

Monetary policy program implementation report (Q1 2024 – Q4 2024)

2025-02-25

(2024.4) Monetary policy program implementation report (Q1 2024 – Q4 2024)

A low inflationary environment persisted in the Republic of Armenia throughout 2024: the 12-month inflation continued to decline in the first quarter, it then gradually increased, floating in the positive territory since the second half of the year. These inflationary trends were primarily driven by the influences transmitted from the external sector and the monetary policy implemented by the Central Bank of Armenia.

The year saw a decrease in wages, inflation of services with sticky prices, and declining inflationary expectations, which has been largely due to gradual adjustment of aggregate demand and softened tension in the labor market. In such a situation, in 2024 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 in the period under review and prior to it, and prompted by the influences transmitting from the external sector, the 12-month inflation continued to decline in the first quarter of 2024, hitting its lowest level of -1.7% in February, then it gradually increased, amounting to 1.5% at the end of the year. The 12-month core inflation behaved similarly in the aforementioned period when it decreased to -0.7% until February before rising to 0.9% at the yearend.

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