

Inflation rate in April 2013

According to the data published by the National Bureau of Statistics (NBS), the consumer prices index (CPI) for the last 12 months constituted 4.5 percent in April 2013, increasing by 0.3 percentage points versus the previous month, being close to the inflation target of 5.0 percent.

The inflationary risks balance continues to be influenced both by internal and external factors, with a slight pronunciation of disinflationary factors. Disinflationary pressures arise from the reduction in economic activity and international food prices due to favorable meteorological conditions for harvest in 2013, and from a significant drop in oil prices.

The inflation development in April confirms the assumptions used in the last round of forecasting and supports the projections published in the Inflation Report no.2 of May 2013.

The annual inflation rate in April 2013 recorded the level of 4.5 percent, increasing by 0.3 percentage points compared to the previous month due to higher food prices.

The monthly inflation rate recorded the value of 0.4 percent and shows the lack of pressures from the aggregate demand. This development was due to the increase in food prices by 0.7 percent, non-foodstuff prices by 0.2 percent and tariffs for services rendered to population by 0.3 percent. The annual inflation rate was mostly determined by the side effects caused by the drought recorded in the summer of 2012 and those of the fuel price increase in February 2013. Disinflationary pressures were partly tempered by the slight depreciation of the domestic currency against the U.S. dollar this year.

The annual core inflation¹ recorded a level of 3.9 percent in April 2013, decreasing by 0.1 percentage points as compared to the previous month. In April 2013, the monthly core inflation rate was 0.3 percent, remaining at the level recorded in the previous month. This development was driven mainly by higher prices for education and training, cigarettes, clothing, footwear and building materials. Similarly to the previous period, the seasonal factor had a negligible development in the overall core inflation.

Foodstuff prices increased by 0.7 percent during the analyzed period compared to the previous month. This increase was mainly determined by higher prices of potatoes by 9.1 percent, fresh

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. 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).



vegetables by 4.8 percent, fresh fruits by 2.9 percent, alcoholic beverages by 0.5 percent and milling and bakery products by 0.4 percent, and was partially offset by the reduction of prices of eggs by 5.7 percent, milk and dairy products by 0.6 percent and rice by 0.5 percent.

Prices for the above mentioned products were mainly influenced by the drought in the summer of 2012, but also by the indirect effects arising from fuel price increase in February 2013. After excluding seasonal factors, the increase in recorded food prices was at the level of 0.4 percent.

In April 2013, the fuel prices remained at the previous month level. Thus, prices for fuel, firewood and bottled gas have recorded a null increase, while the earth coal price declined by 0.03 percent, marginally contributing to the evolution of the monthly fuel prices.

In April 2013, regulated prices recorded an increase of 0.3 percent as compared to the previous month as a result of higher tariffs for transport (excluding taxis' services) by 3.7 percent. Price increase of house payments and medicines by 0.1 percent each had contributed positively, but less significantly, to the monthly development of regulated prices. The annual growth rate of regulated prices was of 3.1 percent, increasing by 0.3 percentage points compared with the previous month.

The National Bank of Moldova reiterates that it will continue to monitor vigilantly the developments in the domestic and international economic environments, 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.