



**Central Bank**  
of Armenia

# Monetary Policy Decision

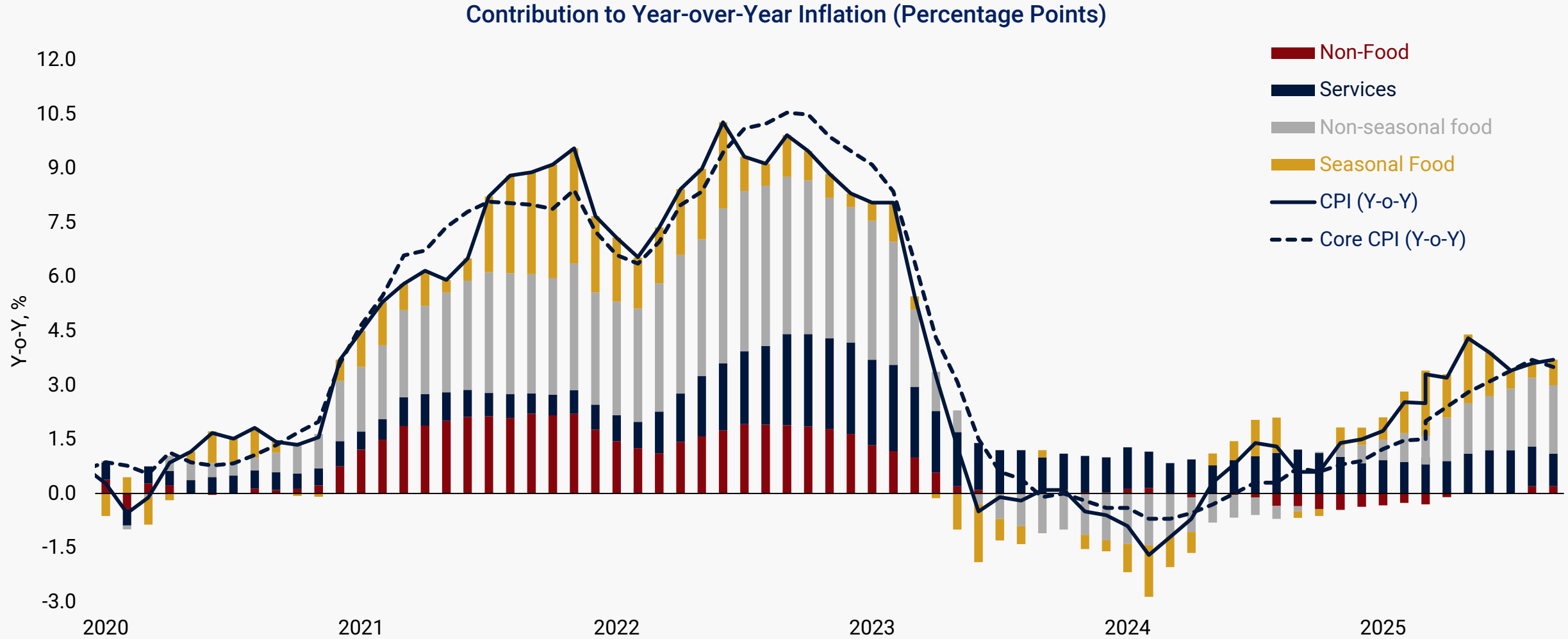
November 4, 2025

At its meeting today, the Board of the Central Bank of Armenia decided to

**keep the policy rate unchanged at 6.75%**

- Lombard Repo Facility Rate: 8.25%
- Deposit Facility Rate: 5.25%

Annual CPI inflation increased slightly in Q3 2025, standing at 3.7% in September. Meanwhile, core inflation edged up, standing at 3.5% Y-o-Y in August.

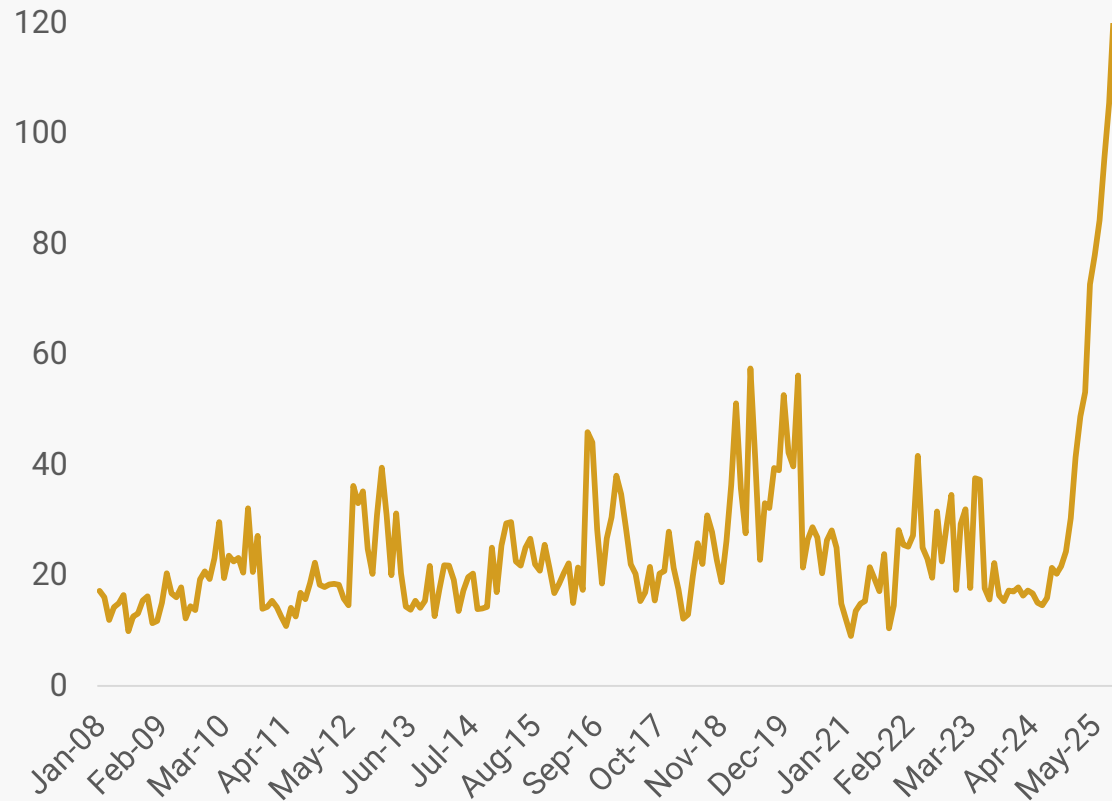


Source: Statistical Committee of the Republic of Armenia, CBA

# In Q3 2025, risks of a further slowdown in demand conditions globally and in Armenia's key partner economies persist, while inflationary pressures in the US have intensified.

Uncertainty surrounding US trade policy and its macroeconomic implications remains elevated

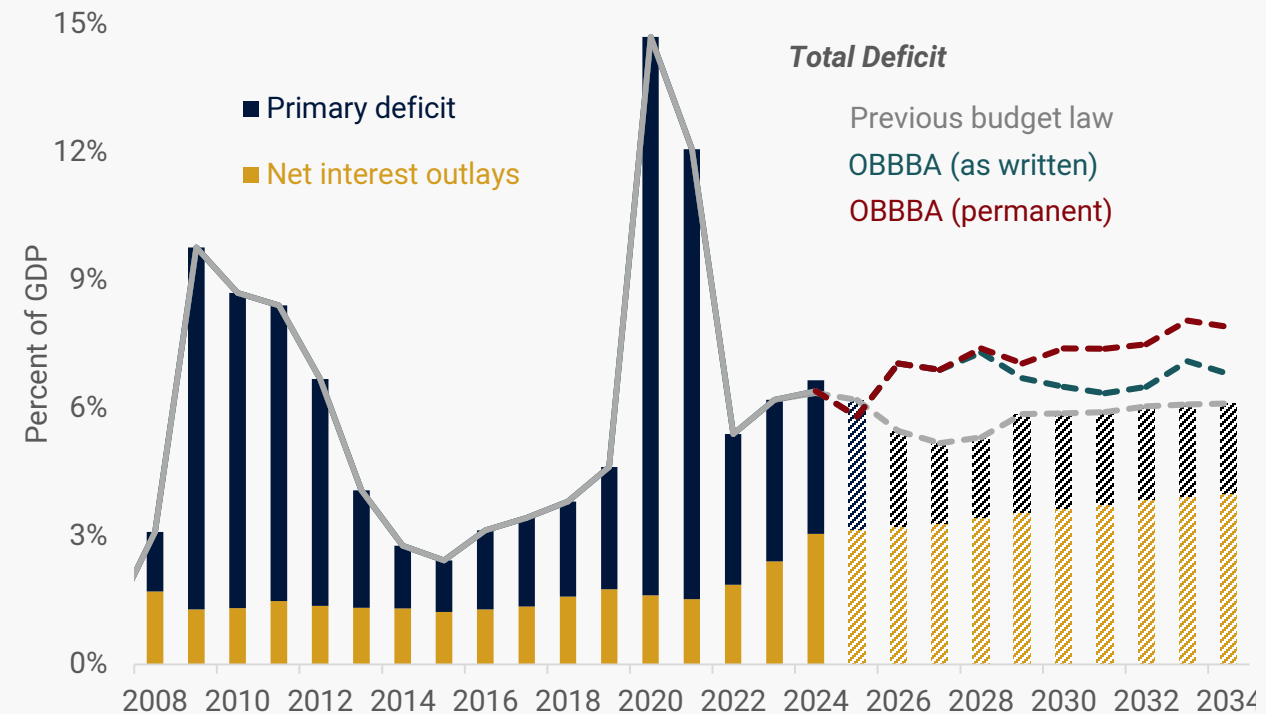
Global Uncertainty Index



Source: Economist Intelligence Unit (EIU)

Uncertainty regarding the medium-term implications of US fiscal policy, including the impact of rising public debt on long-term interest rates persists.

10-Year Projections of the US Deficit

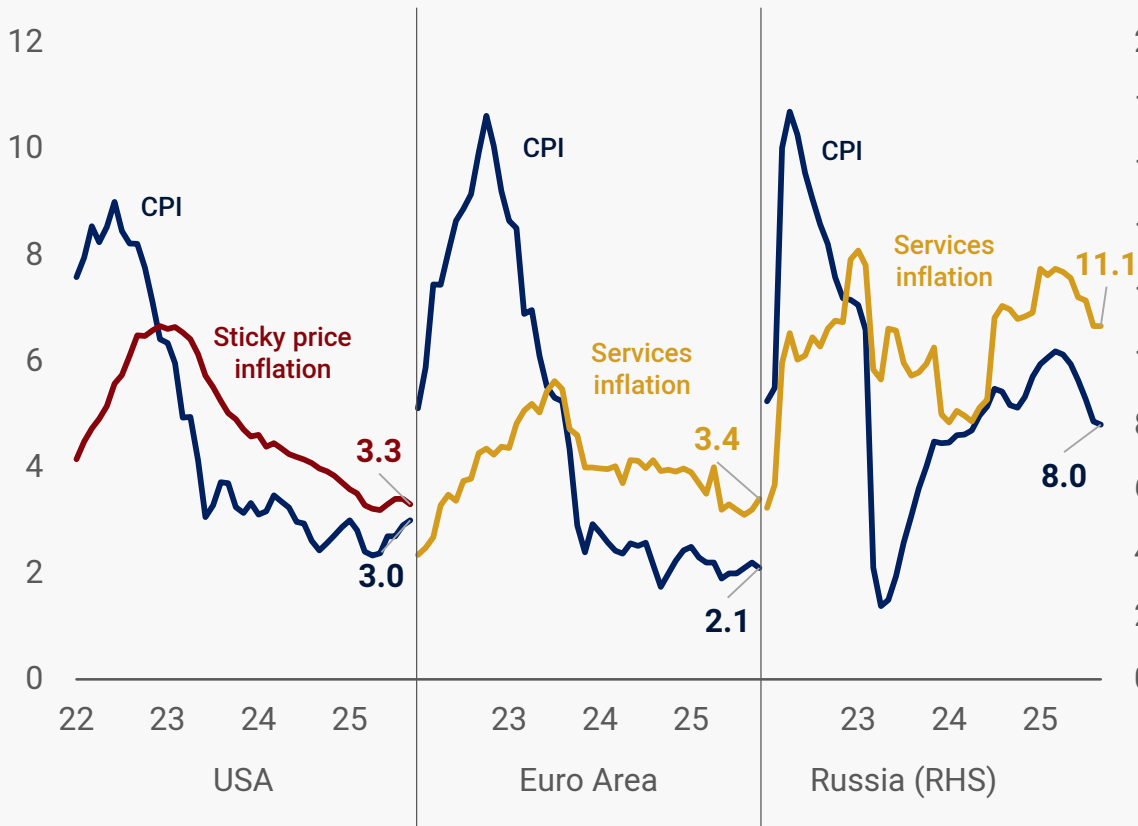


Source: CBO, CRFB

# Geopolitical uncertainty and tensions in international trade relations remain a key source of global inflation volatility

In Armenia's other trading partner economies, risks of weakening growth and demand are beginning to materialize

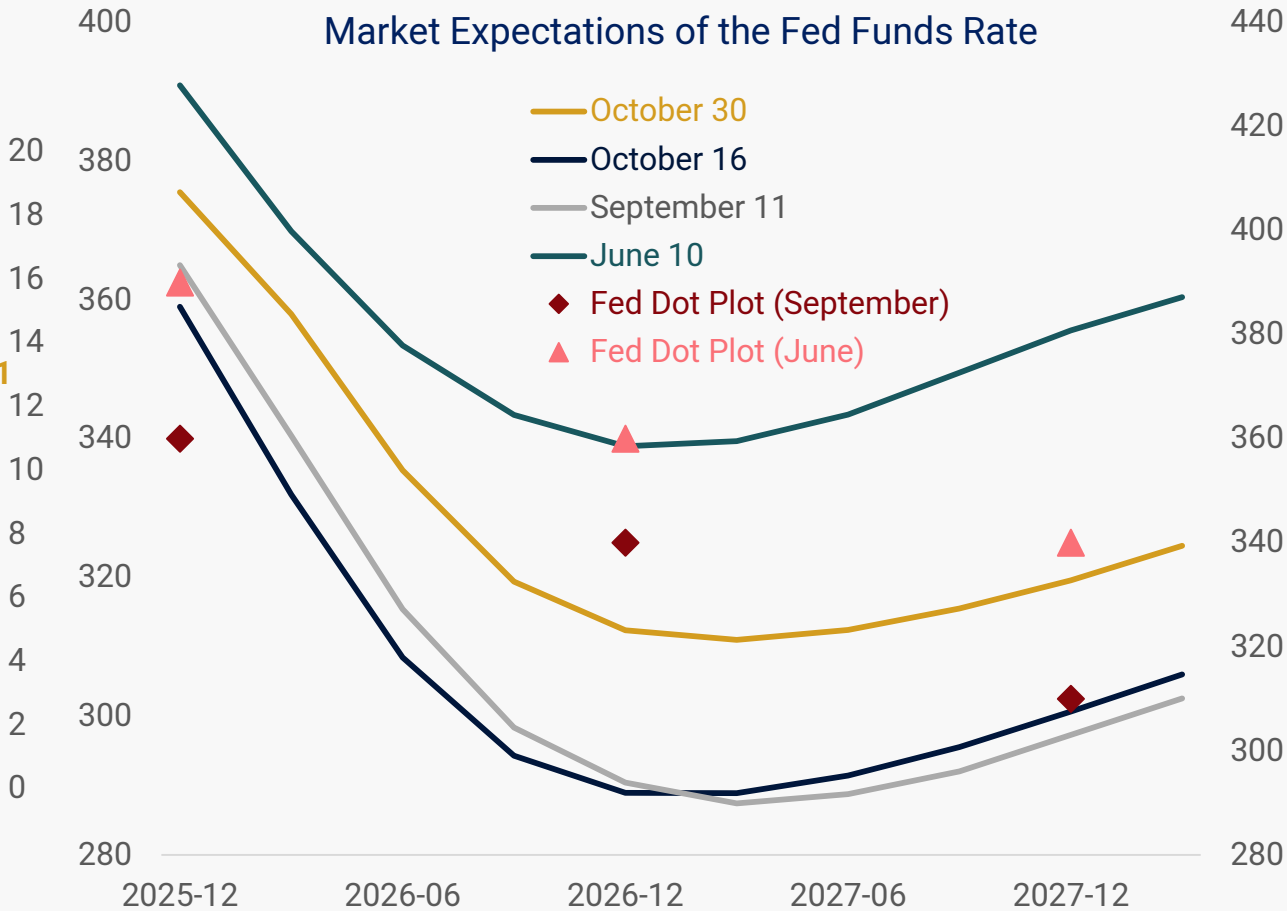
Inflation in Key Trading Partner Economies, Y-o-Y, %



Source: Atlanta Fed; Rosstat; Eurostat

Central banks in major economies would be expected to either maintain or gradually ease their tight monetary stance

Market Expectations of the Fed Funds Rate

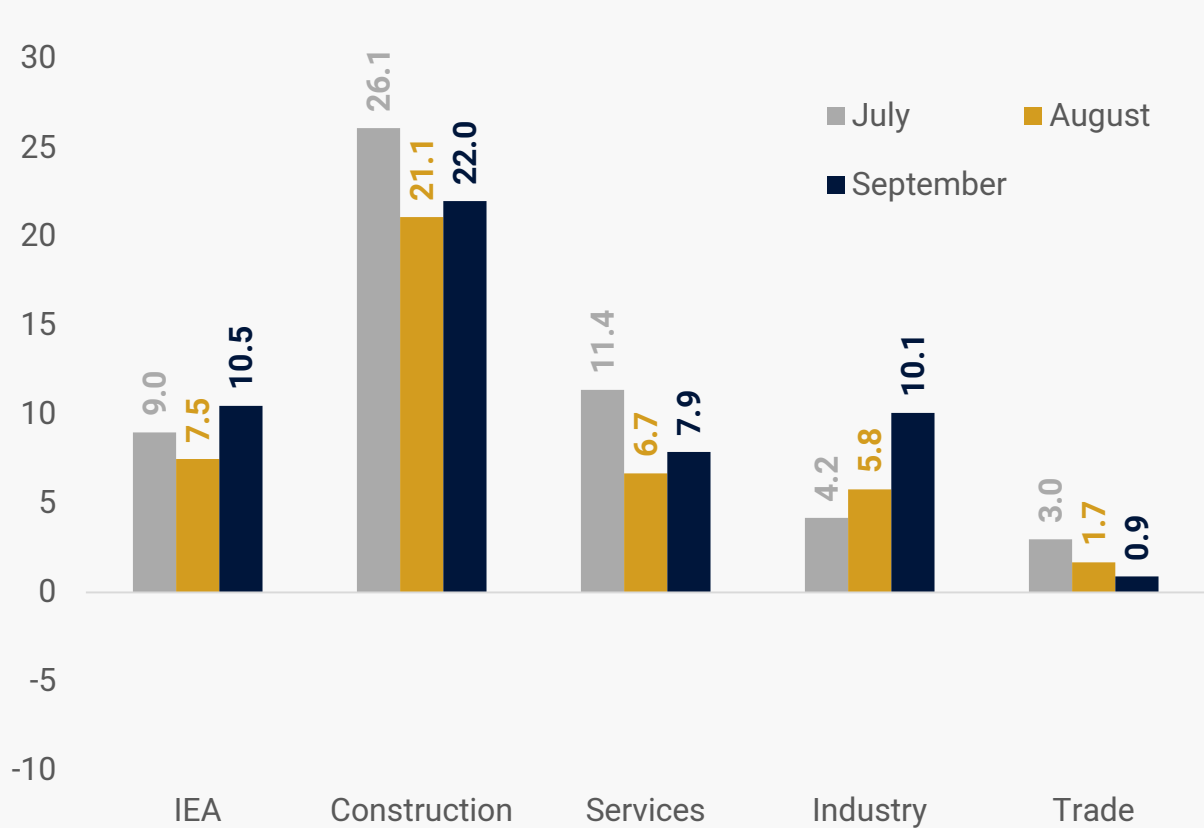


Source: Atlanta Fed, Philadelphia Fed

# In the third quarter of 2025, economic activity in Armenia continued to accelerate

Demand continues to be driven by growth in demand-driven sectors as well as the impacts of certain short-term, non-structural growth drivers.

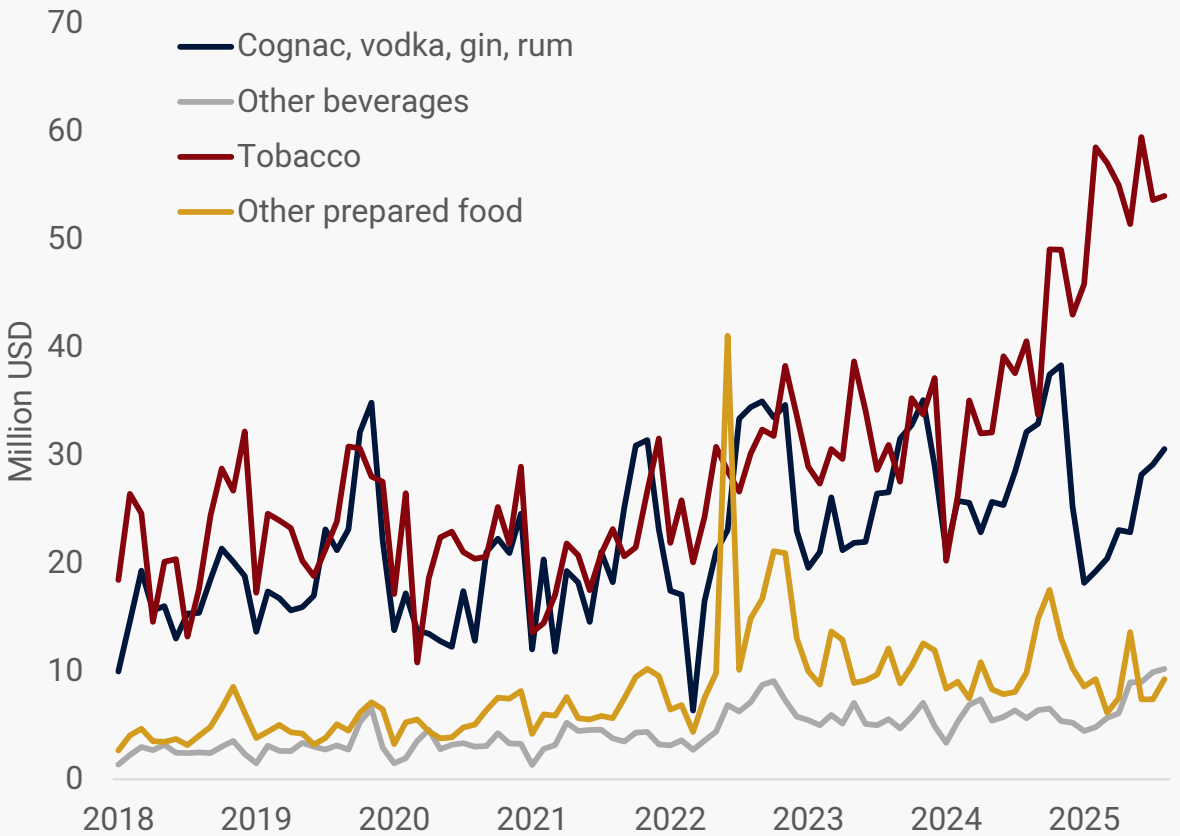
Economic Activity Indicator by Sector, real growth, Y-o-Y, %



Source: Statistical Committee of the Republic of Armenia

External demand for domestic goods and services has increased in Q2 and Q3

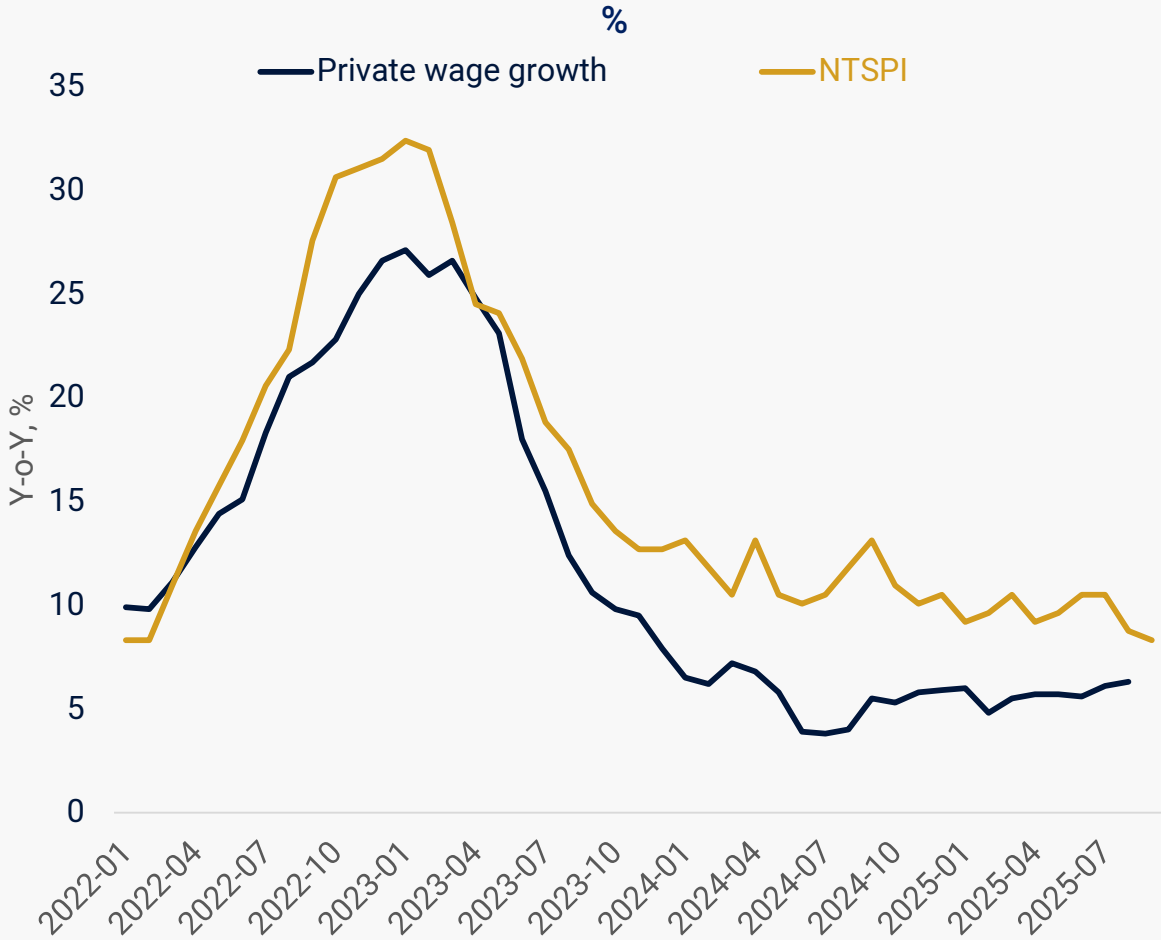
Export of “traditional” product groups of the manufacturing industry



Source: Tourism Committee

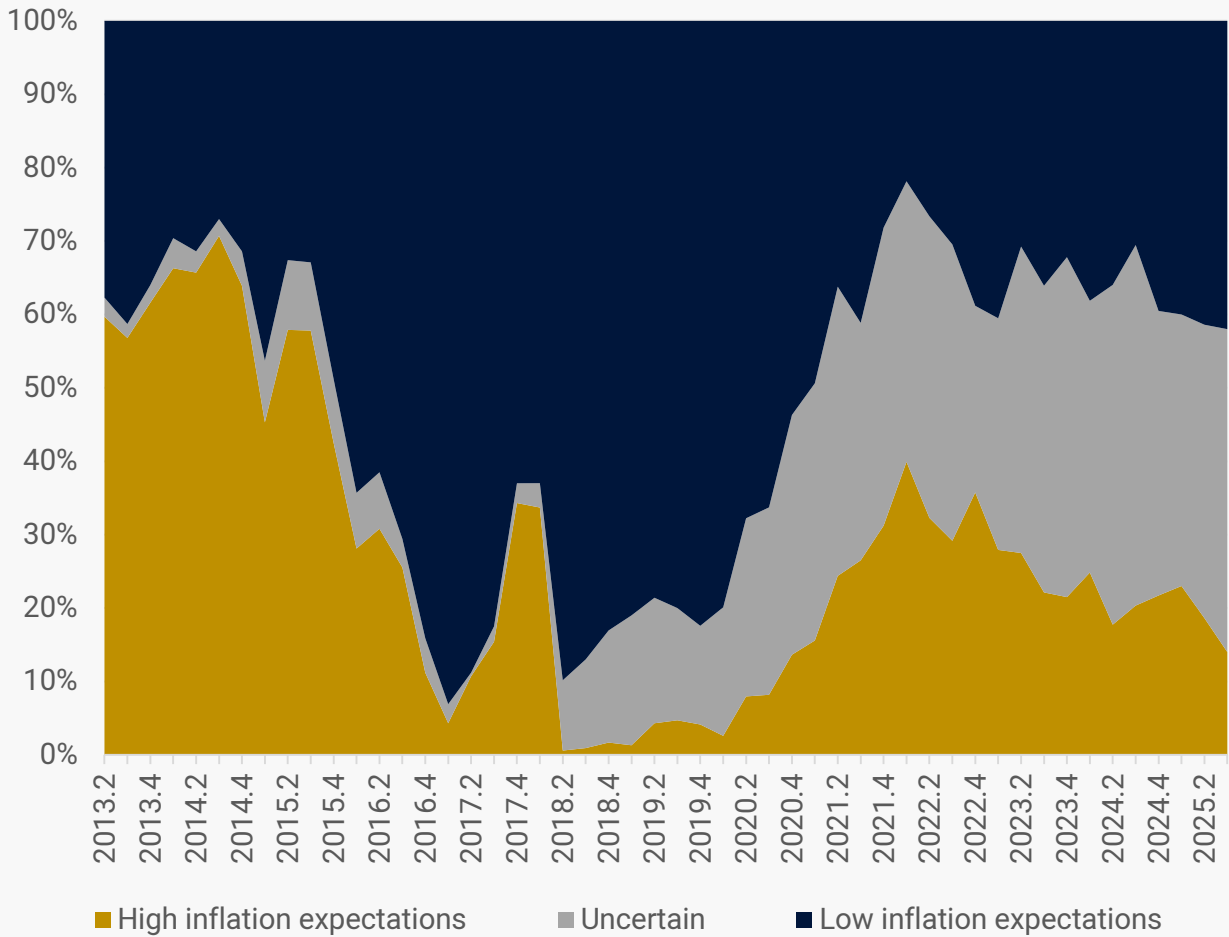
# Wage growth, non-traded sticky price inflation, and inflation expectations continue to stabilize

Private sector wage growth and Non-traded sticky price inflation, Y-o-Y,



Source: Statistical Committee of the Republic of Armenia, CBA

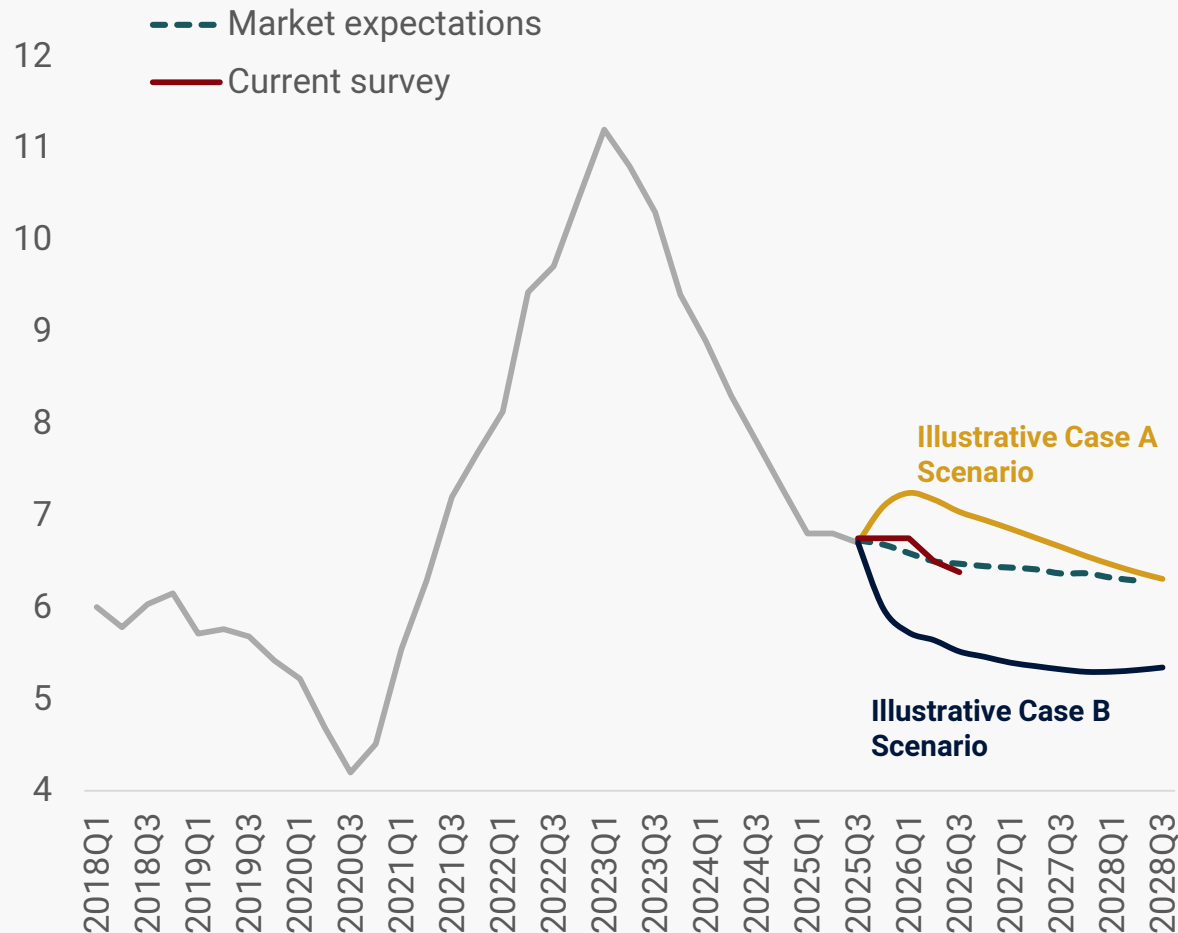
Inflation expectations



Source: CBA Q2 2025 Inflation Expectations Survey

# In order to manage possible risks stemming from conditions of high uncertainty, the Board considers multiple scenarios during its deliberations

Illustrative scenarios and market expectations – Q3 2025



Source: CBA

- **Case A-type scenarios**, including:
  - risks of a rising neutral rate globally and in Armenia in the context of fiscal policies
  - risks of expanding domestic demand conditions
- **Case B-Type scenarios**, including:
  - overall concerns about the outlook for the global economy
  - concerns regarding a weak demand environment forming and deepening in the economy due to a potential gradual adjustment of real estate prices

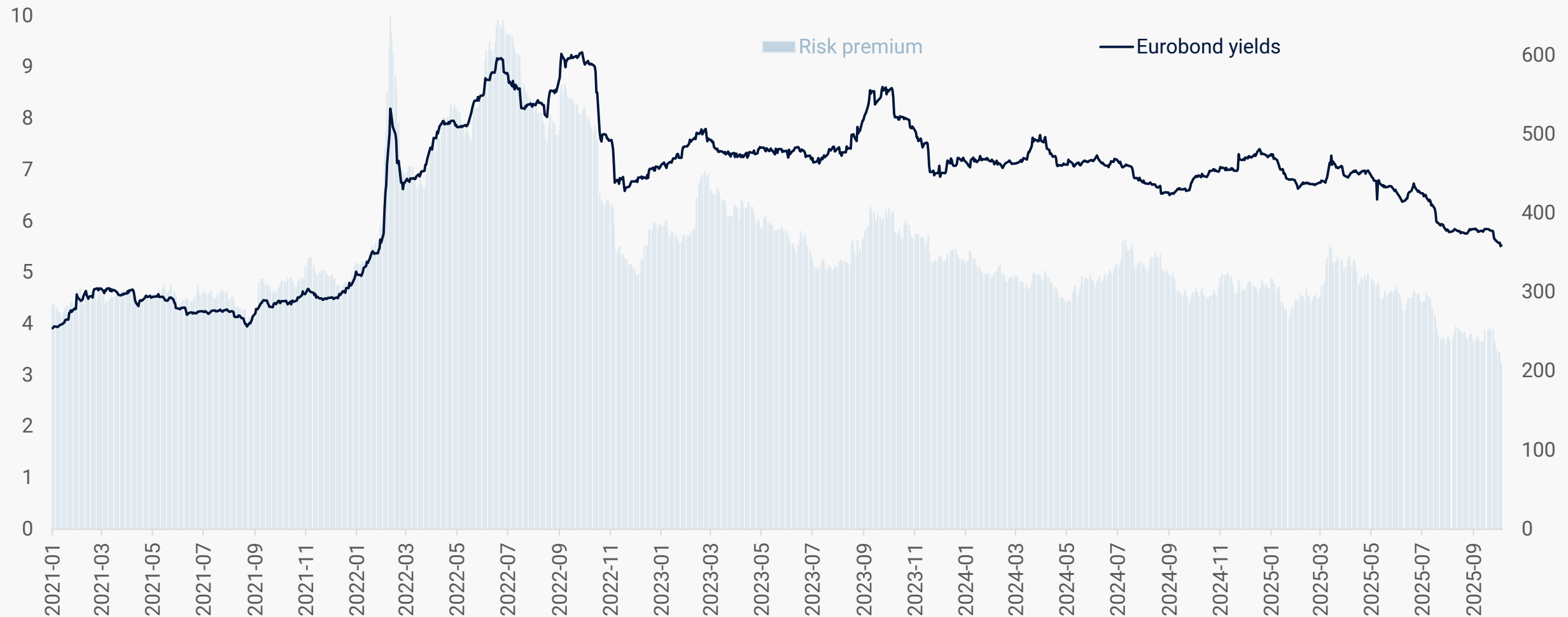
**Seeking to manage the macroeconomic implications that could stem from Case A-type scenarios materializing, the Board finds it appropriate to keep the policy rate unchanged in the current round.**

The Board resolutely affirms its commitment to adopting the appropriate policy actions and strategy to ensure the price stability objective of 3% inflation in the medium term.



**Thank you**

# Appendix: Sovereign risk premium



Source: Bloomberg