Bank of Russia

MONETARY POLICY GUIDELINES FOR 2026–2028

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INTRODUCTION

In the Monetary Policy Guidelines, the Bank of Russia each year describes the goals of monetary policy and approaches to its implementation and provides its view of the current situation in the economy and forecasts of its development in the medium term.

The Bank of Russia implements its monetary policy taking into account its core function stipulated by the Constitution of the Russian Federation, which is protecting the ruble and ensuring its strength. In accordance with Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)', this function shall be performed by maintaining price stability, that is, sustainably low inflation. Securing price stability, the Bank of Russia creates an essential condition to foster balanced and stable economic growth.

In 2024 H2, the Russian economy continued to expand quickly, still driven primarily by strong domestic demand supported by households' rising incomes, increasing credit, and significant fiscal stimuli. However, enterprises were unable to meet high demand as their capacities to ramp up supply were limited: they were facing staff shortages and were working in the conditions of very high capacity utilisation rates. Other constraints included OPEC+ agreements limiting oil production and adverse weather conditions affecting the harvest. The widening demand and supply gap exacerbated inflationary pressures. In these conditions, the Bank of Russia was increasing the key rate in July–October 2024. Overall, the key rate was raised by 5 pp from 16.00% p.a. to 21.00% p.a.

The monetary policy tightening was gradually transmitting to the dynamics of economic indicators, leading to a rise in market interest rates in 2024 H2. Over the said period, interest rates were also affected by the progressive normalisation of banking regulation and the tightening of macroprudential requirements. The growth of market interest rates considerably cooled credit activity in late 2024–2025 H1. The labour market started to demonstrate the first signs of easing, with staff shortages diminishing and wages growing more moderately. All this helped gradually dampen domestic demand. High ruble interest rates were also moderating the demand for imports, while a high interest rate differential (higher interest rates in Russia as compared to other countries) made ruble assets and savings more attractive to households and businesses. As a result, in 2025 H1, the ruble considerably strengthened against the main foreign currencies. In turn, the cooling of domestic demand and the ruble appreciation led to a gradual easing of current inflationary pressures. However, the slowdown in inflation was uneven, with non-food price growth decelerating most quickly as the effect of tight monetary conditions in this segment was the strongest. Contrastingly, the growth rates of food and service prices were declining more slowly, while remaining elevated. For tight monetary policy to fully translate into economic indicators and the decline in inflationary pressures to become sustained, the Bank of Russia kept the key rate at 21.00% p.a. until June 2025. In June–July 2025, having ascertained that the disinflationary processes in the economy are stable, the Bank of Russia began to reduce the key rate. Overall, the key rate was cut by 3 pp to 18.00% p.a.

The Bank of Russia's baseline scenario assumes that international trade tensions between the largest economies will continue to constrain the expansion of global demand. After the surge in 2025, import tariffs will go down, but their level will still be higher than before. Combined with a fast increase in OPEC+ oil production, a decline in global demand will provoke a surplus in the oil market in 2025–2026 and a reduction in oil prices. According to the Bank of Russia's forecast, export prices for Russian crude will average $55 per barrel. As trade restrictions are eased and global demand rebounds, oil prices will grow to average $60 per barrel in 2027–2028. The baseline scenario also assumes that the imposed foreign sanctions will remain in the medium term, thus entrenching the changes that have occurred in the Russian economy since 2022, namely its refocusing on the domestic market and the development of import substitution. Domestic demand will prevail in the structure of the economy, while the proportion of exports and imports in GDP will be smaller than before the enactment of the sanctions.

The Bank of Russia's baseline scenario assumes that the growth rates of consumer and investment demand will be more moderate in 2025–2026 than in 2023–2024, which will help reduce the gap between supply and demand that surged over the past few years. Economic growth will temporarily slow down to 1.0–2.0% in 2025 and 0.5–1.5% in 2026. In 2027, the economy will sustainably return to its potential growth rate of 1.5–2.5% per year. Annual inflation will decelerate to 6.0–7.0% in 2025, return to 4.0% in 2026, and stay at the target further on. To return the economy to a balanced growth path and the inflation rate to the target, the Bank of Russia will need to pursue tight monetary policy for an extended period. The key rate will average 18.8–19.6% p.a. in 2025 and 12.0–13.0% p.a. in 2026. In 2027–2028, the key rate will average 7.5–8.5% p.a., which is in line with the estimated range of the long-term neutral rate in the Russian economy.

The main risks to the development of the Russian economy are related to both internal and external conditions. In view of this, the Bank of Russia considers two unfavourable alternative scenarios. The proinflationary scenario suggests that, due to tightening sanctions, the growth rate of production capacities will be lower than in the baseline scenario. Tighter sanctions will also lead to a higher discount, due to which Russian crude prices will stabilise at lower levels. To prop up the economy, the Russian Government will expand subsidised lending programmes and strengthen protectionist measures aimed at encouraging import substitution. However, supply will still be lagging behind rising demand, which will amplify inflationary pressures. The risk scenario assumes escalation of international trade tensions, intensification of deglobalisation trends, import tariff increases worldwide above the levels predicted in the baseline scenario, and a sharp decline in the growth rate of the largest economies. Combined, these factors will entail a global financial crisis, the scale of which might be comparable with the 2007–2008 crisis. The sanction pressure on the Russian economy is likely to strengthen in this scenario as well. According to the Bank of Russia's estimates, the materialisation of risks in these two scenarios will speed up inflation in the next few years and require tighter monetary policy, as compared to the baseline scenario. Inflation will return to the target later than in the baseline scenario.

Nevertheless, in certain conditions, developments in the Russian economy may be more favourable than in the baseline scenario. The disinflationary scenario assumes that growth in fixed capital investment and in total factor productivity will help expand aggregate supply more quickly than in the baseline scenario (increase potential output more significantly in 2026–2027). As a result, similarly to the baseline scenario, inflation will return to the target as early as 2026, while monetary policy will be eased faster.

An important factor that will influence the economy under any of the scenarios in the coming years is fiscal policy. Preparing its macroeconomic forecast and making its key rate decisions, the Bank of Russia takes into account the fiscal policy parameters and measures planned. If these parameters change, the Bank of Russia might need to adjust its monetary policy. Responsible and well-balanced fiscal policy relying on the fiscal rule is critical to maintain macroeconomic stability.

Under any scenario of future developments both in the domestic economy and worldwide, the Bank of Russia's monetary policy will be aimed at achieving its main goal, that is, price stability. Ensuring steadily low inflation, the Bank of Russia promotes necessary conditions for the development of the domestic economy, including for balanced and sustainable economic growth. Price stability:

- enables businesses and households to better plan their activity;
- increases the affordability of borrowings inside the country;
- protects households' incomes and savings against a significant unpredictable devaluation;
- enhances confidence in the national currency and makes it more attractive as a store of value; and
- promotes the ruble as a currency for settlements and contracts, including at the international level.

Since 2015, the Bank of Russia has been implementing its monetary policy under the inflation targeting regime, relying on the world's best practices.

The Bank of Russia sets a quantitative inflation target, which is an annual inflation rate of close to 4%. The target is effective on a permanent basis. Furthermore, the Monetary Policy Review carried out by the Bank of Russia in 2021–2023 shows that the Russian economy has formed prerequisites for reducing the inflation target in the future. The Bank of Russia will assess the reasonableness of such a decrease after inflation slows down and stabilises close to 4%. A reduction in the inflation target will only be possible beyond the three-year forecast horizon, that is, no earlier than 2029. If the Bank of Russia makes such a decision, it will be announced in advance.

Implementing its monetary policy, the Bank of Russia influences price movements through the key rate and communication regarding its possible changes in the future. This influence is ensured through a long chain of interconnections known as the transmission mechanism. Changes in the key rate and communication about its possible dynamics in the future impact interest rates in various segments of the financial market, securities prices, and the ruble exchange rate. In turn, changes in these indicators influence economic agents' decisions on savings, consumption, and investment. All these factors ultimately create domestic demand in the economy, which affects price dynamics. It takes time for monetary policy decisions to be fully transmitted to price dynamics through the above chain of interconnections. As estimated by the Bank of Russia, this process takes three to six quarters. Therefore, when making its monetary policy decisions, the Bank of Russia relies not only on the assessment of the current situation, but also on the macroeconomic forecast that helps estimate what monetary conditions should form in the economy to ensure the inflation rate of close to 4% over the monetary policy horizon. To build the forecast, the Bank of Russia uses advanced macroeconomic models.

Targeting inflation, the Bank of Russia pursues a floating exchange rate regime. It enables the regulator to implement monetary policy independently of other countries. A floating exchange rate smooths out the impact of external factors on the economy and helps it adjust to a changing external environment. Currently, amid limited capital flows, the movements of the ruble exchange rate to a greater extent depend on the ratio between importers' demand for foreign currency and exporters' supply of foreign currency. The effect of capital flows on the dynamics of the exchange rate stays less significant than before. Furthermore, the difference in interest rates between Russia and other countries continues to influence residents' and non-residents' demand for investments in ruble assets and, as a result, the ruble exchange rate. The capital controls that are still in place are predominantly of a non-economic and bilateral nature.

The Bank of Russia seeks to promptly communicate the information on its monetary policy to the fullest extent possible. The regulator is continuously working to improve the outreach of its monetary policy and make its communication more targeted. The Bank of Russia's communication transparency about its monetary policy helps form a more predictable environment for decision-making and enhances the effect of monetary policy on the economy and inflation.

These Guidelines have the following structure.

Section 1 describes the goals and principles of the Bank of Russia's monetary policy, as well as the interaction of monetary policy with other state policies. The section includes five boxes about the level of the inflation target in Russia, the benefits of a floating exchange rate, enhancement of model-based approaches, the combined effect of fiscal and monetary policies on the economy, and the interplay of monetary policy and financial sector stability policy.

Section 2 offers a retrospective overview of the Bank of Russia's monetary policy from late 2024 until now. The section includes three boxes about inflation dynamics in the Russian regions, the use of business monitoring results for the purposes of monetary policy, and the analysis of the experience of banking regulation normalisation and macroprudential policy tightening after the easing in 2022.

Section 3 focuses on the baseline and alternative forecast scenarios of the Bank of Russia. The section also comprises boxes describing the effect of fiscal policy on the economy and an economic equilibrium.

Section 4, as always, covers the operational procedure of the Bank of Russia's monetary policy: its operational objective and system of instruments, as well as the factors influencing the trends and forecast of the banking sector liquidity.

The document also contains appendices and boxes addressing both the theoretical aspects of monetary policy in the Russian context and the most relevant economic issues.

SECTION 1. MONETARY POLICY GOALS, PRINCIPLES AND INSTRUMENTS

The goal of monetary policy is to maintain steadily low inflation, which is critical to ensure stable economic development and protect households' and companies' incomes and savings

In accordance with the Constitution of the Russian Federation, the key function of the Bank of Russia is to protect the ruble and ensure its strength.[1] Pursuant to the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', the main goal of the Bank of Russia's monetary policy is to protect the ruble and ensure its strength by maintaining price stability, including for creating conditions promoting balanced and sustainable economic growth.[2] Price stability implies steadily low inflation.

A crucial prerequisite for economic development is macroeconomic stability achieved through both responsible fiscal policy and monetary policy aimed at ensuring price stability. **Price stability is the Bank of Russia's contribution to the development of the country's economy** and an essential element of an environment that is favourable for living and doing business.

Steadily low inflation ensures a stable purchasing power of the national currency – the ruble. When inflation is low, wages, pensions, and other earnings, as well as ruble-denominated savings of households and companies are protected against a significant unpredictable devaluation. Stability makes it possible to plan spending, including long-term expenses, with greater confidence, maintain living standards, and prevent an aggravation of social inequality.[3]

Low and steady inflation is favourable for businesses. Setting a clear inflation target and adhering to it are essential elements of a predictable economic environment. In such conditions, it is easier for companies to develop their business and make long-term financial and investment plans. Low and stable inflation improves the accessibility of borrowings inside the country: investors are more willing to provide financing to enterprises. High and volatile inflation is a source of risks to all economic agents, including banks and their clients. To receive returns on investment in a situation of high and volatile inflation, banks price in an elevated inflation premium when setting loan rates, whereas low and stable inflation reduces banks' risks. As a result, interest rates form at a lower level and volatility of interest rates (especially long-term ones) decreases.

Steadily low inflation promotes confidence in the national currency and helps reduce the proportion of foreign currency-denominated assets and liabilities in the economy. This improves the economy's resilience to changes in the external environment. When inflation in the country is steadily low, the ruble is more attractive as a currency for international settlements and contracts. The longer the period of price stability is, the more confident counterparties are in the long-term purchasing power of the ruble and the more willing they are to use the ruble in their international business.

Monetary policy promotes conditions necessary for the development of the domestic economy and its structural transformation. However, monetary policy alone cannot drive a sustainable increase in the economy's potential. The economy's potential depends on fixed capital formation, the labour force

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[1] Part 2 of Article 75 of the Constitution of the Russian Federation.

[2] Articles 3 and 34.1 of Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)'.

[3] For details about the influence of inflation on social inequality, refer to Appendix 3 to MPG 2018–2020.

size, as well as labour and capital productivity, including as a result of using more efficient forms of labour and deploying innovative technologies. Monetary policy can influence the intensity of using these factors, thus reducing a cyclical downturn or economic overheating and, therefore, ensuring price stability. This is the countercyclical role of monetary policy.

To enable a sustainable expansion of production capacities in the economy and boost potential economic growth rates, it is necessary to implement other measures. In the first place, these are measures of structural, fiscal policy (changes in the structure of budget expenditures to promote the modernisation of the economy and increase human capital) and institutional changes. These measures should encourage private initiative, support innovations, foster the development of alternative and new technologies, facilitate the adaptation, enhance the flexibility of the labour market (including as part of reskilling and upskilling programmes), and create predictable conditions for economic activity. Alongside macroeconomic stability, efficient implementation of the above measures can ensure successful transformation of the economy, promoting its transition to a new equilibrium, with a subsequent increase in its potential growth rates.

Key monetary policy principles

Implementing the inflation targeting strategy, the Bank of Russia pursues the following principles in its monetary policy:

- **a permanent public quantitative inflation target;**
- **a floating exchange rate of the ruble;**
- **the key rate and communication as the main monetary policy instruments;**
- **decision-making based on a macroeconomic forecast; and**
- **communication transparency.**

Targeting inflation, the Bank of Russia relies on the world's best practices of monetary policy implementation. The advantage of inflation targeting is its flexibility. This strategy does not imply that the inflation target should be achieved at all costs. To the contrary, seeking to ensure low and stable inflation, monetary policy mitigates the scale of cyclical fluctuations of output, improves the predictability of the economic environment, and thus creates conditions for balanced economic growth. The benefits of inflation targeting amid various challenges are evidenced by the studies carried out by the Bank of Russia as part of its Monetary Policy Review in 2021–2023.[4]

Permanent public quantitative inflation target

The Bank of Russia sets a permanent quantitative inflation target and announces it for households, businesses, and financial market participants to take it into account in their planning and decision-making. The Bank of Russia implements its monetary policy to achieve the announced inflation target. To set a quantitative inflation target, the Bank of Russia determines the targeted measure and its type and level.

The goal of the Bank of Russia's monetary policy is to maintain annual inflation close to 4%. The inflation target is effective on a permanent basis. An inflation rate of not above 4% is what households

[4] For details, refer to the Bank of Russia's Monetary Policy Review subsection in the Monetary Policy section on the Bank of Russia website.

and companies perceive as price stability, according to the surveys.[5] The inflation target is set for the annual growth rate of consumer prices in Russia, that is, for the change in prices for goods and services purchased by households over the past 12 months. **The Bank of Russia uses the consumer price index (CPI) to measure the growth rate of consumer prices (inflation).** The CPI is calculated and published by Rosstat.

The Bank of Russia sets the inflation target as a point. Compared to target ranges of inflation, a point gives the clearest signal to society about the goal of monetary policy. This target type provides a clearer understanding to economic agents. In practice, a point helps anchor inflation expectations at the target more efficiently.

The wording 'close to 4%' implies that inflation might slightly hover around 4%. These fluctuations are natural and associated with a continuous adjustment of relative prices. Being influenced by multiple factors, prices for goods and services are always changing. As a result, price growth rates may vary across certain product and service markets and in different regions (see Box 6 'Inflation in Russian regions').

Monetary policy is continuously aimed at ensuring an inflation rate of around 4%. However, there can be factors arising over time that might create risks of an inflation deviation from the target. If such factors emerge, the Bank of Russia assesses the reasons behind them and the duration of their impact on inflation in order to make appropriate decisions on monetary policy measures. In a situation where inflation deviates from the target, the Bank of Russia chooses the pace for returning inflation to the target taking into account the scale of the deviation and the influence of monetary policy measures on economic activity (see the subsection 'The key rate and communication as the main monetary policy instruments').

In 2021–2023, the Bank of Russia carried out its Monetary Policy Review. The findings of the studies showed that, by the end of 2021, the Russian economy had formed the prerequisites for reducing the inflation target in the future (see Box 1 'The level of the inflation target in Russia'). However, in 2022, the Russian economy started a structural transformation that was accompanied by significant adjustments in relative prices[6] across a wide range of goods and services. In these conditions, inflation went up and stayed above the target. The Bank of Russia's plan was to return inflation to 4% in 2024. However, from 2023, the Russian economy considerably deviated upwards from a balanced growth path, due to which more time is needed to bring inflation back to the target. The Bank of Russia will ensure the return of inflation to the target in 2026. After inflation stabilises at around 4%, the Bank of Russia will assess the reasonableness of decreasing the inflation target. However, a reduction in the inflation target will only be possible beyond the three-year forecast horizon, that is, no earlier than 2029. If the Bank of Russia makes such a decision, it will be announced a few years before the change. This will help mitigate the costs of switching to a new level of the target. The Bank of Russia will continue discussing this issue with businesses, the analyst and expert community, public organisations, the Government and the Federal Assembly of the Russian Federation.

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[5] InFOM's household surveys (March and October 2022 and February 2023); the Bank of Russia's monitoring of businesses (February and October 2022).

[6] Relative prices are prices for individual goods and services in the consumer basket relative to the average (overall) level of prices in the economy. In the conditions of considerable shocks, the adjustment of relative prices can be observed across a wide range of goods and services.

Floating exchange rate of the ruble

The Bank of Russia pursues a floating exchange rate regime. This means that the exchange rates of foreign currencies against the ruble are determined by market forces, that is, the ratio between the demand for and supply of foreign currency in the FX market. The Bank of Russia neither sets any targets or limits for the level of the exchange rate or the pace of its movements nor conducts FX operations to influence the dynamics of the exchange rate. That said, the Bank of Russia can conduct operations in the FX market aimed at maintaining financial stability.

A floating exchange rate is an essential condition for efficient implementation of monetary policy within the framework of inflation targeting. It helps the economy better absorb external shocks and allows the central bank to pursue an independent monetary policy, enhancing its ability to smooth the business cycle. As a result, monetary policy ensures low and stable inflation more efficiently (see Box 2 'Benefits of a floating exchange rate').

In the conditions of the sanctions and blocking of the Bank of Russia's foreign currency accounts, the Bank of Russia tightened capital controls from 2022 to prevent materialisation of financial stability risks. As the situation stabilised, the controls were partially eased. The restrictions that are still in place are predominantly of a non-economic and bilateral nature. They offset the effect of the external sanctions aimed at incentivising foreign investors to withdraw capital from Russia and prohibiting potential future capital inflows. Despite the effective capital controls, the exchange rate of the ruble remains floating. In the new environment, its movements to a greater extent than before depend on the ratio between importers' demand for foreign currency and its supply by exporters. The effect of capital flows on the dynamics of the exchange rate stays less significant than before. Furthermore, the difference in interest rates between Russia and other countries continues to influence residents' and non-residents' demand for investments in ruble assets and, as a result, the ruble exchange rate.

Capital controls are solely a policy instrument employed to maintain financial stability. The theory and practice of monetary policy generally confirm that a temporary use of capital controls to mitigate financial stability risks is compatible with inflation targeting and a floating exchange rate. However, if large-scale capital controls remain in place for a long time, this might entail persistent negative implications for the economy and its growth potential.[7]

The key rate and communication as the main monetary policy instruments

The key rate is the main instrument of the Bank of Russia's monetary policy. The key rate is an interest rate used by the Bank of Russia to form such monetary conditions in the economy that help keep inflation close to the target. To this end, the Bank of Russia conducts regular liquidity management operations to provide liquidity to banks or absorb it from them. The Bank of Russia sets interest rates on the main liquidity management operations at the level of the key rate.[8] Interest rates on other operations are linked to the key rate.

[7] For details, refer to Box 3 'Capital controls and inflation targeting' in MPG 2023–2025.

[8] The minimum interest rate at the Bank of Russia's one-week repo auctions and the maximum interest rate at the Bank of Russia's one-week deposit auctions (interest rates on the main operations conducted by the Bank of Russia to manage the banking sector liquidity) are set at the level of the key rate. Nevertheless, the actual interest rate as of the end of the auctions might slightly deviate from the key rate within the interest rate corridor.

Performing liquidity management operations, the Bank of Russia seeks to keep overnight money market rates close to the key rate. This is the operational objective of monetary policy (see Section 4 'Monetary policy operational procedure in 2025 and 2026–2028'). Changes in short-term money market rates influence interest rates on longer-term transactions. These changes in turn translate into the dynamics of loan and deposit rates and securities prices. Amid the sanctions and the capital controls introduced in response, the key rate impacts the ruble exchange rate indirectly, primarily through the demand for imports. Changes in price parameters in various segments of the financial market influence economic agents' propensity to consume, save, and invest. This factor determines domestic demand in the economy, while the ratio between it and supply affects price dynamics. The complex of the interdependencies between economic processes, making it possible to impact inflation through changes in the key rate, is called the monetary policy transmission mechanism (see Appendix 1 'Monetary policy transmission mechanism in Russia').

Key rate changes influence demand and prices to the fullest extent not instantaneously but with a time lag. According to the Bank of Russia's estimates, it takes three to six quarters for the effects of key rate changes to manifest themselves in full. Accordingly, the Bank of Russia can bring inflation back to the target over a horizon from 12 to 18 months, barring new serious shocks.

The Bank of Russia Board of Directors makes its key rate decisions on a regular basis, specifically eight times a year, in accordance with the approved and publicly available calendar. Decision-making according to the calendar is essential to increase the predictability of the key rate path. Key rate decisions made according to the calendar become effective on the next business day. Drastic changes in the economic situation might require prompt decisions on the key rate. In this case, the Bank of Russia Board of Directors may hold unscheduled meetings. If a key rate decision is made at an unscheduled meeting, the Bank of Russia may specify its effective date in the related press release.

Given that monetary policy measures have a time-lagged effect on the economy, **the Bank of Russia relies on sustainable economic trends and long-lasting factors when making its decisions on the key rate**. The Bank of Russia revises the key rate if current trends suggest a persistent deviation of inflation from the target over the forecast horizon or there are long-acting factors that will most probably cause such a persistent deviation. To estimate the impact of various factors on inflation, the Bank of Russia prepares a macroeconomic forecast (see the subsection 'Decision-making based on a macroeconomic forecast').

The Bank of Russia takes no response measures if the existing deviation of inflation from the target results from temporary factors and inflation is expected to steadily return to the target in the short run without any additional measures. Such an approach to decision-making helps avoid undesirable volatility of economic indicators. A change in the key rate in response to transitory factors might pull inflation away from the target in the opposite direction, which does not conform to the task of maintaining inflation close to 4%.

Nevertheless, the Bank of Russia analyses the influence of temporary factors on inflation expectations (see Appendix 4 'One-off supply-side inflation factors'). If factors originally considered to be transitory cause a notable rise in inflation expectations and changes in economic agents' behaviour and involve significant risks to the achievement of the inflation target in the medium term, the Bank of Russia takes these factors into account when making its key rate decisions.

By changing the key rate to bring inflation close to the target, the central bank thus smooths the economic cycle and returns the economy to a balanced and stable economic growth path. This is the countercyclical role of monetary policy. To deliver on the inflation target, the Bank of Russia influences demand trends. When the economy is in a long-term equilibrium, that is, when inflation and inflation expectations are close to the target and output is near its potential, monetary policy should be neither contractionary nor expansionary for demand and the economy. Such monetary policy is called neutral.

In a situation where growth rates and aggregate demand start to exceed the economy's production capacity, the economy deviates from its potential upwards. In order to prevent its overheating and the resulting deviation of inflation and inflation expectations upwards from the target, the central bank needs to temporarily increase the key rate above its neutral level. Monetary tightening in these conditions helps slow down the expansion of demand and drive the economy back to a balanced growth path and inflation to its target. To the contrary, when aggregate demand decreases below the economy's production capacity, the economy deviates downwards from its potential and inflation downwards from its target. This situation requires a temporary reduction in the key rate below its neutral level. Monetary policy easing will support aggregate demand and bring inflation back to the target.

A neutral level of the interest rate can only be estimated roughly based on observed economic indicators. During the period of dramatic changes in the economy, the estimates of the neutral interest rate become more uncertain (see Appendix 7 'Neutral interest rate and its estimate').

Communication on monetary policy decisions influences economic agents' expectations and behaviour and is an important monetary policy instrument. Economic agents' expectations have a considerable impact on the economy in general and on inflation in particular. For the central bank's measures to be more efficient, it is critical to anchor households' and businesses' inflation expectations at the target. This is only possible if economic agents are confident in the Bank of Russia and its monetary policy. Confidence is developing when the central bank successfully achieves the inflation target and society comprehends the central bank's policy. The Bank of Russia seeks to be as transparent as possible. This is a key principle of its monetary policy as part of the inflation targeting strategy (see the subsection 'Communication transparency').

The Bank of Russia does not only disclose the rationale behind its monetary policy decisions, but also gives a verbal signal regarding possible future decisions. The signal is no less important than the key rate decision itself since it impacts economic agents' expectations of the central bank's further moves and, accordingly, their behaviour.

The Bank of Russia also publishes the projected path of the key rate as part of the Bank of Russia's macroeconomic forecast. This means that if the economic situation unfolds in line with the Bank of Russia's forecast, it will change the key rate following the projected path. If the economic situation develops not as assumed by the macroeconomic forecast, the Bank of Russia will need to revise both the forecast and the projected path of the key rate. The projected path is presented as ranges of the average key rate for every calendar year. The projected path of the key rate intensifies the Bank of Russia's verbal signal having an additional effect on market participants' expectations regarding future changes in the key rate, and consequently, on monetary conditions.

Decision-making based on a macroeconomic forecast

The Bank of Russia makes its monetary policy decisions based on a macroeconomic forecast as their effect on price dynamics is time-lagged. The Bank of Russia's forecast is a coordinated view of the Bank of Russia Board of Directors with respect to future economic trends and indicators. The forecast relies on the results of model-based calculations made using a wide range of modern quantitative models describing economic dynamics.[9] The Bank of Russia is continuously improving its model-based approaches (see Box 3 'Model-based approaches and their evolution'). That said, the Bank of Russia's forecast is not generated from model-based assessments automatically, but takes into account the Board of Directors' expert opinions regarding the hypotheses and factors that cannot always be incorporated into the models. Certain hypotheses are verified at the regional level. The Heads of the Bank of Russia Main Branches then report on the findings to the Board of Directors.

The Bank of Russia does a complete revision of its macroeconomic forecast before the Board of Directors' core meetings on the key rate, four times a year. Following such meetings, the Bank of Russia publishes the revised forecast along with the press release on the key rate. The main parameters of the forecast are inflation, economic growth, monetary indicators, the balance of payments, and the scenario path of the key rate.

Preparing its macroeconomic forecast, the Bank of Russia conducts an in-depth analysis of a wide range of data. The Bank of Russia analyses, among other things, the actual situation in the Russian economy and in global commodity and financial markets, economic policies in major foreign countries, and possible changes in fiscal, tax, social, and other areas of Russia's economic policy. Relying on this information, the Bank of Russia formulates assumptions for its forecast scenarios – a complex of external and internal economic factors that might have a material effect on the Russian economy and inflation trends, as well as assesses inflation risks.

When developing its macroeconomic forecast, the Bank of Russia takes into account the fact that decisions on monetary policy are always made when there is no complete certainty. There can be various factors of uncertainty, including not only future economic developments and forecast assumptions, but also new information on the past and present situation in the economy. The uncertainty may also be associated with the specifics of model-based techniques. Therefore, the Bank of Russia places a high emphasis on the rationale for monetary policy decisions it makes. Specifically, this involves the use of a broad range of models and forecasting of several different scenarios of developments in the Russian and world economies with a number of variations of these scenarios. This approach enables the Bank of Russia to estimate the robustness of its macroeconomic forecast and monetary policy decisions made based on this forecast.

The Bank of Russia follows the conservative approach when assessing the ratio of inflation risks over the forecast horizon, while focusing slightly more on proinflationary factors and risks. This is associated with the specifics of inflation expectations in Russia. Professional market participants' inflation expectations are generally anchored at the target, whereas households' and businesses' inflation expectations remain sensitive to the impact of short-term proinflationary factors. Moreover, inflation expectations respond to price movements asymmetrically: households and businesses are more responsive to an acceleration of price growth, rather than to its slowdown. In such a situation, underestimation of proinflationary factors and risks might entail a persistent and long-lasting deviation of inflation upwards from the target.

[9] For details about developing a macroeconomic forecast and model-based approaches applied by the Bank of Russia, refer to the Forecasting and Models subsection in the Monetary Policy section on the Bank of Russia website.

Therefore, when formulating assumptions for its forecast, the Bank of Russia especially focuses on those drivers of price movements that might push inflation and inflation expectations upwards.

Communication transparency

For monetary policy pursued as part of the inflation targeting strategy to be efficient, it is necessary to ensure society's understanding of and confidence in it. When households and businesses are confident that the central bank is able and determined to maintain price stability, their inflation expectations do not change notably in response to short-term price fluctuations or events that might temporarily speed up or slow down inflation.

If economic agents comprehend the central bank's decisions and communication signals, they take them into account to quickly and accurately adjust their expectations about the level of interest rates when making decisions on borrowings, savings, wage indexations, and pricing. As a result, the impact of monetary policy on the economy and inflation strengthens, and the scale and duration of an inflation deviation from the target decrease.

To promote understanding and confidence, it is necessary to ensure not only that inflation stays steadily close to the target but also that the central bank's communication regarding its monetary policy is transparent. Hence, **the Bank of Russia seeks to promptly and amply communicate the information on the goals, principles, measures, and results of its monetary policy, as well as on the assessment of the economic situation and its prospects**.

The Bank of Russia performs its functions of protecting the ruble and ensuring its strength independently of other government authorities. However, this does not mean that its decisions are isolated. The Bank of Russia continuously interacts with the executive authorities and reports to the State Duma of the Federal Assembly of the Russian Federation and the National Financial Board. The Bank of Russia's communication policy is aimed at supporting an ongoing dialogue with society.

The monetary policy goals and principles are communicated annually in the Monetary Policy Guidelines. On the day when the Board of Directors makes its key rate decision, the Bank of Russia issues a press release with the analysis of the factors behind the decision made and an explanation of its logic and holds the Bank of Russia Governor's live press conference.[10] Furthermore, four times a year after the Board of Directors' core meetings (in February, April, July, and October), the Bank of Russia also publishes its medium-term macroeconomic forecast along with the press release on the key rate. Approximately ten days after each meeting, the Bank of Russia releases the Summary of the Key Rate Discussion that discloses the details of the deliberations about the key rate during the week preceding the Board of Directors' meeting and directly in the course of the meeting. As part of the core rounds, alongside the Summary, the Bank of Russia also publishes its Commentary on the Medium-term Forecast detailing the assumptions and parameters of the macroeconomic forecast and the reasons for their revision.[11] In addition, the Bank of Russia issues various commentaries on the dynamics of macroeconomic indicators.[12]

[10] In the case of unscheduled meetings on the key rate (not included in the released calendar), there can be no press conference of the Bank of Russia Governor.

[11] Before the end of 2023, this information was disclosed in the Monetary Policy Report.

[12] The commentaries are available in the Analytics subsection of the Monetary Policy section and in the Macroeconomic Bulletins subsection of the Research section on the Bank of Russia website.

The Bank of Russia is seeking to enhance the outreach of its monetary policy and make the communication more targeted, including at the regional level. The Bank of Russia's communication policy takes into account target audiences' regional, age, and professional specifics and needs, including the level of education.

To this end, the Bank of Russia uses various channels of communication, including its website, mass media, social networks, as well as bloggers. The main principles of the Bank of Russia's interaction with media are timely releases of the commentaries and easy-to-understand content. Furthermore, to explain its monetary policy decisions, the Bank of Russia communicates with households and businesses directly, using both in-person formats (meetings, panel discussions, speeches at conferences, and lectures at schools, secondary vocational education institutions and universities) and remote formats (interviews on federal and regional TV and radio, as well as online conferences, lectures, and seminars). Specifically, after each decision on the key rate, the Bank of Russia holds a series of meetings with representatives of the analyst and academic community, companies, and banks. Such meetings are held both at the federal level and in regions. The main objectives of these meetings are to provide details about the monetary policy stance, answer the questions, and receive feedback.[13]

The Bank of Russia also makes efforts to enhance financial literacy among individuals. In order to promote the understanding of how monetary policy operates and what instruments it employs, the Bank of Russia publishes tailored topic-related materials on its educational resource Financial Culture. The Bank of Russia actively participates in the development of the Strategy for Improving Financial Literacy and Developing Financial Culture.

When making its monetary policy decisions, the Bank of Russia factors in the mutual influence of various areas of the country's economic policy

The Bank of Russia is directly responsible for several areas of economic policy. **The goals of the Bank of Russia's work are to:**

- protect the ruble and ensure its strength through maintaining price stability;
- develop and enhance the Russian banking system;
- ensure the stability and advancement of the national payment system;
- develop the Russian financial market; and
- maintain the stability of the Russian financial market.

In the long run, the Bank of Russia's goals complement each other. A critical condition for successful implementation of monetary policy is efficiency and smooth functioning of the payment and banking systems and the financial market. By achieving these goals, the Bank of Russia helps form conditions promoting balanced and sustainable economic growth, improving Russian citizens' welfare and maintaining it at a high level, which is the principal goal of the country's economic policy.

The correlation and consistency of measures in all the areas are achieved through their discussion at the meetings of the Bank of Russia Board of Directors and through the participation of representatives of various areas in the work of dedicated committees and working groups within the Bank of Russia.

[13] For details about the Bank of Russia's communication in 2025, see Appendix 6 'The Bank of Russia's communication on monetary policy issues'.

When preparing its macroeconomic forecast, the Bank of Russia also factors in how the economic situation is influenced by measures taken in other areas of economic policy that are not the Bank of Russia's mandate. To achieve the correlation and consistency of measures, representatives of the Bank of Russia take part in the work of dedicated committees and working groups dealing with various state policy areas.

Monetary policy and financial sector stability

The Bank of Russia adheres to the principle of independent targets and instruments for monetary policy and financial sector stability policy. **To deliver on the inflation target, the Bank of Russia employs monetary policy instruments – the key rate and communication. The resilience of the financial sector (the banking system and the financial market) is ensured through other mechanisms.** In the first place, these are **microprudential regulation** (the regulation of credit and other financial institutions), supervision, and financial resolution measures. Secondly, these are **macroprudential policy measures** that support the stability of the financial system in general by helping prevent accumulation of excessive risks in its individual segments and mitigate the probability of crises and their implications. Besides, the Bank of Russia takes into account the mutual influence of these two policies and their effects on the conditions of monetary policy implementation (see Box 5 'Monetary policy and financial sector stability').

The stability of the financial sector is crucial for efficient transmission of monetary policy decisions to the economy. Only a stable financial sector is able to ensure smooth processing of payments and the transformation of savings into investment. By limiting the accumulation of systemic risks, it is possible to reduce the probability of financial crises and increase the degree of certainty for financial market participants. In case of adverse developments in financial markets, including due to external factors, macroprudential easing enables the financial sector to perform its core functions stably and helps mitigate negative effects on the real economy. All that drives the expansion and development of the financial sector by promoting confidence in it and its attractiveness to all groups of participants, and thus, reducing risk premiums and increasing the depth and liquidity of financial markets.

In most cases, changes in the microprudential regulation influence long-term and structural aspects of financial institutions' operations; therefore, relevant decisions are made irrespective of medium-term monetary policy decisions. Furthermore, changes in the microprudential regulation (in contrast to the macroprudential regulation) are generally introduced on a continuous basis and do not depend on a particular stage of the financial and economic cycle. In view of the above, normally they do not have any effect on the monetary policy environment. The exception is rare cases where the microprudential regulation might be significantly altered, which would prompt the financial sector to adjust to the changes (usually in crisis and post-crisis periods). Furthermore, there might be cases where banks technically lack sufficient capital to meet the increased demand for credit at current interest rates. In such circumstances, the Bank of Russia takes into account the effect of microprudential measures on monetary conditions when making decisions on the key rate and certain parameters of monetary policy operations (see Box 8 'Changes in banking regulation in 2023–2025 and banks' influence on monetary policy').

Macroprudential policy decisions are largely associated with cyclical fluctuations in the financial sector. Therefore, when taking macroprudential measures, the Bank of Russia factors in its key rate decisions. In turn, macroprudential policy measures can impact the monetary policy environment, including lending trends and interest rates in individual segments. Hence, when making its monetary policy decisions, the Bank of Russia takes into account the impact of macroprudential policy measures.

Other measures aimed at ensuring the financial sector's stability can also influence the monetary policy environment. Thus, liquidity provision to credit institutions as part of financial resolution measures shifts the structural liquidity balance in the banking sector. The Bank of Russia takes these changes into account when setting limits on operations to absorb or provide liquidity, thereby mitigating their potential effect on the operational procedure of monetary policy and on monetary conditions.

The Bank of Russia normally changes the key rate only to ensure price stability. However, if the probability of materialisation of systemic risk rises considerably, the Bank of Russia can use the key rate to maintain the stability of financial markets and the financial sector as a whole. By using the key rate for these purposes, the Bank of Russia, among other things, stabilises economic agents' exchange rate and inflation expectations, which is critical for ensuring price stability.

Monetary policy and financial market development

The financial market development policy implemented by the Bank of Russia jointly with the Government of the Russian Federation promotes the accessibility of financing to a wide range of economic agents and creates conditions for investment activity growth and national economic development. The financial market is a key element to transmit the impulse from the key rate to the economy. The larger the size and liquidity of the financial market, the stronger and quicker the transmission of the key rate to the economy. The maturity level of the financial market also impacts the level of the neutral rate. For example, when the capital market is more mature, this contributes to an increase in the saving ratio in the economy and, accordingly, to a reduction in the level of the neutral rate.

Despite the extensive changes in 2022, the Russian financial market today continues to render the entire range of services to people and businesses. However, as foreign participants exited the Russian financial market, its liquidity remains limited. This means that the transmission of key rate decisions through the channels associated with price dynamics in the financial market has been less efficient. In the future, the efficiency might increase. Specifically, considering the enacted restrictions, investment in foreign securities might be expected to become even less attractive, while the proportion of Russian assets in household savings and the role of domestic debt financing might grow. Furthermore, the share of securities in households' savings has been expanding in recent years. Another important factor accelerating payments and settlements and improving the accessibility of financing, thus making the transmission mechanism more efficient, will be the continuing digitalisation of the financial market.

Policy measures jointly implemented by the Government of the Russian Federation and the Bank of Russia also foster the development of the country's financial market (refer to the Russian Financial Market Development Programme, as well as Appendix 8 'Financial market development').

Monetary policy and fiscal policy

Fiscal and monetary policies, together, help achieve the key priorities of social and economic development: sustainable and well-balanced economic growth and price stability. The goals of fiscal and monetary policies complement each other. Taking into account the limited resources (labour force and fixed capital) available to the economy and the necessity to maintain macroeconomic stability, fiscal and monetary policies are creating the basis for progressive economic development (see Box 4 'Interaction of monetary and fiscal policies').

Just like monetary policy, fiscal policy affects aggregate demand in the economy, and through it, price dynamics. However, compared to monetary policy, fiscal policy usually has a quicker effect on aggregate demand. Therefore, the announcement of fiscal measures in advance (their scale and the period of their implementation), a decrease in unscheduled fiscal policy changes, and strong commitment to the announced budget targets are critical for the Bank of Russia to timely make its monetary policy decisions.

A considerable temporary easing of fiscal policy (an increase in the budget deficit or a reduction in the structural surplus) may result in quicker growth of aggregate demand and accelerate inflation, whereas budget consolidation (a decrease in the structural budget deficit or creation of a structural surplus), to the contrary, may cool aggregate demand and slow down price growth. Furthermore, inflation dynamics are influenced not only by direct changes in the structural budget deficit / surplus but also by second-round effects from changes in the structure of budget revenues and expenditures. Specifically, a surge in aggregate demand might be caused by an expansion of credit to the economy at subsidised interest rates (see Box 11 'Subsidised lending and its impact on the transmission mechanism').

If the contribution of fiscal policy to aggregate demand increases or decreases, monetary policy acts as a stibiliser to mitigate the gap between aggregate demand growth and the economy's production capacities and thus ensure price stability. For example, if fiscal policy easing or changes in the structure of budget expenditures and revenues of the economy involve risks of its upward deviation from a balanced growth path and rising inflationary pressures, the central bank has to tighten its monetary policy to proportionately decrease private demand impulse. Furthermore, if fiscal policy remains expansionary for a long period, this might be a factor contributing to an increase in the neutral rate. In other words, all else being equal, when fiscal policy remains expansionary for an extended period, the level of interest rates in the economy should be higher.

Government expenditures, in particular investment in the development of certain industries, infrastructure, and human capital, may expand the economy's potential through an increase in production factors and total factor productivity. However, this is a gradual and long-term process and the result can only be achieved if the expenditures turn out to be highly efficient. In the short and medium term, these expenditures boost demand and, therefore, might intensify inflationary pressures and require monetary policy measures.

Prices may be influenced by tax policy measures as well. For example, an increase in indirect taxes generally causes a one-off adjustment of prices and does not require any monetary policy response. Conversely, if inflation expectations respond to changes in taxes, the central bank can be forced to take monetary policy measures so as to limit the risk of an inflation deviation from the target. An increase in direct taxes might have both proinflationary and disinflationary effects, which will depend on whether this rise will cause secondary effects associated with the impact of the tax changes on households' and businesses' behaviour as well as the areas of budget spending.

Overall, responsible fiscal policy is a critical condition to maintain price stability. An important component of such policy is a fiscal rule, especially in resource-rich countries. The fiscal rule helps these countries limit the impact of the commodity cycle on the economy by stabilising aggregate demand and reducing its dependence on the foreign trade environment. This decreases uncertainty in the economy and strengthens macroeconomic stability, including price stability. The use of the fiscal rule also reduces fluctuations in the real effective exchange rate caused by changes in the commodity market. This increases the competitiveness of domestic goods and favours the development of manufacturing in non-commodity sectors.

The first part of the fiscal rule implies limiting budget expenditures to the amount of revenues earned with a certain equilibrium level of commodity prices. The second part is about forming the reserves. The funds accumulated during a period of high commodity prices may be used to support aggregate demand during a period of low prices and declining revenues. This makes it possible to alleviate a crisis period for the economy. The level of fiscal rule-based commodity prices (the cut-off price) should be determined in line with a conservative estimate of a long-term equilibrium in global commodity markets. If the cut-off price is not conservative enough, this will involve a higher risk of the exhaustion of the reserves and an increase in the budget deficit. Such a situation, all else being equal, may require monetary policy tightening to mitigate the negative effects on the economy and inflation.

The fiscal rule is a key element of public finance stability and is aimed at preventing an excessive increase in government debt. Predictable fiscal policy and public finance stability are essential to enhance confidence in macroeconomic policy as a whole. As a result, the macroeconomic risk premium included in interest rates and capital costs decreases. Furthermore, this helps reduce and anchor inflation expectations, which enables the central bank to implement its countercyclical monetary policy more efficiently as the economy's deviation from an equilibrium requires smaller-scale monetary policy measures.

As part of the fiscal rule, the Bank of Russia conducts operations to buy (sell) foreign currency in the domestic FX market. The Bank of Russia conducts operations with the Chinese yuan, considering the expansion of its proportion in foreign trade settlements, the increase in the amount of transactions with this currency in the FX market, and the blocking of the Bank of Russia's USD and EUR accounts. In order to mitigate the impact of these transactions on exchange rate fluctuations, the Bank of Russia buys (sells) foreign currency in the market uniformly during each trading day of a month. The Bank of Russia conducts these operations depending on the liquidity level in the FX market.

Similarly to how the Bank of Russia factors in fiscal policy decisions when implementing its monetary policy (see Box 9 'Fiscal policy in 2025–2028 under the baseline scenario and its impact on the economy'), the Ministry of Finance and the Ministry of Economic Development of the Russian Federation, in turn, take into account the inflation target and the effect of monetary policy on the economy and inflation trends when preparing a draft federal budget and a social and economic development forecast. The correlation and consistency of monetary policy and fiscal policy measures are achieved through continuous communication between the Bank of Russia and the Ministries of Finance and Economic Development. Namely, they hold regular joint meetings to cross-check their estimates of key macroeconomic indicators and discuss macroeconomic forecast assumptions and scenarios. Furthermore, consistent communication on related topics is essential to enhance confidence in monetary and fiscal policies. Overall, the use of the fiscal rule in conjunction with inflation targeting creates a synergistic effect. When combined, their contribution to demand and price stability increases.

Monetary policy and other state policies

Measures implemented by other government authorities also help support price stability. First and foremost, these are measures to reduce the impact of supply-side factors on inflation. These factors are events not associated with monetary policy that might induce irregular changes in supply. For example, these might be a poor harvest, disruptions in product supplies, or phytosanitary restrictions on food imports. Influenced by these factors, inflation might fluctuate considerably, and their impact might be both short-term and longer-lasting. They might entail second-round effects, such as a rise in inflation expectations, and cause a long period of high inflation.

There are various instruments used to mitigate the negative impact of supply-side factors on inflation. These instruments can be roughly classified into permanent mechanisms and *ad hoc* measures. The first group includes the regulation of prices and tariffs for infrastructure companies' goods and services, customs duty mechanisms, programmes fostering economic efficiency and promoting competition, and control over prices for socially important goods in certain circumstances.

The indexation of administered prices and tariffs depending on the inflation target is essential to support price stability. When headline inflation deviates upwards from the target, it may be necessary to eliminate the accumulated gap between the inflation rate and the level of administered prices and tariffs through temporarily elevated rates of their indexation. This will help form a financial basis for the development of infrastructure industries. However, if the indexation of administered prices and tariffs persistently exceeds the inflation target and the accumulated price growth in the economy, this will exacerbate inflationary pressures through several channels. Such increases push up companies' costs forcing them to raise prices for their products and use a more significant proportion of profits to cover operating expenses instead of investing in business development. Excessive indexation also causes a rise in households' and businesses' inflation expectations, thus provoking second-round effects in price dynamics. Moreover, it discourages infrastructure companies from enhancing productivity and optimising costs. In the long run, this approach will increase the variance of relative prices, which will be distorting price signals for businesses and investors, make long-term planning more difficult, and impair the efficiency of resource allocation in the economy.

Price or mark-up caps set in certain market segments in exceptional circumstances might decelerate price growth for a while. However, in the long term, such caps may cause a contraction of the supply of goods subject to pricing regulation, a reduction in investment in these industries, and a worsening of consumer sentiment.

If economic conditions deteriorate, the second group of instruments – *ad hoc* measures – can be employed, e.g. temporary measures to support the transformation of the economy. Among other things, these are measures implemented to facilitate business operations, including by decreasing the administrative burden on businesses, simplifying customs, certification and transportation procedures, and accelerating digitalisation processes, the mechanism of parallel imports, and programmes for subsidised lending to priority industries.

The Bank of Russia carefully monitors the measures that are implemented and planned by the government authorities and discusses their effects with businesses, the financial community, and the government authorities. Furthermore, the Bank of Russia provides its expertise to analyse product and service markets and proposes ways to address problems. At the regional level, the Bank of Russia's regional branches regularly communicate on these issues with local authorities and the business community. The Bank of Russia will continue to assess the effect of the adopted measures on the economy and take them into account when preparing its macroeconomic forecast and making its monetary policy decisions (see Appendix 4 'One-off supply-side inflation factors').

SECTION 3. MACROECONOMIC SCENARIOS AND MONETARY POLICY IN 2025 AND 2026–2028

The Bank of Russia considered the baseline and three alternative forecast scenarios. Whatever the scenario, monetary policy will be aimed at ensuring an inflation rate of close to 4%

Decision-making based on a medium-term macroeconomic forecast is a key principle of the Bank of Russia's monetary policy. However, changes in multiple parameters of the Russian and world economies over a horizon of several years may involve high uncertainty, which is particularly evident from the developments over the past three to five years. This is why the Bank of Russia prepares several scenarios relying on different assumptions regarding internal and external conditions. The Bank of Russia is thus able to make the most balanced monetary policy decisions, promptly respond in case of materialisation of some risks, as well as increase certainty for all economic agents, by communicating its view of the projected paths of inflation, the key rate, and the main macroeconomic and financial indicators under different circumstances.

The Monetary Policy Guidelines for 2025–2027 presented a baseline scenario and three alternative scenarios of the medium-term economic development. The growth rates of the economy and inflation in late 2024–early 2025 turned out to be higher than expected in the baseline scenario.[1] A faster rise in domestic demand was driven by the accumulated effects of expansionary fiscal policy and the surge in lending over 2024. Amid persistent staff shortages and heightened inflation expectations, this amplified inflationary pressures.

The deviation from the baseline was towards the proinflationary scenario, but that is not to say that the situation was unfolding exactly in line with its assumptions and expected trends or that all the proinflationary factors predicted therein did occur in 2025. As for external conditions, they were somewhat worse than forecast in the baseline scenario, especially with regard to global oil prices and the quantities of Russian exports, but were nonetheless far from the projections of the risk scenario 'Global Crisis'.

The Bank of Russia's prompt response to intensifying inflationary pressures in 2024 H2 made it possible to reverse the trend and ensure a gradual deceleration of inflation. By raising the key rate in July–October 2024 and keeping it at a high level in 2025 H1, the Bank of Russia was able to moderate credit activity and increase the attractiveness of savings in the national currency, which in turn helped gradually slow down the expansion in consumption and investment and strengthen the ruble. As a result, current price growth rates notably declined as early as mid-2025, which enabled the Bank of Russia to start cutting the key rate in June 2025.

According to the updated baseline forecast, the projected average level of the key rate in 2025 is in the range of the baseline forecast presented in the Monetary Policy Guidelines for 2025–2027, namely in its upper half. Nevertheless, monetary policy should remain restrictive for a rather long period. This will help return the economy to a balanced growth path, decelerate annual inflation to 4% in 2026 and stabilise it close to this level further on.

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[1] See Section 2 and Appendix 3 'Quantitative analysis of reasons for the inflation deviation from the target and decomposition of GDP dynamics into shocks'.

The Bank of Russia also considers alternative scenarios where additional factors might either exacerbate or dampen inflationary pressures as compared to the baseline scenario and, accordingly, require an adjustment of monetary policy.

The baseline and alternative scenarios rely on different assumptions about both internal and external conditions

The Bank of Russia Board of Directors approved the baseline scenario on 25 July 2025. It assumes that the Russian and world economies will continue to develop in line with the already existing trends. International trade tensions between the largest economies will be constraining the expansion of output and external demand in the world economy. These factors will affect the Russian economy primarily through lower global oil prices, which will be additionally dragged down by a rapid expansion in OPEC+ oil production. The sanctions that will remain in place will somewhat constrain growth in exports and imports and will be the reason why transaction costs will stay elevated.

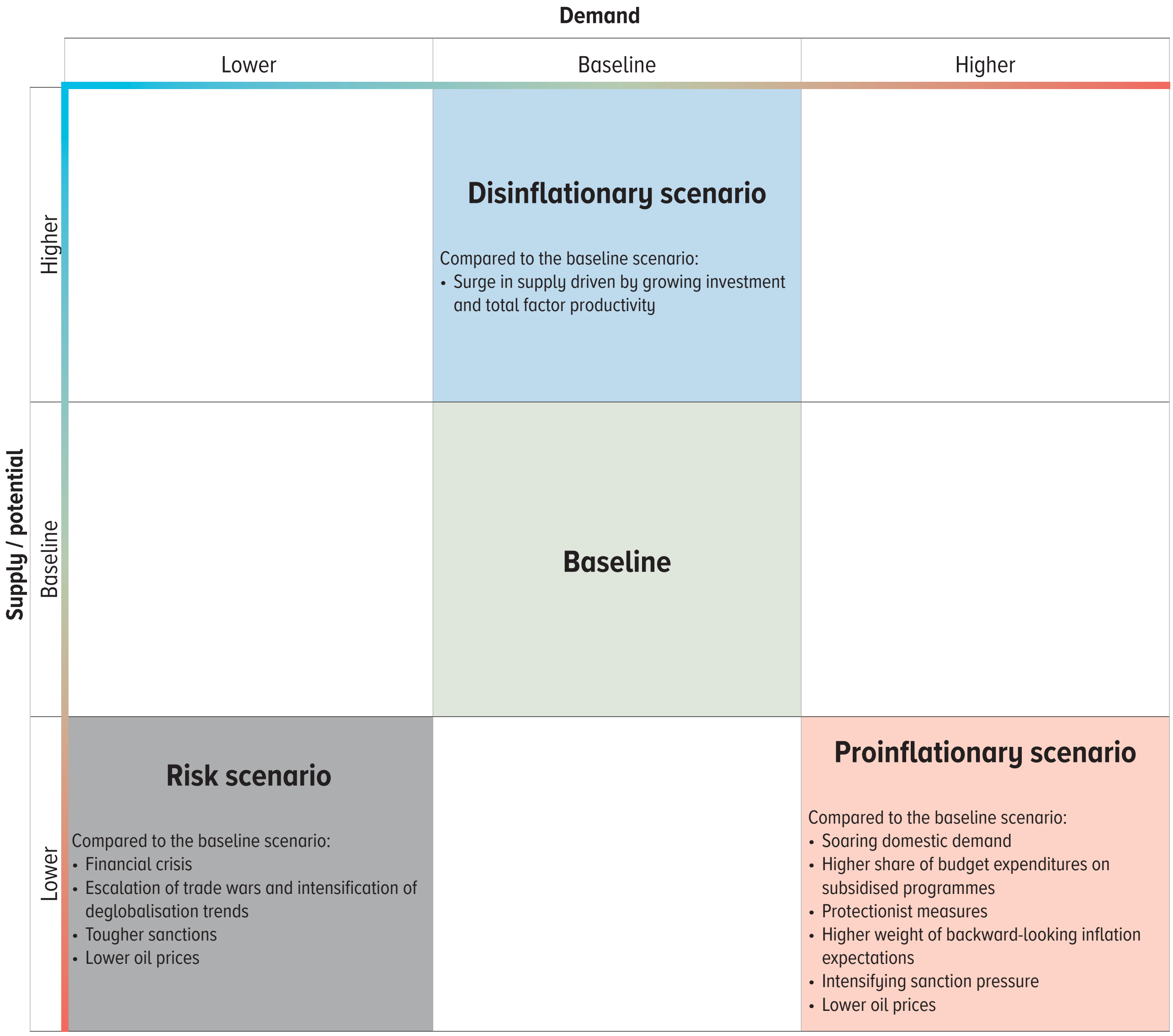
The baseline scenario also assumes that fiscal policy normalisation and the return to expenditure budgeting in accordance with the long-term parameters of the fiscal rule will have a disinflationary effect over the forecast horizon. The long-term potential growth rate of Russian GDP in 2025–2028 will be in the range of 1.5–2.5%. Given the current demographic trends limiting the increase in labour resources, GDP growth will be driven predominantly by a rise in total factor productivity and in fixed capital.

The baseline scenario is the most probable one, but it is still a forecast. Its realisation depends on both processes inside the country and external conditions.

Firstly, an important source of uncertainty is the relationships between the largest economies in international trade. A considerable increase in US protectionism and retaliatory measures implemented by other countries are affecting the growth prospects of global trade and the world economy as a whole. Furthermore, deglobalisation processes have a negative impact on labour productivity and potential growth rates due to disruptions in supply and value chains, as well as amplify inflationary pressures in the countries raising import tariffs. The scale and duration of these factors might be significant and vary depending on further changes in foreign trade policies of certain countries. Moreover, there is still high uncertainty about geopolitical developments.

Secondly, the Russian economy continues to undergo structural transformation associated with the redistribution of resources across sectors and industries, including because they redirected supplies to the domestic market and alternative destinations. This increases the uncertainty about the scale and pace of the transmission of the implemented government support measures and investments made over the past few years to the growth of the Russian economy's potential, which is essential to expand the capacities to ramp up output without amplifying inflationary pressures. The pace and sustainability of inflation deceleration might also depend on developments in the labour market still experiencing staff shortages, which might be a source of proinflationary risks. The dynamics of inflation expectations might be one of the reasons for a deviation from the baseline scenario. Specifically, a prolonged period of elevated inflation observed over the past few years might have a more pronounced effect on households' and businesses' expectations than assumed in the baseline scenario. Namely, inflation expectations might become more backward-looking, i.e. based on the past negative experience, thus decreasing more slowly, following the actual inflation rate, and responding more considerably and persistently even to one-off spikes in prices. This in turn will affect people's choices, including about saving and consumption, thus increasing the inertia in inflation dynamics and, all else equal, requiring tighter monetary policy. Another important domestic assumption underlying the scenarios is related to fiscal policy parameters.

SCENARIOS ASSUMED IN THE BANK OF RUSSIA'S MACROECONOMIC FORECAST *Chart 3.1*



Source: the Bank of Russia.

Taking into account these factors of uncertainty and risks, in addition to the baseline scenario, the Bank of Russia also presents alternative macroeconomic scenarios of the medium-term development of the Russian economy, which differ from each other in terms of the composition and intensity of shocks that might occur in the domestic economy.

The disinflationary scenario assumes that higher growth rates of total factor productivity and increasing fixed capital investment will considerably boost supply in the economy. As a result, the economy will demonstrate a faster expansion of output without intensifying inflationary pressures. Accordingly, the Bank of Russia will be able to ease its monetary policy compared to the baseline scenario.

The proinflationary scenario assumes that a decrease in inflationary pressures observed in 2025 will turn out to be temporary and that current price growth will start to accelerate again in 2026 H1. This might be provoked by a combination of internal and external factors, which will be the reasons why demand will be higher and supply will be lower than predicted in the baseline scenario. Demand might be rising faster due to changes in certain parameters of fiscal policy relative to the baseline scenario, namely, an expansion of subsidised lending programmes. Another proinflationary factor might be a possible increase in protectionist measures to encourage import substitution, which will be pushing up import prices and the demand for domestic products, exerting upward pressure on their prices. Concurrently, this scenario suggests that, due to tightening sanctions, the growth rate of production capacities will be lower than in the baseline scenario. Tighter sanctions will also lead to a higher discount, due to which Russian crude prices will stabilise at lower levels.

If the expansion of demand surpasses the capacities to ramp up supply again, enterprises will still be facing high competition for workers. Consequently, the growth rate of wages will continue to significantly exceed that of labour productivity, also pushing up prices. Another important factor will be the dynamics of households' and businesses' inflation expectations, which are predicted to decrease more slowly than in the baseline scenario and become more responsive to all other proinflationary factors. Accordingly, this will impact consumer sentiment, people's propensity to save, and as a result, domestic demand. The combined effect of these shocks will exacerbate inflationary pressures and require an appropriate monetary policy response.

The risk scenario combines the entire range of adverse external conditions. Escalation of international trade tensions will cause a sharp decline in the growth rate of the largest economies. Deglobalisation processes become more intense in this scenario. Trade relationships between the USA and China are developing in the most negative way, with import tariffs remaining at a higher level than assumed in the baseline scenario over the entire forecast horizon. Combined, these factors will entail a global financial crisis, the scale of which might be comparable with the 2007–2008 crisis. Worsening growth prospects of demand will be dragging down global commodity prices. Moreover, this scenario assumes that the Russian economy will be experiencing increasing sanction pressure, which will be constraining exports and imports and additionally pushing up costs incurred by exporters and importers. A global crisis and tighter sanctions will entail a slowdown in both current and potential growth rates of the Russian economy, accompanied by growing inflationary pressures, which will require an appropriate monetary policy response.

Overall, the scenarios differ in terms of the ratios between demand- and supply-side factors they assume, as well as the combinations of external conditions.

Compared to the baseline scenario, the proinflationary scenario assumes higher demand combined with lower supply; the disinflationary scenario suggests higher supply; and in the risk scenario, both demand and supply are expected to be lower, with proinflationary supply-side factors prevailing.

As regards external conditions, the baseline and disinflationary scenarios assume that the current trends in the world economy and the sanction pressure will remain almost unchanged, whereas the risk and proinflationary scenarios suggest possibly tighter sanctions and worsening external conditions, with the negative effects being more pronounced in the risk scenario.

The baseline scenario is considered to be the most probable one. As for the disinflationary and proinflationary scenarios, the latter is more probable. The risk scenario might have become slightly more likely than last year, but the probability of its realisation is still low.

Whatever the scenario, the Bank of Russia's monetary policy will be aimed at returning inflation to 4% and stabilising it sustainably close to this level. The complex of measures and decisions made will be adjusted depending on the state of the Russian economy, inflation trends, and the main indicators in financial markets.

The assumptions and trajectories of the key macroeconomic indicators in each of the scenarios are detailed below.

MAIN PARAMETERS OF EXTERNAL CONDITIONS OF THE BANK OF RUSSIA'S SCENARIOS *Table 3.1*

	2023	2024	2025 (forecast)	2026 (forecast)	2027 (forecast)	2028 (forecast)
World GDP, % YoY						
Baseline / Disinflationary / Proinflationary	3.3	3.2	3.1	2.9	3.2	2.9
Risk scenario				1.2	1.5	3.3
US GDP, % YoY						
Baseline / Disinflationary / Proinflationary	2.9	2.8	1.6	2.0	2.1	1.9
Risk scenario				-1.7	-0.1	3.2
Euro area GDP, % YoY						
Baseline / Disinflationary / Proinflationary	0.6	0.8	1.2	1.0	1.6	1.2
Risk scenario				-1.3	-0.9	1.6
Chinese GDP, % YoY						
Baseline / Disinflationary / Proinflationary	5.4	5.0	4.9	4.8	4.9	4.5
Risk scenario				3.3	3.5	4.5
US inflation,[1] % in December YoY						
Baseline / Disinflationary / Proinflationary	3.0	2.9	3.3	2.5	2.2	2.0
Risk scenario				2.7	1.4	1.2
Euro area inflation,[2] % in December YoY						
Baseline / Disinflationary / Proinflationary	3.5	2.7	2.0	1.9	1.9	1.9
Risk scenario				2.3	0.0	0.8
Chinese inflation,[3] % in December YoY						
Baseline / Disinflationary / Proinflationary	0.6	0.2	1.0	1.0	1.3	1.6
Risk scenario				1.1	0.6	0.8
US Fed rate,[4] %, Q4 average YoY						
Baseline / Disinflationary / Proinflationary	5.3	4.7	4.3	4.0	3.8	3.5
Risk scenario				0.9	0.3	0.5
ECB rate,[5] %, Q4 average YoY						
Baseline / Disinflationary / Proinflationary	4.0	3.3	1.8	1.7	1.8	2.0
Risk scenario				-0.2	-0.4	0.1
PBC rate,[6] %, Q4 average YoY						
Baseline / Disinflationary / Proinflationary	3.5	3.2	2.9	2.9	3.2	3.6
Risk scenario				1.8	1.4	1.8

[1] Core PCE, USA.
[2] Core HICP, euro area.
[3] Core CPI, China.
[4] US Fed Effective Federal Funds Rate.
[5] ECB Deposit Facility Rate.
[6] People's Bank of China 1Y Loan Prime Rate.
Sources: data from national statistical agencies, Bank of Russia calculations.

THE BANK OF RUSSIA'S FORECAST UNDER THE BASELINE SCENARIO *Table 3.2*

	2023 (actual)	2024 (actual)	2025	2026	2027	2028
Key macroeconomic indicators (% growth YoY, unless indicated otherwise)						
Inflation, % in December YoY	7.4	9.5	6.0–7.0	4.0	4.0	4.0
Inflation, yearly average, % YoY	5.9	8.4	8.6–9.2	4.6–5.1	4.0	4.0
Key rate, yearly average, % p.a.	9.9	17.5	18.8–19.6[1]	12.0–13.0	7.5–8.5	7.5–8.5
Gross domestic product	4.1	4.3	1.0–2.0	0.5–1.5	1.5–2.5	1.5–2.5
– % change in Q4 YoY	*5.3*	*4.5*	*0.0–1.0*	*1.0–2.0*	*1.5–2.5*	*1.5–2.5*
Final consumption expenditure	6.5	5.2	0.5–1.5	0.5–1.5	1.5–2.5	1.5–2.5
– households	*7.5*	*5.4*	*0.5–1.5*	*0.5–1.5*	*1.5–2.5*	*1.5–2.5*
Gross capital formation	19.8	2.1	0.5–2.5	0.5–2.5	1.0–3.0	1.0–3.0
– gross fixed capital formation	*7.8*	*6.0*	*1.5–3.5*	*0.0–2.0*	*1.0–3.0*	*1.0–3.0*
Exports	–[2]	–[2]	(-1.0)–1.0	0.5–2.5	1.0–3.0	1.0–3.0
Imports	–[2]	–[2]	(-1.5)–0.5	0.5–2.5	1.0–3.0	1.0–3.0
Money supply (national definition)	19.4	19.2	6–9	5–10	7–12	7–12
Banking system claims on the economy in rubles and foreign currency[3]	22.2	16.5	7–10	6–11	8–13	8–13
– on organisations	*21.9*	*19.2*	*9–12*	*7–12*	*8–13*	*8–13*
– on households, including	*23.0*	*9.7*	*1–4*	*5–10*	*8–13*	*8–13*
housing mortgage loans	*29.4*	*10.4*	*3–6*	*6–11*	*10–15*	*10–15*
Balance of payments indicators[4] ($ bn, unless indicated otherwise)						
Current account	**49**	**63**	**33**	**28**	**32**	**32**
Balance of trade	122	133	104	102	111	110
Exports	*425*	*433*	*410*	*419*	*443*	*458*
Imports	*303*	*300*	*306*	*317*	*332*	*348*
Balance of services	-36	-38	-41	-42	-43	-43
Exports	*40*	*43*	*45*	*46*	*47*	*48*
Imports	*77*	*81*	*87*	*88*	*89*	*90*
Balance of primary and secondary income	-36	-32	-30	-32	-35	-36
Current and capital account balance	**48**	**63**	**33**	**28**	**32**	**32**
Financial account balance, net of reserve assets	**49**	**57**	**53**	**42**	**34**	**35**
Net incurrence of liabilities	-7	10	6	5	4	5
Net acquisition of financial assets, net of reserve assets	41	67	58	47	38	40
Net errors and omissions	-9	-10	-10	0	0	0
Change in reserve assets	**-10**	**-4**	**-29**	**-14**	**-2**	**-4**
Oil price for tax purposes,[5] yearly average, $ per barrel	**63**	**68**	**55**	**55**	**60**	**60**

[1] Given that the average key rate was 20.8% from 1 January through 27 July 2025, the average key rate from 28 July through 31 December 2025 is forecast in the range of 16.3–18.0%. Additional information on the format of the key rate forecast is available in the methodological note.
[2] Rosstat has not yet released the 2023–2024 data on GDP by expenditure in terms of exports and imports.
[3] The banking system's claims on the economy mean all claims of the banking system on non-financial and financial organisations and households in rubles, foreign currency and precious metals, which include loans issued (including overdue loans), overdue interest on loans, credit institutions' investment in debt and equity securities and promissory notes, as well as other forms of participation in non-financial and financial organisations' equity, and other receivables on settlements with non-financial and financial organisations and households.
The growth rates of claims are adjusted for foreign currency revaluation. For the purpose of the adjustment for foreign currency revaluation, the growth of claims in foreign currencies and precious metals is recalculated into rubles at the period average RUB/USD exchange rate.
[4] On the basis of the methodology set out in the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6). In the financial account, '+' denotes net lending and '-' denotes net borrowing. Final values may differ from the total of the respective values due to rounding.
[5] The Russian crude price determined for tax purposes and published on a monthly basis on the website of the Ministry of Economic Development of the Russian Federation.
Source: Bank of Russia.

THE BANK OF RUSSIA'S FORECAST UNDER THE DISINFLATIONARY SCENARIO *Table 3.3*

	2023 (actual)	2024 (actual)	2025	2026	2027	2028
Key macroeconomic indicators (% growth YoY, unless indicated otherwise)						
Inflation, % in December YoY	7.4	9.5	6.0–7.0	3.0–4.0	4.0	4.0
Inflation, yearly average, % YoY	5.9	8.4	8.6–9.2	3.9–5.2	4.0	4.0
Key rate, yearly average, % p.a.	9.9	17.5	18.8–19.6[1]	10.5–11.5	7.5–8.5	7.5–8.5
Gross domestic product	4.1	4.3	1.0–2.0	2.5–3.5	2.0–3.0	1.5–2.5
– % change in Q4 YoY	*5.3*	*4.5*	*0.0–1.0*	*2.5–3.5*	*2.0–3.0*	*1.5–2.5*
Final consumption expenditure	6.5	5.2	0.5–1.5	2.0–3.0	2.0–3.0	1.5–2.5
– households	*7.5*	*5.4*	*0.5–1.5*	*2.0–3.0*	*2.0–3.0*	*1.5–2.5*
Gross capital formation	19.8	2.1	0.5–2.5	4.0–6.0	3.0–5.0	1.0–3.0
– gross fixed capital formation	*7.8*	*6.0*	*1.5–3.5*	*3.0–5.0*	*2.0–4.0*	*1.0–3.0*
Exports	–[2]	–[2]	(-1.0)–1.0	0.5–2.5	1.0–3.0	1.0–3.0
Imports	–[2]	–[2]	(-1.5)–0.5	2.5–4.5	2.0–4.0	1.0–3.0
Money supply (national definition)	19.4	19.2	6–9	7–12	8–13	7–12
Banking system claims on the economy in rubles and foreign currency[3]	22.2	16.5	7–10	8–13	9–14	8–13
– on organisations	*21.9*	*19.2*	*9–12*	*9–14*	*9–14*	*8–13*
– on households, including	*23.0*	*9.7*	*1–4*	*7–12*	*9–14*	*8–13*
housing mortgage loans	*29.4*	*10.4*	*3–6*	*8–13*	*10–15*	*10–15*
Balance of payments indicators[4] ($ bn, unless indicated otherwise)						
Current account	**49**	**63**	**33**	**19**	**23**	**25**
Balance of trade	122	133	104	96	103	105
Exports	*425*	*433*	*410*	*419*	*443*	*458*
Imports	*303*	*300*	*306*	*323*	*340*	*353*
Balance of services	-36	-38	-41	-44	-45	-44
Exports	*40*	*43*	*45*	*46*	*47*	*48*
Imports	*77*	*81*	*87*	*90*	*91*	*92*
Balance of primary and secondary income	-36	-32	-30	-32	-35	-36
Current and capital account balance	**48**	**63**	**33**	**19**	**23**	**25**
Financial account balance, net of reserve assets	**49**	**57**	**53**	**33**	**25**	**28**
Net incurrence of liabilities	-7	10	6	6	5	6
Net acquisition of financial assets, net of reserve assets	41	67	58	40	30	34
Net errors and omissions	-9	-10	-10	0	0	0
Change in reserve assets	**-10**	**-4**	**-29**	**-14**	**-2**	**-4**
Oil price for tax purposes,[5] yearly average, $ per barrel	**63**	**68**	**55**	**55**	**60**	**60**

1 Given that the average key rate was 20.8% from 1 January through 27 July 2025, the average key rate from 28 July through 31 December 2025 is forecast in the range of 16.3–18.0%. Additional information on the format of the key rate forecast is available in the methodological note.
2 Rosstat has not yet released the 2023–2024 data on GDP by expenditure in terms of exports and imports.
3 The banking system's claims on the economy mean all claims of the banking system on non-financial and financial organisations and households in rubles, foreign currency and precious metals, which include loans issued (including overdue loans), overdue interest on loans, credit institutions' investment in debt and equity securities and promissory notes, as well as other forms of participation in non-financial and financial organisations' equity, and other receivables on settlements with non-financial and financial organisations and households.
The growth rates of claims are adjusted for foreign currency revaluation. For the purpose of the adjustment for foreign currency revaluation, the growth of claims in foreign currencies and precious metals is recalculated into rubles at the period average RUB/USD exchange rate.
4 On the basis of the methodology set out in the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6). In the financial account, '+' denotes net lending and '-' denotes net borrowing. Final values may differ from the total of the respective values due to rounding.
5 The Russian crude price determined for tax purposes and published on a monthly basis on the website of the Ministry of Economic Development of the Russian Federation.
Source: Bank of Russia.

THE BANK OF RUSSIA'S FORECAST UNDER THE PROINFLATIONARY SCENARIO *Table 3.4*

	2023 (actual)	2024 (actual)	2025	2026	2027	2028
Key macroeconomic indicators (% growth YoY, unless indicated otherwise)						
Inflation, % in December YoY	7.4	9.5	6.0–7.0	4.0–5.0	4.0	4.0
Inflation, yearly average, % YoY	5.9	8.4	8.6–9.2	4.3–5.5	4.0	4.0
Key rate, yearly average, % p.a.	9.9	17.5	18.8–19.6[1]	14.0–16.0	10.5–11.5	8.5–9.5
Gross domestic product	4.1	4.3	1.0–2.0	1.0–2.0	0.5–1.5	1.5–2.5
– % change in Q4 YoY	*5.3*	*4.5*	*0.0–1.0*	*1.0–2.0*	*0.5–1.5*	*1.5–2.5*
Final consumption expenditure	6.5	5.2	0.5–1.5	1.5–2.5	0.5–1.5	1.5–2.5
– households	*7.5*	*5.4*	*0.5–1.5*	*1.5–2.5*	*0.5–1.5*	*1.5–2.5*
Gross capital formation	19.8	2.1	0.5–2.5	(-0.5)–1.5	(-0.5)–1.5	1.0–3.0
– gross fixed capital formation	*7.8*	*6.0*	*1.5–3.5*	*0.5–2.5*	*0.5–2.5*	*1.0–3.0*
Exports	–[2]	–[2]	(-1.0)–1.0	0.5–2.5	1.0–3.0	1.0–3.0
Imports	–[2]	–[2]	(-1.5)–0.5	1.5–3.5	(-1.0)–1.0	1.0–3.0
Money supply (national definition)	19.4	19.2	6–9	8–13	7–12	7–12
Banking system claims on the economy in rubles and foreign currency[3]	22.2	16.5	7–10	9–14	8–13	8–13
– on organisations	*21.9*	*19.2*	*9–12*	*10–15*	*8–13*	*8–13*
– on households, including	*23.0*	*9.7*	*1–4*	*8–13*	*8–13*	*8–13*
housing mortgage loans	*29.4*	*10.4*	*3–6*	*9–14*	*10–15*	*10–15*
Balance of payments indicators[4] ($ bn, unless indicated otherwise)						
Current account	**49**	**63**	**33**	**25**	**26**	**27**
Balance of trade	122	133	104	99	103	104
Exports	*425*	*433*	*410*	*419*	*429*	*443*
Imports	*303*	*300*	*306*	*320*	*326*	*339*
Balance of services	-36	-38	-41	-42	-44	-43
Exports	*40*	*43*	*45*	*46*	*47*	*48*
Imports	*77*	*81*	*87*	*89*	*90*	*91*
Balance of primary and secondary income	-36	-32	-30	-32	-33	-34
Current and capital account balance	**48**	**63**	**33**	**25**	**26**	**27**
Financial account balance, net of reserve assets	**49**	**57**	**53**	**39**	**34**	**37**
Net incurrence of liabilities	-7	10	6	5	3	4
Net acquisition of financial assets, net of reserve assets	41	67	58	44	36	40
Net errors and omissions	-9	-10	-10	0	0	0
Change in reserve assets	**-10**	**-4**	**-29**	**-14**	**-8**	**-10**
Oil price for tax purposes,[5] yearly average, $ per barrel	**63**	**68**	**55**	**55**	**55**	**55**

[1] Given that the average key rate was 20.8% from 1 January through 27 July 2025, the average key rate from 28 July through 31 December 2025 is forecast in the range of 16.3–18.0%. Additional information on the format of the key rate forecast is available in the methodological note.
[2] Rosstat has not yet released the 2023–2024 data on GDP by expenditure in terms of exports and imports.
[3] The banking system's claims on the economy mean all claims of the banking system on non-financial and financial organisations and households in rubles, foreign currency and precious metals, which include loans issued (including overdue loans), overdue interest on loans, credit institutions' investment in debt and equity securities and promissory notes, as well as other forms of participation in non-financial and financial organisations' equity, and other receivables on settlements with non-financial and financial organisations and households.
The growth rates of claims are adjusted for foreign currency revaluation. For the purpose of the adjustment for foreign currency revaluation, the growth of claims in foreign currencies and precious metals is recalculated into rubles at the period average RUB/USD exchange rate.
[4] On the basis of the methodology set out in the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6). In the financial account, '+' denotes net lending and '-' denotes net borrowing. Final values may differ from the total of the respective values due to rounding.
[5] The Russian crude price determined for tax purposes and published on a monthly basis on the website of the Ministry of Economic Development of the Russian Federation.
Source: Bank of Russia.

THE BANK OF RUSSIA'S FORECAST UNDER THE RISK SCENARIO *Table 3.5*

	2023 (actual)	2024 (actual)	2025	2026	2027	2028
Key macroeconomic indicators (% growth YoY, unless indicated otherwise)						
Inflation, % in December YoY	7.4	9.5	6.0–7.0	10.0–12.0	8.0–10.0	4.0–4.5
Inflation, yearly average, % YoY	5.9	8.4	8.6–9.2	6.7–8.6	10.6–12.6	5.7–6.7
Key rate, yearly average, % p.a.	9.9	17.5	18.8–19.6[1]	16.0–18.0	18.0–20.0	10.0–11.0
Gross domestic product	4.1	4.3	1.0–2.0	(-3.5)–(-2.5)	(-3.0)–(-2.0)	2.0–3.0
– % change in Q4 YoY	*5.3*	*4.5*	*0.0–1.0*	*(-7.0)–(-6.0)*	*0.0–1.0*	*3.0–4.0*
Final consumption expenditure	6.5	5.2	0.5–1.5	(-1.0)–0.0	(-6.5)–(-5.5)	2.5–3.5
– households	*7.5*	*5.4*	*0.5–1.5*	*(-1.5)–(-0.5)*	*(-7.0)–(-6.0)*	*3.0–4.0*
Gross capital formation	19.8	2.1	0.5–2.5	(-13.0)–(-11.0)	(-7.0)–(-5.0)	2.5–4.5
– gross fixed capital formation	*7.8*	*6.0*	*1.5–3.5*	*(-4.0)–(-2.0)*	*(-2.0)–0.0*	*1.0–3.0*
Exports	–[2]	–[2]	(-1.0)–1.0	(-4.0)–(-2.0)	(-6.0)–(-4.0)	2.0–4.0
Imports	–[2]	–[2]	(-1.5)–0.5	(-6.0)–(-4.0)	(-23.0)–(-21.0)	4.0–6.0
Money supply (national definition)	19.4	19.2	6–9	4–9	6–11	8–13
Banking system claims on the economy in rubles and foreign currency[3]	22.2	16.5	7–10	0–5	2–7	9–14
– on organisations	*21.9*	*19.2*	*9–12*	*2–7*	*4–9*	*9–14*
– on households, including	*23.0*	*9.7*	*1–4*	*(-4)–1*	*(-2)–3*	*9–14*
housing mortgage loans	*29.4*	*10.4*	*3–6*	*1–6*	*1–6*	*11–16*
Balance of payments indicators[4] ($ bn, unless indicated otherwise)						
Current account	**49**	**63**	**33**	**25**	**26**	**27**
Balance of trade	122	133	104	99	103	104
Exports	*425*	*433*	*410*	*419*	*429*	*443*
Imports	*303*	*300*	*306*	*320*	*326*	*339*
Balance of services	-36	-38	-41	-42	-44	-43
Exports	*40*	*43*	*45*	*46*	*47*	*48*
Imports	*77*	*81*	*87*	*89*	*90*	*91*
Balance of primary and secondary income	-36	-32	-30	-32	-33	-34
Current and capital account balance	**48**	**63**	**33**	**25**	**26**	**27**
Financial account balance, net of reserve assets	**49**	**57**	**53**	**39**	**34**	**37**
Net incurrence of liabilities	-7	10	6	5	3	4
Net acquisition of financial assets, net of reserve assets	41	67	58	44	36	40
Net errors and omissions	-9	-10	-10	0	0	0
Change in reserve assets	**-10**	**-4**	**-29**	**-14**	**-8**	**-10**
Oil price for tax purposes,[5] yearly average, $ per barrel	**63**	**68**	**55**	**55**	**55**	**55**

[1] Given that the average key rate was 20.8% from 1 January through 27 July 2025, the average key rate from 28 July through 31 December 2025 is forecast in the range of 16.3–18.0%. Additional information on the format of the key rate forecast is available in the methodological note.
[2] Rosstat has not yet released the 2023–2024 data on GDP by expenditure in terms of exports and imports.
[3] The banking system's claims on the economy mean all claims of the banking system on non-financial and financial organisations and households in rubles, foreign currency and precious metals, which include loans issued (including overdue loans), overdue interest on loans, credit institutions' investment in debt and equity securities and promissory notes, as well as other forms of participation in non-financial and financial organisations' equity, and other receivables on settlements with non-financial and financial organisations and households.
The growth rates of claims are adjusted for foreign currency revaluation. For the purpose of the adjustment for foreign currency revaluation, the growth of claims in foreign currencies and precious metals is recalculated into rubles at the period average RUB/USD exchange rate.
[4] On the basis of the methodology set out in the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6). In the financial account, '+' denotes net lending and '-' denotes net borrowing. Final values may differ from the total of the respective values due to rounding.
[5] The Russian crude price determined for tax purposes and published on a monthly basis on the website of the Ministry of Economic Development of the Russian Federation.
Source: Bank of Russia.