

Russia's 2021 Inflation More Than Double Official Target

January 13, 2022



Rising food prices have heaped more pressure on struggling Russian households. **Moskva News Agency**

Prices rose by their highest levels in six years across the Russian economy in 2021, the country's statistics service said Wednesday, heaping more pressure on already struggling Russian households.

Inflation, measured by the consumer prices index (CPI), for the year came in at 8.4%, Rosstat [said](#) — more than twice the country's official target and the fastest rate of price increases since the 2015 economic crisis.

Inflation has [undermined](#) an otherwise strong recovery from the coronavirus recession, with Russia's GDP having surpassed pre-pandemic levels in spring 2021.

But real household disposable incomes — a closely watched indicator of living standards — have fallen by around 10% since 2013, as Russian President Vladimir Putin has embarked on a conservative economic policy designed to help protect the Russian economy in the event of hard-hitting sanctions from the West.

Food prices alone rose by 10.6% over 2021, Rosstat said.

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Rising prices have become a political headache for the Kremlin, as inflation is regularly cited by Russians as the biggest problem they face, according to independent polling. A recent [survey](#) by the Levada Center found that only 16% of respondents believe their personal economic situation will improve in 2022.

Russia's Central Bank aggressively [hiked](#) interest rates throughout the year in a bid to tame price rises, but it has failed to bring inflation down toward its 4% target. Economists expect another significant rate hike when the bank meets next month.

The annual inflation rate of 8.4% was the same as that recorded a month earlier, providing some hope that price rises could be at their peak. Economists also pointed to another welcome sign as seasonally adjusted inflation rates — which account for time-of-year patterns such as swings in the price of out-of-season agricultural products — fell back from the highs recorded in November.

The figures for December are important as they are used by the government and companies to calculate annual increases in the minimum wage, pensions and salaries. Putin on Wednesday ordered the government to increase state pensions by 8.6% in 2022, to ensure pensioners — a key source of popular support for the Kremlin — do not see a fall in living standards.

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