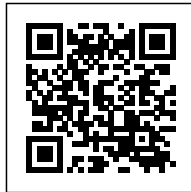


THE BANK OF MONGOLIA INCREASED THE POLICY RATE TO 13%

Posted on December 16, 2022 by admin



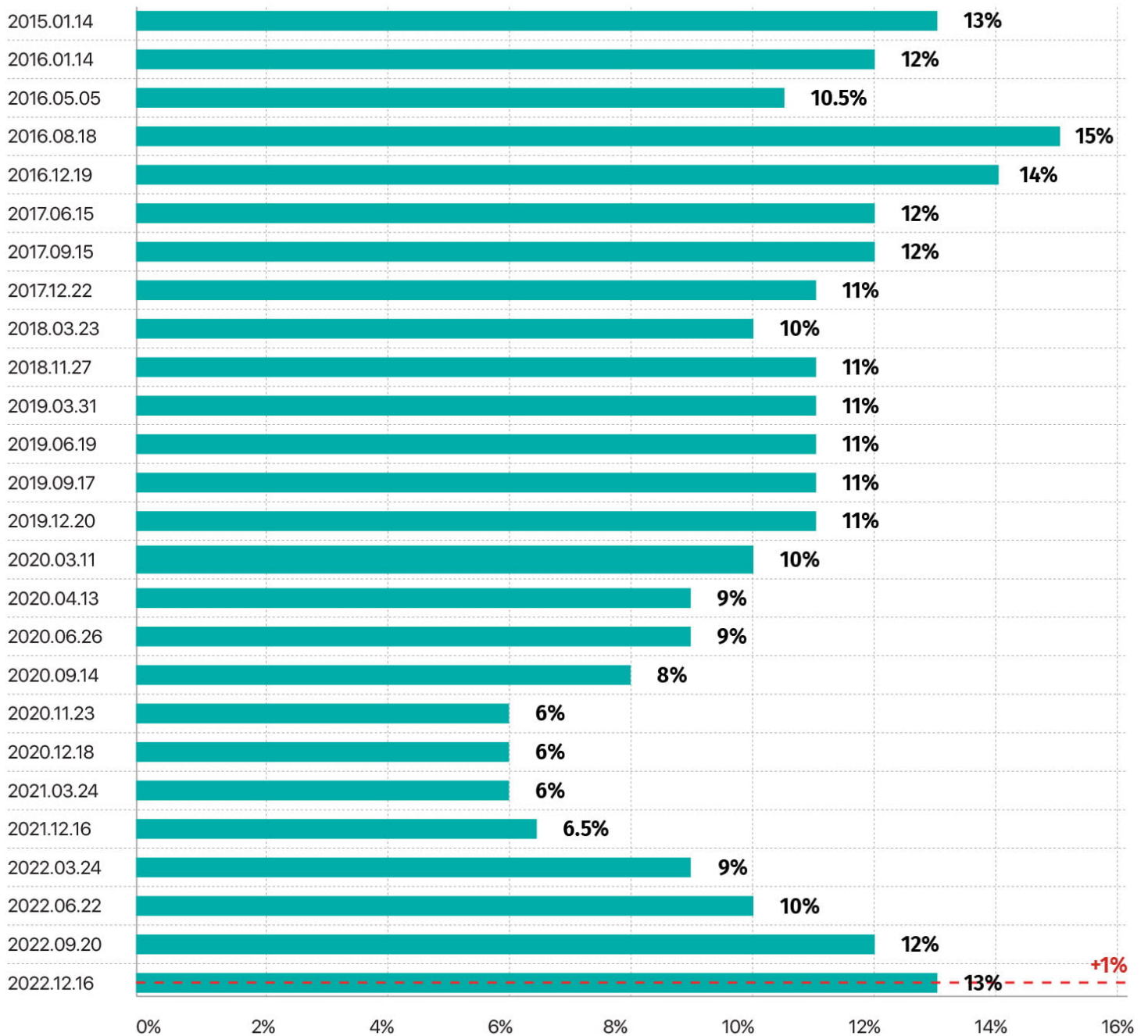
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The Monetary Policy Committee of the Bank of Mongolia has decided to increase the policy interest rate by one percentage point to 13 percent, taking into consideration the current economic situation, banking, and financial markets, as well as external and internal risks. This decision is consistent with the policy of reducing inflation to the target level and ensuring the internal and external balance of the economy.

In November, annual inflation reached 14.5 percent nationwide. Although inflation has been decreasing as predicted, due to budget spending and rising wages, the demand for imports is expected to rise to lead to the decision to increase the policy rate.

Policy rate, 2015-2022



Source: Bank of Mongolia

In addition, Mongolia's economic growth forecast for 2022 has increased from 3 to 4 percentage points. Economic activity has increased more than expected in the third quarter of 2022, surpassing pre-Covid-19 levels. In recent months, the mining and transportation sectors have recovered, and the construction sector has grown after the completion of railway construction. The labor market has reached its pre-pandemic level, and household consumption has grown steadily for the last four consecutive quarters, which has had a positive effect on economic growth. The economy depends mainly on China's zero-covid policy, the situation at border ports, the balance of payments deficit, and export earnings.