

# The Board of CBA raised the refinancing rate by 0.25 percent

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In the April 12, 2011 meeting the Board of CBA decided to raise the Refinancing Rate of CBA by 0.25 pp, to 8.5 percent.

In March of 2011 inflation was 0.8 percent. Though inflation, which was adjusted for January and February based on new weights in the consumer basket, pushed the 12-month inflation indicator down, it still is rather high, 11.5 percent. Moreover, as much as 8.3 pp out of the 12-month inflation contributed to food prices increases.

The Board accepts that the growth rates of food prices in world markets are now slowing down. However, in the first quarter of 2011 their growth exceeded the forecasts which would make external inflationary pressures, second round effects and inflation expectations persisting in the domestic economy in the upcoming period of time.

The Board believes that the measures taken up in agriculture would be helpful for recovering the supply in the branch, which had a reported decline based on the 2010 results, in the course of the next months.

The Board considers that the gradual tightening of monetary conditions since the beginning of 2011, the restrictive impact of the fiscal policy on the generation of aggregate demand as well as the support from other public authorities in taking up anticrisis measures would create serious preconditions for bringing inflation back to its target band starting the second half of 2011.