



MONETARY POLICY STATEMENT

Lowering the policy rate

Number: 2017.04

Effective date: 25 December 2017

The Monetary Policy Committee meeting was held on 15 September 2017, and it was decided to reduce the Policy rate by 1.0 percentage point to 11 percent.

As of November 2017, annual inflation measured by the consumer price index has reached 6.5 percent nationwide and 7.6 percent in Ulaanbaatar city. In the medium term inflation is expected to stabilize around the central bank's target rate of 8 percent.

Mongolian economy performed stronger than expected in the first 3 quarters of 2017. Acceleration of mining production and investment, improvements in the terms of trade and subsiding short term pressure to refinance foreign debt obligations have led to lower risks and uncertainties regarding macroeconomic condition and stimulated economic growth. However, analysis of economic outlook in the near future implies continued need to support growth of credit for business activities and sectors that are less dependent on the mining sector and reduce unemployment. The Bank's decision to ease the monetary policy is expected to support economic growth, business activities and employment.

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

MONETARY POLICY COMMITTEE