

Inflation Eases Up Thanks to Fruit, Vegetables

By [The Moscow Times](#)

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Russian inflation slowed more than economists expected in July as prices for fresh fruits and vegetables declined.

Consumer prices advanced 9 percent from a year earlier last month, down from 9.4 percent in June, the State Statistics Service said Friday. The data matched the figure released Thursday by the Central Bank. Prices were unchanged from a month earlier.

The Central Bank left interest rates unchanged Thursday for a third month because of slowing inflation and concern that sluggish growth around the world may hurt Russia's recovery. Economic growth should accelerate in the second half while easing price pressure may help the government keep inflation near the low end of its 6.5 percent to 7.5 percent forecast, the Economic Development Ministry said last month.

"The rapid fall in vegetable prices has dragged inflation down in June-July, having resulted

in 0.1 percent week-on-week deflation in the last week of July," VTB Capital economist Alexandra Yevtifyeva said Thursday in an e-mailed research note.

Fruit and vegetable prices fell 9.2 percent in July from a month earlier, the statistics service said. Fresh produce accounts for 3.6 percent of the consumer basket, according to VTB Capital.

Food-price inflation may slow in the second half thanks to a favorable harvest and stabilizing food prices globally, Yevtifyeva said. The Central Bank will probably continue to focus on the headline inflation number when considering monetary policy decisions, she said.

Core inflation, which excludes some volatile items, was 0.4 percent in July, bringing price increases since the start of the year to 4.1 percent, the service said.

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