



Central Bank
of Armenia

Monetary Policy Decision

August 4, 2026

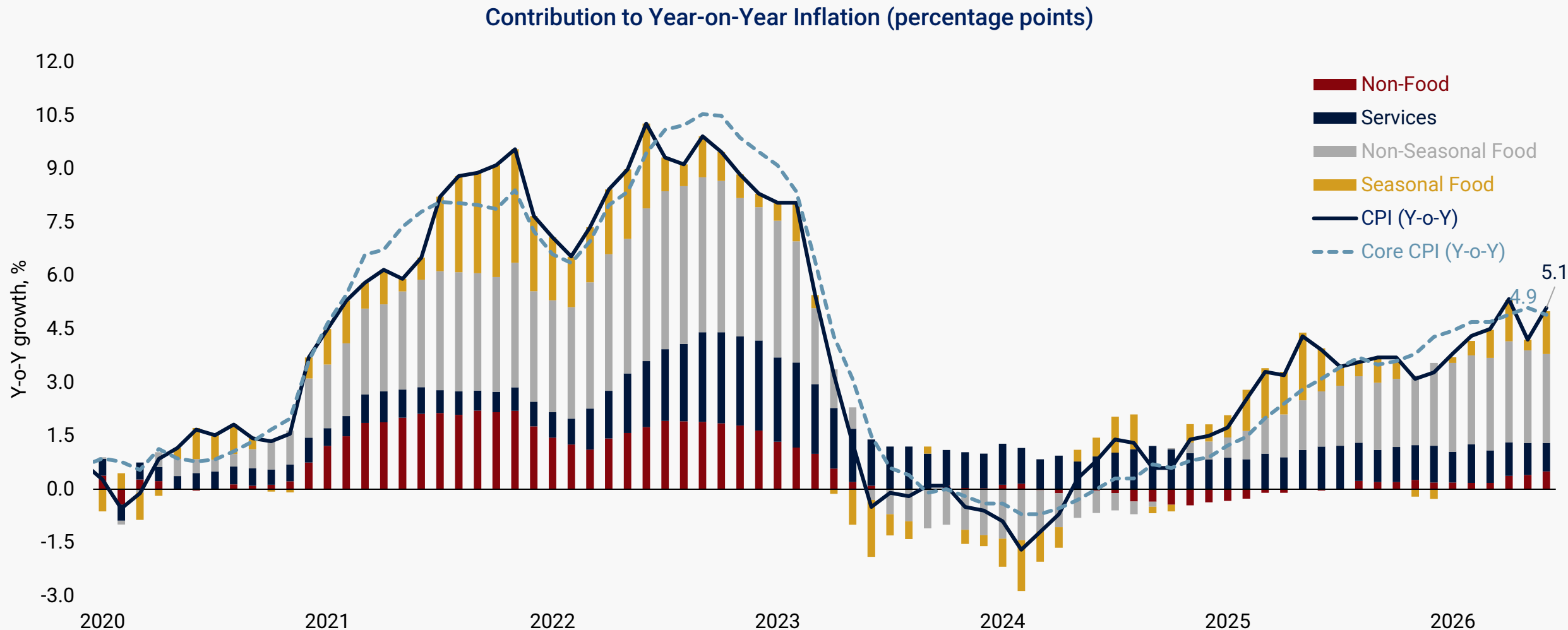
August 4, 2026 Monetary Policy Decision

At its meeting today, the Board of the Central Bank of Armenia decided to

keep the policy rate unchanged at 6.5%

- Lombard Repo Facility Rate: 8.0%
- Deposit Facility Rate: 5.0%

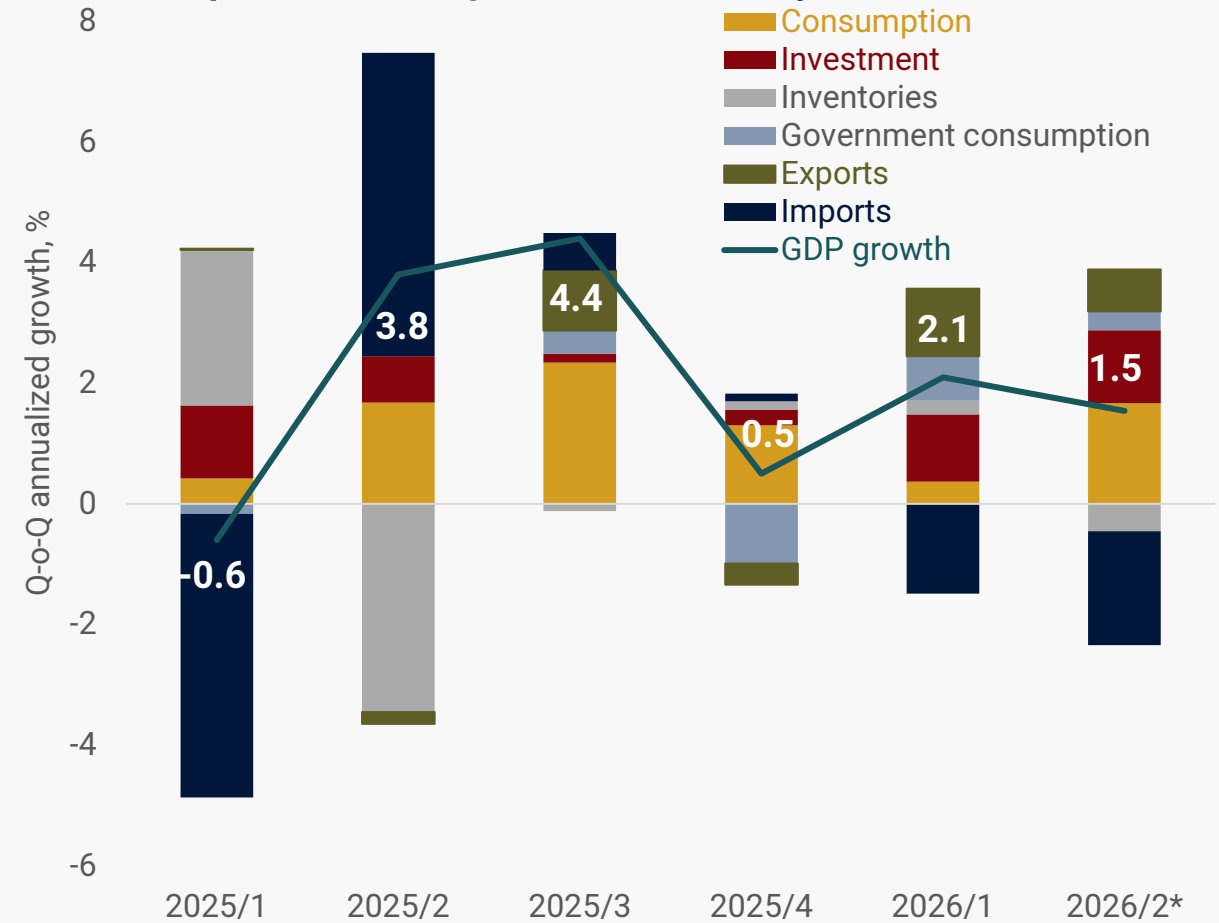
In the second quarter of 2026, 12-month inflation continued to run above target, reaching 5.1% in June, while 12-month core inflation stood at 4.9%.



Source(s): Statistical Committee of the Republic of Armenia, CBA

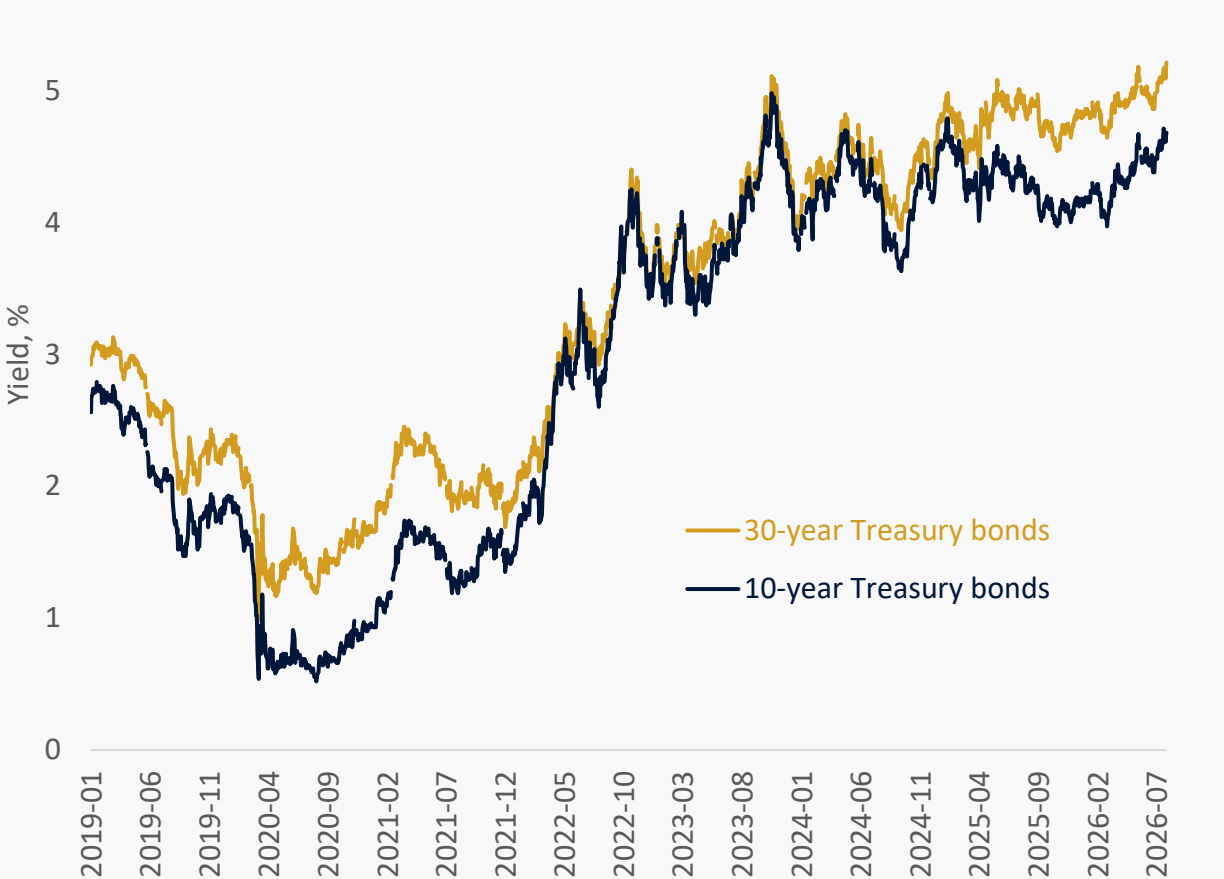
In Q2 2026, amid geopolitical uncertainty and high energy prices, demand in the global economy continued to weaken, and its outlook deteriorated.

Economic growth in the United States has slowed somewhat in recent quarters, although consumer activity remains solid.



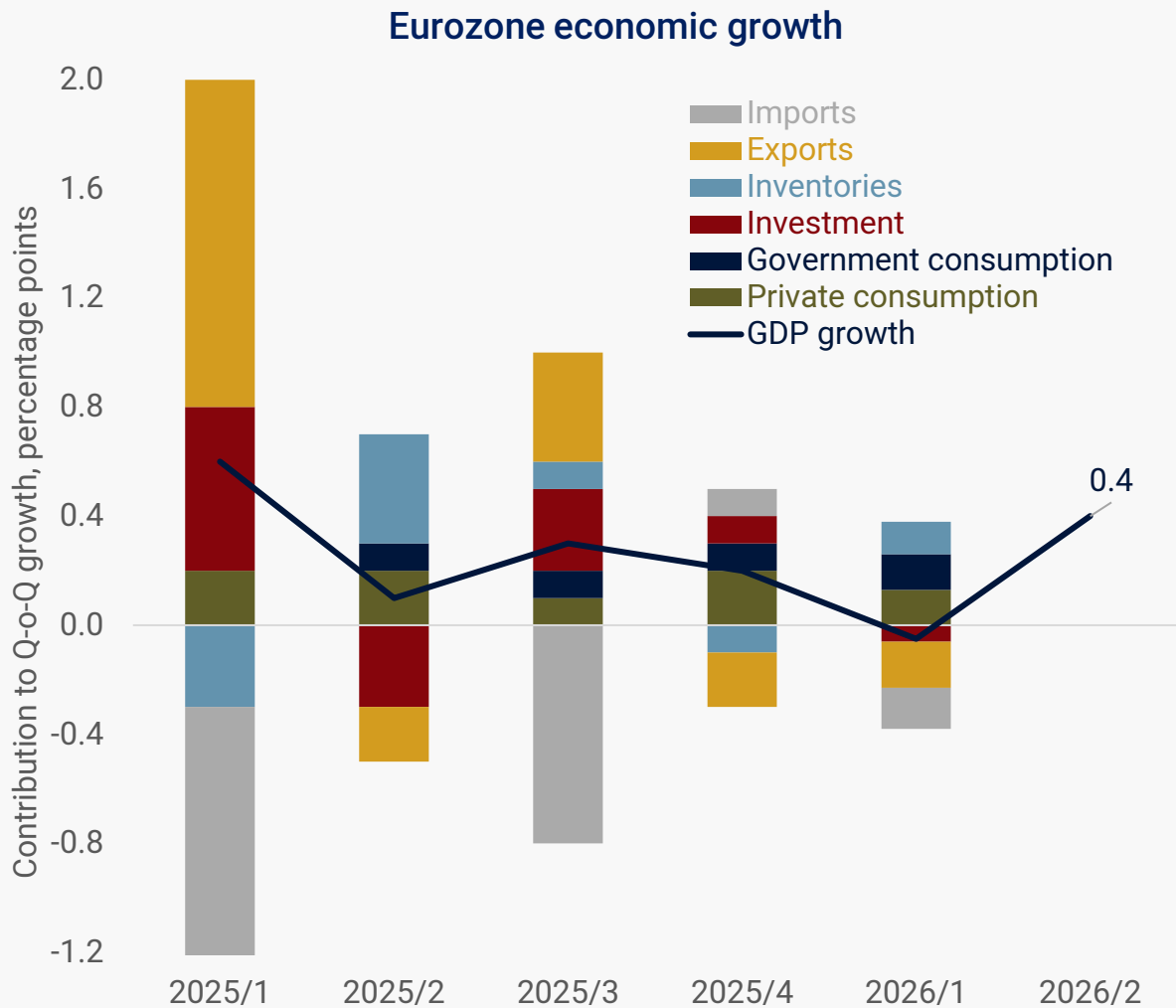
Source: BEA

At the same time, the risks of a higher trajectory for US public debt—and therefore of long-term interest rates remaining elevated for an extended period—remain tangible.



Source: US Treasury monthly reports

In the Eurozone and Russia, despite the modest recovery in economic growth recorded in the second quarter, structural problems are gradually deepening, contributing to a worsening of the medium-term growth outlook.



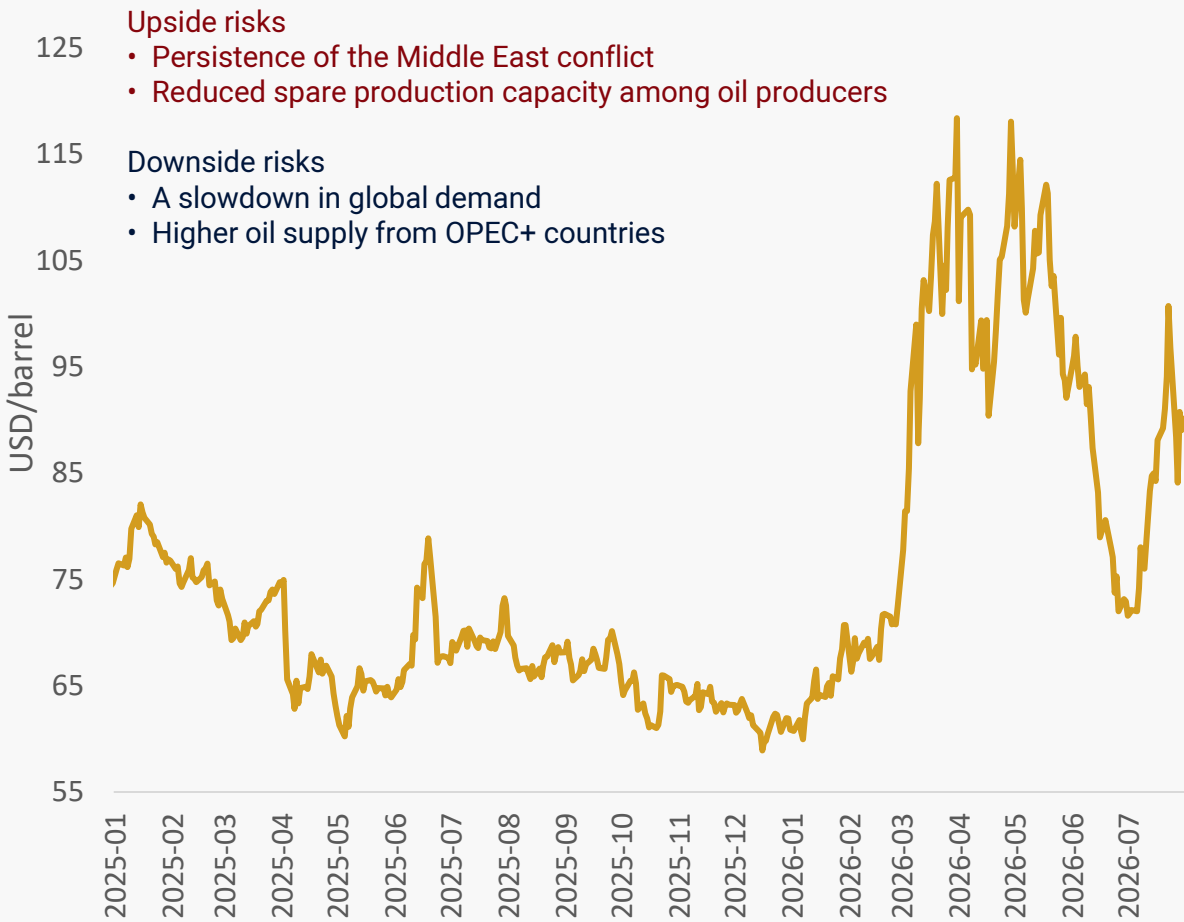
Source: Eurostat



Source: Federal State Statistics Service of Russia (Rosstat)

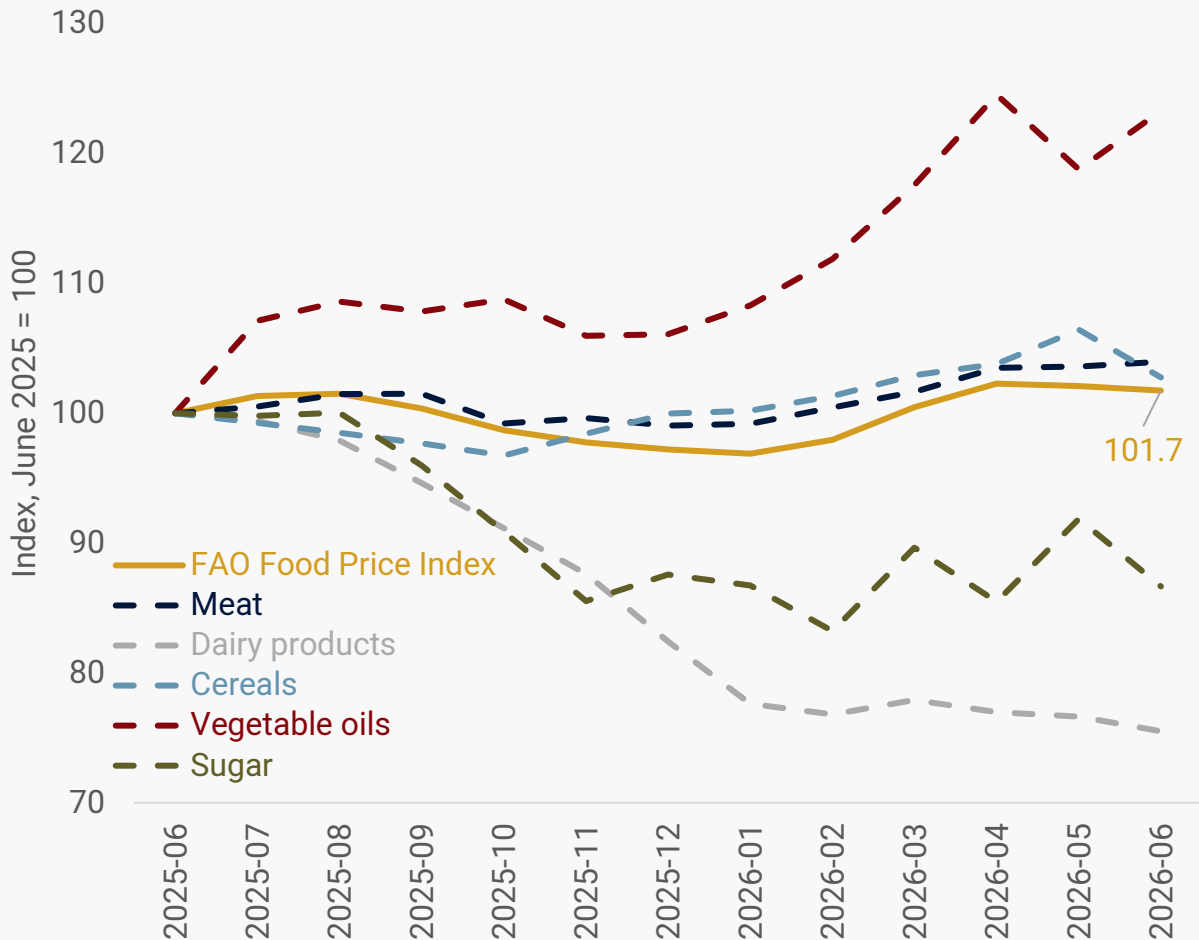
In parallel, energy and commodity prices remain volatile, and high uncertainty persists over their outlook.

Global oil prices



Source: Bloomberg

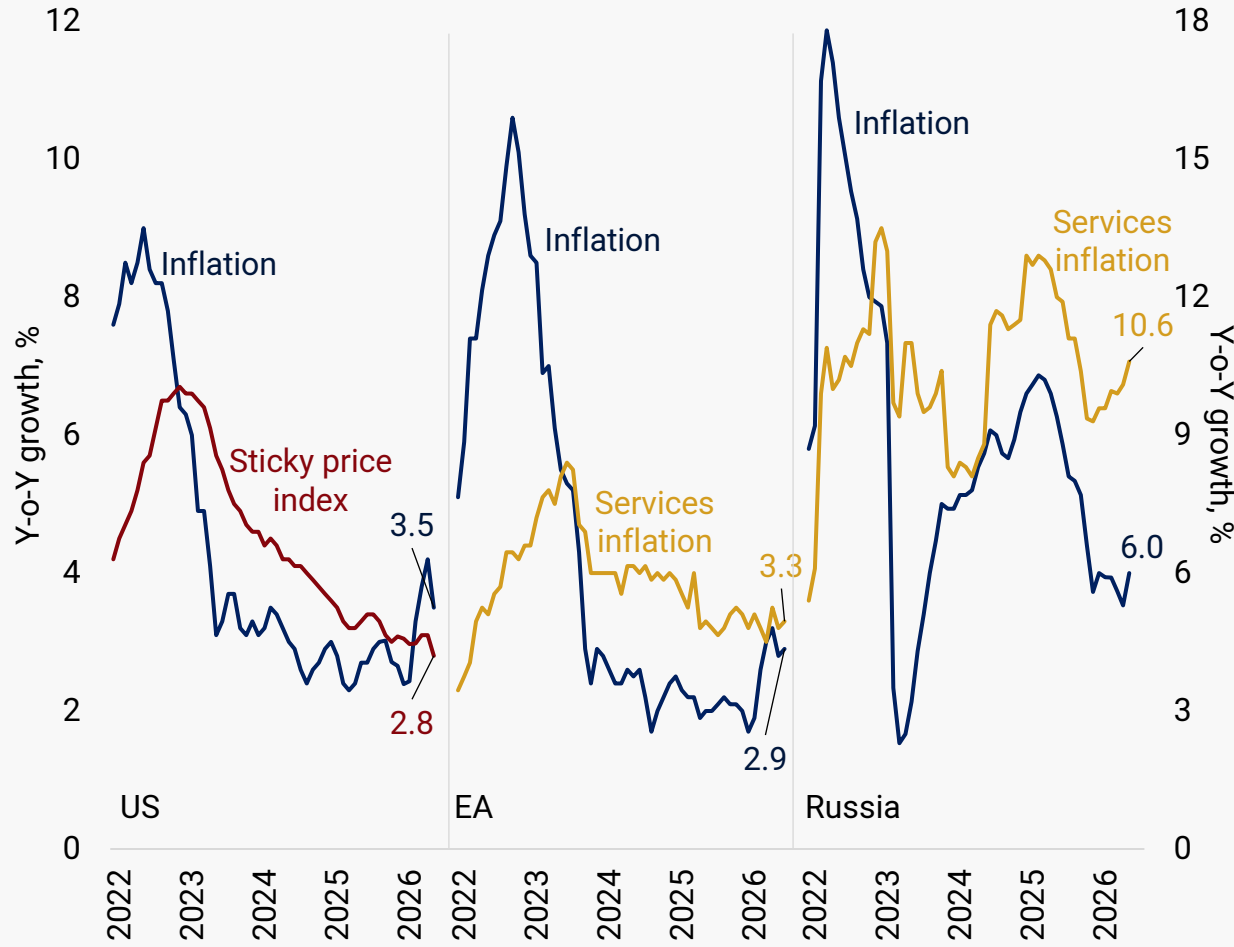
Global food price index



Source: Food and Agriculture Organization of the United Nations (FAO)

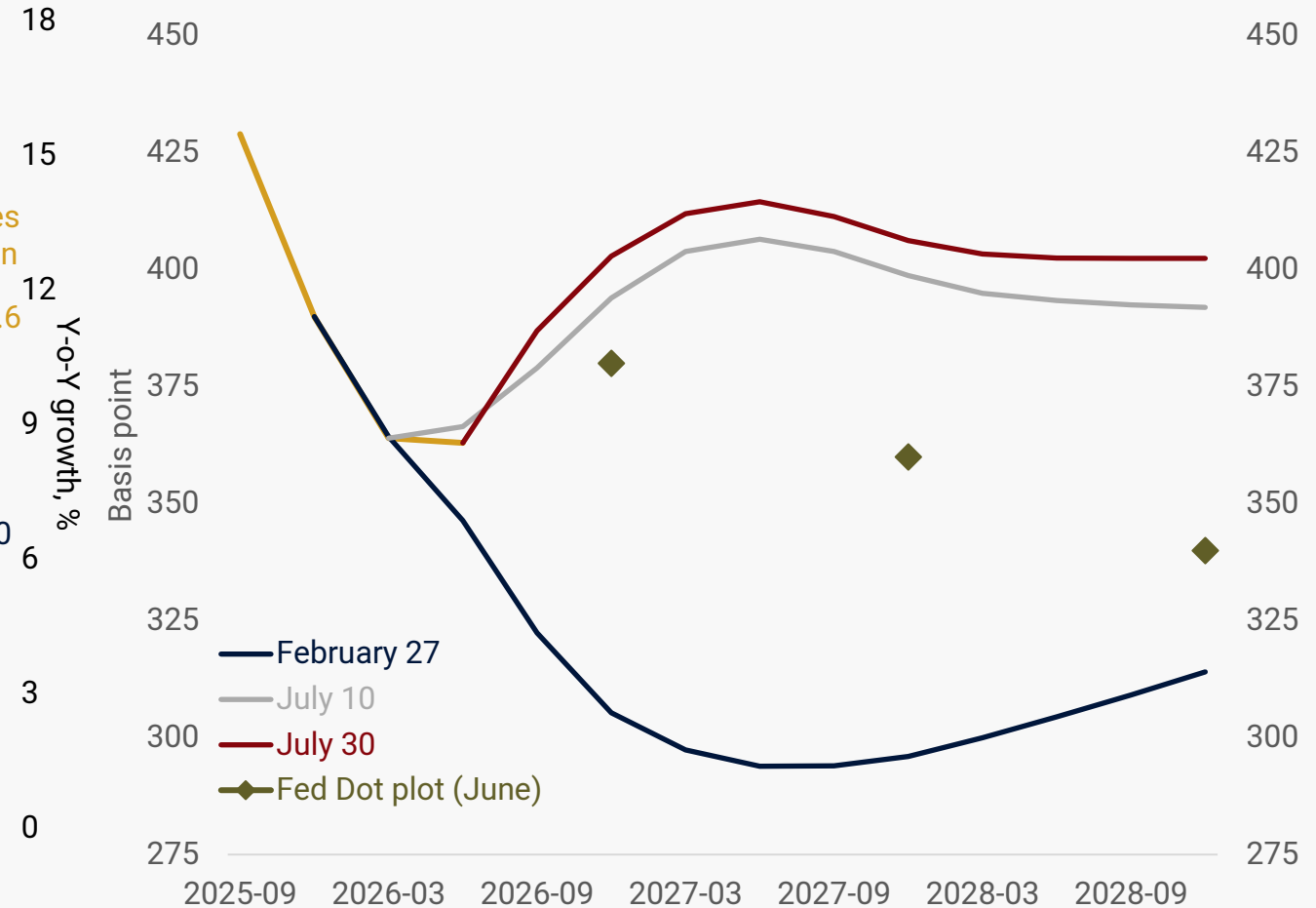
In this context, given the currently elevated inflationary environment and high uncertainty surrounding its outlook, the risks have increased that central banks in major economies will keep policy rates at their current levels for an extended period or raise them.

Headline and core inflation in partner countries



Source(s): Atlanta Fed; Eurostat, Rosstat

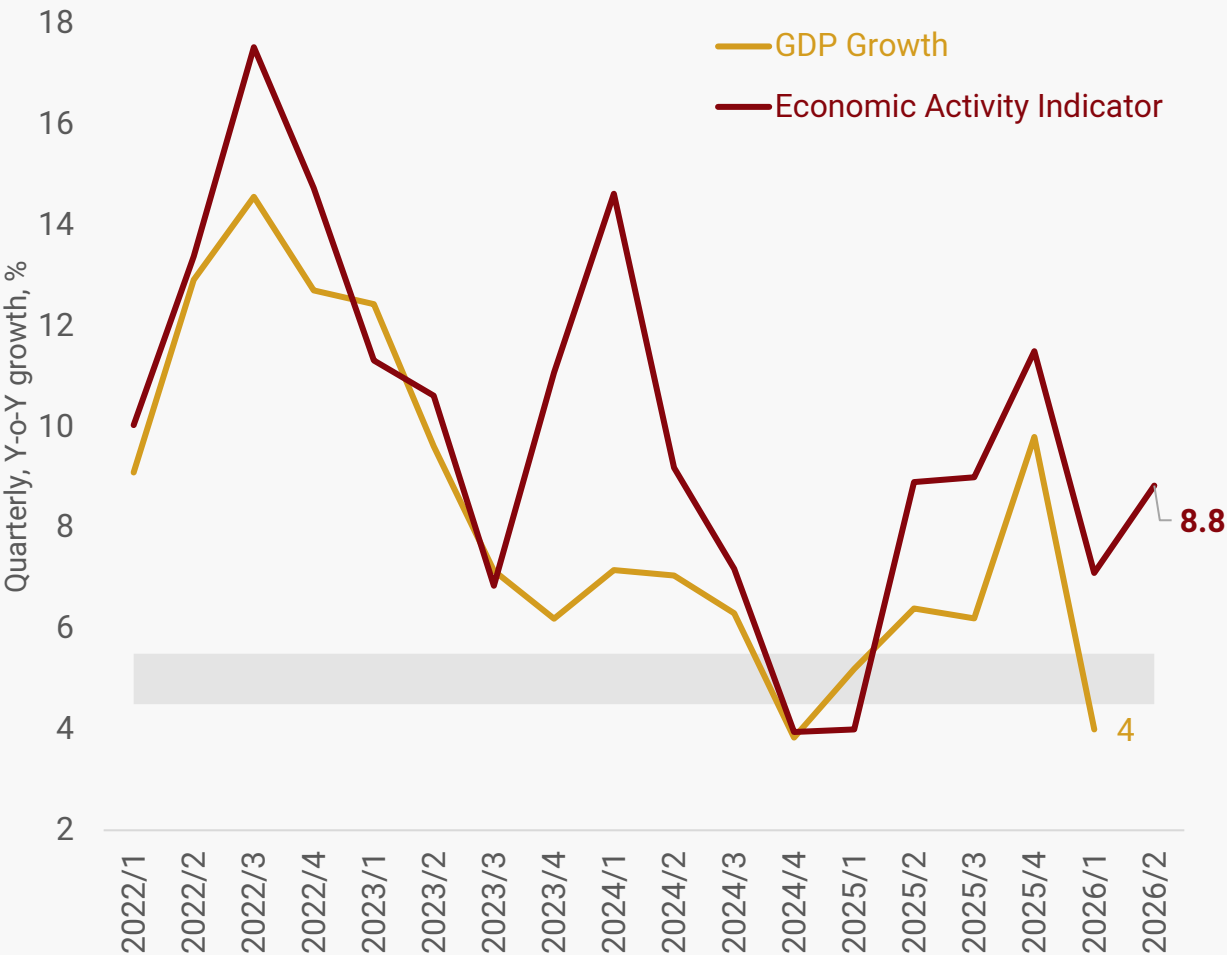
Market expectations about the future path of the Fed Funds Rate



Source: Atlanta Fed

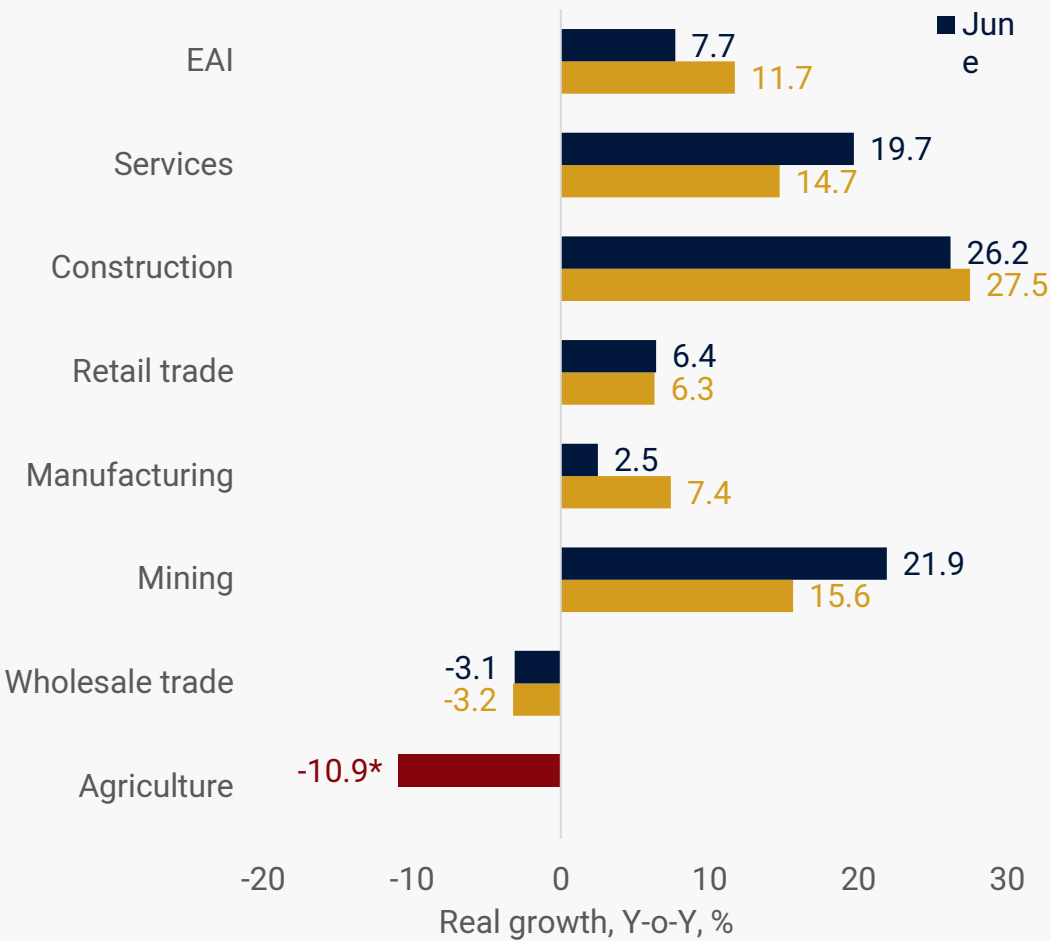
In Q2 2026, economic activity in Armenia remained strong, supported largely by construction and services.

Economic activity and economic growth



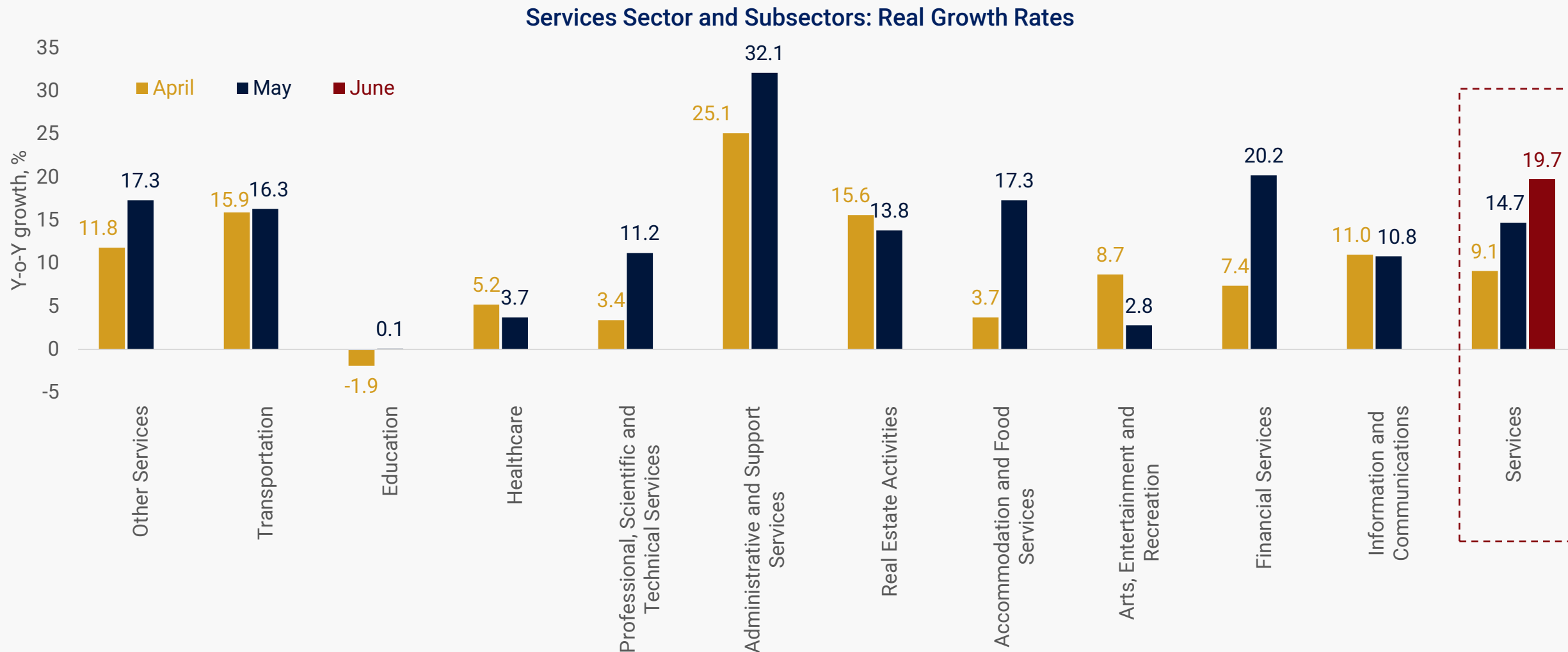
Source: Statistical Committee of the RA

Demand-driven sectors have been the main contributors to growth



Source: Statistical Committee of the RA
*Cumulative growth, January–June 2026

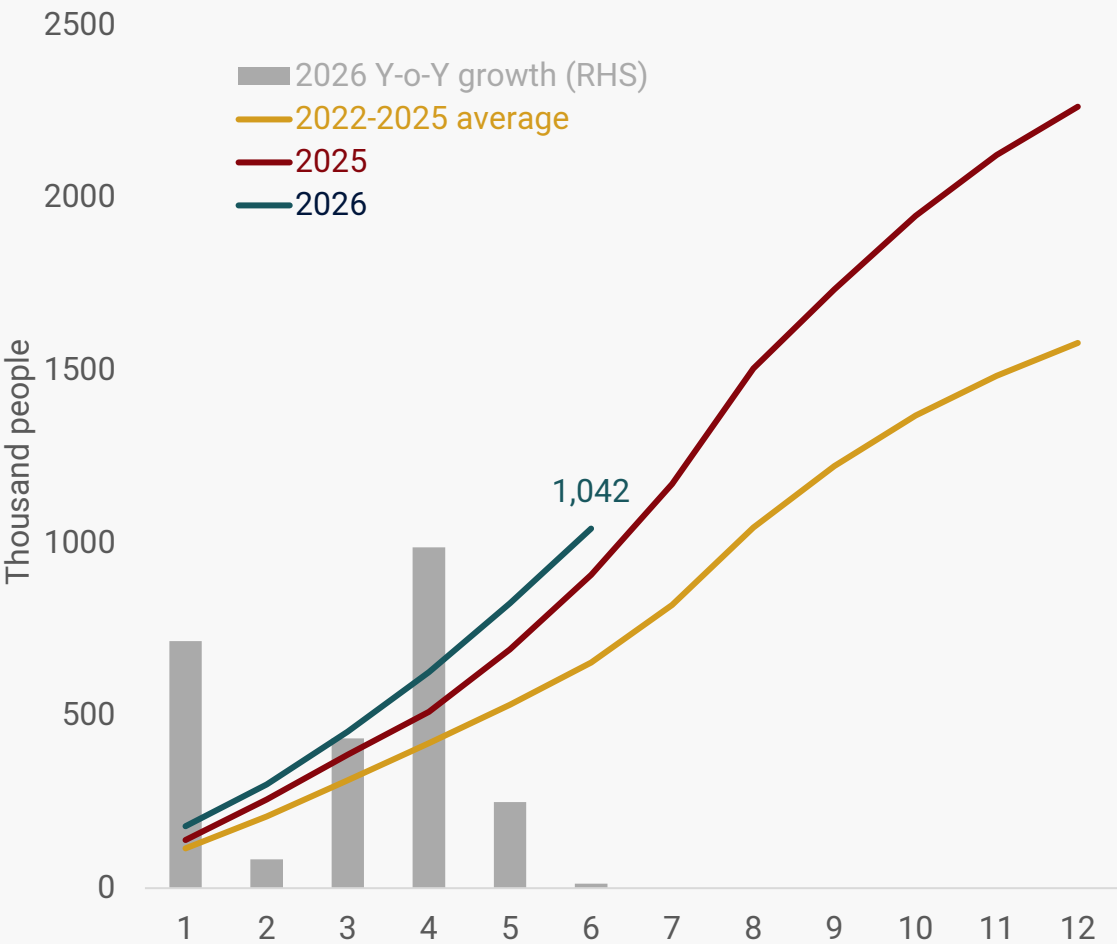
High activity in services points to strong demand conditions in the economy.



Source: Statistical Committee of RA, Central Bank of Armenia

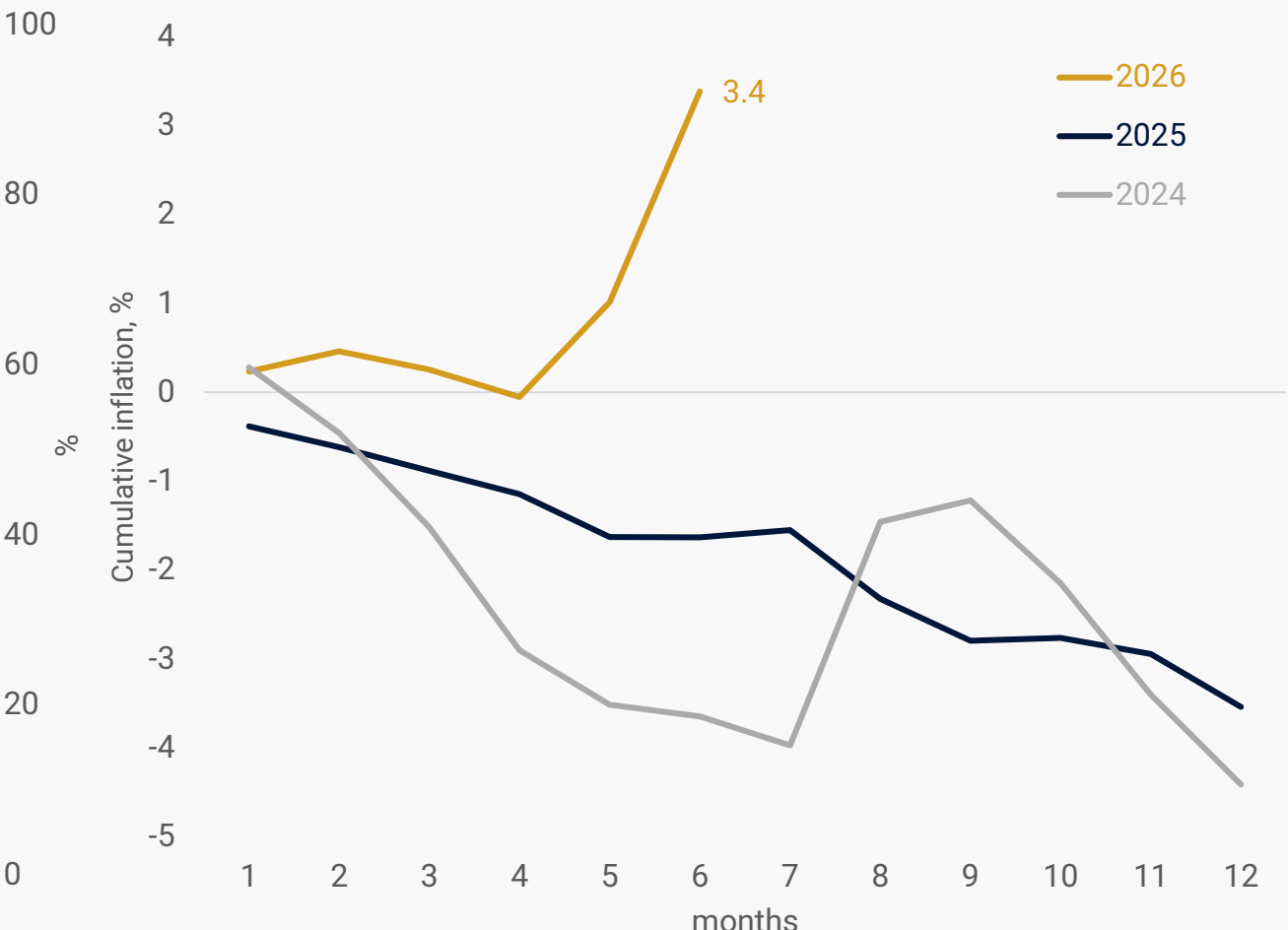
Moreover, there are signs of expanding external demand, reflected primarily in the increase in visits to Armenia. This is also reflected by the acceleration of wages and inflation in the corresponding sectors.

Tourist flows



Source: State Tourism Committee

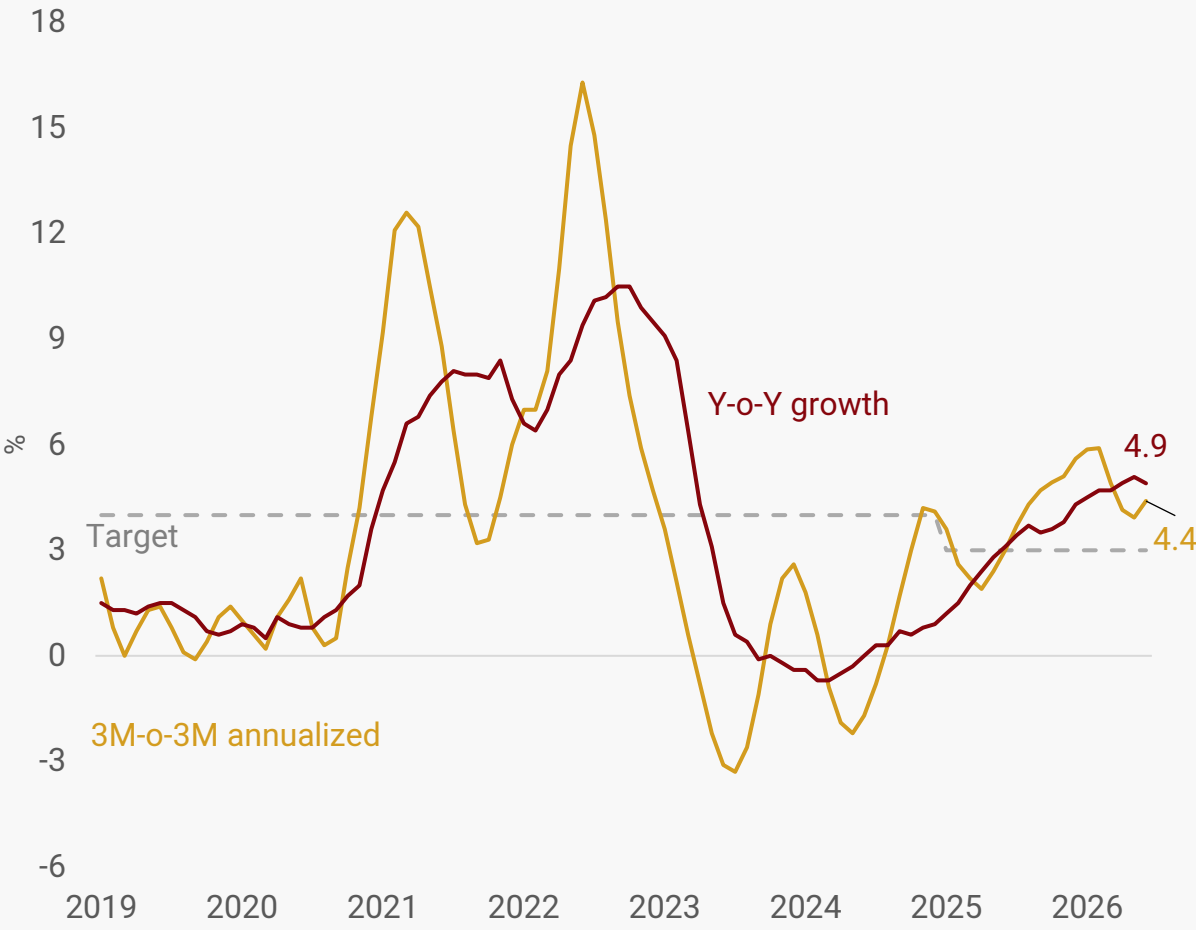
Actual rentals paid by tenants for secondary residences



Source: Statistical Committee of RA

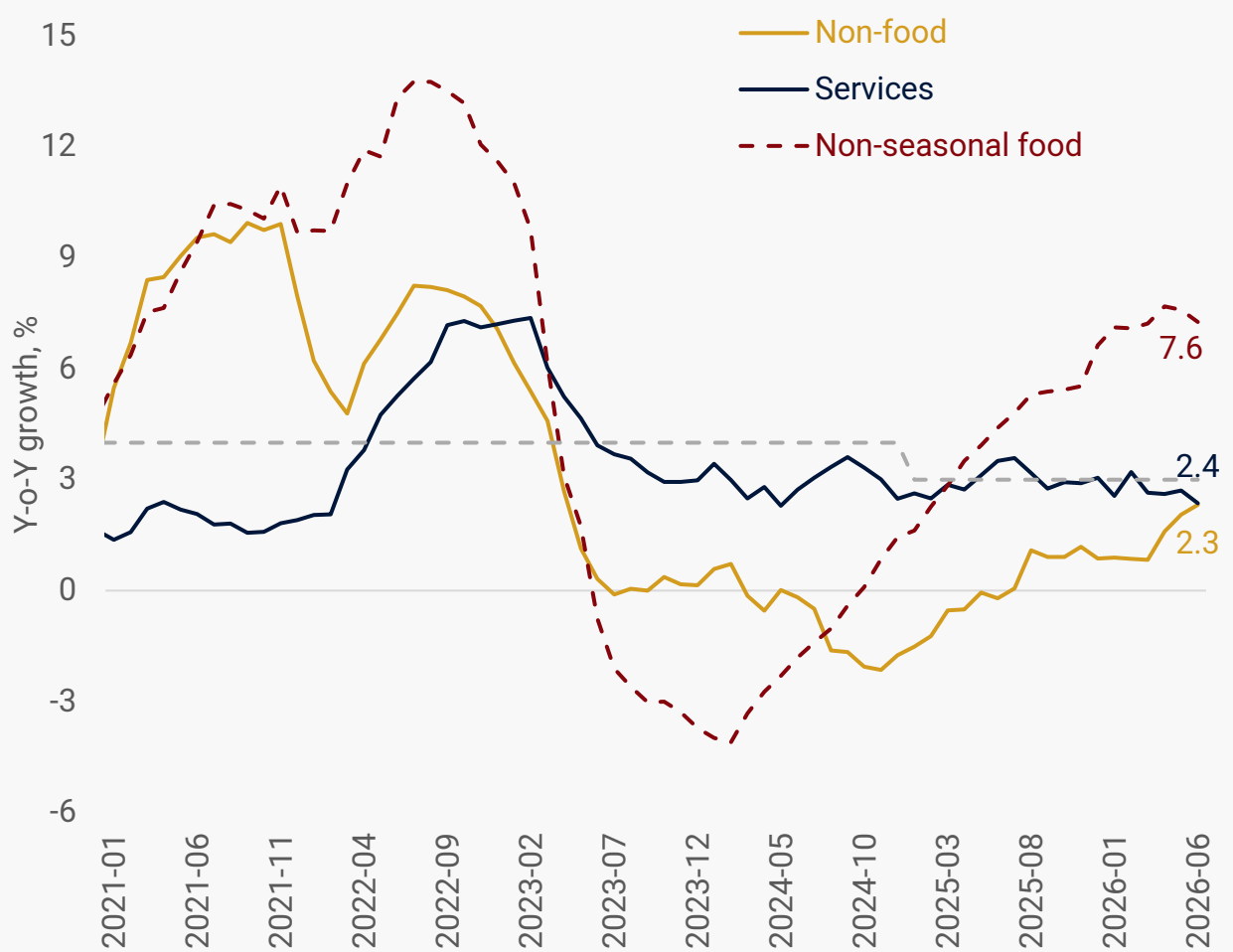
In this situation, the impact of aggregate demand on inflation is assessed as expansionary, and supply-side factors also continue to make a sizable contribution to inflation dynamics.

Core inflation



Source: Statistical Committee of RA, CBA

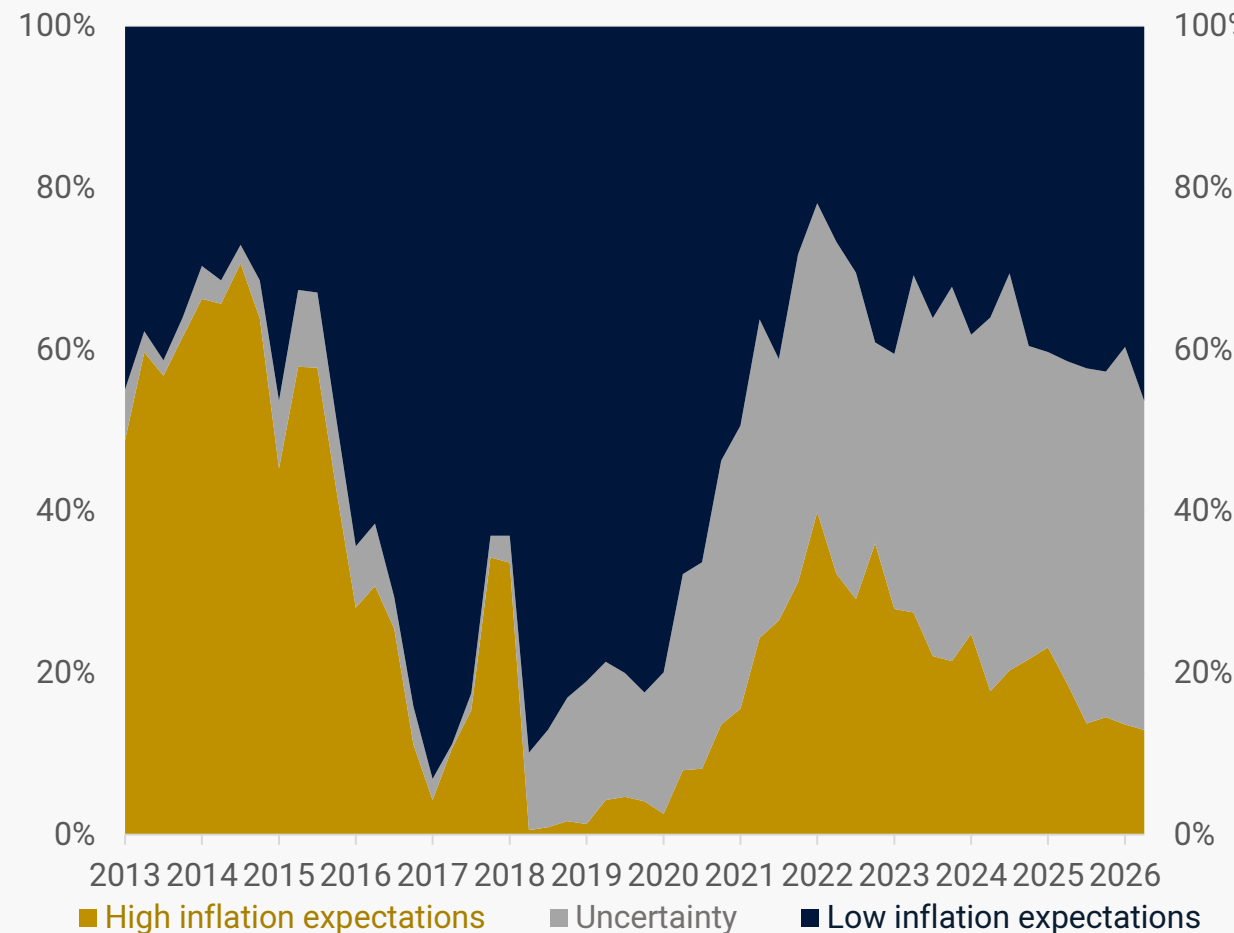
Indicators of selected components of headline inflation



Source: Statistical Committee of RA, CBA

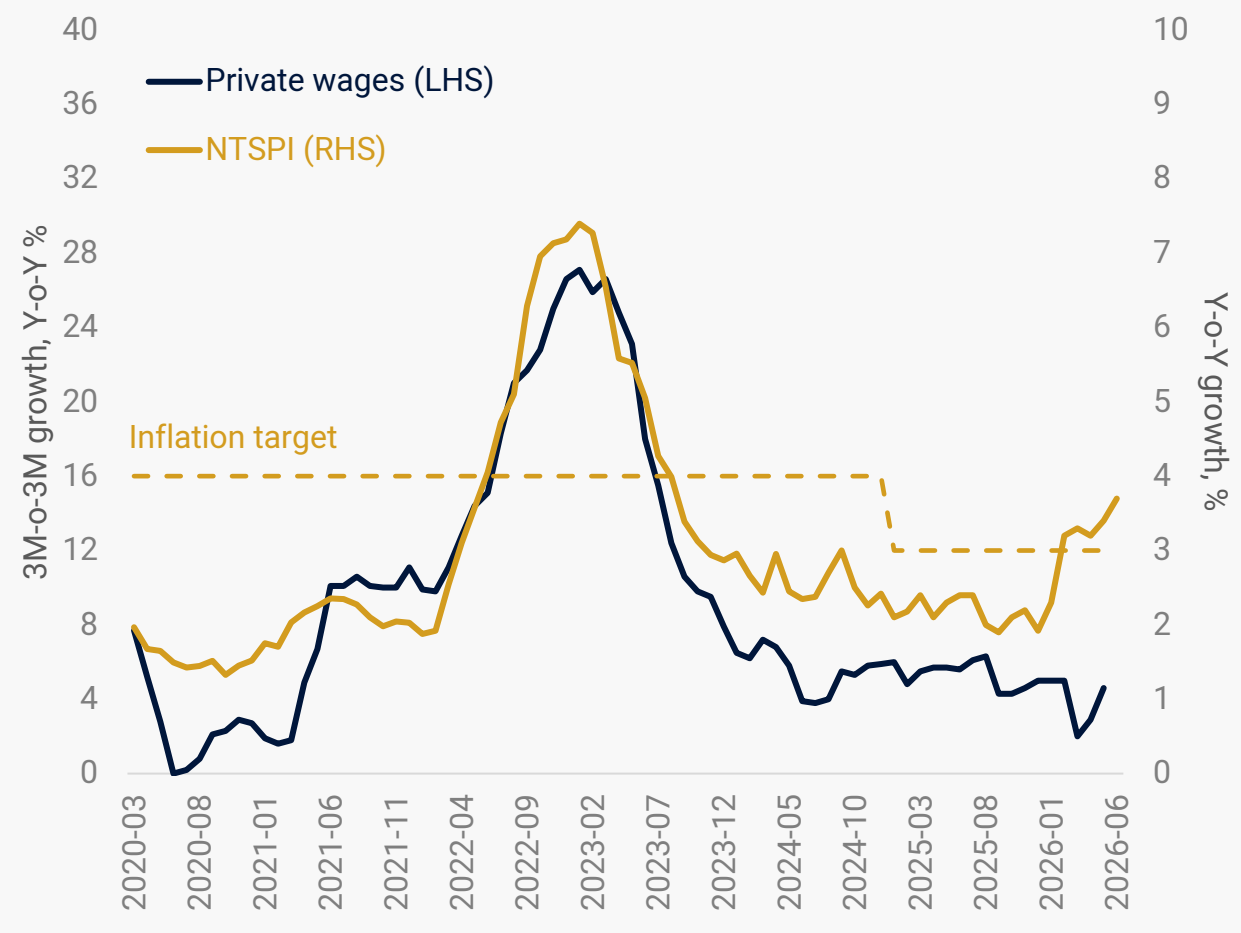
On the other hand, private wage growth and inflation expectations continue to show broadly stabilizing trends.

Inflation expectations according to CBA surveys



Source: Central Bank of Armenia

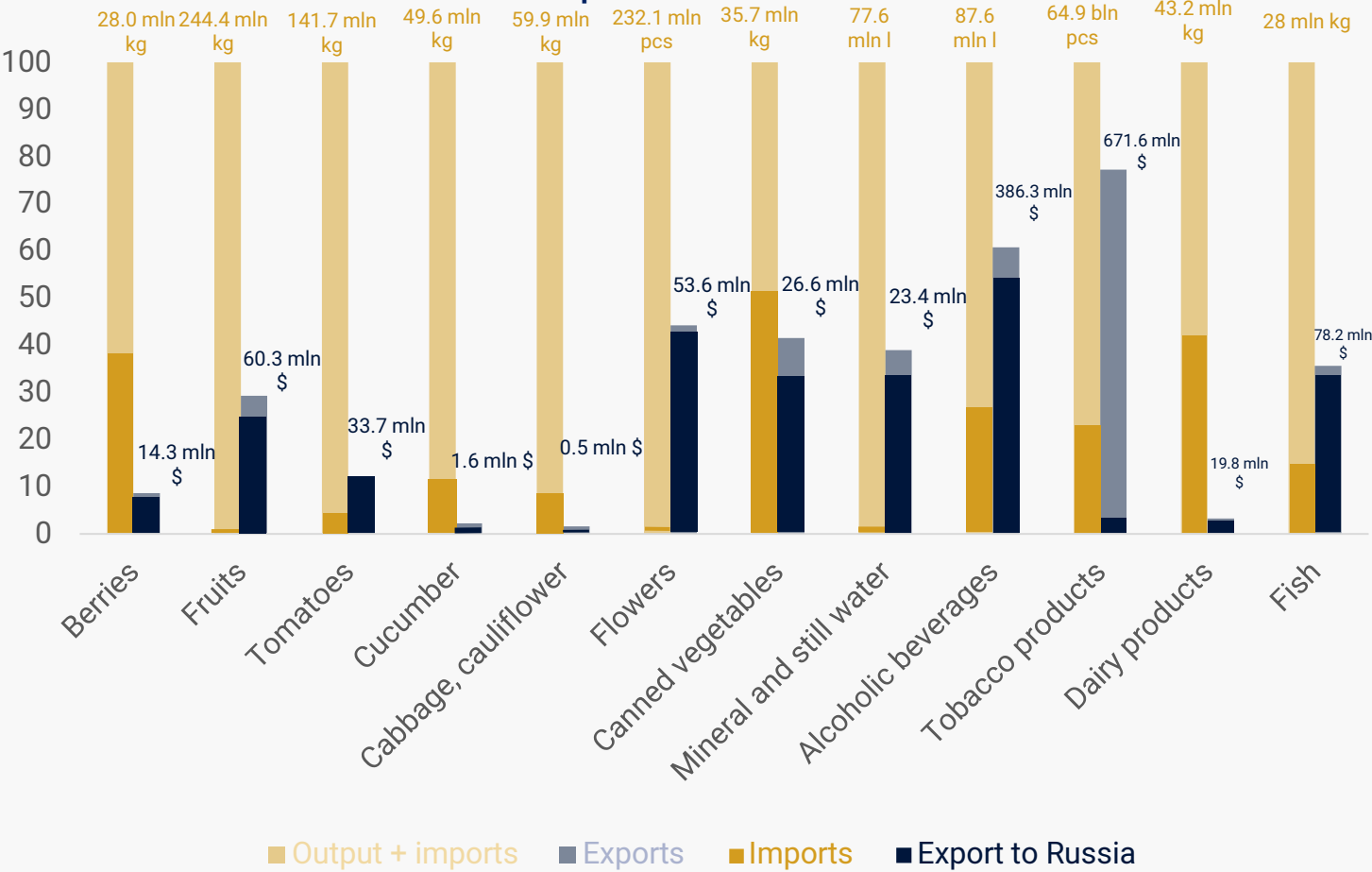
Non-traded sticky prices and private sector wage growth



Source: Statistical Committee of RA, CBA calculations

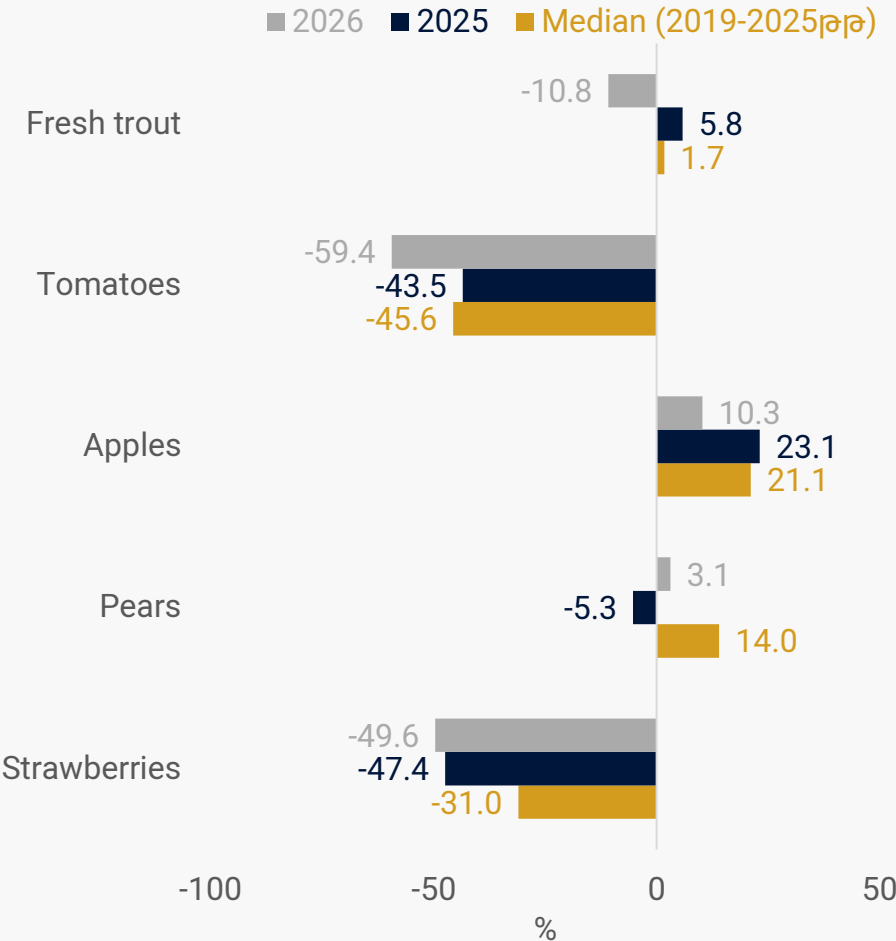
Furthermore, the difficulties that have emerged in certain export markets have increased the risks of lower incomes in the Armenian economy and excess supply of certain goods, carrying largely disinflationary implications.

Domestic consumption and exports of agricultural goods and selected manufacturing products in 2025



Source: Statistical Committee of the Republic of Armenia, CBA estimates

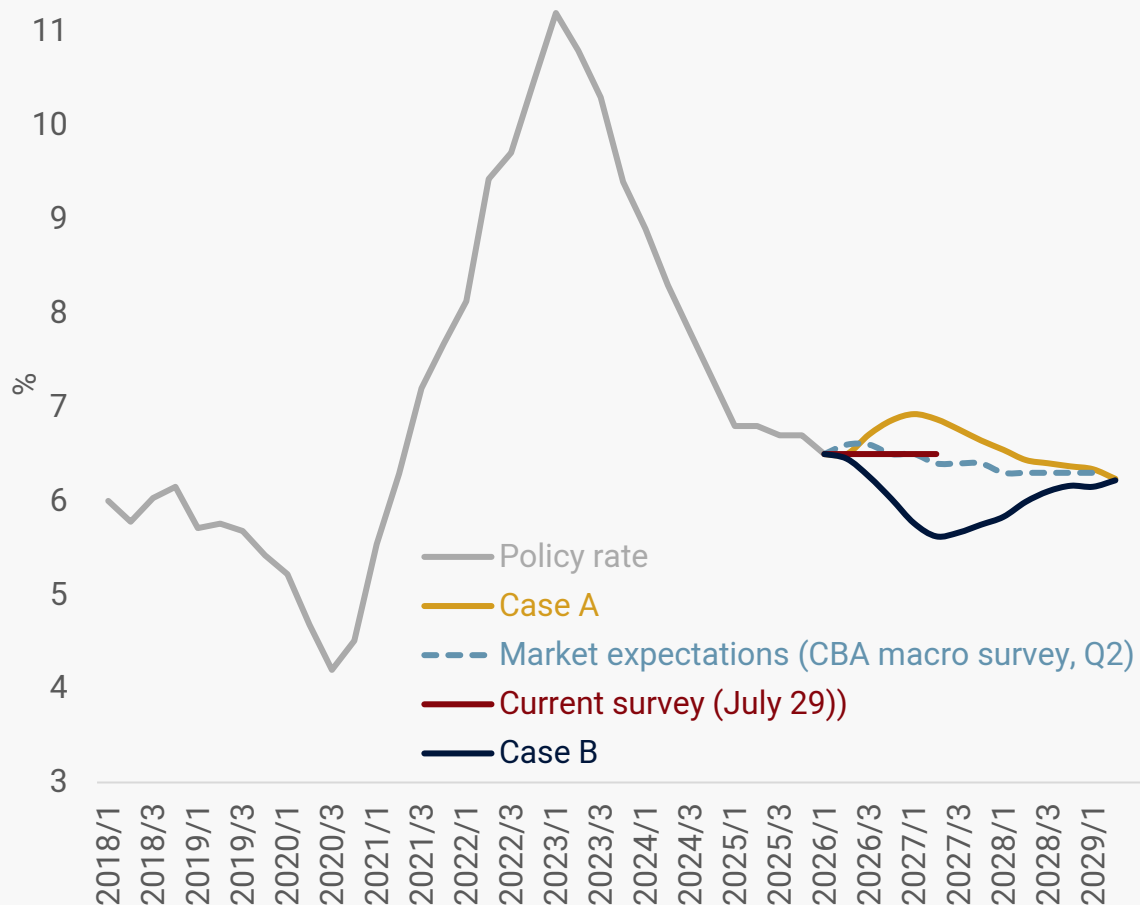
Cumulative inflation of selected items in June–July



Source: CBA observations

Given current macroeconomic developments, Armenia's financial market participants on average expect the Central Bank to keep the policy rate at 6.5% over the medium-term horizon.

Illustrative scenarios – 2026 Q2



Case A-type scenarios, including:

- a possible rise in global neutral interest rates
- the emergence of excess demand conditions in the domestic economy

Case B-type scenarios, including:

- the prospect of slowing global economic growth
- declining incomes and the emergence of disinflationary risks stemming from difficulties in certain export markets
- a fundamental decline in the risk premium of the Armenian economy

As a result, recognizing the high probability of the materialization of Case A-type scenarios, while emphasizing the need to manage the macroeconomic implications arising from Case B-type scenarios, the Board of the Central Bank of Armenia decided to keep the policy rate unchanged.

The Board resolutely affirms its commitment to adopting the appropriate policy actions and strategy to ensure the price stability objective of 3% inflation in the medium term.



Thank You