

ANALYSIS OF INFLATION AND ECONOMIC POLICIES IN ROMANIA AFTER 2020

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ABSTRACT: *This paper examines inflation in Romania during the 2020–2025 period and interprets its trajectory through the interplay of external shocks, domestic propagation mechanisms, and economic policy. The analysis utilizes average annual rates of the Consumer Price Index (CPI) and the Harmonised Index of Consumer Prices (HICP), supplemented by documents from the National Bank of Romania and assessments by international institutions. Three distinct regimes are identified: the acceleration associated with the economic reopening and the energy crisis, the disinflation of 2023–2024, and the re-acceleration in 2025 driven by changes in administered prices and indirect taxation. Descriptive results indicate a persistent positive differential relative to the European Union average and a substantial cumulative rise in price levels.*

The analytical contribution lies in distinguishing the initial impulse from persistence mechanisms and separately evaluating monetary stability, fiscal sustainability, and the protection of purchasing power. Causal relationships are discussed as mechanisms supported by economic literature and institutional evidence, rather than being presented as original econometric estimates. It is argued that sustainable disinflation requires the anchoring of expectations, credible fiscal consolidation, and measures to reduce supply-side vulnerabilities. Data for 2026 serve a contextual purpose and are not conflated with the complete annual series.

Keywords: *Inflation; Romania; Monetary Policy; Fiscal Consolidation; Purchasing Power*

JEL Classification: *E31, E52, E62*

1. INTRODUCTION AND OBJECTIVES

Since 2020, price stability has become a central criterion for assessing the Romanian economy. The pandemic simultaneously altered production capacity, the structure of demand, and financial behavior. Subsequently, rising energy prices and geopolitical tensions amplified cost pressures. The sequential nature of these shocks explains why an exclusively monetary or exclusively energy-focused perspective remains incomplete.

The main question is why the reduction in inflation during 2023–2024 did not ensure a stable return to the target. This paper aims to identify the various stages, compare Romania with the European Union, and examine the costs associated with the distribution of the adjustment. The working hypothesis is that external shocks interacted with domestic rigidities and a policy

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mix that was difficult to coordinate. This hypothesis frames the interpretation; verifying the causal links would require additional data and methods.

The relevance of this research also stems from the fact that inflation has differential effects on households, businesses, and public finances. For households, the consequences depend on consumption patterns, the adjustment of nominal incomes, and the ability to safeguard savings; for businesses, these effects manifest through changes in costs, financing conditions, and investment decisions. Consequently, the assessment of price stability must be linked to an analysis of purchasing power and the distribution of adjustment costs, as an improvement in aggregate indicators does not automatically imply a uniform improvement in economic conditions.

Against this backdrop, the study contributes by articulating a comparative and institutional perspective that distinguishes between the initial drivers of inflation and the mechanisms that foster its persistence. The analysis examines both the evolution of average annual rates and the cumulative change in price levels to differentiate between a slowdown in inflation and the recovery of purchasing power. This approach provides a foundation for discussing the conditions for durable disinflation and the compatibility between monetary policy, fiscal consolidation, and the protection of vulnerable households.

2. THEORETICAL FRAMEWORK AND LITERATURE REVIEW

An analysis of inflation must distinguish between relative price variations and a persistent rise in the general price level. A rise in energy prices redistributes income between consumers and producers and alters cost structures. Its transformation into a generalized process depends on transmission to other goods, the response of nominal incomes, expectations, and monetary conditions. While the central bank can influence these mechanisms, it does not produce energy, nor does it directly eliminate physical supply constraints.

Friedman's (1968) contribution highlights the limits of exploiting a stable relationship between inflation and real economic activity when expectations adjust. Applying this concept to Romania requires caution: the theory explains the risk of persistent inflation accommodation without attributing a monetary origin to every monthly increase. Distinguishing between the initial trigger and subsequent accommodation is crucial for an episode driven by energy costs, taxes, and production disruptions.

A useful framework is the New Keynesian Phillips curve, in which inflation depends on expectations, demand pressure, and cost shocks. In an open economy, import prices and the exchange rate are also included. The coefficients of these relationships may vary over time: the transmission of a price increase depends on firms' margins, contracts, competition, and the duration of the shock. A stable equation estimated for normal periods may prove inadequate for describing a crisis regime. Bernanke and Blanchard (2023) demonstrate the relevance of goods market disruptions and labor market tensions to the US economy during the pandemic. This evidence provides a conceptual benchmark rather than a specific estimate for Romania. The BIS report (2022) discusses the risk of shifting from a low-inflation regime to one characterized by more frequent price and wage adjustments. For Romania, the frequency of adjustment and policy credibility are variables requiring further research rather than findings established here.

The distributional dimension complements the aggregate analysis. Jaravel (2021) shows that households may face varying inflation rates due to differences in the goods they purchase and their capacity for substitution. Consequently, the official index measures a representative basket rather than the identical experience of every consumer. A higher share of food and energy costs in the budgets of vulnerable households can exacerbate the loss of welfare.

The adopted perspective integrates these levels: external shocks explain part of the acceleration, domestic structure influences persistence, and institutions determine the adjustment mechanism. Policy assessment must consider both the pace of disinflation and the

associated costs regarding economic activity, financing, and income distribution. Neither rapid stabilization achieved at the expense of fiscal sustainability nor universal compensation that excessively stimulates demand constitutes a robust solution.

3. DATA AND METHODOLOGY

The empirical basis consists of a descriptive comparison of six annual observations covering the period 2020–2025. The average annual CPI rate is derived from the INS series, while the HICP rates for Romania and the EU are sourced from Eurostat (dataset `prc_hicp_aind`, aggregate CP00, unit RCH_A_AVG). Eurostat data were extracted on October 8, 2026. The use of annual averages allows for the comparison of full years and avoids combining a recent monthly figure with a full-year average.

The CPI and HICP serve distinct purposes. The CPI acts as the national benchmark for consumer price dynamics and the NBR’s inflation target. The HICP employs a harmonized methodology designed for European comparisons. Differences between the indicators reflect variations in coverage, weighting, and methodological rules rather than a statistical contradiction. The HICP is used exclusively for the Romania–EU comparison; calculating the difference between the Romanian CPI and the EU HICP would involve combining non-comparable metrics.

A second distinction relates to frequency. The average annual rate compares the mean of the indices for a given year with that of the preceding year, whereas the December annual rate compares figures for the same month across two years. In 2025, the average CPI rose by 7.3%, while the December rate stood at 9.69% (INS; NBR, 2026). These figures address different questions: the former summarizes the annual trend, while the latter captures the situation at the end of the period.

To determine the cumulative level, the average for 2020 is set at 100, and the average annual rates for 2021–2025 are chained together. If π_t is the average annual rate expressed as a decimal, the index is calculated as $P_t = P_{t-1} \times (1 + \pi_t)$. The purchasing power of a constant nominal amount is $Q_t = 10,000 / P_t$, also based on 2020 = 100. The calculations utilize published rates rounded to one decimal place and are, consequently, approximate.

This construction compares annual average levels and does not replicate a December 2020–December 2025 index. Inflation for 2020 is shown in the rate comparison but is not included in the cumulative figure based on 2020. Simply adding the rates would ignore compounding and underestimate the cumulative increase. Furthermore, a decrease in a positive rate does not imply a return of prices to their previous level.

Documents from the NBR, OECD, IMF, and European Commission are used to interpret the institutional context. The short annual series does not allow for a credible identification of the distinct effects of energy, taxes, wages, and interest rates. The paper does not estimate multipliers, elasticities, or specific causal contributions. Institutional reports are cited for specific findings, and recommendations are formulated as reasoned inferences. Data and projections published in 2026 are distinguished from preceding annual outcomes.

4. COMPARATIVE INFLATION TRENDS

A comparative analysis of average annual inflation rates highlights both the evolution of price pressures in Romania and the gap relative to the European Union average over the 2020–2025 period. Table 1 presents national and harmonized indicators, utilizing the Harmonized Index of Consumer Prices (HICP) to calculate the differential between Romania and the European Union.

Comparing these indicators makes it possible to distinguish between common trends and the specific characteristics of inflation dynamics in Romania. Similar rate movements

suggest exposure to a shared European economic context, whereas the persistence of the differential warrants an examination of domestic factors such as consumption patterns, fiscal changes, and the dynamics of administered prices. However, the observed differences serve a descriptive purpose and do not, in themselves, allow for the quantification of a specific factor's contribution to national inflation.

Table 1. Average annual inflation rates and the European differential

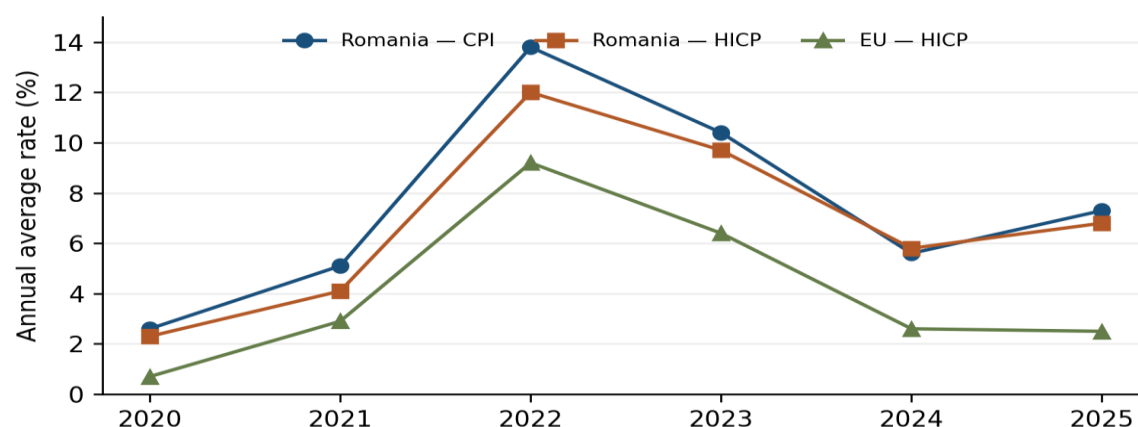
Year	Romania CPI %	Romania HICP %	EU HICP %	RO–EU differential percentage points
2020	2,6	2,3	0,7	+1,6
2021	5,1	4,1	2,9	+1,2
2022	13,8	12,0	9,2	+2,8
2023	10,4	9,7	6,4	+3,3
2024	5,6	5,8	2,6	+3,2
2025	7,3	6,8	2,5	+4,3

Source: INS, annual CPI series; Eurostat, prc_hicp_aind. Differential calculated as Romania's HICP minus EU HICP. Values are rounded to one decimal place.

The data in Table 1 highlight the persistence of a positive harmonized inflation differential between Romania and the European Union average throughout the analyzed period. However, the evolution of this differential was not uniform: the gap narrowed from 1.6 percentage points in 2020 to 1.2 percentage points in 2021, before widening to reach 4.3 percentage points in 2025. The persistence of this gap suggests that exposure to common shocks was accompanied by national specificities regarding price transmission and adjustment, the contribution of which warrants separate analysis.

A significant shift occurs in 2025, when harmonized inflation trends diverge: in Romania, the average annual rate rises from 5.8% to 6.8%, while the European average falls from 2.6% to 2.5%. This development interrupts the disinflation observed in Romania over the preceding two years and widens the gap relative to the European benchmark. Figure 1 complements the tabular presentation, illustrating the sequence of acceleration and disinflation phases, as well as the divergence observed at the end of the analyzed period.

Figure 1. Average annual inflation in Romania and the European Union, 2020–2025



Source: INS and Eurostat; authors' own representation. The EU series refers to the EU-27.

The series show a shared peak in 2022 and a decline in 2023–2024. In 2025, however, Romania's average HICP inflation rose to 6.8%, while the EU average fell to 2.5%. The

differential widened from 3.2 to 4.3 percentage points. This divergence justifies an analysis of national factors, even though it does not, on its own, demonstrate the specific contribution of each one.

The persistent gap relative to the EU cannot be interpreted solely as the result of a looser monetary policy. Factors such as the composition of consumption baskets, energy costs, taxes, demand, and productivity influence the comparison. The chart provides a diagnosis of the aggregate outcome; identifying the underlying causes requires sectoral breakdowns and a separate empirical strategy.

5. STAGES OF INFLATION AFTER 2020

The year 2020 stands as a benchmark marked by disrupted economic activity and relatively moderate average inflation: 2.6% based on the CPI and 2.3% based on the HICP. Health-related restrictions reduced demand for certain services but created pressures in other segments. An aggregate rate that appears modest can mask significant adjustments in relative prices. For this reason, the pandemic year should not be treated as a state of normal structural equilibrium.

In 2021, the reopening of the economy coincided with impaired supply capacities and higher external costs. Average CPI inflation rose to 5.1%, and HICP inflation to 4.1%. The resurgence of consumption and logistical difficulties may have acted simultaneously. While the explanation citing pent-up demand is plausible, its precise contribution cannot be determined from a single annual observation. The European Commission's Convergence Report (2022) places this acceleration within a broader European context.

In 2022, average CPI inflation reached 13.8%, and HICP inflation hit 12.0%. Energy, food, and the effects of the war in Ukraine intensified pressures on an economy already grappling with disruptions. The 2024 Convergence Report documents the evolution of these components for Romania. The energy shock can have a direct impact on bills and an indirect effect on transport, fertilizers, and industrial production; this transmission explains why the impact extends beyond the initial statistical category. The years 2023 and 2024 brought disinflation: the average CPI fell to 10.4% and subsequently to 5.6%. Improved external conditions, base effects, and monetary tightening contributed to a more favorable environment. However, part of the rate reduction is arithmetic in nature: an exceptional price surge drops out of the comparison window. The persistence of certain domestic components calls for caution before assuming definitive stabilization (OECD, 2024).

In 2025, the average CPI rose to 7.3%, and the annual rate in December reached 9.69%. The NBR (2026) identifies the lifting of electricity price caps on July 1 and the VAT and excise duty hikes in August as significant drivers. These changes have a clear institutional date and cause jumps in price levels. While initially discrete events, they do not rule out secondary effects via costs and expectations.

Data from 2026 must be analyzed in light of these base effects. A drop in the rate following the anniversary of a fiscal or administrative shock does not, in itself, prove that all current pressures have subsided. The 2026 OECD assessment and the 2025 IMF consultation provide benchmarks for economic policy, yet their forecasts remain conditional. The study's main data series concludes in 2025 to maintain annual comparability.

6. EXTERNAL MECHANISMS AND DOMESTIC PERSISTENCE FACTORS

The import channel plays a central role in an economy integrated into European trade. Energy and intermediate input costs are passed through to producer prices and subsequently to consumers. The intensity and lag of this transmission depend on contracts and bargaining

power. Exchange rate stability can mitigate one component of imported inflation but does not neutralize price increases for goods denominated in foreign currency.

Exchange rate transmission is not mechanical. A depreciation may raise import costs, yet firms can temporarily absorb part of the impact within their margins. An appreciation may have a weaker effect if sales prices are rigid. Without product-level data, it is impossible to determine the existence or magnitude of any asymmetry in Romania's case. At the same time, nominal stability combined with an inflation differential can lead to real appreciation and pressure on competitiveness.

Domestically, demand financed by income, credit, or public spending can drive price adjustments when supply responds sluggishly. The NBR report for 2025 and the OECD assessment (2026) highlight the significance of fiscal imbalances. However, a high deficit does not automatically mean that all inflation can be attributed to fiscal policy; the composition of expenditure, induced imports, financing methods, and the timing of intervention all play a role.

Wage trends must be analyzed alongside productivity and income distribution. Recovering lost real value can be a legitimate adjustment rather than definitive proof of a wage-price spiral. The risk of persistence rises when unit labor costs consistently outpace productivity growth and firms pass the difference on to prices. Establishing the existence of a spiral requires observing a persistent, two-way relationship, rather than merely the coincidence of nominal increases.

Administered prices and indirect taxation generate a different type of impulse. Ending price caps may reintroduce costs into the index that were previously limited or offset through the budget. A VAT hike may be partially absorbed by margins or passed on to buyers. The immediate impact on price levels is distinct from the lasting effect on the rate of increase. Monetary policy focuses primarily on whether these impulses become generalized and self-perpetuating.

7. SOCIAL COSTS AND FINANCIAL EFFECTS

The social cost of inflation depends on the difference between nominal incomes and relevant prices for each household. For income increasing with g and prices increasing with π , the exact real variance is $(1 + g) / (1 + \pi) - 1$. The $g - \pi$ approximation becomes less accurate when rates are high. A noticeable nominal wage increase may therefore coincide with stagnation or reduction in real income.

Households with low incomes usually allocate a greater weight to necessary expenses and have lower savings. The ECB's analysis of low-income households provides a relevant European mechanism without substituting a national estimate (Charalampakis et al., 2022). For Romania, quantifying the effects would require data from the family budget survey, decile weights and information on transfers, housing and energy consumption.

Inflation can redistribute between debtors and creditors when contracts are nominal and realized inflation differs from anticipated. This relationship does not mean that debtors always win. Variable rate loans can become more expensive and the loss of real income can reduce your ability to pay. The structure of the contracts and the timing of the interest adjustment are decisive for the net result.

Cash savings lose purchasing power in the absence of remuneration. For deposits and financial instruments, the net return, after tax and costs, must be compared with inflation over the same interval. The Fisher relation provides the framework for the distinction between the nominal rate and the real rate (Fisher, 1930). A positive nominal rate does not guarantee a positive real return, and future inflation remains uncertain at the time of investment.

Firms are affected by costs, working capital and the difficulty of pricing. Businesses with tight margins and limited access to credit can withstand more severe adjustments. A firm able to shift costs can protect its profitability but lose sales volume. Aggregate inflation does

not allow for the inference of a general increase in profits; sectoral data and separation of margin from cost evolution would be required.

Effective social protection must take these differences into account. Universal offsets may temporarily reduce the observed bill, but have budgetary costs and may favor high-income consumers. Targeted transfers can protect essential consumption at a lower cost if the administration correctly identifies beneficiaries. The ILO report (2022) and the World Bank analysis (2022) support the relevance of real income protection, without providing here quantitative evaluations of a Romanian program.

8. MONETARY POLICY AND FISCAL COORDINATION

The NBR aims for an inflation target of 2.5%, with a variation range of ± 1 percentage point. The annual report for 2025 shows maintaining the monetary policy rate at 6.5% during the year, after two reductions in 2024 (BNR, 2026). The instrument influences financing conditions, demand and expectations, with delays and with effects distributed differently between households and firms.

Faced with a supply shock, the central bank faces a trade-off. A very strong reaction can limit the generalization of price increases, but it can reduce activity without eliminating the original cause. An insufficient reaction can allow expectations to be discouraged. The decision depends on likely persistence, core inflation, labor market and currency risk. The total annual rate is necessary but not sufficient for calibration.

A simple comparison between nominal interest and current inflation can be misleading. The actual conditions relevant to an economic decision depend on anticipated inflation over the contract horizon. In addition, the cost of credit includes margins and fees, and access to financing varies. The evaluation of the monetary orientation must be completed with the liquidity, the structure of the balance sheets and the transmission in the interest rates practiced by the banks.

Fiscal policy can strengthen or weaken stabilization. Credible consolidation reduces demand pressure and risk associated with government funding. However, a consolidation based on indirect taxes may initially raise the CPI, even if it later curbs demand. This is a timing trade-off: the fiscal and monetary targets may be compatible in the medium term, but produce different effects in the early months (IMF, 2025; OECD, 2026).

The credibility of the consolidation depends on the permanence of the measures and the composition. Reducing waste, improving collection and prioritizing investment can support supply and sustainability. Cutting productive investment may have an immediate fiscal effect but may limit future capacity. Recommending a particular combination requires analysis of incidence and effectiveness, not just comparison of savings.

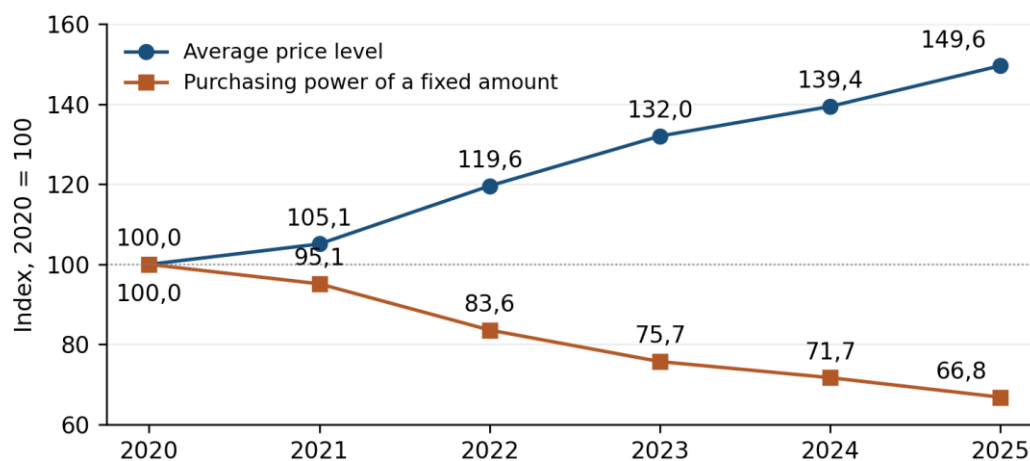
In the energy sector, competition policies, infrastructure, and consumption efficiency influence long-term vulnerability. Temporary interventions must include eligibility criteria and a predictable exit strategy to limit price shocks and budgetary costs. Coordination does not imply subordinating the central bank to deficit financing; rather, it entails coherent objectives, clear public information, and a transparent allocation of adjustment costs.

9. PRICE LEVELS AND PURCHASING POWER

Assessing the impact of inflation on purchasing power requires examining the cumulative rise in prices, beyond mere fluctuations in the annual rate. Disinflation indicates a slowdown in price increases but does not imply a return of prices to previous levels. Consequently, even when the inflation rate is declining, a fixed nominal sum allows for the purchase of a diminishing quantity of goods and services, provided prices continue to rise.

Figure 2 illustrates this relationship by indexing both the average price level and purchasing power to a common base year: 2020. The price index is constructed by chaining the average annual CPI rates for the 2021–2025 period, while purchasing power is calculated as the reciprocal of this trend. This representation highlights the cumulative effect of inflation on a fixed nominal sum, without equating this trend to the actual loss of household welfare, as incomes and consumption patterns may change.

Figure 2. Average price level and purchasing power of a fixed nominal amount



Source: Own calculations based on average annual CPI rates published by the INS (National Institute of Statistics). Base: 2020 average = 100; rates for 2021–2025 are chained. Results are approximate due to data rounding.

Chaining the rates results in a price index of approximately 149.6 in 2025, compared to 100 in 2020. The cumulative increase is thus approximately 49.6%. The purchasing power of a constant nominal amount falls to approximately 66.8, representing a reduction of about 33.2%. The percentages are not symmetrical: reversing a price ratio is not achieved simply by changing the sign of the rate.

The figure represents a deflation exercise, not an estimate of the actual loss of welfare for the population. Nominal incomes, transfers, and consumption patterns have changed during this period. A fixed amount illustrates the arithmetic mechanism of inflation; assessing the situation of actual households requires incorporating these adjustments. The CPI basket is also an aggregate benchmark, not the unchanging basket of any single individual.

The disinflation observed in 2023–2024 is consistent with continued price increases. Even if the rate falls, the price level continues to rise as long as the rate remains positive. Returning to the target would stabilize the future pace of change without automatically restoring lost purchasing power. Recovery depends on real income, productivity, and the return on savings, not merely on a reduction in the annual inflation rate.

This distinction explains why the perception of economic strain persists even after inflation has slowed. Consumers compare current prices with pre-pandemic levels, whereas monetary policy assesses recent changes. Both perspectives are relevant but address different questions. Public communication should present the rate, the cumulative level, and real income trends separately.

10. DIRECTIONS FOR EMPIRICAL RESEARCH

The key finding is the succession of regimes characterized by different mechanisms. The acceleration observed in 2021–2022 features a clear international component, mirroring

simultaneous trends within the EU. The re-acceleration in 2025 coincides with identifiable domestic changes and a widening gap relative to the European average. While this pattern underscores the need for institutional analysis, it does not amount to a causal decomposition of the differential.

Future econometric research should utilize monthly data and disaggregated components. Relevant variables include energy prices, producer prices, exchange rates, wages, economic activity, and fiscal measures. Decomposing core inflation and volatile components could better isolate specific drivers. Data must be adjusted for changes in weighting and regime shifts; extending the analysis to the period prior to 2020 would increase the number of observations but would require verifying the stability of the underlying relationships.

Regarding the fiscal shocks of 2025, an event study based on product categories could compare categories affected differently by tax changes. Identification would depend on the existence of comparable groups and the absence of simultaneous, differentiated shocks. Changes in electricity prices and taxes occurring in close succession complicate attribution. A simple before-and-after comparison would conflate the treatment effect with underlying trends and other changes.

To assess external transmission, one could estimate local projections or a VAR model incorporating economically motivated restrictions. International prices can provide a source of external variation, yet the instruments used must satisfy the exclusion restriction. An energy shock simultaneously affects demand, production, and public finances, complicating interpretation. The choice of method should be justified by the causal question at hand and data availability, rather than by formal complexity.

The distributional dimension would require constructing indices based on income deciles by weighting prices according to specific consumption patterns. Both experienced inflation and changes in disposable income—post-transfers—should be evaluated. Household mobility between deciles and product substitution can influence the outcome. While a static analysis of the consumption basket is useful, it may over- or underestimate the welfare effect, depending on the actual scope for adjustment.

Robustness checks involve comparing the CPI and HICP in the context of their appropriate uses, verifying data frequencies, and distinguishing between realized data and forecasts. A disinflation scenario for 2026 may hinge on base effects and fiscal discipline; it is not a certainty. The value of an advanced descriptive study also lies in clearly defining the scope of these inferences, ensuring that interpretations remain verifiable and do not go beyond what the empirical evidence supports.

11. CONCLUSIONS

Inflation in Romania post-2020 must be interpreted as a process resulting from the interaction between shocks and institutions. The annual series reveals an acceleration up to 2022, disinflation in 2023–2024, and a re-acceleration in 2025. Harmonized comparisons show that Romania maintained a positive differential relative to the EU in every year analyzed. The persistence of this gap necessitates an examination of the internal structure, as the phenomenon cannot be attributed entirely to a single factor.

The energy crisis and external disruptions explain part of the initial momentum, while costs, expectations, and domestic conditions can prolong the effects. Changes regarding electricity and indirect taxation in 2025 demonstrate the relevance of the institutional timeline. A jump in price levels may have a temporary influence on the annual rate but permanent consequences for nominal price levels and secondary effects on economic decisions.

The arithmetic result of chaining the CPI indicates a significant cumulative rise in prices between the annual averages of 2020 and 2025. A decline in the inflation rate does not reverse this increase. Welfare assessments must account for the dynamics of income, transfers, and

savings, while acknowledging consumption disparities. Aggregate data do not justify the assumption that all households lost the same proportion of their real income.

Monetary policy aims to prevent inflation from becoming generalized and persistent, yet its effectiveness depends on transmission mechanisms and the credibility of the macroeconomic framework. Predictable fiscal consolidation can facilitate stabilization, whereas an adjustment relying on indirect taxes may temporarily drive up prices. The compatibility of objectives must be assessed across distinct time horizons. This necessitates explicitly communicating both immediate effects and anticipated medium-term benefits.

Protection for vulnerable households must be designed to minimize the loss of essential consumption without creating budgetary obligations that are difficult to finance. Targeted measures, investments in energy efficiency, and improved market functioning can complement monetary stabilization. The recommendations do not imply a one-size-fits-all solution; each instrument must be evaluated based on its incidence, cost, duration, and contribution to supply-side capacity.

The study's main limitation is the descriptive nature of the annual data used. While the relationships discussed align with the evidence, marginal effects have not been estimated. The next step in research involves identifying cost contributions and distribution using monthly and microeconomic data. The policy conclusion remains conditional yet clear: sustainable disinflation requires monetary and fiscal coherence, a reduction in supply-side vulnerabilities, and affordable social protection, with outcomes measured in terms of prices and real incomes.

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