14.05.2026

Inflation Report no. 2, 2026

Inflation Report no. 2, 2026 [1]

Presentation of the report [2] (available in Romanian)

Summary

Inflation

At the beginning of this year, the annual CPI rate recorded a pronounced downward trend, once the effect generated by the adjustment of energy prices in January 2025 faded away, reaching 4.85% in January 2026 and thus returning to the inflation target range. Subsequently, in February 2026, the annual CPI rate remained close to the inflation target, but accelerated slightly at the end of the first quarter of 2026, reaching 5.81% in March 2026, as a result of rising fuel prices amid the war in the Middle East. However, the average inflation rate in the first quarter of 2026 was significantly lower than in the previous quarter. At the same time, the annual inflation rate was slightly above the value anticipated in the Inflation Report, February 2026. During the first quarter of 2026, domestic demand is estimated to have continued to exert a disinflationary effect on prices. The upward trend in prices was supported by the incidence of adverse sectoral shocks. Rising energy prices, second-round effects from energy sources and other supply imbalances will support rising inflation in the coming period. Disinflationary domestic demand will partly mitigate this impact. The adjustment of tariffs, as well as the tense situation in the region and the risks of its escalation, maintain the pronounced uncertainty surrounding the inflation forecast.

External environment

In the first quarter of 2026, the external environment was defined by a cumulative increase in geopolitical and macroeconomic risks, which were rapidly transmitted on energy resources, inflation, global financial stability, amid the ongoing war in Ukraine, diminishing multilateral cooperation and the escalation of the conflict in the Middle East. The war in the Middle East has intensified the risks of disruption to global energy and agri-food systems. The Strait of Hormuz normally transports 20% of oil and liquefied natural gas and up to 30% of internationally traded fertilizers. The closure of the strait has caused an unprecedented energy shock, threatening both economic stability and global food security. The oil market experienced one of the most pronounced episodes of volatility in decades, with Brent oil prices rising 59% in March, one of the highest increases in decades. Tensions in the Middle East quickly spread to Europe's natural gas market. In March 2026, Dutch TTF prices rose sharply amid disruption to exports of liquefied natural gas (LNG) from Qatar and other Persian Gulf states. The price of gold fell by 17% in March, its weakest monthly performance since February 1983, during a period marked by the most severe conflict in the Middle East and a strong global energy shock in decades. Inflationary pressures due to higher energy prices have changed market expectations, with central banks previously thought to maintain or further reduce monetary policy interest rates are now projected to raise them slightly over the course of the year. In March, the US dollar index (DXY) rose by more than 2% from the previous month’s average, supported by the US dollar’s safe-haven status, and the single European currency marked its largest monthly decline since July 2025. Against the backdrop of energy shocks in February-March 2026, the European economy experienced moderate and unbalanced growth. The euro area economy has been affected by weak external demand, high energy costs and geopolitical uncertainty. At the same time, the war in Ukraine continues, with no diplomatic progress. Attacks on energy and logistics infrastructure have intensified periodically, maintaining pressure on regional trade flows and on European energy security.

Economy

In the fourth quarter of 2025, annual GDP growth moderated after the acceleration seen in the third quarter of 2025. Thus, in October-December 2025, GDP increased by 3.6% compared to the same period of 2024. The growth of the economy in the fourth quarter of 2025 compared to the fourth quarter of 2024 was mainly determined by the positive impact of domestic demand, both from households, in the context of higher incomes in real terms, and from economic agents. Net external demand partly offset this effect. It is also worth mentioning the positive impact on GDP dynamics from the sectors "agriculture, forestry and fishing", "industry", in particular from the "information and communication" sector. Positive contributions of lower magnitude were driven by the "construction", "education" and "public administration and defence; compulsory social security" sectors. At the same time, the seasonally adjusted series reflects a 0.6% contraction in GDP compared to the third quarter of 2025. In 2025, GDP was 2.4% higher than in 2024.

Monetary policy

In the first quarter of 2026, excess liquidity amounted to MDL 5.2 billion, increasing by MDL 0.7 billion compared to the fourth quarter of 2025.

During this period, M3 monetary aggregate posted an annual growth rate of 13.7%. The main contribution is from the balance of deposits in national currency.

During the first quarter of 2026, two meetings of the Executive Board of the National Bank of Moldova were held on monetary policy decisions. Following the assessment of the balance of internal and external risks and the inflation outlook in the short and medium term, the Executive Board of the National Bank of Moldova, at its meetings on February 5 and March 19, 2026, decided to keep the base rate at 5.0% (the level set on December 11, 2025). The required reserves ratio from funds attracted in MDL and non-convertible currency was reduced from 20.0% to 18.0% of the calculation base, while the required reserves ratio from funds attracted in freely convertible currency was reduced from 29.0% to 26.0% of the calculation base.

These measures were adopted in the context of the propagation of the effects of previous monetary policy decisions, given the associated transmission lags, and major international turmoil caused by the war in the Middle East, with an impact on international energy prices, which have reached a high level and may affect global economic activity, with negative effects on the global inflationary process.

The Executive Board of the National Bank of Moldova decided by unanimous vote, during the meeting on May 7, to set the base rate at the level of 6.50% annually. At the same time, overnight loans rates were set at 8.50% per annum, overnight deposits at 4.50% per annum and repo operations at 6.75% per annum. At the same time, the required reserves ratio from funds attracted in MDL and non-convertible currency was maintained, as well as that of the required reserves ratio from funds attracted in freely convertible currency, at the level of 18.0% and 26.0%, respectively.

The restrictive monetary policy measures were initiated in order to mitigate inflationary pressures, second-round effects from supply shocks, anchor inflation expectations and achieve the NBM's medium-term fundamental objective.

In the first quarter of 2026, in the national currency segment, the weighted average interest rate on new granted loans showed a downward trend, while that on term deposits continued its upward trend under the impact of previous monetary policy measures. Specifically, the weighted average interest rate on loans amounted to 9.06%, down by 0.06 percentage points, while that on deposits to 5.11%, up by 0.03 percentage points compared to the fourth quarter of 2025.

The average interest rates on the outstanding balance loans in national currency decreased, compared to the fourth quarter of 2025, by 0.08 percentage points, to 9.07%, while those on term deposits increased by 0.22 percentage points, to

4.91%.

Medium-term inflation projection

In less than a year after the intensification of trade tensions, following the imposition of tariffs by the US, the resilience of the global economy is being tested by the war in the Middle East. The IMF expects the global economic acceleration to slow to 3.1% in 2026 and to 3.2% in 2027. At the same time, global inflation is projected to increase marginally in 2026, before resuming its decline in 2027. The slowdown in positive economic growth and rising inflation are expected to be more pronounced in emerging and developing economies[1]. The outlook for the euro area for 2026 has been revised downwards by several international institutions, in particular due to the newly arising energy shock and the combined risks of economic stagnation and high inflation. Against this background, central banks have become more cautious about pursuing monetary easing cycles. According to the Organisation for Economic Co-operation and Development, economic growth in the euro area is expected to decline from 1.4% in 2025 to 0.8% in 2026, amid the negative impact of higher energy prices on economic activity, before rising to 1.2% in 2027[2]. The adverse effects of the war on the global economy are expected to be driven mainly by the sharp increase in energy commodity prices. Every sharp rise in oil prices significantly increases the economic and strategic value of biofuels and puts not only volatility but also price-increasing pressures on agricultural commodity markets, strengthening the link between geopolitical risk, food-energy systems and global inflationary pressures. Food security risks being compromised, as disruptions to fertilizer markets before the sowing season can cause a significant increase in food prices. The US Supreme Court ruling lowering a series of tariffs imposed by President Donald Trump is somewhat supportive of global economic expansion, but uncertainties about international trade remain high. The evolution of Brent crude oil and natural gas (Dutch TTF) prices is a determining factor for the prospects of the energy sector. Brent quotations reflect the balance between OPEC+ production decisions, geopolitical risks and global demand dynamics, directly influencing fuel costs. Overall, the interaction between Brent and Dutch TTF prices influences production costs, pricing policies and investment decisions, shaping an energy environment characterised by uncertainty but also a transition to a new structural energy market balance.

The annual inflation rate will be on an upward trend in the course of this year and will then be on a downward trend by the end of the forecast period[3]. In the second quarter of 2026, the annual inflation rate will be at the upper bound of the range of variation from the inflation target, and starting with the next quarter it will exceed the upper limit of the band for three consecutive quarters, then from the second quarter of 2027 it will return and will remain within the range until the end of the forecast period. The maximum value will be recorded at the end of this year and the minimum value at the end of 2027 and the beginning of 2028. The annual rate of core inflation will follow a slightly upward trend until the middle of next year, then a slow downward trend until the end of the forecast period. The annual rate of food prices will have a slightly increasing trend until the end of this year, after which it will register a decreasing trend until the end of the forecast period. The annual rate of regulated prices will increase considerably in the second half of this year, after which it will have a slightly lower trajectory in the first half of next year, followed by a sharp decrease in the second half of next year. The annual rate of fuel prices will follow a strong upward trend in the second quarter of 2026, before declining until the middle of next year and registering negative values in the second and third quarters of 2027, before increasing slightly until the end of the forecast period.

Aggregate demand will generally be weak and declining by the beginning of next year and then recovering, albeit marginally, by the end of the forecast period.

Real monetary conditions will have a restrictive character on aggregate demand for the entire forecast period.

The current inflation forecast, compared to that in the previous inflation report[4], has been revised upwards for the entire comparable period[5], except for the fourth quarter of 2027 when it was revised insignificantly downwards. The current forecast of the annual core inflation rate has been revised upwards over the entire comparable period. The annual rate of food prices was revised upwards until the third quarter of 2026 and downwards in the course of next year. The current forecast of the annual rate of regulated prices was revised downwards in the second quarter of 2026 and upwards from the second half of this year until the end of the comparable period. The forecast for the annual rate of fuel prices was significantly increased until the beginning of next year and revised downwards thereafter until the end of the comparable period.

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1. INTERNATIONAL MONETARY FUND. Global Economy in the Shadow of War. Online (April 2026). Available: https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic... [3]

2. ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT. OECD Economic Outlook, Interim Report March 2026. Online (March 26, 2026). Available: https://www.oecd.org/en/publications/oecd-economic-outlook-interim-repor... [4]

3. The second quarter of 2026 – first quarter of 2028

4. Inflation Report, February 2026

5. The second quarter of 2026 – fourth quarter 2027

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