

Central Bank: Ruble Trading Band May Widen

By [The Moscow Times](#)

February 06, 2011

The  Moscow Times

FRANKFURT — More interest rate hikes are possible, although not certain, the Central Bank chairman said Friday, adding that the bank may also widen the band in which it allows the ruble to trade.

"As to the question whether we are going to push up interest rates or reserve requirements, the answer is that it is perfectly possible, but we don't know how the situation will develop," Sergei Ignatyev said at a European Central Bank – Central Bank of Russia seminar.

He said Russia's Central Bank was also considering widening the band in which the country's currency can fluctuate before the bank intervenes.

"It is our intention to increase the band," Ignatyev said. "It is very likely we will broaden it this year."

Ignatyev said the bank had no specific target level for the ruble and that recent intervention had been small-scale.

"In January we bought foreign currency, but less than \$1 billion in total," he said.

Ignatyev said the country still hoped to stick to its current inflation targets, despite the recent pickup in food, oil and other commodity prices.

"We still consider that we can achieve a December-to-December inflation rate of not more than 7 percent by December 2011," he said.

But "prices of the bad harvest and food prices are going to hang over until at least the middle of the summer," he said.

The impact of rising oil prices also had to be tackled. "We must bring down the risk of inflation due to rising oil prices," Ignatyev said.

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