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Monetary Policy

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Monetary policy decision: The values of the main monetary policy instruments remain unchanged

The Executive Board of the National Bank of Moldova (NBM) decided unanimously in today's meeting to maintain unchanged the values of the main monetary policy instruments. Thus, the base rate applied to the main short-term monetary policy operations continues to be at the level of 3.25 percent annually.

At the same time, interest rates on overnight loans and deposits remain unchanged at the level of 6.25 percent and 0.25 percent annually, respectively.

At the same level remains the required reserves ratio of funds attracted in Moldovan lei and in non-convertible currency - 34.0 percent of the calculation base, as well as the required reserves ratio of funds attracted in freely convertible currency remains at the level of 21.0 percent of the calculation base.

This decision reflects the continuity of the NBM's previous decisions, which creates monetary conditions for lending to the economy. Thus, the base rate remains incentive and supports the macroeconomic framework, which has an acute importance, especially in the situation of an economic crisis caused by the Covid-19 pandemic.

The events that emerged after the NBM's previous round of forecasting confirmed its veracity, the assumptions and risks presented by the central bank.

The disinflationary pressures will continue to persist, but will be lower in the medium-term.

The pronounced decline in oil prices and, at the same time, the increase in international food prices this year will generally determine a similar inflation to that anticipated.

The NBM will continue to monitor the macroeconomic situation caused by the pandemic implications and in due course, without prejudice to its fundamental objective - to ensure price stability - will come up with the necessary measures to maintain a sufficient liquidity level of licensed banks in support of a viable and stable banking system.

The next meeting of the NBM Executive Board on monetary policy will take place on 31 July 2020, according to the published schedule [1].

Interest rates evolution [2]

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