

Inflation Falls to Lowest-Ever Level for July

By [The Moscow Times](#)

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The inflation rate fell to the lowest level on record in July, the State Statistics Service said Wednesday, indicating that the Central Bank will have scope to keep its benchmark interest rates at all-time lows for a second month.

Inflation slowed to 5.5 percent from 5.8 percent in June, the service said on its web site. Consumer prices rose 0.4 percent in the month, the same pace as the month before, it said. The median forecast of 11 economists in a Bloomberg survey was for an annual rate of 5.6 percent.

The inflation rate has slowed every month since last August, allowing the Central Bank to cut its main rates 14 times in as many months. Price growth probably “reached a bottom” in July, Anna Zadornova, an economist at Goldman Sachs in London, said this week.

The International Monetary Fund’s executive board has “stressed that monetary policy

should focus on controlling inflation, and advised the authorities that the next move should begin a tightening cycle,” according to an Aug. 2 statement.

Containing inflation is one of the government’s priorities, as it tries to distance itself from Russia’s history of volatile prices. The inflation rate reached 120 percent in 1999 after the government defaulted on \$40 billion of domestic debt, while prices rose more than 2,000 percent in 1992, a year after the Soviet Union collapsed.

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