

Russia's Central Bank Cuts Key Rate to 6.25%

By [Bloomberg](#)

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Governor Elvira Nabiullina said the space for reductions is shrinking. **Kirill Zykov/Moskva News Agency**

Bank of Russia Governor Elvira Nabiullina hinted she may take a breather after delivering five consecutive interest rate cuts, potentially putting the brakes on a rally in Russian assets this year.

The likelihood of more cuts “remains roughly the same, but they might come later,” Nabiullina told journalists in Moscow after a rate decision on Friday. “The space for reductions is shrinking.”

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The bank lowered its benchmark interest rate by 25 basis points to 6.25%, according to a statement published on Friday, taking the total reduction this year to 150 basis points.

Another rate cut is possible at the next meeting in February or later in the first half, but not guaranteed, Nabiullina said.

The ruble, which has been the best-performing currency in emerging markets this year, pared an intra-day gain of as much as 1% after Nabiullina's comments. Government bonds were flat, despite a wider rally in emerging markets on Friday.

"It's a reminder that things can go both ways as markets have become very focused on further easing," said Liza Ermolenko, an economist at Barclays in London. "They are probably trying to manage expectations."

The rate cuts have so far failed to stoke inflation, which fell well below the bank's 4% goal last month, while economic growth has also lagged behind the government's goals. Nabiullina said Friday that the effect of easing will be spread out and the central bank needs time to evaluate the impact.

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