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The NBM continues to take incentive monetary policy measures

The Executive Board of the National Bank of Moldova (NBM) decided today in an extraordinary meeting, by unanimous vote, to maintain at the same level the values of the main monetary policy instruments. Thus, the core rate applied to the main short-term monetary policy operations remains at the level of 2.65 percent annually.

Interest rates on overnight loans and deposits also remain unchanged: 5.15 percent and 0.15 percent annually, respectively.

At the same time, the required reserves ratio from funds attracted in Moldovan lei and in non-convertible currency were decreased by 2.0 percentage points to 28.0 percent of the calculation base, while the required reserves ratio from financial means attracted in freely convertible currency remains at the current level of 30.0 percent of the calculation base.

The decision continues the NBM's series of measures to mitigate the impact of the pandemic and supports the recovery of the economy by boosting aggregate demand. The NBM also supports the upward trend in lending activity, ensuring sufficient adequate liquidity for this purpose, while reducing lending costs in support of the business environment. The support is also needed to avoid the "crowding out" effect along with the increase in demand for funding from the Ministry of Finance.

This decision was based on the analysis and evaluation of information associated with excessive liquidity in the banking system. Thus, after that the required reserves ratio from funds attracted in Moldovan lei and non-convertible currency decreased by 2 percentage points last month, the level of liquidity increased to MDL 7.1 billion on 16 March this year, but later it continuously decreased and reached the level of MDL 3.4 billion today. This decrease was due, in particular, to the payment of taxes to the state by economic agents.

The NBM emphasizes the need for continuous monitoring of the macroeconomic situation and, in due course, without prejudice to its fundamental objective, will come up with the necessary measures to support a viable and stable banking system.

The next meeting on monetary policy of the NBM Executive Board will take place on 30 April 2021 [1], according to the published schedule.

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