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Russia's Central Bank Cuts Key Rate From Historic High as Economy Slows

By AFP

June 06, 2025



Central Bank Governor Elvira Nabiullina. **duma.gov.ru**

Russia's Central Bank on Friday cut its key interest rate to 20% from a two-decade high of 21%, citing easing inflationary pressures and signs of an economic slowdown.

The move marks the bank's first rate cut since September 2022 and comes amid growing political pressure to ease borrowing costs, which businesses have argued are stifling investment and growth.

"The Russian economy is gradually returning to a balanced growth path," the Central Bank said in a statement, though it warned that monetary policy would "remain tight for a long period."

The Kremlin has ramped up military spending since launching its full-scale invasion of Ukraine in 2022, fueling growth through weapons production and defense outlays even as

Western sanctions weigh heavily on other sectors.

Inflation remains above 10%, though the Central Bank said “price pressures” are “continuing to decline.”

Policymakers officially target 4% inflation, but they do not expect to reach that level until 2026.

Original url:
https://www.themoscowtimes.com/2025/06/06/russias-central-bank-cuts-key-rate-from-historic-high-as-economy-slows-a89366