



Central Bank
of Armenia

Monetary Policy Decision

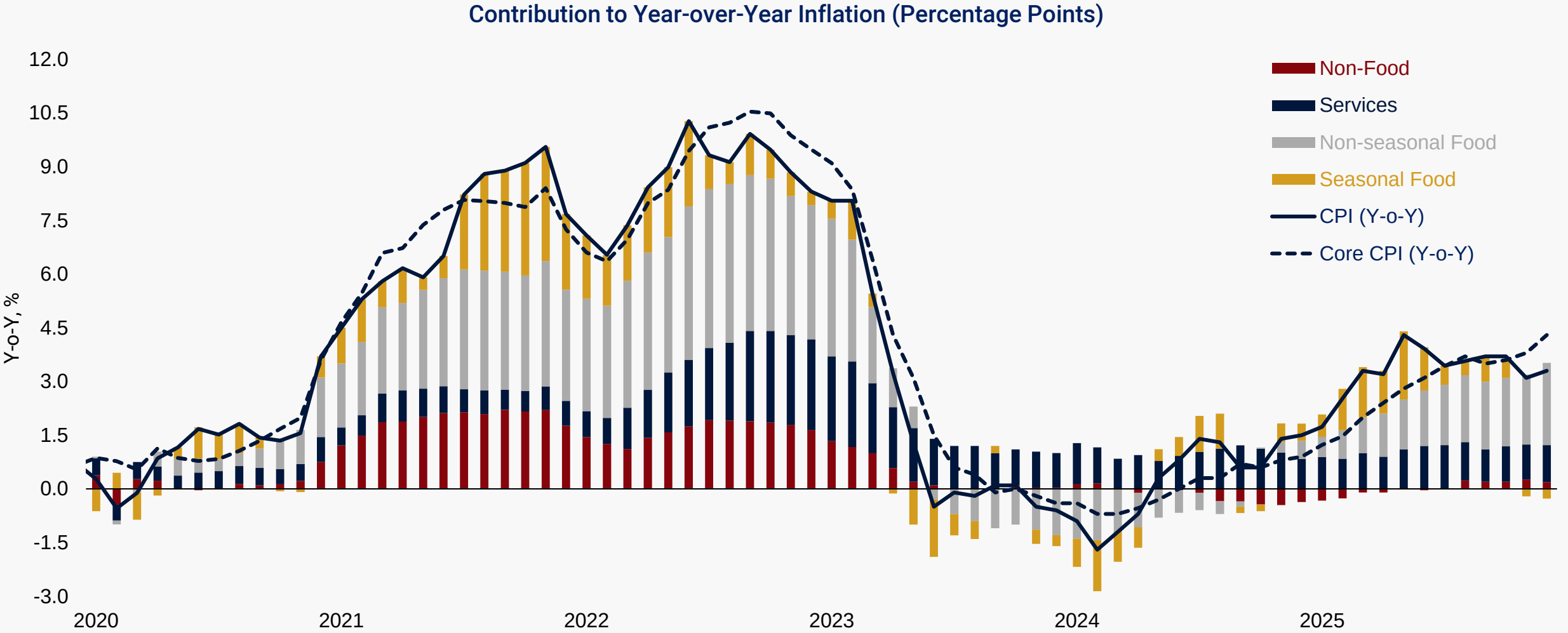
February 3, 2026

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

keep the policy rate unchanged at 6.5%

- Lombard Repo Facility Rate: 8.0%
- Deposit Facility Rate: 5.0%

In Q4 2025, annual CPI inflation was close to the target, standing at 3.3% in December. Meanwhile, annual core CPI inflation has increased to 4.3%.



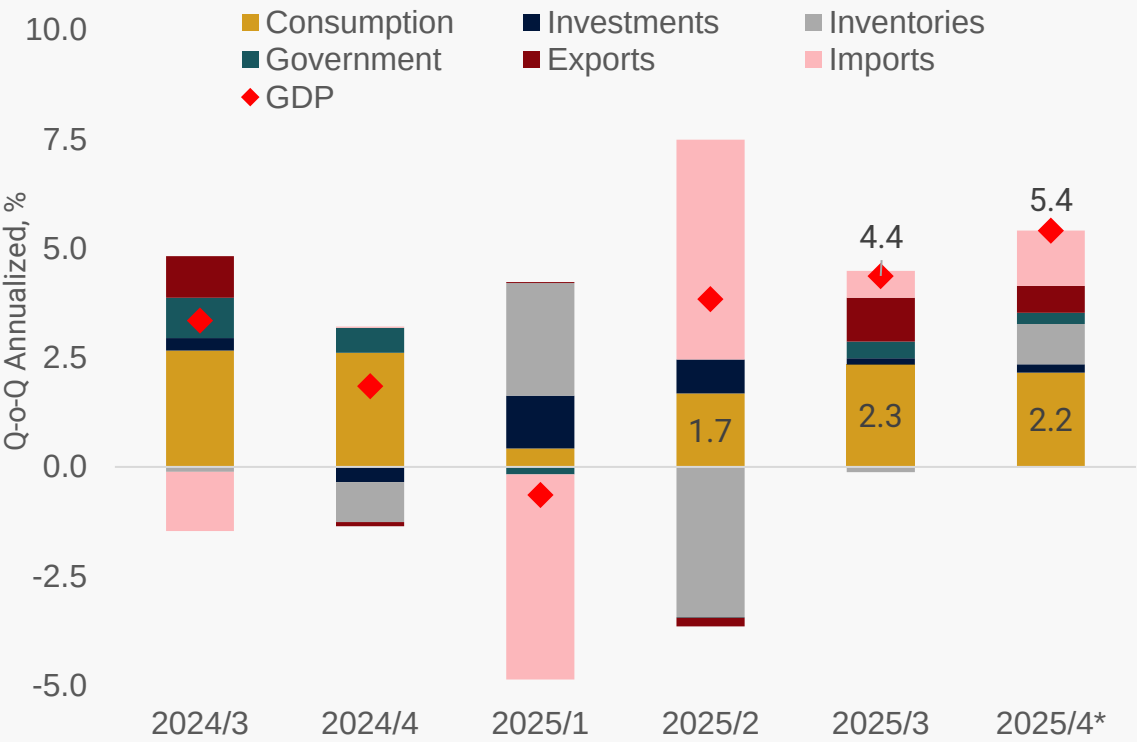
Source(s): Statistical Committee of the Republic of Armenia, CBA

In Q1 2026, risks of a further slowdown in demand persist globally and in Armenia's key partner countries. In the United States, strong consumer spending continues to support relatively robust economic growth and a persistent inflationary environment.

Nevertheless, the structural characteristics of economic growth related to developments in the technology sector, along with potential further adjustments in financial asset prices and weakening labor market conditions, could negatively affect the medium-term growth outlook

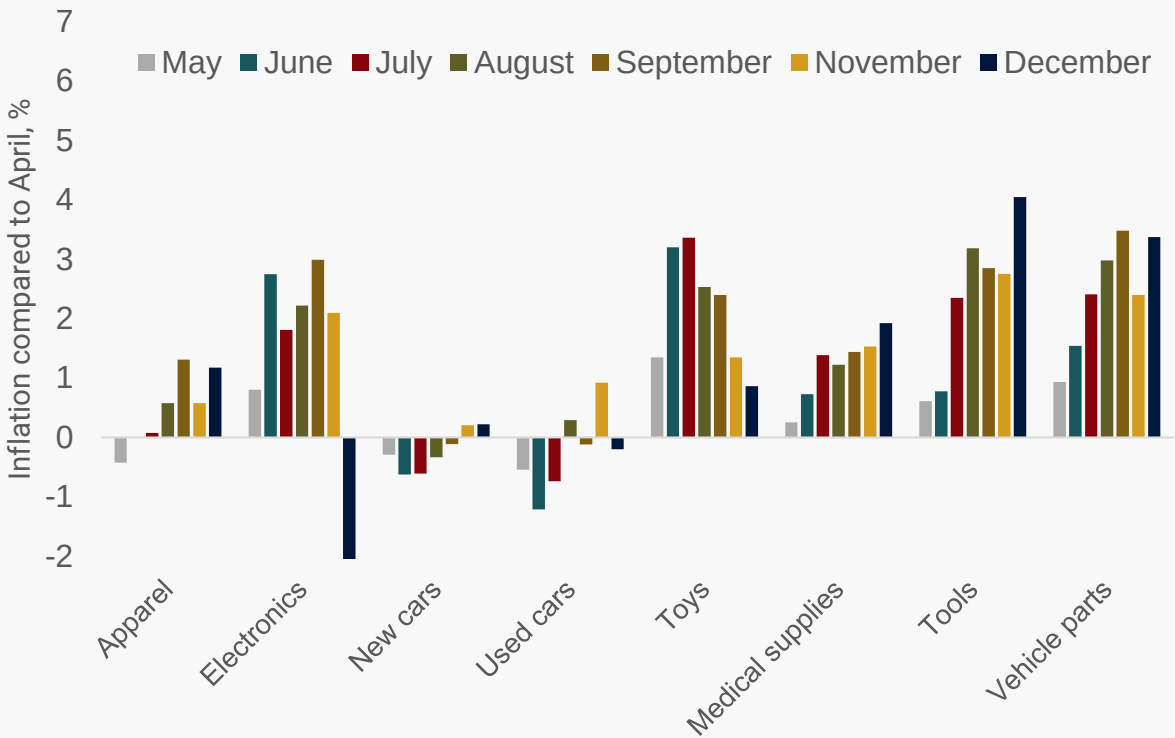
The macroeconomic effects stemming from US trade policy have eased somewhat; nevertheless, it remains one of the main sources of uncertainty

US economic growth, 3m-o-3m Annualized, %



Source: BEA, Atlanta Fed

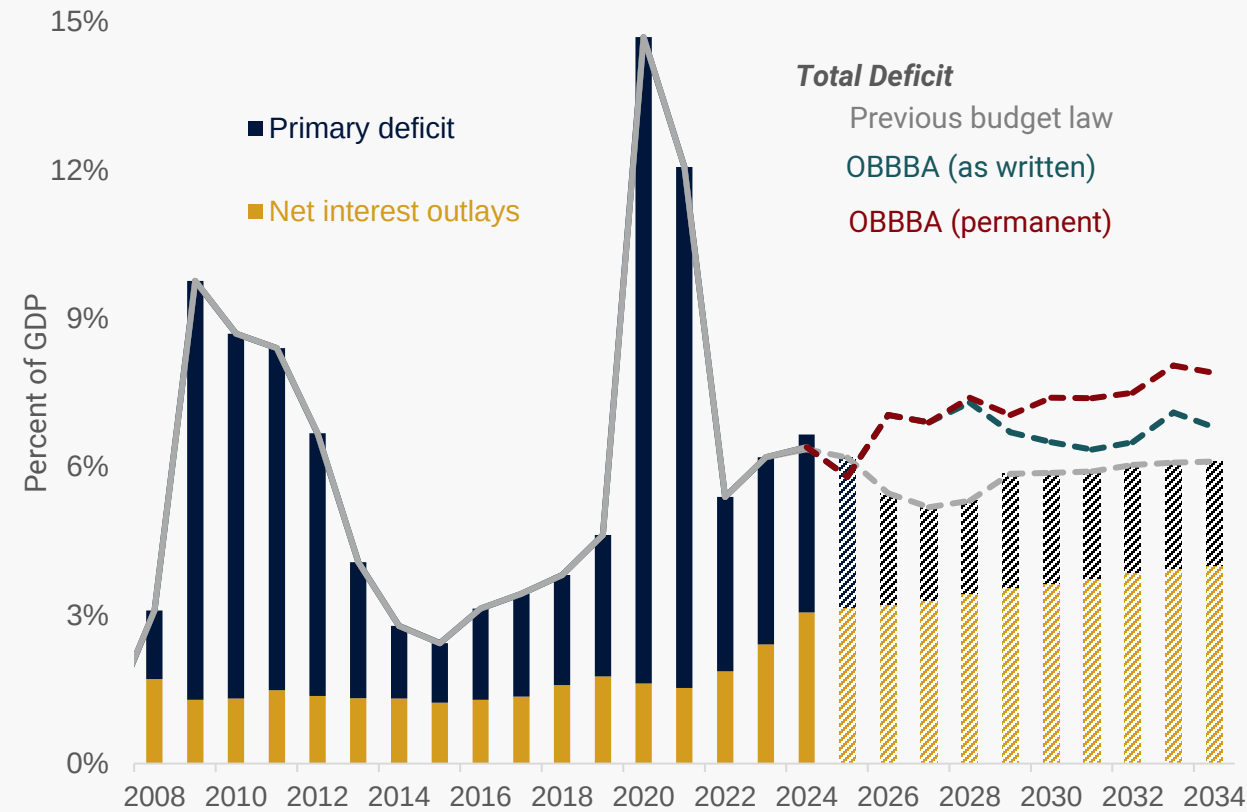
CPI inflation by product groups



Source(s): BEA

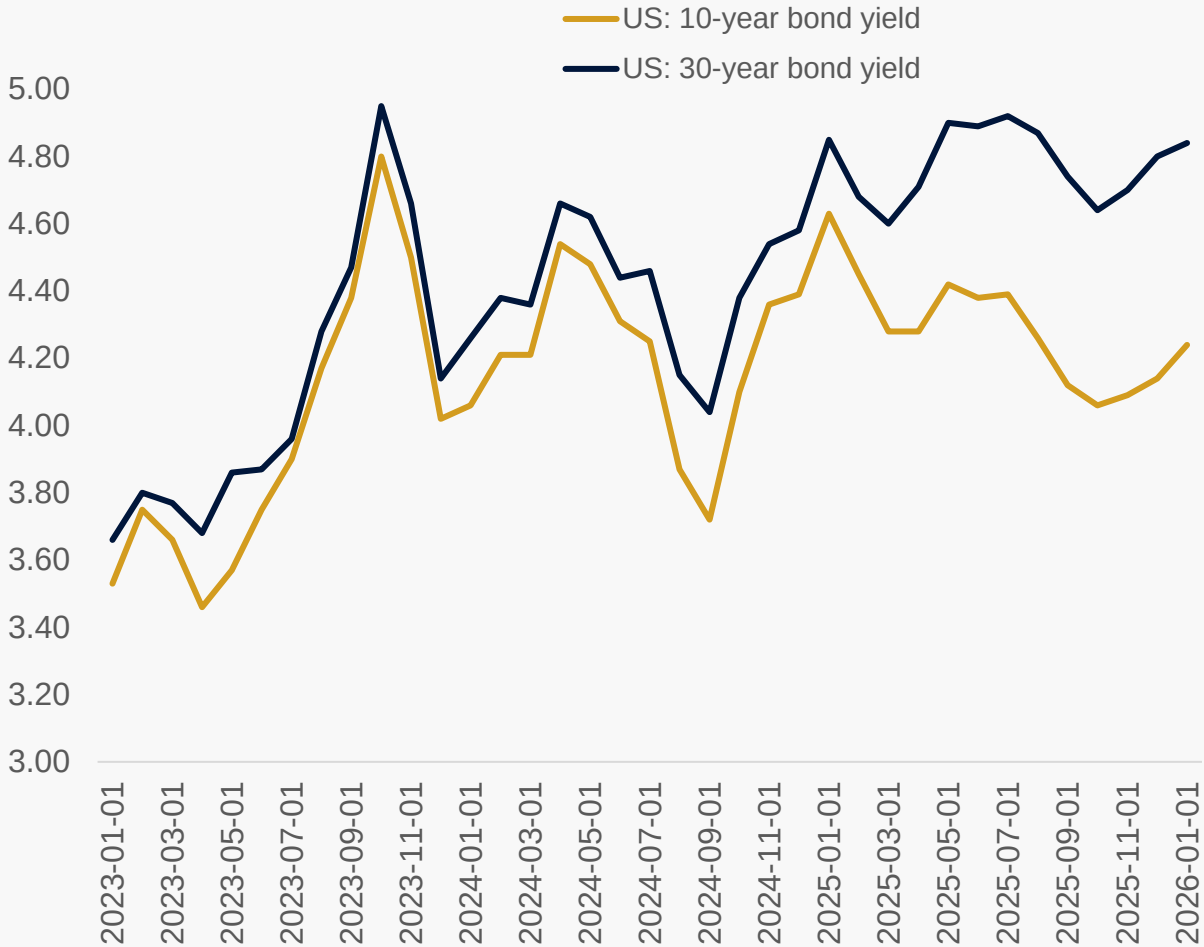
Over the medium term, uncertainty around long-term interest rates persists amid expectations of a substantial increase in US public debt.

10-Year Projections of the US Deficit



Source(s): CBO, CRFB

US Treasury bond yields, %

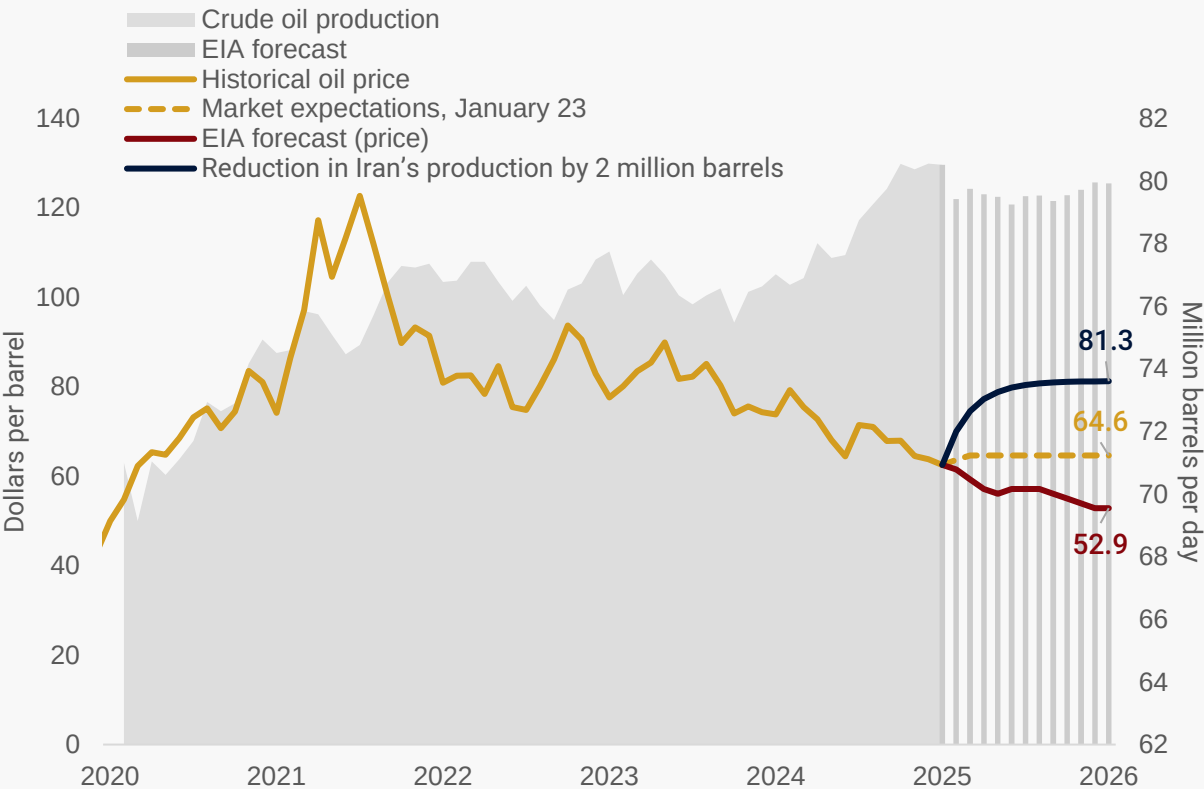


Source: FRED

In Armenia's other key partner countries, the medium-term risks to weakening growth and demand are gradually materializing.

Global oil prices continue to decline...

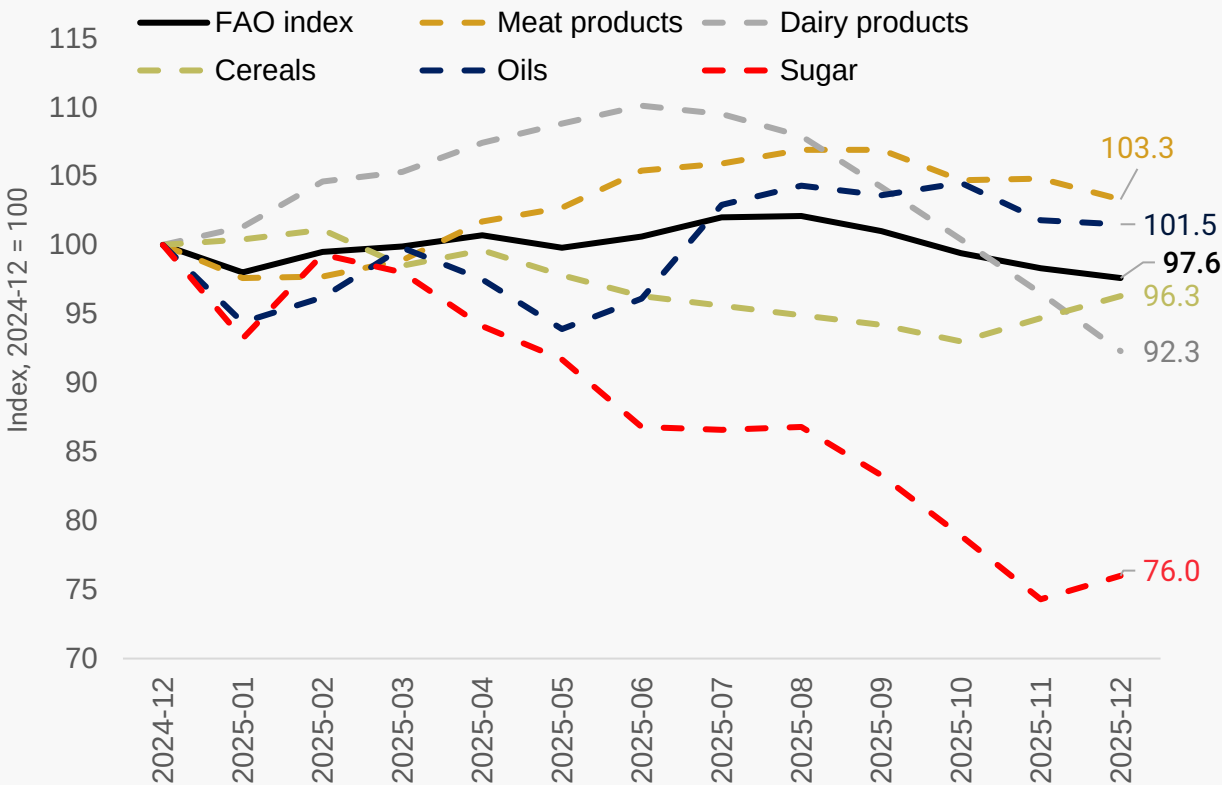
Global Oil Prices



Source(s): EIA, CBA estimates

... while in recent months, the global food markets have mainly been transmitting disinflationary effects.

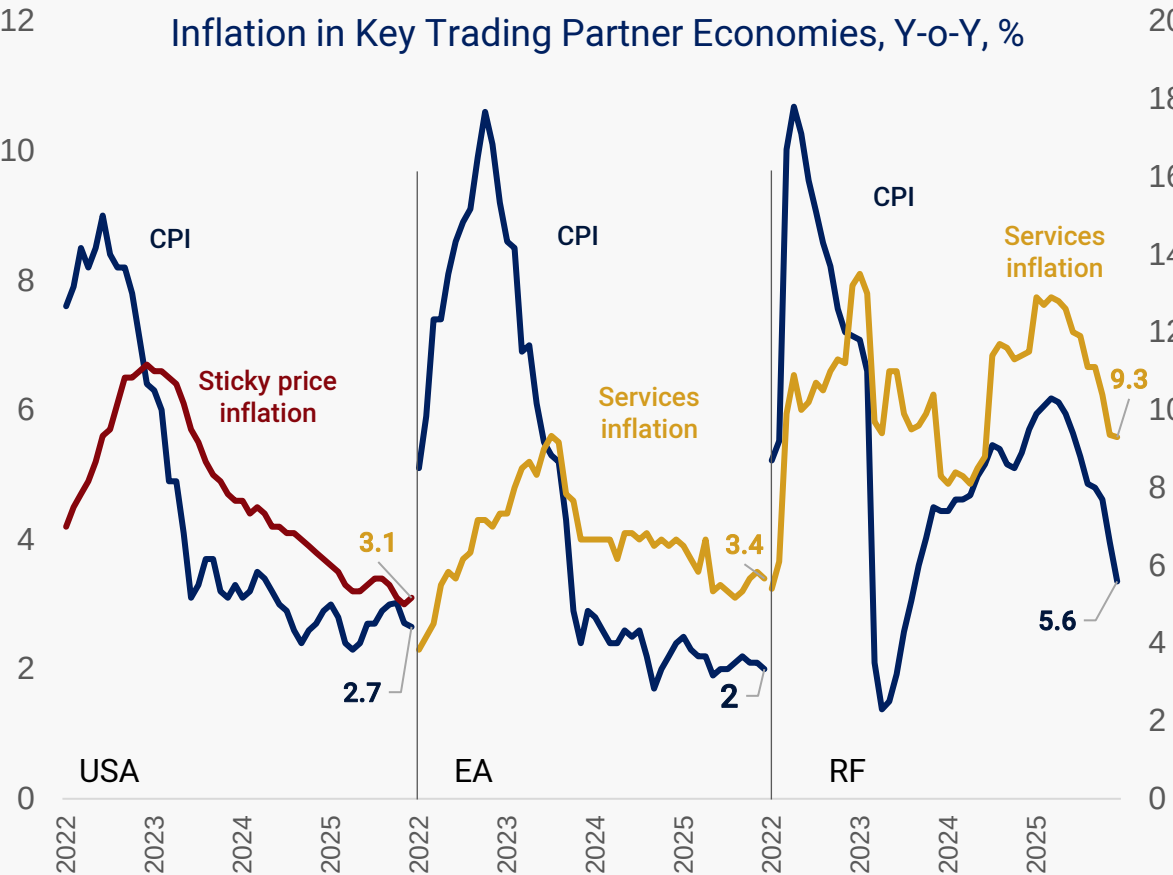
Global Food Price Index



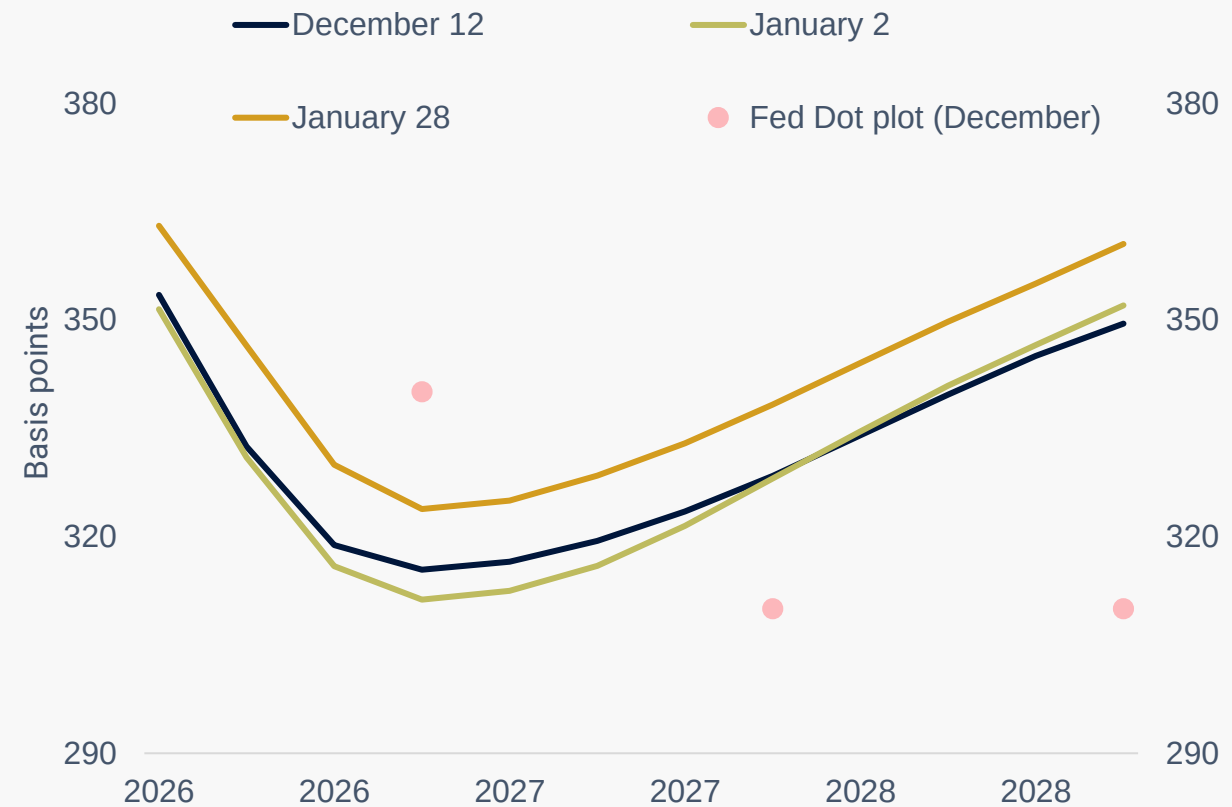
Source: FAO

In this context, considering, on one hand, the risk of a weak demand environment and, on the other, the risk of a persistent inflationary environment, it is likely that central banks in advanced economies will primarily maintain or gradually ease monetary conditions in the near term

Nevertheless, geopolitical uncertainties and tensions in international trade continue to be a source of high price volatility in the global economy.

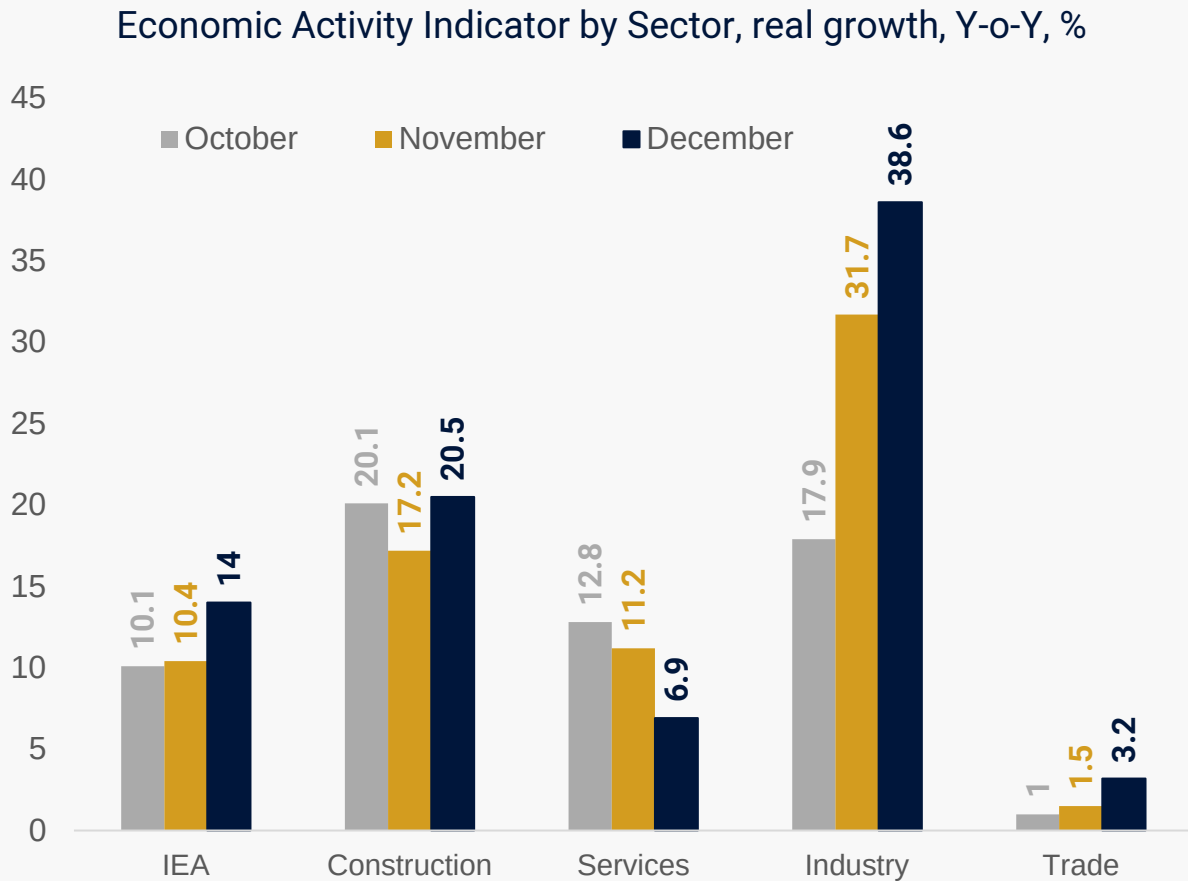


Market Expectations of the Fed Funds Rate



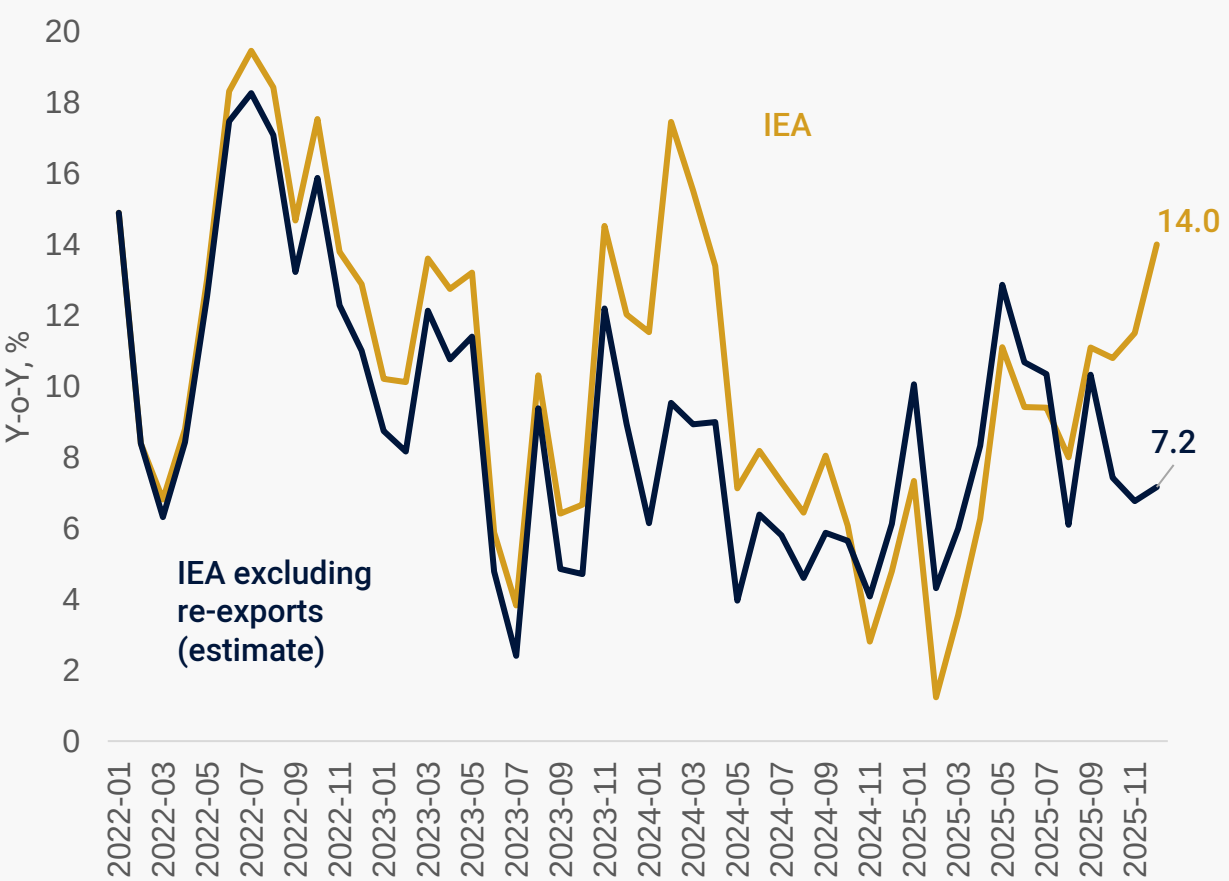
In the fourth quarter of 2025, the economic activity indicator accelerated, supported by strong growth in construction and services, as well as certain short-term, non-structural factors in the manufacturing sector.

High uncertainty persists regarding current demand conditions as well as its future trends.



Source: Statistical Committee of the Republic of Armenia

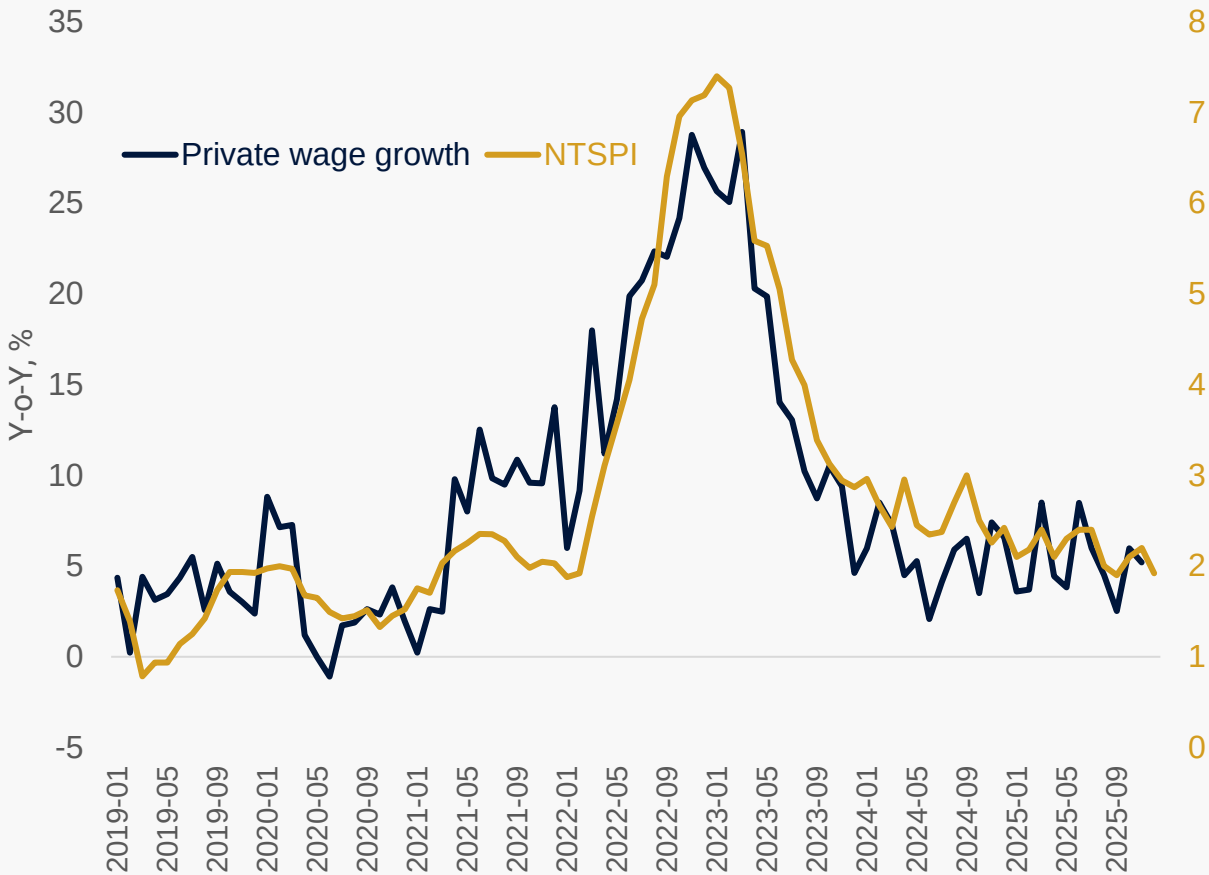
Indicator of Economic Activity (IEA), Real Growth, Y-o-Y, %



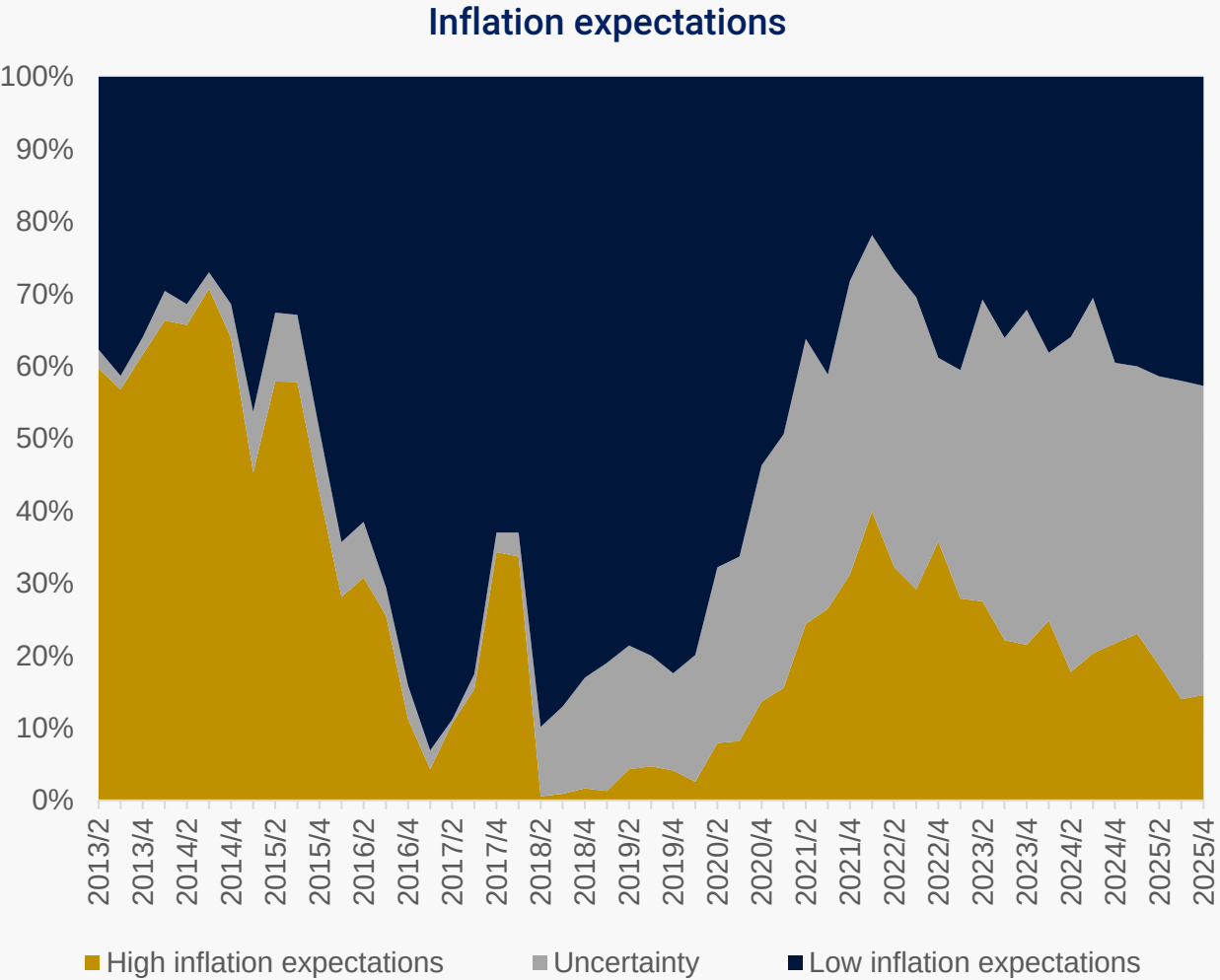
Source(s): Statistical Committee Republic of Armenia, CBA estimates

In this context, the impact of aggregate demand on inflation is still considered neutral, while current inflationary trends are partly driven by certain supply-side factors.

At the same time, private wage growth, non-traded sticky price inflation, and inflation expectations continue to show signs of stabilization.



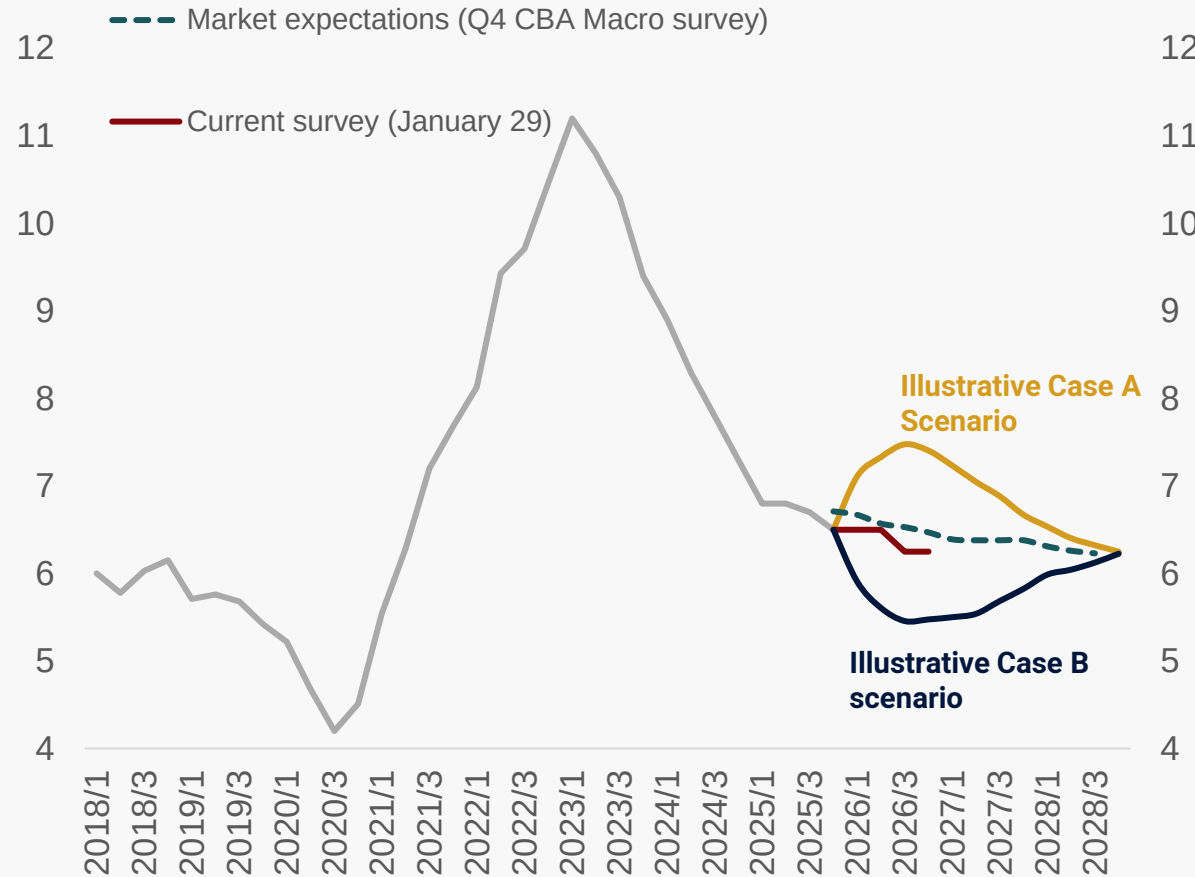
Source: Statistical Committee of the Republic of Armenia, CBA



Source: CBA Q4 2025 Inflation Expectations Survey

Given the current macroeconomic developments, participants in Armenia's financial market generally expect the Central Bank of Armenia to gradually lower the policy rate to 6.25% over the medium term.

Illustrative scenarios and market expectations – Q4 2025



Source: CBA

- **Case A-type scenarios**, including:
 - the potential increase in global neutral interest rates associated with the impact of fiscal policy measures
 - the risk of emerging conditions of excess demand in the domestic economy
- **Case B-Type scenarios**, including:
 - uncertainties surrounding the outlook for a slowdown in the global economy
 - risks related to the emergence and deepening of a weak demand environment in the domestic economy

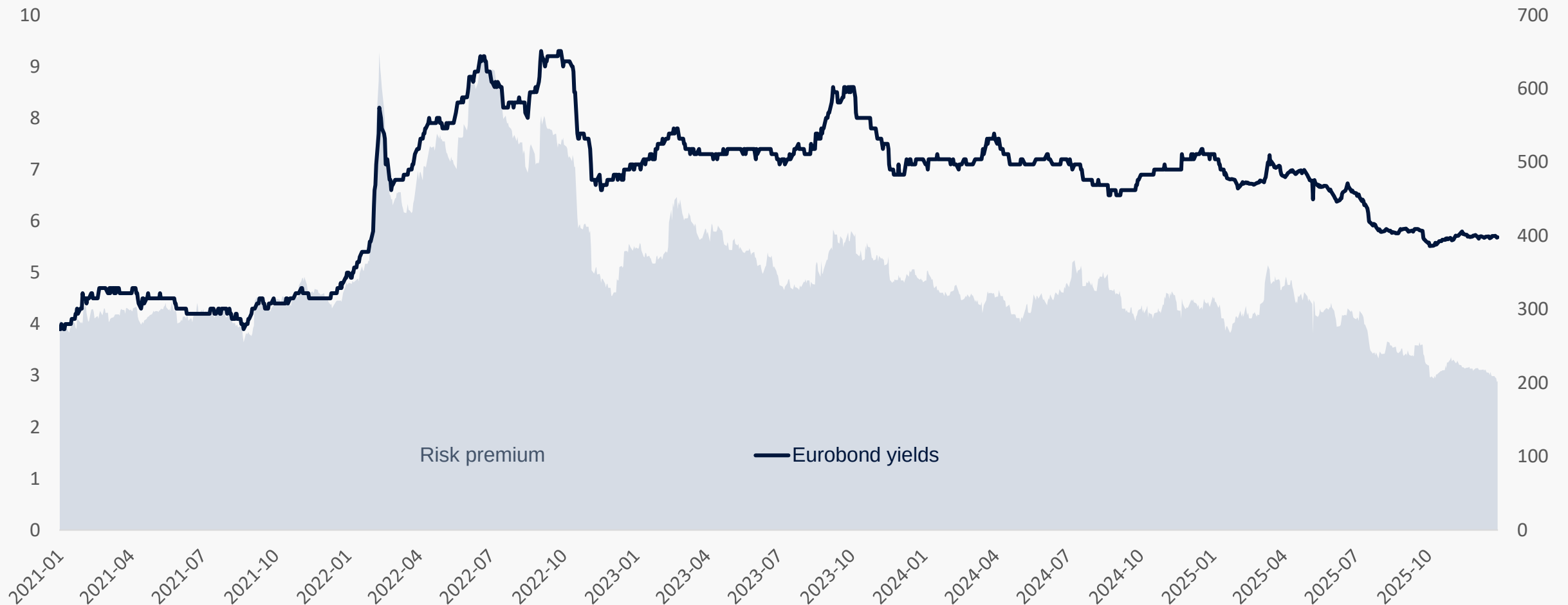
Balancing the risks in both of the above directions, the Board of the Central Bank of Armenia decided to keep the policy rate unchanged, in line with market expectations.

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