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At September 22, 2015 meeting, the Board of the Central Bank of Armenia decided to leave the refinancing rate unchanged, 10.25%.

There was 0.1% of inflation in August of 2015 against 0.7% reported in the same reference month last year. The 12-month inflation rate continued falling, at a slower pace than expected, to 3.6% at the end of the month.

Trends of slow global economic growth persisted in the external sector while international commodity markets remained deflationary. This is why, the Board estimates, inflationary effects from the external sector in the coming months are not likely. However, in anticipation of capital outflows from developing countries because of expected rise of policy rate by the U.S. Federal Reserve System, volatilities in the world's financial and foreign exchange markets have substantially increased, generating inflationary risks.

The Board notes that higher than expected growth rates of economic activity were maintained in the third quarter too, and this has been mainly due to supply-side factors. Expansionary fiscal policy has contributed to the recovery of domestic demand to a certain extent and a partial offset of the deflationary environment. The above developments with aggregate supply and demand have speeded up net export growth rates, significantly improving Armenia's external balance. The Board believes that such developments with economic fundamentals have notably increased the country's resilience to external shocks. Growing volatility in financial and foreign exchange markets of the world has created relatively high domestic inflation expectations, which prevented the shaping of a lower inflationary environment. In this situation, the Board considers it appropriate to maintain current monetary conditions, in which case the 12-month inflation rate will subdue and afloat within the lower bound of the confidence band by the end of the year. This kind of monetary policy will enable to reduce and anchor inflation expectations in the coming period and fulfill the inflation target over a medium-term perspective.

If needed, the Board will adjust the monetary policy directions in line with inflation expectations in the domestic economy and developments in external financial markets in order to achieve the goal of price stability over the medium term.

Detailed information based on the setting of interest rate will be available in Press Release (Interest Rate Minutes) due on October 2, 2015.