



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

According to data published by the National Bureau of Statistics (NBS), the consumer prices index (CPI) for the last 12 months constituted 5.8 percent in March 2011, increasing by 0.1 percentage points versus the previous month. The annual core inflation registered a rate of 2.8 percent, decreasing by 0.4 percentage points compared to the previous month.

NBS data on the CPI are in accordance with the NBM forecast on the evolution of inflation during 2011, published in the Inflation Report no. 1, 2011.

The annual inflation for March 2011 constituted 5.8 percent, increasing by 0.1 percentage points versus the previous month. The monthly inflation constituted 0.8 percent, being determined by the increase in tariffs for public services by 1.7 percent, foodstuff prices by 0.7 percent and non-foodstuff by 0.3 percent. The monthly inflation growth rate for March 2011 has been influenced mainly by the increase in regulated prices, as a result of new tariffs approval for gas and centralized heating, by the increase in the foodstuff prices and in a more tempered manner, by the increase in fuel prices and the related components of core inflation.

The core inflation¹ continued its downward trend started at the beginning of 2010, recording a level of 2.8 percent for the last 12 months (by 0.4 percentage points less compared to the previous month). In March 2011, the monthly core inflation rate constituted 0.2 percent, being lower compared to the previous month. This development was due to the dynamics of prices of main components of core inflation, as a result of second-round effects, following the increases in fuel prices, increased demand for building material, as a result of revival of the construction sector, and the increase in food prices, being mitigated mainly by the negative contribution arising from the medications.

The monthly increase in food prices in March 2011 was lower compared with February 2011, registering a 0.7 percent rate. This was caused mainly by higher prices for sugar (12.1 percent), as a result of the persistent gap between domestic prices and those in the region, as well as fuel prices increases, which have contributed to the increase in transport costs and, consequently, to prices increases of fresh vegetables (1.9 percent) and fresh fruits (1.2 percent).

¹ The core inflation is calculated by the NBS by excluding the prices that are outside the influence area of monetary policy measures promoted by the NBM, such as food and beverages, fuel, products and services with regulated prices.



Fuel prices in March 2011 rose by 1.4 percent compared to February 2011, as a result of the increase in petroleum products prices by 4.2 percent following the increase of import prices and the increase in term quotes on international stock exchanges. This evolution was partly balanced by keeping the price of bottled gas at the level of the previous month and by the slight decrease in earth coal prices (by 0.3 percent) as a result of the completion of the heating season.

Following the approval of new tariffs for natural gas and heating, grounded by increases in import prices of natural gas, the regulated prices rose by 2.4 percent in March compared to the previous month, contributing to the evolution of the inflationary process during the respective period.

Price increases of energy and foodstuff products in the international markets will continue to represent major risk factors on the inflation process in Moldova.

Inflationary pressures remain to be persistent, thus the evolution of inflation in the coming months will be marked by the second-round effects of the increase in fuel prices and in tariffs for electricity and natural gas supply.

National Bank of Moldova will vigilantly monitor the developments in domestic and international economic environment, so that by an appropriate use of monetary policy instruments to achieve the objective stated in the Medium-Term Strategy for Monetary Policy for fulfilling and maintaining the price stability.