



## **MONETARY POLICY STATEMENT**

### **Lowering the policy rate and extending the maturity of consumer loans**

**Number: 2020/02**

**Date: 13th of April 2020**

The Monetary Policy Committee held an unscheduled meeting on the 13th of April 2020. The Committee decided to lower the policy rate by 1 percentage point to 9 percent and to extend the maturity limit on consumer loans up to 12 months for lenders experiencing difficulty in their loan repayments.

Annual headline inflation reached 6.4 percent nationwide and 6.9 percent in Ulaanbaatar city as of February 2020. The demand induced inflation is expected to be subdued as the economic growth slacks this year. The supply-driven volatility in inflation is anticipated to decline if the supply of some imported foods remains stable, along with a falling domestic price of fuel following the drop in global oil price.

The continued spread of COVID-19 has changed the external and domestic economic conditions in a short span of time, aggravating uncertainties, contracting business activities in the economy, weakening domestic demand, and resulting in difficulties in loan repayments. Therefore, necessary monetary and macroprudential policy measures are being implemented to lessen the consequences of difficulties triggered by the disease and to support economic activities.

Considering the current macroeconomic and financial outlook, its prospects, and uncertainties in the domestic and external environment, the Monetary Policy Committee decided on the comprehensive policy measure of lowering the policy rate to stimulate economic growth and extending the maturity on consumer loans once up to 12 months for lenders experiencing difficulties, hence reducing the monthly loan repayments.

The monetary policy decision is aimed at ensuring economic and financial stability while keeping the inflation rate around the target rate.

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

**MONETARY POLICY COMMITTEE**