

BNR reviews inflation forecast to 12.5pct by end-2022

The National Bank of Romania (NBR) has worsened its inflation forecast to 12.5% by the end of 2022, estimating inflation at 6.7 by the end of 2023, according to data released by BNR Governor Mugur Isarescu on Thursday.

In February 2022, BNR estimated an inflation rate of 9.6% for the end of 2022 and 3.2% for 2023.

According to BNR, in the medium term, inflationary pressures related to production costs are expected to gradually decrease, but their effects will persist for 12 more months at the level of the annual CPI inflation rate.

According to the presentation, BNR is expecting the annual CPI inflation rate to accelerate in growth by June as a result of pressures from production costs, recently exacerbated by Russia's invasion of Ukraine. The Central Bank notes that this is expected to be followed by a gradual slowdown, to be only temporarily halted in the second quarter of 2023, when electricity and gas price caps expire. Amid adverse developments related to the war in Ukraine, substantial resetting of the coordinates in the basic scenario is not excluded.