

The Board of the CBA lowered the refinancing rate by 0.25 percent

2013-12-24

Interest rate lowered by 0.25 percent

In the December 24, 2013 Meeting the Board of CBA decided to lower the Refinancing Rate of CBA by 0.25 percent to 7.75 percent.

There was 0.9 percent inflation in November of 2013 against 1.4 percent inflation recorded in the same period of the previous year; the 12-month inflation continued to reduce and in late November it reached 6.6 percent. Inflation is reducing at a faster rate than forecasted, therefore in the end of the year the 12-month inflation will be around the upper bound of the confidence band.

The Board acknowledged that the developments in the external sector were mainly in line with the projections. Trends of slower global economic recovery are maintained while no inflationary trends are anticipated in raw materials and food product markets in the world.

The Board estimates that despite the fourth quarter's expansionary fiscal policy, economic growth rates remain sluggish driven by investment behavior and slowed down growth rates in private consumption. Given the external and domestic economic developments as well as further reduction in inflation, the Board of the CBA finds it reasonable to continue easing monetary conditions. Further directions of the monetary policy of the CBA will depend on peculiarities of the fiscal policy in 2014.

The Board has consensus that, in expectation of economic developments, the 12-month inflation will reduce further to return its target of 4 percent in the upcoming months and will stay within the confidence band in the forecast horizon.

More information on setting of the interest rate will be available in Press Release due on November 28th of 2013.