Status report on implementation of the monetary policy program (quarter 4, 2024 to quarter 3, 2025)

25.11.2025

Between the 4th quarter of 2024 and the 3rd quarter of 2025 (inclusive), the 12-month inflation in the Republic of Armenia accelerated, gradually approaching and stabilizing around the target level. The acceleration of inflation was mainly driven by inflationary effects transmitted from the external sector and, in parallel with the gradual adjustment of monetary conditions by the Central Bank of Armenia, a certain expansion of domestic demand. In the second quarter of 2025, certain short-term supply factors in the domestic economy also contributed to the acceleration of inflation, the effect of which was largely neutralized by the end of the third quarter.

In the period under review, a gradual adjustment of aggregate demand and an easing of tensions in the labor market were observed, leading to a deceleration in the growth of wages and inflation of services characterized by sticky prices. Under these conditions, inflation expectations continued to gradually decline and stabilize around the target level. In this situation, during the fourth quarter of 2024 and the first quarter of 2025, the CBA continued to gradually adjust monetary conditions by lowering the policy rate by a total of 0.75 percentage points. Subsequently, from March to September, the CBA held the policy rate unchanged, taking into account the gradual increase in Type A risks and emphasizing the need to manage their macroeconomic impacts. The CBA further communicated the necessity of maintaining a higher interest rate path in the medium term compared to financial market expectations.

As a result, amid the monetary policy conducted by the CBA during the period under review and the preceding months, and the slipover effects from the external sector, the 12-month inflation increased, rising from 0.6% in September 2024 to 3.7% in September 2025. Over the same period, core inflation also rose, hitting 3.5% in September 2025.

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