

Monetary policy program implementation report (Q4 2023 – Q3 2024)

2024-11-26

(2024.3) Monetary policy program implementation report (Q4 2023 – Q3 2024)

In the one-year period between the fourth quarter of 2023 and the fourth quarter of 2024, the inflationary environment in the Republic of Armenia has remained low; in the first half the 12-month inflation decreased, while in the second half it increased somewhat, floating in the positive territory at the end of the period. Such inflationary developments were driven mainly by deflationary pressures transmitting from the external sector, and the monetary policy implemented by the Central Bank of Armenia.

Amid a gradual adjustment in demand, tensions in the labor market have continued to ease, including due to an increase in labor supply. The aforementioned trends were reflected in falling wages, inflation in services which have sticky prices, and inflationary expectations. In that situation, in the period under review, the Central Bank of Armenia continued to ease monetary conditions, reducing the policy rate by a total of 2.25 percentage points.

As a result of the monetary policy carried out by the Central Bank of Armenia as well the influences transmitting from the external sector, in the period under review the 12-month inflation continued to decline until February of 2024, reaching -1.7% in February, then it increased to 0.6% in September. The 12-month core inflation behaved similarly – in the period mentioned it decreased to -0.7% in February before rising to 0.7% in September.

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