



Translation

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**PRESS RELEASE
OF THE NATIONAL BANK OF MOLDOVA**

According to the data published by the National Bureau of Statistics (NBS), the consumer prices in the month of April 2010 were 8.1 percent higher than those recorded in the same period of 2009. The overcoming of the declared range of the inflation target for the end of 2010 of 5.0 percent \pm 1.0 percentage points was mainly due to the non-monetary factors, such as: increasing tariffs on services with regulated prices, increasing prices on fuel and food on the international market, as well as in indirect taxes and currency market developments. The annual core inflation in the analysed month was in within the target limits for the end of this year, exceeding the level of the previous month with just 0.1 percentage points. The monthly inflation in April 2010 was inferior to those recorded in the last seven months. Thus, the information provided by the NBS is consistent with the National Bank of Moldova forecast on inflation dynamics published in the Monetary Policy Report No. 2, 2010 May 7, 2010 and confirms the correctness of the NBM vision on national economic development.

In the last 12 months, the average fuel prices increased by 23.9 percent as the result of the world oil prices increase as well as the increase from the beginning of the current year of the excises on petroleum products and as a result of the national currency exchange rate evolution against the U.S. dollar.

Oil price increment on the international market, as well as of the imported natural gas supply and subsequent increase in electricity tariffs, gas network, heating, water supply and sanitation services and passenger transportation caused an increase of 11.8



percent compared to the same period of the previous year of the tariffs of services with regulated prices.

The severe weather conditions from the beginning of this year and the dynamics of the international food prices have affected the average increase in food prices in the country. Thus, the average food prices in the month of April 2010 were 6.8 percent higher than in April 2009. Significant increases were recorded in sugar (with 70.5 percent), fresh fruits and vegetables (with 42.2 percent and 11.9 percent respectively), fish and fish products (by 9.9 percent), milk and dairy products (by 3.8 to percent).

The core inflation (inflation partial index) for the last 12 months, which is calculated by excluding the NBS prices that can not be influenced by the monetary policy measures promoted by the NBM, such as food and beverages, fuels and products and services with regulated prices, constituting in April 5.4 percent and being within the target limits. This level coincides with the core inflation forecast of the National Bank of Moldova under the new round of macroeconomic forecasting, whose results were published recently in the Monetary Policy Report No. 2, 2010.

The insignificant deviation of the forecasts from the National Bank of Moldova from the inflation index calculated by the NBS confirms the correctness of the NBM vision on the inflationary process and reports that exceeding the inflation target is only temporary and does not involve a major response of monetary policy while the effects of the inflation shocks of the current year will be dissipated so that the annual inflation in 2011 will register a single digit value.

The existence of the time required for the monetary policy memorandum determines the National Bank of Moldova to monitor and anticipate the further evolutions of the macroeconomic indicators, the situation of monetary and foreign exchange markets, international economic and environmental trends, maintaining the prudent position of the promoted monetary policy.



In the case of medium-term forecast deviation from the declared target, the National Bank of Moldova will promptly use the monetary policy instruments to ensure the achievement of the targets stipulated in the medium term monetary policy strategy for the years 2010-2012 in order to maintain the price stability, contributing to the macroeconomic and financial stability.