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Ulyukayev Says Rates Might Go Up

By The Moscow Times

October 01, 2012



The Central Bank may hold or raise interest rates at its meeting this week, a policymaker said on Tuesday, signaling the bank's strong focus on inflation after it made a surprise hike last month.

First Deputy Chairman Alexei Ulyukayev said he considered inflation risks to be greater than those of an economic slowdown, adding that he expected the ruble to remain stable on foreign exchange markets.

"We don't rule out holding rates or raising them," Ulyukayev told reporters on the sidelines of a financial conference. The bank holds its next monthly policy meeting on Friday.

It hiked interest rates for the first time in nine months last month, bucking a global trend of interest rate and monetary easing, even as the country's economic recovery shows signs of faltering.

The regulator's main policy rate, the one-day fixed repo rate, stands at 6.5 percent.

The Central Bank, which is undertaking a long-term shift from targeting the ruble's exchange rate to focusing on inflation, has also expressed concern that consumer price growth may continue to exceed its year-end target of 6 percent.

Capital outflows could reach $65 billion for 2012, Deputy Economic Development Minister Andrei Klepach said while addressing the Federation Council on Tuesday, Interfax reported.

The ministry had predicted earlier that outflows this year would be between $50 billion and $60 billion.

In a positive scenario, there could be no outflows in 2013, Klepach added.

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