



MONETARY POLICY STATEMENT

Keeping the policy rate unchanged

No: 2026/02

Date: March 20, 2026

The Monetary Policy Committee (MPC) of the Bank of Mongolia held its scheduled meetings on March 18 and 20, 2026. The MPC decided to keep the policy rate unchanged at 12 percent, based on assessment that external and geopolitical uncertainty has intensified, while domestic economic conditions and the outlook have improved.

Inflation declined to 6.5 percent as of February 2026, approaching the midpoint of the target range, reflecting the effects of the monetary policy implemented last year. This decline was primarily attributable to a moderation in price increases for non-food goods and services. However, food prices have intensified in recent months, exerting upward pressure on inflation. Inflation is expected to remain within the target range. Nevertheless, elevated risks of increases in fuel and food prices could weigh on the inflation outlook going forward.

Economic growth accelerated to 6.8 percent in 2025, driven by robust performance in the agriculture, mining, and industrial sectors. In 2026, growth is expected to be supported by the mining sector and the implementation of large-scale projects. Over the medium term, growth is expected to stabilize around its potential level.

In the external environment, the negative impact of tariff policies was lower than expected, and the growth outlook for major trading partners has improved. In addition, global prices of gold and copper have reached historically high levels, positively affecting Mongolia's terms of trade. However, ongoing conflicts in the Middle East have heightened risks to the global economic outlook and commodity prices.

Although annual inflation has declined toward the midpoint of the target range, geopolitical tensions and unexpected events in the global environment continue to increase uncertainty and pose upside risks to inflation. 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 ± 2 percentage point range from 2027 onward and is aimed at reinforcing macroeconomic stability over the medium term.

The MPC's subsequent policy actions will depend on developments in inflation, supply-side factors, and the external and domestic economic outlook.

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

MONETARY POLICY COMMITTEE