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In the February 8, 2011 meeting the Board of CBA decided to raise the Refinancing Rate of CBA by 0.5 pp, to 7.75 percent.

In January of 2010 inflation was 2.8 percent, and the 12-month inflation indicator reached 10.6 percent, greatly contributed by food prices increases of as much as 8.8 pp.

The Board agreed that the inflationary environment will keep on expanding as expected tension arising out of fundamentals in food and primary products in international markets continues and prices are still at high levels due to reduced demand for agricultural products.

The Board believes that despite the recovery of internal demand is not creating inflationary pressures economic development trends, intensified additional inflationary effects recorded in the previous year and added inflationary expectations bring in new inflation risks.

In this situation, the tightening of monetary conditions and its aligning with recent changes to the reserve requirement mechanism is priority in order to eliminate the deviation between the projected 12-month time horizon inflation forecast and target indicators.

The Board highlights the gradual tightening of monetary conditions in line with predicted developments with inflation. As part of measures to fight inflation, the Board will in cooperation with other state authorities create prerequisites to bring inflation back to the target band since the second half of 2011.