

Russian Central Bank Holds Key Rate at 7.5%

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Central Bank of Russia. **Sergei Bobylev / TASS**

The Russian Central Bank will keep its key rate at 7.5%, it [said](#) Friday, noting that “economic activity trends are evolving better than the Bank of Russia’s October forecast.”

The latest update comes nearly a year after the Central Bank hiked the key rate to an unprecedented 20% in a bid to tame economic chaos prompted by the invasion of Ukraine and ensuing Western sanctions.

The Bank cautioned that although consumer activity is appearing to recover, “households’ consumer behavior is still cautious.”

“If pro-inflation risks intensify, the Bank of Russia will consider the necessity of key rate increase at its upcoming meetings,” the Bank’s statement said.

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According to the Bank, annual inflation will come in at 5.0-7.0% in 2023 and is expected to return to 4% in 2024.

The Bank also said that the country was facing a growing labor shortage “in many industries” following the Defense Ministry's recent mobilization campaign that saw over 300,000 reservists called up to fight in Ukraine.

“The capacity to expand production in the Russian economy is largely limited by the labor market situation,” the Bank added.

Earlier this week, Bloomberg [reported](#) that President Vladimir Putin’s government was pressuring the bank to be “more upbeat” about the Russian economy amid the invasion of Ukraine and Western sanctions.

According to Bloomberg’s sources, Russian officials reportedly wanted the Bank to send “a clearer hint” that interest rates might come down later this year.

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