

## BNR: Annual CPI inflation rate to reach 4.1% in December

**The annual CPI inflation rate will follow a pronounced upward trajectory in the coming months and will reach 4.1% in December, according to the Quarterly Inflation Report published by the National Bank of Romania (BNR).**

"Since the release of the Inflation Report in March 2021, some significant inflationary pressures have materialised, induced mostly by components of the consumer basket, the prices of which are beyond the scope of monetary policy, especially fuel prices, but also the other items of the energy price component, i.e. electricity and natural gas prices. Conversely, the annual adjusted CORE2 inflation rate has seen relatively minor revisions, being forecasted to reach 2.8 percent in December 2021 and 3 percent in December 2022. Thus, the annual CPI inflation rate is expected to enter a steep upward path during the coming months and reach 4.1 percent in December. The mainly temporary nature of the shocks anticipated for this year will then imply some favourable base effects, with the annual CPI inflation rate projected to go down to 3 percent at end-2022. Moreover, the correction from slightly above 4 percent in 2021 to levels comfortably staying in the variation band of the target, i.e. close to 3 percent, is expected to take place as soon as 2022 Q1," the Report reads.

Compared to the March Inflation Report, the revisions of the annual CPI inflation rate are consistent for the end of 2021 (+0.7 percentage points) and +0.2 percentage points for December 2022 (at this horizon, mainly as a result of a higher contributions from the adjusted CORE2 index).