
Annual inflation in Romania falls to 2.5pct in September 2020

The annual inflation rate in Romania fell to 2.5% in September 2020, from 2.7% in August, as food prices rose by 4.96%, services by 2.89%, and non-food goods by 0.62%, according to data released on Monday by the National Institute of Statistics (INS).

"Consumer prices in September 2020, compared with September 2019, increased by 2.5%. The annual rate calculated on the basis of the harmonised index of consumer prices (HICP) is 2.1%. The average rate of consumer prices in the last 12 months (October 2019 - September 2020) compared with the previous 12 months (October 2018 - September 2019), calculated on the basis of the CPI, is 3.0%. Against the HICP, the average rate is 2.8%," according to an INS press statement.

The annual CPI inflation rate is projected to stand at 2.7 percent and 2.5 percent at end-2020 and end-2021 respectively.

"The contribution of indirect tax changes is estimated at 0.2 percentage points at end-2020 and 0.4 percentage points at end-2021. The average annual CPI inflation rate will stay on the downward path it has embarked on in 2020 H1, albeit at slower pace, being anticipated to reach 2.5 percent at the projection horizon, that is in 2022 Q," according to the report.

Compared with the previous Inflation Report, the annual CPI inflation rate has witnessed only marginal revisions. The forecast for this year-end is 0.1 percentage point lower, given the downward reassessment of the contribution from the exogenous components of the CPI basket, which offsets the slightly higher core inflation values projected at this horizon. For the end of next year, the forecast is similar to the previous one.