

BNR increases inflation forecast to 16.3 pct for end of 2022

The National Bank of Romania (BNR) increased the inflation forecast for the end of this year to 16.3% and estimates an inflation of 11.2% for the end of next year, according to the data presented on Monday by the BNR governor, Mugur Isarescu.

In August 2022, the BNR was estimating an inflation of 13.9% for the end of the year and 7.5% for 2023. Also, in May 2022, the central bank anticipated an inflation of 12.5% for the end of this year and 6.7% for next year.

According to the central bank, the annual CPI inflation rate is projected to follow a slightly upward trajectory until the end of next year, and then to correct itself in the assumption of the gradual dissipation of both supply shocks and aggregate demand pressures.

In the base scenario, the downward trend will be temporarily interrupted in the third quarter of 2023, once the price capping measures for energy goods come into force, with an impact on the annual CPI inflation rate for 4 quarters.

Subsequently, at the end of the third quarter of 2024, the convergence towards the inflation target is expected to be rapid, with extremely favorable base effects as the main source.

In the presentation it is mentioned that the extension of the capping scheme after August 31, 2023 suggests, at first sight, a level of the indicator at the end of 2023 about 4.1 percentage points below the level indicated by the base scenario and, in addition, an uninterrupted downward trajectory.