

# Capital Outflow Reaches \$46.5Bln in 5 Months

By [The Moscow Times](#)

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Central Bank head Sergei Ignatyev **Maxim Stulov**

ST. PETERSBURG — The recent weakness of the ruble may not affect inflation this year, Central Bank Chairman Sergei Ignatyev said Wednesday, reiterating that the bank aims to keep annual inflation at between 5 and 6 percent.

“How is the ruble’s weakness going to affect inflation? It’s possible that it will not at all,” Ignatyev told the International Banking Conference in St. Petersburg. “If the ruble remains at the current level, we may see some impact, but I think it will not be strong and will be spread over time.”

Consumer prices advanced 3.6 percent in May from a year earlier, the State Statistics Service said Tuesday. Prices rose 0.5 percent from a month earlier.

The Central Bank has sold about \$200 million a day in the last three days to halt the ruble’s

decline, Ignatyev said. The bank may have to sell as much as \$700 million of foreign currency a day to support the ruble if oil prices continue to fall, he added.

The Central Bank's net foreign exchange purchases in May 2012 came to \$1.4 billion, he said.

Oil prices rose for a third day in New York on Wednesday, and Brent oil for July settlement gained 26 cents, or 0.3 percent, to \$99.10 a barrel on the London-based ICE Futures Europe exchange.

Ignatyev said he is convinced the ruble will return to exchange rate levels of April, when the ruble traded at around 29.50 against the dollar. The ruble closed at 33.03 Tuesday, 14 percent off its strongest this year of 29.04 in late February.

"The weaker ruble is another uncertainty, but given what we saw in autumn, a 10 to 15 percent depreciation is not big enough to push inflation much higher," Vladimir Kolychev, chief economist at Societe Generale's Rosbank unit in Moscow, said earlier this week. The Central Bank's stance now is "restrictive enough" to cool the economy in the past two quarters, he said.

Russian capital outflows reached a net \$46.5 billion in the first five months of the year, Ignatyev said, citing preliminary data. That includes \$5.8 billion in May, which "is a lot for our country." Nonetheless, "a trend [towards outflow slowing] is already being observed," he added.

The Central Bank still intends to sell 7.58 percent of the Sberbank stock it owns this year, but market conditions are not yet allowing for it, Interfax reported Wednesday, citing Ignatyev.

He also confirmed that the Central Bank's board of directors would hold a meeting dedicated to monetary and lending policy issues, including the bank's interest rates, on June 15.

✉(Reuters, Bloomberg, MT)

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