

Putin Says Inflation 'Worrying' But Russian Economy Remains 'Stable'

By [AFP](#)

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Russian President Vladimir Putin on Thursday acknowledged concerns over high inflation but insisted the economy was "stable" in the face of external threats.

Russia's Central Bank is widely expected to hike its key interest rate on Friday in its latest attempt to deal with the pace of price rises.

"With the economy as a whole, the situation in Russia is stable, despite external threats," Putin said at a televised end-of-year press conference. However, he added, "Inflation is a worrying signal."

"The thing that is unpleasant and bad is the rise in prices. But I hope that if macroeconomic indicators are maintained, we will be able to cope with it," the Kremlin leader said.

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Russia officially targets inflation of 4%, though prices have risen significantly faster since February 2022, when Moscow ordered troops into Ukraine.

In October, Russia's Central Bank raised its key interest rate to a historic 21% as it struggles to bring down inflation. It is expected to raise them it yet again at its final meeting of the year on Friday.

Moscow has ramped up military spending since the full-scale invasion, while hundreds of thousands of men have been drafted into the army, hired by arms producers or fled the country.

That has triggered deep labor shortages, while the high borrowing costs have frustrated business leaders, including those at state-run businesses and close to Putin.

The Kremlin leader said Thursday that Russia's economy had grown faster than the eurozone over the last two years.

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