



THE BANK OF MONGOLIA

MONETARY POLICY STATEMENT

Monetary policy decision

Number: 2015/01

Effective date: 15 January 2015

The Monetary Policy Committee (MPC) of the Bank of Mongolia decided to increase policy interest rate by 1.0 percentage point to 13%, at its recurrent meeting on January 14, 2015.

Although, annual inflation measured by CPI declined to 11.0% nationwide at the end of 2014 owing to sustainable positive change in the composition of inflation over the last two years, core inflation remains high at 12.6% due to impacts of exchange rate fluctuation and increase in administered prices. In addition, foreign exchange inflows remain muted and foreign direct investments have been deteriorating for the third consecutive year.

Therefore, the MPC took this policy action to support external macroeconomic balance through increasing togrog yield until signs of improvement on terms of trade condition and foreign exchange inflows are noted.

The decision shall positively affect reducing aggregate demand and current account deficit in the short term, maintaining inflation at low and stable level, and promoting macroeconomic and financial stability.

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

MONETARY POLICY COMMITTEE