06.08.2026

Monetary Policy Decision, 06.08.2026

The Executive Board of the National Bank of Moldova, at its meeting on 6 August 2026 adopted by unanimous vote the following decision:

1. **The base rate applied to the main short-term monetary policy operations is set at 7.50% per annum.**
2. **Interest rates are set as follows:**
   a) on overnight loans, at the level of 9.50% annually;
   b) on repo transactions, at the level of 7.75% annually;
   c) on overnight deposits, at the level of 5.50% annually.
3. **The required reserve ratio for funds attracted in MDL and in 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 upward trend in inflation over the course of this year, driven by factors related to consumer demand against the backdrop of persistent supply shocks, necessitates the continuation of restrictive monetary policy measures to ensure monetary conditions from the perspective of achieving the National Bank's fundamental medium-term objective and returning and maintaining inflation within a range of ±1.5 percentage points of the medium-term inflation target of 5.0 percent.

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 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 reinforces its anti-inflationary stance, and by gradually adjusting its monetary policy instruments, it is carefully monitoring the response of real and monetary sector indicators to the decision-making impulses.

At the same time, the NBM reiterates that it will continue to closely monitor the developments in the domestic and international environment, the risks and uncertainties associated with the evolution of inflation in the short and medium term and will use, if necessary, the available instruments to achieve its fundamental objective.

Annual inflation stood at 6.51 percent in June 2026, down 0.25 percentage points from the previous month and being in close proximity to the upper limit of the ±1.5 percentage point range around the medium-term inflation target of 5.0 percent.

For the second quarter of 2026 as a whole, the annual inflation rate stood at 6.68 percent, driven by rising prices for fuel and transportation services amid the conflict in the Middle East, slightly exceeding the forecast in the Inflation Report, May 2026.

The external environment in the second quarter of 2026 was marked by escalating geopolitical tensions that affected global economic dynamics and inflation. Although the price of Brent crude oil fell in June 2026 following the partial resumption of oil flows through the Strait of Hormuz, risks remain high. European natural gas prices were volatile during the second quarter of 2026 and rose in early July due to geopolitical risks and low European inventories. Against the backdrop of mounting inflationary pressures, major central banks revised their monetary policy stances. Consequently, in June 2026, the ECB raised its key interest rates by 25 basis points, marking the first increase since September 2023.

In the second quarter of 2026, the euro area economy recorded annual growth of 1.0 percent, influenced by high volatility in energy prices and geopolitical uncertainty. At this juncture, the outlook for economic growth in the euro area remains uncertain, and the forecast for the average annual inflation rate is above the ECB's target. Extreme climate conditions and escalating geopolitical tensions are disrupting food supply chains and international trade flows. In this context, international food prices are expected to rise in 2026–2027

Economic activity. The latest data published by the National Bureau of Statistics (NBS) indicate favourable conditions for the growth rate of economic activity in the second quarter of 2026 to exceed that of the previous quarter. Thus, in April–May 2026, industrial production rose by 9.4 percent, while retail and wholesale trade increased by an average of 19.6 percent and 11.4 percent, respectively. At the same time, the annual growth rate for exports stood at 13.3 percent, and the annual growth rate for imports at 12.8 percent. Total agricultural production rose by 9.2 percent in the second quarter of 2026 compared with the same quarter of the previous year.

Data on sources of consumer financing for the second quarter of 2026 indicate that robust demand for consumer financing persists, with the potential to maintain inflationary pressures in the short and medium term. Consequently, money transfers from abroad to individuals increased by 26.32 percent (on a net basis) compared with the same period of the previous year, and the volume of loans granted to individuals in MDL rose by 13.1 percent annually due to the upward trend in consumer and real estate loans.

Monetary conditions. In the second quarter of 2026, in the domestic currency segment, the weighted average interest rate on new loans remained unchanged from the first quarter of 2026 and stood at 9.06 percent, while the interest rate on new deposits in MDL continued its upward trend, reaching 5.44 percent, driven by the impact of previous monetary policy measures.

The total volume of new loans granted in the second quarter of 2026 grew at an annual rate of 13.1 percent, being determined by the evolution of loans in both MDL and foreign-currency. Thus, the nominal growth in lending activity above the inflation rate signals an effective expansion of the banking sector's financing of the economy and helps sustain aggregate demand.

Forecast. The annual inflation rate during 2026 will follow an upward trend and will decrease from the first quarter of 2027 until the end of the forecast horizon.

It should be noted that the annual inflation rate will remain above the upper limit of the target range until the second quarter of 2027, and will subsequently return within the range, where it will remain until the end of the forecast period. Average annual inflation for 2026 and 2027 will be 7.2 percent and 6.2 percent, respectively, representing an increase of 0.2 and 0.4 percentage points compared to the previous forecast.

The upward revision of the annual inflation forecast compared to that in the Inflation Report, May 2026, is due to the higher-than-expected actual inflation rate in the second quarter of 2026, the upward projection for short-term inflation driven by the larger-than-expected impact of second-round effects resulting from rising fuel prices in the context of the war in the Middle East, expectations of price increases in the third quarter of 2026, including as a result of the postponement of certain anticipated increases previously expected in the fourth quarter of 2026 and the inclusion in the third quarter of 2026 of the contribution allocated to emergency stocks in the trade margin for key petroleum products, higher international food prices from the fourth quarter of 2026 through the end of the comparable period, a higher trajectory for imported inflation from the end of 2026 through the middle of next year and into early 2028, slightly higher aggregate demand in the second and third quarters of 2026, and a change in the impact of excise taxes for the early years of 2027–2028.

Risks and uncertainties. The balance of risks associated with the current round of medium-term inflation forecasts points to an inflationary trend through the end of 2026 and a disinflationary trend through the end of the forecast horizon.

Thus, external risks to the medium-term inflation outlook stem from: the escalation of the conflict in the Middle East, with repercussions on oil and natural gas prices; the intensification of prolonged episodes of extreme temperatures; the war in Ukraine; trade fragmentation; and rising external inflationary pressures. At the same time, uncertainties and risks to inflation are associated with the timing and magnitude of tariff adjustments for regulated services, uncertainty regarding this year's agricultural output, and the vulnerability of domestic fruit and vegetable prices to weather conditions, external financing, and fiscal stimulus, the impact of implementing the new fiscal policy and reforming the wage system in the public sector.

The Inflation Report for August 2026, which includes an analysis of domestic and external economic conditions as well as the medium-term inflation forecast, will be published on 13 August 2026.

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

NBM Interest rates [2]

See also

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