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Central Bank Head Says Russia May Lose $160 Billion on Oil Prices

By The Moscow Times

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Russia would lose some $160 billion over a year if oil prices averaged $45 per barrel, Central Bank Governor Elvira Nabiullina has said.

"The decrease in oil prices from $100 to $45 per barrel has led to a drop in export revenues of $160 billion in annual terms, according to our estimates," Nabiullina told journalists late on Tuesday.

International oil benchmark Brent touched $45 per barrel last month but has rallied in recent days to above $55 per barrel, still only half its value of last summer.

Nabiullina also told journalists that the Central Bank's monetary policy would remain tight, seeking to keep the main interest rate above the inflation rate.

"Despite the lowering in rates from 17 to 15 percent, this is still in the region of positive [real]

interest rates. Our policy remains tight," she said.

On Friday, the Central Bank unexpectedly cut its key interest rate by 200 basis points, saying the move was aimed at supporting economic growth.

The bank cut its rate less than two months after raising it by an unprecedented 650 basis points in mid-December when the ruble hit an all-time low of 80 rubles per U.S. dollar. On Wednesday, the ruble traded at around 67 rubles per dollar.

Inflation, spurred by a rapid decline in the ruble in the second half of 2014, came to 11.4 percent last year and has still been climbing.

"The factors that led to the jump into double digits were strong but one-off," Nabiullina said, predicting that inflation would peak in the second quarter.

She said the Central Bank, when deciding on rates, took its inflation forecasts into consideration rather than just the actual level of inflation.

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