



## MONETARY POLICY STATEMENT

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February 23, 2011 - At the meeting of the Board of Directors, the required reserve has been raised up by 4 unit percent.

According to the statement of the National Statistics Committee, the inflation rate of Ulaanbaatar has reached 14.8% as of January, 2011.

In 2011, the domestic demand is expected to rise significantly as the result of budget expansion, distribution of allowances for the citizens and the development of the mining projects. The external factors like the inflation growth in China and the rise in price of food and oil in world market put pressure on monetary policy.

After the recession in 2008-2009, the countries have taking the macro prudential measures to lower the bank vulnerability to the crisis and to enhance bank security also necessary for Mongolia to keep up with making this change.

Owing to these circumstances of tightening the monetary policy and improving the banking sector's possibility to stand against the risks, the decision to raise the required reserve by 4 unit percent to 9% has been made.

The reserve requirement ratio was 14% till 2007 and it was lowered to 5% because of the economic condition of that time.

**THE BANK OF MONGOLIA**