



**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 6.5 percent in April 2011, increasing by 0.7 percentage points versus the previous month. The annual core inflation registered a rate of 3.1 percent, increasing by 0.3 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. 2, May 2011.**

The annual inflation rate for April 2011 constituted 6.5 percent, increasing by 0.7 percentage points versus the previous month. The monthly inflation constituted 1.0 percent, being determined by the increase in foodstuff prices by 1.3 percent, non-foodstuff by 0.7 percent, and tariffs for services rendered to population by 0.9 percent.

The monthly inflation growth rate for April 2011 has been influenced mainly by the increase in prices of goods and services related to core inflation, as a result of the spread of second-round effects of the increases in tariffs made earlier this year, increases in food prices, as a result of increased spending for transportation, and increases in prices for regulated services, as a result of approval of new regulated tariffs for electricity by overlapping with a slight increase in fuel prices.

The annual core inflation<sup>1</sup> rate recorded an increase of 3.1 percent for the last 12 months (by 0.3 percentage points more compared to the previous month). In April 2011, the monthly core inflation rate constituted 0.6 percent, being higher compared to the previous month. This development was due to positive contributions arising from the following sub-components: clothing, building materials, catering. The contributions in question were boosted by the second-round effects, felt after increases in tariffs and fuel prices, which increased the production and transport costs by overlapping with the increased demand for building materials, as a result of revival of the construction sector, and due to increases in food prices and high depreciation trend of MDL against the EUR since the beginning of this year.

Evolution of monthly core inflation rate in April was partly tempered by the contribution arising from the sub-components: medicines and medical care.

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<sup>1</sup> 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.



The discrepancy between the growth rate of CPI and core inflation was estimated at 3.4 percentage points, further proving the increased influence of non-monetary factors on inflation process.

The monthly increase in food prices in April 2011 recorded a level of 1.3 percent, increasing by 0.6 percentage points compared with the previous month. This development was caused mainly by higher prices in sugar (4.7 percent), fresh vegetables (3.6 percent) and fresh fruit (3.5 percent) as a result of the increases in fuel prices that have contributed to the increase in transport costs. At the same time, this development was enhanced by the seasonal factor.

Fuel prices rose by 1.5 percent in April 2011 compared to March 2011, as a result of the increase in petroleum products prices by 3.3 percent, as a result of the increases in fuel prices on international stock exchanges. Inflationary pressures arising from the volatility of international oil markets were partially mitigated by the appreciation trend of the national currency against the U.S. dollar.

Regulated prices rose by 1.1 percent in April compared to the previous month, mainly as a result of the increase of 3.7 percent in electricity tariffs, recently approved by ANRE.

During the subsequent periods, the inflation will be influenced, in particular, by the persistence of inflationary pressures caused by the increase in regulated prices and higher oil prices on international markets. The prices increase on world oil market will reflect both the increase in domestic prices of imported energy products and by the indirect increase of costs.

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 and financial stability.