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Russia's Central Bank Cuts Key Rate to 7.5%

The bank cut the rate for the first time this year and said it might lower rates again.

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Russia's Central Bank head Elvira Nabiullina **kremlin.ru**

Russia's Central Bank cut its key interest rate to 7.5 percent from 7.75 percent on Friday, the first cut since the start of the year, and said it might lower rates again.

The bank said in a statement that annual inflation is continuing to slow and economic growth in the first half of 2019 has been lower than it expected, leading it to lower its inflation forecast for the year to 4.2-4.7 percent from 4.7-5.2 percent.

"If the situation develops in line with the baseline forecast, the Bank of Russia admits the possibility of further key rate reduction at one of the upcoming Board of Directors' meetings and a transition to neutral monetary policy until mid-2020," the statement said.

The key interest rate was last at 7.5 percent in December 2018.

The next rate review meeting will be on July 26.

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