

## FOREWORD BY THE GOVERNOR

### *The Albanian economy continues to settle on a positive development trend.*

Economic activity, employment and wages have been growing, in turn generating more income for Albanian businesses and households. The increase in both family spending and businesses' investments bolstered the economic activity in the first half of year, as reflected in the growth in services and construction sectors.

In parallel with these developments, inflation has come down swiftly, by recording a complete recovery of the shock we experienced from the surge in prices across international markets. The fall in inflation has been broadly based, but it was faster in food items prices. The return of price stability in Albania, after a two-year period of elevated inflation, facilitates the cost of living of households and establishes a more transparent environment for businesses' long-term investments.

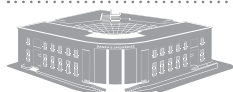
We have expected this panorama of developments. As we have continuously highlighted, it first reflects the sound bases of country development, as well as the resilience and high flexibility that private sector has showed over the recent years. In addition, the positive development trend also reflect the prudential monetary policy implemented by the Bank of Albania.

In the meeting of July, the Supervisory Council decided to ease the monetary policy stance, aimed at better accommodating the liquidity level and financing costs in Albania with the performance of both inflation and economic activity, as well as with the developments across international financial markets.

The low financing costs in the Albanian economy has supported a fast and broadly-based growth of lending. Now, bank credit has been transferred into an important and reliable financing source for the Albanian economy, reflecting positive signals on the stability of growth in the future.

In this context of developments, our expectations for the future remain positive. Despite challenges to development are still present, we expect a further and stable growth of economic activity over the next years, as well as inflation to stabilise around our 3% target in 2025. In these circumstances, we decided to keep our monetary policy stance unchanged, judging that - for the moment - this stance is adequate, for meeting our price stability objective.

As always, I would like to conclude this communication by assuring you that even in the future we will continue to be attentive, with a view to a timely reaction



and at the adequate degree against economic and financial developments. In any case, our commitment remains constant: the establishment of an economic environment with stable prices, as an instrument to preserve savings' value of citizens and to boost the stable and long-term development of Albania.

