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18.05.2020

The second inflation report of this year was approved

The Executive Board of the National Bank of Moldova (NBM) approved the Inflation Report no. 2, 2020. This was developed based on evolution of the economy in the Republic of Moldova and globally, recent macroeconomic information on the internal and external environment and reflects the dynamics of inflation. The report presents also the medium-term inflation forecast and the monetary policy decisions.

Thus, the annual inflation rate will continue its downward trend in the next period, which is mainly determined by the disinflationary pressures associated with aggregate demand and lower prices for oil products and raw materials on international market. At the same time, these pressures will be mitigated by weather conditions and the adjustment of the value of the national currency against the main reference currencies. The impact of possible distortions of distribution channels and supply remains uncertain.

Starting with the first forecasting quarter, the annual inflation rate will continue to decline until the end of this year to a minimum level of 3.5 percent in the fourth quarter of 2020 and the first quarter of 2021. Subsequently, it will increase slightly in the second quarter of 2021 to a maximum level of 4.6 percent, after which it will decrease again.

Inflation will remain within the target range throughout the entire forecasting horizon.

Inflation Report no. 2, May 2020 [1]

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