



Central Bank
of Armenia

Monetary Policy Decision

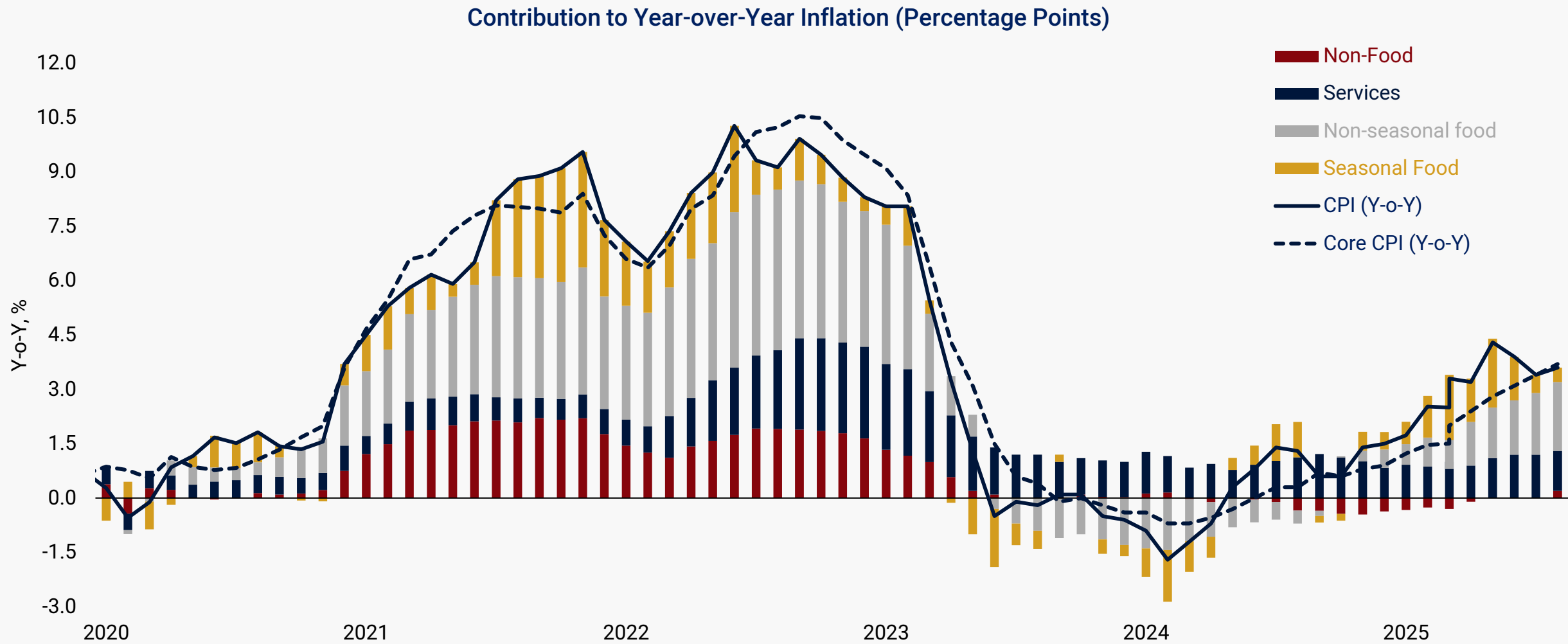
September 16, 2025

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 3.6% in August. Meanwhile, core inflation edged up, standing at 3.7% Y-o-Y in August.

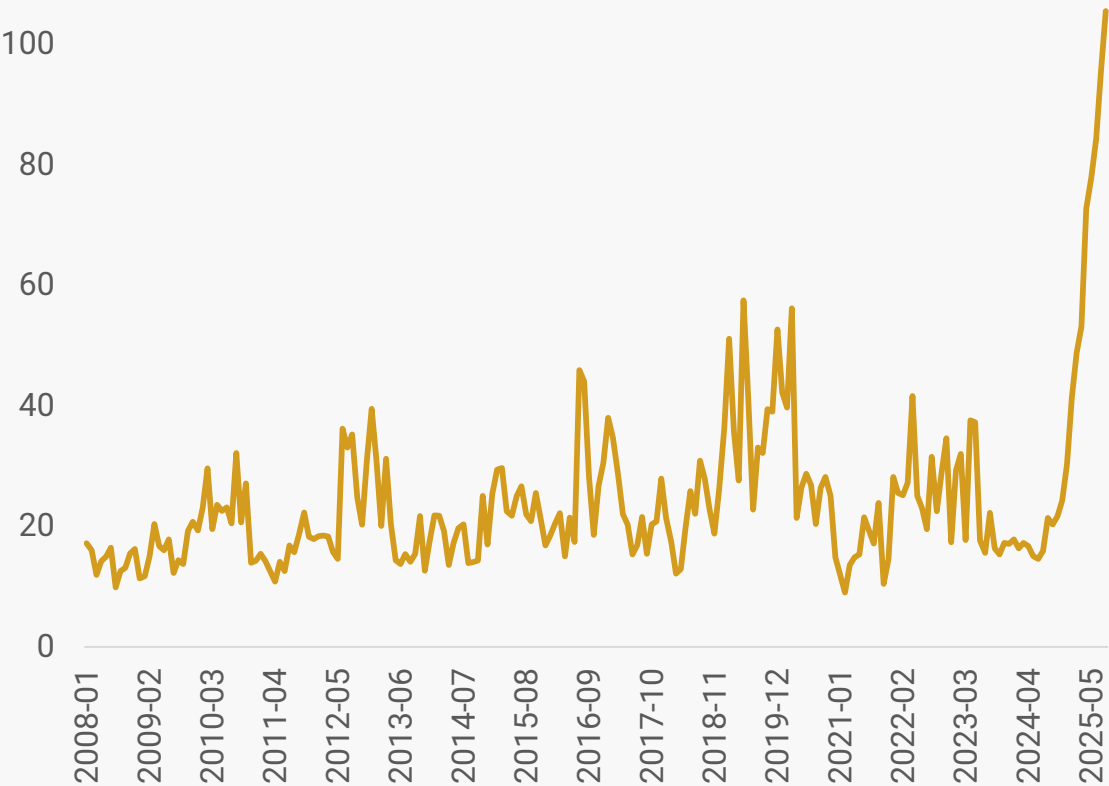


Source: Statistical Committee of the Republic of Armenia, CBA

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

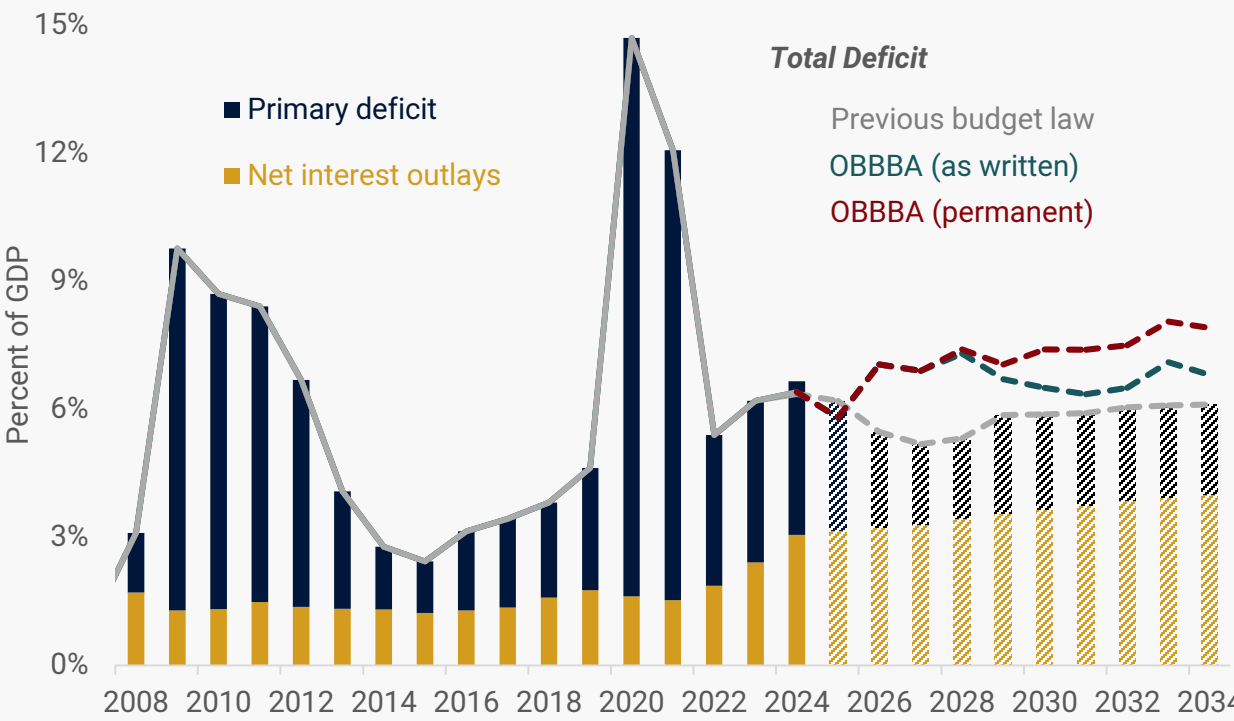
Global Uncertainty Index



Source: Economist Intelligence Unit (EIU)

Uncertainty has also increased regarding the medium-term implications of US fiscal policy, including the extent of aggregate demand support, the resulting rise in public debt, and its potential impact on long-term interest rates

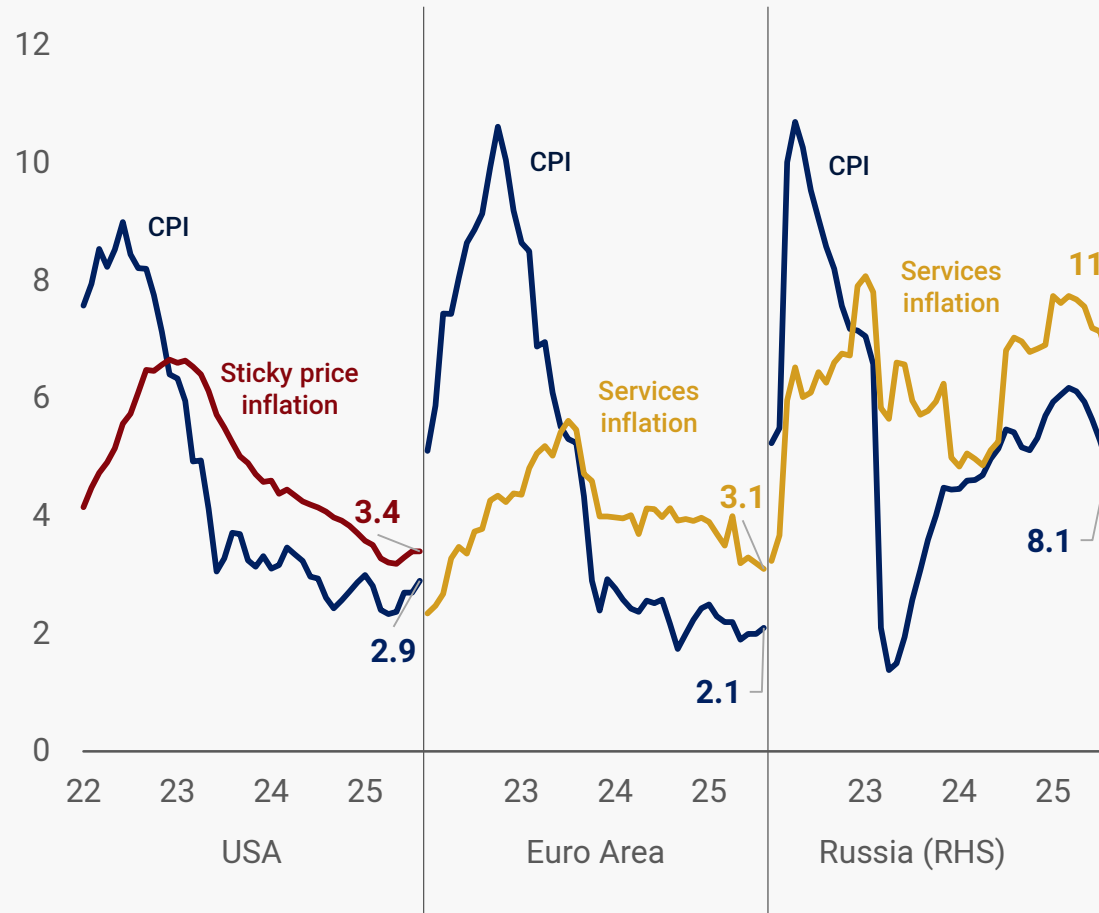
10-Year Projections of the US Deficit



Source: BLS; Atlanta Fed; Rosstat; Eurostat

At the same time, persistent geopolitical uncertainty and heightened tensions in international trade relations continue to pose risks of supply chain disruptions and renewed global inflationary pressures

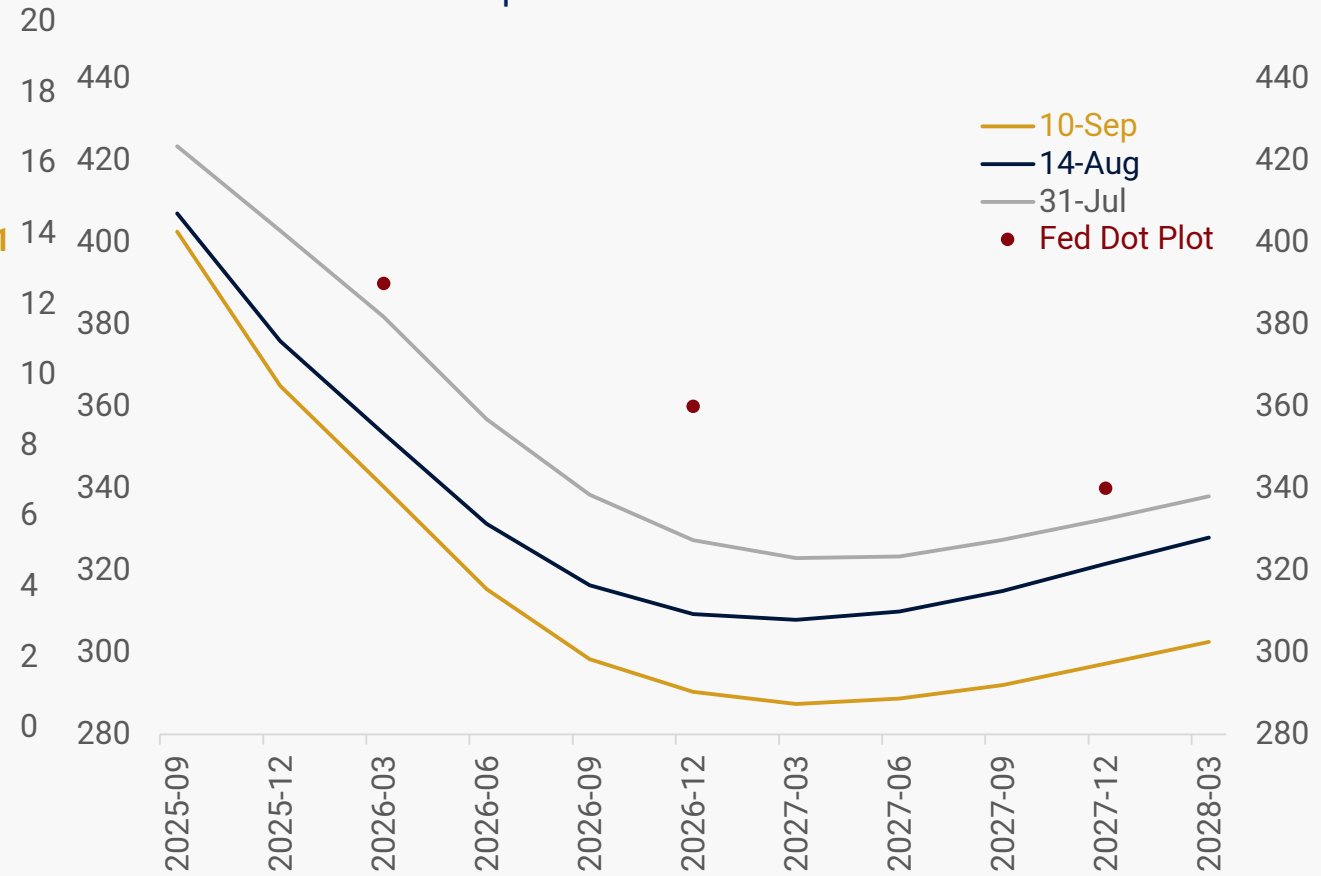
Inflation in Key Trading Partner Economies, Y-o-Y, %



Source: Economist Intelligence Unit (EIU)

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

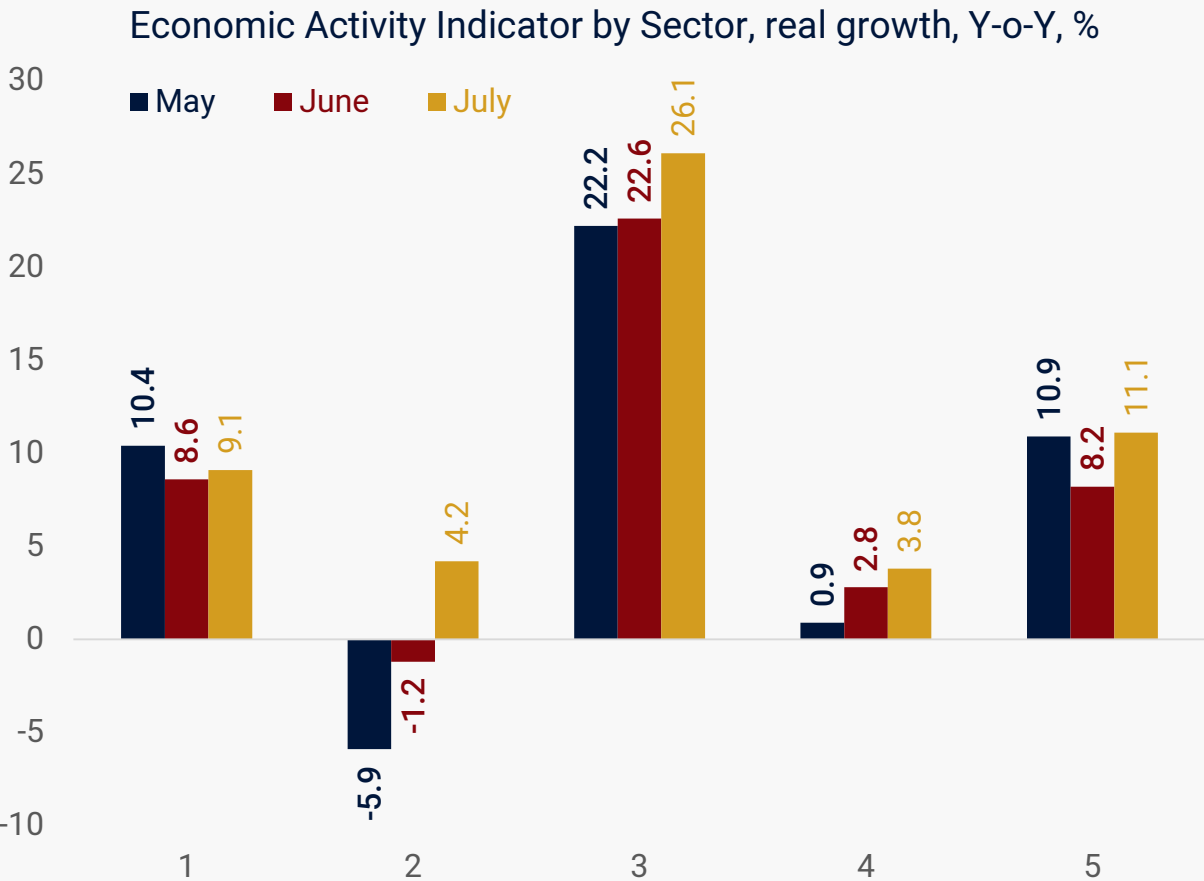
Market Expectations of the Fed Funds Rate



Source: BLS; Atlanta Fed; Rosstat; Eurostat

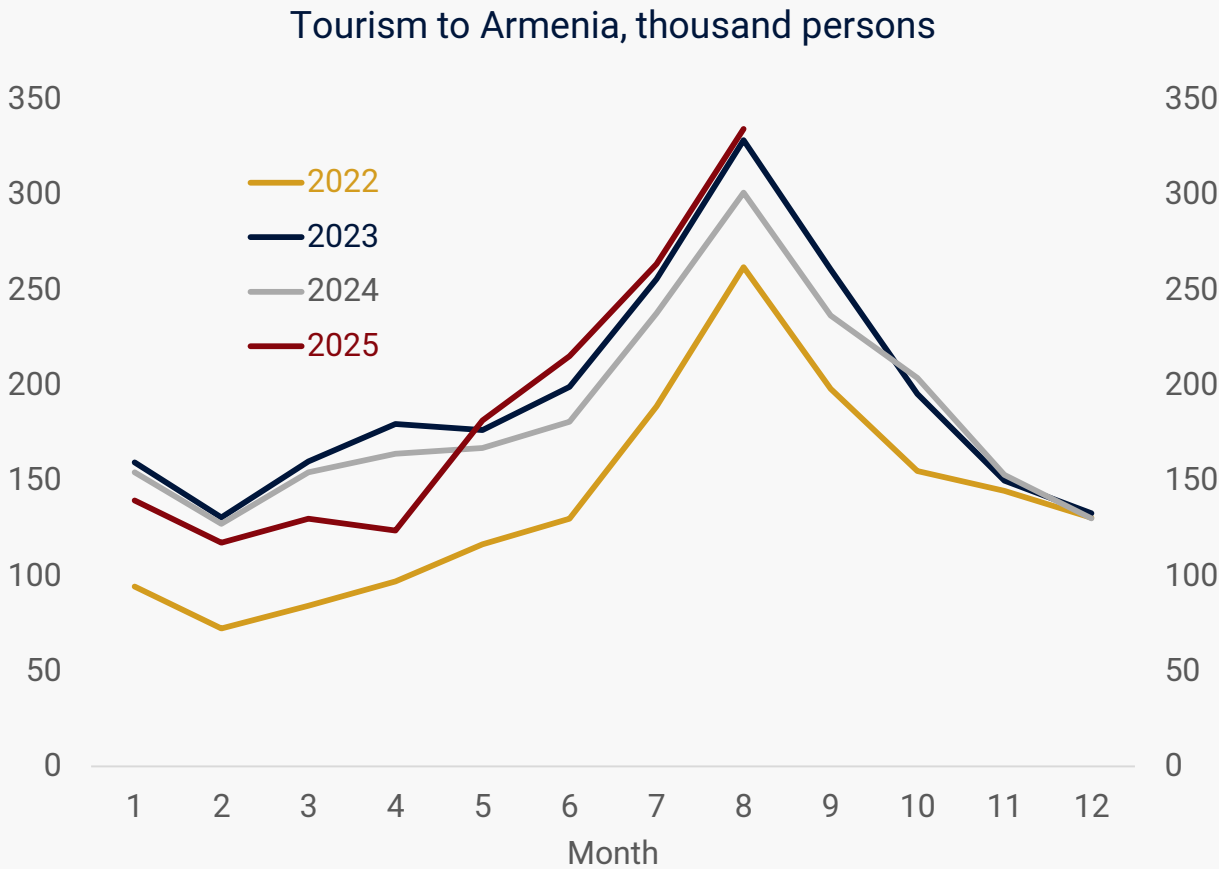
In the third quarter of 2025, economic activity in Armenia continued to accelerate

Growth in demand-driven sectors continues to offset the gradual dissipation of certain short-term, non-structural growth drivers



Source: Statistical Committee of the Republic of Armenia

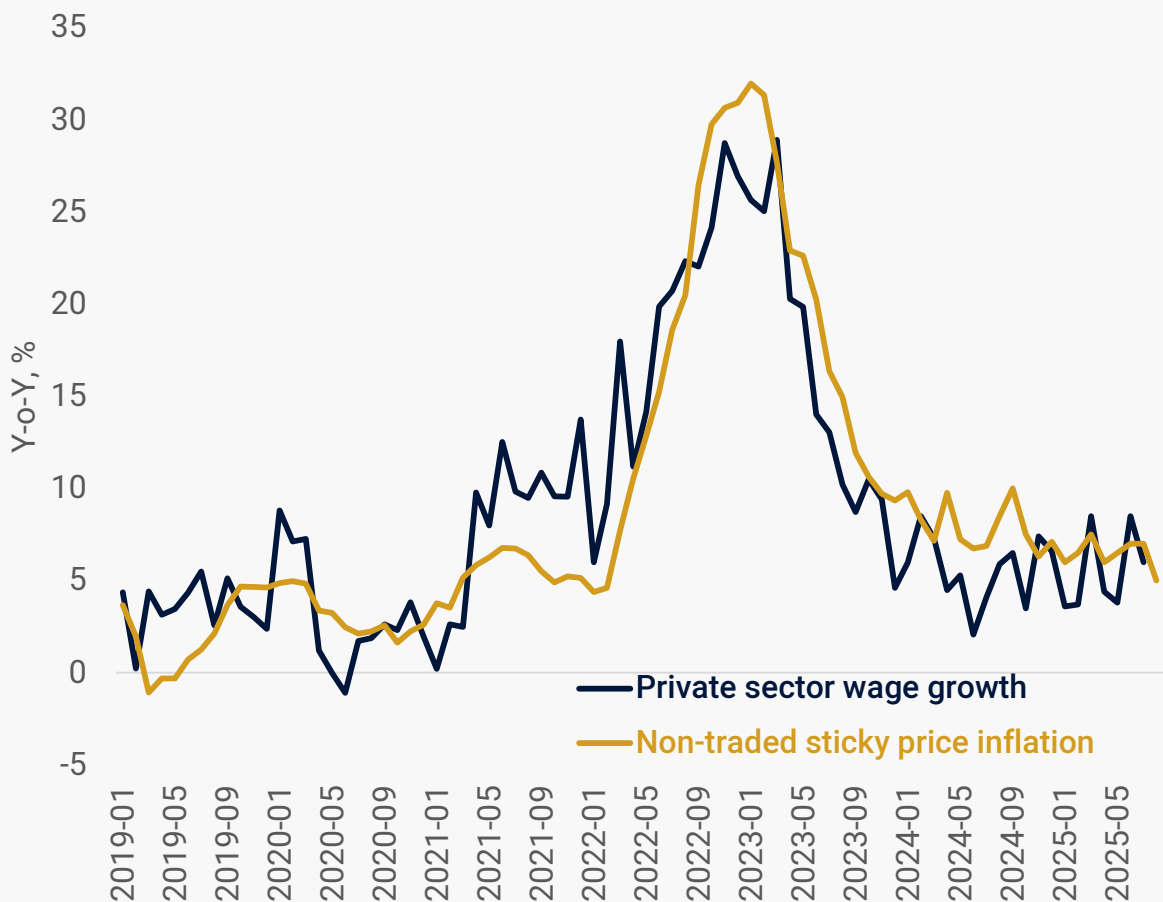
Following sustained declines in 2024 and Q1 2025, external demand for services has increased in Q2 and Q3



Source: Tourism Committee

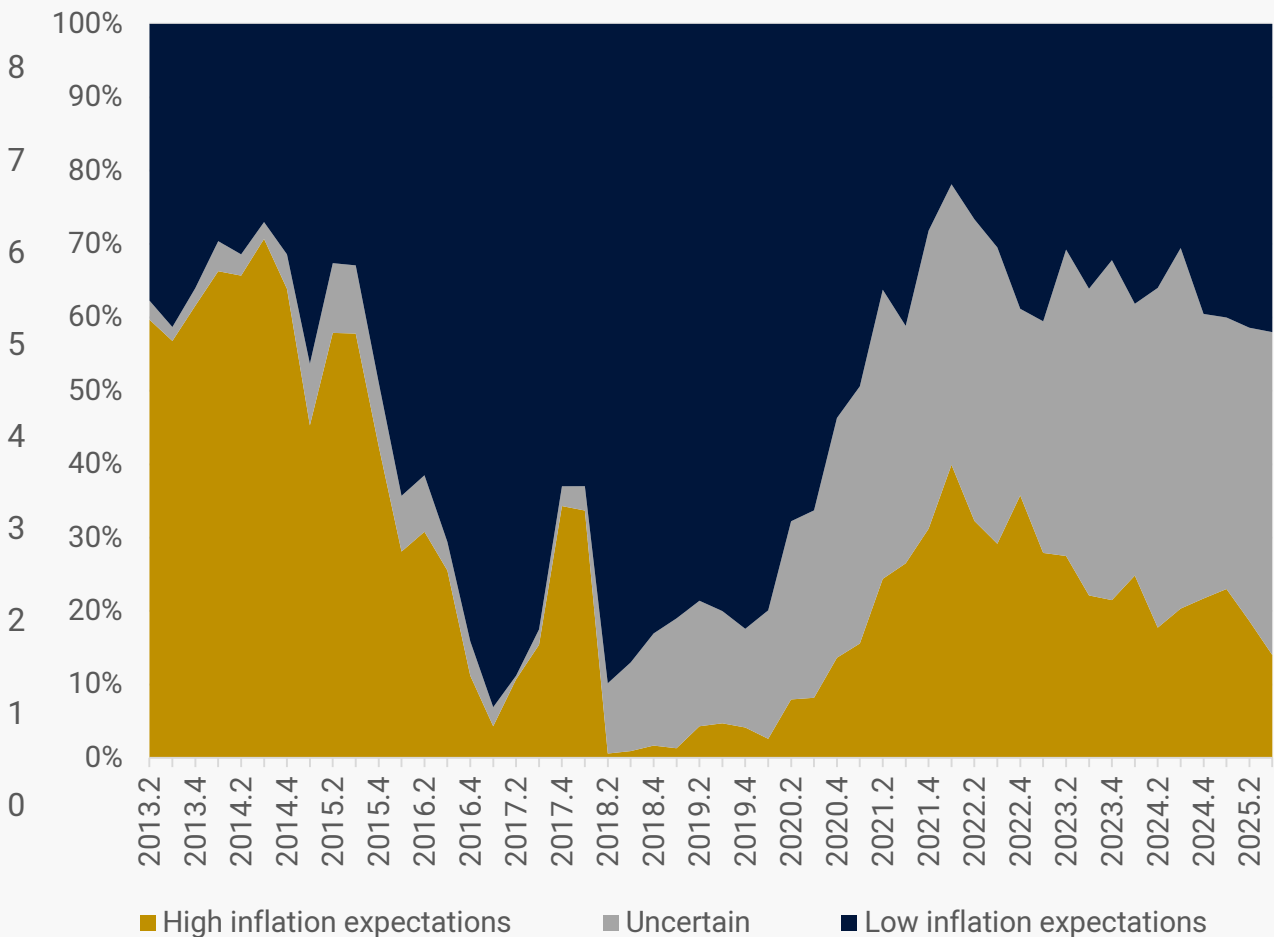
Wage growth, non-traded sticky price inflation, and inflation expectations continue to stabilize

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



Source: Statistical Committee of the Republic of Armenia, CBA

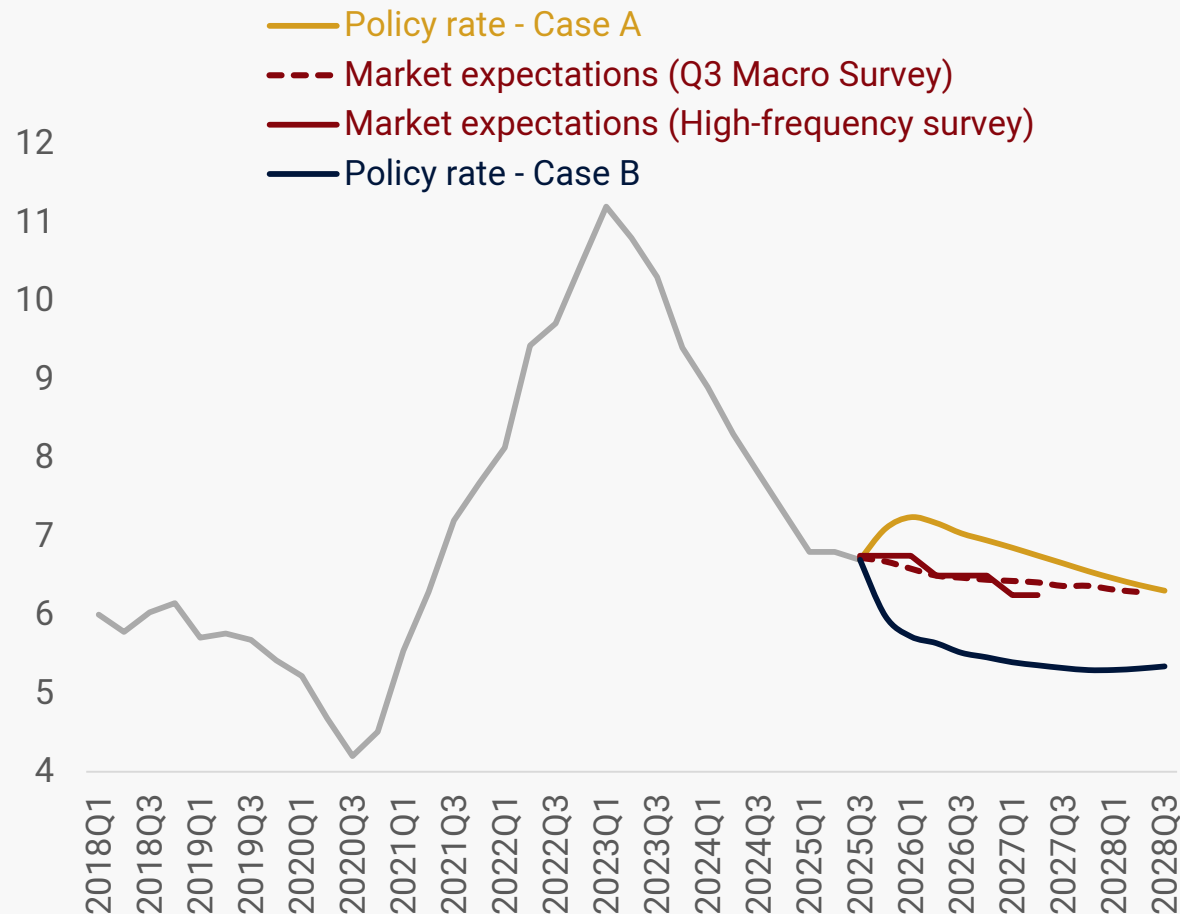
Inflation expectations



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 – Q2 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:
 - concerns regarding a weak demand environment forming and deepening in the economy due to a potential gradual adjustment of real estate prices
 - overall concerns about the outlook for the global economy

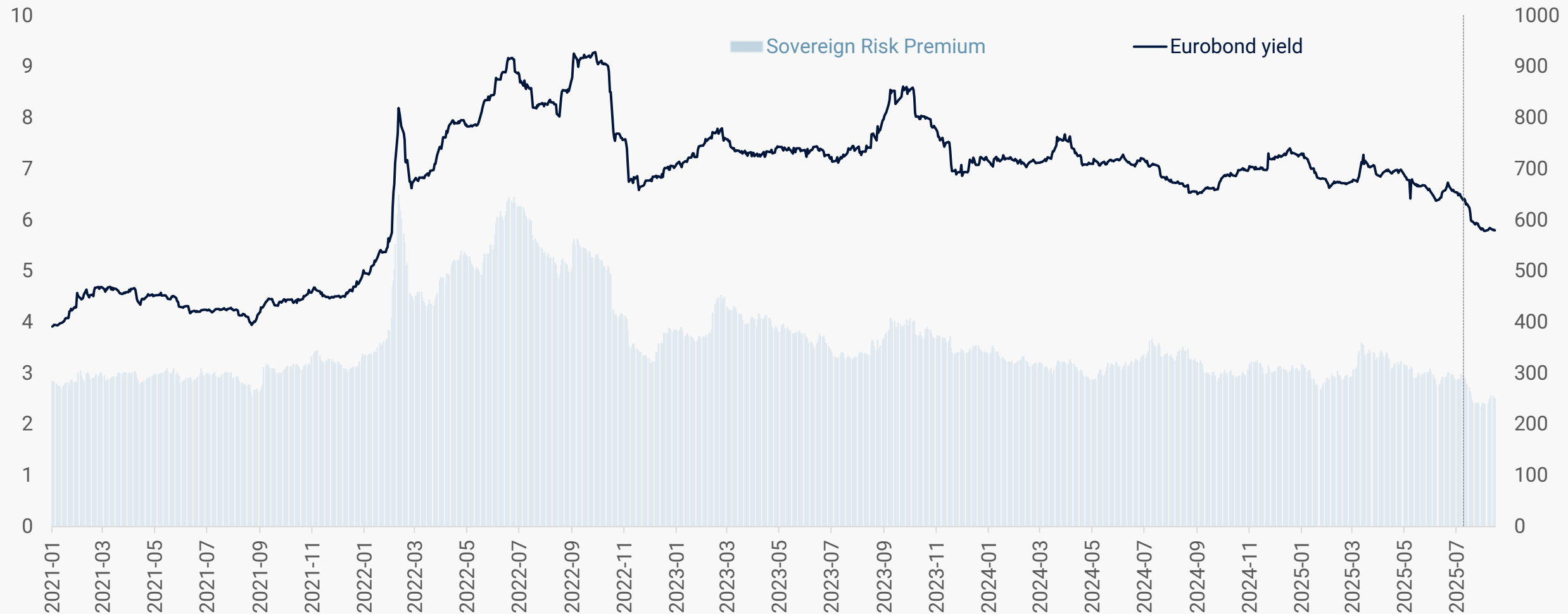
Seeking to manage the macroeconomic implications that could stem from Case A-type scenarios materializing, the Board finds it appropriate to keep the policy rate unchanged in the current round.

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