



MONETARY POLICY STATEMENT

Keeping the policy rate unchanged and setting the refinancing amount

No: 2020/07

Date: December 18, 2020

At the scheduled meeting held on December 18, 2020, the Monetary Policy Committee (MPC) of the Bank of Mongolia took into consideration the current state and outlook of the economy and financial markets, as well as the uncertainties and risks inherent in the domestic and external environments, and reached a decision to:

1. Keep the policy rate unchanged;
2. Issue up to MNT 250.0 billion under the long-term repo financing to support SMEs and non-mining exports in the first quarter of 2021.

Annual headline inflation stands at 3.5 percent nationwide and 4.3 percent in Ulaanbaatar city as of November, 2020. Owing to a drop in prices of some administered goods and services coupled with weakened demand, inflation is projected to remain subdued and at the target level in medium-term. The domestic spread of the COVID-19 pandemic has impeded economic recovery. It is still expected that economic activity will pick up next year.

After experiencing a sharp downturn due to the COVID-19 pandemic in the first half of this year, global economic recovery is under way since the second half of the year, but it is uneven across countries. Successful completions of clinical trials of vaccines for the virus have begun to emit continuously positive signals to the market.

The step-by-step implementation of monetary and macroprudential policy measures and the adoption of new financing instruments by the central bank directed at mitigating the impact of the COVID-19 pandemic contribute to decelerating the pace of domestic economic downturns, facilitating recovery, and ensuring the stability of the banking sector.

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

MONETARY POLICY COMMITTEE