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Inflation Remains ‘Challenge’ for Russian Economy, Putin Admits

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Vladimir Putin. **kremlin.ru**

Russian President Vladimir Putin on Friday acknowledged that inflation remains a major “challenge” for the country’s economy and ordered the government to work on lowering it in 2025.

Consumer prices in Russia rose by 9.5% in 2024 and have climbed further to 9.9% year-on-year this month, Putin said during a televised meeting at the Kremlin with Prime Minister Mikhail Mishustin.

“That’s a challenge for us. We need to do everything necessary to ensure balanced growth,” Putin said, according to a Kremlin-published transcript of the sit-down.

“The task for this year is to reach a balanced growth trajectory, to reduce inflation,” the Kremlin leader added. “As we agreed, I am waiting for the government’s plan of measures to advance structural changes in the economy.”

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Mishustin, in his turn, told the Russian president that the economy grew by 4.1% in 2024. That was the same as the pace of growth in 2023, he said, revising up the previous figure of 3.6% growth for that year.

The prime minister also agreed with Putin that it was "absolutely clear that the main challenge is inflation."

Russia's Central Bank said earlier this week that it saw "no signs of a sustainable slowdown in price growth" despite maintaining a record-high key interest rate of 21%.

The regulator cited Western sanctions, the ruble's depreciation and a weak harvest as key drivers of inflation. Likewise, defense spending is turbocharging demand, which continues to outpace the economy's ability to supply goods and services.

Russia's Central Bank forecasts inflation to ease to between 5.2% and 8.6% by the end of 2025. The bank is set to hold its next rate meeting on Feb. 14.

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