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Russia's Finance Minister Backs Decision to Cut Key Interest Rate

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Russian Finance Minister Anton Siluanov backed the Central Bank's decision to cut its main interest rate on Friday and said the bank had grounds to say it had the situation on the foreign exchange market under control.

The Central Bank cut its main interest rate by 200 basis points to 15 percent as fears of recession mount following the fall in oil prices and Western sanctions over the Ukraine crisis.

"We believe that it was an absolutely correct and informed decision," Siluanov told reporters. "The situation has calmed down in the currency market, the [ruble] rate has found its equilibrium."

The ruble, which has fallen some 50 percent against the dollar since early last year, weakened as much as 4 percent against the dollar and euro from the previous close, before recovering slightly.

The Central Bank's decision to cut rates came little more than a month after the ruble's virtual free fall forced the bank to raise rates in an emergency move to 17 percent. Siluanov said the situation had stabilized since then.

"We all had complained about the high [lending] rates in the economy, which are guided also by the key [Central Bank] rate," Siluanov said. "The Central Bank's decision speaks of a further decline in [lending] rates. The Central Bank has reason to say that the situation in the foreign exchange market is under control."

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