

Central Bank Leaves Most Rates Unchanged

By [The Moscow Times](#)

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The Central Bank unexpectedly lifted its overnight deposit rate while leaving the benchmark refinancing and repo rates unchanged Monday as it seeks to curb inflation without hurting economic growth.

The bank lifted the fixed overnight deposit rate to 3.5 percent from 3.25 percent, the fourth increase since December. The move was forecast by nine of 20 economists in a Bloomberg survey. The refinancing rate and overnight auction-based repurchase rates were left at 8.25 percent and 5.50 percent, respectively.

Chairman Sergei Ignatyev is trying to keep inflation between 6 percent and 7 percent without stifling credit flows and undermining an economic recovery in the world's biggest energy supplier. With the inflation rate now "in order," the bank will be "very cautious" in raising borrowing costs to "avoid hurting economic growth," Ignatyev said May 26.

"It appears that inflation is stabilizing, although it's very high, and they will definitely remain in a hiking mode," Sanna Kurronen, a Helsinki-based economist at Danske Bank, said before the release. "Their priority has been assuring growth, and they have been quite passive with rate hikes."

Policymakers left mandatory reserve ratios unchanged. Economists expected the Central Bank to begin lifting them in the second half after increases in the first three months of this year, according to the median of 12 forecasts in a Bloomberg survey.

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