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At the meeting dated June 23, 2015, the Board of the Central Bank of the Republic of Armenia decided to leave the Refinancing Rate unchanged, at 10.5%.

There was 0.5% of deflation in May of 2015 compared with 0.8% of deflation recorded in the same month last year. The 12-month inflation rate amounted to 5.1% late in the month.

Trends of slow global economic growth persisted in the external sector. Under this circumstance, the international market of food products further saw deflationary patterns, whereas higher-than-expected oil price in the international market of basic commodities has been driven by strong seasonal demand for oil products, reduction in the U.S. inventory as well as expectations for reduced supply. Based on these developments however, the Board of the Central Bank admits that inflationary effects from the external sector in the coming months are not likely.

The Board of the Central Bank states that maintaining macroeconomic stability achieved early this year continues to contribute to the recovery of economic activity. In the period January-May, the economic activity indicator has grown by 2.7% mainly owing to the growths recorded in agriculture and industry. It is estimated that positive developments in the agricultural sector will persist, which will result in lower prices of agricultural products in comparison with the same period last year. The inflationary effect expected from electricity price increase since August this year will offset the abovementioned deflationary influences. Also, in the event the Refinancing Rate persists at the current level, the 12-month inflation rate will hover around the upper bound of the confidence band by the end of the year and stabilize around the target starting 2016.

The Central Bank will react to economic developments in both external and domestic sectors by adjusting 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 Press Release (Minutes on Interest Rate) due on July 3, 2015.