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Monetary Policy Financial education Expand Hide

25.04.2017

Monetary policy objectives

According to Article 4 of the Law on the National Bank of Moldova [1], the fundamental objective is to ensure and maintain price stability.

Price stability can be defined as a situation in which price increases are sufficiently low and stable so that they do not influence society's economic decisions.

In this context, the National Bank of Moldova considers that price stability can be quantitatively defined by the inflation rate measured by the consumer price index published monthly by the National Bureau of Statistics, given that:

1. the general public is informed about that index and less about other inflation measurement indices,
2. data on the consumer price index are available in a timely manner,
3. are not subject to revisions,
4. last but not least, the principle of separation of interests between the institution that collects and calculates the index and the institution that aims to target the inflation rate is respected.

In addition to ensuring and maintaining price stability, which is the fundamental objective of monetary policy, the NBM has other secondary macroeconomic objectives, including promoting and maintaining a financial system based on market principles and supporting the general economic policy of the state. These objectives shall be pursued to the extent that they do not jeopardize the achievement of the fundamental objective of the NBM.

In order to ensure and maintain price stability in the medium term, the National Bank of Moldova considers maintaining inflation (measured by the consumer price index) at 5.0 percent annually with a possible deviation of ± 1.5 percentage points as the optimal level for the growth and economic development of the Republic of Moldova in the medium term.

Tags

the inflation rate [2]

the monetary policy objective [3]

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