

Central Bank Keeps Rates Flat

By [The Moscow Times](#)

October 07, 2012

The  Moscow Times

The Central Bank kept key interest rates unchanged at its monthly policy meeting on Friday, but future rate hikes remain likely given the bank's emphasis on inflationary risks.

The decision was widely expected, just three weeks after the Central Bank hiked all its rates by 25 basis points to crack down on inflation.

The bank said, however, that consumer price inflation continues to increase, reaching 6.6 percent annually in September and exceeding the Central Bank's 5 percent to 6 percent target.

It also said that while the rise in inflation was mainly the result of higher food prices and an increase in regulated utility prices, a continuing rise in core inflation showed that inflation processes are spreading.

"The statement was relatively hawkish," said Clemens Grafe, chief Russia economist at Goldman Sachs.

"What was interesting is the confirmation that they see the risks of inflation higher than the risks to growth."

The decision means that the fixed one-day repo rate, a de facto ceiling for the money market, was left unchanged at 6.5 percent, and the overnight deposit rate, a floor for interbank rates, at 4.25 percent.

The refinancing rate, the cost of overnight loans from the central bank, was held at 8.25 percent.

Kirill Tremasov, economist at Nomos-Bank, said it was important for the bank to sit back and see what impact its earlier moves were having.

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