

# Borrowing Rates Unchanged by Central Bank

By [The Moscow Times](#)

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Russia left borrowing costs unchanged for a second month after Central Bank Chairman Sergei Ignatyev said inflation may breach his target for the year.

The Central Bank held the refinancing rate at 8.25 percent after two increases this year, according to a statement on its web site Friday. The overnight auction-based repurchase rate used to provide banks with cash stayed at 5.25 percent, while the overnight deposit rate, used to withdraw liquidity, was kept at 3.75 percent. The decision was in line with economists' forecasts.

The world's largest energy exporter is trying to cap inflation at 7 percent, which would be the lowest year-end level since the Soviet Union collapsed in 1991. The ruble's depreciation since August may fan price growth next month as commodity exports power economic growth above 4 percent, which "isn't bad," Ignatyev said earlier this month.

"Based on current domestic and foreign macroeconomic trends, the existing level of money-market interest rates is seen by the Central Bank as adequate for ensuring the balance between inflationary risks and risks of slower economic growth," the regulator said, repeating the wording used in its Oct. 28 statement.

Inflation was 7 percent on Nov. 21 from a year earlier, compared with 7.2 percent in October, according to the statement.

A cash shortage in the banking system and the instability on global financial markets are driving up money-market rates, which is pressuring borrowing costs across the economy, the regulator said.

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