

CFA Romania's Codirlasu: BNR decides to raise interest rate to fight inflation expectations

The Central Bank has taken the decision to increase the interest rate in order to fight the inflationary expectations caused by the price increases that will follow the increases in energy prices, Adrian Codirlasu, vice-president of the Association, told AGERPRES on Tuesday CFA Romania.

"We at CFA Romania in the last survey said that we anticipate at least two interest increases in the next 12 months, but this increase came somehow faster than anticipations. What do I think that led to this decision? On the one hand we see the price at all that means energy, i.e. electricity, natural gas, fuel, which goes up. Some factors are local, for example the liberalization of the market in Romania for natural gas and electricity, but they are also global. The price of natural gas is at the highest level in the last 10 years in the United States. Also, the price of oil is rising sharply, so external factors are coming in. All these increases in energy prices will have what is called the second round effect, that is, they will go to all other goods and services. Inflationary pressure will come from here, and so the Central Bank has decided to raise interest rates to somehow fight these inflationary expectations. The aim is not the energy price that the National Bank cannot influence but the expectations," explained Adrian Codirlasu.

The Board of Directors of the National Bank of Romania (BNR) decided on Tuesday to increase the key interest rate to 1.5% per year, to increase the interest rate for the deposit facility to 1% per year and to increase the interest rate related to the credit facility (Lombard) to 2% per year.

The BNR also decided to keep the current levels of minimum required reserve ratios for lei and foreign currency liabilities of credit institutions.

The monetary policy interest rate has not changed since January of this year, when the BNR Board decided to reduce the rate from 1.50% per year to 1.25% per year.