National Bank of Moldova

Inflation Report

May 2026

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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, May 2026 was considered and approved for publication at the meeting of the Executive Board of the NBM on May 7, 2026.

The Inflation Report, May 2026 is a translation of *Raport asupra inflației, mai 2026* in Romanian. In case of discrepancies, the version of the Report in the original language prevails.

Contents

List of acronyms

ANRE	National Agency for Energy Regulation
BPM6	"Balance of payments and international investment position" Manual, 6th edition
CBOE	Chicago Board Options Exchange
CHIBID	Average interest rate at which the contributors banks are available to borrow funds in MDL from other banks, on the interbank monetary market
CHIBOR	Average interest rate at which the contributors banks are available to lend funds in MDL to other banks, on the interbank monetary market
CNAM	National Health Insurance Company
CPI	Consumer price index
EB	Executive Board of the National Bank of Moldova
ECB	European Central Bank
EUR	Single European currency
FAO	Food and Agriculture Organization of the United Nations
FCC	Freely convertible currency
Fed	Federal Reserve System
GDP	Gross Domestic Product
GVA	Gross Value Added
HICP	Harmonized Index of Consumers Prices
IEA	International Energy Agency
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
LB	Local budgets
LNG	Liquefied Natural Gas
MDED	Ministry of Economic Development and Digitalisation
MDL	Moldovan leu
NBC	Certificates issued by the National Bank of Moldova
NBM	National Bank of Moldova
NBS	National Bureau of Statistics of the Republic of Moldova

NEA National Employment Agency

NEER Nominal effective exchange rate of the national currency

OECD Organisation for Economic Co-operation and Development

OVX Crude Oil Volatility Index

PMI Purghasing Manager's Index

REER Real effective exchange rate of the national currency

SB State budget

SSIB State social insurance budget

STA Single Treasury Account

USD US Dollar

Summary

Inflation

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

External environment

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

Economy

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

Monetary policy

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

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

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

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

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

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

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

The average interest rates on the outstanding balance loans in national currency decreased, compared to the fourth quarter of 2025, by 0.08 percentage points, to 9.07%, while those on term deposits increased by 0.22 percentage points, to 4.91%.

Medium-term inflation projection

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

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

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

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

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

[2] ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT. OECD Economic Outlook, Interim Report March 2026. Online (March 26, 2026). Available: https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2026_d4623013-en/full-report/component-3.html

[3] The second quarter of 2026 – first quarter of 2028

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

[4] Inflation Report, February 2026

[5] The second quarter of 2026 – fourth quarter 2027

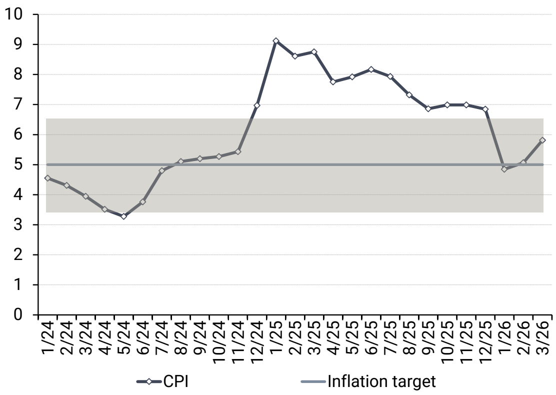
Chapter 1

Inflation evolution

1.1 Consumer price index

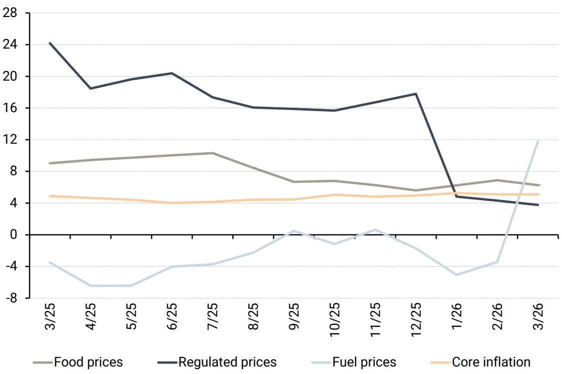
At the beginning of this year, the annual CPI rate showed a pronounced downward trend, returning to the variation range of the inflation target; subsequently, in February, it stood close the inflation target but accelerated slightly at the end of the first quarter of 2026. However, the average inflation rate in the first quarter of 2026 was significantly lower than that of the previous quarter. At the same time, in the first quarter of 2026, the annual inflation rate was slightly higher than the value projected in the Inflation Report, February 2026. The annual inflation rate fell from 6.84% in December 2025 to 4.85% in January 2026, as the impact of the January 2025 adjustment to energy prices subsided. Thus, after a period of one year, the annual inflation rate returned to the range of 5.0% ±1.5 percentage points and remained close to the inflation target through the end of the first quarter of 2026, reaching 5.06% in February and accelerating slightly to 5.81% in March 2026, as a result of rising fuel prices amid the war in the Middle East (Charts 1.1 and 1.3). The average annual inflation rate stood at 5.24%, by 1.70 percentage points lower than in the previous quarter. During the first quarter of 2026, according to estimates, domestic demand exerted a disinflationary effect on prices. The upward trend in prices was driven by the occurrence of adverse sectoral shocks.

Chart 1.1: Annual CPI rate (%)



Source: NBS, NBM

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



Source: NBS

In the CPI structure (Chart 1.2), the annual rate of regulated prices followed a downward dynamics during the first quarter of 2026. The annual rates of core inflation and food prices remained relatively stable. On the other hand, the annual rate of fuel prices, following negative values in the first two months of the year, rose significantly in March 2026, returning to positive territory.

Rising energy prices, their second-round effects, and other supply-side imbalances will drive up inflation in the coming period. Disinflationary domestic demand will partially mitigate this impact. The method of adjusting tariffs, as well as the tense situation in the region and the risks of its escalation, maintain the pronounced uncertainty surrounding the inflation forecast.

Core inflation

In the first quarter of 2026, the annual core inflation rate followed a slightly upward trajectory, averaging 5.16%, which was 0.21 percentage points higher than in the previous period. The increase in the annual core inflation rate over the past few months can be attributed to sectoral shocks, with domestic demand exerting a disinflationary effect on it.

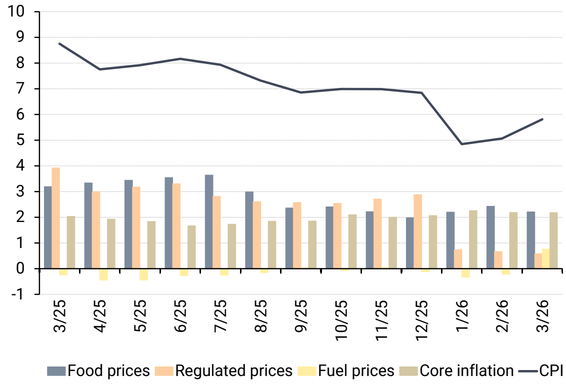
In March 2026, the annual core inflation rate stood at 5.10%, 0.14 percentage points higher than in December 2025. In terms of structure (Chart 1.4), the upward trend was driven by stronger contributions from the "others" subcomponent, where the annual rate of prices for the maintenance and repair of personal transportation equipment rose to 14.95% in March 2026, compared to 10.84% in December 2025, meanwhile, for other housing maintenance and repair services, the annual price growth reached 15.89%, compared to 9.53% in December of last year. At the same time, the dynamics of the "recreation and culture" subcomponent also had a noticeable impact. Within this subcomponent, the annual rate of price for international travel packages rose to 16.84% amid higher airfare prices (amid the Middle East conflict). The "cigarettes" subcomponent made an increasing contribution to the annual core inflation rate due to the adjustment of excise taxes on tobacco products in January 2026. At the same time, a positive impact was also generated by "telephone and fax services" in the context of the introduction of new subscription plans by various operators, due to the Republic of Moldova's accession to the EU's "Roam Like at Home" zone[6].

Contributions from the "footwear", "construction materials", and "daily household maintenance" subcomponents were virtually similar to those in the previous quarter.

At the same time, within the annual core inflation rate, the "means of transport, auto parts" subcomponent made a negative contribution for the 13th consecutive month. Within this subcomponent, the annual rate of prices for new cars reached -3.15% in March 2026, while prices for used (second-hand) cars fell to -6.00%.

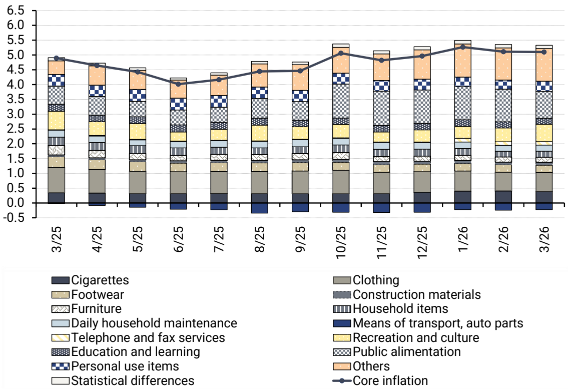
The subsequent trend in the prices of key categories of goods and services included in core inflation will reflect the impact of weak domestic demand, offset by second-round effects stemming from higher energy and food prices, as well as other supply-side imbalances.

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



Source: NBS, NBM calculations

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

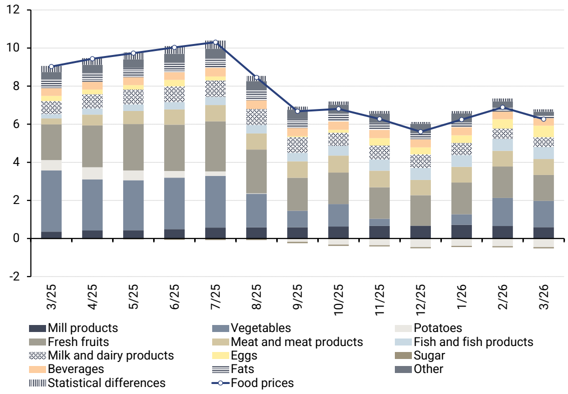


Source: NBS, NBM calculations

[6] As of January 1, 2026, the Republic of Moldova officially joined the European Union's "Roam Like at Home" (RLAH) zone, allowing citizens to use mobile phone and internet services in EU member states at the same rates as at home. The official website of the Ministry of Foreign Affairs of the Republic of Moldova, online. Available at: https://mfa.gov.md/ro/content/anul-2026-aduce-moldova-mai-aproape-de-uniunea-europeana-roaming-la-tarife-nationale-ue

Food prices

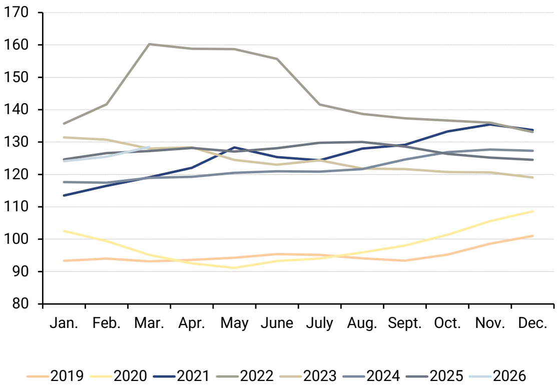
Chart 1.5: Contribution of components (percentage points) to annual food prices dynamics (%)



Source: NBS, NBM calculations

In the first months of 2026, the annual rate of food prices followed a slightly upward trend, reaching an average rate of 6.46% in the first quarter of 2026, 0.23 percentage points higher than in the fourth quarter of 2025. It should be noted that, during the period under review, the rise in the annual rate of food prices was driven by increased inflationary pressures associated with the "vegetables" category (Chart 1.5). As a result, inflationary pressures on vegetable prices have intensified, particularly for imported products, while prices for domestically produced goods have remained relatively stable, thanks to a plentiful domestic supply. It is worth noting that these pressures, transmitted through the import channel, were driven by a combination of factors, primarily rising logistics costs due to higher fuel prices, as well as volatility in Türkiye's domestic market, which is the main source of vegetables during the cold season. At the same time, the pressures exerted by processed goods have eased compared to previous quarters.

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



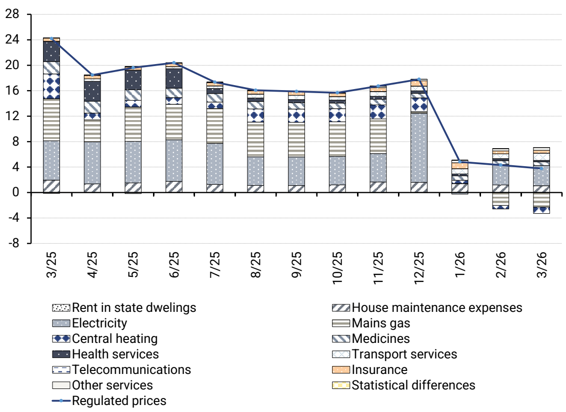
Source: FAO, NBM calculations

In the first quarter of 2026, international food prices remained virtually unchanged from the same period of the previous year (Chart 1.6), as a result, their impact on domestic price trends was largely neutral. Consequently, the annual rate of food prices on the international market stood at -0.1%, 1.5 percentage points higher than in the previous quarter.

In the first quarter of 2026, the contribution of food prices to the annual rate of headline inflation rose by 0.08 percentage points, reaching 2.28 percentage points.

Regulated prices

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



Source: NBS, NBM calculations

The annual rate of regulated prices slowed sharply in the first quarter of 2026.

Thus, the annual rate of regulated prices constituted 3.77% in March 2026, 14.01 percentage points lower than in December 2025. The average annual rate of regulated prices in the first quarter of 2026 was 4.30%, 12.43 percentage points lower than in the fourth quarter of 2025.

The sharp decline in the annual rate of regulated prices since the beginning of 2026 was driven, primarily by the disappearance of the effect of the electricity tariff increase in January 2025 (by approximately 50.34%), as well as by the subsequent emergence of negative contributions from the "mains gas" and "central heating" subcomponents (Chart 1.7). Moreover, over the next two months, the contribution of the "electricity" subcomponent turned positive within the annual rate of regulated prices, albeit to a lesser extent, due to the base effect associated with the price drop in February 2025 (by approximately -15.42%).

The other two subcomponents mentioned, "mains gas" and "central heating", have been reduced following decisions by ANRE. According to the decision dated February 3, household consumers in the Republic of Moldova pay MDL 14.4, including VAT, for one cubic meter of natural gas, which is MDL 2.3 less than the previous rate. The new tariff took effect upon the publication of the ANRE decision in the Monitorul Oficial of the Republic of Moldova on February 4, resulting in a decrease of approximately 12.37% in February 2026 and approximately 1.7% in March 2026 in natural gas prices within the CPI. Also, on February 12, ANRE approved the revision of tariffs for thermal energy supplied to consumers. Following the analysis conducted, tariffs were approved for each operator. Thus, for S.A. "Termoelectrica", a tariff of MDL 2,020/Gcal (MDL 1.74/kWh) was set, MDL 490/Gcal lower than the previous tariff, and for S.A. "CET-Nord" – MDL 2,201/Gcal (MDL 1.89/kWh), MDL 75/Gcal more than the previous tariff. The rates took effect upon the publication of the ANRE decision in the Monitorul Oficial of the Republic of Moldova on February 13[7]. These adjustments were reflected in a decrease in prices for "central heating" of approximately 9.66% in February and of 8.18% in March, as well as in a reduction in prices for hot water of approximately 11.16% and 9.42%, respectively, within the CPI.

At the same time, water and sewerage prices rose in Comrat by approximately 9.87% in February and approximately by 18.30% in March, following the adjustment of tariffs for these services by ANRE[8]. Overall, at the national level, this component increased by approximately 1.77% and 2.95%, respectively.

In addition, since the beginning of the year, the National Health Insurance Company (CNAM) has begun the process of collecting health insurance premiums for 2026. The premium amount remains unchanged from previous years, at MDL 12,636. At the same time, for certain categories of people, insurance premiums have become more expensive, particularly for owners of agricultural land, self-employed individuals engaged in retail trade, as well as for lawyers, notaries, and bailiffs[9], a fact reflected in the approximately 18.65% increase in insurance premiums within the CPI.

[7] ANRE Decision No. 74 and 75 of February 12, 2023, on the adjustment of the price of electricity produced and the tariff for heat supplied to consumers by S.A. "Termoelectrica" and S.A. "CET-Nord". Online. Available at: https://anre.md/anre-informeaza-despre-aprobarea-noilor-tarife-pentru-energia-termica-3-1251. *Monitorul Oficial of the Republic of Moldova.* February 13, 2026, No. 80–83 (10255-10258) p. 57-58. ISSN 2587-389X, e-ISSN 2587-3903.

[8] ANRE Decision No. 82 of February 17, 2023, approving the rates for the provision of public services for the supply of process water, sewerage, and wastewater treatment by the municipal enterprise "SU-Canal". Online. Available at: https://anre.md/anre-a-aprobat-noi-hotarari-3-1254. *Monitorul Oficial of the Republic of Moldova.* February 20, 2026, No. 88-91 (10263-10266) p. 51. ISSN 2587-389X, e-ISSN 2587-3903.

[9] The official website of the National Health Insurance Company (CNAM). *Benefits available when paying the fixed-amount health insurance premium by March 31*, January 6, 2026. Available: http://cnam.md/7833/facilitati-oferite-la-achitarea-primei-de-asigurare-medicala-in-suma-fixa-pana-pe-31-martie/

In addition, increases were recorded in air and intercity transportation services during the quarter. The latter rose by 1.75% in March 2026, following the government's intervention through urgent amendments to the Methodology for calculating tariffs for road passenger transport by regular services in inter-district and district traffic[10].

Other adjustments to regulated prices were also noted, but their impact was minor.

Outlook for the coming period regarding regulated prices

- Fare increases for intercity travel were estimated at approximately 20.0%, based on the accepted temporary methodology, thus reflecting the direct impact of rising fuel prices on transport operators' operating costs. Under these conditions, the adjustments in tariffs for inter- and district transport led to an increase of about 8.0% in the international and intercity passenger bus transport component of the CPI[11].
- In addition, on March 31, 2026, ANRE approved new regulated prices for electricity. Thus, a tariff of bani 395/kWh was set for S.A. "FEE-Nord" S.R.L.[12] and for "Premier Energy" S.R.L. – bani 356/kWh, which is approximately 1.25% and 0.84% lower, respectively, than the previous tariffs.
- The fare for public transportation in Chișinău has increased by one leu, from MDL 6 to 7, effective May 1, 2026. The decision was adopted by the City Hall in the context of rising fuel prices[13].

[10]Government Decision No. 142 of March 26, 2026, on the amendment of the Methodology for calculating tariffs for road passenger transport by regular services in inter-district and district traffic, approved by Government Decision No. 695/2025. Online. Available at: https://gov.md/ro/sedinte-de-guvern/sedinta-guvernului-din-26-martie-2026-ora-1400. *Monitorul Oficial of the Republic of Moldova* March 26, 2026, No. 142 (10317) p. 5. ISSN 2587-389X, e-ISSN 2587-3903.

[11]According to the Nomenclature of Goods and Services Used to Calculate the Consumer Price Index (CPI), the subcomponent "International and Intercity Passenger Bus Transport" includes two types of transport: within the country (intercity travel, inter-/district transport) and outside the country. For this reason, the aggregate value is lower, as it is also influenced by the component related to international travel by bus or minibus. Online. Available: https://statistica.gov.md/files/files/Clasificatoare/Nomenclator_IPC_2026.pdf

[12]ANRE Decision No. 222 and No. 224 approving regulated prices for the supply of electricity by Î.C.S. "Premier Energy" S.R.L. in the context of the public service obligation regarding the provision of universal service and by S.A. "FEE-Nord" S.R.L. Online. Available at: https://anre.md/anre-a-aprobat-noi-preturi-reglementate-pentru-energia-electrica-3-1287. *Monitorul Oficial of the Republic of Moldova* April 2, 2026, No. 146-147 (10321-10322) p. 65-67, ISSN 2587-389X, e-ISSN 2587-3903.

[13]The official website of the municipality of Chișinău. *Adjustment of public transportation fares.* Online. April 2, 2026. Available at: https://www.chisinau.md/ro/ajustarea-tarifului-pentru-calatoria-in-transportul-public-20292_282371.html.

Fuel and lubricants prices

The annual rate of fuel and lubricants prices, after recording negative values in the first two months of the year, followed a sharp upward trajectory in the following month, returning to positive territory. Thus, the annual rate fuel and lubricants prices fell to -5.06% in January 2026, after which it returned to positive territory, reaching 11.81% in March 2026, fluctuations that were primarily driven by "lubricants" prices (Chart 1.8). The average annual rate of fuel and lubricants prices in the first quarter of 2026 was 1.11%, 1.87 percentage points higher than in the fourth quarter of 2025. Following the negative impact in the first two months of the year, in March 2026, "lubricants" prices had a pronounced positive impact on the annual rate of fuel and lubricants prices, driven by the dynamics of gasoline and diesel prices set by gas (PECO) stations during that quarter.

These developments were driven by the average Platts quotations for gasoline and diesel, which averaged approximately MDL 15,315.8/tonne and MDL 18,226.9/tonne, respectively, in March 2026. Thus, average Platts quotations for gasoline increased by approximately 43.5%, and average Platts quotations for diesel by approximately 70.6% compared to January 2026 (Chart 1.9). The rise in the aforementioned quotations was driven by the upward trend in the price of Brent crude oil (from USD 66.80/barrel in January 2026 to USD 103.70/barrel in March 2026), caused by the military conflict in the Middle East.

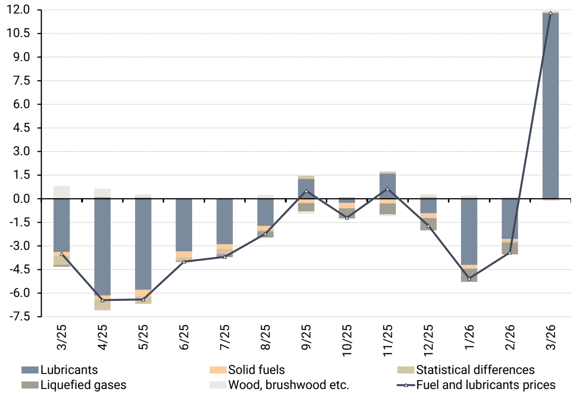
In this regard, in March 2026, international markets saw unprecedented increases in oil prices. According to data published by Reuters, the price of Brent crude oil exceeded USD 116/barrel at the opening of the trading session on March 9, 2026, marking one of the highest daily increases in history. The price increase is driven by a combination of factors threatening global energy security, including:

- disruption of the transport of oil and petroleum products through the Strait of Hormuz;
- attacks on energy infrastructure in the Persian Gulf region;
- uncertainty regarding the duration and risk of the conflict escalating[14].

It should be noted that the decline in fuel prices in January 2026 was partially offset by the adjustment of excise taxes on petroleum products at the beginning of this year (Chart 1.10).

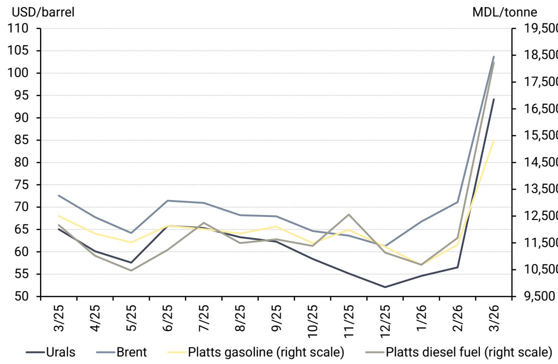
During the first quarter of 2026, prices for "solid fuels" and "liquefied gases" had a negative impact, while prices for "wood, brushwood etc." had a positive impact on the annual rate of change in fuel and lubricants prices.

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



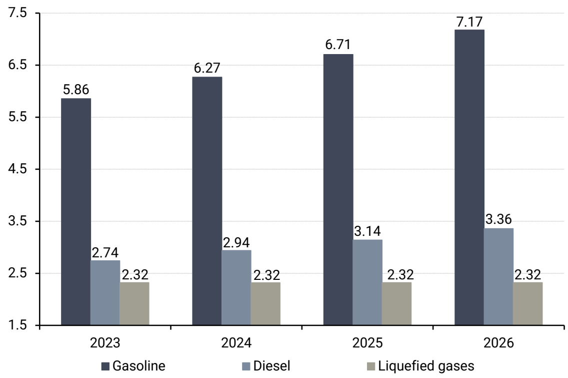
Source: NBS, NBM calculations

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



Source: ANRE, NBM calculations

Chart 1.10: Evolution of excise taxes on gasoline, diesel, and liquefied gas (MDL/liter)



Source: Ministry of Finance, NBM calculations

1.2 Inflation developments and assessment of the short-term forecast from the Inflation Report, February 2026

In the forecast round of the Inflation Report, February 2026 was anticipated to see a downward trajectory in the annual CPI rate in the first month of the year, down to 4.80%, followed by a rate close to the inflation target, reaching 5.06% in March 2026. At the same time, an average rate of 4.95% was projected for the first quarter of 2026[15].

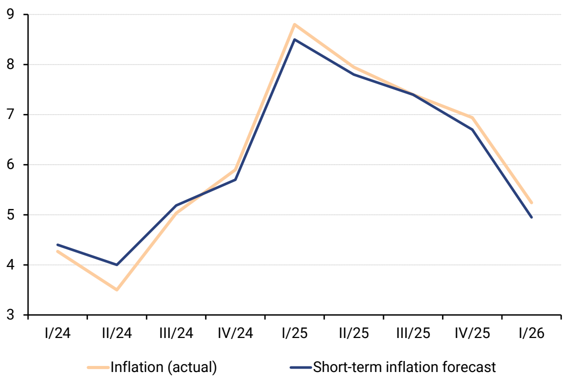
In the first quarter of 2026, the average annual inflation rate stood at 5.24%, 0.29 percentage points higher than the rate projected in the forecast (Chart 1.11 and Table 1.1). This deviation was primarily driven by a sharper-than-expected rise in fuel and lubricants prices, reflecting the impact of the conflict in the Middle East on oil prices and their derivatives. In this respect, the average annual rate of fuel prices stood at 1.11% in the first quarter of 2026, 4.81 percentage points higher than that projected in the Inflation Report, February 2026. At the same time, the deviation was also supported by food prices and core inflation that rose more than expected. In this regard, the average annual rate of food prices was 6.46%, 0.44 percentage points higher than that in the Inflation Report, February 2026, and the average annual rate of core inflation was 5.16%, 0.22 percentage points higher than anticipated. On the other hand, the deviation was partially offset by the negative deviation recorded for the forecast of regulated prices. Thus, the annual rate of regulated prices in the first quarter of 2026 was 4.30%, 1.91 percentage points lower than anticipated.

Table 1.1: Evolution and forecast for the CPI and its components

	De facto (%)	Forecast* February, 2026 (%)	Deviation (p.p.)
	Q I, 26/ Q I, 25	Q I, 26/ Q I, 25	Q I, 26/ Q I, 25
CPI	**5.24**	**4.95**	0.29
Core inflation	**5.16**	4.94	0.22
Food prices	**6.46**	6.02	0.44
Regulated prices	**4.30**	6.21	-1.91
Fuel prices	**1.11**	-3.70	4.81

Source: NBS, NBM calculations
* Forecast from the Inflation Report, February 2026

Chart 1.11: Annual CPI rate (%)



Source: NBS, NBM

1.3 Industrial production prices

In the first quarter of 2026, the annual rate of producer prices in industry averaged 2.3%, down 4.1 percentage points from the previous quarter.

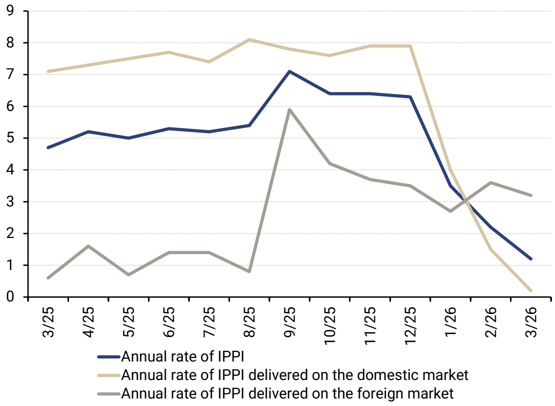
[14] NATIONAL AGENCY FOR ENERGY REGULATION OF THE REPUBLIC OF MOLDOVA: *Unprecedented increases in oil prices amid the conflict in the Persian Gulf.* Online. March 9, 2026. Available at: https://https://anre.md/anre-cresteri-fara-precedent-ale-cotatiilor-petroliere-pe-fondul-conflictului-din-golful-persic-3-1275

[15] Given the more pronounced volatility of monthly values, as well as potential measurement errors – which, under normal circumstances, should not influence monetary policy decisions – the short-term inflation forecast is issued on a quarterly basis. This value is an input for the medium-term inflation projection, which is also published quarterly and serves as the basis for monetary policy decisions. At the same time, it is reported in the Inflation Reports. However, as the NBS releases monthly CPI data throughout the quarter, these figures are analysed and compared with the short-term forecast for the entire quarter to assess whether the main assumptions are holding true or whether there is a risk of significant deviations from the forecast. Therefore, any discrepancies between the actual data available for the months within the quarter and the short-term inflation forecast should be interpreted accordingly, taking into account the assumptions and expectations for the remaining months of the quarter.

In terms of structure, the annual rate of prices for products supplied to the domestic market moderated significantly, while that for products supplied to the foreign market remained virtually unchanged from the level recorded at the end of the previous year, with a slight downward trend (Chart 1.12) .

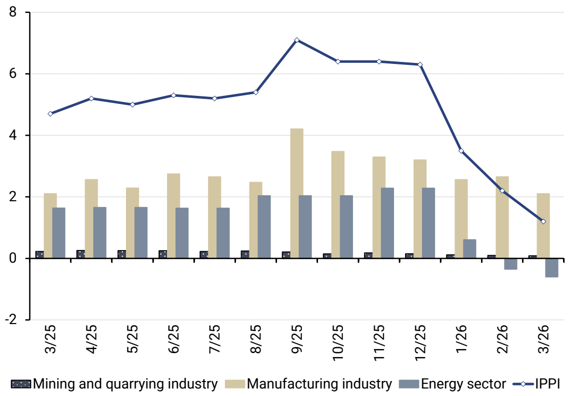
An analysis of the annual rate of producer prices in industry by main branches shows that its moderation was driven by the developments in the energy sector and the manufacturing industry (Chart 1.13). In the first quarter of 2026, the annual rate of prices in the manufacturing sector averaged 2.7%, 0.9 percentage points lower than in the previous quarter. At the same time, the annual price rate in the energy sector constituted -1.8%, 35.5 percentage points lower than in the fourth quarter of 2025. In the first quarter of 2026, prices in the mining and quarrying industry rose by 4.9% year-on-year, contributing marginally to the overall price dynamics in industry.

Chart 1.12: Annual industrial prices rate



Source: NBS

Chart 1.13: Annual industrial prices rate (%) and its components contribution classified by main branches (percentage points)



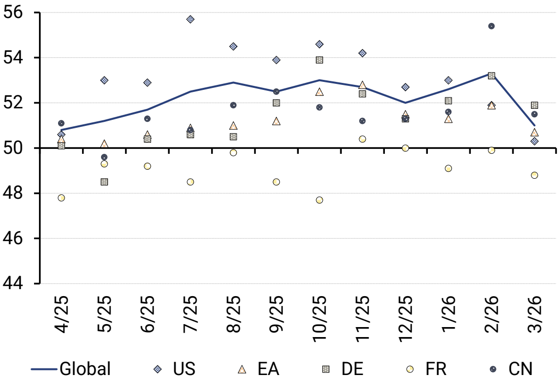
Source: NBS, NBM calculations

Chapter 2

External environment

In the first quarter of 2026, the external environment was characterized by a cumulative escalation of geopolitical and macroeconomic risks, which rapidly spilled over into energy resources, inflation, and global financial stability, amid the ongoing war in Ukraine, the decline in multilateral cooperation, and the escalation of the conflict in the Middle East. The war in the Middle East has intensified the risks of disruption to global energy and agri-food systems. Normally, 20% of oil and liquefied natural gas and up to 30% of internationally traded fertilizers are transported through the Strait of Hormuz. The closure of the strait caused an unprecedented energy shock, threatening both economic stability and global food security. The oil market experienced one of the most pronounced episodes of volatility in recent decades, with the price of Brent crude oil rising by 59% in March, one of the highest increases recorded in recent decades. Tensions in the Middle East quickly spread to the European natural gas market. In March 2026, Dutch TTF prices surged amid disruptions to liquefied natural gas (LNG) exports from Qatar and other Persian Gulf states. The price of gold fell by 17% in March, on track to post its weakest monthly performance since February 1983, during a period marked by the most severe conflict in the Middle East and the most severe global energy shock in decades. Inflationary pressures caused by rising energy prices have shifted market expectations; central banks that were previously expected to maintain or further lower monetary policy interest rates are now projected to raise them slightly over the course of the year. In March, the US dollar index (DXY) rose by more than 2% compared to the previous month's average, benefiting from the US dollar's status as a safe-haven asset, while the euro posted its largest monthly decline since July 2025. In the context of the energy shocks of February-March 2026, the European economy experienced moderate and uneven growth. The euro area economy was affected by weak external demand, high energy costs, and geopolitical uncertainty. Meanwhile, the war in Ukraine continues, with no progress on the diplomatic front. Attacks on energy and logistics infrastructure have intensified periodically, maintaining pressure on regional trade flows and European energy security.

Chart 2.1: Developments of composite PMI indexes



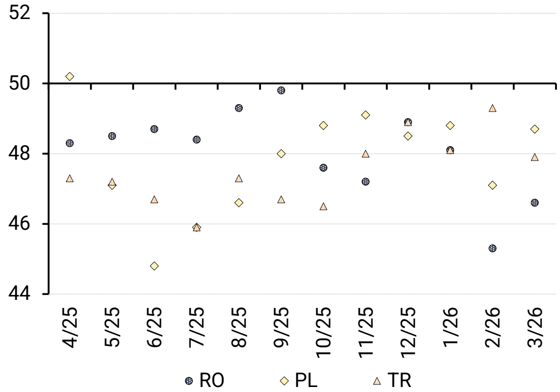
Source: S&P Global

2.1 World economy, financial and commodities markets

In the first quarter of 2026, ***composite PMI indexes*** largely reflected expansion in the global economy, marking the fastest growth since May 2024, (Chart 2.1). The resilience of the global economy has been put to the test by the war in the Middle East, which has had far-reaching effects on aggregate demand, business sentiment, supply chains, and prices. In March, the global PMI index fell to its lowest level in 11 months. At the same time, the manufacturing sector index outperformed the services sector index, a phenomenon not seen since December 2022. In the final month of the quarter, new orders fell to their lowest level in 28 months, reflecting a slight decline in international trade flows. Business sentiment has fallen to a five-month low, one of the lowest levels recorded since the outbreak of the COVID-19 pandemic in 2020. The rise in global producer prices has accelerated, reaching its highest level in 38 months in March, driven by rising costs for raw materials, energy, and other operating expenses. Supplier delivery times experienced the sharpest lengthening in the past three and a half years. In March, there was a slight decline in global employment for the first time in over a year, reflected in staff cuts in the services sector and stability in the manufacturing sector. The US, mainland China, and the eurozone were among the markets that saw job cuts[16]. In March, the pace of economic growth in the US slowed for the second consecutive month. In the eurozone, trends in national economic activity have been mixed. Germany, the eurozone's largest economy, posted growth at the end of the first quarter, although the pace slowed to its weakest level in the previous year. Meanwhile, France and Italy recorded economic contractions[17]. Increased European investment in security and the introduction of tax incentives in Germany for infrastructure and defence are expected to boost European industrial production.

PMI indexes for the manufacturing sector in countries across the region have shown both positive and negative trends amid the war in the Middle East (Chart 2.2). In March 2026, Romania recorded smaller declines in production and new orders compared with the previous month[18]. In Poland, production increased for the first time since April 2025, but new orders continued to decline[19]. In Türkiye, both production and new orders saw sharper declines following an improvement in conditions in February[20]. The energy shock triggered by the war in the Middle East has contributed significantly to rising inflationary pressures, as well as to longer delivery times from suppliers.

Chart 2.2: Evolution of PMI indexes for the manufacturing industry in Romania, Poland, and Türkiye



Source: S&P GLOBAL

The ***US dollar***, although it depreciated by about 10% in 2025 against other major currencies, followed by a continued decline in early 2026, appreciated with the outbreak of the war in Iran (Chart 2.3). Increased demand for safe-haven assets, as well as market expectations regarding the Fed's monetary policy, the Fed have supported the US dollar, causing sharp fluctuations in its exchange rate across markets. Thus, in March 2026, the US dollar index (DXY) rose above 100 and recorded a gain of over 2%, the strongest monthly increase since November 2025. At its meeting on March 17-18, 2026, the Fed decided to keep the interest rate in the range of 3.50-3.75%, given the stabilisation

[16]S&P GLOBAL. *J.P. Morgan Global Composite PMI, March 2026*. Online. (April 8, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/f61dc7db28654fc3af4b417848b3a939

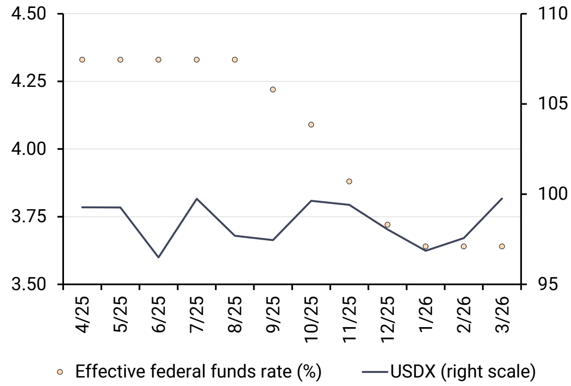
[17]S&P GLOBAL. *Eurozone Composite PMI, March 2026*. Online. (April 8, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/a319e0a783f040d0b760d719f6160326

[18]S&P GLOBAL. *Report on the BCR PMI® for Romania's manufacturing industry, March 2026*. Online. (April 9, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/21b165f2b9584b4aa0b0032e00d3859e

[19]S&P GLOBAL. *Poland Manufacturing PMI, March 2026*. Online. (April 9, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/fe75389001894e1c8927113bb92409e7

[20]S&P GLOBAL. *Istanbul Chamber of Industry Türkiye PMI Manufacturing Index, March 2026*. Online. (April 9, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/ed6d14676a78400684846f66907e5e49

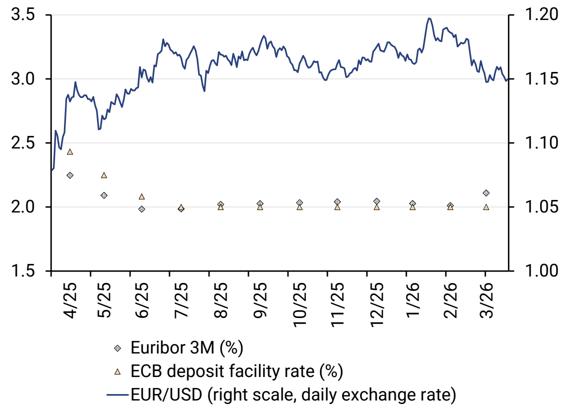
Chart 2.3: Evolution of USD index (DXY*) in the context of the Fed monetary policy



Source: Fed, Bloomberg

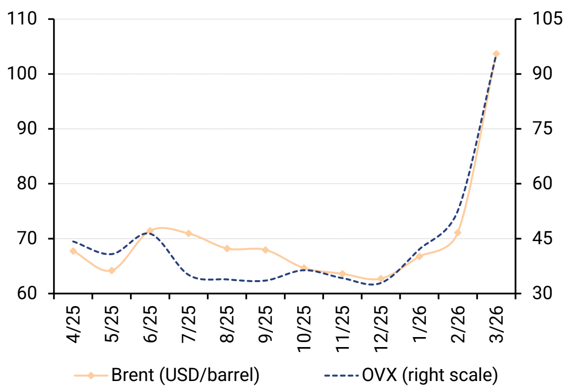
*DXY is an index calculated by the weighted geometric average of the value of the US dollar against a basket of currencies: euro – 57.6%, Japanese yen – 13.6%, Pound sterling – 11.9%, Canadian dollar – 9.1%, Swedish krona – 4.2%, Swiss franc – 3.6%

Chart 2.4: Developments of EUR/USD and interest rates in the euro area



Source: ECB, NBM calculations

Chart 2.5: Oil market



Source: World Bank, CBOE (OVX)

Notă: CBOE – Chicago Board Options Exchange

OVX – Crude Oil Volatility Index

of labour market conditions and higher inflation expectations[21]. Although the uncertainty caused by the conflict in the Middle East has fuelled expectations that the Fed might delay interest rate cuts or even raise borrowing costs later this year, signs of a possible ceasefire agreement between the US and Iran, along with the likelihood of the Strait of Hormuz reopening, have driven down oil prices, reducing inflationary risks and tempering expectations of tight monetary policy from the Fed.

Tensions in the Middle East have led to the depreciation of the ***single European currency*** against the US dollar and have heightened concerns about rising inflation in the eurozone (Chart 2.4). In March 2026, the single currency depreciated by more than 2% against the US dollar, marking its largest monthly decline since July 2025. The Governing Council of the ECB decided on March 19, 2026, to maintain the ECB's key interest rates. Inflationary pressures driven by high energy costs will persist as long as the Strait of Hormuz remains closed, leading markets to anticipate a more restrictive monetary policy from the ECB. Markets are pricing in at least two interest rate hikes and, with a 70% probability, a third hike by the end of the year. This marks a sharp shift in expectations compared to late February, before the outbreak of the war in Iran, when markets assigned a roughly 40% probability to a rate cut by the ECB by the end of the year. In March 2026, economic growth in the euro area slowed to its lowest level in ten months, while costs rose at their fastest pace in three years, reflecting the combined impact of rising energy prices and supply chain disruptions caused by the war in the Middle East[22].

Between January and April, ***Brent crude oil*** prices fluctuated between USD 61-139/barrel. The monthly average spot price for Brent in March was USD 103.7/barrel, 65.3% higher than in December 2025 (Chart 2.5). This is a consequence of the conflict in the Middle East, which broke out on February 28, 2026, and which has blocked oil flows through the Strait of Hormuz, with exports of crude oil and petroleum products now standing at less than 10% of pre-conflict levels. This situation has forced energy operators across the region to shut down or cut back a significant portion of their production. In 2025, an average of 20 million barrels per day of crude oil and petroleum products transited through the Strait of Hormuz, accounting for approximately 25% of global seaborne oil trade. Options for oil flows to bypass the Strait of Hormuz are limited[23]. As a result, oil prices in March saw one of the sharpest monthly increases in recent decades, comparable to the major spikes of the 1970s and 1990s, following the most severe global oil supply shock, benchmark crude oil prices on the spot market rose sharply, outpacing the performance of the futures markets, while refineries struggled desperately to replace

[21] FEDERAL RESERVE SYSTEM. *Minutes of the Federal Open Market Committee, 17–18 March 2026*. Online. (April 14, 2026). Available at: https://www.federalreserve.gov/monetarypolicy/files/fomcminutes20260318.pdf

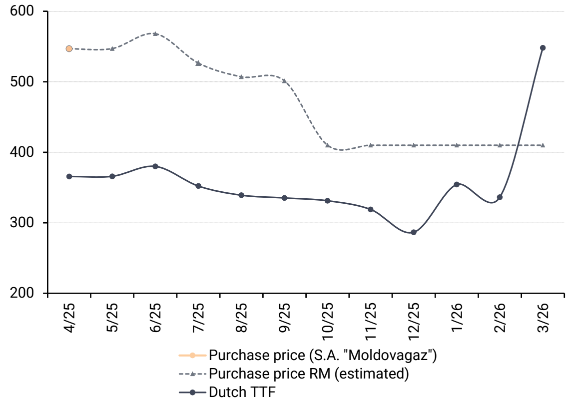
[22] TRADING ECONOMICS. *Euro Dips Below $1.16 on Weak PMI, Middle East Tensions*. Online. (April 14, 2026). Available at: https://tradingeconomics.com/euro-area/currency/news/535942

[23] INTERNATIONAL ENERGY AGENCY. *IEA Member countries to carry out largest ever oil stock release amid market disruptions from Middle East conflict*. Online. (March 11, 2026). Available at: https://www.iea.org/news/iea-member-countries-to-carry-out-largest-ever-oil-stock-release-amid-market-disruptions-from-middle-east-conflict

shipments from the Middle East that had been blocked[24]. Restoring transit through the Strait remains essential for stabilizing global energy markets. To counter disruptions in oil markets caused by the war in the Middle East, on March 11, 2026, member countries of the International Energy Agency (IEA) agreed to release 400 million barrels of oil from emergency reserves, the largest drawdown of stocks in the agency's history[25]. Members of the IEA hold emergency reserves of over 1.2 billion barrels, plus an additional 600 million barrels from industry stocks, held in accordance with an obligation imposed by member governments. This coordinated release of stocks is the sixth in the IEA's history. Similar collective actions took place in 1991, 2005, 2011, and twice in 2022[23]. Global oil supply fell sharply by 10.1 million barrels per day, reaching 97 million barrels per day in March[24]. At the same time, eight OPEC+ members (Saudi Arabia, Russia, the UAE, Iraq, Kuwait, Kazakhstan, Algeria, and Oman) agreed to increase quotas for May during a virtual meeting on April 5, 2026, coinciding with the reopening of the waterway[26].

The ***Dutch TTF*** natural gas prices have increased steadily since the beginning of the year, reaching a maximum average of EUR 548.2/1,000 cubic meters in March 2026, 91.3% higher than in December 2025 (Chart 2.6). As a result, its price, calculated in megawatt-hours (MWh), rose from relatively low levels of around EUR 27-32/MWh to temporary highs of EUR 65-70/MWh (March 2026), amid a major supply shock caused by the escalation of the conflict in the Middle East and disruptions to LNG exports from Qatar. In this context, the geopolitical risk materialised in late February 2026, as the confrontation between the US/Israel and Iran escalated, leading to the closure of the Strait of Hormuz, a corridor through which approximately 20% of global LNG trade passes. Attacks on energy infrastructure in the region, including LNG facilities in Qatar (Ras Laffan), have led to the temporary removal of approximately 17-20% of the global LNG supply from the market, triggering one of the most rapid adjustments in the natural gas market in recent years. However, in early April 2026, as temporary signs of easing geopolitical tensions emerged, weather conditions improved, and expectations grew regarding the partial resumption of LNG exports from Qatar, the Dutch TTF price entered a downward correction, stabilising in the range of EUR 40-50/MWh. However, according to the IEA, current levels remain significantly above historical averages, reflecting the persistence of geopolitical risks and the need to rebuild European stocks amid high uncertainty regarding security of supply.

Chart 2.6: Natural gas price developments (euro/1,000 cubic meters)



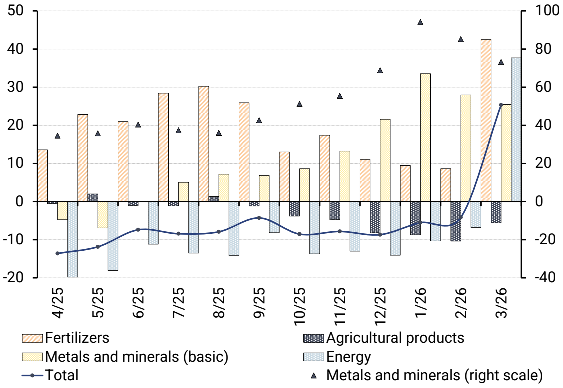
Source: S.A. "Moldovagaz", World Bank, NBM calculations

[24]INTERNATIONAL ENERGY AGENCY. *Oil Market Report - April 2026*. Online. (April 14, 2026). Available: https://www.iea.org/reports/oil-market-report-april-2026

[25]INTERNATIONAL ENERGY AGENCY. *New IEA report highlights options to ease oil price pressures on consumers in response to Middle East supply disruptions*. Online. (March 20, 2026). Available: https://www.iea.org/news/new-iea-report-highlights-options-to-ease-oil-price-pressures-on-consumers-in-response-to-middle-east-supply-disruptions

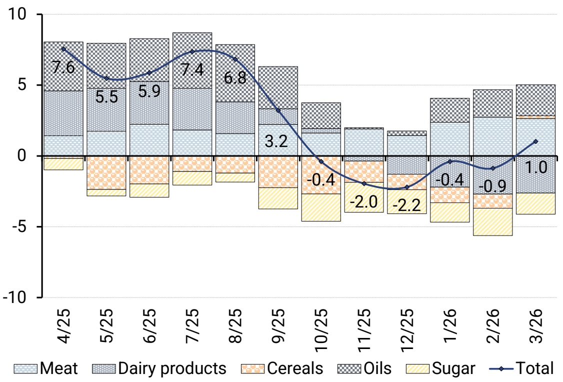
[26]REUTERS. *OPEC+ agrees to boost oil output when Strait of Hormuz reopens*. Online. (April 5, 2026). Available at: https://www.reuters.com/business/energy/opec-debates-theoretical-oil-output-hike-amid-iran-war-paralysis-sources-say-2026-04-05/

Chart 2.7: The annual growth rate of world price indexes (%)



Source: World Bank, NBM calculations

Chart 2.8: The annual growth rate of world food price indexes (FAO index, %)



Source: FAO, NBM calculations

World price indexes calculated by the World Bank (Chart 2.7), in the first months of 2026 were influenced by persistent geopolitical tensions, adjustments in energy markets, moderate global demand, and regional climate shocks affecting agriculture. Overall, the aggregate index of commodity prices showed high volatility. Consequently, the price index for ***fertilizers*** recorded significant increases, with a sharp acceleration in March 2026, up 30% from the previous month, making it one of the most dynamic non-energy components. This trend was driven by higher natural gas prices, temporary export restrictions in some regions, and a resurgence in seasonal agricultural demand. ***Metals and minerals*** (copper, aluminium, zinc) recorded moderate increases, with positive monthly changes in February and March. ***Precious metals*** (gold, silver, platinum), in contrast to industrial metals, recorded a more noticeable cumulative decline in February and March 2026. The index in question fell during this period amid the appreciation of the US dollar and reduced demand for safe-haven assets. ***Energy resources*** were the main source of volatility during the period under review. In March 2026, the energy index rose by more than 40% compared to the previous month, driven largely by European natural gas and oil prices. With the largest share in the total commodities index, energy was the driving force behind the rise in global indexes and the main source of external inflationary pressures in net energy-importing economies. Thus, the world price indexes calculated by the World Bank highlight significant upward pressure in the energy and fertilizer sectors, moderate increases in industrial metals, corrections in precious metals, and gradual price increases in agricultural products.

World average food prices continued to rise in March 2026 for the second consecutive month, driven mainly by higher energy prices resulting from the war in the Middle East. The FAO index averaged 128.5 points in March, equivalent to a 1.0% increase compared to the same month last year, but remained 19.8% below the peak reached in March 2022[27] (Chart 2.8). The rise in grain prices reflects both the deterioration in the outlook for the US wheat harvest due to drought and expectations of a reduction in planted acreage in Australia as a result of rising fertilizer costs. Corn prices rose slightly, as ample global supplies eased concerns about fertilizer availability and the prospect of higher demand for ethanol, driven by rising energy prices. Prices for palm, soybean, sunflower, and rapeseed oils have risen amid a sharp increase in crude oil prices and expectations of higher demand for biofuels. The price of palm oil reached its highest level since mid-2022 and surpassed the price of soybean oil, partly due to downward revisions in production estimates for Malaysia. The rise in meat prices was driven by higher pork prices in the European Union, as well as a decline in the supply of cattle for export in Brazil. At the same time, prices for sheep and poultry meat have fallen, partly due to logistical constraints that limited access to Middle Eastern markets. Prices for dairy products rose, mainly reflecting higher milk powder prices, supported by robust global import demand and a seasonal decline in supply in Oceania. The divergent

[27] FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS. *FAO Food Price Index rises for a second consecutive month, driven mostly by energy-related pressures on vegetable oil and sugar prices*. Online. (April 10, 2026). Available at: https://www.fao.org/worldfoodsituation/foodpricesindex/en/

trend in cheese prices – a decline in the EU and an increase in Oceania – stems from a combination of higher European supply and weak export demand, and tighter regional supply in Oceania, respectively. The rise in sugar prices reflects expectations that Brazil will increase its use of sugarcane for ethanol in response to higher crude oil prices. Strong global supply, supported by prospects for a bumper crop in India and Thailand, has offset these pressures.

2.2 Evolution in major economies

In the fourth quarter of 2025, the gross domestic product of the ***United States of America*** increased by 0.5% compared to the fourth quarter of 2024[28]. Throughout 2025, the US economy remained resilient, growing by 2.1%. Private consumption and investment made positive contributions in the final months of 2025, offsetting the negative impact of the suspension of US government services in the last quarter of the year and the decline in exports. The performance of the US manufacturing sector improved in March 2026, recording robust growth and an acceleration compared to February, characterised by both an expansion in production and an increase in the volume of new orders. However, given the negative impact of tariffs on new export sales, the growth was driven primarily by stronger domestic demand. Furthermore, this dynamics partly reflects companies building up safety stocks in response to the war in the Middle East, which has contributed to rising inflation and major disruptions in supply chains. Delivery times for raw materials to manufacturers have worsened, recording the sharpest increase since October 2022. The increase in production in March signals an encouraging resilience of the manufacturing sector in the face of disruptions caused by the conflict in the Middle East. Business confidence regarding production for the coming year has also remained stable. In part, this resilience reflects easing concerns about government policies such as tariffs, but at the same time suggests that manufacturers anticipate a limited and moderate impact of the conflict over time, although uncertainty persists[29]. Activity in the services sector contracted at the end of the first quarter of 2026, the first contraction recorded since January 2023, causing economic growth to slow to an annualised rate of approximately 0.5% in March. The decline in activity hit consumer-oriented services particularly hard, marking one of the sharpest drops since 2009, excluding the pandemic shock. In parallel, the financial and technology sectors, which contributed significantly to performance in 2025, witnessed a slowdown due to market volatility and the risk of rising interest rates, a factor that discouraged investment. The gradual decline in business sentiment, rather than a sudden collapse, suggests that companies appear to be banking on a relatively quick resolution of the conflict in the Middle East, maintaining their short-term

[28] US BUREAU OF ECONOMIC ANALYSIS. *GDP (Third Estimate), 4th Quarter and Year 2025*. Online. (April 15, 2026). Available at: https://www.bea.gov/news/2026/gdp-third-estimate-industries-corporate-profits-state-gdp-and-state-personal-income-4th

[29] S&P GLOBAL. *US Manufacturing PMI, March 2026*. Online. (April 6, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/c75dd7dd17c94989afb36aad2fbf7f0b

expectations[30]. However, there is a risk that the energy disruptions caused by the war will havelasting – effects through rising energy prices, accelerating inflation, and heightened supply chain tensions, which could erode company margins, reduce real household incomes, and test economic resilience in the coming months. In February 2026, following the US Supreme Court's overturning of the tariffs imposed by President Donald Trump under the International Emergency Economic Powers Act, he instituted a temporary 10% global import tariff for 150 days and ordered new investigations under other laws that could allow him to reimpose tariffs[31]. Furthermore, in early April 2026, the US president stated that imports from countries that supply military weapons to Iran would, without exception, be subject to immediate 50% tariffs[32]. The annual inflation rate rose to 3.3% in March 2026, up from 2.4% in February, reaching its highest level since May 2024, driven by rising energy prices. The unemployment rate fell slightly from 4.4% in February to 4.3% in March.

According to Eurostat estimates, in the fourth quarter of 2025, the ***euro area*** economy recorded moderate growth of 0.2% compared to the previous quarter, and year-over-year economic growth stood at 1.2%. For 2025, growth stood at 1.4%. The annual inflation rate (Harmonized Index of Consumer Prices – HICP) in the euro area was 2.6% in March 2026, up 0.7 percentage points from February 2026, returning above the ECB's 2% target for the first time since November 2025. This represents the highest level since July 2024. Industrial production in February 2026 rose by 0.4% compared to January 2026 and fell by 0.6% compared to February 2025. The unemployment rate in February 2026 stood at 6.2%. Eurozone exports in January 2026 decreased by 1.9% compared to December 2025 and by 7.6% compared to the same period of the previous year. The same negative trend is recorded for imports, which fell by 2.8% in January 2026 compared to December 2025 and by 7.3% compared to the same period the previous year. In January 2026, the EU and India concluded negotiations on the EU-India Free Trade Agreement, considered one of the EU's most ambitious trade agreements, with long-term effects on global value chains. The agreement was announced at the India-European Union Summit in New Delhi and aims to liberalise trade and investment between the two economies through commitments to liberalize trade in goods and services, facilitate investment, and strengthen cooperation on regulatory matters and sustainability. However, there are also some disagreements, indicating that the most difficult chapters have been postponed for later negotiations. These include agriculture (particularly the protection of the Indian market), intellectual property rights (where the EU is demanding higher standards

[30] S&P GLOBAL. *US Services PMI, March 2026*. Online. (April 6, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/cc86952bb550465d9093b048d7bfdeb8

[31] REUTERS. *Trump pivots to new 10% global tariff, new probes after Supreme Court setback*. Online. (April 6, 2026). Available at: https://www.reuters.com/world/china/trump-orders-temporary-10-global-tariff-replace-duties-struck-down-by-us-supreme-2026-02-20/

[32] REUTERS. *Trump threatens 50% tariffs on countries supplying Iran with weapons*. Online. (April 8, 2026). Available: https://www.reuters.com/world/trump-announces-50-tariffs-nations-supplying-iran-with-weapons-2026-04-08/

than India is willing to accept), and the EU's Carbon Border Adjustment Mechanism (CBAM), perceived by India as a protectionist measure rather than a climate measure[33]. In March 2026, the EU and Australia concluded negotiations on a free trade agreement. The proposed agreement will eliminate over 99% of tariffs on EU exports to Australia, improve access to essential raw materials, and strengthen strategic ties with the Indo-Pacific region. The agreement is part of the EU's strategy to diversify global trade partnerships and strengthen supply chains. Cooperation with Australia is broad and covers areas such as security and defence, research and innovation, education, the digital sector, climate, and the environment. The EU and Australia have also signed a security and defence partnership[34]. Slovakia joined Hungary in blocking the European Union's 20th package of sanctions against Russia during a meeting of foreign ministers in Brussels. According to reports, both countries justified their opposition by citing the suspension of Russian oil deliveries via the Druzhba pipelines, which were halted at the end of January. The new sanctions package, proposed by the European Commission, targets the energy sector, financial services, and trade, and includes bans on the provision of maritime services related to the transport of Russian-origin petroleum products[35].

In the fourth quarter of 2025, ***Germany's*** economy grew by 0.3% compared to the previous quarter, marking a recovery from the previous stagnation, and by 0.4% compared to the fourth quarter of 2024. Throughout 2025, Germany's economy recorded moderate growth of 0.4%, following two consecutive years of economic slowdown. The trend in March 2026 represents the strongest rebound in the manufacturing sector since May 2022, with simultaneous increases in production and new orders. This dynamics primarily reflect additional demand from customers who are building up inventories in an effort to avoid potential supply disruptions caused by the war in the Middle East. At the same time, there has been a marked deterioration in suppliers' delivery times, which mainly reflects the effects of supply chain disruptions caused by the war in the Middle East, manifested in particular by delays in shipments from Asia. The lengthening of delivery times reached its highest level since July 2022[36]. The services sector immediately felt the negative impact of the war, with economic activity slowing sharply and falling to its lowest level since the rebound began last September, driven by a decline in the flow of new jobs that reflects a combination of

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[33] ATLANTIC COUNCIL. *The India–EU trade deal is worth watching, but not overhyping*. Online. (January 27, 2026). Available at: https://www.atlanticcouncil.org/dispatches/the-india-eu-trade-deal-is-worth-watching-but-not-overhyping/

[34] EUROPEAN COMMISSION. *New The EU-Australia trade agreement*. (March 24, 2026). Available at: https://commission.europa.eu/topics/trade/eu-australia-trade-agreement_en

[35] RADIO SLOVAKIA INTERNATIONAL. *New EU Sanctions Package Blocked*. Online. (February 24, 2026). Available at: https://enrsi.stvr.sk/articles/news/434545/new-eu-sanctions-package-blocked

[36] S&P GLOBAL. *Germany Manufacturing PMI, March 2026*. Online. (April 7, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/7bc61f70eb31435c9a90a3e5a5bc9698

heightened uncertainty and inflationary pressures[37]. In March 2026, the annual inflation rate stood at 2.7%, amid a significant increase in energy prices since the start of the war in Iran. Energy prices were 7.2% higher in March 2026 than in March 2025, marking the first annual increase recorded since December 2023[38]. The seasonally adjusted unemployment rate remained at 4.0% in the first two months of 2026.

In the fourth quarter of 2025, ***France's*** gross domestic product (GDP) grew moderately, by 0.2% compared to the previous quarter, and by 1.2% compared to the same period the previous year. In 2025, the French economy grew by 0.9%. Growth remains below potential, against the backdrop of geopolitical uncertainties that emerged in late February 2026 and weak domestic demand, particularly from households. The annual inflation rate (HICP) stood at 2.0% in March 2026, up 0.9 percentage points from the previous month. This was largely driven by higher energy prices (+8.9%), amid rising oil prices. Industrial production in February 2026 fell by 0.8% compared to January 2026 and by 0.5% compared to February 2025. In the fourth quarter of 2025, the unemployment rate stood at 7.9%, up 0.2 percentage points from the previous quarter and 0.6 percentage points from the same period of the previous year. Exports in February 2026 decreased by 1.5% compared to January 2026 and increased by 3.2% compared to the same period of the previous year. Imports in February 2026 increased by 6.6% compared to January 2026 and by 1.2% compared to the same period of the previous year.

Gross domestic product of ***Italy*** grew by 0.8% in the fourth quarter compared with the same period of the previous year and by 0.3% compared to the third quarter of 2025[39]. In 2025, Italy's economy grew at a moderate rate of 0.7%. The manufacturing sector maintained its growth momentum in March 2026, despite high levels of uncertainty and significant cost pressures caused by the war in the Middle East. However, both the expansion of production and new orders has moderated. To protect themselves against further price increases and in an effort to build up safety stocks amid supply chain disruptions, manufacturers purchased additional raw materials for the first time in three years, resulting in an increase in inventories. Supplier delivery times lengthened significantly, with the corresponding index falling to its lowest level since October 2022. Several companies reported difficulties in sourcing raw materials and logistical problems caused by the war in the Middle East[40]. The services sector showed signs of weakness in March amid challenging external conditions stemming from the war in the Middle East, which dampened demand and activity. The sector contracted at its sharpest pace in about

[37] S&P GLOBAL. *Global Flash Germany PMI, March 2026*. Online. (April 7, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/1c454b08170e4161acc986fc25d1cb9a

[38] THE FEDERAL STATISTICAL OFFICE OF GERMANY. *Press release No. 127 of 10 April 2026*. Online. (April 10, 2026). Available at: https://www.destatis.de/EN/Press/2026/04/PE26_127_611.html?nn=2112

[39] ITALIAN NATIONAL INSTITUTE OF STATISTIC. *Quarterly national accounts - Q4 2025*. Online. (April 9, 2026). Available at: https://www.istat.it/en/press-release/quarterly-national-accounts-q4-2025/

[40] S&P GLOBAL. *Italy Manufacturing PMI, March 2026*. Online. (April 9, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/0ea951861a6c44fc898c2d33157e0c72

two and a half years, marking the fourth consecutive monthly decline in output during this period[41]. In March 2026, HICP inflation stood at 1.5% for the second consecutive month. The unemployment rate rose slightly to 5.3% in February 2026, up from 5.2% in January, the lowest level on record.

In the first quarter of 2026, ***China's*** GDP grew by 5.0% year-on-year and by 1.3% quarter-on-quarter, marking the fastest annual growth in the past three quarters, driven largely by robust export performance. In March 2026, the annual inflation rate stood at 1.0%, marking a moderate decline from 1.3% – the highest level reached in February in over three years. On average, consumer prices rose by 0.9% from the same period a year earlier between January and March. In the first quarter of 2026, industrial production rose by 6.1% compared to the same period of the previous year. By sector, the highest value added was recorded in equipment manufacturing and high-tech manufacturing (8.9% and 12.5%, respectively, compared to the same period last year). In the first quarter of 2026, the urban unemployment rate averaged 5.3%, remaining at the same level as in the first quarter of 2025. In March, the urban unemployment rate stood at 5.4%. Meanwhile, in the first quarter, the total value of imports and exports of goods was EUR 1,473 billion, marking a 15.0% increase compared to the same period last year. Thus, the total value of exports was EUR 851.7 billion, up 11.9%, and the total value of imports was EUR 620.9 billion, up 19.6%. Imports and exports with partner countries under the "Belt and Road" initiative increased by 14.2%. Exports of mechanical and electrical products increased by 18.3%. In March, the total value of imports and exports was EUR 510.6 billion, up 9.2% from the same period last year[42].

2.3 Economic evolution in neighbouring countries and main trading partners

In the fourth quarter of 2025, ***Romania's*** gross domestic product fell by 1.6% compared to the same quarter of 2024 and by 1.9% compared to the previous quarter. In 2025, the economy grew by 0.6%. Data from January 2026 show a monthly decline of 3.3% in industrial production, continuing the negative trend that took hold in 2025, the third consecutive year. Although the external environment remains adverse, there is still some potential for a moderate recovery in 2026[43]. The annual inflation rate rose in the first quarter of 2026, reaching 9.9% in March, up from 9.69% in December 2025. However, the National Bank of Romania kept

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[41] S&P GLOBAL. *Italy Services PMI, March 2026*. Online. (April 9, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/df0a686b77ee421eb7b33d6f5317c09c

[42] THE STATE COUNCIL THE PEOPLE'S REPUBLIC OF CHINA. *China's Q1 foreign trade data consolidate 'stabilizer' role in global economy*. Online. (April 14, 2026). Available at: https://english.www.gov.cn/news/202604/14/content_WS69de2561c6d00ca5f9a0a656.html

[43] S&P GLOBAL. *Report on the BCR PMI® for Romania's Manufacturing Industry, March 2026*. Online. (April 9, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/21b165f2b9584b4aa0b0032e00d3859e

the monetary policy interest rate at 6.5%. Over the first two months of 2026, the unemployment rate decreased slightly to 6.0%. In April 2026, the rating agency S&P Global Ratings reaffirmed Romania's government debt rating at "BBB-/A-3" for both long-term and short-term debt, while maintaining a negative outlook. The decision reaffirms Romania's status as an investment-grade country and reflects the fact that the authorities' fiscal consolidation measures are continuing, although domestic and external economic pressures remain significant[44].

In the fourth quarter of 2025, ***Poland's*** gross domestic product grew by 3.6% compared to the same period of the previous year and by 1.0% compared to the previous quarter. Throughout 2025, Poland's gross domestic product rose by 3.6%, driven by growth in domestic demand, including consumption and investment. In March 2026, industrial production increased for the first time since April 2025. The 12-month production forecasts declined in March, reflecting manufacturers' response to the uncertainty caused by the war in Iran, which has disrupted global economic supply chains[45]. The annual inflation rate stood at 3.0% in March 2026. The unemployment rate rose slightly to 6.1% in February 2026, compared with 6% the previous month, marking a return to the highest level recorded since September 2021. In February 2026, Fitch Ratings maintained Poland's "A-" rating with a negative outlook. This rating indicates the likelihood of sustained fiscal deficits and an acceleration of public debt. The absence of a credible consolidation strategy, coupled with domestic political pressures, diminishes the authorities' ability and credibility to implement policies aimed at curbing this trend[46]. According to preliminary data, the general government deficit stood at 7.2% of GDP in 2025.

In the fourth quarter of 2025, ***Türkiye's*** economy grew by 0.4% compared to the third quarter of 2025 and by 3.4% compared to the same period in 2024. Overall, in 2025, growth stood at 3.6% compared to the previous year. The annual inflation rate fell from 31.53% in February to 30.87% in March 2026. In February 2026, industrial production increased by 2.2% year-over-year and by 2.6% compared to the previous month. In February 2026, the unemployment rate rose marginally, from 8.1% in January to 8.5%, remaining at a relatively stable level. In February 2026, the total volume of exports decreased by 9.9% compared to the same month of the previous year. The total volume of imports in February 2026 increased by 0.4% compared to the same month of the previous year.

In the fourth quarter of 2025, ***Ukraine's*** gross domestic product was in a fragile recovery phase following the severe contraction in 2022 caused by the war. As a result, it recorded a 2.8% increase compared

[44]MINISTRY OF FINANCE OF ROMANIA. *S&P reaffirms Romania's sovereign rating and maintains a negative outlook*. Online. (April 9, 2026). Available at: https://mfinante.gov.ro/despre-minister/-/asset_publisher/uwgr/content/s-p-reconfirm-c4-83-ratingul-suveran-al-rom-c3-a2niei-c8-99i-men-c8-9bine-perspectiva-negativ-c4-83

[45]S&P GLOBAL. *Poland Manufacturing PMI, March 2026*. Online. (April 9, 2026). Available at: https://www.pmi.spglobal.com/Public/Home/PressRelease/fe75389001894e1c8927113bb92409e7

[46]FITCH RATINGS. *Fitch Affirms Poland at 'A-'; Outlook Negative*. Online. (April 9, 2026). Available at https://www.fitchratings.com/research/sovereigns/fitch-affirms-poland-at-a-outlook-negative-27-02-2026

to the same quarter of 2024[47], with the country's economy dependent on external financing (grants, multilateral loans). Consequently, the structure of GDP has changed, with a relative decline in heavy industry and, conversely, an increased role for services and trade. In March 2026, the annual inflation rate stood at 7.9%, up 1.7 percentage points from February 2026, remaining at a moderate level with a disinflationary trend. Rising prices for petroleum products and natural gas are affecting the prices of a wide range of goods and services. Industry remains the most vulnerable sector and is operating at a level below pre-war levels. Isolated increases are linked to export-oriented production and the food industry. According to estimates by the International Labour Organization, the unemployment rate stands at around 9-10%. Foreign trade reflects a structural dependence on imports. The share of exports of goods and services in GDP was 29.4%, compared to 48.3% for imports[48]. Imports significantly outstrip exports. Overall, Ukraine's economy is in a fragile but functional balance. Industry is recovering slowly. Foreign trade remains unbalanced, with a pronounced deficit.

[47] UKRSTAT. *Main indicators*. Online (February 15, 2026). Available at: https://stat.gov.ua/en/publications/main-indicators

[48] WORLD BANK GROUP. *Exports of goods and services (% of GDP) - Ukraine.* Online. Available at: https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?locations=UA&name_desc=false

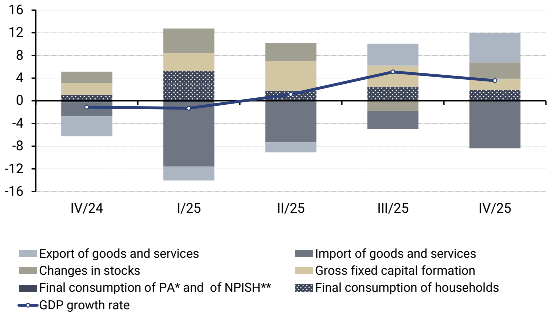
Chapter 3

Economic developments

3.1 Demand

In the fourth quarter of 2025, the annual GDP growth moderated following the acceleration seen in the third quarter of 2025. As a result, GDP increased by 3.6% in the October-December 2025 period compared to the same period in 2024. Economic developments in the fourth quarter of 2025 compared to the fourth quarter of 2024 was driven primarily by the positive impact of domestic demand, both from households, in the context of rising real incomes, and from economic agents. Net external demand partially offset this effect. At the same time, it is worth noting the positive impact on GDP dynamics from the "agriculture, forestry and fishing" and "industry" sectors, particularly from the "information and communication" sector. Smaller positive contributions came from the "construction", "education" and "public administration and defence; compulsory social security" sectors. At the same time, the seasonally adjusted series reflects a 0.6% contraction in GDP compared to the third quarter of 2025. In 2025, GDP was 2.4% higher than in 2024.

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



Source: NBS, NBM calculations
*Public administration
**Non-profit institutions serving households

From uses perspective, in the fourth quarter of 2025, household consumption continued the positive trend observed in previous periods, this time recording an increase of just 2.2% compared with the fourth quarter of 2024, thereby contributing 1.9 percentage points to GDP dynamics (Chart 3.1).

In the fourth quarter of 2025, "final consumption of public administration" increased by 0.1% compared to the same period of the previous year.

Investments generated a positive contribution of 4.9 percentage points to GDP growth. In terms of structure, this was determined mainly by a positive contribution of 2.9 percentage points from the "changes in stocks" subcomponent. At the same time, a positive impact of 2.0 percentage points was driven by the growth in "gross fixed capital formation". This increased by 9.3% compared to the level in the fourth quarter of 2024.

In contrast to the previous period, net external demand made a negative contribution (-3.2 percentage points) to GDP dynamics. Thus, "export of goods and services", in real terms, increased by 16.7% and generated a positive impact of 5.2 percentage points. However, this was offset by a 14.2% increase in "import of goods and services", which resulted in a negative contribution of 8.4 percentage points to GDP dynamics in the fourth quarter of 2025.

Households demand for consumption

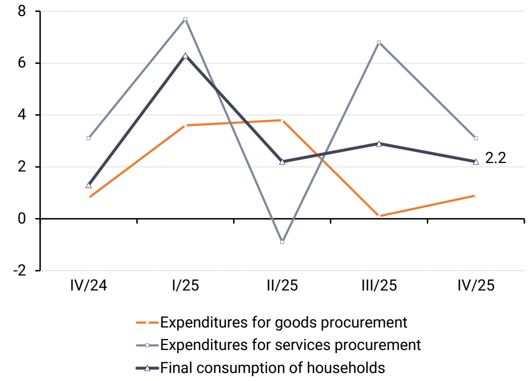
The positive annual dynamics of households final consumption continued in the fourth quarter of 2025.

Thus, the annual growth rate of households final consumption stood at 2.2%, though this was 0.7 percentage points lower than in the third quarter of 2025. The respective dynamics of households consumption was driven by a 3.1% increase in spending on services and a 0.9% rise in spending on goods compared to the same period of the previous year (Chart 3.2).

The positive evolution of households consumption was driven by an increase in households income in real terms. As a result, the main sources of financing for consumption, taken as a whole, continued their upward trend in the fourth quarter of 2025 (Chart 3.3).

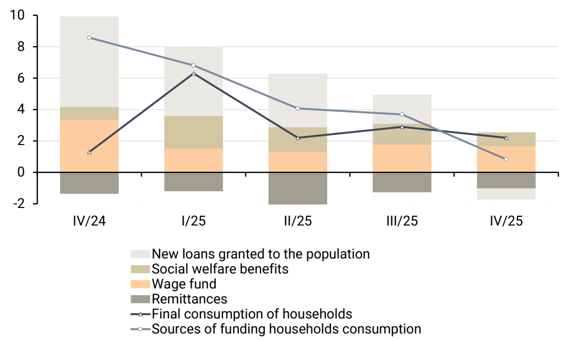
As a result, the wage fund and social welfare benefits showed positive, albeit more moderate dynamics during the fourth quarter of 2025, contributing positively to potential sources of households consumption financing. At the same time, remittances and new loans granted to the population, in real terms, declined during that 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

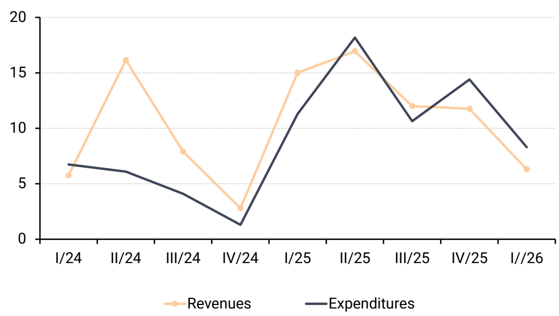
Budget execution

According to data provided by the Ministry of Finance, during the first quarter of 2026, national public budget revenues totalled MDL 31.0 billion, an increase of 6.3% over the amount recorded during the same period in 2025 (Chart 3.4).

The major share of budget revenues was accumulated from taxes and fees, which accounted for 63.3%. The compulsory insurance contributions and mandatory health insurance premiums constituted 31.6%, while the share of other revenues and grants accounted for 4.6% and 0.5%, respectively, of total budget revenues.

National public budget expenditures in the first quarter of 2026 totalled MDL 33.4 billion, marking an 8.3% increase compared to the same period in 2025. Of the total expenditures, social protection accounted for the largest share – 42.2%, education accounted for 16.2% and healthcare – 14.8%.

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



Source: Ministry of Finance

Box

Structural budget deficit

The level of a country's budget deficit is largely influenced by the position of the economy relative to the economic cycle. For example, budget revenues from an overheating economy will lead to a low budget deficit, but this could hide significant imbalances in the budgetary-fiscal position. For these reasons, it is important to distinguish between the origin of budget deficits. In general, the budget deficit is the result of discretionary budgetary-fiscal policy decisions, but part of the deficit is determined by the state of the economic cycle. Respectively, the actual budget deficit consists of the structural deficit and the cyclical deficit (calculation formula 3.1).

$$D_{actual} = D_{structural} + D_{cyclical} \tag{3.1}$$

where the structural deficit persists even when the economy is functioning at the potential level and the cyclical deficit occurs due to economic recession or expansion.

In order to separate the impact of discretionary budgetary-fiscal policy measures on the actual budget deficit from that of economic developments, the level of the structural deficit is determined. In other words, the structural deficit is the component of the budget deficit that is not determined by the economic cycle, but by permanent budgetary-fiscal policies (the level of expenditures and revenues set by laws and public policies).

The determination of the structural deficit implies the cyclical adjustment of budget revenues and expenditures, which eliminates the component generated by the deficit or excess demand. The estimation of the impact of the economic cycle on budget revenue and expenditure can be done by two methods:

- Aggregate method – where elasticities are used to measure the sensitivity of total revenue and expenditure to the deviation of GDP;
- Disaggregated method – where elasticities are applied to different types of budget revenue and expenditure.

The choice of the adjustment method depends on the purpose pursued and the availability of the data. The aggregated method requires a minimum set of data and is a relatively simple exercise. The structural deficit estimated by the aggregated method is represented by the calculation formula 3.2:

$$D_{str} = R^{CA} - G^{CA} \tag{3.2}$$

where,

D_{str} – structural deficit;
R^{CA} – total cyclically adjusted budget revenue;
G^{CA} – total cyclically adjusted budget expenditure.

Adjusted cyclical budget revenues and expenditures are determined by adjusting them to the effect of the potential GDP from actual GDP, using elasticity to define the force of the cyclical effect (3.3 and 3.4 formulas).

$$R^{CA} = R \times \left(\frac{Y*}{Y}\right)^{\varepsilon_{R,Y}} \tag{3.3}$$

$$G^{CA} = G \times \left(\frac{Y*}{Y}\right)^{\varepsilon_{G,Y}} \tag{3.4}$$

Box

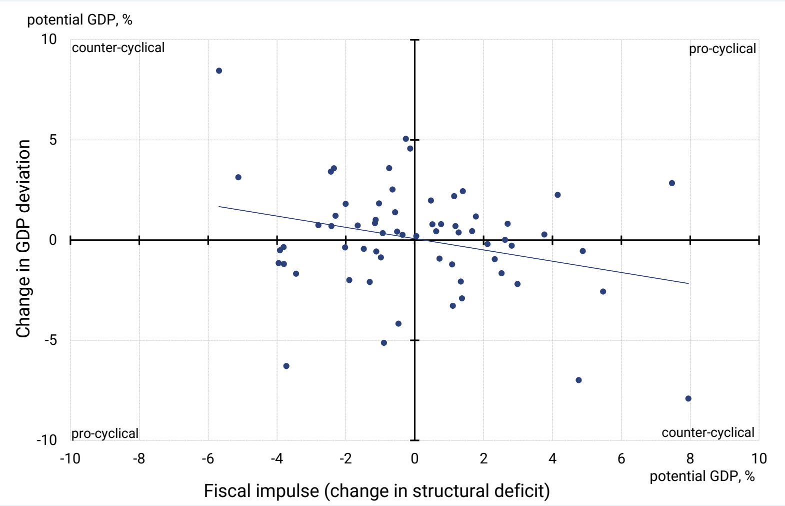
where,

R – total budget revenue;
G – total budget expenditure;
$Y*$ – potential GDP;
Y – actual GDP;
$\varepsilon_{R,Y}$, $\varepsilon_{G,Y}$ – elasticity of budget revenue and expenditure.

The structural deficit generates information on important issues in the budgetary-fiscal policy analysis:

- Measurement of discretionary changes in budgetary-fiscal policy, as changes in the structural deficit reflect budgetary-fiscal policy decisions;
- Determining the orientation of budgetary-fiscal policy. The change in the structural deficit reflects the impact of discretionary budgetary-fiscal policy on the economy. For example, the increase in the structural deficit leads to an expansive budgetary-fiscal policy and the reduction of the structural deficit implies a restrictive budgetary-fiscal policy;
- The analysis of the dynamics of the structural deficit in correlation with the position of the economy towards the economic cycle allows the assessment of the extent to which budgetary-fiscal policy acts as a stabiliser or, on the contrary, contributes to the intensification of imbalances. To this end, the fiscal impulse (change in the structural deficit) is analysed in line with the GDP gap. Therefore, in order to act as a stabiliser, if there is a positive change in the GDP gap (expansion), budgetary-fiscal policy must be restrictive, and when there is a negative change in the GDP gap (recession) – budgetary-fiscal policy must be expansive. This situation describes a counter-cyclical budgetary-fiscal policy stance. If a pro-cyclical budgetary-fiscal policy is promoted, it contributes to the intensification of economic imbalances.

Chart 1: Fiscal impulse and cyclical position of the economy of the Republic of Moldova



Source: NBM

Chart 1 shows the behaviour of discretionary budgetary-fiscal policy towards changing macroeconomic conditions in the Republic of Moldova, quarterly, in the period 2010-2025. In general, in these years, budgetary-fiscal policy has been counter-cyclical, and the trend describes an overall positive situation. At the same time, it should be noted that according to empirical evidence, the incidence of pro-cyclical budgetary-fiscal policies is higher in developing countries, while in developed countries acyclic and counter-cyclical budgetary-fiscal policies predominate.

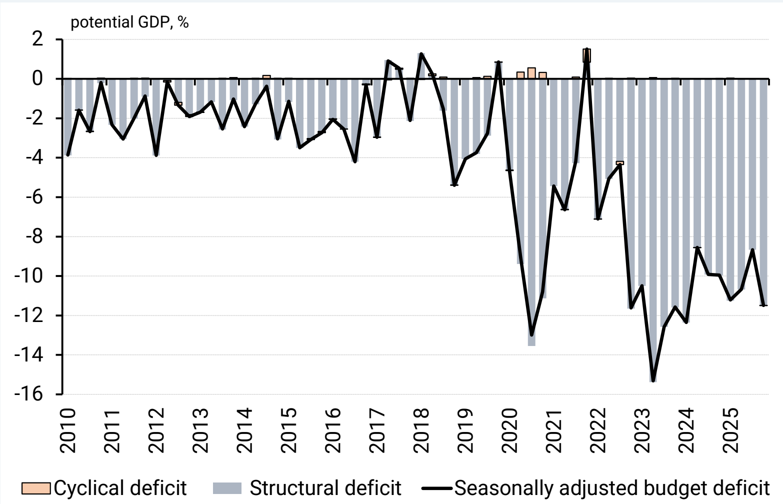
Box

In the Republic of Moldova, the size of the structural deficit is determined by:

- narrow tax base due to tax evasion, high informal economy, exemptions and facilitations;
- rigid and permanent expenditure such as pensions and social benefits, public sector wages, subsidies and compensations;
- demographic pressures such as labour migration, population ageing;
- pro-cyclical budgetary-fiscal measures, higher spending and lack of fiscal consolidation in times of economic recovery.

In 2022-2025, the Republic of Moldova's budget deficit was partly cyclical due to external imbalances, the energy crisis, high inflation, but still mainly structural. A large and persistent structural deficit indicates that permanent public expenditure exceeds structural tax revenues. The budgetary imbalance does not disappear automatically with the relaunch of the economy, budgetary-fiscal reforms are needed, not just for economic growth. Importantly, expenditure financed by the structural deficit has lower fiscal multipliers (fiscal multipliers show how much the deficit stimulates economic activity) over the medium term, which means that the effect on GDP is temporary because it finances consumption but not investment. In the long run, the high structural deficit may reduce fiscal space and increase financing costs. Thus, it increases public debt and, as a consequence, increases dependence on external financing and vulnerability to future shocks. Respectively, broadening the tax base, reducing the shadow economy, prioritising capital expenditures, reforms in the fiscal sector, but also in the pension and social benefits system are the directions for reducing the structural deficit.

Chart 2: Structural, cyclical and seasonally adjusted deficit of the Republic of Moldova



Source: NBM

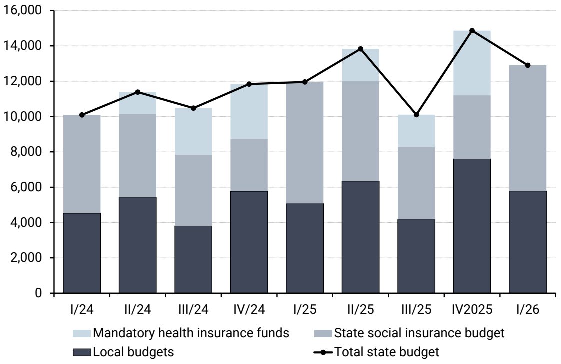
From a monetary policy perspective, the structural deficit and the fiscal impulse, respectively, have a direct influence on inflation dynamics. A widening structural deficit and an expansionary fiscal impulse amplify aggregate demand, which may generate inflationary pressures, especially as the economy operates close to its potential. In this context, the National Bank of Moldova is forced to adopt a more restrictive position by raising interest rates or reducing liquidity in the banking system.

Box

At the same time, the high structural deficit affects economic agents' expectations on public debt sustainability and macroeconomic stability, which may lead to higher risk premiums, depreciation of the national currency and intensification of inflationary pressures. Under these circumstances, monetary policy requires restrictive conduct to anchor inflation expectations and safeguard price stability. On the other hand, a restrictive fiscal impulse eases price pressures, providing room for easing monetary conditions and stimulating economic activity without the risk of destabilising inflation.

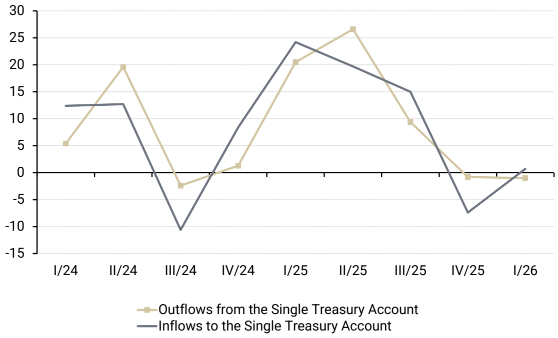
Therefore, the estimation of the structural deficit and the fiscal impulse is a very important issue in the macroeconomic analysis and the fiscal position, has direct implications for the monetary policy stance and plays a complementary role in achieving the macroeconomic stability objectives. At the same time, the interaction between fiscal and monetary policy is a fundamental element that determines their effectiveness. A non-complementary approach in which budgetary-fiscal policy is expansionary at the same time as restrictive monetary policy may lead to worse-than-expected outcomes and monetary policy needs to offset these macroeconomic imbalances with higher adjustment costs. Conversely, in the case of a coherent policy mix characterised by a structural deficit and a prudent fiscal impulse, budgetary-fiscal policy contributes to the achievement of the stability objectives pursued by monetary policy, facilitates the balanced evolution of the economy and reduces the need for aggressive monetary policy adjustments, helping to strengthen the credibility of the macroeconomic framework.

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

It should be noted that, during the reference period, transfers totalling MDL 12.9 billion were made from the state budget (SB) to the state social insurance budget (SSIB) and local budgets (LB), an increase of 7.9% compared to the same period in 2025 (Chart 3.5). The major share of transfers went to SSIB – about 55.2%, while transfers to local budgets accounted for about 44.8%.

In this context, in the first quarter of 2026, the execution of the national public budget resulted in a deficit of MDL 2.4 billion. During the same period in 2025, the execution of the national public budget resulted in a deficit of approximately MDL 1.7 billion. The balances of the national public budget accounts, as of March 31, 2026, amounted to MDL 18.7 billion.

In the first quarter of 2026, the average balance of the Single Treasury Account (STA) showed a negative annual rate for payments (similar to the fourth quarter of 2025) and a positive rate for cash receipts (Chart 3.6). As a result of inflows and outflows from the account, as of March 31, 2026, the STA balance stood at approximately MDL 15.0 billion (an all-time high), marking an annual increase of 8.8% (Chart 3.7).

At the same time, at the end of the reporting quarter, the balance of the Government's foreign currency deposit account at the National Bank of Moldova stood at the equivalent of approximately MDL 5.5 billion, compared to MDL 2.8 billion as of December 31, 2025.

State debt

As of March 31, 2026, the balance of the state debt of the Republic of Moldova stood at approximately MDL 142.6 billion, relative to GDP[49] which represented 39.7% (Chart 3.9).

In annual terms, the state debt recorded a nominal increase of 16.0% (Chart 3.8), driven by the rise in external state debt recalculated in the national currency (contributing 8.4 percentage points) and domestic state debt (contributing 7.6 percentage points). At the end of March 2026, state debt consisted of 60.7% of the external state debt and 39.3% domestic state debt.

As of 31 March 2026, the balance of external state debt amounted to approximately USD 4.9 billion, up by USD 0.7 billion or 16.1% from end-March 2025. Recalculated in the national currency, the balance of external state debt amounted to approximately MDL 86.5 billion (24.1% of GDP[49]), (Chart3.9).

At the end of March 2026, domestic state debt stood at approximately MDL 56.1 billion (15.6% of GDP[49]), (Chart 3.9), an increase of 20.0% compared to March 31, 2025 (Chart 3.8). The increase in domestic state debt was driven by state securities (SS) issued on the primary market, the volume of which rose by 32.2%, and by direct investments from individuals (+46.9% annual). As a result of these developments, the domestic debt consisted of SS issued on the primary market (77.3%), SS issued for the enforcement of state guarantees (19.7%), converted SS (1.8%), and direct investments from individuals (1.2%).

[49] GDP estimated by the NBM.

Primary market for state securities (SS)

During the first quarter of 2026, the Ministry of Finance put into circulation state securities totalling MDL 13.9 billion, 6.6% less than the initial offering volume.

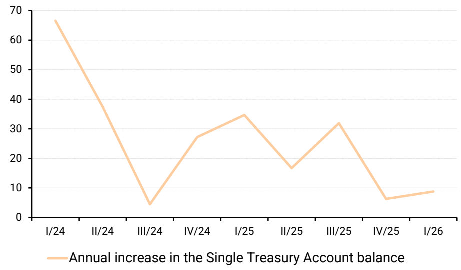
Compared to the previous quarter, demand from licensed banks in the primary market for state securities fell by 4.8% (Chart 3.10). At the same time, the banks' demand was 4.4% lower than the Ministry of Finance's offer, amounting to MDL 14.3 billion.

During the reporting period, the average effective interest rate on 91-day treasury bills remained unchanged, while those on 182-day and 364-day treasury bills increased by 0.1 percentage points and 0.17 percentage points, respectively, compared to the previous quarter. The average effective interest rate on 2-year government bonds rose by 0.25 percentage points compared to the previous quarter, while the average effective interest rate on 3-year government bonds rose by 0.16 percentage points. Compared to the previous quarter, the average effective interest rate on 10-year government bonds increased by 0.21 percentage points (Chart 3.11).

During this period, banks continued to prioritise investments in short-term securities, exercising greater caution regarding long-term commitments.

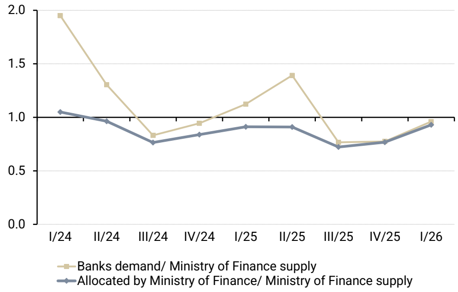
The structure of the SS portfolio put into circulation during the reference quarter shows that the most popular SS were those with a 182-day maturity, which accounted for 51.3% of total transactions, followed by 364-day treasury bills, which accounted for 46.3%, while 91-day treasury bills accounted for 2.2%. As for government bonds, those with a 2-year maturity accounted for 0.2%, while 3-year and 10-year government bonds had an insignificant share (Chart 3.12).

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



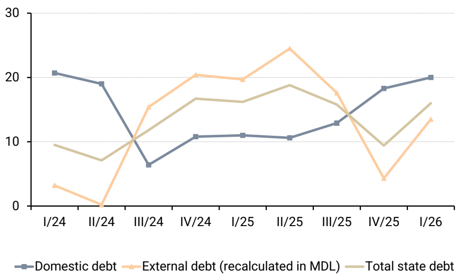
Source: NBM

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



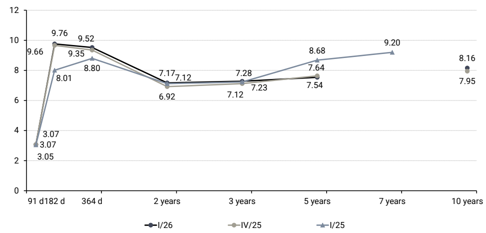
Source: NBM

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



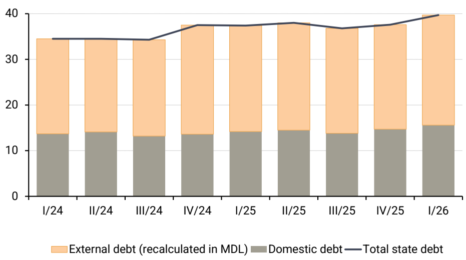
Source: Ministry of Finance

Chart 3.11: SS yield curve (%)



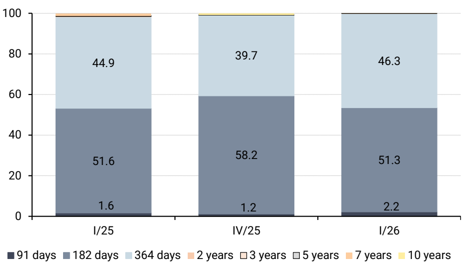
Source: NBM

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



Source: Ministry of Finance, NBM calculations

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



Source: NBM

Investment demand

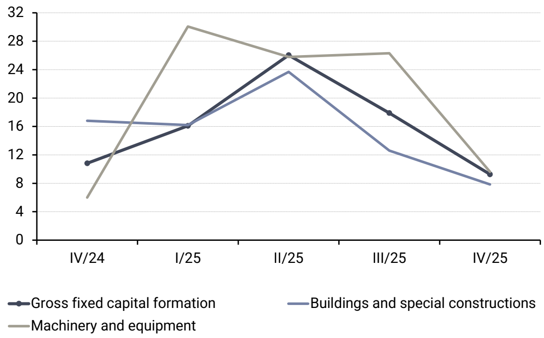
In the fourth quarter of 2025, the investment component contributed 4.9 percentage points to the dynamics of economic activity.

This evolution was determined by "gross fixed capital formation", which rose by 9.3% and contributed 2.0 percentage points to growth. This was further bolstered by a positive contribution of 2.9 percentage points from "changes in stocks". The positive trend in gross fixed capital formation was influenced by the dynamics in investments in "machinery and equipment", which rose by 9.6%, and by the "buildings and special construction" subcomponent, which increased by 7.8% compared to the same period in 2024 (Chart 3.13).

According to the latest data released by the NBS, investments in fixed assets increased by 18.5% in the fourth quarter of 2025. In terms of structure, by type of fixed assets, all subcomponents of tangible fixed assets contributed to the increase in investments, namely: investments in "engineering constructions" contributed 7.2 percentage points, "residential buildings" – 4.0 percentage points, "non-residential buildings" – by 2.6 percentage points, "machinery and equipment" – by 1.8 percentage points, "other tangible assets" – by 0.9 percentage points and "means of transport" – by 0.7 percentage points. In addition, "intangible assets" contributed a positive impact of 1.3 percentage points to the dynamics of investments in fixed assets (Chart 3.14).

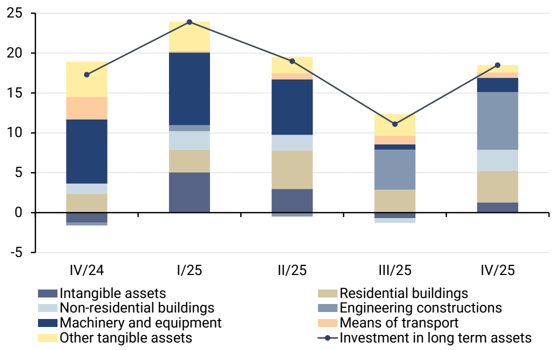
From the perspective of financing sources for investments in fixed assets for the fourth quarter of 2025, the 18.5% growth was driven by own funds – contributing 18.0 percentage points, state budget funds – contributing 4.9 percentage points, and administrative-territorial units budgets – by 0.9 percentage points. Foreign investors’ funds had a negative impact of 2.5 percentage points and the "other sources" subcomponent had a negative impact of 2.8 percentage points (Chart 3.15).

Chart 3.13: Annual investment dynamics (%)



Source: NBS

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



Source: NBS, NBM calculations

Net external demand[50]

Data on international trade in goods, released by the National Bureau of Statistics (NBS) for the first months of 2026, reflect a favourable trend and indicate that this trend is likely to continue in the coming months. Thus, in the first two months of the first quarter of 2026, the annual rate of exports increased by 11.6%, slightly lower than that of the previous quarter but significantly higher than that of the first quarter of 2025 (-9.3%). The bountiful agricultural harvest of 2025 has supported the revival of agri-food exports over the past few months. The annual rate of imports

[50] Quarterly data on the evolution of international merchandise trade of the Republic of Moldova, expressed in million EUR, have been used.

slowed significantly in the first two months of 2026, contracting by 0.6% during that period.

The annual rate of exports stood at 13.6% in the fourth quarter of 2025, down 1.3 percentage points from the third quarter of 2025. At the same time, data for the first two months of 2026 show positive signs (11.6%). During this period, exports to the EU and countries classified as "Rest of the World" increased sharply. Meanwhile, the growth in exports to the CIS made only a marginal contribution to the total dynamics of exports (Chart 3.16).

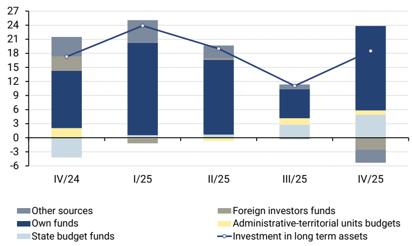
In terms of commodity groups, the sharp increase in exports of "foodstuff and animal products, beverages, and fats" was the main driver of the positive trend in total exports (Chart 3.17). It should be noted that the recovery of the crop sector in the second half of 2025 created favourable conditions for an increase in agri-food exports.

An analysis of export trends by products origin shows that the annual increase in exports in the first quarter of 2026 was driven by the growth in exports of domestically produced goods. At the same time, re-exports have recorded negative growth rates for the twelfth consecutive quarter, though their contribution remains moderate (Chart 3.18).

In the fourth quarter of 2025, the annual rate of imports stood at 14.9%, 3.2 percentage points higher than in the third quarter of 2025. At the same time, data for the first two months of the first quarter of 2026 show a contraction in imports (-0.6%). It should be noted that recent import trends are marked by significant dependence on trade flows from the EU and from countries classified as "Rest of the World" (Chart 3.19).

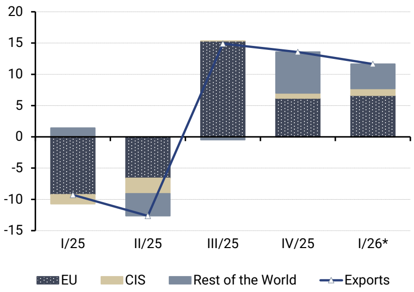
By commodity groups (Chart 3.20), the slowdown in the annual import rate in the first quarter of 2026 was driven by a substantial decline in the contribution from the "mineral products" group. The slowdown in the annual imports rate is due to the disappearance of the base effect associated with the substantial increase in the previous year, which was caused by the substitution of electricity supplies from the Cuciurgan Thermal Power Plant with imports from Romania. At the same time, the categories "vehicles, optical instruments, sound recorders and reproducers equipment" and "metal, stone and ceramics articles" also contributed to the slowdown in the annual import rate (Chart 3.20).

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



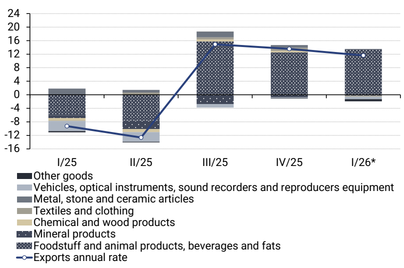
Source: NBS, NBM calculations

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



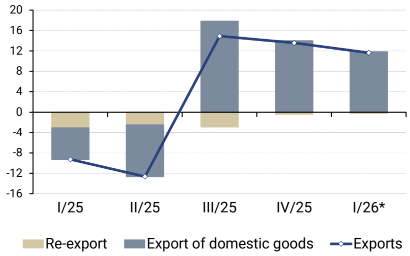
Source: NBS, NBM calculations
*January-February

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



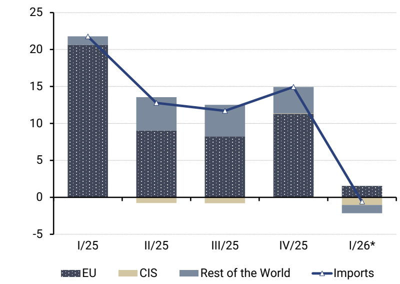
Source: NBS, NBM calculations
*January-February

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



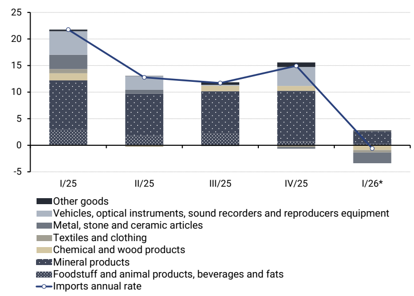
Source: NBS, NBM calculations
*January-February

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



Source: NBS, NBM calculations
*January-February

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

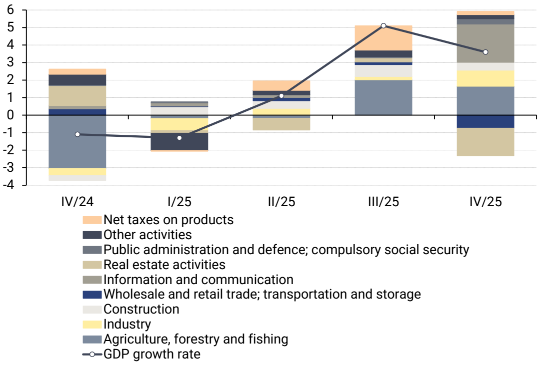


Source: NBS, NBM calculations
*January-February

3.2 Production

By resources categories, GDP growth in the fourth quarter of 2025 was mainly driven by developments in the information and communication sector, as well as in agriculture and industry (Chart 3.21).

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



Source: NBS, NBM calculations

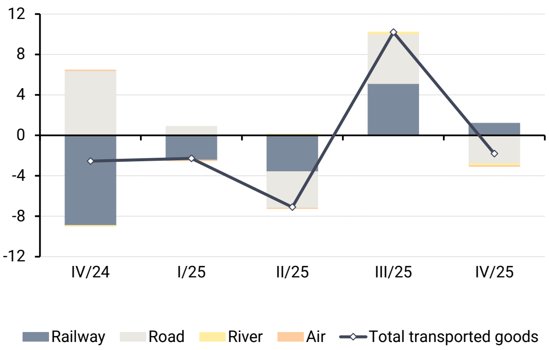
In this regard, GVA in the "information and communication" sector increased by 33.6%, contributing 2.1 percentage points to GDP dynamics in the fourth quarter of 2025. At the same time, GVA in "agriculture, forestry, and fishing" increased by 23.0%, contributing 1.3 percentage points to GDP dynamics.

GVA in the manufacturing industry sector increased by 14.2%, contributing 1.1 percentage points to GDP growth at the end of 2025. However, the mining and quarrying industry grew by only 1.4%, while the energy sector recorded an 11.4% decline compared to the fourth quarter of 2024. Smaller positive contributions were driven by developments in the "construction", "education", and "public administration and defence; compulsory social security" sectors. In this regard, GVA for the "construction" sector increased by 5.6%, generating an impact of 0.5 percentage points, while that for "education" rose by 7.6% and contributed 0.4 percentage points. GVA related to "public administration and defence; compulsory social security" increased by 7.0%, contributing 0.3 percentage points to GDP growth at the end of 2025. A minor impact (0.1 percentage points) was driven by a 4.0% increase in GVA in "financial and insurance activities" compared to the fourth quarter of 2024. On the other hand, the positive impact from the subcomponents mentioned above was offset by 2.5 percentage points due to the decline in GVA in the "real estate activities" sector, "wholesale and retail trade, repair of motor vehicles and motorcycles" and "transportation and storage", by 20.0%, 3.2% and 6.4%, respectively.

Goods and passenger transport

In the fourth quarter of 2025, the annual rate of the volume of goods transported was negative at 1.8%, 12.0 percentage points lower than in the third quarter of 2025 (Chart 3.22).

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

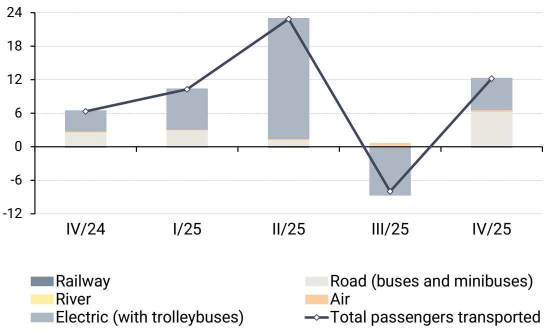


Source: NBS

This evolution was primarily determined by a 3.1% annual decline in the volume of goods transported by road compared to the same period of the previous year. At the same time, the volume of goods transported by river and air decreased by 36.7 and 46.6%, respectively, compared to the fourth quarter of 2024. The volume of goods transported by rail increased by 13.9%.

In the fourth quarter of 2025, the annual growth rate of the number of passengers carried stood at 12.2%, which was 20.2 percentage points higher than in the third quarter of 2025 (Chart 3.23).

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



Source: NBS

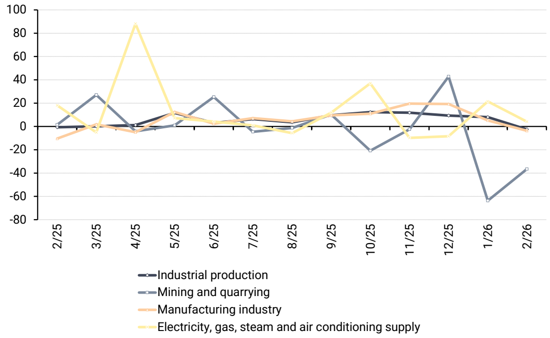
This trend was driven by annual increases in the number of passengers transported, primarily by electric transit (trolleybuses) and road transit (buses and minibuses), by 8.4 and 19.7%, respectively, compared to the same period last year. At the same time, the number of passengers transported by river and air increased by 12.7 and 31.3%, respectively, compared to the fourth quarter of 2024. The number of passengers transported by rail decreased by 59.0% compared to the fourth quarter of 2024.

Industrial production

In the first two months of the first quarter of 2026, the annual growth rate of industrial production volume stood at 2.8%, 8.4 percentage points lower than that of the fourth quarter of 2025 (Chart 3.24).

This dynamic was driven by a slowdown in the annual growth rate of the "manufacturing industry" (from 16.6% in the fourth quarter of 2025 to 0.8% in the first two months of the first quarter of 2026). At the same time, the annual rate of output in the "electricity, gas, steam and air conditioning supply" sector rose from 6.3% in the fourth quarter of 2025 to 12.8% in the first two months of the first quarter of 2026. On the other hand, the annual growth rate of production volume in the "mining and quarrying" declined by 56.7 percentage points compared to the fourth quarter of 2025, reaching -50.2%.

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



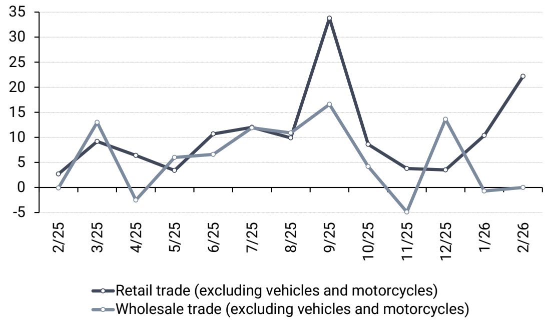
Source: NBS

Domestic trade

In the first two months of the first quarter of 2026, domestic retail trade (based on VAT declarations[51]) recorded an average increase of 16.3%, a rate 11.0 percentage points lower than in the previous quarter (Chart 3.25).

At the same time, domestic wholesale trade (based on VAT declarations) recorded an average decline of 0.4% during January-February 2026, a rate that was 4.7 percentage points lower than that of the fourth quarter of 2025.

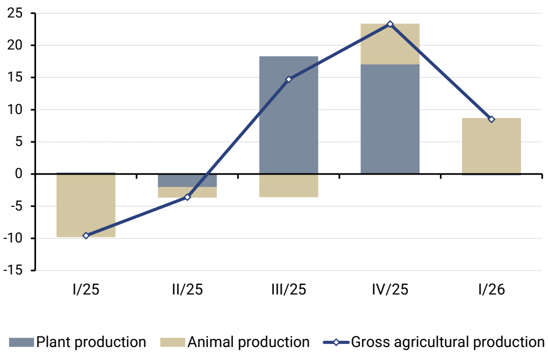
Chart 3.25: Domestic trade (based on VAT statements) (%, compared to the previous year)



Source: NBS, NBM calculations

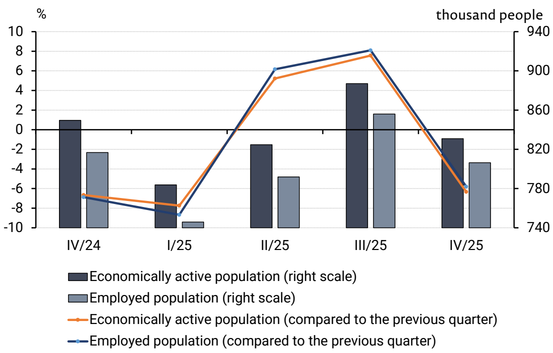
[51] NATIONAL BUREAU OF STATISTICS. *Statistics on value indices of sales (deliveries) of goods and services developed for the first time based on VAT declarations.* Chișinău: NBS, May 26, 2023. Available: https://statistica.gov.md/ro/statistici-privind-indicii-valorici-ai-vanzarilor-livrarilor-de-marfuri-si-servi-12_60432.html

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



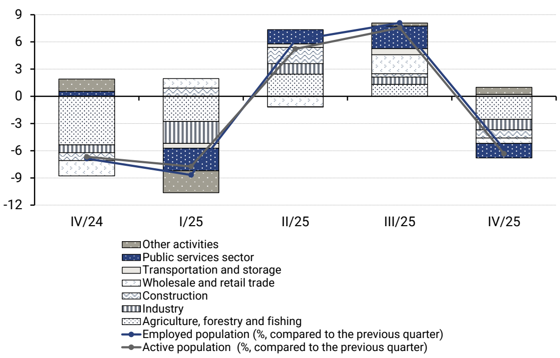
Source: NBS, NBM calculations

Chart 3.27: Economically active population and employed population



Source: NBS, NBM calculations

Chart 3.28: Contribution of the sectors of the economy to the dynamics of the number of employees (percentage points)



Source: NBS, NEA, NBM calculations

Agricultural production

In the first quarter of 2026, gross agricultural production increased by 8.5% compared with the same quarter of the previous year (Chart 3.26). This growth was driven by an 8.8% increase in animal production, which accounted for approximately 98.3% of total agricultural production.

The increase in livestock production during the period under review was due to a 13.8% rise in meat production (in live weight), as a result of increased production at agricultural enterprises. It should be noted that meat production on households was on the decline. At the same time, egg and milk production was practically similar to that in the first quarter of 2025.

3.3 Labor market

Labor force

In the fourth quarter of 2025, the labor force numbered 830.9 thousand people, a decrease of 56.2 thousand people, or 6.3%, compared with the previous quarter.

The employed population was 806.4 thousand people, down 5.8% from the previous quarter (Chart 3.27).

Within the employed population, negative developments were recorded in almost all sectors, with the exception of the "transport and communication" sector and the "other activities" subcomponent. The most significant negative contributions resulted from developments in the "agriculture, forestry and fishing", "industry", "public services"[52] "construction", and "wholesale and retail trade"[53] (Chart 3.28).

At the same time, the number of unemployed, calculated according to the ILO[54] methodology, stood at 24.5 thousand people or about 6.5 thousand fewer than in the third quarter of 2025 and the unemployment rate stood at 2.9%, 0.6 percentage points lower than in the third quarter of 2025 (Chart 3.29).

[52] "Public administration and defence; compulsory social security", "education", "health and social work"

[53] Including "accommodation and food service activities"

[54] International Labor Organization

According to data provided by NEA[55], the number of officially registered unemployed stood at approximately 5.3 thousand people, a decrease of about 0.6 thousand people compared to the third quarter of 2025.

According to data provided by the National Bureau of Statistics (NBS), at the end of the fourth quarter of 2025, there were approximately 31.9 thousand job vacancies, down 5.7% (or by 1.9 thousand) from the third quarter of 2025.

The job vacancy rate[56] stood at 4.6%, 0.3 percentage points lower than in the previous quarter. The highest number of job vacancies was recorded in "public administration and defence; compulsory social security" approximately 7.9 thousand, "health and social work" – 4.7 thousand, "education" – 4.0 thousand, and "transportation and storage" – 2.6 thousand. The fewest job openings were recorded in the "mining and quarrying" – 0.1 thousand, "other service activities" – 0.1 thousand, and the "real estate activities" sector – 0.4 thousand.

Wage fund

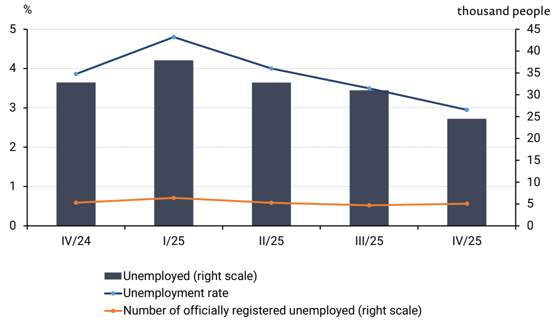
In the fourth quarter of 2025, the total wage fund for the economy increased by 10.5% compared with the fourth quarter of 2024; however, this dynamics was 0.7 percentage points lower than that of the third quarter of 2025.

This trend was driven primarily by the dynamics of the wage fund in the "wholesale and retail trade; repair of motor vehicles and motorcycles", which contributed 1.9 percentage points, the "education" sector – 1.7 percentage points, the "health and social work" sector – 1.6 percentage points, the "industry" sector – 1.4 percentage points and the "public administration and defence; compulsory social security" – by 1.0 percentage points.

In real terms, deflated by CPI, the wage fund in the economy increased by 3.3% compared with the same period of the previous year. The respective dynamics of the wage fund in real terms was driven by positive developments in both sectors of the economy: the real and public sectors (Chart 3.31).

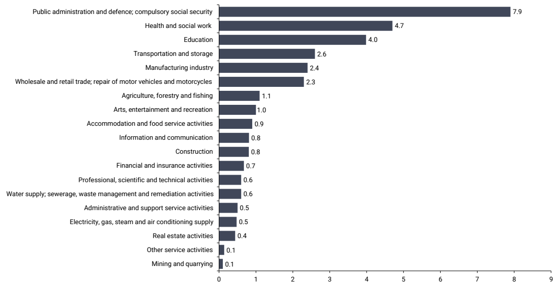
In the fourth quarter of 2025, the average number of employees in the national economy increased by 1.5% compared to the fourth quarter of the previous year. The number of employees in the real sector rose by 1.6%, contributing 1.2 percentage points, while the number in the public sector increased by 1.3%, contributing 0.3 percentage points (Chart 3.32).

Chart 3.29: Evolution the number of unemployed, calculated according to the ILO and the number of officially registered unemployed (NEA)



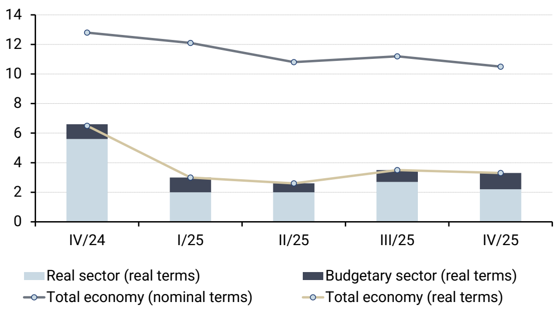
Source: NBS, NEA, NBM calculations

Chart 3.30: Number of job vacancies, by economic activities, at the end of the third quarter of 2025 (thousand units)



Source: NBS

Chart 3.31: Wage fund in the economy (%, compared to the previous year) and sectors' contributions (percentage points)

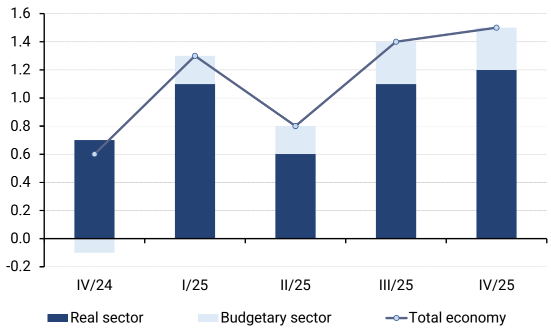


Source: NBS, NBM calculations

[55]National Employment Agency (quarterly data were calculated as the monthly average of the indicators, reported at the end of each month).

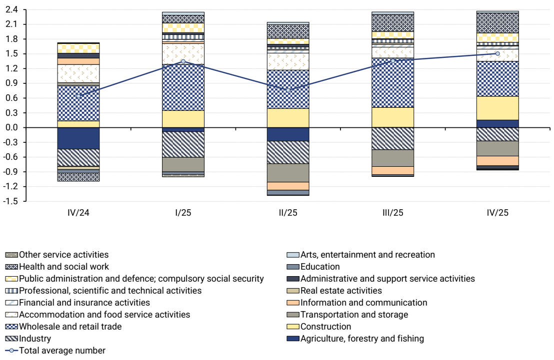
[56]The ratio of the number of job vacancies to the total number of jobs.

Chart 3.32: Average number of employees in economy (%, compared to the previous year) and sectors' contributions (percentage points)



Source: NBS, NBM calculations

Chart 3.33: Contribution of the sectors of the economy to the dynamics of the number of employees (%, compared to the previous year)



Source: NBS, NBM calculations

The distribution by economic sector reveals more pronounced increases in the average number of employees in the following areas: "construction" (12.8%), "accommodation and food service activities" (9.8%), "wholesale and retail trade; repair of motor vehicles and motorcycles" (4.0%), "health and social work" (3.8%), "professional, scientific and technical activities" (3.4%), followed by "agriculture, forestry, and fishing" (3.3%). Declines in the number of employees were recorded in the "transportation and storage" sector (-5.3%), the "information and communication" sector (-4.3%), "administrative and support service activities" (-3.1%), in "industry" (-1.7%), and in "other service activities"(-1.0%), (Chart 3.33).

3.4 External sector

Current account

In the fourth quarter of 2025, the current account deficit in the balance of payments increased by 5.4 percentage points compared with the previous quarter, accounting for 19.4% of GDP (Chart 3.34).

The balance of payments deficit increased as a result of a rise in the component with a negative contribution – the "balance of goods". At the same time, the "balance of services" and "primary income balance" components increased, while the "secondary income balance" decreased during the reference period.

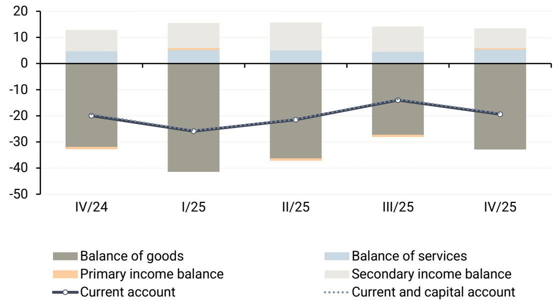
Financial account

In the fourth quarter of 2025, the financial account as a share of GDP stood at 21.6%, 6.9 percentage points higher than in the third quarter of 2025, but 3.5 percentage points lower than in the fourth quarter of 2024.

There were fluctuations in the structure of net financial flows, but the overall picture remained essentially unchanged compared to previous quarters (Chart 3.35). Thus, in the fourth quarter of 2025, the "other investments" component showed significant growth, contributing 19.5 percentage points to the increase in net inflows of financial assets[57]. It should be noted that the net flow of direct investment, as a share of GDP, stood at 0.9%, 0.8 percentage points lower than in the third quarter of 2025. In the fourth quarter of 2025, reserve assets recorded a net decrease of 1.2% as a share of GDP.

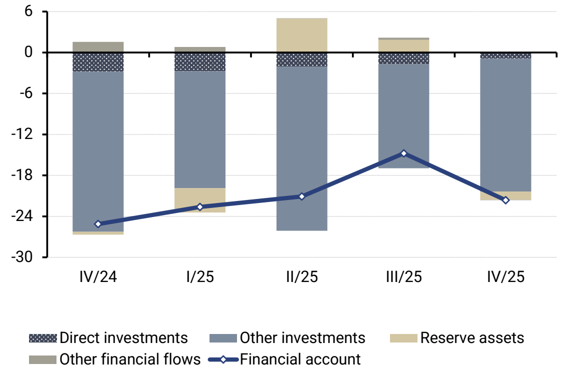
In the fourth quarter of 2025, the ratio of external debt to GDP stood at 58.1%, 1.3 percentage points lower than in the third quarter of 2025 (Chart 3.36). Overall, the structure of external debt reflects a relatively balanced distribution, with economic agents[58] and the government sector[59] holding the largest share – 24.6 and 24.1%, respectively – and direct investment accounting for 9.5%.

Chart 3.34: Current account share in GDP (%)



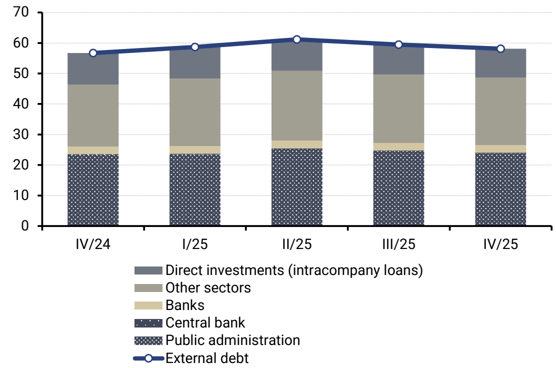
Source: NBM

Chart 3.35: Financial account share in GDP (%)



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

Chart 3.36: External debt share in GDP (%)



Source: NBM

[57] In the fourth quarter of 2025, the "cash and deposits" and "loans" components contributed to a significant increase in net financial inflows as part of "other investments".

[58] The cumulative debt of "banks" and "other sectors".

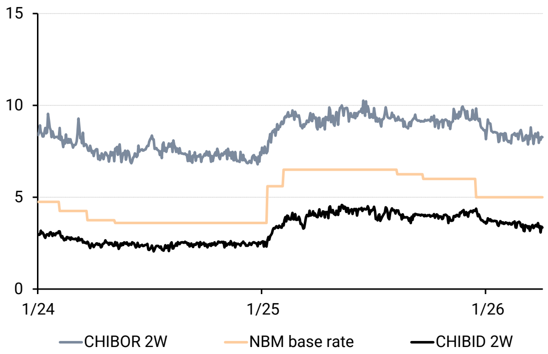
[59] The cumulative debt of the "public administration" and the "central bank".

Chapter 4

Monetary policy

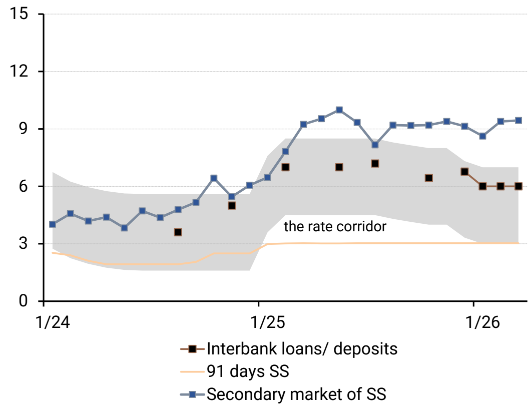
4.1 Monetary policy instruments

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



Source: NBM

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



Source: NBM

During the first quarter of 2026, the National Bank maintained the monetary policy rate at 5.0% annually. These decisions were made taking into account previous monetary policy measures, including the lags in their transmission, and are aimed at ensuring and maintaining inflation within a range of ±1.50 percentage points from the 5.0% target over the medium term.

The effects of the cuts made to the base rate in the previous quarter were not felt on the CHIBOR/ CHIBID reference rate curve until the first quarter of 2026. Thus, the CHIBOR 2W quotation recorded at the end of March was lower (-0.96 percentage points) than that recorded on the last day of the previous quarter, standing at 8.27% (Chart 4.1).

The trajectory of interest rates on 91 days government securities reflected both the Ministry of Finance's intention to channel investors' funds into longer-term government securities and a decline in investor interest in this type of investment. As a result, the rate remained at 3.03% annually throughout the first quarter of 2026.

On the secondary segment of the government securities market, the average interest rate on transactions was 9.10% (-0.11 percentage points compared to the fourth quarter of 2025), accompanied by a significant increase in the average maturity of transactions (from 501 to 980 days), (Chart 4.2).

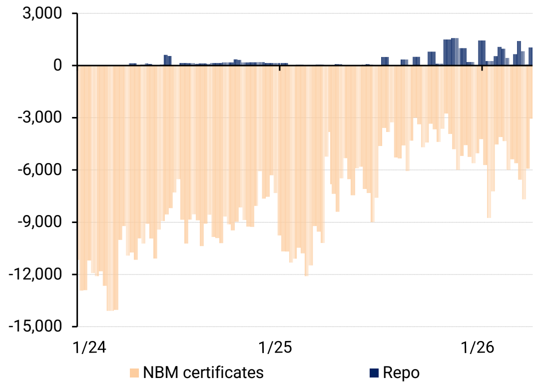
Money market operations

Sales of NBM certificates (NBC)

Excessive liquidity on the money market was absorbed through weekly sales operations of 14-day certificates, in which all bids submitted by banks were fully accepted.

The strengthening of the NBM's net debtor position vis-à-vis the banking system was reflected in the trend in the volume of the NBM's monetary policy operations aimed at absorbing liquidity, which increased compared to the previous quarter, a trend also reflected in the quarterly average of the stock of NBC placements, which rose from MDL 4,521.5 million, the level recorded in the fourth quarter of 2025, to MDL 5,802.5 million in the first quarter of 2026. The daily stock of NBC placements ranged from a low of MDL 3,055.3 million to a high of MDL 8,756.0 million (Chart 4.3).

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



Source: NBM

Repo operations

Liquidity-providing repo operations were conducted weekly for a 14-day maturity at a fixed interest rate through tender procedure without a ceiling. The volume of liquidity provided during the quarter decreased compared to the previous quarter (from MDL 5,821.0 million to MDL 4,285.0 million). The average quarterly balance of repo operations amounted to MDL 671.7 million.

Standing facilities

During the first quarter of 2026, banks made use of both standing facilities offered by the NBM.

The total value of overnight deposits held at the NBM amounted to MDL 18,468.0 million, about 30.0% below the level recorded in the previous quarter. At the same time, the average daily stock of these placements also fell to MDL 317.9 million (from MDL 411.1 million in the previous period). The amounts placed by banks ranged from a minimum of MDL 10.0 million to a maximum of MDL 850.0 million.

The total value of overnight loans granted to banks by the NBM over the quarter amounted to MDL 3,719.0 million, an increase of approximately 5.9 times compared to the previous period. The average daily balance of overnight loans stood at MDL 41.7 million.

Interest rates on standing facilities were maintained throughout the quarter at 3.0% for overnight deposits and 7.0% for overnight loans.

Interbank credit/ deposit market

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

In the first quarter of 2026, interbank transactions totalled MDL 90.0 million, with a weighted average interest rate of 6.0% per annum and an overnight maturity.

Required reserves

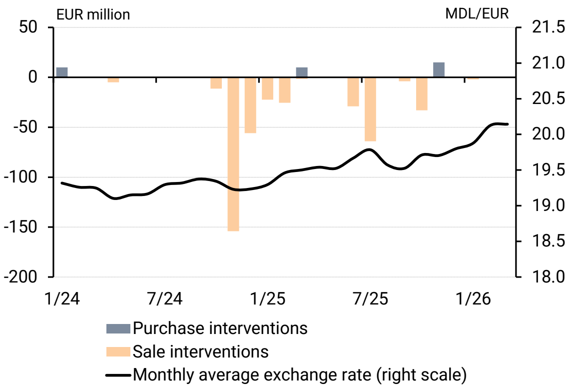
In the first quarter of 2026, the required reserve mechanism continued to serve as a tool for monetary control and liquidity management in the banking system.

The required reserves in MDL held by banks during the period from 16.03.2026 – 15.04.2026 amounted to MDL 16,217.6 million, a decrease of MDL 1,080.1 million (-6.2%) compared to the reserves held during the period from 16.12.2025 – 15.01.2026.

With regard to the required reserves on funds attracted in the FCC, during the application period from 16.03.2026 – 15.04.2026, they totalled EUR 472.5 million and USD 150.0 million. Compared to the period from 16.12.2025 – 15.01.2026, required reserve in euro decreased by 5.4%, and reserves in USD decreased by 10.5%.

These reductions are based on the monetary policy decision of February 5, 2026, whereby, effective for the period from 16.02.2026 – 15.03.2026, the required reserve ratios were reduced by 2.0 percentage points for reserves held in MDL, from 20.0% of the calculation base to 18.0%, and by 3.0 percentage points for reserves held in FCC, from 29.0% of the calculation base to 26.0%.

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



Source: NBM

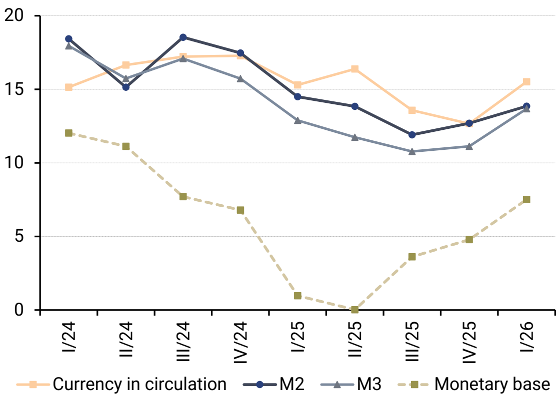
Interventions on the domestic foreign exchange market

The NBM intervened in the domestic foreign exchange market from January through March 2026 through foreign currency sales.

During the period under review, the volume of transactions conducted by the National Bank of Moldova on the interbank foreign exchange market against the MDL, on the value date, amounted to EUR 3.2 million, including sales transactions totalling EUR 2.0 million, as well as currency conversions with World Bank institutions (the International Bank for Reconstruction and Development and the International Development Association) amounting to EUR 1.2 million.

At the same time, during the reporting period, the NBM conducted purchase swap operations totalling EUR 55.66 million (equivalent to USD 65.0 million), (Chart 4.4).

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



Source: NBM

4.2 Dynamics of monetary indicators

In the first quarter of 2026, the M2 and M3 monetary aggregates continued to grow, specifically, the M2 monetary aggregate increased by 13.9% annually (+1.2 percentage points higher than the level in the fourth quarter of 2025), while M3 grew by 13.7% annually (+2.6 percentage points higher than in the previous quarter).

The monetary base grew by 7.5% year-over-year (up 2.7 percentage points from the fourth quarter of 2025), (Chart 4.5).

Money supply

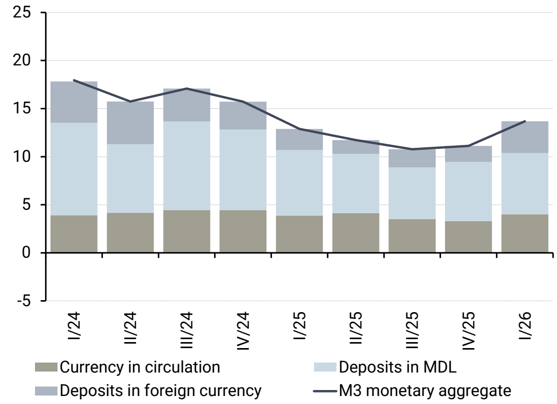
Overall, the M3 monetary aggregate continued its upward trend in the first quarter of 2026, with the main contribution to this growth coming from deposits in the national currency, by 6.4 percentage points (+0.2 percentage points) and currency in circulation, which contributed 4.0 percentage points (+0.7 percentage points), followed by foreign currency deposits, which contributed 3.3 percentage points (+1.6 percentage points). All of these factors contributed to an annual growth of 13.7% for the M3 monetary aggregate (Chart 4.6).

The balance of deposits in the national currency recorded a year-over-year increase of 13.0% (Chart 4.8), driven primarily by the contribution of term deposits (Chart 4.9).

In the first quarter of 2026, foreign currency deposits saw their growth rate accelerate to 13.2% annually, an increase of 6.6 percentage points from the previous quarter, as a result of the faster growth in sight deposits (Chart 4.11). The positive annual evolution of foreign currency term deposits of 11.1% was supported by the higher contribution of legal entities deposits (Chart 4.12). At the same time, foreign currency sight deposits recorded an annual growth rate of 14.8%, driven by a positive contribution of 9.0 percentage points from sight deposits held by individuals and 5.8 percentage points from those held by legal entities (Chart 4.13).

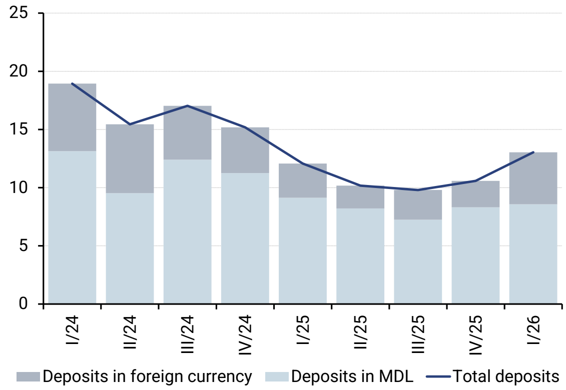
The growth rate of money in circulation at the end of the first quarter of 2026 increased by 2.8 percentage points compared to the end of the previous quarter, reaching 15.5% on an annual basis. The dynamics of money in circulation was driven by both cash inflows from receipts and cash outflows from withdrawals at licensed banks. Within total receipts, the largest contribution came from sales of consumer goods. At the same time, regarding withdrawals from licensed banks, the main contribution came from cash withdrawals at ATMs.

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



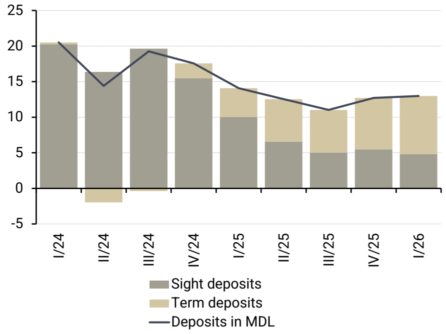
Source: NBM

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



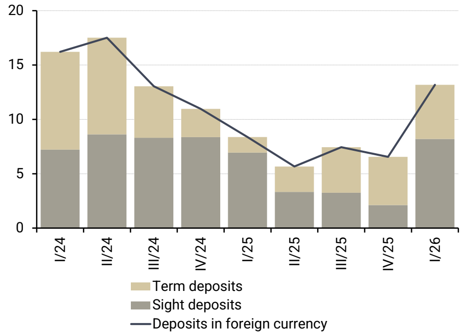
Source: NBM

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



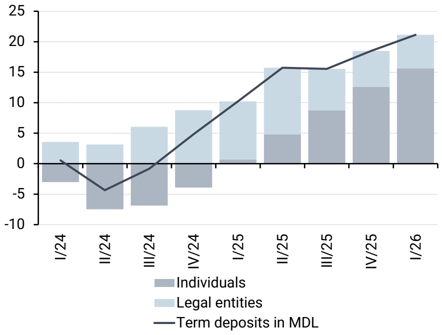
Source: NBM

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



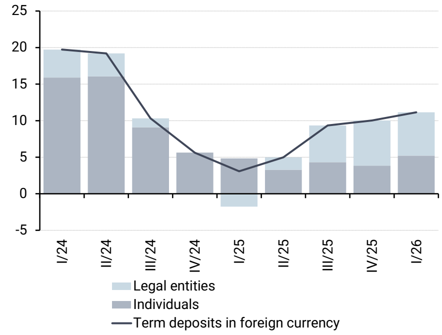
Source: NBM

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



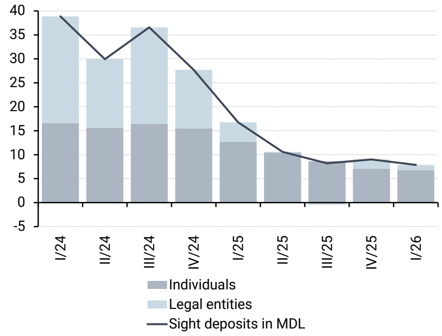
Source: NBM

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



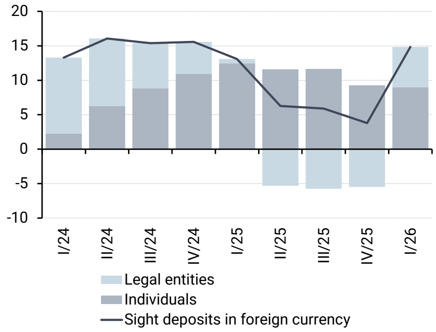
Source: NBM

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)

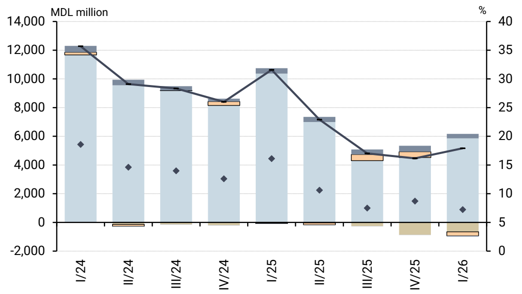


Source: NBM

Excessive liquidity

In the first quarter of 2026, average excessive liquidity in the banking system increased by MDL 0.7 billion. It is worth noting that, compared to the first quarter of 2025, the volume of excessive liquidity decreased by MDL 5.5 billion, reaching an average of MDL 5.2 billion (Chart 4.14).

Chart 4.14: Excessive liquidity



Source: NBM

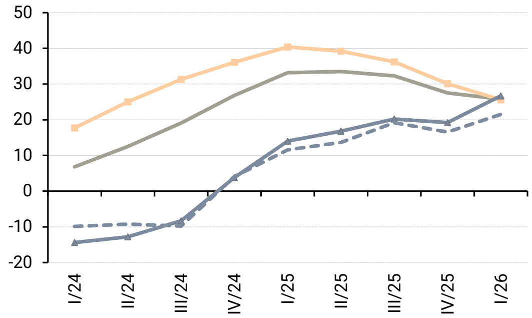
Loans market

Evolution of the balance of loans granted by licensed banks[60]

At the end of March 2026, the total outstanding balance of loans granted by licensed banks recorded a year-over-year increase, amounting to approximately MDL 105.8 billion, up 25.8% from the end of the first quarter of 2025 (Chart 4.15), due to positive contributions from the increase in the balance of loans denominated in the national currency (19.6 percentage points) and the balance of loans granted in foreign currency attached to the exchange rate (6.2 percentage points), (Chart 4.16). The component in the national currency saw its annual dynamics slow to 25.6%. The annual trend of the balance of loans granted in MDL was influenced by a 29.4% increase in the balance of loans granted to individuals and a 20.2% increase in those granted to legal entities. Thus, the share of the outstanding balance of loans granted to individuals rose to 60.8% year-over-year, compared with 59.0% at the end of the first quarter of 2025. At the same time, the annual dynamics of the outstanding balance of foreign currency loans attached to the exchange rate – recalculated in the national currency – showed a steady upward trend, reaching 26.7%. In this context, the share of loans granted in the national currency accounted for 76.6% of the total outstanding loans balance.

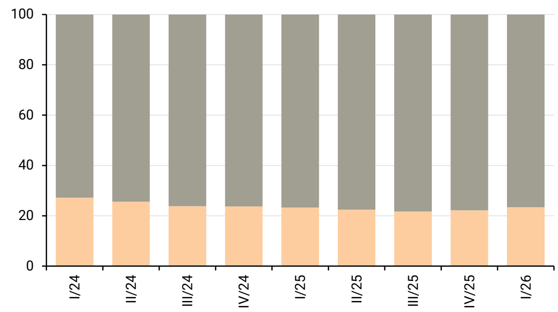
At the end of the first quarter of 2026, in the structure of the total loans portfolio granted by licensed banks, the largest share, as in previous quarters, was accounted for by loans to individuals (47.3%), followed by the share of loans to legal entities in the trade sector (21.0%), (Chart 4.17).

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



Source: NBM

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



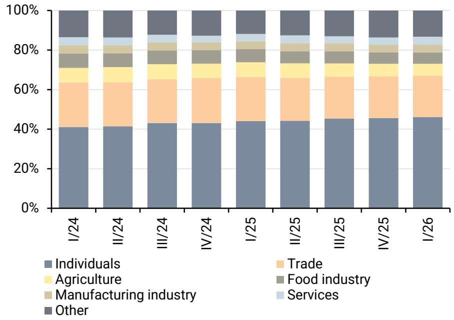
Source: NBM

Evolution of new loans granted by the licensed banks

In the first quarter of 2026, the annual growth rate of new loans resumed its upward trend, driven by positive developments in both national currency and foreign currency loans (Chart 4.18). Loans granted in the national currency grew at an annual rate of 3.0%, driven by positive annual dynamics of both the household and legal entities (Chart 4.19). Compared to the previous quarter, the annual growth rate of loans granted in the national currency to individuals rose to 4.1% annually, driven by the upward trend in consumer loans (Chart 4.19). Real estate loans declined for the second consecutive quarter.

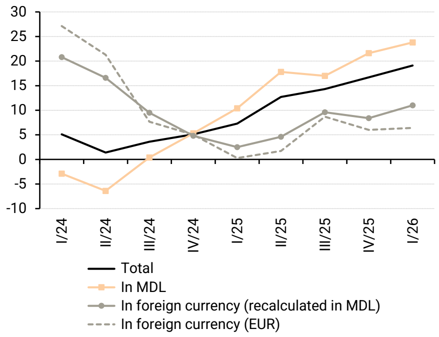
[60] The data analysis was performed based on ORD 01.06 reports titled "Interest rates on balance of loans and deposits" submitted by licensed banks up to April 14, 2026.

Chart 4.17: Loans balance structure (% in total)



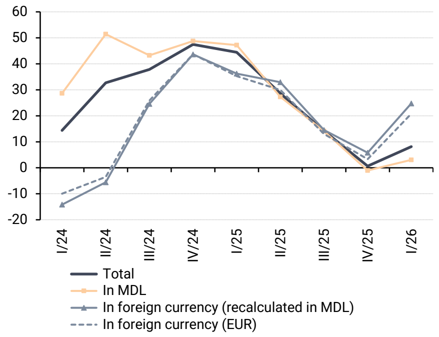
Source: NBM

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



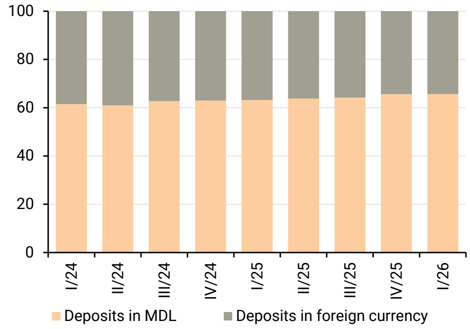
Source: NBM

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



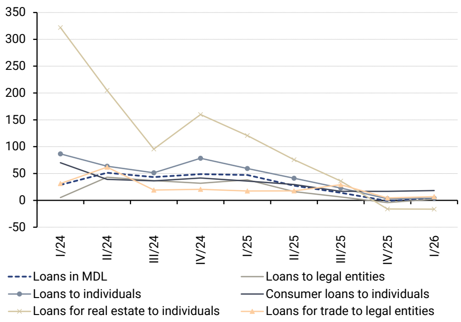
Source: NBM

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



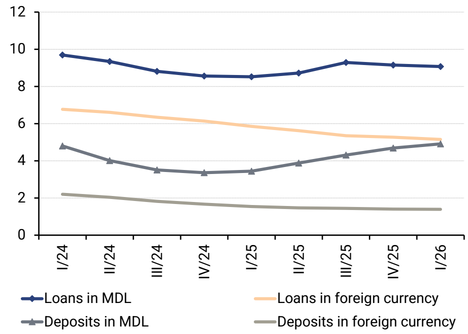
Source: NBM

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

At the same time, the dynamics of new foreign currency-denominated loans attached to the exchange rate accelerated (Chart 4.18), largely due to loans granted to legal entities.

These developments were also reflected in the share of loans granted in the national currency. Thus, loans in MDL accounted for 72.8%, compared with 76.4% in the same period of 2025.

The market of deposits

The market of term deposits accepted by the licensed banks (deposits balance)[61]

At the end of the reporting quarter, the total balance of term deposits held by licensed banks amounted to approximately MDL 57.4 billion, up 19.1% from the end of March 2025 (Chart 4.20). This growth was largely influenced by the balance of deposits attracted in the national currency. Thus, the balance of term deposits in MDL recorded an annual growth rate of 23.8% (Chart 4.20), and their share increased by 2.5 percentage points to 65.7% 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[62]

Base rate evolution

During the first quarter of 2026, the Executive Board of the National Bank of Moldova held two meetings on monetary policy decisions. Following an assessment of the balance of domestic and external risks and the short- and medium-term inflation outlook, the Executive Board of the National Bank of Moldova, at its meetings on February 5 and March 19, 2026, decided to maintain the base rate at 5.0 (a level set on December 11, 2025). These measures were adopted in the context of the ongoing spillover effects of previous monetary policy decisions, including the associated transmission lags and major international turmoil caused by the war in the Middle East, which have affected international energy prices, causing them to reach high levels and potentially impacting global economic activity, with negative effects on global inflation.

These decisions aim to anchor inflation expectations and ensure that the inflation rate remains close to the 5.0% medium-term target, with a possible deviation of ±1.5 percentage points.

[61] The data analysis was performed based on ORD 01.06 reports titled "Interest rates on balance of loans and deposits" submitted by licensed banks up to April 14, 2026 and does not include sight deposits.

[62] The analysis of the rates was performed based on ORD 01.06 reports titled "Interest rates on balance of loans and deposits" submitted by the licensed banks up to April 14, 2026 and does not include rates on sight deposits.

Interest rate evolution on loans balance

For the first quarter of 2026 as a whole, the weighted average interest rate on the balance of loans granted in MDL by licensed banks increased by 0.55 percentage points compared to the first quarter of 2025 and stood at 9.07% annually (Chart 4.22). Compared with the previous quarter, the weighted average interest rate decreased by 0.08 percentage points. The weighted average interest rate on the outstanding balance of foreign currency loans was 5.15% per annum, 0.70 percentage points lower than in the first quarter of 2025.

Interest rate evolution on the deposits balance

During the reporting quarter, the weighted average interest rate on the balance of term deposits in the national currency rose by 1.47 percentage points year-over-year and stood at 4.91% annually (Chart 4.22). At the same time, the weighted average interest rate on the balance of term deposits in foreign currency stood at 1.39% per annum, down 0.15 percentage points from the first quarter of 2025.

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

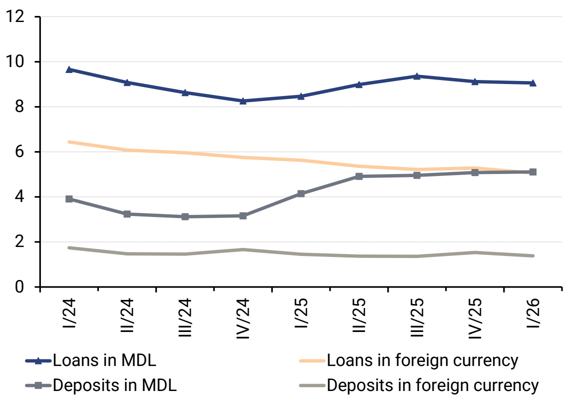
In the first quarter of 2026, the weighted average interest rate on loans granted in the national currency showed a downward trend (Chart 4.23). Thus, the weighted average interest rate on new loans granted in the national currency stood at 9.06% per annum, down 0.06 percentage points from the previous quarter, as a result of the decrease in the weighted average interest rate on loans granted to legal entities. The weighted average interest rate on loans granted to individuals remained essentially unchanged compared to the previous quarter. At the same time, for loans granted in foreign currency and attached to the exchange rate, the weighted average interest rate stood at 5.06% per annum, down 0.22 percentage points from the previous quarter (Chart 4.23).

The weighted average interest rate on new term deposits in the national currency during the reporting quarter increased by 0.03 percentage points compared with the previous quarter and stood at 5.11% annually, (Chart 4.23), as a result of the upward trend in interest rates on term deposits attracted from individuals.

Nominal and real effective exchange rate evolution

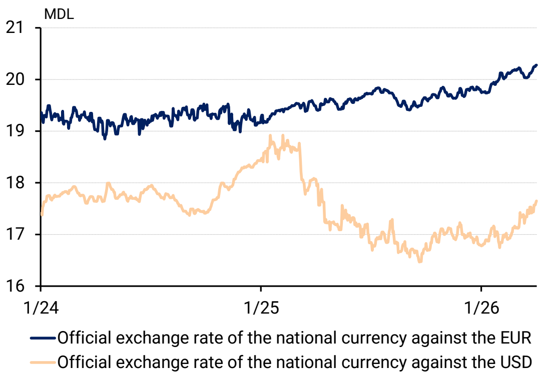
During the first quarter of 2026, the official nominal exchange rate of the national currency depreciated by 2.6% against the euro and by 5.1% against the US dollar compared to the level recorded at the end of the previous quarter (Chart 4.24).

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



Source: NBM

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



Source: NBM

On average, the Moldovan leu depreciated by 1.6% against the euro and by 1.0% against the US dollar, compared with the averages for the previous quarter.

As for the exchange rates of Moldova's main trading partners, in the first quarter of 2026, most of the currencies included in the REER basket appreciated, on average, against the euro. In particular, the Chinese renminbi yuan (+1.8%), the Swiss franc (+1.4%), the Belarusian ruble (+1.3%), the Russian ruble (+1.0%), the British pound (+0.8%), the Hungarian forint (+0.7%), and the Polish zloty (+0.1%). On the other hand, more pronounced depreciation was recorded for the Turkish lira (-4.0%), the Ukrainian hryvnia (-3.7%), the Czech koruna (-0.2%), and the Romanian leu (-0.1%), (Chart 4.25).

Under these circumstances, in real terms, the Moldovan leu depreciated by 0.8% against the basket of currencies of the Republic of Moldova's main trading partners (the average for the first quarter of 2026 compared to the average for the fourth quarter of 2025), (Chart 4.26). The largest contributions to the depreciation of the REER came from the Russian Federation (-0.35 percentage points), Türkiye (-0.30 percentage points), and Romania (-0.26 percentage points), (Chart 4.27).

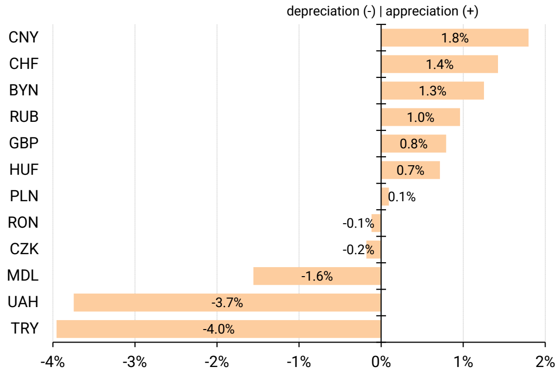
In the first quarter of 2026, the foreign exchange deficit in the local foreign exchange market improved compared to both the first quarter of 2025 and the previous quarter, due to more favourable conditions for foreign exchange supply factors compared to those for foreign exchange demand.

Thus, the net foreign currency supply from individuals amounted to EUR 745.0 million, showing an 18.1% increase in annual terms and a seasonal decline of 8.6% compared to the previous quarter. The dynamics of the net foreign currency supply, in annual terms, mirrored that of remittances from abroad to individuals. According to data for the first two months of the quarter, net transfers from abroad increased compared to the same period of the previous year (+19.5%), but decreased compared to the previous quarter (-7.2%).

In the structure of net foreign currency supply from individuals, the single European currency continued to account for the largest share (71.0%), (Chart 4.28).

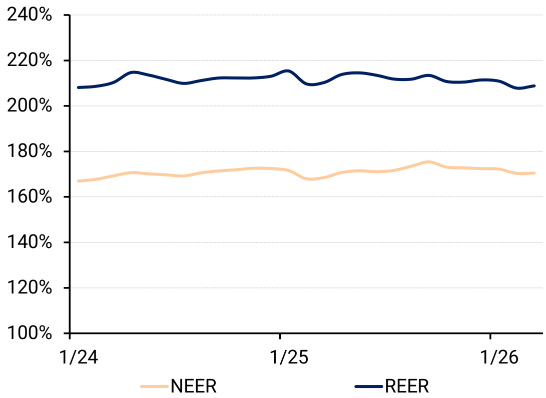
Net demand for foreign currency from economic agents increased year-over-year (+8.7%), but fell more sharply compared to the previous quarter (-13.1%), amounting to EUR 806.5 million. The trend of a deteriorating trade balance of goods continued, with this being the main factor contributing to the year-over-year increase in net demand from legal entities. The deficit of trade balance of goods increased by 6.4% compared to the same period of the previous year, according to data for the first two months of the quarter. However, it is also worth noting the continued positive trend in goods exports, which recorded an annual increase of 11.6% in the first two months of the quarter.

Chart 4.25: Development of the countries currencies – main trading partners against the EUR, average exchange rate for the first quarter of 2026/ fourth quarter of 2025 (%)



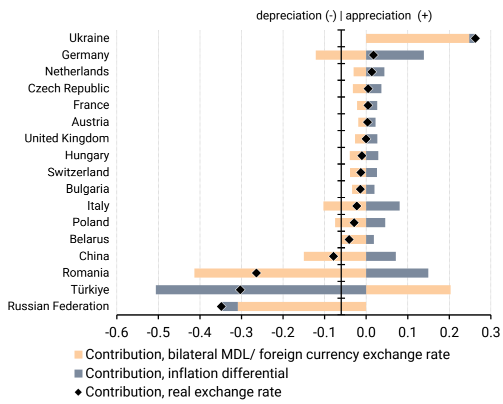
Source: NBM

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

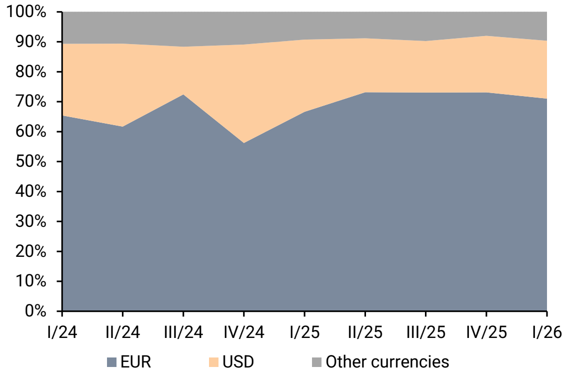
Chart 4.27: Contribution of the main trading partners of the Republic of Moldova to the change in the real effective exchange rate in the first quarter of 2026



Source: NBM

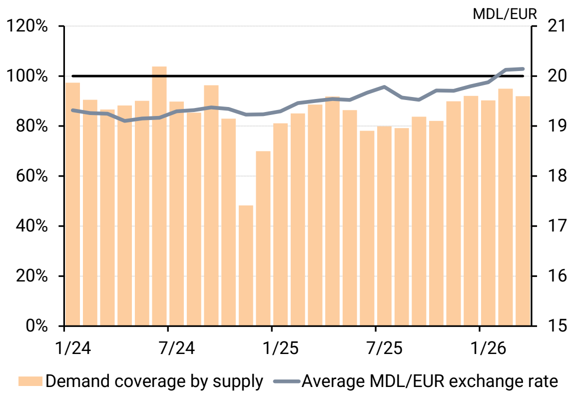
Net demand for foreign currency from legal entities was driven primarily by increased demand for foreign currency from importers of energy resources. The rise in net demand was partially offset by increased supply of foreign currency from some exporters of agricultural products.

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

Under these circumstances, the net foreign exchange supply from individuals covered 92.4% of the net foreign exchange demand from economic agents during the reference period (Chart 4.29), compared with 87.8% in the previous quarter and 85.0% in the first quarter of 2025. Against this backdrop, the NBM intervened through foreign currency sales amounting to EUR 2.0 million[63] on the domestic interbank market, aimed at mitigating exchange rate volatility.

Viewed from a monthly perspective, during the period under review, the official exchange rate of the Moldovan leu against the euro followed a general downward trend starting in the second half of January, which lasted until the end of February. In the first half of March, the Moldovan leu appreciated against the euro amid increased net supply of foreign currency from individuals, a trend typical of holiday periods. In the second half of March, the MDL's exchange rate against the euro resumed its depreciation trend, reaching its highest level for the quarter by the end of the month.

The dynamics of the official exchange rate of the Moldovan leu against the US dollar was influenced, among other factors, by the US dollar's performance against the euro on international markets. The EUR/USD pair experienced significant volatility in the first quarter of 2026, reflecting the complex interplay between inflation trends, monetary policy expectations, and escalating global geopolitical risks. After a significant appreciation between August 2025 and January 2026 as the interest rate differential between the US and the euro area began to shift, the euro came under pressure, and external shocks simultaneously affected both currencies.

In the second half of January, the euro appreciated more sharply against the US dollar, driven by political uncertainties in the US and expectations of an interest rate cut by the Fed. In this context, the EUR/USD exchange rate temporarily rose to 1.20 USD/EUR, supported in part by the passage of the budget in France and the easing of internal tensions within the EU.

Subsequently, throughout February and into early March, market sentiment reversed sharply. The outbreak of the US/ Israel and Iran conflict triggered a sharp rise in oil and gas prices and led to an accelerated flight to safe-haven assets, which strengthened the dollar. At the same time, US inflation showed signs of resilience, dampening expectations of Fed policy easing, while euro area inflation returned to around 1.9%, complicating the message of the ECB. Under these circumstances, the euro lost ground and fell below the USD/EUR 1.16 threshold, marking one of the sharpest corrections in recent months.

[63] Volume calculated on the currency date.

As for the policy signals from the two central banks, the ECB kept its monetary policy rate unchanged and discouraged speculation about immediate interest rate cuts; the market remained sensitive to the mixed signals generated by inflation trends and the slowdown in economic growth. In contrast, the Fed signaled a cautious approach but did not rule out the possibility of keeping interest rates high for a longer period, bolstering support for the dollar.

Under these circumstances, the euro depreciated by 2.4% against the US dollar during the quarter under review.

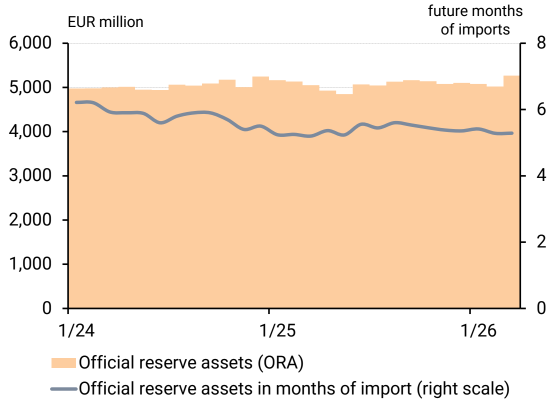
At the end of the quarter under review, the balance of official reserve assets stood at EUR 5,266.5 million (Chart 4.30), up by EUR 162.3 million (+3.2%) compared with the end of the fourth quarter of 2025. The increase in official reserve assets was driven primarily by financial support from development partners and income from the management of foreign exchange reserves.

With regard to external financing, it is worth noting the disbursement of budget support in the amount of EUR 173.2 million from the EU in the form of a loan under the Growth Plan for the Republic of Moldova.

In addition, the Ministry of Finance of the Republic of Moldova received loans and grants from external partners for investment projects totalling EUR 7.6 million. Notable among these were loans and grants from World Bank institutions totalling EUR 5.7 million, for projects in the field of education (EUR 2.3 million), the "Land Registration and Valuation" project (EUR 1.7 million), "Improving the Quality of Education" (EUR 1.6 million), as well as other projects in the fields of agriculture, energy efficiency, water supply, and sanitation, among others. IFAD also disbursed a loan and a grant for the project "Capacity Building for Rural Transformation" (EUR 1.7 million).

According to the figures as of the end of the first quarter of 2026, official reserve assets provide sufficient coverage for imports of goods and services (5.3 months of future imports[64]).

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

[64] Calculated based on the MDED forecast on the import of goods and services.

Chapter 5

Forecast

5.1 External assumptions

In less than a year after the intensification of trade tensions, following the imposition of tariffs by the US, the resilience of the global economy is being tested by the war in the Middle East. The IMF expects the global economic acceleration to slow to 3.1% in 2026 and 3.2% in 2027. At the same time, global inflation is projected to increase marginally in 2026, before resuming its decline in 2027. The slowdown in positive economic growth and rising inflation are expected to be more pronounced in emerging and developing economies[65]. The outlook for the euro area for 2026 has been revised downwards by several international institutions, in particular due to the newly emerging energy shock and the combined risks of economic stagnation and high inflation. In this context, central banks have become more cautious about continuing monetary easing cycles. According to the Organisation for Economic Co-operation and Development, economic growth in the euro area is expected to decline from 1.4% in 2025 to 0.8% in 2026, amid the negative impact of higher energy prices on economic activity, before rising to 1.2% in 2027[66]. It is expected that the adverse effects of the war on the global economy will be driven primarily by the sharp increase in energy resources prices. Every sharp rise in oil prices significantly increases the economic and strategic value of biofuels and puts not only volatility, but also price-increasing pressures on agricultural commodity markets, strengthening the link between geopolitical risk, food-energy systems and global inflationary pressures. Food security risks being compromised, as disruptions to fertilizer markets before the sowing season can cause a significant increase in food prices. The US Supreme Court ruling lowering a series of tariffs imposed by President Donald Trump is somewhat supportive of global economic expansion, but uncertainties about international trade remain high. The evolution of Brent crude oil and natural gas (Dutch TTF) prices is a determining factor for the outlook of the energy sector. Brent quotations reflect the balance between OPEC+ production decisions, geopolitical risks and global demand dynamics, directly influencing fuel costs. Overall, the interaction between Brent and Dutch TTF prices influences production costs, pricing policies and investment decisions, shaping an energy environment characterised by uncertainty but also a transition to a new energy market equilibrium.

The 5.1 table presents the main external assumptions used in the forecasting round for the Inflation Report, May 2026, along with their subsequent description.

Economic growth in ***euro area*** is forecast to be 0.9% in 2026 and 1.3% in 2027. Compared to the February 2026 scenario, GDP growth has been revised downwards by 0.2 percentage points for 2026 and 0.1 percentage points for 2027.

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[65] INTERNATIONAL MONETARY FUND [IMF]. *Global Economy in the Shadow of War.* Online (April 22, 2026). Available https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026

[66] ORGANISATION FOR ECONOMIC CO-OPEERATION AND DEVELOPMENT[OECD]. *OECD Economic Outlook, Interim Report March 2026.* Online. (March 26, 2026). Available: https://www.oecd.org/en/publications/2026/03/oecd-economic-outlook-interim-report-march-2026_254a8d56.html

The Harmonised Index of Consumer Prices (HICP) is expected to increase by 2.7% in 2026 and 2.1% in 2027. At the same time, the ECB estimates that economic growth in the euro area will slow from 1.4% in 2025 to 0.9% in 2026, amid the negative impact of higher energy prices on economic activity, before climbing to 1.3% in 2027.

Compared to its December 2025 scenario, GDP growth has also been revised downwards by 0.3 percentage points for 2026 and 0.1 percentage points for 2027, due to the escalation of the conflict in the Middle East, while for 2028 it remains unchanged. According to the same source, the HICP will account for 2.6% in 2026 (due to rising energy inflation) and will follow a downward path towards the 2% target set by ECB in 2027. The war in the Middle East is also expected to affect private consumption, mainly through declining purchasing power, increasing uncertainty and moderately declining employment levels[67].

In the current forecasting round, based on the latest developments in the ***single European currency***, the EUR/USD is expected to stand at 1.17 in 2026 and 1.18 in 2027 (Chart 5.1). The war in Iran and rising energy prices could fundamentally change Europe's economic outlook. Based on energy and geopolitical risks, ECB published in March alternative scenarios on how the war in the Middle East could affect economic growth and inflation in the euro area. The scenario analysis suggests that a prolonged supply disruption of oil and natural gas would result in higher inflation and lower economic growth than in the baseline scenario. The implications for inflation over the medium term depend fundamentally on the magnitude of indirect effects and the second round of a stronger and more persistent energy shock[68,69]. Although the baseline scenario remains the ECB reference, the probability of an alternative scenario has increased, especially in the context of the energy shock and the high level of uncertainty[70]. Monetary policy differentiation in the euro area and the US is expected to continue. According to the IMF forecast, the ECB is expected to raise interest rates by 50 basis points in the course of 2026 and Fed is expected to gradually reduce the federal funds rate to 3.1% by the end of 2027[71].

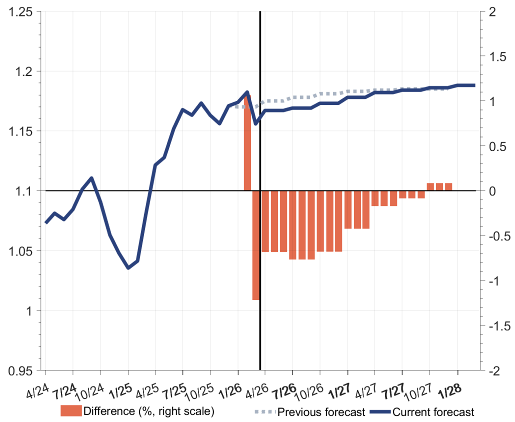
The energy supply shock triggered by the US-Israel war against Iran and the uncertainty about the duration of the conflict mean that in the

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

	2026	2027
Economic growth in the euro area (%)	0.9	1.3
Average annual inflation in the euro area (%)	2.7	2.1
EUR/USD	1.17	1.18
Euribor (%)	2.3	2.6
Brent oil price (USD/barrel)	88.9	78.7
Natural gas price Dutch TTF (EUR/1,000 m^3)	460.5	379.2
Increase of food international quotations (%)	2.2	0.2

Source: Bloomberg, Consensus Forecast, NBM calculations

Chart 5.1: EUR/USD exchange rate assumption



Source: ECB, Consensus Forecast, NBM calculations

[67] EUROPEAN CENTRAL BANK [ECB]. *ECB staff macroeconomic projections for the euro area, March 2026.* Online (March 19, 2026). Available: https://www.ecb.europa.eu/press/projections/html/ecb.projections202603_ecbstaff~ebe291cd3d.en.html#toc3

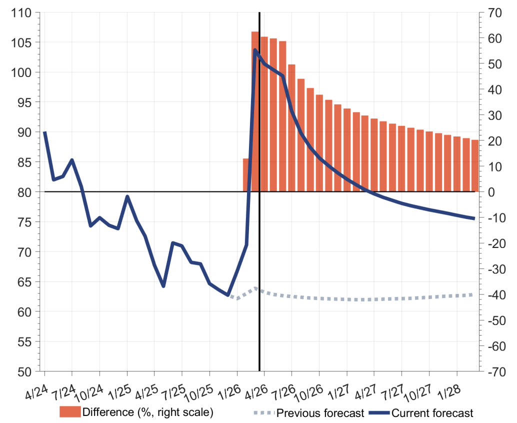
[68] EUROPEAN CENTRAL BANK [ECB]. *The outlook for the euro area economy. The ECB and Its Watchers XXVI, 25 March 2026, Frankfurt.* Online. (March 26, 2026). Available: https://www.ecb.europa.eu/press/key/date/2026/html/ecb.sp260325_1~6b0b29cdd4.en.pdf.

[69] EUROPEAN CENTRAL BANK [ECB]. *Press conference. Monetary policy statement.* Frankfurt am Main. Online. (March 19, 2026). Available: https://www.ecb.europa.eu/press/press_conference/monetary-policy-statement/2026/html/ecb.is260319~93b1cbad97.ro.html

[70] REUTERS. *Inflation scars risk quickly lifting expectations; ECB must be ready to act: policymaker.* Online. (April 7, 2026). Available: https://www.reuters.com/business/finance/inflation-scars-risk-quickly-lifting-expectations-ecb-must-be-ready-act-2026-04-07/

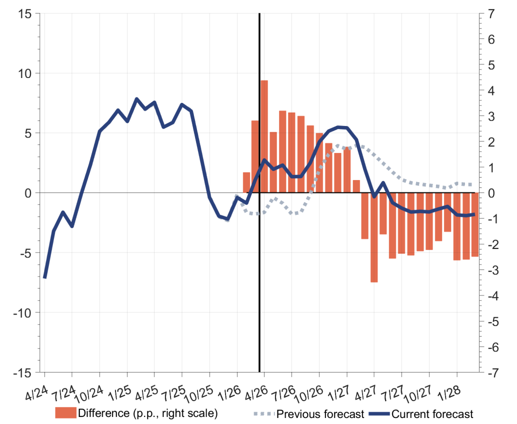
[71] INTERNATIONAL MONETARY FUND [IMF] *World Economic Outlook, April 2026.* Online. (April 21, 2026). Available: https://www.imf.org/-/media/files/publications/weo/2026/april/english/ch1.pdf.

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



Source: Bloomberg, NBM calculations

Chart 5.3: International food prices assumption (%)



Source: FAO, Bloomberg, NBM calculations

current forecast round an annual average ***Brent brand oil*** price of USD 88.9/barrel in 2026 and USD 78.7/barrel in 2027, up 42.0% for 2026 and 26.5% for 2027 respectively from the previous forecast round (Chart 5.2). In this context, global oil demand is projected to decline by 80,000 barrels/day in 2026, amid the war in Iran. This represents a decrease of 730,000 barrels/day compared to the March 2026 estimates. Overall, the projected fall of 1.5 million barrels/day for the second quarter of 2026 would be the steepest since the COVID-19 pandemic drastically reduced fuel consumption[72].

The average value of ***Dutch TTF*** for natural gas anticipated in the current forecasting round is EUR 460.5/1,000 cubic meters in 2026 and EUR 379.2/1,000 cubic meters in 2027, up 59.3% and 45.6%, respectively, compared to the previous forecasting round. On the international market, Dutch TTF prices are about 60% higher in 2026 than estimated in the OECD December 2025 Economic Forecast[73]. A possible return of LNG supplies through the Strait of Hormuz to global equilibrium would lead to an increase in supply for Europe over the summer. However, the additional volumes are not sufficient as Europe competes with Asia (in particular China, Japan, South Korea) for the same quantities of LNG. Asia is often willing to pay higher prices in the summer, which reduces the quantities available for Europe and maintains market pressure[74]. Currently, Asian buyers pay about USD 1-3/MMBtu (prices calculated on the basis of the JKM benchmark) or USD 3.4-10.2/MWh more than their European counterparts[75].

In the current forecasting round, ***international food prices*** are projected to increase by 2.2% in 2026 and 0.2% in 2027 (Chart 5.3). The conflict in the Middle East has triggered a double shock to agri-food systems around the world, simultaneously curtailing product supply and weakening export demand. Many countries are deeply dependent on energy and fertilizer flows from the Persian Gulf. Strong increases in energy and fertilizer prices reduce farmers' profitability and risk reducing the use of inputs, which could reduce yields in the coming seasons. At the same time, for a number of exporters, the closure of markets in the Persian Gulf eliminates an essential market, reducing farmers' incomes. Together, these cost-increasing channels and the demand shock could lead to a reduction in agricultural supply in the coming months, paving the way for a new wave of food price hikes in about six months. Delays or shortages in fertilizer supply could result in lower yields for staple crops such as

[72] INTERNATIONAL ENERGY AGENCY [IEA]. *Oil Market Report - April 2026.* Online (April 14, 2026). Available: https://www.iea.org/reports/oil-market-report-april-2026

[73] ORGANISATION FOR ECONOMIC CO-OPEERATION [OECD]. *OECD Economic Outlook, Interim Report March 2026.* Online (March 26, 2026). Available: https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2026_d4623013-en/full-report/component-3.html#section-d1e581-5eb45974e6

[74] ARGUSMEDIA. *TTF front month drops on ceasefire, holds above winter.* Online (April 8, 2026). Available: https://www.argusmedia.com/en/news-and-insights/latest-market-news/2811416-ttf-front-month-drops-on-ceasefire-holds-above-winter

[75] EURONEWS. *Europe loses its grip as LNG cargoes chase higher prices in Asia.* Online (March 25, 2026). Available: https://www.euronews.com/my-europe/2026/03/25/europe-loses-its-grip-as-lng-cargos-chase-higher-prices-in-asia

rice, wheat and maize at the end of this year[76]. Unlike oil, there are no internationally coordinated strategic fertilizer stocks, making supply disruptions more difficult to manage. If fertilizers do not reach farmers' fields, yields could fall by as much as 50% from the very first harvest. The crisis comes at a sensitive time for farmers, as the spring fertilizer season begins in many regions of the northern hemisphere, and if the situation persists, the consequences could be severe, especially for vulnerable populations in the world. Such crises can lead to famine in some regions, as was also the case following the 2022 food shock[77]. The World Food Programme has stressed that tens of millions of people will face acute famine if the war in Iran continues until June[78].

5.2 Internal environment

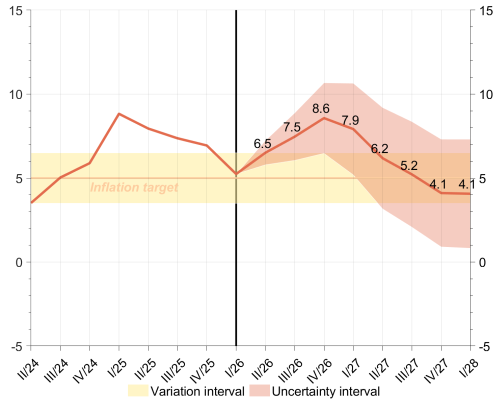
Inflation

The annual inflation rate will be on an upward trend during the current year and will then be on a downward trend by the end of the forecast period[79]. In the second quarter of 2026, the annual inflation rate will be at the upper end of the inflation target variation range and from the following quarter it will exceed the upper end of the range for three consecutive quarters, and from the second quarter of 2027 it will return and remain within the range until the end of the forecast period. The maximum value will be recorded at the end of this year and the minimum value at the end of 2027 and the beginning of 2028 (Chart 5.4).

The annual rate of inflation is determined by the positive contribution of ***core inflation***, ***food*** prices, ***regulated prices*** and ***fuel*** prices, except in the second and third quarters of next year, when they will have a negative impact (Chart 5.5).

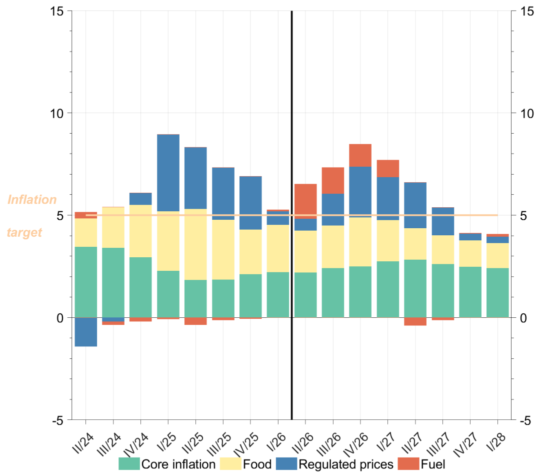
The presence of factors such as (1) the significant increase in international oil prices in the second quarter of 2026 in the context of the Middle East conflict, (2) the anticipation of an increasing trajectory of international food prices until the third quarter of 2026, (3) the increase in the annual inflation rate in the euro area during the current year, (4) the evolution of the national currency against the single European

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

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[76]FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS [FAO]. *Global agrifood implications of the 2026 conflict in the Middle East.* Online. (March 15, 2026). Available: https://openknowledge.fao.org/server/api/core/bitstreams/1aafb5d8-39d1-481a-b1f8-25facaec3051/content

[77]FINANCIAL TIMES. *Fertiliser disruption from Iran conflict prompts global food shortage warnings.* Online. (April 21, 2026). Available: https://www.ft.com/content/7efe2060-8112-47aa-ad33-628ed2eb80ed?syn-25a6b1a6=1

[78]WORLD FOOD PROGRAMME [WFP]. *WFP projects food insecurity could reach record levels as a result of Middle East escalation.* Online. (April 21, 2026). Available: https://www.wfp.org/news/wfp-projects-food-insecurity-could-reach-record-levels-result-middle-east-escalation

[79]Second quarter of 2026 – first quarter of 2028

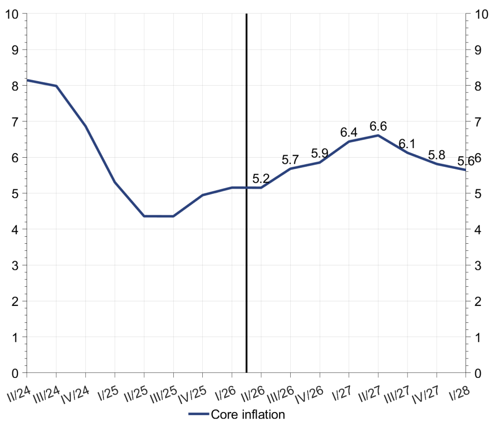
currency and against the US dollar, (5) the anticipated increase in some tariffs and services, mainly in the third and fourth quarters of 2026, (6) the second-round effects on core inflation and food prices as a result of the increase in fuel prices in the context of the impact of the Middle East conflict on oil prices and derivatives, (7) the adjustment of excise duties at the beginning of 2028 and (8) the slightly recovering domestic demand starting with the second quarter of 2027 will contribute to the increase in the annual rate.

However, (1) the aggregate demand is generally weak and declining until the beginning of next year, (2) the slight downward trend in international oil prices starting with the second half of this year and until the end of the forecast period, (3) the anticipation of a downward trajectory in international food prices starting with the end of this year and until the end of the forecast period, (4) the downward trend in imported inflation in the second half of this year and the first half of next year, (5) the anticipated decline in some tariffs in the second quarter of 2026 and the second quarter of 2027, and (6) the high base in the current year will reduce the growth during the current year and contribute to the subsequent decline in the annual rate.

The annual inflation rate, for the forecast period, will reach a maximum of 8.6% in the fourth quarter of 2026 and a minimum of 4.1% in the fourth quarter of 2027 and the first quarter of 2028.

Average annual inflation will be 7.0% in the current year and 5.8% in the following year.

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



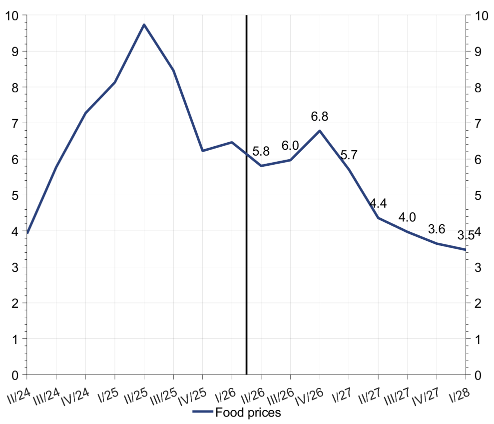
Source: NBS, NBM calculations

The annual rate of core inflation will have a slightly upward trend until the middle of next year, then it will have a slow downward trend until the end of the forecast period (Chart 5.6).

The slightly upward trend until the middle of next year and then slightly downward will be determined by (1) second-round effects as a result of higher fuel prices in the context of the impact of the Middle East conflict on oil prices and derivatives, (2) the annual inflation rate in the euro area rising during the current year, (3) the evolution of the national currency exchange rate against the single European currency and against the US dollar, and (4) the adjustment of excise duties at the beginning of 2028. At the same time, the overall weak and declining aggregate demand until the beginning of next year will dampen the annual growth rate in the current year and in the first half of next year and will subsequently contribute to its decrease.

The average annual core inflation rate will be 5.5% and 6.2% in 2026 and 2027, respectively.

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



Source: NBS, NBM calculations

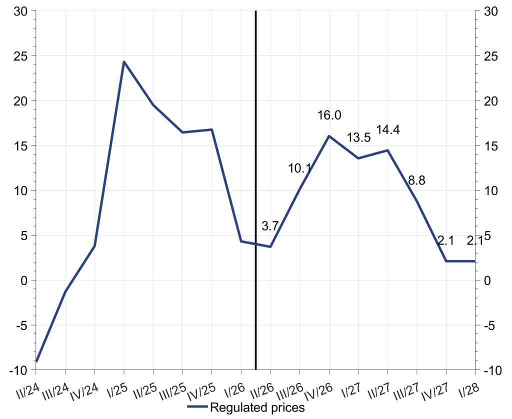
The annual rate of food prices will have a slightly increasing trend until the end of this year, after which, by the end of the forecast period, it will register a decreasing trend (Chart 5.7).

The positive annual rate of food prices will be influenced by (1) an increasing short-term forecast in the third quarter of 2026, as a result of second-round effects from rising fuel prices and the effects of rising imported inflation until the third quarter of 2026, mainly as a result of anticipating an increasing trajectory of the international food price forecast and (2) the slight evolution of the national currency against the single European currency and against the US dollar. Overall weak and declining aggregate demand by the beginning of next year, (2) anticipating a downward trajectory in international food prices from the end of this year to the end of the forecast period, and (3) the high base in the previous year will dampen the annual growth rate in the current year and subsequently contribute to its decline.

The average annual rate of food prices will be 6.3% and 4.4% in 2026 and 2027, respectively.

The annual rate of regulated prices will increase strongly in the second half of this year, after which it will have a slightly lower trajectory in the first half of next year followed by a sharp decrease in the second half of next year (Chart 5.8).

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



Source: NBS, NBM calculations

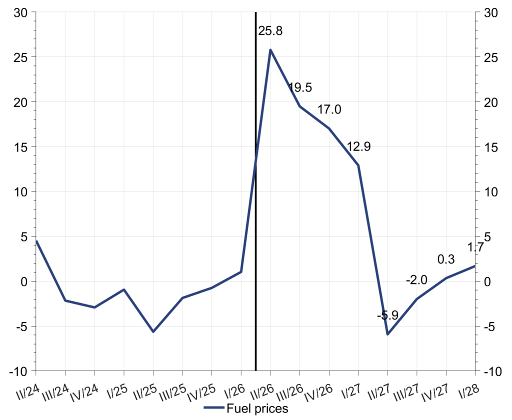
The annual rate will be determined by the anticipated adjustments, in particular, during the current year to some tariffs and services, but also by the anticipated adjustments of the tariff for hot water supply during next year, due to the application of the different calculation method for the winter and summer seasons.

The increase in the annual rate of regulated prices in the second half of this year will be due to anticipated increases in some tariffs and services, mainly in the third and fourth quarters of 2026, as a result of the preconditions caused by the impact of the Middle East conflict on energy prices. The downward adjustment of some tariffs in the second quarter of 2026 and the second quarter of 2027, as well as (2) the effect of the high base in the current year will dampen the growth and fuel the subsequent decline in the annual rate.

The average annual rate of regulated prices will be 8.6% and 9.5% in 2026 and 2027, respectively.

The annual rate of fuel prices will have a strong upward trend in the second quarter of 2026, after which it will follow a downward trajectory until the middle of next year and will register negative values in the second and third quarters of 2027, and then it will increase slightly until the end of the forecast period (Chart 5.9).

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



Source: NBS, NBM calculations

The strongly upward trend in the annual rate of fuel prices in the second quarter of 2026 will be largely driven by (1) the significant increase in international oil prices in the context of the Middle East conflict and (2) the low base this year.

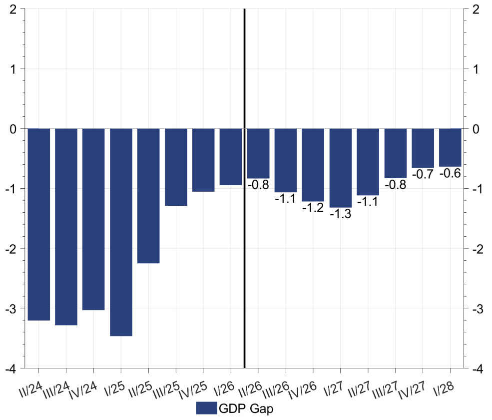
Domestic demand, generally weak, (2) the downward trend in international oil prices starting with the second half of this year and until the end of the forecast period will fuel the decline and will contribute to recording negative values in the second and third quarters of next year. However, (1) the slight evolution of the national currency against the single European currency and against the US dollar, (2) the adjustment of excise duties at the beginning of 2028 and (3) the domestic demand in recovery starting with the second quarter of 2027 will mitigate the decrease and will slightly fuel the increase in the annual rate towards the end of the forecast period.

The average annual rate of fuel prices will be 15.7% and 0.9% in 2026 and 2027, respectively.

Demand

Aggregate demand will generally be weak and declining until early next year and then recovering, albeit marginally, by the end of the forecast period (Chart 5.10).

Chart 5.10: GDP gap (%)



Source: NBM calculations

The restrictive nature of real monetary conditions, determined by the appreciation of the real effective exchange rate, (2) the decrease in remittances in real terms, (3) the slightly negative fiscal impulse over the forecast period will be the main factors that will determine the weak aggregate demand.

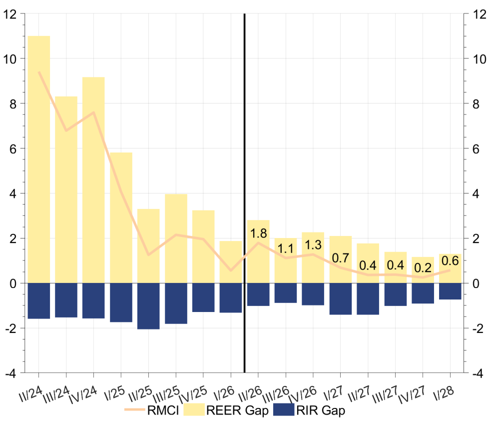
The increase in the annual dynamics of GDP in 2025 by 2.4% compared to 2024, (2) slightly positive external demand over the forecast period and (3) the real low interest rate will slow down the decline in aggregate demand until the beginning of next year and then reduce the aggregate demand deficit until the end of the forecast period.

Aggregate demand will remain weak and influenced by the restrictive nature of monetary policy throughout the entire forecast period. The restrictive impact of real monetary conditions will be driven by the appreciation of the real effective exchange rate. At the same time, the real interest rate will exert a stimulative influence throughout the forecast period.

Monetary policy

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

Chart 5.11: Real monetary conditions index and decomposition



Source: NBM calculations

Monetary policy through the real effective exchange rate will be restrictive, but through the real interest rate it will show an incentive character during the forecast period.

The real evolution of the national currency will slightly increase the deviation of the real effective exchange rate from its equilibrium level in the second quarter of 2026, and will subsequently show a downward trend of the deviation, mitigating the restrictive nature on aggregate demand.

5.3 Forecasts comparison

The current inflation forecast, compared to the previous*[80] *was revised upwards for the entire comparable period*[81]*, except for the fourth quarter 2027, when it was revised insignificantly downwards (Chart 5.12).

The increase in the forecast of ***fuel*** prices until the beginning of next year, of ***regulated*** prices for the entire comparable period, except for the second quarter of 2026, of ***core inflation*** for the entire comparable period, of ***food*** prices for the current year determined the upward revision of the current forecast of the annual inflation rate. The downward revision of the forecast of ***regulated*** prices in the second quarter of 2026, ***fuel*** prices from the second quarter of 2027 until the end of the year and ***food*** prices in the course of next year dampened the upward revision for the current year and next year and caused the current forecast to decrease insignificantly for the fourth quarter of 2027 (Chart 5.13).

The upward projection of the annual inflation rate forecast is driven by (1) a significantly higher forecast of international oil prices, (2) a higher level of international food prices over the comparable period, (3) a higher trajectory of imported inflation this year, (4) a rising short-term forecast, mainly fuelled by the effects of rising fuel prices in the context of the Middle East conflict, (5) a higher trajectory of domestic food prices, (6) the adjustment of some tariffs and services in 2026 and (7) a higher effective inflation than anticipated in the previous quarter.

However, (1) a lower path of imported inflation next year and (2) lower aggregate demand, starting in the second quarter of 2027 and until the end of the comparable period, dampened the upward revision and prompted the current inflation forecast to be revised insignificantly downwards in the fourth quarter of 2027.

The average annual inflation rate was increased by 2.0 percentage points for 2026 and by 1.3 percentage points for 2027.

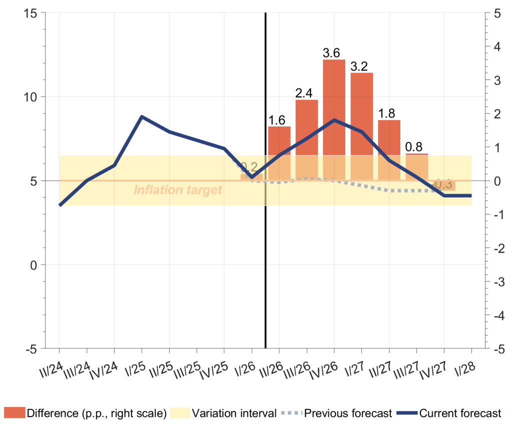
The current forecast for the annual rate of core inflation was revised upwards for the entire comparable period (Chart 5.14).

The higher projection of the current forecast compared to the previous one is determined by (1) higher than anticipated actual inflation for the previous quarter, (2) an increasing short-term forecast, mainly fuelled by second-round effects due to higher fuel prices in the context of the Middle East conflict and (3) a higher trajectory of imported inflation in the current year and the first half of next year. Lower imported inflation and (2) lower aggregate demand, starting from the second quarter of 2027 until the end of the comparable period, dampened the upward revision of the current forecast.

[80] Inflation Report, February 2026

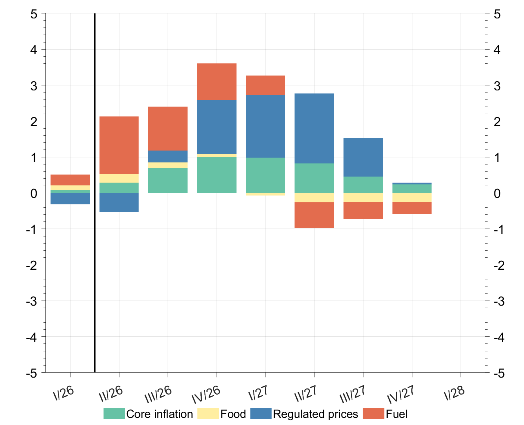
[81] Second quarter 2026 – fourth quarter 2027

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



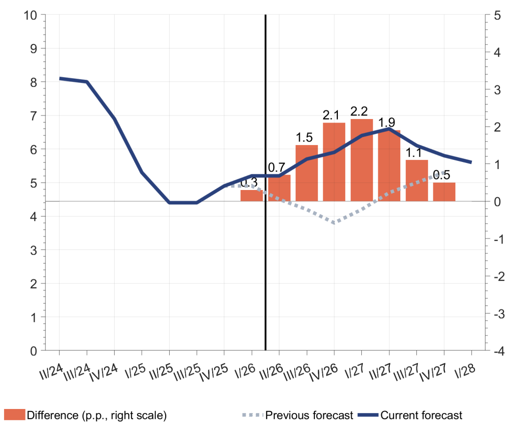
Source: NBS, NBM calculations

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



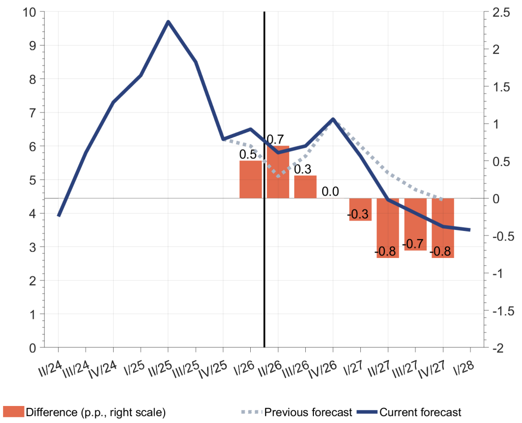
Source: NBM calculations

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



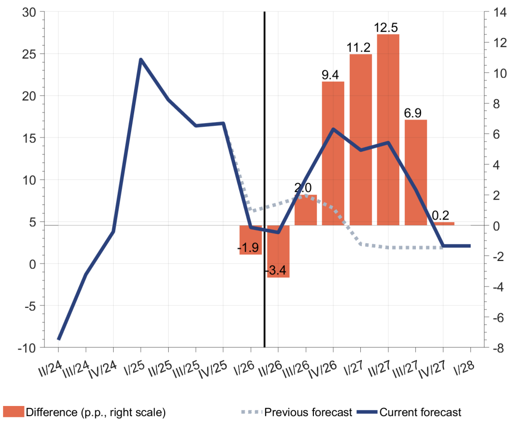
Source: NBS, NBM calculations

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



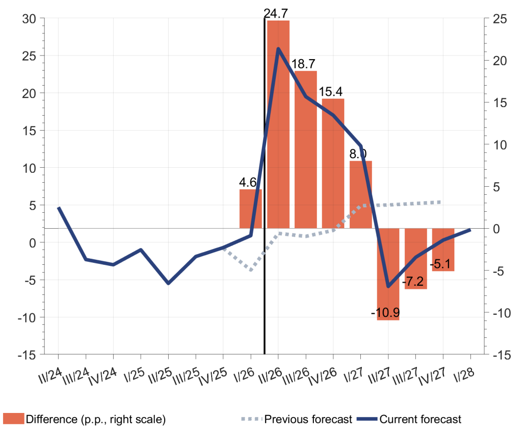
Source: NBS, NBM calculations

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



Source: NBS, NBM calculations

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



Source: NBS, NBM calculations

The forecast of the average core inflation rate was increased by 1.1 percentage points for 2026 and by 1.4 percentage points for 2027.

The annual rate of food prices was revised upwards until the third quarter of 2026 and downwards for the next year (Chart 5.15).

The higher pace of the current forecast than before is driven by (1) higher than expected effective inflation in the previous quarter, mainly due to increases in vegetable prices, (2) a rising short-term forecast mainly due to second-round effects from higher fuel prices in the context of the Middle East conflict, (3) significantly higher imported inflation in the second and third quarters of this year and less in the second half of next year, and (4) higher international food prices over the entire comparable period. The anticipation of weaker aggregate demand from the second quarter of 2027 until the end of the comparable period, (2) lower imported inflation at the end of 2026 and in the first half of 2027 are the factors that mitigated, in the second and third quarters of 2026, the upward revision of the current forecast and led to its downward revision for next year.

The forecast of the average food price rate was increased by 0.4 percentage points for 2026 and decreased by 0.7 percentage points for 2027.

The current forecast of the annual rate of regulated prices was revised downwards in the second quarter of 2026 and upwards from the second half of this year until the end of the comparable period (Chart 5.16).

The increasing revision of the forecast of the annual rate of energy prices in the context of the Middle East conflict and (2) the adjustment of some tariffs and services in 2026 led to the upward revision of the current forecast of regulated prices. Lower effective inflation than anticipated in the previous quarter, as a result of lower tariffs for central heating and mains gas, dampened the upward revision of the current forecast.

The forecast of the average rate of regulated prices was increased by 1.6 percentage points for 2026 and by 7.5 percentage points for 2027.

The forecast for the annual rate of change of fuel prices was significantly increased until the beginning of next year and revised downwards thereafter until the end of the comparable period (Chart 5.17).

The higher annual forecast of fuel prices is conditional on (1) a significantly higher forecast of international oil prices, (2) higher imported inflation in the second quarter of 2026, (3) a rising short-term forecast and (4) higher effective inflation than anticipated in the previous quarter. Lower imported inflation in the second half of this year and next year and lower aggregate demand, starting in the second quarter of 2027 and until the end of the comparable period, dampened the upward revision and lowered the current forecast.

The forecast of the average fuel price rate was significantly increased by 15.8 percentage points for 2026 and decreased by 4.2 percentage points for 2027.

5.4 Risks and uncertainties

External sector

- ***The conflict in the Middle East and the war in Ukraine.*** Geopolitical tensions make an essential contribution to shaping the global economic and financial context and cause substantial fluctuations in world markets. Geopolitical risks could lead to disruptions of trade and global supply chains, shortages and higher prices of products and raw materials. Geopolitical shocks are frequently followed by increases in military budgets, a higher debt-to-GDP ratio, an acceleration in money supply growth associated with increased public spending. The US-Israeli war against Iran, which began on February 28, 2026, triggered higher oil prices and a sudden reassessment of the outlook for global interest rates, respectively. Rapidly rising energy prices are jeopardising global economic growth and a protracted conflict in the Middle East would significantly intensify economic effects. The war in Ukraine is also amplifying a number of pre-existing economic problems – from high inflation and poverty to increased food insecurity, deglobalisation trends and negative environmental impacts. Moreover, the priority budgetary reorientation towards defence, at the expense of social spending, will generate difficult compromises even in the case of advanced economies (inflationary).

- ***Rising international food prices.*** In the complex dynamics of the world economy, rising food prices are an essential indicator, directly affecting the well-being of the population and the economic stability of countries. Fluctuations in energy prices, such as oil and ethanol, have a major effect on the level and volatility of food prices, highlighting the close link between the two sectors. Higher production and transport costs, the impact of climate change on yields and dependence on imports increase food prices in the internal market (inflationary).

- ***Climate change.*** The impact of climate change has expanded beyond environmental issues, turning into a key economic factor affecting financial stability and raising costs for households and firms. Increased spending on food, energy and insurance increases economic pressure, with a disproportionate impact on income-vulnerable households. Extreme weather events disrupt agricultural production and supply chains, causing temporary increases in inflation, while long-term climate impacts such as global warming, sea level rise and desertification are sustainable risks fuelling inflationary pressures (inflationary).

- ***Economic slowdown in the euro area.*** The single European currency lost ground against the US dollar by more than 2% in March 2026, following the Israeli-American attacks on Iran. The recent decline signals investor fears that continued high energy prices could weaken the euro area economy. Europe is dependent on imported energy, which amplifies the impact of oil and gas price shocks, especially those generated by geopolitical conflicts, on the economy and the currency exchange rate (disinflationary).

- ***Appreciation of the US dollar.*** The US dollar index (DXY), which measures the value of the US currency against a basket of major currencies, rose with the outbreak of the Middle East conflict as investors turned to the safest assets. The shock to energy prices caused by the war in the Middle East, which has shaken global markets, could strengthen the dollar as an asset of refuge, fuelling global inflation, increasing pressures on emerging countries and increasing the risk of financial volatility (inflationary).

- ***Pressures on oil prices amid geopolitical risks.*** The likelihood of escalating military conflict in the Middle East fuels fears of rising oil prices. Attacks on energy infrastructure are the main element of volatility in the oil market, and the Strait of Hormuz is the critical point of global energy transit. Navigation restrictions and increased insurance costs have a major impact on the price of energy resources. Fuel prices could remain high even after the reopening of the Strait of Hormuz. The conflict in the Middle East has caused the largest oil supply disruption in history. The current crisis is worse than those of 1973, 1979 and 2022 combined[82]. Higher transport and insurance costs affect global supply chains, and as a result, the supply of oil to states at both regional and global levels is affected (inflationary).

- ***Tightening of the European gas market.*** The European gas market faces heightened volatility and significant price pressures and disruptions of strategic energy routes, particularly through the Strait of Hormuz. At the same time, adverse weather conditions, characterised by cold spells in early 2026, increased gas demand and accelerated the depletion of inventories (inflationary).

- ***Rising external inflation.*** The European Union's relative dependence on imports of oil and liquefied gas means that any disruption of strategic routes, in particular the blockade of the Strait of Hormuz, leads to sharp increases in oil and natural gas prices. This energy shock is rapidly transmitted to the economy by increasing production and transport costs, affecting the competitiveness of the industrial sector and supply chains. Repeated energy price shocks stemming from geopolitical tensions (the conflict in the Middle East and the war in Ukraine) would trigger a new inflationary wave, even with restrictive monetary policy decisions by ECB (inflationary).

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[82] Le Figaro. *Fatih Birol, directur de l'Agence internationale de l'énergie: "La crise actuelle est plus grave que celles de 1973, 1979 et 2022 réunies".* Online (April 6, 2026). Available: https://www.lefigaro.fr/conjoncture/fatih-birol-directeur-de-l-agence-internationale-de-l-energie-la-crise-actuelle-est-plus-grave-que-celles-de-1973-1979-et-2022-reunies-20260406

Real sector

- ***Uncertainties regarding the timing and magnitude of the tariff adjustment to regulated services.*** The medium-term inflation forecast is based on a trajectory of prices for regulated services that corresponds to assumptions about international and regional energy prices, as well as other relevant indicators of the sector. However, given that tariffs for some regulated services have a considerable economic impact on the population, the timing of their adjustment can be based not only on economic factors, but also on the pursuit of social or political objectives by the decision-makers involved. Therefore, the timing and magnitude of tariff adjustments cannot be estimated with a sufficient degree of confidence (uncertainty).
- ***Vulnerability of prices of domestic fruit and vegetables to weather conditions in the coming period.*** According to the experience of recent years, prices of domestic fruit and vegetables are to a significant extent affected by adverse weather conditions such as frosts, heavy rainfall, dry conditions due to both impediments in their cultivation and the costs associated with harvesting, transporting, storing, but also marketing them at marketing points in the country. Recording temperatures different from the norm could cause food prices to rise above forecasts in the next period (inflationary).
- ***Uncertainties about agricultural production in the current year.*** The agricultural harvest in the current year, as well as food prices on the domestic market in 2026, depend, to a large extent, on agrometeorological conditions in that period. In this way, developments in the agricultural sector and thus the trajectory of food prices for 2026 are marked by uncertainty. A smaller agricultural harvest will generate higher inflationary pressures on food prices (uncertainty).
- ***Decrease in the number of consumers on the territory of the Republic of Moldova.*** The military conflict in Ukraine caused the mass outflow of the population from Ukraine. Some of the refugees are on the territory of the Republic of Moldova, which directly contributes to the increase in population consumption. Their return to their country of origin or their departure to other regions would lead to less demand on the internal market (uncertainty, disinflation).
- ***The impact of the Middle East war on energy prices.*** The continuation of military operations in this region will increase gas and oil derivatives prices on the regional market and will support the increase of inflationary pressures on the domestic market (inflationary).

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 the import and has the potential to affect the net export of the Republic of Moldova. In combination with the recent increase in prices of goods and services on the international market, the trade deficit will have a negative trend, fuelling the depreciation pressures of the Moldovan leu (inflationary).

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

- ***Implementation of the Economic Growth Plan for the Republic of Moldova.*** If, during 2026-2027, the planned reforms will not be implemented to the established extent and deadlines and the funds related to investments in the national economy will not be assimilated, the forecasts will be modified in the sense of reducing aggregate demand and inflation (disinflationary).

Chapter 6

Monetary policy decisions

Summary
of the meeting of the Executive Board of the National Bank of Moldova of August 7, 2025
on the monetary policy promotion

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

The Executive Board meeting on monetary policy promotion began with giving the floor to Mr Radu Cuhal, who presented the latest macroeconomic developments, both in the internal and external environment, the medium-term inflation forecast, as well as the risks and uncertainties identified at the time of drafting the Inflation Report, August 2025.

Regarding the recent evolution of inflation, it was pointed out that the annual inflation constituted 8.2% in June 2025 and decreased from 8.8% in March 2025, remaining above the upper limit of the variation range of ±1.5 percentage points from the 5.0% inflation target. It was accentuated that the annual inflation rate had slowed down in the second quarter of 2025, standing at 7.9%, 0.9 percentage points lower than in the previous quarter and 0.1 percentage points higher than anticipated in the Inflation Report, May 2025. At the same time, it was mentioned that the deviation from the forecast was due to the positive deviation recorded for food, fuel and regulated prices, while core inflation developed as expected.

During discussions on the external environment, Radu Cuhal noted that the global economy in the second quarter of 2025 was affected by changes in trade tariffs, the ongoing war waged by Russia in Ukraine, and escalating tensions in the Middle East. PMI indexes point to a slowdown in global economic activity. In this context, it was noted that oil prices reversed their downward trend in June 2025, accelerating in part due to the likelihood of the Strait of Hormuz being closed. It was emphasised that European natural gas prices are under pressure, given that storage facility fill levels are lower than they were the previous year. It was also noted that average international food prices have shown a steady upward trend.

Next, information was presented on national economic activity, highlighting that the preliminary data published by the National Bureau of Statistics for the first two months of the second quarter of 2025 point to some signs of economic recovery during the reference period, although economic activity remained in negative territory. Thus, it was found that industrial production remained in positive territory for the third consecutive month, recording a 6.4% increase, while domestic retail and wholesale trade rose by an average of 4.3% and 1.5%, respectively. At the same time, it was noted that, in April-May 2025, the annual rate of exports stood at -8.3%, while the annual rate of imports continued its upward trend, reaching 16.9% compared to the same period of the previous year. Overall agricultural production decreased by 3.6% in the second quarter of 2025 compared to the same quarter of the previous year.

Regarding monetary conditions, Mr Cuhal noted that, in the second quarter of 2025, the weighted average interest rates on new loans and deposits in MDL continued their upward trend, driven by the transmission mechanism of previous monetary policy decisions and the situation in the money market. Thus, the weighted average interest rate on new loans stood at 8.99% per annum, and that on deposits at 4.91% per annum, up by 0.52 and 0.77 percentage points, respectively, compared to the first quarter of 2025. It was emphasised that the consecutive increase in interest rates in the banking sector since the beginning of this year has led to a slowdown in lending in the national currency for the second consecutive quarter.

Subsequently, the medium-term inflation forecast was presented, emphasising that the annual inflation rate will trend downward over the course of this year, although it will remain above the upper limit of the target range, and starting in the first quarter of 2026, it will return to the target range, where it will remain until the end of the forecast horizon. It was noted that, according to the forecast, the average annual inflation rate for 2025 and 2026 will be 7.7% and 3.9%, respectively, representing a slight revision of 0.2 and -0.1 percentage points compared to the previous forecast. It was highlighted that the slight upward revision to the forecast for the annual inflation rate is driven by a higher estimate of short-term inflation, higher-than-expected aggregate demand, and a higher forecast for international oil prices and the import price of natural gas for the entire comparable period. As for the downward revision, it is driven by expectations of tariff reductions, lower aggregate demand in the fourth quarter of 2026 and the first quarter of 2027, and slightly lower imported inflation in the second and third quarters of 2026.

An analysis of the risks and uncertainties associated with the forecast revealed that the risks are broadly balanced, with a disinflationary trend through the end of the forecast horizon. At the same time, uncertainties remain significant. It was noted that major sources of risk and uncertainty for the medium-term inflation forecast include: uncertainties regarding this year's agricultural output, the vulnerability of domestic fruit and vegetable prices to weather conditions in the coming period, adjustments to regulated service tariffs, ensuring sufficient fiscal stimulus to revive economic activity, external financial assistance, tensions in the region and in the Middle East, the fragmentation of international trade, and the slowdown in economic growth in the European Union.

In this context, the measures included in the draft decision on the NBM's actions to promote monetary policy, proposed by Radu Cuhal, were to reduce the base rate and the interest rates on standing facilities, as well as the rate on repo operations, by 0.25 percentage points each.

Accordingly, based on the analyses and findings, the Executive Board of the NBM decided, by unanimous vote, to lower the base rate applied to the main short-term monetary policy operations to 6.25% per annum, as well as to lower the interest rates on overnight loans and deposits and the rate on repo operations to 8.25%, 4.25%, and 6.5% per annum, respectively. At the same time, the required reserve ratio from funds attracted in MDL and in non-convertible currency was maintained at the current level of 22.0% of the calculation base, and the required reserve ratio from funds attracted in freely convertible currency was maintained at the current level of 31.0% of the calculation base.

The Executive Board emphasised that this decision aims to keep inflation within the variation range of ±1.5 percentage points from the inflation target of 5.0% over medium-term, which is considered the optimal level for the Republic of Moldova's economic growth and development. At the same time, the members of the EB noted that the restrictive cycle of monetary policy has come to an end. Going forward, the National Bank will focus on stimulating aggregate demand – including by encouraging consumption and investment – on balancing the national economy and the current account, and on anchoring inflation expectations, taking into account temporary lags in the transmission of monetary policy through the interest rate channel. It was noted that the NBM's decision to resume monetary policy easing measures is based on the confirmation of the National Bank of Moldova's latest forecast and the associated disinflationary trend. The effects will continue to be transmitted gradually through lower interest rates in the money, deposit, and credit markets.

In addition, the Executive Board members reiterated that the NBM's decision comes against the backdrop of moderating annual inflation, which confirms and validates the appropriateness and timeliness of the restrictive nature of the monetary policy measures adopted previously. At the same time, shocks to certain components of the Consumer Price Index in May and June of this year, resulting from tensions in the Middle East, had a very short-term inflationary impact and have partially dissipated. It was emphasised that both previous and current forecasts confirm that inflation will enter the target range in December of this year.

On top of that, EB members specified that, according to the current forecast, the annual inflation rate will trend downward through the end of this year and into the first half of next year, and will subsequently remain stable through the end of the forecast period against the backdrop of disinflationary aggregate demand. It was noted that domestic economic activity and inflation continue to be influenced by the effects of supply-side shocks, including increases in regulated tariffs at the end of 2024 and the beginning of this year, as well as a decline in the volume of agricultural production due to adverse weather conditions.

At the end of the meeting, the Executive Board emphasised the need to continuously monitor the domestic and external macroeconomic situation, as well as the risks and uncertainties associated with inflation trends in the short and medium term, and that future monetary policy decisions, aimed at ensuring and maintaining price stability, will depend on the updated inflation outlook.

At the same time, during the meeting, the Executive Board of the NBM approved the Inflation Report, August 2025 for publication.

The 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 set at 6.25% per annum.**
2. **The following interest rates are set:**
   a) **on overnight loans, at the level of 8.25% per annum;**
   b) **on repo transactions, at the level of 6.50% per annum;**
   c) **on overnight deposits, at the level of 4.25% per annum.**
3. **The required reserve ratio from funds attracted in MDL and in non-convertible foreign currency is maintained at the current level of 22.0% of the calculation base.**
4. **The required reserve ratio from funds attracted in freely convertible currency is maintained at the current level of 31.0% of the calculation base.**

Voting results of EB members

For – 4 Against – 0

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

Anca-Dana DRAGU **Sergiu SURDU**

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