



## **MONETARY POLICY STATEMENT**

### **Keeping the policy rate unchanged**

**Number: 2019/03**

**Effective date: 17 September 2019**

The Monetary Policy Committee meeting was held on 17 September 2019, and it was decided to keep the Policy rate unchanged at 11 percent.

As of August 2019, annual inflation has reached 8.9 percent nationwide. Prices of meat and vegetables, tuition fee of universities and other administrative prices rose in recent months, pushing supply-driven inflation up. The demand-driven core inflation remains stable. Inflation is expected to be around its target level, taking into consideration the current economic developments and factors shaping the inflation outlook.

The strong economic growth in recent quarters was supported by mining activities that outperformed the expectations, stable expansions of corporate lending, private and public consumptions, and investments.

Further escalation in trade tensions among large nations have amplified uncertainty in the external environment and policy makers are concerned over the risk of potential adverse impacts to the domestic market through the external demand, commodity prices and foreign direct investments. In this regard, it is imperative to conduct macroeconomic policy aiming to sustain the external and internal balance and to accumulate financial buffer in order to strengthen resilience at all levels of the economic sectors.

The Monetary Policy Committee decided to keep the policy rate unchanged this time, considering the current macroeconomic outlook, its prospects, and main driving factors, as well as uncertainties and risks in the domestic and external environment. The decision is consistent with the Bank of Mongolia's objective to keep inflation rate around the target rate, to support economic growth without inflationary pressures 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**