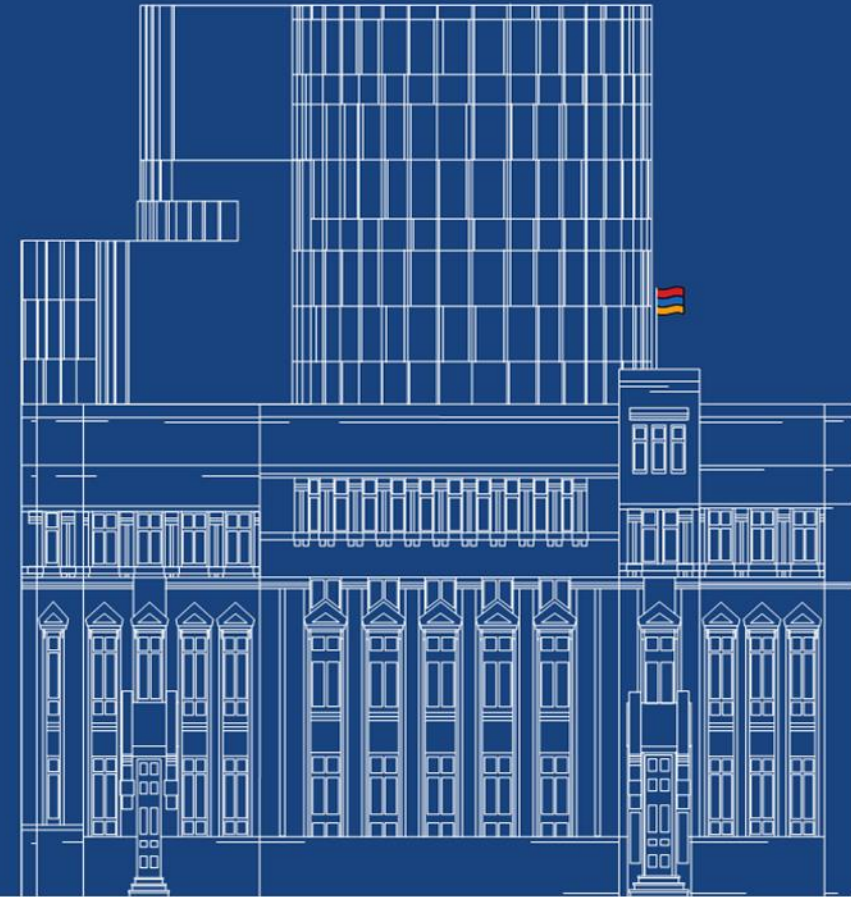


# MONETARY POLICY DECISION

30.01.24



Հայաստանի  
Հանրապետության  
Կենտրոնական բանկ



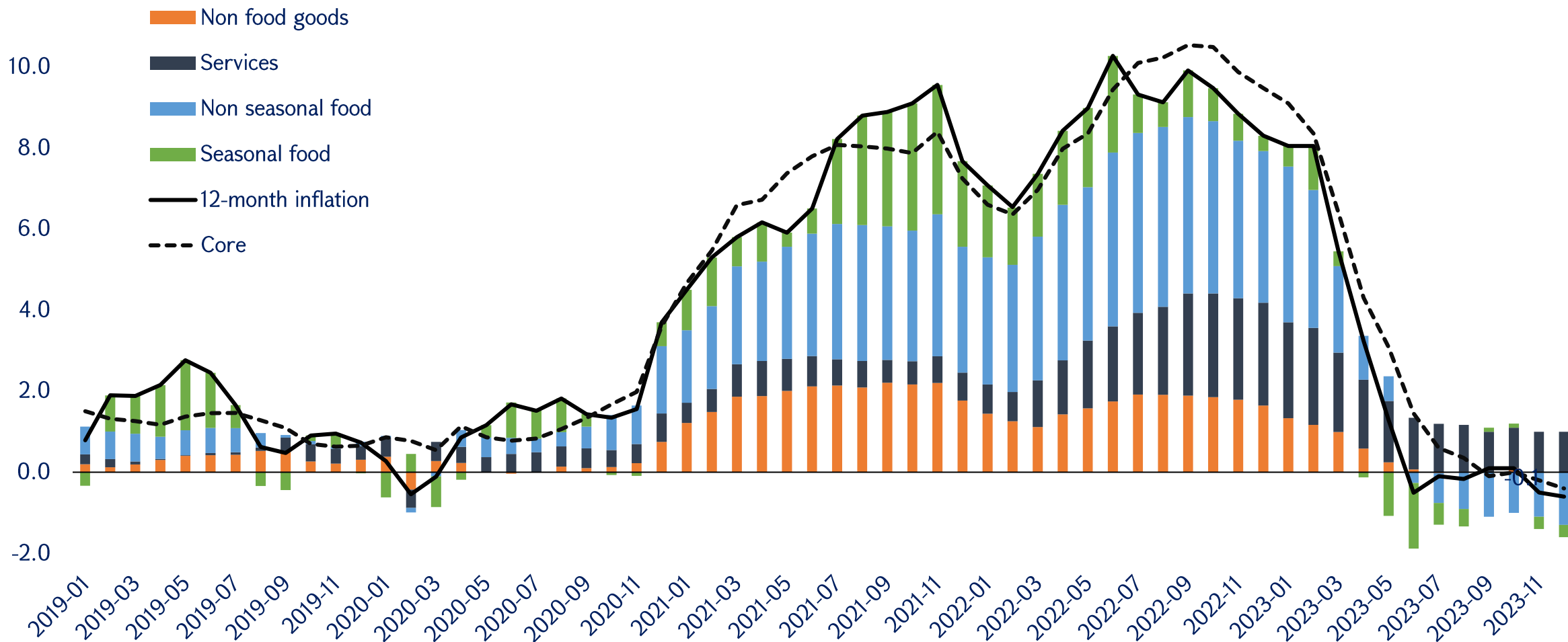
At today's meeting, the CBA Board decided  
to reduce the refinancing rate by 0.5  
percentage points to 8.75%

**Lombard repo facility rate ` 10.25%**

**Deposit facility rate ` 7.25%**

In December 2023, the 12-month CPI inflation rate decreased, amounting to -0.6% at the end of the month. The 12-month core inflation rate also decreased, comprising -0.4%.

### Contributions to inflation (percentage point)

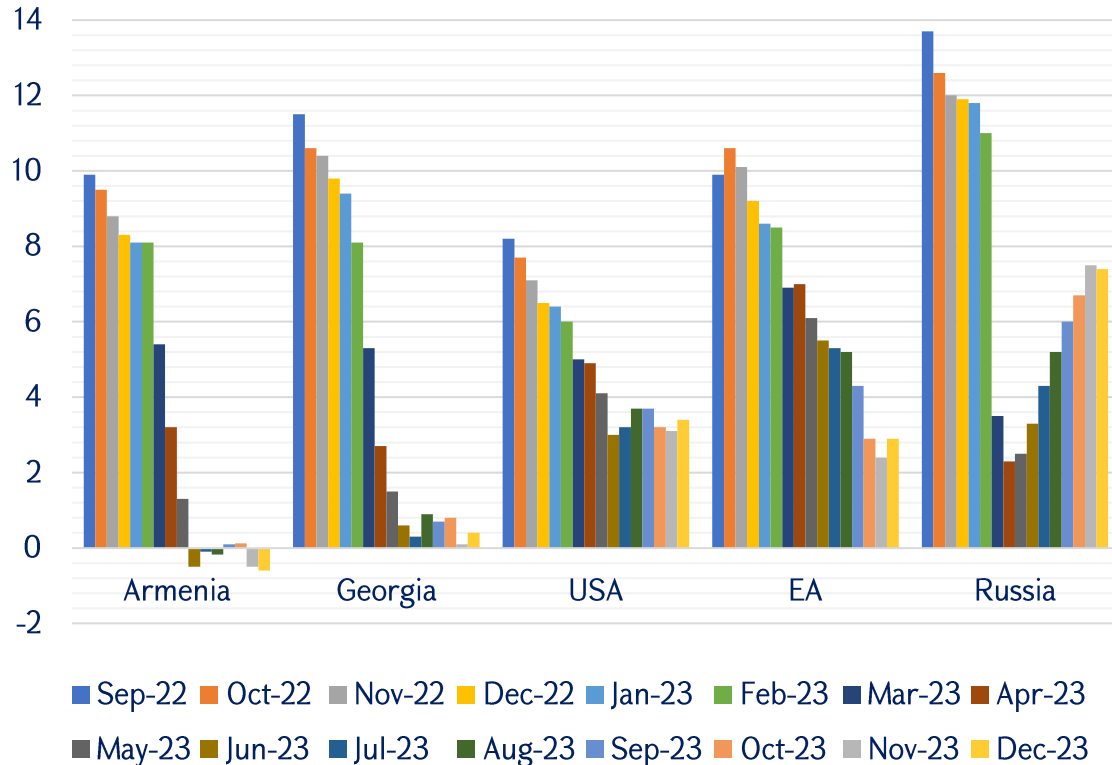


Source: Statistical Committee of Armenia, Central Bank of Armenia

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

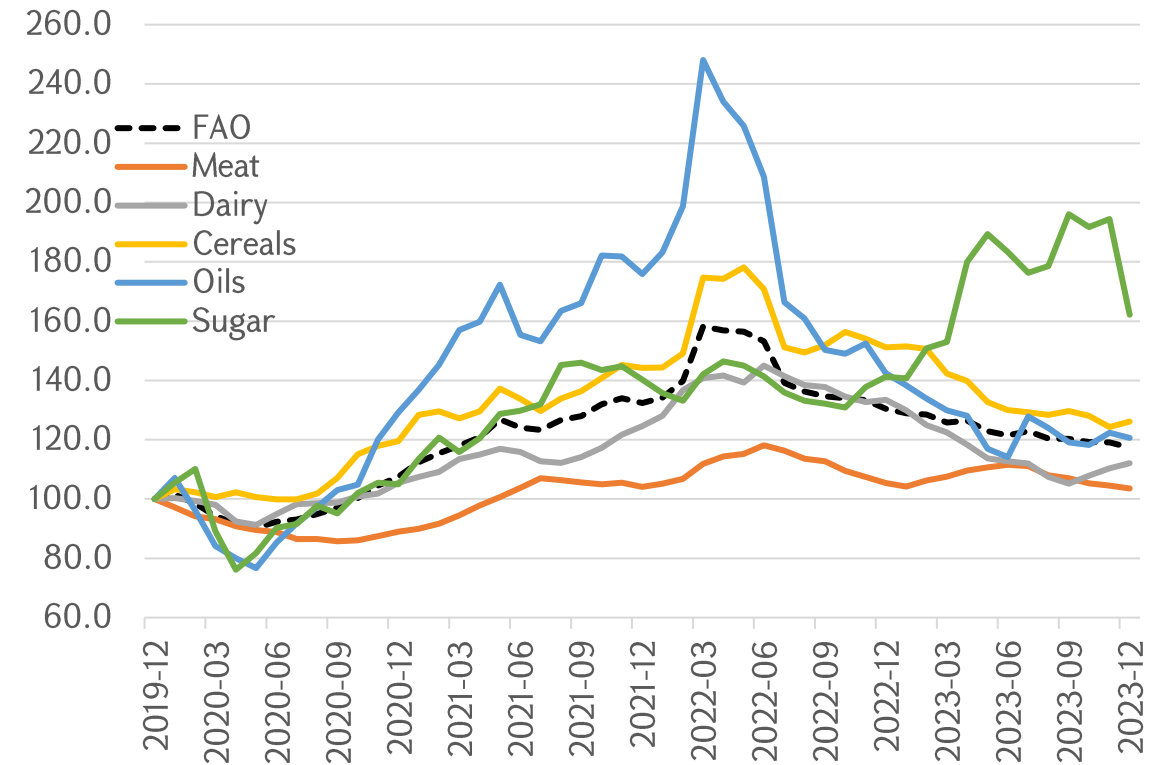
The inflationary environment in international commodity markets is easing, and global inflation is slowing to some extent. In early 2024, driven by the escalation of geopolitical developments in the Middle East, an increase in energy prices has been observed, while risks of supply chain disruptions have emerged. In this context, central banks in advanced economies are expected to gradually loosen contractionary monetary conditions in the near future.

**Headline inflation in partner countries and Armenia, Y-o-Y, %**



Source: Central Banks of Countries

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



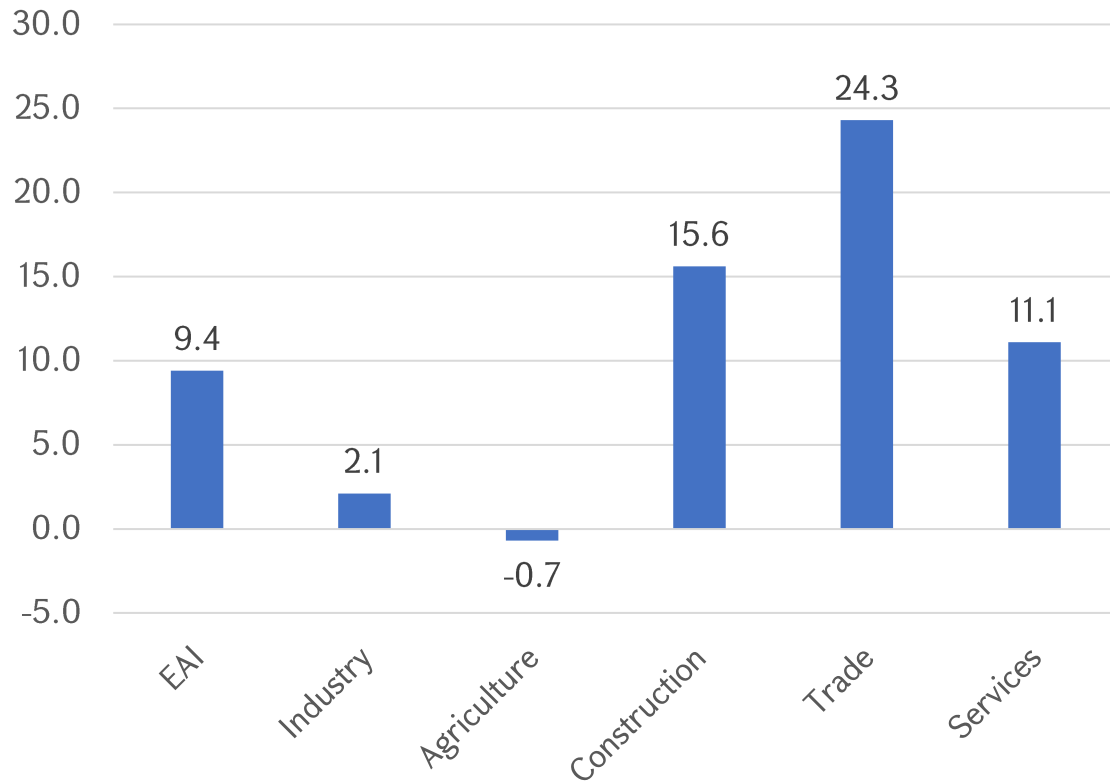
Source: www.fao.org

# Economic activity in the Republic of Armenia remained strong during the fourth quarter

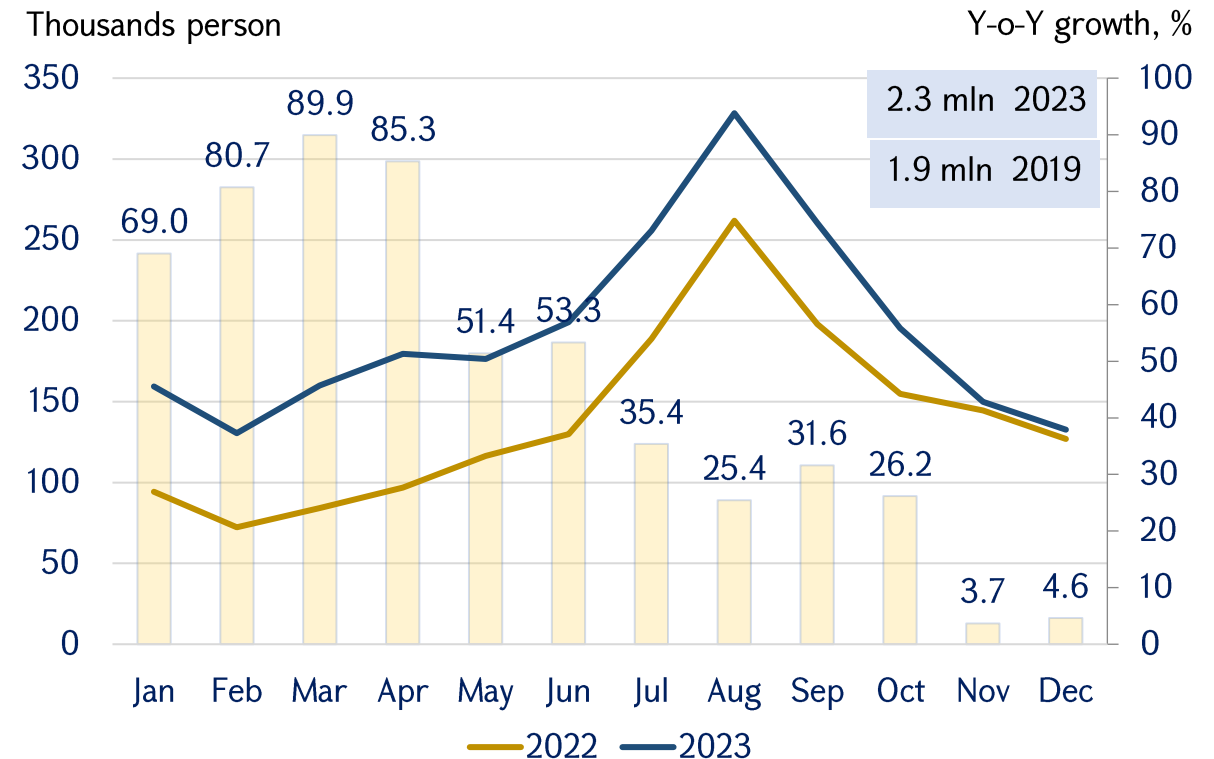
...continuing to be driven by high growth in the construction and services sectors

External demand has somewhat slowed as the growth rate of tourism decelerated. At the same time, domestic demand remains high, reflecting robust growth in private consumption.

**Economic activity, January-November cumulative growth, %**



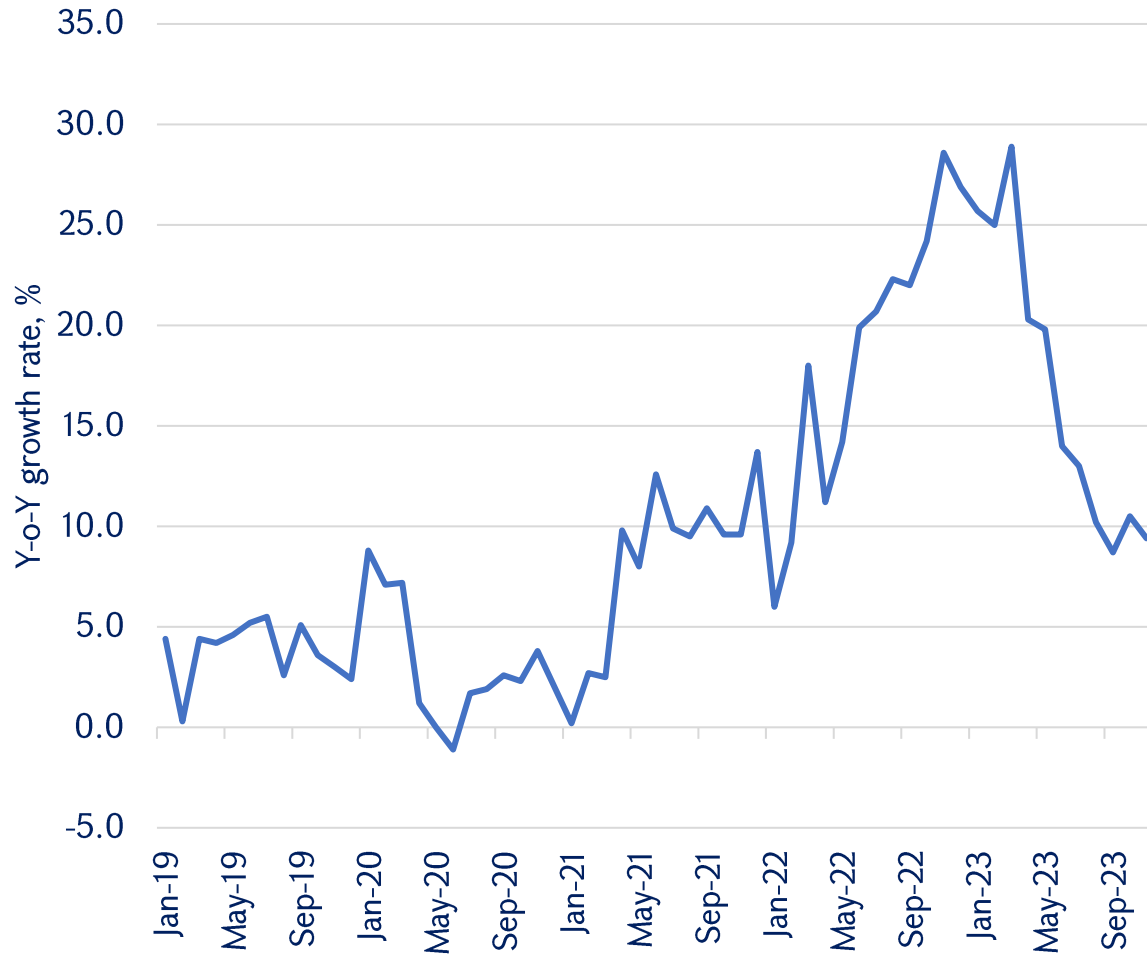
**Inflow of international tourists**



Source: Statistical Committee of Armenia, Central Bank of Armenia

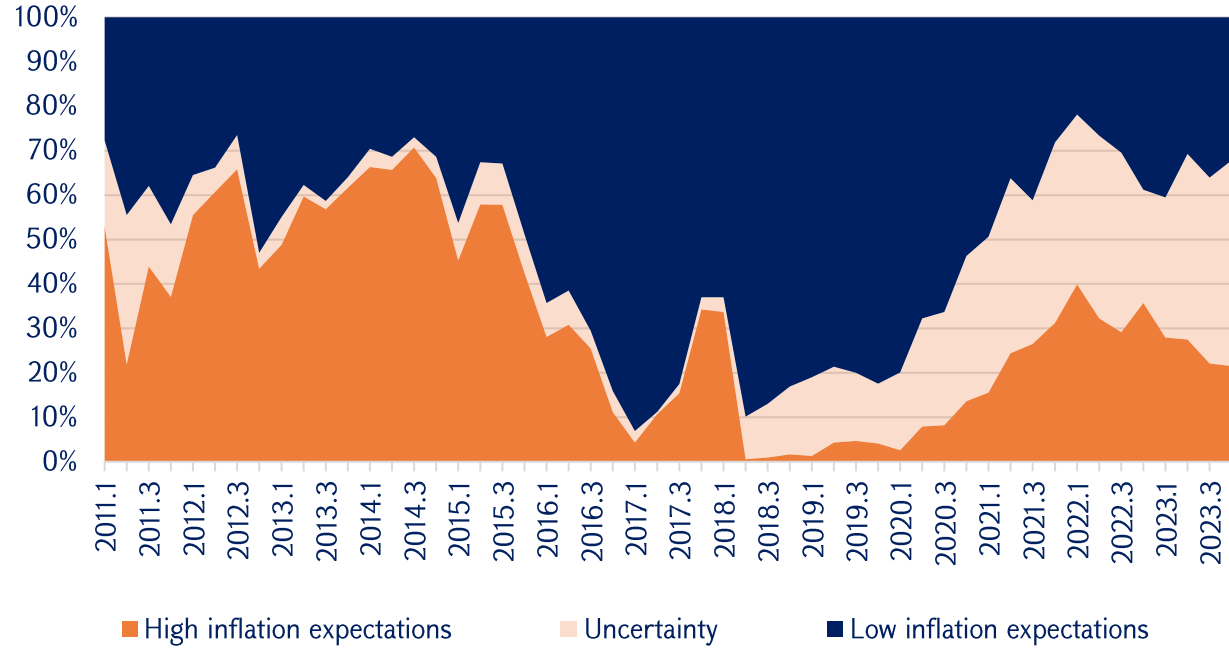
Given weak deflationary pressures from the external sector as well as the contractionary monetary policy stance implemented in previous years, the inflationary environment continues to remain low, which is also reflected in a somewhat slower pace of wage growth as well as somewhat lower inflation expectations.

**Private nominal wage growth, %**



Source: Statistical Committee of 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 Board of the Central Bank of Armenia

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

... will continue to be prudent in ensuring that adequate actions are taken to regulate demand and stabilize inflation expectations.

As outlined in the monetary policy scenario, the 12-month CPI inflation rate 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.

# THANKS FOR YOUR 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 February 13, 2024



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