



THE BANK OF MONGOLIA

MONETARY POLICY STATEMENT

Monetary policy decision

Number: 2014/01

Effective date: 12 February 2014

At its meetings on the 7th through 11th of February 2014, the Monetary Policy Committee (MPC) of the Bank of Mongolia (BOM) made following decisions in accordance with maintaining macroeconomic stability and ensuring financial stability:

- To keep policy interest rate unchanged at 10.5 percent,
- To exempt banks' long-term (3 years or more) foreign exchange denominated bonds and external loans, which are issued in or borrowed from international market, from the BOM's reserve requirement.

Inflation excluding administered prices has been close to the targeted level of inflation even though external economic condition has been unfavorable and pressure on the balance of payments has been high.

The MPC has emphasized the importance of enhancing efficiencies of the BOM-Government medium-term joint programs whilst continuously implementing those Pro growth programs aimed at stabilizing the overall economy and supporting sustainable economic growth.

However, decline in foreign direct investments and from-year-to-year delays on the implementation of major projects, which will have significant impacts on the economy, have been weakening economic resilience and becoming a main challenge for macroeconomic policy. In addition, quasi-fiscal expenditure since 2013 and its further uncertainties have been dampening and diluting the effects of monetary policy implementation.

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

MONETARY POLICY COMMITTEE