QoQ annualized, %



CBA BOARD

... to reduce the refinancing rate by 0.25

The Board will be committed to stabilize demand and inflation expectations

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 August 15, 2023*



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