

Despite IMF Advice Minsk Rate Hike Not Likely

By [The Moscow Times](#)

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MINSK — Belarus's central bank is unlikely to raise its key rate in December, bank governor Nadezhda Yermakova said on Tuesday, despite a call for urgent tightening from the International Monetary Fund.

The IMF urged the former Soviet republic last month to start raising interest rates immediately and avoid over-stimulating its economy, to keep a lid on inflation and maintain stability after a crisis last year which led to a 65-percent ruble devaluation.

But Yermakova told Reuters in an interview that the regulator would prefer to keep the rate unchanged at 30 percent.

"Looking at what we have, looking at the situation on the foreign exchange market, we think that we will not have to raise the refinancing rate," Yermakova said at the bank's headquarters in the capital Minsk. "As for cutting (the rate) we will look at the situation."

The central bank has cut its benchmark interest rate several times this year as the economy rebounded from the crisis and inflation fell, but stopped cutting last month to prevent a run on the ruble.

The currency weakened from about 8,300 Belarussian rubles per dollar in early August to about 8,550 in October and has remained largely stable since, trading at 8,546 rubles per dollar on Tuesday.

Belarus had planned to achieve economic growth of about 5 percent this year but its gross domestic product grew by just 2.2 percent year on year in January–September.

The country, run by President Alexander Lukashenko since 1994 as a state-dominated economy, also faces a tough debt repayment schedule in early 2013 and has announced plans to issue a fresh eurobond worth \$500–600 million.

Belarussian officials are running a road show in Hong Kong and Singapore from Nov. 27 until Nov. 30 to gauge investor interest in the potential bond, although not actually selling it.

Yermakova said the central bank, which was also involved in the preparations, would only support borrowing at an acceptable yield as the government could also raise money domestically if needed. "No more than 7.5 percent," she said of the yield.

Yermakova did not say what the maturity of the new bond could be. Belarus' 2015 eurobond traded with a yield of 7.8/8.6 percent on Tuesday.

The IMF has said it was not prepared to lend to Belarus until the government commits to comprehensive reforms, prompting Lukashenko to accuse the fund of "playing politics."

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