



Translation

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**PRESS RELEASE
OF THE NATIONAL BANK OF MOLDOVA**

According to the data published by the National Bureau of Statistics (NBS), the consumer price index (CPI) for the last 12 months constituted 7.7 % in November this year, declining by 0.3 percentage points. The annual core inflation registered the value of 4.5%, decreasing by 0.4 percentage points as compared to the previous month and falls within the limits of the NBM forecast on the inflation for the end of 2010.

The data provided by the NBS corresponds to the NBM forecast for November 2010, published in the Monetary Policy Report no.4 (November 2010).

The annual inflation for November 2010 constituted 7.7%, decreasing by 0.3 percentage points compared to the level recorded the previous month. The monthly inflation rate constituted 0.6%, due to prices increase in foodstuff products – by 1.2% and non-foodstuff products – by 0.6%, while the tariffs for services rendered to population have maintained the level of the previous month. The evolution of the monthly inflation rate was mainly determined by the seasonal factor and the persistence of inflationary pressures, from increased fuel prices and related components of core inflation in November.

The core inflation¹ is within the target limits for the end of this year, recording - 4.5 % for the last 12 months, decreasing by 0.4 percentage points as compared to the previous month. In November 2010, the core inflation rate continued its upward trend, started in the third quarter of 2010, reaching the level of 0.4 % compared to the previous month. This evolution was caused by the price increases - the main components of the core inflation, in addition to those in medications and telecommunications services, which were maintained at the level of the previous month.

The evolution of prices and services included in the calculation of core inflation in November was largely affected by the start of cold season of the year and the side effect of the increases registered in foodstuff products prices.

The increase in consumer prices for the last 12 months is by 3.2 percentage points higher than the core inflation, which attests the increased influence of non-monetary factors upon the inflationary process.

¹ The core inflation is calculated by the NBS, excluding the prices that are outside the scope of influence of the monetary policy measures promoted by the NBM, such as food and beverages, fuel, products and services with regulated prices.



The monthly increase in foodstuff products prices in November 2010 was more moderate compared to those in September and October, registering an increase of 1.2 percent compared to the previous month, largely due to higher vegetable oil prices (9.7 %) determined by the region's small crop and increased prices for vegetables (9.4 %) and potatoes (4.1 %) due to the seasonal effect overlapping with the price international growth.

In November 2010, the fuel prices rose by 1.2 % compared to the previous month, due to higher prices in earthy coal - by 2.6 %, as a result of excess in demand generated by the start of the heating season. The price of fuels and gas in cylinders was maintained at the level of the previous month and thus did not influence the evolution of fuel prices.

The annual rate pace of regulated prices is characterized by a downward path started in September this year, so its value in November constituted 14.5%, which helped to mitigate the inflationary pressures in November.

The recent increase in prices of some foodstuff products, gasoline, and diesel by about 0.8 lei and liquefied gas by 0.4 lei may cause a slight deviation from the NBM forecast for the annual inflation in December of 7.8 % published in the Monetary Policy Report no.4 of November 2010.

National Bank of Moldova will continue to vigorously monitor the development of the national economy, international economic and environmental trends, and if the medium-term forecast deviates from the stated objective, the NBM will timely and appropriate use the monetary policy instruments to ensure the achievement of the expected target stated in the Monetary Policy Strategy on medium term in order to maintain price stability, contributing to long-term macroeconomic and financial stability.