

## Central bank's Isarescu: We've never competed with Finance Ministry, we're careful at liquidity absorption

**The National Bank of Romania (BNR) has never competed with the Ministry of Public Finance (MFP) and has been very careful about liquidity absorption, leaving enough money in the market to finance itself, the central bank's Governor Mugur Isarescu said on Monday at the conference to present the Inflation Report.**

"We have never competed with the Ministry of Finance. We have been very careful about liquidity absorption and have left enough money in the market to be financed under the given conditions. The conditions are not only established by the National Bank, the conditions under which the Ministry of Finance is financed, as the interest rates at which it borrows on the international market have a multitude of other components, other determinants. Let us have a credible policy, because then we help the Finance Ministry to borrow at reasonable interest rates on the international market, the way you have often mentioned," said Mugur Isarescu, when asked about BNR's operations in the money market under conditions where MFP is under pressure that it has covered only 60 pct of its financing needs.

He also said that it is the commercial banks that provide liquidity and here the negotiation is a market negotiation, with many components.

"We didn't compete with them. I mean, we didn't go to get all their liquidity to cause them problems. Under no circumstances, and in fact they have been funded, let's be reasonable and rational. If you look at their yields, they have continued to fall significantly up to a certain point, but interest rates in the market are not taken out of the hat," Mugur Isarescu added.