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GENERAL DATA

Official name	REPUBLIC OF MOLDOVA
Capital	Chisinau
President	Nicolae Timofti
President of the Parliament	Igor Corman
Prime Minister	Iurie Leanca
Parliament of the Republic of Moldova	101 deputies (the Communist Party of the Republic of Moldova - 34, the Liberal Democrat Party of Moldova - 31, the Democrat Party of Moldova - 15, Liberal Party - 11, unaffiliated deputies - 10)
Independence was obtained on	August 27, 1991
Area	33.8 thousand km²
Administrative units	32 districts, 5 municipalities (Chisinau, Balti, Bender, Comrat, Tiraspol), ATU Gagauzia, Administrative-territorial units from the left of the Dniester
Resident population	3,557.6 thousand (beginning of the 2014 year)
Main religions	Orthodox (93.34%), Protestant (1.98%), Old-rite Christian (0.15%), Catholic (0.14%), etc.
National currency	Moldovan Leu (average exchange rate, Q III, 1 USD = 14.0539 MDL, 1 EUR = 18.6505 MDL)

ABBREVIATIONS

ATP	Autonomous Trade Preferences
ATU	Autonomous Territorial Unit
AVE	Ad-Valorem Equivalent
BMA	Bureau for Migration and Asylum
CEFTA	Central European Free Trade Agreement
CIS	Commonwealth of Independent States
CPI	Consumer Price Index
CR	Concentration Ratio
DCFTA	Deep and Comprehensive Free Trade Agreement
EBRD	European Bank for Reconstruction of Development
EC	European Commission
EPC	Effective Protection Coefficient
EU	European Union
FCA	Final Consumption of Public Administration
FCH	Final Consumption of Households
FDI	Foreign Direct Investment
GAP	Good Agricultural Practice
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GSP	Generalised System of Preferences
GVA	Gross Value Added
HACCP	Hazard Analysis and Critical Control Points
HHI	Herfindahl-Hirschman Index
IDA	International Development Association
IIPP	Index of Industrial Products Prices
IMF	International Monetary Fund
IOM	International Organization for Migration
IPA	Intellectual Property Rights
MAFI	Ministry of Agriculture and Food Industry
MDL	Moldovan Leu
MET	Moldovan Economic Trends
MF	The Ministry of Finance

MFN	Most Favoured Nation
MFO	Microfinance Organization
NBC	National Bank Certificates
NBM	National Bank of Moldova
NBS	National Bureau of Statistics
NCFM	National Commission of Financial Market
NEER	Nominal Effective Exchange Rate
NIER	National Institute for Economic Research
NPB	National Public Budget
NPC	Nominal Protection Coefficient
ODSME	Organization for Development of Small and Medium Enterprises
PCA	Partnership and Cooperation Agreement
PP	Percentage Points
PPI	Production Price Index
RCA	Revealed Comparative Advantage
REER	Real Effective Exchange Rate
SDR	Special Drawing Rights
SITC	Standard International Trade Classification
SME	Small and Medium Enterprises
SPS	Sanitary and phytosanitary measures
TBT	Technical Barriers to Trade
TN	Transnistria
TRC	Total Regulatory Capital
TRQ	Tariff Rate Quota
UN	United Nations
USD	US Dollar
VAT	Value Added Tax
WTO	World Trade Organization
YoY	Year on Year

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MAIN POLITICAL, ECONOMIC AND SOCIAL EVENTS FROM THE REPUBLIC OF MOLDOVA

The first nine months of 2014 were marked by a series of events both on political arena and economic and social life.

July 2

On July 2, 2014, the Parliament of the Republic of Moldova ratified the Association Agreement with the European Union. 59 deputies voted for ratification.

July 3

Mr. Andrian Candu was appointed Minister of Economy. Simultaneously, Mr. Candu holds the position of Deputy Prime Minister.

July 10

The Prime Minister of the Republic of Moldova – Mr. Iurie Leanca had a meeting with Germany's Chancellor – Ms. Angela Merkel. They discussed the ongoing reforms carried out in the Republic of Moldova, European integration prospects and the Transnistrian issue. Angela Merkel reiterated the support rendered to the Republic of Moldova in the process of European integration and welcomed the ratification of the Association Agreement by the Parliament from Chisinau, noting that its provisions should be applied especially in the area of justice.

July 17

The Parliament of the Republic of Moldova adopted the new Education Code. The document was voted at second and final reading with 55 votes in favor of it. The Education Code follows three main goals. The first one is related to access to education for all, the second goal focuses on improving the quality of education, and the third aims at increasing the relevance of education. The new elements presented in the Code are: rights and social guarantees for teachers, strengthening the autonomy of educational institutions, change of grading system in primary education, increasing the duration of compulsory education to 18 years, etc.

July 21

The Russian Federation banned the import of Moldovan fruits: apples, pears, quinces, apricots, cherries, peaches, nectarines, plums and blackthorn. According to Rosselkhoznadzor, the reason underpinning this decision consisted in several violations of international and national Russian rules on supply of Moldovan vegetable products to the Russian market.

August 1

The Prime Minister of the Russian Federation signed a decree providing for introduction of customs duties for import of wines and agricultural products from the Republic of Moldova. Customs duties shall be levied on many food products: wheat, meat, sugar, vegetables and alcoholic beverages. According to this decree, the amount of applicable customs charges is equal to that foreseen for countries, which are not part of the Customs Union.

August 26

The World Bank will provide to agricultural producers from the field of horticulture grants totaling 17.8 million MDL. According to Minister of Agriculture and Food Industry – Mr. Vasile

Bumacov, financial resources allocated by the World Bank and the own investments of 27.4 million MDL will be used by the five groups of producers to purchase and set up refrigerating facilities for storing fruits and vegetables, washing and calibration of fruit lines, sorting and packing lines.

September 1

The 9th meeting of the European Action Group for the Republic of Moldova was held in Chisinau on 1 September 2014. The event was attended by ministers of foreign affairs and secretaries of state from the Ministries of Foreign Affairs of the EU Member States and the European Commissioner for Enlargement and Neighborhood Policy Stefan Füle. The main topic of discussions was Moldova's European agenda, particularly the tentative implementation of the Association Agreement between the Republic of Moldova and the European Union.

September 3

The government of the Republic of Moldova approved a regulation on the way of providing financial support to fruit and vegetables producers. This regulation establishes the requirements for those persons who may apply for financial support, the product categories for which aid is given and the procedure for the distribution of financial resources. Under this document, the state will provide compensation for selling plums and apples (summer varieties). The volume of production subject to financial aid is about 100 thousand tons, of which 60 thousand tons of apples and 40 tons of plums. To compensate for losses incurred by farmers, the state will pay 1.5 MDL per kilogram of apples sold, and 1.2 MDL per kilogram of plums. The total amount allocated by the Government for this purpose is 146 million MDL.

September 11

Minister of Economy – Mr. Andrian Candu and his counterpart from Turkey – Mr. Nihat Zeybekci signed the Free Trade Agreement, which will contribute to development of economic relations of the two countries. It is expected that the agreement will bring great benefits, including for the Republic of Moldova, and it covers 9,000 types of goods and eliminates administrative barriers that used to be in the trade. Upon entry into force of the Agreement all customs duties on imports and any charges having equivalent effect levied on industrial products shall be canceled, except for some industrial goods originating in Turkey, such as footwear, furniture, plastic products, etc., for which the Republic of Moldova requested to establish transitional periods from 3 to 7 years. Also the Agreement provides for reciprocal concessions for agricultural products by both sides. Thus, tariff quotas for products of great interest were negotiated, including for certain times of the year (off-season), within which 100% reduction in customs duty will take place under the most favored nation clause regime (MFN).

September 24-25

Alexander Lukashenko – the President of the Republic of Belarus, visited the Republic of Moldova. Mr. Lukashenko met the head of the state – Nicolae Timofti, the Prime Minister – Iurie Leanca and the president of the Parliament – Igor Corman. Discussions focused on bilateral relations and trade between the two countries. Also, during this visit, a series of bilateral cooperation agreements were signed: Joint Statement of the President of the Republic of Moldova and the President of the Republic of Belarus; Plan of consultations between the Ministries of Foreign Affairs of the two countries for the years 2015-2017; Interstate treaty on the handover of convicts; Lists of commodities to be supplied by enterprises as part of manufacturing cooperation schemes; Agreement on cooperation between the Chambers of Commerce and Industry of the two countries; Action Plan for cooperation between the Mayorality of municipality Chisinau and the City Hall of Minsk for the years 2015-2016.

EDITION SUMMARY

Production

The upward dynamic of the real sector of the national economy in January-September 2014 was underpinned by increased production in most sectors of economy. According to official statistics, the gross domestic product (GDP) amounted to 81,722 million lei, increasing by 4.7% compared to the same period of 2013 and by about 1/4 – comparing with that of the pre-crisis year 2008.

Continuing GDP growth rates are remarkable, i.e. from 103.6% in the first quarter of 2014 and 104.2% in the second quarter up to 105.9% in the third quarter of the year. Accelerated growth rate of the GDP during the III quarter was driven by the increase in services-producing activity, particularly in construction, trade, real estate transactions and services provided to enterprises.

In terms of use, the main contribution to GDP growth was made by the increased by 2.3% household final consumption (FCH), that boosted GDP growth by 2.2%. International trade activity also had an important contribution to the GDP growth. The increase in January-September 2014 in volume terms of exports of goods and services by 3.2% and the concomitant reduction of imports by 0.3% led to a GDP increase of 1.6%.

In January-September 2014, industrial production posted an increase of 4.7%, compared to the similar period of 2013, being underpinned by processing industry (+6.3%) and extractive industry (+3.9%). However, the level of industrial production reached in the analysed period, remained below the similar period of the pre-crisis year 2008 (by 3.2%).

Agricultural production rose by 8.6% compared to the same period of the previous year, being generated by increased volumes of crop production by 12.4% and that of animal by 2.5%.

In January-September 2014 an upward trend was posted by enterprises whose main activity is retail trade and market services provided to population, thus the volume of turnover thereof increased in real terms by 4.4% and by 7.5% respectively, compared to the same period of 2013.

Against the background of moderate development of external trade in goods and implications caused by geopolitical tensions in the East, a decrease in transportation activity was triggered, which showed in mileage of commodities, posting a decrease of 5.2% during the analyzed period.

In the field of tourism activity in January - September 2014, there were positive developments in outbound and domestic tourism; the flow of Moldovan tourists who travelled abroad through travel agencies and tour operators increased by 14.3%, while that of participants in domestic tourism more than 1.3 times. At the same time, inbound tourism contracted. Thus, the influx of foreign tourists who benefited from tourism services decreased by 5.5%, while the number of those accommodated in collective tourist accommodation structures dropped by 6.4%.

Prices, exchange rates and monetary policy

From January to September 2014 consumer price index posted a moderate growth trend. Over the first nine months of the year, CPI increase was 5.2%, compared to similar period last year. During the same time frame, CPI components recorded the following increases: food products – 7%, non-food products – 5.3%, services – 2.7%. Core inflation index also increased compared to the similar period of the previous amounting to 5.3%, or a 1.1 p.p. rise compared to the level achieved in the same interval of 2013.

In the third quarter of the year, the annual inflation rate was 5.1%, which represents an increase of 1.1 p.p., compared to the level registered in the same period last year, while the annual growth rate of the core inflation constituted 5.5%, being by 1.1 p.p. higher than in the similar time span of 2013. Increased growth rate of prices during this period was mainly driven by processes of depreciation of the national currency against major reference currencies.

During the third quarter of 2014 other price indexes also recorded uneven increases:

- ✓ industrial production prices increased by 3 p.p. compared to the same period of the previous year, the growth rate reaching thus the level of 6.4%. The largest price increases in manufacturing industry, during the respective period, were recorded for activities of manufacturing of tobacco products, processing and preserving of fruits and vegetables, manufacturing of machinery and equipment;
- ✓ in constructions sector the growth rate of prices fell by 0.4 p.p. compared to the same period of the previous year and amounted to 8.2%. The largest price increases in constructions were recorded in transport, trade and public catering, building of social and cultural objects and housing construction;
- ✓ in agricultural sector the growth rate of producer prices of agricultural products increased by 29 p.p. compared to the same period of the previous year and amounted to 2.6%. The largest price increases compared to the same period of 2013, there were posted for the following products: pigs (live weight), sunflower, edible eggs, wheat and milk;
- ✓ annual growth rate of fuel prices remained at the level of values recorded in the same period of the previous year of 5.5%. Given the situation on the international oil market, a decrease in fuel prices is expected in the coming months.

During the first nine months of 2014, the national currency depreciated against the single European currency by 13.4% and by 10.5% against the US dollar, compared to the similar interval in the previous year. The average exchange rate during this period was of 18.6 MDL for 1 EUR and 13.7 MDL for 1 USD.

In the third quarter of 2014, the nominal average exchange rate against major reference currencies was of 18.7 MDL for 1 EUR and 14.1 MDL for 1 US dollar, i.e. depreciation by 10.3% in relation to the single European currency and by 10.0% in relation to the US dollar, compared to the same period of the previous year.

Further enhancement of the depreciation trend of the national currency against major reference currencies can pose risks to the national economy. Depreciation would entail difficulties in reimbursement of loans provided in foreign currency (USD and EUR), and thus reduce the quality of banks' loan portfolio, increase the pressure on consumer prices and reduce consumer purchasing power.

During the period from January to September 2014, in order to achieve the objective of keeping the rate of inflation low and given the economic conjuncture in the country, the National Bank of Moldova promoted a loose monetary policy, maintaining the monetary policy rates at the level reached in the second half of the previous year.

The volume of money supply had a volatile development over the first nine months of 2014: it slightly decreased in the first quarter and resumed the upward trend in the following periods. In the third quarter of 2014, comparing with the data for the first half of 2014, most of monetary indicators posted a slight decline, except for the monetary aggregate M3, however, compared to the similar period of the previous year, the growth rate of the money supply components increased. Thus, as of September 30, 2014, the monetary aggregate M3 grew by 13.6% comparing with the data recorded on September 30, 2013 and amounted to 65.2 billion MDL.

In order to maintain the inflation rate at the level established in the third quarter of 2014, the NBM intensified its intervention in foreign exchange market and made sales of foreign currency against MDL through SPOT operations amounting to 80 million US dollar. During the third quarter of the current year, the volume of foreign currency sales decreased by 56.2%, compared to the same period of 2013.

Public finances

Overall, it appears that budget revenues were under-collected and it was induced by nonfulfillment of forecasts pertaining to several strategic items (personal income tax, mandatory health insurance premiums, excises etc.). Thus, there was a decline in collection of revenues related to salaries, in particular in the social component (income tax and premiums). With regard to mandatory state social insurance contributions, it should be noted that in the first semester of the year collections amounted to 98.6%, nevertheless, on September 30, 2014 an over-performance of 100.2% was recorded. At the same time, we noticed perpetuation of the trend mentioned in the previous edition, namely the increasing gap between the forecasted revenues and effective revenues pertaining to lease of property by individuals. Also, the growth rate of amounts levied by the Customs Service as VAT and excise duties followed the downward trend, largely because of the geopolitical situation in the region, while the amount of VAT refunded from the budget increased.

With regard to public expenditures, as a general trend, there was an increase in social expenditure (by 11.7% compared to the previous year – largely on account of health care expenditure), in economic expenditures (by 36.4% compared to the previous year - mostly on account of expenditures on agriculture, forestry, fisheries and water management) and expenditures on environmental protection and hydrometeorology (by 61.8% compared to the previous year).

In the first 9 months of 2014, the revenues of Transnistrian budget amounted to 1,704.7 million Transnistrian rubles (1,985.4 million MDL), which represents 6.5% of total revenues obtained on the controlled territory of the Republic of Moldova. It should be noted that about 10.9% of Transnistrian revenues are composed of non-refundable material aid received from the Russian Federation.

With regard to the spending side of the Transnistrian budget, expenditures accounted for 2,449.2 million MDL or 8.0% of the total expenditures incurred on the controlled territory of the Republic of Moldova.

Banking sector

During the first nine months of 2014, the indicators characterizing the banking sector of the Republic of Moldova posted contradictory dynamics. At the end of September 2014 compared to the end of December 2013 there were following developments pertaining to key indicators of the banking sector:

- ✓ Increase in bank assets by 8%, up to 82,113.9 million MDL;
- ✓ Increase in bank loans balance by 12%, up to 47,288 million MDL;
- ✓ Increase in bank deposits balance by 11.5%, up to 57,845.1 million MDL;
- ✓ Increase in non-performing loans in absolute terms by 19% up to 5,801.4 million MDL;
- ✓ Decrease in average interest rate on loans in national currency from 12.29% as of January 2014 down to 10.97% in September 2014;
- ✓ Decrease in average interest rate on loans in foreign currency from 7.83% in January 2014 down to 7.61% in September, i.e. 0.22 p.p.;
- ✓ Decrease in bank margin for transactions in national currency from 6.69% in December 2013 down to 5.16% in September 2014, or by 1.53 p.p.;
- ✓ Decrease in bank margin for foreign currency transactions by 0.9 p.p. in September 2014 down to 3.43%.

The Commercial Bank „Eximbank Gruppo Veneto Banca” S.A. registered negative financial results in the first nine months of 2014 that amounted to 1149,8 million MDL. The financial institution B.C. „BancaSocială” S.A. failed to maintain the required level of 16%, registering on September 30, 2014 a risk-weighted capital adequacy ratio of 15,05%. In the same interval the commercial bank „EuroCreditBank” S.A. did not have the required 200 million lei set as minimum required for tier I bank capital.

External sector

The first three quarters of the current year were marked by a series of events that had contradictory effects on the dynamics of Moldovan exports. Good weather conditions made it possible to ensure an increase in the volume of exported agricultural and food products. However, external factors had a decisive role in determining the dynamics thereof and the amounts of foreign currency cashed in from exports.

In the first three quarters of the year, exports value dropped by 0.2% compared to the same period of the previous year, totalling about 1.7 billion USD. A decisive factor in this regard was the decrease in exports value during third quarter by 6.5%, including in the volume of deliveries by 2% and in the unit value of exports by 5%.

Series of embargos, imposed by the Russian Federation, banning imports of some agricultural products from the Republic of Moldova, with a high degree of concentration on the Russian market - apples, grapes, plums, etc., in the context of previous restrictions on import of wine and a general decrease in international prices for agricultural and food products have had negative influence on exports.

In January-September 2014, exports to the Russian Federation dropped by 29.2% compared to the same period last year. Economic and political-military tensions in Ukraine lead to a decline in supply of goods to this market by 16.3% over the period. These developments entailed changes in the structure of exports, increasing the weight of supplies to the EU on account of the decrease of CIS country's share.

Factors, which allowed us to increase in the previous year the volumes of cast iron and steel waste delivered to other countries, preponderantly to Turkey, exhausted this year leading to a decrease in exports to that destination.

On the other side of the balance, sustained increase in deliveries of agricultural and food products – grains and oleaginous seeds, that are produced in large quantities in the country and the degree of geographic concentration of supply thereof is lower, had a compensatory effect. Similarly, increased exports to the EU, both of light industry and agricultural and food industry products served as catalyst in this regard. Initiation of provisional implementation of the AA and the DCFTA, gave for local authorities and national producers a new lease of life in order to increase the deliveries of products with limited access to these markets.

Imports of goods continued to decline in the third quarter, both in terms of value and of quantity, limiting currency outflows from the country. This factor should have a positive impact not only on the current account deficit, but also on the development of the national currency exchange rate in relation to major reference currencies, partially cushioning the effects of attenuation of foreign exchange inflows into the country.

Business environment

In 2013 the National Bureau of Statistics had records of 52.2 thousand economic agents, mostly from SMEs sector (97.5%).

In 2013, as during the previous years, the number of SMEs continued the trend of sustainable positive growth, as registered by NBS (50.9 thousand units in 2013 versus 49.4 thousand units in 2012).

In 2013, 56.9% of the total number of employees of the national economy were working in the SMEs sector, which is by 0.9 p.p. less compared to the previous year.

During 2008-2011 the total number of the employees from the enterprises in the RM, including those employed in SMEs sector, registered with the statistical authority, has decreased on an annual basis. Nevertheless, in 2012 and 2013 a slight increase in the number of employees was registered, compared to 2011 and 2012 respectively. In this way, in 2013 the number of employees has grown by +5.3 thousand persons in the enterprises of all sizes. However, this increase was due to large enterprises, while the SMEs sector registered in 2013 a decrease of the employees number compared to the previous period (-1.8 thousand persons).

During the period of 2010-2013 the sales revenues of SMEs posted an upward trend after the decline in 2009. At the same time, the annual growth rate of SMEs in 2014 was higher (105.9%) compared to the previous year, when its value equated to 101.6%.

Social sector

Demographic situation. One of the demographic trends that characterized Q3 of 2014 was higher increase in birth rate compared to the increase in death rate, which conditioned positive natural increase in the population. In January-September 2014, the total number of *live births* in the country, according to the NBS, was 29,068 persons, posting an insignificant increase of 3.9% compared to the same period of the previous year. The birth rate was 10.9 live births per 1,000 inhabitants. The number of *deceased* amounted to 28,932 persons. The overall death rate increased by 3.7% compared to last year. The death rate represented 10.9 deaths per 1,000 inhabitants. Natural increase amounted to 136 persons. The number of *deaths of children aged under 1 year* was 280 persons increasing by 13 cases compared to the same period of the previous year. The infant mortality rate was 9.6 deceased aged under 1 year per 1,000 live births. The total number of *marriages* in the country was 19,319, increasing by 7.1% compared to the same period last year. The marriage rate constituted 7.3 marriages per 1,000 inhabitants. The total number of *divorces* in the country amounted to 8,141, representing an increase of 4.5% over the same period last year. The divorce rate was 3.1 divorces per 1,000 inhabitants.

Migration of population In January-September 2014, according to the Ministry of Internal Affairs, 2,367 foreign citizens and 277 repatriates received residence permits (permanent and temporary). In the structure of immigrants by purpose of arrival, work immigrants dominated with 42.8%, followed by family – 36.4%, citizens immigrated to study – 3.7%, other reasons – 17.2%. The number of persons left abroad to work or looking for work, reported by households, according to estimations of the NBS, was about 349.8 thousand persons, compared to 364.2 thousand in 2013. Of those reported to have left 64.2% were men. The weight of persons left abroad from the rural areas was about 72.8%. The number reported by households left abroad for work or looking for work was estimated NBS, about 349,800 persons compared to 364,200 in 2013. Of those reported to have left, 64.2% were men. The share of people left the rural areas was about 72.8%.

Labour market. One of the labour market trends that characterized the nine months was the growth of economically active population, while the number of inactive population decreased. In Q3 of 2014 *the economically active population* of the Republic of Moldova comprised 1,319.6 thousand persons, decreasing by 0.7% (8.6 thousand) compared to Q3 of 2013. The structure of economically active population was modified as follows: the weight of employed population increased from 96.1% to 96.7%, while the weight of unemployed persons decreased from 3.9% to 3.3%. There were no significant disparities by genders and areas among economically active

persons: the weight of men (51.2%) slightly exceeded that of women (48.8%), and the weight of economically active persons from rural areas was higher than of the weight of active population from urban areas, recording 56.4% and 43.6% respectively. *Activity rate of population aged 15 and over* was 44.2%, registering a decrease compared to the same quarter of last year (44.5%). *Employed population* amounted to 1,275.7 thousand persons, remaining basically at the level of previous year (-0.1% compared to Q3 of 2013). *The employment rate of persons aged 15 and over* was 42.7%, registering the same value as in Q3 in 2013. With regard to distribution by *activities of the national economy*, we find that 432.1 thousand persons worked in the *agricultural sector* (33.9% out of the total number of employed persons). *The number of unemployed persons* estimated according to ILO methodology was 43.9 thousand, or 7.5 thousand fewer than Q3 2013. The unemployment rate on the country level recorded a value of 3.3%, which is lower compared Q3 of 2013 (3.9%).

Remuneration of labour. The overall trend in the field of labour remuneration had different characteristics during the period January-September: at the beginning, in February there was a decrease in salaries compared to January, which can be explained by the fact that the annual bonus was paid in January (Government Decision no. 180 of 11.03.2013 on payment of the annual bonus to personnel of budget units), subsequently from February to the end of the period there was a stable trend of wage growth. In *September 2014*, the average gross nominal salary earnings were 4,267.7 MDL, recording an increase of 13.5% compared to September 2013. In the public sector, in September this year average salary earnings amounted to 3,595.8 MDL (+12.0% compared to September 2013). In the (real) economic sector salary earnings constituted 4,540.1 MDL (+14.1% compared to September 2013). Real salary earnings index for September 2014, compared to September 2013 (calculated as ratio between gross nominal salary earnings index and consumer price index) amounted to 108.3%.

Disposable income of population during Q3 of 2014 amounted to a monthly average per capita of 1,787.4 MDL, increasing by 1.8% over the same period of 2013. In real terms household income showed a decrease of 3.1% (Consumer price index in Q3 of 2014 versus Q3 of 2013 was 105.1%). Compared to Q2 of the current year, household income at current prices also rose by 1.8%.

Average monthly consumption expenditure of population in the third quarter of 2014 were in average 1,831.8 MDL per capita, decreasing by 3.0% compared to the same period last year. In real terms, population spent on average by 7.7% less compared to Q3 of 2013. Comparing with Q2 of the current year, there was an increase in consumption expenditure in current prices by 1.3%. The decrease in overall consumption expenditure was driven preponderantly by household costs reduction in urban areas.

Social protection of the population. According to the data of the National Social Insurance House, the number of pensioners registered with social protection bodies as of October 1, 2014 was 664.7 thousand persons or by 8.3 thousand persons more compared to October 1, 2013. The average monthly pension (indexed) amounted to 1,089.2 MDL, increasing by 6.7% compared to October 1, 2013. Regarding the structure of pensioners, old-age pensioners represented the largest share of 75.8%, followed by the category of disabled pensioners and survivors, respectively 20.1% and 2.3%, and other categories – 1.8%. About 56 thousand persons receive social benefits, the largest category of beneficiaries are the disabled since childhood (48.5%). In January-October 2014, 70.0 thousand persons received allowances for childcare, 51.1% of which are insured persons.

Healthcare. In January-September 2014, the morbidity of the population because of some infectious diseases, according to preliminary data of the Ministry of Health, was characterized by the increase of disease cases by viral hepatitis, acute intestinal infections, pediculosis. During this period there were fewer cases of chickenpox, acute respiratory infections with multiple localizations, cases of influenza, epidemical parotitis etc.

Crimes. According to data provided by the Ministry of Internal Affairs, in January-September 2014 there were 30.3 thousand or by 11.0% more than in the same period of the previous year. On average, there were 85.2 crimes per 10 thousand inhabitants recorded during this period. The highest level of criminality was registered in municipalities Chisinau and Balti with 134.4 and 96.9 crimes per 10 thousand inhabitants, while the lowest level of criminality was recorded in Riscani district – 46.1 crimes per 10 thousand inhabitants. In January-September 2014, there were by 69.6% more crimes against family and minors, in particular cases of domestic violence +77.3%. At the same time, there were more economic crimes – 28.5%, security and public order crimes – 12.6%, public health and social living – 14.9%, sexual crimes – 9.2%, against property – 6.8%. Thefts remained predominant in the structure of crimes, with a weight of 39% of all crimes. During this period there were fewer crimes against life and health.

Chapter I

PRODUCTION¹

Gross domestic product

In January-September 2014 the gross domestic product (GDP) amounted to 81,722 million² MDL, posting an increase of 4.7% compared to the similar period of the previous year. Thus, against the background of the decline of 7.7% recorded in the corresponding period of crisis year 2009 and subsequent upward trend, in January-September 2008-2014, the GDP registered an increase of 24% and an average annual growth rate of 3.6%.



Figure 1.1. GDP dynamics in January-September 2008-2014 (%)

Source: Author's calculations based on the data of the National Bureau of Statistics.

The accelerated growth of this main macroeconomic aggregate during the first three quarters of this year was noteworthy. Thus, GDP growth rates posted an upward trend rising from 103.6% in the first quarter of 2014 (compared to the same period last year), and 104.2% in the second quarter up to 105.9% in the third quarter of the year. Accelerated economic activity recorded in the third quarter of 2014 impacted the growth rate of GDP in the third quarter compared to the second quarter (seasonally adjusted), that scored 103.6% (versus 102.4% in the previous quarter). Higher growth rate of the GDP over the second quarter was underpinned mainly by the accelerating growth of services-producing activity, particularly in construction, trade, real estate transactions and services provided to enterprises. At the same time, a decrease was recorded in the growth rate of the gross value added (GVA) in extractive and processing industries, financial activities, hotels and restaurants, transport.

According to official statistics, the most significant contribution to GDP growth in January-September 2014 in the annual computing pertained to the following branches of national economy:

¹ The data provided by the National Bureau of Statistics does not include data on enterprises and organizations from the left bank of the Dniester River and mun. Bender. In some cases, having the appropriate remark, available data regarding the Transnistrian region submitted by the statistical authority of that region are presented.

²GDP at current market prices.

- *Agriculture, hunting, forestry, fishing and fisheries*, whose volumes of activity increased by 8.2%, given their weight of 12.7% in the structure of the gross domestic product, led to GDP increase of 0.9% (see Fig. 1.2);
- *Industry*, whose volume of activity increased by 5.6%, with a weight of 13.9% in the structure of GDP, determined the GDP increase of 0.8%;
- *Wholesale and retail*, whose volume of activity increased by 6.2%, influenced the GDP growth in amount of 0.8%;
- *Transport and communications*, whose volume increased by 4.5%, determined the GDP increase of 0.5%;
- *Construction*, whose volume of activity increased by 11.4%, given their weight of 4% in the GDP, determined its increase by 0.4%.

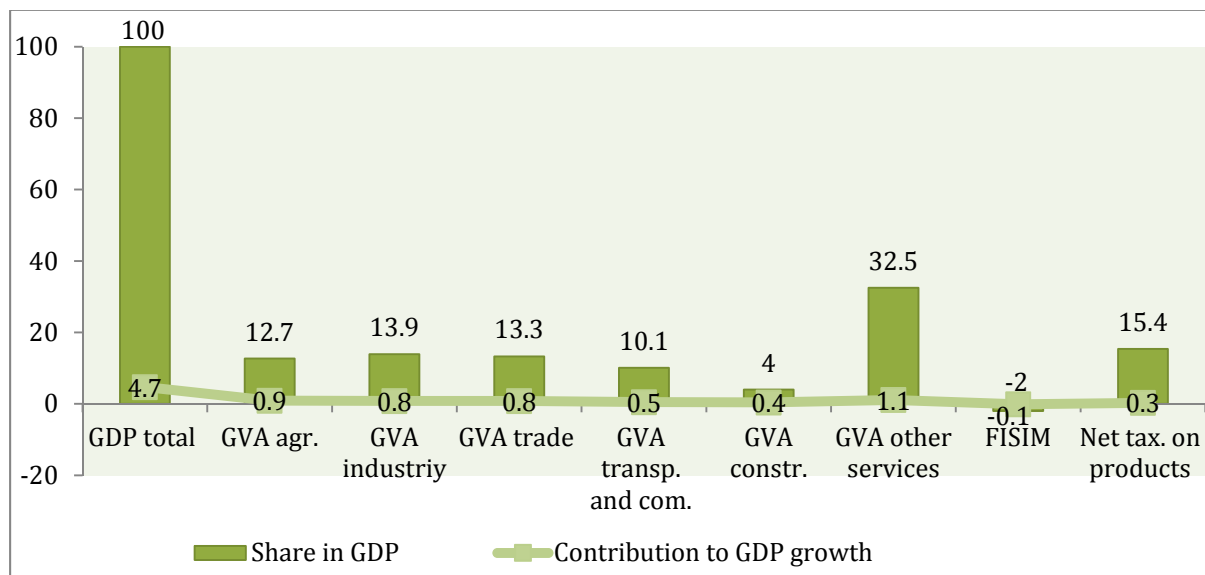


Figure 1.2. Contribution of components by categories of resources to GDP formation in January-September 2014 and to its increase comparing with January-September 2013 (%)

Source: According to the data of the National Bureau of Statistics.

As a result of the high weight of services in the GDP (about 60%) and given the growth rate of the volume of activity amounting to 4.8% during the analysed period, this sector determined the biggest GDP increase – of 2.8%. Goods-producing economic activities, although recorded a significant increase in the volume of activities (by 6.8%), given their relatively reduced weight in the GDP (about 27%), had a lower contribution to its growth of about 1.7%. While 1.9% increase in the real value of taxes on products led to increase of GDP by 0.3%.

In terms of use, the main contribution to GDP growth was made by the increased by 2.3% household final consumption (FCH), that boosted GDP growth by 2.2% (see Fig.1.3). During the analysed period the final consumption of public administration and non-profit institutions serving population households (FCA) declined further by 0.2%, contributing to a decrease of its weight in the GDP down to 19.6% (compared to 19.7% in the same period of 2013). Given that FCH slowed down the growth rate, against the GDP growth rate and decrease in FCA, the positive trend toward the decrease of final consumption to GDP ratio was maintained, declining from 119.6% in January-September 2012 to 113% in the same period of 2013 and down to 110.2% in January-September 2014 (or overall by 9.7 p.p.).

The development of international trade had an important contribution to the GDP growth in the first 9 months of 2014. The increase in January-September 2014 in volume terms of exports of goods and services by 3.2% and the concomitant reduction of imports by 0.3% led to a decrease in net export negative value as contribution to GDP formation to (-)35.1%, thus generating the GDP increase of 1.6%.

Evolution of the GDP in January-September 2014 was positively influenced by gross fixed capital formation (GFCF), which posting an increase of 9.4% and accounting for 24.2% weight in GDP, led to its increase by 2.1%. At the same time, an essential decline in the volume of stocks (against the background of their increase in the same period of 2013) caused significant attenuation of the GDP evolution – of 1.1% during the analysed period.

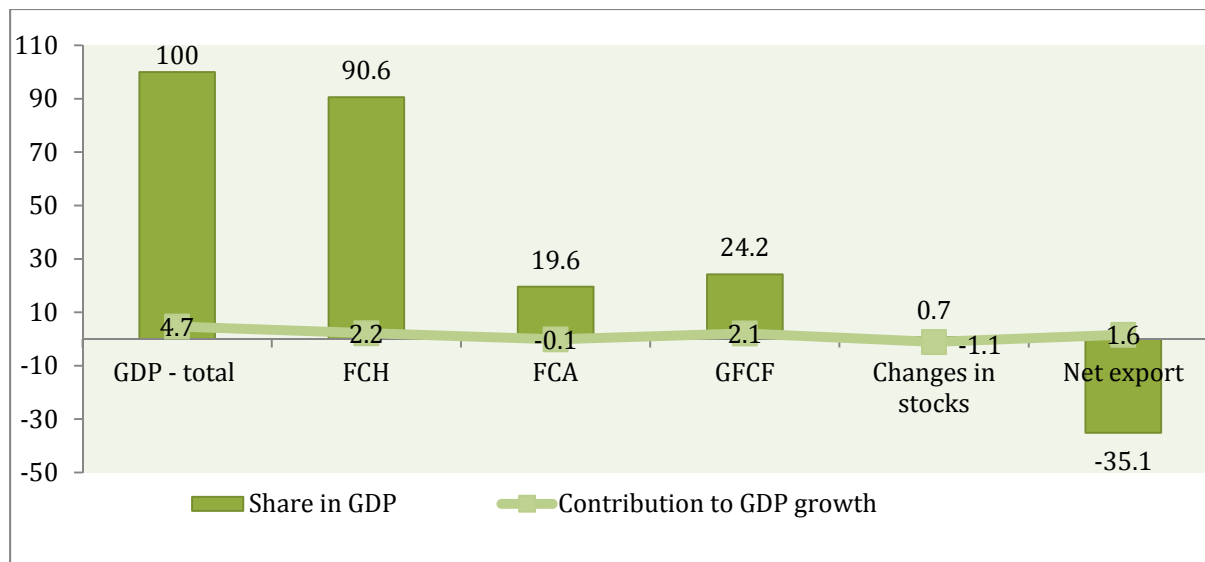


Figure 1.3. Contribution of components by use categories to GDP formation in January-September 2014 and to its increase comparing with January-September 2013 (%)

Source: According to the data of the National Bureau of Statistics.

Industry³

In January-September 2014 industrial production posted an increase of 4.7%, compared to the similar period of 2013, being underpinned by processing industry (+6.3%) and mining industry (+3.9%) which supplied the increase in the total volume of production in this important branch of the national economy of 5.1% and 0.1% respectively. However, industrial production level achieved in the first 9 months 2014, remained below the similar period of the pre-crisis year 2008 (by 3.2%).

At the same time, in the annual calculation, production and supply of electricity and thermal energy, gas and hot water decreased by 2.3% as well as the volume of water supply, sanitation, waste management – by 7.9%, leading to attenuated growth of total industrial production by 0.3% and 0.2% respectively.

At a disaggregated level, the development of industrial production during the analysed period was positively impacted by: food industry, which rose by 14.5% compared to the same period last year, manufacturing of textiles – by 24.0%, clothing – 14.0% and chemicals and chemical products manufacturing – by 1.5 times. Comparing with January-September 2013, these activities led to a rise in total industrial production by 3.0%, 1.1%, 1.0% and 0.7% respectively (see Table 1.1).

³The data for 2008-2013 are presented under the Classification of Activities in Moldovan Economy (CAME) Rev.1,1, and for January-September 2014 – CAME Rev.2 (aligned with EU standard NACE Rev. 2) implemented in the Republic Moldova starting with 1 January 2014. Thus, there are limitations in terms of comparability of data pertaining to the scope of the industry before and after 1 January 2014.



Figure 1.4. Industrial production indices in January-September 2008-2014 (%)

Source: Author's calculations based on the data of the National Bureau of Statistics.

Table 1.1. Dynamics of industrial production by main kind of activity in January-September 2014 (%)

Kind of activity	January-September 2014 compared to 2013	Structure of gross added value	Contribution to the growth of industrial production (+/-)
Industry - total	104.7	100.0	+4.7
Mining industry	103.9	2.4	+0.1
Manufacturing industry	106.3	80.8	+5.1
<i>out of which food and beverage industry</i>	114.5	23.9	+3.0
Production and supply of electricity, heat, gas and air conditioning	97.7	14.5	-0.3
Water distribution, sanitation, waste management, decontamination	92.1	2.2	-0.2

Source: According to the data of the National Bureau of Statistics.

Positive dynamics in the food industry, whose weight in the total gross value added in the entire industry amounted to 23.9%, was mainly influenced by increased production of: processing and preserving of meat and meat products (by 25.3%); vegetal and animal oils and fats, that rose by 2.6 times after the steep reduction recorded in January-September 2013 (by 7.5 times compared to the same period of 2012); dairy products (by 8.0%); processing and preserving of fruit and vegetables (by 6.1%); which conditioned overall industry growth of 1.0%, 0.7%, 0.2 and 0.4% respectively.

At the same time, there were reductions in volume of production in a series of food industry activities; the most significant impact had the following: production of wine from grapes – 22.4% (causing a reduction in total industrial production of 0.9%); distillation, refining and blending of alcoholic beverages – by 27.7% (resulting in reduction in total industrial production of 0.7%).

A negative impact on the dynamics of industrial activity in January-September 2014 was also exerted by contracting volume of production in the following branches: electrical equipment manufacturing – by about 14% (conditioning a decline in global industrial production by 0.7%); tobacco products manufacturing – 40% (causing a drop in the total industrial production by 0.6%); manufacturing of pharmaceutical products – 16% (resulting in decline in total industrial production by 0.3%), etc.

Annual index of industrial production during the first 9 months of 2014 showed a downward trend in the first four months of the year, declining from 112.6% in January down to 96.2% in April 2014 compared to the same months of the year 2013, but the situation in the branch rebounded in subsequent five months, posting in September 2014 an increase of 7.4% compared with the same period of the previous year (see Fig.1.5).

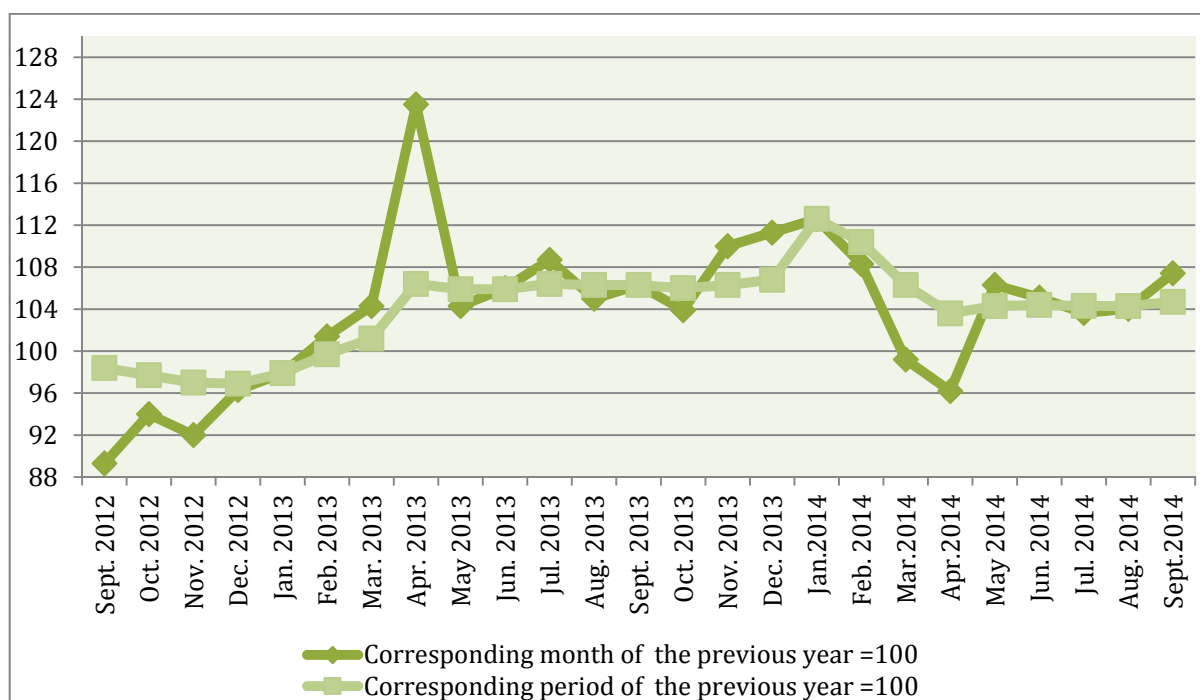


Figure 1.5. Infra-annual indices of industrial production volume in September 2012 – September 2014 (%)

Source: According to the data of the National Bureau of Statistics.

The analysis of industrial activity from the territorial perspective showed that the increase in industrial production volume, 59% thereof is concentrated in the mun. Chisinau, was driven by the upward trend recorded in the North and Centre regions (see Fig.1.6).

The share of supplies to foreign markets made by industrial enterprises in January-September 2014 was about 34.4% of the overall delivered production, decreasing by 0.5 p.p. compared to the same period of 2013. A relatively heightened level of industrial production to be traded abroad pertained to: textiles – 91% of production delivered in this activity; electronic and optical products – 88%; processing and preserving of fruit and vegetables – 83%; clothing – 80%; wine from grape – 77%; distilled alcoholic beverages – 72%.

In the structure of the overall volume of production supplied to foreign market the highest share pertained to industrial production: food industry – about 26% (including processing and preserving of fruit and vegetables – 10%, wine from grape – 12%, alcoholic beverages – 5%), textiles manufacturing – 12%, clothing – 11%, electrical equipment (including wires and cables) – 7%.

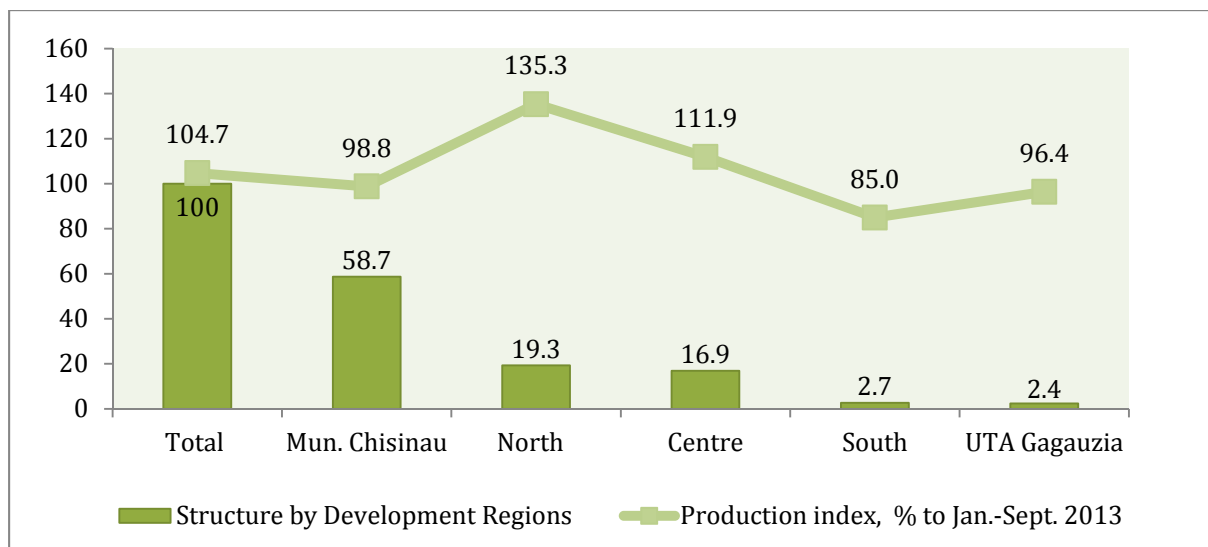


Figure 1.6. Structure and dynamics of the industrial production by development regions in January-September 2014 (%)

Source: According to the data of the National Bureau of Statistics.

Agriculture

Agricultural production in January-September 2014 rose by 8.6% compared to the same period of 2013. Agricultural production growth was generated by increased volumes of crop production by 12.4% and that of animal by 2.5%.



Figure 1.7. Dynamics of agricultural production volumes in January-September 2008-2014 (%)

Source: Author's calculations based on the data of the National Bureau of Statistics.

Increase in crop production over the analysed period was driven mainly by increasing yields in most main agricultural crops. Thus, according to operative statistical data, in 2014 average harvest in agricultural units with agricultural land surface of 10 hectares and above, increased as follows: field vegetables – about 1.4 times; sugar beet and potatoes – 1.3 times each; stone fruits –

by 21%, fruits with seeds – 9%; cereals and leguminous for beans – by about 17%. However, this year there were significant reductions in average grape harvest – about 30 percent and sunflower – 7 percent. Given that grapes are harvested later, accentuated decrease in the yield thereof will slow down the overall growth of agricultural production in 2014.

Animal production continues to be determined by the situation in population households, given their significant share in livestock, as of October 01, 2014: 93% of the total number of sheep and goats, 97% of cattle and 60% of pigs. As a result, in the first 9 months of the referenced year the share of these households in milk production was 96%, growing of cattle and poultry – 67% and in egg production – 62%. Overall in January-September 2014 compared to the same period of 2013, production related to growing cattle and poultry increased by about 5%, egg production – by 1%. At the same time, the production of milk of all kinds reduced by about 1 percent.

Investments in long-term tangible assets

In January-September 2014 investments in long term tangible assets totalled 10,435.2 million lei, posting an increase of 2.1% in real terms, compared to the same period of the previous year. Although it is the highest level of investments made in January-September over the last six years, however this represents only about 78% of the level achieved in the pre-crisis year 2008 (see Fig. 1.8).

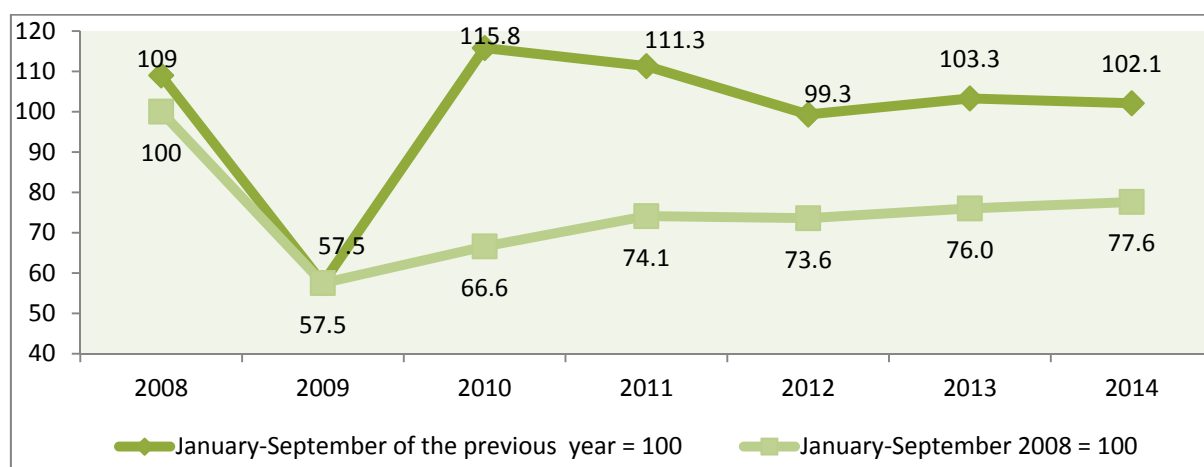


Figure 1.8. Dynamics of investments in long-term tangible assets in January-September 2008-2014 (%)

Source: Author's calculations based on data of the National Bureau of Statistics.

In terms of technological structure elements of investment, during the analysed period, there was an increase in the volume of construction and assembly works of 5.2% and in other expenses – of 6.8%. At the same time, the volume of investments in equipment, machinery and means of transport decreased by 2.0%. As a result, the weight of construction and assembly works in the structure of investments increased up to 52.6% (by 1.5 p.p. compared to the similar period of the previous year), while that pertaining to investments in equipment, machinery and means of transport declined down to 42.4% (by 1.7 p.p.).

Investment analysis in terms of types of fixed assets indicates a positive development of investments in non-residential buildings and edifices construction – by 22.7%, and other investments made – by 12.3%. Whilst, residential construction sector recorded a significant decline – 21.8% compared to the level recorded in January-September last year. In physical expression, from January to September 2014 residential buildings with total area of about 247 thousand m² were put into use, which is about 15 percent less than in the same period of the previous year.

By forms of ownership, intensification of investment activity was determined by public sector entities of the national economy, the value of investments thereof increased by 13.1%, resulting in a 4.5% increase of total investment volume compared to the same period of the last year and in increase of their weight in the investments structure up to 38.5% (see Figure 1.9). The volume of investments made by enterprises with foreign capital rose by 4.4%, generating an increase in total investment volume of 0.3%. Moreover, the sector of joint ventures with foreign capital and those with property of the Republic of Moldova registered a decline in investments of 19% and 13.3% respectively causing attenuation of growth in overall investments by 2.1% and 0.1%. The decrease in investment activity by 1 percent pertaining to private sector enterprises with Moldovan ownership generated a slowdown in investment volumes by about 0.5%.

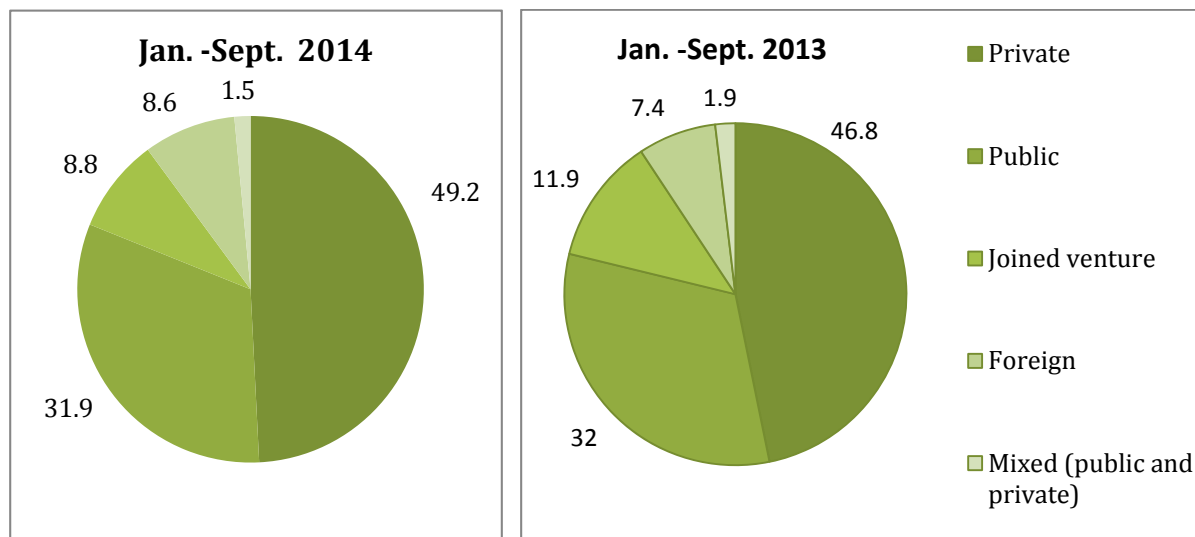


Figure 1.9. Structure of investments in long-term tangible assets by forms of ownership in January-September 2013 and 2014 (%)

Source: According to the data of the National Bureau of Statistics.

In terms of funding sources, the increase in volume of investments in January-September 2014 was driven mainly by rising allocations from the national public budget, including the state budget – by 1.7 times and local public administration budgets – by 1.5 times, causing the increase in total volume of investments by 4.2% and 1.6% respectively. At the same time, a significant contraction of over 30 percent of the volume of foreign investors’ means was posted, causing a reduction in the total volume of investments by 2%.

In January-September 2014, the volume of construction works performed under contract increased by 0.5% compared to the similar period of 2013. Boosted activity in construction business was driven by the increase in capital repairs volume (by 17.6%), current repair and maintenance works (by 1.9%) and other works (1.3 times). Simultaneously, the volume of new constructions decreased by 6% in the referenced period, leading to a decline of their weight in total constructions works down to 56.4% (or about 4 pp).

Trade and other market services

In January-September 2014 the increase in turnover of enterprises whose main activity is retail trade amounted to 4.4% (in real terms) compared to the same period of 2013, being underpinned by the upward trend in trade activity during the months January to April and from June to September of the analysed year (see Fig. 1.10).

In January-September 2014 the turnover of enterprises whose main activity is market services provided to the population increased compared to the similar period of 2013 by 7.5% (at comparable prices). However, the annual development of this indicator at the end of the

analysed period (September 2014 compared to the same month of the previous year) showed a decrease in activity of service provision by 3.3%.

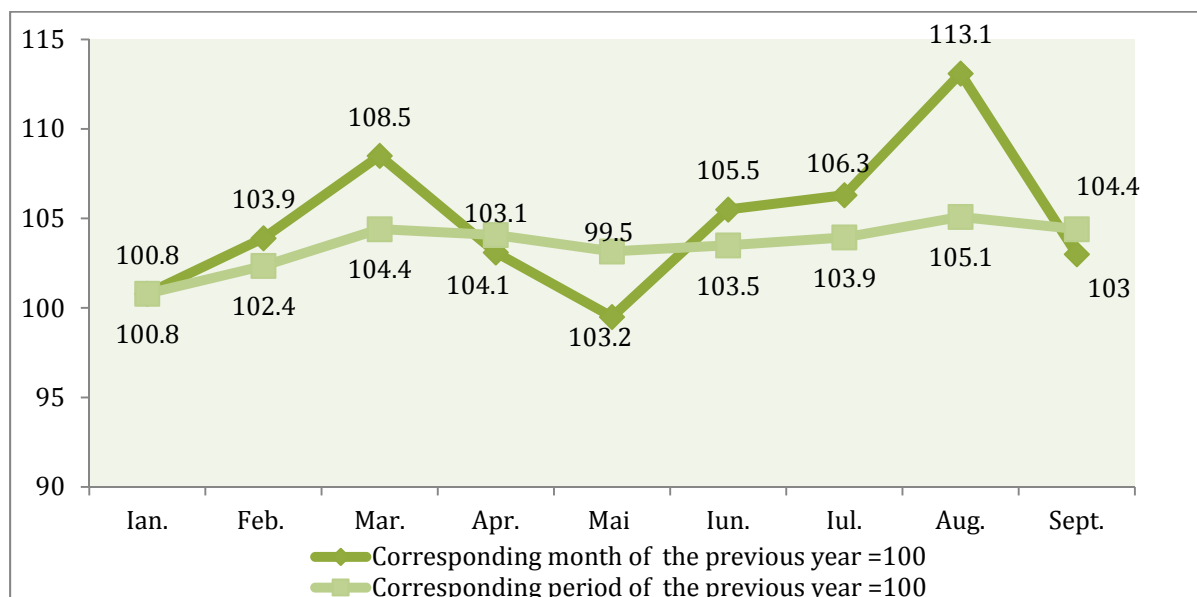


Figure 1.10. Monthly development of turnover volumes of enterprises whose main activity is retail trade in January-September 2014 (%)

Source: According to the data of the National Bureau of Statistics.

Transport

In January-September 2014 transportation companies carried 10 million tons of commodities, posting an increase of 6.8% compared to the same period of the previous year, thus ensuring continued positive development since 2010.

A determinative contribution to the increase in the volume of freight pertained to road transportation companies that carried about 6.1 million tons of commodities, or 13.9% more than in January-September 2013, leading to an increase in total volume of commodities transported by 8.0% (see Table 1.2).

The upward trend in freight activity that rose by 1.7 times compared to the level posted in January-September 2013 supported also the increase of transport activity, contributing to the growth in the total volume of commodities transported of 0.6%.

However railway transportation activity decreased by 4.3%, causing attenuation in the increase of total volume of commodities transported by 1.8%.

The turnover of goods totalled about 3.0 billion tons-km, dropping by 5.2% compared to the same period of the previous year. Over 2/3 of the total turnover of commodities pertains to road transportation, that posted a decline in activity of 6.3%, causing total transportation volume contraction by 4.5%. Railway transportation also declined by 2.4%, causing a decrease in the total transported volume by 0.7%.

River transportation activity, although less significant in terms of weight (accounting for less than 2% in total freight) also posted a positive development, ensuring volume growth for both indicators analysed by more than 1.4 times. At the same time, the volume of airway transportation of goods continued the last year trend, posting during the analysed period a reduction of 43% in the volume of volume of commodities and 16% – in turnover of goods, compared to the same period of the previous year.

Table 1.2. Transportation of goods by transport means in January-September 2014 (%)

	Jan.-Sept. 2014/ Jan.-Sept. 2013	Structure by transportation means	Contribution to the increase in the volume / turnover of goods (+/-)
Carried goods - total, thousand tones	106.8	100.0	6.8
<i>out of which, by transportation means:</i>			
<i>railway</i>	95.7	37.0	-1.8
<i>road</i>	113.9	61.3	8.0
<i>river</i>	143.2	1.7	0.6
<i>air</i>	56.5	0.0	0.0
Turnover of goods - total, mil. tones-km	94.8	100.0	-5.2
<i>out of which, by transportation means:</i>			
<i>railway</i>	97.6	29.1	-0.7
<i>road</i>	93.7	70.9	-4.5
<i>river</i>	157.9	0.0	0.0
<i>air</i>	80.9	83.5	0.0

Source: Author's calculations based on data of the National Bureau of Statistics.

During the analysed period there was a decrease compared with the same period last year, in the number of passengers carried by public transport (by 1.2%), while the passenger turnover increased (0.6%). Decrease in the number of passengers carried was caused by reduced activity on the main public transport modes: rail – by 5.4%, buses and minibuses – 4.1%, and by taxi – by 26.6%. Passenger turnover dropped down on these modes, by 20%, 10.1% and 24.8% respectively. Moderate intensification of transportation by trolley (up to 4 percent) as well as river transportation (by 1.2 times) and air (over 1.4 times), provided only partial attenuation of contracting activity of passenger transportation.

Tourism

In January-September 2014 the number of tourists accommodated in collective tourist accommodation structures totalled 227,900, of which about 71% were represented by Moldovan tourists and 29% were foreign tourists (non-residents). Compared to January-September 2013, the total number of tourists in the above-mentioned structures posted an increase of 3.5%, due to higher inflow of Moldovan tourists (by 8.3%), but against the background of the reduction by 6.4% in the number of non-resident tourists. It should be noted, however, that compared to the pre-crisis year 2008, tourism activity declined by over 2 percent, solely because of the reduction in the number of resident tourists by about 10%, the influx of foreign tourists posted an increase of almost 1/4 (see Fig. 1.11).

In terms of types of accommodation units, the number of persons accommodated in hotels and motels increased (by 4.7%), in recovery facilities (by 3.6%), as well as touristic villas, holiday villages and other recreation structures (more than 1.5 times).

About a quarter of foreign tourists accommodated in the aforementioned units during the analysed period, came from Romania, 11% – Ukraine, 9% – Russian Federation, 7% – US.

Following a rise in January-September 2014 in the number of tourists (3.5%) against the background of reduced duration of their stay in collective accommodation structures (average 2.1%),



Figure 1.11. The number of tourists accommodated in collective tourist accommodation structures in January-September 2008-2014 (thousand persons)

Source: According to the data of the National Bureau of Statistics.

there was an increase in the total number of overnight stays – by 1.3% compared to the similar period last year.

In January-September 2014 travel agencies and tour operators provided travel services to 202,8 thousand tourists and backpackers, or by 15.7% more compared to the same period of the previous year on account of outbound and domestic tourism, which increased respectively by 14.3% and 31.9%. Inbound tourism marked a 5.5 percent reduction. It should be mentioned that the average duration of travel of Moldovan tourists abroad increased over the analysed period, while the average number of days spent by tourists (both residents and foreign) in the country decreased.

Outbound tourism, with the most important tourist flow (about 79% of total tourists), totalled 160 thousand people. Moldovan favourite tourist destinations remained: Turkey and Bulgaria (by 36% of outbound tourism), Greece (9%), Romania (8%).

The region of the Republic of Moldova from the left bank of the Dniester River and the mun. Bender⁴

Enterprises from the region to the left of the Dniester River and the mun. Bender⁵, according to available information provided by the statistical authority of the Transnistrian region in January-September 2014, manufactured more industrial production by about 1.4 times compared to the level posted in the similar period of the previous year (see Figure 1.12). The reported increase in industrial production was driven mainly by the rise in metallurgical industry production by 4.7 times, which occurred against the background of rapid reduction of activity in this sector in January-September 2013 – by more than 3 times compared to the similar period of the previous year.

⁴According to the data of the statistical authority of the Transnistrian region: <http://www.mepmr.org/gosudarstvennaya-statistika/informacziya/62-o-soczialno-ekonomicheskom-polozhenii-pmr>

Given the partial implementation of international standards in the development of official statistics by the statistical authority of the Transnistrian region, and reduced access to metadata, data comparability between these data with those issued by the NBS is limited and it is difficult to assess

⁵Industrial enterprises, except for the small business sector

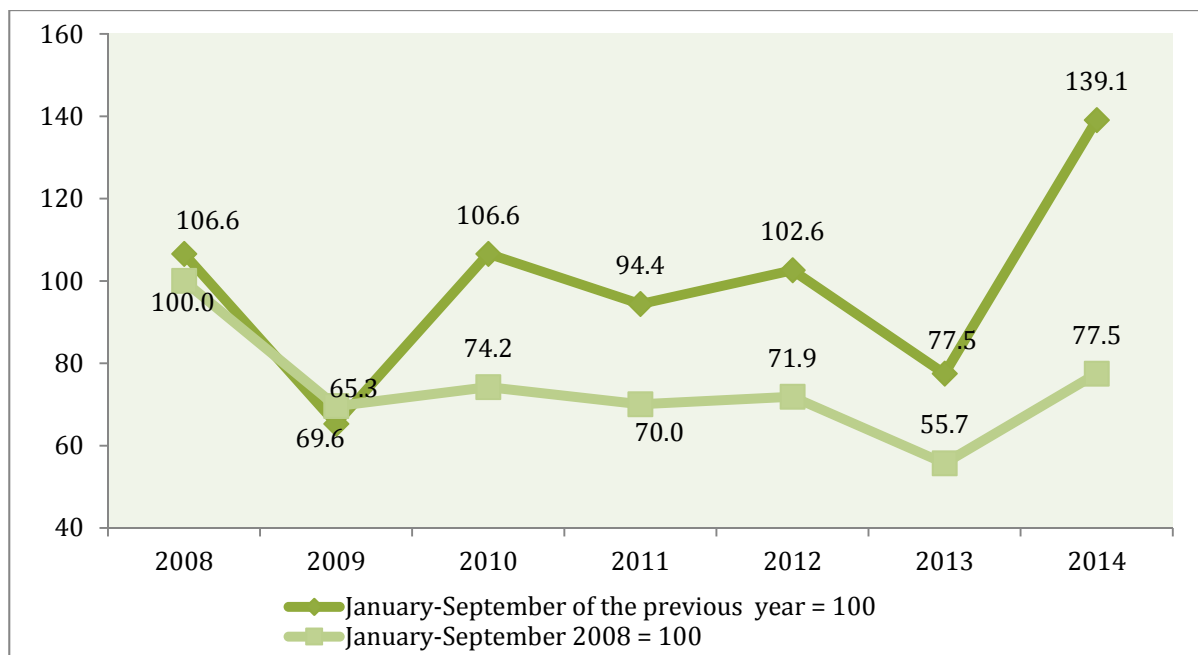


Figure 1.12. Indices of industrial production in January-September 2008-2014 (%)

Source: Author's calculations based on the data of the statistical authority of the Transnistrian region.

However, while industrial enterprises in the Transnistrian region considerably recovered during the analysed period from reduction in activity posted over the last five years, the volume of industrial production amounted to only 77,5 percent of the level recorded in January-September 2008 (compared to the average of 96,8 percent in case of industrial enterprises in the rest of the country).

The volume of investments in fixed assets made during the analysed period *in the region to the left of the Dniester River and the city Bender* decreased by 2,6% compared to the level posted in the similar period of 2013, recording about 69,8% of the level reached in the same period of the pre-crisis year 2008 (see Fig. 1.13).

In January-September 2014 there were considerable reductions in investment expenditures pertaining to equipment, machinery and means of transport – more than 11 percent compared to the similar period of the previous year, but still these accounted for the major part in the structure of total investment (about 56%).

During the referenced period the volume of construction works performed under contract in the Transnistrian region increased by 2%, despite the decline of new constructions volumes (by 5,9%). The increase in construction works was driven by increased volume of capital and current repairs and other works.

During the analysed period a reduction in housing construction activity in the Transnistrian region was recorded, the total area of housing put into use decreased by over 16 percent, in particularly in urban areas – by more than 1/4.

Retail trade in the region in January-September 2014 increased moderately, by 0,1%, while the services provided to the population – more substantially – by 4,9 percent compared to the level registered during the same period of the previous year.



Figure 1.13. Dynamics of investments in fixed assets in January-September 2008-2014 (%)

Source: Author's calculations based on the data of the statistical authority of the Transnistrian region.

Chapter II

PRICES, EXCHANGE RATES AND MONETARY POLICY

2.1. Prices and exchange rates

Prices

In the first nine months of 2014 consumer price index increased by 5.2% compared to same time last year. During the same period, CPI components recorded the following increases: food products – 7%, non-food products – 5.3%, services – 2.7%.

In July-September 2014, the annual inflation rate was 5.1%, which represents an increase of 1.1 p.p. compared to the level recorded in the similar period of last year. During the same time frame, trends in prices for main categories of products included in CPI varied attesting the largest increase in food products – 6.1% and a more moderate increase in prices of non-food products – 5.6% and services- 2.6%.

The growth rate of prices in July, August and September 2014 amounted to 5.3%, 5.1% and 4.8% respectively, compared to the similar period of the previous year, when this indicator was 4.3%, 3.7% and 3.9%. Ascending growth rate of consumer price index during this time span was mainly driven by processes of depreciation of national currency against major reference currencies.

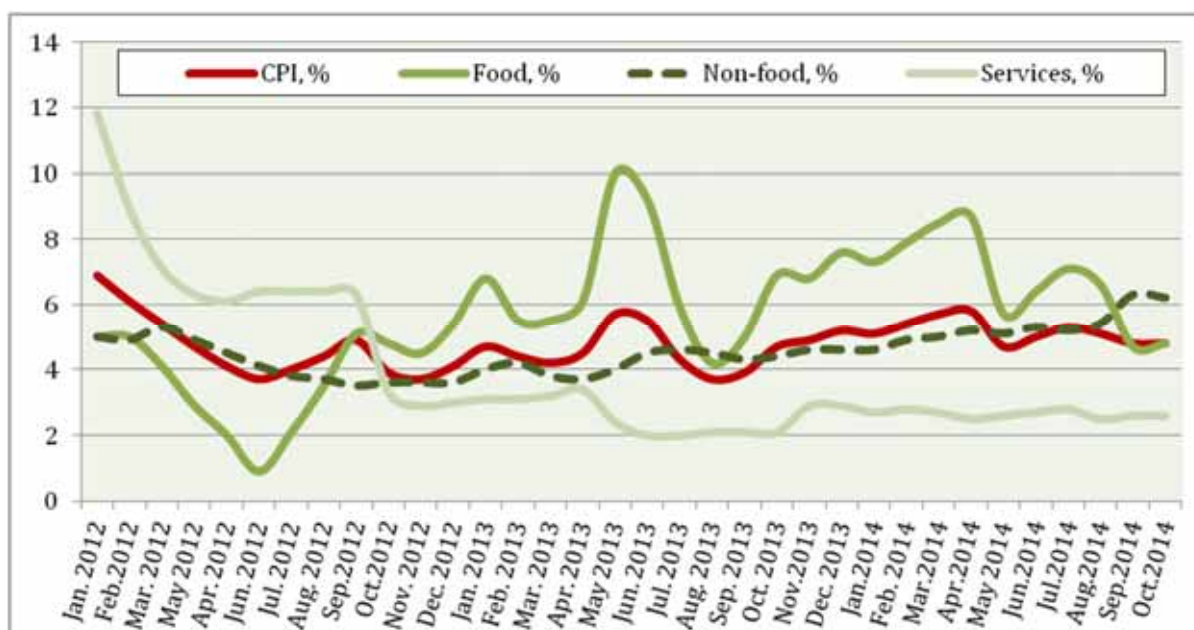


Figure 2.1.1. Annual growth rate of CPI and its components, %

Source: According to the data of the National Bureau of Statistics.

During the third quarter of 2014, prices of food products increased by 6.1%, the growth rate showing an increase of 1.1 percentage points comparing with the third quarter of the previous year (in monthly expression, compared to the similar period of last year, there were the following increases: in July – 7.1%, in August – 6.6%, in September – 4.7%). In the third quarter of 2014, compared to the same period of last year, there was a considerable increase in prices for walnuts that rose by 15.3%, vegetables – 14.4%, milk and dairy products – 8.3%, rice – 9.3% and meat and canned meat – 4.4%. At the same time, the price of grapes dropped, due to high

domestic supply, which appeared as a result of the embargo imposed by the Russian Federation on import of several food-products from Moldova and onion, garlic, carrots and potatoes, due to the decrease in prices for these products on international markets.

In the third quarter of 2014, prices for non-food products increased by 5.6% compared to the similar period of the previous year, 1.1 p.p. more than the value of this indicator recorded in the same period of 2013 (in monthly expression compared to the same period of last year, increases amounted to 5.2% in July, 5.4% in August and 6.3% in September). During this time frame the largest price increases were posted for cigarettes – 11.4%, construction materials – 5.9%, refrigerators and freezers – 5.7%, clothing for adults and children – 5.6% and fuel – 5.5%.

Price increases were recorded also for services, thus, these rose in price in the third quarter of the year by 2.6% compared to the same time last year, or 0.5 p.p. more than the level of this indicator in 2013 (in monthly expression, compared to the similar period of last year, the following increases were recorded: in July – 2.8%, in August – 2.5%, and in September – 2.6%). During the referenced period, comparing with the third quarter of last year, the highest price increases were registered in passenger auto transport services – by 26.3%, tourism services – by 20.6%, passenger rail transport – by 13.5%, hotel accommodation services – by 10% and housing payments – by 8.3%.



Figure 2.1.2. Annual growth rate of CPI and core inflation, %

Source: According to the data of the National Bureau of Statistics.

From January to September 2014, core inflation index constituted 5.3% compared to the similar time of last year, or a 1.1 p.p. increase over the level achieved in the similar period of 2013, this upward trend is maintained since the beginning of 2013. This increase was largely due to processes of devaluation of the national currency against the US dollar and the European single currency. At the same time, we can observe that from May 2014 to October 2014, the core inflation values increased faster than the CPI. This excess is due to the decrease in pressures exercised on the CPI by food products prices, which are not taken into account when calculating the core inflation.

In the third quarter of 2014, the annual growth rate of core inflation was 5.5%, or by 1.1 p.p. higher than in the same period of 2013. In monthly expression, compared to the similar period of the previous year the following increases were recorded: in July – 5.4%, in August – 5.3%, and in September – 5.8%.

Over the first nine months of 2014, the index of industrial products prices rose by 6% compared to the same time last year, posting a 2.9 p.p. increase over the level registered in the same period of 2013. In the branches of industry the following increases were recorded: mining and quarrying – 3.7%, manufacturing – 7%, energy sector – (-) 1.9%.

In the third quarter of 2014 the growth rate of the annual index of industrial products prices increased compared to the same time last year by 3 p.p. and reached the level of 6.4%. Comparing with the same period of the previous year, in the branches of industries the following developments took place: in mining and quarrying and in processing industry prices rose by 5.1% and 7.4% respectively, while in the energy sector prices decreased by 0.8%. The largest price increases in processing industry over this time span were recorded in activities of manufacturing of tobacco products – 34.8%, processing and preserving of fruits and vegetables – 15.0%, manufacturing of machinery and equipment – 12.0%, manufacturing of rubber and plastic products – 11.0%, compared to the same period last year.

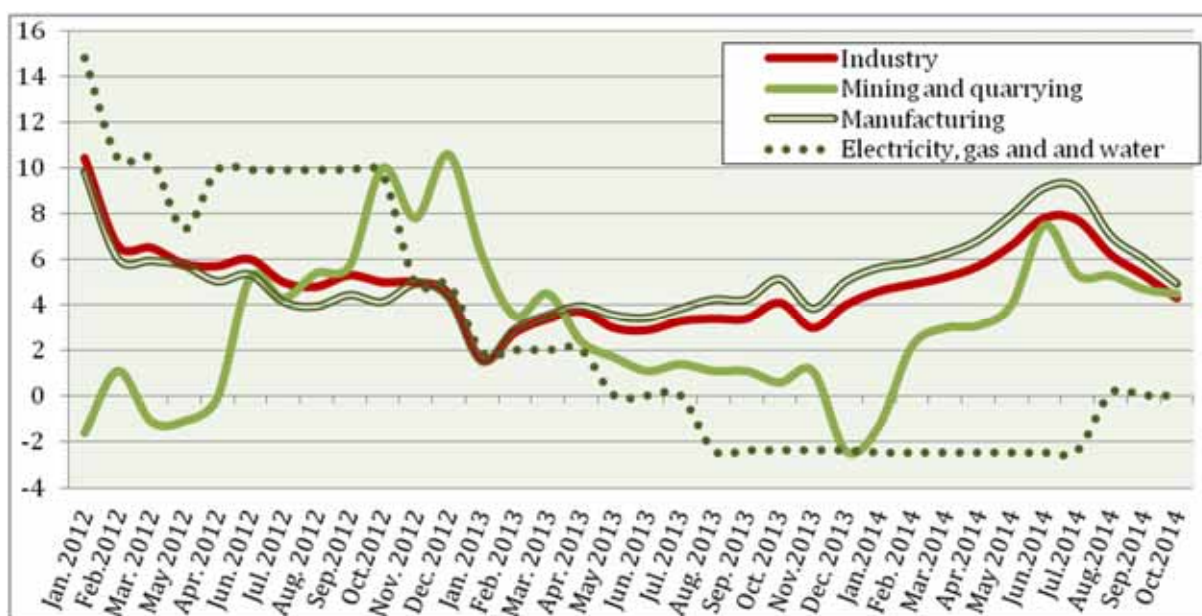


Figure 2.1.3. Annual growth rate of the industrial production prices index and its components, %

Source: According to the data of the National Bureau of Statistics.



Figure 2.1.4. Price dynamics in constructions, % (compared to the same period of last year)

Source: According to the data of the National Bureau of Statistics.

The growth rate of prices in construction increased in the third quarter 2014 by 0.4 p.p. compared to the similar period of the previous year amounting to 8.2%. In the sectors of national economy, the highest annual price increases in constructions during the reference period were recorded in transport – 9.4%, trade and public catering – 8.6%, building of social and cultural objects – 8.5%, and housing construction – 8.2%.

In the period from January to September of 2014, producer prices of agricultural products decreased by 3.7% compared to the same period of 2013. The prices for vegetable products, dropping by 9.4%, contributed in particular to the reduction in the annual growth rate of this category of prices during the referenced period. However, prices for animal products increased by 14.3% compared to the same period last year.

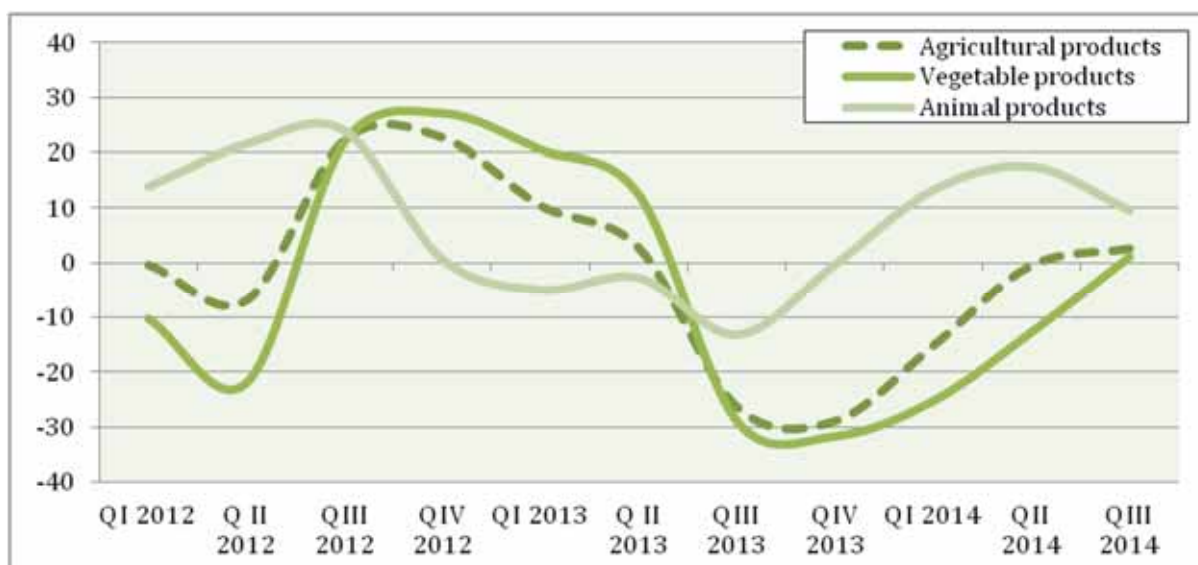


Figure 2.1.5. Dynamics of agricultural products prices, % (compared to the same period of the previous year)

Source: According to the data of the National Bureau of Statistics.

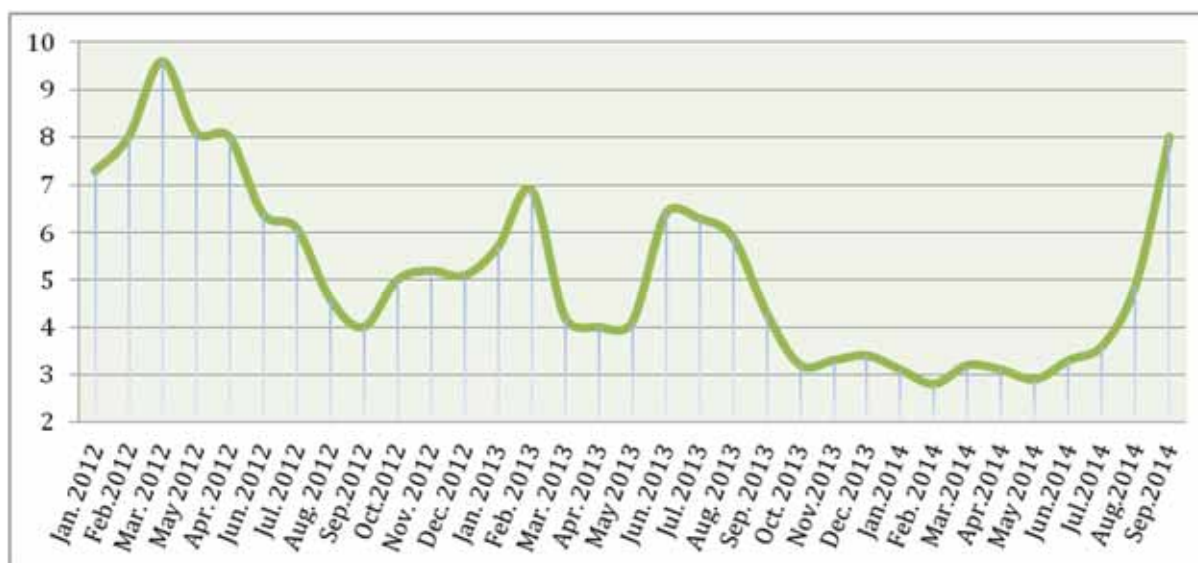


Figure 2.1.6. Dynamics of fuel prices, % (compared to the same period of the previous year)

Source: According to the data of the National Bureau of Statistics.

In the third quarter of 2014, the growth rate of producer prices of agricultural products increased by 29 p.p. compared to the similar time frame of the previous year and amounted to 2.6%. The largest price increases, compared to the same period of 2013, were registered in the following products: pigs (live weight) – 24.8%, sunflower – 14.0%, edible eggs – 13.5%, wheat – 11% and milk – 10%. At the same time, there were decreases in prices for wool by 51.4%, fruits and berries – by 41.4%, sheep and goats (live weight) – by 30.8%, potatoes – by 25%, grapes – by 13.5%.

In the first nine months of 2014, overall, there was an attenuation trend in fuel prices increase, and thus the growth rate declined compared to the same period of the previous year by 1.3 p.p. reaching the level of 3.7%. However, starting from July 2014 there was a slight modification in the development of fuel prices towards its slow increase and this maintained the annual growth rate of fuel prices in the third quarter of 2014 at the level recorded in the same period of last year of 5.5%.

Exchange Rates

Over the first nine months of 2014 the national currency depreciated against the single European currency by 13.4% and against the US dollar by 10.5%, compared to the same period of the previous year. The average exchange rate during this time span was 18.6 MDL for 1 EUR and 13.7 MDL for 1 USD.

In the third quarter of 2014 the nominal average exchange rate against major reference currencies amounted to 18.7 MDL for 1 EUR and 14.1 MDL for 1 USD, which shows MDL depreciation by 10.3% against the single European currency and by 10.0% against the US dollar, comparing with same period of the previous year.

In monthly expression, the average exchange rate of the national currency against the single European currency posted volatile dynamics: in July it was 19.0 MDL/EUR, in August – 18.4 MDL/EUR, and in September – 18.5 MDL/EUR, while in October and November the average exchange rate increased moderately equating to 18.6 MDL and 18.7 MDL for 1 EUR respectively.



Figure 2.1.7. Development of the monthly average nominal exchange rate of MDL/USD and MDL/EUR

Source: According to the data of the National Bank of Moldova.

The third quarter of 2013 was marked by the highest values of the average exchange rate of the national currency in relation to the US dollar over the last three years. During this time frame the average exchange rate was 14.0 MDL/USD in July, 13.8 MDL/USD – in August and 14.3

MDL/USD in September. In October and November the increasing trend in the average exchange rate continued, recording values of 14.7 MDL/USD and 15.0 MDL/USD respectively.

Following the depreciation of the national currency also the real effective exchange rate of the national currency increased. In the third quarter the real exchange rate of MDL in relation to the single European currency depreciated by 5.2% and to the US dollar by 5.5% (compared to the same time last year).

The region of the Republic of Moldova from the left bank of the Dniester River

Posting a downward trend over the last years, the inflation rate in the region to the left of the Dniester River had a more moderate evolution during this year compared to the previous year data. In the third quarter of the current year, the annual growth rate of CPI was 2.3%, registering a 2.1 p.p. decrease compared to the same period of 2013. Unlike Moldovan region from the right bank of the river, the increasing inflation was greatly influenced by services, given that the annual growth rate of prices for services in July-September 2014 amounted to 6.7%. At the same time, the growth rate of prices for food products was 4.0%, while that for non-food products decreased by 2.3% compared to the similar period of last year.

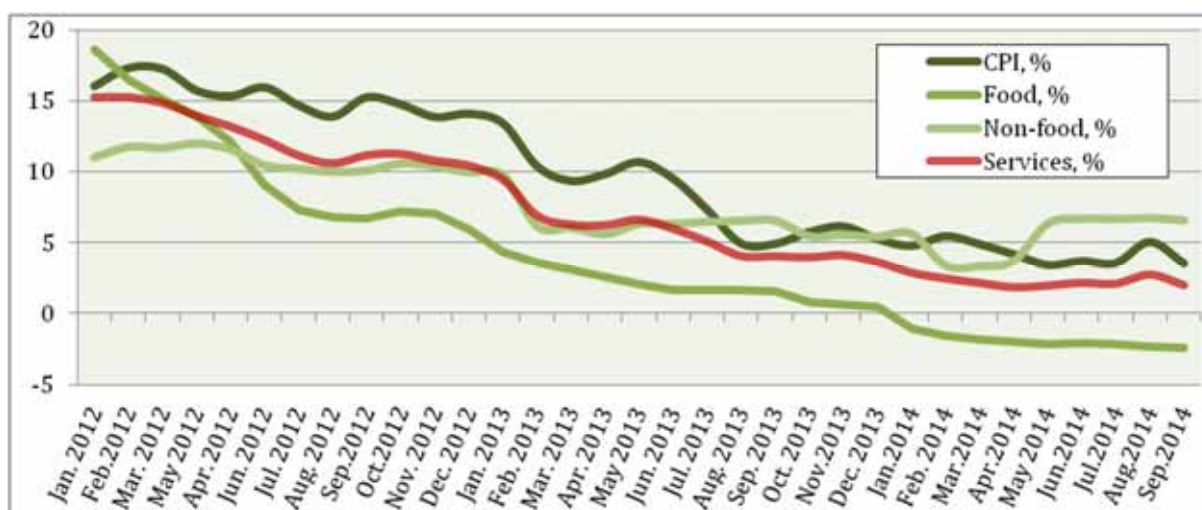


Figure 2.1.8. Annual growth rate of the CPI and its components in the region from the left bank of the Dniester River, %

Source: According to the Central Bank of the region from the left bank of the Dniester River.

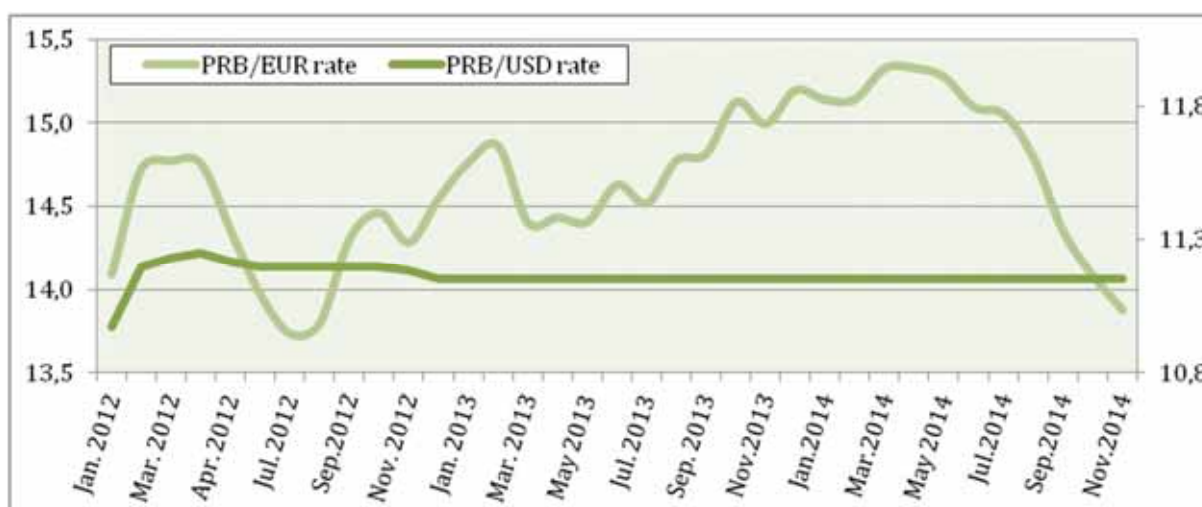


Figure 2.1.9. Development of the monthly average nominal exchange rate of PRB/USD and PRB/EURO

Source: According to the data of the Central Bank of the region from the left bank of the Dniester river.

During the third quarter of 2014, the Central Bank of the region to the left of the Dniester River maintained the overall objective of monetary policy oriented at exchange rate target established since December 2012. Under these circumstances the nominal exchange rate of the Transnistrian ruble in relation to US dollar remained fixed at the level of 11.1 PRB/USD.

However, in the third quarter of 2014, the Transnistrian ruble which, since mid-2012, continuously depreciated against Euro, changed its development direction by strengthening slightly in the last two months of the quarter. The nominal average exchange rate in the reference period amounted to 17.7 rubles for 1 Euro, exceeding the values of the same period last year by 0.2%.

2.2. Monetary policy

During the first nine months of 2014, the National Bank of Moldova preserved the actual monetary market conditions by using monetary policy instruments to ensure achievement of the target, namely maintenance of the inflation rate at a low level, with the view to create a relatively stable economic framework that would enable economic development and ensure sustained economic growth.

Monetary policy instruments

Over the third quarter of 2014, the National Bank of Moldova continued its prudent conduct in terms of monetary policy by maintaining the monetary policy rates at the level reached in the second half of the previous year.

In this context, during the third quarter of 2014 the base rate remained at the level established in July 2013 and represented 3.5%. The interest rate on overnight loans was and continuously remains at the level of 6.5%, while the interest rate on overnight deposits is 0.5%.

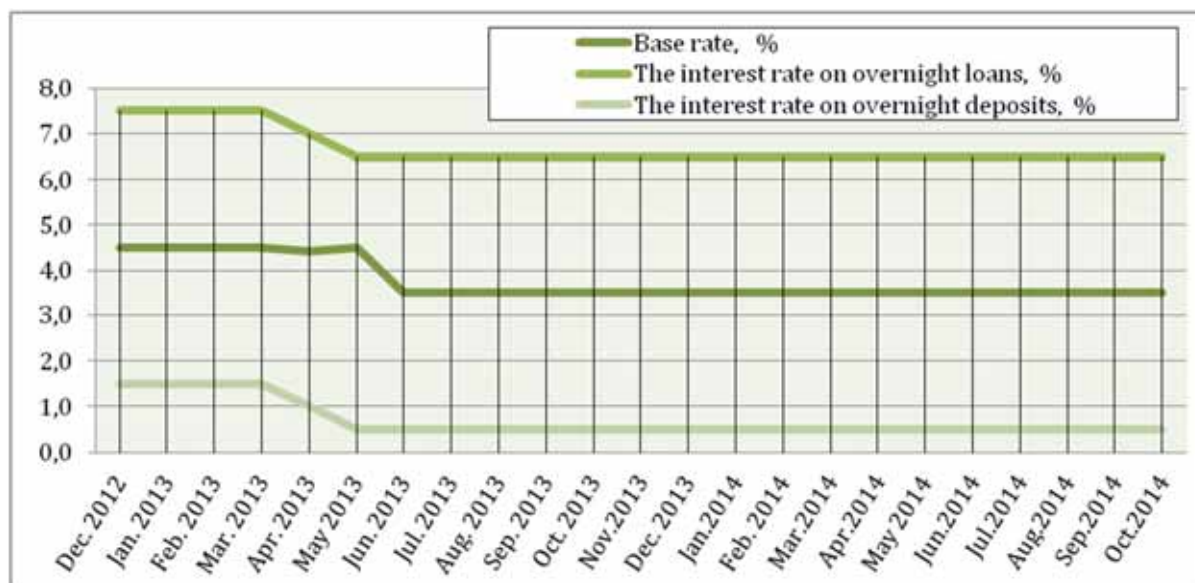


Figure 2.2.1. Development of interest rates on the monetary policy instruments of the National Bank of Moldova in the period 2012-2014

Source: According to the data of the National Bank of Moldova.

Open market operations and standing facilities

Liquidity sterilization operations followed the same decreasing trend observed since June 2013. During the third quarter of 2014, the average monthly balance of sterilization operations was at a lower level compared to the same period of the previous year (minus 2.58 billion MDL) and amounted to 0.86 billion MDL. The highest balance was recorded in September 2014, when the average daily balance of NBC sales constituted -0.98 billion MDL.

Over the third quarter of 2014, the demand for overnight deposits posted volatile dynamics; the average daily balance in July, August and September 2014 amounted to 112.7 million MDL, 125.0 million MDL and 160.6 million MDL, respectively. At the same time, commercial banks requested overnight credit facilities from the NBM for an average balance equating to 173.8 million MDL in July, 75.2 million MDL in August and 161.1 million MDL in September.

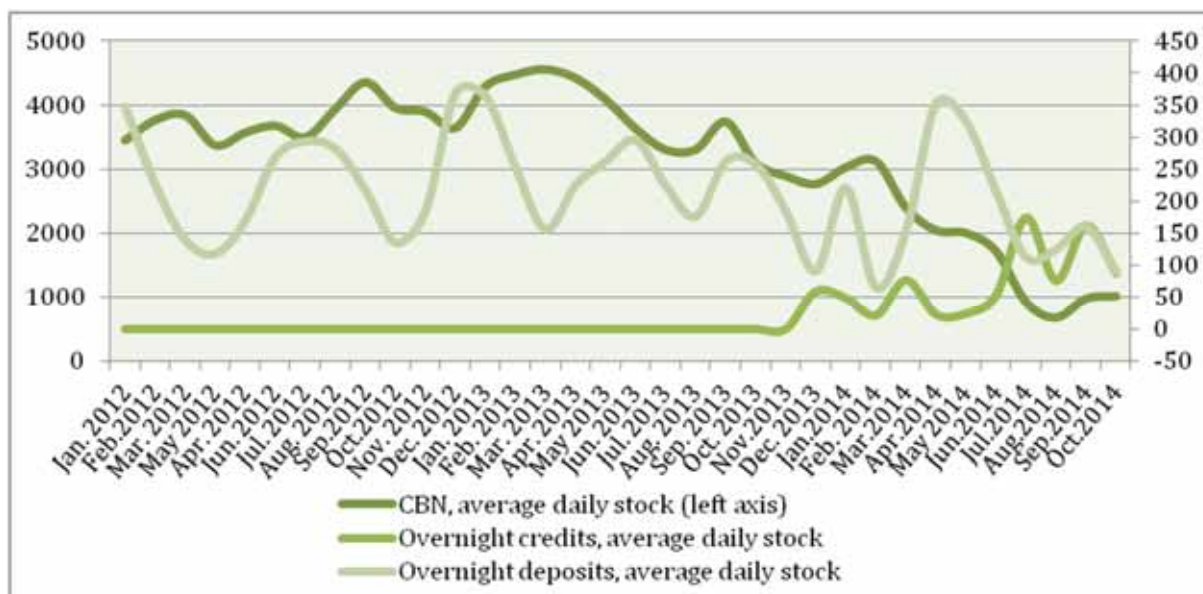


Figure 2.2.2. Monetary policy instruments, million MDL

Source: According to the data of the National Bank of Moldova.

Required reserves

In the third quarter of 2014, the NBM did not change the required reserves rate that commercial banks are required to hold with the NBM accounts, and its level was maintained at 14% since August 2011. Furthermore, the volume of required reserves maintained by commercial banks at the NBM in national currency and in convertible currencies continued its upward trend.

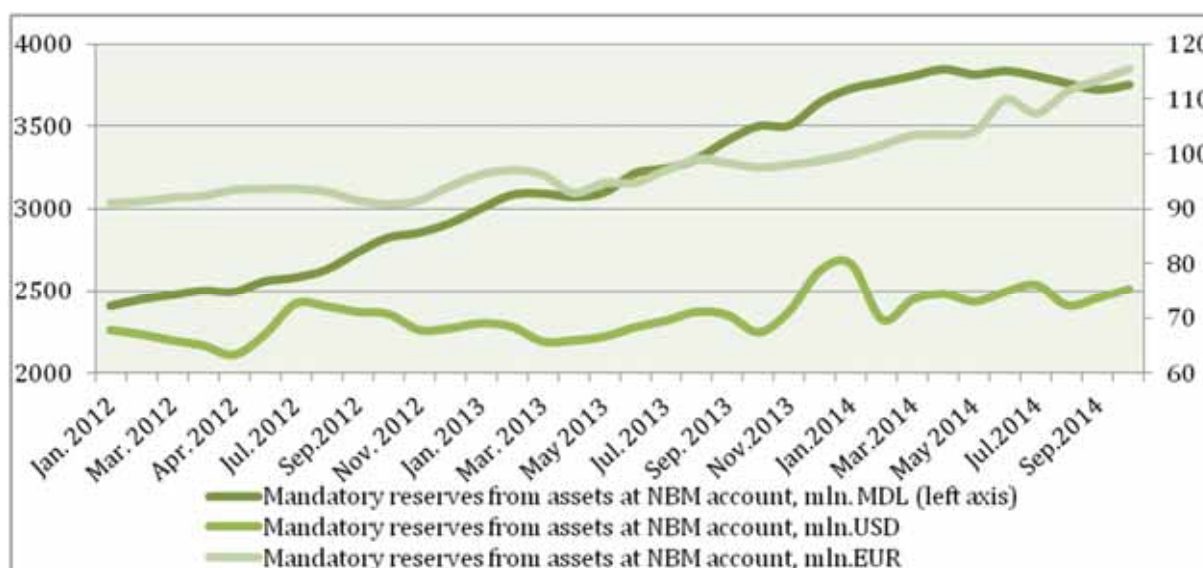


Figure 2.2.3. Development of required reserves in MDL and major foreign currencies with BNM

Source: According to the data of the National Bank of Moldova.

At the end of the third quarter of 2014, the volume of required reserves in MDL and other non-convertible currencies attenuated its growth rate and amounted to 3,725.0 million MDL, which indicates an increase of 8.9% compared to the similar interval of the previous year. The foreign currency reserves (USD and Euro), at the end of the referenced period, recorded values of 73.8 million USD and 113.4 million EUR, respectively. Thus, the volume of required reserves in accounts with NBM hold in US dollars increased compared to the end of the third quarter of 2013 by 4.5%, while the volume of reserves in Euro by 15.2%.

The increase of the volume of required reserves on accounts with the NBM, given that the required reserves rate was maintained constant, shows a rise in the basis of calculation, i.e. the means attracted from deposit accounts and other similar liabilities subject to reserves reflected in banks' balance sheets as 2nd class "Liabilities".

Foreign exchange market intervention

In the third quarter of 2014, the NBM intervened in the interbank foreign exchange market as a buyer and seller of foreign currency through SPOT and SWAP operations. In the third quarter of 2014, the NBM made sales of foreign currency against MDL through SPOT operations amounted to 80 million USD. In August 2014, in order to ensure consolidation of foreign currency reserves, the NBM intervened in the foreign exchange market by reducing the volume of foreign currency by 46.5 million USD. Compared to the same period of 2013, in the third quarter of the current year, the volume of foreign currency sales decreased by 56.2%, while the volume of foreign currency purchases dropped by 87.5%.

During the third quarter of 2014, there were also SWAP operations of sale and purchase of foreign currency in amount equivalent to 37 million USD and 1 million USD, respectively. These interventions were consistent with the monetary policy promoted by the NBM and aimed at improving the situation on the domestic foreign exchange market.

Table 2.2.1. NBM activity on the interbank foreign exchange market during the period January 2013 - October 2014

Month	Volume of purchases, (equivalent in mil. USD)	Volume of sales (equivalent in mil. USD)
January 2013	1.59	0
February 2013	12.25	0
March 2013	13.04	3.0
April 2013	35.0	20.0
May 2013	25.0	15.0
June 2013	15.0	15.0
July 2013	91.78	50.92
August 2013	191.38	62.28
September 2013	147.18	69.35
October 2013	21.0	13.7
November 2013	0	0
December 2013	0	0
January 2014	0.15	6.0
February 2014	0	73.0
March 2014	0.18	0
April 2014	0	0
May 2014	0	18.84
Iunie 2014	0	52.3
July 2014	0	70.06
August 2014	47.53	21.61
September 2014	0	26.0
October 2014	1.83	30.65

Source: According to the data of the National Bank of Moldova.

The balance of official reserve assets at the end of the third quarter of 2014 amounted to 2.65 billion USD, falling by 3.2% versus the balance recorded at the end of the first semester of this year. The interventions made by the NBM in interbank foreign exchange market contributed to the decrease in official reserve assets, with the view to improve excessive fluctuations in the exchange rate of the national currency against major reference currencies and various payments related to RM's external debt service.

Dynamics of monetary indicators

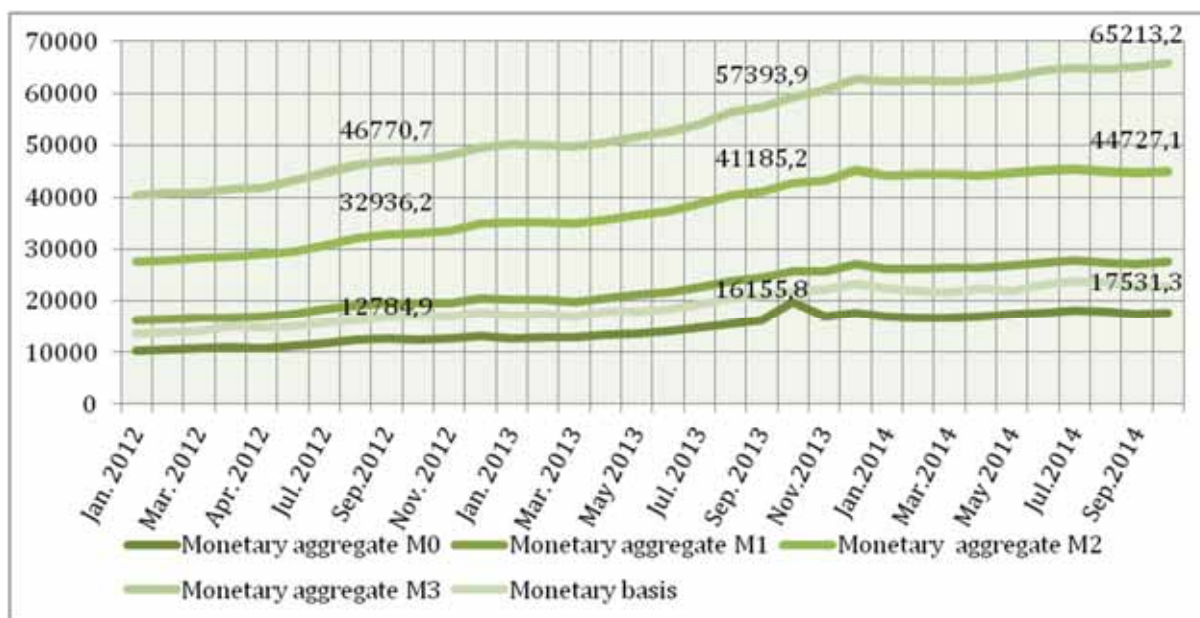


Figure 2.2.4. Development of monetary aggregates and monetary base, million MDL

Source: According to the data of the National Bank of Moldova.

In the first nine months of 2014, the volume of money supply posted different developments: slightly decreased in the first quarter resuming consequently the upward trend in the following periods. Compared to data from the end of the first semester of 2014, in the third quarter of 2014, most of monetary indicators showed a slight decrease, except for the monetary aggregate M3, however, compared to the similar period of the previous year, the growth rate of money supply components was maintained at a high level. In this context, the monetary aggregates stock as of September 30, 2014, compared with data recorded on September 30, 2013 evolved as follows:

- monetary aggregate M0 grew by 8.5% and amounted to approx. 17.5 billion MDL;
- monetary aggregate M1 increased by 11% and reached the level of 27.1 billion MDL;
- the growth rate of the monetary aggregate M2 was 8.6%, and constituted 44.7 billion MDL;
- monetary aggregate M3 recorded an increase of 13.6% and it amounted to 65.2 billion MDL.

Similar dynamics were observed also in case of monetary base. Comparing with the end of the first semester 2014 data, by the end of the third quarter of the same year the monetary base decreased by 1.5% and amounted to 22.9 billion MDL. However, compared to the similar period of 2013, the monetary base grew by 8.6%.

At the end of the third quarter of 2014, in the structure of national money supply there was a consolidation of the volume of deposits in foreign currency; this trend was determined by continuous depreciation of the national currency against major reference currencies.

On September 30, 2014, the money supply components were distributed as follows: monetary aggregate M0 (currency in circulation) – 26.9%; demand deposits – 14.8%; term deposits – 26.9%

and deposits in foreign currency – 31.4%. The trend towards the decrease of weight of term deposits in money supply was further maintained. Their weight decreased in the third quarter of the current year by 2.2 p.p. compared to the data recorded in the same period last year. During the same period, the weight of currency in circulation in the total money supply dropped by 1.3 compared to the similar period of the previous year. However, in the third quarter of 2014, compared with the end of the third quarter of 2013 data, the weight of demand deposits increased by 0.3 p.p. and of foreign currency deposits – by 3.2 p.p.



Figure 2.2.5. Structure of money supply M3

Source: Calculations according to the data of the National Bank of Moldova.

Region of the Republic of Moldova from the left bank of the Dniester River

In the first nine months of 2014, the Central Bank of the Republic of Moldova’s region to the left of the Dniester River promoted a policy oriented to maintaining financial system stability and supporting economic growth, based on the exchange rate target of 11.1 PMR/USD.

During the third quarter of 2014, under stable moderate inflationary processes in the region the refinancing rate of the central bank was reduced from 4% to 3.5%. Required reserves rate was maintained at the level of 14% for means attracted in foreign currency, but was increased for means attracted in rubles starting with 1 August 2014, from 12% to 14%.

Money supply in the region to the left of the Dniester River, by the end of the third quarter of 2014 amounted to 5,929.3 million rubles (about 4518.13 million MDL⁶), recording a decrease of 5.8% compared to the volume of money supply registered in the same period of 2013.

On 1 October 2014, the components of money supply were distributed as follows: monetary aggregate M0 (currency in circulation) – 23.2%; quasi money – 23.1%; money supply in foreign currency – 61.4%. Compared to the similar interval of the previous year, some minor changes were recorded in the money supply structure at the end of the third quarter of 2014: the weight of the volume of money in circulation in the total money supply increased by 1.1 p.p., the weight of quasi money – by 1.1 p.p., and the weight of money supply in foreign currency decreased by 6.8 p.p.

⁶ Calculated according to the official exchange rates of the CBMPR as of 01.10.14
<http://www.cbpmr.net/?kv=1&lang=ru>

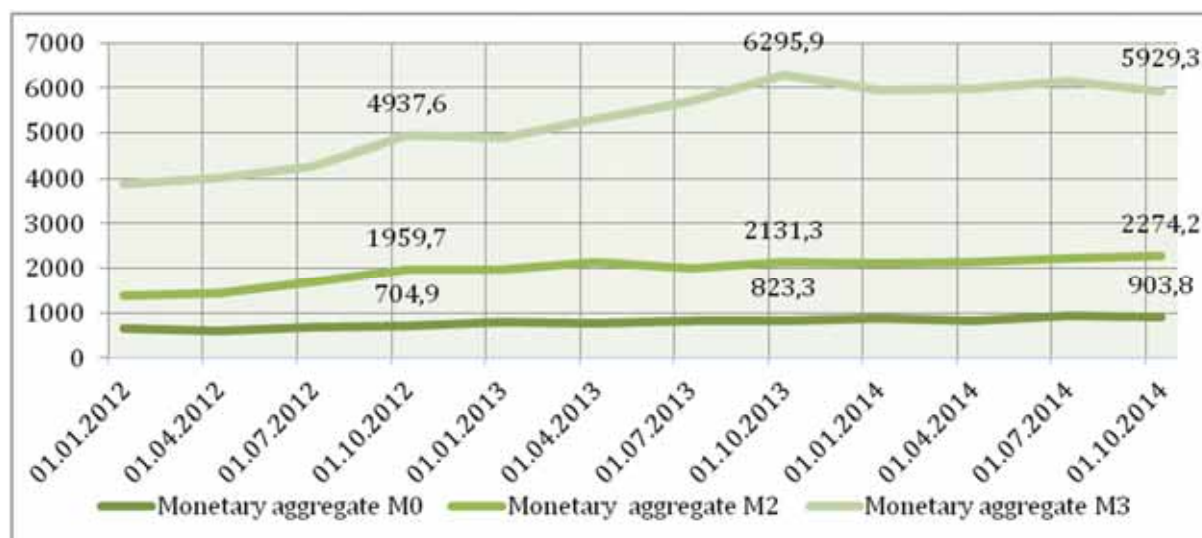


Figure 2.2.6. Development of monetary aggregates in the region to the left of the Dniester River, million rubles⁷.

Source: According to the data of the Central Bank of Transnistrian region.

⁷ Money supply in the region of the Republic of Moldova to the left of the Dniester River (M3), according to CBMPR data, includes money supply in PMR currency (M2) and money supply in foreign currency. M2 – includes currency in circulation (M0) and quasi money.

Chapter III

FINANCES

3.1. Public finances

National Public Budget revenues

In the first nine months of the year the revenues of the National Public Budget equated to 201,346.2 million MDL or by 2.1% less than the amount planned for this period. Compared to the similar interval of 2013, revenues increased by 4,645.1million MDL, or by 18.0%.

Overall, it appears that under-collection of budget revenues was induced by several strategic items (personal income tax – 99.0% (97.2% in the first semester of the year), mandatory health insurance premiums – 97.2% (95.9% in the first semester), excises – 91.9% (85.9% in the first semester), etc.). Thus, there was a decline in collection of revenues related to salaries, in particular in the social component (income tax and premiums). With regard to mandatory state social insurance contributions, it should be noted that in the first semester of the year collections thereof amounted to 98.6%, nevertheless, on September 30, 2014 an over-performance of 100.2% was recorded. At the same time, we noticed perpetuation of the trend described in the previous edition, namely the increasing gap between the forecasted revenues and effective revenues pertaining to lease of property by individuals. Also, the growth rate of amounts levied by the Customs Service as VAT and excise duties followed the downward trend, largely because of the geopolitical situation in the region, while the amount of VAT refunded from the budget increased (+143.8% compared to the previous year).

Examining the structure of the NPB revenues collected during the first nine months of 2014, we notice that its dominant share continuously consisted of tax revenues (86.0%), the structural composition of which is shown in the Figure 3.1.

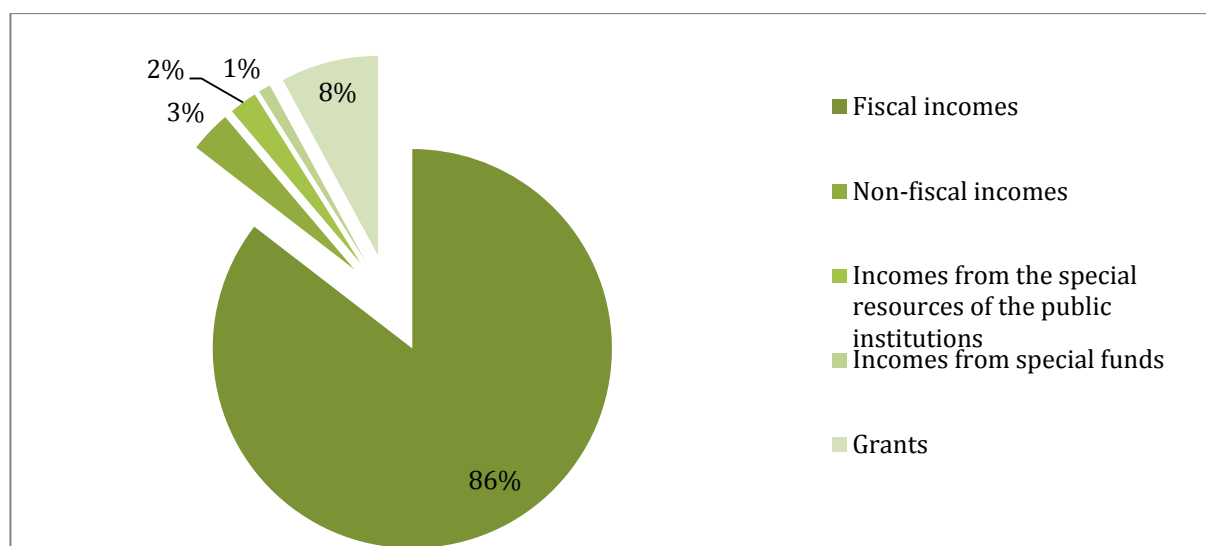


Figure 3.1.1. Structure of the National Public Budget revenues in the first nine months of 2014

Source: According to the data of the Ministry of Finance.

In terms of tax revenues, VAT collections had the highest weight (35.3%, in first 9 months of 2013 – 38.0%), followed by social contributions – 23.1%, income tax – 13.5% (in the first semester of 2013 – 13.1%), excises – 9.5% and mandatory health insurance premiums – 6.7%.

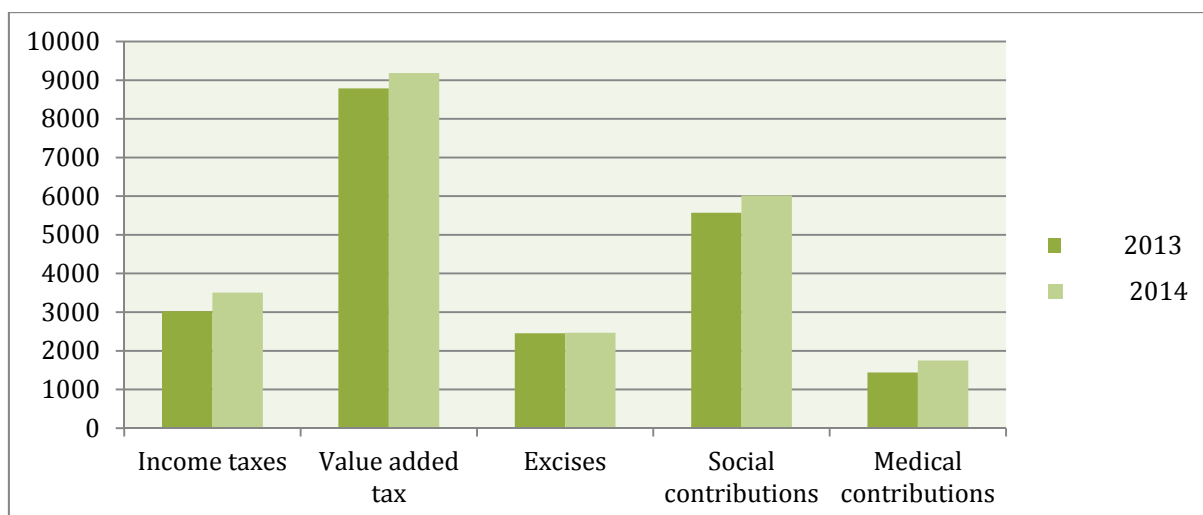


Figure 3.1.2. Structure of tax revenues in the first nine months of 2013 and 2014, million MDL

Source: According to the data of the Ministry of Finance.

Thus, there was a general trend toward the decrease in tax collections by 4.1 percentage points compared to the previous year; however revenues in the form of grants increased by 5.1 percentage point. At the same time, non-tax revenues posted a downward trend, declining by 0.6 percentage points compared to the same period of 2013.

National public budget expenditures

In the first nine months of 2014, budget spending amounted to 30,533.6 million MDL, which is 4,300.9 million MDL or 22.3% less than the amount forecasted for this period. However, comparing with the same interval of 2013, the national public budget expenditures increased by 4,082.2 million MDL or by 15.4%.

Looking at the structure of the NPB spending over first nine months of 2014, it appears that the dominant share consisted of social expenditures (67.2%, while in the first half of the year it was 69.7%), structural composition of which is shown in the Figure 3.1.

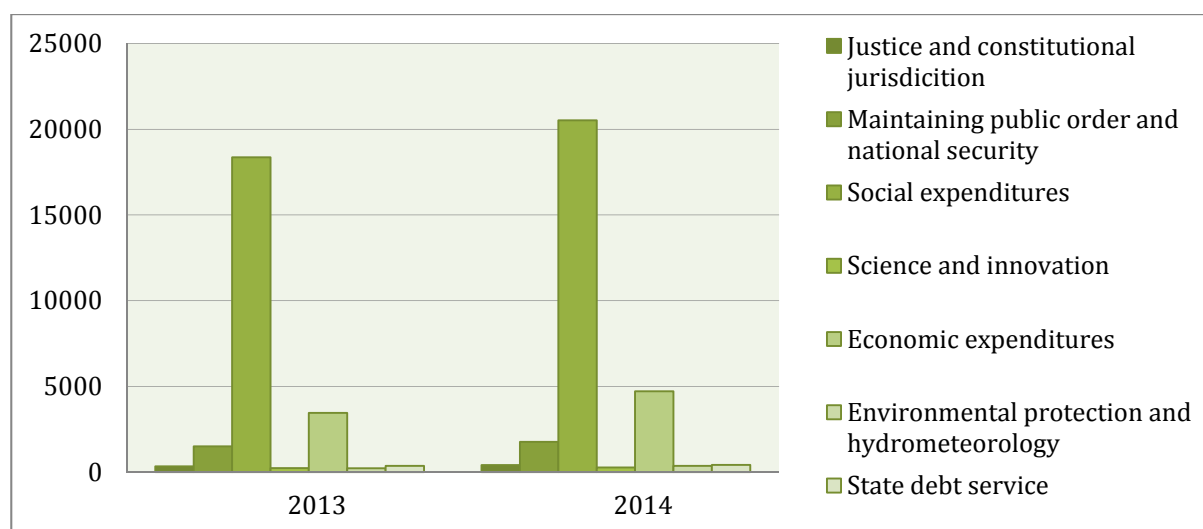


Figure 3.1.3. Volume of the NPB spending in the nine months of 2013 and 2014, million MDL

Source: According to the data of the Ministry of Finance.

As a general trend, there was an increase in social expenditure (by 11.7% compared to the previous year – largely on account of health care expenditure), in economic expenditures (by 36.4% compared to the previous year – mostly on account of expenditures on agriculture, forestry, fisheries and water management) and in expenditures on environmental protection and hydrometeorology (by 61.8% compared to the previous year).

Budgetary financial result

National public budget execution in the first semester of 2014 resulted in a **deficit** amounting to 79.6 million MDL (465.0 million MDL in the first semester of the year) or about 0.12 of the deficit recorded in the same period of 2013 (642.5 million MDL).

Deficit financing sources comprised:

- proceeds from government securities (+419.5million MDL);
- redemption of securities issued by the government for ensuring financial stability (- 69,9 mil. MDL);
- loans disbursed from external sources (+1365.7 million MDL);
- repayment of principal amount (-587.6million MDL);
- proceeds from the sale and privatization of public property (+148.7million MDL);
- change in balances (- 753.0million MDL);
- other sources (+ 91.7million MDL).

Balances of the accounts of the National public budget as of September 30, 2014, increased compared to January 1, 2014 by 1,312.0 million MDL and amounted to 4,127.5 million MDL.

State debt

As of September 30, 2014, the balance of the state debt was 25,982.2 million MDL, or 3,159.5 million MDL (+13.8%) more in the similar period of 2013. Comparing with the situation at the beginning of the year, the state debt balance rose by 2,460.7 million MDL (+10, 5%). The state debt ratio in GDP forecast for 2014 amounted to 23.8% or 0.4% more than in the similar period of 2013.

Regarding the *structure by debt type*, the state debts of September 30, 2014 consisted of 73.0% - external state debt and 27.0% - internal state debt, and in terms of *debt structure by currency*, the external debt is examined both including SDR and with SDR split-up.

Table 3.1.1. Structure of state debt by currency, % of total public debt

Currency type	SDR	USD	EURO	JPY	GBP	MDL
SDR split-up	-	30.6	31.1	4.7	6.3	27.0
Including SDR	51.9	7.5	12.5	0.8	0.1	27.0

Source: According to the data of the Ministry of Finance.

During the first nine months of 2014, for the state debt service means in amount of 422.9 million lei were used from the state budget, out of which:

- external debt service totalling 156.3 million MDL (37.0%);
- internal debt service amounting to 266.6 million MDL (63.0%).

As of September 30, 2014, the amount allocated for the state debt service increased by 59.3 million MDL, i.e. 16.3% compared to the similar period of 2013, being influenced both by the increase in domestic and external debt service. However, compared to the situation recorded on September 30, 2012, state debt service decreased by around 20%, mainly due to lower rates on GS served.

External state debt

As of September 30, 2014, the external state debt amounted to 18,956.8million MDL (1,301.3million USD). Compared to the same time last year, the external public debt rose by 2,669.6 million MDL i.e. by 16.4%. While, as compared to January 1, 2014, the external state debt increased by 2,111.1 million USD or 12.5%. In terms of percentage of GDP, the external state debt amounted to 17.4% (0.6% more comparing with the same interval of the previous year).

This increase was due to positive net financing and the increased fluctuation of the exchange rate of the US dollar against other currencies.

Analysing the external state debt by *maturity*, we see that as of September 30, 2014 a significant proportion of it, namely 81.0% were the long-term external public debt, 15.5% – medium-term external debt and 4.4% – short-term external debt, a situation similar to that posted in the same period of 2013.

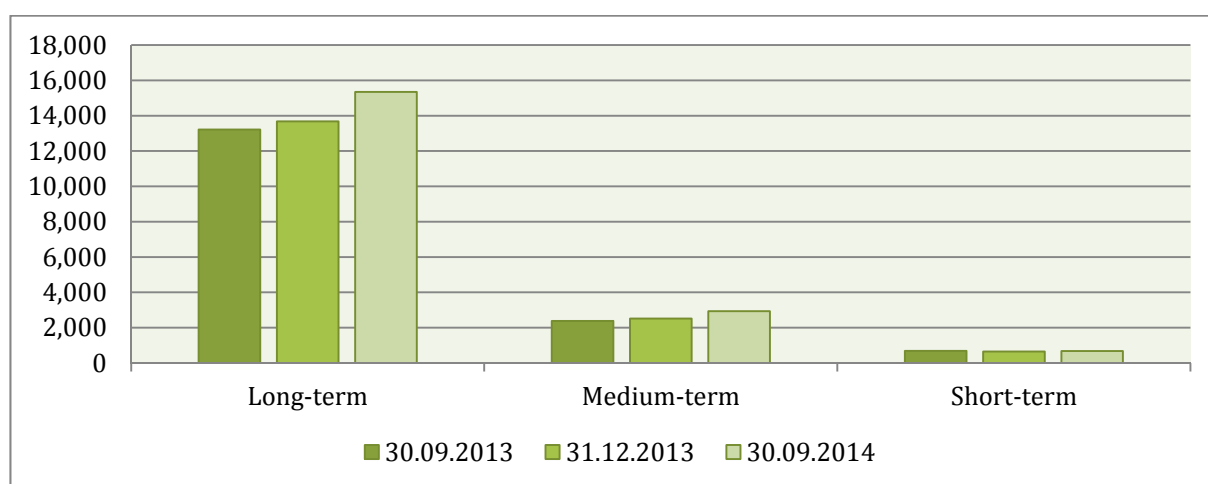


Figure 3.1.4. External state debt structure as of September 30, 2013, December 31, 2013 and September 30, 2014, million MDL

Source: According to the data of the Ministry of Finance.

With regard to the *structure of external state debt by creditors*, the multilateral creditors continued to be main creditors of the Government of the Republic of Moldova. As of September 30, 2014, the external state debt owed to multilateral creditors represented 87.0% of the total external state debt balance, to bilateral creditors – 12.8%, to commercial lenders -0.1%. The largest weight in the balance of external state debt to multilateral creditors was that of IDA with 42.0%, followed by the IMF – 24.3%, EIB – by 8.4%, IFAD – 4.9%, etc.

In terms of dynamics, an upward trend in external state debt to multilateral creditors was observed. At the same time, the external state debt owed to bilateral creditors and to the commercial creditors kept decreasing.

Internal state debt

On September 30, 2014, the internal state debt amounted to 7,025.4million MDL and entirely consisted of government securities. Compared to the similar period of the previous year, the internal public debt rose by 489.9 million MDL or by 7.5%. While comparing to January 01, 2014, the internal state debt recorded an increase of 349.6 million MDL, i.e. 5.2%. The external state debt-to-GDP ratio amounted to 6.6% (0.1% less than in the same period last year). Increase in internal debt is largely due to additional issuance of government securities in the primary market.

The analysis of the internal state debt in terms of *its components* showed that 69.0% pertained to government securities issued in the primary market, 29.4% related to converted state securities, and 1.7% – government securities issued for financial stability.

Government securities with maturity up to one year were issued for 3 terms: 91 days treasury bills, 182 days T-bills and 364 days T-bills, the share of which in all government securities traded through auctions amounted to 97.5%. 182 days treasury bills had the largest share in GS issued (43.4%) being followed by 364 days (28.9%); this proportion remained relatively constant compared to the same period of previous year (42.7% – 182 days T-bills and 27.2% – 364 days T-bills).

Having analysed the internal state debt by *maturity*, we found that as of September 30, 2014, the largest share pertained to the short-term internal public debt (97.1%), medium-term internal public debt had a small share of 2.9%, but no long-term internal public debt. Thus, the trend set out in previous editions persisted, namely the increase of the weight of the short-term debt.

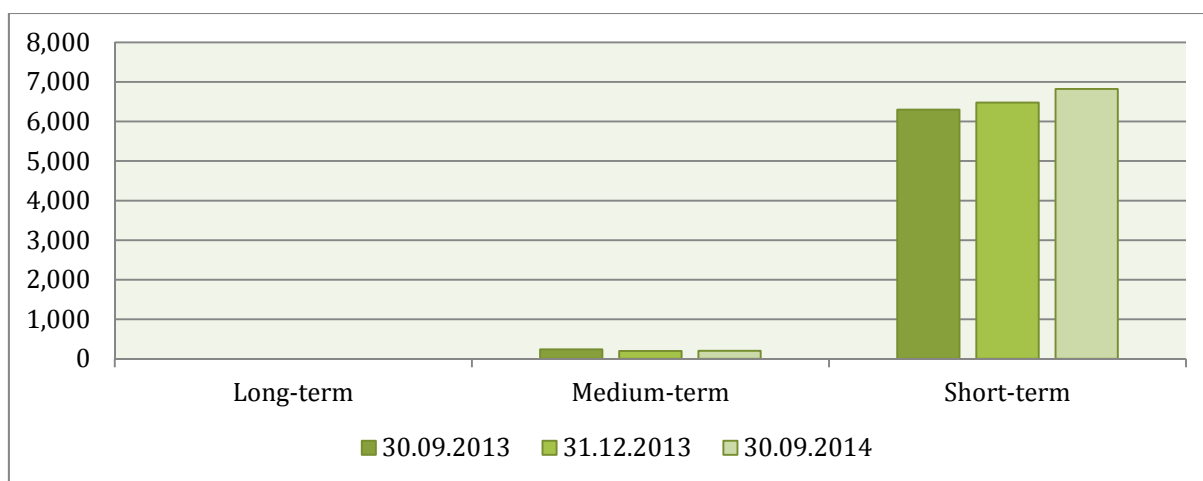


Figure 3.1.5. Internal state debt structure as of on September 30, 2013, December 31, 2013 and September 30, 2014, million MDL

Source: According to the data of the Ministry of Finance.

Region of the Republic of Moldova from the left bank of the Dniester River

In the first 9 months of 2014, the revenues of Transnistrian budget amounted to 1,704.7 million Transnistrian rubles (1,985.4 million MDL), which represents 6.5% of total revenues obtained on the controlled territory of the Republic of Moldova, of which: 1,533.8 million MDL in tax revenues (77.3%); 22.9 million MDL in non-tax revenues (1.2%); 256.5 million MDL in earmarked funds (12.9%) and 142.2 million MDL in income from business activity and other revenues (7.2%). With regard to budget execution, 99.9% of forecasted revenues were collected, posting a rise of 21.8% compared to the same period of 2013. This increase is due largely to issuance of government securities (treasury bills) equating to 266.4 million MDL over the first quarter of 2014.

It should be noted that about 10.9% of Transnistrian revenues are composed of non-refundable material aid received from the Russian Federation.

With regard to the spending side of the Transnistrian budget, expenditures accounted for 2,449.2 million MDL or 8.0% of the total expenditures incurred on the controlled territory of the Republic of Moldova.

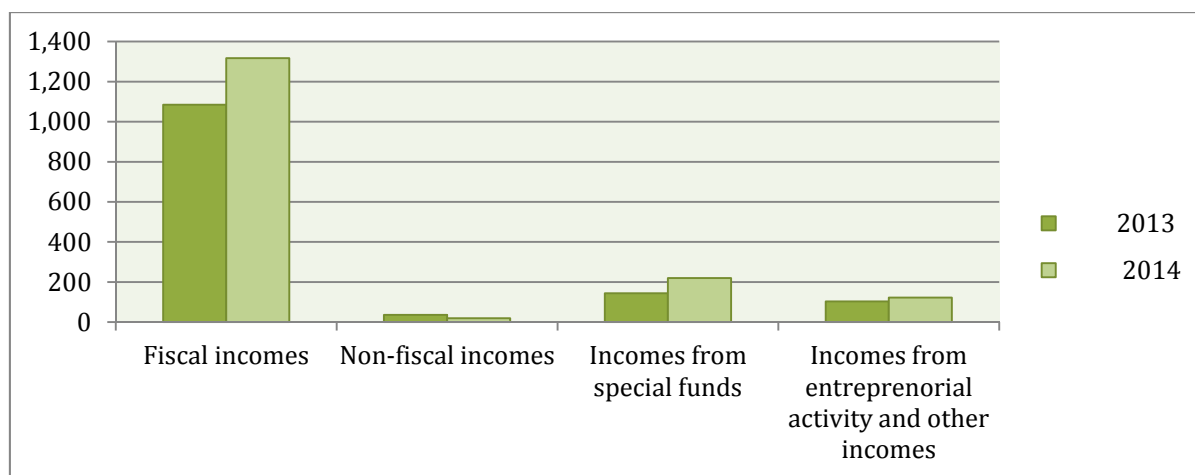


Figure 3.1.6. Structure of Transnistrian revenues in the 9 months of 2014 compared to the same period of 2013, million MDL

Source: According to the data of Transnistrian Ministry of Finance.

3.2. Banking sector

During the first nine months of 2014, the number of bank subdivisions has continuously grown, but as for number of employees working in the banking system the situation was opposite, namely the number of bank employees slightly decreased, although theoretically it should have increased. Thus, by September 30, 2014, the total number of employees working in the banking system fell from 10,933 employees as of December 31, 2013 to 10,236 employees. So, only over the nine months of 2014, the total number of employees working in the banking sector decreased by 697 persons, compared to 31.12.2013.

In the first nine months of 2014, B.C. "Banca de Economii" S.A. was the commercial bank with the most employees and, as of September 30, 2014, officially, there were 2,103 (20.5%) employees working. During the same period, B.C. "Moldova Agroindbank" employed 1,419 persons, or 14% of the total number of employees working in the banking industry. This was followed by B.C. „Victoriabank” S.A. with 1,207 employees (12%) and B.C. „Moldindconbank” S.A. with 1,118 employees (11%). The four largest banks of the Republic of Moldova employed 5,847 persons, which represented 57.2% of total in the banking system.

Despite the fact that the number of employees has decreased, commercial banks continued to create new banks subdivisions. From January to September 2014, commercial banks opened 3 branches and 37 agencies. Thus, as of September 30, 2014, on average to each employee of the banking sector pertained assets equating to 8.0 million MDL, or 1.0 p.p. more compared to December 31, 2013.

Dynamics of bank assets

As of September 30, 2014 the total assets of the banking sector accounted for 82,113.9 million MDL, posting an increase of 8% compared to December 31, 2013. This increase was due to profit-generating assets (that had a weight of 60% in the total assets), which rose by 12.4% compared to December 31, 2013.

As of September 30, 2014, comparing with September 30, 2013, the following changes occurred in the structure of bank assets:

- increase in cash by 1.2 p.p. up to 24,356 million MDL;
- decrease in financial assets available for trading by 0.2 p.p. down to 192 million MDL;
- decrease in financial assets available for sale by 0.1 p.p. down to 465 million MDL;

- increase in loans and receivables by 0.4 p.p. up to 49,124 million MDL;
- increase in other assets by 0.59 p.p up to 917 million MDL.

Table 3.2.1. Dynamics of bank assets by volume and structure, %

Indicator	30.09.2013	31.12.2013	30.09.2014
	% of total assets		
Total assets, including:	100	100	100
1. Cash and cash equivalents	28.8	32.3	30
2. Financial assets held for trading	0.4	0.3	0.2
3. Financial assets available for sale	0.7	0.6	0.6
4. Loans and receivables	59.6	56.9	60
5. Investments held to maturity	5.3	5.2	5
6. Tangible assets	2.9	2.5	2.4
7. Intangible assets and tax receivables	0.6	0.4	0.6
8. Other assets	1.7	1.8	1.11

Source: Authors' calculations based on the data of the National Bank of Moldova.

Development of bank loans

On September 30, 2014 the balance of bank loans amounted to 47,228million MDL, increasing by 12% compared to December 31, 2013. Despite the increase of loan balance over the first nine months of 2014, the annual growth rate of loans provided by banks began to increase slightly from September 2014 - 20.92% compared to the previous year and in October 2014 it amounted to 20.6% compared to last year.

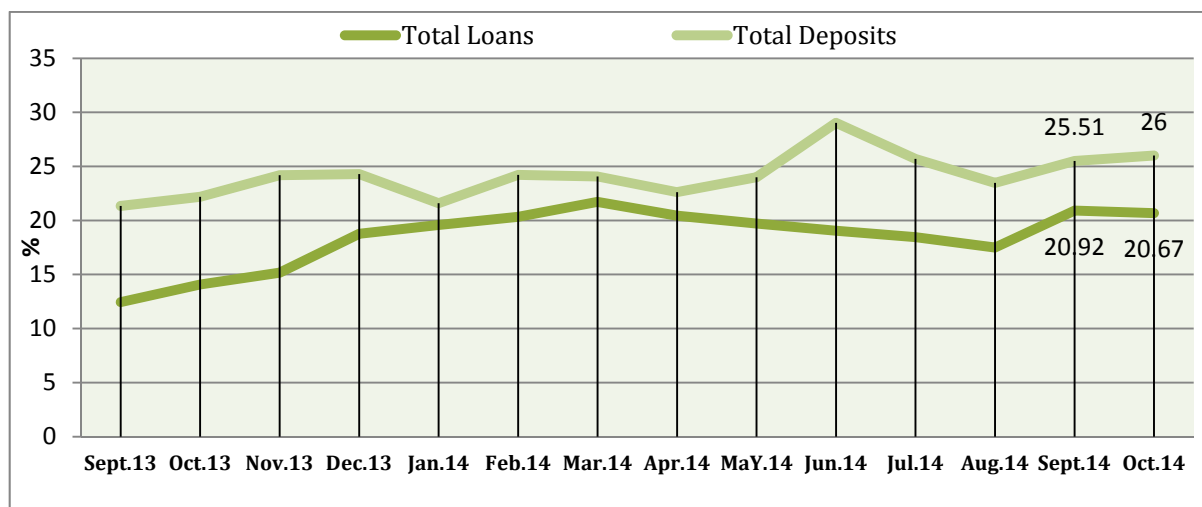


Figure 3.2.1. Annual growth rate of bank loans and deposits, %

Source: According to the data of the National Bank of Moldova.

In the first nine months of 2014, there was a worsening of the loan portfolio in the banking sector, as the value of non-performing loans increased by 19.0%⁸ since the beginning of the year. Thus, as of September 30, 2014 there was an increase in non-performing loans by 48.5% compared to September 30, 2013. The weight of nonperforming loans in the total loans increased (as of 30.09.2014 compared to 31.12.2013) by 0.7 p.p., representing 12.3%. Another indicator that shows higher risk of capital loss is the weight of net non-performing loans in the total regulatory capital, recording on September 30, 2014 an increase of 1.33 percentage points up to 19.03% compared to December 31, 2013.

⁸ On 30/09/2014 bad loans accounted for 5,801.4million MDL in absolute terms compared to- 4,883.0 million MDL posted on 31/12/2013.

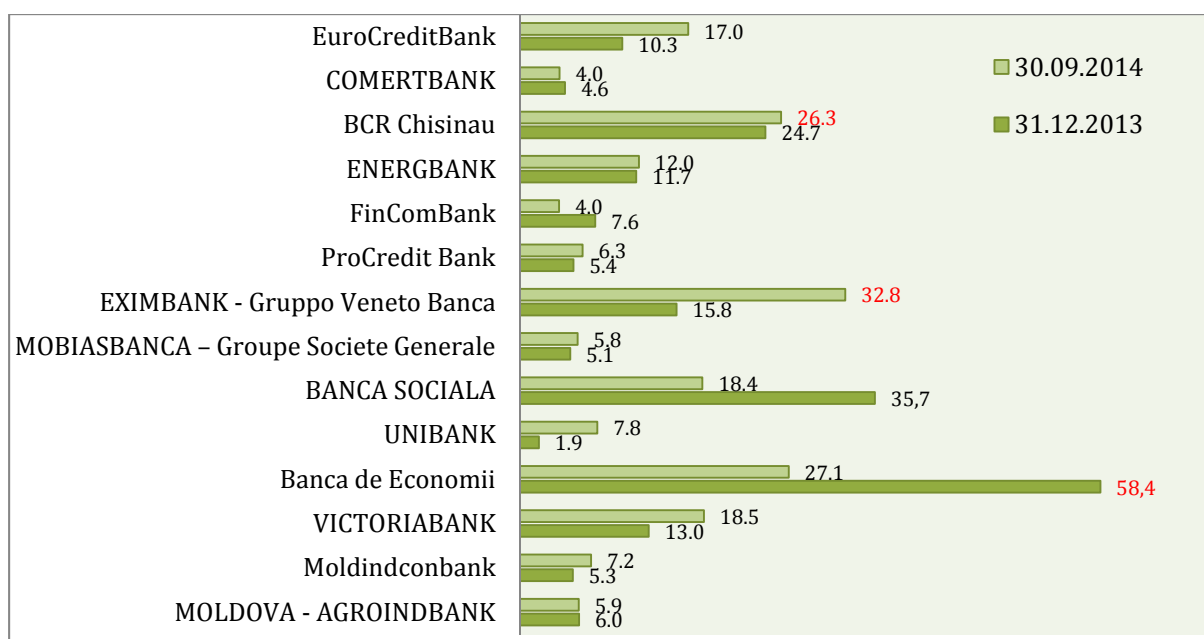


Figure 3.2.2. Weight of non-performing loans in the banking sector as of 31.12.2013 and 09.30.2014, %

Source: According to the data of the National Bank of Moldova.

In the first nine months of 2014, the highest weights of nonperforming loans pertained to three commercial banks (B.C. Eximbank – 32.76%; B.C. Banca de Economii – 27.06% and BCR Chişinău-26.29%) out of 14 banks. However, as of September 30, 2014, B.C. Banca de Economii has shown improvements in this regard, by cleaning up its nonperforming loans balance sheets by 31.36 p.p. compared to December 31, 2013.

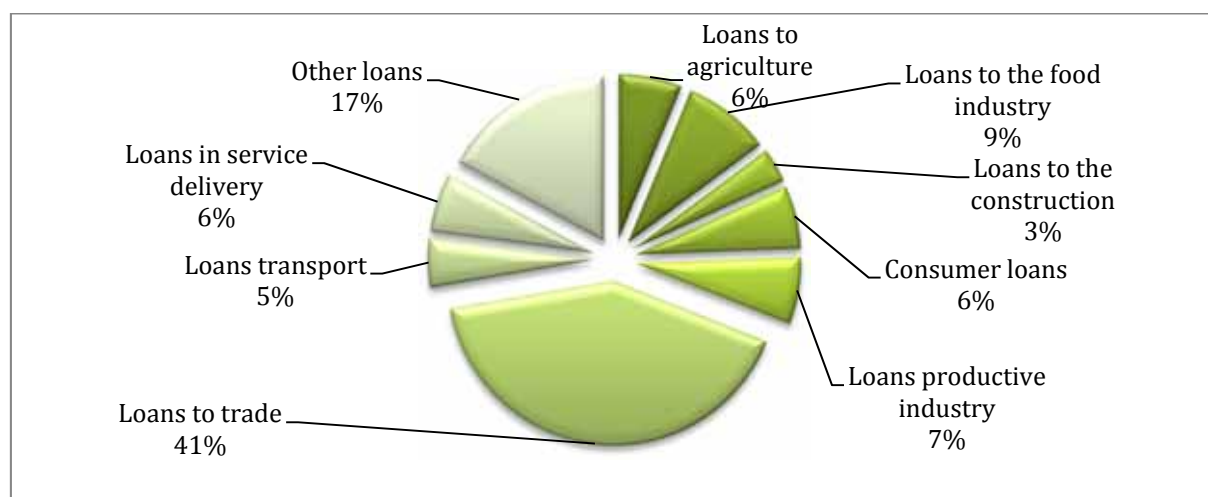


Figure 3.2.3. Loan portfolio structure by branches, as of 30.09.2014, %

Source: Authors' calculations according to the data of the National Bank of Moldova.

According to the NBM data, the structure of the loan portfolio, in the first nine months of 2014 comparing with the similar period of the previous year, showed an increase of loans provided to trade (the weight of which increased by 3.4 p.p.), and loans made to the food industry (0,9 p.p.), while loans provided to services area posted an increase of 0.8 p.p. In this context, as of September 30, 2014, the highest weight in the total loans pertained to loans provided to trade (41%), followed by loans made to food industry (9%), loans to manufacturing industry (7%) and consumer loans (6%).

Having analysed the loan structure by maturity date in the first nine months of 2014, we noted that the loans with maturity from 2 years to 5 years remained the most attractive also in September 2014. In this context, their share in the total volume of loans provided in national currency, in September 2014, amounted to 47.3% and average interest rate of these loans was 10.8%. Most of the loans were offered to legal entities, i.e. a weight of 76.6% of the total loans provided in MDL and the average interest rate as of September 2014 was 10.57%.

Dynamics of bank deposits

The balance of bank deposits, as of September 30, 2014 amounted to 57,845.1 million MDL, increasing by 11.5%, compared to December 31, 2013. In this context, as of September 30, 2014, the deposits in national currency trended downward recording a decrease of 3%, while the foreign currency deposits rose by 29.3%, compared to December 31, 2013.

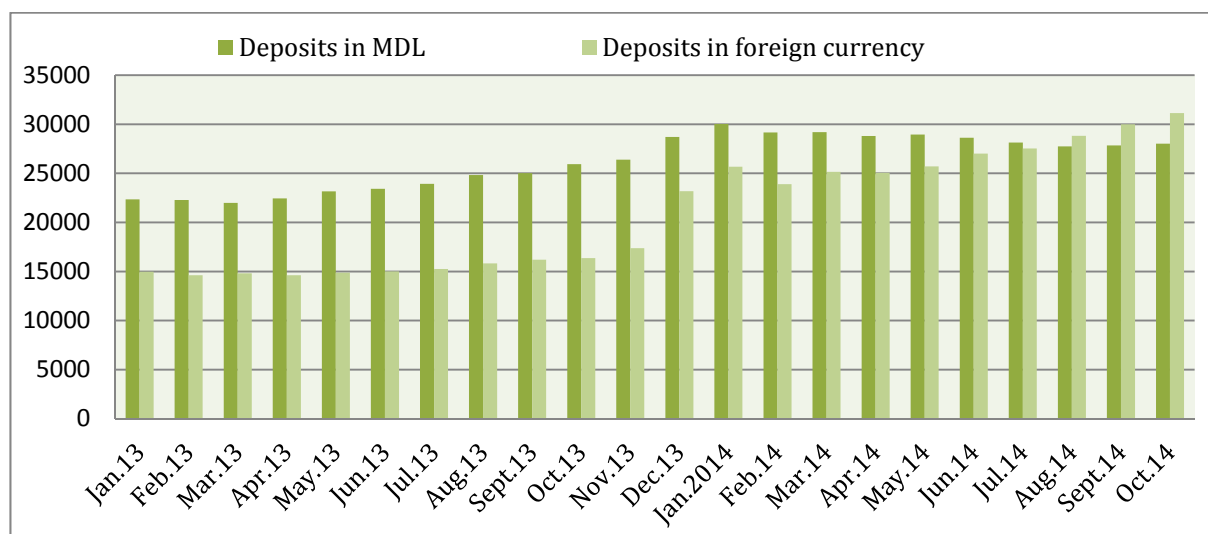


Figure 3.2.4. Structure of deposits in the banking sector in million MDL, during the period 2013-2014

Source: According to the data of the National Bank of Moldova.

Given the depreciation of the national currency over the last period, the population preferred foreign currency deposits which, at the end of September 2014, had a weight of 51.9%, while the deposits in national currency represented 48.1% of the total deposits. This is explained by the fact that the average interest rate on deposits in the banking system is more attractive in case of foreign currency deposits (equating to 4.18% in September 2014, a 0.42 p.p. decrease compared to January 2014) compared to that one on deposits in national currency (in September 2014 it was 5.81%, or a decrease of 0.1 p.p. compared to January 2014).

In terms of maturity of deposits in national currency, the population mostly preferred term deposits for 6 to 12 months. Thus, in September 2014, the highest weight in the total term deposits in national currency still pertained to deposits for terms of 6 to 12 months (42.3%). Respectively, also the term deposits in foreign currency for terms of 6 to 12 months had a maximum weight of 48.4% and an average rate of 4.65%.

Development of the average interest rate in the banking system

In the first nine months of 2014, bank loans cheapened by 1.32 p.p., the average interest rate on new loans provided in the banking system decreased from 12.29% in January to 10.97% in September. Correspondingly, the average interest rates on loans in foreign currency also fell by 0.22 p.p., from 7.83% in January 2014 to 7.61% in September 2014. New deposits in national currency were attracted by commercial banks in September 2014 at an average rate of 5.81%,

which represented a decrease by 0.1% compared to January 2014 (5.91%). At the same time, average interest rates on deposits in foreign currency declined from 4.60% in January 2014 to 4.18% in September 2014, decreasing by 0.42 p.p.

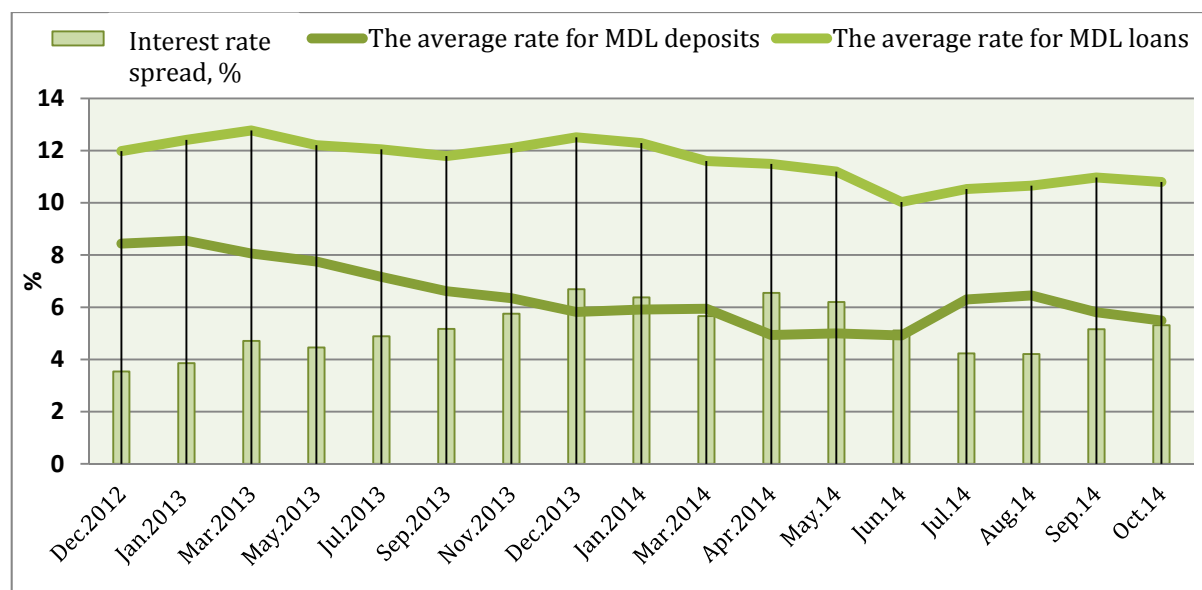


Figure 3.2.5. Development of interest rate spread*, average rates on deposits and loans, in MDL, %

Source: Authors' calculations according to the data of the National Bank of Moldova.

*** Note:** The interest rate spread calculated as the difference between the average rate on loans in MDL and average rate on deposits in MDL.

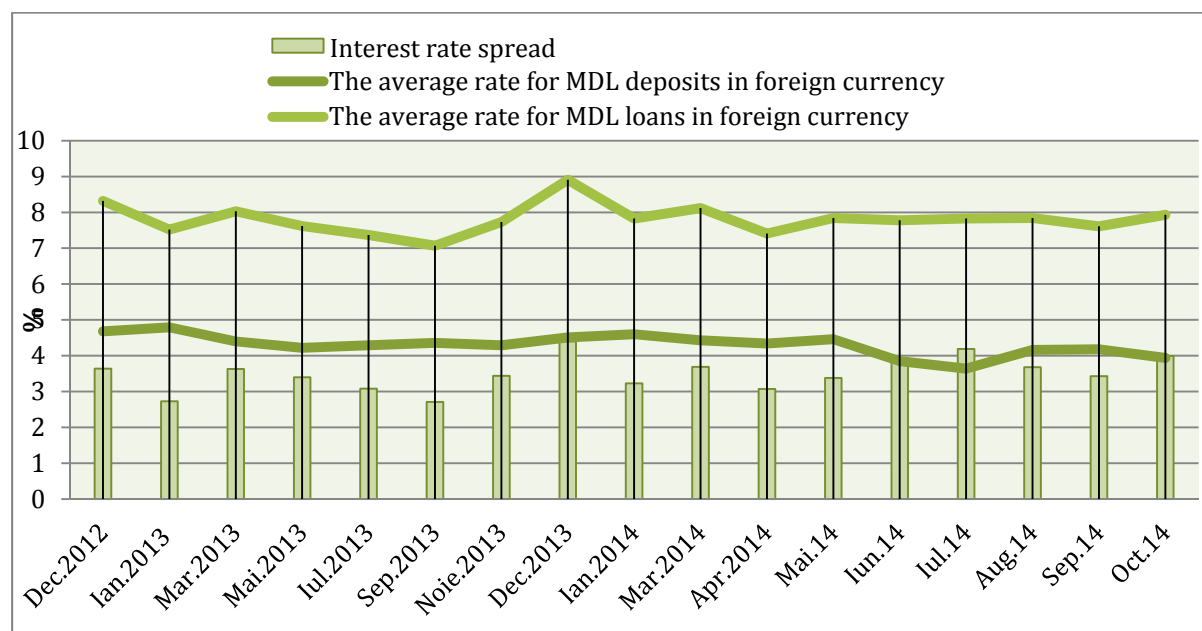


Figure 3.2.6. Development of interest rate spread*, average rates on deposits and loans in foreign currency, %

Source: Authors' calculations according to the data of the National Bank of Moldova.

*** Note:** The interest rate spread was calculated as the difference between the average rate on loans in foreign currency and average rate on deposits in foreign currency.

The interest rate spread for transactions in foreign currency had a smaller variation margin compared to transactions in national currency. In September 2014, the interest rate spread for

transactions in national currency was at the level of 5.16%, decreasing by 1.53 p.p. compared to December 2013 and the lowest level (4.21%) of 2014 was recorded in August 2014. Thus, during the first nine months of 2014, interest rate spread related to foreign currency transactions was characterized by a stable upward trend, reaching a level of 3.43%, though posting a slight decrease of 0.9 p.p. compared to December 2013.

Development of bank capital

The capitalization of commercial banks in the Republic of Moldova remained at a quite high level. Thus, tier I capital, as of September 30, 2014, increased by 2.3% up to 8,107.79 million MDL, compared to December 31, 2013. The capital adequacy ratio to risk weighted assets ($\geq 16\%$) dropped by 3.22 p.p. compared to December 31, 2013, recording a level of 19.80% on September 30, 2014.

In September 2014, all commercial banks in the Republic of Moldova, except for B.C. "Euro Credit Bank" S.A. (174.48 million MDL), were meeting the requirements of minimum tier I bank capital set at 200 million MDL. However, as of September 30, 2014, B.C. "Social Bank" S.A. was the only commercial bank that did not have that appropriate level, posting only 15.05%.

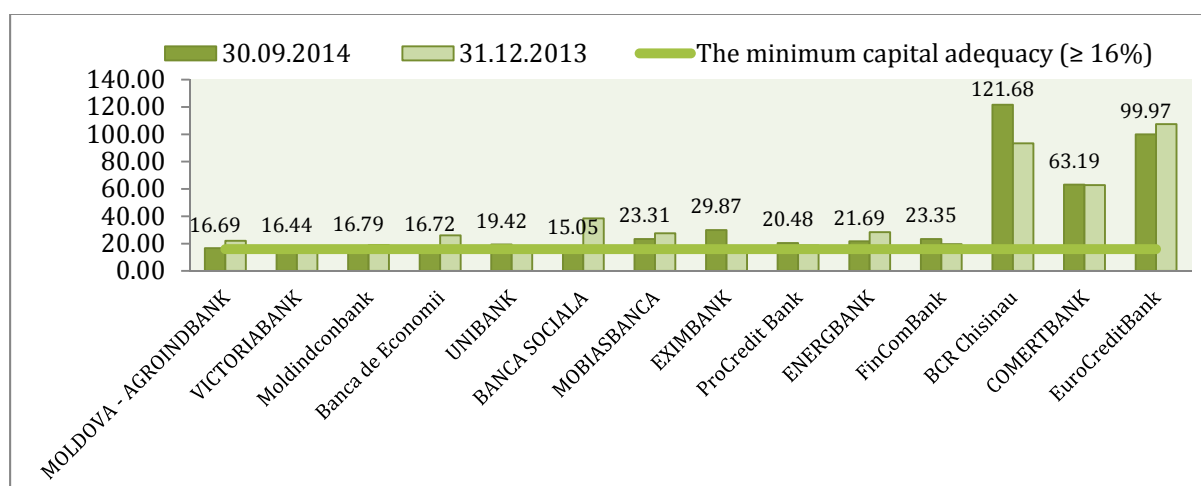


Figure 3.2.7. Average capital adequacy ratio to risk-weighted capital in the banking sector, %

Source: Authors' calculations according to the data of the National Bank of Moldova.

The share of foreign investments in banks' capital increased from 72.24%, as of December 31, 2013 to 76.40% on September 30, 2014. However, it contributed to lowering the market concentration degree: the weight of the 5 largest banks' assets in total assets declined to 69.6%, as of September 30, 2014. The capitals of four licensed banks are fully foreign owned (B.C. „EXIMBANK-Gruppo Veneto Banca” S.A.; B.C.„ProCredit Bank” S.A.; BCR Chişinău S.A.; B.C. „COMERTBANK”S.A), followed by BC „Mobiasbanca – Groupe Société Générale” S.A. with 96.69% foreign capital and BC „Euro Credit Bank” S.A. – 77.45%.

Development of bank profitability and liquidity

The values of key profitability indicators in the banking sector (net income divided by assets – ROA and net income divided by shareholder equity – ROE) were 1.26% and respectively 8.49%, as of September 30, 2014. In this context, in September 2014, the overall banks' profit amounted to 767.1million MDL, or by 8.5% less compared to the same period of 2013.

At the end of September 2014, the only commercial bank with negative financial results that amounted to 149.8 million MDL was B.C. „Eximbank Gruppo Veneto Banca” S.A. It has to be

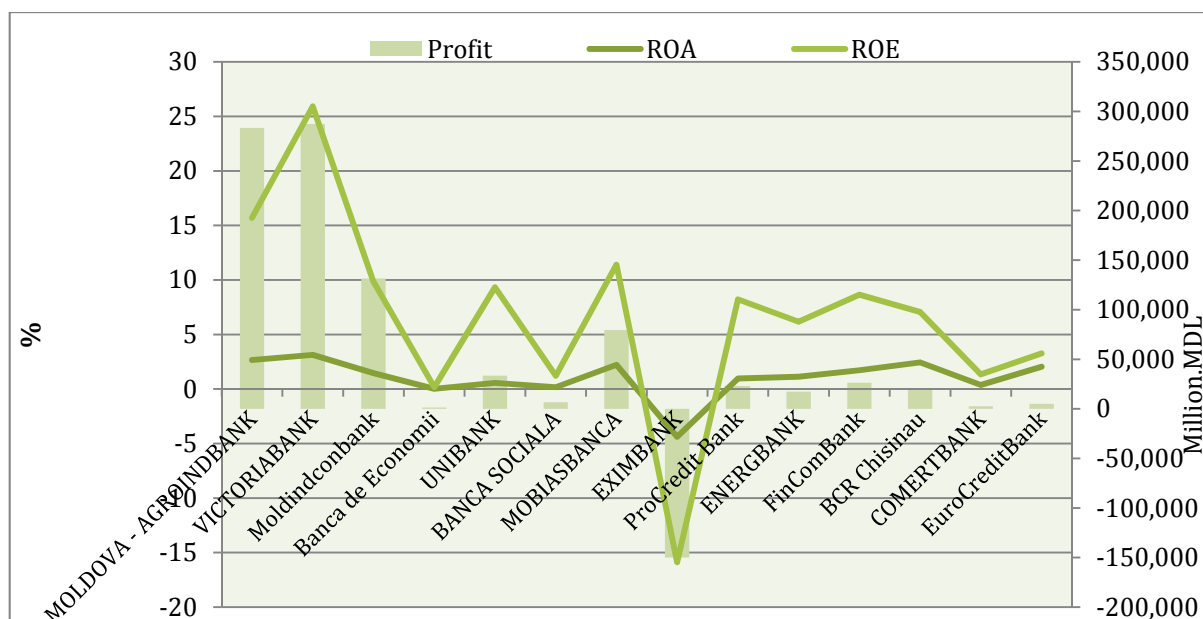


Figure 3.2.8. Development of profitability and return of commercial banks as of September 30, 2014

Source: According to the data of the National Bank of Moldova.

mentioned that at the end of September 2014, in terms of profit B.C. "Moldindconbank" was leading with 287.4 million MDL, followed by BC "Moldova Agroindbank" that obtained profit equating to 283.3 million MDL and BC "Victoriabank" with 131.4 million MDL. The profits of these 3 leaders represented 91.5% of the overall profits in the entire banking sector.

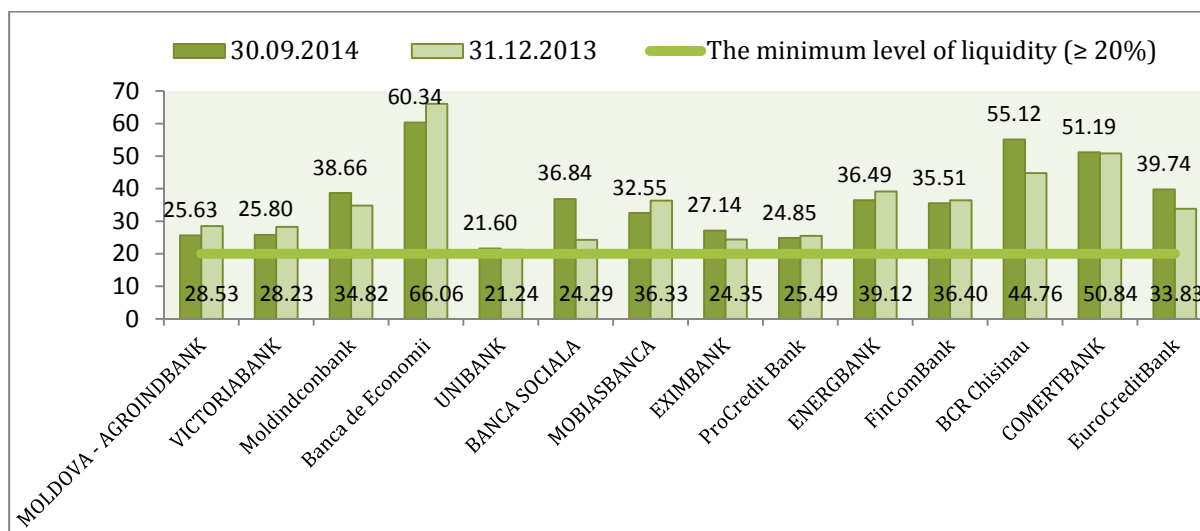


Figure 3.2.9. Liquidity indicators of the banking sector, %

Source: According to the data of the National Bank of Moldova.

Bank liquidity can be seen both in terms of share of liquid assets in total assets and in terms of liabilities that a bank has to pay off. Thus, at the end of September 2014, the ratio of liquid assets (II liquidity principle) amounted to 34.22%, which represented 0.46 p.p. increase compared to December 31, 2013. As for the long-term liquidity or I liquidity principle, as of September 30, 2014, the entire banking system recorded 0.75%, or 0.04 more compared to December 31, 2013. These values of liquidity ratios revealed the existence of adequate resources to support payment of liabilities.

Analysis of market concentration indices in the banking sector

Having analysed the market concentration index (Herfindal-Hirschman Index), as of September 30, 2014, we find that the market concentration ratio in the banking sector is moderate in terms of value of deposits (1235.8 points) and value of loans (1255.4 points) (see Table 3.2.2).

As of the end of September of the current year, in terms of bank assets value, the market was concentrated. Four commercial banks held 59.7% of total assets. With regard to assets value, the market leader as of September 30, 2014 was B.C. "Moldova-Agroindbank" S.A. that held assets totalling 17,583.1million MDL, i.e. increase of 31.2% compared to December 31, 2013, which represents a share of total assets in the sector equating to17.8%. The second one in this ranking was B.C. "Victoriabank" S.A. with assets amounting to 12,049.7 million MDL, posting an increase of 402.2 million MDL compared to September 30, 2013, the bank's market share was 3.4%.

Table 3.2.2. Concentration index in the banking sector, %

Nr.	Bank's name	Market share by assets value (%)		Market share by value of loans (%)		Market share by value of deposit (%)	
		30.09.2013	30.09.2014	30.09.2013	30.09.2014	30.09.2013	30.09.2014
1	BC "MOLDOVA - AGROINDBANK" S.A.	18.6	17.8	22.5	22.1	19.4	18.5
2	B.C. "VICTORIABANK" S.A.	17.0	14.7	17.2	12.9	20.7	15.6
3	BC "Moldindconbank" S.A.	15.4	13.9	17.7	17.3	16.5	14.4
4	B.C. Banca de Economii S.A.	10.5	13.3	4.0	7.4	11.1	14.8
5	B.C. "EXIMBANK - Gruppo Veneto Banca" S.A.	6.9	5.4	7.9	5.9	4.9	3.4
6	BC "BANCA SOCIALA" S.A.	6.3	7.2	6.8	7.2	6.0	7.9
7	BC "MOBIASBANCA - GroupeSocieteGenerale" S.A.	5.9	6.2	6.5	6.8	4.6	6.0
8	B.C. "UNIBANK" S.A.	5.9	9.9	4.0	9.1	5.5	9.6
9	B.C. "ProCredit Bank" S.A.	4.5	3.9	5.7	4.9	3.4	3.1
10	B.C. "ENERGBANK" S.A.	2.8	2.5	2.7	2.2	2.8	2.2
11	B.C. "FinComBank" S.A.	2.7	2.4	2.4	2.2	2.4	2.5
12	BCR Chişinau S.A.	1.5	1.4	1.4	1.0	1.4	0.9
13	B.C. "COMERTBANK" S.A.	1.7	1.1	1.2	0.8	1.1	0.9
14	BC "EuroCreditBank" S.A.	0.5	0.4	0.4	0.4	0.2	0.2
HHI (points)		1178,7	1148.7	1341.0	1255.4	1339.6	1235.8
CR-4 index (%)		61,5	59.7	65.3	61.4	67.7	63.3

Source: Authors' calculations according to the data of the National Bank of Moldova.

As of September 30, 2014, BC "Moldova Agroindbank" S.A. maintained its market leader position in terms of lending. Thus, the bank's share in all loans provided was 22.1%, a position which would not be lost in a short time (total balance of 10,417 million MDL, increasing by 13.5%

compared to 31.12.2013). The second market leader was B.C. “Moldindconbank” with a market share of bank loans amounting to 17.3%, followed by B.C. “Victoriabank” S.A. (12.9%).With regard to the structure of deposits, at the end of June, the market leader position in terms of balance of attracted deposits was held by BC Moldova “Agroindbank” S.A. with a total balance of 10,685.8 million MDL, recording an increase of 12.3% compared to December 2013.The bank’s market share was 18.5%. It is followed by B.C. “Victoriabank” S.A. (15.6%), on September 30, 2014 it posted a balance of attracted deposits of 9040.7 million MDL, a 4% decrease compared to December 31, 2013 (see Figure 3.2.13).

The region of the Republic of Moldova from the left bank of the Dniester River

During the first nine months of 2014, the main activity indicators of the banking sector in the region to the left of the Dniester River had contradictory development. As of October 01, 2014 total assets of the banking system of the region amounted to 6,432.6 million rubles, or by 0.11% more than on January 01, 2014. The exchange rate of the Transnistrian region rubles, as of January 01, 2014 MDL was 0.8494 rubles for 1 MDL. On October 01, 2014 the exchange rate of rubles against major reference currencies was 0.7620 rubles/MDL, 11.1000rubles/USD and 14.0859 rubles/EUR.

During the first nine months of 2014, the annual growth rate of bank assets in the region posted a downward trend. Thus, although in June 2014 there was a slight increase of 14.85% compared to last year, already in September there was a decrease of 7.56% compared to last year. A similar dynamic was seen in the case of bank loans, thus in September2014 there was a decline of 21.67% compared to last year (see Figure 3.2.10).

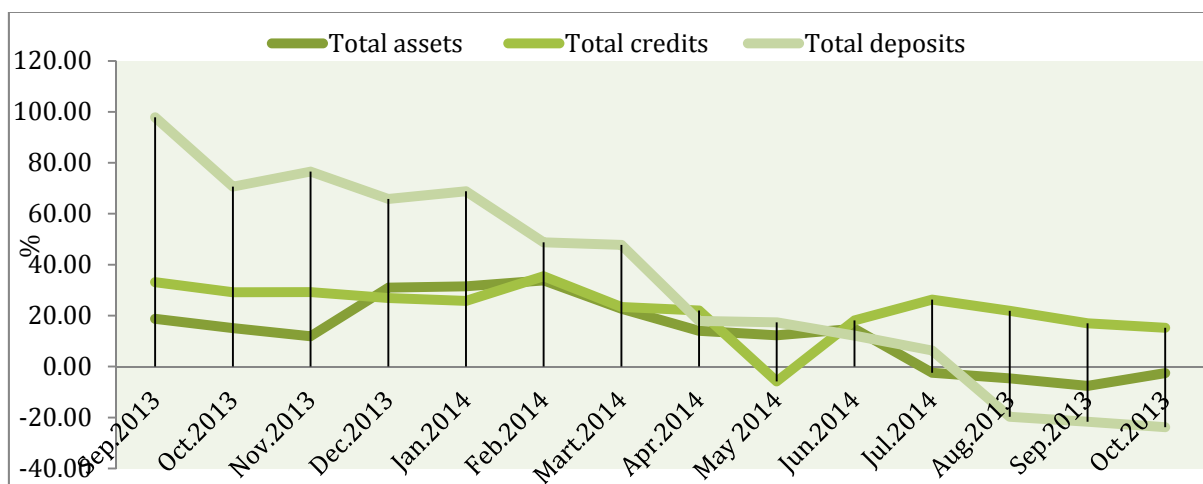


Figure 3.2.10. Annual growth rate of assets, deposits and bank loans in the Transnistrian region, %

Source: Authors' calculations according to the data of the Transnistrian Bank.

On October 01, 2014, banks’ own capital amounted to 1,411.0 million rubles, decreasing by 1.1% compared to January 01, 2014 (1,395.9 million rubles). The share capital of banks in the Transnistrian region of the Republic of Moldova as of October 01, 2014 totalled 1,043.1 million rubles. The balance of loans made to economic sector on July 01, 2014 reached the amount of 4,460.3 million rubles, i.e. 6%more compared to January 01, 2014.Loans provided to individuals during this period equated to 1,119.3 million rubles, increasing by 17.5% compared to January 01, 2014, while loans made to legal entities amounted to 3,341.03 million rubles, decreasing by 2.7% compared to the end of the previous year. On October 01, 2014, the balance of attracted deposits amounted to 2,882.1 million rubles, i.e. 15% more compared to the same period last year. Respectively, deposits made by individuals, as of October 01, 2014 represented 1,317.9 million rubles, decreasing by 10.1% compared to January 01, 2014 (1,466.2 million rubles).

Chapter IV

EXTERNAL SECTOR

Balance of payments

Current Account. In the third quarter of 2014 the current account deficit amounted to 49.9 million US dollars, i.e. approximately 2.1% of the GDP value created over this period. Reduction in the current account deficit conditioned a slight decrease of its burden on GDP, this ratio equating to 3.8% in January-September 2014, or approximately 3p.p. less compared to the same period last year.

According to economic theory, a current account deficit that exceeds, in the long term, the level of 4-5% should raise concerns. In the Republic of Moldova over the recent years, this indicator has been declining, posting a seemingly positive trend, but which is based on unsustainable funding sources.

Strengthening of the current account in the first three quarters of 2014 was mainly due to the accelerated decline of imports of goods versus exports (see the section on foreign trade in goods) and increase in foreign exchange inflows in the form of government transfers (2 times) etc.

**Table 4.1. Balance of Payments - Current Account
(January-September 2012-2014, synthetic presentation)**

	Nominal value, mil. USD			Growth rate, y-o-y, %	
	2012	2013	2014	2013	2014
Current Account	-351.7	-400.3	-228.2	13.8	-43
Goods	-2082.1	-2173.6	-2089.7	4.4	-3.9
<i>Export</i>	1598	1767.2	1747.6	10.6	-1.1
<i>Import</i>	-3680.1	-3940.8	-3837.3	7.1	-2.6
Services	9.2	13.4	-30.2	46	-325.8
<i>Export</i>	660.5	725.9	706.5	9.9	-2.7
<i>Import</i>	-651.4	-712.5	-736.7	9.4	3.4
Income	591.8	588.9	603.9	-0.5	2.6
<i>Receipts</i>	761.5	844.1	854.2	10.8	1.2
<i>Payments</i>	-169.8	-255.3	-250.3	50.4	-1.9
Current transfers	1129.4	1171.1	1287.8	3.7	10
<i>Receipts</i>	1220.6	1270.4	1402.7	4.1	10.4
<i>Payments</i>	-91.2	-99.3	-114.9	8.9	15.6

Source: According to the data of the National Bank of Moldova.

In the first three quarters, poor performance was posted both in the trade in goods and in services. During this period export of services amounted to 706.5 million USD, a decrease of 2.7% compared to the same period last year. This trend was mainly determined by the deceleration value of services provided in transport, business travel and communication services – services that altogether represented about 60.3% of exports. At the same time, albeit with a slower rate compared to the same period last year, import of services, preponderantly under the influence of increasing imports of travel services from abroad, rose by 3.4% over the first three quarters of 2013, equating to 736.7 million USD.

Table 4.2. Dynamics of foreign trade in services in January-September 2014

Type of service	Export			Import		
	Nominal value, million USD	Growth rate, y-o-y, %	Structure %	Nominal value, million USD	Growth rate, y-o-y, %	Structure %
Total	706.5	-2.7	100	736.7	3.4	100.0
Transport	278.7	-6.8	39.4	276	-2.4	37.5
Travel	165.8	0	23.5	271.6	10.9	36.9
Business travels	48.7	-0.5	6.9	139.9	8	19.0
Personal Travel	117.1	0.2	16.6	131.7	14.2	17.9
Communication services	98.95	-4.6	14	37.7	-0.7	5.1
Construction services	4.3	92.4	0.6	7.2	20.5	1.0
Insurance Services	0.5	11.1	0.1	1.6	-36.4	0.2
Financial Services	3.98	9.6	0.6	5.5	21.7	0.7
Computer and information services	52.5	18.5	7.4	28.9	-0.6	3.9
Royalty and license fees	5.5	29.6	0.8	16.3	-6.4	2.2
Other business services	69.1	-6.3	9.8	59.8	15.1	8.1
Personal, cultural and recreational services	1.5	36.7	0.2	1.7	-16.2	0.2

Source: According to the data of the National Bank of Moldova.

Capital and financial account. The negative balance of the **Capital account** in the third quarter amounted to 16 million USD. Being influenced mainly by the outflow of capital made by emigrating residents of the Republic of Moldova in the first three quarters of the year, the current account deficit increased totalling 41.7 million USD, i.e. 14.6 million USD more than the same period last year.

Table 4.3. Balance of payments – Capital and financial account (January-September 2012-2014, synthetic presentation)

	Nominal value, million US dollars			Growth rate, y-o-y, %	
	2012	2013	2014	2013	2014
Capital and financial account	192.2	284.6	221.8	48.1	-22.1
Capital account	-27.5	-27.1	-41.7	-1.3	54.0
<i>Inputs</i>	12.2	10.8	14.0	-11.7	29.9
<i>Outputs</i>	-39.7	-37.9	-55.7	-4.5	47.2
Financial account	219.6	311.7	263.5	41.9	-15.5
Direct investment	115.9	175.9	131.0	51.8	-25.5
Portfolio Investment	20.2	6.9	10.1	-66.0	47.7
Financial derivatives	-0.2	0.1	0.4	-186.7	176.9
Other investments	418.1	329.7	29.8	-21.1	-91.0
Reserve assets	-334.4	-200.9	92.2	-39.9	-145.9
Assets	-182.0	-150.6	-258.9	-17.2	71.9
FDI	-17.2	-11.2	-13.1	-34.9	16.9
Portfolio Investment	8.1	-0.8	1.9	-110.4	-322.6
Financial derivatives	-0.2	-0.1	-0.1	-33.3	10.0
Other investments	161.7	62.4	-339.8	-61.4	-644.3
Reserve assets	-334.4	-200.9	92.2	-39.9	-145.9
Liabilities	401.7	462.3	522.4	15.1	13.0
FDI	133.1	187.1	144.1	40.6	-23.0
Portfolio Investment	12.1	7.7	8.3	-36.4	7.3
Financial derivatives	0.0	0.2	0.5	-	104.3
Other investments	256.5	267.3	369.6	4.2	38.3

Source: According to the data of the National Bank of Moldova.

The net debt or balance of financial account contracted by 15.5% over the first nine months of the year compared to the similar period of the previous year, amounting to 263.5 million USD. During this period there was an increase in assets in the form of foreign currency and deposits from 19.8 million USD in the previous year up to 406 million USD this year. Increase in cash in foreign currency held by residents can be explained by high fluctuations in the foreign exchange market, characterized by a strong depreciation of the nominal exchange rate of MDL against major reference currencies compared to the similar period of last year, namely by 10.5% in relation to the US dollar and by 13.4% against Euro. Simultaneously, reserve assets decreased by 92.2 million USD, while over the first three quarters of 2013 their value rose by 200.9 million USD. Thus, at the end of the third quarter, the stock of reserve assets amounted to 2,653 million USD, recording a decrease of 167.5 million USD compared to the value posted on December 31, 2013.

Liabilities increased over the first three quarters more moderately compared to assets and the increase was preponderantly ensured on account of liabilities in the form of foreign currency and deposits of the national banking sector (264.4 million USD) and foreign currency inflows due to long-term loans attracted by the government sector in the amount of 105.2 million USD. On the other hand, despite the increase in net inflow of FDI in the third quarter compared to the same period last year, over all in the first three quarters of the year, the development thereof was unsatisfactory, being driven amongst other things by unfavourable conjuncture of external factors during this year.

Remittances

In the third quarter of 2014, remittances from abroad amounted to 552.6 million USD, which is by 0.2% less than recorded in the same period last year. From the beginning of the year, the cumulative amount of these transfers totalled 1467.6 million USD, rising by 1.3% compared to same period of the previous year; however this increase was due solely to developments recorded in the second quarter. In 2013, over the same period, remittances totalled 1449.3 million USD, increasing by 10.9% compared to the same time frame in 2012 (Figure 4.1). Also, it should be noted that in the current year, remittances were negatively affected by contracted transfers that are made from other countries, excluding those from the Russian Federation that have dropped by 2.2% and 6.3% in the second and third quarters respectively, compared to the same period of 2013.

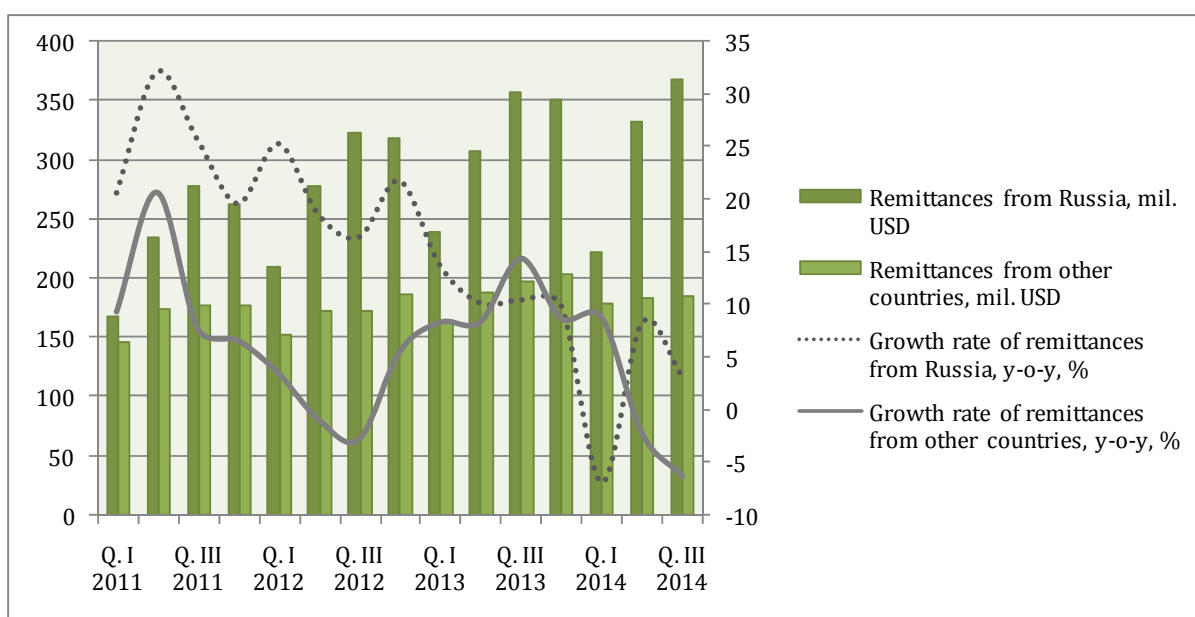


Figure 4.1. Dynamics of the remittances inflow in the years 2011-2014

Source: According to the data of the National Bank of Moldova.

In the first three quarters of 2014, more than one third of remittances made to individuals through the banking system consisted of Russian rubles (37.4%) and in this context, the depreciation of Russian currency that occurred in the third quarter, could affect household income. Or, in January-September of the current year, the remittances that were made mainly from the Russian Federation, about 62.8% showed a moderation trend, increasing by 2.3% compared to same period last year.

Foreign Direct Investment

Over the last years, the Republic of Moldova has proved to be less attractive for foreign investors. The eastern conflict, tensioned Moldovan-Russian relations and the 2014 elections, that were expected to play a crucial role in determining the future course of the national economy, designated the country as a high risk area, amplifying the existing constraints.

During the third quarter of 2014, the net inflow of FDI increased compared to the value recorded in the same period of the previous year, resuming its upward trend after three consecutive quarters of decline in the annual growth rate. At the same time, their net value in July-September 2014 amounted to 59 million USD, or 2 million USD less compared to the preceding quarter. Also, it should be noted that during this period net foreign investments in share capital decreased by 56% compared to the same period last year, while comparing with the previous quarter the decrease was even more significant amounting to around 77%. The net value of such investments was 15.4 million USD. Similarly, compared to Q3 of 2013, investments in the form of intra group loans dropped from 11 million USD down to about 3 million USD, but the positive aspect is that this inflow of investment during the given period recorded a positive value versus the negative value of the first two quarters, due to increase in loans contracted by local companies with foreign investments from the parent company or affiliates from other countries.

Following the developments in the third quarter, the net FDI made in the national economy rose up to 144 million USD in January-September 2014, however it remained by 23% lower compared to same period last year.

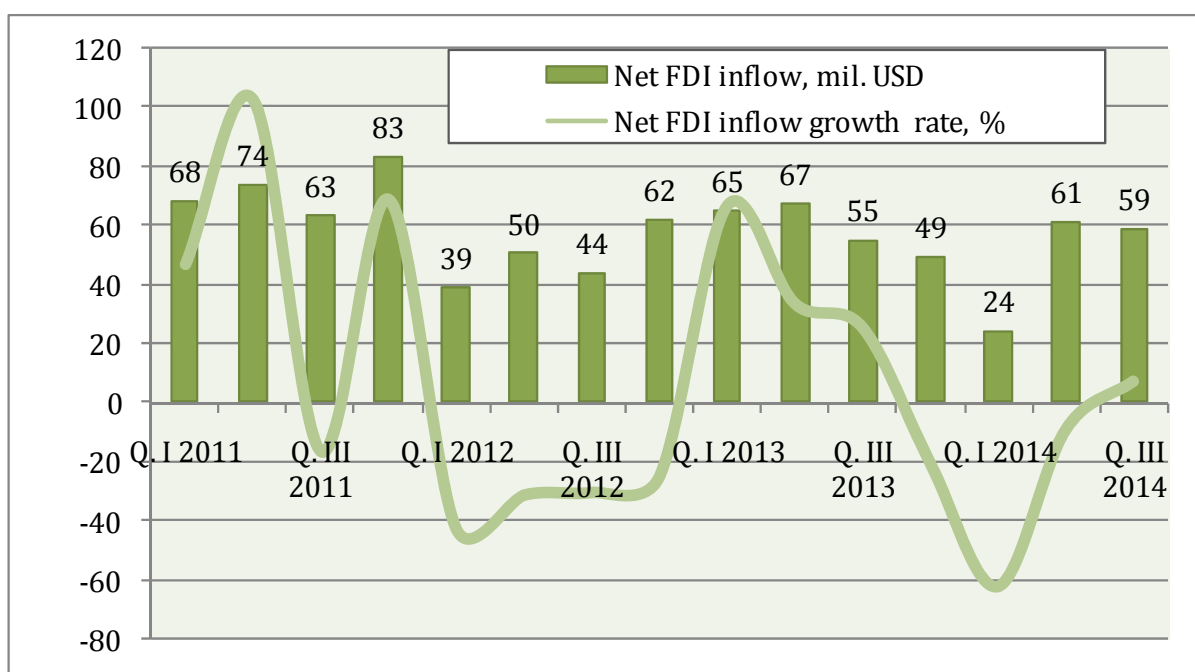


Figure 4.2. Net inflow of FDI in Moldova's economy in the years 2011-2014

Source: According to the data of the National Bank of Moldova.

Foreign trade of goods

The period from January to September 2014 was marked by a series of events that had contradictory effects on the dynamics of exports. These fluctuations have negatively affected the volume of trade transactions in goods in the first nine months of the year.

On the one hand the signing of the Association Agreement by the Republic of Moldova and EU in June is relevant, including of the economic part, which provides for the establishment of a Deep and Comprehensive Free Trade Area. The agreement was signed in June, ratified by the Parliament in July, and published in EU's Official Journal in August, and in September the provisional application of several of its provisions started. Other aspects that have positively influenced the foreign trade during the current year were the increase in agricultural production that exceeded the expectations, rising more than 8% compared to the same period of the previous year; and the exchange rate depreciation was a favourable factor supporting external competitiveness of domestic products.

On the other hand, the Russian Federation harshened its trade policy toward Moldovan products, by continuing the series of embargoes on agricultural food products from the Republic of Moldova (in July - fresh and canned fruits and vegetables); and reinstatement of customs charges on a wider number of agricultural products later on (beef, pork, chicken, certain fruits and vegetables, cereals, sugar, wine, alcohol, etc.). In addition, the overall context of Russian economic development and the Ukrainian economic, political and military crisis have restricted the access for Moldovan products to those markets. Also, international prices for agricultural and food products recorded a negative trend and this had repercussions on Moldovan exports.

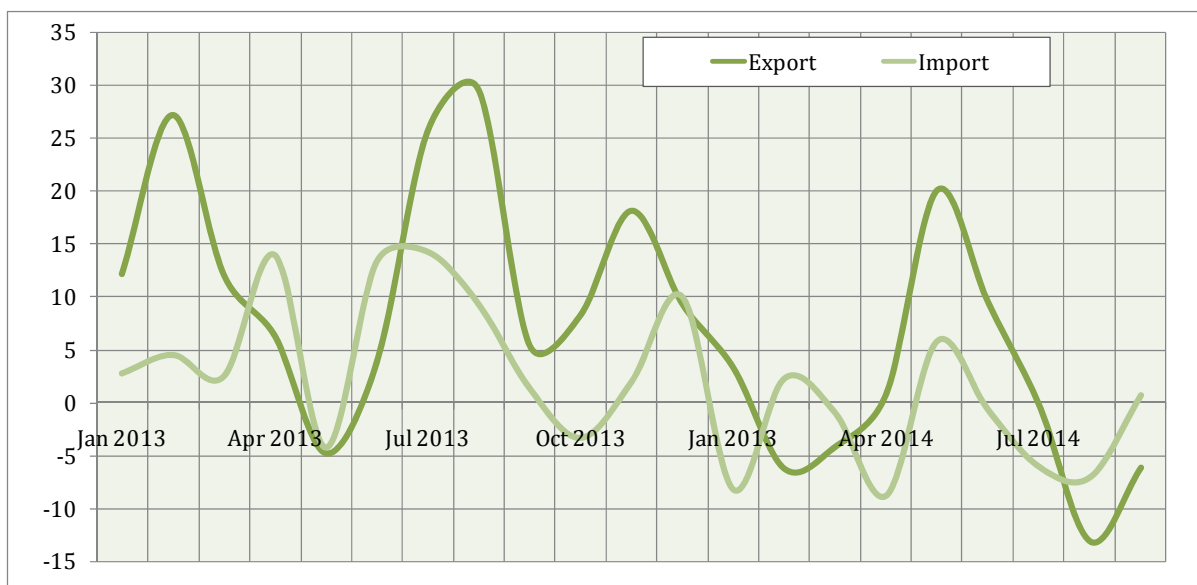


Figure 4.3. Monthly dynamics of foreign trade, %, compared to the same period of last year

Source: According to the data of the National Bureau of Statistics.

Over the first nine months of the year, foreign trade in goods totalled 5.6 billion USD and for the first time over the last five years (2010-2014) decreased by 1.9% compared to the same period of the previous year.

Both imports and exports have negatively influenced the development of foreign trade, and determinant in this regard was the decrease of the unit value index and of the physical volume of goods imported (PhVI_I) and exported over the third quarter. Unlike the first two quarters of the year, in the third quarter, in physical terms, exports dropped comparing with the same period of the previous year by 2%. The unit value continued to decelerate. Therefore, the net exchange

ratio index stayed below one, showing a more moderate increase in prices of exported products. This is explained by the dynamics of international prices for agricultural and food products, given that the country is specialized in this, as well as by the high domestic supply, against the background of import restrictions on some products in this category imposed by Russia. On the other hand, the negative net exchange ratio is rather a chronic feebleness of Moldovan foreign trade, which results from high specialization in export of agricultural and low added-value products, and limited variety of exported products, comparing with imports.

Table 4.4. Foreign trade efficiency indicators

	Q. II 2013	Q. III 2013	Q. IV 2013	Q. I 2014	Q. II 2014	Q. III 2014
VI_E (same period of last year=100), %	100.4	119.4	112.0	97.2	109.7	93.5
VI_G (same period of last year=100), %	107.5	108.1	102.9	98.0	98.3	95.8
UVI_E (same period of last year=100), %	99.0	97.0	92.0	92.0	97.0	95.0
UVI_G (same period of last year=100), %	98.0	100.0	98.0	98.0	100.0	97.0
PhVI_E(same period of last year=100), %	101.0	122.0	120.0	106.0	113.0	98.0
PhVI_G(same period of last year=100),%	110.0	108.0	105.0	100.0	98.0	99.0
Import coverage by export, %	40.5	43.9	45.1	47.0	45.1	42.9
Import coverage by export index, %	0.95	1.10	1.09	0.99	1.11	0.98
Gross exchange ratio index	0.92	1.13	1.14	1.06	1.15	0.99
Net exchange ratio index	1.01	0.97	0.94	0.99	0.97	0.98
Export purchasing power index, %	102.0	118.3	112.7	99.5	109.6	96.0

Source: According to the data of the National Bureau of Statistics, authors' calculations.

Exports

In the third quarter, in response to the Republic of Moldova signing the Association Agreement with the EU, the Russian Federation imposed a set of restrictive measures against Moldovan import. These, on the background of moderate economic growth of the Russian economy and overall tense economic situation in Ukraine, conditioned the decrease of Moldovan exports in the third quarter. In July-September total exports amounted to 565.4 million USD, decreasing by 6.5% compared to the same period of last year. Exports to the CIS countries declined by 50 million USD and thus led to a decrease in total exports value of 8.3%. At the same time, the growth rate of trade flows of goods to other destinations was not sufficient to offset the negative effects of shocks stemming from the Eastern region.

Exports structure by product groups

As already mentioned in previous editions, the current year's developments led to a slight modification of commodity structure of Moldovan exports. In the first nine months of the year, Moldovan exports were consisted of 43.8% agricultural products and about 52.9% of non-food manufactured products, this proportions being changed to the detriment of the last. However, there were multiple changes within groups.

Table 4.5. Exports structure and dynamics by product groups in January-September 2014

Product name	Nominal value, mil. USD	Structure,%		Annual growth rate,%		Degree of influence,%	
	2014	2013	2014	2013	2014	2013	2014
Total products	1737.7	100	100	12.4	-0.2	12.4	-0.2
Agricultural and food products	761.1	38.4	43.8	14.3	14.0	5.4	5.4
<i>Fruits and vegetables</i>	168.2	10.1	9.7	-2.3	-4.1	-0.3	-0.4
<i>Cereals and grain-based products</i>	155.5	5.4	8.9	177.2	64.3	3.9	3.5
<i>Beverages</i>	132.3	10.9	7.6	33.7	-30.3	3.1	-3.3
<i>Oleaginous seeds and fruits</i>	118.1	6.1	6.8	49.8	12.0	2.3	0.7
<i>Vegetable fats and oils</i>	55.8	1.0	3.2	-72.1	217.3	-2.9	2.2
<i>Sugar</i>	51.5	1.4	3.0	25.5	104.3	0.3	1.5
Fuels	13.2	1.1	0.8	100.6	-29.3	0.6	-0.3
Inedible raw materials except for sunflower seeds	44.6	4.3	2.6	44.8	-41.0	1.5	-1.8
Non-food manufactured products	918.7	56.2	52.9	8.5	-6.1	4.9	-3.4
<i>Clothing and accessories</i>	220.3	11.2	12.7	0.6	12.7	0.1	1.4
<i>Electrical machinery and equipment and parts thereof</i>	184.2	10.3	10.6	28.1	2.5	2.5	0.3
<i>Medicinal and pharmaceutical products</i>	94.6	4.6	5.4	35.7	17.5	1.4	0.8
<i>Furniture</i>	80.5	4.3	4.6	10.5	7.8	0.5	0.3

Source: Elaborated by the author based on the data of the National Bureau of Statistics data, authors' calculations.

Note: Data are presented according to SITC.

During the first three quarters of this year, major structural changes have occurred in several main product categories.

Positive changes occurred in the following products, which due to their high share in total exports had substantially helped to cushion the effects caused by decrease in delivery of other goods:

- ✓ Garments, electrical equipment, furniture – although at a relatively moderate pace have recorded increasing deliveries compared with the previous year. These products are oriented mainly toward Western partners and relatively better economic conditions in this area made possible to maintain the upward trend;
- ✓ Cereals and cereal-based products and also oleaginous seeds posted an increasing weight. The volumes of wheat, corn, rapeseed and sunflower seeds have particularly increased. However, during the current year the exports unit value of these products was lower which affected the volume of foreign currency proceeds from sales thereof. Moreover, in the case of sunflower seeds a 40% increase in the exported volume led to lower foreign currency inflows, by 3.6% compared with the same period of last year. In this context the positive thing was the geographical diversification of exports of these products.

On the opposite, in the first nine months of the year the exports value was negatively affected by the reduction of:

- ✓ Exports of wine and grape must, recording a negative growth rate in the fourth quarter, amounted to 77.5 million USD in nominal terms and about 7.3 million dal. In January-

September 2014, dropping by 32% and 24.2% respectively compared to the same period of last year;

- ✓ Exports of fruits and vegetables led to a 0.4% decrease in total exports over this period. Determinant in this regard was the decline of fruit export to Russian Federation under the embargo on import of fruits and vegetables from the Republic of Moldova in the third quarter of the year. Thus, over the third quarter the export of fruits dropped by 17.8% compared to the similar period of the previous year. According to previous studies, apples, grapes and plums production were considered as most sensitive sectors of national economy in the case of Russian embargo.

In the first three quarters export of grape amounted to about 14.8 thousand tons, declining by 244 tons compared with the same period of the last year. Over this time span the volume of exports to the CIS countries decreased by 2 thousand tons, and by 241 tons to other countries excluding EU, while exports to the EU states increased by 1.75 thousand tons compared to the same period last year. In the case of apples and plums the decrease was even more significant. The volume of Moldovan apples supplied to the CIS countries decreased by 32.7 thousand tons, but supplies to the EU increased by 198.6 tons and to other states - by 203.5 tons. Similarly, exports of fresh apricots, cherries, sour cherries, peaches (including nectarines), plums and sloes to the CIS countries dropped by 7.7 thousand tons, while exports to the EU and other countries increased by 1.8 thousand tons and 245.4 tons respectively.

The effects of aforementioned developments on the national economy will be dispersed over time. In the best case, the unsold volumes accumulated as sector's stock would be stored in refrigerators and subsequently sold or would be used in the processing industry, contributing thus to the increase the industrial production. **In both cases there will be need for an additional effort to identify outlet markets.**

The worst scenario though is in case of failure to identify outlet markets; manufacturers would incur losses that inevitably would affect their further activity.

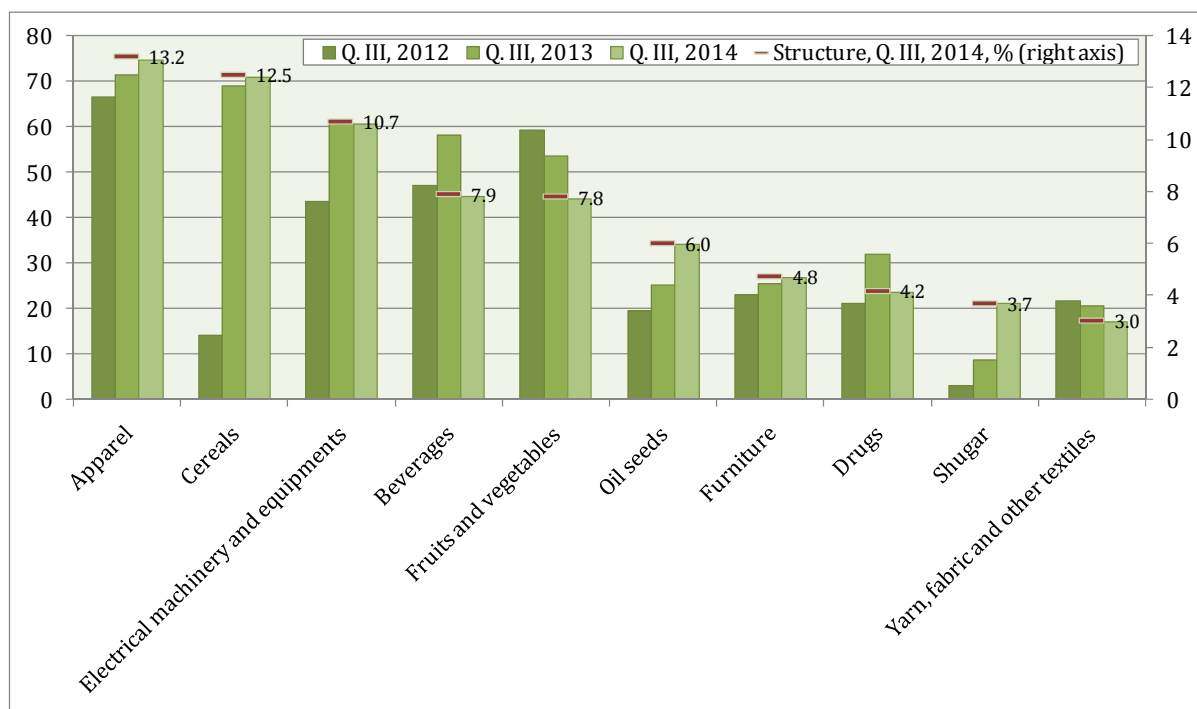


Figure 4.4. Export trends by main categories of product, million USD (left axis), % (right axis)

Source: According to the data of the National Bureau of Statistics.

Geographical structure of exports

During the third quarter exports to CIS countries decreased further at an accelerated pace (-21.3%), including by 40% to the Russian Federation and by -13.3% to Ukraine.

These developments triggered changes in the structure of exports, increasing the share of supplies to the EU on account of the decreased CIS countries' share.

Table 4.6. Exports structure in January-September 2010-2014

	2010	2011	2012	2013	2014
CIS	39.5	40.5	43.1	39.6	32.8
EU	48.2	49.8	46.6	45.2	52.1
Others	12.3	9.6	10.3	15.2	15.1

Source: Author's calculations based on the data of the National Bureau of Statistics.

From the geographical perspective, over the first three quarters, more than half of the exports – 905 million USD were directed to EU countries, posting an increase of 15% compared with the same period of the previous year. During this interval, export transactions were made to all the 28 markets of this region, but with higher dynamics to Cyprus, Spain, Belgium, Latvia, Italy, Austria, Netherlands, and Germany. However, about 3/4 of goods exported to the EU over this period was absorbed by Romania (35%), Italy (20.4%), Germany (11.5%) and the United Kingdom (8.2%).

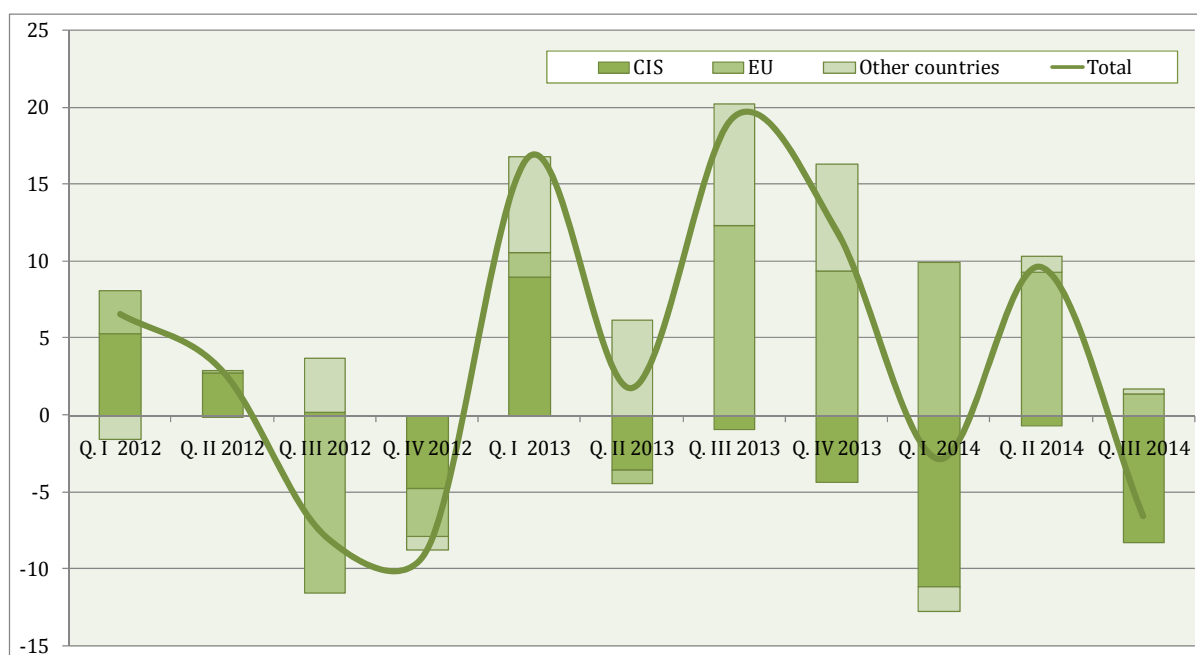


Figure 4.5. Contribution of main groups of trade partners to the change in exports, %

Source: Elaborated by the author based on the data of the National Bureau of Statistics.

Similarly, the supply of goods to other countries such as Indonesia, China and Switzerland rose mainly due to exports of agricultural products: cereals, nuts, wine etc. However, this increase could not offset the losses incurred in the first quarter of the years, when exports to the group of other countries (except for EU and CIS countries) declined by 11.7%.

Imports

Imports continuously posted negative annual growth for a third straight quarter. Amounting to 1.3 billion USD in July-September, these have ensured over the first nine months of the year foreign currency outflows for the imported goods of about 3.9 million USD. During the same period of the previous year, the value of imports was by 2.6% higher.

This year's favourable weather conditions allowed to reduce gas and coal imports at the beginning of the year and also, given the high supply of agricultural products, to reduce imports of agricultural and food products.

The biggest influence on the decline in imports over the first nine months of this year had the reduction of fuel supplies from abroad by 8.2%. Oil imports fell by 1.5%, gas import – by 5.7%, electricity – by 49% and coal – by 35.7% compared to the same period of the previous year.

Agricultural products reduced by 5% during the first nine months of the year, thus affecting imports that dropped by 0.7%.

Other factors influencing trends in imports over the current year were moderation of increase in consumption coupled with the decline in household real income; reduction in international energy products prices, including oil prices, starting with the third quarter; contraction of demand for Moldovan exports; moderated increase of foreign exchange inflows.

Thus, the conjunction of factors that led to decrease in imports over the first nine months of the year, had a particularly negative connotation, revealing the uncertain internal and external development environment for the national economy and the challenges for the economic growth that can be achieved this year.

Table 4.7. Imports structure and dynamics by product groups in January-September 2014

Product name	Nominal value, mil. USD	Structure, %		Annual growth rate, %		Degree of influence, %	
	2014	2013	2014	2013	2014	2013	2014
Total products	3865.8	100.0	100.0	6.3	-2.6	6.3	-2.6
Agricultural and food products	516.6	13.7	13.4	7.5	-5.0	1.0	-0.7
<i>Fruits and vegetables</i>	89.7	2.4	2.3	4.1	-6.6	0.1	-0.2
<i>Cereals and grain-based products</i>	56.5	1.5	1.5	-3.3	-8.1	-0.1	-0.1
<i>Beverages</i>	41.8	1.5	1.1	24.4	-27.8	0.3	-0.4
Fuels	801.9	22.0	20.7	2.1	-8.2	0.5	-1.8
<i>Oil, petroleum products</i>	453.9	11.6	11.7	-0.4	-1.5	-0.1	-0.2
<i>Gas and industrial products made from natural gas</i>	294.7	7.9	7.6	-6.0	-5.7	-0.5	-0.4
<i>Electricity</i>	42.9	2.1	1.1	97.2	-49.0	1.1	-1.0
<i>Coal</i>	10.3	0.4	0.3	-7.8	-35.7	0.0	-0.1
Inedible raw materials except for sunflower seeds	71.6	1.8	1.9	6.6	-2.3	0.1	0.0
<i>Wood and cork</i>	22.2	0.5	0.6	0.8	13.9	0.0	0.1
<i>Natural fertilizers and natural minerals</i>	11.9	0.4	0.3	22.2	-15.9	0.1	-0.1
<i>Textile fibres and their wastes</i>	21.1	0.6	0.5	17.4	-8.1	0.1	0.0
Non-food manufactured products	2475.7	62.5	64.0	7.6	-0.1	4.7	-0.1
<i>Electrical machinery and equipment and parts thereof</i>	226.1	6.5	5.8	13.6	-12.4	0.8	-0.8
<i>Yarn, fabric, textile</i>	193.9	5.0	5.0	-3.6	-3.1	-0.2	-0.2
<i>Medicinal and pharmaceutical products</i>	189.5	4.4	4.9	10.8	7.8	0.5	0.3
<i>Road vehicles</i>	184.9	4.6	4.8	-2.7	4.9	0.1	0.0

Source: Elaborated by the author based on the data of the National Bureau of Statistics.

In the case of Moldova, when assessing the effects of the decrease in imports it is important to highlight the change thereof in terms of their structure based on final destination. Given that the Republic of Moldova is a highly open economy, the reduction of imports of final consumption goods coupled with the increase in domestic production, or more moderate growth thereof compared to exports could be an indicator of local industries' increasing competitiveness. While the reduction of import of fixed and intermediary capital excluding the re-export component would reveal certain deficiencies in the production sector.

The data available for the first two quarters indicate an increase of capital goods in the structure of imports by 1.7 p.p. in Q1 and respectively by 0.7 p.p. in Q2, accounting for 10.5% and 11.3% of the total value of imports. On the contrary, there was a decrease in imports of consumer goods (by 0.3 p.p. in Q1 and by 0.9 p.p. in Q2, or 27.6% and 28.9% respectively) as well as in imports of intermediate goods (by 1.3 pp in Q1 and 1.4 pp in Q2, representing 49.8% and 45.3%).

Geographical structure of imports

In the third quarter of the year, the EU countries prevailed in the geographical structure of imports with a share of 51%. During this period, imports from the EU increased by 6%, driven by an 8% increase of the physical volume of goods delivered from this region.

From the beginning of the year to the end of September, the value of imports from EU countries amounted to 1,912 million USD. These increased by 7.7% during the given period compared to the same period 2013. Imports from Romania rose by 19.3%, from Germany – by 10.3%, from Italy – by 7.1% and from Poland – by 12.9%; 33.6% of total imports originated from these countries. In nominal terms, deliveries from the four above-mentioned European countries amounted to 1,298.9 million USD, which represents about 67.9% of the goods imported from the EU.

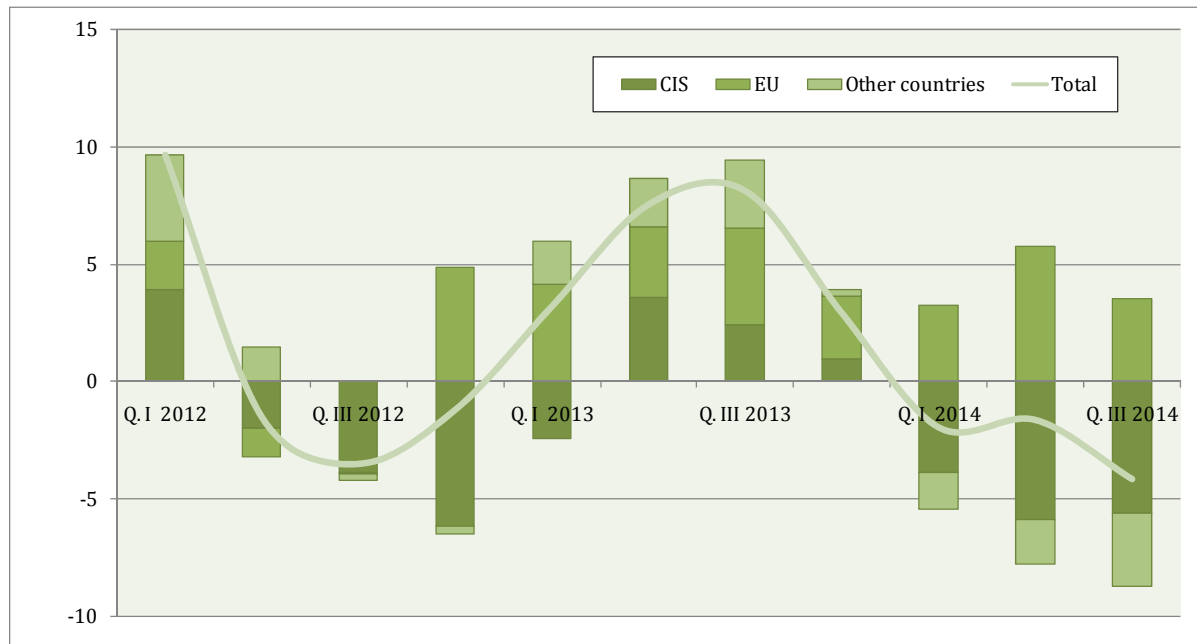


Figure 4.6. Contribution of main groups of trade partners to the increase of imports, %
Source: Elaborated by the author based on the data of the National Bureau of Statistics.

The decrease in imports in January-September 2014, compared to the same period last year, was influenced in proportion of 4.3% by contracted deliveries originating from CIS countries, including from the Russian Federation (1.6%) and Ukraine (1.7%) where from 23.3% imports originated. Similarly, imports from Turkey fell by 23.2%, affecting the overall reduction of imports by 1.7%.

Balance of trade

The negative balance of trade in goods continued to decline during the third quarter. In this period the difference between the value of goods exported and those imported amounted to 753.4 million USD, decreasing by 18 million US dollars compared to the same period of the previous year. From the beginning of the year, a deficit of 2,411 million USD was accumulated over the nine months, which is by 4.5% or 100 million USD less compared to the similar period last year.

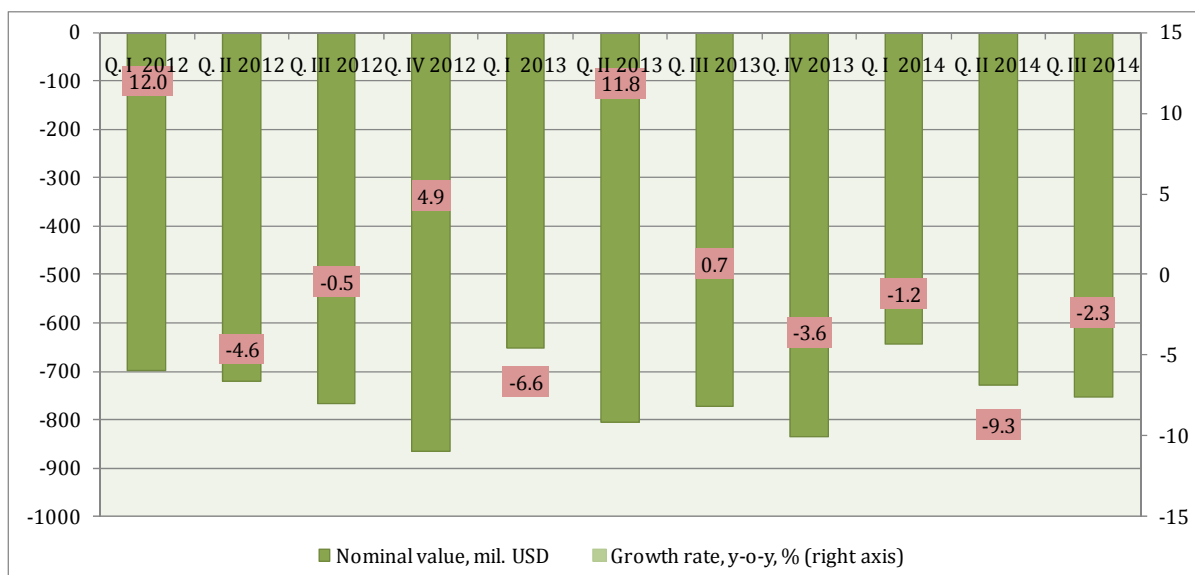


Figure 4.7. Trends in trade balance in goods, 2012-2014

Source: Author's calculations based on the data of the National Bureau of Statistics.

The deficit of trade balance in goods in the third quarter consisted mainly of the negative balance of non-food manufactured products and fuel, which represented 567.3 million USD, and correspondingly 254.4 million USD, and to a small degree by the negative balance of inedible raw materials – about 9.5 million USD.

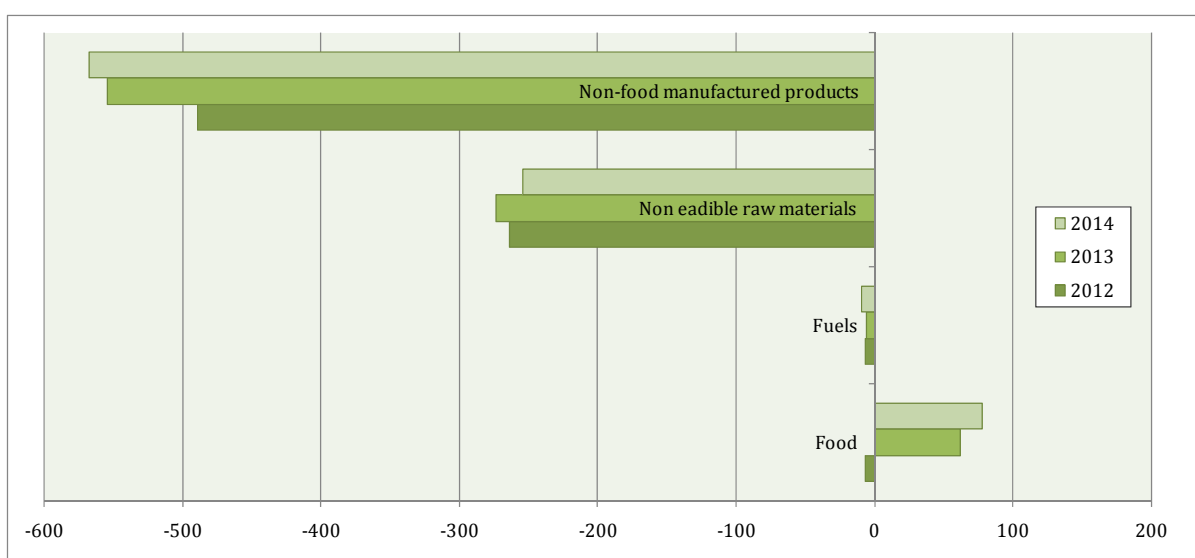


Figure 4.8. Trade deficit by categories of product, Q3 2012-2014

Source: Author's calculations based on the data of the National Bureau of Statistics.

The main five products that contributed most to the trade deficit were oil and related products, road vehicles, gas and industrial products from gas, machinery and specialized equipment for industry, yarns, fabrics and textiles (classified under position 65 of the International Trade Standard Classification) and these represented about 382.5 million US dollars or 50.8% of the trade deficit.

The region of the Republic of Moldova from the left bank of the Dniester River

Disparities in foreign trade growth in regions from both sides of the Dniester River were noticeable also in the third quarter of the current year. While in the region of the Republic of Moldova from the right bank of the Dniester River, the foreign trade declined during this time span by 4.9%, compared with the same period of the previous year (including exports by 6.5% and imports by 4.2%), according to the official statistics of the Ministry of Economic Development of the Prednistrovian Moldavian Republic, in the region to the left of the Dniester River the external trade flows of goods rose by 10.2%, compared to same period last year (exports by 18.4% and imports by 6.4%).

However, starting with the end of the third quarter the trends started to develop in the same direction. Thus, in September, both exports and imports of the region from the left bank of the Dniester River recorded negative growth compared to the same period of 2013, posting -6.8% and 9.1% respectively. In the third quarter the region to the left of the Dniester River exported goods equating to 196.6 million USD, while the imports amounted to 390.8 million USD.

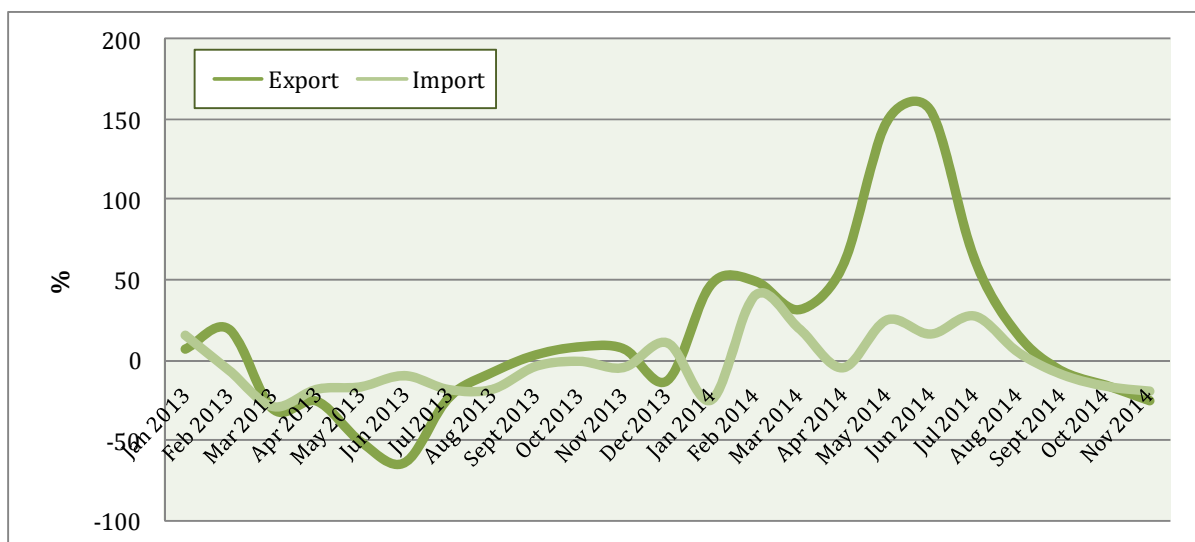


Figure 4.9. Monthly dynamics of foreign trade of the Region to the left of the Dniester River, % (compared to the same period last year)

Source: Author's calculations according to the data of the State customs committee of the region from the left bank of the Dniester River.

The value of region's foreign trade in the first nine months of this year amounted to 1,774.9 million USD. The exports totalled 559.3 million USD, or 48% more compared to the same period last year, while imports equating to 1,215.5 million USD exceeded the level recorded in the similar period of the previous year by 8.9%. Out of the value of exports and imports reported by the Ministry of Economic Development of the region, 213.1 million USD (38.1%) and 89.6 million USD (7.4%), respectively accounted for transactions with businesses from the Republic of Moldova's region located to the right of the Dniester River.

Accordingly, if to sum up the value of both regions' foreign trade, it would account for 2,084 million USD (1,737.8 million USD – exports of the region to the right of the Dniester River and 346.2 million USD – exports of the region from the left bank of the Dniester Rivers, excluding deliveries declared as being made by businesses from the right side of the Dniester River).

Following the same calculation principle, the Republic of Moldova's exports in this case would be 4,991.9 million USD, recording a deficit of 2,907 million USD.



Figure 4.10. Dynamics of foreign trade of the region from the left bank of the Dniester River, million USD

Source: Drafted based on the data of the State Customs Committee of the region on the left of the Dniester River and the Ministry of economic development of Republic Moldova Transnistria.

As already mentioned in previous editions, the factors that boosted exports during this year were the recommenced production and exports by metallurgical plant of the region – metals and metal products representing about 33.2% of region's exports (according to available data for the period January-September 2014). The increase in imports was influenced in amount of 4% by fuel deliveries and – 6.3% by deliveries of metal and products thereof from abroad, which equated to 45.5% and 11.5% of imports respectively in the referenced period of the current year.

Similar to the region to right of the river, over the current year the region's exports were supported by increased deliveries to major destinations. Exports to the Republic of Moldova increased by 38% compared to the same period last year, and to the Russian Federation by 19.5% (86.1 million USD). However, the exports recovery in this year was mainly due to the increase of exports of goods to Poland by 10.6 times (amounting to 60.7 million USD), to Romania by 2.8 times (65.1 million USD), to Italy by 17.5% (42.7 million USD). These five countries are the main outlet markets for products delivered from the region, accounting for 83.6% of the total. Although the values remain relatively low, it should be noted that during the first nine months of the year there were important increases in exports to other countries as well, such as Bulgaria (by 2.2 times, 3.5 million USD), Turkey (2.8 times, 0.9 million USD), Latvia (8 times; 0.8 million USD), China (13.1 times; 0.4 million USD), Czech Republic (+ 37.5%; 2.6 million USD) etc.

Given that regional product are mainly orientated toward the EU countries and the Republic of Moldova, under provisional implementation of the DCFTA, regional authorities and businesses are advised to align to the European and international quality standards in order to avoid isolation and hard times, otherwise a series of economic indicators risk to get worse.

Trends and Policies in the major trading partners of the Republic of Moldova

In the third quarter, external factors had a significant impact on the economy of the Republic of Moldova, thus direct influence was preponderantly realized through contracted external trade flows and remittances from abroad. However, some of the events occurred during this period could also have an indirect influence or belated negative effects on the national economy.

Therefore, the external conjuncture was characterized by the following developments that manifested in changing macroeconomic indicators of the Moldovan economy:

- disinflation in countries wherefrom Moldovan imports come (EU, China, etc.) and the reduction in fuel prices. The dynamics of world food and agricultural products that have influenced the unit value of Moldovan products exported;
- stagnation of Russian economy and cooled Moldovan-Russian relations following the signing of the Association Agreement with the EU by the Republic of Moldova;
- slow economic growth in the EU;
- economic and political crisis in Ukraine.

During the current year several countries have faced disinflationary processes, which urged the authorities of the states concerned to adjust their monetary policies in order to stimulate inflation. Moderate increase in prices was more pronounced in some countries of the EU, China, etc., thus influencing the price level in the country. Nevertheless given the significant depreciation of MDL against the Euro and the US dollar, this factor played a compensatory role.

On the other hand, over this period, world prices for agricultural products saw continued decrease, affecting the proceeds obtained by Moldovan businesses from exports of goods during this time-span. Preponderantly, there was a decrease in prices for oils and grains, yet starting with September sugar price also fell, whilst these commodities have a relatively large share in Moldovan exports. On the other hand, international meat prices recorded an increase and given that the Republic of Moldova is a net importer of meat, such international developments exacerbate the inflationary processes.

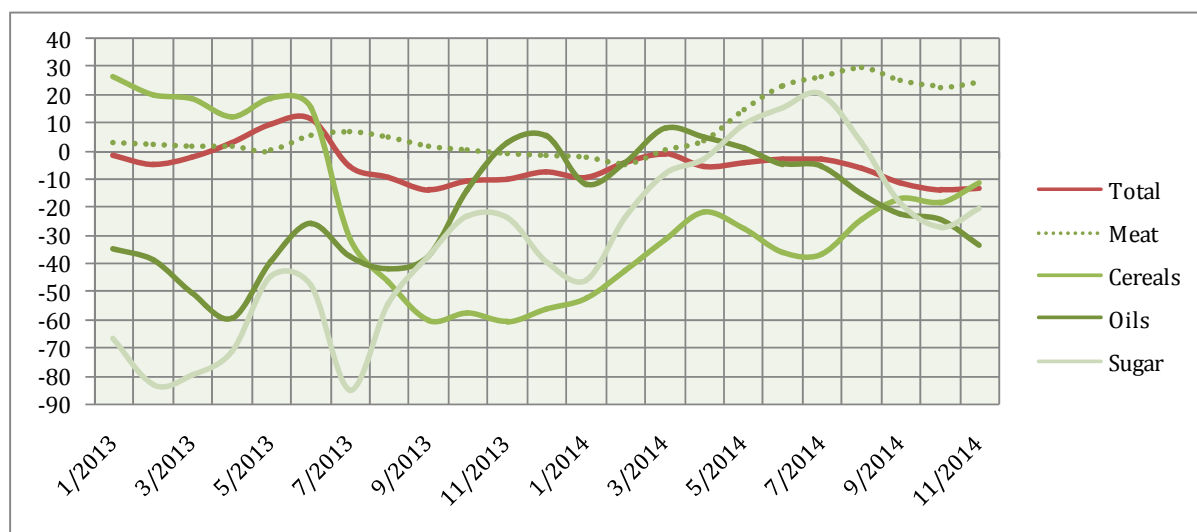


Figure 4.11. Annual growth rate of world prices for agricultural and food products, % (SPLY)

Source: Prepared by the author based on FAO data.

Crude oil world prices fell sharply during the third quarter 2014, nevertheless in the Republic of Moldova fuel prices showed foremost a pronounced upward trend, although this can be explained by the heightened contribution of other components in this regard, in particular of coal and the imperfections of Moldovan oil market. At the same time, the Urals oil price dynamics, which followed the trend of Brent crude oil price had a major impact on the Russian economy and thus indirectly also on the Moldovan economy, given that 1/5- 1/4 of proceeds from exports of goods and about 60% of remittances come from the Russian Federation.

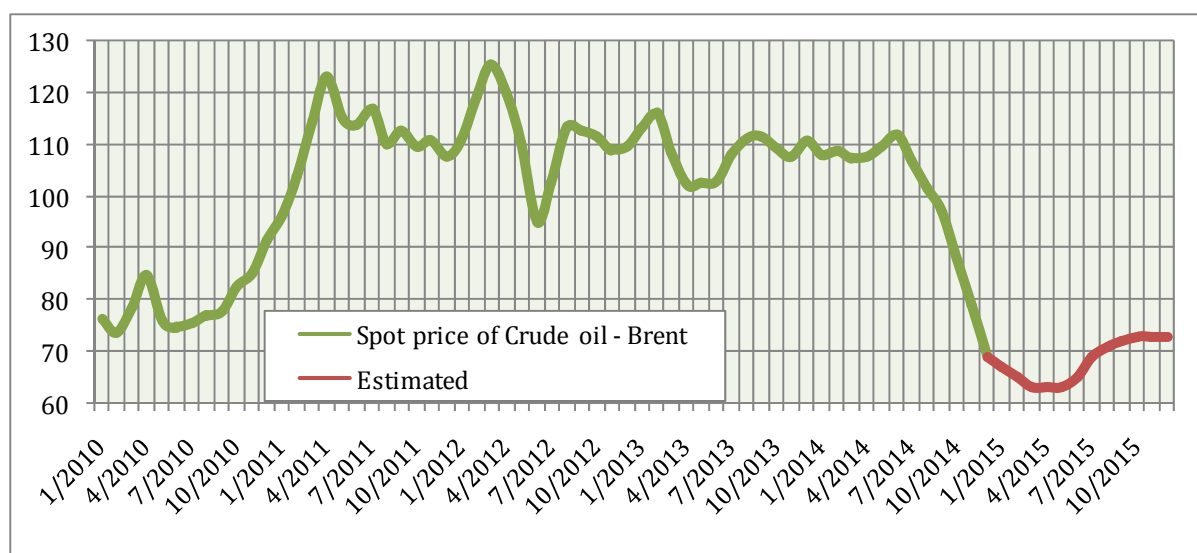


Figure 4.12. Price of crude oil on international market, USD / barrel

Source: According to the US Energy Information Administration data.

Although during the year the IMF has revised downward its forecast for global economic growth for this year, overall the global economy continued to recover. The economic growth appeared to be more robust in developed countries, especially US and Canada. The EU economy faced a period of slow economic growth and regional disparities persisted. Japan’s economic growth downgraded. With regard to developing countries, the situation in the CIS was particularly tense.

USA. In the third quarter the US economy grew by 5% compared to the previous quarter (based on seasonally adjusted data series), recording an annual growth of 2.7%. This primarily reflected positive influence of increased domestic consumption, especially of durable goods and services, and the foreign demand that sustained rise in exports and non-residential fixed investment (plants, equipment, and intellectual property products). Unlike the EU countries and Japan, US economic growth was more robust over this year. The labour market strengthened and the unemployment rate dropped both compared to previous quarters and to similar period of 2013. Although the annual inflation rate was below the 2% target in the third quarter, prices rose faster than over the similar periods of the previous year.

Table 4.8. Development trends in major trading partners of the Republic of Moldova (y-o-y, %)

		USA	EU-28	Romania	Russian Federation	Ukraine
A	1	2	3	4	5	6
GDP	Q2 2013	1.8	-0.1	1.4	1.0	-1.0
	Q3 2013	2.3	0.2	4.2	1.3	-0.9
	Q2 2014	2.6	1.3	1.4	0.8	-4.6
	Q3 2014	2.7	1.3	3.2	0.7	-5.3
Unemployment rate	Q2 2013	7.5	10.9	7.2	5.4	8.0
	Q3 2013	7.2	10.9	7.0	5.2	7.6
	Q2 2014	6.2	10.3	6.9	5.0	9.2
	Q3 2014	6.1	10.1	6.8	4.9	9.0
Annual inflation rate	Jul-13	2.0	1.7	4.4	6.5	-0.8
	Aug-13	1.5	1.5	4.4	6.5	-0.4
	Sep-13	1.2	1.3	4.5	6.1	-0.1

Table 4.8 – continue

A	1	2	3	4	5	6
	Jul-14	2.0	0.5	1.6	7.4	12.6
	Aug-14	1.7	0.3	1.3	7.6	14.2
	Sep-14	1.7	0.4	0.9	7.8	17.5
Exports of goods	Q2 2013	1.6	8.8	9.4	-3.4	-9.8
	Q3 2013	2.7	7.1	21.6	4.2	-9.1
	Q2 2014	3.3	-1.8	10.9	3.9	-8.2
	Q3 2014	4.2	-1.2	6.1	-4.0	-14.3
Imports of goods	Q2 2013	-1.2	-3.8	-2.4	2.9	-21.9
	Q3 2013	1.6	-1.2	11.2	0.0	-1.7
	Q2 2014	4.5	4.6	12.3	-4.7	-18.8
	Q3 2014	3.7	1.6	4.1	-8.5	-37.8

Source: According to the OECD, Eurostat and national statistical offices of the Russian Federation and Ukraine.

Note: 1. Unemployment rate for Ukraine is presented according to official data of Ukraine and reflects the indicator at the beginning of the year (for a cumulative period). 2. Ukraine's economic growth in the II quarter does not include estimates for Autonomous Republic of Crimea and Sevastopol city.

European Union. In the third quarter EU countries continuously posted moderate economic growth and in October the IMF revised downward its forecasts of economic growth in the EU for 2014. In July-September 2014, the EU-28 showed a growth of 1.3% compared to the same period last year and 0.3% compared to the previous quarter, while the Eurozone-18 had slower growth equating to 0.8% compared to the same period last year and 0.2% more than in the previous quarter. All the components of GDP use indicate a modest contribution: domestic consumption, although influenced positively the GDP growth, reflects a small increase, fixed investment and foreign trade had a negative contribution. Besides, the situation on the labour market recovered slowly with unemployment rate over 10%, while price trends recorded a continuous moderating trend in the third quarter compared with the same months of the previous year. However, the EU's monetary policy remained focused on stimulating economic activity, accelerating price increases and continuous reduction of unemployment rate.

Romania. In the third quarter of 2014, Romanian economy grew by 3.2% compared to the same period last year (based on raw data series), and according to calculations made based on seasonally adjusted data the annual growth was 3.3%, while compared with the second quarter of 19%. This increase was an unexpected one, given the modest developments in the first two quarters. With regard to the sectorial structure of the created added value, information and communication sector recorded dynamic growth, while agriculture and industry advanced insignificantly – 1,8% and 4,6% respectively. On the other hand, increasing exports of services had a positive impact, rising also domestic final consumption, but at a moderate annual rate of 3.3% (compared to 4.0 in Q3 and respectively 4.2% in Q1).

Russian Federation. In the third quarter, Russian economy recorded a modest growth of 0.7% compared to the same period last year. Therefore, in the first three quarters of 2014 it posted an annual growth of 0.8% compared with 1.1% in the same period of 2013. In addition to constraints faced by the Russian economy, in the third quarter the continuous and sharp drop in oil prices had a negative impact given that Russia is one of the leading export countries of this product. Reduction of foreign exchange inflows in the country, conditioned by reduction in fuel prices and, consequently, decrease in the surplus of the current account of balance of payments, decline of FDI inflow, in the context of investments outflow in the country, outlined a slight depreciation of the Russian ruble against the US dollar.

Ukraine. Ukrainian economy continued to develop negatively in the third quarter, posting annual economic growth of -5.3%. Given the utmost uncertainty in the country, under the

influence of political tensions caused by the conflict with the Russian Federation most economic indicators worsened. In all sectors of economy except for agriculture, financial and insurance sectors, also public administration and national defence, compulsory social security services there was a decrease in value added, which resulted in an increase in consumer prices. Gross capital formation decreased by approximately 30% compared to the same period last year. On the other hand, consumer purchasing power of the population declined recording a drastic decrease (of 11%) in domestic consumption. Activity rate of the population declined and unemployment rose, amounting to 9% in the first three quarters of 2014.

Chapter V

BUSINESS ENVIRONMENT

SMEs contribution to the development of the country. The role of small and medium enterprises (SMEs) has visibly grown in solving social and economic problems of the society in many countries throughout the world, regardless of their economic level development. Nowadays the role of SMEs in ensuring the employment of labour force, jobs creation, saturation of consumption market, middle class formation, creation and implementation of innovation is obvious.

Demography of the SMEs sector. In 2013 the National Bureau of Statistics (NBS) had records of 52.2 thousand economic agents, mostly from SMEs sector (97.5%). At the same time, the official statistics had the records of 31.7% out of all the enterprises registered with the State Registration Chamber.

Table 5.1. Structure of SMEs sector in the period 2006-2013, %

Indicators	2006	2007	2008	2009	2010	2011	2012	2013
Total number of enterprises, including:	100	100	100	100	100	100	100	100
SMEs sector, including:	98.3	98.3	97.6	97.8	97.7	97.5	97.5	97.5
Medium	4.8	4.5	4.1	3.6	3.4	3.2	3.1	3.1
Small	18.4	18.3	20.3	18.9	19.6	19.4	19.4	19.4
Micro	76.7	77.2	75.6	77.4	74.8	77.4	77.5	77.5

Source: Elaborated by the author based on the data of the National Bureau of Statistics.

Looking from a demographic perspective, the SMEs number recorded a constant positive growth during the period of 2006-2013 (from 35.5 thousand up to 50.9 thousand of SMEs).

In the total number of SMEs prevails the share of micro-enterprises. Their share was 77.5%, the share of small enterprises equated to 19.4%, and the share of medium enterprises was 3.1% in the total number of SMEs registered (see Table 5.1). During 2013 the number of micro, small and medium enterprises has registered a slow increase.

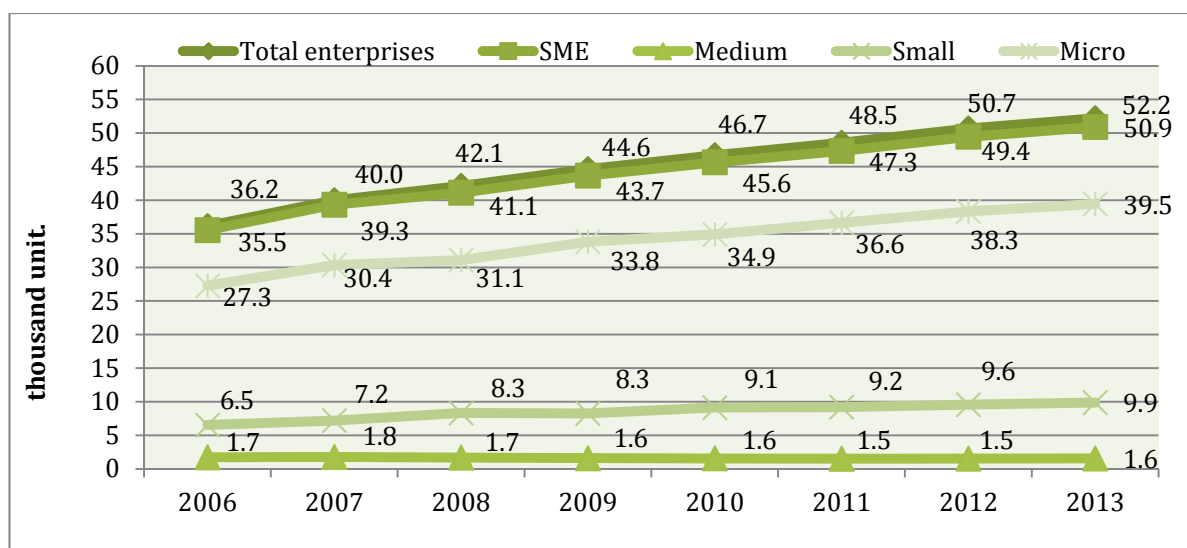


Figure 5.1. Dynamics of the number of enterprises during 2006-2013, thousand units

Source: Elaborated by the author based on data of the National Bureau of Statistics.

In 2013, as during the previous years, the number of SMEs continued its trend of sustainable positive growth, as registered by NBS (50.9 thousand units in 2013 versus 49.4 thousand units in 2012).

The data show an increase of SMEs number by 3.0% as compared to 2012 (see Figure 5.1; Table 5.2).

Table 5.2. Indicators of the number of enterprises during 2006-2013, measured in % compared to previous year

	Growth indicators							
	2006	2007	2008	2009	2010	2011	2012	2013
The total number of enterprises, including:	109.1	110.6	105.3	106	104.6	103.9	104.4	103.1
<i>SMEs sector, including:</i>	<i>109.6</i>	<i>110.6</i>	<i>104.5</i>	<i>106.2</i>	<i>104.5</i>	<i>103.7</i>	<i>104.5</i>	<i>102.9</i>
Medium	104	102.9	95	94.3	99.9	94.6	102.4	101.2
Small	101.6	109.9	115.8	99.2	110.5	100.7	104.1	103.2
Micro	112	111.3	102.4	108.7	103.3	105	104.6	102.9

Source: Elaborated by the author based on data of the National Bureau of Statistics.

Another important indicator that shows the development of SMEs sector is the density in a particular region, in other words the number of SMEs per 1000 inhabitants. This indicator shows as well the quality of SMEs development policy applied on a particular territory and the entrepreneurial activity of population. In the Republic of Moldova this indicator has reached (according to NBS data) 14.3 SMEs per 1000 inhabitants in 2013. In the recent years this indicator has registered a trend of constant slight increase: from 9.9 SMEs in 2006 up to 12.3 in 2009 and till 14.3 SMEs in 2013 (see Table 5.3).

Table 5.3. Number of SMEs per 1000 inhabitants (according to the NBS data)

Years	Number of SMEs, units	Number of permanent residents, thousand persons	Number of SMEs per 1000 inhabitants, units
2006	35,542	3,581.1	9.9
2007	39,320	3,572.7	11
2008	41,109	3,567.5	11.5
2009	43,658	3,563.7	12.3
2010	45,600	3,560.4	12.8
2011	47,337	3,559.5	13.3
2012	49,444	3,560	13.9
2013	50,900	3,557.6	14.3

Source: Calculated by the author based on National Bureau of Statistics data.

The role of SMEs in jobs creation. SMEs sector of the Republic of Moldova significantly contributes to jobs creation. In 2013, 56.9% of the total number of employees of the national economy was working in the SMEs sector, by 0.9 p.p. less compared to the previous year.

During 2008-2011 the total number of the employees from the enterprises in RM, including those employed in SMEs sector, registered with the statistical authority, has decreased on an annual basis. Nevertheless, in 2012 and 2013 a slight increase in the number of employees was registered, compared to 2011 and 2012 respectively. In this way, in 2013 the number of employees has grown by +5.3 thousand persons in the enterprises of all sizes. However, this increase was due to large enterprises, while the SMEs sector registered in 2013 a decrease of the

employees number compared to the previous period (-1.8 thousand persons) (see Figure 5.2; Table 5.4).

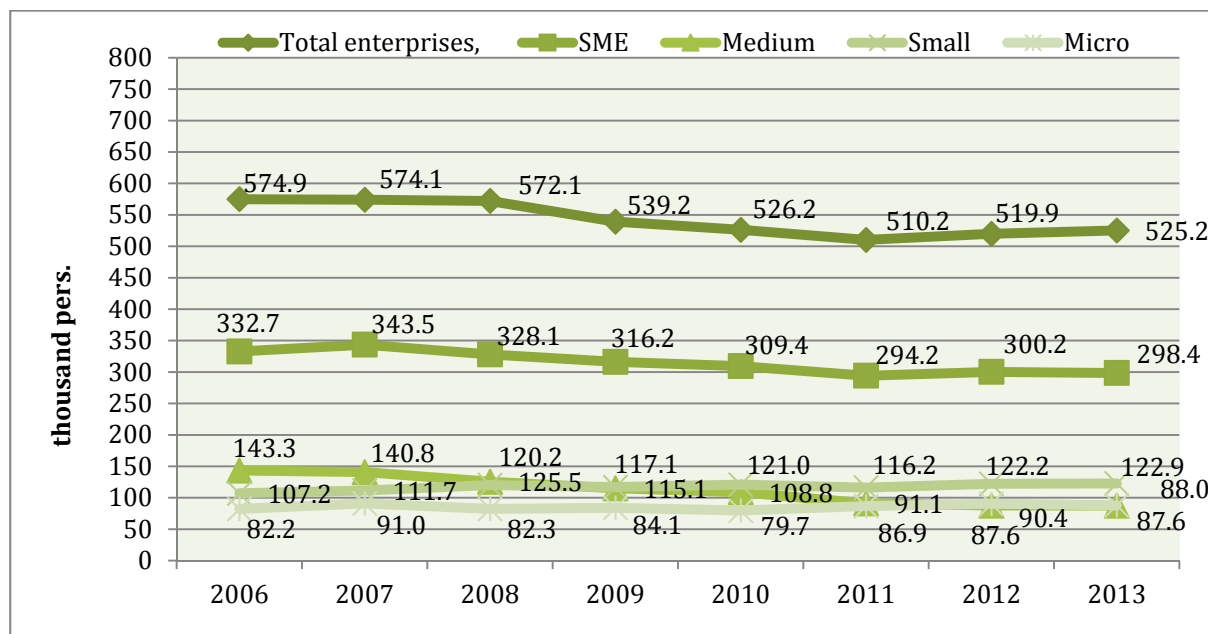


Figure 5.2. Dynamics of the average number of employees during 2006-2013, thousand persons

Source: Elaborated by the author based on the data of National Bureau of Statistics.

The distribution of the employees' number by different sizes of enterprises has shown that the largest share of the employees is working within small enterprises (41.2%); in medium enterprises – 29.3%; and micro-enterprises – 29.5% of all the employees of SMEs sector. The decrease of employment in the SMEs sector in 2013 was conditioned by the decrease of employees in micro-enterprises (the index was 97.3% versus 2012) (see Table 5.4).

Table 5.4. Indicators of the average employees' number during 2006-2013, compared to the previous year

	Growth indicators, %							
	2006	2007	2008	2009	2010	2011	2012	2013
Total number of enterprises, including:	99.5	99.9	99.7	94.2	97.6	97	101.9	101.02
SMEs sector, including:	104.9	103.2	95.5	96.4	97.8	95.1	102.1	99.4
Medium	98.6	98.2	89.1	91.7	94.5	83.8	96.1	99.9
Small	101.9	104.2	107.7	97.4	103.3	96.1	105.2	100.5
Micro	123.4	110.8	90.4	102.1	94.8	109	104.1	97.3

Source: Elaborated by the author based on the data of the National Bureau of Statistics.

Contribution of SMEs to goods production and value creation. In the Republic of Moldova, SMEs produce goods and services to meet mainly the internal market demand. The main indicators that allow to evaluate the results of SMEs activity and contribution are their share in the GDP and the sales indicators of SMEs sector.

In 2012 the share of SMEs in GDP (at market prices) accounted for 28.7%. During the period from 2007 through 2010 there has been observed a constant decreasing trend of this indicator from 35% to 28.3% respectively. In 2011 this indicator registered a small increase (29.5%), but consequently dropped by 0.8 p.p. compared to the previous year (see Figure 5.3).

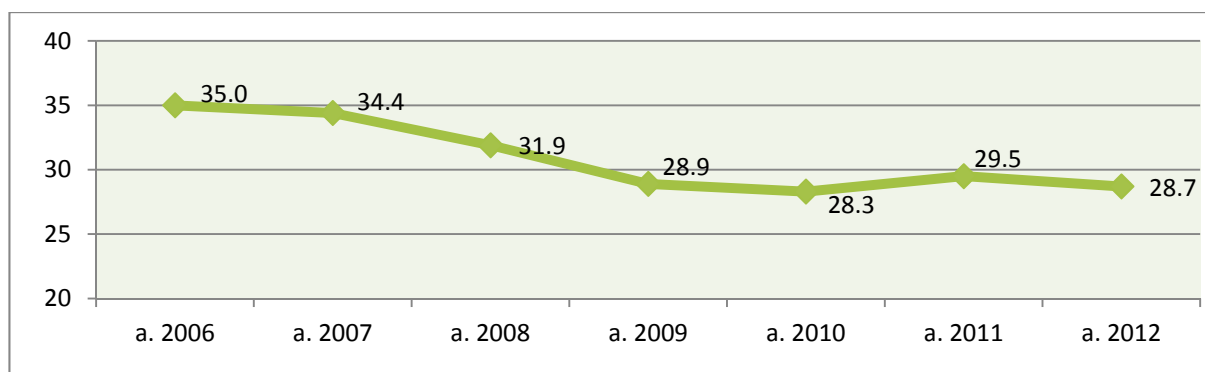


Figure 5.3. Share of SMEs in GDP during the period of 2006-2012, %

Source: According to the data of the National Bureau of Statistics.

During the period of 2010-2013 the sales revenues of SMEs registered an upward trend after its decline in 2009 (see Figure 5.4, Table 5.5). At the same time, the annual growth rate of SMEs in 2013 was bigger (105.9%) compared to the previous year, when its value was 101.6%.

Table 5.5. Sales revenues indicators during 2007-2013, compared to the previous year

	Growth indicator, %						
	2007	2008	2009	2010	2011	2012	2013
Total number of enterprises, including:	126.5	117.9	83.7	121.2	117	102	109.4
SMEs sector, including:	123	97.3	88.5	113.5	110.2	101.6	105.9
Medium	128.9	93.7	87.2	112.2	105.9	103.1	105.5
Small	116.8	111.1	86.6	116.8	111.9	100.8	106.7
Micro	128.5	69.2	99.7	105.1	114.8	101	104.5

Source: Elaborated by authors based on data of the National Bureau of Statistics.

For a detailed description of SMEs' contribution to the overall turnover value, the Figure 5.4 provides the development of this indicator for SMEs compared to large enterprises and the total number of enterprises during the period of 2007-2013.

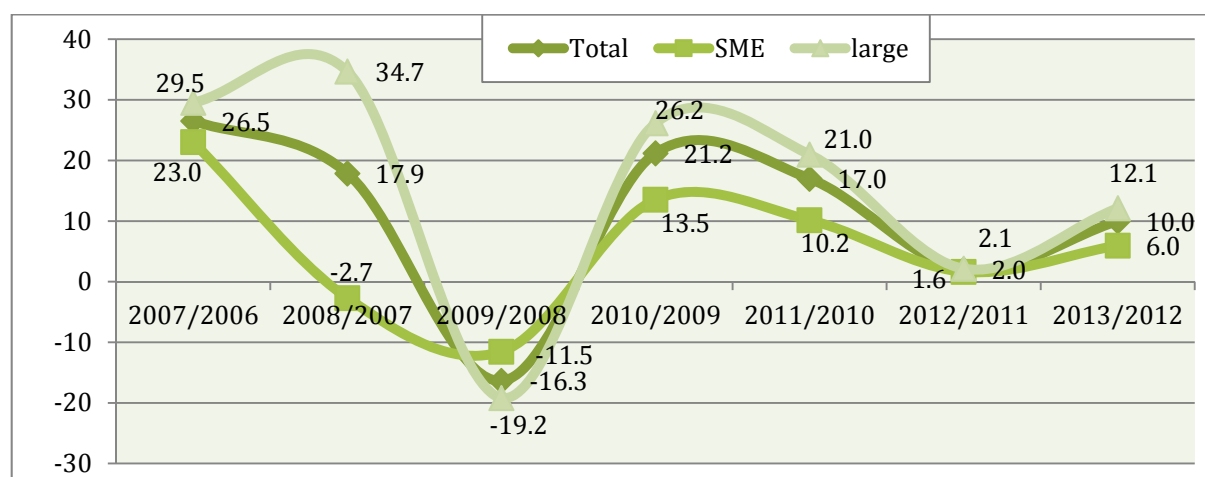


Figure 5.4. Dynamics of enterprises' turnover, percentage change compared to previous year, 2007-2013, (+/-%)

Source: Elaborated by authors based on data of the National Bureau of Statistics.

The analysed data show that during the periods of positive growth, the annual growth rate of SMEs' turnover was lower compared to the growth rate of large enterprises (periods of

2010/2009, 2013/2012). At the same time, although the turnover value has decreased during the crisis and reached negative values (2009/2008), it was still less steep for SMEs, even if the growth rates in the recovery year (2010) were significantly lower as compared to the large enterprises.

SMEs contribution to revenues generation. In the Republic of Moldova, in order to quantify this component of contribution, the indicator of SMEs revenues before taxation is applied, taking into account the statistical data.

The amount of profit/loss before taxation of all enterprises (including the SMEs' sector) increased considerably during 2006-2008. At the same time in 2008, when the SME sector had already recorded the decrease of indicators related to employment and the share in GDP, the profit kept on growing significantly. In 2009 the profit suddenly diminished at all categories of enterprises, while in 2010 it grew again exceeding significantly the level of the year 2007.

According to the outcomes, in 2013 the enterprises of SMEs sector obtained a profit before taxation in value of 2,008.5 million MDL (by 85,2% more compared to 2012, when it constituted 1,084.6 million MDL). Another aspect that should be covered: in 2013, the microenterprises reported, according to the annual totals, profit amounting to 84.2 million MDL (in 2012, these enterprises registered losses of - 24,8 million MDL)(see Table 5.6).

Table 5.6. Dynamics of profit (+)/ loss (-) before taxation in 2006-2013, million MDL

Indicators	Profit (+), loss (-) before taxation							
	2006	2007	2008	2009	2010	2011	2012	2013
Final results by enterprises, including:	4,965.6	10,836.3	15,549.4	3,666.8	13,169.8	14,427.5	4,706.6	4,131
SMEs sector, including:	1,748.1	3,777.5	5,483.2	2,243.2	5,456.9	5,180.2	1,084.6	2,008.5
Medium	587.1	1,486	1,847	725.6	1,931.5	1,972.1	393.6	657.1
Small	911.2	1,855.1	3,124.4	1,357.5	2,842.4	2,697.7	715.9	1,267.3
Micro	249.8	436.4	511.8	160.1	683	510.4	-24.8	84.2

Source: Elaborated by the author based on the data of the National Bureau of Statistics.

Analysing the profit/loss by ownership forms, it is worth mentioning that all ownership forms of SMEs (excepting the private and mixed ownership without foreign participation), including the foreign ownership and ownership of mixed enterprises, also incurred losses in 2013. This is explained by the fact that the level of shadow economy at enterprises with public and foreign capital is relatively lower (see Table 5.7).

Table 5.7. Amount of profit (+)/ loss (-) before taxation of SMEs in the year 2013 by ownership forms, million MDL

Ownership forms	Total SMEs	Including:		
		medium enterprises	small enterprises	micro enterprises
Total of SMEs	2,008.5	657.1	1,267.3	84.2
Public ownership	-24.8	-22.8	-3	1
Private ownership	2,651.6	1006	1,440.4	205.2
Mixed (public and private) ownership without foreign participation	11,5	-2,1	15,9	-2,3
Foreign ownership	-159,8	4,6	-112,4	-52
Ownership of mixed enterprises (with foreign participation)	-470	-328.7	-73.7	-67.7

Source: Elaborated by the author based on the data of the National Bureau of Statistics.

The resources of SMEs sector. In 2013 the average number of employees per 1 SME constituted 5.9 persons. However, in 1 medium enterprise there were employed 56.2 persons, in 1 small – 12.4 persons, in 1 micro- 2.2 persons. In the recent years, from 2006 to 2013, a stable reduction of employees' number per enterprise was recorded. This tendency was recorded both within enterprises of SMEs sector and large enterprises.

Table 5.8. Number of employees in 1 enterprise in the Republic of Moldova during 2006-2013, persons

Main indicators	2006	2007	2008	2009	2010	2011	2012	2013
Total number of enterprises, including:	15.9	14.4	13.6	12.1	11.3	10.5	10.3	10.1
Large enterprises	393.2	345.7	241.2	228.7	202	179.4	177.6	167.2
SMEs, including:	9.4	8.7	8	7.2	6.8	6.2	6.1	5.9
Medium	83.1	79.4	74.5	72.4	68	60.7	56.9	56.2
Small	16.4	15.5	14.4	14.2	13.3	12.6	12.8	12.4
Micro	3	3	2.6	2.5	2.3	2.4	2.4	2.2

Source: Calculated by the author based on the data of the National Bureau of Statistics.

Sales revenues per 1 employee recorded by one large enterprise are 2.6 higher compared to the same indicator for 1 SME.

Table 5.9. Outcomes per employee in large and SME

Main indicators	2013
Sales Revenues - average per economy, thousand MDL, including:	443.5
Large enterprises	685.8
SMEs	259.4
Profit - average per economy, thousand, MDL, including	7.8
Large enterprises	9.4
SMEs	6.7

Source: Calculated by the author based on the data of the National Bureau of Statistics.

The disparity of direct comparison of indicators pertaining to large enterprises and those of the SMEs sector is stated by the following data (see Table 5.10):

- Number of employees in 1 large enterprises constitutes 167.2 persons, which is by 28, 3 times more than the number of employees in 1 SME (5,9 persons).
- Sales revenues in 1 large enterprise are by 75.4 times higher than at a SME.

Table 5.10. Specific indicators of 1 enterprise during 2012-2013

Main indicators	2012	2013
Number of employees – in average per economy, persons, including:	10.3	10.1
Large enterprises	177.6	167.2
SMEs	6.1	5.9
Sales revenues–in average per economy, thousand MDL, including:	4.2	4.5
Large enterprises	112.1	114.7
SMEs	1.5	1.5
Profit before taxation –in average per economy, thousand MDL, including:	92.8	79.1
Large enterprises	2,9	1,565.3
SMEs	21.9	39.5

Source: Calculated by the author based on the data of the National Bureau of Statistics.

The region of the Republic of Moldova from the left bank of the Dniester River

During January – June 2014, in the region on the left bank of the Dniester River, 59.2% of the organizations and enterprises obtained net profit and, respectively, 39.1% incurred losses (excepting small entities, banks, budget and insurance organizations). Among organizations that recorded net profit during January-June 2014, the highest weight is that of trade organizations and public catering (78.2%). In terms of value, just as in the previous year, the industrial enterprises recorded higher net losses (77.9% of total net losses), a 2.9 p.p. decrease compared to the same period of the previous year.

Table 5.11. Data on net profit (loss) of enterprises from the region on the left bank of the Dniester River by types of activity, January-June 2014

Types of activity	Number of organizations that registered net profit	In% from total number	Number of organizations that incurred net loss	In% from total number	Net profit, thousand RUB.	Net loss, thousand RUB.
Total	174	59.2	115	39.1	518742	425,828
including:						
Industry	38	47.5	42	52.5	181,588	331,813
Agriculture	16	64	8	32	53,227	19,075
Transportation	16	53.3	13	43.3	28,745	9,700
Communications	2	22.2	7	77.8	13,638	2,452
Constructions	10	55.6	6	33.3	6,371	6,836
Trade and public catering	68	78.2	19	21.8	213,122	6,999
Housing administration and communal services	6	35.3	11	64.7	906	10,438
Other branches	18	64.3	9	32.1	21,145	38,515

Source: Social and Economic Development of the Pridnestrovian Moldavian Republic, January – September 2014 (Социально-Экономическое Развитие Приднестровской Молдавской Республики, Январь-Сентябрь 2014)

Chapter VI

SOCIAL SECTOR

Demographic situation. One of the demographic trends that characterized the third quarter of 2014 was higher increase in the birth rate compared to the increase in death rate, which conditioned positive natural increase of the population. In January-September 2014 the total number of *live births* in the country, according to the NBS, was 29,068 persons, recording an insignificant increase of 3.9% compared to the same period of the previous year. The birth rate was 10.9 live births per 1,000 inhabitants. The number of *deceased* was 28,932 persons. The overall death rate increased by 3.7% compared to last year. The death rate was 10.9 deaths per 1,000 inhabitants. The natural increase amounted to 136 persons. The number of *deaths of children aged under 1 year* was 280 persons and increasing by 13 cases compared to the same period of the previous year. The infant mortality rate was 9.6 deceased aged under 1 year per 1,000 live births.

The structure of mortality by death cause reveals that most deaths (58.5%) were caused by diseases of circulatory apparatus. Malign tumours represent 15.1%, digestive system diseases – 8.6%, accidents, intoxications and traumas – 7.4%, respiratory system diseases – 4.4%, other classes – 6.0%.

The table below describes the demographic processes by development regions in January-September 2014.

Table 6.1. Demographic processes by development regions in January-September 2014, thousand persons

	Live births, persons	Deceased persons	Infants deceased, persons	Natural increase	Number of marriages	The number of divorces
Municipality Chişinău	7280	4734	89	2546	5061	1995
North	7587	9356	77	-1769	4623	2141
Center	8794	8889	73	-95	6016	2478
South	3937	4593	36	-656	2694	1115
U.T.A. Găgăuzia	1421	1350	5	71	911	326

Source: According to the data of the National Bureau of Statistics.

The cause of negative natural increase in the North, Centre and South is explained by the fact that healthcare is always better in cities compared to rural areas. At the same time, the negative natural increase is influenced by precarious situation in the country.

The number of marriages in the country and the number of divorces influence directly the demographic situation in each country, including the Republic of Moldova. The total number of *marriages* in the country was 19,319, increasing by 7.1% compared to the same period of the previous year. The marriage rate constituted 7.3 marriages per 1,000 inhabitants. Total number of *divorces* in the country amounted to 8,141, representing an increase of 4.5% over the same period last year. The divorce rate was 3.1 divorces per 1,000 inhabitants.

Migration of population. In January-September 2014, according to the Ministry of Internal Affairs, 2,367 foreign citizens and 277 repatriates received residence permits (permanent and temporary). In the structure of immigrants by purpose of arrival, work immigrants dominated with 42.8%, followed by family – 36.4%, citizens immigrated to study – 3.7%, other reasons – 17.2%.

Referring to country of emigration, foreign citizens are immigrants from: Romania – 607 persons, Ukraine – 336 persons, Russian Federation – 325 persons, Turkey – 235 persons, Italy – 153 persons, USA – 124 persons, France – 29 persons, Germany – 29 persons, Armenia – 25 persons, Syria – 25 persons, Israel – 24 persons, Bulgaria – 23 persons, Iraq – 23 persons, Belarus – 22 persons, other countries – 365 persons.

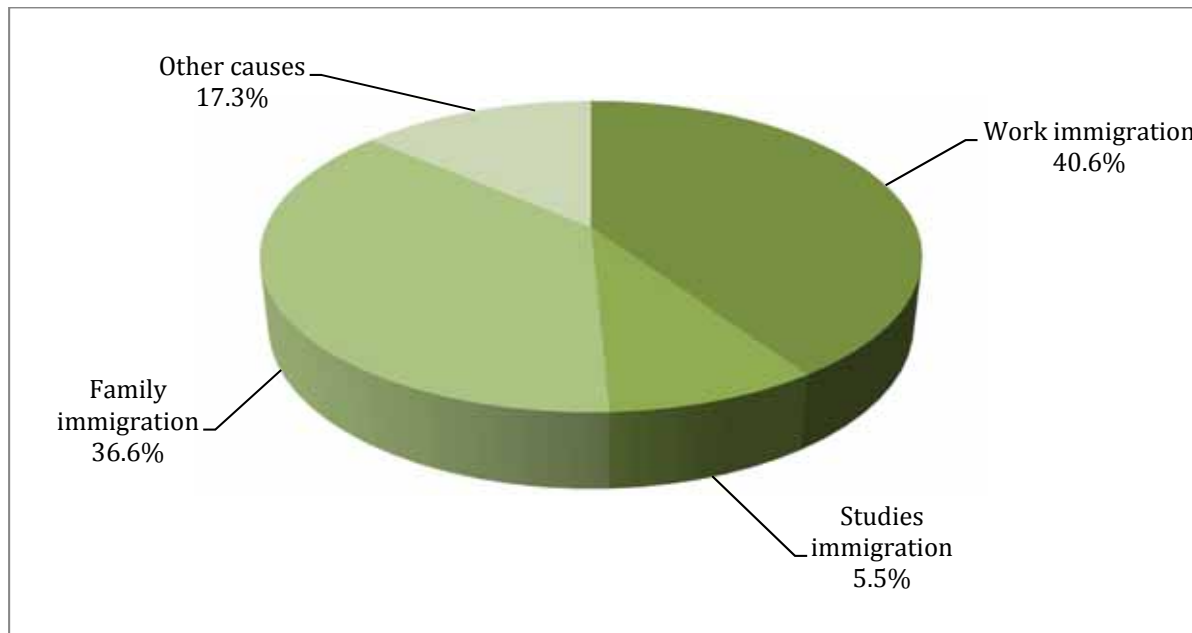


Figure 6.1. Distribution of foreign citizens by the purpose of arrival in the RM in January-September 2014, %

Source: According to the data of the Ministry of Internal Affairs.

The number of persons left abroad to work or looking for work, reported by households, according to the estimations of the NBS of RM, was about 349.8 thousand persons, compared to 364.2 thousand in 2013. 64.2% of those reported to have left were men. The share of persons left abroad from the rural areas was about 72.8%.

Labour market. One of the labour market trends that characterized the nine months was the growth of economically active population, while the number of inactive population decreased. In Q3 of 2014 *the economically active population* of the Republic of Moldova comprised 1,319.6 thousand persons, decreasing by 0.7% (8.6 thousand persons) compared to Q3 of 2013. The structure of economically active population was modified as follows: the weight of employed population increased from 96.1% to 96.7%, while the weight of unemployed decreased from 3.9% to 3.3%. There were no significant disparities by gender and areas amongst economically active persons: the weight of men (51.2%) slightly exceeded that of women (48.8%), and the weight of economically active persons from rural areas was higher than of the weight of active population from urban areas, recording 56.4% and 43.6% respectively.

Activity rate of population aged 15 and over was 44.2%, posting a decrease compared to the same quarter of last year (44.5%). This indicator reached a higher value among men – 47.5% compared to women – 41.1%. Activity rates by area registered the following values: 44.5% in urban areas and 43.9% in rural areas. In the age group of 15-29 years this index amounted to 31.7%, and in the age group of 15-64 years (working age in the European Union countries according to Eurostat methodology) – 48.8%, decreasing by 0.4 p.p. compared to the level of Q3 of 2013. The activity rate of the working-age population (under national law, 16-56 years for women and 16-61 for men) was of 51.6%.

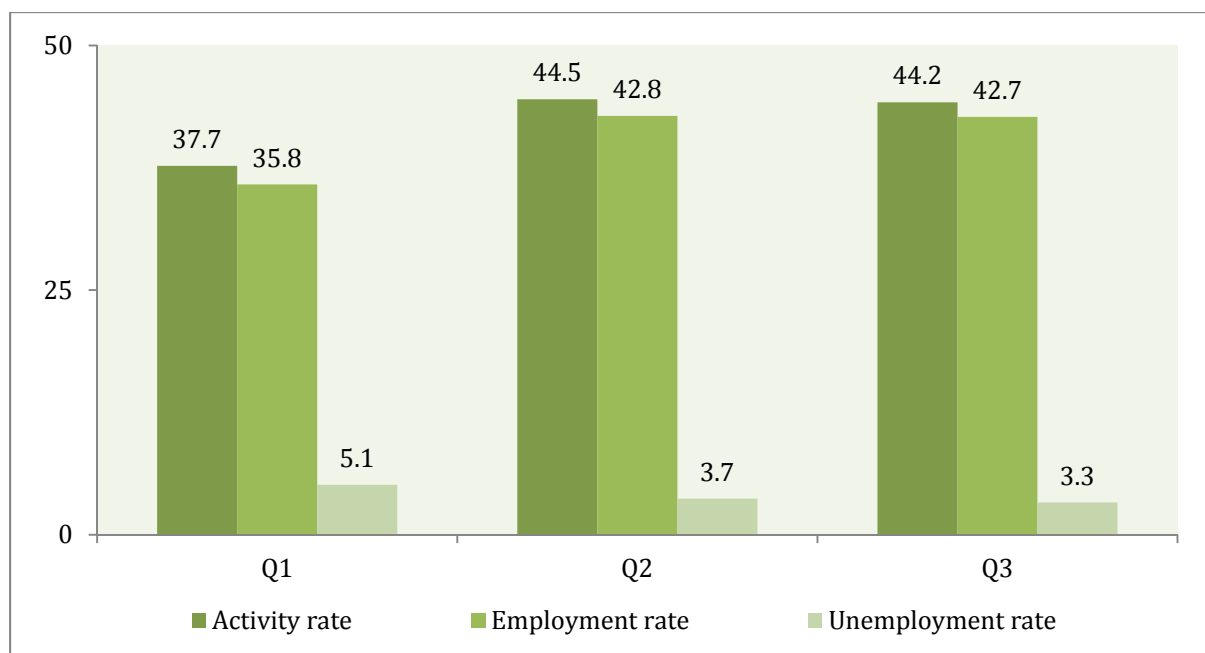


Figure 6.2. Major trends in the labour market of RM in January-September 2014, %
Source: According to the data of the National Bureau of Statistics.

Employed population amounted to 1,275.7 thousand persons, remaining basically at the level of previous year (-0.1% compared to Q3 of 2013). Similarly to economically active population, there we no disparities by gender (50.9% men and 49.1% women). The same applied for distribution by areas (43.0% in urban area and 57.0% rural area). *The employment rate of persons aged 15 and over* was 42.7%, registering the same value as in Q3 of 2013. That of men was higher (45.6%) compared to women – 40.0%. In the distribution by residence area, the employment rate was 42.4% in the urban area and 42.9% in the rural area. The employment rate of the working-age population (16 – 56/61 years) amounted to 49.8%, while that of the population aged 15-64 years was 47.1% and in the age group of 15-29 this indicator constituted 29.4%.

The distribution *by the activities of the national economy* we find that 432.1 thousand persons worked in the *agricultural sector* (33.9% out of the total number of employed persons). Comparing with Q3 of 2013, the number of persons employed in agriculture dropped by 4.2 thousand (-1.0%). The number of persons employed in the *non-agricultural activities* equated to 843.6 thousand, recording an increase of 3.1 thousand or 0.4% over Q3 of 2013. The weight of persons employed in *industry* was 11.7% (11.4% in 2013) and in *construction* - 7.1% (6.0% in 2013). The number of persons employed in industry increased by 2.7% and in construction by 18.5%, compared to the levels of the previous year. The *services sector* employed 47.3% of out of the total of employed persons, a decrease of 1.2 p.p. or 14.9 thousand persons, compared to Q3 of 2013.

As for the distribution *by ownership forms*, 76.0% of the population was employed in private ownership units and 24.0% – in public ownership units. Employment structure by professional status reveals that 64.0% are employees. In the informal sector there were 18.0% of all employed persons in the economy, and 35.2% had an informal job. Out of the number of informally employed persons employees amounted to 18.2% and 10.0% of all employees had an informal job. The number of underemployed persons was 71.6 thousand, which represents 5.6% of all employed persons. The number of persons in this category decreased by 16.3% compared to Q3 of 2013.

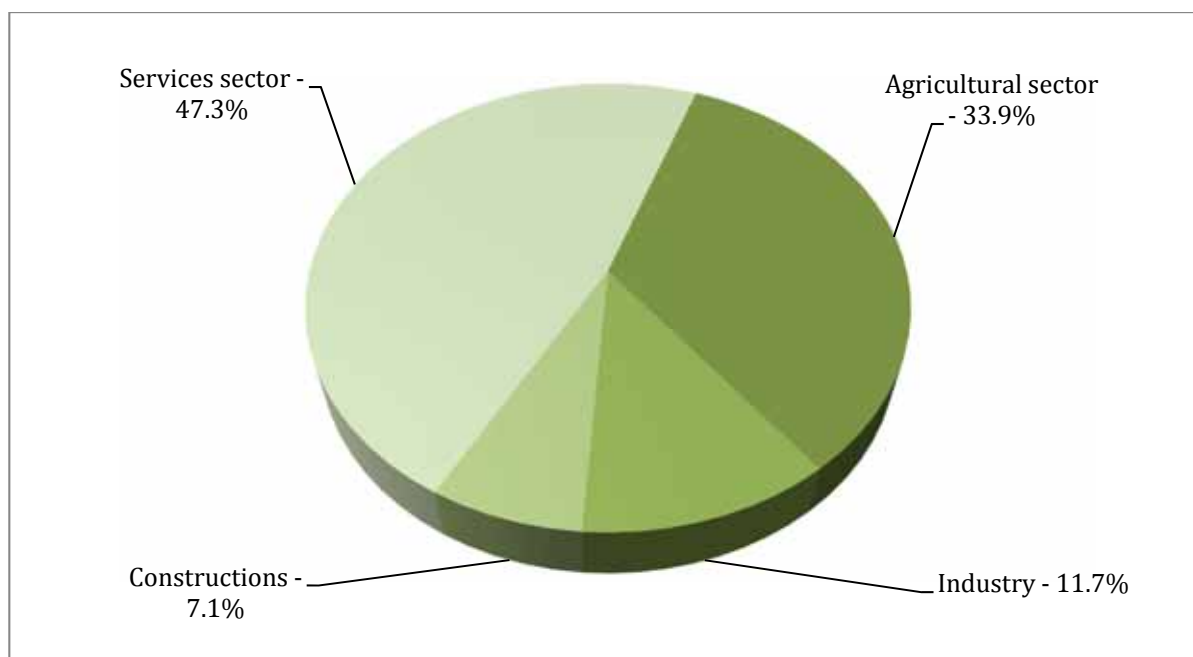


Figure 6.3. Distribution by activities of the national economy, Q3 of 2014, %

Source: According to the data of the National Bureau of Statistics.

The *number of unemployed persons* estimated according to ILO methodology was 43.9 thousand or 7.5 thousand less than Q3 of 2013. Unemployment hit a higher proportion of men – 61.5% of all unemployed, as well as people from urban areas – 60.6%. The unemployment rate on the country level recorded a value of 3.3%, which is less than in Q3 of 2013 (3.9%). The unemployment rate for men was 4.0% and for women – 2.6%. There were significant disparities between the unemployment rates in urban area – 4.6%, compared to rural areas – 2.3%. Among youth (15-24 years), the unemployment rate amounted to 9.5%. In the age group of 15-29 this index constituted 7.2%.

Inactive population aged 15 and over represented 55.8% of the total population of the same age group, or 10.1 thousand persons more (+0.3 p.p.) over the level recorded in this quarter of 2013. In terms of relation to the labour market, inactive population comprises two important categories: discouraged persons and persons who were declared by households as having left abroad to work or looking for work. Discouraged workers who could not find an appropriate job amounted to 14.6 thousand (compared to 14.9 in 2013).

Remuneration of labour. The overall trend in the field of labour remuneration had different characteristics during the period from January to September: at the beginning, in February there was a decrease in salaries compared to January, which can be explained by the fact that the annual bonus was paid in January (Government Decision no. 180 of 11.03.2013 on payment of the annual bonus to personnel of budget units), subsequently from February to the end of the period there was a stable trend of wage growth.

In *July 2014*, according to the NBS of RM, the average gross nominal salary earnings amounted to 4,328.8 MDL, increasing by 10.8% compared to the level of July 2013. In the public sector, in July this year, the average salary earnings were 3,762.8 MDL (+5.4% compared to July 2013). In the (real) economic sector salary earnings reached the level of 4,558.5 MDL (+12.7% compared to July 2013). The index of real salary earnings for July 2014, compared to July 2013 (calculated as ratio between gross nominal salary earnings index and consumer price index) constituted 105.2%.

In *August 2014*, the average gross nominal salary earnings amounted to 4,276.9 MDL, increasing by 11.6% compared to August 2013. In the public sector, in August this year, average salary

earnings equated to 3,848.7 MDL (+17.8% compared to August 2013). In the (real) economic sector salary earnings recorded the level of 4,451.5 MDL (+9.7% compared to August 2013). Real salary earnings index for August 2014, compared to August 2013 (calculated as ratio between gross nominal salary earnings index and consumer price index) was 106.2%.

In *September* 2014, the average gross nominal salary earnings were 4,267.7 MDL, posting an increase of 13.5% compared to September 2013. In the public sector, in September this year average salary earnings amounted to 3,595.8 MDL (+12.0% compared to September 2013). In the (real) economic sector salary earnings constituted 4,540.1 MDL (+14.1% compared to September 2013). Real salary earnings index for September 2014, compared to September 2013 (calculated as ratio between gross nominal salary earnings index and consumer price index) amounted to 108.3%.

The table below illustrates average gross nominal salary earnings by economic activity, in January-September 2014.

Table 6.2. The average gross nominal salary earnings by economic activity, in January-September 2014, MDL

Economic activities	January	February	March	April	May	June	July	August	September
<i>A</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
Total economy	3777.4	3717.9	3912.4	4009.1	4032.6	4203.9	4328.8	4276.9	4267.7
Agriculture, forestry and fishing	2345.9	2340.3	2596.1	2548.8	2501.6	2569.1	2823.9	2738.2	3162.8
Industry - total:	4072.7	3906.8	4164.1	4377.3	4458.0	4466.6	4623.6	4522.4	4643.1
Mining and quarrying	3353.1	3209.2	3970.2	4039.7	4227.8	4488.4	4923.1	4823.1	4923.7
Manufacturing industry	3693.7	3557.2	3788.2	3849.0	4048.0	4074.9	4241.5	4094.0	4152.1
Production and supply of electricity and thermal energy, gas, hot water and air conditioning	6489.4	6290.4	6643.9	7536.0	7165.8	7167.3	7116.4	7105.3	7976.7
Water distribution; sanitation, waste management, settlement activities	3966.8	3674.4	4041.7	4777.8	4404.6	4191.7	4478.2	4639.2	4319.2
Construction	3938.7	3694.6	3990.3	4117.1	4284.2	4405.9	4620.4	4497.6	4521.9
Wholesale and retail trade; maintenance and repair of vehicles and motorcycles	3282.4	3197.7	3324.6	3417.9	3531.2	3560.0	3689.2	3708.5	3689.2
Transport and storage	3662.4	3520.0	3692.9	3930.5	3952.6	4034.4	4103.3	4445.5	4336.2

Table 6.2 – continue

A	1	2	3	4	5	6	7	8	9
Accommodation and public catering	2625.2	2550.8	2663.3	2689.7	2736.6	2802.1	2856.0	2847.5	2830.8
Information and communications	7641.0	7417.2	8932.0	9379.3	8215.6	8290.6	8483.6	8159.6	10544.6
Financial and Insurance activities	7045.2	6714.8	7963.7	7899.1	7481.2	8128.6	8437.4	7767.4	6945.8
Real Estate transactions	3630.4	3582.9	3648.7	3891.3	3875.4	3952.9	4215.7	3999.8	3905.6
Professional, scientific and technical activities	5223.6	5002.2	5487.2	5345.4	5335.6	5499.0	5793.6	5363.1	5354.8
Activities of administrative services and support services	3019.3	2903.8	3094.4	3123.2	3243.5	3207.5	3309.0	3389.5	3370.9
Public administration and defence; mandatory social security	4911.7	4963.4	5134.3	5231.4	4963.0	5320.6	5842.1	5364.7	4789.8
Education	2956.8	3119.5	3059.1	3012.5	3240.0	3664.6	3294.0	3655.8	3535.1
Health and social care	3460.6	3382.0	3461.5	3776.0	3820.7	3950.2	4440.7	4163.5	3949.7
Art, entertainment and recreation activities	2567.7	2637.3	2491.5	2478.8	2551.9	2745.2	2659.4	2412.0	2577.8
Other services	5376.2	5473.4	7061.3	5577.2	6384.4	6864.9	6264.7	6259.4	6340.8

Source: According to the data of the National Bureau of Statistics.

Methodological specification: Starting with January 2014, according to the NBS of RM, the new version of Classification of Activities Moldovan Economy (CAME Rev.2), fully harmonized with the Nomenclature of Economic Activities in the European Community (NACE Rev. 2) was implemented in practice. The new classifier is significantly different from the previous version (CAEM Rev.1). Therefore, at the moment it is not possible to present indicators on growth rates by separate activities.

Disposable income of population in Q3 of 2014 amounted to a monthly average per capita of 1,787.4 MDL, increasing by 1.8% over the same period of 2013. In real terms household income showed a decrease of 3.1% (consumer price index in Q3 of 2014 versus Q3 of 2013 was 105.1%). Compared to Q2 of the current year, household income at current prices also rose by 1.8%.

Salary payments were the most important source of income, 40.7% of total disposable income, the contribution thereof decreased by 1.1 p.p. compared to Q3 of 2013. In Q3 of 2014 social security benefits contributed to the formation of household income in proportion of 21.4%, posting an increase of 1.1 p.p. over the same period last year. Income from self-employment activities represented 15.6% of household income; including 9% – income from individual

Box 6.1. Average monthly nominal wage and minimum wage in the CIS countries, I semester 2014

	Average monthly nominal wage, calculated in I sem. 2014 ¹		I sem. 2014 to I sem. 2013	Real wage, I sem. 2013	Amount of minimum wage, July 1, 2014		
					National currency units	US dollar	In relation to subsistence minimum
			%	%			%
Azerbaijan, manat	438	559	106.5	104,7	105	134	84
Armenia, dram	160914	395	107.1	103,0	45000	110
Belorus, belorussian ruble	5765000	565	120.8	120,9	1756730	172	129
Kazakhstan, tenge	115017	627	110.5	104,1	19966	109	88
Kirgizstan, som	11668	224	107.9	101,9	900	17	17
Moldova, lei	3892	278	108.3	102,8	600	43	35
Russia, ruble	31492	936	110.5	103,3	5554	165	63
Tajikistan, somoni	874	177	127.3	120,9	250	51
Ukraine, hryvnia	3368	285	105.3	99,6	1218	103	100

¹ Azerbaijan, Kirgizstan and Moldova – data for January-May 2014.

Source: Department for Protection of social and economic interests of employees (<http://www.vkp.ru/docs/47/539.html>)

Although the average nominal salary in Moldova's economy has increased over the last years, it still remains at the lowest level in the CIS countries. The highest average monthly nominal salary in CIS countries (equivalent in USD) was recorded in the Russian Federation (936 USD), and the lowest – in Tajikistan (177 USD), i.e. difference of 5.3 times. In terms of this indicator, the Republic of Moldova (278 USD) exceeds only 2 countries: Kirgizstan (224 USD, i.e. by 24%) and Tajikistan (57.1%).

agricultural activity, and 6.6% – income from individual non-agricultural activity. Money transfers from abroad remained to be an important source of household budget. On average, these represented 18% of total income, and their contribution was 0.5 p.p. higher than in the same period last year.

Depending on the residence area, it is found that the revenues of urban population were on average by 469.4 MDL or 1.3 times higher comparing with the revenues of the rural population. The main source of income for the population in urban areas is employment, representing 50.7% of total revenues (54.7% in Q3 of 2013) and social security benefits - 22.4% (20.1% in Q3 of 2013). In rural areas, the most important source of income is also employment (30.6%), though its contribution is 1.7 times lower than in urban population. At the same time, income obtained from individual non-agricultural activity ensured 16.1% of the total disposable income. The rural population compared to the urban is dependent to a greater proportion on transfers from abroad, thus the weight thereof in the income amounted to 23.3% compared to 12.7% for the urban population.

With regard to the structure of household disposable income, monetary revenues are predominant equating to 89.8%, while in-kind income represented 10.2%. In absolute terms, monthly average value of monetary revenues was 1,605.9 MDL per capita, and that of in kind -

181.6 MDL. Monetary revenues represent 95.5% of household income in urban areas, while in rural areas the weight thereof was 84.1%.

Average monthly consumption expenditure of population in the third quarter of 2014 were in average 1,831.8 MDL per capita, decreasing by 3.0% compared to the same period last year. In real terms, population spent on average by 7.7% less compared to Q3 of 2013. Comparing with Q2 of the current year, there was an increase in consumption expenditure in current prices by 1.3%. The decrease in overall consumption expenditure was driven preponderantly by household costs reduction in urban areas.

Most of the expenses were meant to cover food consumption needs – 43.6% (2.7 p.p. more than in Q3 2013). The increased weight of food products in the structure of consumption expenditure was determined by rising food prices (the consumer price index for food products in Q3 of 2014 versus Q3 of 2013 was 106.2%), which overrun the growth rate of households disposable income. On the average, a person allocated for housing maintenance 19.9% of total consumption expenditure (- 0.3 p.p. compared to Q3 2013), for clothing and footwear – 10.7% (-0.5 p.p.), health care services – 5.3% (-0.5 p.p.). Other expenses comprised: communications (4.2% compared to 4.0%), transport (4.1% versus 5.1%), housing facilities – 3.8% (the level of the previous year), education (0.7% compared to 0.8%), etc.

On the average, monthly consumer expenditure of urban population totalled 2,078.6 MDL per capita, which is by 438 MDL or 1.3 times more than in rural areas. In urban areas, to ensure consumption of food products, the population allocated 42.8% of the monthly consumption expenditure (38.6% in Q3 2013), and in rural areas – 44.4% (43.3% in Q3 2013). The urban population spent more for transport expenses (4.5% compared to 3.8% in rural areas), communication services (4.5% versus 3.9%), hotels, bars and restaurants (2.1% versus 0.9%), recreational services (1.6% versus 0.7%).

In the structure of total consumption expenditure of the population, monetary expenses prevailed amounting to 90.1%, while in-kind expenditures represented 9.9%. In urban households in-kind expenses constituted 4.4% of the total consumption expenditure, which usually include cases of consumption of food products received free of charge from outside the household (relatives, material aid, etc.). In rural households, in-kind expenses consist of consumption of food products obtained from household plots and amounted to 15.3% of total consumption expenditure.

Social protection of the population. According to the data of the National Social Insurance House, the number of pensioners registered with social protection bodies as of October 1, 2014 was 664.7 thousand persons or by 8.3 thousand persons more compared to October 1, 2013. The average monthly pension (indexed) amounted to 1,089.2 MDL, increasing by 6.7% compared to October 1, 2013. Regarding the structure of pensioners, old-age pensioners represented the largest share of 75.8%, followed by the category of disabled pensioners and survivors, respectively 20.1% and 2.3%, and other categories - 1.8%. About 56 thousand persons receive social benefits, the largest category of beneficiaries are the disabled since childhood (48.5%). In January-October 2014, 70.0 thousand persons received allowances for childcare, 51.1% of which are insured persons.

Healthcare. In January-September 2014, the morbidity of the population because of some infectious diseases, according to preliminary data of the Ministry of Health, was characterized by the increase of disease cases by viral hepatitis, acute intestinal infections, pediculosis. During this period there were fewer cases of chickenpox, acute respiratory infections with multiple localizations, cases of influenza, epidemical parotitis etc.

In case of the morbidity of "socially determined" diseases there was a reduction of these diseases. In January-September 2014, there were 70 human immunodeficiency virus (HIV)

carriers. Also, there were 12 patients registered diagnosed with acquired immune deficiency syndrome (AIDS).

Crimes. According to data provided by the Ministry of Internal Affairs, in January-September 2014 there were 30.3 thousand crimes or 11.0% more than in the same period of the previous year. On average, there were 85.2 crimes per 10 thousand inhabitants recorded during this period. The highest level of criminality was registered in municipalities Chisinau and Balti with 134.4 and 96.9 crimes per 10 thousand inhabitants, while the lowest level of criminality was recorded in Riscani district – 46.1 crimes per 10 thousand inhabitants.

In January-September 2014, there were by 69.6% more crimes against family and minors, in particular cases of domestic violence +77.3%. At the same time, there were more economic crimes – 28.5%, security and public order crimes – 12.6%, public health and social living – 14.9%, sexual crimes – 9.2%, against property – 6.8%. Thefts remained predominant in the structure of crimes, with a weight of 39% of all crimes. During this period there were fewer crimes against life and health.

In January-September 2014, almost every ninth crime was committed in public places, and there were 37 crimes committed involving the use of firearms, explosives and grenades, 10 of which were cases of intentional injury and hooliganism, 6 cases of murder, 3 cases of robberies. As a result of committed crimes, 461 persons died, which was 10 persons fewer than in January-September 2013. The main causes of death were traffic accidents (32.3%), murders (21.5%) and intentional harming (15.4%). Out of the totally recorded crimes, every sixth is committed by persons of working age, but unemployed. The weight of crimes committed by minors or with their participation was 3.0%.

In January-September 2014, there were 1,851 road accidents registered or about 7 accidents every day. As a result of these accidents 215 persons (including 13 children) died and 2,353 persons were injured (including 278 children). On the average, there are 52 road accidents per 100 thousand inhabitants.

According to the data of Civil Protection and Exceptional Situations Service of the Ministry of Internal Affairs, in January-September 2014, there were 1,364 cases of fires registered, or 18.3% more compared to the same period of the previous year. These fires caused 78 deaths, and the value of losses amounted to 54.8 million MDL.

Region of the Republic of Moldova from the left bank of the Dniester River⁹

Labour market. On October 01, 2014 *employed population* amounted to 103.7 thousand persons, decreasing by 1,364 persons or 1.3% compared to January-September 2013. On October 01, 2014, the number of citizens who were engaged in any activity, registered with unemployment agencies, was 4,844 persons, or an increase of 29.3% over the same period of the previous year. Out of the total number of registered citizens 2,809 were women (58.0%). Overall, from January to September 2014, 1,620 persons were employed through Transnistrian Employment Agency. In January-September 2014, professional consultations with students were conducted: 224 group consultations that covered 3,666 persons and 575 individual consultations for 565 persons; with the adult population: 4,877 individual consultations that involved 4,714 persons. Thus, for professional training 333.6 thousand rubles were spent, including payment of scholarships in amount of 170.8 thousand rubles, while for unemployment benefits 14,166.1 thousand rubles were spent. The average amount of *unemployment benefits* in January-September 2014 amounted to 425.2 rubles.

⁹ The analysis of the social sector of the region of the Republic of Moldova from the left bank of the Dniester river was elaborated based on the data provided by the Statistical Service of Transnistria.

Remuneration of labour. In January-September 2014, the calculated *average monthly nominal salary* of an employee, except for small business entities, was 4,036 rubles (or 364 USD at the official exchange rate of the monetary authority from the left bank of Dniester river - representing 108.0% compared to January-September 2013)¹⁰, increasing by 8.0% compared to January-September 2013.

In the analysed period, the average monthly nominal salary calculated for an employee was higher than the average salary in the region in the following economic branches: "Electro- and radio-communications" (9,517 rubles or 857 USD), "Banks and credits" (8,180 rubles 737 USD), "Collection of ferrous and nonferrous metals waste" (5,775 rubles or 520 USD), "Insurance" (5,464 rubles or 492 USD), "Construction" (5,174 rubles or 466 USD), "Physical culture, entertainment and tourism" (5,160 rubles or 465 USD), "Industry" (5,153 rubles or 464 USD), "Transport" (4,363 rubles or 393 USD), "Trade and public catering" (4,338 rubles or 391 USD), "General trade activity" (4,334 rubles or 390 USD).

At the same time, the average monthly nominal wage calculated for an employee was lower than the average salary in the region in the following economic branches: "Forestry" (1,925 rubles or 173 USD), "Geology and Meteorology" (1,993 rubles or 180 USD), "Social assistance" (2,025 rubles or 182 USD), "Postal communications" (2,093 rubles or 189 USD), "Culture and Art" (2,402 rubles or 216 USD), "Administration bodies" (2,562 rubles or 231 USD), "Health" (2,725 rubles or 245 USD), "Education" (2,655 rubles or 239 USD), "Science" (2,832 rubles or 255 USD), "Agriculture" (3,317 rubles or 299 USD).

In the industry, the highest average nominal monthly salary in January-September 2014 was recorded for workers of the following areas: electricity – 512 USD, which is 40.9% more than the average salary in the region; steel industry – 630 USD or 73.2% of the average salary of the economy, construction materials industry – 464 USD or 27.7% more than the average salary of the economy. The lowest average monthly nominal salaries calculated for January-September 2014, had workers of the following industry sub-branches: other industry branches – 252 USD, which is 30.7% lower than the average salary in the region; wood processing industry – 253 USD, or 30.6% lower than the average salary; printing industry – 326 USD, which is 10.2% lower than the average salary in the region; chemical industry – 367 USD or 0.9% more than the average salary of economy.

Social protection of the population. In July-September 2014, the average number of pensioners was 140,156 persons, of whom 135,872 persons receive labour pension and 4,284 persons – social pension. The average amount of monthly pension established for the period from July to September 2014 was 1,351.63 rubles (labour pension – 1,374.40 rubles, social pension – 629.42 rubles), which is 7.0% more compared to same period last year.

Subsistence minimum. In Q3 2014, on average, the monthly subsistence minimum was 1,321.01 rubles per person, which is a 7.7% increase over the same period of the previous year.

In September 2014 the amount of subsistence minimum by categories of population able to work was: for men – 1,472.74 rubles per month, for women – 1,345.98 rubles per month. The subsistence minimum of pensioners was 1,089.81 rubles per month, that of children under 6 years – 1,184.30 rubles per month and the subsistence minimum of children from 7 to 15 years – 1,438.81 rubles per month.

¹⁰ The average official exchange rate of the monetary authority from the left bank of the Dniester river in January-September 2014: 1 USD = 11.1000 rubles; 1 MDL = 0.8107 rubles (http://www.cbpmr.net/resource/svk_jan_sent_2014_narast_itog.pdf).

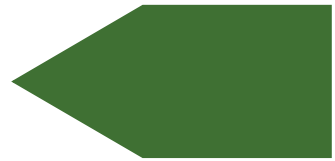
Table 6.3. Subsistence minimum of population in the region of the Republic of Moldova from the left bank of the Dniester River, in January-September 2014
(average per person, rubles per month)

	Total population	Including				
		Able to work		Pensioners	Children	
		Men	Women		under 6 years	from 7 to 15 years
January	1314.27	1446.26	1353.68	1098.19	1184.64	1454.96
February	1319.64	1452.41	1358.69	1102.99	1189.50	1460.80
March	1313.28	1443.48	1353.66	1097.48	1184.92	1455.10
April	1321.11	1451.68	1362.36	1104.19	1193.26	1461.47
May	1363.48	1495.13	1403.00	1142.39	1238.56	1516.67
June	1350.52	1481.97	1390.97	1131.31	1222.70	1497.57
July	1310.13	1433.66	1352.31	1096.35	1194.30	1453.66
August	1293.67	1415.93	1336.80	1082.96	1177.63	1429.07
September	1302.95	1427.74	1345.98	1089.81	1184.30	1438.81

Source: According to the data of Statistical Service of Transnistria.

Crimes. In January-September 2014, the public order protection bodies registered 8,212 complaints and reports regarding crimes or 4.6% less than in January-September 2013. There were 3,491 crimes recorded, posting a decrease of 6.7% compared to the same period last year. Out of total crimes recorded: 31 were murders, 57 – intentional serious injuries, 168 – crimes related to illegal arm trafficking, 69 crimes committed by use of arms, munitions and explosives, 328 – crimes against public order, 445 – drug-related crimes, 111 – swindles, 844 – thefts, 111 – robbery and 907 other crimes, etc. As a result, 1,975 persons suffered crimes, of which 56 persons (2.8%) died and 54 persons (2.7%) had serious health injuries.

STATISTICAL ANNEX



Period	Sources of GDP																					
	GDP			GVA			Agriculture			Industry			Constructions			Other activities			Net taxes on products			
	mil. lei, current prices	%, previous year	%, current prices	mil. lei, current prices	%, previous year	%, current prices	mil. lei, current prices	%, previous year	%, current prices	mil. lei, current prices	%, previous year	%, current prices	mil. lei, current prices	%, previous year	%, current prices	mil. lei, current prices	%, previous year	%, current prices	mil. lei, current prices	%, previous year	%, current prices	
2009	60429.8	94	93.6	50809.2	93.6	90.1	8030.8	80.1	2108.7	73.2	35535.2	99.5	9620.6	95.8								
2010	71885.5	107.1	106.2	59920.7	106.2	107.4	9534.8	108.9	2437.5	112.7	39291	105.1	11964.8	111.7								
2011	82348.7	106.8	106.3	68390	106.3	105.2	11518	110.2	2720	101.9	45831	101.3	13959	109.6								
2012	88227.8	99.3	99	73686	99	79.9	12314	100.8	3041	101.8	50178	103.2	14542	100.8								
2013	100510	109.4	110.2	83719	110.2	146.6	14328	107.6	3373	105.3	55346	103.9	16791	105.1								
Quarter I 2012	18095.8	101	101.5	15268	101.5	101.6	2771	97.9	395	109.8	11698	102.4	2828	98.4								
Quarter II 2012	21199.4	100.6	100.5	17821.6	100.5	92.5	2914.5	104.3	1105	100.9	12277.7	101.2	3377.8	101.3								
Quarter III 2012	26106.8	98.3	97.4	22026.6	97.4	69.2	3389.6	102.3	1059.2	100	14092.5	104.4	4080.2	103.4								
Quarter IV 2012	22445.3	97.5	96.5	18203.5	96.5	70.8	3232.9	96.5	482.1	101.8	12109.6	104.6	4241.8	101.4								
Quarter I 2013	19672.7	103.5	102.9	16201	102.9	82.4	2960	102.2	522.5	110.5	12283.7	102.5	3471.8	106.6								
Quarter II 2013	23703.3	106.1	105.9	19649	105.9	103.8	2961.7	113.4	1182.5	100.8	13388.1	104.6	4054.4	106.7								
Quarter III 2013	29936.4	112.9	114.2	25436.1	114.2	159.8	3836	107.5	1128.7	102.2	15117.7	104.3	4500.3	105.6								
Quarter IV 2013	26566.7	111.2	112.5	21792.1	112.5	152.2	3633.8	107.4	600.4	116	14610.8	104.5	4774.6	105.2								
Quarter I 2014	21469.2	103.6	104.2	17888	104.2	98.4	3294.5	107.1	601.2	108.5	13543.3	103.4	3581.2	100.9								
Quarter II 2014	26226.1	104.2	104.9	21931.9	104.9	107.4	3836	104.2	1414.7	110.4	14865	104.5	4294.2	101.2								
Quarter III 2014	34027.3	105.9	106.3	29283.9	106.3	108.6	4254.7	105.7	1283.2	113.8	18546.1	104.9	4743.4	103.3								

Source: According to the National Bureau of Statistics data.

Period	Uses of GDP													
	GDP			Final consumption			Gross capital formation			Stock variation			Net exports	
	mil. lei, current prices	% previous year	mil. lei current prices	% previous year	mil. lei current prices	% previous year	mil. lei current prices	% previous year	mil. lei current prices	% previous year	mil. lei current prices	% previous year	mil. lei current prices	% previous year
2009	60429.8	94	68574	93.1	13655	69.1	329.7	9.5	-22128.8					67.6
2010	71885.5	107.1	83240.3	107.3	16262.6	117.2	648.1	157.9	-28265.5					114.8
2011	82348.7	106.8	96090.5	107.3	19178.8	113	725.2	x	-33645.8					x
2012	88227.8	99.3	103062.6	100.9	20864.1	101.8	-3.2	x	-35695.7					x
2013	100510	109.4	113169	105.2	23062	103.8	1721	x	-37442					x
Quarter I 2012	18095.8	101	23464.8	101.9	2439	101	272.2	105.3	-8080.2					x
Quarter II 2012	21199.4	100.6	24687.8	99.6	5001	99.1	74.3	x	-8563.7					x
Quarter III 2012	26106.8	98.3	30085.8	101	4538.7	100.8	504	x	-9021.6					x
Quarter IV 2012	22445.3	97.5	27514.7	100.7	5493.2	100.5	-196.4	x	-10366.1					x
Quarter I 2013	19672.7	103.5	23400.8	102.6	4219.7	106.6	-85.3	x	-7862.5					x
Quarter II 2013	23703.3	106.1	27408.2	106.2	5576.7	103	627.7	x	-9909.3					x
Quarter III 2013	29936.4	112.9	32009	107.4	6667.3	101.2	716.9	x	-9456.7					x
Quarter IV 2013	26566.7	111.2	30485.2	104.2	6103.1	103.6	478.2	x	-10499.9					x
Quarter I 2014	21469.2	103.6	24961.5	100.4	4975.2	108.6	-238.8	x	-8228.6					x
Quarter II 2014	26226.1	104.2	29 604.9	101.4	6647.1	107.6	-106.9	x	-9918.9					x
Quarter III 2014	34027.3	105.9	35478.3	103.3	8118.5	111.5	957.9	x	-10527.3					x

Source: According to the National Bureau of Statistics data.

Consumer prices				
	Growth rate of CPI, % (compared to the same period of previous year)	Growth rate of food prices, % (compared to the same period of previous year)	Growth rate of non-food prices, % (compared to the same period of previous year)	Growth rate of prices for services, % (compared to the same period of previous year)
2009	0	-5.6	-0.3	8.2
2010	7.4	5.7	7.3	9.1
2011	7.6	8.4	5.8	8.8
2012	4.6	3.8	4.2	6.2
2013	4.6	6.6	4.3	2.6
Jan. - Sept. 2010	7.2	5.3	7.3	8.8
Jan. - Sept. 2011	7.3	8.4	5.6	7.9
Jan. - Sept. 2012	4.9	3.4	4.4	7.3
Jan. - Sept. 2013	4.4	6.5	4.2	2.6
Jan. - Sept. 2014	5.2	7.0	5.3	2.7
Quarter I 2012	6.2	4.7	5	9.2
Quarter II 2012	4.2	1.9	4.5	6.3
Quarter III 2012	4.4	3.6	3.7	6.4
Quarter IV 2012	3.9	4.9	3.6	3.1
Quarter I 2013	4.4	5.9	4	3.1
Quarter II 2013	5.2	8.4	4.1	2.6
Quarter III 2013	4.0	5.0	4.5	2.1
Quarter IV 2013	4.9	7.1	4.5	2.6
Quarter I 2014	5.4	7.9	4.8	2.7
Quarter II 2014	5.2	6.9	5.2	2.6
Quarter III 2014	5.1	6.1	5.6	2.6

Source: According to the National Bureau of Statistics data, authors' calculations.

Consumer prices				
	Growth rate of CPI, % (compared to the same period of previous year)	Growth rate of food prices, % (compared to the same period of previous year)	Growth rate of non-food prices, % (compared to the same period of previous year)	Growth rate of prices for services, % (compared to the same period of previous year)
January 2012	6.9	5	5	11.8
February 2012	6.1	5	4.9	8.9
March 2012	5.4	4.1	5.3	7.1
April 2012	4.7	2.9	4.9	6.3
May 2012	4.1	2	4.5	6.1
June 2012	3.7	0.9	4.1	6.4
July 2012	4	2.1	3.8	6.4
August 2012	4.4	3.5	3.7	6.4
September 2012	4.9	5.1	3.5	6.3
October 2012	3.9	4.8	3.6	3.3
November 2012	3.7	4.5	3.6	2.9
December 2012	4.1	5.4	3.6	3
January 2013	4.7	6.8	4	3.1
February 2013	4.4	5.5	4.2	3.1
March 2013	4.2	5.5	3.8	3.2
April 2013	4.5	6.1	3.7	3.4
May 2013	5.7	10.0	4.0	2.4
June 2013	5.5	9.2	4.5	2.0
July 2013	4.3	5.9	4.6	2.0
August 2013	3.7	4.2	4.5	2.1
September 2013	3.9	5.0	4.3	2.1
October 2013	4.7	6.9	4.4	2.1
November 2013	4.9	6.8	4.6	2.9
December 2013	5.2	7.6	4.6	2.9
January 2014	5.1	7.3	4.6	2.7
February 2014	5.4	7.9	4.9	2.8
March 2014	5.7	8.5	5.0	2.7
April 2014	5.8	8.7	5.2	2.5
May 2014	4.7	5.7	5.1	2.6
June 2014	5.0	6.4	5.3	2.7
July 2014	5.3	7.1	5.2	2.8
August 2014	5.1	6.6	5.4	2.5
September 2014	4.8	4.7	6.3	2.6
October 2014	4.8	4.8	6.2	2.6

Source: According to the National Bureau of Statistics data, authors' calculations.

Producers prices				
	Growth rate of IPPI, % (compared to the same period of previous year)	Growth rate of prices in mining industry, % (compared to the same period of previous year)	Growth rate of prices in manufacturing industry, % (compared to the same period of previous year)	Growth rate of prices in energy sector, % (compared to the same period of previous year)
2009	-3	-4.5	-3.9	14
2010	7.9	0.7	6.2	16.1
2011	6.8	2.6	6.3	10.5
2012	5.7	3.8	5.1	9.2
2013	3.2	1.6	3.8	-0.4
Jan. - Sept. 2010	8.3	0	6.7	15.3
Jan. - Sept. 2011	6.3	3.5	5.7	9.6
Jan. - Sept. 2012	6	2	5.3	10.2
Jan. - Sept. 2013	3.1	2.3	3.5	0.3
Jan. - Sept. 2014	6	3.7	7.0	-1.9
Quarter I 2012	7.1	-0.5	6.4	11.8
Quarter II 2012	5.8	1.3	5.3	9
Quarter III 2012	5	5.1	4.1	9.9
Quarter IV 2012	4.8	9.5	4.4	6.5
Quarter I 2013	2.6	4.7	2.6	2.0
Quarter II 2013	3.2	1.7	3.6	0.7
Quarter III 2013	3.4	1.2	4.1	-1.6
Quarter IV 2013	3.7	-0.2	4.6	-2.4
Quarter I 2014	4.9	1.3	5.9	-2.5
Quarter II 2014	6.7	4.9	7.9	-2.5
Quarter III 2014	6.4	5.1	7.4	-0.8

Source: According to the National Bureau of Statistics data, authors' calculations.

	Producers prices			
	Growth rate of IPPI, % (compared to the same period of previous year)	Growth rate of prices in mining industry, % (compared to the same period of previous year)	Growth rate of prices in manufacturing industry, % (compared to the same period of previous year)	Growth rate of prices in energy sector, % (compared to the same period of previous year)
January 2012	10.4	-1.6	9.8	14.8
February 2012	6.6	1.1	6	10.4
March 2012	6.5	-1.1	5.9	10.4
April 2012	5.8	-1.1	5.7	7.3
May 2012	5.7	-0.1	5	9.9
June 2012	6.0	5.2	5.3	9.9
July 2012	5.0	4.3	4.1	9.9
August 2012	4.8	5.4	3.9	9.9
September 2012	5.3	5.7	4.4	9.9
October 2012	5	10	4.1	9.7
November 2012	5	7.8	4.9	4.9
December 2012	4.5	10.6	4.3	4.9
January 2013	1.6	6.2	1.5	1.9
February 2013	2.8	3.5	2.9	2.0
March 2013	3.4	4.5	3.5	2.0
April 2013	3.7	2.4	3.9	2.0
May 2013	3.0	1.7	3.5	0.0
June 2013	2.9	1.1	3.4	0.0
July 2013	3.3	1.4	3.8	0.0
August 2013	3.4	1.1	4.2	-2.4
September 2013	3.4	1.1	4.2	-2.4
October 2013	4.1	0.6	5.1	-2.4
November 2013	3.0	1.1	3.8	-2.4
December 2013	4.0	-2.4	5	-2.4
January 2014	4.6	-1.3	5.6	-2.5
February 2014	4.9	2.2	5.8	-2.5
March 2014	5.2	3.0	6.2	-2.5
April 2014	5.7	3.1	6.8	-2.5
May 2014	6.6	4.0	7.9	-2.5
June 2014	7.8	7.5	9.1	-2.5
July 2014	7.7	5.3	9.1	-2.4
August 2014	6.2	5.3	7.0	0.1
September 2014	5.3	4.7	6.0	0
October 2014	4.3	4.5	4.9	0

Source: According to the National Bureau of Statistics data, authors' calculations.

	Exchange rates					
	MDL/USD nominal exchange rate	MDL/EUR nominal exchange rate	Growth rate of MDL/USD nominal exchange rate, % (compared to the same period of previous year)	Growth rate of MDL/EUR nominal exchange rate, % (compared to the same period of previous year)	Growth rate of MDL/USD real exchange rate, % (compared to the same period of previous year)	Growth rate of MDL/EUR real exchange rate, % (compared to the same period of previous year)
2009	11.1	15.5	6.9	1.4	6.6	1.8
2010	12.4	16.4	11.3	5.8	5.3	0.2
2011	11.7	16.3	-5.1	-0.4	-9.1	-4.9
2012	12.1	15.6	3.2	-4.7	0.7	-6.6
2013	12.6	16.7	3.9	7.4	0.5	4.9
Jan. - Sept. 2010	12.5	16.5	13.7	9.2	7.9	3.4
Jan. - Sept. 2011	11.7	16.5	-6.3	0.1	-10.1	-4.2
Jan. - Sept. 2012	12.1	15.4	2.9	-6.3	0.4	-8.3
Jan. - Sept. 2013	12.4	16.4	2.5	6.5	-0.1	3.7
Jan. - Sept. 2014	13.7	18.6	10.5	13.4	6.0	9.2
Quarter I 2012	11.8	15.5	-1.8	-5.9	-4.7	-8.9
Quarter II 2012	11.9	15.3	2.5	-8.6	0.6	-10.0
Quarter III 2012	11.9	15.3	8.0	-4.6	5.4	-6.1
Quarter IV 2012	12.4	15.5	4.2	0.2	2.3	-1.2
Quarter I 2013	12.2	16.1	2.9	3.7	0.2	1.4
Quarter II 2013	12.4	16.4	3.9	5.7	0.2	2.2
Quarter III 2013	12.8	16.9	2.8	8.9	-0.6	7.6
Quarter IV 2013	13.0	17.7	6.1	11.3	2.1	8.5
Quarter I 2014	13.4	18.3	9.8	13.9	5.4	10.1
Quarter II 2014	13.7	18.8	10.4	16.0	7.1	12.1
Quarter III 2014	14.1	18.7	10.0	10.3	5.5	5.2

Source: According to the NBM, NBS, OECD data, authors' calculations.

	Exchange rates				
	MDL/USD nominal exchange rate	MDL/EUR nominal exchange rate	Growth rate of MDL/USD nominal exchange rate, % (compared to the same period of previous year)	Growth rate of MDL/EUR nominal exchange rate, % (compared to the same period of previous year)	Growth rate of MDL/USD real exchange rate, % (compared to the same period of previous year)
January 2012	11.8	15.2	-3.3	-6.7	-7
February 2012	11.8	15.7	-1.1	-4.4	-4.1
March 2012	11.9	15.6	-0.8	-6.5	-3.5
April 2012	11.8	15.5	0.9	-8.1	-1.3
May 2012	11.9	15.2	2.7	-8.7	0.1
June 2012	12.1	15.1	4.4	-9.3	2.4
July 2012	12.4	15.2	7.4	-7.8	4.7
August 2012	12.5	15.5	9.9	-5.1	7.1
September 2012	12.4	15.9	7	-0.7	4.2
October 2012	12.3	15.9	3.9	-1.6	2.2
November 2012	12.3	15.8	5.2	-0.6	3.3
December 2012	12.2	16	3.4	2.8	1.1
January 2013	12.1	16.1	2.8	5.9	-0.2
February 2013	12.1	16.2	2.5	3.1	-0.4
March 2013	12.3	16	3.5	2.2	1.3
April 2013	12.3	16	4.6	3.3	1.3
May 2013	12.3	16	4.2	5.4	0.0
June 2013	12.4	16.4	3.0	8.4	-0.6
July 2013	12.6	16.5	2.6	8.7	0.3
August 2013	12.4	17.0	-1.0	9.7	-3.2
September 2013	12.9	17.2	3.7	8.0	1.0
October 2013	13.0	17.8	6.4	11.8	2.5
November 2013	13.0	17.5	5.1	10.6	1.1
December 2013	13.0	17.9	7.0	11.6	2.8
January 2014	13.2	18.0	8.8	11.8	4.4
February 2014	13.5	18.4	11.6	13.6	6.7
March 2014	13.5	18.7	9.6	17.1	5.2
April 2014	13.4	18.6	8.5	15.8	4.8
May 2014	13.7	18.8	10.7	17.1	7.9
June 2014	13.9	18.9	11.8	15.4	8.6
July 2014	14.0	19.0	10.4	14.6	6.8
August 2014	13.8	18.4	11.8	8.6	5.1
September 2014	14.3	18.5	11.3	7.7	4.7
October 2014	14.7	18.6	12.5	4.7	
November 2014	15.0	18.7	15.3	6.7	

Source: According to the NBM, NBS, OECD data, authors' calculations.

Monetary aggregates						
	Monetary aggregate M0, mil. MDL (stock at the end of period)	Monetary aggregate M1, mil. MDL (stock at the end of period)	Monetary aggregate M2, mil. MDL (stock at the end of period)	Monetary aggregate M3, mil. MDL (stock at the end of period)	Monetary base, mil. MDL (stock at the end of period)	
2009	8849	13206.8	20942	32684.4	10456.3	
2010	10107.6	15720.2	24770.7	37051.2	12115	
2011	10864.5	17305.6	28265.4	40977.1	14345.2	
2012	13240.8	20607.3	34914.6	49513.2	17633.5	
2013	17550.5	21119.4	45177.1	62631.5	23254.2	
January 2012	10280.2	16169.4	27617.0	40526.7	13643.6	
February 2012	10476.6	16422.4	27900.1	40960.8	13843.7	
March 2012	10673.6	16613.3	28275.1	41016.6	14074.3	
April 2012	10960.7	16742.9	28601.4	41636.4	15005.9	
May 2012	10858.8	16903.8	28958.4	41780.4	14765.1	
June 2012	11243.9	17400.3	29541.1	43206.1	15082.8	
July 2012	11760.9	18263.2	30692.8	44752.8	15668.6	
August 2012	12417.4	19124.9	32196.0	46080.8	16284.4	
September 2012	12784.9	19616.7	32936.2	46770.7	16840.7	
October 2012	12537.4	19443.1	33024.0	47160.0	17155.6	
November 2012	12670.7	19531.3	33590.2	47913.9	16947.5	
December 2012	13240.8	20607.3	34914.6	49513.2	17633.5	
January 2013	12772.2	20180.2	35120.9	50100.8	17251.7	
February 2013	12902.8	20183.1	35189.5	49808.9	17437.4	
March 2013	12892.8	19878.5	34882.4	49705.1	16914.1	
April 2013	13293.0	20437.1	35740.5	50362.7	17994.7	
May 2013	13523.0	21302.8	36690.3	51573.6	17928.0	
June 2013	13997.7	21746.4	37417.5	52432.0	18254.7	
July 2013	14867.3	22653.2	38801.1	54065.5	19309.5	
August 2013	15626.0	23823.7	40454.4	56278.9	20526.6	
September 2013	16155.8	24488.3	41185.2	57393.9	20887.1	
October 2013	19899.0	25616.2	42843.9	59205.0	22019.9	
November 2013	16937.9	25721.9	43327.3	60707.8	22149.0	
December 2013	17550.5	21119.4	45177.1	62631.5	23254.2	
January 2014	16900.7	26179.4	44349.8	62300.0	22319.2	
February 2014	16715.9	26279.5	44360.4	62555.9	21807.8	
March 2014	16656.2	26522.4	44408.9	62328.5	21678.0	
April 2014	17027.5	26398.7	44252.4	62481.4	22335.2	
May 2014	17301.2	26942.1	44776.8	63316.9	21847.9	
June 2014	17610.6	27362.9	45067.5	64455.1	23049.1	
July 2014	18137.3	27770.8	45364.3	64806.2	23915.3	
August 2014	17988.8	27373.9	44996.6	64675.8	23554.0	
September 2014	17531.3	27185.7	44727.1	65213.2	22699.6	
October 2014	17600.5	27645.8	45040.5	65882.8	22925.9	

Source: According to the National Bank of Moldova.

	Monetary instruments						
	Base rate, %	CNB, mil. MDL (average daily stock)	Interest rate for overnight credits, %	Overnight credits, mil. MDL (average daily stock)	Interest rate for overnight deposits, %	Overnight deposits, mil. MDL (average daily stock)	Reserve rate for MDL resources, %
January 2012	9.5/8.5	3456.7	12.5/11.5	-	6.5/5.5	347.3	14
February 2012	8.5/6.5	3771	11.5/9.5	-	5.5/3.5	226.3	14
March 2012	6.5/4.5	3847.7	9.5/7.5	-	3.5/1.5	139.6	14
April 2012	4.5	3377.6	7.5	-	1.5	118.5	14
May 2012	4.5	3576.9	7.5	-	1.5	169.6	14
June 2012	4.5	3682.4	7.5	-	1.5	268.7	14
July 2012	4.5	3503.2	7.5	-	1.5	293.3	14
August 2012	4.5	3943.2	7.5	-	1.5	282.1	14
September 2012	4.5	4362.6	7.5	-	1.5	217.6	14
October 2012	4.5	3961.7	7.5	-	1.5	135.4	14
November 2012	4.5	3900.5	7.5	-	1.5	184.6	14
December 2012	4.5	3650.8	7.5	-	1.5	368.9	14
January 2013	4.5	4298.4	7.5	-	1.5	363.8	14
February 2013	4.5	4480.7	7.5	-	1.5	252.8	14
March 2013	4.5	4563.3	7.5	-	1.5	156.6	14
April 2013	4.41	4426.6	7.5\6.5	-	1.5/0.5	225.5	14
May 2013	4.5	4092.6	6.5	-	0.5	262.1	14
June 2013	3.5	3637.3	6.5	-	0.5	295.6	14
July 2013	3.5	3308.6	6.5	-	0.5	224.5	14
August 2013	3.5	3312.9	6.5	0.3	0.5	176.3	14
September 2013	3.5	3746.6	6.5	-	0.5	262.4	14
October 2013	3.5	3096.8	6.5	-	0.5	257.4	14
November 2013	3.5	2897.6	6.5	-	0.5	184.7	14
December 2013	3.5	2773.9	6.5	58.4	0.5	91.0	14
January 2014	3.5	3034.0	6.5	48.0	0.5	221.0	14
February 2014	3.5	3129.6	6.5	21.2	0.5	65.4	14
March 2014	3.5	2403.4	6.5	76.7	0.5	153.4	14
April 2014	3.5	2052.9	6.5	22.7	0.5	351.6	14
May 2014	3.5	2009.6	6.5	24.0	0.5	324.7	14
June 2014	3.5	1725.8	6.5	52.2	0.5	215.7	14
July 2014	3.5	928.9	6.5	173.8	0.5	112.7	14
August 2014	3.5	689.4	6.5	75.2	0.5	125.0	14
September 2014	3.5	984.4	6.5	161.1	0.5	160.6	14
October 2014	3.5	1022.6	6.5	87.6	0.5	91.3	14
November 2014	3.5		6.5	53.1	0.5	120.4	14

Source: According to the National Bank of Moldova.

Period	Public Finance					
	PNB revenues, MDL million	Increase on PNB revenues, % (compared to the previous period)	PNB expenditures, MDL million	Increase on PNB expenditures, % (compared to the previous period)	Sources of financing public deficit, MDL million (end of period balance)	Tax burden, %
2009	23517.7	-8%	27354.3	5%	3836.6	32%
2010	27550.9	17%	29328.9	7%	1778	31%
2011	30150.5	9%	32117	10%	1958.5	31%
2012	33526.1	11%	35364	10%	1837.9	31%
2013	36908.5	10%	38673.1	9%	1764.6	37%
Q. I 2012	6582.7	8%	7363.5	11%	780.8	
Q. II 2012	8744.5	16%	8898.9	6%	935.2	
Q. III 2012	8613.5	13%	8486	11%	807.7	
Q. IV 2012	9585.4	8%	10615.6	12%	1837.9	
Q. I 2013	7521.8	14%	7598.5	3%	76.7	
Q. II 2013	9196.3	5%	9569.9	8%	578.1	
Q. III 2013	9090.1	6%	9283	9%	642.5	
Q. IV 2013	11099.6	16%	12221.7	15%	1764.6	
Q. I 2014	8413.2	12%	8483.2	12%	70	
Q. II 2014	10433.8	13%	10828.8	13%	465	
Q. III 2014	11607	28%	11221.6	21%	260.5	

Source: According to the data of the Ministry of Finance of Republic of Moldova.

Period	Public Finance			
	PNB revenues, MDL million	Increase on PNB revenues, % (compared to the previous period)	PNB expenditures, MDL million	Increase on PNB expenditures, % (compared to the previous period)
January 2012	1990.9	8%	2087.6	11%
February 2012	1951.2	3%	2514.7	10%
March 2012	2640.6	11%	2761.2	12%
April 2012	2909.8	31%	2735.9	1%
May 2012	2845.6	15%	3104.4	16%
June 2012	2989.1	6%	3058.6	2%
July 2012	2950.3	28%	3078	8%
August 2012	2656.8	14%	2813.5	21%
September 2012	3006.4	1%	2594.5	5%
October 2012	3030.6	19%	3108.2	16%
November 2012	3053.8	21%	3126	16%
December 2012	3501	-9%	4381.4	7%
January 2013	2179.2	9%	2199.4	5%
February 2013	2350.2	20%	2588.6	3%
March 2013	2992.4	13%	2810.5	2%
April 2013	3172.6	9%	3173.6	16%
May 2013	2715.6	-5%	3005.1	-3%
June 2013	3308.1	11%	3391.2	11%
July 2013	3177.6	8%	3305.4	7%
August 2013	2836.6	7%	2943.7	5%
September 2013	3075.9	2%	3033.9	17%
October 2013	3608.9	19%	3397.5	9%
November 2013	3290.6	8%	3310.5	6%
December 2013	4200.1	20%	5513.7	26%
January 2014	2359.7	8%	2395.3	9%
February 2014	2658.6	13%	2958.6	14%
March 2014	3394.9	13%	3129.3	11%
April 2014	3383.7	7%	3405.4	7%
May 2014	2971.7	9%	3422.4	14%
June 2014	4078.4	23%	4001	18%
July 2014	3323.2	5%	3375.2	2%
August 2014	4774.3	68%	3928.3	33%
September 2014	3509.5	14%	3918.1	29%
October 2014	3784.3	5%	4284.7	26%

Source: According to the data of the Ministry of Finance of Republic of Moldova.

	Public Debt											
	Central Government Debt			Domestic debt by maturity			External debt by maturity			Total		
	Long-term	Medium-term	Short-term	Long-term	Medium-term	Short-term	Long-term	Medium-term	Short-term	Long-term	Medium-term	Short-term
January 2012	19536.52	5898.49	0.00	597.74	5300.75	13638.03	13638.03	0.00	0.00	0.00	0.00	0.00
February 2012	19536.52	5898.49	0.00	597.74	5300.75	13638.03	13638.03	0.00	0.00	0.00	0.00	0.00
March 2012	19479.04	5929.32	0.00	544.82	5384.50	13549.71	13549.71	0.00	0.00	0.00	0.00	0.00
April 2012	19434.08	5947.73	0.00	545.87	5401.86	13486.34	13486.34	0.00	0.00	0.00	0.00	0.00
May 2012	19561.80	5973.64	0.00	546.04	5427.60	13588.16	13588.16	0.00	0.00	0.00	0.00	0.00
June 2012	19905.05	5926.15	0.00	523.46	5402.69	13978.90	13978.90	0.00	0.00	0.00	0.00	0.00
July 2012	20226.20	5941.60	0.00	538.70	5402.69	14284.60	14284.60	0.00	0.00	0.00	0.00	0.00
August 2012	20330.80	5982.40	0.00	534.80	5447.60	14348.40	14348.40	0.00	0.00	0.00	0.00	0.00
September 2012	20529.00	6049.80	0.00	528.00	5521.80	14479.20	14479.20	0.00	0.00	0.00	0.00	0.00
October 2012	20481.90	6075.80	0.00	530.60	5545.20	14406.10	14406.10	0.00	0.00	0.00	0.00	0.00
November 2012	20712.10	6135.60	0.00	545.50	5590.10	14576.50	14576.50	0.00	0.00	0.00	0.00	0.00
December 2012	21184.73	6158.93	0.00	323.86	5835.07	15025.79	11314.63	3002.16	709.00	0.00	0.00	0.00
January 2013	21290.60	6224.30	0.00	318.50	5905.80	15066.30	11539.70	2835.90	690.70	0.00	0.00	0.00
February 2013	21212.55	6275.04	0.00	316.18	5958.86	14937.51	11608.65	2636.85	692.01	0.00	0.00	0.00
March 2013	21163.71	6228.04	0.00	290.50	5937.54	14935.67	11640.37	2592.14	703.16	0.00	0.00	0.00
April 2013	21136.80	6269.56	0.00	286.12	5983.44	14867.24	11545.73	2673.76	647.76	0.00	0.00	0.00
May 2013	21493.72	6341.74	0.00	286.17	6055.58	15151.97	11818.57	2679.71	653.69	0.00	0.00	0.00
June 2013	21740.99	6390.89	0.00	260.89	6130.00	15350.10	11765.22	2909.98	674.89	0.00	0.00	0.00
July 2013	22110.10	6388.00	0.00	264.00	6124.10	15722.70	12419.80	2621.60	681.20	0.00	0.00	0.00
August 2013	22419.49	6464.24	0.00	265.53	6198.71	15955.24	12983.45	2332.50	639.30	0.00	0.00	0.00
September 2013	22822.66	6535.47	0.00	236.33	6299.14	16287.19	13220.65	2382.53	684.01	0.00	0.00	0.00
October 2013	22907.04	6596.28	0.00	231.81	6364.48	16310.76	13264.59	2412.12	634.04	0.00	0.00	0.00
November 2013	23307.39	6647.09	0.00	221.11	6425.99	16660.30	13554.74	2460.18	645.38	0.00	0.00	0.00
December 2013	23521.54	6675.79	0.00	198.43	6477.36	16845.75	13677.69	2514.26	653.80	0.00	0.00	0.00
January 2014	24200.80	6899.30	0.00	211.99	6687.31	17301.51	14053.56	2573.95	674.00	0.00	0.00	0.00
February 2014	24701.00	7028.72	0.00	219.47	6809.24	17672.29	14429.02	2635.54	607.72	0.00	0.00	0.00
March 2014	24456.00	7006.70	0.00	194.10	6812.60	17449.30	14256.00	2600.00	593.30	0.00	0.00	0.00
April 2014	25061.10	7079.30	0.00	208.40	6870.90	17981.80	15189.00	2192.30	600.50	0.00	0.00	0.00
May 2014	25588.1	7142.1	0.00	219.8	6922.3	18446	15119.7	2709.2	617.1	0.00	0.00	0.00
June 2014	25899.70	7166.00	0.00	202.00	6964.00	18733.70	15313.30	2803.40	617.00	0.00	0.00	0.00
July 2014	25409.0	6905.9	0.00	187.0	6718.9	18503.1	15121.6	2767.5	614.0	0.00	0.00	0.00
August 2014	25361.4	6916	0.00	189.8	6726.2	18445.4	14944.5	2790.3	710.6	0.00	0.00	0.00
September 2014	25982.2	7025.4	0.00	200.7	6824.7	18956.8	15346.9	2930.3	679.6	0.00	0.00	0.00
October 2014	26367.2	7162.4	0.00	223.1	6939.3	19204.8	14915.2	3420.8	868.8	0.00	0.00	0.00

Source: According to the data of the Ministry of Finance of Republic of Moldova.

Period	Banking sector														
	Indicators				Deposits structure, %			Earnings and profitability, %		Liquidity Indicators, %		Deposit interest rates, %		Loans interest rates, %	
	Bank assets (stock at the end of period) million. MDL	Bank liabilities (stock at the end of period) million. MDL	Loans, (stock at the end of period) million. MDL	Bank Deposits (stock at the end of period) million. MDL)	Deposits of individuals, %	Corporate deposits, %	Currency deposits, %	Return on assets	Return on equity	Bank assets (stock at the end of period) million. MDL	Bank liabilities (stock at the end of period) million. MDL	in national currency	foreign currency	in national currency	foreign currency
2009	39915.0	33008.3	14246.5	23834.0	62.33	30.33	53.59	-0.39	-2.12	0.6	38.27	14.66	7.61	20.31	12.51
2010	42269.5	35010.8	23429.8	26942.4	63.28	33.96	48.45	0.47	2.61	0.67	34.18	7.56	3.42	16.25	9.91
2011	47707.8	39613.5	30963.0	30112.1	63.36	32.21	46.16	1.95	11.51	0.69	33.17	7.54	3.69	14.37	8.75
2012	58304.4	48058.4	35948.2	36272.3	64.1	31.9	43.8	1.1	5.6	0.7	32.9	7.59	4.3	13.34	8.28
2013	76183.9	64752.9	42632.7	45081.0	65.8	34.2	44.7	1.6	9.4	0.7	33.8	7.23	4.41	13.62	12.26
Quarter I 2012	50878.8	40711.2	31952.8	30675.6	65.3	30.7	45.8	2.7	13.4	0.7	31.8	7.23	3.92	14.25	8.6
Quarter II 2012	53572.2	43421.0	32945.6	31962.1	63.4	31.3	45.7	2.3	11.6	0.7	32.3	7.59	3.79	13.69	7.92
Quarter III 2012	55791.1	45476.7	34736.0	27287.1	64	31.9	44.4	2	10.5	0.7	31.6	7.94	4.97	12.58	7.78
Quarter IV 2012	58168.4	48155.6	35948.2	36272.3	64.1	31.9	43.8	1.1	5.6	0.7	32.9	8.44	4.68	11.98	8.32
Quarter I 2013	59948.3	49275.5	36190.7	36812.1	67.2	32.8	43.6	1.9	10.9	0.7	33.1	8.06	4.4	12.77	8.03
Quarter II 2013	63516.1	52817.9	38435.9	38434.2	67.1	32.9	42.0	1.6	9.3	0.8	31.2	6.79	4.36	12.03	7.59
Quarter III 2013	69094.0	57949.1	39631.3	41238.0	67.6	32.4	43.1	1.8	10.5	0.7	32.3	6.62	4.36	11.79	7.07
Quarter IV 2013	76183.9	64752.9	42632.7	45081.0	65.8	33.2	46.1	1.0	6.9	0.7	34.4	5.91	4.60	12.29	7.83
Quarter I 2014	78744.2	66729.5	43292.3	54360.3	59.7	29.7	46.2	1.2	8.5	0.7	34.6	5.94	4.43	11.60	8.12
Quarter II 2014	79991.1	67845.4	45113.0	55631.9	60.2	29.1	48.5	1.1	7.8	0.7	34.2	4.92	3.85	10.03	7.78
Quarter III 2014	82113.9	69712.2	47228.4	57845.1	58.6	29.3	51.8	1.2	8.4	0.7	34.2	5.81	4.18	10.97	7.61

Source: According to the National Bank of Moldova.

Period	Banking sector														
	Indicators			Deposits structure, %			Earnings and profitability, %		Liquidity Indicators, %		Deposit interest rates, %		Loans interest rates, %		
	Bank assets (stock at the end of period) million. MDL	Bank liabilities (stock at the end of period) million. MDL	Loans, (stock at the end of period) million. MDL	Bank Deposits (stock at the end of period) million. MDL)	Deposits of individuals, %	Corporate deposits, %	Currency deposits, %	Return on assets	Return on equity	Bank assets (stock at the end of period) million. MDL	Bank liabilities (stock at the end of period) million. MDL	in national currency	foreign currency	in national currency	foreign currency
January 2012	49915.2	39953.8	31380.0	30245.9	63.3	32.3	46.3	3.1	16.8	0.7	31.5	7.06	4.03	14.71	8.36
February 2012	50710.7	40598.2	31999.3	30483.8	64.4	31.2	46	3.6	17.8	0.7	32.1	8.04	4.2	13.9	9.86
March 2012	50878.8	40711.2	31952.8	30342.8	65.3	30.7	45.4	2.9	14.6	0.7	31.8	7.32	4.2	14.05	9.36
April 2012	51338.5	41039.7	32265.5	30675.6	65.3	30.7	45.8	2.7	13.4	0.7	31.8	7.23	3.92	14.25	8.6
May 2012	51821.9	41540.0	32081.8	30921.5	64.4	31	44.6	2.6	13	0.7	32.3	7.5	3.92	13.98	8.09
June 2012	53572.2	43421.0	32945.6	31962.1	63.4	31.3	45.7	2.3	11.6	0.7	32.3	7.59	3.79	13.69	7.92
July 2012	54806.6	44542.4	33797.5	32991.7	63	32.7	45.9	2.3	11.8	0.7	32.3	7.4	4.19	13.38	7.74
August 2012	55152.6	44887.1	34335.5	33663.2	63.6	32.5	44.7	2.2	11.1	0.7	31.9	7.15	4.53	12.82	7.64
September 2012	55791.1	45476.7	34736.0	33985.7	64	31.9	44.4	2	10.5	0.7	31.6	7.94	4.97	12.58	7.47
October 2012	56095.4	45693.2	34858.2	34622.5	64.7	31.4	44.3	2	10.5	0.7	32	7.72	4.5	13.00	7.64
November 2012	56946.7	46387.8	35537.3	35243.0	67.7	32.3	43.6	1.9	10.1	0.7	31.6	7.96	4.62	12.68	7.73
December 2012	58168.4	48155.6	35948.2	36272.3	64.1	31.9	43.8	1.1	5.6	0.7	32.9	8.44	4.36	11.98	8.32
January 2013	59960.8	49620.3	35955.6	37328.4	66.7	33.3	44.4	1.8	10.5	0.7	34.8	8.55	4.79	12.41	7.52
February 2013	59270.1	49058.0	36077.0	36906.0	66.9	33.1	43.8	1.9	10.9	0.7	34.2	8.56	4.41	13.23	8.13
March 2013	59948.3	49275.5	36190.7	36812.1	67.2	32.8	43.6	1.9	10.9	0.7	33.1	8.06	4.4	12.77	8.03
April 2013	60798.2	50047.6	36529.4	37069.5	67.3	32.7	43.1	1.8	10.4	0.7	32	7.33	4.22	12.4	7.27
May 2013	61416.6	51713.6	37310.6	38050.5	66.4	33.6	42.8	1.8	10.5	0.7	32.2	7.75	4.22	12.21	7.62
June 2013	63516.1	52817.9	38435.9	38434.2	67.1	32.9	42.0	1.6	9.3	0.8	31.2	6.79	4.36	12.03	7.59
July 2013	66481.7	55643.4	39079.5	39198.1	67.6	32.4	40.3	1.7	9.9	0.8	30.2	7.16	4.29	12.05	7.37
August 2013	67673.8	56713.5	39263.0	40652.8	66.3	33.8	42.3	1.8	10.5	0.8	32.1	7.18	4.64	12.09	7.45
September 2013	69094.0	57949.1	39631.3	41238.0	67.6	32.4	43.1	1.8	10.5	0.7	32.3	6.62	4.36	11.79	7.07
October 2013	70177.5	58921.1	40229.3	42306.0	67.3	32.7	42.2	1.8	10.5	0.7	32.5	6.54	4.16	11.94	7.33
November 2013	72734.3	61381.1	41242.1	43769.9	67.0	33.0	43.2	1.8	10.5	0.7	32.0	6.35	4.29	12.10	7.74
December 2013	76183.9	64752.9	42630.7	45081.0	65.8	34.2	44.7	1.6	9.4	0.7	33.8	5.82	4.51	12.51	8.91
January 2014	77327.9	65795.0	42295.3	45704.6	57.5	28.5	46.1	1.0	6.8	0.7	34.3	5.91	4.60	12.29	7.83
February 2014	77824.4	66163.2	42676.2	46363.2	61.3	29.0	45.0	1.2	8.4	0.7	34.2	5.84	4.61	11.96	8.39
March 2014	78744.2	66729.5	43292.3	46360.3	59.7	29.7	46.2	1.2	8.5	0.7	34.6	5.94	4.43	11.60	8.12
April 2014	78627.6	66555.9	43444.2	45878.5	60.4	29.1	46.5	1.2	8.3	0.7	34.0	4.94	4.34	11.49	7.41
May 2014	79433.2	67328.9	43968.1	45669.9	60.3	28.8	47.0	1.3	9.1	0.7	34.0	5.00	4.46	11.20	7.84
June 2014	79991.1	67845.4	45113.0	45631.9	60.2	29.1	48.5	1.1	7.8	0.7	34.2	4.92	3.85	10.03	7.78
July 2014	80078.6	67894.8	45612.0	45669.8	60.3	28.6	49.4	1.1	7.8	0.7	33.7	6.30	3.64	10.53	7.83
August 2014	80154.0	67852.1	46170.4	45682.3	59.4	28.5	50.9	1.2	8.3	0.7	33.5	6.45	4.16	10.66	7.84
September 2014	82113.9	69712.2	47238.4	47238.4	58.6	29.3	51.8	1.2	8.4	0.7	34.2	5.81	4.18	10.97	7.61
October 2014	83345.4	70806.7	47981.3	47981.3	57.8	29.3	52.6	1.3	8.8	0.7	34.8	5.49	3.94	10.80	7.93

Source: According to the National Bank of Moldova.

Period	External sector										Imports coverage by exports, %			
	Value of external trade in goods, mil. USD					Exports, mil. USD						Imports, mil. USD		
	Total	CIS	EU	Other countries	Total	CIS	EU	Other countries	Total	CIS		EU	Other countries	Trade balance, mil. USD
2009	4561.4	1632.2	2088.6	840.6	1283.1	490.4	667.4	125.3	3278.3	1141.8	1421.2	715.3	-1995.2	39.1
2010	5396.8	1880.9	2433.1	1082.8	1541.5	624.0	728.9	188.6	3855.3	1256.9	1704.2	894.2	-2313.8	40.0
2011	7408.1	2632.7	3339.3	1436.1	2216.8	919.3	1083.0	214.5	5191.3	1713.4	2256.3	1221.6	-2974.5	42.7
2012	7374.7	2551.8	3332.0	1490.9	2161.8	928.1	1013.4	220.3	5212.9	1623.7	2318.6	1270.6	-3051.1	41.5
2013	7920.7	2595.5	3609.4	1715.8	2428.3	923.2	1137.3	367.8	5492.4	1672.3	2472.1	1348.0	-3064.1	44.2
Jan-sept. 2010	3624.3	1224.5	1664.7	735.1	987.7	390.5	475.8	121.4	2636.6	834.0	1188.9	613.7	-1648.9	37.5
Jan-sept. 2011	5238.6	1818.1	2412.8	1007.7	1544.9	626.4	770.1	148.4	3693.7	1191.7	1642.7	859.3	-2148.8	41.8
Jan-sept. 2012	5281.9	1837.0	2372.8	1072.1	1548.3	667.2	721.1	160.0	3733.6	1169.8	1651.7	912.1	-2185.3	41.5
Jan-sept. 2013	5711.2	1897.0	2562.8	1251.4	1741.1	689.0	787.2	264.9	3970.1	1208.0	1775.6	986.5	-2229.0	43.9
Jan-sept. 2014	5603.7	1608.7	2817.9	1177.1	1737.8	569.8	905.0	263.0	3865.9	1038.9	1912.9	914.1	-2128.1	45.0
Q. I 2012	1708.8	655.1	720.4	333.3	504.6	201.1	252.2	51.3	1204.2	454.0	468.2	282.0	-699.6	41.9
Q. II 2012	1793.5	572.0	853.0	368.5	537.0	227.2	255.8	54.0	1256.5	344.8	597.2	314.5	-719.5	42.7
Q. III 2012	1779.6	609.9	799.4	370.3	506.7	238.9	213.1	54.7	1272.9	371.0	586.3	315.6	-766.2	39.8
Q. IV 2012	2092.8	714.8	959.2	418.8	613.5	260.9	292.3	60.3	1479.3	453.9	666.9	358.5	-865.8	41.5
Q. I 2013	1832.4	673.2	773.8	385.4	589.7	246.3	260.3	83.1	1242.7	426.9	513.5	302.3	-653.0	47.5
Q. II 2013	1897.8	592.1	881.7	424.0	546.6	208.3	251.1	87.2	1351.2	383.8	630.6	336.8	-804.6	40.5
Q. III 2013	1981.0	631.7	907.3	442.0	604.8	234.4	275.8	94.6	1376.2	397.3	631.5	347.4	-771.4	43.9
Q. IV 2013	2209.5	698.5	1046.6	464.4	687.2	234.2	350.1	102.9	1522.3	464.3	696.5	361.5	-835.1	45.1
Q. I 2014	1791.3	565.2	867.9	358.2	573.1	180.9	318.9	73.3	1218.2	384.3	549.0	284.9	-645.1	47.0
Q. II 2014	1928.2	523.3	995.8	409.1	599.3	204.5	302.0	92.8	1328.9	318.8	693.8	316.3	-729.6	45.1
Q. III 2014	1884.2	520.2	954.2	409.8	565.4	184.4	284.1	96.9	1318.8	335.8	670.1	312.9	-753.4	42.9

Source: According to the National Bureau of Statistics data.

Period	External sector										Imports coverage by exports, %			
	Value of external trade in goods, mil. USD					Exports, mil. USD						Imports, mil. USD		
	Total	CIS	EU	Other countries	Total	CIS	EU	Other countries	Total	CIS		EU	Other countries	Trade balance, mil. USD
Aug 2012	563.2	194.5	250.6	118.1	156.6	75.8	63.4	17.4	406.6	118.7	187.2	100.7	-250.0	38.5
Sept 2012	636.8	216.9	277.2	142.7	187.1	84.1	80.6	22.4	449.7	132.8	196.6	120.3	-262.6	41.6
Oct 2012	707.3	230.8	333.6	142.9	210.3	94.9	97.4	18.0	497.0	135.9	236.2	124.9	-286.7	42.3
Nov 2012	693.8	234.6	329.1	130.1	215.9	91.2	103.3	21.4	477.9	143.4	225.8	108.7	-262.0	45.2
Dec 2012	691.7	249.4	296.5	145.8	187.3	74.8	91.6	20.9	504.4	174.6	204.9	124.9	-317.1	37.1
Jan 2013	513.6	192.8	208.8	112.0	165.4	63.7	82.3	19.4	348.2	129.1	126.5	92.6	-182.8	47.5
Feb 2013	607.3	220.2	262.3	124.8	200.8	79.0	89.9	31.9	406.5	141.2	172.4	92.9	-205.7	49.4
Mar 2013	711.5	260.2	302.7	148.6	223.5	103.6	88.1	31.8	488.0	156.6	214.6	116.8	-264.5	45.8
Apr 2013	679.1	207.8	315.9	155.4	193.0	70.6	88.0	34.4	486.1	137.2	227.9	121.0	-293.1	39.7
May 2013	577.8	173.3	272.6	131.9	168.0	62.7	77.8	27.5	409.8	110.6	194.8	104.4	-241.8	41.0
Jun 2013	640.9	211.0	293.2	136.7	185.6	75.0	85.3	25.3	455.3	136.0	207.9	111.4	-269.7	40.8
Jul 2013	680.8	217.5	316.1	147.2	204.8	79.4	95.0	30.4	476.0	138.1	221.1	116.8	-271.2	43.0
Aug 2013	647.3	209.1	291.2	147.0	202.9	76.7	93.7	32.5	444.4	132.4	197.5	114.5	-241.5	45.7
Sept 2013	652.9	205.1	300.0	147.8	197.1	78.3	87.1	31.7	455.8	126.8	212.9	116.1	-258.7	43.2
Oct 2013	707.8	220.5	343.5	143.8	227.5	79.1	116.4	32.0	480.3	141.4	227.1	111.8	-252.8	47.4
Nov 2013	742.1	225.4	362.7	154.0	255.0	84.6	131.8	38.6	487.1	140.8	230.9	115.4	-232.1	52.4
Dec 2013	759.6	252.6	340.4	166.6	204.7	70.5	101.9	32.3	554.9	182.1	238.5	134.3	-350.2	36.9
Jan 2014	490.3	181.6	217.6	91.1	170.8	56.1	92.2	22.5	319.5	125.5	125.4	68.6	-148.7	53.5
Feb 2014	603.9	191.3	290.1	122.5	188.2	59.5	105.5	23.2	415.7	131.8	184.6	99.3	-227.5	45.3
Mar 2014	697.1	192.3	360.2	144.6	214.1	65.3	121.2	27.6	483.0	127.0	239.0	117.0	-268.9	44.3
Apr 2014	637.7	168.1	328.3	141.3	194.5	63.0	94.5	37.0	443.2	105.1	233.8	104.3	-248.7	43.9
May 2014	635.3	160.1	338.0	137.2	201.7	64.3	108.6	28.8	433.6	95.8	229.4	108.4	-231.9	46.5
Jun 2014	655.1	195.0	329.5	130.6	203.0	77.1	98.9	27.0	452.1	117.9	230.6	103.6	-249.1	44.9
Jul 2014	651.3	180.2	334.7	136.4	204.3	72.5	99.0	32.8	447.0	107.7	235.7	103.6	-242.7	45.7
Aug 2014	589.0	161.6	299.1	128.3	176.1	52.7	90.7	32.7	412.9	108.9	208.4	95.6	-236.8	42.6
Sept 2014	643.8	178.4	320.3	145.1	184.9	59.2	94.3	31.4	458.9	119.2	226.0	113.7	-274.0	40.3
Oct 2014	694.3	195.5	354.3	144.5	212.5	69.7	113.4	29.4	481.8	125.8	240.9	115.1	-269.3	44.1
Novem 2014	672.7	191.1	333.2	148.4	208.3	53.0	127.4	27.9	464.4	138.1	205.8	120.5	-256.1	44.9

Source: According to the National Bureau of Statistics data.

Period	External sector													
	Annual growth in value of merchandise trade, %				Annual growth in value of merchandise exports, %				Annual growth in value of merchandise imports, %				Annual growth of net exports in goods, %	Index of imports coverage by exports, %
	Total	CIS	EU	Other countries	Total	CIS	EU	Other countries	Total	CIS	EU	Other countries		
2009	-29.7	-30.8	-28.6	-30.2	-19.4	-21.3	-18.6	-15.3	-33.1	-34.3	-32.5	-32.3	-39.7	120.5
2010	18.3	15.2	16.5	28.8	20.1	27.2	9.2	50.5	17.6	10.1	19.9	25.0	16.0	102.2
2011	37.3	40.0	37.2	32.6	43.8	47.3	48.6	13.7	34.7	36.3	32.4	36.6	28.6	106.8
2012	-0.5	-3.1	-0.2	3.8	-2.5	1.0	-6.4	2.7	0.4	-5.2	2.8	4.0	2.6	97.1
2013	7.4	1.7	8.3	15.1	12.3	-0.5	12.2	67.0	5.4	3.0	6.6	6.1	0.4	106.6
Jan-sept. 2010	14.0	7.4	12.9	30.3	10.3	19.3	-0.4	33.8	15.5	2.6	19.3	29.7	18.9	95.5
Jan-sept. 2011	44.5	48.5	44.9	37.1	56.4	60.4	61.9	22.2	40.1	42.9	38.2	40.0	30.3	111.6
Jan-sept. 2012	0.8	1.0	-1.7	6.4	0.2	6.5	-6.4	7.8	1.1	-1.8	0.5	6.1	1.7	99.1
Jan-sept. 2013	8.1	3.3	8.0	16.7	12.5	3.3	9.2	65.6	6.3	3.3	7.5	8.2	2.0	105.8
Jan-sept. 2014	-1.9	-15.2	10.0	-5.9	-0.2	-17.3	15.0	-0.7	-2.6	-14.0	7.7	-7.3	-4.5	102.5
Q. I 2012	8.7	11.6	5.3	10.9	6.5	14.3	5.6	-12.9	9.7	10.4	5.1	16.7	12.0	97.2
Q. II 2012	-0.3	-1.2	-1.5	4.4	2.9	6.8	0.3	-0.2	-1.5	-5.9	-2.2	5.3	-4.6	104.5
Q. III 2012	-4.8	-6.4	-7.3	4.5	-7.8	0.5	-22.8	54.5	-3.5	-10.4	0.0	-1.0	-0.5	95.6
Q. IV 2012	-3.5	-12.3	3.5	-2.2	-8.7	-10.9	-6.6	-8.8	-1.2	-13.0	8.7	-1.0	4.9	92.4
Q. I 2013	7.2	2.8	7.4	15.6	16.9	22.5	3.2	62.0	3.2	-6.0	9.7	7.2	-6.7	113.2
Q. II 2013	5.8	3.5	3.4	15.1	1.8	-8.3	-1.8	61.5	7.5	11.3	5.6	7.1	11.8	94.7
Q. III 2013	11.3	3.6	13.5	19.4	19.4	-1.9	29.4	72.9	8.1	7.1	7.7	10.1	0.7	110.4
Q. IV 2013	5.6	-2.3	9.1	10.9	12.0	-10.2	19.8	70.6	2.9	2.3	4.4	0.8	-3.5	108.8
Q. I 2014	-2.2	-16.0	12.2	-7.1	-2.8	-26.6	22.5	-11.8	-2.0	-10.0	6.9	-5.8	-1.2	99.1
Q. II 2014	1.6	-11.6	12.9	-3.5	9.6	-1.8	20.3	6.4	-1.7	-16.9	10.0	-6.1	-9.3	111.5
Q. III 2014	-4.9	-17.7	5.2	-7.3	-6.5	-21.3	3.0	2.4	-4.2	-15.5	6.1	-9.9	-2.3	97.6

Source: According to the National Bureau of Statistics data.

Period	External sector													
	Annual growth in value of merchandise trade, %				Annual growth in value of merchandise exports, %				Annual growth in value of merchandise imports, %				Annual growth of net exports in goods, %	Index of imports coverage by exports, %
	Total	CIS	EU	Other countries	Total	CIS	EU	Other countries	Total	CIS	EU	Other countries		
Jul 2012	-2.7	1.2	-6.3	-0.2	-9.9	0.1	-23.5	27.4	0.4	2.0	1.5	-3.5	8.4	89.7
Aug 2012	-7.2	-10.8	-9.3	5.4	-15.8	-1.7	-35.0	55.4	-3.4	-15.8	4.7	-0.2	6.5	87.2
Sep 2012	116.5	-29.3	-12.8	-29.0	21.0	-46.5	-56.8	-62.2	222.4	-11.2	49.6	-15.2	-302.8	37.5
Oct 2012	6.1	-2.9	12.6	7.8	15.2	16.0	10.3	44.0	2.7	-12.8	13.5	4.1	-4.8	112.1
Nov 2012	2.2	-6.3	10.2	0.2	2.2	-6.6	7.0	25.1	2.2	-6.2	11.7	-3.6	2.1	100.1
Dec 2012	-6.2	-10.2	-5.3	-0.7	-22.8	-26.0	-21.0	-18.4	1.9	-1.1	4.0	3.0	25.7	75.7
Jan 2013	5.6	-0.6	9.3	10.6	12.2	17.3	10.0	6.6	2.7	-7.5	8.9	11.4	-4.5	109.2
Feb 2013	11.0	-3.4	14.6	38.5	27.2	19.9	16.8	112.7	4.5	-12.9	13.6	23.7	-11.0	121.7
Mar 2013	5.3	11.6	0.7	4.7	12.1	28.1	-12.3	75.7	2.5	2.8	7.2	-5.7	-4.5	109.4
Apr 2013	11.7	5.7	11.9	20.3	6.3	-9.3	4.4	76.4	13.9	15.5	15.0	10.3	19.6	93.3
May 2013	-4.4	-7.6	-7.0	6.4	-4.8	-13.4	-9.2	49.5	-4.3	-4.0	-6.0	-1.1	-3.9	99.4
Jun 2013	10.4	12.4	5.6	18.6	3.7	-2.6	-0.6	57.1	13.3	22.7	8.4	12.3	21.0	91.6
Jul 2013	17.5	9.6	16.4	34.4	25.6	0.5	37.5	104.0	14.3	15.6	9.2	23.5	6.9	110.0
Aug 2013	14.9	7.5	16.2	24.5	29.6	1.2	47.8	86.8	9.3	11.5	5.5	13.7	-3.4	118.5
Sep 2013	2.5	-5.4	8.2	3.6	5.3	-6.9	8.1	41.5	1.4	-4.5	8.3	-3.5	-1.5	103.9
Oct 2013	0.1	-4.5	3.0	0.6	8.2	-16.6	19.5	77.8	-3.4	4.0	-3.9	-10.5	-11.8	111.9
Nov 2013	7.0	-3.9	10.2	18.4	18.1	-7.2	27.6	80.4	1.9	-1.8	2.3	6.2	-11.4	115.9
Dec 2013	9.8	1.3	14.8	14.3	9.3	-5.7	11.2	54.5	10.0	4.3	16.4	7.5	10.4	99.3
Jan 2014	-4.5	-5.8	4.2	-18.7	3.3	-11.9	12.0	16.0	-8.2	-2.8	-0.9	-25.9	-18.7	112.5
Feb 2014	-0.6	-13.1	10.6	-1.8	-6.3	-24.7	17.4	-27.3	2.3	-6.7	7.1	6.9	10.6	91.7
Mar 2014	-2.0	-26.1	19.0	-2.7	-4.2	-37.0	37.6	-13.2	-1.0	-18.9	11.4	0.2	1.7	96.8
Apr 2014	-6.1	-19.1	3.9	-9.1	0.8	-10.8	7.4	7.6	-8.8	-23.4	2.6	-13.8	-15.1	110.5
May 2014	10.0	-7.6	24.0	4.0	20.1	2.6	39.6	4.7	5.8	-13.4	17.8	3.8	-4.1	113.5
Jun 2014	2.2	-7.6	12.4	-4.5	9.4	2.8	15.9	6.7	-0.7	-13.3	10.9	-7.0	-7.6	110.1
Jul 2014	-4.3	-17.1	5.9	-7.3	-0.2	-8.7	4.2	7.9	-6.1	-22.0	6.6	-11.3	-10.5	106.2
Aug 2014	-9.0	-22.7	2.7	-12.7	-13.2	-31.3	-3.2	0.6	-7.1	-17.7	5.5	-16.5	-1.9	93.4
Sept 2014	-1.4	-13.0	6.8	-1.8	-6.2	-24.4	8.3	-0.9	0.7	-6.0	6.2	-2.1	5.9	93.2
Oct 2014	-1.9	-11.3	3.1	0.5	-6.6	-11.9	-2.6	-8.1	0.3	-11.0	6.1	3.0	6.5	93.1
Novem 2014	-9.4	-15.2	-8.1	-3.6	-18.3	-37.4	-3.3	-27.7	-4.7	-1.9	-10.9	4.4	10.3	85.7

Source: According to the National Bureau of Statistics data.

External sector						
Period	Value indices of exported goods (the same period of the previous year=100), %	Value indices of imported goods (the same period of the previous year=100), %	Unit value indices of exported goods (the same period of the previous year=100), %	Unit value indices of imported goods (the same period of the previous year=100), %	Volume indices of exported goods (the same period of the previous year=100), %	Volume indices of imported goods (the same period of the previous year=100), %
2009	80.6	66.9	87.0	89.0	93.0	75.0
2010	120.1	117.6	103.0	103.0	117.0	114.0
2011	143.8	134.7	107.0	110.0	134.0	122.0
2012	97.5	100.4	97.0	99.0	101.0	101.0
2013	112.3	105.4	98.0	99.0	113.0	106.0
Q. I 2012	106.7	109.7	98.0	103.0	109.0	106.0
Q. II 2012	102.9	98.5	95.0	96.0	108.0	103.0
Q. III 2012	92.2	96.5	94.0	95.0	98.0	102.0
Q. IV 2012	91.3	98.8	99.0	100.0	92.0	99.0
Q. I 2013	115.4	103.2	102.0	100.0	113.0	103.0
Q. II 2013	100.4	107.5	99.0	98.0	101.0	110.0
Q. III 2013	119.4	108.1	97.0	100.0	122.0	108.0
Q. IV 2013	112.0	102.9	92.0	98.0	120.0	105.0
Q. I 2014	97.2	98.0	97.2	98.0	106.0	100.0
Q. II 2014	109.6	98.3	97.0	100.0	113.0	98.0
Q. III 2014	93.5	95.8	95.0	97.0	98.0	99.0

Source: According to the National Bureau of Statistics data.

Period	External sector							
	Equity capital	Reinvested earnings	Other capital	Total net FDI inflow	Compensation of employees	Personal transfers	Migrant's transfers	Total remittances inflow
2009	161.6	-11.6	58.3	208.3	563.4	635.2	12.1	1210.8
2010	157.0	14.6	36.4	207.9	743.0	608.5	12.1	1363.5
2011	143.9	86.7	57.6	288.2	899.0	701.4	14.3	1614.7
2012	144.6	-11.0	61.5	195.1	1010.1	783.2	18.1	1811.4
2013	160.3	19.2	56.8	236.3	1118.2	866.8	16.9	2001.8
Jan-sept. 2010	98.9	19.5	40.4	158.8	532.4	438.5	8.4	979.2
Jan-sept. 2011	90.3	68.3	46.6	205.2	653.0	513.6	10.1	1176.7
Jan-sept. 2012	91.5	1.2	40.5	133.1	731.8	562.7	12.2	1306.6
Jan-sept. 2013	106.7	43.9	36.5	187.1	811.1	627.6	10.7	1449.3
Jan-sept. 2014	117.9	66.6	-40.5	144.1	816.5	637.2	13.9	1467.6
Q. I 2012	39.1	3.6	-3.9	38.8	193.7	163.6	3.5	360.8
Q. II 2012	56.53	-4.1	-1.98	50.5	255.7	191.5	3.6	450.7
Q. III 2012	-4.2	1.7	46.3	43.8	282.5	207.6	5.1	495.1
Q. IV 2012	53.1	-12.2	21.0	61.97	278.3	220.7	5.9	504.8
Q. I 2013	49.1	14.5	1.1	64.7	214.2	184.7	3.3	402.2
Q. II 2013	22.7	20.4	24.3	67.4	283.3	207.0	3.1	493.4
Q. III 2013	34.9	8.98	11.1	54.97	313.7	235.8	4.2	553.7
Q. IV 2013	53.6	-24.7	20.3	49.2	307.1	239.2	6.3	552.5
Q. I 2014	36.1	10.8	-22.7	24.2	214.4	183.2	2.7	400.3
Q. II 2014	66.5	15.3	-20.7	61.0	293.5	216.8	4.5	514.7
Q. III 2014	15.4	40.5	2.96	58.9	308.7	237.2	6.7	552.6

Source: According to the National Bank of Moldova.

Period	External sector													
	Value growth rate in exports of goods, y-o-y, %					Value growth rate in imports of goods, y-o-y, %								
	World	USA	EU 28 intracom. extracom.	Romania	Russia Federation	Ukraine	World	USA	EU 28 intracom. extracom.	Romania	Russia Federation	Ukraine		
2009	-30.3	-29.4	-28.7	-27.5	-26.9	-33.3	-36.6	-30.6	-30.5	-28.7	-33.3	-29.5	-31.6	-38.7
2010	-40.1	-40.2	-37.3	-42.9	-44.0	-42.9	-40.7	-39.7	-38.4	-37.3	-35.4	-40.1	-44.8	-40.6
2011	19.8	16.0	15.9	20.7	27.3	30.3	33.0	19.3	15.1	15.9	18.6	23.4	30.2	35.6
2012	0.0	4.3	-7.0	0.1	-8.2	1.4	0.1	0.3	3.1	-7.0	-4.0	-8.2	3.6	2.5
2013	2.1	2.2	3.2	6.6	13.8	-1.1	-6.1	1.4	-0.3	3.2	-3.2	4.6	1.8	-9.3
Jan-sept. 2010	24.0	22.1	10.5	18.1	21.6	38.1	32.1	23.2	25.3	10.5	17.8	14.3	24.0	22.1
Jan-sept. 2011	23.4	18.1	21.1	24.5	34.1	31.4	37.6	22.5	16.2	21.1	23.6	28.8	23.4	18.1
Jan-sept. 2012	-0.2	4.8	-8.4	0.0	-9.5	3.1	1.7	0.2	3.9	-8.4	-4.8	-8.8	-0.2	4.8
Jan-sept. 2013	1.6	1.6	2.1	6.7	12.0	-1.5	-6.9	1.1	-0.7	2.1	-3.7	2.7	1.6	1.6
Jan-sept. 2014	2.2	3.4	5.9	-0.7	10.3	-0.6	-11.1	2.0	3.4	5.9	2.7	9.8	2.2	3.4
Q. I 2012	5.2	8.6	-2.1	3.7	-4.7	16.3	5.1	5.6	8.4	-2.1	1.9	-2.9	12.1	3.1
Q. II 2012	-1.1	4.8	-11.6	-0.9	-9.2	-1.5	0.3	-1.2	3.7	-11.6	-8.1	-10.4	-1.2	9.9
Q. III 2012	-4.1	1.1	-11.2	-2.7	-14.3	-3.5	0.2	-3.4	0.0	-11.2	-7.9	-12.3	2.5	1.2
Q. IV 2012	0.7	2.8	-2.9	0.4	-4.3	-3.2	-4.3	0.9	0.7	-2.9	-1.7	-6.6	2.8	-3.2
Q. I 2013	0.3	0.4	-2.2	4.3	5.5	-5.0	-1.5	-0.3	-2.6	-2.2	-6.2	-0.3	5.0	-6.2
Q. II 2013	1.1	1.6	2.3	8.8	9.4	-3.4	-9.8	0.8	-1.2	2.3	-3.8	-2.4	2.9	-21.9
Q. III 2013	3.3	2.7	6.8	7.1	21.6	4.2	-9.1	2.8	1.6	6.8	-1.2	11.2	0.0	-1.7
Q. IV 2013	3.8	4.0	6.9	5.9	18.9	-0.2	-3.8	2.4	1.1	6.9	-1.1	9.8	-0.1	-6.8
Q. I 2014	1.5	2.5	7.5	1.2	14.2	-1.6	-10.8	2.0	2.0	7.5	1.9	13.7	-5.4	-20.4
Q. II 2014	2.6	3.3	7.3	-1.8	10.9	3.9	-8.2	2.4	4.5	7.3	4.6	12.3	-4.7	-18.8
Q. III 2014	2.5	4.2	2.9	-1.2	6.1	-4.0	-14.3	1.6	3.7	2.9	1.6	4.1	-8.5	-37.8

Source: According to the WTO data.

Period	External sector												
	Value growth rate in exports of goods of the main trade partners, y-o-y, %					Value growth rate in imports of goods of the main trade partners, y-o-y, %							
	World	USA	EU 28 intracom. extracom.	Romania	Russia Federation	Ukraine	World	USA	EU 28 intracom. extracom.	Romania	Russia Federation	Ukraine	
Jul 2012	-4.1	0.9	-10.2	-15.1	-1.7	7.5	-2.2	3.0	-10.2	-10.9	-13.3	8.2	10.3
Aug 2012	-5.3	1.5	-11.8	-12.5	-7.3	0.9	-5.7	-0.7	-11.8	-8.8	-10.1	-0.5	0.9
Sep 2012	-3.8	1.0	-11.6	-15.0	-1.5	-7.1	-3.4	-2.1	-11.6	-4.0	-13.5	0.0	-6.5
Oct 2012	3.0	1.9	2.0	-4.2	0.0	7.2	3.6	3.6	2.0	3.4	1.9	7.3	1.7
Nov 2012	-0.2	3.5	-4.4	-4.1	-4.0	-5.2	-0.3	2.2	-4.4	-5.3	-13.6	-1.0	-10.4
Dec 2012	-0.9	3.0	-6.8	-4.8	-5.4	-13.6	-1.2	-3.9	-6.8	-3.3	-8.1	2.4	-1.0
Jan 2013	7.8	4.5	5.6	10.1	-2.2	-3.8	7.6	1.0	5.6	3.0	5.1	12.3	-5.0
Feb 2013	-2.1	-0.1	-3.0	2.2	-7.3	7.9	-4.8	-0.7	-3.0	-7.9	2.3	6.3	-7.3
Mar 2013	-1.6	-2.5	-8.2	-3.2	-5.0	-7.5	-4.1	-7.8	-8.2	-13.1	-6.7	-1.2	-6.1
Apr 2013	4.7	1.6	4.1	13.5	-1.4	4.6	4.4	0.7	4.1	-3.2	4.3	11.0	-8.1
May 2013	0.1	1.4	-1.0	8.6	2.2	-20.9	-2.0	-0.8	-1.0	-5.7	-8.7	-6.4	-33.5
Jun 2013	0.6	1.7	4.0	4.5	11.8	-12.6	-0.6	-3.6	4.0	-2.4	-2.2	4.6	-23.6
Jul 2013	5.1	4.9	9.2	11.3	27.3	-9.5	5.3	2.4	9.2	4.7	19.6	1.7	-5.9
Aug 2013	2.9	3.1	2.9	2.9	16.6	-10.8	0.5	-0.9	2.9	-5.2	5.9	-5.5	-6.7
Sep 2013	2.5	0.2	7.9	7.0	20.6	-6.7	2.5	3.4	7.9	-2.7	8.2	4.2	7.9
Oct 2013	4.9	6.4	6.2	6.8	18.5	-9.5	2.4	3.2	6.2	-2.4	6.5	-2.8	-3.9
Nov 2013	3.6	4.7	4.1	2.3	12.8	-6.4	-0.1	-2.9	4.1	-1.3	11.4	-0.9	-6.7
Dec 2013	4.7	0.9	11.3	8.7	27.3	5.4	4.3	3.1	11.3	0.8	12.4	3.3	-9.7
Jan 2014	3.0	3.6	5.1	1.1	8.0	-14.3	1.0	-0.2	5.1	-1.2	6.5	-3.7	-11.4
Feb 2014	0.5	0.2	6.4	3.3	14.9	-12.9	2.0	-0.4	6.4	0.2	16.9	-9.3	-23.5
Mar 2014	2.0	3.8	10.9	-0.6	19.4	-6.4	3.1	6.5	10.9	7.1	17.3	-3.8	-24.4
Apr 2014	2.4	3.4	7.9	-2.5	8.4	-16.2	1.4	5.2	7.9	2.8	8.8	-7.3	-30.2
May 2014	2.8	3.9	8.1	-3.7	14.4	1.3	1.4	1.8	8.1	6.1	14.4	-1.1	-4.4
Jun 2014	3.5	2.6	6.1	0.8	10.0	-7.8	4.4	6.8	6.1	5.0	13.7	-5.3	-18.0
Jul 2014	5.4	4.8	7.8	0.7	9.7	-7.9	2.5	3.5	7.8	6.9	8.0	-3.5	-33.9
Aug 2014	0.2	4.0	-0.4	-8.0	1.3	-18.2	-1.5	1.9	-0.4	-3.1	-3.6	-11.0	-41.8
Sep 2014	3.8	3.8	2.2	3.1	6.7	-16.8	3.3	5.8	2.2	0.8	7.2	-9.6	-37.7
Oct 2014	-1.1	2.6	-4.0	-5.0	-2.7	-24.8	-2.2	2.9	-4.0	-7.0	-4.6	-12.2	-39.8
Nov 2014	-4.2	-0.6	-6.8	-5.6	-4.9	-28.2	-5.5	0.3	-6.8	-10.6	-4.0	-21.8	-35.1

Source: According to the WTO data.

Period	Business environment	
	Registration of enterprises	Liquidation of enterprises
2009	7220	3274
2010	6488	3177
2011	6740	3430
2012	6273	3218
2013	6231	2808
Quarter I 2012	1757	852
Quarter II 2012	1499	760
Quarter III 2012	1378	845
Quarter IV 2012	1639	761
Quarter I 2013	1797	700
Quarter II 2013	1509	668
Quarter III 2013	1379	657
Quarter IV 2013	1546	783
Quarter I 2014	1660	686
Quarter II 2014	1570	670
Quarter III 2014	1581	683
January 2013	574	233
February 2013	627	212
March 2013	596	255
April 2013	609	282
May 2013	415	182
June 2013	485	204
July 2013	505	260
August 2013	435	229
September 2013	439	168
October 2013	515	293
November 2013	524	203
December 2013	507	287
January 2014	501	221
February 2014	552	220
March 2014	607	245
April 2014	539	249
May 2014	527	190
June 2014	504	231
July 2014	589	248
August 2014	474	219
September 2014	518	216
October 2014	520	190
November 2014	466	204

Source: According to the data of the Registration Chamber.

Period	Number of enterprises by districts, un.					Number of enterprises by size of enterprises, un.					
	Whole country	Mun. Chisinau	North	Centre	South	T.A.U Gagauzia	Total by all sizes	SME sector:	Medium	Small	Micro
2009	44633	29376	5492	6137	2364	1264	44633	43658	1589	8264	33805
2010	46704	30840	5675	6539	2388	1262	46704	45631	1587	9132	34912
2011	48541	32127	5876	6756	2481	1301	48541	47337	1502	9194	36641
2012	50681	33580	5991	7144	2581	1385	50681	49444	1538	9570	38336
2013	52246	34506	6160	7523	2655	1402	52246	50890	1557	9874	39459
Number of employees by size of enterprises, pers.											
Period	Whole country	Mun. Chisinau	North	Centre	South	T.A.U Gagauzia	Total by all sizes	SME sector:	Medium	Small	Micro
2009	539195	305150	104071	70032	41033	18909	539195	316244	115055	117104	84085
2010	526182	300657	99532	70139	37959	17895	526182	309434	108771	120969	79694
2011	510191	304120	88608	66558	34910	15995	510191	294184	91107	116216	86861
2012	519882	313068	89508	67551	34435	15320	519882	300223	87577	122214	90432
2013	525198	316665	89326	68965	34188	16054	525198	298430	87571	122878	87981
Turnover by districts, mln MDL											
Period	Whole country	Mun. Chisinau	North	Centre	South	T.A.U Gagauzia	Total by all sizes	SME sector:	Medium	Small	Micro
2009	146447	108718,95	17561,65	12802,51	4756,06	2607,82	146447	57480,03	20318,25	29104,21	8057,57
2010	177503,2	130126,2	22031,5	15974,7	6132,1	3238,7	177503,2	65263,2	22799,2	33992,7	8471,3
2011	207676,8	150329,9	25652,1	20462,8	7222,4	4009,5	207676,8	71887,6	24133,8	38025,5	9728,3
2012	211759,3	155185,5	25470,3	20096,4	6954,4	4052,6	211759,3	73057	24892	38344,1	9820,9
2013	232935,7	170280,1	27361,7	22968,2	7229,3	5096,5	232935,7	77413,2	26253,8	40900,7	10258,7
Financial result (profit) by districts before taxation, mln MDL											
Period	Whole country	Mun. Chisinau	North	Centre	South	T.A.U Gagauzia	Total by all sizes	SME sector:	Medium	Small	Micro
2009	12442,59	9623,62	1206,04	933,55	399,02	280,35	12442,59	5920,23	1807,72	3038,08	1074,43
2010	13169,8	9754,4	1766,3	918,9	468,4	261,8	13169,8	5456,9	1931,5	2842,4	683
2011	14427,5	10990,4	1611,5	1102,8	467,7	255,1	14427,5	5180,2	1972,1	2697,7	510,4
2012	4706,6	4127,1	151,4	436,4	30,7	-39	4706,6	1084,7	393,6	715,9	-24,8
2013	4131	2601,4	434,8	719	149,8	226,1	4131	2008,5	657,1	1267,3	84,2

Source: Databank of the National Bureau of Statistics.

Labour market																							
	Number of economically active population (thou. pers.)	Activity rate, %						Number of employed (thou. pers.)			Employment rate, %			ILO unemployed (thou. pers.)			Unemployment rate, %						
		Total		men	women	urban	rural	Total	men	women	urban	rural	Total	men	women	urban	rural	Total	men	women	urban	rural	
		(thou. pers.)																					
2009	1265.3	42.8	46.2	39.7	47.4	39.3	40.0	42.6	37.7	43.6	37.4	40.0	42.6	37.7	43.6	37.4	81.0	7.8	4.9	8.0	5.0	5.0	
2010	1235.4	41.6	45.0	38.6	47.2	37.5	38.5	40.9	36.4	42.7	35.4	38.5	40.9	36.4	42.7	35.4	92.0	9.1	5.7	9.6	5.4	5.4	
2011	1257.5	42.3	45.6	39.3	48.0	38.0	39.4	42.1	37.1	44.1	36.0	39.4	42.1	37.1	44.1	36.0	84.0	6.7	7.7	8.2	5.2	5.2	
2012	1214.5	40.7	43.5	38.2	47.0	36.0	38.4	40.6	36.5	43.6	34.6	38.4	40.6	36.5	43.6	34.6	67.7	5.6	6.8	4.3	7.3	3.9	
2013	1235.9	41.4	44.5	38.6	45.6	38.1	39.3	41.8	37.0	42.8	36.6	39.3	41.8	37.0	42.8	36.6	63.1	5.1	6.0	4.1	6.3	4.1	
January																							
February	1103.7	37.0	38.8	35.3	45.6	30.5	34.3	35.2	33.6	41.9	28.6	34.3	35.2	33.6	41.9	28.6	79.8	7.2	5.0	8.1	6.2	6.2	
March																							
April																							
May	1266.9	42.5	45.6	39.6	46.3	39.6	40.5	43.1	38.2	43.2	38.6	40.5	43.1	38.2	43.2	38.6	57.6	4.5	5.4	6.8	2.6	2.6	
June																							
July																							
August	1286.9	43.1	46.0	40.5	46.5	40.7	41.1	43.3	39.0	43.1	39.6	41.1	43.3	39.0	43.1	39.6	62.2	4.8	5.9	3.7	7.3	2.8	
September																							
October																							
November	1200.7	40.3	43.6	37.2	49.6	33.3	37.9	40.6	35.4	46.2	31.8	37.9	40.6	35.4	46.2	31.8	71.4	5.9	7.0	4.9	7.0	4.8	
December																							
2013	1121.0	37.5	39.7	35.6	45.8	31.5	34.5	35.7	33.4	42.0	29.0	34.5	35.7	33.4	42.0	29.0	90.8	8.1	10.2	6.0	8.2	8.0	
January																							
February																							
March																							
April	1288.4	43.1	47.2	39.5	45.0	41.7	41.1	44.5	38.0	42.1	40.3	41.1	44.5	38.0	42.1	40.3	60.8	4.7	5.6	3.8	6.4	3.3	
May																							
June																							
July																							
August	1328.2	44.5	47.7	41.6	46.0	43.3	42.7	45.7	40.1	43.5	42.1	42.7	45.7	40.1	43.5	42.1	51.4	3.9	4.1	3.6	5.3	2.7	
September																							
October																							
November	1205.8	40.4	43.4	37.6	45.8	36.2	38.7	41.3	36.4	43.5	35.1	38.7	41.3	36.4	43.5	35.1	49.3	4.1	4.8	3.3	5.2	3.0	
December																							
2014	1128.1	37.7	40.4	35.4	43.9	33.2	35.8	37.9	33.9	41.2	31.8	35.8	37.9	33.9	41.2	31.8	57.5	5.1	6.1	4.1	6.0	4.2	
January																							
February																							
March																							
April	1328.6	44.5	47.8	41.5	45.0	44.1	42.8	45.8	40.1	42.3	43.2	42.8	45.8	40.1	42.3	43.2	48.5	3.7	4.1	3.2	5.8	1.9	
May																							
June																							
July																							
August	1205.8	44.2	47.5	41.1	44.5	43.9	42.7	45.6	40.0	42.4	42.9	42.7	45.6	40.0	42.4	42.9	43.9	3.3	4.0	2.6	4.6	2.3	
September																							

Source: According to the National Bureau of Statistics.

Remuneration of labour											
Nominal monthly wage - Total						Index nominal monthly wage (comparative to previous year), %					
			MDL	USD	EUR	MDL	USD	EUR	Index real monthly wage (comparative to previous year), %		
2009			2747.6	247.2	177.0	108.6	101.5	107.0	108.6		
2010			2972.2	240.4	181.2	108.2	97.3	102.4	100.7		
2011			3193.9	272.1	195.5	111.6	113.2	107.9	103.7		
	Q1	January	3139.0	265.8	206.1	110.7	114.5	118.6	103.5		
		February	3166.0	266.5	201.9	109.8	111.0	114.8	103.4		
		March	3273.5	276.3	209.6	109.7	110.6	117.3	104.1		
	Q2	April	3350.3	283.8	215.6	106.9	105.9	116.0	102.1		
		May	3489.8	294.2	229.1	108.5	106.1	118.8	104.2		
		June	3913.5	323.8	258.4	110.0	105.5	121.0	106.1		
	Q3	July	3574.9	289.2	234.8	109.6	102.3	118.6	105.4		
		August	3503.6	280.4	226.4	110.4	100.5	116.3	105.7		
		September	3421.5	275.7	215.1	108.3	101.2	109.1	103.2		
	Q4	October	3482.3	284.2	219.1	110.1	106.0	111.9	106.0		
		November	3527.8	286.1	222.9	109.2	103.8	109.8	105.3		
		December	3888.8	318.9	243.1	104.9	101.4	102.0	100.8		
2012	Q1	January	3413.5	281.3	212.0	108.7	105.8	102.9	104.0		
		February	3380.1	279.5	208.8	106.8	104.9	103.4	102.4		
		March	3638.7	295.4	227.8	111.2	106.9	108.7	106.7		
	Q2	April	3739.7	302.9	232.9	111.6	106.7	108.0	106.8		
		May	3758.5	304.2	234.0	107.7	103.4	102.1	101.9		
		June	3859.0	309.9	235.4	98.6	95.7	91.1	93.5		
	Q3	July	3908.5	308.3	235.7	109.3	106.6	100.4	104.8		
		August	3832.4	300.5	225.8	109.4	107.2	99.7	105.5		
		September	3758.5	292.0	218.8	109.8	105.9	101.7	105.7		
	Q4	October	3785.4	290.3	213.0	108.7	102.1	107.2	103.8		
		November	3793.6	292.7	216.7	107.5	102.3	97.2	102.5		
		December	4278.7	328.1	239.7	110.0	102.9	98.6	104.6		
2013	Q1	January	3777.4	286.9	210.4	110.2	101.6	98.9	104.9		
		February	3717.9	275.6	202.1	109.8	98.4	96.6	104.2		
		March	3912.4	289.5	209.6	107.3	97.8	91.8	101.5		
	Q2	April	4009.1	298.5	216.0	107.2	98.5	92.7	101.3		
		May	4032.6	294.9	214.3	107.3	96.9	91.6	102.5		
		June	4203.9	301.9	222.1	108.9	97.4	94.4	103.7		
		July	4328.8	308.8	227.8	110.8	100.2	96.6	105.2		
	Q3	August	4276.9	309.2	232.1	111.6	102.9	102.8	106.2		
		September	4267.7	298.0	230.5	113.5	102.1	105.3	108.3		

Source: According to the National Bureau of Statistics.

Household disposable income							
	Disposable income MDL	The structure of the disposable income, %					
		employment activity	individual agricultural activity	individual non-agricultural activity	property income	social benefits etc.	
2009	1166.1	45.3	8.9	6.5	0.2	17.5	21.7
2010	1273.7	42.6	9.8	6.8	0.1	18.7	22.0
2011	1444.7	44.7	10.0	6.8	0.4	18.1	20.1
2012	1508.8	42.7	9.6	7.2	0.2	19.2	21.2
2013	1681.4	41.6	9.1	6.9	0.2	19.9	22.3
January							
February	1439.3	43.9	10.1	5.9	0.1	18.4	21.6
March							
April							
May	1523.1	43.7	9.8	6.3	0.6	19.0	20.7
June							
July							
August	1507.3	41.4	9.1	8.5	0.0	20.6	20.4
September							
October							
November	1572.5	41.7	9.3	8.0	0.1	18.8	22.1
December							
2012							
January	1559.8	42.5	9.1	6.4	0.3	19.4	22.3
February							
March							
April							
May	1667.2	43.7	10.0	6.4	0.1	18.8	21.0
June							
July							
August	1755.7	41.8	8.8	7.2	0.2	20.3	21.7
September							
October							
November	1743.0	38.7	8.4	7.5	0.2	20.9	24.3
December							
2013							
January	1650.0	42.6	10.1	5.9	0.1	20.0	21.2
February							
March							
April							
May	1756.1	43.0	10.4	5.6	0.0	18.8	22.2
June							
July							
August	1787.4	40.7	9.0	6.6	0.1	21.4	22.3
September							
2014							

Source: According to the National Bureau of Statistics.

		Household consumer expenditure											
		Consumer expenditure MDL	The structure of the consumer expenditure, %										
		food	alcoholic beverages, tobacco	clothing, footwear	household maintenance	endowment house	medical care and health	transportation	communications	recreational activity	education	hotels, restaurants, cafes etc.	etc.
2009	January	1217.4	1.8	12.2	16.2	3.9	6.2	4.7	5.0	2.0	0.5	2.5	4.1
	February	1371.7	1.8	10.8	17.8	3.9	6.4	4.9	4.6	1.7	1.3	2.2	3.8
	March	1534.1	1.8	10.4	18.1	3.6	5.4	5.2	4.4	1.7	1.1	1.9	4.0
	April	1598.6	1.7	10.6	18.5	3.5	5.6	4.2	4.4	1.4	1.0	1.7	4.1
2010	January	1775.8	1.5	10.3	19.2	3.6	5.7	4.7	4.2	1.5	0.8	1.5	4.0
	February	1510.8	1.6	10.9	18.3	3.0	6.2	3.8	4.5	1.1	1.1	2.1	3.7
	March	1582.6	1.6	11.2	18.5	3.3	4.8	4.5	4.5	1.4	0.9	1.8	3.8
	April	1675.3	1.7	10.3	19.0	4.1	6.5	4.3	4.3	1.9	1.0	1.3	3.6
2011	January	1624.4	1.7	10.2	18.3	3.7	5.0	4.4	4.2	1.4	1.0	1.8	5.0
	February	1656.1	1.7	9.6	18.3	3.2	6.7	4.6	4.5	1.3	0.8	1.8	4.1
	March	1762.0	1.5	10.6	19.0	3.2	4.7	4.9	4.3	1.0	0.9	1.5	4.1
	April	1888.0	1.3	10.2	20.2	3.8	5.8	5.1	4.0	1.9	0.8	1.7	4.0
2012	January	1798.5	1.6	10.9	19.1	4.2	5.5	4.1	4.1	1.8	0.8	1.2	3.8
	February	1731.9	1.2	10.4	18.6	3.2	6.6	4.4	4.5	1.2	0.6	1.2	4.1
	March	1807.6	1.4	10.3	18.3	3.2	5.5	4.4	4.5	0.9	0.9	1.6	4.1
	April	1831.8	1.2	10.7	19.9	3.8	5.3	4.1	4.2	1.2	0.7	1.5	3.8
2013	January	1831.8	1.2	10.7	19.9	3.8	5.3	4.1	4.2	1.2	0.7	1.5	3.8
	February	1831.8	1.2	10.7	19.9	3.8	5.3	4.1	4.2	1.2	0.7	1.5	3.8
	March	1831.8	1.2	10.7	19.9	3.8	5.3	4.1	4.2	1.2	0.7	1.5	3.8
	April	1831.8	1.2	10.7	19.9	3.8	5.3	4.1	4.2	1.2	0.7	1.5	3.8
2014	January	1831.8	1.2	10.7	19.9	3.8	5.3	4.1	4.2	1.2	0.7	1.5	3.8
	February	1831.8	1.2	10.7	19.9	3.8	5.3	4.1	4.2	1.2	0.7	1.5	3.8
	March	1831.8	1.2	10.7	19.9	3.8	5.3	4.1	4.2	1.2	0.7	1.5	3.8
	April	1831.8	1.2	10.7	19.9	3.8	5.3	4.1	4.2	1.2	0.7	1.5	3.8

Source: According to the National Bureau of Statistics.

		Crimes																				
		Crimes against life and health of the person (cases)			Crimes of sexual life (cases)			Crimes against property (cases)			Offenses against public health and social coexistence (cases)			Crimes against family and minors (cases)			Economic crimes (cases)			Crimes against public security and public order (cases)		
Year	Recorded crimes - total, (cases)	Total	murder	premeditated severe injuries	Total	rape	theft	brigandage	robbery	fraud	pocket-picking	blackmail	Total	drug related crimes	Total	trafficking in children	Total	contraband	of counterfeit	Total	hooliganism	
		2009	25655	1667	240	369	402	264	12222	9136	205	1003	1066	118	52	2065	1879	168	42	2452	251	292
2010	33402	1892	265	416	557	368	18104	13646	185	1204	1841	395	64	1983	1794	204	23	1053	170	376	1122	955
2011	35124	1799	216	360	461	291	19340	15060	152	1151	1574	554	44	1810	1658	597	24	1384	211	681	1342	1152
2012	36615	1755	223	325	617	360	18751	14294	167	1175	1651	540	64	1785	1575	953	20	1928	163	1156	1514	1284
2013	38157	1647	215	324	608	349	20391	15378	146	1144	2065	741	88	1305	1166	1474	20	1002	151	344	1625	1444
Q1	7791	362	49	67	141	82	3988	3012	49	297	354	102	7	468	386	192	6	464	46	296	315	263
Q2	16852	762	96	145	287	179	8619	6587	81	587	757	205	24	893	760	409	10	808	89	569	691	585
Q3	26012	1222	151	228	448	273	13239	10128	127	872	1136	339	43	1336	1169	668	15	1416	127	933	1054	888
Q4	36615	1755	223	325	617	360	18751	14294	167	1175	1651	540	64	1785	1575	953	20	1928	163	1156	1514	1284
Q1	8250	326	55	66	154	91	4630	3535	47	267	424	182	17	308	274	317	7	224	30	84	383	341
Q2	18098	767	114	140	306	172	10004	7563	83	550	1002	378	39	568	496	663	14	492	68	188	784	694
Q3	27320	1175	150	220	455	258	14624	11037	121	829	1513	494	67	951	850	1067	17	724	103	256	1151	1025
Q4	38157	1647	215	324	608	349	20391	15378	146	1144	2065	741	88	1305	1166	1474	20	1002	151	344	1625	1444
Q1	8940	336	42	67	156	91	4489	3350	28	245	467	173	25	316	276	492	6	319	54	46	389	352
Q2	18138	769	115	140	306	172	10012	7563	84	550	1007	378	41	575	503	663	14	501	73	188	786	694
Q3	30328	1116	129	223	497	279	15620	11828	83	840	1577	571	55	1093	979	1810	14	930	156	176	1296	1163

Source: According to the National Bureau of Statistics.

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