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Central Bank Leaves Rates Alone

By The Moscow Times

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The Central Bank left key interest rates unchanged Thursday, holding its refinancing rate at 8 percent, the fixed one-day repo rate — a de facto ceiling for money-market rates — at 6.25 percent, and the overnight deposit rate at 4 percent.

It expects to meet its full-year inflation target of 5 percent to 6 percent but acknowledged that inflation will spike in the second half of the year because of a planned hike in utility tariffs, postponed from January to July, and a waning positive effect from slowing food-price inflation.

"Uncertainty over the scale of influence of the mentioned factors remains a substantial source of midterm inflationary risks," the Central Bank said.

The bank said the economy was running close to capacity, but although retail lending and consumption were growing, it did not see any pronounced impact on prices from rising demand.

The next policy meeting will be held in the first half of June, the central bank said.

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