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Survey: Inflation Outlook Worsens

By The Moscow Times

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Inflation risks are higher than previously expected, and the Central Bank will need to push through more interest rate hikes, which in turn will boost the ruble, a Reuters poll of 17 economists shows.

Economists have raised their 2011 inflation forecast to 8.2 percent from 8 percent a month ago, putting it far above the government and the Central Bank's target of 6 to 7 percent.

"It is clear that the main theme of this year will be inflation," Alfa Bank economist Natalya Orlova said.

With prices rising, the Central Bank is expected to raise interest rates on Monday.

"The changes in interest rates are unlikely to be so sharp and serious as to limit [economic] growth," said Renaissance Capital economist Anton Nikitin.

Gross domestic product was seen growing 4.2 percent in 2011 — in line with government

estimates and representing a slight acceleration from 2010, but far short of pre-crisis expansion of about 7 percent a year.

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