

Central Bank Keeps Lending Rates Unchanged

By [The Moscow Times](#)

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A post reading 'Bank of Russia' standing at the gate of the Central Bank.

The Central Bank kept its key lending rates unchanged at a regular meeting on Friday, after unexpectedly raising them two weeks ago when assets tumbled on President Vladimir Putin's declaration he had the right to invade Ukraine.

The bank said it would not loosen monetary policy in the coming months, as the ruble's weakening puts pressure on inflation.

The one-week repurchasing agreement rate was kept at 7 percent, after the central bank hiked it by 150 basis points on March 3 to stem capital flight from Russia.

"The Central Bank's priority is to contain the effect of [the ruble's] exchange rate dynamics on inflation and to maintain financial stability," the regulator said in a statement.

"Hence, the bank does not intend to lower the key rate in the coming months."

The central bank has been forced to put on hold its long-promised shift toward inflation targeting, risking tipping the Russian economy into recession to try to ensure financial market stability.

The ruble is down 11 percent against the dollar this year, adding pressure on consumer price inflation. The Central Bank has spent at least \$16 billion so far this month to keep it from falling too fast.

Russian stocks have lost 17 percent since Putin's declaration and the capitalization of the MICEX index is down \$66 billion since March 3. Analysts said they expected the Central Bank to keep its rates on hold this time and many do not see any monetary easing until at least a presidential election due in Ukraine on May 25.

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