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The evolution of inflation rate in February 2014

According to the data published by the National Bureau of Statistics (NBS), the consumer prices index (CPI) for the last 12 months constituted 5.4 percent in February 2014, increasing by 0.3 percentage points versus the previous month, and remaining close to the inflation target of 5.0 percent.

The balance of risks to inflation in the medium term continues to be influenced by a complex number of inflationary and disinflationary factors. Disinflationary pressures are determined in particular by the decrease of aggregate demand and the depreciation of currencies of main trade partners. The recovery of the European economies, an eventual increase in food prices on international markets, the budget policy adjustment impact in 2014 could offset the disinflation.

The annual rate of inflation in February was 5.4 percent, by 0.3 percentage points more than the previous month, mainly due to larger contribution from food prices and from core inflation (up to 2.9 and 1.7 percentage points, respectively). The contribution from regulated prices and fuels remained at the previous month level.

The monthly inflation rate recorded an increase of 0.5 percent, determined by the increase in food prices and non-food prices by 0.7 percent each, and tariffs for public services by 0.2 percent.

The annual core inflation recorded a level of 5.1 percent in February 2014, increasing by 0.3 percentage points compared to the previous month.

In February 2014, the monthly core inflation rate was 0.6 percent, remaining at the previous month level. The most significant price increases related to core inflation were recorded by transport, auto parts, rental apartments, detergents, cigarettes, clothing and building materials.

During the reporting period, food prices increased by 0.7 percent compared to the previous month. This increase was due to increased prices for potatoes by 7.4 percent, fresh fruits by 3.4 percent, milk and dairy products by 2.2 percent, fresh vegetables by 1.9 percent, fish and canned fish by 1.9 percent, and non-alcoholic beverages by 0.7 percent, partially mitigated by lower prices for eggs by 11.5 percent and sugar by 3.6 percent.

The annual growth rate of food prices was 7.9 percent, by 0.6 percentage points more compared to the previous month.

The price increases of the above products were influenced by the evolution of the national currency and rising international prices for dairy products. Sugar prices decrease for the second consecutive month was driven by reduced VAT rate from 20.0 percent to 8.0 percent.

In February 2014, fuel prices increased by 1.1 percent compared to the previous month. Thus, the prices of bottled gas have increased by 4.0 percent and those of petrol by 2.1 percent. At the same time, firewood prices and oil fuel remained at the previous month level, while those of earth coal decreased by 0.6 percent.

The dynamics of fuel prices was driven by increased fuel pump prices in recent days of January due to higher excise duties and depreciation of the national currency in recent months against the U.S. dollar.

The annual growth rate in fuel prices was 2.8 percent, by 0.3 percentage points less than the previous month.

In February 2014, prices of regulated services increased by 0.2 percent as compared to the previous month, mainly as a result of increases in medicines prices by 0.5 percent. Positive contributions in regulated prices, but less significant, were determined by the growth of health services by 0.3 percent, the rent for student dormitories by 3.7 percent and international air and rail transport by 3.8 and 0.7 percent, respectively. The annual rate of growth of regulated prices was 2.8 percent, remaining at the previous month. The annual growth rate of regulated prices was 2.8 percent, remaining at the previous month level.

The National Bank of Moldova will continue to monitor the developments in domestic and international economic environment, including developments in consumption, remittances and changing foreign trade conditions, so that by the flexibility of specific operational framework of inflation targeting strategy to ensure price stability in the medium term.

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core inflation [1]
inflation rate [2]
consumer prices index [3]

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