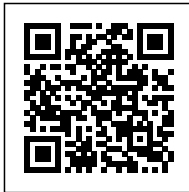


IMF LOWERS MONGOLIA'S ECONOMIC GROWTH FORECAST TO 4.5% FOR 2023

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The International Monetary Fund (IMF) has estimated that Mongolia's economy will grow by 4.5 percent in 2023. In the previous report, it was expected to expand by 5 percent, but in the April report, the IMF lowered its forecast. Additionally, the forecast for the growth of the gross domestic product in 2024 has been reduced by 1.5 percentage points. As a result, Mongolia's economy is expected to expand by 5.5 percent next year.

The IMF's forecast is the most "pessimistic" among the estimations of other organizations such as ADB, EBRD, and the World Bank. The IMF has highlighted the challenge of reducing budget deficits at a time of rising interest rates and increasing debt levels in Asia and the Pacific. The amount of government debt in the region has significantly increased since before the pandemic. Most governments are expected to cut their budgets this year and next as well. However, the IMF has highlighted that this may not be enough to stabilize the debt.

The report of the Ministry of Finance shows that as of the fourth quarter of 2022, the balance of foreign debt of the Government of Mongolia is MNT 29.6 trillion. Additionally, The European Bank for Reconstruction and Development reported that Mongolia's foreign currency debt has reached 230 percent of the gross domestic product.

The IMF recommends that countries in Asia and the Pacific need to tighten policies to reduce fiscal deficits in order to maintain sustainable growth over the medium term.