

ARMENIA:

**MONETARY POLICY AND
ECONOMIC GROWTH
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“Armenia: Monetary policy and economic growth” is an electronic periodical which aims to analyse and briefly represent the overall view and trends of monetary policy and economic growth of RA.

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YEREVAN 2018

TRENDS IN THE ECONOMIC INDICATORS OF THE EAEU MEMBER COUNTRIES IN THE FIRST HALF OF 2018

1. ECONOMIC ACTIVITY TRENDS:

In the context of global economic changes and existing challenges, EAEU member countries' economic activity index

has different forms of behavior in May-July in 2018 (see Chart 1).

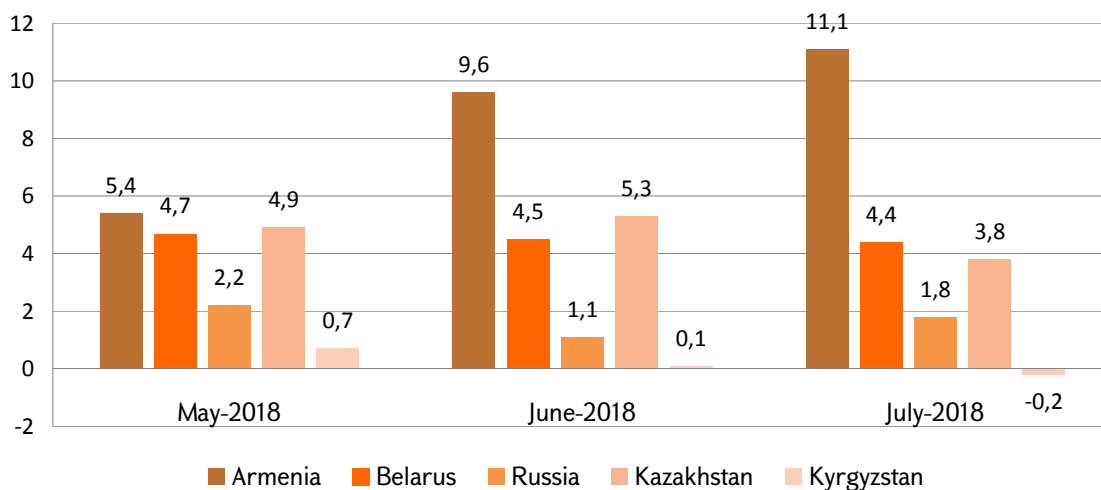


CHART 1. EAEU member countries' economic activity indices for May-July 2018 (%)

- Significant growth of economic activity was observed in Armenia. It was 11.1% in July, providing 5.7% growth over the March.
 - The economic activity index in the Republic of Belarus has dropped. It was 4.4% in July, dropping by 0.3% over March.
 - The economic activity index in the Russian Federation has shown a downward trend. In July it was 1.8 % dropping by 0.4 %.
 - The economic activity index in the Republic of Kazakhstan in May-July 2018, the highest value received in June - 5.3%. In July this index was 3.8%, dropping by 1.1% over March.
 - The highest rate of economic activity in the Kyrgyz Republic was in March, reaching 0.7%. In July, a decline was observed-0.2%.
- ✓ By compared assessment, Armenia is the leader by the economic activity index in EAEU member countries.

2. COMPARISON OF ECONOMIC GROWTH IN EAEU MEMBER COUNTRIES OF I AND II QUARTERS IN 2018 IS PRESENTED IN THE CHART 2

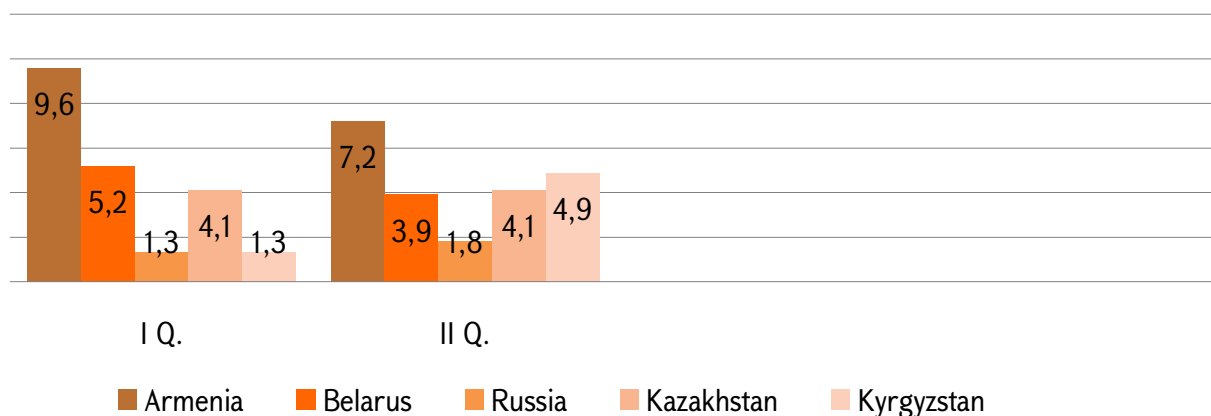


CHART 2. Comparison of economic growth in EAEU member countries of the I and II quarters in 2018 (%)

- In the Republic of Armenia the economic growth in the II quarter of 2018 was 7.2%, dropping by 2.4% compared to the previous quarter.
 - In the Republic of Belarus the economic growth in the II quarter of 2018 was 3.9%, dropping by 1.3% compared to the previous quarter.
 - In the Russian Federation in the II quarter of 2018, the economic growth was 1.8 percent, with an increase of 0.5 percent over the previous quarter.
 - In the Republic of Kazakhstan the economic growth in the II quarter of 2018 was 4.1%, retaining on the same level over the previous quarter.
 - In the Republic of Kyrgyzstan, the economic growth in the II quarter of 2018 was 4.9 percent, with an increase of 3.6 percent over the previous quarter.
- ✓ According to a comparative estimate of economic growth, in the I quarter of 2018 the Republic of Armenia is the leader, and in the II quarter the leader is the Republic of Kirgizia.

3. COMPARISON OF INFLATION IN THE MEMBER COUNTRIES OF THE EAEU IN THE MAY- JULY PERIOD OF 2018 IS PRESENTED IN CHART 3

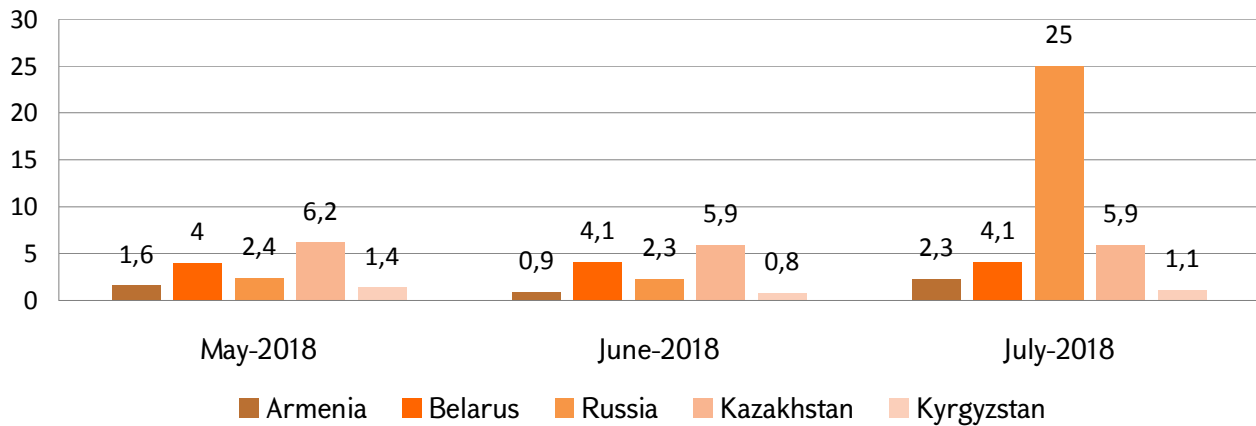


CHART 3. Comparison of inflation in the member countries of the EAEU in the May-July period of 2018 (%)

- In the Republic of Armenia in May-July of 2018, the inflation had the highest value in July, reaching 2.3%, with an average of it-1.6%.
 - In the Republic of Belarus in May-July of 2018 the inflation had the highest value in June and July, reaching 4.06%, an average of it -1.6%.
 - In the Russian Federation in May-July of 2018 the inflation was the highest value in July, reaching 2.5 percent, an average of it-2.4%.
 - In the Republic of Kazakhstan in May-July of 2018 the inflation was the highest value in May, reaching 6.2%, an average of it- 6%.
 - In the Republic of Kyrgyzstan, in May-July of 2018 the inflation was the highest value in May, reaching 1.4%, an average of it - 1.1%.
- ✓ In 2018, according to a comparative estimate of inflation the Republic of Kazakhstan is the leader with average median in May-July.

4. THE CHANGES' TRENDS IN FIXED CAPITAL IN EAEU MEMBER COUNTRIES ARE PRESENTED IN TABLE 1

TABLE 1. The comparison of investments in fixed capital of EAEU member countries

	Armenia	Belarus	Russia	Kazakhstan	Kyrgyzstan
Investments in the fixed capital(%) January-June 2018 over January- June 2017	109,6	105,2	101,3	104,1	101,3
Investments in the fixed capital 2018 January-March (billion units of national currency)	45	5	2302,0	1.913	19

- Investments in fixed capital in Armenia in January-June 2018 over the same period of the previous year is 109.6%, in the first quarter of 2018, the absolute amount of investments in the fixed capital is 45 billion AMD.
- Investments in fixed capital in the Republic of Belarus in January-June 2018 over the same period of the previous year is 105.2%. In the first quarter of 2018, the absolute amount of investments in the fixed capital amounted to 5 billion Belarusian rubles.
- Investments in fixed capital in the Russian Federation in January-June of 201 over the same period of the previous year is 101.3%. In the first
 - ✓ By the comparative assessment of the EAEU member countries the highest level has Armenia during the period under review.
- quarter, the absolute amount of investments in fixed capital is 2302.0 billion Russian rubles.
- Investments in fixed capital in the Republic of Kazakhstan in January-June 2018 over the same period of the previous year is 104.1%. In the first quarter, the absolute amount of investments in the fixed capital is 1.913 billion Kazakh tenge.
- Investments in fixed capital in the Republic of Kyrgyzstan, in January-June 2018 over the same period of the previous year is 101.3%. In the first quarter, the absolute amount of investments in the fixed capital is 19 billion Kyrgyz Som.

5. EXCHANGE RATE TRENDS IN EAEU MEMBER COUNTRIES IN THE SECOND QUARTER OF 2018 IS PRESENTED IN TABLE 2

TABLE 2. The exchange rate fluctuations in EAEU member countries

Time period		Armenian dram average exchange rate	Belarusian ruble average exchange rate	Tenge average exchange rate	Som average exchange rate	Ruble average exchange rate
2018 II Q	USD	482,69	2,00	329,76	68,50	61,77
	Euro	575,96	2,39	393,46	81,83	73,73
2018 January-June	USD	482,04	1,99	326,49	68,50	59,27
	Euro	584,17	2,41	395,35	83,04	71,78

- In the Republic of Armenia, in the 2nd quarter of 2018, the average exchange rate of the Armenian drams / USD was 482.69, while the AMD / Euro average rate was 575.96.
- In the Republic of Belarus the average exchange rate for the Belarusian ruble / US dollar was 2.00 in the 2nd quarter of 2018, while the average rate of Belarusian ruble / euro was 2.39.

- In the Russian Federation in the 2nd quarter of 2018, the average exchange rate of Russian ruble / US dollar made 61,77 and the Russian ruble / euro average exchange rate was 73,73.
- In the Republic of Kazakhstan for 2018 2-nd quarter the average exchange rate Kazakh tenge / USD was 329.76 and the Kazakh Tenge / Euro average exchange rate was 393.46.
- In the Kyrgyz Republic in the second quarter of 2018 the average exchange rate Som / USD was 68.50 and the Kyrgyz Som / Euro average exchange rate was 81.83.

Data

National bank of Belarus Official Website- <http://www.nbrb.by>

Central bank of RF Official Website - <https://www.cbr.ru>

National bank of Kazakhstan Official Website - <http://www.nationalbank.kz>

Central bank of RA Official Website -<https://www.cba.am>

National bank of Kyrgyz Republic Official Website - <http://www.nbkr.kg>

Eurasian Economic Union Official Website - <http://www.eaeunion.org>

Trading Economics Official Website -<https://tradingeconomics.com/>