

Russian Inflation Slides Below 16% for First Time in Months

By [The Moscow Times](#)

May 27, 2015



Falling retail sales are damaging to the Russian economy as a whole.

Year-on-year price inflation in Russia slipped below 16 percent for the first time since February, a news report said Wednesday, as the strengthening of the ruble soothes blistering price rises.

Prices rose 0.1 percent in the week ending Monday, a report by state statistics service Rosstat said Wednesday. This brought year-on-year inflation to 15.8-15.9 percent for the week, down from 16.1 percent the previous week, the Interfax news agency calculated.

Year-on-year inflation in Russia climbed from 15 percent in January to a high of 16.9 percent in March, according to Rosstat, as the devaluation of the ruble drove up the cost of imported products and components.

Inflation first became an urgent issue during the second half of last year when food prices

jumped after Russia banned some food imports from countries with sanctions against Moscow over its role in the Ukraine crisis.

Price rises were then propelled higher by the devaluation of the ruble, which fell more than 40 percent against the U.S. dollar last year on the back of a steep fall in the price of oil — Russia's main export — and Western sanctions.

Now the ruble is in recovery, having risen more than 30 percent against the dollar since the beginning of February. This is good news for inflation too: The Economic Development Ministry in April lowered its inflation forecast for the year from 12.2 percent to 11.9 percent, Interfax reported.

Still, even 16 percent inflation is high, and it is dealing a blow to a vital sector of the economy: retail. Retail sales dropped 9.8 percent year-on-year in April after a 6.7 percent fall in the first quarter of the year, according to Rosstat.

Falling retail sales are damaging to the Russian economy as a whole, which has in recent years derived much of its growth from steadily rising consumer spending. Russia's gross domestic product dropped 4.3 percent in April compared to the same period in 2014, state development bank VEB said Wednesday.

Original url:

<https://www.themoscowtimes.com/2015/05/27/russian-inflation-slides-below-16-for-first-time-in-months-a46911>