



MONETARY POLICY STATEMENT

Keeping the policy rate unchanged and amending the regulations on pension loan

No: 2025/07

Date: December 11th, 2025

The Monetary Policy Committee (MPC) of the Bank of Mongolia held its scheduled meetings on December 10th and 11th, 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

1. Keep the policy rate unchanged at 12 percent;
2. Exclude from the reserve requirement base an amount equivalent to the outstanding balance of loans secured by pension and social welfare income;
3. If loans secured by pension and social welfare income are extended once, with total maturity not exceeding 36 months, and the monthly repayment burden is reduced accordingly, such loans shall retain their original asset classification without being reclassified as restructured assets;
4. Reduce the risk weight applied to pension-backed loans from 150 percent to 100 percent.

In November 2025, annual inflation stood at 8.2 percent nationwide and 8.7 percent in Ulaanbaatar. The decline in inflation from the previous month was mainly driven by the fading of base effects stemming from earlier increases in administratively regulated service prices. However, the poor harvest pushed up vegetable prices, while meat prices did not follow their usual seasonal decline in the autumn months, thereby intensifying food inflation. Furthermore, next year's wage increases are projected to raise the inflation outlook relative to previous estimates. As a result, inflation is expected to enter and stabilize within the target range in 2026. However, the financing of government projects, export revenues and the exchange-rate outlook, as well as weather conditions and supply-driven price changes could pose upside risks to inflation.

The economy grew by 5.9 percent in the first three quarters of 2025, broadly in line with our expectations. Growth was largely driven by the agriculture and mining sectors, and the outlook for economic growth remains unchanged.

Compared with the time of the previous policy decision, global and Chinese growth prospects have improved, as the impact of U.S. tariffs has been smaller than analysts initially expected and gold and copper prices have risen faster than anticipated. Although external conditions have thus improved, uncertainty remains elevated.

The decision to keep the policy rate unchanged is consistent with the objective of stabilizing inflation at the target level over the medium term and strengthening the stability of the economy and the financial sector. This decision also serves as a measure aimed at reducing the funding costs of bank lending. In addition, possible policy options to ease the monthly repayment burden of pension loans were discussed.

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