The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Sberbank CEO Warns High Rates and Strong Ruble Creating 'Perfect Storm' for Russian Economy

June 20, 2025

Sberbank CEO German Gref. **Roscongress Photobank**

Sberbank CEO German Gref warned Friday that a combination of high interest rates and an overvalued ruble was creating a "perfect storm" that could stunt investment and weigh down on Russia's economic growth in the years ahead.

"We're facing a large set of problems that can be called a perfect storm," Gref said during a Sberbank-organized breakfast at the annual St. Petersburg International Economic Forum (SPIEF).

He said real interest rates were cutting into business profits and forcing companies to postpone investment decisions. Real interest rates reflect the difference between the Russian Central Bank's key rate of 20% and annual inflation of just under 10%

"That's a threat to economic growth not only this year, but also for the next two to three years," Gref said, predicting the Central Bank would cut the rate to 15% by the end of 2025.

Russia's economy expanded just 1.4% year-on-year in the first quarter of 2025 — its slowest pace in two years. The World Bank forecasts similarly sluggish growth of 1.4% for the full year, following two years of state-driven expansion fueled by wartime spending.

Economists have warned that this growth is unsustainable and masks underlying productivity stagnation.

Related article: Foreign Investment in Russia Falls to Lowest Level Since 2001, UN Report Says

Gref also criticized the ruble's recent appreciation, saying it was harming Russia's export-driven budget. The ruble has strengthened for six consecutive months, stabilizing at around 78 to the U.S. dollar this week.

"In reality, a more balanced rate would be 100 or more [rubles per dollar]," the Sberbank CEO said.

Finance Minister Anton Siluanov, who is also attending SPIEF 2025 this week, acknowledged the dual pressure of high rates and a strong ruble, but ruled out further changes to the tax system that could undermine predictability.

Russia enacted sweeping tax reforms last year, which came into effect at the start of 2025, introducing a progressive income tax and increasing corporate contributions to the federal budget.

Original url:
https://www.themoscowtimes.com/2025/06/20/sberbank-ceo-warns-high-rates-and-strong-ruble-creating-perfect-storm-for-russian-economy-a89516