



MONETARY POLICY STATEMENT

Keeping the policy rate unchanged

No: 2025/05

Date: September 16th, 2025

The Monetary Policy Committee (MPC) of the Bank of Mongolia held its scheduled meetings on September 15th and 16th, 2025. 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.

In August 2025, annual inflation stood at 8.8 percent nationwide and 9.8 percent in Ulaanbaatar. Since February, inflation has gradually eased as a result of the tightening of monetary and financial policy measures. However, relatively high prices of meat, vegetables, and flour in August have exerted upward pressure on food inflation. Looking ahead, inflation might increase in the next two to three months due to the price of some food items, but it is expected to decline and return to within the target range in 2026. However, the implementation of government mega projects and their financing, export revenues and exchange-rate outlook, as well as weather conditions and supply-driven changes in food prices, could pose upside risks.

The economy grew by 5.6 percent in the first half of 2025, broadly in line with our expectations, with more than half of the growth explained by a rebound in the agriculture sector. In the second half of the year, growth is expected to be supported by stronger copper concentrate production and the commencement of the large-scale construction projects.

Compared to the previous policy decision, trade negotiations among countries have proceeded, U.S. tariff levels have settled below their initially announced levels, and the global economic growth outlook has improved slightly in light of recent performance; however, uncertainty remains elevated.

This decision to keep the policy rate unchanged aims to stabilize inflation around its target level and support macroeconomic and financial sector stability over the medium term. The MPC's subsequent policy actions will depend on developments in the external and domestic economic environment, as well as the outlook for inflation and economic growth.

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

MONETARY POLICY COMMITTEE