



# **Russian Federation: economic outlook**

**Ministry of Economic Development  
of the Russian Federation**

**June 2016**

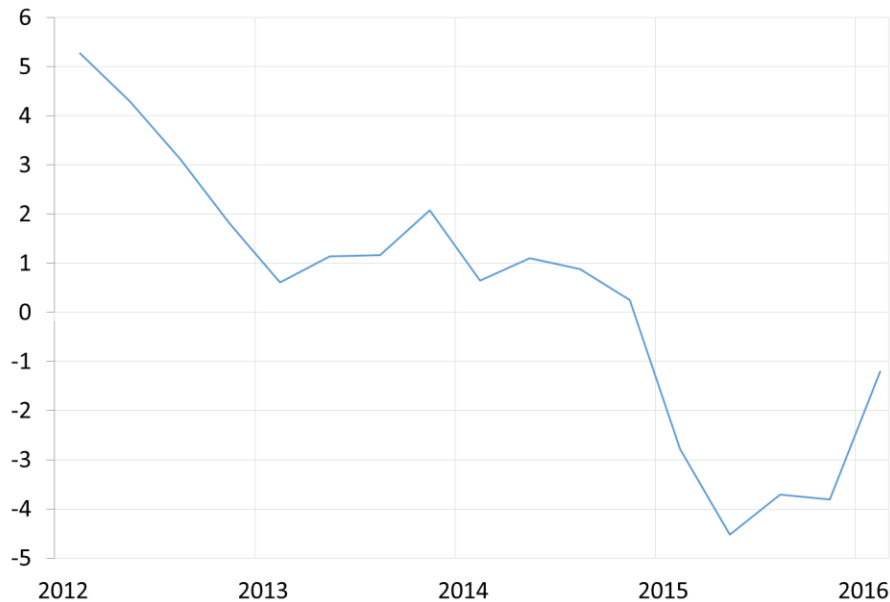
## Macro indicators

% y/y	2015	jan. 16	feb. 16	mar. 16	1 q. 16	apr. 16	may.16	4 month
<b>GDP</b>	<b>-3.7</b>	-2.8	0.2	-1.2	<b>-1.2</b>	-0.7	-	<b>-1.1</b>
<b>Industry</b>	<b>-3.4</b>	-2.7	1.0	-0.5	<b>-0.6</b>	0.5	0.7	<b>0.1*</b>
manufacturing	<b>-5.4</b>	-5.6	-1.0	-2.8	<b>-3.1</b>	0.6	0.3	<b>-1.4*</b>
extracting	<b>0.3</b>	0.4	5.8	4.2	<b>3.4</b>	1.7	1.5	<b>2.8*</b>
electricity	<b>-1.6</b>	2.5	0.0	-0.8	<b>0.6</b>	-4.0	2.1	<b>0.1*</b>
<b>Retail sales</b>	<b>-10.0</b>	-6.0	-4.3	-5.8	<b>-5.4</b>	-4.8	-	<b>-5.2</b>
<b>Services</b>	<b>-2.0</b>	-3.1	0.4	-1.3	<b>-1.4</b>	-0.8	-	<b>-1.1</b>
<b>Construction</b>	<b>-7.0</b>	-4.2	0.4	-1.4	<b>-1.6</b>	-5.9	-	<b>-3.3</b>
<b>Fixed investment</b>	<b>-8.4</b>	-	-	-	<b>-4.8</b>	-	-	<b>-</b>
<b>Agriculture</b>	<b>3.0</b>	2.5	3.1	2.7	<b>2.8</b>	2.7	-	<b>2.8</b>
<b>Nominal wages</b>	<b>4.8</b>	5.8	8.7	8.9	<b>7.7</b>	6.1	-	<b>7.3</b>
<b>Real wages</b>	<b>-9.3</b>	-3.6	0.6	1.5	<b>-0.6</b>	-1.0	-	<b>-0.7</b>
<b>Real disposable income</b>	<b>-4.3</b>	-5.5	-4.5	-1.8	<b>-3.9</b>	-7.1	-	<b>-4.7</b>
<b>Unemployment rate, %</b>	<b>5.6</b>	5.8	5.8	6.0	<b>5.9</b>	5.9	-	<b>5.9</b>

\* - 5 month

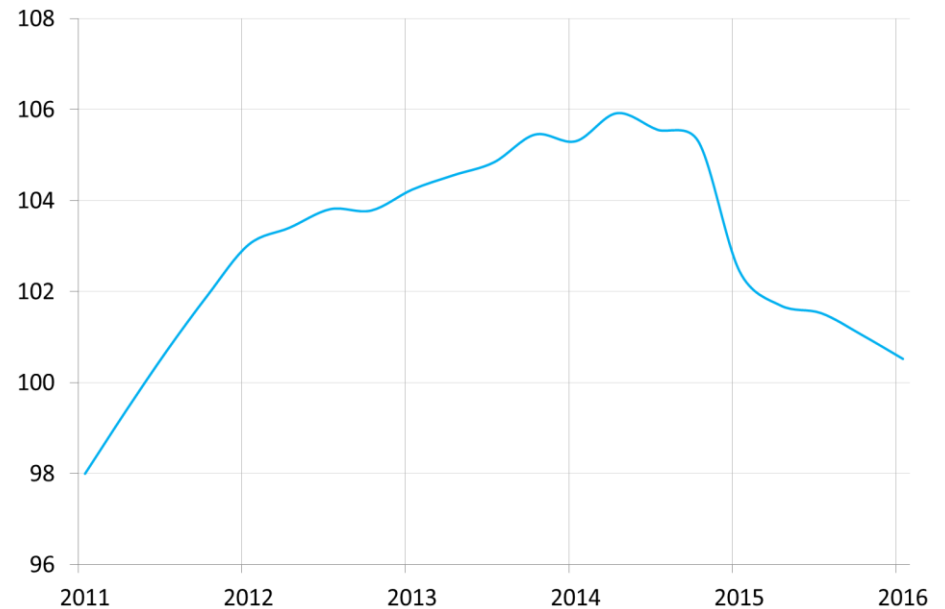
# GDP

%, y/y



Index sa (fixed price 2011)

100-2011

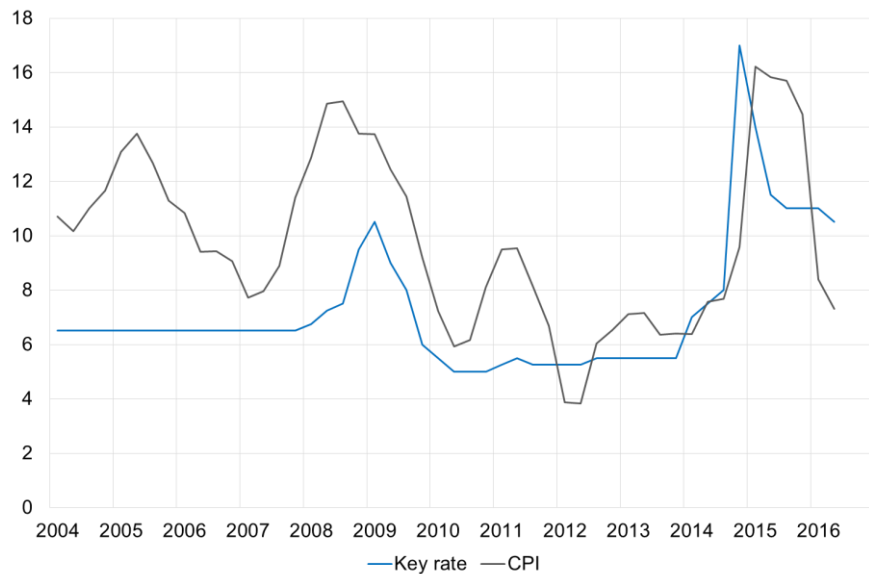


The decline of GDP accelerated sharply in the 1<sup>st</sup> quarter of 2015 and reached the minimum value y/y in the 2<sup>nd</sup> quarter.

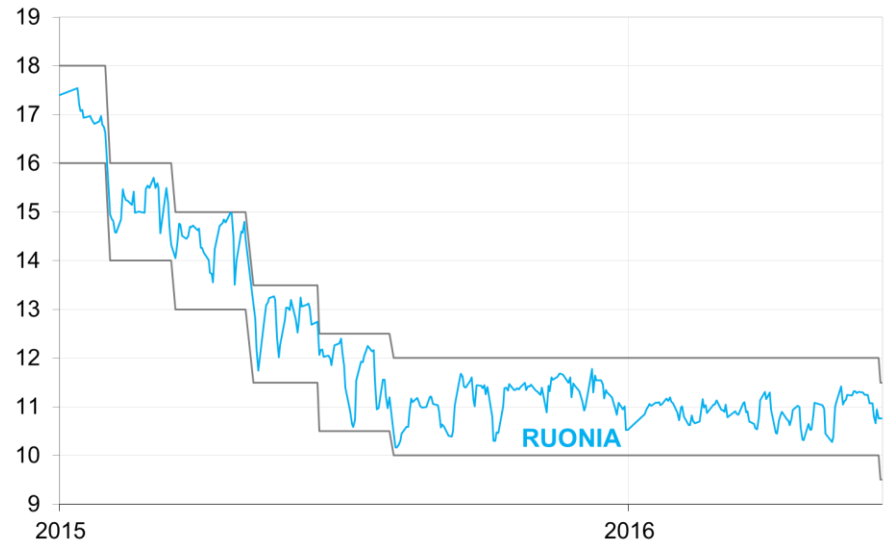
At the same time, the SA dynamic began to slow down from the 2<sup>nd</sup> quarter, and in the 4<sup>th</sup> quarter accelerated due to a new wave of falling oil prices.

# Currency, rates, CPI

## CPI and key rate



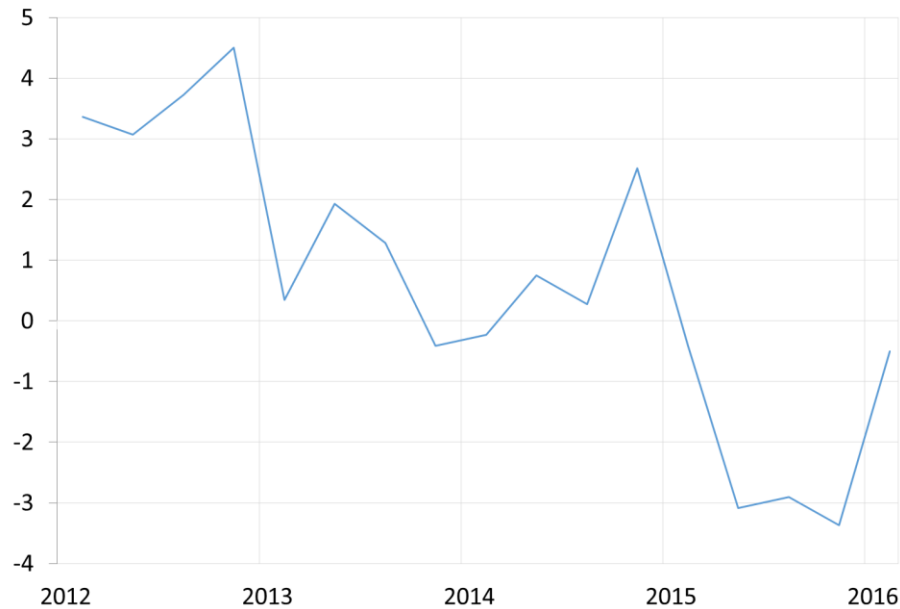
## RUONIA



Inflation targeting policy allowed to keep the key rate stable and to avoid an inflation spike during second wave of oil prices drop.

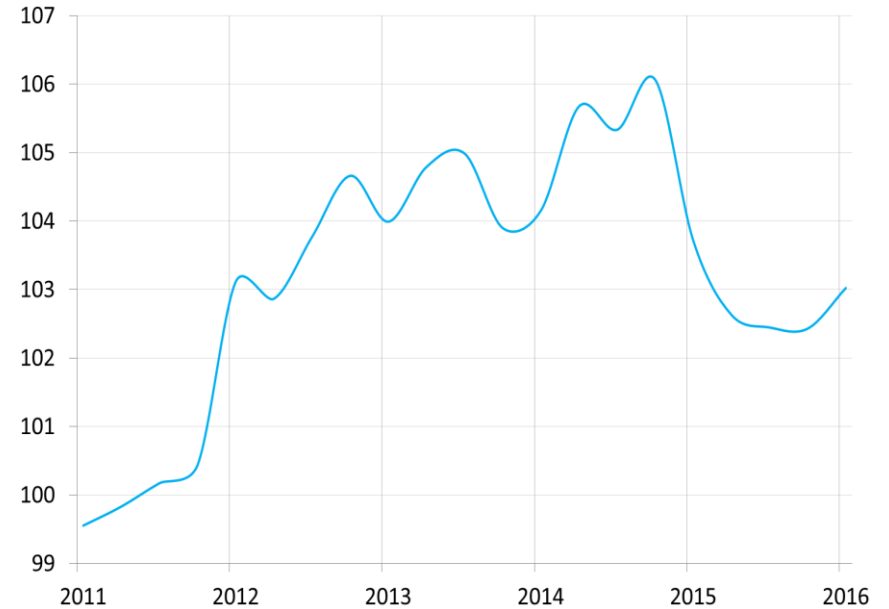
# Industry

%, y/y



Index sa (fixed price 2011)

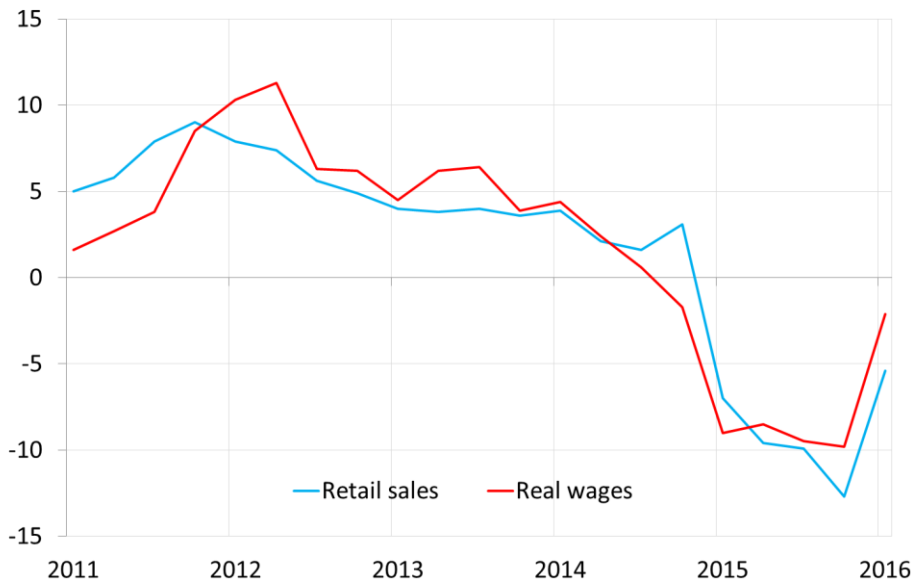
100-2011



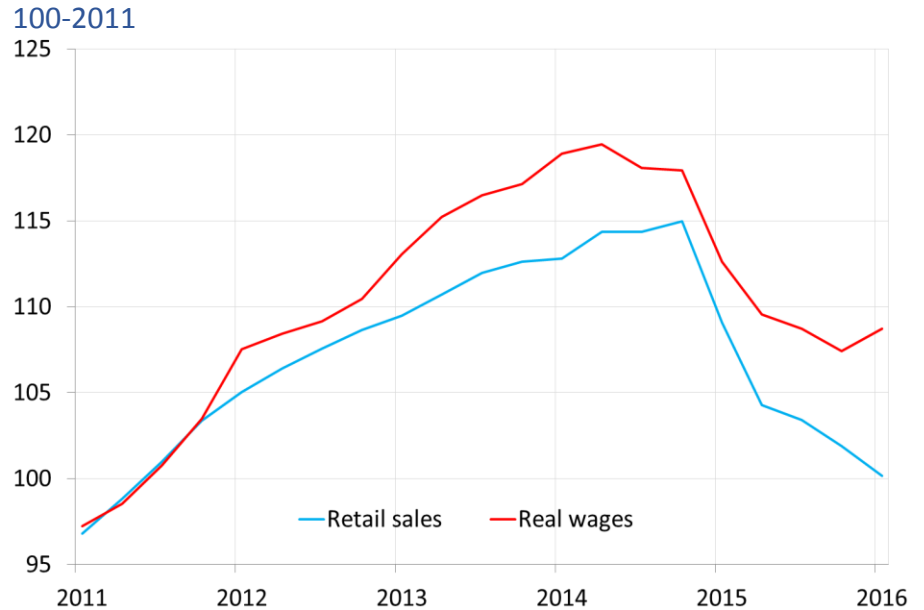
After a significant drop in the first two quarters of 2015, in the second half of the year industry dynamics stabilized.

# Retail sales and real wages

%, y/y



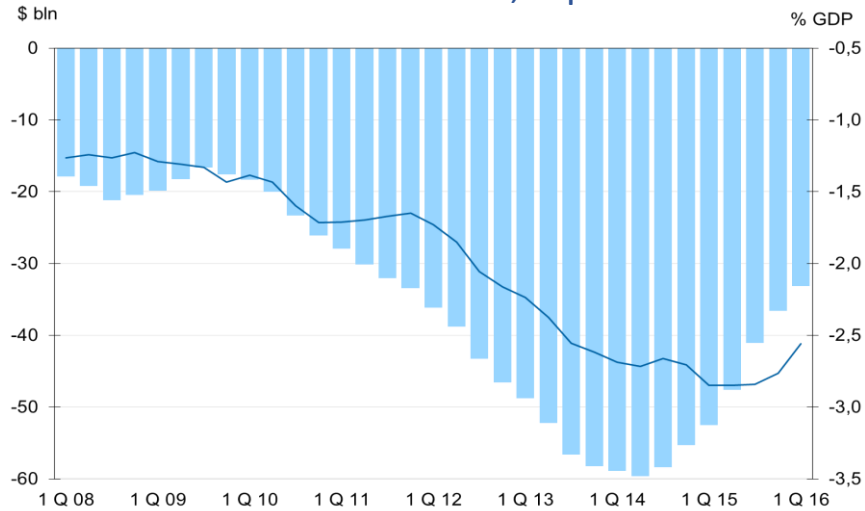
Index sa (fixed price 2011)



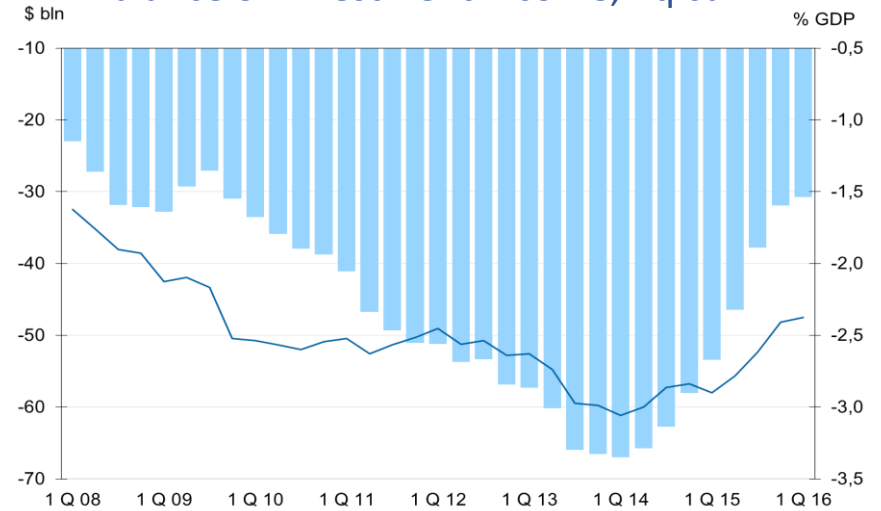
The volume of wholesale and retail sales declined from the second half of 2014 until the 4th quarter of 2015 and stabilized only in the 1st quarter of 2016.

# Balance of payments

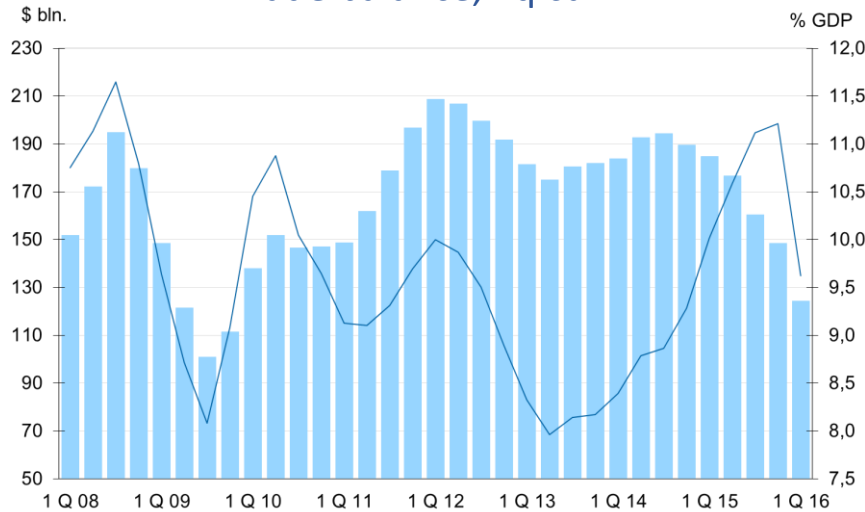
## Balance of services, 4q cumm



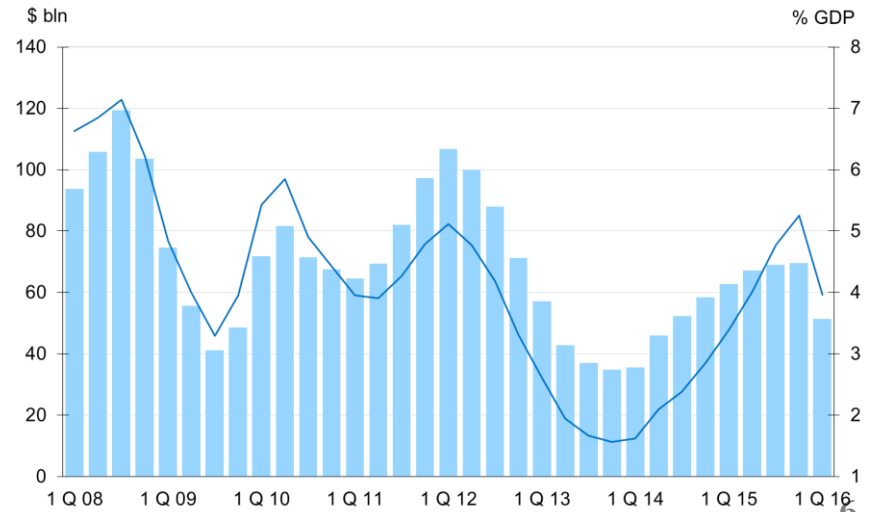
## Balance of investment income, 4q cumm



## Trade balance, 4q cumm

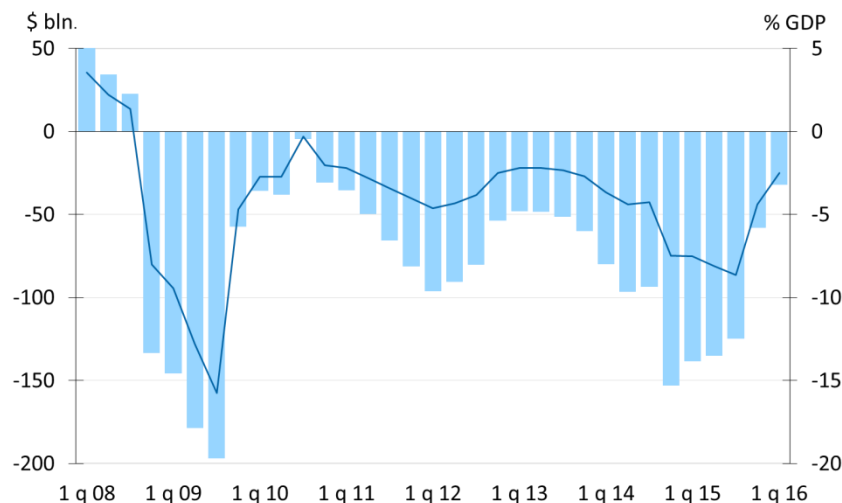


## Current account, 4q cumm



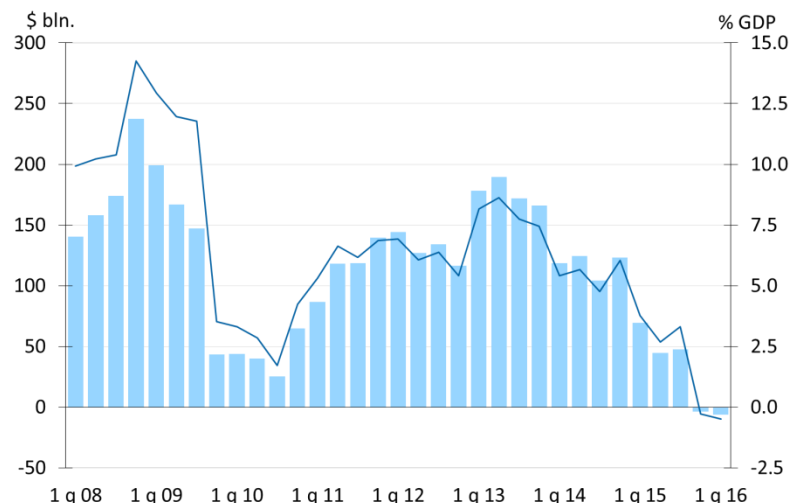
# Capital outflow

## Net capital outflow of private sector, 4q cumm

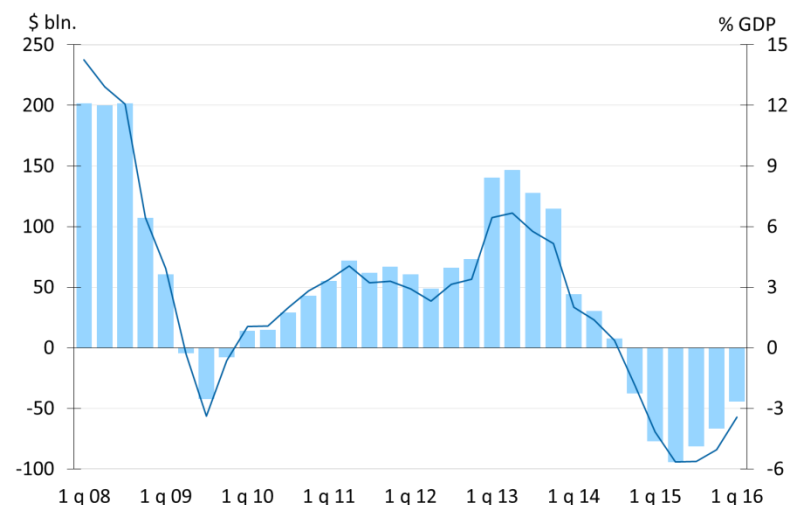


- Capital outflow declined sharply.
- Profits will evidently go into investments.
- Corporates (mostly - banks) are selling their foreign assets.

## Net acquisition of assets, 4q cumm



## Net acquisition of liabilities, 4q cumm

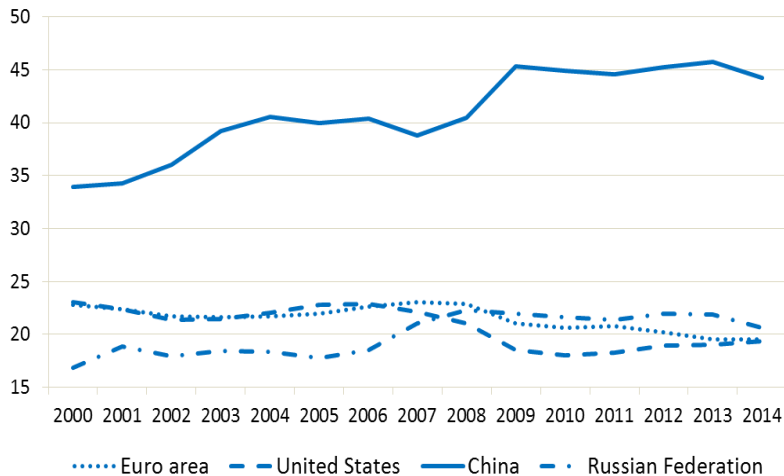


## Macroeconomic forecast

	2015	2016	2017	2018	2019
Oil price Urals, USD./barrels.	51.2	<b>40</b>	40	40	40
CPI, %	12.9	<b>6.5</b>	4.9	4.5	4.0
USD/RUB, avg.	61.0	<b>67.2</b>	64.8	64.1	62.7
GDP, %	-3.7	<b>-0.2</b>	0.8	1.8	2.2
Industry, %	-3.4	<b>0.0</b>	1.1	1.7	2.1
Fixed investment, %	-8.4	<b>-3.1</b>	0.8	3.0	4.2
Real disposable income, %	-4.3	<b>-2.8</b>	0.7	1.0	1.1
Real wages, %	-9.3	<b>-1.5</b>	1.2	1.3	1.3
Retail sales, %	-10.0	<b>-2.7</b>	1.1	2.6	3.3
Unemployment rate, %	5.8	<b>5.8</b>	5.8	5.8	5.7
Export of goods, bln. USD	341	<b>288</b>	294	302	312
growth rate, %	6.2	<b>0.8</b>	0.8	1.6	1.7
Import of goods, bln. USD	193	<b>180</b>	187	196	208
growth rate, %	-25.9	<b>-3.3</b>	3.5	4.2	5.7
Current account, bln. USD	69.6	<b>43</b>	41	40	39
Capital inflow (+)/outflow (-) , bln. USD	-58	<b>-40</b>	-30	-25	-20

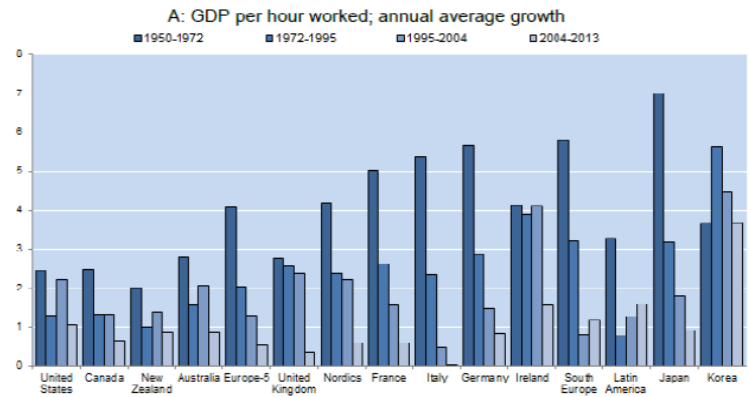
# Global trends

## Gross fixed capital formation (% of GDP)



## Labour productivity

Figure 3. Labour productivity performance in long run comparative perspective



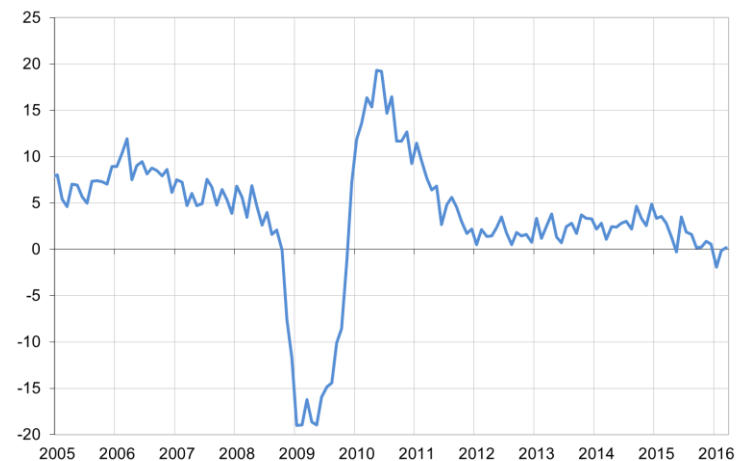
Source: OECD – The Future of Productivity

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There are three trends in the slowdown of the world economy:

- Slowdown in investment
- Slowdown in productivity growth
- Slowdown/decline in world trade

## World Trade Index, % y/y



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**Thanks for your attention!**