

MONETARY POLICY GUIDELINES FOR 2017

Monetary policy in 2017 shall be directed towards overcoming the current economic downturn with the least amount of consequences, stabilizing the economy in a short period of time and facilitating an environment of sustainable growth in the medium and long term.

1. Under the framework of monetary policy objective:

1.1 The BoM will maintain inflation measured by consumer price index below 8 percent throughout the period of 2017 to 2019 with the use of market-based monetary policy instruments.

1.2 The BoM shall adhere to a policy, in which exchange rate is determined in line with macroeconomic fundamentals and in a flexible manner.

1.3 The BoM shall pursue a policy to preserve foreign exchange reserves by responding to volatile movements in external sector environment through flexible exchange rate regime and market-based monetary policy tools.

2. Under the framework of financial sector stability:

2.1 The BoM will assess financial system stability in collaboration with international organizations and implement macro-prudential policies in order to mitigate financial sector risks and preserve the stability of the financial system.

2.2 The BoM will implement measures to ensure capability of the banking sector in liquidity provision and in risk management and to prevent from any possible risks from arising.

3. Under the framework of strengthening institutional development of financial sector:

3.1 In order to overcome the current economic downturn with the least amount of consequences, the BoM will support the activity of Financial Stability Council and expand the cooperation of the council members.

3.2 The BoM will improve independence and regulations of foreign currency and national payment system.