

The Board of the CBA left the refinancing rate unchanged 6.75 percent

2014-11-11

Interest rate left unchanged, 6.75 percent

In the November 11, 2014 Meeting, the Board of the CBA decided to leave the Refinancing Rate of the CBA unchanged, 6.75 percent.

There was 1.0 percent of inflation in October of 2014, compared to 0.3 percent of inflation recorded in the same month of the previous year. Approaching the lower border of the confidence band, the 12-month inflation amounted to 2.2 percent at the end of the month. In the coming months, the Board considers, the inflation rate will further near its target and stabilize around it.

In the external sector, demand is still rebounding at a slow pace, so deflationary patterns are further observable in global commodity markets. However, the Board admits, uncertainties in connection with global economic outlook and growth perspectives in trade partners are persisting amid geopolitical developments.

There was some revival in domestic economic activity starting from the third quarter of 2014, yet economic growth remains low. Despite a low demand in external and domestic sectors, the Board agrees that continued easing of monetary conditions and the expansionary fiscal policy so far implemented will in the near term lead to the expanding aggregate demand and rebounding inflation rates. Possibly, the latter would also be benefiting from stamp duty introduced to a range of products since October. As a result, in 2015 and the rest part of the forecast horizon the 12-month inflation will be near the target, varying around the confidence band.

In the medium term, the Central Bank will react to economic developments in both external and domestic sectors by steering its monetary policy accordingly and making sure the inflation target is attained in the meantime.

More information on setting of the interest rate will be available in the Central Bank's Inflation Report (Monetary Policy Program Q4, 2014) due on November 21, 2014.

