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Russia's Inflation Down Only Marginally in September, Beginning of October

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Anton Novoderezhkin / TASS

Russian consumer price growth stood at 0.14% week-on-week from Oct. 1 to 7 (up 0.19% a week earlier), according to Rosstat data. The Economic Development Ministry's estimates put annual inflation at 8.5% year-on-year.

As followed by bne IntelliNews, the Russian Central Bank (CBR) continues its crusade against inflation, surprising the market with a 100 basis point key interest rate hike on Sept. 13 to 19%.

The market expects the key interest rate to rise to at least 20%, especially after the government drafted a 2025-2027 federal budget seen as pro-inflationary.

"Taking into account the data from early October, seasonally adjusted price growth rates for the month are expected to be around 6.9% in annual terms (after 7.9% in September). Such inflation rates are in line with the key rate hike by 1 percentage point up to 20% at the [CBR policy] meeting on 25 October," Renaissance Capital analysts said.

A separate Rosstat report showed that inflation in September 2024 overall was at 0.5% month-on-month and 8.6% year-on-year, down from 9.1% in August.

However, the Renaissance Capital analysts estimate that the annualized average inflation rate (SAAR) of 9.3% in September is only slightly below the rate of price growth in May-June this year, after which the CBR decided to resume the cycle of rate hikes in 200 basis points steps.

“September inflation data confirms that there is no alternative to continued monetary tightening at the BoC meeting on 25 October — the only question remains on the rate hike step,” the analysts said, still seeing the 100 basis point hike in October to 20% as the base-case scenario.

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