



# SUMMARY OF THE KEY RATE DISCUSSION

DURING THE QUIET PERIOD AND IN THE COURSE OF THE MEETING  
OF THE BANK OF RUSSIA BOARD OF DIRECTORS ON 11 SEPTEMBER 2026

*Discussants: members of the Bank of Russia Board of Directors, senior executives of the Monetary Policy Department, the Research and Forecasting Department, and other Bank of Russia Departments and Main Branches.*

The Monetary Policy Department together with the Research and Forecasting Department presented the results of the analysis of the current economic developments nationwide and worldwide, as well as the comparisons of the unfolding economic trends against the Bank of Russia's July baseline macroeconomic forecast for 2026–2029 and its variations. The Bank of Russia Main Branches provided information on the situation in the Russian regions, including based on business surveys. Furthermore, the participants in the discussion considered the information from the Financial Stability Department and the International Settlements Department.

The discussants' opinions are based on the data available as of 11 September 2026.

This Summary covers **the key points of the discussion.**

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## ECONOMIC SITUATION AND INFLATION

### MAIN FACTS

*Current price growth accelerated to 11.6% (seasonally adjusted annualised rate, SAAR) in July<sup>1</sup> from 5.3% SAAR on average in 2026 Q2. Core inflation was up to 7.0% SAAR in July, after the average of 4.6% SAAR in 2026 Q2. Households' inflation expectations declined in August, while businesses' price expectations edged up in August–September. Analysts raised their inflation forecasts for 2026. According to high-frequency data, economic activity continued to grow at a moderate pace in 2026 Q3. The Bank of Russia's Business Climate Index rose slightly in August–September after dropping considerably in July. Unemployment increased somewhat to 2.3% (seasonally adjusted, SA) in July from 2.2% SA in June. The growth of nominal and real wages decelerated in June (year on year).*

### DISCUSSION

**Current inflationary pressures intensified significantly in June–July.** Current price growth accelerated sharply in June and edged up further in July, which was primarily associated with temporary disruptions at oil refineries. This limited the supply of motor fuel and pushed up its prices. In June, the main driver of inflation was the direct contribution of fuel price growth, whereas in July, its indirect and second-round effects became more pronounced. These effects translated into rising growth rates of prices for a wider range of goods and services. Based on incomplete weekly data, inflationary pressures remained elevated in August.

In addition to limited motor fuel supply, there were also other proinflationary factors. Namely, following an atypically steep decline in fruit and vegetable prices in April–May, the summer months saw a reversal of this trend. In June, fruit and vegetable prices went up, while in July, they were decreasing more slowly than is typical of this month. Price dynamics were also influenced by the depreciation of the ruble, which pushed up product prices sensitive to the exchange rate. Nevertheless, as estimated by the participants in the discussion, this effect was limited as the exchange rate was close to the levels that companies factored into their 2026 business plans, according to surveys.

**Due to the proinflationary effects spreading across a wider range of goods and services, underlying inflationary pressures intensified.** According to the discussants, underlying price growth accelerated from 4–5% to 5–6% in annualised terms. The participants noted that these estimates may change after the complete inflation statistics for August are released.

Inflation expectations were changing diversely. Nevertheless, the meeting pointed out that an accurate assessment of the dynamics of expectations requires data for a longer horizon than just one month. Overall, inflation expectations remained above the levels of 2026 H1 in recent months.

<sup>1</sup> Complete inflation statistics for August 2026 were released after the Bank of Russia Board of Directors' key rate meeting held on 11 September 2026.

The discussants highlighted that indirect and second-round effects of more expensive fuel are related to different transmission channels of the initial price impulse. Indirect effects mean that rising fuel prices push up production and transportation costs, thus influencing prices for a wider range of goods and services. The magnitude of this pass-through depends on, among other things, domestic demand and inflation expectations. Second-round effects might materialise through changes in inflation expectations and the resulting behaviours of households and businesses. Concerns about further price growth might lead to persistently elevated consumer demand, including due to front-loaded purchases, while high price expectations of businesses might amplify the pass-through of higher costs to prices. Therefore, in practice, indirect and second-round effects are closely intertwined and hard to separate from one another, making it difficult to measure underlying inflation and predict its future trends.

According to the meeting, **further inflation dynamics will largely depend on developments in the fuel market, including on the overall contribution of direct, indirect, and second-round effects of rising fuel prices.** The baseline scenario assumes a gradual restoration of production capacity and a normalisation in the fuel market, which will facilitate a decline in inflation expectations. If aggregate demand growth is moderate, this will limit the opportunities for companies to pass through higher costs to prices, while inflationary pressures, including in terms of underlying components, will start decreasing again.

**The economy continued to grow at a moderate pace in early 2026 Q3.** July saw output expand in many industries. A downturn was recorded by sectors facing temporary disruptions at production facilities. Surveys show that businesses' sentiment as well as output and demand expectations improved somewhat. Overall, developments in economic activity were in line with the July forecast.

**Growth in consumption decelerated in July, while remaining fast.** It was supported by a continued rise in household incomes. The participants discussed the contribution of sustained demand dynamics and transitory factors to high consumption levels observed in the summer months. An upturn in sales was partly associated with heightened demand for motor fuel, non-perishable food products, and certain durables. Consumers could front-load such purchases, including due to concerns about future price growth. Simultaneously, sales of many other non-food goods declined, which could be attributable to a partial redistribution of spending to buy more expensive motor fuel. The discussants concurred that it was so far difficult to assess the level of consumption adjusted for these temporary factors. The Bank of Russia will be able to measure consumer demand more accurately as it accumulates data to assess the contribution and duration of the impact of transitory factors and the sustainability of the trends observed. In the baseline scenario, consumption is expected to grow at a more moderate pace in 2026 H2 as compared to 2026 H1.

**Investment activity continued to recover gradually, after a weak start to the year.** In nominal terms, investments resumed growth, while in real terms, their decline slowed down significantly. Certain participants highlighted that the rise in investments in nominal terms evidenced sustainably high investment

demand from companies. Businesses' investments in 2026 Q2 exceeded even the level of 2025 Q2. However, considering limited supply of investment goods and labour shortages, part of this demand translated into a rise in the costs of investment projects, rather than a comparable increase in investments in real terms. The trends in investment remained diverse across sectors. Investment activity was influenced by the accumulated effects of the earlier easing of monetary conditions as well as by the need to restore damaged production facilities and build protective structures.

The contribution of stocks to GDP growth may increase in 2026 H2, partly because companies will be replenishing the reduced stocks.

**The labour market continued to ease gradually.** Labour shortages declined, the unemployment rate edged up, and the growth of nominal and real wages decelerated. The gap between the growth rates of real wages and labour productivity was narrowing gradually. However, as wages continued to outpace labour productivity, unit labour costs went up. Low growth rates of labour productivity restrained the capacity to ramp up output using the available labour resources.

**Fiscal policy continued to make a substantial contribution to domestic demand growth.** Federal budget spending has been high since the beginning of the year, exceeding last year's trajectory. It will be possible to assess the fiscal impulse more accurately after the Government updates the budget projections in the next few months. The July forecast assumes a gradual decline in the structural primary deficit from 2% of GDP in 2026 to zero in 2029. Certain discussants opined that if expenditures remain high in 2026 H2, the structural primary deficit in 2026 might surpass the forecast 2% of GDP. For the deficit to stay at or below this level, spending in 2026 H2 should run below the trajectory typical of this period. If the fiscal impulse turns out to be stronger than expected in the July forecast, this will require more modest growth in private demand and, other things being equal, tighter monetary policy.

The meeting discussed whether **the positive output gap could reopen temporarily after closing in 2026 H1**. The participants concluded that this was possible, given the intensified inflationary pressures. Moreover, domestic demand remained high in the summer months, while temporary disruptions at production facilities constrained the capacity to raise output. The July baseline scenario assumes that the growth rate of domestic demand will become more modest by the end of this year, and companies will gradually restore damaged production facilities. Most discussants agreed that the data available did not provide sufficient grounds to revise these assumptions. The economy will return to balanced dynamics of demand and supply, even if it has temporarily deviated from this path, while the decline in underlying inflation will resume.



## MONETARY CONDITIONS

### MAIN FACTS

*Money market rates and yields on federal government bonds (OFZ) edged down over the period following the July meeting. Deposit rates increased slightly in August. Retail loan rates were up in July, while corporate ones barely changed. Lending activity remained elevated in July–August, driven primarily by the corporate segment. The annual growth rate of money supply (M2) decreased marginally in August.*

### DISCUSSION

Most participants concurred that **monetary conditions remained moderately tight**.

**Nominal interest rates demonstrated mixed dynamics** over the period after the July meeting.

- Money market rates and OFZ yields edged down. Short- and long-term OFZ yields decreased more significantly than medium-term ones.
- Deposit rates edged up, which, according to the participants, was the result of banks revising their expectations regarding the future key rate path, among other factors. Earlier, certain banks had lowered their deposit rates, expecting a faster key rate reduction. The upward revision of the key rate path prompted an opposite adjustment of deposit rates.
- Loan rates were changing diversely in July. Interest rates on short-term corporate loans went down, while staying virtually the same in the long-term segment. As for retail lending, the average interest rate on long-term loans grew, including due to a contraction in the share of subsidised mortgages in total disbursements. Overall, the dynamics of average interest rates were still shaped by changes in the proportion of subsidised loans and those granted on softer terms. The decline in non-subsidised loan rates was slow in July, constrained by previous months' growth of OFZ yields. High-frequency data for August also pointed to a pause in the decrease in non-subsidised loan rates.

**Price monetary conditions eased somewhat in real terms**, considering the changes in inflation expectations. Non-price lending conditions remained restrictive.

**Lending activity stayed elevated, mainly driven by the corporate segment.** In July–August, corporate lending was expanding fast and across a wide range of borrowers. Even adjusted for one-off factors, its growth rate was substantial. Retail lending was increasing at a more moderate pace. The discussants noted that the acceleration in lending reflected the accumulated effect of the earlier monetary easing. They also suggested other reasons for the high level of lending activity. First, budget spending decreased in the summer months, as compared to spring 2026. Therefore, while waiting for payments under future government contracts, companies could temporarily take out more working

capital loans. Second, companies could increase their demand for credit as they needed to restore damaged production facilities and reinforce the infrastructure. These drivers of lending growth may be of a transitory nature.

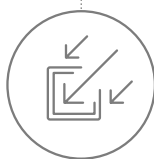
The meeting stated that high growth rates of lending, with the fiscal impulse remaining substantial, might lead to a faster rise in domestic demand and, accordingly, require tighter monetary policy. Money supply was expanding fast, with its year-to-date increase exceeding the 2016–2019 range of values. This was associated with accelerated lending and a substantial contribution of fiscal operations.

**Households' saving activity edged down from the beginning of the year, but remained high.** At the same time, the structure of savings continued to change, demonstrating an increase in the balances of current and savings accounts, investments in real estate and financial market instruments, as well as demand for cash. The meeting discussed to what extent these changes could be associated with a natural response to the earlier monetary easing and with higher inflation expectations and precautionary behaviour. Most participants believed that savings were still an attractive option as interest rates were high enough, while the share of ruble time deposits remained considerable.

**The estimates of monetary tightness varied.** Some discussants considered monetary conditions to be close to neutral or even moderately accommodative. They focused on high growth rates of corporate lending, the credit impulse shifting into positive territory, the decline in saving activity, and the year-to-date increase in money supply above the 2016–2019 range of values. Nevertheless, most participants believed that monetary conditions remained moderately tight. Real interest rates were still positive, while non-price lending conditions stayed restrictive. High growth rates of corporate lending could be partially explained by transitory factors. Saving activity remained high, with its decline being a natural process, given the gradual easing of monetary policy. In addition, banks became less willing to build up their credit portfolios amid higher uncertainty. As a result, companies worsened their estimates of loan affordability, according to surveys. The above evidences that monetary conditions remain moderately tight. At the same time, the discussants noted that credit and money supply dynamics required closer monitoring, especially considering the substantial contribution of fiscal operations to domestic demand growth.

Following the discussion, most participants concurred that **the current monetary tightness was sufficient for underlying inflation to resume its decline and return to the target, provided that the situation unfolded in line with the baseline scenario.**

**The corporate sector remained financially stable, while the quality of the credit portfolio stayed acceptable.** In 2026 H1, the financial performance of companies, excluding financial and insurance organisations, decreased year on year. Concurrently, the proportion of overdue receivables edged down, and the debt ratios of large companies improved slightly. The share of restructured loans contracted as well, falling below its average for the period since early 2026. Most companies continued servicing their loans properly. The banking sector remained resilient, including owing to the accumulated capital buffer.



## EXTERNAL ENVIRONMENT

### MAIN FACTS

*According to high-frequency data, global economic growth remained sustainable in early 2026 Q3. Major economies saw inflationary pressures intensify, which prompted market participants to revise their policy rate expectations upwards. Over the period after the July meeting, prices for crude oil and most other Russian exports went up, exceeding the 2025 averages. In August, the Russian ruble weakened against the main foreign currencies.*

### DISCUSSION

**The world economy remained resilient, although external inflationary pressures increased.** Elevated energy commodity prices kept inflation above the target levels in the US and the euro area. Market participants expected the US Fed funds rate and ECB interest rates to rise and follow a higher path.

The meeting discussed **growing yields on long-term government bonds in advanced economies.** This growth could be associated with market participants' expectations of higher inflation, increased budget deficits in advanced economies, including amid rising defence spending and stronger demand for investment in artificial intelligence. These factors could push up term premia. It was argued that to the extent that yield growth reflected higher inflation and sustained demand, it was a revision of expected policy rate paths, rather than a tightening of financial conditions *per se*. The direct impact of rising yields in advanced economies on the Russian economy was limited, according to the participants.

**Oil prices ran above the July forecast amid the continued restrictions on shipping through the Strait of Hormuz.** The discussants noted that should the restrictions last longer, the trajectory of oil prices over the remainder of 2026 could turn out to be higher than assumed in the baseline scenario.

**The value of Russian exports and imports** was up in July. The value of exports was driven by higher global prices for commodities. However, export quantities were restrained by geopolitical factors and temporary constraints on transport and seaport infrastructure. A reduction in petroleum product exports was only partially offset by larger exports of crude oil. The growth of imports was additionally bolstered by higher imported volumes of petroleum products, the equipment for restoring damaged facilities, and goods to replenish the reduced stocks.

Export logistics constraints led to a contraction in the exports of grains, oil crops, and a number of other products. The participants agreed that, in the short term, this contraction would result in higher supply of agricultural produce in the domestic market and have a disinflationary effect on prices. However, if the restrictions persist, the drop in domestic prices and

producers' profitability might discourage them from expanding production and constrain the supply of agricultural products in the future. These effects may be mitigated through the adaptation of producers and government support measures, including an expansion of storage capacity and a gradual reorientation of exports to alternative routes.

**In August, the ruble depreciated, albeit staying within the range of its fluctuations recorded over the past 18 months.** Its dynamics were shaped by a falling amount of foreign currency sold by exporters and growing demand for it from importers. It was suggested that part of export earnings could be channelled directly to pay for imports, including for the equipment to restore capacities, which restrained foreign currency supply in the domestic market. Nevertheless, the participants estimated the inflationary impact of the ruble depreciation to be limited.



## INFLATION RISKS

The discussants agreed that **proinflationary risks had increased and were still outweighing disinflationary ones over the medium-term horizon.**

The main **proinflationary risks** include:

- *Growing imbalances between demand and supply.* Domestic demand may remain high under the influence of accelerated lending, a significant fiscal impulse, and the continued growth of wages outpacing that of labour productivity. Furthermore, if companies need more time to restore damaged production facilities, this might have a more considerable restraining effect on the capacity to expand output. As a result, the positive output gap could reopen or persist for longer, exacerbating inflationary pressures.
- *Persistently high inflation expectations.* If households' and businesses' inflation expectations remain high for a long period, including due to the situation in the fuel market, this might lead to a greater pass-through of higher costs to prices and hamper the decline in underlying inflation.
- *The fiscal impulse being stronger-than-forecast in the medium-term.* There is still uncertainty regarding the fiscal policy parameters and the path for decreasing the structural primary deficit to zero by 2029. The slower the deficit is reduced, the more restrictive effect monetary policy should produce on credit activity and aggregate demand to avoid a rise in inflationary pressures. Another proinflationary factor might be an expansion of subsidised lending programmes, which will weaken the restraining effect of monetary policy on demand.
- *Deteriorating external conditions.* If geopolitical tensions in the Middle East continue for a prolonged period, they might amplify inflationary pressures in the world economy and lead to a faster rise in prices for Russian imports. Moreover, weaker global economic growth might constrain demand for Russian exports.

The main **disinflationary risk** is:

- *A notable slowdown in domestic demand growth.* Moderately tight monetary conditions, coupled with a higher tax burden and increased uncertainty in the economy, might have a more pronounced effect on demand dynamics than forecast. Companies might cut back their investment, hiring, and wage indexation plans more notably. Consumer activity might weaken due to households' higher propensity to save amid increased uncertainty. As a result, domestic demand growth might decelerate considerably, while inflation might run below the forecast.



## CONCLUSIONS FOR MONETARY POLICY AND THE KEY RATE DECISION

Having analysed the new data and compared them against the Bank of Russia's July forecast, **the participants reached a broad consensus that the key rate should be kept at 14.00% per annum.** The main **arguments in favour of this decision** were as follows:

- *A significant rise in inflationary pressures, including in terms of underlying components.* In July, underlying inflation measures increased to 5–6% SAAR. Price dynamics were primarily influenced by the situation in the fuel market and the resulting effects. Nevertheless, more data are needed to assess the scale and duration of their impact on underlying inflation.
- *Persistently elevated credit activity in recent months.* Corporate lending has been growing at an accelerated pace. Coupled with a high trajectory of budget spending, this might speed up domestic demand growth. That said, a large part of lending remains weakly sensitive to key rate changes. In this context, it is important to maintain monetary conditions sufficiently tight to prevent credit growth and the fiscal impulse from overheating domestic demand and from hampering the easing of inflationary pressures.
- *A substantial contribution of fiscal policy to domestic demand growth.* The trajectory of federal budget spending has been high since the beginning of the year. Over the medium-term horizon, the contribution of fiscal policy to demand might also surpass the previous estimates. Since the Government has not yet updated the medium-term budget parameters, the Bank of Russia should adhere to a cautious approach when making its monetary policy decisions.
- *The likelihood of a positive output gap.* Domestic demand stayed high during the summer months. Simultaneously, temporary disruptions at production facilities limited the capacity to raise output and constrained the increase in the economy's potential. Together, these factors could again lead to demand outstripping production capacity and intensify inflationary pressures.

The participants concurred that a pause in changing the key rate was justified considering the current assessment of macroeconomic conditions. By the next key rate meeting, there will be more data on the situation in the fuel market, the scale of its indirect and second-round effects, and the dynamics of underlying inflation. Furthermore, the Bank of Russia will be able to take into account the updated fiscal policy parameters. If the situation unfolds according to the July baseline scenario, the achieved monetary tightness will be sufficient to ensure more moderate growth of domestic demand and a resumption of the decline in inflationary pressures.

The discussants also considered it reasonable **to give no signal regarding further steps** so as to maintain flexibility in making future decisions, given significant proinflationary risks and uncertainty.

Following the discussion, **on 11 September 2026, the Bank of Russia Board of Directors decided to keep the key rate at 14.00% per annum.** The Bank of Russia will make further key rate decisions based on the dynamics of inflation and inflation expectations as well as the analysis of risks posed by domestic and external conditions. Given the monetary policy stance, annual inflation will come in at 6.0–7.0% in 2026, return to 4.0% in 2027, and stay on target further on.