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INDEPENDENT NEWS FROM RUSSIA

Inflation Hits Low of 3.7%

By The Moscow Times

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Consumer price inflation dipped to 3.7 percent in February, but economists warned that heavy government spending in advance of Sunday's presidential election is likely to make prices rebound in coming months.

It was a new post-Soviet low and compared with a 4.2 percent rate recorded in January. Falling inflation reinforces pressure on the Central Bank to cut interest rates, when it meets later this month to review monetary policy.

Some economists, concerned by a steady slowdown in Russia's economy in recent months, are urging a relaxation of policy.

"Economic growth is definitely going to be below what the government thinks," said Ivan Tchakarov, chief economist for Russia at Renaissance Capital. "And 3.7 percent inflation is so low — that I think there is room for a 50 basis point cut."

(Reuters)

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