

BNR: Annual CPI inflation rate is projected at 7.5% in December 2021

The annual CPI inflation rate is projected at 7.5% in December 2021 and is forecast to lower to 5.9% by the end of next year, according to the Inflation Report of Romania's National Bank (BNR).

"The annual rate of CPI inflation is projected at 7.5% in December 2021, after a temporary slowdown in the recent upward trend, amid the entry into force of measures to compensate domestic consumers of electricity and natural gas, which will also be reflected in the CPI inflation rate during the application of these provisions (November 2021 - March 2022). (...) After this moment, the CPI inflation rate is expected to moderate, to 5.9% at the end of next year and, respectively, 3.3% at the horizon of the projection," shows the November Report.

The BNR notes that compared to the August Report, the new projection is 1.9 percentage points higher by the end of this year and by 2.5 percentage points by the end of next year. Of these revisions, an overwhelming part is explained by the growing contribution of the components of the consumption basket outside the control of monetary policy.

According to the quoted source, the recent conduct of the BNR's monetary policy has been configured in a prudent manner, in order to restore and maintain in the medium term the annual inflation rate in line with the stationary target of 2.5% ± 1 percentage point, including by anchoring inflationary expectations on the longer-term horizon, so as to contribute to achieving sustainable economic growth in the context of the fiscal consolidation process and in conditions of protecting financial stability.