

The Monetary Policy Programm of the Republic of Armenia Q1, 2009 (adjusted)

2009-03-30

Forecasts for 2009 (adjusted forecasts)

In March 2009, with the world economic crisis persisting, the IMF and the World Bank revised the indicator of economic growth as they predicted decline instead of 0.5 percent growth, first time ever in the period after the end of WW2. Considerable decline in external demand, unfavorable terms of trade and slackening financial inflow will continue affecting the Armenian economy adversely. The reduction in world demand will also keep international prices at lower levels throughout the year 2009. External developments remain too uncertain to be predicted as crisis is deep on a global scale and the period within which the world economy would recover is uncertain, too. As for the goods markets, despite some price growth trends observed in the end of the first quarter of 2009, it is expected that, as it was the case with previous estimations, international prices of energy resources and industry metals would remain at relatively lower levels until signs for the recovery of the world economic growth emerged, which is expected to the end of 2009 only.

Prices in food markets, grain market in particular, will also keep on a low level but future developments will mainly depend on the expectation of the grain crops in the 2009/2010 marketing year.

Generally, in spite of high degree of uncertainty in further developments, it is expected that, with the world demand reducing, low levels of international prices would persist during 2009.

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