

**Press-release**  
**The National Bank of the Kyrgyz Republic**  
**decreased the policy rate to 8 percent**

On March 28, 2016, the Board of the National Bank of the Kyrgyz Republic decided to decrease the policy rate by 200 basis points to 8.00 percent. This decision becomes effective on March 29, 2016.

Inflation rate continues to demonstrate the downward trend mainly due to a drop in domestic prices for food and petroleum products. In March 2016, the consumer price index declined by 0.71 percent (as of March 18), reaching 0.8 percent in annual terms.

The slowdown in economic activity in the countries - main trade partners of the Kyrgyz Republic tends to continue and keeps affecting the domestic economy through trade and remittances.

Real GDP in January-February of 2016 decreased by 7.8 percent. The key factor of a drop in real GDP was the decrease of production in industrial sector, mainly at the “Kumtor” gold-mining company. Real GDP without Kumtor decreased by 0.1 percent. For the monetary policy formulation and analysis by the National Bank, real GDP without Kumtor is more relevant indicator.

Given low inflation rates and the slowdown in economic activity in the country, the National Bank concluded that it is possible to decrease the policy rate. This decision will support measures to stimulate the real sector of economy to restore its upward trend while maintaining low inflation risks in the current year.

In 2016, the National Bank expects moderate inflation growth, at about the lower limit of 5-7 percent inflation band, which is determined by the NBKR’s Medium-term main monetary policy guidelines.

Despite the current downward trend in the price level, in the medium term the factors of inflationary pressure still exist. The National Bank continues to assess the emerging trends and possible risks in the economy of the country and will conduct monetary policy accordingly.

*Information note:*

The next meeting of the Board of the National Bank of the Kyrgyz Republic on the monetary policy rate is scheduled for May 30, 2016.