

## **Press-release of the Meeting of Board of the National Bank of the Kyrgyz Republic on the issue of discount rate**

On August 25, 2014 a medium-term forecasts of the main macroeconomic indicators was considered at the meeting of the Board of the National Bank of the Kyrgyz Republic. During the discussion it was noted that the assumption of medium-term economic trends outlined in the Report on Monetary Policy (Inflation report) on May are preserved. The observed slowdown in economic growth in the countries major trading partners will continue in the reporting period. This, in turn, will be reflected on the decline in external demand and on the reduction in remittances. Also there are maintained the expectations of capital outflows from emerging markets. Assumptions of the price situation on world commodity markets have been slightly modified upward. Also May predictive estimates are supplemented with factors manifested on June-August 2014. These factors include increasing of tariffs for housing and communal services, adverse climatic conditions in the country in this year, the acceleration of growth in prices for gasoline and diesel in the domestic market, as well as a more rapid decline in domestic demand. As a consequence, the net effect of these factors can affect the acceleration of inflation processes in the near future. To achieve and maintain in the medium term perspective the inflation within the quantitative targets of monetary policy the National Bank of the Kyrgyz Republic will take the appropriate actions.

Thus, taking into account the ratio of inflation risks and risks of reduction in external demand, it was taken a decision to leave the discount rate unchanged at 6.50 percent.

The next meeting of the Board of the National Bank of the Kyrgyz Republic, which will address the question of the value of the discount rate, is scheduled for September 29, 2014.