

Central Bank Governor meets International Monetary Fund Mission

On November 18th, Central Bank Governor Mr. Héctor Valdez Albizu, met an IMF mission led by Andy Wolfe and country economists Jorge Canales, Ali Alichy y Kenji Hosono to discuss the outlook for the Dominican economy, including output and inflation forecasts for 2008 and 2009 as well as recent policy measures taken under the current international scenario.

At the outset of the meeting, the IMF mission emphasizes how “monetary policy became the anchor of macroeconomic stability in the Dominican Republic”. The mission also highlighted monetary measures aimed to reduce domestic demand in a macroeconomic landscape affected by an international crisis and by increasing pressures on the current account of the balance of payments. By curtailing domestic demand, monetary policy has reduced internal imbalances and has allowed the economy to navigate the international hassle free of major repercussions.

“A tight monetary policy has contributed to a rapid reduction of inflation, now that oil prices are on a downswing” noted Mission Chief Andy Wolfe. Mr. Wolfe added that interest rate adjustments were necessary to slowdown the excessive growth in commercial bank lending.

Mr. Wolfe recognizes that a restrictive fiscal policy could create the conditions to untie monetary policy in 2009.

The Governor of the Central Bank expressed his appreciation for the IMF visit and ratified the commitment of monetary authorities with price and macroeconomic stability.

The meeting was also attended by Vice-Governor Clarissa de la Rocha de Torres, the Dominican Republic’s representative before the IMF, Julio Estrella, the Director of the Central Bank’s Monetary Programming Department, Joel Tejada, the Director of the International Department, Ana Beatriz Rodríguez, and Advisor to the Governor Frank Fuentes.