



МИНИСТЕРСТВО ЭКОНОМИЧЕСКОГО РАЗВИТИЯ  
РОССИЙСКОЙ ФЕДЕРАЦИИ

# Russian Federation: economic outlook

Ministry of Economic Development  
of the Russian Federation

April 2016

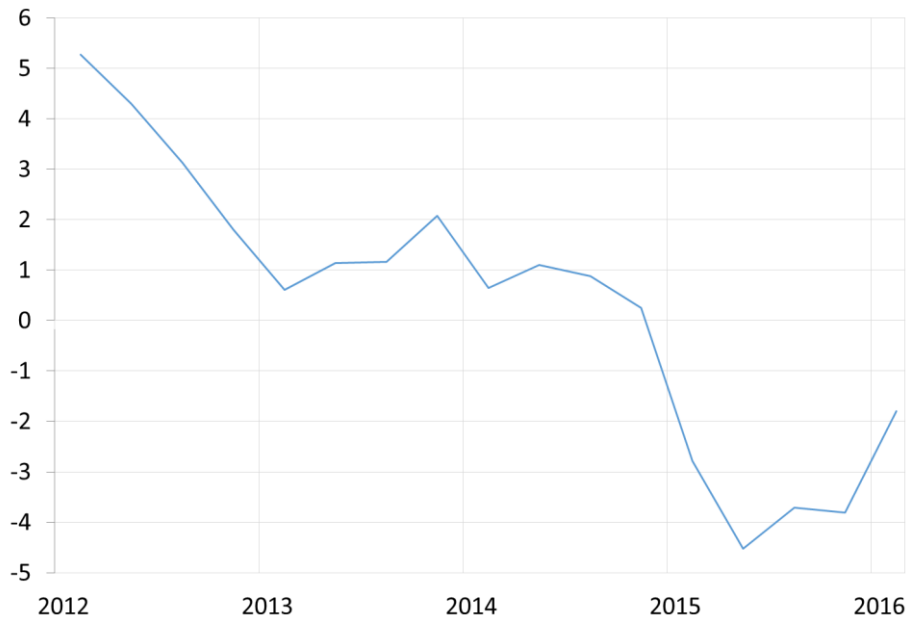
# Macro indicators

% y/y	1 q. 15	2 q. 15	3 q. 15	4 q. 15	2015	jan. 16	feb. 16	1 q. 16 est.
<b>GDP</b>	-2.8	-4.5	-3,7	-3.8	-3.7	-2.7	-0.6 / -2.7*	-1.8
<b>Industry</b>	-0.4	-4.9	-4.2	-3.9	-3.4	-2.7	1.0	-1.7
manufacturing	-1.6	-7.4	-6.4	-5.8	-5.4	-5.6	-1.0	-3.5
machinery and equipment	-8.8	-20.5	-11.8	-7.5	-11.1	2.2	1.0	1.0
extracting	0.7	-0.8	0.6	0.5	0.3	0.4	5.8	2.7
electricity	0.0	-0.2	-1.4	-4.5	-1.6	2.5	0.0	0.3
<b>Retail sales</b>	-6.4	-9.2	-9.6	-13.5	-10.0	-7.3	-5.9	-6.7
<b>Services</b>	-0.3	-1.9	-2.6	-2.7	-2.0	-3.0	-0.4	-1.5
<b>Construction</b>	-5.0	-8.3	-10.4	-4.4	-7.0	-4.2	0.4	-2.0
<b>Fixed investment</b>	-4.8	-8.8	-13.0	-6.4	-8.4	-	-	-3.5
<b>Agriculture</b>	3.5	2.5	2.1	5.2	3.0	2.5	3.1	2.7
<b>Nominal wages</b>	5.7	5.9	4.7	3.3	4.8	5.8	5.3	5.3
<b>Real wages</b>	-9.0	-8.5	-9.5	-9.8	-9.3	-3.6	-2.6	-3.2
<b>Real disposable income</b>	-1.9	-4.4	-4.9	-4.3	-4.0	-6.3	-6.9	-6.7
<b>Unemployment rate, %</b>	5.7	5.6	5.3	5.7	5.6	5.8	5.8	5.8

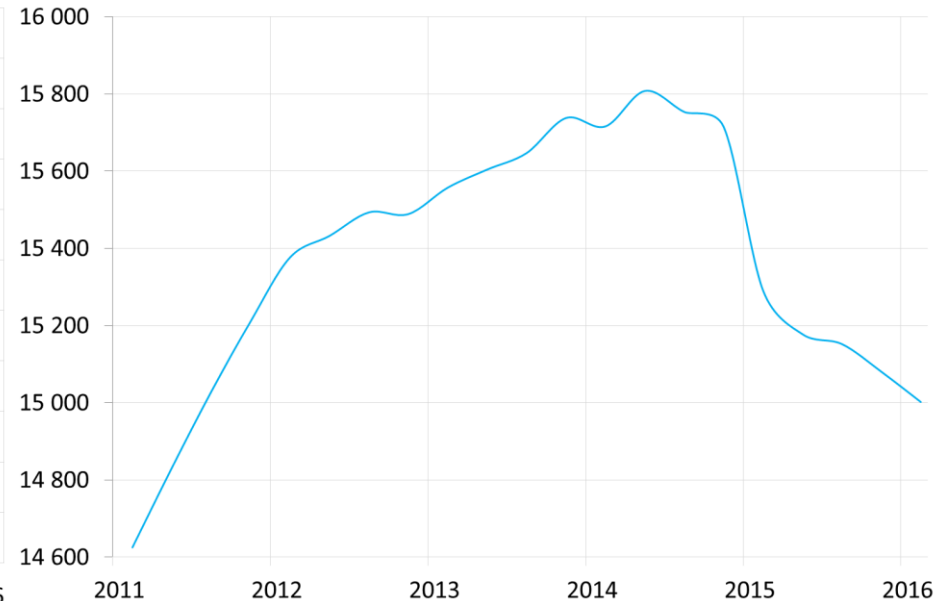
\*with the exception of leap year factor

# GDP

%, y/y



Index sa (fixed price 2011)

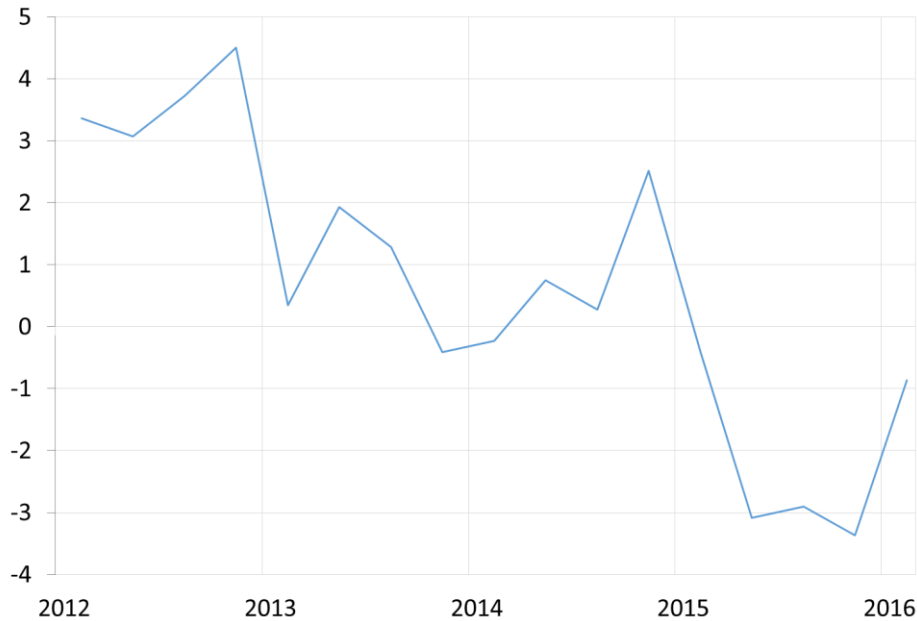


The decline of GDP accelerated sharply in the 1<sup>st</sup> quarter of 2015 and reached the minimum value y/y in the 2<sup>nd</sup> quarter.

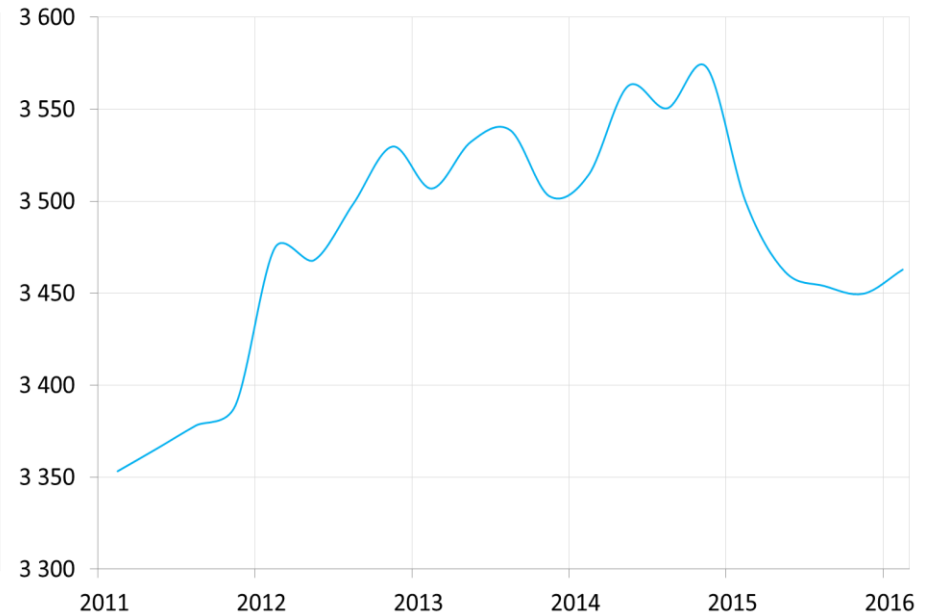
At the same time, the SA dynamic began to slow down from the 2<sup>nd</sup> quarter, and in the 4<sup>th</sup> quarter accelerated due to a new wave of falling oil prices.

# Industry

%, y/y



Index sa (fixed price 2011)

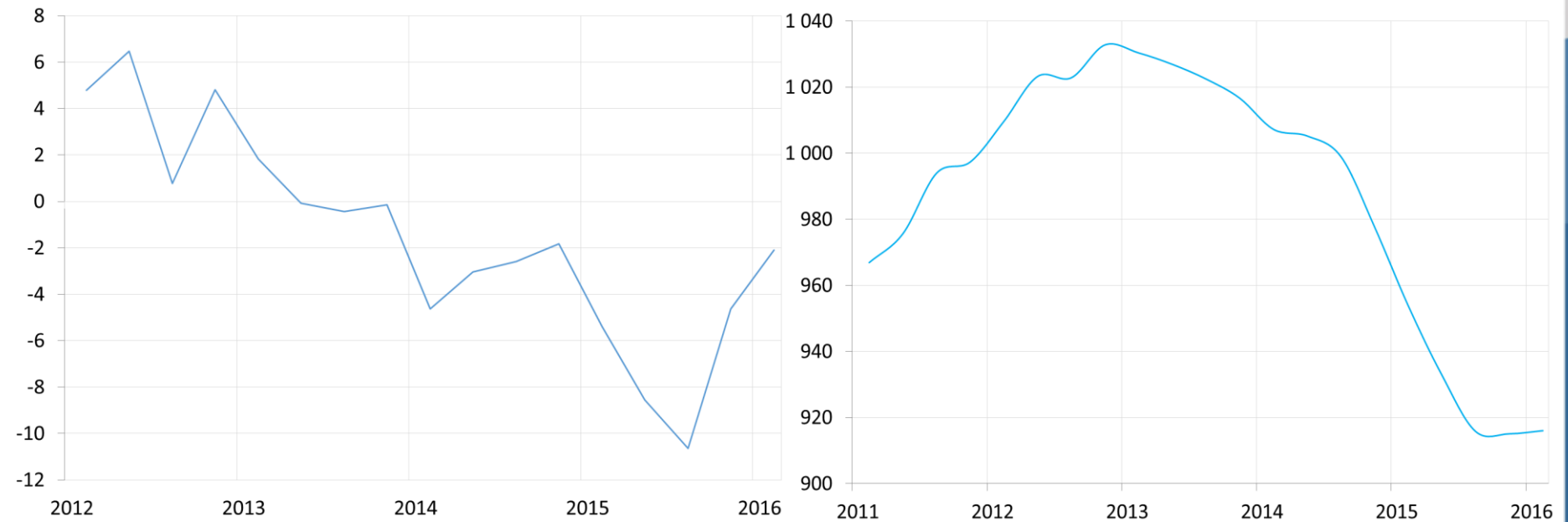


After a significant drop in the first two quarters of 2015, in the second half of the year industry dynamics stabilized.

# Construction

%, y/y

Index sa (fixed price 2011)

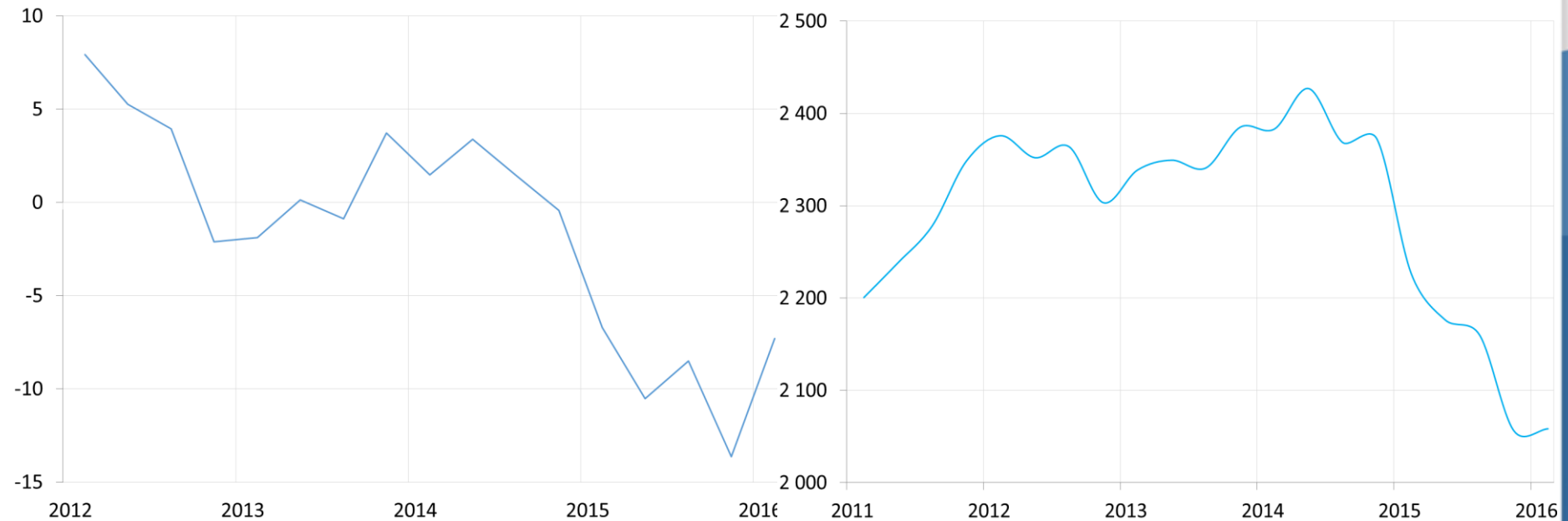


The growth rate of construction declined in 2013, 2014, and during 3 quarters of 2015, but in the 4th quarter it stabilized and continued in the 1st quarter of 2016.

# Wholesales and Retail Sales

%, y/y

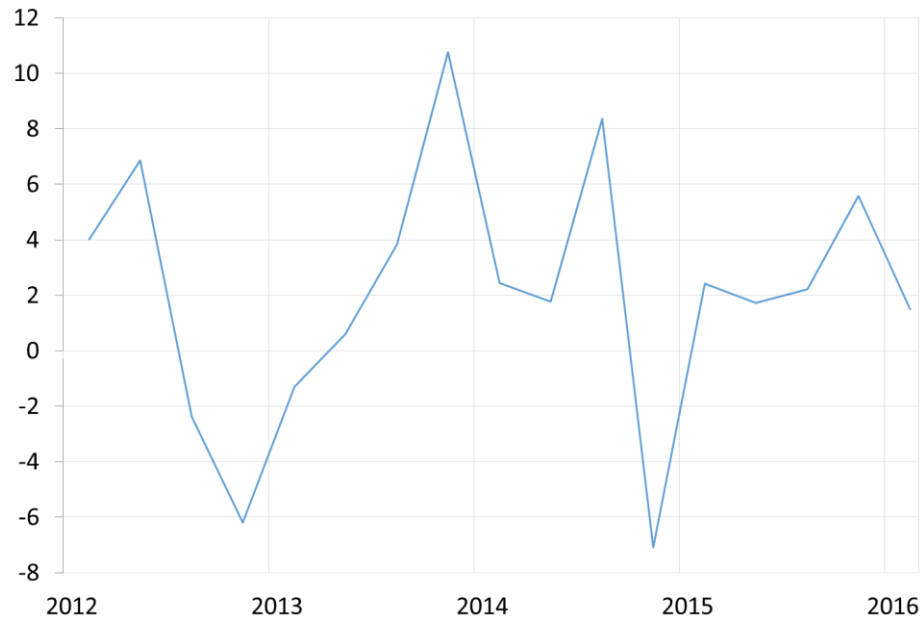
Index sa (fixed price 2011)



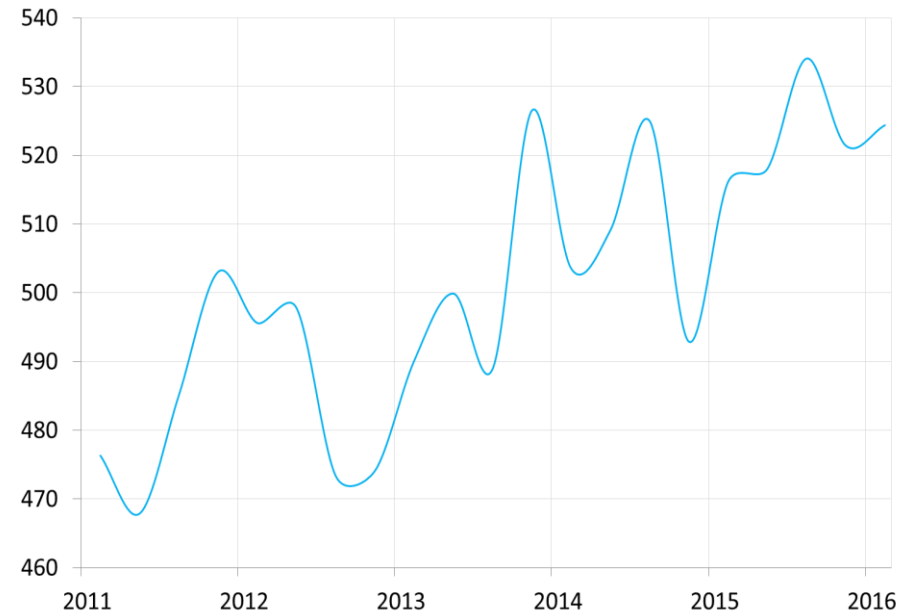
The volume of wholesale and retail sales declined from the second half of 2014 until the 4th quarter of 2015 and stabilized only in the 1st quarter of 2016.

# Agriculture

%, y/y



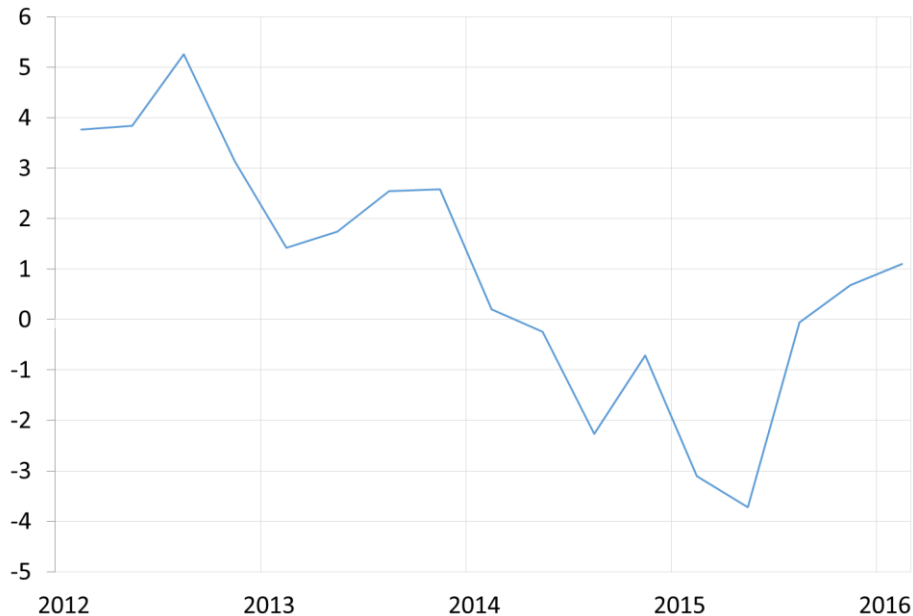
Index sa (fixed price 2011)



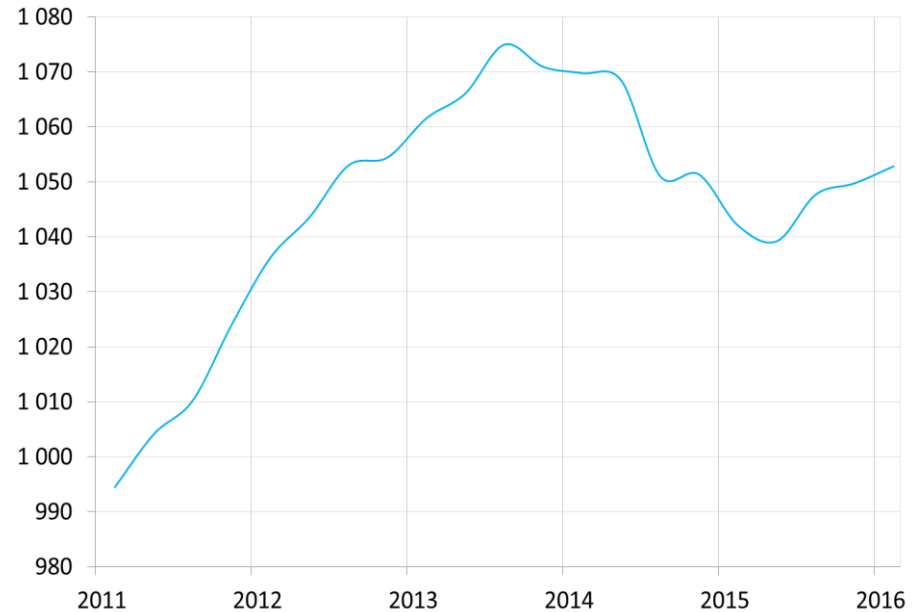
The growth rate of agriculture remains positive. The volatility of SA dynamics is explained by fluctuations in weather conditions in Russia.

# Transport and communication

%, y/y



Index sa (fixed price 2011)

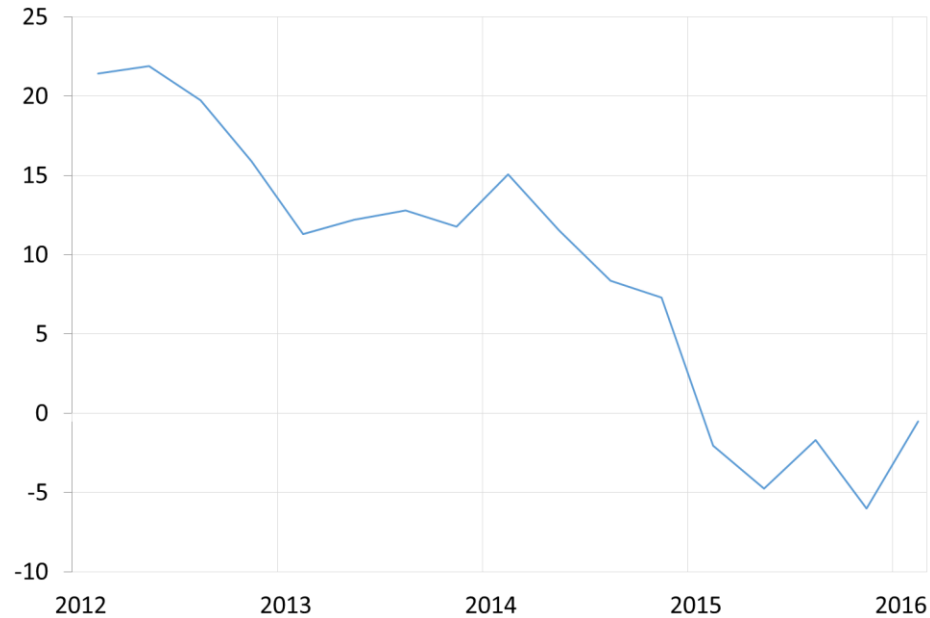


The growth rate of transport services reflects the general cyclical wave of the crisis. The services were falling since the beginning of 2014 to mid-2015. But the 2H 2015 growth is related to the rise of raw materials extracting, which resulted in steady increase of transport services.

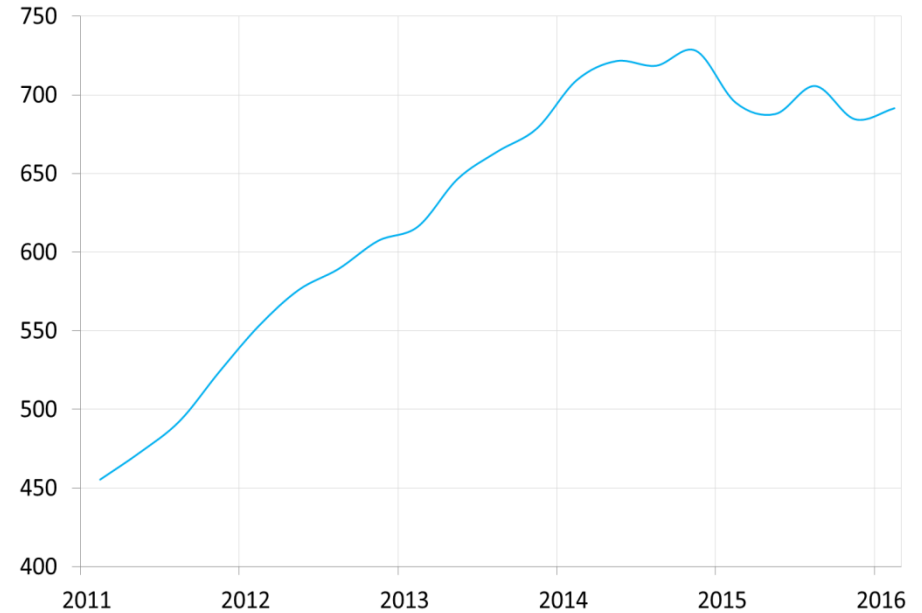


# Financial activities

% y/y



Index sa (fixed price 2011)



Financial services decreased since the beginning of 2015 and the second half of 2015 kept the negative trend. Now, the situation is steady to little recovery.

## GDP output approach

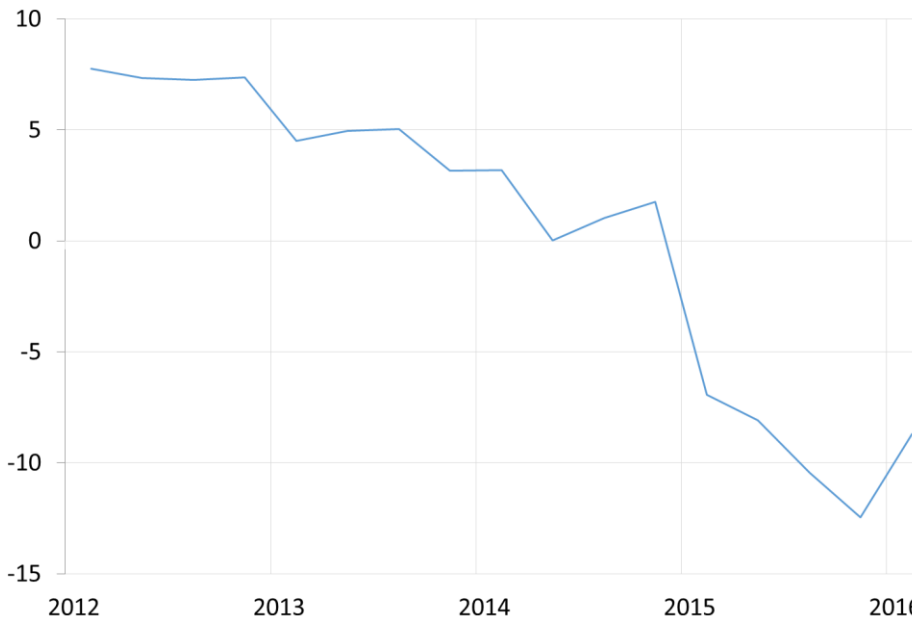
% GDP	2011	2015	Changes
Manufacturing	11.4	11.8	0.4
Extracting	8.2	8.2	0.0
Wholesale and retail trade	15.2	14.2	-1.0
Transport and communication	6.7	6.9	0,1
Construction	6.6	6.1	-0.5
Government	5.6	5.6	0.0
Finance	3.3	4.6	1,3
Agriculture	3.3	3.5	0,2
Health Care	3.0	3.1	0.1
Education	2.3	2.1	-0.2
Others	20.7	20.9	0.2
Net taxes	13.7	13.1	-0.6

## GDP consumption approach

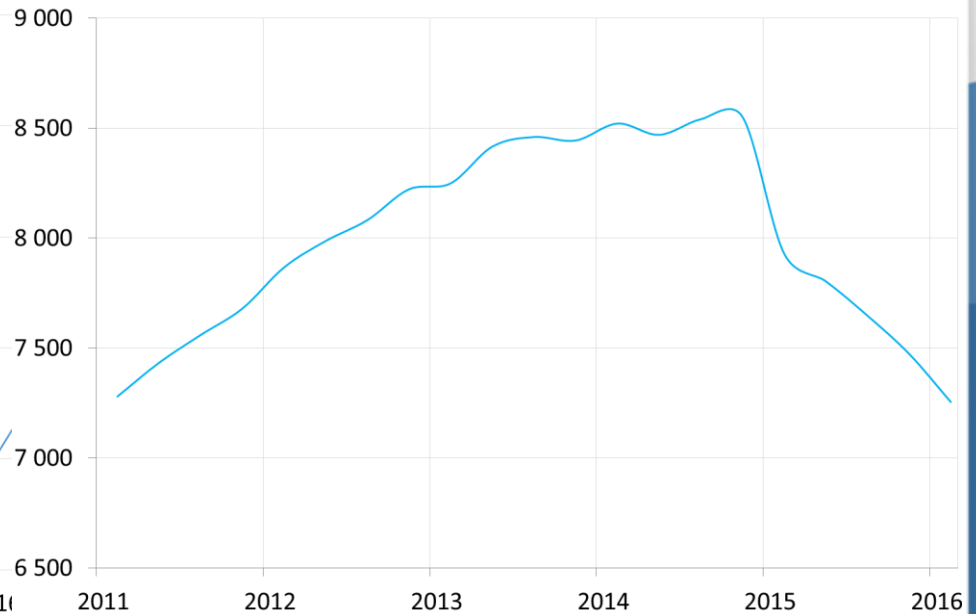
% GDP	2011	2015	Changes
Consumption	68.8	69.5	0.7
Household	50.2	50.8	0.6
Government	18.2	18.3	0.1
Gross capital formation	23.1	16.4	-6.7
Gross fixed capital formation	20.0	18.9	-1.1
Changes in inventories	3.1	-2.5	-5.6
Net exports	8.1	15.2	7.1
Exports	28.3	30.7	2.4
Imports	-20.1	-15.5	4.7

# Household consumption

% y/y



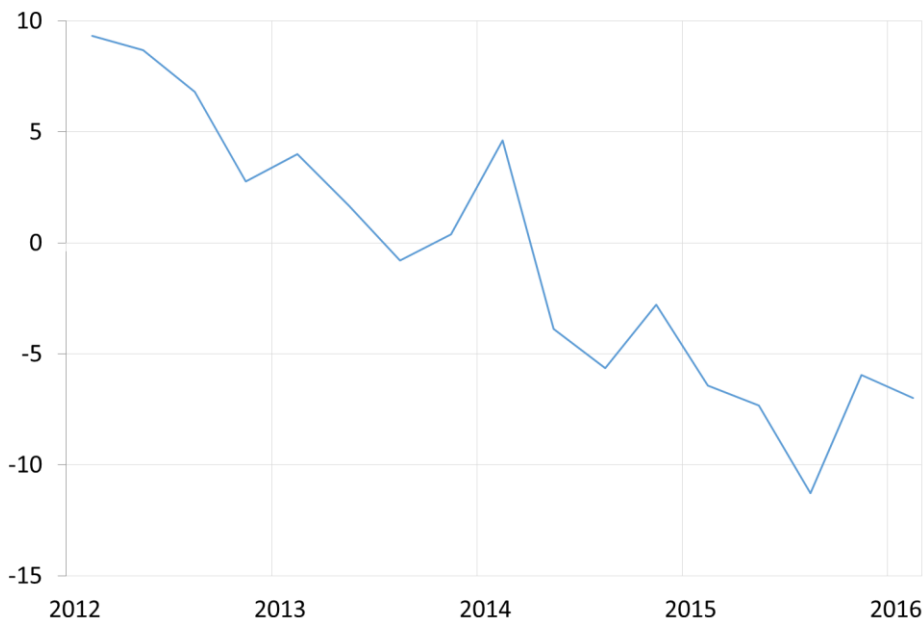
Index sa (fixed price 2011)



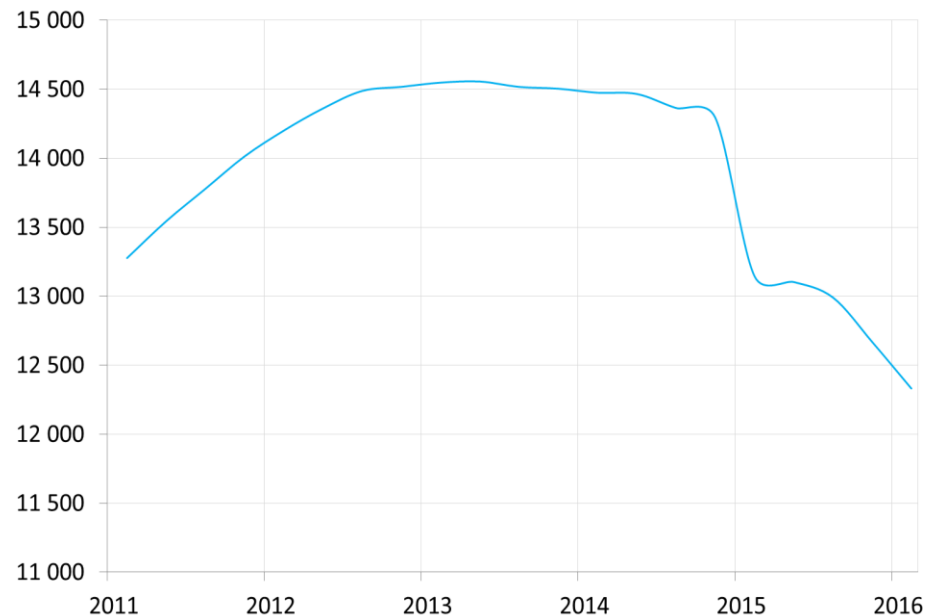
Household consumption dropped strongly in the 1st of 2015. Last quarters, it continued to decline, but at a more moderate pace.

# Gross fixed capital formation

% y/y



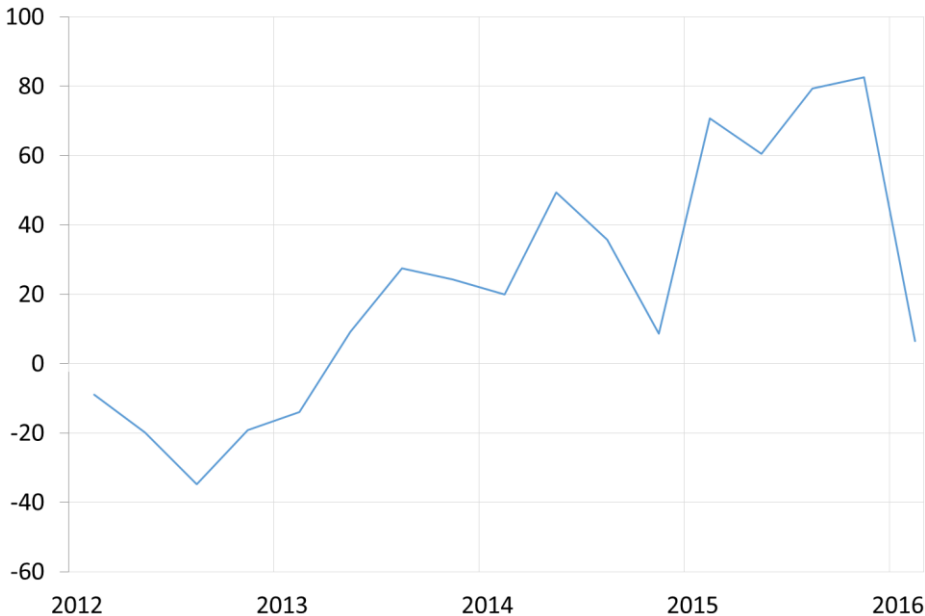
Index sa (fixed price 2011)



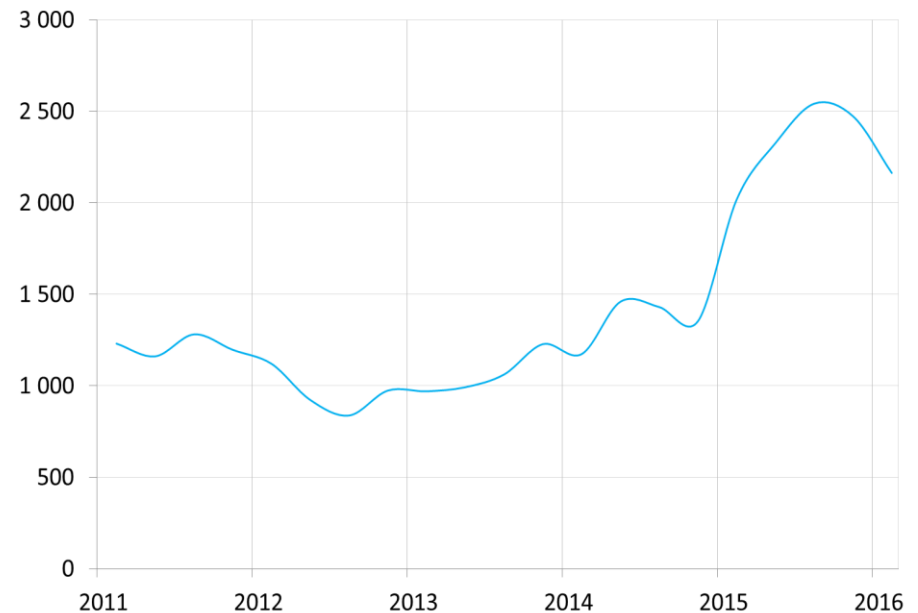
Gross fixed capital formation cut in early 2015 and continued to fall in 1st quarter of 2016.

## Net exports

% y/y



Index sa (fixed price 2011)



Net exports increased throughout 2015, due to falling imports by more than 25% and maintaining positive growth as the export of hydrocarbons and non-fuel products.

## Macroeconomic forecast (40-45-50-50)

(γ/γ, %)

	2015	2016	2017	2018	2019	2019 κ 2014
GDP	96.3	99.7	101.4	102.3	102.5	102.1
Industry	96.6	99.4	101.2	101.8	102.2	101.0
Fixed investment	91.6	96.9	101.6	103.7	104.7	97.9
Retail sales	90.0	96.7	101.5	103.5	103.7	94.8
Services	98.0	99.3	101.5	102.9	103.3	105.0
Real wages	90.7	97.1	101.7	102.1	102.0	93.4
Real disposable income	96.0	95.9	101.1	101.4	101.3	95.7
Export of goods	106.1	100.9	101.0	101.9	101.6	112.0
Import of goods	74.5	94.7	105.0	107.5	107.3	85.4
Productivity	96.6	100.0	101.7	102.8	103.0	104.1

## Macroeconomic forecast (comparison)

	2015	2016	2017	2018	2019
<b>Oil price Urals, USD./barrels.</b>					
Base		<b>40</b>	<b>45</b>	<b>50</b>	<b>50</b>
Conservative	51.2	25	30	35	35
Target		40	45	50	50
<b>CPI, %</b>					
Base		<b>7.0</b>	<b>5.5</b>	<b>5.2</b>	<b>5.0</b>
Conservative	12.9	9.0	5.3	5.1	5.1
Target		7.0	4.0	4.0	4.0
<b>CPI, %</b>					
Base		<b>7.8</b>	<b>6.0</b>	<b>5.3</b>	<b>5.1</b>
Conservative	15.5	8.8	7.2	5.1	5.1
Target		7.8	5.3	4.0	4.0
<b>USD/RUB, avg.</b>					
Base		<b>67.4</b>	<b>61.7</b>	<b>57.1</b>	<b>56.7</b>
Conservative	61.0	80.5	76.0	69.8	68.1
Target		67.4	60.4	54.0	52.2
<b>GDP, %</b>					
Base		<b>-0.3</b>	<b>1.4</b>	<b>2.3</b>	<b>2.5</b>
Conservative	-3.7	-2.1	0.9	1.7	1.9
Target		-0.3	1.0	3.3	4.5
<b>Industry, %</b>					
Base		<b>-0.6</b>	<b>1.2</b>	<b>1.8</b>	<b>2.2</b>
Conservative	-3.4	-1.6	0.6	1.1	1.4
Target		-0.6	1.7	2.8	3.3

## Macroeconomic forecast (comparison)

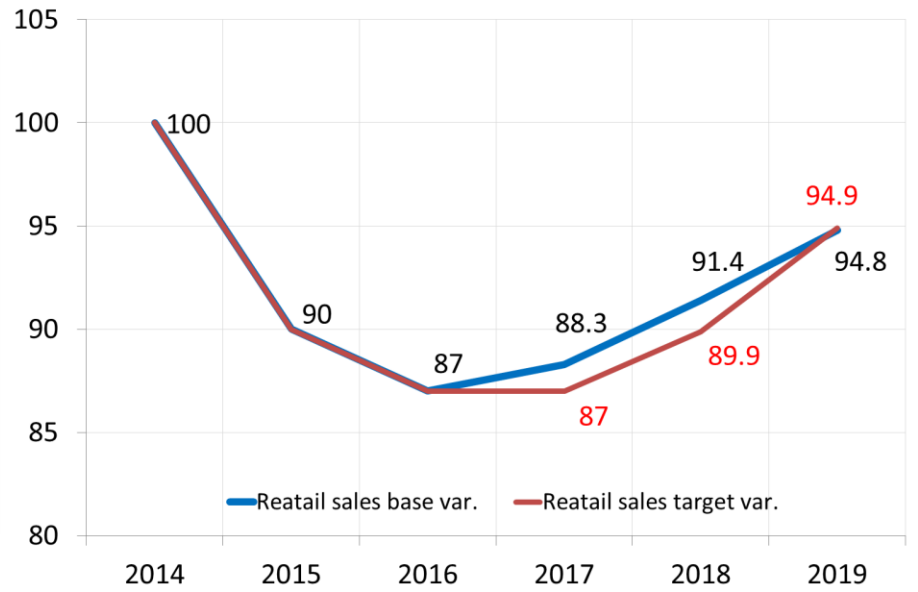
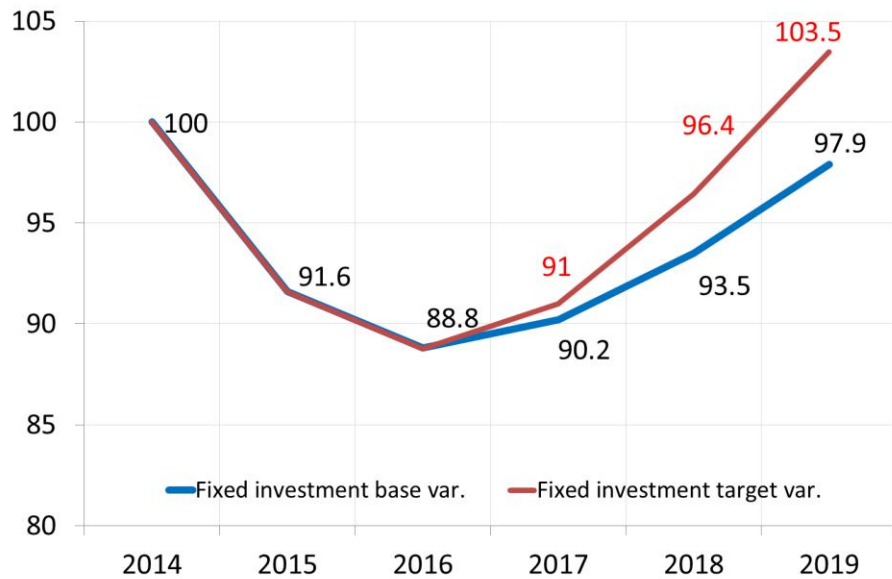
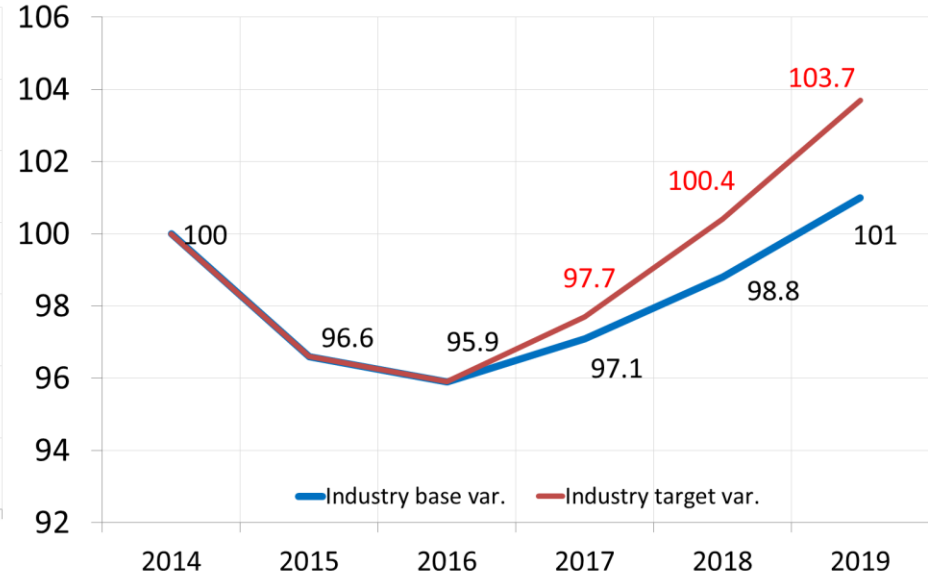
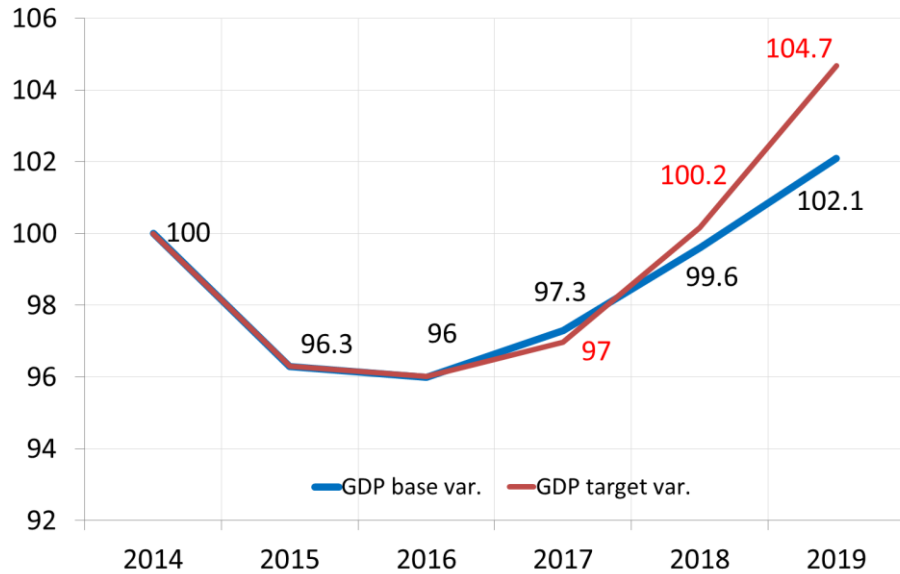
	2015	2016	2017	2018	2019
<b>Fixed investment, %</b>					
Base		<b>-3.1</b>	<b>1.6</b>	<b>3.7</b>	<b>4.7</b>
Conservative	-8.4	-9.4	1.8	2.6	3.2
Target		-3.1	2.5	6.0	7.3
<b>Services, %</b>					
Base		<b>-0.7</b>	<b>1.5</b>	<b>2.9</b>	<b>3.3</b>
Conservative	-2.0	-2.5	-0.4	0.9	1.6
Target		-0.7	0.4	2.6	4.3
<b>Real disposable income, %</b>					
Base		<b>-4.1</b>	<b>1.1</b>	<b>1.4</b>	<b>1.3</b>
Conservative	-4.0	-6.1	-0.4	0.9	0.8
Target		-4.1	-0.5	1.2	2.8
<b>Real wages, %</b>					
Base		<b>-2.9</b>	<b>1.7</b>	<b>2.1</b>	<b>2.0</b>
Conservative	-9.3	-4.8	0.0	1.2	1.0
Target		-2.9	-0.2	2.0	3.6
<b>Retail sales, %</b>					
Base		<b>-3.3</b>	<b>1.5</b>	<b>3.5</b>	<b>3.7</b>
Conservative	-10.0	-5.1	0.0	1.7	2.5
Target		-3.3	0.0	3.3	5.6
<b>Productivity, %</b>					
Base		<b>0.0</b>	<b>1.7</b>	<b>2.8</b>	<b>3.0</b>
Conservative	-3.4	-1.7	1.3	2.3	2.4
Target		0.0	1.3	3.7	5.1
<b>Unemployment rate, %</b>					
Base		<b>5.8</b>	<b>5.8</b>	<b>5.8</b>	<b>5.7</b>
Conservative	5.8	6.0	5.9	5.9	5.8
Target		5.8	5.7	5.6	5.6



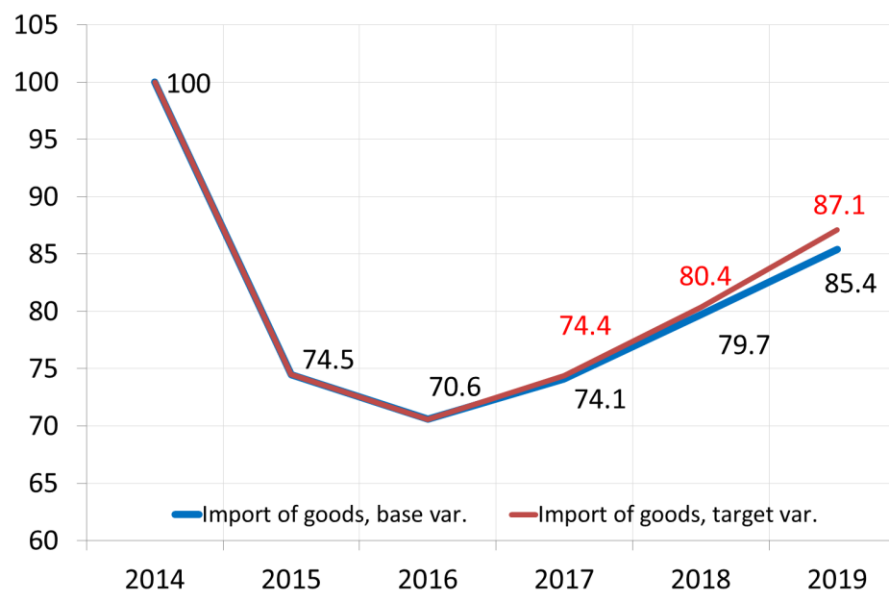
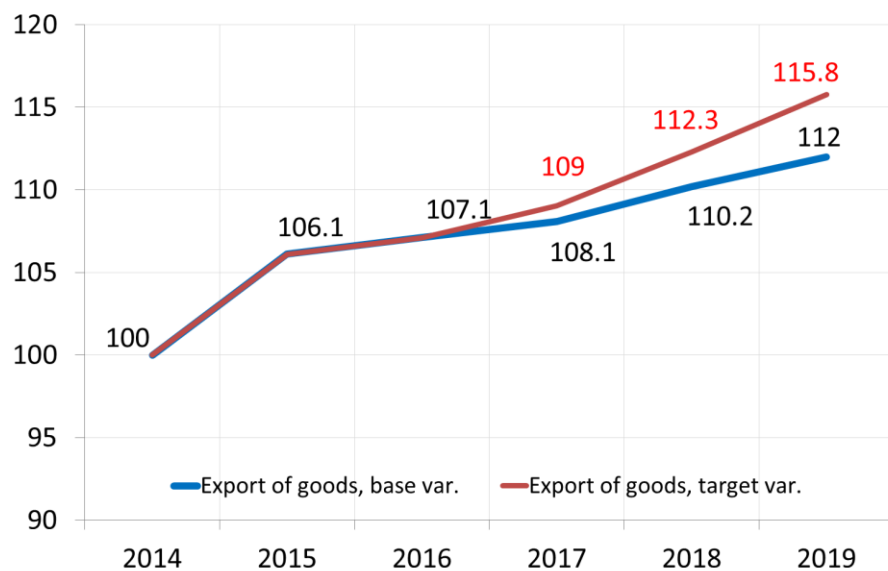
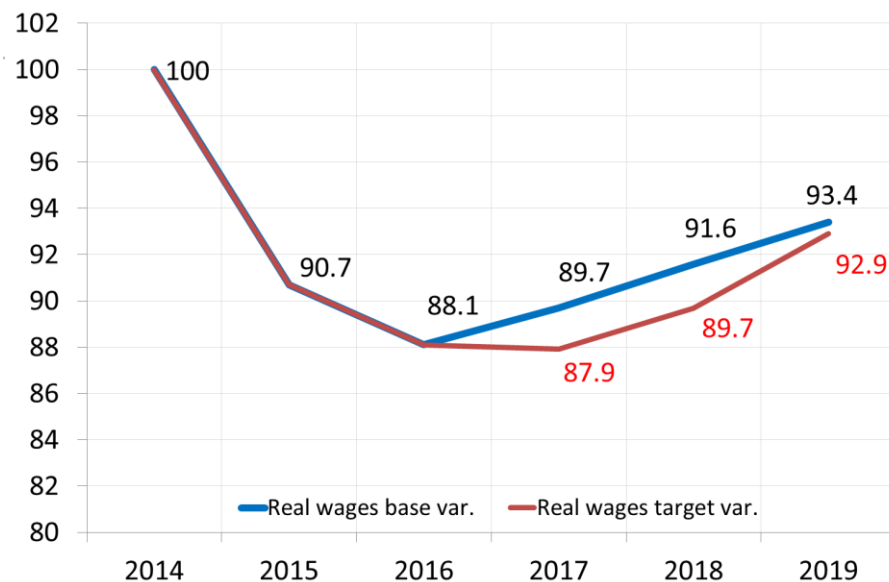
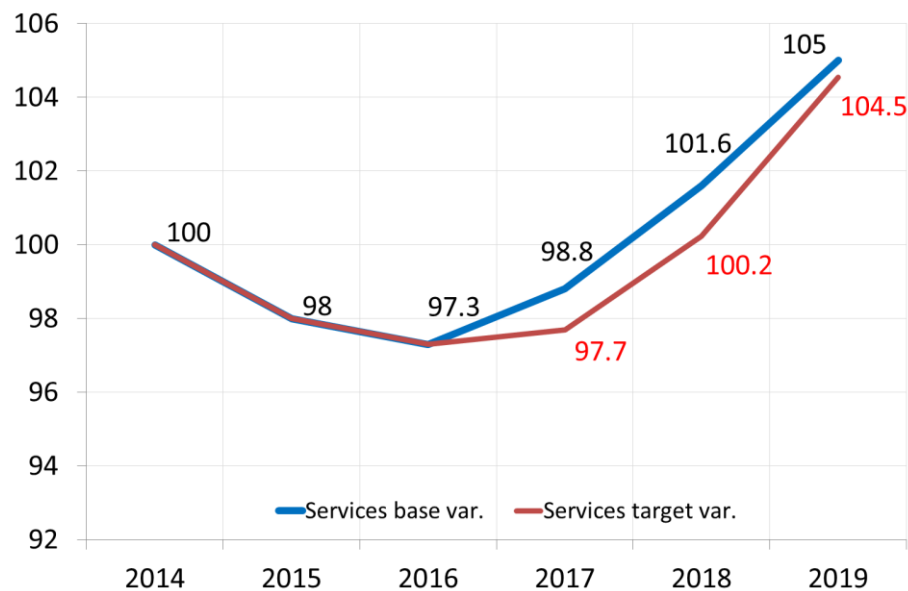
## Macroeconomic forecast (comparison)

	2015	2016	2017	2018	2019
<b>Export of goods, bln. USD</b>					
Base		<b>291.5</b>	<b>315.4</b>	<b>344.4</b>	<b>358.3</b>
Conservative	341.5	229.5	241.0	271.8	283.8
Target		291.5	317.7	350.3	369.5
<b>growth rate, %</b>					
Base		<b>100.9</b>	<b>101.0</b>	<b>101.9</b>	<b>101.6</b>
Conservative	106.2	100.4	100.3	101.5	102.3
Target		100.9	101.8	103.0	103.1
<b>Import of goods, bln. USD</b>					
Base		<b>174.5</b>	<b>187.2</b>	<b>205.9</b>	<b>221.8</b>
Conservative	193.0	139.3	151.6	164.0	173.9
Target		174.5	188.0	207.8	226.0
<b>growth rate, %</b>					
Base		<b>94.7</b>	<b>105.0</b>	<b>107.5</b>	<b>107.3</b>
Conservative	74.1	82.6	105.3	104.7	105.6
Target		94.7	105.4	108.0	108.4
<b>Current account, bln./ USD</b>					
Base		<b>54.0</b>	<b>59.1</b>	<b>65.5</b>	<b>63.7</b>
Conservative	69.6	32.5	29.0	43.6	39.8
Target		53.8	63.8	69.6	72.8
<b>Capital inflow (+)/outflow (-) , bln. USD</b>					
Base		<b>-40.0</b>	<b>-30.0</b>	<b>-25.0</b>	<b>-20.0</b>
Conservative	58.1	-40.0	-35.0	-30.0	-25.0
Target		-40.0	-25.0	-20.0	-15.0

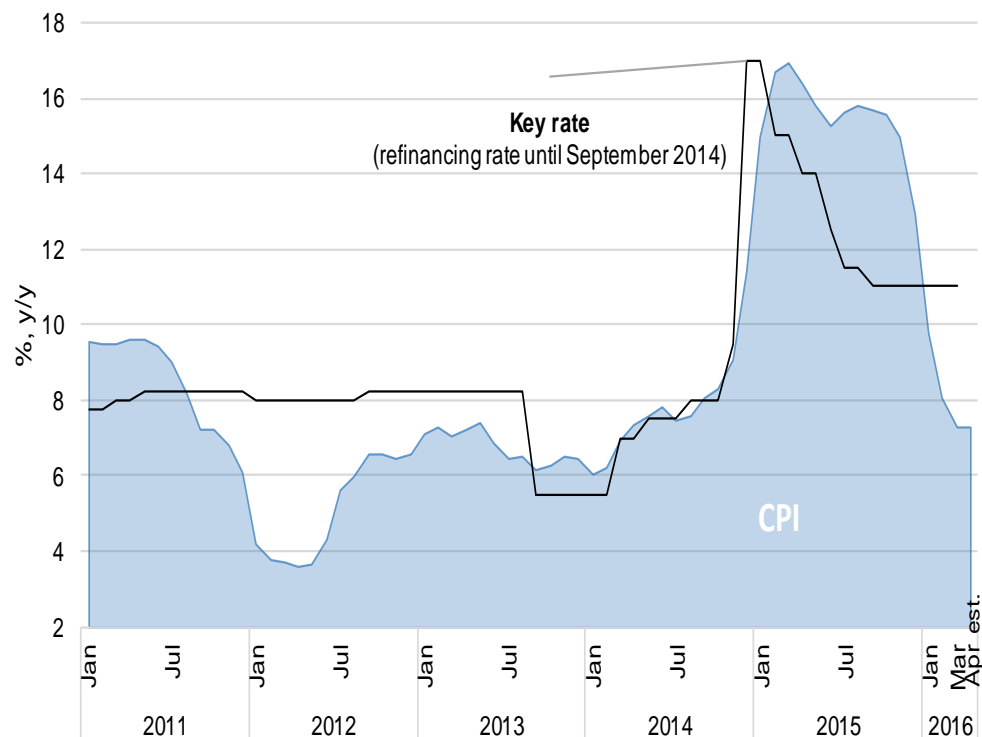
# Macroeconomic forecast



# Macroeconomic forecast



# CPI and key rate dynamics



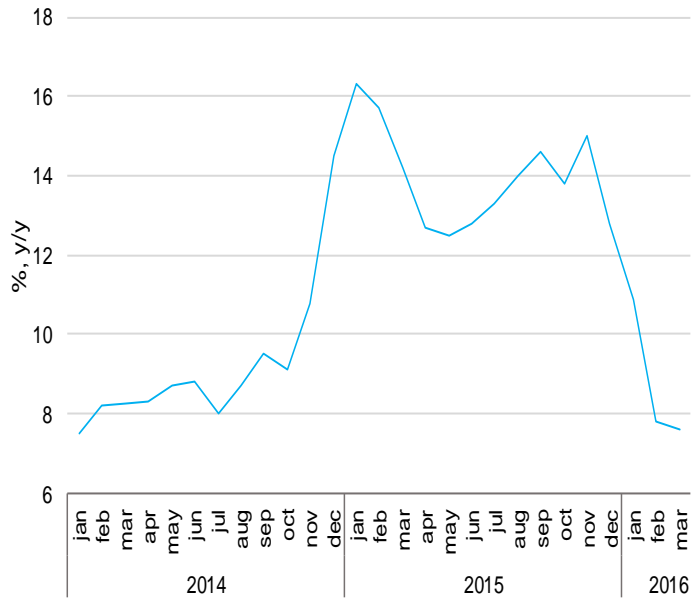
Source: The Central Bank of the Russian Federation,  
Federal Service of State Statistics

Inflation has been decreasing since November 2015, with more rapid decline at the beginning of 2016. The main factors for that were demand contraction (esp. consumer) and high base effect of the beginning of 2015.

Sharp key rate increase at the end of 2014 by the Central Bank and further keeping it at a high level restrained the inflation (key rate change usually has lagged effect on the economy).

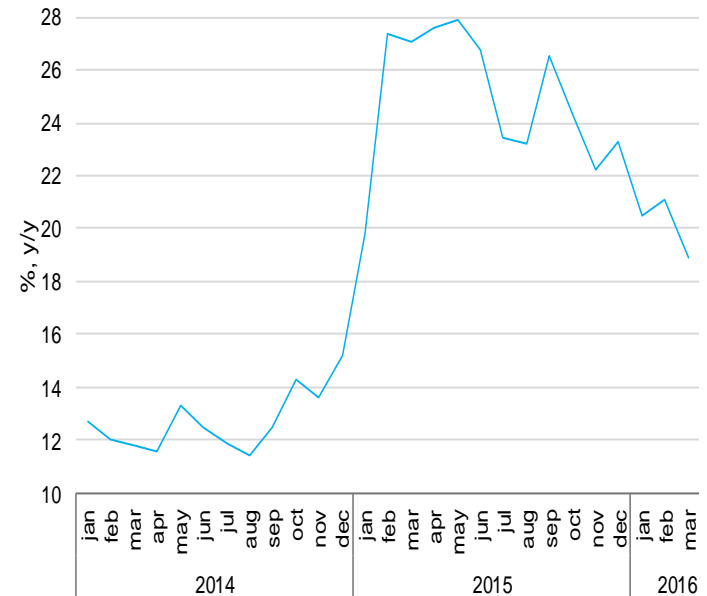
# Inflation expectations and observed inflation

## Inflation expectations (next 12 months)



Source: The Central Bank of the Russian Federation

## Observed inflation (previous 12 months)



Source: The Central Bank of the Russian Federation

- Since the end of 2014 (sharp devaluation of ruble) the inflation expectations were focused on the exchange rate.
- At the end of 2015 the population has started to follow the actual inflation rate and it is resulted in inflation expectations decrease due to consumer demand contraction and import substitution. The effect of exchange rate dynamics has weakened.
- The observed inflation gradually decreases since September 2015, though it is still more than twice the actual.

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**Thanks for your attention!**