



MONETARY POLICY STATEMENT

Increasing the policy interest rate by 4.5 percentage point

Number: 2016/04

Effective date: 18 August 2016

At its meeting on 18 August 2016, the Bank of Mongolia's Board of Directors decided to increase the policy rate by 4.5 percentage points to 15 percent.

Despite the inflation rate being at low level, the exchange rate of togrog against US dollar has depreciated by 7.9 percent since the end of July.

In the first half of 2016, Mongolia's trade balance has improved by 602.0 million US dollar y-o-y and the current account deficit has declined by 2 fold. Even though there has been improvements in the balance of foreign currency inflow and outflow as such, further step-by-step actions that are aimed at stabilizing macroeconomic fundamentals, improving the credibility of togrog and increasing the togrog yield are necessary to be taken.

Therefore, the Bank of Mongolia is taking measures to increase the yield for togrog assets in order to safeguard the exchange rate of togrog and to ensure economic stability in the medium term. In addition, policies aimed at ensuring the equilibrium of togrog exchange rate through intensive implementation of adjustments in the fiscal and monetary policy will be pursued.

THE BANK OF MONGOLIA