

Inflation report. Monetary policy program Q2, 2009

2009-05-12

(2009/2) Actual indicators and developments in Q1, 2009

Diverse impacts of external and domestic economic factors determining price behavior came out as a distinctive mark for the first quarter of 2009. With the global demand further declining, a low inflationary environment in the external sector persisted throughout the quarter, having spilled over to Armenia's commodity markets, as well. In the meantime, determined by the same factor, consumption and investment components of the domestic demand slackened, too, putting extra restrictive impact on the level of headline inflation. However, determined by the dram depreciation in early March, dram prices of the main part of imported goods were partly adjusted thus moderating the deflationary developments.

As a result of these developments, some 0.7 percent inflation was recorded in the first quarter of 2009 while the 12-month inflation made up 1.0 percent, dropping by 4.2 percentage points against the previous quarter. During the quarter, the prices of food products (alcohol and tobacco included) increased by 0.3 percent (with 0.2 percentage point contribution to inflation), the prices of non-food products increased by 1.4 percent (with 0.2 percentage point contribution to inflation), and service tariffs rose by 1.0 percent (with 0.3 percentage point contribution to inflation).

In the first quarter of 2009, core inflation made up 0.3 percent, while the 12-month core inflation indicator dropped by 2.0 percentage points against the respective December indicator, to amount to 3.3 percent.

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