

Monetary policy decision, 14 March 2019

At the meeting held on 14 March 2019, the Executive Board of the National Bank of Moldova adopted unanimously the following decision:

- 1. to maintain the base rate applied to the main short-term monetary policy operations at the current level of 6.5 percent annually.**
- 2. to maintain interest rates:**
 - on overnight loans at the current level of 9.5 percent annually;**
 - on overnight deposits at the current level of 3.5 percent annually.**
- 3. to maintain the level of required reserves in Moldovan lei and non-convertible currencies at the current level of 42.5 percent of the calculation base.**
- 4. to maintain the level of required reserves in freely convertible currencies at the current level of 14.0 percent of the calculation base.**

This decision was adopted following the recent analysis of macroeconomic developments and the forecast deviation risk assessment, which was published in the Inflation Report no. 1, 2019. Moreover, it took into account the anticipations about the external environment and recent developments in the domestic economy.

In February 2019, the annual inflation (2.4%) evolved as expected in compliance with the main assumptions of the forecasts for February 2019. However, some events took place as forecasted and denote the probability of a lower marginal trajectory of short-term inflation, but higher starting with the fourth quarter of 2019.

The main risks associated with the outlook for short-term inflation, which were highlighted by the forecasting round of the current year, refer to the favourable weather conditions that led to a more moderate trajectory of food prices. At the same time, there is a risk of a slightly pronounced inflation development in 2020, being generated by higher prices of oil and food prices in international markets, as well the core inflation.

The next meeting on monetary policy of the NBM's Executive Board will be held on 7 May 2019, according to the published schedule.