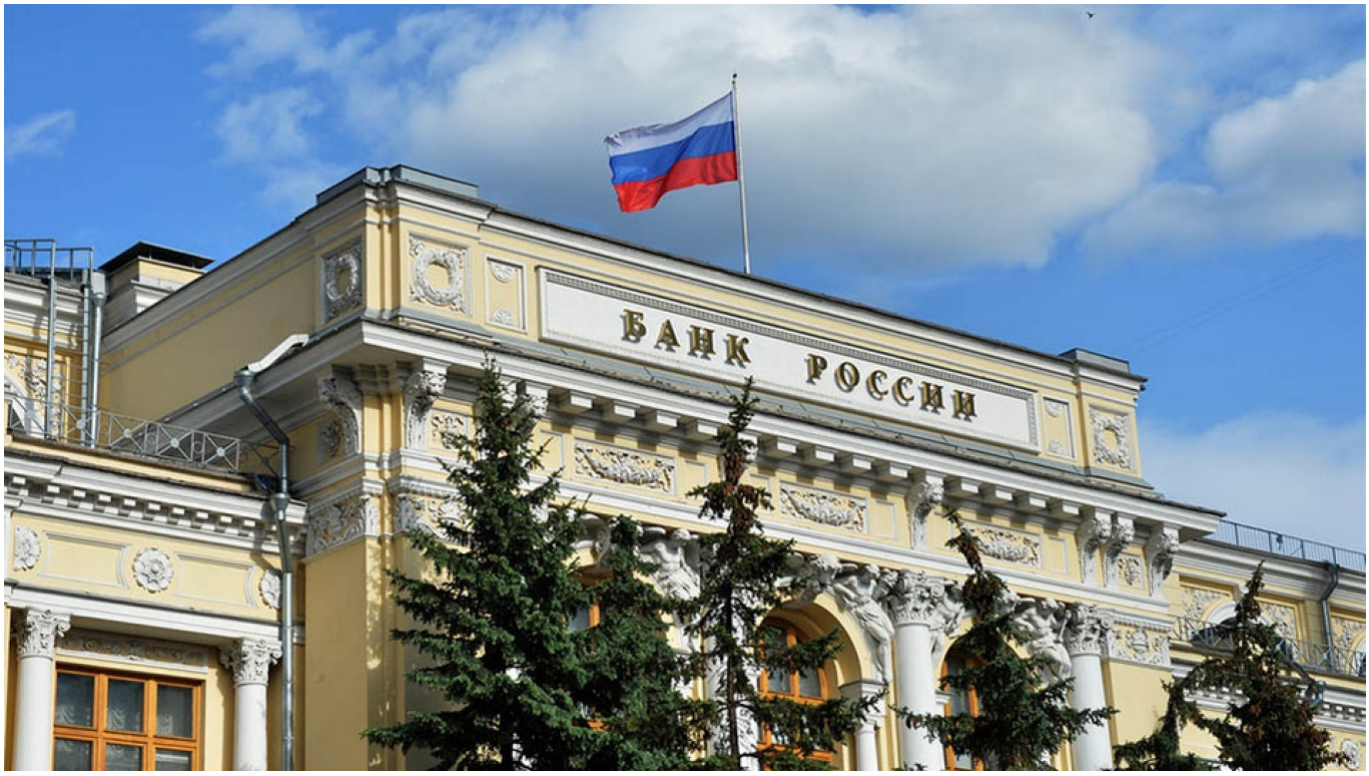
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INDEPENDENT NEWS FROM RUSSIA

Russia’s Central Bank Cuts Key Rate to 7.25%

The bank said it might lower rates again at its next review meeting in September.

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Russia’s Central Bank cut its key interest rate to 7.25% from 7.5% 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 has been lower than it expected, leading it to lower its inflation forecast to 4% by 2020.

“If the situation develops in line with the baseline forecast, the Bank of Russia admits the possibility of a further key rate reduction at one of the upcoming Board of Directors’ meetings and a transition to neutral monetary policy in the first half of 2020,” the statement said.

Friday's move puts the rate back at a level where it was before a hike in September last year.

Elvira Nabiullina, governor of the central bank, cemented expectations of a rate cut this month when she said in an interview with Reuters that the bank would like to complete the rate-cutting cycle by mid-2020, trimming the key rate in small steps.

The next 25 basis point rate cut is now possible in September but further easing would depend on inflation and economic growth as well as other risks, said Dmitry Polevoy, chief economist at Russian Direct Investment Fund.

"As the CBR has always been stressing, 'undercutting & catching up' would be safer for the economy and policy credibility than 'overcutting and then being forced to reverse'," Polevoy said.

The next rate review meeting will be Sep. 6, 2019.

Reuters contributed reporting to this article.

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