



Russian Federation: economic outlook

Ministry of Economic Development
of the Russian Federation

June 2016

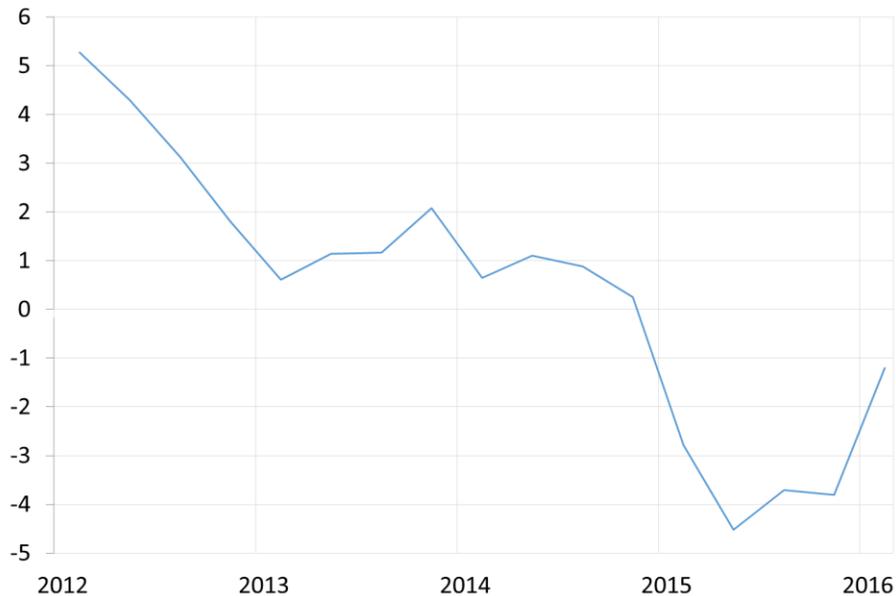
Macro indicators

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

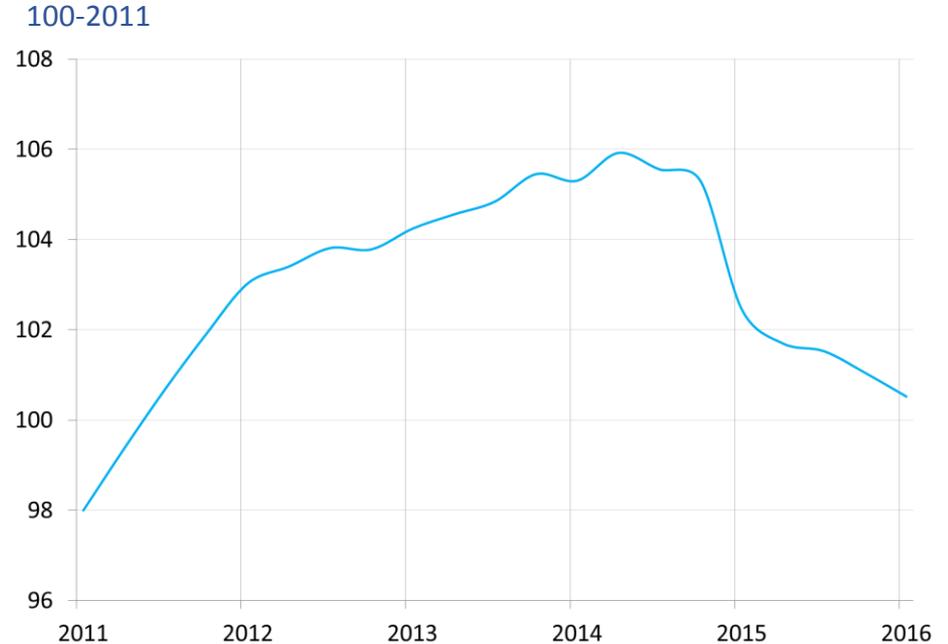
* - 5 month

GDP

%, y/y



Index sa (fixed price 2011)

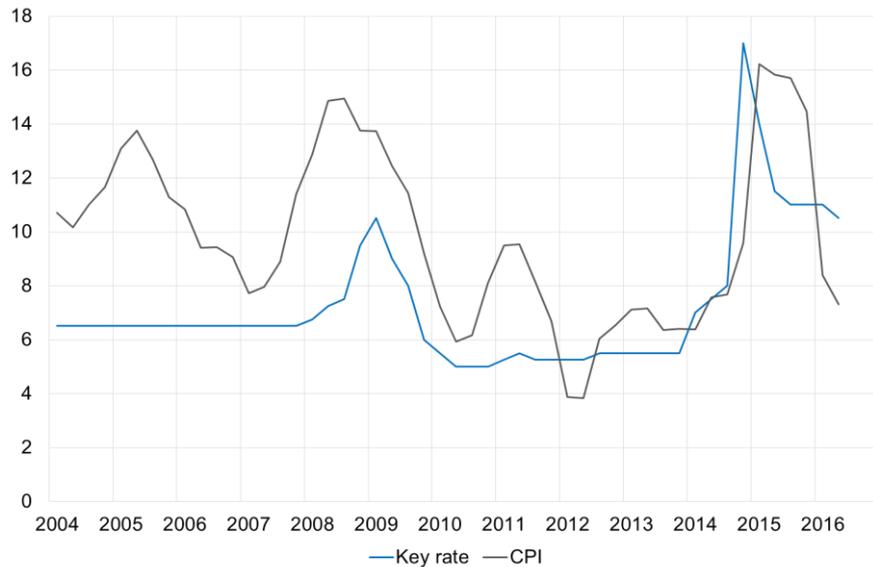


The decline of GDP accelerated sharply in the 1st quarter of 2015 and reached the minimum value y/y in the 2nd quarter.

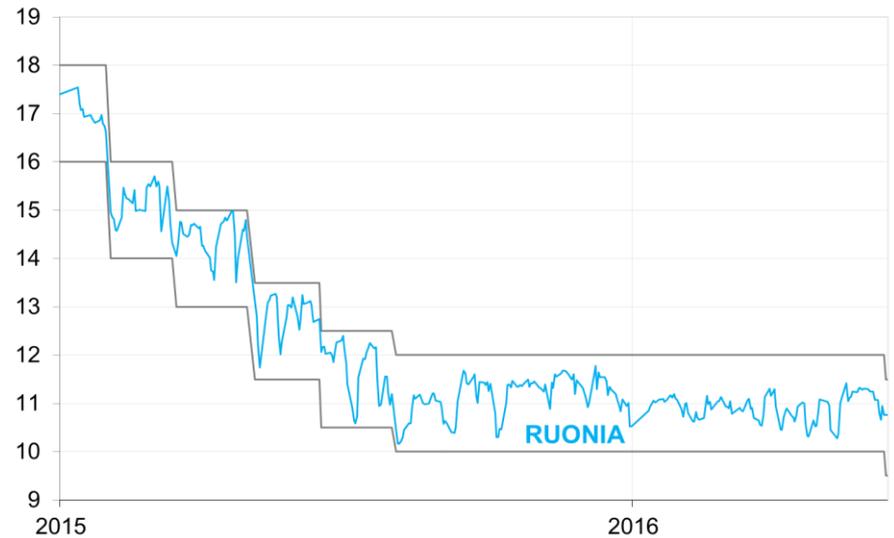
At the same time, the SA dynamic began to slow down from the 2nd quarter, and in the 4th quarter accelerated due to a new wave of falling oil prices.

Currency, rates, CPI

CPI and key rate



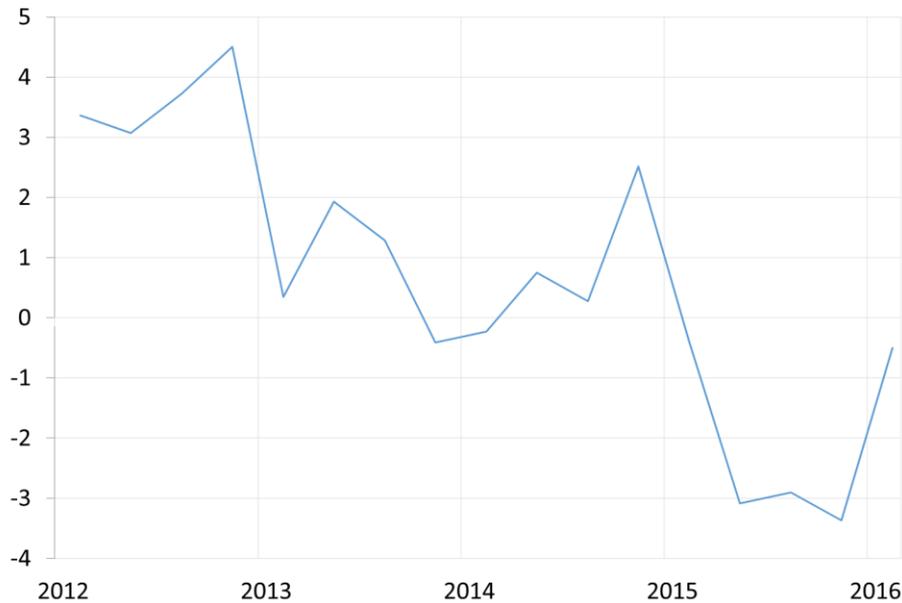
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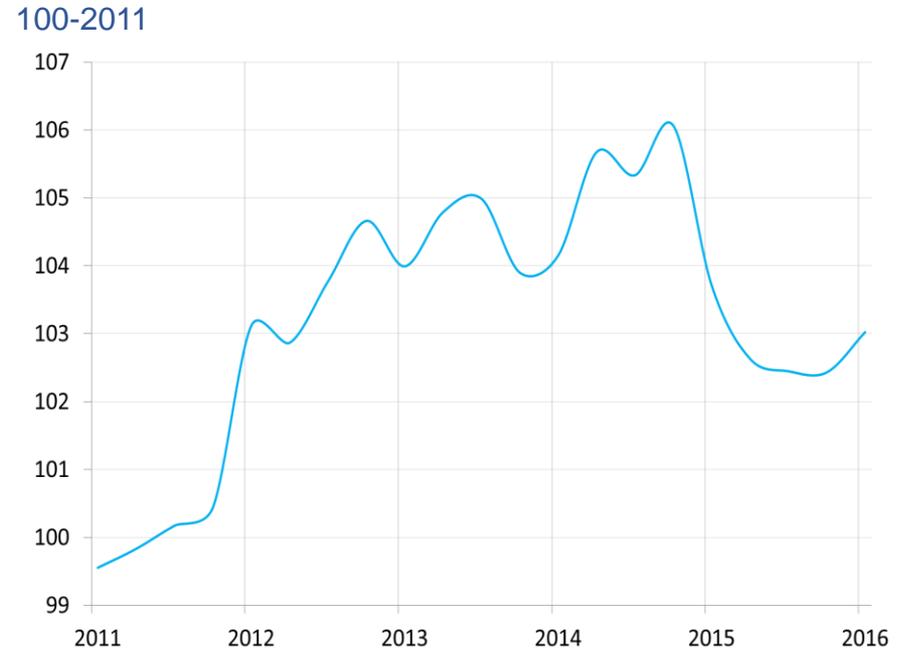
Inflation targeting policy allowed to keep the key rate stable and to avoid an inflation spike during second wave of oil prices drop.

Industry

%, y/y



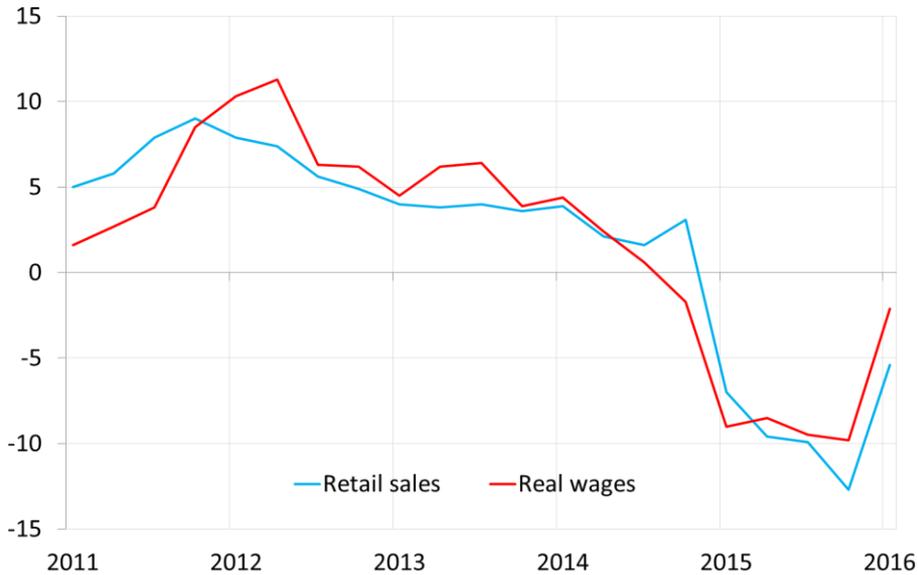
Index sa (fixed price 2011)



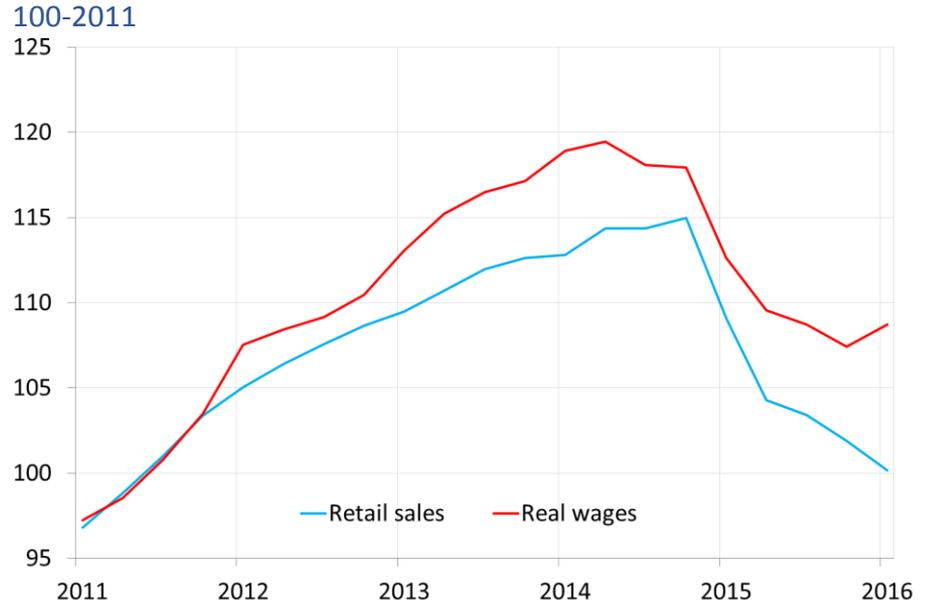
After a significant drop in the first two quarters of 2015, in the second half of the year industry dynamics stabilized.

Retail sales and real wages

%, y/y



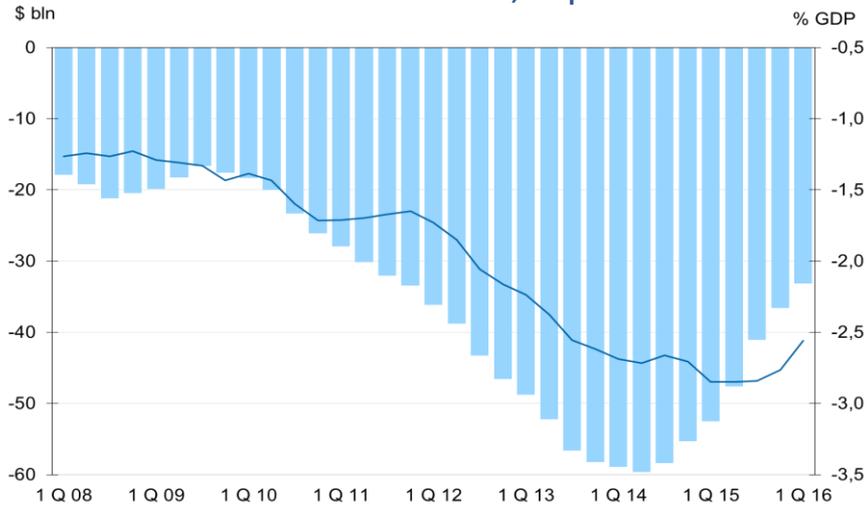
Index sa (fixed price 2011)



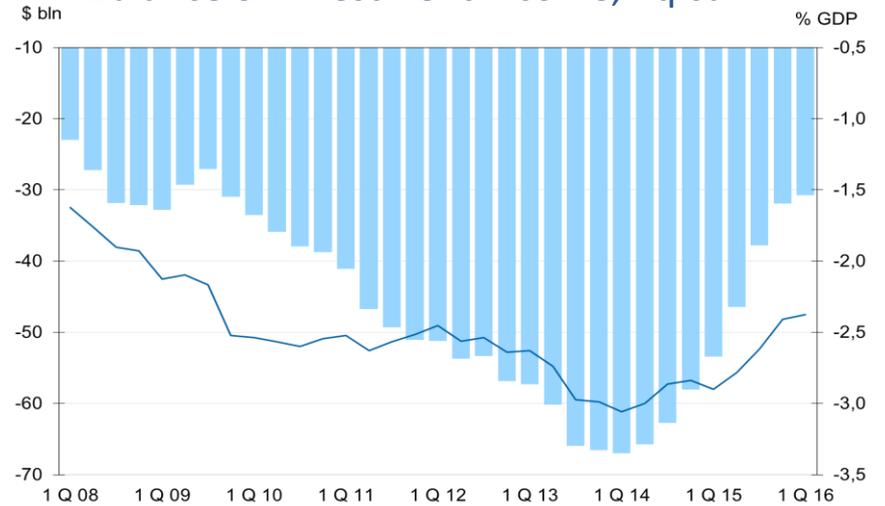
The volume of wholesale and retail sales declined from the second half of 2014 until the 4th quarter of 2015 and stabilized only in the 1st quarter of 2016.

Balance of payments

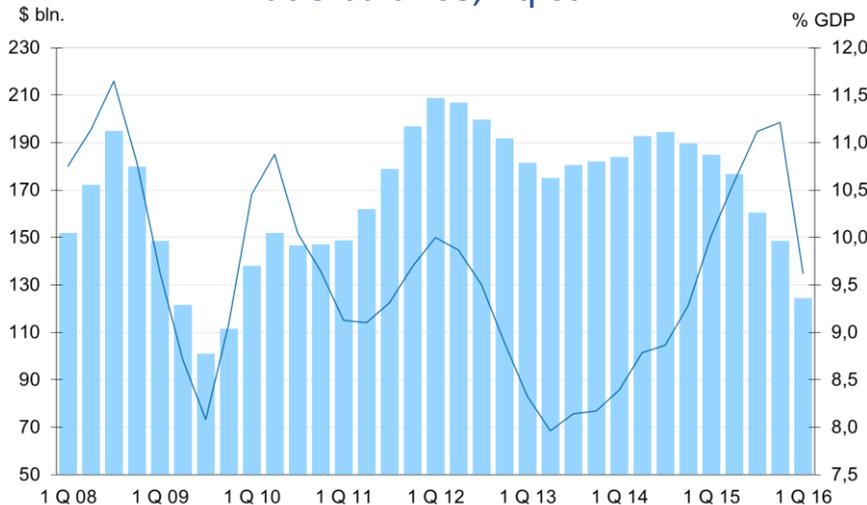
Balance of services, 4q cumm



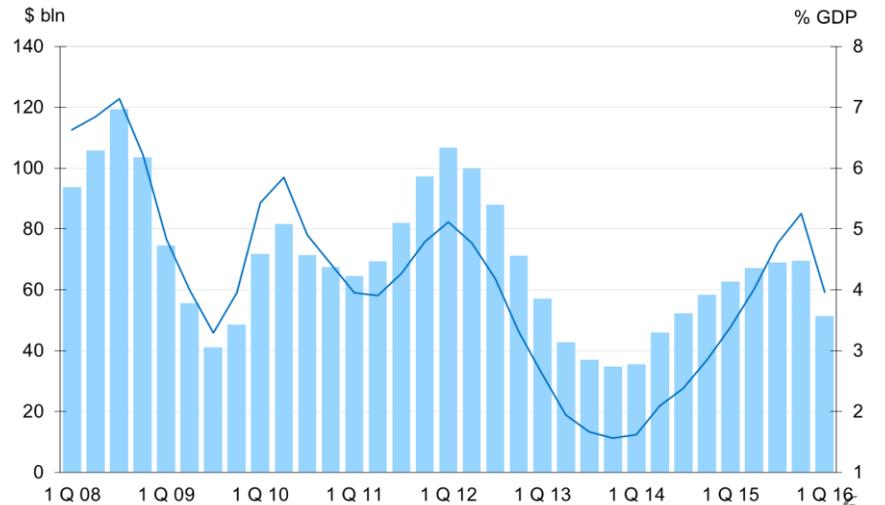
Balance of investment income, 4q cumm



Trade balance, 4q cumm

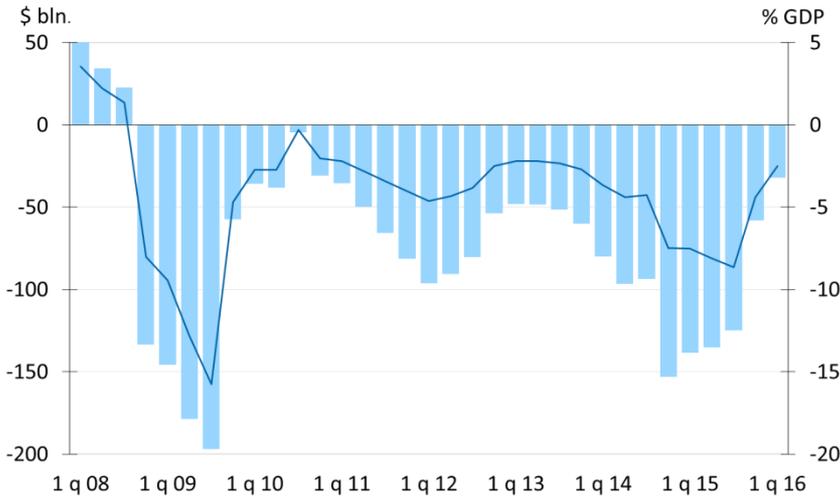


Current account, 4q cumm

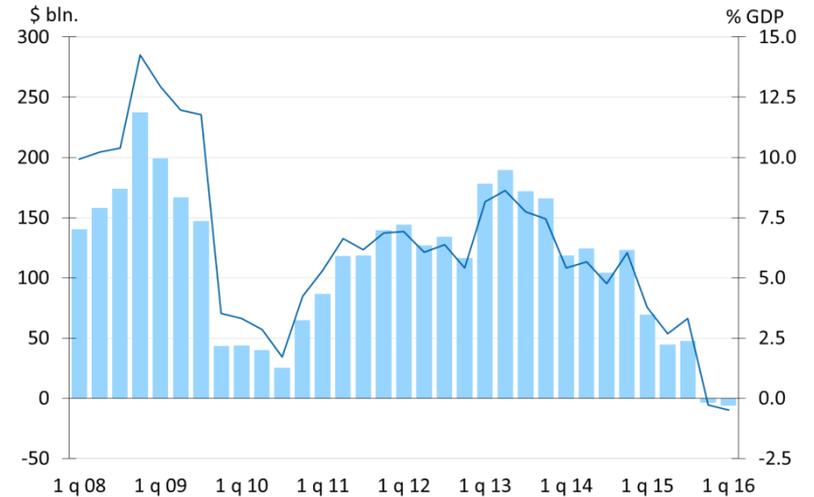


Capital outflow

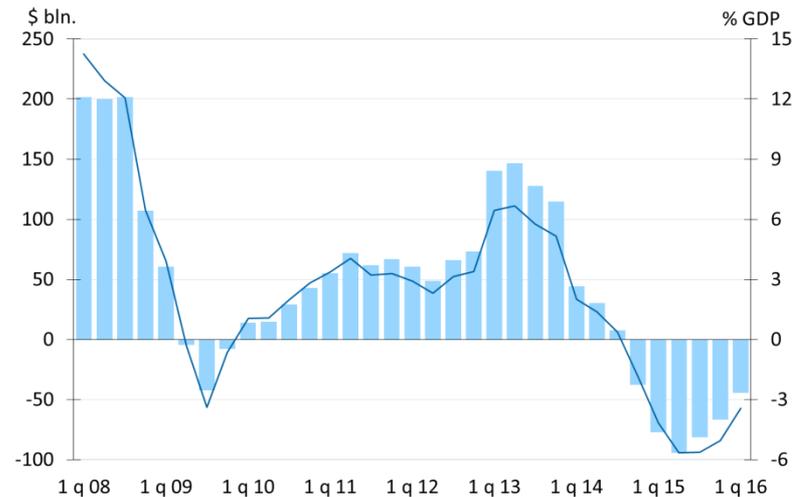
Net capital outflow of private sector, 4q cumm



Net acquisition of assets, 4q cumm



Net acquisition of liabilities, 4q cumm



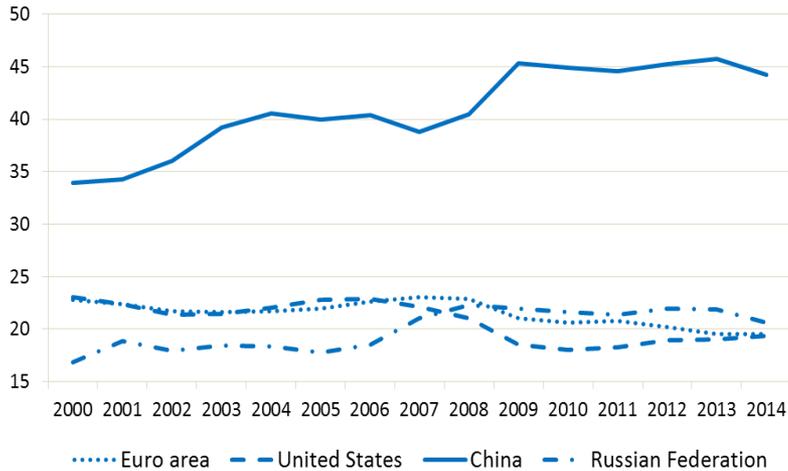
- Capital outflow declined sharply.
- Profits will evidently go into investments.
- Corporates (mostly - banks) are selling their foreign assets.

Macroeconomic forecast

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

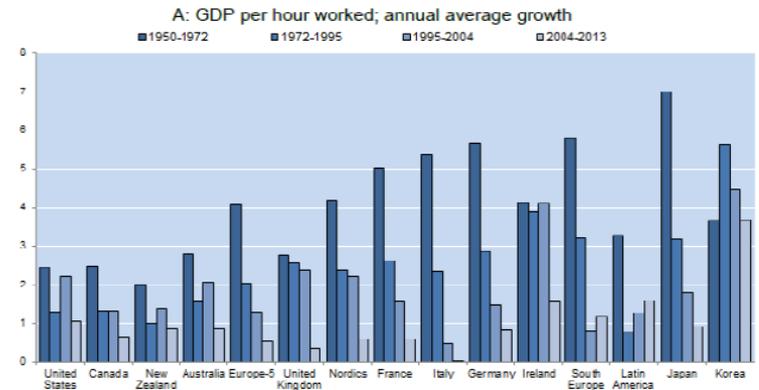
Global trends

Gross fixed capital formation (% of GDP)



Labour productivity

Figure 3. Labour productivity performance in long run comparative perspective

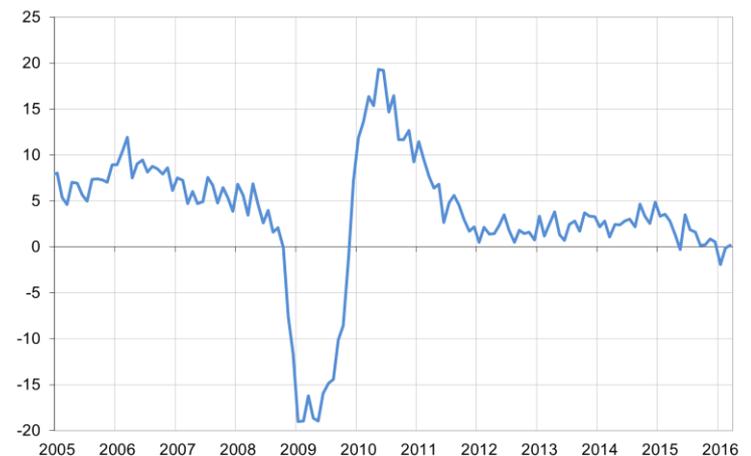


Source: OECD – The Future of Productivity

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



Thanks for your attention!