

The Board of the CBA left the refinancing rate unchanged 8 percent

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Interest rate unchanged, 8 percent

In the February 7, 2011 Meeting the Board of CBA decided to leave the Refinancing Rate of CBA unchanged, at 8 percent.

In January of 2012 inflation was 3.6 percent, and the 12-month inflation against the previous month's indicator increased by 0.1 pp and reached 4.8 percent, which is within the confidence band of $4\% \pm 1.5$ pp.

The Board admitted that inflationary pressures on the Armenian economy from external environment are not expected in the coming period of time, as was outlined in the baseline scenario in the new Monetary Policy Program of the first quarter of 2012. Despite existing uncertainties over the world economic growth, a number of advanced economies recorded some positive signs of economic activity as well as a slight increase of international prices of raw materials and food products.

According to the baseline scenario for the Armenian economy, developments maintain a neutral impact on the inflation environment, coming from both the fiscal policy and private spending and the labor market.

The Board summed up that the progress of the Armenian economy is congruent with the baseline scenario presented in monetary policy programs. Under this development perspective it is expected that the 12-month inflation will be in the confidence band of $4\% \pm 1.5$ pp during the entire forecast time horizon.

Under current trends of economic development the CBA will maintain the 8 percent level of the policy rate which will leave a neutral impact on the inflation environment.

More information on the setting of interest rate will be available in the Minutes on Interest Rate due on February 17, 2012.

