

Refinancing Rate Set at 9.25 percent

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At May 3, 2022 meeting, the CBA Board decided to leave the refinancing rate unchanged, setting it at 9.25%.

In March 2022, 12-month inflation grew to 7.4%. 12-month core inflation grew as well, totaling 7.0%.

The Russian-Ukrainian conflict continues, and the uncertainties related to it remain. This has a negative impact on the economic and financial market developments in the main partner countries of Armenia. The slower-than-expected slowdown in economic growth in partner countries is accompanied by an expansion of the inflationary environment. The latter is the result of value chain disruptions and accelerated inflation in international commodity markets. Thus, inflationary impact on the Armenian economy from the external sector will persist.

In the first quarter of 2022, developments in the economic activity of the Republic of Armenia were more positive than expected. The significant influx of international visitors is reflected in the high growth of the service sector and the expansion of aggregate demand. It contributes to the improvement of the Republic of Armenia external balance and appreciation of Armenian dram in foreign exchange market. It is estimated that the latter will also have a positive impact on weakening the domestic inflationary environment and lowering inflation expectations.

In view of the above, the Board judges appropriate to leave the refinancing rate still unchanged. The CBA Board is committed to take adequate measures to neutralize any possible risk of deanchoring of inflation expectations. It is projected that the 12-month inflation will gradually decline and will approach the target of 4% in the medium term.

The CBA Board considers that as a result of geopolitical developments the high uncertainty related to the macroeconomic perspective remains. At the same time, the risks of inflation deviation from the projected trajectory are mainly balanced. Should the risks materialize in any direction, the Board stands ready to respond accordingly in

fulfilment of the price stability objective.

Detailed information on the interest rate decision will be available in Press Release to be published by May 18, 2022 (Minutes on Interest Rate).