



MONETARY POLICY STATEMENT

Ref No: 2012/04

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April 17, 2012- BoM Board of Directors decided to increase the policy rate by 0.5 unit percent to 13.25% and the required reserve by 1 unit percent to 12%.

The National Statistical Office of Mongolia reported that the national CPI increased to 15.3% (YOY) and the CPI of Ulaanbaatar increased to 17.3% (YOY) as of March, 2012.

The negative effects of supply on inflation remain strong. The price of meat increased by 51.8% (YTD) and contributed to the 68.2% of inflation as well as the price of non-food products increased by 2.4% (YTD) and contributed to the 29.3% of inflation. The cost of fuel was also increased by 7.1% (YTD).

Increasing demand has a risk to even further accelerate the caused by supply factors inflation speed. Strong inflow puts upward pressure on excessive demand caused by budget and quasi-budget expenses.

On above grounds the Bank of Mongolia is tightening the policy rate to contain the inflation and the pressure on MNT and to maintain the stability of macroeconomy.

BANK OF MONGOLIA