

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

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Interest rate unchanged, 8 percent

In the March 6th of 2012 Meeting the Board of CBA decided to leave the Refinancing Rate of CBA unchanged, at 8 percent.

There was 0.9 percent deflation recorded in February of 2012, and the 12-month inflation decreased against the previous month's indicator by 1.8 pp and reached 3.0 percent, which is within the confidence band of $4\% \pm 1.5$ pp.

The Board admitted that international prices of main raw materials and food products shaped weak inflation environment in the light of positive trends in economic activity in a number of advanced countries of the world and optimistic expectations about world economic growth outlook. Besides, in the face of geopolitical issues in the Middle East prices of oil products have grown, which was outlined as a risk in the first quarter of 2012 Monetary Policy Program. The Board nevertheless does not consider these developments worrisome in terms of their influence on the inflation environment in Armenia in the upcoming months.

The Board accepted that the impact of domestic economic developments on inflation environment from the fiscal sector and private spending on the one hand and from the labor market on the other hand remains neutral.

The Board evaluates that in the current situation there is high likelihood that in the entire forecast time horizon the 12-month inflation will be within the confidence band of $4\% \pm 1.5$ pp. With current economic development trends, the CBA will continue maintaining the policy rate at the 8 percent level, 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 March 16, 2012.