National Bank of Moldova

Inflation report

November 2025

National Bank of Moldova
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ISBN 978-9975-169-33-2
ISBN 978-9975-169-43-1 (PDF)

Mission of the National Bank of Moldova

The National Bank of Moldova, as the central bank of the Republic of Moldova, is an autonomous public legal person, which establishes and promotes monetary and foreign exchange policy in the state, a fact stipulated in article 5 paragraph (1) letter a) of Law No. 548/1995 on the National Bank of Moldova.

Under the provisions of article 4 paragraph (1) of the Law No. 548/1995 on the National Bank of Moldova, the fundamental objective of the National Bank of Moldova is to ensure and maintain price stability. At the same time, article 4 paragraph (2) provides that, without prejudice to its fundamental objective, the National Bank within the limits of its powers, contributes to the stability of the financial system and supports the general economic policy of the state.

The fundamental objective is achieved through the monetary policy framework associated with the direct inflation targeting regime.

The quantitative objective – the inflation target is to maintain inflation, as measured by the consumer price index, at 5.0% annually with a possible deviation of ±1.5 percentage points.

In this regard, the National Bank of Moldova has a wide and well-defined range of instruments through which it promotes monetary policy and ensures the achievement of the inflation target. These include open market operations – the main monetary policy instrument, and the ancillary instruments are the standing facilities, the required reserve ratio and interventions on the domestic foreign exchange market.

At the same time, in order to achieving the inflation target, the National Bank of Moldova steers the conditions on the money market by setting by the Executive Board the main indicator for the short-term interbank money market – the base rate.

The exchange rate regime implemented by the National Bank of Moldova is that of managed floating and, respectively, the interventions on the domestic foreign exchange market are used only to support the effects of the implementation of open market operations, to the extent that they will be necessary to achieve the inflation target and without influencing the fundamental trends of the exchange rate of the national currency. At the same time, the NBM reserves the right to carry out foreign exchange interventions in order to mitigate excessive exchange rate fluctuations, to stop speculative operations and to replenish international foreign exchange reserves, without prejudice to the achievement of the inflation target.

The monetary policy decision regarding the base rate, the standing facility rates and the required reserve ratio is taken by the Executive Board of the NBM on the basis of the analysis of the latest information on the macroeconomic situation in the Republic of Moldova and the external economic environment, the trend of macroeconomic indicators in the medium-term, as well as the short- and medium-term inflation outlook, provided by the Monetary Policy Department of the NBM.

In this respect, the Executive Board of the NBM meets eight times a year in ordinary monetary policy meetings according to the approved schedule. Four monetary policy meetings are associated with the Inflation Report, while the other four meetings are devoted to the assessment of the deviation risks to the inflation forecast. At the same time, the Executive Board of the NBM reserves the right to meet in extraordinary meetings.

Introductory note

The National Bank of Moldova appreciates the role of monetary policy transparency and predictability in strengthening institutional credibility and ensuring the inflation target.

In this context, the ***Inflation Report*** *is the main communication tool reflecting the latest analysis of the situation in the internal and external environment, developments in the inflation process and economic activity, along with aspects related to the conduct of monetary policy.*

At the same time, the Report incorporates the inflation forecast for the eight-quarter horizon and the risks and uncertainties associated with this projection.

The summaries of the minutes of the meetings of the Executive Board of the NBM regarding the promotion of the monetary policy are part of the Report and are published with a frequency of six months from the adoption of the decision in line with the Medium-term monetary policy strategy of the NBM (approved by the decision of the Council of Administration of the NBM no. 303 of December 27, 2012).

Statistical data have been taken from the National Bureau of Statistics, Ministry of Economic Development and Digitalization, Ministry of Finance, Eurostat, International Monetary Fund, National Agency for Energy Regulation, State Hydrometeorological Service.

Statistical information provided by international bodies, national statistical offices and central banks was also analyzed.

The calculation of some statistical data, as well as the economic interpretation were elaborated and carried out by the National Bank of Moldova.

According to article 69 paragraph (2), the Inflation Report shall be submitted to the Parliament and the Government within 45 days after the end of the reporting quarter.

The Inflation Report, November 2025 was considered and approved for publication at the meeting of the Executive Board of the NBM on November 6, 2025.

The Inflation Report, November 2025 is a translation of *Raport asupra inflației, noiembrie 2025* in Romanian. In case of discrepancies, the version of the Report in the original language prevails.

Contents

List of acronyms

ANTA	National Auto Transport Agency
BPM6	"Balance of payments and international investment position" Manual, 6th edition
CBOE	Chicago Board Options Exchange
CHIBOR	Average interest rate at which the contributors banks are available to lend funds in MDL to other banks, on the interbank monetary market
CIS	Commonwealth of Independent States
CPI	Consumer price index
ECB	European Central Bank
EU	European Union
EUR	Single European currency
FAO	Food and Agriculture Organization of the United Nations
FCC	Freely convertible currency
FRS	Federal Reserve System
GDP	Gross Domestic Product
HICP	Harmonized Index of Consumers Prices
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IPPI	Industrial production prices index
LB	Local budgets
LNG	Liquefied Natural Gas
MHIF	Mandatory Health Insurance Fund
MDL	Moldovan leu
MGRES	Cuciurgan power station
NBC	Certificates issued by the National Bank of Moldova
NBM	National Bank of Moldova
NBS	National Bureau of Statistics of the Republic of Moldova
NEER	Nominal effective exchange rate of the national currency
NFP	Non-Farm Payrolls
NRRP	National Recovery and Resilience Plan
OPEC+	The alliance between the Organization of the Petroleum Exporting Countries (OPEC) and a group of non-OPEC oil-producing countries.
OVX	Crude Oil Volatility Index

PMI	Purghasing Manager's Index
RCE	Romanian Commodities Exchange
REER	Real effective exchange rate of the national currency
SB	State budget
SRE	Sources of Renewable Energy
SS	State Securities
SSIB	State social insurance budget
STA	Single Treasury Account
TTF	Title Transfer Facility
UN	United Nations
USA	United States of America
USD	US Dollar
WEO	World economic outlook

Summary

Inflation

In the third quarter of 2025, the annual inflation rate continued the downward trend of previous periods, decreasing from 8.2% in June 2025 to 6.9% in September 2025. At the same time, the average annual inflation rate was 7.4%, about 0.5 percentage points lower than in the previous quarter. However, the annual inflation rate, starting from December 2024 and in the first nine months of the current year, was above the upper limit of the inflation target variation range, a fact determined by the dynamics of regulated prices, in the context of the tariff adjustment for mains gas, thermal energy and electricity. Yet, the annual inflation rate without that impact was about 4.4% in September 2025, being within the range of variation of the inflation target. At the same time, in the third quarter of 2025, the annual inflation rate was similar to the value anticipated in the Inflation Report, August 2025. The annual price increase in the first nine months of this year was mainly generated by some supply shocks, including the adjustment of the tariff for mains gas, thermal energy and electricity, as well as by the unfavorable agrometeorological conditions in the spring that exerted pressure on food prices. According to estimates, the aggregate demand continued to exert a disinflationary impact on prices during the reference period. The adjustment of energy resource tariffs at the end of the previous year and the beginning of the current year placed the annual inflation rate above the upper limit of the inflation target variation range in the coming period. The manner of adjusting tariffs, as well as the tense situation in the region and the risks of its escalation, maintains the pronounced uncertainty related to the inflation forecast.

External environment

Despite considerable shocks, economic and geopolitical tensions, the global economy proved resilient in the third quarter of 2025. At the same time, pronounced uncertainties, trade fragmentation and the reshaping of global supply chains are expected to have a negative effect on the growth rate of the world economy. IMF forecasts indicate a slowdown in global growth from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026. The decline in consumer and business confidence is reflected in data on moderate growth in consumption and investment in major economies. The slowdown in the global economy, in the context of high public debts, increases concerns about the sustainability of public finances and possible cross-border effects. The decline of consumer and business confidence is reflected in data on moderate growth in consumption and investment in major economies. The slowdown in the global economy, in the context of high public debts, increases concerns about the sustainability of public finances and possible cross-border effects. In this context, the trend of easing the monetary policies of the main central banks continues. Negotiations to end the war in Ukraine have not produced any results. On the contrary, the armed conflict has intensified in recent months. The ceasefire agreement in the Gaza Strip paves the way for a peace agreement in the region and for a possible extension of the Abraham Accords on the normalization of diplomatic relations between the states of the Middle East.

Economy

In the second quarter of 2025, the annual GDP dynamics returned to positive territory, after the negative values in the second half of the previous year and the beginning of this year. In the period from April to June 2025, GDP increased by 1.1%, compared to the same period of 2024, being determined, mainly due to the positive impact of domestic demand from both the population, in the context of real income growth, and economic agents. Net external demand partially mitigated this effect. It is also worth mentioning the positive impact on GDP dynamics generated by the industry and construction sectors, which was partially offset by negative developments in the real estate activities sector. At the same time, the seasonally adjusted series reflects a 1.6% increase in GDP compared to the first quarter of 2025. In the first half of 2025, GDP was at the same level as in the same period of 2024.

Monetary policy

In the third quarter of 2025, excess liquidity amounted to MDL 4.8 billion, decreasing by MDL 2,355.2 million, compared to the second quarter of 2025.

During this period, the M3 monetary aggregate recorded an annual growth rate of 10.8% annually. The main contribution came from the balance of deposits in the national currency.

During the reference quarter, two meetings of the Executive Board of the National Bank of Moldova were held regarding monetary policy decisions. As a result of the assessment of the balance of internal and external risks and the short- and medium-term inflation prospects, the Executive Board of the National Bank of Moldova decided, at its meetings on August 7, 2025 and September 18, 2025, to reduce the base rate applied to the main short-term monetary policy operations by 0.25 percentage points consecutively, to the level of 6.0% annually. The required reserve ratio for funds attracted in Moldovan lei and in non-convertible currency was maintained at 22.0% of the calculation base, and the required reserve ratio for funds attracted in freely convertible currency – at 31.0% of the calculation base.

These measures were adopted with the aim of strengthening the position of supporting and stimulating aggregate demand, including by encouraging consumption and investment, and balancing the national economy and the current account.

At the same time, during the ordinary meeting on monetary policy of November 6, 2025, the Executive Board of the National Bank of Moldova unanimously adopted the maintenance of the base rate at the level of 6.00% annually, respectively; the rates on standing facilities and repo operations were maintained. At the same time, the required reserves ratio for funds attracted in Moldovan lei and in non-convertible currency and for funds attracted in freely convertible currency was reduced starting from the period of application of the required reserves from November 16, 2025 to December 15, 2025 to the levels of 20.0% and, respectively, 29.0% of the calculation base.

By the decision to simultaneously reduce the required reserves ratio in Moldovan lei and in freely convertible currency, the NBM aims to cover the banking system's liquidity needs and reduce lending costs, encouraging consumption and investments. At the same time, this measure will propagate over time, contributing to the decrease in interest rates on the money, deposit and credit markets.

In the third quarter of 2025, in the domestic currency segment, the weighted average interest rates on new granted loans and on term deposits continued their upward trend under the impact of previous monetary policy measures. Thus, the weighted average rate on loans amounted to 9.36%, and on deposits to 4.96%, up by 0.37 and, respectively, 0.05 percentage points compared to the second quarter of 2025.

The average interest rates on the balance of loans in the national currency increased by 0.57 percentage points, to the level of 9.29%, compared to the second quarter of 2025, and on term deposits – by 0.43 percentage points, to the level of 4.31%.

Medium-term inflation projection

Despite the fact that global trade and geopolitical tensions have moderated over the recent period, uncertainties still persist. The consequences of the economic barriers established by the US presidential administration will manifest themselves in the coming period. The reshaping of global supply chains and the slowdown in investment are expected to have a negative effect on the growth rate of the global economy. The ongoing US and China negotiations will define economic relations between the world's largest economies. The economic recovery of the euro area will be slow. The lack of progress in negotiations to end the war in Ukraine has led the United Kingdom and the United States to adopt sanctions against the Russian oil industry. They were followed by 19th European Commission's package of economic sanctions. At the same time, OPEC+ countries have significantly increased their oil production in the last year. These evolutions, as well as the de-escalation of the situation in the Middle East, will continue to impact oil prices. Natural gas prices in Europe will have a moderate downward trend due to robust global supply. International food prices are expected to develop in a balanced manner over the forecast period.

The annual inflation rate *will decline until the first half of next year, and then will register a slight increase towards the end of the forecast period*[1]*, except for the last quarter. In the fourth quarter of 2025, the annual inflation rate will be above the upper limit of the variation range, and will return to the range starting from the next year, where it will remain close to the inflation target until the end of the forecast period. The annual* core inflation rate *will have a relatively stable trend until the end of next year, after which it will increase slightly towards the end of the forecast period. The annual rate of* food prices *will show a decreasing trend throughout the forecast period. The annual rate of* regulated prices *will decrease significantly until the beginning of the next year, and then will show a relatively stable trend towards the end of the forecast period. The annual rate of* fuel prices *will register negative values until the end of 2026, after which it will record positive and increasing values towards the end of the forecast period.*

Aggregate demand *will record insignificantly negative values during the forecast period, driven by the restrictive real monetary conditions and less by the negative impact of external demand. The predominantly positive fiscal impulse will act in an upward direction on aggregate demand.*

Real monetary conditions *will have a restrictive character on aggregate demand throughout the forecast period.*

The current inflation *forecast, compared to that in the previous inflation report*[2]*, has been revised upwards for the entire comparable period*[3]*, except for the fourth quarter of 2025 and the first quarter of 2026 when it will be insignificantly lower. The annual* core inflation *rate was revised upwards over the comparable period. The annual rate of* food prices *was decreased in the fourth quarter of 2025, and increased for the rest of the comparable period, except for the second quarter of 2027 when it is similar. The annual rate of* regulated prices *is revised downwards throughout the comparable period. The annual rate of* fuel prices *was reduced until the fourth quarter of 2026, and increased towards the end of the comparable period.*

[1] Fourth quarter of 2025 – third quarter of 2027

[2] Inflation Report, August 2025

[3] Fourth quarter of 2025 – second quarter of 2027

Chapter 1

Inflation evolution

1.1 Consumer price index

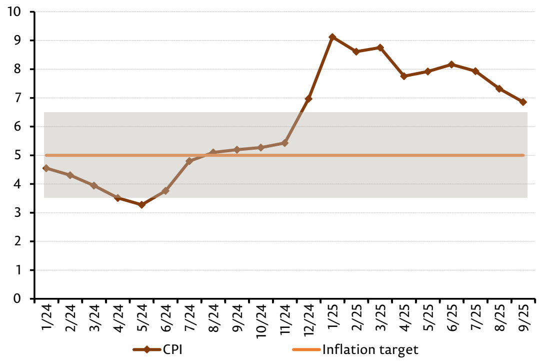
In the third quarter of 2025, the annual inflation rate continued the downward trend of previous periods. However, in the period from July to September 2025 it continued to be above the upper limit of the inflation target variation range. At the same time, the annual inflation rate was similar to the value anticipated in the Inflation Report, August 2025, decreasing from 8.2% in June 2025 to 6.9% in September 2025. At the same time, the average annual inflation rate was 7.4% in the third quarter of 2025, by about 0.5 percentage points lower than in the previous quarter. However, the annual inflation rate, starting from December 2024 and in the first nine months of the current year, remained outside the inflation target variation range, which is generated by the dynamics of regulated prices, in the context of the tariff adjustment for mains gas, thermal energy and electricity. The annual inflation rate without that impact was about 4.4% in September 2025, being within the inflation target variation range.

The annual increase in prices in the first nine months of this year was mainly generated by some supply shocks, including the adjustment of the tariff for mains gas, thermal energy and electricity, as well as by the unfavorable agrometeorological conditions in the spring that exerted pressure on food prices. According to estimates, the aggregate demand continued to exert a disinflationary impact on prices during the reference period.

In the CPI structure (Chart 1.2), the annual rate of regulated prices outlined a downward trend during the third quarter of 2025. After the upward trajectory in the first half of this year, the annual rate of food prices moderated in August and September 2025. The annual rate of fuel prices has been on an upward trend, returning to positive territory in September 2025. At the same time, the annual core inflation rate outlined a slightly upward trend in the third quarter of 2025.

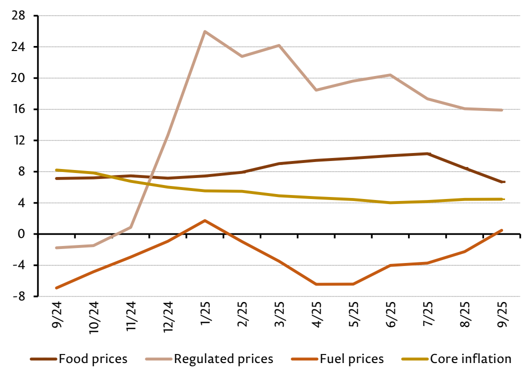
The adjustment of energy resource tariffs from the end of the previous year and the beginning of the current year caused the annual inflation rate to be above the upper limit of the inflation target variation range in the coming period. The manner, in which tariffs are adjusted, as well as the tense situation in the region and the risk of its escalation, maintains the pronounced uncertainty related to the inflation forecast.

Chart 1.1: Annual CPI rate (%)



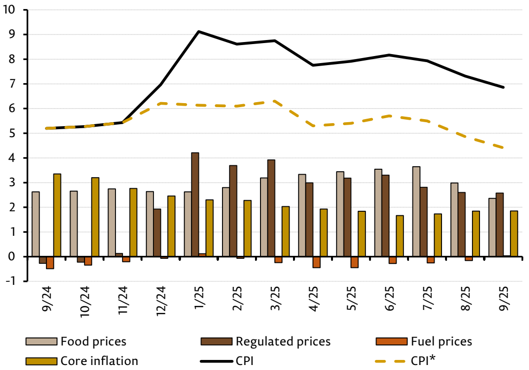
Source: NBS, NBM

Chart 1.2: Annual rate of the main CPI subcomponents (%)



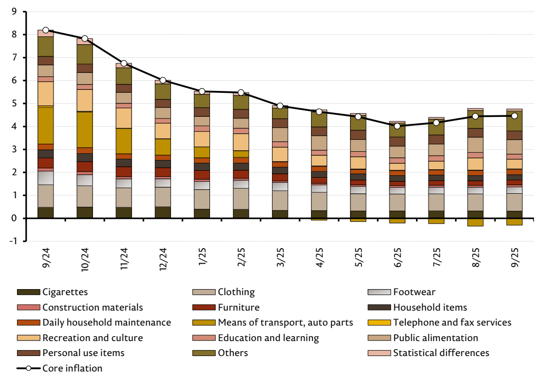
Source: NBS

Chart 1.3: Annual inflation evolution (%) and contribution of subcomponents (percentage points)



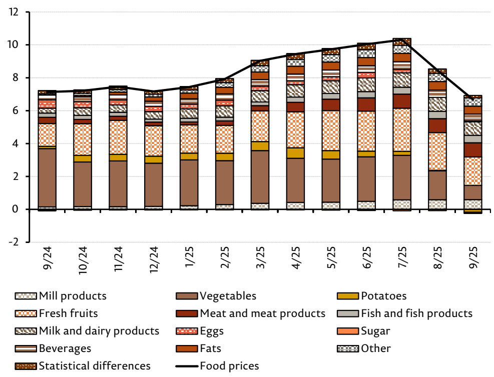
Source: NBS, NBM calculations
Note: CPI* – CPI estimated by excluding adjusted tariffs starting from December 2024

Chart 1.4: Contribution of subcomponents (percentage points) to annual core inflation dynamics (%)



Source: NBS, NBM calculations

Chart 1.5: Contribution of components (percentage points) to annual food prices dynamics (%)



Source: NBS, NBM calculations

Core inflation

In the third quarter of 2025, the annual dynamics of core inflation experienced a slightly upward trajectory, registering the value of 4.5% in September, thus being 0.5 percentage points higher than in June 2025.

In terms of structure, the increase in the annual core inflation rate was supported by higher contributions from the subcomponent "public alimentation", where, in the context of some adjustments, the annual price rate increased from 5.8% in June 2025 to 6.8% in September 2025. At the same time, a noticeable impact was also exerted by the dynamics of the "others" subcomponent. In this regard, the annual rate of apartment rental prices increased from 3.7% in June 2025 to 12.5% in September 2025. The impact from the "construction materials" subcomponent also increased. Thus, the annual rate of price of materials for household maintenance and repair increased from 3.3% in June 2025 to 3.8% in September 2025. Contributions from "cigarettes", "clothing", "recreation and culture" and "education and learning" subcomponents were practically similar to those in the previous quarter.

At the same time, a negative contribution, more pronounced than in the previous quarter, was made by the "means of transport, auto parts" subcomponent. At this, the annual rate of prices for new cars decreased to -3.0% in September 2025, from -2.0% in June 2025, and for used cars – to -7.3% in September 2025, compared to -5.7% in June 2025.

It should be noted that, according to estimates, aggregate demand had a negative impact on core inflation in the reference period.

The subsequent trend in the price evolution of important categories of goods and services included in core inflation, in the absence of supply imbalances, will continue to reflect the effect of reduced domestic demand.

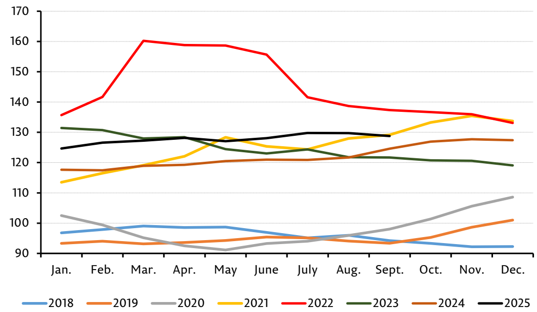
Food prices

In the third quarter of 2025, the annual rate of food prices entered a downward trend, having registered an average growth rate of 8.5%, or 1.2 percentage points lower than in the second quarter of 2025. It should be noted that the decrease in the annual rate of food prices was supported by the attenuation of inflationary pressures associated with such groups as "vegetables", "fresh fruits" and "potatoes" (Chart 1.5). Due to more favorable weather conditions in the second half of summer 2025, the harvest of vegetables, fresh fruits and potatoes was rich, which caused a decrease in prices for these categories. It should be noted that inflationary pressures on processed goods in the first half of the year moderated in the third quarter of 2025, mainly reflecting a relative stabilization of energy resource costs and the mitigation of the impact of the reduction in meat production caused by African swine fever.

The level of food prices on the international market was above the levels recorded in the similar period of the previous year (Chart 1.6), thus generating inflationary pressures on domestic prices. In the third quarter of 2025, the annual rate of food prices on the international market was 5.8%.

In the third quarter of 2025, the contribution of food prices to the annual rate of overall inflation decreased by 0.4 percentage points, to 3.0 percentage points.

Chart 1.6: Evolution of the international food price index (FAO index)



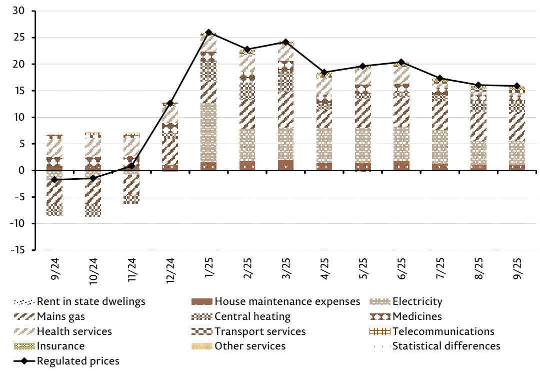
Source: FAO, calculations NBM

Regulated prices

The annual rate of regulated prices outlined a downward trend in the third quarter of 2025, constituting 15.9% in September 2025, by 4.5 percentage points lower than in June 2025. The average annual rate of regulated prices was 16.4%, by 3.1 percentage points lower than in the second quarter of 2025.

The moderation of the annual rate of regulated prices was mainly determined by the reduction of the impact of the health services subcomponent (due to the effect of the base period), as well as of the impact of electricity energy. (Chart 1.7). Thus, since August 1, 2025, for the Î.C.S. "Premier Energy" S.R.L. a tariff of bani 359/kWh was established, by bani 51/kWh or 12.5% less than the previous one, and for the S.A. "FEE Nord" bani 400/kWh, by bani 68/kWh or 14.6% less than the previous one[4]. The respective adjustment was reflected by the NBS through a decrease of about 6.8% in electricity energy prices. This discrepancy from the tariff reductions is determined by the effect of compensations applied according to the population support program, valid throughout 2025 and financed by the EU. According to it, for the first 110 kWh, consumers served by the Î.C.S. "Premier Energy" S.R.L. will pay MDL 2.34/kWh, those served by the S.A. "FEE Nord" – MDL 2.84/kWh, and the rest of the energy consumed shall be paid at the official tariff.

Chart 1.7: Evolution of regulated prices and contribution of subcomponents (percentage points)



Source: NBS, NBM calculations

At the same time, in the third quarter of 2025, some adjustments were made to the water supply and sewage component for household consumers. In this regard, in the town of Cahul, from June 12, 2025, the following tariffs were established for drinking water supply – MDL 22.39/cubic meter, by MDL 1.37/cubic meter higher than the previous tariff, for sewage – MDL 15.72/cubic meter, by MDL 1.91/cubic meter higher than the one before the adjustment[5].

[4] NATIONAL AGENCY FOR ENERGY REGULATION OF THE REPUBLIC OF MOLDOVA: ANRE has reduced the regulated prices for electricity energy supply. Chișinău, July 29, 2025. Available: https://www.anre.md/anre-a-micsorat-preturile-reglementate-de-furnizare-a-energiei-electrice-3-1099

[5] Decision on the approval of tariffs for the provision/ delivery of public water supply, sewerage and wastewater treatment services by S.A. "Apă-Canal Cahul" No. 294, of June 10, 2025. *Monitorul Oficial of the Republic of Moldova.* 2025, No. 309-312 (9819-9822), p. 117 of June 12, 2025. ISSN 2587-389X, e-ISSN 2587-3903.

Box 1

Issues related to energy resource tariff compensation programs and their impact on the CPI in the post-pandemic period

Post-pandemic demand has exerted pronounced pressure on energy resource prices on a global scale. At the regional and local level, these were augmented by the military conflict between Russia and Ukraine, as well as by the conflict in the Middle East. As a result, oil prices increased significantly, followed by prices of its derivatives, as well as by natural gas prices. In addition to this fact, for the Republic of Moldova, additional pressures related to energy resource prices were initially determined by the modification of the contract with the gas supplier in 2021, and subsequently, against the background of the conflict in the region, by the change of the natural gas and electricity supplier.

These events had a significant impact on domestic inflation, posing significant risks to price stability in the medium term. These risks were addressed by monetary policy measures in 2021-2022, which limited the intensity of the second-round effects from the tariff adjustment and thus ensured that inflation returned to the target range in 2023. Additionally, the direct effect of rising energy prices on inflation in recent years has been mitigated by price compensation programs offered by the Government, which has reduced inflation volatility and the burden of tariff adjustments on the population during the cold season.

1. Compensations for the cold season of 2021-2022

Tariff adjustment for November 2021 and January 2022. Modification of the contract with the supplier and the increase in import prices for natural gas determined ANRE, on November 9, 2021, to adjust the natural gas tariff for household consumers from MDL 4.64/cubic meter to MDL 11.08/cubic meter (including VAT), (in force from November 1, 2021[a]) or by 138.8%. At the same time, on November 20, 2021, ANRE approved the provisional prices for electricity produced and the tariffs for thermal energy delivered to consumers, which entered into force on November 1, 2021[b]. Thus, the heat tariff for consumers connected to the centralized system managed by S.A. "Termoelectrica" increased from MDL 1,122/Gcal to MDL 1,772/Gcal or by 57.9%. Later, on January 28, 2022[c], the mains gas tariff was increased, in force from January 1, 2022. As a result, for household consumers the price of a cubic meter of gas was set at MDL 15.18 (including VAT). Also, on January 28, 2022, the tariff for centralized heating was revised to the amount of MDL 2,169/Gcal (excluding VAT)[c], in force from January 1, 2022.

Compensation mechanism. The Government decided to compensate for the difference in gas consumption tariffs, during the period from November 2021 to March 2022, for the first 50 cubic meters consumed – 67% of the difference between the price in the billing month and the one in October 2021, and for the next 100 cubic meters consumed – 50% of the respective difference[d]. Regarding thermal energy compensation, for the first gigacalory consumed the Government compensated 67% of the difference between the price in the billing month and the one in October 2021.

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[a] NATIONAL AGENCY FOR ENERGY REGULATION OF THE REPUBLIC OF MOLDOVA. *ANRE approved the provisional regulated prices for the supply of natural gas by S.A. "Moldovagaz"*. Chișinău, November 09, 2021. Available: https://www.anre.md/anre-a-aprobat-preturile-provizorii-reglementate-pentru-furnizarea-gazelor-naturale-de-catre-sa-moldovagaz-3-346

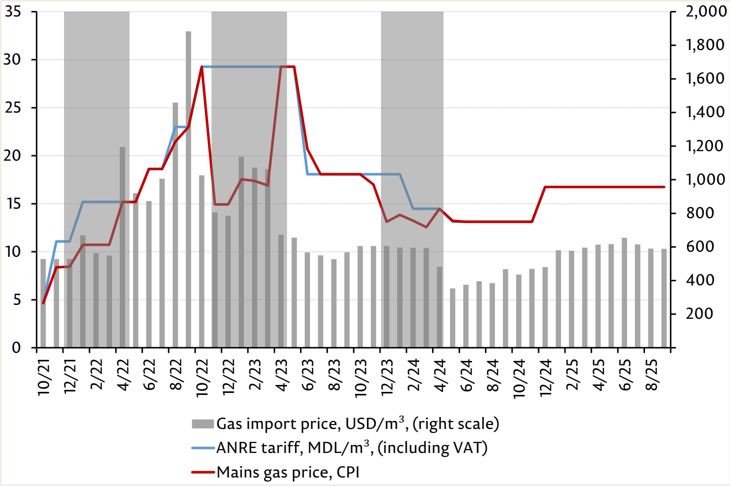
[b] NATIONAL AGENCY FOR ENERGY REGULATION OF THE REPUBLIC OF MOLDOVA. *ANRE adjusted the provisional prices for produced electricity and the tariffs for thermal energy delivered to consumers*. Chișinău, November 20, 2021. Available: https://www.anre.md/anre-a-ajustat-preturile-provizorii-la-energia-electrica-produsa-si-tarifele-pentru-energia-termica-livrata-consumatorilor-3-355

[c] NATIONAL AGENCY FOR ENERGY REGULATION OF THE REPUBLIC OF MOLDOVA. *Projects subject to approval*. Chișinău. Available: https://www.anre.md/proiecte-supuse-aprobarii-3-28

[d] I.P. "TELERADIO-MOLDOVA". *The Government will provide compensation for gas and thermal energy consumption during the current cold season*. Chișinău, November 17, 2021. Available: https://trm.md/ro/social/guvernul-va-compensa-diferenta-de-tarife-pentru-gazele-naturale-si-energia-termica-in-perioada-rece-a-anului

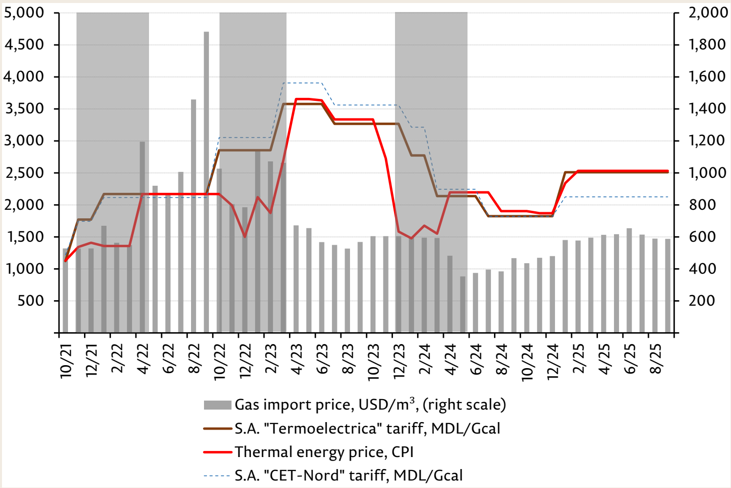
Box 1

Chart 1: ANRE tariff vs average tariff paid by the population for natural gas



Source: NBS, ANRE, NBM calculations

Chart 2: ANRE tariff (S.A. "Termoelectrica", S.A. "CET-Nord") vs average tariff paid by the population for thermal energy



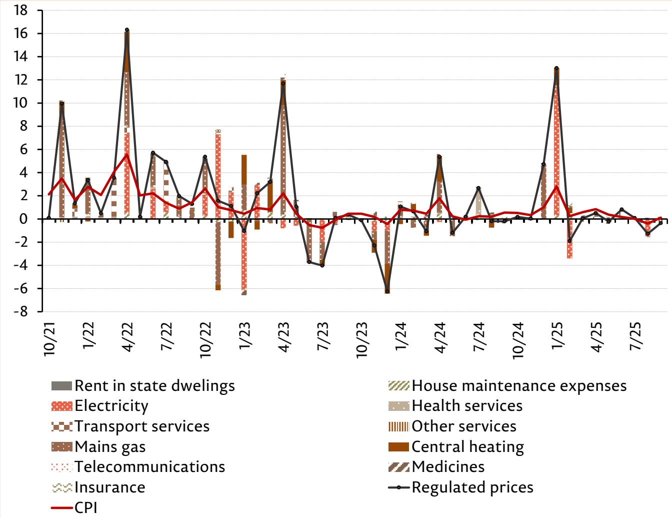
Source: NBS, ANRE, NBM calculations

Effects of tariff compensation on the CPI. As a result, prices for mains gas (Chart 1), as well as for thermal energy (Chart 2) recorded a smaller increase than that corresponding to the ANRE tariff, and regulated prices within the CPI in November 2021 increased by 10.0% (Chart 3), a value that would have been significantly higher in the absence of compensation. The tariff adjustment was partially reflected by the NBS in the CPI. After the end of the compensation period for the new tariffs for gas, central heating and thermal energy, the NBS reflected the remaining impact generated by the tariff adjustment on the corresponding subcomponents of the CPI. Therefore, the impact was temporarily mitigated and was fully reflected at the end of the heating season. In this regard, the increase in regulated prices in April 2022 (16.3%) largely reflected the tariff adjustments made previously (November 2021, January 2022), being associated with the end of the compensation period for new tariffs for gas, central heating and thermal energy[e] at the end of the 2021-2022 cold season on April 1, which had a pronounced impact on the CPI dynamics in April 2022 (Chart 3).

[e] NATIONAL AGENCY FOR ENERGY REGULATION OF THE REPUBLIC OF MOLDOVA. *ANRE adjusted the regulated prices for natural gas, thermal energy and electricity produced by thermal power plants.* Chișinău, January 28, 2022. Available: https://www.anre.md/anre-a-ajustat-preturile-reglementate-la-gazele-naturale-energia-termica-si-energia-electrica-produsa-de-centralele-electrice-de-termoficare-3-394

Box 1

Chart 3: Contribution of subcomponents (percentage points) to the dynamics of regulated prices (compared to previous month, %)



Source: NBS, NBM calculations

2. Compensations for the cold season of 2022-2023

Tariff adjustment during 2022. In 2022, the gas import price continued its upward trend. ANRE has increased the natural gas tariff for household consumers in several stages. After the increase at the beginning of the year, in June the tariff was increased to MDL 18.62/cubic meter, and in August to MDL 22.99/cubic meter (including VAT). Starting from October 2022, it reached a maximum level of MDL 29.27/cubic meter.

The tariff for the heating agent, delivered to consumers by S.A. "Termoelectrica" in October 2022 was set at MDL 2,854/Gcal, compared to the previous tariff of MDL 2,169/Gcal (established at the beginning of the year), and the one delivered to consumers by S.A. "CET-Nord" at MDL 3,052/Gcal, compared to the previous tariff of MDL 2,115/Gcal[f], with effect from October 1, 2022.

Compensation mechanism. Given the substantial increase in tariffs during 2022, the state program on compensation for energy resources for the population "Ajutor la contor" was developed to mitigate their impact on population expenses during the cold period of the year. According to this program, based on the population's applications, income and expenses, several degrees of vulnerability were established. Each category was assigned a gas, thermal energy and electricity energy tariff lower than that established by ANRE for the period November 2022 – March 2023, according to table 1.

Effects of tariff compensation at the end of the heating season. The average tariff calculated within the CPI for gas and thermal energy was significantly lower than that established by ANRE during the period November 2022 – March 2023 (Charts 1 and 2). Thus, although the increase in regulated prices in October and November 2022 was significant under the impact of the tariff increase and the start of the heating season, it was partially mitigated by the compensation program.

As a result, after the pronounced increase (in the context of the above-mentioned tariff increases) of regulated prices in October 2022 (5.4%), they outlined a more moderate dynamics in November 2022 (1.6%), as well as in the following months (until March 2023), with the effects of the compensation program on the tariffs actually paid by household consumers. In April 2023, at the end of the compensation program, household consumers returned to the tariffs set by ANRE, which caused a pronounced increase in regulated prices (11.7%) and CPI (2.2%) in the respective period.

[f] NATIONAL BANK OF MOLDOVA. *Annual report 2022*. Chișinău, May 31, 2023. Available: https://bnm.md/files/Raport_anual_2022%20ISBN-.pdf

Box 1

Table 1: Energy vulnerability categories, 2022-2023

	Natural gas tariff, MDL/m^3	Thermal energy tariff, MDL/Gcal	Electricity energy, MDL/kWh
Very high	12	1,450	3.3
High	14	1,700	3.7
Average	17	1,950	Regulated price
Low	24	2,500	Regulated price
No vulnerability	Regulated price/ supplier price (MDL 29.27/m^3)	Regulated tariff (MDL 3,082/Gcal – S.A. "Termoelectrica")	Regulated price

Source: Ministry of Labor and Social Protection[h]

Table 2: Energy vulnerability categories, 2023-2024

	Natural gas tariff, MDL/m^3	Thermal energy tariff, MDL/Gcal	Electricity energy, MDL/kWh
Extreme	12	1,450	1.54
Very high	12.2	1,475	1.74
High	12.4	1,500	1.94
Average	12.6	1,525	2.14
Low	17	2,100	2.34
Primary	Regulated price/ supplier price (MDL 18.07/m^3)	2,900	2.54
No vulnerability	Regulated price/ supplier price (MDL 18.07/m^3)	Regulated tariff (MDL 3,267/Gcal – S.A. "Termoelectrica")	Regulated price (MDL 2.39/kWh – Î.C.S. "Premier Energy" S.R.L.)

Source: Ministry of Labor and Social Protection[h]

3. Compensations for the cold season of 2023-2024

Tariff adjustment during 2023. The decrease in natural gas import prices in the spring of 2023 supported the decrease in the natural gas tariff from MDL 29.27/cubic meter to MDL 18.07/cubic meter for household consumers in June 2023. Subsequently, in February 2024, the natural gas tariff decreased to MDL 14.47/cubic meter. At the same time, the thermal energy tariff for household consumers delivered by S.A. "Termoelectrica" increased to MDL 3,577/Gcal in the spring of 2023. Further, it decreased to MDL 3,267/Gcal in July 2023, and at the end of 2023 the tariff for thermal energy was set at MDL 2,774/Gcal, MDL 493/Gcal less[g]. In March 2024, it decreased to the value of MDL 2,138/Gcal.

Compensation mechanism. Under these conditions, the state program on compensation for energy resources for the population "Ajutor la contor" was adjusted in order to revise the tariffs granted for energy vulnerability categories, according to table 2.

The effects of compensation. The impact of the energy resource tariff compensation program on the CPI in the 2023-2024 cold season was less pronounced compared to the 2022-2023 season, due to a lower natural gas tariff and a much smaller difference between the natural gas energy vulnerability categories. At the same time, this effect was also determined by a much smaller number of consumers in the extreme, very high, medium vulnerability categories (where the compensated tariff differs significantly from the tariff established by ANRE), as well as by the close value between the tariff for the low vulnerability category and the supplier's tariff (table 2)[h]. However, in November and December 2023, mainly due to the effect of compensations, regulated prices decreased. In addition to the tariff adjustments made by ANRE, the existence of ceilings for the compensated tariff has led to some price fluctuations in the months preceding the end of the heating season for mains gas and thermal energy depending on the outside temperature and consumption variation.

[g] NATIONAL AGENCY FOR ENERGY REGULATION OF THE REPUBLIC OF MOLDOVA. *ANRE approved the tariffs for thermal energy delivered to consumers*. Chișinău, December 22, 2023. Available: https://anre.md/anre-a-aprobat-tarifele-pentru-energia-termica-livrata-consumatorilor-3-796

[h] MINISTRY OF LABOR AND SOCIAL PROTECTION. *The Government approved the maximum ceilings and compensated energy prices for the period November 2023 – March 2024*. Chișinău, November 22, 2023. Available: https://social.gov.md/wp-content/uploads/2023/12/Nota-informativa-privind-programul-de-compensatii-%E2%80%9EAjutor-la-contor-sezonul-2023-2024.pdf

Caseta 1

At the end of the 2023-2024 heating season, in April 2024, due to the end of the compensation period, regulated prices increased by 5.4% compared to the previous month, as a result of the increase in prices for network gas, central heating and hot water preparation.

4. Compensations for the electricity tariff in 2025

In January 2025, as a result of the interruption of gas transit through Ukraine and the change of electricity energy supplier, the electricity energy tariff increased significantly, which, together with the increase in the thermal energy tariff, supported the increase in prices for regulated goods and services by 13.0% compared to the level of the previous month. Thus, for consumers served by the Î.C.S. "Premier Energy" S.R.L. a tariff of bani 410/kWh was established, and for those served by S.A. "Furnizarea Energiei Electrice Nord" – bani 468/kWh.

Compensation for 2025. In the context of the comprehensive two-year strategy for energy independence and resilience of the Republic of Moldova, supported by the EU, the compensation package provides for the coverage of additional electricity costs for all households up to 110 kWh each month until December 31, 2025[i]. Thus, from February 2025, all household consumers benefit from electricity energy compensation, included directly in their bills. If until now the state has only granted compensation to eligible applicants, registered in the "Ajutor la contor" program, starting from February 2025, the tariff increase for the first 110 KWh of the bill was compensated for all consumers[j].

Impact of electricity energy compensation on the CPI. After the increase in January, in February 2025 the prices of regulated goods and services decreased by 1.9% compared to the previous month's level due to the decrease in electricity energy tariffs for the first 110 kWh/month consumed. Thus, in February 2025, electricity energy prices within the CPI decreased by about 15.4%, following the implementation of the EU aid package, which involved financial support to households across the country to mitigate the impact of the increase in electricity energy tariffs. Subsequently, electricity prices within the CPI have outlined a stable dynamics. From August 1, 2025, electricity energy tariffs have changed. In this regard, for Î.C.S. "Premier Energy" S.R.L. a tariff of bani 359/kWh was established, by bani 51/kWh or 12.5% less than the previous tariff, and for S.A. "FEE Nord" – bani 400/kWh, by bani 68/kWh or 14.6% less than the previous one. At the end of the compensation period, if the tariff set by ANRE remains at the current level, electricity energy prices within the CPI will increase.

The compensation programs offered by the Government of the Republic of Moldova during the cold period in recent years and the compensation of the electricity energy tariff of 2025 have allowed for a gradual impact on the increase in energy expenses for the population, a smaller impact on household budgets during the cold period of the year or, in some cases, even to the correction of prices for energy resources at the regional level, as well as, initially, lower inflation volatility and, thus, the anchoring of inflationary expectations. However, the way in which compensations are granted and how they are reflected by the NBS has caused additional uncertainties in the process of analyzing and forecasting inflation and, therefore, additional challenges for substantiating monetary policy decisions.

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[i] EUROPEAN COMMISSION. *EU and Moldova have agreed on a comprehensive energy strategy to decouple from Russian supply and integrate with EU market*. February 4, 2025. Available:https://eu4moldova.eu/ue-si-moldova-convin-asupra-unei-strategii-energetice-cuprinzatoare-pentru-a-se-decupla-de-aprovizionarea-cu-energie-din-rusia-si-a-se-integra-pe-piata-ue/

[j] MINISTRY OF LABOR AND SOCIAL PROTECTION. *More support for households in the Republic of Moldova: The Government approved the mechanism for granting compensation in electricity bills*. Chișinău, February 26, 2025. Available: https://social.gov.md/comunicare/mai-mult-sprijin-pentru-gospodariile-din-republica-moldova-guvernul-a-aprobat-mecanismul-de-acordare-a-compensatiilor-in-facturi-pentru-energia-electrica/

The tariffs for S.A. "Regia Apă Canal – Orhei" were also adjusted. Thus, the new tariff for the public drinking water supply service was set at MDL 22.43/cubic meter, by MDL 1.04/cubic meter less than the previous tariff, and for the public sewage and wastewater treatment service at MDL 26.75/cubic meter, by MDL 1.40/cubic meter less than the previous tariff, effective from August 29, 2025[6]. In the structure of regulated prices, price adjustments were also made, but their impact was minor.

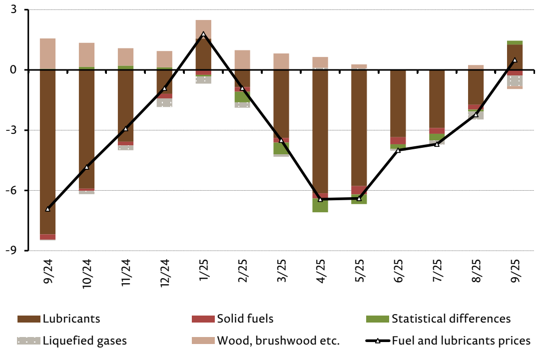
The persistence of a still relatively high annual rate of regulated prices was mainly due to the effects of the tariff adjustment for mains gas, thermal energy and electricity energy from the end of 2024 and the beginning of this year.

Fuel and lubricants prices

The annual rate of fuel and lubricants prices has outlined an upward trajectory and returned to positive territory at the end of the third quarter of 2025. Thus, the annual rate of fuel and lubricants prices increased from -4.0% in June 2025 to 0.5% in September 2025, mainly under the influence of lubricants prices. The average annual rate of fuel and lubricants prices was -1.8%, by 3.8 percentage points higher than in the second quarter of 2025 (Chart 1.8).

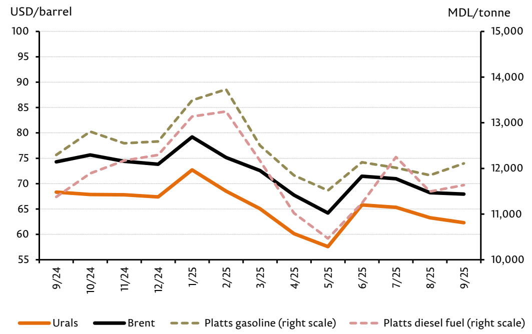
After negative values in July and August, in September 2025, the annual rate of lubricants prices entered positive territory, being determined by the dynamics of gasoline and diesel prices set by PECO stations during the respective quarter. These evolutions were dictated by the average Platts quotes for gasoline and diesel, which averaged about MDL 11,991.4/tonne and MDL 11,791.9/tonne in the third quarter of 2025. Thus, the average Platts quotations for gasoline increased by about 1.3%, while the average Platts quotations for diesel increased by about 8.1% compared to the second quarter of 2025 (Chart 1.9). The increase in the above-mentioned quotations was supported by the upward trend in the price of Brent crude oil (from USD 67.8/barrel in the second quarter of 2025 to USD 69.0/barrel in the third quarter of 2025). During the third quarter of 2025, prices for solid fuels and liquefied gases continued to have a negative impact, while prices for "wood, brushwood etc." had a minor positive contribution to the annual rate of fuel and lubricants prices.

Chart 1.8: Contribution of components (percentage points) to the annual increase in fuel and lubricants prices (%)



Source: NBS, NBM calculations

Chart 1.9: Evolution of average Platts quotations and Urals and Brent oil prices



Source: ANRE, NBM calculations

[6]Decision on the approval of tariffs for the provision/ delivery of public water supply, sewerage and wastewater treatment services by S.A. "Regia Apă Canal – Orhei" No. 518, August 26, 2025. *Monitorul Oficial of the Republic of Moldova.* 2025, No. 452-455 (9962-9965), p. 80 of August 29, 2025. ISSN 2587-389X, e-ISSN 2587-3903.

Box 2

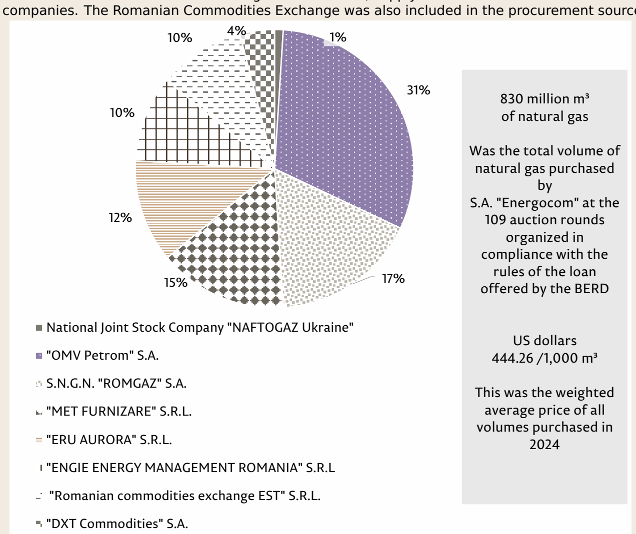
Reorientation of the energy market in the Republic of Moldova

In the context of the energy crisis at the end of 2021, the Republic of Moldova began to diversify its gas supply sources, completely abandoning imports from the Russian Federation from May 2023, and since January 1, 2025, the Cuciurgan Power Plant (MGRES) stopped delivering electricity energy to the right bank of the Dniester. These changes were accompanied by the consolidation of legislative progress in the energy field, the implementation of various projects in the targeted field, the facilitation of access to the competitive market, and last but not least, by initiatives aimed at increasing the share of renewable energy in the mix of energy sources, thus representing a historical turning point in the energy independence of the Republic of Moldova.

Current energy market design

Until 2020, S.A.P. "Gazprom" was fully supplying the natural gas needs, but, starting from that moment, the geopolitical and energy context determined a radical change in the situation. According to the latest official data published by S.A. "Energocom", during the period April-December 2024, the company has purchased over 8.8 million MWh of natural gas (equivalent to 830 million cubic meters) at the weighted average price of EUR 40.09/MWh (or about USD 444.26/1,000 cubic meters) from a variety of sources, thus reducing dependence on a single supplier (Chart 1).

Chart 1: Natural gas purchased in 2024
As a result of more than 100 organized auctions, supply contracts were concluded
8 companies. The Romanian Commodities Exchange was also included in the procurement sources



Source: S.A. "Energocom"

In its latest press release, the company S.A. "Energocom" informed that, for the period from October 1, 2025 to September 30, 2026, approximately 90.9% of the forecasted volume of natural gas consumption with firm delivery had already been contracted, which constituted 7,448,218 MWh, the equivalent of 700 million cubic meters. The purchases were carried out mainly at an indexed price based on the TTF front month (TTFFM) quotations published by the Argus International Reference Agency, corroborated with the quotations of RCE (Romanian Commodities Exchange). Based on the bids received at the auctions held and the TTFFM quotations available on September 15, 2025, the average purchase price for the 2025-2026 gas year is forecast at approximately EUR 38.5/MWh (about EUR 410/1,000 cubic meters), an amount that includes the cost of transportation to the virtual trading point (VTP) of Moldova[a].

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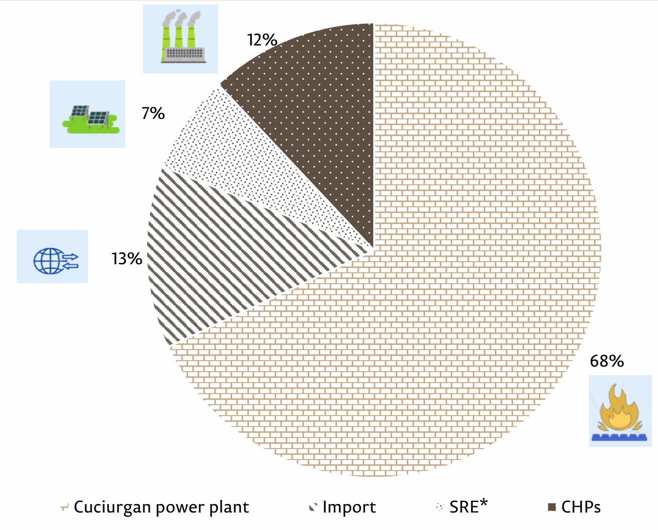
[a] S.A. "Energocom". *Energocom: the forecasted average gas purchase price for the 2025-2026 gas year* Chișinău, September 16, 2025, Available: https://energocom.md/energocom-pretul-mediu-prognozat-de-achizitie-a-gazelor-pentru-anul-gazier-2025-2026/

Box 2

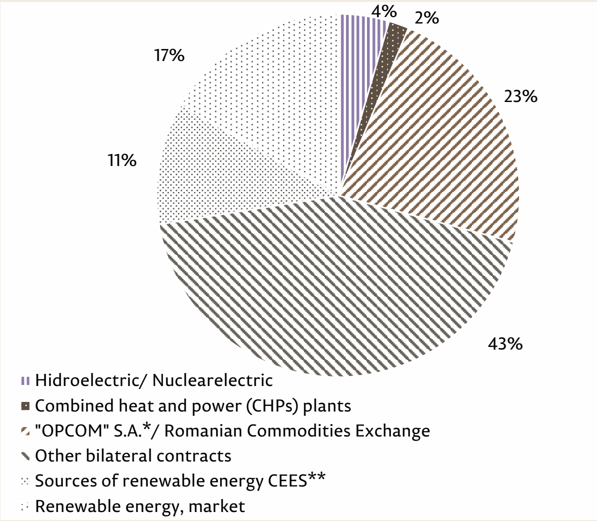
Chart 2: Electricity energy purchased by S.A. "Energocom" in 2024 (%)



Source: S.A. "Energocom”
*SRE – sources of renewable energy

Until the reconfiguration of natural gas sources, a similar situation of dependence on a single supplier was also valid for the electricity energy market (Chart 2). Thus, the major share of electricity energy needs was covered by MGRES, about 68.0%, but from January 1, 2025 MGRES ceased electricity supplies to the right bank of the Dniester, given that the purchase contract was not extended. However, the Republic of Moldova managed to ensure continuity of supply through alternative sources, avoiding major interruptions. For June 2025, electricity purchases by source are presented in Chart 3.

Chart 3: Electricity energy purchased by S.A. "Energocom" in June 2025 (%)



Source: S.A. "Energocom"
*Operator of the electricity market and natural gas
**CEES – The central electricity energy supplier

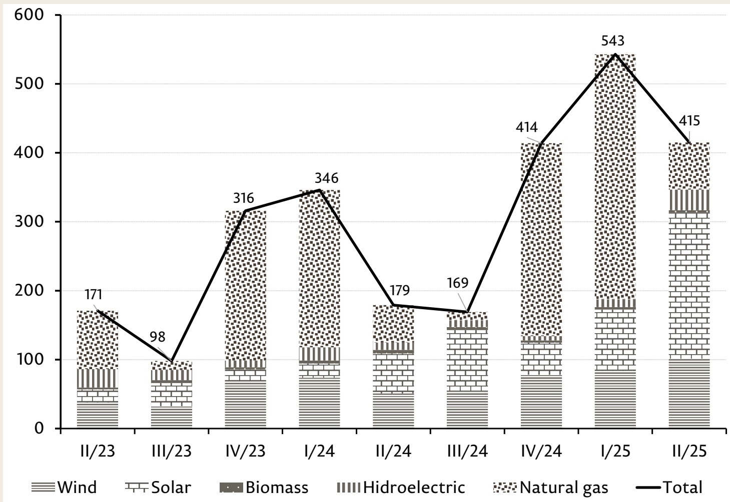
The cessation of electricity supplies by MGRES had a significant impact on the increase in imports in the country’s trade balance, especially in the "mineral products" category (*see Chart 3.20 of the Inflation Report*). Thus, starting from 2025, the electricity energy previously supplied by MGRES and considered part of domestic production was replaced with imported energy, which was reflected in the balance of payments as an energy import. This change has contributed substantially to the increase in imports from the mineral products segment.

Box 2

At the same time, the announcement regarding the complete liberalization of the Romanian energy market, starting from July 1, 2025, has amplified the uncertainty related to future prices and potential electricity purchase conditions for the Republic of Moldova. However, for the Republic of Moldova this means the end of energy supplies at a capped price, which until now benefited from electricity at a preferential rate of RON 400/MWh. Regarding this topic, some experts consider that "There is a possibility that positive deviations will cover potential price increases during the summer. We buy 100-150 MW from Romania, an increase of 50 RON will be significant. We will use all the deviations in the purchase price in the summer".

At the same time, it is worth mentioning that, recently, the Republic of Moldova has made significant progress in the development of the green energy sector. According to the latest information presented by ANRE, electricity energy produced locally from renewable sources in the second quarter of 2025 amounted to approximately 346.7 million kWh, which represents over 36.0% of the total electricity delivered to end consumers. By type of source, solar energy dominates with a share of about 61.0% of the total electricity produced from renewable sources, with a quantity of 211 million kWh, followed by wind energy, with a share of 29.0% of the total and, respectively, a quantity of 101.5 million kWh, hydroelectric energy represents about 9.0% with a quantity of 29.9 million kWh, and biomass has a share of about 1.0% of the total renewable energy with a quantity of 4.3 million kWh.

Chart 4: Dynamics of quantities of electricity energy delivered to the electricity grid by producers, by source, GWh



Source: ANRE

A landmark moment was recorded on August 23, 2025, when for the first time the Republic of Moldova's electricity consumption was almost fully covered by local renewable sources, with only 0.5 MW imported. Almost half of these renewable capacities were developed through state-regulated support mechanisms, demonstrating the effectiveness of public policies in stimulating green investments and the sustainable transformation of the national energy sector[b].

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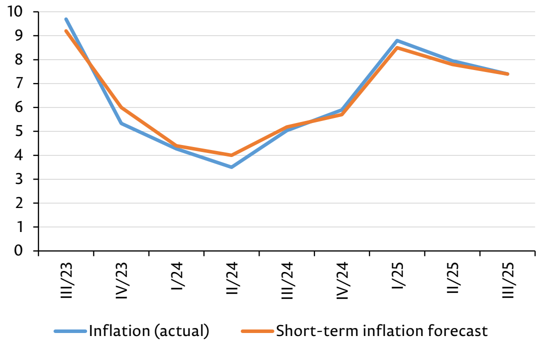
[b]MINISTRY OF ENERGY OF THE REPUBLIC OF MOLDOVA. *ANRE has established the fixed tariffs and the ceiling price for the production of electricity from renewable sources.* Chișinău, October 7, 2025. Available: https://energie.gov.md/ro/content/anre-stabilit-tarifele-fixe-si-pretul-plafon-pentru-producerea-energiei-electrice-din-surse

1.2 Inflation evolution and short-term forecast assessment from the Inflation Report, August 2025

In the forecast round of the Inflation Report, August 2025, a downward trajectory of the annual CPI rate was anticipated until the end of this year and a return to the inflation target range in December 2025. At the same time, for the third quarter of 2025, the annual inflation rate was expected to remain above the upper limit of the inflation target range and register an average value of 7.4%[7].

In the reference quarter, the annual inflation rate was 7.4%, similar to the anticipated one (Table 1.1). In the forecast of inflation subcomponents minor deviations were recorded, which compensated for each other. Thus, the annual core inflation rate was 4.4%, by 0.2 percentage points higher than the figure anticipated in the Inflation Report, August 2025. At the same time, the annual rate of fuel prices, in the third quarter of 2025, was -1.8%, by 0.3 percentage points higher than the figure anticipated in the Inflation Report, August 2025. These deviations were offset by negative deviations recorded for food and regulated prices. In this regard, the annual rate of food prices amounted to 8.5%, by 0.1 percentage points lower than the figure anticipated in the forecast of the Inflation Report, August 2025. At the same time, the annual rate of regulated prices, in the third quarter of 2025, amounted to 16.4%, by 0.3 percentage points lower than the anticipated one.

Chart 1.10: Annual rate of CPI (%)



Source: NBS, NBM

Table 1.1: The evolution and forecast of CPI and its components

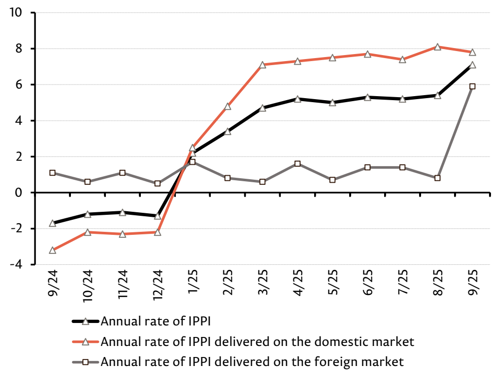
	De facto Q III, 2025/ Q III, 2024 (%)	Forecast* Q III, 2025/ Q III, 2024 (%)	Deviation (De facto-forecast) (p.p.)
CPI	**7.4**	**7.4**	**0.0**
Core inflation	4.4	4.2	0.2
Food prices	8.5	8.6	-0.1
Regulated prices	16.4	16.7	-0.3
Fuel prices	-1.8	-2.1	0.3

Source: NBS, NBM calculations
*Forecast from Inflation Report, August 2025

1.3 Industrial production prices

In the third quarter of 2025, the annual prices rate in industry recorded an average level of 5.9%, by 0.7 percentage points higher than in the previous quarter. In terms of structure, the annual rate of prices for products delivered on the external market accelerated sharply, while the annual rate of prices for products delivered on the domestic market remained practically at the level recorded in the previous quarter, with a slight positive variation (Chart 1.11).

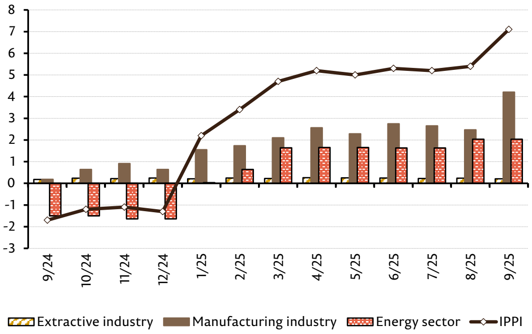
Chart 1.11: Annual industrial prices rate (%)



Source: NBS

[7]Given the higher volatility of the monthly values, but also some possible measurement errors, which should normally not influence monetary policy decisions, the short-term inflation forecast is carried out at a quarterly frequency. This value is an input to the medium-term inflation projection, which similarly has a quarterly frequency and underpins monetary policy decisions. At the same time, it is reported in the Inflation Reports. However, the actual monthly CPI data, as they are published by the NBS during the quarter, are analyzed and compared with the short-term forecast for the whole quarter to assess whether the main assumptions are confirmed or whether there is a risk of marked deviations from the forecast. Therefore, deviations between the actual data available for the months within the quarter and the short-term inflation forecast should be treated appropriately, also taking into account the assumptions/ expectations for the remaining months of the quarter.

Chart 1.12: Annual industrial prices rate (%) and its components contribution classified by main branches (percentage points)



Source: NBS, NBM calculations

Analyzing the evolution of the annual prices rate in industry by main branches, it can be seen that its acceleration was supported by the evolution in the manufacturing industry and the energy sector (Chart 1.12). In the reference quarter, the annual price rate in the manufacturing industry recorded a level of 3.4%, or 0.6 percentage points higher than in the previous quarter. At the same time, the annual price rate in the energy sector was 29.1%, by 3.9 percentage points higher than in the second quarter of 2025. In the third quarter of 2025, prices in the extractive industry increased in annual terms by 11.2%, generating a minor contribution to the overall prices dynamics in the industry.

Chapter 2

External environment

Despite considerable shocks, economic and geopolitical tensions, the global economy has shown resilience in the third quarter of 2025. At the same time, pronounced uncertainties, trade fragmentation and the restructuring of global supply chains are expected to have a negative effect on the growth rate of the world economy. IMF forecasts indicate a slowdown in global growth from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026[8]. The decline in consumer and business confidence is reflected in data on moderate growth in consumption and investment in the main economies. The slowdown in the global economy, amid high public debt, is raising concerns about the sustainability of public finances and possible cross-border effects. In this context, the trend of easing monetary policies of the main central banks continues. Negotiations to end the war in Ukraine have not produced any results. On the contrary, the armed conflict has intensified in the recent months. The ceasefire agreement in the Gaza Strip paves the way for a peace agreement in the region and for a possible extension of the Abraham Accords on the normalization of diplomatic relations between the states of the Middle East.

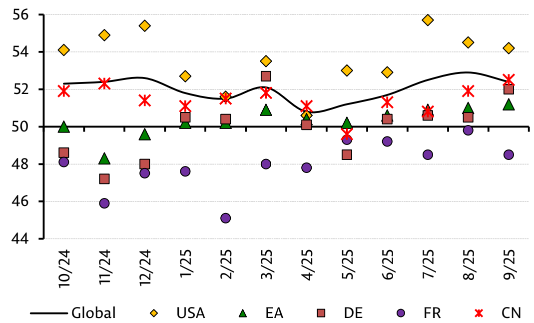
2.1 World economy, financial and commodities markets

During the third quarter of 2025, ***composite PMI indexes*** of the reference countries, except for France, were in expansionary territory (Chart 2.1). Recent preliminary figures of PMI index for Germany show that private sector activity has unexpectedly increased, recording the fastest pace of growth since 2023. In September, the Federal Reserve System (FRS) reduced the interest rate range by 25 basis points, to 4.00-4.25% (Chart 2.2). Amid growing tensions in short-term money markets, the head of the FRS announced that he might end the quantitative tightening program in the near future. Financial markets are expecting two rate cuts, totaling 50 basis points. According to monetary policy decisions, the ECB kept its three key interest rates unchanged during the reference quarter, following the 200 basis point cuts that began in June 2024. At the September Governing Council meeting, the ECB officials confirmed that the current monetary policy stance is consistent with the 2% medium-term inflation target.

In the third quarter of 2025, the ***single European currency*** stabilized around the average of 1.1647 EUR/USD (Chart 2.3). The relatively low volatility is largely due to the trade agreement between the EU and the USA concluded at the end of July. The euro continues to be affected by political instability in France, which endangers the country's fiscal consolidation. It is worth noting the rise in precious metal prices in recent months. In particular, the

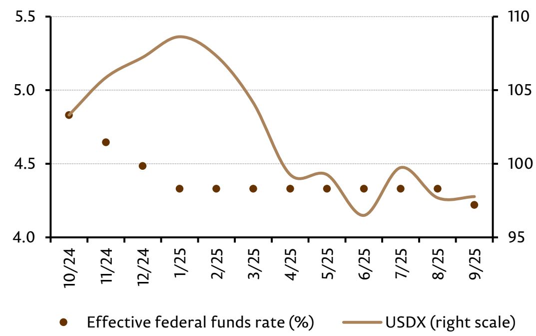
[8]INTERNATIONAL MONETARY FUND [IMF]. *World economic outlook. Global Economy in Flux, Prospects Remain Dim, October 2025*. Washington, DC. Online. (October 14, 2025). ISSN 1564-5215, ISBN 979-8-22902-400-6. Available: https://www.imf.org/en/Publications/WEO/Issues/2025/10/14/world-economic-outlook-october-2025

Chart 2.1: Developments of composite PMI indexes



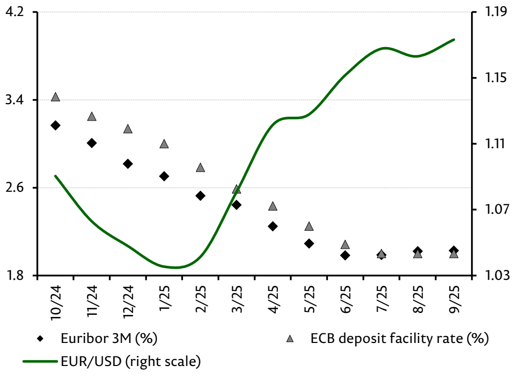
Source: Markit

Chart 2.2: Evolution of USD index (DXY*) in the context of monetary policy of FRS



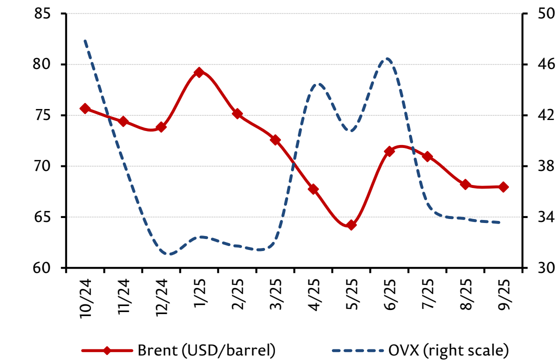
Source: FRS, Bloomberg
*DXY is an index calculated by the weighted geometric average of the value of the US dollar against a basket of currencies: euro – 57.6%, Japanese yen – 13.6%, Pound sterling – 11.9%, Canadian dollar – 9.1%, Swedish krona – 4.2%, Swiss franc – 3.6%

Chart 2.3: Developments of EUR/USD (monthly average) and interest rates in the euro area



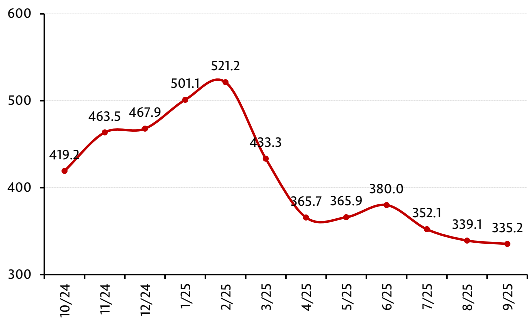
Source: ECB

Chart 2.4: Oil market



Source: World Bank, CBOE
Note: CBOE – Chicago Board Options Exchange
OVX – Crude Oil Volatility Index

Chart 2.5: Netherlands TTF quotation evolution (EUR/1,000 cubic meters)



Source: World Bank, NBM calculations

price of gold per ounce recently reached an all-time high of USD 4,381.21, amid the "debasement trade".

In the third quarter of 2025, ***Brent oil quotation*** fluctuated around USD 69/barrel. The average monthly price recorded in September (USD 68.0/barrel) was 4.9% lower than in June. OPEC+ countries agreed to further increases in oil production in October and November, each month by an additional 137 thousand barrels per day. Oil prices continued to fall in October amid growing concerns about global oversupply – amid rising Venezuelan exports, resumption of Kurdish crude flows to Türkiye, rising production in the Middle East and uncertainties surrounding USA – China trade negotiations. At the end of the month, the volume of crude oil exports by sea reached the highest level since 2016, reaching 1.4 billion barrels, thus signaling an imbalance in the market for the coming months, which reinforces the downward outlook. Quotations rose sharply as the US aligned itself with the sanctions imposed by the United Kingdom against major Russian oil companies. According to the International Energy Agency, in August, Russia's exports represented approximately 7% of global consumption of crude oil and refined fuels, with about half of that going to companies subject to sanctions. India, China and Türkiye, which import most of Russian oil, are likely to reduce purchases due to threats of secondary sanctions from Washington. The European Union has approved the 19th package of sanctions against Russia, which includes, among other things, stricter measures against the Russian shadow fleet. The number of ships sanctioned thus reaches 557, up from 77 at the end of last year. The European Union has also taken measures against third-country entities that are major buyers of Russian crude oil. In addition, the US extended and the EU reinstated sanctions against Iran for non-compliance with the nuclear deal, following a similar measure taken by the UN.

During the third quarter of 2025, the ***natural gas price***, according to the Netherlands futures contracts TTF, stabilized around the average of EUR 342.2/1,000 cubic meters and was about 7.6% lower than in the same period of the previous year. The average monthly price fell in September to its lowest level since May 2024 (EUR 335.2/1,000 cubic meters), (Chart 2.5). The filling level of natural gas storage facilities in the European Union at the end of October was about 83%. The historical average for this period is over 90%, but the volume of stored gas is at the historical average level of about 950 TWh, thus, the pressure on price is limited. The deadlines for filling gas storage facilities were relaxed by the EU in July 2025. Under the new rules, member countries must reach the 90% level between October 1 and December 1.

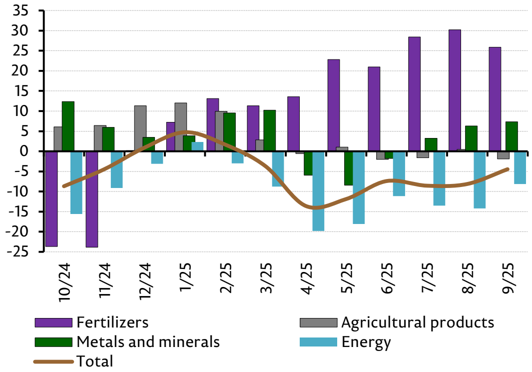
The 19th EU sanctions package provides for a total ban on imports of Russian liquefied natural gas, starting from January 1, 2027, one year earlier than initially decided, and within six months of the entry into force of sanctions for short-term contracts[9].

In the third quarter of 2025, after the turbulent fluctuations in the previous quarter, the ***commodity price indexes*** calculated (in USD) by the World Bank recorded moderate changes (Chart 2.6). The quarterly average of the total index increased by 0.6% from

[9] EUROPEAN COMMISSION REPRESENTATION IN ROMANIA. *EU adopts 19th package of sanctions against Russia.* București. Online. (October 23, 2025). Available: https://romania.representation.ec.europa.eu/news/ue-adopta-cel-de-al-19-lea-pachet-de-sanctiuni-impotriva-rusiei-2025-10-23_ro

the previous quarter, but is down by 7.1% from the previous year. In the reference period, among the analyzed indices, the price of fertilizers increased considerably compared to previous quarters, by 13.5%, and compared to the same quarter of the previous year, the average quarterly increase was 28.2%. Prices for diammonium phosphate, triple superphosphate and urea remain high compared to historical averages. The main driving factors are trade restrictions and production shortfalls, especially in the case of urea, as well as strong global demand. Price increases were also recorded in metals and minerals (4.4%), largely due to the limited supply of aluminum and copper on the market, and in energy resources (1.2%). Compared to the third quarter of 2024, the values were up by 5.6% and down by 12.1%, respectively. Agricultural product prices decreased by 3.6% during the reporting quarter and by 1.0% compared to the same period of the previous year.

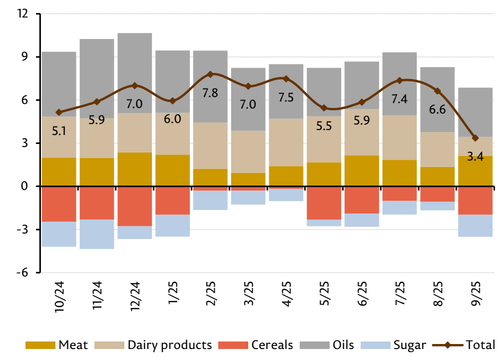
Chart 2.6: The annual growth rate of world price indexes (%)



Source: World Bank, NBM calculations

Average world food prices, reflected by the FAO index, show a stabilizing trend (Chart 2.7). In the third quarter of 2025, the average of the FAO index increased by 1.3% compared to the average of the previous quarter, by 5.8% higher than the average of the third quarter of the previous year. The index fluctuated moderately during the quarter, despite the fact that component prices recorded a dispersed evolution. Increases in prices for vegetable oil (8.1%) and meat (3.0%) were largely offset by declines in prices for sugar (-5.8%), cereal products (-3.1%), and dairy products (-1.3%). Vegetable oil prices have risen to their highest level in three years, driven by strong global demand and limited export supplies of palm, soybean and sunflower oils. Meat prices reached a record high in September, mainly due to robust demand and high prices for beef and mutton. Sugar prices have fallen significantly, reaching their lowest level since March 2021, mainly due to high production in Brazil and good harvest prospects in other regions. Cereal prices fell for the fifth consecutive month to their lowest level since September 2020 due to rich wheat and corn harvests in major producing countries, and dairy product prices declined for the third consecutive month due to seasonal factors and optimistic expectations regarding production costs, but remained above the previous year's level and close to the peak reached in June 2022.

Chart 2.7: The annual growth rate of world food price indices (FAO index, %)



Source: FAO, NBM calculations

2.2 Evolution in major economies

In the second quarter of 2025, the gross domestic product of the ***United States of America*** increased by 0.9% compared to the previous quarter or by 3.8% in annual terms and by 2.1% compared to the same period of 2024. This growth occurred against the backdrop of significant consumer spending and investments in artificial intelligence-related infrastructure. However the dynamics appears to be slowing down as the effects of tariffs and political uncertainty begin to be felt[10]. In the first half of the year, the economy grew at a rate of 1.6% in annual terms, compared to the previous semester. Since October 1, the US government has been in a budget shutdown after the lawmakers failed to pass a

[10] REUTERS. *US economy notches fastest growth pace in nearly two years in second quarter*. Online. (September 25, 2025). Available: https://www.reuters.com/business/us-second-quarter-gdp-growth-revised-sharply-higher-2025-09-25/

temporary federal funding bill to keep the government running. Hundreds of thousands of federal employees deemed not essential to protecting people and property have been temporarily laid off and will not be paid until the government resumes operations. It is the second longest government shutdown in US history, the first occurred during President Donald Trump's first term (35 days). Inflation increased from 2.7% in June to 2.9% in August. The release of September data was delayed by the government shutdown, thus complicating the task of the FRS, even though the economy entered a difficult phase characterized by persistent inflation and slowing employment[11]. The median of inflation rate expectations, published by "The Wall Street Journal", were 3.1%, for both total and core inflation, higher than the actual data of 3.0% for both. The unemployment rate increased slightly in August, to 4.3%, reaching its highest level since October 2021. While the unemployment rate remained relatively low, the pace of hiring slowed sharply, calling for increased caution from the FRS. In the context of the rapid deterioration of the labor market, the FRS has signaled that it will pay more attention to it, even at the expense of its 2% inflation target. Also at the Jackson Hole symposium, the head of the FRS announced that the neutral interest rate (the rate to which, theoretically, the interest rate converges in the long run) could be higher than in the previous decade, reflecting changes in productivity, demographics, fiscal policy and other factors affecting the balance between savings and investment[12]. In late August, a US appeals court ruled that most of President Donald Trump's tariffs were illegal, which could make it more difficult to implement his foreign policy agenda, as well as reduce budget collections from customs tariffs[13]. The federal public debt increased by USD 1.3 trillion during the second quarter of 2025, to USD 30.3 trillion or nearly 99.9% of GDP, in contrast to the June forecasts of the Council of Economic Advisers that anticipated a decrease to 96.2% this year[14,15].

According to Eurostat estimates, in the second quarter of 2025, the economy of the ***euro area*** grew by 0.1% compared to the first quarter of the year, when an increase of 0.6% was recorded. Compared to the same period of the previous year, economic growth amounted to 1.5%. Following the July agreement between the US and the EU, trade uncertainties and tensions have eased. However, the less favorable conditions and the appreciation of the euro were reflected in the euro area's trade balance. Exports fell to their lowest level since January 2022, and exports to the US fell by 22.3% in August. For 2026, the ECB anticipates a further reduction in the pace of export growth and a negative contribution

[11] PBS NEWS. *Shutdown delays release of Labor Department's monthly inflation report*. Online. (October 15, 2025). Available: https://www.pbs.org/newshour/nation/shutdown-delays-release-of-labor-departments-monthly-inflation-report

[12] FEDERAL RESERVE SYSTEM. *Monetary Policy and the Fed's Framework Review*. Washington, DC. Online. (August 22, 2025). Available: https://www.federalreserve.gov/newsevents/speech/powell20250822a.htm

[13] BRITISH BROADCASTING CORPORATION. *US court rules many of Trump's global tariffs are illegal*. London. Online. (August 30, 2025). Available: https://www.bbc.com/news/articles/ckgj7jxkq58o

[14] FISCAL DATA. *Debt to the Penny*. Online. Available: https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny

[15] THE WHITE HOUSE. *The One Big Beautiful Bill: Legislation for Historic Prosperity and Deficit Reduction*. Washington, DC. Online. (June 25, 2025). Available: https://www.whitehouse.gov/research/2025/06/the-one-big-beautiful-bill-legislation-for-historic-prosperity-and-deficit-reduction/

of net exports to GDP growth[16]. Industrial production contracted by 1.2% in August, compared to the previous month, and compared to the previous year, growth slowed to 1.1%, from 2.0% in July. The annual inflation rate in the euro area increased slightly in September to 2.2%, from 2.1% in August, in line with expectations, reinforcing the ECB's cautious stance on further interest rate cuts. The unemployment rate in the euro area increased from a historic low of 6.2% (reached in November 2024 and July 2025), to 6.3% in August. In October, the European Commission presented a new defence roadmap. The plan to strengthen European military capabilities was developed over the next 5 years and sets clear objectives and milestones to close infrastructure and capability gaps, and to accelerate defence investment in Member States[17]. Also, in October, the German Chancellor called for the creation of a pan-European stock exchange to help companies compete with rivals from the US and China. Every year, Europeans invest around EUR 300 billion in companies and financial assets outside the region[18]. With over 500 trading platforms, the European Union's fragmented stock market landscape is considered an obstacle to innovation and economic growth, particularly in the technology sector, where companies face more difficulties accessing financing than international rivals[19]. One year after the publication of his report, Mario Draghi believes that the EU is still failing to keep pace with fundamental global changes and stressed the need to take urgent measures to address these challenges[20].

The economy of ***Germany*** contracted by 0.3% in the second quarter of 2025, compared to the first quarter of the year, while compared to the same period of the previous year, the economy grew by 0.2%. This decrease was mainly driven by the reduction of investments in equipment and construction, as well as by declining exports due to reduced demand, especially from the United States. Private and government consumption increased slightly, partially offsetting this decline. The industrial sector continues to face difficulties, especially energy-intensive industries such as mechanical engineering and pharmaceuticals. In August, industrial production recorded the largest month-on-month decline (-4.3%) since March 2022. Compared to the same month of the previous year, the growth rate of industrial production has been negative since June 2023, with the exception of July 2025. Despite the decline in exports to the US, exports to non-EU countries increased by 2.2% in August. The labor market remained stable, with a constant number of employees and wage

[16]EUROPEAN CENTRAL BANK. *ECB staff macroeconomic projections for the euro area*. Frankfurt am Main. Online. September 2025. Available: https://www.ecb.europa.eu/pub/pdf/other/ecb.projections202509_ecbstaff~c0da697d54.en.pdf ISBN 978-92-899-7313-7, ISSN 2529-4466

[17]EUROPEAN COMMISSION. *Commission and High Representative present new Defence Roadmap to strengthen European defence capabilities*. Brussels. Online. (October 16, 2025). Available: https://ec.europa.eu/commission/presscorner/detail/en/ip_25_2396

[18]EUROPEAN COUNCIL OF THE EUROPEN UNION. *Much more than a market – Speed, Security, Solidarity. Empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens*. Online. April 2024. Available: https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf

[19]REUTERS. *Euronext welcomes Merz's call for a European stock market*. London. Online. (October 16, 2025). Available: https://www.reuters.com/business/finance/euronext-welcomes-merzs-call-european-stock-market-2025-10-16/

[20]EUROPEAN COMMISSION. *The Draghi report on EU competitiveness*. Luxembourg. Online. (September 16, 2025). ISBN 978-92-68-22715-2. Available: https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en

increases, and labor productivity per hour saw a slight increase. The seasonally adjusted unemployment rate remained at the level of 3.7%, recorded in April. The annual rate of inflation calculated on the basis of the Harmonized Index of Consumer Prices (HICP) stood at 2.4% in September, up from 2.1% in August. IPPI decreased by 1.7% in September 2025 compared to the same period of the previous year, after a decrease of 2.2% in August. With the exception of June, producer prices have been on a continuous decline since November 2024, mainly due to lower energy costs.

In the second quarter of 2025, the economy of ***France*** grew by 0.3% compared to the previous quarter and by 0.8% compared to the same period in 2024. The pace of economic growth is supported by the resilience of the services sector and the revival of industrial production. Annual inflation calculated using HICP in France was 1.1% in September, up from 0.8% in August, while the unemployment rate remained at the previous quarter's level (7.5%). In October, S&P Global Ratings downgraded credit rating for France from AA- to A+, citing high uncertainty over public finances. The rating agency anticipates that public debt will reach 121% of GDP in 2028, compared to 112% at the end of last year[21]. France's fiscal deficit is forecast at 5.4% of GDP for this year. On October 14, Prime Minister Sébastien Lecornu presented the 2026 budget proposal to the legislature, suspending the pension reform until 2027. The deeply divided parliament, which opposes self-dissolution, has to debate until December 23 and amend the legislation.

The gross domestic product of ***Italy*** decreased by 0.1% compared to the previous quarter, but compared to the same quarter of 2024, it registered an increase of 0.4%. In July, Italy's industrial production increased by 0.4% from the previous month, contrary to market expectations, which predicted a decrease of 0.1%. This was the strongest monthly increase since April, signaling a recovery in the country's manufacturing sector, which had been experiencing difficulties for a long time. However, the situation worsened in August: industrial production fell by 2.4%. In September, Italy's rating was upgraded by Fitch from BBB- to BBB+, reflecting increased confidence in Italy's fiscal trajectory, a stable political environment, the dynamics of ongoing reforms and the reduction of external macroeconomic imbalances. These factors mitigate the risks posed by still high public debt and growing external challenges[22]. Inflation HICP in Italy was slightly higher, standing at 1.8% in September, up from 1.6% in August. The unemployment rate was 6.0% in August, up from 5.9% in the previous month. According to Bank of Italy estimates, GDP will grow by 0.6% in 2025 and 2026 and by 0.7% in 2027. This growth will be driven primarily by consumption, supported by the recovery of real disposable income, and investment, under the National Recovery and Resilience Plan (NRRP) and lower financing costs, while foreign sales will be significantly affected by stricter trade policies[23].

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[21] S&P GLOBAL RATINGS. *France Ratings Lowered To 'A+/A-1' From 'AA-/A-1+' On Heightened Risks To Budgetary Consolidation; Outlook Stable*. New York City. Online. (October 17, 2025). Available: https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3460740

[22] FITCH RATINGS, INC. *Fitch Upgrades Italy to 'BBB+'; Outlook Stable*. New York City, London. Online. (September 19, 2025). Available: https://www.fitchratings.com/research/sovereigns/fitch-upgrades-italy-to-bbb-outlook-stable-19-09-2025

[23] BANCA D'ITALIA. *Macroeconomic projections for the Italian economy*. Roma.

In the third quarter of 2025 the economy of ***China*** grew by 1.1% compared to the previous quarter and by 4.8% compared to the same period of 2024. The growth rate appears to be moderating under the pressure of trade tensions with the US, a prolonged real estate crises and weak consumer demand. Trade transactions with the US decreased considerably in the first nine months of the year: both exports and imports recorded decreases of 16.9% and 11.6%, respectively. Overall, however, exports continued to grow (8.3% in September compared to the previous year), as China expands its sales into new markets. While industrial production grew at a rate of 6.5% in September compared to the same period last year, the data showed that retail sales in China grew at the slowest pace in the past year (3.0% compared to September 2024), despite consumer subsidy programs, and the unemployment rate fell slightly to 5.2%, remaining close to the six-month high reached in August (5.3%). Foreign direct investment in China dropped 12.7% year-on-year to CNY 506.58 billion in the first eight months of the year amid global economic uncertainty. Although total investment has declined, foreign investors continue to show increased interest in China's high-tech sectors. The annual inflation rate recorded in September was -0.3%, slightly increasing from -0.4 in August. IPPI remained unchanged in August and September, compared to July 2025. Compared to the previous year, however, the index recorded negative values (-2.3% in September) for the third consecutive year. In October 2025, the People's Bank of China kept benchmark interest rates at a historic low of 3% for the fifth consecutive month. Following geoeconomic tensions with the US, China has intensified its de-dollarization campaign and aims to strengthen the role of its own currency in trade, external lending, as well as in the sphere of payments and financial transactions[24].

2.3 Economic evolution in neighbouring countries and main trading partners

According to provisional data, in the second quarter of 2025, the economy of ***Romania*** recorded the highest growth rate in the European Union – 1.2% compared to the previous quarter. The increase compared to the second quarter of 2024 was 2.3%. The annual inflation rate reached 9.88% in September, which is slightly higher than the August figure (9.85%). The inflation rate calculated based on the Harmonized Index of Consumer Prices (HICP) was 8.6%, three times higher than the average EU. Inflation is expected to remain above 9% until the end of the year, after which it will begin to decline and reach 3% by the end of next year. The National Bank of Romania decided in October to keep the key interest rate at 6.5%, at the same level as in August 2024. According to the Inflation Report, August 2025, the gap of GDP (percent of potential GDP) was negative in 2025 and is expected to worsen significantly starting from the third

Online. (October 17, 2025). Available: https://www.bancaditalia.it/pubblicazioni/proiezioni-macroeconomiche/2025/Macroeconomic-projections-for-Italy-October-2025.pdf?language_id=1

[24] FINANCIAL TIMES. *Overseas renminbi lending surges as China steps up campaign to de-dollarize*. London. Online. 2025. Available: https://www.ft.com/content/4577100f-8b71-4647-8e7e-fead115d9552

quarter of 2025 until the end of 2026. The seasonally adjusted unemployment rate increased slightly in August, reaching 5.9%. The youth unemployment rate (15-24 years old), although it fell to 23.5% in the second quarter, remains one of the highest in the EU. In September, the Romanian Government adopted a new series of budget laws by assuming responsibility to Parliament. The so-called Package II aims at: the reform of occupational pensions, the reform of state-owned companies, the reform of autonomous institutions, the reform in the healthcare sector and fiscal measures for financial sustainability[25]. A sixth project, regarding public administration reform, was postponed due to disagreements within the governing coalition. In October 2025, the Constitutional Court of Romania declared the law providing for pension reform unconstitutional. Entry into force of the legislative framework for reducing expenditure on special pensions (milestone 215), by November 28, 2025, requires a significant tranche of EUR 231 million from the European Union for the NRRP. Romania's budget deficit for the first nine months reached RON 103 billion, which constitutes 5.4% of GDP, compared to RON 96.2 billion (5.44% of GDP) in the first nine months of last year. During the budget revision at the beginning of October, the Romanian Government increased the deficit target for 2025 from 7% of GDP, the level on which the budget was built at the beginning of the year, to 8.4% of GDP. The rates at which the Government borrows remain high. However, there are some signs of a slight recovery in Romania's trade and current account balance in recent months, partly due to the depreciation of the leu and accession to the Schengen area. For 2025, IMF[8] estimates economic growth of 1.0% and 1.4% for 2026, down from 1.6% and 2.8%, respectively, according to the WEO, April 2025.

According to the Statistics of ***Poland***, in the second quarter of 2025, gross domestic product increased by 0.8% compared to the previous quarter and by 2.9% compared to the same period of 2024. This increase is mainly due to robust growth in domestic demand. In September annual inflation was 2.9%, unchanged from August, while prices for services increased by 5.8% and prices for goods by 1.9%. The seasonally adjusted unemployment rate remains low, but has increased in recent months, reaching 3.2% in August. Despite the reduction in price pressures, there are concerns about economic competitiveness, due to rising labor costs (in the last year the average monthly gross wages increased by 7.1%) and the strengthening of the Polish zloty against the euro in recent years. In October, for the third time in a row, the National Bank of Poland reduced the reference rate by 25 basis points, contrary to expectations, to 4.5%. The government extended the freeze on energy prices until the end of the year, alleviating cost pressures on households and businesses. Polish authorities estimate that the budget deficit will reach 6.9% (of GDP) in 2025 and 6.5% in 2026. Spending on defence, social assistance, and debt service complicates efforts to reduce the budget deficit. Rating agencies Moody's and Fitch both changed their rating outlook from stable to negative based on weaker fiscal projections compared to previous expectations.

In the second quarter of 2025 the economy of ***Türkiye*** grew by 1.6% compared to the previous quarter and by 4.4% compared

[25] EUROPA LIBERĂ ROMÂNIA. *All the changes in Package II. How the five laws for which the Government assumed responsibility in Parliament affect you.* București. Online. September 2, 2025. Available: https://romania.europalibera.org/a/toate-modificarile-din-pachetul-ii-cum-te-afecteaza-cele-cinci-legi-pentru-care-guvernul-isi-asuma-raspunderea-in-parlament/33519515.html

to the same period of 2024. After 15 consecutive months in which annual inflation fell from 75.45% (May 2024) to 32.95% in August, it increased in September to 33.29%, driven by significant increases in prices for transportation, clothing, communications and education. During the period under review, the Central Bank of the Republic of Türkiye reduced the policy interest rate by 650 basis points, to 39.5% in October. Although domestic demand has a disinflationary impact, its robust nature indicates a slowdown in the disinflation process. Food price developments pose an inflationary risk. For the years 2025 and 2026 the IMF has revised its economic growth forecasts upwards to 3.5% and 3.7%, respectively, due to better-than-expected economic data, but anticipates that efforts to reduce inflation will slow economic growth in the coming years. The seasonally adjusted unemployment rate increased from 8.1% in July to 8.5% in August, reaching its highest level in four months. At the same time, the labor force participation rate increased by 0.6 percentage points to 54.0%.

In the second quarter of 2025, gross domestic product in ***Ukraine*** increased by 0.2 % compared to the previous quarter and by 0.7% compared to the same period of 2024, but remains about 20% below the level reached in 2021. The low growth rate was affected by harvest delays and decreased government consumption. At the same time, sustained domestic demand and growing exports had a positive contribution. In addition, the EU Council agreed to reduce or eliminate customs duties on various Ukrainian agri-food products. Inflation declined in the third quarter of 2025, from 14.3% in June to 11.9% in September, but inflationary risks persist, particularly due to the intensification of Russian attacks on Ukrainian energy infrastructure and the substantial budget deficit financed from external sources. Inflation is expected to fall to 9.2% by the end of the year, partly due to this year's good harvest. The National Bank of Ukraine maintained the interest rate at 15.5% at its October 2025 meeting and expects to reduce it starting from the first quarter of 2026. This year's high-level meetings have not significantly contributed to advancing negotiations to end the war. On the contrary, the attacks have intensified in recent months. Massive Russian air attacks on energy infrastructure in recent months have affected nearly 60% of Ukraine's natural gas production, fearmongering of a possible gas shortage this winter. In October 2025, the Kremlin rejected the US proposal to "freeze" the conflict on the front lines, which led to the suspension of peace negotiations and could lead to the US approving the delivery of long-range missiles to Ukraine.

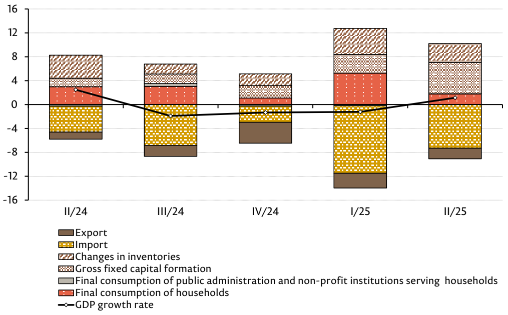
Chapter 3

Economic developments

3.1 Demand

In the second quarter of 2025, the annual GDP dynamics returned to positive territory, after the negative values in the second half of the previous year and the beginning of the current year. In the period April-June 2025, GDP increased by 1.1% compared to the same period of 2024, being determined, mainly, by the positive impact of domestic demand both from the population, in the context of rising real incomes, and from economic agents. Net external demand partially mitigated this effect. At the same time, it is worth mentioning the positive impact on GDP dynamics generated by the industry and construction sectors, which was partially mitigated by negative developments in the real estate transactions sector. At the same time, the seasonally adjusted series shows a 1.6% increase in GDP compared to the first quarter of 2025. In the first semester of 2025, GDP was at the same level as in the similar period of 2024.

Chart 3.1: Contribution of demand components to GDP growth (percentage points)



Source: NBS, NBM calculations

From a utilizations perspective, in the second quarter of 2025, final consumption of household continued the positive dynamics observed in previous periods, this time recording an increase of only 2.2% compared to the second quarter of 2024, thus generating a positive impact of 1.8 percentage points on GDP dynamics (Chart 3.1). Consumption growth was supported by the positive evolution of the real disposable income of population. In the second quarter of 2025, final consumption of public administration increased by 0.4%, generating a positive contribution of 0.1 percentage points to GDP dynamics. Investments generated a positive contribution of 8.4 percentage points to GDP dynamics. In terms of structure, it was determined both by the positive contribution of the changes in inventories subcomponent and by the dynamics of gross fixed capital formation. In this regard, the changes in inventories generated an impact of 3.2 percentage points on GDP dynamics. Gross fixed capital formation increased by 26.0% and contributed 5.2 percentage points to GDP dynamics in the second quarter of 2025.

At the same time, a pronounced negative impact was driven by the dynamics of net export of goods and services (-9.1 percentage points). Thus, exports, in real terms, decreased by 5.5% and generated a negative contribution of 1.8 percentage points. At the same time, imports, in the second quarter of 2025, increased by 12.9% compared to the same period of the previous year, generating a negative effect of 7.3 percentage points on GDP dynamics.

Households demand for consumption

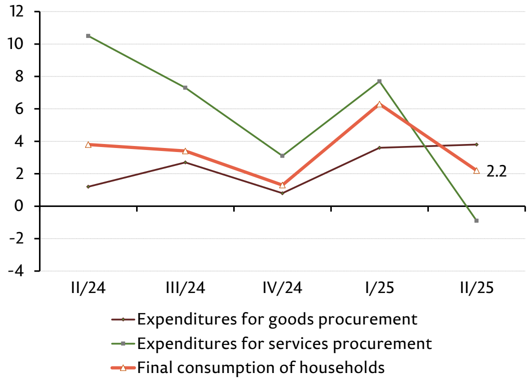
The positive annual dynamics in final consumption of households moderated in the second quarter of 2025.

Thus, the annual growth rate of final consumption of households recorded a level of 2.2%, which was 4.1 percentage points lower than in the first quarter of 2025, as a result of the increase in expenditures for goods procurement by 3.8%. At the same time, expenditures for the services procurement decreased by 0.9% compared to the same period of the previous year (Chart 3.2).

The increase in household consumption was supported by rising real income. However, the main sources of financing consumption, overall, continued their positive dynamics in the second quarter of 2025 (Chart 3.3).

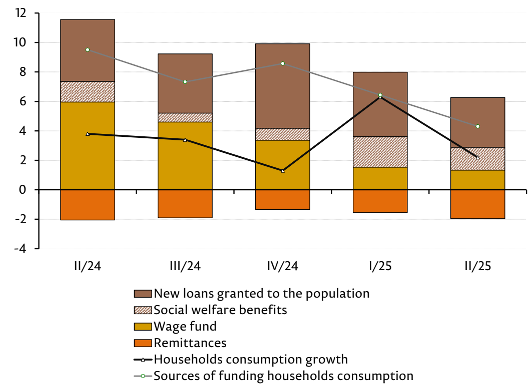
Thus, new loans granted to individuals, the wage fund and social welfare benefits recorded an increase, but less pronounced during the second quarter of 2025, thus generating positive contributions within the potential sources of financing population consumption. At the same time, remittances, in real terms, contracted during this period, mitigating the impact of the aforementioned components.

Chart 3.2: Development in final consumption of households in real terms (%, compared to the previous year)



Source: NBS

Chart 3.3: Evolution of disposable income of the population (%, compared to the previous year) and subcomponents' contributions (percentage points)



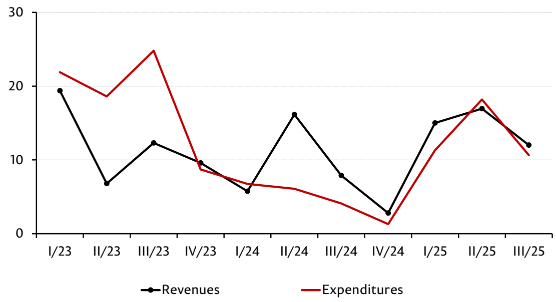
Source: NBS, NBM calculations

Public sector

According to data provided by the Ministry of Finance, during the third quarter of 2025, the national public budget revenues were accumulated in the amount of MDL 32.4 billion, 12.0% above the level accumulated in the same period of 2024 (Chart 3.4).

The major share of budget revenues was accrued from taxes and duties, which accounted for 61.6%. The compulsory state social insurance contributions and mandatory health insurance premiums constituted 28.5%, and the share of other revenues and grants amounted to 5.4% and, respectively, 4.6% of total budget revenues.

Chart 3.4: Public revenue and expenditure dynamics (%, compared to the previous year)

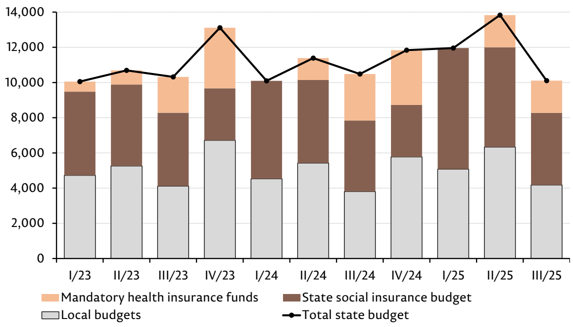


Source: Ministry of Finance

National public budget expenditures, in the third quarter of 2025, totaled MDL 32.1 billion, registering an increase of 10.6% compared to the same period of 2024. In total expenditures, the largest share was spent on social protection – 41.3%, education accounted for 11.9%, and healthcare – 14.9%.

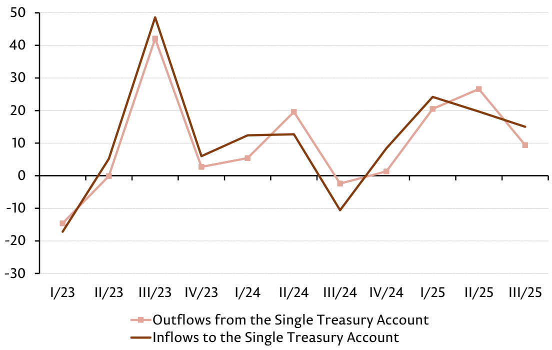
It should be noted that, during the reference period, transfers were made from the state budget (SB) to the state social insurance budget (SSIB), to the mandatory health insurance fund (MHIF) and to local budgets (LB) in the amount of MDL 10.1 billion, down by 3.6% compared to the similar period in 2024 (Chart 3.5).

Chart 3.5: Development of budgetary transfers (MDL million)



Source: Ministry of Finance

Chart 3.6: Development of the Single Treasury Account flows (%, compared to the previous year)



Source: NBM

The major share of transfers was directed to local budgets – 41.3% of total transfers, followed by transfers to SSIB, about 40.6%, and transfers to MHIF, about 18.1%.

In this context, in the third quarter of 2025, the execution of the national public budget resulted in a surplus of MDL 288.0 million. In the similar period of 2024, the execution of the national public budget resulted in a deficit of approximately MDL 94.0 million. The balances of the national public budget accounts, as of September 30, 2025, amounted to MDL 18.0 billion.

In the third quarter of 2025, the Single Treasury Account (STA) was characterized by positive annual rates of both payments made and receipts of funds compared to the same quarter of the previous year (Chart 3.6). As a result of account inflows and outflows, as of September 30, 2025, the balance of the STA amounted to approximately MDL 12.2 billion, registering an annual increase of 31.9% (Chart 3.7). At the same time, at the end of the reporting quarter, the balance of the Government's foreign currency deposit account with the National Bank of Moldova amounted to the equivalent of about MDL 4.0 billion, compared to MDL 2.4 billion on December 31, 2024.

State debt

As of September 30, 2025, the balance of the state debt of the Republic of Moldova amounted to about MDL 127.3 billion, which, compared to GDP[26], constituted 37.2% (Chart 3.9).

In annual terms, the state debt registered a nominal increase of 15.8% (Chart 3.8), as a result of the increase in the external state debt recalculated in the national currency (with a positive contribution of 10.8 percentage points) and the domestic state debt (with a positive contribution of 5.0 percentage points). As of September 30, 2025, the state debt consisted of 62.4% of the external state debt and 37.6% domestic state debt.

As of September 30, 2025, the balance of external state debt amounted to USD 4,746.1 million, exceeding the level recorded at the end of September 2024 by USD 869.4 million or 22.4 %. When recalculated in the national currency, the balance of external state debt amounted to about MDL 79.4 billion (23.2% of GDP[26]), (Chart 3.9).

At the end of September 2025, the domestic state debt amounted to about MDL 47.9 billion (14.0% of GDP[26]), (Chart 3.9) higher than that of September 30, 2024 by 12.9% (Chart 3.8). The increase in domestic state debt was driven by state securities (SS) issued on the primary market, the volume of which increased by 22.2%, and by direct placements from individuals. As a result of these evolutions, the domestic debt was made up of SS issued on the primary market (72.7%), SS issued to enforcement of state guarantees (23.9%), converted SS (2.0%) and direct placements from individuals (1.4%).

[26] GDP estimated by the NBM.

Primary market for state securities (SS)

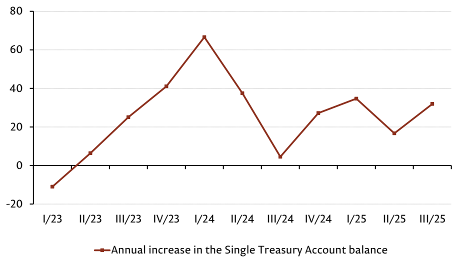
During the third quarter of 2025, the Ministry of Finance put into circulation state securities in a total amount of MDL 10,065.7 million, 27.7% less than the initial offering volume. Compared to the previous quarter, the primary market for state securities recorded a decrease in demand from licensed banks by 39.9% (Chart 3.10). At the same time, the banks' demand was 23.4% lower than the Ministry of Finance's supply, amounting to MDL 10,676.2 million.

During the reporting period, the average effective interest rates on treasury bills with a maturity of 91 days remained the same, while the treasury bills with a maturity of 182 days and 364 days recorded decreases compared to the previous quarter, decreasing by 0.24 percentage points and, respectively, by 0.83 percentage points. Also, the average effective interest rates on government bonds with maturity of 2 years decreased compared to the second quarter of 2025 by 1.40 percentage points, and the average effective interest rates on government bonds with maturity of 7 years decreased by 0.63 percentage points. Compared to the previous quarter, auctions were held for government bonds with maturity of 3 years and 5 years, the average effective interest rates were 7.23% and 9.19%, respectively.

During this period, banks continued to prioritize investments in securities with short-term maturities, while showing increased caution regarding long-term commitments (Chart 3.11).

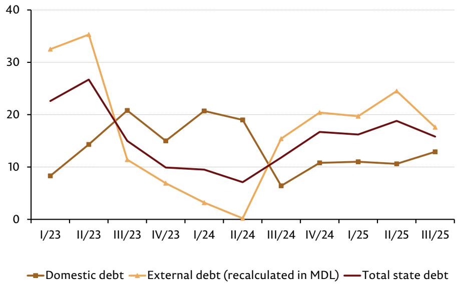
The structure of the SS portfolio put into circulation during the reference period highlights that the most requested SS were those with a 364-day maturity, which accounted for 52.0% of the total transactions, followed by 182-day treasury bills, the share of which constituted 43.8%, and the share of 91-day treasury bills represented 2.4%. As for government bonds, the share of those with maturity of 2 years constituted 0.4%, that of government bonds with a maturity of 3 years – 0.6%, and government bonds with maturity of 5 years and 7 years had a share of 0.1% and, respectively, 0.8% (Chart 3.12).

Chart 3.7: Development of the Single Treasury Account balance (%, compared to the previous year)



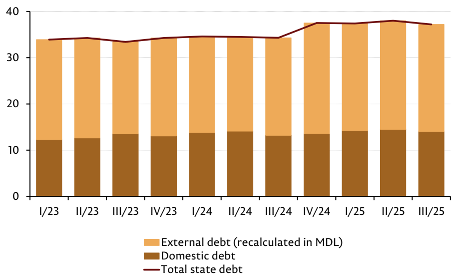
Source: NBM

Chart 3.8: Development of the annual growth rate of state debt (%, end of quarter)



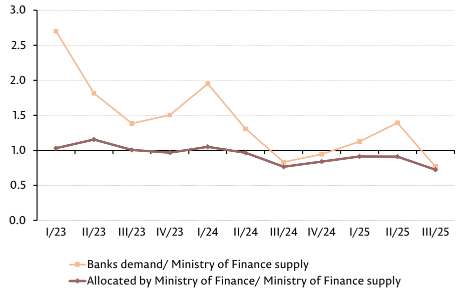
Source: Ministry of Finance

Chart 3.9: Share of state debt in GDP (%, end of quarter)



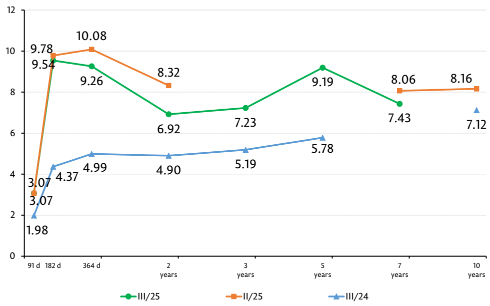
Source: Ministry of Finance

Chart 3.10: Demand and supply ratio on the primary market for state securities



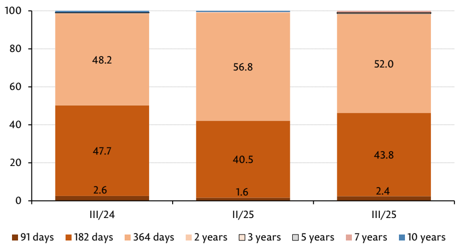
Source: NBM

Chart 3.11: SS yield curve (%)



Source: NBM

Chart 3.12: Structure of SS allocated on the primary market (%)



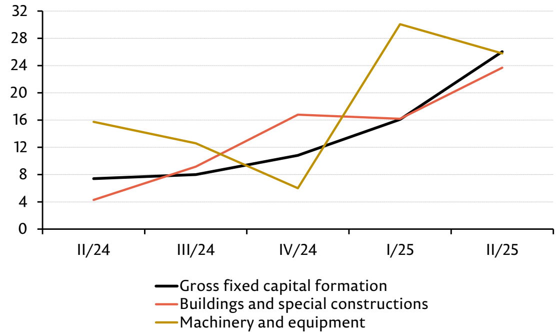
Source: NBM

Investment demand

In the second quarter of 2025, the investment component generated a positive contribution of 8.4 percentage points to the dynamics of economic activity, determined by the contribution of both subcomponents: change in inventories – by 3.2 percentage points and gross fixed capital formation – by 5.2 percentage points, as a result of its increase by 26.0%.

The positive dynamics of gross fixed capital formation was influenced by the dynamics of investments oriented towards "machinery and equipment", which increased by 25.8%, and by the subcomponent "buildings and special constructions", which increased by 23.7% compared to the similar period of 2024 (Chart 3.13).

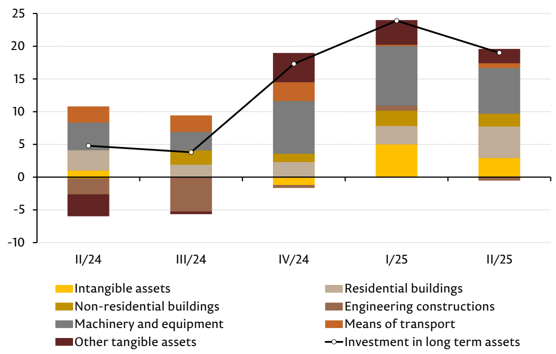
Chart 3.13: Annual investment dynamics (%)



Source: NBS

According to operational data presented by the NBS, in the second quarter of 2025, investments in long term assets increased by 19.0%. In terms of structure, by type of fixed assets, investments in "machinery and equipment" contributed by 7.0 percentage points, "residential buildings" – by 4.8 percentage points, "non-residential buildings" – by 2.0 percentage points, "means of transport" – by 0.7 percentage points, "other tangible assets" – by 2.1 percentage points. The dynamics of investments in "engineering constructions" generated a negative impact of 0.5 percentage points. The 92.8% increase in intangible assets determined a contribution of 3.0 percentage points to the dynamics of investments in long term assets (Chart 3.14).

Chart 3.14: Annual investment dynamics by types of fixed assets (%, real terms)



Source: NBS, NBM calculations

From the perspective of investment financing sources in long term assets for the second quarter of 2025, the positive dynamics of 19.0% was contributed by own funds with 15.9 percentage points, other sources – with 2.7 percentage points, state budget funds – with 0.7 percentage points and foreign investors' funds – with 0.3 percentage points. A negative impact of 0.7 percentage points was exerted by investments financed from the ATU budget funds (Chart 3.15).

Net external demand[27]

The data on international trade in goods presented by the NBS for the first two months of the third quarter of 2025 reveal an improvement in the deficit position of the trade balance, outlining positive premises for the respective indicator for the second half of the current year. Thus, in the first two months of the quarter, the annual rate of exports amounted to 21.9%, significantly higher than in the second quarter of 2025 (-8.1%). The annual rate of imports records positive growth rates for the sixth consecutive quarter. The agricultural harvest of 2025 will boost the export of agri-food products in the coming periods. The revival of domestic consumption,

[27] Quarterly data on the evolution of international merchandise trade of the Republic of Moldova, expressed in thousands of US dollars, have been used.

along with the substantial increase in electricity imports from Romania, against the backdrop of the suspension of deliveries from the Cuciurgan Power Plant, have significantly contributed to the recording of pronounced growth rates in imports, in annual terms.

The annual rate of exports recorded a level of -8.1% in the second quarter of 2025 or 3.8 percentage points higher than in the first quarter of 2025. At the same time, the data for the first two months (21.9%) of the third quarter of 2025 show positive signals that would suggest a revival of exports. Thus, in the first two months of the third quarter of 2025, exports to EU countries increased considerably. At the same time, exports to countries classified as Rest of the World and those to CIS[28] countries decreased (Chart 3.16).

By commodity groups, the pronounced increase in the export of "foodstuff and animal products, beverages and fats" mainly determined the positive dynamics of total exports (Chart 3.17). It should be noted that the revival of the agricultural sector in the third quarter of the current year generated favorable preconditions for the increase in exports of agri-food products. At the same time, the contraction in exports of "vehicles, optical instruments, sound recorders and reproducers equipment" reflects the impact of the moderation of external demand, in a less favorable international economic context.

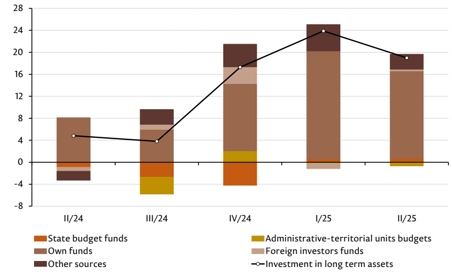
Analyzing the evolution of exports by products origin, it can be highlighted that the increase in exports in the third quarter of 2025 was determined by the dynamics of exports of domestic products. At the same time, the dynamics of re-exports continued to be negative (Chart 3.18).

In the second quarter of 2025 the annual rate of import was 18.9%, 0.6 percentage points higher than in the first quarter of 2025. At the same time, data for the first two months of the third quarter of 2025 show a slightly lower import growth, in annual terms (17.7%). It should be noted that the recent import dynamics are marked by a significant dependence on trade flows from the EU and countries classified as Rest of the World (Chart 3.19).

By commodity groups (Chart 3.20), the registration of pronounced growth rates in the annual rate of imports, during 2025, was mainly supported by the increase in the import of "mineral products", "vehicles, optical instruments, sound recorders and reproducers equipment" and "foodstuff and animal products, beverages and fats". It should be noted that, after the suspension of electricity supplies from the Cuciurgan Power Plant, the Republic of Moldova resorted to covering its consumption needs through purchases, mainly from the Romanian market. This reorientation of supply sources led to a substantial increase in imports of mineral products, especially electricity energy.

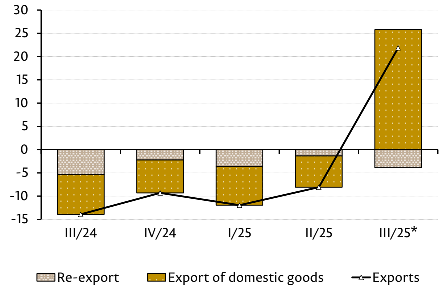
[28]Starting from 2024, Ukraine is not included in the Commonwealth of Independent States group in accordance with the European Union Geonomenclature, 2023 edition.

Chart 3.15: Annual investment dynamics by funding sources (%, in real terms)



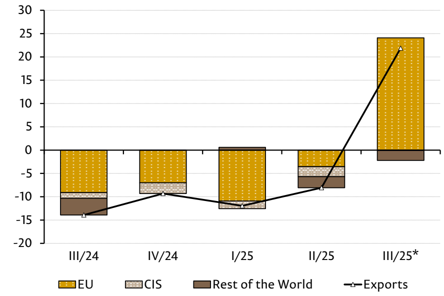
Source: NBS, NBM calculations

Chart 3.18: Development of the annual rate of exports (%) and contribution by origin (percentage points)



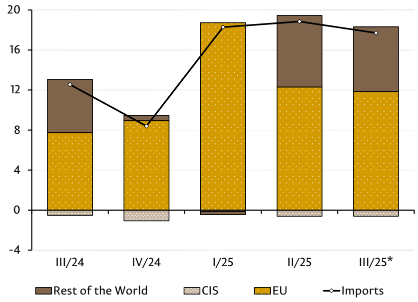
Source: NBS, NBM calculations
*July-August

Chart 3.16: Development of the annual rate of exports (%) and contribution by categories of countries (percentage points)



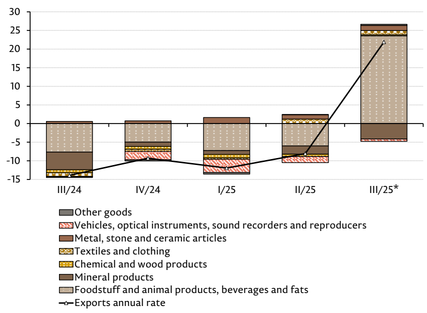
Source: NBS, NBM calculations
*July-August

Chart 3.19: Development of the annual rate of imports (%) and contribution by categories of countries (percentage points)



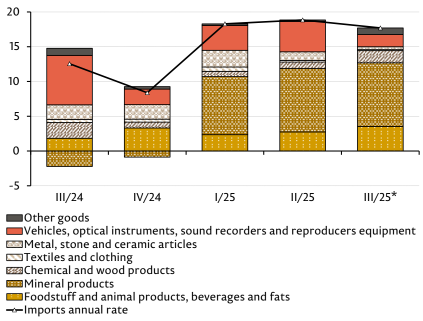
Source: NBS, NBM calculations
*July-August

Chart 3.17: Development of the annual rate of exports (%) and contribution of the components by commodity groups (percentage points)



Source: NBS, NBM calculations
*July-August

Chart 3.20: Development of the annual rate of imports (%) and contribution of the components by commodity groups (percentage points)



Source: NBS, NBM calculations
*July-August

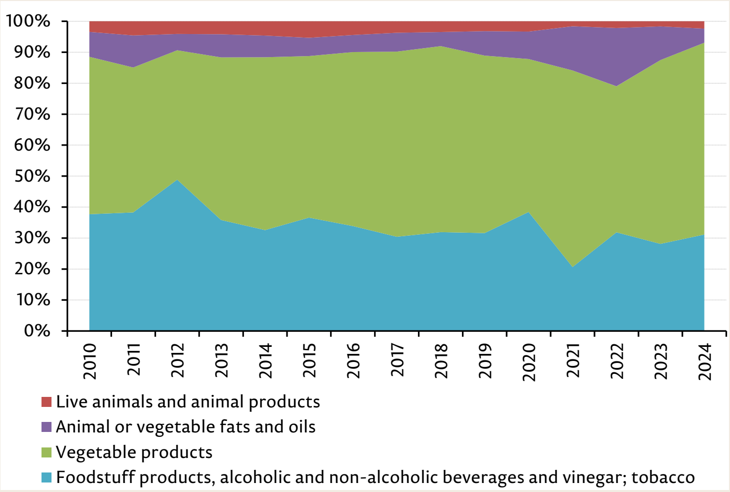
Box 3

The relationship between agri-food exports and domestic agricultural production

The analysis of this topic is essential, given the systemic importance of the agricultural sector in the structure of the economy of the Republic of Moldova, where it plays an indispensable role in generating gross value added and employment, as well as stabilizing the trade balance.

Since most of the agricultural harvest is in the second semester, in order to adequately reflect the dynamics of agri-food exports, it is appropriate to analyze an adjusted period, which begins with the third quarter of the current year and ends in the second quarter of next year[a]. Since data on foreign trade in goods, structured by product groups according to the combined nomenclature, are only available in USD, the analysis of exports will be carried out based on these values, taking into account that they also include the impact of fluctuations in export prices. However, these variations do not constitute the dominant factor of the dynamics, which is mainly determined by real volumes, which subsequently allows for a direct correlation with the evolution of gross agricultural production.

Chart 1: Structure of exports of agri-food products
for each year *(seasonal export lag)*



Source: NBS, NBM calculations

It should be noted that, over the last 15 years, the share of agri-food exports in total exports has varied between 37.2% and 52.4% (on average 44.1%). Based on this data, we can highlight the systemic position of the export of agri-food products in total exports. Thus, pronounced annual fluctuations in agri-food exports are determined by endogenous and exogenous factors, including agricultural production, international prices and climatic conditions.

According to the information presented in Chart 1, it is highlighted that the export of agri-food products is divided into 4 groups, and the largest volumes are concentrated in the export of "vegetable production" (the major share) and "foodstuff products, alcoholic and non-alcoholic beverages and vinegar; tobacco". It should be noted that the high share of plant products in the export structure reflects the orientation towards the delivery of food products in the raw form, which limits domestic value added and emphasizes the strong dependence on weather conditions and the volatility of international prices.

[a] Ex.: If gross agricultural production contracted in 2024, the impact on agricultural exports was felt in the second half of 2024 and the first half of 2025. This temporary offset reflects the seasonal structure of exports: in the first half of the year, exports are largely made from stocks, as the harvesting of vegetable products does not take place during this period. Thus, the variation in production first affects stocks and then actual export flows.

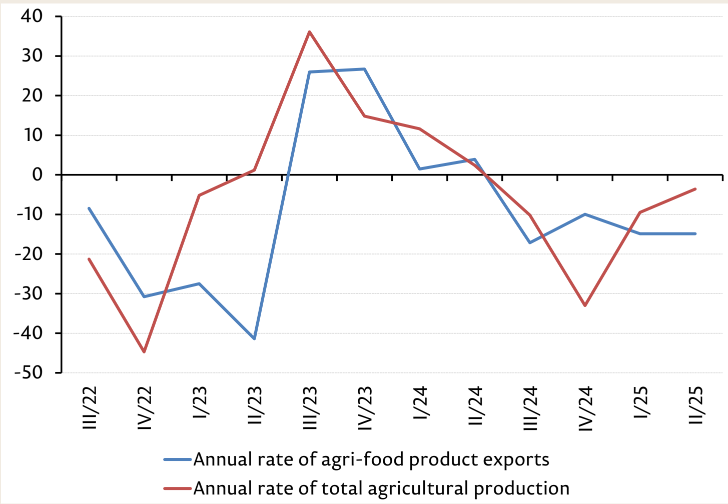
Box 3

To estimate the correlation between the evolution of the agricultural sector and the dynamics of exports, regression analysis (the least squares method) was used. The results show that exports of crop products (especially cereals and oilseeds) are closely correlated with annual agricultural production. Thus, in poor agricultural years, exports contract sharply, while in years with a rich harvest they increase significantly. At the same time, the other product groups show little or no correlation.

It should be noted that the strong dependence of exports on agricultural cycles reflects a structural vulnerability of the economy, amplifying the risks to the trade balance and the stability of foreign exchange income flows.

Historical data (Chart 2) confirms the pronounced dependence of agri-food exports on the evolution of the agricultural sector. The contraction in agri-food exports in the third quarter of 2024 – the second quarter of 2025 was determined by the reduction in the volume of agricultural production in the second half of 2024, due to dry weather conditions. In 2025, against the backdrop of favorable weather conditions[b], agricultural production registered, according to operational information, a robust growth, exceeding the level of 2024. Thus, the export of agri-food products, after a period of contraction, will return to positive levels for at least four consecutive quarters, starting from the third quarter of 2025. This revival of the agricultural sector, and consequently of exports, will contribute to accelerating the annual GDP growth rate, reducing pressures on the trade balance, as well as increasing foreign exchange revenue flows.

Chart 2: Annual rate of agri-food product exports
and total agricultural production (%)



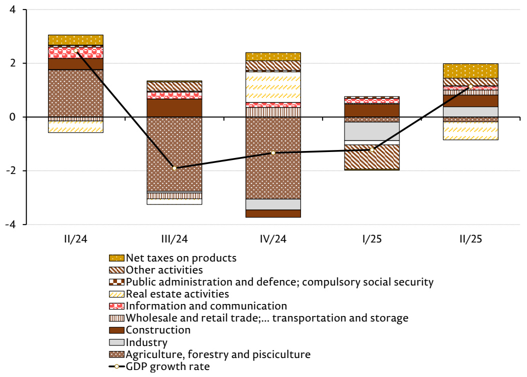
Source: NBS, NBM calculations

It should be noted that the revival of the agricultural sector and the recovery of agri-food exports are the determining factors for maintaining the GDP growth rate, confirming the economy's transition to a phase of sustained expansion.

[b] Except for late spring frosts and severe hailstorms, which affected orchards nationwide.

3.2 Production

Chart 3.21: Contribution of economy sectors to GDP growth (percentage points)



Source: NBS, NBM calculations

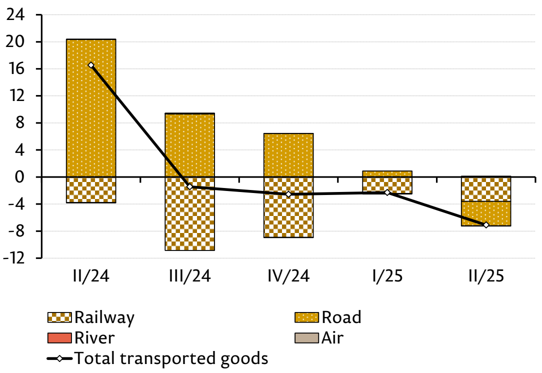
By resource categories, GDP growth in the second quarter of 2025 was mainly driven by developments in industry and construction (Chart 3.21).

In this regard, the GVA[29] related to the production and distribution of electricity and heat, gas, hot water and air conditioning increased by 20.0% compared to the second quarter of 2024, generating a positive effect of 0.3 percentage points on GDP dynamics in the period April-June 2025. Smaller contributions were generated by the increase in GVA in the manufacturing industry – by 1.7%, water supply; sewerage, waste management and remediation activities – by 8.7% and in the mining and quarrying – by 14.8%. At the same time, the GVA related to the construction sector increased by 7.2% and thus determined a positive impact of 0.5 percentage points on GDP dynamics in the second quarter of 2025. At the same time, a positive contribution of 0.1 percentage points was determined by the increase in the GVA in wholesale and retail trade; repair of motor vehicles and motorcycles – by 1.0%. A similar impact was driven by the 1.9% increase in GVA in the information and communication sector. The GVA related to education, health and social work increased by 0.8% and 0.9%, respectively, having an overall impact of 0.2 percentage points on GDP dynamics. GVA in the transportation and storage sector increased by 0.9%, generating a minor positive contribution. At the same time, net taxes on products increased by 3.7%, contributing 0.5 percentage points to GDP dynamics in the second quarter of 2025.

The positive impact mentioned above was partially mitigated by the evolution in the real estate activities sector and the agricultural sector. Thus, the GVA related to real estate activities contracted by 7.5%, generating a negative impact of 0.6 percentage points on the GDP dynamics in the period April-June 2025. The GVA in agriculture, forestry and pisciculture contracted by 4.4%, exerting a negative influence of 0.2 percentage points on the GDP dynamics.

Goods and passenger transport

Chart 3.22: Development of goods transport (%, compared to the previous year)



Source: NBS

The annual rate of volume of transported goods, in the second quarter of 2025, registered a negative level of 7.1%, by 4.8 percentage points lower than in the first quarter of 2025 (Chart 3.22).

This evolution was driven by the annual decrease in the volume of goods transported by railway and road by 24.9% and 4.3%, respectively, compared to the same period of the previous year.

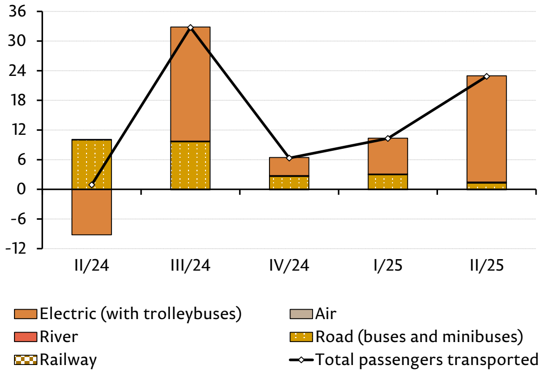
[29]Gross value added

At the same time, the volume of goods transported by air decreased by 46.4%. At the same time, the volume of goods transported by river increased by 16.9% compared to the second quarter of 2024.

Positive results were recorded in the passenger transport sector.

Thus, the annual rate of the number of passengers transported was 22.9%, by 12.6 percentage points higher than in the first quarter of 2025 (Chart 3.23). This evolution was mainly driven by the 36.5% increase in the number of passengers transported by trolleybuses compared to the same period of the previous year. At the same time, the number of passengers transported by air, road (buses and minibuses) and river increased by 35.9%, 3.2% and 2.2%, respectively, compared to the second quarter of 2024. At the same time, the number of passengers transported by railway decreased by 50.7%.

Chart 3.23: Passenger transport development (%, compared to the previous year)



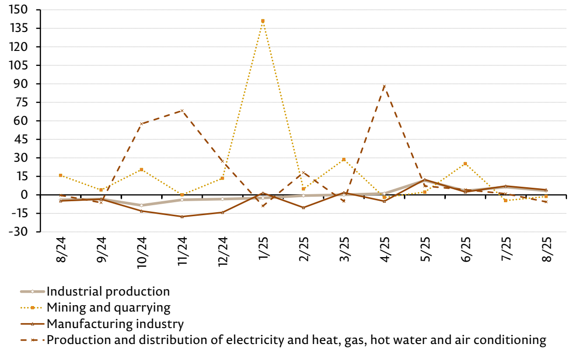
Source: NBS

Industrial production

In the first two months of the third quarter of 2025, the annual pace of industrial production volume recorded a level of 4.9%, which was 0.5 percentage points lower than in the second quarter of 2025 (Chart 3.24).

This dynamics was driven by the increase in the annual rate of the manufacturing industry (from 3.2% in the second quarter of 2025 to 5.7% in the first two months of the third quarter of 2025). At the same time, the annual production rate in the "production and distribution of electricity and heat, gas, hot water and air conditioning" sector decreased from 33.2% in the second quarter of 2025 to -2.4% in the first two months of the third quarter of 2025. At the same time, the annual rate of production volume in the "mining and quarrying" sector decreased by 11.5 percentage points compared to the second quarter of 2025, to the level of -3.0%.

Chart 3.24: Industry development in real terms (%, compared to the previous year)



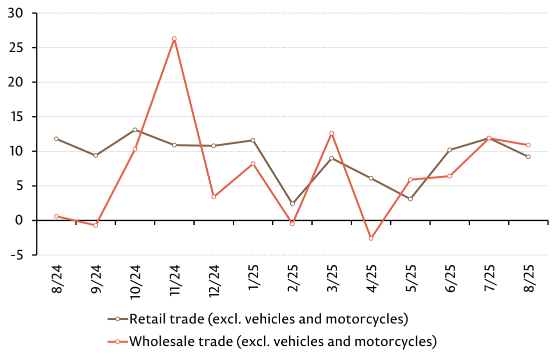
Source: NBS

Domestic trade

In the first two months of the third quarter of 2025, domestic retail trade (based on VAT[30] declarations) recorded an average increase of 10.6%, by 4.1 percentage points higher than in the previous quarter (Chart 3.25).

At the same time, domestic wholesale trade (based on VAT declarations) recorded, in the period from July to August 2025, an average growth of 11.4%, by 8.2 percentage points higher than in the second quarter of 2025.

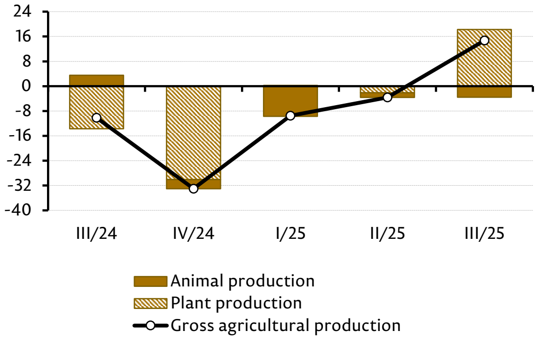
Chart 3.25: Domestic trade (based on VAT statements) (%, compared to the previous year)



Source: NBS, NBM calculations

[30] NATIONAL BUREAU OF STATISTICS. *Statistics on value indices of sales (deliveries) of goods and services developed for the first time based on VAT declarations.* Chișinău: NBS, May 26, 2023. Available: https://statistica.gov.md/ro/statistici-privind-indicii-valorici-ai-vanzarilor-livrarilor-de-marfuri-si-servi-12_60432.html

Chart 3.26: Annual rate of gross agricultural production (%) and contribution by sectors (percentage points)



Source: NBS, NBM calculations

Agricultural production

In the third quarter of 2025, gross agricultural production increased by 14.7% compared to the level in the same quarter of the previous year (Chart 3.26).

This dynamics was supported by a 22.5% increase in plant production, while animal production decreased by 18.6%.

The weather conditions of this year were generally favorable[31] for the development of gross agricultural production, thus creating favorable preconditions for a positive dynamic in the plant sector. Thus, the average harvest per hectare was superior for all product groups, except for pome and stone fruits.

The decrease in production in the livestock sector, during the analyzed period, was due to the reduction in meat production (in live weight), mainly caused by the decrease in the pig population, as a result of the spread of African swine fever. At the same time, in the third quarter of 2025, milk and egg production contracted compared to the same quarter of the previous year.

[31]Except for late spring frosts and severe hailstorms, which affected orchards nationwide

3.3 Labor market

Labor force[32]

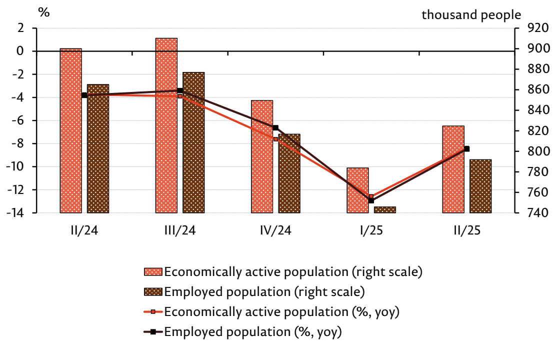
In the second quarter of 2025, the labor force amounted to 824.7 thousand people, an increase of 40.9 thousand people or by 5.2% compared to the previous quarter.

The employed population amounted to 791.9 thousand people, up by 6.2% compared to the previous quarter (Chart 3.27).

At the same time, the number of unemployed calculated according to the ILO[33] methodology amounted to 32.8 thousand people, or about 5.1 thousand people less compared to the first quarter of 2025, and the unemployment rate amounted to 4.0%, down by 0.8 percentage points compared to the first quarter of 2025 (Chart 3.28). According to data provided by the NEA[34], the number of officially registered unemployed amounted to about 5.3 thousand people, down by about 1.1 thousand people compared to the first quarter of 2025.

According to data provided by the NBS, at the end of the second quarter of 2025, about 32.7 thousand job vacancies were registered, an increase by 1.4% (0.5 thousand) compared to the first quarter of 2025. The job vacancy rate[35] amounted to 4.7%, the level of the previous quarter. The most vacancies, about 8.1 thousand, were registered in public administration and defence; compulsory social security, in the health and social work – 4.7 thousand, in the education sector – 3.8 thousand, in the transportation and storage sector – 3.7 thousand. The fewest vacancies were registered in the mining and quarrying – 0.1 thousand, other service activities – 0.2 thousand and in the real estate activities sector – 0.4 thousand.

Chart 3.27: Economically active population and employed population

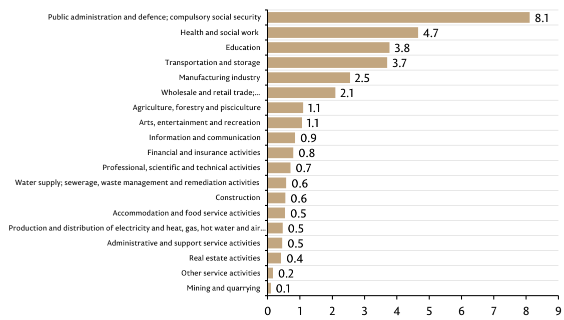


Source: NBS, NBM calculations

Chart 3.28: Evolution the number of unemployed, calculated according to the ILO and the number of officially registered unemployed

Source: NBS, NEA, NBM calculations

Chart 3.29: Number of job vacancies, by economic activities, at the end of the second quarter of 2025 (thousand units)



Source: NBS, NBM calculations

[32]The National Bureau of Statistics informs that, starting from January 1, 2025, a **new sampling plan** has been implemented, entitled "Multifunctional Master Sample for Social Surveys" **(EMDOS 3)**, developed based on the results of the most recent Population and Housing Census (PHC) – from 2024. The data disseminated to date, including the preliminary results from the Labour Force Survey (LFS) for the first quarter of 2025 (Available: https://statistica.gov.md/ro/forta-de-munca-ocuparea-si-somajul-in-trimestrul-i-2025-9430_61846.html), were produced based on data collected within the old Multifunctional Master Sample (EMDOS 2), which was based on data from the 2014 population and housing census (PHC). EMDOS 2 was implemented in 2019. To ensure data comparability, LFS data collection for the first quarter of the current year was carried out for households selected in the new sample (EMDOS 3), as well as in the old one (EMDOS 2). Taking into account the results of the LFS survey conducted on the basis of EMDOS 3, the data for the first quarter of this year, disseminated on June 16, were revised. Thus, in connection with the aforementioned changes, the comparability of data and, therefore, their analysis in annual terms was affected.

[33]International Labor Organization

[34]National Employment Agency (quarterly data was obtained as a monthly average of indicators, reported at the end of each month).

[35]The ratio between the number of job vacancies and the total number of jobs.

Wage fund

In the second quarter of 2025, the wage fund in the economy increased by 10.8% compared to the second quarter of 2024, but decreased by 1.3 percentage points compared to the previous quarter.

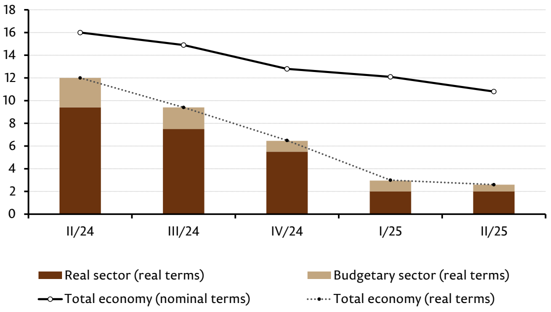
This dynamics was mainly supported by the evolution in the wage fund in the wholesale and retail trade sector; repair of motor vehicles and motorcycles which contributed by 2.1 percentage points, the health and social work sector (1.6 percentage points), the education sector (1.5 percentage points), the industry sector (1.3 percentage points) and the public administration and defence; compulsory social security sector(0.9 percentage points).

In real terms, deflated by the CPI, the wage fund in the economy increased by 2.6% compared to the same period of the previous year, as a result of the evolution of both sectors of the economy: real and budgetary (Chart 3.30).

In the second quarter of 2025, the average number of employees in the national economy increased by 0.8% compared to the second quarter of the previous year. The number of employees in the real sector increased by 0.8%, with a contribution of 0.6 percentage points, while the number of employees in the budgetary sector increased by 0.7%, with a contribution of 0.2 percentage points (Chart 3.31).

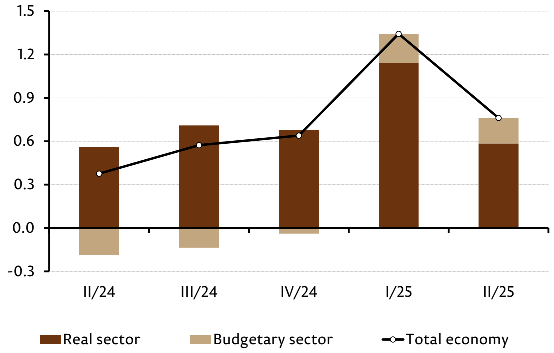
The distribution by sectors of the economy reveals more pronounced increases in the average number of employees in the areas of: accommodation and food service activities (13.7%), construction (10.5%), wholesale and retail trade; repair of motor vehicles and motorcycles (4.6%), administrative and support service activities (2.8%), professional, scientific and technical activities (2.6%), arts, entertainment and recreation activities (2.4%). Contractions in the number of employees are recorded in transportation and storage (-6.3%), agriculture, forestry and pisciculture (-5.3%), information and communication (-3.5%), industry (-2.8%) and in other service activities (-1.3%), (Chart 3.32).

Chart 3.30: Wage fund in the economy (%, compared to the previous year) and sectors' contributions (percentage points)



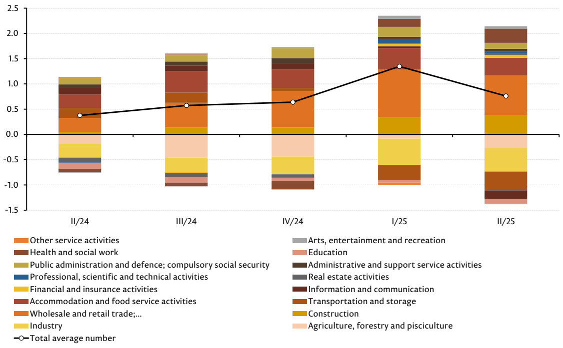
Source: NBS, NBM calculations

Chart 3.31: Average number of employees in economy (%, compared to the previous year) and sectors' contributions (percentage points)



Source: NBS, NBM calculations

Chart 3.32: Contribution of the sectors of the economy to the dynamics of the number of employees (%, compared to the previous year)



Source: NBS, NBM calculations

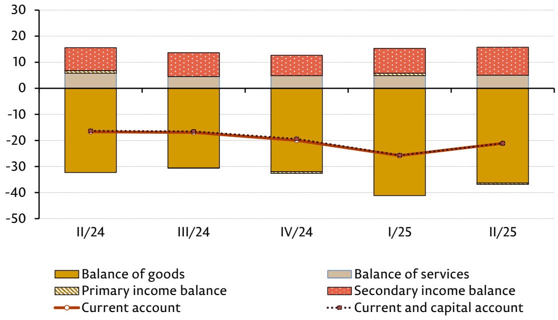
3.4 External sector

Current account

In the second quarter of 2025, the current account deficit of the balance of payments decreased by 4.7 percentage points compared to the previous quarter, constituting 21.1% as a share of GDP (Chart 3.33).

The decrease in the deficit of the balance of payments occurred due to the decrease in the component with a negative contribution – the "balance of goods". At the same time, the components with a positive contribution: the "secondary income balance" and the "balance of services", increased, while the "primary income balance" decreased during the reference period.

Chart 3.33: Current account share in GDP (%)



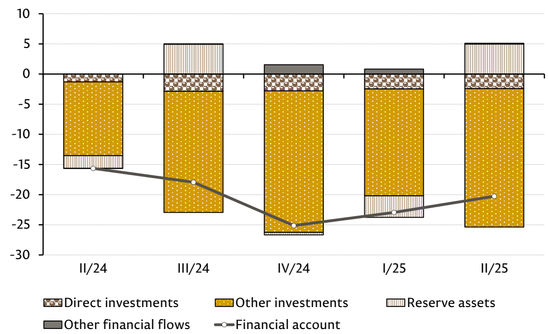
Source: NBM

Financial account

In the second quarter of 2025, the financial account, as a share of GDP, recorded a level of 20.3%, being 2.6 percentage points lower than in the first quarter of 2025, and by 4.7 percentage points higher than in the second quarter of 2024.

There were changes in the structure of net financial flows, but the overall picture, compared to previous quarters, did not undergo essential changes (Chart 3.34). Thus, in the second quarter of 2025, the "other investments" component recorded an important evolution, contributing to a significant increase in net inflows of financial assets[36]. It should be noted that the net flow of direct investments, as a share of GDP, recorded a level of 2.4%, being practically similar to that in the first quarter of 2025. In the second quarter of 2025, net accumulations of reserve assets were recorded (5.0% as a share of GDP).

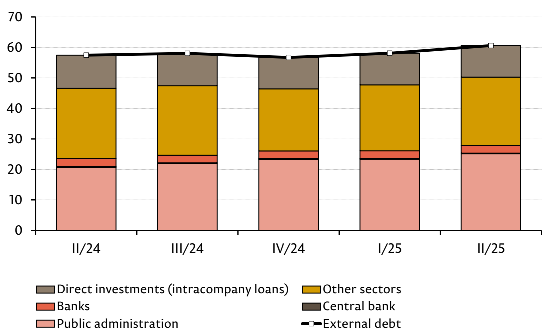
Chart 3.34: Financial account share in GDP (%)



Source: NBM
Note: (-) – net capital inflows, (+) – net capital outflows

The share of external debt in GDP stood at 60.6%, 2.5 percentage points higher than in the first quarter of 2025 (Chart 3.35). In the structure of external debt, the major share in total external debt as a share of GDP is held by the government sector[37] with 25.3%, economic agents[38] with 24.9% and direct investments – 10.4%.

Chart 3.35: External debt share in GDP (%)



Source: NBM

[36] In the second quarter of 2025, the components "cash and deposits" and "loans" contributed to the significant increase in net financial inflows as "other investments" component.

[37] The cumulative debt of "public administration" and "central bank"

[38] The cumulative debt of "banks" and "other sectors"

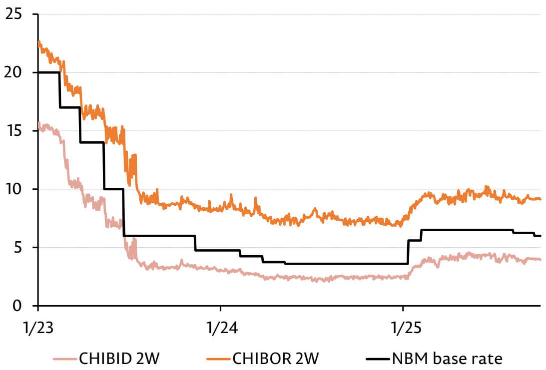
Chapter 4

Monetary policy

4.1 Monetary policy instruments

During the third quarter of 2025, the National Bank reduced the monetary policy rate in two consecutive steps, by 0.25 percentage points each, to 6.0% annually. The NBM's decision to resume monetary policy easing measures was based on the confirmation of disinflationary trends and, implicitly, the need to maintain inflation within the variation range of ±1.50 percentage points from the 5.0% target in the medium-term.

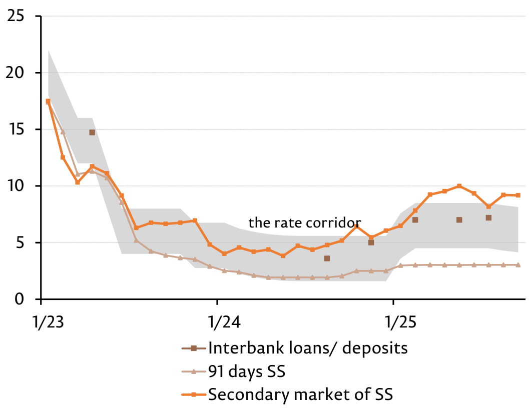
Chart 4.1: Monthly average reference rates on the interbank market and the base rate of the NBM (%)



Source: NBM

The yield curve of CHIBOR remained quasi-steady throughout the third quarter of 2025, recording only slight changes in both directions, with a more pronounced downward trend towards the end of the quarter. Thus, the CHIBOR 2W quotation at the end of September was slightly down (-0.24 percentage points) compared to that recorded on the last day of the previous quarter, constituting 9.13% (Chart 4.1).

Chart 4.2: Monthly evolution of the interest rates corridor (%)



Source: NBM

The trajectory of interest rates on government securities with a maturity of 91 days reflected both the intention of the Ministry of Finance to channel investors' resources to longer-term government securities, as well as the dampening of investors' interest in this type of investment. Thus, their value remained at the level of 3.03% annually during the third quarter of 2025.

On the secondary segment of the state securities market, the average interest rate on made transactions amounted to 8.95% (-0.56 percentage points compared to the second quarter of 2025), accompanied by a slight increase in the average term of transactions (from 224 to 262 days), (Chart 4.2).

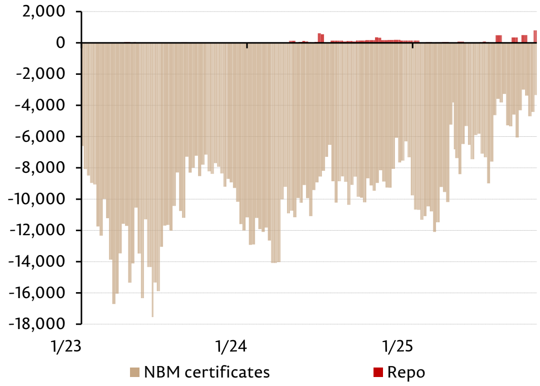
Money market operations

Sales of NBM certificates (NBC)

The net debtor position of the NBM regarding the banking system was maintained during the quarter, but its value continued to decrease. Excess liquidity was absorbed through weekly sales operations of 14-day certificates, where banks' bids were fully adjudicated.

The gradual contraction of the net debtor position of the NBM towards the banking system was reflected in the volume of the NBM's monetary policy operations aimed at liquidity absorption, which was reduced by about 36.0% compared to that recorded in the previous quarter, the situation also reflected in the quarterly average of the stock of NBC investments, which decreased from MDL 6,920.3 million, the level recorded in the second quarter of 2025, to MDL 4,267.7 million in the third quarter of 2025. The daily stock of NBC placements varied between the maximum value of MDL 6,057.5 million and the minimum of MDL 2,994.3 million (Chart 4.3).

Chart 4.3: Development of the daily balance of sterilization operations (MDL million)



Source: NBM

Repo operations

The liquidity-providing repo operations were conducted on a weekly basis for a period of 14 days at a fixed interest rate through the tender procedure without a ceiling. The volume of liquidity delivered during the quarter amounted to MDL 2,141.0 million. The balance of repo operations recorded at the end of the reporting quarter was MDL 800.0 million.

Standing facilities

During the third quarter of 2025, banks used both standing facilities offered by the NBM.

The total amount of overnight deposits placed with the NBM amounted to MDL 22,762.2 million, 6.1% above the level recorded in the previous quarter. At the same time, the average daily stock of these placements also increased to MDL 373.3 million (from MDL 312.6 million in the previous period). The amounts placed by banks ranged from a minimum of MDL 15.0 million to a maximum of MDL 975.0 million.

The total amount of overnight loans granted to banks by the NBM for the entire quarter amounted to MDL 1,201.0 million, down by 5.4% compared to the previous period. The average daily balance of overnight loans recorded MDL 13.1 million.

Interest rates on standing facilities were reduced twice consecutively during the quarter, in August and September, by 0.25 percentage points each. Thus, at the end of that period, the overnight deposit rate stood at 4.0% and the overnight loan rate at 8.0%.

Interbank credit/ deposit market

The excess liquidity in the banking system continues to keep the interbank credit/ deposit market passive, with banks intervening sporadically in the market.

In the third quarter of 2025, interbank transactions were recorded in a total amount of MDL 64.0 million, the weighted average interest rate – 7.19% annually, the term being overnight.

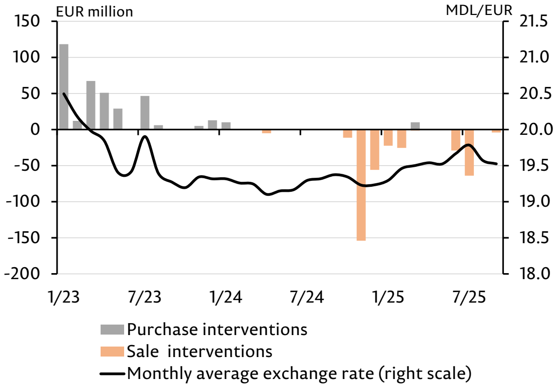
Required reserves

In the third quarter of 2025, the required reserve mechanism continued to perform its monetary control and liquidity management functions in the banking system.

The required reserves in MDL maintained by banks, during the period from 16.09.2025 – 15.10.2025, amounted to MDL 18,807.5 million, an increase of MDL 116.2 million (+0.6%) compared to the period from 16.06.2025 – 15.07.2025.

As for the required reserves from the funds attracted in the FCC, during the application period 16.09.2025 – 15.10.2025, they amounted to EUR 530.8 million and USD 188.3 million. Compared to the period from 16.06.2025 – 15.07.2025, the required reserves in EUR increased by 4.9%, and the reserves in USD increased by 5.9%.

Chart 4.4: Development of the official MDL/EUR exchange rate and volume of daily transactions of the NBM



Source: NBM

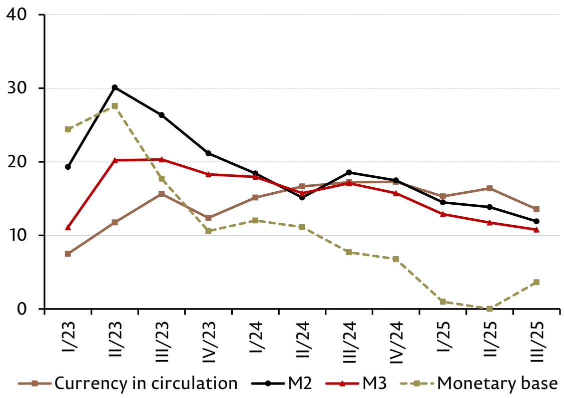
Interventions on the domestic foreign exchange market

The NBM intervened on the domestic foreign exchange market between July and September 2025 through foreign exchange sales.

During the analyzed period, the volume of transactions of the National Bank of Moldova carried out on the interbank foreign exchange market against Moldovan lei, at the reporting date, amounted to EUR 71.27 million, including sales transactions in the amount of EUR 68.0 million, as well as foreign exchange conversions with the World Bank institutions (International Bank for Reconstruction and Development and the International Development Association) in the amount of EUR 3.27 million.

At the same time, during the reporting period, the NBM carried out purchase swap operations in the amount of EUR 60.92 million (equivalent to USD 71.32 million), (Chart 4.4).

Chart 4.5: Change in monetary aggregates (%, annual growth)



Source: NBM

4.2 Dynamics of monetary indicators

In the third quarter of 2025, the monetary aggregates M2 and M3 recorded more moderate growth rates, thus the monetary aggregate M2 recorded an annual growth rate of 11.9% (down by 1.9 percentage points compared to the second quarter of 2025), and M3 – an annual growth rate of 10.8% (down by 1.0 percentage point compared to the previous quarter).

The monetary base grew by 3.6% annually, by 3.6 percentage points more than in the second quarter of 2025 (Chart 4.5).

Money supply

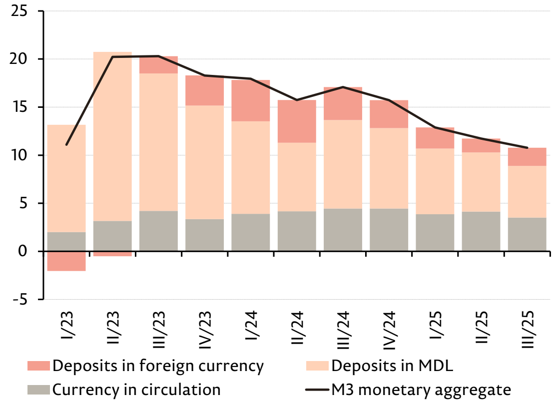
Overall, the M3 monetary aggregate recorded a moderate increase in the third quarter of 2025, the main contribution to this increase comes from deposits in the national currency by 5.4 percentage points (-0.8 percentage points) and money in circulation – by 3.5 percentage points (-0.6 percentage points), followed by the contribution of deposits in foreign currency by 1.9 percentage points (+0.4 percentage points). All this provided the M3 monetary aggregate an annual growth of 10.8% (Chart 4.6).

The moderation of the growth rate of the balance of deposits in the national currency to 11.0% annually (Chart 4.8) was determined by the decrease in the contribution of sight deposits of individuals, as well as the negative contribution of deposits of legal entities (Chart 4.10).

Deposits in foreign currency registered an expansion of 7.4% annually, 1.8 percentage points more than the level recorded in the previous quarter, as a result of the acceleration of the growth rate of term deposits (Chart 4.11). The positive 9.4% annual increase in foreign currency term deposits was driven by a higher contribution of deposits from legal entities (Chart 4.12). At the same time, foreign currency sight deposits recorded a more moderate annual growth rate of 5.9% annually, generated by the negative contribution of sight deposits of legal entities by -5.7 percentage points (Chart 4.13).

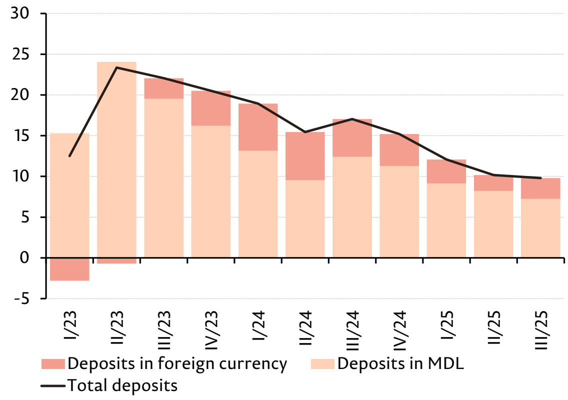
The growth rate of money in circulation, at the end of the third quarter of 2025, decreased by 2.8 percentage points compared to the end of the previous quarter, constituting 13.6% annually, a fact driven by both the cash flow of receipts and the cash flow of withdrawals from the licensed banks' cash registers. In total receipts, the largest contribution was made by receipts from the sale of consumer goods. At the same time, regarding withdrawals from the licensed banks' cash registers, the main contribution came from cash withdrawals from ATMs.

Chart 4.6: Dynamics of the monetary aggregate M3 (%, contribution of the components in annual growth)



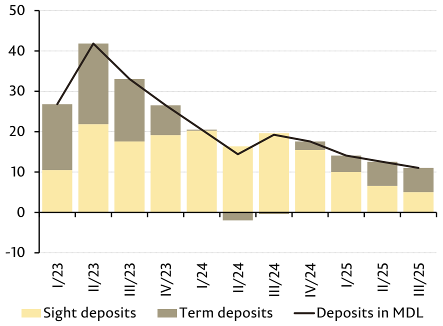
Source: NBM

Chart 4.7: Dynamics of total deposit balance (%, contribution of the components in annual growth)



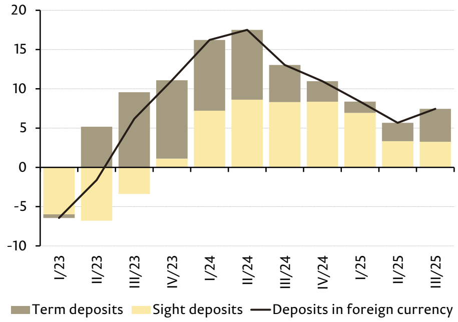
Source: NBM

Chart 4.8: Dynamics of the deposits balance in MDL (%, contribution of the components in annual growth)



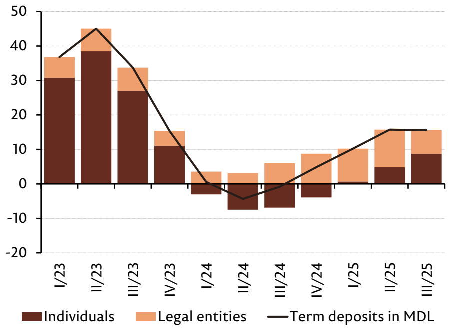
Source: NBM

Chart 4.11: Dynamics of the deposits balance in foreign currency (%, contribution of the components in annual growth)



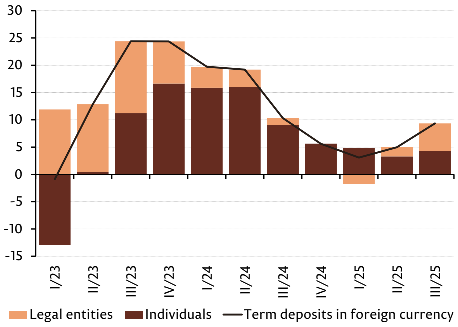
Source: NBM

Chart 4.9: Dynamics of the term deposits balance in MDL (%, contribution of the components in annual growth)



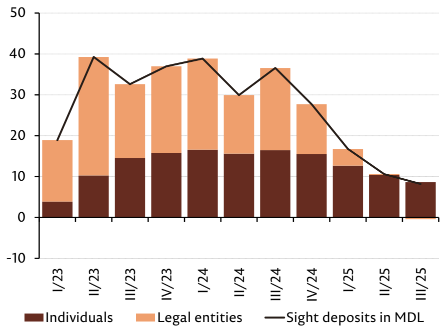
Source: NBM

Chart 4.12: Dynamics of the term deposits balance in foreign currency (%, contribution of the components in annual growth)



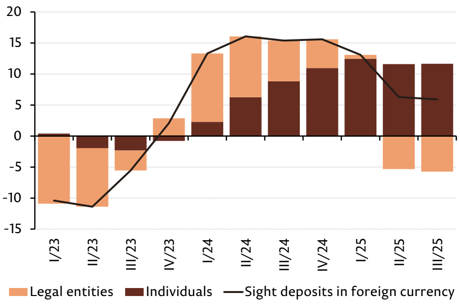
Source: NBM

Chart 4.10: Dynamics of the sight deposits balance in MDL (%, contribution of the components in annual growth)



Source: NBM

Chart 4.13: Dynamics of the sight deposits balance in foreign currency (%, contribution of the components in annual growth)

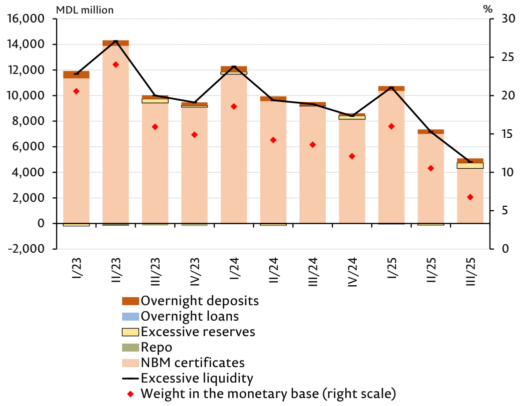


Source: NBM

Excessive liquidity

In the third quarter of 2025, the average excessive liquidity in the banking system decreased by MDL 2,355.2 million. It should be noted that compared to the third quarter of 2024, the volume of excessive liquidity decreased by MDL 4,523.5 million, reaching the average value of MDL 4.8 billion (Chart 4.14).

Chart 4.14: Excessive liquidity



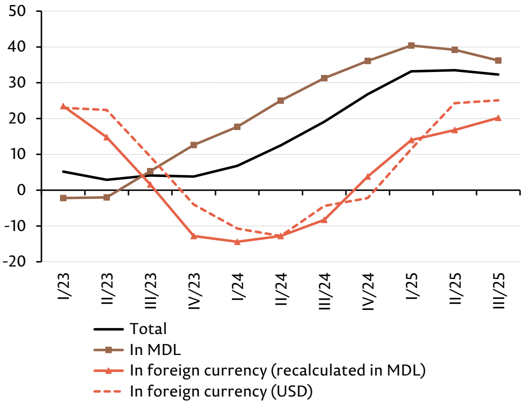
Source: NBM

Loans market

Evolution of the balance of loans granted by licensed banks[39]

At the end of September 2025, the total balance of loans granted by licensed banks recorded an annual increase of MDL 95,432.0 million, higher than at the end of the third quarter of 2024 by 32.3% (Chart 4.15), due to the positive contributions of the increase in the balance of loans in the national currency (27.5 percentage points) and the balance of loans granted in foreign currency and attached to the exchange rate (4.8 percentage points). In this context, the share of loans granted in the national currency increased to 78.3% of the total balance of loans (Chart 4.16). The component in the national currency recorded an annual growth of 36.2%. The annual trend of the balance of loans granted in MDL was influenced by the increase in the balance of loans granted to individuals by 40.0% and those granted to legal entities by 30.8%. It should be noted that the annual balance of loans in foreign currency and attached to the exchange rate continued to increase (Chart 4.15).

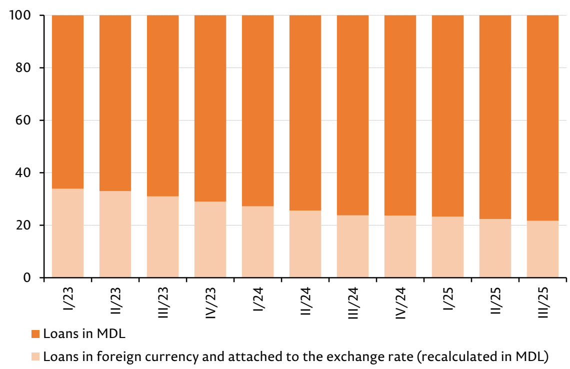
Chart 4.15: Evolution of the balance of loans (%, annual growth)



Source: NBM

At the end of the third quarter of 2025, in the structure of the total portfolio of loans granted by licensed banks, the largest share, similar to previous quarters, belonged to loans granted to individuals (47.6%), followed by the share of loans granted to legal entities in the trade sector (20.8%), (Chart 4.17).

Chart 4.16: Evolution of the weights of loans by subcomponents in the total balance (%)



Source: NBM

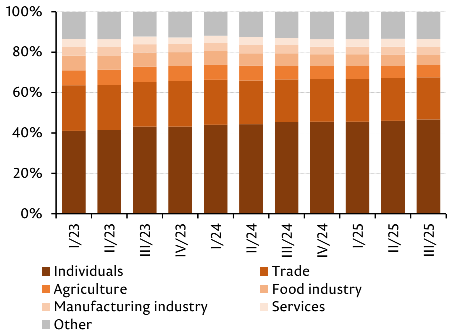
Evolution of new loans granted by the licensed banks

For the entire third quarter of 2025, the annual dynamics of the total volume of new loans granted by licensed banks decreased, given that the annual lending rate of both the lei and foreign currency (Chart 4.18). Loans granted in the national currency registered an annual growth rate of 14.1%. The main drivers were the evolutions in loans granted to individuals for consumption and real estate, as well as to legal entities in the trade sector (Chart 4.19). The share of loans granted in the national currency, in the third quarter of 2025, constituted 73.7% of total granted loans. At the same time, in the reporting quarter, the share of loans in MDL granted to individuals and legal entities practically equalized, as a result of the more pronounced increase in the volume of loans granted to individuals compared to loans granted to legal entities.

At the same time, the dynamics of new loans granted in foreign currency and attached to the exchange rate continued to record positive annual rates (Chart 4.18).

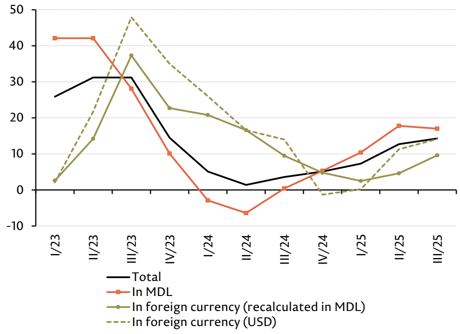
[39]The data analysis was performed on the basis of the reports ORD 01.06 "Interest rates on balance of loans and deposits" submitted by the licensed banks up to October 13, 2025.

Chart 4.17: Loans balance structure (% in total)



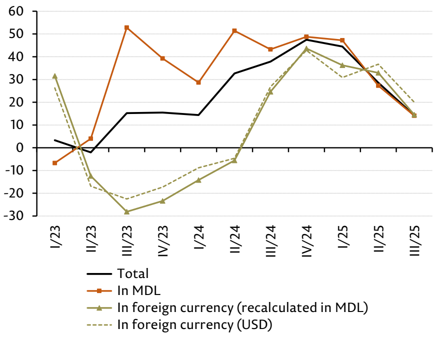
Source: NBM

Chart 4.20: Dynamics of term deposits balance (%, annual growth)



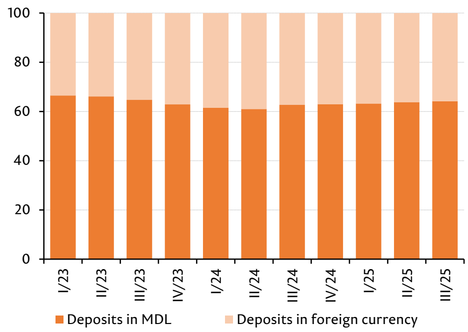
Source: NBM

Chart 4.18: Evolution of new granted loans (%, annual growth)



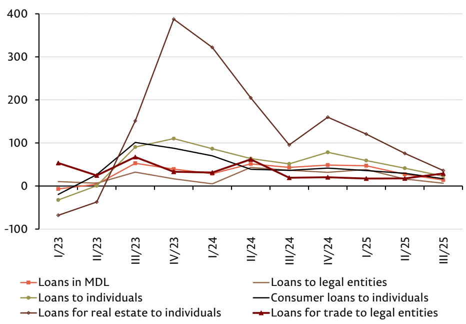
Source: NBM

Chart 4.21: Evolution of the share of term deposits by subcomponents in the total balance (%)



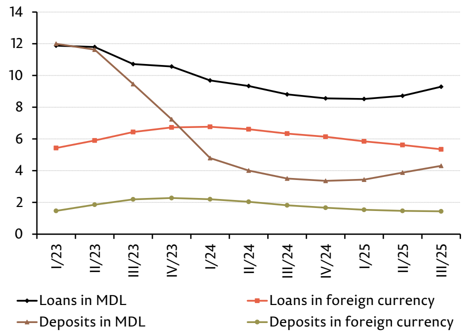
Source: NBM

Chart 4.19: Evolution of new loans granted in MDL (%, annual growth)



Source: NBM

Chart 4.22: Average interest rates on balance of loans and deposits (%)



Source: NBM

The market of term deposits accepted by the licensed banks (deposit balance)[40]

At the end of the reporting quarter, the total balance of term deposits attracted by licensed banks amounted to approximately MDL 53,117.3 million, 14.3% higher than on September 30, 2024 (Chart 4.20), largely generated by the balance of deposits attracted in the national currency. Thus, the balance of term deposits in MDL recorded an annual growth rate of 17.0% (Chart 4.20), and the share increased by 1.5 percentage points and constituted 64.2% of the total balance of term deposits (Chart 4.21). From a sectoral perspective, the increase was mainly due to the balance of deposits attracted from individuals.

Interest rates[41]

Base rate evolution

During the third quarter of 2025, two meetings of the Executive Board of the National Bank of Moldova were held regarding monetary policy decisions. Following the assessment of the balance of internal and external risks and the short- and medium-term inflation outlook, the Executive Board of the National Bank of Moldova, at its meetings of August 7, 2025 and September 18, 2025, decided to reduce the base rate applied to the main short-term monetary policy operations by 0.25 percentage points consecutively, to the level of 6.0% annually. These measures were adopted with a view of strengthening the position of supporting and stimulating aggregate demand, including by encouraging consumption and investment, balancing the national economy and the current account. The decisions aim at anchoring inflation expectations, maintaining the inflation rate close to the 5.0% target over the medium-term, with a possible deviation of ±1.5 percentage points.

Interest rate evolution on loans balance

In the national currency sector, the weighted average interest rates changed their trajectory, under the impact of the continuous increase in interest rates on new transactions with both legal entities and individuals. For the third quarter of 2025, the weighted average interest rate on the balance of loans granted in MDL by licensed banks increased compared to the third quarter of 2024 by 0.48 percentage points and amounted to 9.29% annually (Chart 4.22). The weighted average interest rate on balance of loans in foreign currency amounted to 5.35% annually, by 0.99 percentage points lower than in the third quarter of 2024.

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[40] The data analysis was performed on the basis of reports ORD 01.06 "Interest rates on balance of loans and deposits" submitted by the licensed banks up to October 13, 2025 and does not include sight deposits.

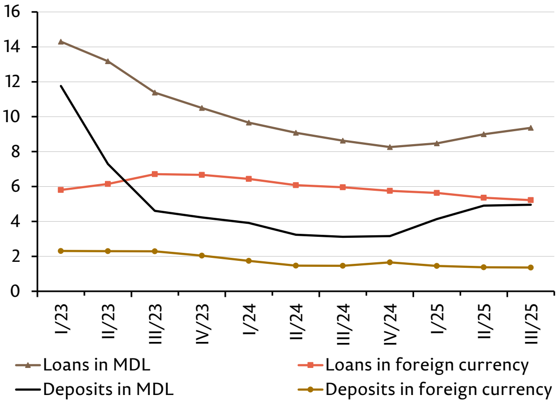
[41] The analysis of the rates was based on the reports ORD 01.06 "Interest rates on balance of loans and deposits" submitted by the licensed banks up to October 13, 2025 and does not include rates on sight deposits.

Interest rate evolution on the deposits balance

In the reporting quarter, the weighted average interest rate on the balance of term deposits in the national currency recorded an annual increase of 0.80 percentage points and amounted to 4.31% annually (Chart 4.22). At the same time, the weighted average interest rate on the balance of term deposits attracted in foreign currency amounted to 1.44% annually, decreasing by 0.38 percentage points compared to the third quarter of 2024.

Evolution of interest rates on new loans and deposits granted/ attracted by the licensed banks

Chart 4.23: Average interest rates on new volumes of loans and deposits (%)



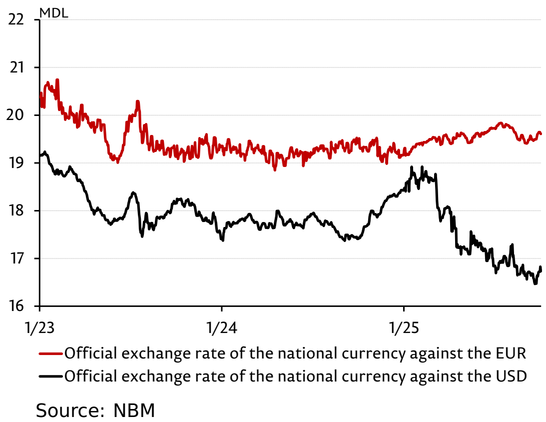
Source: NBM

During the reference period, in the national currency segment, weighted average interest rates continued their upward trend (Chart 4.23). Thus, the weighted average interest rate on new loans granted in the national currency amounted to 9.36% annually, by 0.37 percentage points higher than in the previous quarter and by 0.73 percentage points higher than in the third quarter of 2024. The increase reflected the increase in the weighted average interest rate on loans granted to both legal entities and individuals. At the same time, in the segment of loans granted in foreign currency and linked to the exchange rate, the weighted average interest rate amounted to 5.22% annually, down by 0.14 percentage points compared to the previous quarter (Chart 4.23).

A more pronounced annual increase than that of the weighted average interest rate on new loans was recorded for term deposits in national currency. Over the entire quarter, the weighted average interest rate on term deposits in MDL amounted to 4.96% annually, by 1.84 percentage points (Chart 4.23) higher than in the third quarter of 2024, as a result of the evolution of interest rates on deposits of both individuals and legal entities.

Nominal and real effective exchange rate evolution

Chart 4.24: Fluctuations of the official exchange rate of the Moldovan leu against the US dollar and the euro



Source: NBM

During the third quarter of 2025, the official nominal exchange rate of the national currency appreciated by 0.6% against the euro and by 0.7% against the US dollar compared to the level recorded at the end of the previous quarter (Chart 4.24).

In average values, the Moldovan leu exchange rate registered a depreciation of 0.3% against the euro and an appreciation of 2.8% against the US dollar compared to the averages of the previous quarter.

As for the evolution of the currencies of the main trading partners, in the third quarter, most of the currencies of the main trading partners of the Republic of Moldova included in the basket REER depreciated in average values against the euro. In particular, depreciated the Turkish lira (-8.4%), the Ukrainian hryvnia (-3.2%), the Russian ruble (-2.5%), the Chinese renminbi yuan and the Pound sterling (by -2.0% each), and the Belarusian ruble (-1.6%). At the same time, a more pronounced appreciation was recorded by the Hungarian forint (+2.0%) and the Czech koruna (+1.7%), (Chart 4.25).

Under these conditions, in real terms, the Moldovan leu depreciated by 0.8% against the basket of currencies of the main trading partners of the Republic of Moldova (average of the third quarter of 2025 compared to the average of the second quarter of 2025), (Chart 4.26). The largest contribution to the depreciation of the REER was made by Romania (-1.1 percentage points), (Chart 4.27).

In the third quarter of 2025, the foreign exchange deficit on the local foreign exchange market deepened both compared to the third quarter of 2024 and to the previous quarter, being determined by the divergent evolutions in foreign exchange demand and supply. Thus, the net supply of foreign exchange by individuals amounted to EUR 904.7 million, decreasing by 3.6% in annual terms and increasing by 11.0% compared to the previous quarter. The net supply of foreign exchange followed the dynamics of transfers from abroad in favor of individuals, but with a more pronounced amplitude. According to data for the first two months of the quarter, net transfers from abroad decreased slightly compared to the same period of the previous year (-0.3%), but increased by 4.4% compared to the previous quarter. A slight increase in foreign exchange deposits of the population also contributed to the annual decrease in the supply from individuals.

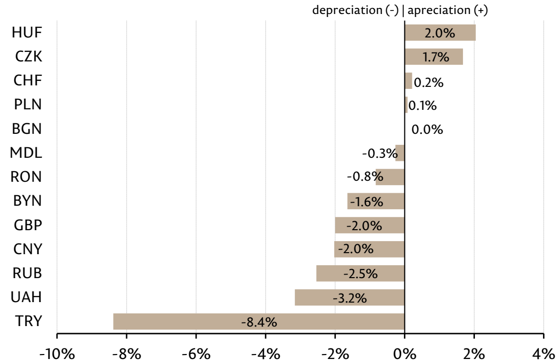
In the structure of the net supply of foreign exchange from individuals, the major share continued to belong to the single European currency (73.1%), (Chart 4.28).

Net demand for foreign exchange from economic agents increased both in annual terms (+7.3%) and compared to the previous quarter (+17.1%), amounting to EUR 1,121.0 million. The deteriorating trend in the trade balance of goods moderated, with a 21.9% increase in annual terms in goods exports in the first two months of the reference quarter. However, the trade balance of goods deficit deteriorated by 15.3% during this period, being the main factor contributing to the increase in net demand from legal entities.

The upward trend of net foreign exchange demand from legal entities was mainly driven by the increase in foreign exchange demand from energy importers and companies in the construction sector. Regarding the foreign exchange supply, it is worth mentioning the decrease in supply from enterprises of the manufacturing industry.

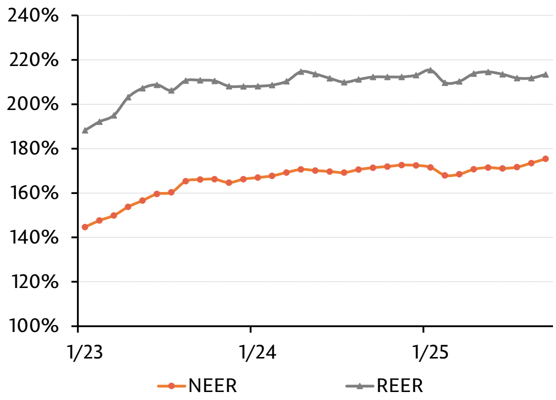
Under these conditions, the degree of coverage of net demand for foreign exchange from economic agents through the net supply of foreign exchange from individuals amounted to 80.7% in the reference period (Chart 4.29), compared to 85.1% in the previous quarter and 89.9% in the third quarter of 2024. In this context, the NBM intervened by selling foreign exchange on the local foreign exchange market in the amount of EUR 68.0 million[42].

Chart 4.25: Development of the countries currencies – main trading partners against the EUR, average exchange rate in the third quarter of 2025/ second quarter of 2025 (%)



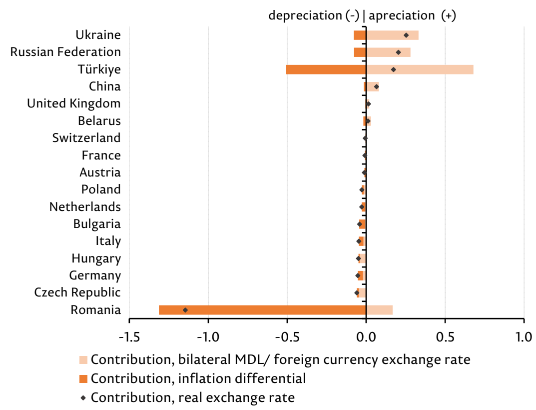
Source: NBM

Chart 4.26: Nominal effective exchange rate (NEER) and real effective exchange rate (REER) of the MDL dynamics calculated on the basis of the weight of the countries – main trading partners (Dec. 2000-100%)



Source: NBM

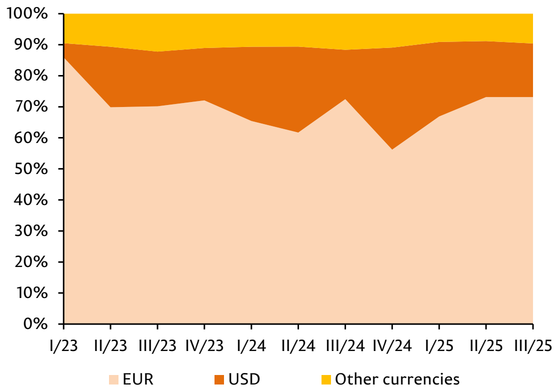
Chart 4.27: Contribution of the main trading partners of the Republic of Moldova to the change in the real effective exchange rate in the third quarter of 2025



Source: NBM

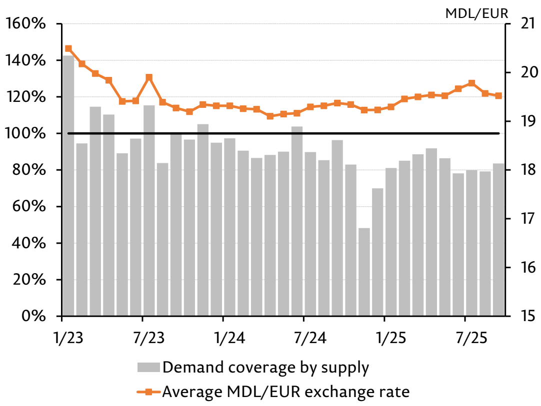
[42]Volume calculated on the currency date.

Chart 4.28: Net supply of foreign currency from individuals broken down by main currencies



Source: NBM

Chart 4.29: The degree of net sales coverage by net supply and the official exchange rate dynamics



Source: NBM

In the monthly dynamics, the official exchange rate of the Moldovan leu against the euro continued the upward trend, which began at the end of the previous quarter, and in the first half of July, the national currency depreciated to its maximum value in the third quarter of 2025 – MDL 19.84 for one euro. Amid increased demand from energy importers, the negative gap between demand and supply increased during this period, prompting the NBM to intervene through foreign exchange sales on the domestic interbank market, aimed at moderating exchange rate volatility. The official exchange rate of the leu against the euro was on a downward trend, except for short periods, starting from the second half of July until the beginning of September, when it reached the minimum value of the reference quarter – MDL 19.41 for one euro. This appreciation of the leu occurred as a result of the increased net supply of foreign exchange from individuals, a factor specific to this period. In September, the leu exchange rate against the euro fluctuated within a narrower range, but given the prevailing periods of foreign exchange deficit on the market, the leu ended September with a slight depreciation of 1.0% compared to the end of the previous month.

The dynamics of the official exchange rate of the Moldovan leu against the US dollar was also influenced by the developments of the American currency against the euro on international markets. The exchange rate of the EUR/USD currency pair in the reporting quarter was stable, without clear trends of appreciation or depreciation, with only some temporary volatilities. At the beginning of the quarter, the US dollar was supported by published statistical data, which showed an increase in GDP in the second quarter of 2025, a slowdown in inflation, as well as the fact that the conditions on the labor market are balanced and at a maximum level of employment. Thus, the FRS considered that despite the high uncertainty, the economy remains in a robust position, keeping monetary policy rates unchanged, which generated a series of criticisms from the presidential administration, undermining confidence in the independence of the central bank and putting additional pressure on the US dollar.

The EUR/USD currency pair depreciated sharply at the end of July, with the conclusion of the trade agreement between the US and the EU before the deadline, followed by a correction in early August, as a result of publication of the NFP (non-farm payrolls) report, which showed a significant weakening in the labor market. This was one of the factors that led the FRS to reduce the target range for the interest rate by 0.25 percentage points in the second half of September, the first cut this year.

At the same time, inflation in the euro area remained close to the ECB target, confirming the continuation of a prudent monetary policy. The ECB left interest rates unchanged during the reporting quarter after 8 rate cuts in the first half of the year. While the risks to economic growth have become more balanced, the main concern of the ECB regarding the outlook for price developments continues to be the uncertainty caused by the volatile global trade environment.

Under these conditions, the EUR/USD currency pair ended the reference quarter at a level approximately equal to that recorded at the end of the previous quarter.

The balance of official reserve assets amounted to EUR 5,163.7 million (Chart 4.30), up by EUR 93.5 million (+1.8%) compared to the end of the second quarter of 2025.

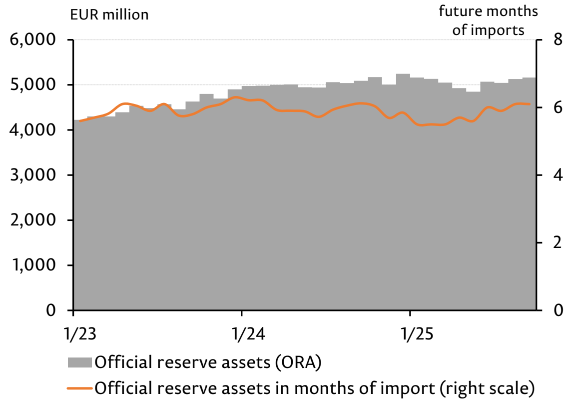
The increase in official reserve assets was mainly driven by disbursements for budget support, of which:

- EUR 96,7 million from the World Bank, including:
  - EUR 83,3 million in the form of a loan, support which is part of the "Development Policy Operation";
  - USD 15,7 million (equivalent to EUR 13.4 million), in the form of a grant, for the "Growth, Resilience and Opportunities for Well-being in Moldova" program and to support the authorities' response efforts to the refugee crisis;
- EUR 59,9 million from the EU, of which the third tranche in the amount of EUR 41.0 million in the form of grants under the Financing Agreement regarding the "Sector Reform Performance Contract" and EUR 18.9 million in the form of a loan under the Growth Plan for the Republic of Moldova.

Also, the Ministry of Finance received loans and grants from external partners for investment projects in a total amount of EUR 23.5 million. It is worth mentioning the loans from the European Investment Bank in a total amount of EUR 14.7 million, for the project "Moldova Roads III" (EUR 10.0 million) and for "Preparation of waste management projects in three regions" (EUR 4.7 million), the credits and grants from the World Bank institutions in a total amount of EUR 5.2 million for projects in the fields of education, agriculture, public procurement, etc., and the grant from IFAD for the project "Improving capacities for rural transformation" (EUR 1.4 million).

According to the situation at the end of the third quarter of 2025, official reserve assets continued to provide a sufficient level of coverage of imports of goods and services (6.1 months of future imports[43]).

Chart 4.30: Development of the official reserve assets expressed in months of future imports of goods and services (BPM6)



Source: NBM – based on actual data and updated forecast

[43] Calculated based on the IMF forecast on the import of goods and services.

Chapter 5

Forecast

5.1 External assumptions

Despite the fact that global trade and geopolitical tensions have moderated over the last period, uncertainties still persist. The consequences of the economic barriers established by the presidential administration of the USA will manifest themselves in the coming period. The reshaping of global supply chains and the slowdown in investment are expected to have a negative effect on the growth rate of the global economy. The ongoing negotiations between the USA and China will define economic relations between the world's largest economies. The euro area's economic recovery will be slow. The lack of progress in negotiations to end the war in Ukraine has led the United Kingdom and the USA to adopt sanctions against the Russian oil industry. They were followed by the European Commission's 19th package of economic sanctions. At the same time, the countries of OPEC+ have significantly increased their oil production over the past year. These evolutions, as well as the easing of tensions in the Middle East, will continue to drive oil prices. Natural gas prices in Europe are expected to decline moderately in the medium term due to robust global supply. International food prices are expected to be balanced over the forecast period.

Table 5.1: Expected evolution of external variables (annual average)

	2025	2026
Economic growth in the euro area (%)	1.3	1.0
Average annual inflation in the euro area (%)	2.1	1.7
EUR/USD	1.13	1.18
Euribor (%)	2.17	1.91
Brent oil price (USD/barrel)	68.7	61.8
Natural gas price Netherlands TTF (EUR/1,000 m^3)	382.9	321.8
Increase of food international quotations (%)	4.9	1.9

Source: Bloomberg, Consensus Forecast, NBM calculations

Table 5.1 presents the values of the main external assumptions accepted within the forecast round related to the Inflation Report, November 2025, with their subsequent description.

Economic growth in the euro area is forecast to be 1.3% in 2025 and 1.0% in 2026. The outlook for the GDP growth was increased by 0.4 percentage points for 2025, mainly reflecting the upward revision of GDP growth for the first quarter and the decline by 0.1 percentage points for 2026, due to the appreciation of the euro, weak external demand and the base effect. According to the ECB, in 2027, economic growth will be 1.3%[44].

Economic growth will be supported by private consumption, boosted by real wage growth, and investment. Private investment is expected to increase on the back of more favourable financial and fiscal conditions, lower energy costs and the measures of the EU to boost competitiveness. To these will be added government investments stimulated by community projects aimed at defence and economic recovery. At the same time, net exports will decline in 2025 and 2026 due to a stronger euro and less favourable terms of trade. The war in Ukraine will continue to have a negative impact on economic growth in the region.

The forecasts of the ECB regarding inflation in the euro area, published in September, are similar to those announced in June. Inflation in the euro area is expected to be 2.1% in 2025, 1.7% in

[44] EUROPEAN CENTRAL BANK | EUROSYSTEM. *ECB staff macroeconomic projections for the euro area*. Frankfurt, September 11, 2025. Available: https://www.ecb.europa.eu/press/projections/html/ecb.projections202509_ecbstaff~c0da697d54.en.html

2026 and 1.9% in 2027. It is expected that the key rates of the ECB will remain unchanged until the end of 2026.

Based on the latest evolution of ***single European currency***, the current forecast round anticipates the EUR/USD exchange rate of 1.13 in 2025 and 1.18 in 2026 (Chart 5.1). After significant fluctuations in the last two quarters, the exchange rate is expected to continue to rise moderately.

In particular, the euro will be supported by the recovery of the euro area economy against the backdrop of lower financing costs, lower energy costs and investment projects of the community block. Investment flows into European companies are expected to increase to offset the much higher market value of the US stock market. However, political uncertainties in France will limit the advance of the single currency.

At the same time, the slowdown in the economy of the USA, partly due to trade disputes, is expected to substantially reduce uncovered financial flows to this market, complicate the budgetary-fiscal situation and, in addition, lead to a decrease in the rate differential with the euro area[45]. The dollar's role as a safe haven asset has been challenged in the past year.

In the current forecast round, it is anticipated that the price of ***Brent brand oil*** will average USD 68.7/barrel in 2025 and USD 61.8/barrel in 2026, which is 1.6% and 6.1% less, respectively, than in the previous forecast round (Chart 5.2).

The downward trend is supported by data indicating a surplus of oil on the market. Starting from October and until June 2026, the International Energy Agency (IEA) forecasts an oil surplus of about 3.2 million barrels per day[46].

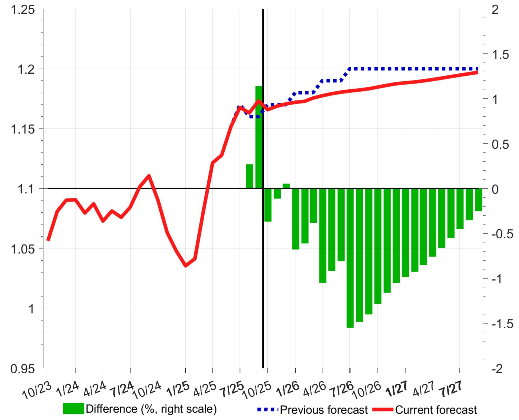
The easing of tensions in the Middle East and the pressure on some producing countries to finance their budget deficits help to keep the price at a low level compared to the average of recent years.

A slower rate of global economic growth will reduce oil consumption. Also, structural changes in the world's major economies, aimed at reducing dependence on oil, will contribute to moderating global demand growth. In 2027, China's oil demand – the largest global oil importer – is expected to peak, then gradually begin to decline[47].

The price of oil will continue to depend largely on global economic conditions, geopolitical uncertainties, oil production in the USA and on supply OPEC+.

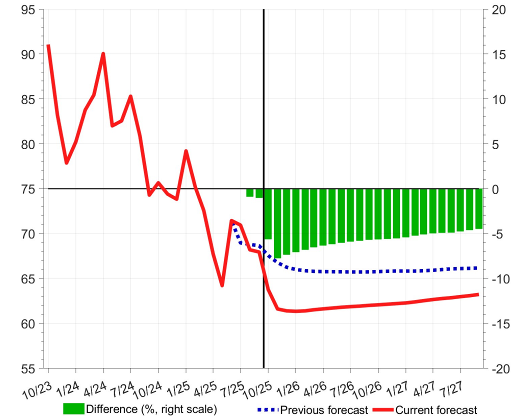
A gradual decrease and stabilization of natural gas prices is expected for the coming years. The average value of the

Chart 5.1: EUR/USD exchange rate assumption



Source: ECB, Consensus Forecast, NBM calculations

Chart 5.2: International Brent oil price assumption (USD/barrel)



Source: Bloomberg, NBM calculations

[45] GOLDMAN SACHS. *Dollar Dominance and Dollar Depreciation — Moving on Different Tracks (Trivedi/Jenkins)*. New York, September 23, 2025. Available: https://www.gspublishing.com/content/research/en/reports/2025/09/23/6609889f-e50e-4f3c-8222-5337fee64dfb.html

[46] FINANCIAL TIMES. *Oil supply glut paves way for Donald Trump to tighten screws on Russia*. London, October 24, 2025. Available: https://www.ft.com/content/3ee6a2ee-b515-497f-a2da-ca248d3d17e1

[47] REUTERS. *China oil demand to peak in 2027, up 100,000 bpd this year, state researcher says*. London, September 8, 2025. Available: https://www.reuters.com/business/energy/china-oil-demand-peak-2027-up-100000-bpd-this-year-state-researcher-says-2025-09-08/

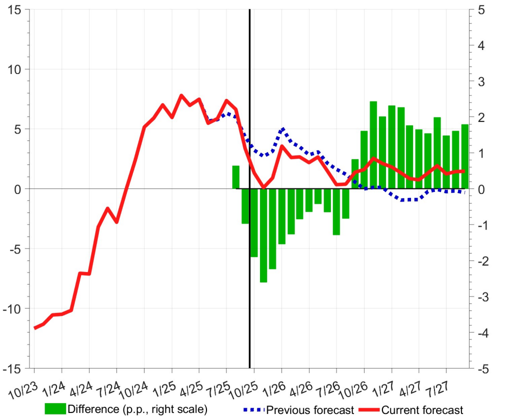
Netherlands TTF quotation anticipated in the current forecast round is EUR 382.9/1,000 cubic meters for 2025 and EUR 321.8/1,000 cubic meters for 2026, down by 4.2 and 10.8% respectively compared to the previous forecast round.

This trend is influenced by the increase in the European Union's supply of liquefied natural gas, long-term contracts that ensure price stability, and the decrease in demand caused by energy efficiency measures and the transition to renewable energy. The role of gas in Europe is increasingly shifting towards its use as a backup for intermittent renewable energies[48]. At the same time, the increasing supply will also contribute to price reduction. The International Energy Agency predicts that global supply of LNG will increase by almost 50% by 2030[49].

The easing of rules of EU on filling natural gas storage facilities helps to stabilize prices, despite the fact that the filling level of gas storage facilities is below the average level of recent years.

Overall, in the coming years, TTF prices will remain above the level recorded until 2022, but will normalize within a range of EUR 260-340/1,000 cubic meters after 2025, with seasonal variations and geopolitical stability playing an important role in market dynamics.

Chart 5.3: International food price assumption (%)



Source: FAO, Bloomberg, NBM calculations

Global demand and supply for food are expected to be relatively balanced for the entire forecast horizon. In the current round it is anticipated that ***international food prices*** will increase on average by 4.9% in 2025 and by 1.9% in 2026, by 0.5 percentage points less and unchanged, respectively, compared to the previous forecast round (Chart 5.3). The price increase corresponds to the increase in global demand. The impact of high fertilizer prices will be offset by lower energy prices. High inflation rates for food products in 2025 will form a downward-sloping basis for annual growth in 2026.

[48]THE OXFORD INSTITUTE FOR ENERGY STUDIES. *The Global Outlook for Gas Demand in a $6 World*. Oxford, October 20, 2025. Available: https://www.oxfordenergy.org/wpcms/wp-content/uploads/2025/10/NG202-The-Global-Outlook-for-Gas-Demand-in-a-6-World.pdf

[49]INTERNATIONAL ENERGY AGENCY. *Gas 2025. Analysis and forecasts to 2030*. Paris, October 27, 2025. Available: https://www.iea.org/reports/gas-2025#overview

5.2 Internal environment

Inflation

The annual inflation rate will decrease until the first half of next year, then it will register a slight increase towards the end of the forecast period[50], except for the last quarter. In the fourth quarter of 2025, the annual inflation rate will be above the upper limit of the variation range, and starting from the next year, it will return to the range and remain close to the inflation target until the end of the forecast period. The maximum value of annual rate of inflation will be recorded in the fourth quarter of this year, and the minimum value in the second quarter of next year (Chart 5.4).

The evolution of the annual inflation rate over the entire forecast period will be positively influenced, mainly by ***food*** prices, ***core inflation***, ***regulated*** prices, and to a lesser extent by ***fuel*** prices, starting from the first quarter of 2027. But the prices for ***fuel*** until the fourth quarter of 2026 will have a negative contribution to the annual inflation rate (Chart 5.5).

The presence of factors such as (1) negative aggregate demand throughout the forecast period, (2) the accumulated appreciation of the national currency against the US dollar until the third quarter of 2025, (3) the continued downward trend in international oil prices until the first quarter of 2026, and (4) the high base in the previous year will contribute to the decrease in the annual inflation rate.

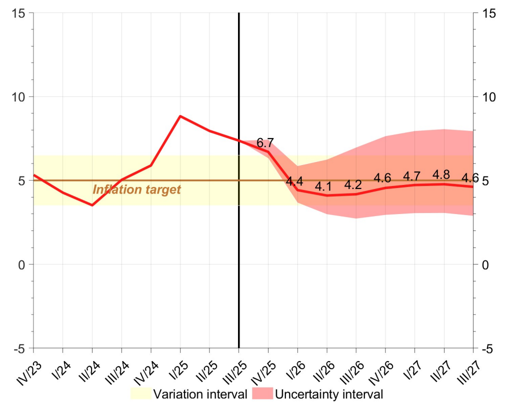
At the same time, (1) the evolution of the national currency against the single European currency and against the US dollar throughout the forecast period, (2) the slightly increasing trend in international food prices during the same period, (3) the insignificant increase in international oil prices starting from the second quarter of 2026, (4) the anticipated adjustments of some regulated tariffs and services in the fourth quarter of 2025, the first quarter of 2026 and the first quarter of 2027 and (5) the adjustment of excise taxes at the beginning of 2026 and 2027 will stimulate the increase in the annual inflation rate.

The annual inflation rate will record a maximum of 6.7% in the fourth quarter of 2025 and a minimum of 4.1% in the second quarter of 2026.

Average annual inflation will be 7.7% and 4.3% in the current year and the next year, respectively.

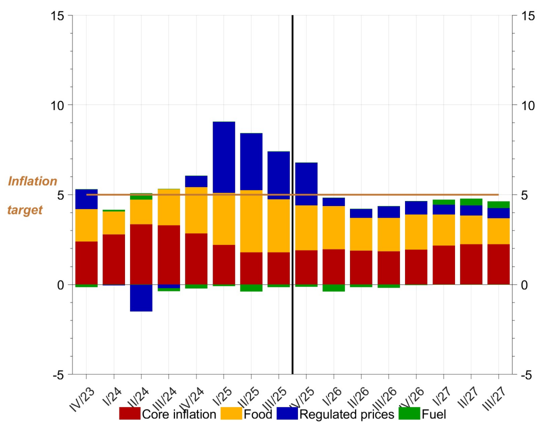
The annual rate of core inflation will have a relatively stable trend until the end of next year, then it will increase slightly towards the end of the forecast period (Chart 5.6).

Chart 5.4: CPI with uncertainty interval (%, compared to the previous year)



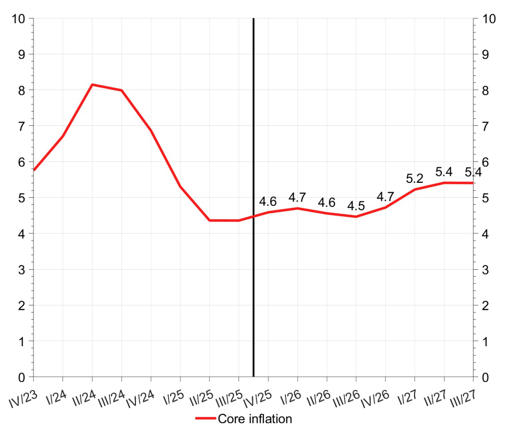
Source: NBS, NBM calculations

Chart 5.5: CPI decomposition (%, compared to the previous year, percentage points)



Source: NBS, NBM calculations

Chart 5.6: Core inflation (%, compared to the previous year)



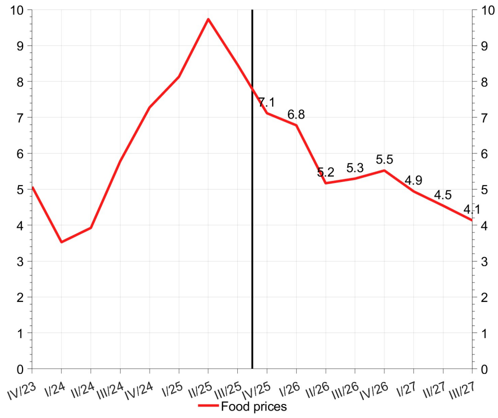
Source: NBS, NBM calculations

[50] Fourth quarter of 2025 – third quarter of 2027

Until the fourth quarter of 2026, the annual rate of core inflation will remain relatively stable, as a result of the balancing of the influences exerted by positive and negative factors. Among the factors with a positive impact, the following can be mentioned: (1) the evolution of the national currency against the single European currency during the forecast period and (2) the adjustment of excise taxes at the beginning of 2026 and 2027. On the other hand, the factors with a negative impact are: (1) negative aggregate demand throughout the forecast period and (2) the decrease in imported inflation until the third quarter of 2026.

The average annual rate of core inflation will be 4.6% in both 2025 and 2026.

Chart 5.7: Food prices (%, compared to the previous year)

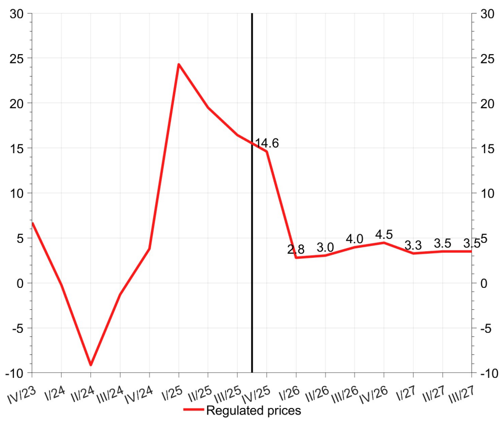


Source: NBS, NBM calculations

The annual rate of food prices will have a downward trend throughout the forecast period (Chart 5.7). The decrease in the annual growth rate of food prices over the entire forecast period will be due to (1) negative aggregate demand, (2) the accumulated appreciation of the national currency against the US dollar until the third quarter of 2025, (3) the negative rates of imported inflation in the second and third quarters of 2025, and (4) the high base in the previous year. At the same time, (1) the slightly increasing trend in international food prices throughout the forecast period, (2) the evolution of the national currency against the US dollar starting from the fourth quarter of 2025, and (3) the increase in the pace of imported inflation until the fourth quarter of 2026 will moderate the decrease in the annual rate of food prices throughout the forecast period.

The average rate of food prices will be 8.4% and 5.7% in 2025 and 2026, respectively.

Chart 5.8: Regulated prices (%, compared to the previous year)



Source: NBS, NBM calculations

The annual rate of regulated prices will decrease significantly until the beginning of the next year, then will show a relatively stable trend towards the end of the forecast period (Chart 5.8).

The annual rate of regulated prices will be driven by anticipated adjustments to some tariffs and services in the fourth quarter of 2025, the first quarter of 2026 and the first quarter of 2027.

They include a 28.6% increase in hot water supply prices in November 2025, as a result of the estimated impact of applying the calculation formula for these services in the winter season. It is also expected to adjust water and sewerage tariffs in the municipality of Soroca, which will cause an increase in prices for these services within the CPI by approximately 1.9% in October 2025. At the same time, for the first quarter of 2026, a 16.7% increase in electricity prices within the CPI is anticipated, considering the assumption of reducing the compensation program by approximately two-thirds of the current value. With the completion of the tariff increase compensation program, electricity prices are expected to increase by 7.1% at the beginning of 2027. The assumption of a decrease in the natural gas tariff by about 10% in February 2026 was also taken into account. At the same time, the regulated prices include an increase in tariffs for interurban and interdistrict transport services by approximately 13.8%, as a result of the application of a new methodology for calculating tariffs for road passenger transport through regular services in interdistrict and district traffic, developed by ANTA, starting from March 2026. At the same time, for medicine prices and the "other" subcomponent, a growth trend similar to that in the previous forecast round was considered.

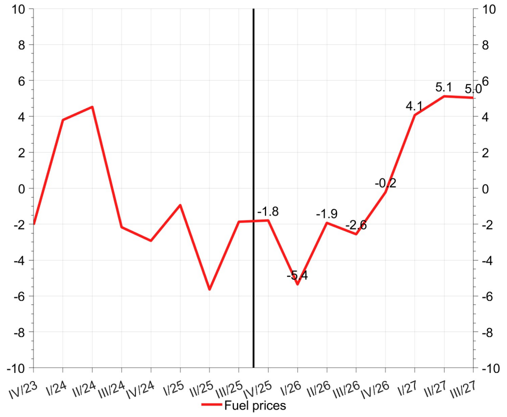
The average annual rate of regulated prices will be 18.6% and 3.6% in 2025 and 2026, respectively.

The annual rate of fuel prices will register negative values until the end of 2026, after which it will turn positive and increase towards the end of the forecast period (Chart 5.9).

The negative rates of fuel prices until the fourth quarter of 2026 are driven by (1) the negative rate of imported inflation since 2025, except for the first quarter, as well as the rate since the beginning of 2026, (2) the continuation of the downward trend in international oil prices until the first quarter of 2026 and (3) negative aggregate demand. However, (1) the insignificant increase in international oil prices starting from the second quarter of 2026, (2) the evolution of the national currency against the US dollar starting from the fourth quarter of 2025, and (3) the adjustment of excise taxes at the beginning of 2026 and 2027 will mitigate the decrease in the annual rate and stimulate its growth over three consecutive quarters, the end of 2026 and the first half of 2027.

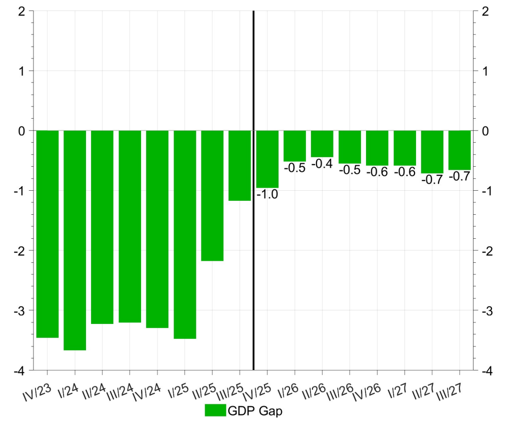
The average annual rate of fuel prices will be -2.6% in both 2025 and 2026.

Chart 5.9: Fuel prices (%, compared to the previous year)



Source: NBS, NBM calculations

Chart 5.10: GDP gap (%)



Source: NBM calculations

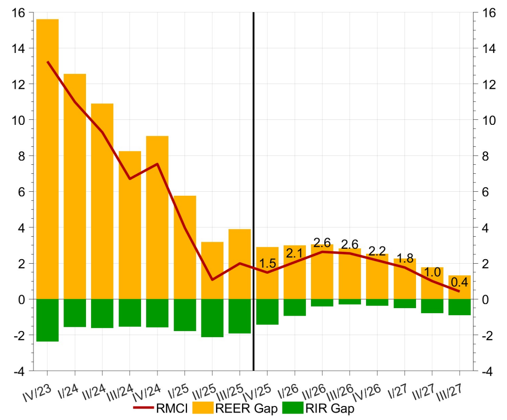
Demand

Aggregate demand will register slightly negative values over the forecast period, driven by restrictive nature of real monetary conditions and less by the negative impact of external demand. The predominantly positive fiscal impulse will have an upward impact on aggregate demand (Chart 5.10).

The restrictive real monetary conditions throughout the forecast period and the slightly negative impact of external demand will lead to negative domestic demand. The positive fiscal impulse will stimulate aggregate demand, mitigating its decline.

The deviation of the real effective exchange rate will exert a restrictive character, although decreasing, on aggregate demand throughout the forecast period. At the same time, the restrictive pressures of the real effective exchange rate will be mitigated by the stimulative nature of the real interest rate.

Chart 5.11: Real monetary conditions index and decomposition



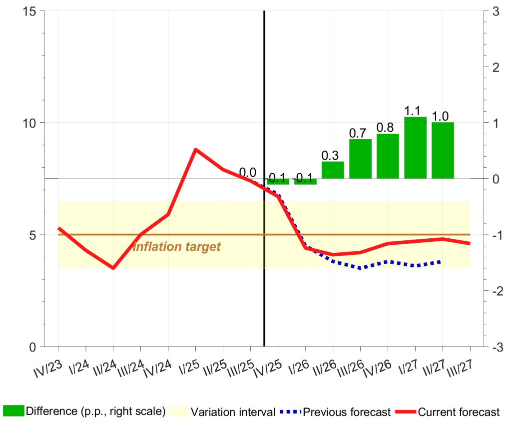
Source: NBM calculations

Monetary policy

Real monetary conditions will have a restrictive character on aggregate demand throughout the forecast period (Chart 5.11).

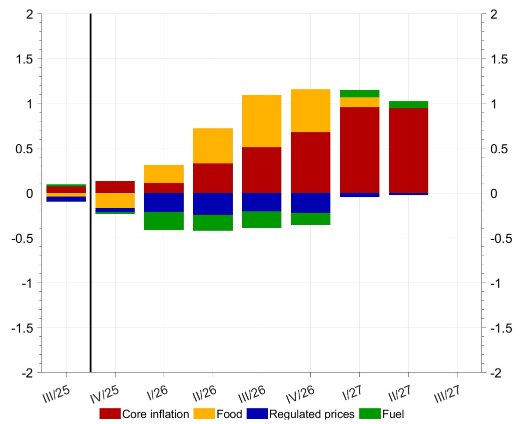
Monetary policy through the real effective exchange rate will have a restrictive character, although decreasing, throughout the forecast period. At the same time, monetary policy through the

Chart 5.12: CPI (%, compared to the previous year, percentage points)



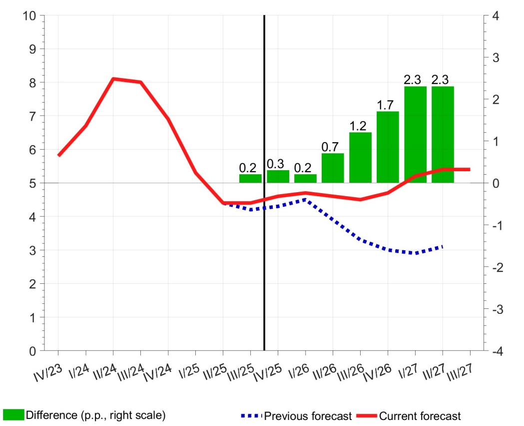
Source: NBS, NBM calculations

Chart 5.13: Decomposition of the difference between forecasts (percentage points)



Source: NBM calculations

Chart 5.14: Core inflation (%,compared to the previous year, percentage points)



Source: NBS, NBM calculations

real interest rate will manifest a stimulative character during the same period.

The real evolution of the national currency will maintain the deviation of the real effective exchange rate from its equilibrium level until the first half of 2026, thus stimulating the restrictive character on aggregate demand. Instead, starting from the third quarter of 2026, the restrictive character of the real effective exchange rate is expected to decrease.

5.3 Forecasts comparison

The current inflation forecast, compared to the previous inflation report[51], has been revised upwards over the entire comparable period[52], except for the fourth quarter 2025 and the first quarter of 2026, in which it will be insignificantly lower (Chart 5.12).

The upward increases in the forecast of ***core inflation*** over the comparable period, in ***food*** prices starting from the first quarter of 2026 and ending with the first quarter of 2027, and in ***fuel*** prices in the first and second quarters of 2027 have revised the current inflation forecast upwards starting from the second quarter of 2026. At the same time, the downward revision of the current forecast since late 2025 and early 2026 is due to the decrease in the forecast for ***regulated*** prices during the comparable period, ***fuel*** prices until the fourth quarter of 2026 and for ***food*** prices in the fourth quarter of 2025 (Chart 5.13).

The decrease in the current forecast compared to the previous one during the first two consecutive quarters of the comparable period is driven by (1) a decreasing short-term forecast for the fourth quarter of 2025, (2) a more negative aggregate demand in the fourth quarter of 2025, (3) the anticipation of a more appreciated exchange rate against the single European currency over the entire comparable period, (4) the lower projection of international food prices starting from the fourth quarter of 2025 and until the fourth quarter of 2026, (5) the lower trajectory of international oil prices over the entire comparable period and (6) the lower import price of natural gas over the same period.

At the same time, (1) less negative aggregate demand starting from the first quarter of 2026 and (2) higher international food prices in the first and second quarters of 2027 will revise the annual inflation rate upwards.

The average annual inflation rate was maintained at the same level for 2025 and increased by 0.4 percentage points for 2026.

The annual core inflation rate was revised upwards over the comparable period (Chart 5.14).

The upward revision of the current forecast compared to the previous one is caused by (1) a higher actual inflation than

[51]Inflation Report, August 2025

[52]Fourth quarter of 2025 – second quarter of 2027

anticipated for the previous quarter, (2) an upward short-term forecast, (3) less negative aggregate demand starting from the first quarter of 2026, and (4) a higher trajectory of imported inflation starting from the fourth quarter of 2025 and until the third quarter of 2026. The anticipation of (1) a higher exchange rate against the European single currency over the entire comparable period, (2) a more negative aggregate demand in the fourth quarter of 2025 and (3) a lower trajectory of imported inflation starting from the fourth quarter of 2026 mitigated the upward revision of the annual rate.

The forecast for the average core inflation rate was increased by 0.1 percentage points for 2025 and by 0.9 percentage points for 2026.

The annual rate of food prices was decreased in the fourth quarter of 2025 and increased for the rest of the comparable period, except for the second quarter of 2027 where it is similar to the previous forecast (Chart 5.15).

The decrease in the current forecast compared to the previous one is due to (1) lower actual inflation than anticipated in the previous quarter, (2) a downward short-term forecast for the fourth quarter of 2025, (3) a lower projection of international food prices starting from the fourth quarter of 2025 to the fourth quarter of 2026, and (4) more negative aggregate demand in the fourth quarter of 2025. The presence of (1) less negative aggregate demand starting from the first quarter of 2026 and (2) higher international food prices in the first quarter and the second quarter of 2027 has revised the forecast for the annual rate of food prices upwards. At the same time, (1) the exclusion of the impact from the seasonal increase in fruit and vegetable prices in the second quarter of 2026, (2) the seasonal effect of the cold period of the year in the fourth quarter of 2026 and the first quarter of 2027, as well as (3) the anticipation of a more appreciated exchange rate against the US dollar starting from the fourth quarter of 2026 mitigated the upward revision of the forecast for the annual pace of food prices.

The forecast for the average rate of food prices is decreased by 0.1 percentage points for 2025 and increased by 1.1 percentage points for 2026.

The annual rate of regulated prices is revised downwards over the entire comparable period (Chart 5.16).

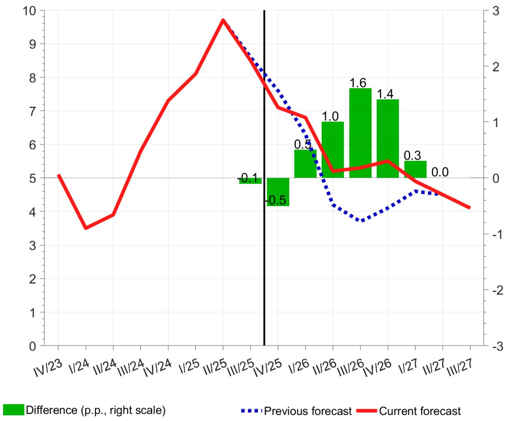
The decrease in the current forecast compared to the previous one is driven by (1) a lower actual inflation than anticipated for the previous quarter, (2) a decreasing short-term forecast, (3) a lower projection of international oil prices over the entire comparable period, (4) a lower import price of natural gas over the same period.

The forecast for the average rate of regulated prices has been lowered by 0.2 percentage points for 2025 and by 1.4 percentage points for 2026.

The annual rate of fuel prices was reduced until the fourth quarter of 2026 and increased towards the end of the comparable period (Chart 5.17).

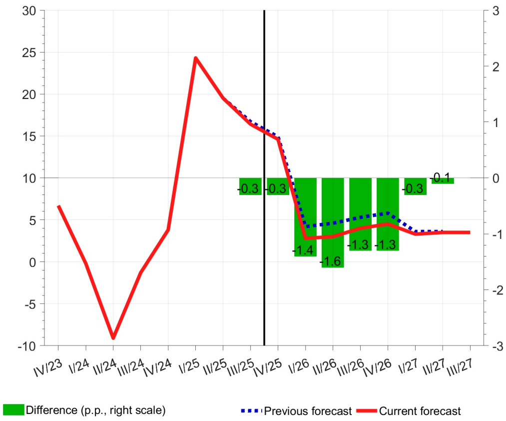
The lower projection of the current forecast compared to the previous one is driven by (1) a decreasing short-term forecast,

Chart 5.15: Food prices (%, compared to the previous year, percentage points)



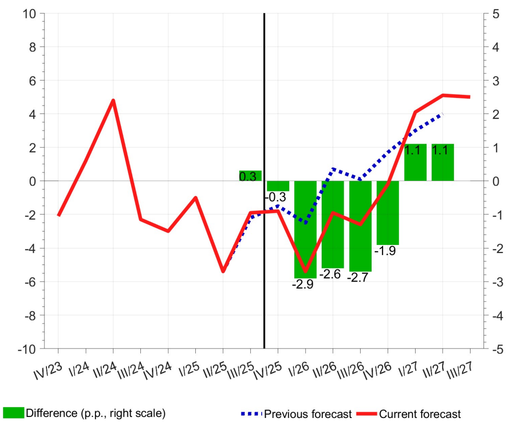
Source: NBS, NBM calculations

Chart 5.16: Regulated prices (%, compared to the previous year, percentage points)



Source: NBS, NBM calculations

Chart 5.17: Fuel prices (%, compared to the previous year)



Source: NBS, NBM calculations

(2) a lower projection of international oil prices over the entire comparable period, (3) a more negative aggregate demand in the fourth quarter of 2025 and (4) a lower imported inflation in the fourth quarter of 2025 and the first quarter of 2026. However, less negative aggregate demand starting from the first quarter of 2026 revised upward the annual fuel prices growth forecast over the last two consecutive quarters of the comparable period.

The forecast for the average fuel prices rate was reduced by 0.1 percentage points for 2025 and by 2.6 percentage points for 2026.

5.4 Risks and uncertainties

External sector

- ***Tempering economic growth in the European Union.*** Economic growth in the European Union is expected to remain weak in the coming years. Forecasts show that net exports will decline due to trade barriers and the appreciation of the euro. Also, the increasingly intense competition with China is causing the EU to lose market share in sectors where it previously had a competitive advantage. Significant declines in net labor flows could exacerbate the demographic problems of the community block. Under these conditions, increasing budget spending on defence could affect the fiscal stability of some member countries, which will increase sovereign risk premiums and financing costs. As a result, both investment and private and public consumption will decrease (disinflationary).
- ***Trade uncertainties.*** The effects of the economic barriers established during this year and the geopolitical tensions that have been formed will become apparent over time. The reshaping of supply chains will most likely lead to increased costs and, ultimately, to higher prices for final products and services. At the same time, the reduction in investments, caused by economic uncertainties, will have a disinflationary effect in the medium term (uncertainty).
- ***The depreciation of the single European currency.*** Under the conditions of the economic barriers facing euro area exporters, the appreciation of the single currency, below-target inflation forecasts for the coming years and anemic economic growth, there is a likelihood that the ECB will decide to further reduce the key interest rates[53]. The rise of populist political forces to the leadership of the states of the EU represents a risk, the materialization of which will lead to the depreciation of the euro. Political instability in France, which will most likely postpone the solution of the fiscal deficit issue until after the 2027 presidential elections, will affect the euro exchange rate (disinflationary).

[53]BLOOMBERG. *Europe May Need to Fight a Currency War to Weaken the Euro*. New York: October 6, 2025. Available: https://www.bloomberg.com/opinion/articles/2025-10-06/europe-may-need-to-fight-a-currency-war-to-weaken-the-euro

- ***Deterioration of the geopolitical situation in the Middle East and Latin America.*** Despite the ceasefire agreement, the situation in the Middle East has proven to be very volatile over time and could flare up at any time. Venezuela, the country with the world's largest oil reserves, is also joining struggle. In September, Venezuela exported an average of 1.1 million barrels per day, the highest level since 2020. Despite the authorization to produce and export petroleum products issued to Chevron in July 2025, relations between the South American country and the USA continued to cool[54]. The President of the USA is considering a ground invasion of the country with the stated goal of disrupting the drug trafficking network. In recent weeks, there has been a considerable military buildup off the coast of Venezuela and even some sporadic force projection actions of the USA in the region[55,56] (inflationary).

- ***The war in Ukraine.*** Considering the complex nature of this war and the length of the front line, there will most likely be no simple solution to this conflict, therefore, peace negotiations will be a longer process. The presidential administration's attempts of the USA to end the war will likely intensify in the coming period, in anticipation of the 2026 midterm elections. This could result in either a temporary peace or increased pressure on the Russian Federation. Since the sanctions are aimed at reducing hydrocarbon exports, this will have an impact on oil and natural gas prices. In recent months, there has been an intensification of the attacks in Ukraine. If the escalation continues, it could lead to a new flow of refugees (uncertainty).

- ***The increase of international food prices.*** Climate change in recent decades has led to an increase in the frequency of extreme weather events, which causes significant fluctuations in food prices (inflationary).

Real sector

- ***Uncertainties regarding the timing and magnitude of tariff adjustments to regulated services.*** The medium-term inflation forecast is based on a trajectory of prices for regulated services that corresponds to certain assumptions regarding international and regional energy prices, as well as other indicators relevant to the respective sector. However, given that tariffs for some regulated services have a considerable economic impact on the population, the timing of their adjustment may be based not only on economic factors, but also on the pursuit of social objectives by the involved decision-makers. Therefore, the

[54] REUTERS. *Venezuela's oil exports surpass 1 million bpd for first time since 2020, data shows*. London: October 1, 2025. Available: https://www.reuters.com/business/energy/venezuelas-oil-exports-surpass-1-million-bpd-first-time-since-2020-data-shows-2025-10-01/

[55] THE ECONOMIST. *The meaning of America's vast military build-up off Venezuela*. London: October 27, 2025. Available: https://www.economist.com/the-americas/2025/10/27/the-meaning-of-americas-vast-military-build-up-off-venezuela

[56] CENTER FOR ECONOMIC AND POLICY RESEARCH. *The US Warships Off Venezuela Aren't there to Fight Drugs*. Washington: October 24, 2025. Available: https://cepr.net/publications/warships-off-venezuela-arent-there-to-fight-drugs/

timing and magnitude of tariff adjustments cannot be estimated with sufficient confidence (uncertainty).

- ***Uncertainties regarding the volume, the method of granting, but also the method of reflecting compensations by the NBS for energy resources.*** In the framework of developing the medium-term inflation forecast, the current tariffs for mains gas, thermal energy and electricity energy were considered, as well as the effects of the current compensation of the electricity energy tariff. The experience from previous years has demonstrated that the trajectory of regulated prices can deviate significantly from the forecast, depending on the method of provision, as well as taking into account the compensation for energy resources provided to the population during the cold season. Therefore, the trajectory of regulated prices could be different from the assumed one depending on the volume and the method of provision of compensations, as well as on the method in which the NBS will reflect their effect within the CPI (uncertainty).

- ***Vulnerability of domestic fruit and vegetable prices to weather conditions in the coming period.*** According to the experience of recent years, the prices of domestic fruit and vegetables are largely affected by adverse weather conditions such as frost, heavy rainfall, and drought conditions, both because of impediments in their cultivation, as well as the costs associated with harvesting, transportation, storage, and marketing in the marketing points of the country. The recording of temperatures different from the norm could cause food prices to increase above forecasts in the coming period (inflationary).

- ***Uncertainties regarding next year's agricultural production.*** Next year's agricultural harvest, respectively, food prices on the domestic market in 2026, depend largely on the agrometeorological conditions of that period. In this way, the evolution within the agricultural sector and, therefore, the trajectory of food prices for 2026 continue to be marked by uncertainty. A more moderate agricultural harvest will generate significant inflationary pressures on food prices (uncertainty).

- ***Decrease in the number of consumers located on the territory of the Republic of Moldova.*** The military conflict in Ukraine has led to massive outflow of population from Ukraine. A part of the refugees are located on the territory of the Republic of Moldova, which directly contributes to increasing population consumption. Their return to their country of origin or their departure to other regions would result in lower demand on the domestic market (disinflationary).

Monetary and public sectors

- ***Evolution of the effective exchange rate of NEER/REER.*** The appreciation in nominal and real effective terms of the national currency represents a stimulating factor on imports and has the potential to affect the net exports of the Republic of Moldova. Combined with the recent increase in prices for goods and services on the international market, the trade balance deficit will continue to have a negative trend, increasing the depreciation pressure on the Moldovan leu (inflationary).

- ***External financing and fiscal impulse.*** For 2026, it is expected that the flows of external loans and grants will increase, which will facilitate the implementation of reforms in the national economy and create additional pressures on inflation. At the same time, external financing will drive the continued growth of excessive liquidity in the banking system, which will create a positive impact on aggregate demand, on the exchange rate of the national currency in the short-term and will certainly generate additional inflationary pressures (inflationary).

- ***Energy compensation mechanism for the 2025-2026 cold season.*** The postponement of the adoption and publication of the mechanism for granting compensation for heating during the cold period of the year to some categories of vulnerable consumers implies uncertainty in estimating and analyzing future evolutions in state budget expenditures. The volume of compensation will be identified after the approval of the State Budget Law for 2026, at the same time, the granting of these compensations is expected to take place between December 2025 and April 2026 (inflationary).

Chapter 6

Monetary policy decisions

Summary
of the meeting of the Executive Board of the National Bank of Moldova of February 05, 2025
on monetary policy promotion

The meeting chaired by: Anca-Dana Dragu, Governor – Chairman of the Executive Board
In attendees: Executive Board members – Tatiana Ivanicichina – Deputy Governor, Petru Rotaru – Deputy Governor
Rapporteur: Radu Cuhal – Director of the Monetary Policy Department
Guests: Renata Țurcanu – Deputy Head of the Department – Head of Risk Monitoring and Reporting Division, Financial Markets Department, Valentina Rusu – Director of Legal Department, Natan Garștea – Director of Financial Stability Department, Andrei Rotaru – Director of Economic and Applied Research Department, Eugeniu Aftene – Director of the Reporting and Statistics Department, Andrei Tcaci – Head of Continuous Supervision Division, Banking Supervision Department, Alina Boboc – Head of the Financial Education and Communication Division, Simona-Gabriela Tărtăcuță, Mihnea Constantinescu, Veaceslav Negruța – Advisors to the Governor, Alin-Samir Orgoan – Head of the Governor's Control Service

The Executive Board meeting on monetary policy promotion began with Mr. Radu Cuhal's presentation on the latest macroeconomic developments, both domestic and external, as well as on the identified risks and uncertainties.

Referring to the evolution of inflation in the recent period, Mr. Cuhal emphasized that the annual inflation continued the upward trajectory that began in the second half of 2024. Thus, in December 2024, the annual inflation rate was 6.97%, increasing by 1.54 percentage points compared to the previous month and standing above the upper limit of the corridor of variation of ±1.5 percentage points from the 5.0% target. At the same time, it was noted that in the fourth quarter of 2024 the average annual inflation rate was 5.9%, by 0.9 percentage points higher than in the previous quarter. In this regard, the determining factors of the higher evolution of the annual inflation rate in the fourth quarter of 2024 were discussed, referring to adverse sectoral developments, including the dynamics of regulated prices and the drought conditions in the summer of the previous year. It was also noted that moderate domestic demand continued to exert a disinflationary impact on the annual inflation rate in the reference period.

Further, Mr. Cuhal presented recent data on the external environment, noting that the world economy continues to evolve in a fragmented manner, under conditions of risks and uncertainties associated with international trade. The significant appreciation of the US dollar is creating inflationary pressures in emerging countries, and especially in import-dependent ones. Thus, Mr. Cuhal highlighted that the dispersion of disinflationary pressures and the emergence of inflationary pressures denote a change in global monetary cycles and create expectations regarding the cessation of the decline in interest rates and even the beginning of their increase. Economies in Europe continue to grow at the limits of their capabilities due to the consequences of the energy crisis in 2022, and the industrial sector was the most affected by it. It was noted that the price of natural gas on the European market increased significantly, over USD 500/1,000 cubic meters, both due to the decrease in reserves, as a result of the very low temperatures during this period, and as a result of the halt of transit of natural gas from Russia through Ukraine. Mr. Cuhal also emphasized that, starting from January 2025, the price of oil increased after the introduction of new economic sanctions against tankers transporting Russian petroleum products. It was established that international food prices also began to rise in the context of increased consumer demand and transport and logistics costs.

Later, the discussions focused on the evolution of the national economy, Mr. Cuhal emphasized that economic activity contracted by 1.9% per annum in the third quarter of 2024. This dynamics was mainly determined by the negative impact of net external demand. However, it was established that this effect was partially mitigated by domestic demand, both from the population, in the context of the increase in real disposable income, and from economic agents. However, according to estimates, domestic demand continues to have moderate dynamics.

At the same time, Mr. Cuhal emphasized that the operational data published by the NBS for the first two months of the fourth quarter of 2024 indicate premises for the contraction of GDP in that period. Thus, the annual rate of exports decreased by 7.6%, while the annual rate of imports continued its positive dynamics, registering 10.6%. It was noted that in the period October-November 2024, industrial production recorded a negative level of 6.1%, while retail and wholesale trade increased by 11.9% and 9.6%, respectively.

Further, Mr. Cuhal presented the monetary conditions and highlighted that, in the fourth quarter of 2024, interest rates on new loans and deposits in the national currency continued their downward trend, including as a result of the cumulative monetary policy stimulus measures. Thus, the weighted average rates on loans amounted to 8.26%, and on deposits – 3.16%, decreasing by 2.24 and 1.07 percentage points, respectively, compared to the fourth quarter of 2023.

At the same time, Mr. Cuhal emphasized that the consecutive reduction in interest rates led to an increase in the volume of new loans granted in lei by 48.8% in the fourth quarter of 2024. It was noted that that dynamics was driven by the increase in loans granted both to individuals for consumption and purchase of real estate, as well as to legal entities in the trade, agriculture, construction and energy industry sectors.

In this context, the measures included in the draft decision on the actions of the NBM to promote monetary policy, proposed by Mr. Cuhal, were to increase the base rate and interest rates on standing facilities, as well as the rate on repo operations by 0.9 percentage points each.

Thus, based on the analyses and findings made, the Executive Board of the NBM decided, by unanimous vote, to increase the base rate applied to the main short-term monetary policy operations to the level of 6.50% per annum, as well as to increase the interest rates on overnight loans and deposits and the rate on repo operations to the level of 8.50%, 4.50% and, respectively, 6.75% per annum.

The Executive Board stressed that that decision was conditional on the following information:

- Signing of the Letter of Intent between the Government of the Republic of Moldova and the European Commission regarding the provision of an extensive support package to strengthen the energy resilience and independence of our country. This support package also aims to reduce the impact of the adjustment of electricity and natural gas tariffs on consumer prices.
- The necessity to mitigate the second-round effects caused by the change in regulated tariffs in December 2024 and January 2025 on inflation and to anchor inflationary expectations in order to bring the annual rate of the consumer price index back within the range of ±1.5 percentage points of 5.0% inflation target per annum within a reasonable time frame.
- Increasing uncertainties related to evolutions of the world economy and trade flows, in the current global context.

Mr. Cuhal mentioned that for the subsequent calibration of the optimal monetary policy measures for the return of inflation within the target range, the National Bank of Moldova will develop the medium-term inflation forecast, taking into account the details of the extensive support package provided by the European Union.

Additionally, in the context of the need to develop a medium-term inflation forecast that shall take into account the recent support provided by the European Union to the Republic of Moldova in order to mitigate the impact of the increase in regulated tariffs, the EB members at the meeting of the Executive Board of February 5, 2025, modified the Inflation Report publication schedule for 2025.

Decision adopted by the Executive Board of NBM by unanimous vote:

1. **The base rate applied to the main short-term monetary policy operations is set at 6.50% annually.**
2. **Interest rates are set:**
   a) **for overnight loans, at the level of 8.50% annually;**
   b) **for repo operations, at the level of 6.75% annually;**
   c) **for overnight deposits, at the level of 4.50% annually.**

Voting results of EB members

For – 3   Against – 0

Chairman of the Executive Board

Anca-Dana DRAGU

Secretary of the Executive Board

Sergiu SURDU

Summary
of the meeting of the Executive Board of the National Bank of Moldova of March 20, 2025
on monetary policy promotion

The meeting chaired by: Anca-Dana Dragu, Governor – Chairman of the Executive Board
In attendees: Members of the Executive Board – Petru Rotaru, First Deputy Governor – Deputy Chairman of the Supervisory Board, Tatiana Ivanicichina – Deputy Governor, Constantin Șchendra – Deputy Governor, Mihnea Constantinescu – Deputy Governor
Rapporteur: Radu Cuhal – Director of the Monetary Policy Department
Guests: Daniel Savin – Director of the Financial Markets Department, Valentina Rusu – Director of Legal Department, Natan Garștea – Director of Financial Stability Department, Andrei Rotaru – Director of Economic and Applied Research Department, Eugeniu Aftene – Director of the Reporting and Statistics Department, Ion Burlea – Deputy Director of the Banking Supervision Department, Alina Boboc – Head of the Financial Education and Communication Division, Alexandru Savva, Simona-Gabriela Tărtăcuță, Veaceslav Negruța – Advisors to the Governor, Diana Ceauș – Head of the Governor's Cabinet, Alin-Samir Orgoan – Head of the Governor's Control Service

The Executive Board meeting on monetary policy promotion began with giving the floor to Mr. Radu Cuhal, who presented new macroeconomic information, both of the internal and external environment, contained in the Report on the assessment of the risk of deviation of the inflation forecast.

During the discussions associated with the evolution of inflation, Mr. Cuhal emphasized that, in February 2025, the inflationary process moderated, thus the inflation was 8.6%, by 0.5 percentage points lower than in January. It was highlighted that the latest macroeconomic information largely confirmed the validity of the latest forecast. The members of the EB noted that the actual inflation had a trajectory similar to that anticipated in the Inflation Report, February 2025. In this regard, it was established that this dynamic was generated, predominantly, by the lower than anticipated impact of compensations on electricity energy tariffs and by the slightly upward trend in food prices. At the same time, this positive deviation was partially mitigated by the decrease in fuel prices.

Regarding the external environment, Mr. Cuhal noted that the world economy was evolving against the backdrop of intensifying global trade and geopolitical tensions with persistent inflationary pressures. It was noted that the USA was imposing trade tariffs on China, Canada and the European Union, with reciprocal actions from them. In this context, the economic growth prospects in the USA had been revised downwards, and for the euro area – upwards, significantly appreciating the single European currency. It was emphasized that oil prices fell as a result of OPEC+ decision to gradually increase oil production limits. Mr. Cuhal mentioned that European natural gas quotations had also been reduced in the context of the start of negotiations on resolving the war in Ukraine. At the same time, the FAO food prices index of international continued to increase against the backdrop of unfavorable agrometeorological conditions.

Further, Mr. Cuhal presented information on national economic activity, emphasizing that it contracted by 1.3% in the fourth quarter of 2024. It was discussed that that dynamic was mainly determined by the 40.8% decrease in gross value added in agriculture, forestry and pisciculture in the context of drought conditions in the summer of 2024. The members of the EB noted that negative contributions to the GDP dynamics in the reference quarter were also made by the education sector, the industry sector and the construction sector. At the same time, their negative impact was partially mitigated by the positive evolution recorded in such sectors as: real estate activities, trade, accommodation and food service activities, information and communication. It was established that the final consumption of households continued to increase, on the other hand, the final consumption of public administration decreased. Mr. Cuhal noted that investments, despite the increased uncertainty in the region, increased, largely due to the increase in the changes in inventories subcomponent. Net exports of goods and services continued their negative trend. Thus, in January 2025, the annual rate of exports recorded a level of

-11.2%, while the annual rate of imports increased by 15.6%. Analyzing the sources of consumer financing, those present noted that transfers of funds in favor of individuals increased by 5.9% annually in December 2024, and the wage fund in the fourth quarter of 2024 recorded an increase of 12.8% in nominal terms. Therefore, the domestic demand was weak, thus exerting a disinflationary impact during that period.

Concerning the evolution of economic activity in 2024, Mr. Cuhal presented the operational data published by the National Bureau of Statistics, indicating an increase of 0.1% compared to 2023.

Regarding monetary conditions, Mr. Cuhal highlighted that the impact of the transmission mechanism of the consecutive reductions in the base rate applied to the main monetary policy operations during 2024 and the situation created on the foreign exchange market allowed interest rates on new loans granted in February 2025 to remain relatively stable, registering only slight increases.

Analyzing weekly statistical data, it was established that average interest rates in the first week of March 2025 recorded upward trends for new loans granted in Moldovan lei by licensed banks. Thus, the weighted average interest rate on new loans granted in lei increased to 8.83% in the reference week. In the segment of term deposits in Moldovan lei, the weighted average interest rate had a gradual increase trend, reaching 4.59% annually, from 3.37% annually in the first week of January 2025.

At the same time, Mr. Cuhal emphasized that the increase in interest rates on loans granted in lei maintained, however, the positive trend in weekly loan volumes. At the same time, the moderate increase in interest rates on term deposits in the national currency contributed to the increase in deposit volumes during this period.

Subsequently, Mr. Cuhal presented the risks of inflation forecast deviation, emphasizing that the balance of risks for the inflation forecast was balanced, with a slightly inflationary bias in the short term and a disinflationary trajectory until the end of the forecast horizon, and uncertainties remained pronounced. Among the main sources, the members of the EB noted agricultural production, the adjustment of tariffs for communal and housing services, ensuring a sufficient fiscal impulse to revive economic activity, external financial assistance, as well as the tense situation in the region and moderate regional demand associated with mutual sanctions.

In this context, the measures included in the draft decision on the actions of the NBM to promote monetary policy, proposed by Mr. Cuhal, were to maintain the base rate and interest rates on standing facilities, the rate on repo operations, as well as the ratios on required reserves both from funds attracted in Moldovan lei and non-convertible currency, and from funds attracted in freely convertible currency at current levels.

Thus, following the deliberations the Executive Board of the NBM decided, by unanimous vote, to maintain the base rate applied to the main short-term monetary policy operations at the level of 6.50% per annum, the interest rates on overnight loans and overnight deposits at the level of 8.50 and 4.50% per annum, respectively, on repo operations at the level of 6.75% per annum, the required reserve ratio from funds attracted in Moldovan lei and non-convertible currency at the current level of 22.0% of the calculation basis and the required reserve ratio from funds attracted in freely convertible currency at the current level of 31.0% of the calculation basis.

The members of the EB emphasized that the decision of the National Bank of Moldova aims to anchor inflationary expectations, to bring back and maintain inflation within the variation range of ± 1.5 percentage points from the inflation target of 5.0% over the medium-term.

The Executive Board also highlighted that the decision of the NBM comes in the context of tempering the inflationary process and the propagation of the previously adopted restrictive monetary policy measures, the effects of which will continue to act, considering the gaps in their transmission.

Additionally, the members of the EB revealed that inflation by the end of the current year would have a downward trend against the background of below-potential aggregate demand, which would continue to exert a disinflationary impact on prices and temper inflationary expectations.

At the end of the meeting, the Executive Board emphasized the need for continuous monitoring of the domestic and external macroeconomic situation, the risks and uncertainties associated with the evolution of inflation in the short- and medium-term, in order to intervene at the appropriate time by adjusting monetary policy instruments for achieving the fundamental objective of ensuring and maintaining price stability.

Decision adopted by the Executive Board of the NBM by unanimous vote:

1. **The base rate applied to the main short-term monetary policy operations is maintained at 6.50% annually.**
2. **Interest rates are maintained:**
   a) **for overnight loans, at the level of 8.50% annually;**
   b) **for repo operations, at the level of 6,75% annually;**
   c) **for overnight deposits, at the level of 4,50% annually.**
3. **The required reserve ratio from funds attracted in Moldovan lei and in non-convertible currency is maintained at the current level of 22.0% of the calculation basis.**
4. **The required reserve ratio from funds attracted in freely convertible currency is maintained at the current level of 31.0% of the calculation basis.**

Voting results of EB members

For – 5 Against – 0

Chairman of the Executive Board **Secretary of the Executive Board**

Anca-Dana DRAGU **Sergiu SURDU**

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