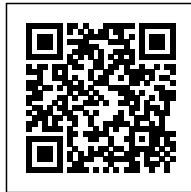


IMF WARNS OF WORSE OUTCOME WITHOUT DECISIVE POLICY MEASURES IN MONGOLIA

Posted on September 29, 2022 by admin



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The International Monetary Fund (IMF) has warned of higher inflation and a worse economic scenario if the Government and Parliament of Mongolia continue to implement irresponsible budget policies. Despite the easing pandemic situation and improved export output, the Mongolian economy is not fully recovering, emphasized the IMF.

During its visit to Mongolia, the IMF mission held extensive meetings and discussions with representatives of the Government and the Bank of Mongolia. Highlights from the recommendations include:

- For Mongolia, which supplies most of its demand through imports, inflation has increased over soaring oil and food prices in the global market. However, domestic economic activity and increased demand are stimulating inflation at present.
- Due to the depreciation of MNT, the Bank of Mongolia is working to create conditions for a flexible exchange rate and on a more market-based basis with an increased interest rate. However, the BoM cannot address the issue through such measures alone.
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If the Government and the Parliament do not make the right decisions on the 2023 budget, the economic situation in Mongolia will take a worse turn. Depreciation of foreign exchange reserves and MNT will, in turn, stimulate inflation, and if the demand for using the foreign currency is limited, according to the IMF. The fund also pointed out that the Government and the Parliament should take decisive measures as the

general public would have to pay higher prices for their basic consumption.