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**PRESS RELEASE*****FOR IMMEDIATE RELEASE***

April 18, 2019

**Monetary Policy Decision**

The Monetary Policy Board of the Bank of Korea decided today to leave the Base Rate unchanged at 1.75% for the intermeeting period.

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Based on currently available information the Board considers that the pace of global economic growth has continued to slow. Volatility in the global financial markets increased temporarily. Government bond yields in major countries have fallen considerably, in line mainly with concerns about the global economic slowdown and changes in expectations about the monetary policies of such countries, while the exchange rates of some vulnerable emerging economies have risen significantly. Looking ahead, the Board sees global economic growth and the global financial markets as likely to be affected by factors such as the degree of the spread of trade protectionism, the changes in the monetary policies of major countries, and the uncertainties concerning Brexit.

The Board judges that the pace of domestic economic growth has moderated somewhat as consumption growth has temporarily slowed, facilities and construction investment have continued undergoing adjustments and export growth has continued to slow. The sluggishness in employment conditions has partially lessened, with the increase in the number of persons employed having risen. Going forward the Board expects that consumption will continue to grow, while exports and facilities investment will also recover gradually toward the second half of this year, although the adjustment in construction investment will continue. GDP is forecast to grow at the mid-2% level this year, slightly below the level projected in January (2.6%).

Consumer price inflation has slowed to the mid-0% range, in consequence mainly of declines in the prices of petroleum products and agricultural, livestock and fisheries products. Core inflation (with food and energy product prices excluded from the CPI) has been at the upper-0% level, and the rate of inflation expected by the general public has been in the low- to mid-2% range. Looking ahead, it is forecast that consumer price inflation will fluctuate for some time below 1%, lower than the path projected in January, and then run at the low- to mid-1% level from the second half of this year. Core inflation will also gradually rise.

The volatility of price variables in the domestic financial markets has expanded slightly. Long-term market interest rates and stock prices have rebounded after having fallen, affected by movements in the global financial markets in line with projections of weakening growth in major countries and expectations of progress in the US-China trade negotiations. The Korean won-US dollar exchange rate has risen, in line with the strengthening of the US dollar. The rate of increase in household lending has continued to slow, while housing prices have continued their downtrend.

Looking ahead, the Board will conduct monetary policy so as to ensure that the recovery of economic growth continues and consumer price inflation can be stabilized at the target level over a medium-term horizon, while paying attention to financial stability. As it is expected that the domestic economy will continue to grow at a rate that does not diverge significantly from its potential level and it is forecast that inflationary pressures on the demand side will not be high, the Board will maintain its accommodative monetary policy stance. In this process it will carefully monitor developments such as conditions related to trade with major countries, any changes in the economies and monetary policies of major countries, financial and economic conditions in emerging market economies, the trend of increase in household debt, and geopolitical risks, while examining their effects on domestic growth and inflation.