

# Russia's Central Bank Signals 'Very Likely' December Rate Hike

November 06, 2024



Russian Central Bank Governor Elvira Nabiullina. **Dmitry Feoktistov / TASS**

Russia's Central Bank signaled a high likelihood of raising its key interest rate next month as the country's rumbling war economy continues to drive inflation far above target levels, according to a [new summary](#) of policymakers' meeting in October.

Late last month, the regulator [hiked](#) its key rate to a record-high 21%, taking it even further than the emergency rate of 20% initially introduced after the February 2022 invasion of Ukraine. Central Bank Governor Elvira Nabiullina later [warned](#) of "more drastic changes" in monetary policy as defense-driven inflation soars.

The meeting summary, published on Wednesday, revealed that "most participants" of the Central Bank's October get-together agreed on the need to "reinforce a tough signal" due to growing inflation risks and to prevent "premature expectations" of an end to the tightening cycle.

"While a rate hike at the next meeting is not predetermined, its probability is very high," the

bank noted in a summary. Policymakers are set to meet again on Dec. 20 to decide on its next rate adjustment.

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The meeting summary also showed that last month's discussions weighed rate hikes from 20% to 22% before the majority settled on 21%. This differs from the September meeting, where the 19% key rate decision was described as reached by "broad consensus."

"Most participants agreed that a sharp rate shift could heighten financial market volatility," the bank stated. "Therefore, careful consideration is needed in choosing the rate adjustment size."

Russia's Central Bank said last month that seasonally adjusted price growth in September rose to 9.8% year-on-year from 7.5% in August. Core inflation, meanwhile, increased to 9.1% from 7.7% over the same period.

Russia has faced volatile prices since President Vladimir Putin sent troops into Ukraine in February 2022, triggering a barrage of Western sanctions and strict countermeasures in a bid to stabilize the economy. So, too, has defense spending skyrocketed as Moscow ramps up arms production for the war in Ukraine.

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