



Central Bank
of Armenia

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Transparency Report

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A. Minutes of the Central Bank of Armenia Board Meeting on the Policy Rate

May 5, 2026

Present at the meeting: Deputy Governors Armen Nurbekyan and Hovhannes Khachatryan; and Board Members Davit Nahapetyan, Artak Manukyan, Levon Sahakyan, Narek Ghazaryan, and Armen Ktoyan.

Assessment of Current and Underlying Economic Conditions

The meeting of the Board of the Central Bank of Armenia began with the Staff presentation of current and underlying global and domestic economic conditions.¹ The presentation addressed developments in the external environment, inflation, and the real, fiscal, financial, and monetary sectors of the economy; touched upon the key risks and issues, as presented in various scenarios summarized in the Taxonomy of Scenarios; and highlighted sources of policy-relevant uncertainty. The current and underlying global and domestic economic conditions are summarized in Part B of the Executive Monetary Policy Statement.

Deliberations around Key Risks, Uncertainties, and Scenarios

Following the discussion of current and underlying macroeconomic developments in the external and domestic sectors, the Board proceeded to address the broad spectrum of risks in light of prevailing uncertainties, deliberating their implications for monetary policy, and making a decision on the policy rate. As a starting point for discussions, the Board reviewed current market expectations regarding the future path of the policy rate. Based on the CBA's most recent surveys, financial market participants expect the CBA policy rate to gradually decline to 6.25% over the next eight decisions.

On the one hand, the Board has evaluated scenarios where underlying developments would require a tighter policy stance relative to current market expectations in order to contain excess demand, anchor inflation expectations to the target and guarantee the price stability objective (Case A-type scenarios). These types of scenarios primarily relate to risks of higher global neutral rates, prolonged elevated or rising commodity prices amid global and regional geopolitical developments, as well as the formation of excess demand conditions in the domestic economy, among other risks. On the other hand, the Board also evaluated scenarios where underlying developments would require the policy rate to follow a more rapid and aggressive downward path than what is currently priced in markets in order to sustainably bring inflation back to target in the medium-term horizon (Case B-type scenarios). These types of scenarios primarily relate to a deteriorating growth outlook in partner countries, as well as uncertainties surrounding a decline in Armenia's country risk premium and the level of the neutral interest rate.

Against the backdrop of the broader set of risks, Board members deliberated their individual views on the key sources and types of risks and uncertainty that were most relevant for making a prudent policy decision. These discussions took place in the context of "least regrets" decision-making, in terms of seeking to minimize potential losses that could arise from these scenarios materializing.

Board members discussed the sources of uncertainty surrounding the US economic outlook and their potential implications for Fed monetary policy. Board members noted that structural features of US economic growth — in particular, the gradual weakening of private consumption — as well as the risks of a potential correction in financial asset prices, could weigh on the medium-term growth outlook. Armen Nurbekyan added that the currently large supply shock in the oil market, the potential presence of bubbles in financial asset prices, and weak consumer sentiment pose significant risks of a material economic slowdown materializing. Narek Ghazaryan agreed that a sharp rise in oil prices could present stagflationary risks for the US economy, though noted these risks may be limited given the US's role as an oil exporter. Nevertheless, Armen Nurbekyan, Hovhannes Khachatryan, Narek Ghazaryan, and Artak Manukyan expressed concern about the risk of oil prices remaining elevated for a prolonged period. Furthermore, Davit Nahapetyan, Narek Ghazaryan, and Artak Manukyan, turning to geopolitical developments in the Middle East, noted that sustained tensions are causing disruptions to value chains, creating additional inflationary risks for both the US and the global economy.

¹ The staff presentation is published on the CBA website under the title "Monetary Policy Outlook."

In discussions on demand conditions in the Euro Area, Russia, and China, Board members agreed that the risks of a deteriorating growth outlook in these economies have intensified. Narek Ghazaryan added that the current rise in energy prices in global commodity markets, and their persistence at elevated levels, could lead not only to a broadening of the inflationary environment but also to a contraction in output, thereby slowing supply-side growth as well. Turning to the Russian economy, Board members noted that the signals of economic deterioration are currently significant and could have an adverse impact on the Armenian economy. At the same time, Armen Ktoyan noted that while rising oil prices may provide some relief to the Russian economy, problems in the private sector continue to deepen, as reflected in banking sector indicators. In Armen Ktoyan's view, a further deepening of activity weakness and structural problems in the Russian economy represents one of the most important Case B-type scenarios for the Armenian economy, while also not ruling out that difficulties in Russia's financial system could create conditions for capital inflows into Armenia.

The Board also discussed current developments in the Middle East and the potential impact of a further escalation on oil prices, noting that uncertainty in this regard remains substantial and that the trajectory of oil prices will depend on the duration and scale of sustained tensions. Turning to the potential impact of Middle East tensions on the Armenian economy, Artak Manukyan and Narek Ghazaryan expressed concern about a broadening inflationary environment in the global economy, while also noting that supply shocks emanating from the oil market have not yet fully passed through to the Armenian economy. In this context, they also highlighted the risks of an acceleration in food price inflation, which have begun to gradually materialize. Nevertheless, also emphasizing the presence of Case B-type risks, Hovhannes Khachatryan noted that several Middle Eastern countries represent emerging export destinations for Armenia, and that the continuation of the conflict could lead to a weakening of external demand for certain product categories — with signs of declining production volumes and exports to Middle Eastern countries already being observed in particular subsectors of manufacturing. Davit Nahapetyan and Artak Manukyan added in this context that the potential curtailment of export opportunities both to Middle Eastern markets and to the Russian market carries disinflationary risks.

The Board discussed uncertainties surrounding domestic economic developments. Board members offered differing views on the strength of domestic demand conditions. Hovhannes Khachatryan, Armen Ktoyan, and Levon Sahakyan emphasized that economic growth is concentrated primarily in a few sectors and is currently close to its potential level. In this context, Armen Ktoyan also noted that the relatively modest pace of wage growth may be indicative of somewhat subdued demand in the economy. On the other hand, Armen Nurbekyan, Artak Manukyan, and Narek Ghazaryan noted that current inflation dynamics and the economy's above-trend growth point to the presence of a positive output gap, and that accumulated household savings, improving sentiment, and growth in consumer lending could contribute to a further expansion of demand and generate certain inflationary pressures. Narek Ghazaryan added that in the presence of a positive output gap, supply shocks emanating from the external environment could have a stronger impact, further broadening the inflationary environment in the domestic economy. Turning to the real estate market, Board members agreed that the market continues to grow at a steady pace, though uncertainties surrounding the growth outlook persist. Hovhannes Khachatryan and Armen Ktoyan noted, however, that a further softening in the construction sector remains possible.

Armen Nurbekyan highlighted the significant uncertainty surrounding the structure and reallocation of capital flows in the global investment environment and examined several scenarios in terms of their potential impact on the Armenian economy. On the one hand, Armen Nurbekyan, Hovhannes Khachatryan, Davit Nahapetyan, and Artak Manukyan noted that the current geopolitical environment, combined with a potentially lower fundamental level of Armenia's country risk premium, creates risks of accelerating capital inflows. All Board members acknowledged the continued decline in the country risk premium in recent months.

Regarding fiscal policy developments, Hovhannes Khachatryan, Artak Manukyan, and Armen Ktoyan noted that while pressures toward additional budgetary expenditures remain contained for the time being — notwithstanding the expansionary fiscal measures underway, including the introduction of universal health insurance and increases in pensions — the risks of a broadening in demand conditions and the inflationary environment persist.

Turning to inflation developments, Board members broadly agreed that the inflationary environment continues to be shaped by a combination of both external and domestic factors, manifesting primarily in non-seasonal food price inflation. Armen Nurbekyan, Davit Nahapetyan, Narek Ghazaryan, and Artak Manukyan emphasized, however, that against a backdrop of prevailing strong demand conditions — as reflected in non-tradable sticky price inflation and lending growth — inflation could accelerate further, and stressed the need to manage Case A-type risks in this regard. Davit Nahapetyan, Narek Ghazaryan, and Artak Manukyan added that the scope of inflationary risks has widened in the wake of the Middle East conflict, driven not only by rising oil prices but also by inflationary risks emanating from commodity markets as a result of disruptions to global value chains. On the other hand, Armen Ktoyan noted that inflation expectations are forming close to the target. At the same time, Narek Ghazaryan added that a sustained continuation of global uncertainty could weigh on global demand over the medium term, potentially exerting a disinflationary effect. Armen Nurbekyan, Hovhannes Khachatryan, and Narek Ghazaryan also noted that the current appreciation of Armenia's nominal exchange rate could help moderate inflationary pressures.

Summarizing their views, the Board agreed that the greatest policy imperative lies in accurately assessing which types of risks are most relevant and dangerous in terms of their scale and impact on the economy, and what types of policy errors the Board is most focused on avoiding from a least regrets perspective.

Board members were broadly in agreement that the scenarios expected from the external sector are predominantly Case B-type, while the probable scenarios anticipated in the domestic economy are predominantly Case A-type. In this context, Board members offered differing views on approaches to managing the macroeconomic implications of the risks present over the medium-term horizon. Board members Armen Nurbekyan, Hovhannes Khachatryan, Davit Nahapetyan, Levon Sahakyan, and Armen Ktoyan, balancing the need to manage risks in both directions, voted in favor of keeping the policy rate unchanged, in line with market expectations. Narek Ghazaryan and Artak Manukyan voted in favor of raising the policy rate, emphasizing the need to manage the inflationary implications of Case A-type scenarios and the necessity of a higher interest rate path relative to market expectations.

Policy Decision

In the context of its risk management framework, and amid significant uncertainty, the Board of the CBA emphasizes the importance of minimizing the losses that could stem from these and other scenarios materializing. The Board resolutely affirms its commitment to adopting the appropriate policy actions and strategy to ensure price stability.

As a result, the Board of the Central Bank of Armenia voted to keep the policy rate unchanged (see Table 1). The Board will continue to monitor relevant risks and scenarios and stands ready to take adequate actions to ensure that the price stability objective of 3 percent inflation over the medium-term horizon is met.

Individual vote explanations, submitted by each Board member at the time of their vote, are presented in Section B of this report.

Table 1. Summary of Votes on the CBA Policy Rate by Individual Board Member
May 5, 2026 Decision

Board Member	Vote
Armen Ktoyan	Keep unchanged
Narek Ghazaryan	Increase by 25 bps
Levon Sahakyan	Keep unchanged
Artak Manukyan	Increase by 25 bps
Davit Nahapetyan	Keep unchanged
Hovhannes Khachatryan	Keep unchanged
Armen Nurbekyan	Keep unchanged

B. Final Vote Submissions

May 5, 2026 Decision

Final Vote Submissions are provided by each Board member at the time that they cast their vote for the policy decision. These submissions are intended to succinctly and directly explain the key risks and issues that each Board member considered as part of their rationale for casting their vote.

Deputy Governor Armen Nurbekyan

Taking into account recent economic and financial developments in Armenia over the past few months, discussions with other members of the Board during the current policy cycle, as well as a thorough analysis of the main sources of risks and uncertainty, I voted in favor of keeping the policy rate unchanged. In the external sector, risks of a slowdown in economic growth have increased significantly, driven by the complicated situation around Iran. In the case of the United States, amid uncertainties regarding the sustainability of asset prices, the likelihood of a possible recession has increased significantly. Nevertheless, current indicators of economic activity and growth in asset prices point to greater resilience in the economy than could previously have been expected. In the case of the European Union and China, as energy importers, higher energy prices have a direct negative impact on economic growth. At the same time, in the short term, in the event of a negative supply shock, the inflationary environment in the external sector will deteriorate significantly. Under these conditions, central banks' ability to reduce interest rates in the short term will be significantly constrained. Over the medium term, should recessionary risks materialize, pressures on inflation will be disinflationary. In summary, risks stemming from the external sector are currently Case B-type. Amid significant economic uncertainty, the behavior of international capital flows is difficult to predict. Case A-type risks are present if, in the event of a significant decline in risk appetite, capital flows reverse toward advanced economies. At the same time, there are also Case B-type scenarios if international investors direct capital flows toward countries with sound economic fundamentals and a stable macroeconomic environment. It should be noted that risks in this direction have somewhat softened recently: Armenia's country risk premium has declined significantly in recent periods, settling below the levels observed before the start of the conflict. In the domestic economy, the acceleration of economic activity has been driven mainly by demand-side factors. The expansion of demand, along with high growth in lending, increases the likelihood of a positive output gap, which is an issue that should remain in focus in the context of accelerating core inflation dynamics. On the other hand, the nominal appreciation of the dram exchange rate may somewhat mitigate inflationary pressures going forward. Fiscal policy represents one of the main Case A-type risks, particularly in the short term, due to the potential expansionary impact on demand and the possible increase in the risk premium associated with rising public debt. At the same time, Case B-type factors in the domestic economy mainly stem from a possible weakening of activity in the construction and mortgage markets, which has not materialized as of today. It should be noted that in recent months, activity in both construction and the mortgage market has grown significantly faster than expected. In summary, risks present in the domestic economy are primarily Case A-type. Balancing the Case B-type risks stemming from the external sector and the Case A-type risks in the domestic economy, I believe that keeping the policy rate unchanged, consistent with market expectations, will allow for appropriate management of the existing macroeconomic risks.

Deputy Governor Hovhannes Khachatryan

Considering global and Armenia's economic developments, as well as the main sources of risks and uncertainties, I vote in favor of maintaining the policy rate unchanged. The long-run neutral interest rate in the US is settling at a higher level, driven by the large federal budget deficit, rising public debt, increases in energy prices, and geopolitical risks. Economic growth, investment, and the overheating in the securities market are largely concentrated among major technology companies. This creates an opportunity for a sharp acceleration in productivity growth, but its inclusiveness and its impact on the labor market and the overall economy remain uncertain. Developments around Iran, depending on their duration and resolution scenarios, may disrupt commodity markets and transportation/production chains; on the one hand, this could sharply (likely non-permanently) increase goods inflation, and on the other hand, it could weaken global demand and economic activity. In other partner countries, including the EU, China, and Russia, risks of slowing economic activity have further deepened. Therefore, both inflationary pressures and risks of weakening economic activity are being imported from the external sector (a stagflation scenario). Due to regional political developments, Armenia's country risk premium has not undergone significant changes. There are even scenarios of a decline. Economic activity continues to be concentrated in construction, the financial sector, and certain non-inclusive industries. At the same time, in recent months, other sectors driven by domestic demand, as well as external demand supported by tourism inflows, have shown positive dynamics. In the domestic economy, B-type factors are primarily associated with a possible weakening in construction and real estate market activity, while from the external sector they are related to a potential recession in partner countries. The final impact of increases in healthcare insurance coverage and current budget expenditures will depend on other

budget components and the year-end deficit outcome. Overall, the output gap is close to zero, although there are some rapidly expanding sectors and uncertainties related to the duration of supply shocks, as well as risks of an insufficient adjustment of domestic demand. In summary, I consider the amplitude of A and B-type risks in both the global and domestic economies to remain high, with some tilt toward A-type risks. Considering the above, leaving the policy rate unchanged best minimizes the losses that could stem from potential policy errors.

Board Member Davit Nahapetyan

By considering the analysis presented by the macroeconomic team over economic and financial developments, as well as the comprehensive discussions by the Board around the policy rate, and guided by the prudent risk management and least regret principles, I vote in favor of keeping the policy rate unchanged. Inflationary pressures on the Armenian economy originated from the external environment have eased markedly. Against the backdrop of military escalation in the Middle East, international oil prices have risen, exerting an impact on domestic market in Armenia as well. In this context, certain disruptions on global supply chains and associated supply side inflationary risks are also expected. Despite some residual inflationary developments in the United States and euro area, central banks in the key partner economies are expected to maintain their current monetary policy rate levels. Here I emphasize the importance of Armenia's country risk premium stabilization. The economic activity in Armenia continues to remain in elevated levels. However, an analysis of the components of economic activity concludes that no expansion is being observed over economic growth from the potential side. At the same time, additional signals over inflationary pressures from the external demand is not observed. On the other hand, developments observed in the labor market exhibit clear signs of stabilization. Although both core and 12-month inflation have increased based on the latest quarterly data, inflation expectations remain anchored, albeit with uncertainties. The observed increase in sticky non-tradable prices is a source of concern, as it may contribute to a de-anchoring of inflation expectations. On the other hand, the emerging trends of economic slowdown and weakening demand in the Russian Federation may exert disinflationary pressures on Armenia's economy. This may be further compounded by the potential materialization of disinflationary risks stemming from possible export difficulties for certain goods. In light of combination of the aforementioned factors, and from the risk management approach perspective's, I consider maintaining the policy rate unchanged at 6.5 % would most appropriately reflect a policy stance balancing Case A-type and Case B-type risks. I reaffirm my commitment to ensuring price stability, employing the full range of instruments available to the Central Bank Board, while continuing to closely monitor developments in the economy and the financial system.

Board Member Artak Manukyan

In the context of forming insights into the economic and financial developments of recent months I have evaluated the main sources of potential risks and uncertainties. Based on the combination of these factors, I voted in favor of raising the policy rate by 25 basis points. Commodity market prices (most notably oil) remain elevated. Even in the event of a possible resolution of the conflict in the Middle East and the resulting correction in global prices, there is a high probability that prices will still remain above their pre-conflict levels. Geopolitical uncertainties, persistent tensions in international trade relations, and concerns regarding the duration of disruptions in global value chains have contributed to a broadening of the global inflationary environment. This has also increased logistics costs, which is reflected in food prices. In this context, considering on the one hand the persistence of weak demand conditions, and on the other hand the risks of rising inflationary pressures, the probability has increased that major central banks will maintain tighter monetary conditions for a longer period or even tighten them further. In the domestic economy, economic growth remains high, accompanied by strong domestic demand growth. Inflation is above target and continues to accelerate. Signals from the non-traded sticky price index are also noteworthy. Economic growth is being accompanied by an increase in aggregate demand, which is manifested in double-digit credit growth. In addition, there are indications that the GDP gap is somewhat positive, while the risks of its further widening have a high probability of materialization. My B-type considerations were driven by the outlook for a slowdown in global economic growth, as well as the materialization of a fundamental decline in Armenia's country risk premium. In particular, I considered the weakening of purchasing demand in the Russian economy, which could lead to the materialization of disinflationary trends driven by supply shocks. My A-type considerations were related to the potential increase in global neutral interest rates, the formation of excess demand conditions in the domestic economy, and risks stemming from expansionary fiscal policy, which could lead to the de-anchoring of inflation expectations. Overall, I assess that at this stage, the set of Case A-type of risks and the likelihood of their materialization have increased significantly. Accordingly, guided by the risk management principle of "least regret," I consider it more appropriate to pursue an interest rate path that is higher than market expectations. I confirm that, in order to ensure the achievement of the price stability objective, I will continue, in my capacity as a member of the Central Bank Board, to closely monitor economic development scenarios and, if necessary, take appropriate actions to ensure the inflation target (3%) is achieved over the medium term.

Board Member Levon Sahakyan

Having assessed the available information on economic developments, underlying fundamentals, and the main sources of risks and uncertainties during the current policy cycle, as well as taking into account market expectations, I voted in favor of keeping the policy rate unchanged. There are significant uncertainties and volatility surrounding the assessment of inflationary effects stemming from developments in advanced economies and global commodity markets. While, in the short term, the increase in global energy prices creates inflationary risks through commodity markets, it can simultaneously weaken economic growth and demand prospects in advanced economies. Uncertainty regarding the outlook for US fiscal policy has increased. In the context of the elimination of certain tariffs, potential future developments in US external trade policy, as well as the implementation of expansionary fiscal policy, may lead in the medium term to a substantial increase in the path of the budget deficit and public debt, thereby generating risks of further increases in long-term interest rates. In Russia, economic activity indicators point to a moderation of demand-driven inflationary pressures, while in the Euro Area economic growth continued to weaken in the first quarter. In the domestic economy, alongside strong economic growth, some acceleration in inflation has also been observed, although it still appears to be driven mainly by supply-side factors. It is also noteworthy that the risks of a more expansionary fiscal policy stance have somewhat weakened, while private wage growth and inflation expectations continue to show broadly stabilizing trends. As a result, balancing the need to manage risks arising from Case A-type and Case B-type scenarios, I voted in favor of keeping the policy interest rate unchanged. In my assessment, from the perspective of prudent risk management, such a decision is necessary to ensure price stability.

Board Member Narek Ghazaryan

Taking into account the discussions held with other members of the Board during the policy decision cycle, the analysis of current economic developments and underlying fundamentals, as well as a comprehensive assessment of key risks and sources of uncertainty, I vote in favor of increasing the policy interest rate by 0.25 percentage points. My decision is grounded in the firm conviction that, during the current policy cycle, inflationary pressures and manifestations continue to build in the domestic economy, and that, looking ahead, Case A-type inflationary risks outweigh Case B-type disinflationary risks. Turning to Case A-type risks present within the policy target horizon, I would note that global energy prices have risen significantly since the beginning of the year as a result of developments in the Middle East. Should current conditions in energy markets persist or intensify further, inflation across a range of both imported and locally produced goods in Armenia's consumer market could accelerate materially, reflecting the broader pickup in global inflation. Notably, the global inflationary impact of rising energy prices could also feed through to international food markets, further amplifying inflationary risks in the Armenian economy. Turning to inflationary risks stemming from domestic economic developments, I would note that the first quarter of 2026 saw continued strong economic activity in Armenia, driven primarily by rising expenditures driven by optimistic household and business expectations, robust demand for exportable goods and services, and the fiscal stimulus extended to the economy over the course of the previous year. Should these stimulative factors persist or intensify, the inflationary environment observed in the domestic economy could continue to broaden. In my view, the combined effect of the supply- and demand-side inflationary pressures described above could materially accelerate domestic inflation, necessitating a gradual tightening of monetary conditions. A number of Case B-type risks also exist within the monetary policy target horizon. In particular, downside risks to economic activity and domestic demand persist in the US and several European economies, owing to still-overvalued asset prices in certain sectors and other structural challenges present in those economies. The persistence of current global oil and gas prices, and any additional inflationary pressures they may generate, would weigh on economic activity in the US and especially in Europe over the medium term, ultimately dampening international trade in goods and services and reducing capital flows. This could materially reduce external demand for Armenian exports, generating disinflationary pressures in the domestic market. I would also note that economic activity in Russia has been slowing continuously since the second half of 2025, and a further deepening of this slowdown would reduce monetary inflows from Russia into Armenia, amplifying potential disinflationary pressures. Turning to Case B-type risks stemming from the domestic economy, an acceleration and sustained continuation of capital inflows into Armenia could quicken the appreciation of the national currency, significantly reducing imported inflation. Such a scenario would also lower the neutral interest rate expressed in Armenian drams, which, all else equal, would generate disinflationary pressures in the domestic consumer market. Balancing the Case A and Case B-type risks described above, I would note that I am most concerned about the inflationary pressures that could arise from the materialization of Case A-type risks. I therefore believe it is necessary to raise the policy rate from its current level of 6.50 percent to 6.75 percent, with the objective of maintaining inflation close to the Central Bank's target over the medium term. I reaffirm my strong commitment to the objective of price stability and express my readiness to take appropriate policy actions in response to any new information that may pose a risk to achieving the 3 percent inflation target and sustaining price stability over the medium-term horizon.

Board Member Armen Ktoyan

My decision is based on the assumption that risks arising from Case A- and Case B-type scenarios are broadly balanced. Within the logic of risks characteristic of Case A-type scenarios, it is necessary to highlight the deepening of geopolitical risks associated with a potential escalation of the situation in the Middle East. These risks, through various transmission channels, may in particular be reflected in an increase in Armenia's country risk premium. In addition, in the context of uncertainty surrounding the resolution of the Russia–Ukraine conflict, the prolonged maintenance and possible further tightening of sanctions imposed on Russia generate a continuous accumulation of risks in that country's financial system as well as in the broader business environment. As a result, the possibility of additional capital inflows into the Armenian economy has expanded, which may contribute to demand expansion and activate additional inflationary risks. Inflationary risks transmitted from the Russian economy to Armenia are also significant, driven by the persistently high level of inflation expectations in Russia and the limited capacity for diversification of logistics channels. Furthermore, budget expenditures associated with the introduction of universal health insurance and increases in pensions may materialize at levels higher than planned, thereby stimulating demand. In the context of risks arising from Case B-type scenarios, among external factors I would primarily emphasize the weakening demand and slowdown in real income growth in the Russian economy, which may lead to a decline in demand for Armenian goods and services. Similar risks also stem from the potential tightening of institutional restrictions on the sale of Armenian-origin goods in the Russian market for various reasons. It should also not be overlooked that, amid escalating geopolitical tensions, the possible deepening or introduction of new sanctions against third countries may create significant constraints on trade and capital flows, negatively affecting aggregate demand conditions in the Armenian economy. In the context of domestic developments, I emphasize the persistent structural characteristics of growth and its concentration in a limited number of sectors, which, under conditions of a gradual and orderly adjustment in the construction sector and real estate prices, may generate substantial risks of weakening demand and the emergence of disinflationary effects in related sectors of the economy. Amid heightened tensions in global energy markets driven by developments in the Middle East, inflationary shocks have emerged; however, in my assessment, these do not have significant potential for expansion over the medium term, also reflecting divergent fundamental developments in the respective markets. The range of uncertainty surrounding inflation expectations has widened, primarily due to a reduction in the probability of higher inflation scenarios. I assess the risks of de-anchoring inflation expectations at higher levels as weak and not significant under current conditions. The still considerably high level of labor underutilization, along with relatively modest trends in labor productivity growth, allows for offsetting potential demand expansion pressures driven by both external and internal factors. Based on the overall assessment of the arguments presented, I voted in favor of keeping the policy rate unchanged.

