



THE BANK OF MONGOLIA
MONETARY POLICY STATEMENT

Monetary policy decision

Number: 2015/03

Effective date: 2 July 2015

The Monetary Policy Committee (MPC) of the Bank of Mongolia decided to keep current policy interest rate unchanged, at its recurrent meetings on the 9th and 30th of June, and the 2nd of July 2015.

Annual inflation measured by CPI declined to 8.0% nationwide and 7.5% in Ulaanbaatar city while core inflation has gradually been going down to 10.2% as of May 2015. Inflation target for 2015 has been achievable because supply-driven inflationary pressure has already been decreased and demand-pull inflation is not expected to increase throughout this year. Positive changes and developments on the balance of payments from the beginning of this year enable to have no deficit on the overall balance of payments in the first half of 2015.

However, foreign direct investment has been lower than 1% of GDP and both government budget expenditure and deficit have still been increasing since the beginning of this year. These negative conditions have been restricting the opportunities to ease monetary policy stance.

The decision shall retain togrog yield and continuously promote macroeconomic external balance.

If there are significant improvements on foreign direct investment and government budget position in the second half of this year, it may enable to create a favorable condition to ease current monetary policy stance.

Extracts of the meeting minutes will be released in two weeks on the Bank of Mongolia's website.

MONETARY POLICY COMMITTEE