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In the March 4, 2011 meeting the Board of CBA decided to raise the Refinancing Rate of CBA by 0.5 pp, to 8.25 percent.

In February of 2011 inflation was 1.9 percent, and the 12-month inflation indicator reached 12.4 percent, greatly contributed by the food prices increases as much as 10.1 pp.

The Board is concerned with the inflationary environment expanding as a result of the developments in world markets of food products and primary goods in recent months, still a high level of prices due to reduced supply of agricultural products in 2010 as well as intensified secondary effects coming from the mentioned factors and increased inflationary expectations.

The Board considers that the current and future economic development trends are expected to create moderate inflationary pressures in terms of the recovery of aggregate demand in the upcoming period of time.

Because the risks, which were outlined in the Q1 2011 Monetary Policy Program, and the program forecasts are actually materializing, the Board decided to further exercise tightening of monetary conditions, thus remaining committed to its February statement.

The Board believes that the gradual tightening of monetary conditions, the changes of the reserve requirement mechanism, the support from other public authorities in taking up anti-inflation measures will create serious preconditions for bringing inflation back to its target band starting the second half of 2011.