



Central Bank
of Armenia

Monetary Policy Decision

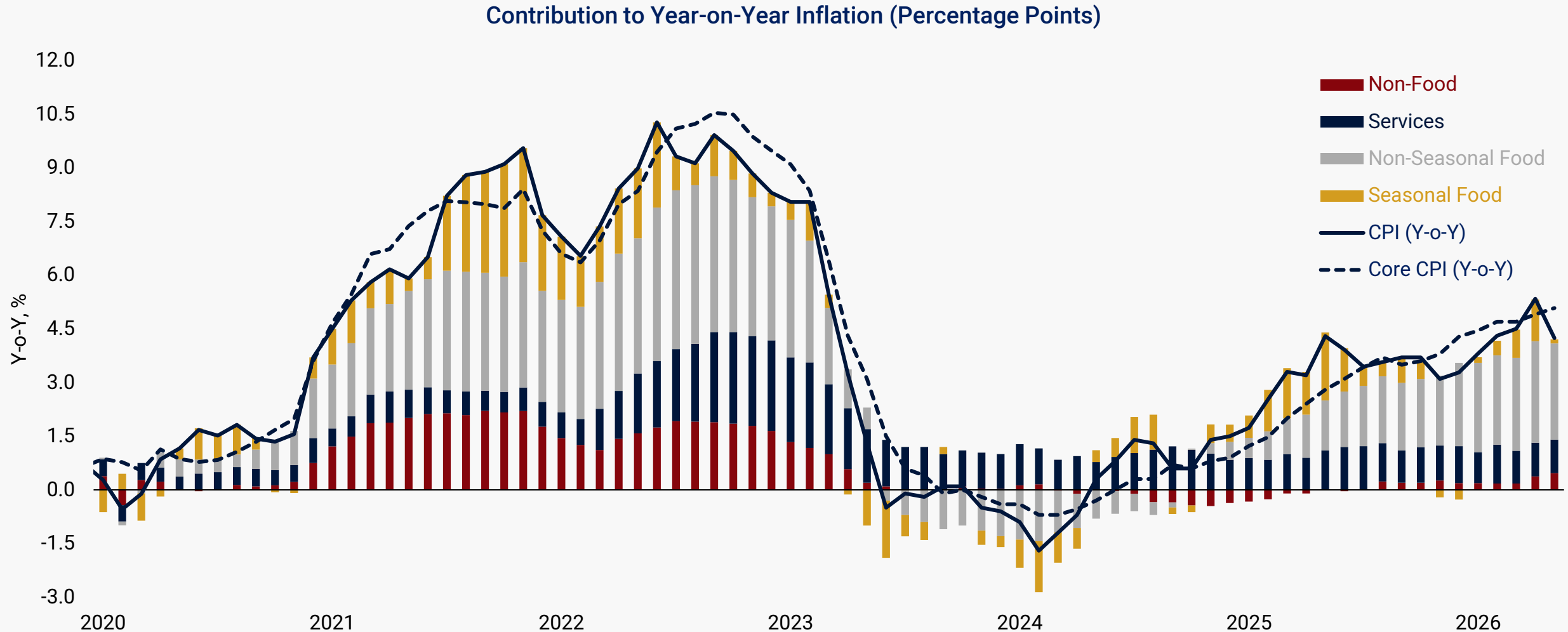
June 16, 2026

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%

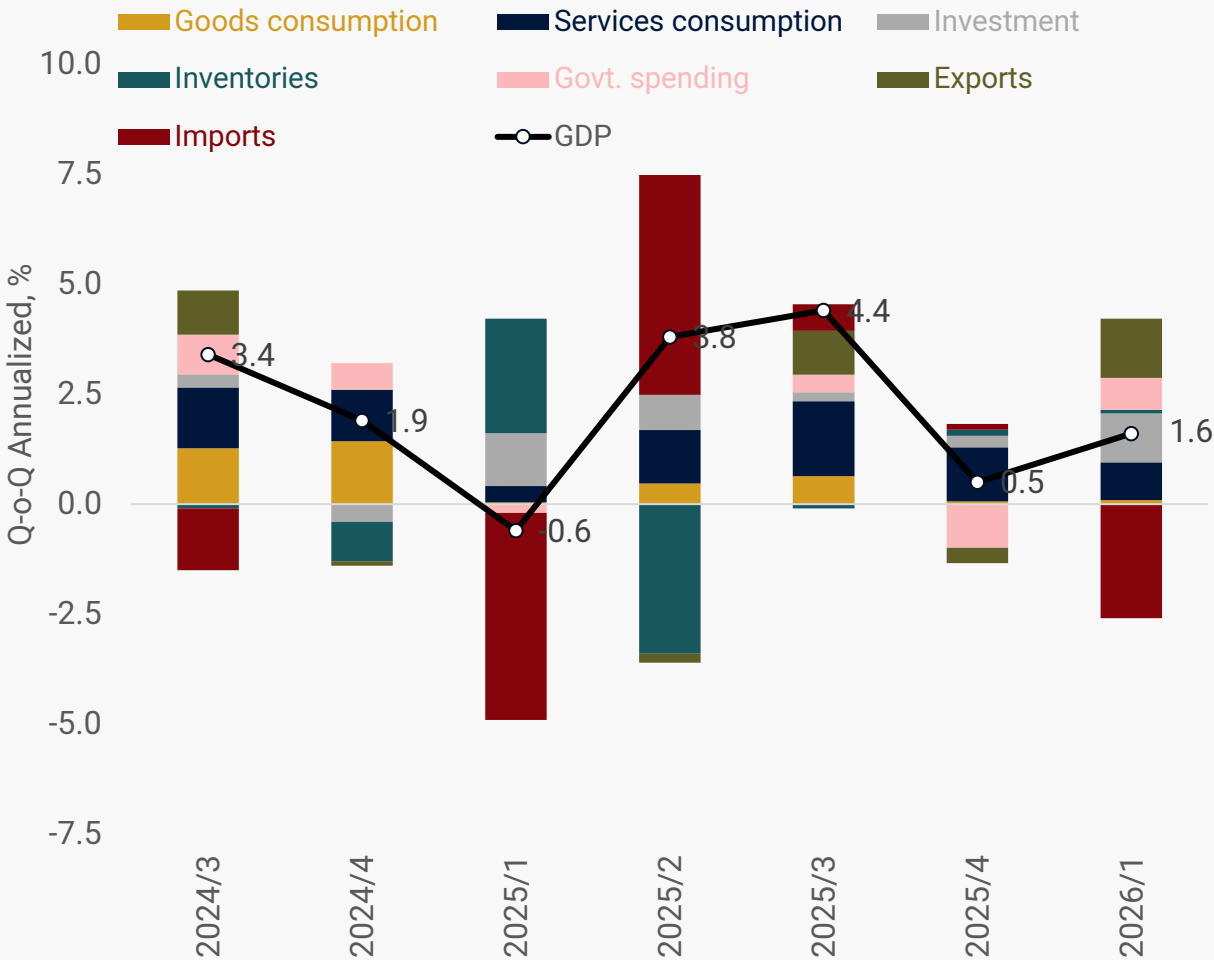
In the second quarter of 2026, 12-month inflation continued to run above target, reaching 4.2% in May. Over the same period, 12-month core inflation rose to 5.1%.



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

In Q2 2026, amid geopolitical uncertainty and a prolonged period of high energy prices, demand in the global economy continued to weaken, and its outlook deteriorated.

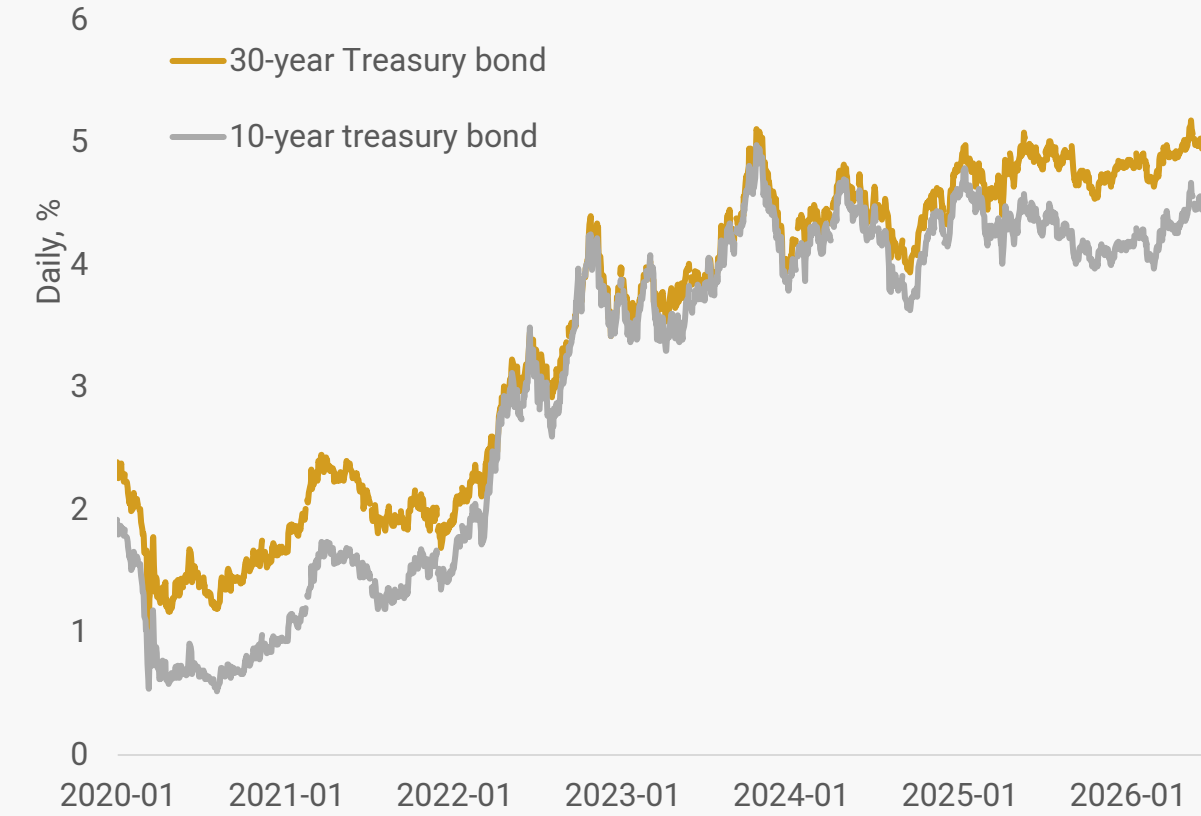
US Economic Growth



Source: BEA

At the same time, the risks of a higher trajectory for US public debt—and therefore of long-term interest rates remaining elevated for an extended period—have increased

US Treasury Bond Yields, %

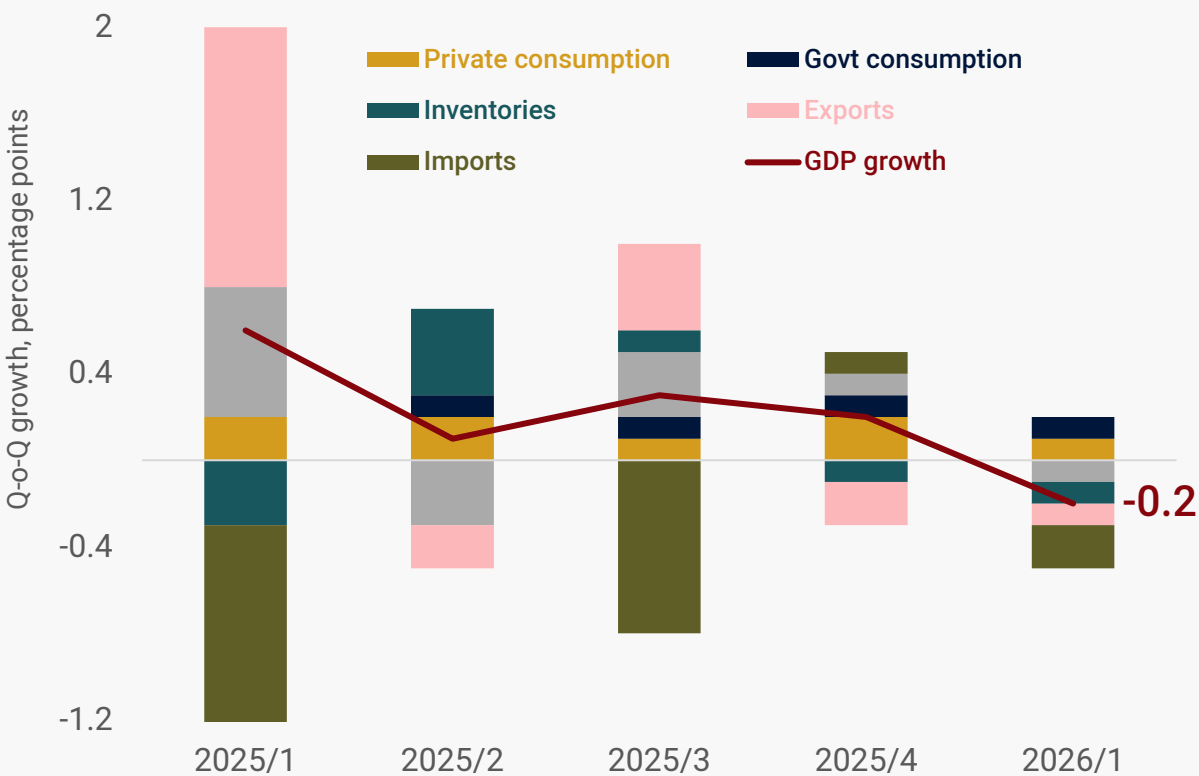


Source: FRED

In Armenia's other main partner countries, the risks of weakening medium-term growth and demand are more tangible.

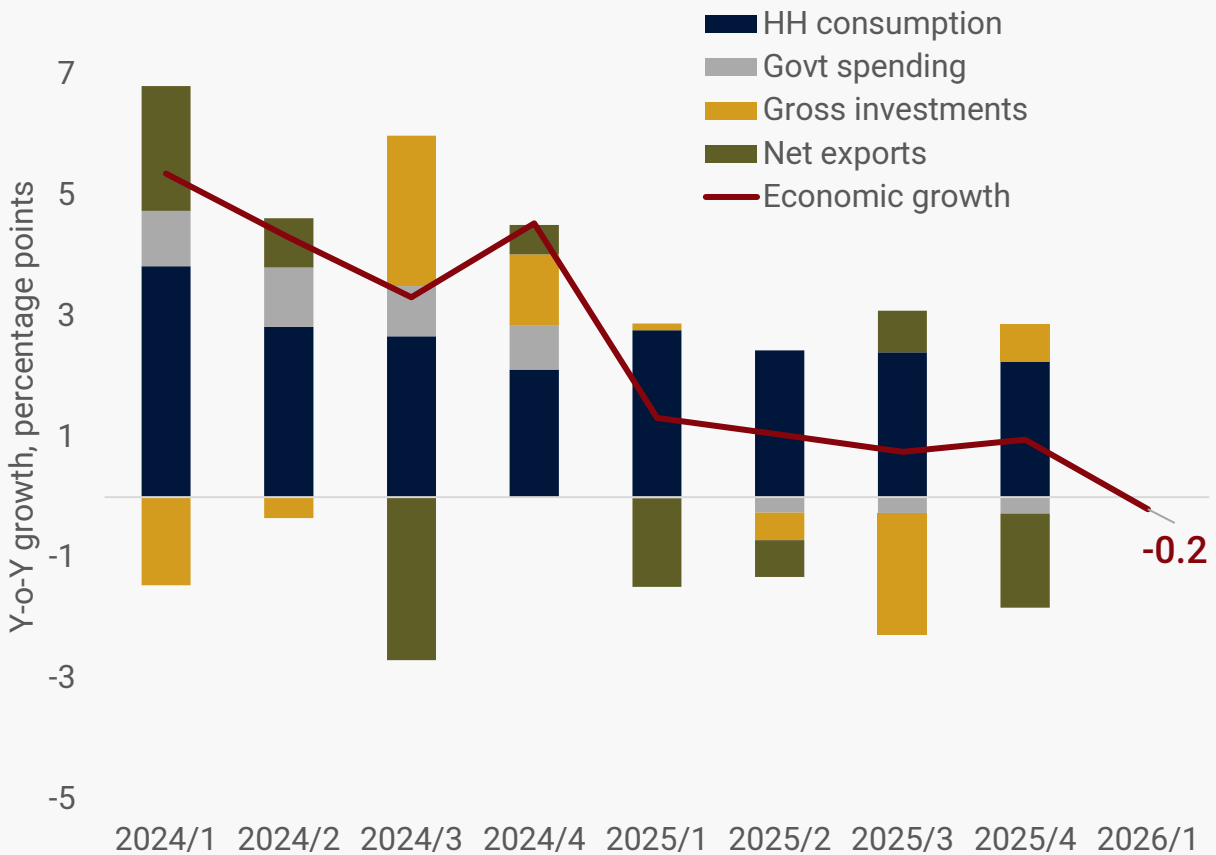
The Eurozone and Russia, in particular, recorded an economic downturn in the first quarter, while structural problems are gradually deepening, further weighing on these economies' growth capacity.

Eurozone economic growth



Source: Eurostat

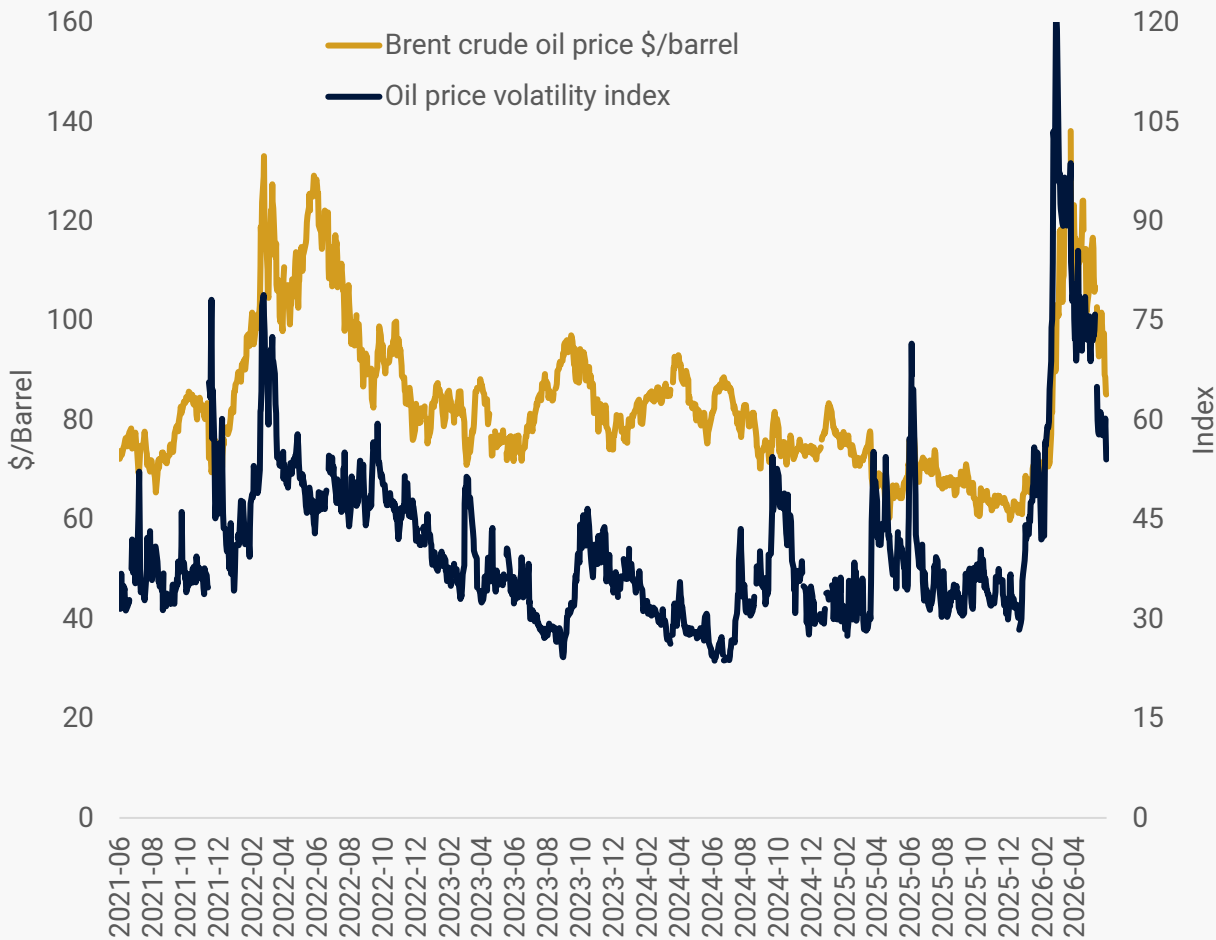
Russia economic growth



Source: Ministry of Economic Development of the Russian Federation

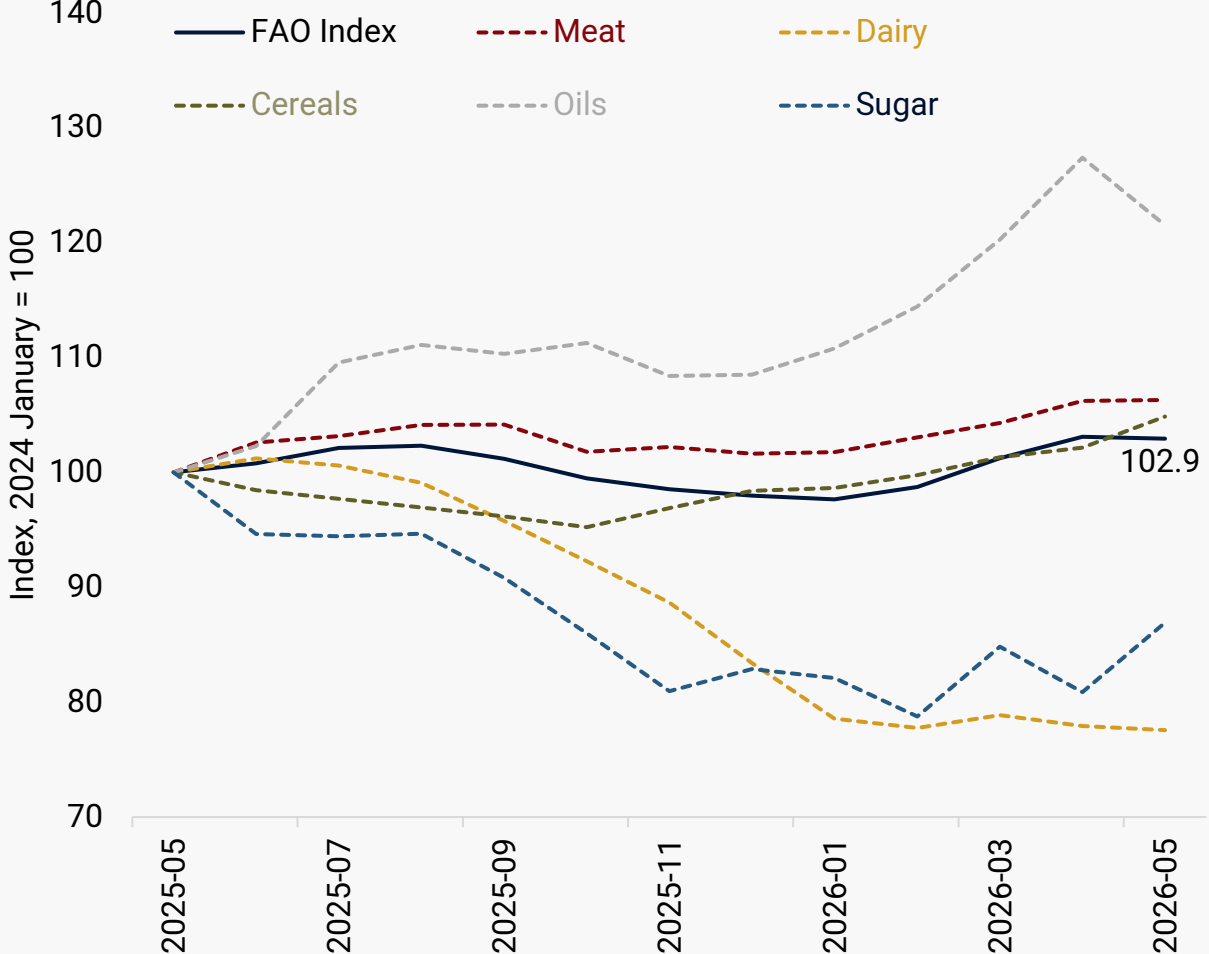
At the same time, with the situation in the Middle East relatively stabilizing, energy prices have eased somewhat; even so, high uncertainty persists over the outlook for commodity and food prices.

Global oil prices and oil price volatility index



Source: EIA

Global Food Price Index

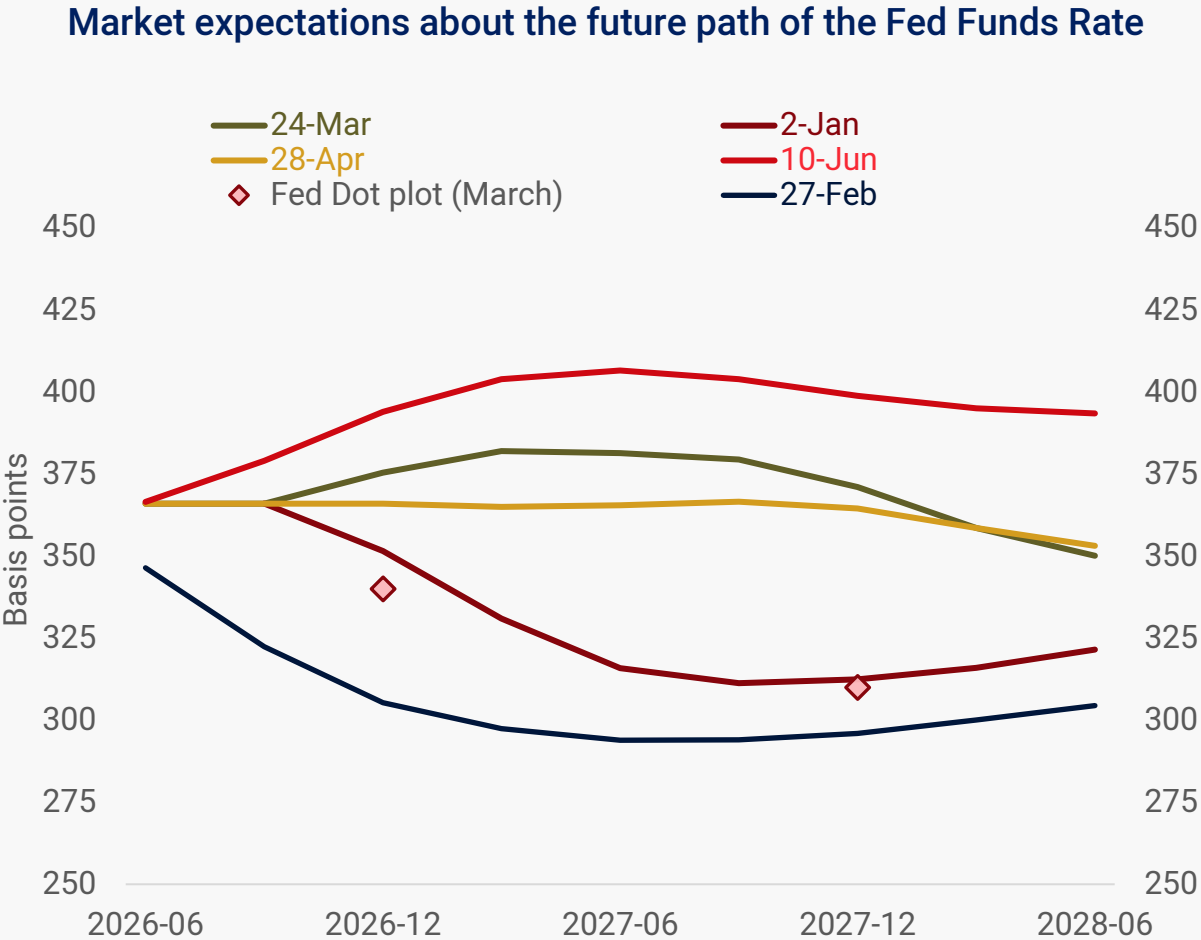


Source: FAO

In this context, given the high uncertainty over developments in the inflationary environment, the risks remain that the central banks of leading countries will keep policy rates at their current levels for an extended period or raise them.



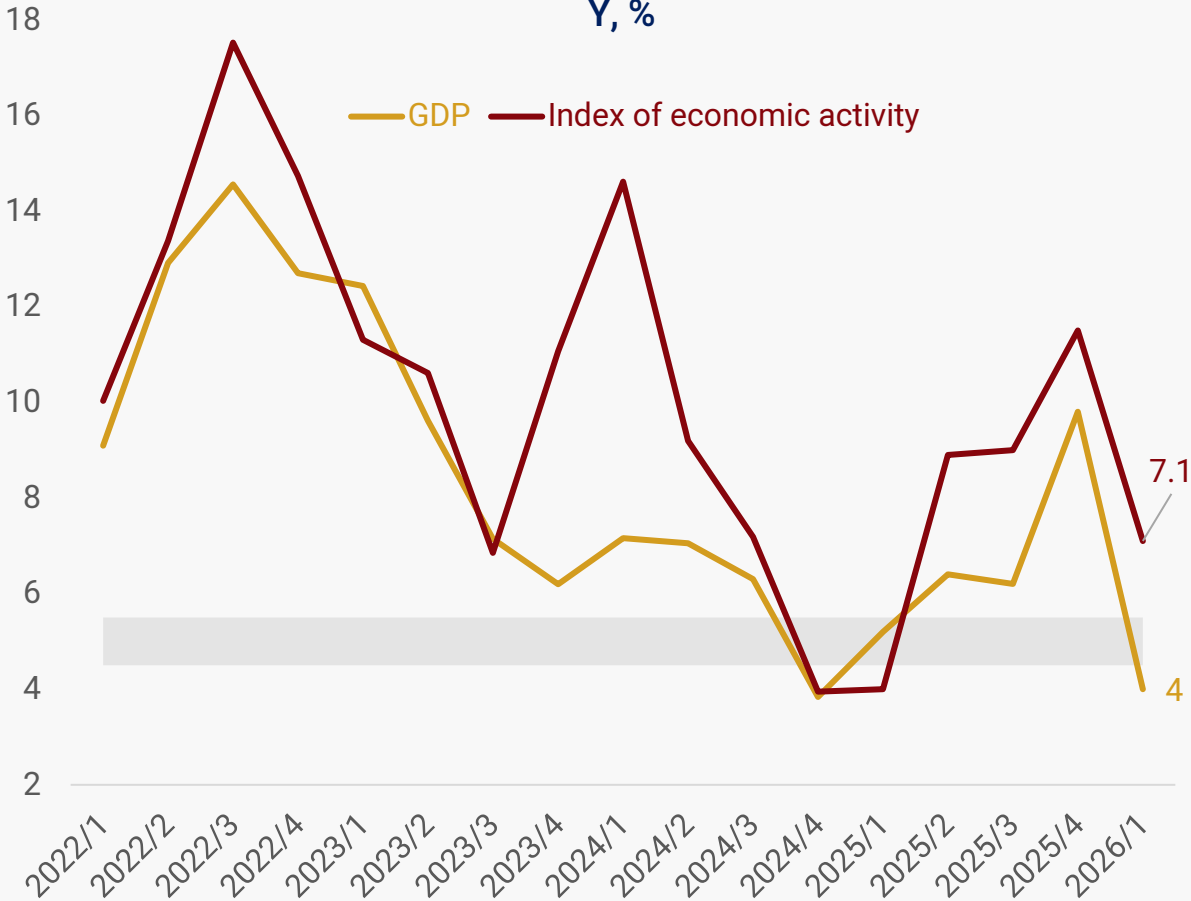
Source(s): Atlanta Fed; Eurostat, Rosstat



Source: Atlanta Fed

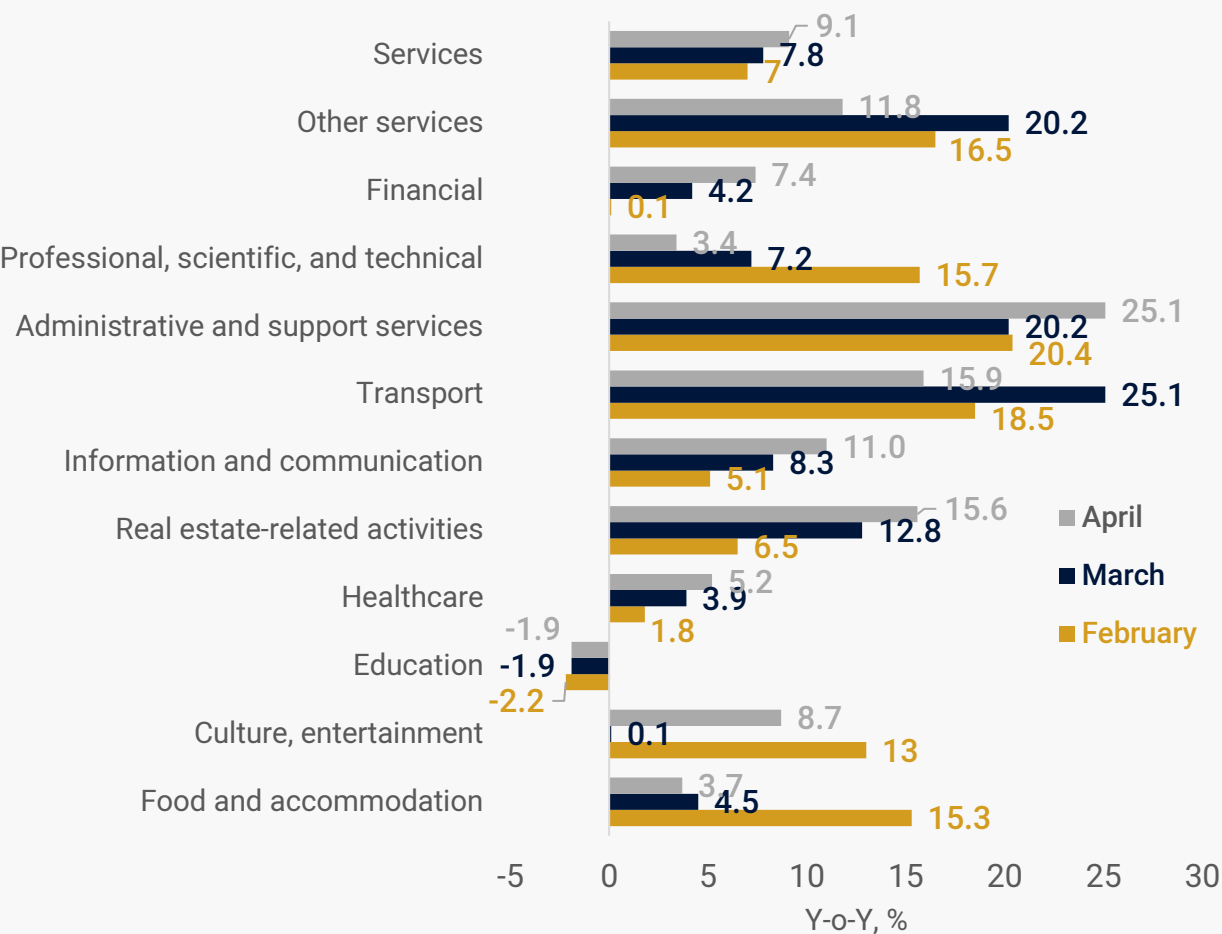
In Q1 2026, economic growth in Armenia slowed somewhat, driven in part by certain one-off factors, but remains relatively high. Construction and services continued to make a sizable contribution to growth

Economic growth and the Economic Activity Indicator, Real growth, Y-o-Y, %



Source: Statistical Committee of the Republic of Armenia

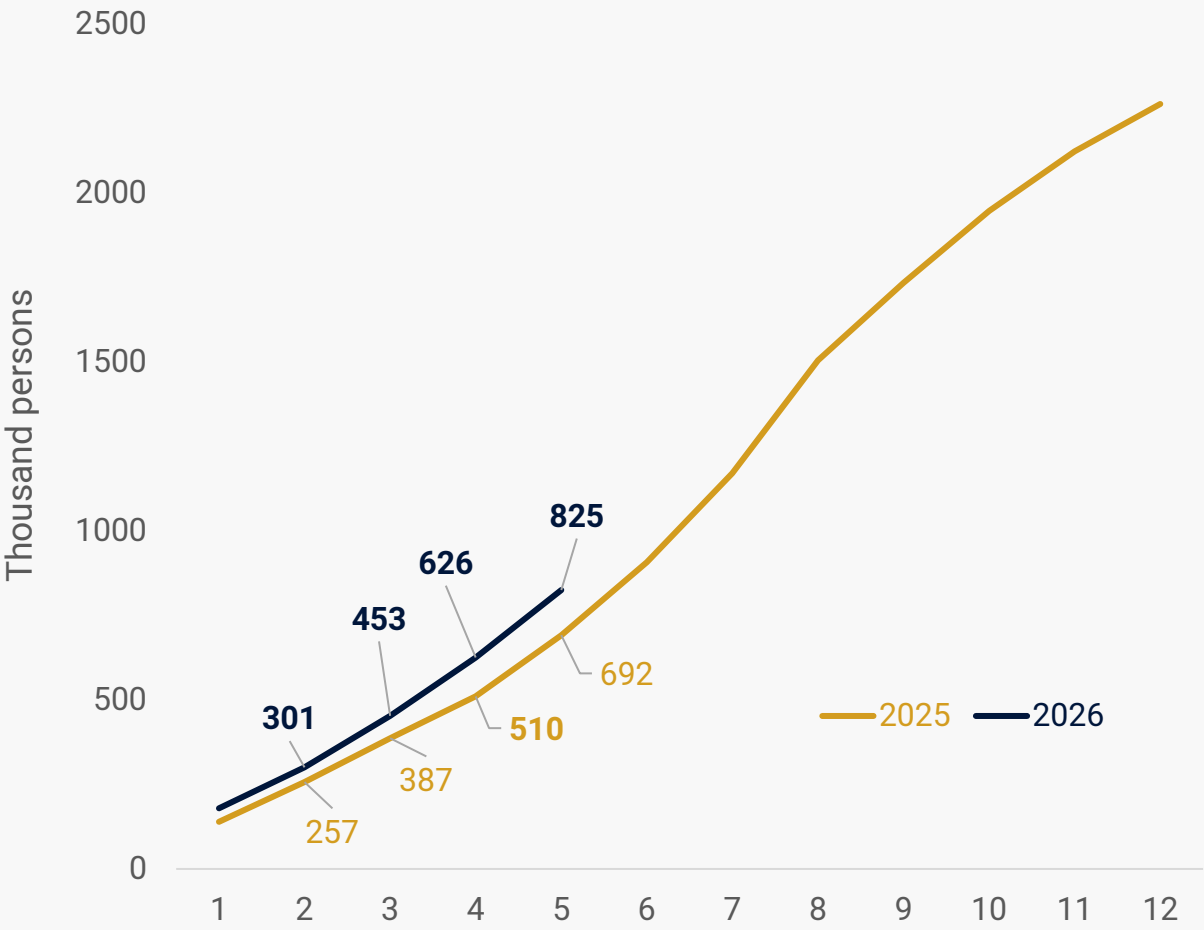
Contribution of main sectors to GDP growth, percentage points



Source: Statistical Committee of the Republic of Armenia

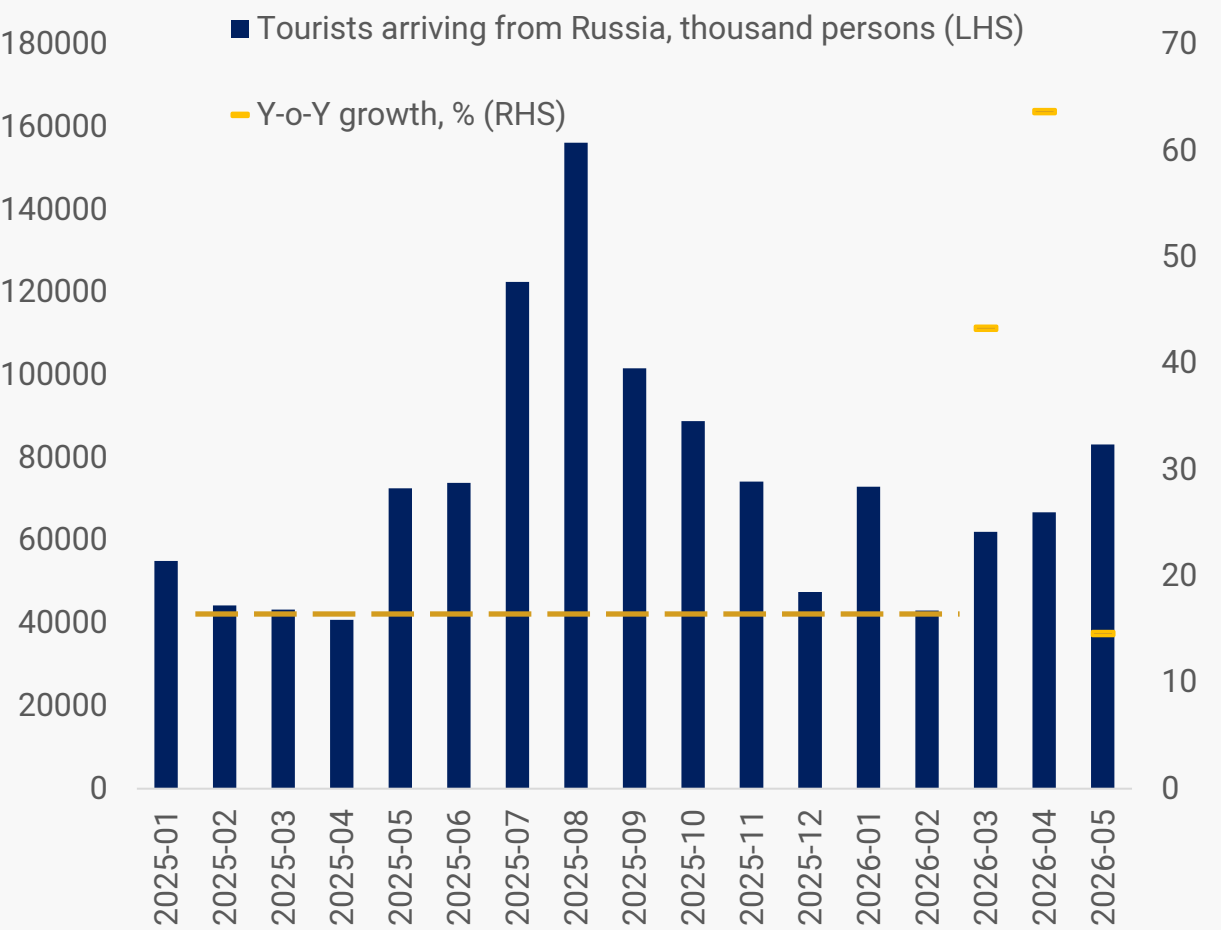
Moreover, there are also signs of expanding external demand, reflected primarily in the rise in tourist flows to Armenia.

Tourist flows



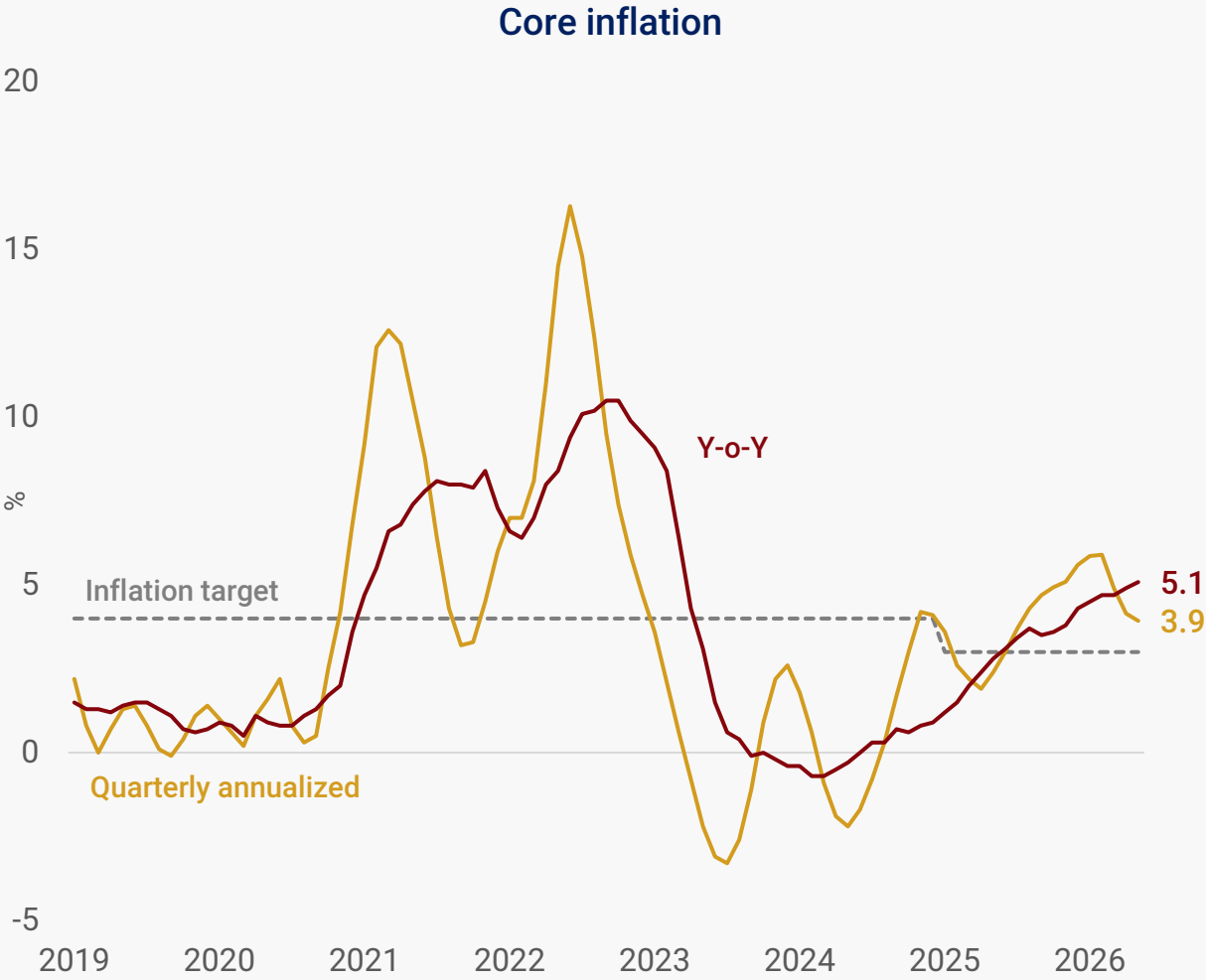
Source: State Tourism Committee

Tourists arriving from Russia

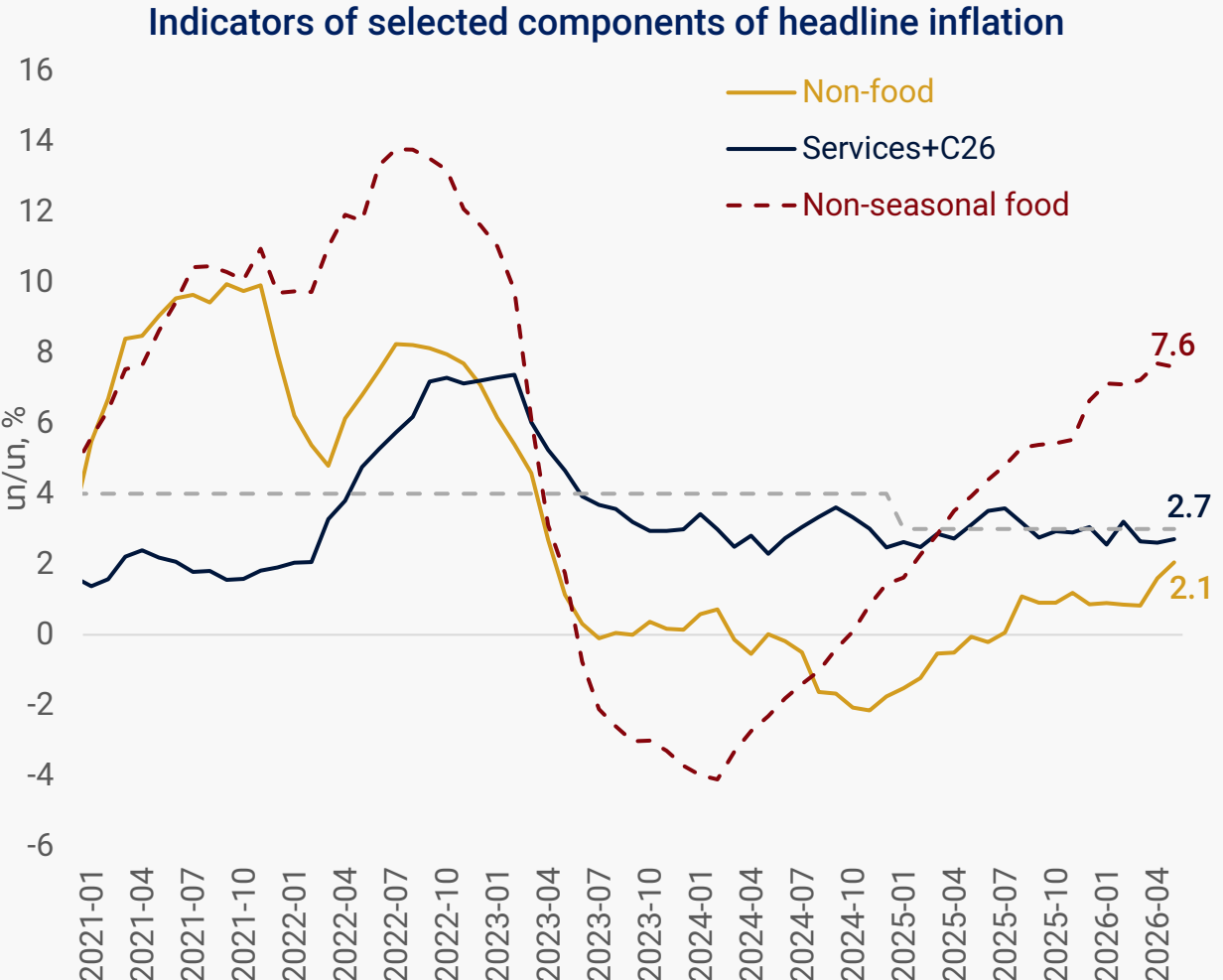


Source: State Tourism Committee

In this situation, the effect of overall demand on inflation is assessed as expansionary, though supply-side factors still predominate in the behavior of inflation.



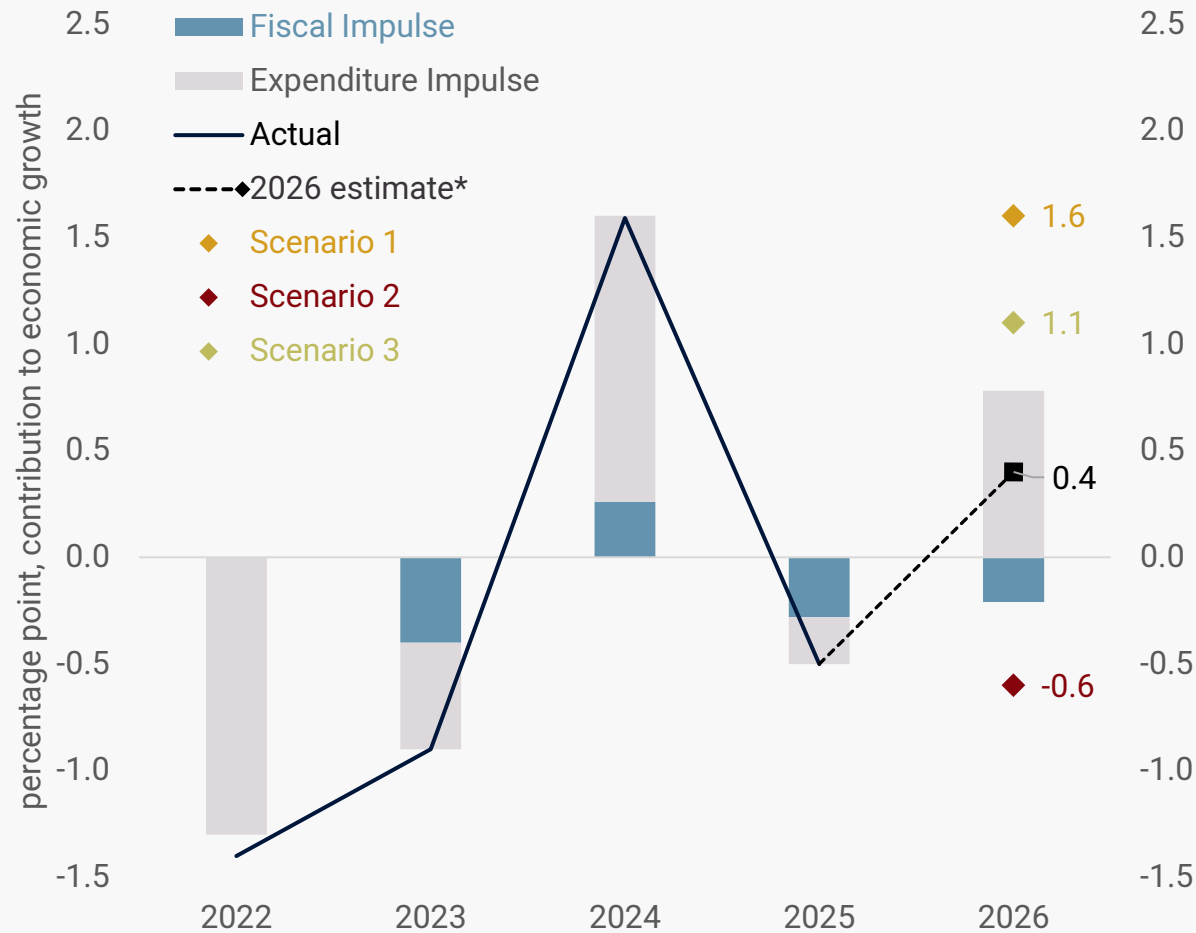
Source: Statistical Committee of RA, CBA



Source: Statistical Committee of RA, CBA

On the other hand, the risks of fiscal policy taking on a more expansionary stance have eased...

Scenarios for the impact of fiscal policy on aggregate demand



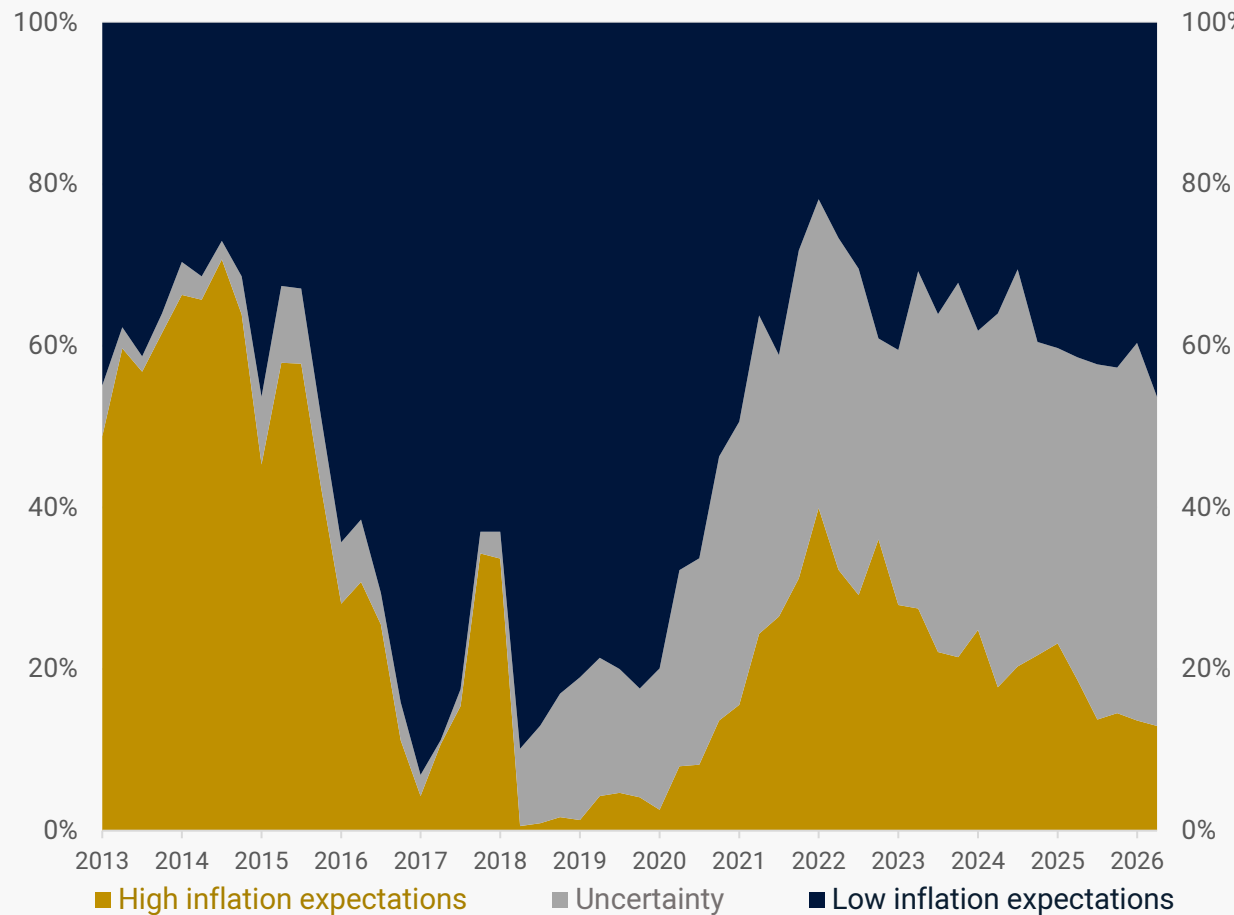
- **Scenario 1.** Limited capacity of tax administration.
- **Scenario 2.** Overrun in healthcare spending amid the full execution of the tax revenue plan.
- **Scenario 3.** Full execution of the tax revenue plan, but with under-execution of capital spending—in line with the trends of previous years—amid the limited capacity to carry out large-scale capital projects.

*Note: The estimate includes the increase in pensions and benefits from April 2026
Source: RA Ministry of Finance, CBA estimates

Scenarios of the impact of fiscal policy on aggregate demand

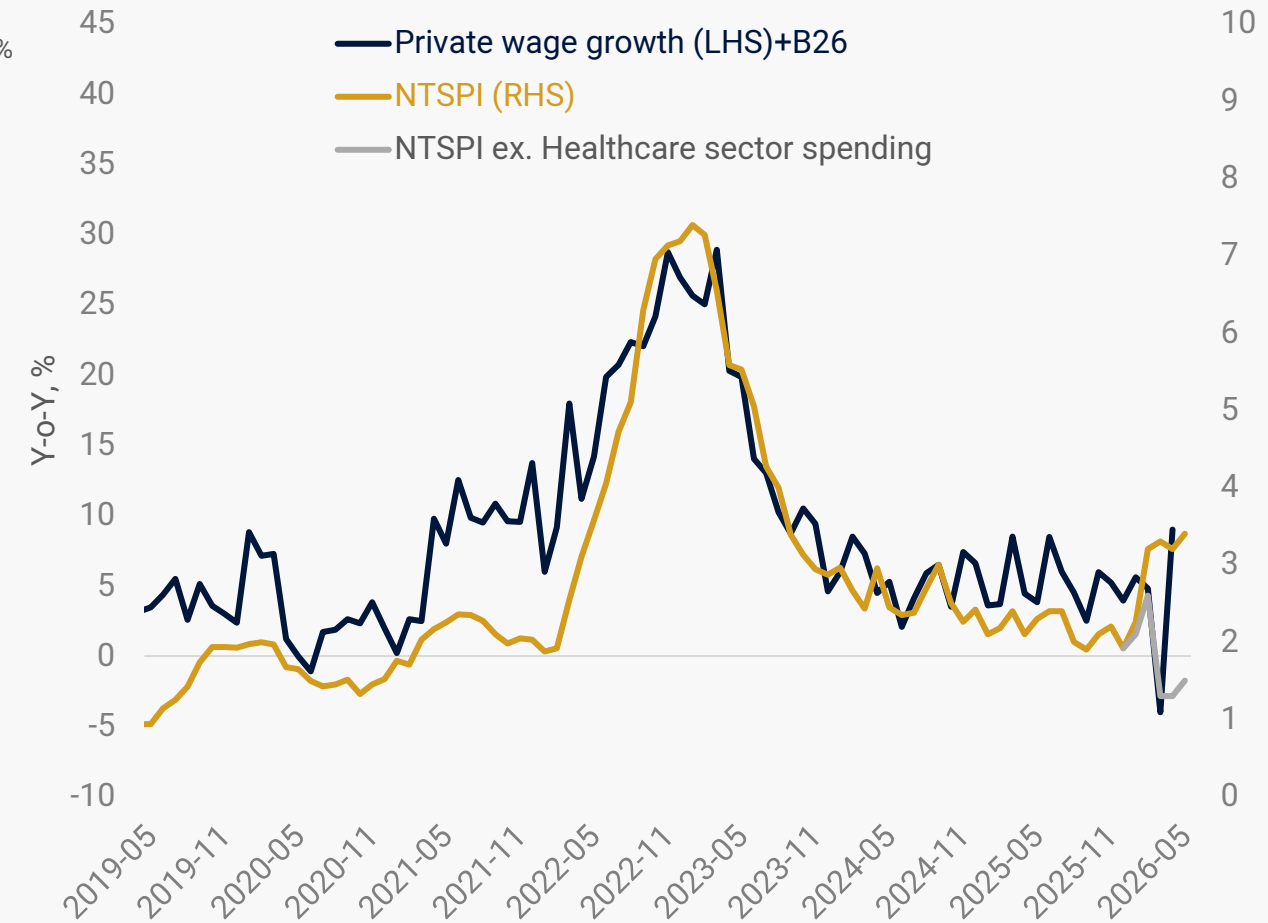
...while private wage growth and inflation expectations continue to show mainly stabilizing tendencies.

Inflation expectations according to CBA surveys



Source: CBA

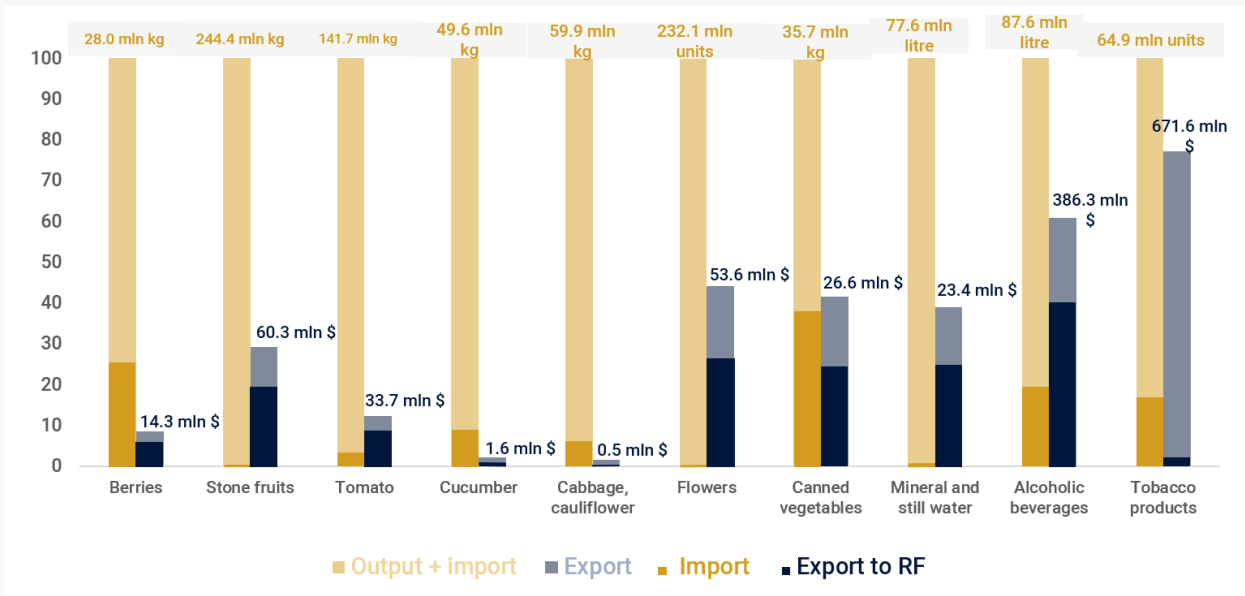
Non-traded sticky prices and private sector wage growth



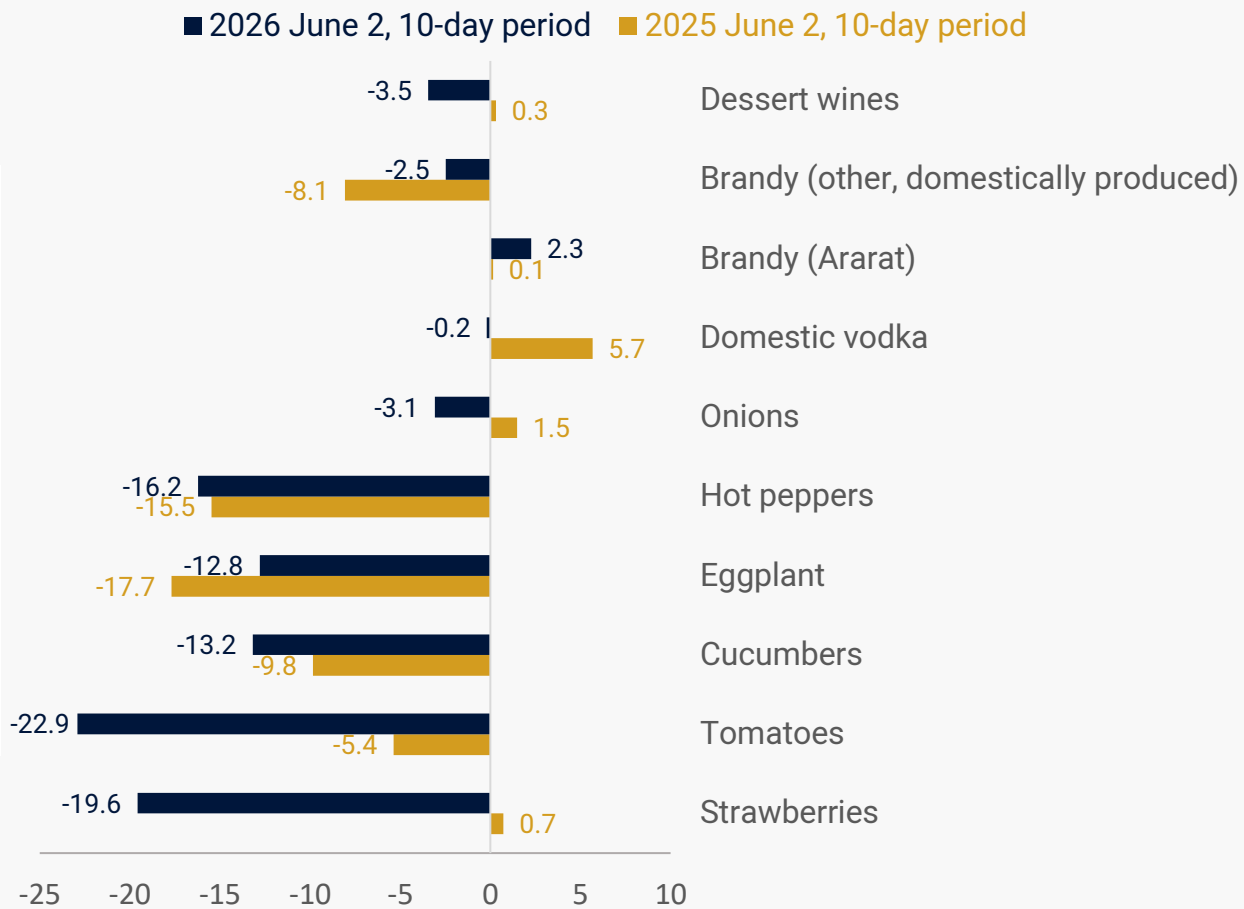
Source: Statistical Committee of the Republic of Armenia, CBA estimates

Furthermore, the difficulties that have emerged in certain export markets could lead to a decline in incomes in the Armenian economy, as well as to excess supply of certain goods—carrying largely disinflationary risks.

Domestic consumption and exports of agricultural goods and selected manufacturing products in 2025



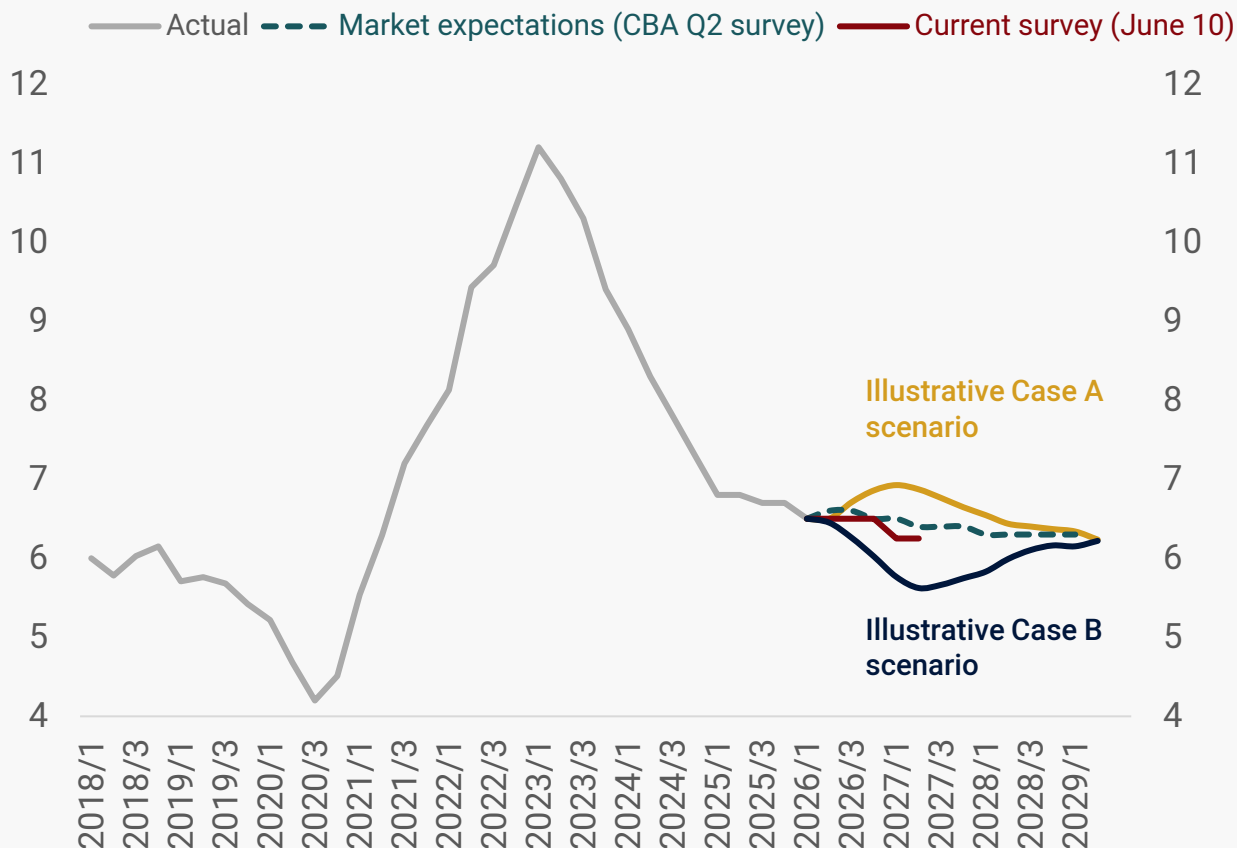
Inflation observations for selected goods over recent weeks



Source: Statistical Committee of the Republic of Armenia, CBA estimates

Given current macroeconomic developments, Armenia's financial market participants on average expect the Central Bank to hold the rate at its current level for slightly longer, lowering the policy rate to 6.25% over the medium-term horizon.

Illustrative scenarios – 2026 Q2



Case A-type scenarios, including:

- a possible rise in global neutral interest rates
- the emergence of excess demand conditions in the domestic economy
- risks of accelerating inflation expectations

Case B-type scenarios, including:

- the prospect of slowing global economic growth
- the emergence of disinflationary risks stemming from difficulties in certain export markets
- a fundamental decline in the risk premium of the Armenian economy

As a result, balancing the need to manage risks in both directions, the Board of the Central Bank of Armenia decided to keep the policy rate unchanged in the current phase.

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