

**The National Bank of Tajikistan keeps refinancing rate unchanged
at 14,0% p.a.**

27.07.2018

Monetary Policy Committee of the National Bank of Tajikistan decided to keep refinancing rate unchanged at 14,0% (p.a.) The decision was based on macroeconomic performance of the country, current tendency and forecast of inflation, influence of potential risks, in line with maintenance of monetary policy efficiency and to ensure inflation within targeted figure 7,0% (+/-2 p.p.) in the mid-term period.

From the beginning of Y2018 the headline inflation showing a stable tendency, in June year on year (y/y) bases inflation has reached 1,6% mainly due to decline in food prices.

The dynamics of inflation was below expected and targeted indicator as a result of falling prices on essential goods. The main factors behind decelerate of inflation (y/y) were supply factors, in particular, increase in output and supply of food products, which gradually brought a food market to balance. In turn, prudent monetary policy implementation has contributed to decline of public inflationary expectations.

The analysis reveals that core inflation which reflects the long-term tendency of prices remained stable and reached 1,5% (y/y), showing limited effect of monetary factors on annual inflation.

Despite the stable inflation forecast, due to existence of external factors and exchange rate pressure, the possibility of their negative influence on the inflation stability and other macroeconomic indicators still remain. Particularly, intension of geopolitical situation and uncertainty in the region can influence on the rise of prices of imported goods and economic situation in the country.

At the same time, the tendency of increase in the interest rates of the US Federal Reserve System, and import growth in the country will probably affect the exchange rate.

In this regards, for mitigation of potential inflationary risks, preserving stable dynamics of inflationary expectations and price level in the mid-term period, the refinancing rate will be kept at 14% (p.a.).

The National Bank of Tajikistan will continue implementation of consecutive monetary policy for achievement of stable price level for mid-term period. In case of minimizing of inflationary risks, the National Bank of Tajikistan will consider refinancing rate based on inflationary pressure estimations, its dynamics and forecast at the next meetings of the Committee.

The next meeting of the Monetary Policy Committee of the National Bank of Tajikistan will take place according to the schedule. The decision will be published on the official site of the National Bank of Tajikistan.