

Russian Inflation Hit Two-Year High in February

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Alexander Ryumin / TASS

Russia's annual inflation rate jumped above 10% in February to its highest level in two years, despite aggressive interest rate hikes by the Central Bank, official data showed Wednesday.

Prices have been rising fast across the Russian economy for months, driven by massive government spending on the Ukraine conflict.

Annual inflation ticked up to 10.1% year-on-year last month, compared with 9.9% in January, according to the Rosstat statistics service.

This is the highest figure since February 2023.

The central bank jacked up rates to a two-decade high of 21% in October, making borrowing more expensive for consumers.

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But economists warn rate hikes have limited effect against inflation driven by state expenditure.

Since launching its Ukraine offensive, Moscow has ramped up military spending to levels not seen since the Soviet era, pumping out missiles and drones and paying lucrative salaries to its hundreds of thousands of frontline soldiers.

The Central Bank last month sharply raised its inflation forecast for 2025, warning there was no sign rocketing price increases would go into reverse.

Inflation is now expected to average between 7% to 8% this year, compared with an earlier forecast for 2025 of between 4.5%-5%, it said.

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