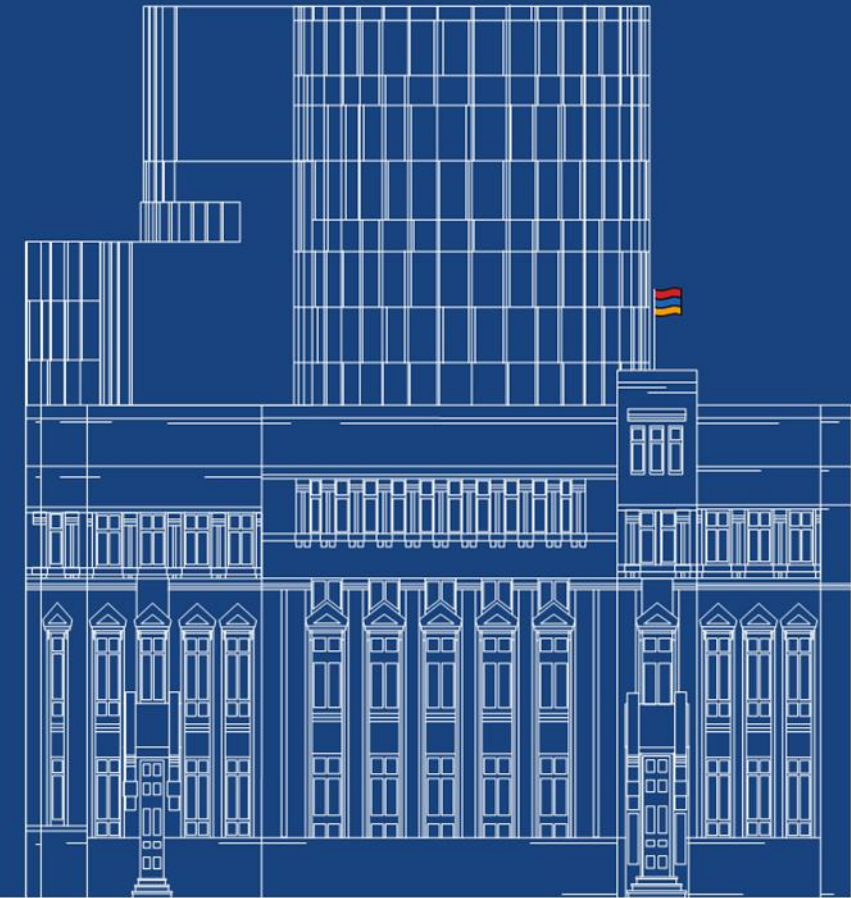


MONETARY POLICY DESICION

13.12.2022



The Central Bank of Armenia



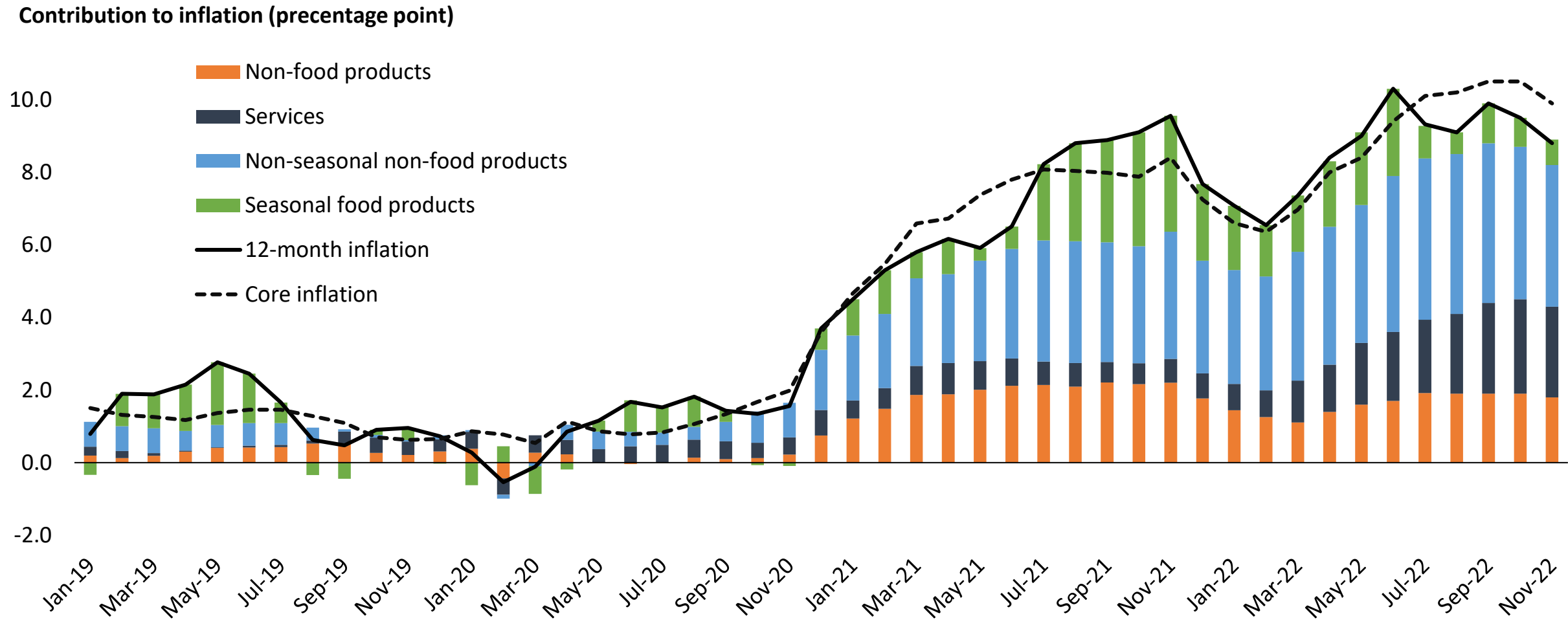
At today's meeting, the CBA Board decided

to raise the refinancing rate by 0.25 pp,
setting it at 10.75%

The Lombard repo facility rate at 12.25%

The deposit facility rate at 9.25%

In November 2022, the 12-month inflation decreased to 8.8%. The 12-month core inflation reduced as well, reaching 9.9%



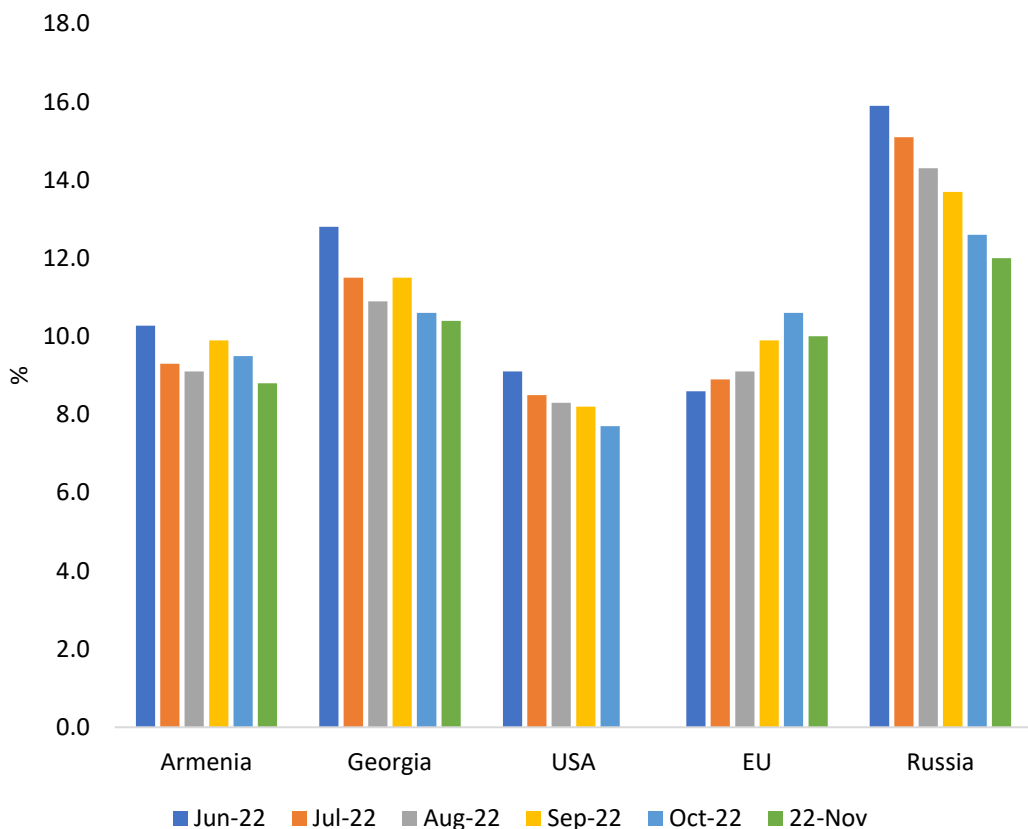
Source: Statistical Committee of RA, Central Bank of Armenia

The inflationary effects on the Armenian economy from the external sector are expected to weaken

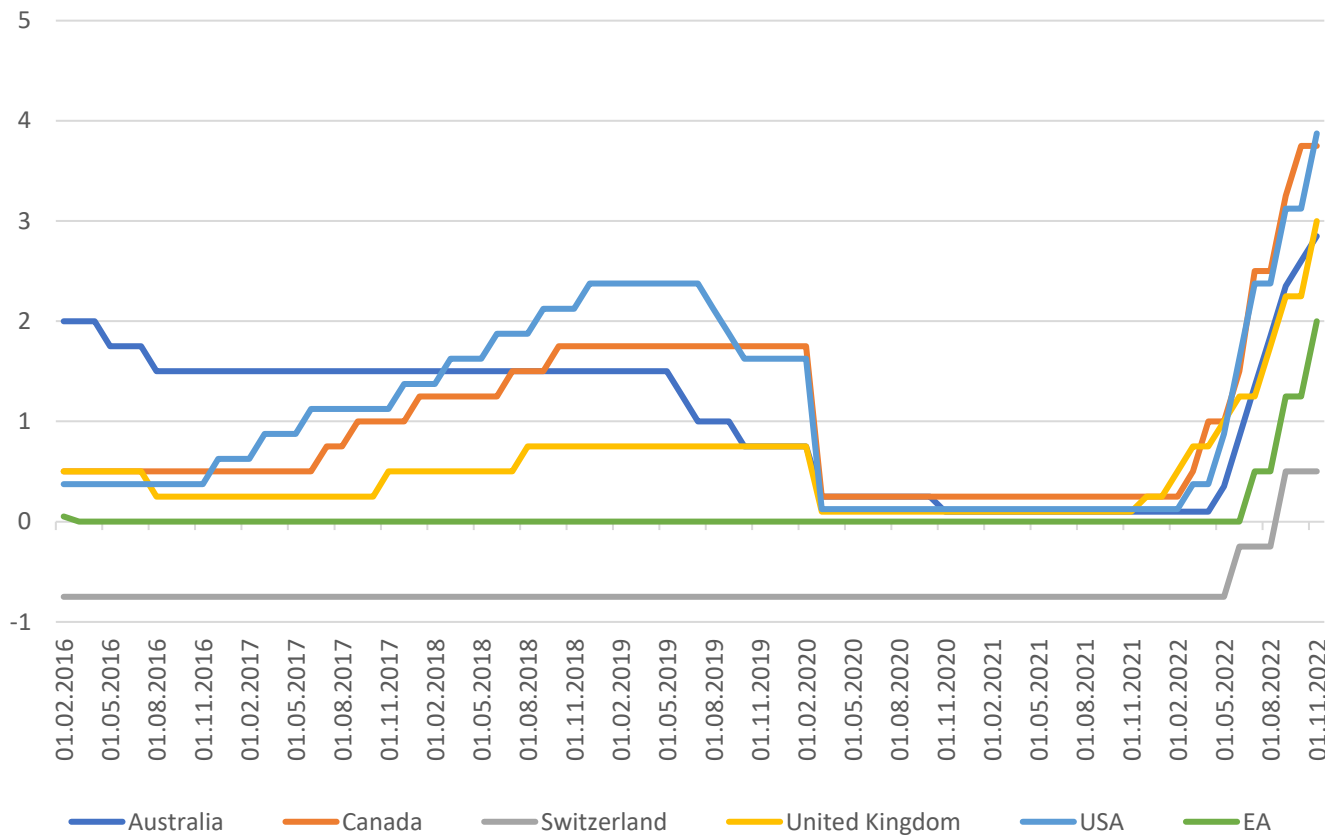
Global economic activity continue slowing. However, the inflationary environment in Armenia's main partner countries still persists driven by expanded demand and high inflation expectations.

The central banks of developed countries will continue to tighten monetary conditions in the near future.

Inflation in partner Economies, YoY growth, %

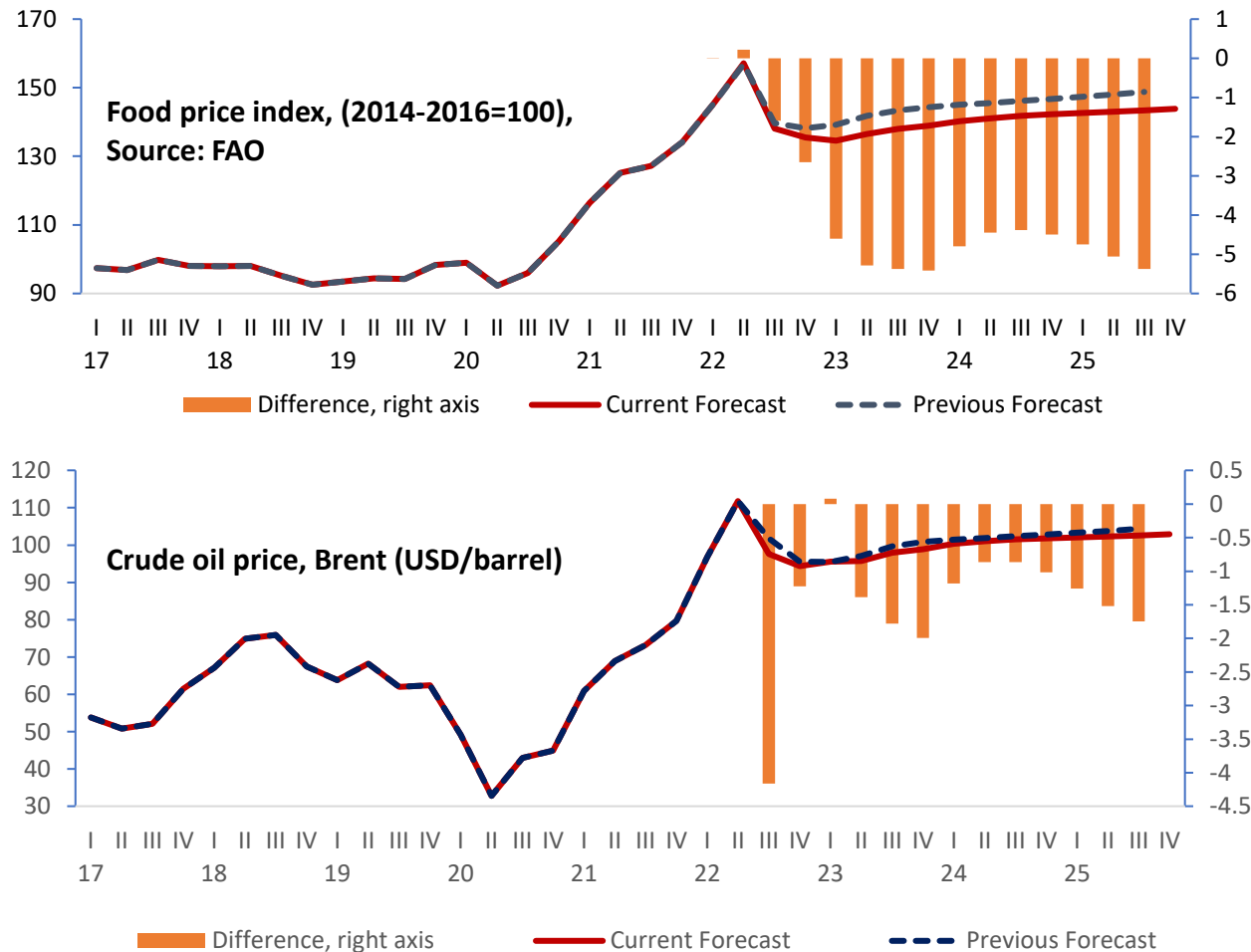


Policy rates in some developed economies, %



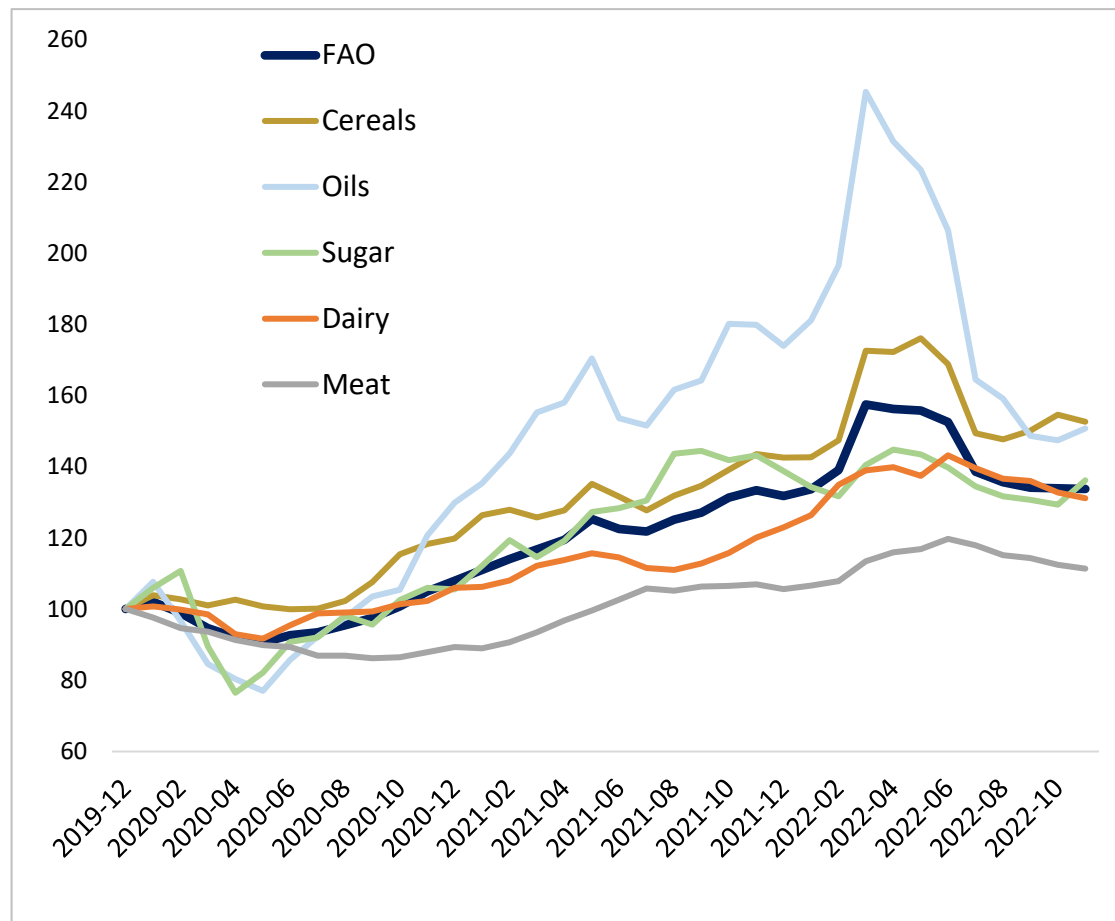
The inflationary effects on the Armenian economy from the external sector are expected to weaken

Consistent tightening of monetary conditions in partner countries will contribute to the weakening of global demand and some downward price adjustment in international commodity markets



Source: CBA Forecasts

International food price index, FAO (2019/12 = 100)

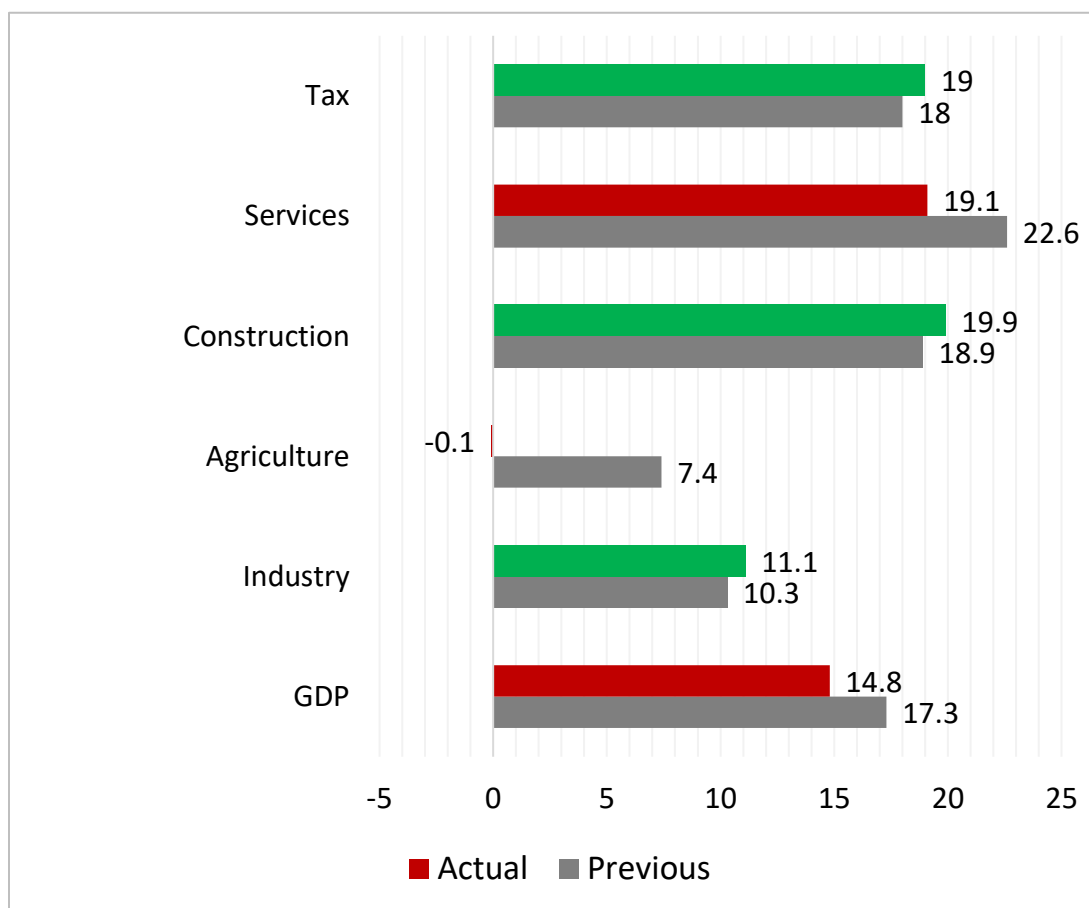


Source: www.fao.org

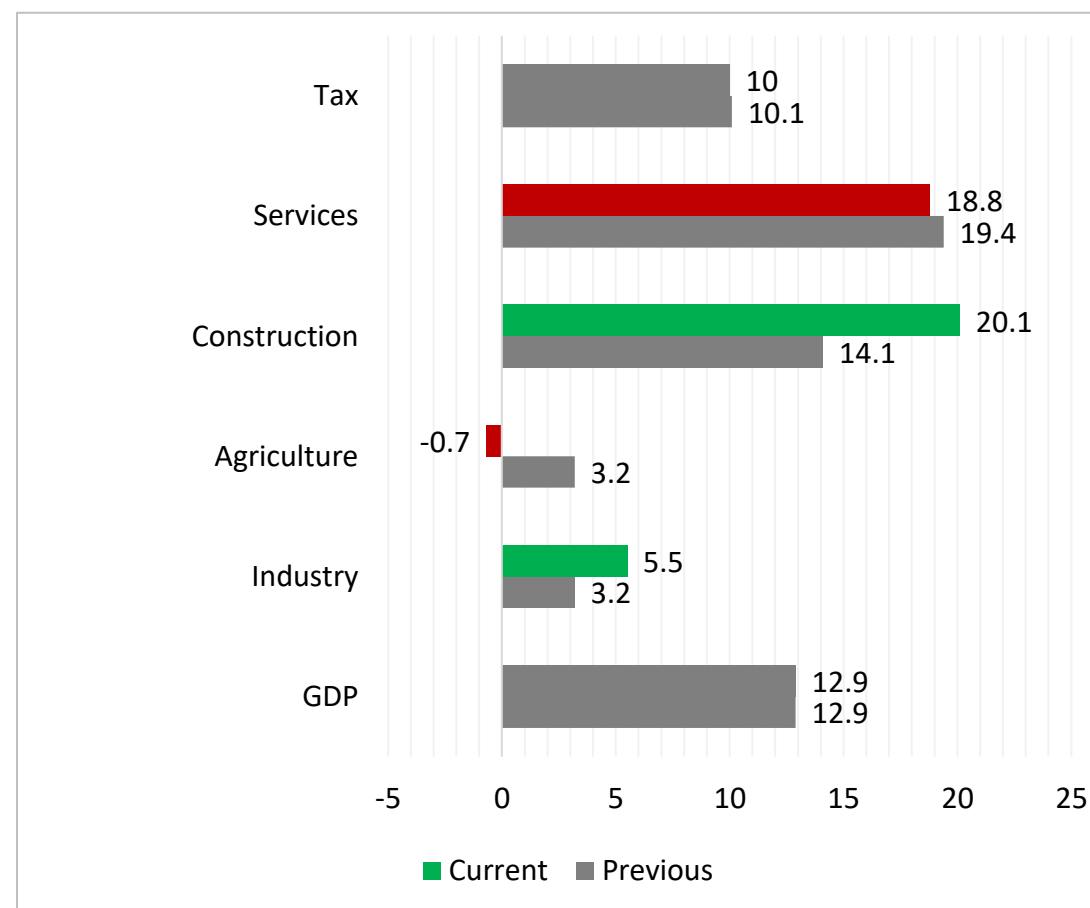
In the fourth quarter of 2022, high activity in the Armenian economy persists

Elevated external demand continues to contribute the higher growth in the services sector. At the same time, an increase in export and GDP potential is observable in the services and industry sectors

GDP annual growth rate (2022Q3)



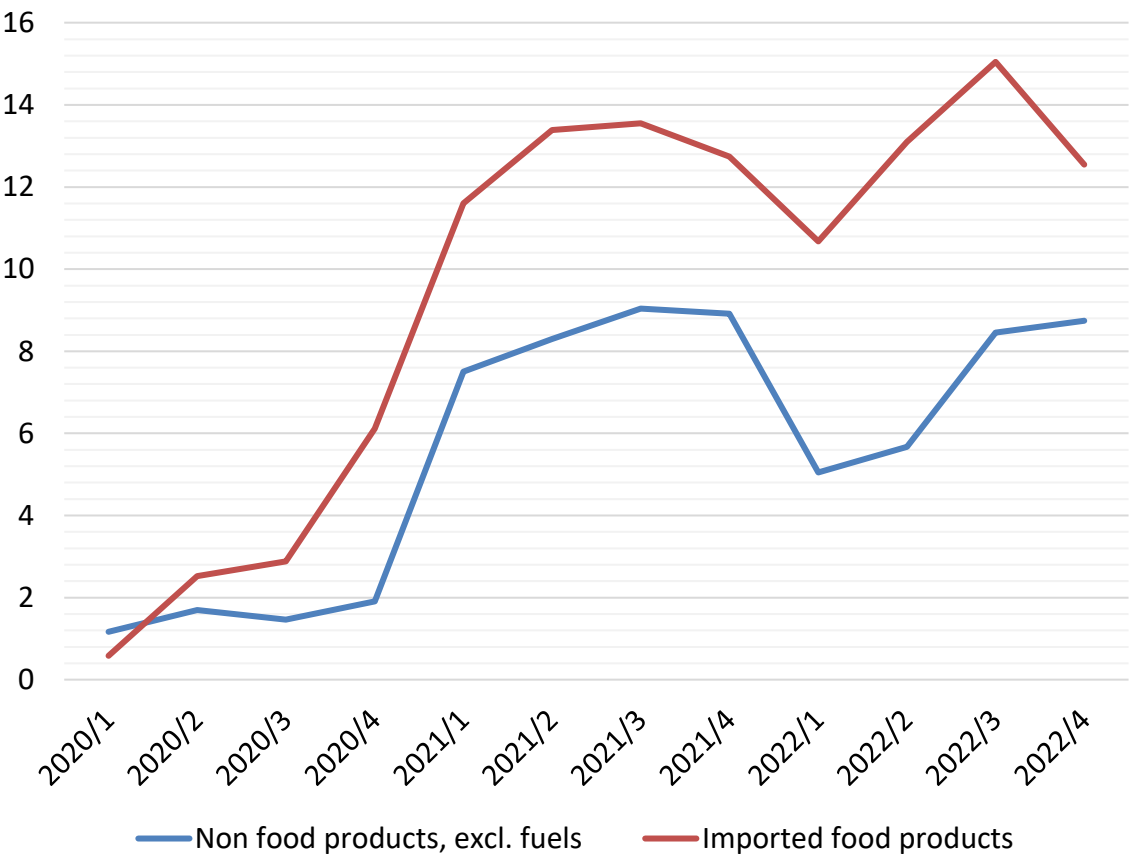
GDP annual growth rate (2022)



High demand contributes to the expansion of the inflationary environment and persisting high inflationary expectations

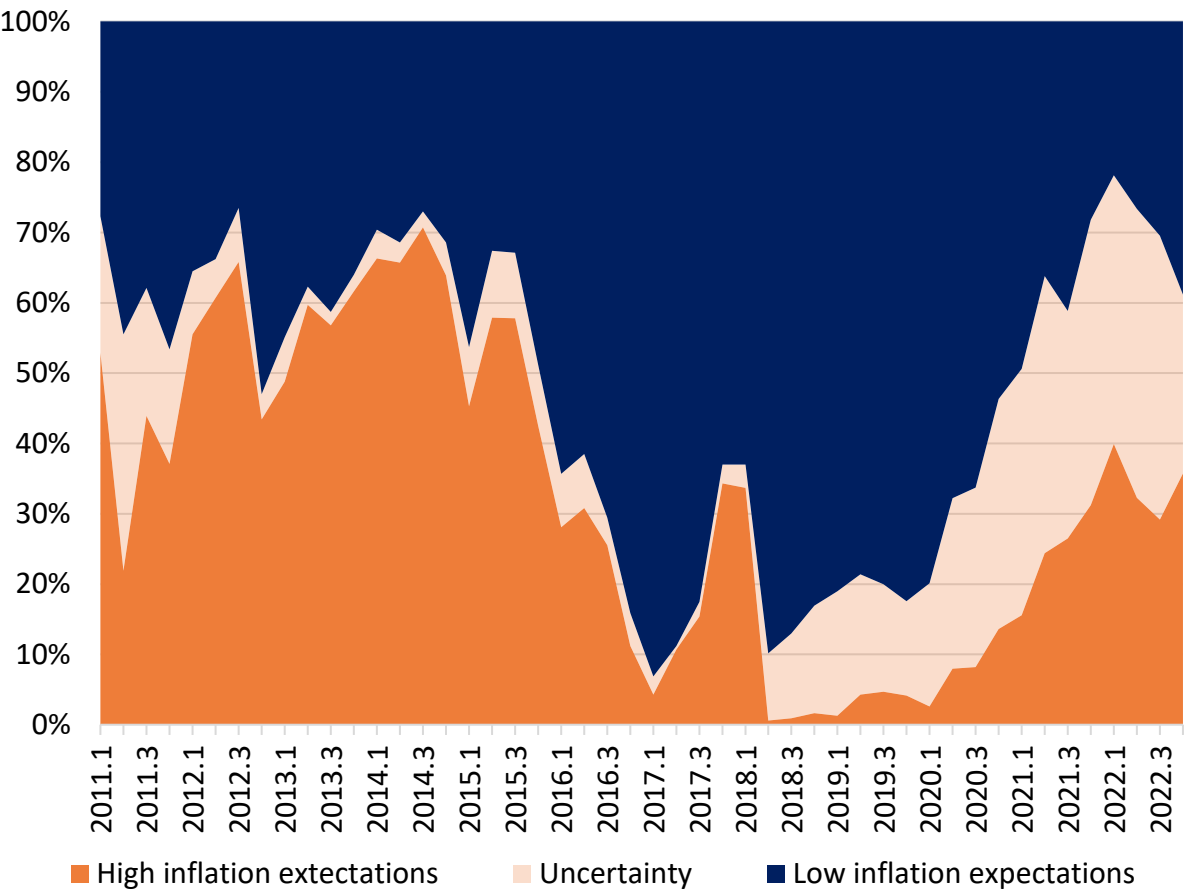
Relatively contractionary monetary policy and dram appreciation will gradually contribute to curbing demand and reducing inflationary expectations

Imported food and imported non-food products inflation (YoY, %)



Source: Statistical Committee of RA

Share of high inflation expectations and uncertainty (Central Bank survey)



Source: Statistical Committee of RA

CBA BOARD

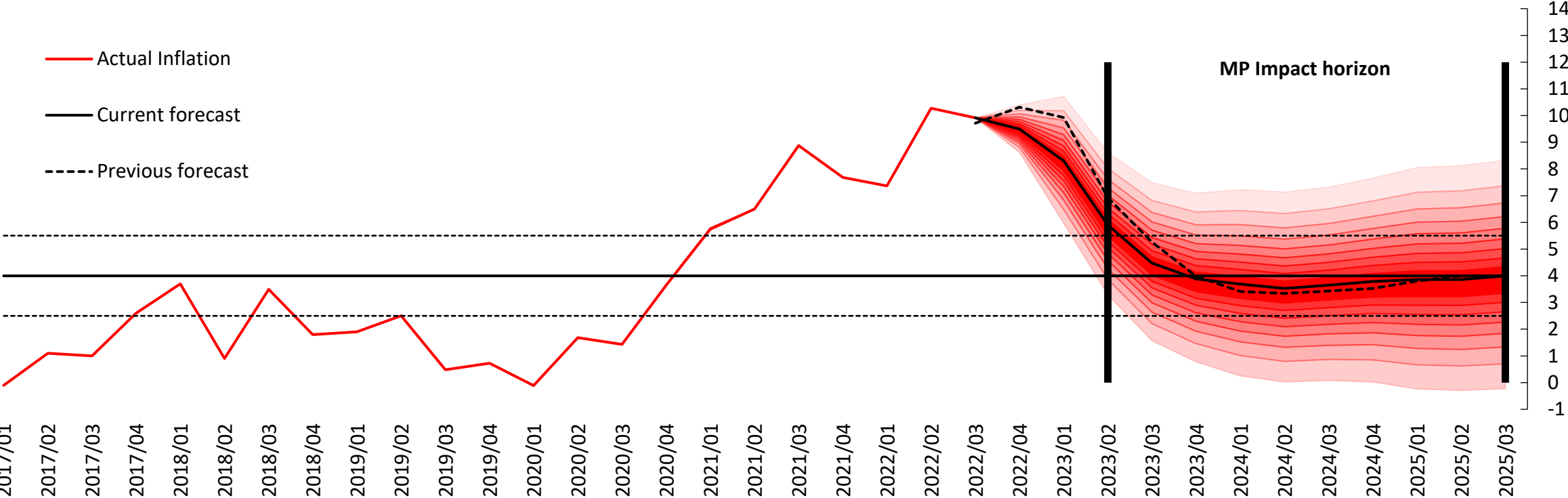
... finds it reasonable to raise the policy rate

The Board of the CBA will be committed to taking adequate actions to stabilize inflation and offset any risk of deanchoring inflation expectations.

According to the outlined monetary policy scenario, the 12-month inflation will gradually decline and stabilize around the 4% target in the medium run

The Board of the CBA estimates that the risks of inflation deviation from the projected path are mainly balanced; should the risks materialize in any direction, the Board stands ready to respond accordingly in fulfilment of the price stability objective

At the end of 2022 inflation will amount to 9.5%



Source: CBA forecasts

THANK YOU FOR ATTENTION

Detailed information on the basis for determining the interest rate can be found in the Inflation report (Monetary policy program, 2022 fourth quarter) to be published by December 27, 2022.



The Central Bank of Armenia

