

Romania's annual inflation falls to 2.2pct in October 2020

Annual inflation in Romania fell to 2.2% in October 2020, from 2.5% in September, as food prices rose by 4.34%, services prices by 2.85%, and prices for non-food items advanced 0.60%, according to data published on Wednesday by the National Institute of Statistics (INS).

"Consumer prices in October 2020, as against October 2019, increased by 2.2%. The annual rate calculated on the basis of the harmonised index of consumer prices (HICP) is 1.8%. The average rate of consumer prices in the last 12 months (November 2019 - October 2020) as against the previous 12 months (November 2018 - October 2019), calculated on the basis of the consumer price index (CPI), is 2.9%. Computed against HICP, the average rate is 2.7%," according to INS.

The annual CPI inflation rate for end-2020 and end-2021 is forecast at 2.7% and 2.5%, respectively, according to the Inflation Report published by the National Bank of Romania.

"The estimated contribution of changes in indirect taxes is 0.2 percentage points at the end of this year and 0.4 percentage points at the end of next year. The average annual rate of CPI inflation will continue its downward path from the first half of this year, but at a slower pace, being anticipated to reach 2.5% at the horizon of the projection, Q2 2022," according to BNR's report.

According to BNR, revisions of the annual CPI inflation rate are minor against the previous report. The value anticipated for the end of the current year is lower by 0.1 percentage points, as the downward revaluation of the contribution of the exogenous components of the consumption basket, which counterbalances the projection against this horizon of slightly higher values in the case of core inflation. For the end of next year, the forecast is similar to the previous one.