

# The Monetary Policy Program of the Republic of Armenia 2008/4 (Inflation Report)

2008-02-12

2008/4 Dear Reader,

The new articles 6 and 17 of the Republic of Armenia Law on Central Bank, which have become effective since January 1, 2008, require a change in the format and structure of reports which the Central Bank presents.

Previously, the Annual Report of the Central Bank used to contain reports on inflation and financial stability, financial accounts of the Central Bank, the report on governance, and a statistical appendix.

Now, according to the new requirement, the quarterly inflation reports will be published as a separate paper and presented together with quarterly monetary policy programs in the periodical The Republic of Armenia Monetary Policy and Inflation Report, which will be presented to the Armenian National Assembly twice a year within two months following the first and third quarters. The Financial Stability Report and The Central Bank Statistical Bulletin will be published once a year. This periodical presents the Republic of Armenia Monetary Policy Program and Inflation Report for Q4, 2008.

The Monetary Policy Program for the fourth quarter of 2008 (October, November and December) has the following sections:

1. Actual indicators of Q3, 2008, which presents the actual developments with the inflation, external sector, aggregate supply and aggregate demand as well as the monetary sector;
2. Adjusted forecasts for Q4 of 2008 and Q2, 2009 and forecasts for Q3, 2009, which presents the Central Bank's forecasts on the external sector, aggregate supply and aggregate demand, labor market and the monetary policy developments;
3. Inflation forecasts, which presents the inflation forecast for the next 12-month period based on the developments expected in different sectors of the economy;

4. Monetary policy directions in the forecast 12-month period, which presents the Central Bank's estimation of a) the impact of external and domestic environment on inflation; b) existing inflation risks; and c) further directions of the monetary policy.

The Inflation Report for the fourth quarter of 2008 has the following sections:

1. Summary, which presents in brief the inflation trends in Q4, 2008, the pace of the monetary policy and macroeconomic environment;

2. Inflation developments, which presents in detail actual inflation indicators by commodity and service groups, the behavior of core inflation and the course of achieving the target inflation;

3. Inflation factors, which presents reviews of:

- . External environment

- . Balance of payments

- . Interest rates, exchange rates and monetary developments

- . Aggregate demand and aggregate supply

- . Labor market

- . Import prices and producer prices

- . Inflation expectations.

The Board of the Central Bank