

# *FOOD PRICES IMPLICATIONS*

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# The problem in few words

- Very unusual development;
- Poor countries will suffer at most;
- How long? Is considered crucial;
- International institutions more active.



# Albania versus this phenomenon.

- There is evidence of a kind of immunity;
  - Previous monetary policy actions;
  - Tight fiscal policy so far;
  - Low access to exports;
- This might be temporary;
- Is there a recipe to react?
- What is the role of Monetary Policy?



# Current developments.

- Forecasts indicates a fluctuation around current value.
- End year most probably slightly below 4%;
- Credit growth still remain high.
- Revenues collection very robust.
- Banking survey indicates a slight upward shift in banks expectations.



# Information to be released.

- Considering the inflation expectation crucial we are anxiously waiting:
  - Consumer and Business sentiments;
  - Banks expectations;



# What if...?

- We decide to tighten further
  - Better control of domestic demand;
  - Inflation expectation will better anchored;
  - It might result to bigger interest rate differential;
  - Consequently, more pressure on FX rate, more FX loans;
- Risks concerning financial stability might arise.



# What might be next step?

- Our unique goal is Price Stability.
- Anchoring well Inflation expectation is our main duty;
- We will carefully evaluate the risk balance;
- Critical development: how the authorities will decide to compensate the poorest people;
  - Avoiding potential second round effects remain a challenge.
  - Most important to avoid inflation spirals.



# Final comment!

- BoA is fully committed to undertake the proper steps in order to keep price stability in economy.