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Monetary Policy

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05.11.2026

Monetary policy decision, 05.11.2026

The Executive Board of the National Bank of Moldova, at its meeting on 5 November 2026 adopted by unanimous vote the following decision:

1. **The base rate applied to the main short-term monetary policy operations is set at 11.00% per annum.**
2. **Interest rates are set as follows:**
   a) on overnight loans, at the level of 13.00% per annum;
   b) on repo transactions, at the level of 11.25% per annum;
   c) on overnight deposits, at the level of 9.00% per annum.
3. **The required reserve ratio for funds attracted in MDL and non-convertible foreign currency is maintained at the current level of 18.0% of the calculation base.**
4. **The required reserve ratio for funds attracted in freely convertible currency is maintained at the current level of 26.0% of the calculation base.**

The decision to raise the base rate is determined by intensifying inflationary pressures and mounting risks to price stability in the medium term. The acceleration in annual inflation, continued robust domestic demand, and the upward revision of the inflation forecast point to increased risks that inflation will persist above previously anticipated levels.

The current round of medium-term inflation forecasts largely confirms the assumptions and conclusions outlined in previous forecast rounds. Consequently, the annual inflation rate will trend upward through the end of this year and will subsequently trend downward, returning to within the target range in the third quarter of 2027 and remaining there through the end of the forecast period.

Thus, the National Bank of Moldova's decision to raise the base rate aims to strengthen the restrictive nature of monetary policy and the effects of previously adopted measures, with a view to easing aggregate demand pressures, including by encouraging savings and reducing consumption, limiting the spread of secondary inflationary effects resulting from increases in regulated energy tariffs, and anchoring inflation expectations to bring inflation back to and maintain it within a range of ±1.5 percentage points from the medium-term inflation target of 5.0 percent.

At the same time, the NBM reiterates that it will continue to closely monitor developments in the domestic and external environment, as well as the risks and uncertainties associated with inflation trends in the short and medium term, and will use its instruments, as necessary, to achieve its fundamental objective.

Annual inflation stood at 8.60 percent in September 2026, rising by 1.64 percentage points from the previous month and exceeding the upper limit of the ±1.5 percentage point range around the medium-term inflation target of 5.0 percent.

In the third quarter of 2026, the annual inflation rate stood at an average of 7.30 percent, which was lower

than the level projected in the August 2026 Inflation Report. This deviation was primarily driven by regulated prices rising less than forecast, due to a delay in adjusting natural gas tariffs. However, the average annual inflation rate increased by 0.62 percentage points compared to the average for the second quarter of 2026, reflecting the continued upward trajectory of inflation.

The external environment continues to be characterised by a high degree of uncertainty, against a backdrop of persistent geopolitical and trade tensions, risks associated with energy security, and vulnerabilities in international supply chains. In the third quarter of 2026, international commodity markets were marked by high volatility, as upward pressures on energy resource and food prices intensified. The trends in Brent crude oil prices, natural gas prices on the European market, and electricity prices, as well as the dynamics of international food prices, highlight the persistence of external inflationary risks, with potential implications for import costs.

Economic activity. Sectoral indicators reflect positive trends in economic activity during the third quarter of 2026. Total agricultural output increased by 12.1 percent year-on-year in the reference quarter, and during July-August of this year, industrial output rose by 3.3 percent, domestic retail trade increased by 16.4 percent, and wholesale trade grew by 8.0 percent. Meanwhile, in the second quarter of 2026, the volume of goods transported recorded a year-over-year increase of 25.3 percent.

At the same time, data published by the National Bureau of Statistics (NBS) for the first two months of the quarter suggest a possible decline in the contribution of net exports to economic growth, amid stronger import growth compared to exports. Thus, during July-August 2026, exports rose by 1.1 percent, while imports increased by 8.9 percent.

From the perspective of sources of consumer financing, data for the third quarter of 2026 indicate that domestic demand remains robust, with the potential to sustain inflationary pressures in the short and medium term. Therefore, the volume of new loans granted to individuals in MDL increased by 10.5 percent, amid the upward trend in consumer and mortgage loans, while remittances from abroad to individuals rose by 26.44 percent year-on-year (on a net basis, in U.S. dollars) in September.

Monetary conditions. In the third quarter of 2026, the effects of previously adopted restrictive monetary policy measures continued to be passed on to interest rates charged by the banking sector, against the backdrop of a decline in excess liquidity, which nevertheless remained at a relatively high level. Consequently, the weighted average interest rate on new loans granted in MDL resumed its upward trend after two quarters of stagnation, reaching 9.17 percent, while the rate on new term deposits in MDL continued its upward trajectory, reaching 5.74 percent.

The total volume of new loans granted in the third quarter of 2026 posted a yearly increase of 12.2 percent, driven by positive trends in lending in both MDL and foreign currencies.

Forecast. The annual inflation rate will trend upward throughout 2026 and, starting in the first quarter of 2027, will decline through the end of the forecast horizon.

It should be noted that the annual inflation rate will remain above the upper limit of the range until the third quarter of 2027, after which it will return within the range and remain stable until the end of the forecast period. Average annual inflation for 2026 and 2027 will be 7.3 percent and 6.9 percent, respectively, representing an increase of 0.1 and 0.7 percentage points compared to the previous forecast.

The upward revision of the annual inflation rate forecast, compared to that in the August 2026 Inflation Report, is based on a reassessment of the factors driving inflationary pressures. The main updates reflect

the expectation of more substantial tariff adjustments for regulated services in the fourth quarter of 2026 and in the first, second, and fourth quarters of 2027, as well as an upward revision of the forecast for fuel prices, against the backdrop of higher international oil prices throughout the forecast horizon, as well as the expectation of higher international food prices starting in 2027. The revision of the forecast also reflects the expectation of more pronounced increases in excise taxes on certain categories of goods included in core inflation in the first quarter of 2028.

Risks and uncertainties. The balance of risks surrounding the medium-term inflation forecast remains tilted toward higher inflation through the end of 2026, after which it is expected to shift toward lower inflation toward the end of the forecast horizon.

On the external front, the main sources of uncertainty are linked to ongoing geopolitical and trade tensions, as well as the vulnerability of international commodity markets. A potential escalation of the conflict in the Middle East and the war in Ukraine, along with the fragmentation of international trade and possible disruptions to supply chains, could create new imbalances between the supply and demand for energy resources, with implications for international prices and, consequently, for imported inflation. Furthermore, US dollar fluctuations and extreme weather events constitute additional sources of uncertainty for price dynamics.

On the domestic front, risks stem primarily from uncertainties regarding the timing and magnitude of tariff adjustments for regulated services, as well as from the method of granting and the statistical treatment of energy resources compensation for households. Additional uncertainties are associated with next year's agricultural production and the vulnerability of domestic fruit and vegetable prices to weather conditions, external financing and fiscal stimulus, the impact of implementing the Economic Growth Plan for the Republic of Moldova, the reform of the public sector wage system, and the evolution of the budget deficit and public debt.

The Inflation Report for November 2026, which contains an analysis of domestic and external economic conditions as well as the medium-term inflation forecast, will be published on 12 November 2026.

The next meeting of the NBM Executive Board on monetary policy will take place on 17 December 2026, in accordance with the approved schedule [1].

NBM Interest rates [2]

See also

Tags

Reserve requirements [3]
overnight loans [4]
overnight deposits [5]
base rate [6]
lending facility [7]
deposit facility [8]
inflation rate [9]

inflation [10]

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