

# Central Bank Chairman Sees Inflation Target as Attainable

By [The Moscow Times](#)

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Cumulative consumer-price growth probably won't exceed 5.5 percent in the six months through June and 1.5 percent in the second half of the year, Central Bank Chairman Sergei Ignatyev said.

The full-year target of 6 percent to 7 percent for consumer price growth is "entirely achievable as long as the harvest this year isn't worse than average," Ignatyev said at a conference in Moscow on Tuesday.

Inflation is easing after the rate rose for six consecutive months through January following a crop-destroying drought last summer.

Inflation was 9.5 percent in March, the same as in February, the State Statistics Service said Monday. Consumer prices advanced 0.6 percent from a month earlier, bringing year-to-date inflation to 3.8 percent.

Core inflation, which strips out food and energy costs, was 2.5 percent in the first quarter, including a 0.7 percent increase from February, the statistics service said.

Russia may have no inflation or prices may decline in the third quarter, followed by a 1.5 percent increase in the fourth quarter, Ignatyev told reporters Tuesday.

The Central Bank has been tightening monetary policy since December, when it first raised the overnight deposit rate to drain cash from the economy. The regulator raised its main rates in February and has also lifted reserve requirements and allowed the ruble to strengthen to rein in inflation.

"I wouldn't say anymore that there is too much excess liquidity," given that reserve ratio increases announced in February and March will take effect in April and May, Ignatyev said. Money-supply growth slowed last month to an annual 27 percent from 36 percent as of Sept. 1, he said.

"Slower money supply growth will help lower the inflation rate," he said. "That slowing is already occurring." Lending growth is "lower than I expected, but that's not bad" because it will help the Central Bank achieve its inflation target, Ignatyev said.

"We intend to continue increasing the flexibility of the ruble rate, which is an essential condition for the switch to inflation targeting," he said.

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