



MONETARY POLICY STATEMENT

Keeping the policy rate unchanged

Number: 2018/05

Effective date: 14 December 2018

The Monetary Policy Committee meeting was held on 14 December 2018, and it was decided to keep the Policy rate unchanged at 11 percent.

As of November, annual inflation has reached 8.1 percent nationwide. Due to supply related factors prices of meat, gasoline and solid fuel increased, thus made significant contributions to the annual inflation. In the following year, rising wages and expanding domestic demand are likely to increase demand pull effect on inflation.

Gradual recovery in economic growth is expected to keep its momentum in the following year. Regardless of the ongoing uncertainty in the external environment, exchange rate of togrog has stabilized, supported by surplus in foreign trade balance and lower deficit in balance of payments in the first 11 months of the year. Considering factors underlying the inflation, their outlook and the sentiment in business environment, the Monetary Policy Committee decided to keep the policy rate unchanged this time.

The decision is consistent with the Bank's mandate to keep inflation rate around the target rate and is intended to sustain macroeconomic stability in the medium term.

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

MONETARY POLICY COMMITTEE