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2019-04-30

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In the April 30, 2019 meeting, the Board of the Central Bank of Armenia decided to leave the refinancing rate unchanged, at a 5.75% level.

There was 0.1% inflation in March of 2019, as much as in the same period of the previous year, in which case the 12-month inflation rate remained unchanged, 1.9%. The core inflation rate behaved similarly steady, amounting to 0.2% in March, while for a 12-month period it stayed on a 1.3% level, as was recorded in the previous month.

Sluggish global economic growth rates are in line with the Central Bank's forecasts, reflecting a weakening global demand and a low inflation environment persisting in international markets of basic commodities. In the meantime, central banks of leading countries prepare to provide for milder-thanexpected monetary conditions. In view of these developments, the Board of the Central Bank considers that inflationary pressures from the external sector in the upcoming months are not likely.

The Board states that economic activity in January-March of 2019 was higher, consistent with predictions, making up 6.5%, with private consumption growth remaining a key driver to growth. At the same time, according to the results of the year's past four months, the fiscal policy had a more than anticipated contractionary impact on the domestic demand, owing to the deficit that came in considerably smaller than forecasted. The assumption, however, is that the fiscal policy will mainly have a neutral impact on inflation during the year, as the contractionary effect it had on the domestic demand previously is expected to phase out in the second half of the year.

In consideration of the current situation, the Board finds it reasonable to keep monetary conditions expansionary by leaving the refinancing rate unchanged. At the same time, in view of the anticipated macroeconomic developments, to leave monetary conditions expansionary for a lasting period will be needed for maintaining price stability in the medium run. As a result, the expectation is that the inflation will be running below the

target in the coming months but later stabilizing around the target.

It should be noted that downside risks to inflation are still persisting, which is associated with possible weaker private demand and more contractionary fiscal policy. Anyway, the Central Bank will keep a watchful eye on existing risks and the ones that may arise with an adequate monetary policy response, in order to maintain price stability in the medium run.

Detailed information that underlies the decision on setting of the interest rate will be available in Press Release (Minutes on Interest Rate) to be published by May 16, 2019.