



MONETARY POLICY STATEMENT

Lowering the policy rate

Number: 2018/01

Effective date: 26 March 2018

At the meeting held on 23 March 2018, the Monetary Policy Committee decided to reduce the Policy rate by 1.0 percentage point to 10 percent and set the reserve requirements on domestic and foreign currency liabilities at 10.5 and 12 percent, respectively.

As of February 2018, annual inflation measured by the consumer price index has reached 6.9 percent nationwide and 8.1 percent in Ulaanbaatar city. Balance of payments and overall economic outlook are positively affected by external demand which has improved beyond expectations and high prices of export commodities. Despite gradual increases in demand-driven inflation in line with increased economic growth, annual inflation is expected to stabilize around the target level.

This policy decision is expected to lower short-term funding rate in the banking sector, thus support business activities through lending rate.

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

MONETARY POLICY COMMITTEE