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At the meeting dated May 12 2015, the Board of the Central Bank of the Republic of Armenia decided to leave the Refinancing Rate unchanged, 10.5%.

There was 0.4% of deflation in April of 2015 compared with 0.5% of inflation recorded in the same month last year. The 12-month inflation rate reduced to 4.8% late in the month.

According to actual developments, trends of slow global economic growth persisted in the external sector, under which circumstance international markets of basic commodities and food products continued seeing deflationary patterns. Based on these developments, the Board of the Central Bank admits that deflationary effects from the external sector in the coming months are likely.

The Board of the Central Bank states that over the first quarter of the year the domestic economic activity indicator posted 2.5% growth due to higher-than-expected growth in agriculture and smaller decline in construction. Positive developments in agriculture will also lead to a greater seasonal drop in food prices. On the other hand, the Central Bank estimates that possible rise in electricity prices in an upcoming period will drive the aforementioned deflationary effects out while the current level of the Refinancing Rate will help the 12-month inflation rate stabilize around the target by the end of the year.

Later, as economic developments unfold, the Central Bank will adjust its monetary policy directions, while fulfilling the inflation target in the medium-term perspective.

Detailed information on the setting of the interest rate will be available in Inflation Report (Monetary Policy Program, Q2, 2015) due on May 22, 2015.