



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

**According to the data published by the National Bureau of Statistics (NBS), the consumer prices index (CPI) for the last 12 months constituted 4.9 percent in September 2012, increasing by 0.5 percentage points versus the previous month and falling for the eighth consecutive month within the inflation target limits of 5.0 percent  $\pm$ 1.5 percentage points.**

**In subsequent periods, the inflationary risks balance will continue to be determined both by internal and external factors, with a slight pronouncement of inflationary factors.**

**Thus, the inflationary risks result from the increase of oil prices on international markets, due to reduced oil stocks and tensions in the Middle East, as well as from increased food prices caused by the supply reduction as a result of adverse weather conditions in major agricultural regions.**

The annual inflation rate for September 2012 recorded a level of 4.9 percent, increasing by 0.5 percentage points versus August 2012. The monthly inflation rate constituted 0.9 percent, being conditioned by higher prices of foodstuff products by 1.6 percent, non-foodstuff products by 0.6 percent and by higher tariffs for public services by 0.2 percent. The monthly inflation rate growth in September 2012 was partially influenced by the seasonal effect. Thus, after eliminating the seasonal factor, the prices increased by 0.8 percent, mainly due to higher food prices. The core inflation and oil prices have generated a modest influence, similar to the previous months, while the regulated prices had an insignificant impact on the monthly inflation dynamics.

The actual value of inflation for the third quarter of 2012 was higher than previously forecasted, mainly caused by the uncertainty in estimating the impact of drought on food prices and by the increased volatility of world oil prices. However, the last inflation projection, for the end of this year, places the inflation within the range of variation of 5.0 percent  $\pm$ 1.5 percentage points, according to the objective stated in the Medium-term monetary policy strategy.

The annual core inflation<sup>1</sup> recorded for the last 12 months a level of 3.6 percent (by 0.3 percentage points less compared to the previous month) and continued the downward trend started at the end of the previous year, which can be associated with a moderation in internal and external demand.

<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.  
From January 2012, the published data are calculated by the NBS according to the changes made to the Annex no.2 of the "Methodology for the calculation of core inflation index", approved by joint order N8-07-01203/6 of January 19, 2012 of National Bank of Moldova and the National Bureau of Statistics (the change regards the inclusion of prices for remote communication services and medicines into regulated prices).

In September 2012, the monthly rate of core inflation was 0.4 percent, remaining at the previous month level. This development was mainly determined by the prices increases of the following subcomponents: taxi service, car parts and bicycles, cigarettes, clothing, knitwear and footwear. The increase of taxi service tariffs lies in liquefied gas price increase. The cigarette prices increase was due to higher excise duties on tobacco items in the current year. At the same time, rising prices of clothing, knitwear and footwear was due to increased production costs, following the increase of energy prices and raw materials on world markets.

In September 2012, foodstuff prices increased by 1.6 percent compared to the previous month. This development was mainly due to the higher prices of eggs (by 16.9 percent), fresh vegetables (by 4.7 percent), potatoes (by 3.7 percent), sugar (by 1.5 percent), fresh fruits (by 1.3 percent), and meat, meat products and canned meat (by 1.2 percent).

The increased prices of the aforementioned products were determined mainly by the adverse weather conditions in summer but also by the worldwide drought. Higher prices for meat and meat products occurred as well as a result of the prohibition on pork imports from Ukraine. After excluding the seasonal factor, food prices recorded an increase of 1.5 percent.

In September 2012, the fuel prices recorded an upward trend, increasing by 1.7 percent as compared to the previous month, as a result of higher prices for bottled gas (2.9 percent) and liquid fuel (2.7 percent). The earth coal and firewood prices increase (by 0.2 percent each) did not significantly affect the dynamics of fuel prices.

In September 2012, regulated prices recorded a slight increase of 0.2 percent as compared to the previous month, as a result of increased tariffs for housing payments (by 2.0 percent) and for airway transport (by 1.8 percent). The annual rate of regulated prices was of 6.2 percent and increased by 0.1 percentage points compared to August 2012.

The National Bank of Moldova reiterates that it will continue to monitor vigilantly the developments in domestic and international economic environment, so that by an appropriate adjustment of monetary policy instruments to ensure the objective referred to in the Medium-term Monetary Policy Strategy in order to ensure and maintain price stability.