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Russian Central Bank's Nabiullina Warns on Rate Cut

By The Moscow Times

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Elvira Nabiullina

The governor of Russia's central bank, Elvira Nabiullina, said on Monday that lowering the bank's key rate more quickly could lead to imbalances in the economy.

The central bank cut its key rate by 1 percentage point earlier on Monday, in line with market expectations.

Nabiullina also told journalists that Russia's economy had not passed the peak of its decline and that recent assessments showed that a decline in inflation expectations had slowed.

On the bank's policy of building its reserves to $500 billion, she said it was not an aim but a reference point and that the bank would accumulate reserves depending on the market situation.

The central bank will gradually withdraw certain instruments to boost forex liquidity but will

keep them in the bank's arsenal, Nabiullina added. Those instruments, such as forex repos with various maturities, were introduced in response to a collapse in the ruble late last year.

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