

Russian Central Bank Maintains Key Rate at 7.5%

By [AFP](#)

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Russian Central Bank Governor Elvira Nabiullina. **Dmitry Lebedev / Kommersant**

The Russian Central Bank kept its key rate at 7.5% on Friday, an expected measure aimed at supporting the economy against a global trend of rising borrowing costs.

For the first time since the beginning of the military operation in Ukraine, the key rate remains unchanged.

After Russia was hit by Western sanctions over the Ukraine offensive, the Bank drastically raised the key rate from 9.5% to 20% in a bid to counter inflation.

Given reassuring macro-economic signs, it progressively lowered the rate over the following months and markets had expected it would maintain its rate at 7.5% on Friday.

The Bank of Russia said it had observed a "further slowdown in annual inflation" and expected "inflation for the end of 2022 to total between 12 and 13%."

The bank noted "geopolitical tensions" and said "partial mobilization" of reservists to boost the Ukraine offensive "will serve as a deterrent to consumer demand and inflation over the horizon of coming months."

Russian President Vladimir Putin announced the call-up of hundreds of thousands of reservists on Sept. 21.

There are also "growing restrictions in the labor market, driven in part by the partial mobilization," the bank said.

The Central Bank predicted gross domestic product would contract by between 3.0 and 3.5%.

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