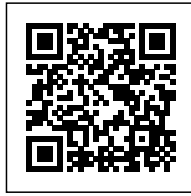


# INFLATION EASES TO 15.7% IN JULY

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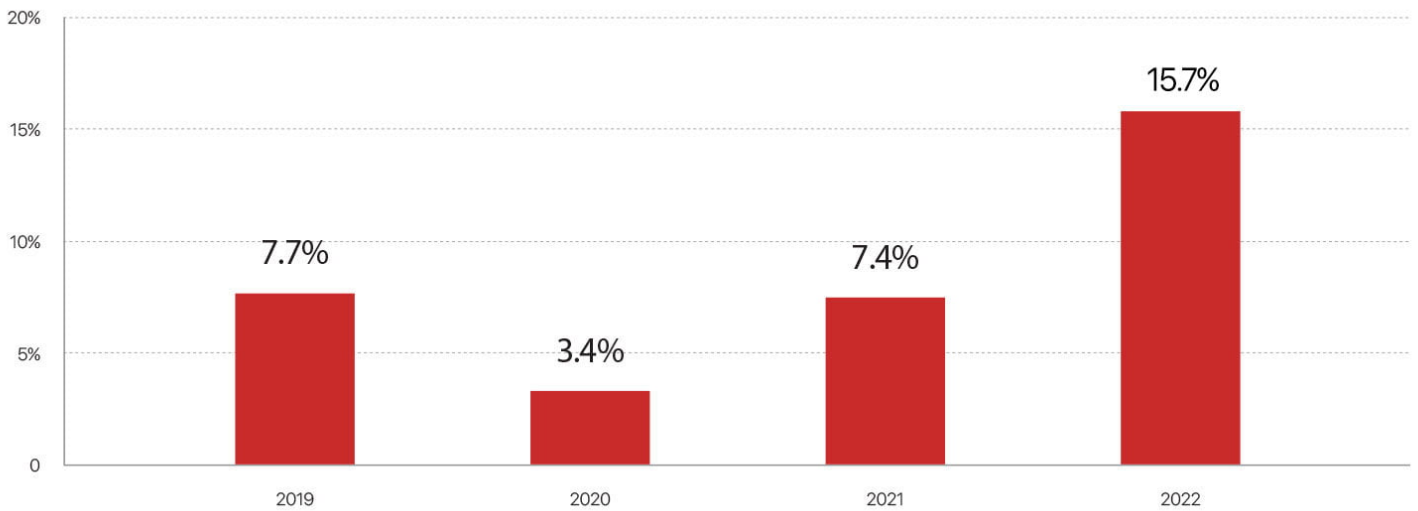


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The price of consumer goods and services rose 15.7 percent in July compared to the same period last year, as reported by the National Statistics Office, however, the growth pace slowed down for the first time since April 2021.

## Inflation July



Source: National Statistics Office

In June, the inflation in Mongolia jumped 16.1 percent from a year ago. An increase in food, beverage, and transportation prices was the key to inflation. At the last meeting of the monetary policy committee, the Bank of Mongolia (BoM) increased the interest rate by one percentage point to 10 percent. The outcome of this decision is expected in the market after 2-3 quarters, according to experts.

According to the IMF, inflation is expected to remain high at an average rate of 14.5 percent in 2022, reflecting the global average. The IMF also highlighted that since inflation has been generated mainly by supply-side factors outside the BoM's control, and given the measures taken by the BoM, the monetary policy should remain on hold for the near future.

Moreover, the Mongolian economy is expected to expand at 1 percent in 2022, instead of the 7 percent forecast in November 2021, as longer-lasting Chinese border closures weigh on exports and domestic activity, and declining real wages hurt domestic consumption. Import disruptions from Russia and China are also likely to harm activity.