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The CBA Board, discussing the situation induced by the global financial and economic crisis, recorded that the financial system of Armenia is stable, well-capitalized, very liquid, and ready to confront further challenges imposed by the global crisis. The board observes that monetary policy geared towards maintaining financial stability has yielded significant results and that further emphases of monetary policy will be aligned towards price stability, while foreign exchange market interventions will be used only to reduce excessive volatility.

In their meeting of March 3, 2009, the CBA board decided to limit its supplier role in the foreign exchange market, thus returning to a floating exchange rate regime. This will allow the exchange rate to find a new level that is more in line with the existing macroeconomic fundamentals, which have been negatively affected due to worsening terms of trade conditions and slowing of capital inflows, which will allow resuming growth through higher competitiveness and creation of new jobs.

According to its analysis, based on various models known in the academic world and used also by other central banks which are adapted for Armenia, the CBA expects that, an average range of 360-380 dram per US dollar would be more in line with equilibrium macroeconomic conditions.

The CBA board has noted that, while, on the one hand, the ongoing deflationary environment in international markets under the global economic crisis and the slowing growth rates of domestic demand contribute to low inflation, however, the expected depreciation of the currency make the threat of overshooting the inflation target real.

Taking into account the aforementioned, the CBA Board raised the CBA refinancing rate by 1 percentage point to 7.75 percent.