



MONETARY POLICY STATEMENT
Keeping the policy rate unchanged and
Revising the upper limit on debt service to income ratio
for consumer loans excluding pension loans

Number: 2019/01

Effective date: 21 March 2019

The Monetary Policy Committee meeting was held on 21 March 2019, and it was decided to keep the Policy rate unchanged at 11 percent and to revise the upper limit on debt service to income ratio on newly-issued and term-changed consumer loans excluding pension loans to 60 percent, effective April 1, 2019.

As of February 2019, annual inflation has reached 6.9 percent nationwide and 7.9 percent in Ulaanbaatar city. Fluctuations in inflation are mainly driven by changes in the prices of gasoline, meat and solid fuel, while demand-pull inflation remains relatively stable.

This year, economic recovery is expected to keep its momentum and inflation outlook remains around the target level. The Monetary Policy Committee decided to keep the policy rate unchanged this time, considering demand, supply and external factors underlying inflation, their outlook and sentiment in the business environment. In the event that domestic demand continues to expand sharply, the policy rate may need to be raised in the upcoming periods.

The decision to tighten the upper limit on debt service to income ratio in the wake of upcoming wage increases, serves the objective to gradually ease household debt burden that surged during the past years, reaching substantially high level.

The Monetary Policy Committee's decisions are consistent with the Bank of Mongolia's objectives to keep inflation rate around the target rate and to ensure macroeconomic and financial stability in the medium term.

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

MONETARY POLICY COMMITTEE