



**THE BANK OF MONGOLIA**  
**MONETARY POLICY STATEMENT**  
**Keeping the policy interest rate unchanged**

**Number: 2016/03**

**Effective date: 18 July 2016**

As its meetings on 7-8 July 2016, the Monetary Policy Committee (MPC) of the Bank of Mongolia decided to keep the policy interest rate unchanged at 10.5 percent.

Annual inflation measured by CPI was 1.6% nationwide and core inflation declined to 2.9% as of June 2016, have continuously been lower than the targeted level for the last consecutive 12 months. The inflation dynamics in the first half of this year were consistent to the Bank of Mongolia's forecasts. Demand-driven inflationary pressure, caused by economic activities, is not expected to increase considerably in the short run. Therefore, inflation target is fully achievable at the end of this year.

Although, uncertainties in macroeconomic external environment have still been continuing, market risk shall be decreased as the governance stability is maintained. Real economic growth is projected to be around the same level of 2015 due to positive expectation on an increase of foreign direct investments in the second half of this year, which supports domestic demand.

This policy decision shall retain the opportunities to increase money supply through private credits and promote real sector activities. Increasing net foreign assets and decreasing budget deficits shall reduce the risks of private sector contraction, further rapid rise in unemployment from current rate of 11.6%, and shortage of financial resources.

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

MONETARY POLICY  
COMMITTEE