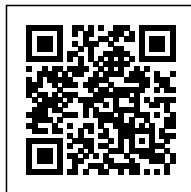


MONGOLBANK RAISES INTEREST RATE BY 1 PP OVER INFLATION CONCERNS

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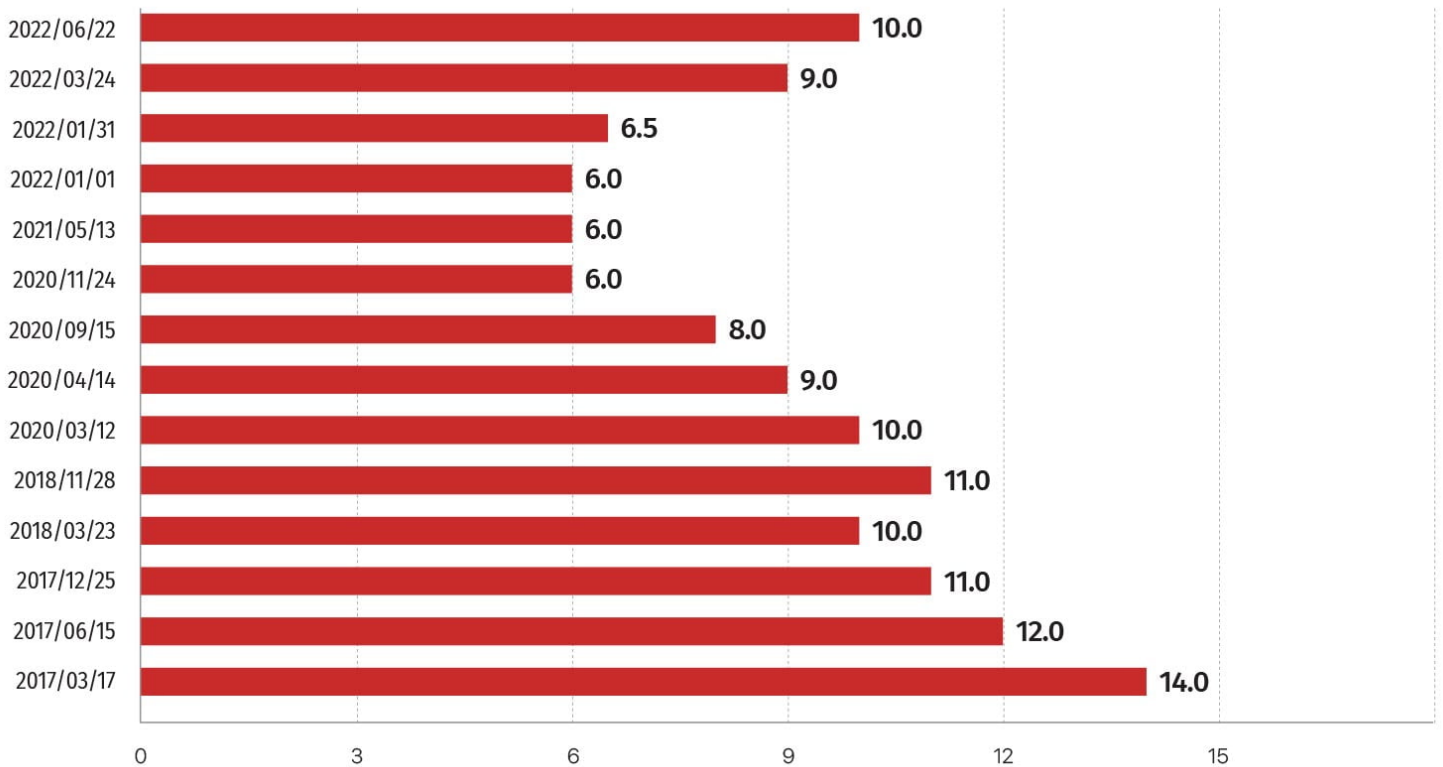
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The Monetary Policy Committee of the Bank of Mongolia (Mongolbank, the central bank of Mongolia) has lifted the key interest rate by 1 percentage point (pp) to 10 percent in its second-quarter meeting.

The higher rate aims to ***“stabilize inflation expectation in the middle term, ensure the external and internal balance of the economy at an appropriate level, and maintain the relative return of MNT in an environment of rising external interest rates,”*** highlighted the monetary policy committee statement. The Governor of the bank B.Lkhagvasuren emphasized during a press briefing, “The fact that central banks have raised their interest rates and the external benchmark interest rate has risen makes it necessary for us to raise our interest rates and make policy adjustments.

Interest rate, by percentage



The central bank of Mongolia raised the interest three times since the beginning of the pandemic to prevent higher inflation. As a result, the policy rate, which was at a historic low of 6% during the pandemic, is now in double digits. The market has signaled tighter policy if inflation risks remain high in the future.

Inflation hit 15.1 percent in May in Mongolia. Inflation has been above 10 percent for the past seven months, becoming a major policy challenge. Rising prices for coal, fuel and non-meat food products exceeded expectations, which were key factors in boosting inflation expectations.

Inflation in Mongolia, by percentage

