



## MONETARY POLICY STATEMENT

### Keeping the policy rate unchanged

**No: 2026/04**

**Date: June 24, 2026**

The Monetary Policy Committee (MPC) of the Bank of Mongolia held its scheduled meetings on June 23 and 24, 2026. Considering the current state of the macroeconomy, banking sector, and financial markets, as well as the domestic and global economic outlook and risks, the MPC decided to keep the policy rate unchanged at 12 percent.

Annual inflation has accelerated in recent months, driven by rising fuel and food prices, reaching 11.2 percent nationwide and 11.0 percent in Ulaanbaatar as of May. Meanwhile, core inflation has remained at a moderate level, reflecting subdued activities across most non-mining sectors. Whether inflation eases going forward will largely depend on supply-driven factors, particularly weather conditions and the evolving geopolitical environment.

Economic growth accelerated to 7.9 percent in the first quarter of 2026, mainly driven by the robust growth in mining and transportation sectors. Whereas activities in other sectors are weak. This year, increased mining production and the continued implementation of large-scale projects are expected to be the main factors supporting growth. In the coming years, a gradual recovery in non-mining sectors is anticipated to support economic activity.

The Middle East conflict has increased oil and energy prices, intensifying inflationary pressures globally. Economic growth in China, Mongolia's largest trading partner, exceeded expectations, leading to an improved growth outlook. However, growth prospects for other economies have weakened as elevated oil prices are expected to weigh on their economic activity. Gold and copper prices on international markets have remained above expectations, favoring Mongolia's terms of trade.

Annual inflation has temporarily exceeded the target range, primarily due to supply-side factors. Going forward, inflation is projected to return to the target band over the medium term as the increases in meat and fuel prices are expected to subside gradually. Nevertheless, inflationary pressures could increase more than anticipated if second-round effects become more pronounced and supply-driven inflationary pressures persist for a prolonged period due to uncertainties related to pasture conditions, livestock disease outbreaks, and geopolitical developments, including the conflicts in the Middle East and Russia-Ukraine. Therefore, the MPC decided to keep the policy rate unchanged at this meeting. This decision is consistent with the central bank's objective of stabilizing inflation at 5 percent within a  $\pm 2$  percentage point band from 2027 onward and is aimed at supporting macroeconomic stability over the medium term.

Looking ahead, the MPC will decide whether to raise policy rates based on inflation developments, supply-side conditions, along with the outlook for external and domestic economic environment.

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

**MONETARY POLICY COMMITTEE**