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Monetary Policy

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The NBM applies monetary policy measures to reduce the impact of shocks on the economy

The analysis and evaluation of recent macroeconomic information related to the external and internal environment, especially the recent acceleration of inflation, have led to an extraordinary meeting of the Executive Board of the National Bank of Moldova. At the meeting, it was decided unanimously to increase the core rate applied to the main short-term monetary policy operations by 2.0 percentage points to 8.50 percent annually. Also, the interest rates on overnight loans and deposits will be increased by 2.0 percentage points - up to 10.50 and 6.50 percent, respectively.

At the same time, the required reserves ratio from financial means attracted in MDL and non-convertible currencies is increased by 2.0 percentage points and is set at 28.0 percent of the base, starting with the maintenance period of 16 February – 15 March 2022 of the required reserves in MDL. The required reserves ratio from the financial means attracted in freely convertible currency remains unchanged.

The configuration of monetary policy aims at tempering inflationary pressures to lessen the effect of shocks on the economy for its faster return to balance. The central banks make use of such measures, revising their inflation forecasts upwardly for the coming quarters amid rising global inflation.

The recent acceleration of inflation indicates the vulnerability of the domestic inflationary process to external developments and explains the recent speeding up of inflation, which is mainly due to supply shocks from the perspective of rising international and regional prices for food, energy and other raw materials with repercussions on import prices. At the same time, the demand also puts pressure on inflation in the context of increasing disposable income and consumer credit, which determined the increase in prices of the subcomponents of core inflation and in food prices.

In this context, the new loans granted in the national currency maintained the growth trend in December 2021 close to the historical maximums, their volume increasing by 46.7 percent in annual terms.

Thus, the increase of the core rate in combination with the increase of the required reserve ratio are aimed at reducing the growth rates of consumer credit, which currently has a strong pro-inflationary impact and puts pressure on the current account deficit of the balance of payments, trade balance and exchange rate.

The National Bank of Moldova will continue to closely monitor developments in the domestic and international environment and is ready to take the necessary measures to achieve its fundamental objective of ensuring price stability.

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