



National
Bank of Moldova

Inflation Report

August 2026



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Mission of the National Bank of Moldova

The National Bank of Moldova, as the central bank of the Republic of Moldova, is an autonomous public legal person, which establishes and promotes monetary and foreign exchange policy in the state, a fact stipulated in article 5 paragraph (1) letter a) of Law No. 548/1995 on the National Bank of Moldova.

Under the provisions of article 4 paragraph (1) of the Law No. 548/1995 on the National Bank of Moldova, the fundamental objective of the National Bank of Moldova is to ensure and maintain price stability. At the same time, article 4 paragraph (2) provides that, without prejudice to its fundamental objective, the National Bank within the limits of its powers, contributes to the stability of the financial system and supports the general economic policy of the state.

The fundamental objective is achieved through the monetary policy framework associated with the direct inflation targeting regime.

The quantitative objective – the inflation target is to maintain inflation, as measured by the consumer price index, at 5.0% annually with a possible deviation of ± 1.5 percentage points.

In this regard, the National Bank of Moldova has a wide and well-defined range of instruments through which it promotes monetary policy and ensures the achievement of the inflation target. These include open market operations – the main monetary policy instrument, and the ancillary instruments are the standing facilities, the required reserve ratio and interventions on the domestic foreign exchange market.

At the same time, in order to achieving the inflation target, the National Bank of Moldova steers the conditions on the money market by setting by the Executive Board the main indicator for the short-term interbank money market – the base rate.

The exchange rate regime implemented by the National Bank of Moldova is that of managed floating and, respectively, the interventions on the domestic foreign exchange market are used only to support the effects of the implementation of open market operations, to the extent that they will be necessary to achieve the inflation target and without influencing the fundamental trends of the exchange rate of the national currency. At the same time, the NBM reserves the right to carry out foreign exchange interventions in order to mitigate excessive exchange rate fluctuations, to stop speculative operations and to replenish international foreign exchange reserves, without prejudice to the achievement of the inflation target.

The monetary policy decision regarding the base rate, the standing facility rates and the required reserve ratio is taken by the Executive Board of the NBM on the basis of the analysis of the latest information on the macroeconomic situation in the Republic of Moldova and the external economic environment, the trend of macroeconomic indicators in the medium-term, as well as the short- and medium-term inflation outlook, provided by the Monetary Policy Department of the NBM.

In this respect, the Executive Board of the NBM meets eight times a year in ordinary monetary policy meetings according to the approved schedule. Four monetary policy meetings are associated with the Inflation Report, while the other four meetings are devoted to the assessment of the deviation risks to the inflation forecast. At the same time, the Executive Board of the NBM reserves the right to meet in extraordinary meetings.

Introductory note

The National Bank of Moldova appreciates the role of monetary policy transparency and predictability in strengthening institutional credibility and ensuring the inflation target.

*In this context, the **Inflation Report** is the main communication tool reflecting the latest analysis of the situation in the internal and external environment, developments in the inflation process and economic activity, along with aspects related to the conduct of monetary policy.*

At the same time, the Report incorporates the inflation forecast for the eight-quarter horizon and the risks and uncertainties associated with this projection.

The summaries of the minutes of the meetings of the Executive Board of the NBM regarding the promotion of the monetary policy are part of the Report and are published with a frequency of six months from the adoption of the decision in line with the Medium-term monetary policy strategy of the NBM (approved by the decision of the Council of Administration of the NBM no. 303 of December 27, 2012).

Statistical data have been taken from the National Bureau of Statistics, Ministry of Economic Development and Digitalization, Ministry of Finance, Eurostat, International Monetary Fund, National Agency for Energy Regulation, State Hydrometeorological Service.

Statistical information provided by international bodies, national statistical offices and central banks was also analyzed.

The calculation of some statistical data, as well as the economic interpretation were elaborated and carried out by the National Bank of Moldova.

According to article 69 paragraph (2), the Inflation Report shall be submitted to the Parliament and the Government within 45 days after the end of the reporting quarter.

The Inflation Report, August 2026 was considered and approved for publication at the meeting of the Executive Board of the NBM on August 6, 2026.

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The Inflation Report, August 2026 is a translation of Raport asupra inflației, august 2026 in Romanian. In case of discrepancies, the version of the Report in the original language prevails.

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List of acronyms

ANTA	National Auto Transport Agency
BPM6	"Balance of payments and international investment position" Manual, 6th edition
CBOE	Chicago Board Options Exchange
CHIBOR	Average interest rate at which the contributors banks are available to lend funds in MDL to other banks, on the interbank monetary market
CPI	Consumer price index
EB	Executive Board of the National Bank of Moldova
ECB	European Central Bank
EU	European Union
EUR	Single European currency
FAO	Food and Agriculture Organization of the United Nations
FCC	Freely convertible currency
Fed	Federal Reserve System
GDP	Gross Domestic Product
GVA	Gross Value Added
HICP	Harmonized Index of Consumers Prices
ILO	International Labour Organization
LB	Local budgets
MDED	Ministry of Economic Development and Digitalisation
MDL	Moldovan leu
MHIF	Mandatory Health Insurance Fund
NBC	Certificates issued by the National Bank of Moldova
NBM	National Bank of Moldova
NBS	National Bureau of Statistics of the Republic of Moldova
NEA	National Employment Agency
NEER	Nominal effective exchange rate of the national currency
OECD	Organisation for Economic Co-operation and Development

OPEC+	The alliance between the Organization of the Petroleum Exporting Countries (OPEC) and a group of non-OPEC oil-producing countries.
OVX	Crude Oil Volatility Index
PMI	Purchasing Manager's Index
REER	Real effective exchange rate of the national currency
SB	State budget
SSIB	State social insurance budget
STA	Single Treasury Account
TTF	Title Transfer Facility
USA	United States of America
USD	US Dollar

Summary

Inflation

The annual inflation rate rose from 5.81% in March 2026 to 6.77% in April 2026. It thus exceeded the upper limit of the variation range of ± 1.5 percentage points of the medium-term inflation target of 5.0% and continued to remain above the upper limit of the variation range until the end of the second quarter of 2026, reaching 6.76% in May 2026 and 6.51% in June 2026. The average annual inflation rate in the second quarter of 2026 stood at 6.68%, 1.44 percentage points higher than in the previous quarter. Meanwhile, in the second quarter of 2026, the annual inflation rate was slightly higher than the figure forecasted in the Inflation Report, May 2026. The upward trend of inflation was driven primarily by the effects of the crisis in the Middle East on fuel and transport service prices. Rising energy prices, adjustments to regulated service tariffs, their second-round effects, and other supply imbalances will drive up inflation in the coming period. The manner in which tariffs are adjusted, as well as the tense situation in the region and the risks of its escalation, are maintaining the high level of uncertainty surrounding the inflation forecast.

External environment

Geopolitical tensions in the Middle East have affected the global economy by driving up energy costs and dampening economic optimism among consumers and the business community. The intensification of inflationary pressures has been reflected in a rise in the global inflation rate (by around 4 percentage points during the period February-April 2026 compared with the same period of the previous year)¹. In this regard, several central banks, including the ECB, have raised their key interest rates to counter risks to price stability. In June 2026, the ECB raised its key interest rates by 25 basis points, marking the first increase since September 2023. At its June meeting, for the fourth consecutive meeting, the Fed kept its target range for the interest rate at 3.50–3.75%, whilst also signalling increased concern about rising inflationary risks. In the euro area, GDP stagnated in the first quarter of 2026, whilst annual inflation fell to 2.8% in June, down from 3.2% in May. Following the depreciation in April, triggered by the ceasefire between the US and Iran – which was subsequently not honoured – the US dollar appreciated against the euro, reflecting expectations of a more restrictive monetary policy by the Fed, the USA's reduced exposure to the energy shock, and the dollar's role as a safe-haven asset. Following the oil crisis of recent months, flows through the Strait of Hormuz were restored for a short period, and global oil supply recovered slightly, reaching 98.8 million barrels/day in June. However, global production remained approximately 9.4 million barrels/day below pre-conflict levels. The average monthly price of Brent crude oil (spot) stood at USD 85.4/barrel in June. On the European natural gas market, the average monthly Dutch TTF prices (the nearest-month contract) fell in June to around EUR 45/MWh, before rising again in the first two decades of July to exceed EUR 50/MWh, amid geopolitical tensions and low European stock levels. Meanwhile, World Bank data show that in June the energy index fell by 17.7% compared with May, driven by a 20.6% drop in the price of Brent crude oil, whilst fertiliser prices fell by 21.8%.

¹INTERNATIONAL MONETARY FUND. *World Economic Outlook Update, Global Economy in Crosscurrents of War and Technology*. Online. (July 8, 2026). Available: <https://www.imf.org/-/media/files/publications/weo/2026/update/july/english/text.pdf>.

Economy

In the first quarter of 2026, the annual growth rate of GDP slowed significantly, following the acceleration seen in the second half of 2025. Consequently, during the period January-March 2026, GDP rose by just 0.4% compared with the same period in 2025. Economic growth in the first quarter of 2026, compared with the first quarter of 2025, was driven by the positive impact of external demand against the backdrop of the previous year's bountiful harvest, as well as by domestic demand from the population in the context of rising real incomes. The decline in investment considerably mitigated this effect. At the same time, it is worth noting the positive impact on GDP growth from industry, trade and transportation. This was offset by developments in the information and communication sector, real estate activities and construction. Meanwhile, the seasonally adjusted series shows a 1.2% contraction in GDP compared with the fourth quarter of 2025. In the second quarter of 2026, the annual rate of turnover in retail and wholesale trade, as well as the annual rate of industrial production, picked up, paving the way for stronger annual GDP growth than that seen at the beginning of this year.

Monetary policy

In the second quarter of 2026, excess liquidity totalled MDL 3.7 billion, down by MDL 1.5 billion compared with the first quarter of 2026.

During this period, the M3 monetary aggregate recorded an annual growth rate of 13.3%. The main contribution came from the balance of deposits in national currency.

During the second quarter of 2026, two meetings of the Executive Board of the National Bank of Moldova were held on monetary policy decisions. Following an assessment of the balance of domestic and external risks and the short- and medium-term inflation outlook, the Executive Board of the National Bank of Moldova decided to raise the base rate: at the meeting on May 7, 2026 by 1.5 percentage points, to 6.50% per annum, and at the meeting on June 18, 2026 by 0.5 percentage points, to 7.00% per annum. The required reserve ratio from funds attracted in MDL and in non-convertible foreign currency was maintained at 18.0% of the calculation base, whilst the required reserve ratio from funds attracted in freely convertible currency was maintained at 26.0% of the calculation base.

These measures were adopted against the backdrop of the ongoing effects of previous monetary policy decisions, taking into account the associated transmission lags, and against a backdrop of major international turbulence caused by the war in the Middle East, which has had an impact on international energy prices – these have reached high levels and may affect global economic activity, with negative effects on inflation around the world.

Restrictive monetary policy measures were introduced with a view to mitigating inflationary pressures, the second-round effects of supply shocks, anchoring inflation expectations and achieving the NBM's fundamental medium-term objective.

At its meeting on August 6, 2026, following deliberations, the Executive Board of the National Bank of Moldova decided by unanimous vote to set the base rate at 7.50% per annum. At the same time, the rates for overnight loans were set at 9.50% per annum, for overnight deposits at 5.50% per annum and for repo operations at 7.75% per annum. Furthermore, the required reserve ratio from funds attracted in MDL and in non-convertible foreign currency, as well as the required reserve ratio from funds attracted in freely convertible currency, were maintained at 18.0% and 26.0% of the calculation base, respectively.

The continued implementation of restrictive monetary policy measures is gradually adjusting monetary policy instruments in order to strengthen the anti-inflationary stance against the backdrop of persistent supply shocks.

In the second quarter of 2026, compared with the previous quarter, in the domestic currency segment, the weighted average interest rate on new loans granted in domestic currency remained unchanged, whilst that on term deposits continued its upward trend under the influence of monetary policy measures. Thus, the weighted average interest rate on new loans granted in the national currency stood at 9.06% per annum, whilst that on term deposits increased by 0.33 percentage points to 5.44% per annum.

The weighted average interest rates on outstanding balances: for loans granted in the national currency, fell by 0.07 percentage points compared with the first quarter of 2026, to 9.00% per annum, whilst for term deposits, it rose by 0.11 percentage points to 5.02% per annum.

Medium-term inflation projection

The war in the Middle East has fuelled inflationary pressures worldwide, against a backdrop of rising energy prices. According to estimates by the International Monetary Fund, the global economy is set to grow by 3.0% in 2026 and 3.4% in 2027. Compared with the previous forecast, the outlook is characterised by a slight slowdown, driven by the adverse effects of the war in the Middle East, however, these are partly offset by the positive impetus from global technological progress, underpinned by the accelerated development of artificial intelligence and its increasing adoption². The outlook for the euro area remains characterised by a high degree of uncertainty, against a backdrop of more volatile energy prices and pressures on domestic demand. Economic growth in the euro area is forecast at 0.5% in 2026 and 1.2% in 2027, whilst average annual inflation is projected at 2.7% in 2026 and 2.2% in 2027. Although the single European currency had previously benefited from the depreciation of the US dollar, its outlook continues to be adversely affected by the relatively moderate pace of economic growth in the euro area and the persistent risks associated with developments in the energy markets. Following the signing of the memorandum between the US and Iran, which provided, amongst other things, for the partial reopening of the Strait of Hormuz, Brent prices have fallen significantly from their spring highs, and the trend in oil prices suggests a gradual decline in the international Brent price, from an estimated average of around USD 86.6/barrel in 2026 to approximately USD 77/barrel in 2027. At the same time, the external assumptions envisage continued vulnerabilities in the European natural gas market, against a backdrop of relatively low stock levels, increased competition for LNG supplies and persistent geopolitical risks. In this regard, it is anticipated that Dutch TTF prices will remain above the levels recorded in the previous year, reflecting the constraints on the European natural gas market. In this round of forecasts, the external assumptions regarding energy prices are based on Brent crude oil and Dutch TTF natural gas prices remaining at levels that influence production costs, inflationary prospects and investment decisions. Furthermore, it is assumed that international energy markets will remain exposed to geopolitical risks and supply uncertainties, although pressures on the oil market are easing compared with the first half of 2026. Global agri-food markets are evolving against a backdrop of increasingly severe shocks, which are affecting production, trade flows and market functioning, highlighting vulnerabilities in food supply chains.

The annual inflation rate will trend upwards until the end of this year, and will then trend downwards until the end of the forecast period³. The annual inflation rate will remain above the upper limit of the inflation target variation range until the middle of next year, and from the third quarter of 2027 it will return to and remain within the range until the end of the forecast period. The highest rate will be recorded at the end of this year, and the lowest in the first half of 2028. The annual rate of core inflation will trend slightly upwards until the end of this year, after which it will trend downwards until the end of the forecast period. The annual rate of food prices will increase until the end of this year, after which it will follow a downward trend until the end of the forecast period. The annual rate of regulated prices will rise sharply until the end of this year, after which it will follow a downward trajectory over the course of next year, and will subsequently remain stable at low levels until the end of the forecast period. The annual rate of fuel prices will fall in the third quarter of 2026 and show a relatively stable trend until the first

²INTERNATIONAL MONETARY FUND. *World Economic Outlook Update, Global Economy in Crosscurrents of War and Technology*. Online. (July 8, 2026). Available: <https://www.imf.org/-/media/files/publications/weo/2026/update/july/english/text.pdf>.

³Third quarter of 2026 – second quarter of 2028

quarter of 2027, after which it will follow a significant downward trajectory in the second quarter of 2027, and subsequently show a slight upward trend until the end of the forecast period.

Aggregate demand will decline slightly until the middle of next year, and will then recover by the end of the forecast period.

Real monetary conditions will be restrictive on aggregate demand until the end of this year; afterwards, they will be broadly neutral until the end of the forecast period.

The current inflation forecast, compared with that in the previous inflation report⁴ has been revised upwards for the entire comparable period⁵, with the exception of the fourth quarter of 2027 and the first quarter of 2028, when it was revised downwards. The current forecast for the annual rate of core inflation has been revised slightly upwards until the end of this year and downwards until the end of the comparable period. The annual rate of food prices was revised upwards, practically throughout the comparable period. The current forecast for the annual rate of regulated prices has been revised upwards in the third quarter of 2026 and downwards from the fourth quarter of this year until the end of the comparable period. The forecast for the annual rate of fuel prices was decreased in the third quarter of 2026, and subsequently increased significantly until the end of the comparable period.

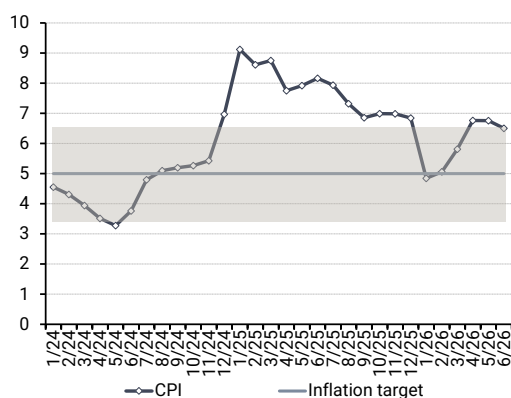
⁴Inflation Report, May 2026

⁵Third quarter of 2026 – first quarter of 2028

Chapter 1

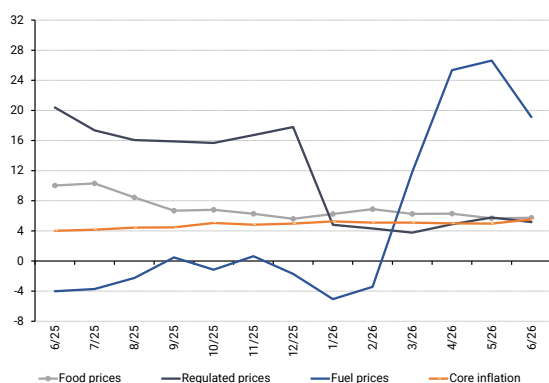
Inflation evolution

Chart 1.1: Annual CPI rate (%)



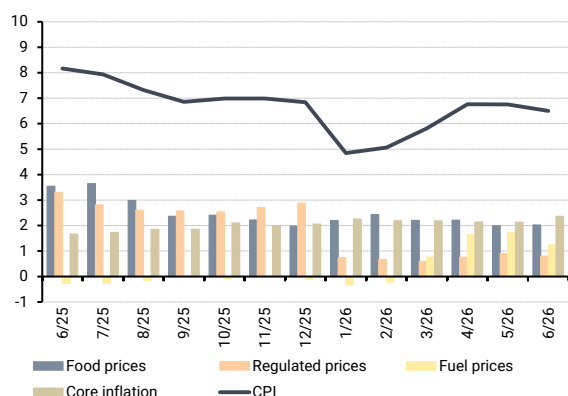
Source: NBS, NBM

Chart 1.2: Annual rate of the main CPI subcomponents (%)



Source: NBS

Chart 1.3: Annual inflation evolution (%) and the contribution of subcomponents (percentage points)



Source: NBS, NBM calculations

1.1 Consumer price index

In April 2026, the annual CPI rate continued the upward trend seen in previous periods and exceeded the upper limit of the inflation target variation range. Subsequently, in May 2026, the annual inflation rate remained relatively stable, and in June 2026 it fell slightly. The average inflation rate in the second quarter of 2026 was significantly higher than that of the previous quarter. Meanwhile, the annual inflation rate was slightly higher than the expected value in the Inflation Report, May 2026. The annual inflation rate increased from 5.81% in March 2026 to 6.77% in April 2026. Thus, it exceeded the ± 1.5 percentage point variation range from the 5.0% inflation target and continued to remain above the upper limit of the variation range until the end of the second quarter of 2026, standing at 6.76% in May and 6.51% in June 2026. The average annual inflation rate stood at 6.68%, 1.44 percentage points higher than in the previous quarter. The upward trend in inflation was driven primarily by the effects of the crisis in the Middle East on fuel and transport service prices.

In the CPI structure (Chart 1.2, Chart 1.3), the annual rate of fuel prices accelerated sharply in the second quarter of 2026. The annual rate of regulated prices followed a slightly upward trend throughout the second quarter of 2026. On the other hand, the annual rate of core inflation remained relatively stable during this period, whilst the annual rate of food prices showed a downward trend.

Rising energy prices, adjustments to regulated service tariffs, their second-round effects, as well as other supply-side imbalances will drive up inflation in the coming period. The manner in which tariffs are adjusted, as well as the tense situation in the region and the risks of its escalation, are maintaining the high level of uncertainty surrounding the inflation forecast.

Core inflation

In the second quarter of 2026, the annual core inflation rate averaged 5.16%, which was similar to the previous period. During the quarter, it fell to 4.97% in May, before rising to 5.52% in June 2026.

In terms of structure, the maintenance of a relatively high level of the annual rate of core inflation was driven by certain adverse sectoral

developments. During the period under review, there was an increase in the contribution from the "recreation and culture" subcomponent (Chart 1.4). Within this subcomponent, the annual rate of prices for international travel packages rose to 22.49% in June 2026, compared with 16.84% in March 2026, driven by rising airfares (amid the Middle East conflict). At the same time, the annual rate of prices for "furniture" rose from 3.03% in March 2026 to 4.08% in June 2026, thereby increasing the contribution of this subcomponent to the annual core inflation rate in the second quarter of 2026. The rise in cigarette prices continues to have a significant impact on core inflation, with the annual rate of prices for cigarettes standing at 10.43% in June 2026. The influence of the subcomponents "household items", "construction materials" and "education and learning" was broadly similar to that of the previous quarter.

Although lower than in the first quarter of 2026, the most significant contribution to core inflation in the second quarter of 2026 came from the subcomponents "public alimentation" and "others", with the annual price rate for the former subcomponent standing at 10.81% in June 2026. Declining contributions were also driven by the "clothing" and "footwear" subcomponents.

At the same time, a negative contribution to the moderation of the annual core inflation rate, which has now been evident for the 16th consecutive month, was driven by the "means of transport, auto parts" subcomponent, the annual rate of which stood at -0.77% in June 2026.

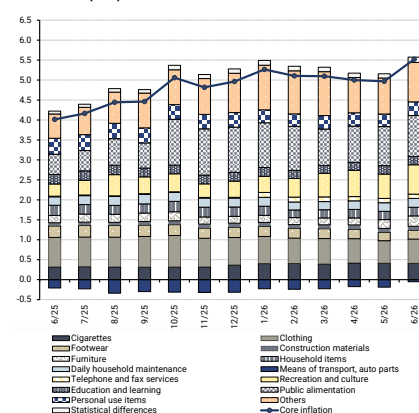
Food prices

During the second quarter of 2026, the annual rate of food prices followed a slightly downward trend, averaging 5.90%, or 0.57 percentage points lower than in the first quarter of 2026. It should be noted that the moderation in the annual rate of food prices mainly reflected a favourable base effect rather than an easing of current inflationary pressures, which, on the contrary, had intensified slightly.

During the period under review, the moderation in the annual rate of food prices was mainly driven by the contribution from the "fresh fruits" category (Chart 1.5). However, the deceleration in the annual growth rate of prices for this group largely reflected a base effect, resulting from the high price level recorded during the same period of the previous year, amid late spring frosts in 2025, which significantly affected the fruit harvest. It should be noted that, during the second quarter of 2026, inflationary pressures intensified slightly for processed goods, while the increase was more pronounced for vegetables, reflecting the volatility specific to this group. Inflationary pressures reflected both external factors, transmitted through the import channel (developments in external prices and logistics costs), and domestic factors, including increases in production and distribution costs.

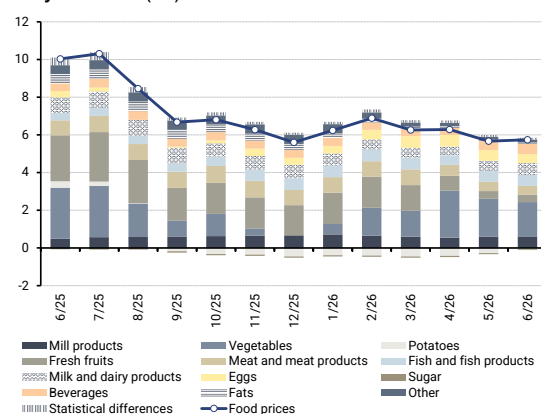
In the second quarter of 2026, food prices on the international market were on an upward trajectory (Chart 1.6), being on average 2.3% higher

Chart 1.4: Contribution of subcomponents (percentage points) to annual core inflation dynamics (%)



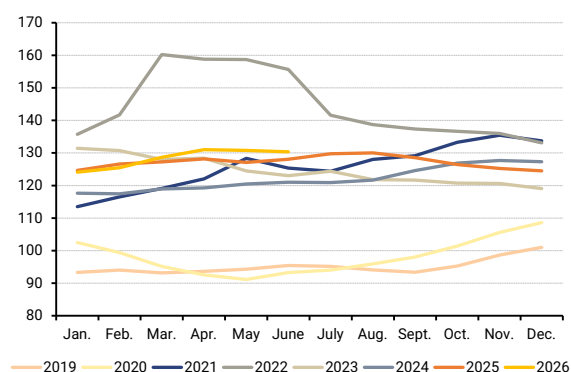
Source: NBS, NBM calculations

Chart 1.5: Contribution of components (percentage points) to annual food prices dynamics (%)



Source: NBS, NBM calculations

Chart 1.6: Evolution of the international food price index (FAO index)



Source: FAO, NBM calculations

than in the second quarter of 2025. At the same time, compared with the first three months of 2026, the annual rate of food prices on the international market accelerated by 2.4 percentage points, indicating a slight intensification of external inflationary pressures.

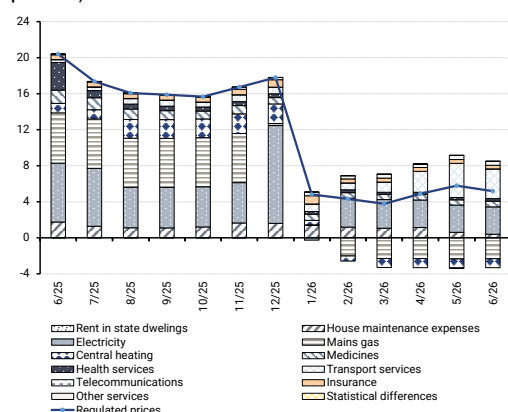
In the second quarter of 2026, the contribution of food prices to the annual rate of headline inflation fell by 0.2 percentage points to 2.08 percentage points.

Regulated prices

In the second quarter of 2026, the annual rate of regulated prices showed a slight upward trend.

Thus, the annual rate of regulated prices stood at 5.18% in June 2026, 1.41 percentage points higher than in March 2026. The average annual rate of regulated prices in the second quarter of 2026 stood at 5.28%, 0.98 percentage points higher than the average for the first quarter of 2026.

Chart 1.7: Evolution of regulated prices (%) and contribution of subcomponents (percentage points)



Source: NBS, NBM calculations

The trend in the annual rate of regulated prices was driven predominantly by the increased impact of the transport and electricity subcomponents, on the one hand, and by the negative contribution of the mains gas and central heating subcomponents, on the other hand (Chart 1.7).

Amid the escalating conflict in the Middle East, the fuel market, both internationally and nationally, has experienced a period of significant price rises since the end of February this year. Thus, during the second quarter of 2026, regulated transport service increased in annual terms, mainly due to increases in air transport fares, which rose by 32.82% in April, 73.33% in May and 50.70% in June, amid the rise in international prices for aviation fuel, a factor which led to an increase in airlines' operating costs.

At the same time, the rapid rise in diesel prices on the fuel market in the Republic of Moldova has exerted significant direct pressure on passenger fares, particularly on the regional and inter-regional routes, given the significant proportion of fuel in the operators' cost structure.

Thereby, this period of heightened volatility of fuel prices has necessitated the adoption of temporary measures to adjust transportation fares in line with fuel prices. For this reason, the Methodology for calculating fares for regular road passenger transport services on inter-district and district routes⁶, which entered into force on March 1, 2026, was revised on an emergency basis to properly reflect recent market developments. Thus,

⁶Government Decision no. 695 of October 15, 2025, on the Approval of the Methodology for calculating fares for regular road passenger transport services on inter-district and district routes. Online. Available: <https://monitorul.gov.md/ro/monitorul/view/pdf/3174#page=76> Monitorul Oficial of the Republic of Moldova. November 6, 2025, no. 553-556 (10063-10066) p. 76-80. ISSN 2587-389X, e-ISSN 2587-3903.

on March 26, 2026, the Government urgently amended the Methodology⁷, enabling ANTA to approve provisional fares to be applied during the period of fluctuation. As a result, the fare for international and intercity passenger bus transportation recorded an annual increase of 22.34% in April, 19.99% in May, and 22.86% in June 2026.

It should be noted that a similar mechanism was previously applied, during the state of emergency generated by the war in Ukraine, by the Provision of the Commission for Exceptional Situations no. 9 of March 10, 2022⁸.

During the second quarter of 2026, other subcomponents also underwent tariff adjustments.

On March 31, 2026, ANRE approved new regulated electricity prices. Thus, a tariff of bani 395/kWh was set for S.A. "FEE-Nord" S.R.L., and a tariff of bani 356/kWh for Î.C.S. "Premier Energy" S.R.L., approximately 1.25% and 0.84% lower, respectively, than the previous tariffs. The new tariffs entered into force upon the publication of ANRE's decisions in the Monitorul Oficial of the Republic of Moldova on April 2⁹.

At the same time, starting from May 1, 2026, the fare for travel on public transport in Chişinău has increased by 16.67% compared to the previous fare, from MDL 6 to MDL 7, a decision previously announced by Chişinău City Hall in the context of rising fuel prices¹⁰.

In Soroca municipality, on May 11, in accordance with the decision voted on at the Municipal Council meeting, an increase in the waste collection fee was approved. Consequently, for domestic consumers, the charge has risen by 9.75% compared to the previous rate, from MDL 24.40 to MDL 26.78 per person¹¹.

⁷Government Decision no. 142 of March 26, 2026, regarding the amendment of the Methodology for calculating fares for regular road passenger transport services on inter-district and district routes, approved by Government Decision no. 695/2025. Online. Available: <https://gov.md/ro/sedinte-de-guvern/sedinta-guvernului-din-26-martie-2026-ora-1400>. *Monitorul Oficial of the Republic of Moldova*. March 26, 2026, no. 142 (10317) p. 5. ISSN 2587-389X, e-ISSN 2587-3903.

⁸Provision of the Commission for Exceptional Situations of the Republic of Moldova no. 9 of March 10, 2022, point 6. Online. Available: https://old.gov.md/sites/default/files/document/attachments/dispozitie_cse_nr_9_din_10.03.2022_modif_10.11.28.48.50.55.pdf.

⁹ANRE Decision approving regulated prices for the supply of electricity by Î.C.S. "Premier Energy" S.R.L. in the context of the public service obligation regarding the provision of universal service and S.A. "FEE-Nord" S.R.L., no. 222 and no. 224. Online. Available: <https://anre.md/anre-a-aprobat-noi-preturi-reglementate-pentru-energie-electrica-3-1287>. *Monitorul Oficial of the Republic of Moldova*. April 2, 2026, no. 146-147 (10321-10322) p. 65-67, ISSN 2587-389X, e-ISSN 2587-3903.

¹⁰Official website of Chişinău City Hall. *Adjustment of public transport fares*. Online. April 2, 2026. Available: https://www.chisinau.md/ro/ajustarea-tarifului-pentru-calatoria-in-transportul-public-20292_282371.html.

¹¹Decision no. 25/8 of May 11, 2026 of the Soroca Municipal Council regarding the approval of waste collection charges by the Î.M. "DGLC Soroca" and the waste accumulation rate for social, commercial and cultural-communal institutions. Online. Available: https://www.primsoroca.md/uploads/article/Decizie_nr_258_din_11052026_EXUC.pdf.

According to NBS data, the tariff for hot water supply fell by 22.22% in May compared with the previous tariff. The tariff paid by consumers for hot water supply decreased due to the seasonal change in the method of calculating the cost of the service following the end of the heating season¹².

The 13.67% increase in tariffs for funeral services compared with the previous tariff also had an impact on price rises in May 2026. This reflects the substantial 45.93% increase in tariffs in Chişinău.

Further tariff adjustments were noted within the structure of regulated prices, but their impact was minor.

Outlook for the coming period regarding regulated prices

- On 14 July, following its publication in the Monitorul Oficial of the Republic of Moldova, the new water and sewerage tariff came into force in Ungheni. This reflects an increase of 6.92% for water and 0.66% for sewerage¹³;
- At the same time, ANRE has received requests for an increase in the tariff for the provision of public drinking water supply and sewerage services in: Chişinău, Orhei, Edineţ, Soroca¹⁴;
- On July 15, S.A. "Energocom" submitted an application to ANRE on the adjustment of the regulated prices for the supply of natural gas, requesting an increase in the price from MDL 14.42/cubic metre of natural gas, including VAT, to MDL 20.93/cubic metre of natural gas, representing an increase of approximately 45.15%¹⁵. Subsequently, ANRE published the draft decision on the approval of regulated prices for the supply of natural gas by S.A. "Energocom", in which the proposed increase is approximately 40.78%¹⁶;

¹²Government Decision no. 281 of April 17, 2024 approving the Regulation on the provision and payment of municipal and non-municipal services. Online. Available: https://www.legis.md/cautare/getResults?doc_id=151324&lang=ro. *Monitorul Oficial of the Republic of Moldova*. May 31, 2024, No. 236–237 (9174–9175), art. 482. ISSN 2587-398X, E-ISSN 2587-3903.

¹³ANRE Decision no. 415 of July 7, 2026 on the approval of tariffs for auxiliary services provided to consumers by S.R.L. "Apă-Canal Ungheni". Online. Available: https://www.legis.md/cautare/getResults?doc_id=155351&lang=ro. *Monitorul Oficial of the Republic of Moldova*. July 14, 2026, no. 305–308, art. 560, ISSN 2587-389X, E-ISSN 2587-3903.

¹⁴Application for the review and approval of tariffs for the provision of public drinking water supply, sewerage and wastewater treatment services by the Î.M. "Apă-Canal Edineţ". Online. Available: <https://anre.md/proiecte-supuse-approbarii-3-28> published on the official ANRE website on July 17, 2026, and the applications from "Regia Apă-Canal Orhei" S.A., S.A. "Apă-Canal Chişinău" and "Regia Apă-Canal Soroca" S.A. Online. Available: <https://anre.md/consultari-publice-3-27> published on the official ANRE website on June 18, July 13 and July 15 respectively.

¹⁵S.A. "Energocom" application for the review and approval of regulated prices for the supply of natural gas. Online. Available: <https://anre.md/consultari-publice-3-27> published on the official ANRE website on July 16, 2026.

¹⁶Draft decision on the approval of regulated prices for the supply of natural gas by S.A. "Energocom". Online. Available: <https://anre.md/storage/upload/projects/announcements/tmp/phpJtGrP6/Proiect%20Hot%C4%83r%C3%A2re%20--%20RO%20pre%C8%9B%20%20SA%20Energocom.pdf> published on the ANRE official website on July 22, 2026.

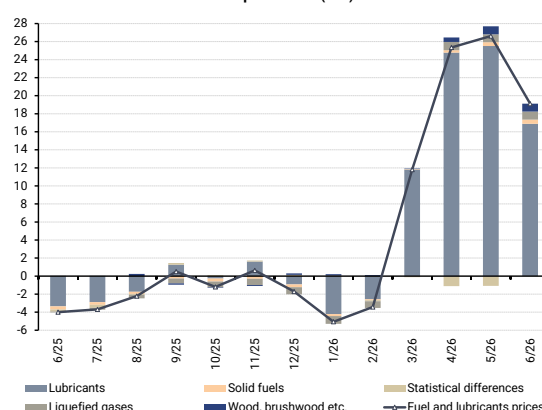
- As of July 1, new tariffs for waste collection, transportation and storage services in Cahul came into force. These will be charged MDL 33.00 or 43.48% more than the previous tariff¹⁷.

Fuel and lubricants prices

The annual rate of fuel and lubricants prices outlined a pronounced upward trajectory in the second quarter of 2026. Thus, the annual rate of fuel and lubricants prices increased from 11.81% in March 2026 to 25.35% in April 2026, after which it dropped to 19.12% in the last month of the second quarter of 2026. These developments were mainly driven by the influence of "lubricants" prices. The average annual rate of fuel and lubricants prices in the second quarter of 2026 was 23.70%, being 22.59 percentage points higher than in the first quarter of 2026 (Chart 1.8). After the negative impact in the first two months of the year, during the period April-June 2026, "lubricants" prices determined a pronounced positive impact on the annual rate of fuel and lubricants prices, generated by the dynamics of gasoline and diesel prices set by PECO stations during the second quarter of 2026. These developments were driven by the average Platts prices for gasoline and diesel, which stood at an average of approximately MDL 18,278.1/tonne and MDL 20,517.4/tonne respectively in the second quarter of 2026. Thus, the average Platts prices for gasoline rose by approximately 46.5%, and the average Platts prices for diesel by approximately 51.6% compared with the first quarter of 2026 (Chart 1.9). The rise in the aforementioned prices was driven by the upward trend in the price of Brent crude oil (from USD 80.5/barrel in the first quarter of 2026 to USD 104.5/barrel in the second quarter of 2026), caused by the conflict in the Middle East.

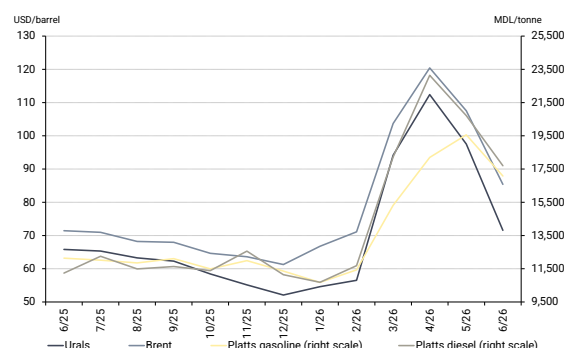
During the first quarter of 2026, prices for "solid fuels", "liquefied gases" and "wood, brushwood etc." had a positive impact on the annual rate of fuel and lubricants prices.

Chart 1.8: Contribution of components (percentage points) to the annual increase in fuel and lubricants prices (%)



Source: NBS, NBM calculations

Chart 1.9: Evolution of average Platts quotations and Urals and Brent oil prices



Source: ANRE, NBM calculations

¹⁷Official website of the Cahul City Hall. *Decision on the adjustment of tariffs for public municipal services provided/rendered by the Î.M. Cahul Municipal Housing Authority Online.* Available: https://primariacahul.md/images/docs/proiecte-de-decizii/5-Cu_privire_la_ajustarea_tarifelor_pentru_serviciile_publice_de_IMGCL_Cahul.pdf.

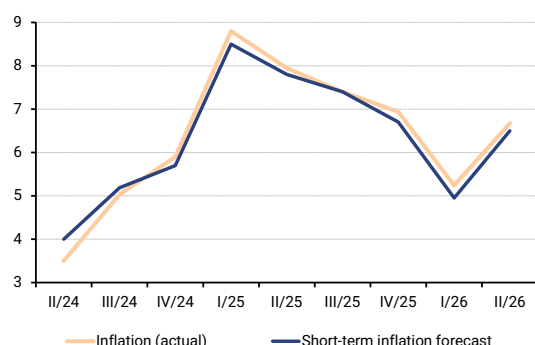
Table 1.1: Evolution and forecast for the CPI and its components

	De facto (%)	Forecast* May, 2026 (%)	Deviation (p.p.)
	Q II, 26/ Q II, 25	Q II, 26/ Q II, 25	Q II, 26/ Q II, 25
CPI	6.68	6.50	0.18
Core inflation	5.16	5.20	-0.04
Food prices	5.90	5.80	0.10
Regulated prices	5.28	3.70	1.58
Fuel prices	23.70	25.80	-2.10

Source: NBS, NBM calculations

* Forecast from the Inflation Report, May 2026

Chart 1.10: Annual CPI rate (%)



Source: NBS, NBM

1.2 Inflation developments and assessment of the short-term forecast from the Inflation Report, May 2026

In the forecast round for the Inflation Report, May 2026, an upward trajectory for the annual CPI rate was anticipated in April, reaching 6.39%, followed by an acceleration to 6.61% in May and a figure of 6.52% in June 2026. At the same time, for the second quarter of 2026, an average figure of around 6.50% was projected¹⁸.

In the second quarter of 2026, the average annual inflation rate was 6.68%, being 0.18 percentage points higher than that anticipated in the forecast in the Inflation Report, May 2026 (Table 1.1). This deviation was primarily driven by a more pronounced-than-expected trend in regulated prices, against the backdrop of a more significant-than-expected impact of higher fuel prices on transport prices. In this regard, the annual rate of regulated prices stood at 5.28% in the second quarter of 2026, 1.58 percentage points higher than that in the Inflation Report, May 2026. Meanwhile, a minor positive deviation was recorded for the forecast of food prices. Thus, the annual rate for food prices stood at 5.90%, 0.10 percentage points higher than anticipated. On the other hand, the positive deviation was slightly offset by the negative deviation recorded for the forecast of fuel and lubricants prices and for core inflation. Consequently, the average annual rate of fuel and lubricants prices in the second quarter of 2026 stood at 23.70%, 2.10 percentage points lower than anticipated. At the same time, the annual rate of core inflation stood at 5.16%, 0.04 percentage points lower than that forecast in the Inflation Report, May 2026.

1.3 Industrial production prices

In the second quarter of 2026, the annual rate of producer prices in industry recorded an average level of 0.2%, being 2.1 percentage points lower than in the previous quarter.

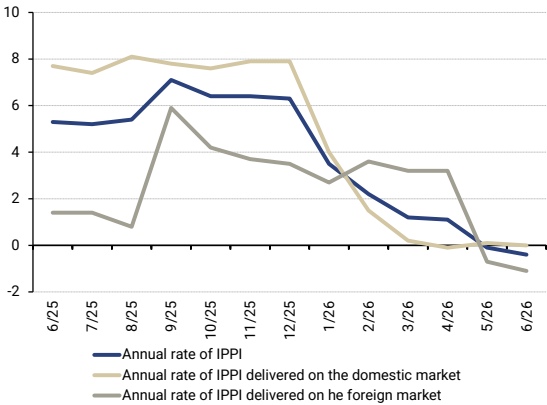
In terms of structure, during the second quarter of 2026, the annual rate of prices for products delivered on the domestic market had a relatively

¹⁸Given the more pronounced volatility of monthly values, as well as potential measurement errors, which, under normal circumstances, should not influence monetary policy decisions, the short-term inflation forecast is issued on a quarterly basis. This value is an input for the medium-term inflation projection, which is also published quarterly and serves as the basis for monetary policy decisions. At the same time, it is reported in the Inflation Reports. However, as the NBS releases monthly CPI data throughout the quarter, these figures are analysed and compared with the short-term forecast for the entire quarter to assess whether the main assumptions are holding true or whether there is a risk of significant deviations from the forecast. Therefore, any discrepancies between the actual data available for the months within the quarter and the short-term inflation forecast should be interpreted accordingly, taking into account the assumptions and expectations for the remaining months of the quarter.

stable trajectory, remaining close to zero, and that related to products delivered to the foreign market decreased significantly, entering the negative level in the last two months of the quarter (Chart 1.11).

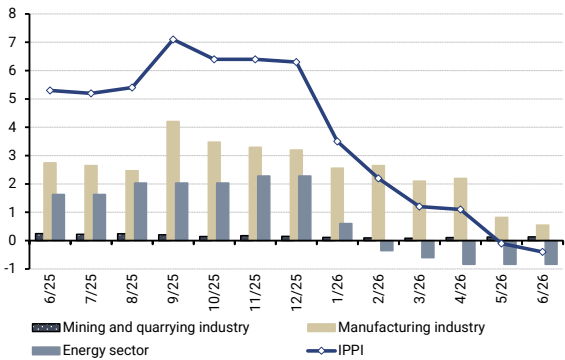
Analysing the evolution of the annual rate of producer prices in industry by main branches, it shows that its moderation was supported by developments in the energy sector and the manufacturing industry (Chart 1.12). In the second quarter of 2026, the annual rate of prices in the manufacturing sector stood at an average of 1.3%, or by 1.4 percentage points lower than in the previous quarter. The fall in the annual rate of prices in the manufacturing sector mainly mirrors a favourable base effect, driven by the sharp monthly rise in prices in the manufacture of motor vehicles, trailers and semi-trailers¹⁹ in May 2025. At the same time, the annual rate of prices in the energy sector stood at -12.8%, 11.0 percentage points lower than in the first quarter of 2026. In the second quarter of 2026, prices in the mining and quarrying sector rose by 6.5% year-on-year, making a minor contribution to the overall price trend in industry.

Chart 1.11: Annual industrial prices rate (%)



Source: NBS

Chart 1.12: Annual industrial prices rate (%) and its components contribution classified by main branches (percentage points)



Source: NBS, NBM calculations

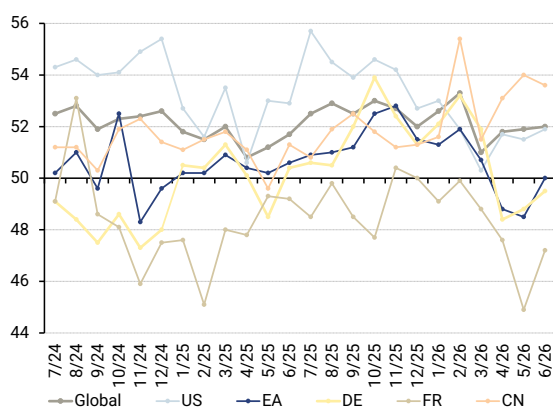
¹⁹Products supplied exclusively to the external market.

Chapter 2

External environment

Geopolitical tensions in the Middle East have affected the global economy by increasing energy costs and worsening economic sentiment among consumers and businesses. The intensification of inflationary pressures was mirrored in the increase in the global inflation rate (by about 4 percentage points during the period February-April 2026 compared to the same period of the previous year)²⁰. In this context, several central banks, including the ECB, have raised their policy interest rates to counter risks to price stability. In June 2026, the ECB raised its key interest rates by 25 basis points, marking the first increase since September 2023. At its June meeting, for the fourth consecutive session, the Fed kept its target range for the federal funds rate at 3.50-3.75%, while also signalling increased concern about rising inflationary risks. In the euro area, GDP stagnated in the first quarter of 2026, and annual inflation fell to 2.8% in June, down from 3.2% in May. Following the depreciation in April, triggered by the ceasefire between the USA and Iran, which was subsequently violated, the US dollar appreciated against the euro, reflecting expectations of a more restrictive monetary policy by the Fed, the US lower exposure to the energy shock, and the dollar's role as a safe-haven asset. Following the oil crisis of recent months, flows through the Strait of Hormuz were restored for a short period, and global oil supply recovered modestly, reaching 98.8 million barrels/day in June. However, world production remained approximately 9.4 million barrels/day below the pre-conflict level. The average monthly price of Brent oil (spot) was USD 85.4/barrel in June. On the European natural gas market, average monthly Dutch TTF quotations (the contract with the closest maturity) fell in June to around EUR 45/MWh, and then, in the first two decades of July, rose again, exceeding EUR 50/MWh, amid geopolitical tensions and low European stocks. At the same time, World Bank data show that in June the energy index fell by 17.7% compared to May, driven by a 20.6% drop in the price of Brent oil, and fertilizer prices fell by 21.8%.

Chart 2.1: Developments of composite PMI indexes



Source: S&P Global

2.1 World economy, financial and commodities markets

Composite PMI indexes reported that global economic activity expanded in June to its highest level in four months (Chart 2.1). Manufacturing industry growth slowed slightly to its lowest level in three months, while the services sector improved to its best level since February. China has ranked among the countries with the fastest economic growth. Furthermore, the dynamics of economic activity in the US remains robust. By comparison, economic performance across European economies was less favorable. In the euro area, output stabilized, as contractions in the two largest economies, Germany and France, were offset by expansions in Italy, Spain, and Ireland ²¹.

²⁰INTERNATIONAL MONETARY FUND. *World Economic Outlook Update, Global Economy in Crosscurrents of War and Technology*. Online. (July 8, 2026). Available: <https://www.imf.org/-/media/files/publications/weo/2026/update/july/english/text.pdf>.

²¹S&P GLOBAL. *J.P. Morgan Global Composite PMI, June 2026*. Online. (July 6, 2026). Available: <https://www.pmi.spglobal.com/Public/Home/PressRelease/7778bdfcbcb15467b980ead3bfce1aa1c>.

PMI indexes for the manufacturing sector in countries across the region showed that the war in the Middle East remains the main factor of uncertainty for companies, negatively affecting new orders, production, and business outlook (Chart 2.2). In Romania, the index rose slightly in June, marking the fourth consecutive month of improvement from the historic low in February and reaching the highest value this year. In the absence of an increase in the number and volume of orders, production and the workforce were reduced again, but to the smallest extent in the last 9 and 12 months, respectively²². Poland's manufacturing recession deepened in June, driven by a sharper decline in new orders. The PMI index recorded its biggest monthly decline since mid-2022, and the output contraction was the most severe in almost a year. At the same time, unsold goods inventories rose at the fastest pace in 21 months and inflationary pressures eased²³. After positive signs in May, Türkiye's manufacturing sector recorded a further decline in production in June amid subdued new orders²⁴.

The **US dollar** continued its appreciation trend, supported by safe-haven demand amid the fragile ceasefire between the US and Iran (Chart 2.3). The US dollar recorded the best performance among the major currencies since the beginning of the first half of this year, with the US dollar index (DXY) rising by around 4% in June 2026 compared with the level recorded in the first month of the year. At its meeting on June 16-17, 2026, the Fed maintained its target range for the interest rate at 3.50-3.75%, whilst the new chairman, Kevin Warsh, announced the formation of five working groups to review key areas for the formulation and implementation of monetary policy²⁵. The resilience of the US economy, supported by the expansion of investments in artificial intelligence, as well as the intensification of geopolitical tensions in the Middle East, supported investors' expectations regarding the maintenance of a high level of interest rates, diminishing the prospects of their reductions in the short term.

The **single European currency** has depreciated against the backdrop of more favourable economic growth prospects in the US compared with the euro area, as well as investors' preference for safe-haven assets amid mounting uncertainties, with the US dollar continuing to play a dominant role in this category (Chart 2.4). Against a backdrop of escalating tensions in the energy markets, triggered by the breach of the ceasefire between the USA and Iran in April, the ECB raised its key interest rates, becoming the first major central bank to take such a step in June 2026. Thus, at its meeting on June 10-11, 2026, the ECB raised its key interest

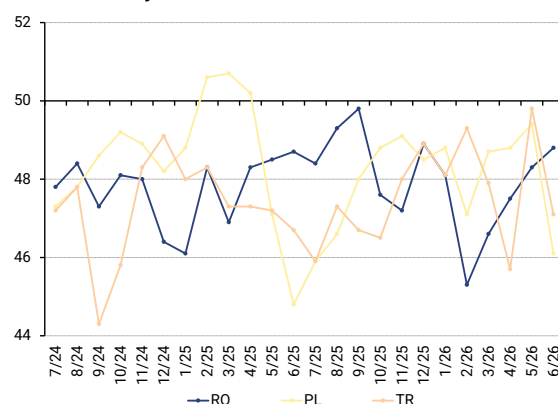
²²S&P GLOBAL. *BCR PMI@ Romanian Manufacturing Index Report, June 2026*. Online. (July 1, 2026). Available: <https://www.pmi.spglobal.com/Public/Home/PressRelease/b2522b91d96c4ee48a22c8c4dba797b7>.

²³S&P GLOBAL. *Poland Manufacturing PMI, June 2026*. Online. (July 1, 2026). Available: <https://www.pmi.spglobal.com/Public/Home/PressRelease/a3bd50c46dc74c579da04db3e572ad1f>.

²⁴S&P GLOBAL. *Istanbul Chamber of Industry Türkiye PMI Manufacturing Index, March 2026*. Online. (July 1, 2026). Available: <https://www.pmi.spglobal.com/Public/Home/PressRelease/3277f9dbb9cf4bae938c7e3aad9a7d4e>.

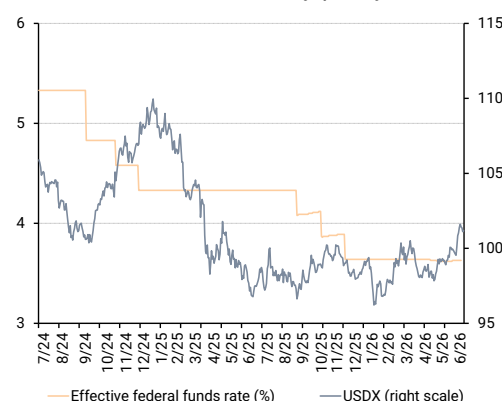
²⁵THE FEDERAL RESERVE SYSTEM. *Chairman's Task Forces for Advancing Monetary Policy*. Online. (July 9, 2026). Available: <https://www.federalreserve.gov/monetarypolicy/task-forces.htm>.

Chart 2.2: Evolution of PMI indexes for the manufacturing industry in Romania, Poland, and Türkiye



Source: S&P Global

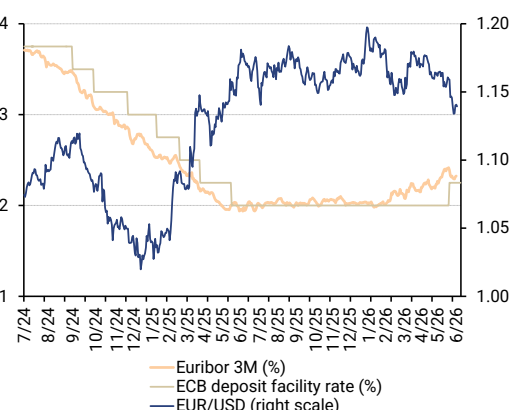
Chart 2.3: Evolution of USD index (DXY*) in the context of the Fed monetary policy



Source: Fed, Yahoo finance

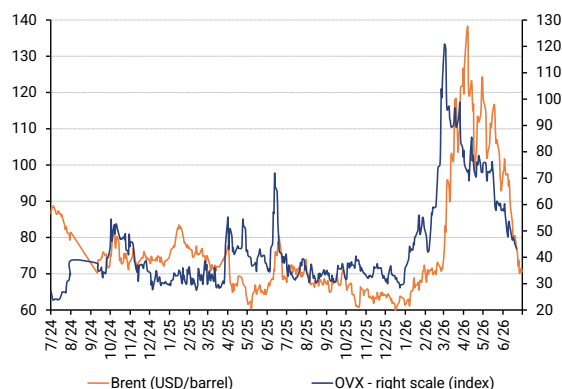
*DXY is an index calculated by the weighted geometric average of the value of the US dollar against a basket of currencies: euro – 57.6%, Japanese yen – 13.6%, Pound sterling – 11.9%, Canadian dollar – 9.1%, Swedish krona – 4.2%, Swiss franc – 3.6%

Chart 2.4: Developments of EUR/USD (daily) and interest rates in the euro area



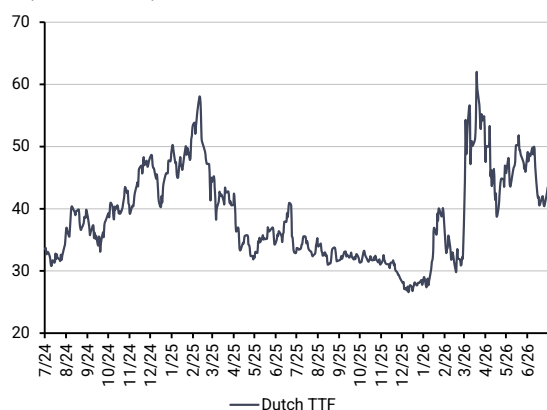
Source: ECB, Central Bank of Finland

Chart 2.5: Oil market



Source: U.S. Energy Information Administration, CBOE (OVX)
 Note: CBOE – Chicago Board Options Exchange
 OVX – Crude Oil Volatility Index

Chart 2.6: Natural gas price developments (euro/MWh)



Source: Yahoo finance

rates by 25 basis points, for the first time since September 2023. The euro area economy felt the effects of the energy shocks associated with the war in the Middle East more acutely than the US, recording a slight fall in GDP in the first quarter compared with the previous quarter. At the same time, rising inflation has prompted the ECB to revise downwards its economic growth forecasts for the period 2026-2028.

Recently, the oil market (Chart 2.5) has moved from an acute supply crisis to a fragile recovery. According to the International Energy Agency's report, global oil supply rose by 4.1 million barrels/day in June, to 98.8 million barrels/day, following the partial resumption of flows through the Strait of Hormuz. However, global production remained some 9.4 million barrels/day below pre-conflict levels (108.2 million barrels/day). Global oil stocks rose in June for the first time in four months (by around 21 million barrels), amid a significant increase in the volume of oil transported by sea, which more than offset the ongoing drawdowns from onshore storage facilities. Following a fall of 73 million barrels in May, total stocks in OECD countries fell by a further 62 million barrels in June, of which approximately 44 million barrels came from government reserves. However, **Brent** crude oil prices saw a significant correction in June²⁶. Thus, they fell from USD 107.5/barrel to USD 85.4/barrel compared to the previous month, amid the resumption of oil traffic in the Gulf and expectations of a possible supply surplus. Overall, risks for energy-importing economies have moderated compared to the peak in March-May, but remain elevated amid military escalation and logistical blockages in the Middle East.

The **Dutch TTF** prices (Chart 2.6) have remained volatile in recent months, reflecting both the partial recovery of energy flows and persistent geopolitical risks. Natural gas storage capacity in Europe is currently less than 54% full, compared with a five-year average of 63.8%. Natural gas prices have reached their highest level in the last four months, against the backdrop of the escalating conflict in the Middle East, which is fuelling fears of a supply shortage this winter, approaching the highs recorded at the beginning of the conflict between the US and Iran²⁷. Consequently, the average monthly Dutch TTF prices (the contract with the nearest expiry date) fell in June to around EUR 45/MWh, before rising again in the first two decades of July, exceeding EUR 50/MWh. The most recent sharp price increases have fuelled concerns that the unrest in the Middle East will have a lasting impact on prices in the energy markets, particularly given that Washington and Tehran are threatening to impose "taxes" or "duties" on maritime traffic. The seemingly random nature of the continuous opening and closing of the Strait of Hormuz simply means that it is no longer a reliable delivery route for the global supply of LNG²⁸.

²⁶THE INTERNATIONAL ENERGY AGENCY. *Oil Market Report - July 2026*. Online. (July 10, 2026). Available: <https://www.iea.org/reports/oil-market-report-july-2026>.

²⁷THE GUARDIAN. *European gas prices surge amid fears US-Iran war will cause winter shortages*. Online. (July 20, 2026). Available: <https://www.theguardian.com/business/2026/jul/20/european-gas-prices-high-us-iran-war-supply-shortages-oil-price>.

²⁸POLITICO. *Natural gas prices surge as violence in Middle East flares again*. Online. (July 21, 2026). Available: <https://www.politico.eu/article/natural-gas-prices-surge-as-violence-in-middle-east-flares-again/>.

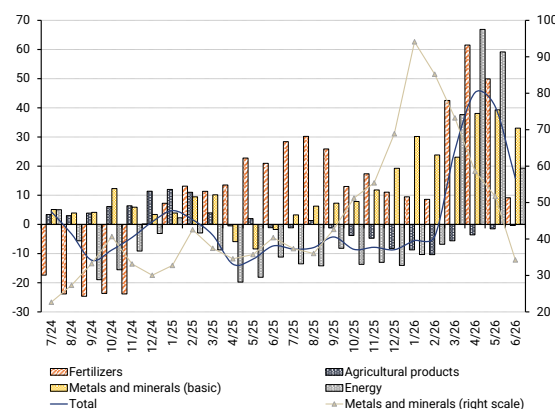
World price indexes of commodities (Chart 2.7) fell sharply in June following the rises seen in the spring. According to the World Bank's monthly data, the energy price index fell by 17.7% in June compared with May, mainly as a result of a 20.6% drop in the price of Brent crude oil. The non-energy commodities index fell by 3.2%, whilst agricultural prices dropped by 1.7%. The sharpest monthly fall was recorded for fertilisers, where prices fell by 21.8%, indicating a significant easing of supply constraints and/or lower demand from the agricultural sector. Metal prices fell by 2.4%, mainly due to lower prices for nickel and aluminium. This trend points to a slowdown in industrial activity, with more moderate prospects for metal-consuming sectors. Precious metal prices fell by 9.2% (silver and platinum, in particular, recorded significant declines, which may reflect reduced demand for safe-haven assets and investors' reassessment of the economic and financial outlook)²⁹. However, despite the positive signs observed in June, the annual outlook remains fragile, as these indicate a temporary easing of the shock rather than a full normalisation of the commodity markets.

World average food prices fell slightly in June 2026 compared with the previous month, with lower prices for cereals, sugar and dairy products offsetting higher prices for vegetable oils and meat. The FAO index averaged 130.3 points in June 2026, equivalent to a 1.7% increase compared with the same month last year, but remained 18.7% below the peak reached in March 2022 (Chart 2.8). Prices for wheat and corn fell against a backdrop of prospects for ample stocks, the appreciation of the US dollar and lower energy prices as tensions surrounding the Strait of Hormuz eased. The rise in palm oil and rapeseed prices was supported by higher demand for biofuels. Poultry prices have risen due to high global import demand and temporary supply constraints in Brazil, following production adjustments after a period of oversupply. Meanwhile, pork prices have continued to fall against a backdrop of ample stocks in the EU. Beef prices also fell slightly, reflecting expectations of higher exports from Australia in the third quarter. The fall in dairy prices was driven by higher export supply relative to global import demand. Sugar prices fell as a result of lower ethanol prices in Brazil, which contributed to a greater allocation of sugarcane to sugar production. At the same time, persistent concerns regarding the potential impact of El Niño on sugar production in India and Thailand played a significant role in tempering the fall in sugar prices³⁰.

2.2 Evolution in major economies

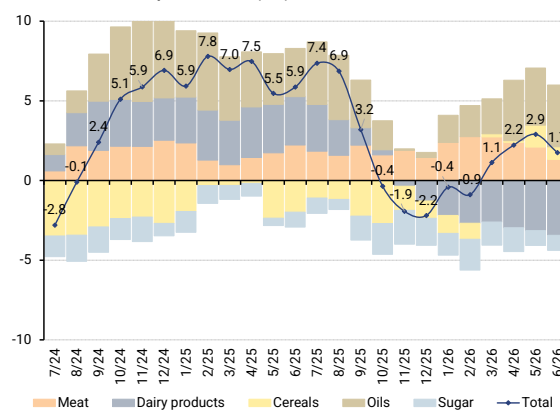
In the first quarter of 2026, the economy of the **United States of America** stood out for its resilient growth, with gross domestic product rising by 2.1% compared with the same period the previous year. Economic

Chart 2.7: The annual growth rate of world price indexes (%)

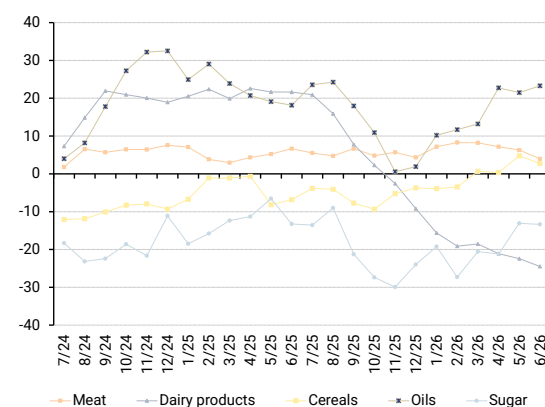


Source: World Bank, NBM calculations

Chart 2.8: The annual growth rate of world food price indexes (FAO index, %). Annual rhythms of the components (%)



Source: FAO, NBM calculations



Source: FAO, NBM calculations

²⁹WORLD BANK GROUP BLOGS. *Commodity prices declined in June – Pink Sheet*. Online. (July 8, 2026). Available: <https://blogs.worldbank.org/en/opendata/commodity-prices-declined-in-june-pink-sheet>.

³⁰FAO. *FAO Food Price Index little changed amid mixed commodity price trends*. Online. (July 3, 2026). Available: <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>.

expansion was supported by favourable contributions from investment in artificial intelligence, exports, consumer demand and the recovery in government spending following the end of the government shutdown in October-November 2025. In June 2026, industrial output rose by 1.1% compared with the same month of the previous year, driven by positive dynamic in the extractive sector. The services sector recorded its strongest expansion since the start of the conflict in the Middle East, a trend supported by rising domestic demand and an increase in new orders, against the backdrop of the favourable effects generated by the FIFA World Cup, co-hosted by the US, Canada and Mexico. The unemployment rate fell to 4.2% in June, from 4.3% in May. The labour market saw a significant contraction in the labour force in June. The number of active people fell by about 720,000, pushing the labour force participation rate to fall to its lowest level in more than five years. Keeping layoffs at historically low levels, the main factor supporting employment growth³¹. The annual inflation rate fell to 3.5% in June 2026, from 4.2% in May, for the first time in six months, against a backdrop of lower energy costs.

The economic situation in the **euro area** remains uncertain against the backdrop of the war in the Middle East, the closure of the Strait of Hormuz and high volatility in oil prices. According to ECB experts, the conflict in the Middle East and its impact on energy markets represent a major source of uncertainty regarding economic growth and inflation trends in the euro area³². According to Eurostat data, the euro area economy stagnated in the first quarter of 2026 compared with the fourth quarter of 2025, following a growth of 0.2%, whilst compared with the same quarter of 2025, GDP rose by 0.5%, confirming a slowdown compared with the end of the previous year. Annual inflation fell to 2.8% in June 2026, from 3.2% in May. Energy remained the component with the highest annual increase, at 8.5% in June, but below the 10.8% recorded in May. The unemployment rate in the euro area stood at 6.2% in May 2026. This low level of unemployment reflects the resilience of the labour market and the economy's ability to absorb the available labour force. In this regard, the labour market continues to be a stabilising factor for the euro area economy, limiting the risk of a sharp deterioration in domestic demand. Industrial activity remained weak, in May industrial production fell by 0.2% compared with April, whilst the trade balance in goods recorded a deficit of around EUR 5 billion in May 2026, compared with EUR 836 million in April 2026. This decline was mainly driven by the widening of the energy deficit and the decline in the surplus of machinery and vehicles, as well as chemicals and related products.

In the first quarter of 2026, **Germany's** gross domestic product rose by 0.3% compared with the same period of the previous year. Economic growth was driven mainly by the favourable performance of exports of goods and services, which returned to an upward trajectory following

³¹ REUTERS. *US job growth slows sharply in June; labour force participation rate at more than 5-year low*. Online. (July 2, 2026). Available: <https://www.reuters.com/world/us/us-job-growth-misses-expectations-june-unemployment-rate-falls-42-2026-07-02/>.

³² EUROPEAN CENTRAL BANK. *Eurosystem staff macroeconomic projections for the euro area, June 2026*. Online. (June 2026). Available: https://www.ecb.europa.eu/press/projections/html/ecb.projections202606_eurosystemstaff~a495110f8d.en.html.

the contraction recorded in the final quarter of 2025, as well as by an increase in government spending. In May 2026, industrial output rose by 0.9% compared with the previous month, driven by increased activity in the automotive industry and the construction sector. The annual inflation rate fell to 2.4% in June, the lowest level since February, from 2.7% in May 2026. The moderation in price growth was mainly due to easing pressure from the energy component and reflects both developments in the oil market and the impact of the temporary reduction in fuel tax, a measure implemented from May 1, 2026 and valid until the end of June 2026. In May, the unemployment rate remained unchanged compared with the previous month and stood at 3.8%.

The economy of **France** in the first quarter of 2026 recorded a slight contraction. GDP for the first quarter of 2026 fell by 0.1% compared with the previous quarter. Household consumption in the first quarter of 2026 recorded a moderate fall of 0.2% compared with the previous quarter. Consumption of goods rose by 0.5% compared with the previous quarter³³. The unemployment rate was 8.2% in May 2026, and annual inflation was 2.0% in June. Industrial production fell by 0.1% in May. The business environment index for all sectors stood at 94 points in June, well below its average level of 100³⁴. Against this backdrop, the French economy is being affected by weak domestic demand, moderate levels of investment and energy uncertainty. The trade balance for May 2026 showed a deficit of around EUR 11 billion. Exports in May 2026 recorded a 3.6% decline compared to April 2026, whilst the growth rate compared with the same period the previous year stood at just 1.3%. In contrast to exports, imports registered a 0.9% increase in May 2026 compared to the previous month, and the increase compared to May 2025 was 1.7%.

In the first quarter of 2026, **Italy's** gross domestic product grew by 0.8% compared with the same period the previous year. Economic growth was driven by exports of goods and services, boosted by the 2026 Winter Olympics, as well as by investment and household consumption. In May, industrial production fell by 0.3% compared with the previous month, following three consecutive months of growth. In June 2026, HICP inflation fell to 3.0%, from 3.2% in the previous month. The rise in energy prices, driven by the war in the Middle East, had an impact on the costs of electricity and natural gas borne by consumers. In this context, the government intervened, including by temporarily reducing excise duties on fuels, with a view to limiting inflationary pressures arising from the energy sector. According to preliminary data, the unemployment rate continued to fall, reaching 5.0% in May, the lowest level recorded since the statistical series began in 2004.

In **China**, official data for the first half of 2026 indicate a gradual moderation after a solid start of the year. GDP in the second quarter of 2026 increased by 4.3% compared to the same period in 2025 and by

³³THE NATIONAL INSTITUTE OF STATISTICS AND ECONOMIC STUDIES. *Quarterly national accounts - detailed figures - first quarter 2026*. Online. (May 29, 2026). Available: <https://www.insee.fr/en/statistiques/8999349>.

³⁴THE NATIONAL INSTITUTE OF STATISTICS AND ECONOMIC STUDIES. *Business indicator - June 2026*. Online. (June 23, 2026). Available: <https://www.insee.fr/en/statistiques/9012069>.

0.9% compared to the previous quarter of 2026³⁵. In June 2026, industrial production increased by 5.3% compared to the same period of the previous year and by 0.8% compared to the previous month³⁶. In June 2026, total retail sales of consumer goods increased by 1.0% compared to the same period of the previous year and by 0.4% compared to the previous month³⁷. Industrial production grew by 5.4% in the first half of the year (compared with the first half of 2025), whilst retail sales of goods and services increased by 2.7% over the same period, signalling a moderate recovery in consumption. In the second quarter of 2026, the total value of foreign trade rose by 18.4% compared with the same period of the previous year, marking the highest quarterly increase recorded since the third quarter of 2021. In June 2026, the value of trade rose by 24.2% compared with the same period the previous year, marking 17 consecutive months of growth. Trade with countries participating in the “Belt and Road” initiative for the same period rose by 14.8%, accounting for 50.9% of total foreign trade. Trade with neighbouring countries rose by 20.6%, whilst trade with Latin America, Africa and the EU increased by 16.2%, 19.6% and 10.2% respectively. Trade with Central and Eastern European countries also rose by 11% in the first half of the year, extending the run of 10 consecutive years of growth³⁸. In June 2026, the urban unemployment rate dropped to 5.0%³⁹, and the consumer price index increased by 1.0% compared to the same period of the previous year⁴⁰. The Chinese economy is still supported by industry, exports and technology sectors, but domestic consumption and the real estate sector remain sources of uncertainty.

³⁵NATIONAL BUREAU OF STATISTICS OF CHINA. *Preliminary Accounting Results of GDP for the Second Quarter and the First Half of 2026*. Online. (July 17, 2026). Available: https://www.stats.gov.cn/english/PressRelease/202607/t20260717_1964160.html.

³⁶NATIONAL BUREAU OF STATISTICS OF CHINA. *Industrial Production Operation in June 2026*. Online. (July 16, 2026). Available: https://www.stats.gov.cn/english/PressRelease/202607/t20260717_1964159.html.

³⁷THE STATE COUNCIL OF THE PEOPLE'S REPUBLIC OF CHINA. *China's retail sales of goods, services up 2.7 pct in first half of 2026*. Online. (July 15, 2026). Available: https://english.www.gov.cn/archive/statistics/202607/15/content_WS6a572b59c6d00ca5f9a0c34d.html.

³⁸THE STATE COUNCIL OF THE PEOPLE'S REPUBLIC OF CHINA. *China's H1 foreign trade posts 16.9 pct growth with optimized structure*. Online. (July 14, 2026). Available: https://english.www.gov.cn/archive/statistics/202607/14/content_WS6a55c183c6d00ca5f9a0c2da.html.

³⁹THE STATE COUNCIL OF THE PEOPLE'S REPUBLIC OF CHINA. *National economy operated within an appropriate range with new growth drivers developing rapidly in the first half year*. Online. (July 15, 2026). Available: https://english.www.gov.cn/archive/statistics/202607/15/content_WS6a56fa3dc6d00ca5f9a0c32a.html.

⁴⁰NATIONAL BUREAU OF STATISTICS OF CHINA. *Consumer Price Index in June 2026*. Online. (July 10, 2026). Available: https://www.stats.gov.cn/english/PressRelease/202607/t20260710_1964094.html.

2.3 Economic evolution in neighbouring countries and main trading partners

In the first quarter of 2026, **Romania's** gross domestic product fell by 1.2% on a gross basis and by 1.1% on a seasonally adjusted basis, compared with the same quarter of 2025. The main positive contributions to GDP growth came from the construction and investment sectors, whilst the most significant negative contributions came from trade, transport, information and communication. In May 2026, industrial production fell by 2.7% on a seasonally adjusted basis compared with the previous month, driven by declines in the manufacturing industry, the mining industry, and the production and supply of electricity, heat, gas, hot water and air conditioning. The annual inflation rate in June 2026 fell slightly to 10.4%, from 10.9% the previous month, remaining at a high level. Romania recorded the highest annual inflation rate among the Member States of the European Union. The labour market continues to feel the effects of the slowdown in economic growth. In May, the unemployment rate stood at 6.4%, up by 0.1 percentage points compared with April. In the first six months of 2026, the budget deficit fell to 2.0% of GDP, from 3.64% of GDP in the same period of the previous year, marking one of the most significant budgetary adjustments in recent years. Meanwhile, the budget deficit remains high by European standards, Romania recording a deficit of 7.9% of GDP in 2025, the highest in the EU. In order to continue the process of fiscal consolidation, the efficient absorption and use of European funds under the National Recovery and Resilience Plan (NRRP) will play a decisive role (the amount remaining to be absorbed stands at approximately EUR 8.4 billion). Prospects in this regard have been affected by the domestic political context, given that access to financial resources is conditional upon the adoption, in accordance with a strict timetable, of the agreed reforms by the end of August 2026.

In the first quarter of 2026, **Poland's** gross domestic product grew by 3.5% in annual terms, with the pace of economic expansion moderating from the 3.7% recorded in the previous quarter. Economic growth was driven mainly by domestic demand and investment. The contribution of the external sector to GDP growth remained broadly neutral. In May, retail sales, industrial production and construction activity recorded positive annual growth rates. In June 2026, the annual inflation rate fell to 2.5%, from 3.1% in May, against a backdrop of falling fuel and food prices. In May, the unemployment rate rose slightly to 3.1%, after having remained at 3.0% over the previous four months. In May 2026, the rating agency S&P maintained Poland's rating with a stable outlook. The rating affirmation reflects the resilience of the economy, underpinned by EU-funded investment and robust domestic demand. Despite external risks, including geopolitical tensions and weaker demand from the euro area, the country has maintained one of the fastest rates of GDP growth per capita amongst developed economies.

At the same time, the public finance outlook remains marked by vulnerabilities, with net public debt projected to reach a level close to

70% of GDP by 2029, as a result of maintaining high spending in the fields of social protection and defence⁴¹.

In **Türkiye**, the GDP grew by 2.8% annually in the first quarter of 2026. Household consumption increased by 4.8% and gross fixed capital formation by 3.0%, but exports of goods and services decreased by 12.7% and imports by 2.0%. On the manufacturing side, industry contracted by 0.8%, while information and communication activities increased by 9.5%⁴². Data published in July show that annual inflation fell insignificantly to 32.11% in June, from 32.61% in May, and the unemployment rate for May was 8.2%⁴³. Thus, the Turkish economy continues to grow, but at a slower pace, amid high inflation and the negative contribution of the external sector.

The economy of **Ukraine** continued to operate in a fragile equilibrium, heavily dependent on external financial support and the resilience of the private sector in the context of the war. In the first quarter of 2026, GDP contracted by 0.6% compared with the same period of the previous year and by 0.7% compared with the previous quarter⁴⁴. The decline was mainly driven by attacks on energy infrastructure, which affected electricity production, transportation and industrial activity. In June 2026, annual inflation decreased to 7.2% from 8.2% in May⁴⁵. At the same time, the National Bank of Ukraine maintained the monetary policy rate at 15.0%. The economic environment will depend on the security of energy infrastructure, external assistance, and the evolution of the conflict.

⁴¹MINISTRY OF FINANCE OF THE REPUBLIC OF POLAND. *S&P rating agency affirmed Poland's credit rating*. Online. (May 10, 2026). Available: <https://www.gov.pl/web/finance/sp-rating-agency-affirmed-polands-credit-rating10>.

⁴²TURKISH STATISTICAL INSTITUTE. *Quarterly Gross Domestic Product, Quarter I: January-March 2026*. Online. (June 1, 2026). Available: <https://veriportali.tuik.gov.tr/en/press/58213>.

⁴³TURKISH STATISTICAL INSTITUTE. *Consumer Price Index, June 2026*. Online. (July 3, 2026). Available: <https://veriportali.tuik.gov.tr/en/press/58289>.

⁴⁴UKRSTAT. *The preliminary estimate of the GDP for Q I, 2026*. Online. (June 11, 2026). Available: <https://stat.gov.ua/en/news/preliminary-estimate-gdp-q-i-2026-was-made>.

⁴⁵UKRSTAT. *Main indicators*. Online. (July 9, 2026). Available: <https://stat.gov.ua/en/publications/main-indicators>.

Chapter 3

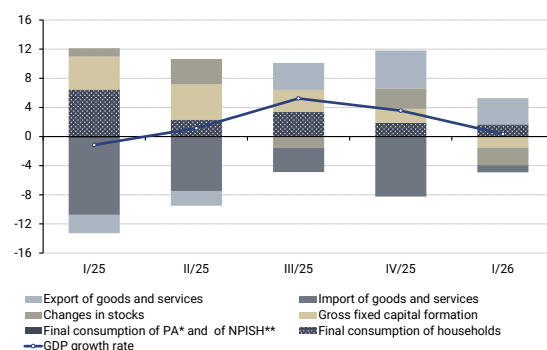
Economic developments

3.1 Demand

In the first quarter of 2026, the annual GDP growth rate slowed significantly, following the acceleration seen in the second half of 2025. Consequently, between January-March 2026, GDP rose by just 0.4% compared with the same period in 2025. Economic developments in the first quarter of 2026, compared with the first quarter of 2025, was driven by the positive impact of external demand against the backdrop of the previous year's bountiful harvest, as well as by domestic demand from the households in the context of rising real incomes. The decline in investment considerably dampened this effect. At the same time, it is worth noting the positive impact on GDP growth from industry, trade and transportation. This was offset by developments in the information and communication sector, real estate activities and construction. Meanwhile, the seasonally adjusted series shows a 1.2% contraction in GDP compared with the fourth quarter of 2025. In the second quarter of 2026, the annual growth rate of turnover in retail and wholesale trade, as well as the annual growth rate of industrial production, accelerated significantly, paving the way for stronger annual GDP growth than that seen at the beginning of this year.

From uses perspective, in the first quarter of 2026, final consumption of households continued the positive trend observed in previous periods, this time recording an increase of just 1.8% compared with the first quarter of 2025, thereby contributing 1.6 percentage points to GDP growth (Chart 3.1). In the first quarter of 2026, final consumption of public administration increased by 1.0% compared to the same period of the previous year. Investments generated a negative contribution of 3.9 percentage points to GDP growth. In terms of structure, this was primarily driven by the negative contribution of 2.4 percentage points from the change in stocks subcomponent. Meanwhile, a negative impact of 1.5 percentage points was driven by the growth in gross fixed capital formation. This contracted by 7.0% compared with the level in the first quarter of 2025. In contrast to the previous period, net external demand made a positive contribution (2.6 percentage points) to GDP dynamics. Thus, exports of goods and services, in real terms, rose by 10.8% and generated a positive impact of 3.6 percentage points. However, this was partially offset by a 1.5% increase in imports of goods and services, which resulted in a negative contribution of 1.0 percentage points to GDP dynamics in the first quarter of 2026.

Chart 3.1: Contribution of demand components to GDP growth (percentage points)

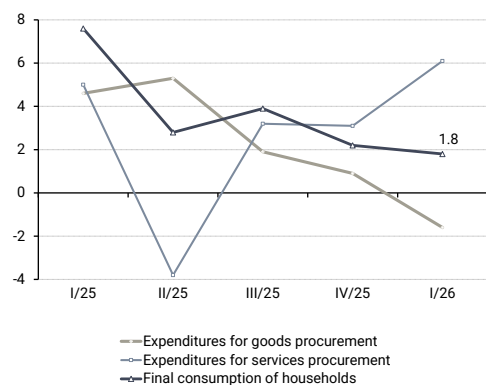


Source: NBS, NBM calculations

*Public administration

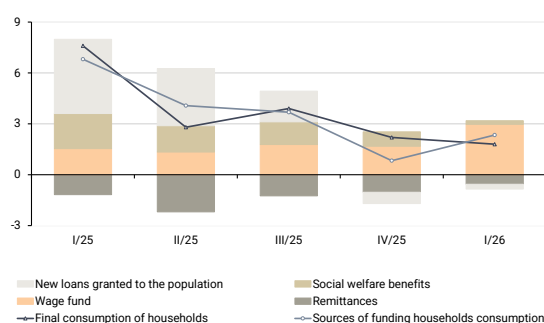
**Non-profit institutions serving households

Chart 3.2: Development in final consumption of households in real terms (% , compared to the previous year)



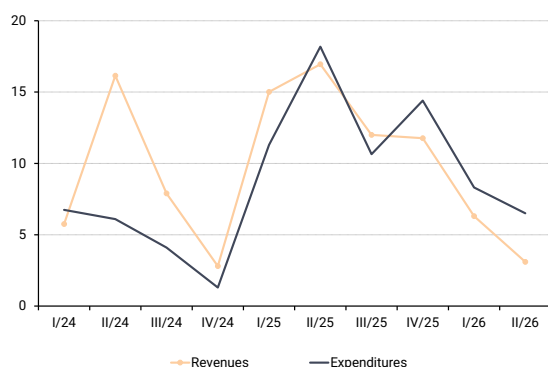
Source: NBS

Chart 3.3: Evolution of disposable income of the population (% , compared to the previous year) and subcomponents' contributions (percentage points)



Source: NBS, NBM calculations

Chart 3.4: Public revenue and expenditure dynamics (% , compared to the previous year)



Source: Ministry of Finance, NBM calculations

Households demand for consumption

The positive annual dynamics of final consumption of households continued in the first quarter of 2026.

Accordingly, the annual growth rate of final consumption of households stood at 1.8%, although this was 0.4 percentage points lower than in the fourth quarter of 2025. The respective dynamics of households consumption was driven by a 6.1% increase in expenditures for services procurement, whilst expenditures for goods procurement fell by 1.6% compared with the same period of the previous year (Chart 3.2).

The positive evolution of households consumption was underpinned by an increase in households income in real terms. Consequently, the main sources of financing for consumption, taken as a whole, continued their positive trend in the first quarter of 2026 (Chart 3.3).

Consequently, the wage fund and social welfare benefits recorded positive growth during the first quarter of 2026, making positive contributions to the potential sources of households consumption financing. Meanwhile, remittances and new loans granted to the population, in real terms, declined during this period, thereby mitigating the impact of the aforementioned components.

Public sector

Budget execution

According to data provided by the Ministry of Finance, during the second quarter of 2026, national public budget revenues totalled MDL 32.3 billion, an increase of 3.1% over the amount recorded during the same period in 2025 (Chart 3.4).

The major share of budget revenues was accumulated from taxes and fees, which accounted for 60.6%. The compulsory insurance contributions and mandatory health insurance premiums constituted for 32.4%, while the share of other revenues and grants accounted for 6.2% and 0.8%, respectively, of total budget revenues.

National public budget expenditures in the second quarter of 2026 totalled MDL 37.8 billion, representing an increase of 6.5% compared to the same period in 2025. Of the total expenditures, the largest share was accounted for by social protection – 37.2%, education accounted for 17.9% and healthcare – 13.6%.

It should be noted that, during the reference period, transfers totalling MDL 13.6 billion were made from the state budget (SB) to the state social insurance budget (SSIB) and to local budgets (LB), a decrease of 1.6% compared to the same period in 2025 (Chart 3.5).

The major share of transfers were directed towards local budgets – around 50.4%; transfers to the SSIB accounted for around 37.1%; and transfers to the MHIF – 12.5%.

In this context, in the second quarter of 2026, the execution of the national public budget resulted in a deficit of MDL 5.4 billion. During the same the period in 2025, the execution of the national public budget resulted in a deficit of approximately MDL 4.1 billion. The balances of the national public budget accounts, as of June 30, 2026 amounted to MDL 15.7 billion.

In the second quarter of 2026, the average balance of the Single Treasury Account (STA) showed a negative annual rate for payments and for cash receipts (Chart 3.6). As a result of inflows and outflows from the account, as of June 30, 2026, the STA balance stood at approximately MDL 12.0 billion, representing an annual increase of 5.2% (Chart 3.7). At the same time, at the end of the reporting quarter, the balance of the Government's foreign currency deposit account at the National Bank of Moldova stood at the equivalent of approximately MDL 4.5 billion, compared to MDL 4.3 billion as of June 30, 2025.

State debt

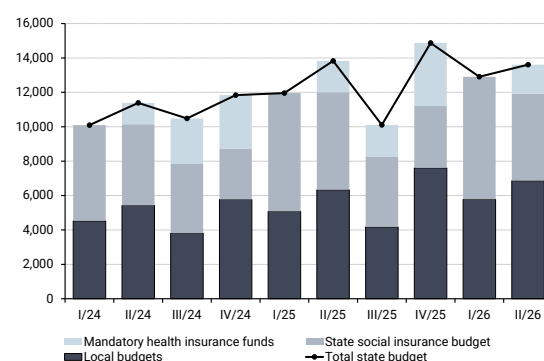
As of June 30, 2026, the balance of the state debt of the Republic of Moldova stood at approximately MDL 142.8 billion, relative to GDP⁴⁶, which represented 39.3% (Chart 3.9).

In annual terms, the state debt recorded a nominal increase of 12.3% (Chart 3.8), driven by the rise in external state debt recalculated in the national currency (contributing 5.3 percentage points) and domestic state debt (contributing 7.0 percentage points). At the end of the reporting quarter, state debt consisted of 59.8% of the external state debt and 40.2% domestic state debt.

As of June 30, 2026, the balance of external state debt amounted to approximately USD 4.8 billion, an increase of approximately USD 165.4 million, or 3.5%, compared with the end of June 2025. Recalculated in the national currency, the balance of external state debt stood at approximately MDL 85.5 billion (23.5% of GDP⁴⁶), (Chart 3.9).

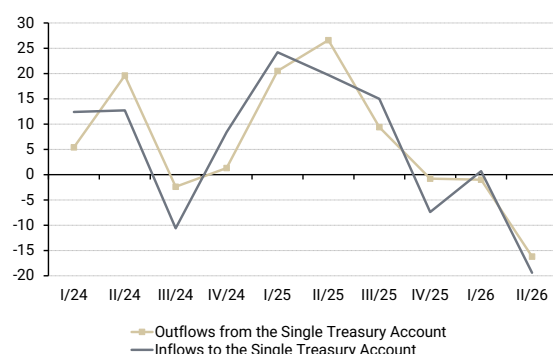
At the end of June 2026, domestic state debt stood at approximately MDL 57.3 billion (15.8% of GDP⁴⁶), (Chart 3.9), an increase of 18.3% compared to June 30, 2025 (Chart 3.8). The increase in domestic state

Chart 3.5: Development of budgetary transfers (MDL million)



Source: Ministry of Finance

Chart 3.6: Development of the Single Treasury Account flows (% , compared to the previous year)



Source: NBM

⁴⁶GDP estimated by the NBM.

debt was driven by state securities (SS) issued on the primary market, the volume of which rose by 27.3%, and by direct investments from individuals, which increased by 59.8% in annual terms. As a result of these developments, the domestic debt consisted of SS issued on the primary market (77.3%), SS issued for the enforcement of state guarantees (19.3%), converted SS (1.7%) and direct investments from individuals (1.7%).

Primary market for state securities (SS)

During the second quarter of 2026, the Ministry of Finance put into circulation state securities totalling MDL 17.7 billion, 5.2% more than the initial offering volume.

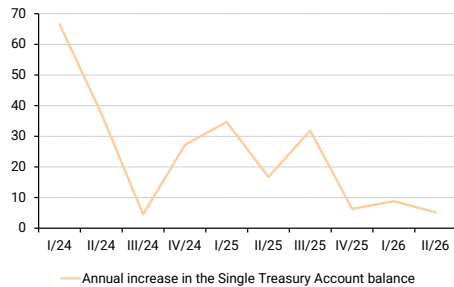
Compared to the previous quarter, demand from licensed banks in the primary market for state securities increase by 26.6% (Chart 3.10). At the same time, the banks' demand was 7.1% higher than the Ministry of Finance's offer, amounting to MDL 18.0 billion.

During the reporting period, the average effective interest rate on 91-day treasury bills remained unchanged, whilst those on 182-day and 364-day treasury bills rose compared with the previous quarter, by 0.18 percentage points and 0.13 percentage points respectively. The average effective interest rates on 2-year, 3-year and 10-year government bonds remained the same as in the previous quarter. Unlike the previous quarter, the second quarter of 2026 saw an auction of 7-year government bonds, the average effective interest rate for which stood at 7.64%, an increase of 0.21 percentage points compared with the third quarter of 2025, when the previous auction for this maturity took place (Chart 3.11).

During this period, banks continued to priorities investments in short-term securities, exercising greater caution regarding long-term commitments.

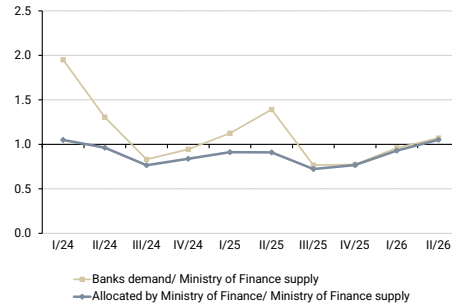
The structure of the SS portfolio put into circulation during the reference quarter shows that the most popular SS were those with a 182-day maturity, which accounted for 60.6% of total transactions, followed by 364-day treasury bills, which accounted for 37.9%, while 91-day treasury bills accounted for 1.2%. As for government bonds, those with a 2-year maturity accounted for 0.2%, those with a 10-year maturity accounted for 0.1%, whilst government bonds with maturities of 3 and 7 years accounted for an insignificant share (Chart 3.12).

Chart 3.7: Development of the Single Treasury Account balance (% , compared to the previous year)



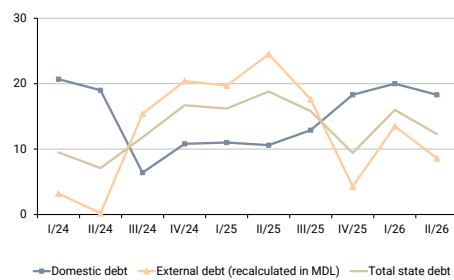
Source: NBM

Chart 3.10: Demand and supply ratio on the primary market for state securities



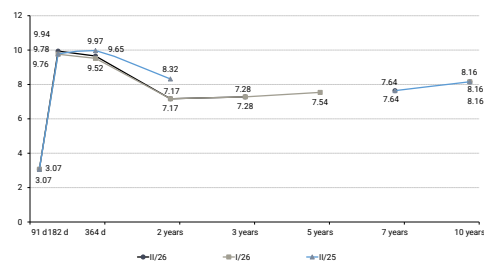
Source: NBM

Chart 3.8: Development of the annual growth rate of state debt (% , end of quarter)



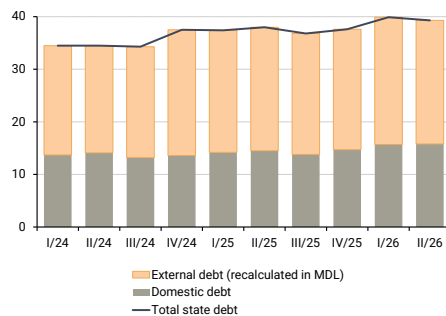
Source: Ministry of Finance, NBM calculations

Chart 3.11: SS yield curve (%)



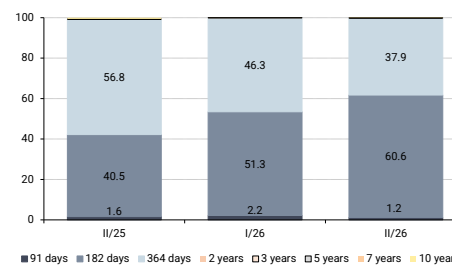
Source: NBM

Chart 3.9: Share of state debt in GDP (% , end of quarter)



Source: Ministry of Finance, NBM calculations

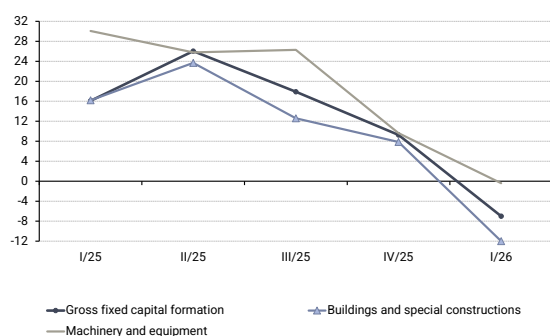
Chart 3.12: Structure of SS allocated on the primary market (%)



Source: NBM

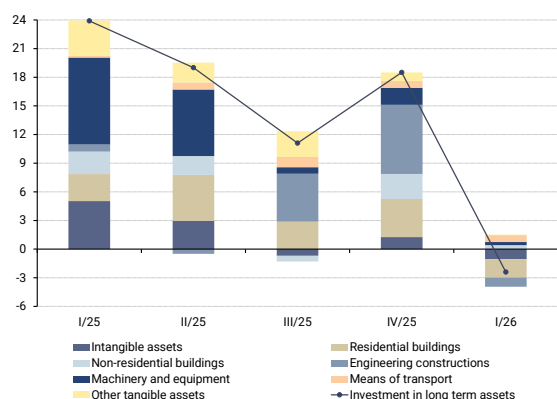
Investment demand

Chart 3.13: Annual investment dynamics (%)



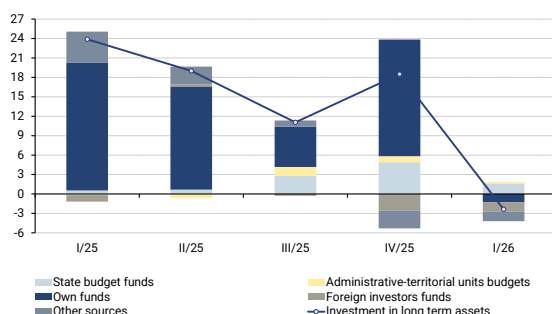
Source: NBS

Chart 3.14: Annual investment dynamics by types of fixed assets (% , real terms)



Source: NBS, NBM calculations

Chart 3.15: Annual investment dynamics by funding sources (% , in real terms)



Source: NBS, NBM calculations

In the first quarter of 2026, the investment component made a negative contribution of 3.9 percentage points to the dynamics of economic activity.

This evolution was determined by gross fixed capital formation, which fell by 7.0% and made a negative contribution of 1.5 percentage points.

This was influenced by the negative contribution of 2.4 percentage points from changes in stocks. The negative trend in gross fixed capital formation was influenced by the dynamics in investments in "machinery and equipment", which fell by 0.4%, and by the subcomponent "buildings and special construction", which fell by 12.0% compared to the same period in 2025 (Chart 3.13).

According to the preliminary data presented by the NBS, in the first quarter of 2026, investments in fixed assets fell by 2.4%. In terms of structure by type of fixed assets, investments in means of transport contributed 0.7 percentage points to the growth in investment in fixed assets, investments in non-residential buildings contributed 0.4 percentage points, investments in machinery and equipment contributed 0.3 percentage points and investments in other tangible fixed assets – by 0.1 percentage points. On the other hand, investments in engineering constructions had a negative impact of 1.0 percentage points, whilst investments in non-residential buildings reduced the annual rate of investments in fixed assets by 1.9 percentage points in the first quarter of 2026. At the same time, intangible assets had a negative impact of 1.0 percentage points on the dynamics of investments in fixed assets (Chart 3.14).

From the perspective of financing sources, in the first quarter of 2026, against a 2.4% contraction in investments in fixed assets, the growth in investments financed from own funds made a negative contribution of 1.3 percentage points, from foreign investors' funds – 1.4 percentage points, and from other sources – 1.5 percentage points. This impact was mitigated by the positive contribution from investments financed from the state budget funds – 1.6 percentage points and from the of administrative-territorial units budgets – 0.2 percentage points (Chart 3.15).

Net external demand⁴⁷

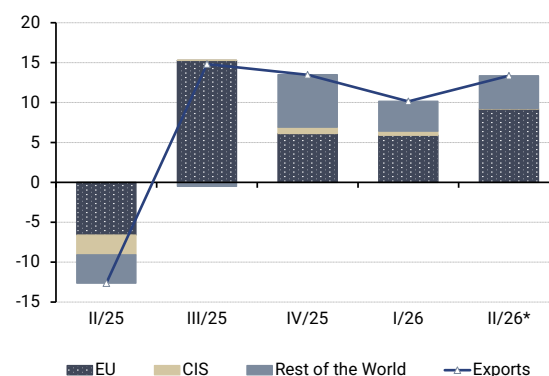
Data on international trade in goods, released by the NBS for the first five months of 2026, indicate a favourable trend and suggest that this trend is likely to continue in the coming months. Thus, in the first quarter of 2026, the annual rate of exports recorded a 10.2% increase, which was lower than that of the previous quarter, whilst in the first two months of the second quarter of 2026, it rose to around 13.3%. The bountiful agricultural harvest of 2025 has underpinned the revival of agri-food exports over the last four quarters. The annual rate of imports accelerated sharply in the first two months of the second quarter of 2026, compared with the level recorded in the first months of the year, reflecting mainly the rise in prices of imported petroleum products as a result of the military conflict in the Middle East.

The annual rate of exports stood at 10.2% in the first quarter of 2026, 3.3 percentage points lower than in the fourth quarter of 2025. At the same time, the figures for the first two months of the second quarter of 2026 show positive signs (13.3%). Thus, during this period, exports to EU countries and those classified as "Rest of the World" rose sharply. At the same time, the increase in exports to CIS countries made only a marginal contribution to the total dynamics of exports (Chart 3.16).

In the first two months of the second quarter of 2026, the sharp rise in exports of "foodstuff and animal products, beverages and fats" was the main driver of the positive trend in total exports (Chart 3.17). It is worth noting that the revival of the crop sector in the second half of 2025 created favourable conditions for an increase in agri-food exports.

Analysing the trend in exports by products origin, it can be seen that the annual increase in exports in the second quarter of 2026 was driven mainly by the growth in export of domestic goods. At the same time, after three consecutive years of negative annual growth rates, re-exports recorded a positive annual growth rate in the second quarter of 2026 (Chart 3.18).

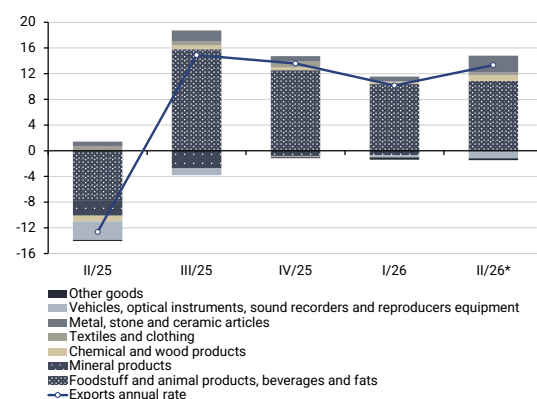
Chart 3.16: Development of the annual rate of exports (%) and contribution by categories of countries (percentage points)



Source: NBS, NBM calculations

*April-May

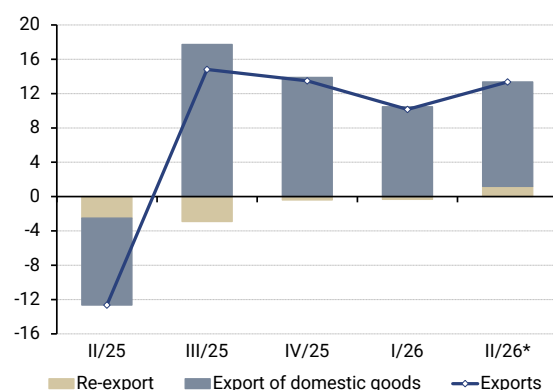
Chart 3.17: Development of the annual rate of exports (%) and contribution of the components by commodity groups (percentage points)



Source: NBS, NBM calculations

*April-May

Chart 3.18: Development of the annual rate of exports (%) and contribution by origin (percentage points)

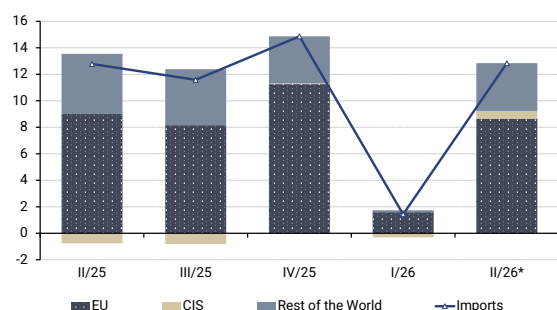


Source: NBS, NBM calculations

*April-May

⁴⁷Quarterly data on the evolution of international merchandise trade of the Republic of Moldova, expressed in million EUR, have been used.

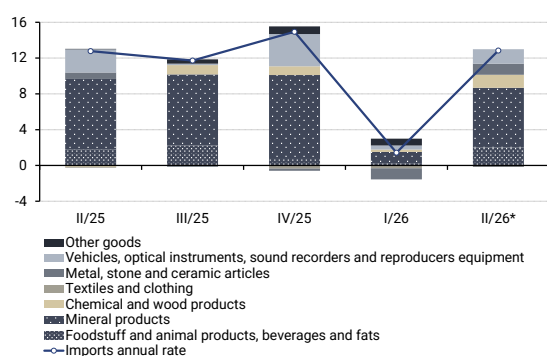
Chart 3.19: Development of the annual rate of imports (%) and contribution by categories of countries (percentage points)



Source: NBS, NBM calculations

*April-May

Chart 3.20: Development of the annual rate of imports (%) and contribution of the components by commodity groups (percentage points)



Source: NBS, NBM calculations

*April-May

In the first quarter of 2026, the annual rate of imports stood at 1.4%, 13.5 percentage points lower than in the fourth quarter of 2025. At the same time, data for the first two months of the second quarter of 2026 indicate an acceleration in imports (12.8%). It should be noted that import trends is characterised by a significant dependence on trade flows from the EU and from countries classified as "Rest of the World" (Chart 3.19).

By commodity groups (Chart 3.20), the volatility of the annual import growth rate in the first five months of 2026 was mainly driven by developments in the "mineral products" group. Thus, the substantial decline in the contribution of the "mineral products" group in the first three months of 2026 reflected the waning of the base effect generated by the exceptional growth in the previous year, against the backdrop of the substitution of electricity supplies from the Cuciurgan Thermal Power Plant with imports from Romania. By contrast, the acceleration in the annual rate of imports in the first two months of the second quarter of 2026, compared with the rate recorded in the first quarter of 2026, mainly reflects the sharp rise in prices of imported petroleum products, as a result of the military conflict in the Middle East. At the same time, the rise in the annual rate of imports during this period was also influenced by the positive performance of the product groups "foodstuffs and animal products, beverages and fats", "metal, stone and ceramics articles", "vehicles, optical instruments, sound recorders and reproducers equipment" and "chemical and wood products" (Chart 3.20).

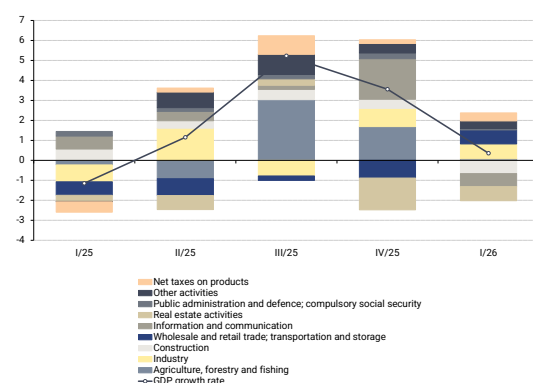
3.2 Production

By resource categories, GDP growth in the first quarter of 2026 was driven primarily by developments in the industry, trade and transport sectors (Chart 3.21).

In this regard, the GVA for the manufacturing sector rose by 6.1%, and that for the energy sector by 13.4%, which, taken together, contributed 0.8 percentage points to GDP growth in the first quarter of 2026.

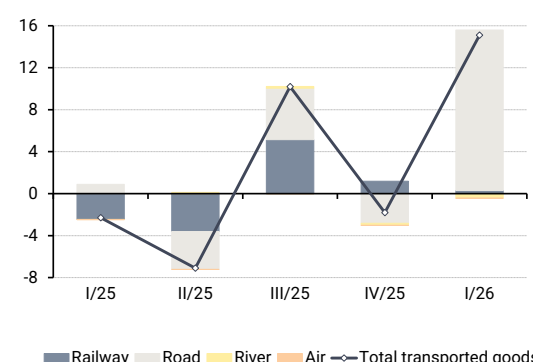
At the same time, GVA in wholesale and retail trade, repair of motor vehicles and motorcycles, rose by 2.7%, contributing 0.4 percentage points to GDP growth. A contribution of 0.3 percentage points was driven by a 6.6% increase in GVA in transportation and storage, compared with the first quarter of 2025. Smaller positive contributions were driven by developments in administrative and support service activities, which rose by 14.3%, contributing 0.2 percentage points. A similar contribution was driven by the 2.8% increase in GVA in the health and social care sector. In the first quarter of 2026, GVA in the agriculture, forestry and fishing sector rose by 4.6%, contributing 0.1 percentage points to GDP growth. On the other hand, the positive impact from the subcomponents mentioned above was offset by 0.7 percentage points each from the decline in GVA in the information and communication sector and in the real estate activities sector, which fell by 8.1% and 7.8%, respectively. At the same time, a negative impact of 0.6 percentage points was caused by the 12.9% decline in GVA in construction.

Chart 3.21: Contribution of economy sectors to GDP growth (percentage points)



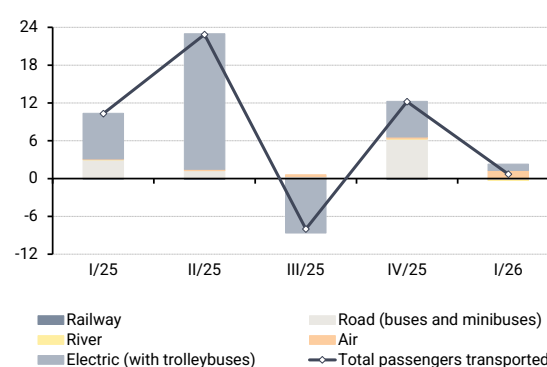
Source: NBS, NBM calculations

Chart 3.22: Development of goods transport (% compared to the previous year)



Source: NBS

Chart 3.23: Passenger transport development (% compared to the previous year)



Source: NBS

Goods and passenger transport

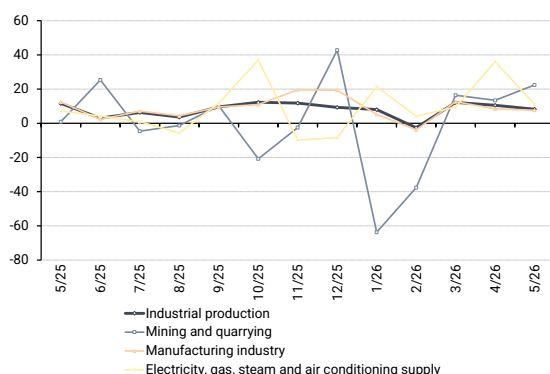
In the first quarter of 2026, the annual rate of the volume of goods transported stood at 15.1%, 16.9 percentage points higher than in the fourth quarter of 2025 (Chart 3.22).

This positive evolution was driven primarily by the 17.7% in annual terms increase in the volume of goods transported by road compared with the same period of the previous year. At the same time, the volume of goods transported by river and air fell by 57.0% and 42.7%, respectively, compared with the first quarter of 2025, whilst the volume of goods transported by rail rose by 2.3%.

The annual growth rate of the number of passengers carried stood at 0.7%, 11.5 percentage points lower than that recorded in the fourth quarter of 2025 (Chart 3.23).

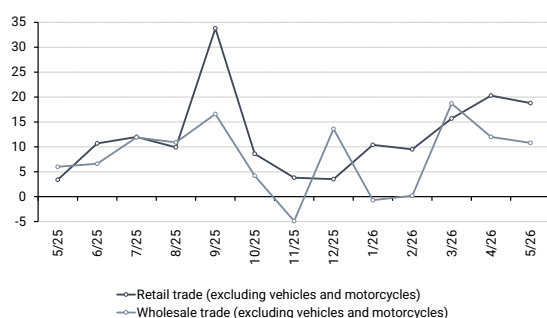
The increase in the number of passengers transported was driven by the rise in annual terms in the number of passengers carried by electric means (trolleybuses) and by air, by 1.5% and 9.4%, respectively, compared with the same period of the previous year. At the same time, the number of passengers carried by railway, river and road (buses and minibuses) fell by 68.9%, 58.8% and 0.5%, respectively, compared with the first quarter of 2025.

Chart 3.24: Industry development in real terms (% , compared to the previous year)



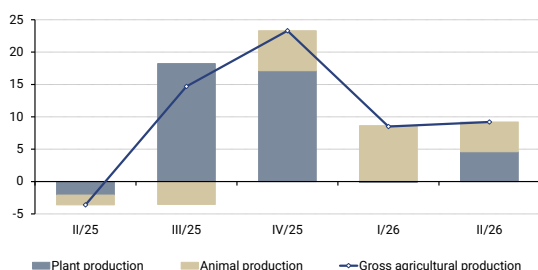
Source: NBS

Chart 3.25: Domestic trade (based on VAT statements) (% , compared to the previous year)



Source: NBS, NBM calculations

Chart 3.26: Annual rate of gross agricultural production (%) and contribution by sectors (percentage points)



Source: NBS, NBM calculations

Industrial production

In the first two months of the second quarter of 2026, the annual growth rate of industrial production averaged 9.4%, which was 3.5 percentage points higher than in the first quarter of 2026 (Chart 3.24).

This dynamic was driven by an acceleration in the annual growth rate of the manufacturing industry (from 4.7% in the first quarter of 2026 to 8.0% in the first two months of the second quarter of 2026). Meanwhile, the annual rate of production in the "electricity, gas, steam and air conditioning supply" sector rose from 11.7% in the first quarter of 2026 to 23.6% in the first two months of the second quarter of 2026. At the same time, the annual growth rate of production volume in the "mining and quarrying" sector rose by 46.2 percentage points compared with the first quarter of 2026, up to 17.9%.

Domestic trade

In the first two months of the second quarter of 2026, domestic retail trade (based on VAT declarations⁴⁸) recorded an average increase of 19.6%, a rate 7.7 percentage points higher than that of the previous quarter (Chart 3.25).

At the same time, domestic wholesale trade (based on VAT declarations) recorded an average growth of 11.4% in the period April-May 2026, a rate that was 5.3 percentage points higher than that of the first quarter of 2026.

Agricultural production

In the second quarter of 2026, gross agricultural production rose by 9.2% compared with the level in the corresponding quarter of the previous year (Chart 3.26).

This growth was driven by increases in plant production and animal production of 9.3 and 9.1%, respectively.

⁴⁸NATIONAL BUREAU OF STATISTICS. *Statistics on value indices of sales (deliveries) of goods and services developed for the first time based on VAT declarations.* Chişinău: NBS, May 26, 2023. Available: https://statistica.gov.md/ro/statistici-privind-indicii-valorici-ai-vanzarilor-livrarilor-de-marfuri-si-servi-12_60432.html

3.3 Labor market

Labor force

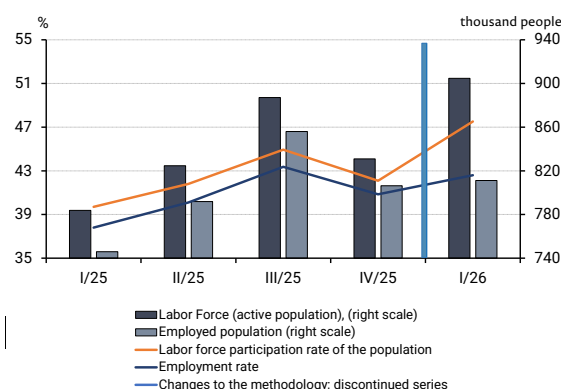
From 2026, the National Bureau of Statistics apply a revised methodology for the Labor Force Survey⁴⁹, which significantly affects the comparability of the data.

In this regard, the trends in labor market indicators from the start of the current year compared with the corresponding period in 2025 can be attributed to both economic processes and methodological adjustments.

According to NBS data, in the first quarter of 2026, the labor force (active population (aged 15-89)) stood at 904.7 thousand people (120.9 thousand more than in the first quarter of 2025). The employed population stood at 811.1 thousand people, 65.2 thousand more than in the first quarter of 2025. The labor force participation rate of the population in the first quarter of 2026 was 47.5%, whilst the employment rate stood at 42.6% (Chart 3.27).

Within the 20-64 age group – the most active category in the labor market⁵⁰ – the labor force totalled 862.8 thousand people. Of these, 774.7 thousand were employed. The labor force participation rate in this age group stood at 66.2%, and the employment rate – at 59.4%.

Chart 3.27: Economically active population and employed population

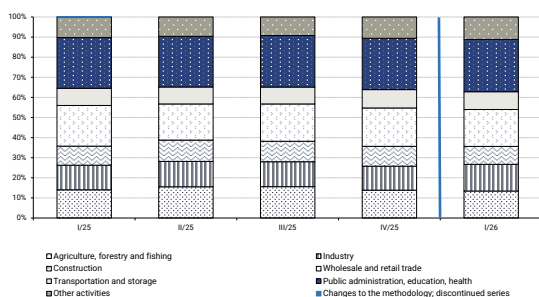


Source: NBS, NBM calculations

⁴⁹From 2026, the Labor Force Survey methodology has been revised to bring it into line with relevant European Union standards (EU Regulations 2019/1700 and 2019/2240) and to ensure the comparability of results at European level. These measures were implemented in accordance with the Republic of Moldova's National Programme for Accession to the European Union for the years 2025–2029 (NPA 2025–2029, Chapter 18). Some important amendments introduced are: 1) *labor force* and *employed population* now include persons aged 15-89, whereas previously the AFM referred to the population aged 15 and over; 2) *the unemployed* now include people aged 15-74, as opposed to the previous definition, which covered the population aged 15 and over; 3) the category of the unemployed also includes persons who have found a job but are due to start work within three months at the latest, including seasonal workers awaiting a return to seasonal work within three months at the latest; 4) the agricultural sector now includes only those engaged in market-oriented agricultural activities. Online. Available: https://statistica.gov.md/ro/forta-de-munca-ocuparea-si-somajul-in-trimestrul-i-9430_62478.html; https://statistica.gov.md/files/files/Metadate/alte/Metodologie_AFM_2026_ro.pdf. We would also like to note that in 2025, a) a new sampling plan, known as the "Multifunctional Master Sample for Social Research" (EMDOS 3), based on the 2024 Population and Housing Census (PHC), and b) the population with usual residence, estimated on the basis of the 2024 PHC, is used to extrapolate the results.

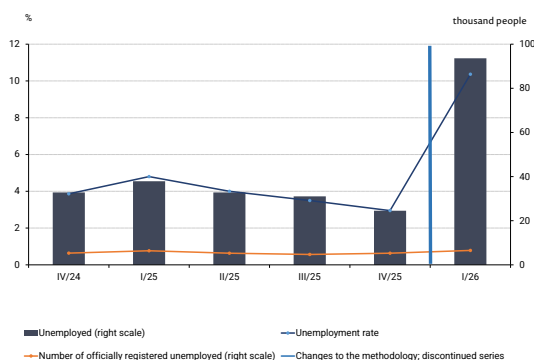
⁵⁰The 20-64 age group represents the segment of the population most involved in economic activities. Among those aged 65 and over, the labor supply stands at 29.7 thousand people, of whom 29.2 thousand are in employment, with a labor force participation rate of 6.5% and an employment rate of 6.4%. Similarly, young people aged 15-19 have low labor market participation, as they are predominantly in education.

Chart 3.28: The structure of employed population by economy sectors



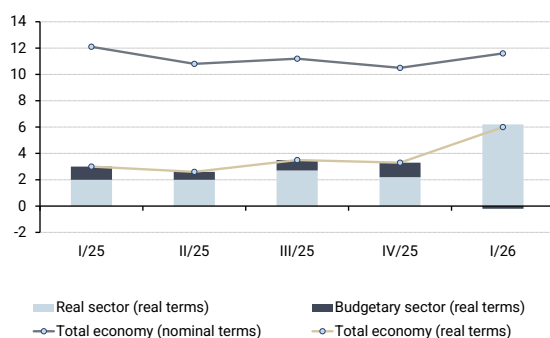
Source: NBS, NBM calculations

Chart 3.29: Evolution of the number of unemployed, calculated according to the ILO and the number of officially registered unemployed (NEA)



Source: NBS, NEA, NBM calculations

Chart 3.30: Wage fund in the economy (% compared to the previous year) and sectors' contributions (percentage points)



Source: NBS, NBM calculations

In terms of sectoral composition, in the first quarter of 2026, the population employed in the public administration, education and health sector continued to account for the largest share (26.0%), followed by the wholesale and retail trade sector (18.3%), agriculture (13.4%) and industry (13.2%). The workforce in the other activities subcomponent accounted for 11.2%, that in construction for around 9%, and that in transport and communication for 8.9%.

The number of unemployed persons, as defined by the ILO, stood at 93.6 thousand in the first quarter of 2026, an increase of 55.7 thousand compared with the first quarter of 2025. The unemployment rate in the first quarter of 2026 stood at 10.4%, compared with 4.8% at the beginning of the previous year, a trend largely driven by methodological adjustments to the definition of unemployment.

At the same time, the number of unemployed people, according to NEA data⁵¹, recorded a slight increase in the first quarter of 2026, totalling 6.5 thousand people, or 0.1 thousand more than in the first quarter of 2025.

According to NBS data, the number of job vacancies⁵² stood at approximately 32.3 thousand, recording a slight increase of 0.3% compared with the first quarter of 2025. This trend was driven mainly by developments in employment in the retail and education sectors and offset by a fall in job vacancies in transport and storage, information and communication, and industry. The vacancy rate⁵³ stood at 4.6%, at a level similar to that of the same quarter of the previous year.

Wage fund

In the first quarter of 2026, the total wage fund increased by 11.6% compared with the first quarter of 2025.

This growth was driven primarily by developments in the wage fund in the trade sector, which contributed 2.2 percentage points, the information and communication sector – by 1.6 percentage points, the industrial sector – by 1.2 percentage points, and the administrative and support services sector – by 1.2 percentage points.

⁵¹National Employment Agency (quarterly data were obtained as a monthly average of the indicators, reported at the end of each month).

⁵²In enterprises in the real sector with 4 or more employees and in all public sector institutions, at the end of the first quarter of 2026.

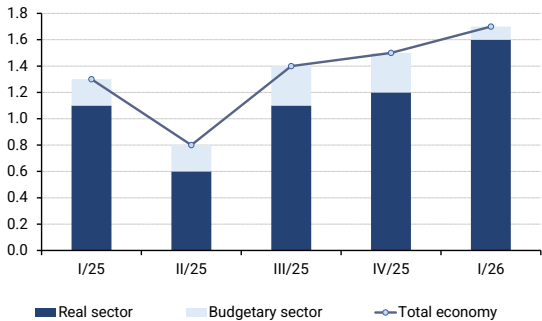
⁵³The ratio of the number of job vacancies to the total number of jobs.

In real terms, deflated by the CPI, the total wage fund for the economy rose by 6.0% compared with the same period of the previous year, owing to a positive contribution of 6.2 percentage points from the real sector of the economy and a negative impact of -0.2 percentage points from the budgetary sector (Chart 3.30).

In the first quarter of 2026, the average number of employees across the national economy rose by 1.7% compared with the first quarter of the previous year. The number of employees in the real sector rose by 2.1%, contributing 1.6 percentage points, whilst the number in the budgetary sector increased by 0.4%, contributing 0.1 percentage points (Chart 3.31).

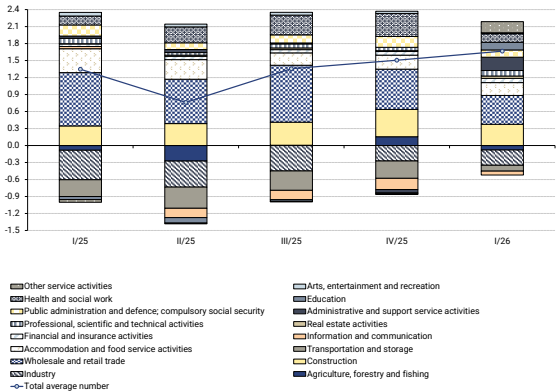
A breakdown by economic sector reveals more pronounced increases in the average number of employees in the following areas: administrative and support service activities (11.7%), construction (10.0%), accommodation and food service activities (8.1%), professional, scientific and technical activities (5.2%), financial and insurance activities (3.4%), wholesale and retail trade (2.9%), and real estate activities (2.9%). A decline in the number of employees was recorded in transport and storage (-1.9%), industry (-1.7%), agriculture, forestry and fishing (-1.7%) and information and communication (-1.5%) (Chart 3.32).

Chart 3.31: Average number of employees in economy (% , compared to the previous year) and sectors' contributions (percentage points)



Source: NBS, NBM calculations

Chart 3.32: Contribution of the sectors of the economy to the dynamics of the number of employees (% , compared to the previous year)

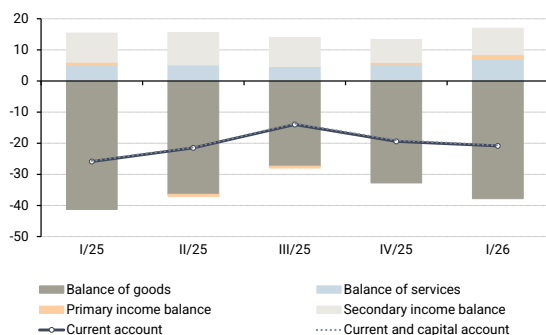


Source: NBS, NBM calculations

3.4 External sector

Chart 3.33: Current account share in GDP (%)

Current account



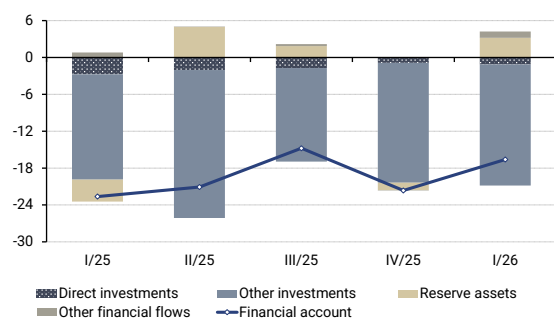
Source: NBM

In the first quarter of 2026, the current account deficit in the balance of payments increased by 1.5 percentage points compared with the previous quarter, accounting for 20.9% of GDP (Chart 3.33).

The increase in the balance of payments deficit was due to a rise in the component with a negative contribution – the "balance of goods". At the same time, the "balance of services", "primary income balance" and "secondary income balance" components all increased during the reference period.

Chart 3.34: Financial account share in GDP (%)

Financial account



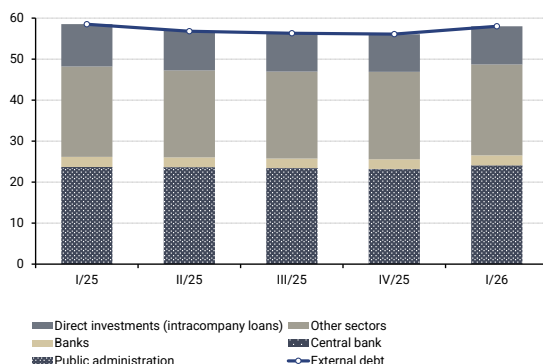
Source: NBM

Note: (-) – net capital inflows, (+) – net capital outflows

In the first quarter of 2026, the financial account, as a share of GDP, stood at 16.6%, 5.0 percentage points lower than in the fourth quarter of 2025.

There were variations in the structure of net financial flows, but the overall picture, compared with previous quarters, remained largely unchanged (Chart 3.34). Thus, in the first quarter of 2026, the "other investments" component showed a significant increase, contributing 19.7 percentage points to the rise in net inflows of financial assets⁵⁴. It should be noted that the net flow of direct investment, as a share of GDP, stood at 1.1%, 0.2 percentage points higher than in the fourth quarter of 2025. In the first quarter of 2026, reserve assets accounted for 3.2% of GDP.

Chart 3.35: External debt share in GDP (%)



Source: NBM

In the first quarter of 2026, the ratio of external debt to GDP stood at 58.0%, 1.9 percentage points higher than in the fourth quarter of 2025 (Chart 3.35). It is worth noting that, although the ratio of external debt to GDP increased, the risks associated with external liquidity have diminished due to a reduction in short-term debt, an improvement in the coverage of this debt by reserve assets, and a decline in external debt service relative to exports of goods and services. Viewed as a whole, the structure of external debt indicates a relatively balanced distribution, with economic agents⁵⁵ and the government sector⁵⁶ hold the largest share, 24.6% and 24.1%, respectively, whilst direct investment accounts for 9.3%.

⁵⁴In the first quarter of 2026, the components "cash and deposits", "loans" and "trade credits and advances" contributed to the significant increase in net financial inflows as part of "other investments".

⁵⁵The combined debt of "banks" and "other sectors".

⁵⁶The combined debt of "public administration" and the "central bank".

Chapter 4

Monetary policy

4.1 Monetary policy instruments

During the second quarter of 2026, the National Bank adopted two decisions to raise the monetary policy rate from 5.0% per annum to 7.0% per annum. These decisions were taken in light of the need to shape monetary policy in such a way as to alleviate inflationary pressures against the backdrop of the intensifying effects of the conflict in the Middle East, manifested in rising international prices for energy resources, food and raw materials, and their impact on the outlook for regional economic activity, as well as the monetary and fiscal policies pursued by major economies.

The CHIBOR 2W rates reversed their trend at the beginning of May. Reacting strongly to the increase in the base rate during this period, they rose sharply and continued to fluctuate close to the upper limit of the interest rate corridor until the end of the period. As a result of these developments, the CHIBOR 2W rate recorded at the end of June was significantly higher (+1.42 percentage points) than that recorded on the last day of the previous quarter, standing at 9.69% (Chart 4.1).

The trend in interest rates on 91-days government securities reflected both the Ministry of Finance's intention to channel investors' funds into longer-term SS instruments and investors' low interest in this type of investment. Consequently, the rate remained at 3.03% per annum throughout the second quarter of 2026.

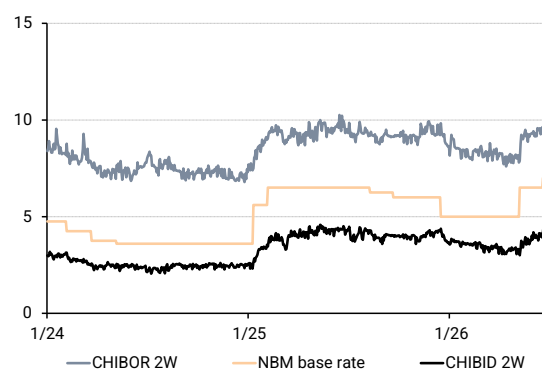
In the secondary segment of the state securities market, the average interest rate on transactions stood at 9.63% (+0.53 percentage points compared with the first quarter of 2026), accompanied by a significant reduction in the average maturity of transactions (from 980 to 247 days), (Chart 4.2).

Money market operations

Sales of NBM certificates (NBC)

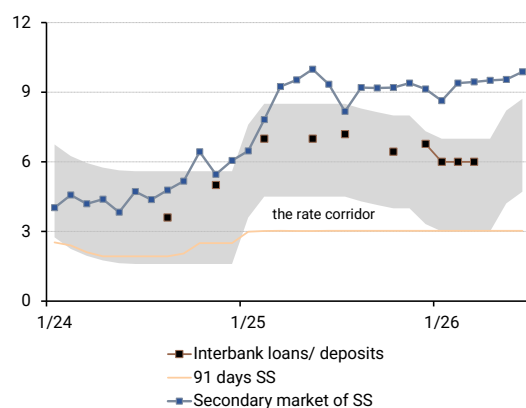
The excess liquidity on the money market was absorbed through weekly sales operations of 14-day certificates, in which banks' offers were fully adjudicated.

Chart 4.1: Monthly average reference rates on the interbank market and the base rate of the NBM (%)



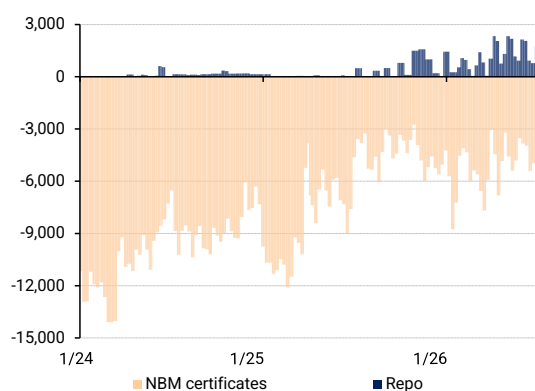
Source: NBM

Chart 4.2: Monthly evolution of the interest rates corridor (%)



Source: NBM

Chart 4.3: Development of the daily balance of sterilization operations (MDL million)



Source: NBM

The narrowing of the NBM's net debtor position towards the banking system was reflected in the trend in the volume of the NBM's monetary policy operations aimed at absorbing liquidity, which fell compared with the figure recorded in the previous quarter, a situation also reflected in the quarterly average stock of NBC placements, which fell from MDL 5,802.5 million – the level recorded in the first quarter of 2026 – to MDL 4,581.3 million in the second quarter of 2026. The daily stock of NBC placements ranged from a minimum of MDL 3,055.3 million to a maximum of MDL 6,819.7 million (Chart 4.3).

Repo operations

Liquidity-absorbing repo operations were conducted weekly for a 14-day term at a fixed interest rate through tender procedures without a ceiling. The reduction in excess liquidity in the money market was evidenced by an increase in banks' participation in liquidity-providing operations. Consequently, the volume of liquidity provided (MDL 10,430.0 million) was significantly higher than in the previous quarter (MDL 4,285.0 million).

The average daily quarterly balance of repo operations stood at MDL 1,595.4 million.

Standing facilities

During the second quarter of 2026, banks made use of both standing facilities offered by the NBM.

The total value of overnight deposits placed with the NBM amounted to MDL 25,902.0 million, approximately 40.0% higher than the level recorded in the previous quarter. At the same time, the average daily stock of these deposits also increased, reaching MDL 421.9 million (from MDL 317.9 million in the previous period). The amounts deposited by banks ranged from a minimum of MDL 10.0 million to a maximum of MDL 1,370.0 million.

The total value of overnight loans granted to banks by the NBM over the quarter amounted to MDL 738.0 million, a decrease of approximately 5 times compared with the previous quarter. The average daily balance of overnight loans stood at MDL 13.6 million.

Interest rates on standing facilities were raised twice during the quarter, by 1.5 and 0.5 percentage points in May and June, respectively. As at June 30, 2026, these stood at 5.0% for overnight deposits and 9.0% for overnight loans.

Required reserves

In the first quarter of 2026, the minimum required reserves mechanism continued to fulfil its functions of monetary control and liquidity management within the banking system.

The required reserves in MDL held by banks during the period 16.06.2026 – 15.07.2026 amounted to MDL 16,576.6 million, an increase of MDL 359.0 million (+2.2%) compared with the amount held during the period 16.03.2026 – 15.04.2026.

As regards the required reserves on funds attracted in FCC, during the period 16.06.2026 – 15.07.2026 these totalled EUR 450.6 million and USD 159.1 million. Compared with the period 16.03.2026 – 15.04.2026, required reserves in EUR fell by 4.6%, whilst reserves in USD rose by 6.0%.

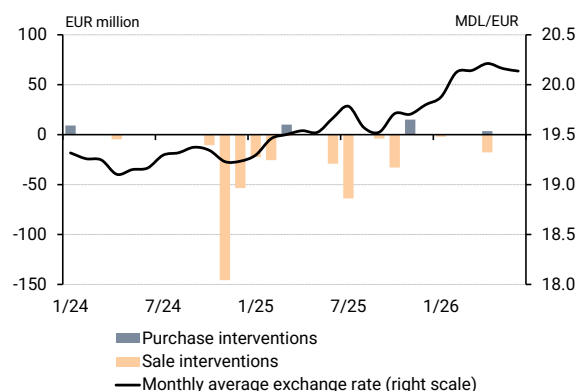
Interventions on the domestic foreign exchange market

The NBM intervened in the domestic foreign exchange market during April-June 2026 through net sales of foreign exchange.

During the analysed period, the volume of transactions of the National Bank of Moldova carried out on the interbank foreign exchange market against Moldovan lei, on the value date, amounted to EUR 22.86 million, including sales transactions in the amount of EUR 17.70 million, purchase transactions in the amount of EUR 3.60 million, as well as currency conversions with the World Bank institutions (International Bank for Reconstruction and Development and the International Development Association) in the amount of EUR 1.56 million.

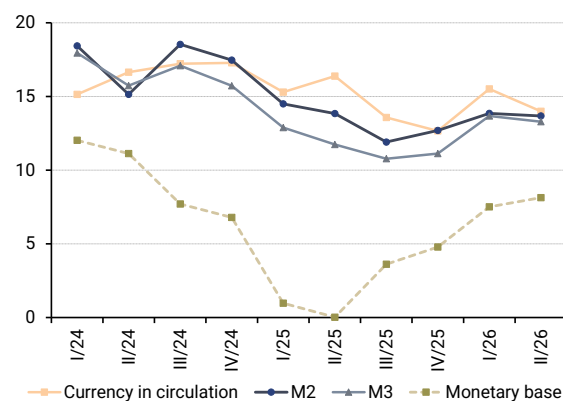
At the same time, during the reporting period, the NBM conducted purchase swap operations totalling EUR 63.21 million (equivalent to USD 73.36 million), (Chart 4.4).

Chart 4.4: Development of the official MDL/EUR exchange rate and volume of daily transactions of the NBM



Source: NBM

Chart 4.5: Change in monetary aggregates (% annual growth)



Source: NBM

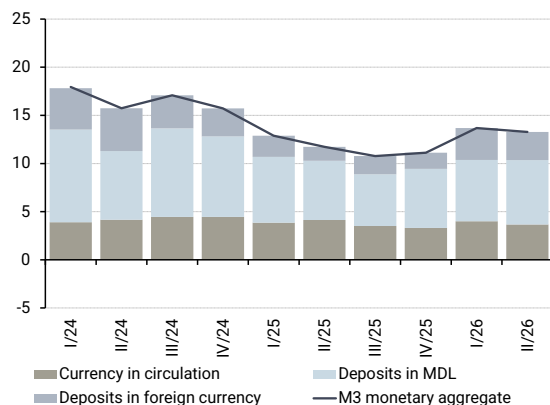
4.2 Dynamics of monetary indicators

In the second quarter of 2026, the M2 and M3 monetary aggregates recorded more moderate growth rates; thus, the M2 monetary aggregate recorded an annual increase of 13.7% (-0.2 percentage points lower than in the first quarter of 2026), while M3 grew by 13.3% annually (-0.4 percentage points lower than in the previous quarter).

The monetary base grew by 8.1% annually (0.6 percentage points higher than in the first quarter of 2026), (Chart 4.5).

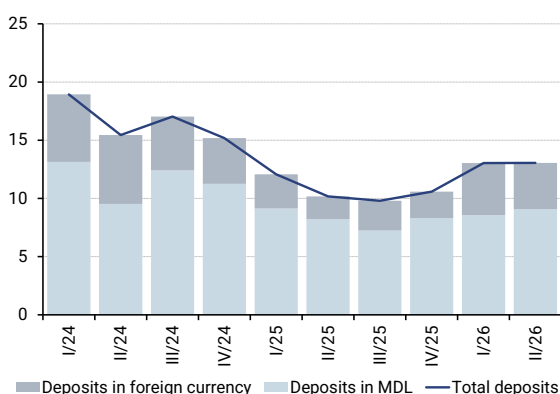
Money supply

Chart 4.6: Dynamics of the monetary aggregate M3 (% contribution of the components in annual growth)



Source: NBM

Chart 4.7: Dynamics of total deposit balance (% contribution of the components in annual growth)



Source: NBM

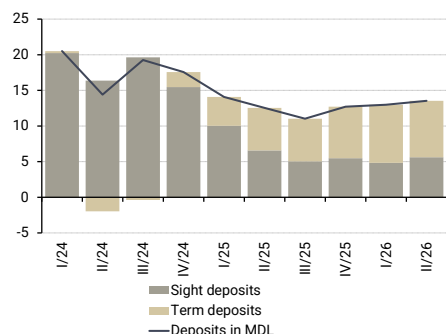
During the second quarter of 2026, the M3 monetary aggregate showed a steady upward trend, with the main contribution to this growth coming from deposits in the national currency, by 6.7 percentage points (+0.3 percentage points) and currency in circulation, which contributed 3.7 percentage points (-0.3 percentage points), followed by foreign currency deposits, which contributed 2.9 percentage points (-0.4 percentage points). All of these factors contributed to an annual growth rate of 13.3% for the M3 monetary aggregate (Chart 4.6).

The balance of deposits in the national currency registered an annual increase of 13.5% (Chart 4.8), mainly driven by the contribution of term deposits (Chart 4.9).

Foreign currency deposits, in the second quarter of 2026, registered a moderation in the growth rate to 12.1% annually, 1.1 percentage points less than the level recorded in the previous quarter, as a result of the slowdown in the growth rate of sight deposits and term deposits (Chart 4.11). The positive annual evolution of 10.1% of term deposits in foreign currency was supported by the higher contribution of deposits from individuals (Chart 4.12). At the same time, sight deposits in foreign currency recorded an annual growth rate of 13.7% annually, generated by the positive contribution of sight deposits from individuals by 11.5 percentage points and of legal entities by 2.2 percentage points (Chart 4.13).

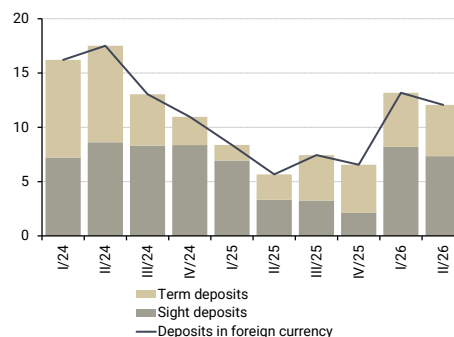
The average quarterly growth rate of currency in circulation, in the second quarter of 2026, decreased by 1.5 percentage points compared to the previous quarter, constituting 14.0% annually. The dynamics of money in circulation was determined by both the cash flow of receipts and the cash flow of withdrawals in the offices of licensed banks. In total receipts, the largest contribution was made by receipts from the sale of consumer goods. Meanwhile, regarding withdrawals from the offices of licensed banks, the main contribution came from the withdrawals of funds from ATMs.

Chart 4.8: Dynamics of the deposits balance in MDL (% contribution of the components in annual growth)



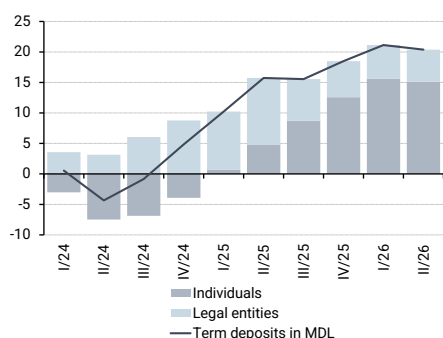
Source: NBM

Chart 4.11: Dynamics of the deposits balance in foreign currency (% contribution of the components in annual growth)



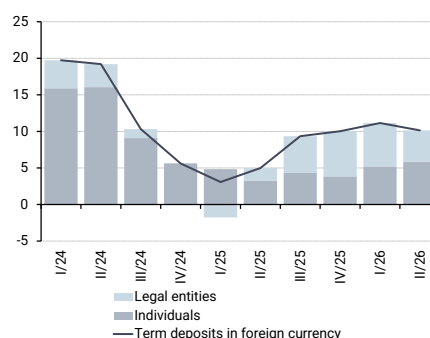
Source: NBM

Chart 4.9: Dynamics of the term deposits balance in MDL (% contribution of the components in annual growth)



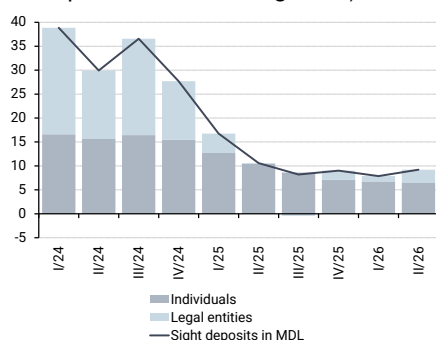
Source: NBM

Chart 4.12: Dynamics of the term deposits balance in foreign currency (% contribution of the components in annual growth)



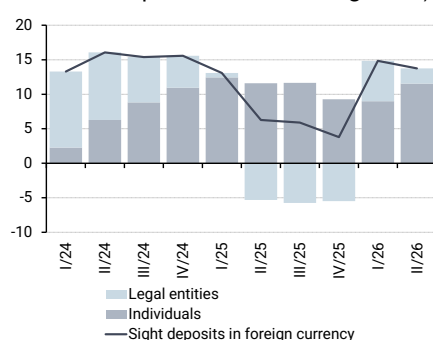
Source: NBM

Chart 4.10: Dynamics of the sight deposits balance in MDL (% contribution of the components in annual growth)



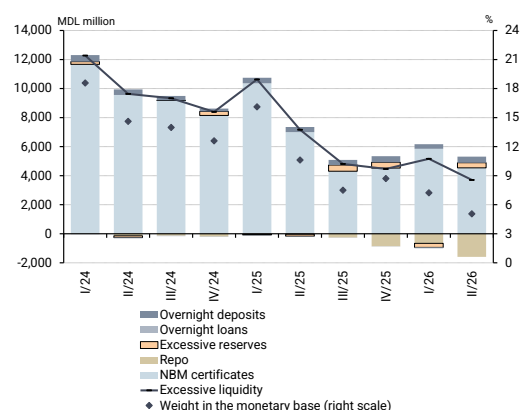
Source: NBM

Chart 4.13: Dynamics of the sight deposits balance in foreign currency (% contribution of the components in annual growth)



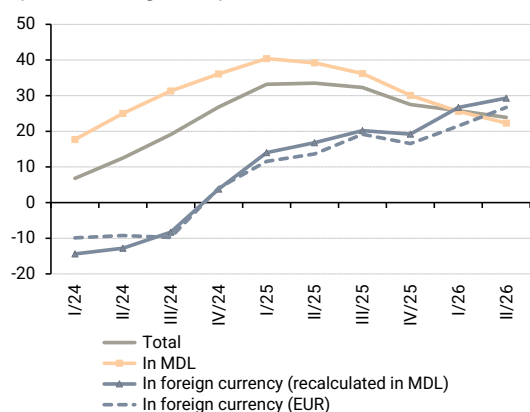
Source: NBM

Chart 4.14: Excessive liquidity



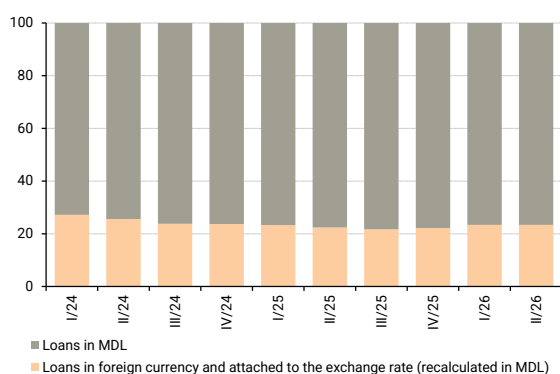
Source: NBM

Chart 4.15: Evolution of the balance of loans (% annual growth)



Source: NBM

Chart 4.16: Evolution of the weights of loans by subcomponents in the total balance (%)



Source: NBM

Excessive liquidity

In the second quarter of 2026, the average excess liquidity in the banking system decreased by MDL 1.5 billion. It should be noted that compared to the second quarter of 2025, the volume of excess liquidity decreased by MDL 3.5 billion, reaching an average value of MDL 3.7 billion (Chart 4.14).

Loans market⁵⁷

Evolution of the balance of loans granted by licensed banks

At the end of June 2026, the total balance of loans granted by licensed banks recorded an annual increase, amounting to about MDL 111.9 billion, higher than at the end of the second quarter of 2025 by 23.9% (Chart 4.15), due to the positive contributions of the increase in the balance of loans in the national currency (17.3 percentage points) and the balance of loans granted in foreign currency and attached to the exchange rate (6.6 percentage points). The annual dynamics of the component in the national currency constituted 22.3%. This trajectory of the balance of loans granted in MDL was influenced by the increase in the balance of loans granted to individuals by 26.4% and those granted to legal entities by 16.4%. Thus, the share of the balance of loans granted to individuals increased to 61.2% annually, compared to 59.2% at the end of the second quarter of 2025.

The share of the balance of loans in the national currency in the total balance remained at the level of the end of the previous quarter (Chart 4.16).

At the same time, the annual dynamics of the balance of loans granted in foreign currency and attached to the exchange rate, recalculated in the national currency, continued its upward trend and amounted to 29.3% (Chart 4.15).

At the end of the second quarter of 2026, in the structure of the total portfolio of loans granted by licensed banks, the largest share, analogous to the previous quarters, belonged to loans granted to individuals (47.6%), followed by the share of loans granted to legal entities in the field of trade (20.3%), (Chart 4.17).

⁵⁷The data analysis was carried out based on reports ORD01.06 "Report on interest rates related to the balance of loans and deposits" and ORD01.04 "Report on interest rates on new loans and new deposits" submitted by licensed banks by July 13, 2026.

Evolution of new loans granted by the licensed banks

The nominal growth in lending activity, above the inflation rate, points to an effective expansion of the banking sector's financing of the economy and contributes to supporting aggregate demand. The positive dynamics of lending, especially to individuals, indicates the maintenance of a robust demand for consumer financing, with the potential to maintain inflationary pressures in the short and medium term.

In the second quarter of 2026, the annual growth rate of new loans continued to rise, driven by developments in both domestic and foreign currency loans (Chart 4.18). Loans granted in the national currency recorded an annual growth rate of 8.2%, driven by positive annual growth in both the individuals and legal entities (Chart 4.19). At the same time, the annual growth rate of new foreign currency loans, which are linked to the exchange rate, was driven by loans granted to corporate borrowers, continuing to outpace the growth rate of loans in the national currency (Chart 4.18).

The annual growth of loans granted in the national currency to individuals increased to 13.1% annually due to the upward trend of consumer and real estate loans (Chart 4.19). The annual dynamics of loans granted to legal entities recorded a moderately upward trajectory, up to 3.7% annually.

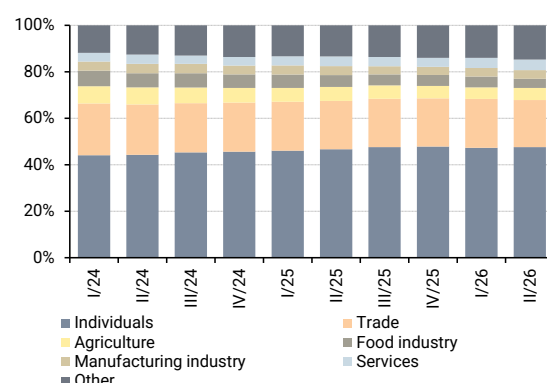
The developments were also reflected in the share of loans granted in the national currency. Thus, loans in MDL constituted 72.5%, compared to 75.8% in the similar period of 2025.

The market of deposits⁵⁸

The market of term deposits accepted by the licensed banks (deposits balance)

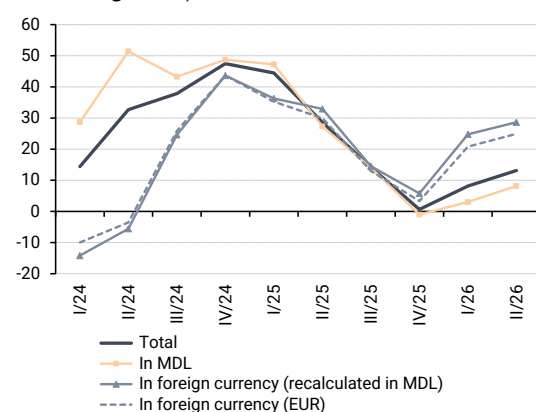
At the end of the reporting quarter, the total balance of term deposits held by licensed banks stood at approximately MDL 59.8 billion, 17.3% higher than at the end of June 2025 (Chart 4.20). This increase was largely driven by the balance of deposits attracted in the national currency. Thus, the balance of term deposits in MDL recorded an annual growth rate of 20.7% (Chart 4.20). From a sectoral perspective, the increase was mainly due to the balance of deposits attracted from households. The share of term deposits in the national currency remained at the level recorded at the end of the previous quarter (65.7% of the total balance of term deposits), (Chart 4.21).

Chart 4.17: Loans balance structure (% in total)



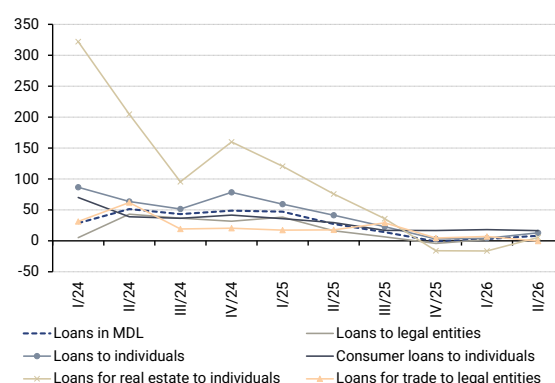
Source: NBM

Chart 4.18: Evolution of new granted loans (% annual growth)



Source: NBM

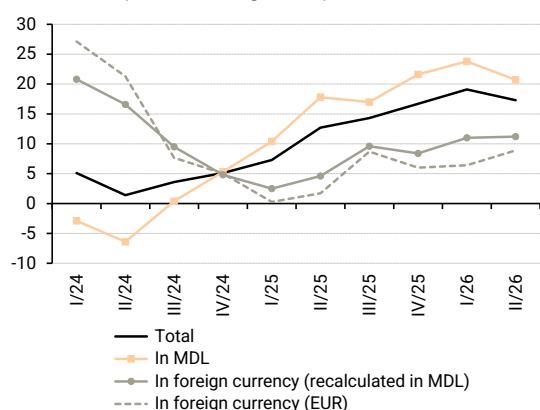
Chart 4.19: Evolution of new granted loans in MDL (% annual growth)



Source: NBM

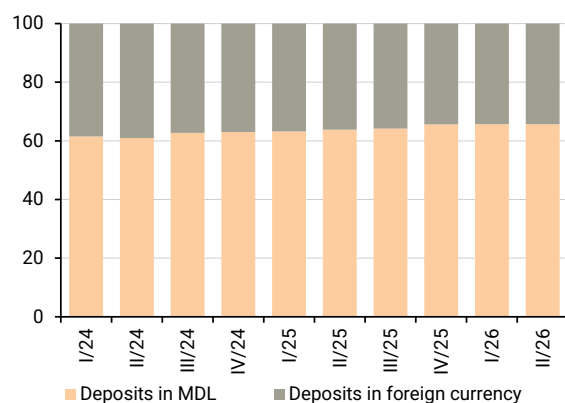
⁵⁸The data analysis was carried out based on reports ORD01.06 "Report on interest rates related to the balance of loans and deposits" and ORD01.04 "Report on interest rates related to new loans and new deposits" submitted by licensed banks until July 13, 2026.

Chart 4.20: Evolution of the term deposits balance (% annual growth)



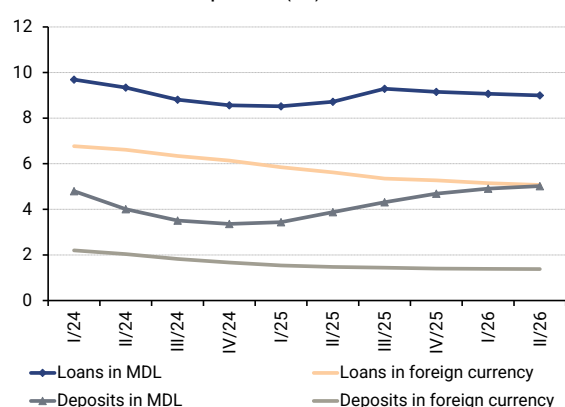
Source: NBM

Chart 4.21: Evolution of the share of term deposits by subcomponents in the total balance (%)



Source: NBM

Chart 4.22: Average interest rates on balance of loans and deposits (%)



Source: NBM

Interest rates⁵⁹

Base rate evolution

During the second quarter of 2026, two meetings of the Executive Board of the National Bank of Moldova were held to discuss monetary policy decisions. Following an assessment of the balance of domestic and external risks and the short- and medium-term inflation outlook, the Executive Board of the National Bank of Moldova decided to raise the base rate: at the meeting on May 7, 2026 by 1.5 percentage points, to 6.50% per annum, and subsequently, at the meeting on June 18, 2026, by 0.5 percentage points, to 7.00% per annum. These measures were adopted against a backdrop of intensifying inflationary pressures stemming both from the supply side – driven by unfavourable trends in international prices for energy resources, food and raw materials – and from domestic demand, supported by favourable growth in household income. The decisions aim to anchor inflation expectations and keep the inflation rate close to the medium-term target of 5.0%, with a possible deviation of ± 1.5 percentage points.

Interest rate evolution on loans balance

Over the second quarter of 2026 as a whole, the weighted average interest rate on the outstanding balance of loans granted in MDL by licensed banks increased by 0.28 percentage points compared with the second quarter of 2025, standing at 9.00% per annum (Chart 4.22). Compared with the previous quarter, the weighted average interest rate fell by 0.07 percentage points. The weighted average interest rate on the outstanding balance of foreign currency loans and indexed to the exchange rate stood at 5.07% per annum, 0.55 percentage points lower than in the second quarter of 2025.

Interest rate evolution on the deposits balance

In the reporting quarter, the weighted average interest rate on the balance of term deposits in the national currency registered an annual increase of 1.14 percentage points and amounted to 5.02% annually (Chart 4.22). At the same time, the weighted average interest rate on the balance of term deposits attracted in foreign currency amounted to 1.38% annually, decreasing compared to the one in the second quarter of 2025 by 0.09 percentage points.

⁵⁹The analysis of interest rates was carried out based on reports ORD01.06 "Report on interest rates related to the balance of loans and deposits" and ORD01.04 "Report on interest rates related to new loans and new deposits" submitted by licensed banks by July 13, 2026.

Evolution of interest rates on new loans and deposits granted/ attracted by the licensed banks

In the second quarter of 2026, the weighted average interest rate on loans granted in the national currency remained unchanged (Chart 4.23). Thus, the weighted average interest rate on new loans granted in the national currency stood, for the second consecutive quarter, at 9.06% per annum, but was up by 0.07 percentage points compared with the corresponding quarter of 2025, as a result of the increase in the weighted average interest rate on loans granted to individuals. At the same time, in the segment of loans granted in foreign currency and linked to the exchange rate, the weighted average interest rate stood at 4.91% per annum, 0.15 percentage points lower than in the first quarter of 2026 (Chart 4.23).

The weighted average interest rate on new term deposits in the national currency, in the reporting quarter, recorded an increase compared to both the previous quarter and the second quarter of 2025 and amounted to 5.44% annually (Chart 4.23), as a result of the increasing trend in interest rates on term deposits attracted from individuals and legal entities.

Nominal and real effective exchange rate evolution

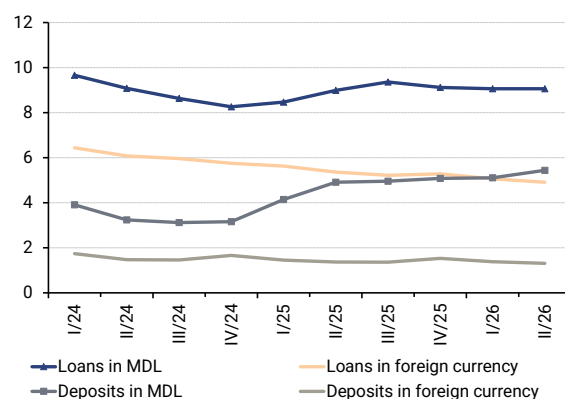
During the second quarter of 2026, the nominal official exchange rate of the national currency appreciated by 0.6% against the euro, whilst it depreciated by 0.1% against the US dollar compared with the level recorded at the end of the previous quarter (Chart 4.24).

On average, the Moldovan leu depreciated by 0.6% against the euro and by 1.3% against the US dollar, compared with the averages for the previous quarter.

As regards the exchange rate movements of the currencies of the Republic of Moldova's main trading partners included in the REER basket, in the second quarter of 2026, half of these appreciated on average against the euro. In particular, the Russian ruble (+6.1%), the Hungarian forint (+5.9%), the Belarussian ruble (+3.6%), the Chinese renminbi yuan (+2.4%) and the Czech koruna (+0.02%) appreciated. On the other hand, more pronounced depreciation was recorded for the Turkish lira (-3.4%), the Romanian leu (-1.8%), the Ukrainian hryvnia (-1.3%) and the Polish zloty (-0.4%), (Chart 4.25).

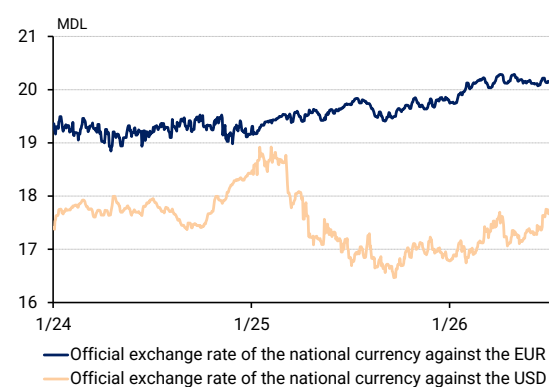
Under these circumstances, in real terms, the Moldovan leu appreciated by 0.6% against the currency basket of the Republic of Moldova's main trading partners (the average for the second quarter of 2026 compared with the average for the first quarter of 2026), (Chart 4.26). The largest contributions to the appreciation of the REER came from Romania (+0.72 percentage points), Poland (+0.09 percentage points), Germany (+0.08 percentage points) and the Czech Republic (+0.06 percentage points), (Chart 4.27).

Chart 4.23: Average interest rates on new loan and deposit volumes (%)



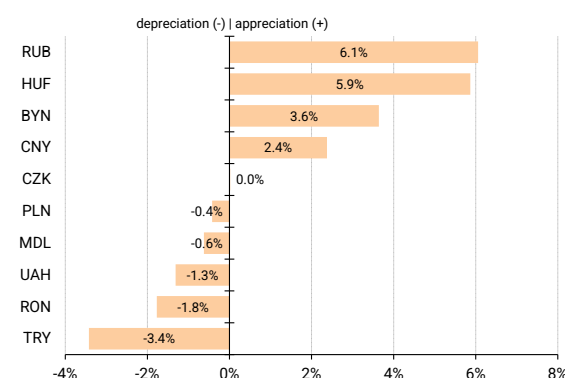
Source: NBM

Chart 4.24: Fluctuations of the official exchange rate of the Moldovan leu against the US dollar and the euro



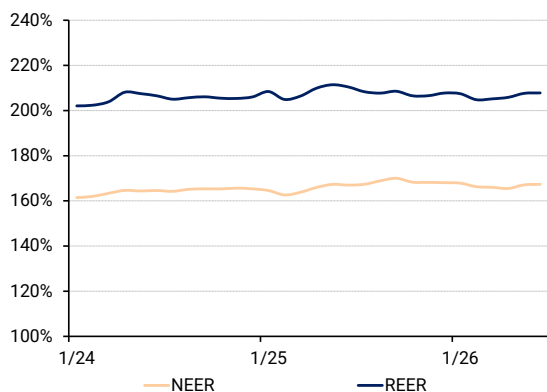
Source: NBM

Chart 4.25: Development of the countries currencies – main trading partners against the EUR, average exchange rate for the second quarter of 2026/ first quarter of 2026 (%)



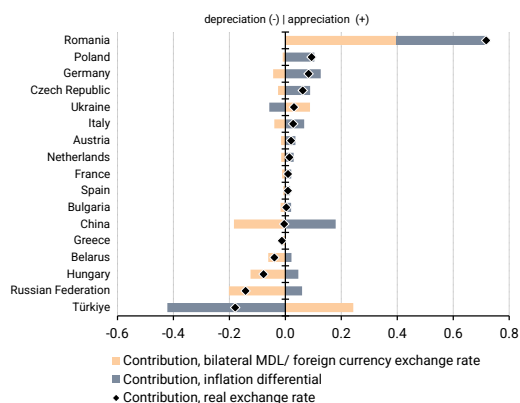
Source: NBM

Chart 4.26: Nominal effective exchange rate (NEER) and real effective exchange rate (REER) of the MDL dynamics calculated on the basis of the weight of the countries – main trading partners (Dec. 2000=100%)



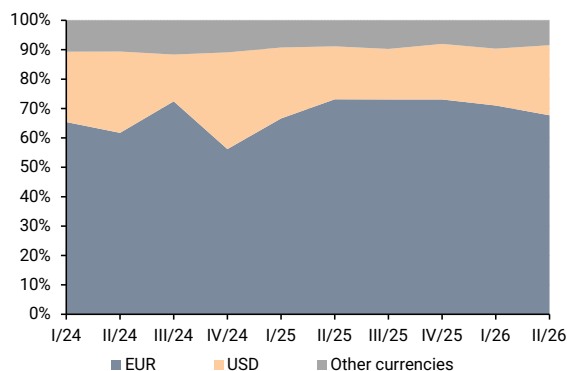
Source: NBM

Chart 4.27: Contribution of the Republic of Moldova's main trading partners to the change in the real effective exchange rate in the second quarter of 2026



Source: NBM

Chart 4.28: Net foreign exchange supply from individuals broken down by main currencies



Source: NBM

In the second quarter of 2026, the foreign exchange deficit in the local foreign exchange market improved compared with the second quarter of 2025, owing to more favourable conditions for foreign exchange supply factors compared with those for foreign exchange demand. Only in April there was a more pronounced gap between foreign exchange demand and supply, and to mitigate the greater fluctuations in the MDL exchange rate, the NBM intervened in the market through net foreign exchange sales.

Consequently, the net supply of foreign currency from individuals amounted to EUR 876.8 million, showing an annual increase of 7.2% and a seasonal rise of 17.7% compared with the previous quarter. The trend in the net supply of foreign currency mirrored the trend in remittances from abroad to individuals. According to data for the first two months of the quarter, net remittances from abroad increased both compared with the same period of the previous year (+25.6%) and compared with the previous quarter (+28.4%).

Within the structure of net foreign exchange supply from individuals, the single European currency accounted for the largest share (67.7%), (Chart 4.28).

Net demand for foreign currency from legal entities increased by 21.6% compared with the previous quarter, although the growth rate was more moderate than in the corresponding period of the previous year (+2.3%), amounting to EUR 980.8 million. The trend of a deteriorating trade balance of goods continued, this being the main factor contributing to the annual increase in net demand from legal entities. The deficit of the trade balance of goods widened by 12.6% compared with the same period last year, according to data for the first two months of the quarter. However, it is worth noting the positive trend in goods exports, which recorded an annual increase of 13.4% in the first two months of the quarter.

The upward trend in net demand for foreign exchange from legal entities was driven mainly by increased demand for foreign exchange from importers of energy resources and a reduction in the net supply of foreign exchange from some exporters of agricultural products. The rise in net demand was partly offset by lower demand from some tourism service providers.

Under these circumstances, the degree to which the net demand for foreign currency from economic agents was covered by the net supply of foreign currency from individuals stood at 89.4% during the reference period (Chart 4.29), compared with 92.4% in the previous quarter and 85.3% in the second quarter of 2025. Against this backdrop, the NBM intervened through net foreign exchange sales amounting to EUR 14.1 million⁶⁰ on the domestic interbank market, aimed at mitigating exchange rate volatility.

⁶⁰Volume calculated on the currency date.

Viewed in terms of monthly trends, during the second quarter of 2026, the official exchange rate of the Moldovan leu against the euro fluctuated within a relatively narrow range, following a general trend of appreciation of the national currency. In the first half of April, the Moldovan leu appreciated against the euro due to increased supply from individuals, which is typical of holiday periods. This was followed in the second half of the month by a temporary depreciation, caused by increased demand from some importers of consumer goods and from importers of energy resources against the backdrop of rising prices for petroleum products. From May through to the first half of June, the national currency resumed its appreciation trend, with the EUR/MDL exchange rate reaching its quarterly low. The MDL's exchange rate against the euro depreciated temporarily in the second half of June, a period characterised by higher outflows related to dividend payments, before recovering partially towards the end of the period under review.

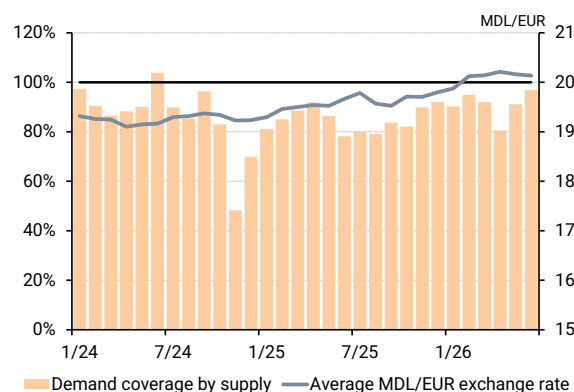
The dynamics of the official exchange rate of the Moldovan leu against the US dollar were influenced, amongst other factors, by the movements of the US dollar against the euro on international financial markets. In the second quarter of 2026, the EUR/USD exchange rate traded in an environment characterised by high volatility, driven mainly by geopolitical developments in the Middle East, fluctuations in energy prices and changing expectations regarding the monetary policy of the Fed and the ECB. At the start of the quarter, the euro appreciated against the backdrop of a temporary easing of geopolitical tensions between the US and Iran and the strengthening of expectations of a more restrictive monetary policy from the ECB, which exerted downward pressure on the US dollar.

However, over the course of the quarter, the negative effects of high energy prices on the European economy became increasingly apparent. As a net importer of energy, the euro area was affected by a deterioration in terms of trade and rising inflationary pressures. Annual inflation continued to accelerate, whilst economic activity slowed.

In June, the market sentiment changed significantly. The resumption of tensions in the Middle East and the continued restrictions on shipping through the Strait of Hormuz brought global energy security risks back to the attention of investors. The increase in oil prices and geopolitical uncertainty again favored the US dollar, which partially regained its role as a safe-haven asset. Meanwhile, the euro was affected by the deterioration in the economic growth outlook, the increase in trade risks and uncertainties about the ECB's ability to simultaneously combat high inflation and the slowdown in economic activity.

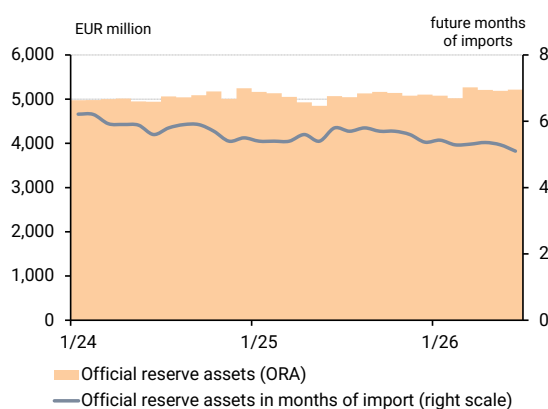
Under these circumstances, the euro depreciated by 0.7% against the US dollar during the quarter under review.

Chart 4.29: The degree of net sales coverage by net supply and the official exchange rate dynamics



Source: NBM

Chart 4.30: Development of the official reserve assets expressed in months of future imports of goods and services (BPM6)



Source: NBM

At the end of the second quarter of 2026, the stock of official reserve assets stood at EUR 5,216.1 million (Chart 4.30), down by EUR 50.4 million (-1.0%) compared with the end of the first quarter of 2026, mainly due to payments to service external public debt, net outflows relating to the mandatory foreign exchange reserves of licensed banks, and net foreign exchange sales.

The decline in official reserve assets was partly offset by disbursements for budgetary support and investment projects from external development partners totalling EUR 15.4 million. These included loans and grants from World Bank institutions totalling EUR 12.2 million, for projects in the field of education and training (EUR 5.9 million), the "Land Registration and Valuation" project (EUR 2.4 million), as well as other projects in the fields of agriculture, energy efficiency, water supply and sanitation, SME competitiveness, etc.

As of the end of the second quarter of 2026, official reserve assets continued to provide sufficient coverage for imports of goods and services (5.1 months of future imports⁶¹).

⁶¹Calculated based on the MDED forecast for imports of goods and services.

Chapter 5

Forecast

5.1 External assumptions

The war in the Middle East has fuelled inflationary pressures worldwide, amid rising energy prices. According to estimates by the International Monetary Fund, the global economy is set to grow by 3.0% in 2026 and 3.4% in 2027. Compared with the previous forecast, the outlook is characterised by a slight moderation, due to the adverse effects of the war in the Middle East, although these are partly offset by the favourable impetus from global technological progress, underpinned by the accelerated development of artificial intelligence and its increasing adoption⁶². The outlook for the euro area remains characterised by a high degree of uncertainty, against a backdrop of more volatile energy prices and pressures on domestic demand. Economic growth in the euro area is forecast at 0.5% in 2026 and 1.2% in 2027, whilst average annual inflation is projected at 2.7% in 2026 and 2.2% in 2027. Although the single European currency had previously benefited from the depreciation of the US dollar, its outlook continues to be adversely affected by the relatively moderate pace of economic growth in the euro area and the persistent risks associated with developments in the energy markets. Following the signing of the memorandum between the US and Iran, which provided, amongst other things, for the partial reopening of the Strait of Hormuz, Brent prices have fallen significantly from their spring highs, and the outlook for oil prices suggests a gradual decline in the international Brent price, from an estimated average of around USD 86.6/barrel in 2026 to approximately USD 77/barrel in 2027. At the same time, the external assumptions envisage continued vulnerabilities in the European natural gas market, against a backdrop of relatively low stock levels, increased competition for LNG supplies and persistent geopolitical risks. In this context, it is anticipated that Dutch TTF prices will remain above the levels recorded in the previous year, reflecting the constraints on the European natural gas market. In this round of forecasts, the external assumptions regarding energy prices are based on Brent crude oil and Dutch TTF natural gas prices remaining at levels that continue to influence production costs, inflationary prospects and investment decisions. Furthermore, it is assumed that international energy markets will remain exposed to geopolitical risks and supply uncertainties, although pressures on the oil market are easing compared with the first half of 2026. Global agri-food markets are evolving against a backdrop of increasingly severe shocks, which are affecting production, trade flows and market functioning, highlighting vulnerabilities in food supply chains.

The table 5.1 sets out the values of the main external environment assumptions adopted in the forecasting round for the Inflation Report, August 2026, together with a description of these assumptions.

Economic growth in the **euro area** is forecast to be 0.5% in 2026 and 1.2% in 2027. Compared with the May 2026 forecast, GDP growth has been revised downwards by 0.4 percentage points for 2026 and by 0.1 percentage points for 2027. The harmonised index of consumer prices (HICP) is estimated to stand at 2.7% in 2026, with a rise of 2.2% expected for 2027. At the same time, according to the Eurosystem's projections, economic growth in the euro area is estimated at 0.8% in 2026 and 1.2%

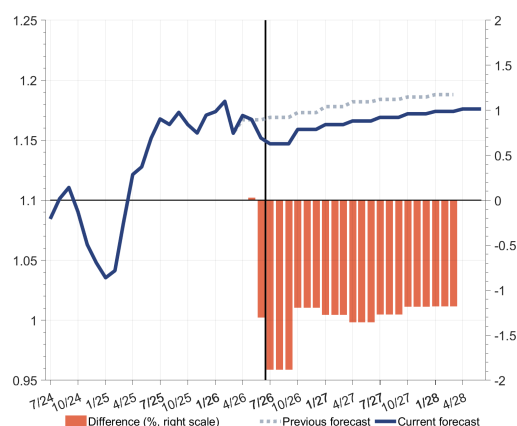
⁶²INTERNATIONAL MONETARY FUND. *World Economic Outlook Update, Global Economy in Crosscurrents of War and Technology*. Online. (July 8, 2026). Available: <https://www.imf.org/-/media/files/publications/weo/2026/update/july/english/text.pdf>.

Table 5.1: Expected evolution of external variables (annual average)

	2026	2027
Economic growth		
in the euro area (%)	0.5	1.2
Average annual inflation		
in the euro area (%)	2.7	2.2
EUR/USD	1.16	1.17
Euribor 3M (%)	2.4	2.8
Brent oil price		
(USD/barrel)	86.6	77.0
Natural gas price		
Dutch		
TTF (EUR/1,000 m ³)	483.1	408.0
Increase of food		
international		
quotations (%)	2.4	2.7

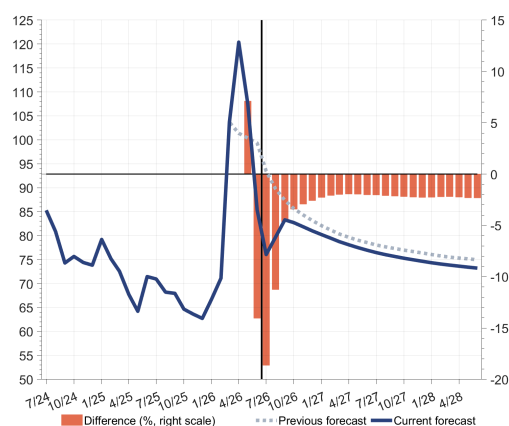
Source: Bloomberg, Foreign Exchange Consensus Forecasts, NBM calculations

Chart 5.1: EUR/USD exchange rate assumption



Source: ECB, Foreign Exchange Consensus Forecast, NBM calculations

Chart 5.2: International Brent oil price assumption (USD/barrel)



Source: Bloomberg, NBM calculations

in 2027. Compared with the March 2026 projections, GDP growth has been revised downwards by 0.1 percentage points for 2026 and 2027, reflecting the more pronounced impact of the war in the Middle East on commodity markets and real incomes. Inflation is expected to rise to 3.0% in 2026, before falling to 2.3% in 2027 and returning to 2.0% in 2028⁶³. Inflationary pressures are driven mainly by higher energy prices and their partial pass-through to food, goods and services prices.

In the current forecast round, based on the latest developments in the **single European currency**, the EUR/USD exchange rate is projected to be 1.16 in 2026 and 1.17 in 2027 (Chart 5.1). Although the single European currency has previously benefited from the depreciation of the US dollar and the easing of expectations regarding further tightening of the Fed's monetary policy, the risks to the exchange rate have become more pronounced. Despite support from expectations of a more restrictive monetary policy by the ECB, the single European currency will continue to be affected by the subdued outlook for economic growth and the risks associated with the energy sector. The appreciation of the US dollar has been driven by increased financial flows into safe-haven assets, against the backdrop of the escalating conflict in the Middle East and its implications for energy markets. At the same time, the US position as the world's largest oil producer has mitigated the US economy's vulnerability to rising energy prices. Should the energy shock prove more persistent than financial markets currently anticipate, the US dollar could remain relatively strong, holding at high levels.

Following the partial reopening of the Strait of Hormuz and the resumption of oil trade flows, pressures on the oil market have eased compared with the previous forecast round. In the current forecast round, the average annual price of **Brent crude oil** is projected to be USD 86.6/barrel in 2026 and USD 77/barrel in 2027 (Chart 5.2), down from the previous assumptions (USD 88.9/barrel for 2026 and USD 78.7/barrel for 2027), which had assumed a protracted conflict. In the same vein, the International Energy Agency anticipates an increase in global oil production, supported by the partial resumption of shipping through the Persian Gulf region and the gradual emergence of a supply surplus in the oil market in 2027. It notes that by October, global demand is expected to rise by over 8 million barrels/day compared with the low recorded in May, thereby exceeding 2025 levels for the first time since February 2026.

However, global oil demand is set to fall by 1 million barrels/day this year, before rebounding to 2 million barrels/day in 2027⁶⁴. The U.S. Energy Information Administration estimates that most crude oil production will return to levels close to pre-conflict averages by the end of this year, and that most suspended crude production will be restarted in the first

⁶³EUROPEAN CENTRAL BANK. *Eurosystem staff macroeconomic projections for the euro area, June 2026*. Online. (June 2026). Available: https://www.ecb.europa.eu/press/projections/html/ecb.projections202606_eurosystemstaff~a495110f8d.en.html.

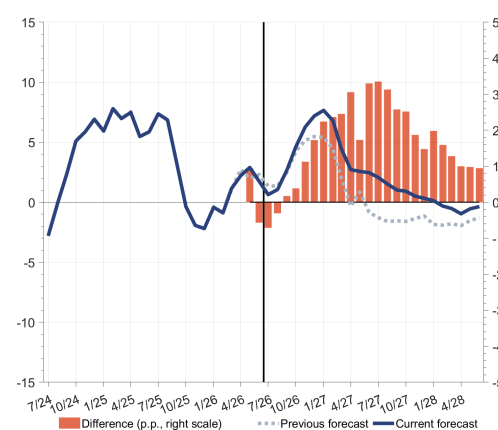
⁶⁴THE INTERNATIONAL ENERGY AGENCY. *Oil Market Report - July 2026*. Online. (July 10, 2026). Available: <https://www.iea.org/reports/oil-market-report-july-2026#overview>.

quarter of 2027⁶⁵.

The average price of natural gas **Dutch TTF** forecast in the current forecasting round is approximately EUR 483.1/1,000 cubic metres in 2026 and EUR 408/1,000 cubic metres in 2027. The European natural gas market continues to be vulnerable to risks associated with LNG supplies, pre-winter stock levels and competition from Asian buyers. The escalation of tensions between the US and Iran has continued, with both sides scaling back expectations of a short-term diplomatic resolution, which increases the risk of prolonged disruptions to energy exports from the region. Equinor, Europe's largest natural gas supplier, has warned that the European Union is unlikely to meet its target of 80% natural gas storage ahead of the heating season, making the market more susceptible to sudden price volatility as the cold season sets in⁶⁶. The adequacy of gas supplies during the winter of 2026-2027 will depend decisively on the outcome of this injection season. Historical precedents show that every 5 percentage point deficit in November stocks reduces the supply reserve by approximately 2-4 weeks during peak winter demand periods⁶⁷. At the same time, as supplies are restored and trade routes adapt to the new conditions, market pressures could ease in the medium term.

The current forecast round projects that **international food prices** will increase by 2.4% in 2026 and 2.7% in 2027 (Chart 5.3). The current situation in the agri-food markets is characterised by a combination of major shocks linked to extreme weather conditions and escalating geopolitical tensions. These shocks have disrupted supply chains and international trade flows, exacerbating the vulnerabilities of the global food system. The fuel shortage caused by the war in the Middle East will exert further pressure on food prices. Given the key role of energy both as a factor of production and as a cost component in the transport of goods, including food, fluctuations in oil prices tend to be rapidly passed on throughout supply chains. Ongoing disruptions to oil supplies could also push up fertiliser prices in the Middle East even further and affect their availability. This could impact the 2026 and 2027 planting and harvesting seasons, reducing yields and potentially leading to higher food prices over time⁶⁸. Meanwhile, the intensification of mutual attacks between Ukraine and the Russian Federation in the Black Sea region has amplified concerns about possible disruptions to a corridor essential for global grain exports.

Chart 5.3: International food prices assumption (%)



Source: FAO, Bloomberg, NBM calculations

⁶⁵U.S. ENERGY INFORMATION ADMINISTRATION. *Short-Term Energy Outlook*. Online. (July 7, 2026). Available: <https://www.eia.gov/outlooks/steo/>.

⁶⁶REUTERS. *Europe unlikely to reach 80% gas storage target*. Online. (July 22, 2026). Available: <https://www.reuters.com/business/energy/europe-unlikely-reach-80-gas-storage-target-equinor-ceo-says-2026-07-22/>.

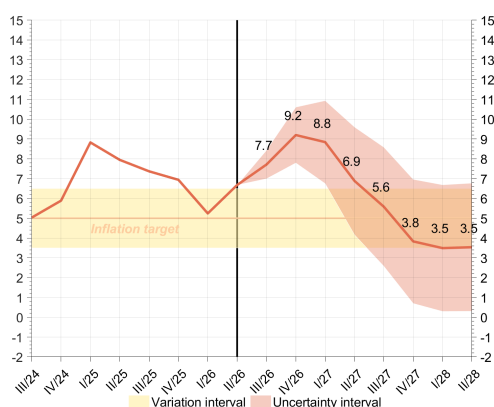
⁶⁷ENERGYRISKIQ. *Winter 2026–27 Risk Horizon*. Online. (July 2026). Available: <https://energyriskiq.com/gas-storage-levels-in-europe>.

⁶⁸OECD. *OECD Economic Outlook, Volume 2026 Issue 1. Under Pressure*. Online. (June 3, 2026). Available: https://www.oecd.org/en/publications/2026/06/oecd-economic-outlook-volume-2026-issue-1_8be0dba6.html.

5.2 Internal environment

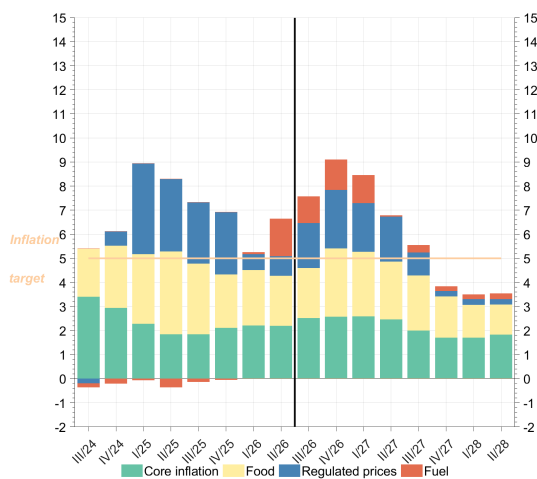
Inflation

Chart 5.4: CPI with uncertainty interval (% , compared to the previous year)



Source: NBS, NBM calculations

Chart 5.5: CPI decomposition (% , compared to the previous year, percentage points)



Source: NBS, NBM calculations

The annual inflation rate will trend upwards until the end of this year, and will subsequently trend downwards until the end of the forecast period⁶⁹. The annual inflation rate will continue to remain above the upper limit of the inflation target variation range until the middle of next year, and from then on it will return to the variation range in the third quarter of 2027 and remain within it until the end of the forecast period. The maximum value will be recorded at the end of the current year, and the minimum value in the first half of 2028 (Chart 5.4).

The annual rate of inflation is driven by the positive contribution of all components of the CPI, namely **core inflation**, **food** prices, **regulated** prices, and **fuel** prices (Chart 5.5).

The presence of factors such as (1) rising short-term inflation, largely as a result of second-round effects on core inflation and food prices caused by rising fuel prices against the backdrop of the impact of the conflict in the Middle East on oil prices and oil derivatives, as well as the inclusion in the third quarter of 2026 of the contribution earmarked for emergency stocks in the trade margin for key petroleum products, (2) the anticipated increase in certain tariffs and service charges, predominantly during the current year, (3) the evolution of the national currency's exchange rate against the single European currency and the US dollar, (4) rising imported inflation in the fourth quarter of 2026 and the second half of next year, (5) the expectation of a rising trajectory in international food prices until the middle of next year; and (6) the adjustment of excise duties at the start of 2027 and 2028, will contribute to an increase in the annual growth rate by the end of this year and will mitigate its subsequent decline.

However, (1) the downward trend in international oil prices throughout the forecast period, (2) the expectation of a slight downward trend in international food prices, from the second half of next year until the end of the forecast period, (3) a decline in imported inflation in the third quarter of 2026, in the first half of next year and in the first half of 2028, mainly as a result of the downward trend in the annual inflation rate in the euro area from next year until the end of the forecast period, (4) aggregate demand falling until the middle of next year and subsequently recovering, (5) the anticipated reduction in certain tariffs in the second quarter of 2027 and the second quarter of 2028, as well as (6) the high-base effect this year, will dampen growth throughout this year and contribute to a subsequent slowdown in the annual rate.

⁶⁹Third quarter of 2026 – second quarter of 2028

The annual inflation rate for the forecast period, will record the maximum value of 9.2% in the fourth quarter of 2026 and the minimum value of 3.5% in the first and second quarters of 2028.

The average annual inflation will be 7.2% and 6.2% in the current year and next year, respectively.

The annual core inflation rate will have a slightly upward trend until the end of this year, then it will have a decreasing trend until the end of the forecast period (Chart 5.6).

The slight upward trend until the end of this year, followed by a decline over the course of next year and a slight rise at the end of the forecast period, will be driven by the interplay of positive and negative factors. Factors with a positive impact include: (1) rising short-term inflation, due to second-round effects generated by rising fuel prices in the context of the impact of the conflict in the Middle East on oil prices and oil derivatives, and rising imported inflation in the fourth quarter of 2026, (2) evolution in the exchange rate of the national currency against the single European currency and the US dollar; and (3) the adjustment of excise duties at the beginning of 2028.

At the same time, the factors with a negative impact are: (1) a decline in imported inflation over the forecast period, with the exception of the fourth quarter of 2026, largely as a result of the downward trend in the annual inflation rate in the euro area from the second quarter of next year until the end of the forecast period; and (2) a slight decline in aggregate demand until the middle of next year.

The average annual core inflation rate will stand at 5.6% and 5.1% in 2026 and 2027, respectively.

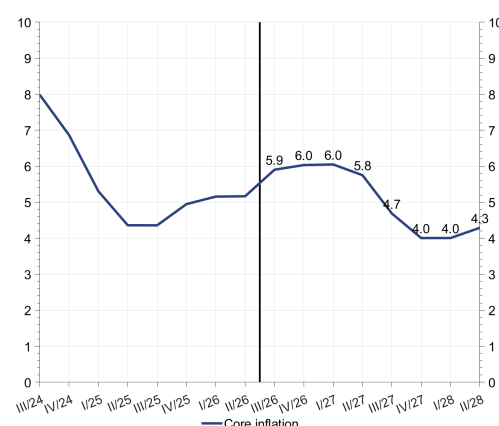
The annual rate of food prices will trend upwards until the end of this year, after which it will trend downwards until the end of the forecast period (Chart 5.7).

The accelerating pace of the annual rate of food prices will be largely influenced by an upward short-term forecast, driven by second-round effects resulting from rising fuel prices and the impact of rising imported inflation. The expectation of a slight downward trend in international food prices, from the second half of next year until the end of the forecast period, which will fuel a decline in imported inflation from next year until the end of the forecast period, and (2) the high base at the end of this year will contribute to a slowdown in the annual rate. Nevertheless, (1) the expectation of an upward trajectory in international food prices until the middle of next year, (2) the slight evolution of the national currency against the single European currency and the US dollar, and (3) the adjustment of excise duties at the start of next year and in 2028, will fuel growth until the end of this year and mitigate the subsequent slowdown in the annual rate.

The average annual rate of food prices will stand at 6.6% and 6.4% in 2026 and 2027, respectively.

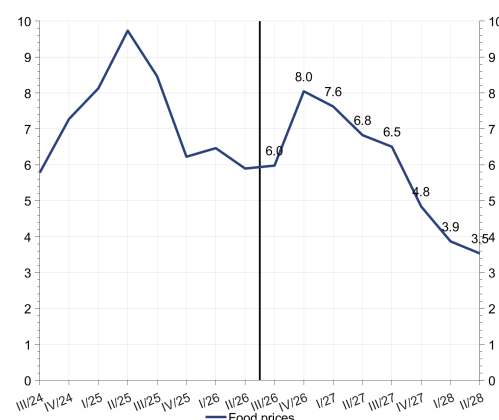
The annual rate of regulated prices will increase strongly until the end of this year, after which it will have a decreasing trajectory during next year, and will subsequently remain stable, at low levels, until the end of the forecast period (Chart 5.8).

Chart 5.6: Core inflation (% , compared to the previous year)



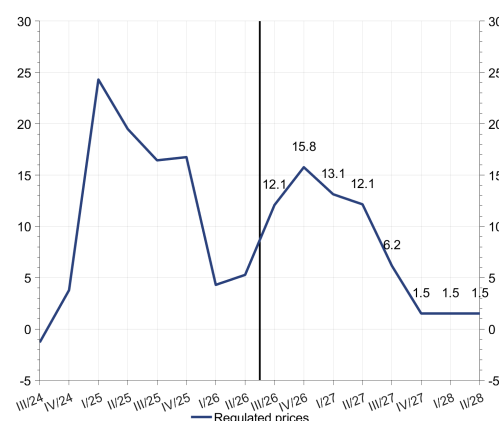
Source: NBS, NBM calculations

Chart 5.7: Food prices (% , compared to the previous year)



Source: NBS, NBM calculations

Chart 5.8: Regulated prices (% , compared to the previous year)

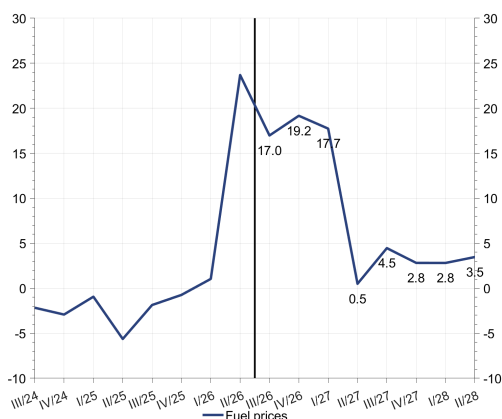


Source: NBS, NBM calculations

The annual rate will be driven by the anticipated adjustments, in particular, to certain tariffs and services during the current year, as well as by the anticipated adjustments to the tariff for hot water supply during the coming year, due to the application of different calculation methods for the winter and summer seasons.

The acceleration in the annual rate of increase in regulated prices by the end of the current year will be due to anticipated increases in certain tariffs and services, as a result of the preconditions caused by the impact of the conflict in the Middle East on energy resource prices. The downward adjustment of certain tariffs in the second quarter of 2027 and the second quarter of 2028, as well as (2) the high-base effect in the current year, will contribute to a further slowdown in the annual rate.

Chart 5.9: Fuel prices (% , compared to the previous year)



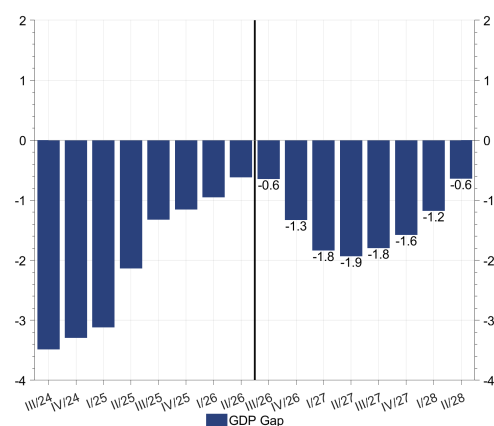
Source: NBS, NBM calculations

The average annual rate of regulated prices will stand at 9.4% and 8.0% in 2026 and 2027, respectively.

The annual rate of fuel prices will decline in the third quarter of 2026 and remain relatively stable until the first quarter of 2027, after which it will follow a significantly downward trajectory in the second quarter of 2027, and subsequently show a slight upward trend until the end of the forecast period (Chart 5.9).

The downward trend in international oil prices throughout the forecast period and (2) the high base in the second quarter of 2026 to the first quarter of 2027 will contribute to a decline in the annual rate of fuel prices.

Chart 5.10: GDP gap (%)



Source: NBM calculations

However, (1) the evolution of the national currency against the single European currency and the US dollar, (2) the inclusion in the third quarter of 2026 of the contribution earmarked for emergency stocks in the trade margin for key petroleum products, (3) the low base from the previous year, and (4) the adjustment of excise duties at the start of next year and in 2028 will temper this decline and contribute to a slight increase in the annual rate in the fourth quarter of 2026, the third quarter of 2027 and towards the end of the forecast period.

The average annual rate of fuel prices will be 15.1% and 6.0% in 2026 and 2027, respectively.

Demand

Aggregate demand is expected to decline slightly until the middle of next year and then recover by the end of the forecast period (Chart 5.10).

The decline in remittances in real terms, (2) the slightly negative fiscal impulse throughout the forecast period, (3) the restrictive nature of real monetary conditions until the first quarter of 2027 and their negligible impact in the second quarter of 2028, driven by the appreciation of the real effective exchange rate, and (4) neutral external demand will be the main factors driving the decline in aggregate demand.

The moderate increase in the annual growth rate of GDP in the first quarter of 2026 by 0.4%, (2) the stimulative nature of real monetary conditions, from the second quarter of 2027 until the first quarter of 2028, mainly due to the low real interest rate, will temper the slight decline in aggregate demand until the middle of next year and subsequently fuel the recovery in aggregate demand by the end of the forecast period.

Aggregate demand will also be determined by monetary policy which, on the one hand, through the real effective exchange rate channel, will have a restrictive effect, whilst, on the other hand, the real interest rate will exert a stimulative influence throughout the forecast period.

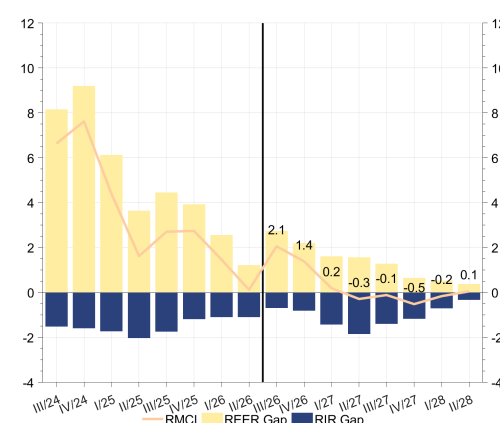
Monetary policy

Real monetary conditions will have a restrictive character on aggregate demand until the end of this year, and thereafter will be practically neutral until the end of the forecast period (Chart 5.11).

Monetary policy through the real effective exchange rate will be restrictive, but through the real interest rate, it will show a stimulative character during the forecast period.

The real evolution of the national currency will slightly increase the deviation of the real effective exchange rate from its equilibrium level in the third quarter of 2026, and subsequently it will register a tendency to decrease the deviation, attenuating the restrictive character on aggregate demand.

Chart 5.11: Real monetary conditions index and decomposition



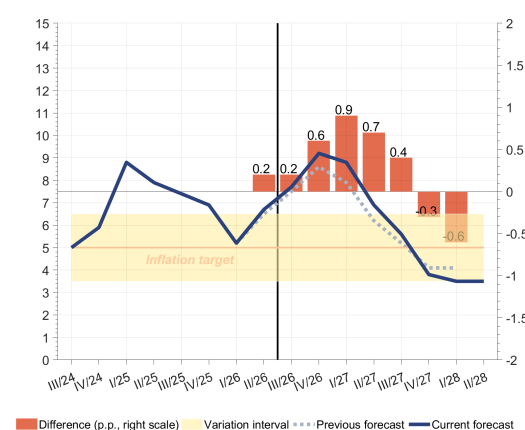
Source: NBM calculations

5.3 Forecasts comparison

The current inflation forecast, compared to the previous inflation report⁷⁰, has been revised upwards for the entire comparable period⁷¹, except for the fourth quarter 2027 and first quarter 2028, when it was revised downwards (Chart 5.12).

The increase in the forecast for **fuel** prices over the entire comparable period, with the exception of the third quarter of 2026, for **regulated** prices in the third quarter of 2026, for **food** prices from the fourth quarter of 2026 until the end of the comparable period, as well as **core inflation** until the end of the current year, has led to an upward revision of the current forecast for the annual inflation rate.

Chart 5.12: CPI (% , compared to the previous year, percentage points)

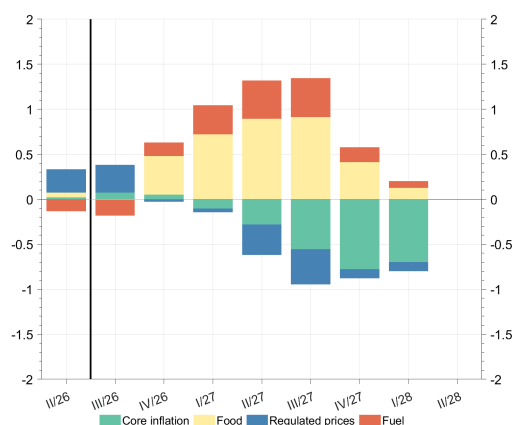


Source: NBS, NBM calculations

⁷⁰Inflation Report, May 2026

⁷¹Third quarter 2026 – first quarter 2028

Chart 5.13: Decomposition of the difference between forecasts (percentage points)



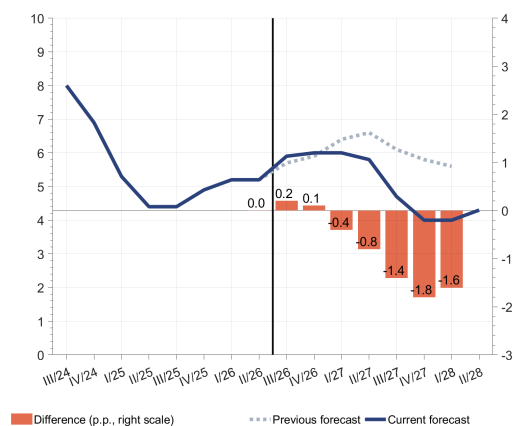
Source: NBM calculations

The downward revision of **core inflation** from next year until the end of the comparable period, of the forecast for **regulated** prices from the fourth quarter of 2026 until the end of the comparable period, and of **fuel** prices in the third quarter of 2026 has mitigated the upward revision for the current and coming years and led to a downward revision of the current forecast for the fourth quarter of 2027 and the first quarter of 2028 (Chart 5.13).

The upward revision to the annual inflation forecast is driven by (1) actual inflation being higher than anticipated in the previous quarter, mainly due to a more pronounced impact than anticipated from the rise in fuel prices on transport costs, (2) an upward revision to the short-term forecast, fuelled by stronger second-round effects generated by the rise in fuel prices against the backdrop of the conflict in the Middle East, the anticipation of tariff 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, as well as the inclusion in the third quarter of 2026 of the contribution earmarked for emergency stocks within the trading margin for key petroleum products, (3) higher international food prices from the fourth quarter of 2026 until the end of the comparable period, (4) a higher trajectory for imported inflation from the end of this year until the middle of next year and the start of 2028, (5) slightly higher aggregate demand in the second and third quarters of 2026; and (6) a reassessment of the impact of excise duties in early 2027 and 2028.

However, (1) a lower forecast for international oil prices over the entire comparable period, (2) a reassessment of anticipated smaller increases in certain tariffs in the fourth quarter of 2026, (3) lower aggregate demand from the fourth quarter of 2026 until the end of the comparable period, (4) a lower trajectory for imported inflation in the third quarter of 2026 and the third quarter of 2027, (5) lower international food prices in the third quarter of 2026 have dampened the upward revision and led to a downward revision of the current inflation forecast for the fourth quarter of 2027 and the first quarter of 2028.

Chart 5.14: Core inflation (% , compared to the previous year, percentage points)



Source: NBS, NBM calculations

The average annual inflation rate has been revised upwards by 0.2 percentage points for 2026 and by 0.4 percentage points for 2027.

The current forecast for the annual core inflation rate has been revised slightly upwards until the end of the current year and downwards until the end of the comparable period (Chart 5.14).

The slightly higher projection of the current forecast compared to the previous one is driven by (1) an upward short-term forecast, mainly fuelled by second-round effects following the increase in fuel prices in the context of the Middle East conflict, (2) slightly higher aggregate demand in the second and third quarters of 2026, and (3) a higher trajectory of imported inflation over the entire comparable period.

Lower aggregate demand from the fourth quarter of 2026 until the end of the comparable period and (2) a reassessment of the impact of excise duties at the start of 2027 and 2028 have tempered the upward revision and led to a downward revision of the current forecast for next year and for the first quarter of 2028.

The forecast for the average core inflation rate has been raised by 0.1 percentage points for 2026 and lowered by 1.1 percentage points for 2027.

The annual rate of food prices was revised upwards, practically throughout the comparable period (Chart 5.15).

The higher growth rate in the current forecast compared with the previous one is driven by (1) a short-term forecast, in the fourth quarter of 2026, rising mainly as a result of second-round effects generated by rising energy prices in the context of the conflict in the Middle East, (2) higher imported inflation from the fourth quarter of 2026 until the end of the comparable period, largely as a result of higher international food prices from the fourth quarter of 2026 until the end of the comparable period, (3) higher actual inflation than anticipated in the previous quarter, and (4) a positive impact from excise duties at the beginning of 2027 and 2028.

The expectation of lower aggregate demand from the fourth quarter of 2026 until the end of the comparable period, (2) lower imported inflation in the third quarter of 2026 and lower international food prices in the third quarter of 2026 are the reasons for the downward revision to the current forecast.

The forecast for the average food prices rate has been revised upwards by 0.3 percentage points for 2026 and by 2.0 percentage points for 2027.

The current forecast for the annual rate of change in regulated prices has been revised upwards for the third quarter of 2026 and downwards from the fourth quarter of this year until the end of the comparable period (Chart 5.16).

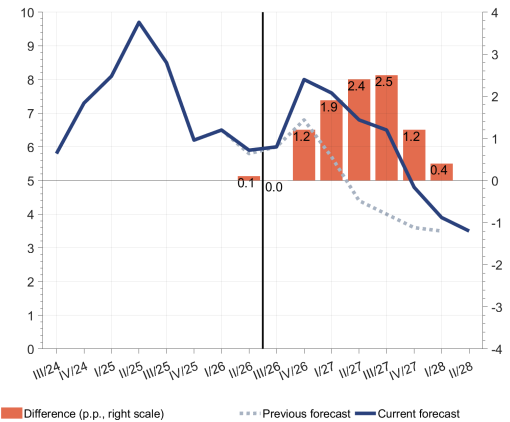
Higher actual inflation than anticipated in the previous quarter, due to a higher-than-expected impact of rising fuel prices on transport prices and (2) the anticipation of tariff increases in the third quarter of 2026, including as a result of the postponement of some previously anticipated increases to the fourth quarter of 2026, have led to an upward revision of the current forecast for the third quarter of 2026.

The reassessment of lower-than-expected tariff increases in the fourth quarter of 2026 and (2) the higher base effect from the current year have led to a downward revision of the current forecast for next year and the first quarter of 2028.

The forecast for the average annual rate of regulated prices has been increased by 0.8 percentage points for 2026 and reduced by 1.5 percentage points for 2027.

The forecast for the annual rate of fuel prices was lowered for the third quarter 2026, then significantly increased by the end of the comparable period (Chart 5.17).

Chart 5.15: Food prices (% , compared to the previous year, percentage points)



The higher forecast for the annual rate of fuel prices from the fourth quarter of 2026 until the end of the comparable period is driven by (1) a short-term forecast for the fourth quarter of 2026, showing an increase due to higher imported inflation in the fourth quarter of 2026 and the first quarter of 2027, (2) the inclusion in the third quarter of 2026 of the contribution earmarked for emergency stocks in the trade margin for key petroleum products; and (3) a reassessment of the impact of excise duties at the beginning of 2027 and 2028.

A lower forecast for international oil prices over the entire comparable period, (2) actual inflation lower than anticipated in the previous quarter and (3) lower aggregate demand, from the fourth quarter of 2026 until the end of the comparable period, led to the downward revision for the third quarter of 2026 and mitigated the subsequent upward revision of the current forecast.

The forecast for the average annual rate of fuel prices has been reduced by 0.6 percentage points for 2026 and increased by 5.1 percentage points for 2027.

5.4 Risks and uncertainties

External sector

- ***Escalating tensions in the Middle East.*** The war in the Middle East has become the main factor shaping the global economic outlook. The signing of the temporary memorandum of understanding between the US and Iran on June 14 was intended to reduce maritime risks in the Strait of Hormuz. However, the suspension of the commitments made under that memorandum highlights the persistence of a high degree of uncertainty surrounding the conflict's development. In the absence of a long-term agreement, the risks of escalation remain significant. A prolonged disruption to the supply of energy products and fertilisers produced in the Persian Gulf economies would slow economic activity and significantly increase inflation (uncertainty/inflationary).
- ***The intensification of prolonged episodes of extreme temperatures*** represents one of the most serious and immediate risks to the global agricultural sector, threatening food security. Rising temperatures and the increased frequency, duration and intensity of heatwaves, often accompanied by prolonged droughts and other extreme weather events, are placing ever-greater pressure on the agricultural sector. These combined shocks affect crops, livestock, fisheries, aquaculture and forests, as well as the communities and economies that depend on them, leading to a reduction in incomes and food supply⁷² (inflationary).

⁷²FAO. *Extreme heat and agriculture. FAO–WMO joint report.* Online. (June 29, 2026). Available: <https://openknowledge.fao.org/items/f635e477-b37a-46f8-bc10-34d56cec6332>.

- ***Reduction in the availability of energy resources.*** Energy security is crucial for economic stability, as it ensures a reliable and sustainable supply of the energy needed to support economic growth and development. A lack of energy security can lead to supply disruptions, heightened price volatility and increased dependence on external sources, with negative effects on economic stability. Maintaining a secure energy supply remains a priority in the face of potential threats and challenges, including inflationary pressures and geopolitical risks (inflationary).
- ***Trade fragmentation.*** In recent years, the global trade landscape has evolved significantly, shifting from multilateralism towards confrontation and fragmentation. Trade fragmentation can lead to higher prices for imported goods, as well as reduced productivity in tradable goods sectors, whilst supply disruptions amplify volatility and inflationary pressures. The imposition of higher tariffs and the reconfiguration of supply chains will generate transition costs, may cause temporary shortages of certain products, and may have persistent effects on output and inflation dynamics (inflationary).
- ***Risk associated with geopolitical tensions and fluctuations in oil prices.*** Although there have been attempts to defuse the conflict between the US, Israel and Iran, the situation in the region remains volatile, and repeated incidents targeting energy infrastructure and maritime transport continue to influence international energy markets. Under these circumstances, transport and supply costs remain high, and the volatility of oil prices represents a significant risk factor for global inflation and for the energy security of importing countries (inflationary).
- ***Increasing disruptions in the European natural gas market.*** The European natural gas market is characterised by uncertainty and volatility, against a backdrop of low stock levels compared with historical averages and increased competition for LNG imports. Furthermore, the outlook for restocking ahead of the cold season remains subject to significant uncertainty, which supports the persistence of a risk premium in natural gas prices. Any further disruptions to international energy flows could amplify pressure on energy prices in Europe (inflationary).
- ***Increasing external inflationary pressures.*** The European Union's economy remains vulnerable to shocks on international energy markets, particularly to movements in oil and natural gas prices. Persistent geopolitical tensions in the Middle East, coupled with continued low levels of European gas stocks, could lead to higher production, transport and distribution costs. These effects are transmitted through the supply chain to the prices of goods and services, affecting the competitiveness of economic agents and contributing to sustained external inflation. Consequently, the risks of a new wave of inflationary pressures on European economies remain relevant in the medium term (inflationary).

- ***Volatility in international financial markets.*** Investors' reassessment of risks, changes in expectations regarding the monetary policies of the major central banks (both at European and global level) and the escalation of geopolitical tensions may generate increased volatility in international financial markets and lead to tighter financing conditions and a reduction in capital flows to emerging economies (disinflationary).
- ***The escalation of the war in Ukraine.*** The intensification of military action may further damage the region's transport and energy infrastructure, increasing uncertainties regarding energy security, trade flows and investment. The persistence of the conflict is a key source of volatility for the European economy and for international commodity markets (inflationary).
- ***Acceleration of the energy transition.*** The accelerated implementation of decarbonisation policies and the increased need for investment in energy infrastructure may generate additional costs for businesses and consumers in the short term (through higher compliance costs, technological modernisation and the financing of new energy capacity, costs which may subsequently be reflected in final prices). Meanwhile, increased demand for metals and strategic raw materials may exacerbate price volatility (inflationary).

Real sector

- ***Uncertainties about the timing and magnitude of tariff adjustments for regulated services.*** The medium-term inflation forecast is based on a trajectory for prices of regulated services that corresponds to certain assumptions regarding international and regional energy prices, as well as other indicators relevant to the sector in question. However, given that tariffs for certain regulated services have a considerable economic impact on the population, the timing of their adjustment may be determined not only by economic factors but also by the pursuit of social or political objectives by the decision-makers involved. Consequently, the timing and magnitude of tariff adjustments cannot be estimated with a sufficient degree of confidence (uncertainty).
- ***The vulnerability of prices for domestic fruit and vegetables to weather conditions in the coming period.*** Based on experience in recent years, prices of domestic fruit and vegetables are significantly affected by adverse weather conditions such as frosts, heavy rainfall and drought, both because of obstacles to their cultivation and because of the costs associated with harvesting, transport, storage and their sale at retail outlets across the country. Recorded temperatures that deviate from the norm could lead to food prices rising more than forecast in the coming period (inflationary).

- ***Uncertainties regarding this year's agricultural production.*** This year's agricultural harvest, and consequently food prices on the domestic market in 2026, depend to a large extent on the agri-meteorological conditions during that period. Consequently, developments in the agricultural sector and, therefore, the trajectory of food prices for 2026 are characterised by uncertainty. A more modest agricultural harvest will generate greater inflationary pressures on food prices (uncertainty).
- ***A decline in the number of consumers within the Republic of Moldova.*** The military conflict in Ukraine has led to a mass exodus of people from Ukraine. Some of the refugees are in the Republic of Moldova, which is directly contributing to an increase in household consumption. Their return to their country of origin or their departure to other regions would lead to lower demand on the domestic market (uncertainty, disinflationary).
- ***The impact of the war in the Middle East on energy prices.*** The continuation of military operations in this region will cause gas and oil derivative prices to rise in the regional market and will fuel inflationary pressures in the domestic market (inflationary).

Monetary and public sectors

- ***Evolution of the effective exchange rate of NEER/REER.*** The appreciation of the national currency in nominal and real effective terms acts as a stimulus to imports and has the potential to affect the Republic of Moldova's net exports. Combined with the recent rise in prices for goods and services on the international market, the trade deficit will trend downwards, fuelling depreciation pressure on the Moldovan leu (inflationary).
- ***External financing and fiscal impulse.*** For 2026, an increase in external loans and grants is forecast, which will facilitate the implementation of reforms in the national economy and create additional upward pressure on inflation. Meanwhile, external financing will fuel a rise in excess liquidity within the banking system, which will have a positive short-term impact on aggregate demand and the exchange rate of the national currency, whilst generating further inflationary pressures (inflationary).
- ***Implementation of the Economic Growth Plan for the Republic of Moldova.*** In the event that, during the years 2026-2027, the planned reforms are not implemented to the extent and within the timeframes set, and the funds earmarked for investment in the national economy are not utilised, the forecasts will be revised to reflect a reduction in aggregate demand and inflation (disinflationary).
- ***Draft fiscal policy for 2027.*** The draft fiscal policy for 2027 has been published for public consultation. The final shape of the fiscal measures remains uncertain, which may lead to changes in the estimated impact on aggregate demand, the costs faced by economic agents, the tax rate and, consequently, on the trend in inflation (uncertainty).

- ***Reform of the wage system in the public sector.*** The Government of the Republic of Moldova has launched public consultations on the draft reform of the public sector wage system, which aims to consolidate and improve the unified public sector wage system by transforming it into a fair, transparent, competitive, motivating and fiscally sustainable system. The reform brings benefits to all pay categories, including in areas such as education, social care, health, law and order and other essential sectors, through increases in income, the consolidation of the fixed component of wage and a clearer recognition of individual performance in remuneration. At this stage, the draft has not yet been finalised, and the final impact on aggregate demand is difficult to ascertain; however, it will help to underpin aggregate demand, with the potential to maintain inflationary pressures in the short and medium term (inflationary).

Chapter 6

Monetary policy decisions

Summary

of the meeting of the Executive Board of the National Bank of Moldova of September 18, 2025 on the monetary policy promotion

The meeting chaired by: Anca-Dana Dragu, Governor – Chairman of the Executive Board

In attendees: Executive Board members – Tatiana Ivanicichina – Deputy Governor, Constantin Șchendra – Deputy Governor, Mihnea Constantinescu – Deputy Governor

Rapporteur: Radu Cuhai – Head of the Monetary Policy Department

Guests: Daniel Savin – Head of the Financial Markets Department, Valentina Rusu – Head of Legal Department, Natan Garștea – Head of Financial Stability Department, Andrei Rotaru – Head of Economic and Applied Research Department, Eugeniu Aftene – Head of the Reporting and Statistics Department, Diana Avtudov – Head of the Banking Supervision Department, Alina Boboc – Head of the Financial Education and Communication Division, Veaceslav Negruța, Alexandru Savva – Advisors to the Governor

Following the opening of the Executive Board meeting on monetary policy, Mr. Radu Cuhai was given the floor. He presented the latest macroeconomic data on domestic and external developments available following the forecast round in July this year, as set out in the Report on the assessment of inflation forecast deviation risk, September 2025.

During discussions relating to inflation, it was emphasised that, in August this year, the annual inflation rate continued its downward trend, standing at 7.3%, down by 0.6 percentage points compared with the previous month and lying above the upper limit of the ± 1.5 percentage points variation range from the 5.0% target. It was noted that the inflation trend in August was similar to that anticipated in the Inflation Report, August 2025, thereby confirming the main assumptions underlying its forecast. In this regard, it was noted that, in terms of composition, the trend in the annual inflation rate in August 2025 was driven primarily by the dynamics of regulated prices and food prices. At the same time, it was emphasised that, according to estimates, aggregate demand continued to exert a disinflationary impact on prices during the reference period.

With regard to the external environment, Radu Cuhai noted that the global economy is developing amid persistent uncertainties and risks relating to trade tariffs and geopolitical tensions. It was pointed out that there are signs of an improvement in the economic situation in the euro area, which has contributed to an upward revision of the GDP forecast for the euro area this year. It was also emphasised that the oil market remains influenced by OPEC+'s decisions to restore full oil production levels, as well as by the US pressure on India and China to cease importing oil from Russia. It was noted that the Netherlands TTF price is falling slightly, given that gas storage capacity in the EU is sufficiently filled for the start of the cold season in Europe and that Asian demand for natural gas is low. At the same time, it was noted that forecasts for international food prices continue to rise compared with the previous year's levels.

Next, information was presented on national economic activity, highlighting that the preliminary data published by the NBS for the period April-June 2025 suggest some signs of economic recovery during the reference period, although economic activity remained in negative territory. Thus, it was noted that in June 2025, the annual rate of exports stood at -7.7%, whilst the annual rate of imports continued its positive trend, standing at 23.1%. At the same time, it was noted that industrial production in June 2025 remained in positive territory, recording a growth of 3.2%. It was emphasised that a more

pronounced growth was recorded for turnover in retail trade in goods (10.1%) and for turnover in wholesale trade (6.9%). Analysing the sources of funding for consumption, those present noted that money transfers increased in June by 6.8% compared with June 2024, following declines in the first two months of the second quarter of 2025. At the same time, the wage fund in the second quarter of 2025 rose by 10.8%.

With regard to monetary conditions, Mr Cuhai highlighted that, in August 2025, the weighted average interest rates on new loans and deposits in MDL continued their upward trend. Thus, the weighted average interest rate on new loans stood at 9.38% per annum, and that on deposits at 4.92% per annum, up by 0.03 and 0.11 percentage points respectively compared with July 2025. At the same time, it was emphasised that, throughout August 2025, the positive annual growth in the volumes of loans and deposits in MDL was maintained.

Subsequently, the risks to the inflation forecast were assessed, emphasising that the balance of these risks is even, with a disinflationary trend until the end of the forecast horizon. At the same time, the members of the EB noted that the uncertainties surrounding the forecast remain significant, highlighting uncertainties regarding agricultural output this and next year, the adjustment of tariffs for regulated services, the volume of consumption, investment and remittances linked to the escalating situation in the region, population migration and more moderate regional demand as a result of the sanctions imposed on one another by countries in the region.

In this light, the measures included in the draft decision on the NBM's actions to implement monetary policy, proposed by Radu Cuhai, were to reduce the base rate and the interest rates on standing facilities, as well as the rate on repo operations, by 0.25 percentage points each, and to maintain the reserve requirement ratios for funds attracted in MDL and non-convertible currency, and for funds attracted in freely convertible currency, at their current levels.

Consequently, following its deliberations, the Executive Board of the NBM decided, by a unanimous vote, to reduce the base rate applied to the main short-term monetary policy operations to 6.00% per annum, as well as to lower the interest rates on overnight loans and deposits and the rate on repo operations to 8.00%, 4.00% and 6.25% per annum, respectively. At the same time, the reserve requirement ratio for funds attracted in MDL and non-convertible currency was maintained at 22.0% of the calculation base, and that for funds attracted in freely convertible currency at 31.0% of the calculation base.

Members of the EB emphasised that the National Bank of Moldova's decision to continue with monetary policy easing measures aims to keep inflation, in the medium term, within a range of ± 1.5 percentage points from the 5.0% target, which is deemed the optimal level for the economic growth and development of the Republic of Moldova.

The Executive Board emphasised that, through this decision, the NBM is reinforcing its stance of supporting and stimulating aggregate demand, including by encouraging consumption and investment, balancing the national economy and the current account, whilst placing emphasis on anchoring inflationary expectations. It was emphasised that the effects will be transmitted gradually through a reduction in interest rates in the money, deposit and credit markets, taking into account the time lags in the transmission of monetary policy through the interest rate channel.

Furthermore, the members of the EB noted that recent macroeconomic data largely confirm the main assumptions and conclusions set out in the forecast published in the Inflation Report, August 2025, which projects a downward trajectory for inflation, with it returning to the target range in December of this year.

At the end of the meeting, the Executive Board reiterated the need to monitor the domestic and external macroeconomic situation, as well as the risks and uncertainties associated with short- and medium-term inflation developments, with caution, noting that future monetary policy decisions, aimed at ensuring and maintaining price stability, will depend on the updated inflation outlook.

The decision adopted by the Executive Board of the NBM by unanimous vote:

- 1. The base rate applied to the main short-term monetary policy operations is set at 6.00% per annum.**
- 2. The following interest rates are set:**
 - a) on overnight loans, at the level of 8.00% per annum;**
 - b) on repo transactions, at the level of 6.25% per annum;**
 - c) on overnight deposits, at the level of 4.00% per annum.**
- 3. The required reserve ratio from funds attracted in MDL and in non-convertible currency is maintained at the current level of 22.0% of the calculation base.**
- 4. The required reserve ratio from funds attracted in freely convertible currencies is maintained at the current level of 31.0% of the calculation base.**

Voting results of EB members

For – 4

Against – 0

Chairman of the Executive Board

Secretary of the Executive Board

Anca-Dana DRAGU

Sergiu SURDU

Summary
of the meeting of the Executive Board of the National Bank of Moldova of November 06, 2025
on monetary policy promotion

The meeting chaired by: Anca-Dana Dragu, Governor – Chairman of the Executive Board

In attendees: Executive Board members – Petru Rotaru, First Deputy Governor – Deputy Chairman of the Executive Board, Tatiana Ivanicichina – Deputy Governor, Constantin Șchendra – Deputy Governor, Mihnea Constantinescu – Deputy Governor

Rapporteur: Radu Cuhai – Head of the Monetary Policy Department

Guests: Renata Țurcanu – Deputy Head of Department – Head of Risk Monitoring and Reporting Division, Financial Markets Department, Valentina Rusu – Head of Legal Department, Natan Garștea – Head of Financial Stability Department, Andrei Rotaru – Head of Economic and Applied Research Department, Eugeniu Aftene – Head of the Reporting and Statistics Department, Alina Ureche – Expert Consultant, Financial Education and Communication Division, Pavel Maftai – Expert Consultant, Financial Education and Communication Division, Ciprian Bucur, Alexandru Savva – Advisors to the Governor, Diana Ceauș – Head of the Governor's Cabinet.

The Executive Board meeting on monetary policy decision began with remarks by Mr. Radu Cuhai, who presented the latest macroeconomic data – both of the internal and external environment – the medium-term inflation forecast, as well as the risks and uncertainties identified at the time of drafting the Inflation Report, November 2025.

With regard to recent inflation trends, it was emphasised that annual inflation had continued the downward trend seen in previous periods, falling from 8.2% in June 2025 to 6.9% in September 2025 and remaining above the upper limit of the ± 1.5 percentage points variation range from the 5.0% inflation target. At the same time, it was noted that the average annual inflation rate in the third quarter of 2025 stood at 7.4%, 0.5 percentage points lower than in the previous quarter. It was emphasised that the annual inflation rate was in line with the figure projected in the Inflation Report, August 2025, and confirmed the main assumptions underlying its forecast.

During the discussions on the external environment, Radu Cuhai noted that, despite considerable shocks and economic and geopolitical tensions, the global economy proved to be resilient in the third quarter of 2025. Meanwhile, persistent uncertainties, trade fragmentation and the restructuring of global supply chains are expected to have a negative impact on the pace of global economic growth. It was also noted that consumer and business confidence remain low, whilst issues relating to the sustainability of public finances are intensifying. In these circumstances, the trend towards monetary policy easing by the major central banks continues. It was emphasised that negotiations to end the war in Ukraine have made no progress. The ceasefire agreement in the Gaza Strip is a prerequisite for a peace agreement in the region. In this context, it was noted that in the third quarter of 2025, Brent crude oil prices fluctuated around USD 69/barrel. The members of the EB stated that the fall in oil prices is driven by global oversupply resulting from increased exports from Venezuela, rising production in the Middle East and uncertainties surrounding trade negotiations between the US and China. It was noted that natural gas prices in Europe are set to follow a moderate downward trend in the medium term due to robust global supply. Furthermore, average international food prices are showing signs of stabilising.

The report then presented information on national economic activity, highlighting that in the second quarter of 2025, the annual growth rate of GDP returned to positive territory, following the negative figures recorded in the second half of the previous year and the beginning of the current year. It was thus noted that, in the period April-June 2025, GDP increased by 1.1% compared with the same period in 2024, driven primarily by the positive impact of domestic demand, both from the population – against a backdrop of rising real incomes – and from economic agents. Net external demand partially offset this effect. At the same time, the positive impact on GDP growth generated by the manufacturing and construction sectors was noted, although this was partially offset by negative developments in the real estate activities.

It was highlighted that, based on the operational data published by the NBS, economic activity in the first half of 2025 was at the same level as in the corresponding period of 2024.

At the same time, it was emphasised that the preliminary data published by the NBS for the first two months of the third quarter of 2025 point to conditions that suggest the positive trend in economic activity will continue. Industrial production remained in positive territory, recording a 4.9% increase, whilst domestic retail and wholesale trade rose by an average of 10.6% and 11.4%, respectively. It was highlighted that in July-August 2025, exports rose by 21.9% and imports by 17.7% compared with the same period of the previous year.

At the same time, overall agricultural production in the third quarter of 2025 rose by 14.7% compared with the same quarter of the previous year.

In terms of sources of funding for consumption, it was noted that cash transfers to individuals rose by 15.5% annually in September 2025, whilst the wage fund in the second quarter of 2025 recorded a 10.8% increase in nominal terms.

With regard to monetary conditions, Mr. Cuhai highlighted that, in the third quarter of 2025, the weighted average interest rates on new loans and deposits in MDL continued their upward trend. Thus, the weighted average interest rate on new loans stood at 9.36% per annum, and that on deposits at 4.96% per annum, up by 0.37 and 0.05 percentage points respectively compared with the second quarter of 2025. It was noted that during the third quarter of 2025, the positive annual growth in the volumes of loans and deposits in MDL moderated.

It was noted that, in the third quarter of 2025, excess liquidity totalled MDL 4.8 billion, down by MDL 2,355.2 million compared with the second quarter of 2025.

Subsequently, the medium-term inflation forecast was presented, emphasising that the annual inflation rate will follow a downward trend until the first half of 2026, after which it will rise slightly towards the end of the forecast period⁷³, with the exception of the final quarter. In the fourth quarter of 2025, the annual inflation rate will be above the upper limit of the variation range, and from the first quarter of 2026 onwards, it will return within the variation range, where it will remain until the end of the forecast period.

It was noted that, according to the forecast, the average annual inflation rate for 2025 and 2026 will be 7.7% and 4.3%, respectively, with the figure for 2025 remaining unchanged and that for 2026 being revised upwards by 0.4 percentage points. It was noted that the current inflation forecast, compared with that in the Inflation Report, August 2025, has been revised upwards for the entire comparable period, with the exception of the fourth quarter of 2025 and the first quarter of 2026, where it is marginally lower. In this regard, the downward revision of the current forecast relative to the previous one over the first two consecutive quarters of the comparable period is driven by a lower estimate of short-term inflation for the fourth quarter of 2025, the expectation of lower aggregate demand in the fourth quarter of 2025, and slightly lower imported inflation. As regards the upward revision, it was noted that this is driven by less negative aggregate demand from the first quarter of 2026 onwards and by higher food prices on the international market in the first and second quarters of 2027.

Subsequently, those present noted that the current forecast is subject to a number of risks and uncertainties, including uncertainties regarding the timing and scale of tariff adjustments for regulated services, uncertainties regarding the volume and method of providing energy compensation to households during the cold season, as well as how the NBS would reflect these allowances, the vulnerability of domestic fruit and vegetable prices to weather conditions, uncertainties regarding agricultural production in coming years, negative demographic trends and the labour shortage in the national economy.

Meanwhile, it was noted that the persistence of geopolitical tensions at regional and global levels is having an impact on the international economic environment: prices of energy resources and raw materials, supply chains and external demand. Furthermore, protectionism and economic sanctions affecting international trade, as well as the monetary policies implemented by the world's major economies, will influence the development of the national economy and inflation.

Subsequently, the draft decision on the NBM's measures to implement monetary policy was presented. The measures proposed by Mr. Cuhai were to maintain the base rate and the interest rates on standing facilities, as well as the rate on repo operations at their current levels, and to reduce the reserve requirement ratio on funds attracted in MDL and non-convertible foreign currency, and that on funds attracted in freely convertible foreign currency, with effect from the reserve requirement period commencing on November 16, 2025 – December 15, 2025 to 20.0% and 29.0%, respectively, of the calculation base.

Consequently, based on the analyses and findings, the Executive Board of the NBM decided, by a unanimous vote, to

⁷³Fourth quarter 2025 – third quarter 2027

maintain the base rate applied to the main short-term monetary policy operations at 6.00% per annum, the interest rates on overnight loans and overnight deposits at 8.00 and 4.00% per annum respectively, and the rate on repo operations at 6.25% per annum. At the same time, the members of the EB decided to reduce the reserve requirement ratio for funds attracted in MDL and non-convertible foreign currency, and that for funds attracted in freely convertible foreign currency, to the level proposed in the draft decision by Radu Cuhal.

The Executive Board emphasised that this decision has been taken with a view to continuing the recent easing of monetary policy. Thus, the prudent adjustment of monetary policy aims to bring inflation back, and maintain it over the medium term within the ± 1.5 percentage points variation range from the 5.0% target – considered the optimal level for the economic growth and development of the Republic of Moldova.

In addition, the members of the EB noted that, by deciding to simultaneously reduce the reserve requirement ratios for MDL and freely convertible currencies, the NBM aims to meet the banking system's liquidity needs and lower borrowing costs, thereby encouraging consumption and investment. At the same time, this measure will take effect over time, contributing to lower interest rates in the money, deposit, and credit markets.

Furthermore, the Executive Board emphasized that the current round of medium-term inflation forecast largely confirms the assumptions and conclusions outlined in previous forecast rounds. Consequently, annual inflation will trend downward until the middle of next year, after which it will remain relatively stable, staying close to the inflation target through the end of the forecast period, predominantly at the lower end of the variation range.

At the same time, during the meeting, the Executive Board of the NBM approved for publication the Inflation Report, November 2025.

The decision adopted by the Executive Board of the NBM by unanimous vote:

- 1. The base rate applied to the main short-term monetary policy operations is maintained at 6.00% per annum.**
- 2. The following interest rates are maintained:**
 - a) on overnight loans, at the level of 8.00% per annum;**
 - b) on repo transactions, at the level of 6.25% per annum;**
 - c) on overnight deposits, at the level of 4.00% per annum.**
- 3. The required reserve ratio from funds attracted in MDL and non-convertible foreign currency will be reduced, effective for the required reserve period in MDL from November 16, 2025, to December 15, 2025, from 22.0% to 20.0% of the calculation base.**
- 4. The required reserve ratio from funds attracted in freely convertible currency will be reduced, effective for the required reserve period for freely convertible currency from November 16, 2025, to December 15, 2025, from 31.0% to 29.0% of the calculation base.**

Voting results of EB members

For – 5

Against – 0

Chairman of the Executive Board

Secretary of the Executive Board

Anca-Dana DRAGU

Sergiu SURDU

Summary
of the meeting of the Executive Board of the National Bank of Moldova of December 11, 2025
on the monetary policy promotion

The meeting chaired by: Anca-Dana Dragu, Governor – Chairman of the Executive Board

In attendees: Executive Board members – Petru Rotaru, First Deputy Governor – Deputy Chairman of the Executive Board, Tatiana Ivanicichina – Deputy Governor, Constantin Șchendra – Deputy Governor

Rapporteur: Radu Cuhai – Head of the Monetary Policy Department

Guests: Daniel Savin – Head of the Financial Markets Department, Valentina Rusu – Head of Legal Department, Andrei Rotaru – Head of Economic and Applied Research Department, Eugeniu Aftene – Head of the Reporting and Statistics Department, Diana Avtudov – Head of the Banking Supervision Department, Alina Boboc – Head of the Financial Education and Communication Division, Simona-Gabriela Tărtăcuță, Veaceslav Negruța, Ciprian Bucur – Advisors to the Governor, Diana Ceașu – Head of the Governor's Cabinet, Alin-Samir Orgoan – Head of the Governor's Control Unit.

Following the opening of the Executive Board meeting on monetary policy, Mr. Radu Cuhai was given the floor and presented recent macroeconomic data from domestic and international sources available since the October forecast round and analysed (reflected) in the Report on the assessment of inflation forecast deviation risk, December 2025.

Regarding inflation trends, it was noted that in November, the annual inflation rate stood at 6.99%, remaining at the previous month's level and exceeding the upper limit of the ± 1.5 percentage points variation range from the 5.0% target. It was mentioned that the inflation trend in November validates the main assumptions underlying the inflation forecast published in the Inflation Report, November 2025. In this regard, it was emphasized that, in terms of composition, the annual inflation rate in November 2025 was driven primarily by the dynamics of regulated prices and food prices. At the same time, it was noted that aggregate demand continued to exert a disinflationary influence on prices during the reference period.

Regarding developments in the external environment, Radu Cuhai reported that the global economy remained relatively stable in November. Preliminary data for the third quarter of 2025 showed moderate growth in the eurozone economy, despite the geopolitical tensions and trade uncertainties of the past year. Oil prices were influenced by the OPEC+ decision to suspend the increase in oil production, by tense relations between the USA, Venezuela, and Colombia, as well as by the resumption of peace negotiations regarding the war in Ukraine. It was noted that in November 2025, the average monthly price of Brent crude oil fell for the fifth consecutive month. It was also emphasized that natural gas prices in Europe reached their lowest level since April 2024, due to stable deliveries of liquefied natural gas to Europe, assured flows through Norwegian pipelines, favourable weather forecasts, and peace negotiations regarding the war in Ukraine. It was pointed out that, in 2026, natural gas prices in Europe are expected to fall more sharply due to the stabilization of supply amid a growing supply of liquefied natural gas. At the same time, it was noted that forecasts for international food prices in 2026 point to a slight decline, which could be affected by supply shocks and geopolitical factors.

Subsequently, information regarding national economic activity was presented, noting that the preliminary data published by the NBS for the period September-October 2025 point to conditions that suggest the positive trend in economic activity will continue. Thus, industrial production in September 2025 remained in positive territory, recording a 9.0% increase, while domestic retail and wholesale trade rose by 33.5% and 16.5%, respectively. At the same time, it was noted that in September 2025, exports continued the upward trend observed in previous periods, rising by 23.1%, while imports increased by 21.2% compared to the same period of the previous year.

Analysing the sources of consumer financing, those present noted that remittances to individuals increased by 9.4% annually in October 2025, and the wage fund in the third quarter of 2025 recorded an 11.2% increase in nominal terms.

Later in the meeting, regarding monetary conditions, Mr. Cuhai noted that in September and October 2025, the weighted average interest rates on new loans and deposits in MDL showed a slight downward trend, influenced by the situation in the money market and monetary policy measures. In this context, the weighted average interest rate on new loans granted in MDL in October stood at 9.21% per annum and that on deposits at 4.98% per annum, down by 0.14

percentage points compared with September 2025. At the same time, it was emphasised that during October 2025, the volumes of deposits and loans in MDL were down compared to the previous month.

Subsequently, the risks of a deviation from the inflation forecast were assessed, emphasising that the balance of these risks points to a disinflationary bias until the end of the forecast horizon. Among the main risks and uncertainties highlighted were those related to the method of adjusting tariffs, the method of providing compensation to households for energy resources during the cold season, the way in which the National Bureau of Statistics reflects this compensation in the calculation of the CPI, the tense situation in the region and the risks of its escalation, uncertainties about agricultural production in coming years, population migration, more subdued regional demand as a result of sanctions imposed on one another by countries in the region, as well as the labour shortage in the national economy and negative demographic trends.

Similarly, it was highlighted that regional and global geopolitical tensions are affecting the international economic environment, in particular the prices of energy resources and raw materials, supply chains and external demand.

In these circumstances, the measures included in the draft decision on the actions of the NBM to promote monetary policy, proposed by Radu Cuhal, were to reduce the base rate and the interest rates on standing facilities, as well as the rate on repo operations, by 1.0 percentage points each.

Following the deliberations, the Executive Board of the NBM decided, by a unanimous vote, to reduce the base rate applied to the main short-term monetary policy operations to 5.00% per annum, as well as to lower the interest rates on overnight loans and deposits and the rate on repo operations to 7.00%, 3.00% and 5.25% per annum, respectively.

The members of the EB emphasised that, through this decision, the National Bank is continuing its monetary policy easing measures and is thus seeking to bring inflation back within, and maintain it in the medium term within, the ± 1.5 percentage points variation range from the 5.0% target, which is considered the favourable level for the economic growth and development of the Republic of Moldova.

At the same time, the Executive Board emphasised that the National Bank of Moldova's decision is aimed at boosting aggregate demand, which is currently disinflationary, including by encouraging consumption and investment, balancing the national economy and the current account, and anchoring inflation expectations. The reduction in the base rate will operate through the interest rate channel, taking into account the time lags associated with the transmission mechanism, and will lead to a fall in interest rates in the money, deposit and credit markets.

Additionally, the members of the EB found that recent macroeconomic information largely confirms the main assumptions regarding economic activity set out in the forecast published in the Inflation Report, November 2025, which indicates that inflation will return within the inflation target variation range in December this year and remain within the lower part of the variation range from the first quarter 2026 until the end of the forecast period.

The decision adopted by the Executive Board of the NBM by unanimous vote:

- 1. The base rate applied to the main short-term monetary policy operations is set at 5.00% per annum.**
- 2. The following interest rates are set:**
 - a) on overnight loans, at the level of 7.00% per annum;**
 - b) on repo transactions, at the level of 5.25% per annum;**
 - c) on overnight deposits, at the level of 3.00% per annum.**

Voting results of EB members

For – 4

Against – 0

Chairman of the Executive Board

Secretary of the Executive Board

Anca-Dana DRAGU

Sergiu SURDU

Summary
of the meeting of the Executive Board of the National Bank of Moldova of February 05, 2026
on monetary policy promotion

The meeting chaired by: Anca-Dana Dragu, Governor – Chairman of the Executive Board

In attendees: Executive Board members – Mihnea Constantinescu – Deputy Governor, Tatiana Ivanicichina – Deputy Governor, Constantin Șchendra – Deputy Governor

Rapporteur: Radu Cuhai – Head of the Monetary Policy Department

Guests: Daniel Savin – Head of the Financial Markets Department, Andrei Velicev – Head of the Legal Advice and Litigation Division, Legal Department, Natan Garștea – Head of Financial Stability Department, Eugeniu Aftene – Head of the Reporting and Statistics Department, Diana Avtudov – Head of the Banking Supervision Department, Alina Boboc – Head of the Financial Education and Communication Division, Simona-Gabriela Tărtăcuță, Veaceslav Negruța, Alexandru Savva – Advisors to the Governor, Alin-Samir Orgoan – Head of the Governor's Control Body.

At the Executive Board meeting on monetary policy promotion, Radu Cuhai presented the latest macroeconomic developments, both domestic and external, the medium-term inflation forecast, as well as the risks and uncertainties identified at the time of drafting Inflation Report, February 2026.

Regarding recent inflation trends, it was noted that annual inflation stood at 6.84% in December 2025, down by 0.15 percentage points from the previous month's level and slightly above the upper limit of the ± 1.5 percentage points variation range from the 5.0% inflation target. At the same time, it was emphasised that in the fourth quarter of 2025, the average annual inflation rate stood at 6.94% and was slightly higher than that anticipated in the forecast contained in the Inflation Report, November 2025, primarily to the positive deviation recorded for regulated prices following the increase in electricity prices in December 2025, against the backdrop of the end of the tariff compensation period for the general public.

Discussions regarding the external environment revealed that the global economy in 2025 developed amid economic and political risks and uncertainties. It was established that the price of Brent crude oil in the fourth quarter of 2025 exhibited low volatility, as the geopolitical risk premium was offset by the increase in oil supply by OPEC+. Against the backdrop of stabilising inflationary pressures and the achievement of monetary equilibrium, it was noted that most monetary authorities had slowed the pace of interest rate cuts. It was mentioned that the US dollar continued to depreciate, reflecting the adverse effects of the trade war on the US. At the same time, the single European currency was affected by fiscal issues in European countries and the risks associated with the ongoing war in Ukraine. It was also emphasised that the price of natural gas on the Netherlands TTF market had remained stable in the final months of 2025, but rose significantly in January 2026 due to low temperatures in Europe, which caused gas reserves to fall below the 5-year average and heightened concerns regarding the replenishment of natural gas reserves in Europe in 2026. At the same time, it was noted that international food prices remained stable, with no trade imbalances.

During the meeting, information was presented on national economic activity, highlighting that in the third quarter of 2025, annual GDP growth accelerated significantly, following negative figures in the second half of 2024 and flat growth in the first half of 2025. Thus, it was noted that, between July and September 2025, GDP increased by 5.2% compared with the same period in 2024, driven primarily by the positive impact of domestic demand from both the population – against a backdrop of rising real incomes – and from economic agents. Net external demand supported this effect. At the same time, it was noted that the agriculture and construction sectors had a positive impact on GDP growth.

Furthermore, it was emphasised that economic activity between January and September 2025 was 2.0% higher than in the corresponding period of 2024.

It was noted that the preliminary data published by the NBS for the first two months of the fourth quarter of 2025 point to a continued positive trend in economic activity. In this context, it was noted that exports rose by 20.8% and imports by 23.0% compared with the same period of the previous year. During October-November, industrial production remained in positive territory, recording a 12.1% increase, whilst domestic retail trade rose by 6.3% and wholesale trade fell by 0.4%.

Analysing the sources of funding for consumption, those present noted that cash transfers to individuals rose by 14.3% annually in the fourth quarter of 2025 compared with the same period of the previous year.

Subsequently, monetary conditions were outlined, noting that, in the fourth quarter of 2025, the weighted average interest rate on new loans granted in the national currency showed a downward trend, whilst the interest rate on new deposits in MDL continued its upward trend under the influence of previous monetary policy measures. Thus, the weighted average interest rate on loans stood at 9.12%, down by 0.24 percentage points, whilst that on deposits stood at 5.08%, up by 0.12 percentage points compared with the third quarter of 2025. It was noted that, during the fourth quarter of 2025, the volume of loans in MDL increased, whilst the volume of deposits decreased compared with the previous quarter.

At the same time, it was emphasised that, in the fourth quarter of 2025, excess liquidity totalled MDL 6.2 billion, an increase of MDL 861.2 million compared with the third quarter of 2025.

The medium-term inflation forecast was then presented, emphasising that the annual inflation rate will fall in the first quarter of 2026, after which it will remain relatively stable until the end of this year, and at the start of next year it will fall slightly, subsequently stabilising at the same level throughout the last three quarters of 2027. It was noted that, from the first quarter of 2026, the annual inflation rate will return within the inflation target variation range and remain close to it until the end of the forecast period. Average annual inflation for 2026 and 2027 will be 5.0% and 4.5%, respectively, representing an increase of 0.7 percentage points for 2026 and a decrease of 0.1 percentage points for 2027 compared with the previous forecast. Furthermore, it was noted that, compared with the forecast in the Inflation Report, November 2025, the current inflation forecast has been revised upwards until the end of this year and downwards for the second and third quarters of 2027. Thus, the upward revision of the current forecast compared with the previous one up to the fourth quarter of 2026 is driven by actual inflation being higher than anticipated for the fourth quarter of 2025, the upward revision of the short-term forecast for the first quarter of 2026, a higher projection for international oil prices up to the third quarter of 2026, and a higher import price for natural gas in the second and third quarters of 2026. Meanwhile, it was highlighted that the downward revision to the annual rate of inflation is driven by the lower projection for international food prices over the comparable period, weaker aggregate demand, a lower trajectory for international oil prices from the first quarter of 2027, and lower import prices for natural gas from the third quarter of 2027.

Subsequently, the risks and uncertainties were assessed, emphasising that the current forecast is affected by a number of risks and uncertainties, including uncertainties relating to the timing and scale of tariff adjustments for regulated services, the vulnerability of domestic fruit and vegetable prices to weather conditions, uncertainties about next year's agricultural output, as well as the decline in the number of consumers within the Republic of Moldova.

At the same time, it was emphasised that significant uncertainties and risks to the medium-term inflation outlook continue to stem from the external environment, such as: the progress of peace negotiations regarding the war in Ukraine, the reduction in public spending in the euro area and the EU, the continuing fragmentation of international trade, the further increase in the oil surplus, rising prices for gold and other precious metals, as well as geopolitical tensions and distortions.

In these circumstances, the draft decision on the NBM's actions to promote monetary policy was presented. The measures proposed by Mr. Cuhal were to maintain the base rate and the interest rates on standing facilities, as well as the rate on repo operations at their current levels, and to reduce the reserve requirement ratio on funds attracted in MDL and non-convertible foreign currency, and that on funds attracted in freely convertible foreign currency, with effect from the reserve requirement period commencing on February 16, 2026 – March 15, 2026, to 18.00% and 26.00%, respectively, of the calculation base.

In this context, based on the analyses and findings carried out, the Executive Board of the NBM decided, by unanimous vote, to maintain the base rate applied to the main short-term monetary policy operations at 5.00% per annum, the interest rates on overnight loans and overnight deposits at 7.00% and 3.00% per annum, respectively, and on repo operations at 5.25% per annum. At the same time, the members of the EB decided to reduce the reserve requirement ratio for funds attracted in MDL and non-convertible foreign currency, and that for funds attracted in freely convertible foreign currency, to the levels proposed in the draft decision by Radu Cuhal.

The Executive Board noted that this decision has been taken against the backdrop of the continuing impact of previous monetary policy decisions, given the associated transmission lags, and aims to maintain inflation in the medium

term within a variation range of ± 1.5 percentage points from the 5.0% target, which is considered the optimal level for the sustainable growth and development of the Republic of Moldova's economy.

The members of the EB emphasised that, through its decision to simultaneously reduce the reserve requirement ratios for MDL and freely convertible foreign currency, the National Bank of Moldova aims to meet the banking system's liquidity needs, thereby helping to increase lending resources for the real and public sectors, thus strengthening the position of supporting aggregate demand, including by encouraging consumption and investment, and balancing the national economy and the current account. At the same time, the effects of this measure to reduce the cost of liabilities raised by the banking sector will spread over time, helping to lower interest rates in the money, deposit and credit markets.

Furthermore, the members of the EB noted that the current round of medium-term inflation forecasts is, for the most part, in line with previous projections. Consequently, annual inflation will return to the inflation target variation range in the first quarter of this year and will remain close to the target until the end of the forecast period.

At the same time, during the meeting, the Executive Board of the NBM approved the Inflation Report, February 2026, for publication.

The decision adopted by the Executive Board of the NBM by unanimous vote:

1. The base rate applied to the main short-term monetary policy operations is maintained at 5.00% per annum.
2. The following interest rates are maintained:
 - a) on overnight loans, at the level of 7.00% per annum;
 - b) on repo transactions, at the level of 5.25% per annum;
 - c) on overnight deposits, at the level of 3.00% per annum.
3. The required reserve ratio from funds attracted in MDL and non-convertible foreign currency is reduced, with effect from the period of application of the required reserve in MDL from February 16, 2026 to March 15, 2026, from 20.0% to 18.0% of the calculation base;
4. The required reserve ratio from funds attracted in freely convertible currency is reduced, with effect from the period of application of the required reserves in freely convertible currency from February 16, 2026 to March 15, 2026, from 29.0% to 26.0% of the calculation base.

Voting results of EB members

For – 4

Against – 0

Chairman of the Executive Board

Secretary of the Executive Board

Anca-Dana DRAGU

Sergiu SURDU

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