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Press Release

National Bank of the Kyrgyz Republic decreased its policy rate down to 11.00 percent

On April 29, 2024, the Board of the National Bank of the Kyrgyz Republic decided to decrease the policy rate (key rate) down to 13.0 percent. The decision becomes effective as of April 30, 2024.

The inflation developments in the Kyrgyz Republic continue to slowdown. In April¹ 2024, the annual inflation rate amounted to 5.2 percent, having decreased from 7.3 percent in December 2023, which was near the lower rate of the medium-term monetary policy target of 5-7 percent.

In the structure of inflation, price growth for food products slowed down significantly (from 3.4 percent in December 2023 down to 1.1 percent in April 2024), as well as due to decline in prices in the world food markets. The growth rates of prices for non-food products and services decrease, although with more restrained dynamics.

There is high economic activity in the Kyrgyz Republic. At the end of January-March 2024, the real GDP increased by 8.8 percent. As before, the sectors of services, construction and processing industry made the main input in the economic growth. Domestic consumption remains elevated, as well as due to growth in consumer lending and an increase in the net inflow of remittances into the country.

Despite the continued uncertainty in the external economic environment, there is a decrease of external factors influence. The global and regional inflation rate is gradually declining due to long-lasting tight monetary conditions preserved by the regulators of the leading countries thereby weakening the external inflation environment together with a decline in the world food prices.

The banking sector of the country remains stable and demonstrates growth of the key indicators. In general, the commercial banks have sufficient liquidity that creates a basis for further lending to the real sector of the country. The short-term interest rates of the money market continue to form within the interest rate corridor set by the National Bank. The domestic foreign exchange market is stable.

The monetary policy of the National Bank conducted since the beginning of 2022 contributed to limiting growth of the inflationary pressure and ensured stabilization of the price dynamics in the country, which resulted in formation of the current inflation within the medium-term target and decrease of the economic entities' inflationary expectations. Under these conditions, the National Bank decided to decrease the policy rate down to 11.00 percent. This decision is in line with the National Bank's monetary policy focused on maintaining price stability in the country and creating conditions to ensure macroeconomic stability.

The National Bank continues to assess the emerging external and internal factors of

¹ As of April 19

inflation and, taking into account remaining risks in the external environment and the forthcoming improvement of the state tariff policy, still adheres to a prudent approach to further easing of monetary conditions.

In case of any additional risks, the National Bank does not exclude the possibility of making necessary adjustments to the current monetary policy.

The next regular meeting of the Board of the National Bank of the Kyrgyz Republic on the policy rate is scheduled for May 27, 2024.