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Russia's Monthly Inflation Creeps Up for the First Time in 6 Months

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Russia's monthly inflation inched up in May, marking the first acceleration in six months, though annual inflation fell over the same period.

Consumer prices rose 0.43% last month, up slightly from 0.4% in April, according to data released by the state statistics agency Rosstat.

Economists had widely forecast a continued slowdown in price growth, with most estimates pointing to a monthly rise between 0.22% and 0.25%.

Annual inflation, seen as a more stable indicator of price changes, slowed to 9.8% in May from 10.2% in April. That figure suggests the annual inflation rate is gradually falling back toward the Central Bank's target of 4%.

However, after this year's uptick in inflation — 1.2% in January and 0.8% in February — the Central Bank now expects price growth to fall to 7-8% by year's end, delaying the 4% goal

until 2026.

Analysts at the research firm Tverdye Tsifry estimate the seasonally adjusted annualized rate at 5.4% in May, slightly below April's 5.5%. Gazprombank offered a similar estimate, though it had previously put April's rate at 6.2%.

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The picture remains uneven across sectors. Non-food goods, supported by a strong ruble, have seen outright deflation in some categories.

But food prices continue to rise sharply, with analysts estimating annual inflation in this category at around 11%.

Service sector inflation has cooled slightly, a trend economists attribute to a strengthening ruble and a modest slump in consumer demand.

For now, price pressures appear to be easing, with Rosstat reporting a 0.03% increase in prices for the week of June 3-9 and a 0.04% rise since the start of the month.

Seasonal decreases in fruit and vegetable prices are expected to keep inflation in check through June, with Tverdye Tsifry projecting a monthly increase of just 0.2%.

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