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Russia’s Central Bank Slashes Interest Rates to 7.5%

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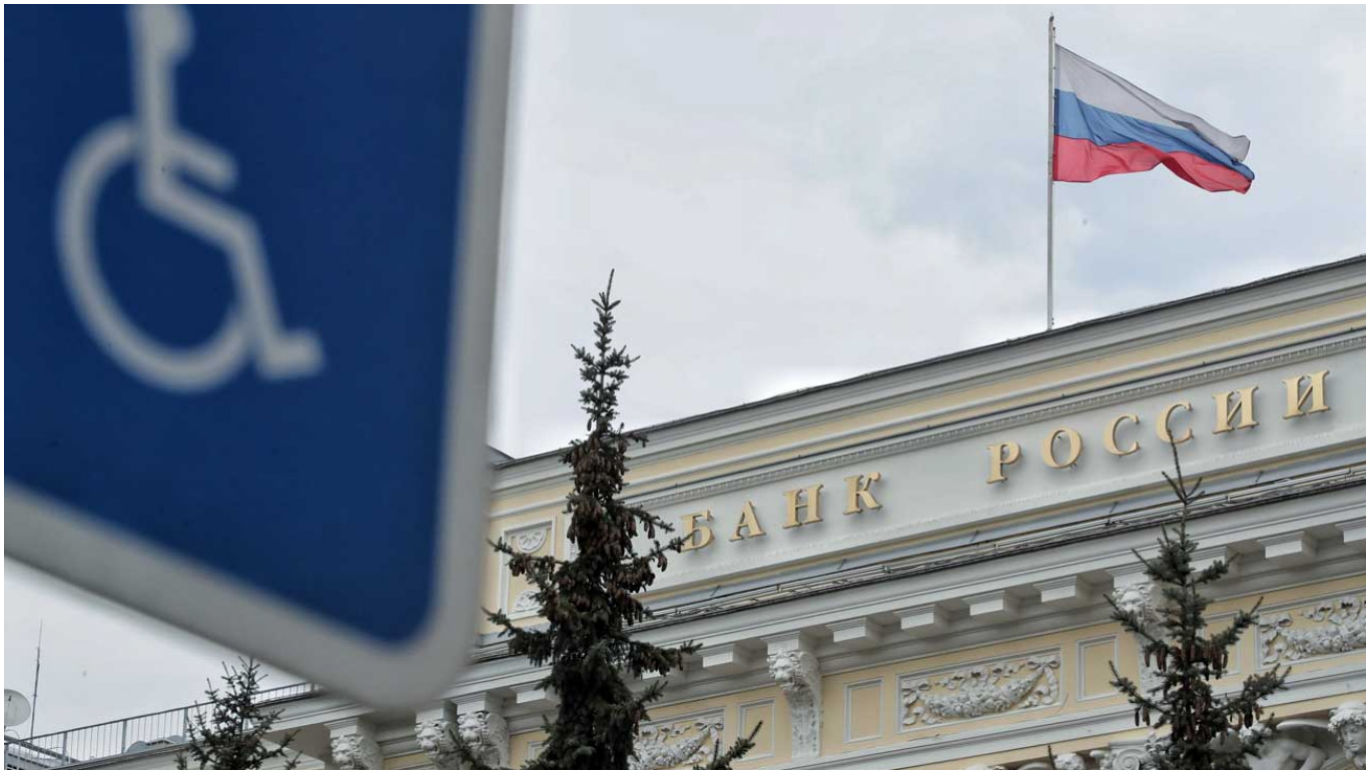

Russia's Central Bank. **RBC / TASS**

Russia's Central Bank cut its key interest rate by 50 basis points to 7.5% Friday, citing a slowdown in inflation.

The cut marks the sixth consecutive time the Bank has lowered interest rates this year, after it nearly doubled rates from 9.5% to 20% in the wake of February’s invasion of Ukraine.

Friday’s cut of 0.5% comes as inflation across the country slows and the sanctions-hit wartime economy requires cheaper lending to avoid a possible slump.

In a press release, the Central Bank said it cut the key rate as consumer prices remain low, something which has further slowed annual inflation.

As of last week, inflation stood at 14.1% and is on track to fall to 11-13% by the end of the year, the Central Bank said, way above its intended target of 5-7% by 2023.

"The external environment for the Russian economy remains challenging and significantly

limits economic activity," the Bank warned.

Economists expect further rate cuts later in the year, with latest macroeconomic data pointing towards a further cut by 50 base points, Igor Rapokhin, senior debt market strategist at SberCIB Investment Research, told the Vedomosti business daily.

The next rate-setting meeting is scheduled for Oct. 28.

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