20.03.2025

Monetary Policy Decision, 20.03.2025

The Executive Board of the National Bank of Moldova, at its meeting on 20 March 2025, adopted by unanimous vote the following decision:

1. **To maintain the base rate applied to the main short-term monetary policy operations at the current level of 6.50 percent per annum.**
2. **Interest rates are maintained as follows:**
   a) on overnight loans, at the current level of 8.50 percent annually;
   b) on repo operations, at the current level of 6.75 percent annually;
   c) on overnight deposits, at the current level of 4.50 percent annually.
3. **The required reserve ratio of funds attracted in MDL and non-convertible foreign currency is maintained at the current level of 22.0 percent of the calculation base.**
4. **The required reserve ratio of funds attracted in freely convertible foreign currency is maintained at the current level of 31.0 percent of the calculation base.**

With this decision, the National Bank of Moldova aims to anchor inflation expectations, to bring inflation back and maintain it within the range of ± 1.5 percentage points of the 5.0 percent inflation target over the medium term.

The NBM's decision comes in the context of the moderation of the inflationary process and the propagation of previously adopted restrictive monetary policy measures, the effects of which will continue to unfold, given the lags in their transmission.

It is worth mentioning that inflation will follow a downward trend until the end of this year, against the backdrop of below-potential aggregate demand, which will continue to exert a disinflationary impact on prices, along with the moderation of pro-inflationary expectations.

New macroeconomic information broadly confirms the main assumptions and conclusions presented in the Inflation Report of February 2025.

Annual inflation stood at 8.6 percent in February 2025, by 0.5 percentage point lower than in January, but still above the upper limit of the ±1.5 percentage point range around the 5.0 percent target. Inflation developments in February followed a trajectory similar to that anticipated in the Inflation Report of February 2025. This trend was mainly driven by a lower-than-expected impact of compensations on electricity tariffs and a slight upward movement in food prices. At the same time, this positive deviation was partially offset by a decline in fuel prices.

External environment. The global economy is evolving amid intensifying global trade and geopolitical tensions, with inflationary pressures persisting. The US has imposed trade tariffs on China, Canada and the European Union, prompting reciprocal measures. Against this backdrop, the US growth outlook has been revised downward and for the euro area - upwards, with the single European currency appreciating significantly. Oil prices have declined following the OPEC+ decision to gradually increase oil production limits. European natural gas prices have also fallen as negotiations to resolve the war in Ukraine began. The FAO International Food Price Index has continued to rise due to unfavourable agro-meteorological conditions.

Domestic economic activity contracted by 1.3 percent in the fourth quarter of 2024. By resource categories, this was mainly driven by a 40.8 percent decline in gross value added in agriculture, forestry and fishing in the context of dry conditions in the summer of 2024. The education, industry and construction sectors also made negative contributions to GDP dynamics in the quarter under review. At the same time, their negative impact was partially offset by positive developments in real estate transactions, trade, accommodation and food services, as well as the information and communication sector. In terms of uses, household final consumption continued to grow, while government final consumption declined. Despite heightened uncertainty in the region, investment increased, largely due to growth in the inventory changes subcomponent. Net exports of goods and services continued the negative trend. Thus, in January 2025, the annual rate of exports registered -11.2 percent, while the annual rate of imports increased by 15.6 percent. In terms of consumption financing sources, money transfers to individuals increased by 5.9 percent year-on-year in December 2024, while the wage fund in the fourth quarter of 2024 recorded an increase of 12.8 percent in nominal terms. As a result, domestic demand was weak, thus exerting a disinflationary impact during this period.

According to preliminary data published by the NBS for 2024, economic activity increased by 0.1 percent compared to 2023.

Monetary conditions. The effect of the transmission mechanism of the consecutive cuts in the base rate applied to the main monetary policy operations during 2024 and the situation created on the money market allowed interest rates on new loans granted in February 2025 to remain relatively stable, with only slight increases recorded.

According to the weekly statistical data, the average interest rates in the first week of March 2025 showed an upward trend for new loans granted in MDL by licensed banks. Thus, the weighted average interest rate on new loans in MDL increased to 8.83 percent in the reference week. In the segment of term deposits in MDL, the weighted average interest rate followed a gradual upward trend, reaching 4.59 percent per annum, up from 3.37 percent per annum in the first week of January 2025.

However, the increase in interest rates on loans granted in MDL maintained the positive trend in weekly loan volumes. At the same time, the moderate rise in interest rates on term deposits in national currency contributed to an increase in deposit volumes during this period.

Forecast update. The balance of risks to the inflation forecast is neutral, with a slight inflationary bias in the short term and a disinflationary trajectory until the end of the forecast horizon. Uncertainties remain pronounced. The main sources are uncertainties regarding agricultural production, the adjustment of tariffs for utilities, the provision of sufficient fiscal stimulus to revive economic activity, external financial assistance, as well as the tense situation in the region and subdued regional demand due to reciprocal sanctions.

The NBM will continue to monitor the domestic and external macroeconomic situation with caution, the risks and uncertainties associated with inflation developments in the short and medium term and, when appropriate, will intervene by adjusting monetary policy instruments in order to achieve the fundamental objective of ensuring and maintaining price stability.

The next meeting of the Executive Board of the NBM on monetary policy will take place on 12 May 2025, according to the approved schedule [1].

NBM Interest rates [2]

Vezi și

Tag-uri

inflation rate [3]
base rate [4]
overnight credit [5]
overnight deposit [6]
CPI [7]
core inflation [8]
Monetary policy decisions [9]
Monetary policy decision [10]

Sursa URL:
http://www.bnm.md/ro/node/68212

Legături conexe:

[1] http://www.bnm.md/en/content/schedule-monetary-policy-meetings-2016 [2] http://www.bnm.md/en/content/nbm-interest-rates [3] http://www.bnm.md/ro/search?hashtags[0]=inflation rate [4] http://www.bnm.md/ro/search?hashtags[0]=base rate [5] http://www.bnm.md/ro/search?hashtags[0]=overnight credit [6] http://www.bnm.md/ro/search?hashtags[0]=overnight deposit [7] http://www.bnm.md/ro/search?hashtags[0]=CPI [8] http://www.bnm.md/ro/search?hashtags[0]=core inflation [9] http://www.bnm.md/ro/search?hashtags[0]=Monetary policy decisions [10] http://www.bnm.md/ro/search?hashtags[0]=Monetary policy decision