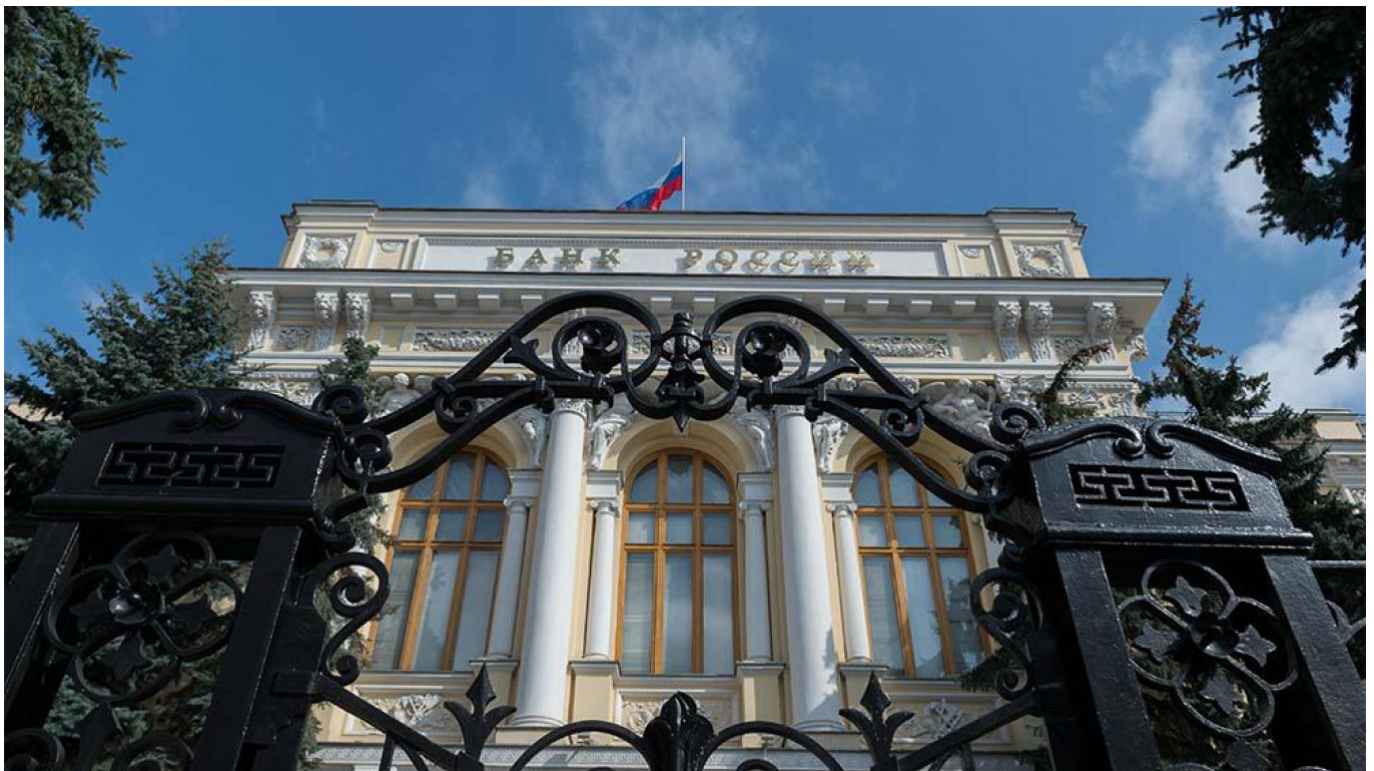


# Nabiullina Signals Russia Will Cut Interest Rates

**Central Bank prepares markets for a cut in rates to their lowest level in six years.**

April 17, 2020



The Central Bank has held interest rates at 6% since the crisis started. **Anton Belitsky / TASS**

Russia's Central Bank has given its strongest hint yet that it will cut interest rates to support the economy through the coronavirus pandemic.

At a [press conference](#) Friday, governor Elvira Nabiullina said "we will already be able to substantively consider the issue of reducing the key rate at the next board of directors meeting," scheduled for April 24.

She added: "As always, we will consider a range of different economic scenarios and, taking these into account, will evaluate what space is available for easing monetary policy and what steps we should take."

The Central Bank key rate is currently 6%. Unlike many other central banks around the world, Russia has not yet cut rates in response to the economic crisis triggered by the coronavirus pandemic and global shutdowns of factories, shops, travel and movement.

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Naibullina pointed to drastic forecasts from the International Monetary Fund (IMF) for a 3% fall in global GDP as a sign that the world economy is on course for a deeper crisis than in 2008-09.

“We believe that it is likely that the Central Bank will opt for a 50 basis point [0.5 percentage point] or even a larger adjustment of the key rate,” said Alexander Isakov, chief economist of VTB Capital. That would take interest rates to 5.5% — a level not seen since March 2014.

Alongside a probable rate cut, the Central Bank will also produce the first official assessment by the Russian authorities of how badly the crisis will affect the Russian economy, with a new set of growth and inflation forecasts. Analysts expect this take to be softer than the IMF's — which pencilled in a 5.5% fall in 2020 — but still to show that Russia will face a serious recession this year.

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