

Annual inflation rate goes up to 2.99 pct in January

The annual inflation rate went up to 2.99% in January this year, from 2.1% in December, given that the prices for non-food items increased by 3.25%, of food items by 2.88% and of services by 2.51%, according to the data published on Friday by the National Institute of Statistics (INS).

"Consumer prices in January 2021, compared with December 2020, have gone up by 1.3%. The average rate of consumer prices in the last 12 months (February 2020 - January 2021), y-o-y, calculated on the basis of the the Consumer Price Index (CPI) is 2.6%," according to the INS press release.

The Romanian National Bank (BNR) is estimating an inflation of 2% at the end of Q1, 2021, of 2.2% at the end of Q2 and 2.4% at the end of Q3. At the end of the year the inflation is estimated at 2.5%.

"Following the publication of the August 2020 Report, some more significant disinflationary pressures, mainly induced by exogenous components of the consumer basket, have materialized in the segment of volatile food and fuel prices, respectively. In these conditions, the CPI annual inflation rate is expected to fall to 2.1% by the end of this year, a significant revision of 0.6 percentage points from the previous forecast. At the same time, under the impetus of the aggregate demand deficit in the economy and the gradual weakening of labor market resilience, more pronounced corrections will be reflected in the dynamics of the annual core inflation rate, which will reach 2% at the forecast horizon (Q3, 2022). By the end of next year, the current baseline scenario reconfirms the value from the previous projection for the annual CPI inflation rate (2.5%), while the forecast for the annual core inflation rate has been revised slightly downwards (by 0.1 percentage points, to 2.1%)," the report says.