

Russian Inflation Ticks Up Amid Ruble Woes

By [AFP](#)

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A woman shops for pastries at an Auchan hypermarket in Novosibirsk in the run-up to Christmas and New Year's Eve. **Kirill Kukhmar / TASS**

Russia's rate of inflation ticked up in November as the value of the ruble plummeted to lows not seen since the start of the invasion of Ukraine, official data showed Wednesday.

The Kremlin has massively ramped up spending on the Ukraine war, an expenditure that has ballooned the size of the economy but led to deep labor shortages and price rises.

Prices rose 8.9% on an annual basis last month, according to the Rosstat statistics agency, up from 8.5% in October and more than double the state's 4% target.

The figure is a further signal the central bank is likely to hike its key rate when policymakers meet on Dec. 20, as it seeks to rein in runaway inflation and buttress the ruble.

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Borrowing costs are already at their highest levels in two decades.

Economists say that because inflation is being driven by record state spending on the Ukraine conflict, higher interest rates have less of an impact on reining in price rises than in a more market-based economy.

The ruble slumped to its weakest level against the dollar in over two-and-a-half years last month amid fears of an escalation in the nearly three-year Ukraine war.

It has shown little sign of a recovery, with the regulator setting its official rate on Wednesday at just over 103 rubles to the dollar — around 25% weaker than levels it was trading at before the full-scale invasion of Ukraine in 2022.

The head of the country's biggest lender warned last week the economy was showing "significant" signs of a slowdown in some sectors, including in housing construction and investment.

Sberbank CEO German Gref cautioned the Central Bank against "overshooting" on its rates policy, making it "harder to return to the rails of economic growth."

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