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The evolution of inflation rate in September 2014

According to the data published by the National Bureau of Statistics (NBS), in September 2014, the consumer prices index (CPI) for the last 12 months constituted 4.8 percent, decreasing by 0.3 percentage points versus the previous month, and remaining within the range of variation of ± 1.5 percentage points from the 5.0 percent inflation target.

The balance of risks to inflation in the medium term continues to be influenced by a complex number of internal and external factors with the predominance of disinflationary ones. Disinflationary pressures are determined in particular by the depreciation of main trade partners' currencies and by the reduction of domestic aggregate demand. The intensification of geopolitical tensions in the region could induce inflationary pressures.

The annual rate of inflation in September was 4.8 percent, by 0.3 percentage points lower than in the previous month and by 0.9 percentage points higher than in September 2013. This evolution was mainly due to the 1.8 percentage points contribution from food prices. Core inflation, regulated prices and fuels contributed to the annual inflation by 1.9, 0.6 and, respectively, 0.5 percentage points.

The monthly inflation rate recorded an increase of 0.8 percent, mainly determined by the growth in non-food prices by 1.4 percent and food prices by 0.7 percent. At the same time, the tariffs for services rendered to the population registered a modest dynamics, increasing by 0.2 percent.

The annual core inflation recorded a level of 5.8 percent in September 2014, increasing by 0.5 percentage points compared to the previous month.

In September 2014, the monthly core inflation rate was 1.0 percent. Transport, and auto parts, education and training, detergents, cigarettes, clothing and footwear recorded the most significant price increases related to core inflation.

Food prices in the reporting month increased by 0.7 percent compared to the previous month's level. Thus, there were increases in the prices of eggs by 19.1 percent, fresh vegetables by 5.2 percent, fish and canned fish by 0.9 percent, milk and dairy products by 0.6 percent and rice by 0.5 percent. In September 2014, there were decreases in the prices of potatoes by 12.1 percent, sugar by 4.4 percent and fresh fruits by 3.6 percent.

Excluding seasonal factors, food prices decreased by 0.3 percent compared to August. This dynamics was driven by the increased supply on the market, due to favorable weather conditions and as a result of the embargoes imposed by the Russian Federation on food imports from the Republic of Moldova.

The annual growth rate of food prices was 4.7 percent, by 1.9 percentage points lower compared to August and by 0.3 percentage points lower than in September 2013.

In September 2014, fuel prices increased by 3.2 percent compared to the previous month. This increase was mainly due to the growth in earth coal prices by 18.2 percent in the context of the tense situation in the

region that has affected its extraction. At the same time, liquid fuel prices increased by 6.3 percent and those of firewood and fuel increased by 0.5 and 0.3 percent, respectively, generating minor positive contributions to the growth in fuel prices.

The annual growth rate in fuel prices was 8.0 percent, by 3.1 percentage points higher than the value recorded in August and by 3.7 percentage points higher than in September 2013.

In the analyzed period, the prices for regulated services increased by 0.1 percent compared to August, as a result of the increase in dormitories rent by 6.4 percent and medicines prices by 0.3 percent. The increase in prices of international air transport and the decrease in tariffs of international rail transport have recorded positive contributions, less important, in the monthly evolution of regulated prices.

The annual growth rate in prices of regulated products and services was 2.6 percent, remaining at the previous month's level and being by 0.6 percentage points higher than in September 2013.

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

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

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