

# Ignatyev Says Rates Could Drop if Inflation Slows

By [The Moscow Times](#)

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The Central Bank could cut interest rates if inflation continues to fall over coming months, bank chairman Sergei Ignatyev said Friday.

"I hope that in the coming months inflation will begin to decline. And after that, I hope but do not promise that it will be possible to start cutting interest rates," he said in comments carried by Vedomosti.

Ignatyev also said Russia will not yet follow Germany and several other European countries in introducing the "Tobin tax" on securities trading.

"Time will tell. Let's see how successful it is in Europe," he said when asked about the tax.

He said it had been discussed in Russia two or three years ago but was not introduced.

At a board meeting Tuesday, the Central Bank kept its refinancing rate at 8.5 percent.

Inflation is running above target levels. The consumer price index hit 7.1 percent in January, compared with the target of 5 to 6 percent for all of 2013.

The Central Bank believes that inflation could remain above the target level throughout the first half of the year. Deputy Chairman Alexei Ulyukayev said it could peak in February and then fall to rates no higher than 6 percent in the second quarter.

He believes that this will be possible due to the slow growth of overall liquidity, which is tied to declining demand for credit.

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