

Status Report on Implementation of the Monetary Policy Program (Q4, 2020 - Q3, 2021)

2021-11-23

(2021/3) Amid the ongoing global pandemic, with the new waves regularly breaking out all around the world, problems and challenges faced by the global economy and the healthcare system, as well as uncertainties about economic prospects persisted throughout the reporting period from the fourth quarter of 2020 to the fourth quarter of 2021. In spite of that, since the beginning of 2021, due to the widespread use of coronavirus vaccination and the avoidance of severe economic constraints have led to a faster-than-expected recovery in the global economy and external demand. Subsequently, inflationary environment in the international commodity markets and main partner countries of the Republic of Armenia has significantly expanded. Similar trends have been observed in Armenia, where the actual indicators of both economic growth and inflation have mostly surpassed the forecasts. In the reporting period, under the stronger inflationary impact transmitted from the external sector, a number of supply and demand factors in the Armenian economy and devaluation of dram in Armenian currency market, 12-month inflation demonstrated upward dynamics, reaching from 1.4% in September 2020 to 8.9% in September 2021. Given inflationary spill-over effects transmitted from the external sector and manifested in the RA economy and parallel increase of inflation expectations, the Central Bank, gradually offsetting the expansionary position during the reporting period, raised policy rate by overall 3.0 percentage points, bringing it to 7.25% in September.