

Monetary policy program implementation report (Q2 2024 – Q1 2025)

2025-05-20

(2025.1) Monetary policy program implementation report (Q2 2024 – Q1 2025)

A low inflation environment persisted in the Republic of Armenia from the second quarter of 2024 to the first quarter of 2025 inclusive. However, during this period, the 12-month inflation accelerated, driven primarily by weak inflationary pressures spilled over from the external sector as well as the monetary policy implemented by the Central Bank of Armenia.

The period under review witnessed a gradual adjustment in aggregate demand and a reduction in labor market tensions, which led to a slowdown in wage and sticky prices, as well as a decline in inflation expectations. In the current situation, taking into account the high probability of risks contributing to maintaining a low inflation environment, the Central Bank of Armenia continued to gradually ease monetary conditions, lowering the policy rate by a total of 1.75 percentage points.

As a result, under the influence of the Central Bank's monetary policy in the period under review and preceding periods, as well as external sector spillovers, the 12-month inflation increased – rising from -1.2% in March of 2024 and entering a positive territory in May that year – and by March of 2025 it approached the target level, reaching 3.3%. In the meanwhile, the 12-month core inflation has behaved similarly as it moved up from -0.7% in March of 2024, amounting to 2.0% in March of 2025.

[Monetary policy program implementation report](#)